

*Non-binding convenience translation*

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**Joint Merger Report pursuant to section 8 of the  
German Transformation Act  
(*Umwandlungsgesetz - UmwG*)**

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of 12 July 2024

of the management boards of

**MorphoSys AG**

and

**Novartis BidCo Germany AG**

on the merger of MorphoSys AG, Planegg, Germany, into Novartis BidCo Germany AG,  
Munich, Germany

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## 1. Introduction

Novartis BidCo Germany AG is a stock corporation (*Aktiengesellschaft*) established under the laws of Germany with registered office in Munich, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 283042 (“**Novartis BidCo Germany**”). The business address of Novartis BidCo Germany is c/o Novartis Pharma GmbH, Roonstr. 25, 90429 Nuremberg, Germany. The registered share capital of Novartis BidCo Germany amounts to EUR 50,000.00 and is divided into 50,000 no-par value bearer shares (“**Novartis BidCo Germany Shares**”). The Novartis BidCo Germany Shares are not admitted to trading on the regulated market of any stock exchange, nor are they traded on the regulated unofficial market (*Freiverkehr*) of any stock exchange.

The sole shareholder of Novartis BidCo Germany is Novartis BidCo AG, a stock corporation (*Aktiengesellschaft*) established under the laws of Switzerland, with registered office in Basel, Switzerland (“**Novartis BidCo**”). The sole shareholder of Novartis BidCo is Novartis Pharma AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland (“**Novartis Pharma**”). The sole shareholder of Novartis Pharma, and group parent company is Novartis AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, with registered office in Basel, Switzerland (“**Novartis AG**”, and together with its subsidiaries “**Novartis**”). Novartis AG is a publicly listed company whose stock trades on the SIX Swiss Exchange under the ticker symbol “NOVN” and on the New York Stock Exchange in the form of American Depositary Shares under the ticker symbol “NVS”. Novartis AG is not controlled by any of its shareholders.

MorphoSys AG is a listed stock corporation (*Aktiengesellschaft*) established under the laws of Germany, with registered office in Planegg, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 121023 (“**MorphoSys**”, and together with its subsidiaries “**MorphoSys Group**”). The business address of MorphoSys is Semmelweisstraße 7, 82152 Planegg, Germany. The share capital of MorphoSys amounts to EUR 37,716,423.00 and is divided into 37,716,423 no-par value bearer shares, each representing a notional interest in the share capital of EUR 1.00 (“**MorphoSys Shares**”). As of the signing date of this merger report, MorphoSys holds 53,685 MorphoSys Shares in treasury (*eigene Aktien*).

As of the signing date of this merger report, Novartis BidCo Germany directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares. This corresponds to approximately 91.04% and, after deduction of the number of treasury shares pursuant to section 62(1) sentence 2 UmwG, to approximately 91.17% of the share capital of MorphoSys.

The management boards of Novartis BidCo Germany and MorphoSys are of the opinion that the preparation of a merger report is not legally required if a squeeze-out of the remaining shareholders of MorphoSys is effected in connection with the merger so that, at the time when the merger takes effect upon its registration with the commercial register of the acquiring company, all shares of the transferring company are held by Novartis BidCo Germany (section 8(3) sentence 1 alternative 2 of the German Transformation Act (*Umwandlungsgesetz* - “**UmwG**”). In this merger report which has been prepared – merely as a precautionary measure – jointly in accordance with section 8(1) sentence 1 half-sentence 2 UmwG (the “**Merger Report**”), the

management boards of Novartis BidCo Germany and MorphoSys, as the representative bodies of the legal entities involved in the merger, explain the merger and the merger agreement in legal and economic terms.

## 1.1 Squeeze-out request

Pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz* - “**AktG**”), the general meeting of a stock corporation may, within three months after the conclusion of a merger agreement with an acquiring stock corporation which holds at least nine tenths of the share capital of the transferring company (main shareholder), resolve pursuant to section 327a(1) sentence 1 AktG that the remaining shareholders (minority shareholders) transfer their shares to the main shareholder against payment of an adequate cash compensation.

As of the signing date of this Merger Report, Novartis BidCo Germany directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares. This corresponds to approximately 91.04% and, after deduction of the number of treasury shares pursuant to section 62(1) sentence 2 UmwG, to approximately 91.17% of the share capital of MorphoSys. Accordingly, Novartis BidCo Germany holds more than nine tenths of the share capital of MorphoSys, making Novartis BidCo Germany the main shareholder within the meaning of section 62(5) sentence 1 UmwG.

By letter dated 20 June 2024, Novartis BidCo Germany notified the management board of MorphoSys of its intention to merge MorphoSys (as transferring entity) into Novartis BidCo Germany (as acquiring entity) in order to simplify its corporate structure. In that letter, Novartis BidCo Germany also notified its intention to enter into negotiations to conclude a corresponding merger agreement with MorphoSys. In connection with the merger, a squeeze-out of the remaining shareholders of MorphoSys (“**Minority Shareholders**”) against payment of an adequate cash compensation (“**Merger Squeeze-out**”) is intended. In this letter, Novartis BidCo Germany also made a request pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327a(1) sentence 1 AktG to the management board of MorphoSys that the general meeting of MorphoSys should resolve within three months after the conclusion of the merger agreement to transfer the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder against payment of an adequate cash compensation. MorphoSys publicly announced this by means of an ad hoc announcement dated 20 June 2024 via the electronic information dissemination system EQS.

By letter dated 12 July 2024, Novartis BidCo Germany specified its squeeze-out request to the management board of MorphoSys in more detail. MorphoSys publicly announced this by means of an ad hoc announcement dated 12 July 2024 via the electronic information dissemination system EQS.

## 1.2 (Draft) Merger Agreement

By resolutions dated 12 July 2024, the management boards of Novartis BidCo Germany and MorphoSys prepared (*aufstellen*) a draft merger agreement between Novartis BidCo Germany as acquiring company and MorphoSys as transferring company (“**Draft Merger Agreement**”), a copy of which is attached to this Merger Report as **Annex**. Novartis BidCo Germany and MorphoSys intend to enter into the merger agreement, which corresponds to the Draft Merger Agreement, in the form of a notarial

deed recorded by the notary Dr. Sabine Funke officiating in Frankfurt am Main on 19 July 2024 (“**Merger Agreement**”).

According to the Draft Merger Agreement, MorphoSys shall transfer its entire assets by way of dissolution without liquidation (*Auflösung ohne Abwicklung*) pursuant to section 2 no. 1, sections 4 et seqq., sections 60 et seqq. UmwG to Novartis BidCo Germany in accordance with the detailed provisions of the Merger Agreement (merger by absorption (*Verschmelzung durch Aufnahme*)). The Draft Merger Agreement provides that it is intended to effect a squeeze-out of the Minority Shareholders of MorphoSys pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG in connection with the merger against payment of an adequate cash compensation.

The management boards of Novartis BidCo Germany and MorphoSys have jointly prepared this Merger Report, in which the merger and the Draft Merger Agreement are explained and justified in legal and economic terms.

### **1.3 Cash compensation**

Novartis BidCo Germany has determined the adequate cash compensation to be paid to the Minority Shareholders of MorphoSys in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(1) sentence 1 AktG in return for the transfer of their shares to Novartis BidCo Germany on the basis of a valuation report on the company value of MorphoSys prepared by ValueTrust Financial Advisors Deutschland GmbH, Munich, Germany. MorphoSys publicly announced the amount of the determined cash compensation by means of an ad hoc announcement dated 12 July 2024 via the electronic information dissemination system EQS.

### **1.4 Merger audit**

The Draft Merger Agreement was audited by an expert auditor appointed by court within the meaning of section 60, section 9(1) UmwG. Upon joint application by Novartis BidCo Germany and MorphoSys dated 20 June 2024, the Munich Regional Court I (*Landgericht München I*), by decision dated 21 June 2024 (file no.: 5 HK O 7165/24), selected and appointed ADKL AG, Wirtschaftsprüfungsgesellschaft, Breite Straße 29-31, 40213 Düsseldorf, Germany (“**ADKL**”) as expert auditor for the merger audit. ADKL will prepare a separate audit report on the merger, which will be displayed on the premises of Novartis BidCo Germany and will be made available on MorphoSys’ website at <https://www.morphosys.com/en/agm> as from the date the ordinary general meeting of MorphoSys is convened.

### **1.5 Squeeze-out Resolution**

It is intended that the ordinary general meeting of MorphoSys will resolve on 27 August 2024 pursuant to section 62(5) sentence 8 UmwG in conjunction with sections 327a et seqq. AktG on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany against payment of an adequate cash compensation (“**Squeeze-Out Resolution**”).

## **2. Description of MorphoSys, Novartis BidCo Germany and Novartis**

### **2.1 Information about MorphoSys**

#### **2.1.1 Company history**

MorphoSys was founded in Martinsried in 1992 under the name “MorphoSys Gesellschaft für Proteinoptimierung GmbH”. In 1998, the company was converted into a German stock corporation. MorphoSys was listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in 1999. Since 19 April 2018, the MorphoSys Shares have been registered, and the American Depositary Shares representing MorphoSys Shares (“**MorphoSys ADS**” and together with the MorphoSys Shares the “**MorphoSys Securities**”) have been admitted to trading on the Nasdaq.

In 1994, MorphoSys succeeded in inventing the HuCAL concept, i.e., the creation of a synthetic library from human antibody sequences for the production of highly specific, fully human antibodies. MorphoSys had continuous growth in the years from 2000 until 2007 which resulted primarily from partnerships with well-known pharmaceutical companies such as Novartis, Janssen, Schering-Plough, Pfizer and Merck.

MorphoSys engaged in development for partners until 2007. Starting in 2007, MorphoSys began for the first time to develop own drugs, whereby important collaborations were concluded with companies such as Xencor and GSK.

Tremfya, the first drug based on MorphoSys’ antibody technology, received regulatory approval in 2017. In January 2020, MorphoSys and Incyte Corporation (Incyte) entered into a collaboration and licensing agreement to further develop and commercialize tafasitamab globally. Six months later, the US Food and Drug Administration granted accelerated approval for Monjuvi (tafasitamab-cxix) in combination with lenalidomide in patients with a certain type of lymphoma. In July 2021, MorphoSys acquired Constellation Pharmaceuticals, a US biotech company that added two product candidates to MorphoSys’ pipeline. One month later, MorphoSys achieved conditional approval of Minjuvi (tafasitamab) in the European Union and Canada in combination with lenalidomide in patients with a certain type of lymphoma. At the end of 2023, the comprehensive results of the Phase 3 MANIFEST-2 study with pelabresib in combination with ruxolitinib in first-line myelofibrosis were presented at the American Society of Hematology 2023 Annual Meeting and Exposition.

#### **2.1.2 Registration, registered office, financial year and company object**

MorphoSys is a stock corporation (*Aktiengesellschaft*) established under the laws of Germany, with registered office in Planegg, Germany, registered with the commercial register of the Munich Local Court (*Amtsgericht*) under HRB 121023. The business address of MorphoSys is Semmelweisstraße 7, 82152 Planegg, Germany. The financial year of MorphoSys is the calendar year.

According to section 2(1) of the articles of association of MorphoSys, the object of the company is the identification, research, optimization, development, application, commercialization and marketing and distribution of technologies, processes and products in the field of pharmaceuticals, active pharmaceutical ingredients and corresponding intermediates and the provision of related services.

MorphoSys is authorized to operate all businesses and take all measures that relate to or seem directly or indirectly conducive to achieving its corporate purpose. For example, MorphoSys may establish, acquire or take participating interests in other companies. MorphoSys may also outsource its business operations to affiliated companies, in whole or in part, or have them carried out by affiliated companies, and focus on the management of its participating interests (section 2(2) of the articles of association).

### 2.1.3 Capital, shareholders and stock exchange trading

#### (a) Share Capital

The share capital registered in the commercial register of MorphoSys amounts to EUR 37,655,137.00 and is divided into 37,655,137 no-par value bearer shares, each representing a notional interest in the share capital of EUR 1.00.

On 31 March 2024, MorphoSys' share capital was increased from EUR 37,655,137.00 by EUR 61,286.00 to EUR 37,716,423.00 due to the issue of subscription shares from the Conditional Capital 2016-III (as defined below under section 2.1.3(e) of this Merger Report). Pursuant to section 201 AktG, the management board of MorphoSys will file an application for the registration of the issuance of the subscription shares with the commercial register by no later than at the end of January 2025.

Since 31 March 2024 no new MorphoSys Shares have been issued. Therefore, as of the date of this Merger Report, MorphoSys' share capital amounts to EUR 37,716,423.00 and is divided into 37,716,423 no-par value bearer shares, each representing a notional interest in the share capital of EUR 1.00. Each MorphoSys Share (except for treasury shares which neither grant voting nor dividend rights; cf. section 2.1.3(c) of this Merger Report) entitles to one vote and has full voting and dividend rights. There are no other classes of shares.

#### (b) Stock exchange trading

The MorphoSys Shares are admitted to trading on the regulated market (*Regulierter Markt*) with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE0006632003 under the symbol "MOR" (the "**Listing**") and are tradable via the Exchange Electronic Trading system (XETRA) of Deutsche Börse AG, Frankfurt am Main, Germany. In addition, the MorphoSys Shares are traded on the regulated unofficial market (*Freiverkehr*) of the stock exchange in Berlin as well as on the unregulated market on the stock exchanges of Düsseldorf, Hamburg, Hanover, Munich and Stuttgart as well as via Tradegate Exchange.

Since 19 April 2018, the MorphoSys Shares have been registered, and the MorphoSys ADSs have been admitted to trading on the Nasdaq under the symbol "MOR".

On 20 June 2024, MorphoSys and Novartis BidCo committed to pursue a delisting of the MorphoSys Shares, i.e., the revocation of the admission of the MorphoSys Shares to trading on the regulated market (*Regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Delisting**"), and subsequently to take all reasonable steps required for the termination of the inclusion of the MorphoSys Shares in the regulated unofficial market of the Berlin Stock Exchange, in the unregulated markets mentioned above as well as via Tradegate Exchange, to the extent that such inclusion was effected



at the request of MorphoSys. Additionally, MorphoSys and Novartis BidCo concluded that MorphoSys will enable a delisting of the MorphoSys Securities from Nasdaq as well as the deregistration of the MorphoSys Securities under the U.S. Securities Exchange Act of 1934, as amended. Against this background, on 20 June 2024, Novartis BidCo published its decision to launch a delisting purchase offer addressed to all shareholders of MorphoSys (the “**MorphoSys Shareholders**”) and all holders of MorphoSys ADSs (together with the MorphoSys Shareholders the “**MorphoSys Securityholders**”) for the acquisition of all MorphoSys Securities not directly held by Novartis BidCo in accordance with section 10(1) sentence 1 (*Wertpapiererwerbs- und Übernahmegesetz* – “**WpÜG**”) in conjunction with section 39(2) sentence 3 no. 1 of the German Stock Exchange Act (*Börsengesetz* – “**BörsG**”) (the “**Delisting Purchase Offer**”). The Delisting Purchase Offer was published on 4 July 2024. The acceptance period will end on 2 August 2024, 24:00 hours (local time Frankfurt am Main, Germany) and 18:00 hours (local time New York, United States of America). MorphoSys committed to file an application for the revocation of the admission of all MorphoSys Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with the management body of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) no later than one week prior to the expiry of the acceptance period, i.e., on 25 July 2024 at the latest. The Delisting will probably take effect in August 2024, i.e., before the Merger Squeeze-Out becomes effective.

#### (c) **Shareholders and treasury shares**

As of the signing date of this Merger Report, MorphoSys holds 53,685 MorphoSys Shares in treasury (*eigene Aktien*). Novartis BidCo Germany currently directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares (including the treasury shares). This corresponds to approximately 91.04% and, after deduction of the number of treasury shares pursuant to section 62(1) sentence 2 UmwG, to approximately 91.17% of the share capital of MorphoSys. The remaining 3,324,929 MorphoSys Shares, representing approximately 8.82% of the share capital of MorphoSys, are in free float.

#### (d) **Authorized Capital**

Pursuant to section 5(5) of MorphoSys' articles of association, the management board of MorphoSys, with the approval of the supervisory board of MorphoSys, is authorized to increase the share capital of MorphoSys in one or several tranches up until 16 May 2028 by up to EUR 6,846,388.00 against cash and/or non-cash contributions by issuing up to 6,846,388 new MorphoSys Shares (the “**Authorized Capital 2023-I**”). The MorphoSys Shareholders are generally entitled to subscription rights; however, the subscription rights may, with the supervisory board's consent, be excluded in the cases listed in section 5(5) lit. aa)-cc) of MorphoSys' articles of association, which are in line with market practice.

The management board of MorphoSys is further authorized to increase MorphoSys' share capital with the approval of the supervisory board, in each case in one or several tranches (sections 5(6a), (6j) of MorphoSys' articles of association):

- (i) by up to EUR 41,552.00 until 18 May 2026 (the “**Authorized Capital 2021-III**”), and
- (ii) by up to EUR 1,978,907.00 until 17 May 2027 (the “**Authorized Capital 2022-I**”),

in each case by issuing a corresponding number of new MorphoSys Shares against cash or non-cash contribution. In each case, subscription rights of MorphoSys Shareholders are excluded. The authorized capital may in each case be used to grant MorphoSys Shares to directors, officers and employees of MorphoSys US Inc. under a restricted stock unit program (RSUP 2019, 2021 and 2022).

**(e) Conditional Capital**

According to sections 5(6b), (6c) of MorphoSys’ articles of association, its share capital is conditionally increased (i) by up to EUR 2,475,437.00 (the “**Conditional Capital 2016-I**”) and (ii) by up to EUR 3,289,004.00 (the “**Conditional Capital 2021-I**”), in each case solely to be used for granting new MorphoSys Shares to holders of conversion or option rights. The conditional capital increase may only be carried out to the extent that the holders of conversion or option rights exercise their conversion or option rights or fulfill conversion obligations arising from such bonds.

Furthermore, according to sections 5(6g), (6i) of MorphoSys’ articles of association, its share capital is conditionally increased (i) by up to EUR 416,297.00 (the “**Conditional Capital 2016-III**”) and (ii) by up to EUR 507,668.00 (the “**Conditional Capital 2020-I**”), in each case for the sole purpose of fulfilling certain subscription rights. The conditional capital increase may only be carried out to the extent that holders of specified subscription rights exercise their right to subscribe for MorphoSys Shares. As a result of the aforementioned issuance of subscription shares from the Conditional Capital 2016-III (see section 2.1.3(a) of this Merger Report), the remaining Conditional Capital 2016-III amounts to EUR 355,011.00.

**(f) Convertible Bonds**

On 16 October 2020, MorphoSys issued unsubordinated, unsecured convertible bonds maturing on 16 October 2025 (ISIN DE000A3H2XW6) with a nominal interest rate of 0.625% per annum (the “**Convertible Bonds**” and their holders the “**Bondholders**”). The Convertible Bonds give the Bondholders the right, which can be exercised in accordance with the terms and conditions of the Convertible Bonds (the “**Terms and Conditions**”), to convert their Convertible Bonds into MorphoSys Shares at a specific conversion price (the “**Conversion Right**”) and the right to request at maturity the redemption of their Convertible Bonds at par plus accrued but unpaid interest. As of the 11 July 2024, an aggregate principal amount of EUR 262,100,000.00 of the Convertible Bonds was outstanding.

The Terms and Conditions provided for a right of the Bondholders to convert their Convertible Bonds into MorphoSys Shares subject to the successful completion of the voluntary public takeover offer addressed to all MorphoSys Securityholders in accordance with section 10(1) sentence 1, (3) WpÜG in conjunction with sections 29, 34 WpÜG which Novartis BidCo launched on 11 April 2024 (the “**Takeover Offer**”), thereby allowing, but not requiring, the Bondholders to tender the underlying MorphoSys Shares during the additional acceptance period pursuant to section 16(2)

sentence 1 WpÜG that expired on 30 May 2024, 24:00 hours (local time Frankfurt am Main, Germany) / 18:00 hours (local time New York, United States of America) (the “**Conditional Conversion Right**”). Within the meaning of the Terms and Conditions, the Takeover Offer was successfully completed on 16 May 2024, i.e., the day on which Novartis BidCo (i) published an announcement pursuant to section 23(1) sentence 1 no. 2 WpÜG according to which the Takeover Offer has been accepted for a number of ordinary shares which corresponds at least to such number of ordinary shares as are necessary to provide control, and (ii) published an announcement according to which all offer conditions (including any minimum acceptance thresholds) have been satisfied (except for such offer conditions that have been validly waived and such offer conditions the satisfaction of which may remain pending upon the expiration of the acceptance period of the Takeover Offer which expired on 13 May 2024, 24:00 hours (local time Frankfurt am Main, Germany) and 18:00 hours (local time New York, United States of America) (the “**Acceptance Period**”). Therefore, the Bondholders had to submit the conditional conversion notice, i.e., the notice to exercise their Conditional Conversion Right at an adjusted conversion price of EUR 117.9105, by the last day of the Acceptance Period pursuant to section 23(1) sentence 1 no. 2 WpÜG. The adjusted conversion price had been notified by MorphoSys to the Bondholders of the Convertible Bonds in its notice of an acceptance event within the meaning of the Terms and Conditions on 16 May 2024.

In accordance with the Terms and Conditions, the acquisition of control by Novartis BidCo, i.e., the acquisition of at least 30% of the voting rights in MorphoSys within the meaning of sections 29(2), 30 WpÜG, has also triggered the right of the Bondholders to request an early redemption of their Convertible Bonds at par plus accrued but unpaid interest (the “**Early Redemption Right I**”). In accordance with the Terms and Conditions, MorphoSys must without undue delay after becoming aware of an acquisition of control, give notice to the Bondholders of the acquisition of control and must fix the so-called control record date, i.e., a business day that is not less than 40 and not more than 60 days after the date on which the notice of the acquisition of control is published. In its notice of the acquisition of control by Novartis BidCo on 23 May 2023, MorphoSys determined 22 July 2024 as the control record date with respect to the acquisition of control by Novartis BidCo.

In addition, in accordance with the Terms and Conditions, the acquisition of control by Novartis BidCo Germany has triggered the right of the Bondholders to request an early redemption of their Convertible Bonds at par plus accrued but unpaid interest (the “**Early Redemption Right II**”). The acquisition of control by Novartis BidCo Germany occurred on 19 June 2024 due to the contribution of 34,337,809 MorphoSys Shares to Novartis BidCo Germany by Novartis BidCo. In its notice of the acquisition of control by Novartis BidCo Germany on 20 June 2024, MorphoSys determined 8 August 2024 as the control record date with respect to the acquisition of control by Novartis BidCo Germany.

For the purpose of exercising the Early Redemption Right I and the Early Redemption Right II, each Bondholder may, at its option, upon giving notice to the principal paying agent at least 10 days prior to the respective control record date, declare all or only some of its Convertible Bonds not previously converted or redeemed to be due, such declaration to take effect on the respective control record date.

**(g) Stock Option Programs / Incentive Plans**

MorphoSys has set up the following stock option programs and incentive plans:

- (i) Stock option programs for the members of the management board, members of management bodies of affiliated companies of MorphoSys as well as selected key employees and employees of MorphoSys and affiliated companies of MorphoSys, under which subscription rights (each, a “**Stock Option**”) to MorphoSys Shares were issued, which, subject to the expiry of a four-year waiting period and the achievement of certain performance targets, generally entitle to the subscription of one MorphoSys Share per Stock Option against payment of a certain exercise price (the “**Stock Option Programs**“, and the Stock Option beneficiaries under the Stock Option Programs the “**Stock Option Beneficiaries**”); the Stock Options granted in the years 2018, 2019 and 2020 are collectively referred to as “**2018-2020 Stock Options**” (and their respective Stock Option Beneficiaries as “**2018-2020 Stock Option Beneficiaries**”), and the Stock Options granted in 2021 as “**2021 Stock Options**” (and their respective Stock Option Beneficiaries as “**2021 Stock Option Beneficiaries**”).
- (ii) Performance share unit programs for the members of the management board of MorphoSys as well as selected senior managers and employees of MorphoSys and its affiliates, under which performance share units were granted to the beneficiaries, which, subject to the expiry of a four-year waiting period and the achievement of certain performance targets, entitle such beneficiaries to a payment claim against MorphoSys depending on the share price of the MorphoSys Share (“**Performance Share Unit Programs**”).
- (iii) Restricted stock unit programs for senior managers and employees (including directors and officers) of affiliates of MorphoSys in the United States, under which restricted stock units were granted to the beneficiaries, which, subject to the expiry of a certain waiting period and the achievement of certain performance targets, entitle such beneficiaries to a cash payment claim against MorphoSys depending on the share price of the MorphoSys Share (“**Restricted Stock Unit Programs**”).

The Performance Share Unit Programs and the Restricted Stock Unit Programs are collectively referred to as the “**Incentive Plans**”. The Performance Share Unit Programs 2024 and the Restricted Stock Unit Programs 2024 are collectively referred to as the “**Incentive Plans 2024**”.

It is planned to cancel all Stock Options Programs and all Incentive Plans (with the exception of the Incentive Plans 2024) if applicable in return for a cash settlement to the respective beneficiaries before the merger takes effect. The Incentive Plans 2024 are to be converted into purely cash-based programs without performance targets (subject to the approval of the respective beneficiary).

As of 11 July 2024, (i) 244,876 Stock Options, (ii) 940,744 Restricted Stock Units, and (iii) 2,179,411 Performance Share Units were outstanding.

#### 2.1.4 Corporate bodies and representation

The corporate bodies of MorphoSys are the management board, the supervisory board and the general meeting.

According to section 6 of the articles of association of MorphoSys, the management board of MorphoSys consists of at least two members. The number of the members of the management board, their appointment and the revocation of their appointment as well as their employment agreements are determined by the supervisory board. The supervisory board may appoint a chairperson of the management board and a deputy chairperson of the management board.

The current members of the management board of MorphoSys are:

- Dr. Arkadius Pichota, Chief Executive Officer (*Vorstandsvorsitzender*); and
- Lukas Gilgen, Chief Financial Officer (*Finanzvorstand*).

Pursuant to section 7(2) of the articles of association of MorphoSys, MorphoSys is legally represented by two members of the management board or by one member of the management board acting jointly with a holder of general commercial power of attorney (*Prokurist*). The supervisory board may determine that individual members of the management board shall have power to solely represent the company.

The supervisory board which, according to section 8(1) of the articles of association of MorphoSys, consists of six members, is currently composed of the following four persons:

- Heinrich Moisa, chairperson of the supervisory board (*Aufsichtsratsvorsitzender*);
- Romain Lege, deputy chairperson of the supervisory board (*stellvertretender Aufsichtsratsvorsitzender*);
- Sharon Curran, supervisory board member (*Aufsichtsratsmitglied*); and
- Silke Mainka, supervisory board member (*Aufsichtsratsmitglied*).

All members of the supervisory board are shareholder representatives.

The supervisory board members Marc Cluzel, M.D., Ph.D., George Gulumbeski, Ph.D., Krisja Vermeulen, Michael Brosnan and Andrew Cheng, M.D., Ph.D. resigned from their offices as supervisory board members on 23 May 2024. By decision dated 4 June 2024, the Munich Local Court (*Amtsgericht*) appointed Heinrich Moisa, Romain Lege and Silke Mainka as new supervisory board members with immediate effect and until conclusion of the ordinary general meeting that decides on the discharge for the financial year 2023.

#### 2.1.5 Business activities, structure and significant holdings

##### (a) Business activities

The MorphoSys Group's business activities encompass the development and commercialization of innovative therapies for patients with hematology and oncology diseases. The MorphoSys Group aims to realize intermediate and long-term growth

through its focus on proprietary development and commercialization of innovative cancer medicines.

The MorphoSys Group's priority is on its lead development candidate pelabresib; and bringing pelabresib to the market as well as continuing to develop other clinical candidates, in particular tulmimetostat.

- Pelabresib is an investigational small molecule designed to promote anti-tumor activity by selectively inhibiting the function of BET proteins to decrease the expression of abnormally expressed genes in cancer.
- Tulmimetostat is an investigational small molecule designed to promote anti-tumor activity by inhibiting EZH2 and EZH1, both enzymes involved in suppression of target gene expression.

MorphoSys is primarily advancing the clinical development of its own compounds, with further antibody candidates being clinically developed by partners. During the clinical phases, decisions are made on a case-by-case basis as to whether and at what point a partnership for further development and commercialization should be pursued. Drug candidates can be either fully out-licensed, developed on a proprietary basis, or developed with a partner (co-development).

Geographically, the MorphoSys Group's employees are based at its locations in Germany and the United States. In total, the MorphoSys Group maintains two development locations, one in Planegg, Germany and one in Boston, United States of America, that specialize in the development and commercialization of certain medicines.

#### **(b) Group structure and significant holdings**

MorphoSys is the parent company of MorphoSys Group. As of 31 December 2023, MorphoSys had three subsidiaries that are part of the MorphoSys Group:

- MorphoSys US Inc., a Delaware corporation, with registered office in Boston Massachusetts, United States of America, is 100% owned by MorphoSys;
- Constellation Pharmaceuticals, Inc., a Delaware corporation with registered office in Boston, Massachusetts, United States of America, is 100% owned by MorphoSys US Inc.; and
- Constellation Securities Corporation, a Massachusetts corporation, with registered office in Boston, Massachusetts, United States of America, is 100% owned by Constellation Pharmaceuticals, Inc.

Apart from that, MorphoSys does not have any significant holdings in other companies.

The current group structure of MorphoSys Group is as follows:



## 2.1.6 Development of the business and earnings situation

### (a) Key financial data of MorphoSys Group for the financial years 2021, 2022 and 2023

The following table provides an overview of key financial data of MorphoSys Group for the past three financial years 2021, 2022 and 2023 (each from 1 January to 31 December). All figures are taken from the respective audited, consolidated annual reports of MorphoSys. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (“**IFRS Accounting Standards**”) as adopted by the European Union. The consolidated financial statements also took into account the supplementary provisions under commercial law, which must be applied in accordance with section 315e(1) of the German Commercial Code (*Handelsgesetzbuch* – “**HGB**”).

#### Key financial data

(EUR in millions unless indicated otherwise)	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Results</b>			
Revenues	179.6	278.3	238.3
Cost of Sales	(32.2)	(48.6)	(58.4)
R&D Expenses	(225.2)	(297.8)	(283.6)
Selling Expenses	(121.5)	(92.4)	(81.4)
G&A Expenses	(78.3)	(60.1)	(65.8)
Personnel Expenses (Excluding Stock-Based Compensation)	(171.1)	(151.8)	(143.9)
Consolidated Net Profit/ (Loss)	(514.5)	(151.1)	(189.7)
<b>Balance Sheet</b>			

## Key financial data

(EUR in millions unless indicated otherwise)	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Assets	2,556.3	2,396.9	2,026.3
Cash and Financial Assets	976.9	907.2	680.5
Intangible Assets	1,173.9	1,242.8	1,186.4
Total Liabilities	2,311.4	2,239.5	1,977.3
<b>Stockholders' Equity</b>	244.9	157.4	49.0
Equity ratio (in %)	10%	7%	2%
<b>MorphoSys Share</b>			
Group Earnings/ (Loss) per Share, Basic and Diluted (in EUR)	(15.40)	(4.42)	(5.53)
Share Price (in EUR)	33.35	13.21	34.00
<b>Personnel Data</b>			
Total Group Employees (Number)	732	629	524

### (b) Development of the business and earnings situation in the financial year 2023

In the financial year 2023, the revenues of MorphoSys Group decreased by 14% or EUR 40.0 million to EUR 238.3 million. This decrease resulted first and foremost from prior year revenues stemming from the execution of out-licensing agreements with HI-Bio and Novartis.

MorphoSys Group closed the financial year 2023 with a net result of EUR -189.7 million, and thus with a loss. The net result in the previous year amounted to EUR -151.1 million.

The earnings per share of MorphoSys Group amounted to EUR -5.53. This is a decrease of approximately 25.1% compared to the financial year 2022. This figure was based on a number of 34,312,744 no-par value shares (compared to 34,155,650 in 2022).

### (c) Development of the business until the end of the first quarter 2024

In the financial year 2024 until 31 March 2024, the revenues from continued operations of MorphoSys Group increased by EUR 3.2 million or 13.2% to EUR 27.5 million compared to the same period of the previous year (revenues amounting to EUR 24.3 million). MorphoSys Group revenues mainly included revenues from royalties; additional group revenues from continued operations were attributable to licenses, milestones, and other sources.

The operating result decreased by EUR 208.3 million to EUR -264.4 million in the financial year 2024 until 31 March 2024 compared to the same period of the previous year. Combined expenses for selling and general and administration totaled EUR 204.0 million (3M 2023: EUR 14.0 million). The increase in expenses for selling and general and administration mainly resulted from effects of both an accelerated vesting of certain share-based compensation programs and the recognition of remuneration-related provisions following the probable acquisition by Novartis.



The total assets of MorphoSys Group decreased to EUR 1,831.5 million in the financial year 2024 until 31 March 2024, compared to EUR 2,026.3 million as of 31 December 2023. Total stockholder's equity decreased to EUR -261.7 million as of 31 March 2024 from EUR 49.0 million as of 31 December 2023.

The total liabilities (current and non-current liabilities) of MorphoSys Group increased by 0,06% to EUR 2,093.2 million as of 31 March 2024 from EUR 1,977.3 million as of 31 December 2023.

As a consequence of the sale and transfer of tafasitamab to Incyte Corporation (“**Incyte**”) on 5 February 2024, MorphoSys' 2024 financial guidance published on 30 January 2024, cannot be maintained and therefore was revoked. For the time being, MorphoSys no longer makes a forecast for revenues from product sales, as no such revenues will be realized. For 2024, the MorphoSys Group expects R&D expenses of EUR 170 million to EUR 185 million on a standalone basis. R&D expenses mainly represent the investments in the development of pelabresib and tulmimetostat. Selling, administrative and general expenses are expected to be between EUR 90 million and EUR 105 million on a standalone basis. Potential effects from the implementation of the Takeover Offer (as defined in section 2.1.3(f) of this Merger Report) are not included in this forecast.

### **2.1.7 Employees and co-determination**

As of 31 March 2024, the MorphoSys Group had 464 employees (31 December 2023: 524). The decrease is mainly due to the reduction in the number of sales representatives following the decision to sell tafasitamab to Incyte on 5 February 2024. During the first quarter of 2024, the MorphoSys Group employed an average of 497 people (3M 2023: 631).

There is no works council at MorphoSys, nor are there any other employee representations at MorphoSys.

MorphoSys currently has a supervisory board which consists of four members. All members of the supervisory board are shareholder representatives. The terms of office of the supervisory board members will expire at the end of the ordinary general meeting that decides on the discharge for the financial year 2023. In that general meeting, new supervisory board members will be appointed. Their board positions will end when the merger takes effect.

## **2.2 Information about Novartis BidCo Germany**

### **2.2.1 Establishment, registration, registered office, financial year and company object**

Novartis BidCo Germany is a stock corporation (*Aktiengesellschaft*) established under German law and was established on 10 March 2024 as a shelf company under the name Youco M23-H170 Vorrats-AG. The object of the company was initially the administration of its own assets. By resolution of the extraordinary general meeting of 6 June 2024, (i) the object of the company was changed and (ii) the name of the company was changed to Novartis BidCo Germany AG. The amendments to the articles of association were registered with the commercial register on 12 June 2024.

Novartis BidCo Germany has its registered office in Munich and is registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 283042.

The business address of Novartis BidCo Germany is c/o Novartis Pharma GmbH, Roonstraße 25, 90429 Nuremberg, Germany. The financial year of Novartis BidCo Germany is the calendar year.

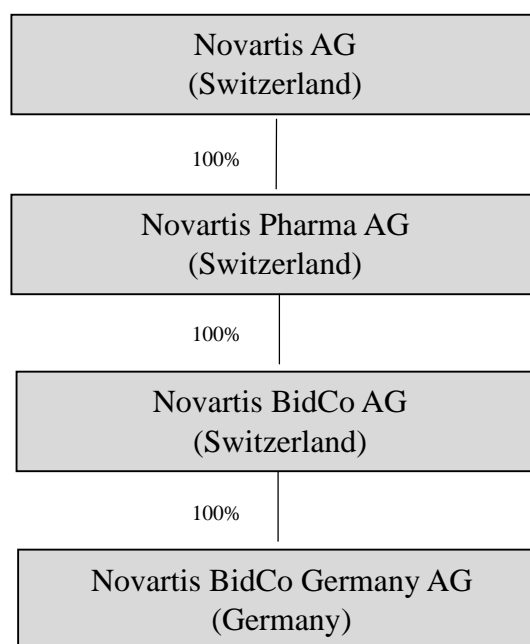
According to section 2(1) of the articles of association of Novartis BidCo Germany, the object of the company is the direct or indirect activity in the field of identification, research, optimization, development, application, commercialization and marketing and distribution of technologies, processes and products in the field of pharmaceuticals, active pharmaceutical ingredients and corresponding intermediates and the provision of related services. The company's activities include in particular the acquisition, holding, administration and sale of investments in such companies, of any legal form, pooling of such companies under a uniform management structure and their support and advice, including the provision of services for these companies, section 2(2) of the articles of association. Pursuant to section 2(3) of Novartis BidCo Germany's articles of association, the company shall be entitled to undertake any business activities and to take all measures which are related to the object of the company or are suitable to promote it directly or indirectly. For this purpose, it may also establish branches in Germany and abroad, and it may establish or acquire companies in Germany or abroad and participate in such companies as well as manage such companies or confine itself to the management of its participation. The company can completely or partially have its operations, including the participations it holds, conducted by affiliated companies or transfer or outsource its operations to such affiliated companies as well as conclude intercompany agreements. It may limit its activities to a part of the areas mentioned above in section 2(1) of the articles of association.

### **2.2.2 Share capital and shareholder structure**

The share capital of Novartis BidCo Germany amounts to EUR 50,000.00 and is divided into 50,000 no-par value bearer shares. There is no conditional or authorised capital for the issue of new shares. The Novartis BidCo Germany Shares are not admitted to trading on the regulated market of any stock exchange, nor are they traded on the regulated unofficial market (*Freiverkehr*) of any stock exchange. As of the signing date of this Merger Report, Novartis BidCo Germany does not hold any treasury shares.

All Novartis BidCo Germany Shares are held by Novartis BidCo, a stock corporation (*Aktiengesellschaft*) established under the laws of Switzerland, with registered office in Basel, Switzerland. The sole shareholder of Novartis BidCo is Novartis Pharma, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, with registered office in Basel, Switzerland. The sole shareholder of Novartis Pharma is Novartis AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, with registered office in Basel, Switzerland (see details under section 2.3 of this Merger Report).

The following chart illustrates the current shareholder structure of Novartis BidCo Germany:



### 2.2.3 Corporate bodies and representation

The corporate bodies of Novartis BidCo Germany are the management board, the supervisory board and the general meeting.

Pursuant to section 6(1) of Novartis BidCo Germany's articles of association, the management board of Novartis BidCo Germany consists of one or more members. The supervisory board shall determine the number of members to be appointed to the management board. Pursuant to § 7(2) of its articles of association, Novartis BidCo Germany, where only one management board member has been appointed, is represented by one management board member and otherwise by two management board members acting jointly or by one management board member acting jointly with an authorized representative (*Prokurist*). Pursuant to section 7(3) of Novartis BidCo Germany's articles of association, the supervisory board can determine that individual management board members are entitled to sole representation of Novartis BidCo Germany.

As of the signing date of this Merger Report, Jan-Hendrik Petersen is the sole member of the management board of Novartis BidCo Germany.

Pursuant to section 8(1) of Novartis BidCo Germany's articles of association, the supervisory board of Novartis BidCo Germany consists of three members.

As of the signing date of this Merger Report, the current members of the supervisory board of Novartis BidCo Germany are:

- Daniel Andreas Weiss, chairperson of the supervisory board (*Aufsichtsratsvorsitzender*);
- Dr. Christian Jakob Rehm, deputy chairperson of the supervisory board (*stellvertretender Aufsichtsratsvorsitzender*); and

- Dr. Bertrand Richard René Bugnon, supervisory board member (*Aufsichtsratsmitglied*).

## 2.2.4 Business activities, development of the business and earnings situation

### (a) Business activities of Novartis BidCo Germany

Novartis BidCo Germany currently does not have an operating business of its own. The business activities of Novartis BidCo Germany are limited to the holding and administration of its majority stake in MorphoSys.

### (b) Development of the business in the financial year 2024

Novartis BidCo Germany was established on 10 March 2023 (under the name Youco M23-H170 Vorrats-AG). The development of its business in the current financial year 2024 until 30 June 2024, the accounting date for the interim balance sheet of Novartis BidCo Germany, consisted of the paying up of the outstanding share capital in the amount of EUR 37,500.00, the contribution of 34,337,809 MorphoSys Shares by Novartis BidCo to Novartis BidCo Germany on 19 June 2024 and an additional payment into the free capital reserves (section 272(2) no. 4 HGB) by Novartis BidCo in the amount of EUR 250,000.00 on 28 June 2024. In addition, Novartis BidCo Germany incurred transaction costs in connection with the Merger Squeeze-out.

The aforesaid measures had essentially the following effects on key accounting figures of Novartis BidCo Germany as of 30 June 2024:

- Investment in MorphoSys, increase of EUR 2,334,674,234.02;
- Cash on hand and on deposit, increase of EUR 287,500.00.

The following key figures are taken from the interim balance sheet of Novartis BidCo Germany as of 30 June 2024:

#### Key financial data

(EUR unless indicated otherwise)	<u>31 December 2023</u>	<u>30 June 2024</u>
Total assets	12,500	2,334,974,234.02
Equity	12,500	2,334,974,234.02
Cash on hand and on deposit	12,500	300,000
Investment in affiliated companies	0	2,334,674,234.02

## 2.2.5 Employees and co-determination

Novartis BidCo Germany has no employees. No employee representative bodies such as a works council or a committee representing senior executives (*Sprecherausschuss*) exist at Novartis BidCo Germany.

Novartis BidCo Germany currently has a supervisory board comprising three members in accordance with the provisions of the AktG, who are elected by its general meeting.

## **2.3 Information about Novartis AG as group parent company**

### **2.3.1 Legal basis of Novartis AG**

Novartis AG is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland, with registered office at Lichtstrasse 35, 4056 Basel, Switzerland, registered with the commercial register office (*Handelsregisteramt*) of the Canton of Basel-City under company number CHE-103.867.266. Novartis AG is Novartis' ultimate parent company. The financial year of Novartis AG is the calendar year.

As of 31 December 2023, Novartis AG's share capital amounted to CHF 1,115,964,098.48 fully paid-in and divided into 2,277,477,752 registered shares with a nominal value of CHF 0.49 each. Novartis AG is a publicly listed company whose stock trades on the SIX Swiss Exchange under the ticker symbol "NOVN" and on the New York Stock Exchange in the form of American Depositary Shares under the ticker symbol "NVS". Novartis AG is not controlled by any of its shareholders. As of 31 December 2023, Novartis AG held 233.5 million treasury shares (corresponding to approximately 10% of the total number of issued shares) and had approximately 183,000 registered shareholders including nominees and JPMorgan Chase Bank, N.A., as ADS depository, which was the registered shareholder for a large number of beneficial owners.

The board of directors has ultimate decision-making authority (for those decisions not reserved for shareholders). The current members of Novartis AG's board of directors are:

- Joerg Reinhardt, Ph.D, Chairperson / Independent Non-Executive Director
- Simon Moroney, D.Phil., Vice-Chairperson / Independent Non-Executive Director
- Patrice Bula, Lead Independent Director
- Nancy C. Andrews, M.D., Ph.D., Independent Non-Executive Director
- Ton Buechner, Independent Non-Executive Director
- Elizabeth (Liz) Doherty, Independent Non-Executive Director
- Bridgette Heller, Independent Non-Executive Director
- Daniel Hochstrasser, Independent Non-Executive Director
- Frans van Houten, Independent Non-Executive Director
- Ana de Pro Gonzalo, Independent Non-Executive Director
- Charles L. Sawyers, M.D., Independent Non-Executive Director
- William T. Winters, Independent Non-Executive Director
- John D. Young, Independent Non-Executive Director.

### **2.3.2 Business activities of Novartis**

Novartis is specialized in the research, development, manufacturing, distribution, and commercialization and sale of innovative medicines, with a focus on four core

therapeutic areas: cardiovascular, renal and metabolic; immunology; neuroscience; and oncology, as well as established brands. The consolidated financial statements for the current and prior years are reported as follows:

**(a) Continuing operations**

Continuing operations include the research, development, manufacturing, distribution, and commercialization and sale of innovative medicines, with a focus on four core therapeutic areas: cardiovascular, renal and metabolic; immunology; neuroscience; and oncology, as well as established brands.

**(b) Discontinued operations**

Discontinued operations include the Sandoz generic pharmaceuticals and biosimilars business (the Sandoz Division) and certain corporate activities attributable to Sandoz's business, as well as certain expenses related to the spin-off.

Novartis' strategy is to focus on high-value, innovative medicines that alleviate society's greatest disease burdens through technology leadership in research and development and novel access approaches. To support this strategy, Novartis has clear focus areas where it commits most of the time, energy and resources. These core therapeutic areas are (i) cardiovascular, renal and metabolic, (ii) immunology, (iii) neuroscience and (iv) oncology.

Novartis manufactures products across the following technologies at facilities worldwide: large molecules, small molecules, cell and gene therapy, xRNA therapy and radioligand therapy. In addition, Novartis generates contract manufacturing sales from biotechnology services provided to third parties. In its manufacturing network, Novartis maintains processes like chemical and biological syntheses, radioisotope handling, sterile processing, including CAR-T cell processing, gene modification and delivery, formulation and packaging. Novartis both produces raw materials in-house and purchases them from third-party suppliers.

As of 31 December 2023, the number of Novartis' full-time equivalent employees amounted to 76,057. As of 2 July 2024, the number of Novartis' full-time equivalent employees amounted to 72,637.

### **2.3.3 Development of the business and earnings situation of Novartis**

**(a) Key financial data of Novartis for the financial years 2021, 2022 and 2023**

The following table provides an overview of key financial data of Novartis for the past three financial years 2021, 2022 and 2023 (each from 1 January to 31 December). All figures are taken from the respective audited, consolidated annual reports of Novartis AG, which were prepared in accordance with the IFRS Accounting Standards as issued by the IASB. Unless otherwise stated, all values are in USD.

In addition, reference is made to the information on the development of business and the earnings situation as described in the annual reports published by Novartis AG for the financial years 2021, 2022 and 2023.

<b>Key financial data</b>			
<b>(USD in millions unless indicated otherwise)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Statement of Operations Data</b>			
Net sales from continuing operations	42,781	42,206	45,440
Other revenues	1,193	1,255	1,220
Costs of goods sold	(11,735)	(11,582)	(12,472)
<b>Gross profit from continuing operations</b>	<b>32,239</b>	<b>31,879</b>	<b>34,188</b>
Selling, general and administration	(12,827)	(12,193)	(12,517)
Research and development	(8,641)	(9,172)	(11,371)
Other income	1,620	696	1,772
Other expense	(2,335)	(3,264)	(2,303)
<b>Operating income from continuing operations</b>	<b>10,056</b>	<b>7,946</b>	<b>9,769</b>
Return on net sales (%)	23.5	18.8	21.5
(Loss)/income from associated companies	15,337	(11)	(13)
Interest expense	(87)	(800)	(855)
Other financial income and expense	(76)	42	222
<b>Income before taxes from continuing operations</b>	<b>24,530</b>	<b>7,177</b>	<b>9,123</b>
Income taxes	(1,625)	(1,128)	(551)
<b>Net income from continuing operations</b>	<b>22,905</b>	<b>6,049</b>	<b>8,572</b>
Net income from discontinued operations	1,113	906	6,282
<b>Net income</b>	<b>24,018</b>	<b>6,955</b>	<b>14,854</b>
<b>Net cash flows from operating activities from continuing operations</b>	<b>13,365</b>	<b>13,039</b>	<b>14,220</b>
<b>Free cash flow from continuing operations</b>	<b>12,299</b>	<b>12,123</b>	<b>13,160</b>
<b>Per Share Data (USD)</b>			
Basic earnings per share (USD):			
from continuing operations	10.22	2.77	4.13
from discontinued operations	0.49	0.42	3.02
Total	10.71	3.19	7.15
Diluted earnings per share (USD):			
from continuing operations	10.14	2.76	4.10
From discontinued operations	0.49	0.41	3.00
Total	10.63	3.17	7.10
Dividend per share (CHF)	3.10	3.20	3.30
<b>Balance Sheet Data</b>			
Total assets	131,795	117,453	99,945

Total liabilities	63,973	58,030	53,195
Total equity	67,822	59,423	46,750

**(b) Development of the business and earnings situation of Novartis in the financial year 2023**

In the financial year 2023, the net sales from continuing operations increased by 8% to USD 45,440 million with core operating income growing by 16%. Sales growth was mainly driven by continued strong performance from Entresto, Kesimpta, Kisqali, Pluvicto and Scemblix.

The operating income from continuing operations increased by 39% to USD 9,769 million, primarily due to higher net sales, lower restructuring charges, and income from legal matters, partly offset by higher impairments and higher SG&A and R&D investments.

The net income from continuing operations was USD 8,572 million. This is an increase of approximately 42% compared to the financial year 2022, mainly driven by higher operating income and non-recurring favorable tax impacts. The basic earnings per share from continuing operations increased by 49% to USD 4.13, growing faster than net income, benefiting from lower weighted average number of shares outstanding.

**(c) Development of the business of Novartis until the end of the first quarter 2024**

In the financial year 2024 until 31 March 2024, the net sales from continuing operations of Novartis increased by 10% to USD 11,829 million compared to the same period of the previous year (3M 2023: 10,798 million). Sales growth was mainly driven by Entresto, Cosentyx, Kisqali, Kesimpta, and Pluvicto, partly offset by the Xiidra divestment.

The operating income from continuing operations increased in the financial year 2024 until 31 March 2024 by 29% to USD 3,373 million compared to the same period of the previous year (3M 2023: USD 2,618 million), mainly driven by higher net sales and lower restructuring charges, partly offset by legal costs (one-time income from legal matters in prior year) and higher R&D investments.

The net income from continuing operations in the financial year 2024 until 31 March 2024 was USD 2,688 million. This is an increase of approximately 25% compared to the same period of the financial year 2023 (3M 2023: USD 2,150 million). The basic earnings per share from continuing operations increased by 28% to USD 1.31.

Total non-current liabilities of USD 25.3 billion decreased by USD 1.5 billion and total current liabilities of USD 29.3 billion increased by USD 2.9 billion compared to 31 December 2023.

**3. Principal reasons for the Merger Squeeze-out**

The following is a description of the principal reasons for the intended merger of MorphoSys into Novartis BidCo Germany and the squeeze-out of the Minority



Shareholders pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG.

### 3.1 Simplification of the group structure and more efficient integration of MorphoSys into Novartis

The planned merger of MorphoSys into Novartis BidCo Germany and the squeeze-out of the Minority Shareholders of MorphoSys will lead to the removal of one group level and to a far-reaching simplification of the organisation and structure of Novartis. MorphoSys will cease to exist as a legal entity and its assets, including all rights and obligations will be transferred to Novartis BidCo Germany by way of universal succession. Following the merger, Novartis BidCo Germany will continue the operating business of MorphoSys and hold the shares in the subsidiaries of MorphoSys, namely in MorphoSys US Inc., Constellation Pharmaceuticals, Inc., and Constellation Securities Corporation. It will thus replace MorphoSys as parent company of these companies.

The implementation of the Merger Squeeze-out will enable a more efficient legal integration of MorphoSys Group into Novartis, since the restrictions currently in place between Novartis BidCo Germany and MorphoSys pursuant to sections 311 et seqq. AktG for a ‘de facto group’ (*faktischer Konzern*) will no longer apply upon effectiveness of the Merger Squeeze-out.

Currently, a ‘de facto group’ exists between MorphoSys and Novartis BidCo Germany, which directly controls MorphoSys. In this ‘de facto group’, the management board of MorphoSys as controlled company is solely responsible for managing the affairs of MorphoSys and is obliged to act exclusively in the interest of MorphoSys. Although the management board of the controlled company has the discretion to implement suggestions of the controlling company if these suggestions are in the best interest of the controlled company, it is under no legal obligation to do so. Measures resulting in a disadvantage for the controlled company may be implemented by the management board only if such a disadvantage can be quantified and is fully compensated pursuant to section 311(1) and (2) AktG by the end of the same financial year. Furthermore, in a ‘de facto group’, legal transactions (*Rechtsgeschäfte*) must, in general, be entered into on the same terms as they would be entered into between independent third parties in the market (arm’s length principle). Compliance with these arm’s length principles may require time-consuming and costly valuation and may thus make legal transactions between the companies belonging to Novartis and those belonging to MorphoSys Group much more complicated. The statutory rules for transactions with related parties in sections 111a et seqq. AktG, which have to be complied with in the event that the Delisting (for details see section 2.1.3(b) of this Merger Report) – contrary to expectations – will only take effect after the Merger Squeeze-out has taken effect, result in further approval and procedural requirements, which make the cooperation within the ‘de facto group’ more difficult.

The Cooperation Agreement entered into between Novartis AG, Novartis BidCo and MorphoSys on 24 May 2024 (the “**Cooperation Agreement**”) overcomes the difficulties in the management and coordination of activities in a ‘de facto group’ only to a limited extent. The Cooperation Agreement sets out the principles and key areas of cooperation between Novartis and MorphoSys. In particular, it provides for a consultation and cooperation mechanism for management decisions in certain specified

areas and gives Novartis certain information rights. However, any cooperation agreement must comply with the mandatory provisions of sections 76, 111, 311 et seqq., 291 et seqq. AktG. This means, in particular, that it cannot establish a right to give instructions to the management board of the controlled company. Thus, pursuant to section 76(1) AktG, the management board of MorphoSys continues to be obligated to manage MorphoSys in its own responsibility and to examine each measure or legal transaction effected or omitted upon request or in the interest of Novartis for its effects on MorphoSys.

After the Merger Squeeze-out has taken effect, the restrictions pursuant to the legal provisions regarding a ‘de facto group’, which continue to exist notwithstanding the conclusion of the Cooperation Agreement, will cease to apply. A full legal integration of MorphoSys makes it possible to have uniform planning across the group and to efficiently implement a uniform strategy. The group-wide implementation of a uniform strategy requires that the group’s management be also able to enforce the strategy developed by giving binding instructions. Furthermore, after the ‘de facto group’ has ceased to exist upon effectiveness of the Merger Squeeze-out, it will be possible to carry out intra-group legal transactions and intra-group restructuring measures in a significantly more efficient and faster way.

When the ‘de facto group’ ceases to exist upon effectiveness of the Merger Squeeze-out, MorphoSys will also no longer be required to prepare a dependency report (*Abhängigkeitsbericht*) pursuant to section 312 AktG. According to the legal provisions applicable to a ‘de facto group’, the management board of MorphoSys is required to prepare such a dependency report on the relationships with affiliated companies on an annual basis. The report must set out all legal transactions between MorphoSys and Novartis BidCo Germany or companies affiliated with Novartis BidCo Germany and all legal transactions and measures performed or omitted by MorphoSys at the request or in the interest of Novartis BidCo Germany or any company affiliated with Novartis BidCo Germany. The report must state, with regard to legal transactions, the performance rendered and the consideration given in return, and with regard to measures, the reasons for the relevant measure and its advantages and disadvantages for MorphoSys. Where disadvantages are compensated, the report must specify the details of how such compensation was in fact provided during the financial year or the benefits to which a legal claim was granted to the company. The dependency report must be audited by the auditor of MorphoSys and reviewed by the supervisory board of MorphoSys. Upon effectiveness of the Merger Squeeze-out, the obligation to prepare such a dependency report will cease to exist.

### **3.2 Cost savings, flexibility and transaction security**

The removal of one legal entity in the shareholding chain will save financial reporting costs. The squeeze-out of the Minority Shareholders will also have the effect that the Minority Shareholders will be granted an adequate cash compensation instead of shares in the acquiring legal entity, as is usually the case in a merger, so that Novartis BidCo will continue to be the sole shareholder of Novartis BidCo Germany. When the merger takes effect, all MorphoSys Shares will be cancelled. As a consequence, the costs and lead time for preparing and holding the annual general meeting that are associated with a large number of shareholders at the level of MorphoSys (for example, for providing an adequate location, publishing the invitation to the general meeting in the German

Federal Gazette (*Bundesanzeiger*), reports to the general meeting, processing information etc.) will no longer be incurred.

Following the merger and the Minority Shareholders' squeeze-out, structural measures that require the involvement of the general meeting can generally be implemented in a more flexible and economic manner, such as, for example, capital increases, inter-company agreements, changes of legal form, mergers or spin-offs. Without the need for long-term planning and the time-consuming preparation of general meetings, changes in the economic environment can be addressed more quickly and easily, business opportunities can be seized more efficiently, and changes within the group are facilitated and accelerated. In addition, disputes with Minority Shareholders at the level of MorphoSys in and out of court, which may consume much time, financial and personnel resources, can be avoided. In particular, avoidance and nullity actions by Minority Shareholders against resolutions of the general meeting of Novartis BidCo Germany can be ruled out.

### **3.3 Delisting**

When the merger takes effect, MorphoSys will cease to be a separate legal entity. The membership rights attached to the MorphoSys Shares will also cease to exist. In the event that the Delisting – contrary to expectations – will only take effect after the Merger Squeeze-out has taken effect (as described in more detail in section 2.1.3(b) above), the Listing of MorphoSys is expected to be terminated in any event at the end of the day on which the Squeeze-out Resolution and the merger take effect. At this time at the latest, the costs associated with a stock exchange listing, such as costs for compliance with disclosure requirements and other compliance requirements under capital markets laws, will no longer be incurred.

The Delisting will also result in MorphoSys no longer being required to comply with post-admission obligations, in particular the disclosure requirements under statutory and stock exchange law associated with a stock exchange listing, such as semi-annual financial reporting and ad hoc disclosure.

## **4. Alternatives to the Merger Squeeze-out**

In the opinion of Novartis BidCo Germany and MorphoSys, potential alternatives to the merger and the squeeze-out of the Minority Shareholders of MorphoSys are either not similarly suited for achieving the objectives described above or would involve disadvantages in comparison with a Merger Squeeze-out.

A squeeze-out of the Minority Shareholders under takeover law pursuant to sections 39a et seqq. WpÜG following the Takeover Offer, a squeeze-out under stock corporation law pursuant to sections 327a et seqq. AktG or an integration under stock corporation law pursuant to sections 319 et seqq. AktG are not an option because these measures would require that Novartis BidCo Germany holds at least 95% of the share capital of MorphoSys. This is not the case. Novartis BidCo Germany currently directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares. This corresponds to approximately 91.04% and, after deduction of the number of treasury shares pursuant to section 39a(2) WpÜG in conjunction with section 16(2) sentence 2 AktG, to approximately 91.17 % of the share capital of MorphoSys.

The conclusion of a domination and profit and loss transfer agreement between Novartis BidCo Germany as controlling company and MorphoSys as controlled company would not result in the Minority Shareholders of MorphoSys being squeezed out, nor in MorphoSys ceasing to exist as a legal entity so that MorphoSys would continue to exist as a separate legal entity and – at least until the Delisting takes effect – as a listed stock corporation. The advantages set out above which result from the fact that, upon effectiveness of the Merger Squeeze-out, MorphoSys will cease to exist as a separate legal entity and – at the latest when the Delisting takes effect – as a listed stock corporation, could not be achieved by entering into a domination and profit and loss transfer agreement.

Similarly, a merger of MorphoSys into Novartis BidCo Germany without a squeeze-out of the Minority Shareholders would not be suitable to achieve the advantages set out above; in addition, such a merger would entail more costs and efforts. In this case, MorphoSys would cease to exist as a separate legal entity; however, the Minority Shareholders would receive shares in Novartis BidCo Germany instead of a cash compensation. This would not only result in the need for a company valuation of Novartis BidCo Germany in addition to a valuation of MorphoSys in order to determine the exchange ratio, but would also require the holding of two general meetings. If the shares were not admitted to trading on the stock exchange, opposing shareholders would have to be offered a cash compensation pursuant to section 29 UmwG. Furthermore, in this case, the advantages of Novartis BidCo Germany being the sole shareholder could not be realised.

Likewise, the planned Delisting of MorphoSys (see section 2.1.3(b) above) would, as such, not be suited for achieving the objectives set out above. Although the costs associated with the stock exchange listing would no longer be incurred, the Minority Shareholders of MorphoSys would not be squeezed-out and MorphoSys would continue to exist as a separate legal entity. Thus, the objectives of a simplification of the group structure and cost savings could not be achieved as described above.

## **5. Implementation of the merger**

### **5.1 Merger Agreement**

The legal basis of the merger is the Merger Agreement which will be entered into by Novartis BidCo Germany as acquiring company and MorphoSys as transferring company in the form of a notarial deed recorded by the notary Dr. Sabine Funke officiating in Frankfurt am Main probably on 19 July 2024. The Merger Agreement will correspond to the Draft Merger Agreement, which is attached to this report as **Annex**.

The purpose of the Merger Agreement is to implement the Merger Squeeze-out pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG. To this end, on 20 June 2024, the management board of Novartis BidCo Germany made a request pursuant to section 62(5) UmwG in conjunction with section 327a(1) sentence 1 AktG to the management board of MorphoSys that the general meeting of MorphoSys should resolve within three months after the conclusion of the Merger Agreement to transfer the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder against payment of an adequate cash compensation. By letter dated 12 July 2024, Novartis

BidCo Germany specified this squeeze-out request to the management board of MorphoSys in more detail.

The effectiveness of the Merger Agreement is subject to the condition precedent that a resolution of the general meeting of MorphoSys pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder is registered with the commercial register at the place of the registered office of MorphoSys with the note pursuant to section 62(5) sentence 7 UmwG that the Squeeze-out Resolution will only become effective concurrently with the registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany (§ 7.1 of the Draft Merger Agreement). For details on the condition precedent and other requirements for the effectiveness of the Merger Agreement, see § 7 of the Draft Merger Agreement (see section 7 of this Merger Report).

Pursuant to section 62(4) sentences 1 and 2 UmwG, an approval by the general meeting of MorphoSys is not required for the Merger Agreement to take effect if and to the extent that the general meeting of MorphoSys as transferring entity adopts a squeeze-out resolution pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG and this resolution is registered with the commercial register at the place of the registered office of MorphoSys with a note pursuant to section 62(5) sentence 7 UmwG.

An approval of the Merger Agreement by the general meeting of Novartis BidCo Germany would be required only if, pursuant to section 62(2) sentence 1 UmwG, shareholders of Novartis BidCo Germany whose shares in aggregate reach 5% of the share capital requested to convene a general meeting that resolves on the approval of the merger. The sole shareholder of Novartis BidCo Germany, Novartis BidCo, declared to Novartis BidCo Germany that it would not make use of its right to make such a request.

The Draft Merger Agreement was audited by ADKL AG, Wirtschaftsprüfungsgesellschaft, Breite Straße 29-31, 40213 Düsseldorf, as court-appointed expert auditor. ADKL has prepared an audit report on the results of the audit, which will be made available to the shareholders of MorphoSys prior to and during the general meeting of MorphoSys.

The Squeeze-out Resolution by the general meeting of MorphoSys is intended to be adopted on 27 August 2024 (see section 5.3 of this Merger Report).

## **5.2 Filing of the (Draft) Merger Agreement with the commercial register; making documents available; merger announcement**

After conclusion of a merger agreement, the documents referred to in section 63(1) UmwG must be displayed for inspection by the shareholders on the premises of the acquiring company for a period of one month in accordance with section 62(5) sentence 3, (3) sentence 1 UmwG; upon request, a copy of these documents is to be provided to each shareholder of the acquiring company without undue delay and free of charge in accordance with section 62(3) sentence 6 UmwG. Alternatively, the documents referred to in section 63(1) UmwG can be made available on the website of the acquiring company for a period of one month after conclusion of

the merger agreement pursuant to section 62(5) sentence 3, (3) sentence 8 UmwG. At the same time, pursuant to section 62(5) sentence 3, (3) sentence 2 UmwG, the management board of the acquiring company must publish a notice of the forthcoming merger in the designated publications (*Gesellschaftsblätter*) of the acquiring company and file the merger agreement with the register of the acquiring company. Section 62(5) sentence 4 UmwG provides that the obligation pursuant to section 5(3) UmwG to forward the merger agreement or its draft to the competent works councils of the entities involved in the merger must be fulfilled upon commencement of this period at the latest.

Following the preparation (*Aufstellung*) of the Draft Merger Agreement on 12 July 2024, Novartis BidCo Germany and MorphoSys will file the Draft Merger Agreement for registration with the commercial register at the places of their respective registered office without undue delay.

There is no works council at MorphoSys or Novartis BidCo Germany. Hence, there is no obligation to forward the Draft Merger Agreement pursuant to sections 62(5) sentence 4, 5(3) UmwG. The management boards of MorphoSys and Novartis BidCo Germany will each submit an affirmation to the register court that no competent works council exist.

In addition, after conclusion of the Merger Agreement, the following documents will be displayed, and continue to be displayed, on the premises of Novartis BidCo Germany (c/o Novartis Pharma GmbH, Roonstr. 25, 90429 Nuremberg, Germany) and will be made available, and continue to be made available, on the website of MorphoSys at <https://www.morphosys.com/en/agm>:

- a) the Merger Agreement between Novartis BidCo Germany as acquiring company and MorphoSys as transferring company;
- b) the individual and consolidated annual financial statements and management reports of MorphoSys for each of the financial years 2021, 2022 and 2023 and the interim balance sheet of MorphoSys as of 30 June 2024;
- c) the annual financial statements of Novartis BidCo Germany for the (short) financial year 2023 and the interim balance sheet of Novartis BidCo Germany as of 30 June 2024;
- d) the present Merger Report which has been prepared as a precautionary measure in accordance with section 8 UmwG jointly by the management boards of Novartis BidCo Germany and MorphoSys;
- e) the audit report dated 12 July 2024 on the audit of the Draft Merger Agreement between Novartis BidCo Germany as acquiring company and MorphoSys as transferring company, which has been prepared as a precautionary measure in accordance with section 60 in conjunction with section 12 UmwG by the expert auditor, ADKL, selected and appointed by the Munich Regional Court I (*Landgericht München I*), for both legal entities involved in the merger;
- f) the written report dated 12 July 2024 on the requirements for the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany and to explain and justify the adequacy of the determined cash compensation,

which has been prepared by Novartis BidCo Germany in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 1 AktG; and

- g) the audit report dated 12 July 2024 on the audit of the adequacy of the cash compensation, which has been prepared in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentences 2 to 4, section 293e AktG by the expert auditor, ADKL, selected and appointed by the Munich Regional Court I (*Landgericht München I*).

After conclusion of the Merger Agreement, the management board of Novartis BidCo Germany and, as a precautionary measure, the management board of MorphoSys will also publish a notice of the forthcoming merger in the German Federal Gazette (*Bundesanzeiger*) without undue delay.

### **5.3 Squeeze-out Resolution of the general meeting of MorphoSys; compliance with three-month period**

It is intended that the ordinary general meeting of MorphoSys to be held on 27 August 2024 will resolve on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder. As the Merger Agreement between Novartis BidCo Germany and MorphoSys will likely be concluded on 19 July 2024 (and in any case after 12 July 2024), the requirement pursuant to section 62(5) sentence 1 UmwG that the Squeeze-out Resolution must be adopted within three months after the conclusion of the Merger Agreement will be complied with.

### **5.4 Application and registration of the merger; effectiveness of the merger**

Following a resolution of the general meeting of MorphoSys approving the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder against payment of an adequate cash compensation by Novartis BidCo Germany, the management board of MorphoSys will apply for registration of the Squeeze-out Resolution pursuant to section 62(5) sentence 8 UmwG in conjunction with sections 327e(1) sentence 1 AktG with the commercial register at the place of the registered office of MorphoSys. Furthermore, the management boards of MorphoSys and Novartis BidCo Germany will apply for registration of the merger with the commercial register at the places of their respective registered offices.

The planned merger and the squeeze-out of the Minority Shareholders will take effect as follows:

- First, the Squeeze-out Resolution by the general meeting of MorphoSys is to be filed for registration with the commercial register by the management board of MorphoSys and registered with the commercial register at the place of the registered office of MorphoSys with a note pursuant to section 62(5) sentence 7 UmwG.
- The merger will take effect upon its registration with the commercial register at the place of the registered office of Novartis BidCo Germany; the merger may only be registered if the merger has previously been registered with the commercial register at the place of the registered office of MorphoSys.

- Upon registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany, the Squeeze-out Resolution and thus the squeeze-out of the Minority Shareholders will take effect as well.

## **5.5 Costs of the merger**

The costs of the merger including the squeeze-out of the Minority Shareholders are expected to amount to approximately EUR 2,500,000 plus VAT in total. They will mainly consist of the costs for the court-appointed expert auditor, the required guarantee declaration pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327b(3) AktG, external advisers, the holding of a general meeting of MorphoSys, the settlement of the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder and other costs (notarisation costs, costs for the application for registration, other taxes and charges, etc.). These costs, with the exception of the costs for the holding of a general meeting of MorphoSys and for the legal advice obtained by MorphoSys, will be borne by Novartis BidCo Germany.

## **6. Consequences of the planned merger**

### **6.1 Consequences under corporate law**

When the Squeeze-out Resolution takes effect, the shares of the Minority Shareholders of MorphoSys will be transferred to Novartis BidCo Germany as main shareholder (section 62(5) sentences 7 and 8 UmwG in conjunction with section 327e(3) sentence 1 AktG). It is neither required nor permitted to effect any separate legal transactions for the disposal of the shares in the context of the transfer. At the same time, the merger takes effect and MorphoSys will cease to exist as a separate legal entity without a separate cancellation being required (section 2 no. 1, section 20(1) no. 2 UmwG); in addition, pursuant to section 20(1) no. 1 UmwG, the entire assets of MorphoSys will be transferred to Novartis BidCo Germany by way of universal succession. The MorphoSys Shares of the Minority Shareholders will be cancelled.

As between MorphoSys and Novartis BidCo Germany, the transfer of the assets and liabilities of MorphoSys will take effect as of the end of 31 December 2023. From the beginning of 1 January 2024 (“**Merger Effective Date**”), all actions and transactions of MorphoSys will be treated for accounting purposes as being those of Novartis BidCo Germany. The closing balance sheet shall be the balance sheet of MorphoSys as of 31 December 2023. If the merger has not become effective by the end of 31 March 2025 by registration with the commercial register at the place of the registered office of Novartis BidCo Germany as acquiring company, the Merger Effective Date will be postponed in accordance with § 6 of the Draft Merger Agreement (see section 7.6 of this Merger Report).

Under certain conditions, security may have to be provided to creditors of Novartis BidCo Germany and MorphoSys in accordance with section 22 UmwG.

### **6.2 Consequences for the membership rights of the Minority Shareholders**

When the Squeeze-out Resolution takes effect, the Minority Shareholders will cease to have the legal status of shareholders and to hold any of the membership rights previously enjoyed by them as shareholders of MorphoSys. It is neither required nor



permitted to effect any separate legal transactions for the disposal of the MorphoSys Shares in this context. At the same time, Novartis BidCo Germany obtains all membership rights attaching to the MorphoSys Shares of the Minority Shareholders that are necessarily associated with the legal status of a shareholder. When MorphoSys will cease to exist as a separate legal entity upon registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany, the membership rights attaching to the MorphoSys Shares will cease to exist as well.

In return, the Minority Shareholders will receive a claim against Novartis BidCo Germany for payment of an adequate cash compensation (plus interest, if applicable) per MorphoSys Share in accordance with section 62(5) UmwG in conjunction with section 327b(1) sentence 1 AktG. This cash compensation will fully preserve the financial interests of the Minority Shareholders who lose their shares in MorphoSys as a result of the squeeze-out of the Minority Shareholders. This claim of the Minority Shareholders is due upon effectiveness of the Squeeze-out Resolution, i.e., when and as soon as the Squeeze-out Resolution is registered with the commercial register at the place of the registered office of MorphoSys and the merger is registered with the commercial register at the place of the registered office of Novartis BidCo Germany. For a description of the consequences for the share certificates and the stock exchange trading, see section 8 of this Merger Report.

### **6.3 Consequences for the Bondholders**

Upon effectiveness of the merger, the rights and obligations under the Convertible Bonds will be transferred to Novartis BidCo Germany. Consequently, as from that date, the claims of the Bondholders will be against Novartis BidCo Germany AG.

Any right to convert the Convertible Bonds into MorphoSys Shares will cease to exist. Instead, the Bondholders will, in principle, have a claim against Novartis BidCo Germany for payment of an adequate cash compensation (plus interest, if applicable) per Conversion Right. This claim of the Bondholders that exists in principle will be due upon effectiveness of the Squeeze-out Resolution; the fulfilment of the conditions for the exercise of the Conversion Right in accordance with the Terms and Conditions will be irrelevant.

Other rights for repayment of the principal amount that can be separated from the Conversion Right (*Stammrechte*) can still be exercised on the basis of the Terms and Conditions. According to the Terms and Conditions, the Bondholders have the right to request at maturity the repayment of the principal amount plus accrued but unpaid interest. This claim for repayment and the generally existing claim for payment of a cash compensation are mutually exclusive alternatives.

According to the Terms and Conditions, the Merger Squeeze-out triggers the right of the Bondholders to request an early redemption of their Convertible Bonds at par plus accrued but unpaid interest (the “**Early Redemption Right III**”). In accordance with the Terms and Conditions, MorphoSys must, without undue delay after the general meeting of MorphoSys has adopted the Squeeze-out Resolution, give notice to the Bondholders thereof. Upon effectiveness of the merger, the rights and obligations under the Convertible Bonds will be transferred to Novartis BidCo Germany. After the merger has taken effect, Novartis BidCo Germany AG will fix the so-called merger effective date, i.e., a business day that is not less than 40 and not more than 60 days after the date

on which the notice of the Squeeze-out Resolution is published. For the purpose of exercising the Early Redemption Right III, each Bondholder may, at its option, upon giving notice to the principal paying agent at least 10 days prior to the merger effective date, declare all or only some of its Convertible Bonds not previously converted or redeemed to be due, such declaration to take effect on the merger effective date.

#### **6.4 Consequences for the Stock Option Beneficiaries**

The Stock Options are intended to be cancelled before the Merger Squeeze-out takes effect. To the extent that any Stock Options will still be outstanding when the merger takes effect, the contractual obligations underlying the Stock Options will pass to Novartis BidCo Germany. Consequently, as from that date, the claims under the Stock Options will be against Novartis BidCo Germany. Any subscription right to MorphoSys Shares under the Stock Options will cease to exist. Instead, the Stock Option Beneficiaries will, in principle, have a claim against Novartis BidCo Germany for payment of an adequate cash compensation (plus interest, if applicable) per Stock Option. This claim of the Stock Option Beneficiaries existing in principle will be due upon effectiveness of the Squeeze-out Resolution; the occurrence of the conditions for exercise will be irrelevant.

#### **6.5 Accounting effects of the merger**

If the merger has taken effect by the end of 31 March 2025, MorphoSys will be merged into Novartis BidCo Germany as of the Merger Effective Date (for the case of a delay in the effectiveness of the merger, see § 6 of the Draft Merger Agreement). Starting from the Merger Effective Date, all actions and transactions of MorphoSys will be treated for accounting purposes as being those of Novartis BidCo Germany. The closing balance sheet shall be the balance sheet of MorphoSys as of 31 December 2023.

Pursuant to section 24 UmwG, Novartis BidCo Germany has the option to either carry over the book values of the transferred assets and liabilities recognised in the closing balance sheet of MorphoSys to its own balance sheet under commercial law or to recognise the actual acquisition costs in accordance with sections 253(1), 255(1) of the German Commercial Code (*Handelsgesetzbuch – HGB*) which, according to the principles applicable to an exchange, are equal to (i) the book value of the MorphoSys Shares to be cancelled, (ii) the fair value of the MorphoSys Shares to be cancelled or (iii) the interim value with no effect on profit or loss (*erfolgsneutraler Zwischenwert*) that results from the book value of the MorphoSys Shares to be cancelled, plus any income tax charge if the exchange results in the realisation of a profit for income tax purposes. The option is exercised when the annual financial statements of Novartis BidCo Germany are prepared and adopted for the financial year in which the merger takes economic effect.

The merger will mainly have the following accounting effects on the annual financial statements of Novartis BidCo Germany:

When the merger takes effect, MorphoSys will cease to exist (section 20(1) no. 2 UmwG). Novartis BidCo Germany will no longer be able to recognise in its balance sheet the MorphoSys Shares previously held and capitalised as financial assets; these shares will be cancelled as a result of the merger. In place of the MorphoSys Shares, Novartis BidCo Germany must recognise the assets and liabilities taken over from MorphoSys that are transferred to Novartis BidCo Germany under commercial

law upon the transfer of beneficial ownership. If the beneficial ownership lies with Novartis BidCo Germany on the relevant balance sheet date, the merger must be reflected in the annual financial statements of Novartis BidCo Germany, irrespective of whether the registration with the commercial register may still be pending (transfer of ownership for civil law purposes).

The specific effects of this measure are still unknown.

## **6.6 Consequences for the employees and their representative bodies**

Novartis BidCo Germany has no employees and accordingly there are no employee representative bodies. Therefore, the merger will not have any consequences in this respect. A group works council (*Konzernbetriebsrat*) has not been established at Novartis BidCo Germany. No agreements with employee representative bodies are in place at Novartis BidCo Germany. Novartis BidCo Germany is not a member of an employers' association, nor does it in any other way implement or apply collective bargaining agreements, so that the merger will not have any consequences in this respect, either.

The merger will have the consequences described below for the employees of MorphoSys and their representative bodies.

The merger and the associated complete transfer of the leadership and management over all establishments (*Betriebe*) of MorphoSys to Novartis BidCo Germany constitute a transfer of undertaking (*Betriebsübergang*). As a consequence, all employment relationships existing with MorphoSys at the time when the merger takes effect (as a result of the registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany) will be transferred to Novartis BidCo Germany by operation of law in accordance with section 35a(2) UmwG in conjunction with section 613a of the German Civil Code (*Bürgerliches Gesetzbuch* - “**BGB**”). When the merger takes effect, Novartis BidCo Germany will, as the new employer, take over all rights and obligations arising from the employment relationships with MorphoSys existing at this time, recognising the length of service of the relevant employees at MorphoSys, and will continue these employment relationships. Pursuant to section 35a(2) UmwG in conjunction with section 613a(4) sentence 1 BGB, a termination of the employment relationships transferred upon effectiveness of the merger by the employer due to the transfer of undertaking is invalid. Pursuant to section 35a(2) UmwG in conjunction with section 613a(4) sentence 2 BGB, the right to terminate an employment relationship for other reasons remains unaffected.

The individual contractually agreed employment conditions of the transferred employees will remain unchanged, including any company practices (*betriebliche Übungen*), general commitments by the employer (*Gesamtzusagen*) and general terms (*Einheitsregelungen*), if applicable. This also applies to the place of work and any rights of the employer to issue instructions which, after the transfer, will be exercised solely by Novartis BidCo Germany, represented by its management board. All rights and obligations arising from the length of service will continue at Novartis BidCo Germany. This applies in particular to the calculation of the notice periods for termination and entitlements (if any) of the transferred employees to jubilee payments.

In addition, all rights and obligations arising from pension commitments that may exist at MorphoSys (including ongoing commitments towards pensioners and vested pension

entitlements of former employees of MorphoSys) will be transferred to Novartis BidCo Germany when the merger takes effect. To the extent that the length of service is relevant for the right to receive, or the amount of, benefits under any pension commitments, periods of employment reached at MorphoSys or recognised by MorphoSys will be taken into account by Novartis BidCo Germany. In the future, adjustments (if any) to committed current benefits under any pension commitments pursuant to section 16(1) of the German Occupational Retirement Pensions Improvement Act (*Betriebsrentengesetz*) will refer to the economic situation of Novartis BidCo Germany.

As MorphoSys will cease to exist upon effectiveness of the merger pursuant to section 20(1) no. 2 UmwG, an additional joint and several liability of MorphoSys within the meaning of section 613a(2) BGB is not applicable in accordance with section 613a(3) BGB.

The employees of MorphoSys affected by the transfer of undertaking will be informed of the transfer of undertaking prior to effectiveness of the transfer in accordance with section 613a(5) BGB. According to the case law of the Federal Labour Court (*Bundesarbeitsgericht*), the employees of MorphoSys do not have the right to object to the transfer of their employment relationships to Novartis BidCo Germany pursuant to section 613a(6) BGB because MorphoSys, as their previous employer, will cease to exist after the merger has taken effect and the employment relationship with MorphoSys can therefore no longer be continued. The right of the employees to ordinarily terminate the employment relationship with notice remains unaffected. In addition, the employees of MorphoSys may have a special right to termination without notice for cause due to the change of employer pursuant to section 626(1) BGB, which they may exercise within two weeks after becoming aware of the effectiveness of the merger.

The merger as such will not lead to a change to the current operational structure of MorphoSys. After the merger has taken effect, the existing establishments (*Betriebe*) will be continued unchanged by Novartis BidCo Germany. The merger and the related transfer of undertaking will not result in any change in operations (*Betriebsänderung*) within the meaning of section 111 of the German Works Constitution Act (*Betriebsverfassungsgesetz* – “**BetrVG**”).

There is no works council (*Betriebsrat*) at MorphoSys. There are also no other employee representative bodies at MorphoSys.

MorphoSys is not bound by any works agreements (*Betriebsvereinbarungen*) or collective bargaining agreements. Consequently, no such agreements will be transferred to Novartis BidCo Germany which is also not bound by any works agreements or collective bargaining agreements.

Section 112a(1) sentence 1 BetrVG (so-called ‘social plan privilege’) does not apply to Novartis BidCo Germany, as it was newly founded as part of an internal group reorganisation (cf. section 112a(2) sentence 2 BetrVG).

MorphoSys has set up the the Stock Option Programs and Incentive Plans for the members of the management board, members of management bodies of affiliated companies of MorphoSys as well as selected key employees and employees of MorphoSys and affiliated companies of MorphoSys (see section 2.1.3(g) of this Merger

Report). It is planned to cancel all Incentive Plans (with the exception of the Incentive Plans 2024), if applicable, in return for a cash settlement to the respective beneficiaries before the merger takes effect. The Incentive Plans 2024 shall be converted into purely cash-based programs without performance targets (subject to the approval of the respective beneficiary). Upon effectiveness of the merger, the payment obligations of MorphoSys under the Incentive Plans, to the extent that they still exist at the time the merger takes effect, will pass to Novartis BidCo Germany by way of universal succession. For details on the consequences of the merger for the Stock Option Beneficiaries, see section 6.4 of this Merger Report.

MorphoSys has a supervisory board which, in accordance with the provisions of the articles of association, consists of six members, but is currently composed of four members only, all of which are shareholder representatives elected solely by the general meeting. When the merger takes effect, the board positions of the supervisory board members of MorphoSys will end.

Novartis BidCo Germany currently has a supervisory board which consists of three members who are elected solely by the general meeting. Since Novartis BidCo Germany has no employees and no employees are attributable to Novartis BidCo Germany under the German Act on the One-Third Participation of Employees in the Supervisory Board (*Drittelbeteiligungsgesetz* – “**DrittelbG**”) or under the German Act on the Co-Determination of Employees (*Mitbestimmungsgesetz* – “**MitbestG**”), there are no employee representatives on its supervisory board. After the merger becomes effective, the supervisory board of Novartis BidCo Germany will still not have to be composed in accordance with the provisions of the *DrittelbG* or the *MitbestG* and thus continuously no employee representatives will be delegated by the employees of Novartis BidCo Germany.

The merger will not directly affect the employees of any entities controlled by MorphoSys. The employment relationships of employees of controlled entities will not be affected by the merger. The merger has no effect on any employee representative bodies or on any agreements concluded between the entities controlled by MorphoSys and any employee representative bodies. The merger will neither affect the applicability of any collective bargaining agreements within controlled entities.

## **6.7 Tax consequences of the merger**

The following provides an overview of some of the main tax consequences the merger may have for MorphoSys and Novartis BidCo Germany.

It is not a comprehensive and complete description of all tax aspects which may be relevant in this context. No guarantee is provided for the completeness and correctness of the content of this description. The following description is based on German tax law as applicable as of the signing date of this Merger Report and its interpretation by courts and administrative instructions. Tax laws may change at any time, even with retroactive effect. Furthermore, it cannot be ruled out that the tax authorities or courts will consider a view which differs from the assessment set out below to be correct.

### **6.7.1 Income tax consequences for MorphoSys**

The corporate income tax and trade tax consequences of the merger for MorphoSys result from sections 11 and 19 of the German Transformation Tax Act (*Umwandlungssteuergesetz* - “**UmwStG**”).

The income and assets of MorphoSys must be determined as if the assets had been transferred to Novartis BidCo Germany at the end of the transfer date for tax purposes (section 2(1) sentence 1 UmwStG). The transferring company must therefore prepare a closing tax balance sheet as of the transfer date for tax purposes. The transfer date for tax purposes of the merger is the date as of which MorphoSys as transferring entity has to prepare its closing balance sheet under commercial law. Subject to a change to the Merger Effective Date pursuant to § 6 of the Draft Merger Agreement, this will be 31 December 2023, 24:00 hours.

In the closing tax balance sheet of the transferring company, the transferred assets, including any assets not acquired for consideration or internally generated intangible assets, must generally be stated at their fair market value (section 11(1) sentence 1 UmwStG). As a result, any hidden reserves in the transferred assets would be realised. This would result in an increase of the taxable income of MorphoSys for corporate income tax and trade tax purposes and could, subject to certain limitations (such as the minimum taxation rules), be offset against losses available at the level of MorphoSys for corporate income and trade tax purposes. Any remaining taxable income of MorphoSys is subject to taxation.

Hidden reserves are not realized if a carryover of the book values of the transferred assets is used by the acquiring company pursuant to section 11(2) UmwStG. Alternatively, if the requirements for a carryover of the book values pursuant to section 11(2) UmwStG are met, the transferred assets can also be stated at intermediate values (between book value and fair market value) in the closing tax balance sheet of the transferring company and be carried over at this intermediate value in the tax balance sheet of the acquiring company. This would result in a partial realisation of hidden reserves in the transferred assets and the resulting increase in taxable income of MorphoSys could, subject to certain limitations (such as the minimum taxation rules), be offset against losses available at the level of MorphoSys for corporate income and trade tax purposes. The legal requirements for the carryover of book values or use of intermediate values can generally be met (subject to the proviso that the option has to be exercised consistently across all transferred assets). The final decision about the use of the book values or intermediate values will be made after signing of the Merger Agreement. MorphoSys or Novartis BidCo Germany as its universal successor will file the necessary application in the closing tax balance sheet as of 31 December 2023 in accordance with the relevant requirements set by the tax authorities.

Tax loss carry-forwards, interest carry-forwards and EBITDA carry-forwards, if any, at the level of MorphoSys will forfeit as a result of the merger, i.e. will not be carried over to Novartis BidCo Germany.

#### **6.7.2 Income tax consequences for Novartis BidCo Germany**

The corporate income tax and trade tax consequences of the merger for Novartis BidCo Germany result from sections 12 and 19 UmwStG.

The income and assets of the acquiring company are determined as if the assets of the transferring company had been transferred to it at the end of 31 December 2023, 24:00 hours (section 2(1) sentence 1 UmwStG). The acquiring company must acquire the assets transferred to it at the value stated in the closing tax balance sheet of the transferring company (value carryover pursuant to section 12(1) sentence 1 UmwStG).

It continues the tax position of the transferring company with regard to, for example, the assessment of depreciation, periods of prior possession or holding periods. Accordingly, any tax refund claims and tax liabilities of the transferring company will be transferred to the acquiring company. However, in particular any tax loss, interest and EBITDA carryforwards of the transferring company for corporate income tax or trade tax purposes will forfeit and can therefore not be utilised by Novartis BidCo Germany.

Any gain or loss arising at Novartis BidCo Germany in the amount of the difference between the book value of its MorphoSys Shares and the value at which it acquires the transferred assets according to the value carryover, less the costs of the transfer of assets (referred to as takeover gain or loss), will not be recognised for tax purposes (section 12(2) sentence 1 UmwStG) and any gain or loss will be corrected for tax purposes off-balance. 5% of a upstream merger gain will be regarded as non-deductible operating expense pro rata in proportion to the percentage of the share capital of MorphoSys held by Novartis BidCo Germany, and, accordingly, will generally be subject to corporate income tax and trade tax at Novartis BidCo Germany (section 12(2) sentence 2 UmwStG).

The balance of MorphoSys' tax contribution account (*steuerliches Einlagekonto*) will not be added to Novartis BidCo Germany's tax contribution account since Novartis BidCo Germany holds 100% of the share capital of MorphoSys as a result of the Merger Squeeze-out (section 29(2) sentence 2 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz - KStG*)). The balance of Novartis BidCo Germany's tax contribution account will not be affected by the merger.

### **6.7.3 Real estate transfer tax consequences of the merger**

MorphoSys does not hold any real estate in Germany. As a result of the transfer of the MorphoSys Shares of the Minority Shareholders to Novartis BidCo Germany and the change of legal entity in connection with the merger, the merger will therefore not be subject to real estate transfer tax.

### **6.7.4 Tax consequences for the Minority Shareholders, Bondholders and Stock Option Beneficiaries**

The tax consequences of a merger squeeze-out of the Minority Shareholders (section 62(1) and (5) UmwG) for the free float shareholders have not yet been clarified by court rulings or official statements by the tax authorities. In the opinion of MorphoSys and Novartis BidCo Germany, the special tax rules applicable to mergers in section 13 UmwStG and section 20(4a) EStG, which under certain conditions provide for a tax-neutral transfer of shares, do not apply to free float shareholders. When the merger takes effect, the Minority Shareholders will cease to be shareholders of MorphoSys against payment of a cash compensation. Therefore, in accordance with the principles applicable to shareholders who cease to be shareholders against payment of a cash compensation pursuant to section 29 UmwG in a merger or in a squeeze-out pursuant to section 327a AktG, the Minority Shareholders should be treated as if they had sold their shares in MorphoSys against payment of a cash compensation. Accordingly, they should be subject to the general rules on the taxation of a sale of shares. Minority Shareholders, and also Bondholders and Stock Option Beneficiaries,

are recommended to seek professional advice on the tax consequences of the merger and the Merger Squeeze-out.

#### **6.7.5 Tax consequences for the shareholders of Novartis BidCo Germany**

The merger and the Merger Squeeze-out will generally have no direct tax consequences for the sole shareholder of Novartis BidCo Germany, Novartis BidCo. A tax group for income tax purposes (*ertragsteuerliche Organschaft*) with Novartis BidCo Germany does not exist as of the transfer date for tax purposes.

### **7. Explanation of the Draft Merger Agreement**

#### **7.1 Transfer of assets, closing balance sheet, Merger Effective Date (§ 1)**

§ 1 of the Draft Merger Agreement provides that MorphoSys shall transfer its entire assets, including all rights and obligations, by way of dissolution without liquidation (*Auflösung ohne Abwicklung*) pursuant to section 2 no. 1, sections 4 et seqq. and sections 60 et seqq. UmwG to Novartis BidCo Germany, i.e. by way of merger by absorption (*Verschmelzung durch Aufnahme*). Therefore, upon effectiveness of the merger, generally all rights and obligations as well as all liabilities of MorphoSys will be transferred to Novartis BidCo Germany by way of universal succession.

Subject to the provisions of § 6 of the Draft Merger Agreement, the merger shall take economic effect at the end of 31 December 2023, and shall be based on the audited balance sheet of MorphoSys as of 31 December 2023 as the closing balance sheet. It follows from this provision that, subject to the provisions of § 6 of the Draft Merger Agreement, 31 December 2023 is also the transfer date for tax purposes (for the tax consequences, see also the statements under section 6.7 of this Merger Report).

From the beginning of 1 January 2024 (Merger Effective Date) (subject to the provisions of § 6 of the Draft Merger Agreement), all actions and transactions of MorphoSys shall be treated as being those of Novartis BidCo Germany. This means that in the internal relationship, i.e. in the relationship between MorphoSys and Novartis BidCo Germany, the merger will have retroactive effect as of 1 January 2024. Accordingly, all transactions carried out by MorphoSys during the period between 1 January 2024 and the date on which the merger takes effect by registration of the merger with the commercial register of Novartis BidCo Germany will be taken into account in the annual financial statements of Novartis BidCo Germany.

#### **7.2 Squeeze-out of the Minority Shareholders of the transferring company (§ 2)**

§ 2.1 of the Draft Merger Agreement contains the statement required under section 62(5) sentence 2 UmwG that it is intended to effect a squeeze-out of the Minority Shareholders against payment of an adequate cash compensation by Novartis BidCo Germany pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG in connection with the merger (so-called merger squeeze-out (*verschmelzungsrechtlicher Squeeze-out*)) (see, in particular, section 6.2 of this Merger Report). Such a merger squeeze-out requires that Novartis BidCo Germany holds shares representing at least 90% of the share capital of MorphoSys, which is evidenced by a corresponding custody account confirmation of UBS Switzerland AG attached to the Draft Merger Agreement.



In addition, § 2.2 of the Draft Merger Agreement states that the Squeeze-out Resolution by the general meeting as required for the squeeze-out of the Minority Shareholders of MorphoSys is intended to be adopted within three months of the conclusion of the Merger Agreement and that the registration of the Squeeze-out Resolution with the commercial register at the place of the registered office of MorphoSys shall contain a note that the Squeeze-out Resolution will only become effective concurrently with the registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany (section 62(5) sentence 7 UmwG).

### **7.3 No consideration (§ 3)**

§ 3 of the Draft Merger Agreement states that, pursuant to section 20(1) no. 3 sentence 1 half-sentence 2 UmwG, no shares in Novartis BidCo Germany will be granted as consideration to the Minority Shareholders in connection with the merger because, at the time when the merger takes effect, there will be no shareholders of MorphoSys other than Novartis BidCo Germany as acquiring company as a result of the squeeze-out of the Minority Shareholders. The fact that there will be no other shareholders of MorphoSys upon effectiveness of the merger is ensured by the condition precedent in § 7.1 of the Draft Merger Agreement and the statutory provision in section 62(5) sentence 7 UmwG. It is further stated that, pursuant to section 68(1) sentence 1 no. 1 UmwG, Novartis BidCo Germany as acquiring company must not increase its share capital to implement the merger.

Furthermore, as a precautionary measure, Novartis BidCo Germany, as sole shareholder of MorphoSys upon effectiveness of the merger, declares to waive the offer of cash compensation within the meaning of section 29 UmwG.

### **7.4 Special rights and benefits (§ 4)**

§ 4 of the Draft Merger Agreement provides that, subject to the facts and circumstances set forth in § 2 of the Draft Merger Agreement and any cash compensations to be paid to Bondholders and Stock Option Beneficiaries, no rights within the meaning of section 5(1) no. 7 UmwG will be granted to individual shareholders, Bondholders, Stock Option Beneficiaries or holders of other special rights, and no measures within the meaning of the aforementioned provision are intended with regard to such persons. For the avoidance of doubt, it is pointed out that as a result of the Squeeze-Out Resolution taking effect at the same time as the merger, the conversion rights of the Bondholders and the subscription rights of the Stock Option Beneficiaries for MorphoSys Shares no longer exist. Instead, the Bondholders and Stock Option Beneficiaries will in principle have a claim against Novartis BidCo Germany for payment of an adequate cash compensation.

Subject to the facts and circumstances set forth in § 4.3 to § 4.6 of the Draft Merger Agreement, no special benefits will be granted to members of the management board or of the supervisory board or the auditors of the entities involved in the merger or to any other person referred to in section 5(1) no. 8 UmwG, and no measures within the meaning of the aforementioned provision are intended with regard to such persons.

The facts and circumstances explicitly set forth in § 4.3 to § 4.6 of the Draft Merger Agreement are as follows:

- Upon the effectiveness of the merger, the board positions of the members of the management board of MorphoSys will end. The management board service agreements, including the remuneration arrangements and other arrangements relating to remuneration, such as bonus and pension agreements, entered into between the management board members and MorphoSys as well as any other contracts between the management board members and MorphoSys shall be transferred to Novartis BidCo Germany by way of universal succession upon effectiveness of the merger. This relates to Dr. Arkadius Pichota (CEO) and Lukas Gilgen (CFO), which have been appointed as members of the Management Board effective 6 June 2024. The board positions of the former members of the management board of MorphoSys, Jean-Paul Kress and Lucinda Crabtree, as well as the corresponding service agreements concluded with MorphoSys ended on 6 June 2024.
- At the time of the conclusion of the Merger Agreement, the management board of Novartis BidCo Germany will consist of Jan-Hendrik Petersen. Without prejudice to the competence of the supervisory board of Novartis BidCo Germany, it is intended that Jan-Hendrik Petersen will resign from the management board of Novartis BidCo Germany after the merger has become effective. Jan-Hendrik Petersen will not be granted any severance payment or other special benefits within the meaning of section 5(1) no. 8 UmwG in connection with his resignation from the management board of Novartis BidCo Germany. Without prejudice to the competence of the supervisory board of Novartis BidCo Germany, it is also intended that the current members of the management board of MorphoSys, Dr. Arkadius Pichota and Lukas Gilgen, will constitute the future management board of Novartis BidCo Germany after the merger takes effect. Dr. Arkadius Pichota and Lukas Gilgen shall each assume in the management board of Novartis BidCo Germany the position they held at MorphoSys until the merger takes effect. It is intended to conclude new service agreements with Dr. Arkadius Pichota and Lukas Gilgen on the terms and conditions currently agreed between MorphoSys and Dr. Arkadius Pichota and Lukas Gilgen respectively.
- Upon the effectiveness of the merger, the board positions of the members of the supervisory board of MorphoSys will end. The members of the supervisory board of MorphoSys do not receive any compensation for this.
- Without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is intended that the supervisory board of Novartis BidCo Germany will be extended from three to four members by way of an amendment to the articles of association and that the future supervisory board of Novartis BidCo Germany will be composed of the current supervisory board members of MorphoSys after the merger has become effective. Without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is therefore intended that, after the merger takes effect, the current supervisory board members of Novartis BidCo Germany, Daniel Andreas Weiss, Dr. Christian Jakob Rehm and Dr. Bertrand Richard René Bugnon, will resign from the supervisory board of Novartis BidCo Germany and the current supervisory board members of MorphoSys, Heinrich Moisa, Romain Lege, Silke Mainka as well as Christian Diehl, will be appointed as members of the supervisory board of Novartis BidCo Germany.

## **7.5 Consequences of the merger for the employees and their representative bodies (§ 5)**

§ 5 of the Draft Merger Agreement provides a detailed description of the consequences of the merger under individual and collective labour law for the employees and their representative bodies and of the measures proposed in this regard as described in detail in section 6.6 of this Merger Report. Such an explanation is mandatorily required under the statutory provisions of section 5(1) no. 9 UmwG.

§ 5 of the Draft Merger Agreement essentially contains a description of the consequences of the merger under individual and collective labour law and, accordingly, does not contain any contractual obligations between MorphoSys and Novartis BidCo Germany.

## **7.6 Change in the Merger Effective Date (§ 6)**

§ 6 of the Draft Merger Agreement specifies the consequences of a potential delay in the effectiveness of the merger. If the merger has not become effective by the end of 31 March 2025 by registration with the commercial register at the place of the registered office of Novartis BidCo Germany as acquiring company, the Merger Effective Date shall be postponed, notwithstanding § 1.3 of the Draft Merger Agreement, to the beginning of 1 January 2025. In this case, the merger shall be based, notwithstanding § 1.2 of the Draft Merger Agreement, on the balance sheet of MorphoSys as of 31 December 2024 as the closing balance sheet. Furthermore, if the effectiveness of the merger is further delayed beyond 31 March of the respective subsequent year, the effective dates shall be postponed accordingly in each case by one year.

## **7.7 Condition precedent, effectiveness, right of withdrawal (§ 7)**

Pursuant to section 62(5) sentence 7 UmwG, the Squeeze-out Resolution of the general meeting of the transferring company will only become effective concurrently with the registration of the merger with the commercial register at the place of the registered office of the acquiring company. In order to ensure that the Merger Agreement will only become effective if the Squeeze-out Resolution is also registered with the commercial register at the place of the registered office of MorphoSys, the parties will agree a corresponding condition precedent in § 7.1 of the Merger Agreement (see § 7.1 of the Draft Merger Agreement).

§ 7.2 of the Draft Merger Agreement states that, in accordance with statutory provisions, the merger will only take effect upon its registration with the commercial register at the place of the registered office of Novartis BidCo Germany. In addition, § 7.2 states that, pursuant to section 62(4) sentences 1 and 2 UmwG, an approval of the Merger Agreement by the general meeting of MorphoSys is not required for the Merger Agreement to become effective because, pursuant to the aforementioned provision, the Merger Agreement is entered into subject to the condition precedent that the general meeting of MorphoSys adopts a Squeeze-out Resolution pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG and this resolution is registered with the commercial register at the place of the registered office of MorphoSys with a note pursuant to section 62(5) sentence 7 UmwG.

The Draft Merger Agreement further states in § 7.3 that, pursuant to section 62(1) in conjunction with section 62(2) sentence 1 UmwG, an approval of the Merger

Agreement by the general meeting of Novartis BidCo Germany is required only if shareholders of Novartis BidCo Germany whose shares in aggregate reach 5% of the share capital of Novartis BidCo Germany request to convene a general meeting that resolves on the approval of the merger. The sole shareholder of Novartis BidCo Germany, Novartis BidCo, has declared to Novartis BidCo Germany that it will not exercise this right.

Pursuant to § 7.4 of the Draft Merger Agreement, each party shall have the right to withdraw from the Merger Agreement by registered letter if the merger has not become effective by the end of 30 June 2025 and has not become effective before the exercise of the right of withdrawal by its registration with the commercial register at the place of the registered office of Novartis BidCo Germany and by the occurrence of the condition precedent pursuant to § 7.1 of the Draft Merger Agreement. Each party may waive its right of withdrawal by expressly declaring its waiver in writing.

## **7.8 Final provisions (§ 8)**

§ 8.1 of the Draft Merger Agreement stipulates that the Annex to the Merger Agreement constitutes an integral part of the agreement.

§ 8.2 of the Draft Merger Agreement states that the assets of MorphoSys do not include real estate.

In § 8.3 of the Draft Merger Agreement it is pointed out that all authorisations and permits, in particular such of medical products by the European Commission, the German Federal Institute for Drugs and Medical Devices (*Bundesinstituts für Arzneimittel und Medizinprodukte*) or other relevant governmental authorities for products of MorphoSys existing at the time of the merger, if any, shall be transferred to Novartis BidCo Germany by way of universal succession upon the merger and that Novartis BidCo Germany and MorphoSys shall make any supplementary notifications and declarations that may be required or appropriate to document the transfer of authorisations and permits to Novartis BidCo Germany.

In § 8.4 of the Draft Merger Agreement it is pointed out that, without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is intended that the name of Novartis BidCo Germany will be changed to "MorphoSys AG" immediately after the merger takes effect and that the business address of Novartis BidCo Germany will be moved from Nuremberg to Planegg.

In § 8.5 of the Draft Merger Agreement it is pointed out that the procurations (*Prokuren*) and powers of attorney (*Handlungsvollmachten*) currently existing at MorphoSys will be transferred to Novartis BidCo Germany with the merger and will be granted again as a precautionary measure after the merger takes effect and, with regard to the procurations, will be applied for registration with the commercial register of Novartis BidCo Germany.

§ 8.6 of the Draft Merger Agreement contains the provision that MorphoSys and Novartis BidCo Germany will make all declarations, issue all documents and perform all other acts that may still be required or appropriate in connection with the transfer of the assets of MorphoSys at the time when the merger into Novartis BidCo Germany becomes effective or in connection with the amendment of public registers or other directories. For this purpose, MorphoSys grants Novartis BidCo Germany a

corresponding power of attorney. These provisions serve as fallback provisions in order to ensure that the purpose of the merger, i.e. the complete transfer of the assets of MorphoSys to Novartis BidCo Germany, will be achieved.

Furthermore, § 8.7 of the Draft Merger Agreement provides that the costs incurred in connection with the notarisation of the Merger Agreement and the costs and taxes incurred in connection with the closing of the Merger Agreement shall be borne by Novartis BidCo Germany. The same applies to the costs and taxes of the court appointed auditor ADKL and the valuation expert ValueTrust Financial Advisors Deutschland GmbH. Apart from that, subject to any agreement to the contrary, each party shall bear its own costs. These provisions shall also apply if the merger does not become effective due to the withdrawal from the Merger Agreement of one party or for any other reason.

Also, the Draft Merger Agreement contains a severability clause in § 8.8. This clause provides that the invalidity or unenforceability of individual provisions of the Merger Agreement shall not affect the validity of the remaining provisions of the Merger Agreement. The parties undertake to replace any such invalid or unenforceable provision with a provision that is valid and, to the extent permitted by law, comes closest to the economic result that the Parties intended or would have intended with the invalid or unenforceable provision had they been aware of the invalidity or unenforceability. The same applies if the Merger Agreement contains any gaps.

Finally, the Draft Merger Agreement provides in § 8.9 that the Merger Agreement shall be governed and construed in accordance with the laws of Germany. The Merger Agreement shall be executed in both German and English language. § 8.9 of the Draft Merger Agreement determines that in the event of any inconsistency between the German version and the English version the German version shall prevail.

## **8. Securities and stock exchange trading**

Upon effectiveness of the Squeeze-out Resolution, all shares of the Minority Shareholders of MorphoSys will be transferred to Novartis BidCo Germany by operation of law. At the same time, MorphoSys will cease to exist as a separate legal entity, and the membership rights attached to the MorphoSys Shares will also cease to exist upon effectiveness of the merger.

The global certificates deposited with Clearstream Banking AG, Frankfurt am Main, Germany, representing MorphoSys Shares, to the extent that they are co-owned by the Minority Shareholders, will no longer evidence membership rights of the Minority Shareholders after the Squeeze-out Resolution has taken effect and the ownership in the MorphoSys Shares has thus been transferred to Novartis BidCo Germany, and will then only evidence the claim of the Minority Shareholders for payment of an adequate cash compensation against Novartis BidCo Germany as main shareholder (section 62(5) sentence 8 UmwG in conjunction with section 327e(3) sentence 2 AktG).

Further details regarding settlement will be communicated to the Minority Shareholders without undue delay after registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany by means of a separate public announcement in the Federal Gazette (*Bundesanzeiger*) (which will be available, among other places, on the internet at <https://www.bundesanzeiger.de>).

Generally, a merger squeeze-out results in a delisting of the transferring entity from the stock exchange at the end of the day on which the Squeeze-out Resolution and the merger take effect. However, in the present case, on 20 June 2024, MorphoSys and Novartis BidCo committed to pursue the Delisting of the MorphoSys Shares irrespective of and prior to the Merger Squeeze-out. The Delisting will probably take effect in August 2024, i.e., before the Merger Squeeze-Out becomes effective (see details under section 2.1.3(b) of this Merger Report).

## **9. No exchange ratio**

There will be no exchange of MorphoSys Shares for shares in Novartis BidCo Germany in connection with the merger. Instead, the Minority Shareholders of MorphoSys will be squeezed out in connection with the merger against an adequate cash compensation to be paid by Novartis BidCo Germany. This cash compensation will have to be determined by Novartis BidCo Germany taking into account the situation at the time of adoption of the resolution on the squeeze-out of the Minority Shareholders of MorphoSys and was set by Novartis BidCo Germany in its specified squeeze-out request dated 12 July 2024 at EUR 68.00 per MorphoSys Share.

Nuremberg, 12 July 2024

**Novartis BidCo Germany AG**  
The Management Board

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Jan-Hendrik Petersen  
Sole member of the management board

Planegg, 12 July 2024

**MorphoSys AG**  
The Management Board

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Dr. Arkadius Pichota  
Chief Executive Officer

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Lukas Gilgen  
Chief Financial Officer



**Annex**

Draft merger agreement between Novartis BidCo Germany AG and MorphoSys AG dated  
12 July 2024

UVZ-Nr. [●]/2024

Register of deeds no. [●]/2024

Heute, den [●(Datum ausgeschrieben)]

Today, [●(date written in words)]

- [●(Datum in Ziffern)] -

- [●(date written in numbers)] -

erschieden gleichzeitig vor mir,

together appeared before me,

Dr. Sabine Funke,

Dr. Sabine Funke,

Notarin in Frankfurt am Main:

notary officiating in Frankfurt am Main:

(1) [●], geboren am [●], geschäftsansässig bei

(1) [●], born [●], with business address at

Freshfields Bruckhaus Deringer Rechtsanwälte Steuerberater PartG mbB,

Bockenheimer Anlage 44, 60322 Frankfurt am Main

handelnd nicht im eigenen Namen, sondern aufgrund Vollmacht vom 19. Juni 2024, die bei dieser Beurkundung im Original vorlag und dieser Urkunde in beglaubigter Abschrift beigelegt ist, für die

acting not in [his // her] own name but on the basis of a power of attorney dated 19 June 2024, the original of which was available at the time of this notarisation and a certified copy of which is attached hereto, on behalf of

### **Novartis BidCo Germany AG**

**mit Sitz in München**

**with registered office in Munich**

(Geschäftsanschrift:

(business address:

c/o Novartis Pharma GmbH, Roonstraße 25, 90429 Nürnberg / Nuremberg,

eingetragen im Handelsregister des Amtsgerichts München unter HRB 283042).

registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 283042).

(2) [●], geboren am [●], geschäftsansässig bei

(2) [●], born [●], with business address at

Hogan Lovells International LLP, Große Gallusstraße 18, 60312 Frankfurt am Main,

handelnd nicht im eigenen Namen, sondern aufgrund Vollmacht vom 26. Juni 2024, die bei dieser Beurkundung im Original vorlag

acting not in [his // her] own name but on the basis of a power of attorney dated 26 June 2024, the original of which was

und dieser Urkunde in beglaubigter Abschrift beigefügt ist, für die

available at the time of this notarisation and a certified copy of which is attached hereto, on behalf of

### **MorphoSys AG**

**mit Sitz in Planegg, Landkreis München,**

**with registered office in Planegg, district of Munich,**

(Geschäftsanschrift:

(business address:

Semmelweisstraße 7, 82152 Planegg,

eingetragen im Handelsregister des Amtsgerichts München unter HRB 121023).

registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 121023).

Die Erschienenen wiesen sich durch amtlichen Lichtbildausweis aus.

The persons appearing identified themselves by presenting an official identity document with a photo.

Die amtierende Notarin erläuterte das Mitwirkungsverbot nach § 3 Abs. 1 Satz 1 Nr. 7 BeurkG. Die Erschienenen verneinten die Frage der Notarin nach einer Vorbefassung im Sinne dieser Vorschrift. Über die Angabepflicht nach dem Geldwäschegesetz informiert, erklärten die Erschienenen, dass sie bzw. die von ihnen Vertretenen ausschließlich für eigene Rechnung handeln.

The officiating notary explained the prohibition on prior involvement under section 3(1) sentence 1 no. 7 of the German Notarisation Act (*Beurkundungsgesetz*). The persons appearing responded in the negative to the notary's question as to whether there was a prior involvement within the meaning of this provision. After having been advised on the disclosure requirement under the German Anti-Money Laundering Act (*Geldwäschegesetz*), the persons appearing declared that they or the persons represented by them act exclusively for their own account.

Sodann baten die Erschienenen, folgenden Verschmelzungsvertrag zu beurkunden:

The persons appearing then requested that the following merger agreement be notarised:

**Verschmelzungsvertrag**

**Merger Agreement**

zwischen der

between

**Novartis BidCo Germany AG**

mit Sitz in München

with registered office in Munich

als Übernehmender Gesellschaft

as Acquiring Company

und der

and

**MorphoSys AG**

mit Sitz in Planegg

with registered office in Planegg

als Übertragender Gesellschaft

as Transferring Company

- nachfolgend auch einzeln als *Partei* und gemeinsam als *Parteien* bezeichnet -

- hereinafter also individually referred to as a *Party* and collectively as the *Parties* -

## Vorbemerkungen

1. Die Novartis BidCo Germany AG ist eine Aktiengesellschaft deutschen Rechts mit Sitz in München, eingetragen im Handelsregister des Amtsgerichts München unter HRB 283042 (nachfolgend auch *Novartis BidCo Germany* oder *Übernehmende Gesellschaft*). Die Geschäftsanschrift lautet c/o Novartis Pharma GmbH, Roonstraße 25, 90429 Nürnberg, Deutschland. Das im Handelsregister eingetragene Grundkapital der Novartis BidCo Germany beträgt EUR 50.000,00. Es ist eingeteilt in 50.000 auf den Namen lautende Stückaktien mit einem rechnerischen Anteil am Grundkapital von EUR 1,00 je Aktie (*Novartis BidCo Germany-Aktien*). Die Novartis BidCo Germany-Aktien sind weder zum Handel im regulierten Markt einer Wertpapierbörse zugelassen, noch werden sie im Freiverkehr einer Wertpapierbörse gehandelt. Das Geschäftsjahr der Novartis BidCo Germany ist das Kalenderjahr. Die alleinige Aktionärin der Novartis BidCo Germany ist die Novartis BidCo AG, eine Aktiengesellschaft Schweizer Rechts mit Sitz in Basel, Schweiz, eingetragen im Handelsregisteramt des Kantons der Stadt Basel unter der Gesellschaftsnummer CHE-477.907.492 (*Novartis BidCo*). Die alleinige Gesellschafterin der Novartis BidCo ist die Novartis Pharma AG, eine Aktiengesellschaft Schweizer Rechts mit Sitz in Lichtstrasse 35, 4056 Basel, Schweiz, eingetragen im Handelsregisteramt des Kantons

## Whereas:

1. Novartis BidCo Germany AG is a stock corporation (*Aktiengesellschaft*) under German law with registered office in Munich, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 283042 (hereinafter also referred to as *Novartis BidCo Germany* or the *Acquiring Company*). Its business address is c/o Novartis Pharma GmbH, Roonstraße 25, 90429 Nuremberg, Germany. The registered share capital of Novartis BidCo Germany amounts to EUR 50,000.00 and is divided into 50,000 no-par value registered shares (*auf den Namen lautende Stückaktien*), each representing a notional interest in the share capital of EUR 1.00 (*Novartis BidCo Germany Shares*). The Novartis BidCo Germany Shares are not admitted to trading on the regulated market of any stock exchange, nor are they traded on the regulated unofficial market (*Freiverkehr*) of any stock exchange. The financial year of Novartis BidCo Germany is the calendar year. The sole shareholder of Novartis BidCo Germany is Novartis BidCo AG, a stock corporation under the laws of Switzerland, with registered office in Basel, Switzerland, registered with the commercial register office (*Handelsregisteramt*) of the Canton of Basel-City under company

Basel-Stadt unter der Gesellschaftsnummer CHE-106.052.527 (*Novartis Pharma*). Die alleinige Gesellschafterin der Novartis Pharma ist die Novartis AG, eine Aktiengesellschaft Schweizer Rechts mit Sitz in Lichtstrasse 35, 4056 Basel, Schweiz, eingetragen im Handelsregisteramt des Kantons Basel-Stadt unter der Gesellschaftsnummer CHE-103.867.266 (*Novartis* und, zusammen mit ihren Tochtergesellschaften *Novartis Gruppe*). Novartis ist ein börsennotiertes Unternehmen, dessen Aktien an der Schweizer Börse unter dem Kürzel „NOVN“ und an der New Yorker Börse unter dem Symbol “NVS” gehandelt werden. Novartis selbst wird von keinem ihrer Aktionäre beherrscht.

2. Die MorphoSys AG ist eine börsennotierte Aktiengesellschaft deutschen Rechts mit Sitz in Planegg, Landkreis München, eingetragen im Handelsregister des Amtsgerichts München unter HRB 121023 (nachfolgend auch *MorphoSys* oder *Übertragende Gesellschaft*). Die Geschäftsanschrift lautet

number CHE-477.907.492 (*Novartis BidCo*). The sole shareholder of Novartis BidCo is Novartis Pharma AG, a stock corporation under the laws of Switzerland, with registered office at Lichtstrasse 35, 4056 Basel, Switzerland, registered with the commercial register office (*Handelsregisteramt*) of the Canton of Basel-City under company number CHE-106.052.527 (*Novartis Pharma*). The sole shareholder of Novartis Pharma is Novartis AG, a stock corporation under the laws of Switzerland, with registered office in Lichtstrasse 35, 4056 Basel, Switzerland, registered with the commercial register office (*Handelsregisteramt*) of the Canton of Basel-City under company number CHE-103.867.266 (*Novartis* and, together with its subsidiaries *Novartis Group*). Novartis is a publicly listed company whose stock trades on the Swiss Exchange under ticker symbol “NOVN” and on the New York Stock Exchange under ticker symbol “NVS”. Novartis itself is not controlled by any of its shareholders.

2. MorphoSys AG is a listed stock corporation (*Aktiengesellschaft*) under German law with registered office in Planegg, district of Munich, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 121023

Semmelweisstraße 7, 82152 Planegg, Deutschland. Das Grundkapital von MorphoSys beträgt EUR 37.716.423,00 und ist eingeteilt in 37.716.423 auf den Inhaber lautende Stückaktien mit einem anteiligen Betrag am Grundkapital von EUR 1,00 je Aktie eingeteilt (*MorphoSys-Aktien*). Die entsprechende Erhöhung gegenüber dem derzeit im Handelsregister von MorphoSys eingetragenen Grundkapital von EUR 37.655.137,00 um EUR 61.286,00 auf EUR 37.716.423,00 ist auf die Ausgabe von Bezugsaktien aus dem Bedingten Kapital 2016-III zurückzuführen und wird spätestens bis zum Ablauf des Monats Januar 2025 zur Eintragung in das Handelsregister von MorphoSys angemeldet. Es bestehen keine unterschiedlichen Aktiengattungen. Die MorphoSys-Aktien sind derzeit noch unter der ISIN DE0006632003 und dem Symbol „MOR“ zum Handel im regulierten Markt mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse zugelassen, wo sie im elektronischen Handelssystem (XETRA) der Deutsche Börse AG, Frankfurt am Main, Deutschland, gehandelt werden. Ferner werden die MorphoSys-Aktien im Freiverkehr der Börse Berlin sowie an den unregulierten Märkten der Börsen Düsseldorf, Hamburg, Hannover, München und Stuttgart sowie über Tradegate Exchange gehandelt. MorphoSys und Novartis BidCo planen ein Delisting der MorphoSys-Aktien, das voraussichtlich im August 2024 wirksam

(hereinafter also referred to as *MorphoSys* or the *Transferring Company*). Its business address is Semmelweisstraße 7, 82152 Planegg, Germany. The share capital of MorphoSys amounts to EUR 37,716,423.00 and is divided into 37,716,423 no-par value bearer shares (*auf den Inhaber lautende Stückaktien*), each representing a notional interest in the share capital of EUR 1.00 (*MorphoSys Shares*). The corresponding increase in contrast to the currently registered share capital in the commercial register of MorphoSys from EUR 37,655,137.00 by EUR 61,286.00 to EUR 37,716,423.00 is due to the issue of subscription shares from Conditional Capital 2016-III and will be filed for registration in the commercial register of MorphoSys by the end of January 2025 at the latest. There are no different classes of shares. The MorphoSys Shares are currently still admitted to trading on the regulated market (*Regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE0006632003 under the symbol "MOR" and are tradable via the Exchange Electronic Trading system (XETRA) of Deutsche Börse AG, Frankfurt am Main, Germany. In addition, the MorphoSys Shares are traded on the

werden wird; am 4. Juli 2024 veröffentlichte Novartis BidCo bereits ein entsprechendes Delisting-Erwerbsangebot. MorphoSys hält zum heutigen Tag 53.685 eigene Aktien. Das Geschäftsjahr von MorphoSys ist das Kalenderjahr. MorphoSys hat nicht nachrangige, unbesicherte Wandelschuldverschreibungen mit Fälligkeit am 16. Oktober 2025 (ISIN DE000A3H2XW6) mit einem Nominalzinssatz von 0,625 % p.a. (**Wandelschuldverschreibungen** und deren Inhaber, **Anleihegläubiger**) begeben.

3. Novartis BidCo Germany hält derzeit unmittelbar 34.337.809 der insgesamt 37.716.423 MorphoSys-Aktien. Dies entspricht rund 91,04 % und – nach Abzug der Anzahl der eigenen Aktien gemäß § 62 Abs. 1 Satz 2 Umwandlungsgesetz (**UmwG**) – rund 91,17 % des Grundkapitals von MorphoSys. Novartis BidCo Germany ist damit Hauptaktionärin von MorphoSys im Sinne des § 62 Abs. 5 Satz 1 UmwG. Novartis BidCo Germany und MorphoSys beabsichtigen, das Vermögen von MorphoSys als Ganzes im Wege

regulated unofficial market (*Freiverkehr*) of the stock exchange in Berlin as well as on the unregulated market on the stock exchanges of Düsseldorf, Hamburg, Hanover, Munich and Stuttgart as well as via Tradegate Exchange. MorphoSys and Novartis BidCo intend a delisting of the MorphoSys Shares, which will probably take effect in August 2024; a corresponding delisting purchase offer was published by Novartis BidCo on 4 July 2024. As of today's date, MorphoSys holds 53,685 treasury shares (*eigene Aktien*). The financial year of MorphoSys is the calendar year. MorphoSys has issued non-subordinated, unsecured convertible bonds maturing on 16 October 2025 (ISIN DE000A3H2XW6) with a nominal interest rate of 0.625 % p.a. (**Convertible Bonds**, and their holders **Bondholders**).

3. Novartis BidCo Germany currently directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares. This corresponds to approximately 91.04% and – after deducting the number of treasury shares pursuant to section 62(1) sentence 2 of the German Transformation Act (*Umwandlungsgesetz – UmwG*) – to approximately 91.17% of the share capital of MorphoSys. Accordingly, Novartis BidCo Germany is the main shareholder of



der Verschmelzung durch Aufnahme gemäß §§ 2 Nr. 1, 60 ff. UmwG auf Novartis BidCo Germany zu übertragen. Im Zusammenhang mit der Verschmelzung soll ein Ausschluss der übrigen Aktionäre von MorphoSys neben der Novartis BidCo Germany (**Minderheitsaktionäre**) erfolgen. Zu diesem Zweck soll die Hauptversammlung von MorphoSys innerhalb von drei Monaten nach Abschluss dieses Verschmelzungsvertrages über die Übertragung der Aktien der Minderheitsaktionäre auf Novartis BidCo Germany gegen Gewährung einer angemessenen Barabfindung beschließen.

4. Die Verschmelzung soll nur wirksam werden, wenn gleichzeitig auch der Ausschluss der Minderheitsaktionäre und damit die Übertragung aller Aktien der Minderheitsaktionäre auf Novartis BidCo Germany als Hauptaktionärin wirksam wird, was durch eine aufschiebende Bedingung für die Wirksamkeit dieses Vertrages sichergestellt wird. Umgekehrt werden auch der Ausschluss der Minderheitsaktionäre und damit die Übertragung der Aktien der Minderheitsaktionäre auf Novartis BidCo Germany als Hauptaktionärin gemäß § 62 Abs. 5 Satz 7 UmwG nur

MorphoSys within the meaning of section 62(5) sentence 1 UmwG. Novartis BidCo Germany and MorphoSys intend to transfer the entire assets of MorphoSys to Novartis BidCo Germany by way of a merger by absorption (*Verschmelzung durch Aufnahme*) pursuant to section 2 no. 1, sections 60 et seqq. UmwG. In connection with the merger, it is intended to effect a squeeze-out of the remaining shareholders of MorphoSys besides Novartis BidCo Germany (**Minority Shareholders**). For this purpose, it is intended that the general meeting of MorphoSys will resolve on the transfer of the shares of the Minority Shareholders to Novartis BidCo Germany against payment of an adequate cash compensation within three months of the conclusion of this merger agreement.

4. The merger is to take effect only if the squeeze-out of the Minority Shareholders and thus the transfer of all shares of the Minority Shareholders to Novartis BidCo Germany as main shareholder takes effect at the same time, which is ensured by a condition precedent regarding the effectiveness of this agreement. In turn, the squeeze-out of the Minority Shareholders and thus the transfer of the shares of the Minority Shareholders to Novartis BidCo Germany as main shareholder in accordance with

gleichzeitig mit der Eintragung der Verschmelzung im Handelsregister der Novartis BidCo Germany wirksam. Da Novartis BidCo Germany folglich bei Wirksamwerden der Verschmelzung alleinige Aktionärin von MorphoSys sein wird, unterbleibt eine Gewährung von Anteilen an der Novartis BidCo Germany an die Aktionäre von MorphoSys. Eine Kapitalerhöhung von Novartis BidCo Germany zur Durchführung der Verschmelzung findet nicht statt. Es bedarf daher auch keines Treuhänders nach § 71 UmwG.

Dies vorausgeschickt, vereinbaren die Parteien das Folgende:

section 62(5) sentence 7 UmwG will only take effect concurrently with the registration of the merger with the commercial register of Novartis BidCo Germany. Since Novartis BidCo Germany will consequently be the sole shareholder of MorphoSys when the merger takes effect, no shares in Novartis BidCo Germany will be granted to the shareholders of MorphoSys. No capital increase of Novartis BidCo Germany will be effected to implement the merger. There is therefore no need for a trustee pursuant to § 71 UmwG.

Now, therefore, the Parties agree as follows:

## § 1

### **Vermögensübertragung, Schlussbilanz, Verschmelzungstichtag**

1. MorphoSys überträgt ihr Vermögen als Ganzes mit allen Rechten und Pflichten unter Auflösung ohne Abwicklung nach §§ 2 Nr. 1, 4 ff., 60 ff. UmwG auf Novartis BidCo Germany nach näherer Maßgabe der Bestimmungen dieses Vertrages (Verschmelzung durch Aufnahme). Mit der Eintragung der Verschmelzung in das Register des Sitzes der Übernehmenden Gesellschaft gehen auch die Verbindlichkeiten von MorphoSys auf Novartis BidCo Germany über (§ 20 Abs. 1 Nr. 1 UmwG).
2. Der Verschmelzung wird – vorbehaltlich der in § 6 dieses Vertrages getroffenen Regelungen – die von der PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, München, geprüfte Bilanz von MorphoSys als Übertragender Gesellschaft zum 31. Dezember 2023 als Schlussbilanz zugrunde gelegt (zugleich steuerlicher Übertragungstichtag).
3. Die Übernahme des Vermögens von MorphoSys als Übertragender Gesellschaft durch Novartis BidCo Germany

## § 1

### **Transfer of assets, closing balance sheet, Merger Effective Date**

1. MorphoSys shall transfer its entire assets, including all rights and obligations, by way of dissolution without liquidation (*Auflösung ohne Abwicklung*) pursuant to section 2 no. 1, sections 4 et seqq., sections 60 et seqq. UmwG to Novartis BidCo Germany in accordance with the provisions of this agreement (merger by absorption (*Verschmelzung durch Aufnahme*)). Upon registration of the merger with the commercial register at the place of the registered office of the Acquiring Company, all liabilities of MorphoSys shall be transferred to Novartis BidCo Germany as well (section 20(1) no. 1 UmwG).
2. Subject to the provisions of § 6 of this agreement, the merger shall be based on the balance sheet of MorphoSys as Transferring Company as of 31 December 2023, which was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the closing balance sheet (*Schlussbilanz*) (the balance sheet date is also the transfer date for tax purposes).
3. Subject to the provisions of § 6 of this agreement, the transfer of the assets and liabilities of MorphoSys

als Übernehmender Gesellschaft erfolgt – vorbehaltlich der in § 6 dieses Vertrages enthaltenen Regelungen – im Innenverhältnis zwischen den Parteien mit Wirkung zum Ablauf des 31. Dezember 2023. Vom Beginn des 1. Januar 2024 (***Verschmelzungstichtag***) an gelten alle Handlungen und Geschäfte der Übertragenden Gesellschaft als für Rechnung der Übernehmenden Gesellschaft vorgenommen.

## § 2

### **Ausschluss der Minderheitsaktionäre der Übertragenden Gesellschaft**

1. Im Zusammenhang mit der Verschmelzung von MorphoSys auf Novartis BidCo Germany soll ein Ausschluss der Minderheitsaktionäre von MorphoSys gemäß § 62 Abs. 5 UmwG i.V.m. §§ 327a ff. des Aktiengesetzes (***AktG***) erfolgen. Ausweislich der dieser Urkunde als **Anlage** beigefügten Depotbestätigung der UBS Switzerland AG hält Novartis BidCo Germany derzeit unmittelbar 34.337.809 der insgesamt 37.716.423 MorphoSys-Aktien. Dies entspricht rund 91,04 % und – nach Abzug der Anzahl der eigenen Aktien gemäß § 62 Abs. 1 Satz 2 UmwG – rund 91,17 % des Grundkapitals von MorphoSys. Die Novartis BidCo Germany ist damit Hauptaktionärin im Sinne des § 62 Abs. 5 Satz 1 UmwG.

as Transferring Company to Novartis BidCo Germany as Acquiring Company shall take effect as between the Parties at the end of 31 December 2023. From the beginning of 1 January 2024 (***Merger Effective Date***), all actions and transactions of the Transferring Company shall be treated as being those of the Acquiring Company.

## § 2

### **Squeeze-out of the Minority Shareholders of the Transferring Company**

1. It is intended to effect a squeeze-out of the Minority Shareholders of MorphoSys pursuant to section 62(5) UmwG in conjunction with sections 327a et seqq. of the German Stock Corporation Act (***Aktiengesetz - AktG***) in connection with the merger of MorphoSys into Novartis BidCo Germany. As stated in the custody account confirmation issued by UBS Switzerland AG, which is attached hereto as **Annex**, Novartis BidCo Germany currently directly holds 34,337,809 of the total number of 37,716,423 MorphoSys Shares. This corresponds to approximately 91.04 % and –after deducting the number of treasury shares pursuant to section 62(1) sentence 2 UmwG – to approximately 91.17 % of the share capital of MorphoSys. Accordingly, Novartis BidCo Germany is the main shareholder of

2. Es ist beabsichtigt, dass die Hauptversammlung von MorphoSys innerhalb von drei Monaten nach Abschluss dieses Vertrages einen Beschluss nach § 62 Abs. 5 Satz 1 UmwG i.V.m. § 327a Abs. 1 Satz 1 AktG (**Übertragungsbeschluss**) über die Übertragung der Aktien der Minderheitsaktionäre von MorphoSys auf Novartis BidCo Germany als Hauptaktionärin gegen Gewährung einer von der Novartis BidCo Germany zu zahlenden angemessenen, in dem Übertragungsbeschluss betragsmäßig zu bestimmenden Barabfindung fasst. Die Eintragung des Übertragungsbeschlusses in das Handelsregister des Sitzes der Übertragenden Gesellschaft ist mit dem Vermerk zu versehen, dass er erst gleichzeitig mit der Eintragung der Verschmelzung im Register des Sitzes der Übernehmenden Gesellschaft wirksam wird (§ 62 Abs. 5 Satz 7 UmwG).

### § 3

#### **Keine Gegenleistung**

1. Die Novartis BidCo Germany als Übernehmende Gesellschaft wird mit Wirksamwerden der Verschmelzung sämtliche Aktien an MorphoSys

MorphoSys within the meaning of section 62(5) sentence 1 UmwG.

2. It is intended that the general meeting of MorphoSys will, within three months of conclusion of this agreement, adopt a resolution pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG (**Squeeze-Out Resolution**) regarding the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder against payment of an adequate cash compensation by Novartis BidCo Germany in the amount to be determined in the Squeeze-Out Resolution. The registration of the Squeeze-Out Resolution with the commercial register at the place of the registered office of the Transferring Company shall contain a note that the Squeeze-Out Resolution will only become effective concurrently with the registration of the merger with the commercial register at the place of the registered office of the Acquiring Company (section 62(5) sentence 7 UmwG).

### § 3

#### **No consideration**

1. When the merger takes effect, Novartis BidCo Germany as Acquiring Company will hold all shares in MorphoSys. This is ensured by the

halten. Das wird durch die aufschiebende Bedingung für die Wirksamkeit dieses Vertrages gemäß § 7.1 dieses Vertrages und die gesetzliche Bestimmung in § 62 Abs. 5 Satz 7 UmwG sichergestellt. Somit sind den Anteilseignern von MorphoSys gemäß § 20 Abs. 1 Nr. 3 Satz 1 Halbsatz 2 UmwG im Rahmen der Verschmelzung keine Anteile an der Novartis BidCo Germany als Gegenleistung zu gewähren. Die Novartis BidCo Germany als Übernehmende Gesellschaft darf gemäß § 68 Abs. 1 Satz 1 Nr. 1 UmwG ihr Grundkapital zur Durchführung der Verschmelzung nicht erhöhen. Dementsprechend entfallen gemäß § 5 Abs. 2 UmwG alle in § 5 Abs. 1 Nr. 2 bis 5 UmwG vorgesehenen Angaben zum Umtausch der Anteile.

2. Die Novartis BidCo Germany erklärt als bei Wirksamwerden der Verschmelzung alleinige Aktionärin von MorphoSys vorsorglich den Verzicht auf ein Barabfindungsangebot im Verschmelzungsvertrag (§ 29 UmwG).

#### **§ 4**

##### **Besondere Rechte und Vorteile**

1. Vorbehaltlich des in § 2 dieses Vertrages genannten Sachverhalts sowie etwaiger, den Anleihegläubigern und Aktienoptionsbegünstigten (wie in § 5.12 dieses Vertrags definiert) zu zahlender Barabfindungen werden keine Rechte i.S.v. § 5 Abs. 1

condition precedent regarding the effectiveness of this agreement pursuant to § 7.1 of this agreement and the statutory provision in section 62(5) sentence 7 UmwG. Therefore, pursuant to section 20(1) no. 3 sentence 1 half-sentence 2 UmwG, no shares in Novartis BidCo Germany have to be granted as consideration to the shareholders of MorphoSys in connection with the merger. Pursuant to section 68(1) sentence 1 no. 1 UmwG, Novartis BidCo Germany as Acquiring Company must not increase its share capital to implement the merger. Therefore, pursuant to section 5(2) UmwG, the information on the exchange of shares pursuant to section 5(1) nos. 2 to 5 UmwG is not required.

2. As a precautionary measure, Novartis BidCo Germany, as sole shareholder of MorphoSys upon effectiveness of the merger, hereby declares to waive the offer of cash compensation in the merger agreement (section 29 UmwG).

#### **§ 4**

##### **Special rights and benefits**

1. Subject to the facts and circumstances set forth in § 2 of this agreement and any cash compensations to be paid to Bondholders and Stock Option Beneficiaries (as defined in § 5.12 of this agreement), no rights within the meaning of

Nr. 7 UmwG für einzelne Aktionäre, Anleihegläubiger, Aktienoptionsbegünstigte oder Inhaber sonstiger besonderer Rechte gewährt. Es sind auch keine Maßnahmen im Sinne der vorgenannten Vorschrift für solche Personen vorgesehen. Zur Klarstellung wird darauf hingewiesen, dass infolge des Wirksamwerdens des Übertragungsbeschlusses, der gleichzeitig mit der Verschmelzung wirksam wird, die Wandlungsrechte der Anleihegläubiger und die Bezugsrechte der Aktienoptionsbegünstigten für MorphoSys-Aktien nicht mehr bestehen. Stattdessen haben die Anleihegläubiger und Aktienoptionsbegünstigten grundsätzlich einen Anspruch gegen Novartis BidCo Germany auf Zahlung einer angemessenen Barabfindung.

2. Vorbehaltlich der in den Bestimmungen der § 4.3 bis § 4.6 dieses Vertrages genannten Sachverhalte werden keine besonderen Vorteile i.S.v. § 5 Abs. 1 Nr. 8 UmwG für ein Vorstands- oder Aufsichtsratsmitglied eines an der Verschmelzung beteiligten Rechtsträgers, für die Abschlussprüfer oder für eine sonstige in dieser Vorschrift genannte Person gewährt. Es sind auch keine Maßnahmen im Sinne der vorgenannten Vorschrift für solche Personen vorgesehen.
3. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Vorstandsmitglieder von MorphoSys. Die mit MorphoSys

section 5(1) no. 7 UmwG will be granted to individual shareholders, Bondholders, Stock Option Beneficiaries or holders of other special rights, and no measures within the meaning of the aforementioned provision are intended with regard to such persons. For the avoidance of doubt, it is pointed out that as a result of the Squeeze-Out Resolution taking effect at the same time as the merger, the conversion rights of the Bondholders and the subscription rights of the Stock Option Beneficiaries for MorphoSys Shares no longer exist. Instead, the Bondholders and Stock Option Beneficiaries will in principle have a claim against Novartis BidCo Germany for payment of an adequate cash compensation.

2. Subject to the facts and circumstances set forth in § 4.3 to § 4.6 of this agreement, no special benefits within the meaning of section 5(1) no. 8 UmwG will be granted to members of the management board or of the supervisory board of any of the entities involved in the merger or to the auditors or to any other person referred to in that provision, and no measures within the meaning of the aforementioned provision are intended with regard to such persons.
3. Upon the effectiveness of the merger, the board positions of the members of the management board of MorphoSys will end. The

abgeschlossenen Vorstandsdienstverträge, einschließlich der darin getroffenen Vergütungsregeln sowie sonstige vergütungsrelevante Vereinbarungen wie Bonus- oder Pensionsvereinbarungen der Vorstandsmitglieder von MorphoSys sowie etwaige sonstige Verträge zwischen den Vorstandsmitgliedern und MorphoSys gehen mit Wirksamwerden der Verschmelzung im Wege der Gesamtrechtsnachfolge auf Novartis BidCo Germany über. Dies betrifft Dr. Arkadius Pichota (CEO) und Lukas Gilgen (CFO), welche mit Wirkung zum 6. Juni 2024 als Vorstandsmitglieder bestellt wurden. Die Organstellung der ehemaligen Vorstandsmitglieder von MorphoSys, Jean-Paul Kress und Lucinda Crabtree, sowie die jeweils mit MorphoSys geschlossenen Vorstandsdienstverträge endeten am 6. Juni 2024.

4. Zum Zeitpunkt des Abschlusses dieses Verschmelzungsvertrags besteht der Vorstand der Novartis BidCo Germany aus Jan-Hendrik Petersen. Unbeschadet der Zuständigkeit des Aufsichtsrats der Novartis BidCo Germany ist beabsichtigt, dass Jan-Hendrik Petersen nach Wirksamwerden der Verschmelzung aus dem Vorstand der Novartis BidCo Germany ausscheiden wird. Jan-Hendrik Petersen werden im Zusammenhang mit seinem Ausscheiden aus dem Vorstand der Novartis BidCo

management board service agreements, including the remuneration arrangements and other arrangements relating to remuneration, such as bonus and pension agreements, entered into between the management board members and MorphoSys as well as any other contracts between the management board members and MorphoSys shall be transferred to Novartis BidCo Germany by way of universal succession upon effectiveness of the merger. This relates to Dr. Arkadius Pichota (CEO) and Lukas Gilgen (CFO), which have been appointed as members of the management board effective 6 June 2024. The board positions of the former members of the management board of MorphoSys, Jean-Paul Kress and Lucinda Crabtree, as well as the corresponding management board service agreements concluded with MorphoSys ended on 6 June 2024.

4. At the time of the conclusion of this merger agreement, the management board of Novartis BidCo Germany consists of Jan-Hendrik Petersen. Without prejudice to the competence of the supervisory board of Novartis BidCo Germany, it is intended that Jan-Hendrik Petersen will resign from the management board of Novartis BidCo Germany after the merger has become effective. Jan-Hendrik Petersen will not be granted any



Germany keine Abfindung oder andere besondere Vorteile i.S.d. § 5 Abs. 1 Nr. 8 UmwG gewährt. Unbeschadet der Zuständigkeit des Aufsichtsrats der Novartis BidCo Germany ist zudem beabsichtigt, dass die derzeitigen Mitglieder des Vorstands von MorphoSys, Dr. Arkadius Pichota und Lukas Gilgen, nach Wirksamwerden der Verschmelzung den künftigen Vorstand der Novartis BidCo Germany bilden werden. Dr. Arkadius Pichota und Lukas Gilgen sollen im Vorstand der Novartis BidCo Germany jeweils diejenige Funktion übernehmen, die sie bis zum Wirksamwerden der Verschmelzung bei MorphoSys innehaben. Es ist beabsichtigt, mit Dr. Arkadius Pichota und Lukas Gilgen neue Vorstandsdiensverträge zu den derzeit zwischen MorphoSys und Dr. Arkadius Pichota bzw. Lukas Gilgen jeweils vereinbarten Bedingungen abzuschließen.

5. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Aufsichtsratsmitglieder von MorphoSys. Eine Entschädigung erhalten die Aufsichtsratsmitglieder von MorphoSys hierfür nicht.
6. Unbeschadet der Zuständigkeit der Hauptversammlung der Novartis BidCo Germany ist beabsichtigt, dass der Aufsichtsrat der Novartis BidCo

severance payment or other special benefits within the meaning of section 5(1) no. 8 UmwG in connection with his resignation from the management board of Novartis BidCo Germany. Without prejudice to the competence of the supervisory board of Novartis BidCo Germany, it is also intended that the current members of the management board of MorphoSys, Dr. Arkadius Pichota and Lukas Gilgen, will constitute the future management board of Novartis BidCo Germany after the merger takes effect. Dr. Arkadius Pichota and Lukas Gilgen shall each assume in the management board of Novartis BidCo Germany the position they held at MorphoSys until the merger takes effect. It is intended to conclude new service agreements with Dr. Arkadius Pichota and Lukas Gilgen on the terms and conditions currently agreed between MorphoSys and Dr. Arkadius Pichota and Lukas Gilgen respectively.

5. Upon the effectiveness of the merger, the board positions of the members of the supervisory board of MorphoSys will end. The members of the supervisory board of MorphoSys do not receive any compensation for this.
6. Without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is intended that the supervisory board

Germany durch Satzungsänderung von drei auf vier Mitglieder erweitert wird und der künftige Aufsichtsrat der Novartis BidCo Germany nach Wirksamwerden der Verschmelzung mit derzeitigen Aufsichtsratsmitgliedern von MorphoSys besetzt wird. Unbeschadet der Zuständigkeit der Hauptversammlung der Novartis BidCo Germany ist daher beabsichtigt, dass nach Wirksamwerden der Verschmelzung die derzeitigen Aufsichtsratsmitglieder der Novartis BidCo Germany, Daniel Andreas Weiss, Dr. Christian Jakob Rehm und Dr. Bertrand Richard René Bugnon, aus dem Aufsichtsrat der Novartis BidCo Germany ausscheiden und die derzeitigen Aufsichtsratsmitglieder von MorphoSys, Heinrich Moisa, Romain Lege und Silke Mainka, sowie Christian Diehl zu Mitgliedern des Aufsichtsrats von Novartis BidCo Germany bestellt werden.

#### § 5

### **Folgen der Verschmelzung für die Arbeitnehmer und ihre Vertretungen**

1. Novartis BidCo Germany beschäftigt keine Arbeitnehmer und es bestehen dementsprechend auch keine Arbeitnehmervertretungsgremien. Insoweit hat die Verschmelzung daher keinerlei Auswirkungen. Ein

of Novartis BidCo Germany will be extended from three to four members by way of an amendment to the articles of association and that the future supervisory board of Novartis BidCo Germany will be composed of current supervisory board members of MorphoSys after the merger has become effective. Without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is therefore intended that, after the merger takes effect, the current supervisory board members of Novartis BidCo Germany, Daniel Andreas Weiss, Dr. Christian Jakob Rehm und Dr. Bertrand Richard René Bugnon, will resign from the supervisory board of Novartis BidCo Germany and the current supervisory board members of MorphoSys, Heinrich Moisa, Romain Lege and Silke Mainka, as well as Christian Diehl will be appointed as members of the supervisory board of Novartis BidCo Germany.

#### § 5

### **Consequences of the merger for the employees and their representative bodies**

1. Novartis BidCo Germany has no employees and accordingly there are no employee representative bodies. Therefore, the merger will not have any consequences in this respect. A group works council

Konzernbetriebsrat ist bei Novartis BidCo Germany nicht errichtet. Bei Novartis BidCo Germany bestehen keine mit Arbeitnehmervertretungsgremien abgeschlossenen Vereinbarungen. Novartis BidCo Germany ist nicht Mitglied in einem Arbeitgeberverband und bringt auch nicht anderweitig Tarifverträge zur Anwendung, sodass die Verschmelzung auch insoweit keine Auswirkungen hat.

2. Für die Arbeitnehmer von MorphoSys und deren Vertretungen hat die Verschmelzung die in § 5.3 bis § 5.14 beschriebenen Folgen. Es sind keine Maßnahmen i.S.d. § 5 Abs. 1 Nr. 9 UmwG für die Arbeitnehmer von MorphoSys und ihre Vertretungen vorgesehen.
3. MorphoSys hat zum Verschmelzungstichtag 361 Arbeitnehmer im Inland. Die Verschmelzung und der damit verbundene vollständige Übergang der Leitungsmacht über sämtliche Betriebe von MorphoSys auf Novartis BidCo Germany begründen einen Betriebsübergang, sodass sämtliche Arbeitsverhältnisse, die zum Zeitpunkt des Wirksamwerdens der Verschmelzung (durch Eintragung der Verschmelzung in das Handelsregister von Novartis BidCo Germany) mit MorphoSys bestehen, nach Maßgabe des § 35a Abs. 2 UmwG i.V.m. § 613a des Bürgerlichen Gesetzbuchs (**BGB**) auf Novartis BidCo Germany kraft Gesetzes

(*Konzernbetriebsrat*) has not been established at Novartis BidCo Germany. No agreements with employee representative bodies are in place at Novartis BidCo Germany. Novartis BidCo Germany is not a member of an employers' association, nor does it in any other way implement or apply collective bargaining agreements, so that the merger will not have any consequences in this respect, either.

2. For the employees of MorphoSys and their representative bodies, the merger will have the consequences described in § 5.3 to § 5.14. No measures within the meaning of section 5(1) no. 9 UmwG are intended with regard to the employees of MorphoSys and their representative bodies.
3. MorphoSys has 361 employees in Germany as of the Merger Effective Date. The merger and the associated complete transfer of the leadership and management over all establishments (*Betriebe*) of MorphoSys to Novartis BidCo Germany constitute a transfer of undertaking (*Betriebsübergang*). As a consequence, all employment relationships existing with MorphoSys at the time when the merger takes effect (by registration of the merger with the commercial register of Novartis BidCo Germany) will be transferred to Novartis BidCo Germany by

übergehen. Novartis BidCo Germany tritt mit Wirksamwerden der Verschmelzung als neue Arbeitgeberin in sämtliche Rechte und Pflichten aus den in diesem Zeitpunkt mit MorphoSys bestehenden Arbeitsverhältnissen unter Anerkennung der bei MorphoSys erworbenen Betriebszugehörigkeit ein und führt die Arbeitsverhältnisse fort. Eine Kündigung der bei Wirksamwerden der Verschmelzung übergehenden Arbeitsverhältnisse wegen des Betriebsübergangs ist gemäß § 35a Abs. 2 UmwG i.V.m. § 613a Abs. 4 Satz 1 BGB unwirksam. Das Recht zu einer Kündigung aus anderen Gründen bleibt gemäß § 35a Abs. 2 UmwG i.V.m. § 613a Abs. 4 Satz 2 BGB unberührt.

4. Die individualvertraglichen Arbeitsbedingungen der übergehenden Arbeitnehmer bleiben unverändert, einschließlich etwaiger betrieblicher Übungen, Gesamtzusagen und Einheitsregelungen. Dies gilt auch für den Arbeitsort sowie bestehende Direktionsrechte des Arbeitgebers, die nach dem Übergang allein durch Novartis BidCo Germany, vertreten durch ihren Vorstand, ausgeübt werden. Alle

operation of law in accordance with section 35a(2) UmwG in conjunction with section 613a of the German Civil Code (*Bürgerliches Gesetzbuch* – **BGB**). When the merger takes effect, Novartis BidCo Germany will, as the new employer, take over all rights and obligations arising from the employment relationships with MorphoSys existing at this time, recognising the length of service of the relevant employees at MorphoSys, and will continue these employment relationships. Pursuant to section 35a(2) UmwG in conjunction with section 613a(4) sentence 1 BGB, a termination of the employment relationships transferred upon effectiveness of the merger by the employer due to the transfer of undertaking is invalid. Pursuant to section 35a(2) UmwG in conjunction with section 613a(4) sentence 2 BGB, the right to terminate an employment relationship for other reasons will remain unaffected.

4. The individual contractually agreed employment conditions of the transferred employees will remain unchanged, including any company practices (*betriebliche Übungen*), general commitments by the employer (*Gesamtzusagen*) and general terms (*Einheitsregelungen*), if applicable. This also applies to the place of work and any rights of the employer to issue

Rechte und Pflichten, die auf erdienter Betriebszugehörigkeit beruhen, bestehen bei Novartis BidCo Germany fort. Dies gilt insbesondere für die Berechnung von Kündigungsfristen und etwaige Anwartschaften auf Jubiläumszahlungen der übergehenden Arbeitnehmer.

5. Mit dem Wirksamwerden der Verschmelzung gehen auch alle Rechte und Pflichten aus etwaigen bei MorphoSys bestehenden Pensionszusagen (einschließlich Verpflichtungen aus laufenden Leistungen gegenüber Pensionären und unverfallbare Anwartschaften gegenüber früheren Arbeitnehmern von MorphoSys) auf Novartis BidCo Germany über. Soweit für Grund und Höhe von Leistungen aus etwaigen Versorgungszusagen die Dauer der Betriebszugehörigkeit maßgeblich ist, werden die bei MorphoSys erreichten oder von ihr insoweit anerkannten Dienstzeiten bei Novartis BidCo Germany angerechnet. Bei etwaigen Anpassungen von zugesagten laufenden Leistungen aus Versorgungszusagen nach § 16 Abs. 1 des Gesetzes zur Verbesserung der betrieblichen Altersversorgung (Betriebsrentengesetz) ist zukünftig die wirtschaftliche Lage von Novartis BidCo Germany zu berücksichtigen.

instructions which, after the transfer, will be exercised solely by Novartis BidCo Germany, represented by its management board. All rights and obligations arising from the length of service will continue at Novartis BidCo Germany. This applies in particular to the calculation of the notice periods for termination and entitlements (if any) of the transferred employees to jubilee payments.

5. In addition, all rights and obligations arising from pension commitments that may exist at MorphoSys (including ongoing commitments towards pensioners and vested pension entitlements of former employees of MorphoSys) will be transferred to Novartis BidCo Germany when the merger takes effect. To the extent that the length of service is relevant for the right to receive, or the amount of, benefits under any pension commitments, periods of employment reached at MorphoSys or recognised by MorphoSys will be taken into account by Novartis BidCo Germany. In the future, adjustments (if any) to committed current benefits under pension commitments pursuant to section 16(1) of the German Occupational Retirement Pensions Improvement Act (*Betriebsrentengesetz*) will refer to the economic situation of Novartis BidCo Germany.

6. Da MorphoSys mit Wirksamkeit der Verschmelzung gemäß § 20 Abs. 1 Nr. 2 UmwG erlischt, entfällt gemäß § 613a Abs. 3 BGB eine zusätzliche gesamtschuldnerische Haftung von MorphoSys im Sinne von § 613a Abs. 2 BGB.
7. Die von dem Betriebsübergang betroffenen Arbeitnehmer von MorphoSys werden nach Maßgabe des § 613a Abs. 5 BGB über den Betriebsübergang vor dessen Wirksamkeit unterrichtet. Ein Widerspruchsrecht der Arbeitnehmer von MorphoSys gegen den Übergang ihrer Arbeitsverhältnisse nach § 613a Abs. 6 BGB auf Novartis BidCo Germany besteht nach der Rechtsprechung des Bundesarbeitsgerichts nicht, da nach Wirksamwerden der Verschmelzung die MorphoSys als bisheriger Arbeitgeber nicht mehr existiert und das Arbeitsverhältnis mit der MorphoSys deshalb nicht mehr fortgesetzt werden kann. Das Recht der Arbeitnehmer zur ordentlichen Kündigung bleibt unberührt. Darüber hinaus haben die Arbeitnehmer von MorphoSys wegen des Arbeitgeberwechsels ein Sonderkündigungsrecht nach § 626 Abs. 1 BGB, das sie innerhalb von zwei Wochen nach Kenntnis von dem Wirksamwerden der Verschmelzung ausüben können.
6. As MorphoSys will cease to exist upon effectiveness of the merger pursuant to section 20(1) no. 2 UmwG, an additional joint and several liability of MorphoSys within the meaning of section 613a(2) BGB is not applicable in accordance with section 613a(3) BGB.
7. The employees of MorphoSys affected by the transfer of undertaking will be informed of the transfer of undertaking prior to effectiveness of the transfer in accordance with section 613a(5) BGB. According to the case law of the Federal Labour Court (*Bundesarbeitsgericht*), the employees of MorphoSys do not have the right to object to the transfer of their employment relationships to Novartis BidCo Germany pursuant to section 613a(6) BGB because MorphoSys, as their previous employer, will cease to exist after the merger has taken effect and the employment relationship with MorphoSys can therefore no longer be continued. The right of the employees to ordinarily terminate the employment relationship with notice remains unaffected. In addition, the employees of MorphoSys have a special right to termination without notice for cause due to the change of employer pursuant to section 626(1) BGB, which they may exercise within

8. Die Verschmelzung als solche führt nicht zu einer Veränderung der bisherigen betrieblichen Struktur von MorphoSys. Die bestehenden Betriebe werden nach Wirksamwerden der Verschmelzung von Novartis BidCo Germany unverändert fortgeführt. Eine Betriebsänderung nach § 111 des Betriebsverfassungsgesetzes (**BetrVG**) wird durch die Verschmelzung und den damit verbundenen Betriebsübergang nicht bewirkt.
9. Bei MorphoSys besteht zum Zeitpunkt des Wirksamwerdens der Verschmelzung kein Betriebsrat. Auch bestehen bei MorphoSys keine weiteren Arbeitnehmervertretungen.
10. MorphoSys ist an keine Betriebsvereinbarungen und an keine Tarifverträge gebunden. Folglich gehen keine derartigen Vereinbarungen auf Novartis BidCo Germany über, bei der ebenfalls keine Betriebsvereinbarungen oder Tarifverträge bestehen.
11. Die Vorschrift des § 112a Abs. 1 Satz 1 BetrVG (sog. Sozialplanprivileg) findet keine Anwendung bei Novartis BidCo Germany, da diese im Rahmen einer konzerninternen

two weeks after becoming aware of the effectiveness of the merger.

8. The merger as such does not lead to a change to the current operational structure of MorphoSys. After the merger has taken effect, the existing establishments (*Betriebe*) will be continued unchanged by Novartis BidCo Germany. The merger and the related transfer of undertaking will not result in any substantial change in operations (*Betriebsänderung*) within the meaning of section 111 of the German Works Constitution Act (*Betriebsverfassungsgesetz* – **BetrVG**).
9. No works council (*Betriebsrat*) is existing at MorphoSys at the time of the merger becoming effective. Also, there are no other employee representative bodies at MorphoSys.
10. MorphoSys is not bound by any works agreements (*Betriebsvereinbarungen*) or collective bargaining agreements. Consequently, no such agreements will be transferred to Novartis BidCo Germany which is also not bound by any works agreements or collective bargaining agreements.
11. Section 112a(1) sentence 1 BetrVG (so-called social plan privilege) does not apply to Novartis BidCo Germany, as it was acquired as part of an internal group

Umstrukturierung erworben wurde (vgl. § 112a Abs. 2 Satz 2 BetrVG).

12. MorphoSys hat die folgenden langfristigen Vergütungsbestandteile an Einzelpersonen gewährt:

(i) Aktienoptionsprogramme für die Mitglieder des Vorstands von MorphoSys, die Mitglieder der Leitungsorgane der MorphoSys-Konzernunternehmen sowie ausgewählte Führungskräfte und Mitarbeiter von MorphoSys und der MorphoSys-Konzernunternehmen, in deren Rahmen den Begünstigten Bezugsrechte (*Aktienoptionen*) für MorphoSys-Aktien gewährt wurden, die nach Ablauf einer vierjährigen Wartezeit und vorbehaltlich der Erreichung bestimmter Erfolgsziele grundsätzlich zum Bezug einer MorphoSys-Aktie je Aktienoption gegen Zahlung eines bestimmten Ausübungspreises berechtigen (*Aktienoptionsprogramme* und die Begünstigten der Aktienoptionsprogramme, *Aktienoptionsbegünstigte*).

(ii) Performance-Share-Unit-Programme für die Mitglieder des Vorstands von MorphoSys und bestimmte ausgewählte Führungskräfte und Mitarbeiter von MorphoSys und seiner verbundenen Unternehmen, in deren Rahmen den Begünstigten Performance-Share Units gewährt wurden, die, nach Ablauf einer vierjährigen Wartezeit und vorbehaltlich der Erreichung bestimmter Erfolgsziele, zu einem Zahlungsanspruch gegen

reorganisation (cf. section 112a(2) sentence 2 BetrVG).

12. MorphoSys has granted the following long term remuneration components to individuals:

(i) Stock option programs for the members of the management board of MorphoSys, members of management bodies of affiliated companies of MorphoSys as well as selected key employees and employees of MorphoSys and affiliated companies of MorphoSys, under which subscription rights (*Stock Options*) to MorphoSys Shares have been issued, which, subject to the expiry of a four-year waiting period and the achievement of certain performance targets, generally entitle to the subscription of one MorphoSys Share per stock option against payment of a certain exercise price (*Stock Option Programs*, and the beneficiaries of the Stock Option Programs, *Stock Option Beneficiaries*).

(ii) Performance share unit programs for the members of the management board of MorphoSys as well as selected senior managers and employees of MorphoSys and its affiliates, under which performance share units were granted to the beneficiaries, which, subject to the expiry of a four-year waiting period and the achievement of certain performance targets, entitle such beneficiaries to a payment



MorphoSys, abhängig vom Kurs der MorphoSys-Aktie, berechtigen (*Performance Share Unit Programme*).

(iii) Restricted-Stock-Unit-Programme für Führungskräfte und Mitarbeiter (einschließlich Directors and Officers) von MorphoSys-Konzernunternehmen in den Vereinigten Staaten, in deren Rahmen den Begünstigten Restricted Stock Units gewährt wurden, die, nach Ablauf einer bestimmten Wartezeit und vorbehaltlich der Erreichung bestimmter Erfolgsziele, zu einem Zahlungsanspruch gegenüber MorphoSys, abhängig vom Kurs der MorphoSys-Aktie, berechtigen (*Restricted Stock Unit Programme*).

Die Performance Share Unit Programme und die Restricted Stock Unit Programme werden zusammenfassend als *Incentivierungsprogramme* bezeichnet. Die Performance Share Unit Programme 2024 und die Restricted Stock Unit Programme 2024 werden zusammenfassend als *Incentivierungsprogramme 2024* bezeichnet.

Es ist geplant, alle Aktienoptionsprogramme sowie alle Incentivierungsprogramme (mit Ausnahme der Incentivierungsprogramme 2024) gegebenenfalls gegen Leistung eines Barausgleichs an die jeweiligen Begünstigten noch vor Wirksamwerden der Verschmelzung aufzuheben. Die Incentivierungsprogramme 2024 sollen

claim against MorphoSys depending on the share price of the MorphoSys Share (*Performance Share Unit Programs*).

(iii) Restricted stock unit program for senior managers and employees (including directors and officers) of affiliates of MorphoSys in the United States, under which restricted stock units were granted to the beneficiaries, which, subject to the expiry of a certain waiting period and the achievement of certain performance targets, entitle such beneficiaries to a payment claim against MorphoSys depending on the share price of the MorphoSys Share (*Restricted Stock Unit Programs*).

The Performance Share Unit Programs and the Restricted Stock Unit Programs are collectively referred to as the *Incentive Plans*. The Performance Share Unit Programs 2024 and the Restricted Stock Unit Programs 2024 are collectively referred to as the **Incentive Programs 2024**.

It is planned to cancel all Stock Options Programs and all Incentive Plans (with the exception of the Incentive Plans 2024), if applicable, in return for a cash settlement to the respective beneficiaries before the merger takes effect. The Incentive Plans 2024 shall be converted into purely cash-based programs

(vorbehaltlich der Zustimmung des jeweiligen Begünstigten) in rein cash-basierte Programme ohne Erfolgsziele umgewandelt werden.

Mit Wirksamwerden der Verschmelzung gehen die den Aktienoptionen zugrunde liegenden Schuldverhältnisse sowie die Zahlungsverpflichtungen von MorphoSys aus den Incentivierungsprogrammen, soweit im Zeitpunkt des Wirksamwerdens der Verschmelzung noch vorhanden, im Wege der Gesamtrechtsnachfolge auf Novartis BidCo Germany über.

13. MorphoSys verfügt über einen Aufsichtsrat, der nach den Regelungen der Satzung aus sechs Mitgliedern besteht, aktuell jedoch lediglich aus vier Mitgliedern zusammengesetzt ist, von denen sämtliche Mitglieder Anteilseignervertreter sind und die allein durch die Hauptversammlung gewählt werden. Mit Wirksamwerden der Verschmelzung endet die Organstellung der Aufsichtsratsmitglieder von MorphoSys.

14. Novartis BidCo Germany verfügt über einen Aufsichtsrat mit derzeit drei Mitgliedern, die allein durch die Hauptversammlung gewählt werden. Da Novartis BidCo Germany keine Arbeitnehmer beschäftigt und ihr weder nach dem Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat (*DrittelbG*) noch nach dem Gesetz über die Mitbestimmung der Arbeitnehmer (*MitbestG*) Arbeitnehmer zuzurechnen sind, sind keine

without performance targets (subject to the approval of the respective beneficiary).

Upon effectiveness of the merger, the contractual obligations underlying the Stock Options and the payment obligations of MorphoSys under the Incentive Plans, to the extent that they still exist at the time the merger takes effect, will pass to Novartis BidCo Germany by way of universal succession.

13. MorphoSys has a supervisory board which, in accordance with the provisions of the articles of association, consists of six members, but is currently composed of four members only, all of which are shareholder representatives elected solely by the general meeting. When the merger takes effect, the board positions of the supervisory board members of MorphoSys will end.

14. Novartis BidCo Germany has a supervisory board which currently consists of three members who are elected solely by the general meeting. As Novartis BidCo Germany has no employees and no employees are attributable to Novartis BidCo Germany under the German Act on the One-Third Participation of Employees in the Supervisory Board (*Drittelbeteiligungsgesetz - DrittelbG*) or under the German

Arbeitnehmervertreter im Aufsichtsrat vorhanden. Auch nach Wirksamwerden der Verschmelzung setzt sich der Aufsichtsrat der Novartis BidCo Germany nicht nach den Vorschriften des DrittelbG oder des MitbestG zusammen, sodass die Arbeitnehmer der Novartis BidCo Germany auch weiterhin keine Arbeitnehmervertreter in den Aufsichtsrat entsenden.

15. Die Verschmelzung wirkt sich nicht unmittelbar auf Arbeitnehmer, die bei von MorphoSys abhängigen Unternehmen beschäftigt sind, aus. Die Arbeitsverhältnisse der Arbeitnehmer der abhängigen Unternehmen werden durch die Verschmelzung nicht berührt. Die Verschmelzung hat weder auf etwaige Arbeitnehmervertretungsgremien noch auf etwaige zwischen den von MorphoSys abhängigen Unternehmen und etwaigen Arbeitnehmervertretungsgremien abgeschlossenen Vereinbarungen Auswirkungen. Die Verschmelzung hat auch keine Auswirkungen auf die Geltung von etwaigen Tarifverträgen in abhängigen Unternehmen.

#### **§ 6**

#### **Stichtagsänderung**

Falls die Verschmelzung nicht bis zum Ablauf des 31. März 2025 durch Eintragung in das Handelsregister des Sitzes der Novartis BidCo Germany als Übernehmender

Act on the Co-Determination of Employees (*Mitbestimmungsgesetz - **MitbestG***) the supervisory board does not consist of any employee representatives. After the merger becomes effective, the supervisory board will still not have to be composed in accordance with the provisions of the DrittelbG or the MitbestG and thus continuously no employee representatives will be delegated by the employees.

15. The merger will not directly affect the employees of any entities controlled by MorphoSys. The employment relationships of employees of controlled entities will not be affected by the merger. The merger has no effect on any employee representative bodies or on any agreements concluded between the entities controlled by MorphoSys and any employee representative bodies. The merger will neither affect the applicability of any collective bargaining agreements within controlled entities.

#### **§ 6**

#### **Change in the Merger Effective Date**

If the merger has not become effective by the end of 31 March 2025 by registration with the commercial register at the place of the registered office of

Gesellschaft wirksam geworden ist, wird der Verschmelzung abweichend von § 1.2 dieses Vertrages die Bilanz von MorphoSys als Übertragender Gesellschaft zum Stichtag 31. Dezember 2024 als Schlussbilanz zugrunde gelegt und der Verschmelzungstichtag abweichend von § 1.3 dieses Vertrages auf den Beginn des 1. Januar 2025 verschoben. Bei einer weiteren Verzögerung des Wirksamwerdens der Verschmelzung über den 31. März des jeweiligen Folgejahres hinaus verschieben sich die Stichtage entsprechend der vorstehenden Regelung jeweils um ein Jahr.

#### § 7

#### **Aufschiebende Bedingung, Wirksamwerden, Rücktrittsvorbehalt**

1. Die Wirksamkeit dieses Verschmelzungsvertrages steht unter der aufschiebenden Bedingung, dass der Übertragungsbeschluss der Hauptversammlung von MorphoSys nach § 62 Abs. 5 Satz 1 UmwG i.V.m. § 327a Abs. 1 Satz 1 AktG in das Handelsregister des Sitzes von MorphoSys (mit dem Vermerk nach § 62 Abs. 5 Satz 7 UmwG, dass der Übertragungsbeschluss erst gleichzeitig mit der Eintragung der Verschmelzung im Register des Sitzes von Novartis BidCo Germany wirksam wird), eingetragen wird.

Novartis BidCo Germany as Acquiring Company, the merger shall be based, notwithstanding § 1.2 of this agreement, on the balance sheet of MorphoSys as Transferring Company as of 31 December 2024 as closing balance sheet, and the Merger Effective Date shall be postponed, notwithstanding § 1.3 of this agreement, to the beginning of 1 January 2025. If the effectiveness of the merger is further delayed beyond 31 March of the respective subsequent year, the effective dates shall be postponed in each case by one year in accordance with the above provisions.

#### § 7

#### **Condition precedent, effectiveness, right of withdrawal**

1. The effectiveness of this merger agreement is subject to the condition precedent that the Squeeze-out Resolution of the general meeting of MorphoSys pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG is registered with the commercial register at the place of the registered office of MorphoSys (with the note pursuant to section 62(5) sentence 7 UmwG that the Squeeze-Out Resolution will only become effective concurrently with the registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany).

2. Die Verschmelzung wird mit Eintragung in das Handelsregister des Sitzes der Novartis BidCo Germany wirksam. Einer Zustimmung der Hauptversammlung von MorphoSys zu diesem Vertrag bedarf es zum Wirksamwerden der Verschmelzung nach § 62 Abs. 4 Satz 1 und 2 UmwG nicht, da die Wirksamkeit dieses Vertrages nach § 7.1 unter der aufschiebenden Bedingung steht, dass ein Übertragungsbeschluss der Hauptversammlung von MorphoSys als Übertragender Gesellschaft nach § 62 Abs. 5 Satz 1 UmwG i.V.m. § 327a Abs. 1 Satz 1 AktG gefasst und der Beschluss mit einem Vermerk nach § 62 Abs. 5 Satz 7 UmwG in das Handelsregister des Sitzes von MorphoSys eingetragen worden ist.
  3. Einer Zustimmung der Hauptversammlung der Novartis BidCo Germany zu diesem Vertrag bedarf es gemäß § 62 Abs. 1 i.V.m. Abs. 2 Satz 1 UmwG nur dann, wenn Aktionäre der Novartis BidCo Germany, deren Anteile zusammen 5 % des Grundkapitals der Novartis BidCo Germany erreichen, die Einberufung einer Hauptversammlung verlangen, in der über die Zustimmung zu der Verschmelzung beschlossen wird. Die alleinige Aktionärin der Novartis BidCo Germany, Novartis BidCo, hat gegenüber
2. The merger will become effective upon its registration with the commercial register at the place of the registered office of Novartis BidCo Germany. Pursuant to section 62(4) sentences 1 and 2 UmwG, an approval of this agreement by the general meeting of MorphoSys is not required for the merger to become effective because, pursuant to § 7.1 of this agreement, the effectiveness of this agreement is subject to the condition precedent that the general meeting of MorphoSys as Transferring Company adopts a Squeeze-Out Resolution pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG and this resolution is registered with the commercial register at the place of the registered office of MorphoSys with a note pursuant to section 62(5) sentence 7 UmwG.
  3. Pursuant to section 62(1) in conjunction with section 62(2) sentence 1 UmwG, an approval of this agreement by the general meeting of Novartis BidCo Germany is required only if shareholders of Novartis BidCo Germany whose shares in aggregate reach 5 % of the share capital of Novartis BidCo Germany request to convene a general meeting that resolves on the approval of the merger. The sole shareholder of Novartis BidCo Germany, Novartis BidCo, has

Novartis BidCo Germany erklärt, von diesem Recht keinen Gebrauch zu machen.

4. Jede Partei kann von diesem Vertrag zurücktreten, wenn die Verschmelzung nicht bis zum Ablauf des 30. Juni 2025 und nicht vor Ausübung des Rücktrittsrechts durch Eintragung in das Handelsregister des Sitzes der Novartis BidCo Germany und Eintritt der aufschiebenden Bedingung nach § 7.1 dieses Vertrages wirksam geworden ist. Die Erklärung des Rücktritts erfolgt durch eingeschriebenen Brief. Jede Partei kann durch eine ausdrückliche und schriftlich abgegebene Erklärung auf ihr Rücktrittsrecht verzichten.

## § 8

### Schlussbestimmungen

1. Die Anlage zu diesem Verschmelzungsvertrag ist Vertragsbestandteil.
2. Zum Vermögen der MorphoSys gehört kein Grundeigentum.
3. Sämtliche zum Zeitpunkt der Verschmelzung bestehenden Zulassungen und Genehmigungen, insbesondere solche von Arzneimitteln der Europäischen Kommission, des Bundesinstituts für Arzneimittel und Medizinprodukte sowie sonstiger relevanter Behörden für Produkte der MorphoSys, gehen, soweit vorhanden, im Rahmen der Verschmelzung im Wege der

declared to Novartis BidCo Germany that it will not make use of this right.

4. Each Party may withdraw from this Agreement if the merger has not become effective by the end of 30 June 2025 and has not become effective before the exercise of the right of withdrawal by registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany and occurrence of the condition precedent pursuant to § 7.1 of this Agreement. The withdrawal must be declared by registered letter. Each Party may waive its right of withdrawal by expressly declaring its waiver in writing.

## § 8

### Final provisions

1. The Annex to this merger agreement constitutes an integral part of this agreement.
2. The assets of MorphoSys do not include real property.
3. All authorisations and permits, in particular such of medical products by the European Commission, the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*) or other relevant governmental authorities for products of MorphoSys existing at the time of the merger, if any, shall be

Gesamtrechtsnachfolge auf Novartis BidCo Germany über. Die Parteien werden rechtzeitig alle zur Dokumentation des Übergangs der Zulassungen und Genehmigungen auf Novartis BidCo Germany gegebenenfalls erforderlichen oder zweckdienlichen ergänzenden Notifizierungen vornehmen und Erklärungen abgeben.

4. Unbeschadet der Zuständigkeit der Hauptversammlung der Novartis BidCo Germany ist beabsichtigt, dass die Firma der Novartis BidCo Germany unmittelbar nach Wirksamwerden der Verschmelzung in „MorphoSys AG“ geändert wird und die Geschäftsanschrift der Novartis BidCo Germany von Nürnberg nach Planegg verlegt wird.
5. Die derzeit bei MorphoSys bestehenden Prokuren und Handlungsvollmachten gehen im Rahmen der Verschmelzung auf Novartis BidCo Germany über und werden nach Wirksamwerden der Verschmelzung vorsorglich erneut erteilt sowie im Hinblick auf die Prokuren zur Eintragung zum Handelsregister der Novartis BidCo Germany angemeldet.
6. Die Parteien werden alle Erklärungen abgeben, alle Urkunden ausstellen und alle sonstigen Handlungen vornehmen, die im Zusammenhang mit der Übertragung des Vermögens von MorphoSys zum Zeitpunkt des

transferred to Novartis BidCo Germany by way of universal succession upon the merger. The parties shall duly make any supplementary notifications and declarations that may be required or appropriate to document the transfer of authorisations and permits to Novartis BidCo Germany.

4. Without prejudice to the competence of the general meeting of Novartis BidCo Germany, it is intended that the name of Novartis BidCo Germany will be changed to "MorphoSys AG" immediately after the merger takes effect and that the business address of Novartis BidCo Germany will be moved from Nuremberg to Planegg.
5. The procurations (*Prokuren*) and powers of attorney (*Handlungsvollmachten*) currently existing at MorphoSys shall be transferred to Novartis BidCo Germany as part of the merger. After the merger has become effective, these procurations and powers of attorney will be granted again as a precautionary measure and, with regard to the procurations, filed for registration with the commercial register of Novartis BidCo Germany.
6. The Parties will make all declarations, issue all documents and perform all other acts that may still be required or appropriate in connection with the transfer of the assets of MorphoSys at the time when the

Wirksamwerdens der Verschmelzung auf Novartis BidCo Germany oder der Berichtigung von öffentlichen Registern oder sonstigen Verzeichnissen etwa noch erforderlich oder zweckdienlich sind. MorphoSys gewährt Novartis BidCo Germany Vollmacht im rechtlich weitestgehenden Umfang zur Abgabe aller Erklärungen, die zur Erfüllung dieser Verpflichtungen erforderlich oder hilfreich sind. Diese Vollmacht gilt über das Wirksamwerden der Verschmelzung hinaus.

7. Die durch die Beurkundung und den Vollzug dieses Vertrages entstehenden Kosten und Steuern werden von Novartis BidCo Germany getragen. Gleiches gilt für die Kosten und Steuern des gerichtlich bestellten Prüfers sowie des Bewertungsgutachters ValueTrust Financial Advisors Deutschland GmbH. Im Übrigen trägt jede Partei vorbehaltlich einer anderweitigen Vereinbarung ihre Kosten selbst. Diese Regelungen gelten auch, falls die Verschmelzung wegen des Rücktritts einer Partei nach § 7.4 dieses Vertrages oder aus einem anderen Grund nicht wirksam wird.
8. Falls einzelne Bestimmungen dieses Vertrages unwirksam sein oder werden sollten oder nicht durchgeführt werden können, wird dadurch die Wirksamkeit des Vertrages im Übrigen nicht berührt. Die Parteien verpflichten sich, anstelle der unwirksamen oder undurchführbaren Bestimmung eine Regelung zu treffen, die wirksam und

merger into Novartis BidCo Germany becomes effective or in connection with the amendment of public registers or other directories. MorphoSys grants Novartis BidCo Germany power of attorney to the fullest extent permitted by law to make any declarations that are necessary or useful to fulfill these obligations. This power of attorney shall continue to be valid beyond the effectiveness of the merger.

7. The costs and taxes incurred in connection with the notarisation and closing of this agreement shall be borne by Novartis BidCo Germany. The same applies to the costs and taxes of the court appointed auditor and the valuation expert ValueTrust Financial Advisors Deutschland GmbH. Apart from that, and subject to any agreement to the contrary, each Party shall bear its own costs. These provisions shall also apply if the merger does not become effective due to a withdrawal of any Party pursuant to § 7.4 of this agreement or for any other reason.
8. Should any provisions of this agreement be or become invalid or unenforceable, this shall not affect the validity of the remaining provisions of this agreement. The Parties undertake to replace any such invalid or unenforceable provision with a provision that is valid and enforceable and, to the extent



durchführbar ist und dem in rechtlich zulässiger Weise am nächsten kommt, was die Parteien mit der unwirksamen oder undurchführbaren Bestimmung wirtschaftlich beabsichtigt haben oder beabsichtigt hätten, wenn sie die Unwirksamkeit oder Undurchführbarkeit bedacht hätten. Entsprechendes gilt, wenn Vertragslücken zu schließen sind.

9. Dieser Vertrag unterliegt deutschem Recht und soll nach deutschem Rechtsverständnis ausgelegt werden. Er wird in deutscher und englischer Sprache ausgefertigt. Im Falle von Abweichungen zwischen der deutschen Fassung und der englischen Fassung hat die deutsche Fassung Vorrang.

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**Anlage:** Depotbestätigung der UBS Switzerland AG über die von der Novartis BidCo Germany an MorphoSys gehaltenen Aktien

permitted by law, comes closest to the economic result that the Parties intended or would have intended with the invalid or unenforceable provision had they been aware of the invalidity or unenforceability. The same applies if this agreement contains any gaps to be filled.

9. This agreement shall be governed and construed in accordance with the laws of Germany. It shall be executed in both German and English language. In the event of any inconsistency between the German version and the English version the German version shall prevail.

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**Annex:** Custody account confirmation issued by UBS Switzerland AG regarding the shares held by Novartis BidCo Germany in MorphoSys



**UBS Switzerland AG**

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Novartis BidCo Germany AG  
Roonstrasse 25  
90429 Nürnberg  
Germany

Zurich, 12 July 2024

**Confirmation UBS bank account**

Dear client,

Hereby we confirm the custody account details of Novartis BidCo Germany AG:

<b>Account holder</b>	Novartis BidCo Germany AG
<b>Deposit account number</b>	0230-00874299.S1
<b>Bank</b>	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
<b>BIC/SWIFT</b>	UBSWCHZH80A
<b>Clearing</b>	0230
<b>Shares as per 12 July 2024</b>	34'337'809 Morphosys AG (Valor 944497)

If you have any further questions, please do not hesitate contacting us.

Yours sincerely,

UBS Switzerland AG

  
//Pascal Koller  
Associate Director

  
Nadine Egger  
Director