

Statement on Corporate Governance, Group Statement on Corporate Governance and Report on Corporate Governance

The Statement on Corporate Governance and the Group Statement on Corporate Governance, as well as the Report on Corporate Governance, are available on our website under Investors – Corporate Governance.

Statement on Corporate Governance pursuant to Section 289f HGB and Group Statement on Corporate Governance pursuant To Section 315d HGB for the 2021 Financial Year

In the Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB) and the Group Statement on Corporate Governance pursuant to Section 315d HGB, the Management Board and the Supervisory Board present information on the most essential components of our corporate governance. The components include the annual Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), the relevant information on corporate governance practices and other aspects of corporate governance that include, above all, a description of the working practices of the Management Board and Supervisory Board.

Declaration of Conformity of the Management Board and Supervisory Board of MorphoSys AG with regard to the German Corporate Governance Code (“Code”)

The Management Board and the Supervisory Board of MorphoSys AG declare pursuant to Section 161 of the German Stock Corporation Act:

1. From November 29, 2020, the date of its most recent Declaration of Conformity in the version as amended and updated on March 11, 2021, MorphoSys AG has complied – with the exceptions described below – with the recommendations of the “Government Commission on the German Corporate Governance Code” in the Code version dated December 16, 2019 (“GCGC 2020”):

- MorphoSys AG does not comply with the recommendation C.4 of the GCGC 2020, according to which a Supervisory Board member, who is not a member of any Management Board of a listed company, shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions (in a listed or non-listed company), with an appointment as chair of the Supervisory Board being counted twice. The member of the Supervisory Board Dr. George Golumbeski currently holds in aggregate four comparable functions in pharmaceutical and biotechnological companies in Ireland and the United States of America, thereof two functions as chairman of the board of directors. Dr. Golumbeski’s positions have at no time in the past affected the fulfillment of his duties as a member of the Supervisory Board of MorphoSys AG. MorphoSys AG continuously ensures that Dr. Golumbeski’s positions will not distract his focus on MorphoSys AG’s business and that Mr. Golumbeski has sufficient time to perform his duties as a member of the Supervisory Board of MorphoSys AG with due regularity and care.
- MorphoSys AG does not comply with the recommendation C.5 of the GCGC 2020, according to which members of the Management Board of a listed company shall not accept the chairmanship of a Supervisory Board in a non-group listed company. The Chief Executive Officer (CEO) of MorphoSys AG, Dr. Jean-Paul Kress, holds a position as chairman of the Board of Directors of a French biopharmaceutical company, which he had already accepted prior to his appointment as a member of the Management Board of MorphoSys AG and which has at no time in the past affected the fulfillment of his duties as CEO of MorphoSys AG. MorphoSys AG continuously ensures that Dr. Kress’ position as chairman of the Board of Directors of such company will not distract his focus on MorphoSys AG’s business and that Dr. Kress has sufficient time to perform his duties as CEO of MorphoSys AG with due regularity and care.

2. MorphoSys AG will continue to comply - with the exceptions described above under item 1 - with the recommendations of the GCGC 2020.

Planegg, this November 29, 2021

MorphoSys AG

For the Management Board:	For the Supervisory Board:
Dr. Jean-Paul Kress Chief Executive Officer	Dr. Marc Cluzel Chairman of the Supervisory Board

Relevant Information on Corporate Governance Practices

We ensure compliance with the law and the highest ethical standards in particular through the Group-wide enforcement of the Code of Conduct, the Compliance Management Handbook, and other internal policies and guidelines.

Our Code of Conduct sets out the fundamental principles and key policies and practices for business behavior. The Code is a valuable tool for our employees and executives, particularly in business, legal and ethical dilemmas. The Code of Conduct reinforces our transparent and sound management principles and fosters the trust placed in us by the public, business partners, employees and financial markets. Compliance with the Code of Conduct is carefully monitored. The Group-wide implementation of the Code is overseen by the Global Compliance Committee. The Code of Conduct itself is routinely reviewed and updated, provided to all new employees, and can be downloaded in German or English from our website under the section Investors - Corporate Governance.

The Compliance Management Handbook describes our compliance management program (CMP) and is intended to ensure compliance with all regulations and prescribe high ethical standards that apply to both the management and all employees. The Management Board has overall responsibility for the CMP and is required to report regularly to the Audit Committee of the Supervisory Board. In carrying out its compliance responsibility, the Management Board has assigned the relevant tasks to various functions at MorphoSys.

The Global Compliance Committee consists of our three members of the Management Board (Chief Executive Officer, Chief Research and Development Officer, and Chief Financial Officer) and senior representatives from various departments. In 2021 the Chief Integration Officer and Site Head of Constellation has also been included as a member of the Global Compliance Committee to ensure gradient integration of Constellation into MorphoSys' Compliance Management Program. It meets quarterly and supports the Head of Global Compliance in implementing and monitoring the CMP. The Global Compliance Committee is specifically responsible for the identification and discussion of all compliance-relevant issues, and thus makes it possible for the Head of Global Compliance and the other members of the Global Compliance Committee to periodically verify our compliance status and, if necessary, update the CMP.

The Head of Global Compliance monitors our existing CMP and updates it in accordance with the decisions of the Management Board and Global Compliance Committee. Compliance colleagues are the first point of contact for all employees regarding all compliance matters.

For more information on our compliance management program, please see the Report on Corporate Governance.

Composition of the Management Board and Supervisory Board

Management Board

In the 2021 financial year, the Management Board of MorphoSys AG consisted of a Chief Executive Officer and three other members. By resolution of the Supervisory Board on January 18, 2021, Sung Lee was appointed as a member of the Management Board and Chief Financial Officer effective February 2, 2021. Roland Wandeler, Ph.D., resigned from the MorphoSys AG Management Board effective December 31, 2021. Therefore, as of January 1, 2022, the Management Board consists of a Chief Executive Officer and two additional members. The various areas of responsibility are currently defined in the business allocation plan as follows:

- Jean-Paul Kress, M.D., Chief Executive Officer, responsible for the areas of Strategy & Planning, Business Development & Alliance Management, Human Resources, Legal, Compliance & Intellectual Property, Corporate Communications, Technical Operations, Information Technology & Facilities, Quality Assurance & Internal Audit, global responsibility for U.S. operations, Strategic Marketing & Market Access; Forecasting & Insights, coordination of responsibilities of Management Board members; representative of Management Board to the Supervisory Board and the public
- Sung Lee, Chief Financial Officer (as of February 2, 2021), responsible for Accounting & Taxes, Global Controlling & Internal Controls, Corporate Development & M&A, Central Purchasing & Logistics, Investor Relations, and Environmental Social Governance (ESG)
- Malte Peters, M.D., Chief Research and Development Officer, responsible for Research, Preclinical Development, Clinical Development, Clinical Operations, Biostatistics & Data Management, Drug Safety & Pharmacovigilance, Regulatory Affairs, Medical Affairs, and Global Program Teams
- Roland Wandeler, Ph.D., Chief Operating Officer (until December 31, 2021), responsible globally for U.S. operations, Strategic Marketing & Market Access, and Forecasts & Insights

Supervisory Board

Our Supervisory Board consists of six members who oversee and advise the Management Board. Sharon Curran, Krisja Vermeylen and Marc Cluzel were reelected as members of the Supervisory Board at the 2021 Annual General Meeting.

The current Supervisory Board consists of professionally qualified members who represent our shareholders. The Chair of the Supervisory Board, Marc Cluzel, M.D., Ph.D., coordinates the Board's activities, chairs the Supervisory Board meetings and represents the interests of the Supervisory Board externally. All Supervisory Board members are independent as per the definition in the German Corporate Governance Code ("Code") and the NASDAQ Listing Rules and have many years of experience in the biotechnology and pharmaceutical industries. The Chair of the Supervisory Board is not a former member of our Management Board. The detailed composition of the Supervisory Board, including its members and committees, is listed in the tables below.

Table
14 Composition of the Supervisory Board until Termination of the 2021 Annual General Meeting

Name	Position	Initial Appointment	End of Term	Audit Committee	Remuneration and Nomination Committee	Science and Technology Committee
Marc Cluzel, M.D., Ph.D.	Chairman	2012	2021			
George Golumbeski, Ph.D.	Deputy Chairman	2018	2023			
Krisja Vermeulen	Member	2017	2021			
Michael Brosnan 	Member	2018	2023			
Wendy Johnson	Member	2015	2022			
Sharon Curran	Member	2019	2021			

 Independent financial expert  Chairperson  Member

Table
15 Composition of the Supervisory Board since Termination of the 2021 Annual General Meeting

Name	Position	Initial Appointment	End of Term	Audit Committee	Remuneration and Nomination Committee	Science and Technology Committee
Marc Cluzel, M.D., Ph.D.	Chairman	2012	2024			
George Golumbeski, Ph.D.	Deputy Chairman	2018	2023			
Krisja Vermeulen	Member	2017	2024			
Michael Brosnan 	Member	2018	2023			
Wendy Johnson	Member	2015	2022			
Sharon Curran	Member	2019	2024			

 Independent financial expert  Chairperson  Member

Working Practices of the Management Board, Supervisory Board and Executive Committee

To ensure good corporate governance, a guiding principle of the cooperation between our Management Board and our Supervisory Board is the open, comprehensive and regular communication of information. The dual board system prescribed by the German Stock Corporation Act clearly differentiates between the Company's management and its supervision. The responsibility of both Boards is clearly stipulated by the legislator and the Articles of Association as well as the Boards' rules of procedure. The boards work closely together to make decisions and take actions for the Company's benefit. Their stated objective is to sustainably increase the Company's value.

Management Board members have their own separate areas of responsibility, as defined in the schedule of responsibilities, and regularly report to the other Management Board members. Cooperation among Management Board members is governed by the rules of procedure. The Supervisory Board approves both the schedule of responsibilities and the rules of procedure.

The Company has also established the so-called "Executive Committee." Under the leadership of the Chief Executive Officer, the Executive Committee is responsible for the development of the strategy, for the commercialization, the operational management of the Company and the achievement of its targets and results. The Executive Committee prepares the decisions for the Management Board's resolutions and adopts resolutions jointly with the Management Board, provided this is not the sole responsibility of the Management Board by law or by resolution of the Supervisory Board. The Executive Committee consists of the members of the Management Board and senior executives from the Company's core areas such as Business Development & Licensing and Alliance Management, Technical Operations, Human Resources, Legal, and Compliance & Intellectual Property. In addition to the members of the Management Board, the current members of the Executive Committee are Barbara Krebs-Pohl, Ph.D. (Senior VP, Head of Global BD&L and Alliance Management), Daniel Palmacci (Senior VP, Global Head of Technical Operations), Maria Castresana (Senior VP, Global Head of Human Resources), Charlotte Lohmann (Senior VP, General Counsel, Legal, Compliance & IP) and Joe Horvat (US General Manager).

Executive Committee meetings are generally held weekly and at least once every two weeks and when necessary in the interest of the Company. Separate Management Board meetings are generally held when this is in the interest of the Company or legally required. During these meetings, resolutions are passed concerning measures and transactions that, under the rules of procedure of the Management Board, require the approval of the entire Management Board. At least half of the Management Board's members must be present to pass a resolution. Management Board resolutions are passed by a simple majority and, in the event of a tied vote, the Chief Executive Officer's vote decides. In

case of material events, each Management Board or Supervisory Board member can call an extraordinary meeting of the entire Management Board. Management Board resolutions can also be adopted outside of meetings orally, by telephone or in writing (also by e-mail). Written minutes are taken for each meeting of the full Management Board and Executive Committee and are submitted for approval to the full Management Board and Executive Committee, as well as for the signature of the Chief Executive Officer, at the following meeting.

The Management Board promptly and comprehensively informs the Supervisory Board in writing and at Supervisory Board meetings about planning, business development, the Group's position, risk management and other compliance issues. Extraordinary meetings of the Supervisory Board are also convened in case of material events. The Management Board involves the Supervisory Board in the strategy, planning and all fundamental Company issues. The Management Board's rules of procedure specify that material business transactions require the approval of the Supervisory Board. Detailed information on the cooperation of the Management Board and Supervisory Board and important items of discussion during the 2021 financial year can be found in the Report of the Supervisory Board.

The Supervisory Board holds a minimum of two meetings during each calendar half-year. In addition to the Articles of Association, the Supervisory Board has adopted rules of procedure for the Supervisory Board. In accordance with these rules of procedure, the Chairperson of the Supervisory Board coordinates the activities of the Supervisory Board, chairs the Supervisory Board meetings and represents the interests of the Supervisory Board externally. The Supervisory Board generally adopts its resolutions in meetings, but resolutions may also be passed outside of meetings in writing (also by e-mail), by telephone or video conference.

The Supervisory Board has a quorum when at least two-thirds of its members participate in the vote. Resolutions of the Supervisory Board are generally passed with a simple majority. In the event of a tied vote, the Chairperson's vote decides.

The Supervisory Board meetings are recorded in minutes. Resolutions passed outside of meetings are also documented in writing. A copy of the Supervisory Board's minutes is made available to all Supervisory Board members. In accordance with recommendation D.13 of the Code, the Supervisory Board assesses at regular intervals how effective the Supervisory Board in its entirety and its committees perform their tasks. The members of the Management Board also participate in this review. The last review was carried out by the Supervisory Board in December 2021 and was based on a questionnaire completed by the members of both the Supervisory Board and the Management Board. The results were then discussed and evaluated in a subsequent Supervisory Board meeting.

Composition and Working Practices of the Management Board and Supervisory Board Committees

The Management Board has not formed any committees.

The Supervisory Board has three permanent committees: the Audit Committee, the Remuneration and Nomination Committee, and the Science and Technology Committee. The members of the three committees formed by the Supervisory Board are professionally qualified.

Table 16 Participation of Supervisory Board Members

Supervisory Board Meetings

Name	Video conference	Video conference	On-site	On-site	Video conference	Video conference	Video conference	Video conference	On-site	On-site	On-site ¹	Video conference
	01/18/2021	03/11/2021	05/18/2021	05/19/2021	05/26/2021	06/01/2021	06/02/2021	07/16/2021	07/27/2021	11/08/2021	11/09/2021	12/14/2021
Marc Cluzel, M.D., Ph.D.												
Wendy Johnson												
Krisja Vermeylen												
George Golumbeski, Ph.D.												
Michael Brosnan												
Sharon Curran												

¹ strategy meeting

Meetings of the Audit Committee

Name	Video conference	Video conference	On-site	Video conference	On-site
	03/10/2021	05/04/2021	07/27/2021	09/30/2021	11/08/2021
Krisja Vermeylen					
Michael Brosnan					
Sharon Curran					

Meetings of the Remuneration and Nomination Committee

Name	Video conference	Video conference	Video conference	On-site	Video conference	Video conference	Video conference	Video conference
	01/15/2021	03/01/2021	05/05/2021	05/18/2021	07/22/2021	09/22/2021	10/29/2021	12/13/2021
Marc Cluzel, M.D., Ph.D.								
Krisja Vermeylen								
Wendy Johnson								
George Golubkeski, Ph.D.*	-	-	-					-

Meetings of the Science and Technology Committee

Name	Video conference	Video conference	Video conference	On-site	On-site	On-site
	03/09/2021	03/11/2021	04/30/2021	05/17/2021	07/26/2021	11/08/2021
Wendy Johnson						
George Golubkeski, Ph.D.						
Michael Brosnan*	-	-		-	-	
Marc Cluzel, M.D., Ph.D.*	-	-	-		-	-

* Guest participation.

 attended in person  participation via video

Audit Committee

The main task of the Audit Committee is to support the Supervisory Board in fulfilling its supervisory duties with respect to the accuracy of the annual and consolidated financial statements, the activities of the auditor and internal control functions, such as risk management, compliance and internal auditing. The Audit Committee submits a recommendation to the Supervisory Board for the election at the Annual General Meeting of an independent auditor. The members of the Audit Committee are Michael Brosnan (Chair), Sharon Curran and Krisja Vermeylen. Currently, Michael Brosnan meets the prerequisite of an independent financial expert.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for the preparation and the annual review of the Management Board's remuneration system prior to its final approval. When necessary, the Committee searches for suitable candidates to appoint to the Management Board and Supervisory Board and submits appointment proposals to the Supervisory Board. The Committee also prepares the service agreements with Management Board members. The members of the Remuneration and Nomination Committee are Krisja Vermeylen (Chair), Marc Cluzel, M.D., Ph.D., and Wendy Johnson.

Science and Technology Committee

The Science and Technology Committee advises the Supervisory Board on matters concerning proprietary drug and technology development and prepares the relevant Supervisory Board resolutions. The members of the Science and Technology Committee are George Golumbeski, Ph.D. (Chair) and Wendy Johnson.

Ad Hoc Deal Committee

The members of the Science and Technology Committee also serve as members of the Ad Hoc Deal Committee, which meets in this capacity as required. In 2021, the Ad Hoc Deal Committee dealt with the acquisition of Constellation.

Pursuant to recommendation C.14 of the Code, the curriculum vitae of the members of the Supervisory Board are published on our website under About us – Leadership – Supervisory Board.

Remuneration System and Compensation of the Members of the Management Board and Supervisory Board

On March 11, 2021, the Supervisory Board resolved a remuneration system for the members of the Management Board which is in line with the requirements for management board remuneration as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the Code in its version as amended on December 16, 2019. The remuneration system does not yet apply to any member of the Management Board.

The remuneration report pursuant to Section 162 AktG, including the auditor's report, can be found on our website under Investors – Corporate Governance. The applicable remuneration system for the members of the Management Board and the most recent resolution of the Annual General Meeting 2021 on the remuneration of Supervisory Board members can be found on our website under Investors – Annual General Meeting 2021.

Report on Corporate Governance

At MorphoSys, responsible, sustainable and value-oriented corporate governance is a high priority. Good corporate governance is an essential aspect of our corporate management and forms the framework for the Group's management and supervision, including the Group's organization, commercial principles and tools for its guidance and control.

The Code provides a standard for the transparent monitoring and management of companies that strongly emphasizes shareholder interests. The German Federal Ministry of Justice originally published the Code in 2002. On December 16, 2019, the Government

Commission on the German Corporate Governance Code adopted a new version of the Code, which entered into force upon its publication in the German Federal Gazette on March 20, 2020. The Code contains recommendations and suggestions with regard to the management and supervision of German companies listed on a stock exchange. It is based on domestic and internationally recognized standards for good and responsible corporate governance. The Code aims to make the German system of corporate governance transparent for investors. It contains recommendations and suggestions on corporate governance with regard to shareholders and the Annual General Meeting, the Management Board and Supervisory Board, transparency, accounting and valuation principles, and auditing.

There is no obligation to comply with the recommendations and suggestions of the Code. The German Stock Corporation Act only requires the management boards and supervisory boards of listed German companies to publish a declaration each year, (i) either confirming that the company has complied with the recommendations of the Code or (ii) listing the recommendations the company has not complied with and the reasons for the deviation from the recommendations of the Code. In addition, a listed company must also state in its annual declaration whether it intends to comply with the recommendations or must list the recommendations it does not intend to comply with in the future. These declarations must be published permanently on the company's website. If the company changes its position on certain recommendations between two annual declarations, it must disclose this fact and state the reasons for the deviation from the recommendations. If suggestions from the Code are not complied with, this does not have to be disclosed.

Many of the corporate governance principles contained in the Code have been practiced at MorphoSys for many years. Our corporate governance principles are outlined in the Statement on Corporate Governance pursuant to Sections 289f and 315d HGB. The statement also contains the annual Declaration of Conformity, relevant information on corporate governance practices and a description of the Management Board and Supervisory Board's working practices. Additional information can be found in this Report on Corporate Governance.

Communication with the Capital Market

A key principle of corporate communication at MorphoSys is to simultaneously and fully inform institutional investors, private shareholders, financial analysts, employees and all other stakeholders of the Company's situation through regular, transparent and timely communication. The Company is firmly committed to following a fair information policy.

Regular meetings with analysts and investors in the context of roadshows and individual meetings play a central role in investor relations at MorphoSys. Conference calls are publicly webcast and follow the publications of quarterly and annual results and give analysts an immediate opportunity to ask questions about the Company's development. Presentations from conferences and similar events are made available to those interested on the MorphoSys website, as are visual and audio recordings of other important events.

The Company's website www.morphosys.com/en serves as a central platform for current information on the Company and its development. Financial reports, analyst meetings and conference presentations, as well as press releases and ad hoc statements, are also available. The important regularly scheduled publications and events (annual reports, interim reports, annual general meetings and press and analyst conferences) are published in the Company's financial calendar well in advance.

With the commercialization of Monjuvi in the U.S., the website www.morphosys.com/en accommodates the specific information needs of U.S. users and positions MorphoSys as an emerging leader in the hematology/oncology market.

Competence Profile, Diversity Concept and Objectives for the Composition

The Company's Supervisory Board has updated its competence profile and objectives for its composition based on the new Code recommendations and has prepared a diversity concept in accordance with Section 289f (2) no. 6 of the German Commercial Code. According to this concept, the Supervisory Board of MorphoSys AG shall be composed in such a way that the Supervisory Board in its entirety possesses the knowledge, skills and professional experience necessary to perform its duties properly and ensure that it appropriately supervises and advises the Management Board of MorphoSys AG while taking diversity into account. When electing Supervisory Board members, the candidates who are proposed to the Annual General Meeting fulfill the overall competence profile based on their professional competence, experience, integrity, commitment, independence and character. Proposals to the Annual General Meeting also take the objectives for the composition of the Supervisory Board into consideration.

Competence Profile

The members of the Supervisory Board shall in its entirety possess the professional competence and experience to fulfill the tasks of the Supervisory Board of MorphoSys AG as an internationally operating biopharmaceutical company.

The Supervisory Board in particular considers the following skills and expertise to be essential for the composition of the Supervisory Board of MorphoSys AG:

- Members should have a general knowledge of the industry in which the Company operates in order to make sufficient and substantive contributions at Supervisory Board meetings
- At least one member must have experience in drug development
- At least one member must have experience in commercialization
- At least one member must have expertise in the fields of accounting or auditing (Section 100 (5) AktG)
- At least one member must have experience with personnel issues concerning Management Board matters

Diversity Concept for the Supervisory Board of MorphoSys AG

The Supervisory Board strives to ensure an appropriate level of diversity with respect to age, gender, internationality and professional background, as well as regarding professional expertise, experience and personality, in order to achieve a diverse composition of the Supervisory Board and enable it, in its entirety, to base its decisions on different cultural and professional perspectives and wide experiences.

The Supervisory Board gives particular consideration to the following criteria:

- At least two members of the Supervisory Board shall have extensive international experience or an international background
- At least one member of the Supervisory Board shall be under the age of 60 at the time of the member's appointment
- At least two members of the Supervisory Board shall have different professional backgrounds and experience

With respect to the proportion of women on the Supervisory Board, the Supervisory Board has set target figures as well as deadlines for their achievement in accordance with Section 111 (5) AktG, to which reference is made.

Other Targets in the Composition of the Supervisory Board

Age Limit

At the time of their appointment by the Annual General Meeting, Supervisory Board members should not be more than 70 years of age. The Supervisory Board may, however, decide to make an exception in specific cases.

Duration of Appointment

The uninterrupted length of the term of office of a Supervisory Board member shall generally not exceed 12 years. However, the Supervisory Board may resolve an exception to this rule in certain cases.

Independence

The Supervisory Board of MorphoSys AG considers a number of at least four independent members to be an appropriate number of independent members, taking into account the shareholder structure. According to the Code, a Supervisory Board member is considered to be independent of MorphoSys AG, its Management Board and any controlling shareholders when he or she has no personal or business relationship with the Company, the Management Board or a controlling shareholder. The Supervisory Board's assessment of the independence of Supervisory Board members is, amongst others, based on the recommendations of the Code. Consequently, a Supervisory Board member is generally not considered independent if such member, or a close member of his or her family

- was a member of the Management Board of MorphoSys AG in the two years preceding his or her appointment to the Supervisory Board of MorphoSys AG;
- maintains or has maintained a material business relationship (directly or indirectly) with MorphoSys AG or a Group company of MorphoSys AG in the year preceding his or her appointment;
- is a close family member of a Management Board member; or
- has been a member of the Supervisory Board for more than 12 years.

Significant and lasting conflicts of interest should be avoided, particularly those resulting from functions carried out for major competitors. It must be taken into account, however, that certain conflicts of interest cannot generally be excluded. Possible conflicts of interest must be disclosed to the Chairperson of the Supervisory Board and will be resolved by appropriate measures. This could lead to the termination of the Supervisory Board mandate of the member concerned if the conflict of interest is not merely temporary.

Availability

All members of the Supervisory Board must ensure that they have sufficient time available to properly perform their Supervisory Board duties at MorphoSys AG. Therefore, as a rule, it is required that:

- the Supervisory Board member is able to personally attend at least four ordinary Supervisory Board meetings per year, for which a reasonable amount of preparation time is required in each case; in the event of exceptional circumstances to be determined by the Supervisory Board's Chairperson, the participation of one or more Supervisory Board members in ordinary Supervisory Board meetings by other means (such as video conference) shall also be sufficient;
- the Supervisory Board member is able to attend extraordinary meetings of the Supervisory Board, if necessary, to deal with specific topics;
- the Supervisory Board member is able to attend the Annual General Meeting;
- the Supervisory Board member has sufficient time to review the annual and consolidated financial statements; and
- the Supervisory Board member allocates additional time to prepare for and attend committee meetings, in accordance with his or her membership in one or more of the Supervisory Board's current three permanent committees.

Current Composition of the Supervisory Board

The Supervisory Board of MorphoSys AG is composed in accordance with the above objectives. It is composed of an appropriate number of independent members with an international background. As the Supervisory Board as a whole currently has six members, of which three are women, an appropriate proportion of women has been achieved.

Target Values for the Proportion of Women

In the Supervisory Board

The Supervisory Board of MorphoSys AG consists of six members, three of whom are women, representing a proportion of 50%. The Supervisory Board of MorphoSys AG has set the target value for the proportion of women on the Supervisory Board at 33.33%, meaning at least two out of six members shall be women. This target figure shall apply until June 30, 2025.

In the Management Board

The Management Board of MorphoSys AG consisted of four male members until December 31, 2021, and has consisted of three male members since January 1, 2022. As a result, the current proportion of women on the Company's Management Board is 0%. Since the Supervisory Board of MorphoSys AG is of the opinion that, despite the continuing efforts to increase the proportion of women within the Management Board, the best possible qualification of a candidate for the Management Board must be assessed according to a variety of applied diversity criteria, in July 2020, the Supervisory Board has set the target value for the proportion

of women on the Company's Management Board at 0%. This target value shall apply until June 30, 2023. The Supervisory Board nevertheless aims to increase the proportion of women within the Management Board. In the course of the next resolution upon a target value for the proportion of women within the Management Board, the Supervisory Board will take this objective into account.

In the First and Second Management Level below the Management Board

1. Target value for the first management level below the Management Board

In 2020, the Management Board confirmed its resolution for a target value of 30% of women in the first management level below the Management Board as of July 2017 and intends to maintain a minimum proportion of women of 30% in the first management level below the Management Board until June 30, 2025. As of the date of the resolution on the target value, the first management level below the Management Board of MorphoSys AG (line managers reporting directly to the Management Board) consisted of 21 members, of which nine are women, corresponding to a proportion of women of 42.86%. MorphoSys AG continuously complied with this requirement in the reporting year.

2. Target value for the second management level below the Management Board

In 2020, the Management Board confirmed its resolution for a target value of 30% women in the second management level below the Management Board as of July 2017 and intends to maintain a minimum proportion of women of 30% in the second management level below the Management Board until June 30, 2025. As of the date of the resolution on the target, the second management level below the Management Board of MorphoSys AG (line managers reporting directly to the first management level below the Management Board) consisted of 53 members, 22 of whom are women, corresponding to a proportion of women of 41.51%. MorphoSys AG continuously complied with this requirement in the reporting year.

Diversity Concept for the Management Board of MorphoSys AG

Pursuant to Section 289f (2) No. 6 of the German Commercial Code, the Supervisory Board has determined the following diversity concept for the composition of the Management Board of MorphoSys AG.

The aim of the diversity concept for the Management Board is to consciously use diversity for the further success of the Company. The Supervisory Board believes that diversity in terms of different perspectives, competencies and backgrounds of experience is an important prerequisite for competitiveness and sustainable corporate success.

Together with the Management Board, the Supervisory Board ensures long-term succession planning for the Management Board. In the search for candidates for the position of a member of the Management Board of MorphoSys AG, the decisive selection criteria include, amongst others, professional qualifications for the position to be taken over, leadership qualities, previous performance, and acquired skills and knowledge of the business of MorphoSys AG.

In the composition of the Management Board, the Supervisory Board also particularly takes the following aspects into account:

- The members of the Management Board shall, in their entirety, have the necessary knowledge, skills and professional experience required for their tasks.
- Where possible, the members of the Management Board should have different levels of educational and professional experience.
- The members of the Management Board shall, in their entirety, be familiar with the market environment, the individual business fields and the market segment in which MorphoSys AG operates.
- The members of the Management Board shall, in their entirety, have relevant experience in leading a publicly listed company.
- There should be a sufficient age mix among the members of the Management Board.
- With regard to the proportion of women on the Management Board, the Supervisory Board has set target values, as well as deadlines for their achievement, in accordance with Section 111 (5) AktG, to which reference is made.

The above criteria were taken into account in the appointment of the Management Board members.

Other Targets in the Composition of the Management Board

Age Limit

At the time of their appointment, Management Board members should not be more than 67 years of age. The Supervisory Board may, however, decide to make an exception in specific cases. The age limit of 67 is currently complied with.

Managers' Transactions

The members of the Management Board and the Supervisory Board of MorphoSys AG, as well as persons closely associated with them, are required to disclose trading in MorphoSys shares in accordance with the requirements set forth in the relevant legal provisions (Article 19 (1a) of the Market Abuse Regulation (MAR)).

During the reporting year, MorphoSys received notifications pursuant to Article 19 (1a) MAR, which are shown in the table below.

Table
17 Managers' Transactions 2021

Party Subject to the Notification Requirement	Function	Date of Transaction	Type of Transaction	Aggregated Share Price	Aggregated Volume	Place of Transaction
Sung Lee	Chief Financial Officer	12/03/2021	Acquisition of shares	US\$ 9.36	US\$ 14,040.00	Nasdaq
Sung Lee	Chief Financial Officer	11/23/2021	Acquisition of shares	US\$ 9.55	US\$ 4,775.00	Nasdaq
Sung Lee	Chief Financial Officer	11/22/2021	Acquisition of shares	US\$ 9.80	US\$ 19,600.00	Nasdaq
Sung Lee	Chief Financial Officer	10/01/2021	Acquisition of shares	US\$ 11.67	US\$ 23,340.00	Nasdaq
Sung Lee	Chief Financial Officer	08/02/2021	Acquisition of shares	US\$ 13.70	US\$ 27,400.00	Nasdaq
Michael Brosnan	Member of the Supervisory Board	07/30/2021	Acquisition of shares	US\$ 13.96	US\$ 69,788.58	Nasdaq
Krisja Vermeylen	Member of the Supervisory Board	07/29/2021	Acquisition of shares	€ 47.25	€ 16,538.66	Xetra
Michael Brosnan	Member of the Supervisory Board	06/03/2021	Acquisition of shares	US\$ 19.58	US\$ 97,906.28	Nasdaq
Malte Peters, M.D.	Chief Research and Development Officer	04/14/2021	Allocation of 4,143 shares as part of his remuneration as member of the Management Board (Performance Share Plan 2017) (issuer's own shares)	not numerable	not numerable	Outside a trading venue
Sung Lee	Chief Financial Officer	03/23/2021	Acquisition of shares	US\$ 22.75	US\$ 22,750.00	Nasdaq
Wendy Johnson	Member of the Supervisory Board	03/17/2021	Acquisition of shares	US\$ 23.35	US\$ 5,837.50	Nasdaq
Krisja Vermeylen	Member of the Supervisory Board	03/17/2021	Acquisition of shares	€ 75.90	€ 22,770.00	Xetra
C&F Consulting EURL	Person closely associated	03/16/2021	Acquisition of shares	€ 76.00	€ 19,000.00	Xetra
Michael Brosnan	Member of the Supervisory Board	03/16/2021	Acquisition of shares	US\$ 22.73	US\$ 227,300.00	Nasdaq

Avoiding Conflicts of Interest

The members of the Management Board and the Supervisory Board are obligated to refrain from actions that could lead to conflicts of interest with their responsibilities at MorphoSys AG. Such transactions or sideline activities of the Management Board must be disclosed to the Supervisory Board without undue delay and require the Supervisory Board's approval. The Supervisory Board, in turn, must inform the Annual General Meeting of any conflicts of interest that arise and disclose how they were dealt with. No conflict of interest arose in the Supervisory Board in the 2021 financial year.

Share Repurchases

By resolution of the Annual General Meeting on May 23, 2014, MorphoSys was authorized, in accordance with Section 71 (1) no. 8 of the German Stock Corporation Act (AktG), to repurchase treasury shares in an amount of up to 10% of the existing share capital up to and including April 30, 2019. Following the authorization's expiry, no new authorization was proposed to the Annual General Meeting; therefore, no such authorization currently exists.

Information Technology

The transition from working remotely due to COVID-19 to a hybrid and highly flexible work model was accompanied by an integrative technology update of our physical and virtual meeting rooms and a new collaboration and booking platform.

We began with the technical integration and consolidation of IT systems following the acquisition of Constellation and will complete this process in 2022. In 2021, the focus was on the interoperability of all systems to ensure the fastest possible collaboration. This year, we will exploit the full potential of all synergies and establish a global, harmonized IT landscape. The specialist IT teams have already been combined to form a joint IT organization.

A special focus was placed on the further digitalization and automation of business processes. With the introduction of electronic signatures using DocuSign™, we were able to significantly accelerate signature circulation and automate processes. A new, global learning management system forms the basis for the digital education strategy, which relies on e-learning and remote training.

We are advancing our innovation using artificial intelligence through tools such as Aily™, which will make it possible to foresee ways to optimize recruitment for clinical trials. We are also investing in the expansion of our Veeva™ system landscape for unified management of quality and regulatory information, which is crucial for rapidly launching products (e.g., pelabresib) and maintaining their marketing approval.

In the area of IT security, we continued to optimize our cyber defense measures and progressed through the integration phase with Constellation with increased awareness. An automated penetration testing and validation platform was deployed to review our technical security controls and identify potential vulnerabilities. We continued to train and raise our employees' awareness of their own contributions to the Company's IT security.

Our Computer Emergency Response Team (CERT) has not detected any serious security incidents during the reporting year.

Information on the Internal Control and Risk Management System with regard to the Accounting Process under Section 289 (4) and Section 315 (4) HGB

In the 2021 reporting year, we completed a routine update of the documentation for our existing internal control and risk management system for maintaining adequate internal control over financial reporting, which we have expanded based on the provisions of Section 404 of the Sarbanes-Oxley Act of 2002 (SOX 404). This ensures the existence of essential controls designed to report financial figures as precisely and accurately as possible. Our internal controls over financial reporting are based on the globally recognized COSO 2013 Internal Control - Integrated Framework, defined by the COSO organization (Committee of Sponsoring Organizations of the Treadway Commission). We use this framework, which is the most commonly used framework for the internal control over financial reporting.

System constraints make it impossible to give absolute assurance that internal controls will always prevent or completely detect all misrepresentations made in the context of financial reporting. Internal controls can only provide sufficient assurance that financial reporting is reliable and verify that the financial statements were prepared in accordance with the applicable IFRS standards endorsed by the European Union (EU) for external purposes.

The consolidated financial statements and the interim financial statements are subject to a number of preparation, auditing and control processes to ensure that they are submitted to the market and the shareholders in a timely, complete and quality manner. All internal controls over financial reporting are defined and rolled out for all companies by the central Global Internal Controls function in close coordination with the departments involved. These process-integrated measures include the separation of planning, posting and execution of financial transactions

within the framework of a strict four eyes principle. The separation of functions is significantly enhanced by the appropriate allocation rights for the IT systems. Internal guidelines and procedures also exist to regulate the implementation of process activities and controls and must be complied with at all times by the employees involved. The transactional controls are flanked by target/actual comparisons and further downstream plausibility checks. The control mechanisms described apply both to the accounting processes of the consolidated companies and the process of closing the consolidated financial statements, which includes consolidation.

In addition to internal controls integrated into the processes, a separate independent monitoring process is also carried out by the Internal Audit Department, which is bundled in the Corporate Internal Audit central function. Due to the obligations of SOX 404 and in order to comply with the requirements of Section 107 (3) of the German Stock Corporation Act, Internal Audit performs an annual independent audit of all significant internal controls for financial reporting, supported by a qualified and independent external service provider. As part of its regular communication with the supervisory bodies, the Internal Audit Department reports every six months to the Chief Financial Officer and the Audit Committee on the results of the structural and functional audits of the accounting-related internal control system.

Predictions of future events in the narrower sense are not part of our internal control and risk management system. Nevertheless, we have implemented a risk management system that ensures early identification and assessment of business-specific risks. Appropriate countermeasures are taken to eliminate identified risks or at least reduce them to an acceptable level. Particular attention is paid to those risks which could endanger the existence of the company. The Management Board ensures that risks are dealt with responsibly on an ongoing basis and keeps the Supervisory Board informed of existing risks and their development. Detailed information on our opportunities and risks can be found in the "Risk and Opportunity Report."

Accounting and External Audit

We prepare our annual financial statements in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the recommendations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). We have applied all standards and interpretations that were in force on December 31, 2021, and adopted by the EU into European law. As of December 31, 2021, there were no standards or interpretations with an impact on our consolidated financial statements as of December 31, 2021 and 2020 that had entered into force but had not yet been adopted into European law. Therefore,

our consolidated financial statements comply with both the IFRS published by the International Accounting Standards Board (IASB) and the IFRS adopted by the EU. In addition, our consolidated financial statements take into account the supplementary provisions of German commercial law that are to be applied in accordance with Section 315e (1) HGB).

For the election of our auditor, the Audit Committee of the Supervisory Board submits a nomination proposal to the Supervisory Board. At the 2021 Annual General Meeting, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as auditor for the 2021 financial year. As proof of its independence, the auditor submitted an Independence Declaration to the Supervisory Board. The lead auditor of these consolidated financial statements was Holger Lutz, who has audited the consolidated financial statements since 2019.

PricewaterhouseCoopers GmbH has been our auditor since the 2011 financial year. Information on audit-related fees and all other fees provided by PricewaterhouseCoopers GmbH to us during the 2021 financial year can be found in Note 5.13*.

*cross-reference to page 141

Compliance Management Program

The separate “Non-Financial Group Report”* sets out the basic mechanisms of our compliance management program (CMP). The report is available on our website under <https://csr.morphosys.com/2021>.

The identification and assessment of compliance risks are an important part of the CMP and are incorporated into the program’s overall strategic development. Our main compliance-relevant risk areas are evaluated using a systematic approach and taking into account our current business strategy and priorities. During the reporting year, we carried out an annual compliance risk assessment that included anti-bribery and other relevant risk areas. Risk mitigation measures were initiated for the areas of action identified. Within the scope of the CMP, employees are given the opportunity to report potential compliance issues within the MorphoSys Group in a protected and, if desired, anonymous manner through the MorphoSys Integrity Line reporting system. In addition to an annual compliance risk analysis, we have developed other appropriate guidelines and have monitored compliance. In order to prevent compliance breaches, employees were routinely trained in topics relevant for compliance. Traditional compliance refresher trainings have been provided to the employees, as well as newly developed trainings on thoughtful communications and investigator-initiated trials.

In November 2021, MorphoSys held a Compliance Week that included a number of engaging activities for employees of MorphoSys AG, MorphoSys US Inc. and, for the first time, Constellation under the motto “Integrity in All We Do.”

Compliance-related discussions and analyses at all levels of the Company lead to a continuous improvement in managing and mitigating risk at MorphoSys.

In conjunction with the EU General Data Protection Regulation (Regulation [EU] 2016/679 – “GDPR”), which entered into force on May 25, 2018, we have implemented various procedures since 2018 to ensure compliance with the GDPR. More details can be found in the separate “Non-Financial Group Report.”*

» see figure 10 – Compliance Management Program (CMP) (page 99)

Internal Audit Department

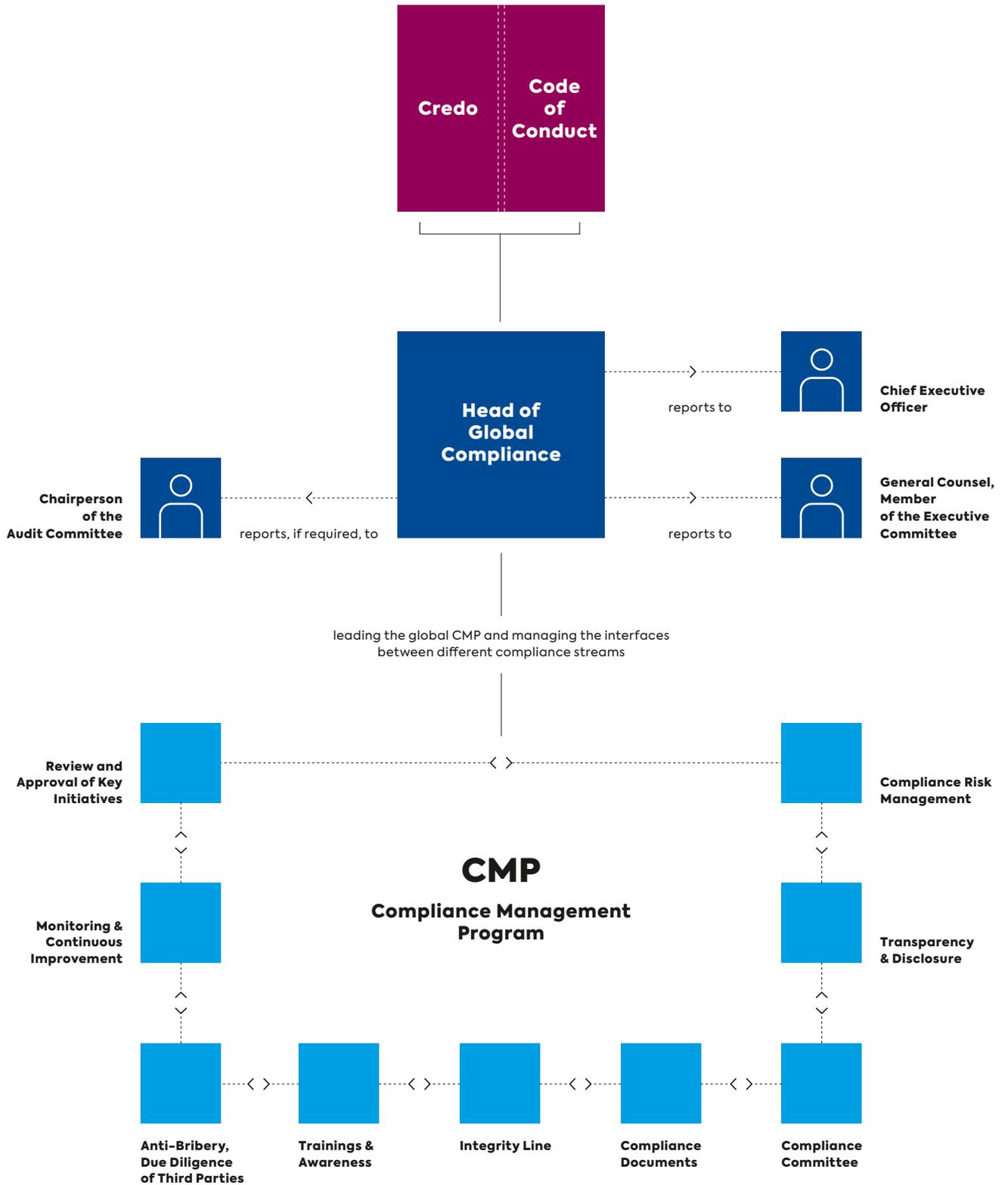
Our Internal Audit department is an essential element of the Corporate Governance structure. The department assists us in accomplishing our objectives by prescribing a systematic approach to evaluating and improving the effectiveness of our risk management, internal control and other corporate governance processes. The activities of the Internal Audit function are supported by co-sourcing partner Protiviti, an independent consulting firm with expertise in internal audit, risk and compliance.

The Internal Audit department executes a risk-based audit plan that includes the requirements and recommendations of the Management Board, as well as those of the Supervisory Board’s Audit Committee. The Internal Audit department is also responsible for performing management testing in accordance with the requirements of the U.S. Sarbanes-Oxley Act, Section 404 (SOX). This procedure involves independently testing the appropriateness and effectiveness of internal controls in the business processes relevant to financial reporting.

The outcome of each internal audit is communicated to the CEO and the relevant members of the Executive Committee. In addition, the Head of Internal Audit reports to the Audit Committee of the Supervisory Board on the results of the internal audits and SOX management testing twice a year or immediately if necessary.

Three audits were carried out in the year 2021. Some areas for action were identified, resulting in the adoption of corresponding corrective plans of action. The internal audit plan for 2022 envisages four audits, which will cover the activities of all entities of the MorphoSys Group.

Figure 10 Compliance Management Program (CMP)



Disclosures pursuant to Section 289a (1), Section 315a (1) HGB and Explanatory Report of the Management Board pursuant to Section 176 (1) Sentence 1 AktG

Composition of Share Capital

On December 31, 2021, the Company's share capital amounted to € 34,231,943, divided into 34,231,943 no-par-value bearer shares. With the exception of the 83,154 treasury shares held by the Company, these bearer shares possess voting rights, with each share granting one vote at the Annual General Meeting. As of December 31, 2021, the Company's registered share capital amounted to € 34,227,598, divided into 34,227,598 no-par-value bearer shares. This amount of registered share capital does not yet reflect the increase in share capital and the number of shares resulting from the exercise of 4,345 subscription rights to shares in the Company (stock options) in 2021. On January 17, 2022, the Supervisory Board of the Company resolved to amend the wording of the Articles of Association to reflect the higher share capital of € 34,231,943 and filed this amendment for entry in the Commercial Register. The entry in the Commercial Register was made on January 29, 2022.

Restrictions Affecting Voting Rights and the Transfer of Shares

Our Management Board is not aware of any restrictions that may affect voting rights or the transfer of shares, or any restrictions that may emerge from agreements between shareholders.

Voting rights restrictions may also arise from the provisions of the German Stock Corporation Act (AktG), such as those pursuant to Section 136 AktG, or the provisions for treasury shares pursuant to Section 71b AktG.

Interests in Share Capital Exceeding 10% of Voting Rights

We have not been made aware or notified of any direct or indirect interests in the Company's share capital that exceed 10% of the voting rights.

Shares with Special Rights Conferring Powers of Control

Shares with special rights conferring powers of control do not exist.

Control over Voting Rights with regard to Employee Ownership of Capital

Employees who hold shares in the Company exercise their voting rights directly in accordance with the statutory provisions and the Articles of Association, as do other shareholders.

Appointment and Dismissal of Management Board Members and Amendments to the Articles of Association

In accordance with Section 6 of the Articles of Association and Section 84 of the German Stock Corporation Act (AktG), the Supervisory Board determines the number of members on the Management Board, appoints and revokes members and nominates the Chairman. Until December 31, 2021, the Management Board consisted of the Chairman and three further members. Since the departure of Roland Wandeler, Ph.D., the Management Board consists only of the Chairman of the Management Board and two further members. Members of the Management Board can be appointed for a maximum term of five years. Reappointments and extensions in the term of office are allowed for a maximum term of five years in each case. The Supervisory Board may revoke the appointment of a Management Board member or Chairman of the Management Board for good cause as defined by Section 84 (3) AktG. Where the Management Board lacks a required member, a Management Board member will be appointed by the court in urgent cases pursuant to Section 85 AktG.

As a rule, the Articles of Association can only be amended by a resolution of the General Meeting in accordance with Section 179 (1) sentence 1 AktG. Pursuant to Section 179 (2) sentence 2 AktG in conjunction with Section 20 of the Articles of Association, our Annual General Meeting resolves on amendments to the Articles of Association generally with a simple majority of the votes cast and a simple majority of the share capital represented. If the law stipulates a higher mandatory majority of votes or capital, this shall apply. Amendments to the Articles of Association that only affect their wording can be resolved by the Supervisory Board in accordance with Section 179 (1) sentence 2 AktG in conjunction with Section 12 (3) of the Articles of Association.

Power of the Management Board to Issue Shares

The Management Board's power to issue shares is granted under Section 5 (5) through (6i) of the Company's Articles of Association and the statutory provisions. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the scope of the capital increase from conditional or authorized capital.

1. Authorized Capital

In the case of an authorized capital increase, the Management Board is authorized with the consent of the Supervisory Board to determine the further details of the capital increase and its implementation.

a. Pursuant to Article 5 (5) of the Articles of Association, the Management Board is authorized with the consent of the Supervisory Board to increase the Company's share capital against contribution in cash and/or contribution in kind on one or several occasions by a total of up to € 4,861,376 by issuing up to 4,861,376 new, no-par-value bearer shares until and including May 18, 2026 (Authorized Capital 2021-I).

b. In case of capital increases, shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. The Management Board with the Supervisory Board's consent is, however, authorized to exclude shareholders' subscription rights in the following cases:

- aa) in the case of a capital increase against contribution in cash, to the extent necessary to avoid fractional amounts; or
- bb) in the case of a capital increase against contribution in kind; or
- cc) in the case of a capital increase against contribution in cash to the extent the new shares shall be placed on a foreign stock exchange in the context of an IPO.

The total number of shares to be issued by way of a capital increase against contribution in cash and/or in kind, excluding subscription rights and based on the above authorizations, shall not exceed 10% of the share capital, calculated either based on the authorizations' effective date or the time they are exercised, whichever amount is lower. The 10% limit mentioned above shall take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations, (ii) shares issued on the basis of other authorized capital with the exclusion of subscription rights during the period in which these authorizations are in effect, and (iii) shares to be issued to service convertible bonds and/or bonds with warrants, insofar as the convertible bonds and/or bonds with warrants have been issued with the exclusion of shareholders' subscription rights while these authorizations are in effect but in respect of items (i), (ii) and/or (iii) in each case only insofar as the shares are not used to service claims by members of governing bodies and/or employees of the Company and/or its affiliated companies under employee participation programs.

b) Pursuant to Section 5 (6) of the Articles of Association, the Management Board is authorized with the consent of the Supervisory Board to increase the Company's share capital against contribution in cash on one or several occasions by a total of up to € 1,951,452 by issuing up to 1,951,452 new no-par-value bearer shares until and including May 18, 2026 (Authorized Capital 2021-II).

In case of capital increases, shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. The Management Board is, however, authorized to exclude shareholder subscription rights, with the Supervisory Board's consent, in the following cases:

- aa) to the extent such exclusion is necessary to avoid fractional amounts; or
- bb) if the issue price of the new shares is not significantly below the market price of shares of the same class already listed and the total number of shares issued against contribution in cash, excluding subscription rights, during the term of this authorization does not exceed 10% of the share capital on the date this authorization takes effect or at the time it is exercised, in accordance with or in the respective application of Section 186 (3) sentence 4 AktG. This 10% limit shall take into account treasury shares of the Company, which are sold during the term of this authorization with the exclusion of shareholders' subscription rights in accordance with section 71 para. 1 no. 8 sentence 5 clause 2 AktG in conjunction with section 186 para. 3 sentence 4 AktG. Furthermore, shares issued or to be issued to service convertible bonds and/or bonds with warrants shall be included in this 10% limit of the share capital, provided that these convertible bonds and/or bonds with warrants were issued during the term of this authorization with the exclusion of subscription rights in the respective application of section 186 para. 3 sentence 4 AktG. In addition, shares issued excluding shareholders' subscription rights during the term of this authorization on the basis of other capital measures in direct or mutatis mutandis application of section 186 para. 3 sentence 4 AktG shall be included in this 10% limit of the share capital. The maximum limit reduced in accordance with the above sentences of this paragraph shall be increased again when a new authorization to exclude shareholders' subscription rights resolved by the Annual General Meeting takes effect in accordance with section 186 para. 3 sentence 4 AktG after the reduction, in the amount of the new authorization, up to a maximum of 10% of the share capital in accordance with the requirements of sentence 1 of this paragraph bb).

The total number of shares to be issued by way of a capital increase against contribution in cash, excluding subscription rights and based on the authorizations mentioned above shall not exceed 10% of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. The aforementioned 10% limit shall include (i) treasury shares sold with exclusion of subscription rights after the effective date of these authorizations, (ii) shares issued on the basis of other authorized capital with the exclusion of subscription rights during the period in which these authorizations are in effect and (iii) shares to be issued to service convertible bonds and/or bonds with warrants, insofar as the convertible bonds and/or bonds with warrants have been issued with the exclusion of shareholders' subscription rights while these authorizations are in effect but in respect of items (i), (ii) and/or (iii) in each case only insofar as the shares are not used to service claims of members of the Management Board and/or employees of the Company and/or its affiliated companies under employee participation programs. The maximum limit reduced in accordance with the above sentences of this paragraph shall be increased again when a new authorization to exclude shareholders' subscription rights resolved by the Annual General Meeting takes effect after the reduction, in the amount of the new authorization, up to a maximum of 10% of the share capital in accordance with the requirements of sentence 1 of this paragraph.

- c. Pursuant to Article 5 (6a) of the Articles of Association, the Management Board is authorized with the consent of the Supervisory Board to increase the Company's share capital against contribution in cash and/or contribution in kind on one or several occasions up to and including May 18, 2026 by up to a total of € 315,000 by issuing up to 315,000 new no-par-value bearer shares (Authorized Capital 2021-III). The subscription rights of shareholders are excluded. The Authorized Capital 2021-III serves the purpose of delivering shares of the Company against the contribution of payment claims resulting from Restricted Stock Units (RSUs) in order to fulfill RSUs that were granted in accordance with the terms and conditions of the Restricted Stock Unit Program 2021 of the Company (RSUP 2021) exclusively to senior managers and employees (including directors and officers) of

MorphoSys US Inc. The issue price of the new shares must amount to at least € 1.00 and can be paid either by way of a cash contribution and/or contribution in kind, including in particular the contribution of claims against the Company under the RSUP 2021. The Management Board is authorized to determine the further details of the capital increase and its implementation with the consent of the Supervisory Board; this also includes the determination of the profit participation of the new shares, which may, in deviation from Section 60 (2) AktG, also participate in the profit of an already completed financial year, provided that no resolution on the appropriation of profits has yet been adopted for the fiscal year in question.

- d. Pursuant to Article 5 (6h) of the Articles of Association, the Management Board is authorized with the consent of the Supervisory Board to increase the Company's share capital on one or several occasions by a total of up to € 159,197 by issuing up to 159,197 new no-par-value bearer shares against cash contribution and/or contribution in kind until and including April 30, 2024 (Authorized Capital 2019-I).

The subscription rights of shareholders are excluded. The Authorized Capital 2019-I serves the purpose of delivering shares of the Company against the contribution of payment claims resulting from Restricted Stock Units (RSUs) in order to fulfill RSUs that were granted in accordance with the terms and conditions of the Company's Restricted Stock Unit Program (RSUP) exclusively to senior managers and employees (including directors and officers) of MorphoSys US Inc.

The issue price of the new shares must amount to at least € 1.00 and may be paid either by way of a cash contribution and/or contribution in kind, including in particular the contribution of claims against the Company under the RSUP. The Management Board is authorized with the consent of the Supervisory Board to determine the further details of the capital increase and its implementation; this also includes the determination of the profit participation of the new shares, which may, in deviation from Section 60 para. 2 AktG, also participate in the profit of an already completed financial year, provided that no resolution on the appropriation of profits has yet been adopted for the fiscal year in question.

2. Conditional Capital

- a. Pursuant to Article 5 (6b) of the Articles of Association, the Company's share capital is conditionally increased by up to € 2,475,437 through the issue of up to 2,475,437 no-par-value bearer shares (Conditional Capital 2016-I). The conditional capital increase serves solely as a means to grant new shares to the holders of conversion or warrant rights, which will be issued by the company or companies in which the Company has a direct or indirect majority interest according to the authorizing resolution of the Annual General Meeting on June 2, 2016, under Agenda Item 7 letter a). The shares will be issued at the respective conversion or exercise price to be determined in accordance with the resolution above. The conditional capital increase will only be carried out to the extent that the holders of conversion or warrant rights exercise these rights or fulfill conversion obligations under such bonds. The shares will be entitled to dividends as of the beginning of the previous financial year, provided they were issued before the start of the Company's Annual General Meeting, or as of the beginning of the financial year in which they were issued.
- b. Pursuant to Article 5 (6c) of the Articles of Association, the Company's share capital is conditionally increased by up to € 3,289,004 by issuing up to 3,289,004 new no-par-value bearer shares (Conditional Capital 2021-I). The conditional capital increase serves exclusively to grant new shares to the holders of conversion or warrant rights issued by the Company or by companies in which the Company directly or indirectly holds a majority interest in accordance with the authorization resolution of the Annual General Meeting of May 19, 2021 under Agenda Item 10 a). The shares shall be issued at the conversion or warrant price to be determined in each case in accordance with the aforementioned resolution. The conditional capital increase shall only be carried out to the extent that the holders of conversion or warrant rights exercise their conversion or warrant rights or fulfill conversion obligations under such bonds. The shares shall participate in profits – to the extent they come into existence by the beginning of the Annual General Meeting of the Company – from the beginning of the preceding financial year, otherwise from the beginning of the financial year in which they come into existence.
- c. Pursuant to Article 5 (6g) of the Articles of Association, the share capital is increased conditionally by up to € 741,390 through the issue of up to 741,390 new no-par-value bearer shares of the Company (Conditional Capital 2016-III). The conditional capital serves to meet the obligations of subscription rights that have been issued and exercised based on the authorization resolved by the Annual General Meeting of June 2, 2016 under Agenda Item 9 letter a). The conditional capital increase will only be executed to the extent that holders of subscription rights exercise their right to subscribe to shares of the Company. The shares will be issued at the exercise price set in each case as the issue price in accordance with Agenda Item 9 letter a) subparagraph (8) of the Annual General Meeting's resolution dated June 2, 2016; Section 9 (1) AktG remains unaffected. The new shares are entitled to dividends for the first time for the financial year for which there has been no resolution by the Annual General Meeting on the appropriation of profits at the time of the shares' issue. The Management Board, and the Supervisory Board where members of the Management Board are concerned, is authorized to determine the additional detail of the conditional capital increase and its execution.
- d. Pursuant to Article 5 (6i) of the Articles of Association, the Company's share capital is increased conditionally by up to € 1,314,615 by issuing up to 1,314,615 new no-par-value bearer shares (Conditional Capital 2020-I). The conditional capital serves to fulfill subscription rights that were issued and exercised on the basis of the authorization resolved by the Annual General Meeting on May 27, 2020, under Agenda Item 11, letter a). The conditional capital increase will only be implemented to the extent that holders of subscription rights exercise their subscription rights to subscribe to shares of the Company. The shares will be issued at the exercise price determined in accordance with the resolution of the Annual General Meeting of May 27, 2020, under Agenda Item 11, letter a) subparagraph (8) as the issue price; Section 9 (1) AktG remains unaffected. The new shares are entitled to dividends for the first time for the financial year for which, at the time of their issue, no resolution by the Annual General Meeting on the appropriation of profits has yet been passed. The Management Board, or, insofar as members of the Management Board are affected, the Supervisory Board are authorized to determine the further details of the conditional capital increase and its implementation.

Power of Management Board to Repurchase Shares

The Management Board is currently not authorized to repurchase the Company's shares.

Material Agreements Made by the Company that fall under the Condition of a Change of Control after a Takeover Bid

A change of control as a result of a takeover bid could have an impact on our convertible bond issued in October 2020, the underlying contract of which contains customary change-of-control clauses. According to these clauses, bondholders can demand early repayment of the outstanding amounts in the event of a change of control.

The Company has not entered into any further material agreements that are subject to a change of control following a takeover bid.

Compensation Agreements Concluded by the Company with Management Board Members and Employees in the Event of a Takeover Bid

In accordance with the service agreements in force in the reporting period, the Management Board members may terminate their contract following a change of control and claim the compensation still outstanding up to the regular end of the service contract, but at least the compensation for two years, as a severance payment. In the case of Sung Lee, severance payments in the event of premature termination of the service contract due to a change of control are capped at 200% of the annual compensation in line with the new requirements of the Code. In addition, the plan terms of the long-term variable compensation programs provide that, in the event of a change of control, all granted stock options, performance shares and other comparable direct or indirect interests in MorphoSys with compensation character vest with immediate effect and can be exercised after the expiry of the statutory waiting periods.

Following a change of control, some executives may terminate their service contracts and demand a severance payment in the amount of one annual gross fixed salary and the full contractual bonus for the calendar year in which the termination is effected. A target achievement rate of 100% is applied. In such a case, all stock options and performance shares granted will vest immediately and may be exercised after the statutory vesting periods and blackout periods have expired. The following cases are considered to be a change of control: (i) MorphoSys transfers all or substantially all of its corporate assets to a non-affiliated company, (ii) MorphoSys merges with a non-affiliated company, (iii) MorphoSys AG, as a controlled company, becomes a party to an agreement pursuant to Section 291 of the German Stock Corporation Act (AktG), or MorphoSys is integrated in accordance with Section 319 of the German Stock Corporation Act (AktG), or (iv) a shareholder or third party directly or indirectly holds 30% or more of the voting rights of MorphoSys, or at least 30% of the voting rights are attributed to the shareholder or third party.