

Remuneration Report 2021

The following Remuneration Report provides an explanation and a clear and comprehensible presentation of the remuneration individually awarded and due to the current and former members of the Management Board and the Supervisory Board of MorphoSys AG (“the Company”) in the 2021 financial year. The Remuneration Report complies with the requirements of Section 162 of the German Stock Corporation Act (Aktiengesetz, “AktG”).

Beyond the requirements of Section 162 (3) sentence 1 and 2 AktG, the Management Board and the Supervisory Board decided to have the Remuneration Report audited not only formally but also materially by the appointed auditor.

The masculine form is used in this Remuneration Report for convenience purposes only, and refers equally to all genders.

A. Review of the 2021 Financial Year

I. Economic Environment in the 2021 Financial Year

The 2021 financial year was a transformative year for MorphoSys AG and its employees. The Company focused its effort on the execution of Monjuvi sales in the U.S., advancing its clinical programs and expansion of the clinical pipeline. The latter was achieved through the acquisition of Constellation Pharmaceuticals, Inc. which accelerated the Company’s transition to a business model focused on proprietary drug development and commercialization. MorphoSys AG is well positioned to execute on its growth strategy to become a leader in the areas of hematology and oncology and create long-term shareholder value.

The remuneration of the members of the Management Board of MorphoSys AG shall appropriately reward outstanding performance and decrease significantly if targets are not achieved (“Pay for Performance”). For this reason, the success and milestones achieved in the 2021 financial year were also reflected in the variable remuneration of the members of the Management Board.

For further detailed information on the economic framework during the 2021 financial year please refer to the Annual Report of MorphoSys AG.

II. Resolution on the Approval of a Remuneration System for the Members of the Management Board

The Company’s Supervisory Board submitted a remuneration system for the members of the Company’s Management Board (“Remuneration System 2021”) to the Company’s Annual General Meeting on May 19, 2021 for resolution. The Remuneration System 2021 was not approved at the Annual General Meeting 2021. The Supervisory Board will therefore submit a reviewed and revised remuneration system to the Annual General Meeting 2022 for resolution. When revising the remuneration system, the Supervisory Board paid particular attention to disclose the performance targets for the variable remuneration in an even more transparent and comprehensible manner and to further limit the discretion of the Supervisory Board.

The Remuneration System 2021 does not apply to the current members of the Company’s Management Board, as the service agreements with all current Management Board members had already been concluded at the time of the resolution on the remuneration system. Accordingly, there were no deviations from the Remuneration System 2021 within the meaning of Section 162 (1) no. 5 AktG.

III. Resolution on the Approval of a Remuneration System for the Members of the Supervisory Board

The Company’s Annual General Meeting on May 19, 2021, also confirmed the remuneration of the members of the Supervisory Board as last approved by the Annual General Meeting 2020 and adopted a corresponding remuneration system.

IV. Changes in the Composition of the Management Board and the Supervisory Board

The following changes of the Management Board occurred in the 2021 financial year:

Sung Lee became a member of the Management Board and Chief Financial Officer of the Company on February 2, 2021. Roland Wandeler, Ph.D., resigned as Management Board member and Chief Operating Officer of the Company effective at the end of December 31, 2021.

There were no changes in the composition of the Supervisory Board in the 2021 financial year, except for the reappointment of Marc Cluzel, M.D., Ph.D., Krisja Vermeylen and Sharon Curran as Supervisory Board members.

B. Remuneration of the Members of the Management Board of MorphoSys AG

I. Overview of the Main Remuneration Components

The remuneration of the members of the Management Board comprises of a fixed non-performance-related remuneration, the annual base salary as well as marked standard fringe benefits and pension contributions, and a variable, performance-related remuneration, the annual bonus and the long-term, share-based variable remuneration. In individual cases, special benefits may also be granted to Management Board members in connection with the commencement and termination of their position as member of the Management Board.

The amount of remuneration for Management Board members depends largely on the member's area of responsibility, the member's individual performance and the performance of the Management Board as a whole. It also takes into account the economic and financial success of MorphoSys AG, and is intended to provide an incentive for long-term and sustainable corporate governance, while linking the interests of the Management Board members to those of the Company's shareholders.

Although in the 2021 financial year the Remuneration System 2021 did not apply to the existing service agreements of the Management Board members, the essential basic principles of the Remuneration System 2021 were already taken into account when granting the variable remuneration for the 2021 financial year to the current members of the Management Board. Thus, the long-term variable remuneration in the 2021 financial year was granted exclusively in the form of performance share units, and an environment social governance (ESG) target was included in the Performance Share Unit Program 2021. In the 2021 financial year, no extraordinary bonus payments were granted to the members of the Management Board.

The remuneration of the Management Board members is regularly reviewed by the Supervisory Board, with the support of its Remuneration and Nomination Committee, and with the assistance of an external remuneration expert, for scope and appropriateness and compared with the result of a Management Board remuneration analysis.

II. Non-Performance-Related Remuneration Components

Base Remuneration

As agreed in their service agreements, the members of the Management Board receive a fixed base remuneration, which is generally paid in monthly installments. The annual base remuneration in the 2021 financial year for the individual members of the Management Board was as follows:

Name of Management Board member	Role	Fixed base remuneration in €
Jean-Paul Kress, M.D.	Chief Executive Officer	770,000
Sung Lee*	Chief Financial Officer	466,100
Malte Peters, M.D.	Chief Research and Development Officer	504,925
Roland Wandeler, Ph.D.**	Chief Operating Officer	472,013

* Basic remuneration for Sung Lee was awarded in the 2021 financial year on a pro rata basis from February 2, 2021, the date on which he took over as a member of the Management Board

** The compensation of Roland Wandeler, Ph.D. is paid in US\$ and converted with a foreign exchange rate of € 1.00 = US\$ 1.1827. Only the amount in € will be subsequently shown. The average base compensation of US\$ 558,250.00 (last adjusted as of July 1, 2021) corresponds to an amount of € 472,013.00.

Fringe Benefits

In addition to their fixed base salary, the Management Board members receive market standard fringe benefits that mainly include the professional and private use of company cars, subsidies for or reimbursement of health, social and accident insurance costs, and reimbursement of legal advice in connection with employment contracts.

The Management Board members may also be granted special one-time benefits, such as sign-on bonuses in case of the first appointment as a member of the Management Board, the reimbursement of work-related relocation expenses, or the reimbursement of double household costs.

Company Pension Scheme

The Management Board members participate in a pension plan in the form of a provident fund. In addition, the members of the Management Board receive an amount equivalent to a maximum of 10% of their fixed annual (gross) base salary that shall be used by the Management Board members for their individual retirement plan. This amount can also be invested in the provident fund pension plan. Dr. Malte Peters uses both the provident fund and as well an individual pension plan for this purpose (this individual part is not shown in the following table). The pension benefits for Roland Wandeler, Ph.D., who is domiciled in the USA, deviate from this to take into account U.S. particularities. Nevertheless, the above maximum limit for individual retirement benefits of 10% of the fixed annual base salary is also complied with in the case of Roland Wandeler, Ph.D. In addition, the Management Board members receive an optional supplement to their company pension in the form of deferred compensation. Jean-Paul Kress, M.D., has not made use of this form to date.

in € thousands	Jean-Paul Kress, M.D. Chief Executive Officer		Sung Lee Chief Financial Officer	
	2021	2020	2021	2020
Contribution to private pension scheme	124.4	120.3	78.5	—
Employer subsidy for deferred compensation	—	—	0.4	—
Total	124.4	120.3	79.0	—

in € thousands	Malte Peters, M.D. Chief Research and Development Officer		Roland Wandeler, Ph.D.* Chief Operating Officer	
	2021	2020	2021	2020
Contribution to private pension scheme	53.3	51.5	27.3	14.8
Employer subsidy for deferred compensation	0.5	0.5	—	—
Total	53.8	52.0	27.3	14.8

* For Roland Wandeler Ph.D. contributions were paid into the U.S. pension plan.

III. Performance-Related Remuneration Components

Annual Bonus (Short-Term Incentive STI)

The members of the Management Board receive a short-term variable remuneration in the form of an annual bonus (STI), which rewards the operational implementation of the Company's corporate strategy in the respective financial year as a basis for the long-term positive development of the Company and the MorphoSys Group. The amount of the annual bonus is calculated on the basis of various financial and non-financial performance criteria (so-called "Company Goals") as determined by the Supervisory Board uniformly for all members of the Management Board for the respective upcoming financial year.

For this purpose, a target amount that determines the amount of the bonus payment in the event of a 100% target achievement has been set for each Management Board member. For the Chairman of the Management Board (CEO), the target amount is 80% of the annual base salary, and for all other Management Board members the target amount is 70% of the annual base salary.

At the beginning of the subsequent financial year, the Supervisory Board assesses the degree of target achievement of the set targets and determines the amount of the annual bonus. For the CEO, the maximum payout amount is limited to 160% of the annual base salary, and for all other Management Board members the maximum payout amount is limited to 140% of the annual base salary.

The degree of target achievement is measured as follows:

For each Company Goal, the Supervisory Board determines the percentage of target achievement, which can range from 0% to 125%. The percentage target achievement is converted into a target achievement level (the so-called "Score"), which can range from 0% to 200%, whereby the target achievement and the corresponding Score increase linearly between the percentage points.

Target achievement of performance targets (0%–125%) **Corresponding Score (0%–200%)**

125%	200%
112.5%	150%
100%	100%
85%	75%
70%	50%
under 70%	0%

On the basis of the calculated target achievement levels of each performance target and the respective weighting of the performance targets as defined by the Supervisory Board, the Supervisory Board calculates the overall degree of target achievement for the respective financial year as follows:



As the annual bonus 2020 was not paid out to the members of the Management Board until the 2021 financial year, the annual bonus 2020 is allocated to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2021 financial year, and is consequently disclosed in this Remuneration Report. The amount of the annual bonus (STI) for the 2021 financial year will be determined and paid out in the 2022 financial year, and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2022 financial year. In order to ensure a transparent and comprehensive disclosure of the remuneration granted to the members of the Management Board for a financial year, the annual bonus for the 2021 financial year is also disclosed voluntarily in this Remuneration Report.

Annual Bonus 2020

For the 2020 financial year, the Supervisory Board has defined the following performance targets and their weighting uniformly for all Management Board members:

Performance criteria	Evaluation criteria	Weighting
TARGET 1: STRATEGY AND TRANSFORMATION		20%
	<ul style="list-style-type: none"> • Execute on partnership for the commercialization of tafasitamab • Define in-licensing criteria and evaluate opportunities accordingly • Successfully implement new operating model and organizational structure 	
TARGET 2: TAFASITAMAB APPROVAL		20%
	<ul style="list-style-type: none"> • Achieve FDA approval in the U.S. • Complete Marketing Authorization Application (MAA) submission in the EU • B-MIND: Complete enrollment of 450 patients according to plan by year-end 2020 • Re-MIND2 results available to support Marketing Authorization Application (MAA) in EU • Execution of Expanded Access Program (EAP) according to project plans 	
TARGET 3: TAFASITAMAB LAUNCH		20%
	<ul style="list-style-type: none"> • U.S. commercial organization in place according to plan to enable mid-2020 launch • Execution of Marketing and Sales launch activities according to plan • Medical Affairs launch activities according to plan • Timely product availability at third-party logistics provider after FDA approval in support of tafasitamab/Monjuvi launch in U.S. • U.S.-Market uptake as planned 	
TARGET 4: PIPELINE		20%
	<ul style="list-style-type: none"> • Tafasitamab <ul style="list-style-type: none"> • Front-line: Phase 1b trial complete enrollment, phase 3 study to start first trimester of 2021 • Follicular lymphoma: Phase III study start on track • Completion of EMA and FDA scientific advice on the 1st line diffuse large B-cell lymphoma (DLBCL) and follicular lymphoma (FL) phase-III programs • Felzartamab <ul style="list-style-type: none"> • Achieve proof-of-concept (PoC) for anti-PLA2R-positive membranous nephropathy (MN) trial according to plan • Early Research & Development <ul style="list-style-type: none"> • One successful compound transition to development 	
TARGET 5: FINANCIAL TARGET		20%
	<ul style="list-style-type: none"> • Revenues and Earnings Before Interest and Taxes (EBIT) figures to stay within guidance as published in March 2020 	

Despite the Covid-19 pandemic, the 2020 financial year was a successful year for the Company. The accelerated approval and successful market launch of Monjuvi in the U.S. were important milestones, which enabled the transformation of the Company into a fully integrated biopharmaceutical company

with its own sales infrastructure. In January 2020, the conclusion of a global collaboration and licensing agreement with Incyte was announced. The co-promotion of Monjuvi with Incyte in the U.S. will leverage the newly established MorphoSys sales team as well as Incyte's established market position. In 2020, the build-up of commercial structures in the U.S. continued successfully. Since approval, the team has been focused on making Monjuvi available to patients, despite the challenges of introducing a therapy during the COVID-19 pandemic. The Company adapted sales and clinical development activities and overcame many hurdles, for example by using digital technologies to engage healthcare providers. As a result, most clinical trials continued as planned. In May 2020, the marketing authorization application for tafasitamab plus lenalidomide was validated for the EU and subsequently granted approval in August 2021.

After the end of the 2020 financial year, the target achievement for the annual bonus was as follows:

Performance criteria	Evaluation	Weighting	Target achievement
TARGET 1: STRATEGY AND TRANSFORMATION		20%	125%
Flawless execution of several strategic assessments and closing of transformational deals with Incyte, Xencor and Cherry Labs that provided US\$ 750 million funds and additional pipeline opportunities. Adaptation of operating model and management structure to suit a global integrated pharmaceutical operation.			
TARGET 2: TAFASITAMAB APPROVAL		20%	112%
Received first and only approval in 2L DLBCL one month ahead of PDUFA date, Marketing Authorization Application (MAA) submission in the EU six months ahead of plan. Tafasitamab clinical program executed despite COVID-19 pandemic impact in healthcare systems worldwide.			
TARGET 3: TAFASITAMAB LAUNCH		20%	116%
Accelerated launch plans to enable commercial launch and product availability to patients ahead of original PDUFA date. Successfully adapted launch plans to virtual setting due to COVID-19 pandemic.			
TARGET 4: PIPELINE		20%	112%
Patient enrollment timelines and clinical milestones were successfully met ahead of schedule despite COVID-19 pandemic. Early pipeline rejuvenation through in-licensing of Cherry Biolabs' hemibody technology			
TARGET 5: FINANCIAL TARGET		20%	125%
Achieved revenue of roughly € 320 million, and Earnings Before Interest and Taxes (EBIT) of € 27 million while significantly strengthening the balance sheet			

Taking into account the defined weighting for the respective performance targets, the overall target achievement (Score) amounted to 172%, which resulted in the following payout amounts:

in € thousands	Target amount (100% target achievement)	Maximum payout (160% of base salary)	Maximum payout (140% of base salary)	Total target achievement (Score)	STI payout
Jean-Paul Kress, M.D.	578.7	1,157.3	—	172.0%	995.3
Sung Lee*	—	—	—	—%	—
Malte Peters, M.D.	336.4	—	672.8	172.0%	578.6
Roland Wandeler, Ph.D.**	211.6	—	423.2	172.0%	363.9
Jens Holstein	329.7	—	659.4	172.0%	567.0
Markus Enzelberger, Ph.D.	39.8	—	79.6	172.0%	68.4

* During the financial year 2020, Sung Lee was not yet a member of the Management Board.

** Based on an average conversion range of € 1.00 = US\$ 1.1827

The annual bonus 2020 was paid out to the members of the Management Board in February 2021 and is therefore allocated to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2021 financial year.

Annual Bonus 2021

For the 2021 financial year, the Supervisory Board defined the following performance criteria and their weighting for the annual bonus uniformly for all Management Board members:

Performance criteria	Evaluation criteria	Weighting
TARGET 1: FULLY EXPLOIT THE POTENTIAL OF TAFASITAMAB		35%
	<ul style="list-style-type: none">• Successful market launch in relapsed/refractory (r/r) diffuse large B-cell lymphoma (DLBCL)• Develop tafasitamab, strengthen its position in r/r DLBCL and advance strategy as a standard combination therapy• Safeguard the tafasitamab supplier network through additional contract manufacturers and scheduled technology transfer	
TARGET 2: EXPAND THE PIPELINE FOR SUSTAINABLE GROWTH		30%
	<ul style="list-style-type: none">• Evaluate and execute on business development and licensing opportunities and/or merger and acquisition targets• Internally drive forward innovation and achieve a balanced pipeline	
TARGET 3: DEVELOPMENT OF FELZARTAMAB IN THE FIELD OF AUTOIMMUNE DISEASES		15%
	<ul style="list-style-type: none">• Achieve proof-of-concept (PoC) in the main indication of antibody-mediated membranous nephropathy (MN) in the M-PLACE study and make interdisciplinary progress as planned with the felzartamab program	
TARGET 4: MEET FINANCIAL TARGETS AND BUILD A COMPELLING GLOBAL BUSINESS MODEL		20%
	<ul style="list-style-type: none">• Manage financial performance within forecast published in March 2021• Continue to drive organizational transformation and implement concrete initiatives related to corporate culture (ESPRIT), efficiency (LEAN) and automation (DIGITALIZATION)	

The 2021 financial year was a transformative year for MorphoSys AG. Through the acquisition of Constellation Pharmaceuticals, Inc., MorphoSys AG expanded its clinical pipeline in the areas of hematology and oncology, and the financing partnership agreement with Royalty Pharma secured financial resources to fund its growth strategy. The integration of Constellation Pharmaceuticals, Inc. into MorphoSys Group commenced in the 2021 financial year and will be finalized in the 2022 financial year. The Company executed on commercialization of Monjuvi in the U.S. against difficulties in connection with the COVID-19 pandemic, especially in the first half of 2021. Furthermore, Monjuvi received market approval in Europe. Despite the impact of the COVID-19 pandemic on healthcare systems worldwide, MorphoSys AG continued to ensure the continuity of all clinical programs and meet, and in some cases exceed, all clinical development targets.

In the 2021 financial year, the target achievement for the annual bonus was as follows:

Performance criteria	Evaluation	Weighting	Target achievement
TARGET 1: FULLY EXPLOIT THE POTENTIAL OF TAFASITAMAB		35%	107.8%
	Progress on strategic launch objectives of tafasitamab in the U.S.. Overall sales below target at 85%. Earlier EU approval in August 2021 compared to scheduled fourth quarter 2021. FrontMIND development program advanced according to plan. Secured additional Contract Manufacturing Organizations and significant reduction of Cost of Goods.		
TARGET 2: EXPAND THE PIPELINE FOR SUSTAINABLE GROWTH		30%	125%
	Acquisition of Constellation Pharmaceuticals, Inc. and financing deal with Royalty Pharma. Closing and integration completed in less than six months.		
TARGET 3: DEVELOPMENT OF FELZARTAMAB IN THE FIELD OF AUTOIMMUNE DISEASES		15%	110%
	Progressed three clinical trials in parallel despite COVID-19 pandemic, completed enrollment and achieved Proof-of-Concept (PoC) in the main indication of antibody-mediated membranous nephropathy (MN) in the M-PLACE study		
TARGET 4: MEET FINANCIAL TARGETS AND BUILD A COMPELLING GLOBAL BUSINESS MODEL		20%	125%
	Delivered on financial guidance, including OPEX targets for the year*. Continued organizational transformation with successful digitalization and cultural programs.		

* The 2021 pay-out amount was based on preliminary final financial numbers. On March 10th, 2022 an Ad Hoc was released describing a non-cash impairment charge related to goodwill after consolidation of research and discovery functions as a one-time accounting effect with no cash impact. The impact of this charge will be considered in the 2022 STI evaluation.

In the future, starting with the 2022 STI, the financial targets will be evaluated only based on audited and accepted financial statements.

Taking into account the defined weighting for the individual performance targets, the overall target achievement amounted to 167.2%, which resulted in the following payout amounts:

in € thousands	Target amount based on 100% target achievement (Score)	Maximum payout (160% of base salary)	Maximum payout (140% of base salary)	Total target achievement (Score)	STI payout
Jean-Paul Kress, M.D.	616.0	1,232.0	—	167.2%	1,030.0
Sung Lee*	298.1	—	596.2	167.2%	498.4
Malte Peters, M.D.	353.4	—	706.9	167.2%	591.0
Roland Wandeler, Ph.D.**	330,409.2	—	660,818.5	167.2%	560.6

* Annual bonus for Sung Lee was awarded in the 2021 financial year on a pro rata basis from February 2, 2021, the date on which he took over as a member of the Management Board

** Based on an average conversion range of € 1.00 = US\$ 1.1827

The annual bonus 2021 was paid out to Management Board members in February 2022 and is therefore attributed to remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2022 financial year. The annual bonus 2021 is voluntarily presented in this remuneration report.

Outlook for the Annual Bonus 2022

For the 2022 financial year, the Supervisory Board has defined the following performance targets and their weighting for the annual bonus:

Performance criteria	Evaluation criteria	Weighting
TARGET 1: COMMERCIAL TARGET		25%
	<ul style="list-style-type: none"> Achieve US Net Sales for Monjuvi as communicated in Company's financial guidance 	
TARGET 2: FINANCIAL TARGET		25%
	<ul style="list-style-type: none"> Manage operating expenses within budget as communicated in Company's financial guidance 	
TARGET 3: DEVELOPMENT TARGET		30%
	<ul style="list-style-type: none"> Advance clinical development of phase 3 programs: <ul style="list-style-type: none"> Pelabresib - Accelerate recruitment of MANIFEST-2: Achieve enrollment of 50% Pelabresib - Complete recruitment of MF patients in MANIFEST-1: Tafasitamab - Achieve frontMIND enrollment of 75% Tafasitamab - Achieve First Patient First Visit for MINDway study 	
TARGET 4: DEVELOPMENT/DISCOVERY TARGET		20%
	<ul style="list-style-type: none"> Execute at least one partnership for early or mid-stage MorphoSys program while advancing the pipeline 	

Long-Term Incentive (LTI)

The members of the Management Board also receive a long-term variable remuneration in the form of participation in the Company's various long-term remuneration programs. These are various share-based programs whose payout is subject to a waiting period of four years. This provides an incentive to the respective Management Board members to contribute to the long-term sustainable development of the Company, while linking the interests of the Management Board members to those of the shareholders.

In the 2021 financial year, the stock options granted in the 2017 financial year under the Stock Option Program 2017 and the performance shares granted under the Performance Share Plan 2017 became exercisable. The relevant performance targets under both the Stock Option Program 2017 and the Performance Share Plan 2017 were the absolute and the relative share price performance of MorphoSys AG. In addition, performance share units were granted to the members of the Management Board in the 2021 financial year under the Performance Share Unit Program 2021.

The inflow from the Stock Option Program 2017 and the Performance Share Plan 2017 in the 2021 financial year is allocated to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2021 financial year. The performance share units are subject to a waiting period of four years and the achievement of the performance targets of the absolute and relative share price performance of MorphoSys AG as well as an ESG target until they are paid out. The payout of the final number of performance share units granted to the members of the Management Board in the 2021 financial year will occur after the end of the waiting period and will therefore only be disclosed in the remuneration report for the 2025 financial year.

Settlement of the Stock Option Program 2017

In the 2021 financial year, stock options granted to the former members of the Management Board, Simon Moroney Ph.D., Marlies Sproll, Ph.D., Markus Enzelberger, Ph.D., and Jens Holstein, as well as to the current member of the Management Board Malte Peters, M.D., became exercisable for a duration of three years following both the approval of the consolidated annual financial statements of the Company for the last financial year prior to the expiry of the waiting period. and the expiry of the waiting period.

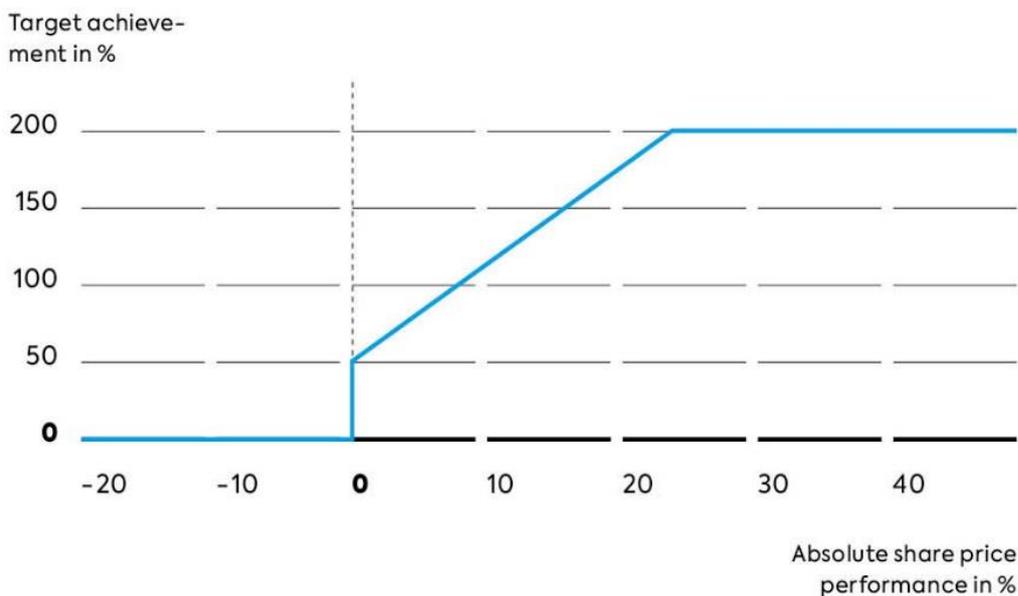
The performance targets for the Stock Option Plan 2017 were defined as the absolute share price performance of the share of MorphoSys AG and the relative share price performance of the share of MorphoSys AG compared to a benchmark index, consisting in equal parts of the NASDAQ Biotechnology Index and the TecDAX Index. Each performance target was weighted with 50% within the overall target achievement.

To determine the level of performance target achievement for each performance target, the waiting period was divided into four identical periods of one year each. From the performance target achievement level derived in this manner for each yearly period of the waiting period, an arithmetic mean was formed that determines the final percentage target achievement for each performance target. Thereafter, these final percentage target achievements for each of both performance targets were added and divided by two. The result forms the overall target achievement, which determines the final number of exercisable stock options, whereby depending on the degree of target achievement one stock option grants a subscription right for up to two shares in the Company.

Absolute Share Price Performance

The absolute share price performance of the share of MorphoSys AG within one yearly period is determined by comparing the average closing price of the share of MorphoSys AG in Xetra trading on the Frankfurt Stock Exchange prior to the beginning and prior to the end of the respective yearly period. If in the respective yearly period the share price declines, the achievement of the performance target is 0%. If the share price performance of the share of MorphoSys AG is 0%, the performance target is achieved by 50%. Subsequent increases in the performance target are linear. An 8% increase of the share price of the share of MorphoSys AG during a yearly period results in a performance target achievement level of 100%; a 16% increase of the share price during a yearly period results in a performance target achievement level of 150 and a 24% increase of the share price results in a performance target achievement level of 200%. Any further increase of the performance target achievement is not possible (cap).

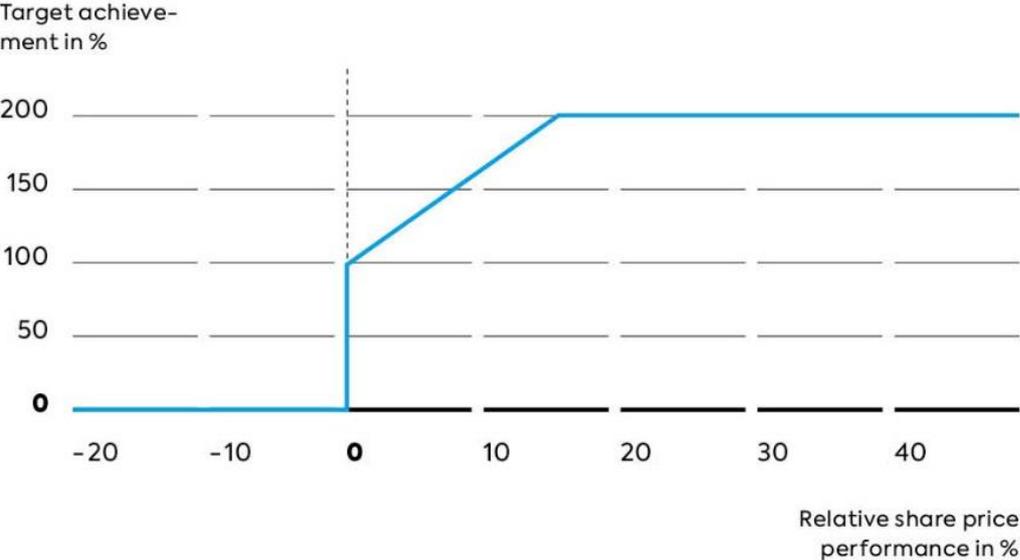
Absolute share price performance



Relative Share Price Performance

For the relative performance target, within each yearly period, the market price of the MorphoSys shares is compared to the performance of the NASDAQ Biotech Index and the TecDAX Index (collectively the “Benchmark Index”) and the respective values are put into proportion. Within the Benchmark Index, the NASDAQ Biotech Index and the TecDAX Index are each weighted 50% in a way that the percentage performance per index and per yearly period is added and divided by two. The relevant share price for MorphoSys shares is the average closing price in Xetra trading on the Frankfurt Stock Exchange 30 trading days prior to the start and the end of the respective yearly period. The relevant share price of the NASDAQ Biotech Index and the TecDAX Index, respectively, is the average closing price of the NASDAQ Biotech Index and the TecDAX Index, respectively, on the NASDAQ Stock Exchange and on the Frankfurt Stock Exchange, respectively, during the 30 trading days prior to the start and prior to the end of the respective yearly period. If in the respective yearly period the share price declines compared to the Benchmark Index, the achievement of the performance target is 0%. If the share price of the MorphoSys share is 0% compared to the Benchmark Index, the performance target is achieved by 100%. Subsequent increases in the performance target are linear. An 8% increase of the MorphoSys share price compared to the Benchmark Index results in a performance target achievement level of 150%, and a 16% increase of the MorphoSys share price compared to the Benchmark Index results in a performance target achievement level of 200%. Any further increase of the performance target achievement is not possible (cap).

Relative share price performance



During the waiting period, the performance targets were achieved as follows:

	Average price at the beginning of the annual period*	Average price at the end of the annual period*	Share price development	Target achievement after the end of the waiting period
Absolute share price performance** MorphoSys AG				+98.50%
First annual period	55.52	81.04	+45.96 %	
Second annual period	81.04	87.86	+8.41 %	
Third annual period	87.86	93.66	+6.61 %	
Fourth annual period	93.66	81.01	(13.49) %	
Relative share price performance*** MorphoSys AG				+121.25%
First annual period	55.52	81.04	+45.96 %	
Second annual period	81.04	87.86	+8.41 %	
Third annual period	87.86	93.66	+6.61 %	
Fourth annual period	93.66	81.01	(13.49) %	
TecDAX Index				
First annual period	1,953.36	2,606.23	+33.26 %	
Second annual period	2,606.23	2,642.31	+1.47 %	
Third annual period	2,642.31	2,689.41	+1.69 %	
Fourth annual period	2,689.41	3,368.32	+25.25 %	
NASDAQ Biotechnology Index				
First annual period	3,090.28	3,462.52	+12.07 %	
Second annual period	3,462.52	3,509.60	+1.34 %	
Third annual period	3,509.60	3,484.14	(1.47) %	
Fourth annual period	3,484.14	4,853.42	+40.35 %	
Overall target achievement				+110.00 %

* Average closing price of the share of MorphoSys AG in Xetra trading on the Frankfurt Stock Exchange during the 30 trading days prior to the beginning and the end of the respective annual period, respectively.

** The target achievement for the absolute share price performance on the basis of the above values amounted during the respective annual periods as follows: +200,00% during the first annual period, +103,00% during the second annual period, +91,00% during the third annual period and +0,00% during the fourth annual period.

*** The target achievement for the relative share price performance on the basis of the above values amounted during the respective annual periods as follows: +200,00% during the first annual period, +144,00% during the second annual period, +141,00% during the third annual period and +0,00% during the fourth annual period.

The overall target achievement of 110% resulted in the following final number of exercisable stock options (original number of stock options multiplied with the overall target achievement of 110%):

Management Board member	Exercise price (in €)	Original number of stock options	Final number of stock options	Quantitative Change
Malte Peters, M.D.	55.52	8,197	9,017	820
Simon Moroney Ph.D.	55.52	12,511	13,763	1,252
Marlies Sproll Ph.D.	55.52	6,148	6,763	615
Jens Holstein	55.52	8,197	9,017	820
Markus Enzelberger, Ph.D.	55.52	5,266	5,793	527

In the 2021 financial year, neither Malte Peters, M.D., nor former member of the Management Board, who has been granted stock options under the Stock Option Program 2017, exercised the stock options that were granted. The other current members of the Management Board were not members of the Company's Management Board at the time the stock options were issued under the Stock Option Program 2017. As a result, no stock options under this program became exercisable for these Management Board members in the 2021 financial year.

Settlement of the Performance Share Plan 2017

Further, in the 2021 financial year, performance shares which were granted under the Performance Share Plan 2017 for the 2017 financial year to the former Management Board members Simon Moroney, Ph.D., Marlies Sproll, Ph.D., Markus Enzelberger, Ph.D., and Jens Holstein, as well as to the current member of the Management Board Malte Peters, M.D., became exercisable for a time period of six months after the expiry of the waiting period.

The performance targets for the Performance Share Plan 2017 were defined as the absolute share price performance of the MorphoSys share and relative share price performance of the MorphoSys share price compared to a benchmark index, consisting in equal parts of the NASDAQ Biotechnology Index and the TecDAX Index. Each performance target is weighted with 50% within the overall target achievement.

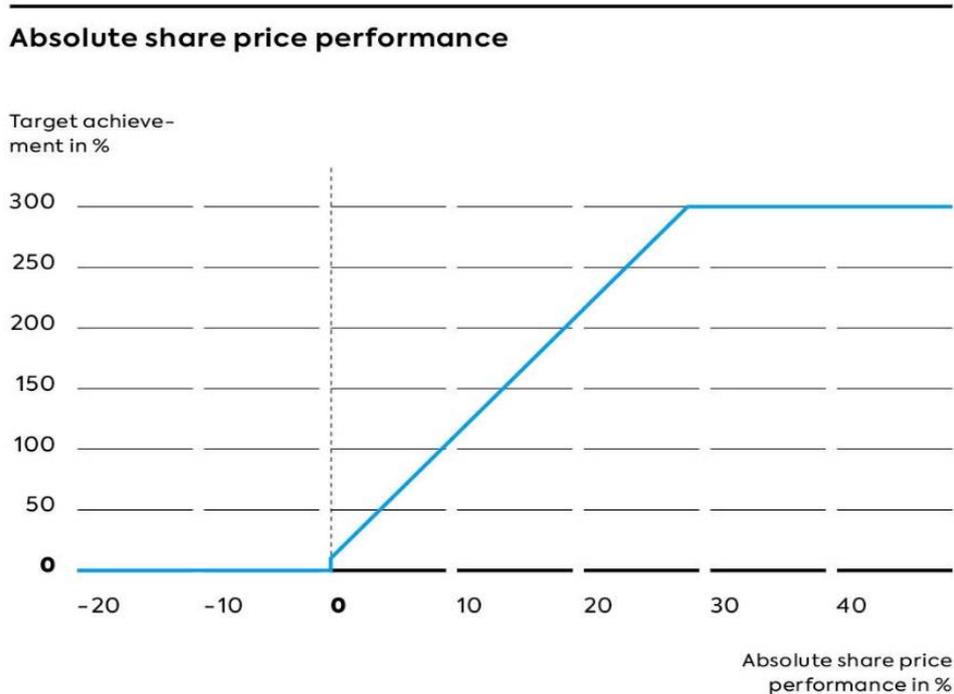
To determine the level of performance target achievement for each performance target, the waiting period was divided into four identical periods of one year each. From the performance target achievement level derived in this manner for each annual period of the waiting period, an arithmetic mean was formed that determines the final percentage target achievement for each performance target. Thereafter, these final percentage target achievements for each of both performance targets were added and divided by two. The result forms the overall target achievement, which determines the number of exercisable performance shares, whereby, depending on the level of target achievement, one performance share entitles to the subscription of up to two shares in the Company.

The number of exercisable Performance Shares will further be multiplied with a Company Factor between 0 and 2 as determined by the Supervisory Board. For the Performance Share Plan 2017, the Supervisory Board determined the Company Factor with 1.

After the expiry of the waiting period, the Company fulfills the exercisable performance shares at its discretion in cash or in treasury shares.

Absolute Share Price Performance

For the absolute performance target, within each yearly period, the 30 days closing price of the MorphoSys shares on the Frankfurt Stock Exchange prior to the beginning of the respective yearly period is compared to the 30 days closing price of the MorphoSys shares on the Frankfurt Stock Exchange prior to the end of the respective yearly period. If in the respective yearly period the share price declines, the achievement of the performance target is 0%. If the share price of the MorphoSys

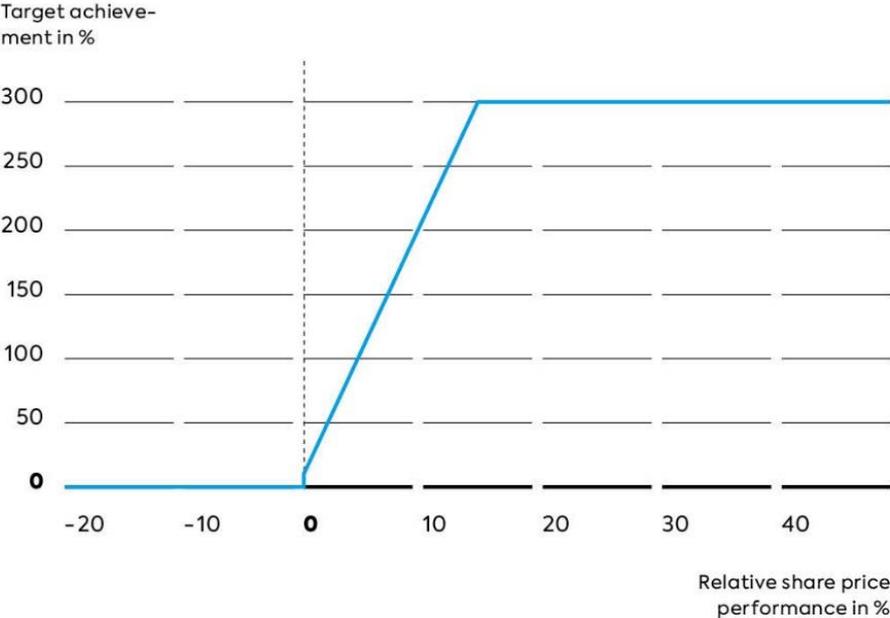


share increases by between 0% and less than 1%, the achievement of the performance target absolute share price performance in this yearly period is 10%. For each percentage hurdle that the share price development during a yearly period meets or exceeds, the target achievement increases by another 10%. If the share price development of the MorphoSys share during the respective yearly period is 29%, the target achievement of the performance target is 300%. Any further increase of the performance target achievement is not possible (cap).

Relative Share Price Performance

For the relative performance target, within each yearly period, the market price of the MorphoSys shares at the beginning of the yearly period is compared to the performance of the NASDAQ Biotech Index and the TecDAX Index (collectively the "Benchmark Index") and the respective values are put into proportion. Within the Benchmark Index, the NASDAQ Biotech Index and the TecDAX Index are each weighted 50% in a way that the percentage performance per index and per yearly period is added and divided by two. The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading on the Frankfurt Stock Exchange 30 trading days prior to the start and the end of the respective yearly period, respectively. The relevant price of the NASDAQ Biotech Index and the TecDAX Index, respectively, is the average closing price of the NASDAQ Biotech Index and the TecDAX Index, respectively, on the NASDAQ Stock Exchange and on the Frankfurt Stock Exchange, respectively, 30 trading days prior to the start and prior to the end of the respective yearly period. If in the respective yearly period the share price declines compared to the Benchmark Index, the achievement of the performance target is 0%. If the share price of the MorphoSys share increases by between 0% and less than 0.5% compared to the Benchmark Index, the target achievement of the performance target relative share price performance for the respective yearly period is 10%. For each half-percentage hurdle that the share price development during a yearly period meets or exceeds, the target achievement increases by another 10%. If the share price of the MorphoSys share during one yearly period increases by 14.5% compared to the Benchmark Index, the target achievement is 300%. Any further increase in the MorphoSys share price compared to the Benchmark Index does not result in a further increase of the performance target (cap).

Relative share price performance



During the waiting period, the performance targets were achieved as follows:

	Average price at the beginning of the annual period*	Average price at the end of the annual period*	Share price development (in %)	Target achievement after the end of the waiting period (in %)
Absolute share price performance** MorphoSys AG				+115.00%
First annual period	55.52	81.04	+45.96 %	
Second annual period	81.04	87.86	+8.41 %	
Third annual period	87.86	93.66	+6.61 %	
Fourth annual period	93.66	81.01	(13.49) %	
Relative share price performance*** MorphoSys AG				+145.00%
First annual period	55.52	81.04	+45.96 %	
Second annual period	81.04	87.86	+8.41 %	
Third annual period	87.86	93.66	+6.61 %	
Fourth annual period	93.66	81.01	(13.49) %	
TecDAX Index				
First annual period	1,953.36	2,606.23	+33.26 %	
Second annual period	2,606.23	2,642.31	+1.47 %	
Third annual period	2,642.31	2,689.41	+1.69 %	
Fourth annual period	2,689.41	3,368.32	+25.25 %	
NASDAQ Biotechnology Index				
First annual period	3,090.28	3,462.52	+12.07 %	
Second annual period	3,462.52	3,509.60	+1.34 %	
Third annual period	3,509.60	3,484.14	(1.47) %	
Fourth annual period	3,484.14	4,853.42	+40.35 %	
Overall target achievement				+130.00%

* Average closing price of the share of MorphoSys AG in Xetra trading on the Frankfurt Stock Exchange during the 30 trading days prior to the beginning and the end of the respective annual period, respectively.

** The target achievement for the absolute share price performance on the basis of the above values amounted during the respective annual periods as follows: +300,00% during the first annual period, +90,00% during the second annual period, +70,00% during the third annual period and +0,00% during the fourth annual period.

*** The target achievement for the relative share price performance on the basis of the above values amounted during the respective annual periods as follows: +300,00% during the first annual period, +150,00% during the second annual period, +130,00% during the third annual period and +0,00% during the fourth annual period.

As regards the Management Board members who left the Management Board prematurely, Simon Moroney, Ph.D., Marlies Sproll, Ph.D., Jens Holstein and Markus Enzelberger, Ph.D., the degree of overall target achievement was evaluated based on the yearly periods that were already completed prior to their departure. As regards Malte Peters, M.D., the overall target achievement of 130% was decisive.

The individual target achievement resulted in a final number of exercisable performance shares (original number of performance shares multiplied with the individual target achievement) as follows:

Management Board member	Original number of performance shares	Target achievement	Final number of performance shares	Quantitative change
Malte Peters, M.D.	3,187	130.00 %	4,143	956
Simon Moroney Ph.D.	4,864	200.00 %	9,728	4,864
Marlies Sproll Ph.D.	2,390	200.00 %	4,780	2,390
Jens Holstein	3,187	173.33 %	5,524	2,337
Markus Enzelberger, Ph.D.	2,047	200.00 %	4,094	2,047

Malte Peters, M.D., and all former members of the Management Board, which were granted performance shares under the Performance Share Plan 2017, have exercised the performance shares they were granted during the exercise period from April 14, 2021, until October 13, 2021, following the expiry of the waiting period on March 31, 2021. The performance shares were settled in treasury shares of the Company. The other current members of the Management Board were not members of the Company's Management Board at the time the performance shares were issued under the Performance Share Plan 2017. As a result, no performance shares under this plan became exercisable for these Management Board members in the 2021 financial year.

Performance Share Unit Program 2021

In the 2021 financial year, Management Board members were granted a total of 54,232 performance share units under the Company's Performance Share Unit Program 2021. Upon the expiry of the four-year waiting period and subject to the achievement of the defined performance targets, the performance share units will be at the election of the Company settled either in cash or through the transfer of treasury shares of the Company, or by a combination of both.

The following table shows the performance share units allocated to Management Board members in the 2021 financial year:

Management Board member	Allocation amount in € thousands	Allocation price (in €)	Number of allocated PSUs	Maximum number of final PSUs
Jean-Paul Kress, M.D.	1,808	81.02	22,315	44,630
Sung Lee	1,201	81.02	14,824	29,648
Malte Peters, M.D.	693	81.02	8,547	17,094
Roland Wandeler, Ph.D.	693	81.02	8,547	17,094

*The allocation of performance share units to Sung Lee includes 6,277 performance share units granted to him upon joining the Management Board of MorphoSys AG.

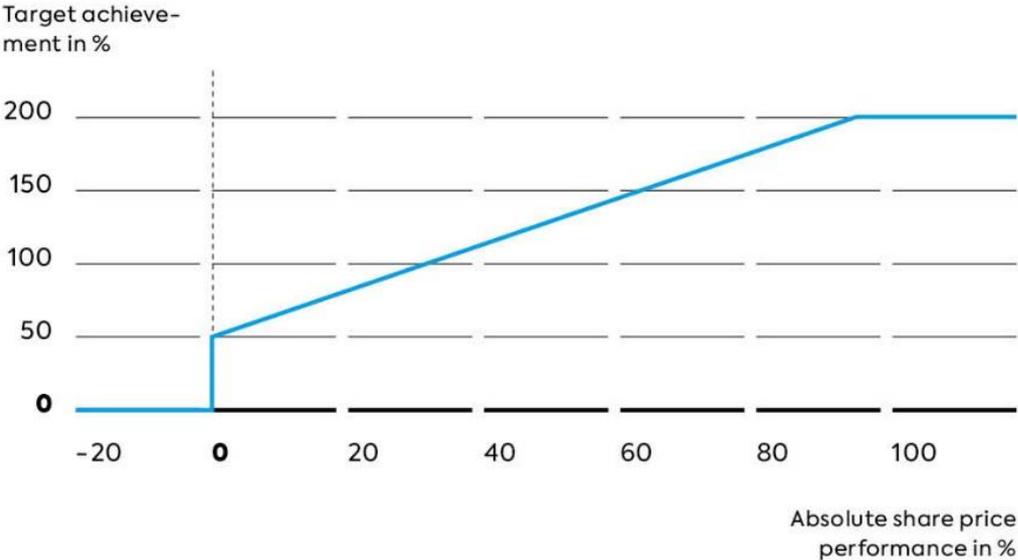
The performance targets for the Performance Share Unit Program 2021 as defined by the Supervisory Board are the absolute share price development of the MorphoSys share as well as the relative share price development of the MorphoSys share compared to the development of the EURO STOXX Total Market Pharmaceuticals & Biotechnology and one ESG target, the workforce engagement within MorphoSys Group compared to the beginning of the four-year waiting period and compared to a benchmark value as predefined by the Supervisory Board. Within the overall target achievement at the end of the waiting period, the performance target of the absolute and the relative share price performance are each weighted with 40% and the ESG target is weighted with 20%.

Absolute Share Price Performance

The absolute performance of MorphoSys AG shares is measured by comparing the average closing price of the MorphoSys AG shares in Xetra trading on the Frankfurt Stock Exchange during the 30 trading days prior to the beginning of the four-year waiting period and the three months prior to the end

of the four-year waiting period. If the share price declines during the four-year waiting period, the degree of target achievement for the absolute share price performance target is 0%. If the share price performance of the shares of MorphoSys AG during the waiting period is 0%, the degree of target achievement of the performance target is 50%. Thereafter, the degree of target achievement increases linearly. If the MorphoSys AG share price increases by 32% during the four-year waiting period, the degree of target achievement is 100%. If the share price increases by 64% during the four-year waiting period, the degree of target achievement is 150%. If the share price increases by 96% during the four-year waiting period, the degree of target achievement is 200%. A further increase of the degree of target achievement is not possible (cap). Within the overall target achievement, the absolute share price performance is weighted with 40%.

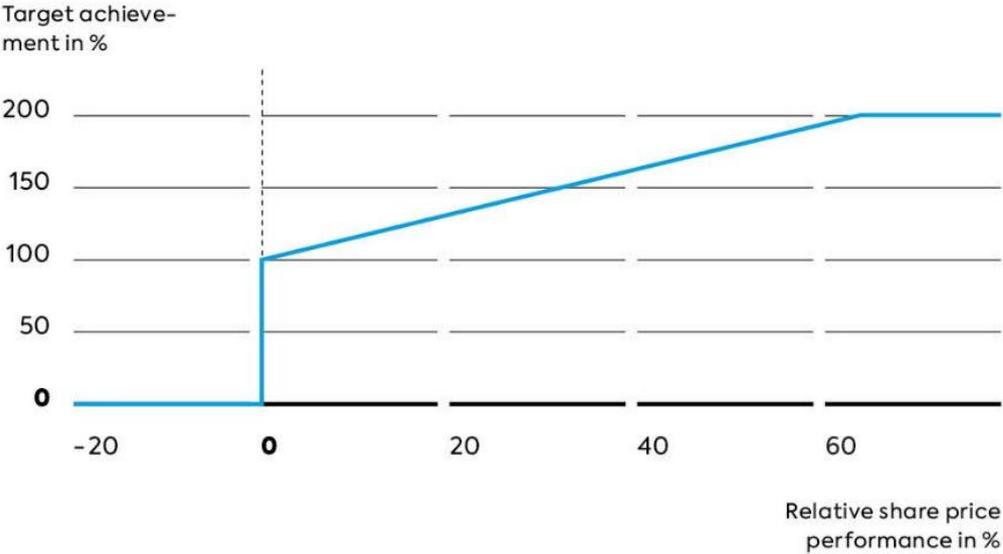
Absolute share price performance



Relative Share Price Development

The relative performance of MorphoSys AG shares is measured by comparing the performance of the MorphoSys AG share price during the waiting period to the performance of the EURO STOXX Total Market Pharmaceuticals & Biotechnology index as the benchmark index. The relevant stock exchange price for MorphoSys AG shares is the average closing price of the shares in Xetra trading on the Frankfurt Stock Exchange during the 30 trading days prior to the beginning of the four-year waiting period and the three months prior to the end of the four-year waiting period. The relevant share price of the EURO STOXX Total Market Pharmaceuticals & Biotechnology index is the average closing price of this index during the 30 trading days prior to the beginning of the four-year waiting period and the three months prior to the end of the four-year waiting period. If the MorphoSys AG share price declines compared to the benchmark index during the four-year waiting period, the degree of target achievement of the relative share price performance target is 0%. If MorphoSys AG's share price performance is 0% compared to the benchmark index, the degree of target achievement of the performance target is 100%. Thereafter, the degree of target achievement increases linearly. If the share price of MorphoSys AG increases by 32% versus the benchmark index, the degree of target achievement is 150%. If the share price of MorphoSys AG increases by 64% versus the benchmark index, the degree of target achievement is 200%. A further increase in the degree of target achievement is not possible (cap). Within the overall target achievement, the relative share price performance is weighted at 40%.

Relative share price performance



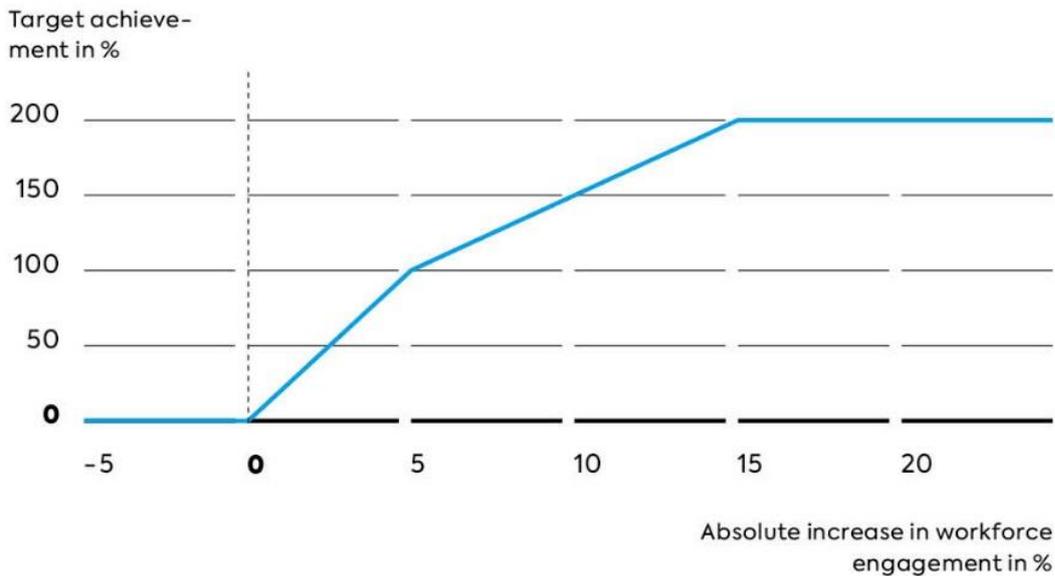
Development of the Workforce Engagement within the MorphoSys Group

In addition to the absolute and relative share price performance targets, the Supervisory Board has also defined the development of the workforce engagement within the MorphoSys Group during the waiting period as a non-financial target weighted at 20% within the overall target achievement for the Performance Share Unit Program 2021. The target achievement is evaluated as follows:

Absolute Workforce Engagement

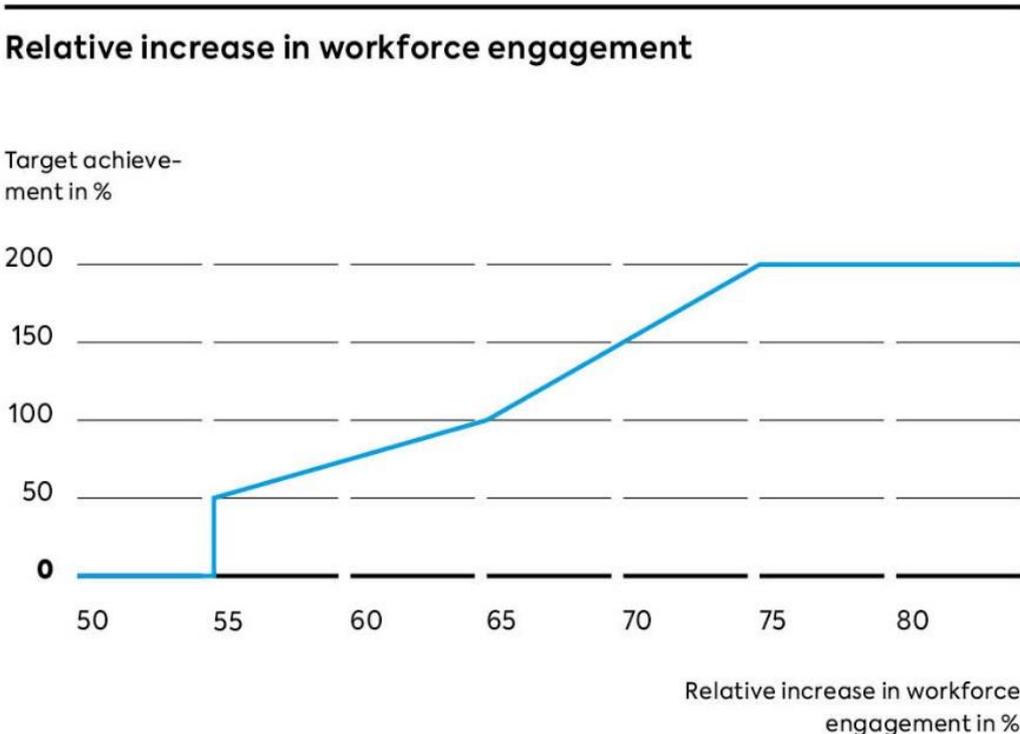
For the performance target of absolute workforce engagement, the workforce engagement of the MorphoSys Group at the beginning of the waiting period is compared to the workforce engagement at the end of the four-year waiting period. If the workforce engagement declines during the waiting period, the target achievement for the absolute workforce engagement is 0%. If the workforce engagement increases by 5% during the waiting period, the target achievement for the absolute workforce engagement is 100%. If the workforce engagement increases by 10%, the target achievement for absolute workforce engagement is 150%. And, finally, if the workforce engagement increases by 15%, the target achievement is 200%. A further increase in the degree of target achievement is not possible (cap). Between the percentage points, the target achievement increases linearly. Within the workforce engagement target, the absolute workforce engagement is weighted with 50%.

Absolute increase in workforce engagement



Relative Workforce Engagement

For the relative workforce engagement target, the MorphoSys Group’s workforce engagement at the end of the four-year waiting period is compared to a benchmark of 55% set by the Supervisory Board. If the workforce engagement at the end of the waiting period is below 55%, the target achievement for the relative workforce engagement is 0%. If the workforce engagement at the end of the waiting period is 55%, the target achievement for the relative workforce engagement is 50%. If the workforce engagement is 65% at the end of the waiting period, the target achievement for the relative workforce engagement is 100%. If the workforce engagement is 75% at the end of the waiting period, the target achievement for the relative workforce engagement is 200%. A further increase in the degree of target achievement is not possible (cap). Between the percentage points, the target achievement increases linearly. Within the workforce engagement target, the relative workforce engagement is weighted with



50%.

The overall target achievement for the 2021 Performance Share Unit Program, including the resulting final number of performance share units and the payout amount, will be disclosed in the remuneration report for the 2025 financial year.

IV. Further Remuneration Provisions

Compliance with the Maximum Remuneration

The maximum remuneration as defined in the Remuneration System 2021 does not yet apply to the current members of the Management Board. Nevertheless, there are maximum limits for the annual bonus and the Performance Share Unit Program 2021. The maximum limit for the annual bonus was not exceeded in the 2021 financial year, and the Company ensures that the defined maximum limit for the Performance Share Unit Program 2021 will also not be exceeded.

Compliance with the maximum remuneration will be reported for the first time for the members of the Management Board Jean-Paul Kress, M.D., and Malte Peters, M.D., in the remuneration report for the 2022 financial year.

Malus and Clawback Provisions

Currently, only the service agreement of Management Board member Sung Lee and the terms and conditions of the Performance Share Unit Program 2021 provide for malus and clawback provisions entitling the Company to withhold or reclaim variable remuneration, in particular in the event of compliance violations or breaches of legal obligations. The Company had no reason to make use of this possibility in the 2021 financial year.

Benefits upon Termination of the Service Agreements

Severance Provisions

The service agreements of the Management Board members contain severance provisions that comply with the requirements of the German Corporate Governance Code. In the event of the premature termination of a Management Board member's service agreement, payments by the Company to the Management Board member, including fringe benefits, shall not exceed the value of two years' annual remuneration (severance payment cap) and shall compensate no more than the remaining term of the service agreement. If the service agreement is terminated for good cause for which the Management Board member is responsible, no payments will be made to the Management Board member. The severance payment cap is calculated on the basis of the total remuneration for the previous full financial year and, where appropriate, also the expected total remuneration for the current financial year.

On the occasion of his departure from the Company with effect as of the end of December 31, 2021, Roland Wandeler, Ph.D., secured a severance payment in the amount of € 806,296, payable in 16 monthly installments. Further, all of the 16,908 Performance Share Units that have been granted to him became fully vested.

Change of Control

In the event of a change of control, Management Board members may terminate their service agreements by giving three months' notice against payment of a severance payment. In the case of Jean-Paul Kress, M.D., and Malte Peters, M.D., the amount of the severance payment equals the amount of the fixed base salary and annual bonus still outstanding until the regular end of the service agreement and at least 200% of the gross annual fixed salary and annual bonus. Under the service agreement of Sung Lee, severance payments in the event of an early termination of his service agreement in case of a change of control are limited to the above severance payment cap in accordance with the new requirements of the German Corporate Governance Code.

Further, in the event of a change of control, all stock options, performance share units and performance shares that have been granted will vest with immediate effect and may be exercised upon the expiry of their respective waiting periods.

Non-Compete Clause

With all members of the Management Board, non-compete clauses for a period of six months after their departure have been agreed upon. In return, MorphoSys AG is required to pay remuneration in the amount of 100% of the annual base salary for the duration of the non-compete clause following the termination of the service agreement. In the case of Jens Holstein and Roland Wandeler, Ph.D., however, the Company has waived the agreed non-compete clauses.

V. Individual Disclosure of Management Board Remuneration for the 2021 Financial Year

Target Remuneration of the Current Management Board Members for the 2021 Financial Year

The following table shows the respective target remuneration for Management Board members for the 2021 financial year. This includes the target remuneration defined for the 2021 financial year, which will be granted in the case the target is fully (100%) achieved. Target remuneration is based on the assumption of continued service of all members of the Management Board throughout the entire 2021 financial year.

		Jean-Paul Kress, M.D. Chief Executive Officer				Sung Lee Chief Financial Officer			
		2021		2020		2021		2020	
		in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total
Fixed remuneration	Base compensation	770.0	22.9%	723.3	24.0%	466.1	22.2%	—	—%
	+ Fringe benefits	170.0	5.1%	216.3	7.2%	104.7	5.0%	—	—%
	+ Pension contributions	—	—%	—	—%	—	—%	—	—%
	= Total	940.0	27.9%	939.6	31.1%	570.8	27.2%	—	—%
Variable remuneration	+ Short-term incentive (STI)								
	Bonus	616.0	18.3%	578.7	19.2%	326.3	15.6%	—	—%
	+ Long-term incentive (LTI)								
	PSUP	1,808.0	53.7%	600.0	19.9%	1,201.0	57.2%	—	—%
	SOP	—	—%	900.0	29.8%	—	—%	—	—%
	= Total target remuneration	3,364.0	100.0%	3,018.3	100.0%	2,098.0	100.0%	—	—%
		Malte Peters, M.D. Chief Research and Development Officer				Roland Wandeler, Ph.D.* Chief Operating Officer			
		2021		2020		2021		2020	
		in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total
Fixed remuneration	Base compensation	504.9	31.2%	480.5	30.5%	472.0	27.5%	465.0	26.3%
	+ Fringe benefits	36.1	2.2%	31.5	2.0%	194.6	11.3%	53.7	3.0%
	+ Pension scheme	33.0	2.0%	33.0	2.1%	27.3	1.6%	22.4	1.3%
	= Total	574.0	35.4%	545.0	34.6%	693.9	40.4%	541.2	30.6%
Variable remuneration	+ Short-term incentive (STI)								
	Bonus	353.4	21.8%	336.4	21.4%	330.4	19.2%	325.5	18.4%
	+ Long-term incentive (LTI)								
	PSUP	692.5	42.7%	277.0	17.6%	692.5	40.3%	899.6	50.9%
	SOP	—	—%	415.5	26.4%	—	—%	—	—%
= Total target remuneration	1,619.9	100.0%	1,573.9	100.0%	1,716.8	100.0%	1,766.3	100.0%	

* On the occasion of his appointment as member of the Management Board in the 2020 financial year, Roland Wandeler, Ph.D., received a sign-on bonus totaling US\$ 500 thousand (US\$ 400 thousand in May 2020 and US\$ 100 thousand in May 2021), which is not included in the table.

Remuneration Awarded and Due to Current Management Board Members in the 2021 Financial Year Pursuant to Section 162 AktG

The following tables present the fixed and variable remuneration components awarded and due to the current Management Board members in the 2020 and 2021 financial years in accordance with Section 162 (1) sentence 1 AktG. The tables include all remuneration amounts actually received by the individual Management Board members in these financial years (“awarded”) and all remuneration legally due but not yet received (“due”).

The amount of the annual bonus (STI) for the 2021 financial year will be determined and paid out during the 2022 financial year and will therefore be included in the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2022 financial year. In contrast, the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in the 2021 financial year also includes the annual bonus for the 2020 financial year which was paid out in February 2021.

Furthermore, in the 2021 financial year, the stock options and performance shares granted in the 2017 financial year became exercisable. The value (in €) of the quantitative change of the number of stock options, i.e. the difference between the final and the originally granted number of stock options, is attributed to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG, based on the fair value of the stock options at the time of their grant in the 2021 financial year. Further, the value of the MorphoSys shares transferred to fulfill the performance shares which became exercisable and were exercised during the 2021 financial year is attributed to the remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG, based on the share price of the MorphoSys AG share at the time of the transfer of the shares.

In addition to the remuneration amounts, the relative percentage share of total remuneration of all fixed and variable remuneration components is also disclosed in accordance with Section 162 (1) sentence 2 no. 1 AktG. These relative percentage shares relate to the remuneration components awarded and due within the meaning of Sec. 162 (1) sentence 1 AktG in the respective financial year.

		Jean-Paul Kress, M.D.* Chief Executive Officer				Sung Lee Chief Financial Officer			
		2021		2020		2021		2020	
		in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total
Fixed remuneration	Base compensation	770.0	39.8%	723.3	23.8%	425.9	87.2%	—	—%
	+ Fringe benefits	170.0	8.8%	1,216.3	40.1%	62.8	12.8%	—	—%
	+ Pension contributions	—	—%	—	—%	—	—%	—	—%
	= Total	940.0	48.6%	1,939.6	63.9%	488.6	100.0%	—	—%
Variable remuneration	Short-term incentive (STI)	—	—%	—	—%	—	—%	—	—%
	+ Bonus	995.3	51.4%	196.0	—%	—	—%	—	—%
	Long-term incentive (LTI)	—	—%	—	—%	—	—%	—	—%
	+ PSUP	—	—%	—	—%	—	—%	—	—%
	SOP	—	—%	900.0	—%	—	—%	—	—%
	PSP (closeout value)	—	—%	—	—%	—	—%	—	—%
	SOP (closeout value)	—	—%	—	—%	—	—%	—	—%
	= Total remuneration as defined by Section 162 AktG	1,935.3	100.00%	3,035.6	100.00%	488.6	100.0%	—	—%
		Malte Peters, M.D.* Chief Research and Development Officer				Roland Wandeler, Ph.D.** Chief Operating Officer			
		2021		2020		2021		2020	
		in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total	in € thou- sands	in % of total
Fixed remuneration	Base compensation	504.9	33.4%	480.5	26.6%	471.9	42.3%	302.3	44.7%
	+ Fringe benefits	36.1	2.4%	531.5	29.4%	279.2	25.0%	373.7	55.3%
	+ Pension contributions	33.0	2.2%	33.0	1.8%	—	—%	—	—%
	= Total	574.0	38.0%	1,045.0	57.8%	751.0	67.4%	676.0	100.0%
Variable remuneration	Short-term incentive (STI)	—	—%	—	—%	—	—%	—	—%
	+ Bonus	578.6	38.3%	347.5	19.2%	363.9	32.6%	—	—%
	Long-term incentive (LTI)	—	—%	—	—%	—	—%	—	—%
	+ PSUP	—	—%	—	—%	—	—%	—	—%
	SOP	—	—%	415.5	23.0%	—	—%	—	—%
	PSP (closeout value)	312.1	20.7%	—	—%	—	—%	—	—%
	SOP (closeout value)	45.5	—%	—	—%	—	—%	—	—%
= Total remuneration as defined by Section 162 AktG	1,510.2	100.0%	1,808.0	100.0%	1,115.0	100.0%	676.0	100.0%	

* The fringe benefits for Jean-Paul Kress M.D. and Malte Peters M.D. include a special bonus of € 1,000,000 and € 500,000, respectively, in 2020.

** The remuneration of Roland Wandeler, Ph.D., is fully paid by MorphoSys US Inc. 30% of the remuneration are attributable to his position as member of the Management Board of the Company and 70% are attributable to his position as Chief Commercial Officer of MorphoSys US Inc. The fringe benefits include a Sign-On Bonus.

Remuneration Awarded and Due to Former Management Board Members in the 2021 Financial Year Pursuant to Section 162 AktG

The following table shows the remuneration awarded and due within the meaning of Section 162 (1) para. 1 sentence 1 AktG to the former members of the Management Board. In accordance with Section 162 (5) AktG, personal information regarding former members of the Management Board will not be disclosed if they left the Management Board prior to December 31, 2011.

		Simon Moroney Ph.D. (until August 2019)		Jens Holstein* (until November 2020)		Markus Enzelberger, Ph.D. (until February 2020)		Marlies Sproll Ph.D.** (until October 2017)		
		in € thousands	in % of total	in € thousands	in % of total	in € thousands	in % of total	in € thousands	in % of total	
Fixed and variable remuneration	Bonus	—	—%	567.0	17.0%	68.4	25.5%	—	—%	
	Other	—	—%	2,309.0	69.2%	—	—%	—	—%	
	LTI	PSP	716.8	91.2%	414.2	12.4%	170.9	63.6%	190.2	84.8%
	SOP	69.5	8.8%	45.5	1.4%	29.3	10.9%	34.1	15.2%	
	Total	786.3	100.0%	3335.8	100.0%	268.6	100.0%	224.4	100.0%	

* For Jens Holstein, a severance payment of € 2,300.0 thousand is included in Other.

** The Management Board activities of Marlies Sproll were suspended in the period from April 15, 2017 to October 31, 2017. Stock options and performance shares were therefore only granted on a pro rata basis in the 2017 financial year.

C. Remuneration of the Members of the Supervisory Board

The Company's Annual General Meeting on May 19, 2021, adopted a remuneration system for the Supervisory Board.

In addition to reimbursement of their expenses, Supervisory Board members receive an annual fixed base remuneration amounting to € 98,210.00 for the chair of the Supervisory Board, € 58,926.00 for the deputy chair, and € 39,284.00 for all other members of the Supervisory Board.

In addition, the chair of the Supervisory Board receives € 4,000.00 for each Supervisory Board meeting chaired, and the other Supervisory Board members receive € 2,000.00 for each Supervisory Board meeting attended. For committee work, the chair of the Audit Committee receives € 18,000.00, the chair of another committee receives € 12,000.00, and the other committee members each receive € 6,000.00. Committee members also receive € 1,200.00 for each committee meeting attended. Depending on the domicile of the Supervisory Board member and the location of the Supervisory Board meeting, a lump-sum expense allowance of € 2,000.00 may be paid in addition.

In the 2021 financial year, the members of the Supervisory Board received a total of € 625,872.

The fixed annual base remuneration and the remuneration for work on committees are due and payable to Supervisory Board members in equal quarterly installments. Attendance fees and expense allowances for participation in Supervisory Board meetings are due and payable at the end of each calendar year in which the respective meetings took place.

		Base compensation		Committee compensation		Attendance fee		Total remuneration
		in € thousands	in % of total	in € thousands	in % of total	in € thousands	in % of total	in € thousands
Marc Cluzel, M.D., Ph.D	2021	98.2	59.5 %	6.0	3.6 %	60.8	36.8 %	165.0
	2020	98.2	61.1 %	6.0	3.7 %	56.4	35.1 %	160.6
George Golumbeski, Ph.D.	2021	58.9	57.7 %	12.0	11.8 %	31.2	30.6 %	102.1
	2020	53.3	55.5 %	12.0	12.5 %	30.8	32.0 %	96.1
Krisja Vermeylen	2021	39.3	39.7 %	18.0	18.2 %	41.6	42.1 %	98.9
	2020	39.3	41.1 %	18.0	18.8 %	38.4	40.1 %	95.7
Michael Brosnan	2021	39.3	44.1 %	18.0	20.2 %	31.8	35.7 %	89.1
	2020	39.3	45.8 %	18.0	21.0 %	28.4	33.1 %	85.7
Sharon Curran	2021	39.3	52.6 %	6.0	8.0 %	29.4	39.4 %	74.7
	2020	39.3	52.2 %	6.0	8.0 %	30.0	39.8 %	75.3
Wendy Johnson	2021	39.3	40.9 %	12.0	12.5 %	44.8	46.6 %	96.1
	2020	39.3	44.2 %	10.3	11.6 %	39.2	44.2 %	88.8

D. Comparison of Remuneration and Earnings Development

Pursuant to Section 162 (1) sentence 2 no. 2 AktG, the following table presents the earnings development of MorphoSys AG, the annual change in the remuneration of the members of the Management Board and the Supervisory Board, and the annual change in the average remuneration of the employees of MorphoSys AG on a full-time equivalent basis over the last five financial years. With regard to the financial years 2016 to 2019, the average remuneration of the Management Board and the Supervisory Board members is based on the remuneration disclosed in the remuneration report for the respective financial year, whereas for the financial years 2020 and 2021 the remuneration awarded and due within the meaning of Section 162 para. 1 sentence 1 AktG in the respective financial year was used.

The development of earnings is presented by using the net profit/loss of MorphoSys AG for the year as performance indicator.

The average employee remuneration is calculated based on MorphoSys AG's workforce in Germany, which had an average of 431 active employees (full-time equivalents, excluding trainees) in the 2021 financial year.

The average employee remuneration includes personnel expenses for wages and salaries, fringe benefits, employer contributions to social security, any short-term variable remuneration components attributable to the financial year, as well as amounts of share-based remuneration.

The employee remuneration therefore corresponds, in principle, to remuneration awarded and due within the meaning of Section 162 (1) sentence 1 AktG in accordance with the remuneration of the Management Board and the Supervisory Board.

Financial year	2016	change	2017	change	2018	change	2019	change	2020	change	2021
Company earnings performance (in € thousands)											
Net profit/loss	(60,210.2)	(10.1)%	(66,272.2)	(1.1)%	(67,033.8)	(23.9)%	(83,078.5)	(30.7)%	(108,622.3)	(185.8)%	(310,482.2)
Average employee remuneration (in € thousands)											
Average remuneration	93.4	22.4%	114.3	(7.5)%	105.7	(3.3)%	102.3	10.8%	113.3	17.6%	133.2
Management Board remuneration (in € thousands)											
Jean-Paul Kress, M.D.	—	—%	—	—%	—	—%	3,567.9	(14.9)%	3,035.6	(36.2)%	1,935.3
Sung Lee	—	—%	—	—%	—	—%	—	—%	—	***	488.6
Malte Peters, M.D.	—	—%	1,518.3	4.9%	1,592.2	13.9%	1,813.2	(0.3)%	1,808.0	(16.5)%	1,510.2
Roland Wandeler, Ph.D.	—	—%	—	—%	—	—%	—	—%	676.0	64.9%	1,115.0
Former Management Board members (in € thousands)											
Simon Moroney, Ph.D. (until August 31, 2019)	1,448.5	19.0%	1,723.6	32.3%	2,280.8	13.9%	2,596.7	(14.9)%	2,209.8	(64.4)%	786.3
Jens Holstein (until November 13, 2020)*	1,000.8	24.8%	1,249.3	32.5%	1,655.5	12.9%	1,869.3	83.6%	3,432.7	(2.8)%	3,335.8
Markus Enzelberger, Ph.D. (until February 29, 2020)	—	—%	1,029.8	33.6%	1,376.1	6.2%	1,461.8	(55.7)%	647.6	(58.5)%	268.6
Marlies Sproll, Ph.D. (until October 31, 2017)**	967.1	(24.7)%	728.6	(100.0)%	—	—%	—	—%	—	—%	224.4
Arndt Schottelius M.D., Ph.D. (until February 28, 2017)	967.2	(78.9)%	204.0	(100.0)%	—	—%	—	—%	—	—%	—

* For Jens Holstein, a severance payment of €2,300.0 thousand is included in 2021.

** The Management Board activities of Dr. Marlies Sproll were suspended in the period from April 15, 2017 to October 31, 2017

*** The display of a change to fiscal 2020 is not possible due to the entry of Sung Lee in February 2021.

Financial year	2016	change	2017	change	2018	change	2019	change	2020	change	2021
Company earnings development (in € thousands)											
Net profit/loss	(60,210.2)	(10.1)%	(66,272.2)	(1.1)%	(67,033.8)	(23.9)%	(83,078.5)	(30.7)%	(108,622.3)	(185.8)%	(310,482.2)
Average employee remuneration (in € thousands)											
Average remuneration	93.4	22.4%	114.3	(7.5)%	105.7	(3.3)%	102.3	10.8%	113.3	17.6%	133.2
Supervisory Board remuneration (in € thousands)											
Marc Cluzel, M.D., Ph.D	86.8	(9.0)%	79.0	38.2%	109.1	36.2%	148.6	8.1%	160.6	2.7%	165.0
George Golumbeski, Ph.D.	—	—%	—	—%	54.2	53.0%	82.9	16.0%	96.1	6.2%	102.1
Krisja Vermeyleen	—	—%	45.0	65.3	74.3	20.7%	89.7	6.7%	95.7	3.3%	98.9
Michael Brosnan	—	—%	—	—%	47.6	79.3%	85.3	0.5%	85.7	4.0%	89.1
Sharon Curran	—	—%	—	—%	—	—%	39.4	91.1%	75.3	(0.8)%	74.7
Wendy Johnson	80.0	5.3%	84.2	(0.7)%	83.6	(0.4)%	83.2	6.7%	88.8	8.2%	96.1
Former Supervisory Board members (in € thousands)											
Frank Morich, M.D. (until April 2020)	84.0	(4.3)%	80.4	4.7%	84.2	24.1%	104.5	(68.8)%	32.6	(100.0)%	—
Karin Eastham (until May 2017)	76.6	(55.1)%	34.4	(100.0)%	—	—%	—	—%	—	—%	—
Dr. Metin Colpan (until May 2012)	—	—%	—	—%	—	—%	—	—%	—	—%	—
Klaus Kühn (until May 2018)	67.6	0.9%	68.2	(64.6)%	24.1	(100.0)%	—	—%	—	—%	—
Dr. Walter Blättler (until August 2015)	—	—%	—	—%	—	—%	—	—%	—	—%	—
Dr. Daniel Camus (until August 2015)	—	—%	—	—%	—	—%	—	—%	—	—%	—
Dr. Geoffrey Vernon (until August 2015)	—	—%	—	—%	—	—%	—	—%	—	—%	—

E. Other Disclosures

MorphoSys maintains directors and officers liability insurance for Management Board members. This insurance covers the personal liability risk in the event that claims are made against members of the Management Board for pecuniary loss in the course of their duties. The insurance includes a deductible for Management Board members that complies with the requirements of the German Stock Corporation Act.

F. Supplementary Notes

This report is also available in German. In the event of any discrepancies, the German version shall be authoritative.