

Media Release

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Ad hoc announcement pursuant to Art. 53 LR

HBM Healthcare Investments publishes Half-Year Report as at 30 September 2023 with key figures for the second quarter of the 2023/2024 financial year

- Quarter under review closes with loss of CHF 59 million. For the first six months, the loss adds up to CHF 70 million.
- Net asset value per share (NAV) of -4 percent in the first half-year is in line with the general performance in the biotechnology sector
- Many companies in the well-diversified portfolio are growing successfully, gradually creating added value that is not immediately reflected in the NAV

Performance in line with the general performance of the biotechnology sector

HBM Healthcare Investments reports a loss of CHF 59 million for the second quarter of the 2023/2024 financial year as at 30 September. The net asset value per share (NAV) declined by 3.4 percent. For the first six months, the loss totalled CHF 70 million, with NAV down 4.0 percent.

HBM Healthcare Investments' performance in the first half of the year is thus in line with the general performance of the biotechnology sector which continues to be characterised by significant investor restraint and few developments with relevance to valuation. The Nasdaq Biotechnology Index lost 3.7 percent in the same period and the S&P SPDR Biotech declined 4.1 percent. The more broadly based MSCI World Health Care Index was more stable, down 0.1 percent.

Developments in the portfolio of private companies

The portfolio of private companies burdened the half-year result with CHF 10 million. Of this, CHF 4 million was due to unfavourable currency developments and CHF 6 million net to value adjustments.

A positive revaluation was made for the investment in Upstream Bio (CHF +13 million), which was acquired only about one and a half years ago. Value adjustments were made for Farmalatam (CHF -8 million), Adrenomed (CHF -4 million), Valcare (CHF -3 million), Odyssey Therapeutics (CHF -3 million) and other companies (CHF -1 million, net).

Developments in the portfolio of public companies

HBM Healthcare's half-year result was mainly influenced by the CHF 58 million decline in market valuation of public companies. The picture is not homogeneous though:

- > While a few public, formerly private companies depressed the result by a total of CHF 70 million, primarily Cathay Biotech with CHF -44 million and Mineralys Therapeutics with CHF -15 million, the other public companies increased in value by a total of CHF 12 million.
- > The market environment in China in particular is challenging. Here, Cathay Biotech's share price gave back some of the gains the company had made following the announcement of the advantageous strategic agreement with China Merchants Group. Nevertheless, after a holding period of more than 15 years and the expiry of the 3-year lock-up period, HBM Healthcare was able to realise its first gains on the investment.
- > Indian biopharma companies, on the other hand, benefited from good local growth prospects.

Developments in the fund portfolio

The fund portfolio burdened the result in the reporting period by CHF 5 million. Investment commitments of CHF 6 million were called, while repayments from realisations amounted to CHF 2 million.

Positive revaluation of other assets

Other assets increased by CHF 16 million net, primarily due to the revaluation of milestone and royalty claims from previous company sales. The focus is on an asset of the former private portfolio company Surface Logix. The first licence payment of CHF 2 million received from these claims underlines the substance of the revaluation.

Asset allocation

The portfolio remains well balanced with public companies accounting for 44 percent of total consolidated assets (24 percent were formerly private companies), 39 percent private companies, 10 percent funds, 5 percent cash and cash equivalents, and 2 percent other assets.

In the first six months of the financial year, HBM Healthcare Investments provided CHF 18 million in follow-on financing to existing portfolio companies. In addition, a new investment of USD 4 million was made in the private company ADARx Pharmaceuticals. ADARx has developed a promising siRNA platform designed to generate differentiated clinical data from

multiple programmes. For now, the company is focusing on three therapeutic areas: genetic diseases, cardiometabolic diseases and central nervous system diseases.

Outlook

Market sentiment towards growth companies in the biotechnology sector is currently characterised by a great deal of pessimism. This is reflected not least in the valuation of the HBM Healthcare share, which is again trading at a high discount to its net asset value.

Regardless of this, however, the value creation of many companies is progressing, which should lead to corresponding added value in the coming years. Portfolio companies with strong operations such as Cathay Biotech or Swixx BioPharma as well as digital healthcare platforms such as Fangzhou (Jianke), Tata 1mg or ConnectRN are growing successfully and continue to have excellent prospects. We also see progress as planned in many portfolio companies focusing on clinical development, such as Upstream Bio, NiKang Therapeutics, Dren Bio or ArriVent Biopharma. They are all gradually creating value potential which, however, is not directly reflected in HBM Healthcare's NAV.

Due to expiring patents at large pharmaceutical and biotech companies, takeover activity in the sector is expected to pick up further. The best example of this is the takeover bid of up to USD 5.8 billion made after the balance sheet date by Bristol Myers Squibb for HBM Healthcare's portfolio company Mirati Therapeutics, which is active in cancer research.

HBM Healthcare Investments continues to look to the future with confidence and is convinced that significant value can be realised from its portfolio as soon as market conditions begin to improve.

The Half-Year Report September 2023 is available on the Company's website <http://www.hbmhealthcare.com/en/investors/financial-reports>.

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About HBM Healthcare Investments

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. Many of these

companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided in their strategic direction. This is what makes HBM Healthcare Investments an interesting alternative to investments in big pharma and biotechnology companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

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