Affimed N.V.

Amsterdam, The Netherlands

Annual Report 2023

Contents

Forward-Looking Statements

This Annual Report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this Annual Report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “will,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this Annual Report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section “Risk Management” in this Annual Report.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Report by Affimed's Management Board

Overview

We are a clinical-stage immuno-oncology company focused on developing highly targeted cancer immunotherapies. Our product candidates represent an innovative approach to cancer treatment that seeks to harness the body's own immune defenses to fight tumor cells. The most potent cells of the human defense arsenal are types of white blood cells called innate immune cells (NK cells and macrophages) and T cells. Leveraging our fit-for-purpose ROCK® platform, we develop proprietary, next-generation bispecific antibodies, so-called innate cell engagers (ICE®), which are designed to direct innate immune cells and establish a bridge to cancer cells. Our innate cell engagers have the ability to bring innate immune cells into the proximity of tumor cells and trigger an activation cascade that leads to the destruction of cancer cells. Due to their novel tetravalent architecture with four binding domains, our innate cell engagers bind to their targets with high affinity. Different dosing schemes are being explored to allow for improved exposure in heavily pretreated patient populations. Based on their mechanism of action as well as the preclinical and clinical data we have generated to date, we believe that our product candidates as monotherapy and / or in combination, may ultimately improve response rates, clinical outcomes and survival in cancer patients, and could eventually become a cornerstone of modern targeted oncology care. Building on our leadership in the innate cell engager space, we have developed novel antibody formats with the potential to tailor innate cell-engaging therapy to different indications and settings.

Affimed was founded in 2000 based on technology developed by the group led by Professor Melvyn Little at Deutsches Krebsforschungszentrum (DKFZ), the German Cancer Research Center, in Heidelberg, Germany.

Focusing our efforts on antibodies that specifically bind to innate cells through the FcgRIIIA ("CD16A") receptor, a key activating receptor, we have built a clinical and preclinical pipeline of innate cell-engaging bispecific antibodies designed to activate both innate and adaptive immunity. Compared to a variety of T cell-engaging technologies, our innate cell engagers appear to have a better safety profile and have the potential to achieve more potent and deeper immune responses potentially through enhancing crosstalk of innate and adaptive immunity. The safety profiles of our molecules make them suitable for development as combination therapies (e.g. with CPIs, adoptive NK cells or cytokines).

We are focusing our development efforts on three programs, for which we retain full global commercial rights: acimtamig, AFM24 and AFM28. Because our tetravalent bispecific antibodies can be engineered to bind to different antigens that are known to be present on various cancer cells, our product candidates could be developed for the treatment of different cancer indications. We intend to clinically develop our product candidates to treat high medical need indications, including as a salvage therapy for patients who have relapsed after treatment with standard therapies, or patients who are refractory to these therapies, meaning they do not respond to treatment with standard therapies, whom we collectively refer to as R/R patients. These patients have limited life expectancy and few therapeutic options. We believe this strategy will allow for a faster path to approval and will likely require smaller clinical studies compared to indications with more therapeutic options and larger patient populations. We believe such specialized market segments in oncology can be effectively targeted with a small and dedicated marketing and sales team. We currently intend to establish a commercial sales force in the United States and/or Europe to commercialize our product candidates when and if they are approved.

We also see an opportunity in the clinical development of our innate cell engagers in combination with other agents that harness the immune system to fight cancer cells, such as CPIs, adoptive NK cell transfer and cytokines. Such combinations of cancer immunotherapies may ultimately prove beneficial for larger patient populations in earlier stages of diseases, beyond the R/R disease setting.

Our main facilities are located at Gottlieb-Daimler-Straße 2 in Mannheim, where we employ 70 people, approximately 74% of whom have an advanced academic degree. As of March 15, 2024, our total headcount was 78 (76 full-time equivalents). On January 8, 2024, we announced a reduction of our

workforce by approximately 50%, which is already anticipated in the headcount numbers. For more information as to the risks associated with our workforce reduction, see section “Risk Management.”

Business Overview

Our Strategy

Our goal is to develop new treatment options for patients in need by activating innate immunity (e.g. NK cells and macrophages), the body’s first line of defense, to fight cancer. We are developing single agent and combination therapies to treat a variety of cancers. Our proprietary antibody platform, ROCK®, has the potential to deliver several unique types of next-generation tetravalent antibody formats, including bispecific innate cell engagers. Based on the distinctive properties and mechanism of action of these products, which have demonstrated preclinical and / or clinical activity, we believe that our product candidates, alone or in combination, could eventually become a key element of improving clinical outcomes in cancer patients. Key elements of our strategy to achieve this goal are to:

- Rapidly advance the development of our clinical stage product candidates including development (i) as monotherapy, (ii) in combination with adoptive NK cells, and (iii) in combinations with immunotherapies such as CPIs;
- Use our technology platforms and intellectual property portfolio to continue to build our cancer immunotherapy pipeline;
- Maximize the value of our industry collaboration arrangements, and establish new collaborations; and
- Intensify our collaboration with academia.

Our Strengths

We believe we are a leader in developing innate immunity-based cancer immunotherapies due to several factors:

- Our lead product candidate, acimtamig, is a first-in-class innate cell engager for CD30+ hematologic cancer indications;
- Our development candidate, AFM24, is a first-in-class innate cell engager for EGFR expressing solid tumor indications;
- Our development candidate, AFM28, is an innate cell engager for acute myeloid leukemia (“AML”);
- We retain global commercial rights for acimtamig, AFM24 and AFM28;
- Our experienced management team has a strong track record in the development and commercialization of new medicines; and
- We have a strong technology base and solid patent portfolio in the field of targeted immuno-oncology.

Sustainable long-term value creation

Driven by our passion to understand how cancer works, we strive to revolutionize cancer treatment. It’s like putting together the pieces of a puzzle and feeling an incredible sense of joy when the picture starts to come together to benefit our patients. By harnessing the power of science, our expertise and tireless commitment to serve patients, we believe we can tackle some of the world’s biggest challenges and build a healthy future for people, society, and the planet.

To fulfil our mission, it is essential, that we perform our activities in the most responsible way. We're aware of how responsible action positively impacts our colleagues, our community, and people worldwide. We believe that our culture and values are at the core of who we are as a company and play a critical role in our ability to achieve our mission of developing life-changing cancer immunotherapies.

We trust that our biggest potential sustainability impact lies at the core of what we do. Cancer is a devastating illness that affects not just the patient but also family, friends, and colleagues. We are committed to making a meaningful impact on the lives of cancer patients and their loved ones. We believe that we are at the forefront of the revolution in cancer treatment and are dedicated to advancing our pipeline of clinical stage programs, unlocking new possibilities for patients. Our ability to help patients fight cancer has the potential to have an outstanding impact on public health.

We recognize the importance of incorporating environmental, social and governance (ESG) considerations into our business operations and the need for successful management and long-term value creation. In our latest Sustainability Report (as issued on our website) we informed our shareholders and other stakeholders, how we are anchoring responsibility in all our business activities. For our stakeholders this report offers a first impression of our wider responsibility. It reflects our unwavering commitment to sustainability and our efforts to make a positive impact on patients, the environment, and our communities.

Our Research and Development Pipeline

We are developing a pipeline of innate cell engagers for the treatment of cancer as shown below *:

Three Ongoing Clinical Programs Due to Deliver Meaningful Data Readouts Across Hematologic and Solid Tumor Populations in 2024

Candidate (Target)	Therapy Study Name	Indication	Ph. 1	Ph. 2a/b	Ph. 3
AFM24 (EGFR)	AFM24 + atezolizumab AFM24-102	Advanced/ Metastatic R/R NSCLC (*EGFR*wt & *EGFR*mut cohorts)			
Acimtamig (AFM13) (CD30)	Acimtamig + AlloNK® LuminICE-203	R/R Classical HL Exploratory arm in CD30+ PTCL			
AFM28 (CD123)	AFM28 monotherapy AFM28-101	R/R CD123+ AML			

Combination with anti-PD-L1 | Combination with Adoptive NK Cells (allogeneic) | Monotherapy

AML = acute myeloid leukemia; CD = cluster of differentiation; EGFR = epidermal growth factor receptor; HL = Hodgkin lymphoma; ICE® = innate cell engager; mut = mutant; NSCLC = non-small cell lung cancer; PFS = progression free survival; PTCL = peripheral T-cell lymphoma; R/R relapsed/ refractory; wt = wildtype

AFFIMED

As of end of March 2024

Our most advanced candidate, acimtamig, is a first-in-class ICE® designed for the treatment of certain CD30-positive ("CD30+") malignancies, including HL and certain Non-Hodgkin Lymphomas ("NHLs"). Acimtamig selectively binds to CD30, a clinically validated target, and CD16A, an integral membrane glycoprotein receptor expressed on the surface of NK cells and macrophages, triggering a signal cascade that leads to the destruction of CD30+ tumor cells. In contrast to conventional full-length antibodies, acimtamig does not bind to CD16B, which prevents binding to other cell types, e.g., neutrophils, and binds with equal affinity to CD16A polymorphisms at position 158. Furthermore, acimtamig binds CD16A with an approximately 1000-fold higher affinity than monoclonal antibodies

("mAbs") thereby significantly increasing potency and efficacy, as preclinically demonstrated. Acimtamig is currently being investigated in combination with AlloNK® in LuminICE-203, an open-label, multi-center, multi-cohort, phase 2 study evaluating the efficacy and safety of the treatment in patients with relapsed/refractory Hodgkin lymphoma. Fast Track designation was granted by the FDA in September 2023. LuminICE-203 builds on the clinical findings from the phase 1/2 acimtamig (AFM13-104) trial (NCT04074746), in which investigators assessed acimtamig in combination with cord blood-derived natural killer cells in heavily pretreated patients with CD30-positive Hodgkin lymphoma and non-Hodgkin lymphoma. Data presented to date from this trial have shown outstanding clinical results in late-stage, multi-refractory patients. In the 32 R/R HL patients treated at the recommended phase 2 dose level ("RP2D"), the objective response rate ("ORR") reached 97%, with a complete response ("CR") rate of 78%. Median Event-Free Survival (EFS) stood at 9.8 months, with 84% of patients alive at 12 months. The median duration of response ("DoR") was 8.8 months. Notably, patients were heavily pretreated (median of 7 prior lines), had received checkpoint inhibitors (CPIs) and brentuximab vedotin ("BV"), and were refractory to their most recent therapy. Additionally, patients received up to four cycles of therapy, and treatment was well-tolerated with no instances of cytokine release syndrome ("CRS"), graft-versus-host disease ("GvHD"), or immune effector cell-associated neurotoxicity syndrome ("ICANS").

In November 2022, we announced a collaboration with Artiva with the goal of advancing the development of the combination of acimtamig and AlloNK® into a potential registration enabling study. In January 2023, the FDA issued a written response to our pre-investigational new drug meeting request for the acimtamig/AlloNK® co-administered combination therapy in R/R HL and the exploratory arm evaluating the combination in R/R CD30+ lymphomas. Based on the FDA's written response, we submitted and received clearance from FDA for an IND application during the second quarter of 2023. We initiated enrollment into the study in October 2023.

Our second candidate, AFM24, is a tetravalent, bispecific EGFR and CD16A-binding ICE®. AFM24 is designed to address limitations, such as toxicities or treatment resistance, associated with current therapeutic anti-EGFR mAbs, while also offering the potential for better efficacy and safety by using activation of the innate immunity to target EGFR-expressing solid tumors rather than inhibition of EGFR-mediated signal transduction. AFM24 was investigated as monotherapy in a first-in-human phase 1/2a study, and in two combination clinical studies investigating AFM24 with adoptive NK cells and a PD-L1 inhibitor, atezolizumab.

In June 2023, at the ASCO annual meeting we presented safety and efficacy data from the EGFR mutant NSCLC expansion cohort of our AFM24-101 phase 1/2 study investigating ICE® AFM24 as monotherapy. An EGFR mutant NSCLC cohort was part of the AFM24-101 open-label, non-randomized, multi-center, phase 1/2a study (NCT04259450) investigating the safety, tolerability, and preliminary efficacy of AFM24 monotherapy in patients with advanced or metastatic EGFR+ solid tumors. Other cohorts investigated included colorectal cancer ("CRC") and renal cell carcinoma ("RCC"). At the planned interim analysis, 15 patients with EGFR mutant NSCLC and a median of 2 prior lines of therapy had been treated with a median of 11 doses of AFM24. As of the cut-off date, the data showed clinical activity and signals of anti-tumor activity in 7 out of 15 heavily pre-treated patients, including two confirmed partial responses and five patients with stable disease resulting in an objective response rate of 13% and a disease control rate of 47%. Concurrent with the presentation, we announced our intention to focus near-term clinical development of AFM24 on the combination with atezolizumab ("AFM24-102)", and announced the discontinuation of AFM24-101. As a result of these findings an EGFR mutant cohort was added to the study of AFM24 in combination with atezolizumab.

AFM24-102 is a phase 1/2a open-label, non-randomized, multicenter, dose escalation, and expansion study evaluating AFM24 in combination with a PD-L1 inhibitor, atezolizumab, in patients with selected EGFR-expressing advanced solid malignancies whose disease has progressed after treatment with previous anticancer therapies (NCT05109442). As of January 4, 2024, clinical response update to the Phase 1/2a AFM24-102 trial in EGFR-wt NSCLC reported 4 confirmed responses, including 1 CR and 3 PR, and 7 stable diseases in the 15 heavily pre-treated evaluable patients, resulting in a disease control rate of 73 percent. Of special importance is the fact that three of the four responders had never achieved an objective response to PD(L) 1 therapy and that the only patient with a response to PD1 containing treatment responded to a combination of doublet chemotherapy plus PD1 and therefore even in this patient, the contribution of PD1 therapy is unclear. Based on the promising response data from the EGFRwt NSCLC cohort, the Company expanded enrollment to 40 patients. In addition, the company continues to enroll in the EGFR-mut NSCLC cohort for a planned number of 25 patients. Mature PFS

data from the 15 EGFR-wildtype NSCLC patients and initial efficacy from the EGFR-mutant NSCLC cohort are expected in Q2 2024.

In August 2023, data from the dose escalation phase on safety and efficacy of the ICE® AFM24 in combination with NKGen Biotech's SNK01 (autologous non-genetically modified NK cells) in patients with advanced or metastatic EGFR-expressing solid tumors (NCT05099549), was presented at a poster presentation at the ASCO Breakthrough conference in Yokohama, Japan. As of June 2023, seven patients with a mean number of five prior therapies received the combination of AFM24 and SNK01. No unexpected or dose-limiting toxicities were observed, and the pharmacokinetic ("PK") properties were similar to AFM24 monotherapy. The best objective response was stable disease in three out of the seven patients, including patients with heavily pretreated microsatellite stable colorectal cancer ("MSS CRC"). Despite these data, we and NKGen Biotech mutually decided to discontinue the presented study. In line with our NK cell combination experience for acimtamig, we are evaluating better options to advance AFM24 with an allogeneic off-the-shelf NK cell product.

Our third, wholly-owned ICE® molecule, AFM28 is designed to bind to CD123, an established target in myeloid malignancies. We chose CD123 as it is almost universally expressed on leukemic blasts and leukemic stem cells ("LSCs") in patients with AML, both at diagnosis and at relapse, and independently of cytogenetic risk. AFM28 is being developed for the treatment of patients with AML. Clinical development of AFM28 is planned as both single-agent and in combination with an allogeneic off-the-shelf NK cell product.

In June 2022, we submitted an IND to the FDA for AFM28. Following feedback from the FDA related to the design of the dose escalation study, we made a strategic decision to voluntarily withdraw the IND and to focus early clinical development of AFM28 in jurisdictions outside of the United States. We initiated recruitment into a phase 1 clinical study in the first quarter of 2023, and enrolled patients into the study in Spain and France.

AFM28 is investigated in a multi-center phase 1 open-label, dose-escalation study (AFM28-101), in R/R AML. In March 2023, we announced that the first patient was dosed in a phase 1 multicenter, open label, first-in-human dose escalation study of the innate cell engager (ICE® AFM28 monotherapy in patients with CD123-positive R/R AML. AFM28 efficiently directs NK cells to CD123-positive leukemic cells in our preclinical models, including leukemic blasts, LSCs and leukemic progenitor cells, inducing their depletion in samples of patients with AML and myelodysplastic syndrome ("MDS".) As of end of February 2024, we completed enrollment of the fifth cohort (250 mg), recruiting patients in the sixth cohort in the multi-center Phase 1 open-label, dose-escalation study (AFM28-101). No dose-limiting toxicities were reported in cohorts treated prior. Further clinical development of AFM28 is planned in combination with an allogeneic off-the-shelf NK cell product.

In August 2018, we entered into a research collaboration and license agreement with Genentech, a member of the Roche Group, for the development and commercialization of a number of product candidates based on our novel NK cell engager-based immuno-therapeutics to treat multiple cancers. The agreement included a license to AFM26, a tetravalent, bispecific B cell maturation antigen (BCMA)- and CD16A-binding ICE® from our fit-for-purpose ROCK® platform, for the treatment of multiple myeloma. AFM26 is now known as RO7297089. RO7297089 employs a unique mechanism of action through high affinity engagement of NK cells and has demonstrated in vitro efficacy against cells with very low levels of BCMA expression. NK cell binding of RO7297089 is largely unaffected by IgG competition. During 2020, Genentech initiated a phase 1 study for RO7297089. Treatment with RO7297089 was well-tolerated at the dose levels tested, although infusion reactions necessitated long infusion duration for the first dose. Activity has been observed to date with partial responses at doses up to 1080 mg. There were no DLTs and a recommended phase 2 dose has not been identified. Genentech has decided not to progress with clinical development of RO7297089. As of the end of 2022, Affimed had completed work on and/or handed over all product candidates for further investigation by Genentech.

AFVT-2101 (formerly AFM32), another ICE® candidate in preclinical development against folate receptor alpha, was investigated under a License and Strategic Collaboration with Roivant Sciences Ltd. ("Roivant"), pursuant to which we granted Roivant a license to develop and commercialize AFVT-2101 and options to license additional novel ICE® molecules against other targets.

Business impact of COVID-19

In response to the COVID-19 pandemic, we have implemented mitigation procedures to ensure the safety of trial participants and healthcare professionals and that drug supply and other trial-related materials are ready and available for patients enrolled in our clinical trials. We are closely monitoring and adhering to relevant federal and local guidelines on COVID-19 to ensure the safety and health of our global workforce and help limit the spread of COVID-19, while maintaining business continuity. We will continue to work closely with clinical sites as well as respective competent authorities to ensure the safety of trial participants and healthcare professionals, as well as the appropriate use of healthcare resources during the COVID-19 pandemic, while preserving the conduct and data integrity of our clinical studies. For example, in January 2022, we announced that we would no longer pursue the TMF cohort in our phase 2 clinical trial evaluating AFM13 as monotherapy due to continuing challenges enrolling patients as a result of the COVID-19 pandemic.

At this time, our contract manufacturers are operating without interruption, and there is sufficient material for our ongoing clinical studies. We are continually assessing the potential impact of the COVID-19 pandemic on patient enrollment and site activation in our clinical studies, and we will update trial timelines to the extent that changes arise as a result of the COVID-19 pandemic.

Operating results

To date, we have financed our operations primarily through our public offerings of our common shares, private placements of equity securities, the incurrence of loans including convertible loans and through government grants and payments for collaborative research and development services. Through December 31, 2023, we have raised an aggregate of €570.6 million (gross proceeds) through the issuance of equity and incurrence of loans. To date, we have not generated any revenues from product sales or royalties. Based on our current plans, we do not expect to generate product or royalty revenues unless and until we or any collaboration partner obtain marketing approval for, and commercialize, any of our product candidates.

We have generated losses since we began our drug development operations in 2000. For the year ended December 31, 2023, we incurred a net loss of €105.9 million. As of December 31, 2023, we had an accumulated deficit of €536.1 million.

In April 2023, Affimed conducted a reorganization of its operations to focus on the Group's three clinical stage development programs. As a result of the reorganization, the Group reduced its full-time equivalent headcount by approximately 25%. On January 8, 2024, we announced a restructuring initiative aimed at transforming us into a focused clinical organization, positioned to successfully advance our programs to key value inflection points. As part of the restructuring, we intend to direct all resources towards advancing the development of our clinical programs, ultimately resulting in a reduction of up to 50% of our workforce by dissolving our research and preclinical development departments, which aligns with our narrowed strategic priorities. Based on our operating budget assumptions, our cash runway is into the second half of 2025.

We expect to continue incurring losses as we continue our preclinical and clinical development programs, apply for marketing approval for our product candidates and, subject to obtaining regulatory approval for our product candidates, build a marketing and sales team to commercialize our product candidates. Our profitability is dependent upon the successful development, approval and commercialization of our product candidates and achieving a level of revenues adequate to support our cost structure. We may never achieve profitability and unless and until we do, we will continue to need to raise additional cash. We intend to fund future operations through additional equity and debt financings and we may seek additional capital through arrangements with strategic partners or from other sources. See Note 4, Going concern, in the Notes to the consolidated financial statements in this Annual Report for additional information.

Collaboration Agreements

We have entered into strategic collaborations for some of our therapeutic programs. Key terms of our current material collaborations are summarized below.

Artiva

In November 2022, we announced a collaboration with Artiva with the goal of advancing the development of the combination of acimtamig and AlloNK® into a potential registration enabling study. We shall be responsible for all costs associated with the development of the combination therapy (including all clinical trial costs), except that we and Artiva shall each bear 50% of the costs and expenses incurred in connection with the performance of any confirmatory clinical trial required by the FDA. Artiva shall be solely responsible for all costs incurred by Artiva for the supply of AlloNK® and certain other products used in the clinical trials. In addition, under the Collaboration Agreement, the parties have agreed to make payments to each other to achieve a proportion of 67%/33% (Affimed/Artiva) of revenues generated by both parties from commercial sales of each party's product as part of the combination therapy.

Roivant

On November 9, 2020, we announced that we entered into a license and strategic collaboration agreement with a subsidiary of Roivant to develop and commercialize novel ICE® molecules, including AFM32, in oncology. Under the terms of the agreement, we received $60 million in upfront consideration, comprised of $40 million in cash and pre-paid R&D funding, and $20 million of newly issued shares in Roivant. We are eligible to receive up to an additional $2 billion in milestones over time upon achievement of specified development, regulatory and commercial milestones, as well as tiered royalties on net sales.

We recognized revenues of €7.1 million in 2023.

Genentech

On August 24, 2018 we entered into a research collaboration and license agreement with Genentech, a member of the Roche Group, for the development and commercialization of certain product candidates that contain novel NK cell engager-based immunotherapeutics to treat multiple cancers. Under the terms of the agreement, in the fourth quarter of 2018 we received $96 million in initial upfront payments and other funding and additional payments in 2019 for development milestones and a final target nomination.

We recognized revenues of €0.6 million in 2023.

Financial Operations Overview

The share and per share information presented in this overview retroactively reflects the effects of the reverse stock split effective March 8, 2024, which was approved by the Company's shareholders at the Company's Annual General Meeting of Shareholders on June 21, 2023 (see note 6 in the Notes to the consolidated financial statements in this Annual Report).

Revenue

To date, our revenues have consisted principally of collaboration and service revenue.

Collaboration revenue. Collaboration revenue for year ended December 31, 2023 amounted to €7.8 million, with €0.6 million from the Genentech collaboration and €7.1 million from the Roivant collaboration. Collaboration revenue for year ended December 31, 2022 amounted to €41.2 million, with

€18.5 million from the Genentech collaboration and €22.7 million from the Roivant collaboration. The decrease in collaboration revenue is due to the completion of the research collaborations in 2023 and 2022, respectively.

Service revenue. Service revenue is primarily revenue from service contracts entered into by AbCheck, our previously wholly owned, independently operated antibody screening platform. We recognized €0.5 million and €0.2 million of third party service revenue in 2023 and 2022, respectively. Service revenue from AbCheck is derived from third party contracts as well as from the utilization of the entity by Affimed. Effective December 28, 2023, Affimed sold its shareholding in AbCheck, further details are provided below under “Other income”.

In the future, the timing of our revenue may vary significantly from the receipt of the related cash flows, as the revenue from some upfront or initiation payments is deferred and recognized as revenue over the estimated service period, while other revenue is earned when received, such as milestone payments or service fees.

Our revenue has varied substantially, especially due to the impact of collaboration revenue received from Genentech and Roivant. The amount of future revenue is dependent on the services performed and milestones reached for our existing collaborations and on our ability to conclude new collaboration arrangements and the terms we are able to negotiate with our partners. As our project work for both Genentech and Roivant has come to an end, we expect that recognition of revenue related to the upfront payments from such collaborations will significantly decrease in 2024. We remain eligible for milestones under the collaborations, and the revenues associated with any such milestones will be recognized at the time they are achieved.

Other Income

Other income for years 2022 and 2023 primarily relates to government grants for research and development projects of €0.6 million in 2022 and €0.2 million in 2023 and research collaborations where costs are shared equally between both parties of €0.9 million in 2022 and €1.0 million in 2023.

Further, on December 28, 2023, the Group entered into an agreement regarding the sale of its wholly owned subsidiary AbCheck s.r.o. (“AbCheck Sale Agreement”) to Ampersand Biomedicines Inc (“Ampersand”) for a gross purchase price of €5.8 million ($6.4 million), consisting of €4.9 million ($5.4 million) in cash to be paid in two tranches, and €0.9 million ($1.0 million) to be paid by delivery in a variable number of Ampersand shares subject to certain adjustments (€0.3 million) and a holdback. The sale became effective on December 28, 2023. As of December 28, 2023, an amount of €1.6 million ($1.8 million) of the purchase price had been received. The balance of the purchase price of €3.1 million presented as other receivable in the consolidated statement of financial position is expected to be received latest by the end of 2024. The transaction resulted in a gain of €4.3 million ($4.8 million), recognized as other income.

Research and Development Expenses

Research and development expenses consist principally of:

- salaries for research and development staff and related expenses, including benefits;
- costs for production of preclinical compounds and drug substances by contract manufacturers;
- fees and other costs paid to contract research organizations in connection with additional preclinical testing and the performance of clinical trials;
- costs of related facilities, materials and equipment;
- costs associated with obtaining and maintaining patents and other intellectual property;

- amortization and depreciation of tangible and intangible fixed assets used to develop our product candidates; and

- expenses for share-based payments.

Based on our current budget we expect that our total research and development expenses in 2024 will decrease as compared to 2023. Our research and development expenses primarily relate to the following key programs.

Acimtamig. The following is a summary of completed and ongoing research and development activities for acimtamig:

- In January 2023, the FDA issued a written response to our pre- IND meeting request for the acimtamig/AlloNK® co-administered combination therapy in R/R HL and the exploratory arm evaluating the combination in r/r CD30+ PTCL. Based on the written response, Affimed submitted and received clearance from the FDA for an IND application during the second quarter of 2023. We initiated enrollment into the study in October 2023.

- In December 2023, we presented final data from the investigator-initiated trial at the American Society of Hematology (ASH) 2023 Annual Meeting. A total of 42 patients were enrolled in the study with 36 patients treated at the RP2D. 32 of the 36 patients treated at the RP2D were HL patients. All 32 HL patients were heavily pretreated with multiple lines of chemotherapy, all had previously received CPIs and BV, and were refractory to their most recent line of therapy with active progressive disease at the time of enrollment. Across all dose levels, the treatment regimen achieved an ORR of 93% with a CR rate of 67%; among the 32 HL patients treated at the RP2D the treatment regimen achieved an ORR of 97% and a CR rate of 78%. In addition, the treatment regimen demonstrated a good safety and tolerability profile with no cases of CRS, ICANS or GvHD of any grade. Mild to moderate infusion related reactions (IRRs) were seen in 7.7% of the acimtamig infusions. Across all dose levels, median event free survival (EFS) was 8.8 months and median overall survival (OS) was not reached. For the HL patients treated at the RP2D, median EFS was 9.8 months – with 84% patients alive at 12 months. The median DoR was 8.8 months and 72% CR assessed at 6 months for HL patients treated at the RP2D; 30% of patients with complete response remained in CR beyond 12 months.

- In December 2022, we released topline data from our phase 2 REDIRECT study investigating acimtamig monotherapy in patients with advanced-stage R/R PTCL. Primary efficacy measures include ORR of 32.4% and a CR rate of 10.2%. Key secondary and exploratory outcome measures include safety, durability of response, PFS and OS. The safety profile of acimtamig was well managed and consistent with previously reported data of prior and ongoing clinical studies with acimtamig. Median DoR was 2.3 months, median PFS was 3.5 months and median OS was 13.8 months. Based on the compelling data seen in HL for the combination of acimtamig with cord blood-derived NK cells in the acimtamig (AFM13-104) study, we believe that the combination with AB-AlloNK® has a higher probability to deliver increased anti-tumor activity and a more durable clinical benefit to address the unmet need in this patient population. Accordingly, we do not intend to pursue an accelerated approval for acimtamig monotherapy in PTCL and will focus investment on clinical development in the combination of acimatmig and AlloNK®.
- In November 2022, we announced a new strategic partnership with Artiva to jointly develop, manufacture and commercialize the combination of acimtamig and AlloNK®. Under the terms of the agreement, we and Artiva will pursue the development of the acimtamig/AlloNK® combination treatment in the United States on a co-exclusive basis. We will lead regulatory activities through phase 2 and any confirmatory studies. We will be responsible for funding clinical study costs through phase 2, while Artiva will be responsible for the costs of supplying AlloNK® and IL-2 for such studies. The companies will share confirmatory study costs on a 50/50 basis. Both companies will retain commercialization and distribution rights and book sales for their respective products. We will be responsible for promotional activities and expenses of the combination therapy. Pursuant to the agreement, revenues from the combination will be shared, with us receiving 67% of the combination therapy revenue and Artiva receiving 33%.

- We anticipate that our research and development expenses in 2024 for acimtamig will decrease significantly compared to those for 2023 mainly due to lower expenses for manufacturing activities.

AFM24. AFM24, a tetravalent, bispecific EGFR, and CD16A-binding innate cell engager. We expect to report data from the ongoing AFM24 study in the second quarter of 2024.

AFM24-101. In June 2023, at the ASCO annual meeting we presented safety and efficacy data from the EGFR mutant NSCLC expansion cohort of our ongoing AFM24-101 phase 1/2 study investigating ICE® AFM24 as monotherapy. Concurrent with the presentation, we announced our intention to focus near-term clinical development of AFM24 on the combination with atezolizumab (AFM24-102) and announced the discontinuation of AFM24-101.

AFM24-102. Enrollment was completed in the 480 mg dose escalation cohort of the phase 1/2a combination study of AFM24 with the anti-PD-L1 checkpoint inhibitor atezolizumab ("Tecentriq®") in patients with advanced EGFR-expressing solid tumors. AFM24-102 includes patients with NSCLC (EGFR wildtype), gastric and gastroesophageal junction adenocarcinoma and pancreatic/hepatocellular/biliary tract cancer. The treatments continue to show a well-managed safety profile. Dose escalation was completed during the first quarter of 2023 with a weekly AFM24 dose of 480 mg confirmed as the R2PD. The phase 2 expansion phase of the study was initiated in the first quarter of 2023. Clinical development of AFM24 in combination with atezolizumab will focus in NSCLC patients (EGFR wildtype and mutant).

As of January 4, 2024, clinical response update to the Phase 1/2a AFM24-102 trial in EGFR-wt NSCLC reported 4 confirmed responses, including 1 CR and 3 PR, and 7 stable diseases in the 15 heavily pre-treated evaluable patients, resulting in a disease control rate of 73 percent. Of special importance is the fact that three of the four responders had never achieved an objective response to PD(L) 1 therapy and that the only patient with a response to PD1 containing treatment responded to a combination of doublet chemotherapy plus PD1 and therefore even in this patient, the contribution of PD1 therapy is unclear. Based on the promising response data from the EGFRwt NSCLC cohort, the Company expanded enrollment to 40 patients. In addition, the company continues to enroll in the EGFR-mut NSCLC cohort for a planned number of 25 patients. Mature PFS data from the 15 EGFR-wildtype NSCLC patients and initial efficacy from the EGFR-mutant NSCLC cohort are expected in Q2 2024.

AFM28. AFM28 is designed to bind to CD123, an established target in myeloid malignancies. We chose CD123 as it is almost universally expressed on leukemic blasts and LSCs in patients with AML, both at diagnosis and at relapse, and independently of cytogenetic risk. AFM28 is being developed for the treatment of patients with acute myeloid leukemia. In June 2022, we submitted an IND to the FDA for AFM28. Following feedback from the FDA related to the design of the dose escalation study, we made a strategic decision to voluntarily withdraw the IND and to focus early clinical development of AFM28 in jurisdictions outside of the United States. Clinical trial applications were cleared in Belgium, Denmark, France and Spain and we initiated recruitment into a phase 1 clinical study in the first quarter of 2023. As of the end of February 2024, we completed enrollment of the fifth cohort (250 mg), recruiting patients in the sixth cohort. No dose-limiting toxicities were reported in cohorts treated prior. Further clinical development of AFM28 is planned in combination with an allogeneic off-the-shelf NK cell product.

Other projects and infrastructure costs. Our other research and development expenses relate to our Genentech, Roivant and Artiva collaborations and early-stage development/discovery activities. We have allocated a material amount of our resources to such discovery activities. The expenses mainly consist of salaries, manufacturing costs for pre-clinical study material and pre-clinical studies. In addition, we incur a significant amount of costs associated with our research and development that are non-project specific, including intellectual property-related expenses, depreciation expenses and facility costs. Because these are less dependent on individual ongoing programs, they are not allocated to specific projects. We assume that other projects and infrastructure costs will decrease in 2024 due to the dissolving of early stage discovery activities.

Since January 1, 2012, we have cumulatively spent €510.9 million on research and development. In the years ended December 31, 2021, 2022 and 2023, we spent €81.5 million, €98.8 million and €95.0 million, respectively, on research and development; €19.8 million, €15.1 million and €32.9 million thereof on acimtamig; € 20.0 million, €21.7 million and €19.3 million thereof on AFM24 and €6.5 million, € 9.3 million and €6.3million on AFM28. Our research and development expenses may vary substantially from period to period based on the timing of our research and development activities, including due to timing of initiation of clinical trials and enrollment of patients in clinical trials. Research and development expenses are expected to decrease as we are focusing on the clinical development of acimtamig, AFM24, and AFM28. The successful development of our product candidates is highly uncertain. At this time we cannot reasonably estimate the nature, timing and estimated costs of the efforts that will be necessary to complete the development of, or the period, if any, in which material net cash inflows may commence from, any of our product candidates. This is due to numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- the scope, rate of progress, results and cost of our clinical trials, nonclinical testing and other related activities;
- the cost of manufacturing clinical supplies and establishing commercial supplies of our product candidates and any products that we may develop;
- the number and characteristics of product candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities; and
- the terms and timing of any collaborative, licensing and other arrangements that we may establish, including any milestone and royalty payments thereunder.

A change in the outcome of any of these variables with respect to the development of acimtamig, AFM24, or AFM28 could mean a significant change in the costs and timing associated with the development of such product candidate. For example, if the FDA or other regulatory authority were to require us to conduct preclinical and clinical studies beyond those which we currently anticipate will be required for the completion of clinical development, if we experience significant delays in enrollment in any clinical trials or if we encounter difficulties in manufacturing our clinical supplies, we could be required to expend significant additional financial resources and time on the completion of the clinical development.

General and Administrative Expenses

Our general and administrative expenses consist principally of:

- salaries for employees other than research and development staff, including benefits;
- business development expenses, including travel expenses;
- professional fees for auditors and other consulting expenses not related to research and development activities;
- professional fees for lawyers not related to the protection and maintenance of our intellectual property;
- cost of facilities, communication and office expenses;
- IT expenses;

- amortization and depreciation of tangible and intangible fixed assets not related to research and development activities; and
- expenses for share-based payments.

We expect that our general and administrative expenses in 2024 will be lower compared to the expenses in 2023, due to the initiated restructuring. These decreases will likely be due to a decline in headcount, reduction in infrastructure costs, IT expenses and managing directors' and supervisory directors' liability insurance premiums. In addition, due to headcount reduction the share-based compensation awards to key management personnel and other employees may further contribute to a decrease in general and administrative expenses in 2024.

Results of Operations

The numbers below have been derived from our audited consolidated financial statements for the years ended December 31, 2022 and 2023. The discussion below should be read along with these financial statements, and it is qualified in its entirety by reference to them.

Comparison of the years ended December 31, 2022 and 2023

	Year ended December 31,	
	2022	**2023**
	(in € thousand)	
Total Revenue	**41,353**	**8,275**
Other income and expenses – net	1,417	4,697
Research and development expenses	(98,814)	(94,958)
General and administrative expenses	(32,075)	(24,675)
Operating loss	**(88,119)**	**(106,661)**
Finance income/(costs)-net	2,117	726
Loss before tax	**(86,002)**	**(105,935)**
Income taxes	(2)	(3)
Loss for the period	**(86,004)**	**(105,938)**
Total comprehensive loss	**(92,051)**	**(105,938)**
Loss per common share in € per share	**(6.04)**	**(7.09)**

Revenue

Revenue decreased from € 41.4 million for the year ended December 31, 2022 to €8.3 million for the year ended December 31, 2023. Revenue for the year ended December 31, 2023 largely consisted of revenue from the Genentech and Roivant collaborations. The decrease in revenue in 2023 as compared to 2022 was primarily driven by the fact that in both collaborations the research work on the product candidates have been completed in 2022 (Genentech) and 2023 (Roivant).

Research and development expenses

R&D Expenses by Project	Year ended December 31, 2022	2023	Change %
	(in € thousand)		
Project			
acimtamig	15,130	32,915	118 %
AFM24	21,687	19,266	(11)%
AFM28	9,290	6,265	(33)%
Other projects and infrastructure costs	42,356	30,498	(28)%
Share-based payment expense	10,351	6,014	(42)%
Total	**98,814**	**94,958**	**(4)%**

Research and development expenses decreased 4% from €98.8 million in the year ended December 31, 2022 to €95.0 million in the year ended December 31, 2023, due to lower expenses for AFM24, AFM28, other projects and infrastructure and share-based payment expense. The variances in project related expenses between the year ended December 31, 2022 and the corresponding period in 2023 are mainly due to the following projects:

acimtamig. In the year ended December 31, 2023, expenses increased 118% compared to the year ended December 31, 2022 primarily due to an increase in overall clinical trial costs, the scale-up of manufacturing of acimtamig for commercial purposes as well as costs for clinical trial material.

AFM24. In the year ended December 31, 2023, expenses decreased 11% compared to the year ended December 31, 2022, primarily due to a reduction in costs for manufacturing activities.

AFM28. In the year ended December 31, 2023, expenses decreased 33% compared to the year ended December 31, 2022, primarily due to lower costs for preclinical development activities.

Other projects and infrastructure costs. In the year ended December 31, 2023, expenses decreased 28% compared to the year ended December 31, 2022, primarily due to a decline in costs incurred with respect to certain of our collaboration projects, such as the Roivant and Genentech collaboration, for which we have completed the work assigned to us under the respective collaboration agreements. This reduction has been partially offset by the one-time termination expenditure incurred due to the reorganization of the Group earlier in 2023.

Share-based payment expenses. In the year ended December 31, 2023, expenses decreased 42% compared to the year ended December 31, 2022 due to a decrease in the underlying fair value of newly issued share options.

General and administrative expenses

General and administrative expenses decreased 23% from €32.1 million in the year ended December 31, 2022 to €24.7 million in the year ended December 31, 2023. In 2023, general and administrative expenses were largely comprised of (i) personnel expenses of €13.1 million (2022: €15.2 million), which decreased largely due to the decline in the underlying fair value of newly issued share options; (ii) legal, consulting and audit costs of €5.4 million (2022: €8.3 million) and insurance expenses of €2.8 million (2022: €3.5 million), mainly comprising D&O insurance.

Finance income / (costs)-net

We recognized finance net income for the year ended December 31, 2023 of €0.7 million compared to €2.1 million for the year ended December 31, 2022. The decrease for the year ended December 31, 2023 was primarily affected by foreign exchange gains of €0.5 million which were lower than those for the year ended December 31, 2022 of €3.4 million, these primarily related to assets denominated in U.S. dollars.

Liquidity and Capital Resources

Since our inception, we have not generated any revenue from product sales and we have incurred significant operating losses. For the years ended December 31, 2022 and 2023 we incurred net losses of €86.0 million and €105.9 million, respectively. We have funded our operations to date with the proceeds principally from the sales of our common shares, borrowings and payments from collaboration partners.

Our cash and cash equivalents as of December 31, 2023 consist primarily of bank balances. During the later part of 2023, we invested certain excess funds in US and German government treasury bonds. As of December 31, 2023, the value of these investments amounted to €33.5 million. We expect to continue this investment philosophy, as long as there is excess liquidity available. Based on our current operating and budget assumptions, we believe that our existing liquidity will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2025.

As part of our contractual obligations, we are also bound by certain operating lease obligations. Operating lease obligations consist of payments pursuant to non-cancellable operating lease agreements relating to our lease of office and laboratory space. We signed a new lease contract for offices and laboratories in 2021 and we have moved to a new facility in Mannheim, Germany, in the third quarter of 2023. The contractual lease term is ten years including a cancellation option after five years with a start date of September 1, 2023. The terms provide for renewal options.

In January 2021, we issued and sold 1,916,666 common shares and generated net proceeds after underwriter discounts and commissions and other offering expenses of €88.7 million in the aggregate pursuant to an underwritten offering of our common shares.

In November 2021, we entered into a new $100 million ATM program and, as of December 31, 2023, 0.06 million common shares had been sold under the new ATM program, generating net proceeds of €0.2 million.

In April 2022, we issued and sold 2,587,500 common shares and generated net proceeds after underwriter discounts and commissions and other offering expenses of €89.8 million in the aggregate pursuant to an underwritten offering of our shares.

Going Concern

Our financial statements have been prepared on the basis that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As a clinical-stage biopharmaceutical company, we incurred operating losses since inception. As of December 31, 2023, we had an accumulated deficit of €536.1 million.

We expect we will incur operating losses for the foreseeable future due to, among other things, costs related to continuing our clinical programs and our administrative organization. Historically, we have successfully financed our operations through income and revenues generated from collaborations, licensing, venture loans and issuance of equity. According to our most recent business planning, current cash resources including short term investments totaling €72.0 million as of December 31, 2023, are projected to finance us into the second half of 2025.

As our clinical programs are still in development stage, and because any further development until market approval and successful financing is dependent on meaningful clinical trial results, among other factors, the estimation of the cost of completing the ongoing clinical programs or the timing for bringing such programs to various markets or substantial partnering or out-licensing arrangements, and, therefore, when, if ever, material cash inflows are likely to commence, imply uncertainties. Based on the outlined cash projections, we have concluded that we have the ability to continue as a going concern. We are pursuing various financing alternatives to meet our future cash requirements, including the issuance of equity to existing or new shareholders, payment from arrangements with strategic partners and loan facilities. If we are not able to raise sufficient capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts and our ability to continue as a going concern would be uncertain. Based on our going concern assessment, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

Cash Flows

Comparison of the years ended December 31, 2022 and 2023

The table below summarizes our consolidated statement of cash flows for the years ended December 31, 2022 and 2023:

	Year ended December 31,	
	2022	**2023**
	(in € thousand)	
Net cash used in operating activities	(104,892)	(110,269)
Net cash (used)/generated in investing activities	5,605	(36,059)
Net cash (used)/generated in financing activities	88,557	(6,220)
Net changes to cash and cash equivalents	(10,730)	(152,548)
Cash and cash equivalents at the beginning of the year	197,630	190,286
Exchange-rate related changes of cash and cash equivalents	3,386	791
Cash and cash equivalents at the end of the year	**190,286**	**38,529**

Net cash used in operating activities amounted to €104.9 million in the year ended December 31, 2022 whereas net cash used in operating activities amounted to €110.2 million in the year ended December 31, 2023. The increase is mainly due to the changes in other receivables, other assets and prepaid expenses.

We generated cash in investing activities of €5.6 million for the year ended December 31, 2022, compared to cash of €36.1 million used in the year ended December 31, 2023. The investing activities in 2023 primarily related to the investment in leasehold improvements and investing in US and German government treasury bonds. The investing activities in 2022 primarily relate to investments in laboratory equipment and proceeds generated from the sale of the Roivant shares.

Net cash used for financing activities in the year ended December 31, 2023 amounted to €6.2 million and relate primarily to the repayment of the Bootstrap loan. In 2022 the cash generated of €88.6 million, primarily related to the net proceeds received from the public offering of €89.8 million.

Material Cash Requirements

Our short-term and long-term material cash requirements consist of operational and capital expenditures, some of which contain contractual obligations. Our primary uses of cash relate to clinical trial costs, third-party research and development services, the cost of manufacturing clinical trial material, manufacturing scale-up and validation costs, non-clinical development costs, personnel, milestone payments pursuant to certain of our collaboration agreements, legal, intellectual property and other regulatory expenses and general overhead costs. Because our product candidates are in various stages of clinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates or whether, or when, we may achieve profitability. In addition, our expenditures as reported in our financial statements may be expected to be variable due to that uncertainty. The most significant contractual obligation is the operating lease at our facilities in Mannheim, Germany. Our future minimum lease payments as of December 31, 2023 totaled €1.4 million related to short-term lease liabilities, and €11.3 million related to long-term lease liabilities. See Note 29, Lease liabilities, in the Notes to the consolidated financial statements in this Annual Report for additional information.

Based on our current operating and budget assumptions, we believe that our existing liquidity will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2025. We have based this estimate on assumptions that may prove to be incorrect, and we could use our capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and cost of our clinical trials, nonclinical testing, and other related activities;
- the cost of manufacturing clinical supplies, and establishing commercial supplies, of our product candidates and any products that we may develop;
- the number and characteristics of product candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities; and
- the terms and timing of any collaboration, licensing and other arrangements that we have or may establish, including any required milestone and royalty payments thereunder.

To address our financing needs, we may raise additional capital through the sale of equity or convertible debt securities. In such an event, the ownership interest of our shareholders will be diluted, and the terms of any such securities may include liquidation or other preferences that adversely affect the rights of holders of our common shares.

Cash and Funding Sources

Our liquid funds (cash and cash equivalents and investments) as of December 31, 2023 were €72.0 million. Funding sources generally comprise proceeds from the issuance of equity instruments, loans, payments from collaboration agreements and government grants.

In May 2020, we implemented a $50 million ATM program providing for the sale of shares over time, which resulted in the sale of in total 1.25 million common shares and generated net proceeds of €34.5 million in the aggregate. In November 2020, we entered into a new ATM program for an amount not to exceed $75 million, and as of December 31, 2021 a further 1.23 million common shares were sold, generating net proceeds of €58.9 million in the aggregate. In November 2021, we entered into a new $100 million ATM program. As of December 31, 2021, 0.02 million common shares were sold, generating net proceeds of €1.6 million in the aggregate. In December 2023, an additional 0.06 million common shares were sold under the ATM program, generating net proceeds of €0.2 million in the aggregate.

On January 8, 2021, we entered into a new loan agreement with Bootstrap Europe (formerly Silicon Valley Bank German Branch). The loan agreement provides us with a senior secured term loan facility (the 2021 Bootstrap Credit Facility) for up to €25.0 million, of which €10.0 million was available at closing and drawn in February 2021, and €15.0 million of which is available in two additional tranches of €7.5 million each, subject to the satisfaction of certain milestones and conditions. In December 2021, we drew on the first additional tranche of the loan, for net proceeds of €7.4 million. The second additional tranche of €7.5 million expired undrawn at the end of 2022.

The interest rate on amounts borrowed under the 2021 Bootstrap Credit Facility is calculated as the sum of (i) the European Central Bank Base Rate plus (ii) an applicable margin of 5.5%, with European Central Bank Base Rate deemed to equal zero percent if the European Central Bank Base Rate is less than zero percent. The 2021 Bootstrap Credit Facility matures in November 2025 with an interest-only period through December 1, 2022, with amortized payments of principal and interest thereafter in equal monthly installments. Borrowings under the 2021 Bootstrap Credit Facility are secured by a pledge of 100% of our shares in Affimed GmbH, all intercompany accounts receivables owed by our subsidiaries to us and a security assignment of essentially all our bank accounts, all investments in government bonds held on bank deposits, inventory, trade receivables and payment claims as specified in the loan agreement governing the facility.

On January 15, 2021, we closed the sale of 1,666,666 of our common shares at the public offering price of $60 per share in an underwritten public offering. Concurrent with closing, the underwriters exercised an option to purchase over-allotment shares and we sold an additional 250,000 shares at a price of $60 per share. We received approximately €88.7 million in net proceeds from the offering, after deducting underwriting discounts and commissions and other offering expenses.

On April 18, 2022, we closed the sale of 2,250,000 of our common shares at the public offering price of $40 per share in an underwritten public offering. Concurrent with closing, the underwriters exercised an option to purchase over-allotment shares and we sold an additional 337,500 shares at a price of $40 per share. We received approximately €89.8 million in net proceeds from the offering, after deducting underwriting discounts and commissions and other offering expenses.

Funding Requirements

We expect that we will require additional funding to complete the development of acimtamig and our other product candidates. In addition, we expect that we will require additional capital to commercialize acimtamig, AFM24 and AFM28. If we receive regulatory approval for acimtamig, AFM24, or AFM28 and if we choose not to grant any licenses to partners, we expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution, depending on where we choose to commercialize. We also continue to incur substantial costs associated with operating as a public company. Additional funds may not be available on a timely basis, on favorable terms, or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term business strategy. If we are not able to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

Based on our current operating and budget assumptions, we believe that our existing liquidity will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2025. We have based this estimate on assumptions that may prove to be incorrect, and we could use our capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and cost of our clinical trials, nonclinical testing and other related activities;
- the cost of manufacturing clinical supplies and establishing commercial supplies, of our product candidates and any products that we may develop;
- the number and characteristics of product candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing sales, marketing and distribution capabilities; and
- the terms and timing of any collaboration, licensing and other arrangements that we have or may establish, including any required milestone and royalty payments thereunder.

To address our financing needs, we may raise additional capital through the sale of equity or convertible debt securities. In such an event, the ownership interest of our shareholders will be diluted, and the terms of any such securities may include liquidation or other preferences that adversely affect the rights of holders of our common shares.

For more information as to the risks associated with our future funding needs, see “Risk Management.”

Risk Management

Our business is exposed to specific industry risks, as well as general business risks. Our financial condition or results of operations could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our common shares could decline. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors.

Listed below is a summary of the risks perceived by management to be the most significant.

Strategic and Operational Risks

Risks from the corporate restructuring

Our corporate restructuring and the associated headcount reduction may not result in anticipated savings, could result in total costs and expenses that are greater than expected and could disrupt our business.

On January 8, 2024 in connection with the evaluation of strategic alternatives and in order to extend our resources, we approved a restructuring initiative (the "Initiative") aimed at transforming us into a focused clinical organization. As part of the Initiative, we will direct all resources towards advancing the development of our clinical programs, resulting in a reduction of up to 50% of our workforce by dissolving our research and preclinical development departments, aligned with our narrowed strategic priorities.

As a result of the Initiative, we are incurring a one-time expenditure for termination payments in the first half of 2024, some of which we expect to be set-off by cost savings during the second half of 2024. We may not realize, in full or in part, the anticipated benefits, savings and improvements in our cost structure from the Initiative due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings from the Initiative, our operating results and financial condition would be adversely affected. Furthermore, the Initiative may be disruptive to our operations. For example, our headcount reductions could yield unanticipated consequences, such as increased difficulties in implementing our business strategy, including retention of our remaining employees. Employee litigation related to the headcount reduction could be costly and prevent management from fully concentrating on the business. The Initiative may also yield unintended consequences, such as attrition beyond our reduction in workforce and reduced employee morale, which may cause remaining employees to seek alternative employment.

Risks from the development and commercialization of our product candidates

Our product candidates are in preclinical or clinical development. Drug development is expensive, time consuming and uncertain, and we may ultimately not be able to obtain regulatory approvals for the commercialization of some or all of our product candidates.

The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the FDA, the European Medicines Agency (the "EMA"), national competent authorities (the "NCAs") in Europe, including the Paul-Ehrlich-Institute (the "PEI") in Germany, and other non-U.S. regulatory authorities, which establish regulations that differ from country to country. We are not permitted to market our product candidates in the United States or in other countries until we receive approval of a Biologics License Application ("BLA") or Investigational New Drug application ("IND", together with BLAs, the "US Marketing Applications") from the FDA, or marketing authorization application approvals from applicable regulatory authorities outside the United States. Our product candidates are in various stages of development and subject to the risks of failure inherent in drug development. Although we have submitted an IND application for a clinical study evaluating the combination of acimtamig and AlloNK® (such study herein referred to as "LuminICE-203"),

we continue to have limited experience in conducting and managing the clinical studies necessary to obtain regulatory approval, including by the FDA or the European Commission.

Any delay in obtaining or failure to obtain required approvals could materially adversely affect our ability to generate revenue from the particular product candidate, which likely would result in significant harm to our financial position and adversely impact our share price. Furthermore, any regulatory approval to market a product may be subject to limitations on the indicated uses for which we may market the product. These limitations may limit the size of the market for the product.

In addition, even if regulatory approval is granted, pricing and reimbursement may not occur due to a number of factors, including formulary restrictions and health service providers determining that the benefits of a new medicine are insufficient to support reimbursement, among others.

Clinical drug development involves a lengthy and expensive process with uncertain timelines and uncertain outcomes, and results of earlier trials may not be predictive of future trial results. If clinical studies of our product candidates are prolonged or delayed, we may be unable to obtain the required regulatory approvals, and therefore be unable to commercialize our product candidates on a timely basis or at all.

We have a limited history of conducting large-scale or pivotal clinical studies, and no history commercializing pharmaceutical products, which may make it difficult to evaluate the prospects for our future viability.

Our operations to date have been limited to financing and staffing our company, developing our technology and developing acimtamig, AFM24, AFM28 and, previously, our other product candidates. We have not yet demonstrated an ability to successfully complete a large-scale or pivotal clinical study, obtain marketing approval, manufacture a commercial scale product or conduct sales and marketing activities necessary for successful product commercialization. Consequently, predictions about our future success or viability may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

If clinical studies for our product candidates are prolonged, delayed or stopped, we may be unable to obtain regulatory approval and commercialize our product candidates on a timely basis, which would require us to incur additional costs and delay or restrict our receipt of any product revenue. There have been significant developments in the highly dynamic field of immuno-oncology such as the earlier availability of product candidates, or earlier approval of drugs for the same indications as our product candidates, which led us to adapt our clinical programs accordingly. For example, in the past, the marketing authorization of anti -PD-1 antibodies in Hodgkin Lymphoma (“HL”) resulted in delays in clinical study initiation and/or patient recruitment for our phase 2a investigator sponsored trial of acimtamig in HL. Certain clinical studies of our product candidates are sponsored by academic sites, which are known as investigator sponsored trials (“ISTs”). By definition, the financing, design, and conduct of such studies are under the responsibility of the academic site sponsor. Therefore, we have limited control over these studies, and we do not have control over the timing and reporting of the data from these trials. In addition, we may have limited information about ISTs while they are being conducted, including the timing of planned trial initiation, the status of patient recruitment, changes to trial design, and clinical study results.

At this stage, we cannot assure you of the safety or tolerability of acimtamig, AFM24, AFM28 mono- and/or combination therapy or of their ability to demonstrate efficacy in humans.

Positive or timely results from pre-clinical tests and early clinical trials do not ensure positive or timely results in later stage clinical trials or product approval by the European Medicines Agency, or EMA,

the U.S. Food and Drug Administration, or FDA or any other regulatory authority. Products that show positive preclinical or early clinical results often fail in later stage clinical trials.

Any delay in commencing or completing clinical trials for our product candidates would delay commercialization of our products and severely harm our business and financial condition. It is also possible that none of our product candidates will complete clinical trials in any of the markets in which we intend to sell those product candidates. Accordingly, we would not receive the regulatory approvals needed to market our product candidates.

The regulatory approval process is costly and lengthy and we may not be able to successfully obtain all required regulatory approvals. The pre-clinical development, clinical trials, manufacturing, marketing and labeling of pharmaceuticals and medical devices are all subject to extensive regulation by governmental authorities and agencies in the European Union (“EU”), the US and other jurisdictions.

We must obtain regulatory approval for products before marketing or selling any of them. The approval process is typically lengthy and expensive, and approval is never certain.

Additional clinical trials may be required if clinical trial results are negative or inconclusive, which will require us to incur additional costs and significant delays.

Our products will remain subject to ongoing regulatory review even if they receive marketing approval. If we fail to comply with continuing regulations, we could lose these approvals and the sale of our products could be suspended.

Even if we receive regulatory approval to market a particular product, the approval could be conditional on us conducting additional costly post-approval studies or could limit the indicated uses included in the labeling of our products. Moreover, the product may later cause adverse effects that limit or prevent its widespread use, force us to withdraw it from the market or impede or delay our ability to obtain regulatory approvals in additional countries. In addition, the manufacturer of our products, and their facilities, will continue to be subject to regulatory review and periodic inspections to ensure adherence to applicable regulations. After receiving marketing approval, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and the product will remain subject to extensive regulatory requirements.

Our products may not gain market acceptance. Sales of medical products depend on physicians’ willingness to prescribe the treatment, which is likely to be based on a determination by these physicians that the products are safe and effective from a therapeutic and cost perspective relative to competing treatments. We cannot predict whether physicians will make this determination in respect of our products.

Even if our products achieve market acceptance, the market may prove not to be large enough to allow us to generate significant revenues.

Our ability to generate revenue from any products that we may develop will depend on reimbursement and pricing policies and regulations.

Our ability to commercialize our products may depend, in part, on the extent to which reimbursement for our products will be available from government and health administration authorities, private health insurers, managed care programs and other third-party payers.

Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. In many countries, healthcare and pharmaceutical products are subject to a regime of reimbursement by government health authorities, private health insurers or other organizations. There is increasing pressure from these organizations to limit healthcare costs by restricting the availability and level of reimbursement.

Risks related to COVID-19

A pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, could cause a disruption to the development of our product candidates.

Public health crises such as pandemics or similar outbreaks could adversely impact our business. In December 2019, COVID-19 spread worldwide. The coronavirus pandemic led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The extent to which a pandemic, epidemic or outbreak of an infectious disease impacts our operations or those of our third-party partners, including our development studies or clinical trial operations, will depend on future occurrences, which are highly uncertain and cannot be predicted with confidence, including the duration of any outbreak and the actions to contain or treat its impact, among others. The spread of an infectious disease in the United States or globally could adversely impact our product candidate development or clinical trial operations in the United States and abroad. Any negative impact infectious diseases have on patient enrollment and treatment, and the timing and execution of our clinical trials could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to advance towards commercialization, increase operating expenses and have a material adverse effect on our business and financial results.

Risks related to political events, war, terrorism, business interruptions and other geopolitical events and uncertainties beyond our control

The potential impacts of war, terrorism, geopolitical uncertainties, international conflicts, including the ongoing conflicts between Russia and Ukraine and in the Middle East, the effect of governmental initiatives to manage economic conditions and other business interruptions could cause damage to or disrupt our operations and those of our third-party suppliers, partners, and collaborators. In addition, territorial invasions can lead to cybersecurity attacks located far outside of the conflict zone. Interruptions to our operations could seriously harm our ability to timely proceed with any clinical programs, and could imply incurring in significant expenditures as salaries and loan payments would usually continue. Following Russia's invasion of Ukraine in February 2022, the United States, several European Union nations, and other countries have announced sanctions against Russia, and the North Atlantic Treaty Organization ("NATO") has deployed additional military forces to Eastern Europe. The invasion of Ukraine and the retaliatory measures that have been taken, or could be taken in the future, by Russia, the United States, NATO and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies. Similarly, the outbreak of hostilities in the Middle East has the potential for further disruption of economic markets, particularly if the war expands to include other state actors. Any or all of the above could disrupt our supply chain, adversely affect our ability to conduct ongoing and future clinical trials of our product candidates, and adversely affect our ability to commercialize our products (subject to regulatory approval).

Risks Related to our Financial Position and need for Additional Capital

We have incurred significant losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales. We may never achieve or sustain profitability.

We are a clinical-stage immuno-oncology company. We have incurred significant losses since our inception. As of December 31, 2023, our accumulated deficit was €536.1 million. Our losses have resulted principally from expenses incurred in research and development of our product candidates and from general and administrative expenses that we have incurred while building our business infrastructure. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates, prepare for and begin to commercialize any approved products, and add

infrastructure and personnel to support our product development efforts and operations as a public company. The net losses and negative cash flows incurred to date, together with expected future losses, have had, and likely will continue to have, an adverse effect on our shareholders' equity and working capital. The amount of future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. For example, our expenses could increase if we are required by the FDA or the EMA to perform trials in addition to those that we currently expect to perform, or if there are any delays in completing our currently planned clinical studies or in the development of any of our product candidates.

To become and remain profitable, we must succeed in developing and commercializing products with significant market potential. This will require us to be successful in a range of challenging activities for which we are only in the preliminary stages, including developing product candidates, obtaining regulatory approval for them, and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We may never succeed in these activities and may never generate revenue from product sales that is significant enough to achieve profitability.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations. If we are unable to raise capital when needed or on acceptable terms, we may need to delay, reduce or terminate our product development programs and may be unable to continue as a going concern and could ultimately go into insolvency.

We are advancing our product candidates through clinical development. Developing pharmaceutical products, including conducting preclinical studies and clinical studies, is expensive. In order to obtain such regulatory approval, we will be required to conduct clinical studies for each indication for each of our product candidates. We will require additional funding to complete the development and commercialization of our product candidates and to continue to advance the development of our other product candidates, and such funding may not be available or acceptable due to factors beyond our control, such as rising interest rates, uncertainty in financial markets, or economic instability, and our failure to raise capital when needed could harm our business. Although it is difficult to predict our liquidity requirements, based upon our current operating plan, assuming all of our programs advance as currently contemplated, we anticipate that our existing liquidity will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2025. Because successful development of our product candidates is uncertain, we are unable to estimate the actual funds we will require to complete research and development and to commercialize our product candidates. In the event we are not able to generate sufficient funds from these measures, we may be unable to continue as a going concern, our business, financial condition and/or results of operations could be materially and adversely affected and we may ultimately go into insolvency. Reference is also made to the going concern assessment included in note 4 'Going Concern' of the financial statements.

Risks Related to Legal Compliance Matters

Our operations, including our research, development, testing and manufacturing activities, are subject to numerous environmental, health and safety laws and regulations. If we fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

The third parties with whom we contract to manufacture our product candidates are also subject to these and other environmental, health and safety laws and regulations. Liabilities they incur pursuant to these laws and regulations could result in significant costs or in certain circumstances, an

interruption in operations, any of which could adversely impact our business and financial condition if we are unable to find an alternate supplier in a timely manner.

Risks Related to Information Technology Systems or Infrastructure

In the ordinary course of business, we and our business partners store sensitive data, including intellectual property and proprietary information related to our business and our business partners, on our information technology systems. Despite the implementation of security measures, these systems are vulnerable to damage from computer viruses, unauthorized access, cyber-attacks, natural disasters, terrorism, war and telecommunication, electrical and other system failures due to employee error, malfeasance or other disruptions. We could experience a business interruption, intentional theft of confidential information or reputational damage, including damage to key customer and partner relationships, from system failures, espionage attacks, malware, ransomware or other cyber-attacks. Such cyber-security breaches may compromise our system infrastructure or lead to data leakage, either internally or at our contractors or consultants. In particular, system failures or cyber-security breaches could result in the loss of nonclinical or clinical trial data from completed, ongoing or planned trials, which could cause delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. The risk of a security breach or disruption, particularly through cyber-attacks, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased.

To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, including protected health information or personal data of employees or former employees, we could be subject to legal claims or proceedings, liability under laws and regulations governing the protection of health and other personally identifiable information and related regulatory penalties. In any such event, our business, results of operations, financial position and cash flows could be materially adversely affected.

Risks Related to Our Common Shares

If we are unable to comply with Nasdaq's continued listing requirements, our common shares could be delisted from the Nasdaq Global Market, which would seriously harm the liquidity of our common shares and our ability to raise capital.

In April 2023, we received a letter from Nasdaq indicating that for the last thirty consecutive business days, the bid price for our common shares had closed below the minimum $1.00 per share requirement for continued listing on Nasdaq under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were provided an initial period of 180 calendar days, or until October 2, 2023, to regain compliance. As the common shares remained below the minimum bid price, we applied for a transfer of our common shares from the Nasdaq Global Select Market to the Nasdaq Capital Market. On October 4, 2023 we announced that we received approval from the Listing Qualifications Department of Nasdaq to transfer the listing of our common shares from the Nasdaq Global Market to the Nasdaq Capital Market. This transfer was effective as of the opening of business on October 4, 2023 and provided us with an additional 180 calendar days, or until April 1, 2024, to regain Nasdaq listing compliance. On March 25, 2024, we received a letter from Nasdaq stating that, for the last 10 consecutive business days, the closing bid price of our common shares was $1.00 per share or greater and, accordingly, we regained compliance with Listing Rule 5550(a)(2).

Pursuant to the shareholder approval obtained at our annual general meeting of shareholders held in June 2023, our supervisory board and management board effectuated a 1-for-10 reverse stock split on March 8, 2024 (the "Reverse Stock Split"). On March 11, 2024, the common shares began trading on a post-split basis under the Company's existing trading symbol "AFMD." The Reverse Stock Split was undertaken with the objective of meeting the minimum $1.00 per share requirement for maintaining the listing of our common shares on the Nasdaq Capital Markets. All the share and per share information

for all periods presented herein have been adjusted to reflect the 1-for-10 Reverse Stock Split. There is no guarantee that the post-split share price will be sufficient to continue to meet such standards.

A continued decline in the closing price of our common shares on Nasdaq could result in suspension or delisting procedures in respect of our common shares. The commencement of suspension or delisting procedures by Nasdaq remains, at all times, at the discretion of Nasdaq and would be publicly announced by the exchange. If a suspension or delisting were to occur, there would be significantly less liquidity in the suspended or delisted securities. In addition, our ability to raise additional necessary capital through equity or debt financing would be greatly impaired. Furthermore, with respect to any suspended or delisted common shares, we would expect decreases in institutional and other investor demand, analyst coverage, market making activity and information available concerning trading prices and volume, and fewer broker-dealers would be willing to execute trades with respect to such common shares. If our common shares are removed from the Nasdaq Capital Market, an investor could find it more difficult to dispose of, or to obtain accurate quotations as to the market value of, our common shares. Additionally, our common shares may then be subject to “penny stock” regulations.

Risk Management regarding Financial Instruments

Qualitative Disclosure about Market Risk

As a result of our operating and financing activities, we are exposed to market risks that may affect our financial position and results of operations. Market risk is the potential to incur economic losses on risk sensitive instruments arising from adverse changes in factors such as foreign exchange rate fluctuations.

Our senior management is responsible for implementing and evaluating policies which govern our funding, investments and any use of derivative financial instruments. Management monitors risk exposure on an ongoing basis.

Credit risk

The Group’s financial assets comprise to a large extent cash and cash equivalents. In addition, financial assets include shares, government treasury bonds and trade and other receivables. The total carrying amount of shares (€ nil, 2022: €nil), government treasury bonds (€33.5 million, 2022: € nil), cash and cash equivalents (€38.5 million, 2022: €190.3 million), other financial assets €0.9 million and trade and other receivables (€5.3 million, 2022: €2.7 million) represents the maximum credit exposure of €78.2 million (2022: €193.0 million).

The cash and cash equivalents are held with banks, which are for the majority of cash and cash equivalents rated A+ to AA2 based on Standard & Poor’s and Moody’s.

Government treasury bonds comprise bonds issued by the German government with Standards & Poors ratings of AAA and United States government bonds with Standards & Poors rating of AA+.

Interest rate risks

The Group’s interest rate risk arises from cash accounts.

Market interest rates on cash and cash equivalents as well as on term deposits were low, and in some cases in the prior year negative, resulting in net interest income of €2,276 thousand (2022: interest expense of €401 thousand). A shift in interest rates (increase or decrease) could potentially have a material impact on the loss of the Group.

Other price risks

The fair value of the shares in Amphivena depends on the estimated share price, however as the shares are currently reflected at nil, no material exposure exists.

The fair value of the government treasury bonds depends on their quoted share price, as at December 31, 2023 fair value amounts to €33.5 million. Due to the short maturities (not more than six months at the date of acquisition) of these bonds, the Group does not anticipate any significant price risk exposure.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's entities are mainly exposed to US Dollars (USD), British Pound (GBP) and Swiss Francs (CHF). The net exposure as of December 31, 2023 was €28,533 (2022: €28,694) and mainly relates to US Dollars. Previously, the Group was also exposed to Czech Koruna (CZK).

In 2023, if the Euro had weakened/strengthened by 10% against the US dollar with all other variables held constant, the loss would have been €1,576 thousand (2022: €3,270 thousand) higher/lower, mainly as a result of foreign exchange gains/losses on remeasurement of US dollar-denominated financial assets. The Group considers a shift in the exchange rates of 10% as a realistic scenario.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities which are normally settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Group expects that further funding will be required to complete the development of the existing product candidates.

Further, funding will also be required to commercialize the products if regulatory approval is received.

The Group continually monitors its risk of a shortage of funds using short and mid-term liquidity planning. This takes account of the expected cash flows from all activities. Due to the inherent nature of the Group being a biopharmaceutical company, the operations of the business are cash intensive. The Group maintains detailed budgets to accurately predict the timing of cash flows, to ensure that sufficient funding can be made available or appropriate measures to minimize expenditures are implemented to avoid any anticipated cash shortfalls. To achieve this objective, the supervisory board undertakes regular reviews of these budgets, the Group pursues various alternatives, including entering into collaboration, seeking additional investors, obtaining further funding from existing investors through additional funding rounds and/or delaying, reducing the scope of, eliminating or divesting clinical programs and considering other cost reduction initiatives, such as reducing the amount of space being rented by the Group or sub-letting, postponing hiring new personnel and/or reducing the size of the current workforce.

In November 2021, the Company implemented a new ATM program providing for additional sales over time of up to $100 million of its common shares. In December 2023, the Company had issued approximately 0.06 million shares and generated approximately €0.2 million in net proceeds from this new ATM program.

On April 18, 2022, the Company closed its public offering of 2,250,000 common shares, at the public offering price of $40 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 2,587,500. The public offering generated net proceeds of €89.8 million ($97.0 million), after deducting €6.0 million ($6.5 million) in underwriting commissions and other offering expenses.

The contractual maturities of Borrowings are as follows (€ thousands):

	2023	2022
Payments within one year	5,833	5,930
Payments between one and five years	6,878	12,752
	12,711	**18,682**

Corporate Governance Report

I. GENERAL

Affimed N.V. is a public limited liability company (the "**Company,**" "**Affimed,**" or "**we**") with corporate seat in Amsterdam, the Netherlands, governed by Dutch law, and with registered office in Mannheim, Germany. Affimed started as a private company with limited liability and was converted to a Dutch public limited liability company in connection with a corporate reorganization that occurred prior to the consummation of the initial public offering of common shares of Affimed, which began trading on the Nasdaq Global Market on September 12, 2014 under the symbol "AFMD."

The Dutch Corporate Governance Code

We are subject to various corporate governance requirements and best practices codes, the most relevant being those in the Netherlands and the United States. As a Dutch company, the Company is subject to the Dutch Corporate Governance Code ("**DCGC**" or the "**Code**") and is required to disclose in its statutory annual report filed in the Netherlands ("**Annual Report**"), whether it complies with the provisions of the DCGC. The DCGC contains principles and best practice provisions for managing boards, supervisory boards, shareholders and general meetings of shareholders, financial and sustainability reporting, auditors, disclosure, compliance and enforcement standards. If the Company does not comply with the provisions of the DCGC (for example, because of a conflicting Nasdaq requirement or otherwise), the Company must list the reasons for any deviation from the DCGC in its Annual Report.

In the present Annual Report, we address our overall corporate governance structure and state to what extent we apply the provisions of the DCGC. The Company's deviation from certain practices of the DCGC is due to the Company being listed in the United States with most of Affimed's investors being outside of the Netherlands, as well as due to the international business focus of the Company. As a company listed on Nasdaq, the Company also complies with Nasdaq's corporate governance listing standards (except for instances where we follow our Dutch home country corporate governance practices, including the Code, in lieu of certain Nasdaq corporate governance requirements as explained below) and the rules and regulations promulgated by the SEC. Nasdaq investors are often more familiar with Nasdaq's rules than with the DCGC.

The full text of the DCGC can be found at the website of the Monitoring Commission Corporate Governance Code (www.mccg.nl). Further information about the Company's corporate governance practices is available at our website (www.affimed.com/corporate-governance).

The Monitoring Committee Corporate Governance has published an amended version of the Code on 20 December 2022, which for reporting purposes applies to the Company for the financial year starting on 1 January 2023.

II. MANAGING DIRECTORS AND SUPERVISORY DIRECTORS

The following table lists the current members of our management board (status May 2024):

Name	Age	Position
Andreas Harstrick	62	Acting Chief Executive Officer and Chief Medical Officer
Wolfgang Fischer	60	Chief Operating Officer
Denise Mueller	55	Chief Business Officer

Our former Chief Executive Officer, Adi Hoess, and former Chief Financial Officer, Angus Smith, resigned from their positions and left the Company in January 2024 and December 2023, respectively. Dr. Andreas Harstrick assumed the position of acting Chief Executive Officer, and

Harry Welten (former supervisory board member) provides consultancy to the management board on its financial operating responsibilities . In addition, former Chief Scientific Officer, Dr. Arndt Schottelius, has resigned from his position and left the Company in February 2024.

The following is a brief summary of the business experience of the members of our management board.

Andreas Harstrick, M.D., Acting Chief Executive Officer and Chief Medical Officer. Dr. Harstrick agreed to serve as our Chief Medical Officer, starting in March 2020. Dr. Harstrick assumed the position of acting Chief Executive Officer and chairman of the management board. He will hold this position until a new Chief Executive Officer is appointed. He brings 30 years of extensive experience in cancer drug development, including the successful designing of clinical trials leading to approval of antibody drugs (Erbitux®; Cyramza®) and in-depth experience in setting-up and managing clinical oncology teams. Dr. Harstrick was Chief Medical Officer at Molecular Partners AG from 2015 to 2019, where he oversaw clinical activities, including expansion of the clinical team, and was a member of the management board. Between 2012 and 2014, Dr. Harstrick was Senior Vice President Medical Sciences at ImClone Systems, a wholly-owned subsidiary of Eli Lilly and Company, where he was also a member of the Lilly Oncology Program Review Board and the Lilly Oncology Business Unit Development Committee. Prior to joining ImClone in 2008, Dr. Harstrick was Senior Vice President Global Clinical Development Unit Oncology at Merck Serono until 2008. Dr. Harstrick is an oncologist by training. He spent his medical career at the University Hospital and Cancer Center Hannover, Germany; the Roswell Park Cancer Institute, Buffalo NY; as well as the West German Cancer Center, Essen, Germany. He earned his MD at Medical School Hannover, Germany, and in 1999 he became Associate Professor for Internal Medicine, University of Essen, Germany.

Wolfgang Fischer, Chief Operating Officer. Dr. Fischer joined us in 2017 from Sandoz Biopharmaceuticals (Novartis Group). He has 20 years of experience in research and drug development with a focus on oncology, immunology and pharmacology. At Sandoz he managed the development and registration of Sandoz' biosimilar pipeline assets since 2012 and served as Global Head of Program and Project Management since 2014. Prior to joining Sandoz, he held various positions of increasing responsibility within the Novartis Group since 2003, including Medical Director Oncology for Novartis Pharma Switzerland AG as well as Regional Medical Director Hematology (Emerging Growth Markets), where he was responsible for the Hematology Medical Affairs program and supported the launch of several products in various countries. Dr. Fischer holds a Ph.D. in Cancer Research from the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland. Thereafter, he completed postdoctoral fellowships at the Swiss Institute of Experimental Cancer Research, Lausanne, Switzerland and at the Scripps Research Institute, Department of Immunology, La Jolla, CA, USA, followed by a state doctorate (Habilitation) in Pharmacology and Toxicology at the Medical School of the University of Würzburg in Germany in 2003.

Denise Mueller, Chief Business Officer and Co-President Affimed Inc. Ms. Mueller joined us in 2016 following a 17-year career at Wyeth and Pfizer Inc. She has held leadership roles in U.S. and global marketing including launch of new products and line extensions in-line and globally. Ms. Mueller has also held the position of Disease Area Lead for multiple therapeutic areas where she was responsible for disease area strategy, indication strategy for multiple assets, early commercial development and market shaping. In addition to broad and extensive commercial experience, Ms. Mueller led and managed two of Pfizer's largest alliances and was the business development lead for Pfizer's rare disease business unit. Prior to joining pharmaceuticals, Ms. Mueller worked in hospital management running Emergency Medicine, Critical Care, in-house Pediatrics and hospitalist programs. Ms. Mueller holds a B.A. in Mathematics from Virginia Polytechnic and State University.

The following table lists the supervisory directors currently in office. Thomas Hecht is the chairman of our supervisory board. The term of each of our supervisory directors will end on the date of the annual general meeting of shareholders in the year indicated below.

Name	Gender	Nationality	Age	Initial/reappointment	Term
Thomas Hecht	M	German	73	June 21, 2023	2026
Bernhard Ehmer	M	German	69	June 22, 2022	2025

Name	Gender	Nationality	Age	Initial/reappointment	Term
Ulrich Grau	M	German/US	75	June 15, 2021	2024
Annalisa Jenkins	F	British	58	June 21, 2023	2026
Mathieu Simon	M	French/US	67	June 15, 2021	2024
Uta Kemmerich-Keil	F	German	57	June 15, 2021	2024
Constanze Ulmer-Eilfort	F	German	61	June 21, 2023	2026

The following is a brief summary of the business experience of the Company's supervisory directors.

Thomas Hecht, Chairman. Dr. Hecht has been the chairman of our supervisory board since 2014, and previously had been the chairman of the supervisory board of our German operating subsidiary since 2007. He is head of Hecht Healthcare Consulting in Küssnacht, Switzerland, a biopharmaceutical consulting company founded in 2002. Dr. Hecht also serves as Chairman of Aelix Therapeutics and as Member of the Board of Directors of BioInvent, Sweden. Previously, Dr. Hecht served as a director of Humabs BioMed AG until August 2017 and he served as chairman of the board of directors of Cell Medica Ltd. Until the beginning of June 2020, he served as chairman of the board of directors of Vaximm AG, until March 2015, he served as chairman of the supervisory council of SuppreMol GmbH and until June 2016, of Delenex AG. Dr. Hecht was previously Vice President Marketing at Amgen Europe. A seasoned manager and industry professional, he held various positions of increasing responsibility in clinical development, medical affairs and marketing at Amgen between 1989 and 2002. Prior to joining the biopharmaceutical industry, he was certified in internal medicine and served as Co-Head of the Program for Bone Marrow Transplantation at the University of Freiburg, Germany.

Bernhard R.M. Ehmer, Director. Dr. Ehmer has been a member of our supervisory board since 2016. In May 2022, he was elected the chair of the board of directors and a member of the audit committee of Biotest AG, where he had served as chairman of the board of management until April 2019. Furthermore, he has been on the Board of Directors at Achilles Therapeutics since May 2022. He also served as chairman of the board of directors at Symphogen A/S, Denmark until June 2020. Prior to this, he worked for the Imclone Group, a wholly owned subsidiary of Eli Lilly, as president of Imclone Systems Corporation in the United States and as managing director in Germany. In 2007/2008 he was CEO of Fresenius Biotech, Germany and before this, Dr. Ehmer headed the Business Area Oncology of Merck KGaA, Darmstadt and served as head of Global Clinical Operations at Merck. Between 1986 and 1998 he held various functions at Boehringer Mannheim in Germany, Italy and Singapore. Dr. Ehmer holds a degree in medicine and worked in the Department of Internal Medicine at the Academic Teaching Hospital of the University of Heidelberg.

Ulrich M. Grau, Director. Dr. Grau has been a member of our supervisory board since July 2015. Prior to that, he served as an advisor to the management board of our German operating subsidiary beginning in May 2013. He has over 30 years of experience in the biotechnology and pharmaceutical industries including in general management, business development, corporate strategy and the development of new products and technologies. Dr. Grau was Chief Operating Officer at Micromet from 2011 to 2012. Between 2006 and 2010, Dr. Grau was a founder, President and CEO of Lux Biosciences, Inc., a clinical stage ophthalmic company. Previously, Dr. Grau served as President of Research and Development at BASF Pharma/ Knoll where he directed a global R&D organization with a development pipeline which included Humira. The majority of his career was at Aventis Pharma (now Sanofi), where he last held the position of Senior Vice President of global late stage development. Sanofi’s product Lantus for the treatment of type 2 and type 1 diabetes is based on his inventions made during his early years as a scientist with Hoechst AG. Dr. Grau received his Ph.D. in chemistry and biochemistry from the University of Stuttgart and spent three years as a post-doctoral fellow at Purdue University in the field of protein crystallography.

Annalisa Jenkins, Director. Dr. Jenkins has been a member of our supervisory board since August 2020. She is a life sciences thought leader with over 25 years of biopharmaceutical industry experience. She has consistently mentored leadership teams advancing programs from basic research through clinical development, regulatory approval and healthcare systems globally. Dr Jenkins graduated with a degree in medicine from St. Bartholomew's Hospital in the University of London and received her Fellowship from the Royal College of Physicians London. She trained in cardiovascular medicine and was a research fellow at Imperial College. Earlier in her career, Dr. Jenkins was a medical officer in the British Royal Navy during the Gulf Conflict, achieving the rank of Surgeon Lieutenant Commander. She also held senior leadership roles at Merck Serono and Bristol Myers-Squibb over a period of 15 years. Dr. Jenkins previously served as President and CEO of Dimension Therapeutics, a leading gene therapy company she took public on the Nasdaq and subsequently sold to Ultragenyx. Following her relocation back to the United Kingdom, she served in numerous roles spanning the public, private and charitable sectors, including Genomics England, The King's Fund and British Heart Foundation and Chair of YouBelong, a leading mental health care charity. She is also a board member of several growing public and private companies, including Oncimmune, AVROBIO, COMPASS Pathways, Mereo Biopharma and Skye Bioscience. Dr. Jenkins serves on a number of advisory boards and frequently speaks on leadership with purpose, social entrepreneurship, diversity and innovation.

Mathieu Simon, Director. Dr. Simon has been a member of our supervisory board since 2018. Dr. Simon is a senior strategic advisor at Mediobanca Group, Milan, Madrid, Paris, in the healthcare sector. He is chairman of the board at Idorsia Pharmaceuticals, as well as chairman of AILEEN's Pharma in Milan (Italy). Dr. Simon serves also as independent board member at Banook Group (France), Lysogene (France) and VAXIMA AG (Switzerland). Dr. Simon has served as Cellectis' Executive Vice-President since 2012 and as Chief Operating Officer since 2013. Dr. Simon also served as Chief Executive Officer of a former subsidiary of Cellectis. He has been instrumental to the development of Cellectis and its CAR Allogenic T-Cell platform. He also served as Chief Executive Officer of Ectycell in 2012. He served as Chairman of the Board of Celleartis AB until 2014 before its acquisition by Takara Bio. Prior to joining Cellectis, Dr. Simon was Managing Director, Head of Global Pharma at Pierre Fabre SA, the third largest French Pharma Company. Beginning in 1994, he served at Wyeth Pharmaceuticals in both general management roles (President Managing Director of Wyeth SPA) and senior corporate role in Philadelphia, United States (SVP / Head of International Marketing and Medical Affairs).

Uta Kemmerich-Keil, ***Director***. Mrs. Kemmerich-Keil was elected as a member of our supervisory board in June 2021 and has over 20 years of executive experience in the pharmaceutical and chemical industry. Most recently she headed up the personal healthcare international business of P&G and has over 19 years of experience from Merck KGaA, where she served, inter alia, as Chief Executive Officer of the global OTC- and global Allergy business, EVP Finance, Investor Relations and M&A. Mrs. Kemmerich-Keil is a board member of several public and privately held companies like Schott AG, Klosterfrau Zürich AG and Röchling S.E. She is a board member and member of the Audit Committee of Karo Healthcare AB, Biotest AG and Beiersdorf AG. In Biotest AG she leads the audit committee. She holds a M.Sc. (Economics) and a M.A (Roman Philology) from Freiburg University and a License from Nouvelle Sorbonne, Paris.

Constanze Ulmer-Eilfort, Director. Dr. Ulmer-Eilfort was elected as a member of our supervisory board in June 2023. She is a partner at the law firm Peters, Schönberger & Partner, an interdisciplinary law and advisory firm located in Munich, Germany, a role she has held since 2022. Prior to that, Dr. Ulmer-Eilfort worked at Baker McKenzie serving in several roles, including as partner from 1998 to 2021, Member of the Global Executive Committee from 2017 to 2021, and as Managing Partner of the German and Austrian offices from 2012 to 2017. Since 2021, Dr. Ulmer-Eilfort has served as member of the supervisory board of Evotec SE, a Hamburg-based, publicly listed drug discovery and development company. She also serves as Chair of the Advisory Committee at Smart4Diagnostics GmbH, a healthcare start-up based in Munich. Since 2022, Dr. Ulmer-Eilfort has also served as a member of the board of Proxygen GmbH, a Vienna based biotech company developing and commercializing molecular glue degraders, and is an advisor to the management board of Artidis AG, a Basel healthcare company developing a technology platform for the rapid diagnosis of cancer. Dr. Ulmer-Eilfort holds a law degree from the University of Munich, a Master of

Law degree from the University of Pennsylvania Law School, and a doctorate degree in law from the University of Berlin.

III. BOARD PRACTICES

Governance structure

Affimed N.V. is a public limited liability company under Dutch law with a two-tier board structure. Our management board (*raad van bestuur*) has ultimate responsibility for the overall management of Affimed. The management board is supervised and advised by a supervisory board (*raad van commissarissen*). The management board and the supervisory board are accountable to Affimed's shareholders.

Management board

The management board manages our general affairs and ensures that we can effectively implement our strategy and achieve our objectives.

At least once per year the management board informs the supervisory board in writing of the main lines of the Company's strategic policy, the general and financial risks and the management and control system. The management board provides the supervisory board with any other information as the supervisory board requires in performing its duties.

Our management team has extensive experience in the biopharmaceutical industry, and key members of our team have played an important role in the development and commercialization of approved drugs.

For a more detailed description of the responsibilities of the management board, please refer to the corporate governance section of our website at www.affimed.com.

Composition of the management board

The number of managing directors is determined by the supervisory board. Currently, following the changes to the management board as described above (please refer to *Chapter II – Managing directors and supervisory directors*), the management board consists of three directors.

The size and composition of our management board and the combined experience and expertise of its members should reflect the best fit for Affimed's profile and strategy. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in Affimed having a management board in which two members are male (66.6%) and one member is female (33.3%). In order to increase the diversity of the management board in a way as to ensure a degree of diversity appropriate to the company we pay close attention to expertise, competencies and other personal qualities, sex or gender diversity, age, nationality and cultural or other backgrounds in the process of recruiting and appointing new management board candidates.

Appointment, suspension and dismissal

Managing directors are appointed by the general meeting of shareholders upon a binding nomination of the supervisory board. The general meeting of shareholders can suspend or dismiss a management board member by an absolute majority of votes cast, upon a proposal made by the supervisory board. If another party makes the proposal, a two-thirds majority of the votes cast, representing more than half of the issued share capital, is required. If this qualified majority is not achieved, a second general meeting as referred to in article 2:120 section 3 of the Dutch Civil Code may not be convened.

Supervisory board

Our supervisory board supervises the policies of the management board including the strategy and sustainable long-term value-creation for the company and the general course of affairs of the Company's business. The supervisory board gives advice to the management board and is guided by the Company's interests and its business when performing its duties. The management board provides such information to the supervisory board as is required to perform its duties. Currently, the supervisory board consists of seven supervisory directors.

The composition of the supervisory board has changed in 2023. At the annual general meeting of shareholders on June 21, 2023, Dr. Ulmer-Eilfort was appointed as supervisory board member and Dr. Hecht and Dr. Jenkins were reappointed as supervisory board member. Harry Welten has resigned from his position as supervisory board member on December 31, 2023, to provide consultancy to the management board on its financial operating responsibilities.

The Company's articles of association provide for a term of appointment of supervisory directors of up to four years. Furthermore, the Company's articles of association state that a supervisory director may be reappointed, but that any supervisory director may be a supervisory director for no longer than twelve years. Under the DCGC a supervisory director may be appointed for a term of four years and may then be reappointed for another four-year period. The supervisory director may then subsequently be reappointed for a period of two years, which may be extended by at most two years. The Company's supervisory directors are appointed for overlapping terms.

The supervisory board meets as often as any supervisory director deems necessary. In a meeting of the supervisory board, each supervisory director has a right to cast one vote. All resolutions by the supervisory board are adopted by an absolute majority of the votes cast. In the event the votes are equally divided, the chairman has the decisive vote. A supervisory director may grant another supervisory director a written proxy to represent him or her at the meeting.

The Company's supervisory board can pass resolutions outside of meetings, provided that the resolution is adopted in writing and all supervisory directors have consented to adopting the resolution outside of a meeting.

The Company's supervisory directors do not have a retirement age requirement under the Company's articles of association.

Composition of the supervisory board

The composition of the supervisory board, including its members' combined experience and expertise, independence, and diversity of age and gender, should reflect the best fit for Affimed's profile and strategy. This aim for the best fit, in combination with the availability of qualified candidates, has resulted in Affimed currently having a supervisory board in which four members are male (57.1%) and three members are female (42.9%). In order to increase the diversity of the supervisory board in a way to ensure a degree of diversity appropriate to the Company, we pay close attention to expertise, competencies and other personal qualities, sex or gender diversity, age, nationality and cultural or other backgrounds in the process of recruiting and appointing new supervisory board candidates. This is also demonstrated by the nomination by the supervisory board of Dr. Constanze Ulmer-Eilfort as new supervisory board member at the annual general meeting of shareholders on June 21, 2023.

Appointment, suspension and dismissal

Supervisory directors are appointed by the general meeting of shareholders upon a binding nomination of the supervisory board for a term of up to four years. The general meeting of shareholders can suspend or dismiss a supervisory board member by an absolute majority of votes cast, upon a proposal made by the supervisory board. If another party makes the proposal, a two-thirds majority of the votes cast, representing more than half of the issued share capital, is required. If this qualified majority is not achieved, a second general meeting as referred to in article 2:120 section 3 of the Dutch Civil Code may not be convened.

Conflicts of interest

Each member of the management board is required to immediately report any potential conflict of interest to the chairman of the supervisory board and to the other members of the management board and provide them with all relevant information. Each member of the supervisory board is required to immediately report any potential conflict of interest to the chairman of the supervisory board and provide him or her with all relevant information. The chairman determines whether there is a conflict of interest. If a member of the supervisory board or a member of the management board has a conflict of interest with the Company, the member may not participate in the discussions and/or decision-making process on subjects or transactions relating to the conflict of interest. The chairman of the supervisory board will arrange for such transactions to be disclosed in the Annual Report.

In accordance with best practice provision 2.7.5 of the DCGC, Affimed reports that no transactions between the Company and legal or natural persons who hold at least 10% of the shares in the Company occurred in 2023.

Supervisory board committees

Although the supervisory board retains ultimate responsibility, the supervisory board has delegated certain of its tasks to its committees.

A description of the committees is set out hereafter under "Committee activities during 2023".

Committee activities during 2023

Audit committee

The audit committee, which consists of Uta Kemmerich-Keil (Chair), Harry Welten (until December 31, 2023), Thomas Hecht (from January 2024) and Bernhard Ehmer, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements and sustainability reporting. Our supervisory board has determined that all members of the audit committee satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. The supervisory board has determined that Uta Kemmerich-Keil and Harry Welten (until December 31, 2023) qualify as “audit committee financial experts,” as such term is defined in the rules of the SEC.

The audit committee is responsible for the selection of the registered public accounting firm that should serve as our independent auditor, and our supervisory board is responsible for recommending the appointment of the independent auditor to the general meeting of shareholders. In addition, the audit committee is responsible for the compensation, retention and oversight of the independent auditor appointed by the general meeting of shareholders; pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services; evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full supervisory board on at least an annual basis and reviewing and discussing with the management board and the independent auditor our annual audited financial statements and quarterly financial statements prior to the filing of the respective annual and quarterly reports, among other things.

The audit committee meets as often as one or more members of the audit committee deem necessary, but in any event at least four times per year. The audit committee meets at least once per year with our independent auditor, without our management board being present. The audit committee held nine meetings by conference call in 2023 and two in-person meetings.

Research and Development Committee

The research and development committee, which consists of Annalisa Jenkins (Chair), Ulrich Grau and Mathieu Simon, assists our supervisory board in aligning the R&D strategy of the Company with the overall Company strategy, to evaluate critical junctures of research and development

activities and assess the competitive landscape and the impact on the Company's strategy and business.

The research and development committee held two meetings by conference call in 2023 and one in-person meeting.

Compensation, nomination and corporate governance committee

The compensation, nomination and corporate governance committee, which consists of Ulrich Grau (Chairperson), Bernhard Ehmer, Thomas Hecht and Constanze Ulmer-Eilfort, assists the supervisory board *inter alia* in determining compensation for the managing directors of the Company. Under SEC and Nasdaq rules, there are heightened independence standards for members of the compensation committee, including a prohibition against the receipt of any compensation from us other than standard supervisory director fees.

The committee recommends to the supervisory board for determination the compensation of each of our managing directors. Furthermore, the compensation, nomination & and corporate governance committee assists the supervisory board in identifying, reviewing and approving corporate goals and objectives relevant to management board compensation; analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the managing directors; evaluating each managing director's performance in light of such goals and objectives and determining each managing director's compensation based on such evaluation and determining any long-term incentive component of each managing director's compensation in line with the remuneration policy and reviewing our management board compensation and benefits policies generally, among other things.

The compensation, nomination and corporate governance committee also assists our supervisory board in identifying individuals qualified to become members of our supervisory board consistent with criteria established by our supervisory board and in developing our corporate governance principles. In addition, the supervisory board delegated the oversight of the Company's Compliance Management System, including Cybersecurity and Information Security System, and the monitoring of the development and implementation of the Company's ESG strategy to the compensation, nomination and corporate governance committee.

The compensation, nomination and corporate governance committee held five meetings by conference call in 2023 and one in-person meeting.

Strategic committee

The strategic committee, which consists of Thomas Hecht (Chairperson), Constanze Ulmer-Eilfort, Mathieu Simon and Annalisa Jenkins, assists our supervisory board in discharging its supervisory, monitoring and advisory duties with respect to the development and implementation of the Company's overall strategy and the risks inherent to its business activities, as well as with respect to strategic initiatives identified by the Company from time to time.

The strategic committee held four meetings by conference call in 2023 and two in-person meetings.

IV. COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Affimed's remuneration policy aims to attract, motivate and retain the best-qualified workforce. The objectives and structure of the remuneration policy for the management board is regularly reviewed and/or evaluated by the supervisory board. The current remuneration policy for the management board and supervisory board was adopted and approved by the general meeting of shareholders on 17 September 2014, prior to the consummation of our initial public offering (the "**IPO**"). The remuneration policies were last amended by the general meeting of shareholders on 22 June 2022.

The description of the compensation of managing directors and supervisory directors in the following sections is based on the management and supervisory board remuneration policies which

are currently in effect. The numbers for the award of stock options granted or to be granted to our supervisory directors is already adjusted to reflect the changes of the 10:1 reverse stock split which was effectuated on March 8, 2024.

Compensation of managing directors and supervisory directors

Dutch law provides that we must establish a policy in respect of the remuneration of our managing directors and supervisory directors. With respect to remuneration in the form of plans for shares or rights to shares (such as the Equity Incentive Plan 2014 mentioned below) the policy for managing directors must set out the maximum number of shares or rights to shares to be granted as well as the criteria for grants and for amending existing grants. The remuneration policy for the managing directors provides the supervisory board with a framework within which the supervisory board determines the remuneration of the managing directors.

Our remuneration policy for our managing directors provides the supervisory board with the authority to enter into management services agreements with managing directors that provide for compensation consisting of base compensation, performance-related variable compensation, long-term equity incentive compensation (as detailed in the terms of the Equity Incentive Plan 2014 described below), pension and other benefits and severance pay and benefits. The remuneration policy for the managing directors provides that the annual cash bonus payable to managing directors may not exceed 100% of the annual base gross salary and will be based upon the achievement of set financial and operating goals for the period. Subject to this limitation, the supervisory board may decide, based on a proposal of the compensation, nomination and corporate governance committee which is justified by the financial results and performance of the Company, to increase the cash bonus payable to an individual managing director for any given year in case of exceptional achievements of that managing director, provided, that such increased bonus should not result in a significant discrepancy between the size of the bonus and the respective results and performance of the Company. In addition, the remuneration policy for managing directors allows for termination payments, which shall be in line with relevant market practices, and shall not exceed 100% of the managing director's annual base salary, increased with the average variable compensation (the "**STI Variable Compensation**") over the last full three years, or if the term of office of the managing director is shorter than three years, the average received STI Variable Compensation over the shorter period. For a dismissal within six months after a change of control over the Company, the severance compensation shall not exceed 200% of the managing director's annual base salary, increased with the STI Variable Compensation over the last full three years, or if the term of office of the managing director is shorter than three years, the average received STI Variable Compensation over the shorter period.

The remuneration policy for the supervisory board established the compensation for our supervisory directors. This policy provides for payments and initial and annual equity awards. This is permissible under Dutch law, but constitutes a deviation from best practice provisions 3.3.2 of the DCGC.

The remuneration policy for our supervisory directors provides that each supervisory director is entitled to an annual retainer of €20,000, provided that the chair of the supervisory board is entitled to an annual retainer of €75,000. In addition, the chairs of the committees established by the supervisory board are each entitled to annual retainers of €15,000. Supervisory directors will also be paid €3,000 for each supervisory board meeting attended in person and €1,500 for each virtual/telephonic supervisory board meeting, provided the virtual/telephonic meeting exceeds 30 minutes. The members of each committee will be paid €1,500 for each committee meeting attended in person and €750 for each virtual/telephonic committee meeting, provided the virtual/telephonic meeting exceeds 30 minutes.

The Company is granting each newly elected member of the supervisory board an initial award of stock options to purchase 6,000 common shares of the Company (the "**Initial Board Member Award**"). The Initial Board Member Award will be made on the date of the general meeting of the Company in which the member was initially elected to the supervisory board If such date falls within a so-called 'closed period' according to Affimed's Insider Trading Policy, the granting date shall be amended for such occasion to be the 15th day after the closed period has ended. Initial awards vest over a period of three years, with 1/3 of the stock options vesting on the first

anniversary of the grant date, and the remainder vesting in equal instalments at the end of each three-month period following the first anniversary of the date of grant.

In addition, the remuneration policy, provides that the Company will annually grant the supervisory board chair options to purchase 4,500 common shares of the Company, and each other supervisory director stock options to purchase 3,000 common shares of the Company (each such award referred to as an "**Annual Award**"). The grant date for the Annual Awards shall be determined by the supervisory board and must (i) be in the first quarter of the financial year and (ii) compliant with the Company´s Insider Trading Policy. Annual Awards will be made to supervisory board members under the condition that they will remain in office after the annual general meeting of that year. If, in any given year, a supervisory board member will no longer be in office after the annual general meeting, he or she will not receive an Annual Award for that year. These Annual Awards will vest in four quarterly instalments and will be fully vested on the first anniversary of the grant date. Initial awards and annual awards will be granted automatically on the respective dates and as determined by the supervisory board of the company in accordance with the policy, based on the approval by the shareholders of this remuneration policy and without any further decisions or approvals by the supervisory board of the company. Supervisory directors are also entitled to be reimbursed for their reasonable expenses incurred in attending meetings of the supervisory board and its committees.

The aggregate cash compensation including benefits in kind, accrued or paid to our managing directors and supervisory directors with respect to the year ended December 31, 2023, for services in all capacities was approximately €4.3 million and €0.5 million respectively. As of December 31, 2023, we have no amounts set aside or accrued to provide pension, retirement or similar benefits to our managing directors and supervisory directors. In 2023, awards for 381,000 stock options were granted to management and members of the supervisory board. Further details on the managing directors and/or supervisory directors' individual remuneration are outlined in Note 44 to the Company only financial statements and Note 31 to the consolidated financial statements.

In accordance with Dutch law, we are not required to disclose information regarding third party compensation of our directors or director nominees. As a result, our practice varies from the third-party compensation disclosure requirements of Nasdaq Listing Rule 5250(b)(3).

Long-term incentive plans

Equity Incentive Plan 2014

In conjunction with the closing of our IPO, we established the Affimed N.V. Equity Incentive Plan 2014 (the "**2014 Plan**") with the purpose of advancing the interests of our shareholders by enhancing our ability to attract, retain and motivate individuals who are expected to make important contributions to us. The maximum number of shares available for issuance under the 2014 Plan equals 7% of the total outstanding common shares on September 17, 2014, or approximately 1.7 million common shares. On January 1 of any calendar year thereafter (including January 1, 2024), an additional 5% of the total outstanding common shares on that date becomes available for issuance under the 2014 Plan. As of January 1, 2024, we had 2.0 million common shares available for issuance (post reverse stock split), and approximately 2.5 million common shares (post reverse stock split) subject to issuance under outstanding awards. The absolute number of shares available for issuance under the 2014 Plan will increase automatically upon the issuance of additional shares by the Company. The option exercise price for options under the 2014 Plan is the fair market value of a share as defined in the 2014 Plan on the relevant grant date. We are following home country rules relating to the re-pricing of stock options. Under applicable Dutch law, re-pricing is permissible, provided this falls within the framework set by the remuneration policy for the management board and the 2014 Plan.

Plan administration. The 2014 Plan is administered by our compensation committee. Approval of the compensation committee is required for all grants of awards under the 2014 Plan. The compensation committee may delegate to the managing directors the authority to grant equity awards under the 2014 Plan to our employees.

Eligibility. Managing directors, supervisory directors and other employees and consultants of the Company are eligible for awards under the 2014 Plan.

Awards. Awards include options and restricted stock units.

Vesting period. Subject to any additional vesting conditions that may be specified in an individual grant agreement, and the accelerated vesting conditions below, the plan provides for three-year vesting of stock options. One-third of the stock options granted to participants in connection with the start of their employment vest on the first anniversary of the grant date, with the remainder vesting in equal tranches at the end of each 3-month period thereafter. Stock options granted to other participants vest in equal tranches at the end of each 3-month period after the grant date over the course of the vesting period. The compensation committee will establish a vesting schedule for awards granted to supervisory directors as well as for any awards in the form of restricted stock units.

Accelerated vesting. Unless otherwise specified in an individual grant agreement, the 2014 Plan provides that upon a change of control of the Company (as defined in the 2014 Plan) all then outstanding equity awards will vest and become immediately exercisable. It also provides that upon a participant's termination of service due to (i) retirement (or after reaching the statutory retirement age), (ii) permanent disability rendering the relevant participant incapable of continuing employment or (iii) death, all outstanding equity awards that would have vested during a 12-month period following such termination of service will vest and become immediately exercisable. Otherwise at termination all unvested awards will be forfeited. If a participant experiences a termination of service without "cause" or for "good reason" (in each case, as defined in the 2014 Plan) within six months prior to a change of control, the Company will make a cash payment equivalent to the economic value that the participant would have realized in connection with the change of control upon the exercise and sale of the equity awards that such participant forfeited upon his or her termination of service. In connection with a change of control and subject to the approval of the supervisory board, the management board may amend the exercise provisions of the 2014 Plan.

Carve Out Agreements

Our pre-IPO shareholders have entered into agreements with certain managing directors and certain of our supervisory directors and consultants that grant the beneficiaries the right to receive common shares of the company. In 2019, these agreements were transferred from the pre-IPO shareholders to an independent trust company (the "**Trust GmbH**"). The agreements were satisfied or will be satisfied in the future through a transfer to the beneficiaries of in the aggregate 7.78% of the common shares now owned by the Trust GmbH, or the respective market value thereof in cash to the beneficiaries.

Managing director services agreements

Our managing directors have entered into management services agreements with us or our subsidiary, Affimed Inc, as amended from time to time. The management service agreements of Andreas Harstrick and of Wolfgang Fischer became effective upon their appointment as managing directors, and were subsequently amended at their reappointment by the general meeting of shareholders on 21 June, 2023. The management service agreement of Denise Mueller became effective on 7 January 2021. Subject to and with effect from their re-appointment as members of the management board at the upcoming annual general meeting of shareholders of the company, the management services agreements of Wolfgang Fischer, Andreas Harstrick and Denise Mueller will be amended.

The current management services agreements of Wolfgang Fischer and Andreas Harstrick provide for a term of appointment of one year ending at the upcoming annual general meeting of shareholders of the company, and provide for a termination notice period of not less than six months, both for us and for the managing director. The current management services agreement of Denise Mueller is for an indefinite period of time and provides for a termination notice period of 45 days, both for us and for Denise Mueller. In the event of an urgent cause, the management services agreements may be terminated with immediate effect. The amended management services agreements of Wolfgang Fischer and Andreas Harstrick provide that the supervisory board has to notify the respective managing director not less than three months prior to the

expiration of its term of office of its decision whether or not to propose to the general meeting of shareholders the re-appointment as a managing director.

Each management services agreement provides for payment of severance upon pre-defined circumstances such as a termination by us without urgent cause or the existence of certain events posing the managing director to terminate the management services agreement for urgent cause (including, but not limited to, a reduction of the managing director's salary) for which the severance is 50% (Wolfgang Fischer and Andreas Harstrick) of the managing director's gross annual salary increased with the average STI Variable Compensation over the last full three years, or if the term of office of the managing director is shorter than three years, the average received STI Variable Compensation over the shorter period. The severance for Denise Mueller is 75% of the managing director's gross annual salary and variable compensation.

The management services agreements provide for a lump-sum payment following a change of control, subject to certain conditions. In the event of termination of the management services agreements following a change of control, the aforementioned severance is increased to 150% (Wolfgang Fischer and Andreas Harstrick) of the managing director's gross annual salary increased with the average STI Variable Compensation over the last full three years, or if the term of office of the managing director is shorter than three years, the average received STI Variable Compensation over the shorter period. The severance for Denise Mueller is increased to 125% of the managing director's gross annual salary and variable compensation.

The management services agreements of Wolfgang Fischer and Andreas Harstrick contain post-termination restrictive covenants, including a post-termination non-competition covenant, which lasts until twelve months after the management services agreement has ended, and a non-solicitation covenant, which lasts until two years after the management services agreement has ended. The post-termination non-competition and non-solicitation covenant included in the management services agreement of Denise Mueller lasts until 6 months after the management services agreement has ended.

Insurance and Indemnification

Our managing directors and supervisory directors have the benefit of indemnification provisions in our articles of association. These provisions give managing directors and supervisory directors the right, to the fullest extent permitted by law, to recover from us amounts, including but not limited to litigation expenses, and any damages they are ordered to pay, in relation to acts or omissions in the performance of their duties. However, there is generally no entitlement to indemnification for acts or omissions that amount to willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct. In addition, upon consummation of our IPO, we entered into agreements with our managing directors and supervisory directors to indemnify them against expenses and liabilities to the fullest extent permitted by law. These agreements also provide, subject to certain exceptions, for indemnification for related expenses including, among others, attorneys' fees, judgments, penalties, fines and settlement amounts incurred by any of these individuals in any action or proceeding. In addition to such indemnification, we provide our managing directors and supervisory directors with directors' and officers' liability insurance.

Insofar as indemnification of liabilities arising under the U.S. Securities Act of 1933 (the "**Securities Act**") may be permitted to supervisory directors, managing directors or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

V. RELATED PARTY TRANSACTIONS

The following is a description of related party transactions occurred in 2022 and 2023 with any of our members of our supervisory board or management board and the holders of more than 5% of our common shares.

Indemnification Agreements

We have entered into indemnification agreements with our managing directors and supervisory directors. The indemnification agreements and our articles of association require us to indemnify our managing directors and supervisory directors to the fullest extent permitted by law.

VI. SUSTAINABILITY

Environment, Health and Safety **("EHS")** is a long-term value driver for our company and given top priority. Our EHS Management System includes objective setting, risk assessment, the development of preventive measures, training, and a reporting mechanism. Our company is committed to sensitive travel arrangements, activities to reduce use of electricity, and promoting working from home to reduce the carbon print.

Our EHS objectives are focused to eliminate all avoidable work-related accidents and to continuously reduce and eliminate potential risks. We aspire to continuously reduce our CO2 emissions and energy consumption, to avoid waste to the extent possible, and to increase the share of renewable, recycled, and recyclable materials that we use. We strive to regularly measure our success against these objectives and to publish our efforts and accomplishments where commercially reasonable.

Our EHS policy, which was implemented in 2022, guides our actions and tracks key performance indicators to manage our risks and drive continuous improvement in our EHS Management System.

We have issued our first sustainability report in 2023. The Report describes the status and approach of our sustainability efforts and progress in accordance with Affimed's financial reporting period for the year 2022. It focuses on those sustainability areas that we deem of particular importance for Affimed's business. We refer for more details to the report on our website under: AFM-2023-Sustainability-Report-FINAL-5-10.pdf (affimed.com).

VII. RISK MANAGEMENT AND CONTROL SYSTEMS

Risk Management: general methods

Affimed's management board has implemented an Enterprise Risk Management System (ERM), which is designed with the objective to:

- increase Shareholder Value through well informed and thoughtful weighing of risks against opportunities;
- guide the employees in accurate management of risks, while realizing and fully exploiting the opportunities;
- address the applicable regulatory requirements; and
- ensure alignment across the entire Affimed organization on risk attitude, risk appetite and risk materiality.

The ERM Policy covers:

- identification, assessment and treatment of risks by the Risk Owners, according to the evaluation criteria and treatment strategies as defined by the ERM Policy;
- risk consolidation and aggregation across the Affimed organization;
- continuous monitoring of identified risks and their defined treatments by the Risk Owners; and
- reporting of risks, including ad-hoc risk reporting, to the Risk Committee, the management board and supervisory board.

Implementation effectiveness

The effectiveness of risk management is implemented by the three-lines-of-defence model: 1st line: Business – management board owns, implements and operates business controls to ensure compliance with laws, regulations and policies (including supervisory controls). 2nd line: Compliance, Risk Management and Internal Control System functions, which identify exposed areas and manage mitigation activities; perform monitoring to gain assurance that compliance controls operate effectively; and report upon such activities as well as significant findings to the management board and to the supervisory board, which present the 3rd defence lines together with external auditors as additional control functions.

A description of the key risk factors and the risk management approach, as well as the sensitivity of the Company's results to external factors and variables are described in more detail in "Risk Management."

Information security risks

We are establishing a comprehensive Information Security Management System (ISMS) in accordance with the VdS 10000 guideline. The key objective of our ISMS is to ensure:

- availability of data;
- confidentiality of data; and
- integrity of data.

In February 2024, the Company's ISMS was audited and re-certified in accordance with the VdS 10000 guideline without any identified deviations or findings. The sector-neutral VdS guidelines 10000 are a catalogue of measures for a management system that is specially tailored to small and medium companies. VdS 10000 is based on good practice from BSI Grundschutz and ISO/IEC 27001.

Our ISMS consists of multiple elements ensuring security from a variety of perspectives and regulations. We have implemented further improvements to our ISMS by establishing additional elements such as performance monitoring, supplier relationships and continual improvement processes. In 2023, we continued to invest into security and breach monitoring and establishing data classification.

The Company has entered into a cybersecurity risk insurance policy, though to date the Company has not experienced any security breaches.

Internal Control System: general methods

Affimed's management board is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act.

The main elements of our internal control and risk management system in relation to the financial reporting process comprise the following:

- framework for Internal Control System: Integrated Framework (2013) by the COSO;
- scoping of key business processes according to SOX Sec. 404a and continuing monitoring status of SOX Sec. 302 process due to the listing of Affimed's shares on Nasdaq;
- clear assignment of responsibilities;
- segregation of duties and four eyes principle;
- appropriate Enterprise Resource Planning system including authorisation concepts and approval workflows;
- use of checklists when preparing quarterly and annual financial statements;
- use of guidelines and work procedures;
- ITGC considerations;
- risk and control assessment (testing of control design and effectiveness);
- evaluation of testing results, remediation action;

- continuing monitoring status of SOX Sec. 302 process; and
- reporting the conclusions about the adequacy and effectiveness of internal controls incl. any significant deficiency or material weakness over financial reporting to the audit committee on a regular basis.

Further, a Disclosure Committee is in place, which advises the various officers and departments involved on the timely review, publication and filing of periodic and current (financial) reports. In addition to the certification under U.S. law by the relevant management board members, each individual member of the supervisory board and management board must under Dutch law, sign the consolidated and the company-only financial statements being disclosed and submitted to the general meeting of shareholders for adoption.

Monitoring of effectiveness

Our management board, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2023, have concluded that based on the evaluation of these controls and procedures required by Rule 13a-15(b) of the Exchange Act, our disclosure controls and procedures were effective, and the risk management and control systems worked properly in 2023. We conclude that these systems provide a reasonable assurance that the financial report does not contain any errors of material importance. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Our independent registered public accounting firm is required to attest the effectiveness of our internal controls over financial reporting pursuant to Section 404. In the opinion of our independent registered public accounting firm, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by COSO.

VIII. STATEMENT BY THE MANAGEMENT BOARD

The management board states in accordance with best practice provision 1.4.3 of the DCGC that the management board believes that the management report (i) provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems, (ii) the internal control and financial systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies, (iii) based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and (iv) that material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report are disclosed.

It should be noted that these systems cannot provide absolute assurance that internal risk management and control systems can prevent or detect all inaccuracies or errors.

IX. DIVERSITY AND INCLUSION

The Company's supervisory board and management have adopted a diversity and inclusion policy for the composition of the supervisory board, the management board and senior management, which is published on the company's website (the "**D&I Policy**").

The D&I Policy contains specific, appropriate and ambitious targets in relation to diversity and inclusion with regard to the composition of the supervisory board, the management board and senior management. Considering the market in which Affimed operates and the diversity of its customer base, the D&I aspects under the D&I policy are: (a) gender; (b) experience in relation to the biotech or pharmaceutical industry, publicly listed companies and international business; (c) education (including technical, medical, financial, business) and advanced academic degree; (d) nationality/cultural background and exposure to North American and major European markets. Among other D&I targets, the Company aims to have a minimum of one-third women and a minimum of one-third men on the supervisory board and the management board, and forty per cent of senior management to be woman and forty per cent to be men; as long as the target in relation to management board and/or the supervisory board is not met, the supervisory board will do its

upmost best to nominate a candidate for a vacancy that would improve the gender balance in the composition of the management board or the supervisory board, as applicable. Other D&I targets set out in the D&I Policy relate to (i) experience (in relation to biotech or the pharmaceutical industry, public listed companies or international business), (ii) education and advanced academic degree, (iii) nationality/cultural background and exposure to North American and major European markets and (iv) adhering to the company values.

The management board and the supervisory board believe that the Company's business benefits from a wide range of skills and a variety of different backgrounds and that a diverse composition of the management board, supervisory board and senior management contributes to the proper functioning of the management board, the supervisory board and senior management. Candidates for appointment to the management board, the supervisory board and senior management will be selected with due observance of the Company's objective to foster a diverse and inclusive culture and working environment. Accordingly, the company aims to fill vacancies by considering candidates that bring the required expertise and contribute to the Company's diversity and inclusiveness. Furthermore, it is important that candidates shall commit to and comply with the company´s values and general business ethics, as summarized in the company´s Code of Conduct.

As of December 31, 2023, the Company fulfilled its self-set objectives as set forth in the **D&I Policy** for the supervisory board, the management board as well as the senior management. For the year ended December 31, 2023, 41% percent of the senior management positions are filled by women and 59% percent of the senior management positions are filled by men. For the (current) percentage of men and women on the management board and the supervisory board and further details on diversity of the management board and the supervisory board please refer to sections "*Board practices - Management board*" and "*Board practices - Supervisory board*", respectively, of this report for additional information.

X. CULTURE

At Affimed, everyone is valued for their unique contributions, and everyone is empowered and driven by a common goal — to bring life-changing treatments to cancer patients around the world. The management board has, in consultation with the supervisory board, adopted values for the Company. The five corporate values, team spirit (*teamgeist*), innovation, performance, people and passion, guide us in how we pursue the mission of Affimed.

The culture within Affimed is based on the principles of speak-up and error management. The foundations for our actions and behavior — internally and externally — are honesty, openness, and transparency. This enables us to establish trust. We encourage everyone to stand up and contribute their opinion. We openly address problems in the company. Different opinions are respected, and people are encouraged to question the decisions of others. To that end, we create an atmosphere in which we can “tell it like it is” without the fear of negative consequences. Part of who we are involves learning from our mistakes — as individuals and as an organization. Our approach to managing errors is therefore transparent and open, and we share and discuss our experiences to enable progress and innovation. We treat employees who disclose their mistakes with fairness and responsibility.

It is currently not desired to implement significant changes to the values and culture outlined above because it aligns with our core values and has been positively received by our employees, customers, and partners. The values and culture outlined in this paragraph, and the conduct promoted within the company, contribute to sustainable long-term value creation.

XI. CODE OF CONDUCT

The management board has implemented a Code of Conduct and a Code of Conduct for Business Partners to ensure that we conduct our business activities in accordance with the highest ethical, legal and professional standards and that we only interact with business partners who comply with the same standards. Our Code of Conduct covers a broad range of matters including the handling of conflicts of interest, compliance issues and other corporate policies such as insider trading and

equal opportunity and non-discrimination standards. Our Code of Conduct applies to all of our supervisory directors, managing directors and employees of the Company and its subsidiaries.

Affimed has also established suitable processes and devoted sufficient personnel resources for the enforcement of both Codes and the entire Compliance Management System, subject to the supervision of the CEO and the compensation, nomination and corporate governance committee of the supervisory board, and the Company supports its supervisory directors, managing directors and employees to maintain a culture of accountability and to facilitate compliance with both Codes.

We have published our Code of Conduct and the Code of Conduct for Business Partners on our website:

https://www.affimed.com/investors/corporate-governance/

XII. SHARES AND SHAREHOLDERS' RIGHTS

General meeting of shareholders

Affimed shareholders exercise their rights through annual and extraordinary general meetings of shareholders. We are required to convene an annual general meeting of shareholders in the Netherlands each year, no later than six months after the end of the Company's financial year.

Additional extraordinary general meetings of shareholders may be convened at any time by the supervisory board and the management board. Pursuant to Dutch law, one or more shareholders, who jointly represent at least 10% of the issued capital may, on their application, be authorized by a Dutch district court to convene a general meeting of shareholders.

The agenda for the annual general meeting of shareholders must contain certain matters as specified in our articles of association and under Dutch law, including the adoption of our annual financial statements. Shareholders are entitled to propose items for the agenda of the general meeting of shareholders provided that they hold at least 3% of the issued share capital. Proposals for agenda items for the general meeting of shareholders must be submitted at least 60 days prior to the date of the meeting. The general meeting of shareholders is also entitled to vote on important decisions regarding Affimed's identity or character, including major acquisitions and divestments.

In accordance with our articles of association, for each general meeting of shareholders, the management board may determine that a record date will be applied in order to establish which shareholders are entitled to attend and vote at the general meeting of shareholders. Such record date shall be the 28th day prior to the day of the general meeting. The record date and the manner in which shareholders can register and exercise their rights will be set out in the notice of the meeting.

We encourage participation in Affimed's general meetings of shareholders. All shareholders and others entitled to attend general meetings of shareholders are authorized to attend the general meeting of shareholders, to address the meeting and, in so far as they have such right, to vote.

Voting rights

In accordance with Dutch law and our articles of association, each issued common share confers the right to cast one vote at the general meeting of shareholders. Each holder of shares may cast as many votes as it holds shares. Shareholders may vote by proxy. No votes may be cast at a general meeting of shareholders on shares held by us or our subsidiaries or on shares for which we or our subsidiaries hold depositary receipts. Pursuant to our articles of association, a holder of one or more fractional shares may exercise the meeting and voting rights attached to an ordinary share together with one or more other holders of one or more fractional shares to the extent the total number of fractional shares held by such holders of fractional shares equals ten or a multiple thereof. These rights shall be exercised either by one of them who has been authorized to that effect by the other in writing, or by a proxy authorized to that effect by those holders of fractional shares in writing.

Nonetheless, the holders of a right of use and enjoyment (*vruchtgebruik*) and the holders of a right of pledge in respect of shares held by us or our subsidiaries in our share capital are not excluded from the right to vote on such shares, if the right of use and enjoyment (*vruchtgebruik*) or the right of pledge was granted prior to the time such shares were acquired by us or any of our subsidiaries. Neither we nor any of our subsidiaries may cast votes in respect of a share on which we or such subsidiary holds a right of use and enjoyment (*vruchtgebruik*) or a right of pledge. Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a general meeting of shareholders.

Decisions of the general meeting of shareholders are taken by an absolute majority of votes cast, except where Dutch law or the articles of association provide for a qualified majority or unanimity.

In accordance with Dutch law and generally accepted business practices, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders. To this extent, our practice varies from the requirement of Nasdaq Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock.

Under our articles of association, our managing directors and supervisory directors are appointed by the general meeting of shareholders upon a binding nomination by our supervisory board. The general meeting of shareholders may overrule the binding nomination by a resolution adopted with a two-thirds majority of the votes cast representing at least half of the issued share capital. If the general meeting of shareholders overrules the binding nomination, the supervisory board shall make a new binding nomination.

Issue of additional shares and pre-emptive rights

Shares may be issued following a resolution by the general meeting of shareholders on a proposal of the management board made with the approval of the supervisory board. The general meeting of shareholders may resolve to delegate this authority to the management board for a period of time not exceeding five years.

At the general meeting of shareholders held at June 25, 2019, our management board was granted the authority, with effect from that date, for a period of five years (*i.e.*, until June 25, 2024) and subject to the approval of the supervisory board, to resolve to issue common shares (either in the form of stock dividends or otherwise) and/or grant rights to subscribe common shares in the share capital of the Company, for a maximum of common shares that can be issued under the size of the authorised share capital of the Company as per the date of adoption of such resolution.

Upon the issuance of new common shares, holders of Affimed's common shares have a pre-emptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Affimed's common shares. According to the Company's articles of association, this pre-emptive right does not apply to any issuance of shares to Affimed employees.

The general meeting of shareholders may decide to restrict or exclude pre-emptive rights. The general meeting of shareholders may also resolve to designate the management board as the corporate body authorized to restrict or exclude pre-emptive rights for a period not exceeding five years.

At the general meeting of shareholders held at June 25, 2019, with effect from that date, our management board was granted the authority, for a period of five years (*i.e.*, until June 25, 2024) and subject to the approval of the supervisory board, to restrict or exclude the pre-emptive rights of holders of common shares upon the issuance of common shares and/or upon the granting of rights to subscribe for common shares.

Repurchase by Affimed of its own shares

Affimed may only acquire fully paid shares in its capital for a consideration following authorization by the general meeting of shareholders and subject to certain provisions of Dutch law and the Company's articles of association, if: (i) the Company's shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called-up capital and any reserves required by Dutch law or its articles of association and (ii) the Company and its subsidiaries would not thereafter hold shares or hold a pledge over shares with an aggregate par value exceeding 50% of its then current issued share capital.

At the general meeting of shareholders held at 21 June 2023, our management board was granted the authority, for a period of 18 months, with effect from the same date (*i.e.*, until 21 December 2024) and subject to the approval of the supervisory board, to cause the repurchase of common shares by us of up to 10% of our issued share capital, for a price per share not exceeding 110% of the most recent closing price of a common share on any stock exchange where the common shares are listed.

No authorization of the general meeting of shareholders is required if common shares are acquired by us with the intention of transferring such common shares to our employees under an applicable employee stock purchase plan.

Articles of Association

Our articles of association outline certain of the Company's basic principles relating to corporate governance and organization. The current text of the articles of association is available at the Trade Register of the Dutch Chamber of Commerce and on our public website at www.affimed.com.

A resolution to amend the articles of association may only be adopted by the general meeting at the proposal of the management board with the prior approval of the supervisory board. A proposal to amend the articles of association whereby any change would be made in the rights which vest in the holders of shares of a specific class in their capacity as such, shall require the prior approval of the meeting of holders of the shares of that specific class.

Independent Auditor

The general meeting of shareholders appoints the independent auditor. The audit committee was closely involved in the evaluation of Affimed's independent auditor and has recommended to the supervisory board the independent auditor to be proposed for (re)appointment by the general meeting of shareholders. In addition, the audit committee evaluates and, where appropriate, recommends the replacement of the independent auditors. On 21 June 2023, the general meeting of shareholders appointed KPMG Accountants N.V. as independent auditor for the Company for the financial year 2023.

Anti-Takeover Provisions

Dutch law permits us to adopt protective measures against takeovers and we have adopted several provisions that may have the effect of making a takeover of Affimed more difficult or less attractive, including:

- the staggered four-year terms of our supervisory directors, as a result of which only approximately one-fourth of our supervisory directors will be subject to election in any one year;
- a provision that our managing directors and supervisory directors may only be removed by the general meeting of shareholders by a two-thirds majority of votes cast representing at least 50% of our outstanding share capital if such removal is not proposed by our supervisory board;
- requirements that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our management board that has been approved by our supervisory board; and

- a statutory response period. Under Dutch law, the management board can invoke a response period by which a shareholder is prevented from convening a general meeting putting new items on the agenda. As per May 1, 2021, a bill took effect extending the statutory response period from 180 to 250 days.

XIII. COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE

As a Dutch company, the Company is subject to the DCGC and is required to disclose in this Annual Report, filed in the Netherlands, whether the Company complies with the provisions of the DCGC. If the Company does not comply with the provisions of the DCGC (for example, because of a conflicting Nasdaq requirement or otherwise), the Company must list the reasons for any deviation from the DCGC in this Annual Report. The Company's deviations from the DCGC as in effect for the financial year 2023 are summarized below.

Remuneration

- The Company has granted and intends to grant options and restricted stock units in the future to members of its management board. These options provide for vesting conditions which allow exercise of one third of the options after the first anniversary of the grant date, which qualifies as a deviation from best practice provision 3.1.2 of the DCGC. Such vesting conditions are market practice among companies listed at Nasdaq. The Company is in competition with other companies in this field and intends to maintain an attractive compensation package for its current and any future management board members.

- The Company has granted and intends to grant options and restricted stock units in the future to members of its supervisory board, which qualifies as a deviation from best practice provision 3.3.2 of the DCGC. Such remuneration is in accordance with the Nasdaq corporate governance requirements and market practice among companies listed at Nasdaq. The Company is in competition with other companies in this field and intends to maintain an attractive compensation package for its current and any future supervisory board members. The number of option rights granted to each supervisory board member is determined by the general meeting of shareholders.

- The compensation, nomination and corporate governance committee of the supervisory board (the "**CNCG Committee**") has not prepared a remuneration report, which qualifies as a deviation from best practice provision 3.4.1 of the DCGC. Instead, an overview of the implementation and planning of the remuneration of managing and supervisory directors is described in more detail in the annual report (20-F) filed with the Securities and Exchange Commission on March 28, 2024 (available on our website: http://www.affimed.com/sec).

- The severance payments for our managing directors as described above, may exceed 100% of their annual fixed salary. This is a deviation from best practice provision 3.2.3 of the DCGC.

Board nominations and shareholder voting

- Pursuant to our articles of association, the supervisory board will nominate one or more candidates for each vacant seat on the management board or the supervisory board. A resolution of the Company's general meeting of shareholders to appoint a member of the management board or the supervisory board other than pursuant to a nomination by the Company's supervisory board requires at least two-thirds of the votes cast representing more than half of the Company's issued share capital, which qualifies as a deviation from best practice provision 4.3.3 of the DCGC. Although a deviation from the provision 4.3.3 of the DCGC, the supervisory board and the management board hold the view that these provisions will enhance the continuity of Affimed’s management and policies.

- At the annual general meeting in 2023, Thomas Hecht, who was at that time nine years in office, was nominated for appointment for a three-year term. Pursuant to the DCGC, after a supervisory board member has been in office for eight or more years, the reappointment term is limited to two years per term. The supervisory board had proposed this three-year term, as it

was of the opinion that such term is appropriate considering Thomas Hecht's long-term involvement and commitment. Thomas Hecht's tenure stays within the DCGC's 12-year limit.

May 27, 2024

On behalf of the management board,

Dr. Andreas Harstrick, Acting CEO and CMO

Dr. Wolfgang Fischer, COO

Denise Mueller, CBO

Supervisory Board report

The Supervisory Board is an independent corporate body responsible for supervising and advising the Management Board and overseeing the general course of affairs and the establishment and monitoring of the strategy of the Company. The Supervisory Board is guided by the interests of the Company and will also take into consideration the relevant interests of all the Company's stakeholders. We report on the activities of the Supervisory Board in 2023.

The Company had a number of corporate updates in 2023 and the first months of 2024.

In January 2023, the U.S. Food and Drug Administration ("**FDA**") issued a written response to our pre-investigational new drug meeting request for the acimtamig/Al loNK® co-administered combination therapy in R/R HL and the exploratory arm evaluating the combination in R/R CD30+ lymphomas. Based on the FDA's written response, we submitted and received clearance from FDA for an IND application during the second quarter of 2023. We initiated enrollment into the study in October 2023.

In March 2023, we announced that the first patient was dosed in a phase 1 multicenter, open label, first-in-human dose escalation study of the innate cell engager ICE® AFM28 monotherapy in patients with CD123-positive R/R AML. AFM28 efficiently directs NK cells to CD123-positive leukemic cells in our preclinical models, including leukemic blasts, LSCs and leukemic progenitor cells, inducing their depletion in samples of patients with AML and myelodysplastic syndrome ("MDS".) As of end of February 2024, we completed enrollment of the fifth cohort (250 mg), recruiting patients in the sixth cohort in the multi-center Phase 1 open-label, dose-escalation study (AFM28-101). No dose-limiting toxicities were reported in cohorts treated prior. Further clinical development of AFM28 is planned in combination with an allogeneic off-the-shelf NK cell product.

In April 2023, we received a letter from Nasdaq indicating that for the last thirty consecutive business days, the bid price for the Company's common shares had closed below the minimum $1.00 per share requirement for continued listing on the Nasdaq under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we were provided an initial period of 180 calendar days, or until October 2, 2023, to regain compliance. As the common shares remained below the minimum bid price, we applied for a transfer of our common shares from the Nasdaq Global Select Market to the Nasdaq Capital Market. On October 4, 2023 we announced that we received approval from the Listing Qualifications Department of the Nasdaq to transfer the listing of our common shares from the Nasdaq Global Market to the Nasdaq Capital Market. This transfer was effective as of the opening of business on October 4, 2023 and provided us with an additional 180 calendar days, or until April 1, 2024, to regain compliance. On March 8, 2024, the Management Board, with approval of the Supervisory Board, effectuated a 10:1 reverse stock split. On March 11, 2024, the common shares began trading on a post-split post-reverse split basis under the Company's existing trading symbol "AFMD.". Subsequently, our stock price increased and allowed us to regain compliance with the minimum bid price rule.

Acimtamig (formerly known as AFM13) was investigated as a monotherapy in a phase 2 study (the "REDIRECT" study) in patients with CD30+ R/R PTCL. In April 2023, final results from the study were presented at the American Association for Cancer Research ("**AACR**") Annual Meeting by Dr. Won Seog Kim, Professor of Hematology-Oncology at Samsung Medical Center in Seoul and a principal investigator for the study, and established that acimtamig monotherapy showed efficacy in the treatment of R/R PTCL patients with a differentiated safety profile. Primary efficacy measures included an ORR of 32.4% and a CR of 10.2%. Key secondary and exploratory outcome measures include safety, durability of response,

progression free survival and overall survival. Median DoR was 2.3 months, median progression free survival ("**PFS**") was 3.5 months and median overall survival ("**OS**") was 13.8 months. PFS and OS were comparable with currently approved therapies for R/R PTCL. Among all PTCL subsets, patients with Angioimmunoblastic T-cell lymphoma ("**AITL**") exhibited the highest ORR (53.3%) and CR (26.7%) with DoR not meaningfully different across the various subsets. The safety profile of acimtamig was well managed and consistent with previously reported data of prior and ongoing clinical studies with acimtamig. Most common treatment-emergent adverse events ("**TEAEs**") were IRR (25%), neutropenia (10.2%) and pyrexia (8.3%). No acimtamig-related fatal toxicities were observed.

In April 2023, Affimed conducted a reorganization of its operations to focus on the Company's three clinical stage development programs. As a result of the reorganization, the Group reduced its full-time equivalent headcount by approximately 25%.

In June 2023, at the American Society of Clinical Oncology ("**ASCO**") annual meeting we presented safety and efficacy data from the EGFR mutant NSCLC expansion cohort of our AFM24-101 phase 1/2 study investigating ICE® AFM24 as monotherapy. An EGFR mutant NSCLC cohort was part of the AFM24-101 open-label, non-randomized, multi-center, phase 1/2a study (NCT04259450) investigating the safety, tolerability, and preliminary efficacy of AFM24 monotherapy in patients with advanced or metastatic EGFR+ solid tumors. Other cohorts investigated included colorectal cancer ("**CRC**") and renal cell carcinoma ("**RCC**"). At the planned interim analysis, 15 patients with EGFR mutant NSCLC and a median of 2 prior lines of therapy had been treated with a median of 11 doses of AFM24. As of the cut-off date, the data showed clinical activity and signals of anti-tumor activity in 7 out of 15 heavily pre-treated patients, including two confirmed partial responses and five patients with stable disease resulting in an objective response rate of 13% and a disease control rate of 47%. Concurrent with the presentation, we announced our intention to focus near-term clinical development of AFM24 on the combination with atezolizumab ("AFM24-102)", and the discontinuation of AFM24-101. As a result of these findings an EGFR mutant cohort was added to the study of AFM24 in combination with atezolizumab.

At the annual general meeting of shareholders of the Company held on June 21, 2023 ("**2023 AGM**"), our shareholders approved, with exception of the proposed amendment of the Remuneration Policy of the Supervisory Board, all agenda items. The adopted agenda items included, among other things, the reappointment of Dr. Adi Hoess, Dr. Wolfgang Fischer, Mr. Angus Smith, Dr. Arndt Schottelius and Dr. Andreas Harstrick as members of the Management Board; the reappointment of Mr. Harry Welten, Dr. Annalisa Jenkins and Dr. Thomas Hecht and the appointment of Dr. Constanze Ulmer-Eilfort as members of the Supervisory Board; and the authorization to the Management Board to, in its discretion, with the approval of the Supervisory Board, effectuate a reverse stock split with a range between 2:1 and 10:1 and to amend the articles of association of the Company in connection with such reverse stock split.

In August 2023, data from the dose escalation phase on safety and efficacy of the ICE® AFM24 in combination with NKGen Biotech's SNK01 (autologous non-genetically modified NK cells) in patients with advanced or metastatic EGFR-expressing solid tumors (NCT05099549) was presented at a poster presentation at the ASCO Breakthrough conference in Yokohama, Japan. As of June 2023, seven patients with a mean number of five prior therapies received the combination of AFM24 and SNK01. No unexpected or dose-limiting toxicities were observed, and the pharmacokinetic ("PK") properties were similar to AFM24 monotherapy. The best objective response was stable disease in three out of the seven patients, including patients with heavily pretreated microsatellite stable colorectal cancer ("**MSS CRC**"). Despite these data, we and NKGen Biotech mutually decided to discontinue the study. In line with our NK cell combination experience for acimtamig, we are evaluating better options to advance AFM24 with an allogeneic off-the-shelf NK cell product.

In October 2023, the Company received written feedback from the FDA on its request for a Type C meeting for the LuminICE-203 study. According to the feedback, Affimed believes that the LuminICE-203 study, which is designed based on FDA's recommendations and guidelines, could support accelerated approval, depending on the demonstrated magnitude of clinical benefit. In addition, the FDA agreed with Affimed's approach to address the contribution of single components by adding a cohort to the study evaluating AlloNK®/IL-2 only.

In November 2023, the Company announced that the International Nonproprietary Names ("**INN**") Expert Committee of the World Health Organization ("**WHO**") has selected acimtamig for the nonproprietary name of the Company's investigational drug for CD30-positive Lymphomas, previously known as AFM13. Following the WHO nomenclature scheme, the name recognizes the drug as a tumor targeting bispecific antibody.

In December 2023, we presented final data from the investigator-initiated trial (AFM13-104) at the American Society of Hematology ("**ASH**") 2023 annual meeting. A total of 42 patients were enrolled in the study with 36 patients treated at the RP2D. 32 of the 36 patients treated at the RP2D were HL patients. All 32 HL patients were heavily pretreated with multiple lines of chemotherapy, all had previously received CPIs and BV, and were refractory to their most recent line of therapy with active progressive disease at the time of enrollment. Across all dose levels, the treatment regimen achieved an ORR of 93% with a CR rate of 67%; among the 32 HL patients treated at the RP2D the treatment regimen achieved an ORR of 97% and a CR rate of 78%. In addition, the treatment regimen demonstrated a good safety and tolerability profile with no cases of CRS, ICANS or GvHD of any grade. Mild to moderate infusion related reactions (IRRs) were seen in 7.7% of the acimtamig infusions. Across all dose levels, median event free survival (EFS) was 8.8 months and median overall survival (OS) was not reached. For the HL patients treated at the RP2D, median EFS was 9.8 months – with 84% patients alive at 12 months. The median DoR was 8.8 months and 72% CR assessed at 6 months for HL patients treated at the RP2D; 30% of patients with complete response remained in CR beyond 12 months.

On December 28, 2023, the Company entered into an agreement regarding the sale of its wholly owned subsidiary AbCheck s.r.o. to Ampersand Biomedicines Inc ("**Ampersand**") for a gross purchase price of €5.8 million ($6.4 million), consisting of €4.9 million ($5.4 million) in cash to be paid in two tranches, and €0.9 million ($1.0 million) to be paid by delivery in a variable number of Ampersand shares subject to certain adjustments (€0.3 million) and a holdback (the "**AbCheck Sale**"). The AbCheck Sale became effective on December 28, 2023 and was announced on January 3, 2024.

On December 31, 2023, the former Chief Financial Officer, Angus Smith, left the Company. Harry Welten assumed the financial operating responsibilities of the Management Board on December 31, 2023. Harry Welten was a member of our supervisory board from August 2020 through December 31, 2023, when he resigned to take on the financial operating responsibilities of the Management Board.

As of January 4, 2024, a clinical response update to the Phase 1/2a AFM24-102 trial in EGFR-wt NSCLC reported 4 confirmed responses, including 1 CR and 3 PR, and 7 stable diseases in the 15 heavily pre-treated evaluable patients, resulting in a disease control rate of 73 percent. Of special importance is the fact that three of the four responders had never achieved an objective response to PD(L) 1 therapy and that the only patient with a response to PD1 containing treatment responded to a combination of doublet chemotherapy plus PD1 and therefore even in this patient, the contribution of PD1 therapy is unclear. Based on the promising response data from the EGFRwt NSCLC cohort, the Company expanded enrollment to 40 patients. In addition, the company continues to enroll in the EGFR-mut NSCLC cohort for a planned number of 25 patients.

On January 8, 2024, Affimed announced that Dr. Adi Hoess, Chief Executive Officer and member of the Management Board, would step down effective January 15, 2024. He contributed significantly to the Company's success and guided Affimed's evolution from an antibody engineering company to an innovative late-stage clinical biotech. The Company has initiated a comprehensive search process to identify a successor CEO; this search process is still ongoing. In the interim, Dr. Andreas Harstrick, Chief Medical Officer of the Company, assumes the role of acting CEO until a new CEO is appointed. Dr. Andreas Harstrick and the management team is supported by Dr. Annalisa Jenkins, who ensures close coordination between the Management and Supervisory Boards until a new CEO is appointed.

On January 8, 2024, the Company also announced the initiation of a strategic restructuring of its operations to focus on the Company's three clinical stage development programs. As a result of the restructuring, the Group has initiated a reduction of its full-time equivalent headcount by approximately 50% by dissolving its research and preclinical development departments, aligned with the Company's narrowed strategic priorities.

Arndt Schottelius informed the Company during 2023 about his decision to leave Affimed. He resigned from the position of Chief Scientific Officer effective per February 29, 2024.

Composition

The Supervisory Board determines the number of its members, provided that pursuant to our articles of association, the Supervisory Board shall always consist of at least three members. Thomas Hecht, Harry Welten and Annalisa Jenkins were re-appointed at the 2023 AGM. Constanze Ulmer-Eilfort was appointed at the 2023 AGM. The Supervisory Board profile was last amended in 2020 and the Supervisory Board is of the opinion that its composition is currently in accordance with such profile and the Supervisory Board has sufficient experience and expertise in various fields to fulfil its statutory obligations as Supervisory Board members of the Company. The following table lists the members of the Supervisory Board. See chapter II. "Managing Directors and Supervisory Directors" of the Corporate Governance Report of the Management Board for detailed biographies including details on their profession, principal positions and other positions. Thomas Hecht is the chairman of the Supervisory Board. The term of each member will terminate on the date of the annual general meeting of shareholders in the year indicated below.

Name	Initial/re-appointment	Term	Age	Gender	Nationality
Thomas Hecht	June 21, 2023	2026	73	M	German
Bernhard Ehmer	June 22, 2022	2025	69	M	German
Ulrich Grau	June 15, 2021	2024	75	M	German/US
Mathieu Simon	June 15, 2021	2024	68	M	French/US
Harry Welten*	June 21, 2023	2026	58	M	Swiss
Annalisa Jenkins	June 21, 2023	2026	58	F	British/US
Uta Kemmerich-Keil	June 15, 2021	2024	57	F	German
Constanze Ulmer-Eilfort	June 21, 2023	2026	62	F	German

*Harry Welten has stepped down from the Supervisory Board on December 31, 2023.

Meeting and activities

The Supervisory Board held five in-person meetings and two meetings by conference call in 2023. The Management Board attended these meetings. During these meetings, key areas of discussion were the progress of the various projects, the main risks of the business, the financial situation, business development activities and the implementation and monitoring of the business strategy.

In addition, the Supervisory Board discussed the Company’s internal control system with the audit committee and the external independent auditor. The Supervisory Board, on the advice of the audit committee, also discussed the result of the assessment of the structure and operation of the internal risk management and control systems as well as significant changes thereto including the need for an internal audit function. Based on the results of the review of the audit committee the Supervisory Board currently does not see a need for an internal audit function.

The Supervisory Board reviewed the Company's annual financial statements, including non-financial information. The report of the external auditor to the annual financial statements is included in the annual accounts. The Supervisory Board agrees to the contents of the annual accounts and will recommend the adoption thereof by the annual general meeting of shareholders.

All Supervisory Board members made adequate time available to give sufficient attention to matters concerning Affimed. Each of the members was able to frequently attend Supervisory Board meetings.

Attendance at the Supervisory Board meetings during 2023 was as follows:

Meeting	Thomas Hecht	Bernhard Ehmer	Ulrich Grau	Mathieu Simon	Harry Welten	Annalisa Jenkins	Constanze Ulmer-Eilfort	Uta Kemmerich-Keil
Supervisory Board	7/7 (100%)	6/7 (86%)	6/7 (86%)	7/7 (100%)	6/7 (86%)	6/7 (86%)	4/7 (57%)	6/7 (86%)
Audit Committee	1/11*	9/11 (82%)			11/11 (100%)			11/11 (100%)
Compensation, nomination and corporate governance committee	6/6 (100%)	5/6 (83%)	6/6 (100%)	2/6*	1/6*		4/6 (67%)	
Research and development committee	1/3*		2/3 (67%)	3/3 (100%)		3/3 (100%)		
Strategic committee	6/6 (100%)	1/6*	1/6*	6/6 (100%)	6/6 (100%)	6/6 (100%)	2/6*	

*Membership ended or started during 2023 or members attended meetings without being formal member of the committee, therefore no participation rate displayed.

The Supervisory Board also held several non-formal Supervisory Board meetings which are attended by the Management Board. In addition, the members of the Supervisory Board have regular contact with the members of the Management Board outside of the scheduled meetings of the Supervisory Board. These informal consultations ensure that the Supervisory Board remains well-informed about the Company's operations.

The Supervisory Board is responsible for the quality of its own performance and it discusses, once a year on its own, without the members of the Management Board both its own performance and that of the individual members. As in the previous years, in 2023 the Supervisory Board and the Supervisory Board committees conducted an evaluation through a self-assessment and was positive about the performance and the collaboration with the Management Board. Further, the Supervisory Board was satisfied with the performance of the Supervisory Board and determined that it works well together, with all members fully contributing to discussions.

The Supervisory Board has also reviewed the performance of the Management Board, including the achievement level of the corporate objectives, as a whole and each Management Board member for the year 2023. The conclusions from this review have been discussed with the Management Board as well as

the individual Management Board members and were considered in the Management Board compensation.

During the financial year 2023 no conflict of interest of a Supervisory Board member was reported. We refer to the chapter Conflict of Interest in the corporate governance report of the annual report for further information.

Committees of the Supervisory Board

During 2023, the Supervisory Board had four permanent committees to which certain tasks are assigned. The committees report back on their activities to the Supervisory Board on a regular basis. The composition of each committee is detailed in the following table (as of April 30, 2024).

Name	Audit committee*	Research and development committee	Compensation, nomination and corporate governance committee	Strategic committee**
Thomas Hecht	member		member	chair
Bernhard Ehmer	member		member	
Ulrich Grau		member	chair	
Mathieu Simon		member		member
Constanze Ulmer-Eilfort			member	member
Annalisa Jenkins		chair		member
Uta Kemmerich-Keil	chair			

*Thomas Hecht joined the audit committee in January 2024 replacing Harry Welten (left the audit committee on December 31, 2023).

**Harry Welten left the strategic committee on December 31, 2023.

Committee activities during 2023

Audit committee

The audit committee assists the Supervisory Board in overseeing Affimed's accounting and financial reporting processes and the audits of the financial statements. The audit committee meets at least four times per year and during the regular meetings at least once a year with our external independent auditor,

without the Management Board being present. In 2023, the audit committee's main areas of focus were review of quarterly financial statements, the Company's system of internal controls over financial reporting and the compliance with the relevant rules and regulations (SOX), risk management, auditing approach and auditing timelines of quarterly and annual financial statements, discussion of the financing situation and the cash management. At least once a year the committee is informed about risks for the Company and mitigating and preventive measures.

The financial statements of the Company for 2023 as presented by the Management Board have been audited by KPMG as independent external auditors. KPMG attended the audit committee meeting in which the annual accounts and the auditor's report were discussed. The Management Board and the audit committee report to the Supervisory Board annually on their dealings with the external auditor, including the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the appointment of an external auditor that is submitted to the general meeting of shareholders.

The audit committee held nine meetings by conference call and two in-person meetings in 2023.

Research and development committee

The research and development committee assists the Supervisory Board in aligning the R&D strategy of the Company with the overall Company strategy, to evaluate critical junctures of research and development activities and assess the competitive landscape and the impact on the Company's strategy and business.

The research and development committee held two meetings by conference call and one in-person meeting in 2023.

Compensation, nomination and corporate governance committee

The compensation, nomination and corporate governance committee assists the Supervisory Board *inter alia* in determining compensation for the managing directors of the Company. Under SEC and Nasdaq rules, there are heightened independence standards for members of the compensation committee, including a prohibition against the receipt of any compensation from us other than standard supervisory director fees.

The committee recommends to the Supervisory Board for determination the compensation of each of our managing directors. Furthermore, the compensation, nomination and corporate governance committee assists the Supervisory Board in identifying, reviewing and approving corporate goals and objectives relevant to management board compensation; analysing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the managing directors; evaluating each managing director's performance in light of such goals and objectives and determining each managing director's compensation based on such evaluation and determining any long-term incentive component of each managing director's compensation in line with the remuneration policy and reviewing our management board compensation and benefits policies generally, among other things.

The compensation, nomination and corporate governance committee also assists our Supervisory Board in identifying individuals qualified to become members of our Supervisory Board consistent with criteria established by our Supervisory Board and in developing our corporate governance principles. In addition, the Supervisory Board delegated the oversight of the Company's Compliance Management System,

including Cybersecurity and Information Security System, and the monitoring of the development and implementation of the Company's ESG strategy to the compensation, nomination and corporate governance committee.

The compensation, nomination and corporate governance committee held five meetings by conference call and one in-person meeting in 2023.

Strategic committee

The strategic committee assists our Supervisory Board in discharging its supervisory, monitoring and advisory duties with respect to the development and implementation of the Company's overall strategy and the risks inherent to its business activities, as well as with respect to strategic initiatives identified by the Company from time to time.

The strategic committee held four meetings by conference call and two in-person meetings in 2023.

Remuneration of the Supervisory Board

The compensation of Supervisory Board members consists of a fixed annual fee in cash and an additional meeting fee for any Supervisory Board meeting or committee meeting. Members of the Supervisory Board are entitled to annual grants under our share-based compensation plans. Remuneration is subject to an annual review by the Supervisory Board.

The remuneration of members of the Supervisory Board complies with almost all aspects of the provision of the Dutch Corporate Governance Code. The exceptions are where it conforms more closely to customary practice in the biotechnology industry worldwide, in particular in the United States. These exceptions and further details on the remuneration of the Supervisory Board are disclosed in the Corporate Governance section in the management report.

An overview of the implementation and planning of the remuneration of supervisory and managing directors and in addition the remuneration policy is given in more detail in section "Item 6. Directors, Senior Management and Employees – Compensation" in the annual report (20-F) filed with the Securities and Exchange Commission on March 28, 2024 (available on our website https://www.affimed.com).

Independence of the Supervisory Board

The Supervisory Board is a separate corporate body that is independent of the Management Board of the Company. Members of the Supervisory Board can neither be a member of the Management Board nor an employee of Affimed. During the financial year 2023, all except one of our members of the Supervisory Board were independent in accordance with the Dutch Corporate Governance Code. Pursuant to the Dutch Corporate Governance Code, Harry Welten is considered non-independent due to his former relationship with Affimed as consultant prior to his appointment as member of the Supervisory Board in 2020. All members of the Supervisory Board are considered independent pursuant to the Nasdaq listing rules.

Appreciation

The Supervisory Board is of the opinion that during the year 2023, its composition, mix and depth of available expertise, working processes, level and frequency of engagement in all critical Company

activities, and access to all necessary and relevant information and the Company's management and staff were satisfactory and enabled it to carry out its duties towards all the Company's stakeholders.

The members of the Supervisory Board would like to express their gratitude and appreciation to the Management Board and employees of Affimed for their efforts and performance in 2023. In particular, the Supervisory Board would very much like to thank our shareholders for their continued support.

May 27, 2024

On behalf of the Supervisory Board,

Dr. Thomas Hecht,

Chairman of the Supervisory Board

Affimed N.V.
Consolidated statements of comprehensive loss
(in € thousand)

	Note	2023	2022	2021
Revenue	9	**8,275**	**41,353**	**40,366**
Other income and expenses – net	10	4,697	1,417	1,310
Research and development expenses	11	(94,958)	(98,814)	(81,488)
General and administrative expenses	12	(24,675)	(32,075)	(24,218)
Operating loss		**(106,661)**	**(88,119)**	**(64,030)**
Finance income / (costs) – net	14	**726**	**2,117**	**6,509**
Loss before tax		**(105,935)**	**(86,002)**	**(57,521)**
Income taxes	15	(3)	(2)	(2)
Loss for the period		**(105,938)**	**(86,004)**	**(57,523)**
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Equity investments at fair value OCI – net change in fair value	20	(0)	(6,047)	(7,693)
Other comprehensive loss		**(0)**	**(6,047)**	**(7,693)**
Total comprehensive loss		**(105,938)**	**(92,051)**	**(65,216)**
Basic and diluted loss per share in € per share(undiluted = diluted)	16	**(7.09)**	**(6.04)**	**(4.81)**
Weighted number of common shares outstanding	16	**14,939,916**	**14,236,229**	**11,950,238**

The Notes are an integral part of these consolidated financial statements.

Affimed N.V.
Consolidated statements of financial position
(in € thousand)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Intangible assets	18	25	58
Leasehold improvements and equipment	19	4,905	3,823
Right-of-use assets	29	8,039	561
		12,969	4,442
Current assets			
Cash and cash equivalents	23	38,529	190,286
Investments	21	33,518	0
Other financial assets	22	851	0
Trade and other receivables	24	5,327	2,697
Inventories		463	628
Other assets and prepaid expenses	25	5,500	2,459
		84,188	196,070
TOTAL ASSETS		**97,157**	**200,512**
EQUITY AND LIABILITIES			
Equity			
Issued capital		1,500	1,493
Capital reserves		593,666	582,843
Fair value reserves		(1,231)	(1,231)
Accumulated deficit		(536,128)	(430,190)
Total equity	26	**57,807**	**152,915**
Non-current liabilities			
Borrowings	27	6,319	11,687
Contract liabilities	9	464	1,083
Lease liabilities	29	6,660	176
Total non-current liabilities		**13,443**	**12,946**
Current liabilities			
Trade and other payables	28	18,916	19,077
Borrowings	27	5,833	5,930
Lease liabilities	29	539	396
Contract liabilities	9	619	9,248
Total current liabilities		**24,907**	**34,651**
TOTAL EQUITY AND LIABILITIES		**97,157**	**200,512**

The Notes are an integral part of these consolidated financial statements.

Affimed N.V.
Consolidated statements of cash flows
(in € thousand)

	Note	2023	2022	2021
Cash flow from operating activities				
Loss for the period		(105,938)	(86,004)	(57,523)
Adjustments for the period:				
- Income taxes		3	2	2
- Depreciation and amortization		1,749	2,899	1,334
- Net gain from disposal of subsidiary	10	(4,339)	0	0
- Net loss from disposal of leasehold improvements and equipment		82	0	0
- Share-based payments	17	10,714	19,110	11,820
- Finance income / (costs) - net	14	(726)	(2,117)	(6,509)
		(98,453)	(66,110)	(50,876)
Change in trade and other receivables		1,093	2,113	(2,369)
Change in financial assets		(851)	0	0
Change in inventories		100	(207)	(175)
Change in other assets and prepaid expenses		(2,737)	1,075	(2,274)
Change in trade, other payables, provisions and contract liabilities		(9,766)	(41,048)	(29,990)
		(110,616)	(104,177)	(85,684)
Interest received		1,743	564	0
Paid interest		(1,393)	(1,277)	(905)
Paid income tax		(3)	(2)	(2)
Net cash used in operating activities		**(110,269)**	**(104,892)**	**(86,591)**
Cash flow from investing activities				
Purchase of intangible assets		0	(37)	(1,654)
Purchase of leasehold improvements and equipment, including upfront payments for right-of-use assets		(3,729)	(659)	(2,196)
Cash received from the sale of financial assets		938	6,301	0
Cash paid for investments in financial assets		(34,246)	0	0
Cash received from sale of subsidiary	10	978	0	0
Net cash (used)/generated in investing activities		**(36,059)**	**5,605**	**(3,850)**
Cash flow from financing activities				
Proceeds from issue of common shares, including exercise of share-based payment awards		235	95,907	124,460
Transaction costs related to issue of common shares		(35)	(6,037)	(7,412)
Proceeds from borrowings	27	0	0	17,500
Transaction costs related to borrowings	27	0	0	(311)
Repayment of lease liabilities	29	(491)	(733)	(564)
Repayment of borrowings	27	(5,929)	(580)	(92)
Cash flow (used)/generated in financing activities		**(6,220)**	**88,557**	**133,581**
Exchange rate related changes of cash and cash equivalents		**791**	**3,386**	**7,636**
Net changes to cash and cash equivalents		**(152,548)**	**(10,730)**	**43,140**
Cash and cash equivalents at the beginning of the period		**190,286**	**197,630**	**146,854**
Cash and cash equivalents at the end of the period		**38,529**	**190,286**	**197,630**

The Notes are an integral part of these consolidated financial statements.

Affimed N.V.
Consolidated statements of changes in equity
(in € thousand)

	Note	Issued capital	Capital reserves	Fair value reserves	Accumulated deficit	Total equity
Balance as of January 1, 2021		**983**	**345,164**	**1,720**	**(275,874)**	**71,993**
Issue of common shares		240	114,197			114,437
Exercise of share-based payment awards		11	2,906			2,917
Equity-settled share-based payment awards			11,820			11,820
Loss for the period					(57,523)	(57,523)
Other comprehensive loss				(7,693)		(7,693)
Balance as of December 31, 2021		**1,234**	**474,087**	**(5,973)**	**(333,397)**	**135,951**
Balance as of January 1, 2022		**1,234**	**474,087**	**(5,973)**	**(333,397)**	**135,951**
Issue of common shares		259	89,545			89,804
Exercise of share-based payment awards		0	101			101
Equity-settled share-based payment awards			19,110			19,110
Transfer of cumulative loss on sale of financial assets				10,789	(10,789)	0
Loss for the period					(86,004)	(86,004)
Other comprehensive loss				(6,047)		(6,047)
Balance as of December 31, 2022		**1,493**	**582,843**	**(1,231)**	**(430,190)**	**152,915**
Balance as of January 1, 2023		**1,493**	**582,843**	**(1,231)**	**(430,190)**	**152,915**
Issue of common shares	26	7	109			116
Equity-settled share-based payment awards	17		10,714			10,714
Loss for the period					(105,938)	(105,938)
Balance as of December 31, 2023		**1,500**	**593,666**	**(1,231)**	**(536,128)**	**57,807**

The Notes are an integral part of these consolidated financial statements.

Affimed N.V.
Notes to the consolidated financial statements

1. Reporting entity

Affimed N.V. is a Dutch company with limited liability (naamloze vennootschap) and has its corporate seat in Amsterdam, the Netherlands, registered with the trade register of the Chamber of Commerce (handelsregister van de Kamer van Koophandel) under number 60673389.

The consolidated financial statements are comprised of Affimed N.V., and its controlled (and wholly owned) subsidiaries Affimed GmbH, Mannheim, Germany, and Affimed Inc., Delaware, USA (collectively "Affimed", the "Company" or the "Group"). As of December 28, 2023, the Group sold its wholly owned susidiary AbCheck s.r.o., Plzen, Czech Republic ("AbCheck") and deconsolidated this subsidiary (see note 6).

Affimed is a clinical-stage biopharmaceutical company focused on discovering and developing highly targeted cancer immunotherapies. The Group's product candidates are developed in the field of immuno-oncology, which represents an innovative approach to cancer treatment that seeks to harness the body's own immune defenses to fight tumor cells. Affimed has its own research and development programs and strategic collaborations. The Group previously performed research services for third parties under service contracts at its former subsidiary, AbCheck.

In April 2023, Affimed conducted a reorganization of its operations to focus on the Group's three clinical stage development programs. As a result of the reorganization, the Group reduced its full-time equivalent headcount by approximately 25%. In January 2024, Affimed announced a strategic restructuring which it anticipates will lead to a reduction of its headcount by approximately 50% via the dissolution of its research and preclinical development departments (see note 33).

In September 2023, Affimed moved to new laboratory and office facilities in Mannheim and changed its corporate seat to the city of Mannheim accordingly.

2. Local exemption rules applied by subsidiaries of the Group

Affimed GmbH, Heidelberg, Germany, makes use of the exemption clause, available under § 264 (3) HGB in 2023. The consolidated financial statements of Affimed N.V. as of and for the year ended December 31, 2023 will be filed in Germany as a supplement to the financial statements of Affimed GmbH, in order to meet the requirements of the exemption clause available under § 264 (3) HGB in 2023.

3. Financial reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of December 31, 2023.

4. Going concern

The consolidated financial statements have been prepared on the basis that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As a clinical-stage biopharmaceutical company, the Group has incurred operating losses since inception. As of December 31, 2023, the Group had an accumulated deficit of €536.1 million and total net equity of €57.8 million.

The Group expects it will incur operating losses for the foreseeable future due to, among other things, costs related to continue its clinical programs and its administrative organization. Historically, Affimed has successfully financed its operations through income and revenues generated from collaborations, licensing, venture loans and issuance of equity. According to its most recent business planning, which includes a reorganization of its operations to focus on

the Company's three clinical stage development programs (refer note 33), current cash resources including short term investments totaling €72.0 million as of December 31, 2023, are projected to finance the Group into the second half of 2025.

We are advancing our product candidates through clinical development. Developing pharmaceutical products, including conducting preclinical studies and clinical studies, is expensive. In order to obtain such regulatory approval, we will be required to conduct clinical studies for each indication for each of our product candidates. As the Group's clinical programs with acimtamig, AFM24 and AFM28 are still in the development stage, and because any further development until market approval and successful financing is dependent on meaningful clinical trial results, among other factors, the estimation of the cost of completing the ongoing clinical programs or the timing for bringing such programs to various markets or substantial partnering or out-licensing arrangements, and, therefore, when, if ever, material cash inflows are likely to commence, imply material uncertainties. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Management is pursuing various financing alternatives to meet the Group's future cash requirements, including the issuance of equity to existing or new shareholders, payment from arrangements with strategic partners and loan facilities.

Following the anticipated data readouts for AFM24 and acimtamig, as well as a trial update for AFM28, management believes to be able to obtain financing necessary for the implementation of the Group's business strategy. If the Company is not able to raise sufficient capital when needed, Affimed could be forced to delay, reduce or eliminate the Company's product development programs and the ability to continue as a going concern would be uncertain. Based on management's going concern assessment, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

5. Application of Section 402, Book 2 of the Dutch Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate statement of profit and loss of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the Company financial statements, as included under pages 86-98.

6. Basis of preparation – consolidated financial statements

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with section 2:362(9) of the Dutch Civil Code (not resulting in changes from preparation in accordance with IFRS as issued by the International Accounting Standards Board) and were authorized by the Management Board for presentation to the Supervisory Board on May 27, 2024.

As of March 8, 2024, the Company effected a 1-for-10 reverse stock split of its outstanding common shares. According to IAS 33.64, the Group has adjusted the weighted average number of ordinary shares and the loss per share (diluted/undiluted) retroactively for the years 2023, 2022 and 2021 (refer note 16). In addition, all share and per share information (including such information related to share based payments) have been retroactively adjusted to reflect this change (see notes 17, 26, 40 and 44).

Functional and presentation currency

All amounts included in the consolidated financial statements are reported in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The functional currency of the Group's subsidiaries is also the euro. All financial information presented in euro unless otherwise noted has been rounded to the nearest thousand (abbreviated €) or million (abbreviated € million).

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated.

Presentation of consolidated statements of comprehensive loss

As a clinical-stage biopharmaceutical company with a primary focus on research and development activities, cost of sales and gross profit are not considered meaningful measures for Affimed and therefore are not presented.

7. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 7 in certain instances in line with the amendments. The material accounting policies are presented below.

Foreign currency transactions

Transactions denominated in currencies other than the euro are translated at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are translated at the exchange rate at the date of the consolidated statement of financial position.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency gains or losses that relate to borrowings, cash and cash equivalents and financial assets, except for financial instruments at fair value through other comprehensive income are presented in the statement of comprehensive loss within 'Finance income / (costs) - net'. All other foreign exchange gains and losses are presented in the statement of comprehensive loss within 'Other income and expenses – net'.

Revenue

Information about the Group' accounting policies relating to contracts with customers is provided in Note 9.

Research and development

Costs incurred related to research activities are expensed in the period when they are incurred. Costs incurred on development projects are recognized as intangible assets beginning on the date it can be established that it is probable that future economic benefits attributable to the asset will flow to the Group considering its technological and commercial feasibility. Given the current stage of the development of the Group's candidates and technologies, as well as uncertainties regarding successful regulatory approval, no development expenditures have been capitalized in any of the periods presented in these consolidated financial statements. Intellectual property-related costs for patents are part of the expenditure for the research and development projects. Therefore, registration costs for patents are recognized as expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.

The Group entered into certain collaborations with shared cost arrangements in respect of specific projects. Costs related to these projects are shared equally between the parties and the recoveries received by the Group are recognized as other income.

Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under a short-term cash bonus, if (a) the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and (b) the obligation can be estimated reliably. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Termination benefits

Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Government grants

The Group receives certain government grants that support its research effort in specific projects. These grants are generally provided in the form of reimbursement of approved costs incurred as defined in the respective grants. Income in respect of grants also includes contributions towards the costs of research and development. Income is recognized when costs under each grant are incurred in accordance with the terms and conditions of the grant and the collectability of the receivable is reasonably assured.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate. When the cash in relation to recognized government grants is not yet received, the amount is included as a receivable in the statement of financial position.

The Group recognizes income from government grants under 'Other income - net' in the consolidated statement of comprehensive loss.

Leases

Affimed recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Subsequently, the right-of-use asset

is depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Affimed's incremental borrowing rate. Generally, Affimed uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.
The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Affimed has elected not to recognize right-of-use assets and lease liabilities for some short-term leases (leases with less than 12 months of lease term) and right-of-use assets and liabilities for leases of low value assets. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Finance income and finance costs

Finance income comprises interest income from interest bearing bank deposits and government treasury bonds. Interest income is recognized as it accrues using the effective interest method.

Finance costs comprise primarily interest expense on borrowings.

Income taxes

Income taxes comprise current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and adjustments to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with assets and liabilities if the transaction which led to their initial recognition is a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are presented net if there is a legally enforceable right to offset.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Non-derivative financial assets

The Group's non-derivative financial assets include shares, trade and other receivables, government treasury bonds, other assets and cash and cash equivalents.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Debt instruments that are held to collect solely payments of principal and interest are subsequently carried at amortized cost.
The Group holds a financial asset to be settled in shares. This instrument is subsequently measured at fair value with net gains and losses recognized in profit or loss.

Government treasury bonds are short-term and carried at amortized cost.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

On initial recognition of certain equity instruments, the Group has made an irrevocable election to present changes in fair value of the investments through other comprehensive income.

(ii) Non-derivative financial liabilities

The Group's classes of financial liabilities are borrowings and trade and other payables. The Group initially recognizes non-derivative financial liabilities on the date that they are originated and measures them at amortized cost using the effective interest rate method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(iii) Compound financial instruments

The Group entered into a loan agreement pursuant to which it issued warrants to purchase common shares of the Group at the option of the respective holder. The number of shares to be issued does not vary with changes in their fair value.

The liability component of the loan was recognized initially at the fair value of a similar liability without a warrant. The equity component was recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component was measured at amortized cost using the effective interest method. The equity component was not re-measured subsequent to initial recognition.

Common shares

Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Impairment

(i) Trade and other receivables

Trade receivables at amortized cost are subject to the expected credit loss model according to IFRS 9. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Subsequent to December 28, 2023, the Group no longer has a customer base as such but rather collaboration partners. Management does consider factors that may influence the credit risk of its collaboration partners, including the default risk associated with the industry and country in which the partner operates.

Trade receivables are assessed at each reporting date to determine whether there is objective evidence that they are impaired. Trade or other receivables are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the receivable, and such loss event had a negative effect on the estimated future cash flows of that receivable that can be estimated reliably. Loss events include indications that a partner is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization.

All receivables are assessed for specific impairment. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. No impairments or reversals of impairments were recognized in 2023, 2022 or 2021.

(ii) Intangible assets and leasehold improvements and equipment

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Items of leasehold improvements and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Amortization and depreciation is calculated using the straight-line method over the estimated useful lives, and is recognized in profit or loss. Depreciation and amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives of leasehold improvements and equipment for current and comparative periods are as follows:

-	Software	3-4 years
–	Laboratory equipment	5-10 years
–	Office and IT equipment	3-6 years
–	Leasehold improvements	over the term of the lease

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date.

Use of critical judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Judgements

In preparing these consolidated financial statements, the critical judgments made by management in applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

Note 9: revenue recognition – separate performance obligations, whether revenue is recognized over time or at a point in time and stage of completion; and
Note 29: lease term - whether the Group will exercise extension options.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date are included in the following notes:

Note 9: revenue recognition – determining the total consideration of the performance obligation, estimated margin and stage of completion; and
Note 15: income taxes – recognition of deferred tax assets, availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

Measurement of fair values

Certain of the Group's accounting policies and disclosures require the measurement of fair values.

All assets and liabilities for which fair value is recognized in the consolidated financial statements are classified in accordance with the following fair value hierarchy, based on the lowest level input parameter that is significant on the whole for fair value measurement:

- Level 1 – Prices for identical assets or liabilities quoted in active markets (non-adjusted);
- Level 2 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is directly or indirectly observable for on the market and which are not included in Level 1; and

- Level 3 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is not directly or indirectly observable for on the market.

The Group recognizes transfers between levels of the fair value hierarchy as at the date at which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 17: Share-based payments
- Note 20: Long term financial assets
- Note 27: Borrowings

Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after January 1, 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements and do not expect these to have a significant impact.

Standard/interpretation	Effective Date [1]
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
Lack of Exchangeability (Amendments to IAS 21)	January 1, 2024

[1] Shall apply for periods beginning on or after the date shown in the effective date column.

8. Segment reporting

(i) Information about reportable segment

The Group is active in the discovery, pre-clinical and clinical development of antibodies based on its core technology. The activities are either conducted as own project development or for third party companies. Management of resources and reporting to the chief operating decision maker, being the Management Board, is based on the Group as a whole.

(ii) Geographic information

The geographic information below analyses the Group's revenue and non-current assets by country. In presenting the following information, segment revenue has been based on the geographic location of the customers and segment assets were based on the geographic location of the assets.

Discovery activities and research services are conducted in both the Mannheim (previously Heidelberg) and Plzen premises (until the sale of Affimed's subsidiary AbCheck s.r.o.). Pre-clinical and clinical activities are conducted and coordinated from Mannheim (previously Heidelberg).

Revenue:	**2023**	**2022**	**2021**
Germany	5	152	742
USA	8,270	41,201	39,624
	8,275	**41,353**	**40,366**
Non-current assets as of December 31:	**2023**	**2022**	**2021**
Germany	12,969	3,435	4,896
Czech Republic	0	1,007	1,306
USA	0	0	12,539
	12,969	**4,442**	**18,741**

(i) Major Customers

In 2023 the revenue generated from the Roivant collaboration exceeded 10% of total revenue. In 2022 and 2021 revenue generated from the Genentech and Roivant collaborations each exceeded 10% of total revenue.

9. Revenue

Performance obligations and revenue recognition policies

Revenue streams

The Group generates revenues from the provision of research and development services to third parties based on both Group and third party owned intellectual property. Such services are performed on a “best efforts” basis without a guarantee of technological or commercial success. For some research programs, Affimed entered into collaborations with other companies that provide the Group with funding or other resources such as access to technologies. From time to time, the Group also licenses its intellectual property to third parties who use it to develop product candidates.

The Group’s contracts with the majority of our customers contain multiple performance obligations, typically including research programs, platform licenses or intellectual property licenses. Judgment is required in determining whether a good or service is considered a separate performance obligation. The total consideration is allocated to separate performance obligations based on relative stand-alone selling prices. Usually, sales prices for research and development activities and licenses are not directly observable. Therefore, we use estimation techniques, such as an expected cost-plus margin approach, to determine stand-alone selling prices for such services and licenses. Margins are estimated based on market trends within the pharmaceutical industry and internal project plans. For licenses of intangible assets where little or no incremental costs are incurred in providing such licenses, a residual approach is used.

The Group has entered into research service agreements, collaboration and license agreements with customers for which non-refundable upfront payments are received for research funding purposes, technology access fees and/or milestone payments. Generally, the Group has continuing performance obligations because the work performed by the Group either enhances a license that the customer already controls or because the work does not result in an asset with an alternative use for the Group due to contractual restrictions and therefore upfront payments are initially recognized as a contract liability, and the related revenues are subsequently recognized as the related performance obligation is fulfilled. In this context, the determination of the stage of completion requires judgement, in particular with respect to the anticipated total costs of research programs. Technology access fees are generally initially recognized as a contract liability and subsequently recognized over the expected term of the agreement on a straight-line basis.

The determination of whether a performance obligation is satisfied at a point in time versus over time might also require judgment.

Revenue from platform licenses or intellectual property licenses granted are recognized at a point in time if their nature is a right to use the licensed intellectual property as it exists at the point in time at which the license is granted. This is usually the case when there is no significant continuing involvement by the Group. In these cases, revenue is recognized when control of the license is transferred. Control is considered to be transferred when the customer received all necessary documents and information to begin to use and benefit from the license.

Revenue from platform licenses or intellectual property licenses granted are recognized over time if their nature is to access the licensed intellectual property as it exists throughout the license period. This might be the case when there is significant continuing development to address the content of the platform by the Group. In these cases, revenue is recognized on a straight-line basis until the use of the license by the customer ends.

Payments received from customers commonly include non-refundable upfront payments that are initially recognized as a contract liability, and subsequently recognized as revenue as the related performance obligation is fulfilled. The Group concluded that non-refundable upfront payments do not include financing components because the advance payments arise for reasons other than the provision of financing.

In addition, payment terms may also include payments to be received from customers at a later point in time upon the achievement of certain milestones.

Milestone payments are contingent upon the achievement of contractually stipulated targets. The achievement of these targets or milestones depends largely on meeting specific requirements laid out in the respective agreement. Therefore, individual performance obligations are generally determined based on contractually agreed milestones

and related payments. Reaching a milestone will result in a cumulative catch up of revenue for the performance to date.

The Group distinguishes between development and registration milestones and sales-based milestones. Whereas development and registration milestone payments are generally recognized when reaching the defined milestones, revenues for sales-based milestones are recognized upon achievement of contractually stipulated underlying revenues.

Collaboration with Genentech

In August 2018, Affimed entered into a strategic collaboration agreement with Genentech Inc. (Genentech), headquartered in San Francisco, USA. Under the terms of the agreement Affimed is providing services related to the development of novel NK cell engager-based immunotherapeutics to treat multiple cancers. The Genentech agreement became effective at the beginning of October 2018. Under the terms of the agreement, Affimed received $96.0 million (€83.2 million) in an initial upfront payment and committed funding on October 31, 2018.

The Group recognized €0.6 million as revenue in 2023 (2022: €18.5 million, 2021: €21.6 million). As of the end of 2022, Affimed had completed work on and/or handed over all product candidates for further investigation by Genentech. The remaining revenue recognized relates to a platform license. As at December 31, 2023, the Group held contract liabilities of €1.1 million (December 31, 2022: €1.7 million, December 31, 2021: €20.2 million), which will be recognized as revenue in subsequent periods.

Under the terms of the agreement, Affimed is eligible to receive up to an additional $5.0 billion over time, including payments upon achievement of specified development, regulatory and commercial milestones. Affimed is also eligible to receive royalties on any potential sales.

Collaboration with Roivant

On November 9, 2020 Affimed and Affivant Sciences GmbH (formerly Pharmavant 6 GmbH), a subsidiary of Roivant Sciences Ltd. (Roivant), announced a strategic collaboration agreement which grants Roivant a license to the preclinical molecule AFM32. Under the terms of the agreement, Affimed received $60 million in upfront consideration, comprised of $40 million in cash and pre-funded research and development funding, and $20 million of common shares in Roivant. Affimed is eligible to receive additional proceeds in the form of option fees contingent on the commencement of additional programs contemplated under the agreement. The Group is eligible to receive up to an additional $2 billion in milestones payments upon achievement of specified development, regulatory and commercial milestones, as well as tiered royalties on net sales.

For the year ended December 31, 2023 the group has recognized €7.1 million (2022: €22.7 million, 2021: €17.7 million) as revenue. As of December 31, 2023, Affimed had completed all work on the product candidate and was finalising the refunding of remaining funds not utilised for the research plan of €1.4 million. As of December 31, 2023, the liability with regard to the refund is included under trade and other payables (Contract liabilities as at December 31, 2022: €8.6 million, December 31, 2021: €31.3 million).

Research service agreements

The Group has entered into certain research service agreements (through its subsidiary AbCheck s.r.o. until December 28, 2023). These research service agreements provide for non-refundable upfront technology access research funding and milestone payments. The Group recognized revenue of €0.5 million, €0.2 million and €1.1 million during the years ended December 31, 2023, 2022 and 2021 respectively.

Disaggregation of revenue

The following table reflects revenue from contracts with customers by major service line and timing of revenue recognition.

	2023	2022	2021
Major service lines:			
Collaboration revenue	7,765	41,198	39,301
Service revenue	510	155	1,065
	8,275	**41,353**	**40,366**
Timing on revenue recognition:			
Point in time	0	0	490
Over time	8,275	41,353	39,876

	8,275	**41,353**	**40,366**

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	December 31, 2023	December 31, 2022
Receivables	0	0
Contract liabilities	1,083	10,331

An amount of €7,765 that was recognized in contract liabilities at the beginning of the period was recognized as revenue during the period ended December 31, 2023 (2022: €41,302; 2021: €39,512).

The remaining contract liability of €1.1 million is expected to be recognized as revenue with €0.6 million (2022: €9.2 million) over the next 12 months and €0.5 million thereafter (2022: €1.1 million).

10. Other income and expenses - net

Other income and expenses, net, mainly comprises foreign exchange losses of €942 in 2023 (2022: gains of €99, 2021: gain of €125); income from government grants for research and development projects of €220 in 2023, €563 in 2022, and €344 in 2021 and from research collaborations where costs are shared equally between both parties of €1,019 (2022: €898, 2021: €1,072).

Changes in the group composition

On December 28, 2023, the Group entered into an agreement regarding the sale of its wholly owned subsidiary AbCheck s.r.o. ('AbCheck sale agreement') to Ampersand Biomedicines Inc ('Ampersand') for a gross purchase price of €5.8 million ($6.4 million), consisting of €4.9 million ($5.4 million) in cash to be paid in two tranches, and €0.9 million ($1.0 million) to be paid by delivery in a variable number of Ampersand shares subject to certain adjustments (€0.3 million) and a holdback. The sale became effective on December 28, 2023. As of December 28, 2023, an amount of €1.6 million ($1.8 million) of the purchase price, being the first cash tranche, had been received. The settlement of the balance of the purchase price is expected once Ampersand has completed a financing round but no later than December 31, 2024. The transaction resulted in a gain of €4.3 million ($4.8 million), recognized as other income.

The Group derecognized the following assets and liabilities of AbCheck s.r.o. in the consolidated financial statements as of December 28, 2023:

	December 31, 2023
Leasehold improvements and equipment	616
Right-of-use assets	118
Inventories	65
Trade and other receivables	190
Cash and cash equivalents	642
Borrowings	(40)
Trade and other liabilities	(274)
Lease liabilities	(123)
Aggregated closing balance	**1,194**

The first tranche of the purchase price of €1.6 million ($1.8 million) was already received by the Group and is presented in the statements of cash flows less cash and cash equivalents of AbCheck s.r.o. as of December 28, 2023 of €642.

11. Research and development expenses

The following table shows the different types of expenses allocated to research and development costs for the years ended December 31:

	2023	2022	2021
Third-party services	64,640	61,943	54,810
Personnel expenses	24,485	29,023	20,532
Legal, consulting and patent expenses	1,357	1,177	1,301
Cost of materials	1,349	2,138	2,152
Amortization and depreciation	1,109	2,639	1,057
Other expenses	2,018	1,894	1,636
	94,958	**98,814**	**81,488**

Amortization and depreciation in 2022 included an impairment of €1.5 million in respect of a technology license (see note 18).

12. General and administrative expenses

The following table shows the different types of expenses allocated to general and administrative costs for the years ended December 31:

	2023	2022	2021
Personnel expenses	13,055	15,249	10,713
Legal, consulting and audit expenses	5,382	8,299	8,134
Insurance expenses	2,800	3,493	2,613
Other expenses	3,438	5,034	2,758
	24,675	**32,075**	**24,218**

13. Employee benefits

The following table shows the items of employee benefits for the years ended December 31:

	2023	2022	2021
Wages and salaries	21,972	23,370	17,882
Social security contributions	3,002	3,098	2,332
Termination benefits	2,134	0	0
	27,108	**26,468**	**20,214**

The employer's contributions to pension insurance plans of €1,272 (2022: €1,322, 2021: €1,030) are classified as payments under a defined contribution plan and are recognized as an expense.

In April 2023, Affimed conducted a reorganization of its operations to focus on the Group's three clinical stage development programs. As a result of the reorganization, the Group incurred one-time expenditure for termination payments, which were settled during 2023. Further, included in the termination benefits are payments due to Affimed's former Chief Executive Officer in connection with his departure from the Company.

As of December 31, 2023, Affimed employed 146 (2022: 219, 2021: 176) full time equivalent employees, including those of our subsidiaries.

14. Finance income and costs

The following table shows the items of finance income and costs for the years ended December 31:

	2023	2022	2021
Interest Bootstrap Loan Agreement (see note 27)	(1,806)	(1,630)	(712)
Foreign exchange differences	488	3,386	7,636
Interest on Government treasury bonds	509	0	0
Other finance income/ costs - net	1,535	361	(415)
	726	**2,117**	**6,509**

15. Income taxes

The Group did not incur any material income tax in the periods presented. As of December 31, 2023, deferred tax assets from differences resulting from intangible assets (€0; 2022: €238), trade and other receivables (€317; 2022: €102), borrowings (€0; 2022: €26), lease liabilities (€2,147; 2022: €150), trade and other payables (€24; 2022: €31) and contract liabilities (€0; 2022: €0) have not been recognized as deferred tax assets as no sufficient future taxable profits or offsetting deferred tax liabilities are available. As of December 31, 2023 deferred tax liabilities from temporary differences result mainly from leasehold improvements and equipment and right-of-use assets (€2,398; 2022: €204), other assets (€83; 2022: €0), long-term financial assets (€266; 2022: €266), contract liabilities (€0; 2022: €291) and borrowings (€65; 2022: €86). Deferred tax liabilities are not recognized as there is an excess of deferred tax assets over deferred tax liabilities.

A reconciliation between actual income taxes and the expected tax benefit from the loss before tax multiplied by the Group's applicable tax rate is presented below for the years ended December 31:

	2023	2022	2021
Loss before tax	(105,935)	(86,002)	(57,521)
Income tax benefit at tax rate of 29.825 %	31,595	25,650	17,156
Adjustments of deferred tax assets	(29,533)	(25,022)	(15,850)
Adjustments for local tax rates	0	23	(62)
Non-deductible expenses	(1,940)	(755)	(1,434)
Other	(125)	102	188
Income taxes	**(3)**	**(2)**	**(2)**

In Germany, Affimed has tax losses carried forward of €471.7 million (2022: €372.0 million) for corporate income tax purposes and of €470.6 million (2022: €371.0 million) for trade tax purposes that are available indefinitely for offsetting against future taxable profits of that entity. Restrictions on the utilization of tax losses in case of a change of control of ownership in Affimed were mitigated by the enactment of the Economic Growth Acceleration Act (*Wachstumsbeschleunigungsgesetz 2009*). According to the provisions of this act unused tax losses of a corporation as of the date of a qualified change in ownership are preserved to the extent they are compensated by an excess of the fair value of equity for tax purposes above its carrying amount of the Group. The maximum amount of tax losses at risk of being lost due to ownership changes is approximately €59 million. Deferred tax assets have not been recognized in respect of any losses carried forward as no sufficient taxable profits of Affimed are expected.

16. Loss per share

Loss per common share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

As of March 8, 2024, the Company effected a 1-for-10 reverse stock split of its outstanding common shares. According to IAS 33.64, the Group has adjusted the weighted average number of ordinary shares to reflect the effect of the reverse stock split on the loss per share (diluted/undiluted) retrospectively for the years 2023, 2022 and 2021.

The impact of the reverse stock split on the 2022 and 2021 loss per share compared to amounts reported previously is as follows:

	2022	2021
Weighted number of common shares outstanding, as previously stated	142,362,294	119,502,384
Loss per share, as previously stated	(0.60)	(0.48)
Weighted number of common shares outstanding, adjusted	14,236,229	11,950,238
Loss per share, adjusted	(6.04)	(4.81)

As of December 31, 2023, the Group has granted 2,475,013 options and warrants (adjusted for the reverse stock split) in connection with the share-based payment programs (see note 13) and the loan agreement, which could potentially have a dilutive effect, were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive effect due to the net loss generated by the Group.

17. Share-based payments

In 2014, an equity-settled share-based payment program was established by Affimed N.V. (ESOP 2014). Under this program, the Company granted awards to certain members of the Management Board, certain members of the Company's Supervisory Board, non-employee consultants and employees.

The share and per share information presented in this note does retroactively reflect the effects of the reverse stock split which was effective March 8, 2024 (see note 16).

Share-based payments with service conditions

The majority of the awards vest in installments over three years and can be exercised up to 10 years after the grant date. In 2023 and 2022, the Group granted 822,175 and 491,560 awards, respectively, to employees, members of the Management Board and members of the Supervisory Board. Fair value of these awards at grant date in 2023 amounts to €6.0 million ($6.4 million).

During 2023, 167,260 ESOP 2014 awards were cancelled or forfeited due to termination of employment or termination of consulting agreements with non-employees (2022: 27,743), and no options were exercised (2022: 4,344 options were exercised at a weighted average exercise price of $25.2).

As of December 31, 2023, 2,181,888 ESOP 2014 awards were outstanding (December 31, 2022: 1,526,973), 1,240,852 awards (December 31, 2022: 851,086) were vested. The options outstanding at December 31, 2023 had an exercise price in the range of $3.5 to $134.7 (2022: $13.0 to $134.7), a weighted average remaining contractual life of 7.3 years (2022: 7.4 years) and a weighted average exercise price of $35.7 (2022: $49.1). In 2023 and 2022, the Group estimated an annual forfeiture rate of approximately 4% for unvested options.

Share-based payments with market condition

During 2022, the Company issued 282,500 options with market-based performance conditions to members of the Management Board and employees. Each grant consists of three tranches, whereby one-third of the total grant will vest when the volume-weighted average share price over the preceding thirty trading days reaches $120, $150, and $180, respectively. Except with respect to a change of control, these options vested on the first anniversary of the grant date. As of December 31, 2023, 20,000 options were cancelled. Fair value of the awards at grant date in 2022 amounts to €2.9 million ($3.2 million) and the contractual lifetime of the options is two years. Any unvested awards on the date that is two years following the grant date will lapse.

Share-based payment expense

In 2023, an expense of €10,714 was recognized affecting research and development expenses (€6,014) and general and administrative expenses (€4,700). In 2022, an expense of €19,110 was recognized affecting research and development expenses (€10,351) and general and administrative expenses (€8,759). In 2021, an expense of €11,820 was recognized affecting research and development expenses (€5,892) and general and administrative expenses (€5,928).

Fair value measurement

The fair value of stock options with service conditions issued by Affimed N.V. is estimated using the Black-Scholes-Merton formula. The formula determines the value of an option based on input parameters like the value of the underlying instrument, the exercise price, the expected volatility of share price returns, dividends, the risk-free interest rate and the time to maturity of the option.

The fair value of stock options with market conditions is determined by using a Monte Carlo Simulation incorporating the hurdle (or barrier) that needs to be reached as an additional input parameter. The fair value of share-based equity-settled compensation plans is measured at grant date and compensation cost is recognized over the vesting period with a corresponding increase in equity. The number of stock options expected to vest is estimated at each measurement date.

The significant inputs into the valuation model of share-based payment grants with service conditions are as follows (weighted average):

	2023	2022
Fair value at grant date	$7.8	$31.9
Share price at grant date	$10.4	$42.9
Exercise price	$10.4	$42.9
Expected volatility	90%	90%
Expected life	5.9	5.9
Expected dividends	0.0	0.0
Risk-free interest rate	3.95%	2.32%

The significant inputs into the valuation model of share-based payment grants with market conditions are as follows (weighted average):

	2022
Fair value at grant date	$11.3
Share price at grant date	$45.8
Exercise price	$45.8
Expected volatility	70%
Expected life	2.00
Expected dividends	0.00
Risk-free interest rate	2.41%

Expected volatility is estimated based on the observed daily share price returns of Affimed measured over a historic period equal to the expected life of the awards.

The risk-free interest rates are based on the yield to maturity of U.S. Treasury strips (as best available indication for risk-free rates), for a term equal to the expected life, as measured as of the grant date.

18. Intangible assets

	Licences	Software	Total
Cost as of January 1, 2023	2,034	330	2,364
Additions	0	0	0
Cost as of December 31, 2023	2,034	330	2,364
Accumulated amortization/impairment as of January 1, 2023	2,033	273	2,306
Amortization charge for the year	0	33	33
Accumulated amortization/impairment as of December 31, 2023	2,033	306	2,339
Carrying value as of December 31, 2023	**1**	**24**	**25**

	Licences	Software	Total
Cost as of January 1, 2022	2,034	293	2,327
Additions	0	37	37
Cost as of December 31, 2022	2,034	330	2,364
Accumulated amortization/impairment as of January 1, 2022	470	250	720
Amortization charge for the year	87	23	110
Impairment incurred during the year	1,476	0	1,476
Accumulated amortization/impairment as of December 31, 2022	2,033	273	2,306
Carrying value as of December 31, 2022	**1**	**57**	**58**

Impairment loss

In December 2020, Affimed entered into a patent and technology license agreement (the “MD Anderson License”) providing the Group with an exclusive development and commercialization license. The Group recognized the non-refundable license fee of $2 million (€1.6 million) as an intangible asset and was amortizing the acquisition cost, on a straight line basis, over an estimated useful life of 19 years. In 2022, however, Affimed decided that the further development of its ICE® molecules would utilize alternative technologies that would not require the MD Anderson License, as evidenced by Affimed’s agreement with Artiva Biotherapeutics Inc to develop AFM13 in combination with AB-101. Accordingly, Affimed determined that it was unlikely that the MD Anderson License would be used going forward, and therefore an impairment indicator was identified by management resulting in impairment of the remaining net book value of the license (€1.5 million) to nil.

19. Leasehold improvements and equipment

Reconciliation of carrying amount	Leasehold improvements	Laboratory and office equipment	Total
Cost as of January 1, 2023	74	7,979	8,053
Additions	32	2,747	2,779
Disposals	(37)	(183)	(220)
Disposal of subsidiary	(17)	(2,608)	(2,625)
Cost as of December 31, 2023	52	7,935	7,987
Accumulated depreciation as of January 1, 2023	56	4,174	4,230
Depreciation charge for the year	2	997	999
Disposals	(20)	(118)	(138)
Disposal of subsidiary	(17)	(1,992)	(2,009)
Accumulated depreciation as of December 31, 2023	21	3,061	3,082

Carrying value as of December 31, 2023	**31**	**4,874**	**4,905**

Reconciliation of carrying amount	**Leasehold improvements**	**Laboratory and office equipment**	**Total**
Cost as of January 1, 2022	74	7,321	7,395
Additions	0	658	658
Cost as of December 31, 2022	74	7,979	8,053
Accumulated depreciation as of January 1, 2022	54	3,527	3,581
Depreciation charge for the year	2	647	649
Accumulated depreciation as of December 31, 2022	56	4,174	4,230
Carrying value as of December 31, 2022	**18**	**3,805**	**3,823**

20. Long-term financial assets

The Group holds preferred shares in Amphivena, which are currently recognized at their fair value of nil. The impairment of the asset was recognized in 2021 based on the decision made by the board of Amphivena to wind down the company. Based on current information, we continue to estimate that the fair value remains at nil (December 31, 2022: nil).

In June 2022, a strategic decision was taken to dispose of the Roivant investment. These shares were sold at a weighted average selling price of €4.54 ($4.59) resulting in gross proceeds of €6.3 million ($6.4 million). The cumulated loss on sale of these shares of €10.8 million, original acquisition price of shares having been €17.1 million, was reclassified within equity from the fair value reserve to the accumulated deficit in 2022.

21. Investments

As of December 31, 2023, the Group holds investments in German and US government bonds of €33.5 million. These bonds have generated interest income of €0.5 million recognized in finance income/cost net. These investments are considered short-term as they all mature within a period of six months.

22. Other financial assets

As of December 31, 2023 other financial assets include €0.9 million ($0.9 million) being the portion of the AbCheck sale transaction consideration which is to be settled in Ampersand shares, details as described in note 10.

23. Cash and cash equivalents

	December 31,	
	2023	**2022**
Bank balances	26,629	190,286
Call deposits	11,900	0
Cash and cash equivalents in the statement of cash flows	**38,529**	**190,286**

Call deposits all have original maturities of three months or less.

24. Trade and other receivables

The Group had no trade receivables as of December 31, 2023 and 2022.

Other receivables are all due within the short-term and mainly comprise value-added tax receivables of €871 (2022: €1,505) and the balance of the consideration of €3.1 million for the sale of AbCheck to Ampersand, refer note 10.

25. Other assets and prepaid expenses

Other assets and prepaid expenses as of December 31, 2023 of €5.5 million (2022: €2.5 million) are short-term in nature, do not bear interest and are not impaired. The other assets and prepaid expenses mainly comprise a prepayment of €3.4 million for services to be provided in respect of managing clinical trials and €0.9 million as a start-up fee for services associated with a clinical trial. Other assets and prepaid expenses as of December 31, 2022 included €1.1 million for the reservation of manufacturing capacity and €0.5 million prepayment for assets secured for the Mannheim premises.

26. Issued capital and reserves

Issued capital

The share and per share information presented in this note retroactively reflects the effects of the reverse stock split effective March 8, 2024, which was approved by the Company's shareholders at the Company's Annual General Meeting of Shareholders on June 21, 2023 (see note 16).

As of December 31, 2023, the share capital of €1,500 (2022: €1,493) is composed of 14,998,804 (2022: 14,933,933) common shares with a par value of €0.10.

On April 18, 2022, the Company closed its public offering of 2,250,000 common shares, at the public offering price of $40.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 2,587,500. The public offering generated net proceeds of €89.8 million ($97.0 million), after deducting €6.0 million ($6.5 million) in underwriting commissions and other offering expenses. The incremental transaction costs were deducted from equity; shown net of proceeds in the statement of changes in equity.

In November 2021, we entered into a $100 million ATM program. As of December 31, 2021, 0.02 million common shares were sold, generating net proceeds of €1.6 million in the aggregate. In December 2023, an additional 0.06 million common shares were sold under the ATM program, generating net proceeds of €0.2 million in the aggregate.

As of December 31, 2023, authorized share capital of the Company amounts to €3,120 (2022: €3,120) and 31,195,000 (2022: 31,195,000) common shares, each with a nominal value of €0.10 per share.

Reserves

The capital reserve represents the funds raised from share transactions, net of associated costs.

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at fair value through other comprehensive income.

27. Borrowings

Bootstrap Europe

In January 2021, the Group entered into a loan agreement with Bootstrap Europe (formerly Silicon Valley Bank German Branch ("SVB")) which provides Affimed with up to €25 million in term loans in three tranches: €10 million available at closing, an additional €7.5 million upon the achievement of certain conditions, including milestones related to Affimed's pipeline and market capitalization, and a third tranche of €7.5 million upon the achievement of certain additional conditions related to Affimed's pipeline and liquidity. The first tranche of €10 million was drawn in February 2021 and the second tranche of €7.5 million in December 2021. The third tranche of €7.5 million expired undrawn at the end of 2022. Pursuant to the terms of the agreement, the loan bears interest at the greater of the European Central Bank Base Rate and 0%, plus 5.5%. Affimed was entitled to make interest only payments through December 1, 2022. The loan will mature at the end of November 2025. As of December 31, 2023, the fair value of the liability did not differ significantly from its carrying amount (€12.2 million).

The loan is secured by a pledge of 100% of the Group's ownership interest in Affimed GmbH, all intercompany claims owed to Affimed N.V. by its subsidiaries, and collateral agreements for all bank accounts, inventory, trade receivables and other receivables of Affimed N.V. and Affimed GmbH recognized in the consolidated financial statements with the following book values:

	Book value as of December 31, 2023	
	Consolidated financial statements	thereof assets pledged
Intangible assets*	25	25
Leasehold improvements and equipment	4,905	4,905
Inventories	463	463
Trade and other receivables	5,327	5,327
Investments	33,518	33,518
Other financial assets	851	851
Cash and cash equivalents	38,529	38,278
Total	**83,618**	**83,367**

* Assignment is subject to the occurrence of a defined trigger event.

UniCredit Leasing CZ

In April 2019, the Group (through its subsidiary AbCheck s.r.o.) entered into a loan agreement with UniCredit Leasing CZ for €562. As of December 31, 2022 an amount of €136 was outstanding. In the course of the sale of AbCheck, the loan was derecognized as of December 28, 2023.

Reconciliation to cash flows from financing

Movements of liabilities reconcile to cash flows arising from financing activities as follows:

	2023	2022
Balance as of January 1	**17,617**	**17,640**
Changes from financing cash flows		
Repayment of borrowings	(5,929)	(580)
	11,688	**17,060**
Other Changes		
Changes in capitalized borrowing costs, net	504	557
Disposal of subsidiary	(40)	0
Balance as of December 31	**12,152**	**17,617**

28. Trade and other payables

Trade and other payables comprise trade payables of €16,555 (2022: €16,731). Other payables mainly comprise payroll and employee related liabilities for withholding taxes and social security contributions of €2,307 (2022: €2,203) and payables due to employees for unused holidays and other accruals. Other payables are normally settled within 30 days.

29. Leases liabilities

Affimed presents right-of-use assets for offices, laboratories and vehicles leased in a separate line item from the line item “Leasehold improvements and equipment” that presents other assets of the same nature that Affimed owns. Affimed entered into a new lease agreement for office and laboratory premises for a period of 10 years. Occupancy took effect September 1, 2023, resulting in an addition to the right-of-use assets of €8.3 million, with a corresponding lease liability with corresponding lease liability of €7.2 million, after upfront payments. The lease agreement provides for an option to cancel the lease after the first 5 years, as well as providing for an extension of five years after the first 10 years. The Company has not considered this early cancellation nor the extension option in quantifying the future lease payments as the exercise of either of these options is not considered to be reasonably certain at this stage.

For equipment leased with contract terms that are short term and/or leases of low-value items the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

The carrying amounts of right-of-use assets reconcile as follows:

	Carrying amount			
	Buildings	**Cars**	**Office equipment**	**Total**
Balance as of January 1, 2023	546	12	3	561
Depreciation charge for the year	(705)	(9)	(3)	(717)
Additions to right-of-use assets	8,313	0	0	8,313
Disposal of subsidiary	(115)	(3)	0	(118)
Balance as of December 31, 2023	**8,039**	**0**	**0**	**8,039**

	Carrying amount			
	Buildings	**Cars**	**Office equipment**	**Total**
Balance as of January 1, 2022	942	21	9	972
Depreciation charge for the year	(650)	(9)	(6)	(665)
Additions to right-of-use assets	254	0	0	254
Balance as of December 31, 2022	**546**	**12**	**3**	**561**

Cash outflow related to leases are as follows:

	2023	**2022**
Repayment of lease liabilities	491	733
Interest on lease liabilities	87	31
Short-term lease payments	19	23
Cash outflow from leasing	**597**	**787**

Future contractually agreed undiscounted lease payments are as follows:

	2023	**2022**
Payments within one year	1,377	631
Payments between one and five years	6,828	180
Thereafter	4,490	0
	12,695	**811**

Movements of lease liabilities reconcile to cash flows arising from financing activities as follows:

	2023	**2022**
Balance as of January 1	572	1,051
Changes from financing cash flows		
Repayment of lease liabilities	(491)	(733)
	(491)	**(733)**
Other Changes		
New lease contracts	7,241	254
Disposal of subsidiary	(123)	0
	7,118	**254**
Balance as of December 31	**7,199**	**572**

30. Other commitments and contingencies

Contingencies

Affimed has entered into various license agreements that contingently trigger payments upon achievement of certain milestones and royalty payments upon commercialization of a product in the future.

According to the AbCheck sale agreement Affimed is entitled to potential future milestone payments achieved by AbCheck s.r.o.

31. Related parties

Transactions with key management personnel

The compensation of managing directors comprised of the following:

	2023	2022	2021
Short-term employee benefits	3,256	3,662	3,633
Share-based payments	4,458	6,732	5,235
Termination benefits	1,034	0	0
	8,748	**10,394**	**8,868**

Remuneration of Affimed's managing directors comprises fixed and variable components and share-based payment awards. In addition, the managing directors receive supplementary benefits such as fringe benefits and allowances. The termination benefits are payments due to Affimed's former Chief Executive Officer in connection with his departure from the Company. The share-based payments also include additional expenses resulting from the accelerated vesting of stock options in connection with the departure of Affimed's former Chief Executive Officer from the Company.

The supervisory board directors of Affimed N.V. received compensation for their services on the supervisory board of €482 (2022: €431; 2021: €392). In 2023, the Group recognized expenses for share-based payments for supervisory board members of €280 (2022: €1,370, 2021: €847).

The following table provides the total amounts of outstanding balances for supervisory board compensation and expense reimbursement related to managing directors:

	Outstanding balances	
	December 31, 2023	December 31, 2022
Adi Hoess	-	1
Wolfgang Fischer	-	2
Arndt Schottelius	-	3
Thomas Hecht	21	21
Mathieu Simon	8	10
Ulrich Grau	18	26
Bernhard Ehmer	15	17
Harry Welten	9	8
Annalisa Jenkins	11	11
Uta Kemmerich-Keil	16	18
Constanze Ulmer-Eilfort	16	-

32. Financial risk management

(i) Financial risk management objectives and policies

The Group’s principal financial instruments comprise cash and cash equivalents, call deposits at commercial banks, Government treasury bonds and investor loans presented in borrowings. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group may hold investments in financial assets from time to time which are obtained through collaboration agreements with external parties and do not relate to investing activities in order to generate financial income.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The measures taken by management to manage each of these risks are summarized below.

(ii) Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The management board has established the risk management committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the management board on its activities.

(iii) Credit risk

The Group’s financial assets comprise to a large extent cash and cash equivalents. In addition, financial assets include shares, government treasury bonds and trade and other receivables. The total carrying amount of shares (€nil, 2022: €nil), government treasury bonds (€33.5, 2022: € nil), cash and cash equivalents (€38.5 million, 2022: €190.3 million), other financial assets €0.9 million and trade and other receivables (€5.3 million, 2022: €2.7 million) represents the maximum credit exposure of €78.2 million (2022: €193.0 million).

The cash and cash equivalents are held with banks, which are for the majority of cash and cash equivalents rated A+ to AA2 based on Standard & Poor’s and Moody’s.

Government treasury bonds comprise bonds issued by the German government with Standards & Poors ratings of AAA and United States government bonds with Standards & Poors rating of AA+.

(iv) Interest rate risk

The Group’s interest rate risk arises from cash accounts.

Market interest rates on cash and cash equivalents as well as on term deposits were low, and in some cases in the prior year negative, resulting in net interest income of €2,276 (2022: interest expense of €401). A shift in interest rates (increase or decrease) could potentially have a material impact on the loss of the Group.

(v) Other price risks

The fair value of the shares in Amphivena depends on the estimated share price, however as the shares are currently reflected at nil, no material exposure exists.

The fair value of the government treasury bonds depends on their quoted share price, as at December 31, 2023 fair value amounts to €33.5 million. Due to the short maturities (not more than six months at the date of acquisition) of these bonds, the Group does not anticipate any significant price risk exposure.

(vi) Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity’s functional currency.

The Group’s entities are mainly exposed to US Dollars (USD), British Pound (GBP) and Swiss Francs (CHF). The net exposure as of December 31, 2023 was €28,533 (2022: €28,694) and mainly relates to US Dollars. Previously, the Group was also exposed to Czech Koruna (CZK).

In 2023, if the Euro had weakened/strengthened by 10% against the US dollar with all other variables held constant, the loss would have been €1,576 (2022: €3,270) higher/lower, mainly as a result of foreign exchange gains/losses on remeasurement of US dollar-denominated financial assets. The Group considers a shift in the exchange rates of 10% as a realistic scenario.

The following significant exchange rates have been applied during the year:

	2023	2022	2021
	CZK or USD or GBP/EUR	CZK or USD or GBP/EUR	CZK or USD or GBP/EUR
CZK - Average Rate	0.04166	0.04071	0.03900
CZK - Spot rate	0.04045	0.04147	0.04023
USD - Average Rate	0.92481	0.94967	0.84552
USD - Spot rate	0.90498	0.93756	0.88292
GBP - Average Rate	1.14970	1.17266	1.16333
GBP - Spot rate	1.15068	1.12748	1.19008

(vii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities which are normally settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Group expects that further funding will be required to complete the development of the existing product candidates. Further, funding will also be required to commercialize the products if regulatory approval is received.

The Group continually monitors its risk of a shortage of funds using short and mid-term liquidity planning. This takes account of the expected cash flows from all activities. Due to the inherent nature of the Group being a biopharmaceutical company, the operations of the business are cash intensive. The Group maintains detailed budgets to accurately predict the timing of cash flows, to ensure that sufficient funding can be made available or appropriate measures to minimize expenditures are implemented to avoid any anticipated cash shortfalls. To achieve this objective, the supervisory board undertakes regular reviews of these budgets, the Group pursues various alternatives, including entering into collaboration, seeking additional investors, obtaining further funding from existing investors through additional funding rounds and/or delaying, reducing the scope of, eliminating or divesting clinical programs and considering other cost reduction initiatives, such as reducing the amount of space being rented by the Group or sub-letting, postponing hiring new personnel and/or reducing the size of the current workforce.

In November 2021, the Company implemented a ATM program providing for additional sales over time of up to $100 million of its common shares. In December 2023, the Company had issued approximately 0.06 million shares and generated approximately €0.2 million in net proceeds from this ATM program.

On April 18, 2022, the Company closed its public offering of 2,250,000 common shares, at the public offering price of $40 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 2,587,500. The public offering generated net proceeds of €89.8 million ($97.0 million), after deducting €6.0 million ($6.5 million) in underwriting commissions and other offering expenses.

The contractual maturities of Borrowings are as follows:

	2023	2022
Payments within one year	5,833	5,930
Payments between one and five years	6,878	12,752
	12,711	**18,682**

(viii) Capital management

The primary objective of the Group's capital management is to ensure that it maintains its liquidity in order to finance its operating activities and meet its liabilities when due.

The Group manages its capital structure primarily through equity.

33. Subsequent events

In January 2024, Affimed initiated a strategic restructuring of its operations to focus on the Company's three clinical stage development programs. As a result of the restructuring, the Group has initiated a reduction of its full-time equivalent headcount by approximately 50%. The Group expects the one-time cash expenditure for termination payments (€1.6 million) to be offset by cost savings achieved from the restructuring due to reduced payroll, laboratory activities and related costs during 2024. The financial impact from the selling of lab devices is expected to be approximately €1.7 million (impairment loss). Financial impacts currently under review are aspects such as sub-letting certain rental space, selling/disposing of other laboratory equipment and the cancellation of vendor contracts.

Company Financial Statements

Company balance sheet of Affimed N.V.

Company profit and loss account of Affimed N.V.

Notes to the Company financial statements of Affimed N.V.

Company balance sheet as at December 31, 2023
(in € thousand)
(before appropriation of result of the year)

	Note	December 31, 2023	December 31, 2022
Assets			
Non current assets			
Financial fixed assets	36	56,830	123,046
Total non current assets		**56,830**	**123,046**
Current assets			
Receivables from subsidiaries	37	339	351
Other receivables	38	1,044	1,080
Other assets		313	0
Cash and cash equivalents	39	11,883	34,640
Total current assets		**13,579**	**36,071**
Total assets		**70,409**	**159,117**
Equity and liabilities			
Shareholders' equity			
Issued capital		1,500	1,493
Share premium		442,483	442,374
Other reserves		(279,007)	(192,928)
Revaluation reserve		(1,231)	(1,231)
Unappropriated loss		(105,938)	(96,793)
Total equity	40	**57,807**	**152,915**
Current liabilities			
Payables to subsidiaries	37	9,981	4,648
Other current payables	41	2,621	1,554
Total current liabilities		**12,602**	**6,202**
Total liabilities		**12,602**	**6,202**
Total equity and liabilities		**70,409**	**159,117**

The Notes are an integral part of these company financial statements.

Company profit and loss account for the year ended December 31, 2023
(in € thousand)
(before appropriation of result of the year)

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Share in results from participating interests after taxation	36	(87,971)	(61,377)
Other result after taxation	42	(17,967)	(24,627)
Net result		**(105,938)**	**(86,004)**

The Notes are an integral part of these company financial statements.

Notes to the Company financial statements for the year ended 31 December 2023

34. General information

Affimed N.V. (in the following 'Affimed N.V.' or the 'Company') has its corporate seat in Amsterdam, the Netherlands, registered with the trade register of the Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 60673389. The Company was founded as Affimed Therapeutics B.V. in 2014.

Affimed N.V. is a clinical-stage biopharmaceutical company focused on discovering and developing highly targeted cancer immunotherapies. The Company's product candidates are developed in the field of immuno-oncology, which represents an innovative approach to cancer treatment that seeks to harness the body's own immune defences to fight tumor cells. Affimed N.V. has its own research and development programs, strategic collaborations and service contracts, where the Company is performing research services for third parties.

These Company financial statements and the consolidated financial statements together constitute the statutory financial statements of Affimed N.V. The financial information of the Company is included in the Company's consolidated financial statements, as presented on pages 58 to 85.

35. Basis of preparation

The Company financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. We refer to Note 4 "Going concern" for further details.

These Company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its Company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the Company financial statements should be read in conjunction with the consolidated financial statements.

Information on the use of financial instruments and on related risks for the Group is provided in the notes to the consolidated financial statements of the Group.

All amounts in the company financial statements are reported in thousands of euros (€ thousand) except where otherwise stated.

Participating interests in Group companies

Group companies are all entities in which the Company has direct or indirect control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the Group company and has the ability to affect those returns through its power over the Group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the Group company ceases. Participating interests in Group companies are accounted for in the Company financial statements according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results are set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A

share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value of the participating interests.

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 Netherlands Civil Code, the profit and loss account of the Company exclusively states the share in the result of participating interests after taxation and the other result after taxation.

Changes in value in participating interest

The change in value is regarded as a revaluation of the asset in the participating interest to which the provisions of Article 2:390 of the DCC on the revaluation reserve apply. This approach follows from the view that a participating interest measured according to the equity method is regarded as a combination of assets and liabilities and not as an indivisible asset. A revaluation of the asset in the participating interest is regarded as if it were a revaluation of an asset of the legal entity itself.

36. Financial fixed assets

Financial fixed assets solely relate to the investment of the Company in its fully owned subsidiary Affimed GmbH with statutory seat in Mannheim (previously Heidelberg), Germany.

Movements in the net asset value of Affimed GmbH during the year were as follows:

In € thousand	**Affimed GmbH**
Net asset value as at January 1, 2023	**123,046**
Capital contributions	21,755
Share in result of Affimed GmbH, net of tax	(87,971)
Net asset value as at December 31, 2023	**56,830**

During the year, the Company contributed capital of €21.8 million to Affimed GmbH, these funds being generated from the proceeds of the public offering and ATM program (see note 40).

The share in result of Affimed GmbH includes a gain of €4.3 million from the sale of its wholly owned subsidiary AbCheck to Ampersand with effect of December 28, 2023 (for more details see note 10).

37. Receivables from/payables to subsidiaries

These receivables and payables relate to Affimed Inc and Affimed GmbH and do not bear interest.

38. Other receivables

These receivables relate primarily to VAT refunds.

39. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

40. Equity

As of December 31, 2023, the share capital of €1,500 (2022: €1,493) is composed of 14,998,804 (2022: 14,933,933) common shares with a par value of €0.10.

All issued shares are fully paid. Besides the minimum amount of share capital to be held under Dutch law, there are no distribution restrictions applicable to the equity of the Company.

As the structure of the equity components for the Company financial statements is largely based on legal aspects, the presentation of the movement in shareholder's equity is different from the presentation in the consolidated financial statements.

The movement in shareholder's equity is as follows:

In € thousand	Issued capital	Share premium	Other reserves	Revaluation reserve	Unappropriated loss	Total equity
January 1, 2022	**1,234**	**352,728**	**(154,515)**	**(5,973)**	**(57,523)**	**135,951**
Issue of common shares	259	95,547	-	-	-	95,807
Share issuance costs	-	(6,002)	-	-	-	(6,002)
Exercise of share-based payments awards	-	101	-	-	-	101
Allocation of unappropriated losses	-	-	(57,523)	-	57,523	-
Transfer of cumulative loss on sale of financial assets	-	-	-	10,789	(10,789)	-
Net result	-	-	-	-	(86,004)	(86,004)
Other comprehensive loss	-	-	-	(6,047)	-	(6,047)
Share-based payments	-	-	19,110	-	-	19,110
December 31, 2022	**1,493**	**442,374**	**(192,928)**	**(1,231)**	**(96,793)**	**152,915**
January 1, 2023	**1,493**	**442,374**	**(192,928)**	**(1,231)**	**(96,793)**	**152,915**
Issue of common shares	7	228	-	-	-	235
Share issuance costs	-	(119)	-	-	-	(119)
Allocation of unappropriated losses	-	-	(96,793)	-	96,793	-
Net result	-	-	-	-	(105,938)	(105,938)
Share-based payments	-	-	10,714	-	-	10,714
December 31, 2023	**1,500**	**442,483**	**(279,007)**	**(1,231)**	**(105,938)**	**57,807**

Issued capital and share premium

On April 18, 2022, the Company closed its public offering of 2,250,000 common shares, at the public offering price of $40.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 2,587,500. The public offering generated net proceeds of €89.8 million ($97.0 million), after deducting €6.0 million ($6.5 million) in underwriting commissions and other offering expenses. The incremental transaction costs were deducted from equity; shown net of proceeds in the statement of changes in equity.

In November 2021, we entered into a new $100 million ATM program. As of December 31, 2021, 0.02 million common shares were sold, generating net proceeds of €1.6 million in the aggregate. In December 2023, an additional 0.06 million common shares were sold under the ATM program, generating net proceeds of €0.2 million in the aggregate.

As of December 31, 2023, authorized share capital of the Company amounts to €3,120 (2022: €3,120) and 31,195,000 (2022: 31,195,000) common shares, each with a nominal value of €0.10 per share.

On June 21, 2023 a reverse stock split was approved by the Company's shareholders at the Company's Annual General Meeting of Shareholders. As of 8 March 2024, the Company effected a 1-for-10 reverse stock split of its outstanding common shares.

Other reserves

The Company has adopted a share-based compensation plan (ESOP 2014), pursuant to which the Company's directors, selected employees and consultants are granted the right to acquire common shares of the Company (note 17 of the consolidated financial statements). The share-based payment expenses are recorded in the profit and loss account. The ESOP 2014 plan is equity-settled. In case of an equity-settled plan, there is no obligation to transfer economic benefits, therefore the credit entry should be recognized as an increase in equity. The Company uses "Other reserves" as the equity classification.

Revaluation reserves

Changes in the revaluation reserve relate to changes in fair value in indirect investments of the Company, i.e. investments held by Affimed GmbH. Affimed GmbH holds preferred shares in Amphivena and previously held common shares in Roivant, both these investments are recognized at their fair value through other comprehensive income. The initial recognition as of January 1, 2018 amounted to €7.3 million for Amphivena. The initial recognition as of November 3, 2020 amounted to €17.1 million for Roivant Ltd. As of December 31, 2021, the accumulated changes in fair value amounted to a decrease of €7.3 million in Amphivena and a decrease of €10.8 million in Roivant. On the sale of the shares in Roivant, in 2022, the associated accumulated losses were transferred from this reserve to unappropriated loss. The Company uses "Revaluation reserves" as the equity classification.

Unappropriated result

The result after tax for 2023 is included in the unappropriated result. The company can only make payments to the shareholders and other parties entitled to the distributable profit in so far as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the legal reserves and statutory reserves under the articles of association to be maintained.

Based on the adoption of the 2022 financial statements at the Annual General Meeting on June 21, 2023, the accumulated losses for the year 2022 were transferred to the other reserves. It is expected that the Annual General Meeting 2024 will also adopt the transfer of the accumulated losses for 2023 to other reserves.

Reconciliation of shareholder's equity and net result per the consolidated financial statements with shareholder's equity and net result per the Company financial statements

For the year ended December 31, 2023 and 2022 there is no difference between the net result and equity per the consolidated financial statements and the net result and equity per the Company financial statements.

41. Other current payables

In € thousand

	2023	2022
Trade payables	2,380	1,248
Social security and wage tax	220	288
Other liabilities	21	18
Total	2,621	1,554

All current payables are short-term.

42. Other result after taxation

In € thousand

	2023	2022
Other income (service fee)	2,953	3,303
General and administrative expenses	(20,757)	(29,887)
Other gains	7	1
Net operating result	**(17,797)**	**(26,583)**
Financial income	311	1,976
Financial expense	(479)	(20)
Net financial result	**(168)**	**1,956**
Result before taxation	**(17,965)**	**(24,627)**
Taxation	-	-
Result after taxation	**(17,965)**	**(24,627)**

The Company has entered into a service agreement with Affimed GmbH. The service fee includes the reimbursement of the net service expenses and a mark-up rate (at arms-length) on these net service expenses.

43. Employee benefits and number of employees

The average number of employees of Affimed N.V. during 2023 was approximately four employees and consisted of managing directors only. The managing director's total compensation (including those managing directors which are employed at the US subsidiary, Affimed Inc.) is shown in note 44.

44. Related-party transactions

Director's remuneration 2023
Managing Directors

(in € thousand)	Adi Hoess	Wolfgang Fischer	Andreas Harstrick	Denise Mueller [2]	Arndt Schottelius	Angus Smith [2]	Total
Periodically paid compensation	562	468	388	411	470	465	2,764
Bonuses	126	76	62	76	76	76	492
Termination benefits	1,034	0	0	0	0	0	1,034
Total cash compensation	**1,722**	**544**	**450**	**487**	**546**	**541**	**4,290**
2014 Plan share-based payment expense	1,574	713	690	686	698	97	4,458
Total share-based payment expense	**1,574**	**713**	**690**	**686**	**698**	**97**	**4,458**

Supervisory directors (in € thousand)	Thomas Hecht	Bernhard Ehmer	Ulrich Grau	Annalisa Jenkins	Mathieu Simon	Harry Welten	Uta Kemmerich -Keil	Constanze Ulmer-Eilfort	Total
Periodically paid compensation	122	52	59	61	49	53	57	29	482
Total cash compensation	**122**	**52**	**59**	**61**	**49**	**53**	**57**	29	**482**
2014 Plan share-based payment expense[1]	40	26	26	35	26	35	82	10	280
Total share-based payment expense	**40**	**26**	**26**	**35**	**26**	**35**	**82**	10	**280**

[1] Expense related to the issuance of options under the 2014 Plan. Details of options granted are summarized in the table below.
[2] includes maximum contractual allowable allowances

Director's remuneration 2022

Managing Directors

(in € thousand)	Adi Hoess	Wolfgang Fischer	Andreas Harstrick	Denise Mueller [2]	Arndt Schottelius	Angus Smith [2]	Total
Periodically paid compensation	523	451	374	436	453	478	2,715
Bonuses	241	145	120	144	146	151	947
Total cash compensation	**764**	**596**	**494**	**580**	**599**	**629**	**3,662**
2014 Plan share-based payment expense	1,836	1,000	938	918	958	1,082	6,732
Total share-based payment expense	**1,836**	**1,000**	**938**	**918**	**958**	**1,082**	**6,732**

Supervisory directors (in € thousand)	Thomas Hecht	Bernhard Ehmer	Ulrich Grau	Annalisa Jenkins	Mathieu Simon	Harry Welten	Uta Kemmerich -Keil	Total
Periodically paid compensation	115	52	58	53	50	49	54	431
Total cash compensation	**115**	**52**	**58**	**53**	**50**	**49**	**54**	**431**
2014 Plan share-based payment expense[1]	247	164	164	192	164	192	247	1,370
Total share-based payment expense	**247**	**164**	**164**	**192**	**164**	**192**	**247**	**1,370**

[1] Expense related to the issuance of options under the 2014 Plan. Details of options granted are summarized in the table below.
[2] includes maximum contractual allowable allowances

For further details and other information with regard to related-party transactions as well as Management and Supervisory Director's compensation reference is made to note 31 of the consolidated financial statements.

Stock options granted under the Equity Incentive Plan 2014

Awards granted in 2023
Managing directors – share options with service conditions

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Adi Hoess	February 13,2023	90,000	10.70	February 13,2033
Wolfgang Fischer	February 13,2023	52,500	10.70	February 13,2033
Andreas Harstrick	February 13,2023	52,500	10.70	February 13,2033
Denise Mueller	February 13,2023	52,500	10.70	February 13,2033
Arndt Schottelius	February 13,2023	52,500	10.70	February 13,2033
Angus Smith	February 13,2023	52,500	10.70	February 13,2033
Total		**352,500**		

These options vest in instalments over three years and can be exercised up to 10 years after the grant date.

Supervisory directors

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Thomas Hecht	February 13,2023	4,500	10.70	February 13,2033
Bernhard Ehmer	February 13,2023	3,000	10.70	February 13,2033
Ulrich M. Grau	February 13,2023	3,000	10.70	February 13,2033
Annalisa Jenkins.....	February 13,2023	3,000	10.70	February 13,2033
Mathieu Simon.....	February 13,2023	3,000	10.70	February 13,2033
Constanze Ulmer-Eilfort	June 21,2023	6,000	7.00	June 21,2033
Harry Welten.....	February 13,2023	3,000	10.70	February 13,2033
Uta Kemmerich-Keil.....	February 13,2023	3,000	10.70	February 13,2033
Total		**28,500**		

Awards granted in 2022
Managing directors – share options with service conditions

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Adi Hoess	March 18, 2022	40,000	44.60	March 18, 2032
Wolfgang Fischer	March 18, 2022	22,000	44.60	March 18, 2032
Andreas Harstrick	March 18, 2022	22,000	44.60	March 18, 2032
Denise Mueller	March 18, 2022	22,000	44.60	March 18, 2032
Arndt Schottelius	March 18, 2022	22,000	44.60	March 18, 2032
Angus Smith	March 18, 2022	22,000	44.60	March 18, 2032
Total		**150,000**		

These options vest in instalments over three years and can be exercised up to 10 years after the grant date.

Managing directors – share options with market conditions

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Adi Hoess	March 30, 2022	32,500	44.50	March 30, 2024
Wolfgang Fischer	March 30, 2022	20,000	44.50	March 30, 2024
Andreas Harstrick	March 30, 2022	20,000	44.50	March 30, 2024
Denise Mueller	March 30, 2022	20,000	44.50	March 30, 2024
Arndt Schottelius	March 30, 2022	20,000	44.50	March 30, 2024
Angus Smith	March 30, 2022	20,000	44.50	March 30, 2024
Total		**132,500**		

These options consist of three tranches, one-third of the total grant will vest when the volume-weighted average share price over the preceding thirty trading days reaches $120.00, $150.00, and $180.00, respectively. Except with respect to a change of control, these options shall not vest before the first anniversary of the grant date. The contractual lifetime of the options is two years. Any unvested awards on the date that is two years following the grant date will lapse.

Supervisory directors

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Thomas Hecht	March 18, 2022	4,500	44.60	March 18, 2032
Bernhard Ehmer	March 18, 2022	3,000	44.60	March 18, 2032
Ulrich M. Grau	March 18, 2022	3,000	44.60	March 18, 2032
Annalisa Jenkins.....	March 18, 2022	3,000	44.60	March 18, 2032
Mathieu Simon.....	March 18, 2022	3,000	44.60	March 18, 2032
Harry Welten.....	March 18, 2022	3,000	44.60	March 18, 2032
Uta Kemmerich-Keil.....	March 18, 2022	3,000	44.60	March 18, 2032
Total		**22,500**		

For further disclosures related to the stock options we refer to note 17 of the consolidated financial statements. The Company aims to meet its obligations by virtue of the granted option rights by issuing new shares (no purchase of treasury shares).

45. Audit fees

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities.

(in € thousand)	For the year December 31, 2023		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Audit of the financial statements	78	377	455
Other audit engagements	-	-	-
Tax-related advisory services	-	-	-
Other non-audit services	-	-	-
	78	377	455

(in € thousand)	For the year December 31, 2022		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Audit of the financial statements	68	435	503
Other audit engagements	-	-	-
Tax-related advisory services	-	16	16
Other non-audit services	-	-	-
	68	451	519

46. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk,
- Liquidity risk, and
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the separate financial statements of Affimed N.V.

47. Subsequent events

In January 2024, Affimed initiated a strategic restructuring of its operations to focus on the Company's three clinical stage development programs. As a result of the restructuring, the Group has initiated a reduction of its full-time equivalent headcount by approximately 50%. The Group expects the one-time cash expenditure for termination payments (approximately €1.6 million) to be offset by cost savings achieved from the restructuring due to reduced payroll, laboratory activities and related costs during 2024. The financial impact from the selling of lab devices is expected to be approximately €1.7 million (impairment loss). Financial impacts currently under review are aspects such as sub-letting certain rental space, selling/disposing of other laboratory equipment and the cancellation of vendor contracts.

Signing of the financial statements

May 27, 2024

Originally signed by:

Management Board:

Dr. Andreas Harstrick, Acting CEO and CMO

Dr. Wolfgang Fischer, COO

Denise Mueller, CBO

Supervisory Board:

Dr. Thomas Hecht, Chairman

Dr. Bernhard Ehmer

Dr. Ulrich Grau

Dr. Annalisa Jenkins

Dr. Mathieu Simon

Uta Kemmerich-Keil

Dr. Constanze Ulmer-Eilfort

Other information

Provisions in the Articles of Association governing the appropriation of profit

The company's Articles of Association provide under chapter 10 provisions about the appropriation of profit, the full text is as follows:

Chapter 10

Profit and loss. Distributions on shares.

Article 10.1.

10.1.1. The management board will keep a share premium reserve and profit reserve to which the shareholders are entitled.
10.1.2. The company may make distributions on shares only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law.
10.1.3. Distributions of profit, meaning the net earnings after taxes shown by the adopted annual accounts, shall be made after the adoption of the annual accounts from which it appears that they are permitted, entirely without prejudice to any of the other provisions of the articles of association.
10.1.4. The management board may resolve, with the approval of the supervisory board, to reserve the profits or part of the profits.
10.1.5. The profit remaining after application of article 10.1.4 shall be at the disposal of the general meeting. The general meeting may resolve to carry it to the reserves or to distribute it among the shareholders.
10.1.6. On a proposal of the management board - which proposal must be approved by the supervisory board -, the general meeting may resolve to distribute to the shareholders a dividend in the form of shares in the capital of the company instead of a cash payment.
10.1.7. Subject to the other provisions of this article 10.1 the general meeting may, on a proposal made by the management board which proposal is approved by the supervisory board, resolve to make distributions to the shareholders to the debit of one or several reserves which the company is not prohibited from distributing by virtue of the law.
10.1.8. No dividends on shares shall be paid to the company on shares which the company itself holds in its own capital or the depositary receipts issued for which are held by the company, unless such shares are encumbered with a right of use and enjoyment or pledge.
10.1.9. The management board is authorised to determine how a deficit appearing from the annual accounts will be accounted for.

Interim distributions.

Article 10.2.

10.2.1. The management board may resolve with the approval of the supervisory board, to make interim distributions to the shareholders if an interim statement of assets and liabilities shows that the requirement of article 10.1.2 has been met.
10.2.2. The interim statement of assets and liabilities shall relate to the condition of the assets and liabilities on a date no earlier than the first day of the third month preceding the month in which the resolution to distribute is published. It shall be

prepared on the basis of generally acceptable valuation methods. The amounts to be reserved under the law and the articles of association shall be included in the statement of assets and liabilities. It shall be signed by the managing directors and supervisory directors. If one or more of their signatures are missing, this absence and the reason for this absence shall be stated.

10.2.3. Any proposal for distribution of a dividend on shares and any resolution to distribute an interim dividend on shares shall immediately be published by the management board in accordance with the applicable stock exchange regulations at the company's request. The notification shall specify the date when and the place where the dividend shall be payable or - in the case of a proposal for distribution of dividend - is expected to be made payable.

10.2.4. Dividends shall be payable no later than thirty (30) days after the date when they were declared, unless the body declaring the dividend determines a different date.

10.2.5. Dividends which have not been claimed upon the expiry of five (5) years and one (1) day after the date when they became payable shall be forfeited to the company and shall be carried to the reserves.

10.2.6. The management board may determine that distributions on shares shall be made payable either in euro or in another currency.

Branch offices

Affimed N.V. operates through the following branch offices (direct or indirect wholly owned subsidiaries):

- Affimed GmbH, Germany

- Affimed Inc., USA

Other participation

- Amphivena Therapeutics Inc., USA (participation below 5%)

Independent auditor’s report

The independent auditor’s report is set forth on the following pages.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Affimed N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Affimed N.V. (or hereafter: the company) as at 31 December 2023 and of its result and its cash flows for the year 2023 then ended in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Affimed N.V. as at 31 December 2023 and of its result for the year 2023 then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Affimed N.V. based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statements of financial position as at 31 December 2023;

2 the following consolidated statements for the year 2023: the statements of comprehensive loss, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2023;

2 the company profit and loss account for the year ended 2023; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Affimed N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the 'Going concern' section in the note 4 of the financial statements, which indicates that the going concern of the company is dependent on obtaining sufficient funding to cover the planned clinical programs and its administrative organization. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In order to determine that there is no situation of inevitable discontinuity and conclude on the adequacy of the going concern related disclosure, we have performed, inter alia, the following procedures:

- we compared the management board's considerations on going concern risks with our own views;
- we analyzed the budgeting process and compared actuals with budgets to evaluate the reliability of management board's forecast;
- we evaluated the plausibility of assumptions relating to the forecasted available future cash flows from operating, financing, divestment and investment activities;
- we compared the management board's liquidity forecasts and stress testing with our evaluation of any reasonably possible scenarios arising from the uncertainties related to liquidity shortages;
- we evaluated the likelihood of success of remaining possible mitigating measures on aforementioned scenarios and consider viability of the business to determine that there is no situation of inevitable discontinuity;
- we, as part of aforementioned evaluations, inquired the management board and inspected documents supporting that continuity is possible, such as pre-financing agreements and correspondence with finance providers;

- in making our assessment we consulted with restructuring experts and professionals with specific knowledge and experience in auditing going concern assessments;
- we tested the disclosure in note 4 ‘Going Concern’ of the financial statements against the findings of our procedures on the management board’s going concern assessment and the reporting framework requirements.

We find that the board’s assumptions and the abovementioned disclosure are acceptable.

Information in support of our opinion

Summary

Materiality
• Materiality of EUR 370 thousand • 0,4% of total assets

Group audit
• Audit coverage of 100% of total assets • Audit coverage of 94% of revenue

Risk of material misstatements related to Fraud, NOCLAR, Going Conern
• Fraud risks: presumed risk of management override of controls identified and further described in the section ‘Audit response to the risk of fraud and non-compliance with laws and regulations’ • Non-compliance with laws and regulations (NOCLAR) risks: no risk of material misstatements related to NOCLAR identified • Going concern risks: going concern risks identified which lead to material uncertainty

Key audit matters
Besides the going concern risk, no other key audit matters have been identified

Opinion
Unqualified with an emphasis of matter regarding material uncertainty related to going concern

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 370 thousand (2022: EUR 800 thousand). The materiality is determined with reference to the total assets (0,4%).

We consider total assets as the most appropriate benchmark because Affimed N.V. is currently in its research and development phase and this is predominantly focused on asset development/capital expenditure. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors and the Supervisory Board that misstatements identified during our audit in excess of EUR 18 thousand would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Affimed N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Affimed N.V.

Our group audit mainly focused on significant components that are (i) of individual financial significance to the group, or (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the financial statements.

We have:

- performed audit procedures ourselves at group level, mainly related to the financial statements process, conversion of IFRS to EU-IFRS, compliance with Part 9 of Book 2 of the Dutch Civil Code and financial statement disclosure audit;
- made use of the work of the KPMG member firm in Germany (‘participating auditor’) for the audit of the consolidated financial statements of Affimed N.V. under EU-IFRS;
- made use of the work of participating auditor who performed full-scope audit procedures and audit of specific items at both significant and non-significant components and the parent company.

For the residual population not in scope the participating auditor performed analytical procedures in order to corroborate that the scoping remained appropriate throughout the audit.

We have used the work of the KPMG member firm in Germany which operated under our instructions and performed the work ourself on the company financial statements regarding the investments in subsidiaries and the result from subsidiaries. We were in close contact with management and the KPMG member firm in Germany throughout the audit. We reviewed both the reporting from and the audit files of the participating auditor and determined the sufficiency and appropriateness of the work performed.

By performing the procedures mentioned above at the group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

99,7%
Audit of the complete reporting package

0,3%
Audit of account balance

Revenue

93,8%
Audit of the complete reporting package

0%
Audit of account balance or specified audit procedures

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 'risk management' and 'risk management and control systems' of the management board report, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit we have gained insights into the company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the company's code of conduct and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the finance employees, legal department, management and those charged with governance.

As part of our audit procedures, we:

- assessed other positions held by management board;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters;

- obtained an understanding of how the company uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- we incorporated elements of unpredictability in our audit (including e.g. search on negative news in our risk assessment).

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the company and identified the following areas as those most likely to have a material effect on the financial statements:

- anti-bribery and corruption laws and regulations;
- healthcare legislation (including various drug approval processes);
- data-privacy legislation.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We assessed the presumed fraud risk on revenue recognition has been rebutted based on limited pressures, opportunities and attitudes.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation and tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the company's management, including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We evaluate the selection and application of accounting policies to determine if there are indicators that management is intentionally manipulating earnings in the selection and application of accounting policies.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in a key audit matter. We communicated our risk assessment, audit responses and results to management board and the Audit Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the management board and the Audit Committee of the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to revenue recognition is not included, as the high level of management judgement in the determination of measuring the progress on the performance obligations satisfied over time in relation to the revenue recognition of the collaboration agreements with Genentech Inc. and Roivant Sciences Ltd. are not applicable anymore. Furthermore, compared to last year the key audit matter with respect to going concern has been added for which reference is made to section ‘material uncertainty related to going concern’.

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed by the General Meeting of Shareholders as auditor of Affimed N.V. on 21 June 2023, as of the audit for the year 2023 and have operated as statutory auditor ever since the financial year 2014.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor’s report.

Zwolle, 27 May 2024

KPMG Accountants N.V.

J.J. van den Berg RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors;
- concluding on the appropriateness of Board of Director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.