Molecular Partners reports significant progress of pipeline and preliminary unaudited key financials for 2017 – Key value inflection points in 2018

February 8, 2018

Research & Development:

- **MP0250 in multiple myeloma (MM): Promising initial safety and efficacy data from the ongoing phase 2 study of MP0250**
- **MP0250 in EGFR-mutated non-small cell lung cancer (EGFR mut NSCLC): Following FDA approval of IND for phase 1b/2 study on track to dose first patient in Q1 2018**
- **MP0250: Phase 1 study marks a major milestone for the DARPin® Platform, demonstrating the safety, low immunogenicity and convenience of systemic DARPin® candidates**
- **MP0274 in HER2-positive solid tumors: First patients dosed in phase 1 study of this multi-DARPin® candidate**
- **Immuno-oncology: MP0310 nominated as first DARPin® development candidate in the company's early-stage proprietary immuno-oncology portfolio, with focus on tumor- restricted immune-cell activation**
- **Abicipar: In May 2017, Allergan completed patient recruitment in both wet age-related macular degeneration (wet AMD) phase 3 studies four months ahead of schedule and is on track for one-year phase 3 efficacy data in H2 2018; Allergan expects to start phase 3 studies in DME (diabetic macular edema) in H2 2018**
- **Ophthalmology: Allergan exercised options for the development of two additional DARPin® product candidates**
- **Company's first R&D Day in New York: R&D and pipeline update presented**

Team:

- **Bill Burns, former CEO of Roche Pharmaceuticals, elected to Board of Directors; to be nominated for election as Chairman at the 2018 Annual General Meeting**
- **Jörn Aldag, current Chairman, Andreas Plückthun, Board member and Jeff Buchalter, Board member have indicated their wish not to stand for re-election at the 2018 Annual General Meeting**
- **Gwen Fyfe, former VP Oncology Development at Genentech, elected to the Board of Directors, further strengthening the company's footprint in oncology**
- **Patrick Amstutz appointed Chief Executive Officer and elected to the Board of Directors**
- **Talent base with 108 full-time employees (+5%), thereof 90% in R&D activities, with further build-out of clinical team in oncology**

Financial highlights:

- **2017 financial performance in-line with expectations and guidance**
- **Ongoing strong financial position with CHF 141.1 million in cash and short-term time deposits as of December 31, 2017 – Financed into 2020**
- **Net cash used in operating activities of CHF 40.0 million in 2017, reflecting ongoing scale-up of R&D, pipeline growth and progress of proprietary clinical programs**
- **Operating loss of CHF 25.8 million and net loss of CHF 25.4 million in 2017**
- **Venture capital holdings reduced from 42% to 23%; shareholder base diversified as private investors acquired those shares in secondary block trades**

Zurich-Schlieren, February 08, 2018. Molecular Partners AG (ticker: MOLN), a clinical-stage biopharmaceutical company developing a new class of drugs known as DARPin® therapies*, today announced its unaudited financial results for 2017, a year marked by promising clinical data in oncology as well as the successful, early completion of patient recruitment for phase 3 studies of abicipar.

"We are very pleased with our progress, both in oncology and immuno-oncology, during 2017," said Dr. Patrick Amstutz, Chief Executive Officer of Molecular Partners. "The initial safety and efficacy data from the ongoing phase 2 study in multiple myeloma is a key milestone for our company in our quest to deliver value to patients. We look forward to dosing the first patient with MP0250 in the phase 2 study in non-small cell lung cancer (NSCLC) which will allow us to test the potential of this drug in solid tumors. To support the evolution of Molecular Partners from a DARPin® platform to a clinical oncology product company, we are very happy to welcome Gwen Fyfe and Bill Burns to our Board. 2018 will mark a new chapter for us with the abicipar phase 3 read-out and further safety and efficacy data for MP0250 in multiple myeloma and EGFR-mutated NSCLC."

MP0250 in multiple myeloma: Promising initial safety and efficacy data from phase 2 study

The phase 2 study of MP0250, Molecular Partners' lead oncology asset, is evaluating this agent in combination with bortezomib (Velcade®) and dexamethasone in patients with multiple myeloma who have failed standard therapies. This study is being conducted at centers in Germany, Poland and Italy. On January 08, 2018, Molecular Partners presented data from the first eight patients within the first dose cohort of 8 mg/kg, which showed a good initial safety profile as well as promising initial responses. No dose-limiting toxicities (DLTs) have been reported. Of seven response evaluable patients who had received MP0250 in combination with bortezomib and dexamethasone, three patients showed a partial response (PR; equivalent to >90% urinary M-protein reduction) and one patient a minor response (MR; >50% reduction).

The company looks forward to evaluating additional patients at higher doses of MP0250 in combination with bortezomib and dexamethasone. The company plans to present additional safety and efficacy data before year-end 2018, followed by complete efficacy data in 2019.

MP0250 in EGFR-mutated NSCLC: Phase 2 study on track to dose first patient in Q1 2018

In Q3 2017, Molecular Partners submitted to the US Food and Drug Administration (FDA) an Investigational New Drug (IND) application for a phase 1b/2 study of MP0250 in combination with osimertinib (Tagrisso®) in patients with EGFR-mutated Non-Small Cell Lung Cancer (NSCLC) pretreated with osimertinib. The FDA has approved the IND and enabled the company's first systemic oncology study in the US. Blocking hepatocyte growth factor (HGF) and vascular endothelial growth factor (VEGF) simultaneously, MP0250, when administered in combination with osimertinib, offers the possibility of targeting two tumor escape pathways. This second phase 2 clinical study is the first study of MP0250 in a solid tumor indication. The company expects to present initial safety data in 2018 and initial efficacy data in 2019.

MP0250: Phase 1 study marks a major milestone, demonstrating the safety and convenience of the DARPin® platform in the first oncology study

In 2017, Molecular Partners completed enrollment into the dose-expansion cohorts of the phase 1 study of MP0250 which evaluated a shorter infusion duration and a longer dosing interval. The data were consistent with the results from the completed dose-escalation part of the phase 1 study which were presented at the annual conference of the European Society of Medical Oncology (ESMO) 2016 in Copenhagen. These data marked an important milestone in the development of DARPin® drugs as systemic treatment in humans. In the phase 1 study, MP0250 was shown to be well tolerated, with a side effect profile consistent with profound inhibition of the VEGF pathway. The results show that DARPin® proteins can be engineered to have a systemic half-life of around two weeks, as these agents bind to human serum albumin (HSA) to increase systemic half-life and potentially enhance tissue penetration. The phase 1 findings thus underscore the potential value of MP0250 as a new therapeutic for various tumor types.

MP0274 in HER2-positive solid tumors: First patients dosed in phase 1 study of this multi-DARPin® candidate for the treatment

In Q4 2017, the company announced the initiation of enrollment in the phase 1 study of MP0274, a multi-specific DARPin® candidate being developed for the treatment of HER2-positive solid tumors. MP0274 acts via a completely new mode of action as compared to current standard of care antibodies. MP0274 induces a profound inhibition of specific downstream signaling pathways, providing mechanistic support to the finding that MP0274 directly kills HER2-addicted tumor cells through the induction of apoptosis. Possible signs of pharmacological activity were seen in one patient at very low dose. The phase 1 protocol is, therefore, being reviewed and amended accordingly to allow more patients at lower doses. The company expects initial safety data in Q4 2018, with the first efficacy data expected in 2019.

Immuno-oncology: Development of MP0310 launched in Q3 2017

In November 2017, at the company's R&D Day in New York, Molecular Partners disclosed the development of MP0310, the first early-stage immuno-oncology (I/O) compound originating from the company's I/O DARPin® modular toolbox. This early-stage proprietary I/O portfolio focuses on tumor-restricted immune-cell activation. MP0310 is the first of many potential DARPin® candidates which has been advanced into preclinical development.

Abicipar: Allergan on track to present one-year phase 3 efficacy data in H2 2018

Molecular Partners anticipates that its collaboration partner Allergan will present one-year phase 3 efficacy data for abicipar in wet age-related macular degeneration (wet AMD) in H2 2018. The company further expects Allergan to start the phase 3 studies of abicipar in diabetic macular edema (DME) in H2 2018 as well. Baldo Scassellati Sforzolini, MD, PhD, MBA, Senior Vice President, Clinical Development, Allergan, provided a comprehensive update on abicipar at Molecular Partner's R&D Day in New York in November 2017.

Ophthalmology: Allergan exercised options for two additional DARPin® product candidates

On January 03, 2018, Molecular Partners announced that Allergan has exercised two options to develop and commercialize

DARPin® product candidates from its 2012 discovery alliance agreement with Molecular Partners. Molecular Partners will grant Allergan an exclusive license to the selected DARPin® molecules for use in ophthalmology. Molecular Partners and Allergan had entered into a broad discovery alliance in ophthalmology in 2012 to spur the development of novel multi-DARPin® molecules for diseases with high unmet medical need. This alliance broadened the initial collaboration on abicipar and entitles Molecular Partners to certain success-based development, regulatory and sales milestone payments aggregating up to USD 640 million, as well as tiered royalty payments (up to low double-digit percentage range) on any future product sales. Allergan will be responsible for all future development costs

Company's first R&D Day in New York: R&D and pipeline update presented

On November 09, 2017, Molecular Partners held its first R&D Day, entitled "The DARPin® Difference – Offering Patients a New Dimension of Protein Therapeutics". During this event in New York, the company updated institutional investors, sell-side analysts, investment bankers, and business development professionals on the continued progress of the company's robust pipeline of therapeutic candidates in oncology and ophthalmology as well as expansion of its early-stage immuno-oncology portfolio. A series of presentations by the company's management, as well as by recognized medical and scientific experts highlighted the scientific rationale and the potential clinical impact of the DARPin® approach, as well as Molecular Partners' continued forward integration and evolution towards becoming a fully integrated biopharmaceutical company.

Important additions to the Board underline the company's increased focus on oncology

At the November 2017 Extraordinary General Meeting of Molecular Partners, the company's shareholders approved the election of William (Bill) Burns, former CEO of Roche Pharmaceuticals, and Patrick Amstutz, CEO and co-founder of Molecular Partners, as new members of the Board of Directors.

The Board of Directors further appointed Bill Burns Vice-Chairman and will nominate him for election as Chairman of the Board of Directors at the 2018Annual General Meeting.

Bill Burns brings to Molecular Partners vast experience in drug development and commercialization, particularly in oncology, and extensive knowledge of pharmaceutical industry operations. He held various executive positions at Roche for 28 years, culminating in his nomination to the position of CEO of Roche Pharmaceuticals and board seats at Roche, Genentech and Chugai Pharmaceuticals. Since 2010, he has been a Senior Independent Non-Executive Director of Shire Pharmaceuticals plc, a post from which he will step down in April 2018. Bill Burns has also been Vice-Chairman of Mesoblast since 2016. Additionally, he is a Trustee of the Institute of Cancer Research in London, and a member of the Scientific Advisory Board of the Center for Integrated Oncology of the University of Cologne/Bonn.

Patrick Amstutz, Ph.D., has served as Chief Business Officer and Chief Operating Officer of Molecular Partners before the Board of Directors appointed him as Chief Executive Officer.
At the May 2017 Annual General Meeting, Gwen Fyfe, M.D., was elected as a new member of the Board of Directors. With her extensive experience in developing antibodies for Genentech, including Rituxan®, Herceptin®, Avastin® and Tarceva®, Dr. Fyve strengthens the footprint of Molecular Partners in oncology.

Additional Changes in the Board of Directors

Jörn Aldag, current Chairman, Andreas Plückthun, Board member, and Jeff Buchalter, Board member have indicated their wish not to stand for re-election at the 2018 Annual General Meeting. The Board of Directors and the management team would like to thank them for their significant contributions and dedication during their years of service on the Board.

Jörn Aldag has been a member of the Board of Directors and Chairman since 2007. He has also been chairing the Audit and Compensation Committee. During his tenure, Jörn Aldag has successfully guided Molecular Partners through all steps of its growth, building a strong pipeline of product candidates and securing several financing rounds, including the IPO of the company in 2014.

Prof. Andreas Plückthun is one of the co-founders and has been a member of the Board of Directors of Molecular Partners since its inception in 2004. The DARPin® technology originated from his laboratory and Andreas Plückthun has significantly contributed to the company's transition from a platform to a clinical oncology company. The company is looking forward to continuing to benefit from the scientific input of one of our founders.

Jeff Buchalter has been a member of the Board of Directors since 2016 and a member of the Audit and Compensation Committee. Jeff Buchalter materially contributed to the company's development with his broad managerial expertise and knowledge of the oncology market space.

Financial highlights: Solidly funded to capture upcoming value inflection points

In the financial year 2017, Molecular Partners recognized total revenues of CHF 20.0 million (2016: CHF 23.0 million) and

incurred total expenses of CHF 45.8 million (2016: CHF 42.5 million). This led to an operating loss of CHF 25.8 million for 2017 (2016: Operating loss of CHF 19.5 million). The company recognized a net financing income of CHF 0.4 million in 2017, mainly representing interest income on the cash and time deposit positions (2016: CHF 0.9 million, mainly driven by foreign exchange effects). This resulted in a 2017 net loss of CHF 25.4 million (2016: Net loss of CHF 18.6 million).

Key figures as of December 31, 2017

Key Financials (unaudited) *(CHF million, except per share, FTE data)*	FY 2017	FY 2016	change
Total revenues	20.0	23.0	-3.0
R&D expenses	-37.4	-35.2	-2.2
G&A expenses	-8.4	-7.3	-1.1
Operating result	-25.8	-19.5	-6.3
Net financial result	0.4	0.9	-0.5
Net result	-25.4	-18.6	-6.8
Basic net result per share (in CHF)	-1.22	-0.91	-0.31
Net cash from (used in) operating activities	-40.0	-35.4	-4.6
Cash balance (incl. time deposits) as of Dec 31	141.1	180.2	-39.1
Total shareholders' equity as of Dec 31	116.7	135.8	-19.1
Number of total FTE as of Dec 31	107.8	102.5	4.3
– thereof in R&D	96.5	91.7	4.8
– thereof in G&A	11.3	10.8	0.5

As of December 31, 2017, the company's cash balance (including short-term time deposits) was reduced by CHF 39.1 million compared to year-end 2016 to a level of CHF 141.1 million (December 31, 2016: CHF 180.2 million). The cash balance remains on a very solid level and the company's balance sheet continued to be debt-free in 2017. The total shareholders' equity position decreased year-over-year to CHF 116.7 million as of December 31, 2017 (December 31, 2016: CHF 135.8 million).

As of December 31, 2017, the company employed 108 full-time employees (FTEs), with approximately 90% of employees in R&D (December 31, 2017: 97 FTEs).

In terms of shareholder base, in the first half of 2017, Molecular Partners disclosed a substantial reduction in the number of the company's shares held by pre-IPO investors. Several private investors acquired these shares in secondary block trades. As of end of 2017, venture capital investors own 23% of the company's share capital, versus 42% at the end of 2016.

"During 2017, Molecular Partners' financial position continued to develop in line with our expectations," said Andreas Emmenegger, Chief Financial Officer of Molecular Partners. "Our strong cash position provides us with the required financial flexibility and strong negotiation position to achieve multiple value-creating inflection points into 2020."

Business outlook and priorities

For the company's proprietary oncology pipeline, the company expects to report in 2018 additional safety data and initial efficacy data from the phase 2 study of MP0250 in patients with multiple myeloma (MM). The company also expects initial safety data from the phase 1b/2 study of MP0250 in NSCLC in 2018. For MP0274, the proprietary, single-pathway DARPin® drug candidate for the treatment of HER2-positive cancer, the company expects initial safety data in Q4 2018 and first efficacy data in 2019.

The company will continue to advance its immuno-oncology pipeline and will present further research and preclinical data for its DARPin® candidate MP0310 in 2018. In this promising field, Molecular Partners is increasing its focus on activating agonists in a tumor-restricted way.

In ophthalmology, Molecular Partners will continue to support its strategic partner Allergan in advancing abicipar through phase 3 studies in patients with wet AMD and in initiating the phase 3 studies of abicipar in patients with DME. Allergan is on track for

presenting one-year phase 3 efficacy data in H2 2018 in wet AMD and anticipates launching abicipar in this indication in the year 2020.

Financial outlook 2018

For the full year 2018, at constant exchange rates, the company expects total expenses of CHF 50-60 million, of which around CHF 7 million will be non-cash effective costs for share-based payments, IFRS pension accounting and depreciations. However, this guidance is subject to the progress of the pipeline, mainly driven by manufacturing costs, the speed of enrollment of patients in clinical studies and data from research and development projects.

No guidance can be provided with regard to net cash flow projections. Timelines and potential milestone payments for existing and potentially new partnerships are not disclosed.

Investor documentation of FY 2017 results

This FY 2017 press release as well as the FY 2017 results presentation are available on the investors section of the company' website.

FY 2017 results presentation, conference call and audio webcast

Molecular Partners will hold the FY 2017 results presentation in its headquarters in Zurich-Schlieren on February 08, 2018, 2:00pm CET (1:00pm GMT, 8:00am EST). For those who are unable to participate in the live event, the company offers conference call and audio webcast facilities to follow the results presentation.
In order to register for the FY 2017 conference call, please dial the following numbers approximately 10 minutes before the start of the presentation:

Switzerland / Europe	+41 (0) 58 310 5000
UK	+44 (0) 203 059 5862
USA	+1 (1) 631 570 5613

Participants will have the opportunity to ask questions after the presentation.

The **FY 2017 audio webcast** will be accessible, both live and as a replay, on the Investors section of the company's website www.molecularpartners.com, along with the accompanying presentation slides.

Financial Calendar

- March 16, 2018 – Expected Publication of 2017 Annual Report
- April 18, 2018 – Annual General Meeting
- April 26, 2018 – Q1 2018 Management Statement
- August 30, 2018 – Publication of 2018 Half-year Results
- November 01, 2018 – Q3 2018 Management Statement

http://investors.molecularpartners.com/financial-calendar-and-events/

About the DARPin® Difference

DARPin® therapeutics are a new class of protein therapeutics opening an extra dimension of multi-specificity and multi-functionality. DARPin® candidates are potent, specific, safe and very versatile. They can engage more than 5 targets at once, offering potential benefits over those offered by conventional monoclonal antibodies or other currently available protein therapeutics. The DARPin® technology is a fast and cost-effective drug discovery engine, producing drug candidates with ideal properties for development and very high production yields.

With their good safety profile, low immunogenicity and long half-life in the bloodstream and the eye, DARPin® therapies have the potential to advance modern medicine and significantly improve the treatment of serious diseases, including cancer and sight-threatening disorders. Molecular Partners is partnering with Allergan to advance clinical programs in ophthalmology, and is advancing a proprietary pipeline of DARPin® drug candidates in oncology. The most advanced global product candidate is abicipar, a molecule currently in Phase 3, in partnership with Allergan. Several DARPin® molecules for various ophthalmic indications are also in development. The most advanced systemic DARPin® molecule, MP0250, is in phase 2 clinical development for the treatment of solid tumors and hematological tumors. MP0274, the second-most advanced DARPin® drug

candidate in oncology, has broad anti-HER activity; it inhibits HER1, HER2 and HER3-mediated downstream signaling via Her2, leading to induction of apoptosis. MP0274 is currently in Phase 1. Molecular Partners is also advancing a growing preclinical pipeline that features several immuno-oncological development programs. DARPin® is a registered trademark owned by Molecular Partners AG.

About Molecular Partners AG

Molecular Partners AG is a clinical-stage biopharmaceutical company that is developing a new class of therapies known as DARPin® therapies. With a management team that includes many of the founding scientists, the company continues to attract talented individuals who share the passion to develop breakthrough medicines for serious diseases. Molecular Partners has compounds in various stages of clinical and preclinical development and several more in the research stage, with a current focus on ophthalmology and oncology. The company establishes research and development partnerships with leading pharmaceutical companies and is backed by established biotech investors.

For more information regarding Molecular Partners AG, go to: www.molecularpartners.com.

For further details, please contact:

Dr. Patrick Amstutz, CEO
patrick.amstutz@molecularpartners.com
Tel: +41 (0) 44 755 77 00

Andreas.Emmenegger, CFO
andreas.emmenegger@molecularpartners.com
Tel: +41 (0) 44 755 77 00

Rolf Schläpfer
Hirzel.Neef.Schmid.Counselors
rolf.schlaepfer@konsulenten.ch
Tel: +41 (0) 43 344 42 42

Susan A. Noonan
S.A. Noonan Communications, LLC
susan@sanoonan.com
Tel: +1 212 966 3650

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