Molecular Partners reports key financials for FY 2019 and corporate highlights from Q4 2019

January 6, 2020

Research & Development:

- **Abicipar in Neovascular Wet Age-Related Macular Degeneration:**
  - **Two-year results from CEDAR and SEQUOIA presented at AAO in October 2019 demonstrate that vision gains observed after one year with both, every 8-week and every 12-week dosing were maintained in second year**
  - **FDA and EMA filings accepted and under review**
- **MP0250 (VEGF x HGF) in Multiple Myeloma:**
  - **Updated data presented at ASH in December show long-lasting and deepening responses in patients with relapsed/refractory disease**
  - **U.S. FDA Orphan Drug Designation received in December 2019**
  - **Previously planned clinical trial investigating MP0250 in combination with an IMiD will not be initiated, in alignment with company's corporate strategy to pursue combination data in collaboration with a partner**
- **MP0310 / AMG 506 (FAP x 4-1BB): Dose escalation ongoing; current clinical timelines on track with additional clinical updates expected in H2 2020**
- **MP0317 (FAP x CD40): Tumor-localized immune agonist nominated as second DARPin® protein in company's immuno-oncology pipeline**
- **Research: Progress continues on novel therapeutic designs including**
  - **tumor-localized immune-cell agonists,**
  - **peptide-MHC complex DARPin® binders, and**
  - **next-generation immune cell engagers**

Financial Highlights:

- **Strong financial position with CHF 95.1 million in cash (incl. short-term deposits) as of December 31, 2019**
- **Net cash used in operating activities of CHF 1.2 million in 2019 – Upfront free from Amgen (USD 50 million) reflected the majority of our investments into the pipeline**
- **Operating loss of CHF 37.2 million and net loss of CHF 36.8 million in 2019**
- **Company funded into H2 2021, one year beyond expected FDA decision regarding Abicipar**
- **Talent base of 135 full-time employees at year-end 2019 (+15% year-on-year), reflective of growth of the company and its pipeline**

Zurich-Schlieren, Switzerland, February 6, 2020. Molecular Partners AG (SIX: MOLN), a clinical-stage biotech company that is developing a new class of drugs known as DARPin® therapies, today announced its unaudited financial results for 2019 and corporate highlights for the fourth quarter 2019. The fourth quarter was marked by positive updated data on MP0250, refinement of the MP0250 development strategy, and noteworthy progress on the company's pipeline of novel therapeutic designs.

"We have delivered on our commitment to constructing groundbreaking therapeutic designs and advancing them rapidly to patients. Both the initiation of our phase 1 trial for MP0310 and the nomination of MP0317 as our second immuno-oncology candidate have underscored the potential of our novel therapeutic designs," said Patrick Amstutz, Ph.D., Chief Executive Officer of Molecular Partners. "As we embark on this new year, we look forward to FDA and EMA review of the regulatory submissions for abicipar, and working with our partner Allergan to deliver the first commercialized DARPin® therapeutic to patients with neovascular AMD."

Abicipar: AAO Data highlight that vision gains were maintained throughout second year

In Q4 2019, two-year data from the CEDAR and SEQUOIA clinical studies of investigational Abicipar in patients with neovascular (wet) age-related macular degeneration (nAMD) were presented as a late-breaking oral presentation during Retina Subspecialty Day at the Annual Meeting of the American Academy of Ophthalmology (AAO). In the second year of these studies, four injections of Abicipar resulted in the maintenance of visual gains comparable to monthly ranibizumab.

Through week 104, patients received Abicipar 2 mg every 8-weeks or every 12-weeks or ranibizumab 0.5 mg every 4 weeks. At week 104 in the pooled Phase 3 data, the proportion of patients with stable vision was 93%, 90% and 94% in 8-week Abicipar; 12-week Abicipar and 4-week ranibizumab treatment regimens, respectively. This continuation of stable vision in year 2 further reinforces the ability of Abicipar to deliver consistent quarterly dosing for the majority of patients.

The pooled rate of new cases of intraocular inflammation in year two for patients who received Abicipar in the 8-and 12-week arms was 1.9%, which is similar to the ranibizumab arm of 1%.

The U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) are currently reviewing regulatory applications for Abicipar in patients with nAMD. The FDA is expected to take action on the BLA in mid-2020. A decision from the European Commission is expected in the second half of 2020.

Oncology: Updated data and Orphan Drug Designation for MP0250 in multiple myeloma

Data presented at the 61st Annual Meeting of the American Society of Hematology (ASH) in December 2019 indicate that MP0250 continues to show long-lasting and deepening responses across a variety of patients with multiple myeloma in the relapsed/refractory setting. MP0250 is a multi-DARPin® candidate that targets hepatocyte growth factor (HGF) and vascular endothelial growth factor (VEGF), two prominent tumor escape pathways, and has the potential to improve sensitivity, or re-sensitize patients, to existing and emerging treatments.

The phase 2 trial for MP0250 in combination with bortezomib (Velcade®) and dexamethasone in patients with multiple myeloma who have failed standard therapies is ongoing. The company announced at its R&D Day in December 2019 its intent to evaluate partnering opportunities for MP0250. In conjunction with this endeavor, the company announced it will not start the previously planned clinical trial investigating MP0250 in combination with an IMiD. This is aligned with the company's corporate strategy to pursue combination data for the most relevant clinical combinations of MP0250, which would be more appropriately determined in collaboration with a partner. Additionally, the company announced in December 2019 that MP0250 has received Orphan Drug Designation by the U.S. Food and Drug Administration (FDA).

Immuno-oncology: Phase 1 trial of MP0310 continues dose escalation

For MP0310 (AMG 506), the phase 1 MP0310-CP101 trial is ongoing and dose escalation is underway. The trial expects to enroll up to 54 patients at three sites in France to evaluate the safety, tolerability and pharmacokinetics of MP0310 in patients with locally advanced or metastatic solid tumors. Current clinical timelines are on track; the trial is expected to expand into additional combination cohorts in H2 2020. These combination trials will be conducted by Amgen.

Immuno-oncology: MP0317 (FAP x CD40) nominated as next IND candidate stemming from the company's immuno-oncology DARPin® toolbox

In Q4 2019, Molecular Partners nominated tumor-localized immune agonist MP0317 as the second DARPin® protein in the company's immuno-oncology pipeline. MP0317 comprises localizer (FAP) and stimulator (CD40) DARPin® domains. It is designed to activate immune cells specifically in the tumor and not in the rest of the body, potentially delivering greater efficacy with fewer side effects.

Preclinical data demonstrated that the company's multi-specific FAP x CD40 DARPin® molecule induced FAP-dependent activation of B cells, dendritic cells and macrophages.

Oncology: Dosing ongoing in trial for MP0274 in HER2-positive solid tumors

Recruitment for the phase 1 trial for MP0274 and the dose escalation phase continues. MP0274 is a multi-DARPin® product candidate being developed for the treatment of HER2-positive solid tumors. In preclinical trials MP0274 inhibits downstream signaling pathways, and directly kills HER2-addicted tumor cells through the induction of apoptosis. This represents a new and differentiated mode of action as compared to current standard of care antibodies.

Financial highlights: Net result and cash position on previous year's level

In the financial year 2019, Molecular Partners recognized total revenues of CHF 20.4 million (2018: CHF 10.4 million) and incurred total expenses of CHF 57.6 million (2018: CHF 47.8 million). This led to an operating loss of CHF 37.2 million for 2019 (2018: Operating loss of CHF 37.4 million). The net financial result of CHF 0.4 million recorded in 2019 remained on the same level as in 2018. This resulted in a 2019 net loss of CHF 36.8 million (2018: Net loss of CHF 37.0 million).

The net cash used for operating activities in 2019 was CHF 1.2 million (2018: net cash used of CHF 42.5 million). Including time deposits, the cash and cash equivalents position decreased by CHF 3.9 million vs. year-end 2018 to CHF 95.1 million as of December 31, 2019 (December 31, 2018: CHF 99.0 million). Total shareholders' equity stood at CHF 53.6 million as of December 31, 2019, a decrease of CHF 38.1 million (December 31, 2018: CHF 91.7 million).

Key figures as of December 31, 2019

Key Financials (unaudited)	**FY 2019**	**FY 2018**	**change**
(CHF million, except per share, FTE data)			
Total revenues	**20.4**	10.4	10.0
R&D expenses	(44.0)	(38.2)	(5.8)

SG&A expenses	(13.5)	(9.6)	(3.9)
Operating result	**(37.2)**	(37.4)	0.2
Net financial result	0.4	0.4	0.0
Net result	**(36.8)**	(37.0)	0.2
Basic net result per share (in CHF)	(1.72)	(1.75)	0.03
Net cash from (used in) operating activities	(1.2)	(42.5)	41.3
Cash balance (incl. short-term deposits) as of Dec. 31	**95.1**	99.0	(3.9)
Total shareholders' equity as of Dec. 31	53.6	91.7	(38.1)
Number of total FTE as of Dec. 31	**135.2**	117.7	17.5

As of December 31, 2019, the company employed 135 FTE, up 15% compared to year-end 2018. Approximately 85% of the employees are employed in R&D-related functions.

Business outlook and priorities

In 2020, Molecular Partners anticipates regulatory decisions by the FDA and EMA regarding the market launch of **abicipar** for patients with nAMD. The FDA is expected to take action on the BLA in mid-2020, and a decision from the European Commission is expected in the second half of 2020. Molecular Partners continues to work closely with its partner Allergan in the preparation and education of the market for the expected launch.

In **immuno-oncology**, recruitment of patients will continue in the phase 1 trial of MP0310 (AMG 506). Molecular Partners and Amgen expect to collect initial data from this trial in H2 2020.

In **oncology**, the company intends to continue to advance its phase 2 trial of MP0250 in patients with multiple myeloma in combination with Velcade® and will pursue partnership opportunities for the MP0250 program. The company further plans in 2020 to establish dosing and clinical strategy for MP0274, as that therapeutic candidate concludes its phase 1 dose escalation.

Additionally, Molecular Partners will continue to advance its **immuno-oncology research pipeline**, specifically the MP0317, the CD3 DARPin® T cell-engager platform and peptide-MHC programs.

Financial outlook 2020

For the FY 2020, at constant exchange rates, the company expects total expenses of CHF 60-70 million, of which around CHF 6 million will be non-cash effective costs for share-based payments, IFRS pension accounting and depreciations. The increase versus the previous year is driven by the progress of the company's pipeline as well as the budgeted growth of the company's workforce. Capital expenditures in FY 2020 are expected to be approximately CHF 3 million.

This guidance is subject to the progress of the pipeline, mainly driven by manufacturing costs, the speed of enrollment of patients in clinical trials 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 2019 results

This FY 2019 press release as well as the FY 2019 results presentation are available on the investors section of the company's website.

FY 2019 results presentation, conference call and audio webcast

Molecular Partners will hold the FY 2019 results presentation in its headquarters in Zurich-Schlieren on February 06, 2020, 2:00pm CET (1:00pm GMT, 8:00am EST). For those who are unable to participate in the live event, the company provides conference call and audio webcast facilities.

In order to register for the **FY 2019 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.

Audio webcast

The FY19 results presentation will be webcast live and will be made available on the company's website under the Investors section. The replay will be available for 90 days following the presentation.

Financial Calendar

March 20, 2020	Expected Publication of Annual Report 2019
April 29, 2020	Annual General Meeting
May 7, 2020	Interim Management Statement Q1 2020
August 26, 2020	Publication of Half-year Results 2020 (unaudited)
October 29, 2020	Interim Management Statement Q3 2020

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 can engage more than five targets, 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 low immunogenicity and long half-life in the bloodstream and the eye, DARPin® therapeutics 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 and immuno-oncology. The most advanced global product candidate in partnership with Allergan is abicipar, a molecule for which phase 3 data have been filed to the respective regulators in both the US and in Europe. Several DARPin® molecules for various ophthalmic indications are also in preclinical development. The most advanced DARPin® therapeutic candidate wholly owned by Molecular Partners, MP0250, is in phase 2 clinical development for the treatment of hematological tumors. MP0274, the second-most advanced DARPin® candidate owned by Molecular Partners, binds to Her2 and inhibits downstream signaling, which leads to induction of apoptosis. MP0274 is currently in phase 1. The company's lead immuno-oncology product candidate MP0310 is a FAP x 4-1BB multi-DARPin® therapeutic candidate designed to locally activate immune cells in the tumor by binding to FAP on tumor stromal cells (localizer) and co-stimulating T cells via 4-1BB (immune modulator). Molecular Partners has closed a collaboration agreement with Amgen for the exclusive clinical development and commercialization of MP0310. The molecule has entered in phase 1 of clinical development in H2 2019. MP0317 (FAP x CD40), the second tumor-localized immune agonist stemming from the company's "I/O toolbox", has been nominated as next DARPin® protein in Molecular Partners' immuno-oncology pipeline. Molecular Partners is further advancing a growing preclinical and research pipeline in immuno-oncology and additional development programs such as novel therapeutic designs to target peptide-MHC complexes. DARPin® is a registered trademark owned by Molecular Partners AG.

About Molecular Partners AG

Molecular Partners AG is a clinical-stage biotech company that is developing a new class of therapies known as DARPin® therapeutics. 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 oncology and immuno-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.

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