



# 2021 Annual Report

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# Dear Shareholders,

We are pleased to announce AC Immune's 6th Annual General Meeting (AGM) as a public company. In the context of COVID-19 (which continues to impact lives), and in compliance with the Swiss Federal Council Ordinance 3, we will hold the meeting virtually and kindly invite you to vote through the elected Independent Proxy.

We would like to share with you our 2021 Statutory Annual Report to be approved by Shareholders. You can find a full description of our activities and financials at [ir.acimmune.com/events/agm](https://ir.acimmune.com/events/agm)

In 2021, AC Immune successfully progressed and expanded its pipeline of innovative product candidates, diversifying its interests within the field of neurodegenerative diseases. We delivered key clinical and operational results in 2021 and these have enabled us to make a strong start in 2022 towards our goal of achieving seven clinical data readouts, the first two of which have already been reported.

Focusing on our **vaccine** programs targeting Tau, amyloid beta (Abeta), and alpha-synuclein (a-syn), during 2021 we reported important clinical and strategic progress.

Firstly, based on the excellent clinical trial results with **ACI-35**, our vaccine targeting pathological Tau proteins (phospho-Tau), the trial was expanded to support plans to advance into late-stage development this year.

For **ACI-24**, our vaccine targeting Abeta, we presented promising clinical trial data readouts from Phase 1b (in people living with Down syndrome) and Phase 2 (in mild Alzheimer's Disease, AD).



**Dr. Doug Williams**  
Chairman of the Board  
of Directors



**Prof. Andrea Pfeifer**  
CEO of AC Immune SA

More recently, excellent new data on the optimized formulation of ACI-24 have been published confirming its enhanced and sustained immunogenicity against key pathological Abeta species (oligomeric Abeta and pyroGlu-Abeta), and this formulation of ACI-24 will be advancing into a new clinical trial imminently.

Importantly, we moved to the forefront of Parkinson's Disease vaccine development with the acquisition of a clinically validated vaccine targeting a-syn. We are excited that this new program, **ACI-7104**, will begin a Phase 2 trial later this year.

As part of the a-syn vaccine acquisition, we strengthened our cash position via an equity financing, adding three key investors who are in the COVID-19 vaccine innovator, BioNTech SE. These new investors to AC Immune complement our long-standing shareholders who we thank for their ongoing support.

In the development program for our anti-Tau antibody, **semorinemab**, a first-time achievement was reported in the Phase 2 Lauriet trial in mild-to-moderate AD when 1 of 2 co-primary endpoints was met. The highly significant reduction in cognitive decline was a most encouraging first for the field of anti-Tau antibodies. Further biomarker results from Lauriet are expected later this year.

We believe that integrity and maintaining the highest standards of scientific rigor in our research are both critical to the success of the Company. Our innovative science has been recognized by the award of two further grants from the Michael J. Fox Foundation. We are also proud that the Swiss Economic Forum recognized the achievements of our CEO in naming her the Woman CEO of the Year.

As our organization evolves and grows, our Board of Directors continues to be reinforced. Each member brings a wealth of experience and knowledge well suited to our Company and we continue to ensure the Board complies with nationality, residency and gender & diversity requirements under Swiss laws and foreign rules.

During the AGM this year, the Board proposes to create new authorized capital to address future funding needs at the most appropriate time. We also propose to increase our conditional capital to give the Company flexibility to financially support its research and clinical development programs and execution strategy in an optimal manner.

In 2021, the global pandemic continued to impact the world. We're pleased to report again that our strategy to limit any disruptions has enabled us to continue, unimpeded, to deliver on our operational plans throughout the pandemic. In 2022, we look forward to achieving five additional clinical data readouts which are very important value creating catalysts for the Company.

While we regret not meeting with you in person during our AGM this year, we want to express our gratitude for your ongoing support. We hope that you and your loved ones remain safe, and we encourage you to exercise your voting rights through one of the proxy options available.

Yours sincerely,

**Dr. Doug Williams**  
Chairman of the Board  
of Directors

**Prof. Andrea Pfeifer**  
CEO of AC Immune S.A.

# 2021 Consolidated IFRS financial statements



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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of AC Immune SA

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of AC Immune SA and its subsidiary (the “Company”) as of December 31, 2021 and December 31, 2020 and the related consolidated statements of income/(loss) and comprehensive income/(loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15B. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

## **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit and finance committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Intangible asset – valuation*

As described in Notes 6 and 7 to the consolidated financial statements, in Q4 2021, the Company closed its acquisition of an in-process research and development (IPR&D) intangible asset of CHF 50,416 thousand and CHF 4,634 thousand in cash in exchange for 7,106,840 shares of the Company. As the acquisition is in scope of IFRS 2 'Share-based Payment', management measured the fair value of the intangible asset received using a risk-adjusted discounted cash flow method (the "model"). The asset is defined as an intangible asset not yet ready for use. Therefore, in accordance with IAS 36 'Impairment of asset', the IPR&D asset is reviewed at least annually for impairment by assessing the fair value less costs to sell (recoverable amount) and comparing this to the carrying value of the asset. To determine the recoverable amount, management estimated the fair value less costs to sell of the intangible asset, using the same model used at the acquisition date. The significant assumptions used in the model include anticipated research and development costs, anticipated costs of goods and sales and marketing expenditures, probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks, general commercialization expectations such as anticipated pricing and uptake, and the discount rate used to discount future cash flows.

The principal considerations for our determination that performing procedures relating to the intangible asset – valuation is a critical audit matter are the significant judgment by management when determining the value of the intangible asset. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the audit evidence obtained related to the valuation of the intangible asset and management's assumptions related to anticipated research and development costs, anticipated costs of goods and sales and marketing expenditures, probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks, general commercialization expectations such as anticipated pricing and uptake, and the discount rate used to discount future cash flows. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of the intangible asset. These procedures also included, among others, (i) the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of fair values for the intangible asset, (ii) comparing the independent estimate to management's fair value estimate to evaluate the reasonableness of management's assumptions and (iii) assessing that assumptions used did not require to be updated at year end for the purpose of the impairment assessment. Developing the independent estimate involved testing the completeness and accuracy of inputs provided by management and evaluating management's assumptions based on external market and industry data.

/s/ PricewaterhouseCoopers SA

Lausanne, Switzerland  
March 22, 2022

We have served as the Company's auditor since 2018.



**Consolidated Financial Statements (IFRS)**  
**AC Immune SA**  
**Consolidated Balance Sheets**  
**(In CHF thousands)**

	Note	As of December 31,	
		2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,116	4,416
Right-of-use assets	5	2,914	2,223
Intangible asset	6/7	50,416	—
Long-term financial assets	5	363	334
<b>Total non-current assets</b>		<b>58,809</b>	<b>6,973</b>
<b>Current assets</b>			
Prepaid expenses	9	3,015	3,954
Accrued income	9/13	975	1,591
Other current receivables	10	428	329
Short-term financial assets	8	116,000	65,000
Cash and cash equivalents	8	82,216	160,893
<b>Total current assets</b>		<b>202,634</b>	<b>231,767</b>
<b>Total assets</b>		<b>261,443</b>	<b>238,740</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	11	1,794	1,538
Share premium	11	431,251	346,890
Treasury shares	11	(124)	(100)
Accumulated losses		(200,942)	(132,850)
<b>Total shareholders' equity</b>		<b>231,979</b>	<b>215,478</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	5	2,340	1,780
Net employee defined benefit liabilities	17	7,098	7,464
<b>Total non-current liabilities</b>		<b>9,438</b>	<b>9,244</b>
<b>Current liabilities</b>			
Trade and other payables	12	2,003	2,184
Accrued expenses	12	16,736	11,085
Deferred income	13	717	306
Short-term lease liabilities	5	570	443
<b>Total current liabilities</b>		<b>20,026</b>	<b>14,018</b>
<b>Total liabilities</b>		<b>29,464</b>	<b>23,262</b>
<b>Total shareholders' equity and liabilities</b>		<b>261,443</b>	<b>238,740</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AC Immune SA**  
**Consolidated Statements of Income/(Loss)**  
(In CHF thousands, except for per-share data)

	Note	For the Years Ended December 31,		
		2021	2020	2019
<b>Revenues</b>				
Contract revenue	13	—	15,431	110,456
<b>Total revenue</b>		<u>—</u>	<u>15,431</u>	<u>110,456</u>
<b>Operating expenses</b>				
Research & development expenses	14	(62,282)	(59,487)	(50,432)
General & administrative expenses	14	(17,910)	(18,557)	(16,058)
Other operating income/(expense)	13.2	<u>1,182</u>	<u>1,353</u>	<u>570</u>
<b>Total operating expenses</b>		<u>(79,010)</u>	<u>(76,691)</u>	<u>(65,920)</u>
<b>Operating income/(loss)</b>		(79,010)	(61,260)	44,536
Financial income	14	6,485	78	303
Financial expense	14	(581)	(184)	(1,926)
Change in fair value of conversion feature	14	—	—	4,542
Exchange differences	14	<u>113</u>	<u>(555)</u>	<u>(2,013)</u>
<b>Finance result, net</b>		<u>6,017</u>	<u>(661)</u>	<u>906</u>
<b>Income/(loss) before tax</b>		<u>(72,993)</u>	<u>(61,921)</u>	<u>45,442</u>
Income tax expense	16	<u>(3)</u>	<u>—</u>	<u>—</u>
<b>Income/(loss) for the period</b>		<u>(72,996)</u>	<u>(61,921)</u>	<u>45,442</u>
Earnings/(loss) per share:				
Basic income/(loss) for the period attributable to equity holders	20	(0.97)	(0.86)	0.64
Diluted income/(loss) for the period attributable to equity holders	20	(0.97)	(0.86)	0.64

**Consolidated Statements of Comprehensive Income/(Loss)**  
(In CHF thousands)

	Note	For the Years Ended December 31,		
		2021	2020	2019
Income/(loss) for the period		(72,996)	(61,921)	45,442
Items that may be reclassified to income or loss in subsequent periods (net of tax):				
Currency translation differences		—	—	—
Items that will not be reclassified to income or loss in subsequent periods (net of tax):				
Re-measurement gains/(losses) on defined-benefit plans	17	956	726	(1,304)
Other comprehensive income/(loss)		<u>956</u>	<u>726</u>	<u>(1,304)</u>
<b>Total comprehensive income/(loss), net of tax</b>		<u>(72,040)</u>	<u>(61,195)</u>	<u>44,138</u>

The accompanying notes are an integral part of these consolidated financial statements.

**AC Immune SA**  
**Consolidated Statements of Changes in Equity**  
(In CHF thousands)

	Note	Share capital	Share premium	Treasury shares	Accumulated losses	Total
<b>Balance as of January 1, 2019</b>		1,351	298,149	—	(121,877)	177,623
Net income for the period		—	—	—	45,442	45,442
Other comprehensive loss		—	—	—	(1,304)	(1,304)
<b>Total comprehensive income</b>		—	—	—	44,138	44,138
Share-based payments	18	—	—	—	2,834	2,834
Issuance of shares, net of transaction costs:						
Conversion note agreement	11	73	47,705	—	—	47,778
Restricted share awards	18	1	616	—	(616)	1
Exercise of options	18	12	56	—	—	68
<b>Balance as of December 31, 2019</b>		<u>1,437</u>	<u>346,526</u>	<u>—</u>	<u>(75,521)</u>	<u>272,442</u>
		Share capital	Share premium	Treasury shares	Accumulated losses	Total
<b>Balance as of January 1, 2020</b>		1,437	346,526	—	(75,521)	272,442
Net loss for the period		—	—	—	(61,921)	(61,921)
Other comprehensive income		—	—	—	726	726
<b>Total comprehensive loss</b>		—	—	—	(61,195)	(61,195)
Share-based payments	18	—	—	—	4,088	4,088
Issuance of shares, net of transaction costs:						
Held as treasury shares	11	100	—	(100)	—	—
Restricted share awards	18	—	222	—	(222)	—
Exercise of options	18	1	142	—	—	143
<b>Balance as of December 31, 2020</b>		<u>1,538</u>	<u>346,890</u>	<u>(100)</u>	<u>(132,850)</u>	<u>215,478</u>
		Share capital	Share premium	Treasury shares	Accumulated losses	Total
<b>Balance as of January 1, 2021</b>		1,538	346,890	(100)	(132,850)	215,478
Net loss for the period		—	—	—	(72,996)	(72,996)
Other comprehensive income		—	—	—	956	956
<b>Total comprehensive loss</b>		—	—	—	(72,040)	(72,040)
Share-based payments	18	—	—	—	4,126	4,126
Proceeds from sale of treasury shares in public offerings, net of underwriting fees and transaction costs	11	—	12,097	24	—	12,121
Issuance of shares, net of transaction costs:						
IPR&D asset purchase	6/11	130	49,741	—	—	49,871
Asset acquisition – common shares	6/11	12	4,587	—	—	4,599
Conversion note agreements	11	61	16,683	—	—	16,744
Held as treasury shares	11	48	—	(48)	—	—
Restricted share awards	18	1	171	—	(178)	(6)
Exercise of options	18	4	1,082	—	—	1,086
<b>Balance as of December 31, 2021</b>		<u>1,794</u>	<u>431,251</u>	<u>(124)</u>	<u>(200,942)</u>	<u>231,979</u>

The accompanying notes are an integral part of these consolidated financial statements.

**AC Immune SA**  
**Consolidated Statements of Cash Flows**  
(In CHF thousands)

	Note	For the Years Ended December 31,		
		2021	2020	2019
<b>Operating activities</b>				
Net income/(loss) for the period		(72,996)	(61,921)	45,442
<b>Adjustments to reconcile net income/(loss) for the period to net cash flows:</b>				
Depreciation of property, plant and equipment	4	1,897	1,535	1,274
Depreciation of right-of-use assets	5	509	432	420
Finance result, net	14	(6,769)	376	1,739
Share-based compensation expense	18	4,126	4,088	2,834
Changes in net employee defined benefit liability	17	590	705	516
Change in fair value of conversion feature	11	—	—	(4,542)
Interest expense	5/14	573	175	1,894
(Gain)/loss on sale of fixed assets		13	(64)	—
<b>Changes in working capital:</b>				
Decrease/(increase) in prepaid expenses	9	791	(1,304)	(424)
Decrease/(increase) in accrued income	9	594	(507)	2,572
(Increase)/decrease in other current receivables	10	(99)	(25)	(68)
Increase/(decrease) in accrued expenses	12	5,214	(757)	1,289
Increase/(decrease) in deferred income	13	425	(4,157)	4,126
(Decrease)/increase in trade and other payables	12	(84)	2,177	(1,845)
<b>Cash (used in)/provided by operating activities</b>		<b>(65,216)</b>	<b>(59,247)</b>	<b>55,227</b>
Interest income	14	—	78	304
Interest paid	5/14	(465)	(339)	(296)
Finance costs	14	(8)	(9)	(15)
<b>Net cash flows (used in)/provided by operating activities</b>		<b>(65,689)</b>	<b>(59,517)</b>	<b>55,220</b>
<b>Investing activities</b>				
Short-term financial assets	8	(51,000)	30,000	(65,000)
Purchases of property, plant and equipment	4	(2,635)	(1,706)	(1,885)
Proceeds from sale of property, plant and equipment	4	—	64	—
Rental deposits	5	(29)	(29)	—
<b>Net cash flows (used in)/provided by investing activities</b>		<b>(53,664)</b>	<b>28,329</b>	<b>(66,885)</b>
<b>Financing activities</b>				
Proceeds from issuance of convertible loan	11	23,463	—	50,278
Transaction costs on issuance of shares	11	(6)	—	(510)
Proceeds from issuance of treasury shares, net of underwriting fees and transaction costs	11	12,121	100	—
Proceeds from issuance of common shares – asset acquisition, net of transaction costs	11	4,599	—	—
Proceeds from issuance of common shares – option plan, net of transaction costs	11	1,082	143	69
Principal payments of lease obligations	5	(513)	(432)	(420)
Repayment of short-term financing obligation		—	(514)	—
Payment for the issuance of treasury shares	11	—	(100)	—
Proceeds from long-term financing obligation		—	—	199
<b>Net cash flows provided by/(used in) financing activities</b>		<b>40,746</b>	<b>(803)</b>	<b>49,616</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(78,607)</b>	<b>(31,991)</b>	<b>37,951</b>
Cash and cash equivalents at January 1		160,893	193,587	156,462
Exchange losses on cash and cash equivalents		(70)	(703)	(826)
Cash and cash equivalents at December 31		82,216	160,893	193,587
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(78,607)</b>	<b>(31,991)</b>	<b>37,951</b>
<b>Supplemental non-cash activity</b>				
Capital expenditures recorded in Accrued expenses	4	303	328	—
Issuance of shares for purchase of IPR&D asset in asset acquisition	6/7	50,416	—	—
Transaction costs associated with issuance of shares in relation to the asset acquisition recorded in Accrued expenses	6	776	—	—
Settlement of convertible notes recorded within Shareholders' equity	11	16,920	—	48,288

The accompanying notes are an integral part of these consolidated financial statements.

**AC Immune SA**  
**Notes to the Consolidated Financial Statements**  
**(In CHF thousands except for share and per share data)**

**1. General information**

AC Immune SA was founded in 2003. The Company controls a fully-owned subsidiary, AC Immune USA, Inc. (“AC Immune USA” or “Subsidiary” and, together with AC Immune SA, “AC Immune,” “ACIU,” “Company,” “we,” “our,” “ours,” “us”), which was registered and organized under the laws of Delaware, USA in June 2021. The Company and its Subsidiary form the Group (See “Note 2. Basis of Preparation”).

AC Immune SA is a clinical-stage biopharmaceutical company leveraging our two proprietary technology platforms to discover, design and develop novel proprietary medicines and diagnostics for prevention and treatment of neurodegenerative diseases (NDD) associated with protein misfolding. Misfolded proteins are generally recognized as the leading cause of NDD, such as Alzheimer’s disease (AD) and Parkinson’s disease (PD), with common mechanisms and drug targets, such as amyloid beta (A $\beta$ ), Tau, alpha-synuclein (a-syn) and TDP-43. Our corporate strategy is founded upon a three-pillar approach that targets (i) AD, (ii) focused non-AD NDD including Parkinson’s disease, ALS and NeuroOrphan indications and (iii) diagnostics. We use our two unique proprietary platform technologies, SupraAntigen (conformation-specific biologics) and Morphomer (conformation-specific small molecules), to discover, design and develop novel medicines and diagnostics to target misfolded proteins.

The Company was initially incorporated as a limited liability company on February 13, 2003 in Basel, and effective August 25, 2003 was transformed into a stock company. The Company’s corporate headquarters are located at EPFL Innovation Park Building B, 1015 Lausanne, Switzerland.

**2. Basis of preparation**

***Going concern***

The Company believes that it will be able to meet all of its obligations as they fall due for at least 12 months from December 31, 2021, after considering the Company’s cash position of CHF 82.2 million and short-term financial assets of CHF 116.0 million as of December 31, 2021. Hence, these consolidated financial statements have been prepared on a going-concern basis.

To date, the Company has financed its cash requirements primarily from its public offerings, share issuances, contract revenues from license and collaboration agreements and grants. The Company is a clinical stage company and is exposed to all the risks inherent to establishing a business. Inherent to the Company’s business are various risks and uncertainties, including the substantial uncertainty as to whether current projects will succeed. The Company’s success may depend in part upon its ability to (i) establish and maintain a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical and biopharmaceutical industries, (iii) successfully move its product candidates through clinical development, (iv) attract and retain key personnel and (v) acquire capital to support its operations.

In addition to the foregoing, based on the Company’s current assessment, the Company does not expect any material impact on its long-term development timeline, its liquidity or ability to remain a going concern due to the worldwide spread of the Covid-19 virus. The Company continues to assess the effect on its operations by carefully monitoring the spread of Covid-19 and taking appropriate steps intended to offset any negative impacts from the Covid-19 virus.

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been approved for issue by the Board of Directors on March 18, 2022.

**Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention except for items that are required to be accounted for at fair value.

**3. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***Functional and reporting currency***

These consolidated financial statements and accompanying notes are presented in Swiss Francs (“CHF”), which is AC Immune SA’s functional currency and the Group’s reporting currency. The Company’s subsidiary has a functional currency of the US Dollar (“USD”). The respective functional currency represents the primary economic environment in which the entities operate.

The following exchange rates have been used for the translation of the financial statements of AC Immune USA:

	<b>For the Years Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
CHF/USD			
Closing rate, USD 1	0.923	N/A	N/A
Average exchange rate, USD 1	0.929	N/A	N/A

The results and financial position of AC Immune USA are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each statement of income/(loss) are translated at average exchange rates; and
- iii. all resulting exchange differences are recognized in other comprehensive income/(loss), within cumulative translation differences.

***Basis of consolidation***

The annual closing date of the individual financial statements is December 31. The Company wholly-owns its Subsidiary and fully consolidates its financial statements into these consolidated financial statements. All intercompany transactions have been eliminated.

**Foreign currency transactions**

Foreign currency transactions are translated into the respective functional currency using prevailing exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income/(loss). Any gains or losses from these translations are included in the consolidated statements of income/(loss) in the period in which they arise.

**Current vs. non-current classification**

The Company presents assets and liabilities in the consolidated balance sheets based on current/non-current classification. The Company classifies all amounts to be realized or settled within 12 months after the reporting period to be current and all other amounts to be non-current.

## **Revenue recognition**

The Company has adopted IFRS 15 *Revenue from Contracts with Customers*. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under IFRS 15, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of IFRS 15, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model to contracts only when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, the Company assesses the goods or services promised within each contract, and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company enters into license and collaboration agreements (LCAs) which are within the scope of IFRS 15, under which it licenses certain rights to its product candidates and intellectual property to third parties. The terms of these arrangements typically include payment to the Company of one or more of the following: non-refundable, upfront license fees, development, regulatory and/or commercial milestone payments; payments for research and clinical services the Company provides through either its full-time employees or third-party vendors, and royalties on net sales of licensed products commercialized from the Company's intellectual property. Each of these payments results in license, collaboration and other revenues, which are classified as contract revenue on the consolidated statements of income/(loss).

### ***Licenses of intellectual property***

If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, upfront fees allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. For licenses that are sold in conjunction with a related service, the Company uses judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If the performance obligation is settled over time, the Company determines the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, upfront fees. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

### ***Milestone payments***

At the inception of each arrangement that includes development, regulatory and/or commercial milestone payments, the Company evaluates whether the milestones are considered highly probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur in future periods, the associated milestone value is included in the transaction price. These amounts for the performance obligations under the contract are recognized as they are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments recorded would affect contract revenues and earnings in the period of adjustment.

### ***Research and development services***

The Company has certain arrangements with our collaboration partners that include contracting our employees for research and development programs. The Company assesses if these services are considered distinct in the context of each contract and, if so, they are accounted for as separate performance obligations. These revenues are recorded in contract revenue as the services are performed.

### **Sublicense revenues**

The Company has certain arrangements with our collaboration partners that include provisions for sublicensing. The Company recognizes any sublicense revenues at the point in time it is highly probable to obtain and not subject to reversal in the future.

### **Contract balances**

The Company receives payments and determines credit terms from its customers for its various performance obligations based on billing schedules established in each contract. The timing of revenue recognition, billings and cash collections results in billed other current receivables, accrued income (contract assets), and deferred income (contract liabilities) on the consolidated balance sheets. Amounts are recorded as other current receivables when the Company's right to consideration is unconditional. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the licensees and the transfer of the promised goods or services to the licensees will be 1 year or less.

For a complete discussion of accounting for contract revenue, see "Note 13. Contract revenues."

### **Research and development expenses**

Given the stage of development of the Company's products, all research and development expenditure is expensed as incurred as it does not meet the capitalization criteria outlined in IAS 38 Intangible Assets. The Company has not capitalized any R&D expenses to date. Research and development expenditures include:

- the cost of acquiring, developing and manufacturing active pharmaceutical ingredients for product candidates that have not received regulatory approval, clinical trial materials and other research and development materials;
- fees and expenses incurred under agreements with contract research organizations, investigative sites and other entities in connection with the conduct of clinical trials and preclinical studies and related services, such as administrative, data-management and laboratory services;
- fees and costs related to regulatory filings and activities;
- costs associated with preclinical and clinical activities;
- employee-related expenses, including salaries and bonuses, benefits, travel and share-based compensation expenses; and
- all other allocated expenses such as facilities and information technology (IT) costs.

For external research contracts, expenses include those associated with contract research organizations, or CROs, or contract manufacturing organizations, or CMOs. The invoicing from CROs or CMOs for services rendered do not always align with work performed. We accrue the cost of services rendered in connection with CRO or CMO activities based on our estimate of the "stage of completion" for such contracted services. We maintain regular communication with our CRO or CMO vendors to gauge the reasonableness of our estimates and accrue expenses as of the balance sheet date in the consolidated financial statements based on facts and circumstances known at the time.

Registration costs for patents are part of the expenditure for research and development projects. Therefore, registration costs for patents are expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.



## General and administrative expenses

General and administrative expenses are expensed as incurred and include personnel costs, expenses for outside professional services and all other allocated expenses. Personnel costs consist of salaries, cash bonuses, benefits and share-based compensation. Outside professional services consist of legal, accounting and audit services, IT and other consulting fees. Allocated expenses consist of certain IT, facilities and depreciation expenses.

## Grant income

The Company has received grants, from time to time, from the Michael J. Fox Foundation (MJFF), the Target ALS Foundation (Target ALS) and other institutions to support certain research projects. Grants are recorded at their fair value in the consolidated statements of income/(loss) within other operating income/(expenses) when there is reasonable assurance that the Company will satisfy the underlying grant conditions and the grants will be received. In certain circumstances, grant income may be recognized before formal grantor acknowledgement of milestone achievements. To the extent required, grant income is deferred and recognized on a systematic basis over the periods in which the Company expects to recognize the related expenses for which the grants are intended to compensate.

## Leases

Effective January 1, 2019, the Company adopted IFRS 16 *Leases*, which provides a new model for lessee accounting in which all leases, other than short-term and low-value leases, are accounted for by the recognition on the consolidated balance sheet of a right-of-use asset and a lease liability, and the subsequent amortization of the right-of-use asset over the earlier of the end of the useful life or the lease term. The Company applied the modified retrospective approach, which required the recognition of the cumulative effect of initially applying IFRS 16 as of January 1, 2019 to accumulated losses and not restating previous years. As the Company recognized the right-of-use assets at the amount equal to the lease liabilities there was no impact to accumulated losses. In accordance with IFRS 16, the Company (i) does not recognize right-of-use assets and lease liabilities for leases of low value (i.e. approximate fair value of USD 5,000). For a complete discussion of accounting, see “Note 5. Right-of-use assets and lease liabilities.”

### *Right-of-use assets and lease liabilities*

At inception of a leasing contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. 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, the Company’s incremental borrowing rate. The lease liabilities are classified as current or non-current based on the due dates of the underlying principal payments.

Lease payments generally are fixed for the contract term. The lease liability is measured at amortized cost using the effective interest method. The lease liability is re-measured if there is a change in the estimated lease term, a change in future lease payments arising from a change in an index or rate, a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee or a change in assessment of whether it will exercise a purchase, extension or termination option.

At inception, the right-of-use asset comprises the initial lease liability and any initial direct costs. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability performed on as certain potential triggering events may arise (e.g. lease modifications). When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The estimated lease term by right-of-use asset categories are as follows:

Buildings	5 years
Office equipment	5 years
IT equipment	5 years

Both the right-of-use-assets and lease liabilities are recognized in the consolidated balance sheets.

## Property, plant and equipment

Equipment is shown at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the property, plant and equipment. Depreciation is calculated using a straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

IT equipment	3 years
Laboratory equipment	5 years
Leasehold improvements/furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the consolidated statements of income/(loss).

## Intangible Assets

AC Immune's acquired in process research and development (IPR&D) asset is stated at cost less any impairments. The Company does not deem this asset ready for use until the asset obtains market approval. Therefore, during the development period after the date of acquisition until market approval, the IPR&D asset is not amortized. Upon market approval, the Company will determine the useful life of the asset, reclassify it from IPR&D and commence amortization. If the associated R&D effort is abandoned, the related IPR&D will likely be written off and we will record the relevant impairment charge. Finally, the Company will not capitalize future development costs in respect to this IPR&D asset until they meet the criteria for capitalization of research and development costs in accordance with IAS 38 Intangible Assets.

Our IPR&D asset is subject to impairment testing at least annually or when there are indications that the carrying value may not be recoverable until the completion of the development process. The determination of the recoverable amounts include key estimates which are highly sensitive to, and dependent upon, key assumptions.

The Company uses a discounted cash flow method to determine the fair value less costs to sell (recoverable amount) of our IPR&D intangible asset. The Company starts with a forecast of all the expected net cash flows, which incorporates the consideration of a terminal value and then the Company applies a discount rate to arrive at a risk-adjusted net present value amount.

Any impairment losses are recognized immediately in the consolidated statements of income/(loss).

## Fair value of financial assets and liabilities

The Company's financial assets and liabilities are composed of receivables, short-term financial assets, cash and cash equivalents, trade payables and lease liabilities. The fair value of these financial instruments approximates their respective carrying values due to the short-term maturity of these instruments, and are held at their amortized cost in accordance with IFRS 9, unless otherwise explicitly noted.

### Receivables

Receivables are recognized at their billing value. An allowance for doubtful accounts is recorded for potential estimated losses when there is evidence of the debtor's inability to make required payments and the Company assesses on a forward-looking basis the expected credit losses associated with these receivables held at amortized cost.

### **Short-term financial assets**

Short-term financial assets are held with external financial institutions and comprise fixed-term deposits with maturities ranging from more than 3 through 12 months in duration.

The Company assesses whether there is objective evidence that financial assets are impaired annually or whenever potential impairment triggers may occur.

### **Cash and cash equivalents**

Cash and cash equivalents include deposits held with external financial institutions and cash on hand. All cash and cash equivalents are either in cash or in deposits with original duration of less than 3 months.

### **Trade payables**

Trade payables are amounts due to third parties in the ordinary course of business.

### **Share capital and public offerings**

Common shares are classified as equity. Share issuance costs are capitalized as incurred and will be shown in equity as a deduction, net of tax, from the proceeds received from existing or future offerings. Should a planned equity offering not be assessed as probable, the issuance costs would be expensed immediately. See "Note 11. Share capital."

### **Treasury Shares**

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition, until they are subsequently resold, distributed or cancelled. Where such shares are subsequently sold, any consideration received is included in shareholders' equity. See "Note 11. Share capital."

### **Employee benefits**

#### **Post-employment benefits**

The Company operates the mandatory pension schemes for its employees in Switzerland. The schemes are generally funded through payments to insurance companies. The Company has a pension plan designed to pay pensions based on accumulated contributions on individual savings accounts. However, this plan is classified as a defined benefit plan under IAS 19.

The net defined benefit liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets. Significant estimates are used in determining the assumptions incorporated in the calculation of the pension obligations, which is supported by input from independent actuaries. The defined benefit obligation is calculated annually with the assistance of an independent actuary using the projected unit credit method, which reflects services rendered by employees to the date of valuation, incorporates assumptions concerning employees' projected salaries and pension increases as well as discount rates of highly liquid corporate bonds that have terms to maturity approximating the terms of the related liability.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in the consolidated statements of other comprehensive income/(loss). Past service costs, including curtailment gains or losses, are recognized immediately as a split in research and development and general and administrative expenses within the operating results. Settlement gains or losses are recognized in either research and development and/or general and administrative expenses within the operating results. The Company determines the net interest expense/(income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period or in case of any significant events between measurement dates to the then-net defined benefit liability, considering any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense/(income) and other expenses related to defined benefit plans are recognized in the consolidated statements of income/(loss).

### **Share-based compensation**

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of equity-based awards is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of instruments that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, prospectively in the consolidated statements of income/(loss), and a corresponding adjustment to equity over the remaining vesting period.

Stock options granted under the Company's stock option plans C and the 2016 Stock Option and Incentive Plan are valued using the Black-Scholes option-pricing model (see "Note 18. Share-based compensation"). This valuation model as well as parameters used such as expected volatility and expected term of the stock options are partially based on management's estimates.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

We estimate the fair value of restricted share units using a reasonable estimate of market value of the common shares on the date of the award. We classify our share-based payments as equity-classified awards as they are settled in common shares. We measure equity-classified awards at their grant date fair value and do not subsequently re-measure them. Compensation costs related to equity-classified awards are equal to the fair value of the award at grant date amortized over the vesting period of the award using the graded method. We reclassify that portion of vested awards to share capital and share premium as the awards vest.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### **Taxation**

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the tax amounts are those that are enacted or substantively enacted, at the reporting date in accordance with the fiscal regulations of the respective country where the Company operates and generates taxable income. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. If required, deferred taxation is provided in full using the liability method, on all temporary differences at the reporting dates. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and it is based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences 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. Although the Company has substantial tax loss carry-forwards, historically, due to the fact that the Company had limited certainty on the achievement of key milestones, it has not recognized any deferred tax assets as the probability for use is low.

### **Income taxes**

As disclosed in “Note 16. Income taxes,” the Company has tax losses that can generally be carried forward for a period of 7 years from the period the loss was incurred. These tax losses represent potential value to the Company to the extent that the Company is able to create taxable profits before the expiry period of these tax losses. The Company has not recorded any deferred tax assets in relation to these tax losses.

### **Earnings per share**

The Company presents basic earnings per share for each period in the consolidated financial statements. The earnings per share are calculated by dividing the earnings of the period by the weighted-average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if dilutive securities such as share options or non-vested restricted share units were vested or exercised into common shares or resulted in the issuance of common shares that would participate in net income. Anti-dilutive shares are excluded from diluted earnings per share calculation.

### **Critical judgments and accounting estimates**

The preparation of 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.

The areas where AC Immune has had to make judgments, estimates and assumptions relate to (i) revenue recognition on LCAs, (ii) clinical development accruals, (iii) net employee defined benefit liability, (iv) income taxes, (v) share-based compensation, (vi) right-of-use assets and lease liabilities and (vii) our IPR&D asset. 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.

### **Segment reporting**

The Company has one segment. The Company currently focuses most of its resources on discovering and developing therapeutic and diagnostic products targeting misfolded proteins.

The Company is managed and operated as one business. A single management team that reports to the chief operating decision maker comprehensively manages the entire business. Accordingly, the Company views its business and manages its operations as one operating segment. Non-current assets are located in and revenue is attributable to the Company’s country of domicile, Switzerland.

### **Accounting policies, new standards, interpretations and amendments adopted by the Company**

The Company has not adopted any standard, interpretation or amendment that has been issued but is not yet effective. Such standards are not currently expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 4. Property, plant and equipment

The following tables show the movements in the net book values of property, plant and equipment for the years ended December 31, 2021 and 2020, respectively:

In CHF thousands	Furniture	IT equipment	Laboratory equipment	Leasehold improvements	Total
<b>Acquisition cost:</b>					
<b>Balance at December 31, 2020</b>	214	1,497	7,958	464	10,133
Acquisitions	207	257	1,315	831	2,610
Disposals	—	—	(77)	—	(77)
<b>Balance at December 31, 2021</b>	421	1,754	9,196	1,295	12,666
<b>Accumulated depreciation:</b>					
<b>Balance at December 31, 2020</b>	(61)	(970)	(4,405)	(281)	(5,717)
Depreciation expenses	(45)	(346)	(1,398)	(108)	(1,897)
Disposals	—	—	64	—	64
<b>Balance at December 31, 2021</b>	(106)	(1,316)	(5,739)	(389)	(7,550)
<b>Carrying amount:</b>					
<b>December 31, 2020</b>	153	527	3,553	183	4,416
<b>December 31, 2021</b>	315	438	3,457	906	5,116

In CHF thousands	Furniture	IT equipment	Laboratory equipment	Leasehold improvements	Total
<b>Acquisition cost:</b>					
<b>Balance at December 31, 2019</b>	158	1,187	6,698	402	8,445
Acquisitions	96	310	1,566	62	2,034
Disposals	(40)	—	(306)	—	(346)
<b>Balance at December 31, 2020</b>	214	1,497	7,958	464	10,133
<b>Accumulated depreciation:</b>					
<b>Balance at December 31, 2019</b>	(68)	(627)	(3,619)	(214)	(4,528)
Depreciation expenses	(33)	(343)	(1,092)	(67)	(1,535)
Disposals	40	—	306	—	346
<b>Balance at December 31, 2020</b>	(61)	(970)	(4,405)	(281)	(5,717)
<b>Carrying amount:</b>					
<b>December 31, 2019</b>	90	560	3,079	188	3,917
<b>December 31, 2020</b>	153	527	3,553	183	4,416

AC Immune continues to enhance its laboratory equipment to support its R&D functions. This effort has continued for the year ended December 31, 2021, with CHF 1.6 million invested in lab equipment, including the expansion of our leased lab space, and IT equipment, representing an increase of 16.6%.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred CHF 1.9 million, CHF 1.5 million and CHF 1.3 million in depreciation expenses, respectively.

#### 5. Right-of-use assets and lease liabilities

The Company recognized additions and remeasurements of right-of-use of leased assets for buildings or for office equipment totaling CHF 1.2 million and CHF 0.4 million for the years ended December 31, 2021 and 2020, respectively. In 2021, these increases are predominantly associated with the remeasurement and expansion of our leased office space.

Regarding lease liabilities, the amortization depends on the rate implicit in the contract or the incremental borrowing rate for the respective lease component. The weighted averages of the incremental borrowing rates as of December 31, 2021 are 2.5% for buildings, 5.3% for office equipment and 2.6% for IT equipment.

The following tables show the movements in the net book values of right-of-use of leased assets for the years ended December 31, 2021 and 2020, respectively:

In CHF thousands	Buildings	Office equipment	IT equipment	Total
<b>Balance as of December 31, 2020</b>	2,106	63	54	2,223
Additions and remeasurements	1,144	71	—	1,215
Dispositions	—	(15)	—	(15)
Depreciation	(474)	(21)	(14)	(509)
<b>Balance as of December 31, 2021</b>	2,776	98	40	2,914

In CHF thousands	Buildings	Office equipment	IT equipment	Total
<b>Balance as of December 31, 2019</b>	2,106	81	68	2,255
Additions and remeasurements	400	—	—	400
Depreciation	(400)	(18)	(14)	(432)
<b>Balance as of December 31, 2020</b>	2,106	63	54	2,223

For the years ended December 31, 2021, and 2020, the impact on the Company's consolidated statements of income/(loss) and consolidated statements of cash flows is detailed in the table below.

In CHF thousands	For the Years Ended December 31,	
	2021	2020
<i>Consolidated statements of income/(loss)</i>		
Depreciation of right-of-use assets	509	432
Interest expense on lease liabilities	63	53
Expense for short-term leases and leases of low value	723	603
<b>Total</b>	1,295	1,088
<i>Consolidated statements of cash flows</i>		
<b>Total cash outflow for leases</b>	1,299	1,088

The following table presents the contractual undiscounted cash flows for lease liabilities as of December 31, 2021 and 2020:

In CHF thousands	As of December 31,	
	2021	2020
Within 1 year	638	485
Between 1 and 3 years	1,260	970
Between 3 and 5 years	1,203	912
<b>Total</b>	3,101	2,367

The Company also has two deposits in escrow accounts totaling CHF 0.4 million and CHF 0.3 million for the lease of the Company's premises as of December 31, 2021 and 2020, respectively.

## 6. Asset acquisition

In Q4 2021, the Company closed its acquisition with Affiris AG (Affiris) for the program portfolio of therapeutics targeting a-syn, notably ACI-7104 (previously PD01), a clinically-validated active vaccine candidate for the treatment of Parkinson's disease (the Transferred Assets). The Company acquired the Transferred Assets and USD 5.0 (CHF 4.6) million in cash in exchange for 7,106,840 shares of the Company at closing, for a total value of USD 58.7 (CHF 55.1) million.

With the closing of this transaction, the Company has recorded an IPR&D intangible asset associated with ACI-7104 for USD 53.7 (CHF 50.4) million. The Company used a risk-adjusted discounted cash flow method to determine the fair value of the intangible asset. See “Note 7. Intangible assets” for further details on assumptions used.

As the Company transferred its own equity instruments in consideration for the asset transferred, the acquisition was assessed in accordance with IFRS 2 *Share-based Payment*.

The Company determined that the acquisition of the Transferred Assets did not qualify as a business combination in accordance with IFRS 3 *Business Combinations* and therefore was accounted for as an asset acquisition. Most of the fair value of the Transferred Assets is attributable to a single identifiable asset which is the in-process research and development asset. The purchase consideration for the Transferred Assets was allocated based on their relative fair values.

The following table summarizes the amounts of the Transferred Assets acquired:

<b>In CHF thousands</b>	
Cash	4,634
IPR&D Asset	50,416
<b>Total</b>	<b>55,050</b>

## 7. Intangible assets

AC Immune’s acquired IPR&D asset is a clinically-validated active vaccine candidate for the treatment of Parkinson’s disease. The asset is not yet ready for use until the asset obtains market approval. The carrying amount and net book value are detailed below:

<b>In CHF thousands</b>	<b>As of December 31, 2021</b>			<b>As of December 31, 2020</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Acquired IPR&D Asset	50,416	—	50,416	—	—	—
<b>Total Intangible Assets</b>	<b>50,416</b>	<b>—</b>	<b>50,416</b>	<b>—</b>	<b>—</b>	<b>—</b>

In accordance with IAS 36 *Impairment of Assets*, the IPR&D asset is reviewed at least annually for impairment by assessing the fair value less costs to sell (recoverable amount) and comparing this to the carrying value of the asset. The valuation is considered to be Level 3 in the fair value hierarchy in accordance with IFRS 13 *Fair Value Measurement* due to unobservable inputs used in the valuation. The Company has not determined the IPR&D asset to be impaired as of December 31, 2021.

The key assumptions used in the valuation model in accordance with an income approach to determine the recoverable amount include observable and unobservable key inputs as follows:

- Anticipated research and development costs;
- Anticipated costs of goods and sales and marketing expenditures;
- Probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks;
- Target indication prevalence and incidence rates;
- Anticipated market share;
- General commercialization expectations such as anticipated pricing and uptake;
- Expected patent life and market exclusivity periods; and
- Other metrics such as the tax rate



The Company’s valuation model calculates the risk-adjusted, net cash flows through the projected period of market exclusivity across target sales regions. The Company uses a discount rate of 15%, based on the assumed cost of capital for the Company over the forecast period.

See “Note 6. Asset acquisition” for further details.

## 8. Cash and cash equivalents and financial assets

The Company’s cash and cash equivalents are maintained in the following respective currencies as of December 31, 2021 and 2020:

In CHF thousands	As of December 31,	
	2021	2020
Cash and cash equivalents	82,216	160,893
<b>Total</b>	<b>82,216</b>	<b>160,893</b>
<b>By currency</b>		
CHF	64,941	152,537
EUR	2,253	4,215
USD	15,022	4,141
<b>Total cash and cash equivalents</b>	<b>82,216</b>	<b>160,893</b>

At the balance sheet dates, Company funds were held in CHF, EUR and USD currencies. As of December 31, 2021 and 2020, funds in EUR and USD were translated into CHF at a rate of 1.045 and 0.923 and 1.095 and 0.891, respectively, for each currency and year.

The following table summarizes the Company’s short-term financial assets as of December 31, 2021 and 2020:

In CHF thousands	As of December 31,	
	2021	2020
Short-term financial assets due in 1 year or less	116,000	65,000
<b>Total</b>	<b>116,000</b>	<b>65,000</b>

## 9. Prepaid expenses and accrued income

In CHF thousands	As of December 31,	
	2021	2020
Prepaid expenses	3,015	3,954
Accrued income	975	1,591
<b>Total</b>	<b>3,990</b>	<b>5,545</b>

The prepaid expenses relate mainly to research contracts with down-payments at contract signature with the related activities to start or continue into 2022 as well as prepayment for our Director and Officer’s insurance coverage.

Accrued income consists of CHF 0.9 million December 31, 2021 associated with our MJFF grants (see “Note 13.2 Grant income”). This amount represents 87% of our total accrued income as of December 31, 2021. As of December 31, 2020, the Company recorded CHF 1.1 million of accrued income associated with our Janssen collaboration. This amount represented 68.1% of our total accrued income as of December 31, 2020.

## 10. Other current receivables

In CHF thousands	As of December 31,	
	2021	2020
Other current receivable	101	—
Swiss VAT	327	309
Withholding tax	—	20
<b>Total</b>	<b>428</b>	<b>329</b>

The maturity of these assets is less than 3 months. The Company considers the counterparty risk as low and the carrying amount of these receivables is considered to approximate their fair value.

## 11. Share capital

As of December 31, 2021 and 2020, the issued share capital amounted to CHF 1,794,013 and CHF 1,538,896, respectively, and is composed of common shares of 83,479,013 and 71,936,738, respectively, and treasury shares of 6,221,617 and 5,000,000, respectively.

The table below summarizes the Company's capital structure:

	In CHF thousands				
	Common shares	Treasury shares	Share capital	Share premium	Treasury shares
<b>December 31, 2019</b>	71,859,431	—	1,437	346,526	—
Issuance of shares – incentive plans, net of RSU expiration and forfeiture	77,307	—	1	364	—
Issuance of shares to be held as treasury shares, net of transaction costs	5,000,000	(5,000,000)	100	—	(100)
<b>December 31, 2020</b>	<b>76,936,738</b>	<b>(5,000,000)</b>	<b>1,538</b>	<b>346,890</b>	<b>(100)</b>
Proceeds from sale of treasury shares in public offerings, net of underwriting fees and transaction costs	—	1,171,543	—	12,097	24
Asset purchase agreement, net of transaction costs	7,106,840	—	142	54,328	—
Conversion of note agreements, net of transaction costs	3,026,634	—	61	16,683	—
Issuance of shares – incentive plans, net of transaction costs	237,258	—	5	1,253	—
Issuance of shares to be held as treasury shares, net of transaction costs	2,393,160	(2,393,160)	48	—	(48)
<b>December 31, 2021</b>	<b>89,700,630</b>	<b>(6,221,617)</b>	<b>1,794</b>	<b>431,251</b>	<b>(124)</b>

The common shares and treasury shares have nominal values of CHF 0.02 per share. All shares have been fully paid. These treasury shares held by the Company are not considered outstanding shares as of December 31, 2021 or 2020. Additionally, 19,632 RSUs either expired or were forfeited in 2020.

### *Authorized capital*

The Company's authorized capital is depleted as of December 31, 2021.

### *Conditional share capital for bonds and similar debt instruments*

The Company's share capital may be increased by a maximum aggregate amount of CHF 31,028.26 through the issuance of a maximum of 1,551,413 registered shares, payable in full, each with a nominal value of CHF 0.02 per share, through the exercise of conversion and/or option or warrant rights granted in connection with bonds or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.

### **Conditional share capital for employee benefit plans**

The Company's share capital may be increased by a maximum aggregate amount of CHF 64,577.72 through the issuance of not more than 3,228,886 common shares, payable in full, each with a nominal value of CHF 0.02 per share, by the exercise of options rights that have been granted to employees, consultants, members of the board of directors, or other person providing services to the Company or a subsidiary.

### **Shelf registration statement**

On April 28, 2021, the Company filed a Shelf Registration Statement on Form F-3 (Reg. No. 333-255576) (the "Shelf Registration Statement") with the SEC. The Shelf Registration Statement was declared effective by the SEC on May 5, 2021.

The Shelf Registration Statement allows the Company to offer and sell, from time to time, up to USD 350,000,000 of common shares, debt securities, warrants, purchase contracts, units, subscription rights or any combination of the foregoing in one or more future public offerings. The terms of any future offering would be determined at the time of the offering and would be subject to market conditions and approval by the Company's Board of Directors. Any offering of securities covered by the Shelf Registration Statement will be made only by means of a written prospectus and prospectus supplement authorized and filed by the Company.

### **At the market equity offering**

In Q3 2020, AC Immune issued 5,000,000 common shares with a nominal value of CHF 0.02, which became treasury shares. The Company also established an "at the market offering program" ("ATM") for the sale of up to USD 80.0 (CHF 74.5) million worth of our common shares issued from time to time by entering into an Open Market Sale Agreement ("Sales Agreement") with Jefferies LLC ("Jefferies") as the sales agent under a prior registration statement on Form F-3 which expired in Q2 2021.

In Q2 2021, the Company filed a new registration statement on Form F-3 and an accompanying prospectus supplement in order to renew its ATM program. The Company also entered into a second Open Market Sale Agreement (the "new Sales Agreement") with Jefferies to continue the ATM program.

In Q3, 2021, the Company issued 2,393,160 common shares with a nominal value of CHF 0.02 to be held as treasury shares.

For the year ended December 31, 2021, the Company has sold 1,171,543 common shares previously held as treasury shares pursuant to the new Sales Agreement, raising USD 13.3 (CHF 12.1) million, net of underwriting fees and transaction costs. We paid commissions to Jefferies totaling USD 0.4 (CHF 0.4) million as of December 31, 2021, for share issuances in accordance with our ATM programs.

For the years ended December 31, 2021, 2020 and 2019, the Company has expensed issuance costs of nil, CHF 0.5 million, and nil, respectively, in the consolidated statements of income/(loss).

### **Convertible note agreement**

Concurrently with the Asset Purchase Agreement, the Company entered into two separate Convertible Note Agreements with entities affiliated with each of Athos Service GmbH and First Capital Partner GmbH, both of which entities are shareholders of Affiris. Each Convertible Note Agreement provided for the sale of an unsecured subordinated Convertible Note of the Company with an aggregate principal amount of USD 12.5 (CHF 11.7) million for total net proceeds of USD 25 (CHF 23.5) million.

In Q4 2021, the affiliated entities exercised their options to convert their respective USD 12.5 (CHF 11.7) million notes. As a result of these conversions, 1,513,317 common shares were issued to each Investor, totaling 3,026,634 common shares. The Company recorded an increase to its share capital for the nominal value of its shares and share premium for the difference associated with settlement of this liability. The Company also settled its derivative financial assets, which were embedded conversion features associated with the convertible debt, via an offset to its share premium. These convertible notes and derivative financial assets were fully settled in Q4 and there is no further equity or cash consideration due to the affiliated entities thereunder.

## 12. Trade and other payables and accrued expenses

In CHF thousands	As of December 31,	
	2021	2020
Trade and other payables	2,003	2,184
<b>Total trade and other payables</b>	<b>2,003</b>	<b>2,184</b>
Accrued research and development costs	10,361	5,298
Accrued payroll expenses	3,562	3,494
Accrued stamp duty	778	—
Accrued liabilities	952	686
Other accrued expenses	1,083	1,607
<b>Total accrued expenses</b>	<b>16,736</b>	<b>11,085</b>

An accrual of CHF 3.7 million was recognized as part of our cost sharing arrangement with Janssen within accrued research and development costs, CHF 2.3 million was recognized for performance-related remuneration within accrued payroll expenses and CHF 0.8 million was recognized as accrued stamp duty for the issuance of shares as part of the Company's asset acquisition as of December 31, 2021. This compares with nil, CHF 2.1 million and nil recognized respectively for the comparable period.

## 13. Contract revenues

For the years ended December 31, 2021, 2020 and 2019, AC Immune generated contract revenues of nil, CHF 15.4 million and CHF 110.5 million, respectively. For comparability, the Company reclassified nil, CHF 0.3 million and CHF 0.6 million from contract revenues to other income/(expense) for the years ended December 31, 2021, 2020 and 2019, respectively for prior grants from the MJFF.

The following tables provide contract revenue amounts from its LCAs for the years ended December 31, 2021, 2020 and 2019, respectively.

In CHF thousands	For the years ended December 31,		
	2021	2020	2019
Lilly	—	14,348	105,662
Genentech	—	—	—
Janssen	—	1,083	1,173
Life Molecular Imaging	—	—	2,206
Biogen	—	—	1,063
Other	—	—	352
<b>Total contract revenue</b>	<b>—</b>	<b>15,431</b>	<b>110,456</b>

Lilly accounted for 93% and 96% of our contract revenues in 2020 and 2019, respectively.

The following table presents changes in the Company's contract assets and liabilities during the years ended December 31, 2021 and 2020:

In CHF Thousands	Balance at the beginning of the reporting period	Additions	Deductions	Balance at the end of the reporting period
<b>Twelve months ended December 31, 2021:</b>				
Accrued income	1,591	1,635	(2,251)	975
Deferred income	306	1,635	(1,224)	717
<b>Twelve months ended December 31, 2020:</b>				
Accrued income	1,095	2,354	(1,858)	1,591
Deferred income	4,477	1,467	(5,638)	306

During the years ended December 31, 2021, 2020 and 2019, the Company recognized the following contract revenues as a result of changes in the contract asset and the contract liability balances in the respective periods:

In CHF thousands	For the years ended December 31,		
	2021	2020	2019
<b>Revenues recognized in the period from:</b>			
Amounts included in the contract liability at the beginning of the period	—	4,477	351
Performance obligations satisfied in previous periods	—	10,000	2,206

### 13.1 Licensing and collaboration agreements

#### *Morphomer Tau small molecule – 2018 license agreement with Eli Lilly and Company*

In December 2018, we entered into an exclusive, worldwide licensing agreement with Eli Lilly and Company (Lilly) to research and develop Morphomer Tau small molecules for the treatment of AD and other neurodegenerative diseases. More specifically, this is an exclusive license with the right to Lilly to grant sublicenses under the ACIU Patents, the ACIU know-how, and ACIU's interests in the Joint Patents and the joint know-how to Exploit the Licensed Compounds and Licensed Products. The agreement became effective on January 23, 2019 (the "effective date") when the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, expired. In Q3 2019, the Company and Lilly entered into the first amendment to divide the first discretionary milestone payment under the agreement of CHF 60 million into two installments, with the first CHF 30 million paid in Q3 2019 and the second CHF 30 million to be paid on or before March 31, 2020 unless Lilly terminated the agreement earlier. In Q1 2020, the Company and Lilly entered into a second amendment to replace the second CHF 30 million to be paid on or before March 31, 2020 with two milestone payments, one of CHF 10 million to be paid on or before March 31, 2020 and the other of CHF 60 million following the first patient dosed in a Phase 2 clinical study of a licensed product in the US or EU.

Per the terms of the agreement, the Company received an initial upfront payment of CHF 80 million in Q1 2019 for the rights granted by the Company to Lilly. To date, the Company has completed a Phase 1 clinical study with ACI-3024. The program will be expanded to NeuroOrphan indications and ACI-3024 will be further evaluated for efficacy in models of rare Tauopathies.

Additionally, the Company and Lilly have continued candidate characterization across the research program, identifying new and highly differentiated candidates with desired cerebrospinal fluid exposure and selectivity for pathological aggregated Tau. These will be broadly developed in Tau-dependent neurodegenerative diseases by Lilly. Lilly is responsible for leading and funding further clinical development and will retain global commercialization rights for all indications.

Per the terms of the agreement, the Company may become eligible to receive additional milestone payments totaling up to approximately CHF 880 million for clinical and regulatory milestones and CHF 900 million upon achievement of certain commercial milestones. In addition to milestones, we will be eligible to receive royalties on sales at a percentage rate ranging from the low double-digits to the mid-teens. The agreement will terminate by the date of expiration of the last royalty term for the last licensed product. However, under the terms of the agreement, Lilly may terminate the agreement at any time by providing 3 months' prior notice to us.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that Lilly is a customer. The Company identified the following significant performance obligations under the contract: (i) a right-of-use license and (ii) research and development activities outlined in the development plan. Per the agreement, the Company was responsible for the preclinical and Phase 1 activities for the first clinical candidate, ACI-3024, which the Company determined was distinct and capable of being completed by Lilly or a third party. Preclinical activities for which AC Immune was responsible prior to their completion in Q2 2019 included final manufacturing of materials for use in the regulatory submission of the protocol and in the Phase 1 study. For the completed Phase 1, AC Immune was responsible for leading the study design, obtaining relevant regulatory agency approvals, arranging necessary third-party contracts, completing patient selection, ensuring patient treatment, following up with patients, drafting the clinical study report development and other relevant clinical activities to ensure that the primary objective of the study was completed. The Company used CMOs for certain of its preclinical activities and CROs to complete certain Phase 1 activities and to issue the final clinical study report.

The Company's preclinical and Phase 1 activities did not represent integrated services with the licensed IP for which Lilly contracted. Lilly purchased a license to the Company's Tau therapeutic small-molecule program, which was delivered at commencement of the agreement, and AC Immune's preclinical and Phase 1 activities did not affect the form or functionality of this license. The Company's objective for the Phase 1 activity was to assess safety and tolerability and did not modify or customize ACI-3024. The completion of these preclinical and Phase 1 activities does not affect the licensed IP.

Finally, per the agreement, each party has three representatives on a joint steering committee (JSC). Depending upon the agenda, additional field experts can attend the JSC to provide the technical and scientific contribution required. The JSC meets on a regular basis depending on agreements between the representatives. The JSC is responsible for serving as the forum to (i) discuss, review and approve certain activities by reviewing and discussing the development progress with updates on back-up candidates, (ii) discuss, review and approve all amendments to the global development plan, (iii) periodically discuss and review commercialization of licensed products and (iv) review and approve reports related to development costs among other activities. The JSC is intended to ensure that communication between the parties remains consistent and that the development plan is progressing as intended.

The valuation of each performance obligation involves estimates and assumptions with revenue recognition timing to be determined by either delivery or the provision of services.

The Company used the residual approach to estimate the selling price for the right-of-use license and an expected cost plus margin approach for estimating the research and development activities. The right-of-use license was delivered on the effective date. The research and development activities were delivered over time as the services were performed. For these services, revenue was recognized over time using the input method, based on costs incurred to perform the services, as the level of costs incurred over time is thought to best reflect the transfer of services to Lilly. The Company determined the value of the research and development activities to be CHF 6.9 million and deferred this balance from the effective date. To date, the Company has cumulatively recognized CHF 6.9 million in contract revenue, resulting in no deferred income (contract liability) on the consolidated balance sheets. The remaining CHF 73.1 million from the upfront payment was allocated to the right-of-use license and recognized on the effective date.

At inception of the agreement, none of the clinical, regulatory or commercial milestones had been included in the transaction price, as all milestone amounts were fully constrained. To date, the Company has recognized CHF 40 million from milestone payments triggered in Q3 2019 and Q1 2020 related to the right-of-use license for IP as there were no further constraints related to these milestones. In assessing that future clinical, regulatory or commercial milestones are fully constrained, the Company considered numerous factors to determine that these milestones are not highly probable to obtain, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials and the licensee's efforts. Any consideration related to sales-based milestones (including royalties) will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to Lilly and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

For the years ended December 31, 2021, 2020 and 2019, we have recognized nil, CHF 14.3 million and CHF 105.7 million, respectively from this arrangement.

*Anti-Abeta antibody in AD – 2006 agreement with Genentech, a member of the Roche Group*

In November 2006, we signed an exclusive, worldwide licensing agreement for crenezumab, our humanized monoclonal therapeutic antibody targeting misfolded Abeta. The agreement was amended March 2009, January 2013, May 2014 and May 2015. The agreement also provides for the development of a second therapeutic product for a non-AD indication based on the same intellectual property and anti-Abeta antibody compound. The value of this partnership is potentially greater than USD 340 (CHF 314) million.

The term of the agreement commenced on the effective date and, unless sooner terminated by mutual agreement or pursuant to any other provision of the agreement, terminates on the date on which all obligations between the parties with respect to the payment of milestones or royalties with respect to licensed products have passed or expired. Either party may terminate the agreement for any material breach by the other party, provided a cure period of 90 days from the date when that notice is given.

Genentech commenced a first Phase 3 clinical study in March 2016 for crenezumab (CREAD). In March 2017, Genentech started a second Phase 3 clinical trial (CREAD 2). Since 2013, crenezumab has also been studied in a Phase 2 preventive trial in individuals who carry the PSEN1 E280A autosomal-dominant mutation and do not meet the criteria for mild cognitive impairment due to AD or dementia due to AD and are, thus, in a preclinical phase of AD (autosomal dominant AD (ADAD)). In 2019, Genentech initiated a Tau Positron Emission Tomography (PET) substudy to the ongoing Phase 2 trial in ADAD to evaluate the effect of crenezumab on Tau burden, which may also increase the understanding of disease progression in the preclinical stage of ADAD.

If crenezumab receives regulatory approval, we will be entitled to receive royalties that are tied to annual sales volumes with different royalty rates applicable in the US and Europe ranging from the mid-single digits to mid-teens. To date, we have received total milestone payments of USD 65 million (CHF 70.1 million) comprised of an upfront payment of USD 25 (CHF 31.6) million and of USD 40 (CHF 38.2) million for clinical development milestones achieved all-in prior to January 1, 2017. Genentech may terminate the agreement at any time by providing 3 months' notice to us. In such event all costs incurred are still refundable.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that Genentech is a customer. The Company identified the following performance obligations under the contract: (i) a right-of-use license and (ii) conducting of research under a research plan. The Company considered the research and development capabilities of Genentech and Genentech's right to sublicense to conclude that the license has stand-alone functionality and is distinct. The Company's obligation to perform research does not significantly impact or modify the licenses' granted functionality.

At execution of the agreement, the transaction price included the upfront consideration received of USD 25 (CHF 31.6) million. At inception, none of the clinical or regulatory milestones had been included in the transaction price, as all milestone amounts were fully constrained. The Company has received three milestone payments since inception, totaling USD 40 (CHF 38.2) million. The Company could receive greater than USD 275 (CHF 254) million or more for further regulatory milestones for this exclusive, worldwide alliance. In assessing that future regulatory milestones are fully constrained, the Company considered numerous factors, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials and the licensee's efforts. Any consideration related to royalties will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to Genentech and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

On January 30, 2019, we announced that Roche, the parent of Genentech, is discontinuing the CREAD and CREAD 2 (BN29552 and BN29553) Phase 3 studies of crenezumab in people with prodromal-to-mild sporadic AD. The decision came after an interim analysis conducted by the Independent Data Monitoring Center (IDMC) indicated that crenezumab was unlikely to meet its primary endpoint of change from baseline in Clinical Dementia Rating-Sum of Boxes (CDR-SB) Score. This decision was not related to the safety of the investigational product. No safety signals for crenezumab were observed in this analysis and the overall safety profile was similar to that seen in previous trials.

Crenezumab continues to be studied in the Phase 2 preventive trial, which began in 2013 in Colombia, of cognitively healthy individuals who carry the PSEN1 E280A autosomal-dominant mutation and are in a preclinical phase of ADAD. This study will determine if treating people carrying this mutation with crenezumab prior to the onset of AD symptoms will slow or prevent the decline of cognitive and functional abilities.

For the years ended December 31, 2021, 2020 and 2019, we have recognized no revenues from this arrangement.

*Anti-Tau antibody in AD – 2012 agreement with Genentech, a member of the Roche Group*

In June 2012, we entered into a second agreement with Genentech to research, develop and commercialize our anti-Tau antibodies for use as immunotherapeutics and diagnostics. The agreement was amended in December 2015. The value of this exclusive, worldwide alliance is potentially greater than CHF 400 million and includes upfront and clinical, regulatory and commercial milestone payments. In addition to milestones, we will be eligible to receive royalties on sales at a percentage rate ranging from the mid-single digits to low-double digits. The agreement also provides for collaboration on at least one additional therapeutic indication outside of AD built on the same anti-Tau antibody program as well an anti-Tau diagnostic product for AD.

The term of the agreement commenced on the effective date and, unless sooner terminated by mutual agreement or pursuant to any other provision of the agreement, terminates on the date on which all obligations between the parties with respect to the payment of milestones or royalties with respect to licensed products have passed or expired. Either party may terminate the agreement for any material breach by the other party, provided a cure period of 90 days from the date when that notice is given.

To date, we have received payments totaling CHF 59 million, including a milestone payment of CHF 14 million received and recognized in Q4 2017 associated with the first patient dosing in a Phase 2 clinical trial for AD with an anti-Tau monoclonal body known as semorinemab, a milestone payment of CHF 14 million recognized in Q2 2016 and received in July 2016, associated with the announcement of the commencement of the Phase 1 clinical study of semorinemab, and a milestone payment of CHF 14 million received in 2015 in connection with the ED-GO decision. As we met all performance obligations on reaching these milestones, we have recognized revenue in the respective periods. Genentech may terminate the agreement at any time by providing 3 months' notice to us.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that Genentech is a customer. The Company identified the following performance obligations under the contract: (i) a right-of-use license and (ii) conduct of research under a research plan. The Company considered the research and development capabilities of Genentech and Genentech's right to sublicense to conclude that the license has stand-alone functionality and is distinct. The Company's obligation to perform research does not significantly impact or modify the licenses' granted functionality.

At execution of the agreement, the transaction price included an upfront consideration received of CHF 17 million. At inception, none of the clinical or regulatory milestones had been included in the transaction price, as all milestone amounts were fully constrained. The Company has received three milestones since inception totaling CHF 42 million. The Company could also receive up to an additional CHF 368.5 million in clinical, regulatory and commercial milestones. In assessing that future clinical, regulatory or commercial milestones are fully constrained, the Company considered numerous factors, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials. Any consideration related to sales-based milestones (including royalties) will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to Genentech and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

On September 23, 2020, the Company reported that Genentech informed us of top line results from a Phase 2 trial of the anti-Tau antibody, semorinemab, in early (prodromal to mild) Alzheimer's disease (AD) which show that semorinemab did not meet its primary efficacy endpoint of reducing decline on Clinical Dementia Rating-Sum of Boxes (CDR-SB) compared to placebo. The primary safety endpoint was however met. Two secondary endpoints, Alzheimer's Disease Assessment Scale-Cognitive Subscale 13 (ADAS-Cog13) and Alzheimer's Disease Cooperative Study Group – Activities of Daily Living Inventory (ADCS-ADL), were not met.



On August 31, 2021 the Company reported that Genentech had informed the Company that the Lauriet study had met one of its co-primary endpoints, ADAS-Cog 11. The second co-primary endpoint, ADCS-ADL, was not met. Safety data showed that semorinemab was well tolerated with an acceptable safety profile and no unanticipated safety signals. On November 10, 2021, the Company reported that Genentech had presented the full top-line data from the Lauriet study during a late-breaking session at the 14th Clinical Trials on Alzheimer's Disease conference.

For the years ended December 31, 2021, 2020 and 2019, we have recognized no revenues from this arrangement, respectively.

*Tau vaccine in AD – 2014 agreement with Janssen Pharmaceuticals, Inc.*

In December 2014, we entered into an agreement with Janssen Pharmaceuticals, Inc. (Janssen) one of The Janssen Pharmaceutical Companies of Johnson & Johnson, to develop and commercialize therapeutic anti-Tau vaccines for the treatment of AD and potentially other Tauopathies. The value of this collaboration is potentially up to CHF 500 million and includes upfront and clinical, regulatory and commercial milestones. In addition to milestones, we will be eligible to receive royalties on sales at a percentage rate ranging from the high-single digits to the mid-teens for the phospho-tau vaccine program. In April 2016, July 2017, January 2019 and November 2019, the companies entered into the first, second, third and fourth amendments, respectively. These amendments allow for the alignment of certain payment and activity provisions with the Development Plan and Research Plan activities. We and Janssen are co-developing the second-generation lead therapeutic vaccines, ACI-35.030 and JACI-35.054, through Phase 1b/2a completion. AC Immune and Janssen will jointly share research and development costs until the completion of the first Phase 2b (AC Immune's contribution to the first Phase 2b trial is capped). From Phase 2b and onwards, Janssen will assume responsibility for the clinical development, manufacturing and commercialization of the second-generation vaccines.

Under the terms of the agreement, Janssen may terminate the agreement at any time after completion of the first Phase 1b clinical study in 2016 by providing 90 days' notice to us. If not otherwise terminated, the agreement shall continue until the expiration of all royalty obligations as outlined in the contract.

The agreement also allows for the expansion to a second indication based on the same anti-Tau vaccine program and based on intellectual property related to this program.

The Company received an upfront, non-refundable license fee of CHF 25.9 million, which we recognized as revenue in 2014. In May 2016, we received a payment of CHF 4.9 million for reaching a clinical milestone in the first Phase 1b study. As we met all performance obligations on reaching the milestone, we have recognized this income as revenue.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that Janssen is a customer. The Company identified the following performance obligations under the contract: (i) a right-of-use license and (ii) research and development services including a development and chemistry, manufacturing and controls work plan. The Company considered the research and development capabilities of Janssen, Janssen's right to sublicense, and the fact that the research and development services are not proprietary and can be provided by other vendors, to conclude that the license has stand-alone functionality and is distinct. The Company's obligation to perform research and development services does not significantly impact or modify the licenses' granted functionality. Based on these assessments, the Company identified the license and the research and development services as the performance obligations at the inception of the arrangement, which were deemed to be distinct in the context of the contract.

At execution of the agreement, the transaction price included only the upfront consideration received of CHF 25.9 million. At inception, none of the clinical, regulatory or commercial milestones has been included in the transaction price, as all milestone amounts were fully constrained. The Company did receive a payment of CHF 4.9 million for reaching a clinical milestone in the first Phase 1b study in May 2016. The Company could also receive up to more than CHF 458 million in clinical, regulatory and commercial milestones as well as tiered, high-single digits to mid-teen royalties on aggregate net sales for the phospho-tau vaccine program. In assessing that future clinical, regulatory or commercial milestones are fully constrained, the Company considered numerous factors to determine that these milestones are not highly probable to obtain, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials and the licensee's efforts. Any consideration related to sales-based milestones (including royalties) will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to Janssen and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

For the years ended December 31, 2021, 2020 and 2019, we have recognized nil, CHF 1.1 million and CHF 1.2 million, respectively from this arrangement.

*Tau-PET imaging agent –2014 agreement with Life Molecular Imaging (LMI) (formerly Piramal Imaging SA)*

In May 2014, we entered into an agreement, our first diagnostic partnership, with LMI, the former Piramal Imaging SA. The partnership with LMI is an exclusive, worldwide licensing agreement for the research, development and commercialization of the Company's Tau protein PET tracers supporting the early diagnosis and clinical management of AD and other Tau-related disorders and includes upfront and sales milestone payments totaling up to EUR 160 (CHF 167) million, plus royalties on sales at a percentage rate ranging from mid-single digits to low-teens. LMI may terminate the LCA at any time by providing 3 months' notice to us.

In connection with this agreement, AC Immune received a payment of EUR 500 (CHF 664) thousand, which was fully recognized in 2015. In Q1 2017, we recorded a milestone payment of EUR 1 (CHF 1.1) million related to the initiation of "Part B" of the first-in-man Phase 1 study. In Q3 2019, the Company recognized EUR 2 (CHF 2.2) million in connection with the initiation of a Phase 2 trial of Tau-PET tracer in patients with mild cognitive impairment and mild-to-moderate AD in comparison with non-demented control participants. The Company is eligible to receive variable consideration related to the achievement of certain clinical milestones totaling EUR 8 (CHF 8) million should the compound make it through Phase 3 clinical studies. We are also eligible to receive potential regulatory and sales-based milestones totaling EUR 148 (CHF 155) million. Finally, the Company is eligible for royalties from the mid-single digits to low-teens.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that LMI is a customer. The Company has identified that the right-of-use license as the only performance obligation. The Company determined that transaction price based on the defined terms allocated to each performance obligation specified in the contract.

The upfront payment constitutes the amount of consideration to be included in the transaction price and has been allocated to the license. None of the clinical, regulatory or commercial milestones has been included in the transaction price as these variable consideration elements are considered fully constrained. As part of its evaluation of the constraint, the Company considered numerous factors, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials and the licensee's efforts.

Any consideration related to sales-based milestones (including royalties) will be recognized when the related sales occur as these amounts have been determined to relate predominantly to the license granted to LMI and therefore are recognized at the later of when the performance obligation is satisfied or the related sales occur. The Company considered LMI's right to sublicense and develop the Tau protein PET tracers, and the fact that LMI could perform the research and development work themselves within the license term without AC Immune, to conclude that the license has stand-alone functionality and is distinct. The Company believes that the contracted amount represents the fair value. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

For the years ended December 31, 2021, 2020 and 2019, the Company has recognized nil, nil and CHF 2.2 million, respectively, from this arrangement.

*A-syn and TDP-43 PET tracers – 2016 agreement with Biogen*

On April 13, 2016, we entered into a non-exclusive research collaboration agreement with Biogen International GmbH, (Biogen). Under the agreement, we and Biogen have agreed to collaborate in the research and early clinical development of our a-syn PET tracer program for PD and other synucleinopathies, and a second program for the identification, research and development of novel PET ligands against TDP-43, a protein recently linked to neurodegeneration in diseases such as amyotrophic lateral sclerosis (ALS). In addition, we have agreed to share the costs of the collaboration, with Biogen primarily funding the majority of research costs, subject to a cap, which includes an upfront technology access fee and funding toward research and development personnel. We own all intellectual property rights to any invention relating to a-syn or TDP-43 PET tracers.

AC Immune assessed this arrangement in accordance with IFRS 15 and concluded that Biogen is a customer. The Company has identified two performance obligations in our Biogen collaboration: (i) technology access fee and (ii) research and development services. The Company determined the transaction price based on the defined terms allocated to each performance obligation specified in the contract. In instances where the Company is reimbursed for research and development contributions procured from third parties such as negotiated terms with clinical CROs, AC Immune records revenues for such services as it is acting as a principal in procuring the goods or services. The Company has the primary responsibility for fulfilling the promise to provide the specified good or service, it has inventory risk before transfer to the customer and it has discretion in negotiating the price with third parties. For other research and development services, revenues are recognized as work is performed, which correspond with and best depict the transfer of control to the customer in line with the terms outlined in the contract.

For the years ended December 31, 2021, 2020 and 2019, the Company has recognized nil, nil and CHF 1.1 million, respectively, from this arrangement. This collaboration ended in April 2019.

### 13.2 Grant income

#### *Grants from the Michael J. Fox Foundation*

In Q3 2017, we formally signed a grant continuation with the MJFF. This grant provides funds for the development of PET tracers for pathological forms of the protein alpha-synuclein, to support the early diagnosis and clinical management of Parkinson's disease. We subsequently signed two additional grants which facilitated the execution of a first-in-human study for a potential alpha-synuclein-PET tracer (PET tracer) with the current lead compound and to further develop the PET tracer. The Company retains its intellectual property rights for these alpha-synuclein-PET tracers. These grants concluded in Q2 2020.

In May 2020, the Company, as part of a joint arrangement with Skåne University Hospital (Skåne) in Sweden, was awarded a USD 3.2 (CHF 3.0) million grant from the MJFF's Ken Griffin Alpha-synuclein Imaging Competition. As part of this grant, AC Immune is eligible to receive USD 2.5 (CHF 2.3) million directly from the MJFF. Skåne will receive USD 0.7 (CHF 0.7) million of the total grant directly from the MJFF over two years to conduct and support the clinical arm of the project.

The MJFF expects that AC Immune and Skåne will complete tasks according to the agreed timelines. AC Immune's funding is variable depending on the satisfactory achievement of these specific tasks within a specific period of time.

In December 2021, the Company announced that it had been awarded two grants totaling USD 1.5 (CHF 1.4) million to advance small molecule PD programs. One award will support an existing early-stage program to develop small molecules that can prevent intracellular aggregation and spreading of a-syn. The other award will fund research on the therapeutic potential of chemically and mechanistically novel, brain penetrant small molecule inhibitors of NLRP3 inflammasome activation for the treatment of PD.

For the years ended December 31, 2021, 2020 and 2019, the Company has recognized CHF 1.1 million, CHF 1.3 million and CHF 0.6 million, respectively, from its MJFF grants. As of December 31, 2021, the Company recorded CHF 0.9 million in accrued income and CHF 0.6 million in deferred income, respectively.

#### *Grant from the Target ALS Foundation*

In Q1 2021, AC Immune was awarded a USD 0.3 (CHF 0.2) million grant from the Target ALS Foundation ("Target ALS"). This grant funds a collaboration between the Company and the Investigators at the Healey Center for ALS at Massachusetts General Hospital ("MGH") to accelerate the development of the Company's proprietary immunoassays to detect disease-associated forms of TDP-43 in CSF and blood samples.

For the years ended December 31, 2021, 2020 and 2019, the Company recognized CHF 0.1 million, nil and nil in grant income, respectively. As of December 31, 2021, the Company recorded CHF 0.1 million in accrued income and CHF 0.1 million in deferred income, respectively.

#### 14. Expenses by category

##### *Research and Development*

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Operating expenses	44,289	43,787	37,465
Payroll expenses	16,465	14,424	12,382
Share-based compensation	1,528	1,276	585
<b>Total research and development expenses</b>	<b>62,282</b>	<b>59,487</b>	<b>50,432</b>

For the year ended December 31, 2021, 2020 and 2019, the Company incurred CHF 62.3 million, CHF 59.5 million and CHF 50.4 million in research and development expenses, respectively. These increases are predominantly driven by increases in investments in our research and development projects, reallocation of certain IT and facilities expenditures and annualization of prior year full-time equivalent (FTEs) hiring.

For the years ended December 31, 2021, 2020 and 2019, the Company had 108.6, 115.3 and 102.7 FTEs in research and development.

##### *General and administrative*

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Operating expenses	7,031	7,471	6,637
Payroll expenses	8,281	8,274	7,172
Share-based compensation	2,598	2,812	2,249
<b>Total general and administrative expenses</b>	<b>17,910</b>	<b>18,557</b>	<b>16,058</b>

For the years ended December 31, 2021, 2020 and 2019, the Company incurred CHF 17.9 million, CHF 18.6 million and CHF 16.1 million in general and administrative expenses, respectively. The decrease in 2021 compared with the prior year relates to the reallocation of certain IT and facilities expenditures that were not reclassified in the prior years.

For the years ended December 31, 2021, 2020 and 2019, the Company had 27.3, 26.7 and 24.1 FTEs within its general and administrative functions.

##### *Financial result, net*

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Financial income	6,485	78	303
Financial expense	(581)	(184)	(1,926)
Change in fair value of conversion feature	—	—	4,542
Exchange differences	113	(555)	(2,013)
<b>Finance result, net</b>	<b>6,017</b>	<b>(661)</b>	<b>906</b>

Our financial income and expense primarily consist of a gain on the fair value of our derivative financial asset associated with two convertible notes sold to certain Affiris affiliated entities and interest expense associated with our lease liabilities and short-term financial assets.

For the year ended December 31, 2021, the increase in financial result, net related primarily to a CHF 6.5 million gain on the conversion features related to the Company's convertible notes due to certain Affiris affiliated entities as a result of fair value remeasurements.

Related to the Company's convertible note settled with Lilly in 2019, we recorded CHF 1.4 million for amortization of effective interest for the year ended December 31, 2019 within financial expenses and recognized a CHF 4.5 million gain for the change in fair value of the liability related to the conversion feature. There were no comparable expenses or gains in 2021 nor 2020.

## 15. Related-party transactions

### *Board of director and executive management compensation*

For key management, including the board of directors (eight individuals excluding the CEO) and the executive management (six individuals including the CEO), compensation was as follows:

In CHF thousands	For the years ended December 31,		
	2021	2020	2019
Short-term employee benefits	4,403	3,497	3,526
Post-employment benefits	266	214	215
Share-based compensation	2,997	2,578	2,155
<b>Total</b>	<b>7,666</b>	<b>6,289</b>	<b>5,896</b>

## 16. Income taxes

The Group recognized less than CHF 0.1 million, nil and nil in income taxes and no deferred tax asset or liability positions for the years ended December 31, 2021, 2020, and 2019, respectively. The Group's expected tax expense for each year is based on the applicable tax rates in each jurisdiction. In 2021, these rates ranged from 13.6% to 32.9% (13.6% for 2020 and 2019, respectively) in the Group's respective tax jurisdictions. The weighted average tax rate applicable to the Group was 13.6% (13.6% for 2020 and 2019, respectively). The variance relates to the establishment of AC Immune USA, Inc. in 2021.

The Group's income tax expense for each year can be reconciled to loss before tax as follows:

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Income/(loss) before income tax	(72,993)	(61,921)	45,442
Tax (benefit)/expense calculated at the domestic rates applicable in the respective countries	(9,930)	(8,441)	6,194
(Income not subject to tax)/expenses not deductible for tax purposes	(375)	462	(62)
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	10,308	7,979	(6,132)
<b>Effective income tax rate (benefit)/expense</b>	<b>3</b>	<b>—</b>	<b>—</b>

The Swiss tax rate used for the 2021 reconciliations is the corporate tax rate of 13.6% (13.6% in 2020 and 2019, respectively) payable by corporate entities in the Canton of Vaud, Switzerland on taxable profits under tax law in that jurisdiction.

The below table details the total unrecognized deductible temporary differences, unused tax losses and unused tax credits:

In CHF thousands	As of December 31,		
	2021	2020	2019
<b>Unrecognized deductible temporary differences, unused tax losses and unused tax credits</b>			
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:			
Tax losses	197,152	121,948	64,125
Deductible temporary differences related to:			
Right-of-use assets and lease liabilities, net	—	—	—
Retirement benefit plan	7,098	7,464	7,485
<b>Total</b>	<b>204,250</b>	<b>129,412</b>	<b>71,610</b>

The following table details the tax losses carry forwards of the Company and their respective expiry dates:

In CHF thousands	As of December 31,		
	2021	2020	2019
<b>Tax losses split by expiry date:</b>			
December 31, 2024	15,231	15,231	15,231
December 31, 2025	48,894	48,894	48,894
December 31, 2026	—	—	—
December 31, 2027	57,824	57,824	—
December 31, 2028	75,204	—	—
<b>Total unrecorded tax loss carryforwards</b>	<b>197,153</b>	<b>121,949</b>	<b>64,125</b>

The tax losses available for future offset against taxable profits have increased by CHF 75.2 million from 2020, representing the amount of tax losses that are additionally available as an offset, subject to expiration as disclosed in the table above, against future taxable income.

Consistent with prior years, the Company has not recorded any deferred tax assets in relation to the past tax losses available for offset against future profits as the recognition criteria were not met at the balance sheet date.

## 17. Retirement benefit plan

The Company participates in a collective foundation covering all of its employees including its executive officers. In addition to retirement benefits, the plan provides death or long-term disability benefits.

Contributions paid to the plan are computed as a percentage of salary, adjusted for the age of the employee and shared approximately 47% and 53% by employee and employer, respectively.

This plan is governed by the Swiss Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG), which requires contributions to be made to a separately administered fund. The fund has the legal form of a foundation and it is governed by a board of trustees, which consists of an equal number of employer and employee representatives of its members. The board of trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company has no direct influence on the investment strategy of the foundation board.

The assets are invested by the pension plan, to which many companies contribute, in a diversified portfolio that respects the requirements of the Swiss BVG. Therefore, disaggregation of the pension assets and presentation of plan assets in classes that distinguish the nature and risks of those assets is not possible. Under the plan, both the Company and the employee share the costs equally. The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, interest risk, disability risk and the life expectancy of pensioners. Through our affiliation with the pension plan, the Company has minimized these risks, as they are shared between a much greater number of participants. On leaving the Company, a departing employee's retirement savings are transferred to the pension institution of the new employer or to a vested benefits institution. This transfer mechanism may result in pension payments varying considerably from year to year.

The pension plan is exposed to Swiss inflation, interest rate risks and changes in the life expectancy for pensioners. For accounting purposes under IFRS, the plan is treated as a defined benefit plan in accordance with IAS 19.

As of January 1, 2019, the Company changed from a fully insured plan to a plan for which the Company now bears investment and old age risks. The new plan has a higher statutory coverage ratio, which led to an increase in plan assets of 10% (CHF 1.2 million) for the year ended December 31, 2019. The increase is presented in Table B as part of the line "Return on plan assets excluding interest income."

The following table sets forth the status of the defined benefit pension plan and the amount that is recognized in the consolidated balance sheets:

In CHF thousands	As of December 31,		
	2021	2020	2019
Defined benefit obligation	(33,889)	(30,213)	(26,624)
Fair value of plan assets	26,791	22,749	19,139
<b>Total liability</b>	<b>(7,098)</b>	<b>(7,464)</b>	<b>(7,485)</b>

The following amounts have been recorded as net pension cost in the consolidated statements of income/(loss):

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Service cost	1,648	1,626	1,313
Interest cost	79	71	195
Interest income	(48)	(42)	(133)
<b>Net pension cost</b>	<b>1,679</b>	<b>1,655</b>	<b>1,375</b>

The changes in defined benefit obligation, fair value of plan assets and unrecognized gains/(losses) are as follows.

**A. Change in defined benefit obligation**

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
<b>Defined benefit obligation as of January 1</b>	<b>(30,213)</b>	<b>(26,624)</b>	<b>(17,942)</b>
Service cost	(1,648)	(1,626)	(1,313)
Interest cost	(79)	(71)	(195)
Change in demographic assumptions	—	1,428	1,138
Change in financial assumptions	156	(71)	(2,171)
Change in experience assumptions	(252)	(931)	(2,003)
Benefits deposited	(894)	(1,467)	(3,382)
Employees' contributions	(959)	(851)	(756)
<b>Defined benefit obligation as of December 31</b>	<b>(33,889)</b>	<b>(30,213)</b>	<b>(26,624)</b>

**B. Change in fair value of plan assets**

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
<b>Fair value of plan assets as of January 1</b>	22,749	19,139	12,277
Interest income	48	42	133
Employees' contributions	959	851	756
Employer's contributions	1,089	950	859
Benefits deposited	894	1,467	3,382
Return on plan assets excluding interest income	1,052	300	1,732
<b>Fair value of plan assets as of December 31</b>	<b>26,791</b>	<b>22,749</b>	<b>19,139</b>

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period amount to approximately CHF 1.0 million.

**C. Change in net defined benefit liability**

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
<b>Net defined benefit liabilities as of January 1</b>	7,464	7,485	5,665
Net pension cost through statement of income/(loss)	1,679	1,655	1,375
Remeasurement through other comprehensive income/(loss)	(956)	(726)	1,304
Employer's contribution	(1,089)	(950)	(859)
<b>Net defined benefit liabilities as of December 31</b>	<b>7,098</b>	<b>7,464</b>	<b>7,485</b>

**D. Other comprehensive gains/(losses)**

In CHF thousands	For the Years Ended December 31,		
	2021	2020	2019
Effect of changes in demographic assumptions	—	1,428	1,138
Effect of changes in financial assumptions	156	(71)	(2,171)
Effect of changes in experience assumptions	(252)	(931)	(2,003)
Return on plan assets excluding interest income	1,052	300	1,732
<b>Total other comprehensive gain/(loss)</b>	<b>956</b>	<b>726</b>	<b>(1,304)</b>

The fair value of the plan assets is the cash surrender value of the insurance with the insurance company (AXA). The investment strategy defined by the board of trustees follows a conservative profile.

The plan assets are primarily held within instruments with quoted market prices in an active market, with the exception of real estate and mortgages.

The weighted-average duration of the defined benefit obligation is 17.1 years and 17.6 years as of December 31, 2021 and 2020, respectively.

The actuarial assumptions used for the calculation of the pension cost and the defined benefit obligation of the defined benefit pension plan for the years ended December 31, 2021, 2020 and 2019, respectively, are as follows:



	For the Years Ended December 31,		
	2021	2020	2019
Discount rate	0.30%	0.20%	0.20%
Rate of future increase in compensations	1.75%	1.75%	1.75%
Rate of future increase in current pensions	0.00%	0.00%	0.00%
Interest rate on retirement savings capital	0.75%	0.50%	0.50%
Mortality and disability rates	BVG 2020-CMI	BVG 2020-CMI	BVG 2015-CMI

In defining the benefits, the minimum requirements of the Swiss BVG and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits.

A quantitative sensitivity analysis for significant assumptions as of December 31, 2021 is shown below:

Assumptions	Discount rate		Future salary increase		Future pension cost		Interest rate on savings capital	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
In CHF thousands								
Potential defined benefit obligation	31,190	37,006	34,578	33,176	35,497	32,435	34,822	33,007
Decrease/(increase) from actual defined benefit obligation	2,699	(3,117)	(689)	713	(1,608)	1,454	(933)	882

A quantitative sensitivity analysis for significant assumptions as of December 31, 2020 is shown below:

Assumptions	Discount rate		Future salary increase		Future pension cost		Interest rate on savings capital	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
in CHF thousands								
Potential defined benefit obligation	27,740	33,080	30,912	29,519	31,652	28,916	31,070	29,405
Decrease/(increase) from actual defined benefit obligation	2,473	(2,867)	(699)	694	(1,439)	1,297	(857)	808

The sensitivity analyses above are subject to limitations and have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## 18. Share-based compensation

### Share-based option awards

Through the year ended December 31, 2021, there are equity-based instruments outstanding that the Company has granted under four different plans.

The Company's 2016 Share Option and Incentive Plan (SOIP) was approved by the shareholders at the ordinary shareholders' meeting in November 2016. The 2016 Plan authorizes the grant of incentive and non-qualified share options, share appreciation rights, restricted share awards, restricted share units, unrestricted share awards, performance share awards, performance-based awards to covered employees and dividend equivalent rights. The Company only grants equity-based instruments from the SOIP as of December 31, 2021.

The following table summarizes equity-settled share option grants for plans that existed during the period:

PLAN	Number of options awarded (since inception)	Vesting conditions	Contractual life of options
Share option plan C1	6,775,250	4 years' service from grant date	10 years
2016 SOIP:			
Executives and directors	2,643,984	1 year, 3 year and 4 years' service from the date of grant, quarterly and annually	10 years
Employees	1,354,431	4 years' service from the date of grant, annually	10 years

The number and weighted-average exercise prices (in CHF) of options under the share option programs for Plans C1 and the 2016 SOIP are as follows:

	Number of options	Weighted- average exercise price (CHF)	Weighted- average remaining term (years)
Outstanding at January 1, 2019	1,618,856	4.25	6.3
Forfeited during the year	(73,699)	6.71	—
Exercised during the year	(616,833)	0.15	—
Granted during the year	1,053,305	5.24	—
Outstanding at December 31, 2019	<u>1,981,629</u>	<u>5.93</u>	<u>8.3</u>
<b>Exercisable at December 31, 2019</b>	<u>602,218</u>	<u>4.94</u>	<u>6.5</u>
Outstanding at January 1, 2020	1,981,629	5.93	8.3
Forfeited during the year	(53,591)	6.03	—
Expired during the year	(26,729)	4.38	—
Exercised during the year	(73,669)	2.00	—
Granted during the year	1,073,027	6.29	—
Outstanding at December 31, 2020	<u>2,900,667</u>	<u>5.90</u>	<u>8.2</u>
<b>Exercisable at December 31, 2020</b>	<u>1,099,015</u>	<u>5.49</u>	<u>7.0</u>
Outstanding at January 1, 2021	2,900,667	5.90	8.2
Forfeited during the year	(207,331)	6.13	—
Exercised during the year	(218,561)	4.97	—
Granted during the year	1,110,914	6.34	—
Outstanding at December 31, 2021	<u>3,585,689</u>	<u>6.21</u>	<u>7.8</u>
<b>Exercisable at December 31, 2021</b>	<u>1,613,242</u>	<u>6.13</u>	<u>6.8</u>

The outstanding stock options as of December 31, 2021 have the following range of exercise prices:

	Total options	Range of expiration dates
<b>Range of exercise prices</b>		
CHF 0.15	208,125	2022–2026
CHF 9.53	223,646	2027
USD 5.04 to USD 12.30	<u>3,153,918</u>	<u>2028–2031</u>
<b>Total outstanding options</b>	<u>3,585,689</u>	

The weighted-average exercise price for options granted in 2021, 2020 and 2019 is USD 6.95 (CHF 6.34), USD 7.11 (CHF 6.29) and USD 5.41 (CHF 5.24), respectively. The range of exercise prices for outstanding options was CHF 0.15 to CHF 9.53 for awards previously granted in CHF (prior to 2018) and USD 5.04 to USD 12.30 for awards granted in USD as of December 31, 2021.

Prior to the IPO, the exercise price was set by the board of directors. The volatility is based on the historical trend of an appropriate sample of companies operating in the pharmaceutical and biopharmaceutical industries. The risk-free interest rate is based on the CHF swap rate for the expected life of the option. The weighted-average share price of common share options exercised in 2021 is USD 7.26 (CHF 6.62).

The weighted-average grant date fair values of the options granted in 2021, 2020 and 2019 are USD 5.23 (CHF 4.78), USD 5.25 (CHF 4.65) and USD 3.71 (CHF 3.59), respectively. The following table illustrates the weighted-average assumptions for the Black-Scholes option-pricing model used in determining the fair value of these awards:

	For the Years Ended		
	December 31,		
	2021	2020	2019
Exercise price (USD)	5.31-7.72	5.04-9.16	5.15-5.54
Share price (weighted average)	6.95	7.11	5.41
Risk-free interest rate	0 %	0 %	0 %
Expected volatility	80%	80%	80%
Expected term (in years)	5.1-6	5.5-6	5.5-6
Dividend yield	—	—	—

*Restricted share awards*

A summary of non-vested share awards (restricted share and restricted share units) activity as of December 31, 2021 and changes during the year then ended is presented below:

Grantee type	Number of non-vested share awards granted	Vesting conditions	Contractual life of non-vested share awards	
<b>Restricted share units</b>				
Directors	83,864	1 year service from date of grant, annually	10 years	
Executives	110,839	4 years' service from the date of grant, quarterly	10 years	
			<b>Number of non-vested shares</b>	
			<b>Weighted-average grant date fair value (CHF)</b>	
Non-vested at January 1, 2019			109,041	9.51
Forfeited during the year			—	—
Granted during the year			—	—
Vested during the year			(66,278)	9.51
Non-vested at December 31, 2019			42,763	9.52
<b>Vested and exercisable at December 31, 2019</b>			<b>130,290</b>	<b>9.58</b>
Non-vested at December 31, 2019			42,763	9.52
Forfeited during the year			(11,828)	9.47
Expired during the year			(7,804)	9.52
Exercised during the year			(84,638)	9.51
Granted during the year			—	—
Vested during the year			(23,269)	9.52
Non-vested at December 31, 2020			19,494	9.51
<b>Vested and exercisable at December 31, 2020</b>			<b>49,289</b>	<b>9.47</b>
Non-vested at December 31, 2020			19,494	9.51
Exercised during the year			(2,471)	9.46
Vested during the year			(18,697)	9.52
Non-vested at December 31, 2021			797	9.41
<b>Vested and exercisable at December 31, 2021</b>			<b>65,515</b>	<b>9.48</b>

The Company did not grant restricted share awards in 2021, 2020 or 2019, respectively. The weighted-average grant date fair values of the remaining non-vested share awards as of the respective year end (restricted shares and restricted share units) was CHF 9.41, CHF 9.51 and CHF 9.52 for the years ended December 31, 2021, 2020 and 2019, respectively. These fair values of non-vested share awards granted have been determined using a reasonable estimate of market value of the common shares on the date of the award.

The expense charged against the income statement was CHF 4.1 million, CHF 4.1 million and CHF 2.8 million for the years ended December 31, 2021, 2020 and 2019, respectively. The expense is revised by the Company based on the number of instruments that are expected to become exercisable.

## 19. Commitments and contingencies

In the normal course of business, we conduct product research and development programs through collaborative programs that include, among others, arrangements with universities, contract research organizations and clinical research sites. We have contractual arrangements with these organizations. As of December 31, 2021, external research projects included in the schedule below for 2022 total CHF 19.4 million that have been committed.

We lease our corporate, laboratory and other facilities under multiple leases at the EPFL Innovation Park in Ecublens, near Lausanne, Canton of Vaud, Switzerland. Our lease agreements have no termination clauses longer than a 12-month contractual notice period. Since January 1, 2019, the Company has applied IFRS 16 and recognized a right-of-use asset for its leases, except for short-term and low-value leases as indicated in Note 3. See “Note 5. Right-of-use assets and lease liabilities” for the contractual undiscounted cash flows for lease obligations.

In CHF thousands	As of December 31,	
	2021	2020
Within 1 year	19,785	25,072
Between 1 and 3 years	3,620	8,885
Between 3 and 5 years	243	341
More than 5 years	51	57
<b>Total</b>	<b>23,699</b>	<b>34,355</b>

## 20. Earnings per share

In CHF thousands, except for share and per share data	For the Years Ended December 31,		
	2021	2020	2019
<b>Basic income/(loss) per share (EPS):</b>			
<b>Numerator:</b>			
Net income/(loss) attributable to equity holders of the Company	(72,996)	(61,921)	45,442
<b>Denominator:</b>			
Weighted-average number of shares outstanding to equity holders	74,951,833	71,900,212	70,603,611
Basic income/(loss) for the period attributable to equity holders	<u>(0.97)</u>	<u>(0.86)</u>	<u>0.64</u>
<b>Diluted income/(loss) per share (EPS):</b>			
<b>Numerator:</b>			
Net income/(loss) attributable to equity holders of the Company	(72,996)	(61,921)	45,442
<b>Denominator:</b>			
Weighted-average number of shares outstanding to equity holders	74,951,833	71,900,212	70,603,611
Effect of dilutive securities from equity incentive plans	—	—	499,730
Weighted-average number of shares outstanding – diluted to equity holders	74,951,833	71,900,212	71,103,341
Diluted income/(loss) for the period attributable to equity holders	<u>(0.97)</u>	<u>(0.86)</u>	<u>0.64</u>

In periods for which we have a loss, basic net loss per share is the same as diluted net loss per share. We have excluded from our calculation of diluted loss per share all potentially dilutive in-the-money (i) share options, (ii) non-vested restricted share awards and (iii) shares that were issued upon conversion of two different convertible notes as their inclusion would have been anti-dilutive. Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	As of December 31,		
	2021	2020	2019
Share options issued and outstanding (in-the-money)	1,140,388	412,191	1,081,836
Restricted share awards subject to future vesting	6,264	28,418	—
Convertible shares	41,461	—	911,261
<b>Total</b>	<u>1,188,113</u>	<u>440,609</u>	<u>1,993,097</u>

## 21. Financial instruments and risk management

The Company's activities expose it to the following financial risks: market risk (foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The following table shows the carrying amounts of financial assets and financial liabilities:

In CHF thousands	As of December 31,	
	2021	2020
<b>Financial assets</b>		
Right-of-use assets	2,914	2,223
Long-term financial assets	363	334
Other current receivables	428	329
Short-term financial assets	116,000	65,000
Cash and cash equivalents	82,216	160,893
<b>Total financial assets</b>	<u>201,921</u>	<u>228,779</u>

In CHF thousands	As of December 31,	
	2021	2020
<b>Financial liabilities</b>		
Long-term lease liabilities	2,340	1,780
Trade and other payables	2,003	2,184
Accrued expenses	16,736	11,085
Short-term lease liabilities	570	443
<b>Total financial liabilities</b>	<u>21,649</u>	<u>15,492</u>

### Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the EUR, USD and to a lesser extent to GBP, DKK and SEK. The currency exposure is not hedged. However, the Company has a policy of matching its cash holdings to the currency structure of its expenses, which means that the Company holds predominately CHF, with lesser balances of EUR and USD (see "Note 8. Cash and cash equivalents and financial assets"). The Company recognized a loss of CHF 0.1 million, CHF 0.7 million and CHF 0.8 million for the years ended December 31, 2021, 2020 and 2019, respectively, within "Finance result, net."

As of December 31, 2021, if the CHF had strengthened/weakened by 10% against the EUR and the USD with all other variables held constant, the net loss for the period would have been lower/higher by CHF 1.7 million (2020: CHF 0.8 million), mainly as a result of foreign exchange gains/losses on predominantly EUR/USD denominated cash and cash equivalents and short-term financial assets.

### **Interest rates**

The Company's CHF cash holdings (inclusive of those held in short-term financial assets) are subject to negative interest rates at certain counterparty thresholds. As of December 31, 2021 if the interest rates charged by the counterparties had increased/decreased by 10%, the net income for the period would have been higher/lower by less than CHF 0.2 million. Interest income and interest expense are recorded within finance results, net in our consolidated statements of income/(loss).

### **Credit risk**

The Company maintains a formal treasury risk and investment management policy to limit counterparty credit risk. As of December 31, 2021, the Company's cash and cash equivalents and short-term financial assets are held with five financial institutions, each with a high credit rating ranging from A- to A+ assigned by international credit-rating agencies. The maximum amount of credit risk is the carrying amount of the financial assets. Trade and other receivables are fully performing, not past due and not impaired (see "Note 8. Cash and cash equivalents and financial assets" and "Note 10. Other current receivables").

### **Liquidity risk**

Inherent in the Company's business are various risks and uncertainties, including its limited operating history and the high uncertainty that new therapeutic concepts will succeed. AC Immune's success may depend in part upon its ability to (i) establish and maintain a strong patent position and protection, (ii) enter into collaborations with partners in the pharmaceutical and biopharmaceutical industries, (iii) acquire and keep key personnel employed and (iv) acquire additional capital to support its operations.

The Company's approach of managing liquidity is to ensure sufficient cash to meet its liabilities when due. Therefore, management closely monitors the cash position on rolling forecasts based on expected cash flow to enable the Company to finance its operations for at least 18 months. The Company has CHF 2.0 million in trade and other payables, which are due within 12 months from the reporting date. Finally, as it relates to the Company's lease liabilities please see "Note 5. Right-of-use assets and lease liabilities" for detail of when corresponding lease liabilities are due.

## **22. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to preserve the capital on the required statutory level in order to succeed in developing a cure against (i) AD, (ii) focused non-Alzheimer's neurodegenerative diseases including NeuroOrphan indications and (iii) diagnostics.

## **23. Subsequent events**

Management has evaluated subsequent events after the balance sheet date, through the issuance of these consolidated financial statements, for appropriate accounting and disclosures. The Company has determined that there were no other such events that warrant disclosure or recognition in these consolidated financial statements.

# 2021 Annual statutory financial statements





Statutory Financial Statements (Swiss CO)  
1 January - 31 December 2021

<b>Financial Statements</b>	<b>2</b>
<b>Notes to the Financial Statements</b>	<b>4</b>

**AC Immune SA**  
**EPFL Innovation Park**  
**1015 Lausanne / Ecublens**  
**Switzerland**



AC Immune SA

Ecublens

Report of the statutory auditor  
to the General Meeting

on the financial statements 2021



## Report of the statutory auditor

to the General Meeting of AC Immune SA

Ecublens

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of AC Immune SA, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

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#### Overview



Overall Group materiality: CHF 2,900 thousand

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Intangible asset - valuation

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#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

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<b>Overall materiality</b>	CHF 2,900 thousand
<b>Benchmark applied</b>	Loss before tax
<b>Rationale for the materiality benchmark applied</b>	Based on our analysis and professional judgment we determined loss before tax is the most appropriate benchmark. We chose loss before tax to align our materiality threshold with the common practice in the U.S. for clinical stage life science companies. In addition, in our view, the selected materiality threshold is aligned with investors and Audit & Finance Committee expectations.

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We agreed with the Audit & Finance Committee that we would report to them misstatements above CHF 290 thousand identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

#### **Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### **Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Key audit matter

As described in Note 2 to the financial statements, in Q4 2021, the Company closed its acquisition of an in-process research and development (IPR&D) intangible asset of CHF 50,416 thousand and CHF 4,634 thousand in cash in exchange for 7,106,840 shares of the Company. The asset is defined as an intangible asset not yet ready for use. Therefore, the IPR&D asset is reviewed at least annually for impairment by assessing the fair value less costs to sell (recoverable amount) and comparing this to the carrying value of the asset. To determine the recoverable amount, management estimated the fair value less costs to sell of the intangible asset, using the same model used at the acquisition date. The significant assumptions used in the model include anticipated research and development costs, anticipated costs of goods and sales and marketing expenditures, probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks, general commercialization expectations such as anticipated pricing and uptake, and the discount rate used to discount future cash flows.

The principal considerations for our determination that performing procedures relating to the intangible asset – valuation is a critical audit matter are the significant judgment by management when determining the value of the intangible asset. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the audit evidence obtained related to the valuation of the intangible asset and management’s assumptions related to anticipated research and development costs, anticipated costs of goods and sales and marketing expenditures, probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks, general commercialization expectations such as anticipated pricing and uptake, and the discount rate used to discount future cash flows. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

### How our audit addressed the key audit matter

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements.

These procedures included testing the effectiveness of controls relating to management’s valuation of the intangible asset. These procedures also included, among others, (i) the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of fair values for the intangible asset, (ii) comparing the independent estimate to management’s fair value estimate to evaluate the reasonableness of management’s assumptions and (iii) assessing that assumptions used did not require to be updated at year end for the purpose of the impairment assessment.

Developing the independent estimate involved testing the completeness and accuracy of inputs provided by management and evaluating management’s assumptions based on external market and industry data.

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### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' 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 the entity'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 entity to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.



/s/ Michael Foley

Audit expert  
Auditor in charge

/s/ Justin Coppey

Audit expert

Lausanne, 22 March 2022



## Balance Sheet

in CHF thousands	Notes	As at 31 December,	
		2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	82,198	160,893
Short-term financial assets	6	116,000	65,000
Other current receivables			
- From third parties	7	428	329
- Intercompany	7	1,087	-
Prepaid expenses	8	1,937	3,954
Accrued income	9	975	1,591
<b>Total current assets</b>		<b>202,625</b>	<b>231,767</b>
<b>Non-current assets</b>			
Long-term financial assets	5	363	334
Property, plant and equipment	3	5,116	4,420
Intangible assets	4	50,416	-
<b>Total non-current assets</b>		<b>55,895</b>	<b>4,754</b>
<b>Total assets</b>		<b>258,520</b>	<b>236,521</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade payables			
- To third parties	10	2,003	2,184
Accrued expenses	10	16,734	11,085
Deferred income	11	717	307
<b>Total current liabilities</b>		<b>19,454</b>	<b>13,576</b>
<b>Shareholders' equity</b>			
Share capital	12	1,793	1,538
Reserves from capital contributions		432,576	341,482
Accumulated losses brought forward		(119,975)	(62,151)
Treasury shares	13	(124)	(100)
Loss for the year		(75,204)	(57,824)
<b>Total shareholders' equity</b>		<b>239,066</b>	<b>222,945</b>
<b>Total liabilities and shareholders' equity</b>		<b>258,520</b>	<b>236,521</b>

## Income Statement

in CHF thousands	Notes	For the Years Ended 31 December,	
		2021	2020
<b>Revenue</b>	14	<b>1,248</b>	<b>16,766</b>
<b>Operating expenses</b>			
Salaries and related costs	15	(24,086)	(22,681)
Operating expenses	15	(50,124)	(49,833)
Depreciation of fixed assets	15	(1,901)	(1,523)
<b>Total operating expenses</b>		<b>(76,111)</b>	<b>(74,037)</b>
<b>Operating loss</b>		<b>(74,863)</b>	<b>(57,271)</b>
Financial income	16	189	102
Financial expenses	16	(530)	(655)
<b>Total net financial expenses</b>		<b>(341)</b>	<b>(553)</b>
<b>Loss for the period</b>		<b>(75,204)</b>	<b>(57,824)</b>



**Notes to the financial statements**

## 1. General information

AC Immune SA (the “Company,” “AC Immune,” “ACIU,” “we,” “our,” “ours,” or “us”) is a clinical stage biopharmaceutical company leveraging our two proprietary technology platforms to discover, design and develop novel, proprietary medicines and diagnostics for prevention and treatment of neurodegenerative diseases associated with protein misfolding. Misfolded proteins are generally recognized as the leading cause of NDD, such as Alzheimer’s disease (AD) and Parkinson’s disease (PD), with common mechanisms and drug targets, such as amyloid beta (Aβ), Tau, alpha-synuclein (α-syn) and TDP-43. Our corporate strategy is founded upon a three-pillar approach that targets (i) AD, (ii) focused non-AD NDD including Parkinson’s disease, ALS and NeuroOrphan indications and (iii) diagnostics. We use our two unique proprietary platform technologies, SupraAntigen (conformation-specific biologics) and Morphomer (conformation-specific small molecules), to discover, design and develop novel medicines and diagnostics to target misfolded proteins.

The Company was initially incorporated as a limited liability company on February 13, 2003 in Basel and effective August 25, 2003 was transitioned into a stock company. The Company’s corporate headquarters are located at EPFL Innovation Park Building B, 1015 Lausanne, Switzerland.

The statutory financial statements of AC Immune SA for the period ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 18 March 2022 and will be submitted to the next Ordinary General Assembly.

During 2021 and 2020, AC Immune had an annual average of more than 10 but less than 250 full time equivalent positions.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 2. Summary of significant accounting principles

The present annual accounts have been prepared in accordance with the provisions of the Swiss law on accounting and financial reporting (32<sup>nd</sup> Title of the Swiss Code of Obligations). The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Current vs. non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. The Company classifies all amounts to be realized or settled within 12 months after the reporting period to be current and all other amounts to be non-current.

**Foreign currency transactions**

The financial statements are presented in Swiss Francs (CHF). Foreign currency transactions are translated into the functional currency (CHF) using prevailing exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into CHF at rates of exchange prevailing at the reporting date. Any gains or losses from these translations are included in the income statement in the period in which they arise.

Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. Any foreign exchange profits are deferred in the balance sheet as not having an effect on net income. Foreign exchange losses, on the other hand, are recorded in the profit and loss account.

**Revenue recognition**

Revenue includes upfront fees, milestone payments as well as revenue from research and development agreements associated with collaborations with third parties and grants from public institutions and foundations.

*License of intellectual property*

Revenue from non-refundable, upfront license payments and performance milestones where the Company has continuing involvement is recognized over the estimated performance or agreement period, depending on the terms of the agreement. The recognition of revenue is prospectively changed for subsequent changes in the development or agreement period.

For collaboration agreements on product candidates (i) that are in clinical development, (ii) where the upfront payment reflects a payment for past investments the Company has made in the development of the product candidate, access to the product candidate, the associated intellectual property and our knowledge, and, (iii) where there is no further performance commitment, the Company recognizes the fair value of the upfront payment at the time of entering into the collaboration agreement. For collaboration agreements (i) in clinical development but where conditions (ii) and (iii) are not met, the Company recognizes revenue from upfront payments under our collaboration agreements pro-rata over the term of the estimated period of performance under each agreement.

For collaboration agreements, in addition to receiving upfront payments, the Company is also entitled to milestone and other contingent payments upon achieving pre-defined objectives.

#### *Milestone payments*

Revenue from milestones, if they are non-refundable and deemed substantive, is recognized upon successful accomplishment of the milestones. To the extent that non-substantive milestones are achieved, and the Company has remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance.

#### *Research and development services*

The Company has certain arrangements with our collaboration partners that include contracting our full-time employees for research and development programs. These revenues are recorded in license and collaboration revenues as the services are performed.

#### *Grant income*

The Company has received grants, from time to time from institutions to support certain research projects. Grants are recorded in the income statement within Revenue when there is reasonable assurance that the Company will satisfy the underlying grant conditions and the grants will be received. In certain circumstances, grant income may be recognized before formal grantor acknowledgement of milestone achievements. To the extent required, grant income is deferred and recognized on a systematic basis over the periods in which the Company expects to recognize the related expenses for which the grants are intended to compensate.

#### **Research and development expenditures**

Given the stage of development of the Company's products, all research expenditure is recognized as expense when incurred. Research and development expenditures include:

- the cost of acquiring, developing and manufacturing active pharmaceutical ingredients for product candidates that have not received regulatory approval, clinical trial materials and other research and development materials;
- fees and expenses incurred under agreements with contract research organizations, investigative sites and other entities in connection with the conduct of clinical trials and preclinical studies and related services, such as administrative, data-management and laboratory services;
- fees and costs related to regulatory filings and activities;
- costs associated with preclinical and clinical activities;
- employee-related expenses, including salaries and bonuses, benefits, and travel expenses; and
- all other allocated expenses such as facilities and information technology (IT) costs.

For external research contracts, expenses include those associated with contract research organizations, or CROs, or contract manufacturing organizations, or CMOs. The invoicing from CROs or CMOs for services rendered do not always align with the timing of service performed. We accrue the cost of services rendered in connection with CRO or CMO activities based on our estimate of the "stage of completion" for such contracted services. We maintain regular communication with our CRO or CMO vendors to gauge the reasonableness of our estimates and accrue expenses as of the balance sheet date in the financial statements based on facts and circumstances known at the time.

Registration costs for patents are part of the expenditure for research and development projects. Therefore, registration costs for patents are expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.

### Property, plant and equipment

Equipment is shown at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of the property, plant and equipment. Depreciation is calculated using a straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

IT equipment	3 years
Laboratory equipment	5 years
Leasehold improvements / furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

### Intangible Asset:

In Q4 2021, the Company closed its acquisition with Affiris AG (Affiris) for the program portfolio of therapeutics targeting a-syn, notably ACI-7104 (previously PD01), a clinically-validated active vaccine candidate for the treatment of Parkinson's disease (the Transferred Assets). The Company acquired the Transferred Assets for USD 53.7 (CHF 50.4) million and USD 5.0 (CHF 4.6) million in cash in exchange for 7,106,840 shares.

The Company reviews the IPR&D asset at least annually for impairment by assessing the fair value less costs to sell (recoverable amount) and comparing this to the carrying value of the asset. The Company has not determined the IPR&D asset to be impaired as of December 31, 2021.

The key assumptions used in the valuation model in accordance with an income approach to determine the recoverable amount include observable and unobservable key inputs as follows:

- Anticipated research and development costs;
- Anticipated costs of goods and sales and marketing expenditures;
- Probability of achieving clinical and regulatory development milestones in accordance with certain industry benchmarks;
- Target indication prevalence and incidence rates;
- Anticipated market share;
- General commercialization expectations such as anticipated pricing and uptake;
- Expected patent life and market exclusivity periods; and
- Other metrics such as the tax rate

The Company's valuation model calculates the risk-adjusted, net cash flows through the projected period of market exclusivity across target sales regions. The Company uses a discount rate of 15%, based on the assumed cost of capital for the Company over the forecast period.

### Intercompany equity investment

The Company commenced financial operations in the United States in Q2 2021 via the opening of its fully-owned subsidiary, AC Immune USA, Inc. ("the Subsidiary"). The Subsidiary is located at 1230 Ave. of the Americas Ste. 1634, New York, USA, and is registered and organized under the laws of Delaware, USA. The Company owns 100% of the Subsidiary, paying in less than USD 1 (CHF 1) for 100 shares of par value USD 0.01 of the Subsidiary's shares.

### Financial assets and liabilities

The Company's financial assets and liabilities are comprised of receivables, cash and cash equivalents, short-term financial assets and trade payables.

*Receivables*

Receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as long-term assets. Receivables are recognized at their billing value. An allowance for doubtful accounts is recorded for potential estimated losses when there is evidence of the debtor's inability to make required payments and the Company assesses on a forward-looking basis the expected credit losses associated with these receivables held at amortized cost.

*Short-term financial assets*

Short-term financial assets are held with external financial institutions and comprise fixed-term deposits with maturities ranging from more than 3 until 12 months in duration.

*Cash and cash equivalents*

Cash and cash equivalents include deposits held with external financial institutions and cash on hand. All cash and cash equivalents are either in cash or in deposits with original duration of less than 3 months. The Company assesses at each period whether there is objective evidence that financial assets are impaired.

*Trade payables*

Trade payables are recognized initially at nominal amount, which represents cost incurred.

**Significant Shareholders**

Principal shareholders who own more than 5 percent of the voting rights as at 31 December:

Principal Shareholders	Shares Owned 2021		Shares Owned 2020	
	Number	Percent	Number	Percent
<b>5% Shareholders</b>				
dievini Hopp BioTech holding GmbH & Co KG <sup>(1)</sup>	18,041,000	21.6%	18,041,000	25.1%
Varuma AG <sup>(2)</sup>	11,999,999	14.4%	11,999,999	16.7%
Affiris <sup>(3)</sup>	10,133,474	12.1%	-	-
BVF Inc. <sup>(4)</sup>	7,062,379	8.5%	9,816,658	13.6%

(1) Represents 18,041,000 shares held by dievini Hopp BioTech holding GmbH & Co KG. Dietmar Hopp controls the voting and investment decisions of the ultimate parent company of dievini Hopp BioTech holding GmbH & Co KG. The shares registered in the name of dievini Hopp BioTech holding GmbH & Co KG may also be deemed to be beneficially owned by Friedrich von Bohlen und Halbach, who is a managing director of dievini Hopp BioTech holding GmbH & Co KG. The address for dievini Hopp BioTech holding GmbH & Co KG, Friedrich von Bohlen und Halbach is Johann-Jakob-Astor Str. 57, 69190 Walldorf, Germany.

(2) The address for Varuma AG is Aeschenvorstadt 55, CH-4051 Basel, Switzerland. Rudolf Maag controls the voting and investment decisions of Varuma AG.

(3) Based on information set forth in a Schedule 13G filed with the SEC by Affiris on August 5, 2021, (i) these shares consist of 7,106,840 shares held of record by Affiris AG, as well as 1,513,317 shares that were issuable upon the conversion of notes held by Santo Venture Capital GmbH and 1,513,317 shares that were issuable upon the conversion of notes held by FCPB Affi GmbH; and (iii) the address of Affiris AG is Karl-Farkas-Gasse 22, 1030 Vienna, Austria, the address of by Santo Venture Capital GmbH is Bergfeldstrasse 9, 83607 Holzkirchen, Germany and the address of FCPB Affi GmbH is Freihamer Strasse 2, 82166 Gräfelfing, Germany. The convertible notes held by Santo Venture Capital GmbH and FCPB Affi GmbH were fully settled in Q4 2021.

(4) Based on information set forth in a Schedule 13G filed with the SEC by Biotechnology Value Fund on February 14, 2020, these shares consist of 7,062,379 shares held of record by BVF Inc. The address of BVF Inc. is 44 Montgomery St., 40th Floor, San Francisco, California 94104.

**Operating lease liabilities**

We have been a tenant at our current location in the EPFL Innovation Park in Ecublens/Lausanne since shortly after our inception in 2003. We lease our corporate, laboratory and other facilities under multiple operating leases that are month to month with no termination clause longer than a 12-month contractual notice period. Our lease agreements are structured such that we can exit these lease agreements without penalty provided we give the owner of our premises sufficient notice. As of 31 December 2021, the total minimum liability for the remaining term was CHF 963 thousand.

**Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**Critical judgments and accounting estimates**

The preparation of financial statements in conformity with the Swiss Code of Obligations 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.

The areas where AC Immune has had to make judgments, estimates and assumptions relate to (i) revenue recognition on collaboration and licensing agreements, (ii) clinical development accruals and (iii) our in-process research and development (IPR&D) asset. 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.

Information relating to items on Balance Sheet and Income Statement

## 3. Property, plant and equipment

in CHF thousands	As at 31 December,	
	2021	2020
Furniture	421	214
IT equipment	1,754	1,503
Lab equipment	9,196	7,951
Leasehold improvements	1,295	464
Total property, plant and equipment	12,666	10,132
Accumulated depreciation	(7,550)	(5,712)
<b>Total</b>	<b>5,116</b>	<b>4,420</b>

## 4. Intangible assets

in CHF thousands	As at 31 December,	
	2021	2020
Intangible assets	50,416	-
<b>Total</b>	<b>50,416</b>	<b>-</b>

## 5. Long-term financial assets

in CHF thousands	As at 31 December,	
	2021	2020
Rental deposit (restricted cash)	358	329
Security deposit	5	5
<b>Total</b>	<b>363</b>	<b>334</b>

## 6. Cash and cash equivalents and short-term financial assets

in CHF thousands	As at 31 December,	
	2021	2020
Cash and cash equivalents	82,198	160,893
Short-term financial assets due in one year or less	116,000	65,000
<b>Total</b>	<b>198,198</b>	<b>225,893</b>

## Cash and cash equivalents by currency

CHF	64,941	152,537
EUR	2,253	4,215
USD	15,004	4,141
<b>Total</b>	<b>82,198</b>	<b>160,893</b>

## 7. Other current receivables

in CHF thousands	As at 31 December,	
	2021	2020
Other current receivables		
- From third parties	428	329
- Intercompany	1,087	-
<b>Total</b>	<b>1,515</b>	<b>329</b>

## 8. Prepaid expenses

in CHF thousands	As at 31 December,	
	2021	2020
Prepaid expenses	1,937	3,954
<b>Total</b>	<b>1,937</b>	<b>3,954</b>

## 9. Accrued income

in CHF thousands	As at 31 December,	
	2021	2020
Accrued income	975	1,591
<b>Total</b>	<b>975</b>	<b>1,591</b>

## 10. Trade payables and accrued expenses

in CHF thousands	As at 31 December,	
	2021	2020
Trade payables	2,003	2,184
Accrued payroll expenses	3,562	3,494
Accrued R&D costs	10,031	5,298
Other accrued expenses	3,141	2,293
Total accrued expenses	16,734	11,085
<b>Total</b>	<b>18,737</b>	<b>13,269</b>

As at 31 December 2021 and 2020 the Company held liabilities toward our pension insurance provider, amounting to nil and CHF 493 thousand, respectively.

## 11. Deferred income

in CHF thousands	As at 31 December,	
	2021	2020
Current portion of deferred income	717	307
<b>Total deferred income</b>	<b>717</b>	<b>307</b>

## 12. Share capital

As of 31 December 2021 and 2020, the issued share capital amounted to CHF 1,792,702 and CHF 1,537,748, respectively, and is composed of common shares of 89,635,115 and 76,887,449, respectively. The common shares have nominal values of CHF 0.02 per share. All shares have been fully paid.

## 13. Treasury shares

in CHF thousands	As at 31 December,			
	2021		2020	
	Number	CHF	Number	CHF
Treasury shares – Tranche 1 (September 2020)	1,228,457	24	5,000,000	100
Treasury shares – Tranche 2 (May 2021)	2,393,160	48	-	-
Treasury shares reserved for Stock Option and Incentive Plan	2,600,000	52	-	-
<b>Total</b>	<b>6,221,617</b>	<b>124</b>	<b>5,000,000</b>	<b>100</b>

Commencing in September 2020, the Company established an “at the market offering” (ATM) for the sale of up to USD 80 (CHF 73.9) million worth of our common shares from time to time by entering into an Open Market Sale Agreement (Sales Agreement) with Jefferies LLC (Jefferies). We entered into a New Sale Agreement in Q2 2021 to replace and extend the ATM program. To date, the Company has sold 1,171,543 million common shares previously held as treasury shares pursuant to the New Sale Agreement, raising USD 13.6 (CHF 12.1) million, net of underwriting fees and transaction costs.

The Company has obtained a tax ruling from the concerned Cantonal Tax Authority at its place of incorporation, to obtain confirmation that the placement of these treasury shares for a subscription price superior to their nominal value will not trigger any corporate income tax for the Company, provided it occurs within 12 months from the issuance of the shares. The Company sold 1,171,543 shares in 2021 within that deadline, wholly from the first tranche.

Furthermore, 2,600,000 shares, from the first tranche, have been reserved by the board of directors for use only under the Company’s current Stock Option and Incentive Plan per a further tax ruling with the concerned Cantonal Tax Authority without corporate income tax consequences for the Company. None of those shares have been sold and are subsequently recorded as treasury shares as of December 31, 2021.

In May 2021, an additional 2,393,160 fully paid in treasury shares were issued as part of second tranche for the ATM for future subscription. None of those shares have been sold and they are subsequently recorded as treasury shares as of December 31, 2021. They are covered by the same above-mentioned tax rulings.

## 14. Revenue

in CHF thousands	For the Years Ended 31 December,	
	2021	2020
Revenue	1,248	16,766
<b>Total</b>	<b>1,248</b>	<b>16,766</b>

## 15. Operating expenses

in CHF thousands	For the Years Ended 31 December,	
	2021	2020
<b>Salaries and related costs</b>		
- related to research and development	16,021	13,912
- related to general administrative	8,065	8,769
<b>Total salaries and related cost</b>	<b>24,086</b>	<b>22,681</b>
<b>Research and development expenses</b>		
- related to research and development	40,076	42,724
<b>Total research and development expenses</b>	<b>40,076</b>	<b>42,724</b>
<b>General and administrative expenses</b>		
- related to general and administrative	9,508	7,109
- related to offering costs	382	-
- related to intercompany transactions	158	-
<b>Total general and administrative expenses</b>	<b>10,048</b>	<b>7,109</b>
Depreciation of fixed assets	1,901	1,523
<b>Total operating expenses</b>	<b>76,111</b>	<b>74,037</b>

## 16. Financial income and expenses

in CHF thousands	For the Years Ended 31 December,	
	2021	2020
<b>Financial income</b>		
- interest income	-	38
- foreign exchange gain	159	-
- other financial income	26	-
- gain on asset disposal	4	64
<b>Total financial income</b>	<b>189</b>	<b>102</b>
<b>Financial expenses</b>		
- foreign exchange (losses)	-	(555)
- bank fees	(7)	(9)
- interest expense	(510)	(83)
- loss on asset disposal	(13)	(8)
<b>Total financial expenses</b>	<b>(530)</b>	<b>(655)</b>
<b>Total financial result</b>	<b>(341)</b>	<b>(553)</b>



## 17. Shareholders rights and equity awards

The following table presents information on the allocation of shares and equity awards to executive officers, directors and employees in accordance with Article 959c, paragraph 2, number 11 Swiss Code of Obligations (CO) as at 31 December 2021:

in CHF thousands	Shares		Equity Awards	
	Number	CHF	Number	CHF
Issued to executive officers and directors	2,682,919	12,262	2,284,417	11,409
Issued to employees	413,366	1,889	1,267,650	5,686
<b>Total</b>	<b>3,096,285</b>	<b>14,151</b>	<b>3,552,067</b>	<b>17,095</b>

Share values are based on the Company's share price of USD 4.95 (CHF 4.57) on 31 December 2021. Equity awards are comprised of options and non-vested stock (restricted shares and restricted share units) awards. The fair value of our options is determined using the Black-Scholes-Merton Model and our non-vested stock awards are valued using a reasonable estimate of market value of the common stock on the date of the award. Total shares are derived from our transfer agent's records as at 31 December 2021.

The table below presents beneficial ownership of executive officers and directors, including affiliated entities, if applicable, in accordance with Article 663c CO as at 31 December 2021:

	Number of Shares 2021	Number of Equity Awards 2021
Beneficial ownership of executive officers and directors		
Andrea Pfeifer, Ph.D., Chief Executive Officer and Director	2,303,420	777,325
Marie Kosco-Vilbois, Ph.D., Chief Scientific Officer	64,365	191,091
Johannes Rolf Streffer, M.D., Chief Medical Officer	14,200	94,877
Piergiorgio Donati, Chief Technical Operations Officer	4,500	111,547
Joerg Hornstein, Chief Financial Officer	-	650,623
Jean-Fabien Monin, Chief Administrative Officer	292,411	101,634
Douglas Williams, Ph.D., Chairman and Director	-	71,621
Thomas Grancy, Director	4,023	59,157
Werner Lanthaler, Ph.D., Director	-	59,235
Roy Twyman, M.D., Director	-	65,511
Carl June, M.D., Director	-	44,316
Alan Colowick, M.D., Director	-	28,860
Monika Bütler, Ph.D., Director	-	14,310
Monica Shaw, M.D., Director	-	14,310

## 18. Post balance sheet events

Management has evaluated subsequent events after the balance sheet date, through the issuance of these financial statements, for appropriate accounting and disclosures. The Company has determined that there were no other such events that warrant disclosure or recognition in these financial statements.

# 2021 Compensation report





Compensation Report in Accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance)

**Contents**

- Report of the Statutory Auditor
- Compensation of the Board of Directors
- Compensation of the Members of the Executive Management
- Equity Incentive Plans of the Board of Directors and the Members of the Executive Management

**Annex**

- Compensation Philosophy, Principles and Governance
-

**AC Immune SA**

**Ecublens**

Report of the statutory auditor to the  
General Meeting

on the compensation report 2021



**Report of the statutory auditor**  
to the General Meeting of AC Immune SA

Ecublens

We have audited the compensation report of AC Immune SA for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables 1.c., 2.c. and 3 and the information in sections 1.b. and 3 of the compensation report.

**Board of Directors' responsibility**

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's responsibility**

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

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

**Opinion**

In our opinion, the compensation report of AC Immune SA for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

/s/ Michael Foley  
Audit expert  
Auditor in charge

/s/ Justin Coppey  
Audit expert

Lausanne, 22 March 2022

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This compensation report of AC Immune SA (the “Company”) has been prepared in accordance with the Federal Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (“Ordinance”), effective January 1, 2014.

**1. Compensation of the Board of Directors**  
**a. Board Composition in 2021 and 2020**

Name	Appointment	Board	Audit Committee	Compensation and Nomination Committee
Douglas Williams, Ph.D.	2018	Chairman (1)		Chairman
Martin Velasco	2003	Vice-Chairman (1)(3) (8) (10)	Member (8)	Member (8)
Peter Bollmann, Ph.D.	2015	Director (8)	Chairman (8) (9)	
Thomas Graney	2016	Director	Member	Member
Andrea Pfeifer, Ph.D.	2016	Director – CEO		
Werner Lanthaler, Ph.D.	2018	Director	Member	
Roy Twyman, M.D.	2019	Director (2)		Member (7)
Carl June, M.D.	2020	Director (4)		
Alan Colowick, M.D.	2021 (6)	Director (6)		
Monika Bütler, Ph.D.	2021 (7)	Director (7)	Chairman (7)	
Monica Shaw, M.D.	2021 (7)	Director (7)		
Friedrich von Bohlen und Halbach, Ph.D.	2015	Director (5)		

- (1) — Appointed June 28, 2019
- (2) — Appointed June 28, 2019
- (3) — Chairman from 2003 through June 28, 2019
- (4) — Appointed November 20, 2020
- (5) — Term expired June 26, 2020
- (6) — Appointed March 31, 2021
- (7) — Appointed October 29, 2021
- (8) — Retired October 29, 2021
- (9) — Chairman from 2016 through October 29, 2021
- (10) — Appointed Honorary Chairman October 29, 2021; position of Vice-Chairman no longer exists

Our Board of Directors is composed of eight directors, not including our Chief Executive Officer (“CEO”). Each director is elected for a one-year term. The current members of our Board of Directors were appointed at either the shareholders’ meeting held on June 25, 2021 or the extraordinary shareholders’ meeting held on October 29, 2021 to serve until the 2022 shareholders’ meeting planned for June 2022.

Pursuant to the NASDAQ Marketplace Rule 5615(a)(3), the Company follows Swiss rules in lieu of the NASDAQ exchange listing rules for rules regarding the nominations committee, independent director oversight of executive officer compensation, majority independent board representation and the establishment of, or amendments to, equity-based compensation plans for employees. Swiss law does not require that a majority of our Board of Directors consists of independent directors. Taking into account all applicable committee independence standards, Douglas Williams, Thomas Graney, Werner Lanthaler, Roy Twyman, Carl June, Alan Colowick, Monika Bütler and Monica Shaw are “independent directors”. Peter Bollmann, Martin Velasco, and Friedrich von Bohlen und Halbach were deemed “independent” during their tenures as members of our Board of Directors. In making such determination, our Board of Directors considered the relationships that each non-employee director has with us and all other facts and circumstances our Board of Directors deemed relevant in determining the director’s independence, including the number of ordinary shares beneficially owned by the director and his or her affiliated entities, if any.

## **b. Compensation Structure**

Board members are paid a fixed fee dependent on the function exercised. Such fees have been established in light of market practice. In addition to the fixed fee, board members are awarded equity instruments under the Company's equity incentive plans as described within the section "Equity Incentive Plans" of this report.

Commencing in and since July 2019, annual fixed fees totaled, and were paid semi-annually, in Swiss Francs ("CHF") as follows:

- KCHF 87 (net of social charges) for the Chairman of the Board
- KCHF 70 (net of social charges) for the Vice-Chairman of the Board
- KCHF 54 (net of social charges) for other members of the Board
- KCHF 12 (net of social charges) for the Audit and Finance Committee Chairman
- KCHF 6 (net of social charges) for members of the Audit and Finance Committee
- KCHF 15 (net of social charges) for the Compensation, Nomination and Governance Committee Chairman
- KCHF 10 (net of social charges) for members of the Compensation, Nomination and Governance Committee

**c. 2021 and 2020 Board Compensation**

In 2021 and 2020, the total compensation of the members of the Board of Directors consists of board fees, social charges and compensation paid in the form of equity instruments and is outlined below:

Year	Name	Gross Cash Compensation	Social Contribution	FMV of Equity instruments granted (2) (3)	Total Annual Compensation
(in CHF thousands)					
2021	Douglas Williams, Ph.D.	109	10	82	201
2020		109	10	82	201
2021	Martin Velasco	75	5	74	154
2020		90	6	74	170
2021	Peter Bollmann, Ph.D.	57	3	66	126
2020		69	6	66	141
2021	Thomas Graney	70	-	66	136
2020		70	-	66	136
2021	Andrea Pfeifer, Ph.D. (1)	-	-	-	-
2020		-	-	-	-
2021	Werner Lanthaler, Ph.D.	64	6	66	136
2020		64	6	66	136
2021	Roy Twyman, M.D.	56	-	66	122
2020		54	-	66	120
2021	Carl June, M.D.	54	-	66	120
2020		6	-	105	111
2021	Alan Colowick	41	-	132	173
2020		-	-	-	-
2021	Monika Bütler	12	1	43	56
2020		-	-	-	-
2021	Monica Shaw	10	1	43	54
2020		-	-	-	-
2021	Friedrich von Bohlen und Halbach, Ph.D. (4)	-	-	-	-
2020		27	-	-	27
	<b>Total 2021</b>	<b>548</b>	<b>26</b>	<b>704</b>	<b>1,278</b>
	<b>Total 2020</b>	<b>489</b>	<b>28</b>	<b>525</b>	<b>1,042</b>

(1) — There is no compensation for board participation; compensation for Andrea Pfeifer is included in section 2c below

(2) — Stock options were granted in 2021 and 2020 and Restricted Share Units (“RSUs”) in 2018. These awards are further described in Section 3 below. We estimate the fair value of restricted share units using a reasonable estimate of market value of the common shares on the date of the award. Stock options granted are valued using the Black-Scholes model

(3) — Fair market value (“FMV”) excludes Swiss social security contributions since such contributions are only due if and when the equity instrument is exercised. However, say-on-pay remuneration proposals include an amount for social security contributions.

(4) — Term expired June 26, 2020



**d. Loans to Board Members, payments to former members of the Board of Directors and payments to Related Parties of Members of the Board of Directors**

For the years ended December 31, 2021 and 2020, the Company granted no loans to members or former members of the Board of Directors. Additionally, as of December 31, 2021 and 2020, no such loans or credit payments existed to present or former members of the Board of Directors, or to related parties of present or former members of the Board of Directors.

For the years ended December 31, 2021 and 2020, no disclosable compensation was paid to related parties or former members of the Board of Directors.

**2. Compensation for Members of Executive Management**

**a. Executive Management Composition**

The Executive Management during 2021 and 2020 was comprised of:

Name	Function	Appointment
Andrea Pfeifer, Ph.D.	Chief Executive Officer	2003
Marie Kosco-Vilbois, Ph.D.	Chief Scientific Officer	2019
Joerg Hornstein	Chief Financial Officer	2017
Jean-Fabien Monin	Chief Administrative Officer	2009
Piergiorgio Donati	Chief Technical Operations Officer	2019
Johannes Streffer, M.D. (1)	Chief Medical Officer	2021

(1) — Dr. Johannes Streffer was appointed Chief Medical Officer effective January 11, 2021

**b. Executive Compensation Principles**

Each member of the Executive Management receives remuneration consisting of a base salary, incentive plan, social benefits and an equity incentive plan as described more fully in the annex to this report.

**c. 2021 and 2020 Executive Compensation**

The total compensation of the Executive Management and the highest individual compensation of the members of the Executive Management for the years ended December 31, 2021 and 2020, respectively, are outlined below:

Year	Name	Cash Compensation	Other Compensation	Pension (employer)	Employer's Social Contribution (1)	Cash Bonus	Total	Equity FMV excluding Social Contributions (2) (3)
(in CHF thousands)								
2021	Andrea Pfeifer, Ph.D.	530	28	75	94	465	1,192	1,150
2020		520	28	75	88	395	1,106	1,100
2021	Total Executive	2,197	93	266	324	1,198	4,078	3,128
2020	Management Compensation	1,735	76	214	266	856	3,147	2,423

- (1) — Amounts exclude social charges related to the exercise of options in the amount of CHF 17K and CHF 42K in the aggregate for Executive Management in 2021 and 2020, respectively
- (2) — Stock options were granted in 2021 and 2020 and Restricted Share Units in 2018 and are further described in Section 3 below. Stock Options awarded in 2021 will fully vest from 2021 through 2025. We estimate the fair value of restricted share units using a reasonable estimate of market value of the common shares on the date of the award. Stock options granted are valued using the Black-Scholes model
- (3) — Fair market value (FMV) excludes Swiss social security contributions since such contributions are only due if and when the equity instrument is exercised. However, say-on-pay remuneration proposals include an amount for social security contributions.

**d. Loans, Severance or other Compensation Paid to Members or Former Members of the Executive Management**

For the years ended December 31, 2021 and 2020, the Company granted no loans and no severance payments were made or other compensation paid or promised to members or former members of the Executive Management. Additionally, as of December 31, 2021 and 2020, no such loans or credit payments existed to present or former members of the Executive Management, or to related parties of present or former members of the Executive Management.

For the years ended December 31, 2021 and 2020, no compensation was paid to related parties of present or former members of the Executive Management.

### 3. Equity Incentive Plans of the Board of Directors and the Executive Management

#### Board of Directors and Executive Management Equity Incentive Plan Summary

The Members of the Board of Directors and Executive Management held the following equity instruments, as outlined in the following two tables, as of December 31, 2021 and 2020:

#### Investments held by members of the Board of Directors <sup>(1)</sup>

Year	Name	Function	Number of Shares	Number of Options – Vested (5)	Number of Options – Unvested (4) (5)	Number of Restricted Share Units – Vested (3)	Number of Restricted Share Units – Unvested (3)
2021	Douglas Williams, Ph.D.	Chairman	-	42,819	15,984	12,818	-
2020		Chairman	-	23,295	19,524	10,876	1,942
2021	Martin Velasco (2)	Vice-Chairman	-	-	-	-	-
2020		Vice-Chairman	444,250	21,023	17,619	11,828	-
2021	Peter Bollmann, Ph.D. (2)	Director	-	-	-	-	-
2020		Director	46,609	18,750	15,714	-	-
2021	Thomas Graney	Director	4,023	34,464	12,865	11,828	-
2020		Director	4,023	18,750	15,714	11,828	-
2021	Werner Lanthaler, Ph.D.	Director	-	34,464	12,865	11,906	-
2020		Director	-	18,750	15,714	9,922	1,984
2021	Roy Twyman, M.D.	Director	-	46,585	18,926	-	-
2020		Director	-	24,811	27,835	-	-
2021	Carl June, M.D.	Director	-	18,472	25,844	-	-
2020		Director	-	-	31,451	-	-
2021	Alan Colowick, M.D.	Director	-	3,471	25,389	-	-
2020		Director	-	-	-	-	-
2021	Monika Büttler, Ph. D.	Director	-	-	14,310	-	-
2020		Director	-	-	-	-	-
2021	Monica Shaw, M. D.	Director	-	-	14,310	-	-
2020		Director	-	-	-	-	-
	Total 2021		4,023	180,275	140,493	36,552	-
	Total 2020		494,882	125,379	143,571	44,454	3,926

(1) — Excluding Andrea Pfeifer, CEO, whose holdings are listed under Executive Management

(2) — Retired October 29, 2021 and no longer a Director as of December 31, 2021

(3) — Each RSU granted entitles the Grantee an equivalent number of common shares of the Company. The settlement and delivery of shares shall only occur upon payment of the Settlement Price of the Restricted Share Unit

(4) — Stock Options awarded in 2021 will fully vest from 2022 through 2024

(5) — Each stock option award entitles the Grantee the right and option to purchase all or any part of the number of common shares of the Company, equivalent to the number of stock options exercised

**Investments held by members of the Executive Management**

Year	Name	Function	Number of Shares	Number of Options – Vested (2)	Number of Options - Unvested	Number of Restricted Share Units – Vested (3)	Number of Restricted Share Units – Unvested
2021	Andrea Pfeifer, Ph.D. (1)	Chief Executive Officer	2,303,420	305,508	454,682	17,135	-
2020		Chief Executive Officer	2,352,215	253,568	427,611	4,284	12,851
2021	Marie Kosco-Vilbois, Ph.D.	Chief Scientific Officer	64,365	31,931	159,160	-	-
2020		Chief Scientific Officer	20,661	21,852	132,298	-	-
2021	Joerg Hornstein	Chief Financial Officer	-	371,029	279,594	-	-
2020		Chief Financial Officer	-	240,411	267,897	-	-
2021	Jean-Fabien Monin	Chief Administrative Officer	292,411	41,679	59,158	-	797
2020		Chief Administrative Officer	289,940	18,805	53,000	551	2,717
2021	Piergiorgio Donati	Chief Technical Operations Officer	4,500	47,745	63,802	-	-
2020		Chief Technical Operations Officer	4,500	23,416	59,668	-	-
2021	Johannes Streffer, M. D.	Chief Medical Officer	14,200	11,860	83,017	-	-
2020		Chief Medical Officer	-	-	-	-	-
	Total 2021		2,678,896	809,752	1,099,413	17,135	797
	Total 2020		2,667,316	558,052	940,474	4,835	15,568

- (1) — A portion of the shares correspond to pre-IPO preferred shares acquired directly by the member through the Company's successive financial rounds (Series A, B, C and D) and cannot be assimilated to compensation in equity
- (2) — Each stock option award entitles the Grantee the right and option to purchase all or any part of the number of common shares of the Company, equivalent to the number of stock options exercised
- (3) — Each RSU entitles the Grantee an equivalent number of common shares of the Company. The settlement and delivery of shares shall only occur upon payment of the Settlement Price of the Restricted Share Unit

**Compensation of Current and Former Members of the Board and Executive Management**

In connection with RSUs settled and options exercised in 2021 and 2020 by current and former members of the Board and Executive Management, AC Immune paid social contributions, in accordance with applicable laws, on the gain resulting from the difference in exercise price and fair value of the shares at the time of the exercise. With regard to the former Board and Executive Management members, AC Immune paid a total of nil and CHF 5K in 2021 and 2020, respectively. With regard to the current Board and Executive Management members, AC Immune paid a total of CHF 17K and CHF 45K in 2021 and 2020, respectively.

## Compensation Philosophy, Principles and Governance

AC Immune SA is a clinical-stage biopharmaceutical company leveraging our two proprietary technology platforms to discover, design and develop novel proprietary medicines and diagnostics for prevention and treatment of neurodegenerative diseases (NDD) associated with protein misfolding. Misfolded proteins are generally recognized as the leading cause of NDD, such as Alzheimer's disease (AD) and Parkinson's disease (PD), with common mechanisms and drug targets, such as amyloid beta (Abeta), Tau, alpha-synuclein (a-syn) and TDP-43. Our corporate strategy is founded upon a three-pillar approach that targets (i) AD, (ii) focused non-AD NDD including Parkinson's disease, ALS and NeuroOrphan indications and (iii) diagnostics. We use our two unique proprietary platform technologies, SupraAntigen™ (conformation-specific biologics) and Morphomer™ (conformation-specific small molecules), to discover, design and develop novel medicines and diagnostics to target misfolded proteins.

AC Immune's compensation policy is designed to attract, motivate and retain talent in order to support the achievement of the Company's financial and strategic objectives. The policy further aims at ensuring a fair and competitive compensation package. The Board believes that by combining short- and long-term incentive elements, the compensation system helps to align the interests of the Board members and Executive Management with the interests of the Company and its shareholders. In addition, compensation elements are focused on rewarding the delivery of outstanding and sustainable results without inappropriate risk-taking.

In 2021 and 2020, the Company engaged a reputable compensation and performance expert firm to benchmark the compensation level and structure for the members of the Board and Executive Management. The analysis included compensation data of the comparable Pharma/Biopharma companies, including several US-based companies. The Board concluded that adjustments to the compensation were required in order for AC Immune to remain a competitive employer.

### *Method of Determining Compensation*

#### *The Role and Powers of the Compensation, Nomination and Governance Committee (CNC)*

The CNC consists of three (3) members, who are appointed at the Annual Shareholders' Meeting, or in case of vacancies, the Board of Directors may appoint substitutes from amongst its members for the remaining term of office. The committee enacts its own charter.

#### *Compensation Guidelines:*

The CNC recommends guidelines for the compensation of the members of the Board of Directors, the CEO and the Executive Management, and submits these recommendations to the Board of Directors for approval.

The CNC provides an overall package for near- and long-term compensation, including variable compensation, that (1) is designed to attract, motivate and retain persons with the necessary skills and character, (2) is consistent with market conditions, and in the case of variable compensation, consistent with the Company's and individual's performance, and (3) aligns the interests of the members of the Board of Directors and the Executive Management with the interests of the Company. The CNC also periodically reviews the Company's compensation policies for its employees who are not members of the Executive Management.

The CNC meets at least four times per year and informs the Board of Directors of its recommendations and resolutions after each meeting.

#### ***Approval of Compensation by the Annual Shareholders' Meeting***

Swiss law requires a binding approval of the maximum compensation for the Board and the Executive Management. Until the Annual Shareholders' Meeting of 25 June 2021, shareholders separately approved the total maximum amounts proposed by the Board of Directors pursuant to Articles 32 and 33 of the Articles of Association for:

- (1) the non-performance-related compensation of the Board of Directors for the next term of office;
- (2) a possible additional compensation of the Board of Directors for the preceding business year;
- (3) the non-performance-related compensation of the Executive Management for the 12-month period starting on 1 July following the Annual Shareholders' Meeting;
- (4) the variable compensation for the Executive Management for the current year; and
- (5) the grant of options, shares or other equity instruments in the Company to the Board of Directors and the Executive Management.

Under the new system, approved by the shareholders on 25 June 2021, shareholders will approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:

- (1) the compensation of the Board of Directors for the period until the next Annual Shareholders' Meeting;
- (2) the compensation of the Executive Committee for the following financial year.

Art. 47 of the AoA contains transitional provisions and regulates which decisions need to be taken in the 2022 Annual Shareholders' Meeting.

The respective total compensation amounts include social security and occupational pension contributions for the benefit of the members of the Board of Directors, the Executive Management and the Company.

If the Annual Shareholders' Meeting refuses to approve a respective motion by the Board of Directors, the Board of Directors may either submit a new motion at the same meeting or determine a maximum total remuneration or several maximum partial remunerations, subject to the relevant principles of the compensation, or submit a new motion to the next Annual Shareholders' Meeting for approval. The Company may pay remunerations within the framework of the maximum total or partial remuneration and subject to the approval by the Annual Shareholders' Meeting.

#### ***Compensation of the Board of Directors***

The CNC reviews and proposes to the Board of Directors the resolution to be submitted to the Annual Shareholders' Meeting for the maximum total compensation of the Board of Directors. The CNC will also request approval by the Board of Directors of the individual compensation packages to be paid to members of the Board of Directors.

The compensation for members of the Board typically consists of:

- (1) Annual cash compensation
- (2) Annual grant of equity

Both components do not depend on the achievement of corporate goals or the individual performance of a Board member. Additionally, the Company pays the employer's social security contributions due on these amounts. Board members do not receive any variable compensation and do not participate in the Company's pension plan.

#### ***Compensation of the Executive Management***

The CNC evaluates annually the performance of the CEO and the Executive Management and submits such evaluation for review and approval by the Board of Directors, in each case in an executive session without the presence of the CEO or the Executive Management.

Subject to and within the bounds of the maximum compensation approved by the Annual Shareholders' Meeting, the CNC reviews and recommends for approval by the Board of Directors the annual base salary, incentive compensation (bonus) and equity compensation of the CEO, and in consultation with the CEO, of the Executive Management, and the overall compensation of the CEO and the Executive Management. The CNC also requests approval by the Board of Directors regarding the determination of the compensation-related targets for the Executive Management and requests approval by the Board of Directors of the individual compensation packages to be paid to members of the Executive Management.

#### ***Elements of Compensation for 2021 and 2020***

##### ***Base Salary***

Base salaries are highly competitive in order to attract, motivate, and retain persons with the necessary skills and character. The salary level is based on the scope of the position and market conditions and the individual's profile in terms of experience and skills. The fixed compensation for the Executive Management members includes base salary, social security contributions and payments to the pension fund by the Company. Base salaries are reviewed annually by the CNC, taking into account individual performance and the results of the external benchmarking.

##### ***Incentive Plan (Bonus)***

The CNC proposes to the Board of Directors an incentive compensation plan providing for variable compensation of the members of the Executive Management based on the achievement of the Company's corporate goals and in relation to the Executive Management based on the individuals' performance, and approves any changes to such plan as may be proposed by the CEO from time to time. The CNC reviews and approves any employment contracts, severance contracts, or other agreements that the Company proposes to enter into with any present, future or former members of the Executive Management, provided that the key terms of such contracts shall be submitted for approval by the Board of Directors and shall be within the bounds of the maximum compensation approved by the Annual Shareholders' Meeting.

The annual cash bonus for 2021 and 2020 was based on the achievement of Company and individual goals. The target bonus (i.e. cash bonus to be paid if 100% of corporate and individual objectives are met) is determined individually for each member of the Executive Management as a fixed amount, ranging from approximately 28% (27% in 2020) to 69% (69% in 2020) of the base salary. According to the external benchmarking, the target bonuses continued to be in the low range of the peer group. The 2021 corporate goals included: (i) fulfillment of various R&D milestones and (ii) advancement of several R&D pre-clinical and clinical programs. The 2020 corporate goals included: (i) fulfillment of various R&D milestones, (ii) advancement of several R&D pre-clinical and clinical programs, and (iii) compliance with SOX 404 regulations by Q4. The weightings of the corporate and individual goals are defined for each executive management member and vary depending on the position. In general, the higher the position of an employee, the more weight is put on the achievement of corporate goals rather than on individual goals. The Board determined that the actual target achievement of the 2021 and 2020 corporate goals was 100.0% and 102.0%, respectively.

### ***Pension Plan and Social Charges***

#### **Pension Plan**

The Company participates in a collective foundation covering all of its employees including its executive officers. In addition to retirement benefits, the plan provides death or long-term disability benefits. Contributions paid to the plan are computed as a percentage of salary, adjusted for the age of the employee and shared approximately 47% (47% in 2020) and 53% (53% in 2020) by employee and employer, respectively. This plan is governed by the Swiss Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG), which requires contributions to be made to a separately administered fund. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

#### **Social Charges**

The Company pays old age and survivors' insurance (AHV), Disability insurance (IV), and Income replacement scheme (EO) as required by Federal Swiss law.

### ***Equity Incentive Plans***

#### **Current Plan**

The 2016 Option and Incentive Plan as amended and restated as of October 7, 2019 (the "2016 Plan") was established for the officers, employees, non-employee directors and consultants of AC Immune SA. In June 2019, the Board authorized, and the shareholders approved, an increase in the maximum number of shares reserved for issuance under the 2016 Plan. In October 2019, the Board authorized a second amendment and restatement to the 2016 Plan. These amendments were made to align certain elements with Swiss statutory requirements and had no financial impact for the Company in 2019. The 2016 Plan provides for a variety of award types, including stock options, restricted share awards, restricted share units, unrestricted share awards, and performance-based awards. Vesting and performance-based conditions vary by grant and are determined by the plan administrator, which is the Compensation Committee of the Board of Directors or the Chief Executive Officer under specified delegation limitations granted by the Board of Directors. However, option awards with an "Exercise Price" shall be determined at the time of grant by the plan administrator, but shall not be less than 100 percent of fair market value on the date of grant. Further, awards with an "Option Term" may not exceed 10 years. In 2021 and 2020, awards were granted to members of the Executive Management and Board of Directors and are disclosed in Section 3 of this report. According to the external benchmarking, the equity awards continued to be in the lower range of the peer group.



## **2016 Option and Incentive Plans**

### **Directors and Executive Consideration**

For the fiscal years ended December 31, 2021 and 2020, we have granted our directors and executive management, in the aggregate, options for the right to acquire 745'762 and 689'702 shares, respectively at an exercise price ranging from US\$ 5.31 to US\$ 7.23 per share in 2021 and US\$ 5.04 to US\$ 6.95 per share in 2020. Directors who have joined the company in 2018 and thereafter, receive an initial option award which vests over a three-year period with vesting to occur annually. Options granted annually to directors vest at the end of a one-year period whereas options granted to executive management vest over a four year period with vesting to occur quarterly. No restricted share units were granted in 2021 and 2020 to either our directors or executive management.

### **Prior Plans**

Since our inception in 2003, we have had four separate Prior Plans under which stock options were granted (Prior Plans A, B and C2 have terminated): Options granted under the C1 Plan from 2013 through the adoption of current 2016 Stock Option and Incentive Plan were taxed upon exercise instead of at grant due to a change in taxation rules. The options granted under Plan C1 vested over a four-year period with 25% of these options vesting each year. The options granted under our current 2016 Stock Option and Incentive Plan have vesting conditions which are determined by the administrator at the time of grant and are specified in the applicable award certificate.

Our Board of Directors has the authority to amend each of the Prior Plans.

### **Other**

#### **Employment Contracts**

The Executive Management of the Company is employed under employment contracts of unlimited duration with a notice period of twelve months for each of the Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, Chief Technical Operations Officer and Chief Medical Officer. The notice period for the Chief Scientific Officer is six months. Executive members are not contractually entitled to termination payments other than the vested portions of the stock options.



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