Molecular Partners reports key financials and corporate highlights for H1 2017: Pipeline development on track with several key milestones ahead

August 30, 2017

Research & Development highlights:

- **Abicipar: Allergan completed patient recruitment in both wet AMD phase 3 studies four months ahead of schedule**
- **MP0250: First patients dosed in phase 2 Multiple Myeloma study; Trial in progress poster to be presented at ESMO Madrid in September 2017**
- **MP0250: IND submitted to FDA for MP0250 in EGFR-mutated Non-Small Cell Lung Cancer (EGFR mut NSCLC) in August 2017**
- **MP0250: Phase 1 recruitment completed with 45 patients**
- **MP0274: Full country approvals received in Switzerland and UK for phase 1 trial of multi-specific DARPin® candidate for treatment of HER2-positive solid tumors; first patient expected for September 2017**
- **Immuno-oncology: Further data on proprietary immuno-oncology programs presented at European Association for Cancer Research in Florence indicating tumor-restricted mode of action**

Team highlights:

- **Patrick Amstutz appointed Chief Executive Officer in May 2017**
- **Gwen Fyfe, MD, elected to the Board of Directors**
- **104 full-time employees, up 2% year-over-year as well as compared to year-end 2016, with a build-out of the clinical team**

Financial highlights:

- **Financial position in H1 2017 continued to develop in line with expectations and guidance**
- **Ongoing strong financial position with CHF 156.9 million in cash and short-term time deposits on hand as of June 30, 2017**
- **Net cash used in operating activities of CHF 20.5 million in H1 2017, reflecting scale-up of R&D, pipeline growth and progress of proprietary clinical programs**
- **Operating loss of CHF 16.7 million and net loss of CHF 19.4 million in the first half 2017**
- **Venture capital holdings reduced to 28% from 42%; Shareholder base diversified as private investors acquired shares from venture capitalists in secondary block trades**

Zurich-Schlieren, August 30, 2017. Molecular Partners AG (SIX: MOLN), a clinical-stage biopharmaceutical company that is developing a new class of drugs, known as DARPin® therapies, today announced its unaudited financial results for the first half year 2017. During the semester, the company achieved two key clinical milestones: the completion of full enrollment in its two phase 3 clinical trials of abicipar in wet AMD, and the dosing of the first patient in the phase 2 trial of MP0250 in multiple myeloma. In addition, the company diversified its shareholder base through the acquisition of a substantial portion of the venture capital investors' shareholdings by new private investors.

"We are very pleased with the progress we made advancing our broad pipeline of DARPin® drug candidates during the first semester of 2017," said Dr. Patrick Amstutz, Chief Executive Officer of Molecular Partners. "In ophthalmology, Allergan achieved full enrollment in the two phase 3 clinical trials of abicipar, the most advanced DARPin® molecule in our pipeline, which we are developing in collaboration with Allergan for the treatment of wet-DMD, four months ahead of schedule. For our lead oncology asset MP0250, we have enrolled the first patients in our multiple myeloma phase 2 clinical trial and we announced NSCLC as the second indication for this promising oncology compound. Finally, we presented compelling additional mode of action data on MP0274, as well as on our growing immuno-oncology franchise at the AACR in April 2017. We are well-positioned to sustain this momentum through the back half of the year."

Patient recruitment in phase 3 trials of abicipar in wet AMD completed ahead of schedule

Patient enrollment in the two phase 3 clinical trials of abicipar for patients with wet age-related macular degeneration (wet AMD) was completed four months ahead of schedule. The company anticipates one-year efficacy data in H2 2018. A further milestone for the company will be the start of a phase 3 trial of abicipar in diabetic macular edema (DME).

First patients dosed in phase 2 study of MP0250

The phase 2 study of MP0250, Molecular Partners' lead oncology asset, is evaluating this agent in combination with bortezomib (Velcade®) and dexamethasone in patients with multiple myeloma who have failed standard therapies. For this study, the first patients have been dosed. The study will occur at centers in Germany, Poland and Italy and will measure the efficacy and safety of MP0250. The company anticipates initial safety data in 2017 and will present a poster at the "Trial in Progress" session at the annual meeting of the European Society of Molecular Oncology (ESMO) in Madrid in September 2017. The company expects to receive efficacy data in 2018.

Non-Small Cell Lung Cancer (NSCLC) announced as second indication for phase 2 trial of MP0250

In addition to the ongoing studies in multiple myeloma, the company announced that MP0250 will also be evaluated in solid tumors. In August 2017, Molecular Partners submitted to the FDA an Investigational New Drug Application (IND) for a phase 1b/2 study of MP0250 in combination with osimertinib (Tagrisso®) in patients with EGFR-mutated Non-Small Cell Lung Cancer (NSCLC) pretreated with osimertinib. Osimertinib, a third-generation TKI targeting EGFR (Epidermal Growth Factor Receptor), has recently become the standard of care for NSCLC patients who harbor a T790M mutation. Despite the availability of osimertinib, however, patients eventually relapse and treatments become ineffective, creating a significant unmet medical need. Targeting HGF and VEGF simultaneously, MP0250 administered in combination with osimertinib offers the possibility to target two of the described escape pathways.

"We are pleased to have reached this important milestone to dose the first patients in our multiple myeloma phase 2 study," commented Dr. Andreas Harstrick, Chief Medical Officer at Molecular Partners. "Looking forward, we are eager to test our hypothesis that MP0250, as part of a combination therapy, can address resistance pathways in both hematological and solid tumors, and, to that end, we submitted an IND for our first solid tumor indication in August 2017."

Compelling MP0274 data presented at AACR Annual Meeting

Molecular Partners received regulatory approvals in Switzerland and UK for its phase 1 trial of MP0274, its multi-specific DARPin® candidate for the treatment of HER2-positive solid tumors. The study initiation is expected in September 2017. MP0274 is a proprietary DARPin® drug candidate for the treatment of HER2-positive cancer with a completely new mode of action compared to current standard of care antibodies. In an oral presentation at the AACR Annual Meeting on April 4, 2017, the company was able to highlight the unique and distinct inhibition of the HER2 signaling cascade, different from trastuzumab, pertuzumab and the combination of both. As the data show, MP0274 induces a profound inhibition of specific downstream signaling pathways, providing mechanistic support to the finding that MP0274 directly kills HER2-addicted tumor cells through the induction of apoptosis.

Progress on the immuno-oncology DARPin® pipeline

Molecular Partners is advancing its immuno-oncology pipeline. Posters were presented at AACR and the EACR conferences, demonstrating the use of multi-specific DARPin® molecules in immuno-oncology, including the simultaneous blocking of PD-1 and VEGF and tumor restricted T-cell activation.

Significant reduction in VC holdings and diversification of shareholder base

On April 6, 2017, Molecular Partners disclosed a substantial reduction in the number of the company's shares held by venture capital firms. Index Ventures Funds fell below 10% to 8.18%, Essex Woodlands Health Ventures Funds below 10% to 7.82%, and Johnson & Johnson Innovation, below 5% to 4.25%. As a result, venture capital investors now own 28% of the company's share capital, versus 42% at the end of 2016. Several private investors acquired these shares from the venture capitalist investors in secondary block trades.

Financial highlights: Ongoing strong cash position, increased development expenses

In the first half-year 2017, Molecular Partners recognized total revenues of CHF 6.0 million (H1 2016: CHF 13.5 million) and incurred operating expenses of CHF 22.7 million (H1 2016: CHF 22.0 million) in line with expectations. This led to an operating loss of CHF 16.7 million for the first half-year (H1 2016: operating loss of CHF 8.5 million). The company recognized net financing expenses of CHF 2.7 million (H1 2016: CHF 1.2 million), mainly driven by negative FX effects on the USD and EUR cash positions. This resulted in a net loss of CHF 19.4 million for the first half-year 2017 (H1 2016: CHF 9.7 million).

The net cash used from operating activities during the first semester 2017 was CHF 20.5 million (H1 2016: net cash used of CHF 17.5 million). Including time deposits, the cash and cash equivalents position decreased by CHF 23.3 million to CHF 156.9 million as of June 30, 2017 (December 31, 2016: CHF 180.2 million). The total shareholders' equity decreased to CHF 118.3 million as of June 30, 2017 (December 31, 2016: CHF 135.8 million).

As of June 30, 2017, the company employed 104 FTEs, up 2% year-over-year as well as compared to year-end 2016. About 90% of the 104 FTEs are employed in R&D related functions.

Key figures as of June 30, 2017

Key Financials (unaudited) *(CHF million, except per share, FTE data)*	**H1 2017**	**H1 2016**	**change**
Total revenues	**6.0**	**13.5**	**-7.5**
R&D expenses	-18.9	-18.1	-0.8
G&A expenses	-3.8	-3.9	0.1
Operating result	**-16.7**	**-8.5**	**-8.2**
Net result	**-19.4**	**-9.7**	**-9.7**
Basic net result per share (in CHF)	-0.93	-0.48	-0.45
Net cash from (used in) operating activities	-20.5	-17.5	-3.0
Cash balance (incl. time deposits) as of June 30	**156.9**	**196.3**	**-39.4**
Total shareholders' equity as of June 30	118.3	141.4	-23.1
Number of total FTE as of June 30	104.4	102.4	2.0
– thereof in R&D	92.8	93.4	-0.6
– thereof in G&A	11.6	9.0	2.6

"The substantial shareholder rotation that occurred in April was an important event for the company," said Andreas Emmenegger, Chief Financial Officer of Molecular Partners. "During the first half-year 2017, Molecular Partners' financial position continued to develop in line with our expectations. Our strong cash position provides us with the financial flexibility and a forecasted cash runway through the end of 2019 – well beyond key value inflection points."

Patrick Amstutz appointed CEO

On May 12, the Board of Directors unanimously appointed Patrick Amstutz, Ph.D. and co-founder of the company, as Chief Executive Officer and nominated him to become a member of the Board. Patrick Amstutz had been Molecular Partners' interim acting CEO since November 2016.

Gwen Fyfe appointed to the Board of Directors

At the annual general meeting of May 12, 2017, Gwen Fyfe, M.D., was elected as a new member of the Board of Directors. With her extensive experience in developing antibodies for Genentech, including Rituxan®, Herceptin®, Avastin® and Tarceva®, Gwen strengthens the footprint of Molecular Partners in oncology.

Business outlook and priorities

For the company's proprietary **oncology** pipeline, initial safety data from the phase 2 trial of MP0250 in patients with multiple myeloma (MM) are expected in 2017 and efficacy data is expected for 2018. With regard to the phase 1b/2 trial of MP0250 for NSLC, the first solid tumor indication to be treated with this DARPin® drug candidate, initial safety data are expected in 2018. For MP0274, a proprietary, single-pathway DARPin® drug candidate for the treatment of HER2-positive cancer, the company expects to initiate the corresponding phase 1 trial in September 2017.

The company will continue to advance its **immuno-oncology pipeline** and will present further research data in the second half of 2017. In this attractive field, Molecular Partners has shown the potential utility of targeting immune checkpoint modulators (ICMs) via combination therapy (e.g., simultaneous inhibition of PD-1 and VEGF) or activating agonists in a tumor-restricted way.

In **ophthalmology**, Molecular Partners will continue to support its strategic partner Allergan in advancing abicipar through phase 3 trials in patients with wet AMD and in initiating the phase 3 trials of abicipar in patients with DME, the next retinal indication.

R&D day in New York on November 9, 2017

Molecular Partners will host an R&D Update in New York City on Thursday, November 9, 2017, from 11:45 – 2:30 EST. The luncheon meeting will feature presentations by key opinion leaders (KOLs) who will discuss current oncology treatments in fields where the company has clinical programs and unmet medical needs for these patients. Molecular Partners' management team will also provide an overview of the company's DARPin® platform technology and its pipeline of oncology and ophthalmology programs. For details and to reserve a seat, please contact: Susan Noonan at susan@sanoonan.com.

Financial outlook 2017

As the first half 2017 developed fully in line with management expectations, Molecular Partners reiterates all elements of the financial outlook 2017 as provided with the company's 2016 full-year results on February 9, 2017 as well as in the company's quarterly management statement on May 4, 2017.

For the full year 2017, at constant exchange rates, the company expects to incur total expenses of approximately CHF 50-60 million, of which approximately CHF 6 million will be non-cash

effective costs for share-based payments, IFRS pension accounting and depreciations. However, this guidance is subject to the progress of the pipeline, mainly driven by manufacturing costs, the speed of enrollment of patients in clinical trials and data from research and development projects.

Investor documentation of H1 2017 results

The H1 2017 results presentation, the H1 2017 press release as well as the unaudited Financial Statements for H1 2017 and the company's H1 2017 Report and additional information are available on the investors section of the company' website.

Conference call and audio webcast

Molecular Partners will conduct a conference call and audio webcast of the company's H1 2017 results on August 30, 2017, 2:00pm CET (1:00pm GMT, 8:00am EST).
In order to register for the **H1 2017 conference call**, please dial the following numbers approximately 10 minutes before the start of the presentation:

Switzerland / Europe +41 (0) 58 310 5000
UK +44 (0) 203 059 5862
USA +1 (1) 631 570 5613

Participants will have the opportunity to ask questions after the presentation.

The **H1 17 audio webcast** will be accessible, both live and as a replay, on the Investors section of the company's website www.molecularpartners.com, along with the accompanying presentation slides.

Financial Calendar

October 26, 2017	Q3 2017 Management Statement
November 9, 2017	R&D Day in New York
February 8, 2018	Publication of Full-year Results 2017 (unaudited)
March 16, 2018	Expected Publication of Annual Report 2017
April 18, 2018	Annual General Meeting

http://investors.molecularpartners.com/financial-calendar-and-events/

About the DARPin® Difference

DARPin® therapeutics are a new class of protein therapeutics opening an extra dimension of multi-specificity and multi-functionality. DARPin® candidates are potent, specific, safe and very versatile. They can engage in more than 5 targets at once, offering potential benefits over those offered by conventional monoclonal antibodies or other currently available protein therapeutics.
The DARPin® technology is a fast and cost-effective drug discovery engine, producing drug candidates with ideal properties for development and very high production yields.

With their good safety profile, low immunogenicity and long half-life in the bloodstream and the eye, DARPin® therapies have the potential to advance modern medicine and significantly improve the treatment of serious diseases, including cancer and sight-threatening disorders. Molecular Partners is partnering with Allergan to advance clinical programs in ophthalmology, and is advancing a proprietary pipeline of DARPin® drug candidates in oncology. The most advanced global product candidate is abicipar, a molecule currently in phase 3, in partnership with Allergan. Several DARPin® molecules for various ophthalmic indications are also in development. The most advanced systemic DARPin® molecule, MP0250, is in phase 1 clinical development for the treatment of solid tumors and has entered into phase 2 development for hematological tumors. In addition, Molecular Partners intends to further evaluate MP0250 for solid tumors in a phase 1b/2 trial for EGFR-mutated NSCLC. MP0274, the second-most advanced DARPin® drug candidate in oncology, has broad anti-HER activity; it inhibits HER1, HER2 and HER3-mediated downstream signaling via Her2, leading to induction of apoptosis. MP0274 is currently moving into phase 1. Molecular Partners is also advancing a growing preclinical pipeline that features several immuno-oncological development programs. DARPin® is a registered trademark owned by Molecular Partners AG.

About Molecular Partners AG

Molecular Partners AG is a clinical-stage biopharmaceutical company that is developing a new class of therapies known as DARPin® therapies. With a management team that includes many of the founding scientists, the company continues to attract talented individuals who share the passion to develop breakthrough medicines for serious diseases. Molecular Partners has compounds in various stages of clinical and preclinical development and several more in the research stage, with a current focus on ophthalmology and oncology. The company establishes research and development partnerships with leading pharmaceutical companies and is backed by established biotech investors.
For more information regarding Molecular Partners AG, go to: www.molecularpartners.com.

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