

Report of the Management Board to the Annual General Meeting concerning the preclusion of the subscription right regarding item 6 of the agenda according to § 203 para 2, § 186 para 3, para 4, sentence 2 AktG

The granting of the authority to increase the share capital (Authorised Capital 2022) is intended to give the management the possibility in the coming three years to quickly and flexibly raise equity if such is required. Thereby, the availability of financial instruments, independent of the cycle of the Ordinary Annual General Meetings, is particularly important as the time at which corresponding funds must be raised cannot be determined in advance. In addition, possible transactions in competition with other companies can often only be executed successfully, if secure funding is already available at the time negotiations begin. The legislature has addressed the need of companies arising from this situation and granted stock companies the possibility to authorise management for a fixed term and a limited amount, to increase the share capital without any additional resolution by the Annual General Meeting. For this reason, the Management Board and the Supervisory Board propose to the Annual General Meeting that such a power of authority be granted.

When making use of the authority to issue new shares, in general, shareholders must be granted subscription rights. As a result, all shareholders can participate in an increase in capital in proportion to their previous shareholding and maintain their influence by voting rights as well as their participation in the value of the Company. This particularly also applies when the new shares are not directly offered for sale to shareholders, but by the intermediation of one or more credit institutions, as long as these are obligated to offer the shares they took over to the shareholders for sale by way of the so-called indirect subscription right. Therefore, the proposed resolution provides a corresponding regulation.

The power of authority of the Management Board with the consent of the Supervisory Board proposed in letter a) to exclude possible fractional amounts from the subscription right of shareholders, serves the purpose of being able to present a practicable ratio of subscription rights with respect to the amount of the respective increase in capital.

The additionally intended preclusion of the subscription right provided in letter b) for the purpose of granting subscription rights to the holders of conversion or option rights and/or to those obliged to convert under the terms of convertible bonds, is required and appropriate so that they can be protected against the dilution of their rights to the same degree as shareholders. To guarantee such a protection against dilution, it is necessary to grant the holders of conversion and option rights and/or those who are obligated to convert a subscription right to the new shares in the way to which they would be entitled after exercising the conversion and/or option rights or meeting the conversion obligation. Such a guarantee of a subscription right would eliminate the necessity of lowering the conversion and/or option

price for the shares that will have to be issued according to the conditions of the conversion and/or warrant bonds.

The power of authority intended in c) to preclude the subscription right of shareholders when issuing new shares in return for cash contributions once or several times for a portion of the authorised capital which does not exceed 10% of the current share capital and 10% of the share capital existing upon the first exercise of the authority, is based on the provision of § 186 para 3 sentence 4 AktG. The limitation of the authorised amount for such an increase in capital to 10% of the share capital and the requirement that the issue price of the new shares may not be significantly lower than the respective share price of shares of the same type already listed at the time of issuance ensures that the protective scope of the subscription right, namely protecting shareholders against a loss of influence and a dilution of value, is not affected or only affected to a reasonable degree. The influence of the shareholders excluded from the purchase can be safeguarded by subsequent purchases via the stock exchange; by limiting the preclusion of subscription rights to an increase in capital that does not exceed 10% of the share capital it is ensured in light of the liquid market for Evotec shares that such a subsequent purchase on the stock exchange can actually take place. For the Company, the increase in capital without subscription rights leads to the largest possible creation of capital and to optimal proceeds. In particular, the Company is then placed in a position in which it can react quickly and flexibly to favourable stock market situations. It is true that § 186 para. 2 sentence 2 AktG allows the subscription price to be published up to three days before the end of the subscription period (which must last for at least two weeks). Given the volatility on stock markets there is nonetheless still a market risk, in this case a price risk, which has to be taken into account over several days. This may lead to safety margins being set when determining the sales price and so to non-market conditions. In addition, when granting a subscription right, the Company cannot react quickly to favourable market conditions because of the length of the subscription period. Thus, granting the authority to preclude the subscription right is in the interest of the Company and its shareholders.

For further protection of shareholders against losing influence and the dilution of value, the power of authority for the preclusion of subscription rights is limited by the circumstance that other capital measures that have the effect of a cash capital increase without subscription right are counted towards the Maximum Amount, up to which a cash increase in capital can occur subject to precluding subscription rights. The authority provides that a sale of shares that had been purchased by the Company based on the authority granted by the Annual General Meeting according to § 71 para 1 no. 8 AktG and sold to third parties in exchange for cash, without having offered these shares for sale to shareholders in accordance with § 186 para. 3 sentence 4 AktG, reduces the Maximum Amount just like a future issuance of options and/or convertible bonds, to the extent the shareholders are not granted a subscription right to such options or convertible bonds in application of § 186 para. 4 sentence 4 AktG when they are issued.

However, the foregoing imputation does not apply if after an issue of convertible bonds and/or warrant-linked bonds, in analogous application of § 186 para 3 sentence 4 AktG, which has led to a credit against the Maximum Amount the Annual General Meeting decides a new authorisation for the issue of convertible bonds and/or warrant-linked bonds, with the possibility

for simplified exclusion of subscription rights in analogous application of § 186 para 3 sentence 4 AktG, or if the Annual General Meeting issues an authorisation for the acquisition and use of treasury shares again, with the possibility of simplified exclusion of subscription rights in analogous application of § 186 para 3 sentence 4 AktG. This is because in these cases the Annual General Meeting has taken a new decision on authorising the simplified subscription rights exclusion, so there no longer any need for it to be counted towards the Maximum Amount. To the extent that treasury shares or convertible bonds and/or warrant-linked bonds can be issued again under simplified exclusion of subscription rights, the authorisation is to exist for the simplified exclusion of subscription rights for the (remaining) term of the authorisation, in other words, again also for the issue of new shares from the authorised capital. This is due to the circumstance that when the new authorisation for the simplified exclusion of subscription rights takes effect, the ban on issuing new shares from the authorised capital, which was created by the issue of treasury shares according to § 71 para 1 no. 8, § 186 para 3 sentence 4 AktG, and by the issue of convertible bonds and/or warrant-linked bonds with the possibility of exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, respectively, will be lifted. Since the majority requirements for such a resolution are identical to those for a resolution authorising the issue of new shares from authorised capital, under simplified exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, the adoption of the resolution by the Annual General Meeting to create a new authorisation for the exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, within the framework of selling treasury shares, or a new authorisation to issue convertible bonds and/or warrant-linked bonds, with the option of exclusion of subscription rights according to § 186 para 3 sentence 4 AktG, is also to be seen as a confirmation of the resolution to authorise the issue of new shares from the authorised capital according to § 203 para 2, § 186 para 3, sentence 4 AktG.

In the event of a renewed exercise of an authorisation for the exclusion of subscription rights in direct or analogous application of § 186 para 3 sentence 4 AktG, the limit applies again. In the final analysis, this rule will result in the fact that (i) during the (remaining) term of the authorisation the Management Board overall can only make use of the simplified exclusion of subscription rights once in accordance with or analogous to § 186 para 3 sentence 4 AktG, without renewed adoption of the resolution by the Annual General Meeting, and that (ii) in case of a new resolution by the Annual General Meeting, the Management Board can choose again freely whether it wants to make use of the simplifications of § 186 para 3 sentence 4 AktG, within the legal limits and in connection with capital increases for cash from the authorised capital, during the (remaining) term of the authorisation.

The authorisation to exclude subscription rights proposed under d) is intended to enable company shares to be issued on a foreign exchange, if in the opinion of the Management Board market conditions permit and it is useful for the company's continued development. This creates the option of a dual listing on a foreign exchange. Excluding subscription rights ensures that investors can be approached in the usual way, creates a sensible volume of new shares for placement and ensures their optimal distribution. By contrast, granting subscription rights to shareholders would result in considerable difficulties when placing new shares and achieving the best possible issue price; in this case the company could also not react in a

flexible and adequate way to fluctuations in demand on capital markets. Excluding subscription rights also makes it possible to offer the shares for sale to a new international circle of investors. A more international shareholder structure contributes to greater market liquidity, which is to the benefit of all shareholders, and to a higher valuation. A (second) listing on a foreign exchange would also make it easier to attract foreign managers and acquire equity interests in companies by means of share swaps, particularly in the international market for drug discovery and development and biotechnology.

The authorisation proposed under letter d) for the exclusion of subscription rights is to make it easier for the Company particularly to acquire companies, parts of companies or stakes in companies, licensing rights or claims against the granting of shares. This is a common form of acquisition. Experience has shown that in many cases, owners of attractive acquisition objects demand shares in the acquiring company as consideration, particularly for the sale of their shares or company. To also acquire such acquisition objects, the Company must have the opportunity to raise its share capital, if need be at very short notice, in exchange for a non-cash contribution under exclusion of subscription rights of the shareholders. Moreover, it will be possible for the Company to acquire companies, parts of companies, stakes in companies, and other assets, such as licensing rights or claims against the Company without having to use its own liquidity unduly.

The proposed cap on aggregate capital increases excluding subscription rights of 10% of the company's share capital, both at the time the authorisation takes effect and – if this figure is lower – when the authorisation is exercised, simultaneously including other capital increases without subscription rights, ensures that any prejudice to shareholders' interests is kept to a strict minimum. In this way, shareholders are to be additionally protected against dilution of their existing shareholdings. For the reasons mentioned, however, any imputation made here should be reversed if the Annual General Meeting renews the authorisation that was imputed towards the aforementioned 10% limit.

In view of the above, the authorisation for the exclusion of subscription rights in all five cases is necessary and imperative within the prescribed limits and in the interest of the Company. Having weighed up all these circumstances, the Management Board and Supervisory Board consider that it is objectively justified and reasonable to exclude subscription rights in the cases mentioned, for the reasons mentioned, also considering the dilution effect on existing shareholders.

In each individual case, the Management Board will carefully examine whether it will make use of the authorisation to increase capital with the exclusion of subscription rights, if opportunities to acquire companies, parts of companies, equity interests or other assets should arise, and it will carefully evaluate whether shares to be transferred as consideration should be procured wholly or partly through a capital increase or through the acquisition of treasury shares. If company shares are issued on a foreign exchange the Management Board will also examine carefully in that specific case whether to make use of the authorisation to exclude subscription rights from the capital increase. The Management Board will only exclude shareholders' subscription rights if this is in their overall interest. The Supervisory Board will give its required consent to the use of the authorised capital under exclusion of the shareholder subscription

rights only if the described prerequisites as well as all legal prerequisites are fulfilled. The Management Board will report on the details of the exercise of Authorised Capital 2021 at the next Annual General Meeting.

Hamburg, May 2022

Evotec SE

Management Board