

Media Release

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Ad hoc announcement pursuant to Art. 53 LR

HBM Healthcare Investments publishes Quarterly Report as at 31 December 2023 with key figures for the first nine months of the 2023/2024 financial year

- Quarter under review closes with a loss of CHF 87 million. For the nine-month period, the loss totalled CHF 158 million
- Unfavourable currency developments were the decisive factor
- Performance is in line with relevant market indices

Unfavourable currency developments drag HBM Healthcare into the red

HBM Healthcare Investments closed the third quarter of the 2023/2024 financial year as at 31 December with a loss of CHF 87 million. The net asset value per share (NAV) fell by 5.1 percent to CHF 225.03. For the first nine months, the loss totalled CHF 158 million, with the NAV down 8.7 percent.

The main reason for the negative performance was an unfavourable development in all relevant investment currencies. In the nine-month period to the end of 2023, these totalled around -8.5 percent. Against the Swiss franc, the US dollar lost -8.1 percent, the Chinese yuan -11.0 percent and the euro -6.4 percent.

Developments in the portfolio of public companies

Public companies had a negative impact of CHF -30 million on the 9-month result. Market price increases totalling CHF +48 million net at constant exchange rates compare to adverse currency movements of CHF -78 million.

- > The acquisitions of ImmunoGen (by AbbVie), Chinook Therapeutics (by Novartis) and Prometheus Biosciences (by Merck) resulted in added value of CHF 27 million. Biohaven (CHF 12 million), Cytokinetics (CHF 11 million) and ALX Oncology (CHF 10 million) recorded positive value developments based on clinical trial data.
- > In India, portfolio companies benefited from the strong local market momentum and increased in value by CHF 17 million despite the sharp depreciation of the Indian rupee against the Swiss franc.
- > Although there were no significant company-specific news, Cathay Biotech (CHF -63 million) and Mineralys Therapeutics (CHF -18 million) suffered decreases in value. Still, profit taking in Cathay Biotech with one seventh of the position, has so far led to initial gains.

Developments in the portfolio of private companies

Private companies added a loss of CHF -96 million to the 9-month result. Of this, CHF -49 million was attributable to losses in value due to new financing or unachieved operating targets and CHF -47 million to unfavourable currency developments.

Value adjustments were made to ConnectRN (CHF -22 million), Farmalatam (CHF -18 million), Sphingotec (CHF -9 million) and Adrenomed, Odyssey Therapeutics and Valcare (CHF -4 million each). In most cases, however, HBM Healthcare considers the companies' potential to be intact and assumes that the value corrections will be of a temporary nature. A positive value adjustment resulted for Upstream Bio (CHF +10 million).

Funds and other assets

The fund portfolio had a negative impact of CHF -22 million on the result. Of this, CHF -8 million is attributable to value adjustments and CHF -14 million to currency changes.

Other assets made a net positive contribution to earnings of CHF 9 million.

Asset allocation

The portfolio remains well balanced, with public companies accounting for 46 percent of consolidated total assets (of which 23 percent were previously private companies), private companies 36 percent, funds 9 percent, cash and cash equivalents 7 percent and other assets 2 percent.

Cash and cash equivalents amount to CHF 115 million. This does not include approx. CHF 30 million that is expected when the acquisition of ImmunoGen by AbbVie is finalised in the first quarter of 2024.

Around CHF 8 million was used for share repurchases within the current share buy-back programme.

Outlook

The 2024 calendar year got off to a pleasing start for HBM Healthcare Investments:

- > Ambrx Biopharma agreed to a takeover by Johnson & Johnson at the beginning of January. The USD 2 billion offer represents a premium of more than 100 percent. HBM Healthcare will participate with USD 23 million and sees the transaction as a further indicator that takeover activity in the healthcare sector will remain at a high level in 2024.
- > Longboard Pharmaceuticals published initial clinical data on bexicaserin for the treatment of patients with developmental disorders and epileptic encephalopathies (DEES). Based on this data, the company's market capitalisation quadrupled. This illustrates how low stock market valuations have fallen for companies active in early clinical development. HBM Healthcare assumes that the valuation level of these companies will normalise again over time, which would also benefit numerous portfolio companies.

- > From the portfolio of private companies, ArriVent Biopharma has published the IPO prospectus for its intended listing on the Nasdaq stock exchange. This raises hopes that the market environment for IPOs will improve again.

Overall, there are signs of a brightening market environment. At the same time, however, volatility is likely to persist in the current year.

The Quarterly Report December 2023 is available on the Company's website at www.hbmhealthcare.com/en/investors/financial-reports.

Contact us

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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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