



**ANNUAL
REPORT
2022/2023
SHORT REPORT**

HBM Healthcare
Investments

About HBM Healthcare Investments

HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and 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).



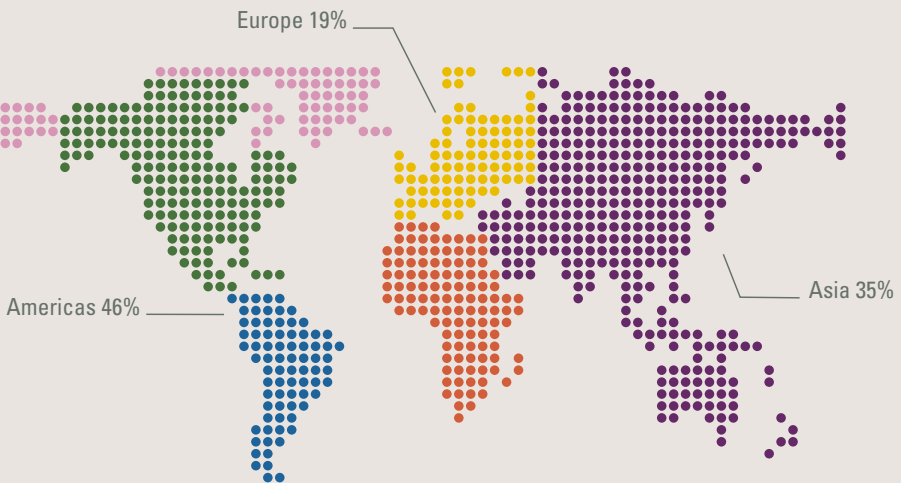
35.47

35.47 metres in height measures the tallest tower ever built from almost 600 000 of the well-known interlocking bricks. It is an impressive illustration of how grand constructions can be created from simple components combined with specific know-how. We find the same principle in the human body – even if many times more complex. Precise knowledge of the smallest parts is indispensable for understanding the big picture.

Global portfolio

Investments by regions¹⁾

Global portfolio with focus on North America.



1) Total investments as at 31.3.2023:
CHF 1 693 million.

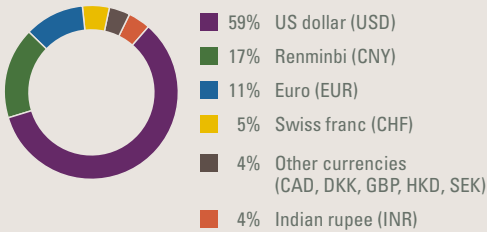
HBM Healthcare Investments holds a well-balanced global portfolio. Geographical focus is on the world's leading research and development hubs of the

healthcare industry in the United States (East and West Coast), Western Europe and Asia (China and India).

At a glance

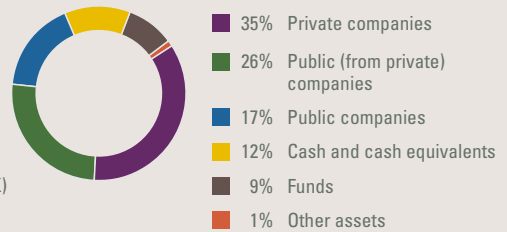
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



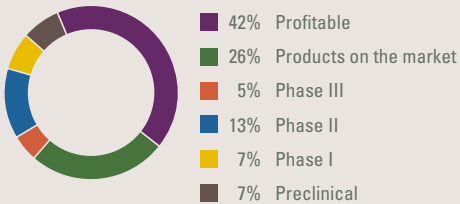
Allocation of assets¹⁾

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



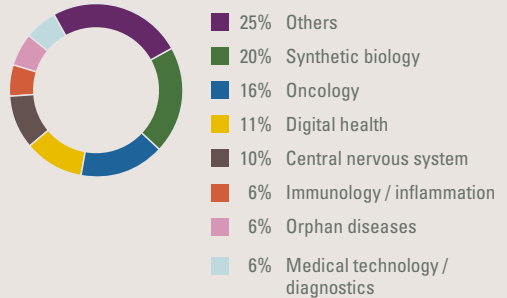
Development phase of portfolio companies²⁾

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



Therapeutic area of the lead product of portfolio companies²⁾

Broadly diversified areas of activity.



1) Total consolidated assets as at 31.3.2023: CHF 1 954 million.

2) Total investments as at 31.3.2023: CHF 1 693 million.

Letter from the Chairman of the Board of Directors and the Management

HBM Healthcare Investments posted a loss of CHF 146 million for the 2022/2023 financial year. The net asset value per share (NAV) fell by 7.4 percent, while the share price declined disproportionately by 18.9 percent. Inflation and rising interest rates led to declining valuations for technology and growth stocks around the world. Four profitable acquisitions and the value increase of several private companies with good operational performance did not compensate for the decline. However, the healthcare sector continues to offer attractive investment opportunities, and HBM Healthcare's carefully constructed portfolio remains a customised way to participate. The Company made a new private investment in the final quarter of the year under review, as well as numerous follow-on investments, in order to ensure that the portfolio continues to create value in the future. The Company's strong financial position allows it to continue its distribution policy with a planned yield of 3.5 percent.

Dear Shareholders

The market environment with inflation and rising interest rates had a negative impact on the valuations of technology and growth stocks. The biotechnology sector was no exception to this development. The segment of small and medium-sized companies in particular – the main focus of our investment strategy – fell victim to strong valuation corrections. This reduced the value of our investments, in some cases considerably.

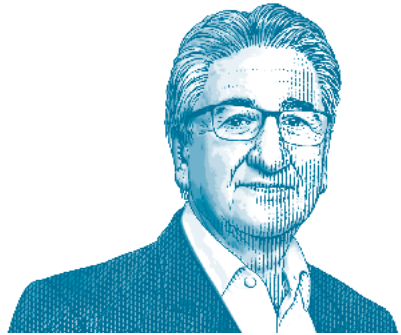
In addition, the slowing economic growth and the prolonged restrictive policy in dealing with the Covid-19 pandemic in China affected the valuation of our largest holding, Cathay Biotech. The company, which is listed on the Shanghai stock exchange, lost some of the value growth it had achieved in previous years. However, replacing chemical products with bio-based input made from renewable raw materials remains a major trend for the future. A global leader in synthetic biology, Cathay Biotech has a strong position in this growth market thanks to its technology and production capacities.

Unfortunately, occasional unexpected setbacks are also part of our business. While our portfolio has been spared for a long time, it has fallen victim to such an event during the reporting period: The US Food and Drug Administration (FDA) denied the portfolio company Y-mAbs Therapeutics marketing approval for its cancer therapy omburtamab because its efficacy had not been clearly proven.

The past financial year also offered some bright spots. For example, several private companies are developing well operationally and added value to the portfolio, as did the four acquisitions of Turning Point Therapeutics, Sierra Oncology, ChemoCentryx and Biohaven Pharmaceuticals. However, these success stories were not able to fully compensate for the negative developments mentioned above.

Notwithstanding the current market conditions, we are looking into the future with confidence. The drivers of long-term growth in the healthcare sector remain unscathed: the medical need for effective therapies, scientific and technological advances, as well as demographic change and the growing middle class in emerging countries. In addition, the appetite of large pharmaceutical and biotech companies for acquisitions also remains high, as recently demonstrated by Merck's announced acquisition of Prometheus Biosciences for around USD 11 billion.

We are therefore convinced that the investment strategy of our company continues to be well aligned to generate attractive returns for you, our valued shareholders, in the future.



"High medical demand, scientific and technological advances, and demographic change remain strong drivers of long-term growth in the healthcare sector."

Hans Peter Hasler
Chairman of the Board of Directors

Annual loss of CHF 146 million

The net asset value per share (NAV) decreased by 7.4 percent in the reporting year. This resulted in an annual loss of CHF 146 million. The share price fell disproportionately by 18.9 percent.

The portfolio of private companies closed positively, adding a total of CHF 32 million in value. The IPOs of Mineralys Therapeutics and Acrivon Therapeutics added CHF 24 million in value. Fangzhou, operator of the digital healthcare platform Jianke.com in China, completed financing rounds in preparation for a planned IPO in Hong Kong, which increased the value of our investment by CHF 33 million. Swixx BioPharma strongly increased sales and profit in the 2022 financial year, which allowed the company to return some of its excess capital to shareholders. In addition to the dividend received, this led to a cautious appreciation of our investment by CHF 20 million. Value adjustments totalling CHF 45 million were necessary for several companies that did not develop according to plan or raised capital at lower valuations.



"Our investment strategy remains well aligned to generate decent returns."

Dr Andreas Wicki
Chief Executive Officer

The portfolio of public companies recorded a decline in valuation of CHF 164 million overall. Significant profit contributions resulted from the acquisitions of Turning Point Therapeutics (CHF 41 million), ChemoCentryx (CHF 21 million), Biohaven Pharmaceuticals (CHF 20 million) and Sierra Oncology (CHF 16 million). The main impairments were in Cathay Biotech (CHF 98 million), Y-mAbs Therapeutics (CHF 24 million), Harmony Biosciences (CHF 16 million), Pacira Biosciences (CHF 15 million) and Monte Rosa Therapeutics (CHF 10 million). The remaining public companies reported a total net loss of CHF 99 million.

The portfolio of funds recorded a decline in value of CHF 5 million. The other assets, including dividend income and profit contributions from foreign currency hedges, increased the result by CHF 20 million.

The costs for management fees and administration decreased to CHF 30 million compared to the previous year. The financial result was positive at CHF 1 million due to the interest income received.

Selective additions to the portfolio

HBM Healthcare made a new investment of USD 12 million in the private company ArriVent Biopharma in the final quarter of the reporting year. The US-based company is testing the compound furmonertinib in a pivotal phase III trial for the treatment of patients with EGFR-mutated (Epidermal Growth Factor Receptor) non-small cell lung cancer. The compound is already approved as a cancer therapy in China. A further CHF 69 million was invested as follow-on financing to nineteen existing private companies.

In the portfolio of public companies, the proceeds from the four acquisitions were used to build up and expand various new and existing holdings.

In the funds' portfolio, capital calls of CHF 20 million compared to distributions of CHF 16 million.

Overall, the portfolio remains well balanced. Of the total assets of just under CHF 2 billion, 35 percent are invested in private companies. 43 percent are in public companies (thereof 26 percent formerly private companies), 9 percent in funds and 1 percent in other assets. The share of cash and cash equivalents stands at 12 percent. These serve, among other things, for the repayment of the CHF 50 million bond due in July and the proposed par value repayment.



**"Its strong financial situation
allows HBM Healthcare to continue
its distribution policy with
an attractive yield of 3.5 percent."**

Erwin Troxler
Chief Financial Officer

Attractive distribution yield of 3.5 percent

Its strong financial situation allows the company to continue its distribution policy. The Board of Directors proposes to the Shareholders' Meeting a par value repayment of CHF 7.50 per share, free of withholding tax. The dividend yield thus remains at the previous year's level of 3.5 percent.

Outlook

Several of our private companies are performing very well operationally and hold the potential for higher valuations, which are likely to materialise in future financing rounds, IPOs or takeovers. In the case of the less well-performing companies, value adjustments were made. All in all, our portfolio of private companies should continue to make a positive contribution to value development in the coming years.

Furthermore, the cycle of rising interest rates is expected to come to an end in the foreseeable future. This should ease the pressure on public companies' valuations while investors' focus should increasingly return to successful clinical developments and operating results. HBM Healthcare will use the current favourable valuation level to selectively expand its portfolio of public companies.

Avid takeover activity in recent months at handsome premiums confirms the attractiveness of the biotechnology sector as an investment universe. This is not likely to change in the immediate future and our portfolio is well positioned to benefit from this.

We thank you, our valued shareholders, for your trust and loyalty.



Hans Peter Hasler
Chairman of the Board of
Directors



Dr Andreas Wicki
Chief Executive Officer



Erwin Troxler
Chief Financial Officer

Balance sheet including translation

Balance sheet (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2023 (unaudited)
Assets		
Current assets		
Cash and cash equivalents		232 031
Receivables		47
Financial instruments	(3.2)	210
Total current assets		232 288
Non-current assets		
Investments	(3.1)	1 693 073
Other financial assets	(3.3)	20 753
Investment in subsidiary		0
Total non-current assets		1 713 826
Total assets		1 946 114
Liabilities		
Current liabilities		
Financial liabilities	(4)	49 978
Other liabilities		2 938
Total current liabilities		52 916
Non-current liabilities		
Provision for deferred tax on capital gain and other taxes	(3.5)	29 130
Financial liabilities	(4)	99 208
Total non-current liabilities		128 338
Shareholders' equity		
Share capital		136 416
Treasury shares		-8 719
Capital reserve		157 380
Retained earnings		1 479 783
Total shareholders' equity		1 764 860
Total liabilities and shareholders' equity		1 946 114
Number of outstanding shares (in 000)		6 921
Net asset value (NAV) per share (CHF)		255.02

IFRS Group Finan-
cial Statements
31.3.2023
Translation ³⁾ (audited)

- 226 299	5 732
- 31	16
- 210	0
- 226 540	5 748

- 1 693 073	0
- 20 753	0
1 918 299	1 918 299
204 473	1 918 299
- 22 067	1 924 047

0	49 978
- 765	2 173
- 765	52 151

- 29 130	0
0	99 208
- 29 130	99 208

0	136 416
8 317	- 402
- 15 179	142 201
14 690	1 494 473
7 828	1 772 688
- 22 067	1 924 047

37	6 957
	254.80

IFRS = International Financial Reporting Standards

- 1) Details on the individual items can be found in the notes to the audited IFRS Group Financial Statements of the annual report.
- 2) Consolidated financials of the HBM Healthcare Group with full consolidation of the subsidiary HBM Healthcare Investments (Cayman) Ltd., Cayman Islands, and its subsidiary HBM Private Equity India Ltd, Republic of Mauritius.
- 3) Reconciliation to the audited IFRS Group Financial Statements. Based on IFRS 10, the subsidiary is not consolidated, but is valued individually at fair value through profit and loss. The differences in equity and net profit for the year result from the shares of the parent company held by the subsidiary. In the consolidated financial statements, these are deducted from equity at their acquisition cost. In the IFRS Group Financial Statements, they are valued at fair value through profit and loss by the subsidiary.

Statement of comprehensive income and equity including translation

Statement of comprehensive income for the financial year ended 31 March (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 2022/2023 (unaudited)
Net result on investments	(3.1)	– 136 977
Change in provision for deferred tax on capital gain and other taxes	(3.5)	9 404
Dividend income		12 586
Net result from financial instruments	(3.2)	11 504
Net result from other financial assets		– 13 057
Dividend income from investment in subsidiary		0
Net change in value of investment in subsidiary		0
Result from investment activities		– 116 540
Management fee	(3.4)	– 26 956
Performance fee	(6)	– 1 483
Personnel expenses		– 1 106
Result before interest and taxes		– 146 085
Financial expenses		– 2 649
Financial income		3 438
Income taxes		0
Net result for the year		– 145 296
Comprehensive result		– 145 296
Number of outstanding shares, time-weighted (in 000)		6 926
Basic earnings per share (CHF)		– 20.98

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings
Balance as at 31 March 2022	203 928	– 5 196	158 238	1 625 079
Comprehensive result				– 145 296
Purchase of treasury shares		– 25 198		
Sale of treasury shares		21 675	– 1 154	
Par value repayment (1.9.2022)	– 67 512		296	
Balance as at 31 March 2023	136 416	– 8 719	157 380	1 479 783

IFRS Group Financial Statements
2022/2023
(audited)

Translation³⁾

136 977	0
-9 404	0
-12 586	0
-11 504	0
13 057	0
71 500	71 500
-213 748	-213 748
-25 708	-142 248
26 956	0
778	-705
390	-716
2 416	-143 669
0	-2 649
-3 438	0
0	0
-1 022	-146 318
-1 022	-146 318
31	6 957
	-21.03

Total consolidated shareholders' equity ²⁾ (unaudited)	Translation ³⁾	Total shareholders' equity IFRS (audited)
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1 982 049	4 441	1 986 490
-145 296	-1 022	-146 318
-25 198	25 198	0
20 521	-20 521	0
-67 216	-268	-67 484
1 764 860	7 828	1 772 688

For the footnotes, see previous page.



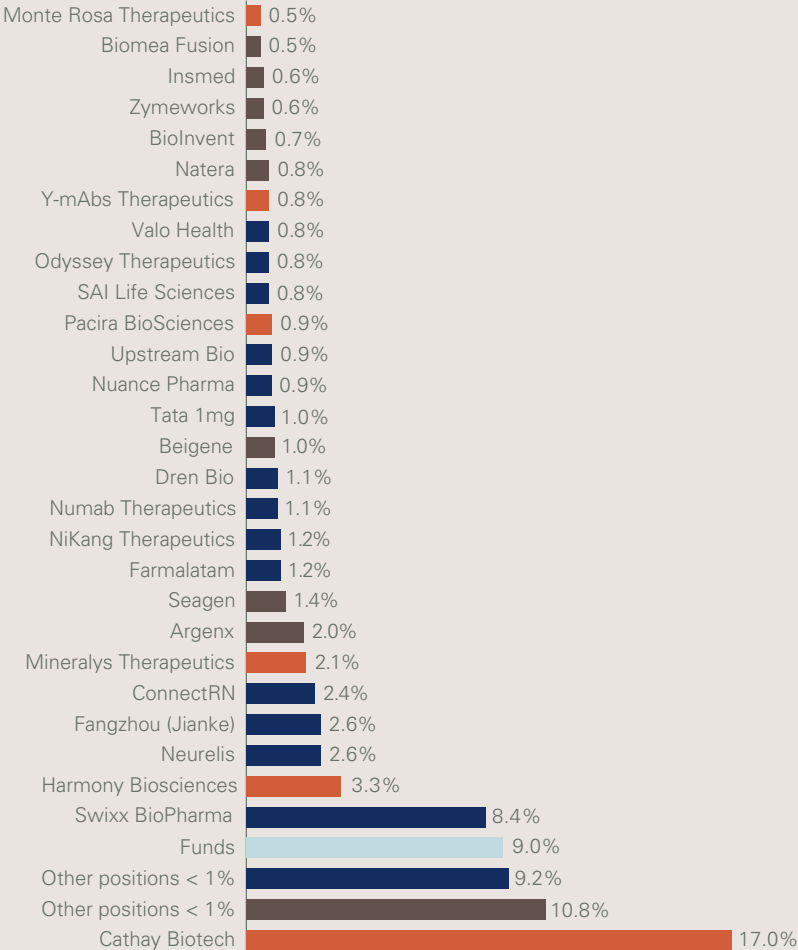
The full Annual Report 2022/2023 can be found on:
www.hbmhealthcare.com/en/investors/financial-reports

Portfolio

Investment allocation (in % consolidated assets)



Largest investments (in % consolidated assets)



Selected investments

Harmony Biosciences CHF 64 million
Therapies for patients suffering from disorders of the central nervous system

Drugs for the **Neurelis** CHF 51 million
treatment of epilepsy and orphan neurological disorders

ConnectRN CHF 48 million
Technology platform for «per diem work» in the care sector

Mineralys Therapeutics CHF 42 million
Potentially effective treatment of resistant and uncontrolled hypertension

CHF 37 million **Argenx** Therapeutics for the treatment of severe autoimmune diseases

Novel antibody therapies with broad application against cancer **Dren Bio** CHF 21 million

UpstreamBio CHF 18 million
Innovative antibody therapeutic against uncontrolled severe asthma

Key Figures

Key Figures		31.3.2023	31.3.2022
Net assets	CHF million	1772.7	1 986.5
Investments in private companies and funds		846.1	790.3
Investments in public companies		847.0	1 130.2
Cash and cash equivalents		232.0	223.7
Net result for the year	CHF million	-146.3	-78.0
Basic earnings per share	CHF	-21.03	-11.22
Net asset value (NAV) per share	CHF	254.80	285.53
Share price	CHF	214.00	276.00
Premium (+) / discount (-)	%	-16.0	-3.3
Distribution per share	CHF	7.50 ¹⁾	9.70
Distribution yield	%	3.5	3.5
Shares issued	Registered shares (m)	7.0	7.0
Shares outstanding	Registered shares (m)		7.0

1) Proposal to the Shareholders' Meeting for a cash distribution from repayment of par value per registered share entitled to dividend.

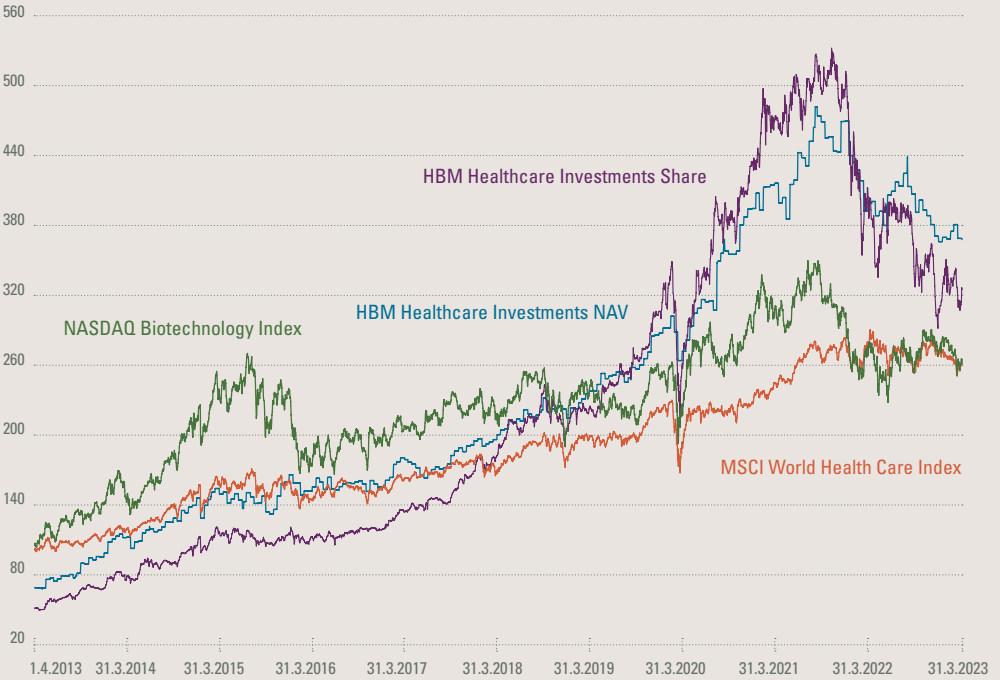
Performance (including distributions)		2022/2023	2021/2022
Net asset value (NAV)	%	-7.4	-3.6
Registered share HBMN	%	-18.9	-13.2

HBMN

SIX Swiss Exchange Ticker

Performance

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



CH0012627250
ISIN



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Investor Information

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 31 March 2023:

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

2023/2024: NAV of CHF 305.57

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

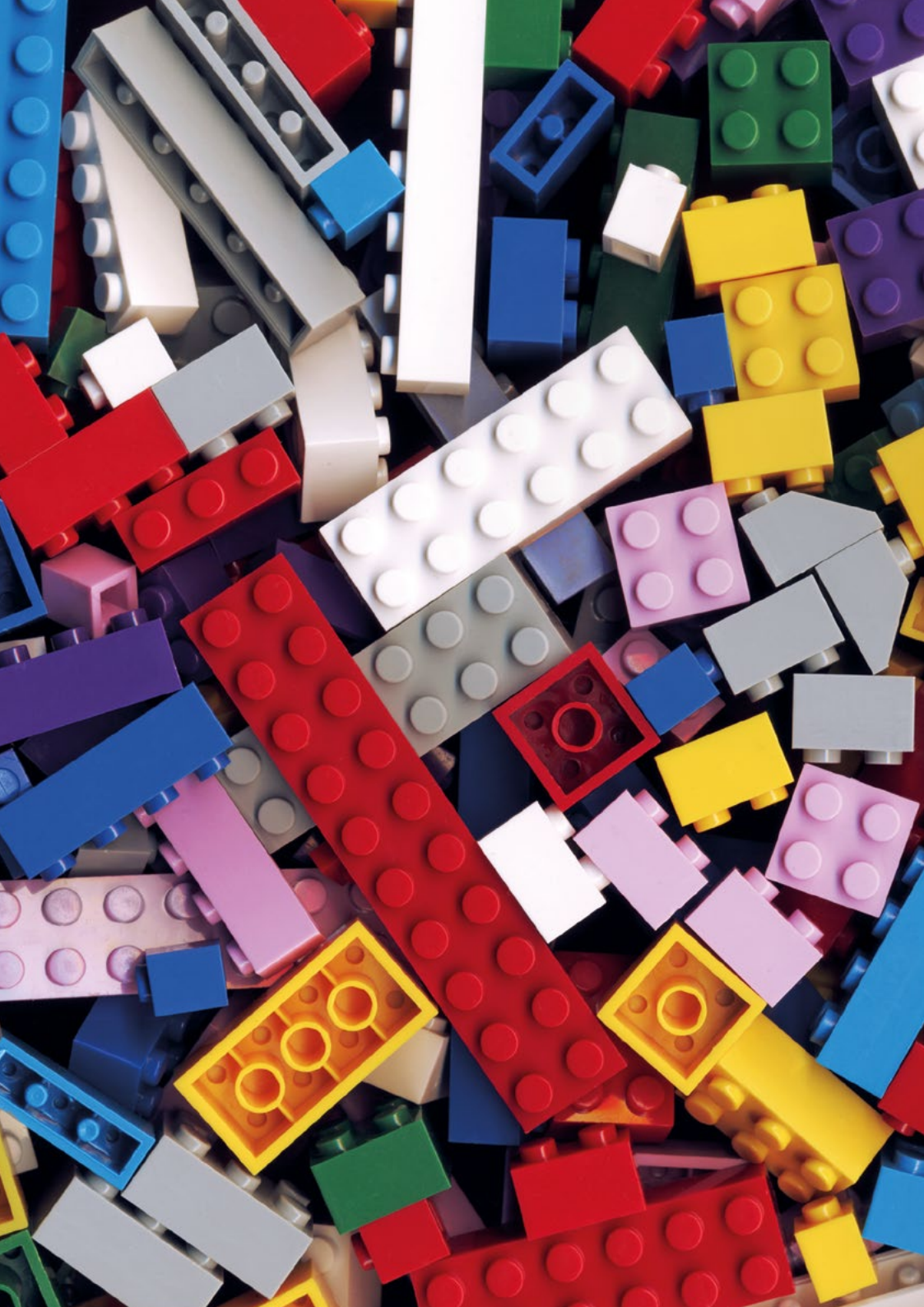
Investment Advisor

HBM Partners Ltd, Zug

www.hbmpartners.com

hbmhealthcare.com

Company website



HBM Healthcare Investments Ltd
Bundesplatz 1, CH-6300 Zug, Switzerland
Phone +41 41 710 75 77
www.hbmhealthcare.com

Please find the full Annual Report 2022/2023 on:
www.hbmhealthcare.com/en/investors/financial-reports



Credits

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