The DARPin® Difference

Offering Patients a New Dimension of Protein Therapeutics

Patrick Amstutz, CEO
Andreas Emmenegger, CFO

Presentation of the H1 2017 Financial Results
August 30, 2017 – Molecular Partners AG

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Agenda

- Introduction, Review H1 2017 & Highlights — Patrick Amstutz, CEO
- Financial Results H1 2017 — Andreas Emmenegger, CFO
- Outlook 2017 — Patrick Amstutz, CEO
- Q&A

Review H1 2017

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Research & Development Highlights H1 2017

- 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 in the trial
- MP0274: Full country approvals received in CH, UK for phase 1 trial;
  first patient expected for September 2017
- Immuno-oncology: Further data on proprietary immuno-oncology programs presented at EACR in Florence indicating tumor-restricted mode of action

- **H1 2017 – Abicipar advances; MP0250 first oncology DARPin® in phase 2**

Financial Highlights H1 2017

- Ongoing strong financial position with CHF 156.9 million in cash and s.t. deposits as of June 30, 2017 (debt free balance sheet)
- Net cash used in operating activities of CHF 20.5 million, 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
- 104 full-time employees, +2% year-on-year, with further build-out of clinical team
- Venture capital holdings reduced from 42% to 28%; Shareholder base diversified as private investors acquired shares from venture capitalists in secondary block trades.

- **Ongoing strong financial position; H1 2017 development as guided**

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The DARPin® Difference – Real Benefit to the Patient

DARPin® Differentiation	Expected Patient Benefit	Status
Abicipar: Long-acting VEGF inhibitor	Non-inferiority to SOC with less frequent ocular injections	Ph3
MP0250: Blocking two escape pathways	Restore activity of SOC when cancer becomes resistant	Ph2
MP0274: Molecular handcuff forcing HER2+ cancer cells into apoptosis	For patients not profiting from SOC antibodies with ADCC	Ph1
I/O DARPin® proteins: Tumor- restricted activity, …	Opening a new therapeutic window for combinations	Preclin

Our strategy: Differentiated DARPin® products with high patient value

Abicipar: Most Advanced DARPin® Therapy

- Wet age-related macular degeneration (wet AMD)
- Diabetic macular edema (DME)

- Long-acting PEGylated mono-DARPin® protein blocking VEGF

- Potentially transformative therapy with less frequent ocular injections compared with standard of care
- Phase 2 data suggest quarterly dosing and comparable efficacy to Lucentis
- Drug Safety Monitoring Committee (DSMC): no changes recommended

- Wet AMD Phase 3 read out: 1yr data in 2018
- Allergan plans to start DME Phase 3 in 2018

- USD 8 bn annual sales (2016) and growing (wAMD and DME)
- SOC: Eylea and Lucentis: bi-monthly or monthly injections

- Global license agreement with Allergan - all development costs borne by Allergan
- Up to $360mn open milestones & low double-digit to mid-teen tiered royalties

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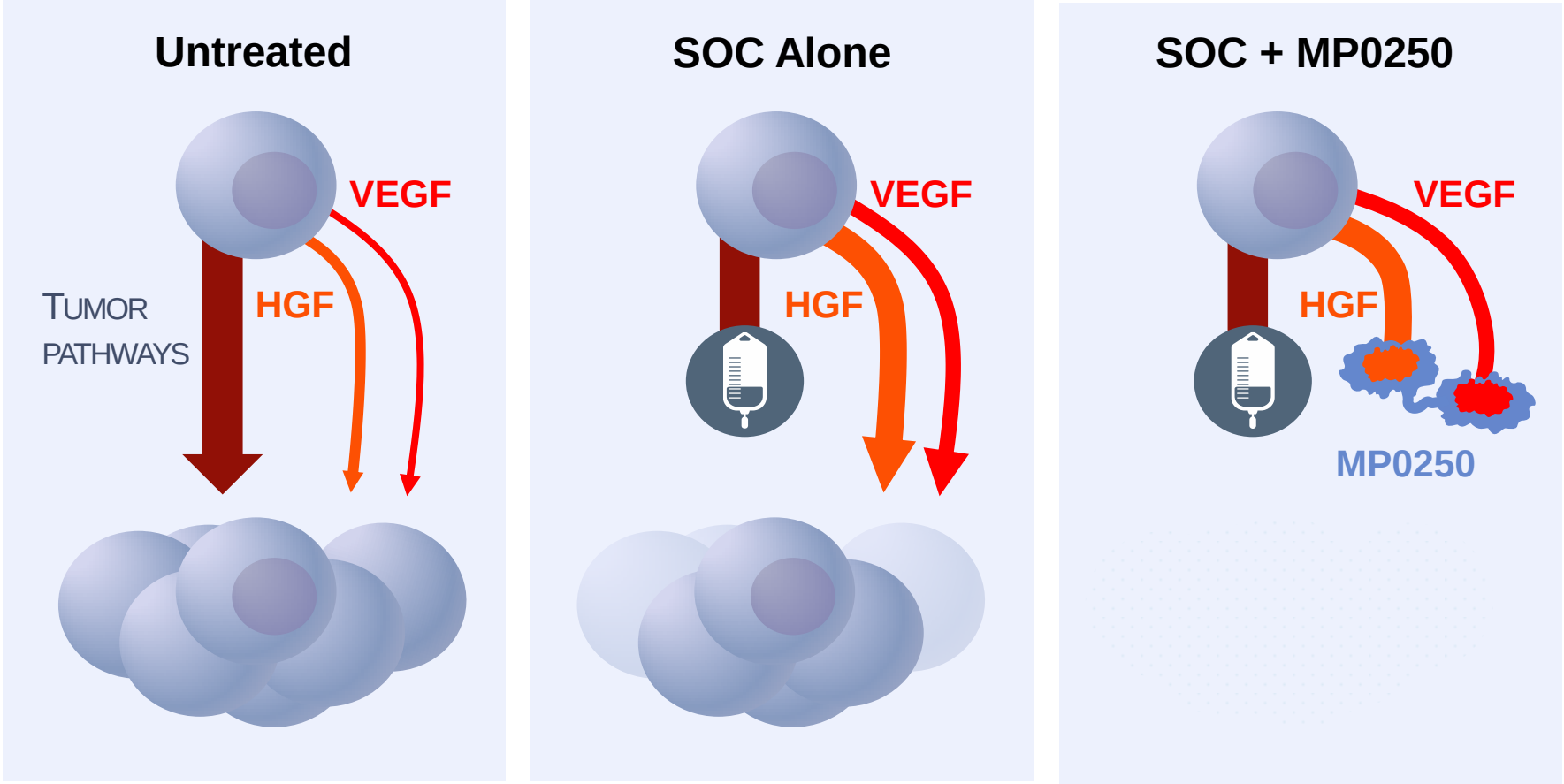
MP0250 Blocks Tumor Escape



MP0250: A Strong Combination (anti-VEGF & HGF)

MP0250

- Multiple Myeloma (MM)
- EGFR mutated Non-Small Cell Lung Cancer (NSCLC)
- Potential in additional indications

- First bi-specific biologic targeting VEGF and HGF

- MP0250 attacks tumor on several levels
  - Directly inhibits tumor growth & survival
  - Induces unfavorable tumor microenvironment
  - Inhibits tumor escape from treatment (& metastasis)
- Can be combined with standard therapy

- Multiple Myeloma: Phase 2 initial safety data Q4 17, Efficacy data read out 2018
- EGFR mut NSCLC: Phase 2 safety data 2018, Efficacy data read out 2019

- Fully owned by Molecular Partners

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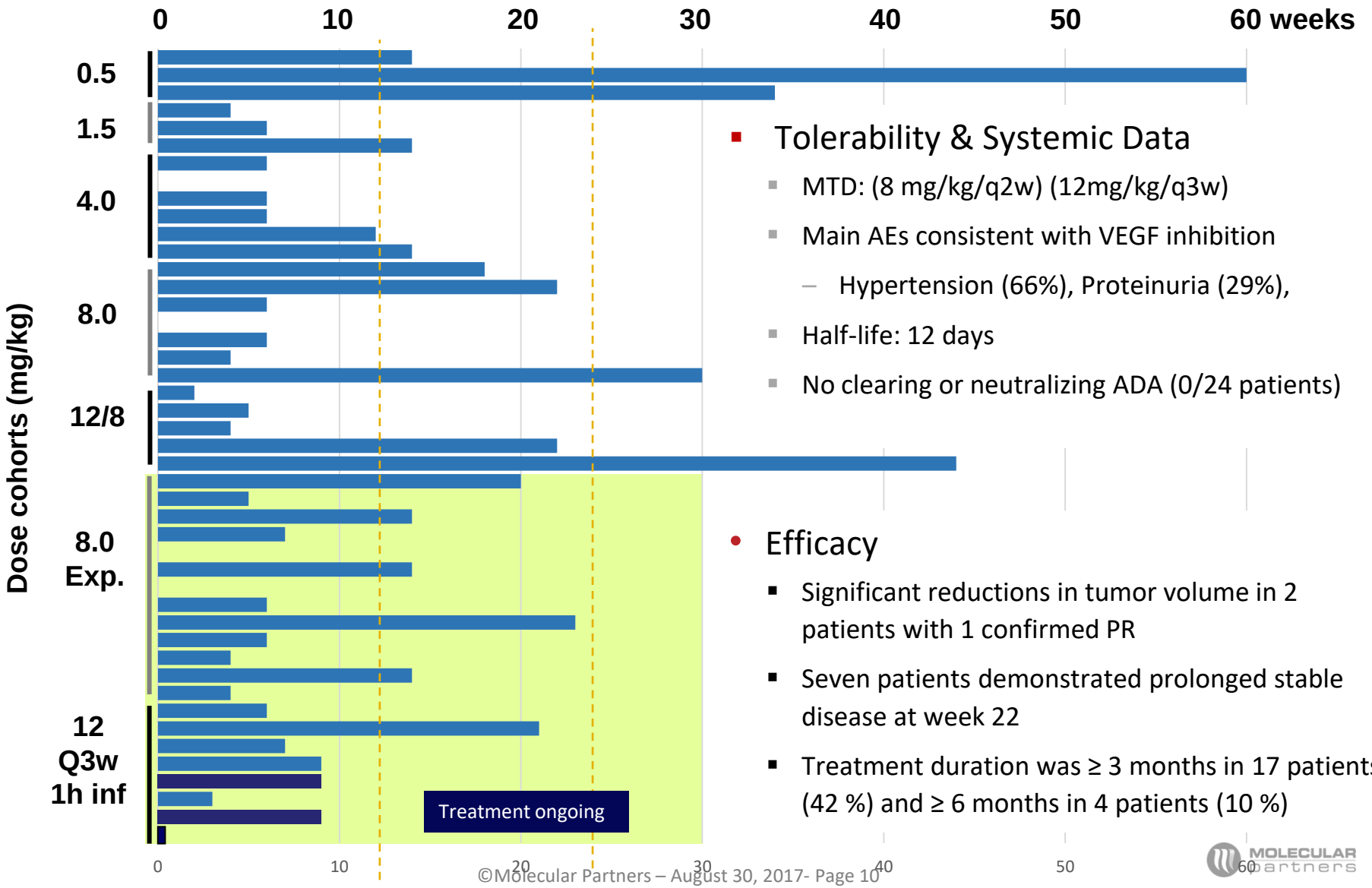
MP0250: Signs of Efficacy in Ph1 (45 patients)

Treatment Duration in weeks (Data cutoff: August 2017)

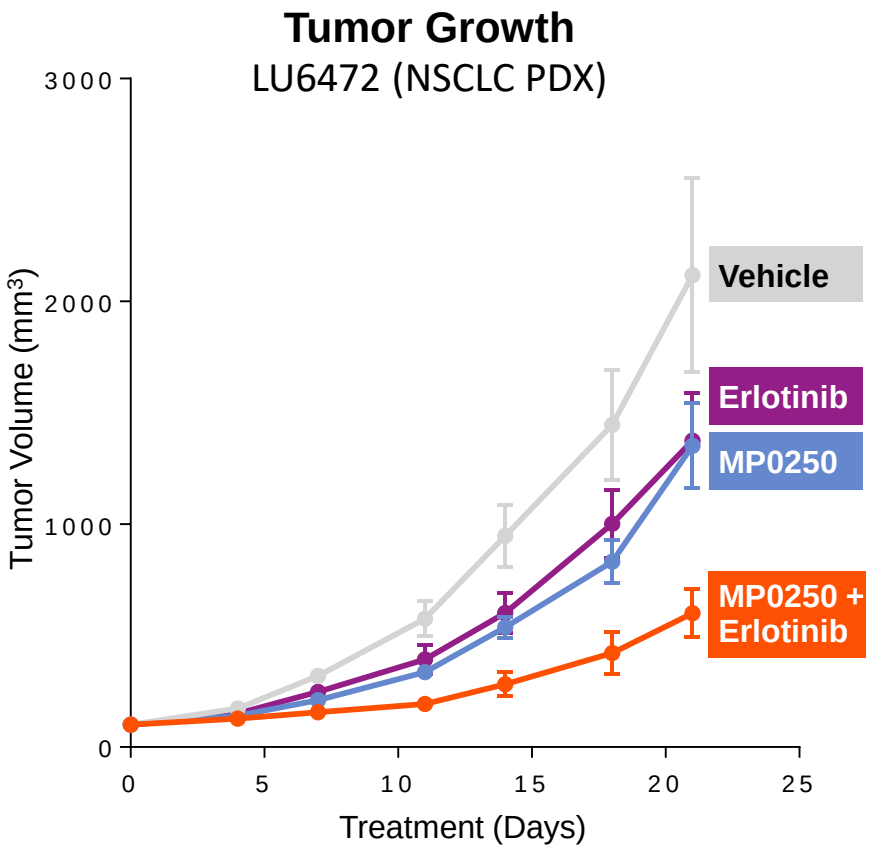


- Tolerability & Systemic Data
  - MTD: (8 mg/kg/q2w) (12mg/kg/q3w)
  - Main AEs consistent with VEGF inhibition
    - Hypertension (66%), Proteinuria (29%),
  - Half-life: 12 days
  - No clearing or neutralizing ADA (0/24 patients)

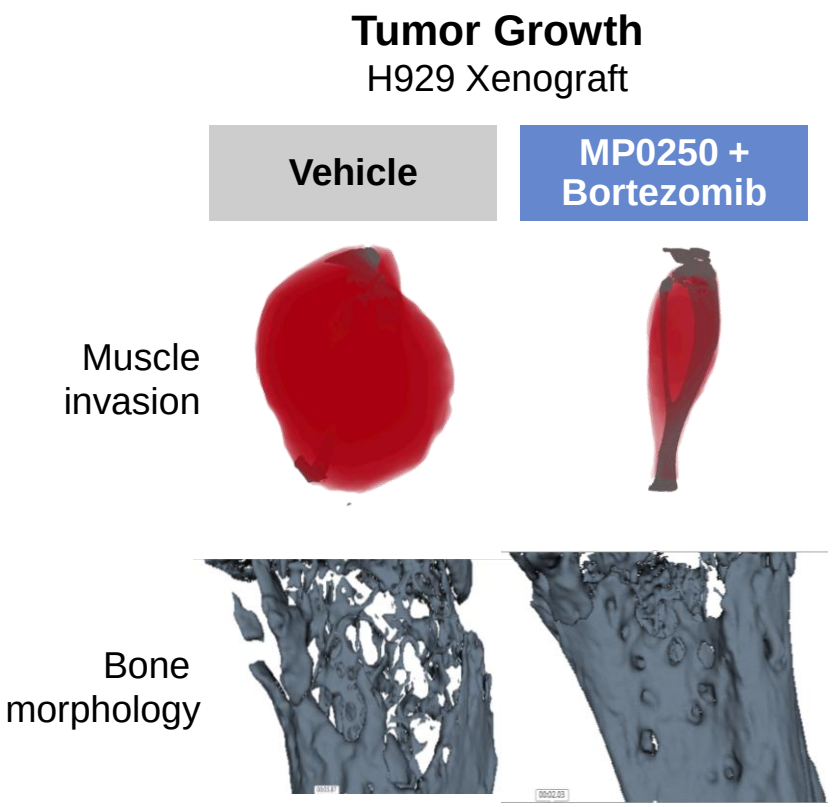
- Efficacy
  - Significant reductions in tumor volume in 2 patients with 1 confirmed PR
  - Seven patients demonstrated prolonged stable disease at week 22
  - Treatment duration was ≥ 3 months in 17 patients (42 %) and ≥ 6 months in 4 patients (10 %)

Preclinical Rationale for NSCLC and MM

Lung Cancer Model

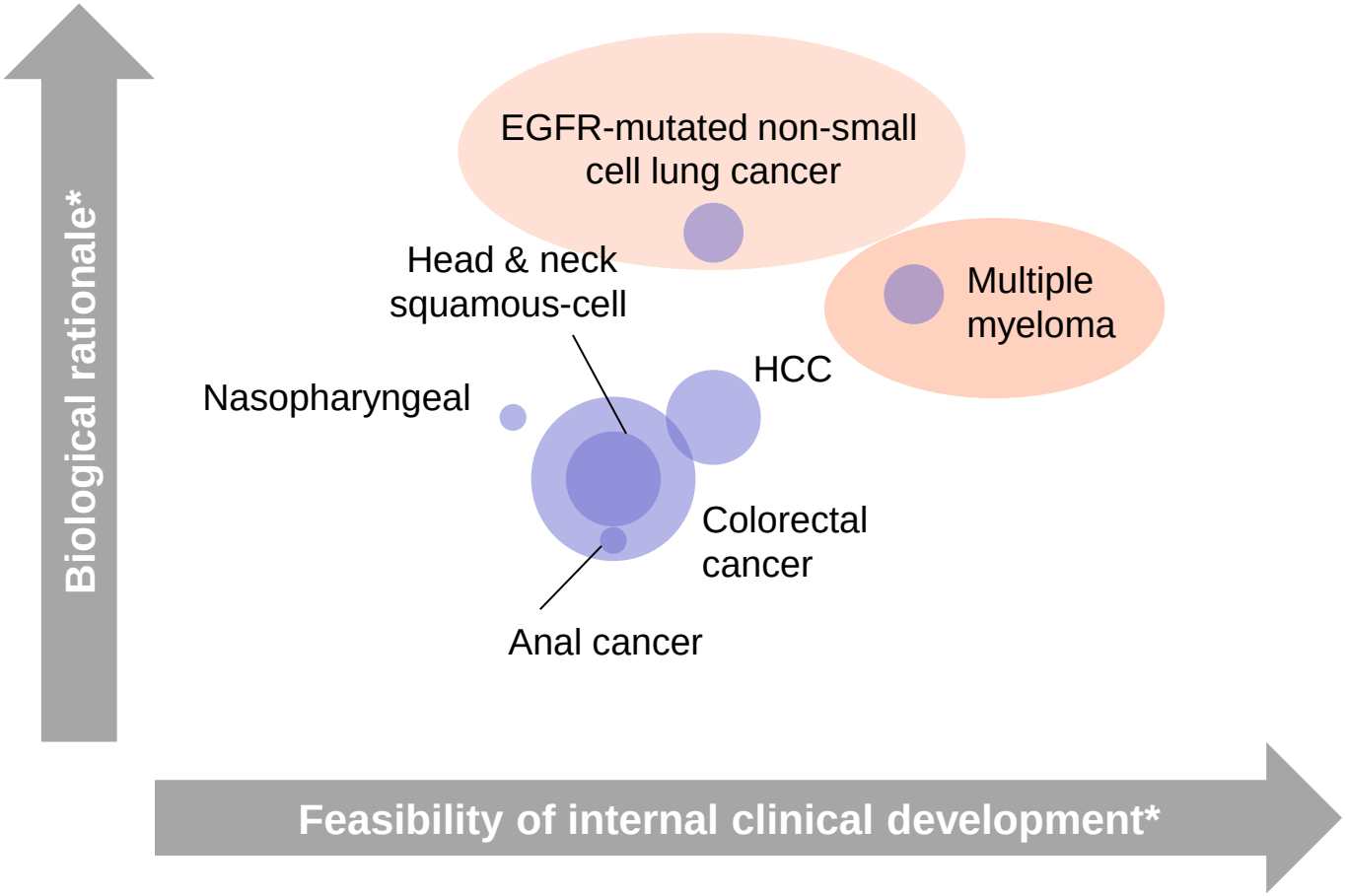


Multiple Myeloma Model



Internal Evaluation of MP0250 Potential

MP0250



Bubble size indicates estimated relative market potential (incidences; source: Datamonitor).
*Based on internal assessment on speed to market and complexity of development program.
Potential of gastric cancer, renal cancer and other cancers under evaluation.

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MP0274: Killing HER2+ Cells With New Mode of Action

MP0274

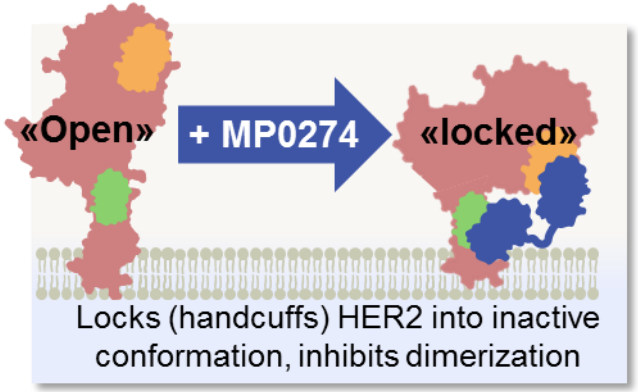
- HER2 expressing tumors

- Binds to HER2 and induces apoptosis by strong inhibition of HER2 and HER3-mediated signalling

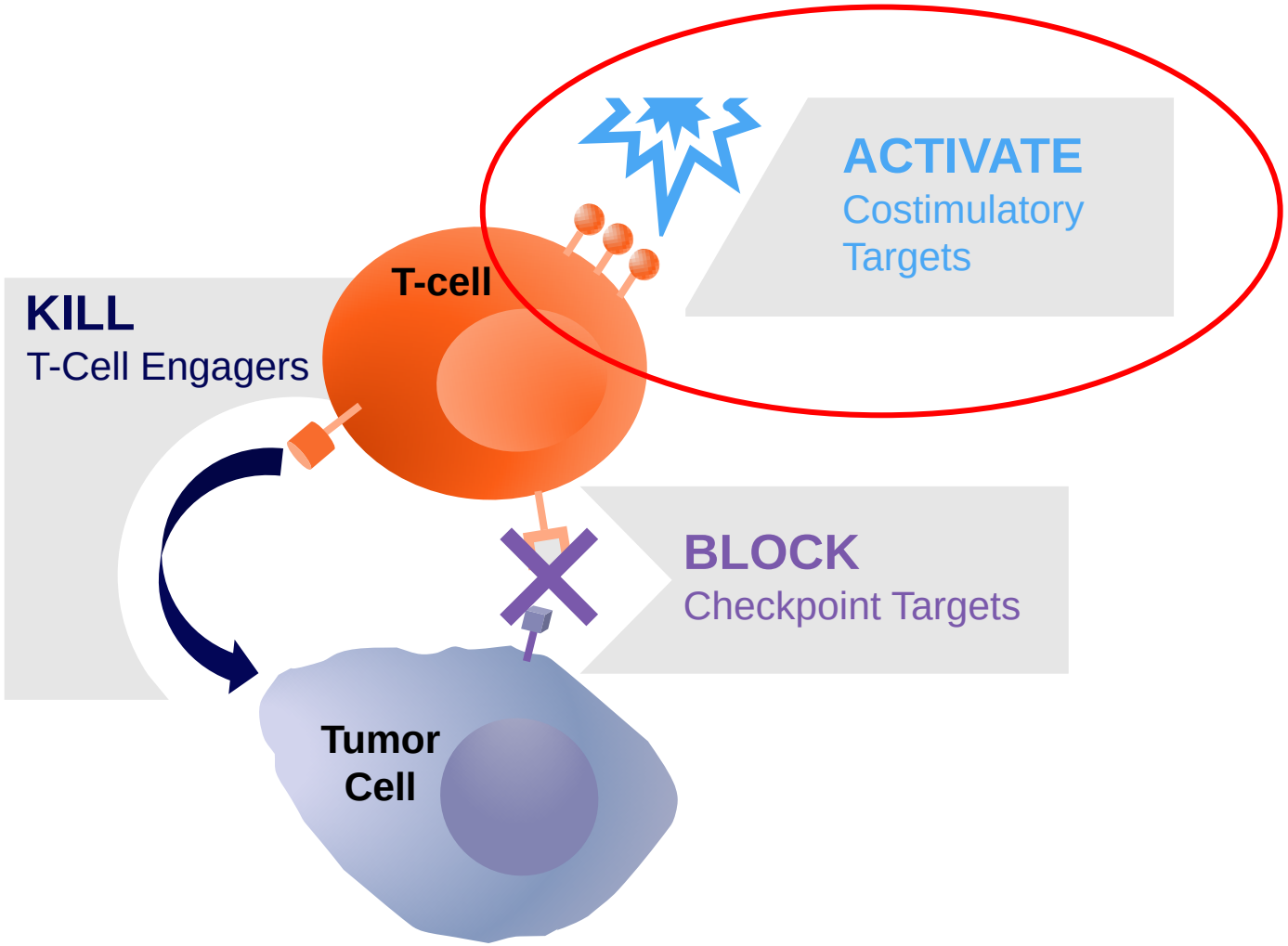
- Can directly kill Her2 positive cancer cells without the need for ADCC (Herceptin & Perjeta)
- New MoA may help patients who do not adequately respond to current therapies

- Phase 1: first patient expected for Sep 2017 with initial phase 1 data in 2018

- Fully owned by Molecular Partners



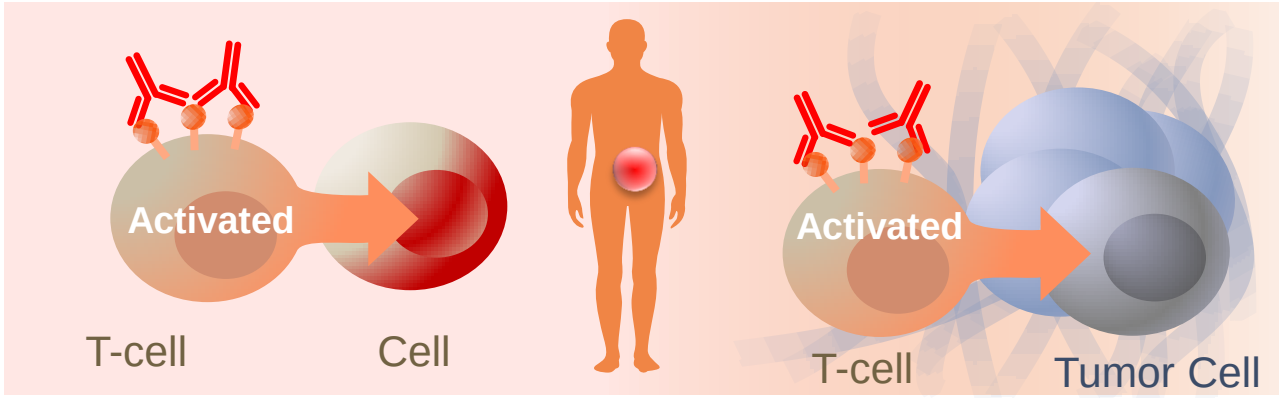
Our Approach to Immuno-Oncology

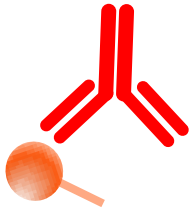


How do «Tumor-Restricted Agonist» Work

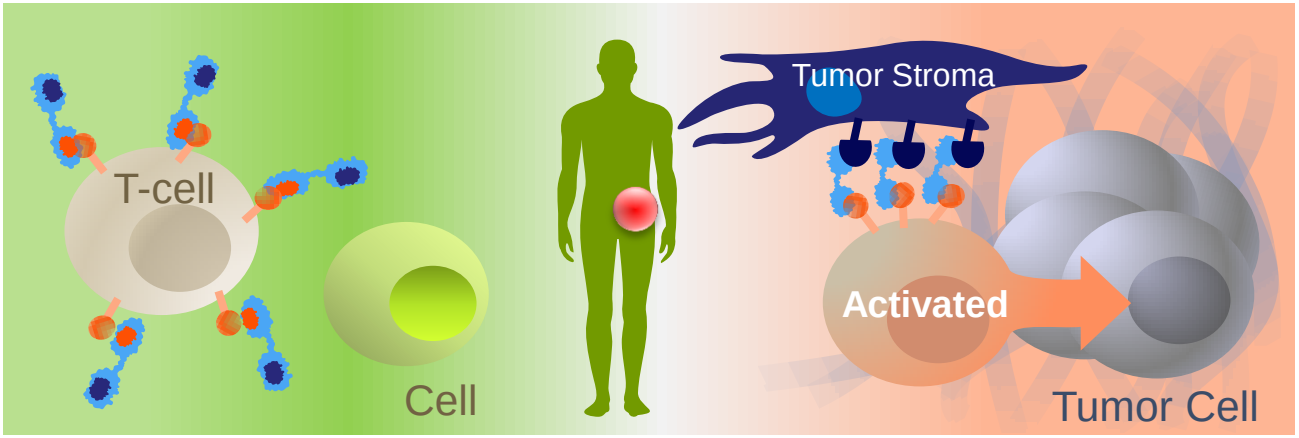
In Circulation (Systemic)

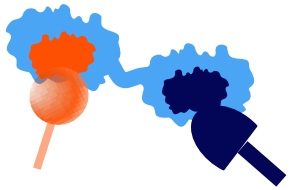
In the Tumor





T-cell target





Tumor target in a local cluster

No Clustering = no effect

Clustering = activation of T-cell

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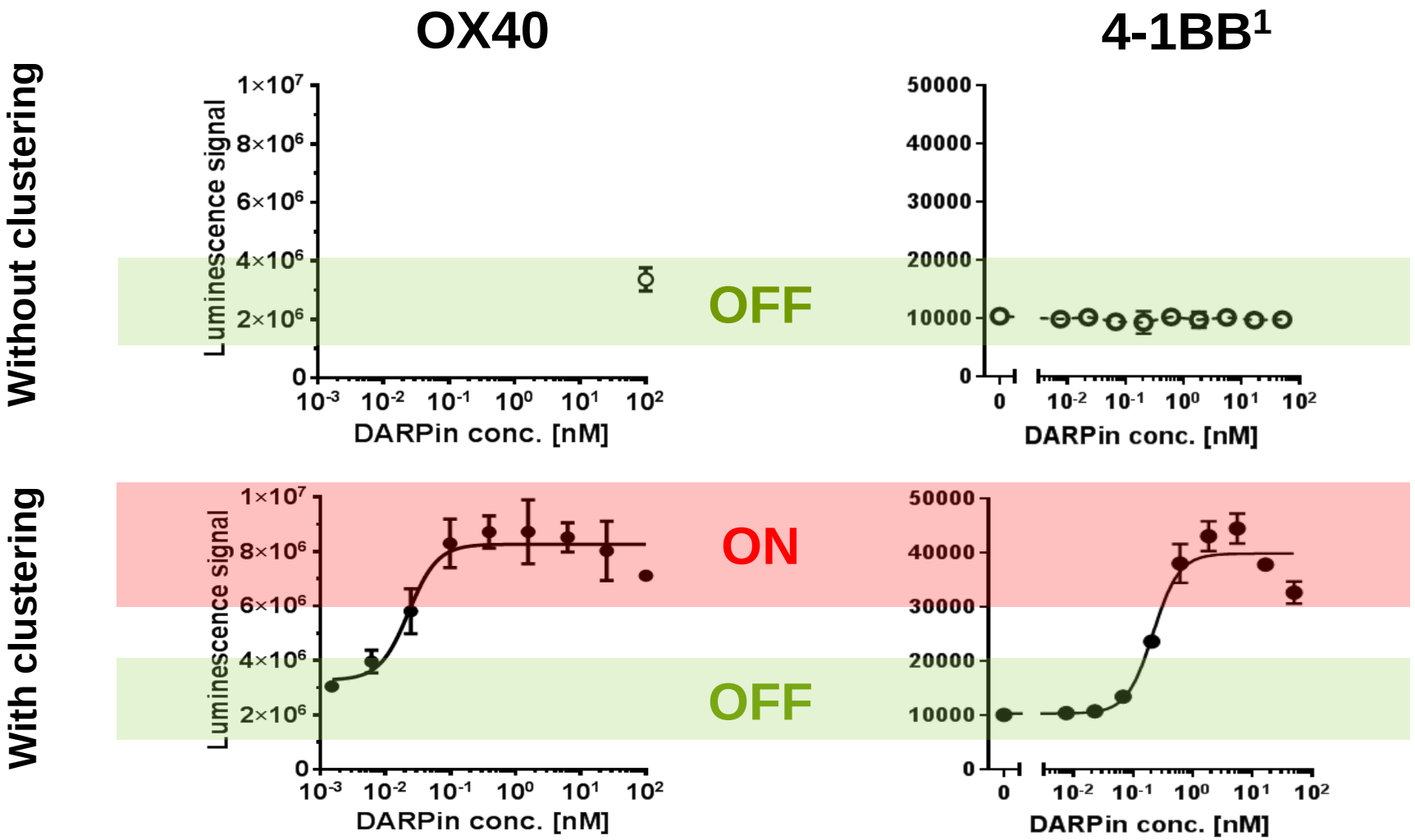
Cell-based POC of DAPRin® Tumor Restricted Agonists



1 EACR 2017, Florence, demonstrating use of multi-specific DARPin® molecules in immuno-oncology for tumor restricted T-cell activation

Financial Results
H1 2017

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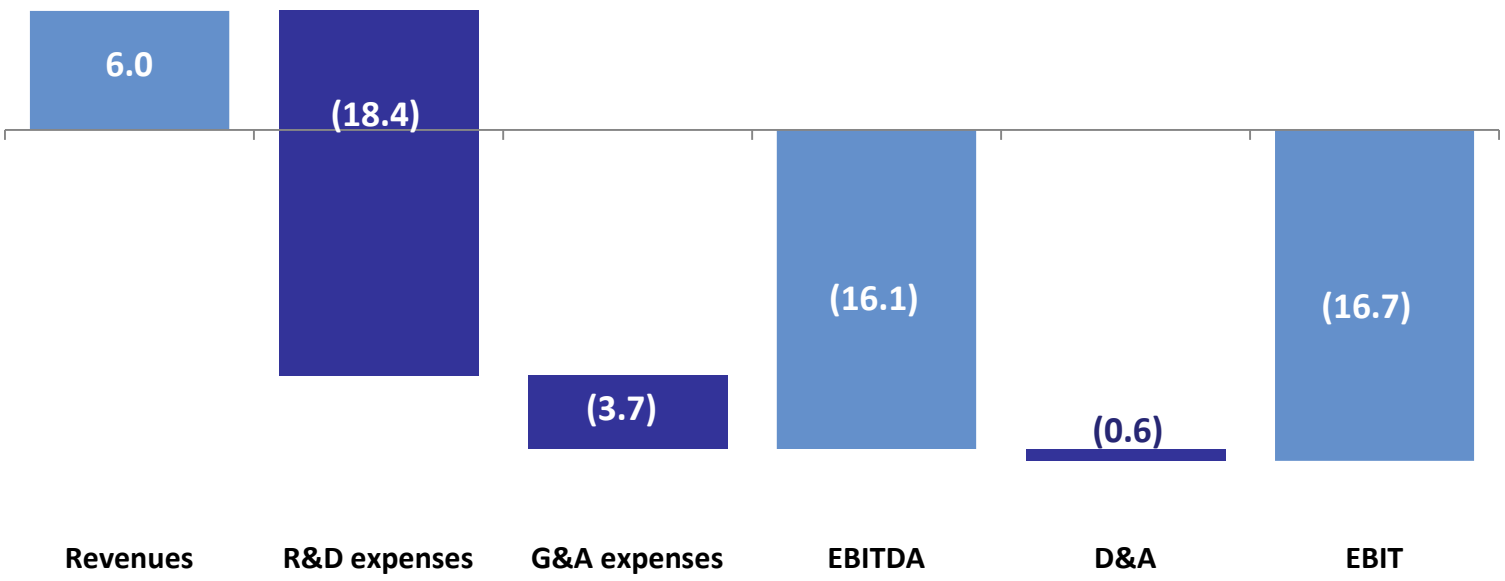
Financial Summary

(CHF million; as per IFRS)	***H1 2017***	*H1 2016*	*change*
Revenues	**6.0**	13.5	(7.5)
Total expenses[1]	**(22.7)**	(22.0)	(0.7)
Operating loss - EBIT	**(16.7)**	(8.5)	(8.2)
Net finance expenses	**(2.7)**	(1.2)	(1.5)
Net loss	**(19.4)**	(9.7)	(9.7)
Net cash used in operations	**(20.5)**	(17.5)	(3.0)
Cash balance	**156.9**[2]	196.3[2]	(39.4)

[1] Thereof non-cash costs of CHF 2.6 million in H1 2017 and CHF 2.5 million in H1 2016
[2] Including CHF 38.3 million short-term time deposits (H1 2016: CHF 19.6 million)

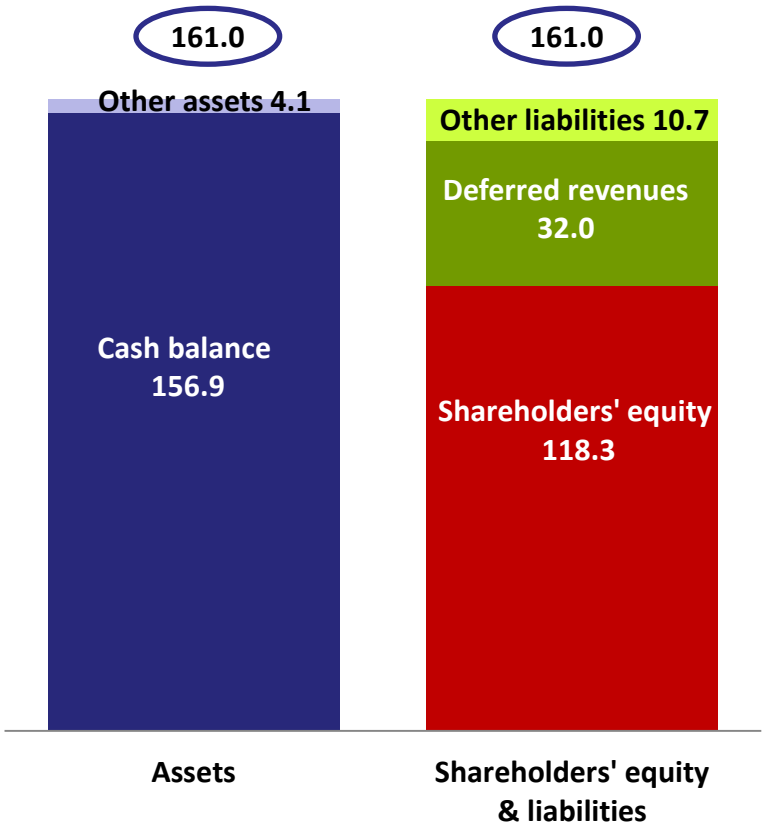
EBIT De-composition

EBIT de-composition per function (CHF million)



Balance Sheet

Balance sheet as of June 30, 2017 (CHF million)

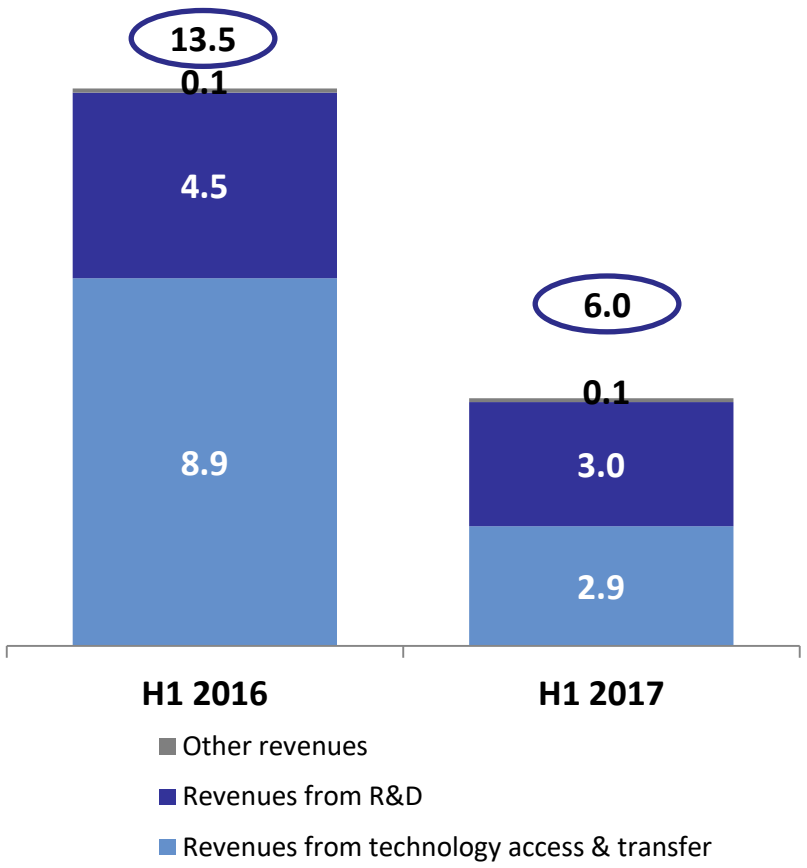


Comments

- Strong balance sheet maintained
- CHF 156.9 million cash balance (incl. s.t. deposits): 98% of total assets
- Solid equity base with CHF 118.3 million
- Debt free
- CHF 32.0 million deferred revenues to be recognized as revenues in coming periods

Revenues development

Revenues evolution (CHF million)



Comments

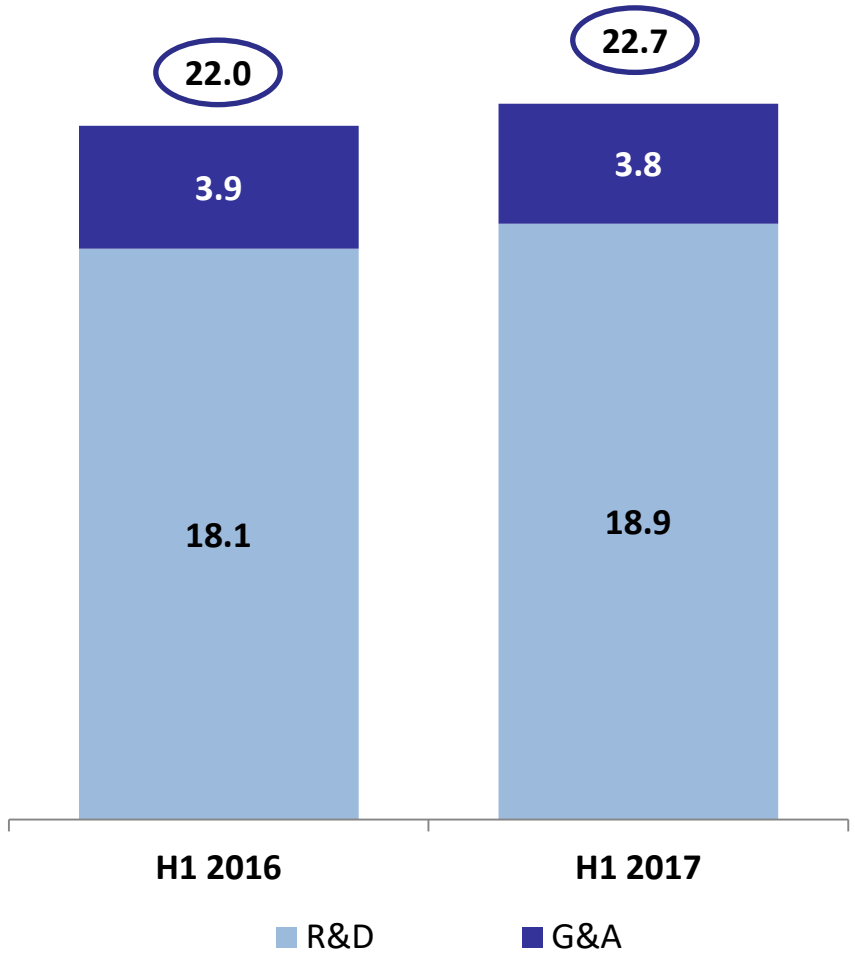
- Revenues from technology access and transfer recognized as income from discovery alliances entered into with Allergan (2012) and Janssen (2011)
- Revenues from R&D recognized as upfront and milestone fees from product out-licensing deals with Allergan in 2011 and 2012
- CHF 32.0 million deferred revenues on balance sheet as of June 30, 2017, recognized in coming years

Deferred revenues (exp. future revenue recognition)

(CHF million)	H2 17	2018	2019	2020	2021ff	Total
Deferred revenues	5.2	10.5	9.1	2.9	4.3	32.0

Operating expenses development

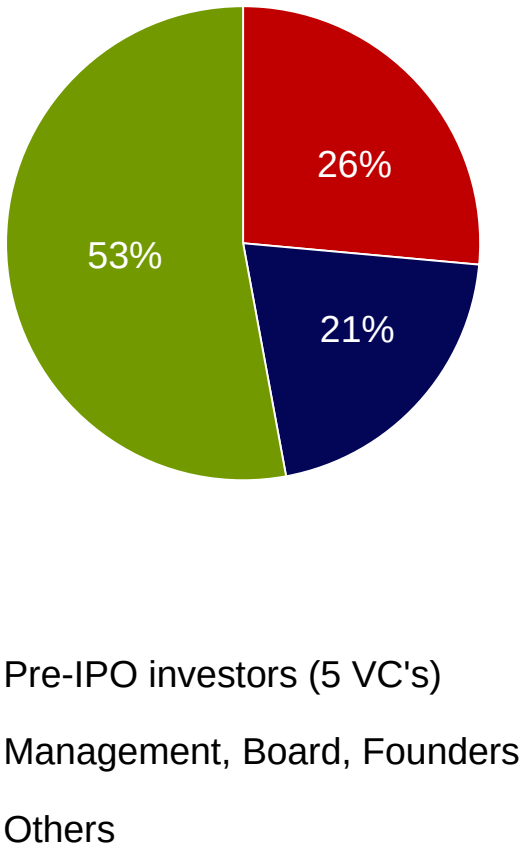
Operating expenses evolution (CHF million; incl. depreciation & amortization)



- Increase in line with expectations (+3% year-on-year)
- Key drivers:
  - Ramp-up of investments in clinical and pre-clinical development of proprietary assets
  - Additional personnel costs for build-out of clinical team
- Investments in further advancement of proprietary assets continue on higher level

Shareholder Structure

Shareholder structure as of June 30, 2017



Highlights

- Listed on SIX Swiss Exchange (ticker symbol: MOLN)
- Included in key indices: SPI, SPI Extra, SXI Life Sciences and SXI Bio+Medtech
- 20,794,606 shares outstanding
- CHF 610 million market cap. as of June 30, 2017
- No lock-up restrictions in place
- Formal free float as per SIX definition: 74%

Financial Guidance for Full Year 2017[1] confirmed

- Total expenses of ca. CHF 50-60 million,
  of which around CHF 6 million non-cash effective costs

- Capital expenditures of ca. CHF 2 million come on top

- No guidance on net cash flow;
  timelines and potential milestone payments with partnerships not disclosed

- Guidance subject to progress and changes of pipeline

[1] At constant exchange rates

Outlook

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Outlook H2 2017 & Beyond

	2017	2018
Allergan		
Abicipar**: Wet AMD	Full enrollment of Ph3 √	1-year efficacy data Ph3
Abicipar**: DME	Start of Ph3	
MP0250: Multiple Myeloma	Initial safety data Ph2*	Initial efficacy data Ph2
MP0250: EGFR mut NSCLC		Initial safety data Ph2
MP0274: Her2 Multi-DARPin®	First dosing in Ph1	Initial data Ph1
Tumor-restricted Agonist	Preclinical data	
PD-1/VEGF Multi-DARPin®		
Several Discovery Programs		

*Definition of the safe dose of MP0250 in combination with Velcade allowing transition to the efficacy part of the study

**Abicipar under development and control of Allergan. All costs borne by Allergan.

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IR Agenda

Date	***Event***
October 26, 2017	Q3 2017 Management Statement
November 09, 2017	R&D Day in New York
February 08, 2018	Unaudited Financial Results 2017
March 16, 2018	Expected Publication of Annual Report 2017
April 18, 2018	Annual General Meeting for Business Year 2017

Molecular Partners: Who We Are

Teamwork

- Swiss biotech
- 100 team members
- Discovery to phase 2 (POC)

- Science & patients first

DARPin® Therapies

- High patient value
- DARPin® Difference

- Abicipar in phase 3 (ophtha)
- MP0250 in phase 2 (onco)
- MP0274 into phase 1 (onco)
- Broad preclin. I/O portfolio

Long-term Partnerships

- Alliance with Allergan
- Swiss listing (MOLN)

- Cash CHF157 mn*
- Financed well beyond key value inflection points

DARPin® Platform

- DARPin® Difference: unlock novel modes of action
- Proof of Platform in the eye and systemically
- Fast and cost effective drug discovery engine

*As of H1 17.
I/O, immuno-oncology.

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Income statement

(CHF million, as per IFRS)	***H1 2017***	*H1 2016*	*Change*
Revenues	**6.0**	13.5	(7.5)
R&D expenses[1]	**(18.9)**	(18.1)	(0.7)
G&A expenses[2]	**(3.8)**	(3.9)	0.1
Operating Loss - EBIT	**(16.7)**	(8.5)	(8.2)
Net finance expenses	**(2.7)**	(1.2)	(1.5)
Net Loss	**(19.4)**	(9.7)	(9.7)

[1] Thereof non-cash costs of CHF 1.7m in H1 2016 and CHF 1.7m in H1 2017
[2] Thereof non-cash costs of CHF 0.7m in H1 2016 and CHF 0.9m in H1 2017

Cash Flow Statement

(CHF million, as per IFRS)	***H1 2017***	*H1 2016*	*Change*
Net cash used in operations	**(20.5)**	(17.5)	(3.0)
Net cash used in investing	**(8.1)**	(0.6)	(7.5)
Net cash from financing	**0.3**	0.3	0.0
Exchange loss on cash positions	**(2.8)**	(0.8)	(2.0)
Net decrease in cash & cash equivalents	**(31.1)**	(18.6)	(12.5)

Balance Sheet

(CHF million, as per IFRS)	***30 June 2017***	*31 Dec 2016*	*30 June 2016*
Non-current assets	**2.2**	2.5	2.6
Other current assets[1]	**1.9**	1.4	1.7
Cash balance (incl. time deposits)	**156.9**	180.2	196.3
Shareholders' equity	**118.3**	135.8	141.4
Non-current liabilities[2]	**27.7**	32.5	36.9
Current liabilities[3]	**15.0**	15.8	22.3

[1] Prepayments and other assets, trade and other receivables
[2] Thereof deferred revenues of CHF 21.5m in 1H 2017, CHF 26.8m in FY2016 and CHF 29.7m in 1H 2016
[3] Thereof deferred revenues of CHF 10.5m in 1H 2017, CHF 10.5m in FY2016 and CHF 16.4m in 1H 2016

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