



Molecular Partners reports corporate highlights and key financials for H1 2020

August 26, 2020

Research & Development:

- - Developed novel anti-COVID-19 multi-specific DARPin® candidates, of which MP0420 is being prepared for clinical trial initiation in Q4 2020. Initial *in vitro* and *in vivo* data highly supportive of unique mechanisms of action with ultra-potent anti-viral activity seen.
 - Secured partnership with AGC Biologics to meet initial projected clinical and commercial-scale manufacturing capacity for anti-COVID-19 program.
 - In August 2020, submitted a paper detailing the COVID-19 program R&D to the biology research preprint server bioRxiv including preliminary *in vivo* findings.
 - Presented supportive data from the AMG 506 (MP0310), MP0317 and peptide-MHC immuno-oncology programs at the American Academy of Cancer Research Virtual Annual Meeting.
 - Complete Response Letter received from U.S. FDA for abicipar pegol by strategic partner Allergan, an AbbVie Company. AbbVie to determine appropriate next steps with appropriate regulatory agencies.
 - In August 2020, concluded recruitment of phase 1 study of MP0274 (including two Her2-targeting DARPin® molecules) in patients with progressive Her2-positive cancer.

Team:

- - Appointed U.S. biotech executives Sandip Kapadia, Michael Vasconcelles, M.D., and Vito J. Palombella, Ph.D., to the Board of Directors at the Annual General Meeting of April 29, 2020.

Financial highlights:

- - Ongoing strong financial position with CHF 64.4 million in cash and short-term deposits as of June 30, 2020
 - In July 2020, received gross proceeds of CHF 80.2 million from share capital increase, ensuring financing into 2022
 - Net cash outflow from operating activities of CHF 27.9 million in H1 2020
 - FY 2020 expense guidance slightly increased to CHF 65-75 million (previously CHF 60-70 million)

Zurich-Schlieren, Switzerland, August 26, 2020. Molecular Partners AG (SIX: MOLN), a clinical-stage biotech company that is developing a new class of custom-built proteins known as DARPin® therapeutics, today announced its corporate highlights and unaudited financial results for the first half-year of 2020.

"Molecular Partners progressed and expanded our diverse portfolio in the first half of 2020. As a therapeutics innovator developing an entirely new class of drugs, COVID-19 represented an opportunity to deliver a highly differentiated therapeutic solution. We have rapidly advanced a novel anti-COVID-19 program, supported by strong preclinical data, and secured manufacturing capacity for initial clinical and commercial need. In parallel, we have advanced our immuno-oncology clinical recruitment and shared first proof-of-concept for our novel peptide-MHC program, an area that has been incredibly challenging for other biologic modalities," said Patrick Amstutz, Ph.D., Chief Executive Officer of Molecular Partners. "We remain supportive of our ophthalmology partnership with AbbVie and, as we look forward, Molecular Partners is more strongly positioned than ever before to create value through our continual expansion of DARPin platform technologies that leverage the unique advantages of this class."

Antiviral program: Rapid development of highly differentiated anti-COVID-19 multi-DARPin® candidates with unique advantages for addressing a global viral pandemic

In April 2020, the Company leveraged its rapid discovery and candidate design capabilities to deliver multi-target binding DARPin proteins that neutralized the SARS-CoV-2 virus *in vitro*. Tri-specific DARPin candidates, including MP0420, were selected with the ability to inactivate the virus through multiple mechanisms simultaneously – cooperative target binding – and generate stronger antiviral effects through these synergies. These candidates exhibit among the highest potency in inhibiting SARS-CoV-2 live virus reported to-date, and in August 2020 the Company disclosed strong preliminary *in vivo* findings.

The DARPin® technology offer a differentiated approach to treating COVID-19 through a single molecule that can engage with the spike protein of the SAR-CoV-2 virus with three DARPin® modules simultaneously to neutralize the virus. This offers potentially broader efficacy – across both therapeutic and prophylactic settings – and reduced potential for the development of viral drug resistance which can result from selection pressure on any single

molecular target. DARPin candidates are also produced through rapid, high-yield microbial fermentation for potential speed and cost advantages over mammalian cell production typically employed for antibodies.

In July 2020, the Company announced a partnership with AGC Biologics, a global biopharmaceutical contract development and manufacturing organization to secure initial clinical and commercial-scale manufacturing capacity for the COVID-19 program. In August 2020, the Company announced the reservation by the Swiss Federal Office of Public Health: Bundesamt für Gesundheit (FOPH-BAG) of up to 3.2 million doses of [MP0420](#), if the candidate is approved in Switzerland. Under the terms of the agreement, the Company immediately received a reservation fee in the mid to high single digit millions of Swiss Francs.

In August 2020 the Company [submitted a paper](#) to the biology research preprint server bioRxiv which recapped the Company's anti-COVID-19 research program and disclosed strong preliminary in vivo findings, including dose-dependent trends for reduction of viral titer as well as protection against body weight loss and lung lesions. The paper is titled "Highly potent anti-SARS-CoV-2 multi-DARPin candidates".

Molecular Partners plans to initiate clinical studies for its COVID-19 program in Q4 2020.

Immuno-oncology programs: Continued recruitment and proof-of-concept for peptide-MHC DARPin binders

In partnership with Amgen, the Company continued strong recruitment of patients with solid tumors in the phase 1 dose escalation study of AMG 506 (MP0310), a novel tumor-localized immune agonist. This phase 1 trial is evaluating AMG 506 (MP0310) as a single agent in patients with advanced solid tumors. Molecular Partners expect to report initial data from this study in H2 2020. Data from the dose escalation cohorts will be used to inform potential Ph1b combination studies with Amgen assets and will be conducted by Amgen. Additionally, the Company presented preclinical data at the American Academy for Cancer Research (AACR) describing the research supporting the optimal dose for this candidate in the ongoing clinical study.

For MP0317, the Company's second tumor-localized immune agonist, IND-enabling work continues to advance. MP0317 includes localizer (FAP) and stimulator (CD40) DARPin domains, which respectively provide tumor-specificity and immune activation. The Company presented preclinical data at AACR strongly supporting the intended profile and mechanism of this candidate and anticipates filing an IND by the end of 2020.

For MP0274, recruitment for its phase 1 trial has concluded. MP0274 is a multi-specific DARPin® product candidate being developed for the treatment of solid tumors with strong expression of the highly validated target protein HER2. Molecular Partners anticipates reporting initial data from this study in H2 2020.

As of April 30, 2020, patients in the ongoing phase 2 study of MP0250 in combination with the proteasome inhibitors (PIs) bortezomib (Velcade®) and dexamethasone will be monitored per protocol and no additional patients will be enrolled into the study.

Finally, at AACR the Company also presented proof-of-concept data for its peptide-MHC DARPin program. The constructed DARPin proteins were observed to effectively activate T cells at a range of concentrations and to carry out highly targeted cell killing exclusively on those cells that were positive for the peptide target. This demonstrated proof-of-concept for the ability of DARPin therapeutics to effectively drug specific peptide-MHC complexes.

Ophthalmology: AbbVie receipt of CRL for abicipar and further regulatory engagement

In June, AbbVie received a Complete Response Letter (CRL) for the Biologics License Application (BLA) of abicipar. AbbVie has withdrawn its filings for abicipar with both the European Medicines Agency and the Japanese Regulatory Agency and is committed to working with these agencies to determine appropriate next steps and requirements for potential resubmissions for abicipar.

There is substantial need for better treatment options for nAMD and the Company remains confident in the totality of data supporting abicipar's clinical profile for this indication, and continues to support AbbVie as it determines next steps.

Financial highlights: Private placement extends cash runway into 2022

Molecular Partners remains solidly funded to capture upcoming value inflection points. In the first six months of 2020, Molecular Partners recognized total revenues of CHF 7.5 million (H1 2019: CHF 13.6 million) and incurred total operating expenses of CHF 30.6 million (H1 2019: CHF 26.0 million). This led to an operating loss of CHF 23.1 million for the first six months in 2020 (H1 2019: Operating loss of CHF 12.4 million). In the first six months in 2020 the Company accounted for a net financial loss of CHF 1.6 million (H1 2019: Net financial loss of CHF 0.3 million). This resulted in a net loss of CHF 24.7 million for H1 2020 (H1 2019: Net loss of CHF 12.7 million).

The net cash outflow from operating activities during the first six months in 2020 was CHF 27.9 million (2019: net cash inflow of CHF 27.0 million). Including time deposits, the cash and cash equivalents position decreased by CHF 30.7 million vs. year-end 2019 to CHF 64.4 million as of June 30, 2020 (December 31, 2019: CHF 95.1 million).

Total shareholders' equity stood at CHF 31.0 million as of June 30, 2020, a decrease of CHF 23.1 million (December 31, 2019: CHF 54.1 million). As of June 30, 2020, the Company employed 144 FTEs (full time equivalents), up 12% year-on-year. About 85% of the employees are employed in R&D-related functions.

Early July 2020, the Company was able to reinforce its solid cash position with a private placement financing, raising gross proceeds of CHF 80.2 million. This further increases Molecular Partner's financial flexibility to capture multiple value-creating inflection points into 2022. To continue building its capacity to deliver innovative new therapeutic candidates and manage a growing clinical portfolio, the Company plans to invest in both its clinical programs as well as an expanded workforce.

Key figures as of June 30, 2020

Key Financials (unaudited)	H1 2020	H1 2019	Change
<i>(CHF million, except per share, FTE data)</i>			
Total revenues	7.5	13.6	-6.1
R&D expenses	-25.1	-19.0	-6.1
G&A expenses	-5.5	-7.0	1.5
Operating result	-23.1	-12.4	-10.7
Net result	-24.7	-12.7	-12.0
Basic net result per share (in CHF)	-1.14	-0.60	-0.54
Net cash from (used in) operating activities	-27.9	27.0	-54.9
Cash balance (incl. time deposits)	64.4	123.3	-58.9
as of June 30			
Total shareholders' equity	31.0	78.1	-47.1
as of June 30			
Number of total FTE	143.6	127.7	15.9
as of June 30			

Business outlook and priorities

In the second half of 2020, Molecular Partners will focus on advancing its immuno-oncology and antiviral programs. For the COVID-19 program, the Company plans to initiate clinical trials of MP0420 in Q4 2020 and advance additional candidate towards the clinic.

Molecular Partners expects to present additional data from its ongoing phase 2 trial of MP0250 in patients with multiple myeloma in combination with Velcade® (PI) in H2 2020. For AMG 506 (MP0310), following the planned reporting of initial data from the phase 1 study in H2 2020, these data will be used to inform potential Ph1b combination studies with Amgen assets to be conducted by Amgen. For MP0317, IND submission is anticipated around the end of 2020. The Company also plans to publish or present multiple updates across its portfolio at select scientific venues.

Financial outlook 2020

For the full year 2020, at constant exchange rates, the Company expects total expenses in the range of CHF 65-75 million (previously CHF 60-70 million), of which around CHF 6.0 million will be non-cash effective costs. This slightly increased guidance reflects the Company's additional investments into its Covid-19 programs. Capital expenditures in FY 2020 are expected to be approximately CHF 3.0 million.

Documentation

The results presentation, this press release and the half-year 2020 report will be made available on www.molecularpartners.com after 7:00am (CET) on August 26, 2020.

H1 2020 conference call

Molecular Partners will hold a conference call and audio webcast on August 26, 2020, 2:00pm CET (1:00pm GMT, 8:00am EST).

In order to register for the H1 2020 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) 207 107 0613
USA	+1 (1) 631 570 5613

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

Audio webcast

The H1 20 results presentation will be [webcast live](#) and will be made available on the [Company's website](#) under the [investor section](#). The replay will be available for 90 days following the presentation.

Financial Calendar

- - October 29, 2020 Interim Management Statement Q3 2020
 - December 2020 R&D Day in New York

The latest timing of the above events can always be viewed on the [investor section](#) of the website.

About DARPin® therapeutics

DARPin® therapeutics are a new class of custom-built protein therapeutics based on natural binding proteins that open a new dimension of multi-functionality and multi-target specificity in drug design. A single DARPin® candidate can engage more than five targets, and its flexible architecture and small size offer benefits over conventional monoclonal antibodies or other currently available protein therapeutics. DARPin® therapeutics have been clinically validated through to the registrational stage. The DARPin® platform is a fast and cost-effective drug discovery engine, producing drug candidates with optimized properties for development and very high production yields. DARPin® is a registered trademark owned by Molecular Partners AG.

About Molecular Partners AG

Molecular Partners AG is a clinical-stage biotech company developing a new class of custom-built protein drugs known as DARPin® therapeutics, designed to address challenges current modalities cannot. The company has compounds in various stages of clinical and preclinical development with a focus on oncology. Molecular Partners has formed partnerships with leading pharmaceutical companies to advance DARPin® therapeutics across multiple therapeutic areas.

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