

# Report of the Supervisory Board

## Cooperation of the Management Board and Supervisory Board

During the 2021 financial year, the Supervisory Board comprehensively performed the duties assigned to it by law, the Articles of Association, Rules of Procedure and the recommendations of the German Corporate Governance Code in its version dated December 16, 2019 (hereinafter referred to as the “Code”) with two justified exceptions. We regularly advised and continually oversaw the Management Board in its management of the Company and dealt extensively with the operational and strategic development of the Group. The Management Board fulfilled its duty to inform and furnish us with periodic written and verbal reports containing timely and detailed information on all business transactions and events of significant relevance to the Company. The Management Board prepared these reports in collaboration with the respective departments. In our Committee meetings and plenary sessions, we had the opportunity to discuss the Management Board’s reports and the proposed resolutions in full. The Management Board answered our questions on strategic topics affecting the Company with a great level of detail and submitted the relevant documents in a timely manner. Any deviations from the business plan were thoroughly explained to us and we were directly involved at an early stage in all decisions relevant to the Company.

An appropriate resolution was passed when the Supervisory Board’s approval for individual actions was required by law, the Articles of Association or the Rules of Procedure. The Supervisory Board members approved all actions by the Management Board requiring Supervisory Board approval based on the documentation provided in advance by the Management Board. When necessary, the Supervisory Board received the support of the relevant Committees and, together with the Management Board, discussed any projects requiring decision. All matters requiring approval were submitted for review by the Management Board to the Supervisory Board on a timely basis.

Outside of the meetings of the Supervisory Board plenum and the Committees, the chairman of the Supervisory Board regularly exchanged information and ideas with the Management Board and especially the Chief Executive Officer, Dr. Jean-Paul Kress. The Supervisory Board chairman was always kept promptly informed of the current business situation and any significant business transactions. The Chairs of the Committees have also had regular contact with the Management Board members in their respective areas of responsibility and individual Management Board members on demand.

## Supervisory Board Meetings in the 2021 Financial Year and Key Items of Discussion

A total of 11 Supervisory Board meetings were held in the 2021 financial year. The Supervisory Board regularly held closed sessions without participation of the Management Board as part of their Supervisory Board meetings. All Supervisory Board members were present at all Supervisory Board meetings. A detailed overview of the participation of all Supervisory Board members in the respective Supervisory Board and Committee meetings can be found in the “Statement on Corporate Governance,” which is available on the Company’s website under the heading “Investors > Corporate Governance > Statement on Corporate Governance,” and in the Annual Report on pages 90 to 91. In urgent cases occurring outside of meetings, the Supervisory Board passed resolutions by written procedure.

In addition to the above, a one-day strategy meeting took place in November 2021 that primarily addressed:

- the Company’s corporate strategy & financial outlook;
- the development strategy for the clinical and pre-clinical assets of the MorphoSys Group;
- review of the research portfolio and strategy for the research assets of the MorphoSys Group; and
- organizational effectiveness.

During the 2021 financial year, the Supervisory Board paid particular attention to the following topics and passed resolutions on these topics after a thorough review and discussion:

- acquisition of Constellation Pharmaceuticals Inc.;
- entering into the strategic funding partnership with Royalty Pharma Inc. including capital increase to allow for agreed upon equity investment by Royalty Pharma;
- approval of various study and supply-related contracts exceeding EUR 10 Mio.;
- evaluation of the achievement of the Company goals 2020 and setting the Company goals for 2021 and 2022;
- approval of the terms and conditions of the Performance Share Unit Program 2021 as well as an amendment to the terms and conditions of the Performance Share Unit Program 2020 and definition of the number of performance share units to be granted to the members of the Management Board under these plans;
- approval of the terms and conditions of the Restricted Stock Units Program 2021 and the Stock Option Program 2021 for US beneficiaries;
- agenda and proposed resolutions for the 2021 Annual General Meeting;

- confirmation of Dr. Marc Cluzel as chair of the Supervisory Board and re-establishment and re-staffing of the Committees in the Board's constituent meeting following the 2021 Annual General Meeting;
- appointment of the new Chief Financial Officer, Sung Lee, and conclusion of a corresponding service agreement;
- re-appointment of Dr. Jean-Paul Kress as Chief Executive Officer and Dr. Malte Peters as Chief Research & Development Officer and conclusion of corresponding service agreements;
- revision of the rules of procedure of the Management Board including schedules of responsibilities;
- resolution upon a remuneration system for the Management Board and for the Supervisory Board as well as development of a new remuneration system 2022 and the remuneration report 2021;
- conclusion of a release agreement with the former Chief Operating Officer, Dr. Roland Wandeler, in the course of his stepping down as of December 31, 2021;
- update of the declaration of conformity 2020 and new declaration of conformity 2021; and
- budget for the 2022 financial year.

We commissioned an independent remuneration consultant to confirm the appropriateness of the Management Board's compensation and its comparison to the remuneration of various levels of employees. We discussed and agreed on the key performance indicators for the long-term incentive plans for the Management Board and other employees in key positions. Further, we approved the new remuneration system for the members of the Management Board, which is in line with the new provisions of the German Stock Corporation Act (AktG) and the Code, and which was submitted for approval to the 2021 Annual General Meeting. In addition, we developed a new remuneration system which shall be submitted for approval to the 2022 Annual General Meeting.

Furthermore, we approved the financial statements for the financial year 2020, acknowledged the half-year results for 2021 and the first and third quarter reports as well as dealt with the Statement on Corporate Governance and the Corporate Governance Report.

Our regular discussions in the Supervisory Board's plenary meetings were focused on MorphoSys' long-term strategy, Monjuvi® sales performance, revenue and cash development as well as the regular financial reports including the communication to the investor community and share price development. Further focal points of discussion were results and progress of the Company's clinical programs for the development of proprietary drugs and research activities as well as the acquisition and subsequent integration of Constellation Pharmaceuticals, which included a review of the combined research and development portfolio and future organizational R&D set-up. Furthermore, we reviewed the financial outlook for the 2023/2024 financial years and deliberated on MorphoSys' associated future potential financing needs. In addition, we carried out an evaluation on how effective the Supervisory Board and its committees fulfill their tasks, which was

performed via a questionnaire that included a joint self-evaluation of the Supervisory Board, its Committees and also the Management Board. Furthermore, we kept ourselves regularly informed with respect to the Company's risk management system, internal audit results as well as the internal control and compliance management system.

## Conflicts of Interest within the Supervisory Board

No conflicts of interest arose within the Supervisory Board in the 2021 financial year.

## Activities and Meetings of Supervisory Board Committees

To ensure that its duties are performed efficiently, the Supervisory Board has established three permanent committees – the Audit Committee, the Remuneration and Nomination Committee and the Science and Technology Committee – to prepare the issues that fall within the Supervisory Board's respective areas of responsibility for the Supervisory Board plenum. In each Supervisory Board meeting, the chairs of the Committees report to the Supervisory Board on the Committees' work. The minutes of the Committee meetings are made available to all Supervisory Board members. The composition of these committees can be found in the "Statement on Corporate Governance," which is available on the Company's website under the heading "Investors > Corporate Governance > Statement on Corporate Governance," and in the Annual Report on pages 87 to 92.

The Audit Committee met on 5 occasions in the 2021 financial year. All Committee members were present at all Audit Committee meetings. The Committee dealt mainly with accounting issues, quarterly reports, annual financial statements and consolidated financial statements. The Committee discussed these topics with the Management Board and recommended the approval of the financial statements to the Supervisory Board. The auditor took part in four Audit Committee meetings and informed its members of the audit results. Based on the Auditors Reform Act and the requirements for the external and internal rotation of the auditor, the Audit Committee had carried out in 2020 a public tender for the 2021 annual audit and half-year review. As a result, the Audit Committee made a recommendation to the Supervisory Board with respect to the Supervisory Board's proposal at the Annual General Meeting for the election of the independent auditor for the 2021 financial year. In addition, the Audit Committee dealt with the annual update of a list of permitted and pre-approved non-audit services of the auditor. The Committee also discussed the risk management system, the compliance management system and the results of the internal audit conducted in the 2021 financial year, as well as specific accounting issues under International

Financial Reporting Standards (IFRS) relevant to the Company. Furthermore, the Committee regularly discussed the Company's asset management policy and the investment recommendations made by the Management Board. The Committee also discussed in depth the 2022 budget and the financial outlook for the 2023/2024 financial years. Furthermore, the Committee monitored the further development and adaptation to new processes and transactions of the system of Internal Control over Financial Reporting (ICoFR) to ensure continuous SOX compliance by end of 2021.

To increase efficiency, there is a joint Remuneration and Nomination Committee, which deliberates on matters relating to remuneration and nomination. The Committee met on 8 occasions in the 2021 financial year. All Committee members participated at all Committee meetings. In its function as a remuneration committee, the Committee mainly dealt with the Management Board's remuneration system and level of compensation. In particular, the Committee dealt with the implementation of a new remuneration system 2021 for the members of the Management Board, which was submitted to the 2021 Annual General Meeting for approval. In addition, the Committee developed a new remuneration system 2022 for the members of the Management Board, which shall be submitted to the 2022 Annual General Meeting for approval, and dealt with the preparation of the 2021 remuneration report. Further, the Committee also commissioned an independent remuneration expert to verify the (horizontal and vertical) appropriateness of the Management Board's remuneration. Based on this report, the Committee prepared a recommendation on the Management Board's compensation and submitted this to the Supervisory Board for approval. In addition, the Committee gave careful consideration to the Company goals as a basis for the Management Board's short-term variable remuneration and offered appropriate recommendations to the Supervisory Board for resolution. The Committee discussed the key performance indicators of the long-term incentive plans for the Management Board and other employees in key positions. Further, this Committee prepared the release agreement with the Chief Operating Officer, Dr. Roland Wandeler. In addition, this Committee dealt with succession planning within the Company, in particular as regards the succession of the departed Management Board member Jens Holstein. In this context, the Committee recommended the appointment and prepared the respective Management Board contract of Sung Lee as the new Chief Financial Officer, who has been appointed as member of the Management Board by the Supervisory Board.

The Science and Technology Committee was held on 6 occasions during the 2021 financial year. All Committee members participated in all Committee meetings. The Committee dealt mainly with the Company's research activities as well as overall strategy to expand the proprietary drug pipeline, the development of novel technologies, the Company's drug development plans and future development strategy, progress in the clinical trials as well as required budget resources. One major focus was the acquisition and integration of Constellation Pharmaceuticals, including the overall strategy and opportunity related to the expansion of the research pipeline and the development in myelofibrosis, the

development of the BET Inhibitor pelabresib, as well as the second generation EZH2 Inhibitor (CPI-0209). The Committee further deliberated about the future research organizational set-up. Moreover, the development of tafasitamab with its expansion into other indications and lines of therapy, in combination with established or novel anti-cancer agents, was examined. The Committee also evaluated the execution of the frontMIND and firstMIND studies to complement the forementioned development. Additionally, the Committee also addressed and reviewed the further development of felzartamab in autoimmune diseases.

The members of the Science and Technology Committee also serve as members of the ad-hoc deal committee, which meets in this function when necessary and which dealt with the acquisition of Constellation Pharmaceuticals Inc. during the financial year 2021.

## Corporate Governance

The Supervisory Board devoted its attention to the further development of MorphoSys' corporate governance, taking into consideration the Code. The Corporate Governance Statement according to Section 289f HGB (German Commercial Code), including the detailed Corporate Governance Report, and the Group Statement on Corporate Governance according to Section 315d HGB, can be found on the Company's website under the heading "Investors > Corporate Governance > Corporate Governance Report" and in the Annual Report on pages 85 to 104.

We also discussed with the Management Board the Company's compliance with the Code's recommendations and in two justified cases approved an exception to the recommendations of the Code. Based on this consultation, the Management Board and the Supervisory Board submitted the annual Declaration of Conformity on November 29, 2021. The current version of the Declaration of Conformity can be found in this Annual Report and is permanently available on the Company's website under the heading "Investors > Corporate Governance > Declaration of Conformity."

## Changes in the Composition of the Management Board and Supervisory Board

By decision of the Supervisory Board on January 18, 2021, Sung Lee was appointed as Chief Financial Officer for a term of three years from February 2, 2021, until January 31, 2024. Further, the Chief Operating Officer, Dr. Roland Wandeler, resigned as member of the Management Board and COO in November 2021 with effect as of December 31, 2021. No further changes in the composition of the Management Board took place during the 2021 financial year.

No changes in the composition of the Supervisory Board took place during the 2021 financial year.

## Audit of the Annual Financial Statements and Consolidated Financial Statements

For the 2021 financial year, the Company commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich ("PwC") as its auditor. The audit contract was awarded by the Supervisory Board in accordance with the resolution of the Annual General Meeting on May 19, 2021. The Supervisory Board obtained a declaration of independence from the auditor in advance.

The consolidated financial statements and the annual financial statements of MorphoSys AG, as well as the Group Management Report and the Management Report for the 2021 financial year, were properly audited by PwC and issued with an unqualified audit opinion. The key topics of the audit for the consolidated and annual financial statements for the 2021 financial year were management override of controls and fraud in revenue recognition, the risk of fraud in revenue recognition due to potential fictitious manual adjustments to revenue, the gross-to net accounting related to Monjuvi®, sales, the subsequent valuation of the financial liability arising from the agreements with Royalty Pharma, the tax treatment of the Royalty Pharma agreements, the purchase price allocation for the business combination with Constellation Pharmaceuticals, the goodwill impairment test related to Constellation Pharmaceuticals and for statutory purposes the valuation of the investment in MorphoSys US Inc., as well as the assessment of the design and effectiveness of internal controls in accordance with SOX404. In addition, the auditor confirmed that the Management Board had established an appropriate early risk detection system.

The audit reports and documents relating to the consolidated financial statements and the annual financial statements were provided on a timely basis to all Supervisory Board members for review. The audit report, the consolidated financial statements, the Group Management Report of the MorphoSys Group and the audit report, the annual financial statements and the Management Report of MorphoSys AG were discussed in detail at the Audit Committee meeting on March 14, 2022, and the meeting of the Supervisory Board on March 15, 2022. The auditor attended all meetings concerning the consolidated and annual financial statements, the half-year report and quarterly interim statements and reported on the key results of his audit and review, respectively. The auditor also explained the scope and focus of the audit and review and was available to the Audit Committee and the Supervisory Board to answer questions and provide further information.

The Audit Committee discussed the audit results in detail and recommended to the Supervisory Board that it approves the consolidated and annual financial statements prepared by the Management Board. The Supervisory Board also took note of the audit results and, in turn, reviewed the consolidated and annual financial statements and Management Reports in accordance with the statutory provisions. Following its own examination, the

Supervisory Board also determined that it sees no cause for objection. The consolidated and annual financial statements as well as the Group Management Report and the Management Report as prepared by the Management Board and audited by the auditor, were subsequently approved by the Supervisory Board. Thus, the annual financial statements were adopted.

The Company has to prepare a remuneration report in accordance with Sec. 162 of the German Stock Corporation Act (AktG) and a separate non-financial report for the fiscal year 2021. The Supervisory Board has commissioned PwC with a voluntary material review of the remuneration report and to review the separate non-financial report by way of a review with limited assurance. All members of the Supervisory Board received the remuneration report and the separate non-financial report and the independent auditor's report on the audit in a timely manner. PwC's report and the audit opinion were discussed at the Supervisory Board's plenary meeting on March 15, 2022. PwC's auditor participated in this discussion and presented the audit results. The Supervisory Board took note of the results of the audit with approval.

## Recognition for Dedicated Service

On behalf of the entire Supervisory Board, I would like to thank the members of the Management Board and the employees of MorphoSys for their achievements, their dedicated service and the inspirational work environment witnessed during this past financial year. Through their efforts, MorphoSys' portfolio has continued to mature and expand, and important milestones have been achieved.

The Supervisory Board would also like to thank the departed Management Board member Dr. Roland Wandeler for his contributions to the Executive Committee, the launch of Monjuvi® and the establishment of our commercial operations.

Planegg, March 15, 2022

Dr. Marc Cluzel  
Chairman of the Supervisory Board