Auditor’s Declaration of Independence in accordance with Subparagraph 7.2.1 of the German Corporate Governance Code

Dear Mr. Brosnan,

In preparation for the proposal for election as auditor of the annual financial statements and consolidated financial statements of MorphoSys AG, Planegg for the financial year ending December 31, 2020 and as auditor conducting a review of half-year financial information ending June 30, 2020, you have requested that we provide you with a declaration as defined in Subparagraph 7.2.1 of the German Corporate Governance Code.

Under the German Corporate Governance Code, prior to the submission of the election proposal to the shareholders’ annual general meeting, the supervisory board or the audit committee is under obligation to obtain “a statement from the proposed auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the enterprise and the members of its executive bodies on the other hand, that could call its independence into question. This statement shall include the extent to which other services were performed for the enterprise in the past year, especially in the field of consultancy, or which are contracted for the following year.”

In this regard, we provide the following declaration, which relates not only to the circumstances of our firm itself, PricewaterhouseCoopers GmbH, but also, in accordance with applicable provisions of EU and German laws and regulations governing the profession (specifically Articles 4, 5 and 17 of the Regulation (EU) No. 537/2014, Articles 319, 319a, 319b HGB [Handelsgesetzbuch – German Commercial Code], Articles 28 et seq. Berufssatzung WP/vBP [Professional Charter for German Public Auditors and German Sworn Auditors]), to an extended
circle of individuals and entities. This specifically includes the audit partners, members of senior management and managers conducting the audit as well as the entities that related parties to us or included within our network, the officers of our firm, and the members of the supervisory board of our firm with regard to their professional relationships as defined under Article 319 Paragraph 3 Sentence 1 No. 2 HGB, individuals acting for us who are able to influence the result of the audit, as well as, where applicable, the spouses, common law partners or direct line relatives as well as other family members of those individuals who have been living with them in one household for at least one year.

1. We have verified that no business relationships exist, which could call our independence into question. This also specifically applies to activities as a member of an executive or a supervisory body, as well as activities as a result of an employment relationship with MorphoSys AG, with an affiliated entity or with an entity that holds more than 20% of the shares in MorphoSys AG (Article 319, Paragraph 3, Sentence 1, No. 2 HGB).

2. We have verified that no financial relationships exist, which could call our independence into question. This specifically applies in relation to the holding of shares or the existence of other not only immaterial financial interests in MorphoSys AG or the holding of a participating interest in an entity that is a related party to MorphoSys AG or that owns more than 20% of its shares (Article 319, Paragraph 3, Sentence 1, No. 1 HGB).

A fee dependency within the meaning of Article 4, Paragraph 3 of the Regulation (EU) No. 537/2014 does not exist, since, during each of the last three consecutive financial years, we did not receive more than 15% of the total fee income from our professional services to MorphoSys AG, and this is also not expected in the current financial year.

For the audit of the consolidated financial statements and of the annual financial statements of the parent company and its subsidiaries for the preceding financial year, we (including German entities affiliated with us) altogether have charged fees in the sum of EUR 873k. In addition to the fees mentioned above, in the preceding financial year we have charged fees of EUR 319k for other services rendered to these entities. These fees comprise solely other assurance services in the amount of EUR 319k related to a comfort letter.

For the following financial year, i.e., the financial year subject to audit, no engagements for other services have been agreed to date.

The total fees for non-audit services other than those listed in Article 5, Paragraph 1 of the Regulation (EU) No. 537/2014 performed by us will not exceed 70% of the average of the fees paid to us (excluding entities affiliated with us) in the last three consecutive financial years for audits of MorphoSys AG, the parent company, the subsidiaries and the consolidated financial statements of the group entity. Non-audit services other than those listed in Article 5, Paragraph 1 of the Regulation (EU) No. 537/2014 and which are required by EU or German law are not included in the stated amount.

3. We have verified that no personal relationships exist, which could call our independence into question. This specifically applies to close familial or other personal relationships with members of executive or supervisory bodies or employees managing the accounting function.
4. We endeavor to ensure that concerns as to our independence with regard to the prohibition of auditing our own work do not arise. We ensure that neither we ourselves, nor a member of our network have performed or will provide non-audit services prohibited pursuant to Article 5, Paragraph 1 of the Regulation (EU) No. 537/2014, Articles 319, 319a HGB, directly or indirectly to MorphoSys AG, its parent company or its controlled entities within the European Union in the period between the beginning of the financial year subject to audit and the issuance of the auditor’s report.

This concerns in Germany

- tax advisory services in relating to
  - payroll tax,
  - customs duties
- services that involve playing any part in the management or decision-making of the audited entity;
- bookkeeping and preparing accounting records and financial statements;
- payroll services;
- legal services, with respect to
  - general counsel,
  - negotiating on behalf of the audited entity, and
  - acting in an advocacy role in the resolution of litigation;
- services related to the audited entity’s internal audit function;
- services linked to the financing, capital structure and allocation, and investment strategy of the audited entity;
- promoting, dealing in, or underwriting shares in the audited entity;
- human resources services, with respect to
  - certain members of the entity’s management,
  - structuring the organisation design, and
  - cost control.

We have verified that, during the financial year to be audited and during the immediately preceding financial year, no services prohibited pursuant to Article 5, Paragraph 1, Subsection 2, Point (e) of the Regulation (EU) No. 537/2014 in connection with designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information systems were or will be performed and we ensure that such services are not performed before the release of the auditor’s report.

Furthermore, in accordance with Article 319a, Paragraph 1, Sentence 1, No. 2 and 3 HGB beyond our audit activities we perform

- neither prohibited tax advisory services within the meaning of Article 5, Paragraph 1, Subsection 2, Point (a) (i) and (iv) to (vii) of the Regulation (EU) No. 537/2014 in the financial year to be audited,
• nor prohibited valuation services within the meaning of Article 5, Paragraph 1, Subsection 2, Point (f) of the Regulation (EU) No. 537/2014 in the financial year subject to audit or up to the issuance of the auditor's report, which, individually or in the aggregate, have a direct and not only immaterial effect on the financial statements to be audited.

5. We ensure that the requirements regarding internal rotation pursuant to Article 17, Paragraph 7 of the Regulation (EU) No. 537/2014 are complied with.

In case of a renewed appointment, the uninterrupted audit tenure will be 10 years. Thus, the conditions with regard to compliance with the maximum duration (so-called external rotation) defined in Article 17, Paragraph 1, Subsection 2, Paragraph 4 of the Regulation (EU) No. 537/2014 in connection with Article 318, Paragraph 1a, Article 340k, Paragraph 1, Sentence 1, Article 341k, Paragraph 1, Sentence 2 HGB are met.

6. According to our determinations, no other relationships or circumstances exist, which could call our independence into question.

Our practice organisation complies with the requirements of the Draft Quality Control Standard of the Institut der Wirtschaftsprüfer in Deutschland [Institute of Public Auditors in Germany]: “Requirements for Quality Control in the Wirtschaftsprüfer Practice” (IDW EQS 1). As a result of this, for example, the members of our [executive and supervisory] bodies and audit staff are obliged by means of their service contracts not to hold financial investments that could lead to an exclusion on the grounds of a financial relationship. We require the individuals affected to periodically confirm their compliance with this obligation to us.

In addition, we refer you to the fact that we have at our disposal an extract from the professional register in accordance with Articles 38 No. 1, and 57a WPO [Wirtschaftsprüferordnung – Public Accountant Act] which provides that we are registered as statutory auditor.

This letter serves solely for the purpose of informing the audit committee of MorphoSys AG and may not be used for any other purpose.

The declaration of independence pursuant to No. 7.2.1 of the German Corporate Governance Code also serves to provide the declaration of independence pursuant to Article 6 (2) (a) of Regulation (EU) No. 537/2014. Pursuant to Article 6, Paragraph 2 (a) of the Regulation (EU) No. 537/2014, the auditor shall confirm annually in writing to the audit committee that the statutory auditor, the audit firm and partners, senior managers and managers, conducting the statutory audit are independent from the audited entity. The Auditor's Declaration of Independence in accordance with Article 6, Paragraph 2 (a) of the Regulation (EU) No. 537/2014 has to be included into the additional report to the audit committee (Article 11 Paragraph 2 (a) of the Regulation (EU) No. 537/2014).
We would be pleased to discuss with you in more detail any of the areas set out in this letter.

Very truly yours,

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Stefano Mulas   Holger Lutz
Wirtschaftsprüfer  Wirtschaftsprüfer