

Quarterly Report

December

2021

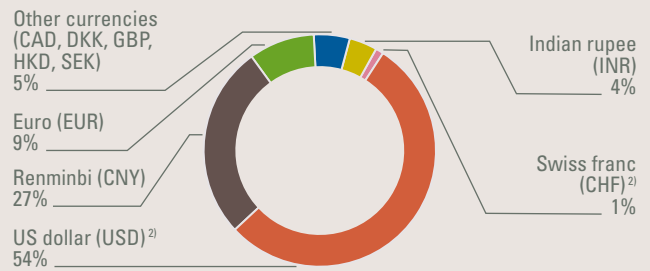
**HBM** Healthcare  
Investments

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

Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

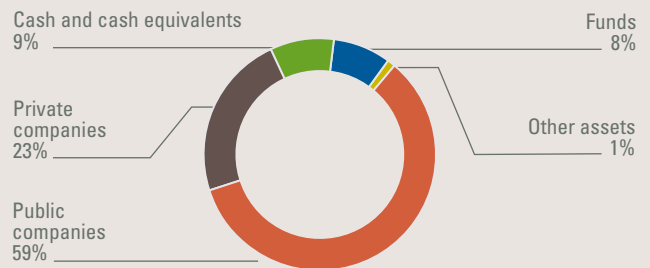
**Currency allocation of assets<sup>1)</sup>**

Emphasis on US dollar investments.



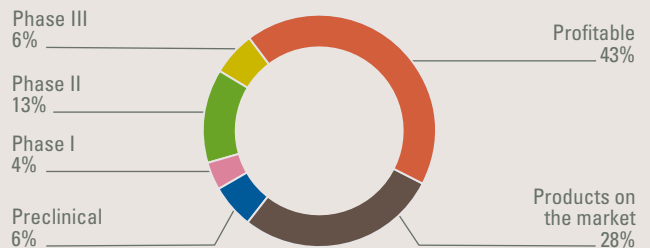
**Allocation of assets<sup>1)</sup>**

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



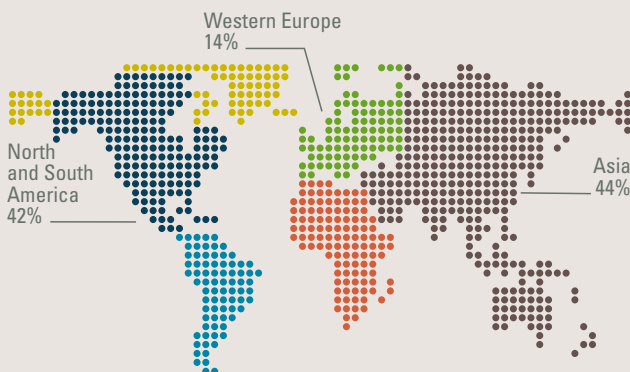
**Development phase of portfolio companies<sup>3)</sup>**

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



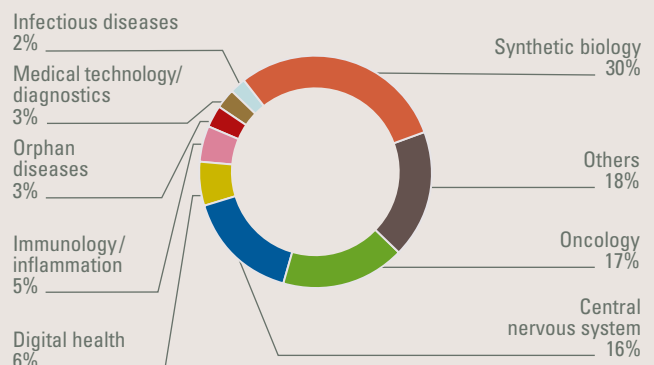
**Investments by continents<sup>3)</sup>**

International portfolio.



**Therapeutic area of the lead product of portfolio companies<sup>3)</sup>**

Broadly diversified areas of activity.



1) Total consolidated assets as at 31.12.2021: CHF 2 590 million.

2) Net of foreign currency hedge (USD/CHF): about USD 47 percent and CHF 8 percent respectively.

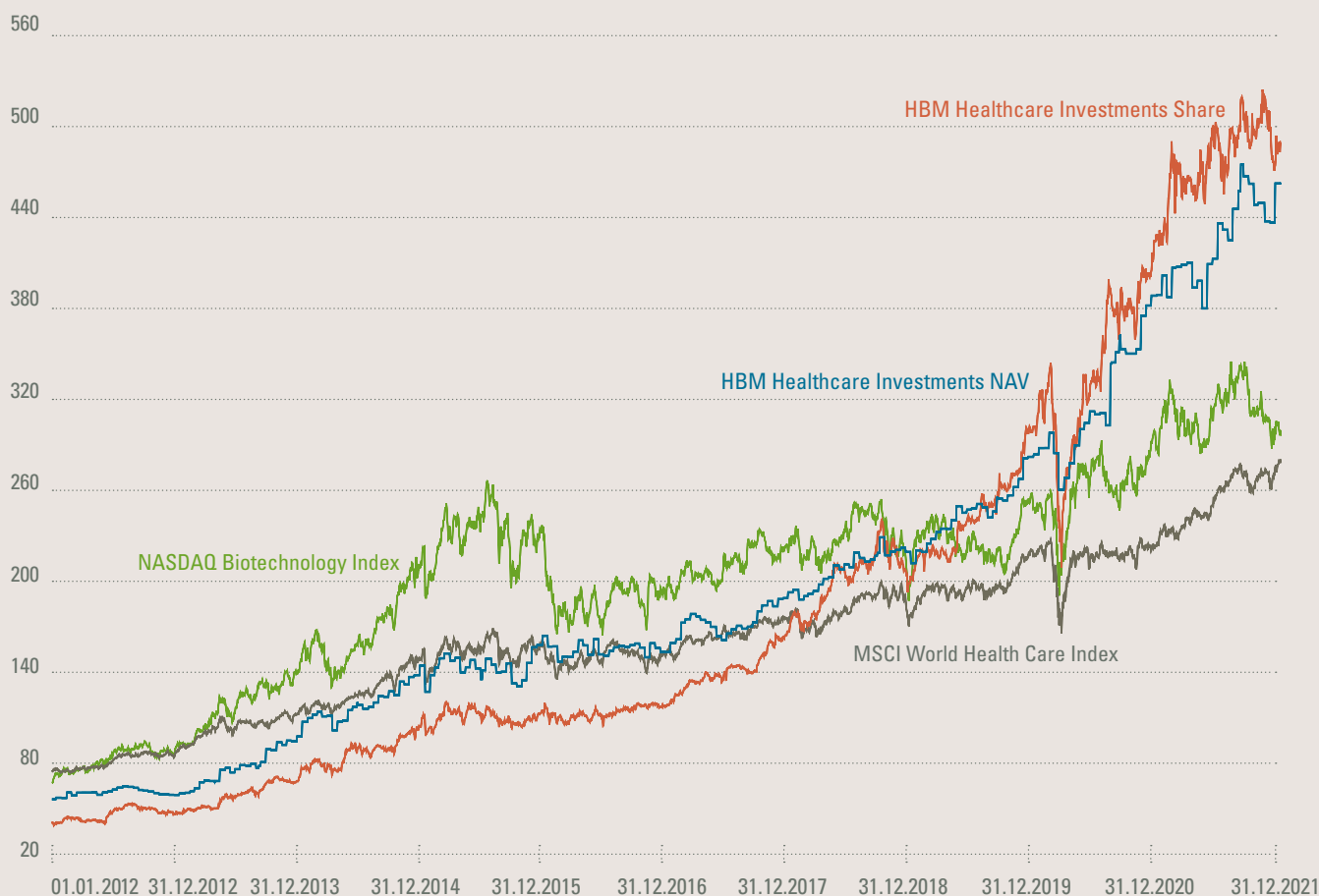
3) Total investments as at 31.12.2021: CHF 2 334 million.

### Key Figures

		31.12.2021	31.3.2021	31.3.2020	31.3.2019	31.3.2018
<b>Net assets</b>	CHF million	<b>2339.5</b>	<b>2151.5</b>	<b>1448.8</b>	<b>1318.3</b>	<b>1157.9</b>
Investments in private companies and funds		810.5	662.8	706.4	542.1	413.9
Investments in public companies		1523.5	1404.2	629.9	688.2	750.0
Cash and cash equivalents (net of liability from market hedging)		226.0	327.0	224.2	176.2	72.4
<b>Net result for the period</b>	CHF million	<b>275.0</b>	<b>756.3</b>	<b>182.7</b>	<b>209.1</b>	<b>115.9</b>
Basic earnings per share	CHF	39.52	108.71	26.26	30.05	16.55
Net asset value (NAV) per share	CHF	336.27	309.25	208.25	189.48	166.43
Share price	CHF	339.00	332.50	190.00	168.80	144.00
<b>Premium (+) / discount (-)</b>	%	<b>+0.8</b>	<b>+7.5</b>	<b>-8.8</b>	<b>-10.9</b>	<b>-13.5</b>
Distribution per share	CHF		12.50	7.70	7.50	7.00
Distribution yield	%		3.8	4.1	4.4	4.9
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.0
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.0

		2021/2022 (9 months)	2020/2021	2019/2020	2018/2019	2017/2018
<b>Performance</b> (including distributions)						
Net asset value (NAV)	%	12.8	52.2	13.9	18.1	11.1
Registered share HBMN	%	5.7	79.1	17.0	22.1	34.5

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



HBM Healthcare Investments generated a net profit of CHF 4 million in the reporting quarter ended 31 December 2021. For the first nine months of the 2021/2022 financial year, the net profit amounts to CHF 275 million. Although the biotech stock market in general declined, several portfolio companies announced operational successes, which resulted in higher valuations. With cash and cash equivalents of CHF 226 million, HBM Healthcare is well positioned for a market downturn and may benefit from buying opportunities at low valuations. Eight new investments in private companies complement the portfolio.

#### Dear Shareholders

HBM Healthcare Investments closed the third quarter of the 2021/2022 financial year with a small net profit of CHF 4 million amid a bearish market environment, at least in the biotech sector. The net asset value per share (NAV) increased by 0.2 percent during the same period, while the share price declined by 0.3 percent.

This results in a profit of CHF 275 million for the first nine months of the financial year and an increase in the NAV of 12.8 percent.

#### Operational success as a basis for high valuations

The two private companies Swixx BioPharma and ConnectRN concluded financing rounds with new investors. Against the backdrop of the companies' very successful operational development, these led to an increase in the valuation of the two investments totalling CHF 72 million.

Swixx BioPharma announced the signing of an agreement for the exclusive distribution of Sanofi's prescription drugs in Eastern Europe. The company expects this to double its 2022 sales to over EUR 600 million and plans to expand its team to around 900 employees.

ConnectRN, the digital placement platform for nursing staff in the United States, increased its 2021 revenue organically by more than 240 percent and expects further growth in the current year.

Furthermore, BioShin, a Chinese subsidiary of listed Biohaven Pharmaceuticals, will be fully acquired by Biohaven as part of Biohaven's announced strategic partnership with Pfizer. Upon completion of the transaction, HBM Healthcare Investments will receive Biohaven shares equivalent to approximately USD 23 million in exchange for its USD 8 million investment in BioShin.

Valo Health announced that the merger agreement signed in June with Khosla Ventures Acquisition Co. has been terminated by mutual consent. Accordingly, the value of the investment was reduced back to the original cost value.

### **Cathay Biotech defies declining stock market**

Among the **public companies originating from the private companies'** portfolio, the pleasing share price performance of the Chinese company Cathay Biotech stood out in particular. The market capitalisation of this leader in synthetic biology rose by almost a fifth to over CHF 11 billion in the quarter under review, thereby compensating for the considerable market-related decline in the share prices of the other public holdings originating from the portfolio of private companies.

A detailed analyst report highlighted the potential of Cathay Biotech's technology to use straw instead of corn starch as the renewable resource to manufacture its products in the future. Thereby, Cathay wants to avoid bottlenecks in the procurement of raw materials which are expected for the growing biomass industry. According to OECD estimates, at least 20 percent of the world's chemical products will be replaced by biomass products by 2030. This corresponds to a market volume of USD 800 billion, and synthetic biology is said to play a central role in this replacement process.

With a share of 27 percent, Cathay Biotech is by far the largest holding in HBM Healthcare's portfolio. As Cathay's shares will remain subject to a lock-up period for the next 20 months, they are valued at a discount of 9.75 percent to the current market price, in the amount of CHF 76 million. The percentage of the lock-up discount will be reduced on a straight-line basis over the remaining term of the lock-up period.

Among the **other public companies**, Argenx and ChemoCentryx each benefitted from an FDA market approval. Argenx was granted approval for VYVGART™ for the treatment of the chronic neuromuscular autoimmune disease myasthenia gravis, characterised by weakness and rapid fatigability of the skeletal muscles, and ChemoCentryx for TAVNEOS™ for the treatment of ANCA-associated vasculitis, an inflammatory disease of the blood vessels. Furthermore, additional value was added by the acquisition of Dicerna by Novo Nordisk.

### **Eight new investments in private companies**

During the quarter under review, new investments totalling CHF 52 million were made in eight private companies. A further CHF 18 million was invested in current portfolio companies. Among the new investments, the US company Upstream Bio received an investment commitment of USD 20 million, of which a first tranche of USD 11 million was paid in. Upstream Bio is developing an antibody therapy for the treatment of severe asthma.

In addition, US company Acrivon Therapeutics received USD 8 million for the development of personalised oncology treatments; Mahzi Therapeutics, United States, USD 8 million, of which USD 4 million paid in, for the development of a gene therapy for the treatment of rare diseases; Ignis Therapeutics, China, USD 7 million, of which USD 4.2 million paid in, for the development of licensed therapies for the treatment of diseases of the central nervous system in China. Japanese company Aculy's Pharma received USD 5 million for the development of Pitolisant for the treatment of narcolepsy for the Japanese market, and the Italian online pharmacy 1000Farmacie, Italy, EUR 4 million. Finally, the two US companies Freenome Holdings (blood test for the early detection of cancer) and Antiva Biosciences (topical therapies for the treatment of precancerous lesions caused by HPV) each received USD 3 million, of which in the case of Antiva USD 1.5 million paid in.

### Outlook

The equity markets in the biotech sector continued to trend sharply downwards on the first trading days of the new year. The acquisition of the portfolio company Zogenix by UCB, announced this week, provides some confidence in addition to a cash inflow. With substantial cash and cash equivalents totalling CHF 226 million, HBM Healthcare Investments is well positioned for this market phase. As most portfolio companies are performing well operationally, as expected, there is no need to reduce exposure at unattractive prices.

Due to the large percentage share of Cathay Biotech in the portfolio, its share price performance will continue to have significant impact on the results of HBM Healthcare Investments. Cathay is profitable, operationally very successful and unswerving in implementing its long-term growth plans.

In the private companies' portfolio, various companies are about to close financing rounds, which should have a positive impact on the book value of the corresponding investments.

The portfolio thus remains attractive and well balanced in its composition with private and public companies.

We thank you, our valued shareholders, for the trust you have placed in us and wish you all the best for 2022.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

Balance sheet (CHF 000)	Notes	31.12.2021	31.3.2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3 926	6 033
Receivables		26	17
<b>Total current assets</b>		<b>3 952</b>	<b>6 050</b>
<b>Non-current assets</b>			
Investment in subsidiary	(3)	2 533 927	2 255 830
<b>Total non-current assets</b>		<b>2 533 927</b>	<b>2 255 830</b>
<b>Total assets</b>		<b>2 537 879</b>	<b>2 261 880</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Liability to subsidiary		48 000	0
Financial liabilities	(4)	0	49 967
Liability from performance fee		0	8 154
Other liabilities		1 533	2 471
<b>Total current liabilities</b>		<b>49 533</b>	<b>60 592</b>
<b>Non-current liabilities</b>			
Financial liabilities	(4)	148 854	49 803
<b>Total non-current liabilities</b>		<b>148 854</b>	<b>49 803</b>
<b>Shareholders' equity</b>			
Share capital	(5.1)	203 928	290 928
Treasury shares	(5.2)	-402	-402
Capital reserve	(5.1)	142 173	142 137
Retained earnings		1 993 793	1 718 822
<b>Total shareholders' equity</b>		<b>2 339 492</b>	<b>2 151 485</b>
<b>Total liabilities and shareholders' equity</b>		<b>2 537 879</b>	<b>2 261 880</b>
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		336.27	309.25

<b>Statement of comprehensive income for the period 1 April to 31 December (CHF 000)</b>	Notes	Quarter ended 31.12.2021	Quarter ended 31.12.2020	9-month period ended 31.12.2021	9-month period ended 31.12.2020
Net change in value of investment in subsidiary	(3)	5 507	204 327	278 097	647 592
<b>Result from investment activities</b>		<b>5 507</b>	<b>204 327</b>	<b>278 097</b>	<b>647 592</b>
Personnel expenses		-181	-206	-551	-642
Other operating expenses		-215	-168	-518	-456
<b>Result before interest and taxes</b>		<b>5 111</b>	<b>203 953</b>	<b>277 028</b>	<b>646 494</b>
Financial expenses		-690	-618	-2 057	-1 854
Financial income		0	0	0	0
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>4 421</b>	<b>203 335</b>	<b>274 971</b>	<b>644 640</b>
<b>Comprehensive result</b>		<b>4 421</b>	<b>203 335</b>	<b>274 971</b>	<b>644 640</b>
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		0.63	29.23	39.52	92.66

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



	9-month period ended 31.12.2021	9-month period ended 31.12.2020
<b>Statement of cash flows for the period 1 April to 31 December (CHF 000)</b>		
Expenses paid (personnel and other operating expenses)	-9 659	-2 932
<b>Net cash flow from operating activities</b>	<b>-9 659</b>	<b>-2 932</b>
Interest paid	-2 387	-2 271
Redemption of financial liabilities	-50 000	0
Issuance of financial liabilities	98 903	0
Loan from subsidiary	48 000	59 000
Par value repayment	-86 964	-53 570
<b>Net cash flow from financing activities</b>	<b>7 552</b>	<b>3 159</b>
<b>Currency translation differences</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>-2 107</b>	<b>227</b>
Cash and cash equivalents at beginning of period	6 033	6 096
Cash and cash equivalents at end of period	3 926	6 323

<b>Statement of changes in equity (CHF 000)</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<b>Balance 31 March 2020</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>962 551</b>	<b>1 448 784</b>
Comprehensive result				644 640	644 640
Par value repayment (10.9.2020)	-53 592		22		-53 570
<b>Balance 31 December 2020</b>	<b>290 928</b>	<b>-402</b>	<b>142 137</b>	<b>1 607 191</b>	<b>2 039 854</b>
Comprehensive result				111 631	111 631
<b>Balance 31 March 2021</b>	<b>290 928</b>	<b>-402</b>	<b>142 137</b>	<b>1 718 822</b>	<b>2 151 485</b>
Comprehensive result				274 971	274 971
Par value repayment (9.9.2021)	-87 000		36		-86 964
<b>Balance 31 December 2021</b>	<b>203 928</b>	<b>-402</b>	<b>142 173</b>	<b>1 993 793</b>	<b>2 339 492</b>

## General Statements

### 1. Information about the Company and its business

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

### 2. Accounting policies

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

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

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

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

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

Exchange rates (CHF)	31.12.2021	31.3.2021
CAD	0.7224	0.7512
CNY	0.1436	0.1440
DKK	0.1396	0.1488
EUR	1.0380	1.1068
GBP	1.2353	1.3006
HKD	0.1171	0.1214
INR	0.0123	0.0129
SEK	0.1008	0.1081
USD	0.9129	0.9436

## Notes to the Balance Sheet and Statement of Income

### 3. Investment in Subsidiary

The fair value of the investment in the Subsidiary HBM Healthcare Investments (Cayman) Ltd. developed as follows in the 9-month period:

	9-month period ended 31.12.2021	9-month period ended 31.12.2020
<b>Development fair value investment (CHF 000)</b>		
<b>Fair value at beginning of period</b>	<b>2 255 830</b>	<b>1 546 050</b>
Change in value, gross	278 097	647 592
<b>Fair value at end of period</b>	<b>2 533 927</b>	<b>2 193 642</b>

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

<b>Composition net assets (CHF 000)</b>	Notes	31.12.2021	31.3.2021	31.12.2020
Cash and cash equivalents		222 099	423 135	354 583
Receivables		56	161	196
Loan to parent company		48 000	0	59 000
Investments	(3.1)			
Private companies		604 503	446 199	361 774
Funds		205 983	216 601	182 812
Public companies		1 523 503	1 404 158	1 474 070
Shares of parent company		1 383	2 278	5 647
Financial instruments	(3.2)	1 996	0	49 365
Other financial assets	(3.3)	26 891	38 279	34 915
<b>Total assets</b>		<b>2 634 414</b>	<b>2 530 811</b>	<b>2 522 362</b>
Financial instruments	(3.2)	0	- 128 888	- 194 674
Liability from performance fee	(3.4)	- 25 791	- 120 664	- 109 123
Provision for deferred tax on capital gain and other taxes	(3.5)	- 73 782	- 24 725	- 24 530
Other current liabilities		- 914	- 704	- 392
<b>Total net assets at fair value</b>		<b>2 533 927</b>	<b>2 255 830</b>	<b>2 193 643</b>

During the 9-month period, the net assets of the investment in the Subsidiary have developed as follows:

	Notes	9-month period ended 31.12.2021	9-month period ended 31.12.2020
<b>Change in net assets at fair value (CHF 000)</b>			
Net result on investments	(3.1)	358 426	788 550
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-49 057	-7 361
Dividend income		3 389	355
Net result from financial instruments	(3.2)	33 106	14 153
Net result from other financial assets		-15 382	-25 017
Net result from shares of parent company		348	5 371
<b>Result from investing activities</b>		<b>330 830</b>	<b>776 051</b>
Management fee	(3.4)	-26 111	-18 523
Performance fee	(3.4)	-25 791	-109 123
Personnel and other operating expenses		-832	-810
Financial result		1	-3
<b>Change in value, gross</b>		<b>278 097</b>	<b>647 592</b>
<b>Net change in value of investment</b>		<b>278 097</b>	<b>647 592</b>

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

### 3.1 Investments

During the 9-month period, the investments held by the Subsidiary comprised the following and they performed as follows:

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
<b>Fair value 31 March 2021</b>	<b>446 199</b>	<b>216 601</b>	<b>1 404 158</b>	<b>2 066 958</b>
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
<b>Fair value 31 March 2021 (after reclassification)</b>	<b>390 336</b>	<b>216 601</b>	<b>1 460 021</b>	<b>2 066 958</b>
Purchases	115 612	26 137	236 351	378 100
Sales	-21 338	-36 000	-412 157	-469 495
Realised gains	14 386	488	175 342	190 216
Realised losses	-1 434	-885	-32 663	-34 982
Changes in unrealised gains/losses	106 941	-358	96 609	203 192
Net result on investments	119 893	-755	239 288	358 426
<b>Fair value 31 December 2021</b>	<b>604 503</b>	<b>205 983</b>	<b>1 523 503</b>	<b>2 333 989</b>

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

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2021	Changes in reporting period	Amount disbursed 31.12.2021	Fair value 31.12.2021	Ownership 31.12.2021	Fair value 31.12.2021	Fair value 31.3.2021
			IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma	CH	EUR	24.8	10.0	34.8	141.7	26.3	147 038	58 541
Neurelis	US	USD	24.4		24.4	56.2	10.6	51 329	53 055
ConnectRN	US	USD	5.9	8.0	13.9	52.1	21.7	47 524	2 279
NiKang Therapeutics	US	USD	5.0	15.0	20.0	25.2	5.3	23 048	4 718
BioShin <sup>1)</sup>	CN	USD	8.0		8.0	22.6	4.1	20 676	7 549
Tata 1mg	IN	INR	1 178.6	-207.4	971.2	1 632.7	4.0	20 050	28 002
Fangzhou (Jianke)	CN	USD	19.9		19.9	19.7	5.4	18 013	18 619
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.9	17 046	17 619
Numab Therapeutics	CH	CHF	0.0	17.0	17.0	17.0	6.4	17 000	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.7	16 504	17 346
Adrenomed	DE	EUR	10.7	1.0	11.7	15.8	10.5	16 431	16 414
FarmaLatam	PA	USD	14.8		14.8	17.7	51.1	16 159	16 703
Valo Health	US	USD	15.0		15.0	15.0	1.3	13 693	14 154
Sphingotec	DE	EUR	10.5	2.5	13.0	10.7	14.2	11 158	11 621
Upstream Bio	US	USD	0.0	11.0	11.0	11.0	4.2	10 042	0
Neuron23	US	USD	7.0	1.0	8.0	10.8	2.2	9 877	6 605
Genalyte (BaseHealth)	US	USD	7.5		7.5	10.2	3.4	9 328	9 642
River Renal	US	USD	10.0		10.0	10.0	12.5	9 129	9 436
Odyssey Therapeutics	US	USD	0.0	10.0	10.0	10.0	5.0	9 129	0
Karius	US	USD	10.0		10.0	10.0	3.9	9 129	9 436
Shape Memory Medical	US	USD	8.8		8.8	8.8	16.8	8 034	8 304
Cure Everlife Holdings	MU	USD	5.6	3.3	8.9	8.7	10.1	7 934	5 099
Valcare	IL	USD	5.1	0.3	5.4	8.1	7.5	7 431	7 429
Acrivon Therapeutics	US	USD	0.0	8.0	8.0	8.0	3.6	7 303	0
Visen Pharmaceuticals	CN	USD	7.5		7.5	7.5	0.6	6 847	7 077
Dren Bio	US	USD	3.7	3.7	7.4	7.4	7.8	6 801	3 515
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 390	6 605
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 390	6 605
Mineralys Therapeutics	US	USD	6.7		6.7	6.7	10.7	6 086	6 291
Cardialen	US	USD	5.0	1.5	6.5	6.5	17.8	5 934	4 718
FogPharma	US	USD	1.4	3.6	5.0	5.0	1.9	4 565	1 323
Aculys Pharma	JP	USD	0.0	5.0	5.0	5.0	5.0	4 565	0
Fore Biotherapeutics (NovellusDx)	IL	USD	3.3	1.6	4.9	4.9	9.3	4 431	3 088
1000Farmacie	IT	EUR	0.0	4.0	4.0	4.0	14.6	4 152	0
Ignis Therapeutics	CN	USD	0.0	4.2	4.2	4.2	1.2	3 834	0
Mahzi Therapeutics	US	USD	0.0	4.0	4.0	4.0	5.2	3 652	0
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 850	2 946
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 739	2 831
Freenome Holdings	US	USD	0.0	3.0	3.0	3.0	0.2	2 739	0
Polyneuron Pharmaceuticals	CH	CHF	9.9		9.9	2.5	16.1	2 482	7 445
C Ray Therapeutics	CN	USD	0.0	2.0	2.0	2.0	1.6	1 826	0
Antiva Biosciences	US	USD	0.0	1.5	1.5	1.5	1.8	1 369	0
Alydia Health <sup>2)</sup>	US	USD	3.0	-3.0	0.0	0.0	0.0	0	10 534
Others								3 846	4 787
<b>Total private companies</b>								<b>604 503</b>	<b>390 336</b>

1) The company was acquired in November 2021. The closing of the transaction is anticipated to occur in the first calendar quarter of 2022.

2) The company was acquired in March 2021. The transaction was completed in the third calendar quarter of 2021.

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 31.12.2021	Cumulative repayments 31.12.2021	Fair value 31.12.2021	Fair value 31.12.2021	Fair value 31.3.2021
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	23.9	1.5		23.9	0.0	41.6	37 989	46 168
6 Dimensions Capital	USD	25.0	1.3	23.0	25.0	26.0	40.9	37 381	43 713
WuXi Healthcare Ventures II	USD	20.0	0.8	2.0	20.0	4.0	36.8	33 637	34 092
MedFocus Fund II	USD	26.0			26.0	25.0	23.5	21 408	22 829
120 Capital	USD	25.0	13.8		13.8	0.0	13.3	12 115	0
HBM BioCapital II <sup>1)</sup>	EUR	42.0	1.0	8.6	46.1	21.8	11.5	11 969	21 417
C-Bridge Healthcare Fund IV	USD	10.0	2.5		9.7	0.2	13.0	11 842	9 274
Hatteras Venture Partners III	USD	10.0		0.9	10.2	2.9	6.6	6 068	5 986
Tata Capital HBM Fund I	USD	10.0	0.1		9.9	6.9	6.3	5 733	5 534
Galen Partners V	USD	10.0			10.4	8.8	5.7	5 181	7 291
LYZZ Capital Fund II	USD	15.0	0.4		5.1	0.0	5.4	4 970	4 411
BioMedInvest II	CHF	10.0		0.5	10.0	3.9	3.2	3 230	4 840
Tata Capital Healthcare Fund II	USD	20.0	1.4	0.4	4.5	0.4	3.4	3 109	2 150
BioVeda China IV	USD	5.0		0.4	4.0	0.9	3.4	3 076	3 316
HBM Genomics II	USD	15.0	3.3		3.3	0.0	2.9	2 688	0
C-Bridge Healthcare Fund V	USD	15.0	1.3	0.5	2.7	0.5	2.0	1 798	1 333
BioMedInvest I	CHF	26.0		0.5	26.0	27.6	1.7	1 742	2 184
Nordic Biotech	DKK	31.0			31.0	221.7	9.0	1 252	1 241
Others								795	822
<b>Total funds</b>								<b>205 983</b>	<b>216 601</b>

1) The fair value of EUR 11.5 million takes into account the fund's cumulative management fees of EUR 6.2 million. This amount has

been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Investment	Balance 31.3.2021	Changes 9 months	Changes 3 months	Balance 31.12.2021	Share price 31.12.2021	Ownership 31.12.2021	Fair value 31.12.2021	Fair value 31.3.2021
	currency								
<b>Companies originating from private companies' portfolio</b>									
Cathay Biotech <sup>1)</sup>	CNY	29610798	0	0	29610798	166.31	7.1	707307	292323
Harmony Biosciences	USD	4641779	-96536	-96536	4545243	42.64	7.8	176928	144715
Monte Rosa Therapeutics <sup>2)</sup>	USD	1798516	0	0	1798516	20.42	3.9	33527	17757
SpringWorks Therapeutics	USD	626043	-126435	-84339	499608	61.98	1.0	28269	43460
Y-mAbs Therapeutics	USD	1972751	-95257	0	1877494	16.21	4.3	27783	56291
Turning Point Therapeutics	USD	285664	347856	347856	633520	47.70	1.3	27587	25497
BioAtla	USD	1715869	-288552	-3379	1427317	19.63	4.0	25578	82315
Pacira BioSciences	USD	451324	0	0	451324	60.17	1.0	24791	29849
Ambrx Biopharma <sup>2)</sup>	USD	1736389	671692	0	2408081	9.03	6.2	19851	18872
Arcutis	USD	940424	8242	-8908	948666	20.74	1.9	17962	25672
Instil Bio	USD	2192908	-1138995	-979988	1053913	17.11	0.8	16462	51896
IO Biotech <sup>2)</sup>	USD	1980801	439683	439683	2420484	6.40	8.4	14142	8854
ALX Oncology	USD	937998	-357604	14743	580394	21.49	1.4	11386	65267
Longboard Pharmaceuticals	USD	1880000	0	0	1880000	4.88	11.1	8375	29058
Pyxis Oncology <sup>2)</sup>	USD	573304	150000	150000	723304	10.97	2.2	7244	5662
Werewolf Therapeutics <sup>2)</sup>	USD	625995	0	0	625995	11.91	2.3	6806	4718
Total companies originating from private companies' portfolio								1153998	902206
<b>Various companies</b>									
Biohaven Pharmaceuticals	USD	507523	-185011	-85815	322512	137.81	0.5	40574	32733
Hutchmed China	HKD	0	3890000	0	3890000	56.70	0.5	25826	0
Zogenix	USD	1341857	0	0	1341857	16.25	2.4	19906	24716
Argenx	EUR	90000	-30000	-15000	60000	315.30	0.1	19636	23350
Argenx (ADR)	USD	90000	-30000	-15000	60000	350.19	0.1	19181	23387
ChemoCentryx	USD	306525	247687	247687	554212	36.41	0.8	18421	14821
BioInvent	SEK	3630840	200000	100000	3830840	46.20	6.6	17845	18523
Laurus Labs	INR	3669033	-976009	-280110	2693024	538.90	0.5	17822	17142
Zymeworks	USD	964535	28674	0	993209	16.39	2.1	14861	28742
Iovance	USD	163433	619490	79571	782923	19.09	0.5	13644	4882
Beigene	HKD	700000	0	0	700000	161.00	0.1	13196	17095
Rocket Pharmaceuticals	USD	177461	400618	237838	578079	21.83	0.9	11520	7430
Dishman Carbogen	INR	2543633	1282003	60000	3825636	201.55	2.4	9469	3578
Index Pharmaceuticals	SEK	52916667	0	0	52916667	1.74	9.9	9284	9769
Nicox	EUR	2619102	400000	400000	3019102	2.56	7.0	8007	12349

Continued on page 16

1) The tax on capital gain and other taxes which may be owed in China upon the sale of the investment are accrued separately (note 3.5). The shares are subject to a holding period until August 2023 and the disclosed fair value of the investment includes a lock-up discount. The share price of CNY 184.28 as at 31.12.2021 was adjusted by a discount of 9.75% to CNY 166.31.

2) The companies went public on US NASDAQ during the 9-month period. The investments were listed under private companies in previous reports.

<b>Public companies</b>	Invest- ment currency	Balance 31.3.2021	Changes 9 months	Changes 3 months	Balance 31.12.2021	Share price 31.12.2021	Ownership 31.12.2021	Fair value 31.12.2021	Fair value 31.3.2021
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
<b>Various companies</b>									
Aurobindo Pharma	INR	220 000	600 245	0	820 245	734.35	0.1	7 397	2 502
Mirati Therapeutics	USD	0	52 241	52 241	52 241	146.69	0.1	6 996	0
Guangzhou Baiyunshan	HKD	2 609 000	0	0	2 609 000	22.45	0.2	6 858	5 972
Affimed	USD	0	1 327 597	268 000	1 327 597	5.52	1.1	6 690	0
Solara Active	INR	486 777	26 698	32 000	513 475	1 019.05	1.4	6 426	8 753
Insmed	USD	0	236 167	40 972	236 167	27.24	0.2	5 873	0
Jubilant Pharmova	INR	795 163	0	0	795 163	586.60	0.5	5 728	6 990
Harbour BioMed	HKD	6 262 000	0	0	6 262 000	7.75	0.8	5 682	6 780
Others								58 663	288 301
Total various companies								369 505	557 815
<b>Total public companies</b>								<b>1 523 503</b>	<b>1 460 021</b>
<b>Total investments</b>								<b>2 333 989</b>	<b>2 066 958</b>



### 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:

<b>Holdings of financial instruments (CHF 000)</b>	<b>31.12.2021</b>	<b>31.3.2021</b>
<b>Currency hedging</b>		
Forward contracts for currency hedging purposes	1 394	0
<b>Other financial instruments</b>		
Purchased call and put options	602	0
<b>Total financial instruments long</b>	<b>1 996</b>	<b>0</b>
<b>Currency hedging</b>		
Forward contracts for currency hedging purposes	0	26 682
<b>Market hedging</b>		
Sale of ETFs	0	102 206
<b>Total financial instruments short</b>	<b>0</b>	<b>128 888</b>

As at the balance sheet date, the foreign currency risk derived from the USD/CHF exchange rate was partially hedged by means of a forward sale of USD 0.2 billion. The market value of this hedging position amounted to CHF 1.4 million as at the balance sheet date.

The following gains and losses resulted from derivatives transactions conducted during the 9-month period under review:

<b>Income from financial instruments (CHF 000)</b>	<b>9-month period ended 31.12.2021</b>	<b>9-month period ended 31.12.2020</b>
Gains from currency hedging transactions	26 017	61 826
Gains from market hedging transactions	6 487	0
Gains from other financial instruments	602	3 453
<b>Total gains from financial instruments</b>	<b>33 106</b>	<b>65 279</b>
Losses from market hedging transactions	0	-47 749
Losses from other financial instruments	0	-3 377
<b>Total losses from financial instruments</b>	<b>0</b>	<b>-51 126</b>
<b>Net result from financial instruments</b>	<b>33 106</b>	<b>14 153</b>

### 3.3 Other financial assets

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

Of the total book value as at 31 December 2021, CHF 26.9 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 0.4 million are reported under "Investments - Other private companies" (claims from investments held indirectly via HBM BioCapital I).

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

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

Balance sheet value and potential cash flows (CHF million)	Book value 31.12.2021	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	14.4	2.1	82.7	2022–2028
Corvidia Therapeutics	6.6	0.0	40.2	2024–2029
Vitaeris	4.6	0.0	81.5	2024
TandemLife (Cardiac Assist)	1.1	0.0	2.2	2022
Alydia Health	0.3	0.1	1.7	2022–2026
Nereus <sup>1)</sup>	0.3	0.0	20.4	2022–2025
Tripex (former Mpex) <sup>2)</sup>	0.0	0.0	8.1	from 2022 onwards
<b>Total</b>	<b>27.3</b>	<b>2.2</b>	<b>236.8</b>	

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

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

### 3.4 Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the 9-month period, HBM Partners was paid CHF 26.1 million (previous year: CHF 18.5 million).

A provision for a performance fee of CHF 25.8 million was made during the 9-month period

(previous year: CHF 109.1 million) because net assets as at the balance sheet date exceeded the highest net assets (high water mark) used as the calculation basis for the last performance fee payment.

The high water mark for all outstanding shares is CHF 315.27 (adjusted for any dividends and capital repayments to shareholders). The cut-off date for the payment of any performance fee is 31 March of a financial year.

### 3.5 Provision for deferred tax on capital gain and other taxes

A provision in the amount of CHF 73.8 million (as at 31 March 2021: CHF 24.7 million) has been made for any tax on capital gain and other taxes owed in China that may arise on the sale of the investment in Cathay Biotech. The tax on capital gain is calculated on the difference between the relevant tax base and the disclosed fair value. In addition, a sales tax may arise, which is calculated on the difference between the potential selling price and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

### 3.6 Off-balance-sheet commitments

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

<b>Investment commitments (CHF 000)</b>	<b>31.12.2021</b>	<b>31.3.2021</b>
HBM BioCapital I+II	244	260
Other funds	57 006	68 209
Private companies	42 733	52 263
<b>Total investment commitments</b>	<b>99 983</b>	<b>120 732</b>

### 4. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two straight bonds with a par value of CHF 50 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 funds exceed the amount of CHF 100 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 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 fair value of the two bonds amounts to CHF 153.0 million (as at 31 March 2021: CHF 102.3 million) with a carrying amount of CHF 148.9 million (as at 31 March 2021: CHF 99.8 million). The bonds are recognised under non-current liabilities.

On 10 July 2021, a bond with a par value of CHF 50 million became due for repayment and was refinanced with the newly issued bond with a 6-year term and a par value of CHF 100 million.

## 5. Shareholders' equity

### 5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 203.93 million, divided into 6960000 registered shares at a par value of CHF 29.30 each.

The Shareholders' Meeting of 18 June 2021 approved a cash distribution of CHF 12.50 per share by means of a withholding tax-exempt par value repayment. The cash payment was made on 9 September 2021 after the expiration of the legal deadlines.

### 5.2 Treasury shares

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

The Company holds 2910 of its own shares (as at 31 March 2021: 2910) as at the balance sheet date. In the 9-month period, none of the Company's own shares were acquired or sold (previous year: none).

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 4079 treasury shares (as at 31 March 2021: 6854), acquired via the regular trading line. During the 9-month period, the Subsidiary acquired a total of 39181 treasury shares via the regular trading line at an average price of CHF 339.42 per share (previous year: 130056 at CHF 247.79) and sold 41956 treasury shares at an average price of CHF 346.42 (previous year: 209905 at CHF 240.94).

#### Holdings from second trading line (number of own shares)

<b>Beginning of period 1 April 2021</b>	<b>2910</b>
Acquired via second trading line under share buy-back programme	0
<b>End of period 31 December 2021</b>	<b>2910</b>

**hbmhealthcare.com**  
Company website

 **@HbmHealthcare**  
Follow us on Twitter

**CH 0012627250**  
ISIN

**HBMIN**

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 December 2021:

#### Shareholding

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

#### Fees

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

**Credits**

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout DAZ

Copyright © 2022 HBM Healthcare Investments Ltd

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

