

Condensed consolidated interim financial statements (unaudited)

Condensed consolidated interim statement of financial position as of

September 30, 2024 December 31, 2023

in CHF thousands

Note

Assets

Property, plant and equipment		4,598	5,681
Intangible assets		82	212
Total non-current assets		4,680	5,893

Short-term time deposits		77,866	119,580
Other current assets		2,595	3,617
Trade and other receivables		3,318	1,953
Cash and cash equivalents		65,752	67,309
Total current assets		149,531	192,459

Total assets		154,211	198,352
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Shareholders' equity and liabilities

Share capital	5.3	3,669	3,635
Additional paid-in capital		368,578	365,530
Treasury share reserve	5.3	(981)	(981)
Cumulative losses		(232,488)	(191,755)
Total shareholders' equity		138,778	176,429

Lease liability		1,532	2,444
Employee benefits	5.9	3,466	5,063
Total non-current liabilities		4,998	7,507

Trade and other payables		2,382	1,328
Accrued expenses		6,838	7,547
Contract liability	5.2	—	4,333
Lease liability		1,215	1,208
Total current liabilities		10,435	14,416

Total liabilities		15,433	21,923
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Total shareholders' equity and liabilities		154,211	198,352
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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 9 months ended September 30,**

		2024	2023
in CHF thousands	Note		
Revenues and other income			
Revenues from research and development collaborations	5.1	4,970	6,006
Total revenues and other income		4,970	6,006
Operating expenses			
Research and development expenses		(38,055)	(35,934)
Selling, general and administrative expenses		(13,338)	(14,532)
Total operating expenses		(51,393)	(50,466)
Operating result		(46,423)	(44,460)
Financial income	5.6	3,641	3,145
Financial expenses	5.6	(29)	(889)
Net finance result		3,612	2,256
Result before income taxes		(42,811)	(42,204)
Income taxes	5.7	—	—
Net result, attributable to shareholders		(42,811)	(42,204)
Other comprehensive result			
Items that will not be reclassified to profit or loss			
Remeasurement of net pension liabilities, net of tax	5.9	2,088	(841)
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(10)	(2)
Other comprehensive result, net of tax		2,078	(843)
Total comprehensive result, attributable to shareholders		(40,733)	(43,047)
Basic and diluted net result per share (in CHF)	5.8	(1.29)	(1.29)

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 3 months ended September 30,

2024 2023

in CHF thousands

Note

Revenues and other income

Revenues from research and development collaborations 5.1 681 2,541

Total revenues and other income 681 2,541

Operating expenses

Research and development expenses (10,864) (11,607)

Selling, general and administrative expenses (4,406) (4,423)

Total operating expenses (15,270) (16,030)

Operating result (14,589) (13,489)

Financial income 5.6 718 2,061

Financial expenses 5.6 (2,533) (11)

Net finance result (1,815) 2,050

Result before income taxes (16,404) (11,439)

Income taxes 5.7 — —

Net result, attributable to shareholders (16,404) (11,439)

Other comprehensive result

Items that will not be reclassified to profit or loss

Remeasurement of net pension liabilities, net of tax 5.9 (1,444) 666

Items that are or may be reclassified subsequently to profit or loss

Exchange differences on translating foreign operations (6) 2

Other comprehensive result, net of tax (1,450) 668

Total comprehensive result, attributable to shareholders (17,854) (10,771)

Basic and diluted net result per share (in CHF) 5.8 (0.49) (0.35)

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

**Condensed consolidated interim cash flow statement for the
9 months ended September 30,**

2024

2023

in CHF thousands

Net result attributable to shareholders	(42,811)	(42,204)
Adjustments for:		
Depreciation and amortization	1,799	1,818
Share-based compensation costs	3,045	4,061
Change in employee benefits	491	391
Financial income	(3,641)	(3,145)
Financial expenses	29	889
Changes in working capital:		
Change in other current assets	435	1,506
Change in trade and other receivables	(1,348)	(730)
Change in trade and other payables	1,053	(53)
Change in contract liability	(4,333)	(4,976)
Change in accrued expenses	(709)	(501)
Exchange loss on working capital positions	(34)	(35)
Interest paid	(19)	(27)
Other financial expense	(10)	(11)
Net cash used in operating activities	(46,053)	(43,017)
Proceeds from investments in short term time deposits	222,492	251,284
Investments in short term time deposits	(180,246)	(228,312)
Acquisition of property, plant and equipment	(569)	(277)
Acquisition of intangible assets	(17)	(221)
Interest received	3,320	2,705
Net cash from investing activities	44,980	25,179
Proceeds from exercise of stock options, net of transaction costs	37	29
Payment of lease liabilities	(905)	(898)
Net cash used in financing activities	(868)	(869)
Exchange gain (loss) on cash positions	384	(840)
Net decrease in cash and cash equivalents	(1,557)	(19,547)
Cash and cash equivalents at January 1	67,309	87,946
Cash and cash equivalents at September 30,	65,752	68,399

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

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

in CHF thousands	Share capital	Additional paid-in capital	Treasury share reserve	Cumulative losses	Total shareholders' equity
At January 1, 2023	3,604	360,323	(981)	(127,780)	235,166
Net result	—	—	—	(42,204)	(42,204)
Remeasurement of net pension liabilities	—	—	—	(841)	(841)
Exchange differences on translating foreign operations	—	—	—	(2)	(2)
Total comprehensive income	—	—	—	(43,047)	(43,047)
Share-based compensation costs ⁽¹⁾	—	4,061	—	—	4,061
Exercise of stock options, net of transaction costs	29	—	—	—	29
At September 30, 2023	3,633	364,384	(981)	(170,827)	196,209
At January 1, 2024	3,635	365,530	(981)	(191,755)	176,429
Net result	—	—	—	(42,811)	(42,811)
Remeasurement of net pension liabilities	—	—	—	2,088	2,088
Exchange differences on translating foreign operations	—	—	—	(10)	(10)
Total comprehensive income	—	—	—	(40,733)	(40,733)
Share-based compensation costs ⁽¹⁾	—	3,045	—	—	3,045
Exercise of stock options, net of transaction costs	34	3	—	—	37
At September 30, 2024	3,669	368,578	(981)	(232,488)	138,778

⁽¹⁾ 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 (collectively "Molecular Partners" or "Group") is a clinical-stage biopharmaceutical company pioneering designed ankyrin repeat proteins (DARPin) candidates to treat serious diseases, with a current focus on oncology and virology. 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 three and nine months ended September 30, 2024 were approved for issuance by the Audit and Finance Committee on October 28, 2024.

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

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2023. They do not include all the information required for a complete set of consolidated financial statements prepared in accordance with IFRS® Accounting Standards ("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, 2023.

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

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

The 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, 2024. These standards are not expected to have any significant impact on the Group's accounting policies and did not require any retrospective adjustments.

4. Accounting estimates and judgments

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

5. Other explanatory notes

5.1 Revenue and other group-wide disclosures

On January 5, 2024, the Group announced it entered into a co-development agreement with Orano Med to co-develop ²¹²Pb-based Radio Darpin Therapies (RDT). Under the terms of the co-development agreement, Molecular Partner's previously disclosed RDT target DLL3 (delta-like ligand 3) will be included in the collaboration with Orano Med. Both companies agree to share the cost of preclinical and clinical development with additional commitments to supply their respective materials.

On December 14, 2021, the Group entered into a License and Collaboration Agreement with Novartis to develop DARPIn-conjugated radioligand therapeutic candidates for oncology. The Group is able to recharge Novartis its employee related expenses associated with the research activities. During the nine months ended September 30, 2024, the Group recognized as revenue an amount of TCHF 637 in relation to this recharge (nine months ended September 30, 2023: TCHF 1,030). During the three months ended September 30, 2024, the Group recognized as revenue an amount of TCHF 96 in relation to this recharge (three months ended September 30, 2023: TCHF 352).

As part of the same agreement, the Group received in January 2022 an upfront fee of USD 20 million (CHF 18.6 million). Revenue related to the upfront payment is recognized over time in line with the progress made over the duration of the contractually agreed research plan.

During the nine months ended September 30, 2024, the Group recognized as revenue an amount of TCHF 4,333 (nine months ended September 30, 2023: TCHF 4,976) related to the upfront payment received in January 2022. During the three months ended September 30, 2024, the Group recognized as revenue an amount of TCHF 585 (three months ended September 30, 2023: TCHF 2,189) in relation to the same upfront payment. The full amount of the the upfront payment has now been recognized into revenue as the collaboration activities have come to an end in Q3 2024.

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

Revenues by country

in TCHF, for the nine months ended September 30	2024	2023
Switzerland	4,970	6,006
Total revenues	4,970	6,006

Analysis of revenue by major alliance partner

in TCHF, for the nine months ended September 30	2024	2023
Novartis AG, Switzerland	4,970	6,006
Total revenues	4,970	6,006

Revenues by country

in TCHF, for the three months ended September 30	2024	2023
Switzerland	681	2,541
Total revenues	681	2,541

Analysis of revenue by major alliance partner

in TCHF, for the three months ended September 30	2024	2023
Novartis AG, Switzerland	681	2,541
Total revenues	681	2,541

5.2 Contract liability

The table below presents the movement in the Group's contract liabilities during the nine months ended September 30, 2024:

in CHF thousands	Contract liability at December 31, 2023	Recognized as revenue	Contract liability at September 30, 2024
Novartis AG, Switzerland	4,333	(4,333)	—
Total	4,333	(4,333)	—

5.3 Issuances of equity securities

As of September 30, 2024, as a result of the vesting of Performance Share Units ("PSUs") the outstanding issued share capital of the Company increased to CHF 3,669,404 divided into 36,694,037 fully paid registered shares (inclusive of 3,500,000 treasury shares).

5.4 Dividends

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

5.5 Share-based compensation

As of September 30, 2024, 178,609 options were outstanding (December 31, 2023: 282,105 options) under all active option plans. As of September 30, 2024, and December 31, 2023 all outstanding options were fully vested.

As of September 30, 2024, a total of 2,354,624 PSUs and 345,798 Restricted Stock Units ("RSUs") were outstanding, of which none were vested (as of December 31, 2023 a total of 1,347,983 PSUs and 182,678 RSUs were outstanding). The changes in the number of share-based awards (options, RSUs and PSUs) outstanding during the nine month period ended September 30, 2024, is as follows:

Share options / PSU/ RSU movements	Total numbers	Weighted average exercise price (CHF)	Options (numbers)	Weighted average exercise price (CHF)	PSU / RSU (numbers)	Weighted average exercise price (CHF)
Balance outstanding at January 1, 2024	1,812,766	1.16	282,105	6.89	1,530,661	0.10
Granted	1,862,102	0.10	—	—	1,862,102	0.10
(Performance adjustment) ¹	(246,575)	0.10	—	—	(246,575)	0.10
(Forfeited) ²	(106,527)	0.10	—	—	(106,527)	0.10
(Expired)	(102,995)	6.81	(102,995)	6.81	—	—
(Exercised options), vested PSU / RSU	(339,740)	0.11	(501)	6.94	(339,239)	0.10
Balance outstanding at September 30, 2024	2,879,031	0.52	178,609	6.94	2,700,422	0.10

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

²Forfeited due to service conditions not fulfilled

The share-based compensation costs recognized during the nine months ended September 30, 2024, amounted to TCHF 3,045 (TCHF 4,061 for the nine months ended September 30, 2023). For the three months ended September 30, 2024 the share-based compensation costs amounted to TCHF 1,062 (TCHF 1,001 for the three months ended September 30, 2023).

5.6 Financial income and expense

Financial income

in CHF thousands, for the nine months ended September 30	2024	2023
Interest income on financial assets held at amortized cost	2,733	3,145
Net foreign exchange gain	908	—
Total	3,641	3,145

in CHF thousands, for the three months ended September 30	2024	2023
Interest income on financial assets held at amortized cost	718	1,190
Net foreign exchange gain	—	871
Total	718	2,061

Financial expense

in CHF thousands, for the nine months ended September 30	2024	2023
Net foreign exchange loss	—	(851)
Interest expense on leases	(19)	(26)
Other financial expenses	(10)	(11)
Total	(29)	(889)

in CHF thousands, for the three months ended September 30	2024	2023
Net foreign exchange loss	(2,524)	—
Interest expense on leases	(6)	(8)
Other financial expenses	(3)	(3)
Total	(2,533)	(11)

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

5.7 Income taxes

The Group has in recent years reported operating losses, with the exception of the year ended December 31, 2022, that resulted in a tax loss carry-forward in Switzerland of TCHF 144,483 as of December 31, 2023. No deferred tax assets have been recognized for these tax loss carry forwards, because it is not probable that such loss carry forwards can be utilized in the foreseeable future. In addition, no deferred tax positions were recognized on other deductible temporary differences (e.g. pension liabilities under IAS 19) due to the significant tax loss carry forwards.

5.8 Earnings per share

for the nine months ended September 30	2024	2023
Weighted average number of shares used in computing basic and diluted earnings per share	33,082,140	32,742,492
for the three months ended September 30	2024	2023
Weighted average number of shares used in computing basic and diluted earnings per share	33,194,037	32,836,681

5.9 Other Comprehensive result

In order to recognize remeasurements of the net defined benefit obligation in the period in which they arise, the Group utilizes its independent actuaries to update the calculation of the defined benefit obligation and plan assets at each reporting date. The primary component of the remeasurement as of and for the nine month period ended September 30, 2024, relates to an increase in the funding status of our main pension provider.

5.10 Related parties

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

5.11 Putative Class Action

On July 12, 2022, a putative class action complaint was filed in the U.S. District Court for the Southern District of New York against the Company, its directors, and certain of its executive officers. On May 23, 2023, an amended complaint was filed. The amended complaint alleged that the defendants violated federal securities laws by, among other things, making misrepresentations and omissions regarding its product candidate MP0310 and an associated licensing agreement. The Company and named individual defendants moved to dismiss the amended complaint on July 24, 2023. On February 5, 2024, the court dismissed the amended complaint without prejudice. On February 29, 2024, the court ordered the case closed.

5.12 Events after the balance sheet date

On October 25, 2024, the Company announced the pricing of an underwritten offering in the United States of 3,642,988 American Depositary Shares ("ADSs") representing 3,642,988 ordinary shares at an offering price of \$5.49 per ADS, for total gross proceeds of approximately \$20.0 million (CHF 17.3 million).

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