



Annual Report

2022

2023

HBM Healthcare
Investments



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.

Proteins perform fundamental functions in the human organism, for example in the construction and operation of cells, as signalling and transport agents, as catalysts in metabolism or in immune defence. In the 20th century it was discovered that proteins in humans are made up of 21 different amino acids. Each protein consists of a combination of up to a thousand or more amino acids. A profound understanding of these molecules and how they function was and is of the utmost importance for medicine. This is because they are often decisive in the development and therapy of diseases. Proteins and their molecular components are therefore a favourite subject of biopharmaceutical research. Leading companies in this discipline can also be found in the HBM Healthcare Investments portfolio.

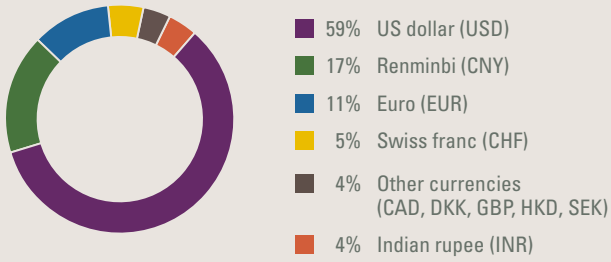
HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and manages an international portfolio of promising companies.

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).

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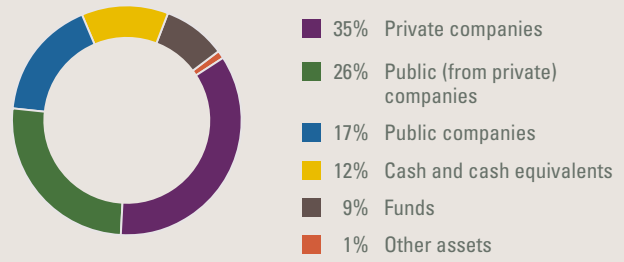
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



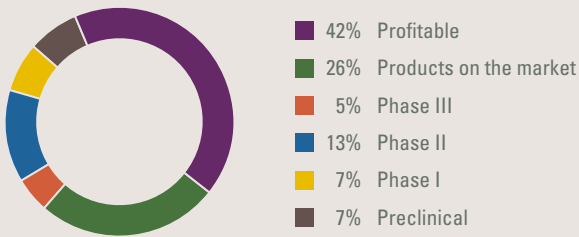
Allocation of assets¹⁾

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



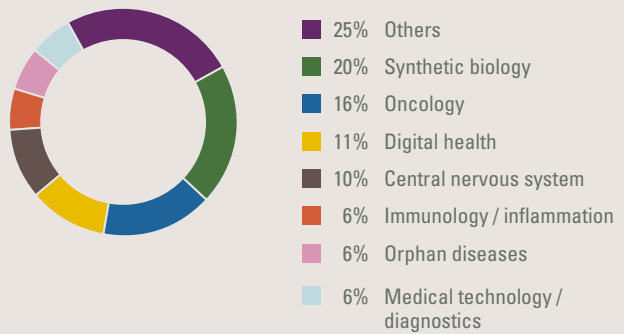
Development phase of portfolio companies²⁾

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



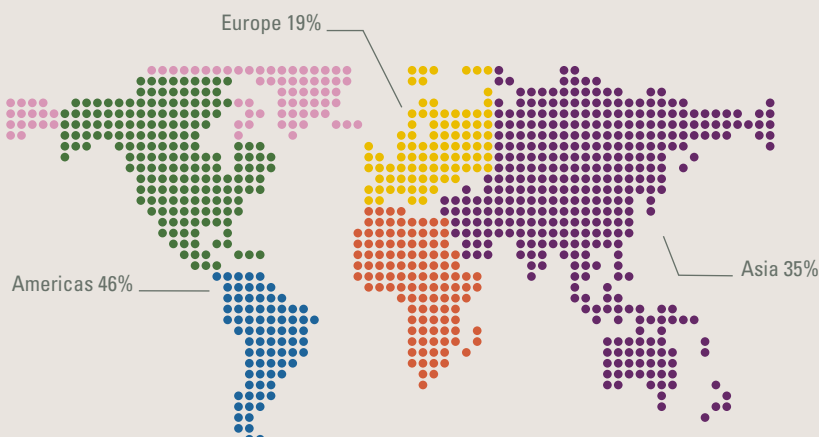
Therapeutic area of the lead product of portfolio companies²⁾

Broadly diversified areas of activity.



Investments by regions²⁾

Global portfolio with focus on North America.



1) Total consolidated assets as at 31.3.2023: CHF 1954 million.
2) Total investments as at 31.3.2023: CHF 1693 million.

Key Figures

		31.3.2023	31.3.2022	31.3.2021	31.3.2020	31.3.2019
Net assets	CHF million	1772.7	1986.5	2151.5	1448.8	1318.3
Investments in private companies and funds		846.1	790.3	662.8	706.4	542.1
Investments in public companies		847.0	1130.2	1404.2	629.9	688.2
Cash and cash equivalents (net of liability from market hedging)		232.0	223.7	327.0	224.2	176.2
Net result for the year	CHF million	-146.3	-78.0	756.3	182.7	209.1
Basic earnings per share	CHF	-21.03	-11.22	108.71	26.26	30.05
Net asset value (NAV) per share	CHF	254.80	285.53	309.25	208.25	189.48
Share price	CHF	214.00	276.00	332.50	190.00	168.80
Premium (+) / discount (-)	%	-16.0	-3.3	+7.5	-8.8	-10.9
Distribution per share	CHF	7.50 ¹⁾	9.70	12.50 ²⁾	7.70	7.50
Distribution yield	%	3.5	3.5	3.8	4.1	4.4
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

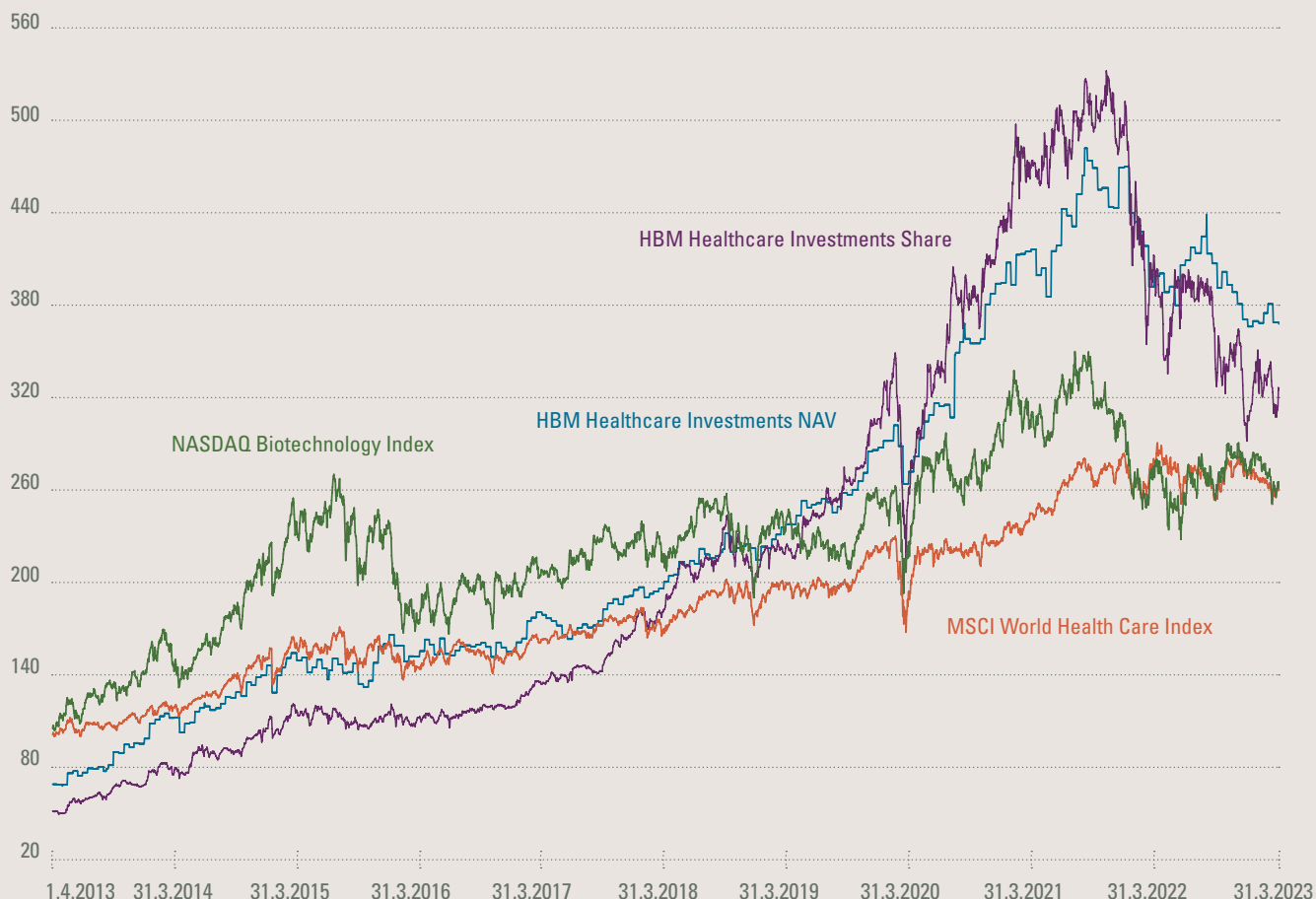
1) Proposal to the Shareholders' Meeting for a cash distribution from repayment of par value per registered share entitled to dividend.

2) Thereof CHF 9.50 as ordinary distribution and CHF 3.00 as a special distribution to mark the 20th anniversary of the Company.

Performance (including distributions)

		2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Net asset value (NAV)	%	-7.4	-3.6	52.2	13.9	18.1
Registered share HBMN	%	-18.9	-13.2	79.1	17.0	22.1

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



520 percent

Cumulative value increase
over the last 10 years (including distributions)

CHF 7.50 per share

proposed cash distribution
to shareholders

4 acquisitions

from the portfolio
of public companies

2 IPOs

from the portfolio
of private companies

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

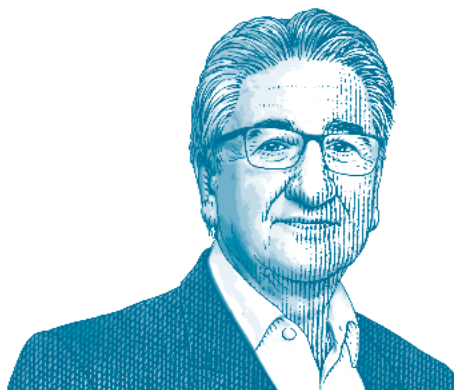


HBM Healthcare Investments posted a loss of CHF 146 million for the 2022/2023 financial year. The net asset value per share (NAV) fell by 7.4 percent, while the share price declined disproportionately by 18.9 percent. Inflation and rising interest rates led to declining valuations for technology and 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.



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

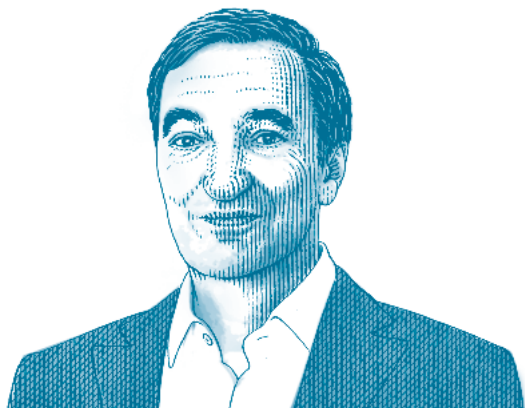
Hans Peter Hasler
Chairman of the Board of Directors

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.



Dr. Andreas Wicki
Chief Executive Officer

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

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.

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.



Erwin Troxler
Chief Financial Officer

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

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

In the final quarter of the reporting year, HBM Healthcare made a new investment of USD 12 million in the private company ArriVent Biopharma. 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 active substance 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.

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 (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2023 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 31.3.2023 (audited)
Assets				
Current assets				
Cash and cash equivalents		232 031	– 226 299	5 732
Receivables		47	– 31	16
Financial instruments	(3.2)	210	– 210	0
Total current assets		232 288	– 226 540	5 748
Non-current assets				
Investments	(3.1)	1 693 073	– 1 693 073	0
Other financial assets	(3.3)	20 753	– 20 753	0
Investment in subsidiary		0	1 918 299	1 918 299
Total non-current assets		1 713 826	204 473	1 918 299
Total assets		1 946 114	– 22 067	1 924 047
Liabilities				
Current liabilities				
Financial liabilities	(4)	49 978	0	49 978
Other liabilities		2 938	– 765	2 173
Total current liabilities		52 916	– 765	52 151
Non-current liabilities				
Provision for deferred tax on capital gain and other taxes	(3.5)	29 130	– 29 130	0
Financial liabilities	(4)	99 208	0	99 208
Total non-current liabilities		128 338	– 29 130	99 208
Shareholders' equity				
Share capital		136 416	0	136 416
Treasury shares		– 8 719	8 317	– 402
Capital reserve		157 380	– 15 179	142 201
Retained earnings		1 479 783	14 690	1 494 473
Total shareholders' equity		1 764 860	7 828	1 772 688
Total liabilities and shareholders' equity		1 946 114	– 22 067	1 924 047
Number of outstanding shares (in 000)		6 921	37	6 957
Net asset value (NAV) per share (CHF)		255.02		254.80

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 for the financial year ended 31 March (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 2022/2023 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 2022/2023 (audited)
Net result on investments	(3.1)	- 136 977	136 977	0
Change in provision for deferred tax on capital gain and other taxes	(3.5)	9 404	- 9 404	0
Dividend income		12 586	- 12 586	0
Net result from financial instruments	(3.2)	11 504	- 11 504	0
Net result from other financial assets		- 13 057	13 057	0
Dividend income from investment in subsidiary		0	71 500	71 500
Net change in value of investment in subsidiary		0	- 213 748	- 213 748
Result from investment activities		- 116 540	- 25 708	- 142 248
Management fee	(3.4)	- 26 956	26 956	0
Performance fee	(6)	- 1 483	778	- 705
Personnel expenses		- 1 106	390	- 716
Result before interest and taxes		- 146 085	2 416	- 143 669
Financial expenses		- 2 649	0	- 2 649
Financial income		3 438	- 3 438	0
Income taxes		0	0	0
Net result for the year		- 145 296	- 1 022	- 146 318
Comprehensive result		- 145 296	- 1 022	- 146 318
Number of outstanding shares, time-weighted (in 000)		6 926	31	6 957
Basic earnings per share (CHF)		- 20.98		- 21.03

For the footnotes, see page 13.

	Consolidated Financials ²⁾ 2022/2023 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 2022/2023 (audited)
Statement of cash flows for the financial year ended 31 March (CHF 000)			
Management fee paid	-26 956	26 956	0
Expenses paid (personnel and other operating expenses)	-2 569	1 281	-1 288
Net cash flow from operating activities	-29 525	28 237	-1 288
Interest and dividend payments received	16 024	-16 024	0
Dividend payment from subsidiary received	0	71 500	71 500
Purchase of investments	-463 536	463 536	0
Sale of investments	552 548	-552 548	0
Payments received from milestones	809	-809	0
Net cash flow from financial instruments for currency hedging	10 294	-10 294	0
Purchase of other financial instruments	-4 397	4 397	0
Sale of other financial instruments	6 908	-6 908	0
Net cash flow from investing activities	118 650	-47 150	71 500
Interest paid	-2 384	0	-2 384
Par value repayment	-67 216	-268	-67 484
Purchase of treasury shares	-25 198	25 198	0
Sale of treasury shares	20 521	-20 521	0
Net cash flow from financing activities	-74 277	4 409	-69 868
Currency translation differences	-6 495	6 495	0
Net change in cash and cash equivalents	8 353	-8 009	344
Cash and cash equivalents at beginning of period	223 678		5 388
Cash and cash equivalents at end of period	232 031		5 732

	Share capital	Treasury shares	Capital reserve	Retained earnings	Total conso- lidated sharehol- ders' equity ²⁾ (unaudited)	Translation ³⁾	Total sharehol- ders' equity IFRS (audited)
Statement of changes in equity (CHF 000)							
Balance as at 31 March 2022	203 928	-5 196	158 238	1 625 079	1 982 049	4 441	1 986 490
Comprehensive result				-145 296	-145 296	-1 022	-146 318
Purchase of treasury shares		-25 198			-25 198	25 198	0
Sale of treasury shares		21 675	-1 154		20 521	-20 521	0
Par value repayment (1.9.2022)	-67 512		296		-67 216	-268	-67 484
Balance as at 31 March 2023	136 416	-8 719	157 380	1 479 783	1 764 860	7 828	1 772 688

For the footnotes, see page 13.

Portfolio Companies



CHF 64 million Harmony Biosciences
(fair value CHF 64.2 million / 3.6% of net assets)

Neurelis
CHF 51 million
(fair value CHF 51.5 million / 2.9% of net assets)

CHF 48 million ConnectRN
(fair value CHF 47.6 million / 2.7% of net assets)

Mineralys
Therapeutics **CHF 42 million**
(fair value CHF 41.6 million / 2.3% of net assets)

CHF 37 million Argenx
(fair value CHF 37.3 million / 2.1% of net assets)

CHF 21 million Dren Bio
(fair value CHF 20.8 million / 1.2% of net assets)

Upstream Bio
CHF 18 million
(fair value CHF 18.3 million / 1.0% of net assets)

Harmony Biosciences

Plymouth Meeting, USA

USD **1948** million

Market capitalisation as at 31.3.2023

Innovative drug to treat
excessive daytime sleepiness
with/without cataplexy

CHF **64** million

Fair value as at 31.3.2023

Share price



NASDAQ

1.4.2022 to 31.3.2023

Narcolepsy is a rare chronic neurological disorder that takes a heavy toll on a patient's body. It manifests itself in excessive daytime sleepiness, and in many cases also in cataplexy, hallucinations or other symptoms. Cataplexy is a sudden episode of muscle weakness, typically triggered by emotions. This has a severe impact on patients' quality of life. A distinction is drawn between narcolepsy with or without cataplexy.

The drugs currently available on the market to treat patients suffering from narcolepsy – especially in combination with cataplexy – are inadequate. The authorised active substances – Modafinil, Methylphenidate and Clomipramine – have numerous side effects or are not equally effective against both possible forms of narcolepsy: daytime sleepiness with and without cataplexy. The most widely known authorised drug is probably Xyrem®, a sodium oxybate from Jazz Pharmaceuticals. Its effectiveness is proven. However, Xyrem® can cause severe side effects and lead to patient dependence, and so it may only be prescribed under strictly controlled conditions. Last year, the drug nonetheless generated sales of about USD 1 billion.

Harmony Biosciences' Pitolisant has a different mechanism of action. It is an antagonist of the histamine H3 receptor. Histamine plays an important role in regulating daytime sleepiness. By blocking the receptor, Pitolisant promotes the release

of histamine in the brain, which leads to increased alertness and reduced excessive daytime sleepiness. The drug also mitigates cataplexy and other associated symptoms such as hallucinations.

Numerous clinical studies have already been completed using Pitolisant. It is effective against excessive daytime sleepiness and cataplexy and has a favourable side effect profile. The active substance has been marketed in the USA and Europe under the brand name Wakix® for the treatment of cataplexy or excessive daytime sleepiness in patients with narcolepsy. It is the first and only approved oral treatment for narcolepsy that is not classified as a controlled substance by the US Drug Enforcement Administration (DEA). Harmony Biosciences purchased the exclusive rights for Pitolisant in October 2017 to develop, register and market the drug in the USA.

Wakix® achieved revenue of USD 438 million in 2022. Analysts forecast above-average growth for the coming years, as market penetration in the USA is still low. Currently, about 72 000 patients with existing diagnoses are eligible for treatment with Wakix® in the USA. However, only 44 000 people are actually receiving treatment and only 4 900 patients on average are currently using Wakix®.

To drive growth further, Wakix® is to be extended to other indications. Phase III studies for idiopathic hypersomnia, a rare sleep disorder, have been initiated last year. In addition, top line data of Wakix® from the phase II trial for the treatment of Myotonic dystrophy are expected to be presented in the fourth calendar quarter of 2023.

Neurelis
San Diego, USA

USD 538 million

Company valuation as at 31.3.2023

High medical need for
fast-acting epilepsy medication

VALTOCO[®]
nasal spray
available on the market since 2020

CHF 51 million

Fair value as at 31.3.2023

Epilepsy is one of the most common conditions of the central nervous system (CNS). It affects around 60 million people worldwide and 3.5 million in the United States. While there are many options available for chronic daily management of epilepsy, up to 40 percent of epilepsy patients are refractory and experience “break-through” seizures. Nearly a quarter of these patients have seizures multiple times weekly.

While the majority of seizures resolve within a minute or two, approximately 25 percent will become prolonged, repeat, or cluster. If seizures continue more than five minutes, they are classified as “status epilepticus”, carrying a high risk of irreversible neurological damage, and significant mortality. Immediate and effective intervention is required to avoid permanent damage to the brain.

Neurelis is an innovation-driven neuroscience company providing a differentiated approach to target unmet medical needs in epilepsy and rare CNS disorders. Neurelis leverages CNS development expertise and commercial excellence in exploring novel pathways and technologies to enhance patient care and improve quality of life.

Neurelis launched VALTOCO® (diazepam nasal spray) on the market in 2020. VALTOCO® was approved by the US FDA for the acute management of seizure clusters and can be self or caregiver administered anywhere and everywhere these seizures occur. It is the first and only nasal spray to obtain market approval for this use in patients aged six and over.

The FDA granted VALTOCO® Orphan Drug exclusivity to 2027, and the product is protected by several patents and pending applications that extend into the 2030s. While VALTOCO® was the third product approved for this indication, it has become the market leader in its second full year of launch. In 2023, VALTOCO® net sales are expected to reach low triple-digit million US dollars.

Neurelis is expanding availability of VALTOCO® worldwide with strategic partnerships. For example, Aculyx Pharma, another company in the portfolio of private companies of HBM Healthcare Investments, has acquired Japanese/Southeast Asia rights for VALTOCO® and has initiated registration studies for its approval.

In 2023, Neurelis dosed the first subject in their NRL-1049 development program. The initial indication pursued is cerebral cavernous malformations (CCM), a rare CNS disorder. CCM impacts around 50,000 patients in the US and there are no current treatment options. Other products in the Neurelis pipeline are being developed to address other unmet needs in epilepsy, schizophrenia, bipolar disorder, anxiety, and stroke.

ConnectRN

Waltham, USA

USD **261** million

Company valuation as at 31.3.2023

High demand for solution to
address the labour shortage

CHF **48** million

Fair value as at 31.3.2023

Innovative **technology platform**
for per diem work

The healthcare system is facing a significant challenge due to a structural labour shortage. This shortage, which particularly affects nursing, is the result of increased demand for healthcare services combined with a decline in the nurse population. For years, more nurses have left the profession or retired compared to new nurses entering. To date, all solutions to bridge the gap between demand and supply of healthcare labour have been inadequate and excessively expensive.

To address the labour shortage, many healthcare facilities have attempted to optimise utilisation of their inhouse nursing labour through mandatory overnight, weekend and holiday shifts and overtime. This practice negatively impacts nurse quality of life, creates significant professional dissatisfaction and may even lead to health hazards, such as burnout.

Healthcare facilities have also turned to staffing agencies to coordinate unfilled shifts with an external supply of labour on an "as needed" basis. However, these agencies have not been an acceptable solution for either the healthcare facility or nurse community. Agencies are often small businesses with limited reach. Scheduling is often done manually, resulting in little transparency of available shifts. This solution has had little impact on the labour shortage but has increased costs to the facilities and led to inconsistent working conditions for the nurse community.

ConnectRN has developed a technology platform that adds transparency and efficiency to the US healthcare labour market. This platform aggregates demand for healthcare labour from many facilities in a geographic area while building and maintaining a pool of credentialed nurses capable of working at these facilities. Through the platform, nurses have visibility to all available shifts in their location. Any qualified nurse may select and work shifts at the time and place of their choice. This model provides the visibility and flexibility that many nurses seek.

ConnectRN's technology and scale enable significantly lower onboarding and compliance costs, which makes the model economically viable for the tens of thousands of nurses seeking part-time jobs and who were previously locked out of the market. Facilities benefit from a larger nurse pool and better fill rates compared to traditional staffing agencies. The ConnectRN platform is robust and functions with little human interaction thereby reducing operating costs and costs to the healthcare system.

ConnectRN introduced the platform into the skilled nursing market and has since built a robust network of facilities and clinicians. In 2022, the company expanded into home healthcare through a partnership with Amedysis, the national leader in home healthcare. This partnership has expanded and now includes other partners. More recently, ConnectRN launched into the hospital market. This launch marks the third distinct healthcare setting where ConnectRN is bridging the labour shortage while offering diverse opportunities to its nurses.

The business has executed well in the last twelve months with an increase both in clinicians on the platform and in hours worked, and with geographical expansion in the US. Looking forward, ConnectRN expects continued growth within the skilled nursing, home health and hospital markets which have a combined estimated market volume of USD 12 billion annually.

Mineralys Therapeutics

Radnor, USA

USD **640** million

Market capitalisation as at 31.3.2023

Potentially effective treatment of
**resistant and uncontrolled
hypertension**

CHF **42** million

Fair value as at 31.3.2023

Share price since IPO

NASDAQ



10.2.2023 to 31.3.2023

Hypertension is one of the most common medical conditions, afflicting approximately 1.3 billion people globally. Despite the availability of multiple treatment options, the prevalence of uncontrolled hypertension continues to grow. At the same time, studies have shown an increased risk of all-cause and cardiovascular disease mortality. Given this significant and growing unmet medical need, a new class of antihypertensive treatment – aldosterone synthase inhibitors (ASIs) – are currently under development.

In the United States, over 30 million hypertensive patients are unable to achieve their blood pressure (BP) goal despite various treatment options. As demonstrated by multiple large-scale studies, these patients all have a significantly elevated risk of developing heart disease, stroke and kidney disease, and in turn a higher mortality.

This large and growing unmet medical need has triggered significant development efforts. Yet, no new class of antihypertensive treatment has been approved by the FDA within the last fifteen years.

A new approach currently under development is targeting abnormally elevated aldosterone levels, a key factor in driving hypertension in approximately 25 percent of hypertensive patients.

Developing an effective hypertension therapy that targets aldosterone synthase remains a significant challenge, given the tight homology between the enzymes that regulate aldosterone and cortisol synthesis, as well as aldosterone's role in regulating potassium. Several large pharmaceutical companies have tried to develop aldosterone synthase inhibitors (ASIs), but their efforts have been hampered due to insufficient selectivity for aldosterone, resulting in off-target toxicities associated with cortisol inhibition. These challenges have led to the discontinuation of many ASIs in development to date.

Mineralys' product candidate Lorundrostat, licensed from pharma company Mitsubishi Tanabe, is an orally administered, highly selective ASI that is designed to reduce aldosterone levels by inhibiting CYP11B2, the enzyme responsible for producing the hormone. In 2022, the company completed a clinical phase II proof-of-concept trial for Lorundrostat in the treatment of uncontrolled and resistant hypertension with compelling results. Furthermore, Lorundrostat was well tolerated by the patients.

Mineralys plans to initiate pivotal clinical trials in 2023 with readouts scheduled in 2024 and 2025. Given that hypertension and abnormal aldosterone biology can lead to cardiorenal disease, Mineralys intends to further develop Lorundrostat across other indications.

Argenx
Breda, Netherlands

EUR 18 739 million

Market capitalisation as at 31.3.2023

New treatment
against autoimmune diseases

CHF 37 million

Fair value as at 31.3.2023

Share price

EURONEXT



1.4.2022 to 31.3.2023

Autoimmune diseases are disorders that result in the immune system attacking the body's own cells rather than external ones. In these cases, special antibodies can be introduced from outside as treatment, which then have a regulating effect on the impaired immune system. Antibodies or immunoglobulins play a key role in fighting off infections.

Argenx uses its technology platform to develop antibodies or antibody constructs that reduce specific proteins in the blood that have been identified as triggers for serious autoimmune disorders or types of cancer. The development pipeline comprises a wide range of product candidates.

Efgartigimod is the most advanced therapy in clinical development. It is already approved in the US and UK under the brand name VYVGART™ for the treatment of generalised Myasthenia Gravis (gMG), a neuromuscular disease which initially causes facial paralysis, but, if left untreated, can lead to life-threatening forms of paralysis. Until now, the disease had to be treated with intravenous immunoglobulin therapy (IVIg, sourced from donated blood), or by plasmapheresis, a cumbersome, sometimes weekly procedure, in which immunoglobulins are filtered from the patient's blood.

Autoimmune diseases are usually caused by auto-antibodies, i.e. antibodies that are erroneously formed by the immune system against the patient's own proteins.

Often, the culprits are auto-antibodies of the immunoglobulin-G (IgG) class, which make up around 60 to 80 percent of all antibodies in the human body. IgGs are usually recycled, to increase the half-life of the IgGs in circulation, thus maintaining sufficient levels for protection against infections. This recycling takes place in endothelial cells (that line the bloodstream) or in white blood cells and is regulated by the amount and activity of FcRn receptors that are present in these cells. The FcRn receptor can bind to the "constant" Fc part of the IgGs. Any excess of unbound IgGs is marked for destruction in the lysosome, whereas the portion of IgGs that is bound to the FcRn is recycled and re-released into the bloodstream. Whereas this process is normal and beneficial in healthy people, in patients suffering from autoimmune diseases, it can lead to accumulation of harmful auto-antibodies in circulation. Efgartigimod works by binding tightly to the FcRn receptors and thus decreasing the portion of IgGs that are being released back into the bloodstream.

Argenx demonstrated in clinical trials that Efgartigimod could markedly reduce symptoms of gMG, which, together with its excellent safety profile, led to its US FDA approval. With such a broadly applicable mechanism of action, it is conceivable that Efgartigimod will also be efficacious in treatment of other diseases that are caused by auto-antibodies. Apart from its application in gMG, it is being tested in various immunoglobulin-G (IgG)-associated autoimmune diseases, including neuromuscular disorders, blood disorders and blistering diseases of the skin.

Dren Bio

Foster City, USA

USD 292 million

Company valuation as at 31.3.2023

Antibody therapies based
on novel targets

Potentially **broad application**
in cancer therapies

CHF 21 million

Fair value as at 31.3.2023

Over the past 25 years, monoclonal antibodies have revolutionised cancer therapy through their ability to bind highly specifically to selected structures on cancer cells. The last ten years have seen an enhancement of this approach with so-called bispecific antibodies. These molecules simultaneously bind to two distinct targets and can induce a patient's own immune system to attack a tumour. Dren Bio is among the companies driving the further evolution of antibody therapies by pursuing novel targets and mechanisms of action.

Our immune system is designed to protect us from harmful cells and molecules. However, cancer cells find ways to evade our immune response. The aim of immuno-oncology is to (re-)activate the body's defence against malignant tumours through a range of interventions, including small molecules, biologics, and cell therapies. In this struggle between cancers and cancer therapies, antibody-based approaches play an important role, especially those with new mechanisms of action.

Dren Bio's founder and management team have substantial experience in the development of therapeutic antibodies. Based on this track record, the company is developing novel treatments for a range of cancers and autoimmune diseases.

The lead program DR-01 is a clinical-stage antibody for the treatment of hematologic malignancies for which there are currently no approved therapies. The molecular mechanism of DR-01 induces cancerous cells to kill each other through antibody-dependent cellular cytotoxicity (ADCC), a process also called "fratricide". In mid-2022, Dren Bio started a phase I/II study in patients with large granular lymphocytic leukaemia (LGLL) or cytotoxic lymphomas.

In addition, Dren Bio's technology platform for "myeloid cell engagement and phagocytosis" has become an important value driver for the company since HBM Healthcare's initial investment in October 2020. This platform is based on bispecific antibodies, where one arm binds to a conserved phagocytic receptor on myeloid cells, while the other arm is directed against a cancer target antigen of choice.

Due to their bispecific structure, these so-called DR-02 antibodies induce myeloid cells to connect with cancer cells and destroy them in a process called phagocytosis. Myeloid cells can not only eliminate cancer cells, but also trigger an immune response against them, possibly leading to permanent anti-tumour immunity.

Dren Bio is developing a pipeline of DR-02 antibodies against different molecular targets, with applications in hematologic and solid cancers as well as autoimmune diseases. In early 2022, the company announced a research collaboration and license agreement with Pfizer, focused on a set of mutually agreed oncology targets. Depending on the progress of these programs, the company will be eligible for further milestone and royalty payments from Pfizer.

Upstream Bio

Waltham, USA

USD **281** million

Company valuation as at 31.3.2023

Novel antibody therapeutic against
uncontrolled **severe asthma**

High

market potential

for biologics

CHF **18** million

Fair value as at 31.3.2023

Asthma is a common chronic condition affecting as many as 260 million people globally. 5 to 10 percent of all asthmatic patients suffer from severe asthma which is characterised by frequent attacks leading to hospitalisations and impaired quality of life. In many of these patients the asthma cannot be sufficiently controlled despite the use of available biologic treatments and oral corticosteroids. While many new biologic treatments became available in recent years, these only help a subset of patients.

Upstream Bio is developing a novel antibody therapeutic, UPB-101, for all patients with uncontrolled severe asthma independent of their biomarker status. It is envisaged to bring about benefits through a differentiated profile on safety, efficacy or frequency of administration from that of the competition.

The mechanism of action is similar to that of recently launched TEZSPIRE® (from Amgen and AstraZeneca), namely along the thymic stromal lymphopoietin (TSLP) axis. But Upstream Bio is targeting the TSLP receptor instead of the soluble TSLP. UPB-101 is currently ongoing phase I dose escalation study in mild asthma patients to determine the right dose as well as the dosing schedule for larger, later stage trials.

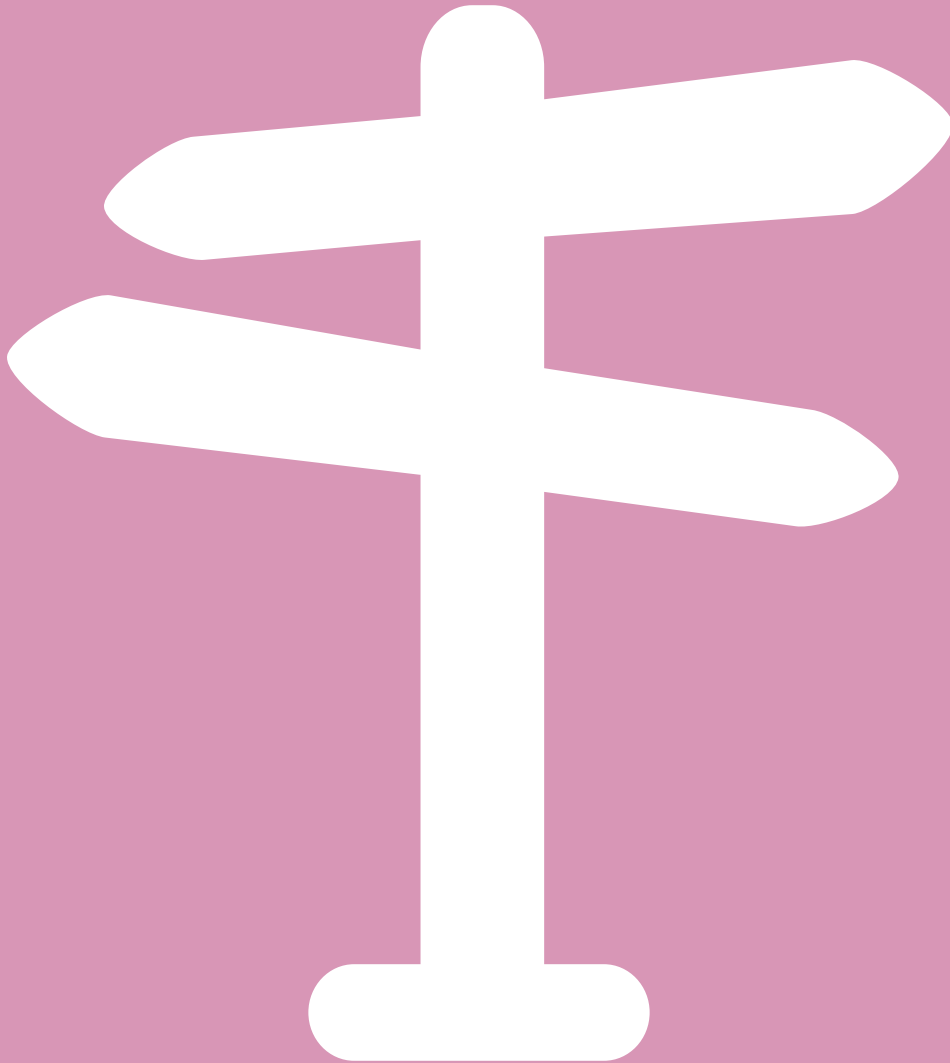
TSLP is released in response to allergens, viruses, and other airborne particles, which are all associated with asthma exacerbations. It is also critical in the initiation and persistence of allergic and other types of inflammation associated with severe asthma. Expression of TSLP is increased in the airways of asthma patients and has been correlated with disease severity. Importantly, TSLP signalling pathway has been clinically validated by the approval of TEZSPIRE®, across the entire population of severe asthma patients.

It is not uncommon in the inflammation and immunology space for first movers, which validate the biology of the target, to be superseded by the next-generation molecules that provide multiple benefits to patients. This already happened before in the severe asthma indication with the three available anti-IL-5 antibodies (FASENRA®, Nucala® and CINQAIR®) as well as in psoriasis with multiple IL-17 and IL-23 targeting antibodies.

TSLP pathway also plays a relevant role in other asthma associated inflammatory conditions (atopic dermatitis, nasal polyposis, eosinophilic esophagitis) as well as in other adjacent conditions like chronic obstructive pulmonary disease as well as chronic spontaneous urticaria (hives). This represents a large commercial opportunity for UPB-101.

At present, several late-stage clinical studies are being performed by competitors which are expected to validate the role of TSLP in these conditions. This will allow Upstream to build on the success of competitors and run studies with UPB-101 in these diseases as well, further increasing the drug's utility for patients and its value for investors.

Corporate Governance



HBM Healthcare Investments Ltd (HBM Healthcare or the Company) emphasises the systematic implementation of a corporate governance policy as a key component of its corporate culture. The objective of corporate governance is to ensure transparent business policy and the responsible use of deployed resources by the Company’s Board of Directors and Management. It establishes a system of transparency, checks and balances that is tailored to the size and complexity of HBM Healthcare.

This Corporate Governance Report contains the information, effective 31 March 2023, that is required by the "Directive on Information Relating to Corporate Governance (DCG)" issued by SIX Exchange Regulation Ltd, and the content and scope, which are required under the provisions on board member and executive compensation in listed companies pursuant to the Swiss Civil Code (Swiss Code of Obligations "CO", Art.732–735), and is structured in accordance with these directives.

1. Group structure and shareholders

1.1 Group structure

HBM Healthcare Investments (Group) holds and manages an international portfolio of promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

The Group comprises HBM Healthcare Investments Ltd, Zug, and its subsidiary HBM Healthcare Investments (Cayman) Ltd., Grand Cayman, Cayman Islands, wholly-owned by HBM Healthcare Investments Ltd. In addition, HBM Private Equity India Ltd, Ebène City, Republic Mauritius, is a wholly-owned subsidiary of HBM Healthcare Investments (Cayman) Ltd.

HBM Healthcare Investments Ltd

HBM Healthcare is a holding company established under Swiss law and domiciled in Zug. The objective of the company is to purchase, hold and sell positions in other companies, as well as to manage and finance such positions.

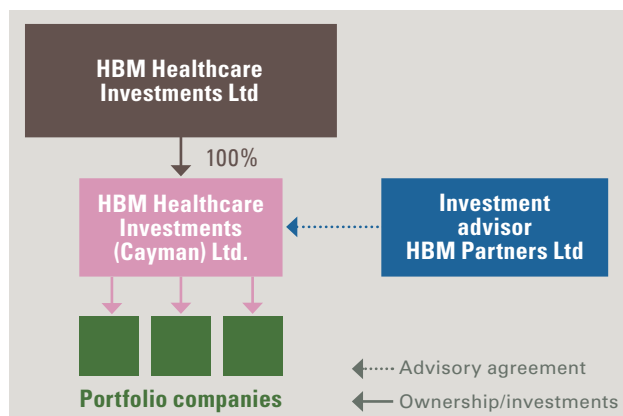
The Company’s shares are listed on SIX Swiss Exchange (ISIN CH0012627250). The market capitalisation of the Company amounted to CHF 1 489 million as at 31 March 2023.

HBM Healthcare Investments (Cayman) Ltd.

All investments in portfolio companies are held via HBM Healthcare Investments (Cayman) Ltd., some of them indirectly via the above mentioned subsidiary HBM Private Equity India Ltd.

The share capital of HBM Healthcare Investments (Cayman) Ltd. was CHF 846 million as at 31 March 2023.

Group structure



HBM Private Equity India Ltd

The company holds a portfolio of private Indian portfolio companies. The share capital of HBM Private Equity India Ltd was USD 1000 as at 31 March 2023.

1.2 Investment advisor

The role of investment advisor to HBM Healthcare Investments (Cayman) Ltd. and its subsidiary is performed by HBM Partners Ltd, based in Zug, Switzerland (HBM Partners). As a manager of collective assets in accordance with Art. 24 para. 1 a FinIA, HBM Partners is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA.

HBM Partners provides as an investment advisor a variety of services to HBM Healthcare Investments (Cayman) Ltd. and its subsidiary under the terms of an advisory agreement, specifically the identification and evaluation of possible investment targets, the coordination and implementation of due diligence and contractual negotiations in respect of investments, the support of portfolio companies, the monitoring of portfolio holdings and the assessment of potential exit strategies.

1.3 Significant shareholders

As at the balance sheet date, the Company had 3916 registered shareholders. Shareholders are institutional and private investors.

For details of shareholders with equity holdings of three percent or more, see note 5.3 "Significant shareholders" to the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) on page 81.

A complete overview of all disclosures received and published by the Company is available on the websites of HBM Healthcare (<https://www.hbmhealthcare.com/en/investors/information>) and

SIX Exchange Regulation Ltd (<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>). The Company is not aware of the existence of any shareholder pooling agreements.

2. Capital structure

2.1 Share capital and changes to share capital

The Company's share capital of CHF 136416000 consists of 6960000 fully paid up registered shares with a par value of CHF 19.60 each. No share certificates are issued.

A review of the Company's changes in capital since 31 March 2020 is provided in the parent company's "Statement of changes in equity" on page 92.

2.2 Rights attached to shares

Each registered share carries one vote at the Shareholders' Meeting (with exemption of the following note 2.3). There are no shares which carry preferential voting rights. Shareholders are entitled to dividends and to other rights as laid down in the Swiss Code of Obligations (CO).

2.3 Limitations on transferability

The Board of Directors may refuse the transfer of shares if the number of registered shares held by the prospective buyer exceeds ten percent of the total number of registered shares pursuant to the Commercial Register. A number of purchasers acting in a group or in a coordinated manner in order to circumvent registration restrictions are deemed to be a single share purchaser. The Company may also refuse entry in the share register if the share purchaser does not explicitly confirm upon request that it has acquired the shares under its own name and for its own account. These limitations on transferability are laid down in the Articles of Association and can be lifted only by an absolute majority of the votes cast at the Shareholders' Meeting.

3. Board of Directors

3.1 Members of the Board of Directors

As at 31 March 2023, the Board of Directors was composed of the following members:

Board of Directors	First elected
Hans Peter Hasler, Chairman	2009
Mario G. Giuliani	2012
Dr Elaine V. Jones	2021
Dr Rudolf Lanz	2003
Dr Stella X. Xu	2020

Specific knowledge of the healthcare and financial sector is needed to ensure the active monitoring of the Company's business activities. The members of the Board of Directors cover the following areas of expertise: Hans Peter Hasler: sector and marketing strategies, market approval (FDA); Mario G. Giuliani: management, production, audit; Dr Elaine V. Jones: sector and venture capital expertise; Dr Rudolf Lanz: finance, M&A transactions, audit; Dr Stella X. Xu: research and development.

The Board of Directors is elected by an absolute majority of the votes cast at the Shareholders' Meeting (i.e. at least half of the valid votes cast plus one vote). There are no limitations on its tenure. Further information on the members of the Board of Directors is given on pages 42 to 44.

The Shareholders' Meeting appoints the independent proxy-holder for a period of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If the Company does not have an independent proxy-holder, one will be appointed by the Board of Directors for the next Shareholders' Meeting.

3.2 Internal organisation

The Board of Directors shall consist of five or more members. The Board of Directors consists of a Chairman and members, who shall be appointed to various committees. In the current reporting period 2022/2023 the following committees have been in place:

- > Audit Committee;
- > Compensation Committee;
- > Nominating Committee.

The Shareholders' Meeting elects the members of the Board of Directors and the Chairman of the Board of Directors individually for a term of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If the position of Chairman or Chairwoman is vacant, the Board of Directors will nominate one of its members to serve as Chairman until the close of the next ordinary Shareholders' Meeting. With the exception of the election of the Chairman and the members of the Compensation Committee, the Board of Directors constitutes itself. It appoints a secretary, who need not be a member of the Board of Directors.

Board meetings are convened by the Chairman or, in his absence, by another member of the Board of Directors. Individual members of the Board of Directors may, stating their reasons, demand that the Chairman call a meeting immediately. Prior to the meetings, the members of the Board of Directors receive comprehensive documentation on the agenda items to be discussed. Board meetings may be held by way of telephone or video conference.

The Board of Directors passes its resolutions by a majority of votes cast, whereby the Chairman has the deciding vote in the event of a tie. The Board of Directors is quorate when the majority of its members takes part in a Board meeting. No quorum is required for resolutions on statements about capital increases that have already taken place. Resolutions of the Board of Directors or of a Board Committee may also be passed by way of written consent to a proposal, i.e. by ordinary mail or via e-mail (circular resolution), provided that (1) all members of the respective body have been given prior notification of the text of the resolution and provided that (2) no member requests oral deliberation within the period stipulated for the vote. The resolution requires the approval by the majority of the votes of the entire respective body.

Four meetings of the Board of Directors took place during the 2022/2023 financial year. The Company's Chief Executive Officer and Chief Financial Officer, as well as Dr Benedikt Suter, in his function as the Board's secretary, attended all Board meetings.

The rule with respect to the number of permissible external mandates of members of the Board of Directors can be found in Art. 26 of the Articles of Association. The Articles of Association are available on the Company's website (<https://www.hbmhealthcare.com/en/investors/information>).

Audit Committee

The Audit Committee supports the Board of Directors in the supervision of the Company's business activities in the following domains, in accordance with written guidelines:

- > financial reporting;
- > auditing and controlling;
- > compliance with laws, directives and corporate governance.

In performing its function, the Audit Committee reviews how the Company's largest financial exposures and risks are handled, as well as the independence and performance of the Company's auditors. The Audit Committee does not have decision-making power.

The members of the Audit Committee are appointed by the Board of Directors. Their term of office corresponds to the term of office on the Board of Directors. They may be reappointed. The Audit Committee constitutes itself. It appoints one of its members as its Chairman. The members of the Audit Committee are:

Audit Committee	First appointed to the committee
Hans Peter Hasler	2021
Dr Rudolf Lanz	2003

The Audit Committee held four meetings during the 2022/2023 financial year. All of the meetings were also attended by the Company's Management, as well as by the Audit Committee's secretary. The members of the Audit Committee report to the full Board of Directors on the issues they have discussed. Minutes of Audit Committee meetings are sent for information to all members of the Board of Directors.

Compensation Committee

Members of the Compensation Committee were appointed by the Shareholders' Meeting in June 2022. The Compensation Committee comprises at least two members of the Board of Directors. The Shareholders' Meeting appoints the members of the Compensation Committee individually for a period of office that lasts until the close of the next ordinary Shareholders' Meeting. They may be reappointed. If there is a vacancy or vacancies on the Compensation Committee, the Board of Directors will nominate one or more of its members to serve on the Compensation Committee until the close of the next ordinary Shareholders' Meeting. The Compensation Committee constitutes itself. It appoints one of its members as its Chairman. The Board of Directors issued rules on the organisation of the Compensation Committee and how it passes its resolutions.

The Compensation Committee supports the Board of Directors with the determination and review of compensation policy and guidelines and performance targets, as well as with the preparation of proposals to the Shareholders' Meeting concerning the compensation to be paid to the Board of Directors and Management. It may submit proposals to the Board of Directors on other compensation-related matters. The Compensation Committee has the right to make proposals but no decision-making power. The Chairman of the Board of Directors, (other) members of the Board of Directors and the Management may attend the meetings of the Compensation Committee.

The Board of Directors has determined in a set of regulations those functions of the Board of Directors and Management for which the Compensation Committee, with the Chairman of the Board of Directors or alone, shall propose performance objectives, target figures and compensation, or shall determine performance objectives, target figures and compensation itself as provided for in the Articles of Association and in the guidelines on compensation issued by the Board of Directors. The Board of Directors may allocate further duties to the Compensation Committee. The members of the Compensation Committee are:

Compensation Committee	First appointed to the committee
Mario G. Giuliani	2014
Dr Elaine V. Jones	2021
Dr Stella X. Xu	2021

The Compensation Committee held one video call during the 2022/2023 financial year.

Nominating Committee

The Nominating Committee was established in September 2008. It is concerned with the composition of the Board of Directors and, jointly with the Chairman, supports the Board in implementing a process for the nomination of new members. The members of the Nominating Committee are appointed by the Board of Directors. Their term of office corresponds to their term of office on the Board of Directors. They may be reappointed. The members of the Nominating Committee are not compensated separately. The members of the Nominating Committee are:

Nominating Committee	First appointed to the committee
Mario G. Giuliani	2021
Dr Elaine V. Jones	2021
Dr Stella X. Xu	2021

The Nominating Committee did not hold any meetings during the 2022/2023 financial year.

3.3 Authorities and responsibilities of the Board of Directors and Management

The Board of Directors is the Company's highest governing body and is also charged with supervising and monitoring the activities of the Management. Furthermore, the Board of Directors passes resolutions on all matters which are not the preserve of the Shareholders' Meeting by law or the Articles of Association.

As the Company's highest governing body, the Board of Directors is responsible for the following, in particular:

- > defining the strategy;
- > issuing the organisational regulations;
- > appointing the members of Management;
- > issuing accounting policies;
- > passing resolutions on motions to be put to the Shareholders' Meeting.

The supervision and monitoring of management activities includes the following specific tasks:

- > annual risk assessment;
- > setting up an appropriate system of internal checks and balances;
- > receiving regular reports on the Company's business performance;
- > examining the Group Financial Statements IFRS, statutory and interim financial statements and the compensation report;
- > examining the reports produced by the statutory auditors.

The members of the Board of Directors do not hold executive positions; neither has any member of the Board of Directors held an executive position with HBM Healthcare in the past. In particular, the Company's Board of Directors does not, in the context of regular business operations, take any decisions with regard to investments in, or disposals of, individual companies.

3.4 Information and control instruments with regard to Management

The Board of Directors has adopted directives on all of the major aspects of business activities. The key directives are:

- > Organisational Regulation;
- > the Investment Guidelines, see pages 48 and 49;
- > the Operations Manual, which governs the investment and disposal processes and the monitoring of portfolio companies;
- > guidelines on own-account trading for members of governing bodies and members of staff;
- > guidelines on trading in the Company's own shares for members of governing bodies and members of staff.

Guidelines on own-account trading

The Company has issued restrictive guidelines for members of HBM Healthcare's governing bodies on trading for their own accounts. These guidelines also apply to HBM Partners and its staff as well as to HBM Partners' contractual partners and their staff. In principle, own-account trading involving private companies in the human medicine, biotechnology, medical technology, diagnostics, and related sectors are prohibited. In addition to a number of other regulations, own-account trading in public companies is subject to the rule that the interests of the Group must not be infringed upon. Own-account trading involving private companies may be authorised in exceptional cases.

Guidelines on trading in the Company's own shares

The Company has issued restrictive guidelines for members of HBM Healthcare's governing bodies on trading in the Company's own shares. These guidelines also apply to HBM Partners and its staff as well as to HBM Partners' contractual partners and their staff. Trading in the Company's own shares is prohibited for the persons mentioned above (Insiders) if unpublished information exists which would probably be of significance in an investor's decision to buy or sell such shares. Furthermore, insiders are not permitted to trade within defined time windows.

Trading black-out periods

The Company has established so-called trading windows. Trading in Company's own shares is restricted during 10 trading days prior to publication of quarterly, half-year and annual results (black-out period).

From time to time, the Company may, if considered in the best interest of the Company, prohibit the purchase or sale of Company's own shares during such trading windows. In such events, Insiders may not engage in any transaction involving the purchase or sale of Company's own shares and may not disclose to others the fact of such suspension of trading window.

Share buy-back programmes, as well as other exemptions as provided for by Swiss law, remain exempt.

Transactions with related parties

Details of transactions with related parties are given in note 9 to the Group Financial Statements IFRS on pages 86 to 87.

Information instruments

In addition to the Company's comprehensive external reporting, prior to each of its meetings, the Board of Directors receives detailed documentation from the Management about the performance of the Company and its advisory organisation. Among the issues reported upon at each meeting of the Board of Directors are financial performance, financial risk management (see note 8 on pages 82 to 86), major portfolio events, liquidity planning, new developments in the advisory organisation, and compliance with own-account and insider trading guidelines. Regular meetings are held between the Chairman of the Board and the Management.

External review mandates

The Board of Directors has issued the following review mandates to the auditors as a complement to the external audit of the financial statements that is required by law:

- > review of the Corporate Governance section of the annual report;
- > review of the Compensation Report;
- > audit procedures required by law in relation to the par value repayment of 1.9.2022.

The auditors must submit a written report on their findings to the Board of Directors. The findings of audits and reviews are also discussed with the auditors in the context of the Audit Committee.

4. Management

4.1 Members of Management

As at 31 March 2023 the Management was composed of the following members:

- > Dr Andreas Wicki, Chief Executive Officer;
- > Erwin Troxler, Chief Financial Officer.

The rule with respect to the number of permissible external mandates of members of the Management can be found in Art. 26 of the Articles of Association. The Articles of Association are available on the Company's website (<https://www.hbmhealthcare.com/en/investors/information>).

Further information on the members of Management is given on page 45.

4.2 Advisory agreement

HBM Healthcare Investments (Cayman) Ltd. has entered into an advisory agreement with HBM Partners. Information on the core elements of the advisory agreement and on the scope of remuneration is provided in the Compensation Report (section 9) on pages 55 to 56.

5. Remuneration and share allotments

5.1 Remuneration paid to serving members of governing bodies; method of determination

Details of the remuneration paid to serving members of governing bodies, as well as how this remuneration is determined, can be found in the Compensation Report (sections 3 and 4) on pages 52 to 55.

The rules governing the approval by the Shareholders' Meeting of the remuneration of the members of the Board of Directors and the Management, the additional amount as well as the principles governing the remuneration of the members of the Board of Directors and the Management can be found in Art. 24, 24a and 24b of the Articles of Association. Rules under the Articles of Association concerning loans, credits and pension benefits can be found in the Compensation Report (section 10.2) on page 57.

5.2 Disclosure of share transactions and ownership of governing bodies

HBM Healthcare publishes each purchase or sale of Company shares by members of the Board of Directors or the Management within three trading days. This information is available on the website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/>).

Details of the shares owned by serving members of governing bodies can be found in the notes to the Parent Company Financial Statements on page 95.

6. Shareholder co-determination rights

6.1 Voting rights

The right to vote may be exercised by anyone who is entered in the share register as a shareholder with voting rights on the cut-off date determined by the Board of Directors, provided they do not sell their shares before the end of the Shareholders' Meeting. Shareholders who hold their shares via nominee entries are not entitled to vote.

6.2 Submission of agenda items

Motions and issues for discussion from shareholders holding shares with a par value of CHF 1 000 000 or more will be included in the agenda of the Shareholders' Meeting, provided they are submitted in writing to the Board of Directors before the meeting actually convenes. The Shareholders' Meeting itself may decide to permit the debate of motions on matters not properly submitted for discussion as described above. No resolution on the matter in question may be passed until the next Shareholders' Meeting, however. Motions to call an extraordinary Shareholders' Meeting or to conduct a special audit are not subject to this regulation. No advance notice is required to propose a motion in connection with matters already tabled for discussion.

6.3 Entries in the share register

Entry in the share register requires evidence of the purchase of title to registered shares or of a right of usufruct. No entries are made in the share register between the cut-off date determined by the Board of Directors and the day following the Shareholders' Meeting.

7. Change of control and defensive measures

No rules regarding change of control and defensive measures have been made in the Articles of Association.

8. Auditors

8.1 Duration of mandate and term of office of auditor in charge

The Shareholders' Meeting appoints the Company's auditors for each financial year. Ernst & Young Ltd was appointed as the Company's statutory and group auditors for the first time for the 2001/2002 financial year. As required by Swiss law, rotation of auditor in charge applies after a maximum of seven years. Rico Fehr has been auditor in charge since the 2021/2022 financial year.

8.2 Audit fees

The fee paid to Ernst & Young Ltd for auditing the Company's Statutory Financial Statements and Group Financial Statements IFRS amounted to CHF 171 000 (previous year: CHF 165 000) in the reporting year. The fee for auditing the par value repayment amounted to CHF 8 300 (previous year: CHF 8 000). The fee for auditing the compliance with bond terms amounted to CHF 8 200 (previous year: CHF 8 000). Additional fees for reviewing the corporate governance disclosures in the annual report, the compensation report as well as other audit related services amounted to CHF 6 900 (previous year: CHF 6 500).

8.3 Supervision and control instruments with regard to the auditors

The independence, objectivity and performance of the auditors are reviewed by the Audit Committee by using the following criteria: technical, operational and sector specific expertise; sufficient availability and adequate use of resources; ability to provide effective, practical recommendations; open and effective communication as well as coordination with the Audit Committee and the Management.

The auditors are instructed to issue audit reports on the Group Financial Statements IFRS and the Statutory Financial Statements, on their review of the corporate governance section of the annual report and the Compensation Report, as well as to run the audit procedures required by law in relation to the par value repayment of 1.9.2022. In addition, the Board of Directors receives a management letter from the auditors if required, and a comprehensive report following the annual audit. These documents are discussed by the Audit Committee with the auditors. Representatives of the auditors attended three of the total of four Audit Committee meetings in the 2022/2023 financial year.

9. Sustainability

The Company's investment strategy is inherently consistent with environmental, social and governance (ESG) factors as well as Goal 3 of the UN Sustainable Development Goals (SDG) – Good Health and Well-Being.

The Company primarily invests in emerging enterprises whose products are still in the development stage. These companies are mostly active in research and development. Greenhouse gas emissions and the consumption of natural resources are low compared to other industries and their negative impact on the environment is correspondingly minor.

By investing exclusively in the healthcare sector, the Company provides capital for innovative businesses. These enterprises develop breakthrough therapies that help improve the health and well-being of people around the world. This also creates jobs, usually in young, dynamic companies that offer a modern working environment with equal rights and opportunities for their employees.

10. Information policy

Every year, the Company publishes an annual report, a half-year report and two quarterly reports. The Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) is the Company's official publication for announcements. The current net asset value (NAV) is published twice monthly on the Company's website (www.hbmhealthcare.com). The Company is subject to the ad hoc publicity disclosure rules of SIX Exchange Regulation Ltd.

The Company's contact address is:
HBM Healthcare Investments Ltd
Bundesplatz 1, 6300 Zug, Switzerland
Phone +41 41 710 75 77
info@hbmhealthcare.com
www.hbmhealthcare.com

11. Inapplicability/negative declaration

It is hereby stated expressly that all information that is not contained or mentioned in the corporate governance section is deemed inapplicable or is to be understood as a negative declaration.



Hans Peter Hasler

Chairman, Member of the Board of Directors since 2009, Member of the Audit Committee, Swiss national

Career

Swiss Federal Commercial Diploma, Marketing Certificate, Swiss School of Business Administration SIB, Zurich; CEO of Vicarius Pharma (2017 to 2020). Prior to this, international management positions at Wyeth Pharmaceuticals (1993 to 2001, Germany and Philadelphia, USA), Biogen Inc. (2001 to 2009, Boston) and Elan Corporation (2012 to 2013, Dublin and San Francisco)

Directorships

Chairman of the Board of Directors Shield Therapeutics plc since 2018 and MIAC AG (non-profit) since 2012. Member of the Board of Directors Gain Therapeutics since 2021 and Minerva Neurosciences since 2017



Mario G. Giuliani

Member of the Board of Directors since 2012, Member of the Compensation and of the Nominating Committees, Swiss national

Career

Economist; executive positions and directorships at Giuliani SpA (1996 to 2014), Recordati SpA (2011 to 2014), Nogra Group SA (2015 to 2016), Fair-Med Healthcare AG (2013 to 2017) and Jukka LLC (2015 to 2019)

Directorships

Member of the Board of Directors GISEV Family Office SA since 2023, Biogena Srl since 2023, Philos Partners AG since 2022, CMB Monaco since 2021, Royalty Pharma plc since 2020 (Member of the Investment Committee 2001 to 2020), ElevateBio LLC since 2020, Nogra Pharma Invest S.à r.l. since 2017, Giuliani SpA since 1999, Mosaix Ventures LLP since 2000 as well as various other directorships within the Nogra-Group



Dr Elaine V. Jones

Member of the Board of Directors since 2021, Member of the Compensation and of the Nominating Committees, US national

Career

Ph.D. in Microbiology from the University of Pittsburgh and B.Sc. from Juniata College; Director Scientific Licensing SmithKline Beecham and Research Scientist at SmithKline Beecham Pharmaceuticals, Vice President S.R. One (Enterprise Fund Glaxo-SmithKline, 1999 to 2003), General Partner Venture Fund EuclidSR Partners (2003 to 2008), Vice President Pfizer Ventures (2008 to 2019)

Directorships

Chair Gritstone bio since 2020 and Mironid Ltd since 2019. Member of the Board of Directors Myeloid Therapeutics since 2021, Novartis Bioventures since 2020, CytomX Therapeutics since 2019 and Next-Cure since 2016



Dr Rudolf Lanz

Member of the Board of Directors since 2003, Member of the Audit Committee, Swiss national

Career

Economist, doctorate in law; Advisor, Member of the Executive Board and Partner at Ernst & Young Ltd (1980 to 2000); Co-founder, Partner and Chairman of the Board of Directors The Corporate Finance Group AG (2000 to 2009)

Directorships

Chairman of the Board of Directors Interlakes Pferdemedizin AG since 2020 and Dr Rudolf Lanz AG since 2009. Member of the Board of Directors Myelin AG since 2021 and MIAC AG since 2015



Dr Stella X. Xu

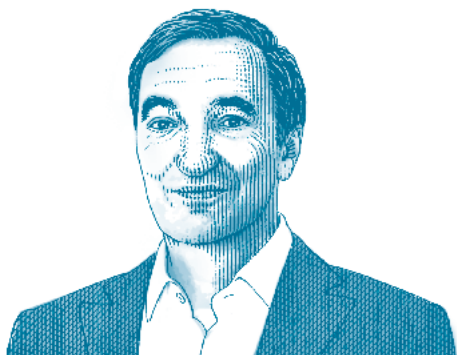
Member of the Board of Directors since 2020, Member of the Compensation and of the Nominating Committees, US national

Career

Ph.D. in Immunology from Northwestern University and B.Sc. in Biophysics from Peking University; since 2017 managing director of Quan Capital. Previously at Roche (2002 to 2017), McKinsey & Company (1998 to 2002) and Inoio Pharmaceuticals (1996 to 1998)

Directorships

Member of the Board of Directors of Therorna since 2021, Design Therapeutics since 2020, Walking Fish Therapeutics since 2019 and Zidan Medical since 2018



Dr Andreas Wicki

Chief Executive Officer since 2001,
Swiss national

Career

Doctorate in chemistry and biochemistry; since 2001 Chief Executive Officer HBM Healthcare Investments Ltd and HBM Partners Ltd. Prior to this, chief executive of several pharmaceutical companies (1988 to 2001), investment and venture capital advisor (1993 to 2001)

Directorships

Member of the Board of Directors Harmony Biosciences since 2017, Pacira Pharmaceuticals Inc. since 2007, HBM Healthcare Investments (Cayman) Ltd. since 2001, and Buchler GmbH since 2000



Erwin Troxler

Chief Financial Officer since 2011,
Swiss national

Career

Economist and Swiss Certified Public Accountant; since 2005 HBM Healthcare Investments Ltd and HBM Partners Ltd, since 2011 Chief Financial Officer. Prior to this, auditor PricewaterhouseCoopers Ltd (1996 to 2002) and Julius Baer Family Office Ltd (2002 to 2005)

Directorships

Chairman of the Swiss Association of Investment Companies (SAIC) since 2014



Ernst & Young Ltd
Maagplatz 1
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CH-8010 Zurich

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To the Board of Directors of
HBM Healthcare Investments Ltd, Zug

Zurich, 11 May 2023

Review Report for the Corporate Governance disclosures

In accordance with your instructions, we have reviewed the Corporate Governance disclosures of HBM Healthcare Investments Ltd according to the Directive Corporate Governance (DCG) issued by SIX Exchange Regulation Ltd (pages 33 to 45) for the year ended 31 March 2023.

These disclosures are the responsibility of the Board of Directors. Our responsibility is to issue a report on these disclosures based on our review.

We conducted our review in accordance with Swiss Auditing Standard 910 applicable to review engagements. This standard requires that we plan and perform the review to obtain assurance that the Corporate Governance disclosures are free from material misstatements, although not with the same level of assurance obtained from an audit. A review is limited primarily to inquiries of personnel and analytical procedures applied to the disclosures. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Corporate Governance disclosures of HBM Healthcare Investments Ltd are not complete with regard to the Directive Corporate Governance (DCG) issued by SIX Exchange Regulation Ltd, contain material misstatements or are not in compliance with it.

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Roman Ottiger
Licensed audit expert

Investment Guidelines



The Investment Guidelines determine the investment activities of HBM Healthcare Investments Ltd and its subsidiary HBM Healthcare Investments (Cayman) Ltd. In particular, they set out the overall investment strategy, the tolerance of risk and the general risk management philosophy.

1. Investment objective

HBM Healthcare Investments' objective is to generate long-term capital gains with investments in private and public companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

2. Investment strategy

Within its target sector, HBM Healthcare Investments invests predominantly in later-stage private companies which are attractively valued and have a convincing business model, including their product pipeline, technology and management:

> The initial investment is typically made in the later stages of clinical development, and where profitable or cash flow-neutral companies require financing for their expansion. There must be an attractive ratio between value-creation potential and the risk of the investment. HBM Healthcare Investments must also be able to influence the portfolio company, particularly with regard to its exit from the investment.

- > HBM Healthcare Investments may acquire majority participations in portfolio companies.
- > The amount of the investment may be increased in follow-on financing rounds provided the value-creation potential remains intact.
- > HBM Healthcare Investments has the flexibility to increase its investment further at the time of or after the portfolio company's IPO.

Geographical focus

Investments are made worldwide – primarily in Europe, Asia and North America.

Availability of funds

HBM Healthcare Investments maintains adequate short-term funds to ensure that it is able to satisfy all of its commitments, including follow-on financing for portfolio companies. Cash and cash equivalents are held with a variety of top-rated banks.

Debt financing

With the approval of the Board of Directors, HBM Healthcare Investments Ltd may obtain debt financing totalling no more than 20 percent of net assets at any time. Where possible, the repayment dates for this borrowed capital will be staggered over time.

Hedging

HBM Healthcare Investments may hedge all or part of its investment risks using derivatives or other appropriate financial instruments. Such transactions must be aimed at reducing overall portfolio risk.

Investment instruments

HBM Healthcare Investments' investments are made primarily in equities. HBM Healthcare Investments may also invest in other instruments including, but not limited to, convertible bonds and, exceptionally, debt securities and derivatives.

3. Investment categories

HBM Healthcare Investments continually optimises the composition of its portfolio in line with its sector focus and prevailing market circumstances. HBM Healthcare Investments holds a diversified portfolio of high-quality companies with considerable potential. Without the consent of the Board of Directors of HBM Healthcare Investments Ltd, the acquisition cost of any single investment may not exceed 10 percent of net assets.

Private companies

The majority of the capital that is realised and available from the portfolio flows through an investment cycle into direct participations in private companies with a convincing business model. HBM Healthcare Investments may acquire majority holdings in portfolio companies, and guides and supports them.

Public companies

HBM Healthcare Investments may increase its investment in a portfolio company at the time of or after the latter's IPO. HBM Healthcare Investments may also make investments in public companies. Increases in the value of existing holdings – following private portfolio company IPOs, for example – may result in a significant proportion of net assets being held in public companies.

Financial instruments (not related to hedging)

HBM Healthcare Investments may hold "long" positions in options, and "short" positions in put options. Based on the principal amount, these positions may cumulated amount to up to 20 percent of the net assets of HBM Healthcare Investments. Selling of uncovered call options is not allowed. Holdings in sold call options which are covered by the corresponding portfolio holdings may be entered into additionally.

4. Investment decisions

Investment and disposal decisions in relation to individual companies are taken by the Board of Directors of the investing HBM Healthcare Investments entity, HBM Healthcare Investments (Cayman) Ltd., based on the recommendations of the investment advisor, HBM Partners Ltd. Within the scope of HBM Healthcare Investments' ordinary business activities, the Board of Directors of HBM Healthcare Investments Ltd does not make any company-specific investment or disposal decisions.

5. Application of and changes to the Investment Guidelines

The original Investment Guidelines were adopted by the Board of Directors of HBM Healthcare Investments Ltd on 6 December 2001, revised on 14 May 2004, on 7 July 2006, on 25 June 2010, on 12 May 2014 and passed in their present form on 11 February 2015. These Investment Guidelines define and regulate the investment activities of HBM Healthcare Investments Ltd and its subsidiary HBM Healthcare Investments (Cayman) Ltd. The Investment Guidelines may be amended within the limits of the Articles of Association of HBM Healthcare Investments Ltd by its Board of Directors at any time.

Compensation Report



This Compensation Report for the 2022/2023 financial year sets out the compensation system for, and the compensation paid to, the members of the Board of Directors and the Management of HBM Healthcare Investments Ltd (HBM Healthcare or the Company). The content and scope of the disclosures comply with the provisions on board member and executive compensation in listed companies pursuant to the Swiss Civil Code (Swiss Code of Obligations "CO", Art. 732–735), and SIX Exchange Regulation Ltd's Directive on Corporate Governance (DCG).

1. Introductory remarks on the specific structure of HBM Healthcare as an investment company

HBM Healthcare is an exchange-listed investment company in the form of a company limited by shares in the sense of Art. 2 para. 3 of the Collective Investment Schemes Act (CISA) and Art. 65 et seqq. of the Listing Rules of SIX Exchange Regulation Ltd.

As an investment company, HBM Healthcare invests worldwide, via its subsidiaries, in the human medicine, biotechnology, medical technology, and diagnostic sectors and related areas. Investments are focused on Europe, Asia and North America, and may be made in both, individual private and public companies, as well as in other investment vehicles specialising in the sectors listed above. The Company does not pursue any commercial or operational activity other than that described here.

As is common for investment companies, in accordance with Art. 716b para. 2 CO and Art. 21 of the Company's Articles of Association, the Board of Directors has transferred asset management to a specialist service provider, HBM Partners Ltd, Zug (Investment Advisor), under the terms of an advisory agreement. As a rule, investment decisions are made by the Board of Directors of HBM Healthcare's subsidiary. The Board of Directors of HBM Healthcare remains responsible for monitoring the Investment Advisor, taking key investment policy decisions and for other inalienable tasks. The Investment Advisor manages various collective investment funds which focus on the healthcare sector. As a manager of collective assets in accordance with Art. 24. para. 1 a FinIA, the Investment Advisor is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA. For details of the advisory agreement, please refer to section 9 of this Compensation Report.

In accordance with Art. 716b para. 1 CO and Art. 21 of the Company's Articles of Association, the Board of Directors has delegated day-to-day business to the Management, comprising a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO), under the terms of the Company's organisational regulations.

2. Responsibility and authority with regard to compensation

The full Board of Directors is responsible for ensuring that the compensation process is fair and transparent, and subject to effective supervision. The chosen compensation process should serve to provide pay commensurate with the services provided, as well as appropriate incentives, to the individual members of the Board of Directors and Management, taking due account of the longer-term interests of the shareholders and the Company's performance.

In particular, subject to the approval of the Shareholders' Meeting, the full Board of Directors determines the following:

- > The principles of the compensation strategy;
- > The level and composition of compensation paid

- to the Chairman of the Board of Directors, and other members of the Board of Directors;
- > The level of compensation paid to the members of the committees of the Board of Directors;
- > The level and composition of total and individual compensation paid to the members of Management.

The Compensation Committee supports the Board of Directors with the determination and review of compensation policy and guidelines, as well as performance targets, and with the preparation of proposals to the Shareholders' Meeting concerning the compensation to be paid to the Board of Directors and Management. The Compensation Committee submits its proposals in this regard to the full Board of Directors for the latter to adopt a resolution.

In addition, the full Board of Directors decides on the conclusion, cancellation or amendment of the agreement with the Investment Advisor, and thus in particular also on the level of fees to be paid under that agreement.

3. Compensation to members of the Board of Directors

3.1 Basis and elements

The compensation paid to members of the Board of Directors depends on the scope of the individual member's activities and the responsibility and functions that they hold (chairmanship of the Board of Directors, membership of the Board of Directors and membership of committees).

Compensation to the Board of Directors is made up of the following elements:

- > Fixed director's fee (cash payment);
- > Board meeting fee (cash payment);
- > Fixed fee for committee membership (cash payment);
- > Variable compensation depending on value growth achieved (equity and cash payment);
- > Legally required social security contributions (employer's contribution).

The Board of Directors set the fixed element of its members' compensation as follows for the 2022/2023 reporting year:

Fixed compensation to Board of Directors (in CHF)	2022/2023	2021/2022
Chairman of the Board of Directors	94 000	94 000
Member of the Board of Directors	28 000	28 000
Board meeting fee, per meeting ¹⁾		
– Chairman	4 000	4 000
– Members	3 000	3 000
Member of the Audit Committee	30 000	30 000
Member of the Compensation Committee	10 000	10 000
Member of the Nominating Committee	0	0

1) As a rule, the Board of Directors holds four regular meetings per year.

The variable compensation paid to the Board of Directors is based on the increase in the Company's net asset value that has been achieved, in accordance with the same principles that apply to the performance fee that is due to the Investment Advisor under the advisory agreement (for further information on this and what follows here, please see section 9 below). Each member of the Board of Directors is entitled to a payment corresponding to up to one percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor. The entitlement of newly elected members of the Board of Directors is 0.33 percent in the first year, 0.67 percent in the second year, and one percent from the third year onwards. At least 50 percent of the variable compensation to the Board of Directors is paid in form of company shares.

The performance fee paid to the Investment Advisor is reduced by the gross amount of the variable compensation paid to the members of the Board of Directors, so that total gross performance-related fees and compensation for both the Board of Directors and the Investment Advisor do not exceed 15 percent of the increase in value that has been achieved.

The fixed director's and board meeting fees reflect the time commitment and responsibility of the individual members of the Board. The variable component of compensation, which depends on in-

crease in value, ensures that the Board of Directors maintains a focus on the long-term success of the Company.

As a rule, the full Board of Directors decides once a year on the level of fixed fees to be paid on the basis of a proposal from the Compensation Committee. It also decides once a year, on the basis of the increase in value that has been achieved, on what variable compensation is to be paid out. All of these decisions are subject to the approval of the Shareholders' Meeting.

3.2 Compensation paid to the individual members of the Board of Directors during the reporting year

During the 2022/2023 financial year, the five members of the Board of Directors together received compensation totalling CHF 358 145 (previous year: CHF 361 367). Of this figure, CHF 354 000 (previous year: CHF 357 000) was paid out in the form of fixed directors' fees and board meeting fees for service on the Board of Directors and on the Board Committees.

No variable compensation based on an increase in value was due in the year under review (previous year: none). Legally required social security contributions (employer's contribution) totalled CHF 4 145 (previous year: CHF 4 367).

The individual members of the Board of Directors received the following compensation:

Compensation to Board of Directors 2022/2023 financial year

1 April 2022 – 31 March 2023 (in CHF)

	Committee ¹⁾			Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties	Total
	AC	CC	NC						
Hans Peter Hasler, Chairman	x			94 000	16 000	30 000	0	0	140 000
Mario G. Giuliani, Member		x	x	28 000	6 000	10 000	0	4 145	48 145
Dr Elaine V. Jones, Member		x	x	28 000	12 000	10 000	0	0	50 000
Dr Rudolf Lanz, Member	x			28 000	12 000	30 000	0	0	70 000
Dr Stella X. Xu, Member		x	x	28 000	12 000	10 000	0	0	50 000
Total Board of Directors				206 000	58 000	90 000	0	4 145	358 145

1) AC: Audit Committee / CC: Compensation Committee / NC: Nominating Committee

Compensation to Board of Directors 2021/2022 financial year

1 April 2021 – 31 March 2022 (in CHF)

	Committee ¹⁾			Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties	Total
	AC	CC	NC						
Hans Peter Hasler, Chairman	x			94 000	16 000	30 000	0	0	140 000
Mario G. Giuliani, Member		x	x	28 000	9 000	10 000	0	4 367	51 367
Dr Elaine V. Jones, Member		x	x	28 000	12 000	10 000	0	0	50 000
Dr Rudolf Lanz, Member	x			28 000	12 000	30 000	0	0	70 000
Dr Stella X. Xu, Member		x	x	28 000	12 000	10 000	0	0	50 000
Total Board of Directors				206 000	61 000	90 000	0	4 367	361 367

1) AC: Audit Committee / CC: Compensation Committee / NC: Nominating Committee

3.3. Change in the compensation paid to the Board of Directors effective at the beginning of the 2023/2024 financial year

The Board of Directors has decided to change the compensation system for the members of the Board of Directors, effective from the 2023/2024 financial year, so that in future only fixed compensation will be paid and the previously practised variable compensation will no longer apply.

Compensation to the Board of Directors now consists of the following elements:

- > Fixed director’s fee (equity and cash payment);
- > Fixed fee for committee membership (cash payment);
- > Legally required social security contributions (employer’s contribution).

The Board of Directors set the maximum amounts of the fixed compensation of its members as follows for the 2023/2024 financial year:

Fixed compensation to Board of Directors (in CHF)	2023/2024
Chairman of the Board of Directors	280 000
Member of the Board of Directors	200 000
Member of the Audit Committee	30 000
Member of the Compensation Committee	10 000
Member of the Nominating Committee	0

50 percent of the fixed board compensation will be paid in form of company shares.

4. Compensation to members of Management

4.1 Basis and elements

With the exception of asset management, which is delegated to the Investment Advisor under the terms of the advisory agreement, the Board of Directors has delegated day-to-day operational tasks to the Management. In the reporting year, the Management comprised a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO), both of

whom are employed in the same roles at the Investment Advisor. Their relationship of employment with HBM Healthcare is governed by a separate employment contract, and covers 40 percent of the standard working week in each case.

The members of Management are compensated according to the scope of their individual activities and roles. This compensation comprises the following elements:

- > Fixed salary (cash payment);
- > Legally required social security contributions (employer’s contribution).

As a rule, the full Board of Directors decides once a year on the level of compensation to be paid, on the basis of a proposal from the Compensation Committee. Any adjustments to the fixed salary are made effective 1 July, within the total amount approved in advance by the Shareholders’ Meeting.

The two members of Management are also in a relationship of employment with the Investment Advisor. They participate as minority shareholders in the Investment Advisor.

4.2 Total compensation paid to members of Management in the reporting year

During the 2022/2023 financial year, the two members of Management together received compensation totalling CHF 320 408 (previous year: CHF 319 819). Of this figure, CHF 299 330 (previous year: CHF 296 000) was paid out in the form of fixed salaries. Legally required social security contributions (employer’s contribution) totalled CHF 21 078 (previous year: CHF 23 819).

The members of Management received the following compensation:

Compensation to Management 2022/2023 financial year**1 April 2022 – 31 March 2023** (in CHF)

	Working hours	Fixed salary	Social security contributions	Total
Dr Andreas Wicki, CEO	40%	177 980	11 305	189 285
Erwin Troxler, CFO	40%	121 350	9 773	131 123
Total Management		299 330	21 078	320 408

Compensation to Management 2021/2022 financial year**1 April 2021 – 31 March 2022** (in CHF)

	Working hours	Fixed salary	Social security contributions	Total
Dr Andreas Wicki, CEO	40%	176 000	14 095	190 095
Erwin Troxler, CFO	40%	120 000	9 724	129 724
Total Management		296 000	23 819	319 819

5. Loans and credits to members of the Board of Directors and Management

As at 31 March 2023, there were no loans or credits outstanding which HBM Healthcare had granted to current or former members of the Board of Directors or Management, or parties related to them (previous year: none).

6. Compensation to related parties on non-market terms

During the 2022/2023 reporting year, the Company did not pay any compensation to related parties which did not conform to normal market terms (previous year: none).

7. Compensation to former members of the Board of Directors and Management

No payments were made to former members of the Board of Directors or Management during the 2022/2023 reporting year (previous year: none).

8. Contractual conditions upon leaving HBM Healthcare

No member of the Board of Directors or Management has a contract with HBM Healthcare which grants them severance pay should they leave the Company.

9. Advisory agreements

The HBM Healthcare Investments (Cayman) Ltd. subsidiary has entered into an advisory agreement

with HBM Partners (Investment Advisor), under which the Investment Advisor will provide asset management and other defined services to HBM Healthcare, specifically identifying and valuing investment opportunities, coordinating and conducting due diligence and contractual negotiations in respect of investments, supporting portfolio companies, monitoring portfolio holdings, and evaluating potential exit strategies, as well as bookkeeping and financial reporting. Investment decisions are not delegated to the Investment Advisor with the exception of the management of a discretionary portfolio of equities in public companies, the monetary size of which is limited, and which must be managed according to guidelines defined by HBM Healthcare. The advisory agreement runs at least until 30 June 2025, and is automatically extended by 24 months if it is not terminated by notice. Any notice of termination must be served at least 18 months before the end of the contract term.

The compensation paid to the Investment Advisor is determined by the advisory agreement, and comprises a fixed management fee, as well as a performance-related component.

The fixed management fee is 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 the quarter. Company assets are

calculated from shareholders' equity reported in accordance with International Financial Reporting Standards (IFRS) as at the end of the previous quarter, plus borrowed capital. Market capitalisation corresponds to the market value of the Company on SIX Swiss Exchange, less the Company's holdings of its own shares acquired as part of a share buy-back programme in order to reduce its capital.

HBM Healthcare has agreed with the Investment Advisor that no management fee will be owed for the entire term of the bonds with a par value of CHF 50 million and CHF 100 million, issued in July 2015 and July 2021, respectively.

The management fee paid to the Investment Advisor for the 2022/2023 financial year came to CHF 27.0 million (previous year: CHF 34.9 million).

The performance fee paid to the Investment Advisor amounts to 15 percent of the value growth achieved over and above the high water mark. The determining high water mark is that which was applied to the payment of the most recent performance fee, adjusted for any dividend payments or capital repayments that have been made to shareholders in the interim. The performance fee is calculated on an annual basis on net assets reported on the reporting date, and the number of shares outstanding. It is paid out at the end of the financial year providing value growth has exceeded the high water mark by more than five percent.

The performance fee paid to the Investment Advisor is reduced by the gross amount of the variable compensation paid to the members of the Board of Directors, so that total performance-related fees and compensation for both the Board of Directors and the Investment Advisor do not exceed 15 percent of the increase in value.

For the 2022/2023 financial year, the net asset value per share before provision for the performance fee, i.e. the relevant figure for the calculation of the per-

formance fee, stood at CHF 254.80, and thus did not exceed the high water mark of CHF 305.57. Therefore, no variable compensation is owed for the 2022/2023 financial year. At the beginning of the 2023/2024 financial year, the high water mark for all outstanding shares will remain at CHF 305.57 (adjusted for any future dividend payments or capital repayments made to shareholders).

If HBM Healthcare terminates the agreement by regular notice (i.e. not applying the default provisions), the Investment Advisor will continue to be eligible to participate, for a defined period, in the value growth achieved on certain existing holdings: for all holdings in private companies, for five years following termination of the agreement, such participation being ten percent of the difference between the sale proceeds and the reported book value, or acquisition cost if higher, at the time the agreement is terminated; for all holdings in public companies which are subject to restrictions on sale, for twelve months following termination of the agreement, such participation being ten percent of the difference between the market value of the holding upon expiry of the sale restriction and the reported book value, or acquisition cost if higher, at the time the agreement is terminated.

10. Rules under the Articles of Association

10.1 Rules under the Articles of Association concerning certain components of compensation

Under the Articles of Association, members of the Board of Directors and Management may be paid variable compensation that is determined by the achievement of certain performance objectives. Such performance objectives may be personal, corporate and division-specific, or objectives set relative to the market, to other companies or to comparable benchmarks, taking into account the role and level of responsibility of the recipient of such variable compensation. The compensation may take the form of cash, shares, options, comparable instruments or units, payment in kind, or services.

The Board of Directors or the Compensation Committee determines the weighting of performance targets, the individual target values, the terms of allocation and exercise, as well as exercise periods and any retention periods, and the terms that apply at maturity. It may provide that, should certain pre-determined events take place, such as a change of control or the termination of an employment or mandate relationship, exercise terms and periods and holding periods may be shortened or cancelled, compensation may be paid on the assumption that target figures have been reached, or that compensation already paid out is forfeited.

Where an individual joins Management, or is promoted within Management, after compensation has been approved by the Shareholders' Meeting, the Board of Directors may approve an additional amount if the compensation that has been approved is not sufficient to cover the compensation to this individual. For each compensation period and member this additional amount may not exceed 60 percent of the most recently approved total maximum amounts for fixed and variable compensation to Management. No additional amount has been paid (previous year: none).

10.2 Rules under the Articles of Association concerning loans, credits and pension benefits

Under the Articles of Association, loans to members of the Board of Directors and Management may be granted on market terms only and may not exceed the amount of one year's compensation for each member. No pension benefits may be paid outside of occupational pension schemes. No loans, credits and pension benefits have been granted during the reporting year (previous year: none).

10.3 Rules under the Articles of Association concerning the Shareholders' Meeting's vote on compensation

Under the Articles of Association, the approval of the Shareholders' Meeting is required for each of the proposals of the Board of Directors that concern total amounts

- > for the maximum fixed part of compensation to members of the Board of Directors for the period up to the next ordinary Shareholders' Meeting;
- > for the variable part of compensation to members of the Board of Directors for the financial year just ended;
- > for the maximum fixed part of compensation to members of Management for the period from 1 July of the current calendar year to 30 June of the following calendar year;
- > for the variable part of compensation to members of Management for the financial year just ended.

The Board of Directors may submit alternative and additional proposals with regard to the same or other time periods to the Shareholders' Meeting. Should the Shareholders' Meeting reject one of the proposals of the Board of Directors, the Board of Directors will consider all of the relevant circumstances and set a corresponding maximum amount or several maximum sub-amounts, and must submit this (or these) to the Shareholders' Meeting for approval. Subject to its retroactive authorisation, HBM Healthcare may pay out compensation prior to its approval by the Shareholders' Meeting.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 11 May 2023

Report of the statutory auditor on the audit of the compensation report



Opinion

We have audited the compensation report of HBM Healthcare Investments Ltd (the Company) for the year ended 31 March 2023. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables of section 3.2 and 4.2 as well as sections 5 to 8 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and Art. 14-16 VegüV.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the compensation report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables of section 3.2 and 4.2 as well as sections 5 to 8 in the compensation report, the group financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

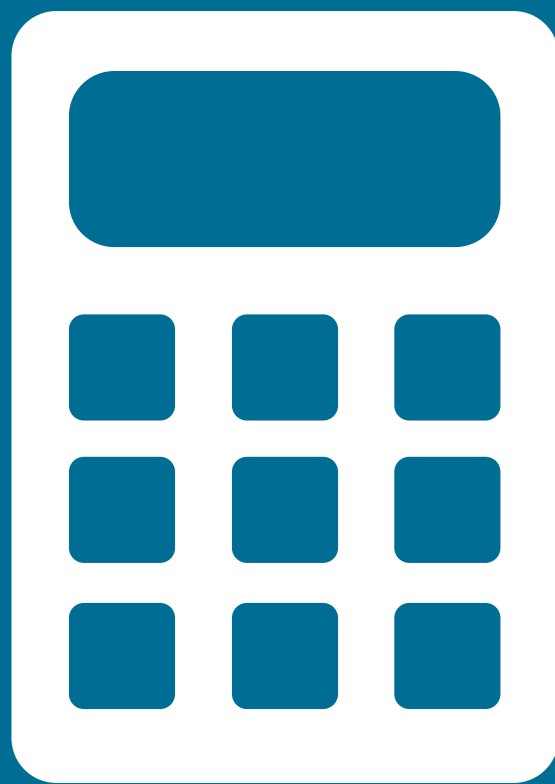
We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Roman Ottiger
Licensed audit expert

Financial Report



Balance sheet (CHF 000)	Notes	31.3.2023	31.3.2022
Assets			
Current assets			
Cash and cash equivalents		5 732	5 388
Receivables		16	20
Total current assets		5 748	5 408
Non-current assets			
Investment in subsidiary	(3)	1 918 299	2 132 047
Total non-current assets		1 918 299	2 132 047
Total assets		1 924 047	2 137 455
Liabilities			
Current liabilities			
Financial liabilities	(4)	49 978	0
Other liabilities		2 173	2 045
Total current liabilities		52 151	2 045
Non-current liabilities			
Financial liabilities	(4)	99 208	148 920
Total non-current liabilities		99 208	148 920
Shareholders' equity			
Share capital	(5.1)	136 416	203 928
Treasury shares	(5.2)	-402	-402
Capital reserve		142 201	142 173
Retained earnings		1 494 473	1 640 791
Total shareholders' equity		1 772 688	1 986 490
Total liabilities and shareholders' equity		1 924 047	2 137 455
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		254.80	285.53

**Statement of comprehensive income
for the financial year ended 31 March (CHF 000)**

	Notes	2022/2023	2021/2022
Dividend income from investment in subsidiary	(3)	71 500	50 000
Net change in value of investment in subsidiary	(3)	-213 748	-123 783
Result from investment activities		-142 248	-73 783
Personnel expenses	(6)	-705	-750
Other operating expenses		-716	-781
Result before interest and taxes		-143 669	-75 314
Financial expenses		-2 649	-2 717
Financial income		0	0
Income taxes		0	0
Net result for the year		-146 318	-78 031
Comprehensive result		-146 318	-78 031
Number of outstanding shares, time-weighted (in 000)		6 957	6 957
Basic earnings per share (CHF)		-21.03	-11.22

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

Statement of cash flows for the financial year ended 31 March (CHF 000)	2022/2023	2021/2022
Expenses paid (personnel and other operating expenses)	-1 288	-10 197
Net cash flow from operating activities	-1 288	-10 197
Dividend payment from subsidiary received	71 500	50 000
Net cash flow from investing activities	71 500	50 000
Interest paid	-2 384	-2 387
Redemption of financial liabilities	0	-50 000
Issuance of financial liabilities	0	98 903
Par value repayment	-67 484	-86 964
Net cash flow from financing activities	-69 868	-40 448
Currency translation differences	0	0
Net change in cash and cash equivalents	344	-645
Cash and cash equivalents at beginning of period	5 388	6 033
Cash and cash equivalents at end of period	5 732	5 388

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance as at 31 March 2021	290 928	-402	142 137	1 718 822	2 151 485
Comprehensive result				-78 031	-78 031
Par value repayment (9.9.2021)	-87 000		36		-86 964
Balance as at 31 March 2022	203 928	-402	142 173	1 640 791	1 986 490
Comprehensive result				-146 318	-146 318
Par value repayment (1.9.2022)	-67 512		28		-67 484
Balance as at 31 March 2023	136 416	-402	142 201	1 494 473	1 772 688

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 significant accounting policies adopted in the preparation of the Group Financial Statements are set out below. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary).

2.1 Basis of preparation – Group Financial Statements

The Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), and the provisions of the Listing Rules of SIX Swiss Exchange that apply to investment companies. They are considered Group Financial Statements according to the Swiss Code of Obligations (CO) and are presented in Swiss francs (CHF). These financial statements have been prepared as the only IFRS financial statements of HBM Healthcare Investments Ltd (Group Financial Statements). Unless indicated otherwise, the values are in thousands of CHF.

The preparation of the Group Financial Statements is based on the acquisition cost principle, with the exception of the non-consolidated investment in the Subsidiary, which is carried at fair value through profit and loss (note 2.7).

2.2 Changes in accounting policies

The same accounting policies and valuation principles as in the previous year have been applied in the preparation of these Group Financial Statements.

2.2.1 New or amended standards and interpretations applied for the first time during the year under review

The following new or amended standards and interpretations were applied for the first time during the financial year.

IFRS 3 "Business Combinations" (1 January 2022)

The modification corrects an outdated reference to the Conceptual Framework.

IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use" (1 January 2022)

The amendment is regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for its intended use.

IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract" (1 January 2022)

The standard defines costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

Annual Improvements to IFRS Standards – 2018–2020 Cycle (1 January 2022)

The following four standards have been revised: IFRS 1, IFRS 9, IFRS 16, IAS 41.

The Board of Directors evaluated the implications of the amended and newly introduced standards for the Company and its subsidiaries. The result shows that the aforementioned standards and interpretations have no impact on the accounting principles and overall financial positions.

2.2.2 New standards and interpretations which have not yet been applied

The following new and revised standards and interpretations, which could be relevant for HBM Healthcare, are only applicable to future financial years and have not been applied ahead of schedule in the present Group Financial Statements.

- > IAS 1 and IFRS Practice Statement 2 (1 January 2023) – Disclosure of Accounting Policies
- > IFRS 17 (1 January 2023) – Insurance contracts
- > IAS 8 (1 January 2023) – Definition of Accounting Estimates
- > IAS 12 (1 January 2023) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- > IAS 1 (1 January 2024) – Classification of liabilities as current or non-current
- > IAS 1 (1 January 2024) – Non-Current Liabilities with Covenants
- > IFRS 16 (1 January 2024) – Lease Liability in a Sale and Leaseback

The implications for HBM Healthcare's Group Financial Statements are currently still being reviewed. Based on a preliminary analysis, no significant impact is expected.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group Financial Statements requires Management to make estimates which affect reported earnings, expenditure, assets, liabilities and investment commitments as at the balance sheet date. If the estimates made by Management to the best of their knowledge at the balance sheet date subsequently be shown to differ from actual circumstances, the original estimates will be adjusted accordingly during the reporting year in which circumstances have changed. A degree of uncertainty is attached specifically to estimating the fair value of the non-consolidated investment in the Subsidiary.

This affects mainly investments in private companies and funds. The fair value of investments and other financial assets ("Claims to purchase price payments") that are not traded in an active market are determined by using appropriate methods in accordance with the valuation policies (note 2.7.2 "Investments" and note 2.7.4 "Other financial assets"). The use of valuation techniques requires estimates made by the Management. Changes in assumptions could affect the disclosed fair value of these investments (note 8.6 "Valuation risks and fair values").

2.4 Status of HBM Healthcare as an investment entity as defined in IFRS 10

HBM Healthcare is an investment company with a broad shareholder base. It is listed on SIX Swiss Exchange. 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. HBM Healthcare values and reports these positions, which are held indirectly via its Subsidiary, at fair value through profit and loss. As a parent company, HBM Healthcare thus meets the typical criteria of an investment entity within the meaning of IFRS 10.

As it provides investment management services to the parent company, the wholly-owned HBM Healthcare Investments (Cayman) Ltd. subsidiary also qualifies as an investment entity under IFRS 10, despite the absence of some of the typical characteristics of an investment entity (such as more than one investor, and investors that are not related parties of the entity). It still fulfils the general definition laid down in the IFRS 10 standard, and must therefore be classified as such. As a result, the Subsidiary will not be consolidated, instead the investment will be carried at fair value through profit and loss.

2.5 Foreign currencies

The functional currency for the Company is the Swiss franc (CHF). Transactions in foreign currencies are booked at the exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Swiss francs at the exchange rates prevailing on the balance sheet date. The resulting foreign currency gains or losses are booked to the statement of comprehensive income. The Company does not hold any non-monetary assets acquired through transactions in a foreign currency (note 2.7).

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

Exchange rates (CHF)	31.3.2023	31.3.2022
CAD	0.6772	0.7377
CNY	0.1332	0.1455
DKK	0.1332	0.1373
EUR	0.9921	1.0209
GBP	1.1292	1.2120
HKD	0.1166	0.1178
INR	0.0111	0.0122
SEK	0.0880	0.0982
USD	0.9153	0.9225

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments which can be converted to a known amount of cash within 90 days and are subject to insignificant change in value.

2.7 Investment in Subsidiary

The investment in the Subsidiary is carried at fair value through profit and loss. This fair value is measured on the basis of its net asset value on the balance sheet date. To establish net assets, the financial assets (investments, financial instruments and other financial assets) and liabilities (financial instruments and other financial liabilities) held by the Subsidiary are recognised and reported in accordance with the following policies:

2.7.1 Recognition of additions and disposals

All regular purchases and sales of financial instruments and investments are recognised on the trade date, i.e. on the date on which the Subsidiary commits to purchasing or selling the asset in question. Regular purchases and sales are purchases and sales of financial assets that require the latter's delivery within a time frame laid down by law or by the conventions of the marketplace.

Sales of investments and financial instruments are booked out at the anticipated sale proceeds on the date of sale. Claims to performance-related milestone payments, which result in cash flows only at a later date, are carried under "Other financial assets" (note 2.7.4).

2.7.2 Investments

Investments comprise equity positions in and convertible bonds issued by portfolio companies. They are recognised at their acquisition cost and subsequently carried according to the following policies at fair value through profit and loss.

The fair value of investments in **private companies** is determined using the "International Private Equity and Venture Capital Valuation Guidelines (IPEV)". For this purpose, the acquisition cost in the investment currency is used as the best approximation of the fair value of the private company in question, except where

- > the company has been valued higher or lower in connection with a new round of financing with a third party (except with a strategic investor), in which case the company is valued according to the new financing round, whereby the various shareholder categories rights are taken into account in the valuation;
- > the company is performing significantly below expectations or is facing long-term problems, leading to a permanent diminution in value, in which case the relevant position is written off in intervals of 25, 50, 75, or 100 percent, or revalued at its net realisable value;

> the company is generating significant sales and profits, in which case an appropriate price/sales or price/earnings multiple is applied ("sales and earnings multiple method").

The fair values of private companies are reviewed regularly for a possible diminution in value. Investments in **funds** are valued based on the net asset value of the fund in question. The calculation uses the latest (audited) net asset value of the fund, adds capital calls and deducts distributions from the capital account balance of the investment reported in the latest (audited) annual report of the fund. Adjustments refer to the cash flows during the latest quarter up to the financial year-end of HBM Healthcare.

The fair values of private companies and funds are determined by Management and approved by the Board of Directors. Given the uncertainty inherent in valuing such investments in general, the reported fair values may differ from the values that might have been used had an active market existed for the investments. This difference may be material in the case of certain individual investments.

For investments in **public companies**, the fair value is determined by the market price on the balance sheet date. For investments in public companies that are subject to selling restrictions of more than 12 months, a "lock-up discount" will be applied, which is determined by using an option model.

The "Realised gains or losses on investments" disclosed in note 3.1 are calculated as the difference between the sale proceeds of an investment and the capital invested. Unrealised gains and losses recorded in previous years on investments that have been sold are eliminated and, together with the value adjustments on investment holdings for the current fiscal year, are reported under "Changes in unrealised gains and losses".

For IPOs of private companies that occur during the financial year, the carrying amount of the investments is reclassified from Level 3 to Level 1 at the beginning of the financial year (note 3.1 "Investments" and note 8.6 "Valuation risks and fair values").

A provision is made for any tax on capital gain that may arise on the sale of investments in individual countries (note 3.5 "Provision for deferred tax on capital gain and other taxes").

2.7.3 Financial instruments

The Subsidiary buys and sells derivative financial instruments and trading positions in the course of its ordinary business activities and as part of its risk management. These instruments include the short selling of index funds and ETFs (Exchange Traded Funds) via securities lending for hedging purposes as well as futures and options on foreign currencies, indices and securities.

Derivative financial instruments are held for trading purposes and are reported at fair value through profit and loss. For listed derivatives, fair value equals market value, which is determined by the market closing price as at the balance sheet date. The fair value of unlisted derivatives is determined using customary market methods.

The "Net result from financial instruments" disclosed in note 3 is reported as "Gains and losses from currency hedging transactions", "Gains and losses from market hedging transactions" or as "Gains and losses from other financial instruments" in note 3.2.

2.7.4 Other financial assets

Other financial assets comprise contractual claims on the sale proceeds of portfolio companies that are tied to contractual obligations and the achievement of predefined objectives. These claims are measured at fair value through profit and loss, which is determined by the expected risk-weighted and discounted payments. The risk-weighted approach is based on the assessment of the probability of occurrence of certain future events, referring to commonly used industry statistics as well as own guidelines and estimates.

The "Net result from other financial assets" disclosed in note 3 includes changes in value (and currency effects) on contractual claims arising from the sale of portfolio companies, which are presented under "Other financial assets" (note 3.3), as well as foreign currency gains and losses on cash and cash equivalents.

2.8 Financial liabilities

Financial liabilities (with the exception of derivatives) are measured initially at their fair value net of transaction costs. They are subsequently carried at amortised cost using the effective interest method. Any discount, corresponding to the difference between the net proceeds received and the nominal value repayable upon maturity, is amortised over the term of the financial liability and charged to financial expenses.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation and its anticipated financial value exceeds the value of the asset encumbered with the obligation.

2.10 Treasury shares

Treasury shares held by HBM Healthcare are reported as deductions from shareholders' equity. Purchasing costs, proceeds from onward sales and other transactions in treasury shares are reported as changes in shareholders' equity.

Shares of the parent company held by the Subsidiary are recognised at fair value through profit and loss.

2.11 Net asset value and earnings per share

The net asset value per share (NAV) is calculated from the shareholders' equity reported as at the balance sheet date, divided by the number of shares outstanding on that date.

Earnings per share are calculated by dividing the net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period.

Diluted earnings per share are calculated by dividing the net result for the year that is due to shareholders by the time-weighted average number of shares in circulation during the same period, adjusted for costs and for the potential issue of new shares in connection with outstanding convertible bonds, share options and similar instruments.

2.12 Segment reporting

HBM Healthcare's business activities are limited to the acquisition, holding and sale of investments in companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. The Group Financial Statements therefore correspond to the segment reporting format.

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 year under review:

Development fair value investment (CHF 000)	2022/2023	2021/2022
Fair value at the beginning of financial year	2 132 047	2 255 830
Change in value, gross	– 142 248	– 73 783
Dividend payment to parent company	– 71 500	– 50 000
Fair value at the end of financial year	1 918 299	2 132 047

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

Composition net assets (CHF 000)	Notes	31.3.2023	31.3.2022
Cash and cash equivalents		226 299	218 290
Receivables		31	29
Investments	(3.1)		
Private companies		671 994	614 348
Funds		174 060	175 915
Public companies		847 019	1 130 196
Shares of parent company		7 828	4 441
Financial instruments	(3.2)	210	1 512
Other financial assets	(3.3)	20 753	26 580
Total assets		1 948 194	2 171 311
Provision for deferred tax on capital gain and other taxes	(3.5)	– 29 130	– 38 534
Other current liabilities		– 765	– 730
Total net assets at fair value		1 918 299	2 132 047

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

Change in net assets at fair value (CHF 000)	Notes	2022/2023	2021/2022
Net result on investments	(3.1)	-136 977	-43 302
Change in provision for deferred tax on capital gain and other taxes	(3.5)	9 404	-13 809
Dividend income		12 586	3 403
Net result from financial instruments	(3.2)	11 504	31 574
Net result from other financial assets		-13 057	-15 363
Net result from shares of parent company		-1 022	-74
Result from investing activities		-117 562	-37 571
Management fee	(3.4)	-26 956	-34 920
Personnel and other operating expenses		-1 168	-1 296
Financial result		3 438	4
Change in value, gross		-142 248	-73 783
Dividend payment to parent company		-71 500	-50 000
Net change in value of investment		-213 748	-123 783

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

3.1 Investments

The investments held by the Subsidiary comprised the following and they performed as follows:

Development of investments, financial year (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value as at 31 March 2022 (before reclassification)	614 348	175 915	1 130 196	1 920 459
Reclassification owing to IPO (Acrivon Therapeutics)	-7 380		7 380	0
Reclassification owing to IPO (Mineralys Therapeutics)	-9 224		9 224	0
Fair value as at 31 March 2022 (after reclassification)	597 744	175 915	1 146 800	1 920 459
Purchases	72 364	20 167	371 625	464 156
Sales	-6 467	-16 451	-531 647	-554 565
Realised gains	244	6 522	216 317	223 083
Realised losses	-26 288	-513	-164 723	-191 524
Changes in unrealised gains/losses	34 397	-11 580	-191 353	-168 536
Net result on investments	8 353	-5 571	-139 759	-136 977
Fair value as at 31 March 2023	671 994	174 060	847 019	1 693 073

Development of investments, previous year (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value as at 31 March 2021 (before reclassification)	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 (IO Biotech)	-8 854		8 854	0
Reclassification owing to IPO (Monte Rosa Therapeutics)	-17 757		17 757	0
Reclassification owing to IPO (Pyxis Oncology)	-5 662		5 662	0
Reclassification owing to IPO (Werewolf Therapeutics)	-4 718		4 718	0
Fair value as at 31 March 2021 (after reclassification)	390 336	216 601	1 460 021	2 066 958
Purchases	136 382	31 155	351 859	519 396
Sales	-41 157	-36 441	-544 995	-622 593
Realised gains	26 796	488	229 400	256 684
Realised losses	-1 528	-889	-44 513	-46 930
Changes in unrealised gains/losses	103 519	-34 999	-321 576	-253 056
Net result on investments	128 787	-35 400	-136 689	-43 302
Fair value as at 31 March 2022	614 348	175 915	1 130 196	1 920 459

Details on investments can be found on pages 72 to 74.

Net result on investments comprised the following:

Net result on investments, financial year (CHF 000)	Private companies	Funds	Public companies	Total
Gains	58 474	12 958	161 799	233 231
Losses	-50 121	-18 529	-301 558	-370 208
Total 2022/2023 financial year	8 353	-5 571	-139 759	-136 977

Net result on investments, previous year (CHF 000)	Private companies	Funds	Public companies	Total
Gains	151 171	661	293 805	445 637
Losses	-22 384	-36 061	-430 494	-488 939
Total 2021/2022 financial year	128 787	-35 400	-136 689	-43 302

The net losses on investments of CHF 137.0 million (previous year: net loss of CHF 43.3 million) includes net currency losses of CHF 44.0 million (previous year: net currency losses of CHF 50.3 million).

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2022	Changes in reporting year	Amount disbursed 31.3.2023	Fair value 31.3.2023	Ownership 31.3.2023	Fair value 31.3.2023	Fair value 31.3.2022
			IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma	CH	EUR	34.8		34.8	165.5	26.3	164 230	144 625
Neurelis	US	USD	24.4		24.4	56.2	10.5	51 464	51 869
Fangzhou (Jianke) ¹⁾	CN	USD	19.9		19.9	55.6	5.4	50 931	18 203
ConnectRN	US	USD	13.9		13.9	52.1	20.0	47 649	48 024
Farmalatam	PA	USD	14.8	8.6	23.4	26.3	45.9	24 078	16 329
NiKang Therapeutics	US	USD	20.0		20.0	25.2	5.3	23 108	23 290
Numab Therapeutics	CH	CHF	17.0	5.1	22.1	22.1	7.7	22 127	17 000
Dren Bio	US	USD	15.0		15.0	22.7	8.1	20 797	20 960
Tata 1mg	IN	INR	971.1	159.0	1 130.1	1 791.7	4.0	19 956	19 873
Upstream Bio	US	USD	11.0	9.0	20.0	20.0	7.5	18 306	10 148
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.7	17 091	17 225
Odyssey Therapeutics	US	USD	10.0	3.0	13.0	17.5	2.9	16 060	13 076
Valo Health	US	USD	15.0	2.5	17.5	17.5	1.4	16 018	13 837
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.4	14 969	16 359
River Renal	US	USD	10.0	4.0	14.0	14.0	14.0	12 814	9 225
Sphingotec	DE	EUR	13.0	5.1	18.1	11.6	25.4	11 509	10 975
Cure Everlife Holdings	MU	USD	8.9	-1.7	7.2	12.3	6.8	11 304	7 775
ArriVent Biopharma	US	USD	0.0	12.0	12.0	12.0	3.0	10 984	0
Neuron23	US	USD	8.0		8.0	10.8	2.2	9 903	9 980
Shape Memory Medical	US	USD	8.8	1.3	10.1	10.1	16.0	9 275	8 118
Aculys Pharma	JP	USD	6.0		6.0	9.9	4.8	9 067	9 139
Genalyte (BaseHealth)	US	USD	7.5	1.3	8.8	9.7	3.8	8 878	9 426
Fore Biotherapeutics (NovellusDx)	US	USD	9.0	2.3	11.3	9.1	12.7	8 328	8 303
Adrenomed	DE	EUR	12.7	2.5	15.2	7.6	10.0	7 522	12 929
Mahzi Therapeutics	US	USD	4.0	4.0	8.0	8.0	10.3	7 322	3 690
FogPharma	US	USD	5.0	3.4	8.4	7.5	1.7	6 869	4 613
Karius	US	USD	15.0		15.0	7.5	6.3	6 865	13 837
Ignis Therapeutics	CN	USD	4.2	2.8	7.0	7.0	1.5	6 407	3 875
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 407	6 457
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 407	6 457
C Ray Therapeutics	CN	USD	2.0	4.0	6.0	6.0	3.2	5 492	1 845
1000Farmacie	IT	EUR	4.0		4.0	4.0	14.6	3 968	4 084
Others								15 889	36 198
Total private companies								671 994	597 744

1) The fair value of the position takes into account a performance fee to a third party.

Funds	Investment currency	Total commit- ment	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
			in reporting year	in reporting year	payments 31.3.2023	repayments 31.3.2023	31.3.2023	31.3.2023	31.3.2022
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	24.4	0.5	3.5	24.4	3.5	46.1	42 166	35 309
MedFocus Fund II	USD	26.0			26.0	25.0	24.2	22 110	21 868
WuXi Healthcare Ventures II	USD	20.0		2.0	20.0	5.9	19.1	17 486	22 982
120 Capital	USD	25.0	5.0		18.8	0.0	17.3	15 810	12 107
6 Dimensions Capital	USD	25.0		6.3	25.0	32.3	15.7	14 387	21 594
C-Bridge Healthcare Fund IV	USD	10.0	0.1		9.8	0.2	13.5	12 368	10 839
C-Bridge Healthcare Fund V	USD	15.0	3.8	0.2	9.3	0.8	10.1	9 289	4 315
HBM Genomics II	USD	15.0	6.8		10.8	0.0	10.1	9 252	3 406
LYZZ Capital Fund II	USD	15.0	1.4		7.0	0.0	7.1	6 497	5 517
Tata Capital Healthcare Fund II	USD	20.0	3.4	0.7	9.2	1.6	5.9	5 435	3 824
Tata Capital HBM Fund I	USD	10.0			9.9	6.9	5.4	4 913	5 807
Others								14 347	28 347
Total funds								174 060	175 915

Public companies	Invest- ment currency	Balance 31.3.2022	Changes in reporting year	Balance 31.3.2023	Share price 31.3.2023	Ownership 31.3.2023	Fair value 31.3.2023	Fair value 31.3.2022
			Number of shares					
Companies originating from private companies portfolio								
Cathay Biotech ¹⁾	CNY	41 455 116	0	41 455 116	60.32	7.1	332 984	430 884
Harmony Biosciences	USD	3 663 228	-1 515 285	2 147 943	32.65	3.6	64 190	164 404
Mineralys Therapeutics ²⁾	USD	1 941 368	964 238	2 905 606	15.66	7.1	41 648	9 224
Pacira BioSciences	USD	451 324	0	451 324	40.81	1.0	16 858	31 776
Y-mAbs Therapeutics	USD	3 690 954	-393 154	3 297 800	5.01	7.6	15 123	40 450
Monte Rosa Therapeutics	USD	1 798 516	-333 776	1 464 740	7.79	3.0	10 444	23 261
Acrivon Therapeutics ²⁾	USD	568 403	0	568 403	12.69	2.6	6 602	7 380
Longboard Pharmaceuticals	USD	1 880 000	-221 977	1 658 023	4.01	8.6	6 086	9 261
Turning Point Therapeutics ³⁾	USD	633 520	-633 520	0	n/a	0.0	0	15 692
Others							18 128	77 119
Total companies originating from private companies portfolio							512 063	809 451
Various companies								
Seagen ⁴⁾	USD	0	150 000	150 000	202.47	< 0.1	27 798	0
Argenx (ADR)	USD	60 000	-5 000	55 000	372.58	0.1	18 756	17 452
Argenx	EUR	60 000	-5 000	55 000	340.70	0.1	18 590	17 305
Natera	USD	43 869	247 079	290 948	55.52	0.3	14 785	1 646
BioInvent	SEK	3 985 204	1 064 796	5 050 000	29.80	7.7	13 239	17 362
Zymeworks	USD	1 763 372	-264 113	1 499 259	9.04	2.3	12 405	10 655
Insmed	USD	236 167	513 833	750 000	17.05	0.6	11 704	5 120
Biomea Fusion	USD	0	375 000	375 000	31.01	1.1	10 644	0
Beigene	HKD	700 000	0	700 000	129.40	0.1	10 562	9 992
Beigene (ADR)	USD	0	50 000	50 000	215.53	0.1	9 864	0
Travere Therapeutics	USD	0	500 000	500 000	22.49	0.7	10 293	0
Rocket Pharmaceuticals	USD	578 079	72 711	650 790	17.13	0.8	10 204	8 458
Shenzhen Mindray	CNY	0	240 000	240 000	311.71	< 0.1	9 962	0
Chinook Therapeutics	USD	191 354	258 646	450 000	23.15	0.7	9 535	2 888
Cogent Biosciences	USD	0	947 776	947 776	10.79	1.4	9 360	0

Continued on page 74.

Public companies	Investment currency	Balance	Changes in	Balance	Share price	Ownership	Fair value	Fair value
		31.3.2022	reporting year	31.3.2023	31.3.2023	31.3.2023	31.3.2023	31.3.2022
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Merus	USD	90 804	459 196	550 000	18.40	1.2	9 263	2 215
Aurobindo Pharma	INR	1 351 002	253 628	1 604 630	518.10	0.3	9 260	10 994
Vicore Pharma	SEK	4 620 302	754 425	5 374 727	18.36	6.6	8 681	10 273
Cytokinetics	USD	0	250 000	250 000	35.19	0.3	8 052	0
Celldex Therapeutics	USD	0	237 760	237 760	35.98	0.5	7 830	0
Dishman Carbogen	INR	4 939 968	620 148	5 560 116	124.75	3.6	7 726	11 109
Laurus Labs	INR	2 693 024	-388 324	2 304 700	292.95	0.4	7 520	19 343
Guangzhou Baiyunshan	HKD	2 609 000	0	2 609 000	24.20	0.2	7 362	6 376
Zealand Pharma	DKK	0	225 000	225 000	228.00	0.4	6 833	0
Hutchmed China	HKD	3 890 000	-1 315 000	2 575 000	20.65	0.3	6 200	13 790
Viridian Therapeutics	USD	0	250 000	250 000	25.44	0.6	5 821	0
Biohaven Pharmaceuticals ³⁾	USD	428 094	-428 094	0	n/a	0.0	0	46 825
Sierra Oncology ³⁾	USD	747 223	-747 223	0	n/a	0.0	0	22 092
ChemoCentryx ³⁾	USD	739 842	-739 842	0	n/a	0.0	0	17 110
Others							52 707	86 344
Total various companies							334 956	337 349
Total public companies							847 019	1 146 800
Total investments							1 693 073	1 920 459

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 61.71 as at 31.3.2023 was adjusted by a discount of 2.25% to CNY 60.32. The company carried out a stock split in July 2022. The opening balance was adjusted accordingly.

2) The company went public on US NASDAQ during the reporting year. The investment was listed under private companies in previous reports.

3) The company was acquired and the transaction completed during the reporting year.

4) The company was acquired during the reporting year. The transaction will be completed after the reporting year.

The following tables show the gains and losses (realised and unrealised) on single investments for the 2022/2023 and 2021/2022 financial years. Investments are listed individually only if the change in value in terms of the investment currency results

in a gain or loss that is greater than CHF 10 million. Those investments for which a gain or loss of more than CHF 10 million is due solely to currency fluctuations are not listed individually.

Gains on investments		2022/2023	
(realised and unrealised per company) ¹⁾			
	IC	IC million	CHF 000
Private companies			
Fangzhou (Jianke)	USD	35.9	32 729
Swixx BioPharma	EUR	23.9	19 609
Others			6 136
Total private companies			58 474
Funds			
Others			12 958
Total funds			12 958
Public companies			
Positions originating from private companies portfolio			
Turning Point Therapeutics	USD	41.6	40 543
Mineralys Therapeutics	USD	27.4	24 660
Others			1 473
Total positions originating from private companies portfolio			66 676
Various companies			
ChemoCentryx	USD	19.9	21 504
Biohaven Pharmaceuticals	USD	17.4	20 087
Sierra Oncology	USD	16.8	15 947
Others			37 585
Total various companies			95 123
Total public companies			161 799
Total gains on investments			233 231

Losses on investments		2022/2023	
(realised and unrealised per company) ¹⁾			
	IC	IC million	CHF 000
Private companies			
Others			50 121
Total private companies			50 121
Funds			
Others			18 529
Total funds			18 529
Public companies			
Positions originating from private companies portfolio			
Cathay Biotech ²⁾	CNY	460.7	97 899
Y-mAbs Therapeutics	USD	25.9	24 065
Harmony Biosciences	USD	22.0	16 324
Pacira Biosciences	USD	16.0	14 917
Monte Rosa Therapeutics	USD	11.1	10 322
Others			43 465
Total positions originating from private companies portfolio			206 992
Various companies			
Others			94 566
Total various companies			94 566
Total public companies			301 558
Total losses on investments			370 208

1) Amounts in Swiss francs include gains and losses on foreign currencies.

2) Taking into account the decrease in the provision for deferred tax on capital gain the net loss of the position amounts to CHF 88.5 million.

Gains on investments		2021/2022	
(realised and unrealised per company) ¹⁾			
	IC	IC million	CHF 000
Private companies			
Swixx BioPharma	EUR	78.8	75 361
ConnectRN	USD	41.6	38 348
BioShin	USD	13.5	12 270
Others			25 192
Total private companies			151 171
Funds			
Others			661
Total funds			661
Public companies			
Positions originating from private companies portfolio			
Cathay Biotech ²⁾	CNY	931.3	138 560
Harmony Biosciences	USD	65.9	57 591
Others			9 219
Total positions originating from private companies portfolio			205 370
Various companies			
Biohaven Pharmaceuticals	USD	27.7	24 694
Others			63 741
Total various companies			88 435
Total public companies			293 805
Total gains on investments			445 637

Losses on investments		2021/2022	
(realised and unrealised per company) ¹⁾			
	IC	IC million	CHF 000
Private companies			
Others			22 384
Total private companies			22 384
Funds			
HBM Genomics	USD	12.2	12 235
Others			23 826
Total funds			36 061
Public companies			
Positions originating from private companies portfolio			
BioAtla	USD	65.5	62 462
ALX Oncology	USD	33.3	32 437
Y-mAbs Therapeutics	USD	28.9	28 026
Turning Point Therapeutics	USD	28.1	26 588
Ambrx Biopharma	USD	21.7	20 458
Longboard Pharmaceuticals	USD	20.8	19 796
Instil Bio	USD	18.5	18 252
Connect Biopharma	USD	13.6	12 968
Others			55 614
Total positions originating from private companies portfolio			276 601
Various companies			
Zymeworks	USD	25.0	23 733
Esperion Therapeutics	USD	12.5	11 848
Rocket Pharmaceuticals	USD	12.4	11 481
ChemoCentryx	USD	10.9	10 398
Others			96 433
Total various companies			153 893
Total public companies			430 494
Total losses on investments			488 939

1) Amounts in Swiss francs include gains and losses on foreign currencies.

2) Taking into account the increase in the provision for deferred tax on capital gain the net profit of the position amounts to CHF 124.8 million.

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:

Financial instruments (CHF 000)	31.3.2023	31.3.2022
Other financial instruments		
Purchased call and put options	210	1512
Total financial instruments long	210	1512

As at the balance sheet date, no foreign currency and general market risk hedge were in place.

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

Income from financial instruments (CHF 000)	2022/2023	2021/2022
Gains from currency hedging transactions	10 294	24 623
Gains from market hedging transactions	0	6 488
Gains from other financial instruments	1 501	2 434
Total gains from financial instruments	11 795	33 545
Losses from currency hedging transactions	0	-1 971
Losses from other financial instruments	-291	0
Total losses from financial instruments	-291	-1 971
Net result from financial instruments	11 504	31 574

3.3 Other financial assets

Other financial assets, held by the Subsidiary, 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.

The book value of contractual claims to purchase price payments developed as follows in the reporting year:

Claims to purchase price payments (CHF 000)	from investments held directly	from investments held indirectly (via HBM BioCapital I USD)	Total
Amount as at 31 March 2022	26 580	87	26 667
Addition	0	0	0
Payments received	-809	0	-809
Realised and unrealised gains/losses	-5 018	-43	-5 061
Amount as at 31 March 2023	20 753	44	20 797

The total book value as at 31 March 2023 of CHF 20.8 million was carried as other financial assets.

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 to the potential cash flows:

Balance sheet value and potential cash flows (CHF million)	Book value as at 31.3.2023	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	9.2	0.0	81.1	2025–2030
Corvidia Therapeutics	6.8	0.0	40.3	2024–2029
Vitaeris	4.3	0.0	81.7	2025–2030
Tandem Life (Cardiac Assist)	0.3	0.0	2.3	2024
Alydia Health	0.2	0.1	1.6	2023–2026
Total	20.8	0.1	207.0	

3.4 Management fee and performance fee

The Subsidiary has entered into an advisory agreement with HBM Partners Ltd (HBM Partners or Investment Advisor). This agreement requires HBM

Partners to provide services in relation to the investment activities of HBM Healthcare. The compensation under the agreement includes a management fee and a performance fee.

In the 2022/2023 financial year, the management fee and the performance fee were as follows:

Management fee (CHF 000)	2022/2023	2021/2022
Management fee to HBM Partners	26 956	34 920
Total management fee	26 956	34 920

Performance fee (CHF 000)	2022/2023	2021/2022
Full amount of performance fee	0	0
Share variable compensation to Board of Directors	0	0
Total performance fee	0	0

3.4.1 Management 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, each payable quarterly at the beginning of a quarter. Company assets are calculated from the shareholders' equity reported in accordance with International Financial Reporting Standards (IFRS) as at the end of the previous quarter, plus borrowed capital. Market capitalisation corresponds to the market value of the Company on SIX Swiss Exchange, less the Company's holdings of its own shares acquired as part of a share buy-back programme in order to reduce its capital.

HBM Healthcare has agreed with the Investment Advisor that no management fee will be owed for the entire term of the bonds with a par value of CHF 50 million and CHF 100 million, issued in July 2015 and July 2021, respectively.

Regarding the investments made by the Subsidiary in HBM BioCapital I USD and in HBM BioCapital II, it has been agreed with the Investment Advisor since the beginning that HBM Healthcare's share of the management and performance fees (carried interest) charged by HBM BioCapital I and II will be reimbursed in full so that fees are not levied twice.

The management fees essentially cover all expenses incurred by HBM Partners in connection with its investment advisory services as part of regular operating activities. The management fees do not cover third-party costs for the evaluation and review of investment opportunities, purchase and sale agreements, charges and duties payable on trading in exchange-listed securities, expenditures on taxes and stamp duties, and similar charges.

3.4.2 Performance fee

Based on the increase in net asset value, HBM Partners is entitled to an annual performance fee, less the variable compensation paid to members of the Board of Directors of HBM Healthcare as explained in note 9.1 "Payments to members of governing bodies and related parties".

Net asset value is calculated once a year as at the balance sheet date.

The performance fee amounts to 15 percent of the increase in value of net assets above the high water mark. The applicable high water mark corresponds to the net assets that were used as a calculation basis to pay out the last fee, adjusted for dividends and capital repayments paid out to shareholders in the meantime. The performance fee is calculated annually based on net assets and the number of outstanding shares reported at the balance sheet date and is paid after the end of the financial year, provided the value increase exceeds the high water mark by five percent or more.

The performance fee paid out to the Investment Advisor is reduced by the gross amount of the variable compensation paid to members of the Board of Directors, so that the total performance fee (to Board of Directors and Investment Advisor) does not exceed 15 percent of the value increase.

The calculation basis for the performance fee is the net asset value per share before provision is made for the performance fee and amounted to CHF 254.80 not exceeding the high water mark of CHF 305.57 per share for the 2022/2023 financial year. For the 2022/2023 financial year, no performance fee is due to the Investment Advisor. With the beginning of the 2023/2024 financial year, the high water mark for all outstanding shares thus remains at CHF 305.57 (adjusted for any future dividend payments or capital repayments made to shareholders).

3.5 Provision for deferred tax on capital gain and other taxes

A provision in the amount of CHF 29.1 million (as at 31 March 2022: CHF 38.5 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 proceeds and the issue price of the shares at the IPO.

3.6 Off-balance-sheet commitments

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

Investment commitments (CHF 000)	31.3.2023	31.3.2022
Funds	33 264	52 556
Private companies	11 678	38 293
Total investment commitments	44 942	90 849

4. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two SIX Swiss Exchange-listed straight bonds with a par value of CHF 50 million and CHF 100 million, coupons of 2.5 and 1.125 percent and maturing on 10 July 2023 and 12 July 2027 respectively; to be redeemed at 100 percent of par value.

The bonds could become due for early repayment, if the outstanding investment commitments to investment funds exceed the amount of CHF 100 million or CHF 200 million, respectively, 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 and the amount repayable when the bonds fall 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 applied are 2.67 and 1.32 percent, respectively.

The interest paid in relation with the two straight bonds amounts to CHF 2.4 million (previous year: CHF 2.3 million), the effective interest expense totals CHF 2.6 million (previous year: CHF 2.6 million).

The fair value of the two straight bonds amounts to CHF 142.8 million (previous year: CHF 149.0 million) with a carrying amount of CHF 149.2 million (previous year: CHF 148.9 million). The bonds are recognised under current and non-current liabilities.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 136.4 million (previous year: CHF 203.93 million), divided into 6 960 000 registered shares (previous year: 6 960 000) at a par value of CHF 19.60 each (previous year: CHF 29.30).

The Shareholders' Meeting of 10 June 2022 approved a cash distribution of CHF 9.70 per share by means of a withholding tax-exempt par value repayment.

The Board of Directors proposes to the Shareholders' Meeting of 19 June 2023 a cash distribution of CHF 7.50 per share eligible for dividend (up to a maximum of CHF 51.9 million) by means of a withholding tax-exempt par value repayment.

5.2 Treasury shares

The Shareholders' Meeting of 10 June 2022 authorised the Board of Directors to repurchase a maximum of 696 000 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 2025 ("2022 share buy-back programme").

The Company holds 2 910 of its own shares (previous year: 2 910) as at the balance sheet date of 31 March 2023. During the 2022/2023 financial year, none of the Company's own shares were acquired (previous year: none).

Holdings from second trading line (Number of own shares)	2022/2023	2021/2022
Beginning of financial year	2 910	2 910
Acquired via second trading line under share buy-back programme	0	0
End of financial year	2 910	2 910

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 36 580 treasury shares (previous year: 16 091), acquired via the regular trading line. During the 2022/2023 financial year, the Subsidiary acquired a total of 106 015 treasury shares via the regular trading line at an average price

of CHF 237.68 per share (previous year: 52 816 at CHF 325.78) and sold 85 526 treasury shares at an average price of CHF 239.94 per share (previous year: 43 579 at CHF 343.33).

5.3 Significant shareholders

Based on information 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
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Mario G. Giuliani, who serves as member of the Board of Directors of HBM Healthcare Investments Ltd owns all shares of Nogra Pharma Invest S.à r.l., Luxemburg, together with Giammaria Giuliani.

6. Personnel expenses

Personnel expenses were composed as follows during the reporting year:

Personnel expenses (CHF 000)	2022/2023	2021/2022
Fixed compensation to Board of Directors	354	357
Variable compensation to Board of Directors	0	0
Wages and salaries ¹⁾	263	296
Social insurance contributions and duties	25	28
Other personnel expenses	63	69
Total personnel expenses	705	750

1) The expense includes a compensation for short-term disability.

Members of the Management of HBM Healthcare are integrated into the affiliation agreement with the collective BVG pension foundation of HBM Partners. Pension fund contributions are paid in full by HBM Partners.

Details on compensation to the Board of Directors and the Management can be found in note 9.1 "Payments to members of governing bodies and related parties".

7. Taxes

Income from investment activities is generated exclusively by the Subsidiary in the Cayman Islands. Due to the applicable tax law, no income taxes (previous

year: none) will arise. The Company had no deductible loss carry-forwards as at 31 March 2023 (previous year: none).

Other Disclosures

Information provided in this note incorporates information on risks, to which the Company is exposed either directly or through its non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary.

8. Financial risk management

HBM Healthcare and its subsidiary are exposed to various financial risks. These risks, which are a result of the companies' investment and financing activities, are monitored continuously. The Board of Directors conducts an annual assessment of business risks. The basis of the analysis is a risk matrix that identifies and evaluates significant risks and defines necessary measures to monitor and mitigate these risks.

The Investment Guidelines set out the overall investment strategy, the tolerance of risk and the general risk management philosophy. HBM Healthcare has also established processes for the careful and timely monitoring and controlling of its financial instruments and investments. The Board of Directors reviews these guidelines on investment activities on an annual basis. Management ensures compliance with them by reviewing portfolio composition continuously.

8.1 Risk of limited market liquidity

HBM Healthcare invests in privately held companies. Such investments are mostly illiquid by nature and are often subject to contractual transfer restrictions. In addition, investments in public companies can be subject to selling constraints. These restrictions may, under certain circumstances, prevent HBM Healthcare from selling such investments without the support of the portfolio company and the consent of major co-investors. All of these restrictions on liquidity may prevent the successful sale of holdings in these

portfolio companies and/or reduce the proceeds that might be realised from a sale. HBM Healthcare endeavours to reduce market liquidity risk by means of thorough investment analyses, careful construction of the portfolio and dialogue and cooperation with the portfolio companies and co-investors concerned.

8.2 Market risks

General economic and political market factors, as well as the situation on the relevant public equity markets, are factors that impact directly on the prospects of HBM Healthcare's financial instruments and investments. Given the maturity of HBM Healthcare's portfolio, which should provide exit opportunities (sale to other operating companies or investors, as well as IPOs) for several private portfolio companies within the next few years, public equity markets have a direct impact. A receptive public equity environment is helpful for a company in successfully executing a trade sale or public offering, and the pricing of a company correlates positively with the valuation of its publicly traded peers. By contrast, a negative public equity market makes a sale or an IPO more difficult. The valuation of HBM Healthcare's public portfolio also generally increases and decreases in line with valuations on public equity markets as a whole.

The value-creation potential of HBM Healthcare's portfolio positions may depend in part on demand from strategic buyers for companies with promising drugs and medical technology products.

For HBM Healthcare's portfolio of private companies that are still at a relatively early stage of development, the availability of funding is crucial to the continuation of their business activities and to reaching their development objectives. The liquidity provided by the private equity market thus impacts positively on these companies' financing costs.

The healthcare sector as a whole depends on society's ability and willingness to pay for drugs, treatments and innovations that help to address health issues. If certain countries, specifically the

United States of America as the largest market worldwide for drug and medical technology products, were to increase or reduce spending on such treatment options materially, HBM Healthcare's portfolio companies might be impacted significantly. Political developments in countries in which the operations of some portfolio companies are located, such as China or India, might affect the ability of the companies in question to execute their business plans and attain their growth targets.

HBM Healthcare endeavours to reduce market risks by means of thorough investment analyses and close cooperation with the portfolio companies concerned. In addition, market risks are hedged selectively with financial instruments depending on the Company's market assessment.

8.3 Liquidity risks

The Investment Guidelines oblige HBM Healthcare to maintain an appropriate level of short-term funds in order to participate in follow-on financing for port-

folio companies and to ensure that the Company is able to meet all of its liabilities and investment commitments. When determining the necessary level of liquidity, the most important factors are (1) the expected due dates of HBM Healthcare's investment commitments, (2) due dates for the repayment of borrowed capital under compliance with bond terms and/or the possibility of refinancing, (3) expected payment dates of other contractual obligations, (4) expected follow-on financing rounds at private portfolio companies, including their anticipated timing, (5) the trading liquidity of public portfolio companies, (6) expected cash flows from the sale of private portfolio companies and (7) the extent of share buy-backs and cash distributions to shareholders.

The following table analyses the liabilities and off-balance-sheet investment commitments of HBM Healthcare and its Subsidiary as at the balance sheet date with regard to the due dates of contractual cash flows (including interest on financial liabilities):

	Book value as at balance sheet date ¹⁾	Total contractual cash flows	Due within 3 months	Due within 3–12 months	Due within 12–24 months	Due within >24 months
Liquidity risks (CHF million)						
Balance sheet liabilities						
Current financial liabilities	50.0	51.3	0.0	51.3	0.0	0.0
Other current liabilities	2.9	2.9	1.2	1.7	0.0	0.0
Non-current financial liabilities	99.2	105.6	0.0	1.1	1.1	103.4
Total liabilities as at 31 March 2023	152.1	159.8	1.2	54.1	1.1	103.4
Total liabilities as at 31 March 2022	151.7	162.1	1.1	4.1	52.4	104.5
Off-balance-sheet investment commitments²⁾						
Expected drawdowns funds	33.3	33.0	5.0	10.0	15.0	3.0
Expected maturities investment commitments to private companies	11.7	11.7	8.2	3.5	0.0	0.0
Total investment commitments as at 31 March 2023	45.0	44.7	13.2	13.5	15.0	3.0
Total investment commitments as at 31 March 2022	90.9	90.9	18.6	44.7	20.0	7.6

1) Positions held by parent company and Subsidiary.

2) Due dates are estimates.

Given the maturity of HBM Healthcare's portfolio, the Board of Directors anticipates that a favourable market environment will provide regular exit opportunities for the sale of the Company's private and public investments, at the corresponding levels of added value. HBM Healthcare manages its liquidity by means of comprehensive liquidity planning.

8.4 Foreign currency risks

A significant proportion of the HBM Healthcare portfolio is held through the Subsidiary in foreign currency. The value of these investments and other assets held in foreign currencies is subject to risks emanating from exchange rate fluctuations. As a general rule, HBM Healthcare does not hedge these risks. It may, however, be appropriate to hedge currency exposure in full or in part from time to time.

As at the balance sheet date, 95 percent of HBM Healthcare's total assets were subject to any foreign currency risks (previous year: 98 percent, net of hedge).

The following table demonstrates the sensitivity of HBM Healthcare's annual result to a possible fluctuation in foreign exchange rates of +/- 10 percent compared to the foreign exchange rates used for the Group Financial Statements as at the balance sheet date:

31 March 2023 (CHF million)	Fair value	Foreign exchange rates	
		+10%	-10%
Net assets in USD	1 144.5	114.5	-114.5
Net assets in CNY	313.8	31.4	-31.4
Net assets in EUR	217.2	21.7	-21.7
Net assets in INR	69.5	7.0	-7.0
Net assets held in other foreign currencies	72.8	7.3	-7.3
31 March 2022 (CHF million)			
Net assets in USD	1 316.2	131.6	-131.6
Net assets in CNY	392.3	39.2	-39.2
Net assets in EUR	209.1	20.9	-20.9
Net assets in INR	91.5	9.2	-9.2
Net assets held in other foreign currencies	91.7	9.2	-9.2

8.5 Interest rate risks

HBM Healthcare's exposure to interest rate risk is low, or significantly reduced, because the Company holds only short-term positions in cash and cash equivalents, and the interest rate for debt financing is determined in advance for the entire term.

8.6 Valuation risks and fair values

Given the uncertainties inherent in valuing private companies, the net asset value (NAV) reported by HBM Healthcare may differ temporarily from the actual fair value of individual investments. As a result of valuation differences owing to the unavailability of information, the estimated values of individual investments may diverge significantly from values that would have been calculated had an active market for such securities existed. Furthermore, the estimated values of individual investments as at a certain balance sheet date may differ significantly from the values which could potentially be realised by means of an exit, an IPO or another event with a participating third-party (i.e. financing round) at any later point in time. Such differences might have a material effect on the valuation of individual investments in the Group Financial Statements of HBM Healthcare.

Valuations of difficult-to-assess investments are made by HBM Healthcare in accordance with its accounting policies, as described in note 2.7.2 "Investments", and are determined by the Management and approved by the Board of Directors.

The following summary analyses assets and liabilities valued at their fair values, in accordance with their place in the valuation hierarchy:

Level 1: Market prices (unadjusted) on active markets for identical assets and liabilities ("quoted prices").

Level 2: Valuation methods that are directly or indirectly observable for all major parameters ("observable inputs").

Level 3: Valuation methods covering major parameters that are not based on observable market data ("unobservable inputs").

The IPOs of Acrivon Therapeutics and Mineralys Therapeutics resulted in assets amounting to CHF 16.6 million being reclassified from level 3 to level 1 during the 2022/2023 financial year.

No sensitivity analysis of "Level 3" investments has been disclosed, as the determination of their fair values is based on a large number of investment-specific factors, which in total can have an impact on the reported fair values, however these are not exclusively attributable to a single determination factor.

	Level 1 "Quoted prices"	Level 2 "Observable inputs"	Level 3 "Unobser- vable inputs"	Total
Assets at fair value as at 31 March 2023 (CHF million)				
Investments				
Private companies			672.0	672.0
Funds			174.1	174.1
Public companies	847.0			847.0
Shares of parent company ¹⁾	7.8			7.8
Financial instruments		0.2		0.2
Other financial assets			20.8	20.8
Total assets at fair value	854.8	0.2	866.9	1721.9

Assets and liabilities at fair value as at 31 March 2022 (CHF million)

Investments				
Private companies			614.4	614.4
Funds			175.9	175.9
Public companies	1 130.2			1 130.2
Shares of parent company ¹⁾	4.4			4.4
Financial instruments		0.3	1.2	1.5
Other financial assets			26.6	26.6
Total assets at fair value	1 134.6	0.3	818.1	1 953.0

1) Held by Subsidiary.

As at 31 March 2023, there were no liabilities that were carried at fair value.

8.7 Credit risks

Credit risks with regard to all HBM Healthcare assets relate to the risk that a debtor may become unable to meet its liabilities. In order to minimise this risk, HBM Healthcare holds cash and cash equivalents, listed securities, foreign exchange and derivatives only with top-rated financial institutions. In addition, risks are diversified across a number of

different counterparties. Credit risks mainly relate to cash and cash equivalents and contractual claims on the sale proceeds of portfolio companies disclosed in note 2.7.4 "Other financial assets" and amount to CHF 252.8 million (previous year: CHF 250.3 million). As at the balance sheet date, there were no receivables overdue, and there were no recorded losses on receivables during the 2022/2023 financial year.

8.8 Capital management

The Company manages its shareholders' equity within the limits of the law and in accordance with its investment strategy and its liquidity planning. Details of current share buy-back programmes and the number of treasury shares held by the Company are given in note 5.2 "Treasury shares".

The Investment Guidelines limit borrowing to 20 percent of net assets.

The Company has issued regular cash distributions to shareholders since 2012. These correspond to a return of 3 to 5 percent on the share price.

9. Transactions with related parties

9.1 Payments to members of governing bodies and related parties

Members of the Board of Directors are entitled to a fixed fee, a meeting fee and a variable compensation fee, based on the increase in the Company's value (note 3.4.2 "Performance fee").

The fixed fee for the Chairman amounts to CHF 94 000 (previous year: CHF 94 000) in the reporting year. The fixed fees for the other four members of the Board of Directors amount to CHF 28 000 (previous year: CHF 28 000) each per year. The meeting fee for each meeting of the Board of Directors amounts to CHF 4 000 for the Chairman (previous year: CHF 4 000) and to CHF 3 000 for the other board members (previous year: CHF 3 000). In addition, the two members of the Audit Committee receive a fixed fee of CHF 30 000 each per year (previous year: CHF 30 000) and the three members of the Compensation Committee each receive a fixed fee of CHF 10 000 per year (previous year: CHF 10 000). No additional fee is paid to the members of the Nominating Committee (previous year: none).

The Board of Directors is also entitled to a performance fee. Each member of the Board of Directors is entitled to a cash payment corresponding to up to

one percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor. The entitlement of newly elected members of the Board of Directors is 0.33 percent in the first year, 0.67 percent in the second year, and one percent from the third year onwards. The performance fee paid to HBM Partners is then reduced by the same amount. As a result, the sum of all performance fees paid out by HBM Healthcare, including those to members of the Board of Directors, equals 15 percent of the increase in net assets.

The five members of the Board of Directors received fixed directors' remuneration totalling CHF 206 000 for the 2022/2023 financial year (previous year: CHF 206 000). In addition, the Board of Directors received meeting fees totalling CHF 58 000 (previous year: CHF 61 000). For their Committee activities, the two members of the Audit Committee and the three members of the Compensation Committee received fees totalling CHF 90 000 (previous year: CHF 90 000). No performance fee was paid to the Board of Directors for the 2022/2023 financial year (previous year: none). The legally required social security contributions (employer's contribution) and duties paid by the Company on these fees came to a total of CHF 4 145 (previous year: CHF 4 367).

During the reporting period, the members of Management, who are also employed by HBM Partners, received 40 percent (previous year: 40 percent) of their total fixed fee paid out from HBM Healthcare. For the 2022/2023 reporting year, these payments totalled CHF 320 408 (previous year: CHF 319 819), including legally required social security contributions (employer's contribution). No performance fee was paid to the members of Management (previous year: none).

The two members of Management are also in a relationship of employment with the Investment Advisor. They participate as minority shareholders in the Investment Advisor.

A detailed overview of the total compensation paid to individual members of the Board of Directors and Management is shown in the compensation report on pages 53 and 55.

9.2 Investment holdings

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where former Board member Robert A. Ingram serves as General Partner. Details on the investment commitment, paid-in capital and the valuation of this investment can be found in the overview of funds given in note 3.1 "Investments" on page 73.

10. Events after the balance sheet date

The Board of Directors of the Company approved these Group Financial Statements on 11 May 2023. No events occurred between the balance sheet date and the date of approval of these Group Financial Statements that impact on the informational value of the latter.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 11 May 2023

Statutory auditor's report on the audit of the group financial statements



Opinion

We have audited the group financial statements of HBM Healthcare Investments Ltd (the Company), which comprise the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the group financial statements (pages 61 to 87) give a true and fair view of the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the group financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the group financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the group financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the group financial statements.

Valuation of the investment in the subsidiary

Risk	<p>HBM Healthcare Investments Ltd's only financial asset is a wholly owned investment in HBM Healthcare Investments (Cayman) Ltd. This, in turn, has many financial assets, all of which are classified as financial assets at fair value through profit or loss. This also includes assumptions used in valuations due to financing rounds and when recognizing impairments in stages. This requires estimates to be made by the management and the investment advisor and could lead to values that may differ from those calculated using other generally accepted valuation principles.</p> <p>Owing to the uncertainty involved in measuring investments in private, non-listed companies and venture capital funds, the estimated fair value calculated in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") can differ from the values that would have been used, had an active market for these investments existed.</p> <p>These risks could have an effect on the fair value of the investment in the subsidiary HBM Healthcare Investments (Cayman) Ltd.</p> <p>The valuation principles are disclosed under "Investments" (note 2.7.2) and details about the profits recognized can be found under "Investment in subsidiary" (note 3) and "Investments" (note 3.1).</p>
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Our audit response	<p>We performed various audit procedures on the fair value of the investments held by the subsidiary. These included the following:</p> <p>We obtained an understanding of the Company's process in respect of investments in private companies and their valuation.</p> <p>Furthermore, we audited the estimates and assumptions made by the management board for significant investments based on interviews and the documentation that serves as the basis for the estimate ("monitoring sheets"), in particular in respect of the development of significant venture capital.</p> <p>We compared the value adjustments due to financing rounds with the underlying documents, such as share purchase agreements.</p> <p>Our audit did not lead to any reservations relating to the valuation of the investment of the subsidiary.</p>
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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the group financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the group financial statements

The Board of Directors is responsible for the preparation of the group financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group financial statements.

A further description of our responsibilities for the audit of the group financial statements is located at the website of EXPERTsuisse: <https://www.expertsuisse.ch/en/audit-report>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the group financial statements according to the instructions of the Board of Directors.

We recommend that the group financial statements submitted to you be approved.

Ernst & Young Ltd



Rico Fehr
Licensed audit expert
(Auditor in charge)



Roman Ottiger
Licensed audit expert

Balance sheet (CHF 000)	Notes	31.3.2023	31.3.2022
Assets			
Current assets			
Cash and cash equivalents		5 732	5 388
Receivables		16	20
Total current assets		5 748	5 408
Non-current assets			
Investment in subsidiary		846 000	846 000
Total non-current assets		846 000	846 000
Total assets		851 748	851 408
Liabilities			
Current liabilities			
Financial liabilities		50 000	0
Other liabilities		2 173	2 045
Total current liabilities		52 173	2 045
Non-current liabilities			
Financial liabilities		100 000	150 000
Total non-current liabilities		100 000	150 000
Shareholders' equity			
Share capital		136 416	203 928
Treasury shares	(2.4)	-402	-402
Legal capital reserve			
Reserve from capital brought in		331	331
Legal retained earnings			
General legal reserve		85 410	85 410
Reserve for treasury shares ¹⁾	(2.4)	8 317	4 796
Voluntary retained earnings			
Free reserve		73 870	77 363
Retained earnings		395 633	327 937
Total shareholders' equity		699 575	699 363
Total liabilities and shareholders' equity		851 748	851 408

1) For treasury shares held by Subsidiary.

Statement of income for the financial year ended 31 March (CHF 000)	2022/2023	2021/2022
Income		
Financial income	0	0
Income from participations	71 500	50 000
Total income	71 500	50 000
Expenses		
Financial expenses	2 383	3 567
Personnel expenses	705	750
Administration expenses	716	781
Total expenses	3 804	5 098
Net result for the year	67 696	44 902

Statement of changes in equity (CHF 000)	Number of shares	Share capital	Treasury shares	Reserve from capital brought in	General legal reserve	Reserve for treasury shares	Free reserve	Retained earnings	Total shareholders' equity
Balance as at 31 March 2020	6 960 000	344 520	-402	331	85 410	18 468	63 633	236 339	748 299
Par value repayment (10.9.2020)		-53 592					22		-53 570
Change in reserve for treasury shares ¹⁾						-16 210	16 210		0
Net result for the year								46 696	46 696
Balance as at 31 March 2021	6 960 000	290 928	-402	331	85 410	2 258	79 865	283 035	741 425
Par value repayment (9.9.2021)		-87 000					36		-86 964
Change in reserve for treasury shares ¹⁾						2 538	-2 538		0
Net result for the year								44 902	44 902
Balance as at 31 March 2022	6 960 000	203 928	-402	331	85 410	4 796	77 363	327 937	699 363
Par value repayment (1.9.2022)		-67 512					28		-67 484
Change in reserve for treasury shares ¹⁾						3 521	-3 521		0
Net result for the year								67 696	67 696
Balance as at 31 March 2023	6 960 000	136 416	-402	331	85 410	8 317	73 870	395 633	699 575

1) For treasury shares held by Subsidiary.

1. General

The financial statements of HBM Healthcare Investments Ltd, Zug (Company), are prepared in accordance with the provisions of Swiss company law.

2. Accounting policies

The Parent Company Financial Statements have been prepared in accordance with the provisions of Swiss law on companies limited by shares.

The significant accounting policies adopted in the preparation of the financial statements are set out below.

2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments which can be converted to a known amount of cash within 90 days and are subject to insignificant change in value.

2.2 Investment in Subsidiary

The investment in the Subsidiary is recognised at acquisition cost less valuation adjustment at maximum.

2.3 Liabilities

Liabilities are recognised under current liabilities if they fall due for payment within twelve months or under non-current liabilities if their maturity exceeds twelve months.

2.4 Treasury shares

The Company's holdings of its own shares are deducted from shareholders' equity. A reserve for treasury shares is held for those treasury shares which are held via the HBM Healthcare Investments (Cayman) Ltd. subsidiary. This reserve corresponds to the equivalent of those shares' acquisition costs.

3. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two straight bonds with a par value of CHF 50 million and CHF 100 million, coupons of 2.5 and 1.125 percent and maturing on 10 July 2023 and 12 July 2027 respectively; to be redeemed at 100 percent of par value. The bonds are carried at their par value. Transaction costs are charged to financial expenses.

4. Treasury shares

The Shareholders' Meeting of 10 June 2022 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 2025 ("2022 share buy-back programme").

The Company holds 2910 of its own shares (previous year: 2910) as at the balance sheet date of 31 March 2023. During the 2022/2023 financial year, none of the Company's own shares were acquired (previous year: none).

Holdings from second trading line (Number of own shares)	2022/2023	2021/2022
Beginning of financial year	2910	2910
Acquired via second trading line under share buy-back programme	0	0
End of financial year	2910	2910

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 36580 treasury shares (previous year: 16091), acquired via the regular trading line. During the 2022/2023 financial year, the Subsidiary acquired a total of 106015 treasury shares via the regular trading line at an average price of CHF 237.68 per share (previous year: 52816 at CHF 325.78) and sold 85526 treasury shares at an average price of CHF 239.94 per share (previous year: 43579 at CHF 343.33).

5. Significant shareholders

Based on information 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
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Mario G. Giuliani, who serves as member of the Board of Directors of HBM Healthcare Investments Ltd owns all shares of Nogra Pharma Invest S.à r.l., Luxemburg, together with Giammaria Giuliani.

6. Major subsidiaries

The Company owns 100 percent of the shares in the following company:

(CHF 000)	Capital as at 31.3.2023	Capital as at 31.3.2022
HBM Healthcare Investments (Cayman) Ltd., Cayman Islands	846 000	846 000

The objective of the Subsidiary is to enter into and hold investments in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

HBM Healthcare Investments Ltd holds investments in private and public companies, as well as in funds, indirectly via its HBM Healthcare Investments (Cayman) Ltd. subsidiary. Owing to the lack of immediately available fair values, the fair valuations of the private companies and funds held by the Subsidiary are determined by the Management on the basis of the "International Private Equity and Venture Capital Valuation Guidelines (IPEV)" and approved by the Board of Directors. Given the uncertainty inherent in valuing such investments in general, the reported valuations of individual investments may differ from the values that might have resulted had an active market existed for those investments.

The CHF 846.0 million book value of the investment in HBM Healthcare Investments (Cayman) Ltd. reported in the balance sheet of HBM Healthcare Investments Ltd reflects the resulting valuations of the investments held by the Subsidiary. Changes in the valuations of the Subsidiary's underlying investments thus could have an impact on the book value of this investment in the HBM Healthcare Investments Ltd balance sheet.

7. Shares held by the Board of Directors and Management

Shares held directly or indirectly by governing bodies (number of registered shares)	31.3.2023	31.3.2022
Board of Directors		
Hans Peter Hasler, Chairman	8 641	12 841
Mario G. Giuliani, Member ¹⁾	1 104 132	1 104 132
Dr Elaine V. Jones, Member	0	0
Dr Rudolf Lanz, Member	3 141	2 791
Dr Stella X. Xu, Member	608	608
Management		
Dr Andreas Wicki, CEO	54 182	53 290
Erwin Troxler, CFO	4 691	5 500

1) Shares are held mainly by Nogra Pharma Invest S.à r.l., Luxemburg ("Nogra"). Mario G. Giuliani is owning all shares of Nogra together with Giammaria Giuliani.

8. Other disclosures required by law

8.1 Declaration of full-time equivalents

The annualised average number of full-time equivalents employed by the Company during the 2022/2023 financial year was less than one (previous year: less than one).

8.2 Contingent liabilities

As at 31 March 2023, the Company did not have any outstanding contingent liabilities (previous year: none).

8.3 Business review and statement of cash flows

Since the Company prepares Group Financial Statements in accordance with a recognised financial reporting standard (IFRS) it has decided, in accordance with the applicable provisions in law, that it will not publish a business review or statement of cash flows.

9. Events after the balance sheet date

The Board of Directors of the Company authorised these Statutory Annual Financial Statements on 11 May 2023. No events occurred between the balance sheet date and the date of approval of the annual financial statements that impact on the informational value of the latter.

Proposals of the Board of Directors

1. Appropriation of earnings

The Board of Directors proposes to the Ordinary Shareholders' Meeting that retained earnings of CHF 395.6 million be used as follows:

Retained earnings (CHF)	2022/2023
Beginning of financial year	327 937 326
Net result for the year	67 696 025
End of financial year (carried forward)	395 633 351

2. Cash distribution from a par value reduction

The Board of Directors proposes to the Shareholders' Meeting a cash distribution of CHF 7.50 per share eligible for dividend (up to a maximum of CHF 51.9 million) by means of a withholding tax-exempt par value repayment. The cash distribution will be paid out after the expiration of the legal deadlines.

To the General Meeting of
HBM Healthcare Investments Ltd, Zug

Zurich, 11 May 2023

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of HBM Healthcare Investments Ltd (the Company), which comprise the statement of financial position as at 31 March 2023 and the income statement for the year then ended, and notes to the financial statements (pages 91 to 95), including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of the investment in the subsidiary

Risk The wholly owned investment of HBM Healthcare Investments Ltd in HBM Healthcare Investments (Cayman) Ltd. is recognized at no more than cost less any impairments. All investments held by HBM Healthcare Investments (Cayman) Ltd. are classified by this company as financial assets at fair value through profit or loss. The fair value of these investments is also taken into account when assessing any impairment at the level of HBM Healthcare Investments Ltd. This also includes assumptions used in valuations due to financing rounds and when recognizing impairments in stages. This requires estimates to be made by the management and the investment advisor and could lead to values that may differ from those calculated using other generally accepted valuation principles.

These risks could have an effect on the fair value of the investment in the subsidiary HBM Healthcare Investments (Cayman) Ltd. and the investments held by this company, which, in turn, could have an effect on the carrying amount of the investment at HBM Healthcare Investments Ltd. The valuation principles are disclosed under “Investment in subsidiary” (note 2.2) and the details about the investments and profits recognized can be found under “Major subsidiaries” (note 6).

Our audit response We performed various audit procedures on the fair value of the investments held by the subsidiary. These included the following:

We obtained an understanding of the Company’s process in respect of investments in private companies and their valuation.

Furthermore, we audited the estimates and assumptions made by the management board for significant investments based on interviews and the documentation that serves as the basis for the estimate (“monitoring sheets”), in particular in respect of the development of significant venture capital.

We compared the value adjustments of existing investments due to financing rounds with the underlying documents, such as share purchase agreements.

Our audit did not lead to any reservations relating to the valuation of the investment of the subsidiary.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the group financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings (page 96) complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Rico Fehr
Licensed audit expert
(Auditor in charge)



Roman Ottiger
Licensed audit expert

hbmhealthcare.com

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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 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

Credits

Editorial

HBM Healthcare Investments Ltd

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Hans Peter Furrer

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Getty Images

Concept and realisation

Weber-Thedy Strategic Communication

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DAZ

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The Annual Report is published in English and German.

The German version is binding in all matters of interpretation.

