

Media Release

Zug, 21 July 2023

Ad hoc announcement pursuant to Art. 53 LR

HBM Healthcare Investments publishes interim report for the quarter ended 30 June 2023 with key figures for the first three months of the 2023/2024 financial year

- Decline of net asset value per share (NAV) by 0.6 percent in the quarter under review due to unfavourable currency developments
- Despite the dampened market environment, attractive exits are still possible, as exemplified by several portfolio companies
- Portfolio remains well balanced and the value creation potential intact

Unfavourable currency developments push quarterly result into the red

HBM Healthcare Investments closed the first quarter of the 2023/2024 financial year as at 30 June 2023 with a loss of CHF 11 million. The net asset value per share (NAV) declined by 0.6 percent during this period, while the share price fell by 5.6 percent.

In investment currency, the portfolio recorded a positive result in the three months ending 30 June 2023. However, unfavourable currency developments against the Swiss franc (US dollar -2.2 percent, Chinese yuan -7.3 percent and euro -1.5 percent) reduced the NAV by a total of 3.2 percent in the reporting quarter resulting in a small loss overall.

Developments in the portfolio of private companies

Private companies burdened the quarterly result with a net CHF 6 million. This includes negative currency developments of CHF 13 million.

The following events stood out:

- > Upstream Bio raised USD 200 million in new capital. HBM Healthcare Investments participated in this financing with a total of USD 10 million in tranches. Due to the revaluation, the value of the existing investment increased by CHF 12 million.
- > Further value adjustments due to completed or pending financing rounds were made at 1000Farmacie (CHF +2.4 million), Farmalatam (CHF -6.9 million) and Fore Biotherapeutics (CHF -2.4 million).

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Developments in the portfolio of public companies

The value of public companies increased by CHF 9 million net, even though currency developments burdened the quarterly result with CHF 37 million.

- > Cathay Biotech, the largest position, announced a strategic collaboration with China Merchants Group (CMG) which will invest up to RMB 6.6 billion (approx. CHF 800 million) in the company. Furthermore, CMG commits to purchasing large quantities of bio-based polyamides from Cathay and cooperate in the area of research and development. Although Cathay's share price increased slightly in the quarter under review, the negative currency development resulted in an overall net value reduction of just under CHF 17 million.
- > Prometheus Biosciences was acquired by Merck & Co. in April for USD 11 billion. Prometheus develops therapies to treat the inflammatory bowel diseases ulcerative colitis and Crohn's disease. Moreover, Chinook Therapeutics agreed to a USD 3.5 billion takeover bid by Novartis in June. Chinook develops therapies for chronic kidney disease. The two acquisitions resulted in a total profit contribution of CHF 11 million.

Developments in the fund portfolio

The fund portfolio burdened the result in the quarter under review by about CHF 6 million, CHF 4 million of which was due to currency developments.

Asset allocation

The portfolio remains well balanced with public companies accounting for 44 percent of consolidated assets (of which 26 percent were formerly private companies), 35 percent private companies, 9 percent funds and 12 percent cash and cash equivalents as well as other assets.

Outlook

The market environment remains dominated by investor concerns about inflation, rising interest rates and a cooling economy. Currency developments also continued to create headwinds at the beginning of the quarter. For the portfolio companies, however, this challenging financing environment also offers opportunities. As the examples of Upstream Bio, Prometheus Biosciences and Chinook Therapeutics demonstrate, companies with convincing research results benefit from high demand and attractive offers in financing rounds and acquisition bids.

With the aforementioned strategic agreement with CMG, Cathay Biotech has laid a solid foundation for further growth. In addition, the lock-up period after the IPO is going to expire in August 2023 increasing the free float.

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Overall, with a carefully selected portfolio and a solid balance sheet, HBM Healthcare Investments remains ideally positioned to take advantage of opportunities and benefit from positive market momentum.

The Quarterly Report June 2023 is available on the Company's website 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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