The DARPin® Difference

Offering Patients a New Dimension of Protein Therapeutics

Patrick Amstutz, acting CEO
Andreas Emmenegger, CFO

Presentation of the FY 2016 Financial Results
February 9, 2017 – Molecular Partners AG

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Agenda

- Introduction,
  Review & Highlights FY 2016 — Patrick Amstutz, acting CEO
- Financial Results FY 2016 — Andreas Emmenegger, CFO
- Outlook 2017 & Beyond — Patrick Amstutz, acting CEO
- Q&A

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)
- Broad preclin. I/O* portfolio

Long-term Partnerships

- Alliance with Allergan
- Swiss listing (MOLN)

- Cash CHF180mn**
- Financed well beyond key value inflection points

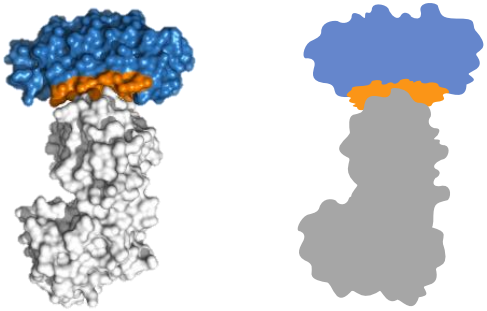
DARPin® Platform

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

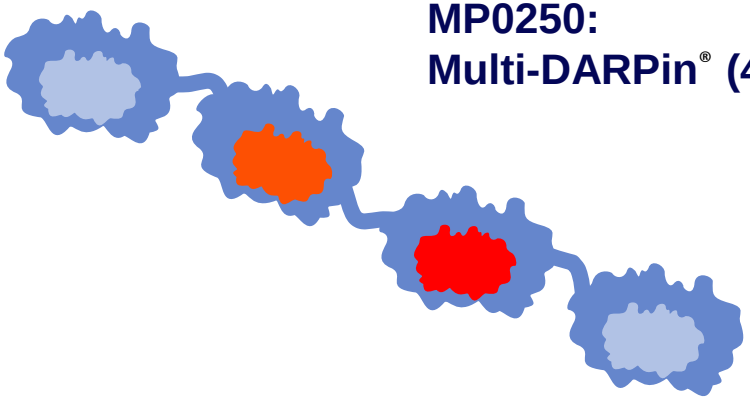
*I/O, immuno-oncology; **as of Dec. 2016

DARPin® Proteins: A Different Class of Therapeutics

Abicipar:
Mono-DARPin



MP0250:
Multi-DARPin® (4x)



- **Mono-DARPin®**: selected to bind a given target with high affinity & specificity (large libraries)
- **Multi-DARPin®**: linked mono-DARPin® (**≥ six**) & directly used for **functional screening**
- **Ideal properties**: mono- & multi-DARPin® are soluble, stable with a high-yield production

- **Natural principle**: repeat proteins were evolved as binders in multifunctional contexts

Proof of Platform: Low immunogenicity* and long half-life in bloodstream and eye**

*MP0250 phase 1 study results show sustained exposure indicating absence of clearing antibodies;
**Systemic half-life of ~12 d (MP0250 phase 1), 14 d in the eye (Abicipar).

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Review FY2016

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R&D Highlights

- **MP0250:** Ph 2 trial in MM: study approved by BfArM in Germany and ongoing regulatory submissions in other countries;
  First safety data expected in 2017 and efficacy data in 2018
- **MP0250:** Additional ph 2 trial for solid tumor indication in 2017;
  Planned indication to be disclosed in H1 2017
- **MP0274:** Regulatory documents submitted for ph 1 for safety trial in Her2+ tumors
- **I/O:** Ongoing internal focus on advancement of proprietary programs;
  Differentiation potential of DARPin® candidates as tumor-localized agonists
- **Abicipar:** Ph 3 trials enrollment in wet AMD progressing well
  Allergan projects abicipar launch in 2020 in wet AMD
- **Abicipar:** Allergan announced to start ph 3 trials in DME in H2 2017 and targets product launch in 2022 in DME

Gwen Fyfe Proposed as New Member of the Board of Directors

- Gwen Fyfe, MD, to be proposed for election to Board at AGM on 11 May 2017
- Background:
  - Graduate of Washington University School of Medicine
  - Board certified pediatric oncologist
- Work Experience / Main Achievements:
  - 1997-2009: Various positions with Genentech USA, including Vice President Oncology Development responsible for the oversight of approval programs in multiple indications for Rituxan®, Herceptin®, Avastin® and Tarceva® and the early development programs for Perjeta® and Kadcyla®
  - Since 2009: Consultant for venture capital firms and biotechnology companies
  - Recognized expert in oncology community and invited member of Medicine panels, National Cancer Institute working groups and grant committee and American Society of Clinical Oncologists oversight committees

Financial Highlights FY 2016

- Ongoing strong financial position; debt-free:
  - CHF 180.2 million in cash as of Dec 31, 2016 (-16% y-o-y)
- Net cash used in operating activities of CHF 35.4 million in 2016, reflecting
  - scale-up of R&D,
  - pipeline growth
  - progress of proprietary clinical programs
- Operating loss of CHF 19.5 million and net loss of CHF 18.6 million
- Talent base with 103 full-time employees, up 15% y-o-y reflecting strengthening of clinical team
- Forecasted cash runway at least until end of 2019

Excellent starting position for important 2017 / 2018 period with several key milestones for the company

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Pipeline & DARPin® Therapeutics Highlights

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DARPin® Difference

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

Our strategy: Differentiated DARPin® products with high patient value

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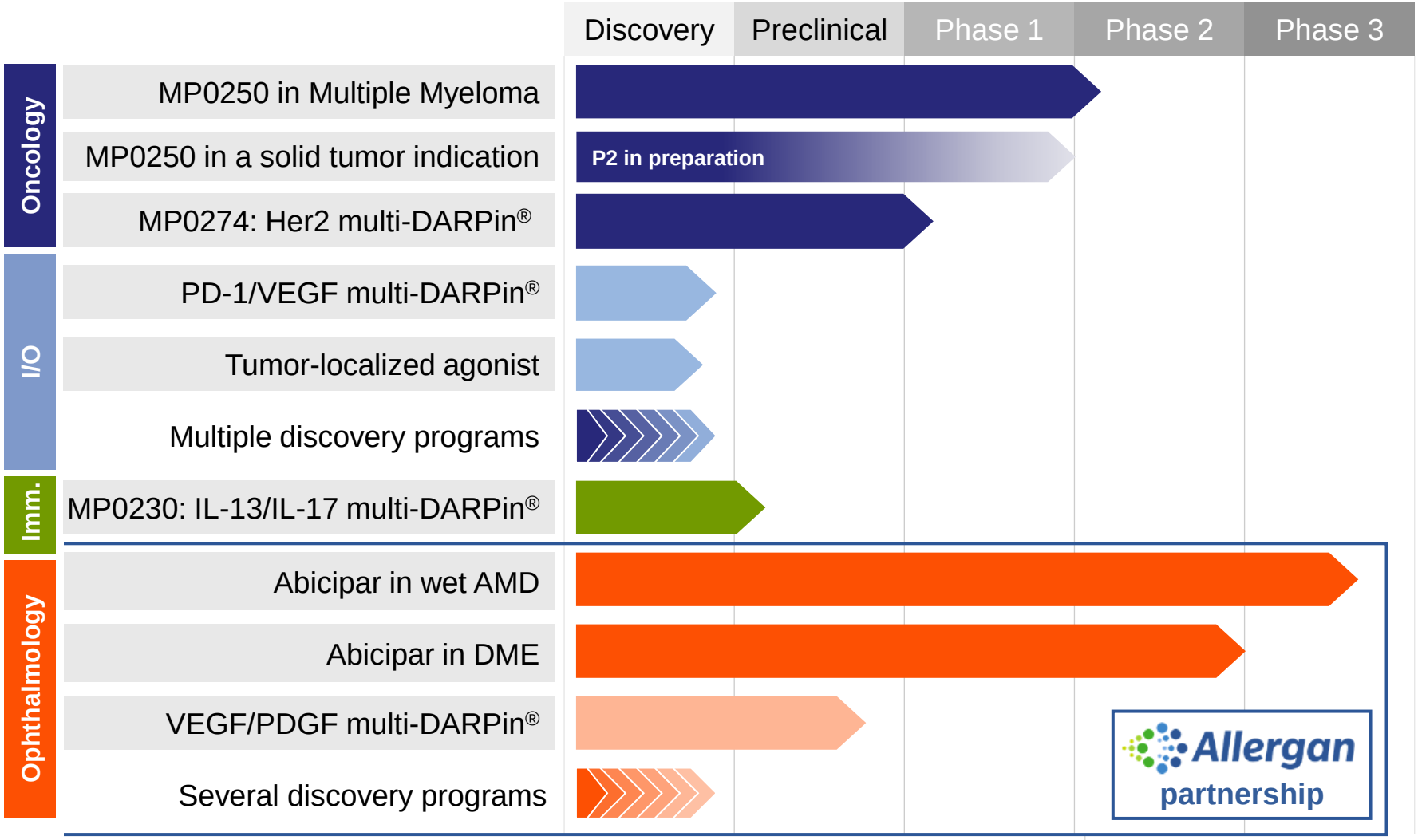
Balanced Portfolio



Ophthalmology

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Abicipar one of the “stars” in Allergan Pipeline

Abicipar

- DARPin® program seen as one of six “Star programs” in Phase 3 in Allergan pipeline or going to be in Phase 3 in 2017 - All of them with expected blockbuster potential.
- Abicipar highlighted as one of the six stars in Allergan’s pipeline
  - Wet AMD in phase 3 since July 2015
  - DME Phase 3 to start in H2 2017
- Peak sales potential forecast at USD1.5-3.0 bn for wet-AMD and DME (aggregated) by Allergan
- Main triggers:
  - Reduction in injection burden seen as significant unmet need
  - Sustained efficacy with fewer injections

“We expect a very major launch with Abicipar…
The failure of the (competing) PDGF programs bodes well... Eylea was a main beneficiary of that in the short term, but … if Abicipar lives up to its promise it will be the absolute beneficiary of that because it will become the most efficacious main (…) therapy for a much longer period of time.”

Allergan

Brent Saunders, Allergan CEO, and Bill Meury, Allergan CCO,
09 January 2017, JP Morgan Global Healthcare Conf.

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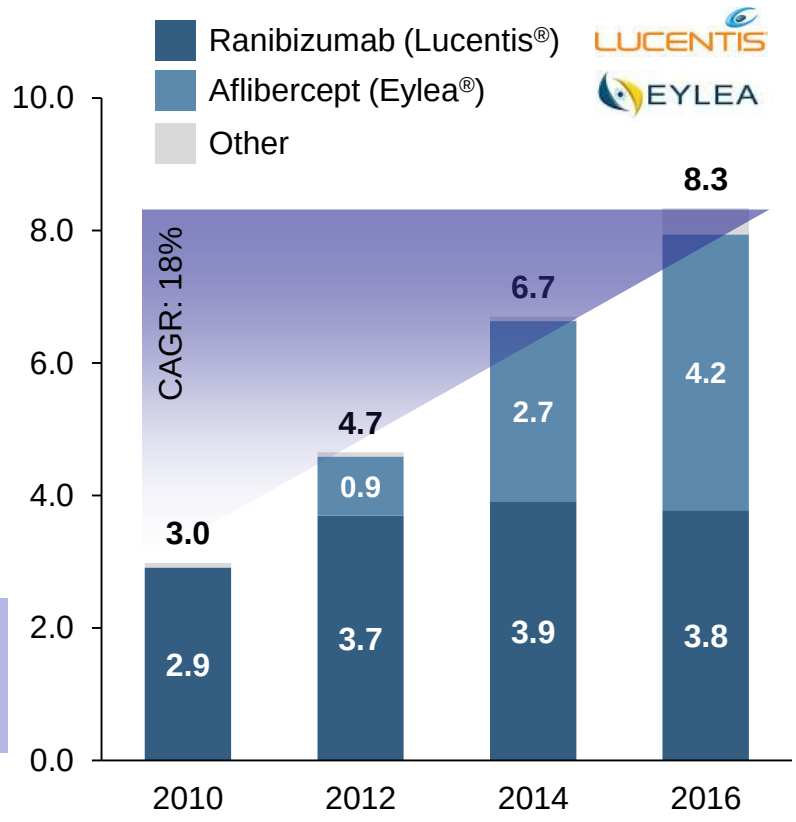
Retinal Diseases: Unmet Medical Needs Remain

- Leading causes of blindness in western world:
  - Wet age-related macular degeneration
  - Diabetic macular edema
- Large and rapidly growing patient populations
  - Aging populations drive growth
- Current standard of care (SOC)
  - Lucentis & Eylea
- Significant unmet medical need for less frequent injections

Global Wet AMD and DME market size (USDbn)[1]*



1. Reported by EvaluatePharma®, a service of Evaluate Ltd. (UK), www.evaluategroup.com. Accessed 27 Apr 2015.
*Avastin® is used off label.

DARPin® Strategy in Ophthalmology – Partnership with Allergan

	Value	Status
Discovery Alliance: Multi-DARPin® concepts in the eye	Next generation products	Preclin
Abicipar in DME: less frequent ocular injections	Start of phase 3 as early de-risking for safety read-out	Ph2
Abicipar in wet AMD: less frequent ocular injections	Low biology risk with meaningful differentiation	Ph3

Extract from ALLERGAN Presentation; JP Morgan Conference; January 9, 2017 by Brent Saunders; Chairman and CEO

ABICIPAR	AMD DME	Recombinant designed ankyrin repeat protein. Potent blocker of all forms of soluble VEGF-A	2020 2022	$1.5B-$3B	• Reduction in injection burden is a significant unmet need • Offers sustained efficacy with fewer injections

Allergan

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Financial Results FY 2016

(preliminary, unaudited)

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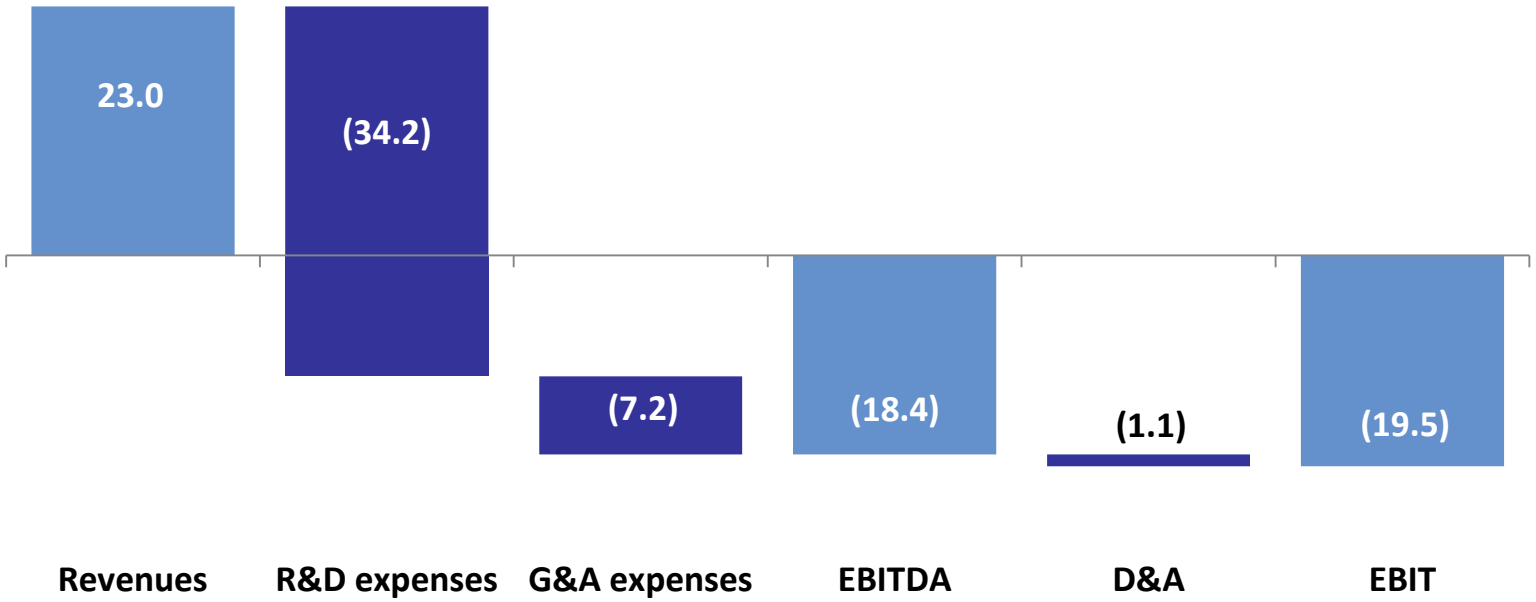
Financial Summary

(CHF million; as per IFRS)	***FY 2016***	*FY 2015*	***change***
Revenues	**23.0**	29.1	**(6.1)**
Total expenses[1]	**(42.5)**	(31.3)	**(11.2)**
Operating result – EBIT	**(19.5)**	(2.2)	**(17.3)**
Net financial result	**0.9**	2.1	**(1.2)**
Net result	**(18.6)**	(0.1)	**(18.5)**
Net cash from (used in) operations	**(35.4)**	26.5	**(61.9)**
Cash balance	**180.2**[3]	215.4[2]	**(35.2)**

[1] Thereof non-cash costs of CHF 4.7m in FY2016 and CHF 5.3m in FY 015
[2] Including CHF 20.0 million short-term time deposits
[3] Including CHF 30.5 million short-term time deposits

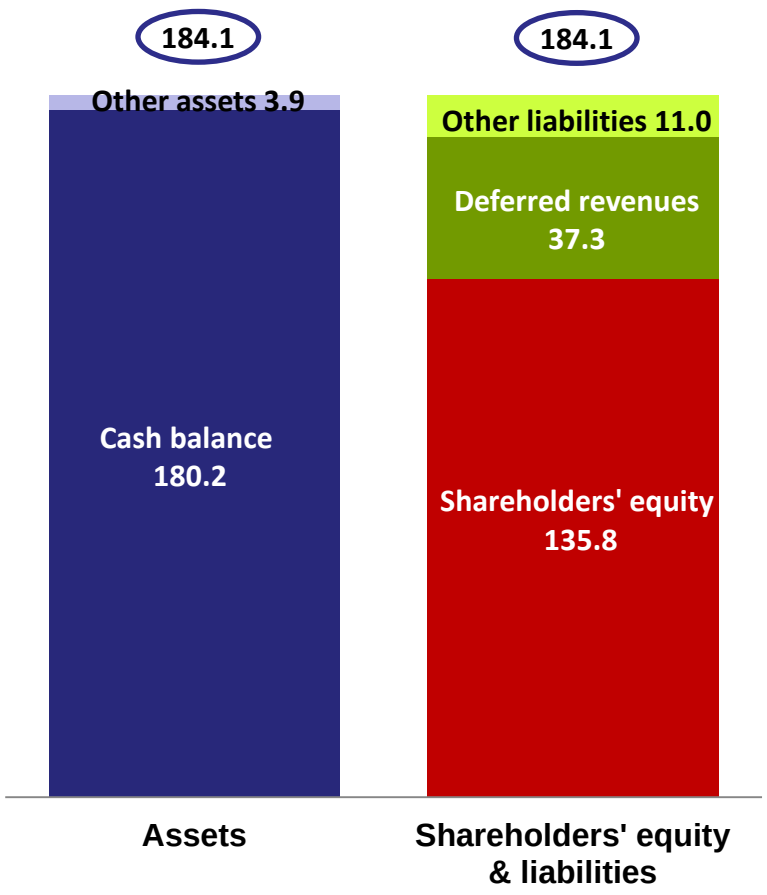
EBIT De-composition

EBIT de-composition per function (CHF million)



Balance Sheet

Balance sheet as of Dec 31, 2016 (CHF million)

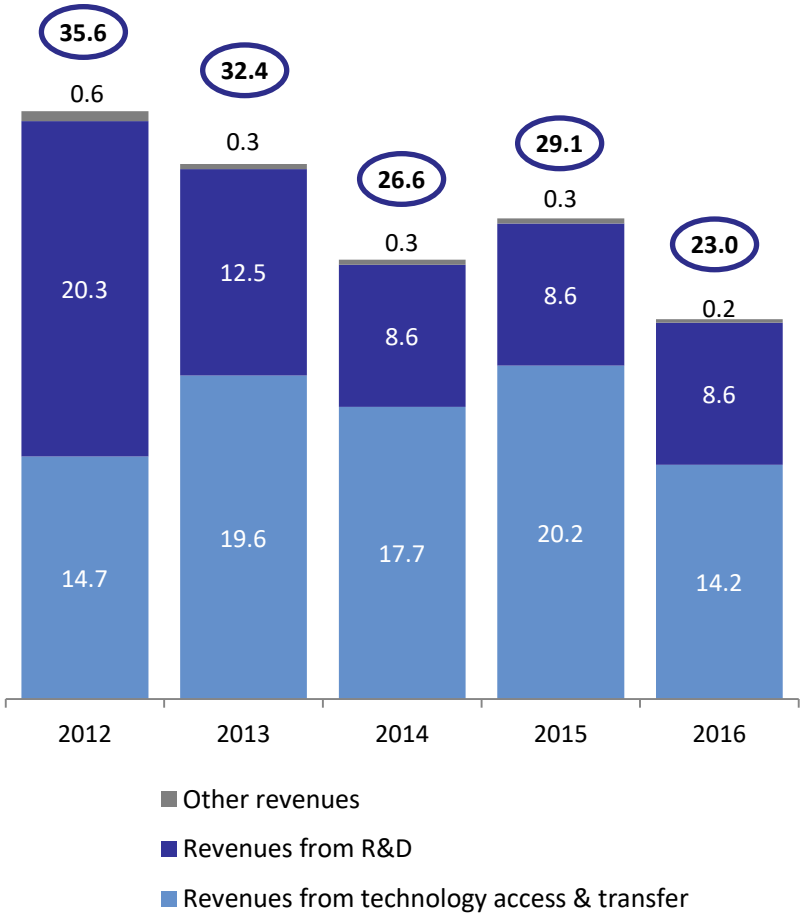


Comments

- Strong balance sheet further reinforced
- CHF 180.2 million cash balance (incl. time deposits) - 98% of total assets
- Solid equity base with CHF 135.8 million
- Debt free
- CHF 37.3 million deferred revenues to be recognized in coming years

Revenues

Revenues evolution (CHF million)



Comments

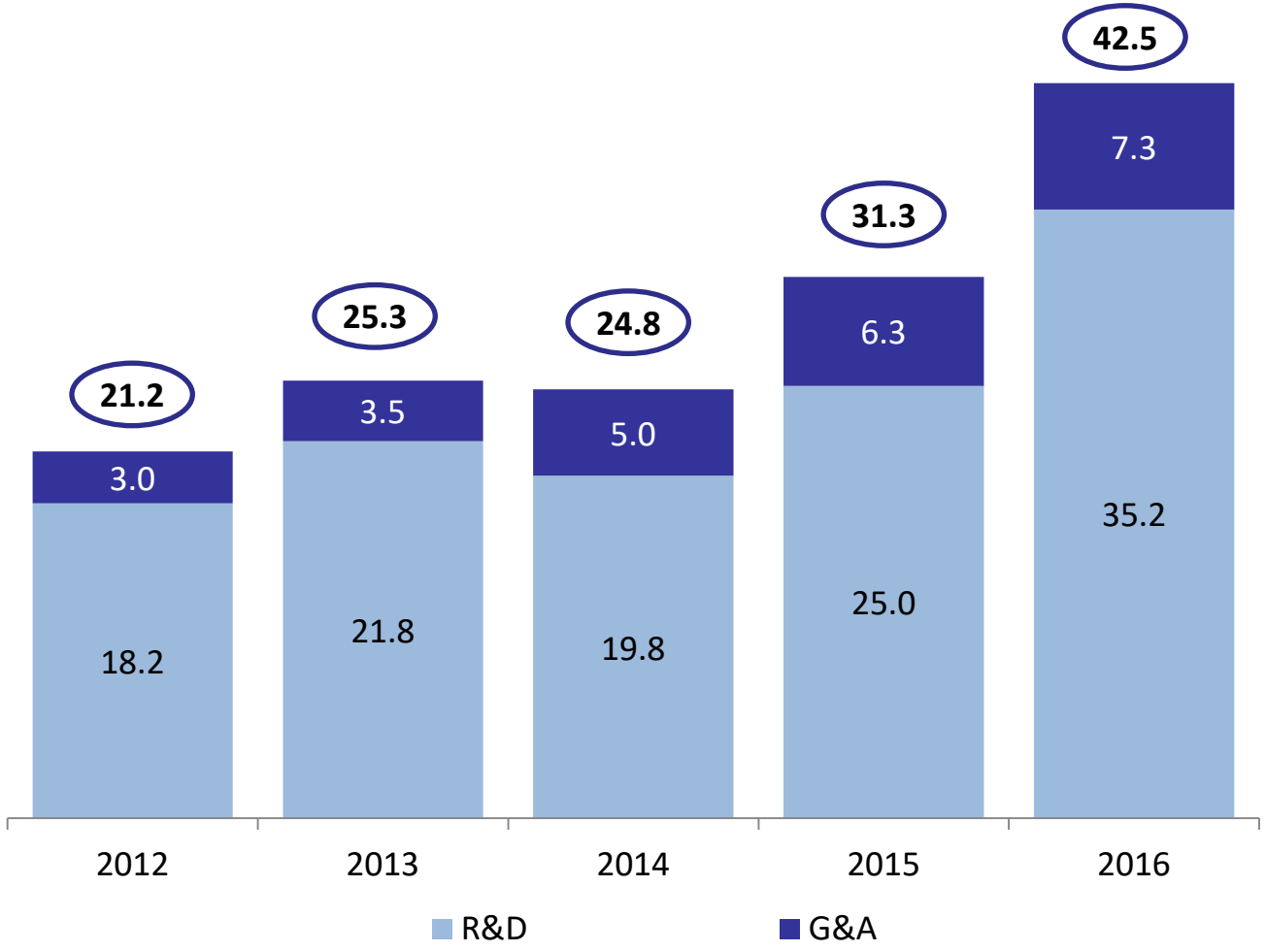
- Revenues from technology access and transfer recognized as income from discovery alliances entered into with Allergan (2012), Roche (2013) and Janssen (2011)
- Revenues from R&D recognized as upfront and milestone fees from product out-licensing deals with Allergan in 2011 and 2012
- CHF 37.3 million deferred revenues on balance sheet as of Dec 31, 2016, recognized in coming years

Deferred revenues (exp. future revenue recognition)

(CHF million)	2017	2018	2019	2020	2021ff	Total
Deferred revenues	**10.5**	**10.5**	**9.1**	**2.9**	**4.3**	**37.3**

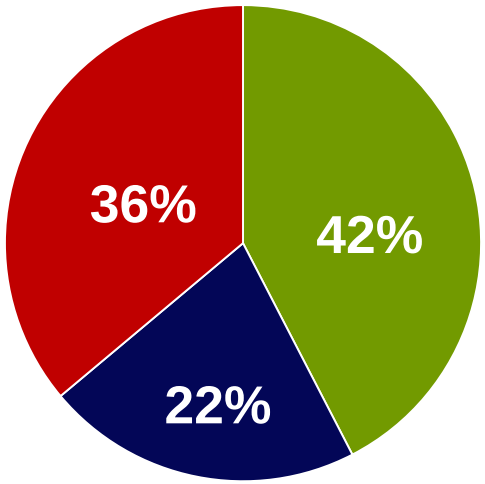
Operating Expenses

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



Shareholder Structure

Shareholder structure as of Dec 31, 2016



- Pre-IPO investors (5 VC's)
- Management, Board, Founders
- Others

Highlights

- Listed on SIX Swiss Exchange (SIX: MOLN)
- Included in key indices: SPI, SPI Extra, SXI Life Sciences and SXI Bio+Medtech
- 20,724,345 shares outstanding[1]
- CHF 514 million market cap. as of December 31, 2016
- No lock-up restrictions in place
- Formal free float as per SIX definition: 66%

[1] Share capital increase will be registered in the Commercial Register in the course of Q1 2017.

Financial Guidance for Full Year 2017

- 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 milestones payments with partnerships not disclosed

- Guidance subject to progress and changes of pipeline

[1] At constant exchange rates

Outlook 2017 & Beyond

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Outlook 2017 & Beyond

	2017	2018
MP0250: Multiple Myeloma	Initial safety data Ph2*	Initial efficacy data Ph2
MP0250: additional solid tumor ind.	Submission for Ph2	Initial data Ph2
MP0274: Her2 multi-DARPin®	First dosing in Ph1	Initial data Ph1
PD-1/VEGF multi-DARPin®	Preclinical data	
Tumor-restricted agonist		
Several discovery programs		
Abicipar**: wet AMD	Full enrollment of Ph3	1-year efficacy data Ph3
Abicipar**: DME	Start of Ph3	Allergan

Cash CHF 180mn (Q4/16)

Financed well beyond key value inflection points

*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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Thank you

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IR Agenda

Date	***Event***
March 31, 2017	Publication of Annual Report 2016
May 4, 2017	Q1 2017 Management Statement
May 11, 2017	Annual General Meeting for business year 2016
August 30, 2017	Publication of Half-year Results 2017
October 26, 2017	Q3 2017 Management Statement

Income Statement

(CHF million)	***FY 2016***	*FY 2015*	*FY 2014*	*FY 2013*	*FY 2012*
Revenues	**23.0**	29.1	26.6	32.4	35.6
R&D expenses[1]	**(35.2)**	(25.0)	(19.8)	(21.8)	(18.2)
G&A expenses[2]	**(7.3)**	(6.3)	(5.0)	(3.5)	(3.0)
Operating result	**(19.5)**	(2.2)	1.8	7.1	14.4
Net financial result	**0.9**	2.1	(4.1)[3]	0.0	(1.1)
Net result	**(18.6)**	(0.1)	(2.3)	7.1	13.3

[1] Thereof non-cash costs of CHF 1.4m in FY2012, CHF 1.5m in FY2013, CHF 2.3m in FY2014, CHF 3.7m in FY2015 and CHF 3.4m in FY2016
[2] Thereof non-cash costs of CHF 0.3m in FY2012, CHF 0.2m in FY2013, CHF 1.1m in FY2014, CHF 1.6m in FY2015 and CHF 1.3m in FY2016
[3] Including CHF 7.1m IPO costs

Cash Flow Statement

(CHF million)	***FY 2016***	*FY 2015*	*FY 2014*	*FY 2013*	*FY 2012*
Net cash from / (used in) operations	**(35.4)**	26.5	(11.3)	(13.6)	54.0
Net cash from / (used in) investing	**(11.3)**[4]	(20.7)[3]	(0.2)	(1.3)	(0.8)
Net cash from / (used in) financing	**0.4**	0.2	101.2[2]	(2.0)[1]	(3.6)[1]
Exchange gain / (loss) on cash	**0.6**	1.0	2.6	(0.2)	(0.6)
Net cash increase / (decrease)	**(45.7)**	7.0	92.3	(17.1)	49.0
Cash balance at year end	**180.2**[5]	215.4[3]	188.4	96.1	113.2

[1] Share buy-backs from founders
[2] Net increase of equity of CHF 100.9m due to IPO
[3] Includes CHF 20.0 million short-term time deposits
[4] includes CHF 10.5 million increase in short-term time deposits
[5] includes CHF 30.5 million short-term time deposits

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Balance Sheet

(CHF million)	***FY 2016***	*FY 2015*	*FY 2014*	*FY 2013*	*FY 2012*
Non-current assets	**2.5**	2.5	2.1	2.3	1.6
Other current assets[1]	**1.4**	1.5	3.5	11.7[4]	0.8
Cash balance	**180.2**[6]	215.4[5]	188.4	96.1	113.2
Shareholders' equity	**135.8**	151.8	148.5	48.3	41.8
Non-current liabilities[2]	**32.5**	41.2	23.4	39.1	41.0
Current liabilities[3]	**15.8**	26.4	22.1	22.7	32.8

[1] Prepayments and other assets, trade and other receivables
[2] Thereof deferred revenues of CHF 38.8m in FY2012, CHF 37.3m in FY2013, CHF 20.4m in FY2014, CHF 37.0m in FY2015 and CHF 26.8m in FY2016
[3] Thereof deferred revenues of CHF 27.4m in FY2012, CHF 17.8m in FY2013 ,CHF 18.5m in FY2014, CHF 22.2m in FY2015 and CHF 10.5m in FY2016
[4] Including trade receivable vs. Roche of CHF 10.0m (collected in Q1 2014)
[5] Includes CHF 20.0 million short-term time deposits
[6] Includes CHF 30.5 million short-term time deposits

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