

Quarterly Report

June

2021

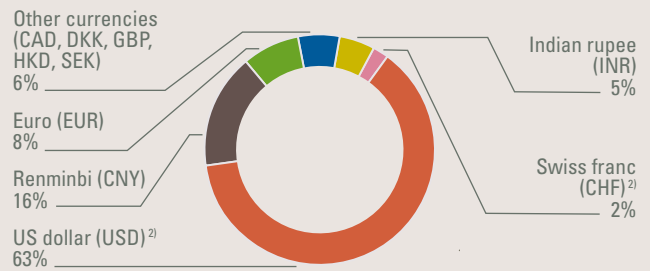
HBM Healthcare
Investments

HBM Healthcare Investments invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and actively manages an international portfolio of promising companies.

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 on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

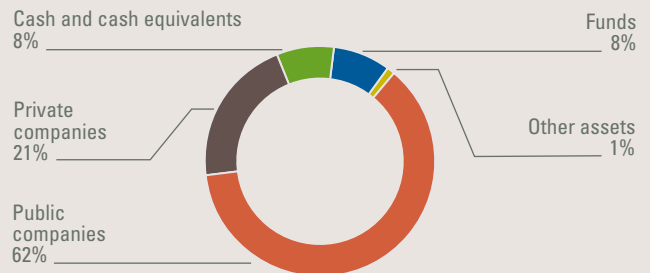
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



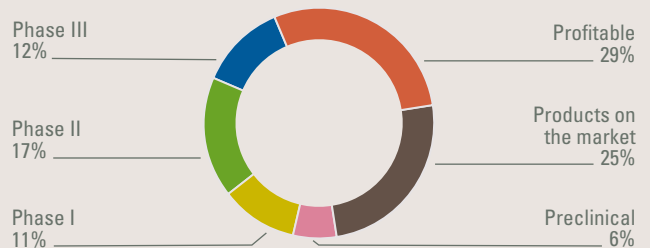
Allocation of assets¹⁾

Mainly invested in private companies or in companies originating from the private companies portfolio.



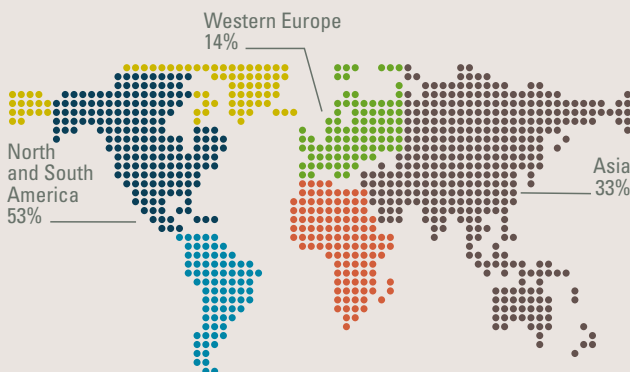
Development phase of portfolio companies³⁾

Mainly invested in revenue generating companies or in companies with products at an advanced stage of development.



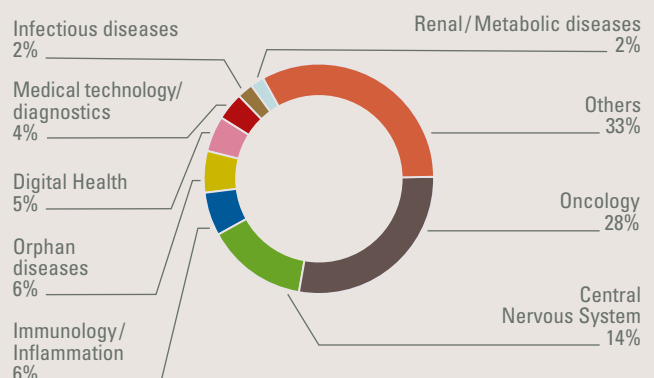
Investments by continents³⁾

International portfolio focusing on North America.



Therapeutic area of the lead product of portfolio companies³⁾

Broadly diversified areas of activity.



1) Total consolidated assets as at 30.6.2021: CHF 2437 million.

2) Net of foreign currency hedge (USD/CHF): about USD 40 percent and CHF 25 percent respectively.

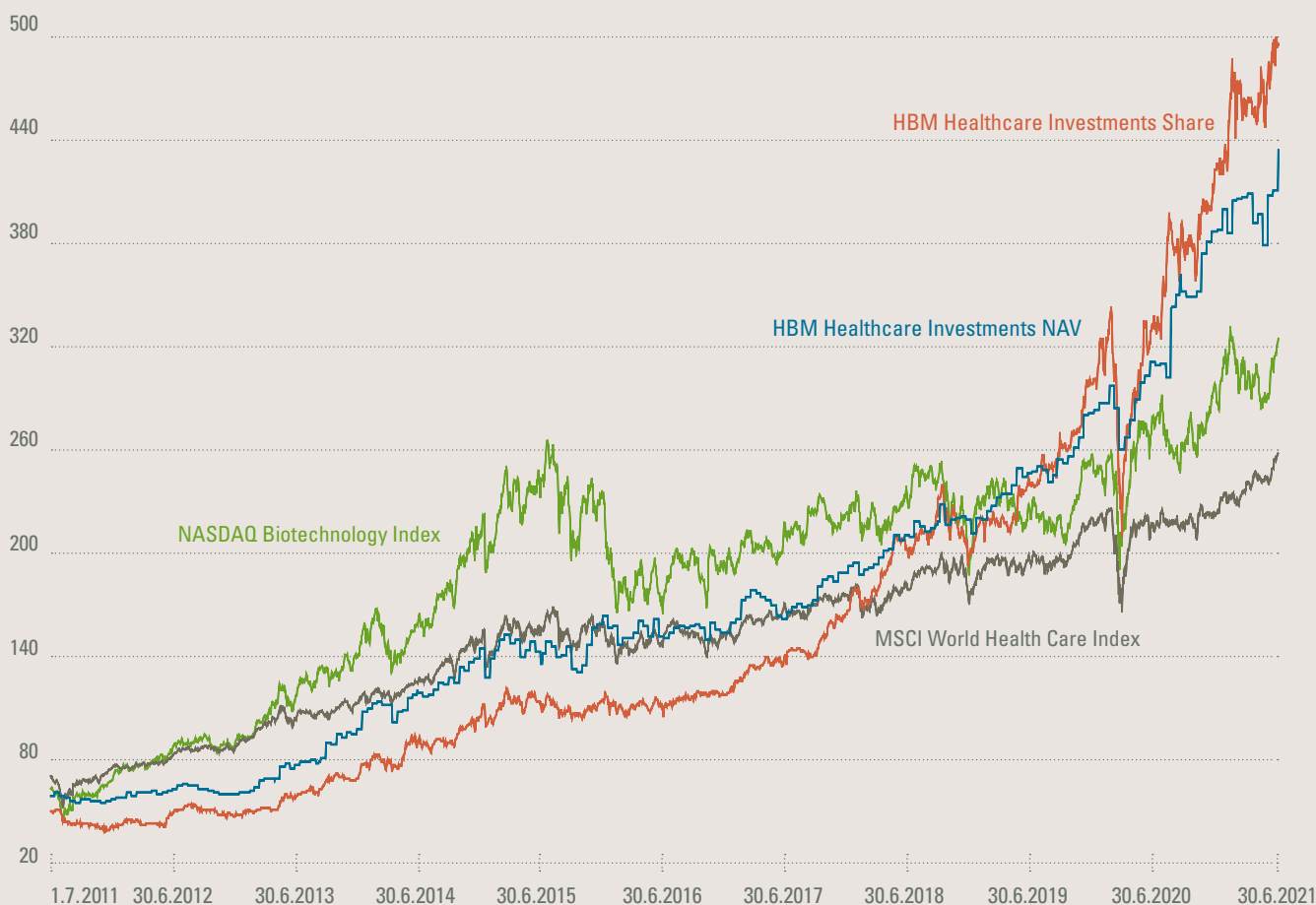
3) Total investments as at 30.6.2021: CHF 2211 million.

Key Figures

		30.6.2021	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Net assets	CHF million	2287.5	2151.5	1448.8	1318.3	1157.9
Investments in private companies and funds		704.2	662.8	706.4	542.1	413.9
Investments in public companies		1507.2	1404.2	629.9	688.2	750.0
Cash and cash equivalents (net of liability from market hedging)		194.0	327.0	224.2	176.2	72.4
Net result for the period	CHF million	136.0	756.3	182.7	209.1	115.9
Basic earnings per share	CHF	19.55	108.71	26.26	30.05	16.55
Net asset value (NAV) per share	CHF	328.80	309.25	208.25	189.48	166.43
Share price	CHF	355.50	332.50	190.00	168.80	144.00
Premium (+) / discount (-)	%	+8.1	+7.5	-8.8	-10.9	-13.5
Distribution per share	CHF		12.50	7.70	7.50	7.00
Distribution yield	%		3.8	4.1	4.4	4.9
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.0
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.0

		2021/2022 (3 months)	2020/2021	2019/2020	2018/2019	2017/2018
Performance (including distributions)						
Net asset value (NAV)	%	6.3	52.2	13.9	18.1	11.1
Registered share HBMN	%	6.9	79.1	17.0	22.1	34.5

Indexed performance since launch in CHF (12.7.2001 = 100), dividends reinvested



HBM Healthcare Investments achieved a net profit of CHF 136 million in the first quarter of the 2021/2022 financial year. The net asset value per share rose by 6.3 percent and the share price by 6.9 percent. Both private and public companies contributed to this result. The main value drivers were IPOs and financing rounds of private companies. A new investment in a Swiss company and various follow-on financings strengthened this portfolio segment. The general market hedge was fully unwound, and the USD currency hedge was significantly reduced. A new issue of CHF 100 million with a six-year term replaces the bond tranche that matured at the beginning of July.

Dear Shareholders

HBM Healthcare Investments closed the first quarter of the 2021/2022 financial year with a profit of CHF 136 million. The increase in the net asset value per share (NAV) amounted to 6.3 percent. The share price rose by 6.9 percent. The investment approach with holdings in private and public companies around the globe proved itself once again.

The portfolio of private companies (including public companies originating from the private portfolio) resulted in an increase in value of CHF 90 million. A number of transactions contributed to this. Three companies successfully went public: Werewolf Therapeutics, Ambrx Biopharma and Monte Rosa Therapeutics. In addition, Valo Health signed a merger agreement with listed company Khosla Ventures Acquisition Co. Swixx BioPharma, NiKang Therapeutics and ConnectRN completed financing rounds with external investors at higher valuations, and Tata Digital acquired a majority stake in leading Indian healthcare platform 1mg. The public companies originating from the private portfolio also increased in value in aggregate. The share price of Cathay Biotech in China rose by around 30 percent, offsetting the decline in the majority of the other holdings.

The value of fund investments decreased by CHF 9 million in the quarter under review. This was mainly due to the decline in the share price of Seer Inc., the largest investment in the HBM Genomics Fund.

The portfolio of other public companies contributed CHF 45 million to profit. This came mainly from the investments in the fast-growing Indian biopharmaceutical company Laurus Labs, the US company Biohaven Pharmaceuticals and the new investment in Hutchmed China. In addition to its listing on Nasdaq, Hutchmed China completed an IPO on the Hong Kong Stock Exchange during the quarter under review, with HBM Healthcare Investments participating as a cornerstone investor with USD 20 million.

The market and currency hedges resulted in profit contributions of CHF 7 million and CHF 24 million, respectively. The market hedge was fully unwound in the quarter under review and the USD currency hedge was reduced to around 35 percent of the exposure. Other assets reduced the investment result by CHF 10 million, mainly due to currency fluctuations.

Investments in private companies

During the quarter under review, HBM Healthcare invested CHF 25 million as follow-on financing in existing portfolio companies and made a new investment of CHF 17 million in the privately held Swiss company Numab Therapeutics. Numab is developing a new generation of cancer immunotherapies. The most advanced compound (NM21-1480) is currently being tested in a phase I/II clinical trial in patients with solid tumours. Numab is developing this therapy together with its Chinese partner CStone Pharmaceuticals.

Refinancing bond

The CHF 50 million bond tranche due for repayment at the beginning of July 2021 was refinanced in the quarter under review by a new straight bond of CHF 100 million with a term of six years at favourable conditions. The level of financial liabilities remains low at less than 7 percent of net assets.

Outlook

The portfolio continues to be well diversified and finely balanced in terms of composition (private and public companies, geographical regions, stages of development and areas of activity or therapy). This reduces dependence on the development of individual sectors or regions within the healthcare market, which has a stabilising effect and should continue to have a positive impact on performance.

Essentially, nothing has changed compared to the outlook outlined in the annual report. The fundamental factors continue to speak for a successful development of the sector as a whole and for our portfolio companies individually. In this respect, we expect further value-enhancing events from our portfolio due to IPOs, financing rounds, company takeovers or clinical trial results.

We thank you for your trust and wish you a wonderful summer.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.6.2021	31.3.2021
Assets			
Current assets			
Cash and cash equivalents		6 258	6 033
Receivables		231	17
Total current assets		6 489	6 050
Non-current assets			
Investment in subsidiary	(3)	2 392 780	2 255 830
Total non-current assets		2 392 780	2 255 830
Total assets		2 399 269	2 261 880
Liabilities			
Current liabilities			
Liability to subsidiary		8 000	0
Financial liabilities	(4)	50 000	49 967
Liability from performance fee		0	8 154
Other liabilities		3 971	2 471
Total current liabilities		61 971	60 592
Non-current liabilities			
Financial liabilities	(4)	49 825	49 803
Total non-current liabilities		49 825	49 803
Shareholders' equity			
Share capital	(5.1)	290 928	290 928
Treasury shares	(5.2)	-402	-402
Capital reserve	(5.1)	142 137	142 137
Retained earnings		1 854 810	1 718 822
Total shareholders' equity		2 287 473	2 151 485
Total liabilities and shareholders' equity		2 399 269	2 261 880
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		328.80	309.25

	Notes	Quarter ended 30.6.2021	Quarter ended 30.6.2020
Statement of comprehensive income for the period 1 April to 30 June (CHF 000)			
Net change in value of investment in subsidiary	(3)	136 950	226 880
Result from investment activities		136 950	226 880
Personnel expenses		- 180	- 230
Other operating expenses		- 146	- 111
Result before interest and taxes		136 624	226 539
Financial expenses		- 636	- 606
Financial income		0	0
Income taxes		0	0
Net result for the period		135 988	225 933
Comprehensive result		135 988	225 933
Number of outstanding shares, time-weighted (in 000)		6 957	6 957
Basic earnings per share (CHF)		19.55	32.48

As the Company does not have options or similar instruments outstanding, diluted earnings per share are identical to basic earnings per share.

	Quarter ended 30.6.2021	Quarter ended 30.6.2020
Statement of cash flows for the period 1 April to 30 June (CHF 000)		
Expenses paid (personnel and other operating expenses)	-7 756	-1 957
Net cash flow from operating activities	-7 756	-1 957
Interest paid	-19	-2
Loan from subsidiary	8 000	0
Net cash flow from financing activities	7 981	-2
Currency translation differences	0	0
Net change in cash and cash equivalents	225	-1 959
Cash and cash equivalents at beginning of period	6 033	6 096
Cash and cash equivalents at end of period	6 258	4 137

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2020	344 520	-402	142 115	962 551	1 448 784
Comprehensive result				225 933	225 933
Balance 30 June 2020	344 520	-402	142 115	1 188 484	1 674 717
Comprehensive result				530 338	530 338
Par value repayment (10.9.2020)	-53 592		22		-53 570
Balance 31 March 2021	290 928	-402	142 137	1 718 822	2 151 485
Comprehensive result				135 988	135 988
Balance 30 June 2021	290 928	-402	142 137	1 854 810	2 287 473

General Statements

1. Information about the Company and its business

HBM Healthcare Investments Ltd (HBM Healthcare or Company) is a SIX Swiss Exchange-listed holding company domiciled at Bundesplatz 1, Zug (Switzerland). The purpose of the Company is the acquisition, holding and sale of positions in other companies as well as the management and financing of such positions in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

2. Accounting policies

The condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting, and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the Group Financial Statements for the financial year ended 31 March 2021, as they provide an update to the latest full financial report.

In preparing the interim financial statements, the same accounting policies and methods of computation have been applied as in the preparation of the annual financial statements as at 31 March 2021. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary). A summary of the newly applied IFRS/IAS standards and interpretations in the reporting period is provided on pages 64 and 65 of the Group Financial Statements of the 2020/2021 Annual Report.

The newly applied standards and interpretations had no material impact on the Group's accounting policies, overall results or financial position.

Unless indicated otherwise, the values are in thousands of CHF.

The following exchange rates were used in the preparation of the financial statements:

Exchange rates (CHF)	30.6.2021	31.3.2021
CAD	0.7461	0.7512
CNY	0.1433	0.1440
DKK	0.1475	0.1488
EUR	1.0969	1.1068
GBP	1.2794	1.3006
HKD	0.1191	0.1214
INR	0.0124	0.0129
SEK	0.1082	0.1081
USD	0.9250	0.9436

Notes to the Balance Sheet and Statement of Income

3. Investment in Subsidiary

The fair value of the investment in the Subsidiary HBM Healthcare Investments (Cayman) Ltd. developed as follows in the period under review:

	Quarter ended 30.6.2021	Quarter ended 30.6.2020
Development fair value investment (CHF 000)		
Fair value at beginning of period	2 255 830	1 546 050
Change in value, gross	136 950	226 880
Fair value at end of period	2 392 780	1 772 930

Net assets of the investment in the Subsidiary comprised the following as at the balance sheet date:

Composition net assets (CHF 000)	Notes	30.6.2021	31.3.2021	30.6.2020
Cash and cash equivalents		187 724	423 135	324 231
Receivables		99	161	179
Loan to parent company		8 000	0	0
Investments	(3.1)			
Private companies		504 353	446 199	587 710
Funds		199 882	216 601	151 082
Public companies		1 507 190	1 404 158	875 639
Shares of parent company		223	2 278	7 921
Financial instruments	(3.2)	0	0	11 264
Other financial assets	(3.3)	30 601	38 279	15 040
Total assets		2 438 072	2 530 811	1 973 066
Financial instruments	(3.2)	-9 565	-128 888	-147 261
Liability from performance fee	(3.4)	-1 266	-120 664	-35 227
Provision for deferred tax on capital gain and other taxes	(3.5)	-34 336	-24 725	-17 162
Other current liabilities		-125	-704	-486
Total net assets at fair value		2 392 780	2 255 830	1 772 930

During the reporting period, the net assets of the investment in the Subsidiary have developed as follows:

	Notes	Quarter ended 30.6.2021	Quarter ended 30.6.2020
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	135 774	279 178
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-9 611	7
Dividend income		80	29
Net result from financial instruments	(3.2)	30 510	-12 357
Net result from other financial assets		-10 157	-3 077
Net result from shares of parent company		272	3 763
Result from investing activities		146 868	267 543
Management fee	(3.4)	-8 371	-5 195
Performance fee	(3.4)	-1 266	-35 227
Personnel and other operating expenses		-280	-242
Financial result		-1	1
Change in value, gross		136 950	226 880
Net change in value of investment		136 950	226 880

For details of individual items of net assets (balance and change) please refer to the following explanations.

3.1 Investments

During the reporting period, the investments held by the Subsidiary comprised the following and they performed as follows:

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value 31 March 2021	446 199	216 601	1 404 158	2 066 958
Reclassification owing to IPO (Ambrx Biopharma)	-18 872		18 872	0
Reclassification owing to IPO (Monte Rosa Therapeutics)	-17 757		17 757	0
Reclassification owing to IPO (Werewolf Therapeutics)	-4 718		4 718	0
Fair value 31 March 2021 (after reclassification)	404 852	216 601	1 445 505	2 066 958
Purchases	41 896	11 036	96 902	149 834
Sales	0	-18 690	-122 451	-141 141
Realised gains	33	0	44 949	44 982
Realised losses	-1 148	-1 096	-27 943	-30 187
Changes in unrealised gains/losses	58 720	-7 969	70 228	120 979
Net result on investments	57 605	-9 065	87 234	135 774
Fair value 30 June 2021	504 353	199 882	1 507 190	2 211 425

Details on investments can be found on pages 13 to 16.

Private companies	Domicile	Investment currency	Amount	Changes in	Amount	Fair value	Ownership	Fair value	Fair value
			disbursed 31.3.2021	reporting period	disbursed 30.6.2021	30.6.2021	30.6.2021	30.6.2021	31.3.2021
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma	CH	EUR	24.8	5.5	30.3	93.9	26.7	103 023	58 541
Neurelis	US	USD	24.4		24.4	56.2	10.6	52 009	53 055
Valo Health ¹⁾	US	USD	15.0		15.0	29.9	1.3	27 614	14 154
Tata 1mg	IN	INR	1 253.0		1 253.0	2 183.8	10.6	27 177	28 002
NiKang Therapeutics	CN	USD	5.0	15.0	20.0	25.2	5.3	23 353	4 718
Fangzhou (Jianke)	CN	USD	19.9		19.9	19.7	6.0	18 252	18 619
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.9	17 272	17 619
Numab Therapeutics	CH	CHF	0.0	17.0	17.0	17.0	6.4	17 000	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.7	16 725	17 346
FarmaLatam	PA	USD	14.8		14.8	17.7	51.1	16 374	16 703
Adrenomed	DE	EUR	10.7		10.7	14.8	10.5	16 266	16 414
Sphingotec	DE	EUR	10.5	1.0	11.5	11.5	14.2	12 613	11 621
ConnectRN	US	USD	5.9	3.0	8.9	13.0	27.1	11 984	2 279
Alydia Health ²⁾	US	USD	3.0		3.0	11.2	7.3	10 326	10 534
Genalyte (BaseHealth)	US	USD	7.5		7.5	10.2	3.4	9 452	9 642
River Renal	US	USD	10.0		10.0	10.0	12.5	9 250	9 436
Karius	US	USD	10.0		10.0	10.0	3.9	9 250	9 436
IO Biotech	DK	EUR	8.0		8.0	8.0	6.2	8 775	8 854
Shape Memory Medical	US	USD	8.8		8.8	8.8	16.8	8 140	8 304
Polyneuron Pharmaceuticals	CH	CHF	9.9		9.9	7.4	16.1	7 445	7 445
BioShin	CN	USD	8.0		8.0	8.0	4.1	7 400	7 549
Valcare	IL	USD	5.1		5.1	7.9	7.7	7 282	7 429
Visen Pharmaceuticals	CN	USD	7.5		7.5	7.5	0.6	6 937	7 077
Neuron23	US	USD	7.0		7.0	7.0	2.7	6 475	6 605
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 475	6 605
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 475	6 605
Mineralys Therapeutics	US	USD	6.7		6.7	6.7	10.7	6 167	6 291
Cardialen	US	USD	5.0	1.5	6.5	6.5	17.8	6 013	4 718
Pyxis Oncology	US	USD	6.0		6.0	6.0	2.2	5 550	5 662
Cure Everlife Holdings	MU	USD	5.6	0.1	5.7	5.5	6.4	5 063	5 099
Dren Bio	US	USD	3.7		3.7	3.7	5.7	3 446	3 515
Fore Biotherapeutics (NovellusDx)	IL	USD	3.3		3.3	3.3	9.2	3 027	3 088
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 888	2 946
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 775	2 831
FogPharma	US	USD	1.4		1.4	1.4	0.7	1 297	1 323
Others								4 783	4 787
Total private companies								504 353	404 852

1) The merger agreement with Khosla Ventures Acquisition Co. had been signed in June 2021. The closing of the transaction is anticipated to occur in the third calendar quarter of 2021.

2) The company was acquired in March 2021. The transaction will be completed after the reporting period.

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.6.2021	Cumulative repayments 30.6.2021	Fair value 30.6.2021	Fair value 30.6.2021	Fair value 31.3.2021
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	22.4			22.4	0.0	41.1	38 058	46 168
WuXi Healthcare Ventures II	USD	20.0	0.4	0.1	19.6	2.1	35.3	32 622	34 092
6 Dimensions Capital	USD	25.0		13.3	23.8	16.3	34.4	31 833	43 713
MedFocus Fund II	USD	26.0			26.0	25.0	24.0	22 192	22 829
HBM BioCapital II ¹⁾	EUR	42.0	0.6	5.0	45.6	18.2	15.7	17 178	21 417
C-Bridge Healthcare Fund IV	USD	10.0	2.1		9.3	0.2	13.5	12 464	9 274
Galen Partners V	USD	10.0			10.4	8.8	7.7	7 148	7 291
120 Capital	USD	25.0	7.5		7.5	0.0	7.5	6 938	0
Hatteras Venture Partners III	USD	10.0		0.9	10.2	2.9	6.0	5 541	5 986
Tata Capital HBM Fund I	USD	10.0	0.0		9.8	6.9	5.7	5 296	5 534
BioMedInvest II	CHF	10.0			10.0	3.4	4.6	4 640	4 840
LYZZ Capital Fund II	USD	15.0			4.6	0.0	4.7	4 315	4 411
BioVeda China IV	USD	5.0			4.0	0.5	3.5	3 274	3 316
BioMedInvest I	CHF	26.0			26.0	27.1	2.2	2 236	2 184
Tata Capital Healthcare Fund II	USD	20.0			3.1	0.0	2.1	1 909	2 150
Nordic Biotech	DKK	31.0			31.0	221.7	8.3	1 230	1 241
C-Bridge Healthcare Fund V	USD	15.0	0.1	0.3	1.5	0.3	1.2	1 119	1 333
HBM Genomics II	USD	15.0	1.3		1.3	0.0	1.2	1 087	0
Others								802	822
Total funds								199 882	216 601

1) The fair value of EUR 15.7 million takes into account the fund's cumulative management fees of EUR 6.1 million. This amount has been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Invest- ment currency	Balance 31.3.2021	Changes in reporting period	Balance 30.6.2021	Share price 30.6.2021	Ownership 30.6.2021	Fair value 30.6.2021	Fair value 31.3.2021
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Companies originating from private companies portfolio								
Cathay Biotech ¹⁾	CNY	29610798	0	29610798	91.52	7.1	388198	292323
Harmony Biosciences	USD	4641779	0	4641779	28.23	8.2	121210	144715
BioAtla	USD	1715869	-37800	1678069	42.38	5.2	65783	82315
Y-mAbs Therapeutics	USD	1972751	0	1972751	33.80	4.5	61678	56291
SpringWorks Therapeutics	USD	626043	17103	643146	82.41	1.3	49027	43460
ALX Oncology	USD	937998	29279	967277	54.68	2.4	48924	65267
Ambrx Biopharma ²⁾	USD	1736389	800000	2536389	19.60	6.7	45985	18872
Monte Rosa Therapeutics ²⁾	USD	1798516	344700	2143216	22.70	4.8	45002	17757
Instil Bio	USD	2192908	-4793	2188115	19.32	1.7	39104	51896
Pacira BioSciences	USD	451324	0	451324	60.68	1.0	25332	29849
Arcutis	USD	940424	17150	957574	27.29	1.9	24172	25672
Connect Biopharma	USD	1212302	0	1212302	19.53	2.1	21901	21163
Turning Point Therapeutics	USD	285664	0	285664	78.02	0.6	20616	25497
Longboard Pharmaceuticals	USD	1880000	0	1880000	9.12	11.1	15860	29058
C4 Therapeutics	USD	451713	-42562	409151	37.84	0.9	14321	15766
Everest Medicines	HKD	1111111	0	1111111	77.25	0.4	10225	9919
Werewolf Therapeutics ²⁾	USD	625995	0	625995	17.44	2.3	10099	4718
Seer	USD	327678	0	327678	32.78	0.6	9936	15466
Total companies originating from private companies portfolio							1017373	950004
Various companies								
Biohaven Pharmaceuticals	USD	507523	0	507523	97.08	0.8	45575	32733
Zymeworks	USD	964535	36957	1001492	34.69	2.2	32136	28742
Hutchmed China	HKD	0	3890000	3890000	60.30	0.5	27942	0
Laurus Labs	INR	3669033	-479456	3189577	688.65	0.6	27335	17142
Argenx	EUR	90000	0	90000	255.10	0.2	25183	23350
Argenx (ADR)	USD	90000	0	90000	301.07	0.2	25064	23387
BioInvent	SEK	3630840	0	3630840	57.20	6.2	22466	18523
Zogenix	USD	1341857	0	1341857	17.28	2.4	21448	24716
Dicerna Pharmaceuticals	USD	522200	0	522200	37.32	0.7	18027	12600
Beigene	HKD	700000	0	700000	211.20	0.1	17611	17095
Iovance	USD	163433	539919	703352	26.02	0.5	16929	4882
Xenon Pharmaceuticals	USD	849289	0	849289	18.62	2.1	14628	14345
Rocket Pharmaceuticals	USD	177461	115117	292578	44.29	0.5	11986	7430
Nicox	EUR	2619102	0	2619102	3.64	7.1	10457	12349
Esperion Therapeutics	USD	534014	0	534014	21.15	1.9	10447	14134

Continued on page 16

1) The tax on capital gain and other taxes which may be owed in China upon the sale of the investment are accrued separately (note 3.5). The shares are subject to a holding period until August 2023 and the disclosed fair value of the investment includes a lock-up discount. The share price of CNY 104.89 as at 30.6.2021 was adjusted by a discount of 12.75 percent to CNY 91.52.

2) The companies went public on US NASDAQ during the reporting period. The investments were listed under private companies in previous reports.

Public companies	Invest- ment currency	Balance 31.3.2021	Changes in reporting period	Balance 30.6.2021	Share price 30.6.2021	Ownership 30.6.2021	Fair value 30.6.2021	Fair value 31.3.2021
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Various companies								
Solara Active	INR	486 777	-5 302	481 475	1 684.45	1.3	10 093	8 753
Chinook Therapeutics	USD	448 111	291 745	739 856	14.12	1.7	9 663	6 571
Sesen Bio	USD	2 065 367	0	2 065 367	4.62	1.2	8 826	5 067
Index Pharmaceuticals	SEK	52 916 667	0	52 916 667	1.47	9.9	8 438	9 769
Guangzhou Baiyunshan Pharmaceutical	HKD	2 609 000	0	2 609 000	24.55	0.2	7 630	5 972
Harbour BioMed	HKD	6 262 000	0	6 262 000	9.90	0.8	7 385	6 780
Jubilant Pharmova	INR	795 163	0	795 163	732.25	0.5	7 246	6 990
Essa Pharma	USD	609 781	-349 769	260 012	28.57	0.6	6 871	16 715
Dishman Carbogen	INR	2 543 633	0	2 543 633	214.50	1.6	6 790	3 578
Beijing Chunlizhengda	HKD	2 077 000	-10 750	2 066 250	26.05	0.6	6 412	4 689
Vicore Pharma	SEK	2 850 000	0	2 850 000	20.65	4.0	6 366	8 163
Omeros	USD	308 448	154 107	462 555	14.84	0.7	6 349	5 181
SSY Group	HKD	9 138 000	-1 500 000	7 638 000	6.94	0.3	6 314	5 024
Applied Therapeutics	USD	300 000	3 593	303 593	20.78	1.2	5 836	5 309
Aurobindo Pharma	INR	220 000	214 605	434 605	965.20	0.1	5 220	2 502
Affimed	USD	0	660 379	660 379	8.50	0.6	5 192	0
Collectis (ADR)	USD	350 000	0	350 000	15.47	0.8	5 008	6 675
Others							42 944	136 335
Total various companies							489 817	495 501
Total public companies							1 507 190	1 445 505
Total investments							2 211 425	2 066 958

3.2 Financial instruments

The Subsidiary buys and sells derivative financial instruments in the course of its ordinary business

activities and as part of its risk management. The following positions were held as at the balance sheet date:

Holdings of financial instruments (CHF 000)	30.6.2021	31.3.2021
Total financial instruments long	0	0
Currency hedging		
Forward contracts for currency hedging purposes	9 565	26 682
Market hedging		
Sale of ETFs	0	102 206
Total financial instruments short	9 565	128 888

As at the balance sheet date, the foreign currency risk derived from the USD/CHF exchange rate was partially hedged by means of a forward sale of USD 0.6 billion. The market value of the liability to this hedging position amounted to CHF 9.6 million as at the balance sheet date.

The following gains and losses resulted from derivatives transactions conducted during the period under review:

	Quarter ended 30.6.2021	Quarter ended 30.6.2020
Income from financial instruments (CHF 000)		
Gains from currency hedging transactions	24 024	6 940
Gains from market hedging transactions	6 486	0
Gains from other financial instruments	0	875
Total gains from financial instruments	30 510	7 815
Losses from market hedging transactions	0	-18 971
Losses from other financial instruments	0	-1 201
Total losses from financial instruments	0	-20 172
Net result from financial instruments	30 510	-12 357

3.3 Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recognised at fair value through profit and loss by applying a probability-weighted valuation approach based on the assessment of the likelihood of attaining the underlying targets. These claims are discounted over time at a discount rate of 11.0 percent (previous year: 11.0 percent). The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates.

Of the total book value as at 30 June 2021, CHF 30.6 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.2 million are reported under "Investments - Other private companies" (claims from investments held indirectly via HBM BioCapital I).

If the companies concerned are successful, these contractual claims could result in future payments which are many times the reported book value.

The following summary shows the value carried in the balance sheet compared with the potential cash flows:

Balance sheet value and potential cash flows (CHF million)	Book value 30.6.2021	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	13.9	2.1	83.8	2021 – 2028
Corvidia Therapeutics	8.2	2.2	42.9	2021 – 2029
Vitaeris	4.6	0.2	82.8	2021 – 2024
TandemLife (Cardiac Assist)	3.6	2.9	5.2	2021
Nereus ¹⁾	1.2	0.0	20.6	2021 – 2025
Westmed Holding	0.3	0.3	0.3	2022
Tripex (former Mpex) ²⁾	0.0	0.0	8.2	from 2021 onward
Total	31.8	7.7	243.8	

1) The valuation is based on claims from the former asset sale to Triphase Accelerator and on the share price of BeyondSpring and as a result depends on the share price development.

2) Not including any revenue-sharing agreement. The potential return may be higher than this figure.

3.4 Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the reporting period, HBM Partners was paid CHF 8.4 million (previous year: CHF 5.2 million).

A provision for a performance fee of CHF 1.3 million was made during the reporting period

(previous year: CHF 35.2 million) because net assets as at the balance sheet date exceeded the highest net assets (high water mark) used as the calculation basis for the last performance fee payment.

The high water mark for all outstanding shares is CHF 327.77 (adjusted for any dividends and capital repayments to shareholders). The cut-off date for the payment of any performance fee is 31 March of a financial year.

3.5 Provision for deferred tax on capital gain and other taxes

A provision in the amount of CHF 34.3 million (as at 31 March 2021: CHF 24.7 million) has been made for any tax on capital gain and other taxes owed in China that may arise on the sale of the investment in Cathay Biotech. The tax on capital gain is calculated on the difference between the relevant tax base and the disclosed fair value. In addition, a sales tax may arise, which is calculated on the difference between the potential selling price and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

3.6 Off-balance-sheet commitments

The Subsidiary had the following investment commitments as at the balance sheet date:

Investment commitments (CHF 000)	30.6.2021	31.3.2021
HBM BioCapital I+II	257	260
Other funds	70 225	68 209
Private companies	48 644	52 263
Total investment commitments	119 126	120 732

4. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two straight bond tranches with a par value of CHF 50 million each, coupons of 2.0 and 2.5 percent and maturing on 10 July 2021 and 10 July 2023 respectively; to be redeemed at 100 percent of par value.

The bond tranches could become due for early repayment, if the outstanding investment commitments to investment funds exceed the amount of CHF 100 million or the fair value of all investments in public portfolio companies plus cash and cash equivalents is less than two and a half times the amount of the interest-bearing financial liabilities.

The straight bonds are carried at amortised cost, subject to the effective interest method. The difference between the net proceeds (after the deduction of CHF 1.2 million in transaction costs) and the amount repayable when the bond falls due for redemption is amortised over the term of the bonds and charged to financial expenses along with the interest that has been paid. The effective interest rates are 2.22 and 2.67 percent, respectively.

The fair value of the two straight bond tranches amounts to CHF 101.8 million (as at 31 March 2021: CHF 102.3 million) with a carrying amount of CHF 99.8 million (as at 31 March 2021: CHF 99.8 million). The bond tranches are recognised under current and non-current liabilities, respectively.

The company issued a straight bond in the amount of CHF 100 million, with a 6-year term, a coupon of 1.125 percent and settlement on 12 July 2021. The proceeds will be used to refinance the straight bond tranche maturing 10 July 2021, with a par value of CHF 50 million, and for general funding purposes.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 290.93 million, divided into 6960000 registered shares at a par value of CHF 41.80 each.

The Shareholders' Meeting of 18 June 2021 approved a cash distribution of CHF 12.50 per share by means of a withholding tax-exempt par value repayment. The cash payment will be made after the expiration of the legal deadlines in the third quarter of calendar year 2021.

5.2 Treasury shares

The Shareholders' Meeting of 24 June 2019 authorised the Board of Directors to repurchase a maximum of 696000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 27 June 2022 ("2019 share buy-back programme").

The Company holds 2910 of its own shares (as at 31 March 2021: 2910) as at the balance sheet date. In the reporting period, none of the Company's own shares were acquired (previous year: none).

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 628 treasury shares (as at 31 March 2021: 6854), acquired via the regular trading line. During the reporting period, the Subsidiary acquired a total of 15765 treasury shares via the regular trading line at an average price of CHF 334.69 per share (previous year: 64970 at CHF 221.77) and sold 21991 treasury shares at an average price of CHF 345.79 (previous year: 131266 at CHF 220.46).

Holdings from second trading line (number of own shares)

Beginning of period 1 April 2021	2910
Acquired via second trading line under share buy-back programme	0
End of period 30 June 2021	2910

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SIX Swiss Exchange Ticker

Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 30 June 2021:

Shareholding

15–20% Nogra Pharma Invest S.à.r.l.,
Luxemburg

Fees

Management fee (paid quarterly):
0.75% of Company assets plus
0.75% of the Company's market capitalisation
Performance fee (paid annually):
15% on increase in value above the high water mark
High water mark (per share for all outstanding
shares) for financial year 2021/2022:
NAV of CHF 327.77

Board of Directors and Management

Hans Peter Hasler, Chairman

Mario G. Giuliani, Member

Dr Elaine V. Jones, Member

Dr Rudolf Lanz, Member

Dr Stella X. Xu, Member

Dr Benedikt Suter, Secretary

Dr Andreas Wicki, Chief Executive Officer

Erwin Troxler, Chief Financial Officer

Investment Advisor

HBM Partners Ltd, Zug www.hbmpartners.com

Credits

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout Bader + Niederöst AG

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Published in English and German. The German version is binding in all matters of interpretation.

