



**ANNUAL
REPORT
2021/2022
SHORT REPORT**

HBM Healthcare
Investments

About HBM Healthcare Investments

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

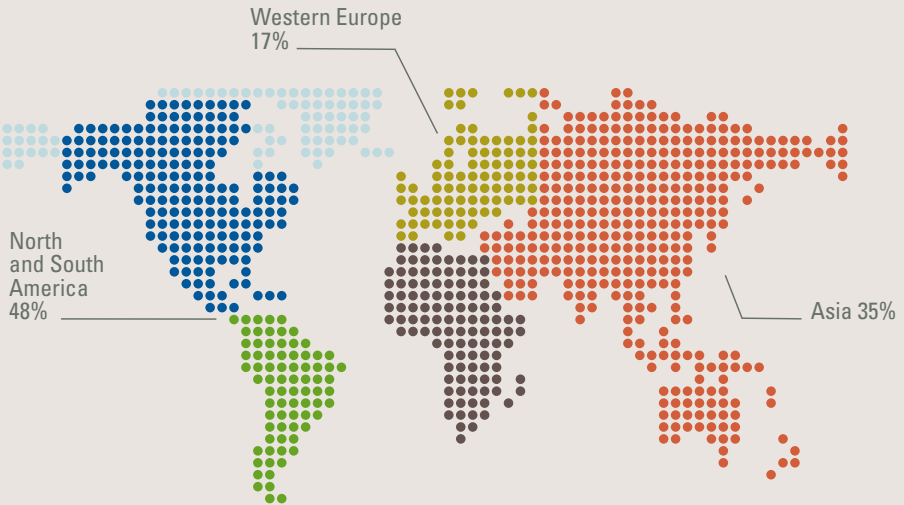
Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided on their strategic directions.

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

Global portfolio

Investments by regions¹⁾

Global portfolio with focus on North America.



1) Total investments as at 31.3.2022:
CHF 1920 million.

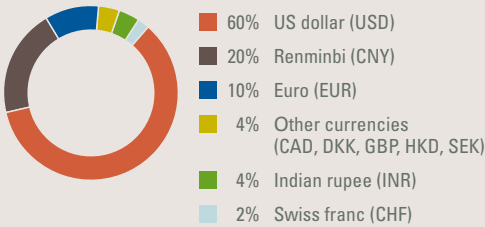
HBM Healthcare Investments holds a well-balanced global portfolio. Geographical focus is on the world's leading research and development hubs of the

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

At a glance

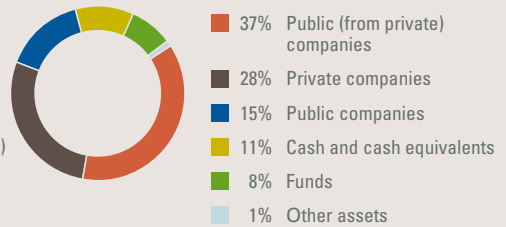
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



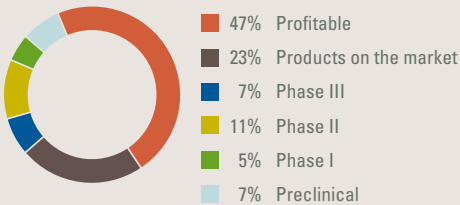
Allocation of assets¹⁾

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



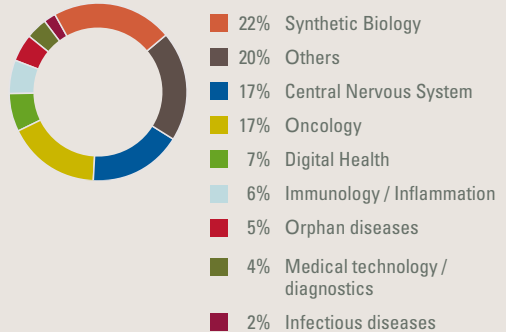
Development phase of portfolio companies²⁾

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



Therapeutic area of the lead product of portfolio companies²⁾

Broadly diversified areas of activity.



1) Total consolidated assets as at 31.3.2022: CHF 2 177 million.

2) Total investments as at 31.3.2022: CHF 1 920 million.

Highlights

550 percent

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

CHF 129 million

Net value increase in the portfolio of private companies
2021/2022

11 new private
companies in the portfolio

2021/2022

CHF 9.70 per share

Cash distribution to shareholders

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

HBM Healthcare Investments reports a loss of CHF 78 million for the 2021/2022 financial year, for the first time in ten years and after a cumulative increase in value of 550 percent. The net asset value per share (NAV) fell by 3.6 percent and the share price by 13.2 percent due to globally declining market valuations of public companies, especially in the first quarter of 2022, triggered by rising inflation, interest rate hikes and increasing geopolitical uncertainty. The increase in value of the private companies' portfolio totalling CHF 129 million was unable to entirely compensate for this. However, the healthcare market continues to offer an attractive investment universe and the prospects for HBM Healthcare's carefully constructed portfolio remain intact. The Company's solid financial position allows to continue its proven investment strategy and distribution policy.

Dear Shareholders

The value of HBM Healthcare Investments has risen steadily over the past ten years with a cumulative increase in value of about 550 percent. In the 2021/2022 financial year just ended, however, we had to accept a slight reduction in the net asset value per share (NAV) of 3.6 percent.

In an increasingly challenging market environment, HBM Healthcare Investments initially performed very well. In January 2022, the Company reported a strong profit of CHF 275 million for the first nine months. Increases in the value of private companies and the rise in the share price of its largest investment – Cathay Biotech in China – offset the market-driven decline in the share prices of the other public investments.

However, valuations of growth companies on the stock market came under increasing pressure against the backdrop of rising inflation and a first interest rate hike in the United States. The geopolitical events in Ukraine and the renewed flare-up of the Covid-19 pandemic in China further accentuated the price decline in public holdings in the final quarter of the financial year while the share price of Cathay Biotech also gave back some of its previous gains, which ultimately pushed our result into negative territory.

As a long-term investor, this is no cause for concern, because the factors central to the sector and to our investment strategy have not changed. The medical need and the innovative strength of the portfolio companies remain strong. The healthcare sector will continue to grow due to demographic developments. In addition, after the sharp decline in share prices, many public portfolio companies are favourably valued from a fundamental perspective, and in the portfolio of private companies several positions are maturing and should add considerable value in the coming years. Over time, all this should be reflected in higher valuations and increased takeover activity.

With a high level of cash and cash equivalents and low debt, HBM Healthcare Investments' financial position is very solid. This not only ensures the continued financing of the portfolio, but also leaves room for selective new investments and allows to maintain our current distribution policy.

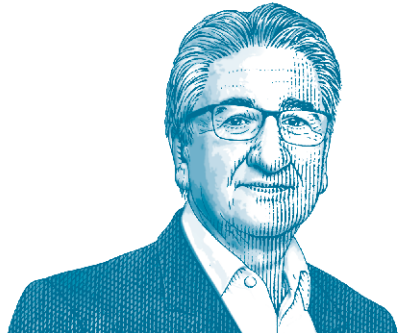
Annual loss of CHF 78 million due to declining market valuations

HBM Healthcare Investments reports an annual loss of CHF 78 million for the 2021/2022 financial year. This is the first negative result in ten years, following the previous year's record profit. The individual components of the portfolio contributed as follows:

The value of the portfolio of private companies increased by a total of CHF 129 million. Financing rounds with external investors enabled an increase in the valuations of the investments in Swixx Biopharma by CHF 75 million and ConnectRN by CHF 38 million. Both companies are operationally successful and experience strong sales growth. Furthermore, the acquisition of BioShin by Biohaven resulted in a profit contribution of CHF 12 million. The value of the other investments combined increased by a total of CHF 4 million, net of higher valuations due to financing rounds as well as some value adjustments.

The fund portfolio decreased by CHF 35 million, mainly due to lower market prices of public companies held by these funds. Of this, CHF 12 million was attributable to HBM Genomics, CHF 10 million to WuXi Healthcare Ventures, and CHF 13 million to the other funds. Repayments totalling CHF 36 million were offset by capital calls of CHF 31 million. In total, CHF 5 million in liquidity flowed back from the funds. No new investment commitments were made to funds in the reporting year.

Public companies originating from the portfolio of private companies recorded market-related losses of CHF 82 million. Positive performers were Cathay Biotech (CHF 128 million, including dividend income of CHF 3 million and net of an increase in the provision for deferred tax on capital gain of CHF 14 million) and Harmony Biosciences (CHF 58 million). Both companies are profitable and report growing sales. The result was negatively impacted primarily by oncology companies with clinical development candidates, some of which had appreciated strongly in earlier years: BioAtla (CHF 62 million), ALX Oncology (CHF 32 million), Y-mAbs Therapeutics (CHF 28 million), Turning Point Therapeutics (CHF 27 million), Ambrx (CHF 20 million), Longboard Pharmaceuticals (CHF 20 million), Instil Bio (CHF 18 million), Connect Biopharma (CHF 13 million), IO Biotech (CHF 10 million) and other companies (CHF 38 million net). HBM Healthcare Investments had already realised substantial



"The factors central to the healthcare market and to our investment strategy have not changed. Medical demand as well as corporate innovation remain strong."

Hans Peter Hasler
Chairman of the Board of Directors

profits from most of these investments in the financial year just ended or in previous financial years. Clinical development is proceeding according to plan at most of these companies.

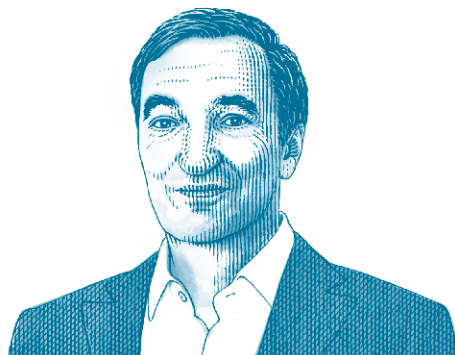
The portfolio of other public companies impaired the result by CHF 65 million. The investment in Biohaven developed positively, increasing by CHF 25 million. The result was burdened by the share price developments of Zymeworks (CHF 24 million), Esperion Therapeutics (CHF 12 million), Rocket Pharmaceuticals (CHF 11 million), ChemoCentryx (CHF 10 million) and various smaller investments (CHF 33 million net).

The hedging positions for currency and market risks resulted in a profit contribution of CHF 29 million. Other financial assets and financial instruments reduced the result by CHF 13 million, mainly due to currency effects.

Management fees, which depend on average net assets and market capitalisation, amounted to CHF 35 million. As the NAV did not exceed the high water mark at the end of the financial year, no performance-related compensation was due to the investment advisor or the Board of Directors. Other administrative costs and financial expenses were stable at less than CHF 6 million.

"For the 2021/2022 financial year, we had to accept a small decrease in value, for the first time in ten years and after a cumulative return of 550 percent."

Dr Andreas Wicki
Chief Executive Officer



Attractive portfolio with private and public companies

Taking into account the reported loss for the year and the par value repayment to shareholders last September, net assets decreased by CHF 0.17 billion to just under CHF 2 billion in the reporting year. As of 31 March 2022, total invested assets of CHF 2.2 billion were grouped as follows: private companies 28 percent, public companies 52 percent (public companies originating from the private companies' portfolio 37 percent), funds 8 percent, other assets 1 percent and cash and cash equivalents 11 percent. At less than 7 percent, the level of financial liabilities remains low.

On the balance sheet date, there were no hedges for currency or market risks.

CHF 162 million invested in private companies

HBM Healthcare Investments invested CHF 93 million in eleven new private companies during the year under review. Of this amount, CHF 67 million has been paid in and CHF 26 million has been recognised as investment commitments. A further CHF 69 million was transferred to existing private companies as follow-on financings.

New investments made during the year are mentioned in the respective quarterly reports. No new investments were made in the reporting year's final quarter ended 31 March 2022. The three largest new investments in the 2021/2022 financial year are:

- The US company Upstream Bio received an investment commitment of USD 20 million (USD 11 million paid in). Upstream is developing an antibody to treat severe asthma.
- CHF 17 million went to the Swiss company Numab Therapeutics. Numab develops novel cancer immunotherapies based on its multispecific antibody discovery technology platform and has several partnerships with international pharmaceutical companies.
- USD 10 million was invested in Odyssey Therapeutics. The US-based company develops novel antibodies (V-bodies) for the treatment of cancer and for autoimmune therapies.

In addition to new investments in private companies, selective buying opportunities were also taken in new or existing public companies. For example, the sharp decline in the share price of Y-mAbs Therapeutics at the beginning of 2022 was used to double the position back to the original ownership stake. The investment in Sierra Oncology was significantly increased following positive phase III trial results for Momelotinib for the treatment of myelofibrosis patients. This decision was rewarded shortly after the balance sheet date, when GlaxoSmithKline announced the acquisition of Sierra Oncology for a total of USD 1.9 billion in mid-April.



"HBM Healthcare Investments' solid financial position allows to continue its proven investment strategy as well as its distribution policy."

Erwin Troxler
Chief Financial Officer

Increase of cash distribution to CHF 9.70 per share

HBM Healthcare's large increase in value in recent years, the positive outlook for its portfolio, and its solid financial position allow the Company to continue its distribution policy unchanged. Accordingly, over the long term, a portion of the increase in value achieved is to be returned to shareholders with a target yield ranging from 3 to 5 percent on the closing share price.

The Board of Directors proposes to the Shareholders' Meeting a slight increase in the cash distribution of 20 cents to CHF 9.70 per share in the form of a par value repayment free of withholding tax. Based on the share price of 31 March 2022, this corresponds to a yield of 3.5 percent.

Furthermore, the Board of Directors intends to propose a new share buy-back programme to the Shareholders' Meeting.

Outlook

With inflation, rising interest rates and geopolitical uncertainty, the macroeconomic market environment has become more challenging in recent months. Nevertheless, HBM Healthcare Investments continues to rate the growth prospects for the healthcare sector and the factors central to its investment strategy as good.

The carefully compiled portfolio remains attractive in its composition and was supplemented with some interesting new investments in the reporting year. Many private companies are operationally successful and hold considerable added value potential. After the significant share price decline of the past twelve months, the segment of small and mid cap public companies is valued reasonably and will benefit from a market recovery. In addition, the progress of clinical development at these companies in the form of positive study results or market approvals should once again attract investor attention. Finally, Cathay Biotech, our largest holding, maintains its excellent position as one of the leading companies in the promising growth area of synthetic biology.

The current market environment offers increasingly interesting investment opportunities in the area of public companies, which we intend to exploit selectively. In addition, it can be assumed that strategic buyers will also follow this market development closely and – as demonstrated by GSK’s recent acquisition of Sierra Oncology – this will again lead to an increase in acquisitions and strategic partnerships.

We thank you, our valued shareholders, for the trust you have placed in us.



Hans Peter Hasler
Chairman of the Board of
Directors



Dr Andreas Wicki
Chief Executive Officer



Erwin Troxler
Chief Financial Officer

Balance sheet including translation

Balance sheet (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2022 (unaudited)
Assets		
Current assets		
Cash and cash equivalents		223 678
Receivables		49
Financial instruments	(3.2)	1 512
Total current assets		225 239
Non-current assets		
Investments	(3.1)	1 920 459
Other financial assets	(3.3)	26 580
Investment in subsidiary		0
Total non-current assets		1 947 039
Total assets		2 172 278
Liabilities		
Current liabilities		
Other liabilities		2 775
Total current liabilities		2 775
Non-current liabilities		
Provision for deferred tax on capital gain and other taxes	(3.5)	38 534
Financial liabilities	(4)	148 920
Total non-current liabilities		187 454
Shareholders' equity		
Share capital		203 928
Treasury shares		-5 196
Capital reserve		158 238
Retained earnings		1 625 079
Total shareholders' equity		1 982 049
Total liabilities and shareholders' equity		2 172 278
Number of outstanding shares (in 000)		6 941
Net asset value (NAV) per share (CHF)		285.56

IFRS Group Financial Statements
31.3.2022
(audited)

Translation ³⁾

-218 290	5 388
-29	20
-1 512	0
-219 831	5 408
-1 920 459	0
-26 580	0
2 132 047	2 132 047
185 008	2 132 047
-34 823	2 137 455
-730	2 045
-730	2 045
-38 534	0
0	148 920
-38 534	148 920
0	203 928
4 794	-402
-16 065	142 173
15 712	1 640 791
4 441	1 986 490
-34 823	2 137 455
16	6 957
	285.53

IFRS = International Financial Reporting Standards

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

Statement of comprehensive income and equity including translation

Statement of comprehensive income for the financial year ended 31 March (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 2021/2022 (unaudited)
Net result on investments	(3.1)	– 43 902
Change in provision for deferred tax on capital gain and other taxes	(3.5)	– 13 809
Dividend income		3 403
Net result from financial instruments	(3.2)	31 574
Net result from other financial assets		– 15 363
Dividend income from investment in subsidiary		0
Net change in value of investment in subsidiary		0
Result from investment activities		– 37 497
Management fee	(3.4)	– 34 920
Performance fee	(3.4)	– 1 678
Personnel expenses	(6)	– 1 149
Result before interest and taxes		– 75 244
Financial expenses		– 2 720
Financial income		7
Income taxes		0
Net result for the year		– 77 957
Comprehensive result		– 77 957
Number of outstanding shares, time-weighted (in 000)		6 951
Basic earnings per share (CHF)		– 11.22

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings
Balance as at 31 March 2021	290 928	– 2 660	157 903	1 703 036
Comprehensive result				– 77 957
Purchase of treasury shares		– 17 209		
Sale of treasury shares		14 673	289	
Par value repayment (9.9.2021)	– 87 000		46	
Balance as at 31 March 2022	203 928	– 5 196	158 238	1 625 079

IFRS Group Financial Statements
2021/2022
(audited)

Translation ³⁾		
43 302		0
13 809		0
-3 403		0
-31 574		0
15 363		0
50 000	50 000	
-123 783	-123 783	
-36 286	-73 783	
34 920		0
928		-750
368		-781
-70	-75 314	
3		-2 717
-7		0
0		0
-74	-78 031	
-74	-78 031	
6		6 957
		-11.22
Total consolidated shareholders' equity²⁾ (unaudited)	Translation³⁾	Total shareholders' equity IFRS (audited)
2 149 207	2 278	2 151 485
-77 957	-74	-78 031
-17 209	17 209	0
14 962	-14 962	0
-86 954	-10	-86 964
1 982 049	4 441	1 986 490

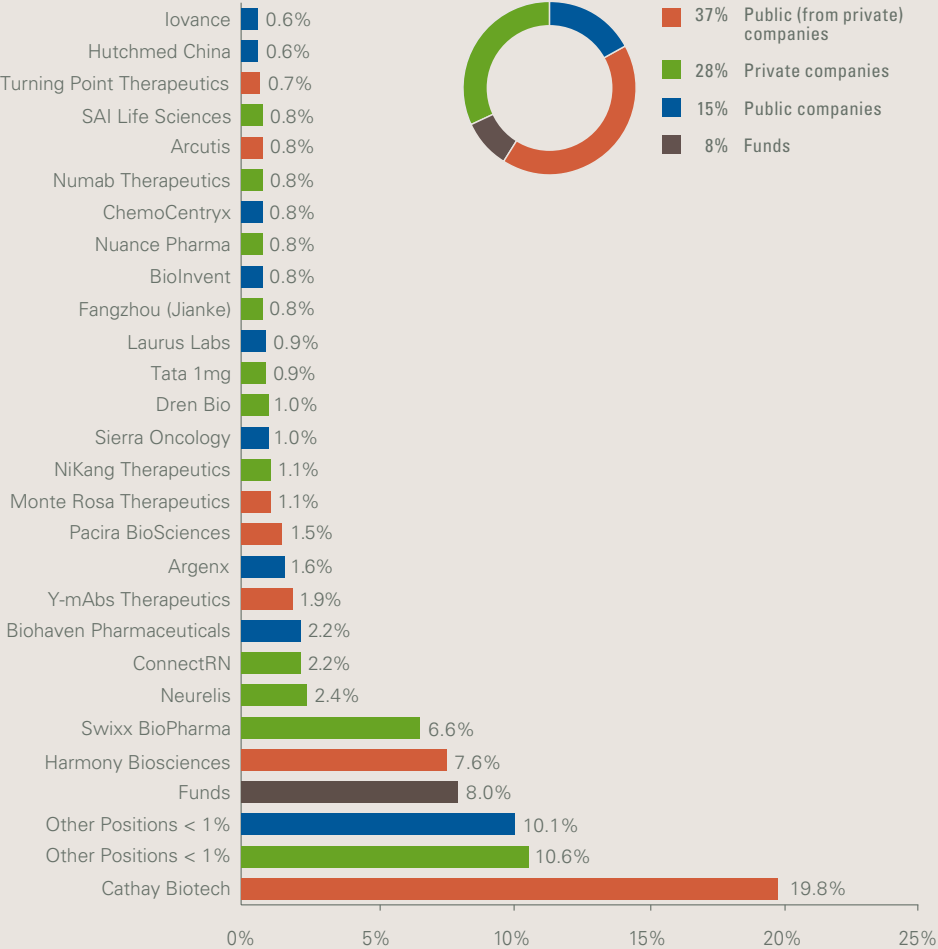
For the footnotes, see previous page.



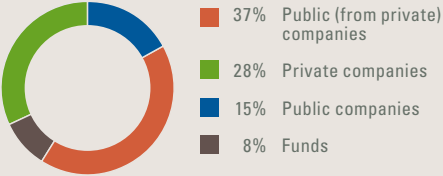
The full Annual Report 2021/2022 can be found on:
www.hbmhealthcare.com/en/investors/financial-reports

Portfolio

Largest investments (in % consolidated assets)



Investment allocation



Selected investments

Harmony Biosciences CHF 164 million
Therapies for patients suffering from disorders of the central nervous system

Drugs for the **Neurelis** CHF 52 million
treatment of epilepsy and orphan neurological disorders

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

Biohaven Pharmaceuticals CHF 47 million
Portfolio of therapies for patients with debilitating neurological and neuropsychiatric diseases

CHF 35 million **Argenx** Therapeutics for the treatment of severe autoimmune diseases and cancer

CHF 22 million **Sierra Oncology**
Development of therapeutics for the treatment of patients with unmet medical needs in haematology

Karius CHF 14 million
Precise diagnostics for infectious diseases via next generation sequencing

Key Figures

Key Figures		31.3.2022	31.3.2021
Net assets	CHF million	1 986.5	2 151.5
Investments in private companies and funds		790.3	662.8
Investments in public companies		1 130.2	1 404.2
Cash and cash equivalents		223.7	327.0
Net result for the year	CHF million	-78.0	756.3
Basic earnings per share	CHF	-11.22	108.71
Net asset value (NAV) per share	CHF	285.53	309.25
Share price	CHF	276.00	332.50
Premium (+) / discount (-)	%	-3.3	+7.5
Distribution per share	CHF	9.70 ¹⁾	12.50 ²⁾
Distribution yield	%	3.5	3.8
Shares issued	Registered shares (m)	7.0	7.0
Shares outstanding	Registered shares (m)	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.

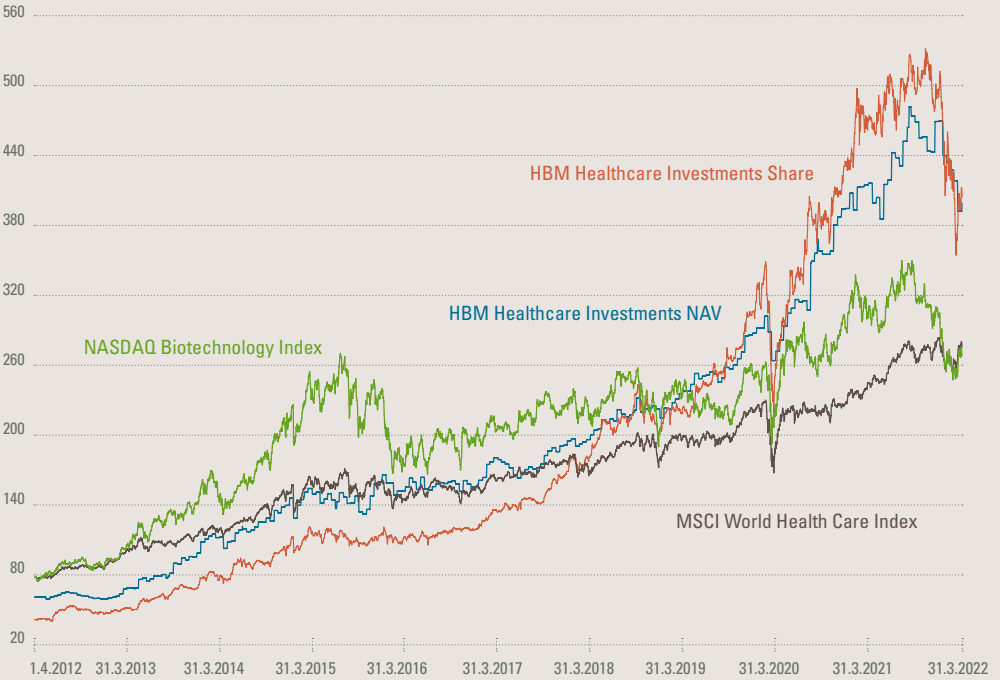
Performance (including distributions)		2021/2022	2020/2021
Net asset value (NAV)	%	-3.6	52.2
Registered share HBMN	%	-13.2	79.1

HBMN

SIX Swiss Exchange Ticker

Performance

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



CH 0012627250

ISIN



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Investor Information

Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 March 2022:

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

2022/2023: NAV of CHF 315.27

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

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hbmhealthcare.com

Company website



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Please find the full Annual Report 2021/2022 on:
www.hbmhealthcare.com/en/investors/financial-reports



Credits

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