

Media Release

Zug, 22 July 2022

Ad hoc announcement pursuant to Art. 53 Listing Rules

## HBM Healthcare Investments Quarterly Report June 2022

**HBM Healthcare Investments achieved a net profit of CHF 52 million in the first quarter of the 2022/2023 financial year in an overall declining market environment. The net asset value per share rose by 2.6 percent, while the share price fell by 4 percent. The positive quarterly result is largely owed to three acquisitions from the portfolio of public companies. With an operationally successful portfolio and a high level of cash and cash equivalents, HBM Healthcare Investments is well positioned in an environment that continues to be characterised by volatility and uncertainty. The Company hedged one fifth of the US dollar Swiss franc currency risk.**

HBM Healthcare Investments closed the first quarter of the 2022/2023 financial year as at 30 June 2022 with a net profit of CHF 52 million. The net asset value per share (NAV) increased by 2.6 percent, while the share price declined by 4 percent. Overall, the equity markets in the healthcare sector recorded declining valuations (MSCI World Health Care Index – 3.9 percent, Nasdaq Biotechnology Index – 6.6 percent, SPDR S&P Biotech – 14.6 percent).

### Three acquisitions of portfolio companies led to quarterly profit

Three acquisitions from the portfolio of public companies dominated the reporting quarter and contributed a total of CHF 70 million to quarterly profits. All companies were acquired at significant premiums of between 40 and 120 percent over the prices traded on the stock exchange.

- In mid-April, GlaxoSmithKline announced the acquisition of Sierra Oncology for USD 1.9 billion. HBM Healthcare Investments began building a small stake in Sierra in February 2021 and increased this investment to around CHF 17 million in the first quarter of 2022 following the publication of phase III trial results for momelotinib for the treatment of myelofibrosis patients. In total, the investment resulted in a gain of CHF 21 million. CHF 16 million of this is attributable to the current financial year.
- In May, Pfizer announced the acquisition of Biohaven Pharmaceuticals for USD 11.6 billion. This followed a strategic partnership between the two companies at the end of 2021 for the marketing of Biohaven's migraine drug Nurtec® ODT by Pfizer outside the United States. In the wake of this partnership, Biohaven acquired all the shares not already held in its subsidiary Bioshin, which is developing Nurtec® ODT for the Chinese market. HBM Healthcare invested around CHF 34 million in Biohaven since 2019 and also took a CHF 7 million stake in Bioshin in 2020. The acquisitions of Biohaven and

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Bioshin resulted in a profit of around CHF 63 million for HBM Healthcare Investments. Thereof, CHF 14 million was generated in the quarter just ended.

- Lastly, at the beginning of June, Bristol-Myers Squibb signed an agreement to acquire Turning Point Therapeutics for USD 4.1 billion. HBM Healthcare Investments has held a stake in Turning Point since 2018, still a private company at the time, and invested around CHF 15 million before and at the time of the IPO. The position was actively managed after flotation. Overall, HBM Healthcare Investments generated a profit of CHF 65 million from the investment, of which CHF 40 million was generated in the current financial year.

The other assets were CHF 10 million lower in value overall.

## High level of cash and cash equivalents

As of the balance sheet date at the end of June 2022, the company reported cash and cash equivalents of CHF 167 million. This does not include the proceeds of approximately CHF 125 million from the acquisitions of Turning Point Therapeutics and Biohaven Pharmaceuticals, which are expected to close in the third quarter of 2022 and early 2023, respectively.

No new investments were made in private companies during the quarter under review. CHF 18 million went to existing private companies as follow-on financing. Mineralys Therapeutics accounted for just under half of this. The company closed a USD 118 million financing round at a higher company valuation. The funds will be used for further clinical development of MLS-101, a novel treatment approach for patients with hypertension.

In the public companies' segment, new positions were selectively added to the portfolio and existing holdings were increased.

Overall, the composition of the portfolio changed little compared to the previous quarter. Due to the strong rise of the US dollar against the Swiss franc, about one fifth of the US dollar currency risk was hedged.

## Outlook

The market environment is likely to remain volatile over the summer months. However, thanks to its high level of cash and cash equivalents, HBM Healthcare Investments is well positioned for this.

For the second half of 2022, a number of relevant approval decisions are pending in the portfolio of public companies. For example, Arcutis Biotherapeutics expects to receive approval for the drug roflumilast, a PDE-4 inhibitor, for the topical treatment of psoriasis, in the third quarter. At the same time, Arcutis is conducting further phase III trials with the same compound for the treatment of other skin diseases.

At Y-mAbs Therapeutics, the US Food and Drug Administration (FDA) will decide in the fourth quarter whether to approve OMBLASTYS® (omburtamab) for the treatment of childhood cancer. With DANYELZA®, Y-mAbs already has a drug approved in the US for the treatment of neuroblastoma. The drug is currently also undergoing the approval process in China. In addition, Y-mAbs is conducting numerous other clinical trials for the treatment of various cancers.

Several other public companies are also due to report important study results, which, if successful, should have a positive impact on the value of these companies.

The portfolio remains well positioned. Operationally, many of the companies are developing successfully and – as demonstrated by the recent acquisitions – are attractive for strategic buyers.

The Quarterly Report June 2022 is available on the Company's website [www.hbmhealthcare.com/en/investors/financial-reports](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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