
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT
OF 1934**

For the month of August 2022

Commission File Number: **001-40488**

Molecular Partners AG
(Translation of registrant's name into English)

**Wagistrasse 14
8952 Zurich-Schlieren
Switzerland**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F [X] Form 40-F []

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

INCORPORATION BY REFERENCE

Exhibits 99.1 and 99.2 to this Report on Form 6-K shall be deemed to be incorporated by reference into the registrant's Registration Statement on Form F-3 (File No. 333-265960) and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No. **Description**

[99.1](#) [Press Release dated August 25, 2022](#)

[99.2](#) [Half-Year Report](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Molecular Partners AG
(Registrant)

Date: August 25, 2022

/s/ PATRICK AMSTUTZ
Patrick Amstutz
Chief Executive Officer

Molecular Partners Reports Corporate Highlights and H1 2022 Financials

- Continued development of MP0317, with initial clinical data from Phase 1 study expected in the second half of 2022
- Initiation of Phase 1 study for MP0533 expected by year end
- Continued progression of proprietary DARPin-conjugated radioligand therapeutics; innate immune cell engagers; next-generation T-cell engagers; and antiviral DARPins
- MP0310 Phase 1 enrollment complete; no additional studies currently planned
- In January 2022, Molecular Partners received a payment of CHF 150 million from Novartis to license ensovibep
- Novartis is responsible for further development, manufacturing, and commercialization activities. An application for Emergency Use Authorization (EUA) was submitted to the U.S. Food and Drug Administration (FDA) by Novartis for ensovibep
- Cash position of CHF 285.1 million as of June 30, 2022, anticipated to support operations into 2026

ZURICH-SCHLIEREN, Switzerland and CONCORD, Mass., Aug. 25, 2022 (GLOBE NEWSWIRE) -- **Ad hoc announcement pursuant to Art. 53 LR: Molecular Partners AG** (SIX: MOLN; NASDAQ: MOLN), a clinical-stage biotech company developing a new class of custom-built protein drugs known as DARPin therapeutics, today announced its corporate highlights and unaudited financial results for the first half-year of 2022.

“In the first half of this year, we have delivered a major clinical success with ensovibep, leading to its licensure by our partner Novartis and a position of financial strength to execute on the next phase of our strategy at full speed,” said Patrick Amstutz, Ph.D., CEO of Molecular Partners. “Programs like ensovibep and our trispesific T-cell engager for AML, MP0533, represent our strategic focus: highly differentiated approaches to major diseases that leverage the strengths of the DARPin class. Using our leading platform, we are focused on advancing and growing our pipeline to meaningfully impact treatment for patients.”

Research & Development Highlights:

MP0317 (FAP x CD40):

- Phase 1 open-label dose escalation study continues in patients with solid tumors known to express FAP. Initial clinical data from this study expected to be presented at a conference in the second half of 2022
- Preclinical data published in *Cancer Immunology Research* supporting MP0317’s potential to deliver tumor-localized immune activation while avoiding systemic toxicity seen with other CD40-targeting agents

MP0533 (CD3 x CD33 x CD70 x CD123)

- Lead candidate, MP0533, selected, following continued promising preclinical data supporting its unique design and mechanism. It is expected to reach clinical development by year end
- New *in vivo* data from the MP0533 program were presented at the European Hematology Association Congress in June 2022

DARPin-Radioligand Therapies

- Novartis partnered program ongoing
- Proprietary programs now advancing

Ensovibep COVID-19 antiviral program

- In January 2022, Novartis exercised its option to in-license ensovibep and is now solely responsible for further development, manufacturing, and commercialization activities. Upon exercise of the option, Molecular Partners received a payment of CHF 150 million, which was in addition to the initial upfront payment of CHF 60 million, from Novartis
- Novartis submitted an application for Emergency Use Authorization (EUA) to the U.S. Food and Drug Administration (FDA) in February 2022, following positive, topline results from the primary analysis of the Phase 2 EMPATHY clinical trial. As previously announced, the FDA has asked that Phase 3 data be provided for their review. Novartis is currently engaged in developing a Phase 3 protocol
- The primary analysis from Phase 2 of the EMPATHY clinical trial was presented at the 2022 European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in April 2022
- Key preclinical data documenting the unique design and mechanism of action of ensovibep were published in *Nature Biotechnology* in July 2022, in a paper titled “The trispesific DARPin ensovibep inhibits diverse SARS-CoV-2 variants”

MP0310 (FAP x 4-1BB)

- Amgen has returned the global rights for MP0310 following a strategic pipeline review. The last patient has been dosed in the Phase 1 study, and the study data are currently being collected and reviewed. The results of the full analysis will inform further business development activity. No additional internal investment in the program is currently planned

Abicipar for wet age-related macular degeneration

- Evaluation of business development opportunities for pivotal-stage asset continues, informed by correspondence with the FDA and discussions with potential partners

Oncology: MP0533 approaching Phase 1 initiation; Phase 1 trials of MP0317 and MP0310; Development of a DARPin-based radioligand program

MP0533, Molecular Partners' novel acute myeloid leukemia (AML) candidate, is a DARPin designed to engage CD3 on T cells while binding up to three tumor-associated antigens (CD33, CD70, and CD123) on AML cells. Preclinical studies have shown that MP0533 T cell activation and tumor killing increased significantly with the number of tumor-associated antigens present. This 'avidity-dependent' mechanism, enabled by the DARPin platform, can lead to preferential targeting of AML cells which, unlike healthy cells, generally express two or more of these antigens. Once bound, the AML cells are marked for termination by nearby T cells. Half-life extension of MP0533 is ensured by its HSA (human serum albumin)-binding DARPins, making the drug compatible with weekly dosing. MP0533 is on track to begin clinical development before the end of 2022.

MP0317 binds both the fibroblast activation protein (FAP) and the immunostimulatory protein CD40. It also contains an HSA-binding DARPin for half-life extension. It is designed to enable tumor-localized immune activation with fewer side effects compared to other CD40-targeting agents. The ongoing Phase 1 trial of MP0317 is expected to enroll up to 30 patients, dosed once every 3 weeks, across six dosing cohorts and up to 15 patients are then expected to be enrolled in a dose expansion cohort. Further, the Company plans to test a weekly dosing regimen to provide potential options for future combinations with either immunotherapy, radiation, or chemotherapy. In addition to evaluating safety, tolerability, and pharmacokinetics of a monotherapy, the study plans to gather a variety of biomarker data to support the establishment of combination therapies with MP0317 in specific indications.

MP0310 is designed to deliver tumor-localized activation of the immunostimulatory 4-1BB protein. A Phase 1 study of this candidate as a treatment for solid tumors has concluded patient enrollment and is expected to yield a full dataset in the second half of 2022. Following Amgen's return of global rights to MP0310 to the Company, the Phase 1 dataset will inform potential further business development activity.

Thanks to their small size and their high specificity and affinity, DARPins represent ideal delivery vectors for therapeutic radionuclides to efficiently target cancer cells with minimal systemic side effects. Molecular Partners is developing new DARPin-based radioligand therapy (**DARPin-RLT**) candidates internally, and in collaboration with Novartis. DARPin-RLTs have the potential to selectively deliver targeted radionuclides deeply into the tumor, with long tumor retention, causing direct tumor cell killing. In the Novartis partnership, the two companies plan to combine DARPins' unique properties, including small size and high affinity and specificity, with the RLT capabilities and expertise of Novartis. Under the terms of the agreement, Molecular Partners will collaborate with Novartis to discover DARPins that target specific tumor-associated antigens. Both parties will collaborate on the discovery and optimization of therapeutic DARPin-RLT candidates for further development.

Ensovibep for COVID-19: In partnership with Novartis

Pursuant to the Company's Option and Equity Rights Agreement executed in October 2020 with Novartis, Novartis exercised its option to in-license ensovibep in January 2022, triggering a milestone payment of CHF 150 million to Molecular Partners. Novartis is now responsible for further development, manufacturing, distribution, and commercialization activities.

Ensovibep is an investigational treatment, designed specifically to inhibit SARS-CoV-2, the virus that causes COVID-19. It is made up of five DARPin domains, three domains that bind to the SARS-CoV-2 spike protein, and two domains that are intended to extend half-life. It is the first clinical-stage trispecific antiviral candidate for COVID-19.

As announced in January 2022, Phase 2 of the EMPATHY clinical trial – a randomized, placebo-controlled study which enrolled 407 symptomatic patients infected with SARS-CoV-2 – met its primary endpoint with a statistically significant reduction in viral load over eight days in the ensovibep arms, compared to placebo. The secondary endpoint of hospitalization and/or emergency room (ER) visits related to COVID-19, or death was met by showing an overall 78% reduction in relative risk of events across all ensovibep arms, compared to placebo. Following discussions with the FDA, the Agency has asked that Phase 3 data be provided for their review. Novartis is currently engaged in developing a Phase 3 study protocol.

Based on the strong clinical performance of ensovibep, Molecular Partners is assessing further viral disease areas where DARPins may offer advantages over existing antivirals or where no effective treatments exist.

Ophthalmology

In August 2021, Molecular Partners regained global development and commercial rights to abicipar for the treatment of neovascular age-related macular degeneration (nAMD) and Diabetic Macular Edema (DME). Abicipar went through two positive Phase 3 studies, CEDAR and SEQUOIA, which supported the non-inferior efficacy of its quarterly dosing regimen compared to monthly ranibizumab.

The Company is currently evaluating potential business development opportunities for abicipar. Based on correspondence with the FDA and discussions with potential partners, the options for resumed development may include the development and commercialization program by a partner, or the formation of a new company focused on abicipar with new investors and a dedicated management team.

Leadership & Governance

Chief Executive Officer Patrick Amstutz was elected as President of the Swiss Biotech Association Board of Directors on May 3, 2022. Switzerland has become one of the global hubs for life sciences and this position will allow Dr. Amstutz the opportunity to provide leadership and influence in the biopharma industry both regionally and globally.

Alexander Z✓rcher was promoted to Chief Operating Officer, effective as of July 1, 2022. Coinciding with Alexander's promotion, Michael Stumpp, the Company's prior COO, transitioned to the newly formed position of EVP Projects while remaining a member of the Company's Management Board. Renate Gloggnier was promoted to EVP People and Community, effective as of July 1, 2022. Both Alexander and Renate were appointed to the Company's Management Board, also effective as of July 1, 2022.

At the Company's 2022 Annual General Meeting held on April 13, 2022, the Company's shareholders approved all motions proposed by the Board of Directors, including the re-election of all members of the Board of Directors for a term of office of one year, as well as of William Burns as Chairman of the Board, the renewal of the authorized share capital for a period of two years until April 13, 2024, and all motions regarding compensation of the Board of Directors and the Management Board.

Expansion of ESG initiative

As an innovative biotechnology company, Molecular Partners' purpose is to find, develop, and bring to market novel therapeutics to improve the lives of patients across the globe. Molecular Partners' company-wide efforts to develop a COVID-19 treatment for the world, ensovibep, exemplify this well. When partnering with Novartis to fight COVID-19, the Company and Novartis agreed to waive profits from ensovibep in developing regions as part of a commitment to corporate social responsibility in a time of urgent global medical need. In oncology, Molecular Partners is focusing the powers of its platform toward finding truly innovative therapeutics for diseases that currently have no sustainable solution, such as in the Company's recent work in AML, a blood cancer with no reliably effective treatment, where the Company advancing a differentiated potential option for patients through DARPin.

Molecular Partners believes that its growth and constant improvement as a company are closely linked to the well-being and growth of its employees. As a part of that, the Company is focused on programs to support its internal culture, encouraging employees to show initiative, integrity, and to strive to excellence in their work.

Finally, Molecular Partners' believes it is crucial to foster a socially and environmentally aware company culture, which it believes helps its team to better appreciate their contribution to society and the importance of their work. To help accomplish all of this, the Company has engaged external support to help guide its ESG strategy development as the next step toward executing on an ESG plan with practical and best practice metrics.

Creation of Treasury Shares

The Company today reports that it has created 3,500,000 treasury shares with a nominal value of CHF 0.10 each, thereby increasing its registered share capital from CHF 3,229,264.80 to CHF 3,579,264.80. The new shares, created on August 25, 2022 out of the Company's authorized share capital, were subscribed by Molecular Partners Inc., the Company's wholly owned subsidiary, and subsequently transferred at nominal value to the Company, and are expected to be listed on the SIX Swiss Exchange on or around August 26, 2022. With this increase, the Company now holds treasury shares that can be used in the future to raise funds in an efficient manner, including in connection with the Company's at-the-market sales program for American Depositary Shares that the Company established in July 2022.

H1 2022 operational and financial highlights:

- Strong financial position with CHF 285.1 million in cash (including short term deposits) as of June 30, 2022
- Revenue of CHF 184.5 million primarily due to payment received from Novartis upon exercise of option to in-license global rights to ensovibep
- Net cash from operating activities of CHF 151.0 million in H1 2022
- Operating profit of CHF 146.3 million and net profit of CHF 148.6 million in H1 2022
- Company expected to be funded into 2026, excluding any potential payments from R&D partnerships
- The H1 2022 Financial Statements are available on the company's [website](#)

Key figures as of June 30, 2022 (unaudited) (CHF million, except per share, FTE data)	H1 2022	H1 2021	Change
Total revenues and other income	184.5	4.4	180.1
R&D expenses	(27.0)	(31.6)	4.5
SG&A expenses	(11.2)	(7.6)	(3.6)
Operating result	146.3	(34.8)	181.1
Net result	148.6	(33.6)	182.2
Basic net result per share (in CHF)	4.59	(1.13)	5.72
Net cash from (used in) operating activities	151.0	(52.5)	203.5
Cash balance (incl. time deposits) as of June 30	285.1	174.3	110.8
Total shareholders' equity as of June 30	265.9	134.6	131.3
Number of total FTE as of June 30	164.0	158.3	5.7

Business Outlook and Priorities

With expected funding into 2026 and several programs across infectious diseases, immuno-oncology, and ophthalmology, Molecular Partners is well-resourced to continue expanding the capabilities of its DARPin platform and the breadth and differentiation of its DARPin therapeutic candidates.

Initial data for the Phase 1 open-label dose escalation study of MP0317 (FAP x CD40) are expected in the second half of 2022 and MP0533 (CD3 x CD33 x CD70 x CD123) for AML are expected to reach clinical development in the second half of 2022.

Financial outlook 2022

For the full year 2022, at constant exchange rates, the Company expects total expenses of CHF 70 - 80 million, of which approximately CHF 9 million will be non-cash effective costs for share-based payments, IFRS pension accounting and depreciation. This cash flow guidance does not include any potential receipts from R&D partnerships.

With CHF 285.1 million in cash and short-term time deposits and no debt as of June 30, 2022, the Company expects to be funded into 2026, excluding any potential receipts from R&D partners.

Documentation

The results presentation, this press release, and the half-year 2022 report will be made available on www.molecularpartners.com after 10pm CET on August 25, 2022.

Half year 2022 conference call & audio webcast - August 26, 2022 - 2pm CET, 8am ET

The half year 2022 results presentation will be [webcast live](#) and made available on the Company's website under the investor section. The replay will be available for 90 days following the presentation.

In order to register for the H1 2022 conference call on Friday, August 26, 2pm CET / 8am ET, please dial the following numbers approximately 10 minutes before the start of the presentation:

Switzerland	0800 246787
USA	18666525200
Full list of dial-in numbers	Linked here
Conference ID	Please ask to be joined into the Molecular Partners call

Financial calendar

October 27, 2022	Interim Management Statement Q3 2022
March 9, 2023	Full-year results 2022

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 other currently available protein therapeutics. DARPin therapeutics have been clinically validated through to registration via the development of abicipar, Molecular Partners' most advanced DARPin drug candidate. 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.

About Molecular Partners AG

Molecular Partners AG is a clinical-stage biotech company developing DARPin therapeutics, a new class of custom-built protein drugs designed to address challenges current modalities cannot. The Company has formed partnerships with leading pharmaceutical companies to advance DARPin therapeutics in the areas of ophthalmology, oncology, and infectious disease, and has compounds in various stages of clinical and preclinical development across multiple therapeutic areas. www.molecularpartners.com; Find us on Twitter - [@MolecularPrtnrs](#)

Cautionary Note Regarding Forward-Looking Statements

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, implied and express statements regarding the clinical development of Molecular Partners' current or future product candidates, expectations regarding timing for reporting data from ongoing clinical trials or the initiation of future clinical trials, the potential therapeutic and clinical benefits of Molecular Partners' product candidates, the selection and development of future antiviral or other programs, or any potential business development opportunities for product candidates, Molecular Partners' position of financial strength and ability to execute on the next phase of its strategy, and Molecular Partners' expected expenses and cash utilization for 2022 and its expectation that its current cash resources will be sufficient to fund its operations and capital expenditure requirements into 2026. These statements may be identified by words such as "believe", "expect", "may", "plan", "potential", "will", "would" and similar expressions, and are based on Molecular Partners' current beliefs and expectations. These statements involve risks and uncertainties that could cause actual results to differ materially from those reflected in such statements. Some of the key factors that could cause actual results to differ from Molecular Partners' expectations include its plans to develop and potentially commercialize its product candidates; Molecular Partners' reliance on third party partners and collaborators over which it may not always have full control; Molecular Partners' ongoing and planned clinical trials and preclinical studies for its product candidates, including the timing of such trials and studies; the risk that the results of preclinical studies and clinical trials may not be predictive of future results in connection with future clinical trials; the timing of and Molecular Partners' ability to obtain and maintain regulatory approvals for its product candidates; the extent of clinical trials potentially required for Molecular Partners' product candidates; the clinical utility and ability to achieve market acceptance of Molecular Partners' product candidates; the potential impact of the COVID-19 pandemic or other geopolitical events on Molecular Partners' preclinical studies, clinical trials or operations, or the operations of third parties on which it relies; Molecular Partners' plans and development of any new indications for its product candidates; Molecular Partners' commercialization, marketing and manufacturing capabilities and strategy; Molecular Partners' intellectual property position; Molecular Partners' ability to identify and in-license additional product candidates; and other risks and uncertainties that are described in the Risk Factors section of Molecular Partners' Annual Report on Form 20-F for the fiscal year ended December 31, 2021 filed with Securities and Exchange Commission (SEC) on March 15, 2022 and other filings Molecular Partners makes with the SEC. These documents are available on the Investors page of Molecular Partners' website at www.molecularpartners.com. Any forward-looking statements speak only as of the date of this press release and are based on information available to Molecular Partners as of the date of this release, and Molecular Partners assumes no obligation to, and does not intend to, update any forward-looking statements, whether as a result of new information, future events or otherwise.

For further details, please contact:

Seth Lewis
seth.lewis@molecularpartners.com
Tel: +1 781 420 2361

Shai Biran, Ph.D.
shai.biran@molecularpartners.com
Tel: +1 978 254 6286

Thomas Schneckenburger, European IR & Media
thomas.schneckenburger@molecularpartners.com
Tel: +41 79 407 9952



HALF-YEAR REPORT

2022



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At a Glance: Key Milestones, Group Profile & Contents

H1 2022 Research & Development Milestones

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MP0533 (CD3 x CD33 x CD70 x CD123)

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- New *in vivo* data from the MP0533 program were presented at the European Hematology Association Congress in June 2022

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- Novartis partnered program ongoing
- Proprietary programs now advancing

Ensovibep COVID-19 antiviral program

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Abicipar for wet age-related macular degeneration

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Group Profile

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

Share Information

- Shares listed on SIX Swiss Exchange (ticker: MOLN; ISIN CH0256379097) since Nov. 2014
- American Depositary Receipts (ADR) listed on Nasdaq (ticker: MOLN) since June 2021
- 32,502,323 shares outstanding as of June 30, 2022
- CHF 214 million market capitalization as of June 30, 2022
- Free float of 95% as per SIX Swiss Exchange definition

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Custom-built biology for patients



To Our Shareholders

We are committed to leveraging our leadership in DARPin therapeutics to deliver a unique class of custom-built protein therapeutics that go beyond the limits of current treatments for cancer, in virology as well as for other serious diseases.

In the first half of this year, we have delivered a major clinical success with ensovibep, leading to its licensure by our partner Novartis and a position of financial strength to execute on the next phase of our strategy at full speed.

Programs like ensovibep and our trispecific T-cell engager for AML, MP0533, represent our strategic focus: highly differentiated approaches to major diseases that leverage the strengths of the DARPin class.

Using our leading DARPin platform, we are focused on advancing our pipeline and growing it with potential highly differentiated DARPin therapies that can meaningfully impact treatment for patients.

H1 2022 Milestones and Corporate Highlights

In the following, we summarize the advancements and status of our candidates as well as the initiatives for the individual therapeutic areas of virology and oncology. Further, we provide an overview on the highlights in terms of Leadership & Governance of our organization.

Oncology

AML candidate MP0533 is approaching Phase 1 initiation

MP0533, Molecular Partners' novel acute myeloid leukemia (AML) candidate, is a DARPin designed to engage CD3 on T cells while binding up to three tumor-associated antigens (CD33, CD70, and CD123) on AML cells. Preclinical studies have shown that MP0533 T cell activation and tumor killing increased significantly with the number of tumor-associated antigens present. This 'avidity-dependent' mechanism, enabled by the DARPin platform, can lead to preferential targeting of AML cells which, unlike healthy cells, generally express two or more of these antigens. Once bound, the AML cells are marked for termination by nearby T cells. Half-life extension of MP0533 is ensured by its HSA (human serum albumin)-binding DARPins, making the drug compatible with weekly dosing. MP0533 is on track to begin clinical development before the end of 2022.

Phase 1 trials of MP0317 and MP0310

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Development of a DARPIn-based radioligand program

Thanks to their small size and their high specificity and affinity, DARPins represent ideal delivery vectors for therapeutic radionuclides to efficiently target cancer cells with minimal systemic side effects. We are developing new DARPIn-based radioligand therapy (DARPIn-RLT) candidates internally, and in collaboration with Novartis. DARPIn-RLTs have the potential to selectively deliver targeted radionuclides deeply into the tumor, with long tumor retention, causing direct tumor cell killing. In the Novartis partnership, the two companies plan to combine DARPins' unique properties, including small size and high affinity and specificity, with the RLT capabilities and expertise of Novartis. Under the terms of the agreement, we will collaborate with Novartis to discover DARPins that target specific tumor-associated antigens. Both parties will collaborate on the discovery and optimization of therapeutic DARPIn-RLT candidates for further development.

Ensovibep for COVID-19 in partnership with Novartis

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Our company is currently evaluating potential business development opportunities for abicipar. Based on correspondence with the FDA and discussions with potential partners, the options for resumed development may include the development and commercialization program by a partner, or the formation of a new company focused on abicipar with new investors and a dedicated management team.

Financial highlights in H1 2022

Molecular Partners remains solidly funded to capture upcoming value inflection points, with a current cash runway into 2026.

In the first six months of 2022, Molecular Partners recognized total revenues and other income of CHF 184.5 million (H1 2021: CHF 4.4 million) and incurred total operating expenses of CHF 38.2 million (H1 2021: CHF 39.2 million). This led to an operating profit of CHF 146.3 million for the first six months in 2022 (H1 2021: Operating loss of CHF 34.8 million) and a net profit of CHF 148.6 million for H1 2022 (H1 2021: Net loss of CHF 33.6 million).

The net cash inflow from operating activities during the first six months in 2022 was CHF 151.0 million (2021: net cash outflow of CHF 52.5 million). Including short-term time deposits, the cash and cash equivalents position increased by CHF 152.3 million vs. year-end 2021 to CHF 285.1 million as of June 30, 2022 (December 31, 2021: CHF 132.8 million). Total shareholders' equity stood at CHF 265.9 million as of June 30, 2022, an increase of CHF 158.6 million versus year-end 2021 (December 31, 2021: CHF 107.3 million).

As of June 30, 2022, our company employed 164 FTEs (full time equivalents), up 6 FTE year-on-year. Approximately 82% of the employees are employed in R&D-related functions.

H1 2022 Leadership & Governance highlights

At the 2022 Annual General Meeting of the company held on April 13, 2022, our shareholders approved all motions proposed by our Board of Directors, including the re-election of all members of the Board of Directors for a term of office of one year, as well as of the Chairman of the Board, the renewal of the authorized share capital for a period of two years until April 13, 2024 and the all motions regarding compensation of the Board of Directors and the Management Board. Our shareholders also welcome the expansion of our ESG initiative at Molecular Partners.

Chief Executive Officer Patrick Amstutz was elected as President of the Swiss Biotech Association Board of Directors on May 3, 2022. Switzerland has become one of the global hubs for life sciences and this position will allow Patrick the opportunity to provide leadership and influence in the biopharma industry, both regionally and globally.

Alexander Zürcher was promoted to Chief Operating Officer, effective as of July 1, 2022.. Coinciding with Alexander's promotion, Michael Stumpp, the Company's prior COO, transitioned to the newly formed position of EVP Projects and will continue to be a member of the Company's Management Board. Renate Gloggnier was promoted to EVP People and Community, effective as of July 1, 2022. Both Alexander and Renate were appointed to the Company's Management Board also effective July 1, 2022.



Expansion of ESG initiative

As an innovative biotechnology company, our purpose is to find, develop, and bring to market novel therapeutics to improve the lives of patients across the globe. Our company-wide efforts to develop a COVID-19 treatment for the world, ensovibep, exemplify this well. When partnering with Novartis to fight COVID-19, we and Novartis agreed to waive profits from ensovibep in developing regions as part of a commitment to corporate social responsibility in a time of urgent global medical need. In oncology, we are focusing the powers of our platform toward finding truly innovative therapeutics for diseases that currently have no sustainable solution, such as in our recent work in AML, a blood cancer with no reliably effective treatment where we are advancing a differentiated potential option for patients through DARPins.

We are convinced that our growth and constant improvement as a company are closely linked to the well-being and growth of our employees. Correspondingly, we are focused on programs to support our internal culture, encouraging employees to show initiative, integrity, and to strive to excellence in their work. Further, we are applying employee engagement and retention programs, including a reinforced focus on executive-led initiatives in these areas.

Finally, we are convinced it is crucial to foster a socially and environmentally aware company culture, which enables our team to better appreciate their contribution to society and the importance of their work. To help accomplish all of this, we have engaged external support to help guide our ESG strategy development a further step toward executing on an ESG plan with practical, best practice metrics.

Business outlook and priorities for H2 2022 and beyond

With expected funding into 2026 and several programs across infectious diseases, immuno-oncology, and ophthalmology, we are well-resourced to continue expanding the capabilities of our DARPin platform and the breadth and differentiation of our DARPin therapeutic candidates.

Initial data for the Phase 1 open-label dose escalation study of MP0317 (FAP x CD40) are expected in the second half of 2022 and MP0533 (CD3 x CD33 x CD70 x CD123) for AML are expected to reach clinical development in the second half of 2022.



Thank you for your continued support of our work

Our continued progress towards our mission would not be possible without the full support and tireless work of our employees, strategic partners, investors, researchers, and patients. On our joint journey to complete this vision, we thank these groups for their support. We look forward to sharing our continued progress throughout the second half of 2022.



Sincerely,

Bill Burns
Chairman of the Board

Patrick Amstutz
Chief Executive Officer







Financial Summary

Results and overview

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated interim financial statements which have been prepared in accordance with IAS 34 Interim Financial Reporting.

In addition to historical data, this discussion contains forward-looking statements regarding our business and financial performance based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors.

Key Financials (CHF million, except per share, FTE data)	H1 2022	H1 2021	Change
Total revenues and other income	184.5	4.4	180.1
R&D expenses	(27.0)	(31.6)	4.5
SG&A expenses	(11.2)	(7.6)	(3.6)
Total operating expenses (incl depr. & amort.)	(38.2)	(39.2)	1.0
Operating result	146.3	(34.8)	181.1
Net finance result	2.3	1.2	1.1
Income taxes	—	—	—
Net result	148.6	(33.6)	182.2
Basic net result per share (in CHF)	4.59	(1.13)	5.72
Diluted net result per share (in CHF)	4.48	(1.13)	5.61
Net cash from (used in) operating activities	151.0	(52.5)	203.5
Net cash from (used in) investing activities	(109.6)	(8.2)	(101.4)
Net cash from (used in) financing activities	(0.4)	52.0	(52.4)
Exchange gain/(loss) on cash positions	2.1	1.5	0.6
Net increase (decrease) in cash & cash equivalents	43.1	(7.2)	50.3
Cash & cash equivalents	114.9	126.6	(11.7)
Cash & cash equivalents (incl. short-term time deposits)	285.1	174.3	110.8
Total non-current assets	7.8	8.9	(1.1)
Total current assets	291.5	198.1	93.4
Total shareholders' equity	265.9	134.6	131.3
Total non-current liabilities	10.1	14.8	(4.7)
Total current liabilities	23.3	57.6	(34.3)
Number of total FTE	164.0	158.3	5.7



Financial highlights

Over the course of 2022, the Group continued to invest in its clinical and preclinical programs as well as in research and development in order to progress its oncology and virology DARPin candidates towards value-creating milestones.

The strong balance sheet, which was further reinforced with the funds received in the first quarter of 2022 from our collaboration partner Novartis, continues to provide our Group with financial flexibility and a forecasted cash runway into 2026 beyond the envisaged key value inflection points expected to be captured until then.

Molecular Partners' broad pipeline across multiple indications, its collaborations with pharma companies, and its financial position, which further strengthened in the course of the first semester 2022, combine to provide our Group a robust position within the biotech sector. The Group continues to employ its financial and human resources into the evolution of its proprietary DARPin technology, the progression of innovative programs as well as the advancement of its pipeline of proprietary and outlicensed drug candidates in clinical development, targeting high-value indications.

Revenues

In H1 2022, the Group recognized total revenues and other income of CHF 184.5 million, a significant increase compared to the previous year (2021: CHF 4.4 million). The revenue and other income in the first six months of 2022 was largely attributable to the Group's partnership with Novartis (CHF 167.9 million).

As of June 30, 2022 the Group has CHF 14.4 million of contract liabilities under the Novartis collaboration agreement. This contract liability is expected to be recognized as revenues in the coming two years as the Group performs its collaboration activities.

Operating expenses (incl. depreciation and amortization)

The Group's operating expenses consist primarily of costs associated with research, preclinical and clinical testing, personnel-related costs and, to a lesser extent, royalty and license fees, facility expenses, professional fees for legal, tax, audit and strategic purposes, administrative expenses and depreciation of property, plant and equipment.

Overall, total operating expenses decreased by CHF 1.0 million (2%) to CHF 38.2 million in H1 2022 (compared to CHF 39.2 million in H1 2021). The two major expense categories were personnel expenses of CHF 20.5 million (54% of total operating expenses) and research and development projects related costs totaling CHF 9.2 million (24% of total operating expenses).

Total R&D expenses in H1 2022 decreased by CHF 4.5 million (14%) to CHF 27.0 million (H1 2021: CHF 31.6 million), mainly due to lower costs associated with our COVID-19 compound, ensovibep, during 2022 as compared to 2021. The Group charges all R&D expenses, including internal patent filing and patent maintenance costs, to the income statement when incurred.

Total SG&A expenses in H1 2022 went up by CHF 3.6 million (+47%) to CHF 11.2 million (H1 2021: CHF 7.6 million), mainly due to an increase in director and officers insurance and professional fees following the Nasdaq listing in June 2021.



In 2022, operating expenses are expected to remain stable related to the ongoing clinical and preclinical studies and the development of the Group's proprietary product candidates. The Group continues to expand its proprietary product pipeline and further invests in the DARPin technology.

As of June 30, 2022, the Group had 164 full-time employees (FTEs) on its payroll, including 134 FTEs (ca. 82%) in R&D and 30 FTEs (ca. 18%) in SG&A.

Operating profit (loss)

In the first six months of 2022, the Group generated an operating profit of CHF 146.3 million (compared to an operating loss of CHF 34.8 million in the same period in 2021). The operating profit in H1 2022 was primarily driven by the revenue generated from our collaboration partner Novartis.

Financial income and expenses

In the first six months of 2022, Molecular Partners recorded a net financial gain of CHF 2.3 million, compared to a net financial gain of CHF 1.2 million in the same period in 2021.

The financial income amounted to CHF 2.8 million, largely driven by income generated from a foreign exchange gain on the Group's cash balances. The financial expense of CHF 0.5 million arose mainly from interest expense on cash positions and short-term time deposits. The Group is not hedging for translation risks as it pursues a stringent natural hedging policy by optimizing the matching of cash in/out flows in the respective currencies.

Income and deferred taxes

In the current period, the Group generated taxable income primarily as a result of the revenue generated from the exercise of the option agreement by Novartis. However, income tax expense has been calculated for the period ended on June 30, 2022, based on an expected effective income tax rate expected for the full financial year of 0 %, given that any tax income is anticipated to be offset by the utilization of previously unrecognized tax losses.

Future net income in Switzerland will be subject to federal, cantonal and communal income taxes. The company's applicable income tax rate in Switzerland is 21%.

Molecular Partners Inc., which is incorporated in the United States in the state of Delaware, is subject to statutory U.S. federal corporate income taxes and state income taxes.

Net profit

In H1 2022, the Group recorded a net profit of CHF 148.6 million (H1 2021: CHF 33.6 million net loss).

Balance sheet and capital resources

As of June 30, 2022, the Group's position on cash and cash equivalents plus short-term time deposits increased by CHF 152.3 million compared to year-end 2021 to CHF 285.1 million (or 95% of the total assets).

Compared to year-end 2021, the total shareholders' equity position increased by CHF 158.6 million to CHF 265.9 million as of June 30, 2022 (December 31, 2021: CHF 107.3 million). The Group's balance sheet continued to be debt-free throughout H1 2022.



Liabilities in the balance sheet are primarily comprised of contract liabilities, trade payables and accrued expenses from our operations as well as pension liabilities as per IAS19. Total liabilities as of June 30, 2022 amount to CHF 33.4 million (December 31, 2021: CHF 65.4 million). The contract liabilities are the most significant liability item with a total of CHF 14.4 million at June 30, 2022 (December 31, 2021: CHF 35.2 million). The contract liabilities are expected to be recognized as revenue as the Group satisfies the related performance obligations.

Cash flow statement

In the first six months of 2022, Molecular Partners recorded a net cash inflow from operations of CHF 151.0 million, compared to the net cash outflow from operations of CHF 52.5 million in the same period in 2021.

Cash outflow from investing activities during the first six months of 2022 was CHF 109.6 million, compared to a CHF 8.2 million cash outflow in the same period of 2021. The cash flows from investing activities are largely driven by the shift of cash into short-term time deposits and vice versa. A CHF 0.5 million outflow was recorded for capital expenditures in equipment and intangible assets.

Net cash outflow from financing activities in the first six months of 2022 was CHF 0.4 million. Overall, the cash flow activities resulted in a net increase of the Group's total cash and cash equivalents balance of CHF 43.1 million from CHF 71.8 million at the end of 2021 to CHF 114.9 million as per June 30, 2022.

Financial risk management

The Group is developing several products and is currently not generating a constant revenue stream. At present, the lack of consistent positive operating cash flow may expose the Group to financing risks in the medium term. Risk management is carried out centrally under policies approved by the Board of Directors. Furthermore, the Group manages financial risks such as foreign exchange risk and liquidity.

Molecular Partners conducts its activities primarily in Switzerland, EU and U.S. As a result, the Group is exposed to a variety of financial risks, such as foreign exchange rate risk, credit risk, liquidity risk, cash flow and interest rate risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group is not exposed to market price development as it has no saleable products.

The following is a summary of how we manage and mitigate the key financial risks:

- **Foreign exchange risk:** In order to reduce its foreign exchange exposure, Molecular Partners may enter into currency contracts (forwards and options) with selected high-quality financial institutions to hedge against foreign currency exchange rate risks. The Group's primary exposure to financial risk is due to fluctuation of exchange rates between CHF, EUR, and USD. The Group's hedging policy is (1) to maximize natural hedging by matching expected future cash flows in the different currencies and (2) if markets conditions allow, to consider hedging certain of the remaining expected net currency exposure as the need arises. However, due to market volatilities, the impact of negative interest rates in Switzerland and uncertainties in the cash flows, a 100% hedging of the currency exposure is impossible or not appropriate. Molecular Partners does not engage in speculative transactions.



- Interest rate risk: Molecular Partners earns interest income and pays negative interest on cash and cash equivalents and its profit and loss may be influenced by changes in market interest rates. The Group is investing part of its cash in short-term time deposits in line with its treasury guidelines.
- Credit risk: The maximum credit risk on financial instruments corresponds to the carrying amounts of the Group's cash and cash equivalents and receivables. The Group has not entered into any guarantees or similar obligations that would increase the risk over and above the carrying amounts. All cash and cash equivalents are held with three major Swiss banks with ratings between A and AAA as per Standard & Poor's. The Group enters into partnerships with partners which have the appropriate credit history and a commitment to ethical business practices. Other receivables with credit risk mainly include interest receivables.
- Liquidity risk: Based on the Group's Business Plan 2022-2026, management estimates that the Group is financed into 2026 .

Financial Outlook 2022

For the full year 2022, at constant exchange rates, the Group expects total expenses of CHF 70 - 80 million, of which approximately CHF 9 million will be non-cash effective costs for share-based payments, IFRS pension accounting and depreciation. This cash flow guidance does not include any potential receipts from R&D partnerships.

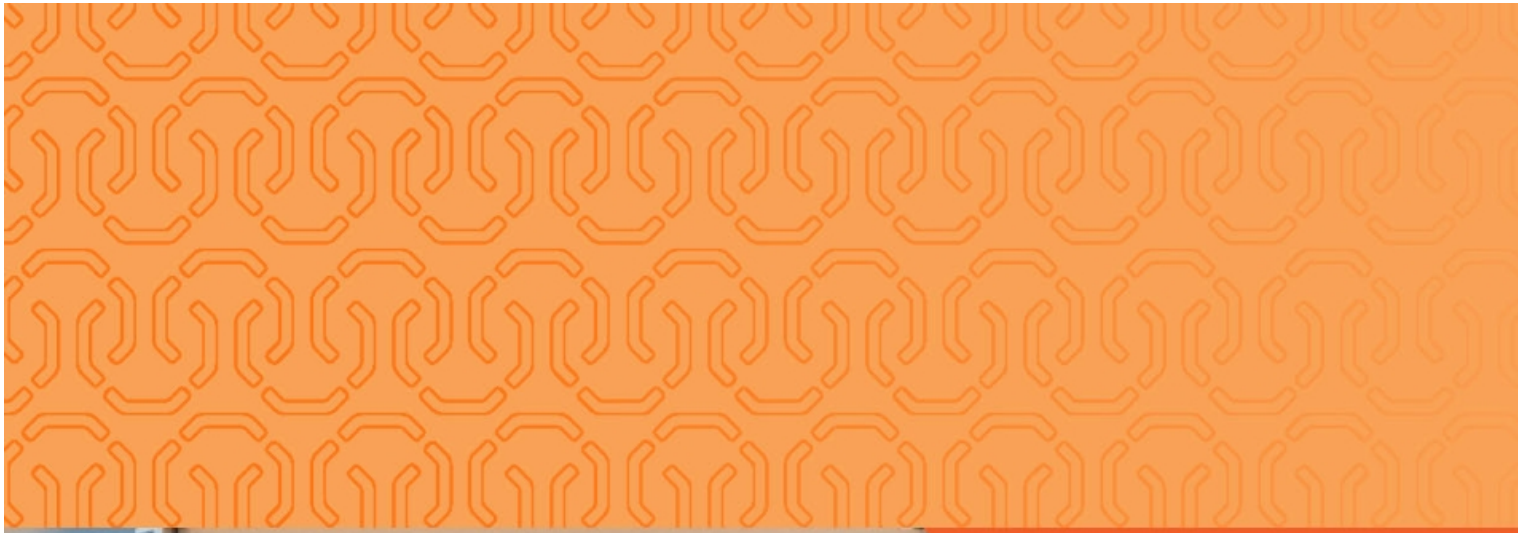
With CHF 285 millions in cash and cash equivalents plus short-term time deposits and no debt as of June 30, 2022, Molecular Partners expects to be funded into 2026, excluding any potential receipts from R&D partners.

Financial Calendar 2022

The following table summarizes the scheduled financial calendar for the financial year 2022.

Date:	Event:
October 27, 2022	Interim Management Statement Q3 2022
March 9, 2023	Full-year 2022 Results
April 4, 2023	Annual General Meeting







Condensed consolidated interim financial statements (unaudited)

Condensed consolidated interim statement of financial position as of		June 30, 2022	December 31, 2021
in CHF thousands	Note		
Assets			
Property, plant and equipment		7,516	8,146
Intangible assets		291	331
Total non-current assets		7,807	8,477
Short-term time deposits		170,124	61,000
Other current assets		3,839	5,728
Trade and other receivables		2,580	25,650
Cash and cash equivalents		114,943	71,813
Total current assets		291,486	164,191
Total assets		299,293	172,668
Shareholders' equity and liabilities			
Share capital	5.4	3,250	3,229
Additional paid-in capital	5.4	358,103	355,010
Cumulative losses		(95,480)	(250,950)
Total shareholders' equity		265,873	107,289
Contract liability	5.3	5,400	6,925
Lease liability		4,252	4,850
Employee benefits	5.9	454	6,739
Total non-current liabilities		10,106	18,514
Trade and other payables		5,549	7,389
Accrued expenses		7,558	9,975
Contract liability	5.3	9,014	28,312
Lease liability		1,193	1,189
Total current liabilities		23,314	46,865
Total liabilities		33,420	65,379
Total shareholders' equity and liabilities		299,293	172,668

See accompanying notes, which form an integral part of these unaudited condensed consolidated interim financial statements.



Condensed consolidated interim statement of comprehensive income/loss for the 6 months ended June 30,

		2022	2021
in CHF thousands	Note		
Revenues and other income			
Revenues from research and development collaborations	5.1	184,526	4,028
Other income	5.2	14	389
Total revenues and other income		184,540	4,417
Operating expenses			
Research and development expenses		(27,043)	(31,581)
Selling, general and administrative expenses		(11,237)	(7,629)
Total operating expenses		(38,280)	(39,210)
Operating result		146,260	(34,793)
Financial income	5.7	2,835	1,545
Financial expenses	5.7	(490)	(319)
Net finance result		2,345	1,226
Result before income taxes		148,605	(33,567)
Income taxes	5.8	—	—
Net result, attributable to shareholders		148,605	(33,567)
Other comprehensive result			
Items that will not be reclassified to profit or loss			
Remeasurement of net pension liabilities, net of tax	5.9	6,875	6,527
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(10)	3
Other comprehensive result, net of tax		6,865	6,530
Total comprehensive result, attributable to shareholders		155,470	(27,037)
Basic net result per share (in CHF)	5.10	4.59	(1.13)
Diluted net result per share (in CHF)	5.10	4.48	(1.13)

See accompanying notes, which form an integral part of these unaudited condensed consolidated interim financial statements.



**Condensed consolidated interim cash flow statement for the
6 months ended June 30,**

	2022	2021
in CHF thousands		
Net result attributable to shareholders	148,605	(33,567)
Adjustments for:		
Depreciation and amortization	1,205	1,316
Share-based compensation costs	2,870	1,853
Change in employee benefits	590	590
Financial income	(2,835)	(1,545)
Financial expenses	490	319
Changes in working capital:		
Change in other current assets	2,075	(14,630)
Change in trade and other receivables	23,590	(5,015)
Change in trade and other payables	(1,858)	4,732
Change in contract liability	(20,822)	(8,175)
Change in accrued expenses	(2,568)	2,028
Exchange gain/(loss) on working capital positions	(17)	(131)
Interest paid	(335)	(307)
Other financial expense	(5)	(4)
Net cash from (used in) operating activities	150,986	(52,536)
Proceeds from investments in short term time deposits	42,006	20,000
Investments in short term time deposits	(151,131)	(27,699)
Acquisition of property, plant and equipment	(426)	(316)
Acquisition of intangible assets	(110)	(184)
Interest received	57	9
Net cash used in investing activities	(109,604)	(8,190)
Proceeds from issuance of new shares, net of transaction costs	—	52,473
Proceeds from exercise of stock options, net of transaction costs	244	128
Payment of lease liabilities	(593)	(589)
Net cash (used in) from financing activities	(349)	52,012
Exchange gain on cash positions	2,096	1,559
Net increase (decrease) in cash and cash equivalents	43,130	(7,155)
Cash and cash equivalents at January 1	71,813	133,721
Cash and cash equivalents at June 30,	114,943	126,566

See accompanying notes, which form an integral part of these unaudited condensed consolidated interim financial statements.



**Condensed consolidated interim statement
of changes in equity**

	Share capital	Additional paid-in capital	Cumulative losses	Total shareholders' equity
in CHF thousands				
At January 1, 2021	2,915	299,479	(195,174)	107,220
Net result	—	—	(33,567)	(33,567)
Remeasurement of net pension liabilities	—	—	6,527	6,527
Exchange differences on translating foreign operations	—	—	3	3
Total comprehensive income	—	—	(27,037)	(27,037)
Share-based compensation costs ⁽¹⁾	—	1,853	—	1,853
Issuance of new shares, net of transaction costs	300	52,173	—	52,473
Exercise of stock options, net of transaction costs	12	116	—	128
At June 30, 2021	3,227	353,621	(222,210)	134,638
At January 1, 2022	3,229	355,010	(250,950)	107,289
Net result	—	—	148,605	148,605
Remeasurement of net pension liabilities	—	—	6,875	6,875
Exchange differences on translating foreign operations	—	—	(10)	(10)
Total comprehensive income	—	—	155,470	155,470
Share-based compensation costs ⁽¹⁾	—	2,870	—	2,870
Exercise of stock options, net of transaction costs	21	223	—	244
At June 30, 2022	3,250	358,103	(95,480)	265,873

⁽¹⁾ See note 5.6

See accompanying notes, which form an integral part of these unaudited condensed consolidated interim financial statements.



Explanatory notes to the condensed consolidated interim financial statements

1. General Information

Molecular Partners AG ("Company") and its subsidiary (collectively "Molecular Partners" or "Group") is a clinical stage biopharmaceutical company focusing on the discovery, development and commercialization of DARPins, a novel class of therapeutic proteins. DARPins combine the specificity and selectivity of monoclonal antibodies with many properties of small molecules, enabling new therapeutic approaches. The Company was founded on November 22, 2004, and is domiciled at Wagistrasse 14, 8952 Schlieren, Canton of Zurich, Switzerland. It is subject to the provisions of the articles of association and to article 620 et seq. of the Swiss Code of Obligations, which describe the legal requirements for limited companies ("Aktiengesellschaften").

Molecular Partners Inc. is a wholly owned subsidiary of Molecular Partners AG. Molecular Partners Inc. was incorporated in the United States in the State of Delaware on October 8, 2018. Molecular Partners Inc. is based in Cambridge, Massachusetts.

The unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022 were approved for issuance by the Board of Directors on August 24, 2022.

The Company's shares are listed on the SIX Swiss Exchange (Ticker: MOLN) since November 5, 2014 and on the Nasdaq Global Select Market (Ticker: MOLN) since June 16, 2021.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2021. They do not include all the information required for a complete set of consolidated financial statements prepared in accordance with IFRS as issued by the IASB. However, selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2021.

The accounting policies set forth in the notes to those annual consolidated financial statements have been consistently applied to all periods presented, except as per below.

The condensed consolidated interim financial statements are presented in thousands of Swiss Francs (TCHF), unless stated otherwise.

The Group is monitoring the situation surrounding the COVID-19 pandemic and its potential impact on patients, the team, the partners and the business. During the six month period ended June 30, 2022 and as of the reporting date there were no major disruptions to the Group's operations as a result of the COVID-19 pandemic. The Group continues to comply with all local and federal instructions as it relates to the safety of our employees, patients and citizens.

The business is not subject to any seasonality. Revenues largely depend on the underlying alliance contracts and the achievement of agreed milestones, while expenses are largely affected by the phase of the respective projects, particularly with regard to external research and development expenditures.

Due to rounding, the numbers presented in the financial statements might not precisely equal the accompanying notes.



3. New or Revised IFRS Standards and Interpretations

A number of new or amended standards became applicable for annual periods beginning on or after January 1, 2022. These standards did not have any significant impact on the Group's accounting policies and did not require any retrospective adjustments.

4. Critical Accounting estimates and judgment

The condensed consolidated interim financial statements have been prepared under the historical cost convention. In preparing these condensed consolidated interim financial statements management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

5. Other explanatory notes

5.1 Revenue

On January 7, 2022, Novartis informed the Group of its intention to exercise the option under the October 2020 Option and Equity Rights Agreement. This was followed by the signing of a License agreement between the two parties on January 17, 2022. The License Agreement resulted in the Group becoming eligible to receive CHF 150 million for the option exercise payment and in addition the Group was allowed to charge Novartis CHF 13.1 million for items related to the commercial supply of ensivibep and drug substance secured by the Group. Both amounts were recognized as revenue during the first three months of 2022. At the signing of the License Agreement in January 2022, the Group also assigned the Reservation Agreement with the FOPH (from August 2020 and as amended in December 2021) to Novartis. This assignment allowed the Group to also recognize into revenue, the reservation fee of CHF 7 million received from the FOPH in August 2020.

On December 14, 2021, the Group announced entering into a License and Collaboration Agreement with Novartis to develop DARPin-conjugated radioligand therapeutic candidates for oncology. The Group is able to recharge Novartis its employee related expenses associated with the research activities. During the six months ended June 30, 2022 the Group recognized as revenue an amount of TCHF 626 in relation to this recharge. As part of the same agreement, the Group received in January 2022 the upfront fee of USD 20 million (CHF 18.6 million). Revenue related to the upfront payment is recognized over time in line with the progress made over the duration of the contractually agreed three year research plan. Progress towards completion of the research plan is based on the input method and is measured by employee hours worked on the related research activities as specified in the agreement relative to the total estimated hours to be incurred. During the six months ended June 30, 2022, the Group recognized into revenue an amount of TCHF 4,170 related to this upfront payment.

On April 26, 2022 the Group announced that Amgen, its collaboration partner for MP0310 (AMG 506), had informed the Group of their decision to return the global rights of MP0310 following a strategic pipeline review. With no remaining performance obligations under the agreement, the Group, in the second quarter of 2022 recognized the remaining balance of the Amgen contract liability of TCHF 8,849 into revenue for a total amount reported in the first six months of 2022 of TCHF 9,653.



Revenues in the table below are attributable to individual countries and are based on the location of the Group's collaboration partners.

Revenues by country

in TCHF, for the six months ended June 30	2022	2021
Revenues Switzerland	174,873	—
Revenues USA	9,653	4,028
Total revenues	184,526	4,028

Analysis of revenue by major collaboration partner

in TCHF, for the six months ended June 30	2022	2021
Novartis AG, Switzerland	167,873	—
FOPH, Switzerland	7,000	—
Amgen Inc., USA	9,653	4,028
Total revenues	184,526	4,028

5.2 Other income

In the first quarter of 2021 the Group entered into an agreement with Novartis to facilitate manufacturing of MP0420 drug supply at a third party supplier. The related agency services during the six months ended June 30, 2022 amounted to TCHF 14 (six months ended June 30, 2021: TCHF 389) and are presented as other income in the condensed consolidated interim statement of comprehensive income.

5.3 Contract liability

The table below presents the movement in the Group's contract liabilities during the six months ended June 30, 2022:

in CHF thousands	Contract liability at December 31, 2021	Recognized as revenue	Contract liability at June 30, 2022
Amgen	9,653	(9,653)	—
Novartis	18,584	(4,170)	14,414
FOPH	7,000	(7,000)	—
Total	35,237	(20,823)	14,414

in CHF thousands	Current	Non-current	Contract liability
Novartis	9,014	5,400	14,414
Balance at June 30, 2022	9,014	5,400	14,414



5.4 Issuances of equity securities

As of June 30, 2022, as a result of the exercise of employee stock options and the vesting of Performance Share Units ("PSUs") the outstanding issued share capital of the Company increased to CHF 3,250,232 divided into 32,502,323 fully paid registered shares.

5.5 Dividends

The Group has paid no dividends since its inception and does not anticipate paying dividends in the foreseeable future.

5.6 Share-based compensation

As of June 30, 2022, 285,925 options were outstanding (December 31, 2021: 318,902 options) under all active option plans. As of June 30, 2022, and December 31, 2021 all outstanding options were fully vested.

As of June 30, 2022, a total of 680,559 PSUs and 96,001 Restricted Stock Units ("RSUs") were outstanding, of which none were vested (as of December 31, 2021 a total of 547,485 PSUs and 95,635 RSUs were outstanding, of which also none were vested). The changes in the number of share-based awards (options, RSUs and PSUs) outstanding during the six month period ended June 30, 2022, is as follows:

Share options / PSU/ RSU movements	Weighted average		Weighted average		Weighted average	
	Total numbers	exercise price (CHF)	Options (numbers)	exercise price (CHF)	PSU / RSU (numbers)	exercise price (CHF)
Balance outstanding at January 1, 2022	962,022	2.35	318,902	6.87	643,120	0.10
Granted	321,366	0.10	—	—	321,366	0.10
(Performance adjustment) ¹	—	0.10	—	—	—	0.10
(Forfeited) ²	(11,228)	0.10	—	—	(11,228)	0.10
(Expired)	—	—	—	—	—	—
(Exercised options), vested PSU / RSU	(209,675)	1.18	(32,977)	6.94	(176,698)	0.10
Balance outstanding at June 30, 2022	1,062,485	1.92	285,925	6.87	776,560	0.10

¹Performance adjustments indicate forfeitures due to non-market performance conditions not achieved

²Forfeited due to service conditions not fulfilled

The share-based compensation costs recognized during the six months ended June 30, 2022, amounted to TCHF 2,870 (TCHF 1,853 for the six months ended June 30, 2021).

5.7 Financial income and expense

Financial income

in CHF thousands, for the six months ended June 30	2022	2021
Interest income on financial assets held at amortized cost	244	17
Net foreign exchange gain	2,591	1,528
Total	2,835	1,545



Financial expense

in CHF thousands, for the six months ended June 30	2022	2021
Negative interest on financial assets held at amortized costs	(462)	(288)
Interest expense on leases	(23)	(27)
Other financial expenses	(5)	(4)
Total	(490)	(319)

Exchange results primarily represent unrealized foreign exchange results on the cash and short-term time deposit balances held in USD, EUR and in GBP, respectively.

5.8 Income taxes

The Group has in recent years reported operating losses that resulted in a tax loss carry-forward in Switzerland of TCHF 212,218 as of December 31, 2021.

In the six months period, the Group generated taxable income primarily as a result of the revenue generated from the exercise of the Option and Equity Rights Agreement by Novartis followed by the signing of a license agreement (note 5.1). Income tax expense has been calculated for the period ended on June 30, 2022, based on the Group's best estimate of the effective income tax rate expected for the full financial year, being 0% on June 30, 2022, given that the taxable income is anticipated to be offset by the utilization of the Company's tax losses.

Given its past history of operating losses and no tax profitability in prior periods, the Group did not recognize any deferred tax assets in relation to its tax losses and other tax deductible temporary differences.

5.9 Other comprehensive result

In order to recognize remeasurements of the net defined benefit obligation in the period in which they arise, the Group utilizes its independent actuaries to update the calculation of the defined benefit obligation and plan assets at each reporting date. The primary component of the remeasurement as of and for the six months period ended June 30, 2022, relates to the increase in the discount rate by 185 basis points relative to December 31, 2021.

5.10 Earnings per share

Basic net result per share is calculated by dividing the net result attributable to shareholders by the weighted average number of shares issued and outstanding during the interim periods presented, excluding any shares held as own shares. Diluted net result per share additionally takes into account the potential conversion of all dilutive potential ordinary shares.

for the six months ended June 30	2022	2021
Weighted average number of shares used in computing basic earnings per share	32,409,491	29,705,254
Weighted average number of shares used in computing diluted earnings per share	33,176,481	29,705,254

At June 30, 2022, the number of shares that are dilutive is 766,990.



5.11 Related parties

The Group did not enter into any related party transactions in the interim periods presented.

5.12 Putative Class Action

On July 12, 2022, a putative class action complaint was filed in the U.S. District Court for the Southern District of New York against the Company, its directors, and certain of its executive officers. The complaint alleges that the defendants violated federal securities laws by, among other things, making misrepresentations and omissions regarding its product candidates ensovibep and MP0310 or acting as control persons with respect to such conduct. The complaint seeks unspecified compensatory damages, as well as an award of reasonable attorneys' fees and other costs, on behalf of plaintiff and all other persons and entities which purchased (a) the Company's American Depositary Shares (ADSs) pursuant to certain offering documents issued in connection with the Company's initial public offering of ADSs; and/or (b) our securities between June 16, 2021 and April 26, 2022 inclusive. The matter remains in its early stages. The Company disputes these claims and intends to defend the matter accordingly.

5.13 Events after the balance sheet date

No events occurred between the balance sheet date and the date on which these condensed consolidated interim financial statements were approved by the Audit and Finance Committee that would require adjustment to these condensed consolidated interim financial statements or disclosure under this section.





Independent Auditor's Report on the Review of Consolidated Interim Financial Information to the Board of Directors of Molecular Partners AG, Schlieren

Introduction

We have been engaged to review the accompanying condensed consolidated interim statement of financial position of Molecular Partners AG as at June 30, 2022 and the related condensed consolidated interim statement of comprehensive income, the related condensed consolidated interim cash flow statement and statement of changes in equity for the six-month period then ended and selected explanatory notes (the condensed consolidated interim financial information). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

KPMG AG

Handwritten signature of Michael Blume in blue ink.

Michael Blume
Licensed Audit Expert
Auditor in Charge

Handwritten signature of Greg Puccetti in blue ink.

Greg Puccetti

Zurich, August 24, 2022





CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, implied and express statements regarding the clinical development of Molecular Partners' current or future product candidates, including timing for the potential submission of emergency use authorization for ensovibep, expectations regarding timing for reporting data from ongoing clinical trials or the initiation of future clinical trials, the potential therapeutic and clinical benefits of Molecular Partners' product candidates, the selection and development of future antiviral or other programs, and Molecular Partners' expected expenses and cash utilization for 2021 and that its current cash resources will be sufficient to fund its operations and capital expenditure requirements into H2 2023. These statements may be identified by words such as "anticipate", "believe", "could", "expect", "intend", "may", "plan", "potential", "will", "would" and similar expressions, although not all forward-looking statements may contain these identifying words, and are based on Molecular Partners AG's current beliefs and expectations. These statements involve risks and uncertainties that could cause actual results to differ materially from those reflected in such statements. Some of the key factors that could cause actual results to differ from our expectations include our plans to develop and potentially commercialize our product candidates; our reliance on third party partners and collaborators over which we may not always have full control; our ongoing and planned clinical trials and preclinical studies for our product candidates, including the timing of such trials and studies; the risk that the results of preclinical studies and clinical trials may not be predictive of future results in connection with future clinical trials; the timing of and our ability to obtain and maintain regulatory approvals for our product candidates; the extent of clinical trials potentially required for our product candidates; the clinical utility and ability to achieve market acceptance of our product candidates; the potential impact of the COVID19 pandemic on our operations or clinical trials; our plans and development of any new indications for our product candidates; our commercialization, marketing and manufacturing capabilities and strategy; our intellectual property position; our ability to identify and in-license additional product candidates; the adequacy of our cash resources and our anticipated cash utilization; and other risks and uncertainties that are described in the Risk Factors section of Molecular Partners' Registration Statement on Form F-1 filed with Securities and Exchange Commission (SEC) on June 14, 2021 and other filings Molecular Partners makes with the SEC. These documents are available on the Investors page of Molecular Partners' website at <http://www.molecularpartners.com>. Any forward-looking statements speak only as of the date of this press release and are based on information available to Molecular Partners as of the date of this release, and Molecular Partners assumes no obligation to, and does not intend to, update any forward-looking statements, whether as a result of new information, future events or otherwise.

Molecular Partners AG
Wagistrasse 14
8952 Zürich-Schlieren
Switzerland
Phone: +41 44 755 77 00
Fax: +41 44 755 77 07
molecularpartners.com



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