

Half-year Interim Report

'16

PUBLICATION DATE 10 AUGUST 2016

I. MANAGEMENT REPORT

- **EVOTEC DELIVERS VERY STRONG OPERATIONAL AND FINANCIAL RESULTS IN H1 2016**
- **SIGNIFICANT PROGRESS IN ENDOMETRIOSIS COLLABORATION WITH BAYER**
- **PROFITABILITY GUIDANCE RAISED AND POSITIVE OUTLOOK CONFIRMED**

HIGHLIGHTS

Financial performance – Profitability growth trend continues

- ▶ Significant revenue growth in both operating segments: EVT Execute revenues up 35% to € 79.8 m; EVT Innovate revenues up 44% to € 11.8 m
- ▶ Consolidated Group revenues grew by 37% to € 75.5 m (H1 2015: € 55.0 m); base revenues up 35% to € 68.5 m
- ▶ Adjusted Group EBITDA significantly increased to € 15.8 m (H1 2015: € 0.8 m); adjusted EBITDA of € 22.5 m for EVT Execute (H1 2015: € 9.8 m)
- ▶ Increase in R&D expenses of 6% to € 9.0 m
- ▶ Strong liquidity position of € 118.3 m; initiation of loan repayments

EVT Execute – Strong and profitable growth

- ▶ Important milestone achievements in Bayer, Boehringer Ingelheim and Padlock collaborations
- ▶ Collaboration extensions e.g. with Genentech and Janssen Pharmaceutica NV
- ▶ Multi-year compound management agreement closed with Pierre Fabre
- ▶ Antibiotic Research UK's first research contract awarded to Evotec
- ▶ Continued strengthening of existing drug discovery platforms with e.g. Trianni's next-generation transgenic technology and CRISPR/Cas9 licences
- ▶ Phase I clinical start for the treatment of endometriosis with Bayer (after period-end)

EVT Innovate – Expansion of first-in-class targets and platforms

- ▶ Acceleration of TargetNASH programme funded by Ellersbrook GmbH & Co. KG
- ▶ Innovation partnership with ex scientia to develop bispecific small molecule immuno-oncology therapeutics
- ▶ Formation of spin-off company Topas Therapeutics GmbH in the field of nanoparticle-based therapeutics to treat immunological disorders; Series A funding of € 14 m

Profitability guidance 2016 raised (after period-end)

- ▶ Adjusted Group EBITDA (before changes in contingent consideration) expected to more than double compared to 2015 (previously: positive and significantly improved compared to last year (2015: € 8.7 m))
- ▶ All other elements of financial guidance as of 22 March 2016 and positive outlook confirmed

FINANCIAL HIGHLIGHTS

The following tables provide an initial overview of Evotec's financial performance in the first half of 2016

and 2015. More detailed information can be found on page 5 of this half-year report.

Segment information for the first six months of 2016

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Evotec Group</i>
Revenues	79,812	11,831	(16,189)	75,454
Costs of revenue	(56,795)	(5,910)	13,255	(49,450)
Gross profit	23,017	5,921	(2,934)	26,004
Operating income and (expenses)				
— R&D expenses	(46)	(11,921)	2,934	(9,033)
— SG&A expenses	(9,345)	(2,412)	—	(11,757)
— Impairment of intangible assets	—	(1,417)	—	(1,417)
— Other operating income	8,924	2,171	—	11,095
— Other operating expenses	(5,668)	(835)	—	(6,503)
Total operating income (expenses)	(6,135)	(14,414)	2,934	(17,615)
Operating income (loss)	16,882	(8,493)	—	8,389
EBITDA adjusted	22,473	(6,640)	—	15,833

Segment information for the first six months of 2015

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Not allocated</i>	<i>Evotec Group</i>
Revenues	59,170	8,223	(12,435)	—	54,958
Costs of revenue	(46,376)	(4,655)	10,375	—	(40,656)
Gross profit	12,794	3,568	(2,060)	—	14,302
Operating income and (expenses)					
— R&D expenses	(190)	(10,376)	2,060	—	(8,506)
— SG&A expenses	(9,324)	(3,062)	—	—	(12,386)
— Impairment of intangible assets	—	(69)	—	—	(69)
— Income from bargain purchase	—	—	—	18,476	18,476
— Other operating income	3,953	529	—	—	4,482
— Other operating expenses	(3,269)	(108)	—	—	(3,377)
Total operating income (expenses)	(8,830)	(13,086)	2,060	18,476	(1,380)
Operating income (loss)	3,964	(9,518)	—	18,476	12,922
EBITDA adjusted	9,846	(9,051)	—	—	795

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. More details are described in the notes to the unaudited interim condensed consolidated financial statements on page 16 of this half-year report.

OPERATIONAL HIGHLIGHTS

EVT Execute

STRONG AND PROFITABLE GROWTH

Important milestone achievements, new and extended collaborations

The strong operational performance in the first quarter of 2016 successfully continued into the second quarter of 2016. In the first half 2016, important milestones were achieved in collaborations with Bayer, Boehringer Ingelheim and Padlock. Furthermore, a new multi-year compound management agreement with Pierre Fabre was signed. In addition, various collaborations were extended, such as the drug discovery alliance with Genentech for a further three years, which was initiated in May 2010. This second extension further validates the value of Evotec's state-of-the-art technology platform and broad expertise in drug discovery. Additionally, Janssen Pharmaceutica NV extended its proteomics collaboration with Evotec, which now enters its tenth year. The ongoing collaboration provides Janssen access to a first-in-class quantitative mass spectrometry proteomics platform across a broad range of applications.

Antibiotic Research UK's first research contract awarded to Evotec

This collaboration focuses on the discovery of Antibiotic Resistance Breakers to be used in conjunction with known antibiotics with the aim of reversing resistance and restoring clinical utility of such antibiotics. For over 50 years, the discovery of a new class of antibiotics has evaded the industry and the threat of antimicrobial resistance has ever increased. The combination of Evotec's science and infrastructures, alongside charities and foundations like Antibiotic Research UK, allows highly capital-efficient drug discovery processes. The programme is predominantly being carried out at Evotec's infectious disease facility site based in Manchester.

Continued strengthening of existing drug discovery platforms with e.g. Trianni's next-generation transgenic technology and CRISPR/Cas9 licences

In the first half 2016, Trianni, Inc. ("Trianni") and Evotec entered into a preferred provider agreement that adds the Trianni Mouse platform to Evotec's drug discovery platform. Trianni's next-generation transgenic technology enables Evotec to generate optimal therapeutic human antibody candidates for Trianni's licensees.

To reinforce Evotec's approach to deliver the best-in-class drug discovery solutions for its partners, Evotec entered

into a non-exclusive licence agreement with the Broad Institute of MIT and Harvard for the use of CRISPR-Cas9 gene editing technology. Under the terms of this licence, Evotec gains access to IP related to CRISPR-Cas9 and will apply the technology for the development of research tools and in target identification. It also further strengthens its post phenotypical screening target deconvolution platform. With this agreement, Evotec obtains non-exclusive access to the leading technology on the market for gene editing.

Phase I clinical start for the treatment of endometriosis with Bayer (after period-end)

Evotec's ongoing endometriosis collaboration together with Bayer has shown significant progress with the progression of a programme from the alliance portfolio into a Phase I clinical trial, triggering a milestone payment to Evotec. Bayer will be responsible for subsequent clinical development and commercialisation while Evotec is eligible for clinical and sales milestones as well as royalties on net sales depending on the successful development and approval of a potential drug candidate. This is the first clinical project of this alliance which is set up to deliver three clinical candidates in its five-year term up to 2017.

EVT Innovate

EXPANSION OF FIRST-IN-CLASS TARGETS AND PLATFORMS

Acceleration of TargetNASH programme funded by Ellersbrook GmbH & Co. KG

Ellersbrook has invested in Evotec's TargetNASH programme. Evotec and Ellersbrook are now committed to invest up to € 5 m over an initial three-year period. Evotec will be responsible for executing the project plan. TargetNASH is a highly systematic approach to non-alcoholic steatohepatitis (NASH) identifying novel mechanisms and targets with the potential to lead to disease-modifying therapies. The goal is to accelerate TargetNASH projects during an incubator period to tangible value points which will form the basis of either an independently financed spin-off company or a strategic Pharma partnership.

Innovation partnership with ex scientia to develop bispecific small molecule immuno-oncology therapeutics

In April 2016, Evotec announced a collaboration with *ex scientia* Ltd to discover and develop first-in-class bispecific small molecule immuno-oncology therapies. *Ex scientia* contributes its unique algorithmic design platform while Evotec, mainly through its Toulouse site, is

responsible for medicinal chemistry, *in vitro* and *in vivo* pharmacology as well as development capabilities and expertise. The initial focus will be cancer-related adenosine targets which are increasingly recognised to play important roles in immuno-oncology.

Formation of spin-off company Topas Therapeutics GmbH in the field of nanoparticle-based therapeutics to treat immunological disorders; Series A funding of € 14 m

In March 2016, Evotec announced the formation of a spin-off company called Topas Therapeutics GmbH ("Topas"), focused on the field of nanoparticle-based therapeutics to treat immunological disorders. Epidarex Capital, EMBL Ventures and Gimv participated together with Evotec in a € 14 m (\$ 15.75 m) Series A financing round of Topas. Evotec remains the largest shareholder after the financing round. The new company aims to build a unique pipeline of clinical-stage development projects to treat autoimmune diseases. The establishment of Topas is the first example of an acceleration of Evotec's business model to take advantage of carving out promising programmes with upside potential on a shared risk and shared success basis.

A. OPERATIONS

CHANGES IN GROUP STRUCTURE, CORPORATE STRATEGY AND OBJECTIVES, PRODUCT OFFERING AND BUSINESS ACTIVITIES

The Company continues to be managed in line with the corporate objectives and strategy described in Evotec's Annual Report 2015 on pages 27 and 28.

B. REPORT ON THE FINANCIAL SITUATION AND RESULTS

Note: Due to two acquisitions in 2015, the interim condensed consolidated financial statements for the first six months of 2015 and 2016 are not fully comparable. The difference stems from the acquisition of Evotec (France) SAS, effective 01 April 2015, and from the 51% acquired shares in Panion Ltd., London, UK, effective 09 December 2015. While the result of Evotec (France) SAS is fully included in the accompanying consolidated income statement for the first six months of 2016, it was only partially included in the comparable period of the previous year. Panion Ltd. was not included in the comparable period of the previous year.

Change in presentation: The presented financial statements include a change in presentation in the first half of 2015 and 2016. From 01 January 2016 onwards, amortisation of intangible assets is no longer presented in a separate line in the consolidated income statement but is allocated to the relating cost lines in the income statement. The prior-year period was changed accordingly resulting in additional costs of revenue in the amount of € 1.5 m.

1. RESULTS OF OPERATIONS

Evotec's **Group revenues** for the first half of 2016 grew to € 75.5 m, an increase of 37% compared to the same period of the previous year (H1 2015: € 55.0 m). This increase is due to growth in the core EVT Execute business, the contribution of the Sanofi collaboration as well as milestone achievements. Excluding milestones, upfronts and licences, Evotec's revenues for the first half of 2016 were € 68.5 m and increased by 35% over the same period of the previous year (H1 2015: € 50.7 m). In the first half of 2016, Sanofi contributed revenues of € 25.4 m.

Geographically, 57% of Evotec's revenues were generated with European customers, 42% with customers in the USA and 1% with customers in the rest of the world. This compares to 50%, 49% and 1%, respectively, in the same period of the previous year.

Costs of revenue for the first half of 2016 amounted to € 49.5 m (H1 2015: € 40.7 m), yielding a gross margin of 34.5% which improved over the first half of 2015 (H1 2015: 26.0%). The margin increase over 2015 is mainly attributable to a strong base business, the contribution of the Sanofi collaboration and milestone achievements. As has previously been stated, gross margins in the future may be volatile due to the dependency of the financial results on the receipt of potential milestone or out-licensing payments.

R&D expenses for the first half of 2016 increased by 6% to € 9.0 m (H1 2015: € 8.5 m) due to an increase in the number of projects progressed in the portfolio.

SG&A expenses for the first half of 2016 decreased by 5% to € 11.8 m (H1 2015: € 12.4 m). SG&A expenses in 2015 included one-time M&A and related costs with regards to the strategic collaboration with Sanofi.

Other operating income and expenses, net in the first six months of 2016 amounted to € 4.6 m (H1 2015: € 1.1 m) and resulted mainly from research and development tax credits in the UK and France in the amount of € 4.3 m

(H1 2015: € 1.8 m) which are recorded as other operating income.

Adjusted Group EBITDA in the first six months of 2016 significantly increased to € 15.8 m (H1 2015: € 0.8 m). The EBITDA 2015 was adjusted by € 1.0 m for changes in contingent consideration.

Evotec's **operating income** for the first half of 2016 amounted to € 8.4 m (H1 2015: € 12.9 m). Operating income in the first half of 2015 was mainly affected by the preliminary income from bargain purchase of € 18.5 m resulting from the acquisition of Evotec (France).

The **total non-operating result** in the first half of 2015 was positively impacted by a foreign currency exchange gain of € 1.5 m mainly due to the strengthening of the US dollar against the Euro.

The **net result** in the first half of 2016 amounted to € 2.7 m (H1 2015: € 13.6 m).

Earnings per share for the first half of 2016 were € 0.02 (2015: € 0.10).

2. OPERATING SEGMENTS EVT EXECUTE AND EVT INNOVATE

Revenues from the EVT Execute segment amounted to € 79.8 m in the first half of 2016, an increase of 35% compared to the same period of the previous year (H1 2015: € 59.2 m). This increase is primarily attributable to growth of the base business, milestone achievements and two full quarters of the Sanofi collaboration in Toulouse. Included in this amount are € 16.2 m of intersegment revenues (H1 2015: € 12.4 m). The EVT Innovate segment generated revenues in the amount of € 11.8 m consisting entirely of third-party revenues (H1 2015: € 8.2 m). The increase in revenues resulted from EVT Innovate projects which were partnered in H2 2015.

The EVT Execute segment recorded costs of revenue of € 56.8 m in the first six months of 2016 (H1 2015: € 46.4 m), resulting in a gross margin of 28.8%. The margin improved significantly compared to 2015 (21.6%) due to a strong base business, the contribution of the Sanofi collaboration and milestone achievements. The EVT Innovate segment reported costs of revenue of € 5.9 m (H1 2015: € 4.7 m), resulting in a gross margin of 50.0% compared to 43.4% in the prior-year period.

Completely in line with Evotec's strategy, R&D expenses for the EVT Innovate segment increased from € 10.4 m in

the first six months of 2015 to € 11.9 m in the first six months of 2016 due to an increase in the number of projects progressed in the portfolio.

In the first six months of 2016, the adjusted EBITDA of the EVT Execute segment was high at € 22.5 m and significantly improved compared to the same period of the previous year (H1 2015: € 9.8 m) due to the strong increase in revenues and milestone achievements and two full quarters of contribution from the Sanofi collaboration. The EVT Innovate segment reported an adjusted EBITDA of € (6.6) m (H1 2015: € (9.0) m).

3. FINANCING AND FINANCIAL POSITION

Cash used in operating activities for the first half of 2016 amounted to € 2.7 m (H1 2015: cash provided by operating activities of € 18.5 m). The negative result in the first half of 2016 was primarily due to annual bonus and one-time extraordinary bonus payments. In H1 2015, significant milestone payments as well as prepayments in the context of the Sanofi collaboration were received.

Cash provided by investing activities for the first half of 2016 amounted to € 22.8 m compared to cash used in investing activities of € 10.1 m in the same period of the previous year. In the first half of 2016, Evotec participated in a Series A financing round of Topas Therapeutics GmbH, a spin-off company from Evotec. Capital expenditures amounted to € 3.9 m (H1 2015: € 5.6 m). The higher investments in the first half of 2015 resulted from the expansion of existing sites as well as the fit-out of new sites. The proceeds from sale of current investments (€ 43.9 m) exceeded the purchases of current investments (€ 15.2 m) in the first six months of 2016.

Cash used in financing activities for the first half of 2016 amounted to € 4.0 m (H1 2015: cash provided by financing activities of € 0.9 m) and mainly resulted from initiated loan repayments.

The exchange rate difference of € (2.6) m compared to the prior-year period (H1 2015: € 1.0 m) was especially impacted by weakening of Pound Sterling to Euro.

Liquidity, which includes cash and cash equivalents (€ 57.9 m) and investments (€ 60.4 m) amounted to € 118.3 m at the end of June 2016 (31 December 2015: € 133.9 m).

4. ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

Assets

Trade account receivables increased to € 23.4 m (31 December 2015: € 20.9 m) mainly due to the underlying revenue growth.

Investments accounted for using the equity method as of 30 June 2016 in the amount of € 1.7 m are attributable to the participation of Evotec in the series A financing round in Topas Therapeutics GmbH, Hamburg.

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

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

Liabilities

The decrease in current provisions to € 7.4 m (31 December 2015: € 16.7 m) mainly results from payments for annual bonuses and one-time bonuses in March 2016.

The increase in other current liabilities to € 5.6 m (31 December 2015: € 3.6 m) was mainly due to VAT liability in France (€ 2.1 m).

Non-current deferred revenues decreased to € 3.7 m (31 December 2015: € 6.5 m). This related primarily to the recognition of revenues in the first six months 2016 from Bayer and two EVT Innovate deals.

Stockholders' equity

As of 30 June 2016, Evotec's capital structure remained almost unchanged compared to the end of 2015. Due to the exercise of stock options, there were 132,798,546 shares issued and outstanding with a nominal value of € 1.00 per share as of 30 June 2016. Included in this amount as of 30 June 2016 were 249,915 treasury shares.

Evotec's equity ratio as of 30 June 2016 increased to 68.6% (31 December 2015: 64.8%).

More details are described in the notes to the unaudited interim condensed consolidated financial statements on page 18 of this half-year report.

5. HUMAN RESOURCES

Employees

At the end of June 2016, 1,017 people were employed within the Evotec Group (31 December 2015: 1,000 employees).

Stock-based compensation

In the first six months of 2016, no stock options were granted to Evotec employees and a total of 214,464 options

were exercised. As of 30 June 2016, the total number of options available for future exercise amounted to 734,639 (approximately 0.6% of shares in issue).

In 2012 and in 2015, the Company implemented a share performance plan. During the first half of 2016, no share performance awards were granted to members of the Management Board and other key employees and no share performance awards were exercised. As of 30 June 2016, the total number of share performance awards available for future exercise amounted to 3,753,355 (approximately 2.8% of shares in issue).

Options and share performance awards have been accounted for under IFRS 2 using the fair value at the grant date. In the first six months of 2016, no options and no share performance awards held by employees of the Company continued to be valid after termination of the relating employment.

SHAREHOLDINGS OF THE BOARDS OF EVOTEC AG
Number of shares

	<u>01 Jan 16</u>	<u>Additions</u>	<u>Sales</u>	<u>30 June 16</u>
<u>Management Board</u>				
Dr Werner Lanthaler	526,494	20,000	–	546,494
Colin Bond*	–	–	–	–
Dr Cord Dohrmann	46,218	–	–	46,218
Dr Mario Polywka	60,000	–	–	60,000

Number of stock options

	<u>01 Jan 16</u>	<u>Additions</u>	<u>Exercise</u>	<u>30 June 16</u>
<u>Management Board</u>				
Dr Werner Lanthaler	840,000	–	–	840,000
Colin Bond*	140,000	–	–	140,000
Dr Cord Dohrmann	340,000	–	–	340,000
Dr Mario Polywka	78,186	–	–	78,186

Number of Share Performance Awards

	<u>01 Jan 16</u>	<u>Additions</u>	<u>Exercise</u>	<u>30 June 16</u>
<u>Management Board</u>				
Dr Werner Lanthaler	845,897	–	–	845,897
Colin Bond*	336,085	–	–	336,085
Dr Cord Dohrmann	359,712	–	–	359,712
Dr Mario Polywka	369,964	–	–	369,964

*Colin Bond has been Chief Financial Officer and Member of the Management Board of Evotec until the end of June 2016. Enno Spillner started as Chief Financial Officer and Management Board Member of Evotec AG on 18 July 2016.

The Supervisory Board of Evotec AG does not hold any stock options or Share Performance Awards.

Pursuant to Article 19 of the European Market Abuse Regulation (EU-Marktmissbrauchverordnung), the above tables and information list the number of Company shares held and rights for such shares granted to each board member as of 30 June 2016 separately for each member of our Management.

C. RISKS AND OPPORTUNITIES MANAGEMENT

The risks and opportunities described in Evotec's Annual Report 2015 on pages 56 to 63 remain unchanged. At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec AG.

D. SUBSEQUENT EVENTS

On 19 July 2016, Evotec increased its financial guidance for the current year. The Company expects adjusted Group

EBITDA (before changes in considerations) to more than double (previously: positive and significantly improved compared to last year (2015: € 8.7 m)) mainly as a result of an increased margin contribution and a positive outlook for the remainder of the year. All other elements of the Company's financial guidance which was first published on 22 March 2016 are confirmed.

E. GENERAL MARKET AND HEALTHCARE ENVIRONMENT

GLOBAL ECONOMIC DEVELOPMENT

Overall, the global economy faced several challenges during the first half of 2016, such as slow economic growth, political tensions and various instabilities in some regions. These challenges unsettled the financial markets around the world. Especially the UK's vote to leave the European Union in a referendum ("BREXIT") at the end of the second quarter 2016 represented a blow for global markets. Apart from the positive foreign exchange rate effect on its UK cost base, Evotec expects no major impact of the Brexit for its business.

TRENDS IN THE PHARMACEUTICAL AND BIOTECHNOLOGY SECTOR

In the first half of 2016, there were no material changes to the overall trends in the pharmaceutical and biotechnology sector described in Evotec's Annual Report 2015 on page 37. Please see Evotec's Annual Report 2015 for further information.

F. FINANCIAL OUTLOOK

PROFITABILITY GUIDANCE RAISED (AFTER PERIOD-END)

	<i>Guidance July 2016</i>	<i>Original Guidance 2016</i>	<i>Actual 2015</i>
Group revenues¹⁾	More than 15% growth	More than 15% growth	€ 115.4 m
Adjusted Group EBITDA²⁾	More than double	Positive and significantly improved compared to prior year	€ 8.7 m
R&D expenses	Approx. € 20 m	Approx. € 20 m	€ 18.3 m
Liquidity³⁾	Similar level compared to 2015	Similar level compared to 2015	€ 134.5 m
Capex investments	Up to € 10 m	Up to € 10 m	€ 11.2 m

¹⁾ Excluding milestones, upfronts and licences

²⁾ Before contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result

³⁾ Excluding any potential cash outflow for M&A or similar transactions

Evotec's financial guidance was updated in July 2016 due to an increased margin contribution and a positive outlook for the remainder of the year. In 2016, adjusted Group EBITDA is expected to more than double compared to last year (previously: positive and significantly improved compared to last year (2015: € 8.7 m)).

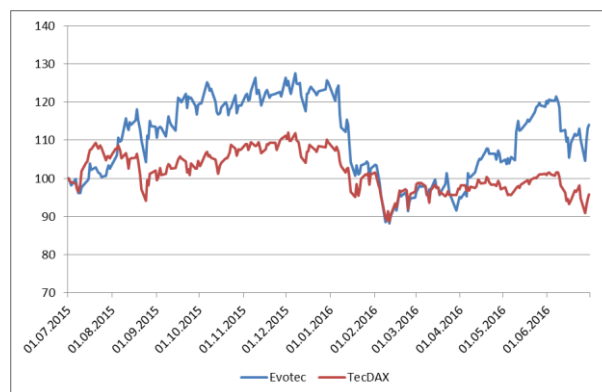
All other elements of the Company's financial guidance are confirmed.

G. EVOTEC SHARE

PERFORMANCE OF THE EVOTEC SHARE OVER THE PAST TWELVE MONTHS

The DAX index closed the first half of 2016 down 8% at 9,680 points. Impacted by terrorist attacks, the decline in oil prices and uncertainty regarding the BREXIT decision, it proved a very volatile performance in the first half of 2016. Evotec's share price ended the first half of 2016 at

€ 3.80, a decrease of 7% compared to its opening price for 2016 (€ 4.11). This compares to a decrease of 12% for the German technology stock index TecDAX.



II. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

EVOTEC AG AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2016

<i>in T€ except share data</i>	<i>footnote reference</i>	<i>as of 30 June 2016</i>	<i>as of 31 December 2015</i>
ASSETS			
Current assets:			
— Cash and cash equivalents		57,912	44,497
— Investments		60,419	89,443
— Trade accounts receivables		23,392	20,933
— Accounts receivables from related parties		—	136
— Inventories		3,978	3,133
— Current tax receivables	6	1,699	1,121
— Other current financial assets	7	1,393	1,018
— Prepaid expenses and other current assets		6,064	6,659
Total current assets		154,858	166,940
Non-current assets:			
— Investments accounted for using the equity method	8	1,692	—
— Property, plant and equipment		36,972	38,334
— Intangible assets, excluding goodwill	9	21,785	25,154
— Goodwill		43,426	45,648
— Deferred tax asset		8,548	8,812
— Non-current tax receivables		1,997	2,068
— Other non-current financial assets		80	80
— Other non-current assets	10	2,502	1,502
Total non-current assets		117,002	121,598
Total assets		271,860	288,538
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
— Current loan liabilities	11	10,316	14,213
— Trade accounts payable		10,356	12,171
— Advanced payments received		667	97
— Provisions	12	7,424	16,694
— Deferred revenues		8,527	8,763
— Current income tax payables		460	232
— Other current financial liabilities	13	1,655	633
— Other current liabilities	14	5,606	3,597
Total current liabilities		45,011	56,400
Non-current liabilities:			
— Non-current loan liabilities		7,881	8,730
— Deferred tax liabilities		1,257	1,538
— Provisions		26,624	27,342
— Deferred revenues	15	3,748	6,509
— Other non-current financial liabilities		874	925
Total non-current liabilities		40,384	45,044
Stockholders' equity:			
— Share capital		132,798	132,584
— Additional paid-in capital		695,795	693,740
— Accumulated other comprehensive income		(24,129)	(18,510)
— Accumulated deficit		(619,006)	(622,312)
Equity attributable to shareholders of Evotec AG		185,458	185,502
— Non-controlling interest		1,007	1,592
Total stockholders' equity		186,465	187,094
Total liabilities and stockholders' equity		271,860	288,538

EVOTEC AG AND SUBSIDIARIES
INTERIM CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01 JANUARY TO 30 JUNE 2016

<i>in T€ except share and per share data</i>	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
Revenues	75,454	54,958	37,975	33,416
Costs of revenue	(49,450)	(40,656)	(24,442)	(25,150)
Gross profit	26,004	14,302	13,533	8,266
Operating income and (expenses)				
— Research and development expenses	(9,033)	(8,506)	(4,647)	(4,672)
— Selling, general and administrative expenses	(11,757)	(12,386)	(6,390)	(7,268)
— Impairment of intangible assets	(1,417)	(69)	–	(69)
— Income from bargain purchase	–	18,476	–	18,476
— Other operating income	11,095	4,482	6,692	3,224
— Other operating expenses	(6,503)	(3,377)	(3,543)	(1,735)
Total operating income and (expenses)	(17,615)	(1,380)	(7,888)	7,956
Operating income	8,389	12,922	5,645	16,222
Other non-operating income (expense)				
— Interest income	497	260	270	82
— Interest expense	(864)	(746)	(430)	(340)
— Share of the profit or loss of associates accounted for using the equity method	(248)	(13)	(195)	(6)
— Other income from financial assets	287	–	287	–
— Other expense from financial assets	(157)	(3)	(156)	(3)
— Foreign currency exchange gain (loss), net	(623)	1,543	1,451	(488)
— Other non-operating income	6	145	6	9
Total non-operating income (expense)	(1,102)	1,186	1,233	(746)
Income before taxes	7,287	14,108	6,878	15,476
— Current tax expense	(4,419)	(776)	(2,911)	(989)
— Deferred tax income (expense)	(147)	223	(74)	140
Total taxes	(4,566)	(553)	(2,985)	(849)
Net income	2,721	13,555	3,893	14,627
thereof attributable to:				
Shareholders of Evotec AG	3,306	13,555	4,067	14,627
Non-controlling interest	(585)	–	(174)	–
Weighted average shares outstanding	132,380,544	131,470,115	132,426,779	131,489,026
Net income (loss) per share (basic)	0.02	0.10	0.03	0.11
Net income (loss) per share (diluted)	0.02	0.10	0.03	0.11

EVOTEC AG AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01 JANUARY TO 30 JUNE 2016

<i>in T€</i>	<i>Six months ended 30 June 2016</i>	<i>Six months ended 30 June 2015</i>	<i>Three months ended 30 June 2016</i>	<i>Three months ended 30 June 2015</i>
Net income	2,721	13,555	3,893	14,627
Accumulated other comprehensive income				
Items which are not re-classified to the income statement				
— Remeasurement of defined benefit obligation	–	–	–	–
— Taxes	–	–	–	–
Items which have to be re-classified to the income statement at a later date				
— Foreign currency translation	(5,461)	5,940	(1,540)	663
— Revaluation and disposal of available-for-sale securities	(158)	225	(211)	(77)
— Taxes	–	–	–	–
Other comprehensive income	(5,619)	6,165	(1,751)	586
Total comprehensive income	(2,898)	19,720	2,142	15,213

EVOTEC AG AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH ENDED 30 JUNE 2016

<i>in T€</i>	<i>Six months ended 30 June 2016</i>	<i>Three months ended 30 June 2015</i>
Cash flows from operating activities:		
— Net income	2,721	13,555
— Adjustments to reconcile net income to net cash provided by (used in) operating activities	10,272	(10,271)
— Change in assets and liabilities	(15,721)	15,244
Net cash provided by (used in) operating activities	(2,728)	18,528
Cash flows from investing activities:		
— Purchase of current investments	(15,237)	(77,472)
— Cash paid for investments in associated companies	(2,000)	–
— Purchase of property, plant and equipment	(3,918)	(5,643)
— Purchase of intangible assets	–	(271)
— Cash acquired in connection with acquisitions	–	37,274
— Proceeds from sale of current investments	43,929	36,025
Net cash provided by (used in) investing activities	22,774	(10,087)
Cash flows from financing activities:		
— Proceeds from option exercise	478	191
— Proceeds from issuance of loans	5,000	781
— Repayment of loans	(9,500)	(45)
Net cash provided by (used in) financing activities	(4,022)	927
Net increase in cash and cash equivalents	16,024	9,368
— Exchange rate difference	(2,609)	982
— Cash and cash equivalents at beginning of year	44,497	48,710
Cash and cash equivalents at end of the period	57,912	59,060

EVOTEC AG AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

<i>in T€ except share data</i>	<i>Share capital</i>		<i>Income and expense recognised in other comprehensive income</i>				<i>Stockholders equity attributable to the Shareholders of Evotec AG</i>	<i>Non-controlling interest</i>	<i>Total stockholders' equity</i>
	<i>Shares</i>	<i>Amount</i>	<i>Additional paid-in capital</i>	<i>Foreign currency translation</i>	<i>Revaluation reserve</i>	<i>Accumulated deficit</i>			
Balance at 01 January 2015	131,710,876	131,711	688,669	(30,043)	6,874	(638,828)	158,383	–	158,383
— Exercised stock options	72,606	72	119	–	–	–	191	–	191
— Stock option plan	–	–	2,254	–	–	–	2,254	–	2,254
Total comprehensive income (loss)				5,940	225	13,555	19,720	–	19,720
Balance at 30 June 2015	131,783,482	131,783	691,042	(24,103)	7,099	(625,273)	180,548	–	180,548
Balance at 01 January 2016	132,584,082	132,584	693,740	(25,250)	6,740	(622,312)	185,502	1,592	187,094
— Exercised stock options	214,464	214	263	–	–	–	477	–	477
— Stock option plan	–	–	1,792	–	–	–	1,792	–	1,792
— Non-controlling interest	–	–	–	–	–	–	–	(585)	(585)
Total comprehensive income (loss)				(5,461)	(158)	3,306	(2,313)	–	(2,313)
Balance at 30 June 2016	132,798,546	132,798	695,795	(30,711)	6,582	(619,006)	185,458	1,007	186,465

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements of Evotec have been prepared in accordance with IAS 34 on interim reporting in conjunction with International Financial Reporting Standards (IFRS) and their interpretations as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim consolidated financial statements have been prepared on cost basis, except for derivative financial instruments as well as available-for-sale financial instruments, which are measured at fair value. The accounting policies used to prepare interim information are the same as those used to prepare the audited consolidated financial statements for the year ended 31 December 2015. Income tax income and expense is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The presented financial statements include a change in presentation in the first six months of 2016 and 2015. From 01 January 2016 onwards, amortisation of intangible assets are no longer presented in a separate line in the consolidated income statement but are allocated to the relating cost lines in the income statement. The prior-year period was changed accordingly resulting in additional costs of revenues in the amount of T€ 1,464.

The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2015. In the opinion of the management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. PRINCIPLES OF CONSOLIDATION

Effective 01 April 2015, Evotec acquired all of the shares in Evotec (France) SAS, a former Sanofi research site in Toulouse, France. This acquisition has been fully

consolidated since that date. In addition, effective 09 December 2015, Evotec acquired 51% of the shares in Panion Ltd., London, UK. This acquisition has been fully consolidated since that date.

Due to these acquisitions, the interim condensed consolidated financial statements for the first six months of 2015 and 2016 are not fully comparable.

3. USE OF ESTIMATES

In the interim condensed consolidated financial statements for the six months ended 30 June 2016, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2015.

4. SEGMENT INFORMATION

EVT Execute and EVT Innovate have been identified by the Management Board as operating segments. 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.

The segment information for the first six months of 2016 is as follows:

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Evotec Group</i>
Revenues	79,812	11,831	(16,189)	75,454
Costs of revenue	(56,795)	(5,910)	13,255	(49,450)
Gross profit	23,017	5,921	(2,934)	26,004
Operating income and (expenses)				
— Research and development expenses	(46)	(11,921)	2,934	(9,033)
— Selling, general and administrative expenses	(9,345)	(2,412)	—	(11,757)
— Impairment of intangible assets	—	(1,417)	—	(1,417)
— Other operating income	8,924	2,171	—	11,095
— Other operating expenses	(5,668)	(835)	—	(6,503)
Total operating income (expenses)	(6,135)	(14,414)	2,934	(17,615)
Operating income (loss)	16,882	(8,493)	—	8,389
— Interest income				497
— Interest expense				(864)
— Share of the profit or loss of associates accounted for using the equity method				(248)
— Other income from financial assets				287
— Other expense from financial assets				(157)
— Foreign currency exchange gain (loss), net				(623)
— Other non-operating income				6
Income before taxes				7,287
EBITDA adjusted	22,473	(6,640)	—	15,833

The EBITDA adjusted for the first six months 2016 is derived from operating income (expense) as follows:

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Evotec Group</i>
Operating income (expense)	16,882	(8,493)	—	8,389
plus depreciation of tangible assets	4,581	292	—	4,873
plus amortisation of intangible assets	1,010	144	—	1,154
plus impairment of intangible assets	—	1,417	—	1,417
EBITDA adjusted	22,473	(6,640)	—	15,833

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

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Not allocated</i>	<i>Evotec Group</i>
Revenues	59,170	8,223	(12,435)	–	54,958
Costs of revenue	(46,376)	(4,655)	10,375	–	(40,656)
Gross profit	12,794	3,568	(2,060)	–	14,302
Operating income and (expenses)					
— Research and development expenses	(190)	(10,376)	2,060	–	(8,506)
— Selling, general and administrative expenses	(9,324)	(3,062)	–	–	(12,386)
— Impairment of intangible assets	–	(69)	–	–	(69)
— Income from bargain purchase	–	–	–	18,476	18,476
— Other operating income	3,953	529	–	–	4,482
— Other operating expenses	(3,269)	(108)	–	–	(3,377)
Total operating income (expenses)	(8,830)	(13,086)	2,060	18,476	(1,380)
Operating income (loss)	3,964	(9,518)	–	18,476	12,922
— Interest income					260
— Interest expense					(746)
— Share of the profit or loss of associates accounted for using the equity method					(13)
— Other income from financial assets					–
— Other expense from financial assets					(3)
— Foreign currency exchange gain (loss), net					1,543
— Other non-operating income					145
Income before taxes					14,108
EBITDA adjusted	9,846	(9,051)	–	–	795

The EBITDA adjusted for the first six months of 2015 is derived from operating income (expense) as follows:

<i>in T€</i>	<i>EVT Execute</i>	<i>EVT Innovate</i>	<i>Intersegment eliminations</i>	<i>Not allocated</i>	<i>Evotec Group</i>
Operating income (expense)	3,964	(9,518)	–	18,476	12,922
plus depreciation of tangible assets	3,669	235	–	–	3,904
plus amortisation of intangible assets	1,275	189	–	–	1,464
plus impairment of intangible assets	–	69	–	–	69
less income from bargain purchase	–	–	–	(18,476)	(18,476)
plus change in contingent consideration	938	(26)	–	–	912
EBITDA adjusted	9,846	(9,051)	–	–	795

5. ACQUISITIONS

Evotec acquired 100% of the shares in Evotec (France) SAS, Toulouse, France effective 01 April 2015. The purchase price amounted to € 1 in cash. With this acquisition, Evotec closed a five-year multi-component strategic alliance with Sanofi. The preliminary bargain purchase income resulting from the acquisition totalled T€ 18,476 in the first six months 2015 and was not allocated to segments.

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.

6. CURRENT TAX RECEIVABLES

The current tax receivables as of 30 June 2016 increased compared to 31 December 2015 primarily due to accrued R&D tax credits netted against income tax liabilities in UK in the amount of T€ 342.

7. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets as of 30 June 2016 increased compared to 31 December 2015 primarily due to accrued revenues in the amount of T€ 1,655 (2015: T€ 248).

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method consist of the investment in Topas Therapeutics GmbH. Epidarex Capital, EMBL Ventures and Gimv participated together with Evotec in a Series A financing round of Topas Therapeutics GmbH. Evotec remains the largest shareholder after the financing round.

9. INTANGIBLE ASSETS, EXCLUDING GOODWILL

In the first quarter of 2016, Janssen Pharmaceuticals decided to phase out the EVT100 series. Evotec reviewed the relating developed technologies for impairment and concluded that an impairment in the amount of T€ 1,417 had to be recorded. Furthermore, the strengthening of the Euro compared to the exchange rates of 31 December 2015 decreased the balance in the amount of T€ 546.

10. OTHER NON-CURRENT ASSETS

Other non-current assets as of 30 June 2016 consist of payments to Haplogen GmbH.

11. CURRENT LOAN LIABILITIES

The decrease in current loan liabilities as of 30 June 2016 in comparison with 31 December 2015 mainly relates to the repayment of loans in the net amount of T€ 4,000.

12. CURRENT PROVISIONS

The decrease in provisions as of 30 June 2016 in comparison with 31 December 2015 primarily relates to the payment of one-time extraordinary bonus as well as the yearly bonus paid in March 2016.

13. OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities increased as of 30 June 2016 in comparison with 31 December 2015 primarily due to higher embedded derivatives in the amount of T€ 1,476.

14. OTHER CURRENT LIABILITIES

Other current liabilities increased as of 30 June 2016 in comparison with 31 December 2015 primarily due to higher VAT liabilities in the amount of T€ 2,107. As of 31 December 2015, Evotec recognised VAT assets.

15. NON-CURRENT DEFERRED REVENUES

The decrease in non-current deferred revenues relates to revenues recognised in the first six months of 2016 from the upfront payments received from Bayer Pharma AG, Sanofi Group and Pfizer Inc.

16. STOCK-BASED COMPENSATION

In the second quarter of 2016, the assumption relating to the SPAs granted in 2015 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 led to an adjustment of T€ 1,170 of the total amount to be recognised as compensation expense. Correspondingly, a T€ 607 higher than originally expected compensation expense was recorded in the first six months 2016.

17. FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as of 30 June 2016 and 31 December 2015, are as follows:

<i>in T€</i>	30 June 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	57,912	57,912	44,497	44,497
Available-for-sale financial assets				
— Investments	60,419	60,419	89,443	89,443
Total available-for-sale financial assets	60,419	60,419	89,443	89,443
Financial assets measured at fair value				
— Other non-current financial assets	80	80	80	80
Total financial assets measured at fair value	80	80	80	80
Loans and receivables				
— Trade accounts receivables	23,470	23,470	20,933	20,933
— Other current financial assets	1,393	1,393	1,018	1,018
Total loans and receivables	24,863	24,863	21,951	21,951
Financial liabilities measured at amortised cost				
— Current loan liabilities	(10,316)	(10,316)	(14,213)	(14,213)
— Non-current loan liabilities	(7,881)	(7,818)	(8,730)	(8,750)
— Trade accounts payable	(10,356)	(10,356)	(12,171)	(12,171)
— Other current financial liabilities	(179)	(179)	(150)	(150)
Total financial liabilities measured at amortised cost	(28,732)	(28,669)	(35,264)	(35,284)
Financial liabilities measured at fair value				
— Derivative financial instruments	(1,476)	(1,476)	(599)	(599)
— Contingent consideration	(16,333)	(16,333)	(15,872)	(15,872)
Total financial liabilities measured at fair value	(17,809)	(17,809)	(16,471)	(16,471)
	96,733	96,796	104,236	104,216
Unrecognised (gain)/loss		(63)		20

The following tables allocate financial assets and financial liabilities as of 30 June 2016 and 31 December 2015, respectively to the three levels of the fair value hierarchy as defined in IFRS 13:

30 June 2016				
<i>in T€</i>	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	60,419	–	–	60,419
Financial assets measured at fair value	–	80	–	80
Financial liabilities measured at fair value	–	(1,476)	(16,333)	(17,809)

31 December 2015				
<i>in T€</i>	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)

The following tables show the movement of the fair values at level 3 for the six months period ending 30 June 2016 and the financial year 2015, respectively:

<i>in T€</i>	January to June 2016 Contingent consideration
Balance at 01 January 2016	15,872
Exchange rate differences	(130)
Consumption	–
Included in other operating expense	
— Changes in fair value, unrealised	–
Included in other operating income	
— Changes in fair value, unrealised	–
Included in interest expense	
— Interest change in net present value, unrealised	591
Balance at 30 June 2016	16,333

<i>in T€</i>	January to December 2015 Contingent consideration
As of 01 January 2015	15,864
Exchange rate difference	49
Consumption	(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

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.

18. RELATED PARTY TRANSACTIONS

Except for the transactions described in Evotec's Annual Report 2015 on page 112, no other material transactions with related parties were entered into in the first six months of 2016.

19. SUBSEQUENT EVENTS

For further information on subsequent events refer to page 8 of this report.

FINANCIAL CALENDAR 2016

22 March 2016	2015 Annual Report
10 May 2016	Quarterly Statement Q1 2016
14 June 2016	Annual General Meeting 2016
10 August 2016	Half-year 2016 Interim Report
10 November 2016	Quarterly Statement Q3 2016

FORWARD-LOOKING STATEMENTS

Information set forth in this 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.

III. RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Condensed Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial results of the Group, and the Group Interim 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.

10 August 2016

Dr Werner Lanthaler
Chief Executive Officer

Dr Cord Dohrmann
Chief Scientific Officer

Dr Mario Polywka
Chief Operating Officer

Enno Spillner
Chief Financial Officer