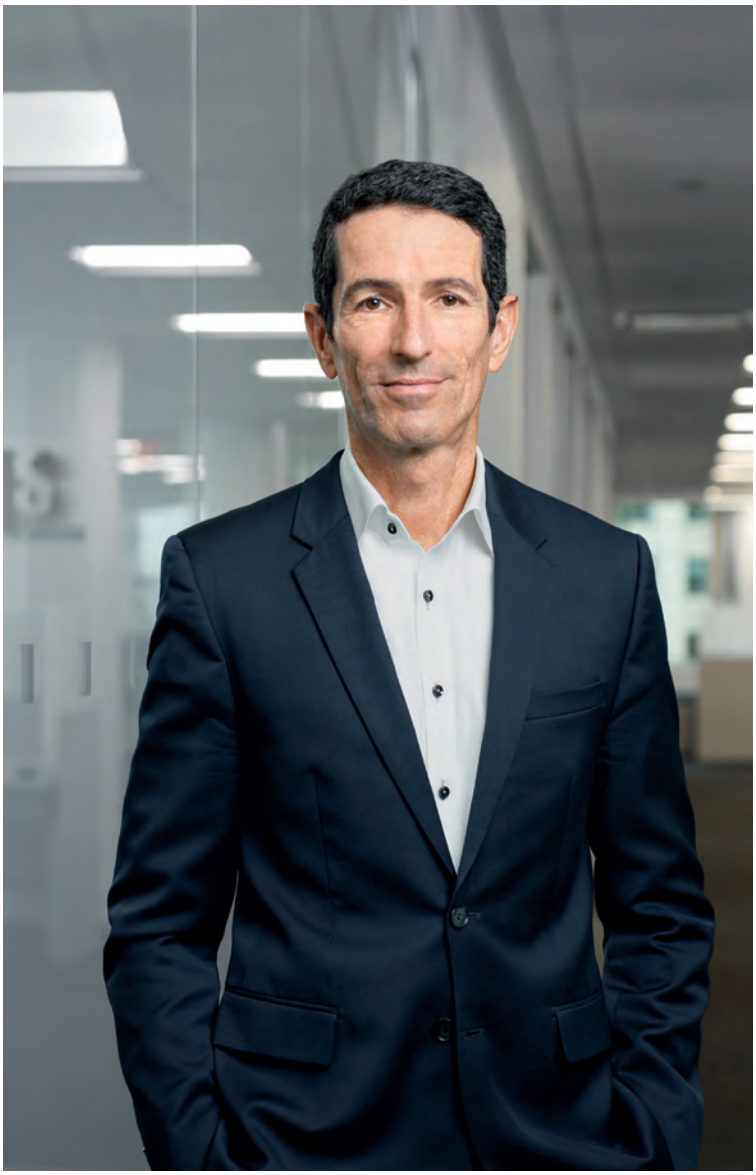


Jean-Paul Kress, M.D.
Chief Executive Officer

Dear Ladies and Gentlemen, Dear Shareholders,

As we reflect upon 2020, it was an unprecedented year with the global pandemic that impacted all of our lives and continues to challenge our everyday normalcy. Despite the many challenges we faced, 2020 was a year of significant achievements for MorphoSys. We delivered one of our most successful years as a company and brought new hope to patients. A transformative accomplishment was the accelerated U.S. approval and successful launch of Monjuvi for the treatment of an aggressive form of blood cancer where there remains a large unmet need. The Monjuvi launch accomplished a major goal of transforming the company into an integrated, commercial-stage biopharmaceutical company.

Bringing our first therapy to the market

At the start of the year as we moved closer to potential FDA approval for Monjuvi, we found a global partner with whom we could align our efforts. We were excited to announce a global collaboration and licensing agreement with Incyte in January 2020. This is a collaborative partnership where the two companies share a vision for tafasitamab as a potential pipeline in a product and backbone therapy in non-Hodgkin lymphoma (NHL). The agreement comprised an upfront payment of US$ 750 million plus an equity investment by Incyte of US$ 150 million; up to US$ 1.1 billion in potential development, regulatory and commercial milestones; plus, royalties on ex-U.S. sales. We are co-commercializing Monjuvi in the U.S. in coordination with Incyte leveraging our newly-formed commercial team and Incyte's established footprint.

During 2020, we continued to successfully build our U.S. commercial organization. Roland Wandeler, Ph.D., joined the Management Board as our Chief Operating Officer in May 2020 and is leading both our global commercial team and our U.S. operations. He brings with him a wealth of experience and proven track record from his prior international roles at Amgen. His commercial and operational leadership will be key as we continue to execute on the Monjuvi launch and our future commercial endeavors.

The accelerated U.S. FDA approval for Monjuvi on July 31 was a significant milestone. We are proud of this success and hope to build upon it as we execute on the Monjuvi launch and also work to bring other therapies to the market. The launch of Monjuvi was the culmination of a tremendous amount of effort across the organization and in tandem with our partner Incyte. We executed the launch in an expeditious fashion by being prepared well in advance thanks to the expertise of our development, regulatory, legal, medical affairs, market access, commercial colleagues, and beyond.

Monjuvi is the first and only FDA-approved second-line therapy for adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL). DLBCL is the most common type of non-Hodgkin lymphoma in adults worldwide. It is an aggressive disease with about one in three patients not responding to initial therapy or relapsing thereafter. We believe Monjuvi has the potential to transform the standard of care in DLBCL, given its approved indication, combinability and accessibility.

Since the approval, our team has been laser-focused on bringing Monjuvi to patients who have limited treatment options. We are encouraged by the initial uptake of Monjuvi despite the challenges we have faced launching a therapy during the COVID-19 pandemic. We have been able to adapt and overcome many hurdles, for example by utilizing digital technologies to engage healthcare providers and drive individual and peer-to-peer interaction.

In May 2020, the Marketing Authorization Application (MAA) for tafasitamab plus lenalidomide for the EU was validated, and a potential approval decision is anticipated in the second half of 2021. In January 2021, the health authorities in Switzerland and Canada accepted our New Drug Submissions for tafasitamab. We believe tafasitamab has the potential to transform the standard of care and could hold significant promise not just as a potential backbone in DLBCL, but also as a combination partner of choice in other hematological malignancies. We are developing tafasitamab as a potential first line treatment in DLBCL and are actively pursuing combination options with existing and novel modalities. Our plan is to continue to pursue a broad development plan for tafasitamab to truly advance and provide cancer patient care.

Malte Peters, M.D.
Chief Research and Development Officer

Expanding our pipeline

We are committed to expanding our pipeline through our internal research as well as through external opportunities. Beyond tafasitamab, we have a growing internal development pipeline. We are currently studying felzartamab, formerly called MOR202, in a phase 1/2 proof-of-concept trial, called M-PLACE. The trial is exploring felzartamab in anti-PLA2R-positive membranous nephropathy, an autoimmune disease affecting the kidneys. Patients with this disease could develop end stage renal disease – and ultimately require dialysis or kidney transplant. With a lack of effective treatment options, 30-40 % of patients typically progress to end stage renal disease within 5-15 years. In late 2020, the safety run-in phase of the M-PLACE study was completed, and the full enrollment phase opened. As part of our business development activities, Incyte and MorphoSys signed a clinical collaboration with Xencor in November 2020. Xencor will be exploring tafasitimab in combination with lenalidomide along with their bispecific CD20xCD3 candidate, plamotamab, focused on relapsed or refractory DLBCL, first-line DLBCL, and relapsed or refractory follicular lymphoma (FL).

Rejuvenated research platform

MorphoSys has its foundation in cutting edge antibody technologies and discovery. With innovation a top priority, we continue to rejuvenate and look for complimentary technologies. A perfect example is our recent agreement signed in November 2020 with Cherry BioLabs for the use of their Hemibody technology in the context of our CyCAT® (Cytotoxic Cell Activation at Tumor) Dual Targeting Concept to discover and advance novel treatment options for patients with hematological as well as solid cancers. Another exciting new technology is our innovative and proprietary OkapY™ bispecific antibody platform. Designed to be simple and modular in its use, this versatile format could enable several distinct classes of bispecifics with unique modes of action. With our strong internal R&D capabilities and business development acumen, I am excited about the prospects for our pipeline over the long-term.

Roland Wandeler, Ph.D.
Chief Operating Officer

Growing revenue from our pharmaceutical license agreements

In addition to our own pipeline, we also saw progress with several licensed programs which create value through royalties and milestone payments, such as Janssen's Tremfya®.

Tremfya is the first approved product generated from our discovery engine and is already a blockbuster. Janssen has the development and commercialization rights, and MorphoSys receives royalties from the sales. We are pleased by Janssen's commitment to expand the indications for this drug beyond its first approval in plaque psoriasis. In 2020, Tremfya was approved in both the U.S. and the EU for the treatment of adult patients with active psoriatic arthritis. Janssen also presented promising interim data during 2020 from an ongoing study in Crohn's disease.

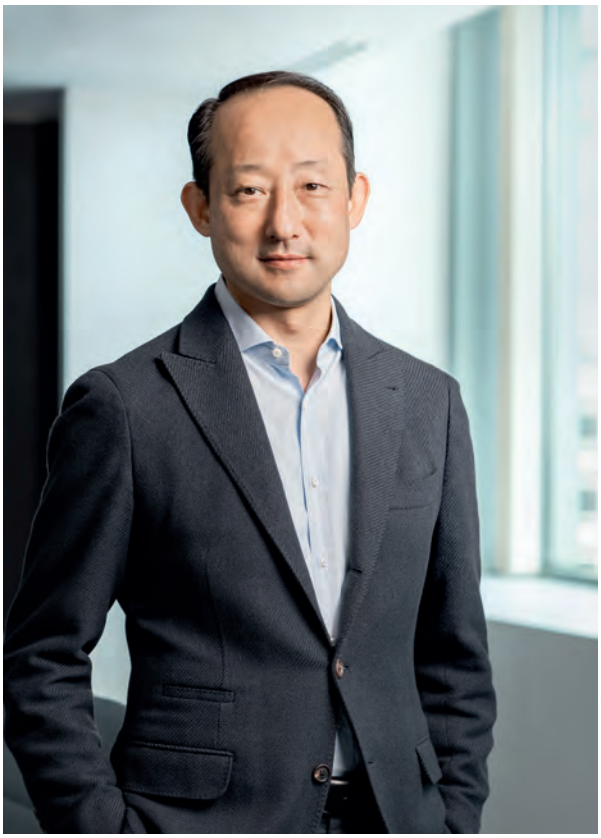
Highlighting a few other partnerships, GlaxoSmithKline (GSK) started a clinical trial to evaluate the efficacy and safety of otilimab in patients with severe pulmonary COVID-19-related disease – in addition to ongoing pivotal clinical trials with otilimab for rheumatoid arthritis. It is our hope that an antibody generated with MorphoSys' technology could help patients deal with this devastating virus. We are pleased that our licensing partner GSK shared in February the preliminary results of the OSCAR study using otilimab for the treatment of severe pulmonary COVID-19 related disease and is expanding the study in order to further explore otilimab as a potential treatment option for older adults suffering from severe forms of COVID-19. The dosing of the first patient in the expanded study triggered milestone payments of € 16 million to MorphoSys.

Roche is conducting pivotal trials for gantenerumab for Alzheimer's disease with a readout expected in 2022. Our partner, I-Mab, is responsible for developing and commercializing felzartamab (MOR202) for China, Hong Kong, Taiwan and Macao. In April 2020, their ongoing phase 3 trial in patients with relapsed/refractory multiple myeloma (MM) was expanded into mainland China. We were also pleased to see several programs from our long-standing agreement with Novartis enter the clinic, triggering milestone payments to MorphoSys.

Corporate developments

In early 2021, Sung Lee joined MorphoSys as our new Chief Financial Officer (CFO) and member of the Management Board. Sung brings more than 20 years of finance leadership experience in biopharmaceutical and technology businesses. I am convinced that his transformative mindset will be instrumental in executing our ambitious growth strategy and the accelerated development of our pipeline for the benefit of patients. Sung Lee replaces Jens Holstein, who stepped down as CFO at the end of 2020. On behalf of the Management Board and the MorphoSys team, I want to express my sincere appreciation for his significant contributions over the last decade and wish him all the best for the next chapter that lies ahead.

As a growing, commercial organization with an increasing global footprint, we place significant importance on being a responsible corporate citizen. With this in mind, we will be publishing our first Non-Financial Group Report that covers



Sung Lee
Chief Financial Officer

relevant Environmental, Social and Governance (ESG) topics for MorphoSys. ESG is ingrained in the DNA of MorphoSys, but this inaugural report will be our opportunity to articulate our important efforts in this regard. We look forward to building upon this update over the years to both showcase our progress and also to highlight the areas where we are making a meaningful impact. This is certainly an endeavor that is a priority for the leadership team and entire company.

With the new year unfolding we would be remiss not to reflect upon the impact of COVID-19 and recognize how all of our employees have tackled things head-on and problem-solved to responsibly ensure business continuity and patient access. Very early on, the global leadership team worked to put a risk mitigation plan in place to proactively try to address the impact of this virus. The safety and well-being of our employees, healthcare workers and patients remains of top importance. Launching our first drug during a pandemic has posed significant challenges on all fronts, and I am very proud of how our team rose to the occasion and still managed to exceed our internal expectations.

Wrapping up an incredible year

We are proud of our European roots and looking forward to further building out our U.S. organization. We continue to expand in the U.S., where more recently we have opened a second clinical development hub at our Boston location to accelerate our global drug development capabilities. We remain highly focused on the successful commercialization of Monjuvi and advancing a comprehensive development program for tafasitamab. We believe tafasitamab is uniquely suited as a combination partner or a backbone of choice, given its safety profile. At the same time, we are growing our long-term pipeline both organically through our innovative discovery work and externally as we evaluate business development opportunities. We will continue to leverage our strong balance sheet in a disciplined and focused manner to maximize shareholder value.

On behalf of the Management Board, I would like to express our heartfelt thanks to all of MorphoSys' employees for their ongoing efforts and commitment to our company's success, and to their flexibility as we adapted to the changing health situation throughout 2020. Everyone's dedication is truly appreciated and a testament to the values embedded in the fabric of the company.

I would also like to thank you, our shareholders, for your continued support and for your belief in the company. We look forward to engaging with you in 2021 and beyond.

We are extremely gratified to be able to bring a new treatment option to patients, who are at the core of all we do. We will continue to work hard to deliver truly transformative therapies to improve the lives of people suffering from cancer and autoimmune diseases.

We look forward to sharing our progress and achievements with you in the year ahead.

Sincerely,

Jean-Paul Kress, M.D.
Chief Executive Officer