
**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 2021

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 [] 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):

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated August 26, 2021
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 26, 2021

/s/ PATRICK AMSTUTZ

Patrick Amstutz
Chief Executive Officer

Molecular Partners Reports Corporate Highlights and Key Financials for H1 2021

-- Significant progress in COVID-19 trials, including positive results from healthy subjects and COVID-19 patients, supporting the launch of ongoing late-stage trials EMPATHY and ACTIV-3

Research & Development:

- Initiated two global Phase 2 and 3 trials of ensovibep (MP0420), to explore safety and efficacy in ambulatory patients with COVID-19 (EMPATHY) in collaboration with Novartis, and hospitalized patients (ACTIV-3) sponsored by the National Institutes of Health (NIH)
- Received FDA Fast Track designation for ensovibep for the treatment of COVID-19 in both hospitalized and ambulatory settings
- Initiated and fully enrolled Phase 2a single arm study of ensovibep in the Netherlands in patients with mildly symptomatic COVID-19, with data expected to be presented in a scientific conference in H2 2021
- Reported that *in vitro* studies indicate that ensovibep maintains potency against all known SARS-CoV-2 variants of concern, including Delta and Lambda
- Presented data further supporting the MP0317, T-cell engager, and Peptide-MHC oncology programs at AACR
- In August, announced receipt of global rights of abicipar pegol for the treatment of neovascular AMD (nAMD) and Diabetic Macular Edema, following termination of license and collaboration agreement by AbbVie Inc.

Leadership & Governance:

- Elected Agnete Fredriksen and Dominik Höchli to the Board of Directors at the Annual General Meeting of April 21, 2021

Financial highlights:

- Successfully completed initial public offering of American Depositary Shares (“ADSs”) on the Nasdaq, raising \$63.8 million (CHF 58.8 million) in gross proceeds to support ongoing operations into H2 2023
- Ongoing strong financial position with CHF 174.3 million in cash and short-term deposits as of June 30, 2021
- Net cash outflow from operating activities of CHF 52.5 million in H1 2021
- FY 2021 expense guidance maintained at CHF 65-75 million

ZURICH, Switzerland, Aug. 26, 2021 (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 proteins known as DARPin® therapeutics, today announced its corporate highlights and unaudited financial results for the first half-year of 2021.

“Molecular Partners strongly expanded our global clinical presence and collaboration with Novartis in the first half of the year as the evolving COVID-19 pandemic continued to underscore the need for effective antiviral therapeutics. As a now dual-listed company in Switzerland and the United States, our expanded investor base enables us to accelerate our mission to deliver a new class of medicines to people living with cancer and infectious diseases,” said Patrick Amstutz, Ph.D., Chief Executive Officer of Molecular Partners. “To have entered two ongoing, late-stage trials of ensovibep further illustrates our rapid design and development capabilities. In addition to the COVID-19 program we are focused on expanding into new antiviral applications of the DARPin platform while moving towards a new phase for our immuno-oncology programs.”

Antiviral program: Rapid development of trispesific antiviral DARPin® candidate ensovibep in multiple international clinical trials

Molecular Partners advanced in 2021 with strong momentum for the Company’s lead antiviral candidate, ensovibep, which has progressed in the second quarter of 2021 into two ongoing, late-stage global clinical studies, EMPATHY and ACTIV-3, in collaboration with Novartis and the NIH, respectively. Thus far, ensovibep has provided positive Phase 1 data and continued to maintain potency in laboratory studies against all known COVID-19 variants of concern.

In March of 2021, Molecular Partners and its collaboration partner Novartis announced that the National Institutes of Health (NIH) selected ensovibep for inclusion in a global phase 3 randomized, controlled clinical trial as part of NIH’s Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) program. The international master protocol ACTIV-3 is designed to evaluate the safety and efficacy of various therapies for the treatment of adults hospitalized with a COVID-19 diagnosis. A sub-study of ACTIV-3 evaluating ensovibep began enrolling hospitalized patients in June 2021 and is currently enrolling patients across seven countries. Topline data from this study are expected in 2022.

In May of 2021, Molecular Partners and its collaboration partner Novartis announced the start of the clinical trial EMPATHY, a global phase 2 - 3 study, to explore the use of ensovibep for the treatment of COVID-19 in patients who are in the early stages of infection, to prevent worsening symptoms and hospitalization. Molecular Partners’ collaboration partner Novartis is conducting the clinical trial for ensovibep, with Molecular Partners as sponsor. EMPATHY is currently enrolling patients across five countries. Topline interim data for the first 400 patients are expected towards the end of second half of 2021 with complete data expected in 2022.

In April of 2021, the first patient was dosed in a Phase 2a clinical trial of ensovibep in a single arm, open label study in the Netherlands that enrolled patients with mild symptomatic COVID-19, and is designed to evaluate the dynamics of viral clearance, pharmacokinetics and tolerability of ensovibep. This study enrolled a total of 12 patients in two dose cohorts, with data expected to be presented in a scientific conference in H2 2021. Initial results show a steady decline of viral loads in treated patients, validating the follow-up methods implemented in the Company's ongoing late-stage trials, EMPATHY and ACTIV-3.

In March 2021, Molecular Partners reported positive initial Phase 1 results in healthy volunteers. Ensovibep, administered intravenously (I.V.), was seen to be safe and well tolerated, with no serious or severe adverse events reported. These preliminary results also confirmed extended exposure to ensovibep in serum, with a half-life of 2-3 weeks, as was expected from preclinical experiments. These data confirmed the systemic administration of ensovibep to be safe and well tolerated and supported the initiation of later stage trials. Following I.V. administration, ensovibep was also evaluated for safety and half-life when administered in bolus, and is presently being evaluated in subcutaneous (S.C.) administration in healthy subjects.

DARPin® molecules offer a differentiated approach to treating COVID-19 through a 'cocktail in a molecule' mechanism; a single molecule that can engage three domains of the SARS-CoV-2 virus simultaneously to inhibit viral entry into cells. This allows for a potentially broader efficacy and reduces the likelihood for the development of viral drug resistance which can result from selection pressure on any single molecular target. In addition, DARPin® candidates are produced through rapid, high-yield microbial fermentation for potential speed and logistical advantages over mammalian cell production employed for antibodies.

Based on the success seen to-date of ensovibep's unique approach to neutralizing the virus, Molecular Partners is also evaluating the next generation of opportunities to develop antivirals against other infectious diseases with global unmet need.

Immuno-oncology programs: Clinical work for AMG 506 / MP0310 (FAP x 4-1BB) ongoing; new supportive data published across acute myeloid leukemia and MP0317 (FAP x CD40) programs as well as novel technology platforms

Following the positive initial results of MP0310, clinical work advanced into weekly administration of MP0310 in the Phase 1 study, to identify a dosing regimen to obtain sustained 4-1bb activation. Molecular Partners expects to obtain data from this trial within 2021, allowing for its partner, Amgen, to evaluate potential future development of MP0310 in combination with Amgen's oncology assets, including BiTE® molecules.

In April of 2021, Molecular Partners presented four posters highlighting research across its immuno-oncology programs at the American Association for Cancer Research (AACR) virtual Annual Meeting. Molecular Partners' novel multi-specific DARPin® candidates are designed to activate the immune system to fight cancer while reducing damage to healthy cells. These candidates use multiple novel DARPin® technologies potentially applicable against a wide range of tumor types. The preclinical data shared include first results from the Company's acute myeloid leukemia (AML) CD3 T-cell engager program, initial results from the CD3 prodrug program, and new data from the MP0317 and peptide-MHC programs.

With respect to MP0317, a multi-specific DARPin® product candidate targeting both FAP and CD40 to enable tumor-localized immune activation, new preclinical data showed activation of B-cells and myeloid cells in *ex vivo* human tumor samples. This demonstrated that physiological presence of FAP, expressed in the connective tissue of a broad range of solid tumors, is mandatory and sufficient for MP0317 to induce immune activation. Furthermore, the data presented at AACR shows that MP0317 led to a range of pro-inflammatory activities, including macrophage repolarization and reversion of T-cell suppression only in the presence of FAP. In both assays the killing effect was comparable to that achieved by an anti-CD40 antibody. The Company believes these data support MP0317's potential to deliver tumor-localized CD40-mediated immune cell activation while avoiding systemic toxicity seen with other agents. MP0317 is anticipated to begin clinical trials in the second half of 2021.

In preclinical studies, the Company's AML research candidates demonstrated substantial activity against different populations of AML cells *in vitro* and *ex vivo*, without significant damage to healthy cells. The candidate is further designed to bind with increased avidity as the number of relevant antigens presented increases, further strengthening its preference for tumor cells. The candidate is a single molecule designed to target three different cancer antigens simultaneously (CD70, CD33, and CD123). This multi-specific DARPin® T-cell engager candidate is designed to deliver a highly potent and specific anti-tumor response to AML cells, with a reduced effect on healthy normal cells, and with the potential to counteract target escape mechanisms expected due to tumor heterogeneity. The AML DARPin candidate demonstrated potent induction of T-cell mediated cytotoxicity against AML cell lines and primary AML calls. In an *ex vivo* assay using fresh blood from healthy donors, the candidate induced profoundly less inflammatory cytokine production and reduction in platelet counts than T-cell engager candidates in development by other parties. Molecular Partners believes this candidate shows a unique avidity-driven ability to kill a broader population of AML cells while decreasing the risk of toxicity.

Molecular Partners' T-cell engager programs also include a novel prodrug DARPin® technology for tumor-localized release of immune stimulation, through incorporation of a protease-cleavable blocker DARPin® molecule. As CD3-binding T-cell engagers are highly potent and can lead to systemic toxicities, Molecular Partners has developed a DARPin® domain designed to mask the CD3 engager from interacting with T cells, systemically or outside of the tumor, thus reducing toxicity by limiting immune activation to the tumor microenvironment. Molecular Partners' prodrug research candidate, CD3-PDD, has demonstrated *in vitro* and *in vivo* proof-of-concept, being shown to be unable to bind and recruit T-cells in its non-cleaved state in circulation while delivering an anti-tumor effect.

Finally, new data were presented supporting Molecular Partners' peptide-MHC targeting program, which focuses on developing the capability to target cell surface protein complexes indicating disease through display of intracellular peptides. At AACR, the Company presented preclinical results demonstrating rapid and reliable generation of DARPin® proteins against a peptide-MHC

complex (pMHC). These DARPin® proteins were then formatted into bispecific T-cell engagers, and engineered to enable potent and specific activation of T cells. Further, the results showed that a pMHC-targeting DARPin® candidate was able to achieve systemic half-life extension.

Ophthalmology

In August, the Company was updated by its collaboration partner, AbbVie Inc. of its termination of the license and collaboration agreement for the investigational drug abicipar pegol for the treatment of nAMD and DME. As such, Molecular Partners will regain the development and commercial rights of abicipar on a worldwide basis.

Financial Highlights: Nasdaq offering extends cash runway into H2 2023

Molecular Partners remains solidly funded to capture upcoming value inflection points. In June 2021, the Company successfully completed an initial public offering of American Depositary Shares on the NASDAQ exchange, raising \$63.8 million (CHF 58.8 million) in gross proceeds. With the U.S. listing, Molecular Partners has broadened its access to capital from the global investment community to support its programs and growing pipeline. In the first six months of 2021, Molecular Partners recognized total revenues and other income of CHF 4.4 million (H1 2020: CHF 7.5 million) and incurred total operating expenses of CHF 39.2 million (H1 2020: CHF 30.6 million). This led to an operating loss of CHF 34.8 million for the first six months in 2021 (H1 2020: Operating loss of CHF 23.1 million) and a net loss of CHF 33.6 million for H1 2021 (H1 2020: Net loss of CHF 24.7 million).

The net cash outflow from operating activities during the first six months in 2021 was CHF 52.5 million (2020: net cash outflow of CHF 27.9 million). Including time deposits, the cash and cash equivalents position increased by CHF 0.6 million vs. year-end 2020 to CHF 174.3 million as of June 30, 2021 (December 31, 2020: CHF 173.7 million).

Total shareholders' equity stood at CHF 134.6 million as of June 30, 2021, an increase of CHF 27.4 million (December 31, 2020: CHF 107.2 million). As of June 30, 2021, the Company employed 158 FTEs (full time equivalents), up 15 year-on-year. About 80% of the employees are employed in R&D-related functions.

KEY FIGURES AS OF JUNE 30, 2021

Key Financials (unaudited) (CHF million, except per share, FTE data)	H1 2021	H1 2020	Change
Total revenues and other income	4.4	7.5	(3.1)
R&D expenses	(31.6)	(25.1)	(6.5)
SG&A expenses	(7.6)	(5.5)	(2.1)
Operating result	(34.8)	(23.1)	(11.7)
Net result	(33.6)	(24.7)	(8.9)
Basic net result per share (in CHF)	(1.13)	(1.14)	0.01
Net cash from (used in) operating activities	(52.5)	(27.9)	(24.6)
Cash balance (incl. time deposits) as of June 30	174.3	64.4	109.9
Total shareholders' equity as of June 30	134.6	31.0	103.6
Number of total FTE as of June 30	158.3	143.6	14.7

BUSINESS OUTLOOK AND PRIORITIES

In the second half of 2021, Molecular Partners remains focused on the rapid clinical development of ensovibep across two major global studies as well as a further bridging study to evaluate the option of subcutaneous/intramuscular administration. Topline interim data for the first 400 patients from the ongoing EMPATHY trial are expected in the second half of 2021 with full interim data expected in early 2022. Molecular Partners is committed to advancing other antiviral programs and is currently evaluating several potential targets with global unmet need. The Company expects to announce additional antiviral programs in the second half of 2021. In immuno-oncology, Molecular Partners expects to provide results from the MP0310 trial to Amgen, to inform their decision regarding future development of the program. Further, the Company intends to begin clinical studies of MP0317 in the second half of 2021 and expects to present additional research data from its trispecific CD3 T-cell engager for the treatment of AML. Molecular Partners is now working with AbbVie for the receipt of data and materials related to the abicipar program. The Company has formed a special committee to evaluate the program and determine appropriate next steps regarding abicipar.

FINANCIAL OUTLOOK 2021

For the full year 2021, at constant exchange rates, the company continues to expect total expenses of CHF 65-75 million, of which around CHF 7 million will be non-cash effective costs.

In terms of cash outflow the company expects a gross cash utilization of CHF 85-95 million for FY2021, which includes a total of CHF 20 million payable to Novartis for the manufacturing of commercial supply (of which CHF 10.5 million occurred during H1 2021). This cash flow guidance does not include any potential receipts from R&D partnerships.

With CHF 174.3 million cash at hand and no debt as per June 30, 2021 the company expects to be funded into H2 2023, excluding any potential receipts from R&D partners.

DOCUMENTATION

The results presentation, this press release, and the half-year 2021 report will be made available on www.molecularpartners.com after 7:00am (CET) on August 26, 2021.

H1 2021 CONFERENCE CALL & AUDIO WEBCAST

Molecular Partners will hold a conference call and audio webcast on August 26, 2021, 2:00pm CET (1:00pm GMT, 8:00am EST).

In order to register for the H1 2021 conference call, please dial the following numbers approximately 10 minutes before the start of the presentation:

Switzerland / Europe	+41 800 83 6508
USA	+1 844 865 3856

Participants in the conference call will have the opportunity to ask questions after the presentation.

AUDIO WEBCAST

The H1 2021 results presentation will be webcast live and will be made available on the Company's website under the investor section. The replay will be available for 90 days following the presentation.

FINANCIAL CALENDAR

October 28, 2021 Interim Management Statement Q3 2021
December 13, 2021 R&D Day in New York

The latest timing of the above events can always be viewed on the investor section of the website.

ABOUT DARPin® THERAPEUTICS

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

ABOUT MOLECULAR PARTNERS AG

Molecular Partners AG is a clinical-stage biotech company developing 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](https://twitter.com/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, 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

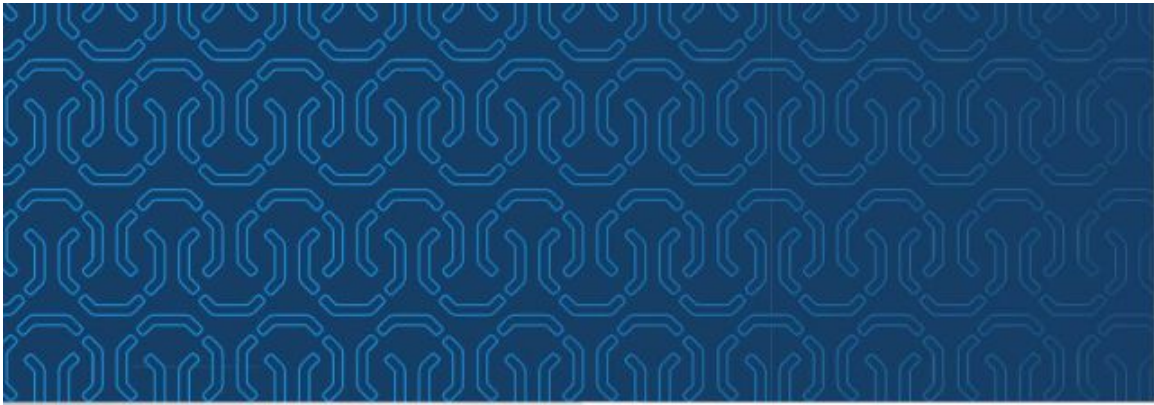
clinical utility and ability to achieve market acceptance of our product candidates; the potential impact of the COVID19 pandemic on our operations or clinical trials; our plans and development of any new indications for our product candidates; our commercialization, marketing and manufacturing capabilities 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.

FOR FURTHER DETAILS, PLEASE CONTACT:

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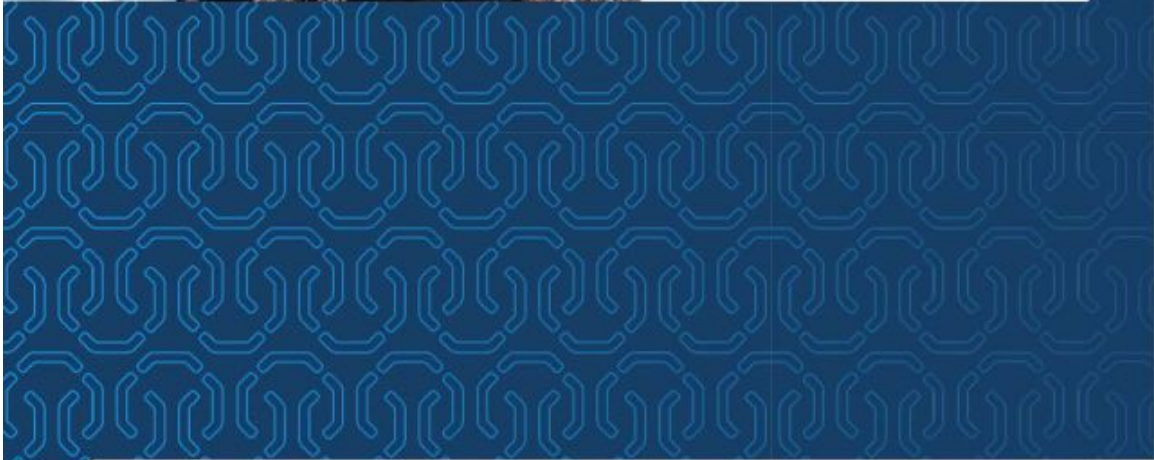
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HALF-YEAR REPORT

2021



Custom-built biology for patients

At a Glance: Key Milestones, Group Profile & Contents

- *Advancement of balanced portfolio of differentiated DARPin[®] product candidates offering patients a new dimension of protein therapeutics for the treatment of serious diseases*
- *Key advancements made in the areas of oncology and virology*

H1 2021 Research & Development Milestones

- Initiated two global Phase 2 and 3 trials of ensivibep (MP0420), to explore safety and efficacy in ambulatory patients with COVID-19 (EMPATHY) in collaboration with Novartis, and hospitalized patients (ACTIV-3) sponsored by the National Institutes of Health (NIH)
- Received FDA Fast Track designation for ensivibep for the treatment of COVID-19 in both hospitalized and ambulatory settings
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- Reported that in vitro studies indicate that ensivibep maintains potency against all known SARS-CoV-2 variants of concern, including Delta and Lambda
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- In August, announced receipt of global rights of abicipar pegol for the treatment of neovascular AMD (nAMD) and Diabetic Macular Edema, following termination of the license and collaboration agreement by AbbVie Inc.

H1 2021 Leadership & Governance Milestones

- Elected Agnete Fredriksen and Dominik Höchli to the Board of Directors at the Annual General Meeting of April 21, 2021

H1 2021 Financial Milestones

- Successfully completed initial public offering of American Depositary Shares ("ADSs") on the Nasdaq, raising \$63.8 million (CHF 58.8 million) in gross proceeds to support ongoing operations into H2 2023
- Ongoing strong financial position with CHF 174.3 million in cash and short-term deposits as of June 30, 2021
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Group Profile

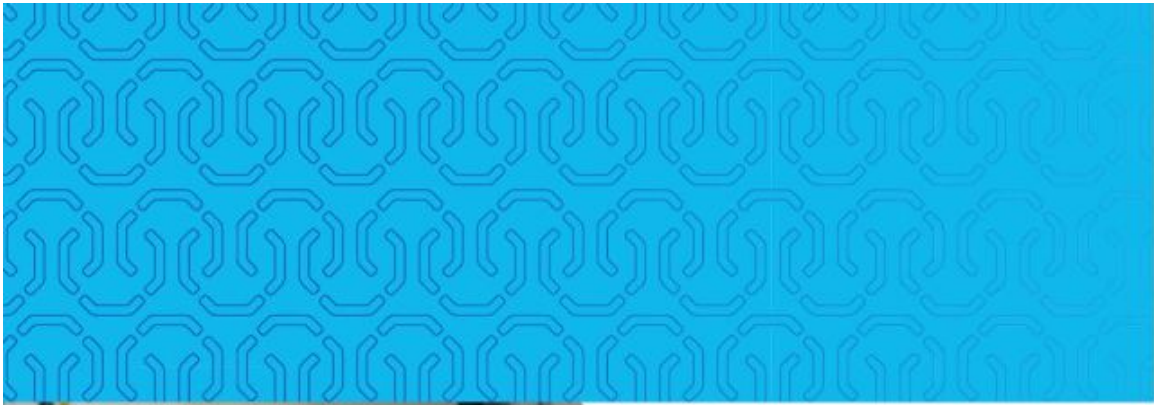
Molecular Partners is a clinical-stage biotech company developing DARPin® therapeutics, a new class of custom-built protein drugs designed to address challenges current modalities cannot. The Company has formed partnerships with leading pharmaceutical companies to advance DARPin® therapeutics in the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

Share Information

- Listed on SIX Swiss Exchange (ticker symbol: MOLN; ISIN CH0256379097) since Nov. 2014
- Listed on Nasdaq (ticker symbol: MOLN) since June 2021
- 32,269,285 shares outstanding as of June 30, 2021
- CHF 608 million market capitalization as of June 30, 2021
- Free float of 84% as per SIX Swiss Exchange definition

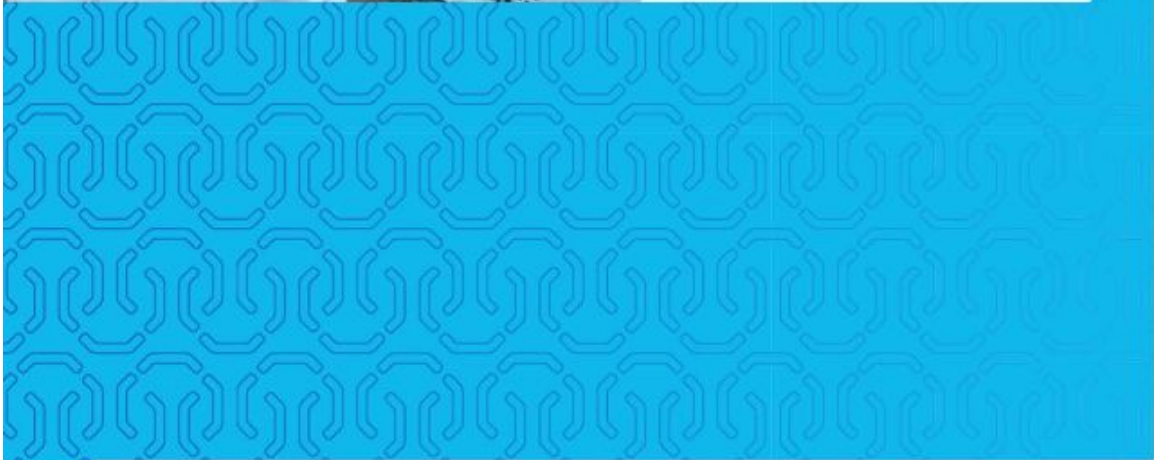
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HALF-YEAR REPORT

2021



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.

The COVID-19 pandemic continued to dominate also the first half of 2021. Nonetheless, in the course of the first semester, we were able to strongly expand our global clinical presence and collaboration with Novartis as the evolving COVID-19 pandemic continued to underscore the need for effective antiviral therapeutics.

As a now dual-listed company in Switzerland and the United States, our expanded investor base enables us to accelerate our mission to deliver a new class of medicines to people living with cancer and infectious diseases.

To have entered two ongoing, late-stage trials of ensovibep further illustrates our rapid design and development capabilities, and in addition to the COVID-19 program we are focused on expanding into new antiviral applications of the DARPin® platform while moving towards a new phase for our immuno-oncology programs.

H1 2021 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 virology, oncology and ophthalmology. Further, we provide an overview on the highlights in terms of Leadership & Governance of our organization.

Antiviral program: Rapid development of trispecific antiviral DARPin® candidate ensovibep in multiple international clinical trials

Molecular Partners advanced in 2021 with strong momentum for our lead antiviral candidate, ensovibep, which has progressed in the second quarter of 2021 into two ongoing, late-stage global clinical studies, EMPATHY and ACTIV-3, in collaboration with Novartis and the NIH, respectively. Thus far, ensovibep has provided positive Phase 1 data and continued to maintain potency in laboratory studies against all known COVID-19 variants of concern.

In March of 2021, jointly with our collaboration partner Novartis we announced that the National Institutes of Health (NIH) selected ensovibep for inclusion in a global phase 3 randomized, controlled clinical trial as part of NIH's Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) program. The international master protocol ACTIV-3 is designed to evaluate the safety and efficacy of various therapies for the treatment of adults hospitalized with a COVID-19 diagnosis. A sub-study of ACTIV-3 evaluating ensovibep began enrolling hospitalized patients in June 2021 and is currently enrolling patients across seven countries. Topline data from this study are expected in 2022.

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Following the positive initial results of MP0310, clinical work advanced into weekly administration of MP0310 in the Phase 1 study, to identify a dosing regimen to obtain sustained 4-1bb activation, our Company expects to obtain data from this trial within 2021, allowing for our partner, Amgen, to evaluate potential future development of MP0310 in combination with Amgen's oncology assets, including BiTE[®] molecules.

In April of 2021, our team presented four posters highlighting research across its immuno-oncology programs at the American Association for Cancer Research (AACR) virtual Annual Meeting. Molecular Partners' novel multi-specific DARPin[®] candidates are designed to activate the immune system to fight cancer while reducing damage to healthy cells. These candidates use multiple novel DARPin[®] technologies potentially applicable against a wide range of tumor types. The preclinical data shared include first results from the Company's acute myeloid leukemia (AML) CD3 T-cell engager program, initial results from the CD3 prodrug program, and new data from the MP0317 (FAP x CD40) and peptide-MHC programs.

With respect to MP0317, a multi-specific DARPin[®] product candidate targeting both FAP and CD40 to enable tumor-localized immune activation, new preclinical data showed activation of B-cells and myeloid cells in ex vivo human tumor samples. This demonstrated that physiological presence of FAP, expressed in the connective tissue of a broad range of solid tumors, is mandatory and sufficient for MP0317 to induce immune activation. Furthermore, the data presented at AACR shows that MP0317 led to a range of pro-inflammatory activities, including macrophage repolarization and reversion of T-cell suppression only in the presence of FAP. In both assays the killing effect was comparable to that achieved by an anti-CD40 antibody. The Company believes these data support MP0317's potential to deliver tumor-localized CD40-mediated immune cell activation while avoiding systemic toxicity seen with other agents. MP0317 is anticipated to begin clinical trials in the second half of 2021.

In preclinical studies, the Company's AML research candidates demonstrated substantial activity against different populations of AML cells in vitro and ex vivo, without significant damage to healthy cells. The candidate is further designed to bind with increased avidity as the number of relevant antigens presented increases, further strengthening its preference for tumor cells. The candidate is a single molecule designed to target three different cancer antigens simultaneously (CD70, CD33, and CD123). This multi-specific DARPin[®] T-cell engager candidate is designed to deliver a highly potent and specific anti-tumor response to AML cells, with a reduced effect on healthy normal cells, and with the potential to counteract target escape mechanisms expected due to tumor heterogeneity. The AML DARPin candidate demonstrated potent induction of T-cell mediated cytotoxicity against AML cell lines and primary AML cells. In an ex vivo assay using fresh blood from healthy donors, the candidate induced profoundly less inflammatory cytokine production and reduction in platelet counts than T-cell engager candidates in development by other parties. Molecular Partners believes this candidate shows a unique avidity-driven ability to kill a broader population of AML cells while decreasing the risk of toxicity.

Molecular Partners' T-cell engager programs also include a novel prodrug DARPin[®] technology for tumor-localized release of immune stimulation, through incorporation of a protease-cleavable blocker DARPin[®] molecule. As CD3-binding T-cell engagers are highly potent and can lead to systemic toxicities, Molecular Partners has developed a DARPin[®] domain designed to mask the CD3 engager from interacting with T-cells, systemically or outside of the tumor, thus reducing toxicity by limiting immune activation to the tumor microenvironment. Molecular Partners' prodrug research candidate, CD3-PDD, has demonstrated in vitro and in vivo proof-of-concept, being shown to be unable to bind and recruit T-cells in its non-cleaved state in circulation while delivering an anti-tumor effect.

Finally, new data were presented supporting Molecular Partners' peptide-MHC targeting program, which focuses on developing the capability to target cell surface protein complexes indicating disease through display of intracellular peptides. At AACR, the Company presented preclinical results demonstrating rapid and reliable generation of DARPin[®] proteins against a peptide-MHC complex (pMHC). These DARPin[®] proteins were then formatted into bispecific T-cell engagers, and engineered to enable potent and specific activation of T cells. Further, the results showed that a pMHC-targeting DARPin[®] candidate was able to achieve systemic half-life extension.

Ophthalmology

In August, the Company was updated by our collaboration partner, AbbVie Inc. of its termination of the license and collaboration agreement for the investigational drug abicipar pegol for the treatment of nAMD and DME. As such, Molecular Partners will regain the development and commercial rights of abicipar on a worldwide basis.

Financial highlights in H1 2021

Molecular Partners remains solidly funded to capture upcoming value inflection points. In June 2021, our Company successfully completed an initial public offering of American Depositary Shares on the Nasdaq exchange, raising \$63.8 million (CHF 58.8 million) in gross proceeds. With the U.S. listing, we broadened our access to capital from the global investment community to support our programs and growing pipeline.

In the first six months of 2021, Molecular Partners recognized total revenues and other income of CHF 4.4 million (H1 2020: CHF 7.5 million) and incurred total operating expenses of CHF 39.2 million (H1 2020: CHF 30.6 million). This led to an operating loss of CHF 34.8 million for the first six months in 2021 (H1 2020: Operating loss of CHF 23.1 million) and a net loss of CHF 33.6 million for H1 2021 (H1 2020: Net loss of CHF 24.7 million).

The net cash outflow from operating activities during the first six months in 2021 was CHF 52.5 million (2020: net cash outflow of CHF 27.9 million), including short-term time deposits, the cash and cash equivalents position increased by CHF 0.6 million vs. year-end 2020 to CHF 174.3 million as of June 30, 2021 (December 31, 2020: CHF 173.7 million). Total shareholders' equity stood at CHF 134.6 million as of June 30, 2021, an increase of CHF 27.4 million (December 31, 2020: CHF 107.2 million).

As of June 30, 2021, the Company employed 158 FTEs (full time equivalents), up 15 year-on-year. About 80% of the employees are employed in R&D-related functions.

H1 2021 Leadership & Governance highlights

At the Annual General Meeting of our Company on April 21, 2021, the shareholders of Molecular Partners elected Agnete Fredriksen and Dominik Höchli to the Board of Directors.

Agnete Fredriksen

Agnete Fredriksen, Ph.D., is a co-founder, president and chief innovation and strategy officer of Vaccibody AS of Vaccibody AS, a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for cancer and infectious diseases. With prior roles at Affitech AS and Medinnova AS, Agnete's focus is on developing vaccines from idea to clinical development. She is the author of numerous scientific papers in the field of immunology, immunotherapy and vaccines, and has been awarded several patents in the field of immunotherapy. She holds an MSc and a Ph.D. from the Institute of Immunology, Rikshospitalet Medical Center in Oslo, Norway.

Dominik Höchli

Dominik Höchli has 20 years of experience in as a marketing and medical affairs executive. Since spring 2021 he is the CEO of Catapult Therapeutics, a clinical stage biotech company in the Netherlands. Previously he worked at AbbVie as Vice President, Head of Global Medical Affairs and member of the R&D and the Commercial leadership team. He led global product launches for major blockbuster products, including HUMIRA, Maviret, Venetoclax and Skyrizi, and his leadership experience ranges from smaller country organizations to large global functions. He began his corporate career at McKinsey & Co. Dominik is a Swiss national and obtained his medical degree (M.D.) from the University of Bern.

Business outlook and priorities for H2 2021 and beyond

In the second half of 2021, Molecular Partners remains focused on the rapid clinical development of ensovibep across two major global studies as well as a further bridging study to evaluate the option of subcutaneous/intramuscular administration. Topline interim data for the first 400 patients are expected towards the end of second half of 2021 with complete data expected in 2022. We are committed to advancing other antiviral programs and is currently evaluating several potential targets with global unmet need. The Company expects to announce additional antiviral programs in the second half of 2021. In immuno-oncology, Molecular Partners expects to provide results from the MP0310 trial to Amgen, to inform their decision regarding future development of the program. Further, the Company intends to begin clinical studies of MP0317 in the second half of 2021 and expects to present additional research data from its trispesfic CD3 T-cell engager for the treatment of AML. Molecular Partners is now working with AbbVie for the receipt of data and materials related to the abicipar program. We have formed a special committee to evaluate the program and determine appropriate next steps regarding abicipar.

Our purpose: Deliver an entirely new class of drugs to transform care for cancer, in virology and other serious diseases

At Molecular Partners, we have a strong connection to our core purpose of transforming treatment for patients with cancer and other serious diseases through delivering on the promise of DARPin® therapeutics. As a team, we are energized about the opportunities ahead and our progress in creating and growing the capabilities of DARPin® candidates.

Our discovery and development capabilities continue to grow, as do the depth and breadth of our partnerships. We continue to demonstrate our capacity to respond to medical need and push our DARPin® expertise into new platforms to expand the potential of this unique class of drugs.

Thank you for your continued support of our work

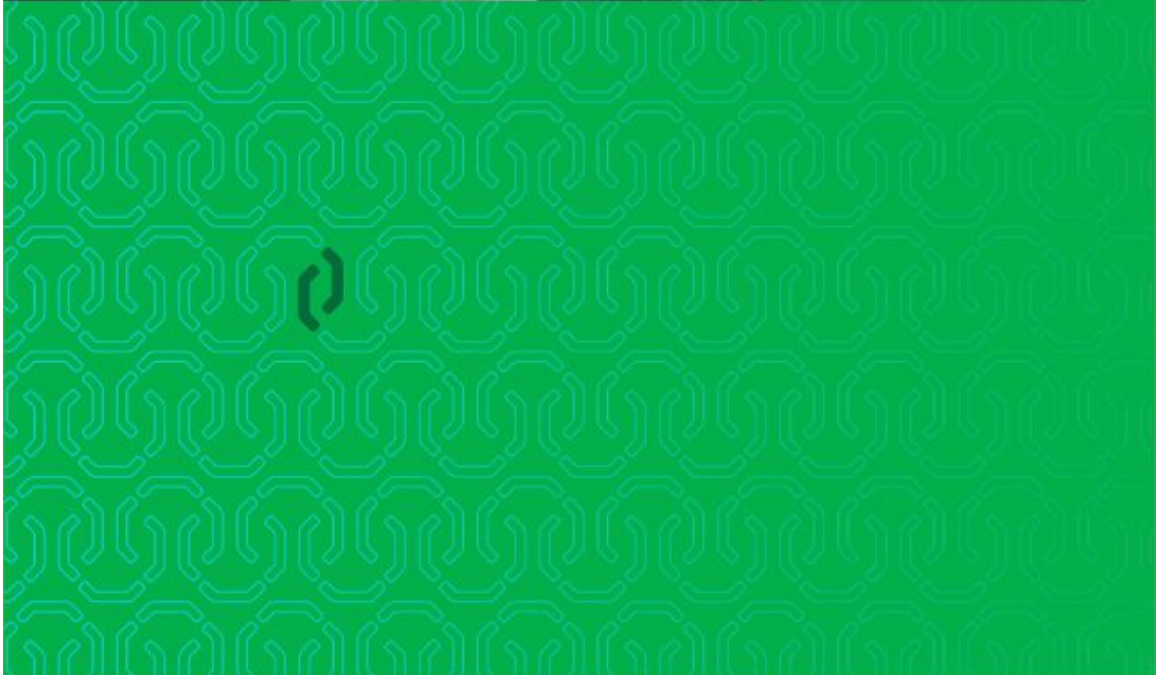
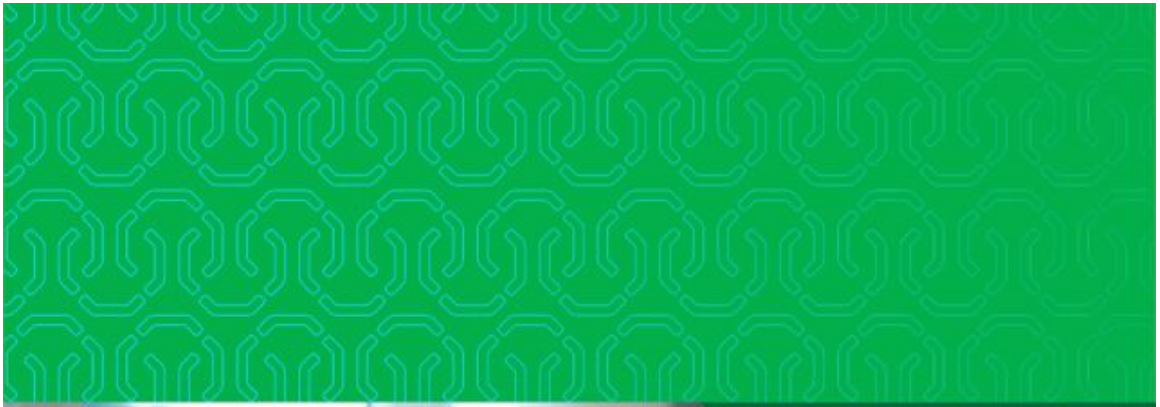
Our continued progress and value creation wouldn't be possible without the full support and tireless work of our employees, strategic partners, investors, researchers and patients. We thank all these groups for their support and look forward to sharing additional news throughout the second half of 2021.



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 2021	H1 2020	Change
Total revenues and other income	4.4	7.5	(3.1)
R&D expenses	(31.6)	(25.1)	(6.5)
SG&A expenses	(7.6)	(5.5)	(2.1)
Total operating expenses (incl depr. & amort.)	(39.2)	(30.6)	(8.6)
Operating result	(34.8)	(23.1)	(11.7)
Net finance result	1.2	(1.6)	2.8
Income taxes	—	—	—
Net result	(33.6)	(24.7)	(8.9)
Basic and diluted net result per share (in CHF)	(1.13)	(1.14)	0.01
Net cash from (used in) operating activities	(52.5)	(27.9)	(24.6)
Net cash from (used in) investing activities	(8.2)	1.5	(9.7)
Net cash from (used in) financing activities	52.0	(0.2)	52.2
Exchange gain/(loss) on cash positions	1.5	(1.8)	3.3
Net increase (decrease) in cash & cash equivalents	(7.2)	(28.4)	21.2
Cash & cash equivalents	126.6	47.3	79.3
Cash & cash equivalents (incl. short-term time deposits)	174.3	64.4	109.9
Total non-current assets	8.9	4.8	4.1
Total current assets	198.1	68.5	129.6
Total shareholders' equity	134.6	31.0	103.6
Total non-current liabilities	14.8	12.8	2.0
Total current liabilities	57.6	29.5	28.1
Number of total FTE	158.3	143.6	14.7

Financial highlights

Over the course of 2021, the Group continued and is continuing to increase its investments in its clinical and preclinical programs as well as in research and development in order to progress its proprietary oncology and virology DARPin® candidates towards value-creating milestones.

The strong balance sheet, which was further reinforced with the CHF 52.5 million net proceeds from our Nasdaq listing in June 2021, continues to provide the Group with financial flexibility and a forecasted cash runway into 2023 beyond the envisaged key value inflection points expected to be captured until then.

Molecular Partners' broad pipeline across multiple indications, its collaborations with blue-chip pharma companies Novartis, AbbVie and Amgen, and its strong financial position combine to provide the Group a uniquely robust position within the biotech sector. The Group continues to invest 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 drug candidates in clinical development targeting high-value indications.

Revenues

In H1 2021, the Group recognized total revenues and other income of CHF 4.4 million, a decrease of 41% compared to the previous year (2020: CHF 7.5 million). The revenue and other income in the first six months of 2021 was largely attributable to the Group's partnership with Amgen (CHF 4.0 million).

As of June 30, 2021 the Group has CHF 15.0 million of contract liabilities under the Amgen collaboration agreement. This contract liability is expected to be recognized as revenues in the 2021 and 2022 periods 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 increased by CHF 8.6 million (+28%) to CHF 39.2 million in H1 2021 (compared to CHF 30.6 million in H1 2020). The two major expense categories were personnel expenses of CHF 17.7 million (45% of total operating expenses) and research and development projects related costs totaling CHF 17.3 million (44% of total operating expenses).

Total R&D expenses in H1 2021 increased by CHF 6.5 million (+26%) to CHF 31.6 million (H1 2020: CHF 25.1 million), mainly due to the growing proprietary pipeline of the Group. 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 2021 went up by CHF 2.1 million (38%) to CHF 7.6 million (H1 2020: CHF 5.5 million), mainly due to personnel related costs as well as the increase in director and officers insurance following the Nasdaq listing in June 2021.

In 2021, operating expenses are expected to increase, particularly 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. Moreover, hiring additional personnel (mainly in R&D) will generate additional costs.

As of June 30, 2021, the Group had 158 full-time employees (FTEs) on its payroll, including 127 FTEs (ca. 80%) in R&D and 31 FTEs (ca. 20%) in SG&A.

Operating profit (loss)

In the first six months of 2021, the Group generated an operating loss of CHF 34.8 million (compared to an operating loss of CHF 23.1 million in the same period in 2020). The higher operating loss versus the previous year mainly reflects both the lower recognized revenues as well as further intensified R&D activities for the benefit of long-term value creation.

Financial income and expenses

In the first six months of 2021, Molecular Partners recorded a net financial gain of CHF 1.2 million, compared to a net financial loss of CHF 1.6 million in the same period in 2020.

In the first six months of 2021 the financial income amounted to CHF 1.5 million, largely driven by income generated from a foreign exchange gain on the Group's cash balances. The financial expense in the first six months of 2021 of CHF 0.3 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

Molecular Partners AG did not have to pay or accrue any income taxes in the reporting periods. 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 loss

In H1 2021, the Group recorded a net loss of CHF 33.6 million (H1 2020: CHF 24.7 million net loss).

Balance sheet and capital resources

As of June 30, 2021, the Group's position on cash and cash equivalents plus short-term time deposits increased by CHF 0.6 million compared to year-end 2020 to CHF 174.3 million (or 84% of the total assets).

Compared to year-end 2020, the total shareholders' equity position increased by CHF 27.4 million to CHF 134.6 million as of June 30, 2021 (December 31, 2020: CHF 107.2 million). The Group's balance sheet continued to be debt-free in 2021.

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, 2021 amount to CHF 72.3 million (December 31, 2020: CHF 80.3 million). The contract liabilities are the most significant liability item with a total of CHF 37.7 million at June 30, 2021 (December 31, 2020: CHF 45.9 million). The contract liabilities are expected to be recognized as revenue or as an offset of costs as the Group satisfies the related performance obligations.

Cash flow statement

In the first six months of 2021, Molecular Partners presented a net cash outflow from operations of CHF 52.5 million, compared to the net cash outflow from operations of CHF 27.9 million in the same period in 2020.

Cash outflow from investing activities during the first six months of 2021 was CHF 8.2 million, compared to a CHF 1.5 million cash inflow in the same period of 2020. 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 inflow from financing activities in the first six months of 2021 was CHF 52.0 million, largely driven cash generated from the Nasdaq listing. Overall, the cash flow activities resulted in a net decrease of the Group's total cash and cash equivalents balance of CHF 7.2 million from CHF 133.7 million at the end of 2020 to CHF 126.5 million as per June 30, 2021.

Financial risk management

The Group is developing several products and is currently not generating a constant revenue stream, which results in a negative cash flow from operating activities. At present, the lack of 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, management 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, GBP 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 2021-2025, management estimates that the Group is financed into 2023.

Financial Outlook 2021

For the full year 2021, at constant exchange rates, the company continues to expect total expenses of CHF 65-75 million, of which around CHF 7 million will be non-cash effective costs.

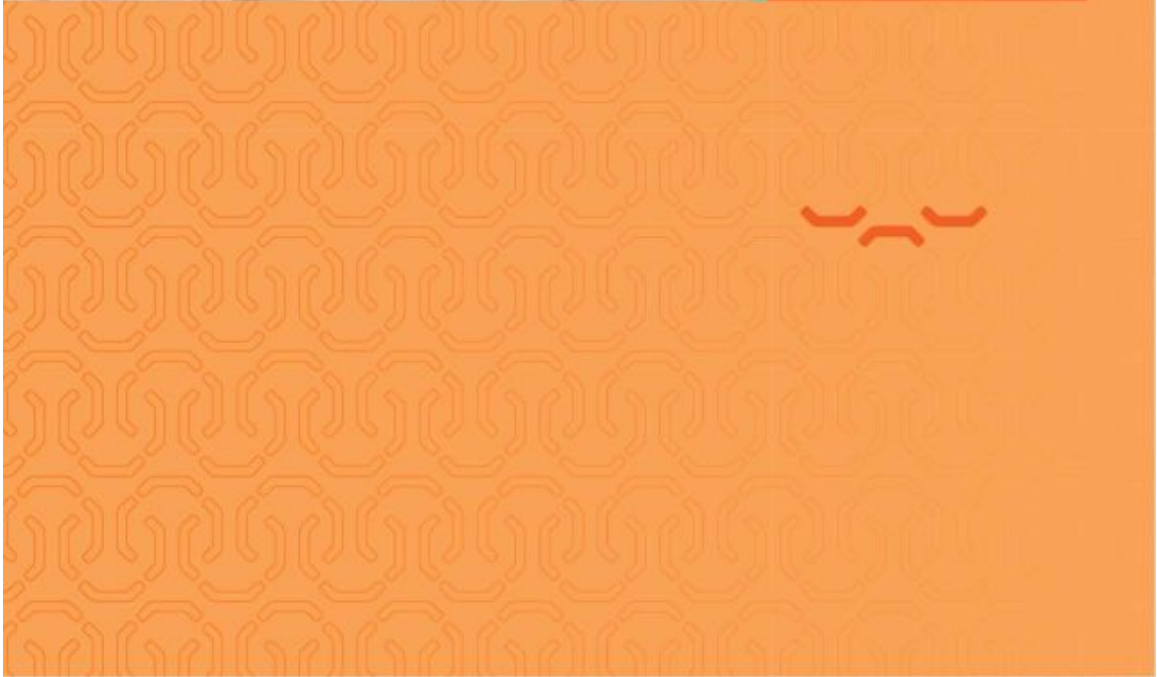
In terms of cash outflow the company expects a gross cash utilization of CHF 85-95 million for FY2021, which includes a total of CHF 20 million payable to Novartis for the manufacturing of commercial supply (of which CHF 10.5 million occurred during H1 2021). This cash flow guidance does not include any potential receipts from R&D partnerships.

With CHF 174.3 million cash at hand and no debt as per June 30, 2021 the company expects to be funded into H2 2023, excluding any potential receipts from R&D partners.

Financial Calendar 2021

The following table summarizes the scheduled financial calendar for the financial year 2021.

Date:	Event:
October 28, 2021	Interim Management Statement Q3 2021
December 15, 2021	Virtual R&D Day



Condensed consolidated interim financial statements (unaudited)

Condensed consolidated interim statement of financial position as of		June 30, 2021	December 31, 2020
in CHF thousands	Note		
Assets			
Property, plant and equipment		8,621	9,387
Intangible assets		297	347
Total non-current assets		8,918	9,734
Short-term time deposits		47,699	40,000
Prepaid expenses and accrued income	5.5	15,892	1,254
Trade and other receivables		7,912	2,837
Cash and cash equivalents		126,566	133,721
Total current assets		198,069	177,812
Total assets		206,987	187,546
Shareholders' equity and liabilities			
Share capital	5.6	3,227	2,915
Additional paid-in capital	5.6	353,621	299,479
Cumulative losses		(222,210)	(195,174)
Total shareholders' equity		134,638	107,220
Contract liability	5.4	1,544	2,939
Lease liability		5,445	6,039
Employee benefits	5.11	7,741	13,678
Total non-current liabilities		14,730	22,656
Trade and other payables		10,514	5,825
Accrued expenses		9,754	7,718
Contract liability	5.4	36,167	42,948
Lease liability		1,184	1,179
Total current liabilities		57,619	57,670
Total liabilities		72,349	80,326
Total shareholders' equity and liabilities		206,987	187,546

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

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

		2021	2020
in CHF thousands	Note		
Revenues and other income			
Revenues from research and development collaborations	5.1	4,028	7,516
Other income	5.2	389	—
Total revenues and other income		4,417	7,516
Operating expenses			
Research and development expenses		(31,581)	(25,141)
Selling, general and administrative expenses		(7,629)	(5,467)
Total operating expenses	5.3	(39,210)	(30,608)
Operating result		(34,793)	(23,092)
Financial income and expenses			
Financial income	5.9	1,545	333
Financial expenses	5.9	(319)	(1,976)
Net finance result		1,226	(1,643)
Result before income taxes		(33,567)	(24,735)
Income taxes	5.10	—	(13)
Net result, attributable to shareholders		(33,567)	(24,748)
Other comprehensive result			
Items that will not be reclassified to profit or loss			
Remeasurement of net pension liabilities, net of tax	5.11	6,527	(60)
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		3	(15)
Other comprehensive result, net of tax		6,530	(75)
Total comprehensive result, attributable to shareholders		(27,037)	(24,823)
Basic and diluted net result per share	5.12	(1.13)	(1.14)

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,**

	2021	2020
in CHF thousands		
Net result attributable to shareholders	(33,567)	(24,748)
Adjustments for:		
Depreciation and amortization	1,316	1,437
Share-based compensation costs	1,853	1,262
Change in employee benefits	590	624
Income tax	—	13
Financial income	(1,545)	(333)
Financial expenses	319	1,976
Changes in working capital:		
Change in prepaid expenses and accrued income	(14,630)	778
Change in trade and other receivables	(5,015)	(318)
Change in trade and other payables	4,732	(126)
Change in contract liability	(8,175)	(7,516)
Change in accrued expenses	2,028	(953)
Exchange gain/(loss) on working capital positions	(131)	4
Interest paid	(307)	(12)
Other financial expense	(4)	(4)
Net cash used in operating activities	(52,536)	(27,916)
Proceeds from investments in short term time deposits	20,000	19,598
Investments in short term time deposits	(27,699)	(17,323)
Acquisition of property, plant and equipment	(316)	(1,068)
Acquisition of intangible assets	(184)	(167)
Interest received	9	508
Net cash (used in) from investing activities	(8,190)	1,548
Proceeds from issuance of new shares, net of transaction costs	52,473	—
Proceeds from exercise of stock options, net of transaction costs	128	427
Payment of lease liabilities	(589)	(632)
Net cash from (used in) financing activities	52,012	(205)
Exchange gain/(loss) on cash positions	1,559	(1,821)
Net decrease in cash and cash equivalents	(7,155)	(28,394)
Cash and cash equivalents at January 1	133,721	75,712
Cash and cash equivalents at June 30	126,566	47,318

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, 2020	2,160	182,849	(130,870)	54,139
Net result	—	—	(24,748)	(24,748)
Remeasurement of net pension liabilities	—	—	(60)	(60)
Exchange differences on translating foreign operations	—	—	(15)	(15)
Total comprehensive income	—	—	(24,823)	(24,823)
Share-based compensation costs ⁽¹⁾	—	1,262	—	1,262
Exercise of stock options, net of transaction costs	21	406	—	427
At June 30, 2020	2,181	184,517	(155,693)	31,005
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 ⁽²⁾	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

⁽¹⁾ See note 5.8

⁽²⁾ See note 5.5

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 Molecular Partners Inc. (collectively "Molecular Partners", "Group") is a clinical stage biopharmaceutical company applying its pioneering DARPin[®] product candidates to treat serious diseases, with a current focus on infectious disease, oncology and ophthalmology. 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, 2021 were approved for issuance by the Board of Directors on August 25, 2021.

On June 15, 2021 the Company announced the pricing of its initial public offering in the United States of 3,000,000 American Depositary Shares ("ADSs") at a public offering price of \$21.25 per ADS, for total gross proceeds of approximately \$63.8 million. Each ADS represents one Molecular Partners ordinary share. Trading in the Company's ADSs on the Nasdaq Global Select Market takes place under the ticker symbol "MOLN" and started on June 16, 2021. The Company's shares are listed on the SIX Swiss Exchange (Ticker: MOLN) since November 5, 2014.

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, 2020. 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, 2020.

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. In the course of the six months ended June 30, 2021 there were no significant events, transactions or changes in estimates that had a material impact on the condensed consolidated interim financial statements.

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 months period ended June 30, 2021 as well as of the reporting date there were no major disruptions to the operations. 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, 2021. 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.

The area involving a higher degree of judgment or complexity, or an area where assumptions and estimates are significant to the consolidated financial statements is revenue recognition.

5. Other explanatory notes

5.1 Revenue

The Group assesses and estimates the progress of its projects with alliance partners at each reporting date. The Group applies the cost based method which recognizes revenue based on the ratio of the associated costs incurred to date and the total forecasted cost to satisfy the performance obligation.

In the first quarter of 2021 the Group increased its estimate of the total future costs required to satisfy the performance obligation under the Amgen collaboration. This change in estimate affects the allocation of revenue over time and has no impact on the total amount recognized or to be recognized into revenue under the agreement with Amgen. This increase in the total estimated future costs resulted in a lower amount of recognized revenue for the six months period ended June 30, 2021, as compared to the comparable prior year period. The increase in total estimated future costs is primarily related to continued development of various dosing schedules under phase 1a of the collaboration.

In October 2020, the Group entered into a contract with Novartis Pharma AG ("Novartis"), granting Novartis the exclusive option to in-license global rights in relation to drug candidates MP0420 and MP0423. Under the terms of the agreement, in 2020 the Group has received an upfront, non-refundable fee of CHF 20 million for the tech transfer and manufacturing of MP0420. The Group has equally committed to utilize up to the maximum amount of this upfront fee for the manufacturing of the commercial supply for MP0420. Any such amount which is paid for manufacturing performed by the Novartis Group is considered to be a consideration payable to a customer. Given the significant inter-dependencies between the upfront fee and the manufacturing activities, the manufacturing costs paid to the Novartis Group are to be offset against the upfront non-refundable fee from the contract.

During the six months ended June 30, 2021, costs paid to the Novartis Group for the manufacturing of the drug product to establish the commercial supply of MP0420 in the amount of TCHF 4,147 have been offset against the upfront non-refundable fee (see note 5.4).

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

Revenues by country		
in TCHF, for the six months ended June 30	2021	2020
Revenues USA	4,028	7,516
Total revenues	4,028	7,516

Analysis of revenue by major alliance partner		
in TCHF, for the six months ended June 30	2021	2020
Amgen Inc., USA	4,028	7,516
Total revenues	4,028	7,516

5.2 Other income

In the first quarter of 2021 the Company 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, 2021 amounted to TCHF 389 and are presented as other income in the condensed consolidated interim statement of comprehensive loss.

5.3 Operating expenses

The increase in research and development expenses for the six month period is primarily driven by increase in resources directed to our Covid-19 product candidates. The increase in selling, general and administrative expenses for the six month period is linked to increased insurance costs associated with the Nasdaq listing as well as an increase in personnel costs and other corporate expenses.

5.4 Contract liability

The table below presents the movement in the Group's contract liabilities during the six months ended June 30, 2021:

in CHF thousands	Contract liability at December 31, 2020	Recognized as revenue	Offset of costs	Contract liability at June 30, 2021
Amgen	18,983	(4,028)	—	14,954
Novartis	19,904	—	(4,147)	15,757
FOPH-BAG	7,000	—	—	7,000
Total	45,887	(4,028)	(4,147)	37,711

For the six month period an amount of TCHF 4,147 has been released to offset a corresponding amount of costs paid to the Novartis Group for the manufacturing of the drug product to establish the commercial supply of MP0420, see also note 5.1.

in CHF thousands	Current	Non-current	Contract liability
Amgen	13,410	1,544	14,954
Novartis	15,757	—	15,757
FOPH-BAG	7,000	—	7,000
Balance at June 30, 2021	36,167	1,544	37,711

5.5 Prepaid expenses and accrued income

During the six month period ended June 30, 2021 the Group recorded a prepayment of CHF 8.7 million related to the reservation of resins arising from the agreement with Novartis for the manufacturing of commercial supply for MP0420. Accordingly, the prepayment will be released to expense as the resins are received by Novartis and an offsetting reduction to the contractual liability will be recorded. The Group also recorded a prepayment of CHF 4.8 million for Directors & Officers insurance following the Group's listing on the Nasdaq.

5.6 Issuances of equity securities

On June 15, 2021, the Company announced its initial public offering on the Nasdaq of an aggregate of 3,000,000 new ordinary shares, comprising 3,000,000 American Depositary Shares ("ADSs") at a price of \$21.25 per ADS. The total gross proceeds in the offering amounted to \$63.8 million (CHF 58.8 million). After deducting transaction costs of CHF 6.3 million the Group reports net proceeds of CHF 52.2 million under additional paid in capital and CHF 0.3 million as increase on share capital on the consolidated statement of financial position as per June 30, 2021.

As of June 30, 2021 as a result of the issuance of new shares to support the initial public offering on the Nasdaq together with the exercise of employee stock options and the vesting of Performance Share Units ("PSUs") and Restricted Share Units ("RSUs") under the 2018 Plan (please see also note 5.8), the outstanding issued share capital of the Company amounted to CHF 3,226,929 divided into 32,269,285 fully paid registered shares.

5.7 Dividends

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

5.8 Share-based compensation

As of June 30, 2021, 341,816 options were outstanding (December 31, 2020: 382,059 options) under all active option plans. As of June 30, 2021 and December 31, 2020 all options had vested.

As of June 30, 2021 a total of 563,485 PSUs and 95,635 RSUs were outstanding, of which none were vested (as of December 31, 2020 a total of 445,198 PSUs and 87,906 RSUs were outstanding, of which also none were vested). The movements in the number of share-based awards (options, RSUs and PSUs) outstanding during the six month period ended June 30, 2021 is as follows:

Share options / PSU/ RSU movements	Weighted average exercise price (CHF)		Options (numbers)	Weighted average exercise price (CHF)		PSU / RSU (numbers)	Weighted average exercise price (CHF)
	Total numbers						
Balance outstanding at January 1, 2021	915,163	2.74	382,059	6.42	533,104	0.10	
Granted	222,903	0.10	—	—	222,903	0.10	
(Performance adjustment) ¹	(1,022)	0.10	—	—	(1,022)	0.10	
(Forfeited) ²	(13,815)	0.10	—	—	(13,815)	0.10	
(Expired)	—	—	—	—	—	—	
(Exercised options), vested PSU / RSU	(122,293)	1.05	(40,243)	3.00	(82,050)	0.10	
Balance outstanding at June 30, 2021	1,000,936	2.40	341,816	6.82	659,120	0.10	

The share-based compensation costs recognized during the six months ended June 30, 2021 amounted to TCHF 1.853 (TCHF 1.262 for the six months ended June 30, 2020).

5.9 Financial income and expense

Financial income

in CHF thousands, for the six months ended June 30	2021	2020
Interest income on financial assets held at amortized cost	17	333
Net foreign exchange gain	1,528	—
Total	1,545	333

Financial expense

in CHF thousands, for the six months ended June 30	2021	2020
Net foreign exchange loss	—	(1,922)
Negative interest on financial assets held at amortized costs	(288)	—
Interest expense on leases	(27)	(10)
Other financial expenses	(4)	(44)
Total	(319)	(1,976)

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

5.10 Income taxes

The Company had tax loss carry-forwards in Switzerland of TCHF 157,900 as of December 31, 2020. No deferred tax assets have been recognized for these tax losses carry forwards, because it is not probable that such loss carry forwards can be utilized in the foreseeable future. In addition, no deferred tax assets were recognized on other deductible temporary differences (e.g. pension liabilities under IAS 19) for the same reasons.

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

² Forfeited due to service conditions not fulfilled

5.11 Other comprehensive result

In order to recognize remeasurements of the net defined benefit obligation in the period in which they arise, the Group adopted as its accounting policy to have independent actuaries to update the calculation of the defined benefit obligation and plan assets as at each interim reporting date. The significant components of the remeasurement in the six months period ended June 30, 2021 relate to changes in demographic assumptions by adopting the new BVG / LPP 2020 tables for the first time, the increase in the discount rate, an adjustment for members who left the plan plus an improved performance of the plan's assets.

5.12 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 interim period ended June 30, 2021 and 2020 there are no dilutive effects.

for the six months ended June 30	2021	2020
Weighted average number of shares used in computing basic and diluted loss per share	29,705,254	21,708,541

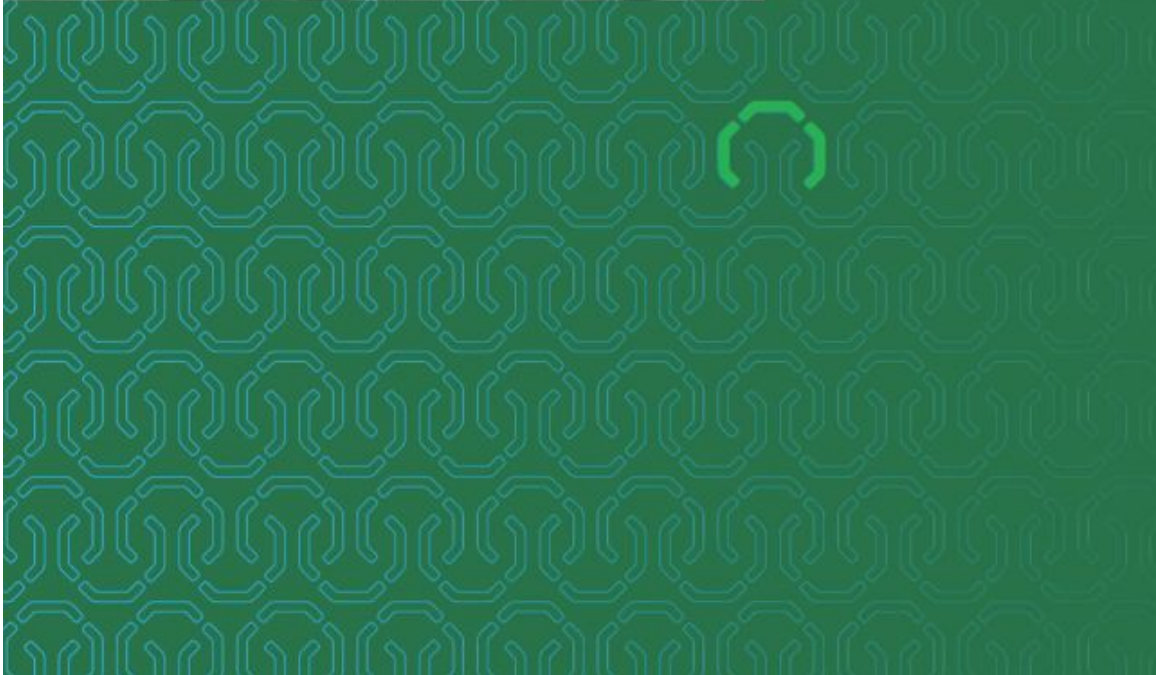
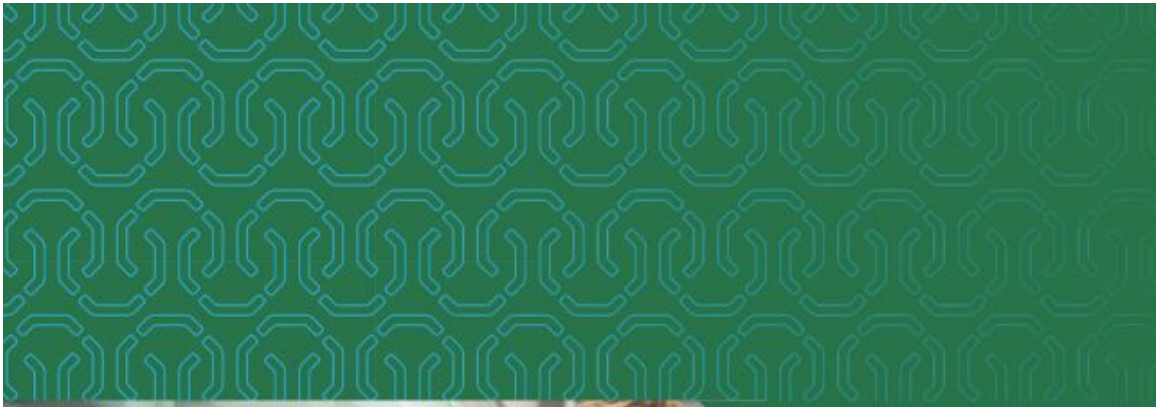
5.13 Related parties

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

5.14 Events after the balance sheet date

In August 2021, the Group was informed by its collaboration partner, AbbVie Inc. of the termination of the license and collaboration agreement for the investigational drug abicipar pegol for the treatment of nAMD and DME. As such, Molecular Partners will regain the development and commercial rights of abicipar on a worldwide basis.

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





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Report of the Independent Auditor on the Condensed Consolidated Interim Financial Statements 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 of June 30, 2021, and the related condensed consolidated interim statement of comprehensive loss, 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) on pages 17-26. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 condensed interim consolidated financial statements 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

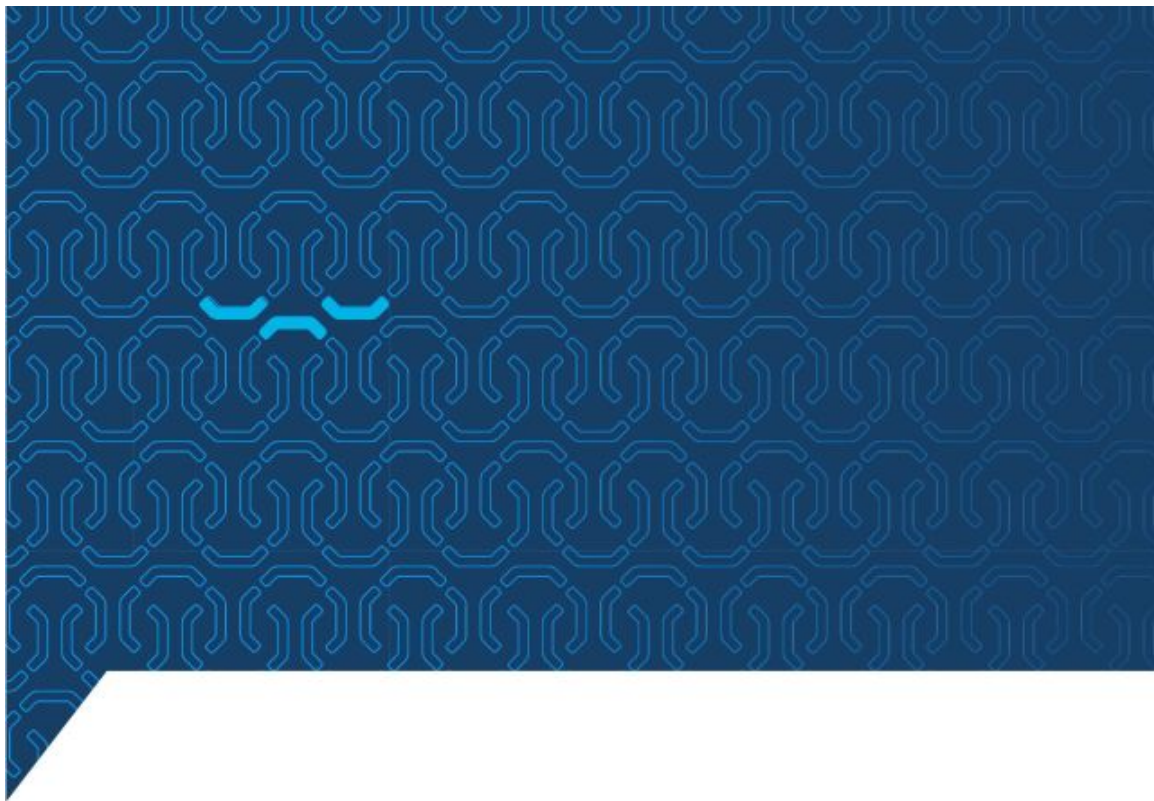
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as of June 30, 2021 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

KPMG AG

Michael Blume
Licensed Audit Expert
Auditor in Charge

Gregory Puccetti

Zurich, 25 August 2021



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.

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Custom-built biology for patients