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MorphoSys AG
Planegg
Wertpapierkennnummer: 663200
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Written report of the Management Board on agenda item 6
pursuant to section 203 (2) sentence 2
in conjunction with section 186 (4) sentence 2 AktG

The Management Board submits the following written report to the virtual General Meeting of the Company convened for 17 May 2023 pursuant to section 203 (2) sentence 2 AktG in conjunction with section 186 (4) sentence 2 AktG on the cancellation of Authorized Capital 2021-I and the creation of a new Authorized Capital 2023-I with the authorization to exclude subscription rights as proposed for resolution under agenda item 6.

1. **Former Authorized Capital 2021-I and reason for the new Authorized Capital 2023-I**

   In order to continue to provide the Company with flexibility, the Authorized Capital 2021-I shall be cancelled and a new Authorized Capital 2023-I is to be created, which authorizes the Management Board of the Company, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before 16 May 2028 (inclusive) by up to a total of € 6,846,388.00 against cash contributions by issuing up to 6,846,388 new no-par value bearer shares. All future conditional and authorized capitals of the Company, taking into account the resolutions proposed in this context to the General Meeting on 17 May 2023, including the amount of Authorized Capital 2023-I of up to € 6,846,388.00 and the corresponding number of up to 6,846,388 new shares, together correspond to a proportion of 55.57% of the current share capital. Thus, all authorized capital of the Company (taking into account the resolutions proposed in the Annual General Meeting on May 17, 2023, on the creation of a new Authorized Capital 2023-I and a new Authorized Capital 2023-II as well as on the reduction of the Authorized Capital 2019-I and the Authorized Capital 2021-III) amount to in total 12,332,756.00 € and thus to 36.03% of the share capital in the amount of currently 34,231,943.00. The cancellation of the Authorized Capital 2021-I shall only become effective in case it is effectively replaced by the new Authorized Capital 2023-I.

2. **New Authorized Capital 2023-I and associated benefits for the Company**

   The proposed authorization to issue new shares from Authorized Capital 2023-I is intended to enable the Management Board, with the consent of the Supervisory Board, to respond flexibly to financing requirements in connection with the implementation of strategic decisions. Particularly, in the current economic situation and in the capital-intensive field of biotechnology and drug development, a fast and flexible instrument for financing is necessary and in the interest of the Company and its shareholders. The proposed new Authorized Capital 2023-I shall enable the Management Board, with the consent of the Supervisory Board, to raise new equity capital at short notice, also under the exclusion of subscription rights for the Company, to an extended extent in terms of time and volume in relation to the Authorized Capital 2021-I (which expires on 18 May 2026), e.t., in order to acquire companies, participations in companies, patents, other industrial property, rights, licensing rights or an entirety of assets forming a business in exchange for the granting of shares. Such a resolution is common both nationally and internationally.

In order to meet these needs, the already existing Authorized Capital 2021-I shall be replaced by a new Authorized Capital 2023-I. The Management Board,with the consent of the Supervisory Board and within the framework of the statutory requirements under section 202 (3) AktG, shall thereby be given the possibility, for a longer period of time than before and to an extended extent to have shares of the Company at its disposal in a flexible manner.

3. Exclusion of subscription rights

The proposed resolution provides for an authorization to exclude shareholders' subscription rights, which generally exist when authorized capital is utilized, for certain purposes listed in detail in the proposed resolution:

a) In the event of a capital increase against contributions in cash, the exclusion of shareholders' subscription rights is possible in accordance with lit. b) aa) of agenda item 6 in order to avoid fractional amounts, as it was previously the case under the Authorized Capital 2021-I. The authorization to exclude subscription rights for the utilization of fractional shares is necessary in order to be able to present a practicable subscription ratio in any case in the event of a capital increase and therefore only serves to enable the utilization of the authorized capital with round amounts. Fractional amounts arise if, as a result of the subscription ratio or the amount of the capital increase, not all new shares can be distributed equally among the shareholders. Without this authorization, the technical implementation of the capital increase would be made more difficult in such cases. The costs of trading in subscription rights for the share fractions would be disproportionate to the benefit for the shareholders. The new shares free of subscription rights resulting from the exclusion of shareholders' subscription rights for the fractional shares will be realized either by sale on the stock exchange (if possible) or in some other way in the best possible way for the Company. The possible dilution effect is low due to the restriction to fractional shares.

b) In the event of capital increase against non-cash contributions, the exclusion of subscription rights in accordance with lit. b) bb) of agenda item 6 is necessary in order to achieve the objectives pursued with this capital measure, as was previously the case under the Authorized Capital 2021-I. For example, the Company is to be enabled to grow further and strengthen its competitiveness through the acquisition of companies, equity interests in companies or assets (above all patents and other industrial property rights as well as licenses).

An essential part of the Company's corporate strategy is to drive forward its own development programs and add innovative technologies and new development programs to the existing corporate portfolio. For this purpose, the conclusion of partnerships, the acquisition of licenses or the acquisition of company may be necessary. The conclusion of such partnerships or the acquisition of licensing rights, which are of particular importance to the business purpose of the Company, contribute to the value-enhancing expansion of the Company's pipeline and technology portfolio. In order to be able to adhere to this corporate strategy in the future, the proposed creation of the new Authorized Capital 2023-I under simulteanous cancellation of the Authorized Capital 2021-I and the creation of the Authorized Capital 2023-I provides for a longer term by comparison and is sensible (at the same time, however, the possibility of excluding subscription rights in the case of capital increases against cash and/or non-cash contributions under the Authorized Capital 2023-I shall be limited to a total of 10% of the share capital). This will ensure, in particular, the acquisition of equity interests and industrial property rights in a way that preserves liquidity so that the Company's market position can be expanded further. Financing such an acquisition wholly, or - if the authorized capital is insufficient - partially with cash is neither possible nor sensible in certain transactions, especially as the sellers or licensors frequently insist on receiving shares as consideration because of the economic advantages they can gain.

The ability to use its shares as an acquisition currency thus gives the Company the necessary scope to exploit such acquisition opportunities quickly and flexibly as they arise. The exclusion of subscription rights is necessary in these cases because acquisitions are made at short notice and generally cannot be resolved by the Annual General Meeting, which is held only once a year. It is also generally not possible to have enough time to convene an Extraordinary General Meeting due to the statutory deadlines. Instead, authorized capital is required so that with the consent of the Supervisory Board, the Management Board can act quickly.

c) The possibility to exclude subscription rights in accordance with lit. b) cc) and lit. c) cc) of agenda item 6 is - as it was previously the case under the Authorized Capital 2021-I - intended to enable a further issuance of shares in the Company on foreign stock exchanges if market conditions allow and this serves the further growth of the Company. The possibility to exclude the subscription rights shall thus create the possibility of a further listing on a foreign stock exchange. The exclusion of subscription rights ensures a reasonable placement volume and the optimal utilization of new shares. In contrast, the preservation of shareholders' subscription rights would lead to considerable technical difficulties in the placement of the new shares and prevent the best possible issue price from being achieved. Due to a financing base that is thus more broadly spread internationally, the Company could be better protected against capital market fluctuations and local changes in the cost of capital could be balanced in the best possible way. Such an international investor structure would create greater market liquidity and reduce the Company's dependence on individual investors. In the international biotechnology environment, an additional listing on a foreign stock exchange would also facilitate the acquisition of company interests through share swaps.

The total number of shares issued on the basis of the above authorizations with the exclusion of shareholder subscription rights for capital increases against cash and/or non-cash contributions may not exceed 10% of the share capital calculated either at the time the authorizations take effect or at the time they are exercised, based on whichever amount is lower. The 10% limit shall include shares sold or issued or to be issued with exclusion of subscription rights under other authorizations expressly mentioned. The aforementioned 10% limit shall include (i) treasury shares sold with the exclusion of subscription rights after these authorizations become effective, (ii) shares issued on the basis of other authorized capital with exclusion of subscription rights during the period in which these authorizations are in effect, and (iii) shares to be issued to service convertible bonds and/or bonds with warrants insofar as the convertible bonds and/or bonds with warrants have been issued with the exclusion of shareholders' subscription rights while these authorizations are in effect but in respect of items (i), (ii) and/or (iii) in each case only insofar as the shares are not used to service claims by members of the Management Board and/or employees of the Company and/or its affiliated companies under employee participation programs. The maximum limit reduced in accordance with the above sentences of this paragraph shall be increased again when a new authorization to exclude shareholders' subscription rights resolved by the Annual General Meeting takes effect after the reduction, in the amount of the new authorization, up to a maximum of 10% of the share capital in accordance with the requirements of sentence 1 of the corresponding paragraph of the respective authorization.

This capital limit restricts the total scope of an issue of shares from authorized and conditional capital without subscription rights and, in addition, of a sale of treasury shares excluding subscription rights. This additionally provides shareholders with protection against a dilution of their shareholding. However, shares used to service claims of Management Board members and/or employees of the Company and/or its affiliated companies under employee stock option programs and issued without subscription rights are not subject to deductions, as the dilutive effect for shareholders is low.

The maximum exclusion of subscription rights on the basis of the Authorized Capital 2023-I is 10% of the Company's share capital.

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Having weighted all the above circumstances, the Management Board and the Supervisory Board consider the exclusion of subscription rights in the above cases to be objectively justified and appropriate for the reasons stated, also when taking into account the detrimental effects of dilution for the shareholders.

The Management Board will report to the Annual General Meeting on each utilization of the Authorized Capital 2023-I.

Planegg, March 27, 2023

MorphoSys AG

The Management Board

Dr. Jean-Paul Kress	Charlotte Lohmann
Chairman of the Management Board	Chief Legal Officer