Non-binding convenience translation

Transfer Report

of 12 July 2024

Report of

Novartis BidCo Germany AG

as main shareholder of

MorphoSys AG

on the

requirements for the transfer of the shares of the minority shareholders of MorphoSys AG to Novartis BidCo Germany AG

and to explain and justify the

adequacy of the determined cash compensation pursuant to section 62(5) sentence 8 of the German Transformation Act (*Umwandlungsgesetz - UmwG*) in conjunction with section 327c(2) sentence 1 of the German Stock Corporation Act (*Aktiengesetz - AktG*)

Table of Contents

List of Annexes

Annex 1 Custody account confirmation of UBS Switzerland AG dated 12 July 2024 regarding the number of shares in MorphoSys AG held by Novartis BidCo Germany AG

Annex 2 Squeeze-out request of Novartis BidCo Germany AG dated 20 June 2024 to the management board of MorphoSys AG

Annex 3 Ad hoc announcement of MorphoSys AG dated 20 June 2024

Annex 4 Specific squeeze-out request of Novartis BidCo Germany AG dated 12 July 2024 to the management board of MorphoSys AG

Annex 5 Ad hoc announcement of MorphoSys AG dated 12 July 2024

Annex 6 Draft merger agreement dated 12 July 2024 between Novartis BidCo Germany AG and MorphoSys AG

Annex 7 Valuation report of ValueTrust Financial Advisors Deutschland GmbH, Theresienstraße 1, 80333 Munich, Germany, dated 12 July 2024 on the company value of MorphoSys AG and on the determination of the adequate cash compensation in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(1) AktG as of the valuation date 27 August 2024

Annex 8 Draft squeeze-out resolution to be adopted by the general meeting of MorphoSys AG

Annex 9 Guarantee declaration of Deutsche Bank AG dated 11 July 2024

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 transfer report, MorphoSys holds 53,685 MorphoSys Shares in treasury (*eigene Aktien*).

As of the signing date of this transfer 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.

In order to inform the general meeting of MorphoSys about the planned squeeze-out of the remaining shareholders of MorphoSys ("**Minority Shareholders**") against cash compensation in connection with the planned merger of MorphoSys to Novartis BidCo Germany ("**Merger Squeeze-out**"), Novartis BidCo Germany as main shareholder hereby submits a written report in accordance with section 62(5) sentence 8 of the German Transformation Act (*Umwandlungsgesetz* - "**UmwG**") in conjunction with section 327c(2) sentence 1 of the German Stock Corporation Act (*Aktiengesetz* - "**AktG**") setting out the requirements for the transfer of the shares of the Minority

Shareholders and explaining and justifying the adequacy of the cash compensation ("**Transfer Report**").

1.1 Squeeze-out request

Pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. 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 Transfer 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. A corresponding custody account confirmation of UBS Switzerland AG dated 12 July 2024 is attached to this Transfer Report as **Annex 1** as a copy. 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 minority shareholders of MorphoSys against payment of an adequate cash compensation 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. A copy of this letter dated 20 June 2024 is attached to this Transfer Report as **Annex 2**. MorphoSys publicly announced this by means of an ad hoc announcement dated 20 June 2024 via the electronic information dissemination system EQS. A copy of this ad hoc announcement dated 20 June 2024 is attached to this Transfer Report as **Annex 3**.

By letter dated 12 July 2024, Novartis BidCo Germany specified its squeeze-out request to the management board of MorphoSys in more detail. A copy of this letter dated 12 July 2024 is attached to this Transfer Report as **Annex 4**. MorphoSys publicly announced this by means of an ad hoc announcement dated 12 July 2024 via the electronic information dissemination system EQS. A copy of this ad hoc announcement dated 12 July 2024 is attached to this Transfer Report as **Annex 5**.

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 Transfer Report as **Annex 6**. 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 merger and the Draft Merger Agreement are explained and justified in legal and economic terms in the merger report (section 8 UmwG) dated 12 July 2024, which has been prepared jointly by the management boards of Novartis BidCo Germany and MorphoSys as a precautionary measure.

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 ("**ValueTrust**") ("**Valuation Report**"), which is attached to this Transfer Report as **Annex 7**. Additional information and explanations on the company value of MorphoSys and on the determination of the adequate cash compensation pursuant to section 327b(1) AktG as of the valuation date 27 August 2024 as the date of the ordinary general meeting of MorphoSys which is intended to resolve on the transfer of the shares of the Minority Shareholders can also be found in section 8 of this Transfer Report. 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.

The adequacy of the cash compensation was audited by a court-appointed expert auditor within the meaning of section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 2 AktG. Upon application by Novartis BidCo Germany 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 of the adequacy of the cash compensation and, upon joint application of Novartis BidCo Germany and MorphoSys, as a precautionary measure, also as joint merger auditor. ADKL will prepare a separate audit report on the adequacy of the cash compensation in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentences 2 to 4 and section 293e AktG, which will be displayed, together with the merger audit report prepared by ADKL, 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.

1.4 Squeeze-out Resolution

It is intended that the ordinary general meeting of MorphoSys will adopt on 27 August 2024 a resolution 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 against payment of an adequate cash compensation ("**Squeeze-Out Resolution**"). The draft Squeeze-Out Resolution is attached to this Transfer Report as **Annex 8**.

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 Transfer 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 Transfer 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 Transfer 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 Transfer 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 (as defined under section 2.1.3(g)(g) of this Transfer Report) (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 Transfer 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 11 July 2024, an aggregate principal amount of EUR 262,100,000.00 of the Convertible Bonds is 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 Takeover Offer (as defined under section 3.1 of this Transfer Report), thereby allowing, but not requiring, the Bondholders to tender the underlying MorphoSys Shares during the Additional Acceptance Period (as defined under section 3.1 of this Transfer Report) (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 (as defined under section 3.1 of this Transfer Report)). 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 (see details under section 3.3 of this Transfer Report) 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 of 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 Option 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 Vermeylen, 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:

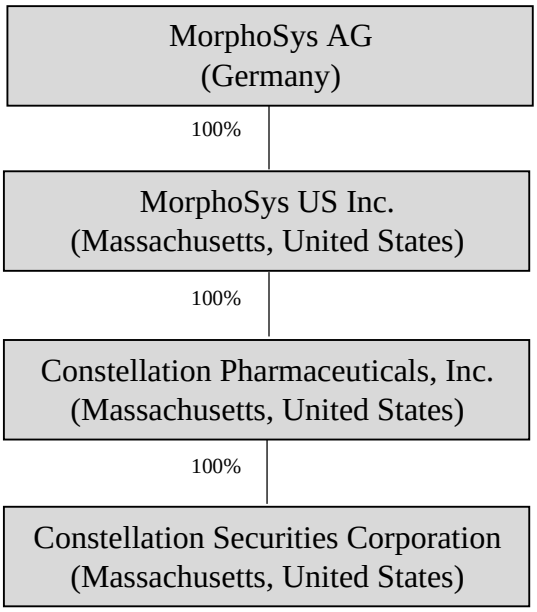
- MorphoSys US Inc., a Delaware corporation, with registered office in Boston, Massachusetts, United States of America, is 100% owned by MorphoSys;

- 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**)	**2021**	**2022**	**2023**
Results			
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)
Balance Sheet			

Key financial data

(**EUR in millions unless indicated otherwise**)	**2021**	**2022**	**2023**
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
Stockholders' Equity	244.9	157.4	49.0
Equity ratio (in %)	10%	7%	2%
MorphoSys Share			
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
Personnel Data			
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 under section 3.1 of this Transfer 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.

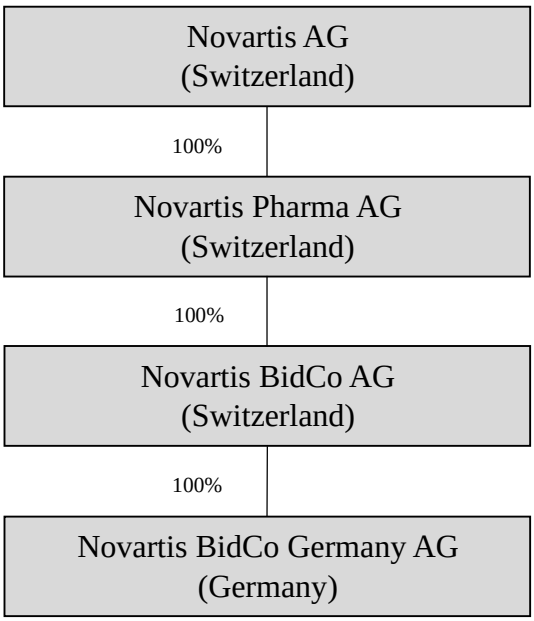
According to section 2(1) of the articles of association of Novartis BidCo Germany, the object of the company is the direct or indirect activity in the field of identification, research, optimization, development, application, commercialization and marketing and distribution of technologies, processes 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 Transfer 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 Transfer 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 Transfer 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 Transfer 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**)	**31 December 2023**	**30 June 2024**
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 depositary, 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.

Key financial data (**USD in millions unless indicated otherwise**)	**2021**	**2022**	**2023**
Statement of Operations Data			
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)
Gross profit from continuing operations	32,239	31,879	34,188
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)
Operating income from continuing operations	10,056	7,946	9,769
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
Income before taxes from continuing operations	24,530	7,177	9,123
Income taxes	(1,625)	(1,128)	(551)
Net income from continuing operations	22,905	6,049	8,572
Net income from discontinued operations	1,113	906	6,282
Net income	24,018	6,955	14,854
Net cash flows from operating activities from continuing operations	13,365	13,039	14,220
Free cash flow from continuing operations	12,299	12,123	13,160
Per Share Data (USD)			
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
Balance Sheet Data			
Total assets	131,795	117,453	99,945

Key financial data (**USD in millions unless indicated otherwise**)	**2021**	**2022**	**2023**
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. Acquisition of the majority interest in MorphoSys by Novartis BidCo Germany

3.1 Voluntary public takeover offer by Novartis BidCo to the shareholders of MorphoSys

On 5 February 2024, Novartis BidCo, the sole shareholder of Novartis BidCo Germany, published the decision to launch a 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 (the **"Takeover Offer**"). The offer document was published on 11 April 2024. The acceptance period of the offer 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**"). The additional acceptance period pursuant to section 16(2) sentence 1 WpÜG 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 "**Additional Acceptance Period**"). The Takeover Offer was settled on 23 May 2024 and on 10 June 2024.

After settlement on 10 June 2024, Novartis BidCo directly held 33,696,478 MorphoSys Shares. This corresponds to approximately 89.34% of the share capital of MorphoSys.

3.2 Acquisitions by Novartis BidCo outside the stock exchange after completion of the Takeover Offer

Novartis BidCo acquired a total of 641,331 additional MorphoSys Shares by two acquisitions outside the stock exchange, which were settled on 14 June 2024 and 19 June 2024 (morning). This corresponds to approximately 1.7% of the share capital of MorphoSys.

3.3 Contribution of MorphoSys Shares to Novartis BidCo Germany

On 19 June 2024 (afternoon), Novartis BidCo contributed all MorphoSys Shares held at that time, i. e., 34,337,809 MorphoSys Shares, to Novartis BidCo Germany. On 21 June 2024, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") permitted voting rights from the contributed MorphoSys Shares to be disregarded in the calculation of the proportion of voting rights pursuant to section 36 no. 3 WpÜG. Hence, Novartis BidCo Germany was not obligated to launch a mandatory public takeover offer addressed to the MorphoSys Securityholders following the contribution.

3.4 Current shareholding

As of the signing date of this Transfer 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. A corresponding custody account confirmation of UBS Switzerland AG dated 12 July 2024 is attached to this Transfer Report as **Annex 1** as a copy.

4. Principal reasons for the Merger Squeeze-out

The following is a description of the principal reasons for which Novartis BidCo Germany as main shareholder of MorphoSys wishes to make use of the statutory option

of a Merger Squeeze-out pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG.

4.1 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 (see details under section 2.1.3(b) of this Transfer 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.

4.2 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.

4.3 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. For details on the Delisting of MorphoSys as a consequence of the Merger Squeeze-out, please refer to section 7.1.4 of this Transfer Report.

5. 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 until 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.

6. Requirements for the squeeze-out of the Minority Shareholders

The following section discusses the requirements for the transfer of the shares of the Minority Shareholders to the main shareholder by way of a merger squeeze-out pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG, first in general in section 6.1 and then specifically for the intended transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany in section 6.2.

6.1 Overview

If, in the case of a merger of two stock corporations by absorption, shares of the transferring stock corporation amounting to at least nine tenths of the share capital are directly owned by the acquiring stock corporation, the general meeting of the transferring stock corporation may, within three months after the conclusion of the merger agreement, adopt a resolution pursuant to section 327a(1) sentence 1 AktG on the transfer of the shares of the remaining shareholders to the main shareholder against payment of an adequate cash compensation. As a general rule, no separate merger resolution within the meaning of section 13 UmwG by the general meeting of the transferring stock corporation (section 62(4) sentence 2 UmwG) or by the general

meeting of the acquiring stock corporation (section 62(1) sentence 1 UmwG) is required.

Pursuant to section 62(5) sentence 2 UmwG, the merger agreement or its draft must include a statement that a squeeze-out of the minority shareholders of the transferring company is intended in connection with the merger.

After conclusion of the 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.

After conclusion of the merger agreement, the following documents must be displayed in accordance with section 62(5) sentence 3, (3) sentence 1, section 63(1) UmwG for inspection by the shareholders on the premises of the acquiring company for a period of one month or, pursuant to section 62(3) sentence 8 UmwG, made available on the website of the acquiring company:

(a) the merger agreement;

(b) the annual financial statements and the management reports of the legal entities involved in the merger for the last three financial years;

(c) in the event that the last annual financial statements relate to a financial year which ended more than six months prior to the conclusion of the merger agreement or the preparation of its draft, a balance sheet which is dated as of an accounting date not prior to the first day of the third month preceding the conclusion of the merger agreement (interim balance sheet) and which must be prepared having regard to the provisions of section 63(2) UmwG;

(d) the merger reports prepared in accordance with section 8 UmwG or the joint merger report of the legal entities involved in the merger; and

(e) the audit reports prepared in accordance with section 60 in conjunction with section 12 UmwG.

Within three months after the conclusion of the merger agreement, the general meeting of the transferring company may, at the request of the acquiring company (main shareholder), adopt a squeeze-out resolution pursuant to section 327a(1)

sentence 1 AktG on the transfer of the shares of the minority shareholders to the main shareholder of the transferring company against payment of an adequate cash compensation.

Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327b(1) sentence 1 AktG, the main shareholder of the transferring company shall determine the amount of the adequate cash compensation to be paid to the minority shareholders of the transferring company in return for the transfer of their shares to the main shareholder. The cash compensation must take into account the situation of the transferring company at the time of adoption of the resolution by the general meeting. Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327b(1) sentence 2 AktG, the management board of the transferring company must make available to the main shareholder all documents and information that the main shareholder needs to calculate and determine the adequate cash compensation.

Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 1 AktG, the main shareholder must provide the general meeting of the transferring company with a written report setting out the requirements for the transfer of the shares of the minority shareholders and explaining and justifying the adequacy of the cash compensation.

Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentences 2 to 4 AktG, the adequacy of the cash compensation must be audited by one (or several) expert auditor(s) selected and appointed by a court upon application by the main shareholder. Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 4, section 293e(1) AktG, the relevant expert auditor shall prepare a written report on the results of the audit. The audit report must be concluded with a declaration as to whether the cash compensation determined by the main shareholder is adequate.

Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327b(3) AktG, the main shareholder must, prior to the convening of the general meeting, submit to the management board of the transferring company a declaration by a credit institution authorised to conduct business within the territorial scope of the German Stock Corporation Act (*Aktiengesetz*), in which the credit institution guarantees the fulfilment of the main shareholder's obligation to pay the determined cash compensation for the transferred shares to the minority shareholders without undue delay after the squeeze-out resolution has become effective.

As from the date on which the general meeting of the transferring company which is intended to resolve on the transfer of the shares of the minority shareholders to the main shareholder is convened, the following documents must be displayed for inspection by the shareholders on the premises of the transferring company in accordance with section 62(5) sentences 5 and 8 UmwG in conjunction with section 327c(3) AktG or made available on the website of the transferring company in accordance with section 62(5) sentences 5 and 8 UmwG in conjunction with section 327c(3) and (5) AktG:

(a) the merger agreement or its draft;

(b) the draft squeeze-out resolution;

(c) the annual financial statements and the management reports of the transferring company for the last three financial years;

(d) the transfer report prepared by the main shareholder in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 1 AktG; and

(e) the audit report on the audit of the adequacy of the cash compensation to be paid in the context of the Merger Squeeze-out, 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 selected and appointed by the court.

Each shareholder shall, upon request, be provided with a copy of these documents without undue delay and free of charge (section 62(5) sentence 8 UmwG in conjunction with section 327c(4) AktG). The requirement to display these documents and provide copies does not apply if they are accessible for the same period of time via the website of the transferring company (section 62(5) sentence 8 UmwG in conjunction with section 327c(5) AktG). Pursuant to section 62(5) sentences 5 and 8 UmwG in conjunction with section 327d sentence 1 AktG, the documents must also be made available at the general meeting of the transferring company.

A further requirement for the transfer of the shares of the minority shareholders against payment of an adequate cash compensation is, in addition to the resolution by the general meeting on the transfer of the shares of the minority shareholders, the registration of this squeeze-out resolution with the commercial register at the place of the registered office of the transferring company in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327e(1) sentence 1 AktG and the registration of the merger with the commercial register at the place of the registered office of the acquiring company.

After the general meeting has adopted the squeeze-out resolution, the management board of the transferring company must file the squeeze-out resolution for registration with the commercial register at the place of the registered office of the transferring company in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327e(1) sentence 1 AktG. The management boards of the transferring company and the acquiring company must also file an application for registration of the merger with the commercial register at the places of the respective registered office of their companies (section 16(1) sentence 1 UmwG).

Pursuant to section 62(5) sentence 7 UmwG, 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. The merger may only be registered with the commercial register at the place of the registered office of the acquiring company after it has been registered with the commercial register at the place of the registered office of the transferring company (section 19(1)

sentence 1 UmwG). The merger takes effect upon its registration with the commercial register at the place of the registered office of the acquiring company (section 20(1) UmwG). Due to the condition precedent to be provided for in the merger agreement, the registration of the merger with the commercial register at the places of the respective registered office of the two companies involved in the merger will, in turn, not occur until the squeeze-out resolution has been registered with the commercial register at the place of the registered office of the transferring company.

Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327e(3) sentence 1 AktG, all shares of the minority shareholders of the transferring company are transferred to the acquiring company by operation of law when the merger takes effect. In return, the minority shareholders receive a claim for payment of the determined cash compensation.

6.2 Fulfilment of the legal requirements in the case at hand

6.2.1 Legal form requirement and shareholding of Novartis BidCo Germany

Both Novartis BidCo Germany and MorphoSys are stock corporations under German law. On 12 July 2024, the signing date of this Transfer Report, Novartis BidCo Germany owns 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 owns more than nine tenths of the share capital of MorphoSys, making Novartis BidCo Germany the main shareholder of MorphoSys within the meaning of section 62(5) sentence 8 in conjunction with section 327a(1) sentence 1 AktG. Novartis BidCo Germany was the main shareholder of MorphoSys already at the time of the preparation (*Aufstellung*) of the Draft Merger Agreement on 12 July 2024 and the submission of the specific squeeze-out request by Novartis BidCo Germany to MorphoSys also on 12 July 2024.

6.2.2 Squeeze-out request and specific squeeze-out request of Novartis BidCo Germany

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 optimise the overall group structure and to fully integrate MorphoSys Group into Novartis. 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 Minority Shareholders of MorphoSys against payment of an adequate cash compensation 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.

After having determined the cash compensation, Novartis BidCo Germany specified its request pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327a(1) sentence 1 AktG to the management board of MorphoSys in more detail by letter dated 12 July 2024, stating the adequate cash compensation so determined in the amount of EUR 68.00 per MorphoSys Share, and requested the management board to propose the general meeting of MorphoSys to resolve on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany against payment of the adequate cash compensation. Novartis BidCo Germany sent a corresponding resolution proposal to MorphoSys. MorphoSys publicly announced this by means of an ad hoc announcement dated 12 July 2024 via the electronic information dissemination system EQS.

6.2.3 Preparation (*Aufstellung*) of the Draft Merger Agreement; conclusion of the Merger Agreement

By resolutions dated 12 July 2024, the management boards of Novartis BidCo Germany and MorphoSys prepared (*aufstellen*) the Draft Merger Agreement which contains in § 2 the statement that a squeeze-out of the Minority Shareholders is intended in connection with the merger (section 62(5) sentence 2 UmwG). A copy of the Draft Merger Agreement is attached to this Transfer Report as **Annex 6**. Novartis BidCo Germany and MorphoSys intend to enter into the notarised Merger Agreement on 19 July 2024.

According to § 7.1 of the Draft Merger Agreement, 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 has been 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 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.

An approval of the Merger Agreement by the general meeting of MorphoSys or Novartis BidCo Germany is not required. Pursuant to section 62(4) sentences 1 and 2 UmwG, an approval by the general meeting of MorphoSys is not required if and to the extent 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. 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 would be 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.

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

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 merger report dated 12 July 2024 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 present written report 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.

6.2.5 Determination of the adequate cash compensation

Novartis BidCo Germany as main shareholder determined the amount of the adequate cash compensation, taking into account the situation of MorphoSys as transferring company at the time of adoption of the resolution by the ordinary general meeting of MorphoSys.

The determination was based on a company valuation of MorphoSys, which was carried out by ValueTrust on behalf of Novartis BidCo Germany. ValueTrust presented the results of this company valuation to Novartis BidCo Germany in its Valuation Report dated 12 July 2024.

On the basis of this company valuation, Novartis BidCo Germany determined the amount of the cash compensation to be paid to the Minority Shareholders to be

EUR 68.00 per MorphoSys Share.

The adequacy of this cash compensation is explained and justified in section 8 of this Transfer Report and in more detail in the Valuation Report attached to this Transfer Report as **Annex 7**.

6.2.6 Audit of the adequacy of the cash compensation

Upon application by Novartis BidCo Germany dated 20 June 2024, the Munich Regional Court I (*Landgericht München I*) selected and appointed ADKL by decision dated 21 June 2024 (file no.: 5 HK O 7165/24) as expert auditor of the adequacy of the cash compensation paid to the Minority Shareholders of MorphoSys. ADKL will prepare an audit report on the results of the audit of the adequacy of the cash compensation in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentences 2 to 4, section 293e AktG. This audit report will be made available to the shareholders of MorphoSys prior to and during the ordinary general meeting of MorphoSys (see also section 6.2.9 of this Transfer Report).

6.2.7 Guarantee declaration by a credit institution

On 11 July 2024 – and thus prior to the convening of the ordinary general meeting of MorphoSys – Novartis BidCo Germany submitted to the management board of MorphoSys in accordance with section 62(5) sentences 7 and 8 UmwG in conjunction with section 327b(3) AktG a guarantee declaration issued by Deutsche Bank AG, a credit institution authorised to conduct business in Germany. In this guarantee declaration, Deutsche Bank AG guarantees the fulfilment of Novartis BidCo Germany's obligation to pay the determined cash compensation for the transferred MorphoSys Shares to the Minority Shareholders without undue delay after the Squeeze-Out Resolution has become effective. The guarantee declaration is attached to this Transfer Report as **Annex 9**.

While in the case of a squeeze-out of the minority shareholders under stock corporation law pursuant to sections 327a et seqq. AktG the squeeze-out resolution becomes

effective (already) upon its registration with the commercial register in accordance with section 327e(3) sentence 1 AktG, a different provision applies to a merger squeeze-out of the minority shareholders.

Pursuant to section 62(5) sentence 7 UmwG, the registration of the squeeze-out resolution must 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. This means that the squeeze-out resolution will not become effective unless and until not only the registration of the squeeze-out resolution with the commercial register at the place of the registered office of the transferring company but also the registration of the merger with the commercial register at the place of the registered office of the acquiring company have occurred. Consequently, in the event that the registration of the squeeze-out resolution with the commercial register at the place of the registered office of the transferring company occurs first, the shares of the minority shareholders of the transferring company will be transferred to the main shareholder only concurrently with the registration of the merger with the commercial register at the place of the registered office of the acquiring company. Therefore, the obligation of the main shareholder to pay the adequate cash compensation only arises at this time (see section 6.2.11(a) and section 7.1.2 of this Transfer Report).

This means the following for the guarantee declaration pursuant to section 62(5) sentences 7 and 8 UmwG in conjunction with section 327b(3) AktG in the context of the Merger Squeeze-out: The credit institution must guarantee the fulfilment of the main shareholder's obligation to pay the determined cash compensation for the transferred shares to the Minority Shareholders without undue delay after not only the registration of the Squeeze-out Resolution with the commercial register at the place of the registered office of the transferring company but also the registration of the merger with the commercial register at the place of the registered office of the acquiring company have occurred, and thus the Squeeze-out Resolution has become effective.

By declaration dated 11 July 2024, Deutsche Bank AG has agreed, by way of an independent guarantee, to guarantee the fulfilment of Novartis BidCo Germany's obligation to pay the determined cash compensation in the amount of EUR 68.00 per MorphoSys Share to the Minority Shareholders of MorphoSys without undue delay after the Squeeze-Out Resolution has become effective, i.e. upon registration of both (1) the Squeeze-Out Resolution with the commercial register at the place of the registered office of MorphoSys and (2) the merger with the commercial register at the place of the registered office of Novartis BidCo Germany. Deutsche Bank AG is a credit institution authorised to conduct business in the Federal Republic of Germany.

The guarantee declaration by Deutsche Bank AG constitutes a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) within the meaning of section 328 of the German Civil Code (*Bürgerliches Gesetzbuch* - "**BGB**") under which each Minority Shareholder is entitled to a direct and irrevocable claim against Deutsche Bank AG for payment of the determined cash compensation from the time the Squeeze-Out Resolution becomes effective. In relation to each Minority Shareholder, defences and objections arising from Novartis BidCo Germany's relationship with Deutsche Bank AG are excluded.

The scope of the guarantee declaration also includes interest which may have to be paid in addition to the cash compensation in accordance with section 62(5) sentence 7 and 8 UmwG in conjunction with section 327b(2) AktG at a rate of 5 percentage points per annum above the applicable basic rate of interest pursuant to section 247 BGB. Apart from that, however, the guarantee declaration is, in accordance with the legal requirements, limited to the cash compensation determined by the main shareholder. This means, in particular, that in the event that a court should subsequently determine a higher amount as adequate cash compensation in potential appraisal proceedings, the difference (including any interest thereon) would not be covered by the guarantee declaration.

6.2.8 Transfer Report by the main shareholder

Novartis BidCo Germany as main shareholder of MorphoSys has prepared this Transfer Report in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 1 AktG, setting out, in particular, the requirements for the transfer of the shares of the Minority Shareholders and explaining and justifying the adequacy of the determined cash compensation.

This Transfer Report will be available to the shareholders of MorphoSys prior to and during the general meeting of MorphoSys resolving on the transfer of the shares of the Minority Shareholders to Novartis BidCo Germany, as it will be published on the website of MorphoSys (section 62(5) sentence 8 UmwG in conjunction with section 327c(5) AktG) and will also be available there during the general meeting (section 62(5) sentence 8 UmwG in conjunction with section 327d sentence 1 AktG) (see section 6.2.9 of this Transfer Report).

6.2.9 Making documents available in preparation for the general meeting

As from the date on which the ordinary general meeting of MorphoSys which is intended to resolve on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany is convened, and also during the ordinary general meeting of MorphoSys on 27 August 2024, the following documents will be available on the website of MorphoSys at https://www.morphosys.com/en/agm. (section 62(5) sentence 3 and 8 UmwG in conjunction with section 327c(3) and (5) AktG):

(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 merger report dated 12 July 2024 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 present written report 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;

(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, 293e AktG by the expert auditor, ADKL, selected and appointed by the Munich Regional Court I (*Landgericht München I*);

(h) the draft Squeeze-Out Resolution; and

(i) the guarantee declaration of Deutsche Bank AG dated 11 July 2024 pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327b(3) AktG.

6.2.10 Squeeze-Out Resolution of the general meeting of MorphoSys within three months after the conclusion of the Merger Agreement

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.

Novartis BidCo Germany has submitted the following draft Squeeze-Out Resolution to MorphoSys:

> "*The no-par value bearer shares of the remaining shareholders of MorphoSys AG ("Minority Shareholders) shall be transferred to Novartis BidCo Germany AG with registered office in Munich ("Main Shareholder") in accordance with section 62(5) of the German Transformation Act (Umwandlungsgesetz) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (Aktiengesetz) against payment of an adequate cash compensation by the Main Shareholder in the amount of EUR 68.00 per no-par value bearer share of MorphoSys AG.*"

The resolution of the ordinary general meeting on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder pursuant to section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG requires a simple majority of votes (section 133(1) AktG). The main shareholder is entitled to vote on the resolution. An exclusion of the right to vote does not apply.

6.2.11 Registration with the commercial register

(a) Squeeze-Out Resolution

After the ordinary general meeting of MorphoSys held on 27 August 2024 has resolved to transfer the shares of the Minority Shareholders to Novartis BidCo Germany against payment of an adequate cash compensation, the management board of MorphoSys will apply for registration of the Squeeze-Out Resolution with the commercial register at the place of the registered office of MorphoSys in accordance with section 62(5) sentence 8 UmwG in conjunction with sections 327e(1) sentence 1 AktG. Pursuant to section 62(5) sentences 6 and 8 UmwG in conjunction with section 327e(1) sentence 2 AktG, the application for registration of the Squeeze-Out Resolution must be accompanied by the Merger Agreement and the minutes of the Squeeze-Out Resolution together with the annexes, in each case in execution copy or publicly certified copy.

In the application or a separate statement, the management board of MorphoSys must declare in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327e(2), section 319(5) sentence 1 AktG that an action against the validity of the Squeeze-Out Resolution has not been brought or has not been brought in due time or that such action has been dismissed or withdrawn with final and binding effect ('negative declaration' (*Negativerklärung*)). Pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327e(2), section 319(5) sentence 2 AktG, the Squeeze-Out Resolution may generally not be registered if such a negative declaration has not been made.

It is equivalent to a negative declaration if, in the event that an action is brought against the validity of the Squeeze-Out Resolution, the Higher Regional Court (*Oberlandesgericht*) which has jurisdiction over the case pursuant to section 62(5) sentence 8 UmwG in conjunction with section 327e(2), section 319(6) sentence 7 AktG (here: the Higher Regional Court (*Oberlandesgericht*) Munich) has, upon application of MorphoSys, determined by order (*Freigabebeschluss*) that the bringing of the action does not prevent the registration (section 62(5) sentence 8 UmwG, section 327e(2), section 319(6) sentence 1 AktG). Pursuant to section 62(5) sentence 8 UmwG, section 327e(2), section 319(6) sentence 3 AktG, such an order is issued if (i) the action is inadmissible or obviously unfounded, (ii) the claimant has not proven by documents within one week after service of the application that the claimant has held a pro-rata amount of at least EUR 1,000 in MorphoSys since the notice convening the general meeting was published, or (iii) the prompt effectiveness of the Squeeze-Out Resolution appears to be a priority because the court is convinced that the material disadvantages for the company and its shareholders as presented by the company outweigh the disadvantages for the claimants unless the relevant violation of the law is particularly severe. Pursuant to section 62(5) sentence 8 UmwG, section 327e(2), section 319(6) sentence 9 AktG, there is no right to appeal against such an order.

Pursuant to section 62(5) sentence 7 UmwG, the registration of the Squeeze-Out Resolution 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 as acquiring company.

(b) Merger

In addition, the management boards of MorphoSys and Novartis BidCo Germany must apply for registration of the merger with the commercial register of the places of the respective registered office of their companies (section 16(1) sentence 1 UmwG). Upon registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany, which may only be effected after the merger has been registered with the commercial register at the place of the registered office of MorphoSys (section 19(1) sentence 1 UmwG), the merger will take effect (section 20(1) UmwG).

Since the effectiveness of the merger is, under the terms of the Draft Merger Agreement, subject to the condition precedent that the Squeeze-Out Resolution has been registered with the commercial register at the place of the registered office of MorphoSys, the registration of the merger with the commercial register at the places of the respective registered office of MorphoSys and Novartis BidCo Germany will not occur unless and until the Squeeze-Out Resolution has been registered with the commercial register at the place of the registered office of MorphoSys as the transferring company.

The Squeeze-Out Resolution will become effective at the same time as the merger, which takes effect by registration with the commercial register at the place of the registered office of Novartis BidCo Germany.

7. Consequences of the Merger Squeeze-out for the Minority Shareholders, Bondholders and Stock Option Beneficiaries

7.1 Consequences for the Minority Shareholders

7.1.1 Transfer of the shares to the main shareholder

When the Squeeze-Out Resolution becomes effective, the MorphoSys Shares of the Minority Shareholders will be transferred to Novartis BidCo Germany as main shareholder in accordance with section 62(5) sentences 7 and 8 UmwG in conjunction with section 327e(3) sentence 1 AktG. The Squeeze-Out Resolution, which will initially be registered subject to conditions, 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), which will occur after registration of the merger with the commercial register at the place of the registered office of MorphoSys.

Upon effectiveness of the Squeeze-Out Resolution, the transfer of the shares of the Minority Shareholders will occur by operation of law. It is neither required nor permitted to effect any separate legal transactions for the disposal of the shares in the context of the transfer.

When the Squeeze-Out Resolution becomes effective, the Minority Shareholders will cease to hold any of the membership rights previously enjoyed by them as shareholders of MorphoSys. At that time, i.e. when the Squeeze-Out Resolution becomes effective as a result of the registration of the merger, they will receive a claim for payment of an adequate cash compensation (plus interest, if applicable) against Novartis BidCo Germany (see also section 7.1.2 of this Transfer Report).

When the Squeeze-Out Resolution and the transfer of the shares become effective, Novartis BidCo Germany obtains all membership rights attached to the shares of the Minority Shareholders. At the same time, upon registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany, the entire assets of MorphoSys will be transferred to Novartis BidCo Germany as acquiring entity by way of universal succession (section 20(1) no. 1 UmwG), and MorphoSys will be dissolved without liquidation and will cease to exist as a legal entity (section 2 no. 1, section 20(1) no. 2 UmwG). As a consequence, when the merger takes effect, the membership rights attached to the MorphoSys Shares will also cease to exist.

Accordingly, after the Squeeze-Out Resolution and the merger have taken effect, the global certificate(s) deposited with Clearstream Banking AG, Frankfurt am Main, Germany ("**Clearstream**") representing the MorphoSys Shares, to the extent that they are owned or co-owned by the Minority Shareholders, will no longer evidence membership rights of the Minority Shareholders in MorphoSys but will only evidence the claim of the Minority Shareholders for payment of the adequate cash compensation by Novartis BidCo Germany. Accordingly, any stock exchange trading in MorphoSys Shares that may continue to take place after the merger has taken effect and the membership rights have ceased to exist will only constitute trading in the claims of the Minority Shareholders for payment of the cash compensation.

7.1.2 Claim of the Minority Shareholders for payment of an adequate cash compensation, interest

Upon effectiveness of the Squeeze-Out Resolution, i.e. after the Squeeze-Out Resolution and the merger have been registered with the commercial register at the place of the registered office of MorphoSys and the merger has been registered with the commercial register at the place of the registered office of Novartis BidCo Germany, the Minority Shareholders will have a claim for payment of the cash compensation determined by Novartis BidCo Germany in the amount of EUR 68.00 per MorphoSys Share against Novartis BidCo Germany and Novartis BidCo Germany will be obliged to make that payment. This claim of the Minority Shareholders will be due when the Squeeze-out Resolution becomes effective, i.e. if and as soon as the Squeeze-out Resolution has been registered with the commercial register at the place of the registered office of MorphoSys and the merger has been registered with the commercial register at the place of the registered office of Novartis BidCo Germany.

The local court (*Amtsgericht*) of Munich as the commercial register court having jurisdiction at the place of the registered office of MorphoSys will publish an announcement regarding the registration of the Squeeze-Out Resolution as well as the registration of the merger with the commercial register of the transferring company in accordance with section 10 HGB in the electronic information and communication system designated by the State Justice Administration (available at www.handelsregisterbekanntmachungen.de). This applies accordingly with regard to the registration of the merger with the commercial register of Novartis BidCo Germany for which the commercial register court having jurisdiction is the local court (*Amtsgericht*) of Munich. Upon publication of the respective electronic announcement, the registration of the Squeeze-Out Resolution and of the merger will be deemed to have been published within the meaning of the law.

From the date of the registration of the Squeeze-Out Resolution with the commercial register at the place of the registered office of MorphoSys, but not before the date of registration of the merger with the commercial register at the place of the registered office of Novartis BidCo Germany, interest will accrue on the cash compensation in accordance with section 62(5) sentences 7 and 8 UmwG in conjunction with section 327b(2) AktG at an annual rate of 5 percentage points above the applicable basic rate of interest published by Deutsche Bundesbank pursuant to section 247 BGB. The assertion of further damages is not excluded.

7.1.3 Settlement by the banks and payment of the cash compensation to the Minority Shareholders

Novartis BidCo Germany has appointed Deutsche Bank AG as the central settlement agent for the settlement of the payment of the cash compensation (together with interest, if applicable). The payment of the cash compensation to the Minority Shareholders of MorphoSys, whose shares are currently evidenced by global certificates held in a collective custody account, will be made immediately after the Squeeze-Out Resolution has become effective, concurrently (*Zug um Zug*) with the transfer of the respective Minority Shareholder's co-ownership interest in the global certificates deposited with Clearstream, i.e. the debiting of the shares from the account by Clearstream. With the crediting of the respective cash compensation owed (plus interest, if applicable) to the account of the Minority Shareholders' custodian bank at Clearstream, Novartis BidCo Germany has fulfilled its obligation to pay the cash compensation to the respective Minority Shareholder. It is the responsibility of the respective custodian bank to credit the respective cash compensation owed to the account of the respective Minority Shareholder. The Minority Shareholders will be informed of this separately by their custodian bank.

The receipt of the cash compensation and the crediting to the account of the respective Minority Shareholder will be arranged for by the respective custodian bank; the Minority Shareholders do not have to take any action in this respect. The debiting of the shares against payment of the cash compensation is intended to be free of costs and expenses for the Minority Shareholders. However, commissions and expenses charged by a custodian bank or custodian investment service provider outside Germany must be borne by the respective Minority Shareholder.

Further details of the settlement and payment will be communicated to the shareholders immediately upon effectiveness of the Squeeze-Out Resolution by means of a separate public announcement which will be published in the German Federal Gazette (*Bundesanzeiger*) at www.bundesanzeiger.de.

7.1.4 Delisting

When the Squeeze-Out Resolution becomes effective, all MorphoSys Shares of the Minority Shareholders 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 upon effectiveness of the merger, and the membership rights attached to the MorphoSys Shares will also cease to exist upon effectiveness of the merger.

If MorphoSys is still listed on the stock exchange after the merger has taken effect (for details on the planned Delisting of MorphoSys, see section 2.1.3(b) above)), the Listing of the MorphoSys Shares on the regulated market (*Regulierter Markt*) with additional

post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), where they are traded via the Exchange Electronic Trading system of Deutsche Börse AG, Frankfurt am Main, Germany, and 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, is expected to be terminated shortly after the merger has taken effect.

7.1.5 Tax consequences for the Minority Shareholders of MorphoSys in Germany

The following is an overview of some of the main tax consequences that the Merger Squeeze-out may have for Minority Shareholders with unlimited tax liability in Germany. The description in this section 7.1.5 covers only some of the main aspects of the treatment of capital gains and losses for the purposes of income tax, corporate income tax (including solidarity surcharge in each case), trade tax and withholding tax. For example, special tax rules applicable to credit institutions, securities institutions, financial services institutions, financial companies and life and health insurance companies and pension funds are not explained. Furthermore, the following explanations also do not address the tax implications for persons who hold MorphoSys Shares via investment funds within the meaning of the Investment Tax Act (*Investmentsteuergesetz*). Nor are the consequences for Minority Shareholders who are resident abroad for tax purposes and whose income may be subject to limited tax liability in Germany included in the description. These consequences depend, among other aspects, on special provisions of German tax law, the tax law of the country in which the relevant Minority Shareholder is resident as well as on provisions in any existing treaty for the avoidance of double taxation.

This section 7.1.5 is not a comprehensive and complete description of all tax considerations that could be relevant for the Minority Shareholders in connection with the Merger Squeeze-out. Also, no guarantee is provided for the completeness and correctness of the content of this description. The following description also cannot replace individual tax advice to each individual Minority Shareholder. Minority Shareholders should therefore consult their tax advisor on the individual tax consequences of the Merger Squeeze-out. Only a tax advisor will be able to adequately assess the particular tax circumstances of each individual Minority Shareholder.

The following description relates to MorphoSys Shares acquired after 31 December 2008 and is based on German tax law as applicable as of the signing date of this Transfer Report and its interpretation by courts and administrative instructions. Tax laws may change at any time, even with retroactive effect, if applicable. Furthermore, it cannot be ruled out that the tax authorities or courts will consider a view which differs from the assessment set out in this section 7.1.5 to be correct.

(a) Treatment as a sale of shares

The tax consequences of a merger squeeze-out (section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG) for the Minority Shareholders have not yet been definitively clarified. However, the tax treatment of other forms of a squeeze-out of minority shareholders allows to draw conclusions as to the treatment of the merger squeeze-out in the case of the Minority Shareholders.

If, for example, a minority shareholder is legally or economically forced to transfer his shares to the acquiring entity in the event of a company takeover, the tax authorities consider this to be a sale of the shares to the acquiring entity. In the opinion of the tax authorities, the same applies in the case of a squeeze-out under stock corporation law within the meaning of sections 327a et seqq. AktG. The Minority Shareholders will cease to be shareholders of MorphoSys against payment of a cash compensation as a result of the squeeze-out. Therefore, in accordance with the principles applicable to shareholders who cease to be shareholders against payment of a cash compensation within the meaning of section 29 UmwG in a merger or in a squeeze-out pursuant to sections327a et seqq. AktG, the Minority Shareholders should be treated as if they had sold their MorphoSys Shares against payment of the cash compensation. Accordingly, they should be subject to the general rules on the taxation of a sale of shares.

The following statements are based on the assessment of the legal situation by Novartis BidCo Germany. Minority Shareholders are recommended to seek professional advice on the individual tax consequences of the transaction.

(b) Determination of the capital gain or loss and its tax treatment

For the Minority Shareholders, the transfer of the shares to Novartis BidCo Germany in exchange for the granting of a claim for payment of the cash compensation constitutes a sale of their shares.

The Minority Shareholders will receive a capital gain to the extent that the cash compensation, less any related costs of sale, exceeds the acquisition costs or the book value of the shares for tax purposes. If the cash compensation less any costs of sale is below the acquisition costs or the book value of the shares, a capital loss is incurred.

The tax treatment of a capital gain or loss depends on whether the shares are to be allocated to the private assets or business assets of the relevant Minority Shareholder prior to the sale.

(i) **Shares held as private assets**

If the Minority Shareholder is a natural person with unlimited tax liability in Germany, i.e. has its residence or habitual abode (*gewöhnlicher Aufenthalt*) in Germany, and if the shares are to be allocated to the private assets, the gain from the sale of the shares is subject to income tax.

The gain is taxed differently depending on whether or not the direct or indirect shareholding of the Minority Shareholder amounted to at least 1% of the share capital of MorphoSys at any time during the last five years prior to the sale ("**Significant Shareholding**"). A Significant Shareholding also exists if the Minority Shareholder acquired the shares free of charge during the five-year period and the Minority Shareholder's immediate legal predecessor or, in the case of multiple gratuitous transfers, one of the legal predecessors held a Significant Shareholding at any time during the last five years prior to the sale.

No Significant Shareholding

In the case of Minority Shareholders whose shareholding does not constitute a Significant Shareholding, the gain is subject to tax at a uniform tax rate of 25% (plus

solidarity surcharge of 5.5% thereon, (i.e. total tax burden 26.375%) and, if applicable, church tax) ('flat-rate withholding tax' (*Abgeltungsteuer*)).

The Minority Shareholder may deduct a saver's tax-free allowance (*Sparer-Pauschbetrag*) of currently EUR 1,000 (or EUR 2,000 for jointly filing individuals) from the capital gain and any other capital income; the deduction of actual income-related expenses is excluded.

The flat-rate withholding tax on the capital gain is generally levied by way of a tax withholding by the paying agent (domestic credit institution, domestic financial services institution, domestic securities institution, including domestic branches of foreign banks and financial service institutions, or if such entity or branch sells the shares and pays out or credits the capital gains) that holds the shares in custody or administers them or sells them and pays out or credits the capital gains ("**Domestic Paying Agent**"). If the shares have been held in custody or administered by the Domestic Paying Agent since their acquisition, the amount of the tax withheld is calculated on the basis of the difference between the proceeds from the sale less expenses directly related in substance to the sale, and the acquisition costs of the shares. If the Domestic Paying Agent has changed since the acquisition of the shares and the acquisition costs have not been proven or such proof is not admissible pursuant to the statutory rules, the withholding tax must be levied on 30% of the gross sales proceeds. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds, is required to, verify the original costs of the shares in his or her annual tax return.

In addition, church tax must automatically be withheld by the Domestic Paying Agent unless the Minority Shareholder has applied in writing to the Federal Central Tax Office using an officially prescribed form for the automated retrieval of data on his religion not to take place ('blocking notice' (*Sperrvermerk*)).

The tax withheld by the Domestic Paying Agent has a discharging effect (*abgeltende Wirkung*), meaning that it constitutes a full discharge of the Minority Shareholder's income tax liability with respect to the capital gain; the Minority Shareholder does not have to declare that gain in his or her income tax return. However, if no tax is withheld (for example, in the absence of a Domestic Paying Agent), the Shareholder must declare the capital gain in his or her income tax return. Even if a blocking notice has been established as described above, a person subject to church tax is required to file a tax return for the purpose of assessment for church tax. Instead of the flat-rate withholding tax, the Minority Shareholder may request in his or her annual income tax return that his or her income from capital (including the capital gain) be subject to taxation at the general progressive income tax rate if this results in a lower tax burden ('most-favourable-tax-treatment test' (*Günstigerprüfung*)).

Capital losses from shares may only be offset against capital gains from shares, but not against other income from capital assets, such as dividends received, and also not against other types of income ('limitation on offsetting losses' (*Verlustverrechnungsbeschränkung*)). Capital losses from shares which have not been offset can only be carried forward to future assessment periods, but not carried back; these amounts shall be assessed separately. There is a proceeding pending at the German Federal Constitutional Court dealing with the question whether such limitation on the loss offsetting could be unconstitutional.

Significant Shareholding

The gain from the sale of a Significant Shareholding is not subject to the flat-rate withholding tax. Only 60% of the gain is subject to income tax at the personal progressive income tax rate of the relevant Minority Shareholder (plus solidarity surcharge, which is only levied if the income tax to be assessed exceeds EUR 18,130 or EUR 36,260 in case of a jointly filing individuals, and, if applicable, church tax). Generally, 60% of the losses and expenses that are economically related to the sale are deductible for tax purposes ('partial income method' (*Teileinkünfteverfahren*)). If a Domestic Paying Agent withholds tax (withholding tax plus solidarity surcharge and, if applicable, church tax) with regard to the capital gain, this withholding has no discharging effect. The Minority Shareholder must declare the gain in his or her income tax return. The tax withheld is then credited against the tax liability in the tax assessment for the Minority Shareholder and the amount of any excess is refunded. No saver's tax-free allowance is granted.

(ii) **Shares held as business assets**

In the case of shares held as business assets, the tax treatment of a capital gain or loss depends on whether the Minority Shareholder is a corporate body, a sole proprietor or a commercial or deemed commercial partnership (*Mitunternehmerschaft*). This distinction is also significant for the question whether the capital gain is subject to the deduction of withholding tax (see below).

Minority Shareholder is a corporate body

Generally, 95% of the capital gain from the sale of the shares is exempt from corporate income tax and the solidarity surcharge as well as trade tax. 5% of the capital gain is generally deemed to be non-deductible business expenses and is therefore subject to corporate income tax at a rate of 15% plus 5.5% solidarity surcharge (total tax burden 15.825%) in the case of a non-exempt corporate body and, if the shares are attributable to a permanent establishment located in Germany, to trade tax. A minimum limit for the shareholding or minimum period for the holding of the shares does not apply. Capital losses and other reductions in gains related to the shares sold are not deductible for tax purposes.

Minority Shareholder is a natural person (sole proprietor)

If the shares are business assets of a natural person (sole proprietor), the capital gain is subject to income tax. The partial income method described above applies. 60% of the capital gain is subject to income tax at the personal progressive income tax rate of the Minority Shareholder (plus solidarity surcharge and, if applicable, church tax thereon). 60% of the capital losses and expenses that are economically related to the gain can be taken into account for tax purposes. If the shares are part of the assets of a permanent establishment located in Germany of a commercial enterprise of the Minority Shareholder, the capital gain is also subject to trade tax, which is levied, in this case, too, on only 60% of the capital gain. The trade tax is credited in full or in part against the Minority Shareholder's income tax liability by way of a lump sum procedure.

Minority Shareholder is a commercial partnership

If the Minority Shareholder is a commercial or deemed commercial partnership (*Mitunternehmerschaft*), which does not apply to be treated as a corporate body for

corporate income tax purposes, the income tax or corporate income tax is not levied at the level of the partnership but at the level of its partners. The taxation depends on whether the relevant partner is a corporate body or a natural person. If the partner is a corporate body, the capital gain is taxed in accordance with the principles applicable to corporate bodies (see above). If the partner is a natural person, the principles applicable to natural persons (sole proprietors) apply (see above).

If the shares are attributable to a permanent establishment located in Germany of a commercial enterprise of the partnership, the capital gain is also subject to trade tax at the level of the partnership. If the capital gain is included in the profit share of a natural person as partner of the partnership, 60% of the capital gain is subject to trade tax, and if it is included in the profit share of a corporate body, generally only 5% of the capital gain is subject to trade tax. Capital losses and other reductions in gains related to the shares sold are not taken into account for trade tax purposes insofar as they are attributable to the profit share of a corporate body, whereas 60% of them are deductible insofar as they are attributable to the profit share of a natural person. If natural persons hold shares in the partnership, the trade tax incurred at the level of the partnership is generally credited in full or in part against their personal income tax liability by way of a lump sum procedure.

Withholding tax

Capital gains from the sale of shares held by commercial corporate bodies with unlimited tax liability are generally not subject to the deduction of withholding tax with a discharging effect. The same applies in the case of natural persons or partnerships if the capital gain is part of the operating income of an establishment located in Germany and the Minority Shareholder declares this to the Domestic Paying Agent using an officially prescribed form and certain other conditions are met.

In any other cases, a Domestic Paying Agent must withhold 25% withholding tax (plus solidarity surcharge of 5.5% thereon and, if applicable, church tax thereon). In the case of shares held as business assets, the withholding tax and solidarity surcharge withheld do not have a discharging effect; they are generally credited against the tax liability (including solidarity surcharge and, if applicable, church tax) and the amount of any excess is refunded.

7.2 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 a cash compensation (plus interest, if applicable) per Conversion Right, and Novartis BidCo Germany will be obliged to make that payment. This claim of the Bondholders that exists in principle will be due when the Squeeze-out Resolution becomes effective; the fulfilment of the conditions for exercise of the Conversion Right in accordance with the Terms and Conditions will be irrelevant. On the basis of the Valuation Report issued by ValueTrust, Novartis BidCo Germany has determined a cash compensation for the Bondholders in the amount of EUR 0.00, which

corresponds to the fair market value of the Conversion Rights as of the valuation date 27 August 2024.

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.

Bondholders should consult their tax advisor on the individual tax consequences of the Merger Squeeze-out.

7.3 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 a cash compensation (plus interest, if applicable) per Stock Option, and Novartis BidCo Germany will be obliged to make that payment. This claim of the Stock Option Beneficiaries that exists in principle will be due upon effectiveness of the Squeeze-out Resolution; the fulfilment of the conditions for exercise will be irrelevant. On the basis of the Valuation Report issued by ValueTrust, Novartis BidCo Germany has determined a cash compensation to be paid to the 2018-2020 Stock Option Beneficiaries in the amount of EUR 0.00 per 2018-2020 Stock Option and a cash compensation to be paid to the 2021 Stock Option Beneficiaries in the amount of EUR 23.10 per 2021 Stock Option, which corresponds in each case to the fair market value of the Stock Options as of the valuation date 27 August 2024. The cash compensation for the 2021 Stock Option Beneficiaries is covered by the guarantee declaration by Deutsche Bank (see section 6.2.7 of this Transfer Report above).

Stock Option Beneficiaries should consult their tax advisor on the individual tax consequences of the Merger Squeeze-out.

8. Explanation and justification of the adequacy of the cash compensation

8.1 Preliminary remarks

When the Merger Squeeze-out takes effect, the Minority Shareholders of MorphoSys will be squeezed out in exchange for the payment of an adequate cash compensation. The amount of the cash compensation will be determined by Novartis BidCo Germany in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(1) sentence 1 AktG. The cash compensation must take into account the situation of MorphoSys as transferring company at the time of adoption of the resolution by its general meeting. It is intended that the ordinary general meeting of MorphoSys to be held on 27 August 2024 will resolve on the transfer of the MorphoSys Shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany.

To assist Novartis BidCo Germany in the determination of the adequate cash compensation to be paid to the Minority Shareholders, Novartis BidCo Germany has engaged ValueTrust as a neutral expert to prepare a Valuation Report on the company value of MorphoSys and on the amount of the adequate cash compensation pursuant to section 327b(1) sentence 1 AktG as of the valuation date 27 August 2024. ValueTrust performed its work during the period from 22 April 2024 to 12 July 2024 and submitted its Valuation Report to Novartis BidCo Germany on 12 July 2024.

The management board of Novartis BidCo Germany has determined the adequate cash compensation to be paid to the Minority Shareholders after its own review on the basis of this Valuation Report. The main considerations in the assessment of the cash compensation are summarised below. For a more detailed explanation and justification of the cash compensation, which are adequate within the meaning of section 327a(1) AktG, please refer to the Valuation Report. Novartis BidCo Germany fully endorses the content of the explanations on the company valuation of MorphoSys and on the determination of the adequate cash compensation in the Valuation Report. The Valuation Report attached in its full version as **Annex 7** to this Transfer Report forms an integral part of this Transfer Report.

8.2 Calculation and determination of the cash compensation in accordance with section 327b(1) AktG

Novartis BidCo Germany has determined the adequate cash compensation to be paid to the Minority Shareholders in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(1) sentence 1 AktG to be

EUR 68.00 per no-par value share of MorphoSys.

The relevant stock market price of MorphoSys was used to determine the adequate cash compensation and, in addition, a capitalised earnings value (*Ertragswert*) calculation and a plausibility check using capital market-based multipliers were carried out.

According to the case law of the Federal Constitutional Court (*Bundesverfassungsgericht*) and the Federal Court of Justice (*Bundesgerichtshof*), the prices paid by Novartis BidCo Germany in the past for the acquisition of MorphoSys Shares are unsuitable for determining the amount of cash compensation in favor of

minority shareholders, irrespective of whether the pre-acquisition prices are related to a public takeover offer or not (see Bundesverfassungsgericht, order of 27 April 1999 – 1 BvR 1613/94; Bundesgerichtshof, order of 19 July 2010 – II ZB 18/09). For this reason, pre-acquisition prices are also irrelevant in the present case.

In the view of Novartis BidCo Germany, the cash compensation determined by it is adequate for the following reasons:

8.2.1 Stock market price and reference period

According to the case law of the Federal Constitutional Court (*Bundesverfassungsgericht*), an existing stock market price may not be disregarded when determining the fair company value and generally constitutes the lower limit of the value in the determination of compensations in connection with structural measures under stock corporation law (see Bundesverfassungsgericht, order of 27 April 1999 – 1 BvR 1613/94).

In addition, according to recent case law of the Federal Court of Justice (*Bundesgerichtshof*), the stock market price of a listed company can be a suitable basis for the determination of the cash compensation (*Abfindung*) to be granted to outside shareholders in connection with the conclusion of a domination and profit and loss transfer agreement if the stock market price is the result of an information-efficient valuation by a functioning capital market and the respective share is fully marketable. In order to determine whether these conditions are met, the case law analyzes the liquidity of the share, in particular with regard to trading volumes and revenues, bid-ask spreads and free float (see Bundesgerichtshof, decision of 21 February 2023 – II ZB 12/21 – "WCM"; Bundesgerichtshof, decision of 31 January 2024 – II ZB 5/22 – "Kabel Deutschland").

The Higher Regional Court of Frankfurt a.M. (*OLG Frankfurt a.M.*) recently held that the stock market price can also be relevant for the determination of the adequate cash compensation to be granted in connection with the squeeze-out of minority shareholders pursuant to sections 327a et seqq. AktG. The court additionally used the objectified company value determined in accordance with the capitalised earnings method to check the plausibility of the stock market price (see OLG Frankfurt a.M., decision of 9 February 2024 –21 W 129/22 - "ISRA Vision").

(a) Significance of the stock market price

ValueTrust as valuation expert engaged by Novartis BidCo Germany has concluded that the stock market price of MorphoSys is the result of an efficient valuation of information by a functioning capital market and that the MorphoSys Share is fully marketable. According to the analyses conducted by ValueTrust, in the relevant reference period (as defined below in 8.2.1(c)), the stock market price is sufficiently significant according to economic as well as legal criteria derived from case law:

(i) The stock price performance of the MorphoSys Share in the reference period does not show any accumulations of consecutive stock prices that deviate from each other by more than 5%.

(ii) In the reference period, MorphoSys Shares were actively traded on 63 of 63 possible days, i.e. on more than a third of trading days.

(iii) In the reference period, the free float of MorphoSys Shares was sufficiently high.

(iv) In the reference period, an average of 223.4 thousand shares were traded per day, which corresponds to 0.59% of the total share portfolio and is therefore higher than 0.018%.

(v) In the reference period, the average transaction costs for MorphoSys Shares in the XETRA trading system were low in the form of the bid-ask spread of 0.24%, which is far below the threshold value of 1.25%.

In addition to the aforementioned economic and legal criteria derived from case law, no indications of market abuse or breaches of disclosure obligations were identified. Therefore, the stock market price is a suitable basis for the determination of the cash compensation pursuant to sections 327a et seqq. AktG.

(b) Average price

Novartis BidCo Germany assumes – in accordance with the case law of the Federal Court of Justice (*Bundesgerichtshof*) – that it is not the stock market price on a fixed reference date that is decisive, but the average stock market price over a period of three months (see Bundesgerichtshof, decision of 21 February 2023 – II ZB 12/21 – "WCM"; Bundesgerichtshof, decision of 31 January 2024 – II ZB 5/22 – "Kabel Deutschland"; Bundesgerichtshof, decision of 19 July 2010 – II ZB 18/09 "Stollwerck").

(c) Relevant reference period

The Federal Court of Justice (*Bundesgerichtshof*) has ruled that the stock market value of the share to be used as a basis for an adequate compensation must generally be determined on the basis of a volume-weighted average price over a three-month reference period prior to the announcement of the structural measure (see Bundesgerichtshof, order of 31 January 2024 – II ZB 5/22 "Kabel Deutschland"; Bundesgerichtshof, order of 19 July 2010 – II ZB 18/09 – "Stollwerck"). By letter dated 20 June 2024, Novartis BidCo Germany declared to MorphoSys that it intended to implement a group merger and submitted a request for the squeeze-out of the Minority Shareholders of MorphoSys in connection with the merger. MorphoSys publicly announced this by means of a corresponding ad hoc announcement dated 20 June 2024 via the electronic information dissemination system EQS. The announcement was published on 20 June 2024 before the close of trading. Accordingly, the relevant reference period is the period from 20 March 2024 to (and including) 19 June 2024.

By letter dated 28 June 2024, the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) notified Novartis BidCo Germany that the average stock market price for the three-month period before 20 June 2024 (i.e. including 19 June 2024) determined on the basis of section 5(3) of the German Regulation on the Content of the Offer Document, the Consideration to be granted in

Takeover Offers and Mandatory Takeover Offers and the Exemption from the Obligation to Publish and Launch an Offer (*WpÜG-Angebotsverordnung*) amounted to EUR 67.53 per MorphoSys Share.

The Federal Court of Justice (*Bundesgerichtshof*) ruled that the minority shareholders must be protected from cases in which the stock market value determined at the time of the announcement is fixed in favour of the relevant main shareholder but the announced measure is then not implemented or implemented only with a delay. In these cases, the minority shareholders could be excluded from the benefit of a positive development of the share price. In order to prevent this, the stock market value shall be extrapolated in accordance with the general or industry-typical (further) development of stock market prices, taking into account the development since then, if there is a "longer period" (in the specific case decided by the Federal Court of Justice a period of seven and a half months) between the announcement of the structural measure and the date of the general meeting and an adjustment appears necessary due to the development of stock market prices (see Bundesgerichtshof, order of 19 July 2010 – II ZB 18/09 – "Stollwerck"). In the present case, there will be approximately two months between the announcement of the structural measure on 20 June 2024 and the ordinary general meeting of MorphoSys on 27 August 2024, which will resolve on the transfer of the MorphoSys Shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany. A period of up to six to seven months is considered normal and does not constitute a "longer period". An exceptional case, which could possibly justify an extrapolation, is therefore not present in the case at hand. An extrapolation of the stock market price was not required.

8.2.2 Company valuation of MorphoSys according to the capitalised earnings method

ValueTrust has also determined the objectified company value of MorphoSys in accordance with the capitalised earnings method (*Ertragswertverfahren*) recognised in case law and in business administration on the basis of the "Principles for the Performance of Business Valuations" (*Grundsätze für die Durchführung von Unternehmensbewertungen*) of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*) (IDW S1 in the version of 2 April 2008). The valuation was made as of the valuation date 27 August 2024, the expected date of the ordinary general meeting of MorphoSys which is intended to resolve on the transfer of the shares of the Minority Shareholders of MorphoSys to Novartis BidCo Germany as main shareholder. The valuation was mainly based on historical data and planning data of MorphoSys as well as information about the company.

In its Valuation Report, ValueTrust comes to the conclusion that the objectified company value of MorphoSys determined in accordance with IDW S1 in the version of 2 April 2008 amounts as of 27 August 2024 to approximately

EUR 1,505.4 **million**.

When distributed over 37,716,423 MorphoSys Shares, this results in a pro rata company value of

EUR 39.89 **per MorphoSys Share.**

8.2.3 Plausibility check of the company value using multipliers

In addition, ValueTrust has checked the plausibility of the value of MorphoSys using capital market-based multipliers. The company value of MorphoSys determined on the basis of the capitalised earnings method is within the range of company values resulting from the multiple-based valuation and is therefore supported by this assessment. In this respect, reference is made to the further explanations in the Valuation Report (attached as **Annex 7**), in particular on pages 149-155.

8.2.4 Summary

We summarise the results of the Valuation Report on the determination of the capitalised earnings value (*Ertragswert*) of MorphoSys and of the adequate cash compensation to be paid to the Minority Shareholders pursuant to section 327b(1) sentence 1 AktG as follows:

- The volume-weighted average stock market price of the MorphoSys Shares in the three-month period prior to the announcement of the intention to effect a squeeze-out of the Minority Shareholders of MorphoSys amounted to EUR 67.53.
- The objectified company value of MorphoSys as of 27 August 2024 determined in accordance with the capitalised earnings method amounts to approximately EUR 1,505.4 million; accordingly, the value per MorphoSys Share amounts to EUR 39.89.
- The adequate cash compensation to be paid to the Minority Shareholders of MorphoSys in the context of the Merger Squeeze-out therefore amounts to EUR 68.00 per no-par value share of MorphoSys.

9. Review of the adequacy of the cash compensation

The adequacy of the cash compensation was audited and confirmed by the court-appointed expert auditor ADKL in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentence 2 AktG. ADKL will prepare a separate audit report on the results of the audit of the adequacy of the cash compensation in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327c(2) sentences 2 to 4, section 293e AktG.

The squeezed out shareholders may have the adequacy of the cash compensation reviewed by a court in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327f sentence 2 AktG in appraisal proceedings in accordance with the German Appraisal Proceedings Act (*Spruchverfahrensgesetz*). The application for a court decision in the appraisal proceedings may only be filed within three months of the date on which the squeeze-out resolution has become effective. The applicant must substantiate the application within the aforementioned period and raise specific objections against the company value determined as the basis for the cash compensation. The decision in the appraisal proceedings shall have effect in favour of and against all Minority Shareholders who are squeezed out from MorphoSys in accordance with section 62(1), (5) UmwG in conjunction with sections 327a et seqq. AktG. If the court decides to increase the cash compensation in the appraisal proceedings, all Minority

Shareholders will benefit from this increase, even if they have not filed an application for appraisal proceedings.

10. Additional information

For further information on the merger of MorphoSys into Novartis BidCo Germany in connection with the transfer of the shares of the Minority Shareholders, please refer to the joint merger report of the management boards of Novartis BidCo Germany and MorphoSys.

[Signature Page to follow]

Nuremberg, 12 July 2024

Novartis BidCo Germany AG
The Management Board

Jan-Hendrik Petersen
Sole member of the Management Board

Annex 1

Custody account confirmation of UBS Switzerland AG
dated 12 July 2024
regarding the number of shares held in MorphoSys AG by Novartis BidCo Germany AG

UBS Switzerland AG
Postfach
8098 Zürich

Corporate & Institutional Clients
Multinationals

Pascal Koller
Europaallee 21
8004 Zürich
Tel. +41-44-239 85 55
Fax +41-44-239 58 20
pascal.koller@ubs.com

www.ubs.com

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:

Account holder	Novartis BidCo Germany AG
Deposit account number	0230-00874299.S1
Bank	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
BIC/SWIFT	UBSWCHZH80A
Clearing	0230
Shares as per 12 July 2024	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

Annex 2

Squeeze-out request of Novartis BidCo Germany AG dated 20 June 2024
to the management board of MorphoSys AG

Convenience Translation

Novartis BidCo Germany AG
c/o Novartis Pharma GmbH
Roonstr. 25, 90429 Nuremberg

- Personal/Confidential -

To
MorphoSys AG
- Management Board –
Semmelweisstraße 7
82152 Planegg

20 June 2024

Squeeze-out of minority shareholders (*Ausschluss von Minderheitsaktionären*) of MorphoSys AG in connection with the merger of MorphoSys AG into Novartis BidCo Germany AG (merger squeeze-out)

Dear Mr. Pichota, dear Mr. Gilgen,

Novartis BidCo Germany AG with registered seat in Munich, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 283042 (***Novartis BidCo Germany***), directly holds 34,337,809 no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) of MorphoSys AG (***MorphoSys***) as of today. A copy of the corresponding deposit confirmation of UBS Switzerland AG as of 19 June 2024 is attached to this letter as **Annex**. MorphoSys' issued share capital amounts to EUR 37,716,423.00 and is divided into 37,716,423 no-par value bearer shares. Hence, Novartis BidCo Germany holds approx. 91.04 % of the share capital in MorphoSys.

Pursuant to sec. 62 para. 1 and para. 5 sentence 1 of the German Transformation Act (*Umwandlungsgesetz* – ***UmwG***), a squeeze-out of the remaining minority shareholders may be carried out in connection with a merger if the receiving company owns stock amounting to nine tenths of the share capital of the transferring stock corporation (main shareholder) and the general meeting of the transferring stock corporation adopts a resolution pursuant to sec. 327a para. 1 sentence 1 of the German Stock Corporation Act (*Aktiengesetz* – ***AktG***) regarding the transfer of shares of the remaining shareholders (minority shareholders) to the main shareholder within three months following the conclusion of the merger agreement.

Novartis BidCo Germany currently holds approx. 91.04 % of the share capital in MorphoSys. Consequently, it is the main shareholder of MorphoSys within the meaning of sec. 62 para. 5 sentence 1 UmwG. In order to simplify its corporate structure, the management board of Novartis BidCo Germany decided today to merge MorphoSys (as transferring entity) into Novartis BidCo Germany (as receiving entity) and, therefore, enter into a merger agreement. Furthermore, the management board decided to make use of the provisions in sec. 62 para. 1 and para. 5 UmwG in conjunction with sec. 327a et seqq. AktG and to request MorphoSys' management board to let the general meeting of MorphoSys resolve on the transfer of shares held by MorphoSys' minority shareholders to Novartis BidCo Germany as main shareholder against appropriate cash compensation within three months after the conclusion of the merger agreement (so-called merger squeeze-out – *verschmelzungsrechtlicher Squeeze-out*).

Against this background, we suggest to enter into negotiations on a merger agreement between Novartis BidCo Germany and MorphoSys. We will provide you with a draft of the merger agreement, including the information required pursuant to sec. 62 para. 5 sentence 2 UmwG

that a squeeze-out of the minority shareholders of MorphoSys as transferring entity shall be effected in context of the merger, in due course. The amount of the cash compensation has not been determined yet. In order to determine the appropriate cash compensation, Novartis BidCo Germany will, *inter alia*, carry out a valuation of MorphoSys and mandate ValueTrust Financial Advisors SE, Theresienstraße 1, 80333 Munich, as auditing firm in this regard. The adequateness of the cash compensation will be examined by an independent court selected and appointed expert auditor. Novartis BidCo Germany will file a motion regarding the appointment of ADKL AG Wirtschaftsprüfungsgesellschaft, Breite Straße 29-31, 40213 Düsseldorf, as such auditor in a timely manner. We will submit you a specified request (*konkretisiertes Verlangen*), including a specific transfer resolution as well as the amount of the appropriate cash compensation at a later date.

On the basis of the preceding statements, we kindly ask you, in your capacity as management board members of MorphoSys, to initiate all necessary measures and steps to ensure that the procedure pursuant to sec. 327a et seqq. AktG is implemented and that the next general meeting of MorphoSys, currently scheduled for 27 August 2024, resolves on the transfer of the shares of the remaining shareholders of MorphoSys (minority shareholders) to Novartis BidCo Germany (main shareholder) against appropriate cash compensation pursuant to sec. 62 para. 5 UmwG in conjunction with sec. 327a et seqq. AktG as well as to provide us and the respective auditors with any documents and information required for the valuation work.

Novartis BidCo Germany will provide you with the bank confirmation as required pursuant to sec. 62 para. 5 sentence 8 in conjunction with sec. 327b para. 3 AktG prior to convening the general meeting.

[*Signature page to follow*]

Yours sincerely,

Novartis BidCo Germany AG

_____

Jan-Hendrik Petersen
Management Board

Annex: Deposit confirmation

Annex

UBS Switzerland AG
Postfach
8098 Zürich

Corporate & Institutional Clients
Multinationals

Marco Weiss
Europaallee 21
8004 Zürich
Tel. +41-44-239 55 66
Fax +41-44-239 58 20
marco.weiss@ubs.com

www.ubs.com

Novartis BidCo Germany AG
Roonstrasse 25
90429 Nürnberg
Germany

Zurich, 19, June 2024

Confirmation UBS custody account

Dear client,

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

Account holder	Novartis BidCo Germany AG
Deposit account number	0230-00874299.S1
Bank	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
BIC/SWIFT	UBSWCHZH80A
Clearing	0230
Shares as per 19 June, 2024:	**34'337'809 Morphosys AG (Valor 944497)**

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

Yours sincerely,

UBS Switzerland AG

Marco Weiss
Director

Cédric Stauffer
Authorized Officer

Annex 3

Ad hoc announcement of MorphoSys AG dated 20 June 2024

MorphoSys AG

Ad hoc: Novartis BidCo Germany AG Intends to Implement a Merger Squeeze-out of MorphoSys AG's Minority Shareholders

MorphoSys AG / Key word(s): Squeeze Out
Ad hoc: Novartis BidCo Germany AG Intends to Implement a Merger Squeeze-out of MorphoSys AG's Minority Shareholders

20-Jun-2024 / 08:06 CET/CEST

Publication of an inside information according to Article 17 para. 1 of the Regulation (EU) No. 596/2014

Key word(s): Squeeze Out

Planegg/Munich, Germany, June 20, 2024

Ad hoc: Novartis BidCo Germany AG Intends to Implement a Merger Squeeze-out of MorphoSys AG's Minority Shareholders

MorphoSys AG (FSE: MOR; NASDAQ: MOR) announces that Novartis BidCo Germany AG informed the MorphoSys AG Management Board of its intention to merge MorphoSys AG as transferring company into Novartis BidCo Germany AG. Novartis BidCo Germany AG proposed to enter negotiations with the MorphoSys AG Management Board on a merger agreement.

In connection with the merger of MorphoSys AG into Novartis BidCo Germany AG, Novartis BidCo Germany AG today also submitted the formal request pursuant to section 62 para. 5 of the German Transformation Act in conjunction with section 327a para. 1 of the German Stock Corporation Act to initiate the procedure for transferring the shares of MorphoSys AG's minority shareholders to Novartis BidCo Germany AG against an adequate cash compensation (merger squeeze-out), and to ensure that the necessary shareholders' resolution on the merger squeeze-out is adopted at the MorphoSys AG Annual General Meeting expected to take place in August 2024.

Novartis BidCo Germany AG confirmed that it currently holds approximately 91.04% of the total MorphoSys AG share capital. Therefore, Novartis BidCo Germany AG is the majority shareholder of MorphoSys AG within the meaning of section 62 para. 5 of the German Transformation Act in conjunction with section 327a para. 1 of the German Stock Corporation Act. The amount of the adequate cash compensation that Novartis BidCo Germany AG, as majority shareholder, will grant to MorphoSys AG's minority shareholders for the transfer of their shares has not yet been determined.

***

END OF AD HOC ANNOUNCEMENT

End of Inside Information

Information and Explanation of the Issuer to this announcement:

Information and Explanation of the Issuer to this announcement:

This communication is neither an offer to purchase nor a solicitation of an offer to sell shares of MorphoSys AG.

MorphoSys Forward Looking Statements

This communication contains certain forward-looking statements concerning the Company, Novartis BidCo Germany AG and the merger squeeze-out that involve substantial risks and uncertainties. Forward-looking statements include any statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "goal," "may," "might," "plan," "predict," "project," "seek," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions.

The forward-looking statements contained in this communication represent the judgment of the Company as of the date of this communication and involve known and unknown risks and uncertainties, which might cause the actual results, financial condition and liquidity, performance or achievements of the Company, or industry results, to be materially different from any historic or future results, financial conditions and liquidity, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the Company's results, performance, financial condition and liquidity, and the development of the industry in which it operates are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Those risks and uncertainties that could cause the actual results to differ from expectations contemplated by forward-looking statements include, among other things: uncertainties as to the timing of the merger squeeze-out; the effects of the merger squeeze-out on relationships with employees, other business partners or governmental entities; that Novartis BidCo Germany AG and Novartis AG may not realize the potential benefits of the acquisition of the Company by Novartis AG;

transaction costs associated with the merger squeeze-out; potential operational difficulties with integrating MorphoSys with Novartis AG; that the Company's expectations may be incorrect; the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements; the Company's reliance on collaborations with third parties; estimating the commercial potential of the Company's development programs; and other risks indicated in the risk factors included in the Company's filings with the SEC, including the Company's Annual Report on Form 20-F. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this communication. The Company expressly disclaims any obligation to update any such forward-looking statements in this communication to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.

About MorphoSys

At MorphoSys, we are driven by our mission: *More life for people with cancer*. As a global biopharmaceutical company, we develop and deliver innovative medicines, aspiring to redefine how cancer is treated. MorphoSys is headquartered in Planegg, Germany, and has its U.S. operations anchored in Boston, Massachusetts. To learn more, visit us at www.morphosys.com and follow us on Twitter at X and LinkedIn.

For more information, please contact:

MorphoSys AG

Dr. Julia Neugebauer

Vice President, Global Investor Relations

Tel: +49 (0)89 / 899 27 179

julia.neugebauer@morphosys.com

Language:	English
Company:	MorphoSys AG Semmelweisstr. 7 82152 Planegg Germany
Phone:	+49 (0)89 899 27-0
Fax:	+49 (0)89 899 27-222
E-mail:	investors@morphosys.com
Internet:	www.morphosys.com
ISIN:	DE0006632003
WKN:	663200
Indices:	MDAX, TecDAX
Listed:	Regulated Market in Frankfurt (Prime Standard); Regulated Unofficial Market in Berlin, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart, Tradegate Exchange; Nasdaq
EQS News ID:	1929281

End of Announcement EQS News Service

Annex 4

Specific squeeze-out request of Novartis BidCo Germany AG dated 12 July 2024
to the management board of MorphoSys AG

Convenience Translation

Novartis BidCo Germany AG
c/o Novartis Pharma GmbH
Roonstr. 25, 90429 Nuremberg

- Personal/Confidential -

To
MorphoSys AG
- Management board -
Semmelweisstraße 7
82152 Planegg

12 July 2024

Specified request pursuant to section 62(1) and (5) of the German Transformation Act (*Umwandlungsgesetz - UmwG*) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz - AktG*) – Squeeze-out of the minority shareholders of MorphoSys AG in connection with the merger of MorphoSys AG into Novartis BidCo Germany AG (merger squeeze-out)

Dear Mr. Dr. Pichota, dear Mr. Gilgen,

Novartis BidCo Germany AG with registered office in Munich, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 283042 (***Novartis BidCo Germany***), directly holds 34,337,809 no-par value bearer shares of MorphoSys AG (***MorphoSys***) as of today. A copy of the corresponding deposit confirmation of UBS Switzerland AG dated 12 July 2024 is attached to this letter as **Annex 1**. MorphoSys' issued share capital amounts to EUR 37,716,423.00 and is divided into 37,716,423 no-par value bearer shares. Hence, Novartis BidCo Germany holds approx. 91.04 % and, after deduction of the number of treasury shares pursuant to section 62(1) sentence 2 UmwG, to approx. 91.17 % of the share capital of MorphoSys.

As we already informed you in our letter dated 20 June 2024, Novartis BidCo Germany intends to implement a merger of MorphoSys (as transferring entity) into Novartis BidCo Germany (as acquiring entity) and to effect a squeeze-out of the minority shareholders of MorphoSys pursuant to section 62 para. 1 and 5 UmwG in conjunction with sections 327a et seqq. AktG in connection with the merger. To this end, Novartis BidCo Germany and MorphoSys are expected to enter into the merger agreement, which has been agreed between us and which is attached hereto as a draft as **Annex 2**, on 19 July 2024.

Novartis BidCo Germany does not intend to dispose of the shares in MorphoSys before the merger takes effect. Due to the fact that Novartis BidCo Germany directly owns shares representing more than nine tenths of the share capital of MorphoSys, Novartis BidCo Germany as acquiring entity in the merger is also the main shareholder of MorphoSys as transferring entity within the meaning of section 62(5) sentence 1 UmwG in conjunction with section 327a(1) sentence 1 AktG.

Therefore, the merger agreement (and its draft) include(s) the statement pursuant to section 62(5) sentence 2 UmwG that a squeeze-out of the minority shareholders of MorphoSys

as transferring company pursuant to section 62(1) and (5) UmwG in conjunction with sections 327a et seqq. AktG is intended in connection with the merger.

Pursuant to section 62(5) sentence 1 UmwG, the general meeting of MorphoSys may, within three months after the conclusion of the merger agreement between Novartis BidCo Germany and MorphoSys, adopt a resolution pursuant to section 327a(1) AktG to transfer the shares of the minority shareholders of MorphoSys to Novartis BidCo Germany as main shareholder against payment of an adequate cash compensation. Pursuant to section 62(5) sentence 7 UmwG, the registration of the squeeze-out resolution with the commercial register will 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.

Novartis BidCo Germany hereby confirms and specifies in more detail its intention to effect a squeeze-out of the minority shareholders of MorphoSys, as communicated to the management board of MorphoSys by letter dated 20 June 2024, and requests the management board of MorphoSys to convene the ordinary general meeting of MorphoSys on a date not later than three months after the conclusion of the merger agreement and to put the following on the agenda of such meeting:

> "*Resolution on the transfer of the shares of the minority shareholders of MorphoSys AG to Novartis BidCo Germany AG as main shareholder against payment of an adequate cash compensation pursuant to section 62(5) of the German Transformation Act (Umwandlungsgesetz) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (Aktiengesetz)(merger squeeze-out).*"

Meanwhile, Novartis BidCo Germany as main shareholder 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 to be EUR 68,00 per no-par value bearer share of MorphoSys.

The proposed squeeze-out resolution shall read as follows:

> "*The no-par value bearer shares of the remaining shareholders of MorphoSys AG ("Minority Shareholders") shall be transferred to Novartis BidCo* Germany *AG with registered office in Munich ("Main Shareholder") in accordance with section 62(5) of the German Transformation Act (Umwandlungsgesetz) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (Aktiengesetz) against payment of an adequate cash compensation by the main shareholder in the amount of EUR 68,00 per no-par value bearer share of MorphoSys.*"

A declaration of Deutsche Bank AG with registered office in Frankfurt am Main, in which Deutsche Bank AG guarantees, in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(3) AktG, the fulfilment of the obligation of Novartis BidCo Germany to pay the determined cash compensation to the minority shareholders of MorphoSys and the 2021 Stock Option Beneficiaries (as defined in the attached guarantee declaration), namely to pay the determined cash compensation in the amount of EUR 68,00 per no-par value bearer share of MorphoSys and the determined cash compensation in the amount of EUR 23,10 per 2021 Stock Option, without undue delay after the squeeze-out resolution has become effective in accordance with section 62(5) sentences 7 and 8 UmwG in conjunction with section 327e(3) sentence 1 AktG, i.e. after both the squeeze-out resolution has been registered

with the commercial register at the place of the registered office of MorphoSys and the merger has been registered with the commercial register at the place of the registered office of Novartis BidCo Germany, is attached hereto in the original as **Annex 3**.

We will send you a transfer report prepared by Novartis BidCo Germany for the general meeting of MorphoSys, in which the requirements for the transfer of the shares of the minority shareholders are set out and the adequacy of the determined cash compensation is explained and justified, separately.

We have attached an excerpt from the commercial register of Novartis BidCo Germany dated today as **Annex 4** to this letter as proof of the legal form of Novartis BidCo Germany and the power of representation.

Please acknowledge receipt of this letter in writing.

[Signature Page to follow]

Yours sincerely,

Novartis BidCo Germany AG

_____

Jan-Hendrik Petersen
Sole member of the management board

Annexes:

Custody account confirmation of UBS Switzerland AG
(Draft) merger agreement
Guarantee declaration of Deutsche Bank AG
Excerpt from the commercial register of Novartis BidCo Germany AG

UBS Switzerland AG
Postfach
8098 Zürich

Corporate & Institutional Clients
Multinationals

Pascal Koller
Europaallee 21
8004 Zürich
Tel. +41-44-239 85 55
Fax +41-44-239 58 20
pascal.koller@ubs.com

www.ubs.com

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:

Account holder	Novartis BidCo Germany AG
Deposit account number	0230-00874299.S1
Bank	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
BIC/SWIFT	UBSWCHZH80A
Clearing	0230
Shares as per 12 July 2024	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

UVZ-Nr. [•]/2024

Heute, den [•(Datum ausgeschrieben)]

- [•(Datum in Ziffern)] -

erschienen gleichzeitig vor mir,

Dr. Sabine Funke,

Notarin in Frankfurt am Main:

(1) **[•]**, geboren am **[•]**, geschäftsansässig bei

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 beigefügt ist, für die

Register of deeds no. [•]/2024

Today, [•(date written in words)]

- [•(date written in numbers)] -

together appeared before me,

Dr. Sabine Funke,

notary officiating in Frankfurt am Main:

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

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

(Geschäftsanschrift:

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

eingetragen im Handelsregister des Amtsgerichts München unter HRB 283042).

(2) **[•]**, geboren am **[•]**, geschäftsansässig bei

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

with registered office in Munich

(business address:

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

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

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 being 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

zwischen der

Novartis BidCo Germany AG

mit Sitz in München

als Übernehmender Gesellschaft

und der

MorphoSys AG

mit Sitz in Planegg

als Übertragender Gesellschaft

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

Merger Agreement

between

Novartis BidCo Germany AG

with registered office in Munich

as Acquiring Company

and

MorphoSys AG

with registered office in Planegg

as Transferring Company

- 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.

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. 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

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.

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 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

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.

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. 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

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.

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.

Dies vorausgeschickt, vereinbaren die Parteien das Folgende:

Now, therefore, the Parties agree as follows:

§ 1

Vermögensübertragung, Schlussbilanz, Verschmelzungsstichtag

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 Übertragungsstichtag).

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 (***Verschmelzungsstichtag***) an gelten alle Handlungen und Geschäfte der Übertragenden Gesellschaft als für Rechnung der Übernehmenden Gesellschaft vorgenommen.

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

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.

§ 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.

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. 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.

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. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Vorstandsmitglieder von MorphoSys. Die mit MorphoSys

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.

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. 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

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 Vorstandsdienstverträge zu den derzeit zwischen MorphoSys und Dr. Arkadius Pichota bzw. Lukas Gilgen jeweils vereinbarten Bedingungen abzuschließen.

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. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Aufsichtsratsmitglieder von MorphoSys. Eine Entschädigung erhalten die Aufsichtsratsmitglieder von MorphoSys hierfür nicht.

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. Unbeschadet der Zuständigkeit der Hauptversammlung der Novartis BidCo Germany ist beabsichtigt, dass der Aufsichtsrat der Novartis BidCo

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.

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

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

§ 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.

(*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. 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.

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 hat zum Verschmelzungsstichtag 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

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.

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. 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

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.

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. 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.

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

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

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.

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. Bei MorphoSys besteht zum Zeitpunkt des Wirksamwerdens der Verschmelzung kein Betriebsrat. Auch bestehen bei MorphoSys keine weiteren Arbeitnehmervertretungen.

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 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.

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. Die Vorschrift des § 112a Abs. 1 Satz 1 BetrVG (sog. Sozialplanprivileg) findet keine Anwendung bei Novartis BidCo Germany, da diese im Rahmen einer konzerninternen

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.

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. 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.

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

Stichtagsänderung

§ 6

Change in the Merger Effective Date

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

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 Verschmelzungsstichtag 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.

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

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.

§ 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.

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. 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

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 (*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

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.

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. 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.

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. 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.

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. 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

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.

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 fulfil these obligations. This power of attorney shall continue to be valid beyond the effectiveness of the merger.

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.

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. 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

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.

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. 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.

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.

***

***

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

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

UBS Switzerland AG
Postfach
8098 Zürich

Corporate & Institutional Clients
Multinationals

Pascal Koller
Europaallee 21
8004 Zürich
Tel. +41-44-239 85 55
Fax +41-44-239 58 20
pascal.koller@ubs.com

www.ubs.com

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:

Account holder	Novartis BidCo Germany AG
Deposit account number	0230-00874299.S1
Bank	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
BIC/SWIFT	UBSWCHZH80A
Clearing	0230
Shares as per 12 July 2024	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

CONVENIENCE TRANSLATION
This English language translation has been prepared solely for the convenience of English speaking readers. Although all reasonable efforts have been made to provide an accurate translation, however, certain discrepancies, omissions or approximations may exist. No warranty of any kind, either expressed or implied, is made as to the accuracy, reliability, or correctness of this translations made from German into English. In case of any differences between the German and the English versions, the German version shall prevail.
Thus, only the original declaration of warranty in German language, signed by Deutsche Bank AG, is legally binding and valid.

Letterhead of Deutsche Bank AG

To
Novartis BidCo Germany AG
c/o Novartis Pharma GmbH
Roonstrasse 25
90429 Nuremberg

dated 11th July 2024

for delivery to the Executive Board of MorphoSyS AG

Declaration of warranty No. 100BGI24001208 for the cash compensation obligation of the main shareholder according to Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG for delivery to the executive board of MorphoSyS AG

*Novartis BidCo Germany AG, based in Munich, registered in the commercial register of the Amtsgericht München under HRB 283042 (hereinafter the **'main shareholder'**), has informed us that:*

*- it and MorphoSys AG, established in Planegg, registered in the commercial register of the Amtsgericht München under HRB 121023 (hereinafter the **'Aktiengesellschaft'**), are expected to conclude a merger agreement on 19 July 2024 by which the Aktiengesellschaft, as the company being acquired, transfers its assets as a whole to the main shareholder as the acquiring company (merger by acquisition), with all the rights and obligations resulting from the dissolution without liquidation in accordance with §§ 2 No 1, 60 et seq. UmwG;*

- as of 10 July 2024, it directly holds 34,337,809 of the total issued 37,716,423 bearer-denominated no-par value shares of the Aktiengesellschaft with a share of the share capital of EUR 1.00. This corresponds to approximately 91.17% of the share capital of the Aktiengesellschaft (with deduction of the number of own shares according to Paragraph 62 article 1 sentence 2 of the UmwG). Since shares amounting to more than nine tenths of the share capital of the Aktiengesellschaft are thus directly in the hands of the main shareholder, the main shareholder as the acquiring company is also the main shareholder of the Aktiengesellschaft as the company being acquired within the meaning of the first sentence of Paragraph 62(5), paragraph 1, of the UmwG in the context of that merger;

*- the merger agreement pursuant to the second sentence of Paragraph 62(5) of the UmwG will contain a statement that, in connection with the merger, the other shareholders (hereinafter the **'minority shareholders'**) of the Aktiengesellschaft as the company being acquired are to be excluded (hereinafter the **'merger squeeze-out'**).*

At the request of the main shareholder, a decision on the transfer of the minority shareholders' shares to the main shareholder is to be taken at the ordinary general meeting of the Aktiengesellschaft on 27 August 2024 pursuant to Section 62(5) UmwG in conjunction with Section 327a(1) AktG in return for

the granting of a reasonable cash compensation of EUR 68.00 per share to be paid by the main shareholder.

*The intended merger squeeze-out means that the main shareholder must also compensate the beneficiaries of the stock option programs implemented by the Aktiengesellschaft in 2021 (hereinafter **'2021 stock option beneficiaries'**) for the loss of their subscription rights to shares in the Aktiengesellschaft (hereinafter **'2021 stock options'**) (hereinafter, together with the cash compensation to be paid to minority shareholders, the **'cash compensation'**). The main shareholder informed us that 107,044 2021 stock options are currently outstanding and that they will pay the 2021 stock option beneficiaries a cash compensation of EUR 23.10.*

Pursuant to the eighth sentence of Paragraph 62(5) of the UmwG in conjunction with Paragraph 327b(3) of the AktG, before convening the general meeting which decides on the transfer of the shares of the minority shareholders to the main shareholder, the main shareholder is required to submit to the management board of the Aktiengesellschaft as the transferring company the declaration of a credit institution authorized to operate under the scope of the Stock Corporation Act, by which the credit institution takes over the guarantee for the fulfillment of the obligation of the main shareholder to pay the above cash compensation immediately after both (i) the transfer decision in the commercial register of the Aktiengesellschaft and (ii) the merger is registered in the commercial register of the main shareholder and the transfer decision has thus become effective (Paragraph 62(5), seventh sentence, and sentence 8 of the UmwG in conjunction with Paragraph 327e(3), first sentence, of the AktG).

That being said, we, as a credit institution authorized to conduct business within the scope of application of the Stock Corporation Act pursuant to Paragraph 62 (5) sentence 8 of the UmwG in conjunction with Paragraph 327b (3) of the AktG, accept unconditionally and irrevocably against each minority shareholder and each 2021 stock option beneficiary

(1) the warranty for the fulfillment of the obligation of the main shareholder to pay the minority shareholders of the Aktiengesellschaft without delay the fixed cash compensation of EUR 68.00 per share and the 2021 stock option beneficiaries without delay a cash compensation of EUR 23.10 per 2021 stock option, in each case after both (i) the transfer decision of the general meeting of the Aktiengesellschaft to Section 327a(1) of the AktG in the commercial register of the Aktiengesellschaft and (ii) the above-described merger of Aktiengesellschaft to the main shareholder in the commercial register of the Aktiengesellschaft are registered as shareholders and the transfer decision has thus become effective (Paragraph 62(5), seventh and eighth sentences of the UmwG in conjunction with Paragraph 327e(3), first sentence, of the AktG);

(2) the warranty for the fulfillment of the obligation of the main shareholder to pay the minority shareholders and the 2021 stock option beneficiaries pursuant to § 62 article 5 sentence 8 UmwG in conjunction with § 327b article 2 AktG on the above-mentioned cash compensation amounting to 5 percentage points annually above the respective base interest rate pursuant to § 247 BGB.

Insofar as shares of the minority shareholders are issued with share certificates which securitise the severance entitlement until the delivery to the main shareholder, the payment is made only in a step-by-step manner against the delivery of the respective share certificates or transfer of the rights to a global certificate.

This declaration of warranty pursuant to Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG constitutes a real contract for the benefit of third parties (Paragraph 328 article 1 BGB), from which every minority shareholder of the Aktiengesellschaft and every 2021 stock option beneficiary a direct and irrevocable payment claim against us. In relation to each

minority shareholder and each 2021 stock option beneficiary, objections and objections are excluded from our relationship with the main shareholder.

The declaration of warranty within the meaning of Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG is subject to German law.

Deutsche Bank AG

- signature - - signature -

CONVENIENCE TRANSLATION, see also the heading note
only the original declaration of warranty in German language is legally binding and valid

Non-binding convenience translation

Commercial register B of the local court (*Amtsgericht*) of Munich	Section B Reproduction of the current register content Retrieved on 12 July 2024 07:49	Number of the company: **HRB 283042**
	Page 1 of 2	

1. Number of entries to date:

2

2. a) Name of the company:

Novartis BidCo Germany AG

b) Registered office, place of establishment, business address in Germany, authorized recipient, branch offices:

Munich
Business address: Roonstr. 25, c/o Novartis Pharma GmbH, 90429 Nuremberg/Nürnberg

c) Object of the company:

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.

3. Registered share capital:

EUR 50,000.00

4. a) General provisions on representation:

Where only one member of the management board has been appointed, the company is represented solely by this member. Where several management board members have been appointed, the company is represented by two management board members or by one management board member acting jointly with an authorized representative (*Prokurist*).

b) Management board, governing body, executive directors, general partners, directors, authorized representatives and special power of representation:

Management board member: Petersen, Jan-Hendrik, Hamburg, born 5 August 1975

5. General commercial power of attorney (*Prokura*):

–

6. a) Legal structure, commencement, articles of association or shareholders'/partnership agreement

Stock corporation (*Aktiengesellschaft*)
Articles of association of 6 March 2023
Last amended by way of resolution of 11 June 2024

b) Other legal relationships:

–

7. a) Date of last entry:

12 June 2024

Annex 5

Ad hoc announcement of MorphoSys AG dated 12 July 2024

MorphoSys AG

Ad hoc: Merger Squeeze-out Cash Compensation Determined at EUR 68.00

MorphoSys AG / Key word(s): Squeeze Out
Ad hoc: Merger Squeeze-out Cash Compensation Determined at EUR 68.00

12-Jul-2024 / 14:34 CET/CEST

Publication of an inside information according to Article 17 para. 1 of the Regulation (EU) No. 596/2014

Key word(s): Squeeze Out

Planegg/Munich, Germany, July 12, 2024

Ad hoc: Merger Squeeze-out Cash Compensation Determined at EUR 68.00

MorphoSys AG (FSE: MOR; NASDAQ: MOR) announces that Novartis BidCo Germany AG submitted a specified request (*konkretisiertes Verlangen*) to the MorphoSys AG Management Board, pursuant to section 62 para. 1 and 5 first sentence of the German Transformation Act (*Umwandlungsgesetz - UmwG*) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz - AktG*), to convene the MorphoSys AG's Annual General Meeting to resolve on the transfer of shares held by MorphoSys AG's minority shareholders to Novartis BidCo Germany AG against adequate cash compensation.

Novartis BidCo Germany AG currently holds approximately 91.04% and, after deduction of the number of treasury shares pursuant to section 62 para. 1 sentence 2 UmwG, approximately 91.17% of the MorphoSys AG share capital and is therefore the major shareholder of MorphoSys AG as defined by section 62 para. 5 UmwG. Novartis BidCo Germany AG has determined the amount of the cash compensation to be EUR 68.00 per MorphoSys AG share. The court-appointed expert auditor has already indicated that, from a current standpoint, it will confirm the cash compensation to be adequate.

The conclusion and notarization of the merger agreement between MorphoSys AG and Novartis BidCo Germany AG will take place shortly. At the MorphoSys AG Annual General Meeting, expected to take place on August 27, 2024, a resolution will be adopted on transferring MorphoSys AG minority shareholders' shares to Novartis BidCo Germany AG against a cash compensation of EUR 68.00 per share.

The effectiveness of the merger squeeze-out is still subject to approval by the MorphoSys AG Annual General Meeting and the registration of both the transfer resolution and the merger in the commercial register at the seat of MorphoSys AG, as well as the registration of the merger in the commercial register at the seat of Novartis BidCo Germany AG.

***

END OF AD HOC ANNOUNCEMENT

End of Inside Information

Information and Explanation of the Issuer to this announcement:

Information and Explanation of the Issuer to this announcement:

This communication is neither an offer to purchase nor a solicitation of an offer to sell shares of MorphoSys AG.

MorphoSys Forward Looking Statements[1]

This communication contains certain forward-looking statements concerning MorphoSys AG (the "Company"), Novartis BidCo Germany AG and the merger squeeze-out that involve substantial risks and uncertainties. Forward-looking statements include any statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "goal," "may," "might," "plan," "predict," "project," "seek," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions.

The forward-looking statements contained in this communication represent the judgment of the Company as of the date of this communication and involve known and unknown risks and uncertainties, which might cause the actual results, financial condition and liquidity, performance or achievements of the Company, or industry results, to be materially different from any historic or future results, financial conditions and liquidity, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the Company's results, performance, financial condition and liquidity, and the development of the industry in which it operates are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Those risks and uncertainties that could cause the actual results to differ from expectations contemplated by forward-looking statements include, among other things: uncertainties as to the timing of the merger squeeze-out; the effects of the merger squeeze-out on relationships with employees, other business partners or governmental entities; that Novartis BidCo Germany AG and Novartis AG may not realize the potential benefits of the acquisition of the Company by Novartis AG; transaction costs associated with the merger squeeze-out; potential operational difficulties with integrating MorphoSys with Novartis AG; that the Company's expectations may be incorrect; the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements; the Company's reliance on collaborations with third parties; estimating the commercial potential of the Company's development programs; and other risks indicated in the risk factors included in the Company's filings with the U.S. Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 20-F. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this communication. The Company expressly disclaims any obligation to update any such forward-looking statements in this communication to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.

About MorphoSys

At MorphoSys, we are driven by our mission: More life for people with cancer. As a global commercial-stage biopharmaceutical company, we develop and deliver innovative medicines, aspiring to redefine how cancer is treated. MorphoSys is headquartered in Planegg, Germany, and has its U.S. operations anchored in Boston, Massachusetts. To learn more, visit us at www.morphosys.com and follow us on Twitter at X and LinkedIn.

For more information, please contact:

MorphoSys AG

Dr. Julia Neugebauer

Vice President, Global Investor Relations

Tel: +49 (0)89 / 899 27 179

julia.neugebauer@morphosys.com

12-Jul-2024 CET/CEST The EQS Distribution Services include Regulatory Announcements, Financial/Corporate News and Press Releases.
Archive at www.eqs-news.com

Language:	English
Company:	MorphoSys AG Semmelweisstr. 7 82152 Planegg Germany
Phone:	+49 (0)89 899 27-0
Fax:	+49 (0)89 899 27-222
E-mail:	investors@morphosys.com
Internet:	www.morphosys.com
ISIN:	DE0006632003
WKN:	663200
Listed:	Regulated Market in Frankfurt (Prime Standard); Regulated Unofficial Market in Berlin, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart, Tradegate Exchange; Nasdaq
EQS News ID:	1945449

End of Announcement EQS News Service

Annex 6

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

UVZ-Nr. [•]/2024

Heute, den [•(Datum ausgeschrieben)]

- [•(Datum in Ziffern)] -

erschienen gleichzeitig vor mir,

Dr. Sabine Funke,

Notarin in Frankfurt am Main:

(1) **[•]**, geboren am **[•]**, geschäftsansässig bei

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 beigefügt ist, für die

Novartis BidCo Germany AG

mit Sitz in München

(Geschäftsanschrift:

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

eingetragen im Handelsregister des Amtsgerichts München unter HRB 283042).

(2) **[•]**, geboren am **[•]**, geschäftsansässig bei

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

Register of deeds no. [•]/2024

Today, [•(date written in words)]

- [•(date written in numbers)] -

together appeared before me,

Dr. Sabine Funke,

notary officiating in Frankfurt am Main:

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

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

with registered office in Munich

(business address:

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

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

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 being 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

zwischen der

Novartis BidCo Germany AG

mit Sitz in München

als Übernehmender Gesellschaft

und der

MorphoSys AG

mit Sitz in Planegg

als Übertragender Gesellschaft

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

Merger Agreement

between

Novartis BidCo Germany AG

with registered office in Munich

as Acquiring Company

and

MorphoSys AG

with registered office in Planegg

as Transferring Company

- 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.

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. 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

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.

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 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

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.

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. 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

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.

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.

Dies vorausgeschickt, vereinbaren die Parteien das Folgende:

Now, therefore, the Parties agree as follows:

§ 1

Vermögensübertragung, Schlussbilanz, Verschmelzungsstichtag

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 Übertragungsstichtag).

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 (***Verschmelzungsstichtag***) 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

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

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).

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

Keine Gegenleistung

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

§ 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.

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. 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.

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. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Vorstandsmitglieder von MorphoSys. Die mit MorphoSys

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.

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. 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

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 Vorstandsdienstverträge zu den derzeit zwischen MorphoSys und Dr. Arkadius Pichota bzw. Lukas Gilgen jeweils vereinbarten Bedingungen abzuschließen.

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. Mit dem Wirksamwerden der Verschmelzung endet die Organstellung der Aufsichtsratsmitglieder von MorphoSys. Eine Entschädigung erhalten die Aufsichtsratsmitglieder von MorphoSys hierfür nicht.

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. Unbeschadet der Zuständigkeit der Hauptversammlung der Novartis BidCo Germany ist beabsichtigt, dass der Aufsichtsrat der Novartis BidCo

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.

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

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

§ 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.

(*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. 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.

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 hat zum Verschmelzungsstichtag 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

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.

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. 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

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.

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. 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.

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

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

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.

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. Bei MorphoSys besteht zum Zeitpunkt des Wirksamwerdens der Verschmelzung kein Betriebsrat. Auch bestehen bei MorphoSys keine weiteren Arbeitnehmervertretungen.

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 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.

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. Die Vorschrift des § 112a Abs. 1 Satz 1 BetrVG (sog. Sozialplanprivileg) findet keine Anwendung bei Novartis BidCo Germany, da diese im Rahmen einer konzerninternen

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.

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. 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.

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

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

§ 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 Verschmelzungsstichtag 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.

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

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.

§ 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.

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. 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

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 (*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

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.

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 fulfil these obligations. This power of attorney shall continue to be valid beyond the effectiveness of the merger.

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.

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. 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

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.

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. 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.

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.

***

***

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

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

UBS Switzerland AG
Postfach
8098 Zürich

Corporate & Institutional Clients
Multinationals

Pascal Koller
Europaallee 21
8004 Zürich
Tel. +41-44-239 85 55
Fax +41-44-239 58 20
pascal.koller@ubs.com

www.ubs.com

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:

Account holder	Novartis BidCo Germany AG
Deposit account number	0230-00874299.S1
Bank	UBS Switzerland AG Bahnhofstrasse 45 8001 Zürich
BIC/SWIFT	UBSWCHZH80A
Clearing	0230
Shares as per 12 July 2024	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

Annex 7

Valuation Report of ValueTrust Financial Advisors Deutschland GmbH, Munich, dated 12 July 2024 on the
company value of MorphoSys AG and on the determination of the adequate cash compensation in accordance with section 62(5) sentence 8 UmwG in conjunction with section 327b(1) AktG as of the valuation date 27 August 2024

VALUETRUST

Expert Report

on the business value of

MorphoSys AG, Planegg

and on the derivation of the adequate cash compensation in connection with the intended transfer of the shares of the minority shareholders pursuant to § 62 para. 5 sentence 8 German Transformation Act (*Umwandlungsgesetz*) in conjunction with §§ 327a et seq. German Stock Corporation Act (*Aktiengesetz*)

as of 27 August 2024

Munich, 12 July 2024

Table of Contents

Detailed Table of Contents

List of abbreviations

[TRANSLATOR's NOTE: These abbreviations correspond to the alphabetical order in the German original version to facilitate comparison. Some German abbreviated terms do not have corresponding English abbreviations; those terms are not included in the English list of abbreviations.]

Abbreviation		Meaning
AG	=	German Stock Corporation (*Aktiengesellschaft*)
AIH	=	autoimmune hepatitis
AIHA	=	Autoimmune hemolytic anemia warm type
AktG	=	German Stock Corporation Act (*Aktiengesetz*)
APV	=	adjusted present value
BaFin	=	Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsich*t)
BET	=	bromodomain and extra-terminal domain
BewG	=	German Act on Valuation of Assets (*Bewertungsgesetz*)
bn.	=	Billion
BGH	=	Federal Supreme Court of Justice (*Bundesgerichtshof*)
GDP	=	Gross domestic product
BTK-Inhibitor	=	bruton-tyrosinkinase inhibitor
BvR	=	case number of the German Constitutional Court
CAGR	=	Compound Annualized Growth Rate
CAPEX	=	Capital Expenditures
CAPM	=	Capital Asset Pricing Model
CAR-T-cells	=	chimeric antigen receptor thymus cells
CAT	=	cancer associated thrombosis
CDAX	=	Composite DAX
DAX	=	German Stock Index
DCF	=	discounted cashflow
DEU	=	Germany
DLBCL	=	diffuse large B-cell lymphoma
DVFA	=	German Association for Financial Analysis and Asset Management *(Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.)*
EBITDA	=	earnings before interest, taxes, depreciation and amortization
EBIT	=	earnings before interest and taxes
EBT	=	earnings before taxes
EG	=	European Community
EIND	=	Emergency Investigational New Drug
EMA	=	European Medicines Agency
EU	=	European Union
EUR	=	Euro

Abbreviation		Meaning
EV	=	Enterprise Value
ECB	=	European Central Bank
e.V.	=	registered association (*eingetragener Verein*)
FAUB	=	Special Committee for Business Valuation and Business Management (*Fachausschuss für Unternehmensbewertung und Betriebswirtschaft*)
FCF	=	free cash flow
FDA	=	U.S. Food and Drug Administration
FDCA	=	U.S. Federal Food, Drug, and Cosmetic Act
FL	=	follicular lymphoma
GmbH	=	Company with Limited Liability (*Gesellschaft mit beschränkter Haftung*)
P&L	=	Income statement
HGB	=	German Commercial Code (*Handelsgesetzbuch*)
HuCAL	=	Human Combinatorial Antibody Library
IDW	=	Institute of Accountants in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*)
IDW S 1	=	IDW Standard: IDW Standard: "Principles on conducting business valuations (Grundsätze zur Durchführung von Unternehmensbewertungen) in the 2008 version
IFRS	=	International Financial Reporting Standards
IgAN	=	immunoglobulin A-nephropathy
Inc.	=	Incorporated
IND	=	Investigational New Drug
IP	=	Intellectual Property
ISIN	=	International Securities Identification Number
ITP	=	immunothrombocytopenia
IMF	=	International Monetary Fund
LG	=	District Court (*Landgericht*)
LN	=	lupus nephritis
LTI	=	long-term incentive plan
LTM	=	last twelve months
MF	=	myelofibrosis
m	=	million
MM	=	multiple myeloma
MN	=	membranous nephropathy
MOR-ADS	=	MorphoSys american depositary shares
MRP	=	Market risk premium
MZL	=	marginal zones lymphoma
NHL	=	non-hodgkin's lymphoma
NOPLAT	=	Net Operating Profit Less Adjusted Taxes

Abbreviation		Meaning
NV	=	Dutch stock corporation (*Naamloze Vennootschap*)
OECD	=	Organization für Economic Cooperation and Development
OLG	=	Court of Appeals (*Oberlandesgericht*)
p.a.	=	annually (*per annum*)
PSUP	=	Performance Share Unit Program
RA	=	rheumatoid arthritis
para.	=	paragraph
ROE	=	return on equity
ROIC	=	return on invested capital
r/r	=	relapsed or refractory
RSUP	=	Restricted Stock Unit Plan
S.A.	=	Société Anonyme
SE	=	Societas Europaea
SLE	=	systemic lupus erythematodes
SOP	=	Stock Option Plan
S.p.A.	=	Società per Azioni
SPAF	=	Stroke Prevention in Atrial Fibrillation
SWOT analysis	=	Model for analysing strengths, weaknesses in the business model and opportunities and risks in the market and the competitive environment
S&P	=	Standard & Poor's (rating agency)
S&P 500	=	Standard & Poor's 500 (American stock index)
Tax-CAPM	=	Capital Asset Pricing Modell including Taxes
tsd	=	Thousand
TV	=	terminal value
no.	=	Number
UK	=	United Kingdom
UmwG	=	German Act on Transformation of Corporate Form (*Umwandlungsgesetz*)
USA	=	United States of America
USD	=	US Dollar
WACC	=	Weighted Average Cost of Capital
WP	=	German accountant (*Wirtschaftsprüfer*)
WPg	=	Die Wirtschaftsprüfung published by IDW Verlag
WpÜG	=	German Securities and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)
WpÜGAngebV	=	Regulation on the Content of the Offering Document (*Verordnung über den Inhalt der Angebotsunterlage, die Gegenleistung bei Übernahmeangeboten und Pflichtangeboten und die Befreiung von der Verpflichtung zur Veröffentlichung und zur Abgabe eines Angebots*)
XETRA	=	Electronic trading system of Deutsche Börse AG

1. MANDATE AND EXECUTION OF THE MANDATE

1.1. Mandate

1. By the engagement letter dated 5 July 2024, which sets forth an addendum to the engagement letter dated 29 April 2024 between Novartis BidCo AG and us, ValueTrust Financial Advisors Deutschland GmbH, Munich ("ValueTrust"), regarding the previously contemplated conclusion of a domination and profit and loss transfer agreement, Novartis BidCo Germany AG (hereinafter referred to as "Novartis BidCo Germany" or "Client") has mandated us in connection with a potential transfer of the shares of the minority shareholders of MorphoSys AG, Planegg/Germany (hereinafter referred to as "MOR AG" and "MorphoSys" as MOR AG including all group companies (subsidiaries and affiliates)) in exchange for an adequate cash compensation ("Cash Compensation") in the context of a potential merger of MOR AG as transferring company into Novartis BidCo Germany as acquiring company section 62 para. 5 sentence 8 of the German Transformation Act (UmwG) in connection with section 327a et seq. of the German Stock Corporation Act (AktG). The transfer of the shares of the minority shareholders in the context of the aforementioned merger leads to the squeeze-out of the minority shareholders (so-called "Merger Squeeze-out"). Furthermore, the Client asked us to derive the amount of the respective compensation, assuming that in the event of a squeeze-out in accordance with §§ 327a AktG for the loss of the option to exercise subscription rights for shares of MOR AG in connection with the employee option programs of MOR AG as well as the loss of conversion rights in connection with the convertible bond issued by MOR AG.

2. On 20 June 2024, Novartis BidCo Germany informed MOR AG of its intention to carry out a Merger Squeeze-out and submitted a formal request within the meaning of section 62 para 5 UmwG in conjunction with. section 327a para 1 sentence 1 AktG to the Management Board of MOR AG to convene a general meeting of the company and to have this general meeting resolve on the transfer of the MOR shares of the minority shareholders to Novartis BidCo Germany in return for an adequate cash compensation. The valuation date was set as 27 August 2024 ("Valuation Date"). On this date, the shareholders of MOR AG are expected to vote on the Merger Squeeze-out at the Annual General Meeting.

3. When conducting the mandate, we applied the statements of the Institute of Accountants in Germany e.V. (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, hereinafter referred to as "IDW"), in particular the IDW standard: "Principles for Conducting Business Valuations" ("*Grundsätze zur Durchführung von Unternehmensbewertungen*") (IDW S 1 in the 2008 version, status: 4 July 2016[1], hereinafter referred to "IDW S 1"). In accordance with this standard, ValueTrust is issuing this Expert Report on the business value as a neutral expert. The business value determined under IDW S 1 in this Expert Report represents an intersubjective, verifiable value of the success in the future which would result as a going concern on the basis of the existing business concept with all realistic expectations for the future in the context of the opportunities, risks and financial possibilities of the business in the market as well as other influencing factors (the so-called "objectified business value"). In addition to the principles of

[1] See, WPg Supplement 3/2008, pp. 68 et seq., FN-IDW 7/2008, p. 271 ff., IDW Life 8/2016, p. 731

an objectified business value under IDW S 1, we also considered the German case law on the company valuation in appraisal proceedings for determining the adequate cash compensation in the case of structural measures under stock corporations' law. In light of this background, we checked the reasonableness of the planned accounts in accordance with the mandate and IDW S 1 in the case law.

4. Furthermore, we took into account the "Best Practice Recommendations for Business Valuation" (*Best-Practice-Empfehlungen Unternehmensbewertung*) of the German Association for Financial Analysis and Asset Management (*Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.*) (status: December 2012, the "DVFA-Recommendations"). We are issuing our Expert Report in the capacity as an independent expert in the sense of the DVFA-Recommendations. The DVFA-Recommendations are directed towards determining the fair market value and are based on a valuation concept of a typical purchaser in the market for the business as a standard for typification and determining the fundamental value. This method refers more strongly to the empirically common approach of real purchasers of businesses for determining value from the perspective of a purchaser of the business.

5. The reason for the valuation is the implementation of the Merger Squeeze-out of the minority shareholders of MOR AG by its majority shareholder Novartis BidCo Germany pursuant to section 62 para. 1 and para. 5 UmwG in conjunction with section 327a AktG. In this context, we support the Management Board of Novartis BidCo Germany in determining the adequate Cash Compensation pursuant to § 327a AktG. As of the date of issuance of this Expert Report, Novartis BidCo holds approximately 91% of the shares of MOR AG ("MOR shares").

6. The Squeeze-out requires the approval of the General Meeting (*Hauptversammlung*) of MOR AG 27 August 2024 has been set as the valuation date. On this date, the shareholders of MOR AG are expected to resolve upon the approval of the Merger Squeeze-out at the Annual General Meeting.

7. The Expert Report is to form the basis for the "Transfer Report of Novartis BidCo Germany, Munich, as the main shareholder of MorphoSys AG, Planegg, on the conditions for the transfer of the shares of the minority shareholders of MorphoSys AG to Novartis BidCo Germany AG, Munich, and on the adequacy of the cash compensation determined in accordance with Section 327c para, 2 sentence 1 (AktG) dated 12 July 2024 ("Transfer Report"), which will be published in connection with the invitation to the Annual General Meeting of MOR AG for the adoption of the resolution.

8. The execution of the mandate and our responsibility, also in relation to third parties, is governed by the terms and conditions of the engagement letter agreed with the Client. This Expert Report has been prepared exclusively for internal use by the Client and with the purpose of concluding the Merger Squeeze-out. Internal use includes, in addition to informational purposes for both the Management Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) of Novartis BidCo Germany AG, as well as the Management Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) of MOR AG, the publication in connection with the preparation and conduction of the General Meeting (*Hauptversammlung*) as well as the use in connection

with potentially subsequent award proceedings, provided that our Expert Report is passed on in its entirety, including all annexes.

9. Except as stated above, this Expert Report cannot be made available or disclosed to third parties without our prior written consent. Under no circumstances do we assume any liability towards third parties for this Expert Report, regardless of whether consent was issued or not.

1.2. Execution of the mandate

10. We conducted our work from April 2024 to July 2024 in our offices.

11. Primarily the information set forth in Annex 1 "List of Documents and Information which were primarily used" was available to us for the performance of the mandate.

12. This Expert Report is based on the status of information related to the assets, financial situation, and earnings position of the valuation objects as well as their future development as of 12 July 2024 and capital markets data as of 21 June 2024.

13. We also conducted discussions in the course of our activities to verify reasonableness with regard to the general business activity, the current and forecast financial situation as well as the future strategic direction of MorphoSys and received in this regard oral information and explanations from senior management and selected employees of MorphoSys and the Company's advisors listed in Annex 2.

14. In general, our determination of value is based on the documents provided for the valuation. We critically evaluated the received information, but we did not subject the information to any audit in the sense of an annual audit.

15. The legal representatives of Novartis BidCo Germany and of MOR AG issued a declaration of completeness to us dated 12 July 2024, stating that all information which was of any importance for the preparation of this Expert Report was provided accurately and completely.

16. We emphasize that there are normally differences between the expected results and the actual achieved results because results can occur which are different than originally planned. These differences can be substantial. Therefore, we assume no liability and responsibility for the occurrence of the assumptions and results forming the basis of the planned accounts and/or the measures to be carried out as well as the results of business activity. We also make no statement about the ability to achieve the planned results as well as the accuracy and completeness of the assumptions, results and information forming the basis of the planned accounts.

17. We wish to point out that the following described calculations for determining the business values are generally shown as Euro millions with one decimal point. We have accordingly rounded the results of our calculations. Since the calculations were made with the exact values, the addition or subtraction of values in tables can lead to differences in the shown subtotals and totals.

1.3. Previous public takeover offer and delisting tender offer

Public Takeover Offer dated 11 April 2024

18. Prior to the formal request to transfer the MOR shares of the minority shareholders against payment of an adequate cash compensation, a public takeover offer ("Takeover Offer") by Novartis BidCo AG, Basel/Switzerland ("Bidder") to all shareholders of MOR AG and all holders of American Depositary Shares representing shares of MOR AG for the acquisition of all no-par value bearer shares of MOR AG (ISIN DE0006632003), each with a notional pro rata amount of the share capital of MOR AG of EUR 1.00 per share against payment of a cash consideration of EUR 68.00 per MOR share was launched. The decision to make the takeover offer was published on 5 February 2024 and the corresponding offer document was published on 11 April 2024. The period for acceptance of the Takeover Offer (including the additional acceptance period) ended on 30 May 2024 at 24:00 hours (CET). By the end of the additional acceptance period, the takeover offerTO had been accepted for a total of 29,336,378 MOR shares, which corresponded to approximately 77.78% of the share capital of MOR AG existing at the end of the additional acceptance period.

19. The total number of shares held by the Bidder after settlement of the Takeover Offer at the end of the additional acceptance period on 30 May 2024 amounted to 33,696,478 MOR shares, corresponding to approximately 89.48% of the share capital of MOR AG existing at the end of the additional acceptance period. Deducting the treasury shares held by MorphoSys, from which MorphoSys has no rights, the Bidder holds approximately 89.47% of the share capital with voting rights.

20. After completion of the Takeover Offer on 23 May 2024 for the regular acceptance period and on 10 June 2024 for the additional acceptance period, the Bidder announced on 17 and 18 June 2024 that the Bidder had acquired 520,000 MOR shares (approx. 1.38% of the share capital and voting rights of MOR AG) plus 121,331 MOR shares (approx. 0.32% of the share capital and voting rights of MOR AG), both off-market outside the Takeover Offer against payment of cash consideration. On 20 June 2024, the Bidder announced that it had contributed 34,337,809 MOR shares by way of contribution in-kind to its wholly owned subsidiary Novartis BidCo Germany on 19 June 2024, free of charge outside the Takeover Offer and off-market. Novartis BidCo Germany thus holds 34,337,809 MOR shares, which, after deduction of the treasury shares held by MorphoSys, from which MorphoSys has no rights, correspond to a stake of approximately 91.17% as of 20 June 2024.

Announcement of a public delisting offer on 20 June 2024

21. On 20 June 2024, the Bidder published its decision to make a public delisting tender offer ("Delisting Tender Offer") pursuant to section 39 para. 2 sentence 3 no. 1 BörsG in the form of a cash offer to all shareholders of MOR AG and all holders of American Depositary Shares representing shares of MOR AG to acquire all no-par value bearer shares of MOR AG not already held by Novartis BidCo Germany with a pro rata amount of the share capital of MorphoSys of EUR 1.00 per share (ISIN: DE0006632003). Furthermore, the Bidder and MOR AG announced that a joint delisting agreement was also signed on 20 June 2024. In the Delisting

Agreement, MorphoSys has undertaken vis-à-vis Novartis BidCo to apply for the revocation of the admission of the MOR shares to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (so-called delisting) no later than one week prior to the expiry of the acceptance period of the Delisting Tender Offer.

22. The Delisting Tender Offer was published on 4 July 2024 and the acceptance period will end on 2 August 2024.

23. Under the Delisting Tender Offer, Novartis BidCo offers EUR 68.00 in cash as consideration for each MOR share tendered for acceptance (including all MOR shares represented by American Depositary Shares). The Delisting Tender Offer does not contain any offer conditions.

2. VALUATION OBJECT MORPHOSYS

24. The definition and delineation of the valuation object forms the basis of every business valuation. To be able to evaluate the opportunities for growth, the business plan and planned accounts as well as the risk potential for the business being valued, it is necessary to understand the historical background, the business model and the MorphoSys' position in the market.

25. Initially the legal and tax circumstances as well as the history of the business are shown below. The economic circumstances, the business model, the business strategy, and the environment in the market and the competition are subsequently explained. Furthermore, taking into account the historic earnings position and financial situation in the last three financial years before the valuation date, the strengths and weaknesses of the business model of MorphoSys as well as the opportunities and risks in the market environment are then analysed, in order to determine and substantiate the opportunities-risks-profile of MorphoSys by means of a SWOT analysis. Together with the description of comparable businesses (peer group), this constitutes an appropriate basis for evaluating the business plan and planned accounts with regard to the amount and the timing of the cash flows, which are characterized by the uncertainty in any forecast, the risk profile for the cash flows as well as the determination of the premises for valuation based on the capital market.

2.1. Legal and tax circumstances

26. The valuation object is MOR AG, Planegg/Germany, including its affiliated and associated businesses as shown in the following.

Structure of the MorphoSys Group

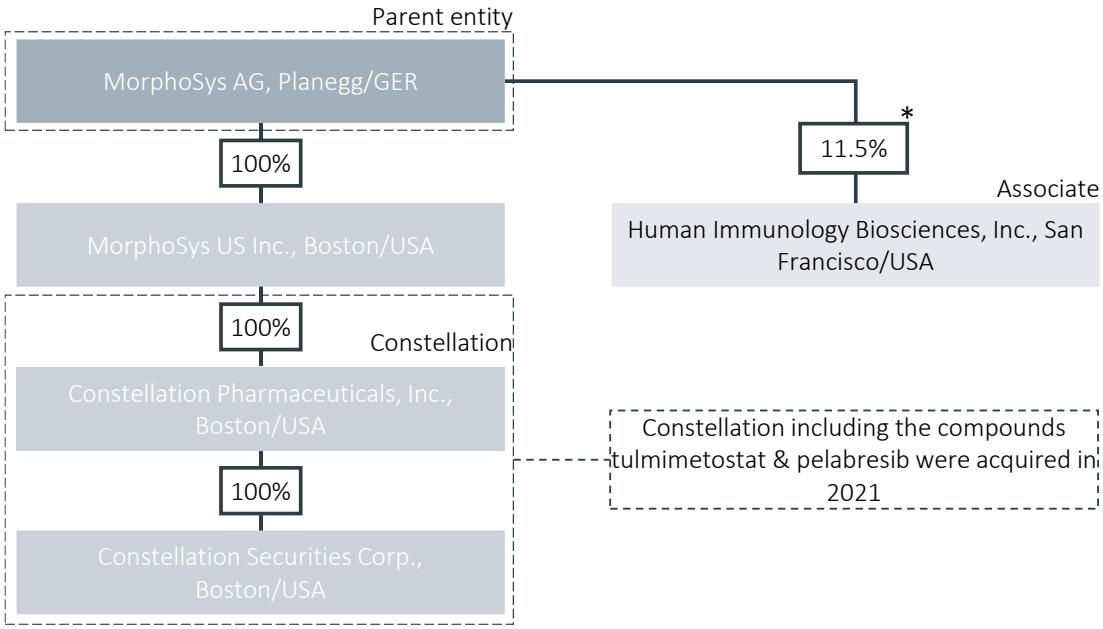
27. MOR AG is a stock corporation under German law with its registered office in Planegg/Germany. It is registered with the commercial register of the local court (Amtsgericht) of Munich/Germany, with the register number HRB 121023.

28. As of 31 December 2023, MOR AG held three fully consolidated subsidiaries and an associated business as the parent company. MOR AG is the parent company with a share of 100% in MorphoSys US Inc., Boston/United States of America ("USA"). MorphoSys US Inc., in turn, holds a share of 100% in Constellation Pharmaceuticals, Inc., Boston/USA ("Constellation Inc."), and Constellation, Inc., in turn, holds a share of 100% in Constellation Securities Corp., Boston/USA (Constellation, Inc. and Constellation Securities Corp. together: "Constellation"). MOR AG has also held since 2022 a participation in Human Immunology Biosciences, Inc., San Francisco/USA ("HI-Bio") which amounted to 12.1% as of 31 December 2023.[2] Due to capital increases carried out in the first half of 2024, MOR AG's stake in HI-Bio was reduced to around 11.5%. In a press release dated May 22, 2024, the listed pharmaceutical company Biogen Inc. announced the acquisition of HI-Bio including HI-Bios' lead asset felzartamab.[3] With the closing of the

[2] See, MorphoSys, Annual Report 2023, p.31, p.148.

[3] See, https://investors.biogen.com/news-releases/news-release-details/biogen-bolsters-late-stage-pipeline-expands-immunology-portfolio

transaction on 2 July 2024, all MOR shares were sold to HI-Bio. As a result, MorphoSys no longer holds any shares in HI-Bio as of 3 July 2024.



Source: MorphoSys, Annual Report 2023.

* Note: The diluted shareholding in HI-Bio in the amount of 11.5% existed until the closing of the Biogen transaction on 2 July, 2024. Since 3 July, 2024 MorphoSys no longer holds any shares in HI-Bio.

29. Pursuant to § 2 para. 1 of the articles of association of MOR AG ("MOR AoA"), the business purpose of MOR AG is the identification, research, optimization, development, application, commercialisation, marketing and distribution of technologies, processes and products in the field of pharmaceuticals, active pharmaceutical ingredients as well as corresponding intermediates and the provision of related services.

30. The financial year corresponds to the calendar year.

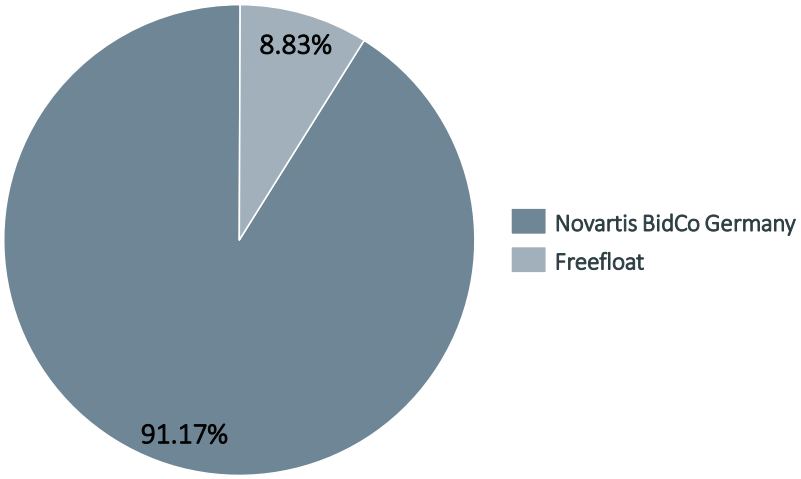
31. Since 2020, MorphoSys US Inc. was responsible for the commercialization of the compound tafasitamab, which was sold on 5 February 2024.

32. As of 31 December 2023, the subscribed capital of MOR AG is 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 (the "MOR shares"). Each MOR share grants one vote and a claim for dividends in a distribution. Except for 53,685 MOR shares held by MOR AG as treasury shares (*eigene Aktien*) representing EUR 53,685.00 of the share capital which neither grant voting rights nor an entitlement to dividends, the MOR shares have voting rights and are entitled to dividends, whereby each share grants one vote in the general shareholders' meeting.

33. As of the date of this Expert Report, the number of MOR shares is a total of 37,716,423 due to an increase of the share capital by EUR 61,286.00 from EUR 37,655,137.00 to EUR 37,716,423.00 in connection with the issuance of subscription shares from Conditional Capital 2016-III. Pursuant to Section 201 AktG, the Management Board (*Vorstand*) of MOR AG will file an application for the registration of the issuance of the subscription shares with the competent commercial register (*Handelsregister*) no later than at the end of January 2025. The number of treasury shares (*eigene Aktien*) held by MOR AG is unchanged at 53,685 (status: 11 June 2024).

34. As of 20 June 2024, Novartis BidCo Germany holds 34,337,809 of the total 37,716,423 MOR shares, representing a direct stake of 91.04% of the share capital of MOR AG, while MorphoSys itself holds 0.14% of the own shares. Deducting the shares held by MorphoSys, Novartis BidCo Germany thus holds 91.17% of the voting share capital. The remaining 8.83% are in free float:

Shareholder structure in percent of voting share capital of MOR AG



Source: Information from the company, 20 June 2024

35. The MOR shares are admitted to trading on the regulated market (*Regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange under the ISIN DE0006632003 and are tradable via XETRA. The MOR shares are also 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. MOR shares have been listed on the exchange since the financial year 1999.[4] As stated in the joint delisting agreement signed with Novartis BidCo on 20 June 2024, MorphoSys has committed, to submit the application for the revocation of MOR shares' admission to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (so-called delisting) no later than one week before the expiration of the acceptance period of the Delisting Tender Offer.

[4] See, https://www.morphosys.com/de/ueber-uns/unsere-geschichte, dated 25 June 2024

36. The MOR shares have been additionally admitted to trading on the electronic stock exchange Nasdaq in the USA as American Depositary Shares ("MOR-ADS") under the Committee on Uniform Security Identification Procedures (CUSIP) 617760202 since 19 April 2018. MOR shares are available in the ratio of four MOR-ADS to one MOR share.

Share capital of MOR AG

37. At the time this Expert Report is prepared, the company has authorized capital in the total amount of EUR 8,866,847.00 in accordance with § 5 paras. 5, 6a and 6j of the MOR articles of association. The authorized capital increases were approved by the Supervisory Board (*Aufsichtsrat*) and increased the share capital of MOR AG multiple times by a total of up to EUR 8,866,847.00 by issuing up to a total of 8,866,847 new bearer shares in exchange for cash contributions and/or contributions in kind and consist of the following:

- Authorized Capital 2021-III: up to EUR 41,552.00 (41,552 shares)
- Authorized Capital 2022-I: up to EUR 1,978,907.00 (1,978,907 shares)
- Authorized Capital 2023-I: up to EUR 6,846,388.00 (6,846,388 shares).

38. As a general rule, when using the Authorized Capital 2023-I, shareholders are generally entitled to subscription rights. The shares can also be assumed by one or more credit institutions with the obligation to offer them to the shareholders for subscription. However, the Management Board (*Vorstand*) is authorized to exclude the subscription right of the shareholder with the consent of the Supervisory Board (*Aufsichtsrat*) in certain situations described in more detail in § 5 para. 5 of the MOR AoA which are in line with market practice. With respect to the the Authorized Capital 2021-III and the Authorized Capital 2022-I, subscription rights are excluded.

39. The share capital of the company was conditionally increased by a number of capital increases in accordance with § 5 paras. 6b, 6c, 6g and 6i of the MOR AoA. As of the date of this Expert Report, the total amount of the conditional capital is EUR 6,627,120.00. The individual conditional capital increases consist of the following:

- Conditional Capital 2016-I: up to EUR 2,475,437.00 (2,475,437 shares);
- Conditional Capital 2016-III: up to EUR 355,011.00 (355,011 shares);
- Conditional Capital 2020-I: up to EUR 507,668.00 (507,668 shares); and
- Conditional Capital 2021-I: up to EUR 3,289,004.00 (3,289,004 shares).

40. The Conditional Capital 2016-I and the Conditional Capital 2021-I may solely be used for granting new MOR shares to holders of conversion or option rights and the conditional capital increase may only be carried out to the extent that the holders of conversion of option rights exercise their conversion or option rights or fulfil conversion obligations arising from such bonds. The sole purpose of the Conditional Capital 2016-III and the Conditional Capital 2020-I is to fulfil certain subscription rights and the conditional capital increase may only be carried out to the extent that holders of specified subscription rights exercise their right to subscribe for MOR shares. As a result of the aforementioned issuance of subscription shares, the remaining Conditional Capital 2016-III amounts to EUR 355,011.00.

Supervisory Board and Management Board of MOR AG

41. The Supervisory Board (*Aufsichtsrat*) generally has six members in accordance with § 8 para. 1 of the MOR AoA who are elected by the shareholders in accordance with the provisions of the AktG. Until 23 May 2024 the Supervisory Board (Aufsichtsrat) consisted of: Marc Cluzel, Ph.D. (Chairman), George Golumbeski, Ph.D. (Vice-Chairman), Krisja Vermeylen, Michael Brosnan, Sharon Curran and Andrew Cheng, Ph.D. Since 4 June 2024 and the resignation of the five supervisory board members, the new composition of the Supervisory Board consists of four members: Heinrich Moisa (Chairman), Romain Lege (Vice-Chairman), Silke Mainka, Sharon Curran.

42. The Supervisory Board (*Aufsichtsrat*) determines the number of members of the Management Board (*Vorstand*) in accordance with § 6 of the MOR AoA. The Supervisory Board (*Aufsichtsrat*) can appoint a chairman as well as one or more vice-chairmen of the Management Board (*Vorstand*). Until 6 June 2024 the Management Board (*Vorstand*) consisted of the following members: Jean-Paul Kress, M.D. (Chief Executive Officer) and Lucinda Crabtree, Ph.D. (Chief Financial Officer). In addition, MOR AG's management comprises of a so-called Executive Committee; it comprised until 6 June 2024 Jean-Paul Kress, M.D. and Lucinda Crabtree, Ph.D., which represent the Management Board (*Vorstand*), as well as the following members who were appointed by the Management Board (*Vorstand*) of MOR AG: Charlotte Lohmann (Chief Legal and Human Resources Officer), Tim Demuth, M.D., Ph.D. (Chief Research and Development Officer), Barbara Krebs-Pohl, Ph.D. (Chief Business Officer), Joe Horvat (General Manager MorphoSys US Inc.), Thomas Biegi (Senior Vice President, Head of Corporate Affairs) and Luisa Ciccarelli (Senior Vice President, Global Head of Technical Operations).

43. On 6 June 2024, the newly composed Supervisory Board (*Aufsichtsrat*) appointed Arkadius Pichota, Ph.D. (CEO) and Lukas Gilgen (CFO) to MorphoSys' Management Board (*Vorstand*), who replaced Jean-Paul Kress, M.D. and Lucinda Crabtree, Ph.D with immediate effect. No further changes were made to the Company's Executive Committee.

Long-term variable remuneration programs

44. At MorphoSys, several long-term variable remuneration programs exist, which, at the discretion of the Company can be settled in cash or in MOR shares, namely (i) stock option programs (each a "SOP"), so-called restricted stock unit plans (each a "RSUP") and socalled

performance share unit plans (each a "PSUP").[5] Except as for the PSUP 2024 and the RSUP 2024 (as defined below), all SOPs, RSUPs and PSUPs shall be cancelled against a compensation payment as follows:

(i) stock options held by a participant with an exercise price exceeding the offer price per MOR share, i.e., all stock options issued in 2018, 2019 and 2020, shall be cancelled without entitlement to compensation,

(ii) stock options held by a participant with an exercise price below the offer price per MOR share, i.e., stock options issued in 2021, shall be cancelled against payment of a compensation payment in the amount of the offer price per MOR share minus the exercise price per stock option,

(iii) restricted stock units held by a participant shall be cancelled against payment of a compensation payment in the amount of the offer price per MOR share per restricted stock unit,

(iv) the payout cap of 250% of the individual grant amount as provided by the respective PSUP shall be cancelled and paid out in cash for current employees with an unterminated employment relationship. The accruals have been valued on that basis accordingly.

45. With effect as of 22 January 2024, MOR AG issued further performance share units under a PSUP 2024 and restricted stock units under a RSUP 2024. The "PSUP 2024" and the "RSUP 2024" which both became effective as of 22 January 2024. The PSUP 2024 caters to the Management Board and certain employees of MorphoSys who are not employed by any US subsidiaries of MorphoSys. On the other hand, the RSUP 2024 targets employees of MorphoSys' US subsidiaries. Both the PSUP 2024 and RSUP 2024 shall be converted into cash-based programs without performance targets.

Presentation of basic tax principles of MOR AG

46. MOR AG is subject to German tax law. The corporate income tax rate for the company is 15.0%, the solidarity surcharge is 5.5% and the effective trade tax rate is 10.85%. This results in a combined nominal tax rate on income of 26.675%.

47. The US tax group, consisting of MorphoSys US Inc. and Constellation, is subject to US Federal taxes (Federal Corporate Income Tax) in the amount of 21.0%. The state income tax considers a combination of tax rates of various states in the United States, which results in an average state tax rate of 6.38%.[6] The federal corporation tax rate at the headquarters of the companies in the US tax group in Boston, Massachusetts is 8.0%. The combined nominal tax rate is around 27.3% due to the crediting options for corporation tax due in the USA.

[5] See. MorphoSys, Annual Report 2023, pp. 158-171.

[6] See, MorphoSys Annual Report 2023, p. 134.

Tax loss carryforwards in Germany and the USA

48. As of 31 December 2023, there are tax loss carryforwards at both MOR AG and the subsidiaries in the USA. The loss carryforwards of MOR AG amount to EUR 267.9m (corporation tax) and EUR 282.8m (trade tax). According to information provided by MOR AG, the majority acquisition of MorphoSys AG by Novartis does not lead to a loss of the loss carryforwards, as the hidden reserves of MOR AG exceed the loss carryforwards in accordance with § 8c para. 1 sentence 5 German Corporation Tax Act (*Köperschaftsteuergesetz*, „KStG“).

49. As of 31 December 2023, the US companies had loss carryforwards of USD 650.2m (Federal Corporate Income Tax) and USD 608.3m (State Corporate Income Tax). The tax loss carryforwards (Federal Corporate Income Tax) include USD 151.5m in losses of the US tax group with limited carryforward potential, which will expire between 2027 and 2036 if not utilized. The tax loss carryforwards in the USA were mainly incurred by Constellation Inc. and were considered to be usable by MorphoSys after the Novartis takeover. MOR AG therefore assumes that the majority acquisition of MOR AG by Novartis will also not lead to the forfeiture of the US tax loss carryforwards.

Tax Credits in the USA

50. In addition, the US tax group has unused tax credits for research and development activities, whereby a distinction must be made between special tax credits for so-called "orphan drugs" ("Orphan Drug Tax Credits") and general tax credits for research and development expenses ("R&D Tax Credits"). In the year of the planned use of the tax credits, corresponding applications for the use of the tax credits must be submitted, whereupon the competent tax authority will check whether the research and development expenses declared by the company actually meet the criteria for a (subsequent) tax credit. As of 31 December 2023, MorphoSys has tax credits in the amount of USD 81.1m (Orphan Drug Tax Credits) and USD 14.7m (R&D Tax Credits). Orphan Drug Tax Credits can only be offset against Federal Corporate Income Taxes, while the general R&D Tax Credits can be offset against both Federal Corporate Income Taxes and State Corporate Income Taxes.

External tax audits

51. MOR AG has been audited for tax purposes up to and including 2015. The ongoing external tax audits at MOR AG for the assessment periods 2016-2019 have not revealed any significant deviations from the company taxes assessed to date. In connection with the financing of the Constellation acquisition by Royalty Pharma Inc., payments received from Royalty Pharma for future license revenues were recognized as deferred income in the tax accounts. From the company's perspective, the reversal of deferred income results in a tax risk of EUR 8.1m that the tax authorities may arrive at a different assessment of the facts as part of an external tax audit. The company considers the probability of the tax authorities arriving at a different assessment to be low.

52. Tax audits at the US subsidiaries of MOR AG have also not led to any significant findings.

Tax contribution account pursuant to German corporate tax law

53. Section 27 of the German Corporate Tax Act (*Körperschaftsteuergesetz, „KStG"*) requires German corporate unlimited taxpayers to maintain a tax contribution account (*Steuerliches Einlagekonto*), which records changes in capital contributions, other than contributions to or repayments of share capital. The tax contribution account of MOR AG amounts to EUR 937.7m as of 31 December 2023 and to EUR 941.1m as of 31 March 2024 according to information provided by the company.

2.2. Corporate history

54. MOR AG was established in 1992 by Dr. Simon Moroney and Prof. Dr. Andreas Plückthun in Martinsried near Munich.

55. In 1994, the HuCAL concept was invented, under which a synthetic library of human antibody sequences was developed for the purpose of producing highly specific and fully human antibodies. The inventors of this innovation included, among others, Dr. Achim Knappik, Dr. Simon Moroney and Prof. Dr. Andreas Plückthun. MorphoSys moved its headquarters to the IZB Founders' Center in 1997 and had at that time approximately 30 employees. The first partnership with Pharmacia & Upjohn was also concluded in that year.

56. MOR AG was listed on the Frankfurt Stock Exchange in 1999. In the same year, a strategic partnership was also concluded with Bayer. The business moved into its own building in Martinsried in 2000 and had approximately 100 employees at that time.

57. MorphoSys had continuous growth in the years from 2000 until 2007 which resulted primarily from partnerships with well-known pharmaceutical companies such as Novartis AG, Janssen, Schering-Plough, Pfizer and Merck. MorphoSys received funding under these cooperative relationships as well as claims for success-based milestone payments and royalties in the future. In exchange, MorphoSys offered access to their antibody library, enabling further research and the development of therapeutic compounds based on monoclonal antibodies, and provided the appropriate antibodies to their cooperation partners.

58. Starting in 2007, MorphoSys intensified its ambitions to develop its own medicines, whereby important partnerships were concluded with companies such as Xencor and GSK. There was a move into a modern building in Planegg near Munich in 2016 which included both the office rooms as well as laboratories and, thus, unified all teams under one roof.

59. In 2017, Tremfya®, which was developed and marketed by Janssen, became the first drug based on MorphoSys' antibody technology to receive marketing authorization for the treatment of plaque psoriasis, a systemic, chronic inflammatory disease that mainly manifests on the skin.

60. The MOR-ADS were traded on the Nasdaq after an initial public offering in the USA in April 2018. MOR AG established the one hundred percent subsidiary MorphoSys US Inc. in July 2018 for the purpose of expanding MOR AG's commercial infrastructure in the USA.

61. In January 2020, MorphoSys concluded a collaboration and license agreement with Incyte for the further development, US co-promotion and profit and loss share, and ex-US commercialization of tafasitamab. The compound tafasitamab is based on an enhanced antibody Fc structure and has the corresponding effector mechanism. The US Food and Drug Administration ("FDA") issued the accelerated approval for Monjuvi® (tafasitamab-cxix) in combination with lenalidomide for patients with a specific type of lymphoma, diffuse large cell B-cell lymphoma (DLBCL). Monjuvi® is used in combination with lenalidomide, followed by Monjuvi® monotherapy. This is used to treat adult patients with relapsed or refractory diffuse large B-cell lymphoma who are not suitable for an autologous stem cell transplant. The approval was one of the most important milestones within MorphoSys' corporate history.

62. In July 2021, MorphoSys acquired Constellation Inc., a U.S. biotech company which had complementary expertise and expanded MorphoSys' pipeline with two promising investigational therapies, pelabresib and tulmimetostat. The two small molecule substances are being investigated to treat hematologic malignancies and solid tumours.

63. In March 2022, provisional approval was granted in Switzerland for Monjuvi® (tafasitamab), commercialized as "Minjuvi®" in Europe. Further approvals in EU countries as well as outside of the EU were granted in the following months.

64. At the annual meeting 2023 of the American Society of Clinical Oncology (ASCO), new results regarding the Phase1/2 studies of tulmimetostat were presented. The dual EZH2 and EZH1-Inhibitor (Enhancer of Zeste Homolog 1 and 2) is still under clinical development and is used to treat different kinds of solid tumours or lymphomas. The data presented at the ASCO suggested a response or stabilization of the disease across all cohorts with solid tumours, including heavily pretreated patients. Complete and partial responses were also observed in the lymphoma cohort. Tulmimetostat exhibits higher efficacy, longer residence time at the target site, and longer half-life compared to first-generation EZH2 inhibitors.

65. MorphoSys' key partner programs, stemming from the company's antibody technology platform, continue to progress. These include ianalumab (Sjögren's syndrome, lupus nephritis, and other autoimmune diseases), abelacimab (prevention of venous thromboembolism), setrusumab (osteogenesis imperfecta), bimagrumab (obesity in adults), and felzartamab (autoimmune diseases, multiple myeloma). In September 2023, Anthos Therapeutics announced the premature termination of the Phase 2 study with abelacimab in atrial fibrillation patients due to overwhelmingly positive results showing a significant reduction in bleeding compared to standard treatment.[7] In October 2023, Ultragenyx and Mereo BioPharma released preliminary Phase 2 data indicating that setrusumab significantly reduces the frequency of fractures in patients with osteogenesis imperfecta.

66. In December 2023, MorphoSys presented the comprehensive results of the Phase 3 MANIFEST-2 study of pelabresib in combination with ruxolitinib in first-line treatment of myelofibrosis at the American Society of Hematology (ASH) 2023 Annual Meeting and Exposition. These results showed that the combination of pelabresib and the JAK inhibitor ruxolitinib improved all four disease hallmarks of myelofibrosis - an enlarged spleen, anemia, bone marrow fibrosis and disease-associated symptoms – compared to placebo plus ruxolitinib, which is the standard of care in myelofibrosis.

67. On 5 February 2024, MOR AG entered into a Business Combination Agreement to be acquired by Novartis BidCo for EUR 68.00 per share in cash, representing a total equity value of EUR 2.7bn. On the same day, MorphoSys entered into a Purchase Agreement to sell and transfer all rights worldwide related to tafasitamab to Incyte.

2.3. Economic basis

2.3.1. Business model

68. MOR AG is focused on the research, development and commercialization of innovative cancer medicines. The company has a mid- to late-stage clinical development pipeline consisting of investigational medicines being explored to treat hematologic malignancies and solid tumours. MorphoSys' business model is designed to support the development and commercialization of its product candidates including protecting its business processes and associated intellectual property and patents.

[7] See, Anthos Therapeutics, Atrial Fibrillation Study with Abelacimab Stopped Early by the Data Monitoring Committee, September 2023.

69. While MorphoSys previously concentrated on the research and development of product candidates with the intent on out-licensing them to partners for further development and commercialization, the current business strategy has shifted to becoming a fully integrated biopharmaceutical organization focused on the research, development and commercialization of potential treatments for those impacted by certain cancers. This shift in strategic approach initially began in 2019 with the US commercialization of tafasitamab, since sold to Incyte Pharmaceuticals, and in 2021, followed by the acquisition of Constellation Pharmaceuticals (Constellation) along with its pipeline of investigational assets. Constellation, lead product candidates included pelabresib (BET inhibitor) and tulmimetostat (EZH2 inhibitor).

70. MorphoSys has continued and expanded the development of pelabresib and tulmimetostat. Pelabresib is currently being evaluated in two ongoing studies. The first study is a Phase 2, open label, multi-arm study (MANIFEST) as either a monotherapy treatment or combination treatment in patients with myelofibrosis (MF) and as monotherapy treatment for patients with essential thrombocythemia (ET). The second study is a Phase 3, double blinded, randomized study (MANIFEST-2) of pelabresib in combination with ruxolitinib vs placebo + ruxolitinib in patients with myelofibrosis. A broader development strategy to investigate pelabresib in other hematologic malignancies, particularly, myeloproliferative neoplasms (MPN) has also been completed and new studies are planned. Tulmimetostat is currently being investigated in a Phase 1/2 study in patients with advanced solid tumours or lymphomas. The current clinical pipeline of active studies is shown in the following figure:

Clinical pipeline of MorphoSys

Asset	Target	Disease area	1L/2L	Combination	Phase 1	Phase 2	Phase 3
		1L Myelofibrosis (MANIFEST-2)	1L	Ruxolitinib (Patentlfz. 2027)			
Pelabresib	BET	1l/2L Myelofibrosis / essential thrombocythemia (MANIFEST)	1L/2L	2L Monotherapy, 1L Ruxolitinib for ex. patients			
Tulmimetostat	EZH2	Solid tumors / Hematological malignancies	R/R	Monotherapy			

Sources: MorphoSys Annual Report 2023 and website.

71. The investigational assets, pelabresib and tulmimetostat were acquired by MorphoSys in 2021 by means of a takeover offer Constellation Inc. A total purchase price of EUR 1,384.7m cash was applied for the full acquisition of Constellation. To finance the takeover, as well as further development of the product pipeline, a long-term strategic partnership was agreed with Royalty Pharma. This partnership was divided into two components. The first component included the sale of royalties to Royalty Pharma, and the second component included a development funding bond (the "Development Funding Bond").

72. The contract for the sale of royalties and the contract for a participation in sales with Royalty Pharma took effect when the acquisition of Constellation Inc. closed on 15 July 2021. Royalty Pharma receives a potential share of 3% in all net sales of the product candidates of Constellation which are in the clinical phase (pelabresib and tulmimetostat). Royalty Pharma also receives 100% of the royalties belonging to MorphoSys under license agreements from the net sales of Tremfya® by Janssen generated since 1 April 2021, 80% of the future royalties and 100% of the future milestone payments for otilimab from GSK as well as 60% of the future royalties for gantenerumab from Roche. The royalties, milestones and revenue belonging to MorphoSys under license agreements continue to be reflected as sales revenue in the profit & loss statement of MorphoSys as the holder of the license but are finally forwarded to Royalty Pharma. The future payments to Royalty Pharma are reflected as debt items in the balance sheet.

73. The contract with Royalty Pharma for the Development Funding Bond also took effect on 15 July 2021. Under this contract, MorphoSys must draw down within one year at least USD 150m and can draw down a maximum of USD 350m. MorphoSys made the decision to draw down USD 300m and the amount was issued to the company in September 2022. The repayment amounts to 2.2 times the utilized amount under a fixed payment schedule starting with utilization for a period of approximately eleven years without any repayment in the first two years after utilization.

74. Several months after the takeover of Constellation Inc. MorphoSys decided to centralize research and development activities in Germany and close the laboratories of Constellation in the USA.

Pelabresib

75. Pelabresib is the company's lead clinical program ("lead asset") on which MorphoSys is currently focusing its development and pre-commercialization activities. Pelabresib is a selective small molecule BET inhibitor designed to promote anti-tumour activity by selectively inhibiting the function of BET proteins. The clinical development of pelabresib is currently focused on myelofibrosis. Myelofibrosis is a form of blood cancer in which the normal production of blood cells in the body is disrupted. Currently, the treatment of myelofibrosis is based on the use of JAK inhibitors, which alleviates the symptoms of myelofibrosis, but doesn’t alter the course of the disease. Ruxolitinib, a JAK inhibitor, is currently the standard of care as monotherapy treatment in MF in both the US and EMA but only achieves sufficient control of symptoms in about 50% of patients. Additionally, many patients have a suboptimal response to JAK inhibitor treatment which creates an unmet need for more treatment options that provide more durable efficacy with the potential of changing the course of the disease vs just addressing the symptoms of the disease. The main patents for pelabresib currently run until 2037 in the USA and until 2036 in Europe. This includes a possible extension by up to five years in both countries through supplementary protection certificates or term extensions. In addition, the use of pelabresib for the treatment of myelofibrosis is patent protected in the USA until 2039.

76. In the view of the Management Board *(Vorstand)*, pelabresib is an asset with the potential to make a major improvement in the treatment of myelofibrosis. Pelabresib is believed to impact all four disease hallmarks of myelofibrosis: spleen size, anemia, bone marrow fibrosis and disease-associated constitutional symptoms. Pelabresib in combination with ruxolitinib has the potential to not only reduce the symptoms of myelofibrosis but also to change the course of the disease, therefore addressing the largest unmet need in this disease space.

77. The FDA granted Fast Track designation to pelabresib in October 2018 for the treatment of myelofibrosis. The FDA grants Fast Track designation to facilitate the development and expedite the review of medicines intended to treat serious conditions and potentially address an unmet medical need, with the goal of getting these important, new therapies to patients earlier. A medication receiving the fast-track designation has a right for more frequent meetings with the FDA to discuss the development phase of the medication and make sure that appropriate data needed for the approval are collected and that there is more frequent written communication about the structure of the proposed clinical studies and the use of biomarkers and a possibility for accelerated approval and priority examination as well as ongoing examination. The FDA and the European Commission granted orphan drug designation for the treatment of myelofibrosis for pelabresib in November 2019 and in February 2020, respectively.[8]

78. MANIFEST-2 is a global, double-blind, Phase 3 clinical study that randomized 430 JAK inhibitor-naïve adult patients with myelofibrosis 1:1 to receive pelabresib in combination with ruxolitinib or placebo plus ruxolitinib. The design of the MANIFEST-2 study protocol has been continuously improved since MorphoSys acquired Constellation in 2021. The topline results of the MANIFEST-2 study were released by MorphoSys on 20 November 2023.

79. In the Phase 3 MANIFEST-2 study, pelabresib in combination with ruxolitinib nearly doubled the proportion of patients achieving at least a 35% reduction in spleen volume (SVR35) compared to placebo and ruxolitinib, meeting the primary endpoint of the study. This was a meaningful result given the known association between spleen volume reduction and patient survival. Additionally, compared with placebo plus ruxolitinib, the combination of pelabresib and ruxolitinib showed a strong positive trend in reducing symptom burden and improvements across measures of anemia and bone marrow fibrosis. The pelabresib and ruxolitinib combination also demonstrated safety results in line with assessments from prior clinical trials and in line with ruxolitinib monotherapy treatment.

80. The Phase 2 MANIFEST study is an open-label study of pelabresib in patients with myelofibrosis and high-risk essential thrombocythemia. MANIFEST is evaluating pelabresib in four arms: Arm 1: Pelabresib as a monotherapy in patients with myelofibrosis who are resistant to, intolerant of or ineligible for ruxolitinib and no longer on the drug; Arm 2: Pelabresib as an add on therapy to ruxolitinib in patients with a suboptimal response to ruxolitinib or myelofibrosis progression; Arm 3: Pelabresib in combination with ruxolitinib in JAK-inhibitor-naïve patients with myelofibrosis; Arm 4: Pelabresib as a monotherapy in patients with high-risk essential

[8] See MorphoSys, Form 20-F 31 December 2022, p. 57.

thrombocythemia — another myeloproliferative disorder — who are intolerant of or refractory to hydroxyurea (a chemotherapy commonly used to treat the disease).

Tulmimetostat (CPI-0209)

81. Tulmimetostat was passed to MorphoSys as the second product candidate under the takeover of Constellation and was in Phase 2 clinical testing at that time. Tulmimetostat also plays an important role for the business model of MorphoSys at the current time after pelabresib because of the assessed best-in-class potential for the treatment of solid tumours and hematologic malignancies.

82. Tulmimetostat is an investigational next-generation dual inhibitor of Enhancer of Zeste Homolog 2 (EZH2) and EZH1 designed to counter abnormal gene activity that may contribute to cancer development and progression, as well as drug resistance. In September 2023, the U.S. Food and Drug Administration (FDA) granted Fast Track designation for tulmimetostat for the treatment of patients with advanced, recurrent or metastatic endometrial cancer harbouring AT-rich interacting domain containing protein 1A (ARID1A[9]) mutations and who have progressed on at least one prior line of treatment. The main patents for tulmimetostat have a term until 2039. Here, too, a possible extension through supplementary protection certificates or term extensions is not included.

83. Tulmimetostat is being tested as a once-daily oral treatment in a Phase 1/2 trial in patients with advanced solid tumours or lymphomas, including *ARID1A*-mutated ovarian clear cell carcinoma, endometrial carcinoma, and other solid tumours, diffuse large B-cell lymphoma, peripheral T-cell lymphoma, *BAP1*-mutated mesothelioma and castration-resistant prostate cancer. The primary objectives of the trial include determining the maximum tolerated dose and/or recommended Phase 2 dose and evaluating antitumor activity of tulmimetostat monotherapy. In the Phase 2 part of the study, in which patients are already treated, the focus is on selected tumour indications with ARID 1A mutation both in solid tumours as well as lymphomas. The study is expected to be completed in 2026.

84. Beyond MorphoSys' proprietary clinical pipeline, key partner clinical programs, developed via the company's legacy antibody technology platform, continue to mature. The intellectual property rights for these products are not booked as assets at MorphoSys, but MorphoSys is entitled to milestone payments based on future events as well as royalties. This also means that the respective partner is responsible for all research and development so that there are usually no possibilities for MorphoSys to exercise influence. During the course of the clinical phases, a decision is made in the individual case whether and at which point in time a partnership will be sought for further development and marketing. A product candidate can be either completely licensed out-licensed or is subject to further development in the context of collaboration together with a partner (co-development) or is developed and commercialized independently. The partner pipeline of MorphoSys currently consists of around 100 projects, however the contribution to value from the partner pipeline is subordinate to the value potential of the

[9] ARID1A = AT-rich interacting domain containing protein 1A

proprietary own pipeline. The most advanced compounds of the partnered partner pipeline are shown below:

Clinical pipeline of MorphoSys partners

Asset	Partner	Disease area	Status	Profit participation MorphoSys
Ianalumab (VAY736)	**Novartis**	• Lupus Nephritis (LN) • Sjögren's • Systemic lupus erythematosus (SLE) • Immune thrombocytopenia (1L & 2L ITP) • Warm autoimmune hemolytic anemia (wAIHA) • Autoimmune hepatitis (AIH)	• Phase 3: LN, Sjögren's, SLE, 1L & 2L ITP, wAIHA • Phase 2: AIH	• Milestone payments and royalties upon approval and commercialization
Abelacimab (MAA868)	**Anthos Therapeutics**	• Cancer associated thrombosis (CAT) • Prevention of stroke and systemic embolism in patients with atrial fibrillation (SPAF)	• Phase 3: CAT, SPAF	• Milestone payments and royalties upon approval and commercialization
Setrusumab (BPS804/UX143)	**Ultragenyx and Mereo BioPharma**	• Osteogenesis imperfecta	• Pivotal phase 2/3 clinical study in phase 3 part ongoing; additional phase 3 study started	• Milestone payments and royalties upon approval and commercialization
Felzartamab	**HI-Bio**	• M-PLACE: Anti-PLA2R-positive membranous nephropathy (MN) • New-PLACE: Anti-PLA2R-positive membranous nephropathy (MN) • IGNAZ: Immunoglobulin A nephropathy (IgAN)	• Phase 1: M-PLACE • Phase 2: New-PLACE, IGNAZ	• Payments on achievement of development, regulatory and commercial milestones • Royalties on net sales
	I-Mab Biopharma	• r/r multiple myeloma (MM)	• Phase 3: MM	
MOR210/TJ210/ HIB210	**HI-Bio**	• HI-Bio: undisclosed	• Both in Phase 1	• Payments on achievement of development, regulatory and commercial milestones • Royalties on net sales
	I-Mab Biopharma	• r/r solid tumors		
Nov-8 (CMK389)	**Novartis**	• Pulmonary sarcoidosis • Severe atopic dermatitis	• Both in Phase 2	• n.a.
Bimagrumab	**Eli Lilly**	• Adult obesity	• Phase 2b	• Milestone payments and royalties upon approval and commercialization

Sources: MorphoSys Annual Report 2023 and website.

85. Ianalumab (VAY736) is a completely human IgG1/k mono-clonal antibody with a dual effect which is directed towards lysing of B cells and the BAFF-R-block. It is being developed by Novartis AG and is being studied in several Phase 3 trials for the treatment of Sjögren's disease, lupus nephritis and other autoimmune diseases.

86. Abelacimab (MAA868) is an antibody directed against factor XI. It is being developed by Anthos Therapeutics and investigated in three Phase 3 trials to prevent venous thromboembolism and tumour-associated thrombosis.

87. Setrusumab (BPS804/UX143) is an antibody directed against sclerostin. The development is being carried out by Ultragenyx and Mereo BioPharma and is being investigated in a pivotal phase 2/3 trial for osteogenesis imperfecta.

88. Bimagrumab is an antibody directed against activin type II receptors. It is being developed by Lilly and is being investigated in a phase 2b trial for the treatment of obesity in adults.

89. Felzartamab is a therapeutic human monoclonal antibody directed against CD38. It is being developed by HI-Bio, which has been lately announced to be acquired by Biogen, and I-Mab Biopharma and is being investigated in clinical trials for the treatment of autoimmune kidney diseases and relapsed/refractory multiple myeloma.

90. MOR210/TJ210/HIB210 is a human antibody directed against C5aR1, the receptor for the complement factor C5a. It is being investigated by I-Mab Biopharma in a phase 1 trial in relapsed or refractory advanced solid tumours and by HI-Bio in healthy volunteers.

91. In addition to the partner programs listed above, there are other partner programs at an earlier stage of research and development, including CMK389/NOV-8. As is apparent from the partner-pipeline, the types of diseases addressed here are very diverse. MorphoSys can participate in the achievement of various milestones or successful commercialization by means of success-based, variable compensation.

92. Revenues of MorphoSys are composed of the following categories:

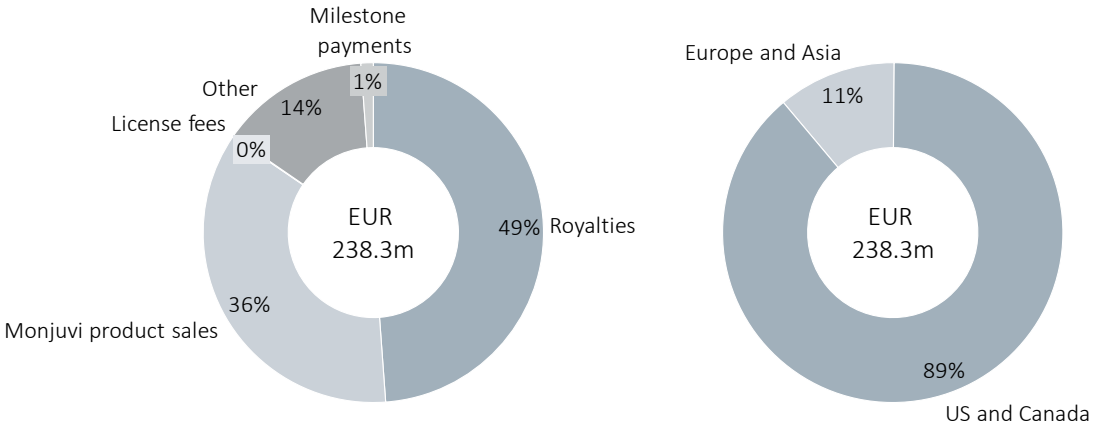
- **Product sales:** The revenue from product sales consisted of the sales of Monjuvi® (tafasitamab) in the USA, where MorphoSys co-promoted Monjuvi® together with Incyte in the indication relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL). Outside the U.S., tafasitamab is promoted as Minjuvi® by Incyte Pharmaceuticals. Incyte had full commercialization and promotion responsibilities and MorphoSys was entitled to royalties on these sales outside the U.S. On 5 February 2024, Morphosys sold tafasitamab to Incyte giving Incyte exclusive worldwide rights to tafasitamab. Incyte assumes full responsibility and covers all costs for the future development and commercialization of the tafasitamab franchise. At the same time, MorphoSys will not realize any product sales related to Monjuvi® or Minjuvi® in the future[10]. MorphoSys' future product sales are expected to be driven by the successful launch of pelabresib.

- **Royalties:** Royalties are percentage participations in the sales of a marketed product. MorphoSys receives royalties from Janssen on net sales of Tremfya® and also received royalty payments from Incyte which had exclusive commercialization rights for Minjuvi® (Monjuvi® is commercialized as Minjuvi® outside the USA) outside the USA. Royalty Pharma receives 100% of the royalties belonging to MorphoSys under license agreements from the net sales of Tremfya® by Janssen generated since 1 April 2021, consequently these royalties are non-cash accretive for MorphoSys. MorphoSys will also no longer receive royalties related to Minjuvi® in the future due to the sale of tafasitamab to Incyte on 5 February 2024.

[10] See MorphoSys, Annual Report 2023

- **Licensing fees:** Licensing fees are due from other parties when using the intellectual property of MorphoSys.
- **Milestone payments:** Milestone payments are paid by partners of MorphoSys upon achieving certain milestones in the research and development process or based on the achievement of certain sales thresholds for commercialized products.
- **Service fees:** MorphoSys generates revenue from service fees for providing personnel during cooperations in research and development.

Sales revenue according to categories and regions in 2023
in EURm / in percent



Source: MorphoSys Annual Report, p. 46-47.

93. In 2023, 49% (EUR 116.4m) of sales revenue of MorphoSys consisted of royalties as well as 36% (EUR 85.0m) of Monjuvi® product sales. MorphoSys also generated less than 1% of its revenue from license fees (EUR 0.2m), 14% through other revenues (EUR 33.9m) and 1% from milestone payments (EUR 2.8m).

94. Across different regions, MorphoSys generated 89% (EUR 211.5m) of its revenue in the USA as well as 11% (EUR 26.8m) in Europe and Asia. The customers' locations are used to determine revenue classification.

2.3.2. Business strategy

95. MorphoSys is focused on the development and commercialization of innovative cancer medicines, advancing its mid-to-late-stage oncology pipeline in areas where there is a high demand for more effective and well-tolerated therapies.

96. MorphoSys believes that a focus on proprietary drug development and commercialization offers the best path to delivering growth and long-term success. MorphoSys is currently furthering the clinical development of the company's investigational medicines pelabresib and tulmimetostat. To advance these clinical development programs, the company invests a significant portion of its financial resources. Among other things, the capital increase carried out in December 2023 with gross issue proceeds of EUR 102.7m is to be used for this purpose.

97. MorphoSys expects to make progress in its own clinical development in 2024 and beyond and will continue to invest in the clinical development of its own product candidates. Most of these investments will be allocated to the development of the company's proprietary drug candidates pelabresib and tulmimetostat. The majority of these funds will be used in the short to medium term in the broad clinical development and pre-commercialization efforts of pelabresib. The MANIFEST-2 results demonstrated that the combination of pelabresib and the JAK inhibitor ruxolitinib improves all four hallmarks of myelofibrosis – spleen size, anaemia, bone marrow fibrosis and disease-associated symptoms – versus placebo plus ruxolitinib, which is the standard of care in myelofibrosis. Based on the strong and comprehensive data from the MANIFEST-2 study, MorphoSys will continue discussions with regulatory authorities and intends to submit a new drug application (NDA) for pelabresib in combination with ruxolitinib in myelofibrosis to the U.S. Food and Drug Administration (FDA) and a marketing authorization application to the European Medicines Agency.

98. In March 2023, MorphoSys announced that the company discontinued its preclinical research programs and all related activities in order to optimize its cost structure. As a result, MorphoSys reduced its workforce at its headquarters in Planegg by approximately 17%. This measure and other steps already taken the prior year is expected to allow MorphoSys to focus its resources on its mid- to late-stage oncology pipeline. The planned investments in the company's proprietary drug candidates should also lead to a progressive maturation of the product candidates in the pipeline in the future.

99. After the sale of Monjuvi®, MorphoSys future revenue streams are strongly dependent on the success of the clinical trials of pelabresib and tulmimetostat and future commercialization of these treatments. The approval likelihood of compounds in phase-3 is usually higher than in the phases before. While a registrational enabling Phase 3 study for pelabresib in combination with ruxolitinib has already provided topline data, additional studies investigating pelabresib as a potential monotherapy treatment, as well as clinical studies assessing tulmimetostat monotherapy, are still in Phase 2. Additional Phase 2 studies of pelabrasib in other MPN diseases have already been planned. Therefore, MorphoSys primary long term business strategy is heavily reliant on the development and commercialization/expansion of its two pipeline compounds, pelabresib and tulmimetostat . Future revenues of tulmimetostat are

subject to a high degree of uncertainty and are dependent on the tumour types that may be prioritized for development but also offer various opportunities for future revenues should trials be successful. On the other hand, additional costs, including development, commercialization, or material costs, will occcur with high certainty on an ongoing basis, leading to additional pressure regarding a timely market entry for both compounds. Development costs, which usually appear mainly during the clinical trial periods and the first years after market entry, and commercial costs represent the main cost drivers which can be projected with much higher certainty in contrast to the related future product sales. Furthermore, strategic decisions during clinical trials are made on a case-by-case basis as to whether and at what point potential partnerships for further development and commercialisation of compounds should be pursued, leading to additional uncertainty within the product life cycle and estimation of future revenues. A long-term strategy thus also includes possible options for out-licensing compounds on a proprietary basis.

2.3.3. Macro-economic situation and outlook

100. In order to assess the economic situation as of the valuation date and the future development of MorphoSys, a fundamental analysis of the (macro-)economic environment as well as an assessment of the future overall economic development is required.

2.3.3.1. Development of the gross domestic product

101. The analysis of the overall economic environment in this context is carried out on the basis of the change of the real gross domestic product ("GDP") as well as the consumer price indices in the relevant regions. Since MorphoSys generates revenue in North America as well as Europe and Asia, that is where the focus is placed. Primarily the following described information from the International Monetary Fund (hereinafter, the "IMF") is used as a basis.[11]

Change in the real gross domestic product

in percent

									Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
World	3.3	3.8	3.6	2.8	-2.7	6.5	3.5	3.2	3.2	3.2	3.2	3.1	3.1	3.1
European Union	2.0	3.0	2.3	2.0	-5.5	6.1	3.6	0.6	1.1	1.8	1.7	1.6	1.6	1.5
Advanced Economies	1.8	2.6	2.3	1.8	-3.9	5.7	2.6	1.6	1.7	1.8	1.8	1.7	1.7	1.7
Emerging Market and Developing Countries	4.4	4.8	4.7	3.6	-1.8	7.0	4.1	4.3	4.2	4.2	4.1	4.0	3.9	3.9
Germany	2.2	2.7	1.0	1.1	-3.8	3.2	1.8	-0.3	0.2	1.3	1.5	1.1	0.8	0.7
United States	1.8	2.5	3.0	2.5	-2.2	5.8	1.9	2.5	2.7	1.9	2.0	2.1	2.1	2.1
Canada	1.0	3.0	2.7	1.9	-5.0	5.3	3.8	1.1	1.2	2.3	1.9	1.7	1.7	1.7

Source: International Monetary Fund, World Economic Outlook, April 2024.

[11] See, International Monetary Fund, World Economic Outlook, October 2023.

Global development of the real gross domestic product

102. The global economic performance grew by 3.2% in 2023. This growth reflects both the higher numbers for growth in developing countries as well as the falling inflation rates in the industrial nations. The real rates of growth in the developing countries[12] (2023: 4.3%) were well above those of the industrial countries (2022: 1.6%).

103. According to the IMF, growth of the global economy of 3.2% is anticipated for 2024. While the average real growth rate in developing countries is at a similar level as in the previous year at 4.2%, as expected, the trend towards lower growth in the industrial countries is continuing with anticipated growth of only 1.7%. The reasons for this slowdown are found especially in the continuing high rates of inflation which, among other aspects, result from the Russia/Ukraine conflict and the increased prices for electric power and gas as well as the tightening of monetary policy by central banks. Geopolitical conflicts such as the tension between China and the USA as well as the conflicts involving Israel contribute to this. In the long term, the IMF forecasts global growth of slightly more than 3.0% for the years starting with 2025, which is especially based on a long-term decrease in inflation.

Development of the real gross domestic product in the USA

104. The US economy grew by 2.5% in 2023. The IMF is forecasting slightly positive development for the US in 2024 and 2025, followed by a decline with real growth rates of 2.7% and 1.9% respectively. This trend is mainly due to rising interest rates and a lack of consumer liquidity following the Covid-19 pandemic. From 2026 and up to 2028, long-term GDP growth of between 2.0% and 2.1% is forecast for the USA.

Development of the real gross domestic product in the EU

105. A slight increase in growth is expected in the EU in 2024 compared to the previous year. After an increase of 0.6% in 2023, real growth of 1.1% is forecast for 2024. One of the key factors here is the positive growth forecast for real gross domestic product in Germany compared to the negative growth from the previous year. Germany is the only country expected to see growth below 1.0% of -0.2% in 2024 (2023: -0.3%). This development in 2023 is mainly due to a slump in interest-sensitive sectors, lower demand from trading partners and low production output of the year. This is supported by the forecast that global trade will once again expand at similar rates to global GDP in 2024. This therefore suggests that the German economy could experience some recovery and more stable GDP development in 2024 despite initial challenges. Growth expectations in the EU as a whole are expected to recover in 2024, for which real growth of 1.1% is forecasted, and then increases further until a long-term level of around 1.5% to just under 2.0% (2025-2028) is reached.

[12] See, International Monetary Fund, World Economic Outlook, October 2023, p. 120; the emerging economies mentioned here refer to the growing economies in Asia, Central and Easter Europe, Latin America and the Caribbean, the Middle East and Central Asia as well as in in Sub-Saharan Africa. For further explanation see International Monetary Fund, World Economic Outlook, October 2023, p. 97.

2.3.3.2. Development of the consumer price indices

106. The analysis of the overall economic environment is also based on the development of the consumer price indices:

Change in the consumer price index

in percent

ucherpreisindex

									Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
World	2.7	3.3	3.6	3.5	3.2	4.7	8.7	6.8	5.9	4.5	3.7	3.5	3.4	3.4
European Union	0.2	1.6	1.9	1.4	0.7	2.9	9.3	6.3	2.7	2.4	2.1	2.1	2.0	2.0
Advanced Economies	0.7	1.7	2.0	1.4	0.7	3.1	7.3	4.6	2.6	2.0	2.0	2.0	2.0	2.0
Emerging Market and Developing Countries	4.4	4.5	5.0	5.1	5.2	5.9	9.8	8.3	8.3	6.2	4.9	4.4	4.3	4.2
Germany	0.4	1.7	1.9	1.4	0.4	3.2	8.7	6.0	2.4	2.0	2.0	2.0	2.0	2.0
United States	1.3	2.1	2.4	1.8	1.2	4.7	8.0	4.1	2.9	2.0	2.1	2.1	2.1	2.1
Canada	1.4	1.6	2.3	1.9	0.7	3.4	6.8	3.9	2.6	1.9	1.9	1.9	1.9	2.0

Source: International Monetary Fund, World Economic Outlook, April 2024.

107. After the global inflation in 2023 was at an increased level with 6.8%, a slight decrease to 5.9% is expected for 2024. According to the IMF, inflation will decrease to approximately 4.5% by 2025. The increased inflationary tendencies since the Russia/Ukraine conflict will decrease especially due to the increases of interest rates by the central banks.

108. According to the forecasts of the IMF, this tendency will also continue in the subsequent years until 2029. While the rates of inflation in developing countries will remain relatively high at 4.2%, the rates of inflation in the industrial countries will stabilize at approximately 2.0% This is consistent with the strategy of the ECB of trying to achieve a symmetrical inflation target of 2.0%, as a result of which the rate of inflation could exceed the 2.0% threshold.[13]

Development of the consumer price index in the USA

109. Compared to the year 2023, in which the average annual consumer prices increased in the USA by 4.1%, the level of price increases in 2024 will decrease to approximately 2.9%. This trend continues for 2025, anticipating an increase in consumer prices of 2.0%. For the USA, annual inflation of slightly more than 2.0% is forecasted in the long term.

Development of the consumer price index in the EU

110. The development in the EU is similar to the development in the USA. The consumer prices increased by 6.0% in 2023 vs. prior year and will likely show slower growth of only 2.4% in 2024. The spike in energy prices of 2023 was a temporary shock which will again subside in the coming years. Even if additional governmental borrowing to subsidize energy prices and increased demand could have an inflationary effect in some European countries, this will be offset by a resulting decrease in costs in the area of supply chains. The forecast for the long perspective is that inflation in the EU will be 2.0% as targeted by the ECB.

[13] See, EZB, ECB Board adopts new strategy for monetary policy, 8 July 2021: https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708~dc78cc4b0d.de.html

2.3.3.3. Interim conclusion about the macro-economic situation

111. Based on the IMF's analysis of real GDP growth estimates, real growth rates in MorphoSys' relevant sales markets in 2023 were in a range of 0.6% to 2.5% (EU & US). In the coming years, however, the range of growth expectations is expected to narrow, so that real growth rates in MorphoSys' current sales markets are expected to be in a range of 1.5% to 2.1% (EU & US 2026 to 2029). With regard to the expected inflation rates in the EU, it can be stated that these were around 6.3% in 2023, well above the ECB's inflation target of 2.0%. Inflation is expected to fall to around 2.7% in 2024. In the USA, inflation will fall from 4.1% in 2023 to 2.9% in 2024. In the long term, there is a downward trend in both the EU and the USA, which will continue until 2029 at an inflation rate of around 2.0%.

112. Overall and based on the macro-economic analyses, real expectations for growth in the sales markets relevant for MorphoSys consisting of the EU and the USA are anticipated on average of around 2.0% to 2.1% in 2029.

113. In addition to the development of the macro-economic environment, the economic situation in the pharmaceutical and oncology market for MorphoSys is analysed. The situation and the development of this industry is a further indicator for assessing the future nominal potential for the growth of MorphoSys.

2.3.4. Market and competitive environment and market position

114. The market environment and the competition for MorphoSys are analysed in the following chapter in light of the strategic direction of MorphoSys as well as the economic situation. Future prospects in the market and the outlook for the competitive situation permit conclusions about future earnings and cash flows. The regulatory and statutory environment as well as the changes in that environment are of special importance in this regard.

2.3.4.1. Positioning in the market and competitive environment

Market environment

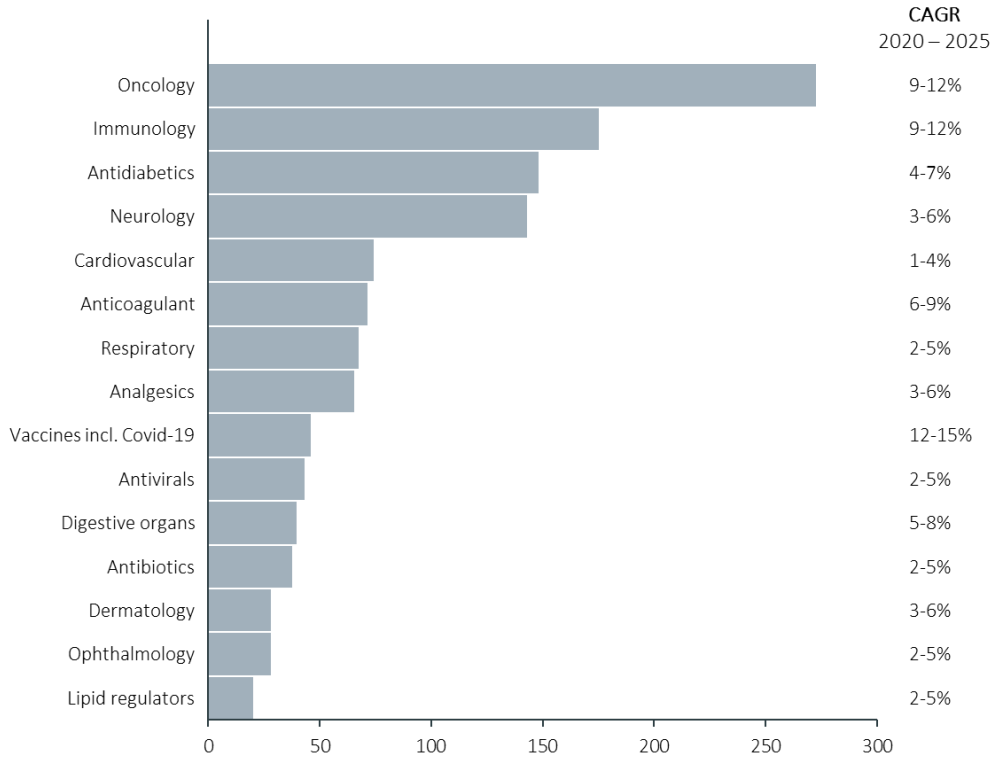
115. Contrary to other industries, the global pharmaceutical market and, thus, the oncology market is characterized by a very high level of complexity which results from many product categories as well as private participants in the market and participants existing under public law and the different regulatory requirements. Therefore, pharmaceutical companies as well as biotechnology companies not only consider direct competitors and patients but also continuously monitor regulatory parameters.

Segmentation of the pharmaceutical market

116. The following illustration shows the largest areas of therapy in the global pharmaceutical market in 2025 and the corresponding average annual rates of growth ("CAGR") as forecasted by Norddeutsche Landesbank. MorphoSys is positioned in the area of oncology which is the largest area with regard to market volume and also is one of the strongest growing areas with regard to the forecasts for growth until 2025.[14]

117. The field of oncology involves research and development, diagnosis and treatment and prevention of various solid and liquid tumours. At the present time, more than 300 various types of cancer are known which require different types of treatments.

Market volumes in the 15 largest fields of therapy in 2025
in USD bn / percent



Source: Norddeutsche Landesbank, Pharmaceutical Market in the pandemic – The winner of the crisis? July 2021, p. 11.

118. The oncology market has the second highest rate of growth in the pharmaceutical field with a CAGR of 9% to 12% between 2020 and 2025, and this is above all due to a high intensity of research and innovation. Modern therapies for advanced cancer illnesses are developed rapidly due to increasing scientific knowledge. As a result, more and more patients can be treated with several alternative treatment methods. This is creating growth opportunities for medical treatment procedures as well as compounds in the field of oncology within various countries.[15]

[14] See, Norddeutsche Landesbank, Pharmaceutical Market in the Pandemic – The Winner in the Crisis?, July 2021, p. 11.

[15] See, MorphoSys, Securities Prospectus, p. 103.

119. The number of the clinical oncology studies conducted in 2023 decreased slightly but was still higher than in 2019 with most of the trials focusing on solid tumours. Since 2014, 192 oncology related compounds were launched worldwide while in 2023 25 new medications were introduced.[16] In the USA 18 new medications for cancer received a license for the market in 2023.[17] Especially many of these new medications and therapies were developed to combat rare types of cancer such as Non-Hodgkin-Lymphoma ("NHL"), and they increasingly use new types of methods of effect.[18]

120. The competitive situation continues to increase in the field of oncology and is characterized by the ability to deliver innovative new treatments that fill unmet needs. The result is that the activities in the field of research and development are important. It is necessary for companies to continuously advance development of their own products, examine new indications or introduce new product candidates into their pipelines. The ability to finance research and development activities as well as clinical studies represents a limiting factor for competitors. The result is that market participants may gain a good position in the market with a good capacity for innovation combined with a good level of capital to finance these developments.

16 See, IQVIA, Global Oncology Trends 2024. Outlook to 2028, May 2024, p. 3.

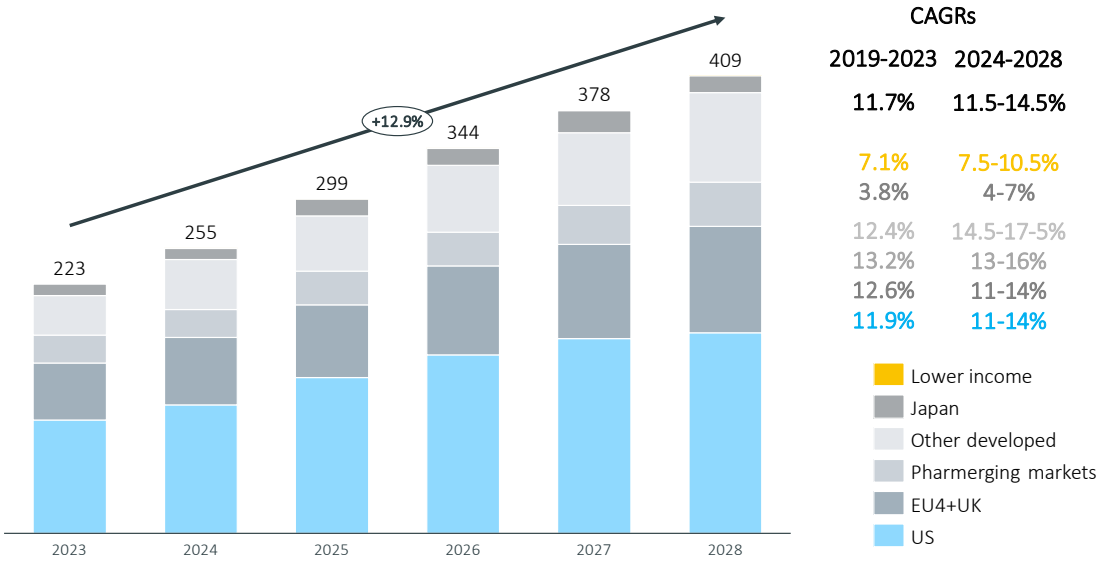
17 See, IQVIA, Global Oncology Trends 2024. Outlook to 2028, May 2024, p. 3.

18 See, IQVIA, Global Oncology Trends 2023. Outlook to 2027, May 2023, p. 3 and p. 5.

General expectations for growth in the oncology market

121. The expenditures for cancer medications increased in 2023 worldwide to USD 223bn and will probably reach USD 409bn by 2028, which is due primarily to continuous innovation and research. The total oncology market is expected to grow at a CAGR of 12.9%. Compared to the previous five-year period from 2019 to 2023, this represents a CAGR increase of 1.2 percentage points.

Global expenditures for cancer medications according to region, 2023 to 2028
in USD bn / percent



Source: IQVIA, Global Oncology Trends 2024. Outlook to 2028, May 2024, p. 59-60.

122. The USA continue to be by far the largest market, followed by the most important countries in Europe. Following a CAGR of 11.9% from 2019 to 2023, a CAGR in the range of 11-14% is expected for the period from 2024 until 2028. The rates of growth in the region EU4+UK will likely remain the same, amounting to 12.6% from 2019 to 2023 compared to a range of 11-14% from 2024-2028.

123. Countries with a per capita income of less than USD 30,000 and a growth in the pharmaceutical market of more than USD 1bn in the following five years ("Pharmerging Markets") will likely show a CAGR in the range of 13-16% by 2028. This reflects the expanded access to cancer medicines in Pharmerging Markets, which will continue to drive spending growth through 2028.[19]

124. Patients mortality rates due to cancer in the U.S have seen a noticeable increase in recent years. For example, the deaths from cancer in the USA between 2009 and 2023 increased by more than 8.4% over the entire time period to almost 610,000.[20] The number of cancer illnesses for

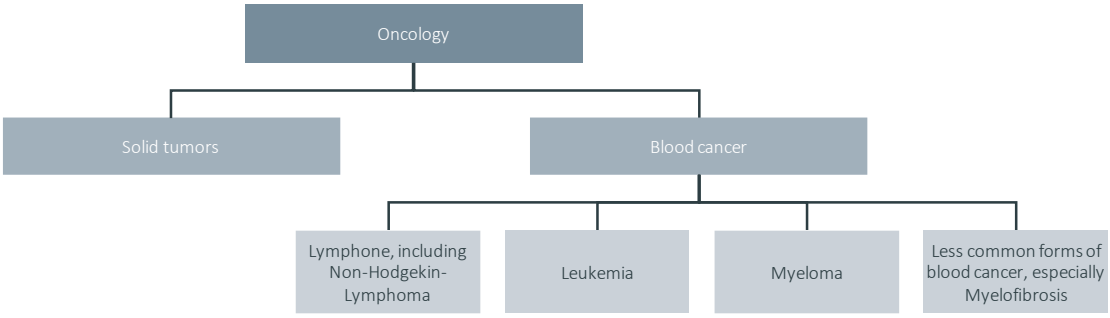
[19] See, IQVIA, Global Oncology Trends 2024. Outlook to 2028, May 2024, p. 60.

[20] See, Statista, Anzahl von Krebstodesfällen in den USA nach Geschlecht in den Jahren 2009 bis 2023, https://de.statista.com/statistik/daten/studie/458381/umfrage/anzahl-von-krebstodesfaellen-in-den-usa-nach-geschlecht/, 02.10.2023.

the year 2020 is estimated worldwide to be more than 18m. The number is supposed to increase to around 28m by 2040 and would accordingly be 54.9% above the level in 2020. This corresponds to a CAGR of approximately 2.2% between 2020 and 2040.[21]

Segmentation of the oncology market

125. The segmentation of MorphoSys' relevant oncology market sections is shown below:



Source: ValueTrust analysis

126. The oncology market can basically be divided into the two areas of solid tumours and cancers of the blood. The area of cancers of the blood, in turn, can be divided into the areas of lymphomas, leukemia and myelomas as well as other less widespread forms of blood cancer. While the market for treatment of solid tumours reached a volume of around USD 200.5 bn in 2023,[22] the size of the market for medications for cancers of the blood was USD 69.2 bn. The respective CAGR for the period from 2023 to 2028 will be approximately 13.8% in the market for solid tumours and 7.8% in the market for cancers of the blood.[23] The market volumes will likely increase to approximately USD 382.9 bn and USD 100.9 bn respectively for solid tumours and blood cancer by 2028.

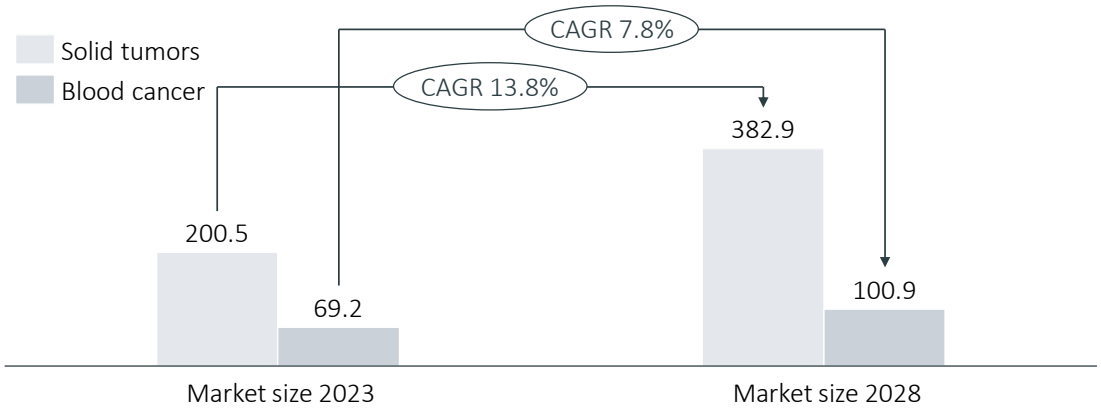
[21] See, Cancer Research UK, https://www.cancerresearchuk.org/health-professional/cancer-statistics/worldwide-cancer/incidence#heading-One, 02.12.2023.

[22] See, The Business Research Company, Solid Tumour Cancer Market Report, January 2024.

[23] See, The Business Research Company, Blood Cancer Drugs Global Market Report, January 2024,

Market volume for solid tumours and blood cancer, 2023-2028

in USD bn / in percent



Sources: The Business Research Company, Solid Tumour Cancer Market Report, January 2024; The Business Research Company, Blood Cancer Drugs Global Market Report, January 2024.

127. Since MorphoSys concentrates primarily on the development of potential treatments for various types of blood cancer, a further segmentation into the three most widespread types – leukemia, lymphoma, and myeloma – is made below. Leukemia, lymphoma, or myeloma was diagnosed in almost 500.000 people in North America and Europe in 2020.[24] New cases of leukemia, lymphoma and myeloma constituted worldwide approximately 8% of the new cancer cases in 2020.[25]

128. In addition to the three large areas of blood cancer, there are also other, less widespread forms of blood cancer. According to the Leukemia and Lymphoma Society, these include especially myeloproliferative neoplasms (MPN) such as myelofibrosis as well as myelodysplastic syndromes.[26]

[24] The 500 thousand new cases of leukaemia, lymphoma and myeloma relate to North America and Europe, which does not correspond to the USA or EU regions (see the incidence figures for non-Hodgkin's lymphoma and myelofibrosis below).

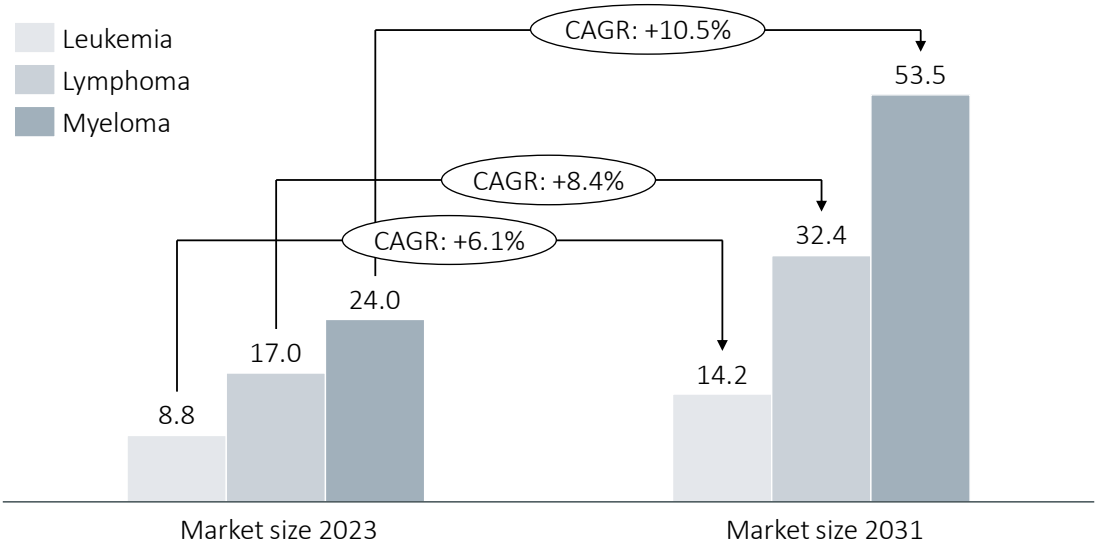
[25] See, International Agency for Research on Cancer (WHO), Leukaemia Fact Sheet, 2020. (https://gco.iarc.fr/today/data/factsheets/cancers/36-Leukaemia-fact-sheet.pdf; 12.10.2023).

[26] See, Leukemia and Lymphoma Society, Updated Data on Blood Cancers. Facts 2022-2023, 2023.

129. The market size of leukemia, lymphoma, and myeloma was almost USD 50 bn in 2023[27], whereby the myeloma market was the largest, accounting for c. 48.1%. The market shares of lymphoma and leukemia were 34.2% and 17.7% respectively. According to the forecasts by Allied Market Research, the three markets will increase to a total of more than USD 100 bn by 2031.

10-year development in the global markets for leukemia, lymphoma, and myeloma, 2023 to 2031

in USD bn / in percent



Sources: Allied Market Research. See on this point the following footnotes.
Note: Market size for 2023 was calculated by using the CAGR as well as the data for the time period between 2022 and 2031 given within the sources.

130. The myeloma market with a CAGR of around 10.5% and an expected market volume of approximately USD 53.5 bn in the year 2031 continues to be the largest market among the blood cancer illnesses.[28] The global market for lymphoma-therapeutics, which can in turn be divided into the two illnesses Hodgkins lymphoma and non-hodgkin's lymphoma ("NHL"), was around USD 17 bn in 2023 and will increase at a CAGR of 8.4% to probably USD 32.4 bn by 2031.[29] The leukemia market, which will likely increase at a CAGR of 6.1% to USD 14.2 bn in 2031 from USD 8.8 bn in 2023 has the smallest portion when measured in terms of commercial market volume.[30]

Market size and numbers of patients in the fields of myelofibrosis

131. Pelabresib is supposed to serve especially the purpose of therapy for myelofibrosis. The substance tulmimetostat has therapeutic potential for various types of cancer, including types

[27] There may be differences in the estimation of the market size due to the use of different sources (see the size of the blood cancer market above).

[28] See, Allied Market Research, Multiple Myeloma Therapeutics Market, February 2023.

[29] See, Allied Market Research, Lymphoma Therapeutics Market, April 2023.

[30] See, Allied Market Research, Leukemia Therapeutics Market, February 2023.

of solid tumours and blood cancer, and can accordingly not be attributed to exactly one type of illness.[31]

Myelofibrosis

132. Myelofibrosis is a rare type of blood cancer in which the scar tissue in the bone marrow grows unusually strong, so that the bone marrow can no longer produce sufficient, healthy blood cells. Four to six of 100,000 people live with myelofibrosis; most of them are patients with intermediate risk regarding the severity of the illness for which only a few possibilities for treatment exist.[32]

133. The total number of new patients per year in the USA diagnosed with myelofibrosis as well as in the EU5 countries was more than 6.100 in 2022 and will be more than 7.200 in 2031.[33] The CAGR for newly diagnosed patients is accordingly around 1.8% during the time period 2022 to 2031. Compared to NHL, the market for the treatment of myelofibrosis is accordingly much smaller and has lower prospects for growth. The number of incidents of MF is also lower, but the growth is higher than in the case of NHL.

134. There are already some medications in the market in the field of myelofibrosis, including Jakafi (ruxolitinib) from Incyte, which is marketed by Novartis outside of the U.S. as Jakavi, inrebic (fedratinib) from Bristol-Myers Squibb and Vonjo (pacritinib) from Swedish Orphan Biopharma and CTI Biopharma and Ojjarra (momelotinib) from GSK. In addition, other substances are in the pipeline, including imetelstat from Geron, and XPOVIO (selinexor) from Karyopharm Therapeutics. These products are each used for treatment of myelofibrosis patients with different symptoms (anemia, thrombocytopenia etc). There is rarely direct competition between the products above at least for so long as patent protection exists.

---

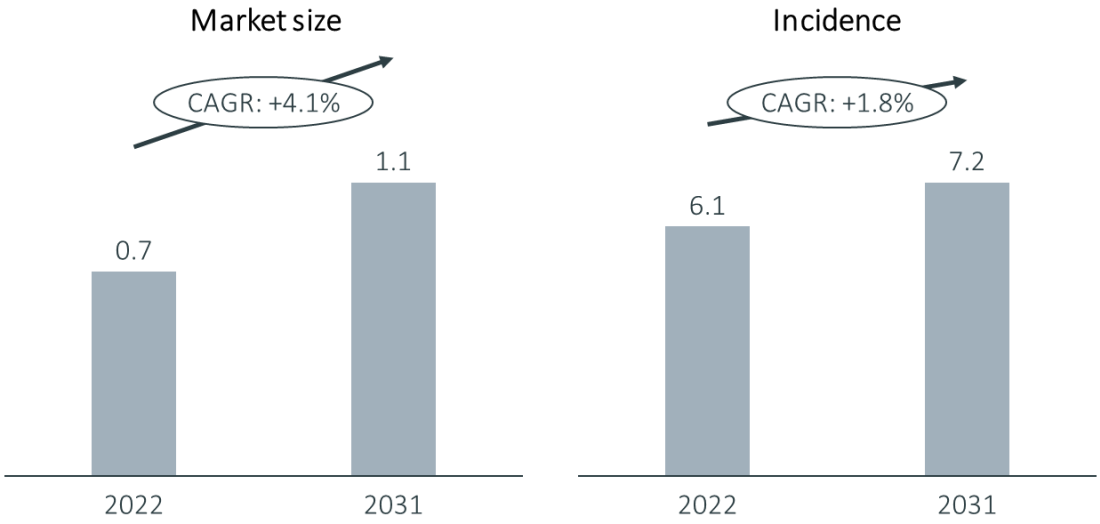
31 See, MorphoSys, Website, https://www.morphosys.com/de/unsere-pipeline/tulmimetostat; 11.10.2023.

32 See, MorphoSys, Annual Report 2022, p. 38.

33 See, Clarivate DRG, Myelofibrosis Disease Landscape & Forecast, ar 2022, p. 32.

Market size and number of incidents in the field of Myelofibrosis, 2022 to 2031

in USD bn / thousand



Sources: Clarivate DRG, Myelofibrosis Disease Landscape & Forecast, December 2022; see below for the calculation of the market size.

135. As a result of the rareness of the illness and the related small size of the myelofibrosis market, both the current market size as well as the estimated market size in the year 2031 are assessed differently by different sources. The following illustration shows an overview of the information and sources considered:

Size of the myelofibrosis market based on source, 2022 to 2031

in USD bn

	Region[1)]	Market size 2022	Market size 2031
Allied Market Research	Global	0.8	1.2
Data Bridge Market Research	Global	0.6	0.8[2)]
The Brainy Insights	Global	0.8	1.2
Average (Global)	n.a.	0.7	1.1
Bloomberg	7MM	1.5	2.8
Business Wire	8MM	2.4	2.9
Clarivate DRG	USA & EU5	n.a.	3.0

Sources: Allied Market Research; Bloomberg; Business Wire; Clarivate DRG; Data Bridge Market Research; The Brainy Insights.[34]

[1)] "Global" includes North America, Europe, Asia-Pacific, Latin America, the Middle East, and Africa (LAMEA). "8MM" consists of the EU5 as well as the USA, China, and Japan. "7MM" refers only to the EU5, the USA and Japan.

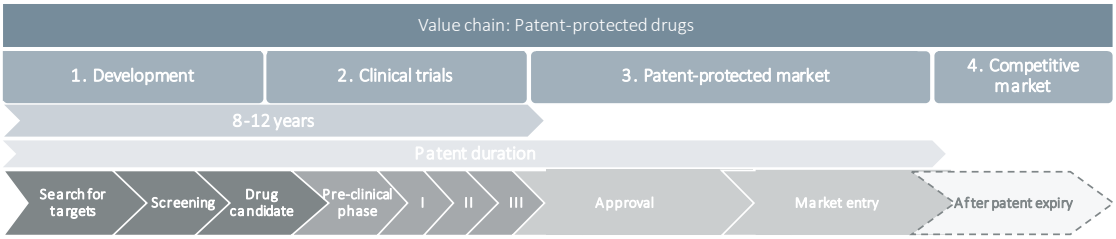
[2)] In the report from Data Bridge Market Research, the CAGR refers only to the time period between 2022 and 2029. In this case, the same CAGR was used through 2031.

136. Since the sources also refer to different regions, only a rough comparison is possible. However, in all cases the relevant sales markets in the EU5 countries as well as in the USA are considered. The range for the estimated market size in 2031 varies between USD 0.8bn and USD 3.0bn. The average size of the Myelofibrosis market is around USD 1.1bn in 2031 which results in a CAGR of c. 4.1% for the period from 2022 to 2031.[35]

Competitive environment

137. In general, companies in the pharmaceutical value creation chain are broken down into various categories based on the field of activity. This value creation chain includes the entire life cycle of a medication and can be divided into four phases: development of the substance, clinical studies, patent protected market and competitive market.

Product life cycle of a patent protected pharmaceutical



Source: Own illustration.

138. Protection against imitation is assured as soon as a patent is applied for and confirmed for a substance candidate. The time period in which a medication remains protected by a patent is normally 20 years in the USA as well as in the EU. In the US and the EU, there is a possibility to extend the term of the patent in the event that the effectively useable patent term is shortened, for example, as the result of a lengthy research and development process or a delayed licensing by regulatory authorities. An extension of the protected period by 5 years can be achieved in the form of a supplemental certificate offering protection. However, since a patent application must be submitted early in the research and development process so that a medication is protected, a producer normally only has market exclusivity for the medication for a period of approximately 12 years.[36]

---

[34] See, Allied Market Research, Myelofibrosis Treatment Market, November 2022.
Bloomberg, https://www.bloomberg.com/press-releases/2022-12-19/myelofibrosis-market-is-expected-to-grow-at-a-cagr-of-7-3-by-2032-delveinsight, 04.10.2023;
Business Wire, Myelofibrosis Market, Market 2023;
Clarivate DRG, Myelofibrosis Disease Landscape & Forecast, December 2022, p. 11;
Data Bridge Market Research, Global Myelofibrosis (MF) Market – Industry Trends and Forecast to 2029, October 2022;
The Brainy Insight, Myelofibrosis Treatment Market, January 2023.

[35] Adjusted to a comparable basis, consistently considering regions across all studies

[36] See, Vfa (Die forschenden Pharma-Unternehmen), https://www.vfa.de/de/arzneimittel-forschung/artikel-arzneimittel-forschung/patentschutz.html, 05.10.2023; Alacrita, https://www.alacrita.com/whitepapers/pharmaceutical-patent-term-extension-an-overview, 20.10.2023.

139. The competitive environment for MorphoSys is above all characterized by a high speed of innovation, intense competition, and a strong emphasis on (patent) protected products. The main competitors include pharmaceutical companies and biotechnology companies as well as academic research organizations, some of which have much larger financial and technical production resources. There is also a certain specialization on various phases of the product life cycle among the competitors. MorphoSys itself has undergone a transformation from a research company specialized on the discovery of substances in the early phases to a business which has product candidates in late phases of clinical testing and commercializes the products after successful approval.[37]

140. Companies which are in comparable phases of development of medications like MorphoSys have some factors for success. Analogous to MorphoSys, the practice of obtaining regulatory approvals and issuing licenses is very widespread, so that regularly rights of possession and ownership of patents or the right to use patents or other intellectual property are granted with licenses or obtained from the other party. The competitors are also differentiated by their research and development as well as their own distribution and production know-how. The dependence on the own level of equity as well as liquidity is also common among the competitors. This forces companies to prioritize their development projects based on prospects for success and the surpluses that can be generated and to finance the business activities by granting licenses.

141. Considering the increasing number of mergers and takeovers in the pharmaceutical and biotechnology industry, there is also the risk that the competition will shift to a few established corporate groups. At the same time, however, smaller companies in the growth phase could also turn out to be direct competitors. Such companies represent serious competition especially when they enter partnerships with large, established companies.[38] This is above all the situation when corresponding financing is not available.[39] In addition, the ability to compete in the oncology market depends in many cases on the speed of achieving approvals by regulatory authorities.

Product competition in the myelofibrosis market

142. The limited possibilities for treating myelofibrosis have led to the development of several new approaches for therapy. These new treatments are directed either towards certain sub-groups of patients or use new mechanisms.[40] The focus is placed on slowing down the progress of the illness and combatting the symptoms of the illness. The most important medications in myelofibrosis treatment are currently Jakafi/Jakavi (Incyte/Novartis), Vonjo (CTI Biopharma), momelotinib (GSK) and Inrebic (Bristol Myers Squibb).

---

37 See, chapter 2.2.

38 See, MorphoSys, Securities Prospectus, p. 103.

39 See, MorphoSys, Securities Prospectus, p. 144.

40 See, UBS, Analyst Report MorphoSys, May 2023, p. 7.

143. Jakafi has a market penetration rate of approximately 50% and is considered to be a standard of care for first line therapy, especially for the treatment of the related increase in the size of the spleen. Contrary to the NHL market, especially when fighting DLBCL, in which various substances with the same mechanism compete with each other, the field of treatment for myelofibrosis is characterized by substantially less competition.[41]

144. The substance ruxolitinib will probably lose its patent protection in the US in 2028. The competition for the treatment of myelofibrosis will subsequently probably increase as a result of competitors introducing new products; the first generics medication on the basis of ruxolitinib will probably be introduced into the market in the USA and the EU5 countries in 2028. This will also mean that the market share for Jakafi will subsequently decrease.

145. A disadvantage of ruxolitinib is that most patients no longer react to the substance within three years of treatment. The median length of treatment with ruxolitinib for patients with medium or high risk is 1.5 to 4 years. In such cases, recourse to a second line therapy is taken, whereby current substances have problems, above all when treating the increase in the size of the spleen that coincides with MF. One product regularly used for this purpose is Inrebic from Bristol-Myers Squibb which, however, induces myelosuppression like ruxolitinib. There are opportunities for new product candidates here, above all in second line therapy.[42]

2.3.4.2. Regulatory environment

Approval process and marketing in the USA

146. Pharmaceuticals are regulated in the USA by the FDA in accordance with the Federal Food, Drug, and Cosmetic Act ("FDCA"). Pharmaceuticals can, at the same time, also be subject to state and local laws and provisions in individual states.

147. If companies fail to comply with the applicable US requirements throughout the product development and regulatory filing process at any point in time, this can have substantial consequences. Non-compliance may lead to delays in conducting clinical trials and the examination and licensing by the public authorities and even to court sanctions in extreme cases.

148. During the course of the regulatory license application process, a candidate substance must go through both non-clinical testing as well as clinical testing, and the results must be sent to the US Regulatory Authority, the FDA. If the FDA issues a license, the commercial marketing of the product with specific prescription information is also approved for specific indications.

---

41 See, JP Morgan, Analyst Report MorphoSys 2023, p. 6.

42 See, Clarivate DRG, Myelofibrosis Disease Landscape & Forecast, Dezember 2022, pp. 18 & 126.

149. If a product is intended for the treatment of a severe or life-threatening illness alone or by being administered in combination with other substances and if the product has the potential of medical effectiveness in such cases, the product can be proposed for accelerated examination ("fast-track") by the US Regulatory Authority, the FDA. The receipt of fast-track status for a medication involves more frequent meetings with the FDA concerning the further development of the medication, more frequent written communication about the design of the proposed clinic studies and the use of biomarkers as well as an accelerated and ongoing examination.

150. MorphoSys' product candidate tulmimetostat was granted the fast-track status by the FDA in September 2023 as a third clinical program after pelabresib (2018).[43]

151. A pharmaceutical can also be identified as an orphan drug if the medication is intended to treat fewer than 200 thousand persons and accordingly is directed towards very rare illnesses. The designation of a medication as an orphan drug may result in tax benefits for the company, among other aspects.[44]

152. MorphoSys was formerly engaged in its own distribution activities in the USA. A co-commercialization with Incyte was in place for the product Monjuvi®, whereby both MorphoSys as well as Incyte had their own commercialization teams. A unique aspect to this class of medicine is that the patient is not the direct customer of MorphoSys or Incyte. The products are sold to so-called specialty distributors, a type of wholesaler specialized in the further sale of pharmaceutical products.

Licensing process and marketing in the EU

153. A regulatory license for a medication in the EU can be applied for, upon complying with certain prerequisites, before the central, decentralized, or national procedure with the European Medicines Agency ("EMA") or the respective national authorities within the European Economic Area, and the license is valid for five years but can be renewed after expiration.[45]

154. Pharmaceutical companies must submit pharmaceutical-toxicology as well as clinical research results for the approval of new pharmaceuticals in the EU which correspond to the common EU standards. The European Union adopted in April 2014 a new regulation ((EU) no. 536/2014) for clinical testing. This regulation was replaced on 31 January 2022 by the Directive 2001/20/EU, which is supposed to simplify the license application process for pharmaceuticals in the European Union. The transitional provisions for the new regulation provide that all ongoing clinical testing must be converted to the new regulation as of 31 January 2025.[46]

---

[43] See, MorphoSys, Morphosys Receives U.S. FDA Fast Track Designation for tulmimetostat in Endometrial Cancer, September 2023.

[44] See, MorphoSys, Securities Prospectus, pp. 131 et seq.

[45] See, German Institute for Pharmaceuticals and Medical Products (*Bundesinstitut für Arzneimittel und Medizinprodukte*), https://www.bfarm.de/DE/Arzneimittel/Zulassung/Zulassungsverfahren/Zentralisiertes-Verfahren/_node.html, 02.10.2023.

[46] See, MorphoSys, Securities Prospectus, pp. 140 et seq.

155. In addition to the approval provisions, there are also requirements for production and advertising activity. The general principle in the EU is that a production approval must be issued by the member state in which the production takes place. In addition, companies introducing pharmaceuticals into commerce are required to have a license for each country in which distribution takes place. In addition to the provisions on licensing and production, there is an obligation for products in the market to document and evaluate pharmaceutical risks that become known.[47]

156. The marketing of pharmaceuticals is also strictly regulated and limits companies in their communications to customers. Generally, the EU Directive 2001/83/EU applies, so that pharmaceuticals which require prescriptions can be advertised exclusively to doctors, pharmacies and other persons who are entitled to engage in trade with pharmaceuticals.

157. Like the USA, certain medications can be designated as orphan drugs in the EU, in order to receive support in regulation and the possibilities for centralized licensing in addition to reductions of fees. However, conditions must be satisfied which are stricter than in the USA, including a nature of the illness to be fought which is dangerous to life as well as a maximum patient frequency of five in 10.000 in the EU or in the case of disproportionately low expected revenue compared to the costs for developing a candidate product.[48]

Phases in clinical testing of pharmaceuticals

158. The candidate substances must be successfully tested with sufficient safety in the USA as well as the EU before approved for the market. The development of medications is divided into three phases of clinical studies. However, before the candidate substance can be tested on humans for the first time, extensive pre-clinical tests with regard to potential harmful effects must be carried out with cell cultures, in the test tube and animal trials. Normally more than five years pass between the start of a project and the completion of the pre-clinical testing. The substances can be made the subject of clinical testing only after the necessary pre-clinical tests have been successfully completed. The substances initially proceed to the Phase 1 of the clinical testing.[49]

---

[47] See, German Institute for Pharmaceuticals and Medical Products, https://www.bfarm.de/DE/Arzneimittel/Pharmakovigilanz/_artikel.html, 2 October 2023.

[48] See, MorphoSys, Securities Prospectus, p. 143.

[49] Interpharma (Swiss Association of Pharmaceutical Firms in Switzerland), https://www.interpharma.ch/blog/serie-klinische-forschung-teil-3-die-drei-phasen-der-klinischen-studien/, 2 October 2023; The division of the licensing process in three clinical phases applies in the same manner in Switzerland, the EU, and the USA.

159. Clinical studies in Phase 1 are conducted with a limited number of healthy people, in order to test the product candidates for safety, including undesired effects, dose tolerance and pharmacological dynamics. The substances are tested on patients only in specific cases. This applies above all in the case of products for severe and life-threatening illnesses.

160. Clinical tests in Phase 2 ("proof of concept") are normally carried out on a small population of patients, in order to identify potentially undesirable effects and safety risks. The effectiveness of the product candidates is also evaluated in this phase, and the dose tolerance as well as the optimum dosage are determined. Depending on the discretion of the sponsor, several clinical studies in Phase 2 can also be carried out before the larger clinical studies in Phase 3 begin.

161. If the clinical studies in Phase 2 show that a specific dose or a specific range of doses of the product candidates are potentially effective and have an acceptable safety profile, clinical studies in Phase 3 are carried out. These studies include an expanded patient population and are frequently carried out in testing centers with a geographic spread. This makes it possible to collect additional information about safety and effectiveness, in order to be able to evaluate the benefits/risk relationship of the product.

162. In some cases, the US Regulatory Authority FDA, as well as the European Regulatory Authority EMA, can approve a product candidate only subject to the condition that additional clinical studies are carried out, to be able to further evaluate the safety and effectiveness of the product candidate also after approval. Such studies carried out after the conditional approval of a substance for the market are normally referred to as clinical studies in Phase 4.[50]

163. To generalise the duration of each trial phase is difficult due to the uniqueness and complexity of compounds under development. Also, possible setbacks regarding the implementation of studies on a broad basis as well as financing issues need to be considered. According to the FDA, the duration of clinical trials varies from Phase 1 to Phase 3. Phase 1 usually lasts about 1 year and focuses on evaluating the safety of a drug in a small group of healthy volunteers. Phase 2 lasts about 2 years and tests the drug's effectiveness and further assesses its safety in a larger group of patients who have the condition the drug is designed to treat. Phase 3, which confirms the drug's effectiveness, monitors side effects and collects more extensive safety data, usually lasts about 3 years, and involves several hundred to thousands of patients. These times can vary depending on the specific drug, the nature of the disease and the regulatory environment of the trial.[51] The sum of clinical trials, approval by regulatory authorities, market entry and aftermarket period can take up to 20 years and more.

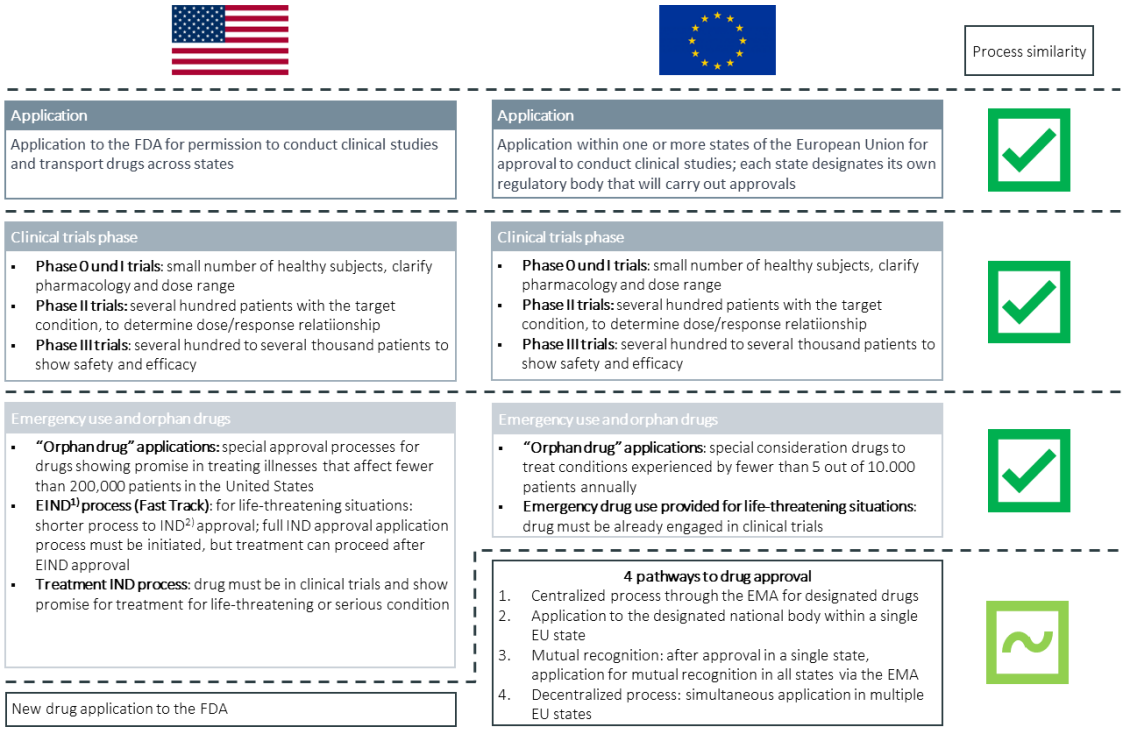
[50] See, MorphoSys, Securities Prospectus, p. 133.

[51] See, FDA, https://www.drugs.com/fda-approval-process.html

Comparison of the regulatory environment in the USA and the EU

164. In the USA and in Europe there is a high level of fair treatment in competition, especially regarding costs for research and development, intellectual property ("IP") and the pricing of medications.

Comparison of the process and the requirements in the phases of clinical studies for the licensing of pharmaceuticals in the USA and in Europe



Source: Van Norman, Gail A., Drugs and Devices: Comparison of European and U.S. Approval Processes, August 2016, https://www.sciencedirect.com/science/article/pii/S2452302X16300638, 2 October 2023.

165. Comparable macro-economic trends with regard to the demographic development and growth of the market can furthermore be seen in both regions. A comprehensive and established health care system with a relatively small portion of bearing costs personally exists in both regions. The pharmaceuticals market and the pharmaceutical companies active in these regions have highly integrated and comparable distribution and supply chain structures.

166. It must be found overall that the USA and Europe have a high degree of comparability with regard to the regulatory requirements and other fundamental parameters.[52]

Pricing and reimbursement systems

167. In addition to the uncertainties in connection with the regulatory processes in different markets, there are substantial uncertainties with regard to the assumption and reimbursement of costs for (potential) products. Product sales after successful market approval depend in part on the extent to which governmental health care programs in the U.S. (such as Medicare and Medicaid), commercial health insurance companies and managed care organizations set reasonable reimbursement rates for these product candidates. Usually the manufacturing company's applied product pricing is commensurate with the innovation that is brought to the market through the specific compound. The various medical organizations and insurance companies then decide after the product price has been determined whether they will provide reimbursement.

168. Both in the U.S. as well as in the European Union and the markets in other countries, patients and providers who render the various services must rely on reimbursement of costs. Such reimbursement of costs by external financial sources can either cover part of the costs or the entire costs and can vary substantially with regard to the rules for reimbursement and reimbursed amounts.

169. If there is no assumption and reimbursement of costs which covers at least a substantial portion of the costs, it is unlikely that patients will use certain products.[53]

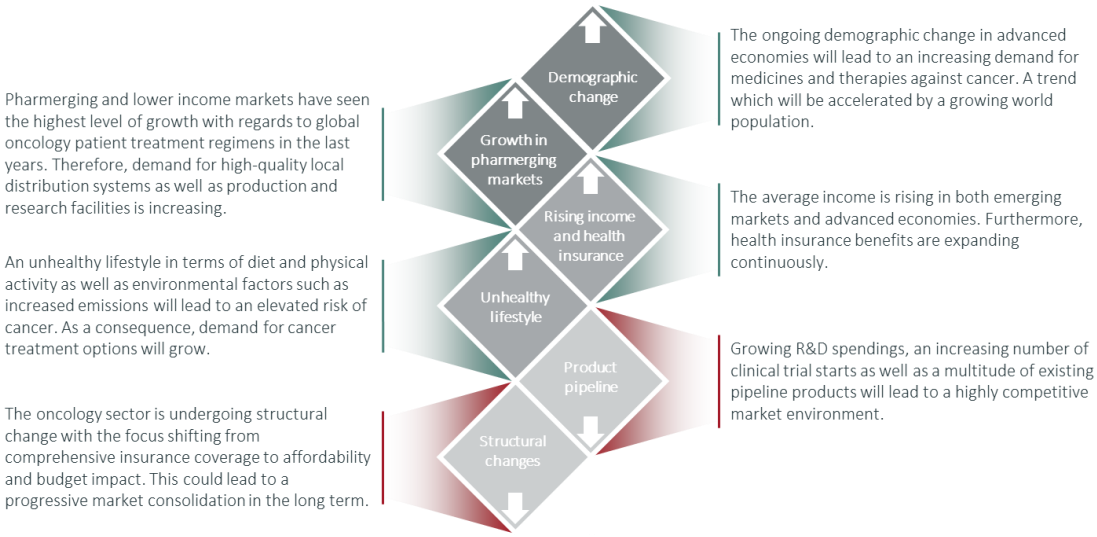
[52] See, Van Norman, Gail A., Drugs and Devices: Comparison of European and U.S. Approval Processes, August 2016 (https://www.sciencedirect.com/science/article/pii/S2452302X16300638).

[53] See, MorphoSys, Securities Prospectus, p. 144.

2.3.4.3. Primary drivers in the oncology market

170. There are many reasons for the growth of the global pharmaceutical and oncology market, and they result from different factors. The main drivers which determine the mid-term to long-term trend in growth are presented below.

Overview of the long-term trends in the oncology market



Source: Own representation, see below.

Demographic change

171. One of the most relevant trends for the oncology market is the demographic change in industrial countries and the related aging of society. The resulting need for pharmaceutical products expresses itself, among other matters, by higher expenditures for medications and therapies to fight various types of cancer which often first occur in an advanced age. Based on the data of the United Nations, the portion of people whose age was over 65 globally in the year 2023 was approximately 10%. This number was 21% in Europe and North America. The expectation for 2050 is that at least 16% of the population will be older than 65, with around 28% in Europe and North America.[54]

[54] See United Nations, World Population Prospects. Summary of Results, 2023, p. 8.

Global population growth

172. As is also the case in other consumer markets, the sales revenue in the total oncology market will continue to grow in light of a continuously growing world population. While approximately 7.9bn people lived on earth in 2022, a population of up to 8.5bn people is forecast for 2030. Approximately 62.3% of all people lived in Asia and North Africa in 2022 and approximately 14.1% lived in Europe and North America.[55]

Threshold nations and Pharmerging Markets

173. Pharmerging markets refers to developing countries which are not considered as important or primary markets within the pharmaceutical sector but are expanding rapidly and with a high pace of growth regarding the use of pharmaceuticals. The access for treating cancer illnesses in markets with low income[56] and in the Pharmerging Markets substantially improved between 2018 and 2022. The CAGRs of approximately 12% and 8% regarding the number of treatments were in each case well above the corresponding global rate of 5%.[57]

174. A shift in demand regarding the establishment of production and research locations in these regions coincides with the optimization of local distribution systems that is becoming necessary. The main drivers for this development in the emerging countries include, among other aspects, a general growth in population, continuously increasing disposable income, higher life expectancy and a longer average duration of treatment.

Increasing disposable income and health insurance

175. An additional driver for demand for pharmaceuticals that require prescription and brand products involves an increase in disposable income and a continuous expansion of health insurance both in emerging countries as well as western industrial countries. According to statistics of the GKV Top Association, the expenditures for statutory health insurance in Germany increased in Germany between 2018 and 2022, for example, from EUR 226.2 bn to EUR 274.2 bn.[58]

Change in life style

176. A continuing and progressive change in lifestyle towards less physical, increasingly unhealthy nutrition as well as, for example, the consumption of cigarettes will result in a high degree to consequences for health in the future. According to the German Cancer Society, 10% of all leukemia in Germany result from smoking cigarettes. Furthermore, many environmental

---

55 See, United Nations, World Population Prospects. Summary of Results, 2023, p. 5.

56 Compared to the Pharmerging Markets, the weak income markets according to IQVIA are countries with low income which does not satisfy the growth criterion of more than USD 1 bn in five years that applies for the Pharmerging Markets. However, the rates of growth were above average for the treatment numbers in a global comparison.

57 See, IQVIA, Global Oncology Trends 2023. Outlook to 2027, May 2023, p. 44.

58 See, GKV General Association, total expenditures, https://www.gkv-spitzenverband.de/service/zahlen_und_grafiken/gkv_kennzahlen/gkv_kennzahlen.jsp, 19 October 2023.

factors such an increasing portion of exhaust gases as well as harmful chemicals and radiation will also increase the general risk of cancer in the future.[59]

New medications / product pipeline

177. The demographic change and the related increasing demand for pharmaceuticals will lead to an increase in available medications and treatment methods. While certain trends in development cannot be forecast, it is already clear today that increasing research and development expenditures will lead in the long term to an improvement of the treatment in the area of oncology.

178. The number of clinical starts of studies worldwide reached an all-time high level in 2021 with growth of 56% compared to the year 2016.[60] In the USA, 53 new medications for the treatment of types of haematological cancer have been introduced into the market since 2013. Most of the innovations were in the field of NHL illnesses with 20 new medications.[61]

Structural changes in the market

179. The oncology field is undergoing a change in structure, especially in the USA and the Pharmerging Markets where the focus in demand for cancer medications has shifted in the case of patients and sponsors from comprehensive insurance coverage towards affordability. This makes introduction of medications increasingly unforeseeable because the clinical data no longer determine the acceptance by the customers. Products which burden the budget can be blocked by sponsors even if the clinical study results are otherwise convincing.

180. The expectation is that this will lead to a new positioning of the strategic direction of the involved companies, and additional mergers and takeovers will characterize the industry because companies are looking for a stronger focus on individual therapeutic fields or are substantially expanding their non-pharma activities.[62]

2.3.4.4. Conclusion for the development of the market and the competitive environment and market position

181. The main drivers of growth influencing the global oncology market in the future are the growth in the global population, demographic change and change to an unhealthy lifestyle. The sales markets are characterized in the future by a growing and competitive market environment in which increasingly also research organizations and smaller companies compete in addition to globally established pharmaceutical and biotechnology companies.

---

[59] Deutsche Krebsgeselläft, https://www.krebsgesellschaft.de/onko-internetportal/basis-informationen-krebs/krebsarten/leukaemie/ursachen-und-risikofaktoren.html#:~:text=Dazu%20geh%C3%B6ren%20eine%20gewisse%20erbliche,Risikofaktor%20ist%20vermutlich%20das%20Zigarettenrauchen., 2 October 2023.

[60] See, IQVIA, Global Oncology Trends 2022. Outlook to 2026, May 2022, p. 17.

[61] See, IQVIA, Global Oncology Trends 2023. Outlook to 2027, May 2023, p. 37.

[62] See, UBS, Analyst Report MorphoSys, May 2023, p. 28.

182. In light of the described situation in the market, the expectation is that the global oncology market will increase from around USD 233 bn in the year 2023 to approximately USD 409 bn in the year 2028, which corresponds to a CAGR of approximately 12.9%.

183. MorphoSys will overall be able to participate in the continuing growth in the oncology market due to its current market position as well as its product pipeline for the treatment of various cancer illnesses. The already well-advanced candidate substances pelabresib and tulmimetostat, for which a fast-track license has been approved by the US Regulatory Authority FDA, pontentially offer a high market potential. The possibility exists in the changing market environment that competing companies would be more willing to sell out-licensed product candidates which they have in the development pipeline. MorphoSys might be able to lever the R&D capacities by further expanding into indications and geographical markets at lower expenses. Compared to developing a completely new compound and pursuing a market entry, possible cost efficiencies could be realised.

184. On the other hand diverse risks for MorphoSys should be considered as well. The business model in the current phase is inherently risky. The company depends to a great extent on the outcome of clinical trials. MorphoSys currently has two product candidates in its own pipeline, pelabresib and tulmimetostat. Tulmimetostat is being studied as a potential treatment option against advanced solid tumors or lymphomas. Summarized, as market research shows, market size within this pharmaceutical field is estimated to increase rapidly within the next decade, with prognosed CAGRs of up to 14%.

2.3.5. Results of operations, assets and financial position

185. The historical analysis of the results of operations, net assets and financial position forms the starting point for the analysis of corporate planning and for plausibility assessments.[63] For comparison purposes, the budget for the period 2021 to 2023 has therefore already been compared with the actual figures at this point. The corporate planning for the years 2021 to 2023 is discussed in chapter 2.3.5 in detail.

2.3.5.1. Earnings position

186. The following overview shows the adjusted earnings position of MorphoSys for the financial years 2021 to 2023 as well as Q1 2024 according to IFRS. For valuation purposes, a presentation format of the income statement was chosen that differs from the company's external reporting and therefore the figures below do not in all aspects reconcile with the company’s previously issued external disclosures.

[63] See IDW S 1 as amended in 2008, para. 72 and DVFA-Recommendations, 2012, p. 23.

Income statement (2021 – Q1 2024)[64]

in EUR m / percent

	Historical				CAGR
	2021	2022	2023	Q1 2024*	2021-2023
Revenues	**179.6**	**278.3**	**238.3**	**27.5**	**15.2%**
growth (yoy)	*-45.2%*	*54.9%*	*-14.4%*	*n/a*	
thereof Revenues from operations	126.2	181.4	127.3	0.5	0.4%
thereof Non-cash relevant royalties	53.4	96.9	111.0	27.0	44.2%
Cost of sales	-32.2	-48.6	-58.4	-2.8	34.6%
Gross profit	**147.4**	**229.6**	**179.9**	**24.7**	**10.5%**
in % of revenues	*82.1%*	*82.5%*	*75.5%*	*89.7%*	
Research and development	-225.2	-297.8	-283.6	-85.2	12.2%
Selling	-121.5	-92.4	-81.4	-18.5	-18.2%
Impairment of goodwill	-230.7	-	-1.6	-	
G&A expenses	-78.3	-60.1	-65.8	-185.5	-8.3%
Other income	8.5	12.0	5.4	0.9	-20.1%
Other expenses	-6.4	-15.6	-7.1	-0.4	5.5%
EBIT	**-506.2**	**-224.3**	**-254.1**	**-263.9**	**n/m**
in % of revenues	*-281.8%*	*-80.6%*	*-106.7%*	*-958.2%*	
Depreciation and amortisation	-242.4	-18.7	-25.4	-1.6	
EBITDA (for information)	**-263.9**	**-205.7**	**-228.7**	**-262.3**	**n/m**
in % of revenues	*-146.9%*	*-73.9%*	*-96.0%*	*-952.5%*	
Finance income	96.6	412.1	213.4	9.6	
Finance expenses	-181.5	-165.9	-142.0	-56.8	
Result form share in associates accounted for using the at equity method	-	-4.3	-8.2	-1.5	
Income before tax	**-591.1**	**17.5**	**-190.9**	**-312.6**	**n/m**
Taxes on income	76.6	-168.6	1.2	1.6	
Effective tax rate (in %)	*-13.0%*	*-962.2%*	*-0.6%*	*-0.5%*	
Annual result	**-514.5**	**-151.1**	**-189.7**	**-311.0**	**n/m**
in % of revenues	*-286.4%*	*-54.3%*	*-79.6%*	*-1129.4%*	
Results from discontinued operations	**n/a**	**n/a**	**n/a**	**-3.9**	**n/m**
in % of revenues	*n/a*	*n/a*	*n/a*	*-14.2%*	

* Note: Q1 2024 figures are unaudited and not directly comparable with the years 2021-2023 due to the sale and carve out of tafasitamab in 2024. The sale and transfer of tafasitamab is considered a discontinued operation in accordance with IFRS 5, and the consolidated income statement for the comparative period has therefore been adjusted to present discontinued operation separately from continued operations. The loss of the discontinued operations as of 31 March 2024 in the amount of EUR 3.9m is fully attributable to the owners of MorphoSys.

Adjustment of the historical earnings position

187. In accordance with IDW S 1 and the DVFA-Recommendations, the operating surpluses (EBITDA, EBIT) must be adjusted as part of the historical analysis in order to clarify the causes of past success. In 2020, the market approval of Monjuvi® led to a change in the earnings situation compared to the past and the product was in a phase of strongly increasing sales revenues in the first few years. In addition, a collaboration agreement was concluded with Incyte in 2020, which led to high non-recurring revenue from licenses, among other things. The acquisition of Constellation Inc. in 2021 also had a significant impact on the earnings situation, as did the agreements concluded with Royalty Pharma in this context to finance the acquisition and the further development of the pipeline. In February 2024, MorphoSys entered into a purchase agreement to sell and transfer all worldwide rights to tafasitamab to its partner Incyte.

188. As business performance is characterized by many individual factors and highly volatile developments, it is not possible to make a meaningful adjustment to the historical earnings

[64] See IDW S 1 i.d.F. 2008, Tz. 72 and DVFA-Empfehlungen, 2012, p. 23.

situation. For this reason, no adjustments have been made and the unadjusted historical earnings position is described below.

Description of historical revenues

189. MorphoSys generates and incurs a substantial portion of its revenues and costs in USD. The USD-denominated share of operations was increased by the Constellation acquisition. The reporting currency of MorphoSys is EUR.

190. In the following, we describe the historical revenues position for the years 2021 to 2023 in the income statement at a more detailed level. Due to the sale and carve out of tafasitamab, the Q1 2024 figures are not fully comparable with the years 2021-2023 on a historical basis. The carve out of tafasitamab in 2024 largely affects earnings and cost items in the income statement, making it an unsuitable basis for comparison with previous historical year-end results. In addition, there were no regulatory requirements under IFRS that necessitated the disclosure of sales details, including the breakdown by category and geographical region, in the first quarter of 2024. Consequently, they do not match the level of detail provided in the audited year-end figures for the past three years. The following section therefore provides a detailed and comprehensive analysis of revenues for the years 2021-2023 and does not include Q1 2024.

191. MorphoSys generates revenues from product sales, royalties, licenses, milestone payments and other items ("Other"). Other includes service fees and other revenues that cannot be allocated to any of the above categories. MorphoSys' revenues increased from EUR 179.6m in 2021 to EUR 278.3m in 2022 and subsequently decreased to EUR 238.3m in 2023. Revenues from

licenses and milestones are highly volatile. The breakdown of MorphoSys' revenues by category is as follows:

Revenues by categories
in EURm / in percent

	Historical			CAGR
	2021	2022	2023	2021-2023
Product sales	**66.9**	**84.9**	**85.0**	***12.7%***
share in %	*37.2%*	*30.5%*	*35.7%*	
growth (yoy)		*26.9%*	*0.1%*	
Royalties	**65.6**	**99.9**	**116.4**	***33.2%***
share in %	*36.5%*	*35.9%*	*48.9%*	
growth (yoy)		*52.3%*	*16.5%*	
Licenses	**-**	**56.4**	**0.2**	***n/m***
share in %	*-*	*20.3%*	*0.1%*	
growth (yoy)		*n/m*	*-99.6%*	
Milestones	**20.0**	**3.2**	**2.8**	***-62.6%***
share in %	*11.1%*	*1.1%*	*1.2%*	
growth (yoy)		*-84.0%*	*-12.5%*	
Other	**27.2**	**33.9**	**33.8**	***11.5%***
share in %	*15.1%*	*12.2%*	*14.2%*	
growth (yoy)		*24.6%*	*-0.3%*	
Revenues	**179.6**	**278.3**	**238.3**	***15.2%***
growth (yoy)		*54.9%*	*-14.4%*	

192. The revenue category “product sales” is exclusively attributable to the sale of tafasitamab, which recorded revenue of EUR 66.9m in 2021 following the market approval of Monjuvi® in August 2020 (during the COVID-19 pandemic). Tafasitamab was approved in the indication relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) in the accelerated approval process in the USA. Revenues from product sales increased to EUR 84.9m in 2022 and further to EUR 85.0m in 2023. MorphoSys co-promoted Monjuvi® in the US with Incyte. Under the "Collaboration and License Agreement" which includes co-commercialization terms applicable in the US, profits and losses are split 50/50 between Incyte and MorphoSys, with MorphoSys recognizing the full revenue (including the share attributable to Incyte). The financial liability from collaborations reflects MorphoSys’ obligation to Incyte from the profit and loss share based on the Collaboration and License Agreement in exchange for the upfront payment received in 2020. This liability is measured at the present value of future payments and is adjusted quarterly to account for actual and anticipated payments. There is a direct relationship between the financial representation of the agreement and the actual movement of cash. As sales are made, MorphoSys receives cash inflow, but also has an obligation to pay Incyte its share, resulting in cash outflows. The interaction between the balance sheet, where the liability is recorded, and the income statement, where the revenue is recorded, ensures that these cash flows are appropriately tracked and reported. Royalties increased from EUR 65.6m in 2021 to EUR 99.9m in 2022 and further to EUR 116.4m in 2023 with a CAGR of 33.2%. Royalties include

regular license payments based on out-licensing agreements already concluded, e.g. for product sales of Minjuvi® by Incyte outside the USA. The majority of MorphoSys' royalty income is from net sales of Tremfya® from Janssen. Starting from April 2021, 100% of the underlying cash from these royalties has been passed on to Royalty Pharma, in accordance with the terms of the royalty purchase agreement. As the underlying license agreements are legally held by MorphoSys, all revenues underlying the royalty purchase agreement, in particular the royalties, are reported under revenues, but do not result in cash inflows for MorphoSys. These non-cash relevant royalties amounted to EUR 53.4m in 2021, EUR 96.9m in 2022, EUR 111.0m in 2023 and EUR 27.0m in Q1 2024.

193. Revenues from licenses include one-time payments that are only due upon conclusion of an out-licensing agreement, as was the case, for example, when the collaboration with Incyte was concluded in 2020. In this transaction, MorphoSys received an upfront payment upon conclusion of the collaboration and license agreement which was bifurcated into a portion related to the U.S. co-commercialization of Monjuvi® and another portion related to the out-licensing of ex-U.S. rights for tafasitamab. The future payments to Incyte from the agreed profit and loss split (50/50) in the U.S. co-commercialization of Monjuvi® were recognized at their present value. Consequently, a financial asset is capitalized in the case of loss compensation by Incyte, whereas a financial liability is recognized in the case of profit sharing with Incyte. The portion of the total upfront payment that exceeds the present value of the 50% share of the profits and losses from future revenue from the distribution of Monjuvi® in the USA was classified as revenue in accordance with IFRS 15. No material new license revenue-generating contracts were concluded in 2021 and 2023 and therefore only minor amounts of revenue from licenses were recorded in those periods. In 2022, revenue from licenses was attributable to the out-licensing agreements for felzartamab and MOR210 with HI-Bio and for another compound with Novartis AG. HI-Bio has obtained exclusive rights to develop and commercialize two compounds for all indications worldwide, except for Greater China and South Korea. These regions are included in a regional licensing agreement with I-Mab Biopharma, allowing I-Mab to develop and commercialize felzartamab in Mainland China, Hong Kong, Macau, and Taiwan. At the end of 2022, Novartis obtained full responsibility for all further research, development, and commercialization activities for one preclinical program from Constellation Inc.

194. Milestone payments are performance-related payments based on cooperation agreements under which payment and revenue recognition are triggered by the achievement of a defined milestone, such as the success of a clinical trial or regulatory approval of an active ingredient. Milestone payments amounted to EUR 20.0m in 2021, EUR 3.2m in 2022 and EUR 2.8m in 2023. In 2021, the treatment of the first patient in the extended OSCAR trial with otilimab triggered a milestone payment of EUR 16.0m from GSK. No milestones of a similar magnitude were achieved in subsequent years, meaning that a decline to around EUR 3.0m can be observed in 2022 and 2023.

195. The category "Other" comprises revenues from sale of clinical drug vials as well as service fees. While revenues from sale of clinical drug vials increased steadily within the three-year period revenues from service fees was relatively stable in the years 2021 to 2023, including fees that incurred for the deployment of personnel as part of research and development collaborations. In total amounted the category "Other" to EUR 27.2m in 2021, EUR 33.9m in 2022 and EUR 33.8m in 2023, representing an annual growth rate of 11.5% in the respective period.

196. Overall, the share of revenue from product sales and royalties increased from 73.8% to 84.5% in the years 2021 to 2023.

Revenues by regions
in EURm / in percent

	Historical			CAGR
	2021	2022	2023	2021-2023
USA	156.3	248.9	211.5	*16.3%*
share in %	*87.0%*	*89.4%*	*88.8%*	
growth (yoy)		*59.2%*	*-15.0%*	
Europe and Asia	23.3	29.3	26.8	*7.2%*
share in %	*13.0%*	*10.5%*	*11.2%*	
growth (yoy)		*25.8%*	*-8.5%*	
Revenues	**179.6**	**278.3**	**238.3**	***15.2%***
growth (yoy)		*54.9%*	*-14.4%*	

197. MorphoSys generates revenues in the regions USA, Europe and Asia. In 2022, revenues in the USA region increased from EUR 156.3m in 2021 to EUR 248.9m. The increase is primarily due to the non-recurring out-licensing transactions with HI-Bio and Novartis as well as increased product sales of Monjuvi®. In 2022, MorphoSys was able to increase revenues in the Europe and Asia region from EUR 23.3m in 2021 to EUR 29.3m. In 2023, revenues in this region decreased to EUR 26.8m. The share thus developed disproportionately at a lower rate than in the USA from 2021 to 2023.

Description of historical earnings positions

Income statement

In EURm / in percent

	Historical				CAGR
	2021	2022	2023	Q1 2024*	2021-2023
Revenues	**179.6**	**278.3**	**238.3**	**27.5**	**15.2%**
growth (yoy)	*-45.2%*	*54.9%*	*-14.4%*	*n/a*	
thereof Revenues from operations	126.2	181.4	127.3	0.5	0.4%
thereof Non-cash relevant royalties	53.4	96.9	111.0	27.0	44.2%
Cost of sales	-32.2	-48.6	-58.4	-2.8	34.6%
Gross profit	**147.4**	**229.6**	**179.9**	**24.7**	**10.5%**
in % of revenues	*82.1%*	*82.5%*	*75.5%*	*89.7%*	
Research and development	-225.2	-297.8	-283.6	-85.2	12.2%
Selling	-121.5	-92.4	-81.4	-18.5	-18.2%
Impairment of goodwill	-230.7	-	-1.6	-	
G&A expenses	-78.3	-60.1	-65.8	-185.5	-8.3%
Other income	8.5	12.0	5.4	0.9	-20.1%
Other expenses	-6.4	-15.6	-7.1	-0.4	5.5%
EBIT	**-506.2**	**-224.3**	**-254.1**	**-263.9**	**n/m**
in % of revenues	*-281.8%*	*-80.6%*	*-106.7%*	*-958.2%*	
Depreciation and amortisation	-242.4	-18.7	-25.4	-1.6	
EBITDA (for information)	**-263.9**	**-205.7**	**-228.7**	**-262.3**	**n/m**
in % of revenues	*-146.9%*	*-73.9%*	*-96.0%*	*-952.5%*	
Finance income	96.6	412.1	213.4	9.6	
Finance expenses	-181.5	-165.9	-142.0	-56.8	
Result form share in associates accounted for using the at equity method	-	-4.3	-8.2	-1.5	
Income before tax	**-591.1**	**17.5**	**-190.9**	**-312.6**	**n/m**
Taxes on income	76.6	-168.6	1.2	1.6	
Effective tax rate (in %)	*-13.0%*	*-962.2%*	*-0.6%*	*-0.5%*	
Annual result	**-514.5**	**-151.1**	**-189.7**	**-311.0**	**n/m**
in % of revenues	*-286.4%*	*-54.3%*	*-79.6%*	*-1129.4%*	
Results from discontinued operations	**n/a**	**n/a**	**n/a**	**-3.9**	**n/m**
in % of revenues	*n/a*	*n/a*	*n/a*	*-14.2%*	

* Note: Q1 2024 figures are unaudited and not directly comparable with the years 2021-2023 due to the sale and carve out of tafasitamab in 2024. The sale and transfer of tafasitamab is considered a discontinued operation in accordance with IFRS 5, and the consolidated income statement for the comparative period has therefore been adjusted to present discontinued operation separately from continued operations. The loss of the discontinued operations as of 31 March 2024 in the amount of EUR 3.9m is fully attributable to the owners of MorphoSys.

198. Besides revenues from active operations MorphoSys also recognizes revenues from non-cash relevant royalties within the reported revenues. These royalties refer to Tremfya® from Janssen, which are reported under revenues, but do not result in cash inflows since these have been passed on 100% to Royalty Pharma. Non-cash relevant royalties increased from EUR 53.4m in 2021 to EUR 111.0m in 2023 resulting in a compound annual growth rate of 47% in the three-year period. In the first three months of 2024 these non-cash relevant royalties amounted to EUR 27.0m, while only EUR 0.5m in Q1 2024 were additionally attributable to licenses, milestones and other sources.

199. Cost of sales comprises the expensed acquisition or production cost of inventories, personnel expenses, impairment and reversals of impairment on inventories as well as impairment, amortization and other costs of intangible assets, external services and depreciation and other costs for infrastructure as well as other costs. Cost of sales increased from EUR 32.2m in 2021 to EUR 48.6m in 2022 and further to EUR 58.4m in 2023. The increase in 2022 and 2023 is due in particular to higher acquisition and production costs as well as the recognition of the

inventory obsolescence reserve and scrapping of inventories. The gross margin of Monjuvi® product sales (net) in the USA amounted to 82% in 2021, 73% in 2022 and decreased to 69% in 2023. In Q1 2024 cost of sales amounted to EUR 2.8m, which were mainly attributable to personnel costs.

200. In 2021, the gross profit for MorphoSys as a group amounted to EUR 147.4m and improved to EUR 229.6m in 2022 due to increased revenues. The conclusion of out-licensing agreements with HI-Bio and Novartis AG had an increasing effect on the gross profit. In addition, product sales from Monjuvi® and the increase in royalties also contributed to an improvement in gross profit. In 2023, gross profit decreased to EUR 179.9m, mainly due to non-recurring revenues from the prior year period as outlined before. For the first three months of 2024 gross profit amounted to EUR 24.7m.

201. Expenses for research and development (R&D), selling and general and administration constitute total operating expenses and increased from EUR 425.0m in 2021 to EUR 450.4m in 2022. The increase in 2022 mainly resulted from higher development activities due to the first-time recognition of Constellation's operating expenses for a full financial year. In 2023, operating expenses decreased to EUR 430.8m. The decrease mainly corresponds to a decrease in R&D and selling activities. For the first three months of 2024 R&D, selling and G&A expenses totalled EUR 289.1m (3M 2023: EUR 79.4m).

202. Research and development expenses consist of expenses for external laboratory services and legal and scientific consulting services, personnel expenses, consumables and other, which includes expenses for intangible assets, technical infrastructure and external services. R&D expenses increased from EUR 225.2m in 2021 to EUR 297.8m in 2022 and decreased to EUR 283.6m in 2023. The increase in 2022 was mainly due to the recognition of R&D expenses of Constellation, whose research activities have been included in MorphoSys' consolidated financial statements since the third quarter of 2021. The reduction in 2023 reflected the progress in clinical trials and resulted from a targeted prioritization of the R&D portfolio. The individual components of R&D expenses developed as follows: Expenses for external laboratory services as well as legal and scientific consulting services increased from EUR 131.5m in 2021 to EUR 198.1m in 2022, due to the above-mentioned recognition of R&D expenses of Constellation. In 2023, it fell from EUR 198.1m in 2022 to EUR 170.9m contributing to the overall reduction of R&D expenses in this year. Within R&D expenses personnel expenses decreased slightly from a level of EUR 65.9m in 2021 to EUR 65.0m in 2022 and increased to EUR 80.2m in 2023. This increase was mainly due to higher expenses for share-based payment programs due to the increased stock market price of MorphoSys AG, which is used for the valuation of the share-based payment programs. Expenses for consumables decreased from EUR 4.1m in 2021 to EUR 3.8m in 2022 further to EUR 0.3m in 2023. Expenses for intangible assets increased from EUR 7.9m in 2021 to EUR 14.8m in 2022 further to EUR 16.3m in 2023. In 2022, expenses for research and development were influenced in particular by impairment losses of EUR 7.8m in connection with an impairment of an internally generated intangible asset under development. In 2023, these were impacted by an impairment loss amounting to EUR 8.9m relating to the write-off of a license. Depreciation, amortization and other expenses for infrastructure decreased from EUR 11.8m in 2021 to EUR 10.8m in 2022 and increased

slightly to EUR 11.0m in 2023. Other expenses increased from EUR 4.1m in 2021 to EUR 5.4m in 2022 and decreased to EUR 4.9m in 2023. Research and development costs reached EUR 85.2m in the first quarter of 2024, compared to EUR 65.4m for the same period in 2023. These expenses were primarily made up of personnel costs totalling EUR 62.7m (3M 2023: EUR 23.5m) and costs for external research and development services amounting to EUR 17.7m (3M 2023: EUR 36.7 m). The rise in personnel costs during the first quarter of 2024 was mainly due to the accelerated vesting of certain share-based payment programs and the recognition of remuneration-related provisions in anticipation of the acquisition by Novartis.

203. In 2022, selling expenses amounted to EUR 92.4m compared to EUR 121.5m in 2021. In the following year 2023, selling expenses decreased further to EUR 81.4m. This decrease was due to measures to optimize, streamline and focus selling activities. Selling expenses also included all expenses for the services provided by Incyte as part of the joint sales activities for Monjuvi® in the U.S. Analogous to revenues from product sales, the costs incurred for the sale of Monjuvi® in the U.S. are also recognized in full by MorphoSys, while there was a 50/50 profit and loss split with Incyte in accordance with the collaboration and license agreement. In the first quarter of 2024 selling expenses amounted to EUR 18.5m (3M 2023: EUR 3.4m). The increase in selling expenses resulted from the accelerated vesting of certain share-based payment programs, the recognition of remuneration-related provisions in anticipation of the acquisition by Novartis as well as the recognition of the transaction costs.

204. General and administrative expenses decreased from EUR 78.3m in 2021 to EUR 60.1m in 2022. The decrease was mainly due to the one-off transaction costs of EUR 19.7m incurred as part of the acquisition of Constellation in 2021. In 2023, general and administrative expenses increased to EUR 65.8m. The increase was mainly due to higher personnel expenses, which rose from EUR 32.5m in 2022 to EUR 43.2m in 2023. In comparison to Q1 2023, G&A expenses increased to EUR 185.5m in Q1 2024 (3M 2023: EUR 10.6m). The increase resulted from the accelerated vesting of certain share-based payment programs, the recognition of remuneration-related provisions in anticipation of the acquisition by Novartis as well as the recognition of the transaction costs.

205. Impairment of goodwill declined from EUR 230.7m in 2021 to EUR 0 in 2022, as no impairment loss was recognized in the respective year. In 2023 a EUR 1.6m impairment of goodwill from the 2010 acquisition of Sloning BioTechnology GmbH was recognized because management no longer expects future cash flows from the Slonomics technology. Consequently, the entire goodwill was written off.

206. Other income (including income from reversals of impairment losses / impairment losses on financial assets) increased from EUR 8.5m in 2021 to EUR 12.0m in 2022 and decreased again to EUR 5.4m in 2023. The fluctuations were mainly due to varying exchange rate gains. In Q1 2024 the item amounted to EUR 0.9m.

207. Other expenses increased from EUR 6.4m in 2021 to EUR 15.6m in 2022 further to EUR 7.1m in 2023. The increase was mainly due to exchange rate losses, which amounted to EUR 15.0m in 2022 and EUR 6.3m in 2023. In the first three months of 2024 the position amounted to EUR 0.4m.

208. EBIT rose from EUR -506.2m in 2021 to EUR -224.3m in 2022 due to the circumstances described above, before falling slightly in 2023 to EUR -254.1m in 2023. The EBIT margin was therefore negative in the years 2021-2023. For Q1 2024, EBIT amounted to EUR -263.9m, primarily driven by high G&A and R&D expenses. Given moderate revenues, this resulted in a significantly negative EBIT margin for Q1 2024.

209. Depreciation and amortization (across all functional costs) totalled EUR 242.4m in 2021 and EUR 18.7m in 2022. In 2023, depreciation and amortization amounted to EUR 25.4m. Depreciation of property, plant and equipment and right-of-use assets amounted to EUR 8.0m in 2021, EUR 7.2m in 2022 and EUR 10.6m in 2023. The amortization of intangible assets including goodwill amounted to EUR 234.3m in 2021, EUR 11.5m in 2022 and EUR 14.8m in 2023. The amortization of intangible assets mainly related to licenses for marketed products. In the years 2021 to 2023, amortization included impairments of goodwill and impairments of research and development programs in the total amount of EUR 232.3m in 2021, EUR 8.3m in 2022 and EUR 1.6m in 2023.[65] Depreciation and amortization in Q1 2024 amounted to EUR 1.6m in total, comprising EUR 1.4m for depreciation of property, plant and equipment and right-of-use assets and EUR 0.2m for amortization of intangible assets.

210. EBITDA in 2022 increased in particular due to the absence of one-off revenue from the out-licensing of tafasitamab in 2021 and a one-off impairment of goodwill in the same year. In addition, increased revenue from Monjuvi® product sales and royalties in 2022 contributed to the improvement in EBITDA from EUR -263.9m in 2021 to EUR -205.7m in 2022. However, this effect was mitigated by the increase in operating expenses within research and development. The decline in revenue in 2023, mainly due to lower income from license fees, led to a decrease in EBITDA to EUR -228.7m. The EBITDA margin was therefore negative in the years 2021-2023. EBITDA amounted to EUR -263.9m in Q1 2024.

[65] See AR 2023, notes: 4.1, 4.8, 4.9

211. The finance result, including the result from share in associates accounted for using the at equity method, showed a very volatile development in the years 2021 to 2023. The finance result amounted to EUR -84.8m in 2021, EUR 241.9m in 2022 and EUR 63.2m in 2023. In Q1 2024 finance income amounted to EUR -48.7m. The finance income and finance expenses are discussed in detail below.

212. Finance income increased from EUR 96.6m in 2021 to EUR 412.1m in 2022 and decreased to EUR 213.4m in 2023, whereby the finance income is mainly characterized by effects in connection with the measurement of financial assets and financial liabilities from collaborations in the amount of EUR 75.7m in 2021, EUR 361.4m in 2022 and EUR 115.6m in 2023. In 2021, in addition to the income from the measurement of financial liabilities, there were foreign currency gains from the investment of financial assets as well as finance income from the investment of cash and cash equivalents in the total amount of EUR 20.9m. The increase in finance income in 2022 compared to the previous year is mainly attributable to valuation gains resulting from discrepancies between planned assumptions and actual figures related to financial liabilities to Incyte, as the expectation of lower future revenue from the sale of Monjuvi® reduced the present value of future financial obligations. In addition, finance income in 2022 included EUR 31.2m valuation income from the effect from differences between planning assumptions and actual figures from financial liabilities from future payments to Royalty Pharma. In addition, the finance income in 2022 includes income from the investment of financial assets and exchange rate gains from investing funds amounting to EUR 19.1m as well as income from financial derivatives in the amount of EUR 0.2m.

213. In 2023, the finance income results from a large number of individual effects: These include valuation income of EUR 41.9m from the remeasurement of the Royalty Pharma financial liability, income of EUR 115.6m from changes in plan assumptions of financial assets and financial liabilities from collaborations and actual figures related to financial assets and financial liabilities from collaborations, interest income of EUR 18.3m, income from the repurchase of own convertible bonds of EUR 16.4m, currency gains of EUR 9.8m, income from fair value measurement of EUR 7.1m, as well as income from the partial sale of shares in HI-Bio of EUR 4.2m. Finance income totalled EUR 9.6m in the first quarter of 2024 (3M 2023: EUR 50.8m) and included gains from investment of cash and cash equivalents as well as gains from foreign currency valuation.

214. Finance expenses decreased from EUR 181.5m in 2021 to EUR 165.9m in 2022 and further to EUR 142.0m in 2023. The reduction in 2022 resulted mainly from the remeasurement of the Royalty Pharma financial liability, namely deviations between the planning assumptions and the actual figures, foreign currency effects and the application of the effective interest rate method. The same effects were the reason for the further decrease in finance expenses between 2022 and 2023. In detail, finance expenses for the last three years consisted of the following items: The effect from the Royalty Pharma financial liability amounted to EUR 94.7m in 2021, to EUR 81.2m in 2022 and to EUR 107.2m in 2023. Furthermore, effects in the amount of EUR 59.7m in 2021, EUR 60.4m in 2022 and EUR 8.8m in 2023 from financial liabilities from collaborations, in particular from the application of the effective interest method and foreign currency valuation, are included. Also included are finance expenses from the investment of cash and cash equivalents and foreign currency losses from financing activities of EUR 11.4m in 2021, EUR 8.5m in 2022 and EUR 9.3m in 2023. Furthermore, finance expenses included amounts of EUR 15.6m in 2021, EUR 15.7m in 2022 and EUR 16.7m in 2023 which were mainly related to interest effects on the convertible bond issued in October 2020. Finance expenses amounted to EUR 56.8m in Q1 2024 compared to EUR 25.2m in Q1 2023. The increase was mainly due to higher measurement effects from financial liabilities from future payments to Royalty Pharma resulting from deviations between planning assumptions and actual numbers, foreign currency effects and the application of the effective interest method. Finance expenses in Q1 2024 include also expenses from the investment of liquid funds, foreign currency translation losses as well as interest expenses on the convertible bond.

215. Finance results also include the share of result of associates accounted for using the at-equity method (HI-Bio) amounting to a loss of EUR 4.3m in 2022, EUR 8.2m in 2023 and EUR 1.5m in Q1 2024 (3M 2023: EUR 2.5m).

216. In 2021, MorphoSys recognized tax income of EUR 76.6m, which consisted of current tax income of EUR 1.2m and deferred tax income of EUR 75.4m. This tax income resulted primarily from a tax loss carry-back and deferred tax income. The difference to the expected tax rate of 26.7% in 2021 was mainly due to the permanent difference on the impairment of goodwill as well as the effect of the non-recognition of deferred tax assets on temporary differences and current year tax losses for the US tax group. In 2022, MorphoSys recognized a tax expense of EUR 168.6m, which consisted of a current tax expense of EUR 0.6m and a deferred tax expense of EUR 168.0m. This resulted in an effective tax rate of 962.2%. The difference to the expected tax rate of 26.7% in 2022 was mainly due to the impairment or non-recognition of deferred tax assets at MorphoSys AG. In 2022, an impairment was recognized in the amount necessary against the existing deferred tax assets on tax loss carryforwards and temporary differences of MorphoSys AG due to a high probability of a history of losses occurring as of 31 December 2023. In 2023, the Group recognized total tax income of EUR 1.2m. This consisted of current tax income of EUR 1.5m and deferred tax expenses of EUR 0.3m. This resulted in an effective income tax rate of 0.6%. No deferred taxes were recognized in the current financial year, as the conditions for not recognizing an asset surplus as of 31 December 2023 are still met. During the first three months of 2024, EUR 1.6m of total tax income was recognized. No additional deferred taxes on current tax losses and temporary differences were capitalized in Q1 2024.

217. MorphoSys generated consolidated losses of EUR 514.5m in 2021, EUR 151.1m in 2022 and EUR 189.7m in 2023. The improvement from 2021 to 2022 is mainly due to the increase in revenues, higher finance income due to valuation effects and the non-recurring impairment charge in 2021. In 2023, lower financial income and lower sales had a negative impact on the financial results and led to higher losses compared to 2022. In Q1 2024 MorphoSys generated consolidated losses of EUR 311.0m (excluding losses from discontinued operations in the amount of EUR 3.9m).

218. Due to the sale and transfer of tafasitamab to Incyte in February 2024 which is considered a discontinued operation in accordance with IFRS 5, MorphoSys adjusted the consolidated income statement to present discontinued operation separately from continued operations in Q1 2024. The result from discontinued operations amounted to EUR -3.9m in total and is fully attributable to the owners of MorphoSys. The Q1 2024 figures are not fully comparable with the years 2021-2023 on a historical basis, as the carve out of tafasitamab in 2024 largely affects earnings and cost items in the income statement, making it an unsuitable basis for comparison with previous historical year-end results.

2.3.5.2. Assets and financial position

219. The following table shows the unadjusted assets of MorphoSys as of 31 December of the financial years 2021 to 2023 as well as the assets as of 31 March 2024 in accordance with IFRS. For valuation purposes, a presentation of assets was chosen that differs from the company's external reporting.

Assets

Assets

in EUR m / in percent (as of 31 December 2021-2023 and 31 March 2024)

Assets	Historical				CAGR
	31.12.2021	31.12.2022	31.12.2023	31.03.2024	2021-2023
Intangible assets (incl. goodwill)	1,173.9	1,242.8	1,186.4	1,136.1	*0.5%*
Tangible assets	49.6	51.0	15.0	11.0	*-45.0%*
Investments in associates	-	5.4	2.4	1.0	*n.a.*
Other non-current assets	199.8	8.7	8.5	8.5	*-79.4%*
Non-current assets	**1,423.3**	**1,307.9**	**1,212.3**	**1,156.5**	***-7.7%***
Inventories	20.8	24.3	62.1	-	*72.9%*
Accounts Receivable	75.9	91.2	32.1	25.9	*-35.0%*
Receivables and Other Assets	20.0	15.5	10.2	4.9	*-28.7%*
Cash and cash equivalents	976.9	907.2	679.3	630.8	*-16.6%*
Other current assets	39.3	50.9	30.3	13.4	*-12.2%*
Current Assets	**1,133.0**	**1,089.0**	**814.0**	**675.0**	***-15.2%***
Total Assets	**2,556.3**	**2,396.9**	**2,026.3**	**1,831.5**	***-11.0%***

220. Total assets declined from EUR 2,556.3m on 31 December 2021, to EUR 2,396.9m on 31 December 2022 and further to EUR 2,026.3m on 31 December 2023. In Q1 2024 total assets amounted to EUR 1,831.5m.

221. Non-current assets consist of intangible assets (including goodwill), tangible assets (including property, plant and equipment as well as right-of-use assets), investments in associates and other non-current assets. Non-current assets fell from EUR 1,423.3m in 2021 to EUR 1,307.9m in 2022 and further to EUR 1,212.3m in 2023. The position amounted to EUR 1,156.5m as of 31 March 2024.

222. Intangible assets including goodwill consist of patents, licenses, licenses for marketed products, in-process R&D programs, internally generated intangible assets and software. Intangible assets including goodwill amounted to EUR 1,173.9m in 2021, increased to EUR 1,242.8m in 2022 and amounted to EUR 1,186.4m in 2023. The increase in 2022 as well as the decrease in 2023 is mainly due to the development of the foreign currency translation ratios for which the effects were recognized neutral in profit or loss as foreign currency translation adjustment in equity. Intangible assets including goodwill amounted to EUR 1,136.1m as of 31 March 2024.

223. During the purchase price allocation for the Constellation acquisition in 2021, Constellation's identified ongoing R&D programs were capitalized. The majority of this relates to the compound pelabresib and to a lesser extent to the compound tulmimeostat, which was in total

recorded with a carrying amount of EUR 768.8m as of 31 December 2023 (EUR 796.5m as of 31 December 2022 and EUR 719.4m as of 31 December 2021).

224. Furthermore, a milestone payment in connection with the development of the compound tafasitamab was capitalized in 2021 as an in-process R&D program. The capitalization was made in the amount of EUR 10.4m. The compound was classified as an intangible asset with a finite useful life and is amortized on a straight-line basis over the estimated useful life of the acquired license until 2044. In this context, licenses for marketed products (i.e., tafasitamab in the approved indication 2nd line r/r DLBCL) in the amount of EUR 48.6m were capitalized as of 31 December 2023.

225. In 2021, it was decided to contract new manufacturers of tafasitamab. Related costs, including FTE and external costs, were capitalized as internally generated intangible assets. As of 31 December 2023, the carrying amount was EUR 14.5m. In accordance with the purchase agreement signed on 5 February 2024, MorphoSys and Incyte have agreed to transfer all relevant intellectual property rights related to tafasitamab to Incyte. The sum of the relevant intangible assets in connection with the sale of tafasitamab as of 5 February 2024 amounted to EUR 74.8m.

226. Goodwill is subject to an annual impairment test and at the end of the 2021 financial year an impairment requirement in the amount of EUR 230.7m was identified for the goodwill of Constellation. This resulted in a recorded goodwill of EUR 335.6m as of 31 December 2021. No impairment of goodwill was recognized in 2022 and based on value-in-use calculation the goodwill amounted to EUR 356.2m. In 2023 a goodwill impairment loss of EUR 1.6m was recognized, as the goodwill from the acquisition of Sloning BioTechnology GmbH was written off in full. Goodwill decreased to EUR 342.3m in 2023, which was due to the change in the Euro/US dollar exchange rate. In Q1 2024 the item amounted to EUR 349.9m.

227. Amortization of intangible assets including impairment of goodwill amounted to EUR 234.3m in 2021, EUR 11.5m in 2022, EUR 14.8m in 2023 and EUR 0.2m in Q1 2024. In 2022, impairment losses of EUR 7.9m were recognized on intangible assets, including EUR 7.8m for internally generated intangible assets. In 2023, impairment losses of EUR 9.6m were recognized on intangible assets, including EUR 0.7m for internally generated intangible assets. No impairment losses on intangible assets were recognized in Q1 2024.

228. Tangible assets remained relatively stable in 2021 and 2022 and amounted to EUR 49.6m and EUR 51.0m respectively, with the majority consisting of right-of-use assets and, to a lesser extent, property, plant and equipment: Property, plant and equipment decreased from EUR 7.1m in 2021 to EUR 5.9m in 2022 and right-of-use assets increased slightly from EUR 42.5m in 2021 to EUR 45.1m in 2022. In 2023, tangible assets decreased to EUR 15.0m, which is mainly attributable to the reduction of the amount of right-of-use assets due to a reassessment of an extension option with an effect of EUR 25.3m. The right-of-use assets are offset by lease liabilities, which amounted to EUR 12.4m in 2023. MorphoSys invested EUR 3.7m in tangible assets in 2021, EUR 1.9m in 2022 and EUR 0.4m in 2023, mainly in office and laboratory equipment (i.e., machinery) and tenant fixtures. Depreciation of property, plant

and equipment increased from EUR 2.8m in 2021 to EUR 2.9m in 2022 and decreased again to EUR 2.3m in 2023. Impairment of property, plant and equipment amounted to EUR 1.5m in 2021 to EUR 0.4m in 2022 and EUR 0.0m in 2023. Depreciation of right-of-use assets increased from EUR 3.6m in 2021 to EUR 3.9m in 2022 and further to EUR 8.3m in 2023. In Q1 2024 tangible assets amounted to EUR 11.0m, consisting of EUR 3.3m in property, plant and equipment as well as EUR 7.6m in right of use assets. Depreciation of tangible assets amounted to EUR 0.5m and depreciation of right-of-use assets amounted to EUR 0.9m in the first three months of 2024.

229. Investments in associates increased from EUR 0 in 2021 to EUR 5.4m in 2022 due to the HI-Bio transaction. In return for the non-cash contribution of the license to felzartamab, MorphoSys acquired a 15.0% stake in HI-Bio in financial year 2022. Consequently, shares in associates (at equity) were recognized for the first time in 2022. In 2023, MorphoSys sold 2.9% of the shares in HI-Bio and generated proceeds of EUR 4.6m, reducing its interest to 12.1%. Due to capital increases carried out in the first half of 2024, MOR AG's stake in HI-Bio was reduced to around 11.5% until the stake was sold on 2 July 2024 due to the closing of the Biogen transaction. HI-Bio is accounted for in the consolidated financial statements using the equity method. This form of accounting is due to the fact that MOR AG can exercise significant influence over HI-Bio despite holding less than 20%. The main reason for this was that Felzartamab was classified as an essential business basis of HI-Bio. A further criterion was that MorphoSys is represented on HI-Bio's Board of Directors and thus participates in HI-Bio's decision-making processes. In addition to the shareholding, MOR AG has the right to receive further shares (dilution protection right). The right to receive further shares is recognized at fair value as a financial asset. The anti-dilution right was recognized under other receivables in the amount of EUR 9.8m in 2022. In 2023, HI-Bio was able to complete several capital raising rounds, which led to a reclassification of EUR 5.6m from the anti-dilution asset to the carrying amount of the shares in associates. Following the recognition of the change in the fair value of the anti-dilution right in the amount of EUR 4.3m and the financing round carried out in December 2023, the anti-dilution right from the HI-Bio acquisition has been fully utilized. As of 31 March 2024 the investments in associates amounted to EUR 1.0m.

230. Other non-current assets amounted to EUR 199.8m in 2021 and decreased to EUR 8.7m in 2022 and further to EUR 8.5m in 2023. Other non-current assets consist of other financial assets (term deposits), non-current prepaid expenses and other assets as well as deferred tax assets. In Q1 2024 other non-current assets amounted to EUR 8.5m, consisting of EUR 7.3m in prepaid expenses and EUR 1.2m in other financial assets. Non-current prepaid expenses mainly involve maintenance contracts, sublicenses and upfront payments for external laboratory services. Deferred tax assets are mainly attributable to the capitalization of tax loss carry forwards of MorphoSys. The majority of the decrease of non-current assets was driven by an impairment of EUR 186.5m of deferred tax assets in 2021.

231. Current assets consist of inventories, accounts receivable, receivables and other assets, cash and cash equivalents as well as other current assets. Current assets decreased from EUR 1,133.0m in 2021 to EUR 1,089.0m in 2022 and further to EUR 814.0m in 2023. The main changes in 2023 were mainly due to the decrease in cash and cash equivalents, the use of the anti-dilution right from the HI-Bio acquisition and the decrease in accounts receivable. This development was partially offset by the increase in inventories. As of 31 March 2024 the item amounted to EUR 675.0m.

232. Inventories increased from EUR 20.8m in 2021 to EUR 24.3m in 2022 and further to EUR 62.1m in 2023. Inventories also include inventories of drug substance components belonging to MorphoSys, for which the customer has already made a full advance payment of EUR 19.4m. Furthermore, impairment losses on inventories in the amount of EUR 7.4m were recorded in 2023. In Q1 2024 inventories decreased to EUR 0 due to the sale of tafasitamab to Incyte. All balances for commercial and clinical inventories associated with the production of tafasitamab, advance payments and right-of-use assets for technical equipment were derecognized through profit or loss.

233. Accounts receivable mainly comprised receivables from Incyte from shared development costs and receivables from product sales of Monjuvi®. Accounts receivables increased from EUR 75.9m in 2021 to EUR 91.2m in 2022 and subsequently decreased to EUR 32.1m. Incyte accounted for a total of EUR 14.4m or 45% of the carrying amount of accounts receivables as of 31 December 2023. The item slightly decreased to EUR 25.9m in Q1 2024.

234. Receivables and other assets comprise financial assets from collaborations, income tax receivables and other receivables. The financial assets from collaborations are the present value of future profit sharing in accordance with the collaboration and license agreement with Incyte in which a profit and loss split (50/50) was agreed. Receivables and other assets decreased from EUR 20.0m in 2021 to EUR 15.5m in 2022 and further to EUR 10.2m in 2023. The anti-dilution right from the HI-Bio transaction, included in other receivables, was recognized in the amount of EUR 9.8m in 2022, which was fully utilized in 2023. Income tax receivables increased from EUR 1.1m in 2021 to EUR 2.6m in 2022 and further to EUR 5.3m in 2023. These mainly comprised tax refund claims and withheld capital gains tax to be refunded. As of 31 March 2024 the position amounted to EUR 4.9m.

235. Cash and cash equivalents include bank balances, cash in hand and other current financial assets, most of which were invested in fixed-interest term deposits and short-term bonds or money market funds. Cash and cash equivalents decreased from EUR 976.9m in 2021 to EUR 907.2m in 2022 and further to EUR 679.3m in 2023. As of 31 March 2024 cash and cash equivalents amounted to EUR 630.8m.

236. Other current assets amounted to EUR 39.3m in 2021 and initially increased to EUR 50.9m in 2022 and decreased to EUR 30.3m in 2023. Current prepaid expenses mainly include prepayments for the production of tafasitamab, fees for external laboratory services and for sublicenses as well as for maintenance contracts and insurance. The decrease in current prepaid expenses is mainly due to lower deferrals for external laboratory services and consumables in connection with the production of tafasitamab. In Q1 2024 the item amounted to only EUR 13.4m, mainly due to the repeated decrease in prepaid expenses similar to 2023.

Equity and Liabilities

237. For valuation purposes, a presentation of equity and liabilities was chosen that differs from the company's external reporting. For valuation purposes, financial liabilities from collaborations and financial liabilities from future payments to Royalty Pharma are reclassified from interest-bearing liabilities to separate balance sheet line items.

Equity and Liabilities

in EURm / in percent (as of 31 December and 31 March)

Equity & Liabilities	Historical				CAGR
	31.12.2021	31.12.2022	31.12.2023	31.03.2024	2021-2023
Equity	**244.9**	**157.4**	**49.0**	**-261.7**	***-55.2%***
Provisions	**4.1**	**14.7**	**32.5**	**278.7**	***180.6%***
Bonds	283.2	293.7	245.7	248.3	*-6.9%*
Credit from Shareholder Loan Facility	-	-	-	-	*n.a.*
Lease liabilities	42.6	45.8	12.4	12.7	*-46.0%*
Development Funding Bond	62.6	358.6	377.9	394.8	*145.6%*
Interest Bearing Liabilities	**388.4**	**698.0**	**635.9**	**655.8**	***28.0%***
Financial liabilities from collaborations	514.4	220.3	114.4	0.4	*-52.8%*
Financial liabilities from future payments to Royalty Pharma	1,193.6	1,141.9	1,058.3	1,078.7	*-5.8%*
Accounts Payable and Accruals	188.1	157.3	109.8	72.6	*-23.6%*
Other non-interest bearing liabilities	0.8	0.8	19.8	0.3	*403.2%*
Deferred tax liability	22.1	6.5	6.5	6.7	*-45.5%*
Total Equity and Liabilities	**2,556.3**	**2,396.9**	**2,026.3**	**1,831.5**	***-11.0%***

238. Equity comprises subscribed capital, treasury shares, the capital reserve, the reserve from other comprehensive income and an accumulated loss. Group equity declined in the period from 2021 to 2023: Group equity amounted to EUR 244.9m on 31 December 2021, decreased to EUR 157.4m on 31 December 2022, and then fell further to EUR 49.0m on 31 December 2023. As of 31 March 2024 MorphoSys equity decreased to EUR -261.7m. The decrease was mainly due to the recognition of the assumed effects from the accelerated vesting for the 2021-2023 LTI programs, the recognition of transaction costs in provisions, the recognition of other personnel costs associated with the change of control and the recognition of current losses.

239. The company's equity ratio amounted to 10% as of 31 December 2021, compared to 7% as of December 31, 2022, and decreased further to 2% as of 31 December 2023. The equity ratio decreased in 2022 primarily because of the issuance of the second tranche of the Development Funding Bond that year. In 2023, an increased consolidated loss and a decrease in the reserve from other comprehensive income due to currency differences from consolidation led to a further reduction in the equity ratio. As a consequence of the large decrease in equity in the first three months of 2024, MorphoSys equity-ratio amounted to only -14%.

240. The increase in subscribed capital from EUR 34,231,943 to EUR 37,655,137 results entirely from the newly created MOR shares as part of the capital increase in December 2023. As of 31 March 2024, the company held 53,685 treasury shares (*eigene Aktien*) with a value of EUR 1,995,880, a decrease of EUR 454,423 compared to 31 December 2022 (65,980 shares, EUR 2,450,303). The reason for this decrease was the transfer of 12,295 treasury shares (*eigene Aktien*) from the 2019 Long-Term Incentive Plan (LTI plan) in the amount of EUR 454,423 to the Management Board (*Vorstand*) and certain employees of the company (beneficiaries). The vesting period for this LTI plan expired on 1 April 2023 and offered the beneficiaries a six-month period until 3 November 2023, to receive a total of 12,295 shares. Subscribed capital and treasury stocks remained largely the same in Q1 2024 in comparison to results as of 31 December 2023. Subscribed capital amounted to EUR 37,716,423.0 and the value of treasury stocks to EUR -1,995,880.0.

241. The provisions increased from EUR 4.1m in 2021 to EUR 14.7m in 2022 and further to EUR 32.5m in 2023. Provisions included mainly expenses for share-based payments as well as present obligations for onerous contracts. In Q1 2024 provisions strongly increased to EUR 278.7m. This rise was driven by the anticipated settlement of certain long-term incentive (LTI) programs in cash due to change-of-control following Novartis' takeover offer and as stipulated in the Business Combination Agreement. In addition, further personnel-related provisions associated with the change of control and provisions for transition costs were recognized in the balance sheet as at 31 March 2024.

242. The interest-bearing liabilities consist of the convertible bonds, the Royalty Pharma Development Funding Bond and lease liabilities. Interest-bearing liabilities increased from EUR 388.4m in 2021 to EUR 698.0m in 2022 and fell slightly to EUR 635.9m in 2023. The carrying amount of the convertible bond issued in October 2020 amounted to EUR 283.2m in 2021, EUR 293.7m in 2022 and EUR 245.7m in 2023. Lease liabilities amounted to EUR 42.6m in 2021, EUR 45.8m in 2022 and EUR 12.4m in 2023. The lease liabilities are offset by the right-of-use assets on the assets side. The Development Funding Bond was issued under the agreement with Royalty Pharma and amounted to EUR 62.6m as of 31 December 2021, increased to EUR 358.6m as of 31 December 2022 in connection with MorphoSys drawing the 2nd tranche of the bond, to EUR 377.8m as of 31 December 2023 and to EUR 394.8m as of 31 March 2024. Repayment is made at 2.2 times the amount drawn down in accordance with a fixed payment schedule within around 11 years from the date of drawdown without repayment in the first two years. This corresponds to a nominal interest rate of 13.3%. As all contracts concluded with Royalty Pharma in 2021 were agreed on an arm's length basis, it can be assumed that the total consideration paid by Royalty Pharma corresponds to the market value of the liabilities entered into. However, as the implied interest rate on the Development Funding Bond individually is 13.3%, which is higher than the market interest rate of 6.3% (as of 2021), it can be assumed that part of the consideration is to be considered as compensation for the market inequity (in the amount of the present value of the interest rate differential) of the Development Funding Bond.[66] As of 31 March 2024, interest bearing liabilities totaled EUR 655.8m, comprising EUR 248.3m in convertible bond, EUR 12.7m in lease liabilities and EUR 394.8m in Development Funding Bond.

[66] See MorphoSys, Annual Report 2023, p. 138

243. Financial liabilities from collaborations fell from EUR 514.4m in 2021 to EUR 220.3m in 2022 and further to EUR 114.4m in 2023. The decrease in 2022 and 2023 is mainly due to changes in internal planning assumptions regarding the expected net cash flows in connection with the commercialization of Monjuvi on the US market together with Incyte. For this purpose, an amount of EUR 107.8m in 2023 (EUR 114.4m in 2022) was recognized in finance income. Changes resulted primarily from lower expected future sales revenue for Monjuvi® in the USA. With the sale of tafasitamab the balance sheet item financial liabilities from collaborations was derecognized through profit or loss and resulted in income from discontinued operations. The item therefore only amounted to EUR 0.4m as per 31 March 2024.

244. The financial liabilities from future payments to Royalty Pharma represent MorphoSys' obligation under the royalty purchase agreement to pass on certain future royalty revenues to Royalty Pharma in the form of royalties and milestones. This includes 100% of MorphoSys' entitlement for royalties from net sales of Tremfya from Janssen, 80% of future royalties as well as 100% of the future milestone payments for otilimab from GSK and 60% of future royalties for gantenerumab from Roche to be passed on to Royalty Pharma. Also included in the financial liability from future payments to Royalty Pharma is Constellation's obligation to transfer 3% of future net sales of clinical-stage compounds (pelabresib and tulmimetostat) to Royalty Pharma under the revenue participation agreement. The financial liabilities from future payments to Royalty Pharma amounted to EUR 1,193.6m in 2021. In 2022, the financial liabilities from future payments to Royalty Pharma decreased to EUR 1,141.9m and were lowered further to EUR 1,058.3m in 2023. The change between 2021 and 2022 was due to amortization from the effective interest method in the amount of EUR 66.7m, changes from adjustments to planning assumptions in the amount of EUR -28.3m and the transfer of assigned license revenue to Royalty Pharma in the amount of EUR -96.9m in addition to currency translation differences from consolidation in the amount of EUR 6.8m. In 2022 the financial liabilities from future payments to Royalty Pharma for the assignment of certain future license revenues related to two clinical R&D programs with MorphoSys' licensing partners GlaxoSmithKline (GSK) and Roche had been partially released. GSK provided an update on its Phase 3 ContRAst program for otilimab and has decided not to pursue regulatory filings for this program. Roche announced an update on the GRADUATE I and II studies for gantenerumab that the studies did not meet their primary endpoint. As a result, MorphoSys no longer expects future milestones or royalties for otilimab and gantenerumab. The change between 2022 and 2023 resulted from application of the effective interest method in the amount of EUR 56.6m, changes from adjustments to planning assumptions in the amount of EUR -23.7m and the transfer of assigned royalty income to Royalty Pharma in the amount of EUR -111.0m in addition to currency translation differences from consolidation in the amount of EUR -5.5m. As of 31 March 2024 cumulated financial liabilities from future payments to Royalty Pharma remained largely the same and amounted to EUR 1,078.7m, excluding the Development Funding Bond.

245. Accounts payable and accruals in table above decreased from EUR 188.1m in 2021 to EUR 157.3m in 2022 and subsequently decreased further to EUR 109.8m in 2023. A significant portion of this position is attributable to accruals, which mainly consist of accrued expenses for external laboratory services, personnel expenses for employee and management payments, and outstanding invoices. Accounts payable and accruals decreased during the first three months of 2024 resulting in an amount of EUR 72.6m as of 31 March 2024.

246. Other non-interest-bearing liabilities amounted to EUR 0.8m in 2021 and 2022 and increased to EUR 19.8m in 2023. This includes tax liabilities and contract liabilities. Tax liabilities decreased by EUR 65.2m to EUR 0.5m as of 31 December 2021, due to the payment of income taxes for 2020 in Germany and increased slightly to EUR 0.8m in 2022. In 2023, tax liabilities amounted to EUR 0.3m. Contract liabilities decreased from EUR 0.2m to EUR 0 in 2022 and increased sharply by EUR 19.4m in 2023. In 2023, contract liabilities increased to reflect MorphoSys' receipt of a EUR 19.4m prepayment for active ingredients for which the transfer of risk had not yet taken place on the balance sheet date, which is recognized in the corresponding amount in inventories. As of 31 March 2024 other non-interest bearing liabilities consisted of tax liabilities of EUR 0.3m.

247. Deferred tax liabilities decreased from EUR 22.1m in 2021 to EUR 6.5m in 2022 and 2023. The item amounted to EUR 6.7m as of 31 March 2024.

2.3.6. SWOT analysis

248. The following section presents a positioning of MorphoSys from an internal perspective (company and resource analysis) based on the strengths and weaknesses of the company and from an external perspective (market and competition analysis) based on opportunities and threats arising from the market and competitive environment. Company-specific opportunities and risks result from the core competencies of MorphoSys on the one hand and the value drivers of the industry on the other.

2.3.6.1 Strengths

249. MorphoSys' key strengths include:

250. MorphoSys has a development pipeline with a focus on innovative compounds. Pelabresib is in Phase 3 with the MANIFEST-2 study, which has already shown promising study data by improving all four hallmarks of myelofibrosis: spleen size, anemia, bone marrow fibrosis, and disease-associated symptoms.[67] The combination therapy of pelabresib and ruxolitinib nearly doubled the proportion of patients achieving at least a 35% reduction in spleen volume over placebo and ruxolitinib. Additionally, tulmimetostat, an investigational next-generation dual inhibitor of EZH2 and EZH1, is currently in Phase 2. Data presented at the American Society of Clinical Oncology (ASCO) 2023 annual meeting showed responses or disease stabilization across all solid tumor cohorts, including heavily pre-treated patients. The U.S. FDA granted Fast Track designation for tulmimetostat for treating patients with advanced, recurrent, or metastatic ARID1A-mutated endometrial cancer who have progressed on at least one prior line of treatment. Pelabresib is also in Phase 2 in another indication.

251. MorphoSys has proven capabilities in research and development, built up over almost three decades, focusing on innovative cancer therapies. The company has leading R&D units in Germany and a second development center in Boston/USA to accelerate global drug development. These centers cover the full spectrum of development capabilities, particularly in blood cancer, and are staffed by experienced experts. MorphoSys also has expertise in regulatory affairs, demonstrated by successful study management, data analyses, regulatory submissions, and approvals for both its products and those of other pharmaceutical and biotech companies. MorphoSys outsources the production of its active pharmaceutical ingredients to contract manufacturing organizations (CMOs). The company has established contractual agreements and performs continual monitoring to address the risk of supply chain disruptions by securing a safety stock. If utilizing existing compounds for additional indications is not possible or the potential has been exhausted, MorphoSys leverages its existing internal expertise for the development of new drugs and active ingredients.

252. MorphoSys has established its own sales capacities in the USA to ensure the successful and sustainable commercialization and marketing of its products. This is particularly supported by its focus on haematology and oncology.[68] The company’s commercial capabilities are further evidenced by its ability to create value through strategic partnerships, such as the collaboration with Incyte, and its extensive experience in in- and out-licensing of compounds. MorphoSys' positive track record in late-stage drug development, demonstrated by tafasitamab (also known as Monjuvi®), combined with the subsequent product approval and the current highly promising Phase 3 candidate pelabresib, constitute one of MorphoSys' most important assets at present.[69]

[67] See MorphoSys, J.P. Morgan Healthcare Conference, January 2023, p. 4.

[68] See MorphoSys, J.P. Morgan Healthcare Conference, January 2023, p. 4.

[69] See MorphoSys, J.P. Morgan Healthcare Conference, January 2023, p. 4.

253. MorphoSys has partner programs with entitlements to milestone payments and royalties from companies like Novartis, which has sublicensed to Anthos, Lilly, and Mereo. While the active development is managed by these partners, MorphoSys has the potential to realize additional earnings contributions in the future, though it does not have direct influence over the strategic and operational directions of these partnered programs.

254. Financial contributions from legacy partner business income are a key strength for MorphoSys. Partner programs provide milestone payments and royalties with minimal or no costs to MorphoSys, ensuring a stable income stream that supports ongoing operations and new initiatives.

255. Intellectual property is a crucial resource for MorphoSys. The company owns over 110 different proprietary patent families, covering individual compounds, processes, and technologies. There are also numerous patent families pursued in collaboration with partners. To safeguard its intellectual property, MorphoSys actively monitors new patents and applications and employs strategies to mitigate risks from third-party patents.

2.3.6.2. Weaknesses

256. The main weaknesses of MorphoSys include:

257. Despite the advantages of MorphoSys' numerous partnerships, there are also weaknesses associated with them. MorphoSys was heavily dependent on its only product on the market, Monjuvi®, which accounted for a significant part of its growth. However, since the closing of the purchase agreement with Incyte on 5 February 2024, although partly beneficial through reduced regulatory risk exposure, as MorphoSys is no longer involved in the additional indications that still seek heavy development costs and regulatory approval, the company no longer generates revenue from product sales. This reliance on a single product and the sudden loss of this revenue stream poses a significant risk as the company may struggle to generate revenue in the future without Monjuvi®. Provided a successful approval, pelabresib will be MorphoSys' only product on the market in the foreseeable future and thus the only ability to generate revenue is highly dependent on a single compound.

258. In the clinical pipeline, MorphoSys is currently dependent on its potential blockbuster product candidate pelabresib.

259. In addition, the high costs of clinical trials mean that MorphoSys is unable to carry out all scientifically feasible and commercially reasonable (attractive) development projects independently. Here, too, MorphoSys is dependent to a certain extent on external partners to share risk and reward of drug research and development activities. Otherwise, individual projects must be prioritised so that other value-enhancing projects can potentially not be carried out. In early 2023, alongside a capital increase, MorphoSys implemented several cost-saving measures to focus on their late-stage oncology pipeline, particularly pelabresib. The company cancelled early-stage preclinical programs, implemented operational efficiency measures and reduced headcount to reallocate resources effectively to pelabresib.

260. As a biopharmaceutical company of MorphoSys' size and accessible funding it is difficult to build up commercial capabilities in other countries than the lead market which is the USA. Sales outside the USA is difficult without a partner, as there are currently no capacities or suitable distribution channels that can be financed using own funds, which would always lead to the sharing of potential benefits.

261. The development of the existing pipeline is very cost-intensive, and the total costs may deviate significantly from the planned costs depending on the progress and results of (pre-)clinical studies. As the product candidates are at various stages of development and the outcome of the research and development activities is uncertain, it is difficult to make a final estimate of the total amounts required for the successful completion of development and for the commercialization of the product candidates. Regulatory authorities might also require additional trials which is outside of MorphoSys' direct control. An additional obstacle is that research and development activities must be financed largely through equity or development partnerships. However, this capital is only available to a limited extent due to the high risk involved in development and is associated with high capital costs.

262. The R&D teams are highly specialized, which means that R&D capacities cannot easily be allocated to other projects.

263. MorphoSys has a large number of partner programs but has little control and no ability to plan the partner programs and therefore has no opportunity to influence or even receive information about them.

264. As MorphoSys generates most of its revenues in USD, there is a high dependency on the development of the USD/EUR exchange rate. In addition to sales revenues, commercialization costs in the USA and R&D costs are incurred in USD. The USD share was further increased by the Constellation acquisition, which also increased the currency risks.

265. In the event of any opposing developments in the market or competitive environment, specialization in certain areas, such as haematology/oncology at MorphoSys, can lead to disadvantages compared to more broadly diversified competitors. Larger, diversified companies also have advantages over smaller, more specialized companies, including the ability to finance larger clinical trials.

2.3.6.3. Opportunities

266. In terms of the market and competition, the following key opportunities arise for MorphoSys:

267. MorphoSys' greatest opportunity is to exploit the current development pipeline. In this context, the prospective approval of pelabresib for the treatment of myelofibrosis, on which MorphoSys is strongly focused, should be emphasized. This is currently being investigated in the Phase 3 MANIFEST-2 study and may develop into the standard therapy for myelofibrosis. Overall, if approved, pelabresib is expected to have the potential to become the best and first-in-class product for the first-line treatment of myelofibrosis. However, MorphoSys is dependent on the regulatory authorities in various countries and the positive results of the respective studies.

268. Taking the complete value chain and the product life cycle of a patent protected pharmaceutical into consideration, competitive outlooks within the pharmaceutical sector should be made from a long-term perspective. Compound development, testing phases, approval processes as well as market entry and penetration periods can often take up to more than over 20 years, leading to fluctuating and probability adjusted revenue stream projections.[70] Having two promising future compounds, it can be assumed, that MorphoSys is in a good position to penetrate the steadily growing oncology market in the upcoming years. While main drivers support global market growth, the field of oncology is characterized by a high speed of innovation, intense competition, and a strong emphasis on (patent) protected products. Using a long-range business planning, MorphoSys tries to assess all factors from a long term perspective to ensure a competitive advantage.

269. In addition to its own development pipeline, a positive development of the partner programs also offers several opportunities for MorphoSys, although these are subject to a high degree of uncertainty. These partnerships have the potential to generate additional earnings based on the progress of the partnered programs, though the active development is managed by these partners, and MorphoSys does not have direct influence over their strategic and operational directions. Additionally, MorphoSys has entered into agreements with HI-Bio, which was recently acquired by Biogen and holds exclusive rights to develop and commercialize specific compounds globally, except for certain regions. These partnerships with HI-Bio are expected to generate royalties and milestone payments based on the successful development and commercialization of the compounds. As described above, the current macroeconomic situation presents opportunities for MorphoSys. The IMF forecasts positive global economic growth until 2028. In developing countries in particular, gross domestic product is expected to

[70] See chapter 2.3.4.1, chapter 2.3.4.2.

grow at a significantly higher rate. This should have a positive impact on the volume of spending on therapies.

270. With regard to the addressable market, there are other factors that could present opportunities for MorphoSys. Increasing life expectancy in industrialized countries and the associated demographic change will contribute to a further increase in the number of patients who can benefit from MorphoSys' therapeutic options in the future.

2.3.6.4. Threats

271. MorphoSys is exposed to the following significant market and competitive risks:

272. The greatest risk is an unexpected, negative development of the trials and active substances on the market. Despite the results of the Phase 3 MANIFEST-2 trial published on 20 November 2023, which showed improvements in all four disease characteristics of myelofibrosis, there is always a residual risk that the trial will not be successful, which would lead to significant changes in MorphoSys' future planning. This could be due to unforeseen side effects or other negative effects of patients in the Phase 3 trial. In summary, MorphoSys is exposed to regulatory risks that are of three different natures. Firstly, the risk of not receiving regulatory approval, which would block the product from entering the market, posing a major setback. Secondly, the possibility of the product receiving an inferior label from regulators. This could significantly restrict its use to a smaller patient group than originally anticipated, thus limiting its commercial potential. If the initial clinical trials fail to meet the necessary standards, the company may be compelled to conduct additional studies, further straining financial resources.

273. At the same time, negative results may occur during the trials for all other medications in the pipeline. This means that there is also a risk of delays or discontinuation of studies that do not involve pelabresib. Since tulmimetostat is currently examined in a proof-of-concept-study, there is also a risk with these studies that their clinical endpoint may not be satisfactorily achieved.

274. A further risk is that MorphoSys may no longer be able to enter into collaborations in the future at similarly attractive conditions as in the past. This would have far-reaching consequences, particularly with regard to the commercialization of the products. Although MorphoSys has established sales and marketing capacities in the past to support the sale of Monjuvi® in the USA, these would then have to be further expanded to sell additional product candidates or to carry out sales outside the USA independently.

275. MorphoSys is also exposed to USD currency risk. MorphoSys' functional currency is the Euro, with a significant portion of revenues being in USD and operating costs being paid in USD. Payments from collaboration partners are made in USD and services, consumables and materials are purchased in USD. As a result, the business is dependent on exchange rate fluctuations between the euro and USD, which can also have an impact on business results and cash flows. The development of the exchange rate is subject to macroeconomic developments that cannot be influenced by MorphoSys.

276. A significant risk for MorphoSys lies in the distribution of its products via partners. If a partner is exclusively responsible for sales, there is a strong dependency on this partner without MorphoSys having any direct influence on the success of sales. A conflict of interest on the part of the partner could result in the partner being less motivated to market the product successfully. This could have a negative impact on MorphoSys' sales and success.

277. MorphoSys does not have its own production of active ingredients. Production is carried out by contract manufacturers ("CMOs"). This entails the risk of delays or failures in the supply chain over which MorphoSys itself has no influence.

278. MorphoSys is also exposed to a cost risk in the development of its product candidates. Here, an increase in costs for both materials and labour could be noticeable. Another significant cost item in the pharmaceutical industry is the cost of conducting clinical trials, which can already be classified as high. A further increase in these costs poses a significant risk for MorphoSys.

279. Another risk that is particularly relevant in the market for pharmaceutical products is product liability risks. Unforeseen effects or side effects can occur during treatment with MorphoSys products, which can lead to significant health consequences for patients. MorphoSys is exposed to the risk of legal disputes in which MorphoSys is obliged to pay compensation.

280. MorphoSys' business model is particularly dependent on intellectual property and tacit knowledge. If employees leave the Group, this poses the risk of an outflow of considerable resources and, in the worst case, trade secrets.

281. Another risk is the tax treatment of the Constellation acquisition in 2021. Due to the special nature of this acquisition in combination with its financing via Royalty Pharma, German tax authorities could question the accounting treatment of this in the context of a future tax audit, resulting in additional tax payments.

282. In general, MorphoSys operates in a highly competitive environment with constantly changing competitive pressures. Due to the constant innovations of MorphoSys' competitors, there is a risk that a new product candidate will be developed for indications addressed by MorphoSys.

283. The pharmaceutical industry is generally characterized by a high level of regulatory monitoring. Not only do products have to undergo multi-phase tests before they reach the market, but regulatory authorities also continuously monitor whether negative effects such as side effects occur after market launch that were not detected during the clinical trials prior to launch. This results in the risk that individual products may not achieve the expected sales.

284. Due to the structure of the market for pharmaceutical products, a large number of parties need to be convinced of a product. In addition to the patient, who stands alongside the classic end consumer, product acceptance by treating physicians, health insurance companies, and other third parties are also necessary.

285. In MorphoSys' main markets, North America and Europe, there continues to be significant cost containment pressure, driven primarily by payors. Should the market environment move towards lower prices for drugs due to demand-side pressure, this could have a negative impact on MorphoSys.

2.3.6.5. Aggregated chances/risk profile

286. From a historical point of view cost pressures and lower than expected revenues of Monjuvi® affected MorphoSys financial performance. Overall effective commercialization of compounds or precise revenue forecasts are associated with uncertainties regarding regulatory approvals and market acceptance. This is reflected in MorphoSys chances/risk profile analysis, with threats exceeding opportunities based on past developments. Despite this, the combination of the company's internal strengths and market opportunities resulted in the following key chances as of the valuation date:

287. The opportunities for MorphoSys now mainly consist of the combination of the company's internal strength of the broad pipeline in late-stage clinical trials combined with the external opportunity to obtain regulatory approvals for the compounds. In particular, the phase 3 MANIFEST-2 study of pelabresib in myelofibrosis, the results of which were published on 20 November 2023, could make a significant contribution to MorphoSys' ability to specialize with pharmacological products in haematology and oncology and to offer a broader range of indications in the coming years.

288. An opportunity for MorphoSys also arises from the structural changes in the addressable market described above. A growing global population in combination with increasing life

expectancies, rising incomes in emerging markets and the associated better access to health insurance and advanced medical treatments are likely to cause the market for pharmaceutical products in general and blood cancer products in particular to grow over the coming years. With its focus on haematology/oncology in particular, MorphoSys could participate in the increasing market volume.

289. A further opportunity for MorphoSys arises from the combination of the company's internal strength in research and development expertise with the market-side opportunity to obtain approval for its own active ingredients in additional or several indications. This may allow MorphoSys to address additional with reduced research expenditure compared to a completely new active ingredient.

290. For MorphoSys, on the other hand, there are risks arising from the combination of weaknesses with market-related threats. The main risks are:

291. MorphoSys' business model is subject to a high level of inherent risk. This is typical for biopharmaceutical companies of MorphoSys' size and business model. The company is highly dependent on whether the products in the pipeline, especially those in later phases, are approved by the regulatory authorities. This also applies in particular to pelabresib, whose Phase 3 results were published at the end of 2023. However, there is still a residual risk that the market launch will fail. In the event pelabresib could not be approved or could only be approved with a restricted label, a large part of MorphoSys' future planned revenues could be lost. In addition, there is a risk that the market launch of pelabresib may not be successful from a commercial point of view.

292. The internal weakness of the high costs for pipeline development combined with the risk of reduced future capital resources leads to the risk that MorphoSys will have to further prioritize which studies can be initiated and conducted in the future. This leads to a reduction in the diversification effect that can be achieved by having many different compounds and studies in the clinical pipeline and increases the risk of being dependent on one compound or one compound in one indication.

293. The opportunity-risk profile of MorphoSys is also used to assess the plausibility of the planning and the selection of the group of comparable companies (peer group).

2.4. Comparable companies (peer group companies)

294. Information on comparable companies (so-called "peer group") is regularly used to analyse and check the plausibility of the earnings power and to estimate the risk of the expected payments of the valuation object. The peer group is an essential component of a company valuation, as it is required for the sector comparison of the planning calculation (so-called benchmarking analysis), for the market-oriented valuation (e.g. multiplier method) and the derivation of capital costs (e.g. beta factor).

2.4.1. Approach and peer group selection

295. Companies in the same sector or with a comparable product and market structure are generally suitable for the selection of the peer group. It is neither possible nor necessary for the companies selected according to these criteria to be identical to the valuation object. However, the future cash flows of the companies selected as comparable and the company to be valued should result from a largely identical business model. However, capital market data is required for the market-oriented valuation (e.g. multiplier method) and the derivation of capital costs (e.g. beta factor). For this reason, and in view of the generally limited (public) availability of information and relevant data on unlisted companies, in practice the peer group primarily includes companies listed on the capital market.

296. Listed companies with a comparable business model and range of services were analysed for the selection of the peer group. Based on a broad population of companies that are essentially attributable to the pharmaceutical or biotechnology sector, a large number of national and international companies that could be considered for comparison purposes were identified on the basis of qualitative factors. Potential peer group companies were assessed with regard to their comparability with MorphoSys in terms of business model, therapeutic areas, indication focus and mechanism of action. Companies with no focus on cancer research and therapy, companies with only an insignificant focus on blood cancer, companies with a focus on immunotherapeutic, and companies with non-comparable mechanisms of action such as CAR-T or cell therapies were excluded. In addition, the relevant companies were analysed according to qualitative and quantitative criteria as part of a scoring model and compared with the evaluation object.

297. The analysis of the peer companies ultimately leads to the following peer group of 11 companies:[71]

[71] Appendix 2 "Peer Group Selection" shows the basic population of the peer group, in which all relevant companies are listed that were analysed and compared according to qualitative and quantitative criteria as part of the scoring model.

Peer group overview

	Focus within oncology	Lead asset	Mode of action	Lead asset stage	Business Fit
Affimed N.V.	Blood cancer	ICE® molecules [1)]	Small molecules	Phase 2b completed	Strong Fit
Kronos Bio, Inc.	Blood cancer & solid tumors	Lanraplenib	Small molecules	Phase 1	Medium Fit
Keros Therapeutics, Inc.	Blood cancer	KER-050	Small molecules	Phase 2	Strong Fit
Incyte Corporation	Blood cancer & solid tumors	Jakafi	Small molecules	Market	Medium Fit
Karyopharm Therapeutics Inc.	Blood cancer	Selinexor	Small molecules	Market	Strong Fit
Geron Corporation	Blood cancer	Imetelstat	Small molecules	Phase 3	Best Fit
Curis, Inc.	Blood cancer	Emavusertib	Small molecules	Phase 2	Strong Fit
GlycoMimetics, Inc.	Blood cancer	Uproleselan	Small molecules	Phase 2	Best Fit
Syndax Pharmaceuticals, Inc.	Blood cancer	Revumenib	Small molecules	Phase 3	Best Fit
Syros Pharmaceuticals, Inc.	Blood cancer	Tamibarotene	Small molecules	Phase 3	Best Fit
Zentalis Pharmaceuticals, Inc.	Blood cancer & solid tumors	Azenosertib	Small molecules	Phase 2	Medium Fit
MorphoSys AG	Blood cancer	Pelabresib	Small molecules	Phase 3	

Best Fit: Blood cancer & small molecules & Phase 3 | Strong Fit: Focus on blood cancer | Medium Fit: No clear focus on blood cancer

Sources: ValueTrust Analysis, Capital IQ.

2.4.2. Peer group overview

298. The companies included in the peer group, in particular their respective business activities, can be briefly summarized as follows:

Curis Inc.

299. Curis Inc. ("Curis") is a biotechnology company engaged in the discovery and development of drug candidates for the treatment of human cancer in the United States. Clinical-stage drug candidates include emavusertib, an orally administered small molecule drug candidate in a Phase 2 clinical trial for the treatment of non-Hodgkin's lymphoma, acute myeloid leukemia and myelodysplastic syndromes, and CI-8993, a monoclonal antibody designed as an antagonist of the V-domain Ig suppressor of T-cell activation. Curis was founded in 2000 and is headquartered in Lexington/USA.

Karyopharm Therapeutics Inc.

300. Karyopharm Therapeutics Inc. ("Karyopharm") is a commercial-stage pharmaceutical company that discovers, develops and commercializes drugs for the treatment of cancer and other diseases. Karyopharm specializes in oral SINE (Selective Inhibitor of Nuclear Export) technology designed to target a fundamental mechanism of oncogenesis: Dysregulation of nuclear export. Karyopharm's first FDA-approved SINE therapy, XPOVIO, is on the market for use in multiple myeloma and r/r DLBCL. The underlying compound selinexor, which can be regarded as Karyopharm's lead asset, is also being clinically tested for other indications, including myelofibrosis, and is currently in phase 3. The company was founded in 2008 and is headquartered in Newton/USA.

Syros Pharmaceuticals, Inc.

301. Syros Pharmaceuticals, Inc. ("Syros Pharmaceuticals") is a biopharmaceutical company focused on the development of therapies for hematologic malignancies. Syros' lead product candidate

is tamibarotene for use in myelodysplastic syndrome in Phase 3 and acute myeloid leukemia (AML) in Phase 2. Syros Pharmaceuticals was founded in 2011 and is headquartered in Cambridge, USA.

Affimed N.V.

302. Affimed N.V. ("Affimed"), a clinical stage biopharmaceutical company, is focused on the discovery and development of anti-cancer drugs in the USA, Germany, and Europe. Affimed's lead asset is the group of innate cell engager (ICE) molecules. AFM13, a compound based on these molecules, has completed phase 2b clinical trials for the treatment of peripheral T-cell lymphoma, making it the most advanced of all Affimed's products in the clinical pipeline. Affimed also has other compounds in the blood cancer pipeline. The company was formerly known as Affimed Therapeutics B.V. and changed its name to Affimed N.V. in October 2014. Affimed was founded in 2000 and is headquartered in Heidelberg/Germany.

Geron Corporation

303. Geron Corporation ("Geron"), a late-stage clinical-stage biopharmaceutical company, is focused on the development and commercialization of therapeutics for myeloid hematological malignancies. Geron's lead asset is imetelstat, a telomerase inhibitor that is currently being investigated for several blood cancer indications. Imetelstat is used for low-risk myelodysplastic syndrome and relapsed/refractory myelofibrosis and was approved by the FDA in beginning of June 2024. In addition, the Phase 1 clinical pipeline for imetelstat in combination with ruxonitilib for myelofibrosis is ongoing. Geron was founded in 1990 and is headquartered in Foster City/USA.

GlycoMimetics, Inc.

304. GlycoMimetics, Inc. ("GlycoMimetics") is a clinical-stage biotechnology company focused on the discovery and development of glycobiology-based therapies for cancers, including acute myeloid leukemia (AML) and unmet need inflammatory diseases in the United States. The company is developing uproleselan, an E-selectin antagonist used in combination with chemotherapy for the treatment of AML, as well as a Phase 3 trial for the treatment of relapsed/refractory AML. The Phase 3 trial for the relapsed AML treatment did not meet the primary endpoint as recently published company data showed. Uprolesan is also in phase 2 in newly diagnosed AML and is being planned for pediatric AML. GlycoMimetics was founded in 2003 and is headquartered in Rockville, Maryland.

Incyte Corporation

305. Incyte Corporation ("Incyte"), a biopharmaceutical company, is engaged in the discovery, development, and commercialization of therapeutics in the areas of hematology and oncology, inflammation and autoimmunity in the United States, Europe, Japan and internationally. The company offers Jakafi (ruxolitinib), among other medications, for the treatment of adults with intermediate or high-risk myelofibrosis. Jakafi is also being clinically tested for combined administration with pelabresib, among others. Incyte is a collaboration partner for the commercialization of MorphoSys' product Monjuvi®, which was developed for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma. In 2024, Incyte acquired the worldwide rights to tafasitamab from MorphoSys. This acquisition strengthens Incyte's hematology portfolio with the addition of a late-stage antibody therapy with potential for the treatment of various B-cell lymphomas. The company was founded in 1991 and is headquartered in Wilmington/USA.

Syndax Pharmaceuticals, Inc.

306. Syndax Pharmaceuticals, Inc. ("Syndax") is a clinical-stage biopharmaceutical company developing therapies for the treatment of cancer. Syndax's lead asset is revumenib. Revumenib is a potent, selective, small molecule inhibitor of the menin-KMT2A interaction being developed for the treatment of KMT2A rearrangements, acute leukemias, including acute lymphoblastic leukemia (ALL) and acute myeloid leukemia (AML), and NPM1-mutated AML. Revumenib is currently in Phase 2 and 3 clinical trials. Syndax was founded in 2005 and is headquartered in Waltham/USA.

Keros Therapeutics, Inc.

307. Keros Therapeutics, Inc. ("Keros") is a clinical-stage biopharmaceutical company that discovers, develops, and commercializes novel treatments for patients with hematologic, pulmonary and cardiovascular diseases with high unmet medical need in the United States. Among others, Keros' lead asset, KER-050, a potential treatment for myelofibrosis, is in Phase 2 clinical trials. Keros was founded in 2015 and is headquartered in Lexington/USA.

Kronos Bio, Inc.

308. Kronos Bio, Inc. ("Kronos") is a clinical-stage biopharmaceutical company focused on the discovery and development of novel cancer therapeutics. With a focus on MYC-amplified and other transcription-dependent solid tumors, drug candidate KB-0742 is in Phase 2 clinical trials. The drug candidate KB-9558, which targets bone marrow cancer, is currently still in preclinical development. The company was founded in 2017 and is headquartered in San Mateo/USA.

Zentalis Pharmaceuticals, Inc.

309. Zentalis Pharmaceuticals, Inc. ("Zentalis") is a clinical stage biopharmaceutical company focused on the discovery and development of small molecule therapeutics for the treatment of various cancers. Zentalis' pipeline currently consists of two products. Azenosertib is being investigated for various types of solid tumors, with a initially planned Phase 3 study for ovarian cancer, which, however, was cancelled and has not been carried out.. The other product candidate, a ZN-d5 BCL-2 inhibitor, is being investigated for both NHL and AML. Here, clinical trials have advanced to phase 1. The company was founded in 2014 and is headquartered in New York/USA.

3. GENERAL VALUATION PRINCIPLES

310. The valuation principles set forth below are considered today to be established in theory and practice of enterprise valuation and have been reflected in the academic writings, the statements by the Institute of Accountants, especially IDW S 1 and the DVFA-Recommendations. These principles are generally also recognized by German case law.

311. In accordance with our mandate, we are providing an independent valuation of MOR AG as of [valuation date], taking into account the IDW S 1 and the DVFA-Recommendations. The approaches resulting from these principles of business valuation and the established premises as well as the respective differences are described below.

3.1. Definition of the requirements according to purpose of the valuation

The requirements for determining the adequate compensation (*Abfindung*) pursuant to Section 327a et seq. AktG

312. The transfer of shares at the request of a shareholder in accordance with section 62 para 5 in connection with section 327a AktG requires the granting of an adequate cash compensation. The cash compensation is determined by the main shareholder in accordance with Section 327b AktG. It must take into account the circumstances of the company at the time the resolution is passed by the Annual General Meeting.

313. In valuation practice and case law, the determination of an adequate compensation requires the determination of an adequate business value of the company as of the date of the general meeting resolving upon the corporate measure (Merger Squeeze-out). The courts accept the principles for the determination of an objectified enterprise value according to IDW S 1 as one possible procedure for the determination of an adequate compensation or ananan adequate business value. The objectified business value represents an inter-subjectively verifiable future success value from the point of view of the shareholders. This arises from the continuation of the controlled company on the basis of the existing business concept and with all realistic future expectations within the framework of the market opportunities, risks and financial possibilities of the controlled company and other influential factors. Due to the relevance of personal income taxes to the value, the determination of the objectified business value requires classifications of the tax circumstances of the shareholders depending on the purpose of the valuation.

314. Furthermore, the valuation in accordance with the DVFA-Recommendations constitutes another possible approach.

315. When determining the adequate compensation for shares in a listed company, the stock market price shall be taken into account as a possible indicator of the fair market value of the shares according to highest court rulings.

3.2. Business value concept under IDW S 1 and the DVFA

316. The value of equity is determined by the purposeful interaction of all tangible and intangible assets existing in the business. The valuation object does not have to be identical with the legally defined company; instead, the valuation object used as a basis is often defined according to economic criteria.

317. The value of the equity must be determined with regard to the reason for the valuation and the timing of the valuation as of the valuation date. Therefore, only the level of information that could be obtained with reasonable exercise of care as of the valuation date is to be considered in the valuation. Furthermore, only those factors are to be taken into account which were already initiated or already sufficiently specified as of the valuation date (so-called source theory (*Wurzeltheorie*)).[72]

318. In general, a differentiation is made in business valuation between entity valuation approaches and equity valuation approaches. The overall valuation methods include methods for valuing businesses on the basis of the calculation of the value of capital such as e.g. the various forms of the Discounted Cashflow Method ("DCF method") and the discounted dividend value method as well as the multiples method. The individual valuation methods include, for example, the liquidation value and the substance value.[73]

319. The value of equity under IDW S 1 is determined on the premise of exclusive financial goals by the present value of the financial surpluses for the owners of the business (so- called value of future success) plus the value of any assets which are not required for the business. The value is determined in general on a going concern basis. In order to determine the present value of the financial surpluses, costs of capital are used, which represent the return on an alternative investment which is appropriate when compared to investment in the valuation object. The objectified value of the business is derived solely from the earnings power of the business, i.e. its capacity to generate financial surpluses for the owners of the business.[74] According to theory and practice, the discounted dividend value method, and the variations of the DCF method are used for this purpose. The liquidation value is only to be considered as the value of the business in the event that the present value of the financial surpluses resulting from liquidation of the entire business (so-called liquidation value) exceed the value on a going concern basis.[75]

320. The value of future success depends primarily on the capacity of the business to generate financial surpluses. A business valuation accordingly requires a forecast of the future financial surpluses of the business which can be generated. However, only those financial surpluses of the business determine the value which are realized by the owners (so-called realization principle).

---

72 See, IDW S 1 nos. 22, 32

73 See, Ballwieser/Hachmeister, 2013, p. 8.

74 See, IDW S 1 no. 25.

75 See, IDW S 1 no. 101.

321. The value of the equity can accordingly be directly determined by the net capitalization on the basis of the so-called discounted dividend value method or the equity approach as a variation of the DCF method (so-called "cashflow to equity approach") (so-called "equity approaches"). In the alternative, the value of the equity can also be indirectly determined by gross capitalization under the concept of Weighted Average Cost of Capital (WACC) using the so-called WACC approach, the Adjusted Present Value Approach or the Total Cashflow Approach (APV approach or TCF approach) (so-called "Entity approaches"). While (total) financial surpluses reduced by the costs of third-party capital are discounted in one step in the direct determination, the discounting in the context of the indirect determination refers to the financial surpluses from business activity and a subsequent reduction of the so-called enterprise value or entity value by the fair market value of the interest-bearing liabilities.

322. When determining the value of equity capital under IDW S 1, the structure of capital must be determined on the basis of the business concept documented as of the valuation date. An optimization of the structure of capital which could be realized, for example, on the basis of the influence of the majority shareholder, is not relevant under IDW S 1 for the determination of the value of the equity.

323. In the assessment of the compensation in the context of structural measures under stock corporation law, the case law normally refers to the relevance of personal taxes for value, so that the determination of the value of equity in this present Expert Report is also carried out based on the assumption of direct typification under IDW S 1, i.e., by taking into account typical personal income taxes (value of the equity after personal taxes) from the perspective of a domestic, fully taxable natural person as the shareholder.

324. According to the DVFA-Recommendations, the valuation concept of the "typical purchaser of a business in the market" must be applied as the typification standard for determining the fundamental value. The DVFA-Recommendations refer much more strongly to the empirically observed perspective of real purchases of businesses. This is made more concrete on the basis of the variety of methods, i.e. the fact that the multiple method is generally given equal weight compared to the cash flow-oriented discounting methods. Ranges of value and specific assumptions about the approach using the typical purchaser of a business in the market must be shown in a transparent manner. Personal income taxes are not reflected.

3.3. Relevance of prices and the stock exchange prices

325. In the case of listed companies, reference can generally be made to the stock exchange price for purposes of the valuation.

326. According to IDW S 1, actually, paid prices for businesses and shares in businesses can serve to evaluate the reasonableness of enterprise values and values of shares under IDW S 1 if there is comparability with the valuation object and sufficient proximity in terms of timing.[76]

327. In accordance with the DVFA-Recommendations, the stock exchange price generally represents an independent valuation method.[77]

328. Based on earlier case law of the highest courts, the compensation in the context of structural measures under stock corporations law involving listed companies cannot be determined without taking into account the stock exchange price.[78] According to this earlier case law, the weighted three months average stock exchange price (prior to announcement of the measure) constitutes the lowest level for adequate compensation unless this does not correspond to the fair market value of the shares due to manipulation of the market, insider trading or tight liquidity. The calculation of the volume weighted three months average stock price based on the approach of the BaFin is reflected only in those transactions which take place with the shares in question on an organized market in Germany[79]. Transactions made over the counter are generally not taken into account when determining the three months average stock price in accordance with the approach of the BaFin.

329. However, according to the recent rulings of the Federal Court of Justice in the cases of TLG./.WCM and Vodafone./.Kabel Deutschland, the stock market price can be used as an independent valuation method to determine the adequate compensation.[80] Accordingly, the use of the market-oriented valuation method in the form of stock market prices is generally permissible and only raises concerns where this method is unsuitable due to the circumstances of the individual case.[81] The sole consideration of the stock market price is based on the assumption that the market participants correctly assess the earning power of the company on the basis of the information and information options available to them and that the market valuation is reflected in the stock market price of the share.[82] In this context, the liquidity of the share needs to be analyzed, in particular with regard to trading volumes and revenues, bid-ask spreads and free float.[83] However, recourse to the stock market price is not permitted if there has been no trading for a longer period of time or if the market is tight, if there is inexplicably

---

76 See, IDW S 1, no. 13.

77 See DVFA, Recommendations 2012, Part I, para. A.3.1., p. 08.

78 See, BVerfG, Order dated 27 April 1999 – 1 BvR 1613/94, BGH, Order dated 12 March 2001 · case no. II ZB 15/00 and BGH, order dated 19 July 2010, case no. II ZB 18/09.

79 Definition of organized markets, see § 2 para. 11 German Securities Trading Act (*Wertpapierhandelsgesetz*, "WpHG" in conjunction with §1 para. 1, § 2 para. 7 German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "WpÜG")

80 See BGH, decision of 21 February 2023 - II ZB 12/21 and BGH, decision of 31 January 2024 - II ZB 5/22.

81 See BGH, decision of 21.2.2023 - II ZB 12/21, para. 31.

82 See BGH, decision of 21.2.2023 - II ZB 12/21, para. 20, 31.

83 See BGH, decision of 31 January 2024 – II ZB 5/22, para. 27, 30.

high volatility or price manipulation or if capital market disclosure obligations have not been complied with.[84]

3.4. Valuation on the basis of the DCF and discounted dividend value method

330. The value of the equity can be determined on the basis of one or more variations of the DCF method or the discounted dividend value method in accordance with IDW S 1.[85] Upon appropriate application and applying consistent assumptions, the choice of valuation method among the DCF methods (cashflow to equity, WACC, APV and total cashflow approach) or the discounted dividend value method have no influence on the value of the equity. Under IDW S 1, these valuation methods based on calculating the value of capital are equivalent with each other.[86]

331. The planning of the financial surpluses is normally done in at least two phases. The first phase, the so-called detail planning phase, includes a period of three to five years and is based generally on detailed planned accounts of the valuation object. Since the valuation object is usually not yet in a "stabilized condition" at the end of detail planning phase which is necessary for the approach in the continuing phase of the business, corresponding assumptions must be made in the context of a second phase, the so-called "convergence phase", for example, with regard to long-term investment or product life cycles, in order to determine the sustainable financial surpluses. The third phase, the so-called "terminal value" or "TV" phase assumes for the valuation object equal weighting or a stabilized condition within which the annual financial surpluses are assumed to be constant or growing at a constant rate.[87]

3.4.1. Determination of the DCF value and the discounted dividend value

3.4.1.1. The DCF value in accordance with the cashflow to equity approach

332. Under the cashflow to equity approach, the DCF value is directly calculated by discounting the cashflows to which the providers the equity are entitled ("cashflow to equity") using the levered costs of equity as of the valuation date.

333. Under the cashflow to equity approach, the cashflow which is relevant for the valuation is determined using the annual results. The gross investments in fixed assets minus depreciation, the investments in net current assets and the changes in interest bearing liabilities resulting from the planned capital structure must be deducted and the result corresponds to the sum of retained earnings.[88]

---

[84] See BGH, decision of 21.2.2023 - II ZB 12/21, para. 51.

[85] See, IDW S 1, no. 7.

[86] See, IDW S 1, no. 101.

[87] See, IDW S 1, no. 75 et seq.

[88] This applies if no equity measures are to be taken into account.

	Results of operations (EBIT)	
	-	Financial and investment income
	-	Taxes on income and earnings
=	**Annual result**	
	+	Depreciation
	-	Gross investments (CAPEX) in fixed assets
	-/+	Change in the net current assets (incl. operational cash on hand)
	-/+	Change in interest bearing liabilities
	=	**Retained earnings**
=	**Cashflow to equity or financial surplus**	

334. Since the cashflow to equity corresponds to the financial surpluses to be distributed to the providers of equity, the cashflow to equity must be discounted with the levered costs of equity. The calculation of the DCF value is before personal taxes of the shareholders and accordingly takes into account the so-called indirect typification under IDW S 1.

3.4.1.2. Dividend discount value after personal taxes

335. When applying the discounted dividend value method, the discounted dividend value is directly calculated by discounting the distributions belonging to the providers of equity after personal taxes with the levered costs of equity after personal taxes as of the valuation date.

336. Under the discounted dividend value method after personal taxes, the cashflows relevant for the valuation are determined on the basis of the annual results. The net investments in fixed assets, the investments in net current assets as well as the changes in interest bearing liabilities resulting from the planned structure of capital must be deducted, and the sum corresponds to the retained earnings.

	Results of operations (EBIT)	
-	Financial and investment income	
-	Taxes on income and earnings	
=	**Annual result**	
-	**Retained earnings**	
=	**Financial surplus**	
	of this amount, the dividend distribution (minus withholding tax on investment income + SolZ (26.4%))	
	of this amount, deemed retained earnings (minus one half of the investment tax on investment income + SolZ (13.2%))	
=	**Financial surplus after personal taxes**	

337. As a result of taking into account personal taxes in the discounted dividend value method under IDW S 1, assumptions concerning the dividend policy, or the dividend quota are needed.

338. Consistent consideration of typified personal tax consequences requires a division of the financial surpluses (after retained earnings, i.e. necessary retained earnings due to the planning assumptions for the investment program and the capital structure) for technical purposes of the valuation into a dividend portion on the one hand and deemed retained portion on the other hand. This differentiation is necessary because dividends and profits on the stock price (deemed retained earnings) are burdened with different effective tax rates at the level of the shareholders.

3.4.2. Special values

339. Factual situations which cannot be reflected at all or can only be incompletely reflected when determining the DCF value or the discounted dividend value must always be valued separately. In particular, assets that are not required for the business are considered as special values. Those assets which are not necessary for generating financial surpluses in the context of the own operational business are considered to be assets which are not needed for the operational task of the company. These include, for example, liquid funds which are not necessary for operations or real property which is no longer used.

340. Furthermore, special tax situations can also be determined as a special value [due to reasons of transparency or complexity].

3.4.3. Equity value

341. The consideration of special values and minority shareholdings supplement the DCF and the discounted dividend value and result in the value of the equity of the valuation object.

DCF or discounted dividend value	
-	Minority holdings
+/-	Special values
=	**Value of equity**

3.5. Comparison-oriented valuation based on the multiples method

342. In addition to determining the business value on the basis of the DCF method or the discounted dividend value method, values of businesses can also be determined using the multiples method.

343. The multiples method represents a comparative market valuation. The value of the business accordingly results as a product of a reference variable (frequently a variable concerning revenues or profit) of the business with the corresponding multiplier which is regularly derived from suitable comparable companies. Analogous to the DCF method and the discounted dividend value method, so-called "enterprise multiples" and "equity multiples" are used. The total value of the business is determined with the enterprise multiples which is transitioned to the value of equity after deducting the interest-bearing liabilities and minority shareholdings as well as after taking into account the special values. In the case of equity multiples, however, a deduction of interest-bearing liabilities is not necessary.

344. In accordance with the principles of IDW S 1, the multiples method does not constitute an equal ranking method for business valuation and instead only represents a simplified procedure for determining price. The multiples method can only be used under IDW S 1 to check reasonableness of the results of the valuation under the discounted dividend value method or the DCF method.[89]

345. The DVFA-Recommendations are based on the perspective of the typical purchaser of a business in the market which uses various valuation methods next to each other, normally methods based on multiples and valuation methods on the basis of calculations of the value of capital and makes decision on the basis of different analyses. The multiples valuation is accordingly in general equivalent with other methods under the DVFA-Recommendations,[90] unless special aspects in the industry, aspects which are specific to the business or the reason for the valuation justify giving preference to a specific method.

[89] See, IDW S 1, no. 143 et seq.

[90] See, DVFA-Recommendations, 2012.

346. The theoretical foundation of the multiples' method is the so-called "law of one price" which specifically states that the same items in the same market should be traded at the same price because otherwise possibilities for arbitrage exist. More broadly stated, this can be understood to mean that comparable assets (e.g. businesses or parts of businesses) should be traded at comparable prices.

347. In a valuation on the basis of multiples, variables constituting value in comparable companies, normally values for earnings and surpluses such as sales, EBITDA and EBIT etc., are related to observable market prices and the relationships (the multiples) are applied to the business being valued. The assumption is made in this regard that there is a proportional connection between the underlying variables and the total value of the business. The stated reference variables are referred to as a back-up because analysts normally do not prepare and publish forecasts for cashflow variables and variables for return on capital (especially for the peer group). The decisive aspect for the multiples' method is that observable prices serve as the starting point for the valuation. In order to establish the necessary equivalence with the business being valued, however, these prices must be adjusted to obtain as a final result an estimate for the fundamental overall value of the business. Such adjustments can above be necessary due to external shocks when the development of prices in the market is distorted (e.g. as a result of the financial and economic crisis).

348. One benefit of the multiples-based business valuation is their strict reference to the market. The underlying relative prices are observable and are actually paid in the capital markets and/or corporate transactions. On the other hand, this valuation method (just as is the case with determining the costs of capital using capitals market data) is accordingly also subject to inadequacies and inefficiencies in the market which can lead to deviations between observable prices and intrinsic values and must be corrected by the expert. Especially in times of crises, the available market prices must be critically evaluated on the basis of possible distortions and special situations.

349. Therefore, the internal planning of the company and information are used as a consequence for the multiples-based valuation, just as is the case with the discounting method. The determined multiples for the peer group companies are applied to the realized reference variables planned by the company's management (based on the same planned accounts used for the DCF or discounted dividend value method). However, the available time period for the forecast is substantially shorter than when applying valuation methods on the basis of calculations of the value of capital.

350. The multiples result from the ratio of price to the reference variable of the comparable business. Analyses are normally based on multiples in the last twelve months or the previous year (so-called "LTM multiples" or "calculation date multiples") as well as the subsequent years (so-called "forward multiples"). As a general rule, future-oriented multiples must be preferred in a valuation based on the market price. Historic multiples such as LTM multiples, can be distorted by special effects. Multiples oriented on the future, on the other hand, are based typically on normalised estimates by analysts, while LTM multiples are based on actual

numbers. LTM multiples are primarily used as transaction multiples for the purpose of maintaining consistency in timing.

3.6. Liquidation value

351. Liquidation values and values of substance are referred to in the academic writings as specific valuation methods compared to the overall valuation methods such as the discounted dividend method or the DCF method.[91] The liquidation value is referred to as the lowest limit on value in the principles of IDW S 1 and the DVFA-Recommendations. Reference is made expressly to a realization "as beneficial as possible".[92] The liquidation value must accordingly be compared to the results of other valuation methods.

352. If it turns out overall that the liquidation value is more beneficial compared to a going concern by separately selling the individual assets in the business or individual operational parts of the business, the sum of the resulting net proceeds is generally taken into account as the liquidation value unless there are legal or factual necessities which oppose this.[93]

353. The value of the assets to be liquidated is determined by the sales market for the assets being liquidated. Intangible assets, real property, and buildings as well as technical equipment and inventories can have special importance in this regard because substantial silent reserves can be expected in these assets.

354. In addition, the assumed speed of liquidation has a substantial influence on the value of the assets. The general rule is that an accelerated liquidation within a short time period ("dismantling") on the one hand means that the financial surpluses are accrued relatively early, but that on the other hand there are also negative effects on the terms and conditions of sale, especially the anticipated level of the prices, must be expected. Contrary to this, there are generally more favorable terms and conditions of sale in the context of a planned liquidation over the course of several years ("unwinding"), but the proceeds from liquidation that arise are realized in part much later and must be discounted as of the point in time of liquidation for reasons of comparability.

355. Existing obligations must be deducted from the value of assets determined in this manner at the amount required to release the obligations. Liabilities, e.g. obligations under social plans, as well as obligations resulting from the liquidation such as provisions for expenses and goodwill incurred during the course of liquidation must be taken into account accordingly when determining value. The surpluses are reduced in a further step in the valuation for probable costs of liquidation arising in connection with the sale which must be borne by the business being liquidated as well as taxes on income from any profit incurred from liquidation.

---

91 See, DVFA-Recommendations, 2012 p. 8.

92 See, DVFA-Recommendations, 2012 p. 8.

93 See, IDW S 1, nos. 5, 140 et seq.

356. The valuation of substance (substance value) leads under aspects of replacement procurement to the so-called reconstruction value of the business which represents only a partial reconstruction value due to the general lack of intangible assets. This has no independent informative value for determining the overall value of a going concern.[94] Substance values are accordingly not determined with regard to the purpose of the valuation.

3.7. Consideration of synergies in the context of IDW S 1 and DVFA

357. Synergies must be evaluated accordingly in an enterprise valuation both on the IDW S 1 as well as under the DVFA-Recommendations. Synergy effects are considered under IDW S 1 to be the change in financial surpluses resulting from the economic linkage of two or more businesses which deviate from the sum of the surpluses which individually arise. Furthermore, a differentiation must be made between so-called pseudo-synergies and real synergies when determining an objectified business value under IDW S 1.[95] Pseudo-synergies are characterized by the fact that they can also be realized without implementing the measure forming the basis of the purpose of the valuation. The financial surpluses resulting from non-genuine synergies must generally be taken into account when determining an objectified business value, but only to the extent the measures resulting in the synergies have already been initiated as of the valuation date, are documented in the business concept or have already been sufficiently specified.[96] Contrary to this, real synergy effects result first from the measure forming the basis of the valuation and cannot be taken into account in the business valuation.

358. The typical buyer of a business in the market will not take into account synergies which are purely individual to the buyer or factors which determine values specifically for the purchaser in an assumed, fictitious negotiating situation when determining the offered purchase price. Synergies which are purely individual for the purchaser are independent from the definition of real or pseudo-synergies under IDW S 1. Synergies which are purely individual for the purchaser represent the portion of the owner overall potential for synergies independent of the respective reason for the valuation, which are attributable exclusively to the specific purchaser or majority shareholder. These synergies cannot be taken into account in the valuation. Contrary to this, synergies which every typical purchaser of a business in the market can realize must be taken into account in the valuation ("market participant synergies").

---

94 See, among others, Ballwieser/Hachmeister, 2013, p. 207 as well as IDW S 1 in the version 2008, no. 6.

95 See, IDW S 1 in the version 2008, no. 33 et seq.

96 See, IDW S 1 in the version 2008 no. 34; also as distinguished from IDW S 1 in the version 2005.

4. BUSINESS PLANNING OF THE VALUATION OBJECT

4.1. Standard for verifying the reasonableness of the business plan

IDW S 1

359. According to IDW S 1, the objectified business value represents an intersubjective, verifiable value of future success from the perspective of the shareholder. This value results in the case of a going concern on the basis of the existing business concept with all realistic expectations for the future in the context of the opportunities and risks in the market, the financial possibilities of the business as well as other influencing factors.[97] The valuation of a business is accordingly based on the earnings powers existing on the valuation date and reflects the opportunities for success resulting from measures already initiated or which are sufficiently specified as of the valuation date in the context of the existing business concept. Potential measures which are not yet sufficiently specified as well as resulting, presumed financial surpluses from those measures are accordingly irrelevant when determining objectified business values.[98] Furthermore, the forecast of the future financial surpluses must be evaluated by the valuation expert with regard to their reasonableness.[99] The future financial surpluses must be derived from a consistent and integrated business plan (financial model) consisting of a Income statement, planned balance sheet and capital or cashflow statement.[100]

360. In addition, the IDW Practice Note 2/2017[101] specifies which standard should be applied when verifying the reasonableness of the business plan. The verification of the reasonableness of the planned accounts should take place in the following three areas:

- mathematical and formal reasonableness,
- internal reasonableness,
- external reasonableness.

361. The first step normally consists of the mathematical and formal examination of the business plan. The lack of errors in the calculations and consistency of assumptions between the parts of the plans are examined. The first substantive evaluation then takes place with the internal reasonableness. This consists, on the one hand of a reconciliation of the business plan with the strategic and operational targets of management. Secondly, an analysis of the business should take place, i.e. an analysis of the past and an evaluation of the business' potential as well as its consistency with the business plan. Finally, the business plan must also be checked with regard to reasonableness on the basis of external standards. This includes both general analyses of the market as well as analysis of the specific competitive environment of the enterprise being

97 See, IDW S 1 in the version 2008, no. 29.

98 See, IDW S 1 in the version 2008, no. 32.

99 See, IDW S 1 in the version 2008 no. 81.

100 See, IDW S 1 in the version 2008, no. 27 i.V.m. no. 81.

101 See, IDW Practice Note: Evaluatation of a Business Plan for the purpose of Valuation, Restructuring, Due Diligence and Fairness Opinion, 2/2017.

valued. The verification of external reasonableness assures that the planning prepared by the business does not contradict the macro-economic developments and forecasts and the developments and forecasts which are specific to the sales market as well as relevant for competition. Especially the SWOT analysis in which the main internal and external factors for the business are analysed together is essential for the external verification of the reasonableness of the planned accounts.

DVFA-Recommendations

362. In accordance with the mandate, we conducted an evaluation of the business planning under the concept of value of a "typical purchaser of a business in the market" as provided for in the DVFA-Recommendations for business valuation. The typical purchaser of a business in the market accordingly values the business on the basis of an assumed planned business policy in the future. This also includes assumptions with regard to the financing policy and the structure of the businesses' capital in addition to planned investments in fixed assets and current assets, acquisitions and/or divestments.[102] These assumptions must be specified with regard to the typical purchaser of a business in the market on the valuation date, taking into account the principle of transparency of value (*Wertaufhellungsprinzip*).[103]

363. The standard to be applied under the DVFA-Recommendations with regard to the planning forming the basis of the valuation accordingly refers to the mathematical accuracy, the consistency of the premises upon which the planning assumptions are based, freedom of self-contradiction as well as analysis about whether the planned accounts are consistent with the deemed assumptions of a typical purchaser of the business in the market.

364. In order to further interpret the concept of the typical purchaser of a business in the market and the business planning assumed by that purchaser, reference can be made to the concept of normal market participants established in the accounting standard IFRS 13 for determining the fair market value (so-called fair value measurement).[104] The fair market value of an asset is accordingly based on assumptions which market participants would use as a basis when determining a price for the asset, whereby the market participants act in their own best economic interests.[105] At the same time, the capacity of the market participant to use the asset to generate economic benefits must be considered.[106] When assuming a deemed negotiating situation, a rationally acting typical purchaser in the market will determine its threshold price for the acquisition of the asset by assuming an optimum of economic usefulness. However, the rationally acting typical purchaser in the market will only pay a premium in an amount which is necessary to securely acquire the shares and, thus, optimize the purchaser's own value. In this respect, purely individual synergies for the purchaser are not to be considered in the business

---

[102] See, DVFA-Recommendations, 2012, p. 11.

[103] See, DVFA-Recommendations, 2012, p. 13.

[104] See, IFRS 13, Appendix A: The fair market value in the Standard is defined on the basis of a "exit price" and a fair value hierarchy is introduced which leads to a market-based valuation that is not specific for the business. The fair value under IFRS 13 is "the price at an asset would be able to be obtained upon a sale in an orderly transaction between market participants on the valuation date or the price that would be paid upon transfer of a dept."

[105] See, IFRS 13, no. 22.

[106] See, IFRS 13, no. 27.

planning and the valuation under the assumption of a typical purchaser of a business in the market.

365. The assumption of an optimal economic benefit of the asset made by the typical purchaser in the market is not understood as a most favored status principle which would no longer lead to a realistic, reasonable plan or planning based on consistent premises. At the same time, an optimal economic benefit, in any event, also does not exist if the assumptions in the plan forming the basis of the benefit turn out to be obviously conservative, pessimistic, or also too optimistic or possibly even based on false facts. In this regard, the DVFA-Recommendations are consistent with the academic writings on business management which demand the use of expected values to determine business values and the cost of capital adjusted for risk.

Applied standard for verifying reasonableness of the business plan

366. When determining the business value of MOR AG, we analyze the reasonableness of the planning on the basis of the basic structure of the planning and the planning process. The relevant standard with regard to the planned accounts forming the basis of the business valuation is confirmed and specified by the case law of the German Constitutional Court (*Bundesverfassungsgericht*). Expectations in the planning must accordingly be based on accurate information, realistic assumptions and cannot be self-contradictory.[107] Since the mandate is to conduct an independent determination of the value of the equity, the planning was accordingly checked for reasonableness.

367. The standard for assessing reasonableness for the business plan forming the basis of the valuation refers by analogy to IDW S 1, the DVFA-Recommendations and the case law and refers to mathematical accuracy, lack of self-contradictions as well as consistency of the premises upon which the planning is based.

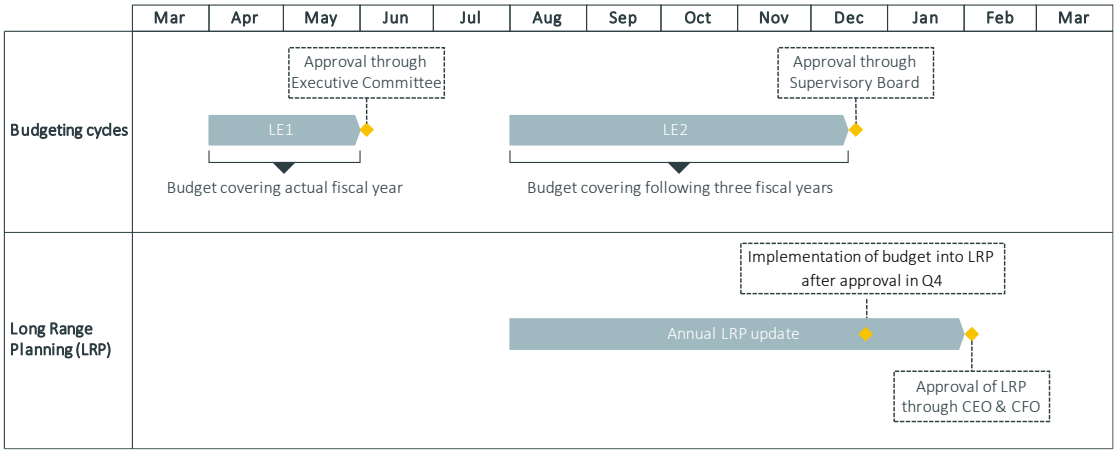
[107] See, BVerfG, 1 BvR 3221/10 dated 24 May 2012, para. 12.

368. Upon referring to the business strategy and the general market environment, analyses based on key numbers are conducted for the historical as well as the planned results. The analyses include benchmarking with historic results and a comparison with estimated by analysts for the peer group companies.

4.2. Analysis of the planning process and structure of the planned accounts

369. The following analysis of the planning process relates to the development of the Budget and Long-Range Planning (LRP) of MorphoSys. The planning process of MorphoSys generally involves bottom-up planning approaches, integrated with top-down directives, as part of the regular group planning process. MorphoSys' business plan encompasses a three-year budget planning period, integrated into an extended LRP forecast that covers the entire lifecycle of all products in a clinical pipeline. This includes the phases of product development, launch, achievement of peak sales, and a subsequent period extending through the expected year of loss of exclusivity (LOE). The regular planning procedure of MorphoSys generally is based on a budget planning process consisting of two budgeting cycles throughout the year as well as a Long-Range Planning process. The update of LRP usually starts in parallel to the second budgeting cycle and ends with the integration of approved budget into it.

Regular planning process of MorphoSys throughout the year



Source: Company information

370. MorphoSys regular budgeting process comprises two budgeting cycles (LE1 & LE2). The LE1-cycle usually covers the budget for the actual fiscal year and is performed between April and May, receiving approval by the Executive Committee in the end of May. The second cycle, LE2, takes place between August and December every year, receiving approval from the Supervisory Board in the end of December. LE2 usually covers the budget for the following three fiscal years. Both processes are based on a bottom-up approach focusing on MorphoSys' integrated group P&L as well as cash flow plan. Upon completion of the LE2 budgeting cycle in December, the budget is finally implemented into the LRP model.

371. The LRP is continuously maintained and developed on an annual basis. Due to the fact that the LRP is also used for impairment testing purposes of intangible assets and goodwill according to IFRS, MorphoSys specifically performs an annual LRP update between August and December, in parallel to the regular budgeting cycles. Potential triggering events are assessed as soon as they are identified and consistently implemented into the Excel-based LRP model. The LRP is derived from detailed revenues and cost planning assumptions for each compound individually whereas out-licensed programs are considered separately.

372. The LE2 budgeting cycle as well as LRP updates within the planning period mainly cover revenues and costs assumptions, general business development assumptions, development of partnered programmes and partnering terms, trends and developments of foreign exchange rates as well as cost of capital and valuation parameters. Therefore, both processes usually involve input from various departments across the company.

373. In October, all LRP inputs for projected financial figures are collected from the respective departments and consistently aggregated and implemented into the final LRP. After implementing the various inputs, the current LRP is compared with the version(s) of prior year(s) by the accounting and other departments, whereas changes within the LRP model are also documented in separate meetings. In mid-December, the final LRP and the approved budget are merged for final LRP approval by the Executive Committee.

374. On a broad basis, an incident patient flow model serves as foundation for budgeting as well as LRP processes. After conducting extensive studies regarding newly diagnosed patients per year, target market chances are defined using market share assumptions and estimations regarding possible numbers of monthly and annually treated patients. Patient dosing and administration modelling generally considers factors like the amount of compounds per administration as well as dose schedules or the duration of the treatment. After estimating the amount of new monthly treated patients as well as patients who continue the treatment pricing per vial and per treatment month is determined. Monthly revenue estimations can be considered as the final output of the incident patient flow model.

375. Revenue projections for preparation of budget and LRP phase undergo weekly scrutiny starting in third quarter in meetings involving the US commercial team, CFO, and Financial Planning & Analysis (FP&A), with final approval granted by the Executive Committee in fourth quarter. Development assumptions for induvial compounds include step plans and further details with regard to the timing of associated development costs. These assumptions are deliberated biweekly by a project team which includes representatives from all departments and are further vetted by the so-called Portfolio Innovation Board before approval is ultimately granted by Executive Committee. Cost projections for operating expenses including research and development, selling as well as general and administrative expenses are collated during budget processes, consolidated by FP&A, and reviewed with department heads. Partnered program updates are sourced from Alliance Management and scrutinized by FP&A prior to approval by the head of business development and the CFO. Partnering terms are directly discussed with and endorsed by the Head of Business Development and the CFO. Discussions on valuation parameters involve multiple MorphoSys departments as well as external specialists and are

subject to internal controls and CFO approval. Foreign exchange rate considerations for future years are based on the Bloomberg forecasts provided by the MophoSys treasury department and are approved by CFO following discussion with FP&A.

Scope and primary focus of the budgeting and LRP processes

376. The budget and the LRP do not constitute an integrated financial model which generally comprises a forecast of the profit-and-loss statement, the balance sheet and the cash-flow statement whereas the latter is indirectly derived from the P&L and the balance sheet. The budget and the LRP are designed to primarily generate (risk-adjusted) projections of the operating result before interest and taxes; therefore, the budget and LRP focus on revenue and cost projections which affect the financial position of MOR AG.

377. Due to this focus, other aspects of the budget/LRP forecast are planned in a more simplified or less detailed manner:

(i) Within the budget, revenues and costs which are originally incurred in US-Dollar are converted to Euro using a constant exchange rate which is generally derived from the spot rates provided by the treasury department of MOR AG.

(ii) Interest income/expenses are not forecasted for purposes of the Budget and the LRP.

(iii) Cash taxes are forecasted using a constant simplified blended rate of 25.0% without taking into account existing & future (i) tax loss carryforwards and (ii) tax credits and their respective impact on future effective cash taxes.

(iv) Changes in balance sheet items, such as capital expenditures, depreciation and amortization, working capital (accounts receivable, accounts payable, inventory), which have an impact on actual cash inflows and/or outflows, are planned either using a simplified assumptions or – as in the case of the financial liabilities resulting from the Development Funding Bond and the convertible bond – using existing repayment schedules.

(v) The budget and the LRP do not contain any assumptions about MOR AG's future payout ratio.

Relevant business plan for valuation purposes

378. The business plan of MorphoSys, forming the basis of the business valuation, consists of the budget for the years 2024 to 2026 and the LRP covering the years 2024 to 2044. The LE1 budgeting cycle, conducted from April till May 2023, was approved by the Executive Committee on 31 May 2023. The second cycle LE2, performed between August and December 2023, was later approved by the Supervisory Board on 14 December 2023 after the original approval date of 14 November 2023 was delayed to take into account the outcome of the data read-out of the MANIFEST-2-trial. Upon completion of the budgeting process in December 2023, the budget was implemented into the LRP. The review and preliminary approval of the LRP by the CFO took place on 18 December 2023, while the final approval by the management board took place on 30 January 2024. Due to the announced sale of Monjuvi® in February 2024, which was neither included in the original budget nor the LRP, the budget was updated in February 2024 and received final approval from the Supervisory Board on 14 March 2024. The preparation of the revised LRP, following the carve out of Monjuvi®, also took place in February 2024 and was also approved by CFO and endorsed by the Supervisory Board. In connection with the takeover offer by Novartis the budget for 2024 was again revised in May 2024 to reflect changes with regard to operational expenditures which relate to advisory fees and expenses in connection with the takeover by Novartis. In line with the requirements of the underlying accounting frameworks, key portions of these transaction-related expenses were already reflected in the Q1-2024 financial statements of MorphoSys.

379. The revisions made in May 2024 relate to the following areas:

(i) **Change in pelabresib filing guidance in April 2024:** On 29 April 2024, MorphoSys announced in their Q1-2024 earnings release the intention to submit a New Drug Application (NDA) for pelabresib in combination with ruxolitinib in myelofibrosis to the FDA and a Marketing Authorization Application (MAA) to the European Medicines Agency in the second half of 2024. According to MorphoSys' annual report 2023, the previous assumption was that the NDA would be submitted by the middle of 2024. Based on the Q1-2024 earnings announcement, the revenue assumptions for pelabresib were adjusted accordingly, resulting in 5.4% lower revenues for pelabresib over the entire product life cycle.

(ii) **HI-Bio transaction:** The acquisition of HI-Bio by Biogen Inc., which was announced on May 22, 2024,creates additional opportunities for milestone payments that were not included in the previous LRP. The Management Board had adjusted the LRP so that these milestone payments are risk-weighted in the LRP according to MorphoSys' expected shareholding in HI-Bio.

(iii) **Delisting Tender Offer:** It can be assumed that the expected Delisting Tender Offer of Novartis BidCo AG will be completed by the date of the Annual General Meeting of MOR AG. The Management Board had therefore decided to plan additional savings in the area of general administrative expenses, as certain functions and areas at MorphoSys will no longer be required, or will no longer be required to the same extent, after the delisting.

380. The integrated business plan of MorphoSys for the years 2024 to 2044 consisting of an updated budget for the years 2024 to 2026 as well as the updated Long Range Planning for the years 2024-2044, on which the company valuation is based, was prepared in the regular planning process and updated to reflect updated information (sale of Monjuvi®, change in pelabresib filing guidance in April 2024, HI-Bio transaction, delisting announcement). The Management Board (*Vorstand*) of MOR AG approved the May 2024 business plan by resolution on 4 July 2024. The Supervisory Board (*Aufsichtsrat*) of MOR AG approved of the business plan on the same date.

381. Adjustments made by ValueTrust for the purposes of company valuation to business plan, which was approved by the the Management Board and the Supervisory Board of MOR AG, are described in section 4.4 of this Expert Report.

4.3. Analysis of planning accuracy

382. In addition to analysing the planning process and the structure of the business plan, the plausibility check of the business plan also includes an analysis of past planning accuracy in order to gain insights into the future accuracy of planning. A period of two years was considered and the revenues, gross margin and the operating expenses, which include the research & development, as well as selling, and G&A expenses of the financial years 2022 to 2023 were analysed. The financial years 2022 and 2023 were chosen due to major changes in MorphoSys' product line in comparison to prior years. In the first half of 2022, felzartamab and MOR210/TJ210 were licensed to HI-Bio. This isolates the forecasting quality, allowing a more accurate assessment of Monjuvi's® revenue and margins while considering operating expenses on a company level.

383. The following table summarizes the one-year planning accuracy of the valuation object for the years 2022 and 2023, comparing the financial guidance from the previous year with the respective actual figures of the current year. The selected Key Performance Indicators (KPIs) are Revenues Monjuvi®, Gross Margin Monjuvi®, and Operating Expenses (including Research and Development, Selling, and General and Administrative Expenses). These KPIs have been chosen as they are essential financial performance indicators according to the company's group management report.

Analysis of planning accuracy of MorphoSys

	2022		2023	
	Guidance	Actual	Guidance	Actual
Revenues Monjuvi®	↑	X	→	✓
Gross margin Monjuvi®	↓	X	↑	X
Operating expenses				
Research and development*	↑	✓✓	→	✓✓
Selling expenses*	↓	✓✓	→	✓
G&A expenses*				

Growth (↑), no change (→), decline (↓), Guidance exceeded (✓✓), Guidance met (✓), Guidance missed (X),
*Exceeded for expenses implies lower actual value

384. The 2021 forecast indicated that research and development expenses would increase in 2022, while selling, and G&A expenses were expected to decrease. The actual figures exceeded the expectation in that research and development expenses did not rise as high as projected and the selling, and G&A expenses decreased more than expected. The increase in research and development expenses was primarily due to the full-year inclusion of Constellation's research and development expenses. Selling, and G&A expenses decreased more than anticipated, driven by streamlined sales efforts. However, revenues and gross margin did not meet projections in 2022. The expected increase in revenues did not materialize, and the gross margin turned out slightly lower than the projected 75% at 73%. The decline in gross margin was largely due to higher costs of sales, particularly related to increased acquisition and production costs of inventory for Monjuvi®. Additionally, the gross margin was impacted by accruals for onerous contracts in 2022.

385. The forecast for 2023 showed improved accuracy compared to the previous year. Revenues and operating expenses generally met the guidance, in particular research and development expenses actually decreased slightly more than predicted and thereby exceeded the guidance. Gross margin did not reach the predicted growth in 2023, decreasing from 73% in 2022 to 69% against a forecasted increase with a lower bound of 75%. The decrease in margin was due to increased costs of sales primarily from impairments related to intangible assets from in-licensed and acquired products as well as the write-off of a license. Reduced licensing revenue also impacted gross margin alongside with impairment costs.

386. Overall, while operational efficiencies improved in some areas, cost pressures and lower than expected revenues of Monjuvi® affected the financial performance. The differences between actual outcomes vs. management's expectations were driven by several factors and must be evaluated in the context of general industry trends as well as specific circumstances at the time. As described in chapter 2.3.6 the pharmaceutical industry faces significant challenges in accurately forecasting the success of pharmaceutical testing and the effective commercialization of medications; therefore, revenue forecasts are generally less precise than for the costs, due to the uncertainties associated with product admissions, regulatory approvals, and market acceptance. Additionally, the ongoing effects of Covid-19 and

geopolitical tensions have further complicated these predictions.[108] It is also important to note that the estimated growth expectations of a newly launched product can deviate from forecasts due to missed underlying assumptions like access to patients or health care professionals which adds another layer of complexity to financial forecasts. Gross margins have shown the most significant differences, with deviations from the forecast occurring in two consecutive years. Again, pointing towards special circumstances, a rise in acquisition and production costs of inventories in 2022 particularly impacted gross margins for Monjuvi®. Moreover, for 2023 the deviations between forecasted and actual figures were largely due to one-off costs such as impairments on intangible assets as explained above.

[108] See MorphoSys, Annual Report 2022, p. 68.

387. The analysis of the accuracy of planning shows that in the past, MorphoSys has mostly shown a thorough understanding of the development of their key performance indicators in the short to medium term. The deviations from the plan are mainly due to unforeseeable or one-off effects such as the Covid-19 pandemic, the acquisition of Constellation as well as the first year of fully reflecting Monjuvi® operations in the P&L.

388. Overall, on the basis of our analysis, there are no indications that the forecasts within the business plan, which was prepared as part of the established regular planning process, are not a suitable basis for a company valuation. It takes into account the corporate strategy as well as the goals and expectations of the company derived from it. The following section analyses the plausibility of the business plan on which the company valuation is based.

4.4. Analysis of the business plan

389. The business plan of MorphoSys is analysed on the basis of further assessment criteria – in particular with the help of analyses of key figures for specific dates and periods – in order to ensure a consistent derivation of future cash flows and growth rates. Benchmarking analyses with regard to the peer group companies were not performed because revenue and growth as well as profitability profiles are highly dependent on the timeline / product lifecycle stage of the peers' lead compounds or product candidates; therefore, revenue and EBITDA expectations may differ significantly across the peer group. MorphoSys' business plan is as follows:

Income statement – projection (Q2-Q4 2024- 2030)

in EURm / in percent

	Projection						
	Q2-Q4 2024	2025	2026	2027	2028	2029	2030
Revenues	**7.6**	**188.3**	**107.7**	**140.0**	**355.5**	**528.3**	**659.5**
growth (yoy)	*n/a*	*2391.8%*	*-42.8%*	*30.0%*	*153.9%*	*48.6%*	*24.8%*
Cost of sales	-4.4	-0.0	-2.4	-10.6	-24.7	-38.5	-47.8
Gross profit	**3.2**	**188.2**	**105.2**	**129.3**	**330.8**	**489.7**	**611.7**
in % of revenues	*42.2%*	*100.0%*	*97.7%*	*92.4%*	*93.1%*	*92.7%*	*92.8%*
Research and development	-137.7	-69.3	-63.3	-33.7	-19.8	-12.4	-11.8
Selling	-24.2	-40.6	-48.9	-52.9	-54.6	-53.3	-53.2
G&A expenses	-52.1	-32.0	-29.8	-29.0	-29.0	-29.0	-29.0
Other expenses	-2.8	-	-	-	-	-	-
EBITDA (for information)	**-213.7**	**46.4**	**-36.8**	**13.7**	**227.4**	**395.1**	**517.7**
in % of revenues	*-2828.3%*	*24.6%*	*-34.2%*	*9.8%*	*64.0%*	*74.8%*	*78.5%*
Depreciation and amortisation	-0.1	-0.3	-1.4	-1.2	-2.9	-4.5	-5.8
EBIT	**-213.8**	**46.1**	**-38.2**	**12.5**	**224.6**	**390.6**	**511.9**
in % of revenues	*-2829.3%*	*24.5%*	*-35.5%*	*8.9%*	*63.2%*	*73.9%*	*77.6%*
Finance result	-1.6	-47.4	-48.3	-46.6	-45.5	-39.4	-27.7
Income before tax	**-215.3**	**-1.3**	**-86.5**	**-34.1**	**179.1**	**351.2**	**484.3**
Taxes on income	-	-15.7	-14.0	-11.6	-17.1	-39.9	-48.5
Effective tax rate (in %)	-	*1185.8%*	*16.2%*	*34.1%*	*9.5%*	*11.4%*	*10.0%*
Annual result	**-215.3**	**-17.0**	**-100.5**	**-45.7**	**162.0**	**311.3**	**435.8**
in % of revenues	*-2850.1%*	*-9.0%*	*-93.4%*	*-32.6%*	*45.6%*	*58.9%*	*66.1%*

Income statement- projection (2031 – 2037)

in EURm /in percent

	Projection						
	2031	2032	2033	2034	2035	2036	2037
Revenues	**728.4**	**808.7**	**863.9**	**973.7**	**970.1**	**978.9**	**524.0**
growth (yoy)	*10.4%*	*11.0%*	*6.8%*	*12.7%*	*-0.4%*	*0.9%*	*-46.5%*
Cost of sales	-53.9	-59.8	-65.2	-72.3	-77.6	-81.4	-44.6
Gross profit	**674.5**	**748.8**	**798.6**	**901.4**	**892.5**	**897.5**	**479.5**
in % of revenues	*92.6%*	*92.6%*	*92.4%*	*92.6%*	*92.0%*	*91.7%*	*91.5%*
Research and development	-4.0	-3.7	-3.1	-2.2	-	-	-
Selling	-53.3	-53.6	-54.0	-54.8	-54.6	-54.3	-28.1
G&A expenses	-29.0	-29.0	-29.0	-29.0	-27.4	-25.1	-12.2
Other expenses	-	-	-	-	-	-	-
EBITDA (for information)	**588.3**	**662.7**	**712.6**	**815.4**	**810.5**	**818.1**	**439.2**
in % of revenues	*80.8%*	*81.9%*	*82.5%*	*83.7%*	*83.5%*	*83.6%*	*83.8%*
Depreciation and amortisation	-6.1	-6.8	-7.1	-7.6	-7.8	-8.2	-4.6
EBIT	**582.3**	**655.9**	**705.5**	**807.8**	**802.7**	**809.9**	**434.6**
in % of revenues	*79.9%*	*81.1%*	*81.7%*	*83.0%*	*82.7%*	*82.7%*	*82.9%*
Finance result	-19.2	-12.8	-5.7	0.1	0.1	0.1	0.1
Income before tax	**563.0**	**643.0**	**699.8**	**807.9**	**802.8**	**810.1**	**434.7**
Taxes on income	-64.4	-147.0	-191.8	-219.4	-218.4	-220.5	-118.5
Effective tax rate (in %)	*11.4%*	*22.9%*	*27.4%*	*27.2%*	*27.2%*	*27.2%*	*27.3%*
Annual result	**498.6**	**496.0**	**508.0**	**588.5**	**584.4**	**589.5**	**316.2**
in % of revenues	*68.5%*	*61.3%*	*58.8%*	*60.4%*	*60.2%*	*60.2%*	*60.3%*

Income statement- projection (2038 – 2044)

in EUR m /in percent

	Projection						
	2038	2039	2040	2041	2042	2043	2044
Revenues	**297.8**	**252.3**	**161.9**	**131.2**	**107.2**	**87.9**	**72.2**
growth (yoy)	*-43.2%*	*-15.3%*	*-35.8%*	*-19.0%*	*-18.3%*	*-18.1%*	*-17.9%*
Cost of sales	-34.9	-31.5	-7.8	-6.3	-5.1	-4.1	3.3
Gross profit	**262.9**	**220.7**	**154.2**	**124.9**	**102.1**	**83.7**	**68.8**
in % of revenues	*88.3%*	*87.5%*	*95.2%*	*95.2%*	*95.2%*	*95.3%*	*95.4%*
Research and development	-	-	-	-	-	-	-
Selling	-19.0	-15.2	-12.4	-9.8	-7.6	-6.2	-5.1
G&A expenses	-4.9	-4.2	-2.8	-2.3	-1.9	-1.7	-1.4
Other expenses	-	-	-	-	-	-	-
EBITDA (for information)	**239.1**	**201.3**	**138.9**	**112.9**	**92.6**	**75.9**	**62.3**
in % of revenues	*80.3%*	*79.8%*	*85.8%*	*86.0%*	*86.3%*	*86.3%*	*86.4%*
Depreciation and amortisation	-2.9	-2.5	-1.6	-1.3	-1.0	-0.8	-
EBIT	**236.1**	**198.8**	**137.4**	**111.6**	**91.6**	**75.0**	**62.3**
in % of revenues	*79.3%*	*78.8%*	*84.8%*	*85.1%*	*85.4%*	*85.4%*	*86.4%*
Finance result	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Income before tax	**236.0**	**198.6**	**137.1**	**111.3**	**91.2**	**74.7**	**62.1**
Taxes on income	-64.6	-54.3	-37.5	-30.5	-25.0	-20.5	17.1
Effective tax rate (in %)	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*
Annual result	**171.4**	**144.2**	**99.6**	**80.8**	**66.2**	**54.2**	**45.1**
in % of revenues	*57.6%*	*57.2%*	*61.5%*	*61.6%*	*61.7%*	*61.7%*	*62.5%*

4.4.1. Revenues

390. MorphoSys' projected revenue streams are associated to the commercialization of compounds, which are either internally developed and sold exclusively (product sales of pelabresib, tulmimetostat) or co-developed and commercialized with partners via out-licensing agreements. While the compounds pelabresib and tulmimetostat generate revenues through both exclusive product sales and outlicensing agreements, the compounds felzartamab, MOR210, abelacimab, ianalumab, bimagrumab, and setrusumab contribute to revenues solely through outlicensing agreements. Due to the sale of tafasitamab to Incyte Corporation, there are no revenues or costs applicable anymore that relate to tafasitamab. Moreover, the projected revenues in the business plan include only revenues from ongoing operations.

391. Revenues from product sales including royalties (revenue sharing with partners) are based on market share studies and assumptions regarding individual selling prices and a price-volume framework. Product sales are mainly driven by the expected market launch and commercialization of the compound pelabresib. The development of the compound tulmimetostat is also a growth driver with revenues generated through the projected milestone payments and royalties from a potential collaboration partner to MorphoSys.

392. Under the out-licensing agreements, MorphoSys is entitled to milestone payments and royalties upon approval and commercialization of the programs being developed by partners. Revenues under out-licensing agreements are based on assumptions regarding variable considerations through milestone payments (upon the achievement of certain contractually agreed milestone events in research and development)[109], license fees (for intellectual property), services fees (for the assignment of personnel to research and development collaborations) and other components.

393. As outlined in section 4, MorphoSys has mapped the business plan from 2024 to 2044 in US dollars, which was converted to Euro by ValueTrust using a constant exchange rate of 0.9356 USD/EUR. For valuation purposes, the presented budget values for 2024 reflect the plan from 1 April to 31 December 2024 and were calculated as a difference between the budget for the full year 2024 and actual financial results for Q1 2024. The business plan is based on the following underlying assumptions:

394. According to the business plan approved on 4 July 2024, the patents underlying MorphoSys' pelabresib compound run in USA and Europe until early 2030s, whereby a possible extension through supplementary protection certificates or term extensions is not included. In addition, the use of pelabresib for the treatment of myelofibrosis is patent-protected in the USA until late 2030s. The launch of tulmimetostat is planned in late 2020s and the main patents for this compound have a term until early 2040s, which also does not include a possible extension through supplementary protection certificates or term extensions. The business plan assumes

[109] Sales-based milestone payments included in contracts for intellectual property licenses are considered by MorphoSys to be sales-based license fees because they are solely determined by the sales of an approved drug.

that generic manufacturers will enter the market with increasing intensity after the patents expire, therefore no longer includes any sales beyond 2044.

395. During the planning period, MorphoSys experiences a substantial increase in revenue, starting at EUR 8.1m in the 2024 financial year of which EUR 7.6m are expected in Q2-Q4 2024 and peaking in 2036. This growth is largely driven by sales of the compound pelabresib. From its expected market launch until peak sales are achieved in 2036, total revenues of MorphoSys are projected to grow at an average annual rate of approximately 23%. However, following the loss of market exclusivity for both compounds pelabresib and tulmimetostat, revenues are expected to decline, reaching EUR 72.2m by the end of the planning period in 2044.

396. In the business plan, revenues for the proprietary compounds pelabresib and tulmimetostat are determined separately for each specific indication. More specifically, probabilities of success are assessed based on the development status and progress of the clinical studies in order to reflect the potential of a marketing authorization for the respective compound in connection with the corresponding indication. In addition, MorphoSys' business plan contains planning of the associated revenues by region (USA and outside the USA (or "ex-USA" includes Europe and Asia) using a price-volume framework. MorphoSys generates revenues both through product sales using own commercialization and through partnerships receiving royalties, milestone payments and license fees.

397. Over the planning period, MorphoSys expects to generate over 80% of total revenues from commercialization of pelabresib. Outside the USA, the business plan assumes that expected revenues will be generated through partnerships with a hypothetical partner, initially through milestone payments and subsequently through royalties. For revenue generation from pelabresib in the USA, MorphoSys relies on its own salesforce and infrastructure and therefore does not require partnerships. Revenues are derived from product sales, as well as milestone payments and royalties from a potential partner. The milestone payments are tied to achieving specific research and development goals set with the potential partner and occur irregularly over the business plan period, leading to varying revenues over the planning period. According to the business plan approved on 4 July 2024, the first payment for Pelabresib is expected to be received upon regulatory approval of the component. The product sales associated with the compound pelabresib are expected to reach a peak level in 2036. However, after reaching peak revenue, management expects sales to gradually decline due to increased competition following the patent expiration of pelabresib. After 2044, no revenue from pelabresib sales is expected, as the compound nears the end of its product life cycle. This revenue pattern is typical in the biotech/pharmaceutical industry due to the expiration of key patents.

398. For the second compound, tulmimetostat, MorphoSys anticipates a later market introduction compared to pelabresib. Tulmimetostat is still in phase 2 of clinical trials and therefore requires more time than pelabresib up to the assumed regulatory approval. Consequently, revenues from product sales will occur in later years of the LRP. Management assumes that revenues from product sales of tulmimetostat will be generated through a (hypothetical) partner. Under this partnership agreement, a partner will transfer agreed-upon milestone payments upon the achievement of certain triggering events in research and development and license fees (royalties) to MorphoSys. Market exclusivity is expected to protect the tulmimetostat compound until early 2040s, based on management's most recent expectations for market approval and launch. Therefore, the business plan does not forecast revenue associated with tulmimetostat beyond 2044. Due to uncertainty of success in clinical development of tulmimetostat, the business plan includes a risk-adjustment for each indication to reflect the respective probability of success. The contribution of tulmimetostat to (risk-adjusted) total revenues over the planning period amounts to approximately 4%.

399. In addition to its own clinical development of compounds, MorphoSys also enters into partnerships to develop drug candidates. In the course of the clinical phases, it is decided on a case-by-case basis whether and at what point in time a partnership is sought for further development and commercialization. A drug candidate can either be fully out-licensed, developed independently or as part of a collaboration with a partner (co-development). However, the value contribution of the partner pipeline is subordinate to the company's own pipeline. Revenue from partner programs will contribute to a small portion of ca. 15% to total revenues of MorphoSys. It is assumed that in the late 2030s, the partner programs in connection with the compounds abelacimab, ianalumab, setrusumab and bimagrumab, which account for a significant proportion of the revenue shares from the partner programs, will expire.

Plausibility assessment on planned revenues

400. The planned revenue development is largely determined by pelabresib. The revenue curve for pelabresib over the lifecycle of the compound shows the expected characteristics with a sharp revenue uptake starting in 2026, peak sales in 2036 and a quick decline following loss of exclusivity. We also reviewed the risk-adjustments by each indication (assumptions on Probability of Success (PoS)) which were deemed plausible. With regard to the partnering assumption for the distribution of pelabresib in the countries outside of USA and the assumed out-licensing of tulmimetostat, we noted that assumed future milestone payments and the assumption about the royalty rate largely affect how much revenue from both compounds can be generated and that these assumptions are based on hypothetical negotiations with potential distribution partners. Due to the sensitivity of these assumptions and the fact that management of MorphoSys assumed that a majority of the value creation from pelabresib in ex-USA countries is captured by the hypothetical cooperation partner, we conclude that this assumption may be plausible but represents a rather conservative estimate. Depending on the hypothetical cooperatoin partner and the respective negotiating power of both parties as well as the assessment of the product-specific risks, a stronger allocation of the earnings contributions from pelabresib and tulmimetostat to MorphoSys would also have been

plausible, at least theoretically. Nevertheless, the risks in connection with the approval of pelabresib cannot be completely ignored, e.g. the risks that a negotiating partner may face when negotiating milestone payments. Against the background of these considerations, the assumptions made by the Management Board of MorphoSys are considered plausible.

401. Based on the analyses conducted on the revenue development of MorphoSys, we believe that the planned revenues are derived on reasonable and well-documented assumptions. Nevertheless, it must be pointed out that the revenues resulting from pelabresib largely depend on its US marketing approval.

4.4.2. Earnings before interest and taxes (EBIT)

402. Overall, MorphoSys expects earnings before interest and taxes (EBIT) to increase from EUR -213.8m in Q2-Q4 2024 to EUR 809.9m in the peak financial year 2036 and to reach EUR 62.3m at the end of the planning period in 2044. In 2024, the EBIT margin is impacted by one-off expenses related to the accelerated vesting of LTI programs and transaction costs of MorphoSys' acquisition by Novartis. EBIT turns positive with the first milestone payments in 2025 and will amount to EUR 46.1m. In the following year, the increase in sales for pelabresib still does not cover the production and operating costs resulting in a negative EBIT, also due to missing milestone payments compared to 2025. The EBIT turns positive again in 2027 and will amount to EUR 12.5m.

403. In the period from 2027 until the peak sales are reached, the EBIT development corresponds to an average annual growth rate of 203.3% and a significant improvement in the EBIT margin from 8.9% to 82.7%. The main reason for the improvement of the expected EBIT margin is the increase in product sales of pelabresib, while the ratio of general and administrative expenses (G&A) to revenue falls from 20.7% in 2027 to 2.6% in 2036. In absolute values the G&A expenses over this period falls from EUR 29.0m in 2027 to EUR 25.1m in 2036. Following the loss of market exclusivity and subsequent decline in revenues, the EBIT margin ranges between 78.8% and 86.4% although declining in absolute values from EUR 809.9m to EUR 62.3m. This development is also largely driven by the G&A expense ratio: As G&A expense ratio is expected to remain relatively flat between 1.6% and 2.3% thereafter, the G&A expenses in absolute values decrease towards the end of planning period, reaching EUR 1.4m by the end of the business plan in 2044. Furthermore, the research and development (R&D) expenses are continuously declining in the course of the planning period ceasing entirely after the expiration of key patents. This reduction is due to a strategic focus on the sale of the compounds and the fact that no R&D expenses are required after completion of development for all existing product/ compound candidates. Selling expenses are anticipated to remain relatively stable in absolute terms during the midterm, with a slight increase until the loss of exclusivity, after which selling expenses significantly decrease.

404. Comparing margins and ratios to the peer group is not a reliable way to assess the MorphoSys' financial performance, as the timeline for product market launch varies between the peers and not directly comparable to MorphoSys. Therefore, benchmarking is not meaningful for the analysis of business plan.

Gross profit

405. The gross profit increases from EUR 3.2m in the Q2-Q4 2024 to EUR 897.5m in the 2036 financial year before falling to EUR 68.8m by the end of the planning period in 2044. The cost of sales increase from EUR 4.4m in Q2-Q4 2024 to EUR 81.4m in 2036 and then decline again to EUR 3.3m in 2044. Pre-approval commercial manufacturing and setup expenses of pelabresib are relatively high and affect gross profit in the early years of the planning period. Beside production costs, the cost of sales includes payments to Royalty Pharma under the revenue participation agreement related to the obligation of transferring 3% of future net sales of pelabresib and tulmimetostat.

406. Cost of sales is determined individually for each indication based on the respective probabilities of success in connection with the compounds under development. For tulmimetostat the costs for production are expected to be carried by the potential partner as part of the partnership agreement. In contrast, for pelabresib, the partner is responsible for production costs only outside the US. No cost of sales is anticipated for tafasitamab as a consequence of the sale and transfer of tafasitamab to Incyte on 5 February 2024 as presented above.

407. The gross margin remains nearly stable, as the business plan assumes that cost of sales are linked to revenue from product sales. However, due to occasional milestone payments included in the revenues, the gross margin varies over the planning period. From the launch of pelabresib until the end of the planning period, the gross margin is projected to range between 88.3% and 97.7%, with an annual average of 93.0%. The projected gross margins are in line with MorphoSys' past gross margin ambitions for tafasitamab and are therefore deemed plausible.

EBIT

General and administrative expenses

408. General and administrative (G&A) expenses decrease over the first three years of the planning period following the cost optimization program in 2024 introduced due to the sale of tafasitamab. A significant portion of the G&A expenses for the 2024 financial year occurred in Q1 2024, primarily related to the accelerated vesting of certain share-based compensation programs and the recognition of remuneration-related provisions following the acquisition by Novartis. Of the total EUR 237.7m G&A expenses projected for 2024, only EUR 52.1m are planned to occur in the Q2-Q4 2024 and included in the business plan used for valuation purposes.

409. The G&A expenses fall from EUR 52.1m in Q2-Q4 2024 to EUR 29.0m by 2027. This decline in G&A expenses is caused by further reductions of certain corporate functions. Management Board (*Vorstand*) assumes that after the delisting of MorphoSys around 15% of the full-time positions in administration can be saved. For the following planning period from 2028 to 2034, management expects constant G&A expenses at the level of EUR 29.0m, implying further slight reductions as G&A does not increase despite inflation-related price increases as well as increases of wages and salaries.

410. For the further development of G&A expenses in the period from 2035 to 2044, Management Board (*Vorstand*) assumes declining administrative expenses in order to take into account the fact that revenues from the sale of pelabresib and tulmimetostat will gradually decline and, in accordance with the MorphoSys' strategy, MorphoSys' business operations are expected to be terminated by the end of 2044. In order to take this strategy into account in the LRP in a simplified manner, it is assumed that a reduction in administrative expenses can be achieved with constant administrative expense ratios in relation to revenues. The administrative expenses were allocated to the business activities in Germany and the USA on the basis of information provided by management. In 2044, the Management Board did not consider any additional expenses in connection with the (assumed) termination of business operations.

411. As a result, the ratio of G&A expenses to revenue will initially fall sharply from 689.9% in Q2-Q4 2024 to 17.0% in the launch year of pelabresib and will continue to decline due to increasing revenue from pelabresib until peak sales are expected to be reached in the medium term. This decline correlates with the increase in revenue due to the commercialization of pelabresib after its market launch and the medium-term market launch of tulmimetostat. Thereafter, the administrative expense ratio will fall further to 2.6% in 2036 due to increasing revenues and constant G&A expenses. For the planning period following the year when the peak sales have been reached until the end of the business plan period (2037-2044), the G&A expense ratio will remain between 1.6% and 2.3%, assuming that cost reductions can be achieved in relation to the decline in sales volume in the USA and Germany.

Research and development (R&D) expenses

412. Research and development expenses decrease continuously over the planning period, declining from EUR 137.7m in Q2-Q4 2024 to EUR 2.2m in 2034. The ratio of R&D expenses to revenue from 2025 to 2034 is between 0.2% and 58.8%. After 2034, no R&D expenses are projected in the business plan.

413. The R&D expenses are projected individually for each indication and weighted by the respective probabilities of success in connection with the indications under development. The decline in the R&D ratio is largely due to the advanced stage of development and the comprehensive results of the MANIFEST-2 phase 3 trial in connection with the compound pelabresib in the indication myelofibrosis. Consequently, a large proportion of R&D expenses are allocated to the compound pelabresib and to a lesser extent to tulmimetostat. Although MorphoSys anticipates development costs for tulmimetostat, these are planned to be carried by a potential partner from 2025 onwards, meaning that R&D expenses for tulmimetostat will only be incurred for MorphoSys in 2024. The R&D expenses mainly include the personnel expenses, expenses for external laboratory services and legal and scientific consulting services. As Incyte assumed full responsibility and covered all costs for the development of tafasitamab on 5 February 2024, no related R&D expenses for this indication are projected going forward.

Selling expenses

414. Selling expenses relate solely to commercialization in the US and are relatively stable over the planning period. In the financial year 2024, the selling expenses in amount of EUR 42.6m are projected, of which EUR 18.5m incurred in Q1 2024. The selling expenses are projected to increase from EUR 24.2m in Q2-Q4 2024 to EUR 54.6m in 2028 at an average annual growth rate of 6.8%. Afterwards, these costs remain stable until the expiration of the key patents for pelabresib and range between EUR 53.2m and EUR 54.8m. The selling expenses are planned to decrease after 2036 until reaching EUR 5.1m in 2044. The commercialization of compounds outside the US is planned to be done through potential partner who is anticipated to carry all related selling costs under the partnership agreement.

415. The ratio of selling expenses to revenue initially falls sharply from 320.1% in Q2-Q4 2024 to 21.6% in 2025 and decreases further to its 5.5% in 2036. The selling expenses ratio then fluctuates between 5.4% and 7.6% until the end of the business plan in 2044.

Other expenses

416. Other expenses in the business plan are the expenses related to discontinued operations (tafasitamab). These costs are expected only for Q2-Q4 2024 and amount to EUR 2.8m.

4.4.3. Financial result

417. The financial result in the planning period comprises interest expenses on financial liabilities from Development Funding Bond, interest expenses on convertible bond, interest expenses on Shareholder Loan Facility, interest expenses on lease liabilities as well as interest income from cash deposits.

418. Starting at EUR -1.6m in Q2-Q4 2024, the financial result in the planning period is initially expected to decrease to EUR -48.3m in 2026 due to drawing of credit from the Shareholder Loan Facility with Novartis BidCo AG. However, as the commercialization of pelabresib and tulmimetostat generate increasing revenues, the interest income is projected to increase over the course of the planning period. The Development Funding Bond and the credit from the Shareholder Loan Facility are expected to be repaid by 2033. Consequently, the financial result is expected to improve from EUR -46.6m in 2027 to EUR -0.2m by the end of the planning period in 2044. The majority of interest expenses up to 2033 relate to the Development Funding Bond and the Shareholder Loan Facility, whereas the majority of the substantially lower interest expenses between 2034 and 2044 is related to lease liabilities. Interest expenses on the convertible bond were assumed to only incur in the Q2-Q4 2024, afterwards the Shareholder Loan Facility is assumed to replace the convertible bond .

4.4.4. Taxes on income

419. In principle, detailed tax planning was not carried out by MorphoSys and for the valuation purpose was made by ValueTrust based on information provided by MorphoSys. The tax planning by ValueTrust does not analyse tax deferrals but is based on cash taxes, i.e. taxes that actually lead to cash outflows in a certain financial year. The tax planning assumptions take into account existing and future tax losses carried forward for MOR AG (corporate tax and trade tax) as well as entities of the US tax group (federal corporate income tax and state corporate income tax). For these purposes, the taxable income for Germany and USA was derived separately and is based on the following assumptions.

420. Revenues from pelabresib and tulmimetostat including respective milestone payments were assumed to be subject to US corporate taxes because the intellectual property (IP) for both compounds resides in the USA. All costs associated with the development, production, commercialization and administration of pelabresib and tulmimetostat were therefore assumed to occur in the US as well. Based on the assumption that all IP for MorphoSys' out-licensed programs is located in Germany, corresponding revenues and costs were assumed to be subject to German corporate and trade tax. Depreciation and amortization as well as all interest expenses were assumed to affect taxable income in Germany. In connection with the financing of the Constellation acquisition by Royalty Pharma Inc., payments received from Royalty Pharma for future license revenues were recognized as deferred income in the tax accounts. The linear derecognition of this deferred income is assumed to lead to taxable income in Germany in the future. Furthermore, existing and future tax credits for qualified R&D expenses, as well as qualified research expenses on medications with Orphan Drug Status (i.e. pelabresib) were also considered in deriving US taxable income.

421. Based on these assumptions, it is projected that tax loss carry forwards for corporate tax and trade tax in Germany will be fully utilized by 2030 respectively. For US federal and state corporate income tax, the tax loss carryforwards are expected to be fully utilized by 2030, respectively. Tax credits are projected to be fully utilized by 2032.

422. In 2025 to 2027, MorphoSys is assumed to pay taxes despite negative earnings before tax due to significant milestone payments in Germany which are not fully offset by tax loss carryforwards due to minimum taxation rules. In the following period 2027 to 2029, the effective tax rate increases steadily from 9.5% to 22.9% in 2032 due the continued use of tax loss carryforwards and tax credits in the USA. In the period 2033 to 2044, the effective tax rate only varies slightly between 27.2% to 27.4% which is MorphoSys' combined effective tax rate based on the allocation of taxable income between Germany and the USA.

4.4.5. Annual result

423. In Q2-Q4 2024, MorphoSys anticipates a net loss for the year of EUR -215.3m, in particular due to the overall strategy to maximize proprietary drug pipeline development opportunities. However, in line with the study results of pelabresib and its anticipated market launch integrated into the planned business development, a net income margin of 60.2% or EUR 589.5m is expected in 2036 which increases to 62.5% or EUR 45.1 at the end of the planning period in 2044.

4.4.6. Balance sheet planning

424. MorphoSys does not plan an integrated balance sheet within the planning process. As part of the valuation activities, ValueTrust extrapolated the balance sheet as of 31 March 2024 using company's refinancing planning, capital expenditure assumptions, assumptions to operating cash and working capital as well as own assumptions regarding other items of the balance sheet for the years 2024 to 2044. For the valuation purposes, the balance sheet was adjusted by eliminating intangible assets (including goodwill) and investments in associates from the total assets. Additionally, financial liabilities from collaborations and future payments to Royalty Pharma were removed from total liabilities, resulting in a subsequent adjustment of equity. The future development of the balance sheet which is used for valuation purposes, is analyzed below. The balance sheet values generally relate to 31 December of the respective financial year:

Assets

Balance sheet – projection (2024 – 2030)

In EURm

Assets	Projection						
	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030
Intangible assets (incl. goodwill)	-	-	-	-	-	-	-
Tangible assets	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Investments in associates	-	-	-	-	-	-	-
Other non-current assets	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Non-current assets	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**
Inventories	4.4	0.0	2.4	10.6	24.7	38.5	47.8
Accounts Receivable	1.9	46.4	26.5	34.5	87.6	130.3	162.6
Receivables and Other Assets	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Cash and cash equivalents	200.0	200.0	35.5	28.9	25.8	23.6	23.5
Other current assets	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Current Assets	**224.5**	**264.8**	**82.8**	**92.4**	**156.5**	**210.8**	**252.2**
Total Assets	**244.0**	**284.2**	**102.2**	**111.8**	**175.9**	**230.2**	**271.6**

Balance sheet – projection (2031–2037)

In EURm

Assets	Projection						
	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037
Intangible assets (incl. goodwill)	-	-	-	-	-	-	-
Tangible assets	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Investments in associates	-	-	-	-	-	-	-
Other non-current assets	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Non-current assets	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**
Inventories	53.9	59.8	65.2	72.3	77.6	81.4	44.6
Accounts Receivable	179.6	199.4	213.0	240.1	239.2	241.4	129.2
Receivables and Other Assets	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Cash and cash equivalents	21.5	21.5	21.5	21.5	20.5	19.8	10.1
Other current assets	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Current Assets	**273.3**	**299.1**	**318.1**	**352.2**	**355.6**	**360.9**	**202.2**
Total Assets	**292.7**	**318.5**	**337.5**	**371.6**	**375.1**	**380.4**	**221.6**

Balance sheet – projection (2038–2044)

In EURm

Assets	Projection						
	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044
Intangible assets (incl. goodwill)	-	-	-	-	-	-	-
Tangible assets	11.0	11.0	11.0	11.0	11.0	11.0	-
Investments in associates	-	-	-	-	-	-	-
Other non-current assets	8.5	8.5	8.5	8.5	8.5	8.5	-
Non-current assets	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	-
Inventories	34.9	31.5	7.8	6.3	5.1	4.1	-
Accounts Receivable	73.4	62.2	39.9	32.4	26.4	21.7	-
Receivables and Other Assets	4.9	4.9	4.9	4.9	4.9	4.9	-
Cash and cash equivalents	6.0	4.9	3.8	3.0	2.4	7.3	-
Other current assets	13.4	13.4	13.4	13.4	13.4	13.4	-
Current Assets	**132.6**	**116.9**	**69.8**	**60.0**	**52.2**	**51.4**	-
Total Assets	**152.0**	**136.3**	**89.2**	**79.4**	**71.7**	**70.8**	-

Non-current assets

425. Total assets are expected to increase by an average of 8.6% per year until the peak product sales are reached from EUR 244.0m in 2024 to EUR 380.4m in the 2036 financial year. Afterwards, the total assets decrease due to the dividend payout and capital decrease, reaching EUR 70.8m in 2043 and are equal to zero in 2044. Non-current assets are expected to stay constant until 2043 and current assets are expected to grow until the peak product sales in 2036 and subsequently decrease until all asset positions are fully depleted by 2044.

426. MorphoSys' non-current assets are expected to remain at EUR 19.4m from 2024 to 2043. The stable development of non-current assets is due to no changes in tangible assets, with property, plant and equipment remaining at EUR 3.3m and right-of-use assets at EUR 7.6m. The underlying planning assumption is based on a constant capital expenditure (CAPEX) rate and depreciation & amortization (D&A) rate of 1% of expected revenues over the planning period. MorphoSys has not forecasted any further components other than tangible assets within non-current assets.

Current assets

427. MorphoSys' current assets are expected to increase from EUR 224.5m in 2024 to EUR 360.9m in 2036 with an average annual growth rate of 10.2%. This increase is primarily driven by a rise in cash and cash equivalents, with a lesser extent attributed to increases in inventories and accounts receivable.

428. According to management, the minimum cash required for MorphoSys' operating activities, including ongoing development and primarily personnel expenses, is EUR 200m p.a. for 2024 and 2025. In subsequent years, the minimum operating cash is equivalent to three months of operating expenses.

429. Inventories are projected to develop in proportion to the cost of sales, with the Days Inventory Outstanding (DIO) remaining constant at 365 days throughout the planning period. Inventories are expected to increase from EUR 4.4m at the end of 2024 to EUR 81.4m in 2036. Following the loss of market exclusivity for pelabresib and tulmimetostat, inventories are anticipated to decrease to EUR 4.1m by 2044. Accounts receivable are expected to develop with a constant Days Sales Outstanding (DSO) of 90 days over the planning period. Accounts receivable are projected to increase from EUR 1.9m in 2024 to EUR 241.4m in 2036, then decrease to EUR 21.7m by the end of the planning period. As MorphoSys only makes planning assumptions for inventories, accounts receivable, and cash and cash equivalents, other items within current assets are held constant based on their values as of 31 March 2024. Other receivables and other current assets, which make up only a small portion of total current assets, remain constant at EUR 18.3m in total.

Equity and liabilities

430. In addition to interest-bearing and non-interest-bearing liabilities, the liabilities side of the balance sheet also includes provisions and equity, which is derived by ValueTrust based on the reasonable assumptions and integrated into the business plan. The following breakdown of the liabilities side of the balance sheet is a presentation for valuation purposes.

Balance sheet – projection (2024 – 2030)

In EURm / in percent

Equity & Liabilities	Projection						
	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030
Equity	**-528.3**	**-545.3**	**-645.9**	**-691.6**	**-529.5**	**-218.3**	**-41.3**
Provisions	**58.1**	**64.7**	**71.3**	**66.2**	**52.0**	**52.0**	**52.0**
Bonds	-	-	-	-	-	-	-
Credit from Shareholder Loan Facility	233.8	289.1	235.5	334.1	292.9	83.1	-
Lease liabilities	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Development Funding Bond	394.8	390.0	355.6	317.4	274.9	227.7	175.3
Interest Bearing Liabilities	**641.3**	**691.9**	**603.9**	**664.2**	**580.5**	**323.5**	**188.0**
Financial liabilities from collaborations	-	-	-	-	-	-	-
Financial liabilities from future payments to Royalty Pharma	-	-	-	-	-	-	-
Accounts Payable and Accruals	72.6	72.6	72.6	72.6	72.6	72.6	72.6
Other non-interest bearing liabilities	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deferred tax liability	-	-	-	-	-	-	-
Total Equity and Liabilities	**244.0**	**284.2**	**102.2**	**111.8**	**175.9**	**230.2**	**271.6**

Balance sheet – projection (2031 - 2037)

In EURm / in percent

Equity & Liabilities	Projection						
	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037
Equity	**38.0**	**128.4**	**199.9**	**234.0**	**237.4**	**242.7**	**116.8**
Provisions	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**
Bonds	-	-	-	-	-	-	-
Credit from Shareholder Loan Facility	-	-	-	-	-	-	-
Lease liabilities	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Development Funding Bond	117.1	52.4	-	-	-	-	-
Interest Bearing Liabilities	**129.8**	**65.2**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**
Financial liabilities from collaborations	-	-	-	-	-	-	-
Financial liabilities from future payments to Royalty Pharma	-	-	-	-	-	-	-
Accounts Payable and Accruals	72.6	72.6	72.6	72.6	72.6	72.6	39.8
Other non-interest bearing liabilities	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deferred tax liability	-	-	-	-	-	-	-
Total Equity and Liabilities	**292.7**	**318.5**	**337.5**	**371.6**	**375.1**	**380.4**	**221.6**

Balance sheet – projection (2038 - 2044)

In EURm / in percent

Equity & Liabilities	Projection						
	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044
Equity	**55.9**	**43.2**	**17.3**	**8.7**	**2.1**	**2.1**	-
Provisions	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	-
Bonds	-	-	-	-	-	-	-
Credit from Shareholder Loan Facility	-	-	-	-	-	-	-
Lease liabilities	12.7	12.7	12.7	12.7	12.7	12.7	-
Development Funding Bond	-	-	-	-	-	-	-
Interest Bearing Liabilities	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	-
Financial liabilities from collaborations	-	-	-	-	-	-	-
Financial liabilities from future payments to Royalty Pharma	-	-	-	-	-	-	-
Accounts Payable and Accruals	31.1	28.1	6.9	5.6	4.5	3.7	-
Other non-interest bearing liabilities	0.3	0.3	0.3	0.3	0.3	0.3	-
Deferred tax liability	-	-	-	-	-	-	-
Total Equity and Liabilities	**152.0**	**136.3**	**89.2**	**79.4**	**71.7**	**70.8**	-

Equity

431. Equity is developed on an integrated basis, taking into account the annual result for the respective period and the dividend distributions. ValueTrust makes the assumption that all non-operating liquidity in a period can be paid out to shareholders in the form of dividends. The first dividend payments are assumed to occur in 2030, two years after MorphoSys starts generating positive annual results.

432. Equity is expected to increase over the planning period from EUR -528.3m in 2024 to EUR 242.7m in 2036. The increase in equity is driven in particular by the positive planned development of net profit for the year. In the following periods, equity gradually declines due to the dividend distributions planned by ValueTrust. The remaining equity in the amount of EUR 2.1m at the end of the planning period in 2044 is distributed to shareholders via capital reductions.

Provisions

433. Provisions are projected to decrease from EUR 278.7m as of 31 March 2024, to EUR 58.1m by 31 December 2024. This decrease is related to the assumed partial cash settlement of the Pre-2024 Long-Term Incentive Plans and payments associated with the acquisition of MorphoSys by Novartis and the resulting change of control. The payments include transaction costs in the amount of EUR 77.0m. The remaining provisions relate to future personnel expenses for which either the timing or the amount are uncertain. The development of the provisions relating to the 2024 LTI plan was forecasted by ValueTrust using linear vesting assumptions for the PSUP/RSUP.

434. During the planning period, provisions increase in connection with the regular vesting for the PSUP and RSUP under the 2024 LTI plan. After 2026, provisions are assumed to decline due to the settlement of the 2024 RSUP program in 2027 and the 2024 PSUP program in 2028 for the beneficiaries of MorphoSys. As of the valuation date, MorphoSys management is not in a position to state whether and when the remaining provisions in the amount of EUR 52.0m will either be settled or released in the future. It was therefore assumed that provisions remain constant beyond 2028.

Interest-bearing liabilities

435. Liabilities comprise interest-bearing and non-interest-bearing liabilities.

436. Interest bearing liabilities will increase from EUR 641.3m in 2024 to EUR 691.9m in 2025 and then decrease to EUR 12.7m by the end of the planning period in 2044.

437. Following the completion of the takeover offer and subsequent change of control, MorphoSys requires to settle the convertible bond in 2024. As a result, the convertible bonds will no longer apply after 2024 and will no longer be included in the business plan. To enable the repayment of convertible bond and to settle further obligations over the course of the planning period, MorphoSys plans to draw a credit from the Shareholder Loan Facility concluded with Novartis

BidCo AG. The Credit from Shareholder Loan Facility is projected to increase from EUR 233.8m in 2024 to EUR 334.1m in 2027 and is expected to be fully repaid by 2030.

438. The Development Funding Bond is the largest item within interest-bearing liabilities and is expected to decrease continuously from EUR 394.8m in 2024 before being fully repaid according to the repayment schedule in 2033.

439. MorphoSys did not incorporate lease liabilities into their financial planning. As a result, these liabilities are projected to remain constant at the value of EUR 12.7m throughout the planning period for valuation purposes.

Other non-interest bearing liabilities

440. Non-interest-bearing liabilities, which primarily consist of accounts payable and accrued expenses, are also projected to stay constant at the amount of EUR 72.9 from 31 March 2024 until peak of product sales in 2036. In the following period, the accounts payable and accrued expenses decrease continuously and reach EUR 3.7m in 2043. The total non-interest-bearing liabilities equal to EUR 4.0m in 2043.

4.4.7. Result of the analysis of the planned accounts

441. To ensure a consistent derivation of future cash flows and growth rates, the key assumptions and premises of the business plan were analysed and checked for plausibility. The planning process and planning accuracy were also analysed.

442. The budget and Long-Range Plan (LRP) were adopted by management of MOR AG in its resolution on 4 July 2024. Up to this point in time, the budget and the LRP have undergone several revisions in 2024 and were updated to account for new developments which included – among others – the Takeover Offer by Novartis and the sale of tafasitamab to Incyte, the acquisition of HI-Bio by Biogen Inc., the announcement of the delisting of MOR AG and the Change in pelabresib filing guidance in April 2024.

443. ValueTrust used the business plan adopted by management with the following adjustments for valuation purposes:

i. The budget is planned in EUR, while the planning assumptions in the LRP are mainly planned in US dollars and converted into EUR using a constant exchange rate. ValueTrust has updated the exchange rate for valuation purposes.

ii. At the same time as the Management Board (*Vorstand*) and supervisory board (*Aufsichtsrat*) of MorphoSys AG were preparing the adoption of the updated and revised budget and LRP on 4 July 2024, MorphoSys was informed about new developments regarding the HI-Bio transaction. The information could not be taken into account in the draft resolution. As a result, ValueTrust has made minor adjustments to the LRP, which lead to higher revenues in the business plan.

iii. The LRP's simplified tax planning was replaced by ValueTrust's tax planning in order to consider existing and future tax losses in Germany and the USA as well as US tax credits for qualified research expenses according to US tax law.

iv. According to Management Board (*Vorstand*), MorphoSys AG plans to maintain a minimum operating cash position of EUR 200m in 2024 and 2025 to ensure operational continuity. In subsequent years, the minimum operating cash will be equivalent to three months of operating expenses. This corresponds to a minimum operating cash ratio (as a percentage of revenue) ranging from 1.9% and 33.0% between 2026 and 2044.

v. The balance sheet planning contained in the LRP only considered assumptions for capital expenditures for fixed assets (CapEx) and D&A over the planning period, leading ValueTrust to make adjustments for the remaining positions for valuation purposes. These assumptions and/or adjustments relate to an integrated planning approach for the financial result (i.e. interest income and interest expenses), assumptions on operating cash requirements of the business.

vi. The budget and the LRP do not contain any assumptions regarding the distribution of excess cash not required for operations in the form of dividends or, if applicable, capital reductions. Based on the planning assumptions for pelabresib and tulmimetostat, MorphoSys will generate distributable amounts for the first time in 2027. Due to the assumed success of pelabresib and tulmimetostat and the company's strategy of not developing new compounds after pelabresib and tulmimetostat, ValueTrust assumes that from 2030 onwards, excess cash will be distributed to shareholders as dividends and withdrawals from capital reserves.

vii. Based on the strategy pursued by the Management Board (*Vorstand*), the remaining carrying amount of equity of EUR 2.1m at the end of the planning period in 2044 will be returned to the shareholders.

444. The planned revenue is based on proprietary drug pipeline opportunities as well as partnership agreements. Overall, MorphoSys expects a cyclical development with peak sales in the medium

term, common for the product life cycles within the biotech industry, which is to come mainly from the market introduction of its internally developed lead compound pelabresib. The high revenue growth is also supported by the development of tulmimetostat and several partner programs contributing to revenues, among others, via success-based milestone and royalty payments.

445. Based on the analyses carried out on the market and competitive environment, the planning of the Profit & Loss Statement and the Balance Sheet planning, the discussions held with the Management Board and other MorphoSys employees and the analysis of the planning process, the business plan is considered plausible against the background of the planned lifetime cycles for pelabresib and tulmimetostat in terms of revenue growth and the corresponding margin development.

Assessment of synergies according to IDW S 1 and DVFA-Recommendations

446. Neither the offer document published as part of the Takeover Offer nor the Transfer Report make reference to synergies following the integration of MorphoSys into Novartis. According to the information provided by Novartis, Novartis analyzed the sales and earnings potential as well as the risks associated with the approval and commercialization of pelabresib (and tulmimetostat) prior to launching the tender offer. In this context, it was assumed that the two drug candidates could be developed and commercialized through Novartis' global platform.

447. Based on our analyses and our plausibility check of the corporate planning of MorphoSys, we have not obtained any indications that (additional) pseudo-synergies exist and/or need to be taken into account for valuation purposes. The approach to the planning of revenues differs fundamentally between Novartis and MorphoSys, so that no pseudo-synergies regarding revenues can be identified and are therefore neither sufficiently concrete nor sufficiently documented in the business plan.

448. According to the business plan used for valuation purposes, MorphoSys benefits from lower refinancing costs from the Novartis shareholder loan. Further reductions in general and administrative expenses over the Budget and LRP periods have also already been taken into account. Any further cost synergies as a result of the integration of MorphoSys into Novartis are neither planned nor sufficiently substantiated at this point in time, as these are dependent on the approval of pelabresib and will only be planned in more detail after the completion of the merger and therefore no corresponding resolutions have been made.

449. According to the DVFA-Recommendations, synergies of a market participant are to be taken into account in the determination of the equity value, while purely buyer-specific synergies are not to be recognized. The business plan used for valuation purposes already contains the revenue potential from the outlicensing of pelabresib outside the USA and from tulmimetostat.

450. Against the background of the present case, it must be pointed out that specific buyers and (generic) market participants may have different views on MorphoSys earnings potential and the risks associated with realizing this potential. These differences on assumptions are highly sensitive and may therefore lead to substantially different valuation results. This is confirmed by the fact that MorphoSys' announcement as part of the Q1-2024 earnings release on 29 April 2024 with regard to the NDA filing for pelabresib in the second half of 2024 is expected to lead to a reduction of 5.4% in revenue expectations over the product life cycle. It is therefore likely that in this case there may be significant differences between market participant synergies and specific buyer synergies.

4.5. Convergence and terminal value phase

451. Usually the determination of the equity value on the basis of the DCF method or the discounted dividend model respectively the discounting of future cash flows is divided into at least two planning periods assuming a perpetual life for the business.

452. Furthermore, it may be appropriate to model an additional transitional phase (the so-called convergence phase) between the detailed planning period and the terminal value period. However, as part of the report and the DCF valuation we applied, a convergence and a terminal value phase was not included for several reasons outlined below.

453. Once pelabresib and tulmimetostat lose exclusivity, they will face competition from generics companies. This competition typically results in a significant drop in revenue as cheaper generic versions begin to gradually capture more market share. Consequently, sales from the original compounds will be slowly decreasing and market share will gradually decline. With only two products in development, MorphoSys lacks a diversified product pipeline to sustain revenues, which are unpredictable due to various factors, including clinical trial outcomes, regulatory approvals, and market acceptance. In contrast to the uncertain future revenues, the costs associated with drug development are certain and occur early in the process. These include research and development expenses, clinical trial costs, and regulatory compliance costs, which are substantial and must be incurred upfront. Furthermore, development costs are expected to substantially increase in the future which will render the acquisition of later-stage product candidates even more expensive. Additionally, licensing new products has become increasingly expensive. These rising costs make it even more challenging for MorphoSys to acquire new products that could potentially generate future revenues, limiting the company's ability to expand its product portfolio and sustain long-term profitability.

454. MorphoSys is also confronted with stringent regulatory requirements and faces competition. The pharmaceutical industry is highly regulated as well as highly competitive and dynamic. Compliance with evolving regulatory requirements may delay product launches and increase development costs, while new entrants and existing competitors can quickly erode market share, impacting the long-term profitability of MorphoSys' products. Rapid advancements in medical technology and innovation may further contribute to rendering existing products obsolete. This risk further diminishes the likelihood of sustained future cash flows from potential future development projects. Due to the size of MorphoSys and existing cash restrictions, the company has recently revised its strategy and focused all financial efforts on commercializing the two product candidates pelabresib and tulmimetostat. MorphoSys decided to discontinue its pre-clinical research program including all related activities and initiated certain cost-cutting measures in favour of its mid-to-late-stage oncology pipeline.

455. The company is also confronted with several commercial risks in connection with marketing authorization of compounds. Even if certain compounds reach the phase of market maturity, building up an entire functioning commercial organization requires extensive investments that need to be carried by the revenues of the launched drug. Market environments, especially in the field of pharmaceutical compounds, are often highly segmented and products face high competition pressure against other compounds. Aducanumab, Biogens' compound as a treatment for Alzheimer's disease, which also received accelerated FDA approval in the past, was discontinued recently by Biogen, mainly due to cost and efficiency reasons. This shows that even if product candidates had encouraging starts, this does not guarantee that these opportunities can be converted into viable active ingredients or even commercial success. In addition, the revenues potential of active ingredients can be impaired by patent disputes, challenges to patent validity, patent expiry or the exclusivity period, among other things.

456. Given the high risk and uncertainty associated with the company's future cash flows, the present value of expected future cash flows from 2044 onwards is deemed to have an immaterial impact and was thus assumed to be zero. This assumption is based on the previously described combination of high uncertainty in revenue generation and the certainty of substantial costs. In consideration of MorphoSys current corporate strategy, general market environment as well as the risk-and return profile of acquiring and/or developing new product candidates, management of MorphoSys assumes that business operations will cease after 2044. Consequently, no terminal value period is considered. Due to the low chances for commercializing of currently unknow product candidates, the effects of not including a terminal value period are deemed immaterial by ValueTrust. The combination of product lifecycle limitations, high development risk and costs, market and regulatory challenges, and historical performance uncertainties jointly contribute to the assessment that this approach is adequate.

4.6. Overview of main key figures and value drivers

Key figures and value drivers

In EUR m / in percent

	Projection												Last Year
	Q2-Q4 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035-43	2044
Revenues	**7.6**	**188.3**	**107.7**	**140.0**	**355.5**	**528.3**	**659.5**	**728.4**	**808.7**	**863.9**	**973.7**	[...]	**72.2**
growth (yoy)	*-96.8%*	*2391.8%*	*-42.8%*	*30.0%*	*153.9%*	*48.6%*	*24.8%*	*10.4%*	*11.0%*	*6.8%*	*12.7%*	[...]	*-17.9%*
EBITDA	**-213.7**	**46.4**	**-36.8**	**13.7**	**227.4**	**395.1**	**517.7**	**588.3**	**662.7**	**712.6**	**815.4**	**[...]**	**62.3**
in % of total revenues	*-2828.3%*	*24.6%*	*-34.2%*	*9.8%*	*64.0%*	*74.8%*	*78.5%*	*80.8%*	*81.9%*	*82.5%*	*83.7%*	[...]	*86.4%*
EBIT	**-213.8**	**46.1**	**-38.2**	**12.5**	**224.6**	**390.6**	**511.9**	**582.3**	**655.9**	**705.5**	**807.8**	**[...]**	**62.3**
in % of total revenues	*-2829.3%*	*24.5%*	*-35.5%*	*8.9%*	*63.2%*	*73.9%*	*77.6%*	*79.9%*	*81.1%*	*81.7%*	*83.0%*	[...]	*86.4%*
Annual result	**-215.3**	**-17.0**	**-100.5**	**-45.7**	**162.0**	**311.3**	**435.8**	**498.6**	**496.0**	**508.0**	**588.5**	**[...]**	**45.1**
in % of total revenues	*-2850.1%*	*-9.0%*	*-93.4%*	*-32.6%*	*45.6%*	*58.9%*	*66.1%*	*68.5%*	*61.3%*	*58.8%*	*60.4%*	[...]	*62.5%*
NOPLAT	**-198.0**	**657.3**	**-38.6**	**17.9**	**203.9**	**346.8**	**461.2**	**516.2**	**506.3**	**512.5**	**588.8**	**[...]**	**45.4**
in % of total revenues	*-2620.6%*	*349.2%*	*-35.9%*	*12.8%*	*57.4%*	*65.6%*	*69.9%*	*70.9%*	*62.6%*	*59.3%*	*60.5%*	[...]	*62.9%*
Fixed assets	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**[...]**	**-**
growth (yoy)	-	-	-	-	-	-	-	-	-	-	-	[...]	*-100.0%*
Turnover	*0.4x*	*9.7x*	*5.5x*	*7.2x*	*18.3x*	*27.2x*	*33.9x*	*37.5x*	*41.6x*	*44.5x*	*50.1x*	[...]	*3.7x*
CAPEX	**-0.1**	**-0.3**	**-1.4**	**-1.2**	**-2.9**	**-4.5**	**-5.8**	**-6.1**	**-6.8**	**-7.1**	**-7.6**	**[...]**	**11.0**
in % of total revenues	*-1.1%*	*-0.1%*	*-1.3%*	*-0.9%*	*-0.8%*	*-0.9%*	*-0.9%*	*-0.8%*	*-0.8%*	*-0.8%*	*-0.8%*	[...]	*15.2%*
Net Working Capital	**93.5**	**127.1**	**-61.5**	**-46.8**	**31.6**	**85.8**	**127.3**	**148.4**	**174.2**	**193.1**	**227.3**	**[...]**	**-**
growth (yoy)	*-71.1%*	*35.9%*	*-148.3%*	*-23.9%*	*-167.5%*	*172.0%*	*48.3%*	*16.6%*	*17.4%*	*10.9%*	*17.7%*	[...]	*-100.0%*
Turnover	*0.0x*	*2.0x*	*0.8x*	*-2.3x*	*-7.6x*	*16.7x*	*7.7x*	*5.7x*	*5.4x*	*5.0x*	*5.0x*	[...]	*-15.6x*
Interest-bearing debt (book value)	**641.3**	**691.9**	**603.9**	**664.2**	**580.5**	**323.5**	**188.0**	**129.8**	**65.2**	**12.7**	**12.7**	**[...]**	**-**
Equity (book value)	-528.3	-545.3	-645.9	-691.6	-529.5	-218.3	-41.3	38.0	128.4	199.9	234.0	[...]	-0.0
Equity (market value)	1,403.8	1,542.4	1,712.7	1,904.6	2,113.0	2,350.1	2,609.0	2,621.0	2,468.4	2,314.5	2,114.4	[...]	42.0
Financial leverage (at market values)	***0.5x***	***0.4x***	***0.4x***	***0.3x***	***0.3x***	***0.1x***	***0.1x***	***0.0x***	***0.0x***	***0.0x***	***0.0x***	[...]	**-**
Return on equity (ROE) based on market values	**-15.3%**	**-1.1%**	**-5.9%**	**-2.4%**	**7.7%**	**13.2%**	**16.7%**	**19.0%**	**20.1%**	**21.9%**	**27.8%**	**[...]**	**107.4%**
Levered cost of equity	**13.3%**	**11.0%**	**11.2%**	**10.9%**	**11.2%**	**11.0%**	**10.4%**	**10.2%**	**10.2%**	**10.2%**	**10.2%**	**[...]**	**12.3%**
Free Cash Flow (FCF)	**31.9**	**623.8**	**150.0**	**3.2**	**125.5**	**292.5**	**419.7**	**495.1**	**480.5**	**493.5**	**554.7**	**[...]**	**60.2**
growth (yoy)	-	-	*-76.0%*	*-97.8%*	*3780.2%*	*133.0%*	*43.5%*	*17.9%*	*-2.9%*	*2.7%*	*12.4%*	[...]	*10.4%*

5. COSTS OF CAPITAL

457. For the valuation of a company, the expected future financial surpluses must be discounted to the valuation date using a suitable interest rate. This interest rate is calculated from the (expected) return and the price of the best alternative use of capital compared to the valuation object. From an economic point of view, the capitalization rate represents the decision alternative of an investor who compares the return on his investment in the company to be valued with the return on a corresponding alternative investment in company shares. The capitalization rate represents the return from an alternative investment that is adequate for the investment in the company to be valued if this is equivalent to the cash flow to be capitalized in terms of maturity, risk and taxation.[110]

458. In the present case, the dividend discount method in accordance with IDW S 1 after personal taxes and the DCF method for determining the value in accordance with the DVFA-Recommendations before personal taxes are applied. Accordingly, the tax differences must also be reflected in the capitalization rates of both methods.

459. The distributions due to the equity providers are the basis for determining the value using the dividend discount method after personal taxes. Accordingly, the distributions are discounted using the cost of equity after personal taxes, which corresponds to the average expected return of the equity providers. The cost of equity capital owed is calculated on a period-specific basis.

460. The levered cost of equity after personal taxes are determined as follows:

$$r_{EK}^{V;apt} = r_{f\,(after\ pers.taxes)} + \beta_V \times MRP_{after\,pers.\ taxes}$$ [111]

with

$r_{EK}^{V;apt}$: Cost of equity after personal taxes

$r_{f\ (after\ pers.taxes)}$: Risk-free interest rate (after personal taxes)

$MRP_{(after\ pers.taxes)}$ Market risk premium (after personal taxes)

β_V: Levered beta factor

461. The levered cost of equity before personal taxes are determined on an accrual basis as follows:

[110] See IDW S 1, para. 113 ff.

[111] The formula shown is also applicable in the input tax world.

$$r_{EK}^{V;bpt} = r_{f(before\ pers.taxes)} + \beta_V \times MRP_{(before\ pers.taxes)}$$

with

$r_{EK}^{V;bpt}$:	Cost of equity before personal taxes
$r_{f(before\ pers.taxes)}$	Risk-free interest rate (before personal taxes)
β_V:	Levered beta factor ("levered beta factor")
$MRP_{(before\ pers.taxes)}$	Market risk premium (before personal taxes)

462. In particular, capital market returns for company investments (in the form of share portfolios) can be considered as a starting point for determining alternative returns. These returns can generally be broken down into a risk-free rate and a risk premium demanded by the shareholders due to the assumption of entrepreneurial risk.

463. The procedure described for determining the cost of equity after personal taxes can also be applied analogously to figures before personal taxes.

5.1 Risk-free rate

464. The risk-free rate represents the return on a (quasi) risk free investment with an appropriate maturity. A yield curve for government bonds can be used as the basis for estimating the risk-free rate, as the zero bond factors derived from the yield curve with matching maturities ensure compliance with the maturity equivalence. The yield curve shows the relationship between the interest rates and maturities of zero bonds without credit default risk.

465. The published yield curve data of the Deutsche Bundesbank or the ECB can be used to estimate the yield curve[112]. If a yield curve is used, the corresponding interest rate with an appropriate term can be determined for each plan year. For reasons of simplification, it is appropriate and accepted to calculate and use a uniform risk-free rate from the yield curve over the entire period, i.e. starting with the first year (so-called present value equivalent interest rate). To determine the risk-free rate, the IDW recommends the Svensson method, which is based on a procedure used by the Deutsche Bundesbank that calculates yield curves for hypothetical zero bond yields over various maturities. This estimation method enables the theoretical calculation of a zero-bond interest rate for each term to the reporting date. On this basis, a uniform risk free-rate of rounded 2.50% before personal taxes is assumed as at the valuation date, taking into account the specific profile and maturity of cash-flows in the business plan. After taking

[112] Estimate using the Svensson method.

into account the withholding tax of 25% and the solidarity surcharge of 5.5%, the uniform risk-free rate after personal taxes is rounded to 1.84%.

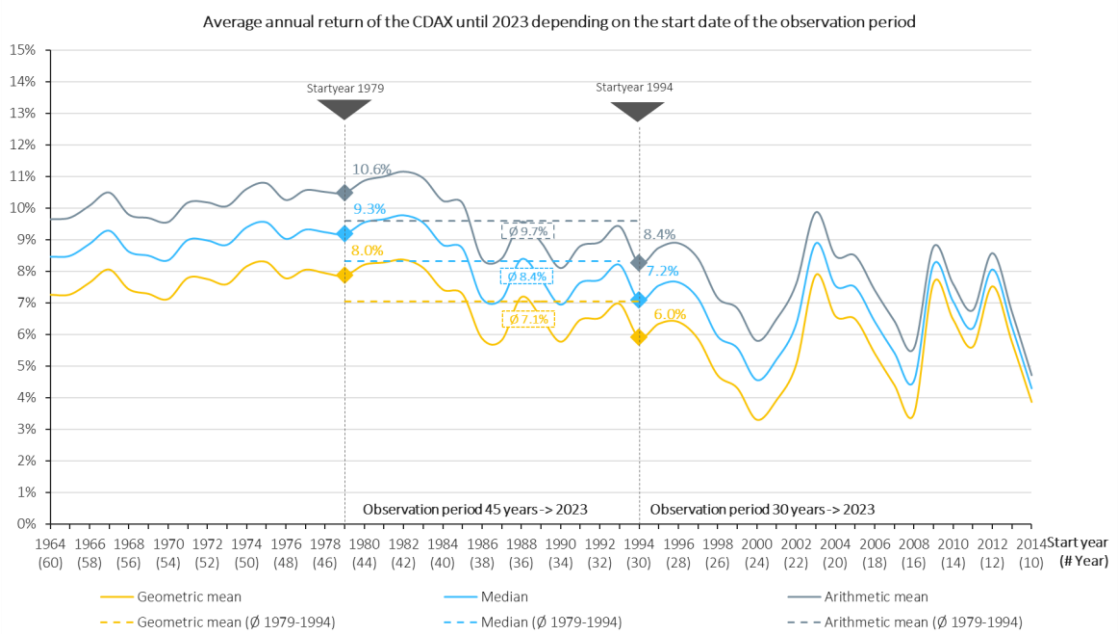
466. When determining an equity value, the risk premium is not based on the subjective risk appetite of individual company owners, but on the behaviour of the market. It must be assumed that investors perceive a particular risk when investing in companies (investor risk). The risk premium demanded for assuming this risk can be derived from the empirically determined share returns on the capital market with the help of capital market pricing models. In its standard form, the Capital Asset Pricing Model ("CAPM") is a capital market model in which capital costs and risk premiums are explained without considering the effects of personal income taxes. Regarding the cost of capital after personal taxes, the so-called "Tax-CAPM" is used. In addition to the risk-free interest rate, the market risk premium must also be converted into a figure after personal taxes.

5.2 Market risk premium

467. The market risk premium is defined as the difference between the expected value of the long-term yields of a market portfolio consisting of risky securities and the current risk-free rate on the valuation date, which is represented by the (quasi) risk-free interest rate of government bonds. Capital market studies have shown that investments in shares have generated higher returns in the past than investments in low-risk bonds. Historically observable total returns for a market portfolio range from 7.1% to 9.7% before personal taxes in the long term, depending on the observation period and the type of averaging.[113]

[113] Own analysis taking into account the CDAX as a market portfolio and various maturities.

Average annual return of the CDAX until 2023 depending on the start date of the observation period

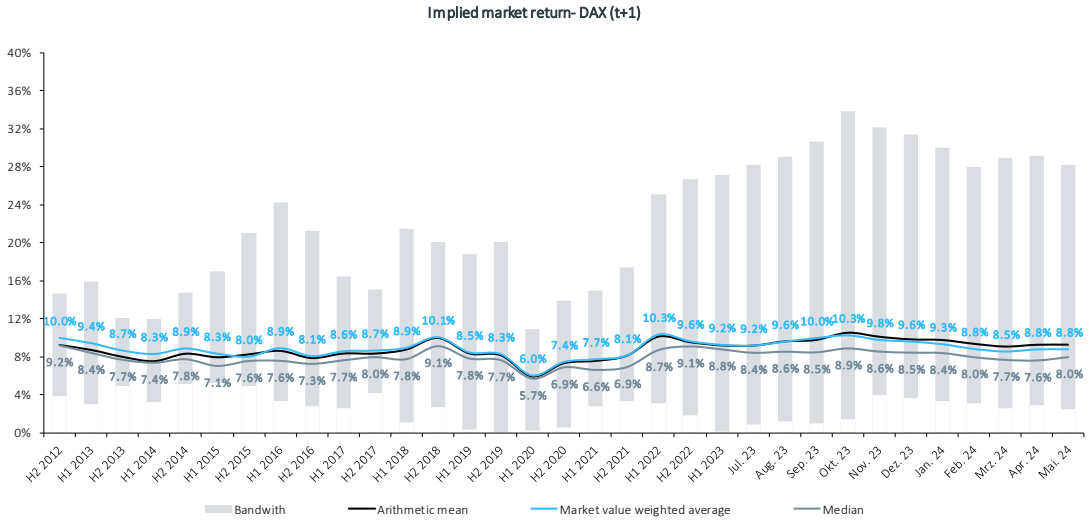


Source: ValueTrust's own analysis with data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)

468. As historically calculated total returns depend on the observation period and historical time series are influenced by the financial market crisis since 2007 and the low-interest phase, the results may be sensitive. Therefore, historical implied market returns can also be derived on the basis of analysts' estimates. These are based on the market capitalisation of the companies and the analysts' earnings forecasts, whereby different forecasts can be used for the periods. The forecast t+1 refers to the current financial year and the forecast t+2 to the following financial year. Based on the forecasts t+1, the implied market return in the period 2013 to the valuation date for the DAX[114] is in a range of 6.0% to 10.3% before personal taxes on a market value weighted average and amounts to 8.8% in May 2024. In the period from July 2023 to May 2024, the implied market return averages 9.3%:

[114] Own analysis by ValueTrust. Note: As there were insufficient analyst forecasts for the CDAX companies, the DAX was used as a basis here.

Implied market return – DAX (t+1)



Source: ValueTrust's own analysis using data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)

469. Due to the Covid-19 pandemic in 2020 and the first half of 2021, the implied market return based on analysts' low profit expectations for the next period t+1 fell significantly. From the second half of 2021, the implied market return for the next period t+1 increased. In the first half of 2022, the start of the war in Ukraine also led to a further increase in implied market yields, which have since remained at the higher level in a range of 8.8% to 10.3%.

470. If the profit or dividend forecasts for the current year are influenced by short-term special effects, such as the impact of an economic or financial crisis, and are therefore not representative of a sustainable level, the implied market returns calculated using a one-period model are systematically underestimated.

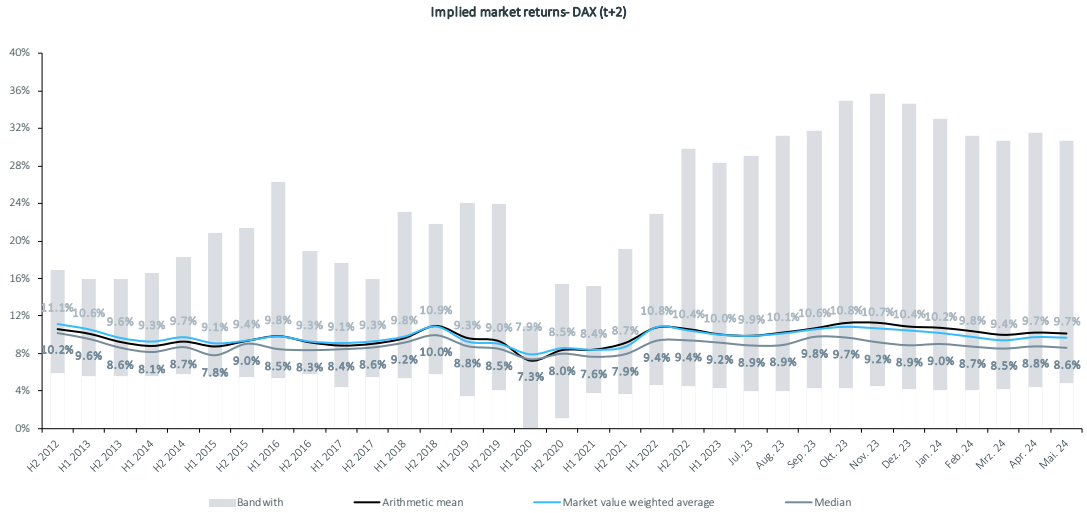
471. This was particularly evident at the time of the Covid-19 pandemic, when analysts expected profits to rise again in the following year t+2. It can therefore be assumed that the market risk premium is underestimated in times of crisis based on the estimates for period t+1. In these phases, the measured expected return is below the return actually demanded by the market in the longer term and can therefore not be used as an estimate for the implied market return.[115]

472. The implied market return in May for time t+2 is 9.7% and therefore higher than the value of a one-period model, although the difference between the two values is relatively small. The small difference indicates that the value of the one-period model is not distorted by current crisis events. From July 2023 until May 2024 the implied market return t+2 is on average 10.1%: [116]

[115] See Aschauer/Purtscher/Witte, Renditeforderungen in Krisenzeiten - Eine empirische Untersuchung der letzten Krisenereignisse, RWZ 6/2020.

[116] Own analysis by ValueTrust.

Implied market return – DAX (t+2)



Source: ValueTrust's own analysis with data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)

473. The inclusion of the MDAX companies in the implied market return model confirms the analyses carried out for the DAX. The implied return based on analyst estimates for the DAX and MDAX is 8.6% for time t+1. The implied return for time t+2 is 9.6% and thus also supports the implied return for time t+1.[117] These analyses do not provide any indications that investors will demand a different total return in the future.

474. The inclusion of the MDAX companies in the implied market return model confirms the analyses carried out for the DAX. The implied returns based on analyst estimates for the DAX and MDAX for t+1 have been in a range of 8.3% to 9.9% before personal taxes on a market value-weighted average since July 2023. In May 2024, the implied return is 8.6% and in the period from July 2023 to May 2024 an average of 9.1%. The range for the forecast period t+2 is 9.3% to 10.6%, with a value of 9.5% for May 2024 and an average of 9.9% for the period July 2023 to May 2024. These analyses give no indication that investors will demand a different total return in the future.

475. The historically and currently observed market returns indicate a range for the implied market return of between 9.5% and 10.1%. After deducting the risk-free rate before personal taxes of 2.5%, the implied returns of the DAX and MDAX result in a market risk premium before personal taxes of between 7.0% and 7.6%.

476. Based on its own studies of historical and implicit market risk premiums, the Expert Committee for Business Valuation and Economics of the IDW ("FAUB") recommends a market risk premium before personal taxes of 6.0% to 8.0% in its recommendation dated 22 October 2019.[118] Even in the situation of the war in Ukraine, the capitalization rate according to the FAUB in its

[117] All returns mentioned refer to returns before personal taxes.

[118] Cf. meeting of the IDW Expert Committee for Business Valuation and Business Administration on 22 October 2019: https://www.idw.de/idw/idw-aktuell/neue-kapitalkostenempfehlungen-des-faub/120158.

recommendation of 20 March 2022 is based on long-term analyses of average market returns, on the basis of which the FAUB continues to see the market risk premium in the range of 6.0% to 8.0%.[119] For the after-tax view, the FAUB recommends a range of 5.0% to 6.5%.

477. Based on the capital market studies we have conducted, the range recommended by the FAUB for the market risk premium, taking into account the current risk-free rate, is currently an appropriate range for the market risk premium before personal taxes of 7.0% to 7.5%. This corresponds to a range of 5.75% to 6.0% for the market risk premium after personal taxes. In addition, it is common practice in company valuations for structural measures under stock corporation law to use the mean value of the recommended IDW range. A market risk premium before personal taxes of 7.0% and 5.75% after personal taxes is therefore applied in the following value derivations.

5.3 Beta factor

478. The market risk premium discussed in the previous section must be modified with regard to the specific risk structure of the company to be valued. The company-specific risk is expressed in the so-called beta factor according to the (Tax-) CAPM.

479. As MOR AG is a listed company, the own beta factor of MOR AG can initially be used to estimate an appropriate beta factor, provided that this represents an adequate estimator for the risk of the business model depicted in the business plan. This is particularly the case if the corporate strategy and orientation of the past is essentially continued unchanged in the future and the share price as the basis for determining the beta factor in the relevant observation period is not distorted by special factors or extraordinary events.

480. The analysis of MOR AG's share price shows that there have been various important factors in the past. These include the acquisition of Constellation in 2021, which significantly shifted MorphoSys' strategy from a focus on pre-clinical research related to an antibody platform to a small molecule product in phase 3 nearing commercialization. In addition, the sale of all rights to tafasitamab to the previous collaboration partner Incyte was announced on 5 February 2024 in connection with the takeover offer from Novartis. As a result of the two before mentioned transactions, MOR AG's business model has been subject to significant strategic changes over the past five years and is therefore only comparable with MOR AG's future business model to a limited extent. In addition, the analysis of MOR AG's share price performance shows that it was characterized by high volatility in the period prior to the takeover offer. In addition to takeover speculation, this volatility was mainly due to the high level of uncertainty regarding the approvability of pelabresib. Study data published in November 2023 on the Phase 3 study results of pelabresib led to sharp price decreases before more detailed evaluations of the study data in December 2023 led to price increases.

481. Despite the limited comparability of MOR AG's previous business model, we have calculated the own beta from MOR AG's share returns for plausibility purposes. The own beta factor was

[119] Cf. impact of Russia's war against Ukraine on company valuations from 20 March 2022: https://www.idw.de/blob/135162/ae0030dbc7af2e7e74d9ae1875bfab/down-ukraine-idw-fachlhin-unternehmensbewertung-data.pdf

calculated over a two-year period with share and market returns prior to 4 February 2024, i.e. before the announcement of Novartis' intent to launch the Takeover Offer. In addition, the beta factor calculated on the basis of these analyses was subjected to recognized statistical tests (R-squared and T-test) which are commonly applied in valuation practice.

482. MorphoSys generated over 80% of its sales in the USA in the past. In order to determine the own beta factor, the returns of the MOR share were therefore not only regressed against the broadest German index returns but also against returns of the S&P500 index. The unlevered own beta factors for the MOR share are 0.65 (CDAX) and 0.53 (S&P500), but both fail the before mentioned statistical tests. Therefore, the index returns do not explain much of the variation in MorphoSys' share returns, which indicates that the development of the MOR share is influenced by other factors or characteristics. This leads to our assessment that the own beta factor is not suited to adequately capture the company-specific risk. The company's own beta factor is therefore not a suitable estimate of the operating risk of MOR AG, as neither the corporate strategy of the past is being continued unchanged nor do the statistical tests indicate that the derived beta factor is sufficiently robust.

483. In an overall assessment of the aforementioned aspects, the company's own beta factor of MOR AG is excluded for valuation purposes. The assessment that the company's own beta factor does not adequately reflect the operating risk is supported by the peer group beta factors presented below, which have significantly higher unlevered beta factors. The use of a peer group beta, which is derived from companies with similar operational, financial and operational characteristics, therefore offers a more stable and more representative estimate in this case.

484. The peer group beta factor – guaranteed by the scoring – has an operational risk comparable to the valuation object and can therefore be used as an alternative to determine the cost of capital for the valuation object. As with the consideration of the own beta factor, in connection with the relevance of the returns determined from the stock prices of the peer group companies, it is also necessary to check whether the returns used to determine the beta factor are not affected by distortions in the stock prices of the respective peer group companies. As part of this analysis, the development of the shares in free float, the daily trading volume (absolute and in relation to the free float) and the transaction costs (in form of the bid-ask spread) are examined. If the free float and the trading volume are low and the share price is influenced by other non-value-related events, individual beta factors of the peer group companies are not taken into account when determining the beta factor due to the limited "marketability" of the respective shares. Based on the debt beta factors observable on the capital market for the respective peer companies, unlevered beta factors are determined using the Harris-Pringle formula, taking into account the capital structure (i.e. debt ratio) and uncertain tax advantages of debt financing. Debt betas are determined on the basis of average credit spreads for the non-investment debt ratings. An analysis of the identified peer group companies with regard to the observable beta factors shows the following picture:

Beta factor of peer group companies

Company	Index	Beta levered		Leverage		Beta unlevered	
		5 years 2024 - 2020 monthly	2 years 2024 - 2023 weekly	5 years 2024 - 2020 monthly	2 years 2024 - 2023 weekly	5 years 2024 - 2020 monthly	2 years 2024 - 2023 weekly
Affimed N.V.	S&P 500	2.04	2.04	0.0x	0.1x	1.98	1.91
Kronos Bio, Inc.	S&P 500	1.77	2.00	0.1x	0.3x	1.69	1.70
Keros Therapeutics, Inc.	S&P 500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Incyte Corporation	S&P 500	0.74	0.64	0.0x	0.0x	0.74	0.64
Karyopharm Therapeutics Inc.	S&P 500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Geron Corporation	S&P 500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Curis, Inc.	S&P 500	n.a.	2.34	n.a.	0.7x	n.a.	1.61
GlycoMimetics, Inc.	S&P 500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Syndax Pharmaceuticals, Inc.	S&P 500	1.01	1.10	0.0x	0.0x	1.00	1.10
Syros Pharmaceuticals, Inc.	S&P 500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Zentalis Pharmaceuticals, Inc.	S&P 500	1.83	n.a.	0.0x	n.a.	1.80	n.a.
Min		0.74	0.64	0.0x	0.0x	0.74	0.64
Median		**1.77**	**2.00**	**0.0x**	**0.1x**	**1.69**	**1.61**
Mean		**1.48**	**1.63**	**0.0x**	**0.2x**	**1.44**	**1.39**
Max		2.04	2.34	0.1x	0.7x	1.98	1.91

Source: ValueTrust analysis, Capital IQ

485. Taking into account the two-year and five-year observation periods usually used, an unlevered beta factor between 0.64 and 1.98 can be derived for MOR AG's peer group companies as of 21 June 2024 ("capital market reporting date")[120].

486. Using the mean values and the median of the five- and two-year periods of the peer group respectively, an unlevered beta factor of 1.4 and around 1.6 can be derived. When determining the unlevered beta factor, however, it must be taken into account that MorphoSys' business model will change from a biotech company focused on research and development to a pharmaceutical company within the planning period as soon as pelabresib is approved. Nevertheless, it should be noted that established pharmaceutical companies such as the peer group company Incyte have a significantly broader product portfolio of active ingredients, while MorphoSys is exposed to individual operating risks with the two active ingredients pelabresib and tulmimetostat. As a result, the operating risk may not be commensurate with an established pharmaceutical company, as MorphoSys' success currently depends on the successful approval of pelabresib. Furthermore, it should be noted that the Management Board of MorphoSys AG has made comparatively conservative assumptions regarding the out-licensing of pelabresib outside the US to a hypothetical collaboration partner. In an overall assessment of the aforementioned considerations regarding the business model, the operating risks and the planning assumptions, we consider a beta factor of 1.1 to be appropriate, which is significantly below the mean and median of the peer group companies.

487. Based on the previously described market risk premium of 5.75% after personal taxes and the unlevered beta factor of 1.1, this results in a risk premium (for the operational risk) of 6.33% after personal taxes.

[120] Capital market data is always retrieved on Fridays in accordance with the valuation expert's procedure. Friday, 23.08. 2024 is the next practicable cut-off date before invitations to the Annual General Meetings.

488. The unlevered cost of equity after personal taxes therefore amounts to:

$$1.84\% + 1.1x\ 5.75\% = 8.17\%$$

489. MOR AG's unlevered cost of equity is presented below in the pre-tax view. Based on the previously described market risk premium of 7.0% before personal taxes and the unlevered beta factor of 1.1, this results in a risk premium (for the operating risk) of 7.7% before personal taxes.

490. The unlevered cost of equity before personal taxes therefore amounts to:

$$2.50\% + 1.1 \times 7.00\% = 10.2\%$$

491. Due to the expected change in the business model following the expected approval of pelabresib and tulmitetostat and the bandwidth of the unlevered beta of the peer group, we conducted a sensitivity analysis of the valuation impact of the unlevered beta factor. The unlevered beta factor was varied between 0.9 and 1.3.

6. VALUATION OF THE BUSINESS

6.1. Equity value after personal taxes according to IDW S 1

6.1.1. Capitalized Earnings Method (*Ertragswert*)

492. Due to the consideration of personal taxes in the dividend discount method under IDW S 1, additional assumptions with regard to the dividend distribution policy and the payout ratio are relevant. In order to consistently take into account the typified personal tax consequences, it is necessary to differentiate the distributions remaining after the necessary retention of earnings based on the plan assumptions for the investment program, the required changes in net working capital and the capital structure.

493. In the planning period, dividend payments will be made from the time at which the Company has distributable amounts, as it can be assumed on the basis of the MorphoSys corporate strategy that all excess cash can be distributed to shareholders at an early stage: After the full commercialization of pelabresib and tulmimetostat, no further drugs are to be developed or brought to market according to the corporate strategy (see section 4.5 of this Expert Opinion). Against the background of this strategy of the company, the payout ratio for the derivation of the valuation after personal taxes was selected in such a way that all excess liquidity will be distributed to the shareholders in the form of dividends. The (fictitious) reinvestment of amounts does not appear appropriate in the present case, as the company's strategy does not provide for reinvestments that would enable a return equivalent to the cost of capital. In the planning process, this results in effective payout ratios in relation to the annual result of over 100% in some periods. The present value-weighted effective payout ratio over the entire planning period is 52%. The unweighted average effective payout ratio is 73%.

494. In the following, the financial surpluses after personal taxes are derived on the basis of the business plan:

Derivation of the market value of equity (after pers. taxes)

In EURm / in percent

Derivation of the market value of equity (after pers. taxes)		Projection																			
in EUR m		Q2-Q4 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Annual result		**(215.3)**	**(17.0)**	**(100.5)**	**(45.7)**	**162.0**	**311.3**	**435.8**	**498.6**	**496.0**	**508.0**	**588.5**	**584.4**	**589.5**	**316.2**	**171.4**	**144.2**	**99.6**	**80.8**	**66.2**	**54.2**	**45.1**
Dividend (before personal taxes)		-	-	-	-	-	0.0	258.8	419.3	405.6	436.6	554.4	581.0	584.2	442.1	232.4	156.9	125.5	89.3	72.9	54.2	47.1
Personal taxes on dividends		-	-	-	-	-	0.0	68.3	110.6	107.0	115.2	146.2	153.2	154.1	116.6	61.3	41.4	33.1	23.6	19.2	14.3	12.4
Dividend after personal taxes		**-**	**-**	**-**	**-**	**-**	**0.0**	**190.6**	**308.7**	**298.6**	**321.4**	**408.1**	**427.8**	**430.1**	**325.5**	**171.1**	**115.5**	**92.4**	**65.8**	**53.7**	**39.9**	**34.7**
Retention of Earnings		-215.3	-17.0	-100.5	-45.7	162.0	311.3	177.0	79.3	90.4	71.4	34.1	3.5	5.3	-125.9	-60.9	-12.7	-25.9	-8.5	-6.7	-0.0	-2.1
Financial surplus (after personal taxes)		**-**	**-**	**-**	**0.0**	**-**	**0.0**	**190.6**	**308.7**	**298.6**	**321.4**	**408.1**	**427.8**	**430.1**	**325.5**	**171.1**	**115.5**	**92.4**	**65.8**	**53.7**	**39.9**	**34.7**
Risk free rate (before personal taxes)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Personal taxes (26.38%)		-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%	-0.66%
Risk free rate (after personal taxes)		**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**	**1.84%**
Market risk premium (after personal taxes)		5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Unlevered beta factor		1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Levered cost of equity (after personal taxes)		11.00%	8.94%	9.11%	8.88%	9.16%	8.98%	8.35%	8.14%	8.16%	8.19%	8.21%	8.22%	8.23%	8.27%	8.33%	8.39%	8.48%	8.62%	8.84%	9.29%	10.50%
Present-value factor		0.92	0.85	0.78	0.71	0.65	0.60	0.55	0.51	0.47	0.44	0.40	0.37	0.35	0.32	0.29	0.27	0.25	0.23	0.21	0.19	0.18
Present-value of financial surplus after personal taxes		**-**	**-**	**-**	**0.0**	**-**	**0.0**	**105.6**	**158.2**	**141.5**	**140.8**	**165.2**	**160.0**	**148.7**	**103.9**	**50.4**	**31.4**	**23.1**	**15.2**	**11.4**	**7.7**	**6.1**
Market value of equity as of 31 March 2024	**1,269.2**																					

495. With regard to the cost of capital according to Tax-CAPM, the risk-free rate and the market risk premium are each calculated after personal taxes. The risk-free rate after personal taxes is 1.84%. For valuation purposes, a market risk premium after personal taxes of 5.75% is assumed.

496. Based on the assumed market risk premium of 5.75% after personal taxes and an unlevered beta factor of 1.1 the levered cost of equity after personal taxes is in a range of 8.14% to 11.00%. Taking into account a market risk premium of 5.75% after personal taxes, the dividend discount value as of 31 March 2024 is EUR 1,269.2m.

6.1.2. Special items

497. On 22 May 2024, Biogen Inc. announced a definitive agreement to acquire HI-Bio. The transaction includes an upfront payment of USD 1.15bn, with up to USD 650m in potential milestone payments, bringing the total possible value to USD 1.8bn. To accurately reflect the fair value of MorphoSys' stake, we consider all associated payments to MorphoSys (excluding the milestone payments that are already reflected in LRP) as well as transaction costs resulting into USD 138.5m of total value of HI-Bio share as of 2 July 2024. This amount translates to EUR 125.5m as of 31 March 2024 and will be added as a special item in the valuation of Morphosys.

498. The tax contribution account of MorphoSys AG amounts to EUR 941.1m as of 31 March 2024, according to information provided and was taken into account in the valuation after personal taxes, since distributions that exceed the distributable profit of a period represent a return of capital for tax purposes and are therefore not subject to withholding tax (*Abgeltungsteuer*). When determining the value after personal taxes, a special value was therefore attributed to the tax contribution account. For this purpose, the equity according to the taxa balance sheet and the taxable contribution account were projected over the planning period in a simplified manner. If the dividends planned in the valuation model exceed the distributable earnings, a tax-free repayment of equity was assumed. The tax savings were discounted with the unlevered equity costs after personal taxes. Negative adjustments of the present value caused by the lower acquisition costs (for tax purposes) in the amount of the repaid capital was not taken into account, as it is assumed that the equity capital in the tax balance sheet is also deemed to have been repaid in full at the end of the planning period. The special value attributed to the tax contribution account therefore amounts to EUR 46.9m as of 31 March 2024.

6.1.3. Equity value after personal taxes

499. Using a market risk premium after personal taxes of 5.75%, an unlevered beta factor of 1.1 and taking into account the corresponding dividend discount value in the amount of EUR 1,269.2m and the special items in the amount of EUR 172.4m the equity value of MorphoSys after personal taxes totals EUR 1,441.7m as of 31 March 2024. As of 27 August 2024, the equity value of MorphoSys after personal taxes totals EUR 1,504.4m. With around 37.7m MOR shares outstanding, this corresponds to a value of EUR 39.89 per MOR share as of 27 August 2024. The equity value includes an implied value of tax savings in the total amount of EUR 284.1m

resulting from tax loss carryforwards in USA in the amount of EUR 157.5m, tax loss carryforwards in Germany in the amount of EUR 63.8m and R&D tax credits in the amount of EUR 62.9m. The value of tax savings is reflected in the projected tax planning but must also be considered for the multiple valuation carried out in Section 6.3 of this Expert Report.

500. The following shows the reconciliation of the dividend discount value to the equity value after personal taxes with a market risk premium of 5.75% after personal taxes and an unlevered beta factor of 1.1:

Market value of equity after pers.taxes
in EUR m

Market value of equity as of 31 March 2024	**1,269.2**
Special items	**172.4**
HI-Bio equity share	125.5
Tax savings from capital contributions account	46.9
Market value of equity incl. special items as of 31 March 2024	**1,441.7**
Compound rate	1.04
Market value of equity as of 27 August 2024	**1,504.4**
Number of shares outstanding (in m)	37.7
Value per share (in EUR)	**39.89**

6.1.4. Sensitivity analysis

501. In addition to the valuation using a beta factor of 1.1 and a market risk premium after personal taxes of 5.75%, a sensitivity analysis using an unlevered beta factor between 0.9 and 1.3 as well as using a market risk premium after personal taxes of 5.50% is carried out. This range was chosen based on the anticipated changes in the business model following the expected approval of pelabresib, as well as the range of unlevered beta factors observed within the peer group. This results in a risk premium for the operating risk of 4.95% and 7.48% respectively (compared to 6.33% previously).

502. With the assumed market risk premium after personal taxes of 5.50% and 5.75% after personal taxes and an unlevered beta factor between 0.9 and 1.3, the levered cost of equity after personal taxes is in a range of 6.67% to 13.31%.

503. The value of HI-Bio equity share and tax savings from capital contribution account are considered in the sensitivity analysis as special items in the same way as before and are included in the valuation at EUR 172.4m.

504. Accordingly, the sensitivity analysis results in an equity value range of MorphoSys after personal taxes between EUR 1,362.7m and EUR 1,754.4m as of 27 August 2024. With around 37.7m MOR shares outstanding, this corresponds to a value range of EUR 36.13 to EUR 46.51 per MOR share as of 27 August 2024.

505. The results of the sensitivities with a beta factor between 0.9 and 1.3 and a market risk premium after personal taxes of 5.50% or 5.75% are shown in the following presentation:

Sensitivity calculation of the market value of equity of MorphoSys
in EUR m

		Beta				
		0.90	1.00	1.10	1.20	1.30
Market risk premium after pers. taxes	5.50%	1,754.4	1,647.4	1,546.7	1,452.0	1,362.7
	5.75%	1,715.7	1,606.7	1,504.4	1,408.3	1,317.9

Sensitivity calculation of the value per share of MorphoSys
in EUR

		Beta				
		0.90	1.00	1.10	1.20	1.30
Market risk premium after pers. taxes	5.50%	46.51	43.68	41.01	38.50	36.13
	5.75%	45.49	42.60	39.89	37.34	34.94

6.2. Equity value before personal taxes

506. IDW S 1 and the DVFA-Recommendations differ in particular in the concept of the market participant as a standard for determining equity value. The market participant values the company on the basis of an assumed company policy planned for the future. In addition to planned investments in fixed and current assets, acquisitions and/or divestments, this also includes assumptions regarding the company's financing policy and capital structure. These assumptions must be consistent with regard to the market participant. In contrast, the objectified equity value in accordance with IDW S 1 is based on the capital structure planned by the company.

507. As MorphoSys' business plan appears plausible and the planned capital structure is in line with a standard market capital structure, there are no differences from a stand-alone perspective with regard to the planning assumptions relevant to the valuation in accordance with IDW S 1 and the DVFA-Recommendations.[121] Accordingly, the determination of the equity value in accordance with IDW S 1 before personal taxes and the market value in accordance with the

[121] For an assessment of the synergies, see chapter 2.8 and chapter 6.

DVFA-Recommendations lead to the same result, apart from the different cost of capital parameters.

6.2.1. DCF value (Cashflow-to-equity approach)

508. MorphoSys' cashflows to equity are derived below on the basis of the business plan. With a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.1 the following cashflows to equity result (next page):

Derivation of the market value of equity (before pers. taxes)

In EURm / in percent

Derivation of the market value of equity (before pers. taxes)		Projection																			
in EUR m		Q2-Q4 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
EBIT		**-213.8**	**46.1**	**-38.2**	**12.5**	**224.6**	**390.6**	**511.9**	**582.3**	**655.9**	**705.5**	**807.8**	**802.7**	**809.9**	**434.6**	**236.1**	**198.8**	**137.4**	**111.6**	**91.6**	**75.0**	**62.3**
-/+ Financial results		-1.6	-47.4	-48.3	-46.6	-45.5	-39.4	-27.7	-19.2	-12.8	-5.7	0.1	0.1	0.1	0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
- Taxes on income		-	-15.7	-14.0	-11.6	-17.1	-39.9	-48.5	-64.4	-147.0	-191.8	-219.4	-218.4	-220.5	-118.5	-64.6	-54.3	-37.5	-30.5	-25.0	-20.5	-17.1
Annual result		**-215.3**	**-17.0**	**-100.5**	**-45.7**	**162.0**	**311.3**	**435.8**	**498.6**	**496.0**	**508.0**	**588.5**	**584.4**	**589.5**	**316.2**	**171.4**	**144.2**	**99.6**	**80.8**	**66.2**	**54.2**	**45.1**
+ Depreciation		0.1	0.3	1.4	1.2	2.9	4.5	5.8	6.1	6.8	7.1	7.6	7.8	8.2	4.6	2.9	2.5	1.6	1.3	1.0	0.8	-
- Gross investments (CAPEX) in fixed assets		-0.1	-0.3	-1.4	-1.2	-2.9	-4.5	-5.8	-6.1	-6.8	-7.1	-7.6	-7.8	-8.2	-4.6	-2.9	-2.5	-1.6	-1.3	-1.0	-0.8	19.4
-/(+) Change in net working capital		229.9	-33.6	188.6	-14.7	-78.3	-54.3	-41.5	-21.1	-25.8	-19.0	-34.1	-3.5	-5.3	125.9	60.9	12.7	25.9	8.5	6.7	0.0	-4.6
+/(-) Increase / (decrease) in interest bearing liabilities		-14.6	50.6	-88.0	60.4	-83.7	-257.0	-135.5	-58.2	-64.7	-52.4	-	-	-	-	-	-	-	-	-	-	-12.7
Cashflow to equity (FTE)		**0.0**	**0.0**	**-**	**0.0**	**-0.0**	**0.0**	**258.8**	**419.3**	**405.6**	**436.6**	**554.4**	**581.0**	**584.2**	**442.1**	**232.4**	**156.9**	**125.5**	**89.3**	**72.9**	**54.2**	**47.1**
Risk free rate (before personal taxes)		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Market Risk Premium		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Levered beta factor		1.59	1.23	1.26	1.22	1.27	1.24	1.13	1.10	1.10	1.10	1.11	1.11	1.11	1.12	1.13	1.14	1.15	1.18	1.22	1.30	1.51
Levered cost of equity		13.3%	11.0%	11.2%	10.9%	11.2%	11.0%	10.4%	10.2%	10.2%	10.2%	10.2%	10.3%	10.3%	10.3%	10.4%	10.4%	10.5%	10.6%	10.8%	11.2%	12.3%
Capitalization rate		13.3%	11.0%	11.2%	10.9%	11.2%	11.0%	10.4%	10.2%	10.2%	10.2%	10.2%	10.3%	10.3%	10.3%	10.4%	10.4%	10.5%	10.6%	10.8%	11.2%	12.3%
Discount factor		0.91	0.82	0.74	0.66	0.60	0.54	0.49	0.44	0.40	0.36	0.33	0.30	0.27	0.25	0.22	0.20	0.18	0.17	0.15	0.13	0.12
Present value of flow to equity		**0.0**	**0.0**	**-**	**0.0**	**-0.0**	**0.0**	**126.2**	**185.5**	**162.9**	**159.1**	**183.2**	**174.2**	**158.8**	**109.0**	**51.9**	**31.7**	**23.0**	**14.8**	**10.9**	**7.3**	**5.6**

Market value of equity as of 31 March 2024 **1,404.1**

509. Based on the cashflows to equity, the DCF value is determined on the basis of levered cost of equity of 10.18% to 13.31% with a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.1.

510. Taking into account a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.1, the DCF value as of 31 March 2024 is EUR 1,404.1m.

6.2.2. Special items

511. On 22 May 2024, Biogen Inc. announced a definitive agreement to acquire HI-Bio. The transaction includes an upfront payment of USD 1.15bn, with up to USD 650m in potential milestone payments, bringing the total possible value to USD 1.8bn. To accurately reflect the fair value of MorphoSys' stake, we consider all associated payments to MorphoSys as well as transaction costs resulting into USD 138.5m of total value of HI-Bio share as of 2 July 2024. This amount translates to EUR 125.5m as of 31 March 2024 and will be added as a special item in the valuation of MorphoSys.

512. A special value for the tax contribution account was only considered for purposes of the valuation after personal taxes.

6.2.3. Equity value before personal taxes

513. Using a market risk premium of 7.0%, an unlevered beta factor of 1.1 and taking into account the corresponding DCF value of around EUR 1,404.1m and the special items of EUR 125.5m the equity value of MorphoSys before personal taxes amounts to EUR 1,529.6m as of 31 March 2024. As of 27 August 2024, the equity value of MorphoSys before personal taxes totals EUR 1,609.7m. With around 37.7m MOR shares outstanding, this corresponds to a value of EUR 42.68 per MOR share as of 27 August 2024. The equity value includes an implied value of tax savings in the total amount of EUR 284.1m resulting from tax loss carry forwards in USA and Germany as well as R&D tax credits.

514. The reconciliation of the DCF value to the equity value before personal taxes with a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.1 is shown below:

Market value of equity before pers.taxes
in EUR m

Market value of equity as of 31 March 2024	**1,404.1**
Special items	**125.5**
HI-Bio equity share	125.5
Market value of equity incl. special items as of 31 March 2024	**1,529.6**
Compound rate	1.05
Market value of equity as of 27 August 2024	**1,609.7**
Number of shares outstanding (in m)	37.7
Value per share (in EUR)	**42.68**

6.2.4. Sensitivity analysis

515. In the same way as in the derivation of equity value after personal taxes, a sensitivity analysis using a beta factor of 0.9 and 1.3 is carried out. This results in a risk premium for the operating risk of 6.30% and 9.10% respectively (compared to 7.70% previously).

516. With the assumed market risk premium of 7.00% before personal taxes and an unlevered beta factor between 0.9 and 1.3, the levered cost of equity before personal taxes is in a range of 8.68% to 16.12%.

517. The value of HI-Bio equity share is considered in the sensitivity analysis as a special item in the same way as before and are included in the valuation at EUR 125.5m.

518. Accordingly, the sensitivity analysis results in an equity value range of MorphoSys before personal taxes between EUR 1,383.1m and EUR 1,871.7m as of 27 August 2024. With around 37.7m MOR shares outstanding, this corresponds to a value range of EUR 36.67 to EUR 49.63 per MOR share as of 27 August 2024.

519. The results of the sensitivities with a beta factor of 0.9 or 1.1 are shown in the following presentation.

Sensitivity calculation of the market value of equity of MorphoSys
in EUR m

Beta				
0.90	1.00	1.10	1.20	1.30
1,871.7	1,735.9	1,609.7	1,492.3	1,383.1

Sensitivity calculation of the value per share of MorphoSys
in EUR

Beta				
0.90	1.00	1.10	1.20	1.30
49.63	46.02	42.68	39.57	36.67

6.3. Market-oriented valuation using the multiple method

520. In addition to deriving the value of equity on the basis of the DCF method and the dividend discount method, value ranges are determined using the multiple method. The multiple method is a comparative market valuation. According to this method, the value of the company is the product of a reference figure (often a turnover or earnings figure) of the company and the corresponding multiple, which is usually derived from listed comparable companies (trading multiples) and from comparable transactions (transaction multiples). The overall comparability of multiple-based valuation results to valuation results on the discounted cashflow (flow-to-equity) approach is limited because the business operations of MorphoSys are assumed to be discontinued beyond 2044.

521. Under the IDW S 1 framework, the comparative valuation using multiples serves as a plausibility check for the value of equity capital. Therefore, the derived multiples are not to be considered as independent valuations. The DVFA-Recommendations, on the other hand, apply the multiple valuation in principle as a method of equal rank alongside other methods of business valuation.

6.3.1. Valuation based on trading multiples

522. For the valuation of MorphoSys, the first consideration is given to the stock market prices of comparable companies observable on the stock market and multiples derived from them. In contrast to the derivation of the beta factor based on a peer group, in a comparative market valuation based on trading multiples, it is not the length of the historical stock market listing that is decisive, but rather the quality of the forward-looking analysts' estimates of the benchmarks of the comparable companies as well as meaningfulness (informative value) of the current stock market prices. Therefore, all peer companies selected in the peer group screening can initially be included in the valuation. The following analyses are based on forward-looking trading multiples of the years 2026 to 2028.

523. In order to derive multiples for MorphoSys, the planned accounts of the valuation subject are first compared with the estimates for the peer group companies. The total enterprise value, including debt, is then assessed using a pre-tax earnings metric. It is crucial to account for the varying timelines between the development of compounds in respective company pipelines and their eventual market entry, along with associated revenue streams. This timing disparity exists both among comparable companies and with MorphoSys. Additionally, due to the typical delay in commercialization, a majority of comparable companies are not expected to achieve positive EBITDA and EBIT figures within the next five years. Consequently, only revenue multiples are suitable for valuation purposes, while EBITDA and EBIT multiples were excluded due to their lack of meaningful applicability.

524. In principle, the range of multiples was determined on the one hand by the average revenue multiples and the median of the revenue multiples of the respective peer group companies.

525. The capital market data on which the valuation using the multiple method is based were used as of the reporting date of 21 June 2024.

Revenue growth and revenue multiples

In percent

	Revenue Growth					Revenue Multiple				
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2024	FY2025	FY2026	FY2027	FY2028
Affimed N.V.	-65.9%	13.1%	259.4%	97.4%	183.9%	21.0x	18.6x	5.2x	2.6x	0.9x
Kronos Bio, Inc.	7.1%	-51.4%	n/a	n/a	231.3%	19.3x	39.8x	n/a	1.6x	0.5x
Keros Therapeutics, Inc.	3334.6%	20.6%	441.8%	321.6%	190.3%	n/m	n/m	50.5x	12.0x	4.1x
Incyte Corporation	10.5%	10.5%	10.8%	8.2%	3.7%	3.5x	3.2x	2.9x	2.6x	2.5x
Karyopharm Therapeutics Inc.	-0.9%	14.1%	41.5%	44.4%	18.2%	3.0x	2.6x	1.8x	1.3x	1.1x
Geron Corporation	23493.1%	347.2%	98.8%	43.1%	48.4%	50.9x	11.4x	5.7x	4.0x	2.7x
Curis, Inc.	-12.4%	0.1%	20.8%	139.7%	144.4%	10.2x	10.2x	8.4x	3.5x	1.4x
GlycoMimetics, Inc.	n/a	n/a	-64.5%	572.6%	399.7%	n/a	6.8x	19.0x	2.8x	0.6x
Syndax Pharmaceuticals, Inc.	n/a	239.8%	105.8%	60.5%	36.6%	53.2x	15.7x	7.6x	4.7x	3.5x
Syros Pharmaceuticals, Inc.	-86.3%	2258.8%	371.2%	122.0%	59.9%	n/m	6.6x	1.4x	0.6x	0.4x
Zentalis Pharmaceuticals, Inc.	n/a	-95.6%	1083.0%	462.4%	140.0%	n/m	n/m	23.7x	4.2x	1.8x
MorphoSys AG	**-85.3%**	**436.4%**	**-42.8%**	**30.0%**	**153.9%**					
Min	-86.3%	-95.6%	-64.5%	8.2%	3.7%	3.0x	2.6x	1.4x	0.6x	0.4x
25% Percentile	-25.7%	2.7%	26.0%	48.4%	42.5%	6.8x	6.6x	3.4x	2.1x	0.7x
Average	3335.0%	275.7%	236.9%	187.2%	132.4%	23.0x	12.7x	12.6x	3.6x	1.8x
Median	3.1%	13.6%	102.3%	109.7%	140.0%	19.3x	10.2x	6.7x	2.8x	1.4x
75% Percentile	841.6%	185.0%	343.3%	276.1%	187.1%	35.9x	15.7x	16.4x	4.1x	2.6x
Max	23493.1%	2258.8%	1083.0%	572.6%	399.7%	53.2x	39.8x	50.5x	12.0x	4.1x

Source: Company information, ValueTrust analysis, Capital IQ

526. Overall revenue growth of the peer group companies shows significant variability across all five observation periods. Revenue streams often exhibit periods of stagnation at lower levels before experiencing a sharp increase following the market entry and approval of compounds, leading to rising sales. Thus, for most of the peers very low growth rates are anticipated for the next two years, however in 2026 the median revenue growth within peer group amounts to 102%. The revenue growth is projected to remain at a high level in 2027-2028, with median growth rate reaching up to 140% in 2028.

527. Because of forecasted stagnating revenues or missing sales in 2024-2025, only the revenue multiples from 2026-2028 were applied for the valuation. Considering the peer group average and median, the bandwidth of the revenue multiples is between 6.7x and 12.6x in 2026, 2.8x

and 3.6x in 2027 and 1.4x and 1.8x in 2028. We point out that the varying revenue growth and profitability profiles of the peers across the projection period covered by analyst forecasts, the valuation results derived from the multiple method have only limited relevance in determining the equity value in our view.

Derivation of equity value based on trading multiples

In EURm

	Selected multiple range		MorphoSys AG metric	Value range	
Trading multiples	Median	Average		Min	Max
Revenue multiple 2026	6.7x	12.6x	370.8	2,471.0	4,681.4
Revenue multiple 2027	2.8x	3.6x	411.0	1,162.6	1,497.2
Revenue multiple 2028	1.4x	1.8x	452.3	650.2	801.2
Enterprise value (Ø)				**1,427.9**	**2,326.6**
- Market Value of Debt				-655.8	-655.8
Equity value (Ø)				**772.1**	**1,670.7**
+ Special item (HI-Bio)				125.5	125.5
+ Special item (tax savings)				284.1	284.1
Equity value incl. special items (Ø)				**1,181.7**	**2,080.3**
+ Control premium (10%)				118.2	208.0
- Liquidity discount (-10%)				-118.2	-208.0
Equity value after adjustments (Ø)				**1,181.7**	**2,080.3**
Number of shares outstanding (in m)				37.7	37.7
Value per share				**31.33**	**55.16**

Source: ValueTrust analysis, Capital IQ

528. Due to the differing developmental stages of MorphoSys lead compounds compared to its peers, applying planned revenue figures for 2026-2028 in the multiple valuation would not accurately reflect the full revenue potential for all pipeline compounds. To account for the variations in market entry timelines and duration of exclusivity rights between MorphoSys and comparable companies, the MorphoSys revenue metrics are derived as peak revenues discounted to the respective forward year. According to the MorphoSys business plan, peak revenues of EUR 978.9m are anticipated in 2036. To establish representative key metrics, this peak revenue figure is discounted to each of the four forward years using the Weighted Average Cost of Capital (WACC).

529. In the reconciliation from the total enterprise value to the equity value, the interest-bearing liabilities in the amount of EUR 655.8m must be taken into account. In addition, non-operating assets that are not included in the planning calculation and therefore not in the reference figure must be taken into account in the multiple valuation as of the valuation date. Similar to the calculation of the equity value using the capitalized earnings value or DCF method, special values for MOR share in HI-Bio amounting to EUR 125.5m must be considered. Additionally, the present value of tax savings from tax loss carryforwards and tax credit in the amount of EUR 284.1m is recognized.

530. In the valuation using the multiple method, premiums (e.g. takeover premiums) and discounts (e.g. liquidity discount) on the range of equity values determined using trading multiples are taken into account according to common valuation practice. Empirical observations indicate that the premiums are generally higher than any discounts.

531. A takeover premium was also taken into consideration. Conceptually, this is based on the assumption that trading multiples merely reflect the prices of minority interests and that control of a company has a value, as this can change a suboptimal business policy and leverage synergies with the acquirer. Conceptually, the takeover premium must be subdivided into the so-called financial control value and the so-called strategic control value,[122] whereby the latter reflects rationalization and synergy effects. Accordingly, when considering trading multiples, the derived equity values must be adjusted by a financial control premium. The study by Grbenic/Zunk (2015), for example, elaborates on this and explains that financial control premiums are also dependent on the multiple used. On this basis, a financial control premium of 10.0% was assumed. Because of MorphoSys delisting we also applied a liquidity discount of 10.0%.

532. Following the delisting, the shares of MorphoSys are expected to be no longer traded on the regulated market on the Valuation Date; therefore, the application of a liquidity discount is possible. Study results for German companies determine liquidity discounts based on different research approaches. Langemann (2014) calculates a median liquidity haircut of 12% for an analysis period from 1959 to 2013 but notes that the median liquidity haircut since 2001 has been around 5%.[123] Dodel (2014) comes to the conclusion that liquidity discounts for German unlisted companies are in a range of approximately 17%-30% overall but continue to vary depending on the parameters of industry affiliation, multiplier applied and other criteria.[124] Schiereck et al. (2016) calculate liquidity discounts for the European capital market in a range of around 4% to 15% depending on the existence of a credit rating prior to a company's IPO.[125] In principle, these study results suggest a liquidity discount of 10%, which is regularly used in valuation practice.

---

[122] See Grbenic/Zunk, The Value of Control: Transaction-oriented control premiums for Europe, 2015, p. 16 ff; Eichner, Übernahmeprämien bei M&A, 2017, p. 191.

[123] See Langemann, A.: Fungibilitätsabschläge: Sinnhaftigkeit und Quantifizierung; BewertungsPraktiker Nr. 4/2014.

[124] See Dodel, K.: Calculating Value and Estimating Discounts in the New Market Environment; 2014; Wiley-Verlag, München.

[125] See Schiereck/Kiesel/Sagalin: Kreditratings und die Kapitalmarktperformance von Börsengängen in Kontinentaleuropa, 352 –35.

533. Based on the reference figures of revenue estimated for the observation period from 2026 to 2028, the range of the equity values after reducing the total enterprise value by interest-bearing debt, adding the special items and tax savings is between EUR 1,181.7m and EUR 2,080.3m. After applying the financial control premium of 10% as well as the liquidity discount of 10% the range of MorphoSys equity value based on the trading multiple method is between EUR 1,181.7m and EUR 2,080.3m.

534. With an outstanding number of shares of approximately 37.7m, the value per MOR share derived from the stock market multiples ranges from EUR 31.33 to EUR 55.16.

6.3.2. Valuation based on comparable transactions

535. In addition to valuation using trading multiples, transaction multiples are also used. The equity value is determined using observable transactions of peer group companies, which do not necessarily have to be listed on the stock exchange. To derive these multiples, the purchase price paid by the comparable companies is set in relation to a reference value. Transaction multiples differ from trading multiples in that they are regularly observable for share stakes and majority acquisitions.

536. In the case of multiples derived on the basis of transaction prices, it should be noted that the purchase prices actually paid are influenced by the subjective interests of the transaction partners. The transaction prices consider, for example, synergy effects and other subjective expectations that only become realisable due to the proposed transaction. Furthermore, there are interdependencies between the prices paid and the structure of the purchase agreement (for example guarantees, etc.). For example, purchase prices paid for majority shares may contain premiums or discounts. In this context, we regularly speak of so-called takeover premiums, which take these effects into account, in contrast to trading multiples, which do not contain such premiums prior to takeover rumours. The effects mentioned are often observable in practice, but cannot usually be quantified or separated individually. In some cases, negative premiums or discounts can also be observed.

537. It should be noted that in the value concept under IDW S 1, no individual synergies that only arise due to the intended transaction (so-called real synergies) may be taken into account. Thus, the transaction multiples are only of minor importance.

538. In addition, transaction multiples must consider the time reference of the transaction as of the valuation date. Transaction prices with a long time lag to the valuation date are only of limited transferability, as they can be subject to large (market) fluctuations.[126] In this respect, the informative value of this approach is limited, especially in comparison to multiples derived from stock market prices for company valuations. In addition, as with trading multiples, there is the possibility of market distortions that can lead to transaction prices that are not meaningful, so

[126] See Ballwieser/Hachmeister, 2013, p. 218, in addition to their criticism also of trading multiples.

that the criterion of the time reference to the valuation date may have to be relaxed in favour of avoiding the extrapolation of temporary distortions.

539. In addition to these restrictions, the database of comparable transactions is also often limited, as it is based on publicly available information for which, unlike stock exchange information, there are no comparable publication requirements.

540. From a large number of M&A transactions of comparable companies, those were selected for which corresponding information and key figures are publicly available. Our initial analysis period covered the years from 2019 until the valuation date. In the selection of comparable companies, we proceeded analogously to the peer group selection[127] and identified transactions from the Biotechnology and Pharmaceutical industry. Additionally, we analysed the transactions regarding business model of the target company and its focus on blood cancer or solid tumors. Consequently, transactions when no oncology specific products are offered or developed by the target company were excluded. In a further step, we selected only majority transactions where the target company is based in Europe, North America or Canada.

541. As previously described, a conclusive, well-founded assessment of the respective transactions is regularly not comprehensively possible solely on the basis of publicly available information. Thus, the selected transactions may not be comparable or may only be comparable to a very limited extent. In particular, premiums or discounts paid may be directly related to guarantees granted or other obligations under the purchase agreement. Despite these limitations, we identify the following 16 transactions and derive revenues multiples subject to data availability:

[127] See chapter 2.4.

Transaction overview

In millions of respective currencies

Transaction Details											
Buyer	Target	Country	Closing	Currency	Revenue	EBITDA	EBIT	EV	Stake	Premium 1 month prior	EV / Revenue adj.
Takeda Pharmaceutical Company Limitec	Shire plc	Ireland	08.01.2019	GBP	11,007.0	4,623.8	2,902.2	57,733.9	100.0%	57.0%	**3.7x**
Bristol-Myers Squibb Company	Celgene Corporation	United States	20.11.2019	USD	15,281.0	6,124.0	5,489.0	93,504.5	100.0%	41.3%	**4.8x**
Pfizer Inc.	Seagen Inc.	United States	14.12.2023	USD	1,962.4	(522.9)	(613.0)	42,816.1	100.0%	69.1%	**14.2x**
Swedish Orphan Biovitrum AB (publ)	CTI BioPharma Corp.	United States	26.06.2023	USD	75.8	(52.6)	(55.7)	1,694.1	100.0%	113.6%	**11.5x**
Berlin-Chemie AG	Stemline Therapeutics, Inc.	United States	10.06.2020	USD	47.0	(71.8)	(73.2)	525.9	100.0%	157.8%	**4.8x**
Ipsen Biopharmaceuticals, Inc.	Epizyme, Inc.	United States	11.08.2022	USD	38.5	(210.3)	(224.1)	507.4	100.0%	440.4%	**2.7x**
Pfizer Inc.	Array BioPharma Inc.	United States	29.07.2019	USD	194.0	(116.8)	(119.0)	11,076.3	100.0%	119.6%	**28.6x**
Eli Lilly and Company	Loxo Oncology, Inc.	United States	15.02.2019	USD	144.8	(72.4)	(72.9)	7,391.1	100.0%	74.1%	**32.3x**
GlaxoSmithKline plc (nka:GSK plc)	Tesaro, Inc.	United States	22.01.2019	USD	219.4	(608.8)	(618.4)	4,990.7	100.0%	147.5%	**10.1x**
Assertio Holdings, Inc.	Spectrum Pharmaceuticals, Inc.	United States	31.07.2023	USD	25.7	(62.0)	(63.5)	267.3	100.0%	100.2%	**5.7x**
LG Chem, Ltd.	AVEO Pharmaceuticals, Inc.	United States	19.01.2023	USD	94.3	(23.8)	(24.5)	526.3	100.0%	83.8%	**3.3x**
invoX Pharma Limited	F-star Therapeutics, Inc.	United Kingdom	08.03.2023	USD	20.8	(30.3)	(31.3)	102.1	100.0%	177.0%	**1.9x**
Mereo BioPharma Group plc	OncoMed Pharmaceuticals, Inc.	United States	23.04.2019	USD	54.9	4.9	3.2	102.6	100.0%	-17.0%	**2.5x**
AbbVie Inc.	ImmunoGen, Inc.	United States	12.02.2024	USD	287.6	(75.6)	(80.2)	8,950.1	100.0%	110.4%	**16.3x**
Sanofi Foreign Participations B.V.	Kiadis Pharma N.V.	Netherlands	12.04.2021	EUR	8.8	(38.4)	(40.7)	219.5	100.0%	253.4%	**7.7x**
AGC Inc.	MolMed S.p.A. (nka:AGC Biologics S.p.A.	Italy	24.07.2020	EUR	40.5	8.1	5.2	233.6	93.2%	37.6%	**4.6x**
Best comps (Average)											**8.6x**
Best comps (Median)											**7.7x**
Median											**5.2x**
Average											**9.7x**

Note: Highlighted transactions were identified as best comparable transactions
Source: ValueTrust analysis, Capital IQ

542. Similar to the valuation based on trading multiples, we excluded EBIT and EBITDA multiples due to the limited data availability because of negative earnings figures for most of the companies. We also adjusted the revenue multiples by the difference between the individual acquisition premiums of the analyzed transactions and the financial control premium of 10%. The revenue multiples observable on the basis of the reference transactions range from 1.9x to 32.3x. The median and average are 5.2x and 9.7x respectively, while the median and the average of the best comparable transactions are 7.7x and 8.6x.

543. In the following, the valuation based on the revenue transaction multiples is based on a range between the median of all transactions and the median of the best comparables. MorphoSys range of values for the value of equity presented below is analogous to the derivation of the value of equity based on the trading multiples:

Derivation of equity value based on transaction multiples

In EUR m / in percent

Transaction multiples	Selected multiple range		MorphoSys AG metric	Value range	
	Median	Best comparables (Median)		Min	Max
EV / Revenue adj.	5.2x	7.7x	279.9	1,466.6	2,167.2
Enterprise value (Ø)				**1,466.6**	**2,167.2**
- Market Value of Debt				-655.8	-655.8
Equity value (Ø)				**810.7**	**1,511.4**
+ Special item (HI-Bio)				125.5	125.5
+ Special item (tax savings)				284.1	284.1
Equity value incl. special items (Ø)				**1,220.3**	**1,921.0**
- Liquidity discount (-10%)				-118.2	-208.0
Equity value after adjustments (Ø)				**1,102.1**	**1,712.9**
Number of shares outstanding (in m)				37.7	37.7
Value per share				**29.22**	**45.42**

Source: ValueTrust analysis, Capital IQ

544. As of the valuation date, the range for the value of MorphoSys equity based on revenue multiples derived from comparable transactions after special items and adjustments with the selected multiple range is between EUR 1,102.1m and EUR 1,712.9m. With approximately 37.7m shares outstanding, this corresponds to a value between EUR 29.22 to EUR 45.42 per share.

545. At this point, reference is made to the limitations of the transaction multiples already explained above. On the basis of the analyses of comparable transactions carried out, there are nevertheless no indications that would point to an inappropriateness of the multiples of comparable transactions.

6.4. Stock exchange price

6.4.1. Case law on the relevance of the share price

546. According to IDW S 1, the stock price can be taken into account for plausibility purposes and in accordance with the DVFA-Recommendations as an independent valuation method. According to the most recent BGH case law in the context of structural measures under stock corporation law, the use of the stock price can also serve as a basis for estimating the equity value under certain circumstances. It must therefore be examined in each individual case whether the stock price is suitable to be used as a basis for estimating the equity value.

547. According to the recent case law of the Federal Court of Justice in the case of TLG/WCM and Vodafone/Kabel Deutschland, the stock market price can be used as an independent valuation method to determine the adequate compensation.[128] Accordingly, the use of the market-oriented valuation method in the form of stock market prices is generally permissible and only raises concerns where this method is unsuitable due to the circumstances of the individual case.[129] The sole consideration of the stock market price is based on the assumption that the market participants correctly assess the earning power of the company whose shares are at

[128] See BGH, decision of 21.02.2023 - II ZB 12/21 and BGH, decision of 31 January 2024 - II ZB 5/22.

[129] See BGH, decision of 21.2.2023 - II ZB 12/21, para. 31.

issue on the basis of the information and information options available to them and that the market valuation is reflected in the stock market price of the share.[130] In this context, the liquidity of the share needs to be analyzed, in particular with regard to trading volumes and revenues, bid-ask spreads and free float.[131] However, recourse to the stock market price is ruled out if there has been no trading for a longer period of time or if the market is tight, or if there are inexplicable price jumps or price manipulations, or if capital market disclosure obligations have not been complied with.[132]

548. According to the most recent case law of the Federal Court of Justice, determining the value of a shareholding based on the stock market price does not require the capital market to be fully information-efficient, i.e. a situation in which all accessible public and non-public information is correctly processed in the prices. Only if, in a specific case, it cannot be assumed that market participants are able to effectively evaluate information may the share value not be determined using the stock market price.[133]

6.4.2. Relevant stock price

549. The MOR shares are admitted to trading on the regulated market (*Regulierter Markt*) with additional post-admission obligations (*Prime Standard*) of the FSE under ISIN DE0006632003 under the symbol "MOR". In addition, the MOR 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. MOR shares were included in the MDAX and TecDAX, calculated by Deutsche Börse AG and/or its relevant affiliates, until 24 June 2024. The shares were recently excluded by Deutsche Börse AG out of both indices due to less than 10% free float. In addition, the MOR-ADSs are listed on Nasdaq under the symbol "MOR".

550. In an ad hoc disclosure dated 20 June 2024, Novartis and MorphoSys announced the signing of a delisting agreement and the intention to implement a Merger Squeeze-out of MorphoSys' minority shareholders.[134] Accordingly, the three-month reference period for determining the three-month average price ("3M-VWAP") relevant for the Merger Squeeze-out ends on 19 June 2024 as the last trading day prior the announcement of the intention to execute the Merger Squeeze-out. The relevant reference period for calculating the 3M-VWAP of the MOR share covers the period from 20 March 2024 up to (including) 19 June 2024. By letter dated 28 June 2024, BaFin has determined the 3M-VWAP to be EUR 67.53 per MOR share, corresponding to a market capitalization of EUR 2,547.0m.

---

130 See BGH, decision of 21.2.2023 - II ZB 12/21, para. 20, 31.

131 See BGH, decision of 31 January 2024 – II ZB 5/22, para. 27, 30.

132 See BGH, decision of 21.2.2023 - II ZB 12/21, para. 51.

133 See BGH, decision of 21.2.2023 - II ZB 12/21, para. 20., BGH, decision 31.01.2024 – II ZB 5/22, DB 2024 p. 1196 para. 26

134 See MorphoSys Ad hoc announcement dated 20.06.2024.

551. In accordance with the latest BGH ruling, the 3M-VWAP of EUR 67.53 may be deemed relevant for determining the fair value of the shares if the relevant liquidity criteria or any stock exchange price or market distortions do not contradict this assessment.

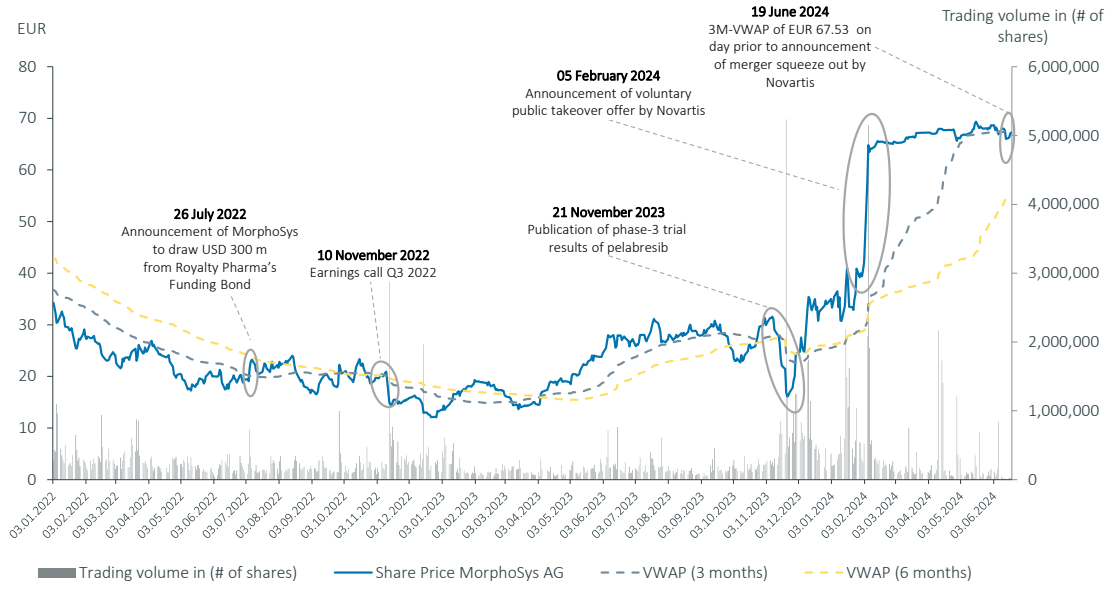
552. According to the case law of the BGH, the stock price must be extrapolated to the valuation date if there is a "longer period" between the date of the announcement of the structural measure and the date of the Annual General Meeting.[135] A period of up to six months between the announcement of the structural measure and the date of the Annual General Meeting is considered "normal" or "usual".[136]

553. The period between the announcement of the Merger Squeeze-out on 20 June 2024 and the Annual General Meeting of MOR AG on 27 August 2024 is less than the six months threshold. Therefore, in the determination of the equity value of MOR AG necessary for the planned Merger Squeeze-out, no extrapolation of the stock price to the valuation date was made. There were no indications of delays in preparing the planned Merger Squeeze-out and the Annual General Meeting adopting the resolution that would make an extrapolation appear necessary.

Analysis of MorphoSys stock price

554. As part of the analysis of the MOR share, the development of the stock price and the three-month average price from 1 January 2022 to 19 June 2024 is first examined in order to identify possible anomalies in the stock price development such as price jumps, trading gaps or other distortions.

Development of MorphoSys' share price



Source: ValueTrust analysis, Capital IQ

135 See BGH decision of 19.07.2010, II ZB 18/09.

136 OLG Stuttgart, decision of 24.07.2013, ref. 20 W 2/12.

555. The stock performance of MOR over two years is characterized by two distinctive phases of trading volume and price movements corresponding to significant corporate events.

556. The MorphoSys stock recorded positive price jumps of c. 10% following corporate news published on 22 March 2022: MorphoSys and Incyte announced Swissmedic's temporary approval of Monjuvi® in combination with lenalidomide for the treatment of adults with relapsed or refractory diffuse large b-cell lymphoma.

557. Following an equity participation agreement and license agreements between MorphoSys and HI-Bio on 14 June 2022, which would allow HI-Bio to develop and commercialize MorphoSys' antibodies felzartamab and MOR210, MorphoSys' stock recorded a price jumps of c. 10% in the days following the announcement.

558. The stock price started to follow a positive upward trend in the following weeks which was further supported by the announcement on 26 July 2022 that MorphoSys' intended to draw USD 300m from Royalty Pharma's Development Funding Bond.

559. On 10 November 2022, a sharp decline in the stock's price movement of c. 20% was triggered by the earnings call for the third quarter of 2022, during which detailed financial results for the new compound, Monjuvi®, were disclosed, impacting investor sentiment.

560. The following downward trend ended around the first quarter of 2023 which marks the starting point of recovery of the MophoSys share price. Around this time, MorphoSys published multiple news, e.g. the appointment of a new CFO in late March 2023, the shutdown of pre-clinical research programs and workforce reductions at the MorphoSys headquarters as well as the completion of enrollment for the phase 3 Manifest-2 study of pelabresib in myelofibrosis at the begin of April 2023, leading to a significant increase in the company's share price over the next six months.

561. On 21 November 2023 announced topline results from the Phase 3 MANIFEST-2 study investigating pelabresib, where only one of two key endpoints were met raising initial doubts by investors regarding the approval of pelabresib. This led to a shar price drop of c. 50% within one trading day. The following recovery of the share price was supported by the announcement on 12 December 2023 about positive results from a more detailed review of the data of the Phase 3 MANIFEST-2 study, showing improvement in all four hallmarks of myelofibrosis which lead to an increase of over 30% vs previous closing price.

562. On 13/14 December 2023, MorphoSys announced the launch of capital increase by way of an accelerated book building process, leading to gross proceeds in the amount of EUR 102.7m. On 26 January 2024, first rumours about a potential takeover of MorphoSys started to surface, which were eventually confirmed.

563. On 5 February 2024, MorphoSys published adhoc news that the company had entered into a business combination agreement to be acquired by Novartis for EUR 68.00 per MOR share, which implies an equity value for 100% of the company of c. EUR 2.7bn and that the company would sell tafasitamab to Incyte. In response, the share price of MOR AG rose by 36.1% to EUR 57.40 on that day. Since the announcement of the takeover offer, the share price has been close to the offer price, which represents a premium of 61% to the 3M VWAP prior to the announcement of the takeover offer.

564. Due to the publication about Novartis intent to acquire MorphoSys, the share price increased by more than 90% from the end of January 2023 to 5 February 2024. Since the announcement of the takeover offer on 5 February 2024, the MOR share price remained closely below the offer price, exhibiting minor fluctuations.

565. After completion of the Takeover Offer on 23 May 2024 for the regular acceptance period and on 10 June 2024 for the extended acceptance period, Novartis held c. 89.48% of the share capital of MorphoSys and announced on 16 June 2024 that 520,000 MOR shares (approx. 1.38% of the share capital and voting rights of MOR AG) and 121,331 MOR shares (approx. 0.32% of the share capital and voting rights of MOR AG) were acquired off-market outside the offer procedure against payment of cash consideration. Novartis had thus exceeded the threshold for carrying out a Merger Squeeze-out under.

566. Prior to Novartis announcement on 20 June 2024, regarding the implementation of a Merger Squeeze-out of MorphoSys minority shareholders and the announcement of the delisting, the price showed some minor fluctuations but remained slightly below the announced delisting offer price of EUR 68.00. As of 19 June 2024, the close price amounted to EUR 67.25 and the 3M VWAP to EUR 67.53.

567. During the reference period, the share price was influenced by the takeover bid, which included a significant premium compared to the share price prior to the announcement of the takeover bid. No suspicous jumps in the share price that could be explained neither operationally nor by the takeover bid were identified as part of the share price analysis. In this respect, there are no indications of market abuse or breaches of disclosure obligations. Accordingly, the 3M-VWAP generally represents a suitable indicator for the fair market value of the MOR shares.

6.4.3. Liquidity analysis of the MOR share

568. In connection with the relevance of the stock price, it must also be examined whether the stock price can actually represent an indicator of the equity value on the valuation date. Due to limited "marketability", it may not be possible to infer a market value of the share from the stock price.[137] According to recent case law of the Federal Court of Justice, the stock market price is therefore not a suitable basis for determining the compensation in the context of structural measures under stock corporations law if there is a tight market.[138]

569. According to Section 5 (4) WpÜG-AngebV, the three-month average price of BaFin is not relevant for determining the lower limit of the consideration in takeover and mandatory offers if

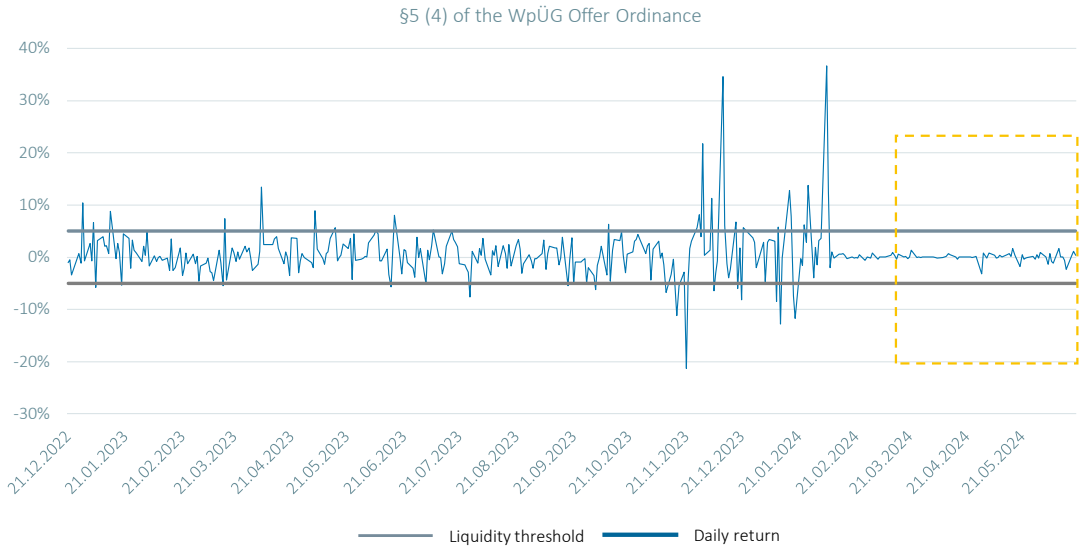
- in the three months prior to the publication of the offer, stock prices were determined on less than one third of the trading days and
- several consecutively determined stock prices deviate from each other by more than 5%.

570. During the reference period, MOR shares were traded on XETRA and the Frankfurt Stock Exchange on all 63 trading days. Regarding the development of the stock price of the MOR share, the share price movement did not exceed the 5% threshold for two or more consecutive days over the entire three-month observation period from 20 March 2024 to 19 June 2024.

[137] See BVerfG, decision of 27 April 1999 - 1 BvR 1613/94, "DAT/Altana".

[138] See BGH, decision of 31 January 2024 – II ZB 5/22, para. 27, 30.

Daily stock returns of MOR



Source: ValueTrust analysis, Capital IQ

571. According to the two criteria of Section 5 para. 4 WpÜG-AngebV listed above, there are therefore no indications of a lack of liquidity of the MOR share during the reference period.[139]

572. In order to determine whether the stock market price is a suitable basis for determining the cash compensation, recent case law requires a further liquidity analysis taking into account liquidity criteria such as bid-ask-spreads, free float and daily trading volumes.[140] According to the recent case law of the Federal Court of Justice in the case of TLG/WCM and Vodafone/Kabel Deutschland, the stock market price is not only relevant as lower limit for the adequate compensation but, according to the court ruling, exclusively crucial for determining the cash compensation, if certain liquidity criteria are met. In both cases particular importance was attached to the bid-ask spread as a liquidity criterion. In the ISRA Vision/Atlas Copco case, the stock market price was also confirmed as an adequate valuation method during the court proceedings. Here too, the court considered liquidity criteria, in particular the trading volume per day, the ratio of days with trading to possible trading days, the free float, the trading ratio and the average relative bid-ask spread measured against the average values of the indices for the respective period to be essential criteria.[141]

573. In the relevant case law, various criteria for checking liquidity were developed based on the individual cases decided in each case. [142] If these liquidity criteria were met, the stock price was not discarded and the share was deemed to be sufficiently liquid. The criteria were as follows:

---

139 See section 5 (4) WpÜG-AngebV.

140 See BGH, decision of 31 January 2024 – II ZB 5/22, para. 30; OLG Munich, decision of []; OLG Frankfurt, decision of 9 February 2024 -21 W 129/22, para. 28.

141 See BGH, decision of 21.02.2023 - II ZB 12/21; BGH, decision of 31 January 2024 - II ZB 5/22 and OLG Frankfurt, decision of 09.02.2024 – 21 W 129/22

142 See inter alia: BGH decision of 12 March 2001, file no. II ZB 15/00; OLG Munich, decision of 11 July 2006, file no. 31 Wx 041/05 and 06/05; OLG Frankfurt a.M., decision of 2 November 2006, file no. 20 W 233/93; LG Frankfurt a.M., decision of 17 January 2006, file no. 3.5 O 75/03.

- the free float is greater than 5.0%,[143]
- there is active trading on more than one third of the trading days and/or
- more than 0.018% of the total number of shares (outstanding shares) are traded per day.[144]

574. If the free float and trading volume are low and the stock price is influenced by other non-value-related events, the stock price cannot be used to infer the fair value of the share due to limited "marketability".[145]

575. In the three months reference period, the free float of MOR shares was on average well above the threshold of 5.0%, meaning that sufficient liquidity can be assumed based on the free float criterion.

576. The analysis of the relative trading volume and trading ratio shows that the MOR share has been relatively liquid on the regulated market of XETRA and the Frankfurt Stock Exchange in the past. On average, around 223.4 thousand shares were traded on individual trading days and around 14.08m shares were traded cumulatively over the reference period. This corresponds to 37.4% of the outstanding MOR shares. The average relative trading volume in the reference period per day was 0.59% of the total number of shares. Based on this criterion, it can therefore also be concluded that the MOR share has sufficient liquidity.

577. In addition to the legal criteria, the liquidity of the MOR share was also analysed from an economic perspective. Compared to analyses from a legal perspective, the requirements for the liquidity criteria of a share from an economic perspective are stricter. As part of the economic liquidity analysis, the development of the daily trading volume (in absolute terms and in relation to the total share portfolio) and the transaction costs (in the form of the bid-ask spread) are examined in order to assess the liquidity of the share over time. With regard to the bid-ask spread, e.g., the Munich regional court uses a reference value of 1.25%.[146]

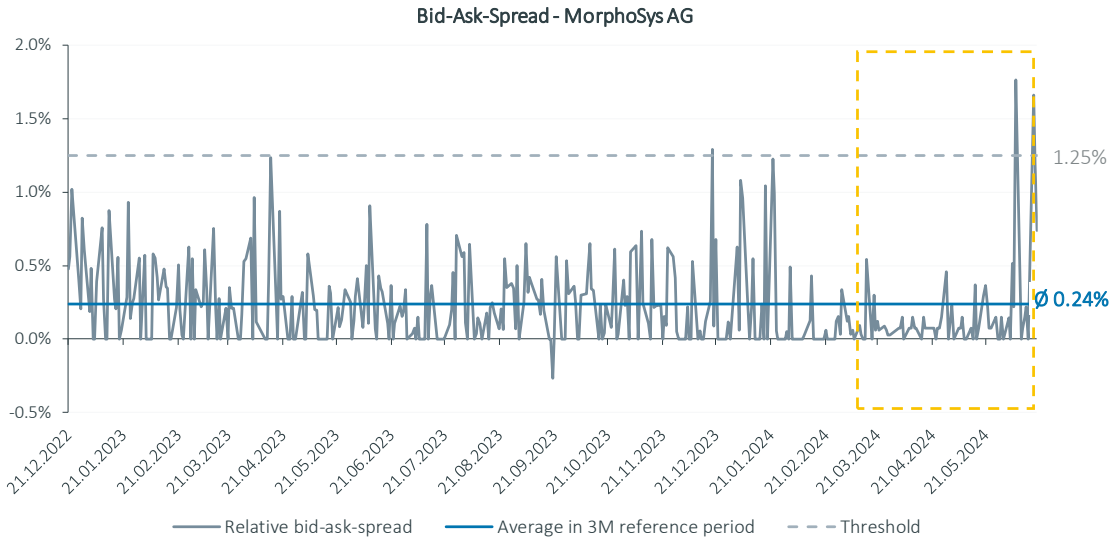
[143] In case law, there are also rulings that this criterion is not fully applicable, particularly in the case of Squeeze-outs. See LG Stuttgart, decision of 3 April 2018 - 31 O 138/15, OLG Stuttgart, decision of 4 May 2011 - 20 W 11/08, para. 94; OLG Stuttgart, decision of 17 March 2010 - 20 W 9/08, para. 235; OLG Karlsruhe, decision of 12 September 2017 - 12 W 1/17, para. 38.

[144] OLG Stuttgart, decision of 17 October 2011, 20 W 7/11, para. 395.

[145] See BVerfG, decision of 27 April 1999 - 1 BvR 1613/94, "DAT/Altana".

[146] See Munich regional court, decision of December 2, 2016, Ref. 5HK 5781/15; the threshold for bid-ask spreads is 1.25%.

Liquidity performance of MOR shares in the reference period



Source: ValueTrust analysis, Capital IQ

578. The bid-ask spread on the XETRA trading platform was always below the Munich regional court's threshold of 1.25% during the reference period. The average bid-ask spread in the reference period was 0.24%. In addition, liquidity as measured by the bid-ask spread increased following the announcement of the takeover offer compared to the period prior to the takeover offer.

579. For comparison purposes, the average bid-ask spreads in the reference period for the TecDAX, SDAX and MDAX are also shown as comparatively liquid benchmarks:

Reference indices	ø Reference period
MDAX	0.27%
TecDAX	0.31%
SDAX	0.46%

580. Compared to the reference indices, MorphoSys average bid-ask spread in the three-month period was below the MDAX, TecDax as well as SDAX average spreads in the same period, so that overall, it can be assumed that the share is sufficiently liquid.

6.4.4. Conclusion

581. In summary, based on the analyses carried out on the liquidity of the MOR share on XETRA and the Frankfurt Stock Exchange, the following observations can be made from a legal and economic perspective:

- ✓ The stock price performance of the MOR share in the reference period does not show any accumulations of consecutive stock prices that deviate from each other by more than 5%.
- ✓ In the reference period, MOR shares were actively traded on 63 of 63 possible days, i.e. on more than a third of trading days.
- ✓ In the reference period, the free float of MOR shares was sufficiently high.
- ✓ In the reference period, an average of 223.4 thousand shares were traded per day, which corresponds to 0.59% of the total share portfolio and is therefore higher than 0.018%.
- ✓ In the reference period, the average transaction costs for MOR shares in the XETRA trading system were low in the form of the bid-ask spread of 0.24%, which is far below the threshold value of 1.25%.

582. According to the interpretation of the previously cited case law, there are no indications of a lack of liquidity of the share in the reference period in the sense of "legal liquidity criteria", as the share was traded on a sufficient number of trading days and the stock prices showed no significant price jumps on consecutive trading days.[147] In addition, the free float was sufficient in the reference period and the MOR share also had sufficient market capitalization. As part of the economic liquidity analysis, the development of the daily trading volume (absolute and in relation to the total number of shares) and the transaction costs (in the form of the bid-ask spread).

583. The liquidity analysis indicates sufficiently high liquidity in the reference period from 20 March 2024 to 19 June 2024. In view of the legal requirements and available liquidity criteria, the three-month average price of MOR is a suitable method for determining the fair value of the shares.

6.5. Liquidation value

584. The liquidation value is calculated to provide an indication of the absolute lower end of the valuation range. In consideration of MorphoSys current corporate strategy, general market environment as well as the risk-and return profile of acquiring and/or developing new product candidates, no terminal value period is considered.

585. Due to the fact that the business plan assumes significant revenues and profits from the commercialization of pelabresib and tulmimetostat over the respective product lifecycle, the equity value before and after personal taxes will be substantially higher than the immediate liquidation of the business which would lead to additional liquidation costs (e.g. social plans, compensation etc.). It must further be noted that Morphosys' asset base predominantly consists of immaterial assets such as patents, license rights and know-how which regularly

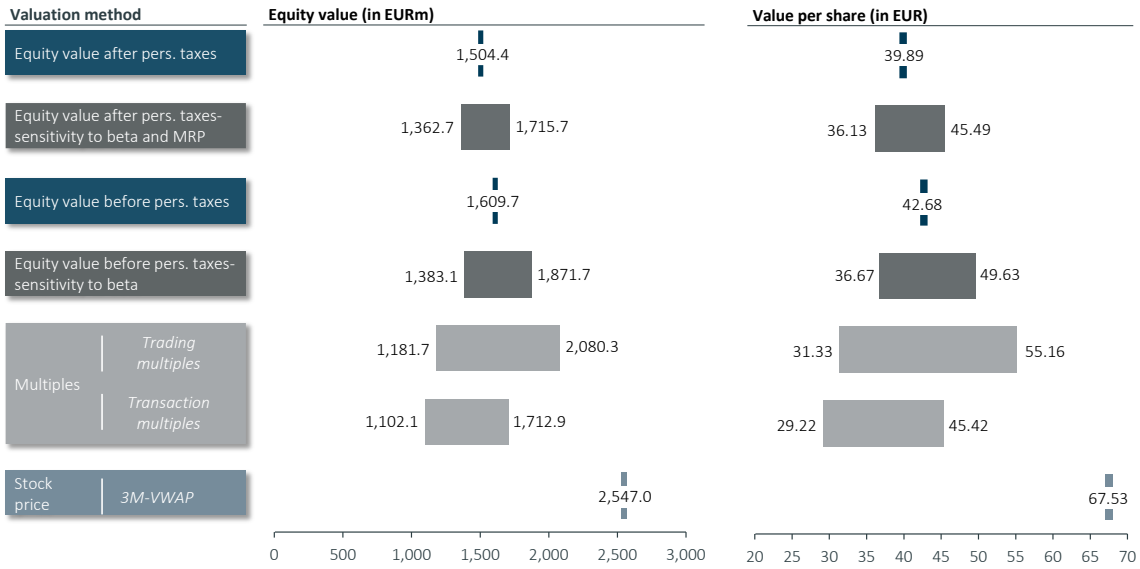
[147] See section 5 (4) WpÜG AngebV.

generate limited proceeds in liquidations. Based on this analysis, no liquidation value was calculated for MorphoSys.

6.6. Conclusion about the equity value

586. Based on the various valuation methods and parameters, the equity values of MorphoSys determined by ValueTrust are as follows:

Equity value of MorphoSys as of 27 August 2024
in EURm / in EUR



Source: ValueTrust analysis, Capital IQ, company information

587. The 3M-VWAP determined by Bafin on the basis of the stock exchange prices amounts to EUR 67.53 per MOR share at the time before the announcement of the Squeeze-out on 20 June 2024, which corresponds to a market capitalization of EUR 2,547.0m with a number of shares of around 37.7m. With regard to the share price, there are no indications of market abuse or breaches of disclosure obligations. The liquidity of the MOR share was also sufficiently high in the reference period according to legal and economic criteria, with the share price remaining stable even after completion of the public takeover offer with a free float below 10%. In this respect, there are no indications that the share price cannot be used as an indicator for the fair value of the shares and thus for the determination of the adequate Cash Compensation. Against the background of the legal requirements and from an economic point of view, the 3M-VWAP of MOR AG represents a suitable method for determining the market value of the shares of MOR AG and the adequate cash compensation pursuant to § 327b AktG.

588. The equity value after personal taxes (objectified business value in accordance with IDW S 1) is used in practice to determine the adequate compensation for structural measures pursuant to German stock corporation law, unless the 3M-VWAP can be used as a basis. This calculated equity value as of 27 August 2024, using a market risk premium after personal taxes of 5.75%

and a beta factor of 1.1 amounts to EUR 1,504.4m or EUR 39.89 per MOR share. In the sensitivity calculation, using a range of the unlevered beta factor from 0.9 to 1.3 and a market risk premium after personal taxes of 5,50% and 5,75% resulted in an equity value range after personal taxes of EUR 1,362.7m to EUR 1,715.7m or EUR 36.13 to EUR 45.49 per MOR share.

7. DERIVATION OF THE CASH COMPENSATION FOR BENEFICIARIES OF THE SHARE OPTION PROGRAMS OF MORPHOSYS AND FOR BONDHOLDERS OF THE CONVERTIBLE BONDS

589. Sections 327a et seq. AktG do not contain any express provisions on the effects of a Squeeze-out on subscription rights to shares. In the case of subscription rights, the prevailing opinion[148] – in line with the view of Novartis BidCo Germany AG – is in favor of the holders of subscription rights receiving a claim to cash compensation from the main shareholder instead of a claim to the granting of shares. In the case of stock options, the claim for cash compensation is also due upon registration of the transfer resolution.[149]

590. Against the background of this legal assessment of Novartis BidCo Germany AG, the Client requested that ValueTrust derive the cash compensation for the beneficiaries of stock option programs of MOR AG as well as for holders of the convertible bond issued by MorphoSys AG. The procedure for the calculation and the results of this calculation are described below.

7.1. Derivation of a cash compensation for the beneficiaries of the stock option programs

591. As at the valuation date, MOR AG had issued several stock options in the period 2018 to 2021. The share stock options grant subscription rights to shares in MOR AG. The main conditions of these stock option plans (hereinafter "SOP") are shown in the table below.

Overview of key parameters of the MorphoSys AG stock option programs

SOP	Grant date	Exercise price (in EUR)	# Subscription rights	Waiting period	Excercise period after end of waiting period
2021	01.01.2021	44.9	107,044	4 years	3 years
2020	01.04.2020	93.66	47,461	4 years	3 years
2019	01.10.2019	106.16	32,535	4 years	3 years
2019	01.04.2019	87.86	19,935	4 years	3 years
2018	01.04.2018	81.04	37,901	4 years	3 years

592. The adequacy of the cash compensation (hereinafter "SOP Compensation") can be determined in two ways. On the one hand, it is argued that the determination of the cash settlement should be based on a hypothetical exercise of the share options at the time the transfer resolution takes effect. On the other hand, it is argued that the cash settlement must correspond to the actual value of the share option and must therefore be determined independently of the value of the shares using recognized valuation methods.[150] When comparing both views, it must be taken into account that both the intrinsic value of the option (difference between exercise price and share price) and the time value (probability that the option could have a positive intrinsic

[148] See Statz/Albert: Die Behandlung von Aktienoptionen und Wandelschuldverschreibungen im Rahmen eines aktienrechtlichen Squeeze out, Neue Zeitschrift für Gesellschaftsrecht (NZG), 2023, p. 1295-1301, here: p. 1296

[149] See Statz/Albert, NZG (2023), p. 1297

[150] See Statz/Albert, NZG (2023), p. 1298

value over the term, i.e. exercise period) can be relevant for determining the compensation. For example, a call option whose exercise price is higher than the share price at the time of the transfer decision can still have a positive time value if a share price development is (realistically) possible by the end of the exercise period that results in the share price exceeding the exercise price.

Beneficiaries of the stock option programs 2018-2020

593. The comparison between the offered Cash Compensation per MOR share and the exercise prices of the stock option programs shows that the exercise price of four out of five stock option programs (SOP 2018-2020) is higher than the offered Cash Compensation per share as of the valuation date. The value of the stock options corresponds to the value of the shares less any exercise payments. As the exercise price exceeds the offered Cash Compensation, this would result in a negative value. It is not economically viable to exercise the subscription rights and accordingly no cash compensation is due on these subscription rights. In view of the large discrepancy between the exercise prices and the offered Cash Compensation of EUR 68.00, it is also practically impossible that the share price will reach the exercise prices by the end of the exercise period in a hypothetical scenario.

594. As a result of the above, we derive a SOP compensation for the beneficiaries of SOP 2018, SOP 2019 and SOP 2020 of EUR 0.00 per share option.

Beneficiaries of the stock option program 2021

595. For the SOP 2021, the exercise price is significantly lower than the offered Cash Compensation. Consequently, an SOP compensation must be determined for stock option holders.

596. For the sake of simplicity, the SOP compensation was not calculated using recognized valuation methods, but assuming a hypothetical exercise on the valuation date. In this case, the amount of the SOP compensation corresponds to the value of the shares less any cash payment to be made when the conversion or subscription right is exercised. The date on which the SOP 2021 stock options were granted was 1 October 2021. The four-year waiting period ends at the end of 1 October 2025. The exercise period therefore begins on 2 October 2025 and ends after a further three years.

597. Novartis BidCo Germany assumes that the transfer resolution will be entered in the commercial register by mid-October 2024 and will therefore become due on this date. We have therefore assumed 15 October 2024 as the maturity date of the SOP Compensation for the stock options under the SOP 2021. Based on the assumption of the hypothetical exercise, this results in an SOP settlement per subscription right of the SOP 2021 of EUR 68.00 less the exercise price of EUR 44.90 in the amount of EUR 23.10. For the sake of simplicity, we have also refrained from discounting this SOP settlement for the period from the planned registration of the transfer resolution until the end of the waiting period. The SOP settlement for the SOP 2021 thus amounts to EUR 23.10 per stock option. With 107,044 outstanding options, this results in a total settlement claim of EUR 2,472,716.40, which will take effect upon registration of the transfer resolution.

598. MorphoSys has set aside an amount equal to the total settlement claim of approximately EUR 2.5m as of 31 March 2024 and assumes in its corporate planning that an agreement can be reached with the beneficiaries to settle the (future) claims from the stock option program. In the event that the agreement can be reached with the beneficiaries in this way, there is no entitlement to a SOP compensation.

599. As a result of the above, the entitlement to the SOP compensation for the beneficiaries of the SOP 2021 amounts to EUR 23.10 per stock option.

7.2. Derivation of a cash compensation for the bondholders of the convertible bond

600. On 16 October 2020, MorphoSys issued unsubordinated, unsecured convertible bonds maturing on 16 October 2025 (ISIN DE000A3H2XW6) with an interest rate of 0.625% per annum ("Convertible Bonds"). As of the date of this Expert Report, an aggregate principal amount of EUR 262,100,000.00 of the Convertible Bonds is outstanding.

601. The holders of the Convertible Bonds are entitled to exercise a conversion right in accordance with the terms and conditions of the Convertible Bonds. According to these, the holders of the Convertible Bonds may, in principle, convert each Convertible Bond in full, but not in part, into new MOR shares at the conversion price on any business day during the conversion period as defined in more detail. The adjusted conversion price under the Convertible Bonds currently amounts to EUR 118.7045.

602. In case all holders of the Convertible Bonds were to convert their Convertible Bonds into MOR shares, a maximum number of 2,208,004 new MOR shares would be issued. For those Convertible Bonds for which the conversion right has not been exercised by the time the transfer resolution is entered in the commercial register, the cash settlement claim for the loss of the conversion option into new MOR shares – based on the legal assessment performed by Novartis BidCo Germany – must be determined.

603. In order to determine the cash compensation, the alternative actions of the holders of the Convertible Bonds must be analyzed. The analysis of the alternative courses of action is based on the assumption that, at from time this expert opinion is prepared up to the valuation date, the nominal amounts of the convertible bond plus interest are expected to be paid at maturity of the Convertible Bond.

604. A first alternative would be to hold the Convertible Bond until maturity in October 2025. In this case, holders would receive the full nominal amount (100%) plus interest.

605. A second alternative action would be the exercise of early redemption rights, which exist until 22 July 2024 and 8 August 2024, respectively, in accordance with the delisting tender offer of 20 June 2024 as a result of the acquisition of control of MorphoSys AG by Novartis BidCo AG and Novartis BidCo Germany. If the redemption rights are exercised, the principal amount (100%) plus any unpaid interest will be reimbursed. In view of the fact that, at the time this Expert Report was prepared, significantly higher interest rates could be achieved for investments in German government bonds with a comparable residual term, the second alternative appears to be more advantageous than the first.

606. Finally, a third alternative action would be to exercise the conversion right. Holders of the convertible bond would receive only around 57% (=EUR 68.00 ÷ EUR 118.74) of the principal amount if they exercise their conversion right at the current conversion price and a market price of the MOR share of EUR 68.00, which corresponds to the delisting tender offer. The third alternative is therefore economically significantly worse than the first two alternatives, in which the principal amount is repaid in full (100%). The conversion right therefore has no economic value.

607. As a result of the above, the cash compensation for the cancellation of the conversion right of the Convertible Bond is EUR 0.00. In addition, we would like to point out that even in the event that the repayment rights described in the second alternative action are not exercised by the holders by the time the transfer resolution is entered in the commercial register, the first alternative action remains more favorable than the exercise of the conversion right. The cash compensation for the elimination of the conversion right is therefore also EUR 0.00 in this case.

8. ASSESSMENT OF THE VALUATION RESULTS

608. As the main shareholder of MorphoSys AG, Novartis BidCo Germany intends to have the shares of the remaining shareholders (minority shareholders) transferred to it in return for an adequate cash compensation in the context of the merger of MorphoSys AG as transferring company into Novartis BidCo Germany as acquiring company (Merger Squeeze-out) pursuant to sections 62 para. 1 and para. 5 UmwG in conjunction with sections 327a et seq. AktG. The resolution on the transfer is to be adopted at an Annual General Meeting of MorphoSys AG on 27 August 2024. The adequate Compensation will be determined by the Management Board (*Vorstand*) of Novartis BidCo Germany.

609. When determining the adequate compensation for shares in a listed company, the stock market price can be taken into account as the sole indicator of the market value of the share in accordance with court rulings by the German Federal Court of Justice. The three-month average share price (3M-VWAP) prior to the publication of the intention to implement the Squeeze-out on 20 June 2024 amounts to EUR 67.53 per MOR share, which corresponds to a market capitalization of EUR 2,547.0m. From a legal and economic point of view, there are no indications that the stock exchange price cannot be used as an indicator for the market value of the shares and thus for the determination of the compensation. In this respect, the 3M-VWAP per MOR share represents a suitable method for determining the market value of the shares of MOR AG and the adequate cash compensation pursuant to § 327b AktG.

610. We have also determined ranges of the business value on the basis of the valuation methods recognized in the practice of business valuation and case law. Accordingly, we derived a range of the objectified business value in accordance with IDW Standard 1 "Principles for the Performance of Business Valuations" (IDW S 1, as of 2 April 2008) in the function of a neutral expert. We have also taken into account the DVFA-Recommendations.

611. In practice, the value of equity after personal taxes based on the dividend discount value method in accordance with IDW S 1 is usually used to determine the adequate compensation for structural measures under German stock corporation law. A market risk premium after personal taxes is regularly applied, which is in the middle of the range currently proposed by the FAUB of 5.0% to 6.5%.

612. Applying this average market risk premium after personal taxes of 5.75% and an unlevered beta factor of 1.1 results in an equity value of MorphoSys of EUR 1,504.4m as of the valuation date. Taking into account 37.7m outstanding shares, the objectified business value according to IDW S 1 amounts to EUR 39.89 per MOR share.

613. This value is below the 3M VWAP prior to the publication of the intention to implement the Squeeze-out on 20 June 2024 in the amount of EUR 67.53 per MOR share, which corresponds to a market capitalization of EUR 2,547.0m. Against the background of the range of the capitalized earnings value after personal taxes and the range of the value of the equity before personal taxes according to the DVFA-Recommendations, there are no indications that the 3M-

VWAP does not correspond to the market value of the MOR shares. In this respect, the VWAP alone can be used to determine the fair compensation.

614. Novartis BidCo Germany has decided to set the Cash Compensation at a value of EUR 68.00 per share and thus slightly above the 3M-VWAP.

615. We are issuing this Expert Opinion to the best of our knowledge and belief on the basis of our careful analyses and with reference to the documents and information made available to us.

Munich/Frankfurt am Main, 12 July 2024

Prof. Dr. Christian Aders
CEFA, CVA

ValueTrust Financial Advisors
Deutschland GmbH

Benno Jacke
Wirtschaftsprüfer, CVA

ValueTrust Financial Advisors
GmbH Wirtschaftsprüfungsgesellschaft

Annexes

1. List of the primarily used documents and information

MorphoSys provided us with the following key documents, among others, for the preparation of this expert report:

- Annual reports for the years 2021 to 2023 as well as the Q1 2024 quarterly report.
- Audit reports on MorphoSys consolidated financial statements for the fiscal years 2021 to 2023.
- Budget planning for the years 2024 to 2026 as well as Long Range Planning covering the years 2024 to 2044, approved by the Supervisory Board on 04 July 2024.
- Detailed information regarding the budgeting planning process and preparation of the LRP.
- Supporting material on the historical and projected financial figures
- Current organizational chart of MorphoSys as of 31 December 2023.
- Offer Document of the voluntary public takeover offer by Novartis BidCo AG dated 11 April 2024.
- Information regarding tax circumstances.

2. Selection of the peer group

During the peer group selection process an initial pool of 135 potential companies was conducted. After detailed analysis of the companies and under consideration of all selection criteria 11 companies were included in MorphoSys final peer group as shown below:

Name	Location	Peer group
Affimed N.V.	Germany	Yes
Curis, Inc.	United States	Yes
Geron Corporation	United States	Yes
GlycoMimetics, Inc.	United States	Yes
Incyte Corporation	United States	Yes
Karyopharm Therapeutics Inc.	United States	Yes
Keros Therapeutics, Inc.	United States	Yes
Kronos Bio, Inc.	United States	Yes
Syndax Pharmaceuticals, Inc.	United States	Yes
Syros Pharmaceuticals, Inc.	United States	Yes
Zentalis Pharmaceuticals, Inc.	United States	Yes
4SC AG	Germany	No
ADC Therapeutics SA	Switzerland	No
Adicet Bio, Inc.	United States	No
Aileron Therapeutics, Inc.	United States	No
Allogene Therapeutics, Inc.	United States	No
ALX Oncology Holdings Inc.	United States	No
Aptevo Therapeutics Inc.	United States	No
Aptose Biosciences Inc.	Canada	No
Arcellx, Inc.	United States	No
Arcus Biosciences, Inc.	United States	No
Arno Therapeutics, Inc.	United States	No
Atara Biotherapeutics, Inc.	United States	No
Autolus Therapeutics plc	United Kingdom	No
Beam Therapeutics Inc.	United States	No
BerGenBio ASA	Norway	No
BioInvent International AB (publ)	Sweden	No
C4 Therapeutics, Inc.	United States	No
Cardiff Oncology, Inc.	United States	No
Caribou Biosciences, Inc.	United States	No
Cellectar Biosciences, Inc.	United States	No
Cellectis S.A.	France	No
Celularity Inc.	United States	No
Celyad Oncology SA	Belgium	No
Centessa Pharmaceuticals plc	United Kingdom	No
Century Therapeutics, Inc.	United States	No
Checkpoint Therapeutics, Inc.	United States	No
Chimerix, Inc.	United States	No
Coegin Pharma AB	Sweden	No
Coeptis Therapeutics Holdings, Inc.	United States	No
CRISPR Therapeutics AG	Switzerland	No
Cullinan Oncology, Inc.	United States	No
Cyclacel Pharmaceuticals, Inc.	United States	No
CytomX Therapeutics, Inc.	United States	No
Elicera Therapeutics AB (publ)	Sweden	No
Elicio Therapeutics, Inc.	United States	No
Enliven Therapeutics, Inc.	United States	No
Erasca, Inc.	United States	No
Exelixis, Inc.	United States	No
Fate Therapeutics, Inc.	United States	No
Foghorn Therapeutics Inc.	United States	No
G1 Therapeutics, Inc.	United States	No
Galapagos NV	Belgium	No
Genmab A/S	Denmark	No
GT Biopharma, Inc.	United States	No
Heidelberg Pharma AG	Germany	No
IMV Inc.	Canada	No
IN8bio, Inc.	United States	No
Indaptus Therapeutics, Inc.	United States	No
Innate Pharma S.A.	France	No
Kura Oncology, Inc.	United States	No
Lantern Pharma Inc.	United States	No
LAVA Therapeutics N.V.	Netherlands	No
MaaT Pharma SA	France	No
MacroGenics, Inc.	United States	No
Marker Therapeutics, Inc.	United States	No
Medivir AB (publ)	Sweden	No
MEI Pharma, Inc.	United States	No
Mendus AB (publ)	Sweden	No
Merus N.V.	Netherlands	No
Molecular Partners AG	Switzerland	No
Moleculin Biotech, Inc.	United States	No
MorphoSys AG	Germany	No
Mustang Bio, Inc.	United States	No
NexImmune, Inc.	United States	No
NextCure, Inc.	United States	No
Nkarta, Inc.	United States	No
Nurix Therapeutics, Inc.	United States	No
Oncopeptides AB (publ)	Sweden	No
Oncotelic Therapeutics, Inc.	United States	No
Oncternal Therapeutics, Inc.	United States	No
OSE Immunotherapeutics SA	France	No
Precision BioSciences, Inc	United States	No
Prelude Therapeutics Incorporated	United States	No
Prime Medicine, Inc.	United States	No
Rasna Therapeutics, Inc.	United States	No
Respiratorius AB (publ)	Sweden	No
Rigel Pharmaceuticals, Inc.	United States	No
Salarius Pharmaceuticals, Inc.	United States	No
Sana Biotechnology, Inc.	United States	No
Scopus BioPharma Inc.	United States	No
SELLAS Life Sciences Group, Inc.	United States	No
Silence Therapeutics plc	United Kingdom	No
Statera Biopharma, Inc.	United States	No
Sunshine Biopharma, Inc.	Canada	No
Sutro Biopharma, Inc.	United States	No
TC Biopharm (Holdings) Plc	United Kingdom	No
TScan Therapeutics, Inc.	United States	No
Valerio Therapeutics Société anonym	France	No
Veracyte, Inc.	United States	No
Vincerx Pharma, Inc.	United States	No
Viracta Therapeutics, Inc.	United States	No
Vor Biopharma Inc.	United States	No
Werewolf Therapeutics, Inc.	United States	No
WPD Pharmaceuticals Inc.	Canada	No
Xencor, Inc.	United States	No
Xenetic Biosciences, Inc.	United States	No
Xspray Pharma AB (publ)	Sweden	No
Swedish Orphan Biovitrum AB (publ)	Sweden	No
Roche Holding AG	Switzerland	No
Novartis AG	Switzerland	No
Merck & Co., Inc.	United States	No
GSK plc	United Kingdom	No
AbbVie Inc.	United States	No
Bristol-Myers Squibb Company	United States	No
Gilead Sciences, Inc.	United States	No
Regeneron Pharmaceuticals, Inc.	United States	No
Pfizer Inc.	United States	No
Ipsen S.A.	France	No
Bayer Aktiengesellschaft	Germany	No
BeiGene, Ltd.	Cayman Islands	No
Daiichi Sankyo Company, Limited	Japan	No
Hanmi Pharm. Co., Ltd.	South Korea	No
ORIC Pharmaceuticals, Inc.	United States	No
Immunocore Holdings plc	United Kingdom	No
Deciphera Pharmaceuticals, Inc.	United States	No
Blueprint Medicines Corporation	United States	No
Y-mAbs Therapeutics, Inc.	United States	No
Biotest Aktiengesellschaft	Germany	No
Pieris Pharmaceuticals, Inc.	United States	No
Johnson & Johnson	United States	No
Royalty Pharma plc	United States	No
I-Mab	China	No
Mereo BioPharma Group plc	United Kingdom	No
Ultragenyx Pharmaceutical Inc.	United States	No

3. Income statement (2021-Q1 2024)

	Historical				CAGR
	2021	2022	2023	Q1 2024*	2021-2023
Revenues	**179.6**	**278.3**	**238.3**	**27.5**	**15.2%**
growth (yoy)	*-45.2%*	*54.9%*	*-14.4%*	*n/a*	
thereof Revenues from operations	126.2	181.4	127.3	0.5	0.4%
thereof Non-cash relevant royalties	53.4	96.9	111.0	27.0	44.2%
Cost of sales	-32.2	-48.6	-58.4	-2.8	34.6%
Gross profit	**147.4**	**229.6**	**179.9**	**24.7**	**10.5%**
in % of revenues	*82.1%*	*82.5%*	*75.5%*	*89.7%*	
Research and development	-225.2	-297.8	-283.6	-85.2	12.2%
Selling	-121.5	-92.4	-81.4	-18.5	-18.2%
Impairment of goodwill	-230.7	-	-1.6	-	
G&A expenses	-78.3	-60.1	-65.8	-185.5	-8.3%
Other income	8.5	12.0	5.4	0.9	-20.1%
Other expenses	-6.4	-15.6	-7.1	-0.4	5.5%
EBIT	**-506.2**	**-224.3**	**-254.1**	**-263.9**	**n/m**
in % of revenues	*-281.8%*	*-80.6%*	*-106.7%*	*-958.2%*	
Depreciation and amortisation	-242.4	-18.7	-25.4	-1.6	
EBITDA (for information)	**-263.9**	**-205.7**	**-228.7**	**-262.3**	**n/m**
in % of revenues	*-146.9%*	*-73.9%*	*-96.0%*	*-952.5%*	
Finance income	96.6	412.1	213.4	9.6	
Finance expenses	-181.5	-165.9	-142.0	-56.8	
Result form share in associates accounted for using the at equity method	-	-4.3	-8.2	-1.5	
Income before tax	**-591.1**	**17.5**	**-190.9**	**-312.6**	**n/m**
Taxes on income	76.6	-168.6	1.2	1.6	
Effective tax rate (in %)	*-13.0%*	*-962.2%*	*-0.6%*	*-0.5%*	
Annual result	**-514.5**	**-151.1**	**-189.7**	**-311.0**	**n/m**
in % of revenues	*-286.4%*	*-54.3%*	*-79.6%*	*-1129.4%*	
Results from discontinued operations	**n/a**	**n/a**	**n/a**	**-3.9**	**n/m**
in % of revenues	*n/a*	*n/a*	*n/a*	*-14.2%*	

4. Balance sheet (2021-Q1 2024)

Assets	Historical				CAGR
	31.12.2021	31.12.2022	31.12.2023	31.03.2024	2021-2023
Intangible assets (incl. goodwill)	1.173,9	1.242,8	1.186,4	1.136,1	*0,5%*
Tangible assets	49,6	51,0	15,0	11,0	*-45,0%*
Investments in associates	-	5,4	2,4	1,0	*n.a.*
Other non-current assets	199,8	8,7	8,5	8,5	*-79,4%*
Non-current assets	**1.423,3**	**1.307,9**	**1.212,3**	**1.156,5**	***-7,7%***
Inventories	20,8	24,3	62,1	-	*72,9%*
Accounts Receivable	75,9	91,2	32,1	25,9	*-35,0%*
Receivables and Other Assets	20,0	15,5	10,2	4,9	*-28,7%*
Cash and cash equivalents	976,9	907,2	679,3	630,8	*-16,6%*
Other current assets	39,3	50,9	30,3	13,4	*-12,2%*
Current Assets	**1.133,0**	**1.089,0**	**814,0**	**675,0**	***-15,2%***
Total Assets	**2.556,3**	**2.396,9**	**2.026,3**	**1.831,5**	***-11,0%***

Equity & Liabilities	Historical				CAGR
	31.12.2021	31.12.2022	31.12.2023	31.03.2024	2021-2023
Equity	**244,9**	**157,4**	**49,0**	**-261,7**	***-55,2%***
Provisions	**4,1**	**14,7**	**32,5**	**278,7**	***180,6%***
Bonds	283,2	293,7	245,7	248,3	*-6,9%*
Credit from Shareholder Loan Facility	-	-	-	-	*n.a.*
Lease liabilities	42,6	45,8	12,4	12,7	*-46,0%*
Development Funding Bond	62,6	358,6	377,9	394,8	*145,6%*
Interest Bearing Liabilities	**388,4**	**698,0**	**635,9**	**655,8**	***28,0%***
Financial liabilities from collaborations	514,4	220,3	114,4	0,4	*-52,8%*
Financial liabilities from future payments to Royalty Pharma	1.193,6	1.141,9	1.058,3	1.078,7	*-5,8%*
Accounts Payable and Accruals	188,1	157,3	109,8	72,6	*-23,6%*
Other non-interest bearing liabilities	0,8	0,8	19,8	0,3	*403,2%*
Deferred tax liability	22,1	6,5	6,5	6,7	*-45,5%*
Total Equity and Liabilities	**2.556,3**	**2.396,9**	**2.026,3**	**1.831,5**	***-11,0%***

5. Income statement (Projection)

	Projection																				
	Q2-Q4 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Revenues	**7.6**	**188.3**	**107.7**	**140.0**	**355.5**	**528.3**	**659.5**	**728.4**	**808.7**	**863.9**	**973.7**	**970.1**	**978.9**	**524.0**	**297.8**	**252.3**	**161.9**	**131.2**	**107.2**	**87.9**	**72.2**
growth (yoy)	*n/a*	*2391.8%*	*-42.8%*	*30.0%*	*153.9%*	*48.6%*	*24.8%*	*10.4%*	*11.0%*	*6.8%*	*12.7%*	*-0.4%*	*0.9%*	*-46.5%*	*-43.2%*	*-15.3%*	*-35.8%*	*-19.0%*	*-18.3%*	*-18.1%*	*-17.9%*
Cost of sales	-4.4	-0.0	-2.4	-10.6	-24.7	-38.5	-47.8	-53.9	-59.8	-65.2	-72.3	-77.6	-81.4	-44.6	-34.9	-31.5	-7.8	-6.3	-5.1	-4.1	3.3
Gross profit	**3.2**	**188.2**	**105.2**	**129.3**	**330.8**	**489.7**	**611.7**	**674.5**	**748.8**	**798.6**	**901.4**	**892.5**	**897.5**	**479.5**	**262.9**	**220.7**	**154.2**	**124.9**	**102.1**	**83.7**	**68.8**
in % of revenues	*42.2%*	*100.0%*	*97.7%*	*92.4%*	*93.1%*	*92.7%*	*92.8%*	*92.6%*	*92.6%*	*92.4%*	*92.6%*	*92.0%*	*91.7%*	*91.5%*	*88.3%*	*87.5%*	*95.2%*	*95.2%*	*95.2%*	*95.3%*	*95.4%*
Research and development	-137.7	-69.3	-63.3	-33.7	-19.8	-12.4	-11.8	-4.0	-3.7	-3.1	-2.2	-	-	-	-	-	-	-	-	-	-
Selling	-24.2	-40.6	-48.9	-52.9	-54.6	-53.3	-53.2	-53.3	-53.6	-54.0	-54.8	-54.6	-54.3	-28.1	-19.0	-15.2	-12.4	-9.8	-7.6	-6.2	-5.1
G&A expenses	-52.1	-32.0	-29.8	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-29.0	-27.4	-25.1	-12.2	-4.9	-4.2	-2.8	-2.3	-1.9	-1.7	-1.4
Other expenses	-2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA (for information)	**-213.7**	**46.4**	**-36.8**	**13.7**	**227.4**	**395.1**	**517.7**	**588.3**	**662.7**	**712.6**	**815.4**	**810.5**	**818.1**	**439.2**	**239.1**	**201.3**	**138.9**	**112.9**	**92.6**	**75.9**	**62.3**
in % of revenues	*-2828.3%*	*24.6%*	*-34.2%*	*9.8%*	*64.0%*	*74.8%*	*78.5%*	*80.8%*	*81.9%*	*82.5%*	*83.7%*	*83.5%*	*83.6%*	*83.8%*	*80.3%*	*79.8%*	*85.8%*	*86.0%*	*86.3%*	*86.3%*	*86.4%*
Depreciation and amortisation	-0.1	-0.3	-1.4	-1.2	-2.9	-4.5	-5.8	-6.1	-6.8	-7.1	-7.6	-7.8	-8.2	-4.6	-2.9	-2.5	-1.6	-1.3	-1.0	-0.8	-
EBIT	**-213.8**	**46.1**	**-38.2**	**12.5**	**224.6**	**390.6**	**511.9**	**582.3**	**655.9**	**705.5**	**807.8**	**802.7**	**809.9**	**434.6**	**236.1**	**198.8**	**137.4**	**111.6**	**91.6**	**75.0**	**62.3**
in % of revenues	*-2829.3%*	*24.5%*	*-35.5%*	*8.9%*	*63.2%*	*73.9%*	*77.6%*	*79.9%*	*81.1%*	*81.7%*	*83.0%*	*82.7%*	*82.7%*	*82.9%*	*79.3%*	*78.8%*	*84.8%*	*85.1%*	*85.4%*	*85.4%*	*86.4%*
Finance result	-1.6	-47.4	-48.3	-46.6	-45.5	-39.4	-27.7	-19.2	-12.8	-5.7	0.1	0.1	0.1	0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Income before tax	**-215.3**	**-1.3**	**-86.5**	**-34.1**	**179.1**	**351.2**	**484.3**	**563.0**	**643.0**	**699.8**	**807.9**	**802.8**	**810.1**	**434.7**	**236.0**	**198.6**	**137.1**	**111.3**	**91.2**	**74.7**	**62.1**
Taxes on income	-	-15.7	-14.0	-11.6	-17.1	-39.9	-48.5	-64.4	-147.0	-191.8	-219.4	-218.4	-220.5	-118.5	-64.6	-54.3	-37.5	-30.5	-25.0	-20.5	17.1
Effective tax rate (in %)	-	*1185.8%*	*16.2%*	*34.1%*	*9.5%*	*11.4%*	*10.0%*	*11.4%*	*22.9%*	*27.4%*	*27.2%*	*27.2%*	*27.2%*	*27.3%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*	*27.4%*
Annual result	**-215.3**	**-17.0**	**-100.5**	**-45.7**	**162.0**	**311.3**	**435.8**	**498.6**	**496.0**	**508.0**	**588.5**	**584.4**	**589.5**	**316.2**	**171.4**	**144.2**	**99.6**	**80.8**	**66.2**	**54.2**	**45.1**
in % of revenues	*-2850.1%*	*-9.0%*	*-93.4%*	*-32.6%*	*45.6%*	*58.9%*	*66.1%*	*68.5%*	*61.3%*	*58.8%*	*60.4%*	*60.2%*	*60.2%*	*60.3%*	*57.6%*	*57.2%*	*61.5%*	*61.6%*	*61.7%*	*61.7%*	*62.5%*

6. Balance sheet (Projection)

Assets	Projection																				
	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044
Intangible assets (incl. goodwill)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tangible assets	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	-
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current assets	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	-
Non-current assets	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	**19.4**	-
Inventories	4.4	0.0	2.4	10.6	24.7	38.5	47.8	53.9	59.8	65.2	72.3	77.6	81.4	44.6	34.9	31.5	7.8	6.3	5.1	4.1	-
Accounts Receivable	1.9	46.4	26.5	34.5	87.6	130.3	162.6	179.6	199.4	213.0	240.1	239.2	241.4	129.2	73.4	62.2	39.9	32.4	26.4	21.7	-
Receivables and Other Assets	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	-
Cash and cash equivalents	200.0	200.0	35.5	28.9	25.8	23.6	23.5	21.5	21.5	21.5	21.5	20.5	19.8	10.1	6.0	4.9	3.8	3.0	2.4	7.3	-
Other current assets	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	-
Current Assets	**224.5**	**264.8**	**82.8**	**92.4**	**156.5**	**210.8**	**252.2**	**273.3**	**299.1**	**318.1**	**352.2**	**355.6**	**360.9**	**202.2**	**132.6**	**116.9**	**69.8**	**60.0**	**52.2**	**51.4**	-
Total Assets	**244.0**	**284.2**	**102.2**	**111.8**	**175.9**	**230.2**	**271.6**	**292.7**	**318.5**	**337.5**	**371.6**	**375.1**	**380.4**	**221.6**	**152.0**	**136.3**	**89.2**	**79.4**	**71.7**	**70.8**	-

Equity & Liabilities	0										0										0
	31.12.2024	31.12.2025	31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044
Equity	**-528.3**	**-545.3**	**-645.9**	**-691.6**	**-529.5**	**-218.3**	**-41.3**	**38.0**	**128.4**	**199.9**	**234.0**	**237.4**	**242.7**	**116.8**	**55.9**	**43.2**	**17.3**	**8.7**	**2.1**	**2.1**	-
Provisions	**58.1**	**64.7**	**71.3**	**66.2**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	**52.0**	-
Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit from Shareholder Loan Facility	233.8	289.1	235.5	334.1	292.9	83.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	-
Development Funding Bond	394.8	390.0	355.6	317.4	274.9	227.7	175.3	117.1	52.4	-	-	-	-	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	**641.3**	**691.9**	**603.9**	**664.2**	**580.5**	**323.5**	**188.0**	**129.8**	**65.2**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	-
Financial liabilities from collaborations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities from future payments to Royalty Pharma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable and Accruals	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	72.6	39.8	31.1	28.1	6.9	5.6	4.5	3.7	-
Other non-interest bearing liabilities	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity and Liabilities	**244.0**	**284.2**	**102.2**	**111.8**	**175.9**	**230.2**	**271.6**	**292.7**	**318.5**	**337.5**	**371.6**	**375.1**	**380.4**	**221.6**	**152.0**	**136.3**	**89.2**	**79.4**	**71.7**	**70.8**	-

7. Definition of main key numbers

$$\text{Asset intensity}_t = \frac{\text{Tangible assets}_t}{\text{Total assets}_t}$$

$$\text{CAPEXratio}_t = \frac{\text{CAPEX}_t}{\text{Revenue}_t}$$

$$\text{Days payables outstanding}_t = \frac{\text{Ø Trade accounts payable}_t \cdot \text{x } 365}{\text{Cost of goods sold}_t}$$

$$\text{Days sales outstanding}_t = \frac{\text{Ø Trade accounts receivable}_t \cdot \text{x } 365}{\text{Revenues}_t}$$

$$\text{Equity ratio (at book values)}_t = \frac{\text{Book value of equity}_t}{\text{Total assets}_t}$$

$$\text{Debt ratio (at market values)}_t = \frac{\text{Interest bearing liabilities}_t}{\text{Total enterprise value}_t}$$

$$\text{Return on equity}_t = \frac{\text{Annual result}_t}{\text{Book value of equity}_{t-1}}$$

$$\text{Total return on capital}_t = \frac{\text{NOPLAT}_t}{\text{Book value of total capital}_{t-1}}$$

$$\text{Return on Invested Capital (ROIC)}_t = \frac{\text{NOPLAT}_t}{\text{Invested Capital (IC)}_{t-1}}$$

$$\text{Asset turnover}_t = \frac{\text{Revenues}_t}{\text{Total assets}_{t-1}}$$

$$\text{Debt-equity ratio (book value)}_t = \frac{\text{Interest bearing liabilities}_t}{}$$

$$\text{Book value of equity}_t$$

- Debt-equity ratio (market value)$_t$ = $\dfrac{\text{Interest bearing liabilities}_t}{\text{Market value of equity}^{151}_t}$

[151] Value of equity compared to market values with the DCF method and the Discounted Dividend method.

Annex 8

Draft squeeze-out resolution to be adopted by the general meeting of MorphoSys AG

8. Resolution on the transfer of the shares of the minority shareholders to Novartis BidCo Germany AG as main shareholder against payment of an adequate cash compensation pursuant to section 62 (5) UmwG in conjunction with sections 327a et. seqq. AktG (merger squeeze-out)

If, in the case of a merger of two stock corporations by absorption pursuant to sections 2 no. 1, sections 60 et seqq. of the German Transformation Act (*Umwandlungsgesetz,* "**UmwG**"), at least nine tenths of the share capital of the transferring company are directly owned by the acquiring stock corporation (main shareholder), the general meeting of the transferring stock corporation may, pursuant to section 62 (1) in conjunction with section 62 (5) UmwG in conjunction with sections 327a et seqq. AktG, within three months after the conclusion of the merger agreement, adopt a resolution pursuant to section 327a (1) sentence 1 AktG on the transfer of the shares of the remaining shareholders (minority shareholders) to the main shareholder against payment of an adequate cash compensation (merger squeeze-out).

At the time of publication of this invitation, Novartis BidCo Germany AG, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 283042, (hereinafter "**Novartis BidCo Germany**" or also "**Main Shareholder**") directly holds 34,337,809 of the total number of 37,716,423 shares in MorphoSys. This corresponds to approximately 91.04% of the share capital and – after deducting the number of treasury shares held by MorphoSys in accordance with section 62 (1) sentence 2 UmwG – around 91.17 % of the outstanding share capital of MorphoSys and therefore to more than nine tenths of the share capital of MorphoSys. Accordingly, Novartis BidCo Germany is the main shareholder of MorphoSys within the meaning of section 62 (5) sentence 1 UmwG. Novartis BidCo Germany has proven its shareholding of more than nine tenths of the share capital of MorphoSys by means of a deposit certificate issued by UBS Switzerland AG.

Novartis BidCo Germany intends to make use of the possibility of a merger squeeze-out with regard to MorphoSys. To this end, by letter dated 20 June 2024, Novartis BidCo Germany notified the Management Board of MorphoSys of its intention to merge MorphoSys into Novartis BidCo Germany, and made a request pursuant to section 62 (5) sentence 1 UmwG in conjunction with section 327a (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 (hereinafter the "**Squeeze-Out Resolution**").

On 12 July 2024, Novartis BidCo Germany 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 as main shareholder to be EUR 68.00 per no-par value bearer share of MorphoSys.

Novartis BidCo Germany as main shareholder of MorphoSys has prepared a written report in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327c (2) sentence 1

AktG setting out the requirements for the transfer of the shares of the minority shareholders from MorphoSys to Novartis BidCo Germany and explaining and justifying the adequacy of the determined cash compensation (hereinafter "**Transfer Report**"). According to the Transfer Report, Novartis BidCo Germany determined the amount of the cash compensation on the basis of a valuation report on the company value of MorphoSys issued by ValueTrust Financial Advisors SE, Munich (hereinafter „**ValueTrust**"). The valuation report of ValueTrust on the determination of the company value as of 27 August 2024 and on the amount of the adequate cash compensation pursuant to section 62 (5) sentence 8 UmwG in conjunction with section 327b (1) AktG dated 12 July 2024 is an integral part of the Transfer Report and is attached thereto in its entirety.

By specification letter dated 12 July 2024 to the Management Board of MorphoSys, Novartis BidCo Germany confirmed and specified its intention to achieve a squeeze-out of the minority shareholders of MorphoSys in connection with the merger, and also informed the Management Board of the amount of the determined cash compensation. Novartis BidCo Germany also requested that a General Meeting be convened for a date no later than three months after the date of conclusion of the merger agreement and that the present agenda item be placed on the agenda of this General Meeting. Together with the specific squeeze-out request, and thus prior to the convening of the General Meeting, Novartis BidCo Germany submitted to the Management Board of MorphoSys a guarantee declaration dated 11 July 2024 issued by Deutsche Bank AG with registered office in Frankfurt am Main in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327b (3) AktG, in which Deutsche Bank AG unconditionally and irrevocably guaranteed the fulfilment of Novartis BidCo Germany's obligation to pay the determined cash compensation for the transferred shares to the minority shareholders of MorphoSys, together with statutory interest (if any), in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327b (2) AktG without undue delay after registration of both the Squeeze-Out Resolution to be adopted by the General Meeting of MorphoSys with the commercial register at the place of the registered office of MorphoSys in accordance with section 327a (1) AktG and the merger with the commercial register at the place of the registered office of Novartis BidCo Germany and, accordingly, after the Squeeze-Out Resolution has become effective. From the date of publication of the registration of the Squeeze-Out Resolution with the commercial register, interest will accrue on the cash compensation in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327b (2) AktG at a rate of 5 percentage points p.a. above the applicable basic rate of interest pursuant to section 247 of the German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**").

On 19 July 2024, Novartis BidCo Germany and MorphoSys entered into a merger agreement in the form of a notarial deed according to which 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 60 et seqq. UmwG to Novartis BidCo Germany. The merger agreement contains the information pursuant to section 62 (5) sentence 2 UmwG that a squeeze-out of the minority shareholders of MorphoSys is intended. The effectiveness of the merger agreement will be subject to the condition precedent that the 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, as proposed below, 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 this 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.

The Management Board of MorphoSys and the Management Board of Novartis BidCo Germany have jointly prepared, as a precautionary measure, a detailed written report on the merger of MorphoSys into Novartis BidCo Germany in accordance with section 8 UmwG.

The adequacy of the cash compensation determined by Novartis BidCo Germany has been audited by ADKL AG Wirtschaftsprüfungsgesellschaft, Wolfram Wagner, Wirtschaftsprüfer, Dusseldorf (hereinafter "**ADKL**"), which was selected and appointed by the Regional Court of Munich I (*Landgericht München I*) by decision dated 21 June 2024 (file no.: 5 HK O 7165/24), upon application of Novartis BidCo Germany, as transfer auditor of the adequacy of the cash compensation and, upon joint application of Novartis BidCo Germany and MorphoSys, also as joint merger auditor. In light of the proposed resolution on the transfer of the shares of the remaining shareholders of MorphoSys to Novartis BidCo Germany, ADKL has prepared a written report on the results of the audit of the adequacy of the cash compensation in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327c (2) sentences 2 to 4 AktG. In its audit report on the audit of the cash compensation, ADKL concludes that the cash compensation determined by the main shareholder is adequate. In addition, ADKL has prepared, as a precautionary measure, an audit report on the audit of the merger agreement between Novartis BidCo Germany as acquiring company and MorphoSys as transferring company in accordance with section 60 in conjunction with section 12 UmwG.

If the General Meeting resolves to transfer the shares of the minority shareholders to the main shareholder against payment of an adequate cash compensation, the Management Board of MorphoSys must apply for registration of the Squeeze-Out Resolution with the commercial register at the place of the registered office of MorphoSys in accordance with section 62 (5) sentence 8 UmwG in conjunction with sections 327e (1) sentence 1 AktG. Pursuant to section 62 (5) sentence 7 UmwG, the registration of the Squeeze-Out Resolution must 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.

The Management Board and Supervisory Board propose to resolve as follows:

"The no-par value bearer shares of the remaining shareholders of MorphoSys AG (Minority Shareholders) shall be transferred to Novartis BidCo Germany AG with registered office in Munich ("Main Shareholder") in accordance with section 62 (5) of the German Transformation Act

(*Umwandlungsgesetz,* UmwG) in conjunction with sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz,* AktG) against payment of an adequate cash compensation by the Main Shareholder, in the amount of EUR 68.00 per no-par value bearer share of MorphoSys AG."

As from the date the General Meeting of MorphoSys is convened, the following documents on agenda item 8 are made available on the website of the Company at www.morphosys.com/agm in accordance with section 62 (5) sentence 3, section 62 (3) sentence 1, section 63 (1) UmwG and in accordance with section 62 (5) sentences 5 and 8 UmwG in conjunction with section 327c (3) AktG:

- the draft Squeeze-Out Resolution;
- the annual financial statement and consolidated annual financial statement as well as the management report and group management report of MorphoSys for each of the financial years 2021, 2022 and 2023 and the interim balance sheet of MorphoSys as of 30 June 2024;
- 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 as main shareholder in accordance with section 62 (5) sentence 8 UmwG in conjunction with section 327c (2) sentence 1 AktG, including its annexes;
- the guarantee declaration dated 11 July 2024 issued by Deutsche Bank AG with its registered office in Frankfurt am Main pursuant to section 62 (5) sentence 8 UmwG in conjunction with section 327b (3) AktG;
- 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 Regional Court of Munich I (*Landgericht München I*) in light of the proposed resolution on the transfer of the shares of the minority shareholders of MorphoSys to Novartis BidCo Germany;
- the merger agreement dated 19 July 2024 between Novartis BidCo Germany as acquiring company and MorphoSys as transferring company;
- 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;
- the joint merger report dated 12 July 2024, which has been prepared as a precautionary measure in accordance with section 8 UmwG by the Management Board of Novartis BidCo Germany and the Management Board of MorphoSys, including its annexes; and
- the audit report dated 12 July 2024 on the audit of the 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 Regional Court of Munich I (*Landgericht München I*), for both legal entities involved in the merger.

These documents will also be made available during the General Meeting of MorphoSys on 27 August 2024 on the website of MorphoSys at www.morphosys.com/agm.

Annex 9

Guarantee declaration of Deutsche Bank AG dated 11 July 2024

CONVENIENCE TRANSLATION
This English language translation has been prepared solely for the convenience of English speaking readers. Although all reasonable efforts have been made to provide an accurate translation, however, certain discrepancies, omissions or approximations may exist. No warranty of any kind, either expressed or implied, is made as to the accuracy, reliability, or correctness of this translations made from German into English. In case of any differences between the German and the English versions, the German version shall prevail.
Thus, only the original declaration of warranty in German language, signed by Deutsche Bank AG, is legally binding and valid.

Letterhead of Deutsche Bank AG

To
Novartis BidCo Germany AG
c/o Novartis Pharma GmbH
Roonstrasse 25
90429 Nuremberg

dated 11th July 2024

for delivery to the Executive Board of MorphoSyS AG

Declaration of warranty No. 100BGI24001208 for the cash compensation obligation of the main shareholder according to Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG for delivery to the executive board of MorphoSyS AG

*Novartis BidCo Germany AG, based in Munich, registered in the commercial register of the Amtsgericht München under HRB 283042 (hereinafter the **'main shareholder'**), has informed us that:*

*- it and MorphoSys AG, established in Planegg, registered in the commercial register of the Amtsgericht München under HRB 121023 (hereinafter the **'Aktiengesellschaft'**), are expected to conclude a merger agreement on 19 July 2024 by which the Aktiengesellschaft, as the company being acquired, transfers its assets as a whole to the main shareholder as the acquiring company (merger by acquisition), with all the rights and obligations resulting from the dissolution without liquidation in accordance with §§ 2 No 1, 60 et seq. UmwG;*

- as of 10 July 2024, it directly holds 34,337,809 of the total issued 37,716,423 bearer-denominated no-par value shares of the Aktiengesellschaft with a share of the share capital of EUR 1.00. This corresponds to approximately 91.17% of the share capital of the Aktiengesellschaft (with deduction of the number of own shares according to Paragraph 62 article 1 sentence 2 of the UmwG). Since shares amounting to more than nine tenths of the share capital of the Aktiengesellschaft are thus directly in the hands of the main shareholder, the main shareholder as the acquiring company is also the main shareholder of the Aktiengesellschaft as the company being acquired within the meaning of the first sentence of Paragraph 62(5), paragraph 1, of the UmwG in the context of that merger;

*- the merger agreement pursuant to the second sentence of Paragraph 62(5) of the UmwG will contain a statement that, in connection with the merger, the other shareholders (hereinafter the **'minority shareholders'**) of the Aktiengesellschaft as the company being acquired are to be excluded (hereinafter the **'merger squeeze-out'**).*

At the request of the main shareholder, a decision on the transfer of the minority shareholders' shares to the main shareholder is to be taken at the ordinary general meeting of the Aktiengesellschaft on 27 August 2024 pursuant to Section 62(5) UmwG in conjunction with Section 327a(1) AktG in return for

the granting of a reasonable cash compensation of EUR 68.00 per share to be paid by the main shareholder.

*The intended merger squeeze-out means that the main shareholder must also compensate the beneficiaries of the stock option programs implemented by the Aktiengesellschaft in 2021 (hereinafter **'2021 stock option beneficiaries'**) for the loss of their subscription rights to shares in the Aktiengesellschaft (hereinafter **'2021 stock options'**) (hereinafter, together with the cash compensation to be paid to minority shareholders, the **'cash compensation'**). The main shareholder informed us that 107,044 2021 stock options are currently outstanding and that they will pay the 2021 stock option beneficiaries a cash compensation of EUR 23.10.*

Pursuant to the eighth sentence of Paragraph 62(5) of the UmwG in conjunction with Paragraph 327b(3) of the AktG, before convening the general meeting which decides on the transfer of the shares of the minority shareholders to the main shareholder, the main shareholder is required to submit to the management board of the Aktiengesellschaft as the transferring company the declaration of a credit institution authorized to operate under the scope of the Stock Corporation Act, by which the credit institution takes over the guarantee for the fulfillment of the obligation of the main shareholder to pay the above cash compensation immediately after both (i) the transfer decision in the commercial register of the Aktiengesellschaft and (ii) the merger is registered in the commercial register of the main shareholder and the transfer decision has thus become effective (Paragraph 62(5), seventh sentence, and sentence 8 of the UmwG in conjunction with Paragraph 327e(3), first sentence, of the AktG).

That being said, we, as a credit institution authorized to conduct business within the scope of application of the Stock Corporation Act pursuant to Paragraph 62 (5) sentence 8 of the UmwG in conjunction with Paragraph 327b (3) of the AktG, accept unconditionally and irrevocably against each minority shareholder and each 2021 stock option beneficiary

(1) the warranty for the fulfillment of the obligation of the main shareholder to pay the minority shareholders of the Aktiengesellschaft without delay the fixed cash compensation of EUR 68.00 per share and the 2021 stock option beneficiaries without delay a cash compensation of EUR 23.10 per 2021 stock option, in each case after both (i) the transfer decision of the general meeting of the Aktiengesellschaft to Section 327a(1) of the AktG in the commercial register of the Aktiengesellschaft and (ii) the above-described merger of Aktiengesellschaft to the main shareholder in the commercial register of the Aktiengesellschaft are registered as shareholders and the transfer decision has thus become effective (Paragraph 62(5), seventh and eighth sentences of the UmwG in conjunction with Paragraph 327e(3), first sentence, of the AktG);

(2) the warranty for the fulfillment of the obligation of the main shareholder to pay the minority shareholders and the 2021 stock option beneficiaries pursuant to § 62 article 5 sentence 8 UmwG in conjunction with § 327b article 2 AktG on the above-mentioned cash compensation amounting to 5 percentage points annually above the respective base interest rate pursuant to § 247 BGB.

Insofar as shares of the minority shareholders are issued with share certificates which securitise the severance entitlement until the delivery to the main shareholder, the payment is made only in a step-by-step manner against the delivery of the respective share certificates or transfer of the rights to a global certificate.

This declaration of warranty pursuant to Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG constitutes a real contract for the benefit of third parties (Paragraph 328 article 1 BGB), from which every minority shareholder of the Aktiengesellschaft and every 2021 stock option beneficiary a direct and irrevocable payment claim against us. In relation to each

minority shareholder and each 2021 stock option beneficiary, objections and objections are excluded from our relationship with the main shareholder.

The declaration of warranty within the meaning of Paragraph 62 article 5 sentence 8 UmwG in conjunction with Paragraph 327 b article 3 AktG is subject to German law.

Deutsche Bank AG

- signature - - signature -

CONVENIENCE TRANSLATION, see also the heading note
only the original declaration of warranty in German language is legally binding and valid