

Follow us on Twitter: [🐦 @HbmHealthcare](https://twitter.com/HbmHealthcare)

Media Release

Zug, 22 January 2021

HBM Healthcare Investments Quarterly Report December 2020

HBM Healthcare Investments continued its impressive growth in net assets in the third quarter of the 2020/2021 financial year. Thanks to a quarterly profit of CHF 203 million with contributions from all portfolio categories, the result for the first nine months rose to CHF 645 million. The highlights included five IPOs and one sale from the portfolio of private companies. Six new investments were made to compensate for these disposals and more are planned. A total of CHF 95 million was invested in private companies and the portfolio allocation therefore remained stable. HBM Healthcare continued to hedge market risk and increased the hedging of US dollar currency risk. The fundamental outlook for the healthcare sector remains favourable and HBM Healthcare has sufficient liquidity to seize new opportunities.

HBM Healthcare Investments closed the third quarter of the 2020/2021 financial year with a net profit of CHF 203 million. Net asset value (NAV) rose by 11 percent and the share price gained 13 percent. Over the first nine months of the financial year, profit totalled CHF 645 million and NAV grew by 44.5 percent.

All portfolio categories (private companies, public companies and funds) increased in value during the quarter. In the portfolio of private companies, the sale of Westmed in addition to five IPOs – C4 Therapeutics, Everest Medicines, Galecto, Seer and BioAtla – made a substantial contribution to the quarterly profit. Public companies, including those originating from the portfolio of private companies, also saw an overall increase in value. The declining share price of Cathay Biotech was more than made up for by increases in the value of companies such as ALX Oncology, SpringWorks Therapeutics and Y-mAbs Therapeutics.

In the fund portfolio, HBM Genomics' early-stage investment approach was validated for the first time with the IPO of Seer. HBM Genomics is an investment vehicle of HBM Healthcare for investments in emerging companies with new technologies. The California-based company Seer is engaged in proteome research and raised USD 175 million in new capital at its IPO in early December 2020. HBM Genomics was one of

the early investors in Seer and has participated in several of the company's financing rounds since December 2017 with a total of USD 2.3 million (at an average price of USD 4.21 per share). In addition, HBM Healthcare Investments directly invested another USD 2.75 million (USD 8.03 per share) in May 2020. By the end of December, the price of Seer shares on the Nasdaq had risen to more than USD 56. As a result, a small investment ended up making a substantial contribution of CHF 34 million to the quarterly profit.

Hedging positions made a positive contribution to profit in the reporting period. While general market hedging had a negative impact on the result, currency hedging, which had been increased by a further USD 200 million to USD 1.2 billion in the reporting period, paid off: a significant portion of the decline in the US dollar against the Swiss franc was absorbed in this way.

New investments in six private companies

In the period, HBM Healthcare Investments invested a total of CHF 66 million in six new private companies. An additional CHF 29 million were invested in existing private portfolio companies as part of follow-on financing arrangements.

- > A new investment of USD 20 million was made in Ambrx, which is based in San Diego, USA. Ambrx is developing a pipeline of oncology therapies and also has development partnerships with a number of pharmaceutical companies. Its most advanced development programme, ARX788 for the treatment of HER2-positive metastatic breast cancer, recently received the FDA's Fast Track designation, which opens the door for accelerated approval.
- > A USD 15 million investment was made in Valo Health in Boston. Valo has an integrated platform for drug development that combines human and machine intelligence in order to make the discovery and development of new therapies more efficient.
- > Further new investments were made in Longboard Pharmaceuticals (USD 10 million, spin-off of Arena Pharmaceuticals with a development pipeline for neurological diseases), River Renal (USD 16 million, thereof USD 10 million already paid in, two development programmes to treat severe chronic kidney diseases), Neuron23 (USD 7 million, pre-clinical development platform for the targeted treatment of neurological diseases) and Werewolf Therapeutics (USD

5 million, immuno-oncology, protein engineering technology to improve activity, stability and tumour selectivity within a single molecule).

Portfolio composition remains stable

The composition of the portfolio remained stable compared to the previous quarter. Disposals from the portfolio of private companies due to IPOs and company sales were replaced by new investments. The share of private companies and funds in the portfolio therefore remained unchanged at 15 percent and 7 percent of assets, respectively. The ratio of private companies continues to be low and is to be increased through additional new investments.

The quota of public stocks fell by 4 percentage points to 60 percent (or 52 percent net of market hedge) due to profit taking in the fourth quarter of calendar 2020. Around two-thirds of the public positions originate from the portfolio of private companies.

The amount of cash and cash equivalents increased by 2 percentage points to 15 percent (or 7 percent after deduction of the repurchase obligation from market hedging).

The partial hedging of market risk of currently around one-eighth of the public portfolio and the exchange rate risk against the Swiss franc of around 70 percent of the USD position will remain in place for the time being.

Outlook

The fundamental outlook for the sector continues to be very good. Medical needs and companies' innovative capacities are high, as events in connection with the pandemic have clearly demonstrated in recent months. The financing environment continues to be favourable and provides portfolio companies access to sufficient capital to advance their clinical developments. Acquisition activity in the healthcare sector is also likely to remain high. All of these factors benefit the investment strategy of HBM Healthcare Investments.

With regard to the general market environment, the strong performance in recent months is likely to give way to intermittent periods of weakening. With its share of private companies and funds and a partial hedging of market risk, HBM Healthcare Investments is prepared well for such a scenario while a well-stocked level of cash and cash equivalents allows to seize opportunities as they arise.

HBM Healthcare Investments expects further IPOs from the portfolio of private companies. Some of the most recent new and follow-on investments were made by means of crossover financings with a view to the intended IPO of these companies. Moreover, a number of portfolio companies are waiting on clinical study results that could have a positive impact on the overall value of the Company's holdings.

The Quarterly Report December 2020 is available on the Company's website <https://www.hbmhealthcare.com/en/investors/financial-reports>.

Contact

For further information, please contact Dr Andreas Wicki on +41 41 710 75 77, or at andreas.wicki@hbmhealthcare.com

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).

Disclaimer

This media release does not constitute an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations, a listing prospectus in the sense of the SIX Swiss Exchange Listing Rules or a securities prospectus as defined in the German Securities Prospectus Act (Wertpapierprospektgesetz). Publication is for information purposes only and constitutes neither an offer to sell nor an invitation to buy or subscribe for securities. This media release and the information it contains must not be distributed or forwarded to or within the United States of America (USA) or to US persons (including legal entities) or publications with a general circulation in the USA. This media release does not constitute an offer or invitation to purchase any securities in the USA. The securities of HBM Healthcare Investments Ltd have not been registered under United States securities legislation and may

not be offered, sold or delivered within the USA or to US persons without prior registration or the corresponding exemption from the registration requirements of US securities legislation.