evotec

Identification of hidden values
Discover what makes Evotec unique.
see page 03

Excellent execution meets first-in-class innovation
Follow our long-term strategy.
see page 24

Evotec's value expressed in numbers
Facts and figures of Evotec's fiscal year 2015
see page 37

ANNUAL REPORT 2015

Hidden VALUES

#RESEARCHNEVERSTOPS

Evotec AG, *Manfred Eigen Campus, Essener Bogen 7, 22419 Hamburg (Germany)*

Hidden VALUES

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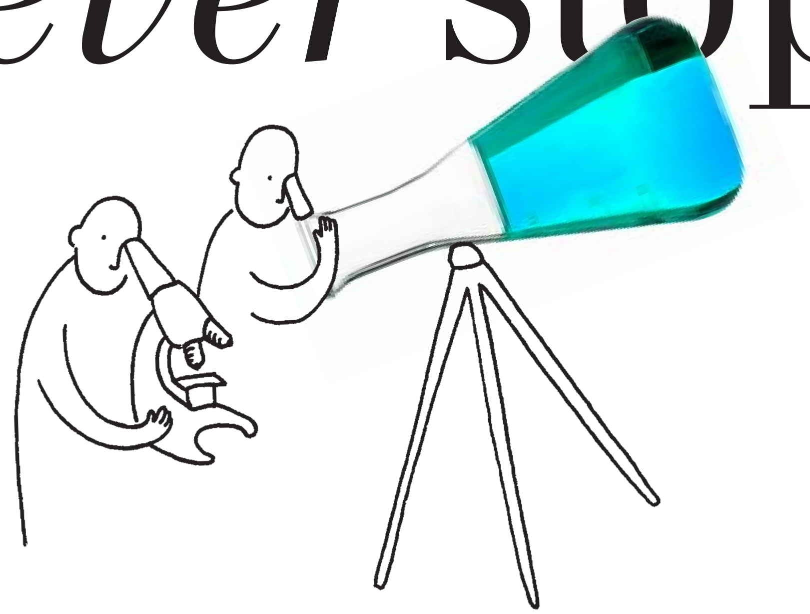
The Evotec Annual Report published on 22 March 2016 containing the consolidated financial statements according to German Commercial Code (Handelsgesetzbuch) is available in English and German.

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

For further information on Evotec, please be invited to visit our website at www.evotec.com. You can also contact us by email: investor.relations@evotec.com.

Dr Werner Lanthaler
Chief Executive Officer

#Research *never* stops



Under the microscope, the smallest of movements can show large effects. We make these movements visible and develop new and best-in-class drugs. For biology research, the microscope is as important as the telescope for astronomy. For the success of Evotec we ideally need both, a clear understanding of the details that we can focus on from the visuals below the microscope, and a very wide and long-term view as we can get it through an "industry trend telescope".

OUR BUSINESS MODEL WORKS

2015 has been a strong year for Evotec. Despite the setback with EVT302 together with Roche in July of 2015, we were able to reach important milestones and deliver on our overall strategic objectives. We have delivered great scientific progress and through partnering four Cure *X*/Target *X* initiatives within EVT Innovate, we also saw the industry endorsement of this strategy. We also saw a number of new and extended collaborations in our EVT Execute segment and recognised strong revenue growth and improved profitability. We further expanded our capabilities, capacities and pipeline by acquiring a research site in Toulouse (France) and opening a new site in Princeton (USA). These important events have significantly improved Evotec's strategic position and allow for a very good outlook for the Company.

In order to achieve a clear global leadership position in a highly competitive industry, it is essential to have a clear business model in place. With our segments EVT Execute and EVT Innovate, we try to leverage our core competencies in an optimal way. Within EVT Execute, Evotec can accelerate drug discovery programmes at the highest-quality standards. Within EVT Innovate, first-in-class scientific approaches are translated into strategic industrial drug discovery projects. With these so-called Cure *X*/Target *X* initiatives, Evotec has found a most capital-efficient way to drive innovation in drug discovery.

Like working with a microscope we aim at revealing Evotec's *hidden values* and convey them with increased visibility and clarity to you, our customers, shareholders and friends. Following our long-term strategy, we see a wealth of opportunities to lead this industry with our scientific expertise and our world-leading drug discovery platform.

Please be invited to identify our hidden values and to read this annual report.

Thank you for your support in 2015. We look very much forward to working with you in 2016 and in the long-term future of Evotec!

Yours sincerely

Hidden VALUE #1

CRITICAL MASS WITH HIGHLY SKILLED AND EXPERIENCED PEOPLE.

IT'S THE CALIBRE OF OUR PEOPLE THAT CREATES OUR SUCCESS.

1,000
people worldwide

865
scientists

80%
of all employees having an academic qualification

On average
8.6
years of experience in drug discovery per individual

50%
of employees are women

43
nationalities

evotec

#Res

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of employees are women

43
nationalities

Hidden VALUE #2

TECHNOLOGICAL EXPERIENCE FROM TARGET TO PRE-CLINICAL CANDIDATE:

SPIRIT OF INNOVATION AND EXCEPTIONAL KNOWLEDGE.

€ 37 m

capex investments over the last 5 years

Evotec has delivered more than

30

pre-clinical candidates and

20

clinical candidates

475

assays developed

12

new technologies introduced in the last few years
(e.g. CRISPR, RT-qPCR screening…)

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Hidden VALUE #3

EVOTEC HAS PARTNERSHIPS WITH ALMOST ALL LEADING PHARMA COMPANIES, MANY BIOTECH COMPANIES, ACADEMIC INSTITUTIONS AND FOUNDATIONS.

DISCOVERY AND DEVELOPMENT BASED ON A FEE-FOR-SERVICE MODEL OR ON INTEGRATED, LONG-TERM DRUG DISCOVERY ALLIANCES.

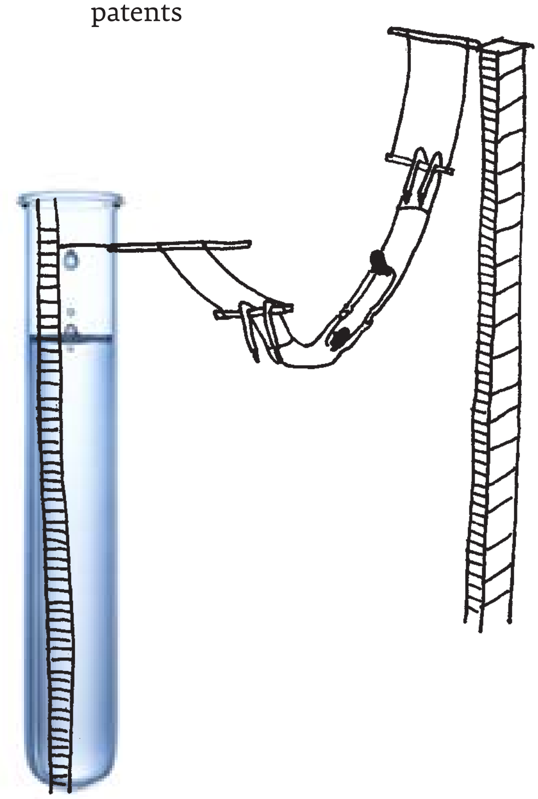
Success rate of
95%
in e.g. assay development or protein production

80%
increase in number of partnerships in the last 5 years

89%
repeat business in 2015

Involved in
250
partnerships since its inception

Evotec's teams truly bring value to partnerships: Evotec scientists are named inventors on
275
patents



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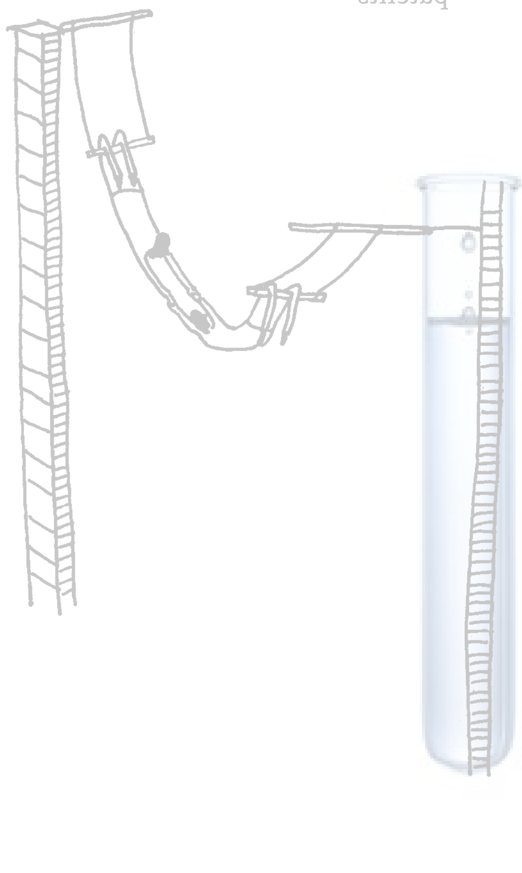


Hidden VALUE #4

EVT INNOVATE'S TASK IS TO CREATE
A SUSTAINABLE LONG-TERM PIPELINE.

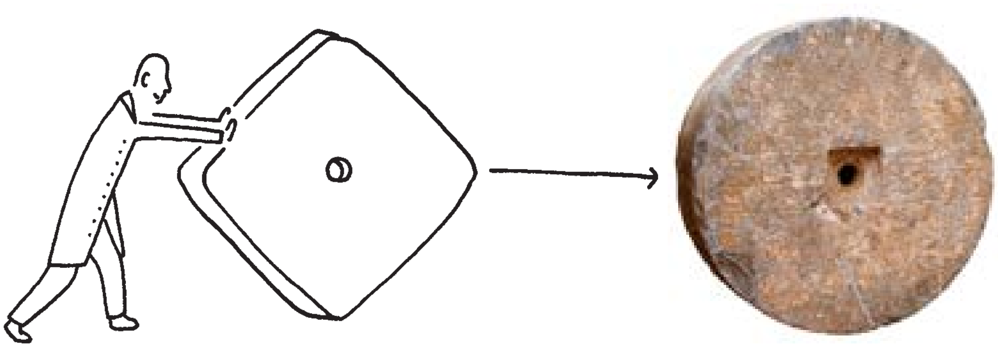
70
co-owned potential product opportunities

100%
are first-in-class/best-in-class approaches

15
academic institutions are Evotec's strategic partners

10
partnered Cure *X*/Target *X* programmes since 2011

20%
disease foundations of the entire customer base



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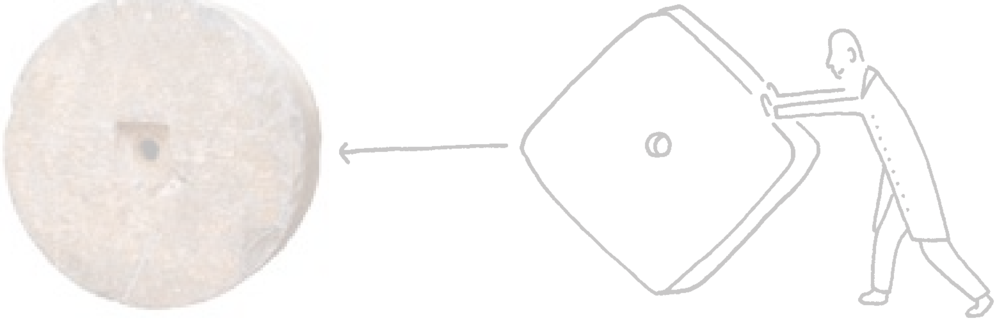

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The Evotec share

Continued dialogue with the capital markets

It is an integral part of Evotec's strategy to maintain a professional dialogue with capital market participants. During the financial year 2015, the Company gave insight into the latest developments of the Company and focused on communicating its progress alongside its business segments EVT Execute and EVT Innovate. Evotec's management held presentations at twelve national and international investor conferences as well as at eleven road shows in key financial centres, primarily in Germany, UK, France and Austria, complemented by activities in the United States. Furthermore, the Management Board provided details on the Company's operational business during quarterly telephone conferences.

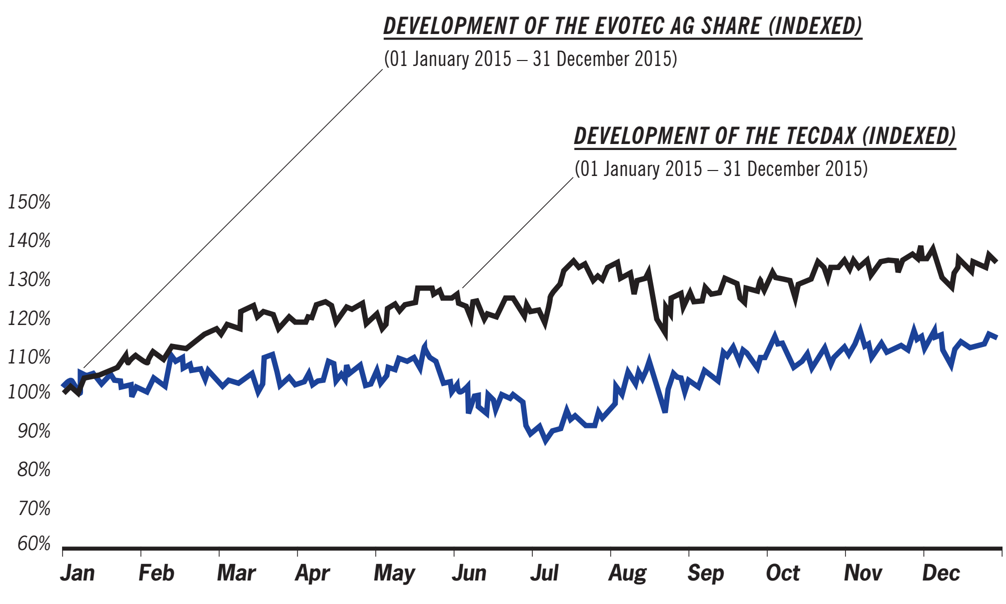
At the end of 2015, a total of ten analysts were monitoring and assessing the development of the Evotec share.

Stock markets development in 2015

At the beginning of 2015, the World Bank forecasted an increase in global economic output of 3.0% for 2015; however, global economic development remained subdued in 2015. According to a publication by the World Bank in January 2016, the global economy grew by 2.4% in 2015, falling short of expectations. Overall, several factors affected global economic growth in 2015, such as the dramatic price decline on the Chinese stock market, highly volatile exchange rates, the continued decline in oil prices, weakening commodity prices, global trade and capital flows, the new quantitative easing programme of the European Central Bank ("ECB") and the tightening of monetary conditions in the USA. Furthermore, interest rates remained on record lows in 2015.

As a result of these factors, stock markets around the world reacted very volatile in 2015. Overall, the leading German stock market index DAX gained 10% in 2015. Its positive performance in the first half of the year, in which it climbed to an all-time high of 12,375 points on 10 April 2015, was mainly driven by the ECB's quantitative easing programme and the weakening of the Euro. Largely due to the financial situation in Greece and the crisis on the Chinese stock markets, the DAX proved a very volatile performance during the rest of the year, falling as low as 9,427 points in September. At the end of the year, it again showed a positive performance until it was slowed down again by the eagerly awaited decision of the ECB regarding possible further easing, which fell short of expectations.

The main German benchmark index for the Evotec share, the TecDAX, gained about 34% in the year 2015. The non-German benchmark indices EURO STOXX 50 and NASDAQ Biotechnology were up 4% and 11%, respectively.



Performance of the Evotec share in 2015

In the course of 2015, Evotec's share showed a volatile performance. It closed the year at € 4.17, gaining approximately 13% compared to its opening price 2015 of € 3.68. During the first months of the year, the upward trend of Evotec's share was based on positive news regarding new alliances with Pharma and biotech companies. Furthermore, effective 01 April 2015, Evotec entered into a major multi-component strategic alliance with Sanofi, which encompassed, among other things, a strategic outsourcing agreement and Evotec's acquisition of Sanofi's research site in Toulouse, France. At the end of June 2015, however, Evotec announced that it was updated by its partner Roche on the results of the Phase IIb trial with Sembragiline (RG1577, EVT302), a MAO-B inhibitor for the treatment of Alzheimer's disease. In this study, Sembragiline failed to demonstrate benefit on the primary endpoint. Evotec's share price was adversely affected by this announcement and reached its year's low on 08 July 2015 at € 3.20. During the remainder of the year, the Evotec share showed a clear upward trend supported by the announcement of new and extended alliances and the partnering of four internal Cure *X*/ Target *X* initiatives with Pharma partners and milestone achievements in ongoing alliances.

Evotec's average daily trading volume on all German stock exchanges amounted to 801,111 shares in 2015, compared to 777,215 shares in 2014.

Evotec's share capital

In 2015, Evotec made no new acquisition in which the Company used shares. Consequently, as of 31 December 2015, Evotec's share capital remained broadly unchanged compared to the end of 2014. Due to the exercise of stock options totalling 873,206, Evotec's registered share capital increased to € 132,584,082 at year-end 2015 (year-end 2014: € 131,710,876), resulting in a total of 132,584,082 ordinary shares outstanding. Furthermore, a total of 22,400 stock options were serviced out of treasury shares. As of 31 December 2015, a total of 249,915 treasury shares from the trust agreement terminated in 2012 were remaining.

Shareholder structure

In case specified voting right thresholds are reached or crossed, the respective shareholders are required to inform the issuer of the shares and the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). According to notifications the Company received up to 31 December 2015, the following persons and institutions were known to have exceeded the 3% threshold. Roland Oetker with ROI Verwaltungsgesellschaft mbH held just below 15%. US financial investor BVF and other subsidiaries of BVF Partners L.P. held just below 15%. TVM V Life Science Ventures GmbH & Co. KG held approximately 6% of the Evotec shares. Furthermore, Allianz Global Investors GmbH held approximately 3% of the Evotec shares. Free float according to Deutsche Börse AG, which is used to determine the weighting of the Evotec stock in stock indices, was approximately 64% of the capital stock.

2015 Annual General Meeting in Hamburg

On 9 June 2015, Evotec's Annual General Meeting 2015 took place in Hamburg. It attracted 252 shareholders and guests, representing 40.31% of Evotec's share capital (2014: 34.86%). At the Company's Annual General Meeting 2015, the Company's shareholders approved all proposals put to vote by the Company's Management with the required majorities.

Investor relations @ Evotec

For further information on Evotec and its investor relations activities, please visit the investor relations section of Evotec's website. As continuous dialog with the capital market participants is an essential part of the Company's philosophy, please contact the investor relations team in case you have any questions or suggestions. You can contact us as follows:

Evotec AG
Corporate Communications & Investor Relations
Manfred Eigen Campus
Essener Bogen 7
22419 Hamburg
Phone: +49. 40 56081 – 255
Fax: +49. 40 56081 – 333
investor.relations@evotec.com
www.evotec.com

SHARE DATA

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

KEY FIGURES PER SHARE

	2015	2014
High (date)	€ 4.25 (07 December)	€ 4.51 (15 January)
Low (date)	€ 3.20 (08 July)	€ 2.57 (16 October)
Opening price	€ 3.68	€ 3.68
Closing price	€ 4.17	€ 3.68
Weighted average number of shares outstanding	131,678,865	131,291,257
Total number of shares outstanding as at 31 December	132,584,082	131,710,876
Average trading volume (all exchanges)	801,111 shares	777,215 shares
Market capitalisation as at 31 December	€ 552.7 m	€ 481.8 m
Earnings per share (diluted/basic)	€ 0.12/€ 0.13	€ (0.05)/€ (0.05)

FINANCIAL CALENDAR 2016

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

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Corporate Governance Report

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Evotec takes its Corporate Governance responsibilities very seriously.

Evotec takes its Corporate Governance responsibilities very seriously. As a consequence of its shares being listed on the Frankfurt Stock Exchange and its international shareholder base, the Company adheres not only to German but also to international Corporate Governance standards. Evotec's Management Board and Supervisory Board are convinced that complying with rigorous Corporate Governance standards is of great benefit to the Company. Therefore, Evotec reviews and enhances its Corporate Governance practices on an ongoing basis.

Declaration of compliance with the German Corporate Governance Code

The German Corporate Governance Code as amended on 05 May 2015 (the "Code") sets forth substantial legal requirements for the management and supervision of listed German companies. The rules are based to a large extent on internationally recognised standards for sound and responsible company management.

The general key principles of sound Corporate Governance are: observance of shareholder and employee interests, effective cooperation between the Management Board and the Supervisory Board and open and transparent communication.

With the following exceptions, Evotec complies with all recommendations of the Code and the majority of the Code's suggestions. In December 2015, Evotec's Management Board and Supervisory Board declared in accordance with Section 161 of the German Stock Corporation Act (AktG):

"Evotec AG has complied in 2015 with the recommendations of the Governmental Commission on the German Corporate Governance Code (the "Code") as published in the official section of the Federal Gazette and intends to comply in the future with the recommendations of the Code, with the following exceptions:

- *To incentivise executives via variable long-term incentive compensation, the 2012 and 2015 Annual General Meetings approved the so-called Share Performance Plans. These comply with the recommendations set forth in Section 4.2.3 of the Code. In particular, they refer to specific key performance indicators and define a "Maximum Target". From 2012 onwards, the Share Performance Plans replace Evotec's stock option programme. Stock options issued in existing stock option programmes remain valid. While the exercise of options under these programmes requires an increase of the share price, the exercise is not related to other relevant comparison parameters as recommended in Section 4.2.3 of the Code. This decision is based on the lack of relevant comparison benchmarks in the field of German Biotech at the time when the stock option programmes were created.*

- *The Company's D&O insurance and the deductible for members of the Management Board contained therein are in line with Section 3.8 of the Code and with the regulations of the Act on the Appropriateness of Management Board Compensation (VorstAG) that was enacted in 2009. However, for members of the Supervisory Board, the D&O insurance contains a reasonable deductible as foreseen by the version of the Code in force before its version published on 05 August 2009. The Company has decided to maintain this reasonable deductible. This decision was made in view of the Company's interest to attract international expertise for its Supervisory Board and the fact that a deductible for non-executive directors is not very common in international practice. Whilst a lot of the German companies quoted on the TecDAX do not have a respective deductible at all, the Company believes that a reasonable deductible is a good compromise."*

The current Declaration of Compliance with the German Corporate Governance Code and the declarations of the past five years can be found on Evotec's website (www.evotec.com) in the Investor Relations section.

General information on Evotec's management structure

TWO-TIER MANAGEMENT AND CONTROL SYSTEM: MANAGEMENT BOARD AND SUPERVISORY BOARD

According to the German Stock Corporation Act (AktG), a two-tier system with clear separation of management through the Management Board ("Vorstand"), and control through the Supervisory Board ("Aufsichtsrat"), is mandatory for German stock corporations. The Management Board is responsible for managing Evotec and representing the Company in its dealings with third parties, while the Supervisory Board appoints and dismisses the members of the Evotec Management Board and oversees the management of the Company. German law prohibits the Supervisory Board from making management decisions. The two boards, however, work closely together to achieve long-term and sustainable growth for the Company and to create shareholder value. They agree on the Company's strategy and on business transactions that are significant. The Annual General Meeting ("AGM"; "Hauptversammlung") is the company body representing the interests of the shareholders.

MANAGEMENT BOARD ("VORSTAND")

The Management Board of Evotec AG is responsible for the day-to-day operations of the Company and is supported by the Management Team. In its business operations and decisions, the Management Board acts on behalf of the Company and works towards its progress with the objective of sustainable creation of value, thus taking into account the interests of the shareholders, the employees and other stakeholders. The Management Board is appointed by the Supervisory Board.

The Evotec Management Board consists, in addition to the CEO, of three further board members. In accordance with a suggestion of the Code, new members are appointed for up to three years; however, prolongations of existing contracts might be up to five years as currently agreed with the Chief Executive Officer. Management Board members may be reappointed and may be dismissed with good cause prior to the completion of their terms of office. Members of Evotec's Management Board have accepted no more than a total of three Supervisory Board mandates in non-Group listed companies or in supervisory bodies of companies with similar requirements. Information on the mandates and professional affiliations of the members of the Management Board can be found on page 117.

The Company's rules of internal procedure assign functional duties and responsibilities to the Management Board members. The CEO is functionally responsible for the areas of Corporate Development, Investor Relations and Corporate Communications, the CFO for Finance, Controlling, Information Technology, Legal, Purchasing, Facility Management and Human Resources, the COO for Evotec's EVT Execute segment and global operations and the CSO for Evotec's EVT Innovate segment and Intellectual Property.

The Company has a global presence and an international customer base. Therefore, organisational diversity is a key consideration when it comes to managerial appointments. Currently, three out of four members of the Management Board are non-German.

SUPERVISORY BOARD ("AUFSICHTSRAT")

Following the Articles of Association, the Evotec Supervisory Board consists of six members. The members of the Evotec Supervisory Board have been elected at the AGM 2014. With effect as of the end of the AGM 2015, Dr Walter Wenninger resigned from the Supervisory Board. Instead, the AGM elected Dr Elaine Sullivan as new Supervisory Board member. Therefore, as of 31 December 2015, Evotec's Supervisory Board consisted of six independent members who, in accordance with the Code's recommendations, were appointed on the basis of their qualifications, work experience, independence and diversity.

The Supervisory Board appoints a Chairman and one Vice Chairman from among its members. The members of the Supervisory Board are elected for five years and may be re-elected. The term of the current members of Evotec's Supervisory Board will expire at the end of the AGM held in the year 2019.

To ensure compliance with these recommendations, the Supervisory Board has specified concrete objectives regarding its composition, which are ensured when making proposals to the AGM for election or re-election of new Supervisory Board members. These objectives stipulate that the activities of the Company shall be represented by having a majority of independent Supervisory Board members with national and international experience in the respective fields of (i) Research and Development, (ii) Finance, Capital markets, Legal, Corporate Governance, (iii) Marketing and Sales and Operations and (iv) Healthcare Economy/Public Health. Potential conflict-of-interest situation(s) shall be avoided by deploying the highest scrutiny when assessing potential candidates. In addition, the Supervisory Board shall ensure that the individual age of a candidate shall not exceed 72 years at the time of the proposal. Diversity with regard to female representation shall be ensured by having a target quota of 30% female members of the Supervisory Board. Finally, the Supervisory Board has agreed on two full terms as the regular limit of length of membership to the Supervisory Board. Overall, the Supervisory Board shall be composed in such a way that the majority of its members are independent and that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks.

Currently, the composition of Evotec's Supervisory Board fulfils all those objectives: all members are independent, four nationalities are represented and there are two female members.

No former member of the Management Board is a member of the Supervisory Board. The Supervisory Board appoints Management Board members considering the diversity of the Management Board, provides advice to the Management Board and oversees its activities. The Supervisory Board, and in particular its Chairman, regularly consults with the Management Board and is thus informed at all times about the business planning and development, the strategy of the Company as well as its risk environment and compliance. In addition, the Supervisory Board plays a key role in decisions of fundamental importance.

Business activities of fundamental importance requiring approval of the Supervisory Board include:

- The strategic and operational direction of the Company;

- Annual budget targets and significant deviations from budgets;
- Significant changes in the drug development pipeline;
- Investments outside the Company's ordinary course of business (including in-licensing) in excess of € 2.5 m;
- Establishing and acquiring companies or changing the Group structure;
- Business contracts outside the Company's ordinary course of business that have significantly different risk profiles;
- Out-licensing contracts worth in excess of € 5 m;
- Granting loans or liens, providing guarantees, issuing bonds or any measures of capital acquisitions;
- Buying or selling real estate property; and
- Establishing new business operations or significantly revising existing business operations.

The Supervisory Board has its own internal rules of procedure (see www.evotec.com; Investor Relations section) and complies with the Code's suggestion to hold occasional separate discussions.

The Supervisory Board was not aware of any potential conflicts of interest among any of its members in the course of 2015.

Information on the professional affiliations of board members and on related party transactions can be found on pages 112 and 114.

TENURES AND COMPOSITION OF SUPERVISORY BOARD COMMITTEES*

	END OF TENURE[1)]	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE
Prof. Dr Wolfgang Plischke (Chairman)	2019		× (Chair)
Bernd Hirsch (Vice Chairman since 09 June 2015)	2019	× (Chair)	×
Dr Walter Wenninger[2)] (Vice Chairman and member of the Supervisory Board until 09 June 2015)	2015		×
Dr Claus Braestrup	2019	×	
Prof. Dr Paul Linus Herrling	2019		×
Prof. Dr Iris Löw-Friedrich	2019	×	
Dr Elaine Sullivan	2019		×

1) Following the AGM in June 2019
2) Until AGM on 09 June 2015

** Information on the professional affiliations of Supervisory Board members can be found on page 116.*

WORK IN SUPERVISORY BOARD COMMITTEES IN ACCORDANCE WITH THE CORPORATE GOVERNANCE CODE

A significant proportion of the Supervisory Board's work is conducted in committees. From among its members, Evotec's Supervisory Board has established, pursuant to the German Stock Corporation Act and the recommendations of the Code, an Audit Committee as well as a Remuneration and Nomination Committee. Members of both committees are appointed in accordance with the Code.

Evotec's Audit Committee, comprising three members, supports the Supervisory Board in independently monitoring the Company's financial reporting activities and in auditing reports. In particular, the Audit Committee scrutinises the Company's accounting processes, the effectiveness of the internal control system and the audit. In addition, it discusses the quarterly and half-year reports with the Management Board. Within the scope of the audit of the financial statements commissioned by the Supervisory Board, the Audit Committee also discusses certain steps and procedures of the audit with the appointed auditing firm, including the auditors' independence, the additional services rendered by the auditor, the issuing of the audit mandate to the auditing firm, the determination of auditing focal points, the fee agreement and compliance issues. The members of the Audit Committee possess the required skills and experience. As a Chief Financial Officer, the Audit Committee's Chairman Bernd Hirsch not only is independent, but also has the required specialist knowledge and experience in the application of accounting principles and internal control processes. Neither the Chairman of the Supervisory Board nor a former member of the Management Board may become Chairman of the Audit Committee. Evotec's Audit Committee Charter can be found on the Company's website (www.evotec.com) in the Investor Relations section.

The main duties and responsibilities of the Company's Remuneration and Nomination Committee are to prepare the appointment of Management Board members and to prepare recommendations concerning their remuneration system and Share Performance Plan. Final decisions are made by the full Supervisory Board. For information about the appropriateness of the compensation of individual board members please see page 68 of the "Remuneration Report".

More details on the activities of the Supervisory Board can be found in the "Supervisory Board Report" on page 21.

SUPERVISORY BOARD EFFICIENCY AUDIT

On a regular basis, the Supervisory Board examines the efficiency of its activities as recommended in the Code. To date, all such audits have led to the conclusion that the Supervisory Board is organised efficiently and that the Management Board and the Supervisory Board interact efficiently and effectively.

ANNUAL GENERAL MEETING

Shareholders may exercise their voting rights at the AGM. Each share entitles the shareholder to one vote. This year's Annual General Meeting, at which approx. 40% of the share capital was represented, took place in Hamburg on 09 June 2015.

Evotec offers shareholders who are unable to attend the AGM the opportunity to access key parts of the event live on the internet. The Company also encourages non-attendees to exercise their voting rights by arranging for independent proxies who are bound to the shareholders' instructions. Shareholders may also authorise a person of their choice to represent them at the meeting. The possibility of a postal vote was not available at the AGM 2015.

The remuneration system for the Management Board has not changed since the AGM 2012.

Remuneration report

Section 4.2.5 of the Code stipulates that the Remuneration Report should be part of the Notes or the Management Report. Accordingly, the remuneration of Management Board members, divided into fixed and variable compensation components as well as any fringe benefits, and remuneration of Supervisory Board members is reported in the "Remuneration Report" of the Management Report on page 68.

Directors' Dealings and shareholdings

OWNERSHIP OF SHARES AND OPTIONS BY BOARD MEMBERS

The share ownership of members of the Management Board and of the Supervisory Board on 31 December 2015 was as follows: see table below.

DIRECTORS' DEALINGS

Under the Securities Trading Act ("Wertpapierhandelsgesetz"), the members of the Supervisory Board and the Management Board of Evotec as well as persons who have a close relationship with these persons are obligated to report trading in Evotec stock so long as the transactions exceed in aggregate € 5,000 (the de minimus threshold) per calendar year. In addition, Evotec has established an Insider Trading Policy (see www.evotec.com; Investor Relations section) that sets standards for board members' and employees' trading in Evotec shares and thus ensures transparency.

During 2015, no Directors' Dealing was reported.

DIRECTORS' SHAREHOLDINGS AS OF 31 DECEMBER 2015

	SHARES	STOCK OPTIONS	SHARE PERFORMANCE AWARDS
Management Board			
Dr Werner Lanthaler	526,494	840,000	845,897
Colin Bond	–	140,000	336,085
Dr Cord Dohrmann	46,218	340,000	359,712
Dr Mario Polywka	60,000	78,186	369,964
Supervisory Board			
Prof. Dr Wolfgang Plischke	–	–	–
Dr Walter Wenninger	–	–	–
Dr Claus Braestrup	–	–	–
Prof. Dr Paul Linus Herrling	–	–	–
Prof. Dr Iris Löw-Friedrich	–	–	–
Dr Elaine Sullivan	–	–	–

Corporate Governance practices

COMPLIANCE AND CODE OF CONDUCT

Evotec's corporate culture is committed to the highest standards of openness, integrity and accountability. A key element of integrity is compliance, which means adherence to both, the applicable laws and Company's internal policies. Evotec's commitment to a compliance-oriented culture is reflected in Company's Code of Conduct, which stipulates fundamental ethical principles, such as integrity and professionalism, that apply to board members and other employees alike.

The Code of Conduct sets standards for

- Accounting and the permissible use of the Company's funds and assets;
- Compliance with insider trading laws and prevention of conflicts of interest;
- Compliance with antitrust legislation;
- Compliance with anti-corruption laws and associated internal guidelines;
- A work environment free of any form of discrimination and harassment;
- Non-disclosure and protection of intellectual property and business secrets; and
- The duty to report upon the suspicion of an infringement of the Code of Conduct (whistle-blowing).

Evotec does not tolerate any violation of applicable laws or internal policies.

The Code of Conduct is published on the Evotec website (www.evotec.com) in the Investor Relations section.

Evotec also complies with the financial market rules. The Company maintains an ad hoc Committee, which consists of the Chief Financial Officer, the General Counsel and the assistant to the Board. This committee examines the ad hoc relevance of insider information and ensures that Evotec complies with the law.

The Compliance Programme of Evotec AG is overseen by the Company's Compliance Officer, functioning as an independent and objective body that reviews and evaluates compliance issues/concerns within the organisation.

In 2015, Evotec's Compliance Programme was further expanded with a focus on education and training. Evotec implemented a group-wide (except France) electronic Compliance Training tailored to the specific compliance issues and associated risks at the Company. The aim is to maintain permanent compliance awareness within all areas of Evotec's business to ensure that any decision is in-line with Evotec's compliance best practices and to mitigate compliance risks. Said training is mandatory for all board members and other employees. Company's Compliance Officer monitors the participation in the training at regular intervals.

Another important aspect of accountability and transparency is a mechanism to enable all Evotec employees to voice concerns in a responsible and effective manner. Suspected compliance violations can be reported to an employee's responsible line manager, the Company's Compliance Officer or may also be reported to a worldwide compliance (whistle-blower) hotline which is available 24 hours a day, 7 days a week. The latter can also be done anonymously. In 2015, no reports via the central compliance hotline were registered.

Further information can be found in the "Corporate Social Responsibility (CSR) and Code of Conduct" section on page 54 in the Management Report.

SUSTAINABILITY

For Evotec, sustainability plays a major role in the Company's business and attitude. Consequently, Evotec sets out its values and economic, ecological and social responsibility. All three criteria are reflected in Evotec's strategy and firmly established in its business processes. Evotec pursues a business model that aims at sustainable growth, creating value for all stakeholders and protecting the interests of its shareholders. Taking responsibility for the Company's employees and business partners and maintaining its commitment to society and a healthy environment are two of Evotec's guiding principles. In its R&D activities, Evotec adheres to the highest scientific and ethical principles.

Further information can be found in the "Sustainability Report" on page 54 in the Management Report.

RISK MANAGEMENT

An important element of sound Corporate Governance is dealing responsibly with risks. Evotec has established an effective risk and opportunities management system that enables the Management Board to detect and react to relevant risks and market developments in good time. The Management Board reports on these to the Supervisory Board. The Company's risk and opportunities management system and policies are covered by the annual audit of financial statements. Details can be found in the Management Report on page 56.

Further information

AUDIT OF FINANCIAL STATEMENTS

On a regular basis, Evotec provides financial and business information to its shareholders and other interested parties by publishing its annual consolidated financial statements and quarterly reports. As an incorporated company whose registered head office is located within the European Union, Evotec AG must prepare and publish consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) whilst observing Section 315a HGB (German Commercial Code). The consolidated financial statements of the Evotec Group and the financial statements of Evotec AG are audited by the audit firm and the Supervisory Board. The audit firm is appointed by the shareholders at the AGM and commissioned by the Supervisory Board. It participates at the Supervisory Board's deliberations on the financial statements and reports the most significant results of its audit.

EQUITY INVESTEES AND STOCK OPTION AND SHARE PERFORMANCE PLANS

A list of substantial equity investees as well as details on the Company's stock option and share performance plans can be found in the consolidated financial statements on pages 102 and 113.

INVESTOR RELATIONS/TRANSPARENCY

Evotec AG informs its shareholders, financial analysts, the media and the public on a regular basis about its progress. In doing so, the Company complies with all requirements of the Code regarding transparency, timeliness, openness and shareholder equality. Evotec is committed to fair disclosure of information and its communication is governed by a Company Disclosure Policy. It is a prime concern of the Company that all relevant target groups receive the same information at the same time, and this implies communicating in both English and German. The Company's publications are available on its website www.evotec.com in the Investor Relations section.

The Investor Relations section of Evotec's website maintains information such as news releases, the financial calendar containing the publication dates of the financial statements, investor relations conferences, annual and quarterly reports, other regulatory news and regularly updated corporate governance information. This section of the website also includes the Articles of Association, the Rules of Procedure of the Supervisory Board, the Audit Committee Charter, the Code of Conduct, the Insider Trading Policy and all declarations of compliance.

Evotec places great emphasis on a continuous dialogue with financial analysts and investors. It conducts at least one analyst meeting every year and telephone conferences when quarterly financial results are published, while ensuring that no stakeholder receives preferential information. In 2015, management presented the Company at twelve national and international investor conferences.

Prof. Dr Wolfgang Plischke
Chairman of the Supervisory Board

Super-visory *Board Report*

The primary task of the Supervisory Board is to supervise and to provide ongoing advice to the Management Board on the management of the Company.

As required by the German Stock Corporation Act, Evotec AG has a two-tier board system consisting of Evotec's Management Board and Evotec's Supervisory Board. The Management Board is responsible for managing Evotec and representing the Company in its dealings with third parties, while the Supervisory Board appoints and dismisses the members of the Evotec Management Board and oversees the management of the Company. German law prohibits the Supervisory Board from making management decisions.

The Evotec Supervisory Board consists of six members – as provided in the current Articles of Association – all of whom are elected by the shareholders by a simple majority of the votes cast at an Annual General Meeting ("AGM"). The Supervisory Board appoints a Chairman and one Vice Chairman from among its members. With effect as of the end of the AGM 2015, Dr Walter Wenninger resigned from Evotec's Supervisory Board. Instead, the AGM elected Dr Elaine Sullivan as new Supervisory Board member. The Supervisory Board then approved Bernd Hirsch as the new Vice Chairman. The members of the Supervisory Board are elected for a term of five years and may be re-elected. The term of all members of the Evotec Supervisory Board will expire at the end of the AGM 2019.

A significant proportion of the Supervisory Board's work is conducted in committees. Pursuant to the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, Evotec's Supervisory Board has established an Audit Committee as well as a Remuneration and Nomination Committee from among its members. Members of both committees are appointed in accordance with the Code. For detailed information about the composition of the Supervisory Board and its committees please go to the "Corporate Governance Report" on page 18 of Evotec's Annual Report 2015.

In the course of 2015, the Supervisory Board convened for five formal meetings and one extraordinary meeting to discuss the operational and strategic developments of Evotec AG. The Audit Committee convened separately for four telephone conferences, and the Remuneration and Nomination Committee convened four times in face-to-face meetings.

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

At each Supervisory Board meeting, the status of the Company's business, its scientific initiatives, its development partnerships, out-licensing activities and regular standard agenda items were discussed.

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

- In March 2015, the Supervisory Board discussed and approved the 2014 annual financial statements in the presence of the auditors and approved the bonus payments for the Management Board members for their performance in 2014. The Supervisory Board also approved the preliminary agenda for the AGM 2015 including a revised long-term incentive programme.

- In June 2015, the Supervisory Board focused on the upcoming AGM, the operational business of the Company and on strategic development opportunities. In addition, in a second meeting following immediately after the AGM, the Supervisory Board welcomed its new member Dr Elaine Sullivan and bid farewell to Dr Walter Wenninger who decided to resign from the Supervisory Board.

- In its September 2015 meeting, the Supervisory Board had a chance to visit the newly acquired site in Toulouse (France) and was informed about the performance and integration of Evotec (France) in the first 100 days following the closing of the acquisition. The Supervisory Board also discussed the status of the Company's operational business. Furthermore, the Supervisory Board discussed and approved the grant of new Share Performance Awards to the Management Board as well as a gender quota for Supervisory Board and Management Board.

- In an extraordinary meeting in November 2015, the Supervisory Board was updated about Evotec's R&D portfolio and discussed this in-depth with the Chief Scientific Officer and key R&D leaders within Evotec.

- In December 2015, the Supervisory Board reviewed and approved the budget and guidance for the year 2016. It discussed the performance of the Company in 2015 and the Company's updated five-year mid-range plan including potential development and acquisition opportunities.

The financial statements and the Management Report for Evotec AG for the fiscal year 2015 as well as the consolidated financial statements together with the consolidated Management Report of the Evotec Group were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg. The managing auditor of Ernst & Young for the Evotec Group is Eckehard Schepers. He has been in charge since the AGM 2014. The auditors issued an unqualified audit opinion.

In preparation for the Supervisory Board meeting on 21 March 2016, the auditors presented the status of the 2015 audit, a summary of key audit findings and other relevant topics to the Audit Committee. The Audit Committee used this information as a guideline for its own evaluation of the statements and reports. The auditors participated in the 2016 March meeting of the full Supervisory Board and presented a comprehensive report on the audit and their observations. The Supervisory Board examined both the financial statements and the consolidated financial statements prepared by the Management Board based on its own judgment, taking into account the Audit Committee's input as well as information on key topics provided by the auditors. Following this, the Supervisory Board approved the financial statements of Evotec AG and the consolidated financial statements for the year 2015.

The Supervisory Board was not aware of any potential conflict of interests among any of its members in the course of 2015.

The Supervisory Board thanks the Management Board and the Company's employees for their hard work during the year and wishes them ongoing success for 2016.

Hamburg, 21 March 2016

The Supervisory Board
Prof. Dr Wolfgang Plischke

Group Management Report

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The Evotec Group

ORGANISATIONAL STRUCTURE AND BUSINESS ACTIVITIES

— BUSINESS MODEL —

Evotec is a drug discovery and development partnership company providing drug discovery solutions to the pharmaceutical, biotechnology and academic sectors as well as to foundations and not-for-profit organisations. With a pool of highly experienced scientists, state-of-the-art technology platforms, first-class scientific operations and key therapeutic expertise in the areas of neuroscience, diabetes and complications of diabetes, pain and inflammation, oncology and infectious diseases, Evotec aims to develop best-in-class and first-in-class differentiated therapeutics – for collaborators or for its own internal pipeline development.

The focus of Evotec's business is:

- High-quality drug discovery science in innovative collaborations with Pharma, biotech, academia and venture capital partners as well as foundations and not-for-profit organisations, offering stand-alone or integrated solutions
- Partnering of early innovative assets developed in-house or in collaboration with selected academic or biotech partners

The Company operates and manages its business activities under its two business segments EVT Execute and EVT Innovate.

EVT Execute provides stand-alone services on a typical fee-for-service basis or integrated drug discovery on partners' targets through a variety of commercial structures including research fees, milestones and/or royalties.

EVT Innovate develops drug discovery programmes and assets, both internally or through academic collaborations. Evotec seeks to partner these into collaborations, in return for upfront payments and ongoing research payments combined with significant financial upside potential through milestones and royalties.

Further information on Evotec's segments can be found in section "Corporate objectives and strategy" on page 27 of this Management Report.

— GROUP STRUCTURE —

Evotec AG, founded in 1993, is a publicly listed stock corporation operating under German law. Evotec AG is the parent company of the Evotec Group and is headquartered in Hamburg, Germany.

In addition to Evotec's site in Hamburg (Germany), major operating sites exist in Abingdon and Manchester (UK), Toulouse (France), Göttingen and Munich (Germany) and South San Francisco, Branford and Princeton (USA). Further offices in Germany, the USA, the UK, France and Japan handle Evotec's international business development activities, which are closely integrated with the Group's operations.

Evotec's strategic Group structure reflects the international direction of the Company. Developing and acquiring businesses with assets that support the Company's strategy is a vital part of Evotec's growth. With affiliates in Germany, the UK, France and the USA, the Group has proven that it is capable of integrating acquisitions and achieving both operational and technological synergies irrespective of geography. All consolidated subsidiaries and other equity investments are listed in Note (33d) to the Consolidated Financial Statements.

The Evotec Group employed 1,000 people at the end of 2015.

— EVOTEC'S PRODUCTS AND SERVICES —

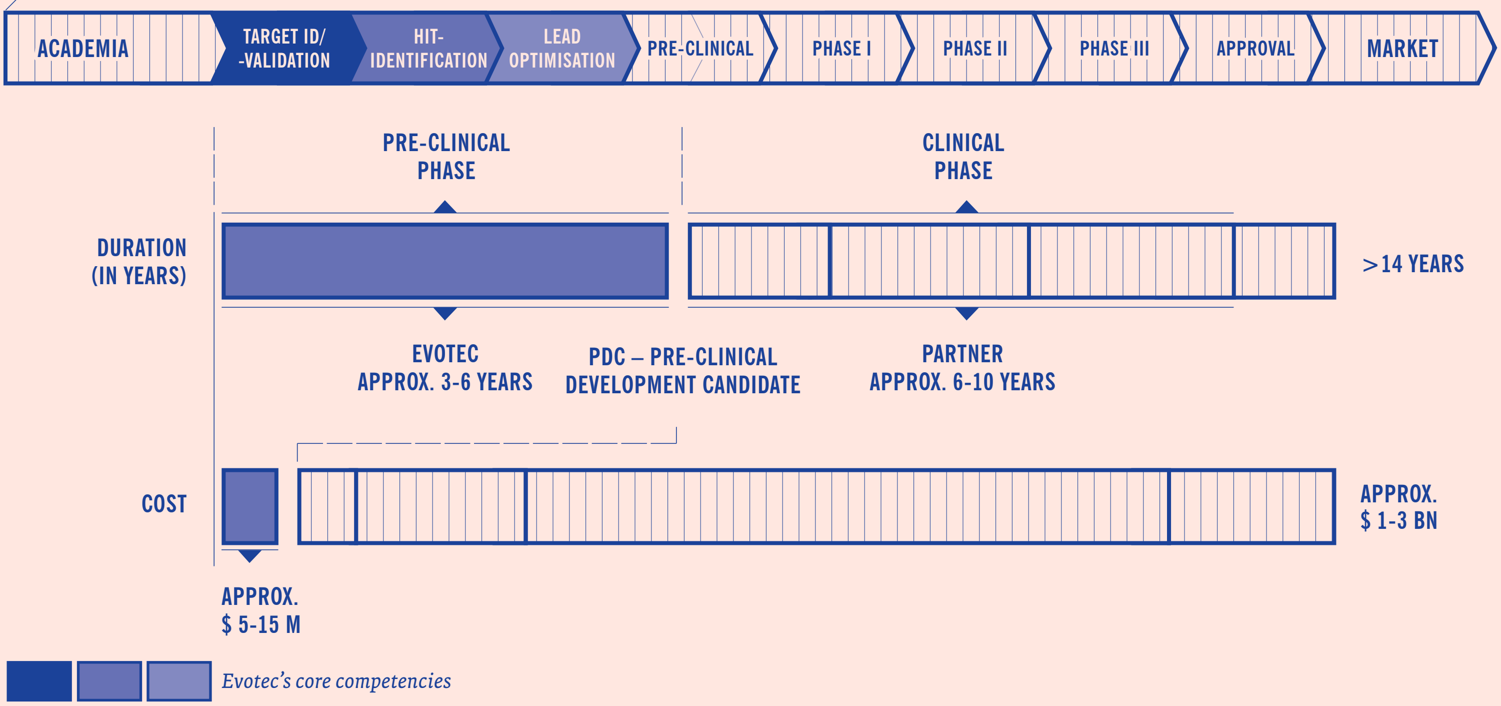
Evotec's core expertise and leading position lies in early-stage research with the aim of bringing drugs faster to the market. Evotec's drug discovery platform was established to deliver an industrialised, cutting-edge, comprehensive and unbiased infrastructure to meet the industry's need for innovation in drug discovery and to accelerate clients' drug discovery portfolios from target identification to candidate selection. As a strategic outsourcing partner, Evotec is able to drive innovation efficiency, reduce costs, increase speed and improve productivity and effectiveness in early-stage discovery and development for its clients.

MAJOR OPERATING ENTITIES[1]
as of 31 December 2015

EVOTEC AG, HAMBURG, D				
Evotec (UK) Ltd. Abingdon, UK 100%	Evotec International GmbH Hamburg, D 100%	Evotec (München) GmbH Munich, D 100%	Evotec (US), Inc. South San Franciso, USA 100%	Evotec (France) SAS Toulouse, F 100%

[1] *Indirect and direct holdings*

EVOTEC'S POSITIONING IN THE DRUG DISCOVERY AND DEVELOPMENT PROCESS



(Source: Company information; Paul et al. Nature Reviews Drug Discovery, 9 (2010))

Drug discovery services

Evotec's portfolio of capabilities represents the earliest stages of drug discovery research including target identification and validation, early-stage assay development, compound management, screening, hit-to-lead and lead optimisation, medicinal chemistry, *in vivo* and *in vitro* pharmacology, proteomics and biomarker science, protein production and early chemistry as well as manufacturing controls ("CMC") activities.

The acquisition of the drug discovery operation in Toulouse, France, from Sanofi effective from 01 April 2015 included a deal whereby the Sanofi compound library can be made available to Evotec's partners for screening. An overview of all integrated disciplines is given in the diagram below and more detailed information can be found in the Services section on Evotec's website (www.evotec.com).

OVERVIEW OF EVOTEC'S DRUG DISCOVERY OFFERING

TARGET ID & VALIDATION

- Molecular biology and cloning
- Bioinformatics
- *In vitro* target validation
- *In vivo* target validation
- Target deconvolution

SCREENING

- Assay development & screening (u)HTS[1]
- High-content screening
- Microbiological phenotypic screening (class 2)
- Electrophysiology
- *In silico* screening technologies
- Fragment-based drug discovery
- Compound & Sample management
- Chemo-proteomic
- Phosphoproteomics

HIT-TO-LEAD

- Medicinal chemistry
- Hit expansion
- Library design
- High-throughput chemistry
- Target deconvolution
- Protein-ligand crystallography
- *In vitro* & *in vivo* biology
- Early ADMET[2]
- *In vivo* proof of concept
- Microbiological testing and characterization (MICs, MBCs, MoA[3] determination)

LEAD OPTIMISATION

- Medicinal chemistry
- *In vitro* & *in vivo* biology Disease biology and target class expertise
- Cellular selectivity analysis and MoA[3] analysis
- Translational assays
- Computational chemistry and structure-based drug design
- *In silico* & *in vitro* ADMET[2]
- Biomarker discovery
- PKPD Profiling and mathematical modelling
- Early drug formulation & solid form screening

[1] *Ultra-high throughput screening*
[2] *Absorption, distribution, metabolism, excretion, toxicity*
[3] *Mode of action*

Asset portfolio

Strategically, Evotec is active in several therapeutic areas, such as neuroscience, diabetes and complications of diabetes, pain and inflammation, oncology and infectious diseases. The Company has a large portfolio of current and future potential revenue-generating programmes as well as a large number of product opportunities unpartnered or fully-funded by partners. The aim and strategy for the asset portfolio is to partner the programmes early in the discovery chain or in some cases to develop them up to pre-clinical candidate ("PDC") nomination. At this time, pre-clinical and clinical development is passed over to the partner. An overview of the portfolio is given on page 32 of this Management Report.

Alliances and partnerships

Evotec has been involved in more than 250 partnerships since its inception in 1993 and has delivered more than 30 pre-clinical candidates and 20 clinical candidates both in partnerships and within its own proprietary drug discovery efforts. Evotec's partners consist of the Top 20 pharmaceutical companies, many biotechnology and mid-sized pharmaceutical companies, academic institutions, foundations and not-for-profit organisations. Evotec has worked on a number of new and expanded collaborations in 2015 and has stable, long-term relationships with, among others, AstraZeneca AB, Bayer Pharma AG, Boehringer Ingelheim Pharma GmbH & Co. KG, CHDI Foundation, Inc., MedImmune, LLC/AstraZeneca PLC, Genentech, Inc., Janssen Pharmaceuticals, Inc., Johnson & Johnson Innovation, Novartis AG, F. Hoffmann-La Roche AG, Sanofi, Shire and UCB Pharma. Further information on Evotec's alliances and partnerships is provided in the "Performance Measurement" chapter under "Quality of drug discovery solutions and performance in discovery alliances" on page 29 of this Management Report.

— MARKET AND COMPETITIVE POSITION —

The drug discovery outsourcing market and Evotec's competitive position (EVT Execute business)

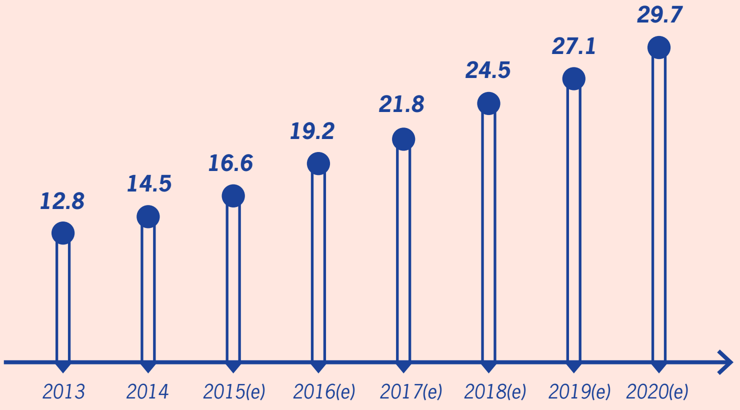
The global pharmaceutical industry has suffered from decreasing efficiency in new product launches in the past decade. Research and development costs have escalated over the years, yet product pipelines are not producing the returns experienced in earlier decades. These trends have led to restructuring of research and development with significant downsizing of many large companies and an increased need and willingness to outsource activities traditionally performed in-house. In 2015, these trends continued. The use of external innovation solution providers allows fixed costs to be converted into variable costs and also provides expertise in selected areas without the client needing to maintain or build internal capabilities and infrastructure. Based on research by Visiongain, the drug discovery outsourcing market generated $ 14.5 bn in global revenues in 2014 and this is expected to increase to $ 27.1 bn by 2019 and $ 41.2 bn by 2025, growing at an annual growth rate of 13.3% between 2014 and 2019.

These trends indicate that the market for Evotec's drug discovery services will continue to grow, although this must also be addressed against a backdrop of slow decision making and continued market consolidation.

Over the years, the contract service providers have expanded their service offerings to better meet the needs of full-service outsourcing across the drug discovery value chain. Contracts vary in their agreement types, ranging from strategic partnerships to stand-alone service agreements

DRUG DISCOVERY OUTSOURCING IS A MACRO TREND – MARKET OVERVIEW

Revenues, in $ bn



(Source: "Drug Discovery Outsourcing: World Market 2014–2023" report, Visiongain)

for specific functions, whereby the key trend in the sector is the use of strategic partnership models and a preference for fully integrated service providers. Amongst its peers in the Western markets, Evotec is one of the largest and financially most stable drug discovery providers with a unique hybrid model, critical mass and a long-standing track record of success. Evotec is positioned to exploit the expected increase in strategic outsourcing opportunities being one of the few drug discovery companies in the world that can provide both innovative research projects and assets and a comprehensive range of drug discovery services.

The markets of Evotec's strategic research focus areas and Evotec's competitive position (EVT Innovate business)

In addition to its third-party drug discovery activities, Evotec has ongoing alliances and partnerships with pharmaceutical and biotechnology companies, not-for-profit organisations, foundations and academic institutions, mainly in the disease areas of the central nervous system ("CNS", especially neurodegenerative diseases including Alzheimer's disease), diabetes, oncology, pain, inflammation and infectious diseases. These disease areas present markets with huge unmet medical needs and significant opportunities. Background information on the therapeutic markets of these disease areas are given below.

CNS diseases

According to the World Health Organization ("WHO"), over 450 million people suffer from CNS disorders globally. The WHO estimates that the burden of brain disorders constitutes 35% to 38% of the total burden of all diseases. A rapidly increasing geriatric population base results in elevated incidence levels of CNS diseases. CNS disease treatments, though exclusively palliative, already represent one of the three main therapeutic areas worldwide and are expected to reach sales of approximately $ 108 bn in 2017 according to the Jain PharmaBiotech Report (2008), putting them close to cardiovascular diseases and oncology.

Evotec has been actively involved in drug discovery and development in neuronal diseases and in particular neurodegenerative diseases for many years and has identified a large number of novel potential targets for Alzheimer's disease ("AD") and other neurodegenerative disorders. Evotec has also established an AD target database – a customised system covering all aspects of data produced for potential AD targets – which it partnered in the first instance with Janssen Pharmaceuticals in 2013.

In addition to this successful track record, Evotec is uniquely positioned in the field of CNS diseases as an innovator in high-content phenotypic screening. This high-throughput screening in induced pluripotent stem ("iPS") cell-derived neurons with the intent of identifying novel therapeutic compounds has the potential to transform the way drug discovery is performed. Evotec's stem cell research team currently develops an industrialised process for the manufacture of iPS cell-derived human motor neurons and collaborates with the Harvard Stem Cell Institute with their leaders in the iPS field, Dr Kevin Eggan and Dr Lee Rubin.

Diabetes and diabetic complications

Diabetes mellitus ("Diabetes") is a chronic incapacitating disease associated with severe lifelong conditions which require intensive monitoring and control, such as cardiovascular diseases, kidney diseases, nerve damage and eye diseases. At present, there is no cure for diabetes and only symptomatic treatment options are available. According to the International Diabetes Federation, approximately 415 million people worldwide have diabetes in 2015 (2014: 387 million). Of these, about 46.5% have not yet been diagnosed and are at risk of costly and debilitating diabetes complications. Concerning the diabetes market volume, approx. $ 673 bn was spent on the treatment of diabetes in 2015 (2014: $ 612 bn).

Evotec has over ten years of metabolic disease experience in target identification/validation, *in vitro* and *in vivo* pharmacology, regulatory affairs and clinical development. The primary focus is on the identification of novel mechanisms and targets that have the potential to become disease modifying, preventing or even reverting disease progression. In particular, Evotec has accumulated significant capabilities in beta cell biology in pursuit of disease-modifying mechanisms such as beta cell regeneration and protection. In this field, Evotec has built a unique portfolio of partnerships and approaches pursuing potentially first-in-class products. In this context, Evotec was able to sign strategic partnerships in 2015 with Pfizer to develop novel mechanisms in the field of multi-organ fibrosis and with Sanofi regarding the development of beta cell replacement therapies and drug discovery based on functional human beta cells derived from stem cells. These partnerships strengthen Evotec's positioning in the diabetes and diabetic complications.

Oncology

According to the International Agency for Research and Cancer, in 2015 there were 15.2 million new cancer cases and 8.9 million cancer deaths. Cancer deaths are expected to increase to more than 13 million by 2030. According to IMS Health, oncology-related drug sales are expected to rise to more than $ 100 bn in 2018.

The development of new, targeted cancer drugs for the treatment of specific cancers continues to be of great importance. Furthermore, innovative technologies such as a focus on epigenetic drug therapies or cancer immunotherapies represent a paradigm shift in the way cancer is treated. Evotec has a long history of contributing to the oncology field through partners, both industrial and not-for-profit, and offers a wealth of drug discovery and biomarker discovery experience. In 2015, Evotec increased its expertise and oncology portfolio through the acquisition of the integrated drug discovery operations in Toulouse and via a strategic agreement with Sanofi. The alliance with Sanofi adds a number of pre-clinical oncology assets and projects that can be taken forward to investigational new drug ("IND").

Pain, inflammation and infectious diseases

Evotec has substantial experience and expertise in key therapeutic areas including pain, inflammation and infectious diseases. Over the last decade, Evotec has collaborated with a variety of biotech and Pharma companies in these therapeutic areas, such as a multi-target collaboration in endometriosis with Bayer Healthcare. Furthermore, Evotec grew its expertise in antibacterial research through the acquisition of Euprotec in 2014 and leveraged its capabilities in concert with expert academic groups to deliver new options for therapeutic intervention against resistant bacterial infections where there is an urgent and serious medical need.

More information regarding Evotec's alliances and partnerships as well as its internal early-stage assets can be found in the "Research and development" chapter on page 31 of this Management Report.

CORPORATE OBJECTIVES AND STRATEGY

Evotec's objective is to systematically and continuously increase the value of the Company. The Company offers its stakeholders the opportunity to participate in a profitable, diversified business at a lower risk than typical biotech companies. The business model is based on Evotec's core competencies which have evolved over more than twenty years: drug discovery and partnering of research projects. Today, Evotec has established a leadership position in the high-quality drug discovery space. The Company comprises an industrialised, cutting-edge, comprehensive and unbiased infrastructure to meet the industry's need for innovation and efficiency in drug discovery. In addition, Evotec has built a deep internal knowledge base in the therapeutic areas of CNS/neurology, diabetes and complications of diabetes, pain, oncology and infectious diseases. Evotec partners with other pharmaceutical companies, biotech companies, not-for-profit organisations and foundations through two business segments: EVT Execute and EVT Innovate.

- **EVT Execute:** The EVT Execute segment provides stand-alone or integrated drug discovery solutions for collaborators' targets and programmes on a typical fee-for-service basis or through a variety of commercial structures including research fees, milestones and/or royalties. Projects are selected to match Evotec's expertise and technology. In these projects, EVT Execute contributes efficiency, project management and speed in the drug discovery process. Over the last years, the Company has invested significantly into upgrading its platforms and in building a systematic, unbiased and comprehensive discovery platform accessible to its customers, partners and academic institutions alike.

- **EVT Innovate:** The EVT Innovate segment focuses on investing and developing its own internal assets including early-stage discovery programmes as well as more advanced drug candidates, which are subsequently positioned for partnering with Pharma companies. Evotec's internal programmes focus on first-in-class and best-in-class projects based on innovative biology. These so called Cure *X* or Target *X* initiatives largely follow indication areas that are firmly established at Evotec. Projects are also selected to optimally leverage Evotec's drug discovery platform. EVT Innovate partnership agreements usually include upfront and research payments as well as milestones and product royalties.

By focussing on Evotec's key strengths such as portfolio building and expansion, maintenance of strong relationships with partners, scientific expertise, investments in employees as well as productivity and efficiency programmes, the Company aims to expand its leading position in drug discovery. With the acquisition of Evotec (France), effective 01 April 2015, the Company accelerated its growth strategy by obtaining additional capacity, capabilities and top-quality science in oncology.

The Company's objectives for its two business segments in 2015 and the major achievements are summarised in the following table:

	SPECIFIC OBJECTIVES 2015	MAJOR ACHIEVEMENTS 2015
EVT EXECUTE	▸ New long-term deals with big and mid-sized Pharma and biotech ▸ New integrated technology/disease alliance ▸ Integration of new capacities and capabilities in global offering	▸ New alliances with Pharma, biotech and foundations (e.g. Sanofi, Spero, Padlock) ▸ Important contract extensions with numerous partners (e.g. Active Biotech, CHDI, Haplogen, NCI) ▸ Successful integration of new offerings in France and Princeton (USA) ▸ UCB compound management alliance in France
EVT INNOVATE	▸ Partnering of Cure *X*/Target *X* initiatives ▸ Expansion of network of top-class academic alliances ▸ Progress of clinical pipeline within partnerships	▸ Four Cure *X*/Target *X* initiatives partnered (Immuno-oncology: Target*ImmuniT* with Sanofi and Apeiron Biologics; Diabetes: Target*BCD* with Sanofi; Tissue fibrosis: Target*Fibrosis* with Pfizer; Inflammation: Target*MB* with Second Genome) ▸ Network of academic alliances expanded (e.g. Gladstone Institute, New York University Office of Therapeutic Alliances)

Evotec is strategically well-positioned to continue to deliver innovation efficiency with its unique business model and strengthen its leadership position by:

- Understanding the needs of the pharmaceutical and biotech industry for innovative new medicines
- Maintaining the critical mass and highly experienced drug discovery expertise
- Having the deep understanding of disease biology in core disease areas
- Developing access to the highest-quality resources and a systematic, comprehensive and unbiased drug discovery platform operating at high levels of capital efficiency
- Positioning first-in-class projects ideally for strategic partnerships, focused in areas where break-through innovation is needed

The Company's objectives defined for 2016 can be found in the "Business direction and strategy" section of the "Outlook" chapter on page 64 of this Management Report.

PERFORMANCE MEASUREMENT

— FINANCIAL PERFORMANCE INDICATORS —

Evotec's Management Board uses various financial indicators to manage the Company according to its corporate strategy set out in the "Corporate objectives and strategy" chapter on page 27 of this Management Report. Financial goals set by the Management Board are continued growth, increased operating profitability and improved cash generation. The Company's long-term key financial performance indicators are designed to support these goals.

Evotec's management performs monthly financial reviews with a strong emphasis on financial performance drivers such as revenues, order book status and margins. In addition, the management reviews comprehensive cost data and analysis focused on research and development as well as selling, general and administrative expenses. The Company's performance is measured against budgeted financial targets and the prior-year performance. Liquidity levels are monitored in comparison to the forecast and defined minimum cash levels. Operating cash flows are reviewed on a daily basis with an emphasis on receipt of contract research revenues and milestones as well as on the management of capital expenditure. Treasury management is undertaken on an ongoing basis with a focus on cash management, foreign exchange ("FX") exposure, funding optimisation and investment opportunities. Value analysis based on discounted cash flow models is the most important financial evaluation and control criterion for Evotec's investment decisions regarding merger and acquisition projects and in-licensing opportunities.

DEVELOPMENT OF FINANCIAL KEY PERFORMANCE INDICATORS

in T€

	2011	2012	2013	2014	2015
Revenues	80,128	87,265	85,938	89,496	**127,677**
EBITDA adjusted*	11,971	10,217	10,394	7,711	**8,690**
Liquidity**	62,428	64,159	96,143	88,822	**133,940**

** Adjusted for Changes in contingent considerations and Income from bargain purchases*

*** Cash and cash equivalents and investments*

The Company's 2015 performance compared to planned figures can be found in the "Comparison of 2015 financial results with forecast" chapter on page 40 of this Management Report.

— NON-FINANCIAL PERFORMANCE INDICATORS —

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

Quality of drug discovery solutions and performance in discovery alliances
The vast majority of Evotec's revenues is generated in alliances with Pharma and biotech companies, not-for-profit organisation and foundations. Consequently, the most important non-financial performance indicators for Evotec are the quality of its drug discovery solutions, performance within its alliances and overall customer satisfaction.

These indicators are measured by the total number, growth and size of alliances, the percentage of repeat business, average contract duration, new customer acquisition and the status of the Company's sales and order book. Since its inception in 1993, Evotec has continually delivered excellent results in existing programmes and has expanded its customer base and its global network of partnerships. The Company now works with approximately more than 150 Pharma and biotech companies, not-for-profit organisations and foundations on a global basis. This growth and progression is summarised in the tables below.

DEVELOPMENT OF EVOTEC'S ALLIANCES*

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

	2011	2012	2013	2014	2015
Number of alliances***	97	96	106	150	**177**
Number of alliances*** > € 1m revenues	15	16	15	19	**21**
Repeat business	85%	86%	93%	85%	**63%**
New business during the year****	45*	29	39	82**	**67**

** thereof 22 related to acquisitions (Kinaxo and Compound Focus)*

*** thereof 19 related to acquisitions (Euprotec)*

**** number of alliances equal number of customers*

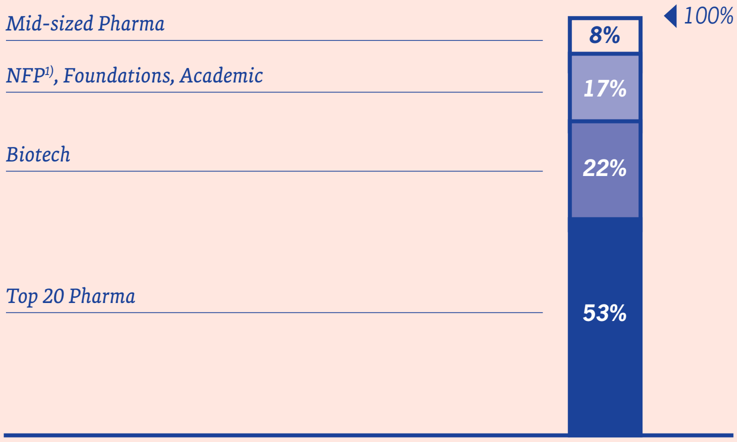
***** number of new customers vs. previous year*

DEVELOPMENT OF TOP 10 COLLABORATIONS* (SORTED BY REPORTING YEAR)

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

in T€	2011	2012	2013	2014	2015
TOP 1: Sanofi	-	-	-	188	**38,598**
TOP 2: CHDI	8,915	9,905	10,423	11,177	**14,011**
TOP 3: Bayer	-	512	3,998	10,867	**9,038**
REMAINING TOP 10	54,079	54,783	49,787	35,222	**30,072**
Total TOP 10 revenues	**62,994**	**65,200**	**64,208**	**57,454**	**91,719**
Growth in %		*4%*	*(2)%*	*(11)%*	*60%*

CUSTOMER TYPE 2015
(in %)



[1] *Not-for-profit organisations*

Notably, a number of collaborations have significantly increased in size in recent years. This is a clear indicator of customer satisfaction. In addition, the number of alliances with which Evotec generates more than € 1 m of revenues per year increased substantially. The sharp increase in revenues generated with the Company's Top 10 collaborations mainly results from the major alliance with Sanofi effective as of 01 April 2015 and the growth in the core EVT Execute business. Evotec's number one customer by revenues in 2015 was Sanofi with € 38.6 m revenues. Evotec's repeat business, as defined by the percentage of 2015 revenues coming from customers that the Company already had in 2014, amounted to 63%. Excluding the impact of the Sanofi collaboration, Evotec's repeat business amounted to 89% in 2015. The continued upward trend of the total number of alliances as shown in the first table underlines Evotec's position as the leading high-quality drug discovery company.

Research and development performance in development partnerships

Evotec is a company which discovers and develops novel, innovative pharmaceutical drug compounds. Therefore, the progression of drug programmes and candidates within Evotec's partnerships is another relevant non-financial performance indicator. Evotec is different to most biotech companies in as much that the success of research, pre-clinical and clinical programmes progressed by its partners represents pure upside for the Company. Evotec participates in the progress and success of those programmes through milestone payments and royalties.

STATUS OF ADVANCED DRUG CANDIDATES*, **

Drug candidate	Partner (Start of partnership)	PDC	Phase I	Phase II	Phase III	Progress in 2015
EVT302	Roche (2011)					Missed the primary endpoints in the Phase IIb trial; Negotiating acquisition of project from Roche
EVT100 series	Janssen (2012)					Development resumed
EVT201	JingXin (2010)					All safety studies completed; Phase II ongoing
EVT401	CONBA (2012)					Ongoing
Oncology (Undisclosed)	Boehringer Ingelheim (2009)					Under review
Pain (Undisclosed)	Novartis (2008)					Under review
Respiratory diseases (Undisclosed)	Boehringer Ingelheim (2009)					Pre-clinical studies ongoing
Endometriosis (Undisclosed)	Bayer (2012)					Pre-clinical studies ongoing
EVT770	MedImmune (2010)					Pre-clinical studies ongoing

** To the Company's knowledge, no benchmark data is available*
*** Starting with pre-clinical development stage*

Status 31 Dec 2014
Status 31 Dec 2015

For a more detailed description of Evotec's advanced drug candidates and its research programmes please see the "Research and development" chapter on page 31 of this Management Report.

Quality and safety performance of products

Evotec is a high-quality provider of drug discovery services. Therefore, the quality and safety performance of products, measured by the number of recalled services and the amount of fines or settlement payments related to litigation is another important non-financial performance indicator. High quality and best practice safety features generate trust and satisfaction among its customers and secure future business. During the past five years, no services were recalled and neither fines nor settlement payments related to litigation in Evotec's drug discovery alliances were due.

— EARLY INDICATORS —

Several factors are used to evaluate early on the degree to which the Company's goals will be fulfilled in the medium to long term. Early indicators used at Evotec include:

- Current and expected developments in the market for drug discovery alliances and general trends in research and development: Developments and trends are monitored on an ongoing basis in order to identify 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 ("IP") position: In order to protect intellectual property, Evotec reviews its patent portfolio on a regular basis (see more details in the "Research and development" chapter on page 36 of this Management Report).

- New business pipeline: The monthly review of potential new business opportunities and status of negotiations is an early indicator for the sales forecast of both EVT Execute and EVT Innovate.

- Sales and order book: The sales and order book provides a high degree of visibility of revenues for the coming months and is updated on a monthly basis.

- Monthly/quarterly results: Financial results are regularly used for measuring the Company's current performance but also to extrapolate the development of the business in future periods.

- Achievement of milestones in discovery alliances and development partnerships: Milestone achievements are a key revenue and cash flow driver for Evotec. Accordingly, the development of milestone payments is an indicator of the success of Evotec's programmes and the performance of Evotec in its risk-shared alliances.

RESEARCH AND DEVELOPMENT

The core of Evotec's business is to carry out research and development ("R&D") activities to support Pharma and biotech companies, venture capital groups, academic institutions as well as foundations and not-for-profit organisations. The Company offers access to a highly comprehensive pre-clinical discovery and development platform via project-driven solutions and customised business arrangements. Evotec's partners select either individual components of the platform or access partially or fully integrated solutions for their projects. Research collaborations pursued by Evotec range from strict fee-for-service arrangements to risk-sharing models. Internal R&D projects are platform-, target- or therapeutic area-driven.

DEVELOPMENT OF R&D EXPENSES

in T€

	2011	2012	2013	2014	**2015**
Clinical projects	2,512	516	106	116	**83**
Proprietary Innovate projects	1,897	2,972	5,246	9,027	**14,433**
Platform R&D	1,101	1,942	1,754	742	**47**
Overhead R&D	2,927	2,910	2,558	2,519	**3,780**
Total R&D	**8,437**	**8,340**	**9,664**	**12,404**	**18,343**
Public grants for R&D	1,648	554	425	703	456

In 2015, Evotec's R&D expenses continued the upward trend of previous years and amounted to € 18.3 m. The significant increase compared to the previous year was primarily due to investments in projects in the field of oncology at the new Toulouse site as well as higher strategic investments in ongoing projects in the business segment EVT Innovate (so-called Cure *X* and Target *X* initiatives), which are funded by Evotec to create proprietary intellectual property. Going forward, Evotec will continue to diligently invest in areas that can potentially deliver a significant return in the near term via upfront and research collaboration payments, while at the same time generating a strategic pharmaceutical pipeline of product candidates with milestone- and royalty-bearing potential. The associated costs for contract research conducted under service agreements and R&D alliances with Pharma or biotech companies are not accounted for as R&D expenses in the Company's income statement but shown under "Costs of revenue".

— GROUP RESEARCH AND DEVELOPMENT ACTIVITIES —

Expansion of Evotec's project pipeline

Despite set-backs in 2014 and 2015, Evotec continues to expand its broad and deep pipeline of projects in which it holds significant financial upside in the form of potential development milestone and royalty payments. The majority of these projects are pursued in partnerships with Pharma and biotech companies, which are responsible for formal pre-clinical and clinical development as well as bringing any product to the market. This pipeline of potential product opportunities spans various stages of clinical and pre-clinical development and discovery and is continuously fuelled by both business segments, EVT Execute and EVT Innovate.

EVT Execute contributes projects to Evotec's pipeline by entering into partnerships based on the clients' target or intellectual property and receiving research fees and upside including milestones and royalties. By contrast, EVT Innovate contributes projects, which are funded by Evotec itself, namely its Cure *X* and Target *X* initiatives. These projects form the basis of future partnerships with the potential for upfront payments, high margin research payments and significant upside potential in the form of milestones and royalties.

Evotec's current pipeline of product opportunities (depicted below) has grown significantly to about 70 in 2015:

LARGE PORTFOLIO OF PRODUCT OPPORTUNITIES WITH SIGNIFICANT UPSIDE

Molecule	Therapeutic Area/Indication	Partner	Discovery	Pre-clinical	Phase I	Phase II	Phase III
Clinical							
EVT302[1]	CNS – Alzheimer's disease	Roche					
EVT201	CNS – Insomnia	JingXin					
EVT100	CNS – Depression	Janssen					
EVT401	Immunology & Inflammation	CONBA					
ND[2]	Oncology	Boehringer Ingelheim					
ND[2]	Oncology	Roche					
Pre-clinical							
ND[2]	CNS – Pain	Novartis					
ND[2]	Oncology	Boehringer Ingelheim					
Various	Women's health – Endometriosis	Bayer					
EVT770	Metabolic – Diabetes (type 2/1)	MedImmune/AstraZeneca					
ND[2]	Respiratory	Boehringer Ingelheim					
ND[2]	Immunology & Inflammation	Second Genome					
EVT801	Oncology	Sanofi					
EVT701	Oncology	Sanofi					
EVT601	Oncology	Sanofi					
Discovery							
Various	Immunology & Inflammation	UCB					
Various	Metabolic – Diabetes (type 2/1)	MedImmune/AstraZeneca					
Various	Metabolic – Diabetes (type 2/1)	Harvard					
Various	Nephrology	AstraZeneca					
Various	Metabolic – Diabetes	Sanofi					
Various	CNS – Alzheimer's disease	Johnson & Johnson					
Various	Oncology – Immunotherapy	Sanofi/Apeiron Biologics					
Various	Immunology & Inflammation – Tissue fibrosis	Pfizer					
Various	CNS – Multiple Sclerosis	Neu^2					
Various	Metabolic – Diabetes	>5 further programmes					
Various	CNS	>5 further programmes					
Various	Oncology	>10 further programmes					
Various	CNS – Pain & Inflammation	>5 further programmes					

1) Sembragiline/RO4602522; Acquisition of rights under evaluation
2) Not disclosed

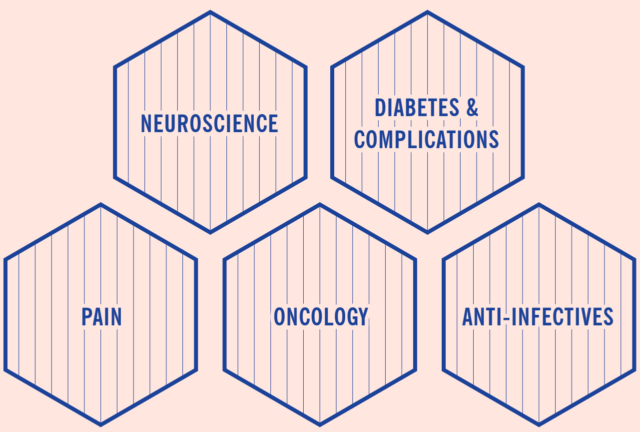
Update on EVT Innovate activities in 2015

Pre-clinical and discovery-stage pipeline

Evotec has built a broad and deep pipeline of partnered product opportunities at pre-clinical and discovery stages over the last few years.

Cure *X* and Target *X* initiatives are carefully selected discovery-stage projects that are either pursued as internal R&D projects or in collaboration with leading academic laboratories or biotech companies. Cure *X* and Target *X* initiatives that are carried out in collaboration with academia or biotech predominantly work on the principle of risk and reward sharing, i.e. both partners contribute to the project and share potential financial rewards according to the respective contributions. The focus is on developing product opportunities with first-in-class potential in indications of high unmet medical need and significant markets. Preferably, these initiatives pursue drug product opportunities with disease-modifying properties, i.e. mechanisms that may slow or even reverse progression of disease. The aim is to advance to and partner these projects at tangible value inflection points and thereby expand Evotec's proprietary pre-clinical and clinical pipeline. Evotec mainly focuses its research on five fields of core expertise as depicted below.

FIVE FIELDS OF CORE EXPERTISE



New Alliances/Partnerships

In 2015, Evotec entered into four EVT Innovate partnerships based on Cure *X*/Target *X* initiatives in areas of high unmet medical need, introducing first-in-class approaches.

In March 2015, Evotec announced a collaboration with Second Genome, Inc. ("Second Genome") in small molecule-based discovery and development activities for the treatment of microbiome-mediated diseases. This collaboration (Target*MB*) comprises the identification and optimisation of novel compounds as well as licence agreements for already existing assets developed by Evotec. As part of the collaboration, Second Genome and Evotec work together to screen microbiome-mediated targets of interest identified by Second Genome's microbiome discovery platform with Evotec's technology platform, chemical libraries and other pre-clinical capabilities. The agreement between Evotec and Second Genome triggers an undisclosed upfront payment. Evotec is also eligible for pre-clinical, clinical and regulatory milestones as well as royalty payments related to commercialisation.

In August 2015, Evotec initiated a strategic collaboration with Sanofi France ("Sanofi") in the field of diabetes called Target*BCD*. In this collaboration Sanofi and Evotec are working on the development of a beta cell replacement therapy based on functional human beta cells derived from human stem cells. In addition, Sanofi and Evotec also use human beta cells for high-throughput drug screening to identify beta cell active small molecules or biologics. In the course of the collaboration, both companies will make significant contributions to this collaboration in terms of expertise, platforms and resources. The agreement between Evotec and Sanofi triggered an upfront payment of € 3 m. Furthermore, it covers potential pre-clinical, clinical, regulatory and commercial milestones which could total over € 300 m as well as significant royalty and research payments.

In cooperation with Apeiron Biologics AG ("Apeiron"), Evotec announced a strategic collaboration with Sanofi to develop novel small molecule-based cancer immunotherapies in August 2015. This collaboration, called Target*ImmuniT*, 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. Based on Evotec's technological expertise and Apeiron's immunological know-how, the collaboration focuses on the identification of novel small molecule hits and their targets for next-generation therapies in immuno-oncology which are expected to complement the current offerings of checkpoint inhibitors. All three companies make significant contributions to this collaboration in terms of scientific expertise, technological platforms and resources. The initial term of the agreement is for two years and includes substantial research payments for Evotec and Apeiron with the opportunity to receive pre-clinical, clinical, regulatory and commercial milestones, which could total over € 200 m, as well as royalties upon commercialisation.

In September 2015, Evotec announced the start of a four-year research collaboration agreement with Pfizer Inc. ("Pfizer") in the field of organ fibrosis. Under the terms of this licence and collaboration agreement, scientists at Evotec and Pfizer explore potential novel mechanisms as targeted anti-fibrotics in multi-organ fibrosis. Evotec contributes its drug discovery platform whereas Pfizer provides key technologies and industrial scope as well as pharmaceutical development and marketing expertise. Financial terms of the collaboration include a prepayment and potential milestone payments from Pfizer based on the achievement of specific development and sales milestones.

Milestone achievements

In December 2015, Evotec achieved important milestones in its collaboration with Janssen Pharmaceuticals, Inc. ("Janssen") for the transition of a project into further drug discovery process. Two further milestones within this collaboration were obtained earlier in the year. The agreement between Evotec and Janssen for this collaboration was effective from 31 October 2013. Under the terms of the agreement, Janssen and Evotec are collaborating to identify new drug targets for the discovery of novel treatment approaches to Alzheimer's disease. Janssen has the option to internalise selected targets and therapeutic candidates and progress them into pre-clinical and clinical development. Janssen funds target drug discovery research via a combination of defined research payments and progress-related milestones.

Expansion of Cure X and Target X initiatives in 2015 as a result of the Sanofi transaction

The pipeline of Cure *X* and Target *X* initiatives is continuously expanded through partnerships with leading academic institutions and biotech companies in the USA and in Europe. In 2015, Evotec significantly expanded its oncology portfolio through licensing of a pre-clinical stage portfolio of potentially first- and best-in-class oncology projects from Sanofi. This pipeline will be advanced partially in partnership with Sanofi and partially independently through Evotec. The three most advanced projects are in pre-clinical development.

Evotec's Cure *X* and Target *X* initiatives were started in 2010 with the objective to create high-value partnerships delivering product opportunities in which Evotec maintains substantial upside in terms of potential milestones and royalty payments as well as research payments. Over the last five years, Evotec has closed more than 10 EVT Innovate partnerships based on these initiatives, projects and partnerships. Further Cure *X*/ Target *X* initiatives have been started every year with the potential to create further high-value partnerships. An overview of Evotec's portfolio of Cure *X*/Target *X* initiatives is shown below.

R&D PROJECTS INITIATED WITHIN EVT INNOVATE

2011	2012	2013	2014	2015
Cure*Beta* (Harvard Stem Cell Institute) ✓	**Cure*Nephron*** (Harvard, BWH, USC, AstraZeneca) ✓	**Target*ImmuniT*** (Apeiron/Sanofi) ✓	**Target*BCD*** (Sanofi) ✓	**Target*ASN*** (Internal)
	Target*ASIC* (BMBF/undisclosed Pharma partner) ✓	**Target*DBR*** (Yale)	**Target*DR*** (Internal)	**Target*FRX*** (Internal)
	Somatoprim (Cortendo) ✓	**Target*MB*** (Second Genome) ✓	**Target*ATD*** (Internal)	**Target*NTR*** (Internal)
	Target*PicV* (Haplogen)	**Target*PGB*** (Harvard)	**Target*FX*** (Internal)	...
	Target*Fibrosis* (Pfizer) ✓	**Target*KDM*** (Dana-Farber, Belfer)	**Target*KX*** (undisclosed)	
		Target*IDX* (Debiopharm) ✓	**Target*Cytokine*** (DRFZ/BMBF)	
		Cure*MN* (Harvard)	**Fraunhofer Initiative**	
		Target*EEM* (Harvard)		
		Target*AD* (NBB/J&J) ✓		

✓ = Innovate Pharma partnerships signed since 2011

Expanding the bridge from academia to Pharma

Evotec has become part of a research initiative of the Gladstone Institutes and Dolby Family Ventures. This initiative bridges the gap between basic science and advanced drug discovery by combining highly innovative research programmes with state-of-the-art drug discovery capabilities and a private funding source committed to identifying new therapeutic approaches for AD. This unique collaboration initially leverages Evotec's EVT Execute platform with defined options for transition into EVT Innovate programmes.

Clinical-stage pipeline

Evotec's clinical-stage development partnerships are fully funded and progressed by Evotec's partners with no further financial obligations for Evotec but potential financial upside in the form of milestones and royalty payments.

An update on their progress in 2015 is listed below.

Roche – EVT302/RO4602522 – Sembragiline

Background

Alzheimer's disease is a chronic neurodegenerative disease that accounts for 60% to 70% of dementia. EVT302 is a novel, potent and selective inhibitor of monoamine oxidase type B (MAO-B), an enzyme that breaks down the chemical messenger dopamine in the brain and contributes to the production of free radicals, which may contribute to pathogenesis of AD. For these reasons, the selective MAO-B inhibitor is targeted to treat AD symptoms and based on pre-clinical evidence indicating neuroprotective potential may even slow disease progression. In 2006, Evotec in-licensed EVT302/Sembragiline from Roche and developed the compound through Phase I and Phase II studies. In 2011, Evotec and Roche entered into an exclusive worldwide agreement for the development and commercialisation of EVT302 in AD.

Status

During 2015, Roche completed a Phase IIb multicentre, randomised, double-blind, parallel-group, placebo-controlled study to evaluate the efficacy and safety of RO4602522 (RG1577/EVT302) in 542 patients with moderate severity AD. The primary endpoint of this study consisted of changes in cognitive behaviour evaluated by means of the AD Assessment Scale – Cognitive Behaviour Subscale (ADAS-Cog-11). Secondary endpoints included patient functioning (ADCS-ADL) and neuropsychiatric symptoms (NPS). Top-line results from this study were released at the end of June 2015. Sembragiline failed to demonstrate any benefits on the primary endpoint (ADAS-Cog-11) after 52 weeks of treatment. Preliminary safety analyses showed that Sembragiline was well tolerated with no safety signals identified. Significant treatment effects were observed on neuropsychiatric and behavioural symptoms. Evotec is currently evaluating acquiring the rights to the programme.

EVT100 series – Janssen

Background

The EVT100 series comprises orally active NR2B subtype selective NMDA-antagonists and represents one of the few new approaches in clinical development for depression. The non-selective NMDA receptor blocker ketamine and an NR2B-selective NMDA antagonist have been proven to provide substantial and instant clinical benefit for depressed patients in clinical trials. However, both molecules require parenteral administration and are not suited for chronic indications. Hence, an orally active therapeutic option is urgently needed. The EVT100 series was originally in-licensed from Roche in 2004. Evotec completed pre-clinical development of the compounds and pursued multiple Phase I studies with EVT101 and EVT103. In the fourth quarter of 2012, Evotec successfully partnered its EVT100 series with Janssen. Janssen received an exclusive worldwide licence regarding its NR2B subtype selective NMDA-antagonist portfolio for development against diseases in the field of depression.

Status

During 2015, Janssen has conducted studies on various compounds from the EVT100 series with a view to selecting an analogue with improved properties for further development.

JingXin – EVT201

Background

EVT201 is a $GABA_A$ receptor partial positive allosteric modulator developed for the treatment of insomnia. Evotec successfully concluded two Phase II studies in patients with insomnia, providing excellent safety and efficacy results, but was nevertheless not successful in partnering the compound in the Western market. In October 2010, Evotec entered into a licence and collaboration agreement with JingXin for EVT201. The agreement grants JingXin exclusive rights to develop and market the drug candidate in China.

Status

In the first half of 2014, JingXin Pharmaceutical Co., Ltd. received approval from the China State Food and Drug Administration ("SFDA") for the EVT201 Phase I study; this single ascending and multiple ascending dose study was completed successfully during 2015. The results are in-line with those generated by Evotec. All of the data met the required standards to progress the compound into further clinical trials for insomnia. A multi-centre Phase II study in insomnia has been initiated. Patient recruitment is ongoing.

CONBA – EVT401

Background

EVT401, Evotec's P2X7 receptor, is an ATP-gated ion channel and may provide a novel approach for the treatment of inflammatory conditions. The compound was discovered and developed in-house. Phase I results obtained in 2009 showed a very good safety profile and confirmed on-target activity. In May 2012, Evotec initiated an alliance with CONBA, one of the largest pharmaceutical companies in China. The agreement grants CONBA exclusive rights to develop and commercialise the compound for the Chinese market for human indications with the exception of ophthalmological, chronic obstructive pulmonary disease and endometriosis.

Status

In 2015, CONBA successfully manufactured the drug substance and completed stability tests which meet the standard for clinical application and the company is in the process of preparing data for clinical application in guidance of SFDA.

Update on EVT Execute activities in 2015

New alliances

In January 2015, Evotec announced the start of a research collaboration with C4X Discovery Holdings plc ("C4XD") to optimise Orexin-1 selective inhibitors discovered through C4XD's unique NMR technology. Evotec applies its drug discovery platform with C4XD to further develop several series of Orexin-1 selective inhibitors. Activation of the orexin-1 receptor in the brain is associated with stress-related addictive disorders (e.g. for alcohol, nicotine, cocaine and opiates), while the activation of the orexin-2 receptor is associated with biorhythms and wakefulness. Identification and development of selective compounds that inhibit the orexin-1 pathway thus should provide treatments for addiction avoiding the sedative effects associated with inhibition of orexin-2.

In March 2015, Evotec initiated a multi-target screening collaboration on several ion channel targets with Asahi Kasei Pharma Corporation, a wholly owned subsidiary of Asahi Kasei Corporation based in Japan. In addition, Evotec's activity in the Asian market gained momentum, resulting in various new drug discovery alliances with large Japanese pharmaceutical companies, which provide a solid foundation for future growth in this area.

In the first quarter of 2015, Evotec and The Office of Therapeutic Alliances at New York University ("NYU") initiated multiple programmes with the goal of accelerating the next generation of innovative therapeutics to come out of NYU's academic labs. The collaboration leverages synergistic strengths from both organisations to advance programmes for further investment by biopharma, venture capital, and/or not-for-profit organisations/ foundations.

In April 2015, Evotec communicated a new agreement with Facio Therapies BV ("Facio") aimed at the identification of compounds showing activity as a potential treatment to stop the progression of Facioscapulohumeral dystrophy ("FSHD"), a muscle wasting disease. The project with Facio entails the set-up and execution of an automated high-throughput screen to identify small molecules having a positive effect on SMCHD1 and DUX4 activity in human FSHD-affected muscle cell lines. The compounds that show promising activity in this screen are expected to be available in the first half of 2016. These compounds will require extensive further testing to produce compounds that are suitable for the development of a therapeutic treatment of FSHD.

In October 2015, Evotec and Beyond Batten Disease Foundation ("BBDF") announced a collaboration aimed at discovering and developing new treatments for juvenile Batten disease, a rare, fatal autosomal recessive neurodegenerative disorder. The collaboration includes substantial research funding to Evotec and runs to the end of 2017, with an option to extend beyond this period.

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, Evotec provides management services (compounds hosting and projects support) with regards to a five-year agreement Sanofi signed with the Centre National de la Recherche Scientifique.
In December 2015, Evotec and UCB entered into a multi-year sample management agreement. Under this agreement, Evotec will manage UCB's compound collection out of its state-of-the-art sample management facility in Toulouse, France. The agreement covers an initial period of five years and represents the first of what is anticipated to be numerous compound management collaborations from the Toulouse site.

Contract extensions and milestone achievements

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.

In 2015, Evotec reached four important milestones in its multi-target collaboration with Bayer for the transition of early lead candidate molecules into lead-structure optimisation, late-stage discovery and pre-clinical development. These milestones were achieved under the five-year agreement between Evotec and Bayer signed in October 2012. The goal of this collaboration is to identify three pre-clinical candidates for the treatment of endometriosis within the five-year alliance, which Bayer will then bring to IND stage. Both parties contribute innovative drug targets and high-quality technology infrastructures and share the responsibility for early research and pre-clinical characterisation of potential clinical candidates in the disease area of endometriosis.

Others

In the first quarter of 2015, Evotec's *in vivo* pharmacology facility in Hamburg, Germany, received full accreditation from the Association for the Assessment and Accreditation of Laboratory Animal Care ("AAALAC") International. AAALAC International is a private, non-profit organisation that promotes the humane treatment of animals in science through voluntary accreditation and assessment programmes. Participation in this accreditation programme includes a very thorough examination and assessment of facilities and processes.

— INTELLECTUAL PROPERTY —

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

Evotec reviews its patent portfolio regularly and decides whether to maintain or withdraw its patent applications and patents based on the importance of such intellectual property to maintain its competitive position and deliver on its strategy. As of 31 December 2015, Evotec has nearly 80 patent families under its full control. All of these are on file or pending through national and/or foreign applications, such as patent applications filed under the Patent Cooperation Treaty or applications filed with the United States Patent Office, the European Patent Office or the Japanese Patent Office.

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

Evotec also pursues certain discovery projects internally. The Company monitors the research activities and results of this in-house research in order to identify patentable drug candidate series which have the potential for partnering. Numerous patent applications have been generated and filed as a result of such activities. In addition, pursuant to agreements with Roche, intellectual property concerning drug candidates of the EVT100 compound family and EVT201 has been assigned or exclusively licensed to Evotec. These drug candidates are protected by diverse composition-of-matter patent families, covering also their therapeutic use in major countries worldwide.

With its deep knowledge in CNS-related diseases, Evotec has established a solid position in the identification and validation of molecular targets involved in AD and other neurodegenerative diseases. Over the past years, Evotec has built a patent portfolio that covers the use of such targets for diagnostic and drug discovery purposes.

Furthermore, Evotec has established key metabolic disease know-how and complementary drug discovery expertise. The Company has patent-protected biological factors relevant for the regeneration of insulin-producing beta cells and their corresponding use for the treatment of diabetes.

Report on economic position

GENERAL MARKET AND HEALTHCARE ENVIRONMENT

— GLOBAL ECONOMIC DEVELOPMENT —

Global economic development remained subdued in 2015. According to a publication by the World Bank in January 2016, the global economy decelerated its growth from 2.6% in 2014 to 2.4% in 2015. Furthermore, 2015 saw significant declines in the prices of oil, weakening commodity prices, global trade and capital flows. China's growth decelerated and many emerging market economies slowed. The Eurozone returned to a moderate growth of 1.5% (2014: 0.9%) supported by increasing domestic demand and export activities, still-accommodative financing conditions and low oil prices. Meanwhile, robust consumer spending and investment in the non-oil private sector supported the growth of 2.5% in the United States in 2015 (2014: 2.4%). According to the Federal Statistical Office, the German economy continued its upward trend in 2015 with a growth rate of 1.7% of its price-adjusted gross domestic product (2014: 1.6%).

— RECENT TRENDS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY SECTOR —

Like many other sectors, the pharmaceutical and biotechnology industry is facing industry-specific changes combined with developments in the general economic environment. Industry-related factors include the productivity and cost of research and development, innovative developments, changing relationships with patients and providers, shifts in patent laws and regulation, reductions in global government spending and behaviour with regard to pricing and intellectual property.

The pharmaceutical and biotech industry is in a strong position and continued growth for the coming years is expected. According to IMS Health, the worldwide spending on medicines is forecasted to reach nearly $ 1.3 trillion by 2018, an increase of about 30% compared to the 2013 level, driven by population growth, an ageing population, and improved access in emerging markets. Pharmaceutical and biotechnology companies are continuously looking for ways to increase the size of their product pipelines, stimulate innovation and accelerate the route of products to the market. In 2015, there was a significant increase in merger and acquisition activity in the Pharma industry. Acquirers were looking to replenish their pipelines, strengthen their leading businesses, and, in some cases, to re-domicile in more favourable tax jurisdictions via tax inversion transactions. These trends continued from 2014 and the largest merger in the industry's history occurred at the end of 2015 when Pfizer announced to pay more than $ 160 bn for the Irish pharmaceutical company Allergan.

Biotechnology stocks have performed strongly during recent years, even when taking into account the declines during the second half of 2015. In addition, the return of venture funding to the biotech industry and the significant increase in the volume of IPOs, especially in the USA, did not show any signs of decreasing in 2015. This trend reflects a wave of innovation stemming from the Human Genome Project early in the year 2000, which has spurred the development of new drugs and therapeutic techniques. These innovations have resulted in a surge in new drug trials and higher success rates in programmes and the Food and Drug Administration ("FDA") noticeably has become more willing to accelerate the approval of new drugs. This has also led to growing enthusiasm among scientists and investors with over $ 1 bn venture capital financing invested in emerging gene-editing technologies within the past two years. One of the recent ground-breaking technologies in the genome editing field is called CRISPR, short for clustered regularly interspaced short palindromic repeats. CRISPR is a genome-editing tool enabling scientists to make changes in specific genes much faster and in a much more precise way than previously possible. The pace of developed technologies and innovations is accelerating and according to the Boston Consulting Group many advances are expected to come in the next years, starting already with e.g. in the immuno-oncology and the iPS cells fields.

Today, patients can already benefit from the scientific and technological innovations in the area of human genome analysis. The challenge is to combine the molecular and clinical information e.g. of a single patient with the relevant biomedical knowledge and disease understanding in a way that yields individualised treatment. A new type of information technology is needed to meet this challenge. The role of big data in medicine has been discussed in recent years and a number of projects were initiated looking at how big data can be used to improve health outcomes such as the Innovative Medicines Initiative's programme called "Big Data for Better Outcomes". This has led to a trend of new entrants from outside the traditional life science business and an increase in novel types of collaborations across the Pharma sector. These non-traditional players like Google or Apple are pioneering pathways into virtual or digital healthcare, wellness and fitness. This has resulted in a redefining of the global healthcare market for consumers, payers and investors and new channels being developed to enter the market with an increasing consumer-orientation. To thrive in the increasingly competitive Pharma market, companies will have to cooperate even more to develop innovative new products, services and solutions, as well as share skills and expertise.

— DEVELOPMENT OF LEGAL FACTORS —

Companies involved in drug discovery and development operate in highly regulated markets. The majority of legal factors that could significantly affect Evotec's business are those that would directly impact the Company's partners and customers. For example, changes in government funding of research and development work would have a direct impact on the funds available to pharmaceutical and biotech companies and hence their ability to afford Evotec's drug discovery solutions. This could ultimately affect Evotec's business in a positive or negative manner. Similarly, changes in legal conditions regarding the treatment of tax credits for research and development work conducted by Evotec's partners and customers could also impact Evotec's business.

New drugs for human use are subject to approval by the European Medicines Agency ("EMA") in the European Union, the FDA in the USA and other national regulatory and supervisory authorities. Evotec is focused on the early stages of drug discovery with development and commercialisation conducted by the Company's Pharma partners, who fund those activities. Consequently, any changes in the regulatory environment would indirectly impact Evotec's business, e.g. by reducing or increasing the upside Evotec may generate from the successful development and commercialisation of its licensed products.

Factors that might directly impact Evotec's business include any tightening of the Animal Welfare Act relating to pre-clinical animal studies or any changes in the regulation of pre-clinical research in general. In particular, any easing of policy relating to stem cell research in Europe, for example, could have a positive impact on Evotec's business as stem cell-based research is one of the promising technologies in drug discovery.

In 2015, legal factors affecting Evotec were largely unchanged and the Group's operating business was not materially affected.

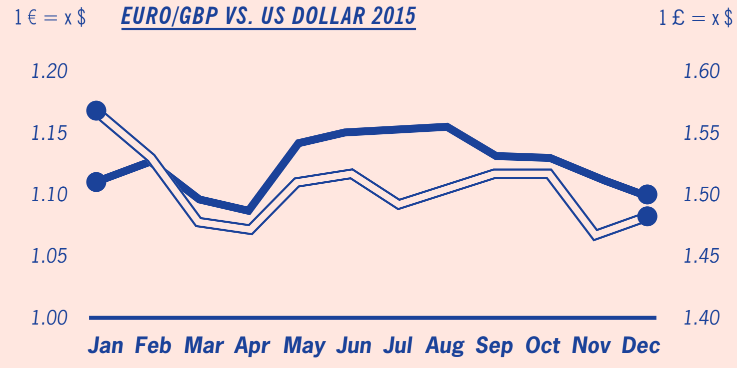
EXCHANGE RATE DEVELOPMENT, INTEREST RATES AND FINANCING

Evotec's financial performance is affected by currency movements and, to a much lesser extent, by fluctuations in interest rates. Changes in raw material prices do not materially affect Evotec.

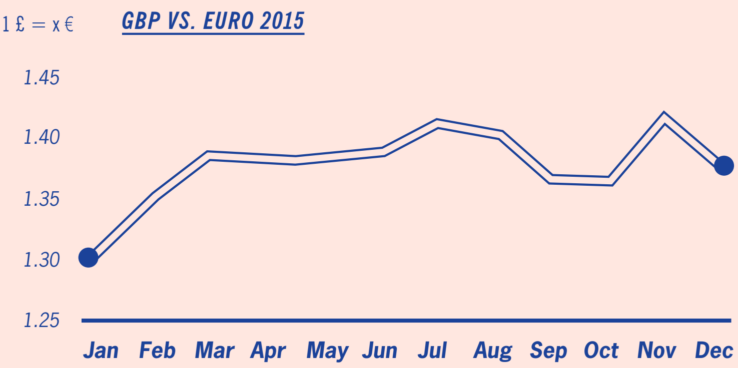
The biggest impact from currency movements on Evotec's financial position in 2015 resulted from the Euro (€) to US dollar ($) exchange rate. The exchange rate fluctuated between $ 1.06 and $ 1.18 to the Euro. On average, the US dollar strengthened significantly against the Euro with $ 1.11 per Euro in comparison to $ 1.33 per Euro in 2014. The US Federal Reserve Bank ("Fed") raised interest rates in December 2015 for the first time in nearly a decade whereas in the Eurozone the European Central Bank ("ECB") implemented its quantitative easing ("QE") programme and recently extended it into mid-2016. The Euro weakened $ 1.22 at the end of 2014 to $ 1.09 at the end of 2015.

The second most important currency movement for Evotec is the Pound Sterling (£) to Euro (€) exchange rate which fluctuated in 2015 between € 1.28 and € 1.42. The average exchange rate in 2015 was € 1.38 per Pound Sterling compared to € 1.24 in 2014. The Pound Sterling strengthened to € 1.36 per Pound Sterling at the end of 2015 compared to € 1.28 at the end of 2014.

AVERAGE MONTHLY EXCHANGE RATES FOR THE COMPANY'S THREE MAJOR CURRENCIES



Average monthly foreign exchange
Source: www.oanda.com



Average monthly foreign exchange
Source: www.oanda.com

In 2015, the world's policymakers continued to rely on the actions of central banks to support their economies. In December, the Fed raised interest rates by a quarter percentage point and indicated that there would be further increases in the future. This decision marked the end to the near-zero borrowing costs that had prevailed since the financial crisis began in 2008. In Europe, interest rates still remained at record lows as weak inflation and slow growth alleviated the need for a tighter monetary policy. However, the ECB continued to impose negative deposit rates.

In Europe, the ECB inter-bank interest rate (3-month Euribor) became negative in 2015 and decreased to a new historic low of (0.13)% in December 2015. The ECB began buying government bonds in March 2015 and extended the planned length of the QE programme as inflation remained far below target. The main impact of low interest rates on the financial performance of Evotec is a reduction in interest income received on the cash deposits and the short-term investments of the Company.

SIGNIFICANT CORPORATE DEVELOPMENT EVENTS 2015

In 2015, the following important corporate developments occurred at Group level. Information on significant events regarding progress in research and development within the business segments EVT Execute and EVT Innovate can be found in the "Research and development" chapter on page 31 of this Management Report.

Major multi-component strategic collaboration with Sanofi

With effect from 01 April 2015, Evotec acquired 100% of the shares in Evotec (France) SAS, Toulouse. The purchase price amounted to € 1 in cash. Together with this acquisition, Evotec entered into a five-year multi-component strategic alliance with Sanofi. The collaboration results in a minimum guaranteed commitment of € 250 m over the next five years, including an upfront payment of more than € 40 m. The transaction, which includes initiatives with both of Evotec's two business segments EVT Execute and EVT Innovate, further consolidates Evotec's position as the leading drug discovery collaboration partner to the Pharma and biotech industry.

The acquisition of the drug discovery operations in Toulouse, France, from Sanofi gives Evotec access to much needed chemistry and biology capacity and new capabilities including a state-of-the-art compound management facility, large-scale protein production and early CMC activities. The integration of the new research site continues to proceed successfully. The expanded capabilities will serve to support collaborative research in drug discovery from screening to identification of pre-clinical candidates with Evotec's partners, both industrial and not-for-profit.

The collaboration comprises four major strategic initiatives, all focused on improving innovation efficiency in the drug discovery and pre-clinical development space:

(1) A pipeline-building collaboration with an initial focus on oncology, including four advanced, pre-clinical projects and further discovery-stage assets.
(2) An outsourcing alliance including the above-mentioned acquisition of Sanofi's drug discovery operations in Toulouse, France, including more than 200 highly experienced employees.
(3) A pioneering open innovation initiative by offering combined compound libraries, creating one of the world's largest and most valuable sources of starting points for drug discovery.
(4) The French academic bridge, aimed at further energising and accelerating the translation of excellent science from academic institutions to Pharma in France.

In addition, Evotec entered in the course of 2015 into various agreements with Sanofi concerning in-licensing activities (mainly oncology assets) and out-licensing activities (Target*ImmuniT*) with associated upfront, development, regulatory and sales milestones as well as royalties benefiting both parties.

Broadened global footprint of the Evotec Group

In 2015, Evotec focussed on increasing its global footprint in order to continue to offer state-of-the art drug discovery services to its customers. With its new site in Toulouse, France, Evotec broadened its footprint in Europe. Furthermore, Evotec expanded its capabilities at its Göttingen site by an additional 1,620 m² which will substantially increase the *in vitro* as well as the *in vivo* capacity and functionality of this site. In addition, Evotec's new facility in Princeton, NJ, USA, became operational in the first quarter of 2015 supporting protein production and other discovery services for East Coast-based Pharma clients. This new facility is modular in approach, meaning that it is scalable to accommodate future business growth. This addition complements the expansion of such services at the Abingdon facility and meets an increasing need to deliver services to major partners in the USA.

IMPACT OF GENERAL MARKET AND HEALTHCARE ENVIRONMENT ON EVOTEC'S BUSINESS

Evotec operates within an industry that has experienced a period of significant transition and adjustment in recent years. Pharmaceutical companies of all sizes have been re-evaluating their business strategies due to continued financial pressure resulting primarily from the patent cliff leading to the loss of blockbuster products and their strong cash flows. This has prompted significant restructuring and consolidation in the industry including diversification, large-scale mergers, downsizing of research and development efforts, cost reduction programmes, the pursuit of biotech acquisitions, partnering deals and alliances. By acquiring a research site in Toulouse from Sanofi in April 2015, Evotec actively participated in this consolidation process in the year under review. This acquisition expands Evotec's excellent capacities and capabilities in drug discovery and broadens the Company's expertise in oncology with the aim to further grow its offering and deliver more superior integrated projects.

At the same time, ageing populations in developed countries continue to demand better drugs, improved patient outcomes and diagnostics, innovative approaches and advanced technologies that are clearly differentiated from existing treatments. The result of these ongoing developments is that the pharmaceutical industry requires innovation in drug discovery in a capital efficient manner. Evotec believes that the market dynamics will continue to lead towards greater outsourcing opportunities. 2015, Evotec saw an increasing number of small projects and demand from newly founded US companies. This trend will increase the likelihood of strategic integrated long-term collaborations in order to foster innovation and accelerate the development of novel drug candidates with first- or best-in-class potential.

In 2015, Evotec continued to focus on areas where break-through innovation is needed and initiated strategic collaborations in the immuno-oncology field, in the iPS-stem cell field (e.g. beta cell regeneration), in multi-organ fibrosis as well as in microbiome-mediated diseases.

COMPARISON OF 2015 FINANCIAL RESULTS WITH FORECAST

STRONG PERFORMANCE IN 2015 – ALL ELEMENTS OF GUIDANCE 2015 ACHIEVED

PERFORMANCE AGAINST FORECASTS

	Guidance Annual Report 2014	Guidance March 2015	Guidance May 2015	Guidance September 2015	Final results
Group revenues*	Increase more than 10%	Increase more than 20%	Increase more than 35%	Increase by approx. 45%	**+57%**
R&D expenses	Broadly in-line with 2014 levels	€ 15-20 m	€ 15-20 m	€ 15-20 m	**€ 18.3 m**
EBITDA**	Positive and at a similar level to 2014	Positive	Positive	Positive	**€ 8.7 m**
Capex investments	Up to € 7 m	Up to € 10 m	Up to € 10 m	Up to € 10 m	**€ 11.2 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	**€ 134.5 m**

** Excluding milestones, upfronts and licences*
*** Before Changes in contingent considerations and Income from bargain purchase*
**** Excluding M&A and related payments (Earn-Out Euprotec)*

Evotec's financial guidance for 2015, as provided in Evotec's Annual Report 2014 on page 69, was updated in March 2015, May 2015 and September 2015 as described in the table above. In March 2015, Evotec updated its financial guidance following the conclusion of the Sanofi transaction. Revenue guidance was raised in May 2015 following the implementation of the Sanofi collaboration and agreements. Following a strong business performance of EVT Execute, accelerated growth in the EVT Innovate business and a positive outlook for the remainder of the year, Evotec further raised its revenue guidance in September 2015.

In 2015, Evotec succeeded in achieving its financial goals. The revenue increase compared to forecast was due to strong business volume in the last quarter of 2015 and favorable currency exchange rates. R&D expenses for the year amounted to € 18.3 m. The adjusted EBITDA was positive at € 8.7 m compared to the prior-year amount of € 7.7 m. 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. End-of-year liquidity after adding back cash outflows for M&A and related costs amounted to € 134.5 m.

For further details on the acquisition of Evotec (France) SAS and selected pro forma financial results, see Note 4 to the Consolidated Financial Statements.

CONDENSED INCOME STATEMENT

		2014	2015
Revenues	T€	89,496	**127,677**
Gross margin	*%*	*32.8%*	***29.8%***
— R&D expenses	T€	(12,404)	**(18,343)**
— SG&A expenses	T€	(17,990)	**(25,166)**
— Amortisation	T€	(2,462)	**(2,860)**
— Impairment result (net)	T€	(8,523)	**(7,242)**
— Income from bargain purchase	T€	137	**21,414**
— Other operating expenses (income)	T€	5,483	**5,850**
Operating income (loss)	T€	(6,381)	**11,640**
Net income (loss) total	**T€**	**(6,978)**	**16,516**
*EBITDA adjusted**	*T€*	*7,711*	*8,690*

** Adjusted for Changes in contingent considerations and Income from bargain purchase*

RESULTS OF OPERATIONS

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 Bionamics GmbH and Euprotec Ltd are fully included in the accompanying consolidated income statement for 2015, Evotec (France) SAS was only included from 01 April 2015 and they were not or only partially included in the comparable period of the previous year.

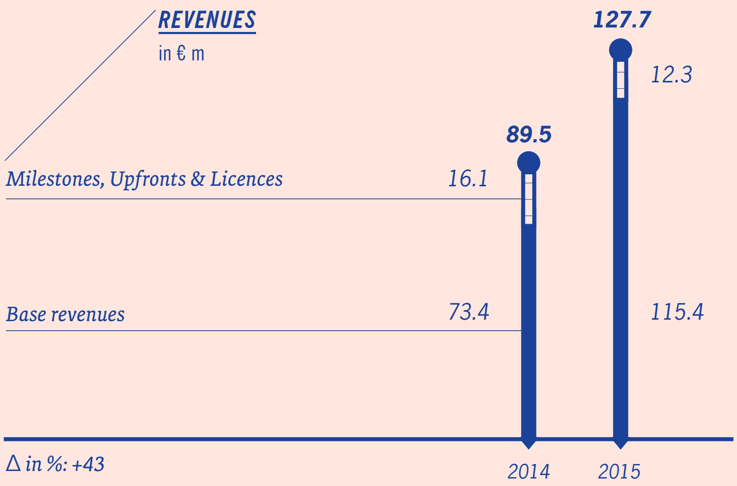
— REVENUES —

Sharp revenue increase due to new strategic collaborations

Total Evotec Group revenues amounted to € 127.7 m in 2015, an increase of 43% compared to the previous year (2014: € 89.5 m). This increase resulted primarily from the contribution of the Sanofi collaboration as well as growth in the core EVT Execute segment, a strong contribution from the anti-infective business unit, four new strategic partnerships out of the Cure *X*/Target *X* initiatives and favourable foreign exchange rate effects. At constant 2014 foreign exchange rates, 2015 revenues would have amounted to € 118.4 m.

Excluding milestones, upfronts and licences, Evotec's revenues for 2015 were € 115.4 m, an increase of 57% over the same period of the previous year (2014: € 73.4 m). Revenues from milestones, upfronts and licences amounted to € 12.3 m, a decrease of 24% in comparison with the previous year (€ 16.1 m). In particular, this decrease resulted from lower milestone contributions in 2015 compared to 2014.

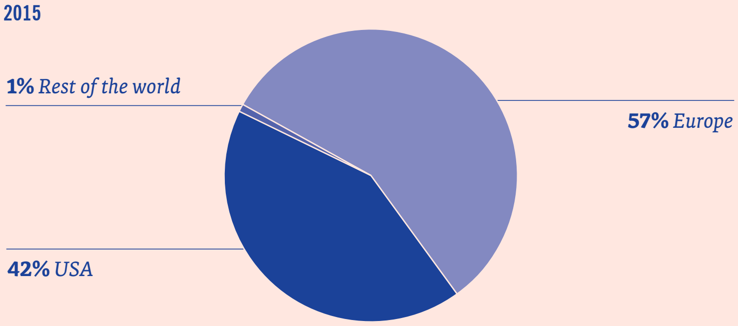
REVENUES
in € m



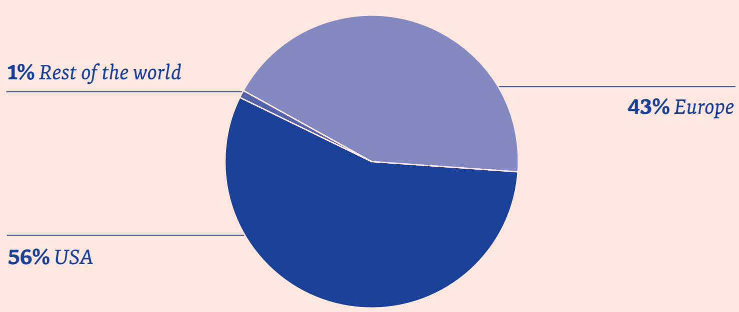
Geographically, 57% of Evotec's revenues were generated with customers in Europe, 42% in the USA and 1% in Japan and the rest of the world. This compares to 43%, 56% and 1%, respectively, in the previous year. The higher share of revenues generated in Europe in 2015 resulted mainly from the Sanofi collaboration.

REVENUES BY REGION

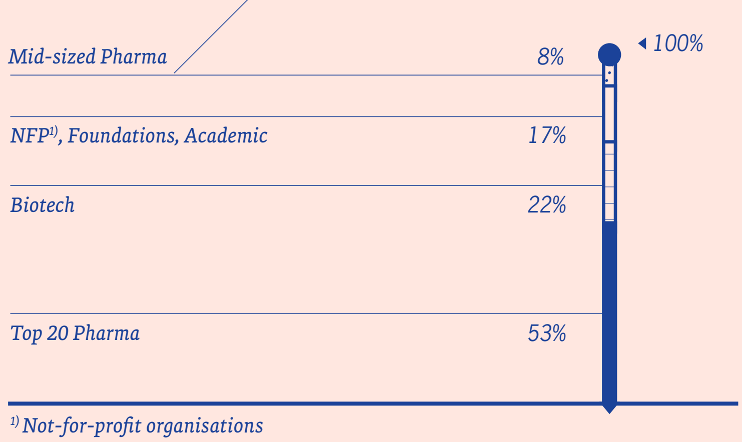
2015



2014



REVENUES BY CUSTOMER TYPE



[1] Not-for-profit organisations

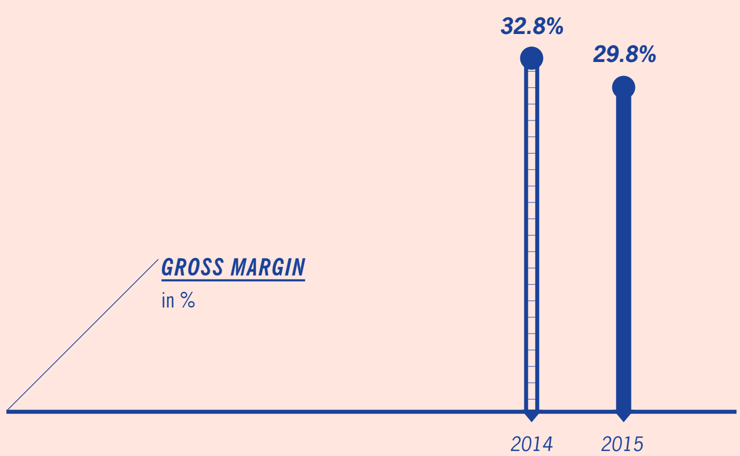
— COSTS OF REVENUE/GROSS MARGIN —

Strong margin despite lower milestone contributions

Costs associated with Group revenues include the cost of personnel directly associated with revenue-generating projects, facilities and overhead used to support those projects as well as materials consumed in the provision of the product or service.

Costs of revenue increased by 49% to € 89.7 m (2014: € 60.1 m). This increase compared to the prior-year period resulted mainly from the Sanofi collaboration, from a higher volume in the EVT Execute service business as well as from the expansion into new sites in Princeton, USA (from April 2015), and Manchester, UK (from May 2014). The gross margin amounted to 29.8% (2014: 32.8%). The reduced gross margin resulted mainly from lower milestone contributions. At constant 2014 exchange rates, the gross margin would have been 28.1% in 2015. 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.

GROSS MARGIN
in %



— RESEARCH AND DEVELOPMENT EXPENSES —

Increased investments in Cure *X* and Target *X* initiatives

Evotec invests in building, maintaining and upgrading its in-house discovery platforms and developing assets in key therapeutic areas as part of its Cure *X* and Target *X* initiatives. These activities are the basis for

Evotec's reported R&D expenses (a multi-year overview of Evotec's key R&D figures is reported in the "Research and development" chapter on page 31 of this Management Report).

In 2015, R&D expenses amounted to € 18.3 m (2014: € 12.4 m). This increase is primarily due to investments in projects in the oncology field as well as higher investments in ongoing Cure *X* and Target *X* initiatives. Proprietary Innovate projects accounted for approximately 79% (2014: 73%) of total R&D expenses. In 2015, R&D expenses for proprietary Innovate projects include Cure *X* and Target *X* initiatives like Target*PGB* in the field of anti-infectives, Target*BCD* (until partnering with Sanofi) and Target*EEM* (in collaboration with Harvard University) in metabolics, Target*KDM* (in collaboration with the Belfer Institute) and Target*DBR* (in collaboration with Yale) in oncology, Cure*MotorNeuron* in neurology as well as several smaller R&D projects.

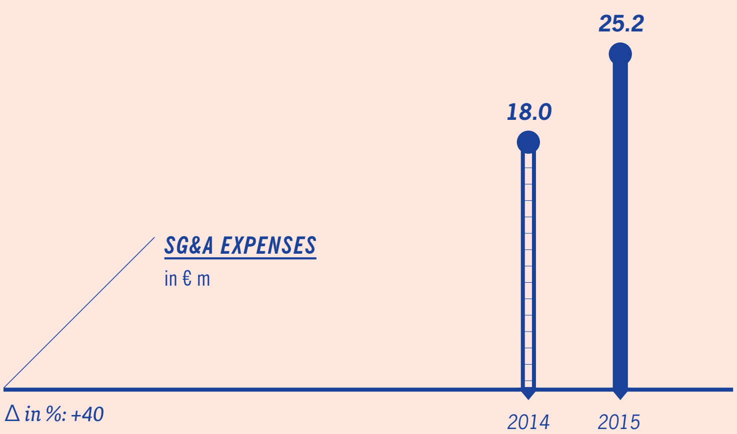
21% (2014: 20%) of total R&D expenses is categorised as overhead expenses and consisted of patent costs as well as expenses for managing early discovery programmes and platform technologies (see table below).

R&D EXPENSES BY CATEGORIES

		2014	***2015***
Proprietary Innovate projects	T€	9,027	**14,433**
Platform R&D	T€	742	**47**
Clinical projects	T€	116	**83**
Overhead expenses	T€	2,519	**3,780**
Total	**T€**	**12,404**	**18,343**

— SELLING, GENERAL AND ADMINISTRATIVE EXPENSES —

Impacted by strategic Sanofi collaboration
In 2015, the Group's selling, general and administrative ("SG&A") expenses increased by 40% to € 25.2 m (2014: € 18.0 m). This increase mainly results from one-time M&A-related costs with regards to the strategic collaboration with Sanofi, ongoing SG&A expenses at the newly acquired 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.



— IMPAIRMENTS —

Intangible assets impaired in 2015
In 2015, amortisation of intangible assets slightly increased to € 2.9 m compared to € 2.5 m in the previous year. This was primarily due to a full year amortisation of developed technologies and customer list in relation with the acquisition of Euprotec Ltd.

In 2015, Evotec recorded an impairment for intangible assets, totalling € 7.2 m (2014: € 15.0 m). In 2015, Evotec impaired € 4.8 m related to the EVT100 series due to a delay and adjusted commercialisation success rates. In addition, EVT070 was impaired by € 1.0 m, the developed technology KinAffinity by € 0.8 m, the developed biomarker technology by € 0.4 m and two small Bionamics projects by € 0.2 m. In 2014, Evotec impaired the asset value of DiaPep277® in the amount of € 8.7 m following an announcement by Hyperion regarding the stop of the development of DiaPep277®. Furthermore, in October 2014, Evotec received notice that Boehringer Ingelheim had terminated the alliance to develop EVT070 in the disease area of diabetes. This resulted in an impairment of € 6.2 m in the prior year.

In 2015, Evotec did not reverse the previous impairment of any intangible assets. However in 2014, Evotec recognised a reversal of impairment for EVT401 of € 6.4 m following advanced discussions with an undisclosed partner to extend an existing licence agreement to include also all rights for the lead compound EVT401 except for the Chinese market. The partnering of the lead compound EVT401 to an undisclosed partner was concluded in January 2015.

See also "Goodwill and intangible assets" in chapter "Assets, liabilities and stockholder's equity" on page 50 of this report.

— INCOME FROM BARGAIN PURCHASE —

In 2015, an income from bargain purchase of € 21.4 m (2014: € 0.1 m) was recorded for the acquisition of Evotec (France) as the purchase price was below the net assets acquired. The prior-year income of € 0.1 m resulted from the acquisition of Bionamics GmbH.

— OTHER OPERATING INCOME AND EXPENSES —

Other operating income and expenses net amounted to an income of € 5.9 m in 2015 (2014: income of € 5.5 m). Operating income in 2015 was affected by research and development tax credits in the UK and France in the amount of € 4.9 m (2014: € 1.5 m), as well as a fair value adjustment in the context of the contingent consideration (earn-out) due to the sellers of Evotec (Göttingen) which resulted in an income of € 1.6 m. Other operating expenses in 2015 included an increase in the Euprotec earn-out due to a fair value adjustment (€ 0.9 m). Other operating income and expenses, net in the prior-year period resulted primarily from the fair value adjustment of earn-out provisions (€ 2.8 m) and an extra-ordinary income resulted from the termination of the strategic collaboration with 4-Antibody AG.

— ADJUSTED EBITDA —

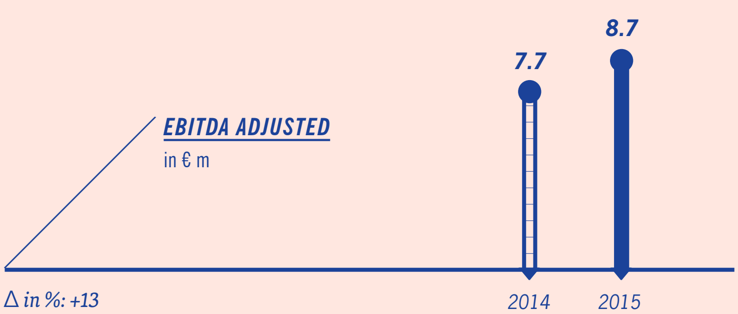
Positive adjusted Group EBITDA
Adjusted Group EBITDA for 2015 was again positive at € 8.7 m and improved compared to the prior year (2014: € 7.7 m). A definition of the EBITDA can be found on page 65 of this Management Report.

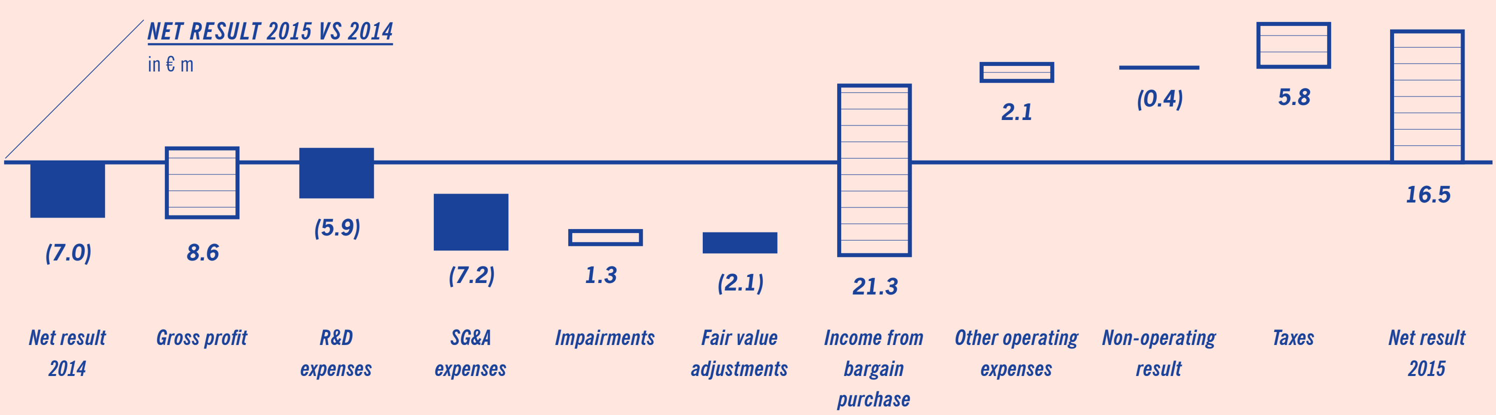
Evotec's operating result amounted to € 11.6 m in 2015 (2014: operating result of € (6.4) m) and is positively impacted by the income from the bargain purchase (€ 21.4 m) resulting from the acquisition of Evotec (France) SAS.

CALCULATION OF EBITDA ADJUSTED

		2014	2015
Operating income (loss)	T€	(6,381)	**11,640**
+ Depreciation	T€	6,074	**9,081**
+ Amortisation	T€	2,462	**2,860**
+ Impairment result (net)	T€	8,523	**7,242**
- Income from bargain purchase	T€	(137)	**(21,414)**
+ Fair value adjustments*	T€	(2,830)	**(719)**
EBITDA adjusted	**T€**	**7,711**	**8,690**

** Included in P&L line Other operating expenses (income)*





The total net result per share (basic) for Evotec of € 0.13 (2014: € (0.05)) is based on a weighted average number of shares of 131,678,865 (2014: 131,291,257).

— NET RESULT —

Positive impact from foreign exchange gains and deferred tax income
The Company's net result in 2015 amounted to € 16.5 m (2014: net result of € (7.0) m).

The total non-operating result amounted to € 0.9 m (2014: € 1.2 m). The total non-operating result in 2015 was overall positively impacted by a foreign currency exchange gain in the amount of € 1.9 m (2014: € 2.3 m) mainly due to the strengthening of the US dollar against the Euro and was partially off-set by interest expenses of € 1.2 m due to the unwind of the discount relating to earn-outs.

Tax income amounted to € 4.0 m in 2015 (2014: tax expenses of € 1.8 m). Current tax expenses of € 2.6 m were more than off-set by a deferred tax income of € 6.7 m. It is expected that some German entities will be profitable in the future and will therefore be able to partially realise tax benefits in respect of tax loss carried forward. As a result, deferred tax assets were recorded as of 31 December 2015. In 2014, the tax expense mainly resulted from current tax expenses at Evotec AG and Evotec (UK) Ltd.

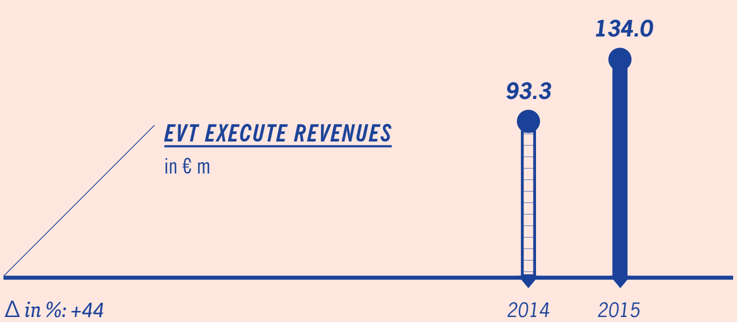
MULTIPLE-YEAR OVERVIEW OF RESULTS OF OPERATIONS

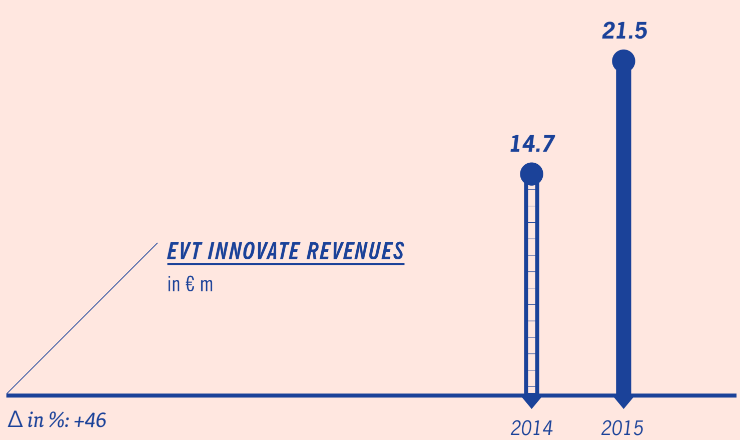
in T€

	2011	*2012*	*2013*	*2014*	***2015***
Revenues	**80,128**	**87,265**	**85,938**	**89,496**	**127,677**
Costs of revenue	(45,143)	(56,242)	(54,715)	(60,118)	**(89,690)**
Gross profit	**34,985**	**31,023**	**31,223**	**29,378**	**37,987**
Research and development expenses	(8,437)	(8,340)	(9,664)	(12,404)	**(18,343)**
Selling, general and administrative expenses	(15,760)	(16,301)	(16,597)	(17,990)	**(25,166)**
Amortisation of intangible assets	(1,703)	(2,768)	(3,222)	(2,462)	**(2,860)**
Impairment of goodwill (net)	-	-	(1,948)	-	**-**
Impairment of intangible assets (net)	(557)	(3,505)	(22,023)	(8,523)	**(7,242)**
Impairment of tangible assets (net)	-	-	(1,076)	-	**-**
Restructuring expenses	-	-	(474)	-	**-**
Income from bargain purchase	-	-	-	137	**21,414**
Other operating income and expenses (net)	(3,321)	(3,311)	2,430	5,483	**5,850**
Operating result	**5,207**	**(3,202)**	**(21,351)**	**(6,381)**	**11,640**
Non-operating income and expense (net)	49	(1,812)	(2,297)	1,222	**851**
Profit (loss) before taxes	**5,256**	**(5,014)**	**(23,648)**	**(5,159)**	**12,491**
Tax income (expense)	1,395	7,492	(1,785)	(1,819)	**4,025**
Net result	**6,651**	**2,478**	**(25,433)**	**(6,978)**	**16,516**
Gross margin	43.7%	35.6%	36.3%	32.8%	**29.8%**
Operating margin	6.5%	(3.7)%	(24.8)%	(7.1)%	**9.1%**
EBITDA adjusted margin	14.9%	11.7%	12.1%	8.6%	**6.8%**
R&D cost ratio	10.5%	9.6%	11.2%	13.9%	**14.4%**
SG&A cost ratio	19.7%	18.7%	19.3%	20.1%	**19.7%**
Personnel costs to total costs	42.9%	42.2%	43.9%	49.9%	**53.5%**

— SEGMENT REPORTING —

Revenues from the EVT Execute segment amounted to € 134.0 m in 2015 (2014: € 93.3 m) and included € 27.7 m of intersegment revenues (2014: € 18.5 m). This sharp increase mainly resulted from the contribution of the Sanofi collaboration as well as growth in the core EVT Execute business, a strong contribution from the anti-infective business unit and favourable foreign exchange rate effects. The EVT Innovate segment generated revenues of € 21.5 m (2014: € 14.7 m) consisting entirely of third-party revenues. This increase compared to the prior-year period mainly results from EVT Innovate projects which were partnered in 2015.





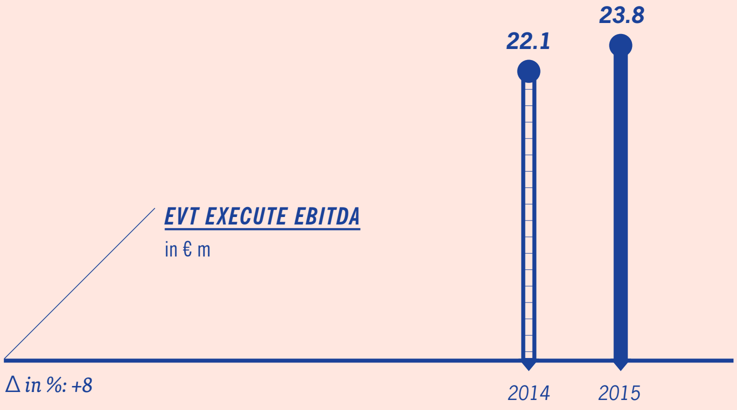
For the EVT Execute segment, costs of revenue amounted to € 102.9 m in 2015 (2014: € 64.7 m), yielding a gross margin of 23.2% (2014: 30.7%). The margin decrease stems mainly from a lower level of milestone revenues. The EVT Innovate segment reported costs of revenue of € 9.9 m (2014: € 11.2 m), yielding a gross margin of 54% (2014: 23.4%). The gross margin of EVT Innovate in 2014 was negatively affected by the partial write-off of the Andromeda receivable.

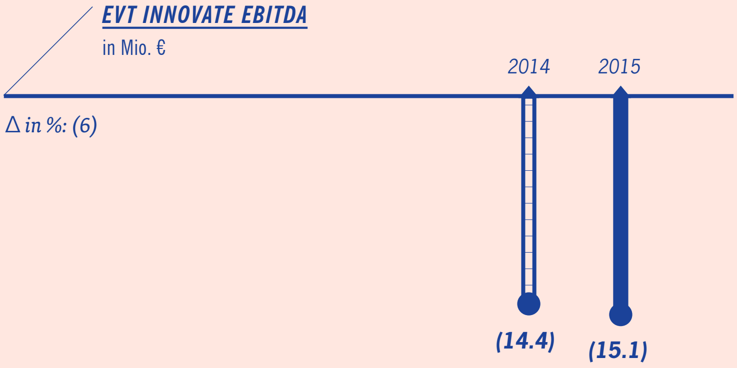
The EVT Innovate segment reported R&D expenses in the amount of € 22.4 m (2014: € 14.1 m), mainly due to significant investments in oncology projects at the Toulouse site as well as higher investments in existing Cure *X* and Target *X* initiatives.

SG&A expenses in 2015 amounted to € 19.3 m for the EVT Execute segment (2014: € 13.6 m) and € 5.9 m for the EVT Innovate segment (2014: € 4.4 m). 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, ongoing 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.

Apart from the impairments of KinAffinity (€ 0.8 m) and biomarker (€ 0.4 m), which are assigned to EVT Execute, all other impairment charges in 2015 (€ 6.0 m) were attributable to EVT Innovate (2014: € 8.5 m, net).

In fiscal year 2015, the adjusted EBITDA (before changes in contingent consideration) of the EVT Execute segment was strongly positive at € 23.8 m and increased compared to the prior-year period (2014: € 22.1 m). As expected the EVT Innovate segment reported a negative EBITDA before changes in contingent consideration of € (15.1) m (2014: € (14.4) m) due to the high level of investment in R&D initiatives.





SEGMENT INFORMATION 2015

		EVT Execute	EVT Innovate	Intersegment eliminations	Not allocated	Evotec Group
Revenues	T€	133,951	21,452	(27,726)	-	127,677
— Costs of revenue	T€	(102,924)	(9,868)	23,102	-	(89,690)
Gross margin	%	23.2%	54.0%			29.8%
— R&D expenses	T€	(521)	(22,446)	4,624	-	(18,343)
— SG&A expenses	T€	(19,257)	(5,909)	-	-	(25,166)
— Amortisation	T€	(2,484)	(376)	-	-	(2,860)
— Impairment result (net)	T€	(1,212)	(6,030)	-	-	(7,242)
— Income from bargain purchase	T€	-	-	-	21,414	21,414
— Other operating expenses (income)	T€	3,116	2,734	-	-	5,850
Operating income (loss)	**T€**	**10,669**	**(20,443)**	**-**	**21,414**	**11,640**
*EBITDA adjusted**	*T€*	*23,839*	*(15,149)*	*-*	*-*	*8,690*

** Adjusted for changes in contingent considerations and Income from bargain purchase*

FINANCING AND FINANCIAL POSITION

— FINANCIAL MANAGEMENT PRINCIPLES —

Evotec manages its financial resources to support its strategy of providing innovative drug discovery solutions and alliances to the pharmaceutical and biotechnology industry. When appropriate, the Company utilises selected debt financing and raises capital through the issuance of new shares. At the end of December 2015, Evotec had a Group liquidity of € 133.9 m. This strong liquidity position allows the Company to continue to invest in Cure *X* and Target *X* initiatives, to maintain and augment its drug discovery platform and to consider M&A opportunities to acquire additional technologies and assets. Apart from bank debt, the Company has no major long-term financial obligations or liabilities.

Capital expenditure proposals are carefully evaluated by the management to ensure that they are consistent with the business strategy of either maintaining or enhancing the Company's technology platforms and its proprietary research. In addition, all larger capital investments are assessed in terms of the expected financial return.

Evotec is currently well financed and has no plans or need to raise capital in the near- to mid-term to support its ongoing business and operations. However, the option of increasing capital may be considered depending on the opportunities that arise in terms of M&A, in-licensing or R&D investments requiring additional financing. The Company does not intend to engage in projects unless adequate funding is either allocated or secured.

— CASH FLOW —

Strong operating cash flow

Group *cash flow provided by operating activities* amounted to € 15.7 m in 2015 (2014: *cash flow* used in operating activities of € 3.8 m) and reflected the operating income adjusted for non-cash items like depreciation, amortisation, impairments, income from bargain purchase and a decrease in working capital. The operating cash flow was positive due to prepayments and upfront payments received for the partnering of EVT Innovate projects as well as the cash related to milestone payments from Bayer that were recorded as revenue in December 2014 but only received in January 2015. This was also the main reason for the decrease in working capital at year end of € 4.1 m.

Cash flow used in investing activities was € 23.4 m (2014: cash flow provided by investing activities of € 3.0 m). Purchases of current investments (€ 108.2 m) significantly exceeded proceeds from the sale of current investments (€ 59.1 m). The purchases were made to invest the receipts from the Sanofi collaboration and milestones and prepayments from the EVT Innovate partnerships. Capital expenditure in property plant and equipment increased significantly due to the new site in Toulouse and amounted to € 11.2 m (2014: € 5.3 m). Purchase of investments in affiliated companies net of cash acquired amounted to € 37.1 m and comprised the acquisition of Evotec (France) and of a 51% share in Panion Ltd. Thereof cash acquired from the Sanofi and Panion transactions amounted to € 37.3 m and € 1.5 m, respectively.

Net *cash flow provided by financing activities* amounted to € 2.5 m (2014: € 3.1 m) and mainly related to an increase in long-term debt financing (€ 1.1 m) and to proceeds from the exercise of stock options (€ 2.0 m) less earn-out payments (€ 0.6 m).

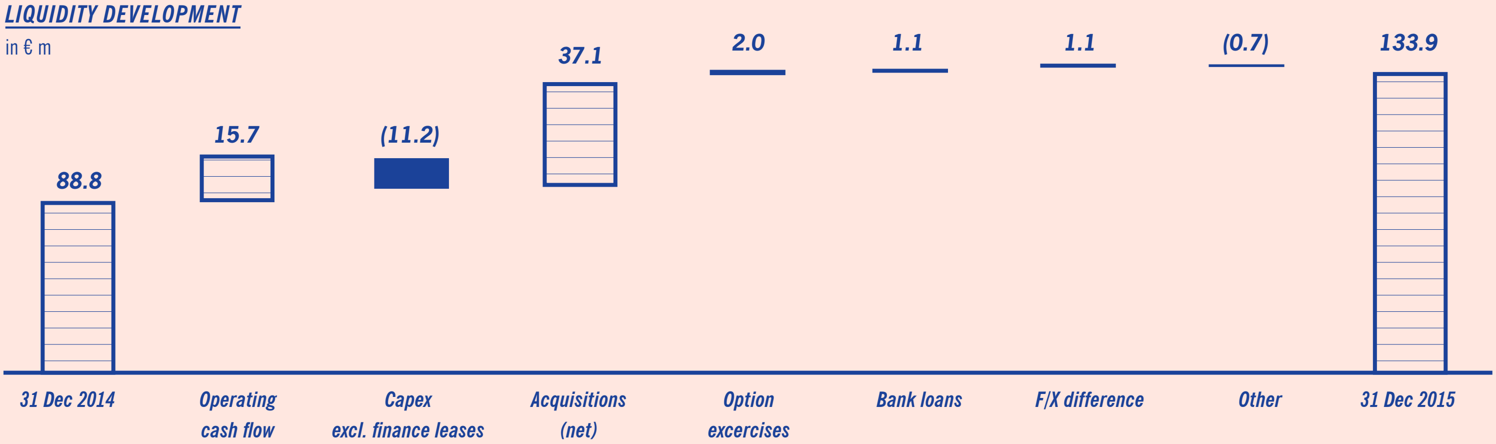
The impact of exchange rate movements on the net increase in cash and cash equivalents in 2015 was € 1.1 m (2014: € 0.8 m). This was primarily due to the US dollar strengthening against the Euro.

CONDENSED STATEMENT OF CASH FLOWS
in T€

	2014	**2015**
Net cash provided by (used in)		
— Operating activities	(3,797)	**15,651**
— Investing activities	2,975	**(23,422)**
— Financing activities	3,096	**2,486**
Net increase/decrease in cash and cash equivalents	**2,274**	**(5,285)**
Exchange rate difference	792	**1,072**
Cash and cash equivalents		
— At beginning of year	45,644	**48,710**
— At end of year	**48,710**	**44,497**
— Investments	40,112	**89,443**
Liquidity at end of year	**88,822**	**133,940**

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

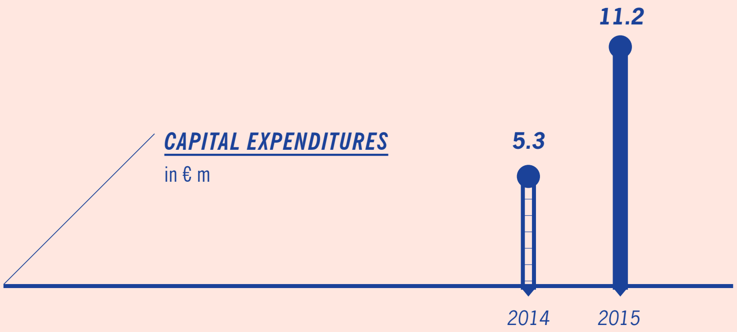
LIQUIDITY DEVELOPMENT



— CAPITAL EXPENDITURE —

Continuous investment to upgrade and expand Evotec's capacities

Capital expenditure amounted to € 11.2 m in 2015 (2014: € 5.3 m). The majority of capital expenditure was on upgrades and investment in software licences for the new site in Toulouse and on instrumentation at Evotec's legacy sites to support the Company's platform offering, including upgrades to imaging systems, protein production, compound management and biophysical screening. Facility investments focused on the expansion of laboratory areas in Abingdon (UK) as well as the fit-out of a new protein production facility in Princeton (USA) and new laboratories in Göttingen (Germany).



— COST OF CAPITAL —

Weighted average cost decreased for service entities

Evotec calculates the cost of capital according to the debt/equity ratio at the end of the year using the weighted average cost of capital ("WACC") formula. The cost of equity capital is the return expected by stockholders, computed from capital market information. Evotec's peer group is predominantly equity-financed and as a result the WACC of these peer group companies is mainly based on the cost of equity capital. The Evotec model uses the yield on long-term risk-free bonds, increased by the risk premium typical for investments in the equity market as well as the beta factors of Evotec's peer group. The risk premium comprises a general market risk and a specific business risk. The analysis period for the beta factor calculation is five years, with annual beta figures determined on a weekly basis and an average subsequently being calculated.

To take into account the different risk and return profiles, Evotec calculates individual post-tax capital cost factors for its different product categories. In 2015, these ranged between 9.6% and 11.0% for the Company's drug discovery and development programmes (2014: 10.3% to 11.4%) and between 5.8% and 8.3% (2014: 7.1% to 8.7%) for the Company's service entities.

— LIQUIDITY AND HEDGING —

Liquidity increased to € 134 m; provides flexibility for investments

Evotec ended 2015 with a liquidity of € 133.9 m (2014: € 88.8 m), which was composed of cash and cash equivalents (€ 44.5 m) and investments (€ 89.4 m). Cash and cash equivalents as well as current investments could all be accessed within a period of less than three months. Liquidity in 2015 increased in comparison with 2014, mainly due to the cash acquired from the Sanofi collaboration (€ 37.3 m).

The following is a historic trend of the Company's year-end liquidity.

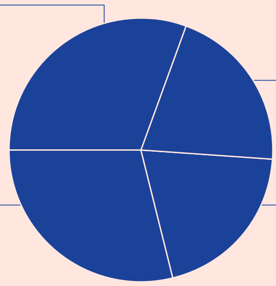
LIQUIDITY AS OF 31 DECEMBER
in T€

	2011	2012	2013	2014	**2015**
Cash and cash equivalents	17,777	39,065	45,644	48,710	**44,497**
Current investments	44,651	25,094	50,499	40,112	**89,443**
Non-current financial investments	-	-	-	-	**-**
Total liquidity	**62,428**	**64,159**	**96,143**	**88,822**	**133,940**

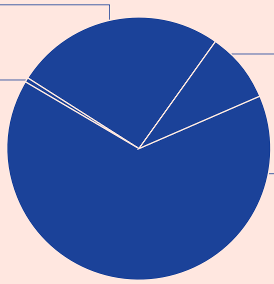
Deposits are primarily held in the three major currencies in which the Group trades – Euro, Pound Sterling and US dollar (see pie chart next page). In 2015, approximately 40% of the Company's revenues were generated in US dollars and approximately 30% of its costs of revenue were in Pound Sterling. The Group's primary risk exposure relates to these two currencies. Evotec uses forward contracts and spot transactions to convert US dollars to Pound Sterling to address this exposure. As at 31 December 2015, the Company held forward contracts until the end of 2016 in the amount of $ 30 m. During 2015, the currency holdings in US dollars increased from € 22.4 m at the end of 2014 to € 34.5 m at the end of 2015. The currency holding in Pound Sterling at 31 December 2015 was € 11.9 m (31 December 2014: € 5.2 m) and was kept at a relatively low level with the objective of having sufficient cash available to meet short-term local operating needs. The Company still held T€ 647 cash in Indian Rupees and T€ 10 in Japanese Yen. Operations in Thane/India were closed in 2013 and Evotec (India) Private Ltd. is in process of being wound up.

Evotec actively manages its funds to maximise returns while seeking to preserve principal preservation and maintain liquidity. Evotec's cash and investments are held at several banks. Financial investments are only made in liquid instruments and low-risk products with financial institutions rated BBB- or better (Standard & Poor's ratings or equivalent).

LIQUIDITY BY INVESTMENT TYPE



FUNCTIONAL CURRENCY HOLDINGS



A CONTINUED CHALLENGING CASH MANAGEMENT ENVIRONMENT

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

During 2015, the US dollar was constantly strong against the Euro in comparison with the 2014 exchange rates. Overall, this had a significant positive impact of € 8.7 m on 2015 revenues and € 6.8 m on gross profit compared to prior year. Evotec's liquidity position improved by € 3.5 m at the end of 2015 compared to prior year due to the strengthening of the US dollar. The Pound Sterling also strengthened against the Euro in comparison with 2014. This negatively affected the cost base of the UK operations in Euro terms and had an adverse impact of € 2.0 m on the 2015 gross profit. Overall, the gross margin increased by 1.7 percentage points in 2015 compared to prior year as a result of FX movements. The strengthening of the Pound Sterling against the Euro resulted in an increase of € 0.7 m in Evotec's year-end Euro denominated liquidity position. In order to protect itself against adverse currency movements, the Company entered into forward contracts, selling US dollars against Pound Sterling or Euro. This resulted in a realised loss of T€ 589 and an unrealised loss of T€ 505 in 2015. The notional amounts of currency-related derivative financial instruments held at 31 December 2015 were $ 30.0 m (2014: $ 24.0 m). These were exclusively forward contracts selling US dollars for Pound Sterling, all with a maturity of up to 12 months.

The Company makes use of bank loans as a tool to manage short-term and medium-term liquidity. During 2015, the sum of debt instruments was increased by € 1.5 m to € 22.9 m at 31 December 2015 (2014: € 21.5 m); thereof € 20.5 m of the bank loans were denominated in Euro and € 2.4 m in Pound Sterling. Furthermore, Evotec had an unused line of credit of $ 7.5 m at the balance sheet date.

MULTIPLE-YEAR OVERVIEW FINANCIAL POSITION

in T€

	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014	**31 Dec 2015**
Liquidity*	62,428	64,159	96,143	88,822	**133,940**
Debt	15,566	17,402	17,241	21,549	**22,943**
Net liquidity	**46,862**	**46,757**	**78,902**	**67,273**	**110,997**
Current liabilities	42,833	33,882	38,953	33,068	**56,400**
Non-current liabilities	28,135	38,998	29,460	33,149	**45,044**
Stockholders' equity	147,245	152,547	158,967	158,383	**187,094**
Total liabilities and stockholders'equity	**218,213**	**225,427**	**227,380**	**224,600**	**288,538**
Cash flow from operating activities	10,146	11,957	6,657	(3,797)	**15,651**
Cash flow from investing activities**	(15,068)	8,775	(31,513)	2,975	**(23,442)**
Cash flow from financing activities**	2,139	(397)	31,936	3,096	**2,486**
Movements in investments and fx differences	(5,190)	(18,604)	24,904	(9,595)	**50,403**
Net increase/decrease in liquidity	**(7,973)**	**1,731**	**31,984**	**(7,321)**	**45,118**
Capital expenditures	8,139	8,175	5,160	5,282	**11,164**
Investment rate	44.0%	32.8%	21.3%	22.0%	**29.1%**
Capex to write-downs	180.7%	135.2%	86.8%	87.0%	**122.9%**

** Cash and cash equivalents and investments*

*** Presentation 2012 adjusted for payments of subsequent earn-outs*

ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

— ACQUISITIONS —

With effect from 01 April 2015, Evotec acquired 100% of the shares in Evotec (France) SAS, Toulouse. The purchase price amounted to € 1 in cash. Together with this acquisition, Evotec entered into a five-year multi-component strategic alliance with Sanofi. The collaboration results in a minimum guaranteed commitment of € 250 m over the next five years, including an upfront payment of more than € 40 m. The purchase price allocation resulted in an income from bargain purchase of € 21.4 m.

With effect from 09 December 2015, Evotec acquired 51% of the shares in Panion Ltd, a Convergence subsidiary, based in London, UK. Convergence (owned by Biogen, USA) holds the remaining 49% of the company. Panion is focused on discovering and developing compounds against a novel GPCR pain target. The purchase price of € 1.7 m was paid in cash.

— CAPITAL STRUCTURE —

Equity ratio remains strong at 65%

In 2015, Evotec's share capital increased by 0.7% to € 132.6 m (31 December 2014: € 131.7 m) and additional paid-in capital also by 0.7% to € 693.7 m (31 December 2014: € 688.7 m) due to the exercise of stock options. The acquisition of 51% shares in Panion resulted in a non-controlling interest of € 1.6 m. Total equity increased by € 28.7 m to € 187.1 m as of the end of 2015 (31 December 2014: € 158.4 m) mainly due to the net profit and favourable FX movements.

In 2015, a total of 895,606 stock options (2014: 317,183 options) were exercised. New stock options have not been granted to Evotec employees since 2012. As of 31 December 2015, the total number of options available for future exercise amounted to 2,031,961 (approximately 1.5% of issued shares). Options have been accounted for under IFRS 2 using the fair value at the grant date.

In 2012, a Share Performance Plan ("SPP 2012") was implemented to replace the stock option programme as the Company's long-term incentive compensation scheme for executives. At the Annual General Meeting in June 2012, contingent capital amounting to € 4 m that was needed to support SPP 2012 for the next three years was approved. In 2015, the Company implemented another share performance plan ("SPP 2015") for which the Annual General Meeting 2015 approved a contingent capital of € 6 m. During the fourth quarter of 2015, a total of 796,617 share performance awards (2014: 1,504,030 awards) were granted to the Management Board and key employees. These awards could result in a maximum of 1,593,234 bearer shares (2014: 3,008,060) being issued at maturity. As of 31 December 2015, the total number of awards granted for future exercise amounted to 3,858,742 (approximately 2.9% of issued shares).
Stock-based compensation is described in detail in the "Employees" chapter on page 53 of this Management Report.

Evotec's equity ratio remained strong, amounting to 64.8% at the end of 2015 (2014: 70.5%).

— ASSETS AND LIABILITIES —

Acquisition of Evotec (France) impacted Evotec's balance sheet in 2015

The Company's total assets increased by € 63.9 m to € 288.5 m as of 31 December 2015 (31 December 2014: € 224.6 m) mainly as a consequence of the acquisition of Evotec (France).

Current assets as of 31 December 2015 grew by € 41.6 m to € 166.9 m (31 December 2014: € 125.3 m).
Cash and cash equivalents increased by € 45.1 m to € 133.9 m (31 December 2014: € 88.8 m), thereof € 37.3 m related to cash acquired from the Sanofi transaction. Trade accounts receivables decreased from € 25.3 m as of 31 December 2014 to € 21.1 m at the end of December 2015. Inventories remained unchanged at € 3.1 m at the balance sheet date (31 December 2014: € 3.1 m). Prepaid and other current assets increased by € 0.6 m to € 6.7 m.

Property, plant and equipment increased by € 14.3 m to € 38.3 m in 2015 (31 December 2014: € 24.0 m) mainly due to fixed assets acquired with the Sanofi transaction and new capital expenditures at the various sites.

Goodwill and intangible assets decreased by € 4.2 m to € 70.8 m (31 December 2014: € 75.0 m). Whereas intangible assets decreased by € 5.1 m due to the impairment of several assets, goodwill increased by € 0.8 m mainly due to foreign currency effects. The acquisition of Evotec (France) SAS resulted in an income from bargain purchase of € 21.4 m (for more details see the "Goodwill and intangible assets" section on page 50 of this Management Report).

Deferred tax asset amounted to € 8.8 m (31 December 2014: € 0.0 m). This increase is primarily due to the fact that some German entities are expected to be profitable in the future and can therefore partially realise the tax benefits derived from tax losses carried forward. In addition, deferred tax assets with respect to temporary differences in France primarily related to pension accruals were recorded in the context of the purchase price allocation.

In 2015, current liabilities increased by € 23.3 m to € 56.4 m (31 December 2014: € 33.1 m), mainly as a result of an increase in provisions and deferred revenues.
Trade accounts payable increased by € 2.7 m to € 12.2 m primarily due to the phasing of capital expenditure at the end of the year. Current provisions increased from € 3.7 m to € 16.7 m, largely due to employee related accruals associated with Evotec (France). Current deferred revenues increased by € 6.0 m to € 8.8 m. The increase resulted from prepayments and upfront payments received in respect of the four EVT Innovate partnerships concluded in 2015. The current portion of loans amounted to € 14.2 m as of 31 December 2015 (2014: € 13.4 m).

Total non-current liabilities increased by € 11.9 m to € 45.0 m as of 31 December 2015 (31 December 2014: € 33.1 m). The non-current portions of the prepayments and upfront payments from the four EVT Innovate partnerships concluded in W are shown as deferred revenues and increased by € 2.2 m to € 6.5 m (31 December 2014: € 4.3 m). Non-current provisions increased from € 18.0 m to € 27.3 m and related mainly to employee related payments for Evotec (France). The long-term portion of loans increased slightly to € 8.7 m as of 31 December 2015 (31 December 2014: € 8.2 m). Overall, the total amount of loans (current and non-current) increased by € 1.4 m due to an increase in long-term KfW funding of specific EVT Innovate projects.

CONDENSED BALANCE SHEET

in T€

	2014	2015
Cash, cash equivalents and investments	88,822	**133,940**
Trade accounts receivables	25,259	**21,069**
Inventories	3,111	**3,133**
Other current assets	8,108	**8,798**
Deferred tax assets	-	**8,812**
Property, plant and equipment	24,045	**38,334**
Intangible assets and goodwill	75,025	**70,802**
Other non-current assets	230	**3,650**
Total assets	**224,600**	**288,538**
Current maturities of loans and finance leases	13,363	**14,213**
Trade accounts payable	9,450	**12,171**
Current provisions	3,694	**16,694**
Other current liabilities	6,561	**13,322**
Long-term loans and finance leases	8,186	**8,730**
Deferred tax liabilities	1,583	**1,538**
Other long-term liabilities	23,380	**34,776**
Total stockholders' equity	158,383	**187,094**
Total liabilities and stockholders' equity	**224,600**	**288,538**

WORKING CAPITAL CALCULATION

in T€

= Current assets excl. cash, cash equivalents and investments
- Current liabilities excl. bank loans

	2014	2015
Trade account receivables	25,259	**21,069**
Inventories	3,111	**3,133**
Other current assets	8,108	**8,798**
Assets	**36,478**	**33,000**
Trade accounts payable	9,450	**12,171**
Current provisions[1)]	3,694	**16,694**
Other current liabilities	6,561	**13,322**
Liabilities	**19,705**	**42,187**
Working Capital	**16,773**	**(9,187)**
Δ Working Capital		**(25,960)**

[1)] *thereof T€ 8,948 added with acquisition of Evotec (France) on 01 April 2015*

— GOODWILL AND INTANGIBLE ASSETS —

Goodwill impairment

In the fourth quarter of 2015, Evotec performed its annual goodwill review with the result that no goodwill impairment was deemed necessary.

Intangibles impairment

In the second quarter of 2015, an intangible asset resulting from the Bionamics acquisition in 2014, did not meet certain regulatory requirements. Evotec reviewed the related developed technology and concluded that an impairment of T€ 69 had to be recorded.

The Company also performed its annual regular review of intangible assets for potential impairment in accordance with IFRS during the final quarter of 2015.

An impairment review was performed of the intangible assets acquired in the acquisition of Evotec NeuroSciences GmbH (now: Evotec International GmbH). Due to a delay in the programme and expected decreased commercialisation success rates, an impairment charge of € 4.8 m was booked for the EVT100 series. The programme is partnered with Janssen in treatment-resistant depression.

An impairment review was performed of the intangible assets acquired in the acquisition of DeveloGen AG (now: Evotec International GmbH). As a result, an impairment charge of T€ 993 was booked for the EVT070 programme. The programme was partnered with Boehringer Ingelheim by DeveloGen in May 2009 for the treatment of insulin resistance in type 2 diabetes patients. In September 2010, DeveloGen was acquired by Evotec. In October 2014, Evotec received notice that Boehringer Ingelheim had decided not to pursue this asset. Evotec is still investigating the use of the compounds in other indications.

Furthermore, an impairment of intangible assets in the amount of T€ 792 was recorded for the developed KinAffinity technology. The impairment was required due to a decrease in revenue expectations and a consequential reduction in useful life of the technology. The review of the developed biomarker technology resulted in an impairment of intangible assets in the amount of T€ 420 due to reduced revenue expectations.

Evotec also performed an impairment review of the intangible assets acquired in the acquisition of Bionamics (now: Evotec International GmbH). Two projects, in which Bionamics participated through providing project management, had to be impaired, resulting in an impairment charge of T€ 128.

No impairment was deemed necessary for any of the other intangible assets.

Assets/liabilities not accounted for

The assets of a company do not only consist of quantifiable components, but also of elements that can only be described in qualitative terms. The employees of the Company are the most important asset in ensuring the continued operation and success of Evotec (this topic is covered in more detail in the "Employees" chapter on page 52 of this Management Report).

Excellent customer relationships are also critical to Evotec's success and therefore a fundamental asset of the Company. Respectability, reliability and continuity are key determinants of the quality of customer relationships.

The Company not only has an increased customer base, but is also able to use its long-standing experience to quickly establish a successful business relationship with new customers (the five-year trend analysis of Evotec's performance in such alliances is shown in the "Performance measurement" chapter on page 29 of this Management Report).
In addition, the quality and continuity of Evotec's supplier relationships are key assets that are highly significant to the Company's success. Evotec collaborates with approximately 1,500 vendors throughout the world.

With its broad market acceptance and high market penetration, the Evotec brand represents an intangible asset for the Company. The positive image of the brand among customers, vendors and employees, which has been built up over many years, is very important for the Group's business success.

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. Evotec only has finance leases for a very small number of company vehicles. These instruments have no material impact on the economic position of the Company.

As of 31 December 2015, the Company had operating lease obligations in the amount of € 106.6 m (31 December 2014: € 40.5 m). The majority of the operating lease obligations relate to rent expenses for facilities.

Other commitments and contingencies consist of consultancy agreements, purchase commitments and guarantees. The future payment obligations resulting from those long-term commitments and contingencies total € 8.6 m (31 December 2014: € 7.2 m) (see note 30 a and b 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, the Company has a commitment to pay milestones, dependent on development progress and/or royalties and milestones dependent on present and future net income or on sub-licensing fees received from third parties.

MULTIPLE-YEAR OVERVIEW BALANCE SHEET STRUCTURE
in T€

	31 Dec 2011	31 Dec 20112	31 Dec 2013	31 Dec 2014	**31 Dec 2015**
Cash, cash equivalents and short-term investments	62,428	64,159	96,143	88,822	**133,940**
Trade accounts receivables	10,393	15,053	17,777	25,259	**21,069**
Other current assets	8,139	8,892	8,606	11,219	**11,931**
Property, plant and equipment	24,946	27,181	24,239	24,045	**38,334**
Intangible assets, excluding goodwill	67,652	63,266	39,826	30,210	**25,154**
Goodwill	42,202	42,342	40,136	44,815	**45,648**
Other non-current assets	2,453	4,534	653	230	**12,462**
Total assets	**218,213**	**225,427**	**227,380**	**224,600**	**288,538**
Loans and finance leases	15,566	17,402	17,241	21,549	**22,943**
Trade accounts payable	10,134	6,363	6,653	9,450	**12,171**
Provisions	25,663	25,731	24,374	21,651	**44,036**
Deferred revenues	5,884	18,064	14,433	7,150	**15,272**
Other financial liabilities	13,721	5,320	5,712	6,417	**7,022**
Stockholders' equity	147,245	152,547	158,967	158,383	**187,094**
Total liabilities and stockholders' equity	**218,213**	**225,427**	**227,380**	**224,600**	**288,538**
Working capital	(8,784)	3,287	4,657	16,773	**(9,187)**
Current ratio	1.95	2.60	3.15	3.79	**2.96**
Receivables turnover	7.71	5.80	4.83	3.54	**6.06**
Intangibles and goodwill to total assets	50.3%	46.8%	35.2%	33.4%	**24.5%**
Provisions to total liabilities and stockholders' equity	11.8%	11.4%	10.7%	9.6%	**15.3%**
Equity ratio	67.5%	67.7%	69.9%	70.5%	**64.8%**

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

Evotec has achieved a very strong top-line performance with 43% Group revenue growth in 2015 primarily driven by an increasing underlying business from drug discovery alliances, the Sanofi collaboration and four new strategic partnerships out of its portfolio of Cure *X*/Target *X* initiatives. In 2015, revenues excluding milestones, upfronts and licences increased by 57% to € 115.4 m compared to the prior year. Revenues from upfronts, milestones and licences decreased by € 3.8 m in 2015 compared to the previous year, mainly due to a lower level of milestone revenues.

The year 2015 was a good year for both segments. The EVT Execute segment achieved continued profitable growth with revenues amounting to € 134.0 m including € 27.7 m of intersegment revenues. Revenues in the EVT Innovate segment increased by 46% compared to prior year to € 21.5 m. This was primarily driven by four new partnerships within the EVT Innovate segment.

Adjusted Group EBITDA for 2015 was positive at € 8.7 m and improved compared to the prior year. In fiscal year 2015, the adjusted EBITDA of the EVT Execute segment was positive at € 23.8 m, resulting in an adjusted EBITDA margin of 18%. The EVT Innovate segment reported an adjusted EBITDA of € (15.1) m due to the high level of investment in Cure *X* and Target *X* initiatives.

Evotec's year-end liquidity and equity ratio continued to be very strong at € 133.9 m and 64.8%, respectively. The strong cash position allows the possibility for the Company's strategy to be accelerated not only through organic growth but also via inorganic growth with the acquisition of technologies or assets. It also enables the continued investment in proprietary R&D via Cure *X* and Target *X* initiatives in order to generate significant future upside potential.

In 2016 and beyond, Evotec's management expects continued growth of the EVT Execute service business and new EVT Innovate alliances to be concluded. Evotec's adjusted Group EBITDA is expected to be positive and significantly improved compared to 2015.

EMPLOYEES

As a leading provider of drug discovery solutions to the Pharma and biotech industry, it is vital for Evotec to attract, grow and retain the most talented employees in the industry. This year one of the Company's priorities was to focus on integrating the talented employees of the new French site in Toulouse into the Evotec organisation. Therefore key information and important developments were communicated via prompt or regular company briefings in order to give all employees a better understanding of Evotec's broader strategy thus assuring continuity and consistency.

— HEADCOUNT —

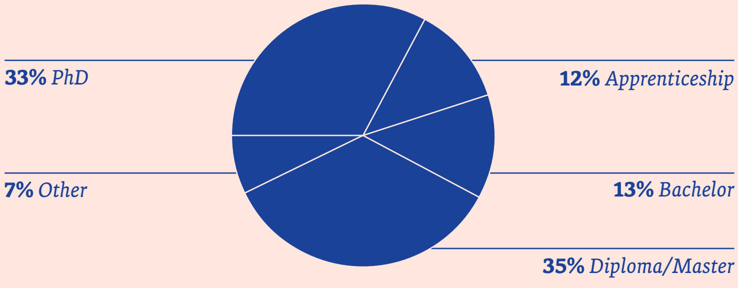
As of 31 December 2015, the Evotec Group employed a total of 1,000 people worldwide. This is an absolute increase of 283 or nearly 40% compared to the prior year, which mainly reflects the significant expansion of the Company's drug discovery resources and capabilities through the acquisition of Evotec (France) in Toulouse where 249 employees were employed as of 31 December 2015. In addition, a new research site was established in Princeton, NJ, USA, to mainly increase the protein production capabilities of Evotec in the USA.

HEADCOUNT AS OF 31 DECEMBER

	2014	**2015**
Research in Germany	315	**342**
Research in UK	248	**242**
Research in France	-	**225**
Research in USA	-	**10**
Compound Management	43	**46**
Sales and Administration	111	**135**
Total Evotec Group	**717**	**1,000**
Total Germany	381	**408**
Total UK	285	**278**
Total France	-	**249**
Total USA	51	**65**
Total Evotec Group	**717**	**1,000**

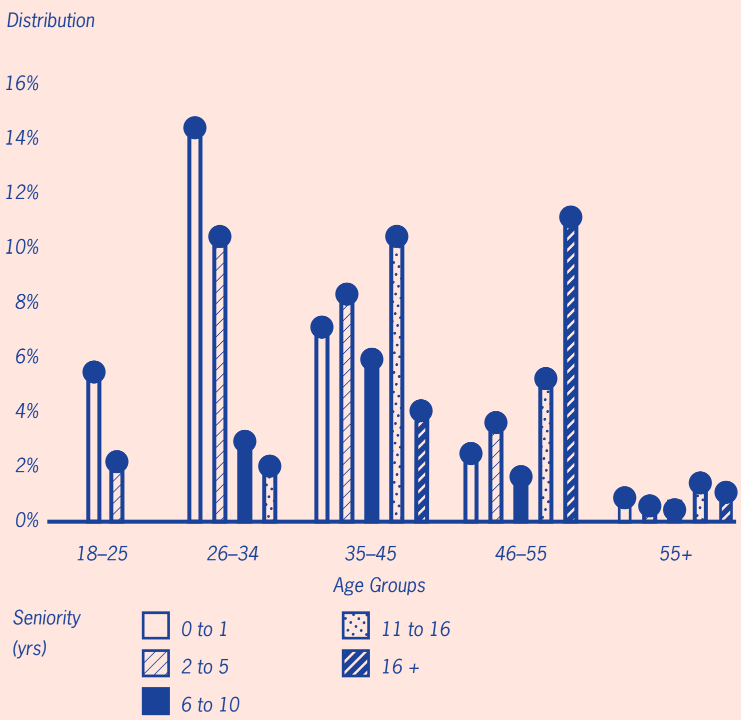
The workforce at Evotec is highly skilled with almost 80% of all employees having an academic qualification. One-third of the Company's total workforce (327 employees) holds a PhD degree.

EMPLOYEES BY LEVEL OF EDUCATION AS OF 31 DECEMBER 2015



Approximately 50% of Evotec's employees have worked for the Company for more than five years. The average age of Evotec's employees at the end of 2015 was approximately 39 years.

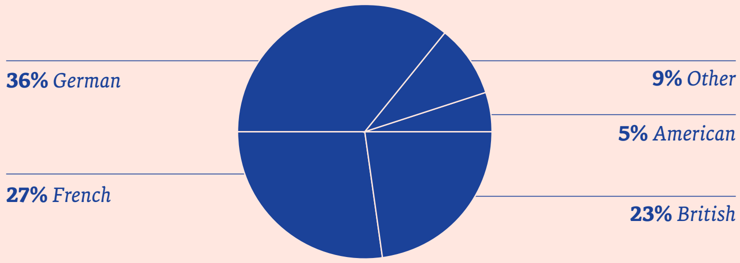
EMPLOYEES BY AGE GROUPS AND SENIORITY



— DIVERSITY —

Evotec operates in a global industry with an international customer base. Therefore, the Company seeks the most suitably qualified talent regardless of gender, nationality or age. At the end of 2015, Evotec employed individuals of 43 nationalities possessing a rich diversity of skills, capabilities, backgrounds and experiences. This diversity brings a range of perspectives and ideas to the workplace.

EMPLOYEES BY NATIONALITY AS OF 31 DECEMBER 2015



Women account for more than 50% of employees globally. In addition, at the junior entry level for newly qualified graduates almost half of the individuals Evotec hired in 2015 were females.

— WORK-LIFE BALANCE —

As an employer, Evotec is fully aware that a good balance between work and private life is important in achieving both corporate success and job satisfaction. Therefore, where appropriate, Evotec offers the possibility of part-time employment arrangements as well as work-at-home options. The Company's flexible site-specific working hours also help to balance family and working life.

— EDUCATION AND TRAINING —

In 2015, the Company continued to offer training programmes in different areas. Focus was given to additional Lean Green Belt trainings. Lean is a structured intuitive problem-solving methodology that relies on a collaborative team effort to continuously improve quality and performance for the benefit of the customer. The Green Belt training course provides employees with the tools and the skills to lead Lean improvement projects with the goal of making business processes at the Company as effective and efficient as possible. Fourteen employees from different sites, of varying seniority and representing a range of departments and functions attended the sessions. All Green Belts currently have projects assigned to them which are in various stages of completion.

Through its training and development initiatives, the Company ensures that employees are given every opportunity to perform their jobs effectively, gain competitive advantage and seek self-growth for future and increased work responsibilities. To further support the development and training of the Company's employees, Evotec created and recruited a new position of head of talent management in 2015.

As well as hiring university graduates, Evotec provides internships to talented young students to give them an insight into the variety of career opportunities open to them while they are still studying. A number of interns have completed their bachelor's or master's theses with Evotec and then later returned to the Company as employees. In addition to the three apprentices who are in an advanced state already, one new trainee started vocational training in Germany.

— PERFORMANCE MANAGEMENT —

Evotec has a standardised performance management process, incentive schemes and development programmes. The Company's compensation philosophy is "pay for performance" in order to recognise and reward individual contributions. Evotec's approach is to be market competitive. Evotec operates in accordance with global policies and procedures in the area of performance management in order to ensure best practice throughout the Company.

To promote and ultimately reward the values of innovation, industrialisation, entrepreneurship and customer focus that underpin the Company's Action Plan 2016, Evotec again made awards under the global long-term incentive programme ("LTIP") in the year under review. Beneficiaries were the members of the Management Board, Senior Management and a number of other key employees who have the potential to make a significant impact on the long-term success of the Company. The LTIP is a Share Performance Plan in which participants are allocated shares, the vesting of which is subject to actual performance versus three equally weighted key performance indicators ("KPI"). In 2015, three KPIs – group revenues, operating income before impairments and share price – were agreed by the Supervisory Board as they are considered the indicators that will drive shareholder value and ensure the future success of Evotec.

PROCUREMENT AND FACILITY MANAGEMENT IN 2015

In 2015, the procurement function at Evotec continued to implement the mid-term procurement strategy established in 2013. The main pillars of this strategy are the development of strategic partners, efficiency improvements and cost control. Savings and improvements were delivered through a combination of product substitution, supplier consolidation and rotation, the identification of strategic partners, reduced usage and improved negotiations.

2015 saw the further development and fit-out of the Manfred Eigen Campus, the Company's headquarters in Hamburg, Germany, to support the continued growth of the business. In order to further increase operational capacity several administrative functions and operational leaders were moved into an adjacent building within the same business park.

In April 2014, Evotec signed a lease contract for a new building in Göttingen with 1,620 m² of laboratories and offices to support further expected growth. The facility was constructed by a governmental development agency and leased to Evotec for a fixed twelve-year term. This new building was handed over to Evotec in October 2015 with the move essentially completed by the end of 2015.

At the Abingdon site, new protein laboratories came into operation in January 2015 to serve the increased demand for this service from Evotec's customers.

In October 2014, Evotec (US), Inc. signed a lease on a site in Princeton, NJ, USA, to support protein production and other discovery services for Pharma clients based on the US East Coast. Evotec converted this site into a functioning drug discovery facility with operations commencing in January 2015. The new facility is scalable to accommodate future business growth.

With the closing of the major multi-component strategic alliance with Sanofi on 31 March 2015 (effective 01 April 2015), Evotec expanded its capacities by a state-of-the-art facility of approximately 20,000 m² in Toulouse, France. This expansion is based on a twelve-year lease contract with a break option after years six and nine.

SUSTAINABILITY REPORT

SUSTAINABLE CORPORATE MANAGEMENT AT EVOTEC

Sustainability is of key importance for the Evotec Group and is firmly established in all business processes within the Company. For Evotec, sustainability means combining economic success with environmentally and socially responsible activities. Taking responsibility for its employees and business partners as well as maintaining its commitment to society and a healthy environment are two of Evotec's guiding principles. By doing this, Evotec accepts its responsibility for current and future generations while ensuring the basis for long-term business success. This sustainability report contains information on Evotec's social and ecological activities as well as policies and responsibilities within the Company.

Life science industry – Contribution to the health of society

There is currently still no cure available for a large number of serious diseases. Consequently, indirect healthcare costs for treating patients are enormous, especially considering the impact of ageing populations in many countries of the developed world. Hence, the life science industry contributes immensely to the health and well-being of our society.

In its research activities, Evotec focuses on addressing both the causes and the symptoms of diseases by using its systematic, unbiased and comprehensive technology platform. Furthermore, the Company aims to develop first-in-class and best-in-class treatments in its key disease areas, using new and innovative commercial models for its partnerships with pharmaceutical, biotech and healthcare players and academic institutions in order to find ways to accelerate the development of drug candidates into clinical development and ultimately the market.

Evotec's business model targets sustainable growth

Innovation efficiency is a key driver for the success of Evotec's business model, which aims at achieving sustainable growth while protecting the interests of its shareholders and simultaneously creating value for all stakeholders. These objectives are reflected in the Company's corporate strategy (see the "Corporate objectives and strategy" chapter on page 27 of this Management Report). The Company's success is measured using both financial and non-financial performance indicators. As recommended by the Sustainable Development Key Performance Indicators ("SD KPI") Standard, Evotec employs a number of SD KPIs in its business activities. These include "Quality of drug discovery solutions and performance in discovery alliances", which measures the commercialisation rate in alliances, "Research and development performance in development partnerships", which measures the progression of drug candidates within Evotec's partnerships and "Quality and safety performance of products", which measures how well products perform in these two areas. Detailed information about Evotec's performance alongside these indication measures are presented in the "Performance measurement" chapter on page 28 of this Management Report.

A comprehensive risk management system has been implemented within the Company in order to ensure that factors which could potentially endanger the Company's sustainable performance are recognised at an early stage and adequate countermeasures can be taken. Further information can be found in the "Risk and opportunities management" chapter on page 56 of this Management Report.

The Management Board does not consider Evotec's business model to contain any aspects that contradict the interests of shareholders focusing on sustainable investments.

Corporate Social Responsibility (CSR) and Code of Conduct

Evotec's entire Management Board under the leadership of the Chief Executive Officer is responsible for ensuring Group-wide adherence to the Company's sustainability strategy. This strategy is integrated into the Company's planning and affects the business operations at each site. The Company's Ethical Business Conduct Policy, known as the Code of Conduct, includes a description of how this strategy translates into the daily business of every employee at Evotec. The Code of Conduct is published in the Investor Relations section on Evotec's website (www.evotec.com). It covers topics such as the use of corporate funds and proper record keeping, behaviour with regards to personal conflicts of interest and insider trading, compliance with anti-corruption and antitrust laws, employees' working environment, health and safety protection, minimising the impact on the environment, and confidentiality with respect to intellectual property and trade secrets. Evotec's Code of Conduct also provides the framework for responsible and correct behaviour towards business partners. Like all processes in research and development, Evotec's Code of Conduct is based on both industry standards and in-house best practices.

In order to ensure that corporate behaviour complies with these regulations, Evotec's employees are required to immediately report any actions or facts which indicate even the slightest possibility of a breach of Evotec's Code of Conduct to their respective line manager, the Company's Compliance Officer or to the Company's whistle-blower hotline, which is hosted by an external provider. In addition, no new commitments should be undertaken which are likely to breach this policy. However, the Company regards serious violations by individual employees, which could have a significant impact on the net assets, financial position and results of operations, as unlikely.

Research and development ethics

Evotec's core business focus is on applying its scientific expertise and know-how together with its partners to develop potential medicines for many different disease indications that could ultimately improve treatment options for patients. Several examples of Evotec's efforts in different areas are given in the "Research and development" chapter on page 31 of this Management Report.

Evotec is committed to deliver the highest standards of animal welfare in line with local, national and EU legislation and as described in the Evotec Global Animal Welfare Policy. The Company strives to use alternatives to animal studies wherever reasonable in accordance with German legislation (section 7a (2) of the German Animal Welfare Act, TierSchG) or the UK Animal (Scientific Procedures) Act 1986. When animal experimentation is necessary Evotec ensures a high standard housing and care of laboratory animals as set out in Annex III of the Directive 2010/63/EU applied to local and national specific regulations such as the German Law in the TierSchG and the corresponding TierSchVersV, the French Decree 2013 and the five inter-ministerial orders, Order 2013a-e as well as the UK Animals (Scientific Procedures) Act 1986. Evotec is also committed to the Replacement, Reduction and Refinement of the use of animals in research (3R-Principle developed by Russell and Burch, 1959). The 3R-Principle contributes towards good laboratory animal welfare and is an integral part of the R&D processes at Evotec. Each proposed use of animals is reviewed and approved by Evotec's veterinarians and scientists, prior to the recommendation to an external ethical committee and the approval of the relevant authorities. Animal studies that cannot be accomplished in-house are subcontracted to dedicated, carefully selected and audited contract research organisations which apply the same principles.

Evotec utilises human tissues and cells, obtained from fully approved sources, as part of its drug discovery research services. The Company ensures that any human material obtained for research purposes has the required documentation detailing patient consent and ensuring anonymity. Internal working practices place the highest importance on respecting data confidentiality.

Occupational safety and environmental management

Health and safety of the people working at Evotec are of crucial importance for the Company. With a view to this commitment, Evotec initiated and continued several activities in 2015.

The Company supports its employees to be and stay healthy, fit and motivated in all phases of life. All sites perform frequent trainings on relevant health and safety topics for staff members as well as for contractors. Evotec is committed to compliance with global and local standards for safety, health and environment. The Company follows strict regulations to ensure that chemicals and their use are controlled and monitored in a way as to minimise the risk to health and safety along with the environmental impact. Evaluation of procedures and auditing of key processes provide a robust basis for continuous improvement. These include inter alia normal operations, change management procedures, waste management as well as the use of dangerous goods.

Furthermore, considering and addressing the environmental impact of Group operations is seen as a vital aspect of the Group's global responsibilities and is also part of the Group's continuous objective to manage and control costs. Reducing energy consumption and waste production as well as increasing recycling rates positively impact both Evotec's global cost base and global sustainability.

In 2015, no material compliance deviations were detected during the course of authority inspections or regulatory audits at the Company's sites. As in previous years, the rate of work-related injuries was remarkably low at all sites, demonstrating the high level of strict compliance with occupational health and safety regulations.

Social responsibility

Evotec takes its social responsibility very seriously and encourages employees to support charities and worthwhile causes throughout the year. During 2015, the UK sites chose 'Helen and Douglas House', an Oxford based hospice that cares for terminally ill children and young children, as its corporate charity of the year. Employees also held events during the year to raise awareness and money for Mind, the mental health charity and Macmillan Cancer Support. On a corporate level, Evotec made donations to the CHDI Foundation, a research organisation devoted to develop drugs that will slow the progression of Huntington's disease and provide meaningful clinical benefit to patients as quickly as possible.

As a company, Evotec continues to support young students interested in a career in the pharmaceutical industry through its work experience, placement and summer school programmes. In the year under review, the Company has extended its engagement for disadvantaged school children by offering them an insight into working within a drug discovery company and hosting several school visits to the site. Furthermore, Evotec continued its support of MSc and PhD programmes at academic institutions and started an in-house PhD programme in conjunction with the University of Bath for talented medicinal chemists.

Post-balance sheet events

In February 2016, Evotec was informed by Janssen Pharmaceuticals, Inc. that Janssen intends to terminae the licence agreement regarding the NMDA antagonist with effect from August 2016. Evotec will regain the licence rights and is currently assessing any potential business opportunities and effects on its assets, liabilities and stockholders' equity, financing and financial position and results of operations.

Risk and opportunities management

RISK AND OPPORTUNITIES MANAGEMENT PRINCIPLES

Evotec is regularly confronted with risks and opportunities which have the potential to negatively or positively impact the financial position and profit and loss of the Group. Within the Group, risks are defined as potential developments or occurrences that may lead to a negative deviation from the guidance or goals. Evotec defines opportunities as potential developments or occurrences that may lead to an upside to the guidance or goals.

Evotec's risk management system comprises all the controls that ensure a structured management of opportunities and risks throughout the Evotec Group. Evotec considers risk and opportunities management as the ongoing task of determining, analysing and evaluating actual and potential developments in the Company and the Company's environment. The close coordination between the Company's strategic, commercial and operating functions allows Evotec to recognise risks and opportunities worldwide at an early stage. Where possible, Evotec's Management Board responds to these risks and opportunities by implementing corrective or supportive measures.

RISK AND OPPORTUNITIES MANAGEMENT SYSTEM

Evotec's risk and opportunities management process is a centrally managed, Group-wide activity, which utilises critical day-to-day insight from both global and local business units and functions.

The Management Board is supported by the Group Risk Manager who is in charge of the risk and opportunities management process on behalf of the Management Board. The Supervisory Board is responsible for monitoring the effectiveness of the Group's risk management system. These duties are undertaken by the Supervisory Board's Audit Committee.

According to the Company's *risk management policy*, Evotec engages in businesses and incurs risks only when the business activities are in line with its strategy, when they have a risk profile consistent with industry norms, when there is a corresponding opportunity for an increase in value and when the risks can be managed using established methods and measures within Evotec's organisation. The management engages in monthly financial reviews with a strong emphasis on key financial performance drivers such as revenues, order book status and gross margins as well as careful cost analysis and cash and cash forecasts. Currency exposures are reduced through natural hedges and, where appropriate, hedging instruments. It is Company policy not to speculate on foreign exchange movements, but to manage the risks arising from underlying business activities, for example to secure foreign exchange certainty against the value of signed customer contracts. Financial investments are only made in products that have an investment grade rating. The Management Board is directly involved in all key decisions concerning financial assets and manages all business activities and transactions considered to be material for the Company.

To cover other risks associated with the Company's business, including those that would not have a short-term financial impact, Evotec performs regular commercial project portfolio reviews. Strict application of project and investment approval processes, legal contract reviews and signing authorities are also standardised procedures. In addition, the Company emphasises its information technology security throughout the Group and regularly reviews its insurance cover. Compliance with the regulatory environment, for example environment, health and safety, has a high priority at all Group sites and appropriate training programmes are in place. The Company also takes its Corporate Governance responsibilities very seriously. A declaration according to section 161 of the German Stock Corporation Act (AktG) has been made by the Management Board and the Supervisory Board of the Company. This declaration regarding the Company's compliance with the German Corporate Governance Code is accessible to the shareholders in the Investor Relations section on Evotec's website.

Evotec's *risk and opportunities management system* is regularly reviewed by the Group's Compliance Officer, the Management Board and the Supervisory Board's Audit Committee in order to quickly adjust it to changing environments, risk profiles and business opportunities.

The risk management system comprises the following elements:

(i) An **early detection system** to identify risks as soon as possible, to precisely describe them, quantify them and estimate their probability of occurrence and to report them immediately to the management to enable the management to deal with them in a timely manner. The Risk Owners have primary responsibility for the identification of risks and opportunities. Through *Prompt notifications* and *Quarterly risk reports* any risks that are either outside the normal course of business or might have a material impact on the Company's financial performance are raised and reported to the Group Risk Manager together with a summary and assessment of the specific risk and the countermeasures to be taken by the Risk Owners. The Group Risk Manager, together with the Chief Financial Officer, evaluates and summarises these risk reports in a report for the Management Board. This report also includes a cash stress test to examine whether Evotec could bear the cash effect of all captured risks should they fully materialise simultaneously. To date, Evotec has always passed this cash stress test.

In addition, any triggering information for an ad hoc notification required pursuant to the German Securities Trading Act (WpHG) would be reported directly to the Management Board immediately after the detection of such an event. An ad hoc committee convenes once a week to ensure that all relevant circumstances are evaluated properly with regard to ad hoc-related stipulations.

(ii) A **risk prevention system** to monitor the risks incurred and/or the development of measures and systems to prevent potential risks from occurring. This means that all internal reports are formally included in the Company's risk management system and are provided to the responsible managers regularly. This procedure increases general alertness to risk and risk management and also emphasises the principle of risk prevention across the Group.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Section 91 paragraph 2 of the German Stock Corporation Act (AktG) in conjunction with section 289 paragraph 5 of the German Commercial Code (HGB) requires the Management Board to take responsibility for adhering to and reporting on an internal control system for reliable financial reporting. The internal control system is part of the risk management system and primarily ensures the preparation of financial statements according to regulatory and legal requirements. It is continually developed and is an integral part of the accounting and financial reporting process in all relevant legal entities and central functions. The internal control system comprises all the principles, processes and measures (such as preventive and detective controls) that are applied to secure effective, economical and proper accounting and compliance with the pertinent legal provisions. Evotec complies fully with the requirements of the German Commercial Code.

According to the German Commercial Code, Evotec's Management Board is required to assess the effectiveness of internal controls over financial reporting annually. In order to ensure the utmost effectiveness of the control environment, Evotec has decided to maintain almost all of the key controls from the processes defined to comply with the Sarbanes-Oxley Act, despite the formal deregistration of the Company from the US Securities and Exchange Commission ("SEC") in March 2011. These controls are checked on an ongoing basis and are subject to testing by an independent third party expert annually. These assessments identified no material weaknesses in 2015 and all detected deficiencies were addressed and either remediated immediately or remediation was initiated. The effectiveness of Evotec's internal controls over the processes relating to the preparation of the consolidated financial statements is also audited during the year-end audit by its independent registered public accounting firm. The Supervisory Board's Audit Committee is informed regularly and reviews and discusses the auditing activities.

Evotec maintains an adequate internal control system both to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with applicable International Financial Reporting Standards and to avoid risks from fraud. The Company's control system is based upon:

- Various automated and manual preventive and detective controls
- A clear segregation of financial-related duties and
- Strict adherence to Evotec's policies

Among other things, Evotec regularly checks whether:

- Issues relevant for financial reporting and disclosure from agreements entered into are recognised and appropriately presented
- Processes exist for the segregation of duties and for the "four-eyes principle" in the context of preparing financial statements
- Risks related to relevant information technology ("IT") accounting systems are mitigated by a well-defined set of IT controls, such as restricted authorisation and defined rules for access, change and system recovery

The management has determined that Evotec's internal controls over financial reporting, based on the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), are effective in both their design and operation.

Evotec routinely engages external specialists in order to minimise the risk related to specific issues, for example to value share-based compensation or to derive deferred taxes.

Specific risks related to Group accounting may arise, for example, from the conclusion of unusual or complex business transactions. In addition, business transactions not processed by means of routine operations but necessarily granted to employees for the recognition and measurement of assets and liabilities may also generate Group accounting-related risks.

However, the internal control measures aimed at securing proper and reliable Group accounting ensure that business transactions are fully recorded in a timely manner in accordance with the legal provisions. The control operations also ensure that accounting records provide reliable and comprehensible information.

Evotec is confident that the systems and processes which have been implemented significantly reduce the risk of negative impacts on the financial reporting and enable specific company-related issues to be appropriately recognised in the consolidated financial statements. However, due to the very nature of business activity, discretionary decision-making, faulty checks, criminal acts or specific circumstances that might restrict the efficacy of internal controls, the Group-wide application of the risk management systems cannot completely guarantee the accurate, complete and timely recording of facts in Group accounting.

RISKS

Evotec is exposed to a range of risks entirely consistent with its business undertaking. The business, financial condition and results of Evotec may be materially adversely affected by each of these risks.

Evotec has summarised the most important of these risks in the following categories: business environment and industry risks, performance-related risks, commercial risks, strategic risks, financial risks, IP risks, legal risks, human resources ("HR") risks and IT risks.

Unless stated otherwise, the risks mentioned below are unchanged in comparison to 2014.

MANAGEMENT BOARD'S ASSESSMENT OF THE RISK SITUATION

The Management Board provides an overview of the probability of occurrence and the potential financial impact of the key individual risks in the tables below. The risks are evaluated according to their probability of occurrence and potential financial impact. This assessment of overall risk is based on the risk management system used by Evotec as outlined above. The Management Board will continue to monitor the effectiveness of Evotec's risk management in order to be able to identify, investigate and assess potential risks even more quickly and implement appropriate countermeasures.

PROBABILITY OF OCCURRENCE

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

POTENTIAL FINANCIAL IMPACT

Risk Class	Risk exposure
Low	< € 2 m
Medium	€ 2 – 5 m
High	> € 5 m

CORPORATE RISKS OVERVIEW

	Probability of occurrence	Potential financial impact	Comparison to prior year
Business environment and industry risks			
a. Risk inherent to drug discovery alliances			
Pricing pressure	**medium**	**medium**	**unchanged**
b. Risk inherent to proprietary drug discovery and development			
Risk of failure	**high**	**medium/high**	**unchanged**
Risk of extensive regulation	**medium**	**low**	**unchanged**
Product liability claims	**low**	**high**	**unchanged**
Performance-related risks			
Fluctuating capacity and resource allocation	**medium**	**medium**	**unchanged**
Dependence on individual larger customer	**medium**	**high**	**unchanged**
Scientific or technical delivery risks	**medium**	**medium**	**unchanged**
Maintenance of customer recognition and branding	**low**	**medium**	**unchanged**
Commercial risks			
Changing market environment	**low**	**medium**	**unchanged**
Dependence on individual out-licensing events	**medium**	**medium**	**unchanged**
Outperformance by competitors	**low**	**medium**	**unchanged**
Strategic risks			
Implementation and achievement of strategic goals	**medium**	**high**	**unchanged**
Risk from M&A	**low/medium**	**medium/high**	**unchanged**
Financial risks			
Liquidity risks	**low/medium**	**medium/high**	**unchanged**
Default risks	**low**	**medium/high**	**unchanged**
Currency risks	**medium**	**medium**	**unchanged**
IP risks			
Dependence on technology patents and proprietary technology	**low/medium**	**medium/high**	**unchanged**
Dependence on licences granted for partnered assets	**low**	**medium/high**	**unchanged**
Legal risks	**low**	**low**	**unchanged**
HR risks			
Dependence on key personnel	**low**	**medium**	**unchanged**
IT risks			
Loss of data	**low**	**medium/high**	**unchanged**
Data integrity and protection	**low**	**medium**	**unchanged**
Other risks			
Environmental risks	**low**	**low**	**unchanged**
Compliance risks	**low**	**low**	**unchanged**
Risks involving production	**low**	**low**	**unchanged**
Risks involving procurement	**low**	**low**	**unchanged**
Industrial action/labour dispute	**low**	**low**	**new risk**

Based on the general principles for estimating risk factors described above, the Management Board believes that, although the risks in any drug discovery and development business are significant, the Company has great opportunities to create long-term value that outweigh the foreseeable risks. At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec AG and the Evotec Group. Furthermore, no material changes to risks were identified compared to 2014.

BUSINESS ENVIRONMENT AND INDUSTRY RISKS

Risks inherent to drug discovery alliances

Evotec's discovery alliance platform is well established within the industry and has generated a growing revenue stream over the past years. A satisfied customer base, increased efficiency and superior service quality allow Evotec to generate value through its leveraged research platform and positive gross margin contributions. However, the market environment is marked by pricing pressures originating from some biotechnology customers' funding restrictions, the restructuring activities of major pharmaceutical companies and from evolving and strengthening competition in individual drug discovery disciplines in low-cost countries. Therefore, judicious cost management, continuous enhancement of capabilities and technologies, careful market positioning and sales from high-value results-based contracts are critical for Evotec's success.

Risks inherent to proprietary drug discovery and development

Evotec has a clear strategic focus on drug discovery alliances and engages in limited proprietary discovery activities only in order to kick-start such alliances. Later-stage clinical development projects are currently only undertaken if a partner is funding the development costs.

Although Evotec's proprietary investments are limited, drug discovery and development always carries inherent risk. Today, the Company has no commercial drug products and there is no assurance that Evotec or its strategic partners will successfully develop and commercialise potential drugs. Significant returns are only expected to materialise when successful research leads to upfront and milestone payments and when potential royalties from future drug sales are received. However, if the development of an in-licensed or acquired project or drug candidate does not proceed as expected, an impairment of the intangible asset may be required.

The associated risks are those inherent to the biotechnology and drug development industry in general:

- Evotec acts carefully and responsibly to prove that clinical product candidates are safe and effective for human use and approvable by regulatory agencies. Drug discovery and development, however, is expensive, time-consuming and subject to a *high degree of failure*. At each stage, there is an inherent risk that developments are delayed or even need to be aborted due to unpredictable results. The rate of failure is higher the earlier the stage of a programme. However, the cost of failure tends to be higher the later the stage of development. Furthermore, pre-clinical studies and early clinical trials involving limited numbers of patients may not accurately predict the results obtained in later-stage clinical testing. Even if Evotec identifies promising compounds to valuable targets or in-licenses or otherwise acquires promising projects or drug candidates, any resulting internal R&D project could experience delays or even fail and it could take several years before the Company could sell or license any drug candidates, if at all. In 2015, Evotec was updated by its partner Roche that in the Phase IIb trial, Sembragiline (RG1577, EVT302), a MAO-B inhibitor for the treatment of AD, failed to demonstrate benefit on the primary endpoint.

- Research and development activities as well as the approval and marketing of a pharmaceutical product are subject to extensive *regulation* by the USA FDA, the EMA and similar regulatory agencies. The approval of the relevant authorities is required before a product can be tested in humans and later sold in a given market. The regulatory approval process is intensive and time-consuming and the timing of receipt of regulatory approval is difficult to predict. Therefore, even if the further development of Evotec's drug candidates is successful, regulatory approval might not be received, might be restricted to certain geographical regions or indications or might later be withdrawn or significantly delayed. This could significantly impact the receipt of product revenues, if any. Evotec seeks early discussions with the regulatory bodies at all stages of development to ensure that research and development activities are in conformity with legal and ethical requirements.

- The use of any of Evotec's product candidates in clinical trials may expose Evotec to *product liability claims* in excess of Evotec's limited insurance coverage, although such exposure is diligently assessed for each trial. As of today, Evotec is not aware of any pending threats of product liability claims.

— PERFORMANCE-RELATED RISKS —

Alongside the Company's drug discovery alliances, certain performance-related risks need to be managed:

- Even with a stable revenue stream, *fluctuating capacity utilisation and requirements as well as resource allocation* between different parts of the business can significantly impact profitability and therefore need to be managed carefully. In addition, *dependence on individual large customer contracts* needs to be closely monitored. In 2015, Evotec's largest customer accounted for 30% of total revenues (see the "Top 10 collaborations" table on page 29 of this Management Report).

- Some of the service contracts contain *scientific or technical delivery risks*, which can be only partly mitigated with high-quality project work. It is an explicit goal of Evotec to grow the business to the scale required in order to further reduce such risks.

- Evotec's past success was built in part on *customer recognition and branding*. It is therefore of utmost importance to maintain this good reputation and avoid any negative impact on its branding which could lead to a loss of customers due to bad reputation. Evotec has protected its trade name in all countries with business operations and has increased its market awareness to strengthen and protect its global market position.

— COMMERCIAL RISKS —

Commercial risks include the following:

▸ The Company continues to be engaged in a selected number of active drug discovery and early development programmes that it intends to license to pharmaceutical companies for clinical development and commercialisation.

The *market environment* and competitive landscape for licensing and licensed projects or individual drug candidates, in general or for individual treatments, however, might change while engaging in individual projects. The actual timing and commercial values of, or the financial proceeds from, partnering individual projects could therefore deviate significantly from earlier projections.

▸ Evotec's ongoing efforts to serve as an innovative source of drug candidates to the pharmaceutical industry make it *dependent on individual larger out-licensing or partnering events* and hence on individual, typically larger, customers. The total amount of payments and the split of these payments obtained in a future out-licensing agreement are unknown and depend on many factors, such as the degree of innovation and the IP position as well as on external factors outside the Company's control. In addition, the reliance on corporate partners is subject to additional risks. For example, Evotec's collaboration partner may not devote sufficient time and resources to the development, introduction and marketing of Evotec's products or may not pursue further development and commercialisation of the products resulting from the collaboration. To control this risk to the extent possible, detailed project reporting is established within Evotec and stipulated in any collaboration agreement.

▸ Even if drug products are approved and commercialised by Evotec or its licence partner, hospitals, physicians or patients may conclude that Evotec's products are less safe, less effective or otherwise less attractive than existing drugs. In addition, Evotec's *competitors* may achieve product commercialisation or patent protection earlier than Evotec and/or develop new products that could be more effective or less costly, or seem more cost-effective, than Evotec's products.

Evotec's business, however, is sustainable even in the absence of any product commercialisation.

— STRATEGIC RISKS —

Implementation and achievement of strategic goals

The implementation of a company strategy bears the risk of misjudgements concerning future developments. Investments might be made in the wrong products, wrong partnerships, inappropriate technologies or sub-optimal acquisitions. In addition, commercialisation strategies might be unsuccessful or a lack of market acceptance for newly discovered products could impact Evotec's market position, which could lead to significant negative impact on business objectives and financial goals.

Mid-range planning

Evotec continued to focus its internal R&D activities on its most valuable and promising assets. At present, the Company continues to build an extensive pipeline, by concentrating its efforts on bringing proprietary products from its existing portfolio and from collaborations with scientific institutions to important value inflection points ready for partnering.

Risks from M&A

Evotec's market position is well established and the Company is acknowledged by its customers for its first-class services. However, the Company is pursuing ambitious growth targets both organically and also via acquisitions of complementary service capacities and capabilities. However, such merger and acquisition activities contain specific risks that need to be managed.

Transactions inevitably present challenges to Evotec's management, including the integration of operations and personnel. In addition, mergers and acquisitions may present specific risks, including unanticipated liabilities, unexpected costs, management attention being diverted, the loss of personnel and invalidation of technologies and science.

Intangible assets and goodwill, resulting from past acquisitions, account for a significant portion of Evotec's assets. If management's expectations regarding the future potential of these acquisitions cannot be realised, there is an impairment risk for these assets.

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FINANCIAL RISKS AND RISK MANAGEMENT IN RELATION TO FINANCIAL INSTRUMENTS (IFRS 7)
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Evotec's financial risk management addresses liquidity, default and currency risks.

Liquidity risks

▸ Revenue fluctuations and expenditures on internal discovery and early development programmes might negatively impact Evotec's short- to mid-term profitability and cash reserves. To actively address any related risk, Evotec's management has defined minimum *liquidity levels* and regularly undertakes scenario planning in order to safeguard its cash position. Evotec believes that existing liquidity reserves are sufficient to cope with the cumulative impact of all identified risks. Evotec is currently well-financed and has no plans or necessity to raise capital in the near- to mid-term future. However, the possibility of further *increasing capital* is reviewed on an ongoing basis. Such additional financing might be required if new opportunities arise in terms of M&A or in-licensing. The Company does not intend to engage in projects unless adequate funding is allocated or secured.

▸ Evotec has not had any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as *structured finance or special-purpose entities*, established for the purpose of facilitating off-balance-sheet arrangements or other contractually narrow or limited purposes. Therefore, Evotec is not materially exposed to any financing, liquidity, market or credit risk that could arise if it had been engaged in these relationships.

Default risks

▸ As a service provider, Evotec always faces the risk of bad debt losses. However, Evotec's customers are generally financially stable pharmaceutical companies, foundations and larger biotech companies. There has been no history of significant *doubtful receivables* except for one and this is not expected to change.

▸ The general risk of losing a significant amount of cash in cash investments is continuously mitigated by spreading the investments across several different banks in high-quality credit instruments in full compliance with the Company's approved *investment policy*. Evotec monitors its banks and investments on an ongoing basis. The selected instruments are used exclusively to secure the underlying transactions, but not for trading or speculation.

Currency risks

▸ Evotec's business and reported profitability are affected by *fluctuations in foreign exchange rates* between the US dollar and Pound Sterling and the Euro. The Company manages this exposure via natural hedges and selective hedging instruments. The hedging instruments used do not expose the Company to any material additional risk. Hedging transactions are entered directly in relation to existing underlying transactions and/or future reliably anticipated transactions. The purpose of this strategy is to manage the Company's current and upcoming currency requirements and is intended to reduce the exchange rate risks of future financial periods.

▸ Currency exchange movements also impact Evotec's reported liquidity primarily through the translation of liquid assets held in US dollars or Pound Sterling into Euros.

— INTELLECTUAL PROPERTY RISKS —

The risks associated with intellectual property include the following:

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

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

— LEGAL RISKS —

In 2015, Evotec has not encountered any legal risks that are considered to be significant.

— HR RISKS —

▸ Evotec, like many biotechnology companies, is highly dependent on the key members of its management and scientific staff. The loss of any of Evotec's key employees or key consultants could impede the achievement of Evotec's business objectives. However, Evotec has set up its organisation such that the Company's knowledge is shared amongst key employees. Furthermore, recruiting and retaining qualified scientific personnel to perform research and development work in the future is critical to Evotec's success. If Evotec is unable to attract and retain personnel on acceptable terms despite its strong corporate culture and industry leadership position, this may delay Evotec's development efforts or otherwise harm its business.

In the recent past, Evotec has not encountered difficulties in attracting and retaining qualified employees despite strong growth in recent years and no change in this area is currently foreseen.

— IT RISKS —

▸ Evotec's business processes and the communications are increasingly dependent on information technology systems. Major disruptions or failure of global or regional business systems may result in *loss of data and/or impairment of business processes.*

Evotec uses continually updated and newly developed hardware and software to prevent potential security risks in the area of IT. Business data is backed up regularly. Technical precautions such as data recovery and continuity plans have been established to address this risk.

▸ To minimise organisational risks such as manipulation of and unauthorised access to sensitive data, access is protected by passwords that must be changed regularly. In addition, the Company uses encryption methods for its portable IT hardware. Guidelines relating to *data protection,* which also regulate the assignment of access rights, are required to be observed. Evotec regularly assesses its IT security and discusses this regularly with the Management. Where weaknesses are identified, remediation measures are initiated immediately.

— OTHER RISKS —

The new risk concerning Industrial action/labour dispute includes industrial actions which are more common for the biotech industry in France than in Germany. Nevertheless, it is considered to be low based on the progress of the integration and the constructive discussions with the employee's representatives.

Other risks, such as environmental risks, compliance risks and risks involving production and procurement, are not considered to be significant and remained stable in relation to the previous year.

Evotec does not foresee any material warranty or future liability claims.

OPPORTUNITIES

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

— BUSINESS ENVIRONMENT AND INDUSTRY OPPORTUNITIES —

The pharmaceutical industry is in a state of restructuring and transition due to the well-documented patent cliff that many Pharma companies are currently experiencing. This has led to new strategies being developed and to an increase in the appetite to source innovation in a capital efficient manner. In addition, ageing populations in developed countries continue to demand better drugs that are clearly differentiated from existing treatments. As a result of these developments, Pharma companies are increasingly turning to outsourcing of their research and development activities. Such outsourcing enables Pharma companies to convert fixed costs into variable costs and allows them access expertise in selected areas and avoids the need to build internal capabilities and infrastructure. Evotec is acutely aware of this trend and consequently developed a business model to secure business and create commercial opportunities from this situation.

Evotec's drug discovery platform is well-established within the industry and has generated a growing revenue stream over the past years. This has resulted in an established and satisfied customer base that Evotec can use as an opportunity to generate additional business.

— STRATEGIC OPPORTUNITIES —

One major pillar of Evotec's strategic plan is the creation of an extensive, long-term pharmaceutical pipeline without taking the financial risk of clinical exposure. Evotec has out-licensed a number of clinical assets for development in partnerships with pharmaceutical companies. These development programmes do not carry any financial risks for Evotec, but only significant upside potential in case of clinical and commercial success. In addition to these late-stage assets, Evotec continues to build this pipeline through partnering its proprietary products from its existing portfolio and from collaborations with scientific institutions. These efforts are called Cure *X* and Target *X* initiatives. To date, the Company has already initiated more than ten such initiatives. A number of Pharma alliances were generated based on these programmes.

The Company's liquidity position enables Evotec to further expand its business, organically as well as inorganically by means of acquisition of companies that have unique technologies or capabilities which complement the Company's drug discovery offering. This could have a positive impact on the Company's business, results of operations and financial position.

— PERFORMANCE-RELATED OPPORTUNITIES —

Evotec is a high-quality provider of drug discovery services and has an excellent reputation in the market. This is invaluable in securing new business opportunities. Furthermore, Evotec is committed to continually upgrading and expanding its technological capabilities in order to be able to offer superior service and quality and thereby generate new business possibilities in the future. This was demonstrated in 2015, when Evotec acquired a state-of-the-art scientific and technological drug discovery site in Toulouse (France) from Sanofi.

— COMMERCIAL OPPORTUNITIES —

The total number, growth and size of alliances, the percentage of repeat business, average contract duration, new customer acquisition and the status of the Company's sales and order book are key indicators of Evotec's business. These key indicators have improved significantly during the last five years. During its more than 20-year history, Evotec has continued to deliver excellent results in its collaborations and has expanded its customer base and its global network of partnerships. The Company is now working with more than 150 Pharma and biotech companies on a global basis. The excellent track record and the Company's extensive network is an excellent basis for creating additional business opportunities that would have an impact on the performance and results of the Company.

Furthermore, the Company operates from a sound liquidity position. This financial stability enables Evotec to strengthen its technology platforms and to expand its drug discovery capacities. In addition, Evotec can invest in early-stage assets via Cure *X* and Target *X* initiatives to generate potential starting points for higher value partnerships.

As Evotec's financial planning does not assume any product commercialisation and subsequent commercial milestone and royalties payments, any successful product commercialisation would provide a significant upside to Evotec's business planning.

— HR OPPORTUNITIES —

Since the biotechnology and pharmaceutical industry is very people dependent, employees are a critical asset for companies in this industry. As stated in the "Employees" chapter on page 52 of this Management Report, approximately 50% of Evotec's employees have worked for the Company for more than five years. The Company believes that its success in alliances and partnerships is attributable to its key personnel to a large extent. Thus, retaining employees who have outstanding expertise and skills in the long term could have a positive impact on the Company's business, results of operations and financial position.

Furthermore, employees with new ideas, expertise in further key indication areas and knowledge of innovative technologies are essential in developing new branches or initiatives such as the Cure *X* and Target *X* initiatives the Company is pursuing, since they result in new business opportunities for the Company. Thus, Evotec sees itself well positioned to attract key personnel which provide the opportunity of outperformance due to enhanced knowledge accumulation and innovation.

Outlook

Information set forth in this section contains forward-looking statements. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond Evotec's control and could cause actual results to differ materially from those contemplated in these forward-looking statements.

EXPECTED GENERAL MARKET AND HEALTHCARE DEVELOPMENT

— ECONOMIC DEVELOPMENT —

According to the World Bank, global growth is projected to increase in the coming years, but at a slower pace than envisioned in June 2015, reaching 2.9% in 2016 and 3.1% in 2017-18. Economic growth in the USA is expected to amount to 2.7% in 2016, up from 2.5% in 2015. The forecast for Eurozone growth in 2016 is projected to rise at 1.7%. This would mark a modest acceleration from 1.5% in 2015. The main reason for the downgrade of the global growth is the weak performance of major emerging market economies, which could have substantial spill-overs to other developing economies and eventually hold back the recovery in advanced economies. However, Evotec is confident that these factors will not have a major impact on the Company's expected corporate development or performance.

— THE MARKET FOR DRUG DISCOVERY ALLIANCES —

The global drug discovery market is expected to experience continued growth. According to Visiongain (2015), the global drug discovery market including later-stage *in vivo* work is expected to reach $ 27.1 bn in 2019. Also, according to Visiongain, by 2025 total global revenues generated by drug discovery outsourcing could even reach $ 41.2 bn. The growth in outsourcing will be stimulated by Pharma and biotech companies focusing on more efficient drug discovery solutions and switching to a variable cost model. This will result in core capabilities and capacities being increasingly outsourced at a lower cost. Most importantly, expertise in required areas will be accessed externally, avoiding the need to build additional infrastructure and capabilities internally. This demand for innovation efficiency will be met increasingly by companies such as Evotec.

As a result of the overall outsourcing trend in the pharmaceutical industry, big alliance partners are favoured regarding larger strategic research contracts due to their lower perceived commercial risk. This presents a challenge for the highly fragmented drug discovery outsourcing industry. However, Evotec is ideally positioned to take full advantage of these market developments. The Company is one of the few drug discovery businesses that can execute a comprehensive outsourcing strategy, because it has the critical mass and highly experienced drug discovery expertise to undertake integrated drug discovery projects. In addition, the Company has an outstanding track record in the industry and is financially stable.

— TRENDS IN RESEARCH AND DEVELOPMENT —

In recent years, there has been a significant increase in the number and proportion of innovations originating from smaller companies in the pharmaceutical and biotechnology industry. The year 2015 was another strong year for the industry in terms of the level of FDA approvals and the number of significant Pharma licensing transactions, particularly in the immuno-oncology field. It is expected that 2016 will be another strong year for the industry with a high number of deals being concluded.

BUSINESS DIRECTION AND STRATEGY

Evotec's strategy is to continuously increase the value of the Company by expanding its leadership position in high-quality drug discovery solutions as well as building an ever growing project portfolio of innovative first- and best-in-class assets.

Evotec manages its drug discovery activities under the business segments EVT Execute and EVT Innovate. EVT Execute represents all partnerships in which the partner brings the underlying intellectual property to the collaboration. EVT Innovate comprises all partnerships derived from Evotec's internally developed intellectual property. Further information on Evotec's two business segments can be found in the "Corporate objectives and strategy" chapter on page 27 of this Management Report.

Specific objectives for the segments EVT Execute and EVT Innovate for 2016 were defined at the end of 2015.

EVT EXECUTE	*EVT INNOVATE*
▸ New long-term deals with large and mid-sized Pharma, foundations and biotech ▸ New integrated technology/disease alliance ▸ Milestones from existing alliances	▸ Strong progress of pipeline within partnerships ▸ Expansion of network of top-class academic alliances ▸ Partnering of Cure *X*/Target *X* initiatives

A condensed income statement for 2015 based on both segments is shown in the chapter “Results of operations” on page 45 of this Management report.

EXPECTED RESEARCH AND DEVELOPMENT, NEW PRODUCTS, SERVICES AND TECHNOLOGIES

All of Evotec’s new products, services or technologies are based on internal R&D activities, technology agreements with other companies and the acquisition of assets. Evotec is continually upgrading its capabilities to maintain the best infrastructure and skills to meet its partners’ needs in drug discovery. This trend is expected to continue in 2016 and beyond.

In terms of in-house research, the Company will continue to invest in a selected number of highly innovative approaches to address key medical areas. The cornerstones of this are the Company’s Cure *X* and Target *X* initiatives, whereby Evotec accesses and accelerates early academic or research initiatives in innovative areas of disease biology and develops and positions such assets for commercial partnering. In 2016, Evotec sees a significant opportunity to accelerate selected projects, e.g. in its oncology and metabolic disease franchises as well as in its iPS cell initiative.

Evotec will maintain its strategy of only participating in clinical development programmes in partnerships with pharmaceutical partners who fund all the development costs.

FINANCIAL OUTLOOK FOR 2016

As stated in the “Performance measurement” chapter on page 28 of this Management Report, revenues, adjusted EBITDA and liquidity are key performance indicators of the Evotec Group.

— EXPECTED OPERATING RESULTS —

Evotec pursues a business model in which revenues and operating profitability are highly dependent on the achievement and timing of milestones.

In 2016, total *Group revenues excluding milestones, upfronts and licences* are expected to increase more than 15%. This assumption is based on the current order book, expected new contracts and contract extensions and constant 2015 exchange rates.

Evotec expects *research and development (R&D) expenses* in 2016 to be approximately € 20 m in total. The funding will be used to optimally support the competitive positioning of Evotec’s assets. The Company will focus on key programmes and targets to invest in, especially in innovation in the fields of oncology and metabolic disease franchises as well as in its iPS cell initiatives.

Evotec’s *adjusted Group EBITDA* (before changes in contingent considerations) is expected to be positive and significantly improved compared to 2015.

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.

— EXPECTED FINANCING AND FINANCIAL POSITION —

In 2016, 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.

In 2016, top-line growth is expected to generate a positive operating cash flow. *Liquidity* at 31 December 2016 is expected to be at a similar level to the prior year. This forecast excludes any potential cash outflow for 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 separately.

DIVIDENDS

Payment of dividends is dependent upon Evotec’s financial situation and liquidity requirements, the general market conditions and statutory, tax and regulatory requirements. Evotec currently intends to retain any potential future profits and reinvest them in the Company. Nevertheless, given the very solid growth path, dividend payments will be carefully considered in the mid-term.

OPPORTUNITIES

The most important opportunities for the Company are summarised in the “Opportunities” section of the “Risk and opportunities management” chapter on page 63 of this Management Report.

GENERAL STATEMENT OF EXPECTED DEVELOPMENT BY THE MANAGEMENT BOARD

Evotec continues to strengthen and expand its business as the leading global provider in the provision of drug discovery solutions. Evotec is therefore well-positioned to deliver value to the pharmaceutical and biotechnology industry, addressing the industry’s growing demand for innovation.

The Management Board believes that Evotec will benefit from the outsourcing trend in the pharmaceutical industry and partner with an increasing number of customers. On this basis, the Management Board expects Evotec to show strong revenue growth and a significantly improved positive adjusted EBITDA in 2016. The Company’s strong cash position will provide a firm foundation to consider potential M&A opportunities that might further strengthen the business and increase shareholder value.

Information pursuant to section 289 paragraph 4 and section 315 paragraph 4 of the German Commercial Code and explanatory report

Evotec's management focuses on value creation. For that reason, any change-of-control or takeover offer that would realise some of the Company's embedded value for the benefit of current shareholders would be carefully analysed with regard to the synergies proposed and the future value creation claimed. A change in 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 in Evotec or if as a result of a merger or reverse merger, the shareholders of Evotec from the effective date of such transaction cease to own more than 30% of the outstanding voting shares in the merged entity. Evotec has no specific takeover defence measures in place.

COMPOSITION OF CAPITAL STOCK, VOTING RIGHTS AND AUTHORISATION TO ISSUE SHARES

As of 31 December 2015, the share capital of Evotec AG amounted to € 132,584,082.00 and was divided into 132,584,082 non-par value shares. All shares are bearer shares and have equal voting rights. The Company's management is not aware of any restriction on the voting rights or the right to transfer. No binding lock-up agreements have been made by the Company with any shareholder, and neither stock loans nor pre-emptive stock purchase rights are known to the Company. The Company does not the control voting rights of any shares owned by employees. In a simultaneous transaction to a capital increase in 2013, the subscriber of the new shares the Biotechnology Value Fund, L.P. ("BVF") also purchased an option from TVM Capital to acquire up to 11,818,612 additional Evotec shares from the Company's two major shareholders, TVM Capital and ROI Verwaltungsgesellschaft mbH. As of 31 December 2015, the Company is not aware that this option has been exercised. The option expires in February 2016.

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

The shareholders have provided the Management Board with the following authorisation to issue new shares or conversion rights:

Authorised capital: Pursuant to section 5 paragraph 4 of the Articles of Association of the Company, the Management Board, with the approval of the Supervisory Board, is authorised to increase the Company's share capital by up to € 26,292,038.00 in one or more tranches until 16 June 2019 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. With the approval of the Supervisory Board, the Management Board may, however, exclude the pre-emptive rights of its shareholders on one or several occasions under certain well-defined conditions.

Conditional capital: As of 31 December 2015, the remaining conditional capital of the Company amounted to € 35,783,912.00. Conditional capital in the amount of € 12,120,740.00 shall be used only to the extent that holders of stock options and Share Performance Awards, granted by Evotec on the basis of the shareholders' resolutions from 07 June 1999, 26 June 2000, 18 June 2001, 07 June 2005, 30 May 2007, 16 June 2011, 14 June 2012 and 09 June 2015, exercise their rights to subscribe for new shares in the Company. As of 31 December 2015, conditional capital in the total amount of € 873,206 was used for holders of stock options to exercise their rights to subscribe for new shares in the Company. Additional conditional capital in the amount of € 23,663,172.00 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 by the AGM on 14 June 2012. 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.

Evotec AG 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

On 30 October 2015, Evotec was last notified that the shareholdings of ROI Verwaltungsgesellschaft, Königsallee 20, 40212 Düsseldorf, Germany, have decreased to 9.93%. However, the total shareholding of Roland Oetker's (direct shareholdings plus shareholdings via ROI Verwaltungsgesellschaft mbH) has not decreased below 10% of the voting rights.

As outlined above, BVF purchased an option from TVM Capital to acquire up to 11,818,612 additional Evotec shares from the Company's two major shareholders, TVM Capital and ROI Verwaltungsgesellschaft mbH. Should this option be exercised in full be-fore its expiration in February 2016, BVF could possess a total shareholding in Evotec of approximately 18%. In the financial year 2015, Evotec was last notified on 23 October 2015 by BVF Partners L.P. and affiliates that their total shareholdings in Evotec amounted to 14.99%.

The Company is not aware of any other direct or indirect shareholdings exceeding 10% of its share capital.

BOARD STRUCTURE

The board structure of Evotec is explained in detail in the "Corporate Governance report" section.

AUTHORISATION OF MANAGEMENT TO REPURCHASE STOCK

The Company is authorised by resolution of the Annual General Meeting 2015 to acquire own shares with a computed proportion of the share capital totalling up to € 13,171,087.00. Together with other own shares, which are in the possession of the Company or are attributable to the Company pursuant to section 71a and as per the German Stock Corporation Act (Aktiengesetz, AktG), the own shares acquired on the basis of these authorisations may at no time exceed 10% of the Company's current share capital. Trading in own shares are not allowed under the AGM authorisation. The respective authorisation is effective until 08 June 2020. As of 31 December 2015, Evotec has not used its authorisation to acquire own shares.

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

Any amendment to the Company's Articles of Association requires a shareholder resolution. According to sections 133 and 179 of the German Stock Corporation Act (AktG) and section 15 of the Articles, 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 AGM. The appointment and dismissal of the 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 of Evotec AG has only customary rights in the case of a change of control. The contracts of the members of the Management Board contain a change-of-control clause which would allow the management to terminate their current contracts in the event of a change of control. Further information regarding the respective severance payments is reported in Note 33e to the Consolidated Financial Statements and in the "Remuneration report" section on page 68 of this Management Report.

Declaration of corporate management

More information on Company management practices can be found in the Company's "Declaration of Corporate Management" according to section 289a of the German Commercial Code (HGB) in the Investor Relations section on Evotec's website at www.evotec.com.

Remuneration report

The remuneration report describes the Company's remuneration structure and provides information about payments to the board members in accordance with the requirements of the German Corporate Governance Code (the "Code"). It is part of both the Consolidated Financial Statements and the Corporate Governance report. The variable remuneration for all employees is detailed in the "Employees" chapter on page 53 of this Management Report.

REMUNERATION OF THE MANAGEMENT BOARD

The total annual compensation of the individual members of the Management Board, which is fixed by the Supervisory Board and agreed with every individual Management Board member, is composed of fixed and variable components. It is guided by section 87 of the German Stock Corporation Act (AktG) and the Code. In line with those requirements, compensation is awarded based on an assessment of performance that is oriented towards the sustainable growth of Evotec. The criteria for determining the amount of compensation awarded include the tasks of the individual members of the Management Board, their personal performance, the economic situation, the performance and outlook of Evotec as well as the comparative level of compensation at peer companies and the compensation structure in place in other areas of the Company.

Following section 4.2.3 of the Code, the amount of compensation is capped, both overall and for individual compensation components. For any new Management Board contracts, the Supervisory Board will consider the relationship between the compensation of the Management Board and that of senior management as well as the staff overall, particularly in terms of its development over time. The Supervisory Board determines how senior managers and the relevant staff are differentiated.

The German Law on the Appropriateness of Management Board Compensation (VorstAG) of 31 July 2009 allows the AGM to approve the system of remunerating members of the Management Board (section 120 paragraph 4 AktG). The Management Board and the Supervisory Board of Evotec AG proposed such an approval at the AGM in 2012. The shareholders and shareholder representatives voted in favour of this item of the agenda with a majority of 92.22% of the votes. Following section 4.2.3 of the Code, this item was put to none of the subsequent AGMs as the remuneration system for the Management Board has not changed.

In 2015, the fixed and one-year variable remuneration of the active members of the Management Board totalled T€ 2,365, of which the variable part amounted to T€ 930.

Fixed remuneration includes base salaries paid in 12 monthly instalments at the end of each month and fringe benefits such as contributions to retirement insurance policies, premiums for accident and accidental death insurance policies as well as the benefit derived from the private use of an upper mid-range company car. In addition, to the aforementioned remuneration, business-related payments, expenditure and expenses are reimbursed.

One-year variable remuneration is determined by a bonus scheme. The respective objectives are specified every year by the Remuneration and Nomination Committee of the Supervisory Board and subsequently approved by the Supervisory Board.

The variable portion of the remuneration paid out in March 2015 was based on the achievement of certain strategic targets for the financial year 2014. The variable portion of the remuneration for the achievement of strategic targets for the financial year 2015 will be paid out in March 2016. In 2015, the bonus paid to Dr Werner Lanthaler, Colin Bond, Dr Cord Dohrmann and Dr Mario Polywka was based on the achievement of the achievement of corporate milestones and objectives. In addition, a transaction bonus was granted to each Management Board member for the successful acquisition of Evotec (France). For the financial year 2015, the bonus accrued for the Company's Management Board was solely based on the achievement of corporate milestones and objectives. As per 31 December 2015, the Company had accrued a total of T€ 754 for the variable portion of the remuneration paid to the members of the Management Board, thereof T€ 289 for Dr Werner Lanthaler, T€ 140 for Colin Bond, T€ 153 for Dr Cord Dohrmann and T€ 172 for Dr Mario Polywka.

The 2014 and 2015 corporate objectives related to targets considered important for the positive development of the Company, such as the achievement of revenue and profitability targets, the execution of significant integrated collaboration agreements for both business segments, the preparation of the Company for sustainable future growth, and for 2015 the closing and integration of the acquisition of Evotec (France) SAS in Toulouse.

In addition to their fixed and variable remuneration, the members of the Management Board received 338,382 Share Performance Awards ("SPA") in 2015 under the Company's share performance plan. These SPAs vest after four years according to the achievement of defined key performance indicators over a three-year performance measurement period. SPAs can only be exercised, if and when key performance indicators are achieved. Key performance indicators for each individual tranche of the SPAs are determined by the Supervisory Board. The key performance indicators for the grant in 2015 are "Group Revenues", "Operating Income before Impairment" and "Share Price". The fair values of all Share Performance Awards granted as of the grant date amounted to a total of T€ 910.

The following overviews present for each Management Board member:

- The benefits granted for the year under review including fringe benefits (such as car allowance, contributions made towards health insurance, a pension, accident/life insurance and accommodation costs) and including the maximum and minimum achievable compensation for variable compensation components
- The allocation of fixed compensation, short-term variable compensation and long-term variable compensation for the year under review, broken down into the relevant reference years

		I	II	III	IV												
a	Benefits granted (in T€)	Dr Werner Lanthaler				Colin Bond				Dr Cord Dohrmann				Dr Mario Polywka			
b		CEO				CFO				CSO				COO			
c																	
d		**2014**	**2015**	**2015 (min)**	**2015 (max)**	**2014**	**2015**	**2015 (min)**	**2015 (max)**	**2014**	**2015**	**2015 (min)**	**2015 (max)**	**2014**	**2015**	**2015 (min)**	**2015 (max)**
1	Fixed compensation	340	340	340	340	275	275	275	275	300	300	300	300	304	337	337	337
2	Fringe benefits	76	73	73	73	24	35	35	35	14	15	15	15	54	60	60	60
3	**Total**	**416**	**413**	**413**	**413**	**299**	**310**	**310**	**310**	**314**	**315**	**315**	**315**	**358**	**397**	**397**	**397**
4	One-year variable compensation*	119	256	-	510	48	221	-	165	61	224	-	180	57	229	-	202
5	Multi-year variable compensation	567	381	-	742	236	158	-	309	257	173	-	337	262	198	-	385
5a	Long-Term Incentive ("SPA", as described in the text above) (Plan term until 5 years after grant) (Number of SPA x fair market value)	567	381	-	742	236	158	-	309	257	173	-	337	262	198	-	385
6	**Total**	**1,102**	**1,050**	**413**	**1,665**	**583**	**689**	**310**	**784**	**632**	**712**	**315**	**832**	**677**	**824**	**397**	**984**
7	Service cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	**Total**	**1,102**	**1,050**	**413**	**1,665**	**583**	**689**	**310**	**784**	**632**	**712**	**315**	**832**	**677**	**824**	**397**	**984**

a *Name of the Management Board member*
b *Function of the Management Board member, e.g. CEO, CFO*
c *Date on which the member joined/left the Management Board, if in the financial year under consideration n (year under review) or n-1*
d *Financial year under consideration n (year under review) or n-1*
I *Benefits granted in financial year n-1*
II *Benefits granted in financial year n (year under review)*
III *Minimum value of granted compensation components that can be achieved in financial year n (year under review), e.g. Zero*
IV *Maximum value of granted compensation components that can be achieved in financial year n (year under review)*
1 *Non-performance-related components, e.g. fixed salary, fixed annual pay-off payments (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
2 *Non-performance-related components, e.g. benefits in kind and fringe benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
3 *Total of non-performance-related components (1+2) (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
4 *One-year variable compensation, e.g. bonus, short-term incentive (STI), share in profits, without deferred components*
5 *Multi-year variable compensation (total of rows 5a - ...), e.g. multi-year bonus, deferred components from one-year variable compensation, long-term incentive (LTI), subscription rights, other share-based compensation*
5a *Multi-year variable compensation, broken down into plans and stating the period of time*
6 *Total of non-performance-related components and variable components (1+2+4+5)*
7 *Service cost in accordance with IAS 19 from pension schemes and other benefits (amounts correspond to amounts in "Allocation" table); values in columns II, III and IV are identical*
8 *Total of non-performance-related components and variable components and service cost (1+2+4+5+7)*
*** *In 2015 an additional transaction bonus was granted to each Vorstand member for the successful acquisition of Evotec (France)*

a	Allocation (in T€)	Dr Werner Lanthaler		Colin Bond		Dr Cord Dohrmann		Dr Mario Polywka	
b		CEO		CFO		CSO		COO	
c									
d		**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
1	Fixed compensation	340	340	275	275	300	300	337	304
2	Fringe benefits	73	76	35	24	15	14	60	54
3	**Total**	**413**	**416**	**310**	**299**	**315**	**314**	**397**	**358**
4	One-year variable compensation*	256	119	221	48	224	61	229	57
5	Multi-year variable compensation	392	155	245	-	166	47	582	47
5a	Long Term Incentive ("SPA")	-	-	-	-	-	-	-	-
5b	Stock Option Programme 1999 (term until 2021)	-	-	-	-	-	-	13	21
5c	Stock Option Programme 2000 (term until 2015)	-	-	-	-	-	-	-	-
5d	Stock Option Programme 2001 (term until 2021)	-	-	-	-	-	-	13	26
5e	Stock Option Programme 2005 (term until 2017)	-	-	-	-	-	-	-	-
5f	Stock Option Programme 2007 (term until 2015)	-	155	-	-	-	-	-	-
5g	Stock Option Programme 2008 (term until 2017)	392	-	-	-	71	47	-	-
5h	Stock Option Programme 2011 (term until 2019)	-	-	245	-	95	-	556	-
6	Other	-	-	-	-	-	-	-	-
7	**Total**	**1,061**	**690**	**776**	**347**	**705**	**422**	**1,208**	**462**
8	Service cost	-	-	-	-	-	-	-	-
9	**Total**	**1,061**	**690**	**776**	**347**	**705**	**422**	**1,208**	**462**

a *Name of the Management Board member*
b *Function of the Management Board member, e.g. CEO, CFO*
c *Date on which the member joined/left the Management Board, if in the financial year under consideration n (year under review) or n-1*
d *Financial year under consideration n (year under review) or n-1*
1 *Non-performance-related components, e.g. fixed salary, fixed annual pay-off payments (amounts correspond to amounts in "Benefits granted" table)*
2 *Non-performance-related components, e.g. benefits in kind and fringe benefits (amounts correspond to amounts in "Benefits granted" table)*
3 *Total of non-performance-related components (1+2) (amounts correspond to amounts in "Benefits granted" table)*
4 *One-year variable compensation, e.g. bonus, short-term incentive (STI), share in profits, without deferred components*
5 *Multi-year variable compensation (total of rows 5a - …), e.g. multi-year bonus, deferral, long-term incentive (LTI)*
5a-h *Multi-year variable compensation, broken down into plans and stating the period of time*
6 *Other, e.g. clawbacks, which are entered as a negative amount with reference to previous disbursements*
7 *Total of non-performance-related components and variable components (1+2+4+5+6)*
8 *Service cost in accordance with IAS 19 from pension schemes and other benefits (amounts correspond to amounts from row 4 of the "Benefits granted" table and row 7 of the "Allocation table"); this is not an allocation in the financial year*
9 *Total of non-performance-related components and variable components and service cost (1+2+4+5+6+8)*
* *In 2015 an additional transaction bonus was granted to each Vorstand member for the successful acquisition of Evotec (France)*

The members of the Management Board of Evotec AG have only customary rights in the case of a change of control. Their contracts contain a change-of-control clause which would allow them to terminate their current contracts in the event of a change of control. Should members of the Management Board make use of their right to terminate their contracts in the event of a change of control, they are entitled to severance payments determined as follows: for Dr Werner Lanthaler, the severance payment shall be equal to 24 months of his base salary; for Dr Mario Polywka, the payment shall be equal to 18 months of his base salary; and for both Colin Bond and Dr Cord Dohrmann, the payment shall be equal to 18 months of their base salary plus bonuses. In no case shall the respective severance payment be higher than the total compensation due for the remaining term of the respective Management Board member's contract.

In accordance with section 4.2.3 of the Code, in case of an early termination of their respective service agreement in the absence of a change-of-control situation, payments to the members of the Management Board shall not exceed the amount of two annual remunerations and shall not exceed the amount of remuneration that would be due until the expiration date of the service agreement.

The Company has made provision for a pension for one former Management Board member amounting to T€ 182 (2014: T€ 216). No such further provisions are due for other former Management Board members or their surviving dependants.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is stipulated in the Company's Articles of Association as last amended by the AGM ("AGM") in 2015 and also applies for the following years, unless a new AGM passes different resolutions for the future.

According to section 113 AktG, Supervisory Board remuneration is to be appropriate to the task of the Supervisory Board members and the situation of the Company. The members of Evotec's Supervisory Board are entitled to fixed payments as well as out-of-pocket expenses. In accordance with the recommendations of the Code, the Chairman and the Vice Chairman positions on the Supervisory Board, as well as the Chair positions and membership on committees, are considered when determining the remuneration of individual members. Consequently, as last amended following the approval of the 2014 AGM, the fixed compensation is T€ 30 per Supervisory Board member. The Chairman of the Supervisory Board shall be paid T€ 75 and the Vice Chairman shall be paid T€ 45. Supervisory Board members serving on its committees shall be paid T€ 5 per committee membership; the chairman of a committee shall be paid T€ 20.

For their contributions in 2015, the individual members of the Evotec Supervisory Board receive the following compensation:

REMUNERATION OF THE SUPERVISORY BOARD 2015

	Total remuneration in T€[1]
Prof. Dr Wolfgang Plischke	95
Bernd Hirsch	61
Dr Claus Braestrup	35
Prof. Dr Paul Linus Herrling	35
Prof. Dr Iris Löw-Friedrich	35
Dr Elaine Sullivan[2]	20
Dr Walter Wenninger[3]	22
Total	**303**

[1] Cash remuneration
[2] Relates to the period from 09 June 2015 onwards, when elected to the Supervisory Board by the Evotec Annual General Meeting
[3] Relates to the period until 09 June 2015

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

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

Evotec procured directors' and officers' liability insurance cover for its Management and Supervisory Board members, its senior management and the directors of its subsidiaries at a cost to the Company of T€ 91 in 2015 (2014: T€ 115). For the members of Supervisory Board, an appropriately sized deductible, and for the members of the Management Board, a deductible in line with the stipulations of the legal provisions of the VorstAG, were agreed upon.

Hamburg, 14 March 2016

Dr Werner Lanthaler *Colin Bond*

Dr Cord Dohrmann *Dr Mario Polywka*

Consolidated Financial Statements (IFRS)

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EVOTEC AG AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

in T€ except share data	footnote reference	as of 31 December 2015	as of 31 December 2014
ASSETS			
Current assets:			
Cash and cash equivalents	5	44,497	48,710
Investments	5	89,443	40,112
Trade accounts receivables	6	20,933	25,259
Accounts receivables from related parties		136	-
Inventories	7	3,133	3,111
Current tax receivables		1,121	887
Other current financial assets	8	1,018	1,094
Prepaid expenses and other current assets	9	6,659	6,127
Total current assets		**166,940**	**125,300**
Non-current assets:			
Long-term investments		-	13
Property, plant and equipment	10	38,334	24,045
Intangible assets, excluding goodwill	11	25,154	30,210
Goodwill	12	45,648	44,815
Deferred tax asset	18	8,812	-
Non-current tax receivables	13	2,068	-
Other non-current financial assets		80	78
Other non-current assets	14	1,502	139
Total non-current assets		**121,598**	**99,300**
Total assets		**288,538**	**224,600**

See accompanying notes to consolidated financial statements.

in T€ except share data	*footnote reference*	*as of 31 December 2015*	*as of 31 December 2014*
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current loan liabilities	15	14,213	13,363
Trade accounts payable		12,171	9,450
Advanced payments received		97	542
Provisions	16	16,694	3,694
Deferred revenues	17	8,763	2,806
Current income tax payables	18	232	1,046
Other current financial liabilities		633	1,384
Other current liabilities		3,597	783
Total current liabilities		**56,400**	**33,068**
Non-current liabilities:			
Non-current loan liabilities	15	8,730	8,186
Deferred tax liabilities	18	1,538	1,583
Provisions	16	27,342	17,957
Deferred revenues	17	6,509	4,344
Other non-current financial liabilities		925	1,079
Total non-current liabilities		**45,044**	**33,149**
Stockholders' equity:			
Share capital*	20	132,584	131,711
Additional paid-in capital		693,740	688,669
Accumulated other comprehensive income		(18,510)	(23,169)
Accumulated deficit		622,312	(638,828)
Equity attributable to shareholders of Evotec AG		**185,502**	**158,383**
Non-controlling interest		1,592	-
Total stockholders' equity		187,094	158,383
Total liabilities and stockholders' equity		**288,538**	**224,600**

** 132,584,082 and 131,710,876 shares issued and outstanding in 2015 and 2014, respectively*

See accompanying notes to consolidated financial statements.

EVOTEC AG AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2015

in T€ except share and per share data	footnote reference	Year ended 31 December 2015	Year ended 31 December 2014
Revenues	21	127,677	89,496
Costs of revenue		(89,690)	(60,118)
Gross profit		**37,987**	**29,378**
Operating income and (expenses)			
Research and development expenses	22	(18,343)	(12,404)
Selling, general and administrative expenses	23	(25,166)	(17,990)
Amortisation of intangible assets	11	(2,860)	(2,462)
Impairment of intangible assets	11	(7,242)	(14,967)
Reversal of impairment of intangible assets	11	-	6,444
Income from bargain purchase		21,414	137
Other operating income	24	14,353	15,215
Other operating expenses	24	(8,503)	(9,732)
Total operating expenses		**(26,347)**	**(35,759)**
Operating income (loss)		**11,640**	**(6,381)**
Non-operating income (expense)			
Interest income		533	469
Interest expense	25	(1,726)	(1,621)
Other expense from long-term investments		(72)	(10)
Other income from financial assets		-	79
Other expense from financial assets		(15)	-
Foreign currency exchange gain (loss), net		1,868	2,266
Other non-operating income		383	146
Other non-operating expense		(120)	(107)
Total non-operating income (expense)		**851**	**1,222**
Income (loss) before taxes		**12,491**	**(5,159)**
Current tax income (expense)	18	(2,641)	(1,858)
Deferred tax income	18	6,666	39
Total taxes		**4,025**	**(1,819)**
Net income (loss)		**16,516**	**(6,978)**
Weighted average shares outstanding		**131,678,865**	**131,291,257**
Net income (loss) per share (basic)		**0.13**	**(0.05)**
Net income (loss) per share (diluted)		**0.12**	**(0.05)**

See accompanying notes to consolidated financial statements.

EVOTEC AG AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2015

in T€	footnote reference	Year ended 31 December 2015	Year ended 31 December 2014
Net income (loss)		**16,516**	**(6,978)**
Accumulated other comprehensive income			
Items which are not re-classified to the income statement			
Remeasurement of defined benefit obligation		(38)	(46)
Taxes		-	-
Items which have to be re-classified to the income statement at a later date			
Foreign currency translation		4,793	4,333
Revaluation and disposal of available-for-sale securities		(96)	(46)
Taxes		-	-
Other comprehensive income		**4,659**	**4,241**
Total comprehensive income		**21,175**	**(2,737)**

See accompanying notes to consolidated financial statements.

EVOTEC AG AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2015

in T€	footnote reference	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities:			
Net income (loss)		16,516	(6,978)
Adjustments to reconcile net income/loss to net cash provided by (used in) operating activities			
Depreciation of property, plant and equipment	10	9,081	6,074
Amortisation of intangible assets	11	2,860	2,462
Depreciation of current assets		100	2,704
Impairment of intangible assets	11	7,242	14,967
Reversal of impairment of intangible assets	11	-	(6,444)
Impairment of long-term investments		-	10
Stock compensation expense	19	3,973	1,495
Interest expense	25	1,127	1,131
Loss on sale of financial assets		16	-
Gain on sale of financial assets		-	(79)
Income on bargain purchase	4	(21,414)	(137)
Loss on sale of property, plant and equipment		14	10
Deferred tax expense (benefit)	18	(6,666)	(39)
Decrease (increase) in:			
Accounts receivables		4,418	(9,263)
Inventories		(5)	(916)
Other assets		(2,303)	(1,109)
Non-current tax receivables		(2,068)	-
Increase (decrease) in:			
Accounts payable		(8,810)	2,418
Advanced payments received		(444)	309
Deferred revenues		8,021	(7,341)
Provisions		2,747	(3,028)
Current income taxes payable		(2)	422
Other liabilities		1,938	(369)
Cash received during the year for:			
Interest		550	474
Cash paid during the year for:			
Interest		(448)	(433)
Taxes		(792)	(137)
Net cash provided by (used in) operating activities		**15,651**	**(3,797)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

in T€	footnote reference	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from investing activities:			
Purchase of current investments		(108,169)	(26,350)
Purchase of investments in affiliated companies net of cash acquired	4	37,114	(2,436)
Purchase of property, plant and equipment	10	(11,164)	(5,282)
Purchase of intangible assets	11	(332)	-
Proceeds from sale of current investments		59,129	37,043
Net cash provided by (used in) investing activities		**(23,422)**	**2,975**
Cash flows from financing activities:			
Proceeds from option exercise	19	1,971	658
Proceeds from issuance of loans		1,455	8,446
Payment of subsequent earn-outs	16	(551)	(1,813)
Repayment of loans		(389)	(4,195)
Net cash provided by financing activities		**2,486**	**3,096**
Net increase in cash and cash equivalents		**(5,285)**	**2,274**
Exchange rate difference		1,072	792
Cash and cash equivalents at beginning of year		48,710	45,644
Cash and cash equivalents at end of the period		**44,497**	**48,710**

See accompanying notes to consolidated financial statements.

EVOTEC AG AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2015

		Share capital	
in T€ except share data	footnote reference	Shares	Amount
Balance at 01 January 2014		**131,460,193**	**131,460**
Exercised stock options	19	250,683	251
Stock option plan	19	-	-
Total comprehensive income			
Balance at 31 December 2014		**131,710,876**	**131,711**
Exercised stock options	19	873,206	873
Stock option plan	19	-	-
Purchase of subsidiary with non-controlling interest	19	-	-
Total comprehensive income			
Balance at 31 December 2015		**132,584,082**	**132,584**

See accompanying notes to consolidated financial statements.

	Income and expense recognised in other comprehensive income					
Additional paid-in capital	Foreign currency translation	Revaluation reserve	Accumulated deficit	Stockholders' equity attributable to shareholders of Evotec AG	Non-controlling interest	Total stockholders' equity
686,767	**(34,376)**	**6,966**	**(631,850)**	**158,967**	**-**	**158,967**
407	-	-	-	658	-	658
1,495	-	-	-	1,495	-	1,495
	4,333	**(92)**	**(6,978)**	**(2,737)**	**-**	**(2,737)**
688,669	**(30,043)**	**6,874**	**(638,828)**	**158,383**	**-**	**158,383**
1,098	-	-	-	1,971	-	1,971
3,973	-	-	-	3,973	-	3,973
-	-	-	-	-	1,592	1,592
	4,793	**(134)**	**16,516**	**21,175**	**-**	**21,175**
693,740	**(25,250)**	**6,740**	**(622,312)**	**185,502**	**1,592**	**187,094**

Notes to consolidated financial statements for the year 2015

(1) BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

Evotec AG, Essener Bogen 7, Hamburg, Germany and subsidiaries ("Evotec" or the "Company") is a drug discovery and development company, continuously driving innovative approaches to develop new pharmaceutical products through own research as well as discovery alliances and development partnerships with leading Pharma and biotechnology businesses as well as academic institutions like foundations and non-profit associations. Evotec operates worldwide, offering high quality, independent and integrated solutions in drug discovery to its customers. Today, Evotec is positioned in key therapeutic areas such as neuroscience, pain, metabolic diseases, oncology, inflammation and infection.
Evotec was founded on 08 December 1993 as EVOTEC BioSystems GmbH and is listed on Frankfurt Stock Exchange under the trading symbol "EVT" since 10 November 1999.
All amounts in the notes are shown in thousands of Euro (T€), unless indicated otherwise. The Euro is the reporting currency of the Company.
On 14 March 2016, the Management Board authorised the consolidated financial statements for the financial year 2015 for issue.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by all entities except as explained in the section "Recently issued accounting pronouncements" which addresses changes in accounting policies.

— USE OF ESTIMATES —

The preparation of the accompanying consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting period as well as the disclosure of contingent assets and liabilities as of the balance sheet date of the financial year.
Main estimates and assumptions affect the following subjects:
- Acquisitions (Note 4),
- Collectability of trade accounts receivables (Note 6),
- Impairment testing (Note 11 and 12),
- Provisions (Note 16),
- Measurement of the share option plans and the Share Performance Awards (Note 19) and
- the recoverability of deferred tax assets (Note 18).

Actual results could differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are made prospectively in the period in which the estimates are revised.

— PRINCIPLES OF CONSOLIDATION —

The consolidated financial statements include the accounts of Evotec and all companies which are under its control. Evotec controls an entity if it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date Evotecs control ceases.
If Evotec loses control over a subsidiary, all assets and liabilities of that subsidiary together with any related non-controlling interests and other equity components are derecognised. Any resulting gain or loss is recognised in the income statement. Any retained interest in the former subsidiary is measured at fair value at the time of loss of control.
All intercompany transactions and balances have been eliminated in the consolidation.

— TRANSLATION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS AND FOREIGN OPERATIONS —

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

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

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

— NON-DERIVATIVE FINANCIAL INSTRUMENTS —

Evotec classifies non-derivative financial instruments into financial assets and liabilities at fair value through profit or loss, financial investments held to maturity, loans and receivables and available for sale assets and liabilities. Non-derivative financial instruments consist of certain long-term and short-term investments, trade accounts and other receivables, cash and cash equivalents, loans, trade accounts and other payables. These instruments are recognised if Evotec becomes party to the contractual provisions of the financial instrument. Evotec accounts for financial assets and financial liabilities at the date of contract conclusion with the settlement amount.

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

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

At initial recognition, non-derivative financial instruments are measured at fair value. The subsequent measurement of the financial instruments at Evotec depends on the designation of the financial instruments to the following categories as defined in IAS 39:

Financial assets and financial liabilities at fair value through profit or loss

Evotec makes no use of the option to classify financial assets and financial liabilities as at fair value through profit or loss at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to the initial recognition financial instruments of this category are measured at amortised cost using the effective interest method less any impairment losses. Loans and receivables include trade accounts and other receivables.

Available-for-sale financial assets

Evotec's long-term and short-term investments, unless accounted for under the equity method in accordance with IAS 28 or as held-to-maturity investments, are classified as available-for-sale financial assets. Available-for-sale financial assets are measured at fair value at the balance sheet date or, if this value cannot be determined, at cost. Unrealised gains and losses resulting from changes in fair value are reported in other comprehensive income in equity, net of any tax effect. Changes in fair value are not recognised in the income statement until the asset is sold or until an impairment loss is recorded. Investments that qualify as equity instruments are measured at cost if their fair value cannot be determined based on quoted prices or by reference to the current fair value of comparable instruments, or by using appropriate pricing models (in cases where cash flows are volatile or cannot be reliably determined).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that are quoted in an active market. If Evotec has the intent and ability to hold long-term and short-term investments to maturity, those assets are classified as held-to maturity. Held-to maturity financial assets are initially measured at fair value plus transactions costs. Subsequent to the initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment losses.

— DERIVATIVE FINANCIAL INSTRUMENTS INCLUDING HEDGE ACCOUNTING —

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Accounting for the change in fair value of derivatives depends on whether they are designated as hedging instruments and qualify as part of a hedge relationship under IAS 39. If these conditions are not met, even if there is an economic hedge relationship with an underlying transaction, changes in fair value of the derivatives are recognised directly in the income statement. Derivatives embedded in host contracts are accounted for separately if the economic characteristics and risk of the host contract and the embedded derivative are not closely related. The Company uses foreign currency derivative financial instruments as well as interest swaps to hedge its exposure to foreign exchange risks and interest rate fluctuations. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Evotec's foreign currency derivative financial instruments are economic hedges, however, they are not accounted for as hedges in accordance with IAS 39. Therefore, all changes in the fair value of the foreign currency derivative financial instruments are recognised in foreign currency exchange gains and losses.

— BASIS FOR DETERMINING FAIR VALUES OF FINANCIAL INSTRUMENTS —

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

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date unless the available-for-sale financial assets are unquoted equity instruments or financial assets without an active market.

Unquoted equity instruments are measured at cost. Available-for-sale financial assets without an active market are estimated using a valuation technique based on assumptions that are not supported by prices from observable markets.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
The fair value of interest rate swaps is determined by reference to broker quote.
The fair value of contingent considerations arising in a business combination is calculated on the basis of discounted expected cash flows and related probabilities.
Unless otherwise reported, the fair values of financial instruments equal the carrying amounts.

— CASH AND CASH EQUIVALENTS —

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

— INVENTORIES —

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

— PROPERTY, PLANT AND EQUIPMENT —

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Property, plant and equipment acquisitions, including leasehold improvements, are recorded at cost less any vendor rebates. Leased property, plant and equipment meeting certain criteria are capitalised at the lower fair value or present value of the minimum lease payments.
Depreciation of property, plant and equipment, which also includes depreciation of assets under finance leases, is generally calculated using the straight-line method over the estimated useful lives of the assets. Depreciation of leasehold improvements is calculated using the straight-line method over the shorter of the related lease term or the estimated useful life. The useful lives are as follows, whereas due to the abandonment of one building, the useful lives of buildings and leasehold improvements changed in comparison to the previous year:

Buildings and leasehold improvements	6-22 years
Plant, machinery and equipment	3-15 years
Furniture and fixtures	3-10 years
Computer equipment and software	3-5 years

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

— INTANGIBLE ASSETS, EXCLUDING GOODWILL —

Intangible assets, excluding goodwill, consist of separately identified intangible assets such as developed technologies, customer lists and patents, which were acquired in business combinations, purchased licences and patents.
Intangible assets with definite useful lives are recorded at cost and are amortised using the straight-line method over the estimated useful lives of the assets:

Developed technologies	7-18 years
Customer list	2-7 years
Patents and licences	15 years or shorter life

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

The amortisation period is reviewed at each balance sheet date.

— GOODWILL —

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

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount of the identifiably assets acquired and liabilities assumed at fair value.

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

— PROVISIONS —

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from such a contract are lower than the unavoidable expenses of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected expenses of terminating the contract and the expected net expense of continuing with the contract. Before a provision is established Evotec recognises any impairment expense on the assets associated with that contract.
The Company accrues for estimated losses from legal actions or claims, including legal expenses, when such losses or expenses are more likely than not and they can be reliably estimated.
Evotec recognises a provision for restructuring costs if there is an approved, detailed restructuring plan and restructuring has been completed or announced.

— PENSION AND SIMILAR OBLIGATIONS —

The Company's net obligation for defined benefit and other postretirement benefit plans have been calculated using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in equity.
Service and interest costs for pensions and other postretirement obligations are recognised as an expense in the operating result.
The Company's obligations for contributions to defined contribution plans are recognised as expense in the income statement.

— SHARE CAPITAL —

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

— STOCK COMPENSATION —

The Company applies the regulations of IFRS 2 with regard to the accounting for options granted under its stock option plans and under its share performance plan. All plans are settled in shares. Compensation cost from the issuance of employee and Management Board stock options is measured using the fair value method at the grant date and is charged straight-line to expense over the service period in which the employee or member of the Management Board renders services. This is also the case for the grant of share performance awards to employees. The share performance awards from the share performance plan granted to members of the Management Board are measured using the fair value method at the grant date and is charged to expense as graded vesting over the service period in which the members of the Management Board renders services.

— REVENUE RECOGNITION —

Revenue is recognised when the relevant risks and rewards of ownership associated with the goods and products sold are transferred to the customer and it is probable that the economic benefits associated with the transaction will flow to the Company based upon the performance requirements of the respective agreements, the revenue can be reliably measured regardless of when the payment is being made and collectability is reasonably assured. The Company assesses collectability based on a number of factors, including past transaction history with the customer and the customer's credit-worthiness.
The Company has entered into multiple-element contracts and thoroughly determined whether the different revenue-generating elements are sufficiently separable and whether there exists sufficient evidence of their fair values to separately account for some or all of the individual elements of the contracts. Only if an element is considered to meet these criteria it represents a separate unit of accounting.
Evotec's revenues include service fees, FTE-based research payments revenue for delivered goods and deliverable kind of services, compound access fees as well as milestone fees, licences and royalties.

Service fees and FTE-based research payments

Revenues generated from service contracts or FTE-based research contracts are recognised as the services are rendered. Payments for contracted services are generally paid in advance and recorded as deferred revenue until earned.

Revenue for delivered goods and deliverable kind of services

Deliverable kind of contracted services are recorded as revenue upon delivery. Revenue from delivered products are also recognised upon delivery. Payments for deliverable kind of contracted services are generally paid proportionally in advance and recorded as advanced payments received.

Compound access fees

Revenue from compound access fees is recognised pro rata over the related forecasted service period.

Milestone fees

Revenue contingent upon the achievement of certain milestones is recognised in the period the milestone is successfully achieved. This occurs when the Company's contract partner agrees that the requirements stipulated in the agreement have been met.

Licences

Revenue from the sale of licences is recognised at the date of the sale. Revenue from out-licensing in combination with a collaboration is realised pro rata over the collaboration period.

Royalties

Revenue from royalties, which are dependent on other company's respective product sales, is recognised in the period in which the royalty report or the payment is received.

— RESEARCH AND DEVELOPMENT —

Research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.
Development activities relate to a plan or design for substantially improved products and processes. Development expenses are capitalised only if they

can be measured reliably, the product or process is technically feasible, future economic benefits are probable and Evotec has the intention and resources to complete development and use ore sell it. Cost capitalised comprise costs of material and employee services and other directly attributable expenses. Evotec did not capitalise any development costs in 2015 and 2014 respectively. Research and development projects that are acquired in a business combination are capitalised at fair value when those research and development projects are expected to generate probable future economic benefits to the Company. Research and development costs acquired in a business combination are not regularly amortised until they are sustainably generating benefits.
The Company receives an immaterial volume of grants from government authorities for the support of specific research and development projects. These grants are linked to projects. The grants are paid when qualifying expenses have been incurred and are recognised as a reduction mainly of research and development expense when they are received. No grants were received for capitalised development expenditures.
Under the terms of the grants, governmental agencies generally have the right to audit qualifying expenses submitted by the Company.

IMPAIRMENT OF NON-FINANCIAL NON-CURRENT ASSETS AND GOODWILL

The Company reviews non-financial non-current assets (property, plant and equipment and intangible assets including goodwill) for impairment, in the respect to the recoverable amount in accordance with IAS 36. An impairment review is performed at least annually for intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill, or whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of assets may not be recoverable. In line with the Company's policy concerning the impairment of intangible assets with indefinite useful lives and goodwill, the Company carried out an impairment test in the fourth quarter of 2015 and 2014 (see Note 11 and 12).

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

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

— INTEREST INCOME AND EXPENSE —

Interest is recorded as expense or income in the period to which it relates. All interest income and expense including the unwind of the discount on contingent considerations are recognised in the income statement using the effective interest rate method.
Evotec has no qualifying assets according to IAS 23 and therefore does not capitalise interest expenses.

— INCOME TAXES —

Income taxes comprise the current taxes on income in the individual countries as well as the deferred taxes. Income taxes are recorded in the income statement except to the extent they relate to a business combination, or for those items recorded directly in equity.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group generates taxable income. The tax rates for domestic companies are 26-32% and for foreign companies 21-34%.

Deferred tax

Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred taxes are recognised for all taxable temporary differences, except:
— temporary differences arising on the initial recognition of goodwill
— temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
— temporary differences relating to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Future tax rate changes are taken into account if, in the scope of a legislative procedure, substantial prerequisites for its future applicability are met.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax exposures

In determining the amount of current and deferred tax Evotec takes into account the impact of uncertain tax positions and whether additional taxes and interest maybe due. This assessment relies on estimates and assumptions and may involve a series of judgement about future events. New information may become available that forces the Company to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expenses in the period in which such determination is made.

— NET INCOME PER SHARE —

Basic net income per share is calculated by dividing the net income (loss) by the weighted-average number of ordinary shares outstanding for the period, excluding common stock equivalents.

The weighted average number of ordinary shares are calculated as follows:

Shares in thousands	**2015**	*2014*
Issued ordinary shares 01 January	**131,711**	131,460
Treasury shares 01 January	**(272)**	(339)
Effect of weighted average share options exercised	**240**	170
Weighted average number of ordinary shares 31 December	**131,679**	**131,291**

Diluted net income per share is computed by dividing the net income attributable to shareholders of Evotec, by the weighted-average number of ordinary shares and share equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, stock options and share performance awards are considered to be common stock equivalents and are only included in the calculation of diluted net income per share when their effect is dilutive. In 2015, the number of dilutive shares to be issued from stock options and share performance awards amounted to 2,845,150. For calculating the diluted net income per share the resulting dilutive shares are included from the beginning of the period.

—
RECENT ACCOUNTING PRONOUNCEMENTS, NOT YET ADOPTED
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All of the following IFRS pronouncements that were issued by the IASB and the IFRIC and partially endorsed by the EU were not effective and have not been applied yet by Evotec.

New or changed standards	*Summary of the standard*	*Possible impact on Evotec*
IFRS 9	In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting. Further the standard adopts the regulations of IAS 39 on recognition and derecognition of financial instruments. The new standard is effective for annual reporting periods beginning on or after 01 January 2018, while early application is permitted.	No material effects are expected on Evotec's consolidated financial statements.
IFRS 15	IFRS 15, Revenue from Contracts with Customers standard regulates in which amount, when and if revenues are recognised. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as IFRIC 13 customer loyalty programmes. Effective date for IFRS 15 is the annual period beginning on or after 01 January 2018; early application is permitted.	The Company is currently not expecting any material impact however Evotec is assessing the periodic allocation of specific revenue transactions.
IFRS 16	On 13 January 2016 the IASB issued IFRS 16 Leases. According to the new standard lesses have to recognise all leases and the respective contractual rights and liabilities in the balance sheet. In addition the standard offers guidance on the presentation in the financial statements, notes disclosures as well as to sale-and-lease back transactions. Effective date is the annual period beginning on or after 01 January 2019; early application is permitted if IFRS 15 also is applied.	The Company is currently assessing the impact on the consolidated financial statements. For information on the current volume of payment obligations from operating leases, which might be differently recognised in the future according to IFRS 16, are shown in Note (29).

The IASB issued various other pronouncements. These pronouncements, not yet endorsed by the EU, do not have a material impact on Evotec's consolidated financial statements.

(3) SEGMENT INFORMATION

EVT Execute and EVT Innovate were identified by the Management Board as operating segments. The responsibility for EVT Execute was allocated to the COO, Dr Mario Polywka, while the responsibility for EVT Innovate was allocated to the CSO, Dr Cord Dohrmann. The organisation of the whole Evotec Group was 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 adjusted EBITDA. The adjusted EBITDA is calculated without non-operating income (expense). 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 result.

The income from bargain purchase resulting from the business combination with Evotec (France) is not allocated to any segment.

The segment information for the financial year 2015 is as follows:

in T€	EVT Execute	EVT Innovate	Intersegment eliminations	Not allocated	Evotec Group
External revenues	106,225	21,452	-	-	127,677
Intersegment revenues	27,726	-	(27,726)	-	-
Costs of revenue	(102,924)	(9,868)	23,102	-	(89,690)
Gross profit	**31,027**	**11,584**	**(4,624)**	**-**	**37,987**
Operating income and (expenses)					
Research and development expenses	(521)	(22,446)	4,624	-	(18,343)
Selling, general and administrative expenses	(19,257)	(5,909)	-	-	(25,166)
Amortisation of intangible assets	(2,484)	(376)	-	-	(2,860)
Impairment of intangible assets	(1,212)	(6,030)	-	-	(7,242)
Income from bargain purchase	-	-	-	21,414	21,414
Other operating income	11,553	2,800	-	-	14,353
Other operating expenses	(8,437)	(66)	-	-	(8,503)
Total operating expenses	**(20,358)**	**(32,027)**	**4,624**	**21,414**	**(26,347)**
Operating income (loss)	**10,669**	**(20,443)**	**-**	**21,414**	**11,640**
Interest result					(1,193)
Other expense from long-term investments					(72)
Other expense from financial assets					(15)
Foreign currency exchange gain (loss), net					1,868
Other non-operating income					383
Other non-operating expense					(120)
Income (loss) before taxes					**12,491**
EBITDA adjusted	**23,839**	**(15,149)**		**-**	**8,690**

The EBITDA adjusted as of 31 December 2015 is derived from operating income (expense) as follows:

in T€	EVT Execute	EVT Innovate	Intersegment eliminations	Not allocated	Evotec Group
Operating income (expense)	**10,669**	**(20,443)**	**-**	**21,414**	**11,640**
plus amortisation of tangible assets	8,536	545	-	-	9,081
plus amortisation of intangible assets	2,484	376	-	-	2,860
plus impairment of intangible assets	1,212	6,030	-	-	7,242
less income from bargain purchase	-	-	-	(21,414)	(21,414)
plus change in earn-out	938	(1,657)	-	-	(719)
EBITDA adjusted	**23,839**	**(15,149)**	**-**	**-**	**8,690**

The segment information for the financial year 2014 is as follows:

in T€	EVT Execute	EVT Innovate	Intersegment eliminations	Evotec Group
External revenues	74,824	14,672	-	89,496
Intersegment revenues	18,463	-	(18,463)	-
Costs of revenue	(64,677)	(11,240)	15,799	(60,118)
Gross profit	**28,610**	**3,432**	**(2,664)**	**29,378**
Operating income and (expenses)				
Research and development expenses	(921)	(14,147)	2,664	(12,404)
Selling, general and administrative expenses	(13,550)	(4,440)	-	(17,990)
Amortisation of intangible assets	(2,148)	(314)	-	(2,462)
Impairment of intangible assets	-	(14,967)	-	(14,967)
Reversal of impairment of intangible assets	-	6,444	-	6,444
Income from bargain purchase	-	137	-	137
Other operating income	5,432	9,783	-	15,215
Other operating expenses	(3,226)	(6,506)	-	(9,732)
Total operating expenses	**(14,413)**	**(24,010)**	**2,664**	**(35,759)**
Operating income (loss)	**14,197**	**(20,578)**	**-**	**(6,381)**
Interest result				(1,152)
Other expense from long-term investments				(10)
Other income from financial assets				79
Foreign currency exchange gain (loss), net				2,266
Other non-operating income				146
Other non-operating expense				(107)
Income before taxes				**(5,159)**
EBITDA adjusted	**22,065**	**(14,354)**	**-**	**7,711**

The EBITDA adjusted as of 31 December 2014 is derived from operating income (expense) as follows:

in T€	EVT Execute	EVT Innovate	Intersegment eliminations	Evotec Group
Operating income (expense)	**14,197**	**(20,578)**	**-**	**(6,381)**
plus amortisation of tangible assets	5,710	364	-	6,074
plus amortisation of intangible assets	2,148	314	-	2,462
plus impairment of intangible assets	-	8,523	-	8,523
less income from bargain purchase	-	(137)	-	(137)
plus change in earn-out	10	(2,840)		(2,830)
EBITDA adjusted	**22,065**	**(14,354)**	**-**	**7,711**

42% of Evotecs revenues are generated with customers in the USA, 30% with customers in France, 10% with customers in Germany and 8% with customers in UK (2014: 56% USA, 0% France, 20% Germany and 12% UK). The revenues are allocated to regions according to the head office of the external customers.

The non-current assets according to IFRS 8 of Evotec as of 31 December 2015 are allotted to Germany in the amount of T€ 45,171 and to foreign states in the amount of T€ 67,535. Thereof, T€ 28,443 of non-current assets are allotted to UK, T€ 24,094 to USA and T€ 14,998 to France.

The two largest customers of Evotec, each having a share of more than 10% of the group revenues in 2015, represented in total more than 40% of the group revenues (T€ 52,609). Sanofi had a revenue share in 2015 of T€ 38,598 which was allocated to the segments EVT Execute and EVT Innovate and CHDI T€ 14,011 out of the segment EVT Execute. In 2014, the two largest customers represented in total more than 24%. CHDI had a revenue share in 2014 of T€ 11,177 and Bayer of T€ 10,867, which were allocated to the segment EVT Execute.

(4) ACQUISITIONS

Effective 01 April 2015, Evotec acquired 100% of the shares in Evotec (France) SAS, Toulouse, France. The purchase price amounted to € 1 in cash. Through this acquisition, Evotec closed a five-year, extensive strategic alliance with Sanofi, comprising the following components: a major outsourcing alliance over a five-year period; the management of Sanofi's global screening library; an initiative whereby Evotec will combine its own and Sanofi's compound libraries and make them available to Evotec's partners for screening projects; and the planned licensing of a portfolio of oncology-related projects.

The income from bargain purchase resulting from the acquisition amounts to T€ 21,414 and is recognised as other operating income. The income from bargain purchase was not allocated to segments. It is a result of the fact that Sanofi wanted to reduce its activities at the Toulouse site and additionally wanted to assure that those activities will be pursued by an appropriate buyer.

The net income recorded by Evotec for the financial year 2015 included a net income of T€ 5,594 from Evotec (France) as well as revenues of T€ 34,310. If this business combination including the extensive strategic alliance with Sanofi had taken place on 01 January 2015, the Company would have realised revenues in the amount of T€ 138,206 and a net income in the amount of T€ 17,473. Transaction 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:

T€	*01 April 2015 Fair value*
Cash and cash equivalents	37,274
Deferred tax asset	2,555
Property, plant and equipment	11,563
Trade accounts payable	(11,563)
Provisions	(18,415)
Net assets acquired	**21,414**
Bargain purchase	(21,414)
Cost of acquisition	
Less cash and cash equivalents acquired	(37,274)
Cash inflow from acquisition	**37,274**

Evotec acquired 51% of the shares in Panion Ltd, London, UK effective 09 December 2015. The purchase price amounted to T€ 1,666 in cash. Panion Ltd. is a company focused on the development of novel, high value analgesics to treat chronic pain.
A fair value adjustment has been recorded on the date of acquisition for developed technologies in the amount of T€ 1,735, which was estimated based on net present value modelling. Deferred tax assets on tax loss carryforwards were recognised to the extent that relating deferred tax liabilities were available. The goodwill resulting from the acquisition totals T€ 9 and was allocated to the Segment EVT Innovate. Evotec recorded the non-controlling interest in Panion with the present ownership instruments proportionate share in the identifiable net assets.
The impact of Panion on the revenues and net income recorded by Evotec for the twelfth months ended 31 December 2015 is not material, therefore no further details are provided. If this business combination had taken place on 01 January 2015, the Company would have realised revenues in the amount of T€ 127,060 and a net income in the amount of T€ 15,772. Relating to the acquisition, no costs occurred.

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

T€	*09 December 2015 Fair value*
Cash and cash equivalents	1,506
Trade accounts receivables	8
Developed technologies	1,735
Net assets acquired	**3,249**
Minority interest	(1,592)
Goodwill	9
Cost of acquisition	**1,666**
Less cash and cash equivalents acquired	(1,506)
Cash outflow from acquisition	**160**

Effective 01 April 2014, the Company 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 next 48 months as of the date of acquisition with a discount of 1.56%. The discount rate was based on usual market interest rate on debt. The estimated maximum potential earn-out payment amounted to T€ 364 on the date of acquisition.
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 defined future milestones in the next 31 months as of 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 closed according to IFRS 3 in May 2015. Consequently, a further fair value adjustment regarding developed technologies in the amount of T€ 1,568 has been recorded, which was estimated based on net present value modelling. Related deferred tax liabilities of T€ 329 net were also recorded. The goodwill resulting from the acquisition amounts to T€ 1,295 after this change, a decrease of T€ 1,239 compared to the preliminary valuation as of 31 December 2014. The goodwill was allocated to the segment EVT Execute.

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

T€	*27 May 2014* *Fair value*
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 payable	(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**

(5) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments in mutual funds, which invest in debt instruments to manage the fund investors' liquidity, including debt instruments with an initial maturity beyond three months, are reported as costs value. Included in investments are also corporate bonds. The investments are classified as available-for-sale financial assets. As of 31 December 2015, unrealised losses in the amount of T€ 134 (31 December 2014: losses of T€ 81) were recognised in other comprehensive income relating to those assets.

(6) TRADE ACCOUNTS RECEIVABLES

The Company has assessed the non-payment risk of all trade accounts receivables which resulted in an allowance of T€ 30 and T€ 2,999 in 2015 and 2014, respectively. The allowance was recognised for the full amount of each relating trade accounts receivable. There are no use restrictions on trade accounts receivable.

The ageing of trade receivables at the year-end was:

T€	*31 December* **2015**	*2014*
Not past due	**16,960**	23,829
Bad debt not past due	**-**	(2,969)
Past due 0-30 days	**2,290**	2,012
Past due 31-120 days	**1,412**	1,828
Bad debt 31-120 days	**-**	-
More than 120 days	**301**	589
Bad debt more than 120 days	**(30)**	(30)
Total trade accounts receivables	**20,933**	**25,259**

The decrease of the trade accounts receivables compared to the prior year is primarily due to invoiced milestones, which were lower at 31 December 2015 than at 31 December 2014. In the trade accounts receivables not past due of the previous year, an amount of T€ 3,380 was included, which was partially written down due to bad debt and for which a payment schedule existed. In the financial year 2015, this trade accounts receivable and the relating write-down was deleted from the accounts.

(7) INVENTORIES

Inventories consist of the following:

T€	*31 December* **2015**	*2014*
Raw materials	**1,774**	1,666
Work-in-progress	**1,359**	1,445
Total inventories	**3,133**	**3,111**

Raw materials consist mainly of compound libraries. Additionally, biological materials and substances as well as chemicals are included. Work-in-progress as of 31 December 2015 and 2014 consists of costs incurred on customer projects, which were not completed at year-end.

The following allowances on inventories exist at the balance sheet date and are included in the table above:

T€	*31 December* **2015**	*2014*
Raw materials	**1,692**	1,305
Work-in-progress	**-**	-
Total inventories	**1,692**	**1,305**

The allowances are included in the costs of revenue.

(8) OTHER CURRENT FINANCIAL ASSETS

Other current financial assets mainly include deposits in the amount of T€ 537 (31 December 2014: T€ 537).
As of 31 December 2015 and 2014, an amount of T€ 414 and T€ 417, respectively, of other current financial assets was pledged as security.

(9) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses as of 31 December 2015 mainly relate to payments for licences and other IT related prepayments in the amount of T€ 1,321. As of 31 December 2014 the prepaid expenses mainly related to payments in the context of the collaboration with Haplogen in the amount of T€ 1,500 which are shown in other non-current assets as of 31 December 2015. The increase of other current assets is mainly a result of the acquisition of Evotec (France).

	31 December	
T€	**2015**	2014
Prepaid expenses	**3,268**	4,293
Other	**3,391**	1,834
Total prepaid expenses and other current assets	**6,659**	**6,127**

(10) PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment in 2015 and 2014 is shown in the following tables.

2015

T€	Buildings and leasehold improvements	Plant, machinery and equipment	Furniture and fixtures	Purchased software	Finance leases	Assets under construction	Total
Acquisition and manufacturing costs							
Amount beginning of the year	13,414	46,445	9,424	1,590	14	2,190	73,077
Foreign exchange	759	1,944	521	-	-	68	3,292
Additions	349	8,848	1,607	22	-	338	11,164
Business combination	167	11,279	117	-	-	-	11,563
Disposals	832	145	1,003	-	14	-	1,994
Reclass	663	1,313	61	19	-	(2,056)	-
Amount end of the year	**14,520**	**69,684**	**10,727**	**1,631**	**-**	**540**	**97,102**
Depreciation, amortisation and write-downs							
Amount beginning of the year	9,210	30,841	7,625	1,342	14	-	49,032
Foreign exchange	625	1,541	469	-	-	-	2,635
Additions	920	7,010	1,035	116	-	-	9,081
Disposals	832	131	1,003	-	14	-	1,980
Amount end of the year	**9,923**	**39,261**	**8,126**	**1,458**	**-**	**-**	**58,768**
Net book value							
Amount beginning of the year	4,204	15,604	1,799	248	-	2,190	24,045
Amount end of the year	**4,597**	**30,423**	**2,601**	**173**	**-**	**540**	**38,334**

T€	Buildings and leasehold improvements	Plant, machinery and equipment	Furniture and fixtures	Purchased software	Finance leases	Assets under construction	Total
	2014						
Acquisition and manufacturing costs							
Amount beginning of the year	12,484	41,894	8,702	1,433	32	1,336	65,881
Foreign exchange	765	1,923	546	-	-	41	3,275
Additions	132	2,415	711	103	-	1,921	5,282
Business combination	8	108	32	-	-	-	148
Disposals	-	840	631	-	18	20	1,509
Reclass	25	945	64	54	-	(1,088)	-
Amount end of the year	**13,414**	**46,445**	**9,424**	**1,590**	**14**	**2,190**	**73,077**
Depreciation, amortisation and write-downs							
Amount beginning of the year	7,701	25,868	6,830	1,225	18	-	41,642
Foreign exchange	617	1,529	490	-	-	-	2,636
Additions	892	4,129	934	117	2	-	6,074
Disposals	-	685	629	-	6	-	1,320
Amount end of the year	**9,210**	**30,841**	**7,625**	**1,342**	**14**	**-**	**49,032**
Net book value							
Amount beginning of the year	4,783	16,026	1,872	208	14	1,336	24,239
Amount end of the year	**4,204**	**15,604**	**1,799**	**248**	**-**	**2,190**	**24,045**

In 2015, additions related to investments in instrumentation at Evotec's legacy sites to support the Company's platform offering, including upgrades to imaging systems, protein production, compound management and biophysical screening. Facility investments focused on the expansion of laboratory areas in Abingdon (UK) as well as the fit-out of a new protein production facility in Princeton (USA) and new laboratories in Göttingen (Germany). The main additions in 2014 related to investments in new technologies as well as the expansion of capacities. Most capital expenditure on instrumentation was to support the Company's platform offering such as an update of imaging systems, protein production, compound management and biophysical screening. Facility investments focused on the continued development and fit-out of the Manfred Eigen Campus in Hamburg, the appliance of 300m² laboratory area in Abingdon (UK) as well as the fit-out of a new protein production facility in Princeton (USA). Upon completion of the assets under construction, costs are transferred into their respective fixed assets classification. Depreciation expense amounted to T€ 9,081 and T€ 6,074 in 2015 and 2014, respectively.

As of 31 December 2015 and 2014, there are no assets held under finance lease which show a net book value.

(11) INTANGIBLE ASSETS, EXCLUDING GOODWILL

The development of intangible assets in 2015 and 2014 is shown in the following tables.

2015

T€	Patents and licences	Developed technology	Customer list	Total
Acquisition and manufacturing costs				
Amount beginning of the year	5,783	126,501	39,208	171,492
Foreign exchange	-	(1,952)	(2,966)	(4,918)
Additions	332	-	-	332
Business combination	-	3,303	-	3,303
Disposals	-	11,897	27,976	39,873
Amount end of the year	**6,115**	**115,955**	**8,266**	**130,336**
Depreciation, amortisation and write-downs				
Amount beginning of the year	5,782	99,472	36,028	141,282
Foreign exchange	-	(3,186)	(3,143)	(6,329)
Additions	81	1,206	1,573	2,860
Disposals	-	11,897	27,976	39,873
Impairment	-	7,242	-	7,242
Amount end of the year	**5,863**	**92,837**	**6,482**	**105,182**
Net book value				
Amount beginning of the year	1	27,029	3,180	30,210
Amount end of the year	**252**	**23,118**	**1,784**	**25,154**

2014

T€	Patents and licences	Developed technology	Customer list	Total
Acquisition and manufacturing costs				
Amount beginning of the year	7,783	123,681	38,131	169,595
Foreign exchange	-	2,426	775	3,201
Additions	-	-	-	-
Business combination	-	394	302	696
Disposals	2,000	-	-	2,000
Reclass	-	-	-	-
Amount end of the year	**5,783**	**126,501**	**39,208**	**171,492**
Depreciation, amortisation and write-downs				
Amount beginning of the year	7,456	88,158	34,155	129,769
Foreign exchange	-	1,977	551	2,528
Additions	326	814	1,322	2,462
Disposals	2,000	-	-	2,000
Impairment	-	14,967	-	14,967
Reversal of impairment	-	6,444	-	6,444
Amount end of the year	**5,782**	**99,472**	**36,028**	**141,282**
Net book value				
Amount beginning of the year	327	35,523	3,976	39,826
Amount end of the year	**1**	**27,029**	**3,180**	**30,210**

Intangible assets consist of developed technologies, customer list and acquired patent and licences.

The additions to developed technologies from business combination in 2015 result from the acquisition of developed technologies relating to the business combination with Panion Ltd. and the finalisation of the purchase price allocation of the business combination with Euprotec Ltd.

The developed technologies acquired in a business combination are amortised as soon as the intangible assets start to generate sustainable benefits. Part of the developed technologies acquired in the business combination with DeveloGen (now: Evotec International GmbH) with historical acquisition costs of T€ 6,774 started to be amortised in 2011 due to revenues generated with this technology. The carrying amount at 31 December 2015 amounted to T€ 4,877 (31 December 2014: T€ 5,253). Furthermore, amortisation commenced in 2014 for one part of the developed technologies acquired at historical acquisition costs of T€ 3,131 as part of the business combination with Kinaxo (now: Evotec (München) GmbH) due to revenues generated from this technology. Together with the amortisation of further parts (historical acquisition costs of T€ 1,283), commenced for the same reasons in 2013, the whole of these developed technologies are amortised. The carrying amount at 31 December 2015 amounted to T€ 2,266 (31 December 2014: T€ 3,906).

The developed technologies which were not yet amortised were tested for impairment on the annual designated test date in the fourth quarter 2015. The annual impairment test in 2015 is based on discounted cash flow models by using the assumptions in the table below.

	31 December 2015 Developed technologies	
	Evotec International GmbH	Evotec (US), Inc.
Denominated in	EUR	USD
Basis for cash flow model	PP 20-22 years	PP 17 years
Post-tax discount rate	9.63%	11.00%

PP = Project planning

The post-tax discount rate is calculated with a risk-free interest rate, a beta-factor determined on the basis of peer groups and a risk premium.

These annual impairment tests resulted in 2015 in an impairment of

- Developed technologies resulting from the acquisition of Evotec International GmbH. Theses developed technologies were impaired in the amount of T€ 4,840 and are allocated to the EVT Innovate segment. This impairment stemmed from a timely delay of the project and the related expected decrease in the commercialisation success rate.

- Developed technologies resulting from the acquisition of DeveloGen (now: Evotec International GmbH). These developed technologies were impaired in the amount of T€ 993 and were allocated to the EVT Innovate segment. The impairment stems from a timely delay in the project.

In the fourth quarter of 2015 it was identified that the estimated revenues as well as the life of the developed technologies from the acquisition of Evotec (München) GmbH were reduced. Based on this information Evotec reviewed the relating developed technologies and concluded that an impairment in the amount of T€ 1,212 had to be recorded. The impairment test is based on Euro denominated discounted cash flow models with a post-tax discount rate of 5.83%. The underlying project plan covers a period of 5 years.

Additionally, Evotec got to know in the fourth quarter of 2015, that the commercialisation of one developed technology from the acquisition of Bionamics GmbH is delayed and therefore Evotecs right to participate in future revenues terminated. As a consequence the developed technology was fully impaired. Another developed technology from this acquisition was fully impaired as Evotec's partner disclosed in the fourth quarter 2015 that the project will not be continued in the same form. As a result the revenue participation of Evotec ended. The impairment test is based on Euro denominated discounted cash flow models with a post-tax discount rate of 9.63%. The underlying project plans cover a period of 11 to 19 years.

No further impairments were recognised in 2015.

Impairment test 2014

The annual impairment test in 2014 was based on a discounted cash flow model by using the assumptions in the table below.

	31 December 2014 Developed technologies	
	Evotec International GmbH	Evotec (US), Inc.
Denominated in	EUR	USD
Basis for cash flow model	PP 10-21 years	PP 14-18 years
Post-tax discount rate	10.29%	11.43%

PP = Project planning

These annual impairment tests resulted in 2014 in an impairment of

- Developed technologies resulting from the acquisition of DeveloGen (Evotec International GmbH). An impairment loss in the amount of T€ 6,232 was recognised. The impairment stems from Evotecs partner ending the EVT070 programm in the field of diabetes and the resulting change of the field of indication.

In 2014, the annual impairment test resulted furthermore in a reversal of impairment:

- Know-how arising from the business combination with Renovis (now: Evotec US Inc.). The reversal of impairment amounts to T€ 6,444. This is relating to the expected outlicensing of the lead compound and the resulting higher commercialization success rate in comparison to the original assumed probability.

In the third quarter of 2014, Hyperion disclosed that it would stop the development of DiaPep277® due to alleged misconduct by Andromeda employees with regard to the use of generated data. Based on this information Evotec reviewed the relating developed technologies and concluded that an impairment in the amount of T€ 8,735 had to be recorded. The relating developed technologies were fully impaired in 2014.

No further impairments were made in 2014.

The estimated cash flows for the above described cash generating projects used in the impairment tests are based on past experience. In addition, following key assumptions were used in the models:

- The possibilities of reaching each development phase were obtained from external publications of attrition rates, which were adjusted according to the individual circumstances where necessary.
- The estimated timing of the different development phases in each cash generating project was individually set based on the past experience and scientific knowledge of management.
- Market size was projected using market research databases. Management estimated the Company's market share based on experience in the specific market environment and by comparing with similar products.
- Milestone and royalty revenues for cash generating projects were taken from the out-licensing agreements (partnered assets) or estimated based on comparable deal structures in the market and in the Company (unpartnered assets).

In addition to these key assumptions used in all models, commercialisation success rates are only used in some models. They are estimated based on the current knowledge of management.

Management has identified the discount rate and the commercialisation success rate as the two key assumptions that have the potential to vary and thereby may cause the decrease of the recoverable amount to be lower than the carrying amount. The following tables show the material intangible assets, which are part of the annual impairment testing and which might show a change in net book value of 2015 and 2014 if possible changes in the two key assumptions occur. Those changes in the material assumptions are shown which result in estimated recoverable amounts to be equal to the carrying amounts in 2015 and 2014.

2015

	Recoverable amount exceeding net book value	**Applied post-tax discount rate**	**Change of post-tax discount rate**	**Applied commercialisation success rate**	**Change in commercialisation success rate**
	T€	in % points	in % points	in % points	in % points
Developed technologies Evotec International	-	9.63	-	25.0 - 30.0	-

2014

	Recoverable amount exceeding net book value	*Applied post-tax discount rate*	*Change of post-tax discount rate*	*Applied commercialisation success rate*	*Change in commercialisation success rate*
	T€	in % points	in % points	in % points	in % points
Developed technologies Evotec International	-	10.29	-	30.0	-
Developed technologies Evotec (US)	1,655	11.43	1.5	75.0	(11.5)

The categories listed above consist of several developed technologies.

(12) GOODWILL

The Company has tested the cash generating units for impairment on the annual designated test date in the fourth quarter 2015 based on the net book values as of 30 September 2015. The impairment tests are based on discounted cash flow models.
In 2014, the goodwill acquired in the business combination with Bionamics GmbH and Euprotec Ltd. were merged with the goodwill Evotec International respectively OAI under consideration of the cash generating segments, as those two entities were merged in 2014 and hence the cash generating units were merged, too.

With respect to the development of goodwill please refer to the following detailed schedule.

	OAI/Evotec International Execute	OAI/Evotec International Innovate	Evotec (München) Execute	Evotec (US) Execute	Evotec (US) Innovate	Total
	T€	T€	T€	T€	T€	T€
31 December 2014	18,522	9,250	7,983	7,530	1,530	44,815
Additions	-	9	-	-	-	9
Disposal	1,239	-	-	-	-	1,239
FX revaluation	976	50	-	861	176	2,063
31 December 2015	**18,259**	**9,309**	**7,983**	**8,391**	**1,706**	**45,648**

The disposal in OAI/Evotec International Execute stems from the finalisation of the purchase price allocation of the business combination with Euprotec Ltd. which resulted in a reduction of the relating goodwill. In the tables below, the assumptions for the discounted cash flow models used in the annual impairment tests in the fourth quarter 2015 and 2014, the post-tax discount rate considering the risks and rewards of the activities used in the impairment test and the growth rate for determining the terminal value are specified.

	Cash generating units 2015				
	OAI/Evotec International Execute	OAI/Evotec International Innovate	Evotec (München) Execute	Evotec (US) Execute	Evotec (US) Innovate
Denominated in	GBP/EUR	GBP/EUR	EUR	USD	USD
Basis for cash flow model	LRP	LRP/PP 13-22 years	LRP	MRP	PP 17 years
Post-tax discount rate	7.15% - 8.32%	9.63% - 11.00%	7.19%	8.32%	11.00%
Growth rate for terminal value	0.0%	0.0%	0.0%	0.0%	0.0%

LRP = Long Range Plan 2016-2025
MRP = Mid Range Plan 2016-2020
PP = Project planning

	Cash generating units 2014				
	OAI/Evotec International Execute	OAI/Evotec International Innovate	Evotec (München) Execute	Evotec (US) Execute	Evotec (US) Innovate
Denominated in	GBP/EUR	GBP/EUR	EUR	USD	USD
Basis for cash flow model	LRP	LRP/PP 14-20 years	LRP/PP 8-14 years	MRP	PP 18 years
Post-tax discount rate	7.60%	10.29%	7.08%/7.64%	8.72%	11.43%
Growth rate for terminal value	0.0%	0.0%	0.0%	0.0%	0.0%

LRP = Long Range Plan 2015-2024
MRP = Mid Range Plan 2015-2019
PP = Project planning

In 2015 and 2014, the Company recorded no impairment as a result of these annual impairment tests.

The estimated cash flows for the impairment test of the goodwill in OAI/Evotec International Innovate and in Evotec (US) Innovate are based on the key assumptions of the underlying developed technologies.
The estimated cash flows for the goodwill of Evotec (München) Execute are based on the key assumptions of the underlying developed technologies as well as on management expectations for the future.

The impairment tests of the goodwill in Evotec (US) Execute as well as OAI/Evotec International Execute and the relating estimated cash flows are based on past experience and expectations for the future. In addition, the following key assumptions were used in the models:

- The estimates of revenues were based on knowledge of overall market conditions combined with specific expectations of customer growth and product performance.
- Cost estimates were developed using the 2016 budgeted cost base projected forward for volume increases, mix changes, specific investments and inflationary expectations.
- The exchange rates and interest rates used were based on current market expectations and predictions.

Management has identified the discount rate as one key assumption that has the potential to vary and thereby cause the recoverable amount to decrease and to be lower than the carrying amount. The following tables show the goodwill which might show a decrease in net book value of 2015 and 2014 if possible changes in the key assumption occur. Those changes in the material assumption are shown which result in the estimated recoverable amount to be equal to the carrying amount in 2015 and 2014.

in % points	***Post-tax discount rate 2015***
Evotec (München) Execute	0.91
Evotec (US) Execute	1.65

in % points	*Post-tax discount rate 2014*
Evotec (US) Execute	0.4
Evotec (US) Innovate	0.2

Regarding the impairment test of the goodwill in Evotec (München) Execute, Management has identified the gross profit as additional key assumption.

(13) NON-CURRENT TAX RECEIVABLES

Non-current tax receivables as of 31 December 2015 relate to tax refunds within France (crédit d'impôt recherche).

(14) OTHER NON-CURRENT ASSETS

Other non-current assets as of 31 December 2015 relate to payments to Haplogen GmbH, Vienna in the amount of T€ 1,500.

(15) LOAN LIABILITIES

Throughout the year 2015 and 2014, Evotec met all covenants under the various loan agreements shown below. All loans are unsecured. In 2015 and 2014, Evotec had to maintain a minimum liquidity of T€ 35,000.

Country of lendor	***Currency***	***Nominal interest rate***	***Maturity until***	***31 December 2015 Fair Value***	***31 December 2015 Carrying amount***	*31 December 2014 Fair Value*	*31 December 2014 Carrying amount*
				T€	T€	T€	T€
Germany	EUR	Euribor+1.25%	-	**6,500**	**6,500**	6,500	6,500
Germany	EUR	Euribor+1.25%	-	**6,500**	**6,500**	6,500	6,500
Germany	EUR	Euribor+1.2%*	2018	**4,000**	**4,000**	4,000	4,000
UK	GBP	Libor+1.5%	2019	**2,375**	**2,375**	2,556	2,556
Germany	EUR	1.25%	2021	**3,594**	**3,568**	1,935	1,948
Germany	EUR	1.85%	2015	**-**	**-**	45	45
				22,969	**22,943**	**21,536**	**21,549**

** with Euribor > 0%*

Current loan liabilities consisted of unsecured bank loans in the amount of T€ 14,213 as of 31 December 2015 (2014: T€ 13,363).

The Company maintained lines of credit totalling T€ 6,876 and T€ 6,298 to finance its short-term capital requirements, of which the entire line is available as of 31 December 2015 and 31 December 2014, respectively.

(16) PROVISIONS

The current provisions consist of the following:

T€	31 December 2015	2014
Bonus accruals	**10,541**	1,055
Accrued vacation	**3,760**	956
Earn-out	**1,260**	457
Accrued lease expenses	**318**	281
Other provisions for personnel	**44**	-
Other provisions	**771**	945
Total current provisions	**16,694**	**3,694**

The non-current provisions consist of the following:

T€	31 December 2015	2014
Earn-out	**14,612**	15,407
Pension	**7,946**	216
Accrued lease expenses	**2,400**	2,321
Bonus accruals	**1,736**	-
Other provisions for personnel	**271**	-
Other provisions	**377**	13
Total non-current provisions	**27,342**	**17,957**

The following table summarises the development of total provisions recorded during 2015:

	01 January 2015	Business combination	Consumption	Release	Foreign exchange	Additions	31 December 2015
	T€	T€	T€	T€	T€	T€	T€
Personnel expenses	2,011	10,750	3,689	39	53	7,266	16,352
Earn-out	15,864	-	543	1,726	41	2,236	15,872
Pensions	216	7,665	34	-	-	99	7,946
Accrued lease expenses	2,602	-	255	-	38	333	2,718
Other provisions	958	-	771	22	12	971	1,148
Total	**21,651**	**18,415**	**5,292**	**1,787**	**144**	**10,905**	**44,036**

The provision for personnel expenses mainly consists of bonus accruals and accrued vacation. The increase mainly relates to the acquisition of Evotec (France).
The earn-out provision as of 31 December 2015 consists of three earn-outs relating to the three following acquisitions:

- DeveloGen in the amount of T€ 14,629 (31 December 2014: T€ 15,041), including an unwind of discount in the amount of T€ 1,211 (2014: T€ 1,165) as well as a fair value adjustment in the amount of T€ (1,623) (31 December 2014: T€ (2,840)),
- Bionamics in 2015 in the amount of T€ 84 (31 December 2014: T€ 116) including an unwind of discount in the amount of T€ 2 (2014: T€ 1), and a fair value adjustment in the amount of net T€ (34) (31 December 2014: T€ 0) and
- Euprotec in 2015 in the amount of T€ 1,159 (31 December 2014: T€ 707) including an unwind of discount in the amount of T€ 16 (2014: T€ 6), a consumption in the amount of T€ 551 (31 December 2014: T€ 0) and a fair value adjustment in the amount of T€ 938. The provision is accounted for in GBP which led to a foreign exchange difference of T€ 49 (2014: T€ 24).

The unwind of the discount and the increase in the fair value of the earn-outs is shown as addition in the provision table. A decrease in the fair value of the earn-outs is shown as a release in the provision table.

The provision for personnel expenses may differ from the actual amounts due to the fact that the actual percentage of the variable portion of the remuneration may differ from the estimates. The actual amounts of the earn-out may vary from the provision if the underlying future revenues differ from the estimate or the underlying estimated milestones do not occur. The actual consumption of the accrued lease expenses may vary from the estimated if the lease period changes.

Other current and non-current provisions consist of the following:

T€	31 December 2015	2014
Dilapidation	**504**	125
Supervisory Board fees	**303**	300
Interest SWAP	**116**	67
Licence fee	**-**	307
Other provisions	**225**	159
Total other provisions	**1,148**	**958**

(17) DEFERRED REVENUES

As of 31 December 2015 and 2014, deferred revenues mainly relate to the collaboration and licence contract with Pfizer Inc., New York amounting to T€ 5,124 (31 December 2014: T€ 0), Sanofi Group amounting to T€ 5,038 (31 December 2014: T€ 0) and with Bayer Pharma AG amounting to T€ 2,936 (31 December 2014: T€ 5,880).

(18) INCOME TAXES

a) AMOUNTS RECOGNISED IN CONSOLIDATED INCOME STATEMENT

Income tax benefit and expense for the years 2015 and 2014 comprise the following:

T€	**2015**	*2014*
Current taxes:		
- Current tax expense	**(2,621)**	(1,632)
- Adjustment for prior years	**(20)**	(226)
Total current taxes	**(2,641)**	(1,858)
Deferred taxes:		
- Tax loss carry forwards	**9,424**	(3,851)
- Temporary differences	**(2,758)**	3,890
Total deferred taxes	**6,666**	39
Total income tax income (expense)	**4,025**	**(1,819)**

b) RECONCILIATION OF EFFECTIVE TAX RATE

The difference between the actual income tax expense and the product of the net income and the applicable group tax rate in the reporting year and the previous year is made up as follows:

T€	**2015**	*2014*
Income (loss) before taxes	**12,491**	(5,159)
Expected German income tax rate	**32.28%**	32.28%
Expected income tax benefit (expense)	**(4,032)**	1,665
Non-deductible expenses and income	**(857)**	(685)
Deviation tax rates to expected tax rate	**(486)**	355
Change in recognition of deferred tax assets	**9,098**	(3,265)
Non-periodic taxes	**(20)**	(257)
Other	**322**	368
Effective income tax income (expense)	**4,025**	**(1,819)**
Effective income tax rate	**(32.22)%**	**(35.25)%**

Deferred income tax assets and liabilities calculated with the anticipated tax rates of each entity as of 31 December 2015 and 2014 relate to the following:

	01 Jan 15				31 Dec 15		
	Net balance	Recognised in profit or loss	Foreign currency translation	Business combination	Net	Deferred tax assets	Deferred tax liabilities
	T€	T€	T€	T€	T€	T€	T€
Property, plant and equipment	(1,125)	(68)	47	-	(1,146)	227	(1,373)
Intangible assets	(6,495)	1,416	(171)	(805)	(6,055)	2,426	(8,481)
Financial assets	1,503	(2,094)	(1)	-	(592)	882	(1,474)
Provisions and deferred revenues	1,187	(1,136)	(3)	2,588	2,636	3,285	(649)
Other	825	(988)	-	-	(163)	11	(174)
Tax credits	994	111	-	-	1,105	1,105	-
Loss carryforward	1,528	9,425	-	536	11,489	11,489	-
Total	**(1,583)**	**6,666**	**(128)**	**2,319**	**7,274**	**19,425**	**(12,151)**
Set off of tax						(10,613)	10,613
Net	**(1,583)**	**6,666**	**(128)**	**2,319**	**7,274**	**8,812**	**(1,538)**

	01 Jan 14				31 Dec 14		
	Net balance	Recognised in profit or loss	Foreign currency translation	Business combination	Net	Deferred tax assets	Deferred tax liabilities
	T€	T€	T€	T€	T€	T€	T€
Property, plant and equipment	(856)	(242)	(27)	-	(1,125)	586	(1,711)
Intangible assets	(8,825)	2,680	(160)	(190)	(6,495)	5,889	(12,384)
Financial assets	1,411	92	-	-	1,503	2,677	(1,174)
Provisions and deferred revenues	(360)	1,547	-	-	1,187	2,813	(1,626)
Other	1,012	(187)	-	-	825	825	-
Tax credits	877	117	-	-	994	994	-
Loss carryforward	5,496	(3,968)	-	-	1,528	1,528	-
Total	**(1,245)**	**39**	**(187)**	**(190)**	**(1,583)**	**15,312**	**(16,895)**
Set off of tax						(15,312)	15,312
Net	**(1,245)**	**39**	**(187)**	**(190)**	**(1,583)**	**-**	**(1,583)**

c) UNRECOGNISED DEFERRED TAX LIABILITIES

For outside basis differences for undistributed foreign subsidiaries earnings, temporary differences in the amount of T€ 1,512 were not recorded according to IAS 12.39 (2014: T€ 1,447).

d) UNRECOGNISED DEFERRED TAX ASSETS

The Company's deferred tax assets are recorded to the extent it is probable that such tax benefits would be realised in future years. Due to a change in estimates as of 31 December 2015, it was assumed that two of the German entities will generate sufficient profits in the foreseeable future. Therefore deferred tax assets were recognised on tax loss carryforwards. The change in estimates stems from the fact that one German entity proved in 2015 to generate sustainable profits. Due to the continuing loss history of the other German entities as well as the US entity, no additional deferred tax asset on tax loss carryforwards, exceeding the recognised deferred tax liabilities, was recognised. In the following schedule, tax loss carryforwards, interest carryforwards and tax credits are shown, whereas tax loss carryforwards from different income taxes were added up.

in T€	2015	2014
Tax loss carryforwards (not expiring)	**431,540**	444,521
Time-limited tax losses		
– expiring until 2020	**26,632**	6,463
– expiring from 2020 to 2025	**24,479**	11,703
– expiring from 2026 to 2030	**48,114**	34,647
– expiring from 2030	**-**	21,732
Interest carryforward	**11,083**	9,716
Tax credits	**1,105**	994
Total	**542,953**	**529,776**

A net asset position for temporary differences amounting to T€ 370 was not recorded as of 31 December 2015 (31 December 2014: T€ 991).

(19) STOCK-BASED COMPENSATION

a) SHARE PERFORMANCE AWARDS

To further incentivise executives via variable long-term incentive compensation, the Annual General Meeting in June 2015 and June 2012 approved the respective contingent capital necessary to support the share performance plan 2015 ("SPP 2015") and 2012 ("SPP 2012"). Under this plans, Share Performance Awards ("SPA") may be granted to a level that may result in up to 6,000,000 bearer shares (SPP 2015) as well as 4,000,000 bearer shares (SPP 2012) of the Company being issued at maturity to members of the Management Board and other key employees. Each SPA grants up to two subscription rights to company shares, each of which in turn, entitle the holder to the subscription of one company share. SPAs can be exercised at the earliest after a vesting period of four years after the date of their grant but no later than five years after the respective grant. The holder has to contribute € 1.00 per share at the date of issue. SPAs can only be exercised, if, when and to the extent that key performance indicators are achieved within a performance measurement period of three years. These performance indicators consist of service conditions relating to certain key financial figures of the Company as well as certain share based measurements. The Supervisory Board determines key performance indicators for each individual tranche of awards at grant date. If a member of the Management Board leaves the company during the performance measurement period, he is entitled to receive proportionate Share Performance Awards dependent on the achievement of the key performance indicators. The selected key employees generally do not have this entitlement. The share performance plans SPP 2015 and SPP 2012 are subject to certain restrictions regarding issuing periods and the allocation of the grants to members of the Management Board and other key employees.

A summary of the status of the share performance plans as of 31 December 2015 and 2014 and the changes during the year then ended is presented as follows:

	31 December			
	2015 Share Performance Awards (SPAs)	**2015 Weighted average exercise price**	2014 Share Performance Awards (SPAs)	2014 Weighted average exercise price
		€ per share		€ per share
Outstanding at beginning of the year	**3,090,348**	**1.00**	1,683,450	1.00
SPAs granted	**796,617**	**1.00**	1,504,030	1.00
SPAs exercised	**-**	**-**	-	-
SPAs expired	**-**	**-**	-	-
SPAs forfeited	**(28,223)**	**1.00**	(97,132)	1.00
Outstanding at end of the year	**3,858,742**	**1.00**	**3,090,348**	**1.00**
Thereof exercisable	**-**	**-**	**-**	**-**

In 2015, 338,382 SPAs from the total granted SPAs were given to the members of the Management Board (2014: 734,457).

The fair value of the grant of share performance awards was estimated on the date of grant using a Monte-Carlo-Simulation model with the following assumptions:

	28 September 2015	*01 October 2014*	*04 September 2013*
Risk-free interest rate in %	**(0.09)**	0.05	0.67
Volatility in %	**37.0**	47.0	35.0
Fluctuation in %	**0.0 - 5.0**	0.0 - 5.0	0.0 - 5.0
Exercise price in Euro	**1.00**	1.00	1.00
Share price at grant date in Euro	**4.04**	3.10	2.90
Fair value according to IFRS 2 at grant date per SPA in Euro	**2.69**	1.80	1.55

The performance measurement period for this vesting in 2015 started on 01 January 2015 (2014: 01 January 2014). The expected dividend yield is zero, the expected life is 4 years.
In the financial year 2015, the assumption relating to the SPAs granted in 2014 and 2013 (2014: SPAs granted in 2013) changed with regard to the estimated achievement of the key performance indicators within the performance measurement period of three years. It relates to the achievement of performance indicators which are dependent on certain financial figures of the Company. Expected changes of share based measurements are not affected. This lead to an adjustment of T€ 2,682 (2014: T€ 475) of the total amount to be recognised as compensation expense. Correspondingly, a T€ 1,972 higher (2014: T€ 352 lower) than originally expected compensation expense was recorded in 2015.

b) SHARE OPTION PLANS

The Annual General Meeting on 07 June 1999 established a stock option plan ("Option Plan 1999") and authorised the granting of stock options for up to 1,466,600 shares. The plan is subject to certain restrictions regarding the number of stock awards that may be granted in a single year and the allocation of the grants to members of the Management Board, other key management personnel and all other employees. The Annual General Meeting in 2000 and 2001 provided for the authorisation of additional 949,000 and 1,129,600 stock options, respectively.
Under the terms of the plan, each option entitles the holder to purchase one share of the Company's stock within ten years of the grant date at a set strike price. For all options granted in 1999, the strike price was the price of the initial public offering of € 13.00 (€ 6.50 after stock split). Options granted in 2000 and 2001 can be exercised at a strike price equal to the closing price of the shares or at a strike price equal to the closing price of the shares plus 5% on the trading day before the option was granted. Options have a graded vesting: a maximum of one-third of which can be exercised at the earliest after two years, a maximum of further two-thirds after three years and all remaining awarded options after four years. Options can only be exercised within certain specified periods.
The options can only be exercised if the stock price exceeds the strike price by at least 5%.
The terms of the stock option plan further provide that a grant of options is only allowed if the average closing price of the Company's stock has increased by at least 30% when comparing the last quarter of the last business year before the grant with the last quarter of the preceding year. The Supervisory Board, however, has the authority to override this restriction and to authorise the granting of options to employees if such a decision is considered necessary for the interests of the Company.

The Annual General Meetings on 07 June 2005, 30 May 2007 and 28 August 2008 established new stock option plans ("Option Plan 2005, 2007 and 2008") and authorised the granting of stock options for up to 1,741,481, 2,140,000 and 3,400,000 shares in 2005, 2007 and 2008, respectively. The plans are subject to certain restrictions regarding the number of stock awards that may be granted in a year and the allocation of the grants to members of the Management Board, other key management personnel and all other employees. Within one calendar year, no more than 40% of options from the Option Plan 2005 and 2007 and not more than 50% of options from the Option Plan 2008 shall be granted.
Each option entitles the holder to purchase one share of the Company's stock at a strike price equal to the price of one share at the time of the grant of the option. Options can be exercised after a vesting period of three years after the date of their grant but no later than six years after the respective grant. The Option Plan 2005, 2007 and 2008 stipulates an exercise hurdle of a 33% price increase against the share price at the time of granting. The option holder may exercise his options only if this hurdle is achieved on the day three years after the respective date of granting. In case the hurdle is not achieved, the same increase after four or five years, respectively, would make the options exercisable.

The Annual General Meeting on 04 June 2009 decided to change the exercise periods of the options under the Option Plan 2005, 2007 and 2008 to be generally exercisable throughout the year. Options cannot be exercised during certain specified three weeks periods. The options under the Option Plan 2005, 2007 and 2008 used to be exercisable within the specific two weeks period relevant also to the other option programs.

The Annual General Meeting on 16 June 2011 established a new stock option plan ("Option Plan 2011") and authorised the granting of stock options for up to 1,200,000 shares in 2011. The plan is subject to certain recommendations regarding the number of stock awards that may be granted in a year. All options under the Option Plan 2011 are destined for grant to members of the Executive Board. Each option entitles the holder to purchase one share of the Company's stock at a strike price equal to the price of one share at the time of the grant of the option. Options can be exercised after a vesting period of four years after the date of their grant but no later than eight years after the respective grant. The Option Plan 2011 stipulates an exercise hurdle of a 20% price increase against the share price at the time of granting. The option holder may exercise his options only if this hurdle is achieved on one relevant day during the waiting period. The "relevant day" is respectively the day prior to the annual financial report, the quarterly report, an interim report or the half-year financial report is made available to the public.

A summary of the status of the stock option plans as of 31 December 2015 and 2014 and the changes during the years then ended is presented as follows:

	31 December			
	2015 Options	**2015 Weighted average exercise prices**	2014 Options	2014 Weighted average exercise price
		€ per share		€ per share
Outstanding at beginning of the year	**3,041,446**	**2.47**	3,542,128	2.47
Options granted	**-**	**-**	-	-
Options exercised	**(895,606)**	**2.20**	(317,183)	2.07
Options expired	**(77,379)**	**2.81**	(34,699)	5.14
Options forfeited	**(36,500)**	**2.78**	(148,800)	2.78
Outstanding at end of the year	**2,031,961**	**2.57**	**3,041,446**	**2.47**
Thereof exercisable	**1,013,117**	**2.34**	**803,928**	**2.34**

A summary of the stock options outstanding as of 31 December 2015 is as follows:

Range of exercise prices	*Weighted average remaining contractual life*
€ per share	
1.93 – 3.68	5.58 years

The fair value of each option grant was estimated on the date of grant using a binomial model with the following assumptions:

	16 March 2011	*14 September 2011*
Risk-free interest rate in %	2.66	1.23
Volatility in %	33.0	44.0
Fluctuation in %	0.0 – 10.0	0.0
Price range in Euro	2.65 – 2.79	2.23
Fair value per option	0.75 – 0.94	0.96

The expected dividend yield is zero, the expected life is 6 years in all models.

The Company recognised compensation expense in 2015 and 2014 for all stock options and share performance awards totalling T€ 3,973 and T€ 1,495, respectively, which was reflected as operating expenses in the consolidated income statement. Thereof, T€ 2,418 are related to stock options and share performance awards of the Management Board in 2015 (2014: T€ 1,072). The compensation expenses relating to accelerated vesting as well as the adjustment of compensation expenses due to changes in estimates are included in the amount above.

(20) STOCKHOLDERS' EQUITY

The share capital is made up of:

Shares in thousands	*31 Dec 2015*	*31 Dec 2014*
Issued as of 01 January	**131,711**	131,460
Exercise of share purchase rights	**873**	251
Issued as of 31 December	**132,584**	**131,711**

On 31 December 2015, there are 132,584,082 shares issued and outstanding with a nominal amount of € 1.00 per share. Management is not aware of any restriction of the voting rights or the right to transfer. No binding lock-up agreements have been made with any shareholder, and neither stock loans, nor pre-emptive stock purchase rights are known to the Company.
Share purchase rights exercised in 2015 show an average exercise price amounting to € 2.20 (2014: € 2.07) per share.
The conditional capital (bedingtes Kapital) as of 31 December 2015 consists of 12,120,740 shares available with respect to the share performance plan and the stock option plans and 23,663,172 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 (bedingtes Kapital) as of 31 December 2015 amounted to 35,783,912 shares.
At the Annual General Meeting on 17 June 2014, the statutes in respect of authorised capital were amended. The Management Board of the Company is now authorised to issue up to 26,292,038 new shares for cash or contributions in kind. Under German law, the shareholders of a stock corporation may empower the Management Board to issue shares in a specified aggregate nominal value not exceeding 50% of the issued share capital at the time of the shareholder vote, in the form of authorised capital (genehmigtes Kapital). The authorisation expires on 16 June 2019.
Evotec owns 249,915 of Evotec's shares as of 31 December 2015 (2014: 272,315), representing 0.2% (2014: 0.2%) of Evotec's share capital as of 31 December 2015. In the course of the acquisition of Renovis, Inc. by Evotec AG, certain options and deferred stock units ("DSU") held by Renovis employees were transformed into Evotec American Depository receipts ("ADR") delivered

into an irrevocable Company Trust for the benefit of the Renovis employees. In accordance with the Trust Agreement between Renovis, Inc. and the Trustee, on 12 March 2012 all remaining ADRs held by the Company Trust were delivered to Evotec AG, as all obligations of the Trust to deliver ADRs under the option agreements or the DSU agreements were satisfied or otherwise expired (e.g. due to an expiry of exercise periods or non-occurrence/ discontinuance of exercise conditions). In 2015 and 2014, Evotec AG used some of the transferred ADRs to serve exercised options under its stock option programs rather than using contingent capital.

(21) REVENUES

Revenues include in 2015 milestone payments amounting to T€ 4,446 (2014: T€ 10,400) and royalty income in the amount of T€ 828 in 2015 (2014: T€ 1,633). Also included in 2015 are licence revenues from discovery collaborations in the amount of T€ 2,643 (2014: T€ 3,934).

(22) RESEARCH AND DEVELOPMENT

In 2015, research and development expense mainly relate to early discovery programmes amounting to T€ 14,433 (2014: T€ 9,027), platform R&D in the amount of T€ 47 (2014: T€ 742), clinical programmes amounting to T€ 83 (2014: T€ 116) as well as overhead expenses in the amount of T€ 3,780 (2014: T€ 2,519). The overhead expenses consist mainly of patent costs and overhead personnel expenses.

(23) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Included in selling, general and administrative expenses are expenses for sales and marketing in the amount of T€ 3,135 (2014: T€ 3,138). Other administrative expenses amount to T€ 22,031 in 2015 (2014: T€ 14,852).

(24) OTHER OPERATING INCOME AND EXPENSE

In 2015, other operating income mainly relates with T€ 4,907 to refunds from the Research and Development expenditure credit (RDEC) in the UK as well as similar refunds from French CIR (crédit d'impôt recherche). This credit is akin to a government grant and as a result is shown as other operating income. In 2014, other operating income mainly relates with T€ 9,144 to the fair value adjustment of the earn-out provisions. In 2015 those fair value adjustments amounted to T€ 1,726.
In 2015, other operating income includes T€ 6,150 related to the recharge of costs to third parties whereas the respective costs are included in other operating expense with the same amount.
In 2015, other operating expense include T€ 1,007 (2014: T€ 6,314) related to the fair value adjustment of the earn-out provisions.

(25) INTEREST EXPENSE

Interest expense in 2015, include the unwind of discounts of earn-out provisions in the amount of T€ 1,229 (2014: T€ 1,172).

(26) FINANCIAL INSTRUMENTS

— FINANCIAL RISK MANAGEMENT —

Evotec is exposed to the following risks arising from financial instruments:
- currency risks
- interest rate risks
- liquidity risks (see note (27))
- capital management (see note (27))
- credit risks (see note (27))
- market risks (see note (27))

The Management Board has overall responsibility for the establishment and oversight of the Company's management framework. The Management Board has installed a Group Risk Manager, who is responsible for developing and monitoring the risk management policies. The Group Risk Manager reports regularly to the Management Board on its activities. The Audit committee oversees how management monitors compliance with the Company´s risk management policies and procedures.

Currency risks
The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in currency other than the functional currency of all Evotec companies. The functional currencies of all Evotec companies consist mainly of Euro, US Dollar and UK Sterling. The currencies in which these transactions are primarily denominated are US Dollar, UK Sterling and the Euro.

The following table shows the average currency rates as well as the currency rates at 31 December 2015 and 2014 each against the Euro:

	Average rate		*31 December*	
€	***2015***	*2014*	***2015***	*2014*
USD	**0.90130**	0.75370	**0.91690**	0.82270
GBP	**1.37750**	1.24088	**1.35720**	1.27800

A strengthening (weakening) of the Euro, US Dollar or UK Sterling as indicated below against the other currencies at 31 December would have increased (decreased) equity and net profit/(loss) by the amounts shown below. This analysis relates to financial instruments classified as held for sale and assumes that all other variables remain constant and ignores any impact of sales and purchases.

	Variance 2015		*Variance 2014*	
T€	***Equity***	***Profit and loss***	*Equity*	*Profit and loss*
USD (10% strengthening)	**1,154**	**1,154**	(92)	(92)
USD (10% weakening)	**(1,154)**	**(1,154)**	92	92
GBP (10% strengthening)	**247**	**247**	(46)	(46)
GBP (10% weakening)	**(247)**	**(247)**	46	46
EUR (10% strengthening)	**1,395**	**1,395**	1,481	1,481
EUR (10% weakening)	**(1,395)**	**(1,395)**	(1,481)	(1,481)

The Company manages the foreign exchange exposure via natural hedges and selective hedging instruments such as forward currency contracts.

The hedging instruments used do not expose the Company to any material additional risk. The objective of these transactions is to reduce the risk of exchange rate fluctuations of the Company's foreign currency denominated cash flows. Evotec does not enter into derivative transactions for trading or speculative purposes. As of 31 December 2015 and 2014, the Company held US Dollar/GBP forward contracts with Euro equivalent notional amounts of T€ 27,508 and a fair value of T€ (483) (2014: T€ 19,745 and T€ (76), respectively). Foreign currency contracts are carried at fair value. The maturity for all foreign currency contracts held by the Company is short-term. The fair value of the foreign currency contracts is included in other current financial liabilities on 31 December 2015 and 31 December 2014. Gains and losses from the fair value accounting related to foreign currency derivatives are included in non-operating income and expense and amounted to a net loss of T€ 528 and T€ 9 for the years 2015 and 2014, respectively.

Derived from the summary quantitative date about the Company's currency risks based on the report to the Management Board, the expected future USD cash flows are hedge with USD/GBP forward contracts with a nominal value of TUSD 30,000 (2014: TUSD 24,000).
The fair value of cash and cash equivalents, investments, trade accounts receivable and trade accounts payable approximate their carrying values in the consolidated financial statements due to their short-term nature. Financial assets are accounted for at the settlement date.

Interest rate risks

The Company is exposed to interest rate risks in Germany, UK and US due to current investments as well as loans. Financial instruments with fixed interest rates or those covered by an interest rate swap are not subject to cash flow risks and therefore are not included in the sensitivity analysis. Financial instruments with variable interest rates as of 31 December 2015 and 2014 are included in the sensitivity analysis for the period of their existence. If the interest rate had been 100 basis points higher (lower) at 31 December 2015 the effect on net income without considering any potential tax effects would have been T€ 615 higher (lower) (31 December 2014: net loss T€ 357 higher (lower)). Shareholders' equity would be impacted in the same amount.
The fair value of debt varies from the carrying amount, if there is a difference between the underlying interest rate to the market interest rate. The fair value is then determined using an appropriate market interest rate.

T€	*31 December* **2015**	*2014*
Variable interest rate +1%-point	**146**	68
Variable interest rate -1%-point	**(146)**	(68)

The fair values of the long-term loans with variable interest rates as of 31 December 2015 and 2014 would vary by the following amounts:

Evotec regularly uses interest rate swaps to hedge the interest rate risks from its borrowings. Two three-year interest rate swaps signed in 2011 with a notional of T€ 6,500 each resulted in a combined fixed interest rate of 3.0% and 2.875% respectively. The terms of those swaps ended in the financial year 2014. In September 2014, two new four-year interest rate swaps with a notional of T€ 5,000 each were agreed with two German banks to swap Euribor against a fixed rate of 0.335% and 0.320% respectively. This resulted in a combined fixed interest rate of 1.585% and 1.570% respectively for an amount of T€ 10,000 of Evotec's credit lines.

The Company does not use fair value through profit or loss accounting for its financial assets and liabilities with fixed interest rates.
The Company is exposed to interest rate risk through predominantly variable interest-bearing loans. These interest rate risks are deemed not to be significant.

Other price risks

The Company is not exposed to any price risks associated to their financial instruments.

(27) RISKS

Liquidity risks

Expenditures on internal discovery and early development programmes and other costs as well as reduced revenues might negatively impact Evotec's short- to mid-term profitability and cash reserves. To actively address any related risk, Evotec's management has defined minimum liquidity levels and prepared a scenario planning to safeguard its cash position. Evotec believes that existing liquidity reserves are sufficient to cope with the cumulative impact of all identified risks. Evotec is currently well-financed and has no plans or necessity to raise capital in the near- to mid-term. However, the option of increasing capital is always considered. This additional financing might be required if new opportunities arise in terms of M&A or in-licensing. The Company does not intend to engage in projects unless adequate funding is allocated or secured. Evotec assesses the associated liquidity risks to be low/medium, remaining unchanged in comparison to the previous year.
The general risk of losing a significant amount of cash in cash investments is continuously mitigated by spreading the investments across several different banks in high-credit quality instruments in full compliance with the Company's approved investment policy. Evotec monitors its banks and investments on an ongoing basis. Therefore, Evotec assesses the current default risks to be low, remaining unchanged in comparison to the previous year.
The Company has important collaborations with pharmaceutical and biotechnology companies. Any termination of such collaborations or failure to achieve contracted milestones would likely have an adverse impact on the Company's financial position, results of operations and cash flows.
Currency exchange movements also impact Evotec's reported liquidity primarily through the translation of liquid assets held in US Dollars or UK Sterling into Euros. A portion of the funds is held in currencies other than Euro in order to meet local operating needs.
The contractual maturities of financial liabilities, including estimated interest payments as of 31 December 2015 and 2014 are included in the following table:

T€	Carrying amount	Contractual cash flow	Due in 1 year	Due in 2 - 5 years	More than 5 years
	31 December 2015				
Non-derivative financial liabilities					
Loans	(22,943)	(23,437)	(14,479)	(8,777)	(181)
Contingent consideration	(15,872)	(42,567)	(1,415)	(1,141)	(40,095)
Trade accounts payable	(12,171)	(12,171)	(12,171)	-	-
Other current financial liabilities	(150)	(150)	(150)	-	-
Total non-derivative financial liabilities	**(51,136)**	**(78,325)**	**(28,215)**	**(9,918)**	**(40,276)**
Derivative financial liabilities					
FX forward contracts	(483)	(483)	(483)	-	-
Interest rate swap	(116)	(116)	(116)	-	-
Total derivative financial liabilities	**(599)**	**(599)**	**(599)**	**-**	**-**

T€	Carrying amount	Contractual cash flow	Due in 1 year	Due in 2 - 5 years	More than 5 years
	31 December 2014				
Non-derivative financial liabilities					
Loans	(21,549)	(22,167)	(13,665)	(8,014)	(488)
Contingent consideration	(15,864)	(43,574)	(562)	(1,605)	(41,407)
Trade accounts payable	(9,450)	(9,450)	(9,450)	-	-
Other current financial liabilities	(1,308)	(1,308)	(1,308)	-	-
Total non-derivative financial liabilities	**(48,171)**	**(76,499)**	**(24,985)**	**(9,619)**	**(41,895)**
Derivative financial liabilities					
FX forward contracts	(76)	(76)	(76)	-	-
Interest rate swap	(67)	(67)	(67)	-	-
Total derivative financial liabilities	**(143)**	**(143)**	**(143)**	**-**	**-**

Capital management

Evotec actively manages its funds to primarily ensure liquidity and principal preservation while seeking to maximise returns. Evotec's cash and short-term investments are located at several different banks. Financial investments are made in liquid, highly diversified investment instruments in low risk categories having at minimum a Standard & Poor's rating (or equivalent) of at least BBB-. Until November 2015, a Standard & Poor's rating or equivalent of at least A- was given.

The following table shows the total assets, equity as well as equity ratio and net cash:

T€	*Years ended 31 December* ***2015***	*2014*
Total assets	**288,538**	224,600
Equity attributable to the shareholders of Evotec AG	**185,502**	158,383
Equity ratio (in %)	**64.3%**	70.5%
Net cash	**21,554**	**27,161**

To manage short-term and medium-term liquidity, the Company makes regularly use of bank loans. As of 31 December 2015 and 2014, all debts are unsecured. However, Evotec has to hold a minimum level of cash in the amount of T€ 35,000 in 2015 and 2014, respectively. As at 31 December 2015, liquidity amounts to T€ 133,940 (31 December 2014: T€ 88,822). The sum of these debt instruments – including both long-term and current portions – at the end of 2015 is T€ 22,943 (2014: T€ 21,549).

Evotec remains well financed with an equity ratio relating to equity attributable to Evotecs shareholders of 64.3% as of 31 December 2015 (31 December 2014: 70.5%) and currently has no plans or necessity to raise capital in the near to mid-term. However, the option to increase capital may be considered if new opportunities arise in terms of M&A or in-licensing which should require additional financing.

No minimum capital requirements are stipulated in Evotec's statutes. The Company has obligations to issue shares out of the conditional capital relating to the exercise of stock options on the basis of miscellaneous stock option plans as well as share performance awards on the basis of a share performance plan. Please refer to Note 19.

Credit risks

Credit risk is the risk of financial loss to the Company if a customer fails to meet any of its contractual obligations and arises primarily from the receivables from customers and investment securities. The maximum exposure to credit risk for trade receivables including related parties at the reporting date by geographic region was:

T€	31 December 2015	2014
United States	**8,244**	10,760
Germany	**4,197**	9,725
France	**3,579**	-
Rest of Europe	**3,708**	2,862
United Kingdom	**1,090**	1,351
Rest of the world	**115**	561
	20,933	**25,259**

The Company has exposure to credit risk primarily with respect to its trade accounts receivables and its short-term and long-term investment which primarily invest in debt instruments. The Company performs ongoing credit evaluations of its customers' financial condition and maintains an appropriate specific allowance for uncollectible accounts receivable based upon the expected collectability of all accounts receivable. The Company's accounts receivables are generally unsecured and are not backed by collateral from its customers. As of 31 December 2015, one customer accounted for 20% of trade receivables (31 December 2014: 35%). Concentrations of credit risk with respect to trade accounts receivables are generally limited by a number of geographically diverse customers and the Company's monitoring procedures.

Evotec's customers are generally financially stable pharmaceutical companies, foundations and larger biotech companies. There has been no history of doubtful receivables except for one and this is not expected to change.

In 2015, the Company further expanded its customer base. However, the two largest customers of Evotec, each having a share of more than 10% of the group revenues in 2015 and 2014, represented in total more than 40% of the group revenues in 2015 and more than 24% in 2014. A termination of these business relations could have adverse impacts on the Company's financial results.

Market risks

The market environment and competitive landscape for licensing and licensed projects or individual drug candidates, in general or for individual treatments might change while engaging in individual project.

Structured vehicles

Evotec has not had any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured entities or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractual narrow or limited purposes. Therefore, Evotec is not materially exposed to any financing, liquidity, market or credit risk that could arise if it had been engaged in these relationships.

(28) FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2015		*31 December 2014*	
T€	***Carrying amount***	***Fair value***	*Carrying amount*	*Fair value*
Cash and cash equivalents	**44,497**	**44,497**	**48,710**	**48,710**
Available-for-sale financial assets				
Investments	**89,443**	**89,443**	40,112	40,112
Total available-for-sale-financial assets	**89,443**	**89,443**	**40,112**	**40,112**
Financial assets measured at fair value				
Other non-current financial assets	**80**	**80**	78	78
Total financial assets measured at fair value	**80**	**80**	78	78
Loans and receivables				
Trade accounts receivables	**20,933**	**20,933**	25,259	25,259
Other current financial assets	**1,018**	**1,018**	1,094	1,094
Total loans and receivables	**21,951**	**21,951**	**26,353**	**26,353**
Financial liabilities measured at amortised cost				
Current loan liabilities	**(14,213)**	**(14,213)**	(13,363)	(13,363)
Non-current loan liabilities	**(8,730)**	**(8,750)**	(8,186)	(8,173)
Trade accounts payable	**(12,171)**	**(12,171)**	(9,450)	(9,450)
Other current financial liabilities	**(150)**	**(150)**	(1,308)	(1,308)
Total financial liabilities measured at amortised cost	**(35,264)**	**(35,284)**	**(32,307)**	**(32,294)**
Financial liabilities measured at fair value				
Derivative financial instruments	**(599)**	**(599)**	(143)	(143)
Contingent consideration	**(15,872)**	**(15,872)**	(15,864)	(15,864)
Total financial liabilities measured at fair value	**(16,471)**	**(16,471)**	**(16,007)**	**(16,007)**
	104,236	**104,216**	**66,939**	**66,952**
Unrecognised (gain)/loss		**20**		**(13)**

In determining the fair values on level 2 and 3 the following valuation techniques are used:

Financial instruments measured at fair value
The asset value of the insurance cover for pension obligations is determined as the capital value of the premiums' saving components and is based on realised interest income so far.
The fair value of derivative financial instruments is determined by market-based methods. The valuation model is based upon quoted prices of similar instruments, whose characteristics are broadly similar to the instruments being measured.

The fair value of contingent considerations is determined by a discounted cash flow model. The cash flows used are based on the respective long-term project planning and/or the expected meeting of revenue targets. The discount rate is calculated using an interest rate on debt. Significant unobservable input used is to some extent the commercialisation success rate (2015: 25% - 30%; 2014: 30%).

Financial instruments not measured at fair value
For cash and cash equivalents, trade accounts receivables, loan liabilities, finance lease obligations and other current financial assets and liabilities, fair value is determined through a simplified discounted cash flow model without the use of significant unobservable inputs, respectively the net book values represent an appropriate approximation of the fair value.

Hierarchy levels

The following table allocates financial assets and financial liabilities to the three levels of the fair value hierarchy as defined in IFRS 13:

	31 December 2015			
T€	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	89,443	-	-	89,443
Financial assets measured at fair value	-	80	-	80
Financial liabilities measured at fair value	-	(599)	(15,872)	(16,471)

	31 December 2014			
T€	Level 1	Level 2	Level 3	Total
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 levels of the fair value hierarchy and its application to Evotec's financial assets and financial liabilities are described below:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data. The following tables show the movement of fair values at level 3 for the financial years 2015 and 2014, respectively:

T€	Note	Contingent consideration
As of 01 January 2015		15,864
Exchange rate difference		49
Consumption	(16)	(551)
Included in other operating expense		
Changes in fair value, unrealised		1,007
Included in other operating income		
Changes in fair value, unrealised		(1,726)
Included in expense from long-term investment		
Changes in fair value, unrealised		-
Included in interest expense		
Interest change in net present value, unrealised		1,229
As of 31 December 2015		**15,872**

T€	Note	Investments	Contingent consideration
As of 01 January 2014		10	18,519
Acquisition of businesses	(4)	-	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		**-**	**15,864**

For the fair value of the contingent consideration, possible alternative assumptions of significant unobservable inputs would have ceteris paribus the following effects as at 31 December 2015 and 2014:

T€	**2015 Profit and loss Increase**	**2015 Profit and loss Decrease**	2014 Profit and loss Increase	2014 Profit and loss Decrease
Contingent consideration				
Discount rate (movement of 0.15 %-points)	265	(270)	273	(278)
Commercialisation success rate (movement of 10%-points)	183	(183)	294	(294)

In the financial years 2015 and 2014, no reclasses were made among the individual levels.

(29) PENSION PLAN

The Company operates a defined contribution Group Personal Pension Plan (GPPP) and makes contributions to employees' own schemes. The pension charge for the year represents contributions payable by the Company to the fund (and to employees' own pension schemes) and amounted to T€ 1,624 (2014: T€ 1,150). Contributions amounting to T€ 127 (2014: T€ 112) were payable to the fund at the year-end 2015 and are included in provisions. The Company's contribution rate is employee specific and is determined by the level of an employee's contribution. There were no changes in the basis for such contributions during the year. The statutory retirement insurances are defined as contribution plan under IAS 19, but are not included in the amounts stated above.

Further the Company has a 401K in the US the contribution to this plan amounted to T€ 75 during 2015 (2014: T€ 65).

In the course of the business combination with Evotec (France) the Company succeeded a defined benefit pension plan for employees in France. The calculation of the provision for this pension obligation is based on the projected unit credit method according to IAS 19. In 2015, a calculation for this obligation was done which includes the following assumptions.

	31 Dec 2015
Actuarial interest rate	1.75%
Salary increase	2.4% - 4.55%
Employee turnover	0% - 2.85%
Retirement age	62 years

For the measurement of the mortality rate the mortality tables of France according to l'INSEE 2010-2012 were used. The mortality rate is not subject of a material sensitivity as the payment is processed at the beginning of the retirement. The sensitivity of the actuarial interest rate and the resulting change of the relating pension provision is shown in the following table. This change would be recognized as actuarial gain or loss in other comprehensive income in equity. For the other assumptions no material change is expected, as they are based on historical values which will not change much in the course of a year.

T€	**31 Dec 2015**
Actuarial interest rate +0,25%-points	**(281)**
Actuarial interest rate -0,25%-points	**292**

The Company operates a defined benefit pension plan for one former member of the Management Board of Evotec AG. The provision for this pension is calculated using the projected unit credit method in accordance with IAS 19. An actuarial report was prepared in 2015 and 2014 for this purpose. The calculations are based on assumed pension increases of 1.1% and a discount rate of 2.1% in 2015 and 1.6% in 2014. The discount rate reflects market conditions. The provision amounted to T€ 182 and T€ 216 as of 31 December 2015 and 2014, respectively.

The pension provisions developed as follows:

T€	Year ended 31 December **2015**	2014
Pension provision at beginning of the year	**216**	164
Addition at acquisition date	**7,664**	-
Included in other comprehensive income:		
Actuarial gains from:		
– Changes in financial assumptions	**(38)**	47
– Experience adjustments	**-**	-
Included in net income:		
Current service costs	**72**	-
Interest cost	**32**	5
Pension provision at year end	**7,946**	**216**

The expenses for the statutory retirement obligations are explained in Note (32).

(30) COMMITMENTS AND CONTINGENCIES

— (A) OPERATING LEASE OBLIGATIONS —

The Company leases office and laboratory space and other equipment under operating leases in accordance with IAS 17. The longest of these obligations extends to 2024. Certain leases contain rent increases, rent holidays and renewal options. The total rents due under these leases are recognised on a straight-line basis over the lease term. The future minimum lease payments under non-cancellable operating leases are approximately as follows:

T€	***31 Dec 2015***	*31 Dec 2014*
less than one year	**15,535**	4,905
between one and five years	**57,853**	17,814
more than five years	**15,834**	17,738
Total	**89,222**	**40,457**

The majority of operating lease obligations are related to rent expenses for facilities. The rent expense for such leases amounted to T€ 12,388 and T€ 4,359 for the years ended 31 December 2015 and 2014, respectively. The increase in rent expenses is the result of the newly added rent agreement of Evotec (France).

— (B) OTHER COMMITMENTS AND CONTINGENCIES —

The future minimum payments associated with miscellaneous long-term commitments total approximately T€ 3,997 and T€ 5,404 at 31 December 2015 and 2014, respectively. The significant portion thereof related to long-term commitments in connection with facility expenses.

As of 31 December 2015 and 2014, the Company has entered into purchase commitments in the amount of T€ 4,648 and T€ 1,816, respectively.
The Company has, in the sale and purchase agreement for all the shares in Evotec Technologies GmbH, provided certain guarantees customary for such agreements, which terminated as of 31 December 2014. No current liabilities from this guarantee exist as of 31 December 2014.
The Company has licensed or acquired certain third party intellectual property for use in its business. Under these agreements, the Company is required to pay milestones, dependent on development progress and/or royalties and milestones dependent on present and future net income or on sublicensing fees received from third parties. The Company also agreed with several third parties on getting access to their technology and know how for use in Evotecs business or within collaborations. Under those agreements, the Company is required to pay a revenue share to those third parties.
Having resolved the BaFin's summary proceedings in 2014, the Company is not aware of any material litigation as of 31 December 2015.

(31) RELATED PARTY TRANSACTIONS

According to IAS 24 the Company discloses related party transactions where Supervisory Board members and Management Team members of the Company hold positions in other entities that result in them having significant influence over the financial or operating policies of these entities (the figures reflect the total group).
Evotec AG recorded revenues from contracts in the normal course of business in the amount of T€ 2,205 and T€ 0 with related parties in 2015 and 2014, respectively. Subsidiaries of Evotec AG recorded corresponding revenues with related parties in the amount of T€ 2,340 and T€ 2,108 in 2015 and 2014, respectively. There has been no further material transactions with related parties.
Administrative services provided by the Company to Management Board or Supervisory Board members for their private purposes, if any are reimbursed to the Company at cost.

(32) PERSONNEL EXPENSES AND COST OF MATERIAL

The personnel expenses of the Company in 2015 amounted to T€ 68,468 of which T€ 39,314 relate to personnel expenses outside Germany in the UK, France and US (2014: T€ 40,898 and T€ 18,143, respectively). Thereof expenses for the statutory retirement insurance amounted to T€ 3,569 of which T€ 1,955 relate to expenses outside Germany in the UK, France and US (2014: T€ 2,153 and T€ 661, respectively).
Cost of materials in 2015 amounted to T€ 21,112, thereof T€ 12,451 are cost of materials outside Germany in the UK, France and US (2014: T€ 16,536 and T€ 7,621, respectively).

(33) OTHER DISCLOSURES

The following additional disclosures are required by German law in accordance with the European Directives on Accounting and the Corporate Governance Codex.

— (a) NUMBER OF EMPLOYEES —

The average number of persons employed by the Company in 2015 was 913 (2014: 689). Thereof 122 employees are allocated to sales and administration (2014: 96).

— (b) REMUNERATION OF THE AUDITOR —

In 2015, remunerations, shown as expenses, to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and other Ernst & Young companies totalled T€ 303 (2014: T€ 250) broken down into auditing of financial statements (T€ 282; 2014: T€ 234), other attestation services (T€ 16; 2014: T€ 16) as well as other services (T€ 0; 2014: T€ 0). The amount for auditing the financial statements includes T€ 5 in 2015 (2014: T€ 0) relating to the prior year financial statements.

— (c) CORPORATE GOVERNANCE CODEX —

A declaration according to § 161 AktG was made by the Management Board and the Supervisory Board of the Company. This declaration regarding the Company's compliance with the Corporate Governance Codex is accessible to the shareholders in the 'Investor Relations' section on Evotec's website (www.evotec.com).

— (d) CONSOLIDATED SUBSIDIARIES AND EQUITY INVESTEES —

Information below shows Evotec AGs direct and indirect voting interests in their subsidiaries and other investments.

%	2015 Company's voting interest
Subsidiaries	
Evotec (France) SAS, Toulouse, France	100.0
Evotec (Hamburg) GmbH, Hamburg	100.0
Evotec (India) Private Limited, Thane, India*	100.0
Evotec International GmbH, Hamburg	100.0
Evotec (München) GmbH, Munich	100.0
Evotec (UK) Ltd., Abingdon, UK	100.0
Evotec (US), Inc., South San Francisco, California, USA	100,0
Euprotec Ltd., Manchester, UK	100.0
Panion Ltd., London, UK	51.0
Associates	
Topas Therapeutics GmbH, Hamburg (formerly: NANOdeLIVER GmbH)	50.0
Other Investments	
European ScreeningPort GmbH i.L., Hamburg	19.9

** in voluntary liquidation*

In 2014, being the year of its acquisition, Bionamics GmbH was merged with Evotec International GmbH.

The subsidiaries listed in this table are included in the consolidated financial statements. Associates are accounted for at-equity. In the financial year 2014, the investment in European ScreeningPort GmbH i.L. was fully impaired. The Group investments in subsidiaries, associated companies and other investments are not hedged as those currency positions are considered to be long-term in nature.

— (e) MANAGEMENT BOARD —

Dr Werner Lanthaler, *Business Executive, Hamburg, DE (CEO),*
Colin Bond, *Chartered Accountant, Hamburg, DE (CFO),*
Dr Cord Dohrmann, *Biologist, Göttingen, DE (CSO) and*
Dr Mario Polywka, *Chemist, Oxfordshire, UK (COO).*

The remuneration paid to the members of the Management Board in the financial year 2015 totalled T€ 2,365 (2014: T€ 1,672) of which T€ 930 (2014: T€ 285) was variable remuneration. The Management Board received also share performance awards in 2015 and 2014 as components with a long-term incentive effect with a fair value in 2015 of T€ 910 (2014: T€ 1,322). Fixed remuneration includes base salaries, contributions to personal retirement insurance, premiums for accident and accidental death insurances as well as the benefit derived from the use of company cars. The variable remuneration of the Management Board is based on a bonus scheme. The respective objectives are specified every year by the Remuneration and Nomination Committee of the Supervisory Board, and subsequently approved by the Supervisory Board.

For the financial year 2015, the variable pay in 2016 is based on the achievement of four sets of corporate milestones (strategic targets). As at 31 December 2015, the Company has accrued T€ 754 for this purpose, which is composed of T€ 289 for Dr Werner Lanthaler, T€ 140 for Colin Bond, T€ 153 for Dr Cord Dohrmann and T€ 172 for Dr Mario Polywka.

These corporate targets split as follows into the achievement of defined corporate milestones and financial corporate goals:

%	Achievement of defined corporate targets	Achievement of corporate financial targets
Dr Werner Lanthaler	60	40
Colin Bond	60	40
Dr Cord Dohrmann	60	40
Dr Mario Polywka	60	40

For the financial year 2014, the variable pay in 2015 was based on the achievement of four sets of corporate milestones (strategic targets) and multiple personal objectives. The Company has accrued T€ 175 for this purpose, which is composed of T€ 68 for Dr Werner Lanthaler, T€ 33 for Colin Bond, T€ 36 for Dr Cord Dohrmann and T€ 38 for Dr Mario Polywka. Additionally, a special transaction bonus was granted to each member of the Management Board in 2015 for the successful acquisition of Evotec (France).

The achievement of targets for the year 2014 splits as follows:

%	Achievement of corporate targets	Achievement of corporate financial targets	Personal objectives
Dr Werner Lanthaler	48	32	20
Colin Bond	36	24	40
Dr Cord Dohrmann	36	24	40
Dr Mario Polywka	36	24	40

In addition to their fixed and variable remuneration, the members of the Management Board received 338,382 (2014: 734,457) Share Performance Awards (SPA) in 2015 under the Company's share performance plan. These Share Performance Awards vest after four years according to achievement versus defined key performance indicators over a three-year performance measurement period. The fair values of all Share Performance Awards granted as of the grant date amounted to a total of T€ 910 (2014: T€ 1,322). Further information concerning SPAs is available in note (19).

	2015 **Fixed remuneration**	**2015** **Variable remuneration**	**2015** **Share Performance Awards**	**2015** **Fair values of SPAs granted**	**2015** **Total remuneration**
	T€	T€	in pcs	T€	T€
Dr Werner Lanthaler	413	256	141,667	381	1,050
Colin Bond	310	221	58,929	158	689
Dr Cord Dohrmann	315	224	64,286	173	712
Dr Mario Polywka	397	229	73,500	198	824
Total	**1,435**	**930**	**338,382**	**910**	**3,275**

	2014 Fixed remuneration	2014 Variable remuneration	2014 Share Performance Awards	2014 Fair values of SPAs granted	2014 Total remuneration
	T€	T€	in pcs	T€	T€
Dr Werner Lanthaler	416	119	314,815	567	1,102
Colin Bond	299	48	130,952	236	583
Dr Cord Dohrmann	314	61	142,857	257	632
Dr Mario Polywka	358	57	145,833	262	677
Total	**1,387**	**285**	**734,457**	**1,322**	**2,994**

The contracts of the Management Board members contain a common change-of-control clause that would allow them to terminate their current contracts in the event of a change in control. Such a change-of-control occurs when a third party assumes more than 30% of the shares of the Company. If members of the Management Board should make use of their right of termination, they are entitled to the following severance payments: Dr Werner Lanthaler receives a severance payment of two years base salary, Dr Mario Polywka 18 months base salary and Colin Bond as well as Dr Cord Dohrmann an 18 months base salary plus agreed bonus. In no case, the respective severance payment shall be higher than the total compensation due for the remaining term of the respective Management Board member's contract.

The Company has a Directors and Officers (D&O) insurance policy in place for the Management Board, the Supervisory Board, its senior management and the directors of subsidiary companies. The insurance expense amounted to T€ 91 in total in 2015 (2014: T€ 115) and was paid by the Company. For the members of the Management Board, a deductible in line with the stipulations of the legal provisions of the Act on Appropriateness of Management Board Compensation (VorstAG) was agreed.

In 2015 and 2014, no payments were made to any former Management Board member.

Dr Werner Lanthaler is Non-Executive Member of the Board of Directors of arGEN-X, Breda/NL. Until December 2015, Dr Mario Polywka was Non-Executive Chairman of the Board of Directors of Nanotether Discovery Sciences Ltd, Cardiff University, UK. Colin Bond is Member of the Verwaltungsrat of Siegfried Holding AG, Zofingen, CH.

— (f) SUPERVISORY BOARD —

Prof. Dr Wolfgang Plischke, Aschau im Chiemgau, DE, Former Member of the Management Board of Bayer AG (Chairman of the Supervisory Board)
Bernd Hirsch, Holzminden, DE, CFO of Symrise AG until 31 December 2015; from 01 April 2016 onwards CFO of Bertelsmann SE & Co. KGaA (Vice Chairman of the Supervisory Board since June 2015);
Dr Claus Braestrup, Copenhagen, DK, former President and Chairman of the Management Board of Lundbeck A/S;
Prof. Dr Paul Linus Herrling, Küsnacht, CH, Former Head of global Research of Novartis Pharma AG;
Prof. Dr Iris Löw-Friedrich, Ratingen, DE, Chief Medical Officer of UCB S.A.;
Dr Elaine Sullivan, London, UK, Chairman of the Management Board of Carrick Therapeutics Ltd. (Member of the Supervisory Board since June 2015);
Dr Walter Wenninger, Leverkusen, DE, Former Member of the Management Board of Bayer AG (Vice Chairman of the Supervisory Board until June 2015).

The remuneration accrued for the members of the Supervisory Board in the financial year 2015 was as follows:

T€	2015 Remuneration
Prof. Dr Wolfgang Plischke	95
Bernd Hirsch	61
Dr Claus Braestrup	35
Prof. Dr Paul Linus Herrling	35
Prof. Dr Iris Löw-Friedrich	35
Dr Elaine Sullivan[1)]	20
Dr Walter Wenninger[2)]	22
Total	**303**

[1)] *relating to the period from 09 June 2015, when Dr Elaine Sullivan was appointed to the Supervisory Board by the Annual General Meeting of Evotec AG.*

[2)] *relating to the period until 09 June 2015*

The remuneration accrued for the members of the Supervisory Board in the financial year 2014 was as follows:

T€	2014 Remuneration
Prof. Dr Wolfgang Plischke[1)]	51.4
Dr Walter Wenninger	70.7
Dr Claus Braestrup	35.0
Bernd Hirsch	50.0
Prof. Dr Paul Linus Herrling[2)]	18.9
Prof. Dr Iris Löw-Friedrich[3)]	18.9
Roland Oetker[4)]	22.9
Prof. Dr Andreas Pinkwart[5)]	16.1
Mary Tanner[6)]	16.1
Total	**300.0**

[1)] *relating to the period from 17 June 2014, when Prof. Dr Wolfgang Plischke was appointed to the Supervisory Board by the Annual General Meeting of Evotec AG.*

[2)] *relating to the period from 17 June 2014, when Prof. Dr Paul Linus Herrling was appointed to the Supervisory Board by the Annual General Meeting of Evotec AG.*

[3)] *relating to the period from 17 June 2014, when Prof. Dr Iris Löw-Friedrich was appointed to the Supervisory Board by the Annual General Meeting of Evotec AG.*

[4)] *relating to the period until 17 June 2014, when the terms of office of Roland Oetker as Supervisory Board member ended at the close of Evotec AG's Annual General Meeting.*

[5)] *relating to the period until 17 June 2014, when the terms of office of Prof. Dr Andreas Pinkwart as Supervisory Board member ended at the close of Evotec AG's Annual General Meeting.*

[6)] *relating to the period until 17 June 2014, when the terms of office of Mary Tanner as Supervisory Board member ended at the close of Evotec AG's Annual General Meeting.*

In 2015 and 2014, the remuneration of each Supervisory Board member amounted to T€ 30 per year. The Chairman receives T€ 75 and his Vice Chairman T€ 45. Members of Supervisory Board committees additionally receive T€ 5 per committee, with the chairperson receiving T€ 20 (2014: T€ 20).

In 2015 and 2014, there was no share-based remuneration.

The total remuneration accrued for the Supervisory Board members in 2015 totalled T€ 303 (2014: T€ 300). The Company has a Directors and Officers (D&O) insurance policy in place for the Management Board, the Supervisory Board, its senior management and the directors of subsidiary companies. The insurance expense amounted to T€ 91 in total in 2015 (2014: T€ 115) and was paid by the Company. For the members of the Supervisory Board, an appropriately sized deductible was agreed.

The Members of the Supervisory Board and their additional memberships in supervisory boards and memberships in comparable governing bodies of enterprises according to § 125 par. 1 fifth sentence of the AktG are listed at the end of this report.

(34) SUBSEQUENT EVENTS

In February 2016, Evotec was informed by Janssen Pharmaceuticals, Inc. that Janssen intends to terminate the licence agreement regarding the NMDA antagonist with effect from August 2016. Evotec will regain the licence rights and is currently assessing any potential business opportunities and effects on its assets, liabilities and stockholders' equity, financing and financial position and results of operations.

Hamburg, 14 March 2016

Dr Werner Lanthaler *Colin Bond*

Dr Cord Dohrmann *Dr Mario Polywka*

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Supervisory Board and Management Board

SUPERVISORY BOARD

Prof. Dr Wolfgang Plischke Chairman of the Supervisory Board *Aschau im Chiemgau/DE, Former Member of the Management Board of Bayer AG*	
Bernd Hirsch Vice Chairman of the Supervisory Board since June 2015 *Holzminden/DE, CFO of Symrise AG until 31 December 2015; from 01 April 2016 onwards CFO of Bertelsmann SE & Co. KGaA*	
Dr Claus Braestrup Member of the Supervisory Board *Copenhagen/DK, Former President and Chairmen of the Management Board of Lundbeck A/S*	***Non-Executive Chairman of the Board of Directors:*** Saniona AB, Malmö/Ballerup/SE ***Non-Executive Member of the Board of Directors:*** Bavarian Nordic A/S, Kvistgaard/DK Evolva SA, Basel/CH Gyros AB, Uppsala/SE
Prof. Dr Paul Linus Herrling Member of the Supervisory Board *Küsnacht/CH, Former Head of global Research of Novartis Pharma AG*	***Chairman of the Board:*** Novartis Institute for Tropical Disease Ltd, Singapur/SG ***Member of the Board:*** Novartis Institute for Functional Genomics, La Jolla/USA Novartis International Pharmaceuticals, Hamilton/USA ***Vice president of the Rat:*** Eidgenössische Technische Hochschule, Bern/CH
Prof. Dr Iris Löw-Friedrich Member of the Supervisory Board *Ratingen/DE, Chief Medical Officer of UCB S.A.*	***Chairman of the Supervisory Board:*** TransCelerate BioPharma Inc, King of Prussia/USA (since September 2015) ***Member of the Supervisory Board:*** Wilex AG, Munich/DE (until July 2015)
Dr Elaine Sullivan Member of the Supervisory Board since June 2015 *London/UK, Chairman of the Management Board of Carrick Therapeutics Ltd.*	***Member of the Supervisory Board:*** IP Group plc, London/UK (since July 2015)
Dr Walter Wenninger Vice Chairman of the Supervisory Board until June 2015 *Leverkusen/DE, Former Member of the Management Board of Bayer AG*	***Chairman of the Supervisory Board:*** Noxxon Pharma AG, Berlin/DE ***Member of the Advisory Group:*** Novo A/S, Hellerup/DK

MANAGEMENT BOARD

Dr Werner Lanthaler Chief Executive Officer *Hamburg/DE* *Business Executive*	***Non-Executive Member of the Board of Directors:*** arGEN-X, Breda/NL
Colin Bond Chief Financial Officer *Hamburg/DE* *Chartered Accountant*	***Member of the Verwaltungsrat:*** Siegfried Holding AG, Zofingen/CH
Dr Cord Dohrmann Chief Scientific Officer *Göttingen/DE* *Biologist*	
Dr Mario Polywka Chief Operating Officer *Oxfordshire/UK* *Chemist*	***Non-Executive Chairman of the Board of Directors:*** Nanotether Discovery Sciences Ltd, Cardiff University/UK (until December 2015)

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Audit Opinion

The audit opinion was rendered in German. The translation of this audit opinion reads as follows:

"We have audited the consolidated financial statements prepared by Evotec AG, Hamburg, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in stockholders' equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] are the responsibility of the Parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Berlin, 14 March 2016
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schepers
Wirtschaftsprüfer
German Public Auditor

Machner
Wirtschaftsprüfer
German Public Auditor

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial results of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Evotec AG
The Management Board

Hamburg, 14 March 2016

Dr Werner Lanthaler
Chief Executive Officer

Dr Mario Polywka
Chief Operating Officer

Colin Bond
Chief Financial Officer

Dr Cord Dohrmann
Chief Scientific Officer

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