March 19, 2020

FY2019 – Conference Call

The spoken word shall prevail.

Speaker: Julia Neugebauer, Director Corporate Communications & IR at MorphoSys

Good afternoon, good morning and welcome to our 2019 full year results conference call and webcast. My name is Julia Neugebauer, Director Corporate Communications & Investor Relations at MorphoSys.

With me on the call today are Jean-Paul Kress, our Chief Executive Officer, Jens Holstein, our Chief Financial Officer, and Malte Peters, our Chief Research & Development Officer.

Please note that due to the COVID-19 pandemic, we are dialing in from different locations. So I would like to apologize for any disruptions this might cause.

Slide 2: Safe Harbor

Before we start, I would like to remind you that during this conference call, we will present and discuss certain forward-looking statements concerning the development of MorphoSys' core technologies, the progress of its current research and development programs, our transition to a fully integrated commercial pharmaceutical company and the initiation of additional programs. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. You are therefore cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

Slide 3: Agenda

You can find the agenda for today's call on page 3. Jean-Paul will start with his opening remarks and an update on our commercial capabilities. He will then hand over to Malte, who will discuss the R&D progress we have made in 2019 – especially for tafasitamab. Jens will review the financial results for 2019 and present the financial guidance for 2020. Jean-Paul then will close with the outlook for 2020.

After the presentation, we will all be available for your questions. You will find the slide deck for this call on our corporate website.

I would now like to hand over to Jean-Paul.

Speaker: Jean-Paul Kress, M.D., CEO

Slide 4:

Thank you Julia.

First of all, I would like to thank you for joining our call in these challenging circumstances. We are all facing difficult and stressful times with this pandemic crisis, a major threat to public health, to business continuity and to our economy. It is going to be tough for some times, but I am convinced that we all together will beat the virus.

We at Morphosys are staying laser focused on delivering on our strategic goals and on our mission to bring outstanding medicines to patients suffering from severe diseases. We are in a favorable position as we are addressing high unmet needs, and we have already filed our BLA for tafasitamab.

Slide 5: 2019 Full-Year Highlights

Let me now move to our 2019 highlights.

2019 was a very successful year for MorphoSys. We delivered on many fronts and we made great strides towards bringing tafasitamab to the market. We reported positive data from our L-MIND and Re-MIND studies. Both studies met their primary endpoints, and the data formed the basis for the submission of our BLA for tafasitamab to be used in combination with lenalidomide. The BLA was granted priority review by the FDA and has a PDUFA date of August 30th this year. According to the FDA, currently no advisory committee meeting is planned.

Our main priority is to unlock the full potential of tafasitamab. Therefore we are very pleased that our partnership discussions ended up successfully with the selection of Incyte to develop and commercialize tafasitamab globally.

Our recently established US commercial organization is now up and running. We are well prepared for the anticipated launch of tafasitamab, and we will join forces with Incyte to significantly raise our share of voice.

In addition to tafasitamab, we also reported great progress with other programs, such as our proprietary development candidates MOR202 and otilimab, formerly MOR103.

The leading asset in our partnered pipeline is Tremfya, developed and marketed by Janssen, which achieved blockbuster status in 2019 with more than $1B of sales. Our amyloid-beta antibody Gantenerumab, developed by Roche, is currently in two phase 3 studies in patients

with early Alzheimer's disease. We are pleased to see Roche's commitment to move this program forward.

Slide 6 – Global collaboration with Incyte

We are very pleased with the completion of the partnership deal with Incyte. Incyte is a strong and dedicated partner for our most important product candidate. The agreement received antitrust clearance at the beginning of March, and we are now fully working together to ensure a flawless launch.

We are also working on a joint development plan for tafasitamab, and we will keep you posted on our progress here.

In addition to getting a strong partner, this deal provides us with a very strong financial position. It enables us to pursue our comprehensive development plans, and also put us in a great position for in-sourcing innovation.

Slide 7 – Launch Preparation Update

Since joining MorphoSys as CEO, I have consistently focused the organization on preparing for a successful launch of tafasitamab. And we have been making great progress here. Let me give you an overview.

Slide 8 – Diffuse Large B cell lymphoma – Medical Need

In the U.S. around 30,000 patients are newly diagnosed with DLBCL every year. Around 40% either do not respond to the current standard of care, R-CHOP, or they relapse after initial response. Relapsed or refractory patients who are not eligible for high dose chemotherapy and transplantation have a poor prognosis.

There is a high unmet need for new treatment options and we are working hard to make tafasitamab available for those patients soon.

Slide 9 – Key Imperatives for a Successful launch

During the past months we have built a strong U.S. team across all key functions and we have been able to attract great talents. Our Medical Affairs, Market Access and Sales Marketing teams are actively engaging with all important stakeholders, including KOLs, payers and providers. And together with our partner Incyte, we will significantly increase our share of voice and leverage synergies.

Slide 10: Medical Affairs

Through a multi-stakeholder engagement plan, our Medical Affairs team has been raising awareness on our data and on the potential value proposition of tafasitamab.

In order to further advance our Life Cycle Management, we are conducting an integrated evidence generation program with the implementation of IITs, Phase IV, Real World Evidence and HEOR studies.

We have also started an Expanded Access Program to make tafasitamab available for seriously ill patients in the US, who are not eligible for any clinical trials and do not have other treatment options.

Slide 11: Market Access

Our market access team has been interacting with payers, HCPs, and other important stakeholders. Our goal is to ensure that access decision-makers have the right information upon approval to make coverage and reimbursement decisions swiftly.

We have conducted comprehensive research to define our pricing strategy and we have a deep understanding of the reimbursement environment. We have also incorporated feedback from significant patient and provider advocacy groups into our planned patient support approach.

We have developed a launch network and a distribution approach that will provide seamless and rapid product availability to providers in the community and academic center settings.

Slide 12: Sales & Marketing

We have already hired more than 85% of our sales force with great talents bringing excellent track records in the oncology space.

In addition, Incyte has a great knowledge of the tafasitamab targets, as there is an overlap of more than 90% between the Jakafi and the tafasitamab targets in the community setting. And we are fully aligned on Regions and territories.

We have also developed strong product positioning and messaging based on the target product label. Basically, tafasitamab has the potential to change the lives of patients by unleashing a durable response in R/R DLBLC.

All in all, we have the right strategy, the right team and the right partner to execute on a strong launch.

Malte will now discuss our 2019 R&D progress and 2020 outlook. Malte – please.

Speaker: Dr. Malte Peters, CR&DO, MorphoSys AG

Slide 13: R&D Update

Thank you, Jean-Paul.

Slide 14: 2019 R&D highlights

We are indeed excited about our key asset tafasitamab and the important achievements we made for this program. 2019 was a very successful year for MorphoSys and for the Development organization. I am very proud that we delivered all key milestones on time as planned and communicated. Let me quickly summarize:

L-MIND is our phase 2, open-label, single-arm trial evaluating tafasitamab plus lenalidomide (LEN) in patients with relapsed/refractory DLBCL who are ineligible for high-dose chemotherapy and autologous stem cell transplantation. In June 2019 we showed that a total of 60% of patients had an objective response to the treatment, with 43% having a complete regression of their tumors. The median PFS was 12.1 months and the median OS was not reached, suggesting very durable responses. Complete responders showed an over 90% probability to be still responding after 22 months.

L-MIND data are complemented by the data from Re-MIND, our real-world data matched control cohort looking at the effectiveness of lenalidomide monotherapy. The primary endpoint of Re-MIND has been met and shows a statistically significant superior best ORR of the tafasitamab/lenalidomide combination compared to lenalidomide monotherapy. ORR was 67% for the combination, compared to 34% for the monotherapy. CR was 40% for the combination versus 12% for the monotherapy. In addition, there was a significant difference observed in overall survival, which was not reached in the combination as compared to 9.3 months in the monotherapy.

L-MIND together with Re-MIND served as the basis for the BLA currently undergoing review and the hoped-for first approval in the U.S.

B-MIND, our ongoing phase 3 study in relapsed/refractory DLBCL is evaluating tafasitamab in combination with bendamustine compared to rituximab in combination with bendamustine. The trial passed a futility analysis at the end of 2019 and based on the recommendation of an

IDMC, we decided to increase the sample size to 450 patients. Importantly, this study could serve as a confirmatory study if we are granted accelerated or conditional approvals based on L-MIND.

As FDA is currently reviewing our BLA, we wanted to provide access to tafasitamab to those patients who have no other treatment options. We are happy to have started an Expanded Access Program in February of this year. This EAP allows us, under exceptional and very specific circumstances, to make tafasitamab available to selected seriously ill patients in the US, who are not eligible for any clinical trials and do not have other treatment options.

We also started the phase 1b part of our planned frontline study First-MIND in DLBCL patients.

Progress was made with MOR202, our proprietary anti-CD38 antibody. We have opened our Phase I/II study in auto-immune membranous glomerulonephritis, which is an inflammatory kidney disease characterized by the presence of autoantibodies directed against certain structures in the kidney. Since MOR202 is a plasma-cell depleting agent and possibly immunosuppressive, we are currently in close contact with investigators, local health authorities, and institutional ethics committees to decide how patient safety can be protected. It is possible that the Corona virus crisis could lead to a temporary halt in enrolment of the M-PLACE trial of MOR202, which could cause a delay of this study.

Finally, let me also use the opportunity to thank our colleague Dr. Markus Enzelberger, who has decided to step down as CSO and member of the company's Management Board to explore new opportunities. The research organization was integrated into the Development segment under my lead. To strengthen the team I am very happy to announce that we have hired a very experienced new head of research, Dr. Martin Steegmaier. Martin brings to MorphoSys 20 years of experience in the pharmaceutical industry, focusing on oncology. Before joining MorphoSys, he held positions of increasing responsibilities within the Roche group.

Slide 15: Tafasitamab Clinical Development

Let me now focus on the most recent update of our clinical development plan for tafasitamab. I have already described the ongoing studies in patients with R/R DLBCL and now want to focus on the new opportunities, which we will pursue.

First of all, we have decided to investigate tafasitamab in front line DLBCL. We will start a phase 3 pivotal study at the beginning of next year. In this study we plan to compare tafasitamab/lenalidomide/R-CHOP with R-CHOP alone. Study start up activities have started. As a preparation for this pivotal study, we initiated a phase 1b trial – First-MIND – in newly

diagnosed DLBCL patients to evaluate the safety and preliminary efficacy of tafasitamab with or without lenalidomide in combination with R-CHOP as a first-line treatment. In patients with front-line DLBCL and a high risk score, the unmet medical need is high to improve the efficacy of R-CHOP. Remember that still 40% of the patients are not cured and will progress at some point in time.

In COSMOS – we investigate tafasitamab in combination with the PI3 kinase inhibitor idelalisib or the BCL2 inhibitor venetoclax in patients with relapsed/refractory CLL. While this study is primarily a safety study, there was encouraging efficacy data from the primary analysis in this study with heavily pretreated patients. Together with Incyte we plan to assess the combination of tafasitamab and Incyte's PI3 kinase inhibitor parsaclisib in patients with relapsed/refractory NHL and CLL.

We have also made great progress in the design of a pivotal phase 3 study in patients with relapsed/refractory follicular lymphoma and marginal zone lymphoma. These indolent lymphomas, despite being called indolent, have a high unmet medical need and need better treatment options, because relapsed or refractory patients still ultimately die from this disease. Together with our partner Incyte, we are currently in final stages of discussing the proposed design strategy, and we have agreed that Incyte will lead this study; out plan is that this study will start at the beginning of next year.

We are very happy to work with Incyte to explore the full potential of tafasitamab. We are extremely pleased about the alignment we have already established between the two companies and are looking forward to share a more detailed joint development plan later this year, as mentioned by Jean-Paul.

Slide 16: Pipeline Progress in 2019

In addition to our key asset tafasitamab, we also made very good progress with other development programs during 2019. I would like to briefly mention a few highlights.

Our partner I-MAB, who holds the rights for MOR202, our anti-CD38 antibody for greater China, has also made significant progress in 2019. They initiated two pivotal trials in patients with relapsed or refractory multiple myeloma.

In July 2019, we announced good news for the anti-GM-CSF antibody otilimab, when our partner GSK initiated a new phase 3 program, called ContRAst, in patients with rheumatoid arthritis. The program, consisting of three phase 3 trials, will enroll up to 4,100 patients in total. The studies will compare otilimab against approved drugs such as JAK inhibitors and anti-IL6 antibodies. We are very pleased to see GSK's continuing commitment to the development of otilimab.

Also in 2019 we signed an option agreement with Vivoryon Therapeutics on small molecule inhibitors of the CD47-SIRP alpha signaling pathway in immune-oncology. Pre-clinical studies to assess the activity of the lead candidate from this group, PQ912, are currently ongoing. We will give an update as soon as data are available.

Turning now to our Partnered Discovery segment. It is a substantial part of our pipeline and we expect this segment to also provide a growing revenue stream in the future. These partnerships leverage the full potential of some products discovered through our technology.

A great example is Janssen's Tremfya®, the first therapeutic agent based on our technology to reach the market in psoriasis.Janssen is currently conducting a series of clinical studies with Tremfya in a variety of indications such as psoriatic arthritis and ulcerative colitis, as well as Crohns which in parts is expected to generate data in the cause of 2020. In 2019, Janssen submitted marketing authorization applications to the U.S. FDA and to the EMA for Tremfya for the treatment of psoriatic arthritis. A decision on these applications could potentially be made in 2020.

In summary, overall, we are very happy with the significant progress we have made in our proprietary development and partnered discovery segments in 2019. With this, I will now hand over to Jens, who will provide you with an update on the 2019 full-year results, as well as on our financial outlook for 2020.

Speaker: Jens Holstein, CFO

Slide 17: Financial Review 2019 and Outlook 2020

Thank you, Malte.

Slide 18: Financial Highlights in 2019

2019 was a very successful year for MorphoSys. Operationally and financially, we are in a strong position to pursue our ambitious goals to become a fully integrated biopharmaceutical company and the collaboration agreement with Incyte from January 13th of this year has massively strengthened our financial ability to support this strategy.

In July 2019, we received a milestone payment of 22 million Euro from GSK due to the start of three phase 3 clinical trials with otilimab, formerly MOR103, in rheumatoid arthritis. This led us to increase our financial goals for the full year of 2019.

Increasing sales of Tremfya, marketed by our partner Janssen, contributed positively to last year's revenues as well. Tremfya gained blockbuster status by reaching the one billion dollar mark in 2019.

Taking the outstanding 750 million US-Dollar from Incyte into account, that we expect to have on our bank accounts by the end of March, our pro-forma cash position as of March 13 would have been approximately 1.1 billion Euro. To have such a strong financial position is in these turbulent days a signal of strength and an excellent starting point for us to pursue our ambitious development plans.

Slide 19: Financial Results 2019

Overall, we have met our financial goals for 2019. Group revenues in the reporting year amounted to 71.8 million Euro and with this, we ended the year at the upper end of our updated and improved guidance which ranged from 65 to 72 million Euro.

Our proprietary R&D expenses amounted to 98.6 million Euro and were fully in line with our guidance from 95 to 105 million Euro.

EBIT reached minus 107.9 million Euro, also fully in line with our updated guidance of minus 105 to minus 115 million Euro.

Slide 20: FY2019: Profit or Loss Statement

Please move on with me to slide 20 that illustrates our P&L statement. As stated before, Group revenues amounted to 71.8 million Euro and thus slightly less than in 2018. In 2018, we had booked 47.5 million Euro upfront for the out-licensing of MOR106 to Novartis.

Revenues include royalties on net sales of Tremfya amounting to 31.8 million Euro in its second full commercial year 2019, a doubling after 15.4 million Euro in 2018.

Total operating expenses increased from 136.5 million Euro in 2018 to 179.9 million Euro in 2019, based on the ramp-up of preparations for our anticipated tafasitamab U.S. launch.

Cost of sales increased to 12.1 million Euro compared to 1.8 million Euro in 2018, mainly driven by material produced for the launch of tafasitamab.

In 2019, research and development expenses amounted to 108.4 million Euro, as compared to 106.4 million Euro in 2018.

Selling expenses increased in 2019 to 22.7 million Euro. This increase primarily resulted from higher expenses for external services and personnel expenses, both in connection with the preparation of our intended tafasitamab launch.

General and administrative expenses increased by 68% from 21.9 million Euro in 2018 to 36.7 million Euro in 2019, again mainly due to higher personnel expenses as well as costs for external services.

Earnings before interest and taxes amounted to minus 107.9 million Euro compared to an EBIT of minus 59.1 million Euro in 2018.

In 2019, the consolidated net loss amounted to minus 103 million Euro, after minus 56.2 million Euro in the previous year. This translates into a loss per share of minus 3 Euros and 26 Cents in 2019, compared to minus 1 Euro and 79 Cents in 2018.

Slide 21: FY2019: Balance Sheet

Let's move on to the balance sheet on slide 21. As of December 31, 2019, we recorded total assets of 496.4 million Euro, compared to 538.8 million Euro at year-end 2018.

At year-end 2019, our cash position including our investments in current and non-current financial assets amounted to 357.4 million Euro. At the end of the previous year, this position amounted to 454.7 million Euro.

The number of shares issued totaled 31,957,958 at year-end 2019, after 31,839,572 at year-end 2018.

Slide 22: Incyte Deal

Let me now come to the financial and accounting implications of our Incyte collaboration.

We received antitrust clearance beginning of March, which triggers a 750 million US-Dollar upfront payment from Incyte. In addition, Incyte had to pay to us additional 150 million US-Dollar as a capital investment, including a 20% premium on the 30-days volume weighted average price prior to signature. The price per ADS has been $41.32. To remind everyone, four ADSs reflect one MorphoSys share.

Whereas the equity investment has been already transferred to our accounts, we expect the payment of the outstanding 750 million US-Dollar by the end of March following the contractual terms of the agreement.

The agreement includes co-commercialization rights for the U.S. market for tafasitamab, while we will receive royalties from the mid-teens to the mid-twenty percentage points for the rest of the world. MorphoSys will lead the commercialization strategy in the US and we will also record all revenues in the US market for tafasitamab. Profits and losses in the US will be shared on a 50:50 basis between the companies. Outside the U.S., Incyte will have exclusive

commercialization rights, will record all revenues from tafasitamab and will pay royalties on ex-U.S. net sales to MorphoSys.

The companies will share development costs associated with global and U.S.-specific trials at a rate of 55% by Incyte and 45% by us, while Incyte will cover 100% of the future development costs for trials that are specific to ex-U.S. countries.

Let me quickly summarize the main aspects of the accounting treatment of the contract:

The upfront cash by Incyte is treated as a consideration for the co-commercialization right in the US as well as for the exclusive distribution license of tafasitamab for all territories outside the US. Only the portion of the upfront cash allocated to the exclusive distribution license for the rest of the world territory is recognized as revenue in 2020.

The remainder of the upfront cash represents on the balance sheet a financial liability of MorphoSys towards Incyte reflecting the US profit participation of Incyte in the years to come. Future profits for r/r DLBCL in the coming years generated in the US will trigger a payment of MorphoSys to Incyte for their 50%-profit right and will therefore reduce the financial liability. These payments have no EBIT impact. The financial liability needs to be initially measured at fair value and then reassessed quarterly and this might have impacts on the financial result in the years to come.

Once the co-commercialization in r/r DLBCL in the US has started, MorphoSys will account for 100% of revenues and cost of sales, independent of which organization has sold the product, and both companies, MorphoSys and Incyte, will account for their other related costs. All P&L items in connection with the co-commercialization in the US will be included in a shared P&L, and the resulting pre-tax profit or loss will be shared quarterly between the parties on a 50/50 basis and settled in cash.

Slide 23: Financial Guidance FY2020 and Outlook

Let me now come to our financial guidance for 2020:

For the financial year 2020, MorphoSys will continue to invest strongly in the development of its proprietary candidates, with the primary goal of driving tafasitamab to market and preparing the Company for its commercialization. For 2020, MorphoSys expects to generate Group revenues in the range of 280 to 290 million Euro. This guidance does not include revenues generated from tafasitamab and revenues from future collaborations and/or licensing agreements. Revenues are expected to include royalty income from Tremfya of 37 to 42 million Euro. Expenses for R&D are anticipated in a corridor of 130 to 140 million Euro. Due to the build-up of our commercial infrastructure, selling and general expenses will increase, including

start-up costs in connection with the planned launch of tafasitamab, if approved by the FDA. The Company expects earnings before interest and taxes of -15 to 5 million Euro. The guidance is based on constant currency exchange rates and does not include any contributions from tafasitamab revenues and any effects from potential in-licensing or co-development deals for new development candidates.

At this point of time, we can't judge the magnitude of the ongoing Corona crisis on MorphoSys. Everybody right now is somewhat effected and there are daily changes taking place that we all need to deal with. The operational and financial guidance therefore does not include a potentially long-lasting or even increasing impact of the ongoing global COVID-19 crisis on our business operations including but not limited to our supply chain, clinical trial conduct, as well as on timelines for regulatory and commercial execution. We also have no insight in the consequences on royalty payments from our partner Janssen for Tremfya. Despite Corona, we are very positive about the prospects of MorphoSys and especially with our strong cash position in hand, we see opportunities to grow going forward.

With this, I would like to end my part and I would like to turn the call back to Jean-Paul for closing remarks.

Speaker Jean-Paul Kress

Slide 24: Closing Remarks

Thank you Jens.

Slide 25: Exceptional, Innovative Biopharmaceuticals

MorphoSys' great science and outstanding antibody technology expertise has resulted in a broad and diversified clinical pipeline. Combining this with our production and supply chain capabilities, and now our commercial infrastructures in the U.S., we are optimally deployed to execute along the entire value chain to achieve our goals of providing patients with improved treatment options.

Slide 26: Upcoming key milestones

We have a rich set of milestones ahead of us this year.

We are very excited about the expected US launch of tafasitamab, which would be our first product candidate to be approved that we will also commercialize. We anticipate the submission of a European MAA in mid-20, with a potential launch in Europe in mid-21.

We also expect a readout from the First-MIND Phase Ib study by the end of the year, a key milestone towards first line. This will inform the design of a pivotal study in frontline DLBCL which is expected to start in 21.

While we focus on executing on our strategies, we do not know how the current pandemic crisis might impact our business. However we are on track to build upon our successes of last year. And we are in the very fortunate situation of a strong financial position and a de-risked compound with the data for the BLA completed and the BLA accepted by the FDA. We will keep you updated on our progress and on potential deviation from our communicated plans if any.

Slide 27: Key Priorities 2020

I will close by our key priorities for 2020.

Our first and by far most important goal is the flawless US launch of our key asset tafasitamab, provided FDA approval. We are actively preparing for this launch and we have successfully built up our commercial organization with a strong and experienced team across all functions. With our partner Incyte we will significantly increase our share of voice and tap on their strengths to make this launch very successful.

The development of tafasitamab in R/R DLBCL is just the beginning. Together with Incyte, we are committed to develop tafasitamab broadly and to unlock its full potential.

We will also continue to advance our other proprietary programs and we are actively pursuing in-licensing opportunities to complement our proprietary pipeline.

In conclusion, I am very pleased with our progress. We are building a very strong organization poised for success, and I look forward to keep you updated in the upcoming weeks and months.

Julia Neugebauer: Thank you Jean-Paul. We'd now like to open the call to your questions.

Slide 28: Q&A

Julia Neugebauer:

That concludes the call today. If any of you would like to follow up, we are available for the remainder of the day. We want to thank you for your participation in the call and ongoing support. We look forward to an exciting year and updating you on our progress.