Making the DARPin® Difference Reality for Patients

Patrick Amstutz, CEO
Andreas Emmenegger, CFO

Presentation of the FY 2017 Financial Results
February 8, 2018 – Molecular Partners AG (SIX: MOLN)

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Agenda

• **Introduction, Review & Highlights 2017**	**Patrick Amstutz, CEO**
• **Financial Results FY 2017**	**Andreas Emmenegger, CFO**
• **Outlook 2018 & Beyond**	**Patrick Amstutz, CEO**
• **Q&A**	**All**

Introduction & Review FY 2017

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Molecular Partners: Who We Are

Teamwork

- Swiss biotech
- 120 team members
- Discovery to Phase 2 (POC)
- Science & patients first

DARPin® Therapies

- Abicipar in Phase 3 (ophtha)
- MP0250 in Phase 2 (onc)
- MP0274 in Phase 1 (onc)
- Broad preclin. I/O portfolio

Long-term Partnerships

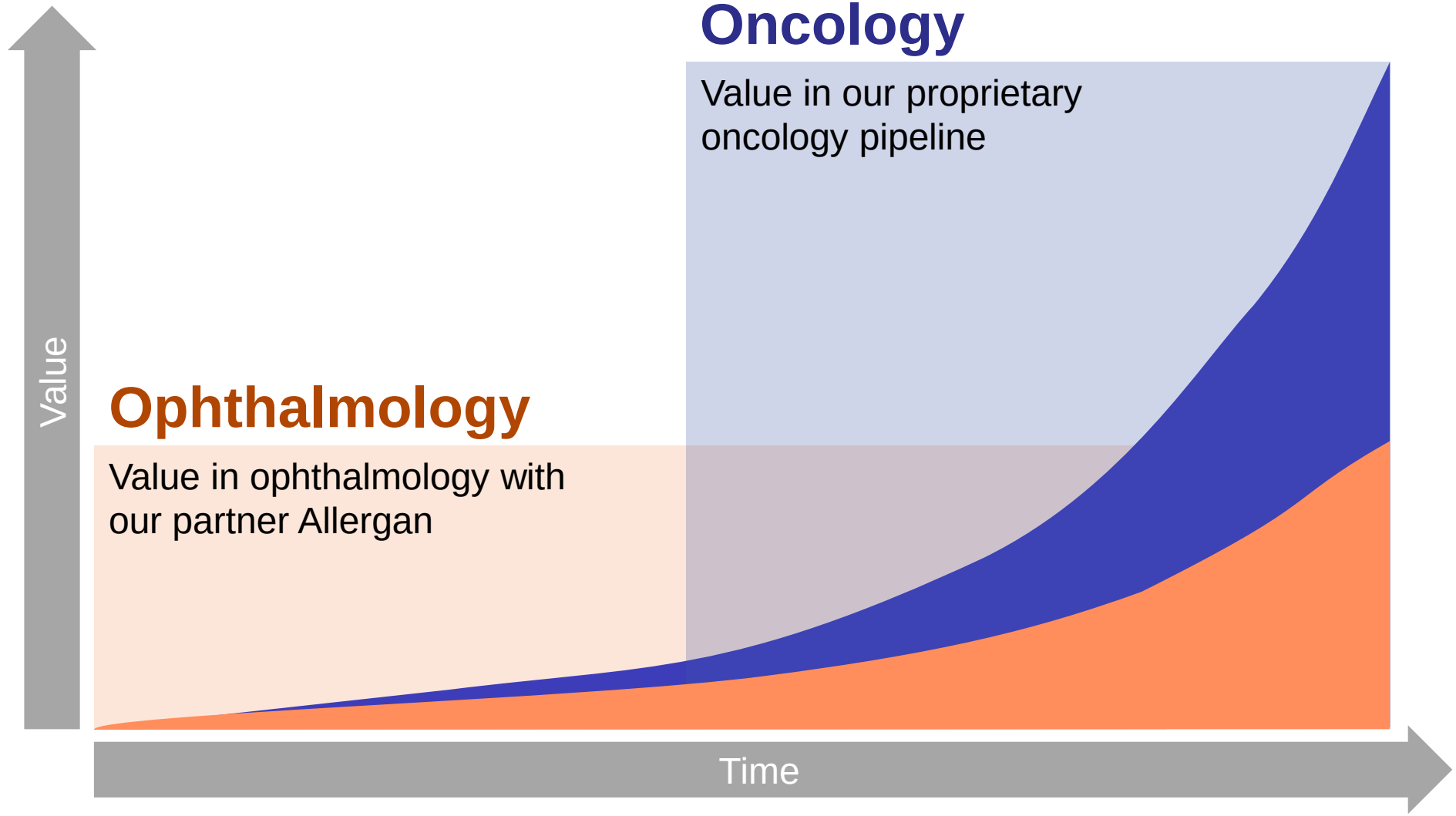
- Alliance with Allergan
- Swiss listing (MOLN)
- Cash CHF 141mn*
- Financed well beyond key value inflection points

DARPin® Platform

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

*As of Dec 31, 2017. I/O, immuno-oncology.

Ready to Capture Value Beyond Ophthalmology



R&D Highlights 2017 - Oncology

- **MP0250 in MM:** Promising initial safety and efficacy data from the ongoing phase 2 study of MP0250
- **MP0250 in 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 major milestone for DARPin® Platform, demonstrating 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
- **I/O:** MP0310 nominated as 1st DARPin® development candidate in company's early-stage, proprietary immuno-oncology portfolio with focus on tumor restricted immune-cell activation

R&D Highlights 2017 - Ophthalmology

- **Abicipar:**
  - Recruitment completed in both wet AMD phase 3 studies four months ahead of schedule (May 2107)
  - 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 development of two DARPin® product candidates (announced January 03, 2018)
- **Company's first R&D Day in New York:** R&D and pipeline update presented

Team Highlights

- Bill Burns, former CEO of Roche Pharmaceuticals, elected to Molecular Partners' Board of Directors; to be nominated for election as Chairman at the 2018 AGM
- Gwen Fyfe, former VP Oncology Development at Genentech, elected to the Board of Directors, further strengthening company's footprint in oncology
- Patrick Amstutz appointed Chief Executive Officer and elected to 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 2018 AGM
- Talent base with 108 FTE (+5% y-o-y), reflecting further build-out of clinical team in oncology

Financial & Shareholder Highlights FY 2017

- Ongoing strong financial position; debt-free:
  - CHF 141.1 million in cash as of Dec 31, 2017 (-CHF 39.1 million or -22% y-o-y)
- Net cash used in operating activities of CHF 40.0 million in 2017, reflecting
  - Ongoing scale-up of R&D to accelerate pipeline growth
  - Progress of proprietary oncology programs
- Operating loss of CHF 25.8 million and net loss of CHF 25.4 million
- Venture capital holdings (pre-IPO investors) reduced to 23% from 42%
- Forecasted cash runway into 2020

Pipeline & DARPin® Therapeutics Highlights

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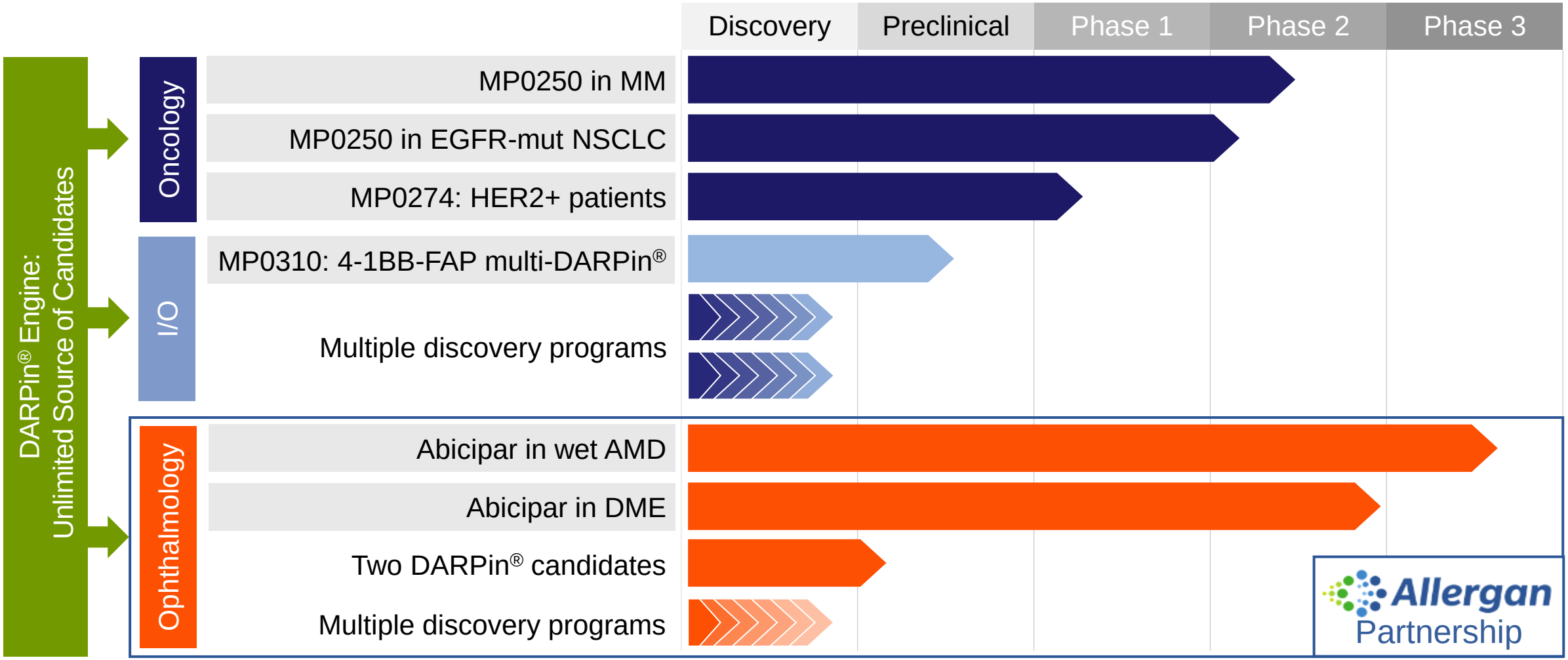
Balanced and Robust Portfolio



AMD, age-related macular degeneration; DME, diabetic macular edema; MM, multiple myeloma; NSCLC, non-small cell lung cancer.

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Oncology

MP0250 & MP0274

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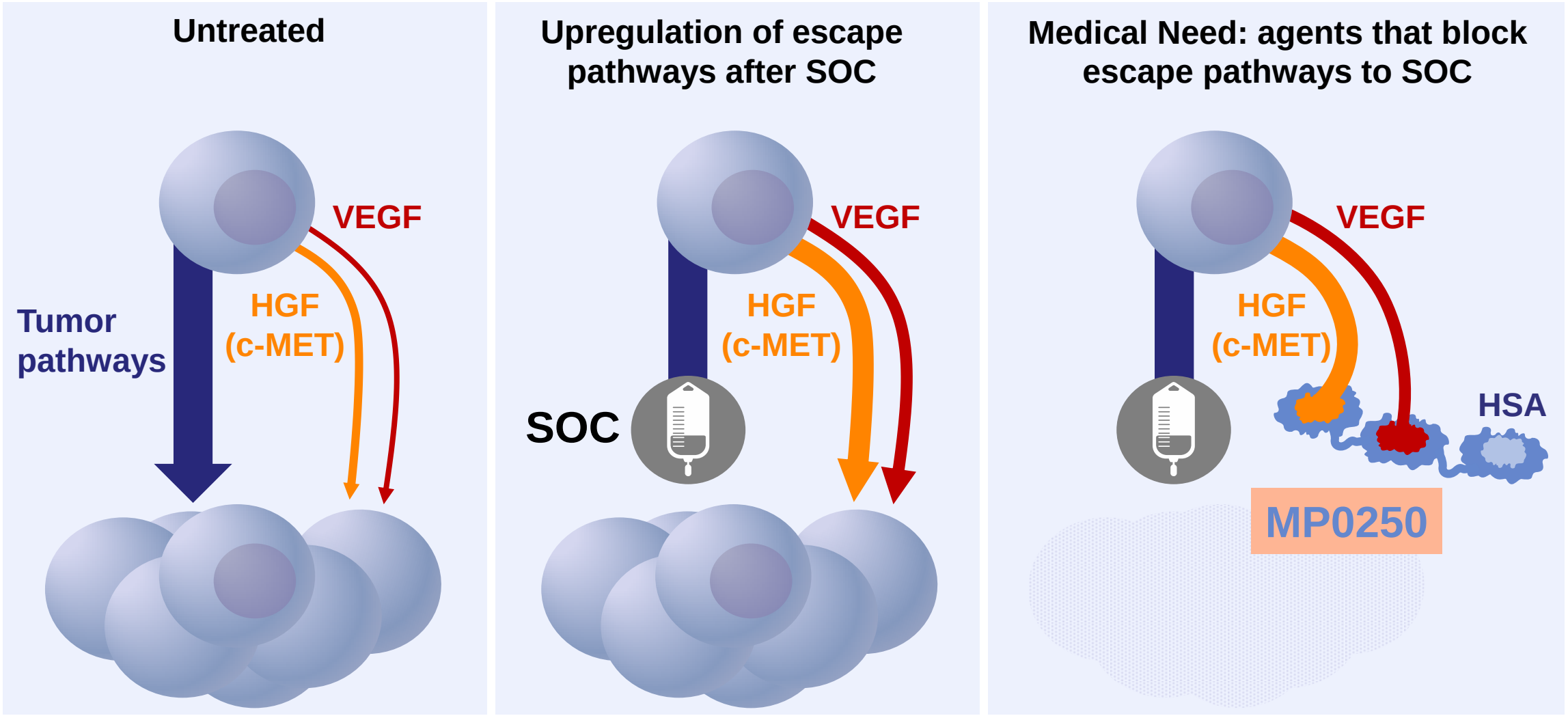
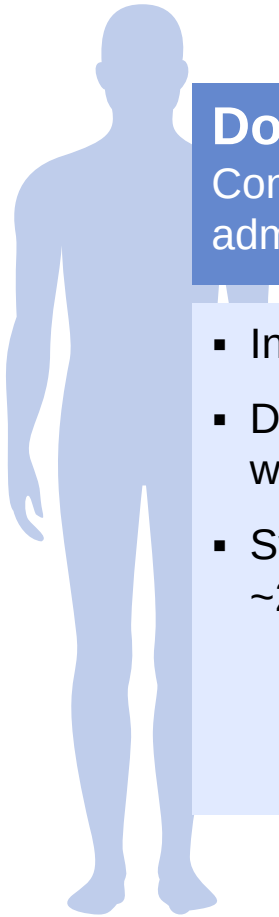
MP0250 Blocks Two Tumor Escape Pathways

MP0250



MP0250 Can Be Dosed Safely, Conveniently and Shows Clear Signs of Efficacy in Phase 1 Study

MP0250



Dosing*
Convenient, flexible administration

- Infusion well tolerated
- Dosing every 2 or 3 weeks possible
- Systemic half-life: ~2 weeks

Exposure
Repeated dosing resulted in good exposure

- Sustained drug exposure throughout treatment periods (max. to date >12 mo)
- Only 1/40 patients developed a relevant titer of ADAs (>10 fold above background)

Safety
Well tolerated

- Most common AE was hypertension, generally well controlled with standard medication
- AEs were as expected for a VEGF inhibitor

Efficacy
Clear signs of antitumor efficacy

- 2 patients showed significant reduction in tumor volume
- Treatment duration was ≥3 mo in 18 patients (40%) and ≥6 mo in 4 patients (10%)

These first-in-human data support the development of DARPin® therapy via systemic administration.

* 1- and 3-h infusion q2wk at doses ≤8 mg/kg or q3wk at 12 mg/kg; 1- and 3-h infusion well tolerated.
ADA, anti-drug antibody; AE, adverse event. Study details can be found at clinicaltrials.gov/NCT02194426.

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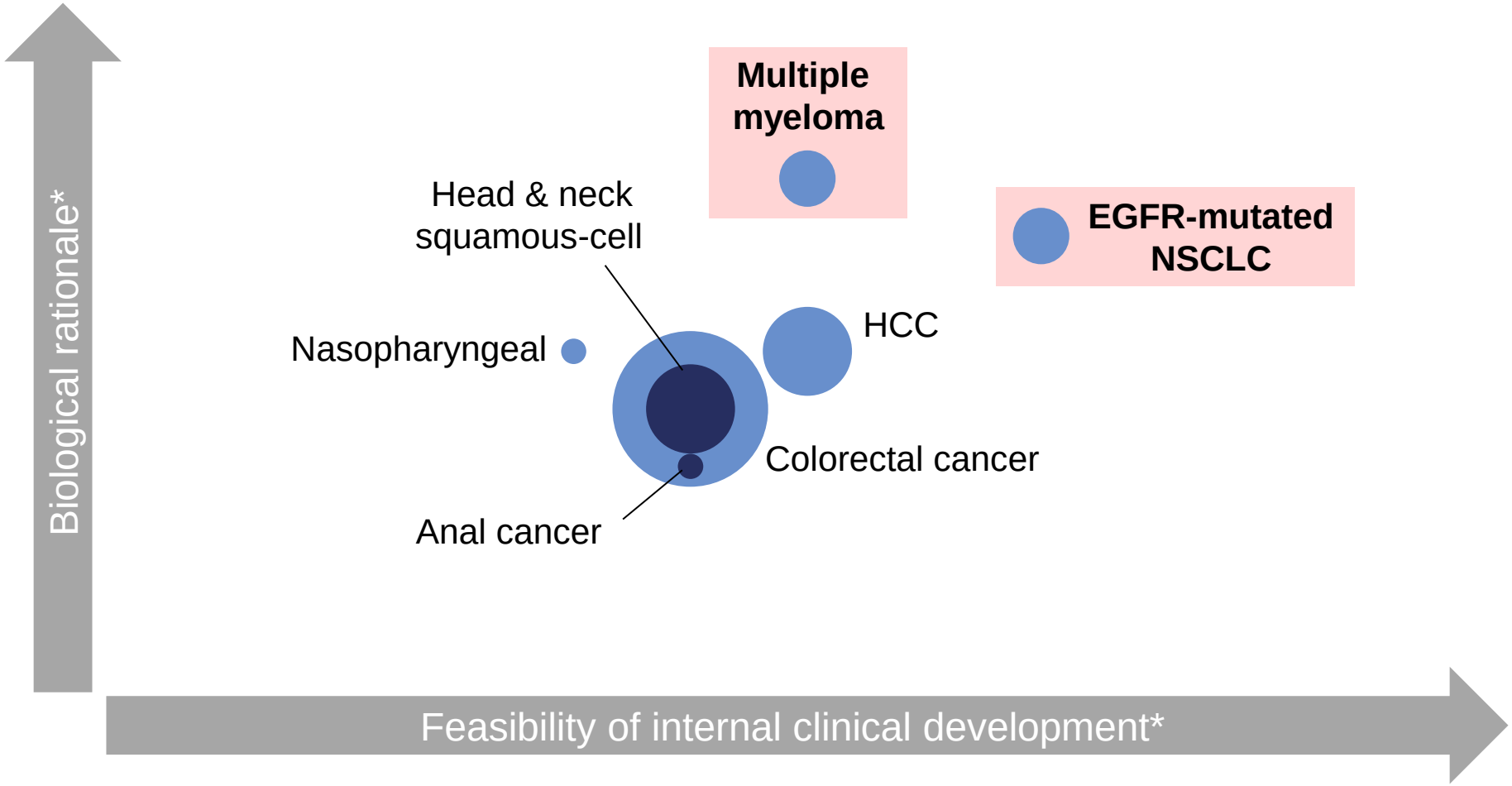
Our Indications for Phase 2: MM and NSCLC

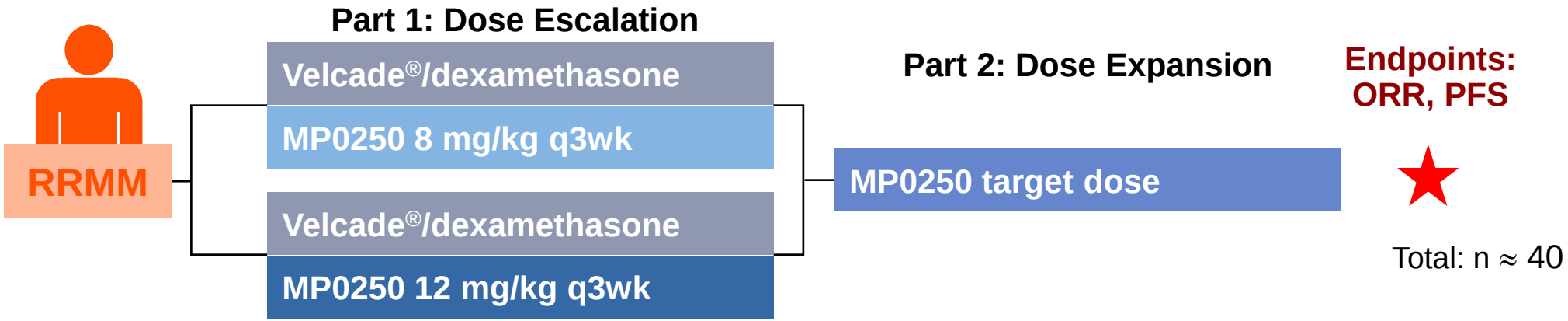
MP0250



Bubble size indicates estimated relative market potential (incidences). Source: Datamonitor.
*Based on internal assessment on speed to market and complexity of development program. Potential of gastric, renal and other cancers under evaluation.

MP0250 Phase 2 Study in MM

MP0250



- Phase 2 open-label, single-arm, multicenter study of MP0250 + Velcade® + dexamethasone in patients with refractory and relapsed multiple myeloma (RRMM)
- Study population: MM patients who have received ≥2 lines of therapy, including Velcade® and an IMiD, and have shown no response to most recent therapy or progressed ≤60 days after most recent therapy
- Study status*: 8 patients have been treated in the first dose escalation cohort (MP0250, 8 mg/kg)
- Next readouts: Additional safety and initial efficacy data before end 2018

*Data cutoff 4th January 2018
Study details can be found at clinicaltrials.gov/NCT03136653.

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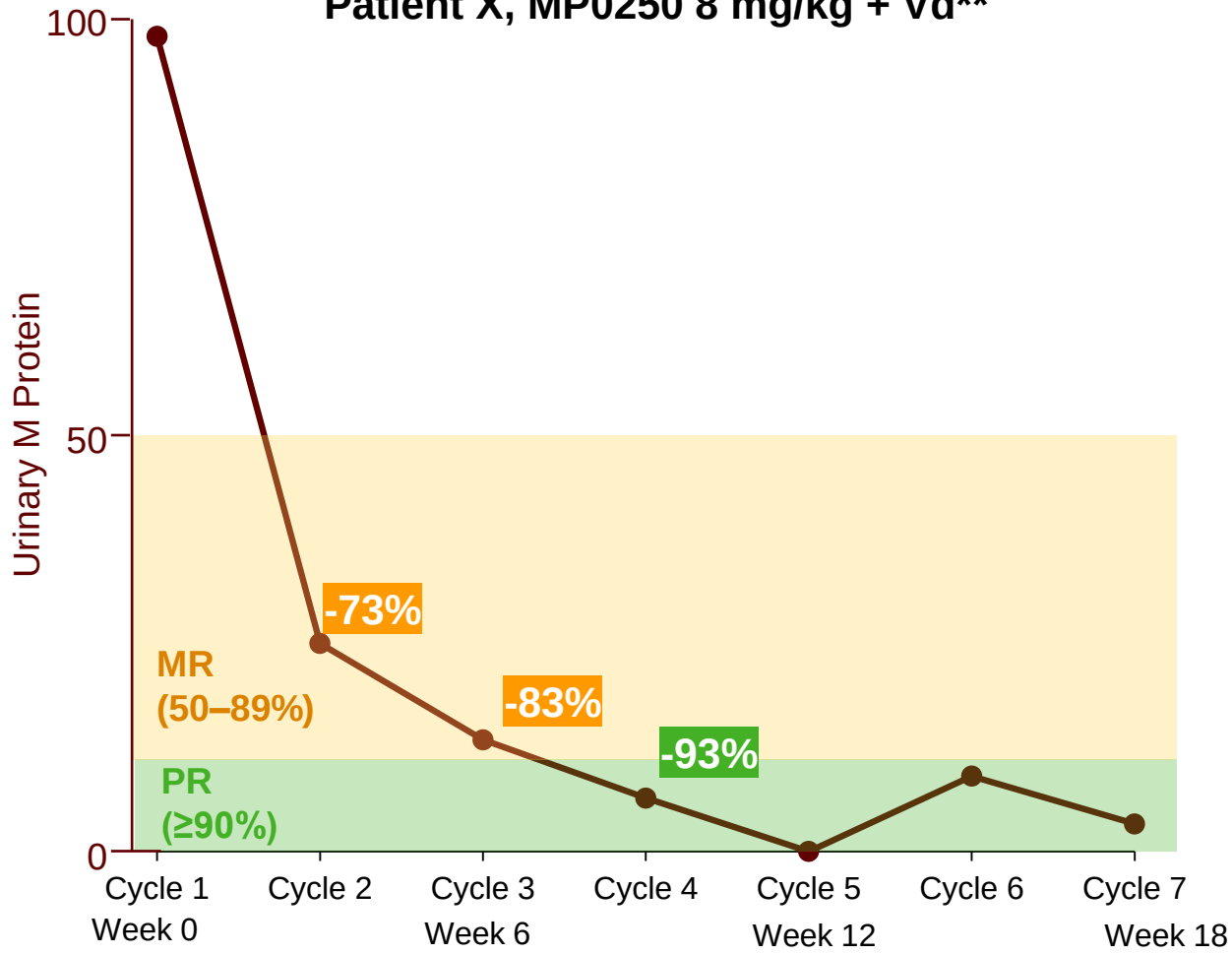
MP0250 Phase 2 in MM Initial Safety Read-out: Combination Well Tolerated with Promising Signs of Efficacy

MP0250

Initial Results & Study Status*:

- Initial dose level: 8mg/kg/3weeks
- No dose-limiting toxicities have been reported at data cutoff
- 8 RRMM patients were dosed, with 7 evaluable for safety and efficacy determination at data cutoff
- Preliminary Results
  - 4 of 7 patients have evidence of anti-myeloma activity
  - 3 patients with Partial Response (PR)
  - 1 patient with Minor Response (MR)

Urinary M Protein % Change over Time: Patient X, MP0250 8 mg/kg + Vd**



*Data cutoff: 4th January 2018
**Kappa Free Light Chain measurement in line with M-protein
Study details can be found at clinicaltrials.gov/NCT03136653.

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Unique Potential of MP0250 in MM

MP0250

- Multiple myeloma:
  2nd most common blood cancer
- Global market value ~USD 9.8bn, expected to reach > USD 12bn by 2021 (7% CAGR)*

75%

25%

1st/2nd-line
n >100,000*

IMiD or PI + mAb

PI or IMiD + mAb

Transplant

HGF/ VEGF

No later-line treatments target these key escape pathways

3rd/4th-line
n ≈30,000*

PI + X

IMiD + Y

+ MP0250

MP0250:
Potential to become backbone for all later lines

*Including US/5EU/JP. Datamonitor.

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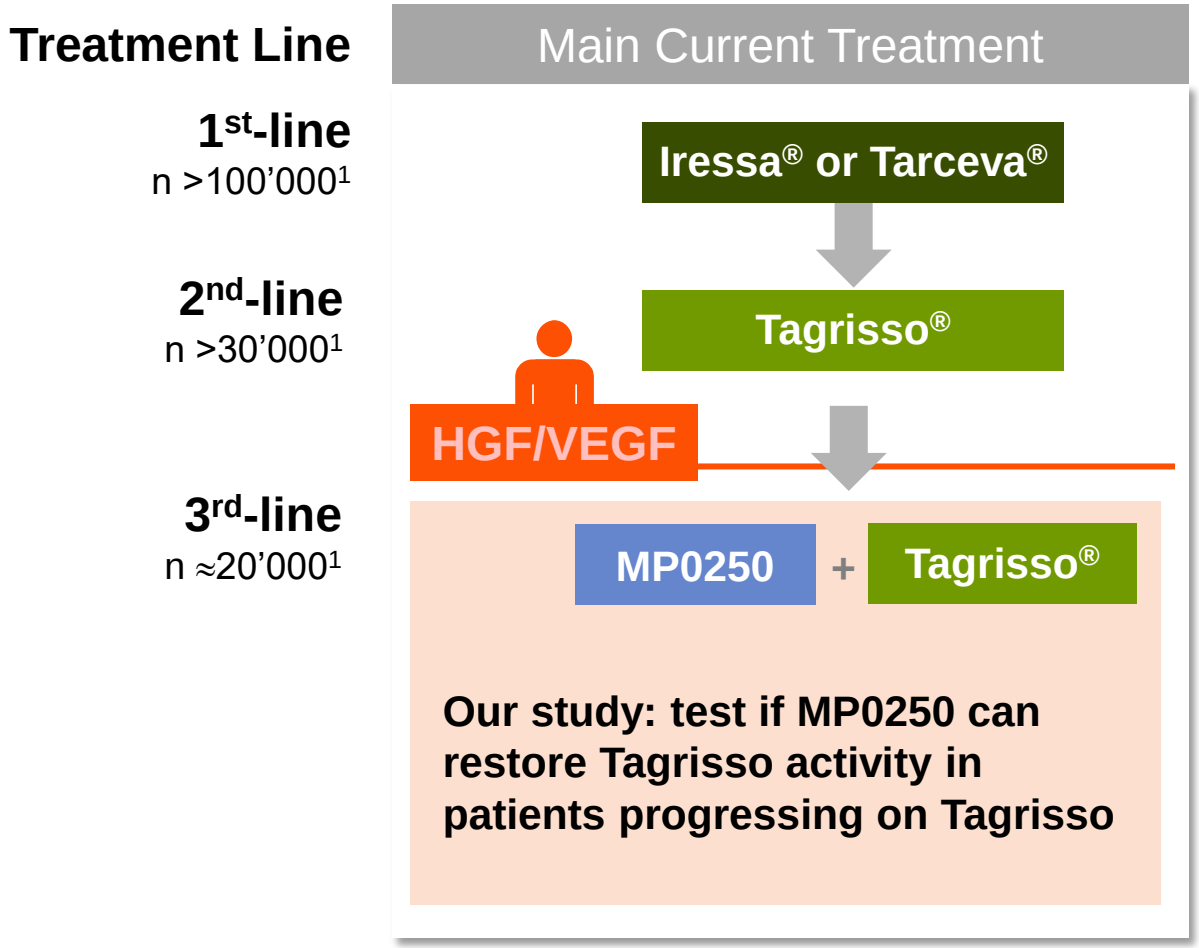
Unique Potential of MP0250 in EGFR mut NSCLC

MP0250



- NSCLC is a leading cause of cancer death
- Activating EGFR mutations are found in ~40% (Asia), ~20% (US), and ~15% (EU) NSCLC[2]
- Global market value (EGFR NSCLC) ~USD 2.8bn, expected to reach >3.5bn by 2023 (5% CAGR)[3]
- Status: FDA approval Sep 2017
- On track to dose 1st patient in Q1 2018
- Next readouts: initial safety in 2018 & initial efficacy 2019

1. Including total prevalent cases in US/5EU/JP. Based on Datamonitor; 2. Tang, et al. Oncotarget 2016; 3. Datamonitor

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MP0274: Killing HER2+ Cells with New MoA

- Medical need: eventually advanced cancer patients progress on standard antibody-based HER2+ treatments

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- MP0274 is an allosteric inhibitor of HER2 blocking HER2- and HER3-mediated signaling and inducing apoptosis
- New mode of action: induction of apoptosis in HER2-addicted cancer cells independent of ADCC compared with approved therapies
- MoA may help patients not adequately responding to current therapies

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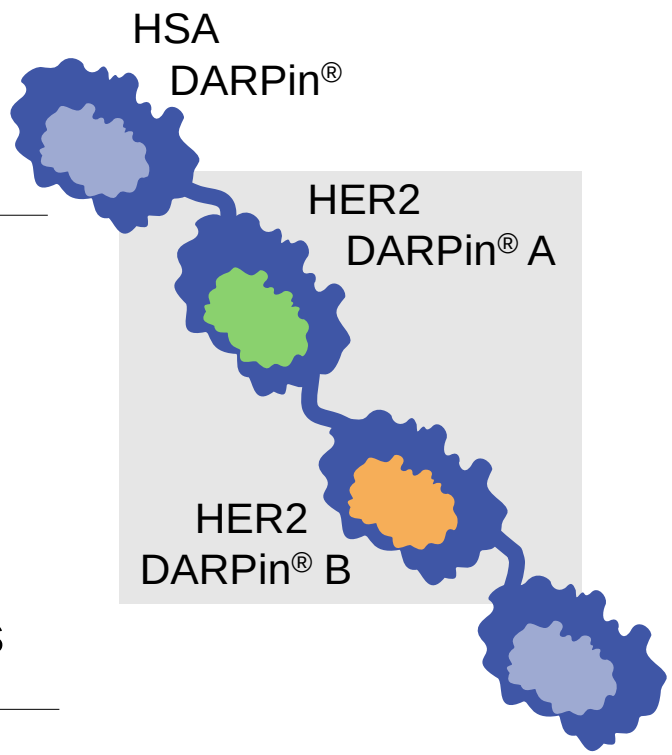
- Ongoing Phase 1 in HER2 positive tumor patients progressing on SOC

- Fully owned by Molecular Partners – IP protection until at least 2037



MP0274: Phase 1 Study in HER2+ Cancer Patients

MP0274

- **Phase 1, first-in-human, single-arm, multicenter, open-label, repeated-dose, dose escalation study**
  - **assess safety, tolerability and pharmacokinetics of MP0274**
  - in patients with advanced HER2-positive solid tumors
  - with **expansion cohort** at recommended dose to confirm safety and to **assess preliminary efficacy**
- **Study treatment:**
  - Dose Escalation (Part A): 4 dose groups
  - Dose Expansion (Part B) at recommended dose: 26 patients (total of up to 32 patients at target dose)
- **Status:**
  - First patients dosed; possible signs of pharmacological activity seen in one patient at very low dose
  - Phase 1 protocol being reviewed and amended to allow more patients at lower doses
- **Next readouts:** Initial safety data expected in Q4 2018 and first efficacy data in 2019

*Study details can be found at clinicaltrials.gov/NCT03084926.

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Immuno-Oncology

MP0310

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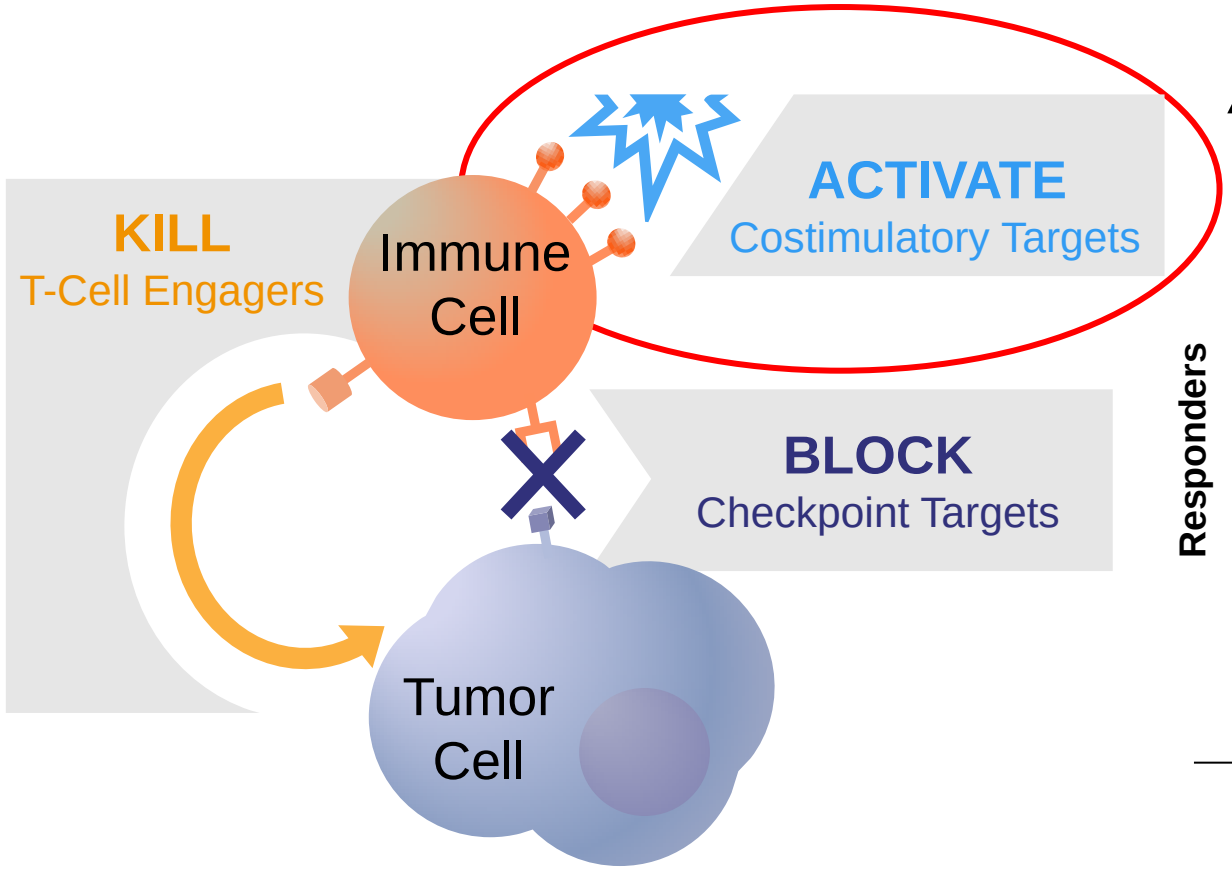
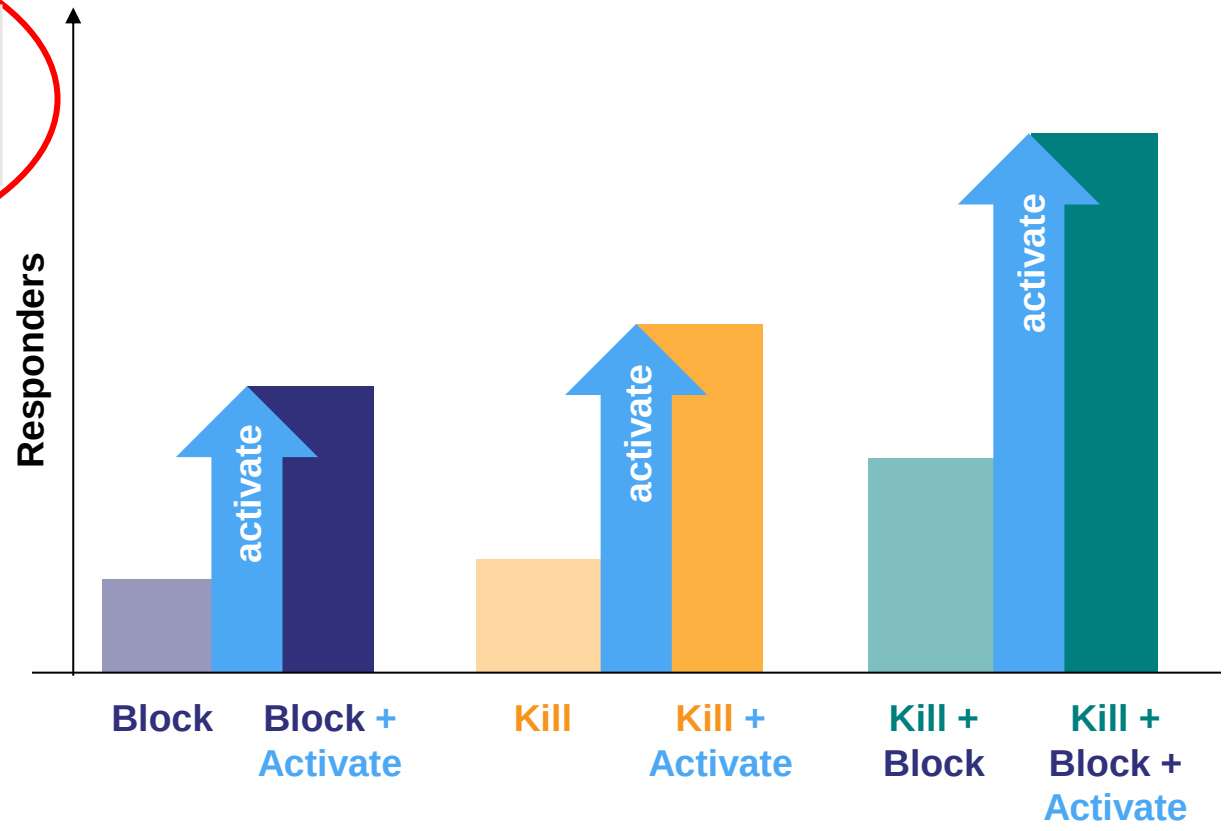
Need for Combination Therapy in I/O





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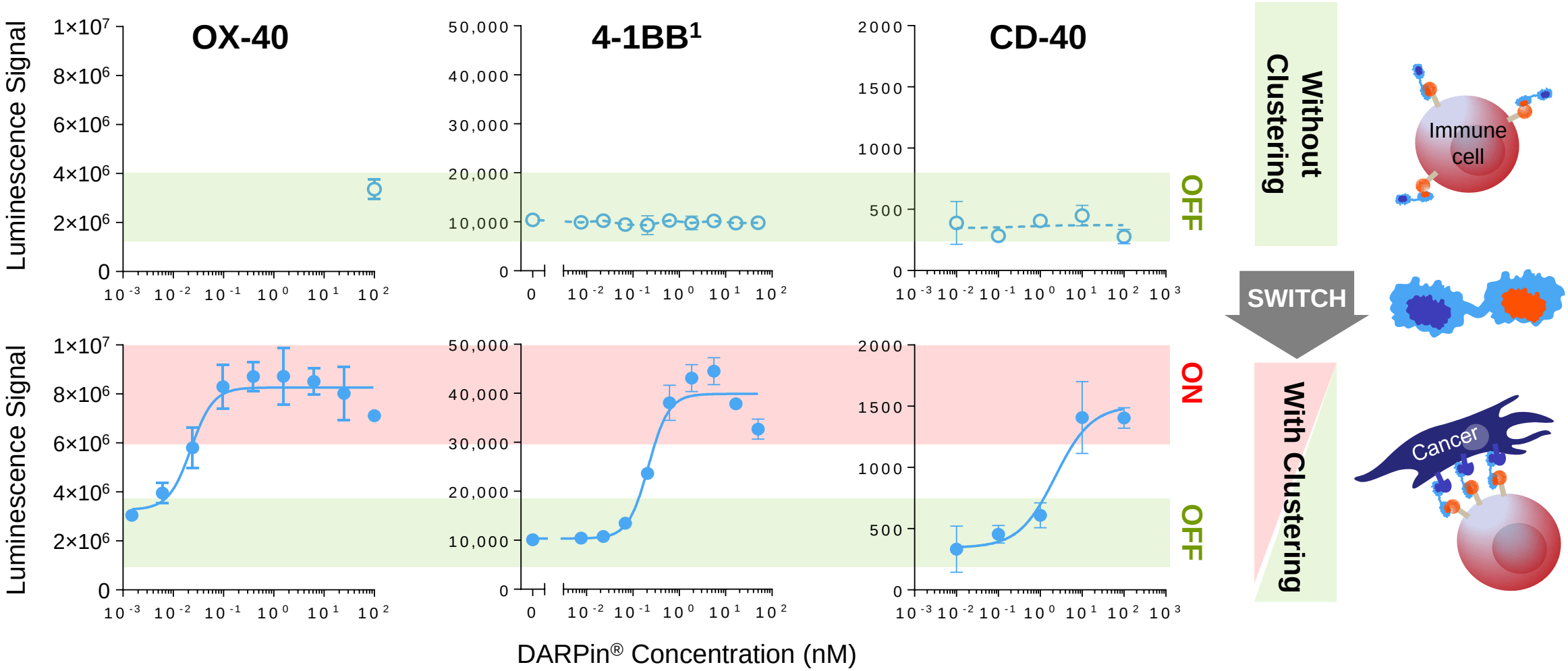
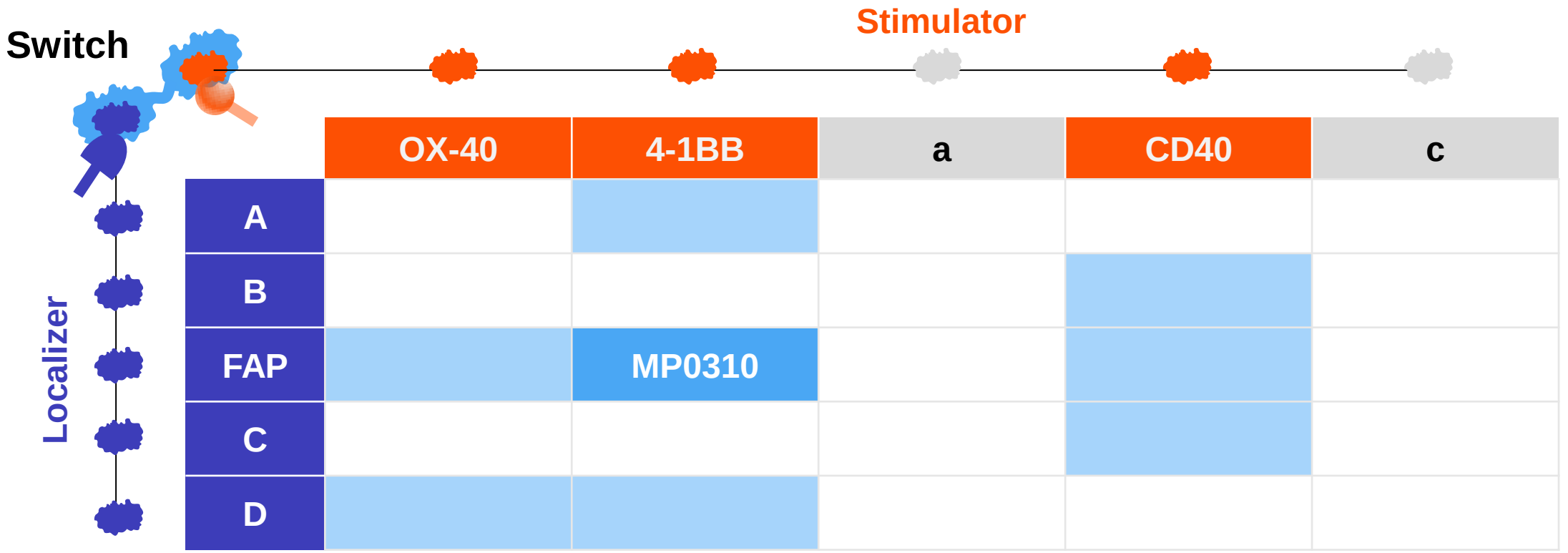
Tumor Restricted Agonists: Only Active When Clustered



1. Link A, et al. EACR 2017. Abstr 576.

DARPin® Toolbox with Unlimited Combinations

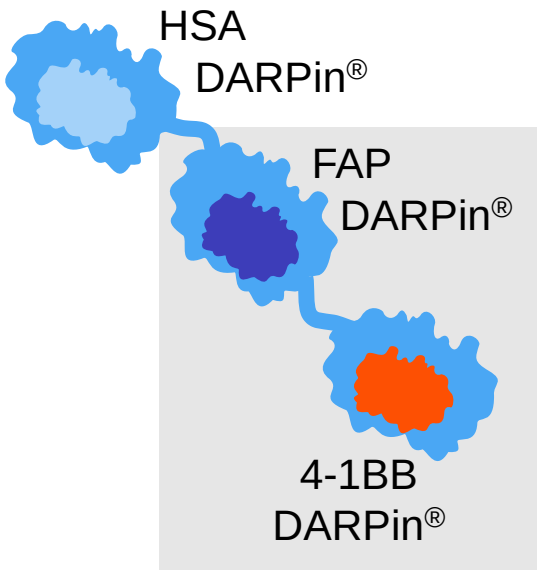


Many DARPin® candidates are under investigation for both solid and liquid tumors (including combinations)

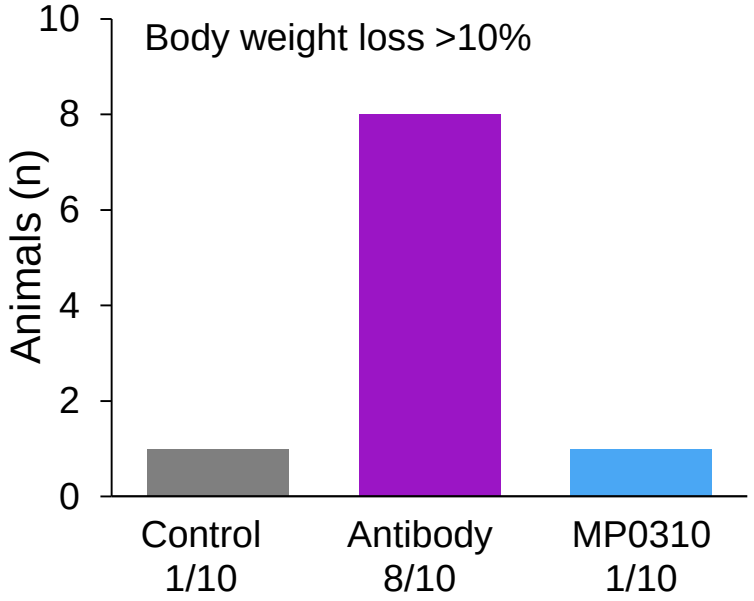
Overview of MP0310 Data

MP0310

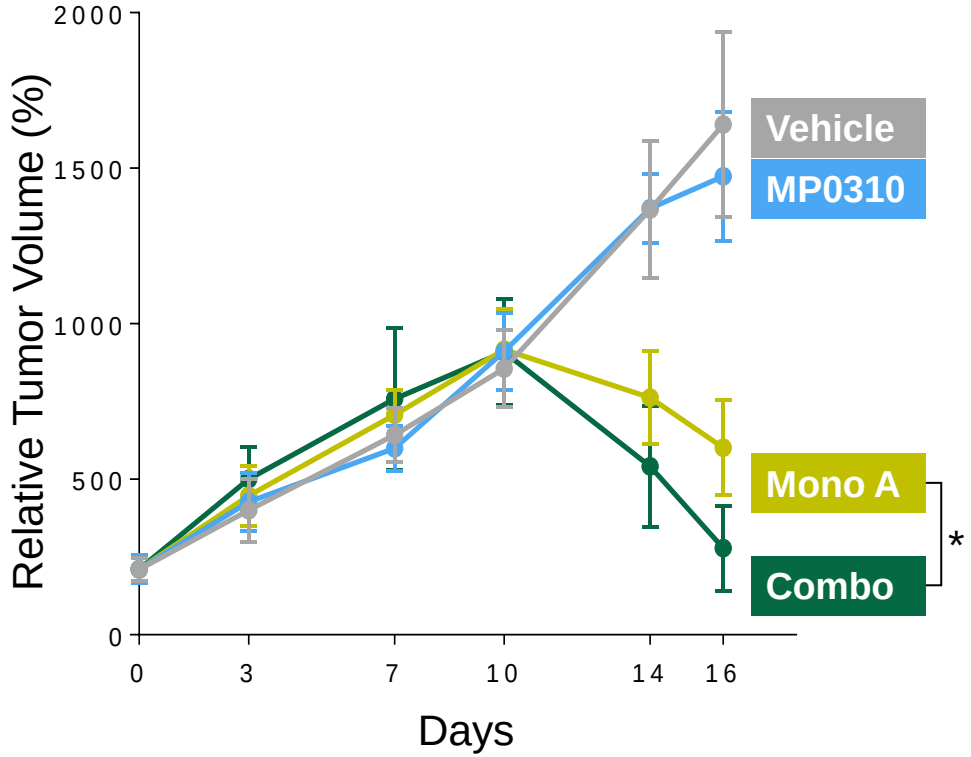
MP0310



No systemic toxicity



Ideal for combinations



- MP0310 shows lower systemic toxicity compared with current therapy
- Would be ideal combination partner with other drugs

*p<0.001, 2-way ANOVA.

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Ophthalmology

Abicipar

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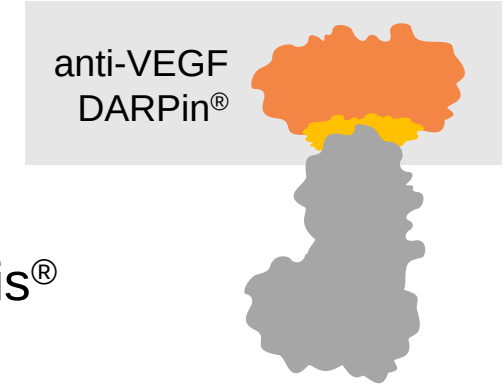
Abicipar: Most Advanced DARPin® Therapy

Abicipar

- Long-acting PEGylated mono-DARPin® protein blocking VEGF



- Potentially transformative therapy with **less frequent ocular injections** compared with standard of care
- Phase 2 data suggest **quarterly dosing** & comparable efficacy to Lucentis®
- Drug Safety Monitoring Committee (DSMC): no changes recommended

- Market: USD 8bn annual sales (2016) and growing (wet AMD and DME)
- Economics: Up to $360mn open milestones & low double-digit to mid-teen tiered royalties

- Wet AMD Phase 3 read out: **1 year data in H2 2018** (triggers FDA filing); targeted launch 2020
- Allergan plans to start DME Phase 3 in H2 2018

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Financial Results FY 2017

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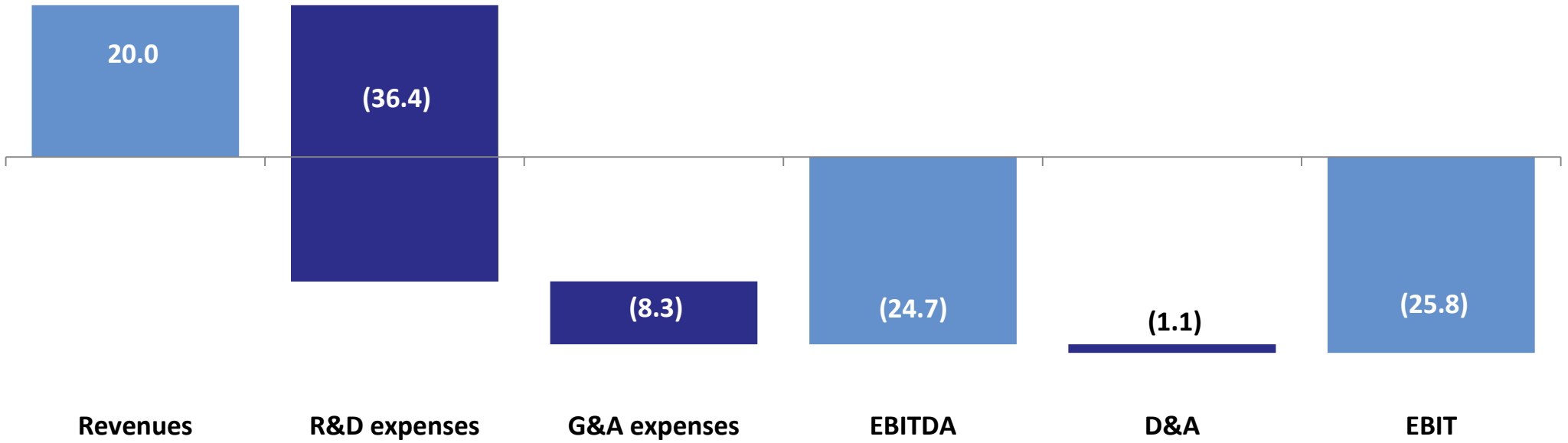
Financial Summary

(CHF million; as per IFRS)	***FY 2017***	*FY 2016*	***change***
Revenues	**20.0**	23.0	**(3.0)**
Total expenses[1]	**(45.8)**	(42.5)	**(3.3)**
Operating result – EBIT	**(25.8)**	(19.5)	**(6.3)**
Net financial result	**0.4**	0.9	**(0.5)**
Net result	**(25.4)**	(18.6)	**(6.8)**
Net cash from (used in) operations	**(40.0)**	(35.4)	**(4.6)**
Cash balance	**141.1**[2]	180.2[3]	**(39.1)**

[1] Thereof non-cash costs of CHF 4.9m in FY2017 and CHF 4.7m in FY 2016
[2] Including CHF 9.8 million short-term time deposits
[3] Including CHF 30.5 million short-term time deposits

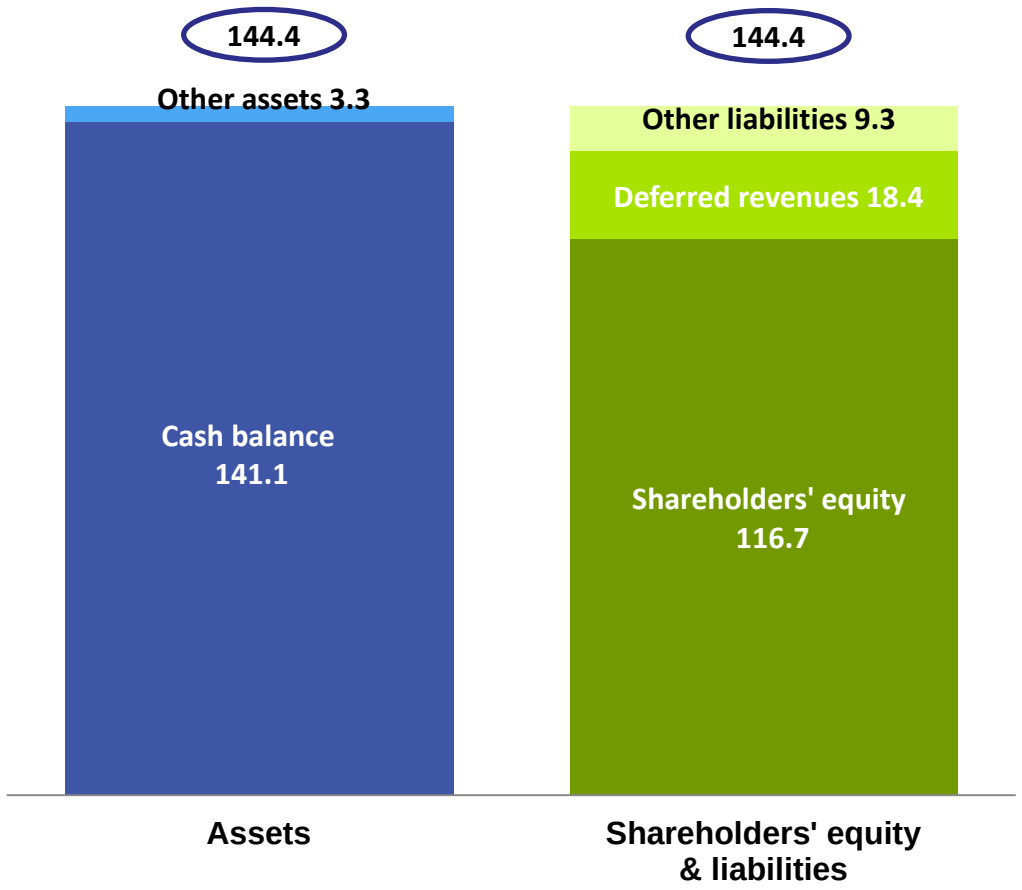
EBIT De-composition

EBIT de-composition per function (CHF million)



Balance Sheet

Balance sheet as of Dec 31, 2017 (CHF million)

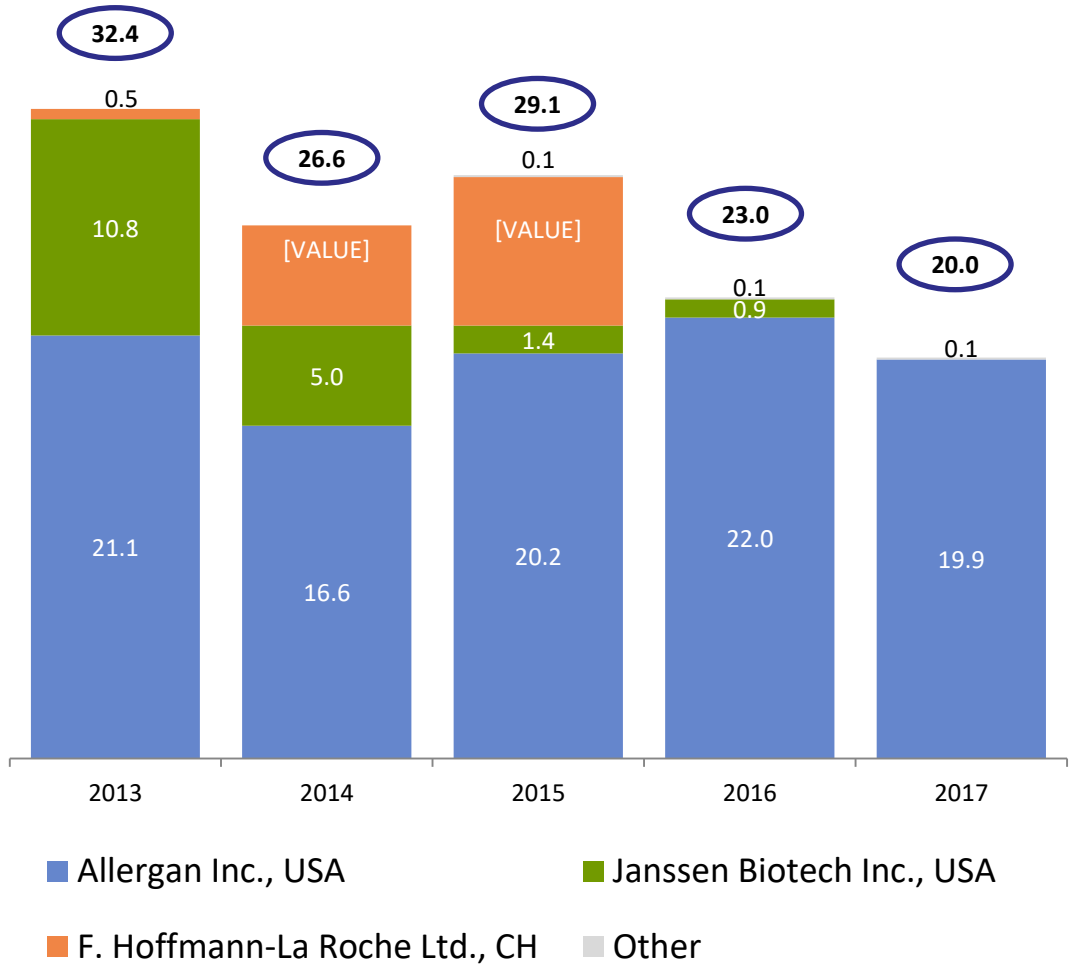


Comments

- Continuing strong balance sheet
- CHF 141.1 million cash balance (incl. time deposits) - 98% of total assets
- Solid equity base with CHF 116.7 million
- Debt free
- CHF 18.4 million deferred revenues to be recognized in coming years

Revenues

In CHF million



Comments

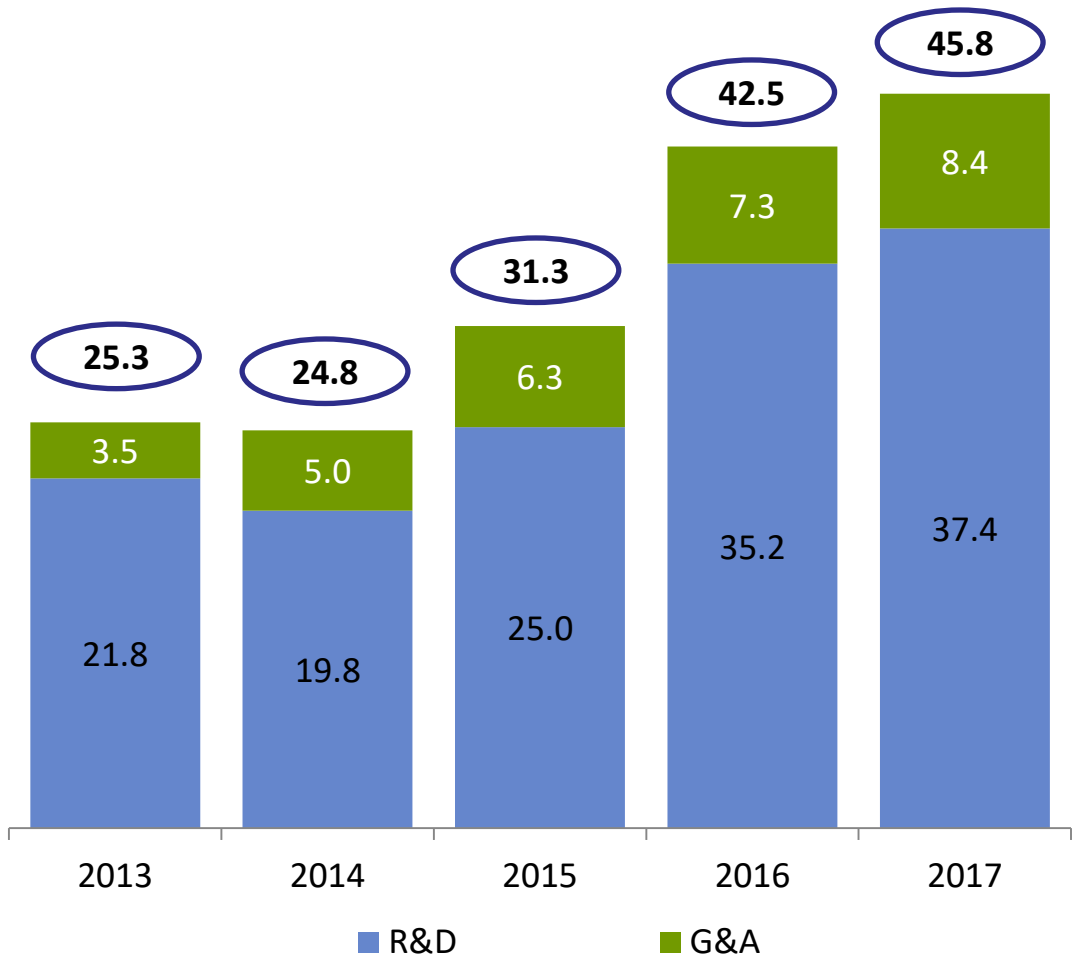
- CHF 18.4 million deferred revenues on balance sheet as of Dec 31, 2017, to be recognized in coming years

Deferred revenues (exp. future revenue recognition)

(CHF million)	2018	2019	2020	2021	Total
Deferred revenues	8.9	7.5	1.3	0.7	18.4

Operating Expenses

in CHF million (incl. depreciation & amortization)

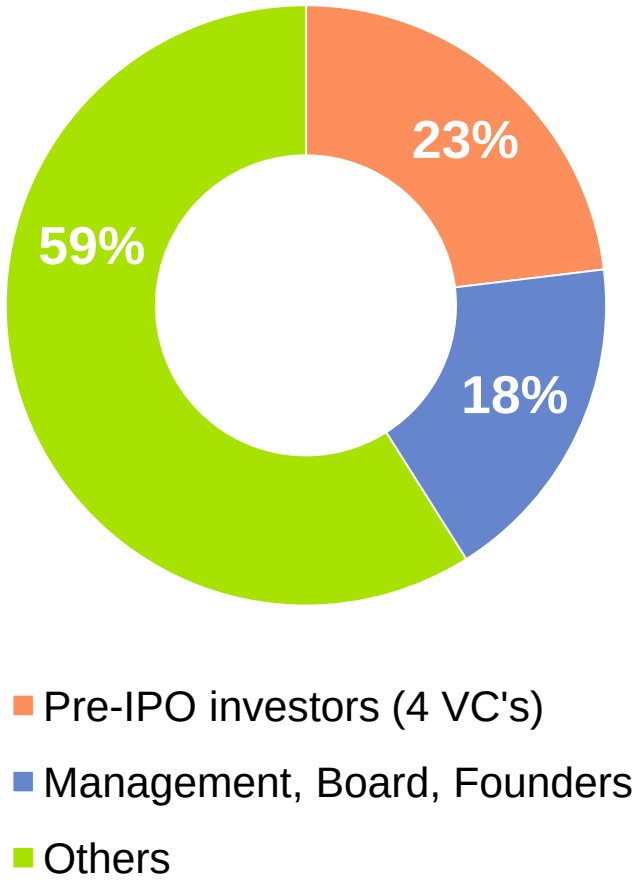


Comments

- Expense development in line with expectations
- Ongoing scale-up of R&D to accelerate pipeline growth
- In 2017 main cost drivers were
  - Investments in pre-clinical and clinical development of proprietary oncology assets (MP0250, MP0274, MP0310)
  - Personnel
  - Include CHF 4.9 million non-cash effective costs

Shareholder Structure

Shareholder structure as of Dec 31, 2017



Highlights

- VC holdings reduced to 23% (from 42% end of 2016)
- Listed on SIX Swiss Exchange (SIX: MOLN)
- Included in key indices: SPI, SPI Extra, SXI Life Sciences and SXI Bio+Medtech
- 21,044,062 shares outstanding
- CHF 553 million market cap. as of December 31, 2017
- No lock-up restrictions in place
- Formal free float as per SIX definition: 77%

Financial Guidance for Full Year 2018

- Total expenses of ca. CHF 50-60 million,
  of which around CHF 7 million non-cash effective costs

- Capital expenditures of ca. CHF 3 million come on top

- No guidance on net cash flow;
  timelines and potential milestones payments with partnerships not disclosed

- Guidance subject to progress and changes of pipeline

Outlook 2018 & Beyond

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Key messages

- Successful transition from DARPin® platform into clinical product company
- Key value in oncology & ophthalmology:
  - MP0250: Promising data from first cohort in MM; NSCLC study on track
  - Abicipar: phase 3 in wet AMD progressing well; Allergan optioned 2 additional candidates
- MP0310 selected as first development candidate from our I/O DARPin® toolbox
- Financed into 2020, capturing key value inflection points
- Keep on forward integrating towards late-stage development and the market

Multiple Value Inflection Points Ahead

	2018	2019	2020
Abicipar	wAMD: 1-y Ph 3 efficacy DME: Ph 3 expected start		wAMD: expected launch in 2020
MP0250	MM: initial efficacy NSCLC: initial safety	MM: efficacy NSCLC: initial efficacy	NSCLC: efficacy
MP0274	Initial safety	Initial efficacy	
MP0310	Preclinical data	FIH	

Funding into 2020

Thank you

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Questions?

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IR Agenda

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

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Income Statement

(CHF million)	***FY 2017***	*FY 2016*	*FY 2015*	*FY 2014*	*FY 2013*
Revenues	**20.0**	23.0	29.1	26.6	32.4
R&D expenses[1]	**(37.4)**	(35.2)	(25.0)	(19.8)	(21.8)
G&A expenses[2]	**(8.4)**	(7.3)	(6.3)	(5.0)	(3.5)
Operating result	**(25.8)**	(19.5)	(2.2)	1.8	7.1
Net financial result	**0.4**	0.9	2.1	(4.1)[3]	0.0
Net result	**(25.4)**	(18.6)	(0.1)	(2.3)	7.1

[1] Thereof non-cash costs of CHF 1.5m in FY2013, CHF 2.3m in FY2014, CHF 3.7m in FY2015, CHF 3.4m in FY2016 and CHF 2.9m in FY2017
[2] Thereof non-cash costs of CHF 0.2m in FY2013, CHF 1.1m in FY2014, CHF 1.6m in FY2015, CHF 1.3m in FY2016 and CHF 2.0m in FY2017
[3] Including CHF 7.1m IPO costs

Cash Flow Statement

(CHF million)	***FY 2017***	*FY 2016*	*FY 2015*	*FY 2014*	*FY 2013*
Net cash from / (used in) operations	**(40.0)**	(35.4)	26.5	(11.3)	(13.6)
Net cash from / (used in) investing	**20.9**[5]	(11.3)[4]	(20.7)[3]	(0.2)	(1.3)
Net cash from / (used in) financing	**0.8**	0.4	0.2	101.2[2]	(2.0)[1]
Exchange gain / (loss) on cash	**(0.1)**	0.6	1.0	2.6	(0.2)
Net cash increase / (decrease)	**(18.4)**	(45.7)	7.0	92.3	(17.1)
Cash balance at year end	**141.1**[5]	180.2[4]	215.4[3]	188.4	96.1

[1] Share buy-backs from founders
[2] Net increase of equity of CHF 100.9m due to IPO
[3] Includes CHF 20.0 million short-term time deposits
[4] Includes CHF 10.5 million increase in short-term time deposits, CHF 30.5 million short-term time deposits at year-end
[5] Includes CHF 20.7 million decrease in short-term time deposits, CHF 9.8 million short-term time deposits at year-end

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Balance Sheet

(CHF million)	***FY 2017***	*FY 2016*	*FY 2015*	*FY 2014*	*FY 2013*
Non-current assets	**1.9**	2.5	2.5	2.1	2.3
Other current assets[1]	**1.4**	1.4	1.5	3.5	11.7[4]
Cash balance	**141.1**[7]	180.2[6]	215.4[5]	188.4	96.1
Shareholders' equity	**116.7**	135.8	151.8	148.5	48.3
Non-current liabilities[2]	**13.6**	32.5	41.2	23.4	39.1
Current liabilities[3]	**14.1**	15.8	26.4	22.1	22.7

[1] Prepayments and other assets, trade and other receivables
[2] Thereof deferred revenues of CHF 37.3m in FY2013, CHF 20.4m in FY2014, CHF 37.0m in FY2015, CHF 26.8m in FY2016 and CHF 9.5m in FY2017
[3] Thereof deferred revenues of CHF 17.8m in FY2013 ,CHF 18.5m in FY2014, CHF 22.2m in FY2015, CHF 10.5m in FY2016 and CHF 8.9m in FY2017
[4] Including trade receivable vs. Roche of CHF 10.0m (collected in Q1 2014)
[5] Includes CHF 20.0 million short-term time deposits
[6] Includes CHF 30.5 million short-term time deposits
[7] Includes CHF 9.8 million short-term time deposits

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