Affimed N.V.

Amsterdam, The Netherlands

Annual Report 2022

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 discovering and 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 (Natural Killer cells, or NK cells, and macrophages) and T cells. Leveraging our fit-for-purpose ROCK® platform, we develop proprietary, next-generation bispecific and trispecific 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 are also developing 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 CD16A, 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 checkpoint inhibitors, or CPIs, adoptive NK cells or cytokines).

We are focusing our research and development efforts on three programs, for which we retain full global commercial rights, AFM13, 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 relapsed/refractory 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 relapsed/refractory disease setting.

Our main offices and laboratories are located at the Technology Park adjacent to the German Cancer Research Center (DKFZ) in Heidelberg, where we employ 172 people (end of March 2023),

approximately 70% of whom have an advanced academic degree. Including Affimed Inc. and AbCheck (see description below) personnel, our total headcount is 228 (end of March 2023, 219 full-time equivalents). We are led by experienced executives with a track record of successful product development, approvals and launches, specifically in the area of biologics and biopharmaceuticals. Our supervisory board is made up of highly experienced experts from the pharmaceutical and biotech industries, including individuals with a background and expertise in hematological malignancies.

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 novel proprietary antibody platform, ROCK®, delivers several unique types of next-generation tetravalent antibody formats, including bispecific and trispecific 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 using a three-pronged development approach, including development (i) as monotherapy, (ii) in combination with adoptive NK cells, and (iii) in combinations with immunotherapies such as checkpoint inhibitors;
- Establish R&D and commercialization capabilities in Europe and in the United States;
- Use our technology platforms and intellectual property portfolio to continue to build our cancer immunotherapy pipeline;
- Maximize the value of our collaboration arrangements with Artiva, Genentech and Roivant, and establish new collaborations;
- Intensify our collaboration with academia; and
- Utilize AbCheck to generate and optimize antibodies.

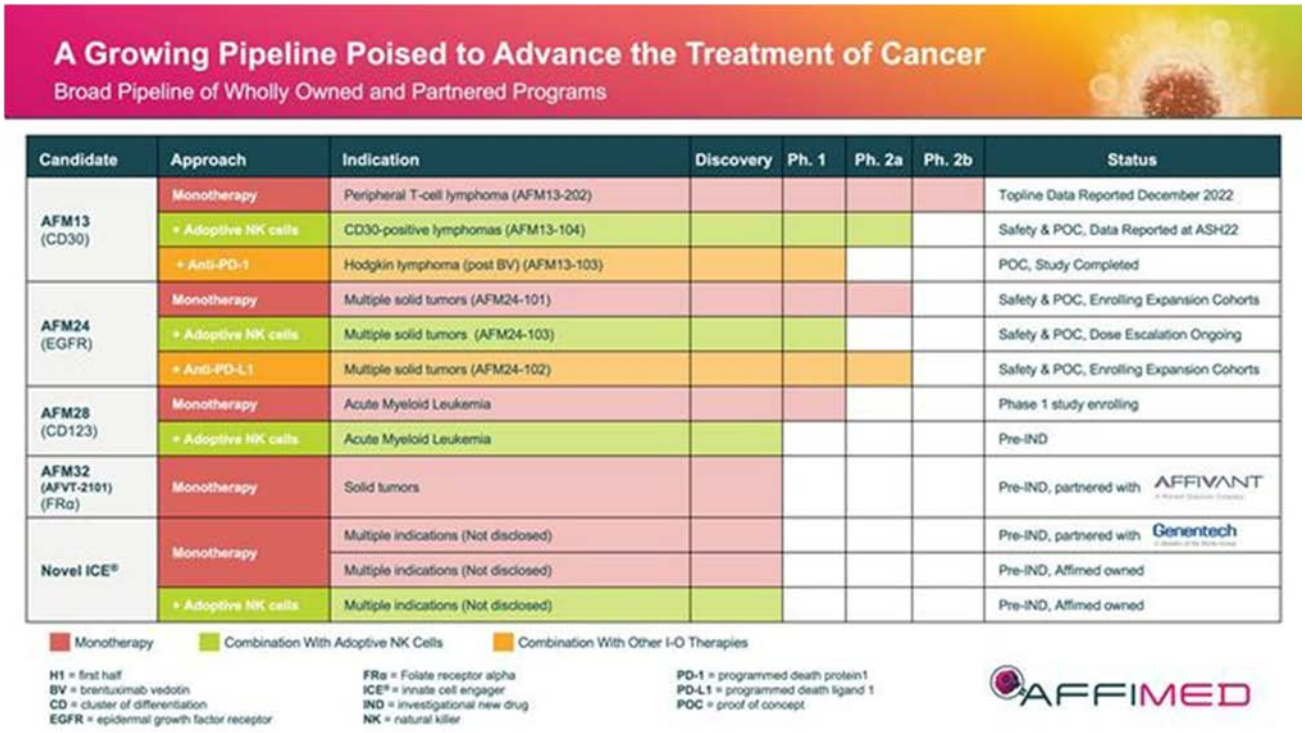
Our Strengths

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

- Our lead development candidate, AFM13, is a first-in-class innate cell engager for 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 a first-in-class innate cell engager for AML;
- Our modular and versatile ROCK® platform, which we believe will enable future product candidates and collaborations with pharmaceutical companies;
- We retain global commercial rights for AFM13, 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.

Our Research and Development Pipeline

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



Candidate	Approach	Indication	Discovery	Ph. 1	Ph. 2a	Ph. 2b	Status
AFM13 (CD30)	Monotherapy	Peripheral T-cell lymphoma (AFM13-202)					Topline Data Reported December 2022
	+ Adoptive NK cells	CD30-positive lymphomas (AFM13-104)					Safety & POC, Data Reported at ASH22
	+ Anti-PD-1	Hodgkin lymphoma (post BV) (AFM13-103)					POC, Study Completed
AFM24 (EGFR)	Monotherapy	Multiple solid tumors (AFM24-101)					Safety & POC, Enrolling Expansion Cohorts
	+ Adoptive NK cells	Multiple solid tumors (AFM24-103)					Safety & POC, Dose Escalation Ongoing
	+ Anti-PD-L1	Multiple solid tumors (AFM24-102)					Safety & POC, Enrolling Expansion Cohorts
AFM28 (CD123)	Monotherapy	Acute Myeloid Leukemia					Phase 1 study enrolling
	+ Adoptive NK cells	Acute Myeloid Leukemia					Pre-IND
AFM32 (AFVT-2101) (FRα)	Monotherapy	Solid tumors					Pre-IND, partnered with AFFIVANT
Novel ICE®	Monotherapy	Multiple indications (Not disclosed)					Pre-IND, partnered with Genentech
		Multiple indications (Not disclosed)					Pre-IND, Affimed owned
	+ Adoptive NK cells	Multiple indications (Not disclosed)					Pre-IND, Affimed owned

**As of end of March 2023*

Our most advanced candidate, AFM13, is a first-in-class ICE® designed for the treatment of certain CD30-positive (CD30+) malignancies, including Hodgkin lymphoma and certain non-Hodgkin lymphomas. AFM13 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-positive tumor cells. In contrast to conventional full-length antibodies, AFM13 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, AFM13 binds CD16A with an approximately 1000-fold higher affinity than monoclonal antibodies thereby significantly increasing potency and efficacy as preclinically demonstrated. AFM13 was investigated as monotherapy in a phase 2 study (REDIRECT) in patients with relapsed/refractory peripheral T-cell lymphoma (PTCL), and is being investigated in combination with adoptive NK cells in a Phase 1/2a clinical study in collaboration with the MD Anderson Cancer Center in patients with CD30+ lymphomas. Topline data from the REDIRECT study were reported in December 2022, and the Company expects to present comprehensive data from the study at a scientific conference in 2023. In November 2022, we announced a collaboration with Artiva Biotherapeutics with the goal of advancing the development of the combination of AFM13 with Artiva's AB-101 NK cell therapy into a potential registration enabling study. An IND application for the combination of AFM13 with AB-101 was cleared by the FDA in the second quarter of 2023 and we expect to initiate a clinical study during 2023.

Our second candidate, AFM24, is a tetravalent, bispecific epidermal growth factor receptor (EGFR) and CD16A-binding innate cell engager. AFM24 is designed to address limitations, such as toxicities or treatment resistance, associated with current therapeutic anti-EGFR monoclonal antibodies, while also offering the potential for better efficacy and safety by using activation of innate immunity to target EGFR-expressing solid tumors rather than inhibition of EGFR-mediated signal transduction. AFM24 is currently

being 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.

Our third, wholly-owned ICE® molecule, AFM28, was developed from our ROCK® platform and 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 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. We believe that AFM28 could be the key to novel treatment approaches that can fulfill several unmet needs. We advanced AFM28 into preclinical studies in 2020 and initiated recruitment for a first-in-human phase 1 study in the first quarter of 2023.

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. The decision to discontinue the phase 1 study does not impact the development of other targets pursuant to the collaboration agreement with Genentech. Affimed is continuing its work with Genentech and during 2022 handed over a number of additional product candidates for further investigation by Genentech.

AFVT-2101 (formerly AFM32), another ICE® candidate in preclinical development against folate receptor alpha, is being 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. Roivant has announced its intention to submit an IND for AFVT-2101 in the first half of 2023.

We believe that our collaborations help to validate and more rapidly advance our discovery efforts, technology platforms and product candidates. As part of our business development strategy, we aim to enter into additional research collaborations in order to derive further value from our platform and more fully leverage its potential.

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, 2022, we have raised an aggregate of €570.4 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, 2022, we incurred a net loss of €86.0 million. As of December 31, 2022, we had an accumulated deficit of €430.2 million.

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.

Collaboration Agreements

We have entered into strategic collaborations for some of our therapeutic programs. As part of our business development strategy, we aim to increase the number of our research collaborations in order to derive further value from our platforms and more fully exploit their potential. Key terms of our current material collaborations are summarized below.

Artiva

In November 2022, we announced a collaboration with Artiva Biotherapeutics with the goal of advancing the development of the combination of AFM13 with Artiva's AB-101 NK cell therapy into a potential registration enabling study. Affimed shall be responsible for all costs associated with the development of the combination therapy (including all clinical trial costs), except that Affimed 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 AB-101 and certain other products used in the clinical trials. In addition, under 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 Sciences Ltd. ("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 Sciences Ltd. 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 €22.7 million in 2022.

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 €18.5 million in 2022.

Financial Operations Overview

Revenue

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

Collaboration revenue. 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. Collaboration revenue for year ended December 31, 2021 amounted to €39.3 million, with €21.6 million from the Genentech collaboration and €17.7 million from the Roivant collaboration.

Service revenue. Service revenue is primarily revenue from service contracts entered into by AbCheck, our wholly owned, independently operated antibody screening platform. We recognized €0.2 million and €1.1 million of third party service revenue in 2022 and 2021, respectively. Service revenue of AbCheck is derived from third party contracts as well as from the utilization of the entity by Affimed. The increase or decrease in the use of AbCheck's service capabilities by Affimed has an impact on AbCheck's ability to generate third party revenues.

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 comes to a close, we expect that recognition of revenue related to the upfront payments from such collaborations will significantly decrease in 2023. We remain eligible for milestones under the collaboration, and the revenues associated with any such milestones will be recognized at the time they are achieved.

Other Income

Other income for years 2021 and 2022 primarily relates to government grants for research and development projects of €0.3 million in 2021 and €0.6 million in 2022 and research collaborations where costs are shared equally between both parties of €1.1 million in 2021 and €0.9 million in 2022.

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 2023 will increase as compared to 2022. Our research and development expenses primarily relate to the following key programs:

AFM13. The following is a summary of completed and ongoing research and development activities for AFM13:

- In January 2023, the U.S. Food and Drug Administration ("FDA") issued a written response to our pre-investigational new drug ("IND") meeting request for the AFM13 and Artiva Biotherapeutics, Inc. AB-101 co-administered combination therapy in relapsed/refractory Hodgkin lymphoma and the exploratory arm evaluating the combination in r/r CD30-positive peripheral T-cell lymphoma. Affimed received clearance from FDA for an IND application during the second quarter of 2023, and expects to initiate a clinical study in the third quarter of 2023.
- In December 2022, we provided a data update from the ongoing phase 1/2 study of the Company's lead innate cell engager (ICE®) AFM13 precomplexed with cord blood-derived natural killer (cbNK) cells in patients with CD30-positive relapsed or refractory (R/R) Hodgkin and Non-Hodgkin lymphomas. Key observations as of the cutoff date include:

  35 Hodgkin lymphoma and Non-Hodgkin lymphoma patients treated at the recommended phase 2 dose (RP2D) showed an objective response rate (ORR) of 94% and a complete response (CR) rate of 71%. 63% of patients treated at the RP2D with at least 6 months follow-up after initial infusion (n=24) remain in complete response for at least 6 months. The treatment continues to be well tolerated in the larger patient population, with minimal side effects beyond the expected myelosuppression from the preceding lymphodepleting chemotherapy. No instances of cytokine release syndrome, immune effector cell-associated neurotoxicity syndrome, or graft versus host disease were observed. There were 20 infusion-related reactions in 294 infusions (6.8%) of AFM13 alone and one infusion-related reaction in 99 infusions (1%) of the cbNK cells precomplexed with AFM13. No dose-limiting toxicities were encountered.

- In December 2022, we released topline data from our phase 2 REDIRECT study investigating AFM13 monotherapy in patients with advanced-stage R/R Peripheral T Cell Lymphoma. Primary efficacy measures include objective response rate of 32.4% and a CR rate of 10.2%. Key secondary and exploratory outcome measures include safety, durability of response, progression free survival (PFS) and overall survival (OS). The safety profile of AFM13 was well managed and consistent with previously reported data of prior and ongoing clinical studies with AFM13. 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 Hodgkin lymphoma for the combination of AFM13 with cord blood-derived NK cells in the AFM13-104 study, we believe that the combination with AB-101 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 AFM13 monotherapy in PTCL and will focus investment on clinical development in the combination of AFM13 with Artiva's AB-101 NK cell product.

- In November 2022, we announced a new strategic partnership with Artiva Biotherapeutics ("Artiva") to jointly develop, manufacture, and commercialize a combination therapy of ICE® AFM13 and Artiva's cord blood-derived, cryopreserved off-the-shelf allogeneic NK cell product candidate, AB-101. Under the terms of the agreement, Affimed and Artiva will pursue the development of the AFM13/AB-101 combination treatment in the United States on a co-exclusive basis. Affimed will lead regulatory activities through Phase 2 and any confirmatory studies. Affimed will be responsible for funding clinical study costs through Phase 2, while Artiva will be responsible for the costs of supplying AB-101 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. Affimed will be responsible for promotional activities and expenses of the combination therapy. Pursuant to the agreement, revenues from the combination will be shared, with Affimed receiving 67% of the combination therapy revenue and Artiva receiving 33%.

- We anticipate that our research and development expenses in 2023 for AFM13 will increase compared to those for 2022 due to the continuation of the existing clinical studies and the initiation of a new clinical study, pre-clinical studies and the scale-up of the production of AFM13 for commercial purposes.

AFM24. AFM24, a tetravalent, bispecific epidermal growth factor receptor, and CD16A-binding innate cell engager. Affimed expects to report data from all three ongoing AFM24 studies at scientific conferences in Q2/Q3 2023.

AFM24-101: Affimed continues to enroll patients in the expansion phase of the AFM24 monotherapy study at the RP2D. The expansion cohorts include patients with renal cell carcinoma (clear cell), non-small cell lung cancer (EGFR mutant) and colorectal cancer.

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 epidermal growth factor receptor-expressing solid tumors. AFM24-102 includes patients with non-small cell lung cancer (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 recommended phase 2 dose. The phase 2 expansion phase of the study was initiated in the first quarter of 2023.

Data from the first cohort (4 patients at 160 mg dose) of the phase 1 dose escalation study presented at the annual meeting of the Society for Immunotherapy of Cancer (SITC) in November 2022 showed that clinical activity was observed in two patients. A patient with gastric cancer and skin metastases who had rapidly progressed following four prior lines of therapy, including a PD-1 inhibitor, achieved a partial response. A second patient with pancreatic adenocarcinoma showed stable disease beyond four months. Patients being enrolled in the study are required to have progressed or relapsed on standard of care therapies.

AFM24-103: In the phase 1/2a combination study of AFM24 with SNK01, NKGen Biotech's ex vivo expanded and activated autologous NK cell therapy, enrollment was completed in the dose cohort of 480 mg AFM24 weekly, with no DLTs observed to date. AFM24-103 is focused on the treatment of patients with non-small cell lung cancer (NSCLC, EGFR-wildtype), squamous cell carcinoma of the head and neck, and colorectal cancer.

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 leukemic stem cells 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 U.S. Clinical trial applications were cleared in Belgium, Denmark,

France and Spain, and the Company initiated recruitment into a phase 1 clinical study in the first quarter of 2023.

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 2023 due to decreased early-stage development/discovery activities.

Since January 1, 2012, we have cumulatively spent €415.9 million on research and development. In the years ended December 31, 2020, 2021 and 2022, we spent €50.0 million, €81.5 million and €98.8 million, respectively, on research and development; €19.1 million, €19.8 million and €15.1 million thereof on AFM13; €.8.7 million, €20.0 million and €21.7 million thereof on AFM24 and €2.2 million, €6.5 million and €9.3 million 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 increase as we advance and broaden the clinical development of AFM13, AFM24, AFM28 and certain of our other product candidates and further advance the research and development of our preclinical product candidates. 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 AFM13, AFM24, AFM28 or any other product candidate that we may develop 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 2023 will be higher compared to the expenses in 2022, and will further increase in the future as our business expands. These increases will likely include costs of additional personnel, increase in infrastructure costs, additional legal fees, IT expenses, managing directors' and supervisory directors' liability insurance premiums. In addition, we may grant share-based compensation awards to key management personnel and other employees, which may further contribute to an increase in general and administrative expenses in 2023.

Results of Operations

The numbers below have been derived from our audited consolidated financial statements for the years ended December 31, 2021 and 2022. 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, 2021 and 2022

	Year ended December 31,	
	2021	2022
	(in € thousand)	
Total Revenue	**40,366**	**41,353**
Other income - net	1,310	1,417
Research and development expenses	(81,488)	(98,814)
General and administrative expenses	(24,218)	(32,075)
Operating loss	**(64,030)**	**(88,119)**
Finance income/(costs)-net	6,509	2,117
Loss before tax	**(57,521)**	**(86,002)**
Income taxes	(2)	(2)
Loss for the period	**(57,523)**	**(86,004)**
Total comprehensive loss	**(65,216)**	**(92,051)**
Loss per common share in € per share	**(0.48)**	**(0.60)**

Revenue

Revenue increased from €40.4 million for the year ended December 31, 2021 to €41.4 million for the year ended December 31, 2022. Revenue for the year ended December 31, 2022 largely consisted of revenue from the Genentech and Roivant collaborations. The increase in revenue in 2022 as compared to 2021 was primarily driven by an increase in revenues from the Roivant collaboration.

Research and development expenses

	Year ended December 31,		
	2021	2022	
R&D Expenses by Project	(in € thousand)		
Project			**Change %**
AFM13	19,800	15,130	(24)%
AFM24	19,957	21,687	9 %
AFM28	6,451	9,290	44 %
Other projects and infrastructure costs	29,388	42,356	44 %
Share-based payment expense	5,892	10,351	76 %
Total	**81,488**	**98,814**	21 **%**

Research and development expenses increased 21% from €81.5 million in the year ended December 31, 2021 to €98.8 million in the year ended December 31, 2022, due to higher 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, 2021 and the corresponding period in 2022 are mainly due to the following projects:

AFM13. In the year ended December 31, 2022, expenses decreased 24% compared to the year ended December 31, 2021 primarily due to a milestone payment included in 2021 which has not reoccurred in 2022.

AFM24. In the year ended December 31, 2022, expenses increased 9% compared to the year ended December 31, 2021, primarily due to the enrollment of patients in our ongoing phase 1/2a clinical trials and manufacturing activities for clinical trial material required for the ongoing studies.

AFM28. In the year ended December 31, 2022, expenses increased 44% compared to the year ended December 31, 2021, primarily due to additional expenses related to preclinical development preparation of the filing of the IND application with the FDA and preparation of manufacturing activities.

Other projects and infrastructure costs. In the year ended December 31, 2022, expenses increased 44% compared to the year ended December 31, 2021, primarily due to higher expenses incurred in relation to our earlier stage programs, including our collaborations with Roivant, and discovery/early stage development activities and infrastructure costs.

Share-based payment expenses. In the year ended December 31, 2022, expenses increased 76% compared to the year ended December 31, 2021 due to an increase in headcount, as well as an increase in the underlying fair value of newly issued share options.

General and administrative expenses

General and administrative expenses increased 32% from €24.2 million in the year ended December 31, 2021 to €32.1 million in the year ended December 31, 2022. In 2022, general and administrative expenses were largely comprised of (i) personnel expenses of € 15.2 million (2021: €10.7 million), which increased due to an increase in head count and share-based payment expense; (ii) legal, consulting and audit costs of €8.3 million (2021: €8.1 million) and insurance expenses of €3.5 million (2021: €2.6 million), mainly comprising D&O insurance.

Finance income / (costs)-net

We recognized finance net income for the year ended December 31, 2022 of €2.1 million compared to €6.5 million for the year ended December 31, 2021. The year ended December 31, 2022 was primarily affected by foreign exchange gains of €3.4 million primarily related to cash and cash equivalents denominated in U.S. dollars as a result of the strengthening of the U.S. dollar compared to the Euro during 2022. The year ended December 31, 2021 was primarily affected by foreign exchange gains of €7.6 million primarily related to assets denominated in U.S. dollars as a result of the weakening of the U.S. dollar compared to the Euro during 2021.

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, 2021 and 2022 we incurred net losses of €57.5 million and €86.0 million, respectively. We have funded our operations to date with the proceeds principally from the sales of our common shares and payments from collaboration partners.

Our cash and cash equivalents as of December 31, 2022 consist primarily of bank balances. We expect to continue this investment philosophy, though we may in the future decide to invest our available liquidity in other financial instruments. 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 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. The majority of this space will expire in 2023 and the remaining space (less than 10%) in 2025. We signed a new lease contract for offices and laboratories in 2021 and we are planning to move to a new facility in Mannheim, Germany, in approximately mid-2023. The contractual lease term is ten years including a cancellation option after

five years with an expected start mid-2023. The terms provide for renewal options. We also lease office and laboratory space in the Czech Republic that is contracted until December 2025 with a period of notice of three months.

In January 2021, we issued and sold 19,166,667 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 2020, the Company implemented a $75 million ATM program. During 2021, we had issued approximately 4.4 million shares from this program, generating approximately €24.4 million in net proceeds.

In November 2021, we entered into a new $100 million ATM program and, as of December 31, 2022, 0.2 million common shares had been sold under the new ATM program, generating net proceeds of €1.6 million.

In April 2022, we issued and sold 25,875,000 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.

Cash Flows

Comparison of the years ended December 31, 2021 and 2022

The table below summarizes our consolidated statement of cash flows for the years ended December 31, 2021 and 2022:

	Year ended December 31,	
	2021	**2022**
	(in € thousand)	
Net cash used in operating activities	(86,591)	(104,892)
Net cash (used)/generated from for investing activities	(3,850)	5,605
Net cash generated from financing activities	133,581	88,557
Net changes to cash and cash equivalents	43,140	(10,730)
Cash and cash equivalents at the beginning of the year	146,854	197,630
Exchange-rate related changes of cash and cash equivalents	7,636	3,386
Cash and cash equivalents at the end of the year	**197,630**	**190,286**

Net cash used in operating activities amounted to €86.6 million in the year ended December 31, 2021 whereas net cash used in operating activities amounted to €104.9 million in the year ended December 31, 2022. The increase is due to higher cash expenditure for research and development as well as general and administrative activities.

We used cash in investing activities of €3.9 million in the year ended December 31, 2021, compared to cash of € 5.6 million generated in the year ended December 31, 2022. The investing activities in 2022 primarily relate to investments in laboratory equipment and leasehold improvements, and proceeds generated from the sale of the Roivant shares. The investing activities in 2021 primarily related to investments in intangible assets, laboratory equipment and leasehold improvements.

Net cash generated from financing activities in the year ended December 31, 2022 amounted to €88.6 million (2021: €133.6 million) and relate primarily to the net proceeds received from the public offering in 2022 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, laboratory and related supplies, 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 and pre-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 obligations are the operating leases at our facilities in Heidelberg and our future facilities in Mannheim, Germany. Our future minimum lease payments as of December 31, 2022 totaled €0.4 million related to short-term lease liabilities, and €0.2 million related to long-term lease liabilities. In addition, we have entered into a new lease agreement for new offices and laboratories expected to start mid-2023. Expected payments include monthly rent of €141,000, a one-time payment of €1,170,000 for laboratory construction and a security deposit of €503,000. See Note 23, Other commitments and contingencies, in the Notes to the Financial Statements in this Annual Report on Form 20-F 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 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 cash and cash equivalents as of December 31, 2022 were €190.3 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 at-the-market (ATM) program providing for the sale of shares over time, which resulted in the sale of in total 12.5 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 12.3 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 a further 0.2 million common shares were sold, generating net proceeds of €1.6 million in the aggregate.

On January 8, 2021, we entered into a new loan agreement with SVB. The loan agreement provides us with a senior secured term loan facility (the "2021 SVB 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 SVB 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 SVB 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 SVB 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, inventory, trade receivables and payment claims as specified in the loan agreement governing the facility.

On January 15, 2021, we closed the sale of 16,666,667 of our common shares at the public offering price of $6.00 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 2,500,000 shares at a price of $6.00 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 22,500,000 of our common shares at the public offering price of $4.00 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 3,375,000 shares at a price of $4.00 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 our product candidates and to continue to advance the development of our other product candidates. In addition, we expect that we will require additional capital to commercialize our product candidates, including AFM13, AFM24 and AFM28. If we receive regulatory approval for AFM13, AFM24, AFM28 or other earlier programs, 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 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

Any failure or delay in commencing or completing clinical trials for our products could severely harm our business. To obtain the requisite regulatory approvals to market and sell any of our products, we must demonstrate through extensive pre-clinical tests and clinical trials that the products are safe and effective in humans. Pre-clinical tests and clinical trials are expensive, can take many years and have an uncertain outcome. A failure of one or more of our pre-clinical programs on clinical trials could occur at any stage of testing.

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

The COVID-19 pandemic has, and continues to, adversely impact clinical and preclinical trials globally and in different therapeutic areas. As a result, our clinical trials or preclinical studies, including our ability to recruit and retain patients, principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, have been, and may continue to be, significantly impacted. We have implemented mitigation procedures designed to enable us to address the various issues caused by the COVID-19 pandemic, although there can be no assurance that these procedures will be successful or that we can avoid a material and adverse disruption to our business. As the pandemic continues, we may experience the prioritization of hospital resources toward the outbreak and further restrictions on travel. Furthermore, some patients may be unwilling to enroll in our trials or be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services. 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 the continuing challenges to enroll patients with this indication as a result of the COVID-19 pandemic.

The COVID-19 pandemic may also negatively affect the operations of third-party contract research organizations that we rely upon to carry out our clinical trials or the operations of our third-party manufacturers, each of which could result in delays or disruptions in the supply of our product candidates. The negative impact the COVID-19 pandemic has had and may continue to have on patient enrollment and treatment, and the timing and execution of our clinical trials could cause costly delays to our 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.

In addition, the COVID-19 pandemic has resulted in significant governmental measures being implemented to control the spread of the virus. Public health officials have recommended and mandated precautions to mitigate the spread of COVID-19, including prohibitions on congregating, traveling across borders, shelter-in-place orders and other similar measures. We have taken precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring some or all of our employees to work remotely, suspending all non-essential travel and discouraging employee attendance at industry events and in-person work-related meetings. Such measures could negatively

affect our business. For instance, temporarily requiring employees to work remotely may disrupt our operations or create unforeseen issues related to the use of technology designed to allow for remote communication and collaboration. The COVID-19 pandemic has also caused volatility in the global financial markets and has threatened a slowdown in the global economy, which may negatively affect our ability to raise additional capital on attractive terms or at all.

The COVID-19 pandemic is ongoing, in large part due to the prevalence of new variants of the SARS-CoV-2 virus, and, accordingly, we may continue to experience ongoing disruptions that could severely impact our business, preclinical studies and clinical trials. The full extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are highly uncertain and cannot be predicted at this time. As such, we cannot presently predict the scope and severity of any potential business shutdowns or disruptions, the impacts on our business, financing or clinical trial activities or on the healthcare system and the global economy as a whole.

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

War, terrorism, geopolitical uncertainties, 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 U.S., 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 U.S., 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, any or all of which 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. No assurance can be given that we will achieve profitability in the future. Furthermore, if our products fail in clinical trials or do not gain regulatory approval, or if our products do not achieve market acceptance, we may never achieve profitability.

We expect to need additional funding in the future, which may not be available to us on acceptable terms, or at all, which could force us to delay or impair our ability to develop or commercialize our products.

Our current available cash and cash equivalents may not be sufficient to finance our long term research, development and commercialization programs. Therefore, additional funds will be required. There can be no assurance that additional funds will be available on a timely basis, on favorable terms, or at all, or that such funds, if raised, would be sufficient to enable us to continue to implement our long term business strategy. If we are unable to raise such additional funds through collaboration arrangements or equity or debt financing, we may need to delay, scale back or cease expenditures for some of our longer term research, development and commercialization programs, or grant rights to develop and market products that we would otherwise prefer to develop and market ourselves, thereby reducing their ultimate value to us. Our inability to obtain additional funds necessary to operate the business could materially and adversely affect the market price of our shares and all or

part of an investment in our shares could be lost. In addition, to the extent we raise capital by issuing additional shares, shareholders' equity interests would be diluted.

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

Our share price has been, and in the future may again be subject to substantial price volatility. In addition, the stock market has recently experienced significant volatility, particularly with respect to pharmaceutical, biotechnology and other life sciences company stocks. The volatility of pharmaceutical, biotechnology and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock.

Our common shares are currently listed on the Nasdaq and Nasdaq Listing Rule 5550(a)(2) requires that listed securities maintain a minimum bid price of USD 1.00 per share (the **"Minimum Bid Price Rule"**). As previously reported, on April 4, 2023, the Company received a deficiency letter from the Listing Qualifications Department of Nasdaq notifying the Company that, for the last 30 consecutive business days, the bid price for its common shares had closed below the Minimum Bid Price Rule. The

Company has been provided an initial period of 180 calendar days, or until 2 October 2023 (the "Compliance Date"), to regain compliance with the Minimum Bid Price Rule. If, at any time during this 180-day period, the closing bid price for the Company's common shares closes at USD 1.00 or more per share for a minimum of 10 consecutive business days, the Nasdaq Listing Qualifications Department (the "Staff") will provide written notification to the Company that it complies with the Minimum Bid Price Rule and the common shares will continue to be eligible for listing on The Nasdaq Global Select Market. In the event the Company fails to regain compliance with the Minimum Bid Price Rule by the Compliance Date, the Company may consider applying to transfer its securities from The Nasdaq Global Select Market to The Nasdaq Capital Market, provided that the Company meets the applicable market value of publicly held shares required for continued listing and al other applicable requirements for initial listing on The Nasdaq Capital Market (except for the bid price requirement). Such transfer would provide the Company with an additional 180 calendar days, or until 1 April 2024, to regain compliance.

Affimed has considered the potential harm to the Company and its shareholders if Nasdaq would delist the Company's common shares. Delisting could adversely affect the liquidity of the Company's common shares and for investors it would likely be less convenient to sell, or to obtain accurate quotations in seeking to buy, the Company's common shares after a delisting. Further, many investors likely would not buy or sell the Company's common shares due to difficulty in accessing over-the-counter markets, policies preventing them from trading in securities not listed on a national exchange or for other reasons.

The Company is considering adequate measures to regain compliance and to maintain the listing on Nasdaq such as effecting a reverse stock split, for which authorization will be requested during the annual shareholder meeting 2023.

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 and trade and other receivables. The total carrying amount of shares (€ nil, 2021: €12.3 million), cash and cash equivalents (€190.3 million, 2021: €197.6 million) and trade and other receivables (€2.7 million, 2021: €4.8 million) represents the maximum credit exposure of €193.0 million (2021: €214.7 million).

The cash and cash equivalents are held with banks, which are rated AA3 to AA2 based on Standard & Poor's and Moody's.

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 negative, resulting in net interest income of €401 thousand (2021: interest expense of €358 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.

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 Czech Koruna (CZK), US Dollars (USD) and British Pound (GBP). The net exposure as of December 31, 2022 was €28.7 million (2021: €53.5 million) and mainly relates to US Dollars.

In 2022, if the Euro had weakened/strengthened by 10% against the US dollar with all other variables held constant, the loss would have been €3.3 million (2021: €5.5 million) 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.

Loss is more sensitive to movement in exchange rates shifts in 2022 than in 2021 because of the increased volume of US dollar-denominated transactions.

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 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. The supervisory board undertakes regular reviews of the budget.

In 2022, 2021 and 2020, Affimed raised significant funding that it estimates will enable the Group to fund operating expenses and capital expenditure requirements into 2025.

In May 2020, the Company implemented an at-the-market ("ATM") program providing for the sales over time of up to $50 million of its common shares. The Company issued approximately 12.5 million common shares under this ATM program, generating net proceeds of approximately €34.5 million.

In November 2020, the Company implemented a new ATM program providing for additional sales over time of up to $75 million of common shares. As of December 31, 2021, the Company had issued approximately 4.4 million (2020: 7.9 million) shares, generating approximately €24.4 million (2020: €34.5 million) in net proceeds.

On January 15, 2021 the Company issued 19,166,667 common shares at a price of $6.00 per share in a public offering resulting in gross proceeds before deducting underwriting discounts and commissions and estimated expenses of the offering of $115 million.

In January 2021, the Group entered into a loan agreement with Silicon Valley Bank for up to €25 million, of which the Group has drawn €17.5 million in 2021.

In November 2021, Affimed filed a "shelf registration statement" with the SEC in order to offer and sell securities to the public in multiple, future offerings with indeterminate amount.

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. As of December 31, 2021, the Company had issued approximately 0.2 million shares and generated approximately €1.6 million in net proceeds from this new ATM program.

On April 18, 2022, the Company closed its public offering of 22,500,000 common shares, at the public offering price of $4.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 25,875,000. 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 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 contractual maturities of Borrowings are as follows:

€ thousands	**2022**	**2021**
Payments within one year	5,930	580
Payments between one and five years	12,752	18,682
	18,682	**19,262**

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 Heidelberg, 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 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:

Name	Age	Position
Adi Hoess	61	Chief Executive Officer
Wolfgang Fischer	59	Chief Operating Officer
Andreas Harstrick	61	Chief Medical Officer
Arndt Schottelius	57	Chief Scientific Officer
Angus Smith	40	Chief Financial Officer
Denise Mueller	54	Chief Business Officer

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

Adi Hoess, Chief Executive Officer. Dr. Hoess joined us in October 2010 as Chief Commercial Officer and since September 2011 has served as our Chief Executive Officer. He has more than 20 years of professional experience with an extensive background in general management, business development, product commercialization, fund raising and M&A. Prior to joining us, Dr. Hoess was Chief Commercial Officer at Jerini AG and Chief Executive Officer of Jenowis AG. At Jerini AG he was responsible for business development, marketing and sales and the market introduction of Firazyr. He also played a major role in the sale of Jerini to Shire plc. Dr. Hoess began his professional career in 1993 at MorphoSys. Dr. Hoess received his Ph.D. in chemistry and biochemistry from the University of Munich in 1991 and an M.D. from the Technical University of Munich in 1997.

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.

Andreas Harstrick, M.D., Chief Medical Officer. Dr. Harstrick agreed to serve as our Chief Medical Officer, starting in March 2020. 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.

Arndt Schottelius, M.D. Ph.D., Chief Scientific Officer. Dr. Schottelius joined Affimed as Chief Scientific Officer in April 2020. He brings over 20 years of deep drug discovery and development experience in cancer and immunology with a strong track record in building therapeutic antibody pipelines and advancing drugs through development. Most recently, Dr. Schottelius was Executive Vice President and Head of Research & Development at Kymab Group Limited, where he was responsible for expanding the therapeutic antibody portfolio. Dr. Schottelius previously served as Chief Development Officer at MorphoSys AG, developing the portfolio of proprietary therapeutic antibody programs in cancer and immunology. He was instrumental in in-licensing tafasitamab (MOR208) and drove strategic direction and development of the MOR208 program into multiple phase 2 trials, which were the basis for a fast-to-market registration path. Prior to his role at MorphoSys, Dr.Schottelius was a Director and Medical Director, Immunology Development at Genentech Inc., where he directed early and late-stage development programs of therapeutic antibodies. Before joining Genentech, Dr. Schottelius held science and management positions in immunology research at Schering AG and Berlex Biosciences. Dr. Schottelius is a Non-Executive Board Member of the Board of Directors of Gubra ApS. Dr. Schottelius holds a PhD and MD degree from the Albert Ludwigs University of Freiburg and is a lecturer at Ludwig Maximilian University of Munich with a habilitation in Experimental

Internal Medicine. He practiced medicine as a resident physician in gastroenterology at the Charité-Universitätsmedizin in Berlin, Germany, and completed a postdoctoral fellowship at the Lineberger Cancer Center, University of North Carolina at Chapel Hill.

Angus Smith, Chief Financial Officer and Co-President Affimed Inc. Mr. Smith joined Affimed in July 2020 as Chief Financial Officer. Previously, he was Chief Financial Officer at Rockwell Medical, Inc., a biopharmaceutical company developing and commercializing anemia therapies. He has broad biopharmaceutical industry experience including financial strategy, capital markets, business development and operations. Prior to Rockwell, Mr. Smith served as Senior Vice President, Chief Business Officer and Principal Financial Officer at Pernix Therapeutics, a specialty pharmaceutical company focused on the acquisition, development and commercialization of prescription drugs. Mr. Smith began his career in healthcare investment banking, having most recently served as Director in the Healthcare Investment Banking Group at Cantor Fitzgerald in New York, NY. During his nearly decade-long investment banking tenure, he focused on strategic and financial advice for life science and healthcare companies. He has worked on a substantial number of transactions across the healthcare sector with an aggregate transaction value of more than $15 billion. Mr. Smith holds a Bachelor of Arts in Mathematical Economics from Colgate University in Hamilton, NY.

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	72	August 4, 2020	2023
Bernhard Ehmer	M	German	68	June 22, 2022	2025
Ulrich Grau	M	German/US	74	June 15, 2021	2024
Annalisa Jenkins	F	British	57	August 4, 2020	2023
Mathieu Simon	M	French/US	67	June 15, 2021	2024
Harry Welten	M	Swiss	57	August 4, 2020	2023
Uta Kemmerich-Keil	F	German	56	June 15, 2021	2024

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 of the Board of Orion Biotechnology 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 Affimed's 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. 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 Cancer Research Horizons Ltd, Genomics England, The King's Fund, and British Heart Foundation and Chair of You Belong, a leading mental health care charity. She is also a board member of several growing public and private companies, including Oncimmune, AVROBIO, COMPASS Pathways and Mereo Biopharma. Dr. Jenkins serves on a number of advisory boards and frequently speaks on leadership with purpose, social entrepreneurship, diversity and innovation. 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.

Mathieu Simon, Director. Dr. Simon has been a member of Affimed's 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 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).

Harry Welten, Director. Mr. Welten has been a member of our supervisory board since August 2020. He serves as chairman and member of the board of directors of several biotechnology companies in Switzerland, Germany and the USA. Previously, Mr. Welten served as a director of Kuros Biosciences A.G. until June 2018 and DMS Imaging SA (formerly ASIT Biotech SA) until May 2020. Over the last 20 years, Mr. Welten served as Chief Financial Officer of both public as well as venture capital financed biotech companies. Mr. Welten has served in senior roles at UBS in Switzerland and New York for the first 15 years of his career. Mr. Welten has degrees in Banking, Finance and Economics as well as an MBA (honours) from Columbia University, NY, USA.

Uta Kemmerich-Keil, ***Director***. Mrs. Kemmerich-Keil has been as a member of Affimed's supervisory board since June 2021 and has over 20 years of executive experience in tthe 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 Licence from Nouvelle Sorbonne, Paris.

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.

We have a strong centralized management board led by Adi Hoess, our Chief Executive Officer, who has a strong track record in the development and commercialization of new medicines. 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 the management board consists of six 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 five members are male and one member is female. In order to increase gender diversity of the management board we pay close attention to gender diversity 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 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 not changed in 2022. At the annual general meeting of shareholders on June 22, 2022, Dr. Ehmer was reappointed as supervisory board member.

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 five members are male and two members are female. In order to increase gender diversity of the supervisory board we pay close attention to gender diversity in the process of recruiting and appointing new supervisory board candidates, as is demonstrated by the nomination by the supervisory board of Dr. Constanze Ulmer-Eilfort as new supervisory board member at the upcoming annual general meeting of shareholders.

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.

Diversity policy

In line with best practice provision 2.1.5 of the Code, the supervisory board has adopted a diversity policy for the composition of the supervisory board, the management board and key leadership positions (the "**Diversity Policy**"). The Diversity Policy contains specific diversity objectives to improve the diversity within the supervisory board and the management board. The Company aims to have a minimum of one-third women and a minimum of one-third men on the supervisory board. However, when nominating a candidate for appointment, the qualifications of the candidate, as well as the requirements for the position to be filled, shall prevail.

In order to increase gender diversity, we pay close attention to gender diversity in the process of recruiting and appointing new supervisory board or management board candidates. This is demonstrated by the nomination by the supervisory board of Dr. Constanze Ulmer-Eilfort as a supervisory director at the upcoming annual general meeting.

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 2022.

Supervisory Board Committees

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

In March 2022, the Supervisory Board restructured some of its committees whereby the compensation committee and the nomination and corporate governance committee were combined into one committee (compensation, nomination and corporate governance committee). In addition, a new committee (strategic committee) was formed. A description of the committees is set out hereafter under ''Committee activities during 2022''.

Committee activities during 2022

Audit committee

The audit committee, which consists of Uta Kemmerich-Keil (Chair), Harry Welten and Bernhard Ehmer, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. 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 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 2022 and no 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 four meetings by conference call in 2022 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 Mathieu Simon, 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 one meeting by conference call in 2022 and six in-person meetings. Before combining the compensation committee and the nomination and corporate governance committee in March 2022, the compensation committee held four meetings (conference call) and the nomination and corporate governance committee held two meetings (conference call).

Strategic committee

The strategic committee, which consists of Thomas Hecht (Chairperson), Harry Welten, 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 five meetings by conference call in 2022 and no in-person meeting.

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 and, for the avoidance of doubt, does not reflect any amendments to the supervisory board remuneration policy as are proposed to the general meeting at the upcoming annual general meeting of shareholders.

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 60,000 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 45,000 common shares of the Company, and each other supervisory director stock options to purchase 30,000 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, 2022, for services in all capacities was approximately €3.7 million and €0.4 million respectively. As of December 31, 2022, we have no amounts set aside or accrued to provide pension, retirement or similar benefits to our managing directors and supervisory directors. In 2022, awards for approximately 3.1 million 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 41 to the Company only financial statements and Note 28 to the consolidated financial statements, as well as in the explanatory notes to the agenda of the upcoming annual general meeting of shareholders.

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, 2023), an additional 5% of the total outstanding common shares on that date becomes available for issuance under the 2014 Plan. As of January 1, 2023, we had approximately 19.4 million common shares available for issuance, and approximately 18.1 million common shares 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. New management services agreements of Adi Hoess and Wolfgang Fischer became effective upon their reappointment as managing directors by the general meeting of shareholders on 4 August 2020. The management services agreements of Arndt Schottelius and Andreas Harstrick became effective upon their appointment as managing directors by the general meeting of shareholders on 4 August 2020. The management services agreements of Angus Smith and Denise Mueller became effective on 13 July 2020 and 7 January 2021 respectively. 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 Adi Hoess, Wolfgang Fischer, Arndt Schottelius, Andreas Harstrick and Angus Smith will be amended.

The management services agreements of Adi Hoess, Wolfgang Fischer, Arndt Schottelius and Andreas Harstrick are for an indefinite period of time. In addition, the management services agreements of Adi Hoess, Wolfgang Fischer, Arndt Schottelius and Andreas Harstrick provide for a termination notice period of not less than six months, both for us and for the managing director. The management services agreements of Angus Smith and Denise Mueller are for an indefinite period of time and provide for a termination notice period of 45 days, both for us and for Angus Smith and Denise Mueller respectively. In the event of an urgent cause, the management services agreements may be terminated with immediate effect. The amended management services agreements of Adi Hoess, Wolfgang Fischer, Arndt Schottelius, Andreas Harstrick and Angus Smith, once in effect, 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 100% (Adi Hoess) and 50% (Wolfgang Fischer, Arndt Schottelius 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 Angus Smith and 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 185% (Adi Hoess) and to 150% (Wolfgang Fischer, Arndt Schottelius 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 Angus Smith and Denise Mueller is increased to 125% of the managing director's gross annual salary and variable compensation.

'The management services agreements of Adi Hoess, Wolfgang Fischer, Arndt Schottelius 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 agreements of Angus Smith and Denise Mueller each 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 2021 and 2022 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.

Agreement with supervisory director

Prior to his appointment as supervisory director of the Company, Harry Welten has provided consultancy services to us. The consulting agreement was terminated in 2020; no related payments were received in 2021 and 2022.

VI. 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 March 2023, 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 are planning further improvements to our ISMS by establishing additional elements such as performance monitoring, supplier relationships and continual improvement processes. The Company is implementing a plan to reach this status utilizing both internal and external expertise, and implementation of the plan began in early 2020. In 2022, we entered the next level by investing 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, including the CEO and the CFO, on the timely review, publication and filing of periodic and current (financial) reports. In addition to the certification by the CEO and the CFO under U.S. law, 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, 2022, 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 2022. 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, 2022.

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, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by COSO.

VII. STATEMENT BY THE MANAGEMENT BOARD

The management board states in accordance with best practice provision 1.4.3 of the DCGC as in effect for the financial year 2022 that the management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems. The implemented systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies.

Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; 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.

VIII. 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/

IX. 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.

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 22 June 2022, our management board was granted the authority, for a period of 18 months, with effect from the same date (*i.e.*, until 22 December 2023) 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 22 June 2022, the general meeting of shareholders appointed KPMG Accountants N.V. as independent auditor for the Company for the financial year 2022.

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.

X. 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 2022 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 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 23, 2023 (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.

May 22, 2023

On behalf of the Management Board,

Dr. Adi Hoess, CEO,

Dr. Wolfgang Fischer, COO

Dr. Arndt Schottelius, CSO

Dr. Andreas Harstrick, CMO

Angus Smith, CFO

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 2022.

The Company had a number of corporate updates in 2022 and the first months of 2023.

In April 2022, we closed the sale of 22,500,000 of our common shares at the public offering price of $4.00 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 3,375,000 shares at a price of $4.00 per share. We received approximately €89.8 million in net proceeds from the offering, after deducting underwriting discounts and commissions and other offering expenses.

At the annual general meeting of shareholders of the Company held on June 22, 2022 (“2022 AGM”), our shareholders approved all agenda items, including the reappointment of Dr. Bernhard Ehmer as member of the Supervisory Board, and the amendment of the remuneration policies of the Supervisory Board and the Management Board.

In June 2022, we submitted an IND to the U.S. Food and Drug Administration (“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 U.S. Clinical trial applications were cleared in Belgium, Denmark, France and Spain, and the Company initiated recruitment into a phase 1 clinical study in the first quarter of 2023.

In November 2022, we announced a new strategic partnership with Artiva to jointly develop, manufacture, and commercialize a combination therapy of ICE® AFM13 and Artiva’s cord blood-derived, cryopreserved off-the-shelf allogeneic NK cell product candidate, AB-101. Under the terms of the agreement, Affimed and Artiva will pursue the development of the AFM13/AB-101 combination treatment in the United States on a co-exclusive basis. Affimed will lead regulatory activities through Phase 2 and any confirmatory studies. Affimed will be responsible for funding clinical study costs through Phase 2, while Artiva will be responsible for the costs of supplying AB-101 and IL-2 for such studies. Both companies will retain commercialization and distribution rights and book sales for their respective products. Affimed will be responsible for promotional activities and expenses of the combination therapy. Pursuant to the agreement, revenues from the combination will be shared, with Affimed receiving 67% of the combination therapy revenue and Artiva receiving 33%.

In November 2022, we announced data updates from two phase 1/2a trials with AFM24 in patients with solid tumors at the 37th Annual Meeting of the Society for Immunotherapy of Cancer (SITC). Abstracts for the data presentations at the SITC meeting were published on November 7, 2022. The full updated clinical data sets were presented in two poster presentations at the SITC meeting on November 10 and November 11, 2022.

In December 2022, we released topline data from our phase 2 REDIRECT study investigating AFM13 monotherapy in patients with advanced-stage R/R Peripheral T Cell Lymphoma. Primary efficacy measures include objective response rate of 32.4% and a CR rate of 10.2%. Key secondary and

exploratory outcome measures include safety, durability of response, progression free survival (PFS) and overall survival (OS). The safety profile of AFM13 was well managed and consistent with previously reported data of prior and ongoing clinical studies with AFM13. 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 Hodgkin lymphoma for the combination of AFM13 with cord blood-derived NK cells in the AFM13-104 study, we believe that the combination with AB-101 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 AFM13 monotherapy in PTCL and will focus investment on clinical development in the combination of AFM13 with Artiva's AB-101 NK cell product.

In December 2022, we provided a data update from the ongoing phase 1/2 study of the Company's lead innate cell engager (ICE®) AFM13 precomplexed with cord blood-derived natural killer (cbNK) cells in patients with CD30-positive relapsed or refractory (R/R) Hodgkin and Non-Hodgkin lymphomas. Key observations as of the cutoff date include:

- 31 Hodgkin lymphoma patients treated at the recommended phase 2 dose (RP2D) showed an objective response rate (ORR) of 97% and a complete response (CR) rate of 77%. Three of four NHL patients treated at the recommended dose achieved an objective response, including one CR. 63% of patients treated at the RP2D with at least 6 months follow-up after initial infusion (n=24) remain in complete response for at least 6 months. The treatment continues to be well tolerated in the larger patient population, with minimal side effects beyond the expected myelosuppression from the preceding lymphodepleting chemotherapy. No instances of cytokine release syndrome, immune effector cell-associated neurotoxicity syndrome, or graft versus host disease were observed. There were 20 infusion-related reactions in 294 infusions (6.8%) of AFM13 alone and one infusion-related reaction in 99 infusions (1%) of the cbNK cells precomplexed with AFM13. No dose-limiting toxicities were encountered.

In January 2023, the FDA issued a written response to our pre-investigational new drug ("IND") meeting request for the AFM13 and Artiva AB-101 co-administered combination therapy in relapsed/refractory Hodgkin lymphoma and the exploratory arm evaluating the combination in r/r CD30-positive peripheral T-cell lymphoma. Based on the written response, Affimed remains on track to submit an IND in the first half of 2023 and, subject to FDA clearance of the IND, to initiate a clinical study during 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 relapsed/refractory (r/r) acute myeloid leukemia (AML). AFM28 efficiently directs natural killer (NK) cells to CD123-positive leukemic cells in our preclinical models, including blasts and leukemic stem and progenitor cells, inducing their depletion in samples of patients with AML and myelodysplastic syndrome (MDS).

In April 2023, we received a written notice (the "Notice") from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("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) (the "Minimum Bid Price Rule"). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided an initial period of 180 calendar days, or until October 2, 2023, to regain compliance. If the Company fails to regain compliance with the Minimum Bid Price Rule during this period, the Company may consider applying to transfer its securities from The Nasdaq Global Select Market to The Nasdaq Capital Market, provided that the Company meets the applicable market value of publicly held shares required for continued listing and all other applicable requirements for initial listing on The Nasdaq Capital Market (except for the bid price

requirement). Such transfer would provide the Company with an additional 180 calendar days, or until April 1, 2024, to regain compliance. There can be no assurance that the Company would be eligible for the additional 180 calendar day compliance period, if applicable, or that the Nasdaq staff would grant the Company's request for continued listing. The Notice has no immediate effect on the listing or trading of the Company's common shares. The Company intends to monitor the bid price of its common shares and consider available options to regain compliance with the Minimum Bid Price Rule.

In April 2023, we announced the final results from our phase 2 REDIRECT study investigating our innate cell engager (ICE®) AFM13 monotherapy in patients with heavily pretreated advanced-stage r/r PTCL. The results are being 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 establishes that AFM13 monotherapy showed efficacy in the treatment of relapsed/refractory peripheral T cell lymphoma (r/r PTCL) patients with a differentiated safety profile. As stated above, primary efficacy measures include an ORR of 32.4% and a CR rate 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 PFS was 3.5 months and median OS was 13.8 months. PFS and OS were comparable with currently approved therapies for r/r PTCL. Of all PTCL subsets, patients with AITL exhibited the highest ORR (53.3%) and CR (26.7%) with DoR not meaningfully different across the various subsets. The safety profile of AFM13 was well managed and consistent with previously reported data of prior and ongoing clinical studies with AFM13. Most common TEAEs were IRR (25%), neutropenia (10.2%) and pyrexia (8.3%). No AFM13-related fatal toxicities were observed.

In April 2023 the Supervisory Board approved our first Sustainability Report, which was compiled in reference with the GRI Standards and published on our website (www.affimed.com/investors/sustainability-affimed/).

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.

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. Bernhard Ehmer was re-appointed at the 2022 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. However, to diversify the group Supervisory Board members and to further strengthen the legal and ESG experience in the Supervisory Board, the Supervisory Board deems it advisable to further expand the number of its members. 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	August 4, 2020	2023	72	M	German
Bernhard Ehmer	June 22, 2022	2025	68	M	German
Ulrich Grau	June 15, 2021	2024	74	M	German/US
Mathieu Simon	June 15, 2021	2024	67	M	French/US
Harry Welten	August 4, 2020	2023	57	M	Swiss
Annalisa Jenkins	August 4, 2020	2023	57	F	British/US
Uta Kemmerich-Keil	June 15, 2021	2024	56	F	German

Meeting and activities

The Supervisory Board held four in-person meetings and two meetings by conference call in 2022. 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 2022 was as follows:

Meeting	Thomas Hecht	Bernhard Ehmer	Ulrich Grau	Mathieu Simon	Harry Welten	Annalisa Jenkins	Uta Kemmerich-Keil
Supervisory Board	6/6	6/6	6/6	6/6	6/6	6/6	5/6
Audit Committee		9/9			9/9		8/9
Compensation committee*	4/4	4/4			4/4		
Nomination and corporate governance committee*	2/2	1/2	2/2	1/2	1/2		
Compensation, nomination and corporate governance committee	7/7	4/7	7/7	7/7			
Research and development committee			4/5	5/5		5/5	
Strategic committee	5/5			5/5	5/5	5/5	

*During 2022, the Compensation committee and the Nomination and corporate governance committee were combined into the Compensation, nomination and corporate governance committee.

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 2022 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 2022. 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 2022 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 2022, 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 December 31, 2022).

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

In March 2022, the Supervisory Board restructured some of its committees whereby the compensation committee and the nomination and corporate governance committee were combined into one committee (compensation, nomination and corporate governance committee). In addition, a new committee (strategic committee) was formed.

Committee activities during 2022

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 2022, 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 2022 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 no in-person meetings in 2022.

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 four meetings by conference call and one in-person meeting in 2022.

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 one meeting by conference call and six in-person meetings in 2022. Before combining the compensation committee and the nomination and corporate governance committee, the compensation committee held four meetings (by conference call) and the nomination and corporate governance committee held two meetings (by conference call).

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 five meetings by conference call and no in-person meeting in 2022.

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 23, 2023 (available on our website https://www.affimed.com). In addition, a detailed discussion of the remuneration of supervisory and managing directors will be included in our explanatory notes to the agenda of our 2023 annual general meeting.

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 2022, 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 2022, 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 2022. In particular, the Supervisory Board would very much like to thank our shareholders for their continued support.

May 22, 2023

On behalf of the Supervisory Board,

Dr. Thomas Hecht,

Chairman of the Supervisory Board

Consolidated Financial Statements

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

	Note	2022	2021	2020
Revenue	9	**41,353**	**40,366**	**28,360**
Other income - net	10	1,417	1,310	626
Research and development expenses	11	(98,814)	(81,488)	(49,989)
General and administrative expenses	12	(32,075)	(24,218)	(13,715)
Operating loss		**(88,119)**	**(64,030)**	**(34,718)**
Finance income / (costs) - net	14	**2,117**	**6,509**	**(6,647)**
Loss before tax		**(86,002)**	**(57,521)**	**(41,365)**
Income taxes	15	(2)	(2)	(1)
Loss for the period		**(86,004)**	**(57,523)**	**(41,366)**
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Equity investments at fair value OCI - net change in fair value	18	(6,047)	(7,693)	(242)
Other comprehensive loss		**(6,047)**	**(7,693)**	**(242)**
Total comprehensive loss		**(92,051)**	**(65,216)**	**(41,608)**
Basic and diluted loss per share in € per share (undiluted = diluted)		**(0.60)**	**(0.48)**	**(0.50)**
Weighted number of common shares outstanding		**142,362,294**	**119,502,384**	**83,471,559**

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

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

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Intangible assets	16	58	1,607
Leasehold improvements and equipment	17	3,823	3,814
Long-term financial assets	18	0	12,348
Right-of-use assets	26	561	972
		4,442	18,741
Current assets			
Cash and cash equivalents	19	190,286	197,630
Trade and other receivables	20	2,697	4,809
Inventories		628	421
Other assets and prepaid expenses	21	2,459	3,534
		196,070	206,394
TOTAL ASSETS		**200,512**	**225,135**
EQUITY AND LIABILITIES			
Equity			
Issued capital		1,493	1,234
Capital reserves		582,843	474,087
Fair value reserves		(1,231)	(5,973)
Accumulated deficit		(430,190)	(333,397)
Total equity	22	**152,915**	**135,951**
Non-current liabilities			
Borrowings	24	11,687	17,060
Contract liabilities	9	1,083	7,209
Lease liabilities	26	176	368
Total non-current liabilities		**12,946**	**24,637**
Current liabilities			
Trade and other payables	25	19,077	18,860
Borrowings	24	5,930	580
Lease liabilities	26	396	683
Contract liabilities	9	9,248	44,424
Total current liabilities		**34,651**	**64,547**
TOTAL EQUITY AND LIABILITIES		**200,512**	**225,135**

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

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

	Note	2022	2021	2020
Cash flow from operating activities				
Loss for the period		(86,004)	(57,523)	(41,366)
Adjustments for the period:				
- Income taxes		2	2	1
- Depreciation and amortization		2,899	1,334	1,115
- Net gain from disposal of leasehold improvements and equipment		0	0	34
- Share-based payments	23	19,110	11,820	3,381
- Finance income / (costs) - net	14	(2,117)	(6,509)	6,647
		(66,110)	(50,876)	(30,188)
Change in trade and other receivables		2,113	(2,369)	(1,065)
Change in inventories		(207)	(175)	50
Change in other assets and prepaid expenses		1,075	(2,274)	(1,260)
Change in trade, other payables, provisions and contract liabilities		(41,088)	(29,990)	12,848
		(104,177)	(85,684)	(19,615)
Interest received		564	0	294
Paid interest		(1,277)	(905)	(78)
Paid income tax		(2)	(2)	(1)
Net cash used in operating activities		**(104,892)**	**(86,591)**	**(19,400)**
Cash flow from investing activities				
Purchase of intangible assets		(37)	(1,654)	(9)
Purchase of leasehold improvements and equipment		(659)	(2,196)	(431)
Cash received from the sale of financial assets		6,301	0	0
Cash paid for investments in financial assets		0	0	(8,101)
Cash received from maturity of financial assets		0	0	16,547
Net cash generated / (used) for investing activities		**5,605**	**(3,850)**	**8,006**
Cash flow from financing activities				
Proceeds from issue of common shares, including exercise of share based payment awards	22	95,907	124,460	74,195
Transaction costs related to issue of common shares	22	(6,037)	(7,412)	(2,294)
Proceeds from borrowings	24	0	17,500	0
Transaction costs related to borrowings		0	(311)	0
Repayment of lease liabilities	26	(733)	(564)	(521)
Repayment of borrowings	24	(580)	(92)	(2,128)
Cash flow from financing activities		**88,557**	**133,581**	**69,252**
Exchange rate related changes of cash and cash equivalents		**3,386**	**7,636**	**(6,238)**
Net changes to cash and cash equivalents		**(10,730)**	**43,140**	**57,858**
Cash and cash equivalents at the beginning of the period		**197,630**	**146,854**	**95,234**
Cash and cash equivalents at the end of the period		**190,286**	**197,630**	**146,854**

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, 2020		**762**	**270,451**	**1,962**	**(234,508)**	**38,667**
Issue of common shares		205	68,341			68,546
Exercise of share-based payment awards		16	2,991			3,007
Equity-settled share-based payment awards			3,381			3,381
Loss for the period					(41,366)	(41,366)
Other comprehensive loss				(242)		(242)
Balance as of December 31, 2020		**983**	**345,164**	**1,720**	**(275,874)**	**71,993**
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	22	259	89,545			89,804
Exercise of share-based payment awards	23	0	101			101
Equity-settled share-based payment awards	23		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	18			(6,047)		(6,047)
Balance as of December 31, 2022		**1,493**	**582,843**	**(1,231)**	**(430,190)**	**152,915**

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, Heidelberg, Germany, AbCheck s.r.o., Plzen, Czech Republic and Affimed Inc., Delaware, USA (collectively “Affimed”, the “Company” or the “Group”).

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, strategic collaborations and service contracts, where the Group is performing research services for third parties.

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 2022. The consolidated financial statements of Affimed N.V. as of and for the year ended December 31, 2022 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 2022.

3. Financial reporting period

These financial statements cover the year 2022, which ended at the balance sheet date of December 31, 2022.

4. Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

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 85-98.

6. Basis of preparation – consolidated financial statements

Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as adopted in the European Union (EU-IFRS).

The consolidated financial statements were authorized for issuance by the Company's Management Board on May 22, 2023.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value (see note 18) and monetary assets and liabilities denominated in foreign currencies which are remeasured at period-end exchange rates. The Group did not opt for a valuation of liabilities at fair value through profit or loss. All amounts included in the consolidated financial statements are reported in thousands of euros (€ thousand) except where otherwise stated.

Consolidation

The Group controls an entity when it has power over the investee, 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. A subsidiary is consolidated from the date on which control is obtained by the Group. It is de-consolidated from the date control ceases.

Intercompany transactions, balances and unrealized gains/losses on transactions between group companies are eliminated.

Functional and presentation currency

The consolidated financial statements are presented in euro. 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).

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. See note 7 for the Group's accounting policies related to revenue recognition and research and development expenses.

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 – net’.

7. Significant accounting policies

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

Revenue recognition

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.

Collaboration and license agreements are evaluated to determine whether they involve multiple promises that represent separate performance obligations typically including research programs, platform licenses or intellectual property licenses.

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. For licenses of intangible assets where little or no incremental costs are incurred in providing such licenses, a residual approach is used.

Performance obligations from research programs are satisfied over time 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.

Therefore, revenue for such performance obligations is recognized according to the stage of completion measured by reference to costs incurred in relation to anticipated total costs of the research program.

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.

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.

(ii) Share-based payment transactions

The Group's share-based payment awards outstanding as of December 31, 2022 and 2021, are classified as equity-settled share-based plans. The fair value of share-based equity-settled awards granted to employees is measured at grant date and compensation cost is recognized over the vesting period with a corresponding increase in equity. Share-based payment awards with non-employees are measured and recognized when services are received. Fair value of stock options with service conditions 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, the expected forfeiture 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 number of stock options expected to vest is estimated at each measurement date.

(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 on 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. Interest income is recognized as it accrues using the effective interest method.

Finance costs comprise primarily interest expense on borrowings.

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, 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. Those debt instruments are held to collect solely payments of principal and interest. They are included in current assets and are subsequently carried at amortized cost.

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

The Group holds preferred shares in Amphivena Therapeutics Inc ("Amphivena"), USA, and previously held common shares in Roivant Sciences Ltd. ("Roivant") USA (see note 18). The Group has elected to present changes in fair value of these 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.

Impairment

(i) Trade and other receivables

Trade and other 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. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Affimed determines the counterparties' lifetime expected credit losses that result from all possible default events over the expected life of a financial instrument based on an estimated rating and corresponding probability of default rates according to the Bloomberg database.

In addition, trade and other 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 debtor 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 2022, 2021 or 2020.

(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 property, plant 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 property, plant and equipment for current and comparative periods are as follows:

–	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.

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.

Fair Value Measurement

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 carrying amount of all trade and other receivables, other assets and prepaid expenses, cash and cash equivalents, trade and other payables and loans is a reasonable approximation of the fair value and therefore information about the fair values of those financial instruments has not been disclosed. The measurement of the fair value of preferred and common shares in other companies held by the group is based on level 1 and level 3 inputs (see note 18). The Group recognises transfers between levels of the fair value hierarchy as at the date at which the change has occurred.

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 December 31, 2022, the Group has granted 18,200,984 options and warrants in connection with share-based payment programs (see note 23) and a loan agreement, which could potentially have a dilutive effect but were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive due to the net loss generated by the Group.

Critical judgments and accounting 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 accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these financial statements, the critical judgments made by management in applying the Group’s accounting policies resulted in the following accounting estimates:

(i) Share-based payments

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.

(ii) Revenue recognition

The Group's contracts with the majority of our customers contain multiple performance obligations. Judgment is required in determining whether a good or service is considered a separate performance obligation. If standalone selling prices are not directly observable, the Group allocates the transaction price to the performance obligations by reference to the expected cost plus a margin. In doing so, observable input data such as internal project plans and margins are 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 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.

New standards and interpretations not yet adopted

The following new standards and amendments to standards are effective for annual periods beginning after December 31, 2022 and have not been applied in preparing these consolidated financial statements.

Standard/interpretation	**Effective Date** [1]
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	January 1, 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	January 1, 2024

1 Shall apply for periods beginning on or after the date shown in the effective date column,

The amended standards are not expected to have a significant effect on the consolidated financial statements of the Group.

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 Heidelberg and Plzen premises. Pre-clinical and clinical activities are conducted and coordinated from Heidelberg.

Revenue:	**2022**	**2021**	**2020**
Germany	152	742	194
Europe	0	0	2
USA	41,201	39,624	28,164
	41,353	**40,366**	**28,360**
Non-current assets as of December 31:	**2022**	**2021**	**2020**
Germany	3,435	4,896	3,796
Czech Republic	1,007	1,306	914
USA	0	12,539	20,216
	4,442	**18,741**	**24,926**

(iii) Major Customers

In 2022 and 2021, revenue with Genentech and Roivant each exceeded 10% of total revenue. In 2020, the Group's revenue with Genentech exceeded 10% of total revenues.

9. Revenue

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 €18.5 million as revenue in 2022 (2021: €21.6 million, 2020: €26.2 million). As at December 31, 2022, the Group held contract liabilities of €1.7 million (December 31, 2021: €20.2 million, December 31, 2020: €41.9 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 worth 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. The common shares held have been sold, refer note 18.

For the year ended December 31, 2022 the group has recognized €22.7 million (2021: €17.7 million, 2020: €1.4 million) as revenue. As of December 31, 2022, the Group held contract liabilities of €8.6 million (December 31, 2021: €31.3 million, December 31, 2020: €49.0 million), which will be recognized as revenue in subsequent periods as services are provided.

Research service agreements

The Group has entered into certain research service agreements. These research service agreements provide for non-refundable upfront technology access research funding and milestone payments. The Group recognized revenue of €0.2 million, €1.1 million and €0.6 million during the years ended December 31, 2022, 2021 and 2020 respectively.

Contract balances

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

	December 31, 2022	December 31, 2021
Receivables	0	150
Contract liabilities	10,331	51,633

An amount of €41,302 that was recognized in contract liabilities at the beginning of the period was recognized as revenue during the period ended December 31, 2022 (2021: €39,512; 2020: €17,457).

The remaining performance obligations at December 31, 2022 are approximately €10.3 million and are expected to be largely recognized as revenue over the next 12 months (2022: €9.2 million; 2021: €44.4 million), with a smaller portion being realized thereafter (2022: €1.1 million; 2021: €7.2 million).

Disaggregation of revenue

	2022	2021	2020
Major service lines:			
Collaboration revenue	41,198	39,301	27,755
Service revenue	155	1,065	605
	41,353	**40,366**	**28,360**
Timing on revenue recognition:			
Point in time	0	490	9,180
Over time	41,353	39,876	19,180
	41,353	**40,366**	**28,360**

10. Other income and expenses - net

Other income and expenses, net, mainly comprises foreign exchange losses of €99 in 2022 (2021: gains of €125, 2020: gain of €129); income from government grants for research and development projects of €563 in 2022, €344 in 2021, and €348 in 2020 and from research collaborations where costs are shared equally between both parties of €898 (2021: €1,072, 2020: €0).

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:

	2022	2021	2020
Third-party services	61,943	54,810	29,324
Personnel expenses	29,023	20,532	13,638
Legal, consulting and patent expenses	1,177	1,301	2,380
Cost of materials	2,138	2,152	1,730
Amortization and depreciation	2,639	1,057	834
Other expenses	1,894	1,636	2,083
	98,814	**81,488**	**49,989**

Amortization and depreciation includes an impairment of €1.5 million in respect of a technology licence (see note 16).

Personnel expenses increased 41% compared to the year ended December 31, 2021 due to an increase in headcount, as well as an increase in the underlying fair value of newly issued share options.

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:

	2022	2021	2020
Personnel expenses	15,249	10,713	6,319
Legal, consulting and audit expenses	8,299	8,134	5,601
Insurance expenses	3,493	2,613	904
Other expenses	5,034	2,758	891
	32,075	**24,218**	**13,715**

Personnel expenses increased 42% due to an increase in headcount and share-based payment expenses.

13. Employee benefits

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

	2022	2021	2020
Wages and salaries	23,370	17,882	15,081
Social security costs	3,098	2,332	1,847
	26,468	**20,214**	**16,928**

The employer's contributions to pension insurance plans of €1,322 (2021: €1,030, 2020: €795) are classified as payments under a defined contribution plan, and are recognized as an expense.

As of December 31, 2022, Affimed employed 219 (2021: 176, 2020: 142) full time equivalent employees, including those of our subsidiaries.

14. Finance income and finance costs

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

	2022	2021	2020
Interest SVB Loan Agreement (see note 24)	(1,630)	(712)	(95)
Foreign exchange differences	3,386	7,636	(6,693)
Interest on certificates of deposit with maturities of more than three months	0	0	186
Other finance income/finance costs - net	361	(415)	(45)
	2,117	**6,509**	**(6,647)**

15. Income taxes

The Group did not incur any material income tax in the periods presented. As of December 31, 2022, deferred tax assets from differences resulting from intangible assets (€238; 2021: €207), trade and other receivables (€102; 2021: €1,194), borrowings (€26; 2021: €44), lease liabilities (€150; 2021: €206), trade and other payables (€31; 2021: €31), long-term financial assets (€0; 2021: €1,149) and contract liabilities (€0; 2021: €47) 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, 2022 deferred tax liabilities from temporary differences result mainly from leasehold improvements and equipment and right-of-use assets (€204; 2021: €276), other assets (€0; 2021: €1,054), long-term financial assets (€266; 2021: €0), contract liabilities (€291; 2021: €0) and borrowings (€86; 2021: €93). 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:

	2022	2021	2020
Loss before tax	(86,002)	(57,521)	(41,365)
Income tax benefit at tax rate of 29.825 %	25,650	17,156	12,337

Adjustments of deferred tax assets	(25,022)	(15,850)	(11,196)
Adjustments for local tax rates	23	(62)	(41)
Non-deductible expenses	(755)	(1,434)	(803)
Other	102	188	(298)
Income taxes	**(2)**	**(2)**	**(1)**

In Germany, Affimed has tax losses carried forward of €372.0 million (2021: €288.6 million) for corporate income tax purposes and of €371.0 million (2021: €287.7 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.

Tax losses carried forward of Abcheck s.r.o. amount to €20 as of December 31, 2022 (2021: €20).

16. Intangible assets

	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 amortisation/impairment as of January 1, 2022	470	250	720
Amortisation charge for the year	87	23	110
Impairment incurred during the year	1,476	0	1,476
Accumulated amortisation/impairment as of December 31, 2022	2,033	273	2,306
Carrying value as of December 31, 2022	**1**	**57**	**58**

	Licences	Software	Total
Cost as of January 1, 2021	2,032	290	2,322
Additions	2	3	5
Cost as of December 31, 2021	2,034	293	2,327
Accumulated amortisation as of January 1, 2021	382	222	604
Amortisation charge for the year	88	28	116
Accumulated amortisation as of December 31, 2021	470	250	720
Carrying value as of December 31, 2021	**1,564**	**43**	**1,607**

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 amortising the acquisition cost, on a straight line basis, over an estimated useful life of 19 years. In 2022,

however, Affimed decided that 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 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.

17. Leasehold improvement and equipment

	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**

	Leasehold improvements	Laboratory and office equipment	Total
Cost as of January 1, 2021	74	5,125	5,199
Additions	-	2,196	2,196
Cost as of December 31, 2021	74	7,321	7,395
Accumulated depreciation as of January 1, 2021	47	2,926	2,973
Depreciation charge for the year	7	601	608
Accumulated depreciation as of December 31, 2021	54	3,527	3,581
Carrying value as of December 31, 2021	**20**	**3,794**	**3,814**

18. 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, 2021: nil).

As of December 31, 2021, the long-term financial assets included the Group's investment in Roivant at its fair value of €12.3 million. As at December 31, 2021 the fair value of the shares in Roivant was based on its quoted market price.

In June 2022, a strategic decision was taken to dispose of this 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.

19. Cash and cash equivalents

	December 31,	
	2022	**2021**
Bank balances	190,286	129,972
Call deposits	0	67,658
	190,286	**197,630**

Call deposits all have original maturities of 3 months or less.

20. Trade and other receivables

The trade receivables as of December 31, 2022 and 2021, of €0 and €150, respectively, are all due in the short-term, do not bear interest and are not impaired. Other receivables are all due within the short-term and mainly comprise value-added tax receivables of €1,505 (2021: €2,737).

21. Other assets and prepaid expenses

Other assets and prepaid expenses as of December 31, 2022 of €2.5 million (2021: €3.5 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 €1.1 million (2021: €2.9 million) for the reservation of manufacturing capacity, €0 (2021: €0.3 million) as prepayment for manufacturing activities and €0.5 million (2021: €0) prepayment for assets secured for the new premises.

22. Equity

As of December 31, 2022, the share capital of €1,493 (2021: €1,234) is composed of 149,339,335 (2021: 123,419,772) common shares with a par value of €0.01.

In November 2021, the Company implemented a new ATM program providing for sales over time of up to $100 million of its common shares. As of December 31, 2021, the Company had issued approximately 0.2 million common shares from this new ATM program and generated approximately €1.6 million in net proceeds.

On January 15, 2021, the Group issued 19,166,667 common shares at a price of $6.00 per share in a public offering, resulting in net proceeds of approximately €88.7 million, incurring €6.1 million in underwriting commissions, legal and consulting expenses which were deducted from equity.

In April 2021, Silicon Valley Bank exercised all of its warrants which were issued in the course of a loan agreement entered into 2016 and repaid by the Company in 2020. Accordingly, the Group issued 173,482 common shares in 2021.

On April 18, 2022, the Company closed its public offering of 22,500,000 common shares, at the public offering price of $4.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 25,875,000. 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.

In connection with common share issuances in 2022 an amount of €6.0 million of direct and incremental transaction cost was deducted from equity; shown net of proceeds in the statement of changes in equity.

As of December 31, 2022, authorized share capital of the company amounts to €3,120 (2020: €3,120) and 311,950,000 (2021: 311,950,000) common shares, each with a nominal value of €0.01 per share.

The net loss for the current year is included in the accumulated deficit (refer note 37).

23. 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.

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 2022 and 2021, the Group granted 4,915,600 and 4,131,076 awards, respectively, to employees, members of the Management Board and members of the Supervisory Board. Fair value of the awards at grant date in 2022 amounts to €14.1 million ($15.7 million).

During 2022, 277,427 ESOP 2014 awards were cancelled or forfeited due to termination of employment or termination of consulting agreements with non-employees (2021: 385,355), and 43,440 options were exercised at a weighted average exercise price of $2.52 (2021: 1,114,061 options were exercised at a weighted average exercise price of $2.19).

As of December 31, 2022, 15,269,734 ESOP 2014 awards were outstanding (December 31, 2021: 10,675,001), 8,510,863 awards (December 31, 2021: 5,422,591) were vested. The options outstanding at December 31, 2022 had an exercise price in the range of $1.30 to $13.47 (2021: $1.30 to $13.47), a weighted average remaining contractual life of 7.4 years (2021: 7.7 years) and a weighted average exercise price of $4.91 (2021: $5.21). In 2022 and 2021, the Group estimated an annual forfeiture rate of 4.0% for unvested options.

Share-based payments with market condition

During 2022, the Company issued 2,825,000 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 $12.00, $15.00, and $18.00, respectively. Except with respect to a change of control, these options shall not vest before the first anniversary of the grant date. Fair value of the awards at grant date as of December 31, 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 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). In 2020, an expense of €3,381 was recognized affecting research and development expenses (€1,524) and general and administrative expenses (€1,857).

Fair value measurement

The fair value of options was determined using the Black-Scholes-Merton valuation model. The significant inputs into the valuation model of share based payment grants with service conditions are as follows (weighted average):

	2022	2021
Fair value at grant date	$3.19	$6.18
Share price at grant date	$4.29	$8.18
Exercise price	$4.29	$8.18
Expected volatility	90%	95%
Expected life	5.9	5.9
Expected dividends	0.0	0.0
Risk-free interest rate	2.32%	1.14%

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 significant inputs into the valuation model are as follows (weighted average):

	2022
Fair value at grant date	$1.13
Share price at grant date	$4.58
Exercise price	$4.58
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.

24. Borrowings

Silicon Valley Bank

In January 2021, the Group entered into a new loan agreement with Silicon Valley Bank German Branch (now: Silicon Valley Bridge Bank N.A. Germany Branch) 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. 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 is entitled to make interest only payments through December 1, 2022. The loan will mature at the end of November 2025. As of December 31, 2022, the fair value of the liability did not differ significantly from its carrying amount (€17.5 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, 2022	
	Consolidated financial statements	thereof assets pledged
Intangible assets*	58	58
Leasehold improvements and equipment	3,823	3,002
Inventories	628	556
Trade and other receivables	2,697	2,090
Cash and cash equivalents	190,286	188,465
Total	**197,492**	**194,171**

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

UniCredit Leasing CZ

In April 2019, the Group entered into a loan agreement with UniCredit Leasing CZ for €562. After an initial instalment of €127 in the second quarter of 2019, repayment is effected in monthly instalments of €8. In May 2020, an interest-only-period for 6 months was agreed, extending repayment for 6 months until May 2024. As of December 31, 2022, an amount of €136 (December 31, 2021: €231) was outstanding, of which €96 (December 31, 2021: €94) was classified as current liabilities. As of December 31, 2022 and 2021, the fair value of the liability did not differ significantly from its carrying amount.

Reconciliation to cash flows from financing

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

	2022	**2021**
Balance as of January 1	**17,640**	323
Changes from financing cash flows		
Proceeds from borrowings	0	17,500
Repayment of borrowings	(580)	(92)
	17,060	**17,408**
Other Changes		
Changes in capitalized borrowing costs, net	557	(91)

Balance as of December 31	**17,617**	**17,640**

25. Trade and other payables

Trade and other payables comprise trade payables of €16,731 (2021: €17,085). Other payables mainly comprise payroll and employee related liabilities for withholding taxes and social security contributions of €2,203 (2021: €1,294) and payables due to employees for unused holidays and other accruals. Other payables are normally settled within 30 days.

26. Leases

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. The agreements for the existing premises have an average non-cancellable term of between one and four years with renewal options included in some contracts. 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, 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**

	Carrying amount			
	Buildings	**Cars**	**Office equipment**	**Total**
Balance as of January 1, 2021	923	2	15	940
Depreciation charge for the year	(595)	(8)	(6)	(609)
Additions to right-of-use assets	614	27	0	641
Balance as of December 31, 2021	**942**	**21**	**9**	**972**

Cash outflow related to leases are as follows:

	2022	**2021**
Repayment of lease liabilities	733	564
Interest on lease liabilities	31	46
Short-term lease payments	23	23
Cash outflow from leasing	**787**	**633**

Future contractually agreed undiscounted lease payments are as follows:

	2022	**2021**
Payments within one year	631	708

Payments between one and five years	180	379
	811	**1,087**

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

	2022	2021
Balance as of January 1	1,051	974
Changes from financing cash flows		
Repayment of lease liabilities	(733)	(564)
	(733)	**(564)**
Other Changes		
New lease contracts	254	641
	254	**641**
Balance as of December 31	**572**	**1,051**

27. Other commitments and contingencies

Commitments

The Group plans to move to new facilities in 2023 and has entered into a lease contract for offices and laboratories with handover taking place approximately mid-2023. Expected payments include monthly rent of €141, an anticipated one-time payment of €1,170 for laboratory construction and a security deposit of €503. The contractual lease term is ten years including a cancellation option after 5 years with an expected start mid-2023. The terms provide for renewal options.

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.

28. Related parties

Transactions with key management personnel

The compensation of managing directors comprised of the following:

	2022	2021	2020
Short-term employee benefits	3,662	3,633	2,936
Share-based payments	6,732	5,235	1,848
	10,394	**8,868**	**4,784**

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. In the case of an early termination, the managing directors receive a severance.

The supervisory board directors of Affimed N.V. received compensation for their services on the supervisory board of €431 (2021: €392; 2020: €364). In 2022, the Group recognized expenses for share-based payments for supervisory board members of €1,370 (2021: €847, 2020: €293).

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, 2022	December 31, 2021
Adi Hoess	1	5
Wolfgang Fischer	2	-
Arndt Schottelius	3	-
Thomas Hecht	21	19
Mathieu Simon	10	8
Ferdinand Verdonck [1]	-	(1)
Ulrich Grau	26	16
Bernhard Ehmer	17	20
Harry Welten	8	10
Annalisa Jenkins	11	9
Uta Kemmerich-Keil	18	19

[1] left the Supervisory Board in June 2021.

29. Financial risk management

(i) Financial risk management objectives and policies

The Group’s principal financial instruments comprise cash and cash equivalents, certificates of deposit at commercial banks 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 holds investments in financial fixed assets which were 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) Credit risk

The Group’s financial assets comprise to a large extent cash and cash equivalents. In addition, financial assets include shares and trade and other receivables. The total carrying amount of shares (€ nil, 2021: €12.3 million), cash and cash equivalents (€190.3 million, 2021: € 197.6 million) and trade and other receivables (€2.7 million, 2021: €4.8 million) represents the maximum credit exposure of €193.0 million (2021: €214.7 million).

The cash and cash equivalents are held with banks, which are rated AA3 to AA2 based on Standard & Poor's and Moody's. Refer note 30.

(iii) 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 negative, resulting in net interest income of €401 (2021: interest expense of €358). A shift in interest rates (increase or decrease) could potentially have a material impact on the loss of the Group.

(iv) 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.

(v) 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 Czech Koruna (CZK), US Dollars (USD) and British Pound (GBP). The net exposure as of December 31, 2022 was €28,694 (2021: €53,487) and mainly relates to US Dollars.

In 2022, if the Euro had weakened/strengthened by 10% against the US dollar with all other variables held constant, the loss would have been €3,270 (2021: €5,482) 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.

Loss is more sensitive to movement in exchange rates shifts in 2022 than in 2021 because of the increased volume of US dollar-denominated transactions.

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

	2022	2021	2020
	CZK or USD or GBP/EUR	**CZK or USD or GBP/EUR**	**CZK or USD or GBP/EUR**
CZK - Average Rate	0.04071	0.03900	0.03780
CZK - Spot rate	0.04147	0.04023	0.03811
USD - Average Rate	0.94967	0.84552	0.87550
USD - Spot rate	0.93756	0.88292	0.81493
GBP - Average Rate	1.17266	1.16333	1.12397
GBP - Spot rate	1.12748	1.19008	1.11231

(vi) 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 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. The supervisory board undertakes regular reviews of the budget.

In 2022, 2021 and 2020, Affimed raised significant funding that it estimates will enable the Group to fund operating expenses and capital expenditure requirements into 2025.

In May 2020, the Company implemented an at-the-market ("ATM") program providing for the sales over time of up to $50 million of its common shares. The Company issued approximately 12.5 million common shares under this ATM program, generating net proceeds of approximately €34.5 million.

In November 2020, the Company implemented a new ATM program providing for additional sales over time of up to $75 million of common shares. As of December 31, 2021, the Company had issued approximately 4.4 million (2020: 7.9 million) shares, generating approximately €24.4 million (2020: €34.5 million) in net proceeds.

On January 15, 2021 the Company issued 19,166,667 common shares at a price of $6.00 per share in a public offering resulting in gross proceeds before deducting underwriting discounts and commissions and estimated expenses of the offering of $115 million.

In January 2021, the Group entered into a loan agreement with Silicon Valley Bank for up to €25 million, of which the Group has drawn €17.5 million in 2021.

In November 2021, Affimed filed a "shelf registration statement" with the SEC in order to offer and sell securities to the public in multiple, future offerings with indeterminate amount.

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. As of December 31, 2021, the Company had issued approximately 0.2 million shares and generated approximately €1.6 million in net proceeds from this new ATM program.

On April 18, 2022, the Company closed its public offering of 22,500,000 common shares, at the public offering price of $4.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 25,875,000. 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 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 contractual maturities of Borrowings are as follows:

	2022	2021
Payments within one year	5,930	580
Payments between one and five years	12,752	18,682
	18,682	**19,262**

(vii) 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.

30. Subsequent events

Cash, Cash Equivalents, and Borrowings with Silicon Valley Bank

As at, and subsequent to December 31, 2022, the Company had cash and cash equivalents that were deposited with Silicon Valley Bank Santa Clara, California ("SVB US") and Silicon Valley Bank UK Limited ("SVB UK"). On March 10, 2023, SVB US was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. On March 13, 2023, FDIC transferred all deposits and substantially all assets of SVB US, to a newly created, full-service FDIC-operated 'bridge bank' ("Silicon Valley Bridge Bank") in an action designed to protect all depositors of SVB US. On March 13, 2023, the Bank of England, in consultation with the Prudential Regulation Authority, HM Treasury and the Financial Conduct Authority, has taken the decision to sell SVB UK to HSBC UK Bank Plc. Meanwhile, the Company continues to have full access to the cash and cash equivalents held on deposit at Silicon Valley Bridge Bank and SVB UK. Furthermore, as described in Note 24, the Company has a loan agreement with Silicon Valley Bridge Bank N.A. Germany Branch. On March 20, 2023, Silicon Valley Bridge Bank was granted permission to conduct the lending business through Silicon Valley Bridge Bank N.A. Germany Branch. Overall, the Company expects that the foregoing will not have an impact on the Company's business activities.

Reorganization

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%. The Group has not yet completed the evaluation of the financial impact of the reorganization and the allocation to the remaining periods in 2023, but expects the one-time cash expenditure for termination payments to be offset by cost savings during 2023.

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, 2022
(in € thousand)
(before appropriation of result of the year)

	Note	December 31, 2022	December 31, 2021
Assets			
Non current assets			
Financial fixed assets	33	123,046	106,640
Total non current assets		**123,046**	**106,640**
Current assets			
Receivables from subsidiaries	34	351	406
Other receivables	35	1,080	351
Cash and cash equivalents	36	34,640	34,704
Total current assets		**36,071**	**35,461**
Total assets		**159,117**	**142,101**
Equity and liabilities			
Shareholders' equity			
Issued capital		1,493	1,234
Share premium		442,374	352,728
Other reserves		(192,928)	(154,515)
Revaluation reserve		(1,231)	(5,973)
Unappropriated loss		(96,793)	(57,523)
Total equity	37	**152,915**	**135,951**
Current liabilities			
Payables to subsidiaries	34	4,648	4,751
Other current payables	38	1,554	1,399
Total current liabilities		**6,202**	**6,150**
Total liabilities		**6,202**	**6,150**
Total equity and liabilities		**159,117**	**142,101**

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

Company profit and loss account for the year ended December 31, 2022
(in € thousand)
(before appropriation of result of the year)

	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
Share in results from participating interests after taxation	33	(61,377)	(44,789)
Other result after taxation	39	(24,627)	(12,734)
Net result		**(86,004)**	**(57,523)**

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

Notes to the Company financial statements for the year ended 31 December 2022

31. 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 defenses 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 52 to 81.

32. Basis of preparation

The Company financial statements of Affimed N.V. have been prepared on the basis that the Company will be able to continue as a going concern. Affimed believes that the existing cash and cash equivalents generated from the proceeds of the public offering in April 2022 will enable the Company to fund its operating expenses and capital expenditure requirements into 2025.

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 directly or indirectly 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 as 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.

33. 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 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, 2022	**106,640**
Capital contributions	83,830
Effect of change in fair value of Amphivena and Roivant shares held by Affimed GmbH	(6,047)
Share in result of Affimed GmbH, net of tax	(61,377)
Net asset value as at December 31, 2022	**123,046**

During the year, the Company contributed capital of €83.8 million to Affimed GmbH, these funds being generated from the proceeds of the public offering and ATM program (see note 37).

Affimed GmbH holds preferred shares in Amphivena and previously held common shares in Roivant Sciences Ltd which are/were both recognized at fair value through other comprehensive income, resulting in a decrease of the net asset value of Affimed GmbH of € 6,047 during the year (see note 18).

34. Receivables from/payables to subsidiaries

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

35. Other receivables

These receivables relate primarily to VAT refunds.

36. Cash and cash equivalents

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

37. Equity

As of December 31, 2022, the share capital of €1,493 (2021: €1,234) is composed of 149,339,335 (2021: 123,419,772) common shares with a par value of €0.01. 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, 2021	**983**	**235,625**	**(114,046)**	**1,720**	**(52,289)**	**71,993**
Issue of common shares	240	121,304	-	-	-	121,544
Share issuance costs	-	(7,107)	-	-	-	(7,107)
Exercise of share-based payments awards	11	2,906	-	-	-	2,917
Allocation of unappropriated losses	-	-	(52,289)	-	52,289	-
Net result	-	-	-	-	(57,523)	(57,523)
Other comprehensive loss	-	-	-	(7,693)	-	(7,693)
Share-based payments	-	-	11,820	-	-	11,820
December 31, 2021	**1,234**	**352,728**	**(154,515)**	**(5,973)**	**(57,523)**	**135,951**
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**

Issued capital and share premium

In November 2021, the Company implemented a new ATM program providing for sales over time of up to $100 million of its common shares. As of December 31, 2021, the Company had issued approximately 0.2 million common shares from this new ATM program and generated approximately €1.6 million in net proceeds.

On January 15, 2021, the Group issued 19,166,667 common shares at a price of $6.00 per share in a public offering, resulting in net proceeds of approximately €88.7 million, incurring €6.1 million in underwriting commissions, legal and consulting expenses which were deducted from equity.

In April 2021, Silicon Valley Bank exercised all of its warrants which were issued in the course of a loan agreement entered into 2016 and repaid by the Company in 2020. Accordingly, the Group issued 173,482 common shares in 2021.

On April 18, 2022, the Company closed its public offering of 22,500,000 common shares, at the public offering price of $4.00 per share. The exercise of the underwriters' option to purchase over-allotment shares brought the total number of common shares sold by Affimed to 25,875,000. 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.
In connection with common share issuances in 2022 an amount of €6.0 million of direct and incremental transaction cost was deducted from equity; shown net of proceeds in the statement of changes in equity.

As of December 31, 2022, authorized share capital of the company amounts to €3,120 (2021: €3,120) and 311,950,000 (2021: 311,950,000) common shares, each with a nominal value of €0.01 per share.

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 18 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 sale of the shares in Roivant, 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 2022 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 2021 financial statements at the Annual General Meeting on June 22, 2022, the accumulated losses for the year 2021 were transferred to the other reserves. It is expected that the Annual General Meeting 2023 will also adopt the transfer of the accumulated losses for 2022 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, 2022 and 2021 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.

38. Other current payables

In € thousand

	December 31, 2022	December 31, 2021
Trade payables	1,248	957
Social security and wage tax	288	418
Other liabilities	18	24
Total	1,554	1,399

All current payables are short-term.

39. Other result after taxation

In € thousand

	2022	2021
Other income (service fee)	3,303	2,912
General and administrative expenses	(29,887)	(20,687)
Other gains	1	1
Net operating result	**(26,583)**	**(17,774)**
Financial income	1,976	5,069
Financial expense	(20)	(29)
Net financial result	**1,956**	**5,040**
Result before taxation	**(24,627)**	**(12,734)**
Taxation	-	-
Result after taxation	**(24,627)**	**(12,734)**

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.

40. Employee benefits and number of employees

The average number of employees of Affimed N.V. during 2022 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 41.

41. Related-party transactions

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

Director's remuneration 2021

Managing Directors

(in € thousand)	Adi Hoess	Wolfgang Fischer	Andreas Harstrick	Denise Mueller [2]	Arndt Schottelius	Angus Smith [2]	Total
Periodically paid compensation	521	443	368	376	445	393	2,546
Bonuses	262	174	144	162	174	171	1,087
Total cash compensation	**783**	**617**	**512**	**538**	**619**	**564**	**3,633**
2014 Plan share-based payment expense[1]	1,540	810	620	589	677	999	5,235
Total share-based payment expense	**1,540**	**810**	**620**	**589**	**677**	**999**	**5,235**

Supervisory directors (in € thousand)	Thomas Hecht	Bernhard Ehmer	Ulrich Grau	Annalisa Jenkins	Mathieu Simon	Harry Welten	Ferdinand Verdonck [3]	Uta Kemmerich-Keil	Total
Periodically paid compensation	101	57	46	43	39	49	22	35	392
Total cash compensation	**101**	**57**	**46**	**43**	**39**	**49**	**22**	**35**	**392**
2014 Plan share-based payment expense[1]	161	105	105	161	106	161	3	45	847
Total share-based payment expense	**161**	**105**	**105**	**161**	**106**	**161**	**3**	**45**	**847**

[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
[3] left the Supervisory Board in June 2021

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 23 of the consolidated financial statements.

Stock options granted under the Equity Incentive Plan 2014

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	400,000	4.46	March 18, 2032
Wolfgang Fischer	March 18, 2022	220,000	4.46	March 18, 2032
Andreas Harstrick	March 18, 2022	220,000	4.46	March 18, 2032
Denise Mueller	March 18, 2022	220,000	4.46	March 18, 2032
Arndt Schottelius	March 18, 2022	220,000	4.46	March 18, 2032
Angus Smith	March 18, 2022	220,000	4.46	March 18, 2032
Total		**1,500,000**		

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	325,000	4.45	March 30, 2024
Wolfgang Fischer	March 30, 2022	200,000	4.45	March 30, 2024
Andreas Harstrick	March 30, 2022	200,000	4.45	March 30, 2024
Denise Mueller	March 30, 2022	200,000	4.45	March 30, 2024
Arndt Schottelius	March 30, 2022	200,000	4.45	March 30, 2024
Angus Smith	March 30, 2022	200,000	4.45	March 30, 2024
Total		**1,325,000**		

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 $12.00, $15.00, and $18.00, 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	45,000	4.46	March 18, 2032
Bernhard Ehmer	March 18, 2022	30,000	4.46	March 18, 2032
Ulrich M. Grau	March 18, 2022	30,000	4.46	March 18, 2032
Annalisa Jenkins	March 18, 2022	30,000	4.46	March 18, 2032
Mathieu Simon	March 18, 2022	30,000	4.46	March 18, 2032
Harry Welten	March 18, 2022	30,000	4.46	March 18, 2032
Uta Kemmerich-Keil .	March 18, 2022	30,000	4.46	March 18, 2032
Total		**225,000**		

Awards granted in 2021
Managing directors

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Adi Hoess	March 23, 2021	370,000	8.48	March 23, 2031
Wolfgang Fischer.....	March 23, 2021	195,000	8.48	March 23, 2031
Andreas Harstrick	March 23, 2021	195,000	8.48	March 23, 2031
Denise Mueller.....	March 23, 2021	195,000	8.48	March 23, 2031
Arndt Schottelius.....	March 23, 2021	195,000	8.48	March 23, 2031
Angus Smith	March 23, 2021	195,000	8.48	March 23, 2031
Total		**1,345,000**		

Supervisory directors

Beneficiary	Grant date	Number of options	Strike price USD	Expiration date
Thomas Hecht	March 23, 2021	45,000	8.48	March 23, 2031
Bernhard Ehmer	March 23, 2021	30,000	8.48	March 23, 2031
Ulrich M. Grau.....	March 23, 2021	30,000	8.48	March 23, 2031
Annalisa Jenkins.....	March 23, 2021	30,000	8.48	March 23, 2031
Mathieu Simon.....	March 23, 2021	30,000	8.48	March 23, 2031
Harry Welten.....	March 23, 2021	30,000	8.48	March 23, 2031
Uta Kemmerich-Keil..	September 24, 2021	60,000	6.59	September 24, 2031
Total		**255,000**		

For further disclosures related to the stock options we refer to note 23 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).

42. 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.

	For the year December 31, 2022		
(in € thousand)	**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

	For the year December 31, 2021		
(in € thousand)	**KPMG Accountants N.V.**	**Other KPMG network**	**Total KPMG**
Audit of the financial statements	60	438	498
Other audit engagements	-	26	26
Tax-related advisory services	-	5	5
Other non-audit services	-	-	-
	60	469	529

43. 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.

44. Subsequent events

Cash, Cash Equivalents, and Borrowings with Silicon Valley Bank

As at, and subsequent to December 31, 2022, the Company had cash and cash equivalents that were deposited with Silicon Valley Bank Santa Clara, California ("SVB US") and Silicon Valley Bank UK Limited ("SVB UK"). On March 10, 2023, SVB US was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. On March 13, 2023, FDIC transferred all deposits and substantially all assets of SVB US, to a newly created,

full-service FDIC-operated ‘bridge bank’ (“Silicon Valley Bridge Bank”) in an action designed to protect all depositors of SVB US. On March 13, 2023, the Bank of England, in consultation with the Prudential Regulation Authority, HM Treasury and the Financial Conduct Authority, has taken the decision to sell SVB UK to HSBC UK Bank Plc. Meanwhile, the Company continues to have full access to the cash and cash equivalents held on deposit at Silicon Valley Bridge Bank and SVB UK. Furthermore, as described in Note 24, the Company has a loan agreement with SVB US Germany Branch. On March 20, 2023, Silicon Valley Bridge Bank was granted permission to conduct the lending business previously operated by SVB US Germany Branch through its German branch, SVB Germany. Overall, the Company expects that the foregoing will not have an impact on the Company’s business activities.

Reorganization

In April 2023, Affimed conducted a reorganization of the operations of its subsidiaries to focus on the Company’s three clinical stage development programs. As a result of the reorganization, Affimed group reduced its full-time equivalent headcount by approximately 25%. Affimed group has not yet completed the evaluation of the financial impact of the reorganization and the allocation to the remaining periods in 2023, but expects the one-time cash expenditure for termination payments to be offset by cost savings during 2023.

Signing of the financial statements

May 22, 2023

Originally signed by:

Management Board:

Dr. Adi Hoess, CEO

Dr. Wolfgang Fischer, COO

Dr. Andreas Harstrick, CMO

Denise Mueller, CBO

Dr. Arndt Schottelius, CSO

Angus Smith, CFO

Supervisory Board:

Dr. Thomas Hecht, Chairman

Dr. Bernhard Ehmer

Dr. Ulrich Grau

Dr. Annalisa Jenkins

Dr. Mathieu Simon

Harry Welten

Uta Kemmerich-Keil

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

- AbCheck s.r.o., Czech Republic

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 2022 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. as at 31 December 2022 and of its result and its cash flows for the year 2022 then ended, in accordance with International Financial Reporting Standards as adopted 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 2022 and of its result for the year 2022 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 2022 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 statement of financial position as at 31 December 2022;

2 the following consolidated statements for the year 2022: the statement of comprehensive loss, the statement of cash flows and the statement of changes in equity; and

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

The company financial statements comprise:

1 the company balance sheet as 31 December 2022;

2 the company profit and loss account for for the year 2022; 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.

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 800 thousand
- 0,4% of total assets

Group audit

- Audit coverage of 99% of total assets
- Audit coverage of 98% of revenue

Fraud/Noclar and Going concern

- Fraud & Non-compliance with laws and regulations (Noclar): management override of controls and revenue recognition.
- Going concern: no significant going concern risks identified

Key audit matters

- Revenue recognition of the collaboration agreement with Genentech Inc. and Roivant Sciences Ltd.

Opinion

Unqualified

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 800 thousand (2021: EUR 677 thousand). The materiality is determined with reference to the total assets (0,4%).

We consider the total assets as the most appropriate benchmark because Affimed N.V. (or hereafter: the Company) is currently in its research and development phase and this is predominantly focussed 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 40 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 in respect of the company financial statements;
- made use of the work of KPMG Germany for the audit of the components that are significant to the group. We have sent detailed instructions to KPMG Germany, covering significant areas including the relevant risk of material misstatement and set out the information required to be reported to the group audit team. In order to be sufficiently involved in the several component auditor's phases, we had communication with KPMG Germany to our satisfaction through instructions, exchange of mails, virtual (conference calls) and presential meetings (conference calls) and also performed both a remote file review as a file review at client side.

By performing the procedures mentioned above at 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.

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

In the chapter 'Risk Management' and 'risk management and control systems' of the Report by Affimed's Management Board, 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 the management board;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

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:

- healthcare legislation (including various drug approval processes).

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

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 (on the progress of collaboration agreements with Genentech Inc. and Roivant Sciences Ltd.) 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 (relating the progress of the collaboration agreement with Genentech Inc. and Roivant Sciences Ltd.). 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 incorporated elements of unpredictability in our audit. We performed additional procedures in the area of payroll.

Revenue recognition (a presumed risk)

Risk:

- Given the high level of management judgment in the determination of measuring the progress on the performance obligation satisfied over time in relation to revenue recognition of the collaboration agreements with Genentech Inc. and Roivant Sciences Ltd., a significant risk of fraud is identified as described in the key audit matters below.

Responses:

- We refer for a detailed description of our responses to the key audit matter below.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in an additional key audit matter.

We communicated our risk assessment, audit responses and results to management and the Supervisory Board, on which we have not identified any findings nor internal control deficiencies relating risk of fraud and non-compliance.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any significant going concern risks. Our main procedures to assess the Board of Directors' assessments were:

- we considered whether the Board of Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the Company's financial and liquidity position as at year-end and compared it to the previous financial year as well as expected research and development cash outflows in terms of indicators that could identify significant going concern risks;
- we considered whether the developments in the Company's share price indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Directors' going concern assessment.

Our key audit matters

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

Revenue recognition of collaboration agreement with Genentech Inc. and Roivant Sciences Ltd.

Description

There is a risk due to fraud and error that collaboration agreements with Genentech Inc. (hereafter: Genentech) and Roivant Sciences Ltd. (hereafter: Roivant), as disclosed in note 9 'Revenue', were not accounted for properly which could lead to inappropriate financial reporting.

According to the existing collaboration agreements of Affimed N.V., accounting for both the Genentech as Roivant collaboration agreements involves amounts that are material to the Company's financial statements, will require the appropriate technical expertise and the application of significant judgment and estimates by management.

Furthermore, there is a general presumption in auditing standards that a material misstatement due to fraudulent financial reporting relating to revenue recognition may result from an overstatement of revenues through, for example, premature revenue recognition.

We identified a significant risk of fraud and error that revenues from Genentech and Roivant collaboration agreements may be overstated. The risk of fraud results from the pressure that management may have to achieve performance targets at the reporting period-end. The risk of fraud relates to manipulation of the timing of revenue recognition, the method and the measure of progress used to recognize revenues for each identified performance obligation. The risk of fraud relates to the significant estimate on measuring the progress of a performance obligation satisfied over time, this entails the risk that incurred costs that do not contribute to the progress in satisfying the performance obligations are improperly included in measuring the progress. The employee costs to complete the exclusive targets is a key estimation that give rise to a significant risk on inappropriate revenue recognition in order to overstate the percentage of completion calculation.

Our response

We have performed the following audit procedures:

- Perform walkthrough of the process relating the recognition of revenues from the Genentech and Roivant agreements.
- Identify and test relevant controls over the appropriateness of revenue recognition from the Genentech and Roivant agreements.
- Determination of when performance obligations have been satisfied and the timing of revenue recognition, including analysis of related journal-entries.
- Obtaining external confirmation from Genentech and Roivant regarding the stage of progress of the targets (e.g. budget, timelines and (discussed) updates on the progress of the targets) in order to determine if the performance obligations is fully satisfied and that we can agree with the recognized revenue in the reporting period associated with this performance obligation; determination the accuracy of the remaining contract liabilities; and
- Assessing the disclosures in the consolidated financial statements in respect of the revenue recognition principles with reference to the requirements of the prevailing accounting standards.

Our observation

The results of our procedures were satisfactory.

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 Report by Affimed's Management Board 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 engaged by the General Meeting of Shareholders as auditor of Affimed N.V. on 22 June 2022, as of the audit for the year 2022 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 the Board of Directors 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, 22 May 2023

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 scepticism 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 the 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.