evotec

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Half-year Interim Report

'21

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I. MANAGEMENT REPORT

- *STRONG OVERALL PERFORMANCE IN THE FIRST HALF OF 2021 GAINING SPEED*
- *RAPID CAPACITY BUILD-UP TO FOSTER UNDISRUPTED GROWTH AND FUTURE MARGIN EXPANSION*
- *GUIDANCE FOR FULL-YEAR 2021 CONFIRMED*

HIGHLIGHTS

ACCELERATED INVESTMENTS FOR FURTHER GROWTH AND CAPACITY EXPANSION

- Growth acceleration in second quarter versus Q1 leads to an increase in Group revenues from contracts with customers by 17% to € 271.3 m (H1 2020: € 231.0 m) and by 27%, adjusted for the anticipated end of the Sanofi payment (since April 2020) and unfavourable fx effects
- EVT Execute revenue with growth of 18% to € 279.5 m (H1 2020: € 236.8 m, restated for material recharges), EVT Innovate revenues up 27% to € 57.3 m (H1 2020: € 45.3 m, restated for material recharges)
- Higher year-on-year milestone revenues of € 4.1 m (H1 2020: € 2.2 m), important milestones imminent
- Just – Evotec Biologics added revenues of € 23.0 m (H1 2020: € 16.3 m), an increase of 41%
- Gross margin and adjusted EBITDA affected by planned capacity build-up ahead of imminent production start of J.POD® 1 US; increased R&D and SG&A expenses (€ 35.4 m and € 46.4 m) as expected. Organic growth of adjusted Group EBITDA of € 36.2 m (H1 2020: € 47.3 m) reached 13% (adjusted for Sanofi payment and fx).
- Increase of expenses for unpartnered R&D by 29% to € 27.8 m (H1 2020: € 21.6 m) according to strategy
- Strong balance sheet as comfortable basis for further growth; significant non-operating result benefits from fair value adjustment of the investment in Exscientia Ltd., as being part of the **EVO***equity* strategy.

PICKING UP SPEED ON THE "DATA-DRIVEN R&D AUTOBAHN TO CURES": NEW AND EXTENDED PARTNERSHIPS; GRAND OPENING OF J.POD® 1 US

- Multiple new and extended partnerships (e.g. with Abivax, Awakn, 1ST Biotherapeutics, Interline, Related Sciences, Takeda, The Mark Foundation, …)
- Just – Evotec Biologics continuing successful progress: opening of J.POD® 1 US for Biologics development and cGMP manufacturing facility on 18 August 2021; construction start of J.POD® 2 EU expected for H2 2021
- Bristol Myers Squibb partnership extension in protein degradation ahead of term; additionally, a new protein degradation collaboration in an undisclosed therapeutic area signed
- Partnership on oncology project EVT801 with Kazia Therapeutics
- New BRIDGEs ("Danube Labs", "beLAB2122" and "beLAB1407")
- Launch of "PRROTECT", an Evotec initiative for pandemic preparedness
- Positive results from Bayer's Phase IIb clinical trial with eliapixant (BAY1817080) for the treatment of refractory chronic cough (after period-end)

CORPORATE

- Implementation of next long-term strategic framework Action Plan 2025 "The data-driven R&D Autobahn to Cures"
- Acquisition of the Verona site from GlaxoSmithKline SpA and renaming of the expanded Evotec Verona site in "Campus Levi-Montalcini"
- Annual General Meeting 2021: Approval of all proposed agenda items; new authorized capital 2021 for future flexibility and further growth of the Company resolved
- Confidential Submission of Draft Registration Statement on Form F-1 with the U.S. Securities and Exchange Commission for a Proposed Offering of American Depositary Shares ("ADS") (after period-end)

CONFIRMATION OF BUSINESS OUTLOOK FOR FULL-YEAR 2021 AND MID-TERM TARGETS 2025

- Group revenues expected to be in a range of € 550 - 570 m (€ 565 – 585 m at constant exchange rates) (2020: € 500.9 m)
- Adjusted Group EBITDA expected to be in the range of € 105 - 120 m (€ 115 – 130 m at constant exchange rates) (2020: € 106.6 m)
- Unpartnered research and development expenses expected to be in a range of € 50 - 60 m (2020: € 46.4 m)
- Mid-term goals target revenue growth to > € 1,000 m, adjusted EBITDA of ≥ € 300 m and unpartnered research and development expenses of > € 100 m by 2025

Given current global insecurities surrounding the COVID-19 pandemic, a likely negative impact – though less pronounced than in 2020 – is already estimated within the guidance for revenues and adjusted EBITDA stated above.

FINANCIAL HIGHLIGHTS

The following table provides an initial overview of the financial performance in the first half-year 2021 compared to the same period in 2020. More detailed information can be found from page 6 of this report.

Key figures of unaudited consolidated income statement & segment information

Evotec SE & subsidiaries – First half-year 2021

In T€	***EVT Execute[4)]***	***EVT Innovate[5)]***	***Intersegment Eliminations***	***Evotec Group H1 2021***	***Evotec Group H1 2020***
External revenues[1)]	213,998	57,304	–	271,302	230,989
Intersegment revenues	65,543	–	(65,543)	–	–
Costs of revenue	(226,540)	(47,965)	59,505	(215,000)	(177,924)
Gross profit	**53,001**	**9,339**	**(6,038)**	**56,302**	**53,065**
Gross margin in %	*19.0%*	*16.3%*	–	*20.8%*	*23.0%*
R&D expenses[2)]	(986)	(40,486)	6,038	(35,434)	(29,796)
SG&A expenses	(37,171)	(9,212)	–	(46,383)	(36,532)
Impairment of intangible assets	–	(683)	–	(683)	–
Other operating income (expenses), net	11,367	23,146	–	34,513	32,180
Operating result	**26,211**	**(17,896)**	–	**8,315**	**18,917**
Adjusted EBITDA[3)]	***51,886***	***(15,698)***	–	***36,188***	***47,268***

[1)] Adjusted for negative exchange rate effects of € 11.5 m, Group revenues amount to € 282.8 m
[2)] Of which unpartnered R&D expenses of € 27.8 m in H1 2021 (H1 2020: € 21.6 m)
[3)] Before changes in contingent considerations, income from bargain purchase and excluding impairments on goodwill, other intangible and tangible assets as well as the total non-operating result
[4)] Revenues from material recharges of € 14.8 m are allocated to EVT Execute as of H1 2021
[5)] Revenues from material recharges of € 0.7 m are allocated to EVT Innovate as of H1 2021

EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. More details are described in the notes to the unaudited interim condensed consolidated financial statements from page 19 of this half-year report.

So far, no material negative impact of COVID-19 pandemic on Evotec's business and strategy

In the first half-year of 2021, all sites at Evotec were able to continue operations with marginal limitations compared to other businesses. During this period, health and safety rules were adjusted quickly in accordance with dynamic national guidance, working processes were adjusted and a pro-vaccination campaign has started to protect Evotec's employees and secure operations. Despite this difficult environment, the growth of all business lines has accelerated in the second quarter. No significantly negative pandemic-related financial impact is observed in the EVT Execute segment to date. Within EVT Innovate a few expected milestones from partners experience some delays.

OPERATIONAL HIGHLIGHTS

Initiation of further new and extended drug discovery and development agreements

In the first half-year of 2021, Evotec continued to further expand its operational activities based on its fully integrated R&D platform **EVO***iR&D,* multiple modalities and precision medicine platforms. Implementation of new partnerships as well as extension of existing alliances across the various stages of drug discovery and development, e.g.:

- Initiation of two multidisciplinary programs with Abivax in the antivirals field
- New collaboration with Awakn Life Sciences Corp using Evotec's scientific know-how and platform technologies in Neuroscience (CNS) Drug Discovery to drive the development of innovative treatments for devastating conditions such as drug addiction
- New collaboration with 1ST Biotherapeutics for first in human studies on a small molecule oncology program
- New collaboration with Interline Therapeutics to progress development of novel therapeutics correcting dysfunctional protein communities
- New multi-target drug discovery and development partnership with the biotech venture creation firm Related Sciences to generate multiple drug development candidates, biomarkers and IND filings over a multi-year period
- Strategic multi-RNA target alliance with Takeda in RNA-targeted small molecule therapeutics
- Extension of the strategic collaboration with The Mark Foundation to discover and develop first-in-class therapeutics in oncology

New licensing and master service agreement with Kazia Therapeutics

In April Evotec announced that it entered into a new licensing and master service agreement with the Australian oncology-focused biotechnology company Kazia Therapeutics for the clinical development of Evotec's oncology project EVT801, another addition to the **EVO***royalty* collaboration model, Evotec will manage the Phase I trial under full sponsorship of Kazia and is eligible to receive clinical and commercial milestones of more than € 300 m as well as tiered high single-digit royalties on the net sales of EVT801.

Just – Evotec Biologics: Grand opening of J.POD® 1 US imminent, J.POD® 2 EU planned

In the first six months of 2021 the Just – Evotec Biologics platform, **EVO***access*, continued to pursue its course of success. In January 2021 Evotec announced the extension of the contract with the US Department of Defense ("DOD") for the commercial manufacture of monoclonal antibodies for the treatment and/or prophylaxis of COVID-19.

Furthermore, the physical representation of this platform, the first J.POD® facility in Redmond/USA, is on track to start operations in the second half of 2021. The so-called PODs are already installed, the certificate of usability was received in May and the employees already moved into the new location. On August 18 the grand opening of J.POD® 1 US will take place in Redmond, USA. The design planning for initiation of the second J.POD® facility J.POD® 2 EU at Evotec's Campus Curie in Toulouse, France is underway. J.POD® 2 EU will play a key role in addressing the need for therapeutic antibodies across multiple indications, including those related to infectious diseases such as COVID-19.

Start of new BRIDGEs and further investments

Evotec continues to invest into promising projects and companies. Within the first half-year 2021 Evotec launched in cooperation with Bristol Myers Squibb the $ 20 m BRIDGE "beLAB2122", which brings together leading academic institutions from the Rhine-Main-Neckar region of Germany with the goal of efficiently advancing first-in-class therapeutic options across all areas and formats into investable drug discovery and early development projects.

Another new Bridge project, also launched together with Bristol Myers Squibb, is "beLAB1407". The $ 20 m academic Bridge targets to identify and advance novel and breakthrough drug discovery opportunities across therapeutic areas from the UK's top-tier academic institutions.

Launch of Evotec initiative "PRROTECT" for pandemic preparedness

In June Evotec announced the launch of "PRROTECT", (Pandemic **P**reparedness and **R**apid **R**esp**O**nse **TEC**hnology Pla**T**form), an open pre-competitive network initiative designed to offer the best protection against future pandemics by including three lines of preparation: Preparedness against viral threats by pre-developing a multimodal pipeline of therapeutic candidates against the viruses defined by the World Health Organization ("WHO") as particular threats; rapid response technologies to accelerate de novo R&D timelines of highly effective neutralising antibodies using AI & ML platforms as part of the **EVO***access platform (*e.g. J.HAL℠); flexible manufacturing network with highly intensified production facilities (J.POD®) to provide therapeutic antibodies quickly wherever needed.

Acquisition of Verona site from GlaxoSmithKline

At the end of June, Evotec added significant opportunities for further, long-term growth by acquiring the Verona site from GlaxoSmithKline SpA ("GSK"). In the future the Verona campus will bear the new name "Campus Levi-Montalcini" in commemoration of the Italian Nobel laureate Rita Levi-Montalcini.

Positive Phase IIb results from Bayer with eliapixant

After the reporting period, on 3 August 2021, Bayer announced the positive Phase IIb results of the clinical trial evaluating the efficacy and safety of the investigational P2X3 receptor antagonist eliapixant (BAY1817080) in patients with refractory chronic cough. The underlying molecule is a P2X3 receptor antagonist originating from an Evotec/Bayer multi-target research alliance established in 2012. The primary efficacy outcome was met, showing a statistically significant improvement in 24-hour cough counts per hour over placebo after 12 weeks of treatment. The data also showed a favourable safety and tolerability profile.

Under the agreement from 2012, Evotec would be entitled to its next financial milestone payment upon start of a Phase III clinical study, to be decided by Bayer. Detailed efficacy and safety data will be presented by Bayer at an upcoming scientific congress.

REPORT ON THE FINANCIAL SITUATION AND RESULTS

In the previous period, the operating business of Evotec GT (Evotec Gene Therapy in Orth/Austria) commenced on 1 April 2020. In addition, the acquisition of the assets (mainly land and buildings) and the takeover of employees of the Biopark by Sanofi SAS in Toulouse became legally effective on 1 July 2020. The two entities were fully consolidated in the consolidated financial statements from the dates specified above.

1. Results of operations

Evotec's **Group revenues from contracts with customers** for the first half-year 2021 grew to € 271.3 m, an increase of 17% compared to the same period of the previous year (H1 2020: € 231.0 m) due to a positive performance across all business lines and despite the anticipated end of payment of Sanofi for the Toulouse site from April 2020 onwards (€ 8.6 m). Total revenues include base revenues of € 261.3 m (H1 2020: € 223.2 m, a year-on-year increase of 17%) and revenues from milestone, license and upfront payments of € 10.0 m (H1 2020: € 7.8 m), thereof milestones of € 4.1 m (H1 2020: € 2.2 m). Like-for-like base revenues excluding milestone, license and upfront payments and adjusted for the Sanofi payment from last year showed a strong increase of 22% to 261,3 Mio. €. fx effects had a significant negative impact of € 11.5 m on the Group revenues. Some milestones are still delayed due to the COVID-19 pandemic, but not lost. Some significant milestone achievements are imminent. It has to be noted, that revenues from milestones can vary significantly from quarter to quarter.

Geographically, 43% of Evotec's revenues were generated with European customers, 53% with customers in the USA and 4% with customers in the rest of the world.

This compares to 48%, 48% and 4%, respectively, in the same period of the previous year.

Costs of revenue for the first six months of 2021 amounted to € 215.0 m (H1 2020: € 177.9 m). Gross margin decreased to 20.8% (H1 2020: 23.0%) mainly due to capacity build-up ahead of the launch of J.POD® 1 US in Redmond, delayed milestones, negative fx effects (€ 7.7 m) and the anticipated end of payments from Sanofi (€ 8.6 m) for the Toulouse site from April 2020 onwards.

Following Evotec's strategy to invest more into Research and Development, **total R&D expenses** were higher compared to 2020 amounting to € 35.4 m (H1 2020: € 29.8 m). **Unpartnered R&D expenses** excluding indirect costs increased to € 27.8 m (H1 2020: € 21.6 m), mainly due to intensified research investments into platform R&D projects and the reallocation of one project from oncology to platform. **Partnered R&D expenses** slightly decreased to € 7.6 m (H1 2020: € 8.2 m). Reimbursement for partnered R&D expenses are recognised under the other operating income. Netting partnered R&D expenses against the respective reimbursement does not negatively affect the operating result of EBITDA.

SG&A expenses for the first half-year of 2021 went up significantly by 27% to € 46.4 m (H1 2020: € 36.5 m) and mainly resulted from higher personnel expenses due to the overall staff increase, supporting the growth of the organisation. In addition, depreciation and amortization increased as a result of higher capital expenditures for infrastructure measures at various sites and due to rights of use relating to the new building for J.POD® 1 US.

Evotec continuous to follow its growth strategy using targeted investments into R&D and conscious increase of SG&A expenses to lay the foundation for further growth in the future. Evotec is aware that the high level of R&D and SG&A expenses impacts the financial results, in particular adjusted EBITDA. Evotec is convinced that especially the currently high investments into the J.POD® 1 US and the new J.POD® 2 EU in Toulouse will bear fruit in the future.

Other operating result of the first six months of 2021 with € 34.5 m slightly increased compared to previous year (H1 2020: € 32.2 m) and was mainly influenced by recharges of Sanofi for ID Lyon (€ 18.9 m) as well as R&D tax credits (€ 14.2 m) mostly in France and UK. Furthermore, due to a change in the tax regulations in the Italian legislation, a new tax credit was granted in Italy which Evotec is eligible for from June 2021 and where € 0.4 m have been accrued per 30 June 2021.

The **operating income** decreased to € 8.3 m (H1 2020: € 18.9 m), mainly due to delayed milestone revenues, the lower gross profit and higher R&D as well as SG&A expenses compared to previous year.

The **Other non-operating result** showed a very significant gain of € 106.1 m (H1 2020: € 7.1 m), which resulted mainly from two extraordinary positive effects from fair value adjustments of Evotec's Exscientia participation as the investment is accounted for at fair value in accordance with IFRS 9 since March 2021 (isolated net effect of € 116.1 m). In April 2021, Exscientia announced that it completed a $ 225 million Series D funding round. This funding round has triggered the fair value adjustment in the second quarter 2021.

Further contributions came from fx hedge effects (€ 3.1 m) mostly due to the weakened Euro versus the British Pound (GBP/€: 1.144). Net interest expense amounted to € 3.3 m, losses from at equity investments were at € 9.8 m.

Adjusted Group EBITDA of the first six months 2021 totalled at € 36.2 m (H1 2020: € 47.3 m). This decrease of 23% was mainly due to delay of milestones, the lower gross margin as well as a negative fx effect of € 7.4 m and the anticipated end of the Sanofi payments (€ 8.6 m in Q1 2020). Adjusted for fx and Sanofi effects, organic growth of adjusted EBITDA in H1 2021 would have reached 13%.

The **net result** in the first half-year of 2021 increased to € 112.7 m (H1 2020: € 7.3 m), in particular driven by the remarkable effect of the fair value adjustment of Evotec's participation in Exscientia.

2. Operating segments EVT Execute and EVT Innovate

Note: Since 1 January 2021 material recharges (totalled € 15.5 m) have been allocated to both segments. In the first half-year of 2020, material recharges amounted to € 9.2 m (EVT Execute: € 8.6 m, EVT Innovate: € 0.7 m). The prior period had been restated accordingly.

Revenues in the EVT Execute segment amounted to € 279.5 m (incl. intersegment revenues), in the first half-year of 2021, an increase of 18% compared to the same period of the previous year (H1 2020 restated: € 236.8 m), which implies a visible acceleration versus the development in Q1 2021 versus Q1 2020 (14% adjusted for material recharges). This increase was primarily caused by a strong base business, including a contribution of € 23.0 m by Just – Evotec Biologics and despite the planned end of payment of Sanofi for the Toulouse site from April 2020 (€ 8.6 m). Intersegment revenues amounted to € 65.5 m (H1 2020: € 51.0 m), pointing to a continued, robust growth of EVT Innovate. The EVT Execute segment recorded costs of revenue of € 226.5 m in the first six months of 2021 (H1 2020 restated: € 180.6 m), resulting in a gross margin of 19.0% (H1 2020 restated: 23.7%). The gross margin in the first six months of 2021 was mainly affected by the capacity build-up prior to the start of J.POD® 1 US. Year-over-year comparison is affected from the planned end of payments from Sanofi for the Toulouse site from April 2020 onwards (€ 8.6 m in Q1 2020). The R&D expenses in the EVT Execute segment amounted to € 1.0 m (H1 2020: € 2.6 m). SG&A expenses rose to € 37.2 m (H1 2020: € 29.7 m). In the first six months of 2021, the adjusted EBITDA of the EVT Execute segment reached € 51.9 m (H1 2020: € 58.2 m).

The EVT Innovate segment generated significantly higher revenues of € 57.3 m (H1 2020 restated: € 45.3 m). This increase of 27% was mainly due to higher base revenues related to BMS, Sanofi, Chinook and CureXsys. Gross margin increased to 16.3% compared to 3.4% in the prior-year period due to higher revenues on higher margin projects. R&D expenses for the EVT Innovate segment in the first half-year of 2021 amounted to € 40.5 m (H1 2020: € 31.9 m), SG&A expenses were at € 9.2 m (H1 2020: € 6.8 m).

The EVT Innovate segment reported an adjusted EBITDA of € (15.7) m (H1 2020: € (11.0) m).

3. Financing and financial position

Cash flow provided by operating activities for the first six months of 2021 significantly increased to € 41.1 m (H1 2020: € (7.0) m) reflecting the positive operating result and a prepayment of BMS for the extension of the Oncology cooperation. Cash used included in particular the annual bonus payments in March. Working capital requirements overall were constant during H1 2021.

Cash flow used in investing activities for the first half-year 2021 amounted to € 96.4 m (H1 2020: Cash flow used in investing activities: € 53.2 m). Proceeds from the sale of current investments and securities amounted to € 12.7 m (H1 2020: € 25.8 m), new investments amounted to € (20.0) m (H1 2020: € (34.1) m). Capital expenditure in property, plant and equipment increased to € 72.6 m (H1 2020: € 28.7 m) due to € 47.2 m investments in the new J.POD® 1 US facility in Redmond as well as in Just – Evotec Biologics in Seattle. Equity investments in associated companies and other long-term investments amounted to € 13.6 m (H1 2020: € 16.1 m) and included cash investments in Aeovian, Agro Bio, Breakpoint Therapeutics, Cajal Neuroscience and CureXsys. In addition, convertible loans in the amount of € 3.0 m were issued to associated companies.

Cash flow provided by financing activities for the first half-year 2021 amounted to € 12.5 m (H1 2020: € 7.9 m). Proceeds from loans amounted to € 22.1 m (H1 2020: € 16.6 m) including the final tranches of the KfW/IKB R&D loans and a new long-term innovation loan.

Liquidity, which includes cash and cash equivalents (€ 382.3 m) and investments (€ 67.0 m) amounted to € 449.3 m at the end of June 2021 (31 December 2020: € 481.9 m). The cash-outflow resulted mainly from the high investments in capex – including the expansion of the new J.POD® 1 US – and equity investments.

4. Assets, liabilities and stockholders' equity

Assets

In the first half-year of 2021, total assets increased to € 1,621.1 m (31 December 2020: € 1,462.9 m).

Trade accounts receivables and accounts receivables from associated companies and other long-term investments totalled to € 79.8 m (31 December 2020: € 87.9 m), a decrease of 9% despite an increase in base revenues by 17%. Consequently, **Days Sales Outstanding (DSO)** showed a positive trend and decreased to 53 days, which is below the 55 days by end of April and the 64 days by 31 December 2020.

Property, plant and equipment amounted to € 449.5 m as per 30 June 2021 (31 December 2020: € 337.3 m). The GSK transaction – taking over the Verona site from GSK - led to a reclassification of € 56.2 m from intangibles to fixed assets land and buildings. The remaining amount resulted from capex exceeding depreciation. Furthermore, the investments into the J.POD® 1 US facility resulted in € 44.4 m higher assets under construction.

Goodwill and Intangibles decreased to € 288.8 m compared to 31 December 2020 of € 345.4 m, mainly due to the GSK/Verona transaction as aforementioned.

Long-term investments amounted to € 175.4 m (31 Dec 2020: € 59.0 m). This massive increase resulted nearly exclusively from the fair value adjustment of Exscientia (net effect: € 116.1 m).

Other long-term assets increased to € 46.2 m (31 December 2020: 37.4 m), mainly due to non-current R&D tax receivables in France.

Liabilities

Trade Accounts Payable increased to € 51.4 m (31 Dec 2020: € 42.5 m). Main reason were payables related to J.POD® 1 US facility.

Short- and long-term debt and leases increased to € 512.9 m (31 December 2020: € 492.0 m) mainly due to a new innovation loan from IKB/KfW and the drawdown of the final tranches of three KfW R&D loans.

The **Net debt leverage ratio** (net liquidity/adjusted EBITDA) increased from -1.5 x at year-end to -1.0 x adjusted EBITDA excl. IFRS 16 and to 0.7 x adjusted EBITDA incl. IFRS 16 respectively due to the expenditures for capex and equity investments. However, a net cash position of € 79.5 m was recorded excl. consideration of IFRS 16.

Stockholders' equity

As of 30 June 2021, Evotec's capital structure remained largely unchanged compared to the end of 2020. Due to the exercise of stock options and Share Performance Awards, the share capital slightly increased with 164,608,236 shares issued and outstanding with a nominal value of € 1.00 per share as of 30 June 2021.

Evotec's equity ratio as of 30 June 2021 again increased to 52.6% (31 December 2020: 49.4%).

More details regarding assets, liabilities and stockholders' equity are described in the notes to the unaudited interim condensed consolidated financial statements from page 24 of this half-year report.

5. Human Resources

Employees

At the end of June 2021 3,914 people were employed within the Evotec Group (31 December 2020: 3,572 employees).

Stock-based compensation

In the first six months of 2021, no stock options were granted to Evotec employees and no options were exercised.

During the first half of 2021, 160,048 Share Performance and Restricted Awards from the total granted 375,475 Share Performance and Restricted Awards were given to the members of the Management Board and other key employees.

During the first half-year 2021 693,495 shares were issued through the exercise of Share Performance Awards. As of 30 June 2021, the total number of Share Performance Awards available for future exercise amounted to 1,620,921 (approximately 1.0% 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 2021, no options and no Share Performance Awards held by employees of the Company continued to be valid after termination of the relating employment.

With the exception of Dr Mario Polywka, the Supervisory Board of Evotec SE does not hold any stock options or Share Performance Awards.

Shareholdings of the Boards of Evotec SE as of 30 June 2021

	Shares	Stock options	Outstanding Shares from vested SPA's	Granted unvested SPA's (total)
Management Board				
Dr Werner Lanthaler	1,417,052	–	–	272,067
Enno Spillner	32,589	–	–	70,745
Dr Cord Dohrmann	165,991	–	–	86,070
Dr Craig Johnstone	–	–	–	51,309
Supervisory Board				
Prof. Dr Wolfgang Plischke	–	–	–	–
Prof. Dr Iris Löw-Friedrich	–	–	–	–
Dr Mario Polywka	–	–	–	45,393
Roland Sackers	–	–	–	–
Kasim Kutay	–	–	–	–
Dr Constanze Ulmer-Eilfort	–	–	–	–

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 2021 separately for each member of Evotec's Management Board.

SUBSEQUENT EVENTS AFTER 30 JUNE 2021

On 2 August 2021, Evotec announced that it confidentially submitted a Registration Statement on Form F-1 ("Registration Statement") with the U.S. Securities and Exchange Commission ("SEC") for a proposed offering and sale in the United States of shares of Evotec represented by American Depositary Shares ("ADS"). The Registration Statement has not yet become effective and the final number of ADS to be offered and their price have not yet been determined.

RISKS AND OPPORTUNITIES MANAGEMENT

The risks and opportunities described in Evotec's Annual Report 2020 on pages 56 to 66 remain mainly unchanged. At present, no risks have been identified that either individually or in combination could endanger the continued existence of Evotec SE. The consequences of the COVID-19 pandemic certainly still represent an operational and strategic challenge. Nevertheless, Evotec has shown remarkable resilience to all challenges so far and has been able to maintain almost full capacity at all times during the pandemic.

GENERAL MARKET AND HEALTHCARE ENVIRONMENT

Global economic development

The global economic development in the first half of 2021 was still impacted by the effects of the COVID-19 pandemic and the related lockdown periods and restrictions. Nevertheless, the global growth outlook has improved, led by robust rebound in China and the United States. But surging COVID-19 infections and inadequate vaccination progress in many countries threaten a broad-based recovery of the world economy, following the latest United Nations forecast released in May 2021.

The World Bank expects global economy to expand 5.6% in 2021, the fastest post-recession pace in 80 years and 4.3% in 2022. OECD forecasts a growth of 5.8% for 2021 and of 4.4% in 2022, the International Monetary Fund (IMF) predicts 6.0% for 2021 and also 4.4% for 2022.

For Germany, the German government has significantly raised its economic forecast for 2021. In view of strong export business by German companies, it now predicts an economic growth of 3.5% for 2021 and of 3.6% for 2022.

Trends in the pharmaceutical and biotechnology sector

The development of the pharmaceutical and biotech industry in 2021 was still heavily impacted by the need to find drugs to treat COVID-19 and/or further vaccines against COVID-19. Thus, institutions dealing with medical technologies will play an important role in the future.

Beyond that, there were no material changes to the overall trends in the pharmaceutical and biotechnology sector described in Evotec's Annual Report 2020 on page 40/41. Please see Evotec's Annual Report 2020 for further information.

FINANCIAL OUTLOOK

Guidance for full-year 2021 confirmed

The business environment worldwide continues to be affected by the COVID-19 pandemic. Evotec's business also has felt the effects of the crisis, but so far not as materially as other sectors. Within the reporting period no significant negative impact on Evotec's business was recorded in connection with the COVID-19 pandemic.

The same applies for any potential impact from the Brexit where only minor impacts in context of logistics and customs could be observed so far.

However, further potential effects of the COVID-19 crisis in the coming months are difficult to predict due to risks and uncertainties which are beyond Evotec's control. At present, the management of Evotec confirms the financial guidance published in the full-year report on 25 March 2021 and confirmed in the Q1 interim statement on 11 May 2021.

	Guidance 2021	Guidance 2021[1] at constant fx	Actual 31 December 2020
Group revenues from contracts with customers	€ 550 - 570 m	€ 565 - 585 m	€ 500.9 m
Unpartnered R&D expenses	€ 50 m - 60 m	-	€ 46.4 m
Adjusted Group EBITDA[2]	€ 105 - 120 m	€ 115 - 130 m	€ 106.6 m

[1] Average fx 2020: $/€ 1.15; €/GBP 1.13
[2] EBITDA is defined as earnings before interest, taxes, depreciation and amortisation of intangibles. Adjusted EBITDA excludes changes of contingent considerations, income from bargain purchase and impairments on goodwill, other intangible and tangible assets as well as the total non-operating result

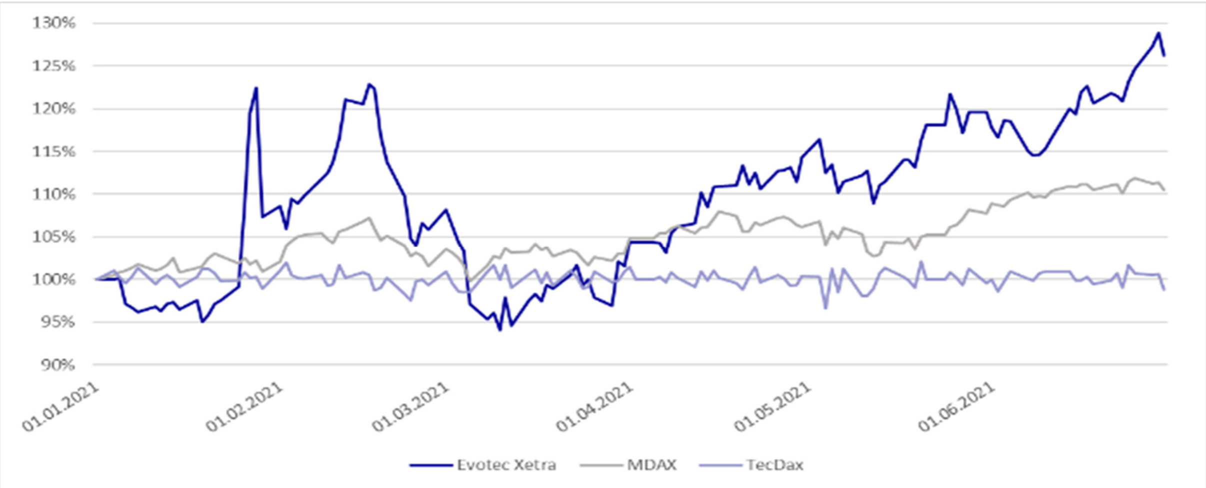
Unchanged mid-term targets

Evotec's Management targets revenues growing to more than € 1,000 m and adjusted EBITDA reaching at least € 300 m by 2025. Furthermore, Evotec underlines once more its commitment to innovation and thus plans to increase investments in R&D to more than € 100 m by 2025.

THE EVOTEC SHARE

Performance of the Evotec share over the past six months

In the first half-year 2021 the ongoing COVID-19 pandemic continued to weigh on the financial markets and thus on the performance of Evotec's benchmark indices, the TecDAX and MDAX. Both showed a steady sideway trend with a slight upward movement of the MDAX. In comparison, the Evotec share price largely outperformed the TecDAX and the MDAX with a peak in the mid of the first quarter, triggered by a normalisation of short interest positions. After a correction in March, the share price continued its positive development and reached its record of € 38.86 at the end of the second quarter on 29 June. The Evotec share closed at € 38.09 on 30 June, which was approximately 27% higher than the opening price of € 30.10 at the beginning of January 2021. MDAX gained 10.6 percentage points in the first six months of 2021, while TecDAX showed a constant development with a slight loss of 1.15 percentage points within the first six months 2021.



II. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Evotec SE and Subsidiaries
Consolidated interim statement of financial position as of 30 June 2021

in T€ except share data	***Note reference***	***as of 30 June 2021***	***as of 31 December 2020 (audited)***
ASSETS			
Current assets:			
— Cash and cash equivalents		382,311	422,580
— Investments		67,024	59,350
— Trade accounts receivables		77,006	79,005
— Accounts receivables from associated companies and other long-term investments		2,809	8,891
— Inventories	9	17,254	13,585
— Current tax receivables	10	19,204	21,718
— Contract assets	11	17,160	12,607
— Other current financial assets		10,368	10,704
— Prepaid expenses and other current assets	12	41,666	30,404
Total current assets		**634,802**	**658,844**
Non-current assets:			
— Investments accounted for using the equity method and other long-term investments	13	175,403	58,999
— Property, plant and equipment	14	449,474	337,297
— Intangible assets, excluding goodwill	15	35,814	98,036
— Goodwill		252,961	247,370
— Deferred tax asset		26,417	24,950
— Non-current tax receivables		45,371	36,485
— Other non-current financial assets		22	22
— Other non-current assets		852	892
Total non-current assets		**986,314**	**804,051**
Total assets		**1,621,116**	**1,462,895**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
— Current loan liabilities	16	50,000	15,392
— Current portion of lease obligations	17	13,909	14,616
— Trade accounts payable		51,363	42,549
— Provisions	18	41,524	41,848
— Contract liabilities		63,258	66,477
— Deferred income	19	15,867	4,172
— Current income tax payables		1,905	3,362
— Other current liabilities	20	9,121	20,043
Total current liabilities		**246,947**	**208,459**
Non-current liabilities:			
— Non-current loan liabilities	16	318,151	331,019
— Long-term lease obligations	17	130,798	130,938
— Deferred tax liabilities		19,580	20,399
— Provisions		22,717	22,899
— Contract liabilities	21	28,067	22,437
— Deferred income		2,077	3,693
— Other non-current financial liabilities		205	205
Total non-current liabilities		**521,595**	**531,590**
Stockholders' equity:			
— Share capital[1)]	22	164,608	163,915
— Additional paid-in capital		1,033,670	1,030,702
— Accumulated other comprehensive income		(25,013)	(37,522)
— Accumulated deficit		(320,691)	(434,249)
Equity attributable to shareholders of Evotec SE		**852,574**	**722,846**
Total stockholders' equity		**852,574**	**722,846**
Total liabilities and stockholders' equity		**1,621,116**	**1,462,895**

[1)] 164,608,236 and 163,914,741 shares issued and outstanding in 2021 and 2020, respectively

Evotec SE and Subsidiaries
Consolidated interim income statement for the six months ended 30 June 2021 and 30 June 2020

in T€ except share and per share data	***Note reference***	***Six months ended 30 June 2021***	***Six months ended 30 June 2020***	***Three months ended 30 June 2021***	***Three months ended 30 June 2020***
Revenues from contracts with customers	8	271,302	230,989	138,217	111,587
Costs of revenue		(215,000)	(177,924)	(112,594)	(91,794)
Gross profit		**56,302**	**53,065**	**25,623**	**19,793**
Operating income (expenses)					
— Research and development expenses		(35,434)	(29,796)	(16,974)	(14,740)
— Selling, general and administrative expenses		(46,383)	(36,532)	(25,189)	(19,278)
— Impairment of intangible assets		(683)	-	(683)	-
— Other operating income		36,179	35,099	19,860	18,156
— Other operating expenses		(1,666)	(2,919)	(1,100)	(1,109)
Total operating income (expenses)		**(47,987)**	**(34,148)**	**(24,086)**	**(16,971)**
Operating income		**8,315**	**18,917**	**1,537**	**2,822**
Non-operating income (expense)					
— Interest income		1,041	2,013	539	928
— Interest expense		(4,301)	(5,389)	(1,987)	(2,639)
— Measurement gains from investments	13	116,148	-	65,705	-
— Share of the result of associates accounted for using the equity method	13	(9,818)	(3,644)	(3,903)	(3,661)
— Other income from financial assets		11	37	11	19
— Foreign currency exchange gain (loss), net		3,089	(272)	(1,887)	(4,685)
— Other non-operating income (expense), net		(60)	162	(30)	170
Total non-operating income (expense)		**106,110**	**(7,093)**	**58,448**	**(9,868)**
Income (loss) before taxes		**114,425**	**11,824**	**59,985**	**(7,046)**
— Current tax income (expense)		(3,432)	(4,427)	(1,039)	(2,161)
— Deferred tax income (expense)		1,724	(138)	1,069	(610)
Total taxes		**(1,708)**	**(4,565)**	**30**	**(2,771)**
Net income (loss)		**112,717**	**7,259**	**60,015**	**(9,817)**
thereof attributable to:					
Shareholders of Evotec SE		112,717	7,259	60,015	(9,817)
Weighted average shares outstanding		**164,209,236**	**150,931,547**	**164,330,394**	**151,017,372**
Net income per share (basic)		**0.69**	**0.05**	**0.37**	**(0.07)**
Net income per share (diluted)		**0.69**	**0.05**	**0.37**	**(0.07)**

Evotec SE and Subsidiaries
Consolidated interim statement of comprehensive income (loss) for the six month ended 30 June 2021 and 30 June 2020

in T€	*Six months ended 30 June 2021*	*Six months ended 30 June 2020*	*Three months ended 30 June 2021*	*Three months ended 30 June 2020*
Net income (loss)	**112,717**	**7,259**	**60,015**	**(9,817)**
Accumulated other comprehensive income				
Items which are not re-classified to the income statement				
— Remeasurement of defined benefit obligation	495	-	495	-
Items which have to be re-classified to the income statement at a later date				
— Foreign currency translation	12,449	(11,133)	(3,035)	(5,273)
— Revaluation and disposal of investments	(435)	(217)	(78)	17
Other comprehensive income (loss)	**12.509**	**(11,350)**	**(2,618)**	**(5,256)**
Total comprehensive income (loss)	**125,226**	**(4,091)**	**57,397**	**(15,073)**
Total comprehensive income (loss) attributable to:				
— Shareholders of Evotec SE	125,226	(4,091)	57,397	(15,073)

Evotec SE and Subsidiaries
Condensed consolidated interim statement of cash flows for the six months ended 30 June 2021 and 30 June 2020

in T€	*Note reference*	*Six months ended 30 June 2021*	*Six months ended 30 June 2020*
Cash flow from operating activities:			
— Net income		112,717	7,259
— Adjustments to reconcile net income to net cash provided by operating activities		(72,100)	35,144
— Change in assets and liabilities		488	(49,374)
Net cash provided by (used in) operating activities		**41,105**	**(6,971)**
Cash flow from investing activities:			
— Purchase of current investments		(19,993)	(34,108)
— Purchase of investments in associated companies and other long-term investments	13	(13.595)	(16,147)
— Purchase of property, plant and equipment		(72,573)	(28,714)
— Issue of convertible loan		(2,959)	-
— Proceeds from sale of current investments		12,663	25,817
Net cash used in investing activities		**(96,457)**	**(53,152)**
Cash flow from financing activities:			
— Proceeds from option exercise		693	547
— Proceeds from loans		22,141	16,605
— Repayment lease obligation		(9,897)	(8,421)
— Repayment of loans		(480)	(810)
Net cash provided by financing activities		**12,457**	**7,921**
Net decrease in cash and cash equivalents		**(42,895)**	**(52,202)**
— Exchange rate difference		2,626	(396)
— Cash and cash equivalents at beginning of period		422,580	277,034
Cash and cash equivalents at end of the period		**382,311**	**224,436**

Evotec SE and Subsidiaries
Interim consolidated statement of changes in stockholders' equity of the six months ended 30 June 2021 and 30 June 2020

in T€ except share data	Share capital: Shares	Share capital: Amount	Additional paid-in capital	Income and expense recognised in other comprehensive income: Foreign currency translation	Income and expense recognised in other comprehensive income: Revaluation reserve	Accumulated deficit	Stockholders equity attributable to the Shareholders of Evotec SE	Total stockholders' equity
Balance at 1 January 2020	**150,902,578**	**150,903**	**786,865**	**(24,127)**	**4,565**	**(441,177)**	**477,029**	**477,029**
— Exercised stock options	547,341	547	-	-	-	-	547	547
— Stock option plan	-	-	2,559	-	-	-	2,559	2,559
— Deferred and current tax on future deductible expenses	-	-	-	-	-	35	35	35
Other comprehensive income		-	-	(11,133)	(217)	-	(11,350)	(11,350)
Net income for the period		-	-	-	-	7,259	7,259	7,259
Total comprehensive income (loss)		-	-	**(11,133)**	**(217)**	**7,259**	**(4,091)**	**(4,091)**
Balance at 30 June 2020	**151,449,919**	**151,450**	**789,424**	**(35,260)**	**4,348**	**(433,883)**	**476,079**	**476,079**
Balance at 1 January 2021	**163,914,741**	**163,915**	**1,030,702**	**(41,782)**	**4,260**	**(434,249)**	**722,846**	**722,846**
— Exercised stock options	693,495	693	-	-	-	-	693	693
— Stock option plan	-	-	2,968	-	-	-	2,968	2,968
— Deferred tax on future deductible expenses	-	-	-	-	-	841	841	841
Other comprehensive income		-	-	12,449	60	-	12,509	12,509
Net income for the period		-	-	-	-	112,717	112,717	112,717
Total comprehensive income (loss)		-	-	**12,449**	**60**	**112,717**	**125,226**	**125,226**
Balance at 30 June 2021	**164,608,236**	**164,608**	**1,033,670**	**(29,333)**	**4,320**	**(320,691)**	**852,574**	**852,574**

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, which are measured at fair value as well as investments accounted for at fair value through other comprehensive income (equity) and long-term investments accounted for at fair value through profit and loss. 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 2020. Income tax income and expense is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The interim consolidated financial statements do not include all of the information and footnotes required under IFRS for complete financial statements according to IAS 1. As a result, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2020. In the opinion of the management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

2. Impact of the COVID-19 Pandemic

The global COVID-19 pandemic only slightly impacted the business of Evotec. COVID-19-related delays of project execution within EVT Innovate still lead to lower milestone revenues. Additionally, Evotec as a precaution increased its inventory level to be prepared for any delivery delays.

3. Principles of consolidation

Evotec SE founded in the first half of the year Just – Evotec Biologics EU, France. The new fully consolidated company will be initiating in the second half of the year the construction of its J.POD® 2 EU biologics manufacturing facility at Evotec's Campus Curie in Toulouse, France. J.POD® 2 EU, Evotec's second innovative cGMP biomanufacturing facility, will employ Just – Evotec Biologics' cutting-edge technology that utilizes small, automated, highly intensified and continuous bioprocessing operations housed inside autonomous cleanrooms.

4. Use of estimates

In the interim condensed consolidated financial statements for the six months ended 30 June 2021, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2020.

Estimates and assumptions are reviewed on an ongoing basis. Actual results can differ from these estimates.

5. Recent pronouncements, adopted for the first time in 2021

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Companies annual consolidated financial statements for the year ended 31 December 2020.

6. Recent pronouncements, not yet adopted

For information about the recent pronouncements please refer to the consolidated financial statements for the year 2020.

7. 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. EBITDA is defined as earnings before interest, taxes, depreciation, and amortisation of intangibles. Adjusted EBITDA excludes contingent considerations, income from bargain purchase and impairments on goodwill, other intangible and tangible assets as well as the total non-operating result. For the EVT Innovate segment, R&D expenses are another key performance indicator.

Since 1 January 2021, revenues from recharges, previously shown in the column "Transition" and not allocated to the segments, are allocated to the segments EVT Execute and EVT Innovate. The prior period had been restated. In the first half of 2021 revenues from recharges to customers amount to 15,544 T€ (H1 2020: 9,218 T€) whereof 14,790 T€ is allocated to EVT Execute (H1 2020: 8,568 T€) and 754 T€ is allocated to EVT Innovate (H1 2020: 650 T€).

The segment information for the first six months of 2021 is as follows:

in T€	***EVT Execute***	***EVT Innovate***	***Intersegment eliminations***	***Evotec Group***
Revenues	213,998	57,304	–	271,302
Intersegment revenues	65,543	–	(65,543)	–
Costs of revenue	(226,540)	(47,965)	59,505	(215,000)
Gross profit	**53,001**	**9,339**	**(6,038)**	**56,302**
Operating income and (expenses)				
— Research and development expenses	(986)	(40,486)	6,038	(35,434)
— Selling, general and administrative expenses	(37,171)	(9,212)	–	(46,383)
— Impairment of intangible assets	–	(683)	–	(683)
— Other operating income	12,928	23,251	–	36,179
— Other operating expenses	(1,561)	(105)	–	(1,666)
Total operating income (expenses)	**(26,790)**	**(27,235)**	**6,038**	**(47,987)**
Operating income (loss)	**26,211**	**(17,896)**	**–**	**8,315**
— Interest result				(3,260)
— Measurement gains from investments				116.148
— Share of the loss of associates accounted for using the equity method				(9,818)
— Other income (expense) from financial assets, net				11
— Foreign currency exchange gain (loss), net				3,089
— Other non-operating income (expense), net				(60)
Income before taxes				**114,425**
EBITDA Adjusted	**51,886**	**(15,698)**		**36,188**

The EBITDA adjusted for the first six months 2021 is derived from operating income (expense) as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Operating income (expense)	**26,211**	**(17,896)**	**8,315**
plus depreciation of tangible assets	21,028	1,623	22,651
plus amortisation of intangible assets	6,387	41	6,428
Plus impairment of intangible assets	–	683	**683**
EBITDA	**53,626**	**(15,549)**	**35,077**
plus change in contingent consideration (earn-out)	**(1,740)**	**(149)**	**(1,889)**
EBITDA Adjusted	**51,886**	**(15,698)**	**36,188**

The restated segment information for the first six months of 2020 is as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment eliminations*	*Evotec Group*
Revenues	185,713	45,276	–	230,989
Intersegment revenues	51,047	–	(51,047)	–
Costs of revenue	(180,576)	(43,742)	46,394	(177,924)
Gross profit	**56,184**	**1,534**	**(4,653)**	**53,065**
Operating income and (expenses)				
— Research and development expenses	(2,586)	(31,863)	4,653	(29,796)
— Selling, general and administrative expenses	(29,745)	(6,787)	–	(36,532)
— Other operating income	10,238	24,861	–	35,099
— Other operating expenses	(2,103)	(816)	–	(2,919)
Total operating income (expenses)	**(24,196)**	**(14,605)**	**4,653**	**(34,148)**
Operating income (loss)	**31,988**	**(13,071)**	–	**18,917**
— Interest result				(3,376)
— Share of the loss of associates accounted for using the equity method				(3,644)
— Other income (expense) from financial assets, net				37
— Foreign currency exchange gain (loss), net				(272)
— Other non-operating income (expense), net				162
Income before taxes				**11,824**
EBITDA Adjusted	**58,245**	**(10,977)**		**47,268**

The EBITDA adjusted for the first six months of 2020 is derived from operating income (expense) as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Operating income (expense)	**31,988**	**(13,071)**	**18,917**
plus depreciation of tangible assets	19,264	1,952	21,216
plus amortisation of intangible assets	6,993	142	7,135
EBITDA	**58,245**	**(10,977)**	**47,268**
plus change in contingent consideration (earn-out)	–	–	–
EBITDA Adjusted	**58,245**	**(10,977)**	**47,268**

8. Revenues from contracts with customers

The following schedule shows a breakdown of the revenue Evotec recognised from contracts with customers for the first six months of 2021:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Revenues from contracts with customers			
Service fees and FTE-based research payments	196,453	54,230	250,683
Recharges	14,790	754	15,544
Compound access fees	978	–	978
Milestone fees	1,777	2,320	4,097
Total	**213,998**	**57,304**	**271,302**
Timing of revenue recognition			
At a certain time	16,567	3,074	19,641
Over a period of time	197,431	54,230	251,661
Total	**213,998**	**57,304**	**271,302**
Revenues by region			
USA	109,651	33,274	142,925
Germany	7,169	11,686	18,855
France	8,324	6,559	14,883
United Kingdom	44,515	2,661	47,176
Rest of the world	44,339	3,124	47,463
Total	**213,998**	**57,304**	**271,302**

The following schedule shows a breakdown of the revenue Evotec recognised from contracts with customers for the first six months of 2020:

in T€	***EVT Execute***	***EVT Innovate***	***Evotec Group***
Revenues from contracts with customers			
Service fees and FTE-based research payments	174,210	44,626	218,836
Recharges	8,568	650	9,218
Compound access fees	731	–	731
Milestone fees	2,204	–	2,204
Total	**185,713**	**45,276**	**230,989**
Timing of revenue recognition			
At a point in time	2,204	-	2,204
Over time	183,509	45,276	228,785
Total	**185,713**	**45,276**	**230,989**
Revenues by region			
USA	84,906	23,253	108,159
Germany	11,495	10,499	21,994
France	12,816	7,931	20,747
United Kingdom	40,811	2,798	43,609
Others	35,685	795	36,480
Total	**185,713**	**45,276**	**230,989**

9. Inventories

Increase in Inventories is still driven by assumption of cost effects for Brexit and the COVID-19 pandemic. The main materials in Inventories are consumables, cell culture medias and purification resins.

10. Current tax receivables

The decrease in current tax receivables as of 30 June 2021 compared to 31 December 2020 relates mainly to payments received in Italy, for tax development programmes in the context of qualifying research and development expenses offset by increased receivables relating to similar programmes in United Kingdom.

11. Contract assets

Contract assets consist entirely of assets resulting from customer contracts. The increase of contract assets as of 30 June 2021 compared to 31 December 2020 is primarily due to a strong revenue month of June at the Verona site.

12. Prepaid expenses and other current assets

Prepaid expenses and other current assets as of 30 June 2021 increased compared to 31 December 2020 primarily due to prepayments made in the beginning of the year for the full year.

13. Investments accounted for using the equity method and other investments

The movement of the period of the investments accounted for using the equity method and other investments consist of the following:

in T€	*30 June 2021*	*31 Dec 2020*
Investments accounted for using the equity method	15,391	39,710
Investments	160,012	19,289
	175,403	**58,999**

The development of financial assets accounted for using the equity method in the first half of 2021 is shown below.

in T€	*Exscientia Ltd.*	*Breakpoint Therapeutics GmbH*	*Insignificant investments*	*Total*
Beginning of the period	21,040	1,918	16,752	39,710
Additions	-	2,200	2,762	4,962
Loss of the period	(1,577)	(1,838)	(6,403)	(9,818)
Discontinue use of equity method	(19,463)	-	-	(19,463)
End of the period 30 June 2021	-	2,280	13,111	15,391

The significant change in financial assets accounted for using the equity method compared to 31 December 2020, arose from the investment in Exscientia Ltd. Exscientia Ltd. has completed two significant financing rounds in the first half of 2021, in which Evotec did not participate. As a result, the shareholding changed from 20.23% to 14.84%. As a consequence of the change in the investment approach, the investment in Exscientia Ltd. is no longer accounted for using the equity method, but is measured at fair value in accordance with IFRS 9. This change in accounting and the following financing rounds resulted in a level 2 fair value adjustment of € 116.1 m.

The adjustment results from the higher valuation of the underlying shares in the context of the last financing round. The Group has measured the value per share based on the sales of shares in Exscientia Ltd. made in the last financing round. Against this background, the Group considers the price resulting from the financing round to be the fair value.

The significant addition in the first six months of 2021 relates to further investment in Breakpoint Therapeutics GmbH, Hamburg, DE in the amount of € 2.2 m.

The development of investments in the first half of 2021 measured at fair value in accordance with IFRS 9 is shown below:

in T€	*30 June 2021*	*31 Dec 2020*
Beginning of the period	19.289	11,462
Additions from the acquisition of shares	5,112	6,327
Additions due to discontinuation of the use of equity method	19,463	-
Adjustments at fair value affecting profit and loss	116,148	1,500
End of the period	160,012	19,289

14. Property, plant and equipment

The increase of € 112.2 m in property, plant and equipment as of 30 June 2021 compared to 31 December 2020 mainly relates to a transaction accounted for as an exchange; accordingly, a reclassification of € 56.2 million was made from intangible assets excluding goodwill to property, plant and equipment. At the end of June 2021 GlaxoSmithKline S.p.A (GSK) sold the R&D site in Verona, Italy to Evotec for a purchase price of € 1 and in exchange for the termination of a long-life rent agreement which was granted by GSK to Evotec in 2010 for the site (Comodato). The agreement granted Evotec free use and occupation of the R&D site in Verona, Italy up to 2060, which had been accounted for as a favourable contract.

Further additions of € 44.4 million relate to the construction of the J.POD® production facility in Redmond, Washington.

15. Intangible assets, excluding goodwill

The decrease in intangible assets, excluding goodwill of € 62.2 m to € 35.8 m as of 30 June 2021 mainly relates to the selling of the Comodato (Favourable Contract) in exchange for the R&D site in Verona, Italy. For further information see note 14. Property, plant and equipment.

16. Current and non-current loan liabilities

The increase in short- and long-term loan liabilities of € 21.7 m to € 368.2 m mainly relates to the drawdown of the final trances of the KfW/IKB R&D loans and a new long-term innovation loan.

17. Current and non-current lease liabilities

Short- and long-term lease obligations decreased year-on-year as regular loan repayments exceeded additions.

18. Current provisions

The slight decrease in current provisions as of 30 June 2021 in comparison with 31 December 2020 mainly relates to the payment of bonus 2020 in the first quarter 2021 and to a release of earn-out provisions (see note 23 Fair Values) which is partly offset by the bonus provision for the first six months 2021 and an increase in the provision for accrued vacation.

19. Current deferred income

The increase in current deferred income as of 30 June 2021 in comparison with 31 December 2020 mainly relates to reimbursements received of capital expenditure ($ 11.3 m) in context of the construction of the J.POD® production facility in Redmond, Washington by the U.S. Department of Defense ("DOD"). The DOD awarded Just –Evotec Biologics an agreement worth $ 28.6 m for the production of monoclonal antibodies for use in the development of a treatment and prophylaxis for COVID-19. Under the agreement, the DOD will have access to future biomanufacturing capacity over a period of seven years in the J.POD® production facility.

20. Other current liabilities

Other current liabilities decreased from € 20.0 m as of 31 December 2020 to € 9.1 m as of 30 June 2021 by € 10.9 m mainly due to payments with regard to investments.

21. Non-current contract liabilities

Non-current contract liabilities increased to € 28.1 m (31 December 2020: € 22.4 m) mainly relating to additional upfront payments in the first half of 2021 from BMS/Celgene and Takeda Pharmaceuticals.

22. Stock-based compensation

In the first six months ending 30 June 2021 160,048 Share Performance and Restricted Share Awards from the total granted 375,475 Share Performance and Restricted Share Awards were given to the members of the Management Board. During the first half of 2021, 693,495 shares were issued through the exercise of Share Performance Awards which increased the stockholder's equity.

23. Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as of 30 June 2021 and 31 December 2020 are as follows:

		30 June 2021		*31 December 2020*	
in T€	***Classification according to IFRS 9***	***Carrying amount***	***Fair value***	***Carrying amount***	***Fair value***
— Cash and cash equivalents	Amortised cost	382,311	382,311	422,580	422,580
— Investments	Fair value through other comprehensive income	67,024	67,024	59,350	59,350
— Long-term investments	Fair value through profit and loss	160,012	160,012	19,289	19,289
— Trade accounts receivables	Amortised cost	77,006	77,006	79,005	79,005
— Contract assets	Amortised cost	17,160	17,160	12,607	12,607
— Other current financial assets	Amortised cost	10,368	10,368	10,704	10,704
— Current loan liabilities	Amortised cost	(50,000)	(50,000)	(15,392)	(15,392)
— Non-current loan liabilities	Amortised cost	(318,151)	(326,666)	(331,019)	(347,890)
— Trade accounts payable	Amortised cost	(51,363)	(51,363)	(42,549)	(42,549)
— Current contract liabilities	Amortised cost	(63,258)	(63,258)	(66,477)	(66,477)
— Non-current contract liabilities	Amortised cost	(28,067)	(28,067)	(22,437)	(22,437)
— Derivative financial instruments	Fair value through profit and loss	(881)	(881)	3,343	3,343
— Contingent consideration	Fair value through profit and loss	(4,944)	(4,944)	(6,381)	(6,381)
		197,217	**188,702**	**122,623**	**105,752**
Unrecognised loss			**8,515**		**16,871**

The following tables allocate financial assets and financial liabilities as of 30 June 2021 and 31 December 2020, respectively to the three levels of the fair value hierarchy as defined in IFRS 13:

		30 June 2021		
in T€	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets at fair value through other comprehensive income	67,024	–	–	67,024
Assets at fair value through profit and loss		135,611	24,401	160,012
Liabilities at fair value through other comprehensive income	–	–	–	–
Liabilities at fair value through profit and loss	–	(881)	(4,944)	(5,825)

		31 December 2020		
in T€	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets at fair value through other comprehensive income	66,158	–	–	66,158
Assets at fair value through profit and loss	–	3,343	19,289	22,632
Liabilities at fair value through other comprehensive income	–	–	–	–
Liabilities at fair value through profit and loss	–	–	(6,381)	(6,381)

The following tables show the movement of the fair values at level 3 for the six months period ending 30 June 2021 and the financial year 2020, respectively:

in T€	***Other investments***	***Contingent consideration***
Balance at 01 Jan 2021	19,289	(6,381)
Exchange rate difference	–	(78)
Addition	5,112	(445)
Additions due to discontinuation of the use of equity method	19,463	–
Net income/expense effected	116,148	1,960
Balance at 30 Jun 2021	**160,012**	**(4,944)**

in T€	***Other investments***	***Contingent consideration***
Balance at 01 Jan 2020	11,462	(4,265)
Exchange rate difference	–	324
Addition	6,327	(2,941)
Consumption	–	–
Net income/expense effected	1,500	501
Balance at 31 Dec 2020	**19,289**	**(6,381)**

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.

24. Related party transactions

Except for the transactions described in Evotec's Annual Report 2020 Note (32) on page 127, no other material transactions with related parties were entered into in the first six months of 2021.

25. Subsequent events

On 2 August 2021, Evotec announced that it confidentially submitted a Registration Statement on Form F-1 (“Registration Statement”) with the U.S. Securities and Exchange Commission (“SEC”) for a proposed offering and sale in the United States of shares of Evotec represented by American Depositary Shares (“ADS”). The Registration Statement has not yet become effective and the final number of ADS to be offered and their price have not yet been determined.

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.

11 August 2021

Dr Werner Lanthaler	Dr Cord Dohrmann
Chief Executive Officer	*Chief Scientific Officer*
Dr Craig Johnstone	Enno Spillner
Chief Operating Officer	*Chief Financial Officer*

Financial calendar 2021

25 March 2021	Annual Report 2020
11 May 2021	Quarterly Statement Q1 2021
15 June 2021	Annual General Meeting 2021
11 August 2021	Half-year 2021 Interim Report
11 November 2021	Quarterly Statement 9M 2021

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