Half-year Interim Report

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I. MANAGEMENT REPORT

- *STRONG PERFORMANCE ACROSS ALL BUSINESS LINES DESPITE COVID-19*
- *EXPANSION OF DISCOVERY PLATFORM WITH MULTIMODALITY CAPABILITIES AND TECHNOLOGIES*
- *POSITIVE FINANCIAL PERFORMANCE*
- *FULL-YEAR 2020 GUIDANCE FOR REVENUES AND ADJUSTED EBITDA CONFIRMED AND INCREASED FOR UNPARTNERED R&D EXPENSES TO € 45 M*

HIGHLIGHTS

CONTINUED POSITIVE FINANCIAL PERFORMANCE REFLECTING GROWTH ACROSS ALL BUSINESS SEGMENTS

- 12% increase in Group revenues from contracts with customers to € 231.0 m (H1 2019: € 207.1 m)
- Revenue growth in both business segments: EVT Execute revenues up 16% to € 228.2 m (H1 2019: € 196.8 m); EVT Innovate revenues up 8% to € 44.6 m (H1 2019: € 41.2 m)
- Adjusted Group EBITDA of € 47.3 m (H1 2019: € 58.2 m) despite lower revenues from delayed milestones and the anticipated loss of payments from Sanofi for the Toulouse site from April 2020 onwards; adjusted EBITDA of € 58.2 m in EVT Execute (H1 2019: € 60.1 m)
- Accelerated and increased commitments into unpartnered R&D with expenses of € 21.6 m (H1 2019: € 18.7 m)
- Robust strategic liquidity position of € 275.7 m (31 December 2019: € 320.0 m)
- Important strategic expansion into Gene Therapy and Antisense Therapy
- No material impact by COVID-19 pandemic on overall financial and strategic development so far; slight delays in the conclusion of contracts and milestone achievements

EVT EXECUTE & EVT INNOVATE – INCREASING EXPANSION OF INFRASTRUCTURE IN MULTIMODALITY

- Multiple new and extended drug discovery and development agreements (e.g. Amgen, Boston Pharma, Ildong)
- New 5-year contract with the US Environmental Protection Agency to apply new methods to evaluate chemicals, e.g. *use in vitro* high throughput screening assays to assess the safety of large numbers of chemicals very quickly and efficiently, reducing the requirement for animal-based testing
- Just – Evotec Biologics strengthens competitive position; contract with U.S. Department of Defense to develop and manufacture monoclonal antibodies for treatment and/or prevention of COVID-19 (after period-end)
- Construction of first J.POD® biologics manufacturing facility in Seattle, WA, USA progressing well
- Evotec partner Zogenix received marketing approval from FDA for FINTEPLA®; Evotec as supporting long-term partner will supply commercial API (Active Pharmaceutical Ingredients)
- Evotec GT: multi-year gene therapy research alliance with Takeda
- Regaining of Evotec's iPSC-based beta cell replacement therapy forms basis of new QRbeta initiative
- Continued progress in co-owned pipeline, despite certain COVID-19 related delays
- Alliance with Secarna Pharmaceuticals to further expand Evotec's multimodality platform into Antisense Therapy
- Further acceleration with new BRIDGE ("Autobahn Labs") and equity participations (e.g. Cajal Neuroscience, leon-nanodrugs, panCella, QUANTRO) or successful follow-on financings (e.g. Carrick, Exscientia)

CORPORATE

- Virtual Annual General Meeting 2020 approved all proposed agenda items
- Acquisition of "Biopark By Sanofi SAS" in Toulouse makes Evotec full owner of the Toulouse site; site will be renamed and transformed into "Campus Curie Toulouse" (after period-end)

GUIDANCE FOR FULL-YEAR 2020 CONFIRMED WITH REGARD TO REVENUES AND ADJUSTED EBITDA, HIGHER INVESTMENTS IN R&D PLANNED

- Unchanged business outlook in terms of revenue and adjusted EBITDA, taking into account currently visible COVID-19 effects
- Total Group revenues expected to range from € 440 – 480 m (2019: € 446.4 m)
- Adjusted Group EBITDA expected to be in the range of € 100 – 120 m (2019: € 123.1 m)
- Due to promising investments in EVT Innovate, increase of guidance for "unpartnered R&D expenses" to approx. € 45 m (previously approx. € 40 m)

FINANCIAL HIGHLIGHTS

The following table provides an initial overview of the financial performance in the first half of 2020 and 2019. More detailed information can be found on page 6 of this half-year report.

Key figures of consolidated income statement & segment information

Evotec SE & subsidiaries – First six months of 2020

In T€	***EVT Execute***	***EVT Innovate***	***Intersegment Eliminations***	***Transition[3)]***	***Evotec Group H1 2020***	***Evotec Group H1 2019***
External revenues	177,145	44,626	–	9,218	230,989	207,088
Intersegment revenues	51,047	–	(51,047)	–	–	–
Gross margin in %	*24.6*	*3.4*	–	–	*23.0*	*30.8*
R&D expenses[1)]	(2,586)	(31,863)	4,653	–	(29,796)	(29,288)
SG&A expenses	(29,745)	(6,787)	–	–	(36,532)	(29,905)
Other operating income (expenses), net	8,135	24,045	–	–	32,180	31,348
Operating result	**31,988**	**(13,071)**	–	–	**18,917**	**24,036**
				–		
Adjusted EBITDA[2)]	***58,245***	***(10,977)***	–	–	***47,268***	***58,210***

[1)] Thereof unpartnered R&D expenses of € 21.6 m in H1 2020 (H1 2019: € 18.7 m)
[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; adjusted for positive exchange rate effects in the amount of € 1.7 m, EBITDA amounts to € 45.6 m
[3)] Not allocated to segments: Revenues from recharges according IFRS 15

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 on page 19 and 20 of this half-year report.

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

In the first half-year of 2020, all sites at Evotec were able to continue operations with marginal limitations compared to other businesses. Within the first quarter new health and safety rules were introduced quickly and working processes were adjusted to protect Evotec's employees and secure operations. Despite this difficult environment, the strong growth of all business lines continued. No significant financial impact is especially in the EVT Execute segment recognisable so far. Within EVT Innovate a few expected milestones from partners see a slight delay.

OPERATIONAL HIGHLIGHTS

EVT EXECUTE

Continued strong performance across all business lines

In the first half of 2020, the EVT Execute segment continued its strong progress of the previous quarters.

Evotec signed multiple new drug discovery and development agreements, e.g. with Boston Pharmaceuticals, Ildong, as well as multiple undisclosed partners and extended or expanded existing long-term agreements (e.g. with Amgen, Takeda) during the first half of 2020. Furthermore, Evotec's wholly-owned US subsidiary Cyprotex was again selected by the US Environmental Protection Agency (EPA) as its preferred service partner for the next five years, which is worth up to $ 13 m.

Just – Evotec Biologics had a successful start with the J.POD® construction and its first J.POD® partner MSD as well as multiple new agreements (e.g. with ABL, Ology).

The construction of the J.POD®, a late-stage clinical and commercial manufacturing facility ("Factory of the Future") for biologics in Redmond, Washington, progresses well. With the addition of this site, Just – Evotec Biologics will be able to supply the full range of quantities of high quality clinical or commercial grade biologics to meet the needs of its customers and partners.

The collaboration with MSD pertains to the development of innovative technologies for the production of biologics of the highest quality. The terms of the collaboration include an upfront payment of $ 15 m, near term milestone payments based on completion of the construction of the J.POD® facility as well as a broad collaboration around reserved capacities.

After period-end, Just – Evotec Biologics entered into a partnership with the U.S. Department of Defense (DOD) to develop and manufacture monoclonal antibodies for treatment and/or prevention of COVID-19. The contract with the DOD values up to $ 18.2 m. The goal of this programme is to rapidly and efficiently deliver antibodies to the DOD.

A very important step towards Evotec's long-term vision of becoming a fully modality-agnostic drug discovery and development partnership company was the establishment of the new site Evotec GT, a dedicated initiative for research and development of gene therapy-based projects, centred in Orth/Donau, Austria. Evotec GT represents an important additional capability in Gene Therapy which has been swiftly integrated into Evotec's service platform. In April, Evotec GT signed a long-term research alliance with Takeda covering selected Takeda gene therapy projects for core therapeutic areas like oncology, rare diseases, neuroscience and gastroenterology.

The Evotec Development Business showed very good performance and started strategic initiatives in the first half-year 2020, despite the extraordinary difficult circumstances especially at the Evotec site in Verona. Evotec Development (Aptuit) has shown long-term success in drug development through all phases and supports e.g. Zogenix since 2015 to develop a novel and proprietary method for synthesis of Fenfluramine, the API in the company's drug FINTEPLA® for Dravet & LGS syndromes. In June 2020, Zogenix received its marketing approval from FDA, securing 7-year orphan drug exclusivity for commercial exploitation in the US.

Evotec will continue to be the commercial manufacturing partner of Zogenix.

EVT INNOVATE

Expansion of iPSC leadership

Evotec regained the global development and commercialisation rights of the iPSC-based diabetes cell therapy programme from Sanofi. Evotec intends to move this programme forward within its QRbeta initiative which aims to identify possible financing and collaboration partners to rapidly progress this project towards clinical initiation.

Multiple other unpartnered iPSC passed initiatives showed very good progress in the first half-year 2020. (e.g. Retinal Diseases)

Continued strong progress in partnered assets

Evotec's long-term partner, Bayer AG, continues to advance its P2X3 antagonist BAY1817080, an asset originating from Evotec. The Phase IIa-PoC study had a positive outcome in patients with refractory chronic cough: proof-of-concept was achieved and all study endpoints regarding safety and efficacy were met. Preparations for a Phase-IIb study in patients with refractory chronic cough are ongoing, as are preparations for further studies in additional indications.

From our co-owned projects with Bayer, BMS, Boehringer Ingelheim, and Sanofi we expect further positive clinical and pre-clinical newsflow in the second half of the year 2020.

Further steps into new modalities and markets: Next generation antisense drug discovery

In in the first half of 2020 Evotec continued to expand its portfolio by signing a strategic partnership with Secarna Pharmaceuticals in the field of Antisense Therapy. Within the cooperation Evotec and Secarna will share discovery and development efforts. This comprehensive partnership creates a unique opportunity for biotech and pharmaceutical companies to enter the rapidly growing field of antisense therapeutics by partnering with Evotec and Secarna and to gain access to the companies' co-owned pipeline through a variety of individual deal structures.

After initiation in June the parties already initiated a first project and aim to establish a pipeline of co-owned antisense oligonucleotide therapies.

Launch of Autobahn Labs

Also in the first six months of 2020 "Autobahn Labs" has started its operative business. Together with Samsara, Biocapital and KCK Evotec initiated a novel virtual early stage drug discovery incubator (BRIDGE) partnering with top academic and research institutions to design and execute an accelerated path to deliver transformational new therapies. Autobahn Labs already entered into a first-of-a-kind strategic collaboration with UCLA Technology Development Group to identify and advance the most promising areas of research.

Long-term value generation through equity investment strategy

Over the first half of 2020, Evotec continued to expand its strategy of generating upside through equity investments.

Already in the first quarter of 2020, Evotec entered into the field of formulation nanotechnology by signing a strategic partnership with the Munich-based company leon-nanodrugs. In the first quarter, Evotec in parallel made a strategic investment in leon by leading the company's successful Series B funding round. In the course of the cooperation, Evotec and leon will cooperate on selected development programmes and maximise the effectiveness of clinical and commercial medicines through nanotechnology.

A partnership was concluded with QUANTRO Therapeutics, a recently established Austrian research-based biotech company. QUANTRO strives to discover and develop novel therapeutics interfering with disease-causing transcriptional programmes in cancer and other diseases. Evotec joins Boehringer Ingelheim Venture Fund GmbH in QUANTRO's seed financing round.

In May, Evotec participated in Exscientia's successful $ 60 m Series C financing round alongside the existing investors Bristol Myers Squibb and GT Healthcare Capital as well as new investor Novo Holdings.

Other equity participations were made as follow-on investments (e.g. Carrick) or small seed commitments (e.g. Cajal Neuroscience).

CORPORATE

Virtual Annual General Meeting: New Supervisory Board member elected

Evotec's shareholders at the virtual Annual General Meeting 2020 approved all proposals the Company's Management put to vote with the required majority. The shareholders elected a new Supervisory Board member: Mr Kasim Kutay, CEO of Novo Holdings A/S, succeeds Dr Michael Shalmi, who resigned from the Board.

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 2019 on pages 32 to 34.

B. REPORT ON THE FINANCIAL SITUATION AND RESULTS

Just - Evotec Biologics (former Just.Bio) was acquired effective 02 July, 2019 and was fully consolidated in the Group numbers from the respective date onwards. Furthermore, effective 01 April 2020, Evotec GT started its operations. Hence, numbers for the first half-year 2019 and 2020 are not fully comparable.

1. Results of operations

Evotec's **Group revenues from contracts with customers** for the first half-year 2020 grew to € 231.0 m, an increase of 12% compared to the same period of the previous year (H1 2019: € 207.1 m) due to a positive performance across all business lines, plus adding Just – Evotec Biologics in the first half-year, contributing € 16.3 m and despite the anticipated loss of payment of Sanofi for the Toulouse site from April 2020 (€ 7.5 m). Also, favourable exchange rate effects had a positive impact of € 2.4 m on the Group revenues. Evotec's base revenues for the first half-year 2020 amounted to € 223.2 m, an increase of 19 % over the same period of the previous year (H1 2019: € 188.0 m). In total, revenues from upfront, milestone and licence payments decreased to € 7.8 m compared to the same period last year (H1 2019: € 19.1 m). It has to be noted, that revenues from milestone payments can vary significantly from quarter to quarter.

Geographically, 48% of Evotec's revenues were generated with European customers, 48% with customers in the USA and 4% with customers in the rest of the world. This compares to 54%, 43% and 3%, respectively, in the same period of the previous year.

Costs of revenue for the first six months of 2020 amounted to € 177.9 m (H1 2019: € 143.3 m). Gross margin decreased to 23.0% (H1 2019: 30.8%) mainly due to significantly lower upfront, milestone and licence payments as well as the anticipated loss of payments from Sanofi (€ 7.5 m) for the Toulouse site from April 2020 onwards.

Total R&D expenses with € 29.8 m remained stable compared to 2019 (H1 2019: € 29.3 m). Thereof, **unpartnered R&D expenses** increased to € 21.6 m (H1 2019: € 18.7 m), mainly due to intensified research investments into oncology and platforms such as PanOmics and cell therapy. The lower **partnered R&D expenses** of € 8.2 m (H1 2019: € 10.6 m) were primarily related to the infectious disease portfolio. Whereas costs of the partnership with Sanofi in this area are predominantly reported as R&D expenses the full reimbursement by Sanofi is recognised under other operating income.

SG&A expenses for the first half-year of 2020 increased by 22% to € 36.5 m (H1 2019: € 29.9 m) and mainly resulted from an increase in personnel expenses and digital investments due to the overall staff increase. Furthermore, Just – Evotec Biologics and Evotec GT contributed for the first time to the SG&A expenses, as the companies joined Evotec Group only from July 2019 (Just- Evotec Biologics) respectively April 2020 (Evotec GT) and no SG&A expenses had been recorded before that time. In addition, there were also transaction and integration cost from equity engagements as well as the cost for the founding of Evotec GT.

Other operating result in the first six months of 2020 amounted to € 32.2 m (H1 2019: € 31.3 m) and was mainly influenced by R&D tax credits as well as recharges of Sanofi for ID Lyon. Due to a change in the tax regulations in Italian legislation, total R&D tax credits grew less as expected compared to prior period.

Accordingly, the **operating income** decreased to € 18.9 m (H1 2019: € 24.0 m), mainly due to significantly lower upfront, milestone and licence revenues. Evotec expects most half-year milestones only slightly delayed, but not lost.

The **Other non-operating result** showed a loss of € 7.1 m (H1 2019: € 5.1 m), which resulted mainly from Interest expenses, net (€ 3.4 m incl. interest related to leases according to IFRS 16) and the share of the result of associates accounted for using the equity method (€ 3.6 m; H1 2019: € 3.7 m).

Adjusted Group EBITDA of the first six months 2020 totalled at € 47.3 m (H1 2019: € 58.2 m). This decrease of 19% was mainly due to significantly lower upfront, milestone and licence revenues compared to the same period of the previous year. However, despite lower upfront, milestone and licence contributions, the fade out of the Toulouse related payments from Sanofi and lower R&D tax credits the strength and performance of Evotec's base business is clearly visible.

Favourable exchange rate developments had a positive effect of approx. € 1.7 m on the adjusted Group EBITDA.

The **net result** in the first half-year of 2020 amounted to € 7.3 m (H1 2019: € 10.7 m).

2. Operating segments EVT Execute and EVT Innovate

Revenues from the EVT Execute segment amounted to € 228.2 m (incl. intersegment revenues) in the first half-year of 2020, an increase of 16% compared to the same period of the previous year (H1 2019: € 196.8 m). This increase was primarily caused by a strong base business, including a contribution of € 16.3 m by Just – Evotec Biologics (for the first time contributing to H1) and despite the anticipated loss of payment of Sanofi for the Toulouse site from April 2020 (€ 7.5 m). Intersegment revenues amounted to € 51.0 m (H1 2019: € 37.9 m). The EVT Execute segment recorded costs of revenue of € 172.0 m in the first six months of 2020 (H1 2019: € 142.3 m), resulting in a gross margin of 24.6% (H1 2019: 27.7%). The gross margin in the first six months of 2020 was mainly affected by the loss of payments from Sanofi for the Toulouse site (€ 7.5 m) from April 2020 onwards. The R&D expenses in the EVT Execute segment amounted to € 2.6 m (H1 2019: € 0.4 m) and increased due to R&D activities of Just – Evotec Biologics. SG&A expenses were at € 29.7 m (H1 2019: € 23.8 m). In the first six months of 2020, the adjusted EBITDA of the EVT Execute segment reached € 58.2 m (H1 2019: € 60.1 m).

The EVT Innovate segment generated revenues of € 44.6 m (H1 2019: € 41.2 m), the increase was mainly due to higher base revenues related to Sanofi and NephThera, whereas upfront, milestone and licence revenues decreased. Due to the different mix of revenues the gross margin decreased to 3.4% compared to 33.3% in the prior-year period. R&D expenses for the EVT Innovate segment stayed nearly stable in the first six months of 2020 with € 31.9 m (H1 2019: € 33.3 m). SG&A expenses amounted to € 6.8 m (H1 2019: € 6.1 m).

The EVT Innovate segment reported an adjusted EBITDA of € (11.0) m (H1 2019: € (1.9) m). The decrease in adjusted EBITDA resulted primarily from lower upfront, milestone and licence revenues.

3. Financing and financial position

Cash flow from operating activities for the first six months of 2020 amounted to € (7.0) m (H1 2019: € (11.0) m) and resulted mainly from a low net income and high working capital requirements. The working capital was caused by increased trade accounts receivables and prepayments combined with decreased provisions due to the annual bonus payments in the first quarter.

Cash flow from investing activities for the first half-year 2020 amounted to € (53.2) m compared to cash provided by investing activities of € 5.4 m in the same period of the previous year. In the first six months of 2020, purchases and proceeds from the sale of current investments, net amounted to € (8.3) m (H1 2019: 19.9 m). Capital expenditure in property, plant and equipment increased to € 28.7 m (H1 2019: € 14.4 m) due to € 15.7 m investments in the new J.POD® facility in Redmond. Equity investments in associated portfolio companies and other long-term investments amounted to € 16.1 m (H1 2019: € 1.0 m) and included cash investments in Cajal Neuroscience, Carrick, Exscientia, Fibrocor, leon-nanodrugs, panCella Inc. and QUANTRO.

Cash flow from financing activities for the first half-year 2020 amounted to € 7.9 m (H1 2019: € 219.3 m). Last year, the promissory note was issued with net proceeds of € 249.1 m.

Liquidity, which includes cash and cash equivalents (€ 224.4 m) and investments (€ 51.3 m) amounted to € 275.7 m at the end of June 2020 (31 December 2019: € 320.0 m). The cash-outflow resulted mainly from the high investments in capex and equity investments.

4. Assets, liabilities and stockholders' equity

Assets

In the first half-year of 2020, total assets slightly increased to € 1,190.7 m (31 December 2019: € 1,180.9 m).

Trade accounts receivables and accounts receivables from associated companies and other long-term investments increased to € 98.3 m (31 December 2019: € 83.6 m). This growth resulted mainly from the increased base business and timing of payments of quarterly invoices.

Investments accounted for using the equity method and other long-term investments amounted to € 53.7 m (31 December 2019: € 41.2 m) and increased due to the new investments, partly off-set by losses from equity investments.

Property, plant and equipment amounted to € 264.3 m as per 30 June 2020 (31 December 2019: € 239.2 m) mainly due to the investments into the J.POD® facility as well as the additional right of use asset for a newly rented building at the Evotec Site in Goettingen.

Liabilities

Current and non-current loans and lease obligations grew to € 489.9 m (31 December 2019: € 463.1 m) mainly due to an increase in the loan from the European Investment Bank (€ 16.5 m) and higher lease liabilities (IFRS 16) driven mainly by the newly rented building in Goettingen.

With the increased capex and equity investments as well as the increase in bank loans the net debt leverage ratio (net liquidity/adjusted EBITDA) increased from 0.1 x Adjusted EBITDA at 31 December 2019 (1.2 x incl. IFRS 16) to 0.8 x Adjusted EBITDA at 30 June 2020 (1.9 x incl. IFRS 16). The net debt leverage ratio is a financial covenant of Evotec's loan agreements.

Stockholders' equity

As of 30 June 2020, Evotec's capital structure remained largely unchanged compared to the end of 2019. Due to the exercise of stock options and Share Performance Awards, the share capital slightly increased with 151,449,919 shares issued and outstanding with a nominal value of € 1.00 per share as of 30 June 2020. Included in this amount as of 30 June 2020 were 249,915 treasury shares.

Evotec's equity ratio as of 30 June 2020 decreased slightly to 40.0% (31 December 2019: 40.5%).

More details regarding assets, liabilities and stockholders' equity are described in the notes to the unaudited interim condensed consolidated financial statements on page 22 of this half-year report.

5. Human Resources

Employees

At the end of June 2020, 3,278 people were employed within the Evotec Group (31 December 2019: 3,030 employees), an increase of 8% compared to year-end 2019. Despite the challenges arising from COVID-19 pandemic Evotec was able to continue to recruit and integrate top-talent for its operations. This is of major importance for the long-term growth of the Company.

Stock-based compensation

In the first six months of 2020, no stock options were granted to Evotec employees and no options were exercised. As of 30 June 2020, the total number of options available for future exercise amounted to 32,594 (approximately 0.02% of issued shares).

During the first half of 2020, 307,832 Share Performance Awards were granted to members of the Management Board and other key employees and 547,341 shares were issued through the exercise of Share Performance Awards. As of 30 June 2020, the total number of Share Performance Awards available for future exercise amounted to 2,141,012 (approximately 1.4% 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 2020, 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 2020

	Shares	Stock options	Outstanding Shares from vested SPA's	Granted unvested SPA's (total)
Management Board				
Dr Werner Lanthaler	1,152,260	–	163,084	459,994
Enno Spillner	–	–	–	115,073
Dr Cord Dohrmann	145,991	32,594	51,215	138,974
Dr Craig Johnstone	–	–	–	53,430

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 2020 separately for each member of Evotec's Management Board.

C. RISKS AND OPPORTUNITIES MANAGEMENT

The risks and opportunities described in Evotec's Annual Report 2019 on pages 60 to 70 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 have become more visible in the last months, and certainly represent an operational and strategic challenge. Nevertheless so far Evotec showed a remarkable resilience to all challenges and was able at every moment through the pandemic to keep more than 90 percent of its capacity fully active.

D. SUBSEQUENT EVENTS AFTER 30 JUNE 2020

Shortly after period-end, on 01 July 2020 Evotec acquired the “Biopark By Sanofi SAS” in Toulouse including all land and buildings of the Sanofi site. The acquisition will allow Evotec to significantly expand its existing capacities at its Toulouse site and to secure further, long-term growth of its Toulouse-based operations and will be renamed and transformed into "Campus Curie Toulouse".

E. GENERAL MARKET AND HEALTHCARE ENVIRONMENT

Global economic development

The global economic development in the first half of 2020 was dominated by the effects of the COVID-19 pandemic and the related shutdown: The coronavirus pandemic has plunged the global economy into recession. Following the International Monetary Fund, global growth is projected at a minus of 4.9% in 2020. OECD expects global economic output to shrink even by 6.0% in 2020, adjusted for price and purchasing power. The COVID-19 pandemic has had a more negative impact on activities in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. For 2021, global economic output is expected to pick up markedly again (OECD: +5.2%; IMF: +5.8%).

For Germany the Federal Government expects a decline in gross domestic product of 6.3% (price-adjusted). For 2021, a growth of 5.2% is expected in the course of the recovery process.

The recovery of the economy will take time, because epidemiological risks continue to exist and influence the behaviour of citizens and businesses. During the second half of the year and beyond, the economy is expected to recover more slowly.

Trends in the pharmaceutical and biotechnology sector

The development of the pharmaceutical and biotech industry in 2020 was and still is heavily impacted by the need to find drugs to treat COVID-19 and/or a vaccine against COVID-19. Thus, institutions dealing with medical technologies will play an important role in the future.

Beyond that, in the first half of 2020, there were no material changes to the overall trends in the pharmaceutical and biotechnology sector described in Evotec’s Annual Report 2019 on page 44 and 45. Please see Evotec’s Annual Report 2019 for further information.

F. FINANCIAL OUTLOOK

Full-year 2020 guidance confirmed for revenues and adjusted EBITDA, increased investments in unpartnered R&D

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 context of the COVID-19 pandemic.

However, further potential effects of the 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 2019 Annual Report on 26 March 2020 and confirmed in the Q1 Quarterly Statement on 14 May 2020 with regard to revenues and adjusted EBITDA.

Due to additional very promising investments in innovative technology platforms and development candidates in EVT Innovate, Evotec plans to invest even more in research and development. For this reason, the forecast for "unpartnered R&D" has been raised from previously approx. € 40 m to now approx. € 45 m.

	Guidance 2020	31 December 2019
Group revenues from contracts with customers	€ 440 - 480 m[2)]	€ 446.4 m
Unpartnered R&D expenses	Approx. € 45 m	€ 37.5 m
Adjusted Group EBITDA[1)]	€ 100 - 120 m[3)]	€ 123.1 m

1) *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*

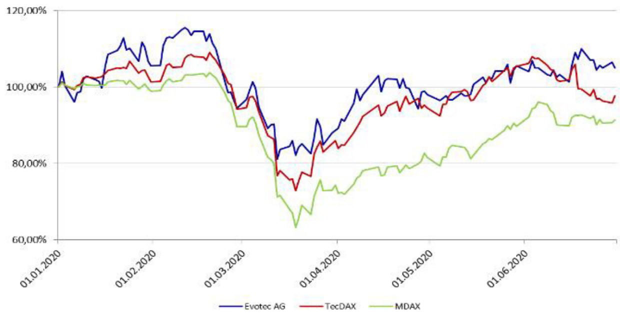
2) *Projections are based on constant 2019 exchange rates*

3) *Despite increased R&D investments, the expected loss of the Sanofi payments for the Toulouse site after Q1 2020 and significantly ramping up the Just – Evotec Biologics business by investing in and building highly innovative J.POD® capacities in the USA*

G. EVOTEC SHARE

Performance of the Evotec share over the past six months

The outbreak of the COVID-19 pandemic impacted on the financial markets and thus on the performance of the German leading index DAX benchmark as well as on most of the share prices. After a slump in March and April, however, the indices were able to recover. The DAX index closed the first half of 2020 down 8% at 12,310.93 points. The Evotec share price developed accordingly, but recovered within May and June and closed at the end of the first half of 2020 at € 24.20. This represents an increase of 5% compared to its opening price for 2020 (€ 23.03). The main benchmark indices for the Evotec share, the TecDAX and the MDAX, lost about 4% and 10%, respectively, in the first six months of 2020.



II. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Evotec SE and Subsidiaries
Consolidated interim statement of financial position as of 30 June 2020

in T€ except share data	*Note reference*	*as of 30 June 2020*	*as of 31 December 2019*
ASSETS			
Current assets:			
— Cash and cash equivalents		224,436	277,034
— Investments		51,303	42,988
— Trade accounts receivables		90,754	82,251
— Accounts receivables from associated companies and other long-term investments		7,554	1,365
— Inventories		10,597	10,749
— Current tax receivables	9	12,924	22,777
— Contract assets	10	16,775	11,451
— Other current financial assets		683	1,640
— Prepaid expenses and other current assets	11	30,558	19,275
Total current assets		**445,584**	**469,530**
Non-current assets:			
— Investments accounted for using the equity method and other long-term investments	12	53,732	41,229
— Property, plant and equipment	13	264,256	239,229
— Intangible assets, excluding goodwill		109,132	116,994
— Goodwill		249,188	255,919
— Deferred tax asset		31,864	34,330
— Non-current tax receivables	14	36,018	22,718
— Other non-current financial assets		23	23
— Other non-current assets		881	940
Total non-current assets		**745,094**	**711,382**
Total assets		**1,190,678**	**1,180,912**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
— Current loan liabilities	15	6,101	6,343
— Current portion of lease obligations	16	17,553	14,388
— Trade accounts payable		37,473	31,319
— Provisions	17	28,355	33,150
— Contract liabilities		74,097	71,067
— Deferred income		4,039	2,338
— Current income tax payables	18	867	7,305
— Other current financial liabilities		253	190
— Other current liabilities		12,749	12,855
Total current liabilities		**181,487**	**178,955**
Non-current liabilities:			
— Non-current loan liabilities	15	340,923	324,886
— Long-term lease obligations	16	125,295	117,482
— Deferred tax liabilities		19,910	21,199
— Provisions		22,364	22,538
— Contract liabilities	19	20,385	33,785
— Deferred income		4,231	5,038
— Other non-current financial liabilities		4	-
Total non-current liabilities		**533,112**	**524,928**
Stockholders' equity:			
— Share capital[1)]	20	151,450	150,903
— Additional paid-in capital		789,424	786,865
— Accumulated other comprehensive income		(30,912)	(19,562)
— Accumulated deficit		(433,883)	(441,177)
Equity attributable to shareholders of Evotec SE		**476,079**	**477,029**
Non-controlling interest		-	-
Total stockholders' equity		**476,079**	**477,029**
Total liabilities and stockholders' equity		**1,190,678**	**1,180,912**

1) 151,449,919 and 150,902,578 shares issued and outstanding in 2020 and 2019, respectively

Evotec SE and Subsidiaries
Consolidated interim income statement for the period from 01 January to 30 June 2020

in T€ except share and per share data	*Note reference*	*Six months ended 30 June 2020*	*Six months ended 30 June 2019*	*Three months ended 30 June 2020*	*Three months ended 30 June 2019*
Revenues from contracts with customers	8	230,989	207,088	111,587	103,239
Costs of revenue		(177,924)	(143,288)	(91,794)	(71,092)
Gross profit		**53,065**	**63,800**	**19,793**	**32,147**
Operating income and (expenses)					
— Research and development expenses		(29,796)	(29,288)	(14,740)	(14,929)
— Selling, general and administrative expenses		(36,532)	(29,905)	(19,278)	(15,143)
— Impairment of intangible assets		-	(10,272)	-	(10,272)
— Impairment of goodwill		-	(1,647)	-	(1,647)
— Other operating income		35,099	35,886	18,156	17,488
— Other operating expenses		(2,919)	(4,538)	(1,109)	(2,666)
Total operating income and (expenses)		**(34,148)**	**(39,764)**	**(16,971)**	**(27,169)**
Operating income		**18,917**	**24,036**	**2,822**	**4,978**
Non-operating income (expense)					
— Interest income		2,013	475	928	284
— Interest expense		(5,389)	(3,255)	(2,639)	(2,194)
— Share of the result of associates accounted for using the equity method	12	(3,644)	(2,076)	(3,661)	(712)
— Other income from financial assets		37	3	19	2
— Foreign currency exchange gain (loss), net		(272)	(412)	(4,685)	(846)
— Other non-operating income (expense), net		162	174	170	68
Total non-operating income (expense)		**(7,093)**	**(5,091)**	**(9,868)**	**(3,398)**
Income before taxes		**11,824**	**18,945**	**(7,046)**	**1,580**
— Current tax income (expense)		(4,427)	(5,354)	(2,161)	(2,831)
— Deferred tax income (expense)		(138)	(2,929)	(610)	(1,137)
Total taxes		**(4,565)**	**(8,283)**	**(2,771)**	**(3,968)**
Net income		**7,259**	**10,662**	**(9,817)**	**(2,388)**
thereof attributable to:					
Shareholders of Evotec SE		7,259	10,667	(9,817)	(2,388)
Non-controlling interest		-	(5)	-	-
Weighted average shares outstanding		**150,931,547**	**149,360,388**	**151,017,372**	**149,577,480**
Net income per share (basic)		**0.05**	**0.07**	**(0.07)**	**(0.02)**
Net income per share (diluted)	8	**0.05**	**0.07**	**(0.07)**	**(0.02)**

Evotec SE and Subsidiaries
Consolidated interim statement of comprehensive income for the period from 01 January to 30 June 2020

in T€	*Six months ended 30 June 2020*	*Six months ended 30 June 2019*	*Three months ended 30 June 2020*	*Three months ended 30 June 2019*
Net income	**7,259**	**10,662**	**(9,817)**	**(2,388)**
Accumulated other comprehensive income				
Items which have to be re-classified to the income statement at a later date				
— Foreign currency translation	(11,133)	(387)	(5,273)	(2,632)
— Revaluation and disposal of investments	(217)	201	17	201
Other comprehensive income	**(11,350)**	**(186)**	**(5,256)**	**(2,431)**
Total comprehensive income	**(4,091)**	**10,476**	**(15,073)**	**(4,819)**
Total comprehensive income attributable to:				
— Shareholders of Evotec SE	(4,091)	10,481	(15,073)	(4,819)
— Non-controlling interest	-	(5)	-	-

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

in T€	***Six months ended 30 June 2020***	***Six months ended 30 June 2019***
Cash flow from operating activities:		
— Net income	7,259	10,662
— Adjustments to reconcile net income to net cash provided by operating activities	35,144	41,062
— Change in assets and liabilities	(49,374)	(62,693)
Net cash used in operating activities	**(6,971)**	**(10,969)**
Cash flow from investing activities:		
— Purchase of current investments	(34,108)	-
— Purchase of investments in associated companies and other long-term investments	(16.147)	(979)
— Purchase of property, plant and equipment	(28,714)	(14,419)
— Payment of subsequent contingent considerations	-	(149)
— Proceeds from sale of current investments	25,817	20,928
Net cash provided by (used in) investing activities	**(53,152)**	**5,381**
Cash flow from financing activities:		
— Proceeds from option exercise	547	895
— Proceeds from loans	16,605	277,677
— Repayment finance lease obligation	(8,421)	(5,170)
— Repayment of loans	(810)	(54,053)
Net cash provided by financing activities	**7,921**	**219,349**
Net increase (decrease) in cash and cash equivalents	**(52,202)**	**213,761**
— Exchange rate difference	(396)	(557)
— Cash and cash equivalents at beginning of year	277,034	109,055
Cash and cash equivalents at end of the period	**224,436**	**322,259**

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

	Share capital			*Income and expense recognised in other comprehensive income*					
in T€ except share data	*Shares*	*Amount*	*Additional paid-in capital*	*Foreign currency translation*	*Re-valuation reserve*	*Accumu-lated deficit*	*Stockholders equity attributable to the Share-holders of Evotec SE*	*Non-con-trolling interest*	*Total stock-holders' equity*
Balance at 01 January 2019	**149,062,794**	**149,063**	**783,154**	**(33,202)**	**6,002**	**(481,013)**	**424,004**	**876**	**424,880**
— Exercised stock options	833,263	833	62	-	-	-	895	-	895
— Stock option plan	-	-	1,757	-	-	-	1,757	-	1,757
— Deferred and current tax on future deductible expenses	-	-	-	-	-	1,124	1,124	-	1,124
Other comprehensive income				(387)	201	-	(186)	-	(186)
Net income for the period				-	-	10,667	10,667	(5)	10,662
Total comprehensive income (loss)				**(387)**	**201**	**10,667**	**10,481**	**(5)**	**10,476**
Balance at 30 June 2019	**149,896,057**	**149,896**	**784,973**	**(33,589)**	**6,203**	**(469,222)**	**438,261**	**871**	**439,132**
Balance at 01 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 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**

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 2019. 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 2019. In the opinion of the management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included.

Although the disruption of economic processes by the COVID-19 pandemic has deeply affected market confidence in general, we do not expect the behavior of our customers and partners to change structurally in the medium and long term. Only in the short term will pharmaceutical corporations, foundations and academic institutions dedicate more resources to COVID-19 treatment and prevention, but this will not impact our ability to grow revenues. The Company has reviewed its exposure to COVID-19 emerging business risks but has not identified any risks that could impact the financial performance or position of the Company as at 30 June 2020. It conforms to the covenants on its existing borrowings and has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments.

2. Principles of consolidation

Effective 01 April 2020 Evotec GT, Orth/Donau, an Austrian company started its operations. Evotec GT is an integral part of Evotec's integrated fully modality-agnostic drug discovery platform. Effective 02 July 2019, Evotec acquired 100% of the shares in Just Biotherapeutics Inc, Seattle, USA. This acquisition has been fully consolidated since that date.

Due to these changes, the interim condensed consolidated financial statements for the first six months of 2019 and 2020 are not fully comparable.

3. Use of estimates

In the interim condensed consolidated financial statements for the six months ended 30 June 2020, the Company has used the same estimation processes as those used to prepare the audited consolidated financial statements for the year ended 31 December 2019.

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

4. Recent pronouncements, adopted for the first time in 2020

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 2019.

5. Recent pronouncements, not yet adopted

For information about the recent pronouncements please refer to the consolidated financial statements for the year 2019.

6. Acquisitions

After period-end with effective date 01 July 2020, Evotec acquired 100% of the shares in Biopark By Sanofi, SAS, Toulouse, France. With this acquisition, Evotec will be able to significantly expand its existing capacities at its Toulouse site and to add the opportunity for further, long-term growth of its Toulouse-based operations.

The purchase price on the closing date amounted to T€ 19,993 in cash, and will be subject to adjustments resulting from e.g. working capital adjustments. Additionally, the purchase price is increased by a possible performance-based component (earn-out) as contingent consideration.

The main assets acquired by this transactions are land and buildings at the Evotec (France) site.

The initial accounting for the business combination is still incomplete as the total consideration will be subject to adjustments. Additionally, the fair value of the land and buildings and the remaining assets and liabilities acquired are not yet finally assessed.

Effective 02 July 2019, Evotec acquired 100% of the shares in Just Biotherapeutics, Inc., Seattle, USA (Just). With this acquisition, Evotec was able to extend the offer of cutting-edge „machine learning"-technologies and flexible approaches for the design and manufacture of biologics.

The purchase price amounted to T€ 51,123 in cash, increased by a possible performance-based component (earn-out) as contingent consideration in the additional amount of T€ 3,882. At the date of the acquisition, the earn-out was determined on the basis of the discounted expected future cash flows. At the acquisition date, the maximum potential earn-out payment (before discounting and success rates) amounted to T€ 31,192. The customer list was recognised at the fair value of T€ 5,326, which was determined on the basis of discounted cash flow models. For the developed technologies, an adjustment to the fair value in the amount of T€ 9,465, also determined on the basis of discounted cash flow models, was recognised at the acquisition date. This acquisition resulted in a goodwill of T€ 30,911 allocated to the Execute segment.

The fair value of the remaining assets and liabilities acquired was determined on the basis of the net book values at the date of acquisition. Details for the breakdown of the fair values of Just at the date of acquisition can be found on page 104 of the Evotec annual report 2019.

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.

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

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment eliminations*	*Transition*	*Evotec Group*
External revenues	177,145	44,626	–	9,218	230,989
Intersegment revenues	51,047	–	(51,047)	–	–
Costs of revenue	(172,008)	(43,092)	46,394	(9,218)	(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					162
Income before taxes					**11,824**
Adjusted EBITDA	**58,245**	**(10,977)**			**47,268**

The EBITDA adjusted for the first six months 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
Adjusted EBITDA	**58,245**	**(10,977)**	**47,268**

The segment information for the first six months of 2019 is as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Intersegment eliminations*	*Transition*	*Evotec Group*
External revenues	158,872	41,174	–	7,042	207,088
Intersegment revenues	37,901	–	(37,901)	–	–
Costs of revenue	(142,283)	(27,481)	33,518	(7,042)	(143,288)
Gross profit	**54,490**	**13,693**	**(4,383)**	**–**	**63,800**
Operating income and (expenses)					
— Research and development expenses	(373)	(33,298)	4,383	–	(29,288)
— Selling, general and administrative expenses	(23,835)	(6,070)	–	–	(29,905)
— Impairment of intangible assets	–	(10,272)	–	–	(10,272)
— Impairment of goodwill	–	(1,647)	–	–	(1,647)
— Other operating income	13,421	22,465	–	–	35,886
— Other operating expenses	(4,089)	(449)	–	–	(4,538)
Total operating income (expenses)	**(14,876)**	**(29,271)**	**4,383**	**–**	**(39,764)**
Operating income (loss)	**39,614**	**(15,578)**	**–**	**–**	**24,036**
— Interest result					(2,780)
— Share of the loss of associates accounted for using the equity method					(2,076)
— Other income (expense) from financial assets, net					3
— Foreign currency exchange gain (loss), net					(412)
— Other non-operating income					174
Income before taxes					**18,945**
Adjusted EBITDA	**60,095**	**(1,885)**			**58,210**

The EBITDA adjusted for the first six months of 2019 is derived from operating income (expense) as follows:

in T€	*EVT Execute*	*EVT Innovate*	*Evotec Group*
Operating income (expense)	**39,614**	**(15,578)**	**24,036**
plus depreciation of tangible assets	14,856	1,671	16,527
plus amortisation of intangible assets	5,627	101	5,728
plus impairment of intangible assets	–	10,272	10,272
plus impairment of goodwill	–	1,647	1,647
Adjusted EBITDA	**60,097**	**(1,887)**	**58,210**

8. Revenue from contracts with customers

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

in T€	*EVT Execute*	*EVT Innovate*	*Transition*	*Evotec Group*
Revenues from contracts with customers				
Service fees and FTE-based research payments	174,631	44,205	–	218,836
Recharges	–	–	9,218	9,218
Compound access fees	731	–	–	731
Milestone fees	2,204	–	–	2,204
Total	**177,566**	**44,205**	**9,218**	**230,989**
Timing of revenue recognition				
At a point in time	2,204	-	–	2,204
Over time	175,362	44,205	9,218	228,785
Total	**177,566**	**44,205**	**9,218**	**230,989**
Revenues by region				
USA	80,629	23,087	4,443	108,159
Germany	11,203	10,291	500	21,994
France	12,881	7,866	-	20,747
United Kingdom	38,983	2,427	2,199	43,609
Others	33,870	534	2,076	36,480
Total	**177,566**	**44,205**	**9,218**	**230,989**

The following schedule analyses the revenue Evotec recognised from contracts with customers for the first six months of 2019:

in T€	*EVT Execute*	*EVT Innovate*	*Transition*	*Evotec Group*
Revenues from contracts with customers				
Service fees and FTE-based research payments	151,840	30,601	–	182,441
Recharges	–	–	7,042	7,042
Compound access fees	548	–	–	548
Milestone fees	5,021	1,752	–	6,773
Licences	1,463	8,821	–	10,284
Total	**158,872**	**41,174**	**7,042**	**207,088**
Timing of revenue recognition				
At a point in time	5,021	9,775	–	14,796
Over time	153,851	31,399	7,042	192,292
Total	**158,872**	**41,174**	**7,042**	**207,088**
Revenues by region				
USA	65,311	15,892	3,281	84,484
Germany	10,123	1,993	281	12,397
France	22,694	7,704	1,629	32,027
United Kingdom	32,400	4,908	1,094	38,402
Others	28,344	10,677	757	39,778
Total	**158,872**	**41,174**	**7,042**	**207,088**

9. Current tax receivables

The decrease in current tax receivables as of 30 June 2020 compared to 31 December 2019 relates mainly to reclassification of tax refunds from tax development programmes in the context of qualifying research and development expenses within France to non-current tax receivables. Additional tax refunds from tax development programmes and similar programmes in France and United Kingdom were offset by payments received, mainly in Italy, for such tax refunds.

10. Contract assets

Contract assets as of 30 June 2020 increased compared to 31 December 2019 primarily due to a strong revenue month of June at the Verona site.

11. Prepaid expenses and other current assets

Prepaid expenses and other current assets as of 30 June 2020 increased compared to 31 December 2019 primarily due to prepayments made in the beginning of the year for the full year and increased VAT-related receivables in France and Italy.

12. 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 are shown in the tables below:

Equity investments:

in T€	***30 June 2020***
Beginning of the period	29,767
Additions	10,223
Loss of the period	(7,494)
Fair value adjustment through profit and loss	3,850
End of the period	36,346

Other investments

in T€	***30 June 2020***
Beginning of the period	11,462
Additions	5,924
End of the period	17,386

The main addition in the first six months of 2020 to the equity investments relates to a further investment in Exscientia Ltd, Dundee, UK.

13. Property, plant and equipment

The increase in property, plant and equipment as of 30 June 2020 compared to 31 December 2019 mainly relates to facility construction for J.POD® in Seattle.

14. Non-current tax receivables

The increase in non-current tax receivables as of 30 June 2020 compared to 31 December 2019 relates mainly to tax refunds from tax development programmes in the context of qualifying research and development expenses within France which were reclassed from current tax receivables.

15. Current and non-current loan liabilities

The increase in loan liabilities as of 30 June 2020 in comparison with 31 December 2019 mainly relates to a new tranche of the EIB loan in the amount of T€ 16,500.

16. Current and non-current lease liabilities

The increase in lease liabilities as of 30 June 2020 in comparison with 31 December 2019 mainly relates primarily to new rental agreements for buildings at the facility in Goettingen, Germany.

17. Current provisions

The decrease in current provisions as of 30 June 2020 in comparison with 31 December 2019 mainly relates to the payment of bonus 2019 in the first quarter 2020 which is only partly offset by the bonus provision for the first six months 2020.

18. Current income tax payables

The decrease in current income tax payables as of 30 June 2020 in comparison with 31 December 2019 mainly relates to the payment of income tax in Germany during the period.

19. Non-current contract liabilities

Non-current contract liabilities decreased to € 20.4 m (31 December 2019: € 33.8 m) due to the recognition of revenues related to the long-term collaborations with Celgene and Bayer.

20. Stock-based compensation

In the first six months ending 30 June 2020 77,214 Share Performance Awards from the total granted 307,832 Share Performance Awards were given to the members of the Management Board. During the first half of 2020, 547,341 shares were issued through the exercise of Share Performance Awards which increased the stockholders equity.

21. Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as of 30 June 2020 and 31 December 2019 are as follows:

		30 June 2020		*31 December 2019*	
in T€	*Classification according to IFRS 9*	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
— Cash and cash equivalents	Amortised cost	224,436	224,436	277,034	277,034
— Investments	Fair value through other comprehensive income	51,303	51,303	42,988	42,988
— Long-term investments	Fair value through profit and loss	17,387	17,387	11,462	11,462
— Trade accounts receivables	Amortised cost	90,754	90,754	82,251	82,251
— Contract assets	Amortised cost	16,775	16,775	11,451	11,451
— Other current financial assets	Amortised cost	683	683	1,640	1,640
— Current loan liabilities	Amortised cost	(6,101)	(6,101)	(6,343)	(6,343)
— Non-current loan liabilities	Amortised cost	(340,923)	(351,973)	(324,886)	(330,911)
— Trade accounts payable	Amortised cost	(37,473)	(37,473)	(31,319)	(31,319)
— Short-term Contract liabilities	Amortised cost	(74,097)	(74,097)	(71,067)	(71,067)
— Long-term Contract liabilities	Amortised cost	(20,385)	(20,385)	(33,785)	(33,785)
— Other current financial liabilities	Amortised cost	(253)	(253)	(190)	(190)
— Derivative financial instruments	Fair value through profit and loss	(870)	(870)	431	431
— Contingent consideration	Fair value through profit and loss	(4,680)	(4,680)	(4,265)	(4,265)
		(83,444)	**(94,494)**	**(44,598)**	**(50,623)**
Unrecognised (gain)/loss			**11,050**		**6,025**

The following tables allocate financial assets and financial liabilities as of 30 June 2020 and 31 December 2019, respectively to the three levels of the fair value hierarchy as defined in IFRS 13:

	30 June 2020			
in T€	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets at fair value through other comprehensive income	51,303	–	–	51,303
Assets at fair value through profit and loss	–	–	7,554	7,554
Liabilities at fair value through other comprehensive income	–	–	–	–
Liabilities at fair value through profit and loss	–	(870)	(4,680)	(5,550)

	31 December 2019			
in T€	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets at fair value through other comprehensive income	42,988	–	–	42,988
Assets at fair value through profit and loss	–	–	11,462	11,462
Liabilities at fair value through other comprehensive income	–	431	–	431
Liabilities at fair value through profit and loss	–	–	(4,265)	(4,265)

The following tables show the movement of the fair values at level 3 for the six months period ending 30 June 2020 and the financial year 2019, respectively:

in T€	***January to June 2020 Other investments***	***January to June 2020 Contingent consideration***
As of 01 January 2020	11,462	(4,265)
Exchange rate difference	–	(20)
Addition	5,925	–
Included in interest expense		
— Interest change in net present value, unrealised	–	(395)
As of 30 June 2020	**17,387**	**(4,680)**

in T€	***January to December 2019 Other investments***	***January to December 2019 Contingent consideration***
Balance at 01 January 2019	6,396	(646)
Exchange rate difference	–	(24)
Addition	4,986	(3,882)
Consumption	–	152
Included in other operating income		
— Changes in fair value, unrealised	–	175
Included in income from long-term investments		
Changes in fair value, unrealised	80	–
Included in interest expense		
— Interest change in net present value, unrealised	–	(40)
Balance at 31 December 2019	**11,462**	**(4,265)**

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.

22. Related party transactions

Except for the transactions described in Evotec's Annual Report 2019 on page 128, no other material transactions with related parties were entered into in the first six months of 2020.

23. Subsequent events

For further information on subsequent events refer to page 10 of this report.

Financial calendar 2020

26 March 2020	Annual Report 2019
14 May 2020	Quarterly Statement Q1 2020
16 June 2020	Annual General Meeting 2020
12 August 2020	Half-year 2020 Interim Report
12 November 2020	Quarterly Statement 9M 2020

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.

12 August 2020

Dr Werner Lanthaler

Chief Executive Officer

Dr Cord Dohrmann

Chief Scientific Officer

Dr Craig Johnstone

Chief Operating Officer

Enno Spillner

Chief Financial Officer