

Media Release

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MorphoSys and Galapagos Present Results from a Phase 1 Study with MOR106 in Atopic Dermatitis as Late-Breaking Abstract at the American Academy of Dermatology (AAD) Meeting in San Diego

- *In the study, MOR106 was generally well tolerated in atopic dermatitis (AD) patients*
- *83% of patients (5 out of 6) at the highest dose reached at least 50% improvement per the atopic dermatitis area and severity index (EASI-50) at week 4*
- *Pooled data across all dose cohorts showed 72% improvement of AD symptoms at week 12 compared to baseline in patients treated with MOR106*
- *Phase 2 development of MOR106 planned to be initiated in first half of 2018*

MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX; OTC: MPSYY) and Galapagos NV (Euronext & NASDAQ: GLPG) announced the presentation of more detailed results of the Phase 1 study with the investigational IL-17C antibody MOR106 in AD patients at the American Academy of Dermatology (AAD) Annual Meeting 2018 in San Diego, CA, USA, held from 16-20 February. Initial study data were reported in September 2017.

In the study, MOR106 showed first signs of activity and durable responses and was generally well tolerated in AD patients.

Professor Diamant Thaçi MD, Director of the Institute for Inflammation Medicine at the University Clinic Schleswig-Holstein Campus Luebeck and Independent Advisor for the study, presented results of the randomized, double-blind, placebo-controlled Phase 1 trial, evaluating single ascending doses (SAD) of MOR106 in healthy volunteers, and multiple ascending doses (MAD) in patients with moderate-to-severe AD in the late breaking abstracts session at AAD 2018. In the MAD part, 25 patients received four infusions once weekly of either MOR106 (at the doses of 1, 3, and 10 mg/kg body weight, respectively) or placebo in a 3:1 ratio. Patients were followed for 10 weeks after the end of the treatment period.

“Moderate-to-severe AD is a chronic, debilitating disease affecting millions of patients worldwide with a clear unmet medical need for safe and efficacious treatments,” said Professor Diamant Thaçi MD. “The first signs of clinical activity and the sustained response lasting up to two months after treatment discontinuation support further clinical development of MOR106.”

In the MAD part in AD patients reported at AAD 2018, all adverse drug reactions observed were mild-to-moderate and transient in nature. No serious adverse events (SAEs) and no infusion-related reactions were recorded. MOR106 exhibited a favorable pharmacokinetics profile with dose-dependent exposure.

At the highest dose level of MOR106 (10mg/kg body weight), in 83% of patients (5 out of 6) an improvement of at least 50% in signs and extent of AD, as measured by EASI-50, was recorded at week 4. The onset of activity occurred within two to four weeks, depending on the dose administered. Pooled data across all dose cohorts showed that patients treated with MOR106 achieved an EASI improvement compared to baseline of 58%, 62%, 72%, and 64% at week

4, 8, 12, and 14, respectively. For patients receiving placebo, the EASI improvement was 32%, 40%, 38%, and 50%, respectively.

MOR106 was generated using MorphoSys's Ylanthia antibody platform and is based on a target discovered by Galapagos. IL-17C is a cytokine which has been related to dermal inflammation and has been shown to be distinct from other members of the IL-17 cytokine family. MOR106 is the first publicly known human monoclonal antibody against IL-17C in clinical development worldwide. MOR106 is an investigational drug and its safety and efficacy are yet to be established.

It is expected that Phase 2 development with MOR106 will be initiated in the first half of 2018.

Details of the oral presentation on MOR106 at AAD 2018:

Abstract #6753 – MOR106, an Anti-IL-17C mAb, a Potential New Approach for Treatment of Moderate-to-severe Atopic Dermatitis: Phase 1 Study.

Session #F061 – Late-breaking Research: Clinical Trials

Date: Saturday, February 17, 2018

Time: 1:00 PM — 3:00 PM PT (10:00 PM – 0:00 AM CET); oral presentation on MOR106 to start at 1:30 PM PT (10:30 PM CET))

Place: Ballroom 20A

Presenter: Professor Diamant Thaçi MD, Director of the Institute for Inflammation Medicine at the University Clinic Schleswig-Holstein Campus Luebeck

About Atopic Dermatitis

Atopic dermatitis (AD), the most severe and common type of eczema, is a chronic relapsing inflammatory skin disease that causes severe itch, dry skin and rashes, predominantly on the face, inner side of the elbows and knees, and on hands and feet. Scratching of the afflicted skin leads to a vicious cycle causing redness, swelling, cracking, scaling of the skin and an increased risk of bacterial infections. Lichenification, thickening of the skin, is characteristic in older children and adults. The National Eczema Association estimates that atopic dermatitis affects over 30 million Americans or up to 25% of children and 2-3% of adults. 60% of AD patients are diagnosed in the first year of life, and 90% of patients have a disease onset before age five. Symptoms commonly fade during childhood, however, approximately 10-30% of the patients will suffer from atopic dermatitis for life. A smaller percentage first develop symptoms as adults.

About IL-17C

IL-17C is a cytokine that is broadly expressed in human skin pathologies and is described as an important modulator of the innate immune system of the skin, distinct from other members of the IL-17 cytokine family. IL-17C plays a crucial role in human inflammatory conditions, including skin diseases.

About MOR106 and the antibody collaboration

MOR106 is an investigational fully human IgG1 monoclonal antibody currently being developed for treatment of inflammatory diseases. It is the first publicly disclosed human monoclonal antibody designed to selectively target IL-17C in clinical development worldwide. MOR106 arises from the strategic discovery and co-development alliance between Galapagos and MorphoSys, in which both companies contribute their core technologies and expertise. Galapagos has provided the disease-related biology including cellular assays and targets discovered using its target discovery platform. MorphoSys has contributed its Ylanthia antibody technology to generate fully human antibodies directed against the target and contributes full CMC development of this compound. Galapagos and MorphoSys share research and development costs equally, as well as all future economics.

About MorphoSys

MorphoSys a late-stage biopharmaceutical company devoted to the development of innovative and differentiated therapies for patients suffering from serious diseases. Based on the our proprietary technology platforms and

leadership in the field of therapeutic antibodies, we, together with our partners, have participated in the development of more than 100 therapeutic product candidates currently in R&D, 28 of which in clinical development. Our broad pipeline spans two business segments: Proprietary Development, in which we invest in and develop product candidates, and Partnered Discovery, in which we generate product candidates for our partners in the pharmaceutical and biotechnology industries against targets identified by our partners. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit <http://www.morphosys.com>.

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About Galapagos

Galapagos (Euronext & NASDAQ: GLPG) is a clinical-stage biotechnology company specialized in the discovery and development of small molecule medicines with novel modes of action. Galapagos' pipeline comprises Phase 3 through to discovery programs in cystic fibrosis, inflammation, fibrosis, osteoarthritis and other indications. Our target discovery platform has delivered three novel mechanisms showing promising patient results in, respectively, inflammatory diseases, idiopathic fibrosis and atopic dermatitis. Galapagos is focused on the development and commercialization of novel medicines that will improve people's lives. The Galapagos group, including fee-for-service subsidiary Fidelta, has approximately 578 employees, operating from its Mechelen, Belgium headquarters and facilities in the Netherlands, France, and Croatia. More information at www.glpg.com.

MorphoSys forward looking statements

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

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