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MorphoSys AG
Planegg
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Written report of the Management Board on agenda item 7 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-II and the creation of a new Authorized Capital 2023-II with the authorization to exclude subscription rights as proposed for resolution under agenda item 7.

The existing Authorized Capital 2021-II pursuant to section 5 (6) of the Articles of Association of the Company, which was created in accordance with the resolution of the Annual General Meeting on 19 May 2021 under agenda item 7, has not yet been fully utilized. However, it is recommended that this capital be reauthorized in July 2021 due to its partial utilization, which is why this matter is described in more detail below.

1. Report on the utilization of Authorized Capital 2021-II

On 16 July 2021, the Company's Management Board resolved, with the approval of the Supervisory Board, to increase the Company's share capital by issuing 1,337,552 new shares from Authorized Capital 2021-II. The capital increase was carried out excluding the subscription rights of existing shareholders in order to enable the purchase of 1,337,552 new shares by Royalty Pharma Investments 2019 ICAV, a subsidiary of Royalty Pharma plc (NASDAQ: RPRX) ("Royalty Pharma"). The registration of the implementation of the capital increase in the Commercial Register took place on July 29, 2021. The new shares represented 3.9% of the registered share capital of the Company after the capital increase.

The share purchase from Royalty Pharma totaling $100 million was part of the financing agreement with the Company for the acquisition of Constellation Pharmaceuticals; the agreement became effective upon closing of the merger on July 15, 2021. Royalty Pharma acquired the 1,337,552 new shares at a price of €63.35 per share.

2. Former Authorized Capital 2021-II and reason for the new Authorized Capital 2023-II

The Management Board and the Supervisory Board propose to authorize the Management Board, with the consent of the Supervisory Board, to issue new shares of the Company on the basis of a new Authorized Capital 2023-II, as the authorization to exclude subscription rights when issuing new shares under the previously existing Authorized Capital 2021-II is only partially available due to its exercise. In order to continue to provide the Company with the necessary flexibility, the new Authorized Capital 2023-II 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 € 3,423,194.00 against cash contributions by issuing up to 3,423,194 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-II of up to € 3,423,194.00 and the corresponding number of up to 3,423,194 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-II shall only take effect if the Authorized Capital 2023-II effectively replaces it.

3. New Authorized Capital 2023-II and associated benefits for the Company

The proposed authorization to issue new shares from Authorized Capital 2023-II is intended to enable the Management Board, with the approval 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 rapid and flexible instrument for financing is necessary and in the interest of the Company and its shareholders. It should continue to be possible for the Management Board, with the approval of the Supervisory Board, to raise new equity for the Company at any time. Such an advance resolution is common practice both nationally and internationally.

To meet these needs, a new Authorized Capital 2023-II is to be created. The scope of the existing Authorized Capital 2021-II is no longer sufficient for this purpose. The new Authorized Capital 2023-II is intended to continue to enable the Management Board, with the approval of the Supervisory Board and within the framework of the statutory requirements under section 202 (3) AktG, to have shares of the Company at its disposal in a flexible manner.

4. 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) The exclusion of shareholders' subscription rights is possible in accordance with lit. b) aa) of agenda item 7 in order to avoid fractional amounts. 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) Furthermore, the Management Board shall be authorized, with the approval of the Supervisory Board pursuant to lit. b) bb) of agenda item 7, to exclude subscription rights in accordance with Art. 186 (3) sentence 4 AktG in the amount of the entire new Authorized Capital 2023-II, provided the issue price of the new shares is not significantly lower than the market price of the shares of the same class already listed. This exclusion of subscription rights provided for by law enables the management to take advantage of favorable stock market situations at short notice and, by setting a price close to the market price, to achieve the highest possible issue price and thus the greatest possible strengthening of the Company's equity. Experience has shown that such a capital increase leads to a higher inflow of funds than a comparable capital increase with subscription rights for shareholders because of the faster action that can be taken. It is therefore in the well-understood interests of the Company and the shareholders. It is true that this results in a reduction in the relative participation quota and the relative share of voting rights of the existing shareholders. However, shareholders wishing to maintain their relative shareholding and relative voting rights have the option of acquiring the necessary number of shares on the stock exchange. The amount of the new Authorized Capital 2023-II complies with the statutory requirements of Art. 186 (3) sentence 4 AktG, according to which the exclusion of subscription rights is permissible if the capital increase against cash contributions does not exceed 10% of the share capital, either at the time this authorization becomes effective or at the time it is exercised, and the issue price is not significantly lower than the stock market price. Other capital measures which also provide for the exclusion of subscription rights in accordance with or by analogous application of section 186 (3) sentence 4 AktG shall be taken into account unless the General Meeting again resolves a new authorization to exclude shareholders' subscription rights in accordance with section 186 (3) sentence 4 AktG.

The total shares issued on the basis of the above authorizations with exclusion of subscription rights in capital increases against cash contributions, including the offsets listed below, may not exceed 10% of the share capital - calculated at the time the authorizations take effect or are exercised, whichever is lower. Shares which are sold or issued or are to be issued with exclusion of subscription rights in accordance with other authorizations which are expressly mentioned shall be counted towards this 10% limit. The aforementioned 10% limit shall include (i) treasury shares sold with 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 become effective, 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 during the validity of these authorizations with exclusion of shareholders' subscription rights, but in respect of items (i), (ii) and/or (iii) in each case only insofar as the shares do not serve to service claims of board members 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 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 this paragraph.

This capital limit restricts the total scope of an issue of shares from authorized and conditional capital without subscription rights and, in addition, a sale of treasury shares without subscription rights. In this way, shareholders are additionally protected against a dilution of their shareholding. However, shares used to service claims of 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 the offsetting, as the dilutive effect for shareholders is low.

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

Having weighed up 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 taking into account the dilutive effect to the detriment of the shareholders.

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

Planegg, March 27, 2023

MorphoSys AG

The Management Board

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