



Annual Report

2021

2022

HBM Healthcare
Investments

A detailed collage of various healthy ingredients. In the center, two whole fish, a salmon and a trout, are laid out. To the top right, a black bowl is filled with bright red goji berries. Below the bowl, there are two heads of fresh green broccoli. To the left of the fish, a pile of mixed seeds and nuts, including almonds and sunflower seeds, is visible. In the bottom left corner, there is a large, vibrant orange slice of salmon. The bottom right corner features a pile of dark brown lentils. The entire composition is set against a dark, textured background, possibly a wooden surface.

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recipes were included in *Le Viandier*, a famous cookbook that emerged in the early 14th century and caused quite a sensation in the late Middle Ages. Collections of recipes have been handed down since European antiquity and before that from advanced civilisations in Asia. Often there was a close connection to medicine and dietetics.

Therefore, it is no coincidence that the term recipe is used in the art of cooking as well as in medical chemistry. It always refers to ingredients, formulation, preparation, and correct dosage. Countless studies have since investigated and established a close connection between foods and health. In pharmaceuticals, formulation is about providing an active ingredient in a way that optimises applicability and bioavailability. A special discipline has emerged for this purpose: galenic or pharmaceutical formulation. The portfolio of HBM Healthcare Investments demonstrates that this area has its own value creation potential. For example, the portfolio company Neurelis successfully offers an existing active ingredient in a new dosage form and thus significantly improves the quality of life of patients affected.

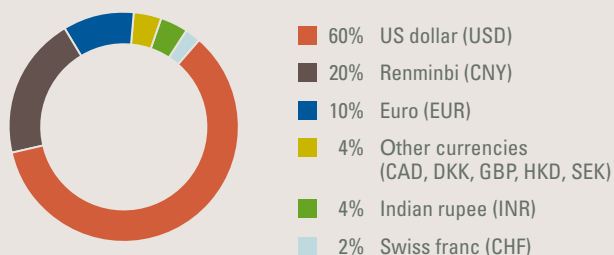
HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and manages an international portfolio of promising companies.

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).

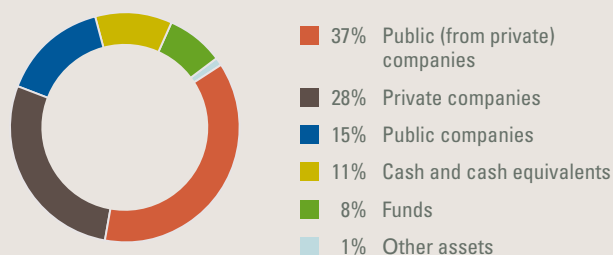
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Currency allocation of assets¹⁾

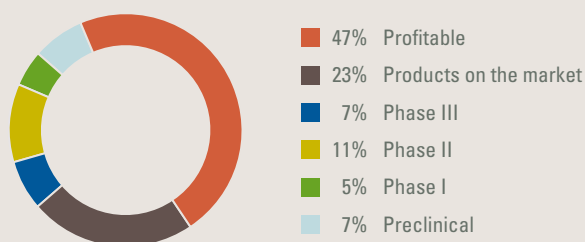
Emphasis on US dollar investments.

**Allocation of assets¹⁾**

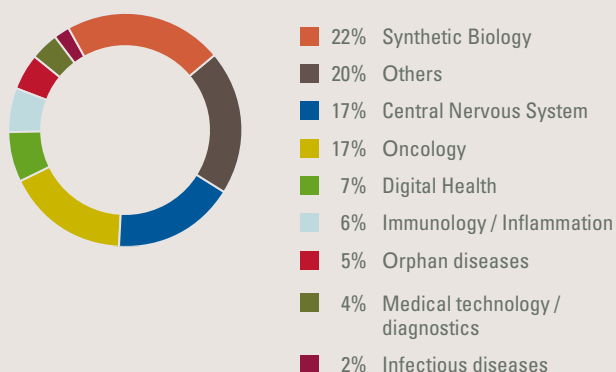
Mainly invested in private companies or in companies originating from the private companies portfolio.

**Development phase of portfolio companies²⁾**

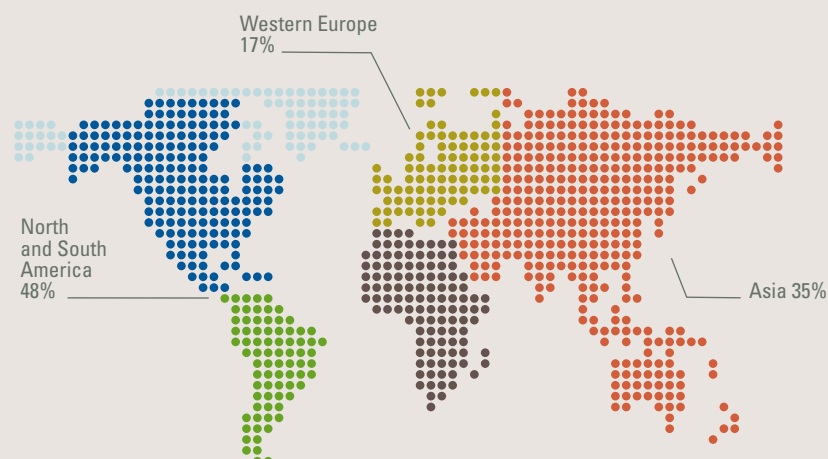
Mainly invested in revenue generating companies or in companies with products at an advanced stage of development

**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 31.3.2022: CHF 2 177 million.

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

Key Figures

		31.3.2022	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Net assets	CHF million	1 986.5	2 151.5	1 448.8	1 318.3	1 157.9
Investments in private companies and funds		790.3	662.8	706.4	542.1	413.9
Investments in public companies		1 130.2	1 404.2	629.9	688.2	750.0
Cash and cash equivalents (net of liability from market hedging)		223.7	327.0	224.2	176.2	72.4
Net result for the year	CHF million	- 78.0	756.3	182.7	209.1	115.9
Basic earnings per share	CHF	- 11.22	108.71	26.26	30.05	16.55
Net asset value (NAV) per share	CHF	285.53	309.25	208.25	189.48	166.43
Share price	CHF	276.00	332.50	190.00	168.80	144.00
Premium (+) / discount (-)	%	- 3.3	+ 7.5	- 8.8	- 10.9	- 13.5
Distribution per share	CHF	9.70 ¹⁾	12.50 ²⁾	7.70	7.50	7.00
Distribution yield	%	3.5	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

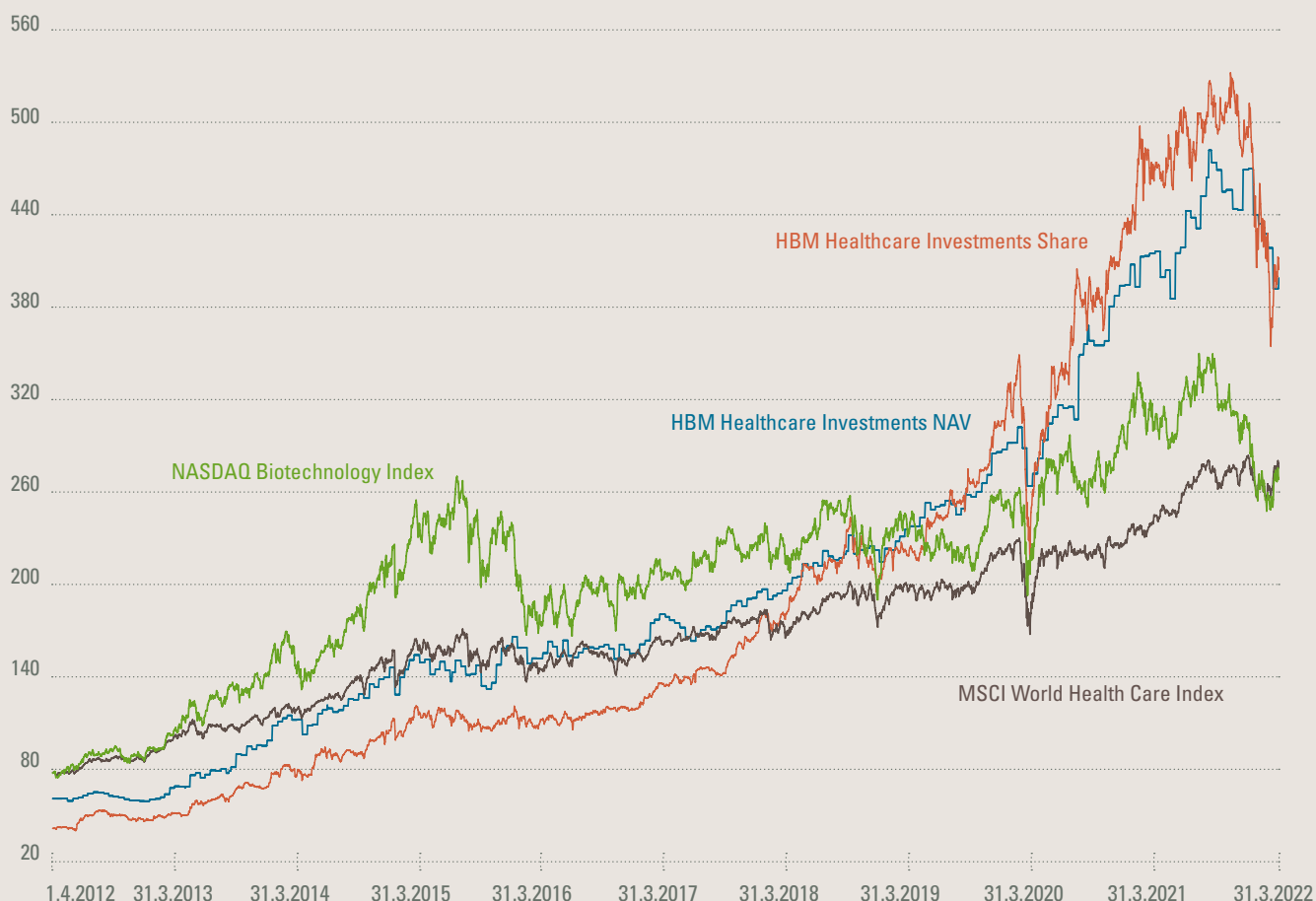
1) Proposal to the Shareholders' Meeting for a cash distribution from repayment of par value per registered share entitled to dividend.

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	2019/2020	2018/2019	2017/2018
Net asset value (NAV)	%	- 3.6	52.2	13.9	18.1	11.1
Registered share HBMN	%	- 13.2	79.1	17.0	22.1	34.5

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



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

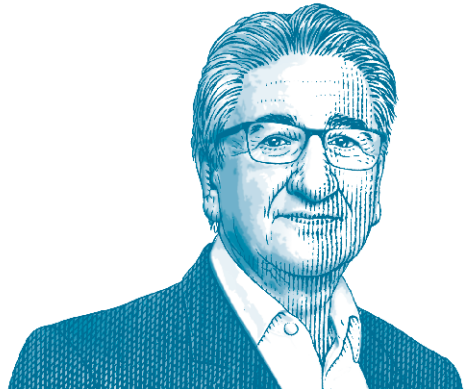


HBM Healthcare Investments reports a loss of CHF 78 million for the 2021/2022 financial year, for the first time in ten years and after a cumulative increase in value of 550 percent. The net asset value per share (NAV) fell by 3.6 percent and the share price by 13.2 percent due to globally declining 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.



"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

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 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).

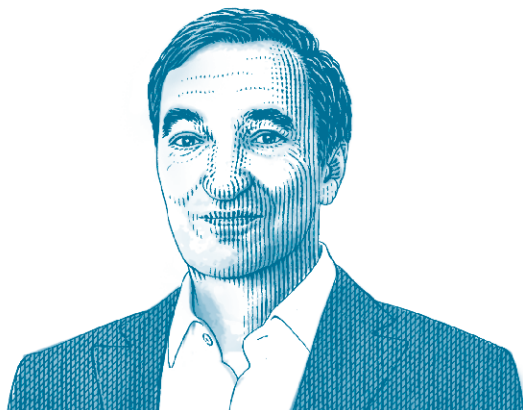
The hedging positions for currency and market risks resulted in a profit contribution of CHF 29 million. Other financial assets and financial instruments reduced the result by CHF 13 million, mainly due to currency effects.

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.

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.



Dr. Andreas Wicki
Chief Executive Officer

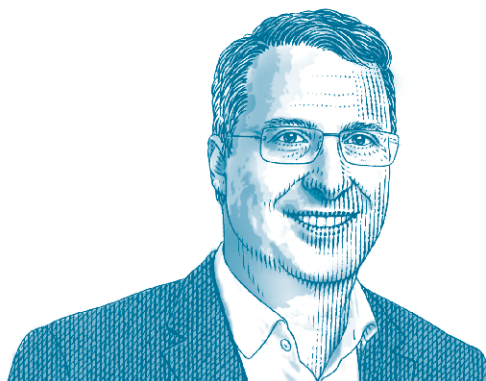
"For the 2021/2022 financial year, we had to accept a small decrease in value, for the first time in ten years and after a cumulative return of 550 percent."

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.



Erwin Troxler
Chief Financial Officer

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

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 Mometotinib 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.

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 (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2022 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 31.3.2022 (audited)
Assets				
Current assets				
Cash and cash equivalents		223 678	– 218 290	5 388
Receivables		49	– 29	20
Financial instruments	(3.2)	1 512	– 1 512	0
Total current assets		225 239	– 219 831	5 408
Non-current assets				
Investments	(3.1)	1 920 459	– 1 920 459	0
Other financial assets	(3.3)	26 580	– 26 580	0
Investment in subsidiary		0	2 132 047	2 132 047
Total non-current assets		1 947 039	185 008	2 132 047
Total assets		2 172 278	– 34 823	2 137 455
Liabilities				
Current liabilities				
Other liabilities		2 775	– 730	2 045
Total current liabilities		2 775	– 730	2 045
Non-current liabilities				
Provision for deferred tax on capital gain and other taxes	(3.5)	38 534	– 38 534	0
Financial liabilities	(4)	148 920	0	148 920
Total non-current liabilities		187 454	– 38 534	148 920
Shareholders' equity				
Share capital		203 928	0	203 928
Treasury shares		– 5 196	4 794	– 402
Capital reserve		158 238	– 16 065	142 173
Retained earnings		1 625 079	15 712	1 640 791
Total shareholders' equity		1 982 049	4 441	1 986 490
Total liabilities and shareholders' equity		2 172 278	– 34 823	2 137 455
Number of outstanding shares (in 000)		6 941	16	6 957
Net asset value (NAV) per share (CHF)		285.56		285.53

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⁾ 2021/2022 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 2021/2022 (audited)
Net result on investments	(3.1)	-43 302	43 302	0
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-13 809	13 809	0
Dividend income		3 403	-3 403	0
Net result from financial instruments	(3.2)	31 574	-31 574	0
Net result from other financial assets		-15 363	15 363	0
Dividend income from investment in subsidiary		0	50 000	50 000
Net change in value of investment in subsidiary		0	-123 783	-123 783
Result from investment activities		-37 497	-36 286	-73 783
Management fee	(3.4)	-34 920	34 920	0
Performance fee	(3.4)	-1 678	928	-750
Personnel expenses	(6)	-1 149	368	-781
Result before interest and taxes		-75 244	-70	-75 314
Financial expenses		-2 720	3	-2 717
Financial income		7	-7	0
Income taxes		0	0	0
Net result for the year		-77 957	-74	-78 031
Comprehensive result		-77 957	-74	-78 031
Number of outstanding shares, time-weighted (in 000)		6 951	6	6 957
Basic earnings per share (CHF)		-11.22		-11.22

For the footnotes, see page 15.

	Consolidated Financials ²⁾ 2021/2022 (unaudited)	Translation ³⁾	IFRS Group Finan- cial Statements 2021/2022 (audited)
Statement of cash flows for the financial year ended 31 March (CHF 000)			
Management fee paid	-34 920	34 920	0
Performance fee for previous reporting period paid	-128 818	128 818	0
Expenses paid (personnel and other operating expenses)	-3 386	-6 811	-10 197
Net cash flow from operating activities	-167 124	156 927	-10 197
Interest and dividend payments received	3 403	-3 403	0
Dividend payment from subsidiary received	0	50 000	50 000
Purchase of investments	-499 577	499 577	0
Sale of investments	596 982	-596 982	0
Payments received from milestones	11 763	-11 763	0
Net cash flow from financial instruments for currency hedging	-4 030	4 030	0
Net cash flow from financial instruments for market hedging	-95 718	95 718	0
Purchase of other financial instruments	-10 828	10 828	0
Sale of other financial instruments	11 750	-11 750	0
Net cash flow from investing activities	13 745	36 255	50 000
Interest paid	-2 382	-5	-2 387
Redemption of financial liabilities	-50 000	0	-50 000
Issuance of financial liabilities	98 903	0	98 903
Par value repayment	-86 954	-10	-86 964
Purchase of treasury shares	-17 209	17 209	0
Sale of treasury shares	14 962	-14 962	0
Net cash flow from financing activities	-42 680	2 232	-40 448
Currency translation differences	-9 431	9 431	0
Net change in cash and cash equivalents	-205 490	204 845	-645
Cash and cash equivalents at beginning of period	429 168		6 033
Cash and cash equivalents at end of period	223 678		5 388

	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 2021	290 928	-2 660	157 903	1 703 036	2 149 207	2 278	2 151 485
Comprehensive result				-77 957	-77 957	-74	-78 031
Purchase of treasury shares		-17 209			-17 209	17 209	0
Sale of treasury shares		14 673	289		14 962	-14 962	0
Par value repayment (9.9.2021)	-87 000		46		-86 954	-10	-86 964
Balance as at 31 March 2022	203 928	-5 196	158 238	1 625 079	1 982 049	4 441	1 986 490

For the footnotes, see page 15.

Portfolio Companies



CHF **164** million ^{Harmony Biosciences}
(fair value CHF 164.4 million / 7.6% of consolidated assets)

Neurelis
CHF **52** million
(fair value CHF 51.9 million / 2.4% of consolidated assets)

ConnectRN
CHF **48** million
(fair value CHF 48.0 million / 2.2% of consolidated assets)

CHF **47** million <sup>Biohaven
Pharmaceuticals</sup>
(fair value CHF 46.8 million / 2.2% of consolidated assets)

CHF **35** million ^{Argenx}
(fair value CHF 34.8 million / 1.6% of consolidated assets)

Sierra Oncology CHF **22** million
(fair value CHF 22.1 million / 1.0% of consolidated assets)

CHF **14** million ^{Karius}
(fair value CHF 13.8 million / 0.6% of consolidated assets)

Harmony Biosciences

Plymouth Meeting, USA

USD 2 865 million

Market capitalisation as at 31.3.2022

Innovative drug for treatment of
excessive daytime sleepiness
with/without cataplexy

CHF 164 million

Fair value as at 31.3.2022



NASDAQ

1.4.2021 to 31.3.2022

Narcolepsy is a rare chronic neurological disorder that takes a heavy toll on the 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 and cataplexy. The most widely known authorised drug is probably Xyrem®, a sodium oxybate from Jazz Pharmaceuticals. Its effectiveness is proven. However, Xyrem® can have 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 in excess of 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 Europe since 2016 under the brand name Wakix® to treat narcolepsy in adult patients with and without cataplexy. Over the last 18 months, Pitolisant obtained authorisation from the FDA to treat 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).

Wakix® achieved revenue of USD 305 million in 2021. Analysts forecast strong growth for the coming years, in particular due to the authorisation for the label extension to include cataplexy. A phase III trial sponsored by Bioprojet SCR for the treatment of narcolepsy in children and adolescents has been completed. Data on this are expected soon. Approval would be important for the extension of the Wakix® patent. In addition, the company plans to publish top-line data from the phase II trials for the treatment of Prader-Willi syndrome and Myotonic dystrophy in the second half of 2022 and 2023, respectively. The phase III trial in idiopathic hypersomnia (IH) should start in the first half of 2022.

Harmony Biosciences purchased the exclusive rights for Pitolisant from French company Bioprojet SCR in October 2017 to develop, register and market the drug in the USA.

Neurelis

San Diego, USA

USD 537 million

Company valuation as at 31.3.2022

High medical need for
fast-acting epilepsy medication

VALTOCO®
nasal spray

available on the market since 2020

CHF 52 million

Fair value as at 31.3.2022

Epilepsy is one of the most common conditions of the central nervous system. It affects around one percent of the global population, causing repeated, unpredictable episodes of abnormal brain function described as epileptic seizures. In the event of such a seizure, immediate intervention is required to avoid permanent damage to the brain.

Between 60 and 70 percent of epilepsy cases manifest in childhood. The condition occurs in a variety of forms. Many patients are able to control their seizures with regular medications, but despite drugs almost a third continue to suffer frequent, uncontrolled "breakthrough seizures". Some of these patients also suffer a number of seizures in quick succession, which together can last for more than five minutes. These forms of epilepsy seizures – known as "status epilepticus" – carry a high risk of irreversible neurological damage, and may even result in death.

Severe epileptic episodes demand rapid action. The seizure must be stopped immediately or the patient needs to be hospitalised quickly. Medication to treat seizures in epilepsy patients should therefore take effect swiftly and be easy to use. Rectal Diazepam in the USA, and oral Midazolam in the EU, are currently the only drugs approved for the treatment

of sustained and acute repetitive seizures. Rectal Diazepam is a common means of administering medication to children under the age of six. However, a nasal spray would be a much more practical option for young and adult epilepsy patients alike. A number of major clinical trials have shown that administering Diazepam or Midazolam nasally puts an immediate stop to epileptic seizures.

In 2019, Neurelis completed the development of a formulation for the nasal administration of diazepam (NRL-1, VALTOCO®). Various clinical studies have shown a comparably high bioavailability and a correspondingly fast onset of action. The pharmacokinetic profile was beneficial and the treatment was shown to be safe.

VALTOCO® (diazepam nasal spray) was approved by the FDA in January 2020 for acute treatment of intermittent, stereotypic episodes of frequent seizure activity outside of medical settings. It is the first and only nasal spray to obtain market approval for the emergency treatment of epileptic cluster seizures in patients aged six and over. The treatment has been given the status of an orphan drug by the FDA. The therapy is available on the US market since March 2020. VALTOCO® is growing well in the US market. Aculyx has acquired Japanese rights for VALTOCO®.

Neurelis has two other products in the pipeline which are based on its nasal delivery platform, and two additional acquired molecules to be developed in other neurological orphan diseases. New pipeline candidates are expected going forward.

ConnectRN

Waltham, USA

USD 240 million

Company valuation as at 31.3.2022

High demand

for solution to address the labor shortage

CHF 48 million

Fair value as at 31.3.2022

**Innovative technology platform
for per diem work**

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

To address the labor shortage, many healthcare facilities have attempted to optimise utilisation of their inhouse nursing labor through mandatory 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. These agencies coordinate unfilled facility shifts with an external supply of labor on an “as needed” basis. Agencies charge a large premium for their labor and have had little success in meeting the needs of the facilities they serve. These agencies are commonly small local or regional businesses with limited nurse and facility contacts and operate with little technology. Scheduling is often done manually and the agency nurse population has little

transparency into the shifts that are available. Once again, this solution has little impact on the labor shortage, but has increased costs to the facilities and led to inconsistent working conditions for the nurse community. The legacy staffing agencies have not been an acceptable solution for either the healthcare facility or nurse community.

ConnectRN has developed a technology platform that adds transparency and efficiency to the US healthcare labor marketplace. This platform aggregates demand for healthcare labor 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 of the available shifts in their location. Any 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. Facilities receive the benefit of a larger nurse pool and better fill rates compared with legacy staffing agencies. The ConnectRN platform is robust and can function with little human interaction thereby reducing operating costs and allowing higher pay rates to nurses and lower bill rates to facilities.

ConnectRN launched the platform into the skilled nursing market and has expanded into home healthcare through a partnership with Amedysis, the national leader in home healthcare. Both healthcare facilities and the nurse community have embraced ConnectRN. Currently operating in 15 US states, the company expects year over year growth to exceed 300 percent for both hours worked and revenue. Looking forward, ConnectRN will continue to grow within the skilled nursing and home health markets (collectively a USD 12 billion market) as well as enter additional care settings.

Biohaven Pharmaceuticals

New Haven, USA

USD **8321**million

Market capitalisation as at 31.3.2022

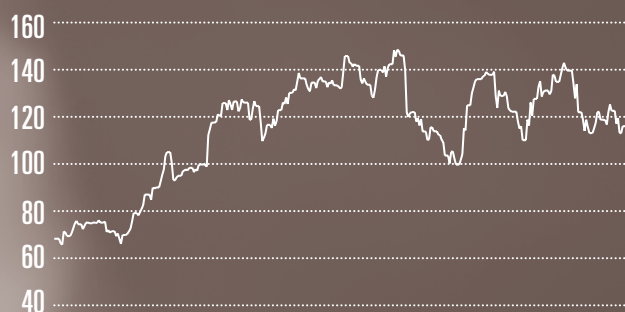
Oral therapy
to treat acute migraine attacks

CHF **47**million

Fair value as at 31.3.2022

Share price

NYSE



1.4.2021 to 31.3.2022

People prone to migraines suffer from an incessant barrage of severe headaches. Other symptoms such as nausea and sensitivity to light and sound are not uncommon. An estimated 800 million people or 10 percent of the world's population are afflicted by migraines. As soon as the disorder has set in, which often happens between the ages of 30 and 50, it persists for a lifetime. This makes migraines the most common neurological disorder.

Half of patients have one attack per month; one in ten migraine sufferers as many as four or more attacks. Episodes occurring in adults last between 4 and 72 hours and are accompanied by pulsating and pounding headaches, which are exacerbated by physical activity. A distinction is drawn between episodic and chronic migraines. Guidelines exist on acute therapies and the prevention of migraines. Usually, when faced with a light to moderate attack, patients take analgesics such as acetylsalicylic acid (e.g. Aspirin) and non-steroidal anti-inflammatory drugs such as Ibuprofen, Naproxen or Diclofenac. People who suffer from acute migraines tend to reach for triptans, a drug class that has been around since the 1990s. However, triptans do not always have the desired treatment outcome. Added to this, they are unsuitable for some patients because they provoke adverse side effects.

"Gepants", now in the second generation, promise a similarly effective alternative to triptans. On the plus side, they are also potentially more tolerable. Gepants stop headaches by blocking the receptor for CGRPs (calcitonin gene related peptides) – a small protein that is released by the body during migraine episodes.

Biohaven develops drugs for neurological disorders, including its leading drug candidate Rimegepant – a preparation available in oral (tablet) form for the acute treatment and prophylaxis of episodic migraines. Extensive phase III studies showed that Rimegepant can eliminate the pain associated with migraine attacks as well as the predominant accompanying symptoms. No adverse cardiovascular effects were observed during treatment. Rimegepant has been approved as NURTEC™ ODT (orally dissolving tablet) in the USA since February 2020 and achieved revenue of USD 463 million during the last calendar year. Since end of May 2021, Rimegepant is also approved for the treatment of migraine prophylaxis. Rimegepant is the first oral CGRP receptor antagonist available for both acute and preventive treatment.

Late last year, Biohaven and Pfizer closed an agreement on the marketing rights for Rimegepant: Pfizer has the marketing rights for the medicine in markets outside the USA. Biohaven continues to be responsible for research and development worldwide and retains the rights for the US market. The market authorisation in Europe, under the brand name Vydura™, is expected soon. In Europe, the therapy shall also be used for both, acute treatment of migraine and prophylaxis.

Argenx
Breda, Netherlands

USD 15 409 million

Market capitalisation as at 31.3.2022

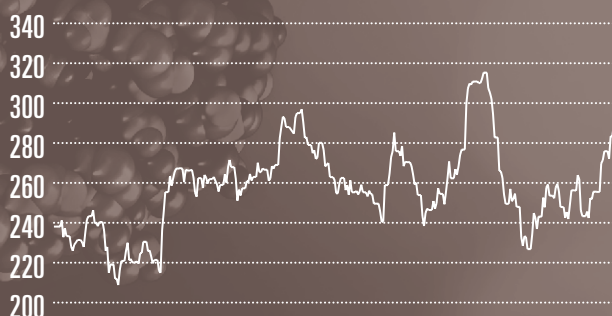
New treatment
for autoimmune diseases

CHF 35 million

Fair value as at 31.3.2022

Share price

EURONEXT



1.4.2021 to 31.3.2022

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 infection by marking foreign substances that have invaded the body – antigens – and activating other parts of the immune system.

Argenx is using its technology platform to develop antibodies 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 by far the most advanced therapy in clinical development. It is being tested on six immunoglobulin-G (IgG)-associated autoimmune diseases.

All applications are centred around the immunoglobulin-G (IgG), which make up around 60 to 80 percent of all antibodies. Moreover, IgG is the only immunoglobulin that can cross the placental barrier and thus be transferred from the mother's to the child's circulatory system. It is found in breast milk and in the bloodstream.

Another focus is the neonatal Fc receptor (FcRn). The Fc domain of human immunoglobulin-G1 attaches to FcRn which is expressed on a lifelong basis and is part of a natural mechanism in which immunoglobulins are protected against lysosomal degradation and can be reintroduced into the blood circulation, which results in a longer plasma half-life. FcRn thus plays an important role in regulating the concentration of IgG in the bloodstream. In principle, the extended half-life resulting from FcRn bolsters the body's immune defence through immunoglobulins, yet it also supports the half-life of IgG autoantibodies, which attack the body's own cells and lead to tissue damage in people suffering from autoimmune disorders.

The Efgartigimod antibody works as follows: it consists of a modified FcRn receptor part and is intended to prohibit antibody or immunoglobulin recycling via the FcRn bond and thus to effect a rapid reduction in "harmful" IgG antibodies in the blood circulation. In the case of myasthenia gravis, for example, these are pathogenic IgG antibodies against a particular neurotransmitter that transmits impulses from nerves to muscles. Efgartigimod (VYVGART™) received marketing authorisation from the FDA at the end of last year for the treatment of this chronic disease that causes muscle weakness. Until now, the disease had to be treated with intravenous immunoglobulin therapy (IVIg), for which immunoglobulins are filtered from blood donations.

Efgartigimod is being studied for the treatment of other autoimmune diseases known to be affected by disease-causing IgG antibodies: Among others, phase III data on immune thrombocytopenia (ITP), a chronic disease with bruising and bleeding, are expected in Q2.

Sierra Oncology

San Mateo, USA

USD 758 million
Market capitalisation as at 31.3.2022

Momelotinib with benefit in
treatment of chronic disease

Share price

NASDAQ



CHF 22 million
Fair value as at 31.3.2022

Myelofibrosis is a rare, life-threatening disease of the bone marrow. The blood-forming bone marrow is gradually replaced by connective tissue (fibrosis). As a result, fewer and fewer functional blood cells are formed. To compensate, blood formation is taken over by the spleen and liver, which can result in an enlargement of these organs and may have negative effects on nutrient absorption and digestion.

There are two forms of myelofibrosis. Primary myelofibrosis arises spontaneously. It is caused by genetic mutations that may occur as a person continues to age. These mutations affect the Janus kinase 2 gene in approximately 60 percent of all cases. This gene plays an important role in intracellular signal transmission and is permanently activated by the mutation. This leads to uncontrolled multiplication of the different blood cells and increased production of connective tissue in the bone marrow. Secondary myelofibrosis occurs as a consequence of other disorders, particularly leukaemia, multiple myeloma or lymphoma.

The only therapy that offers any hope of curing primary myelofibrosis is stem cell transplantation. However, this form of therapy is limited due to transplant rejection as well as a lack of suitable donors. Therefore, treatment to alleviate the symptoms of the disease is selected in most cases.

The best-known drug is Jakafi® (Ruxolitinib), which generated sales of more than USD 2 billion last year.

The active ingredient was approved by the FDA in 2011.

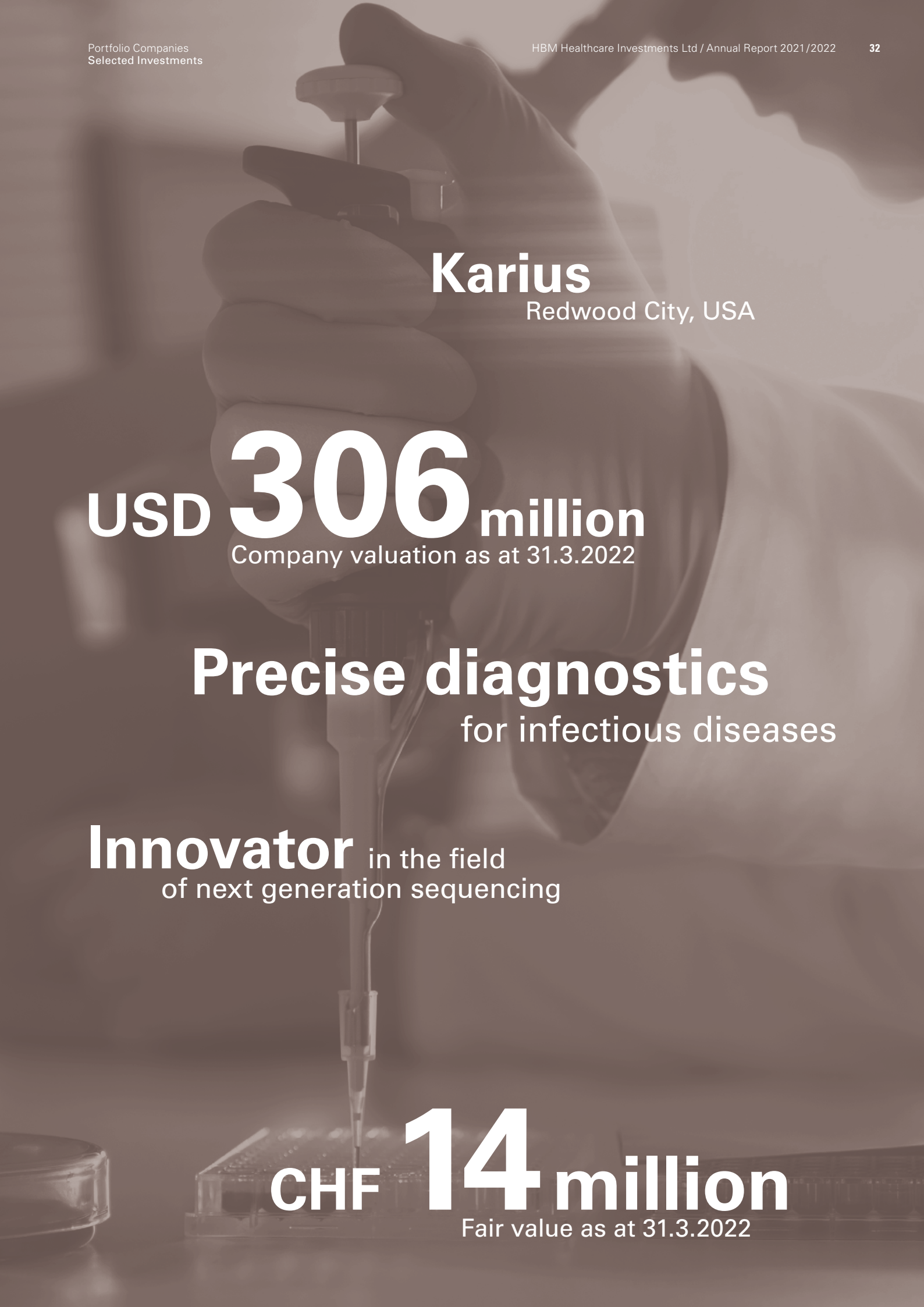
Treatment with JAK inhibitors aims to specifically inhibit the permanent overactivation of the JAK-STAT signalling pathway, which in turn reduces the number of newly formed blood cells. In this way, disease-related symptoms, such as fever, night sweats and weight loss are also reduced and the increase in connective tissue in the bone marrow is suppressed. The disadvantage of the treatment, however, is the worsening of the anaemia that is often already present in myelofibrosis.

Sierra Oncology is acquiring and advancing therapeutics in the areas of haematology and oncology. The most advanced candidate in the pipeline is Momelotinib, an inhibitor of JAK1, JAK2 and ACVR1 proteins with a nuanced therapeutic profile in myelofibrosis.

Sierra Oncology purchased Momelotinib from Gilead Sciences in August 2018 for an upfront payment of USD 3 million, milestone payments of up to USD 195 million, and royalties on sales. Gilead had stopped clinical development of the compound after disappointing phase III trials due to an unfavourable study design.

Sierra Oncology announced earlier this year that Momelotinib met all primary and secondary end-points in a new phase III study conducted in symptomatic, anaemic myelofibrosis patients. It seems that Momelotinib can reduce negative impacts on anaemia, thanks to additional ACVR1 inhibition compared to conventional JAK inhibitors.

The company plans to submit the application for marketing authorisation to the FDA in the second quarter of this year. The drug is believed to have a sales potential of several hundred million US dollars.



Karius

Redwood City, USA

USD 306 million

Company valuation as at 31.3.2022

Precise diagnostics
for infectious diseases

Innovator in the field
of next generation sequencing

CHF 14 million

Fair value as at 31.3.2022

The fight against infectious diseases depends on diagnostic tools, in addition to drugs and vaccines. Only precise diagnostic tools permit the identification of the responsible pathogen and the choice of an appropriate treatment, especially in complex cases of infections. This task is further complicated by the immense number of different bacteria, viruses, fungi and parasites.

Since the times of Louis Pasteur and Robert Koch, bacterial cultures have played an important role in microbiological diagnostics. In the process, bacteria are identified in a sample taken from the patient and left to grow in a suitable culture medium over several days. This proven method has various limitations, however. Besides its duration, a culture only identifies living pathogens and can be distorted by antibiotics that have already been administered. Furthermore, not all bacteria and fungi grow in culture, while viruses cannot be detected at all.

For these reasons, molecular biology methods are increasingly used in infection diagnostics today, for example using the polymerase chain reaction (PCR). Most of these technologies have one thing in common, however: they can only identify pathogens

which they have been specifically developed to identify, e.g. a spectrum of a few dozen bacteria or viruses. Though this process is successful in many cases, it reaches its limits in patients who have unclear symptoms or unusual pathogens.

Karius, based in Redwood City, California, has adopted a new approach to this challenge. Using next generation sequencing (NGS), the Karius test can identify the tiniest DNA traces of pathogens in the patient's blood. The test already identifies and quantifies more than 1000 different, clinically relevant bacteria, viruses, fungi and parasites. An initial target group for Karius is the growing number of immunocompromised patients, e.g. transplant recipients or cancer patients, who are also susceptible to rare infectious pathogens which can trigger life-threatening diseases.

HBM Healthcare Investments participated in the USD 165 million series B financing round of Karius in early 2020. Since then, Karius has completed its management team with several industry experts and hired more than 100 new employees. The new team is, on the one hand, driving the adoption of its test in so far more than 200 US hospitals. On the other hand, they continue to develop the test further and expand the evidence base of already more than 170 publications to date. HBM Healthcare has so far invested USD 15 million into Karius.

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 2022, that is required by the "Directive on Information Relating to Corporate Governance (DCG)" issued by SIX Swiss Exchange, and the content and scope, which are required under the provisions of the "Ordinance against Excessive Compensation in Listed Companies (OAEC)" issued by the Federal Council and entered into force on 1 January 2014, 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.

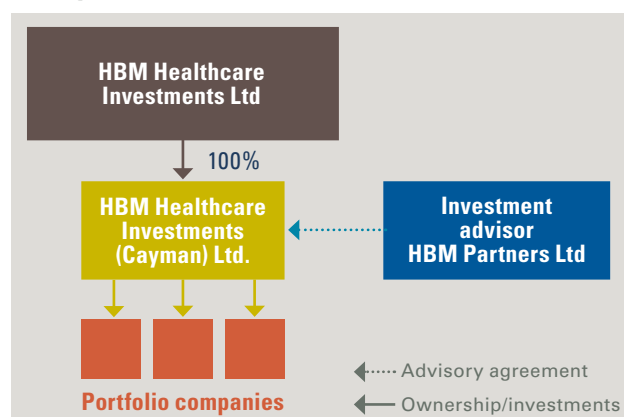
The Company's shares are listed on SIX Swiss Exchange (ISIN CH 0012627250). The market capitalisation of the Company amounted to CHF 1 921 million as at 31 March 2022.

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 2022.

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 2022.

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 3889 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 82.

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 Swiss Exchange (<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 290'928'000 consists of 6'960'000 fully paid up registered shares with a par value of CHF 29.30 each. No share certificates are issued.

A review of the Company's changes in capital since 31 March 2019 is provided in the parent company's "Statement of changes in equity" on page 94.

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 they have acquired the shares under their own name and for their 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 2022, 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 44 to 46.

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 2021/2022 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 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.

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 telefax 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 2021/2022 financial year. Due to COVID-19, the board meetings were held as video calls. 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
Dr Rudolf Lanz	2003
Hans Peter Hasler	2021

The Audit Committee held four video calls during the 2021/2022 financial year. All of the meetings were

also attended by the Company's CEO and CFO, as well as by Thomas Heimann, in his function as 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 2021. 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 Com-

mittee, 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 2021/2022 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 2021/2022 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 49 to 51;
- > the Operations Manual, which governs the invest-

ment 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 87 to 88.

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 83 to 87), 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 9.9.2021.

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 2022 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 47.

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 57 to 58.

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 54 to 56.

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 Articles 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 59.

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 Swiss Exchange (<https://www.six.ch/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 97.

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 165 000 (previous year: CHF 178 000) in the reporting year. The fee for auditing the par value repayment amounted to CHF 8 000 (previous year: CHF 8 000). The fee for auditing the compliance with bond terms amounted to CHF 8 000 (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 6 500 (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 9.9.2021. 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 2021/2022 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.

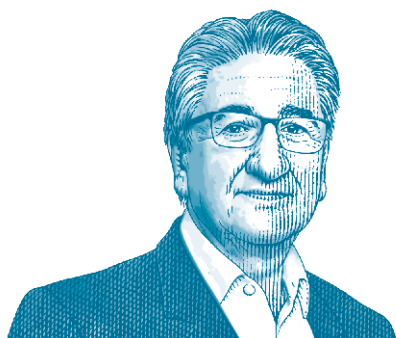
10. Information policy

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 Swiss Exchange.

The Company's contact address is:
HBM Healthcare Investments Ltd
Bundesplatz 1, 6300 Zug, Switzerland
Phone +41 41 710 75 77
Fax +41 41 710 75 78
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. Member of the Board of Directors Minerva Neurosciences since 2017 and Gain Therapeutics since 2021. Chairman of the Board of Directors MIAC AG (non-profit) since 2012



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 Royalty Pharma plc since 2020 (Member of the Investment Committee 2001 to 2020), ElevateBio LLC since 2020, NGR (MONACO) SAM since 2015, 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 NextCure since 2016, CytomX Therapeutics since 2019, Novartis Bioventures since 2020, Ibere Pharmaceuticals and Myeloid Therapeutics since 2021



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



Dr Stella X. Xu

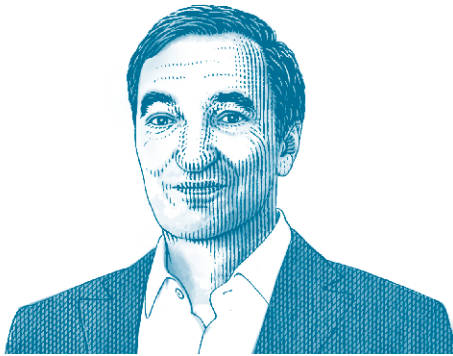
Member of the Board of Directors since 2020, Member of the Compensation and of the Nominating Committees, US national

Career

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

Directorships

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



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

To the Board of Directors of

HBM Healthcare Investments Ltd, Zug

Zurich, 5 May 2022

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 the SIX Swiss Exchange (pages 35 to 47) for the year ended 31 March 2022.

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 the SIX Swiss Exchange, 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 2021/2022 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 regulations set out in the "Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO)", which was passed by the Federal Council and entered into force on 1 January 2014, and the SIX Swiss Exchange 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 Swiss Exchange.

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 Com-

pany does not pursue any commercial or operational activity other than that described here.

As is common for investment companies, in accordance with Art. 6 para. 2 ERCO 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. 6 ERCO 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 longerterm 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, the Vice Chairman 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. Consulting external advisors and specific studies at appropriate intervals, the Compensation Committee submits its proposals in this regard to the full Board of Directors for the latter to adopt a resolution. The aforementioned advisors do not hold any other mandates with HBM Healthcare or the Investment Advisor.

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, vice-chairmanship, 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 2021/2022 reporting year:

Fixed compensation to Board of Directors (in CHF)	2021/2022	2020/2021
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 increase 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 2021/2022 reporting period, the five members of the Board of Directors together received compensation totalling CHF 361 367 (previous year: CHF 8898 000). Of this figure, CHF 357 000 (previous year: CHF 445 000) 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: CHF 8 154 300). Legally required social security contributions (employer's contribution) totalled CHF 4 367 (previous year: CHF 298 700).

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

Compensation to Board of Directors 2021/2022 financial year (in CHF)	Committee ¹⁾ AC CC NC			Fixed fee	Meeting fee	Committee fee	Variable compensation	Social security contributions & duties	Total
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

Compensation to Board of Directors 2020/2021 financial year (in CHF)	Committee ¹⁾ AC CC NC			Fixed fee	Meeting fee	Committee fee	Variable compensation ²⁾	Social security contributions & duties ³⁾	Total
Hans Peter Hasler, Chairman				94 000	16 000	0	1 288 200	0	1 398 200
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman	x			43 000	12 000	30 000	1 288 200	105 648	1 478 848
Mario G. Giuliani, Member		x		28 000	12 000	10 000	1 288 200	101 254	1 439 454
Dr Eduard E. Holdener, Member				28 000	12 000	0	1 288 200	91 798	1 419 998
Robert A. Ingram, Member		x	x	28 000	12 000	10 000	1 288 200	0	1 338 200
Dr Rudolf Lanz, Member	x		x	28 000	12 000	30 000	1 288 200	0	1 358 200
Dr Stella X. Xu, Member				28 000	12 000	0	425 100	0	465 100
Total Board of Directors				277 000	88 000	80 000	8 154 300	298 700	8 898 000

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

2) The entitlement to the variable compensation of newly elected members of the Board of Directors is in the first year 0.33 percent of the amount of the performance fee owed by HBM Healthcare to the Investment Advisor.

3) Of the legally required social security contributions (employer's contribution), CHF 21 737 was paid on fixed compensation and CHF 276 963 on variable compensation.

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 2021/2022 reporting period, the two members of Management together received compensation totalling CHF 319 819 (previous year: CHF 319 614). Of this figure, CHF 296 000 (previous year: CHF 296 000) was paid out in the form of fixed salaries. Legally required social security contributions (employer's contribution) totalled CHF 23 819 (previous year: CHF 23 614).

The members of Management received the following compensation:

Compensation to Management 2021/2022 financial year (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

Compensation to Management 2020/2021 financial year (in CHF)	Working hours	Fixed salary	Social security contributions	Total
Dr Andreas Wicki, CEO	40%	176 000	13 973	189 973
Erwin Troxler, CFO	40%	120 000	9 641	129 641
Total Management		296 000	23 614	319 614

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

As at 31 March 2022, 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 2021/2022 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 2021/2022 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 2023, and is automatically extended by twelve months in each case if it is not terminated by notice. Any notice of termination must be served at least twelve 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 2021/2022 financial year came to CHF 34.9 million (previous year: CHF 26.3 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 2021/2022 financial year, the net asset value per share before provision for the performance fee, i.e. the relevant figure for the calculation of the performance fee, stood at CHF 285.53, and thus did not exceed the high water mark of CHF 315.27. Therefore, no variable compensation is owed for the 2021/2022 financial year. At the beginning of the 2022/2023 financial year, the high water mark for all outstanding shares will remain at CHF 315.27 (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 predetermined 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, 5 May 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of HBM Healthcare Investments Ltd for the year ended 31 March 2022. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables of section 3.2 and 4.2 as well as sections 5 to 8 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 - 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended 31 March 2022 of HBM Healthcare Investments Ltd complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

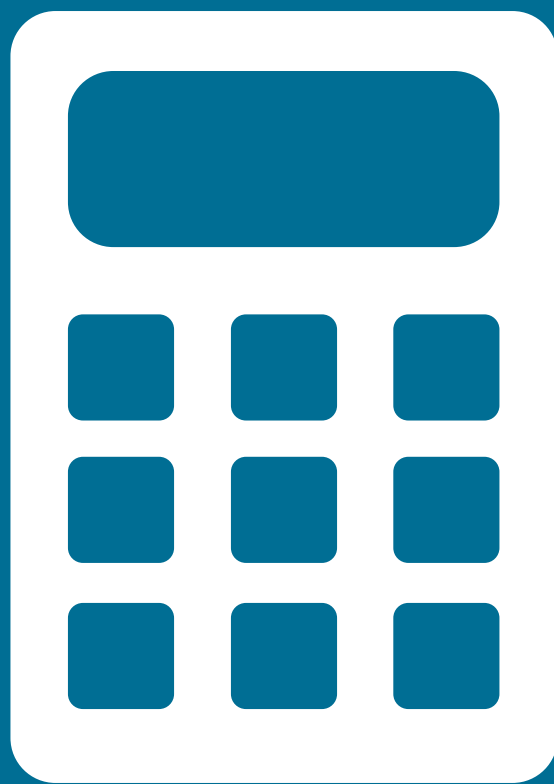


Rico Fehr
Licensed audit expert
(Auditor in charge)



Roman Ottiger
Licensed audit expert

Financial Report



Balance sheet (CHF 000)	Notes	31.3.2022	31.3.2021
Assets			
Current assets			
Cash and cash equivalents		5 388	6 033
Receivables		20	17
Total current assets		5 408	6 050
Non-current assets			
Investment in subsidiary	(3)	2 132 047	2 255 830
Total non-current assets		2 132 047	2 255 830
Total assets		2 137 455	2 261 880
Liabilities			
Current liabilities			
Financial liabilities	(4)	0	49 967
Liability from performance fee		0	8 154
Other liabilities		2 045	2 471
Total current liabilities		2 045	60 592
Non-current liabilities			
Financial liabilities	(4)	148 920	49 803
Total non-current liabilities		148 920	49 803
Shareholders' equity			
Share capital	(5.1)	203 928	290 928
Treasury shares	(5.2)	– 402	– 402
Capital reserve	(5.1)	142 173	142 137
Retained earnings		1 640 791	1 718 822
Total shareholders' equity		1 986 490	2 151 485
Total liabilities and shareholders' equity		2 137 455	2 261 880
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		285.53	309.25

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

	Notes	2021/2022	2020/2021
Dividend income from investment in subsidiary	(3)	50 000	59 000
Net change in value of investment in subsidiary	(3)	-123 783	709 780
Result from investment activities		- 73 783	768 780
Personnel expenses		- 750	- 9 295
Other operating expenses		- 781	- 742
Result before interest and taxes		- 75 314	758 743
Financial expenses		- 2 717	- 2 472
Financial income		0	0
Income taxes		0	0
Net result for the year		- 78 031	756 271
Comprehensive result		- 78 031	756 271
Number of outstanding shares, time-weighted (in 000)		6 957	6 957
Basic earnings per share (CHF)		-11.22	108.71

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)

	2021/2022	2020/2021
Expenses paid (personnel and other operating expenses)	- 10 197	- 3 226
Net cash flow from operating activities	- 10 197	- 3 226
Dividend payment from subsidiary received	50 000	59 000
Net cash flow from investing activities	50 000	59 000
Interest paid	- 2 387	- 2 267
Redemption of financial liabilities	- 50 000	0
Issuance of financial liabilities	98 903	0
Par value repayment	- 86 964	- 53 570
Net cash flow from financing activities	- 40 448	- 55 837
Currency translation differences	0	0
Net change in cash and cash equivalents	- 645	- 63
Cash and cash equivalents at beginning of period	6 033	6 096
Cash and cash equivalents at end of period	5 388	6 033

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance as at 31 March 2020	344 520	- 402	142 115	962 551	1 448 784
Comprehensive result				756 271	756 271
Par value repayment (10.9.2020)	- 53 592		22		- 53 570
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

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 9, IAS 39, IFRS 7 "Changes from the IBOR reform – Phase 2 (Interbank Offered Rate)" (1 January 2021)

The IBOR reform has resulted in amendments to the standards on financial instruments. The first phase of these adjustments addresses financial reporting issues in the period before an existing interest rate benchmark is replaced by an alternative interest rate.

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.

- > IFRS 3 (1 January 2022) – Reference to the Conceptual Framework
- > IAS 16 (1 January 2022) – Property, Plant and Equipment – Proceeds before Intended Use
- > IAS 37 (1 January 2022) – Onerous Contracts – Cost of Fulfilling a Contract

- > Annual Improvements to IFRS Standards – 2018 – 2020 Cycle (1 January 2022) – IFRS 1, IFRS 9, IFRS 16, IAS 41
- > IAS 1 (1 January 2023) – Classification of liabilities as current or non-current
- > 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

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)	31.3.2022	31.3.2021
CAD	0.7377	0.7512
CNY	0.1455	0.1440
DKK	0.1373	0.1488
EUR	1.0209	1.1068
GBP	1.2120	1.3006
HKD	0.1178	0.1214
INR	0.0122	0.0129
SEK	0.0982	0.1081
USD	0.9225	0.9436

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)	2021/2022	2020/2021
Fair value at the beginning of financial year	2 255 830	1 546 050
Change in value, gross	-73 783	768 780
Dividend payment to parent company	-50 000	-59 000
Fair value at the end of financial year	2 132 047	2 255 830

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

Composition net assets (CHF 000)	Notes	31.3.2022	31.3.2021
Cash and cash equivalents		218 290	423 135
Receivables		29	161
Investments	(3.1)		
Private companies		614 348	446 199
Funds		175 915	216 601
Public companies		1 130 196	1 404 158
Shares of parent company		4 441	2 278
Financial instruments	(3.2)	1 512	0
Other financial assets	(3.3)	26 580	38 279
Total assets		2 171 311	2 530 811
Financial instruments	(3.2)	0	-128 888
Liability from performance fee	(3.4)	0	-120 664
Provision for deferred tax on capital gain and other taxes	(3.5)	-38 534	-24 725
Other current liabilities		-730	-704
Total net assets at fair value		2 132 047	2 255 830

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	2021/2022	2020/2021
Net result on investments	(3.1)	-43 302	986 925
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-13 809	-7 556
Dividend income		3 403	374
Net result from financial instruments	(3.2)	31 574	-67 672
Net result from other financial assets		-15 363	-767
Net result from shares of parent company		-74	5 825
Result from investing activities		-37 571	917 129
Management fee	(3.4)	-34 920	-26 326
Performance fee	(3.4)	0	-120 664
Personnel and other operating expenses		-1 296	-1 355
Financial result		4	-4
Change in value, gross		-73 783	768 780
Dividend payment to parent company		-50 000	-59 000
Net change in value of investment		-123 783	709 780

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 2021	446 199	216 601	1 404 158	2 066 958
Reclassification owing to IPO (Ambrx Biopharma)	-18 872		18 872	0
Reclassification owing to IPO (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

Development of investments, previous year (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value as at 31 March 2020	550 403	155 992	629 889	1 336 284
Reclassification owing to IPO (ALX Oncology)	-4 805		4 805	0
Reclassification owing to IPO (Cathay Biotech)	-216 189		216 189	0
Reclassification owing to IPO (Everest Medicines)	-2 883		2 883	0
Reclassification owing to IPO (Galecto Therapeutics)	-7 502		7 502	0
Reclassification owing to IPO (Harmony Biosciences)	-62 618		62 618	0
Reclassification owing to IPO (iTeos Therapeutics)	-8 558		8 558	0
Fair value as at 31 March 2020 (after reclassification)	247 848	155 992	932 444	1 336 284
Purchases	195 076	21 783	512 848	729 707
Sales	-103 327	-9 977	-872 654	-985 958
Realised gains	61 269	905	441 671	503 845
Realised losses	-195	-2 698	-49 975	-52 868
Changes in unrealised gains/losses	45 528	50 596	439 824	535 948
Net result on investments	106 602	48 803	831 520	986 925
Fair value as at 31 March 2021	446 199	216 601	1 404 158	2 066 958

Details on investments can be found on pages 73 to 75.

Net result on investments comprised the following:

Net result on investments, financial 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

Net result on investments, previous year (CHF 000)	Private companies	Funds	Public companies	Total
Gains	122 248	52 619	895 794	1 070 661
Losses	-15 646	-3 816	-64 274	-83 736
Total 2020/2021 financial year	106 602	48 803	831 520	986 925

The net losses on investments of CHF 43.3 million (previous year: net gain of CHF 986.9 million) includes net currency losses of CHF 50.3 million (previous year: net currency losses of CHF 12.7 million).

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2021	Changes in reporting period	Amount disbursed 31.3.2022	Fair value 31.3.2022	Ownership 31.3.2022	Fair value 31.3.2022	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	144 625	58 541
Neurelis	US	USD	24.4		24.4	56.2	10.5	51 869	53 055
ConnectRN	US	USD	5.9	8.0	13.9	52.1	21.7	48 024	2 279
NiKang Therapeutics	US	USD	5.0	15.0	20.0	25.2	5.3	23 290	4 718
Dren Bio	US	USD	3.7	11.2	14.9	22.7	7.8	20 960	3 515
Tata 1mg	IN	INR	1 178.6	-207.4	971.2	1 632.7	3.9	19 873	28 002
Fangzhou (Jianke)	CN	USD	19.9		19.9	19.7	6.0	18 203	18 619
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.7	17 225	17 619
Numab Therapeutics	CH	CHF	0.0	17.0	17.0	17.0	6.5	17 000	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.5	16 359	17 346
FarmaLatam	PA	USD	14.8		14.8	17.7	44.7	16 329	16 703
Valo Health	US	USD	15.0		15.0	15.0	1.3	13 837	14 154
Karius	US	USD	10.0	5.0	15.0	15.0	4.9	13 837	9 436
Odyssey Therapeutics	US	USD	0.0	10.0	10.0	14.2	3.6	13 076	0
Adrenomed	DE	EUR	10.7	2.0	12.7	12.7	10.5	12 929	16 414
Sphingotec	DE	EUR	10.5	2.5	13.0	10.7	14.2	10 975	11 621
Upstream Bio	US	USD	0.0	11.0	11.0	11.0	6.5	10 148	0
Neuron23	US	USD	7.0	1.0	8.0	10.8	2.2	9 980	6 605
Genalyte (BaseHealth)	US	USD	7.5		7.5	10.2	3.5	9 426	9 642
River Renal	US	USD	10.0		10.0	10.0	12.5	9 225	9 436
Mineralys Therapeutics	US	USD	6.7	3.3	10.0	10.0	13.3	9 224	6 291
Aculys Pharma	JP	USD	0.0	6.0	6.0	9.9	4.8	9 139	0
Fore Biotherapeutics (NovellusDx)	IL	USD	3.3	5.7	9.0	9.0	10.4	8 303	3 088
Shape Memory Medical	US	USD	8.8		8.8	8.8	16.8	8 118	8 304
Valcare	IL	USD	5.1	0.7	5.8	8.5	8.0	7 867	7 429
Cure Everlife Holdings	MU	USD	5.6	3.3	8.9	8.4	9.3	7 775	5 099
Acrivon Therapeutics	US	USD	0.0	8.0	8.0	8.0	3.6	7 380	0
Visen Pharmaceuticals	CN	USD	7.5		7.5	7.5	0.6	6 919	7 077
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 457	6 605
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 457	6 605
Cardialen	US	USD	5.0	1.5	6.5	6.5	17.8	5 996	4 718
FogPharma	US	USD	1.4	3.6	5.0	5.0	1.9	4 613	1 323
1000Farmacie	IT	EUR	0.0	4.0	4.0	4.0	14.6	4 084	0
Ignis Therapeutics	CN	USD	0.0	4.2	4.2	4.2	1.2	3 875	0
Mahzi Therapeutics	US	USD	0.0	4.0	4.0	4.0	5.2	3 690	0
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 767	2 831
Freenome Holdings	US	USD	0.0	3.0	3.0	3.0	0.2	2 767	0
Polyneuron Pharmaceuticals	CH	CHF	9.9		9.9	2.5	16.1	2 482	7 445
Vascular Dynamics	US	USD	12.5		12.5	2.7	9.1	2 450	2 946
C Ray Therapeutics	CN	USD	0.0	2.0	2.0	2.0	1.6	1 845	0
Antiva Biosciences	US	USD	0.0	1.5	1.5	1.5	1.8	1 384	0
Alydia Health ¹⁾	US	USD	3.0	-3.0	0.0	0.0	0.0	0	10 534
BioShin ¹⁾	CN	USD	8.0	-8.0	0.0	0.0	0.0	0	7 549
Others								3 566	4 787
Total private companies								614 348	390 336

1) The investments were sold during the reporting period.

Funds	Investment currency	Total commit- ment	Payments in reporting period	Repayments in reporting period	Cumulative payments 31.3.2022	Cumulative repayments 31.3.2022	Fair value 31.3.2022	Fair value 31.3.2022	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	38.3	35 309	46 168
WuXi Healthcare Ventures II	USD	20.0	0.8	2.0	20.0	4.0	24.9	22 982	34 092
MedFocus Fund II	USD	26.0			26.0	25.0	23.7	21 868	22 829
6 Dimensions Capital	USD	25.0	1.3	23.0	25.0	26.0	23.4	21 594	43 713
120 Capital	USD	25.0	13.8		13.8	0.0	13.1	12 107	0
C-Bridge Healthcare Fund IV	USD	10.0	2.5		9.7	0.2	11.7	10 839	9 274
HBM BioCapital II ¹⁾	EUR	42.0	1.0	8.6	46.1	21.8	10.6	10 792	21 417
Tata Capital HBM Fund I	USD	10.0	0.2		9.9	6.9	6.3	5 807	5 534
LYZZ Capital Fund II	USD	15.0	0.9		5.6	0.0	6.0	5 517	4 411
C-Bridge Healthcare Fund V	USD	15.0	4.1	0.5	5.6	0.5	4.7	4 315	1 333
Hatteras Venture Partners III	USD	10.0		0.9	10.2	2.9	4.3	4 001	5 986
Galen Partners V	USD	10.0			10.4	8.8	4.2	3 836	7 291
Tata Capital Healthcare Fund II	USD	20.0	2.7	0.8	5.8	0.8	4.1	3 824	2 150
HBM Genomics II	USD	15.0	4.0		4.0	0.0	3.7	3 406	0
BioVeda China IV	USD	5.0		0.4	4.0	0.9	3.5	3 234	3 316
BioMedInvest II	CHF	10.0		0.5	10.0	3.9	3.0	3 030	4 840
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	8.1	1 116	1 241
Others								596	822
Total funds								175 915	216 601

1) The fair value of EUR 10.6 million takes into account the fund's cumulative management fees of EUR 6.0 million. This amount has been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Invest- ment currency	Balance 31.3.2021	Changes in reporting period	Balance 31.3.2022	Share price 31.3.2022	Ownership 31.3.2022	Fair value 31.3.2022	Fair value 31.3.2021
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Companies originating from private companies portfolio								
Cathay Biotech ¹⁾	CNY	29610798	0	29610798	100.01	7.1	430884	292323
Harmony Biosciences	USD	4641779	-978551	3663228	48.65	6.2	164404	144715
Y-mAbs Therapeutics	USD	1972751	1718203	3690954	11.88	8.4	40450	56291
Pacira BioSciences	USD	451324	0	451324	76.32	1.0	31776	29849
Monte Rosa Therapeutics ²⁾	USD	1798516	0	1798516	14.02	3.9	23261	17757
Arcutis	USD	940424	8242	948666	19.26	1.9	16855	25672
Turning Point Therapeutics	USD	285664	347856	633520	26.85	1.3	15692	25497
IO Biotech ²⁾	USD	891706	1528778	2420484	5.30	8.4	11834	8854
Instil Bio	USD	2192908	-1138995	1053913	10.75	0.8	10452	51896
Longboard Pharmaceuticals	USD	1880000	0	1880000	5.34	11.1	9261	29058
Ambrx Biopharma ²⁾	USD	1736389	671692	2408081	4.12	6.9	9152	18872
ALX Oncology	USD	937998	-357604	580394	16.90	1.4	9048	65267
BioAtla	USD	1715869	-288552	1427317	5.00	4.0	6583	82315
Others							13195	156852
Total companies originating from private companies portfolio							792847	1005218
Various companies								
Biohaven Pharmaceuticals	USD	507523	-79429	428094	118.57	0.6	46825	32733
Sierra Oncology	USD	80706	666517	747223	32.05	3.2	22092	1312
Laurus Labs	INR	3669033	-976009	2693024	590.10	0.5	19343	17142
Argenx (ADR)	USD	90000	-30000	60000	315.31	0.1	17452	23387
BiolInvent	SEK	3630840	354364	3985204	44.38	6.8	17362	18523
Argenx	EUR	90000	-30000	60000	282.50	0.1	17305	23350
ChemoCentryx	USD	306525	433317	739842	25.07	1.0	17110	14821
Hutchmed China	HKD	0	3890000	3890000	30.10	0.5	13790	0
Iovance	USD	163433	619490	782923	16.65	0.5	12025	4882
Dishman Carbogen	INR	2543633	2396335	4939968	184.75	3.2	11109	3578
Aurobindo Pharma	INR	220000	1131002	1351002	668.55	0.2	10994	2502
Zymeworks	USD	964535	798837	1763372	6.55	3.1	10655	28742
Vicore Pharma	SEK	2850000	1770302	4620302	22.65	6.4	10273	8163
Beigene	HKD	700000	0	700000	121.20	0.1	9992	17095
Blueprint Medicines	USD	0	145000	145000	63.88	0.2	8545	0
Rocket Pharmaceuticals	USD	177461	400618	578079	15.86	0.9	8458	7430
Mirati Therapeutics	USD	0	111404	111404	82.22	0.2	8450	0
Index Pharmaceuticals	SEK	52916667	0	52916667	1.45	9.9	7512	9769
Guangzhou Baiyunshan	HKD	2609000	0	2609000	20.75	0.2	6376	5972
Nicox	EUR	2619102	400000	3019102	1.96	7.0	6041	12349
Affimed	USD	0	1327597	1327597	4.37	1.1	5352	0
Insmad	USD	0	236167	236167	23.50	0.2	5120	0
Others							45168	223053
Total various companies							337349	454803
Total public companies							1130196	1460021
Total investments							1920459	2066958

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 109.00 as at 31.3.2022 was adjusted by a discount of 8.25 percent to CNY 100.01.

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

The following tables show the gains and losses (realised and unrealised) on single investments for the 2021/2022 and 2020/2021 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			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.

Gains on investments		2020/2021	
(realised and unrealised per company) ¹⁾	IC	IC million	CHF 000
Private companies			
Corvidia Therapeutics	USD	24.3	22 168
Forbuis (Formation Biologics)	CAD	31.5	21 670
Swixx BioPharma	EUR	13.1	16 280
Neurelis	USD	12.0	10 750
Others			51 380
Total private companies			122 248
Funds			
HBM Genomics	USD	24.9	23 154
6 Dimensions Capital	USD	21.0	19 396
Others			10 069
Total funds			52 619
Public companies			
Positions originating from private companies portfolio			
BioAtla	USD	101.4	94 498
Harmony Biosciences	USD	84.3	78 555
Cathay Biotech ²⁾	CNY	437.0	76 135
SpringWorks Therapeutics	USD	54.6	48 801
ALX Oncology	USD	51.3	48 753
Instil Bio	USD	37.6	36 015
Pacira BioSciences	USD	32.9	29 778
iTeos Therapeutics	USD	30.1	27 966
Y-mAbs Therapeutics	USD	25.8	22 863
Viola Bio	USD	26.3	21 667
Turning Point Therapeutics	USD	19.6	17 692
C4 Therapeutics	USD	15.1	13 995
Seer	USD	14.8	13 829
Longboard Pharmaceuticals	USD	12.8	12 505
Others			18 001
Total positions originating from private companies portfolio			561 053
Various companies			
Immunomedics	USD	74.1	67 785
Rocket Pharmaceuticals	USD	23.8	20 868
Biohaven Pharmaceuticals	USD	22.7	20 759
Argenx (ADR)	USD	21.2	19 140
Argenx	EUR	16.3	18 520
Laurus Labs	INR	1 361.7	17 328
Trillium Therapeutics	USD	19.1	17 191
Essa Pharma	USD	11.6	11 149
Beigene	HKD	87.4	10 468
Others			131 533
Total various companies			334 741
Total public companies			895 794
Total gains on investments			1 070 661

Losses on investments		2020/2021	
(realised and unrealised per company) ¹⁾	IC	IC million	CHF 000
Private companies			
Others			15 646
Total private companies			15 646
Funds			
Others			3 816
Total funds			3 816
Public companies			
Positions originating from private companies portfolio			
Others			5 984
Total positions originating from private companies portfolio			5 984
Various companies			
Intercept Pharmaceuticals	USD	10.7	10 494
Akebia Therapeutics	USD	10.3	10 200
Others			37 596
Total various companies			58 290
Total public companies			64 274
Total losses on investments			83 736

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 68.6 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)	31.3.2022	31.3.2021
Other financial instruments		
Purchased call and put options	1 512	0
Total financial instruments long	1 512	0
Currency hedging		
Forward contracts for currency hedging purposes	0	26 682
Market hedging		
Sale of ETFs	0	102 206
Total financial instruments short	0	128 888

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)	2021/2022	2020/2021
Gains from currency hedging transactions	24 623	14 790
Gains from market hedging transactions	6 488	0
Gains from other financial instruments	2 434	4 625
Total gains from financial instruments	33 545	19 415
Losses from currency hedging transactions	-1 971	-26 682
Losses from market hedging transactions	0	-57 018
Losses from other financial instruments	0	-3 387
Total losses from financial instruments	-1 971	-87 087
Net result from financial instruments	31 574	-67 672

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)	Total
Amount as at 31 March 2021	38 279	1 280	39 559
Addition	287	0	287
Payments received	-11 763	-633	-12 396
Realised and unrealised gains/losses	-223	-560	-783
Amount as at 31 March 2022	26 580	87	26 667

Of the total book value as at 31 March 2022, CHF 26.6 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 0.1 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 to the potential cash flows:

Balance sheet value and potential cash flows (CHF million)	Book value as at 31.3.2022	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	13.8	2.1	83.5	2022–2029
Corvidia Therapeutics	6.8	0.0	40.6	2024–2029
Vitaeris	4.8	0.0	82.4	2024
TandemLife (Cardiac Assist)	0.9	0.0	2.3	2024
Alydia Health	0.3	0.1	1.7	2022–2026
Nereus ¹⁾	0.1	0.0	20.6	2023–2025
Tripex (former Mpex) ²⁾	0.0	0.0	8.2	from 2022 onwards
Total	26.7	2.2	239.3	

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 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 2021/2022 financial year, the management fee and the performance fee were as follows:

Management fee (CHF 000)	2021/2022	2020/2021
Management fee to HBM Partners	34 920	26 326
Total management fee	34 920	26 326

Performance fee (CHF 000)	2021/2022	2020/2021
Full amount of performance fee	0	128 818
Share variable compensation to Board of Directors	0	-8 154
Total performance fee	0	120 664

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 and CHF 100 million, issued in July 2015 and July 2021, respectively.

Regarding the investments made by the Subsidiary in HBM BioCapital I and 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 285.53 not exceeding the high water mark of CHF 315.27 per share for the 2021/2022 financial year. For the 2021/2022 financial year, no performance fee is due to the Investment Advisor. With the beginning of the 2022/2023 financial year, the high water mark for all outstanding shares thus remains at CHF 315.27 (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 38.5 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 proceeds and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

3.6 Off-balance-sheet commitments

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

Investment commitments (CHF 000)	31.3.2022	31.3.2021
HBM BioCapital I+II	0	260
Other funds	52 556	68 209
Private companies	38 293	52 263
Total investment commitments	90 849	120 732

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 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 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 2.3 million (previous year: CHF 2.3 million), the effective interest expense totals CHF 2.6 million (previous year: CHF 2.5 million).

The fair value of the two straight bonds amounts to CHF 149.0 million (previous year: CHF 102.3 million) with a carrying amount of CHF 148.9 million (previous year: 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 (previous year: CHF 290.93 million), divided into 6 960 000 registered shares (previous year: 6 960 000) at a par value of CHF 29.30 each (previous year: CHF 41.80).

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 Board of Directors proposes to the Shareholders' Meeting of 10 June 2022 a cash distribution of CHF 9.70 per share eligible for dividend (up to a maximum of CHF 67.3 million) by means of a withholding tax-exempt par value repayment.

5.2 Treasury shares

The Shareholders' Meeting of 24 June 2019 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 2022 ("2019 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 2022. During the 2021/2022 financial year, none of the Company's own shares were acquired (previous year: none).

Holdings from second trading line (Number of own shares)	2021/2022	2020/2021
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 16 091 treasury shares (previous year: 6 854), acquired via the regular trading line. During the 2021/2022 financial year, the Subsidiary acquired a total of 52 816 treasury shares

via the regular trading line at an average price of CHF 325.78 per share (previous year: 156 329 at CHF 259.99) and sold 43 579 treasury shares at an average price of CHF 343.33 per share (previous year: 247 838 at CHF 253.44).

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 2022:

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)	2021/2022	2020/2021
Fixed compensation to Board of Directors	357	445
Variable compensation to Board of Directors	0	8 154
Wages and salaries	296	296
Social insurance contributions and duties	28	322
Other personnel expenses	69	78
Total personnel expenses	750	9 295

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

The Company had no deductible loss carry-forwards as at 31 March 2022 (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						
Other current liabilities	2.8	2.8	1.1	1.7	0.0	0.0
Non-current financial liabilities	148.9	159.3	0.0	2.4	52.4	104.5
Total liabilities as at 31 March 2022	151.7	162.1	1.1	4.1	52.4	104.5
Total liabilities as at 31 March 2021	231.8	236.9	130.4	53.9	1.3	51.3
Off-balance-sheet investment commitments ²⁾						
Expected drawdowns HBM BioCapital I+II	0.0	0.0	0.0	0.0	0.0	0.0
Expected drawdowns other funds	52.6	52.6	5.5	19.5	20.0	7.6
Expected maturities investment commitments to private companies	38.3	38.3	13.1	25.2	0.0	0.0
Total investment commitments as at 31 March 2022	90.9	90.9	18.6	44.7	20.0	7.6
Total investment commitments as at 31 March 2021	120.7	120.7	18.1	54.4	20.0	28.2

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, 98 percent of HBM Healthcare's total assets were subject to foreign currency risks (previous year: 60 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 2022 (CHF million)	Fair value	Foreign exchange rates	
		+10%	-10%
Net assets in USD	1316.2	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
31 March 2021 ¹⁾ (CHF million)			
Net assets in USD	749.1	74.9	-74.9
Net assets in CNY	267.6	26.8	-26.8
Net assets in EUR	171.6	17.2	-17.2
Net assets in INR	96.2	9.6	-9.6
Net assets held in other foreign currencies	127.8	12.8	-12.8

1) Effect on annual result 2020/2021 assumes a currency hedge of USD 900 million against the Swiss francs.

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 Ambrx Biopharma, IO Biotech, Monte Rosa Therapeutics, Pyxis Oncology and Werewolf Therapeutics resulted in assets amounting to CHF 55.9 million being reclassified from level 3 to level 1 during the 2021/2022 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 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
Assets and liabilities at fair value as at 31 March 2021 (CHF million)				
Investments				
Private companies			446.2	446.2
Funds			216.6	216.6
Public companies	1 404.2			1 404.2
Shares of parent company ¹⁾	2.3			2.3
Other financial assets			38.3	38.3
Total assets at fair value	1 406.5	0.0	701.1	2 107.6
Financial instruments				
Financial instruments	128.9			128.9
Total liabilities at fair value	128.9	0.0	0.0	128.9

1) Held by Subsidiary.

As at 31 March 2022, 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 250.3 million (previous year: CHF 366.6 million). As at the balance sheet date, there were no recei-

vables overdue, and there were no recorded losses on receivables during the 2021/2022 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.

8.9. Impact of COVID-19

The COVID-19 pandemic has had a moderate impact on the portfolio companies so far. In individual cases, there were delays in their business activities. The increased volatility on the financial markets caused temporary uncertainty. In general, however, the companies proved robust in their development and benefitted from the strong research and development tailwinds in the sector and the positive mood on the financial markets. IPOs, private and public follow-on financing activities achieved record high volumes.

It is not possible to draw a conclusion on the further course of the pandemic and its implications. The Board of Directors is monitoring the situation and the potential impact on the Company very closely. The Company is in a position to continue its usual operations in accordance with its investment policy.

The pandemic may result in delays in clinical trials, drug approval processes and market launches, as extensive containment measures are being implemented worldwide to stop the spread of the virus. This may result in higher capital needs of portfolio companies and delays in the closing of financing rounds. As investors may pursue a lower-risk strategy,

access to capital may be temporarily more difficult, which could have an impact on the valuation of the companies.

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 2021/2022 financial year (previous year: CHF 277 000). In addition, the Board of Directors received meeting fees totalling CHF 61 000 (previous year: CHF 88 000). 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 80 000). No performance fee was paid to the Board of Directors for the 2021/2022 financial year (previous year: CHF 8 154 300). The legally required social security contributions (employer's contribution) and duties paid by the Company on these fees came to a total of CHF 4 367 (previous year: CHF 298 700).

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 2021/2022 reporting year, these payments totalled CHF 319 819 (previous year: CHF 319 614), 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 55 and 56.

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 74.

10. Events after the balance sheet date

The Board of Directors of the Company approved these Group Financial Statements on 5 May 2022. 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, 5 May 2022

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 2022 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 62 to 88) give a true and fair view of the financial position of the Company as at 31 March 2022, 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 (ISAs) and Swiss Auditing Standards. 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 Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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	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 in 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. 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. These risks could have an effect on the fair value of the investment in the subsidiary HBM Healthcare Investments (Cayman) Ltd. 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).
Our audit response	We performed the 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 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 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 in the subsidiary.



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all 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 in the annual report 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 in the annual report 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 the 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: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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

A handwritten signature in black ink, appearing to read 'Fehr'.

Rico Fehr
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to read 'R. Ottiger'.

Roman Ottiger
Licensed audit expert

Balance sheet (CHF 000)	Notes	31.3.2022	31.3.2021
Assets			
Current assets			
Cash and cash equivalents		5 388	6 033
Receivables		20	17
Total current assets		5 408	6 050
Non-current assets			
Investment in subsidiary		846 000	846 000
Total non-current assets		846 000	846 000
Total assets		851 408	852 050
Liabilities			
Current liabilities			
Liability from performance fee		0	8 154
Financial liabilities		0	50 000
Other liabilities		2 045	2 471
Total current liabilities		2 045	60 625
Non-current liabilities			
Financial liabilities		150 000	50 000
Total non-current liabilities		150 000	50 000
Shareholders' equity			
Share capital		203 928	290 928
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)	4 796	2 258
Voluntary retained earnings			
Free reserve		77 363	79 865
Retained earnings		327 937	283 035
Total shareholders' equity		699 363	741 425
Total liabilities and shareholders' equity		851 408	852 050

1) For treasury shares held by Subsidiary.

Statement of income for the financial year ended 31 March (CHF 000)	2021/2022	2020/2021
Income		
Financial income	0	0
Income from participations	50 000	59 000
Total income	50 000	59 000
Expenses		
Financial expenses	3 567	2 267
Personnel expenses	750	9 295
Administration expenses	781	742
Total expenses	5 098	12 304
Net result for the year	44 902	46 696

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 share-holders' equity
Balance as at 31 March 2019	6 960 000	396 720	-402	331	85 410	15 342	66 737	182 100	746 238
Par value repayment (12.9.2019)		-52 200					22		-52 178
Change in reserve for treasury shares ¹⁾						3 126	-3 126		0
Net result for the year								54 239	54 239
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

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 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 24 June 2019 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 2022 ("2019 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 2022. During the 2021/2022 financial year, none of the Company's own shares were acquired (previous year: none).

Holdings from second trading line		
(Number of own shares)	2021/2022	2020/2021
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 16 091 treasury shares (previous year: 6 854), acquired via the regular trading line. During the 2021/2022 financial year, the Subsidiary acquired a total of 52 816 treasury shares via the regular trading line at an average price of CHF 325.78 per share (previous year: 156 329 at CHF 259.99) and sold 43 579 treasury shares at an average price of CHF 343.33 per share (previous year: 247 838 at CHF 253.44).

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 2022:

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 31.3.2022	Capital as at 31.3.2021
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)	31.3.2022	31.3.2021
Board of Directors		
Hans Peter Hasler, Chairman	12 841	7 710
Mario G. Giuliani, Member ¹⁾	1 104 132	1 101 489
Dr Elaine V. Jones, Member	0	0
Dr Rudolf Lanz, Member	2 791	2 635
Dr Stella X. Xu, Member	608	0
Management		
Dr Andreas Wicki, CEO	53 290	53 490
Erwin Troxler, CFO	5 500	6 500

1) Shares are held mainly by Nogra Pharma Invest S.à.r.l., Luxembourg. Mario G. Giuliani is owning all shares of the company 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 2021/2022 financial year was less than one (previous year: less than one).

8.2 Contingent liabilities

As at 31 March 2022, 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. Impact of COVID-19

The COVID-19 pandemic has had a moderate impact on the portfolio companies so far. In individual cases, there were delays in their business activities. The increased volatility on the financial markets caused temporary uncertainty. In general, however, the companies proved robust in their development and benefitted from the strong research and development tailwinds in the sector and the positive mood on the financial markets. IPOs, private and public follow-on financing activities achieved record high volumes.

It is not possible to draw a conclusion on the further course of the pandemic and its implications. The Board of Directors of the Company is monitoring the situation and the potential impact on the Company very closely. The Company is in a position to continue its usual operations in accordance with its investment policy.

The pandemic may result in delays in clinical trials, drug approval processes and market launches, as extensive containment measures are being implemented worldwide to stop the spread of the virus. This may result in higher capital needs of portfolio companies and delays in the closing of financing rounds. As investors may pursue a lower-risk strategy, access to capital may be temporarily more difficult, which could have an impact on the valuation of the companies.

10. Events after the balance sheet date

The Board of Directors of the Company authorised these Statutory Annual Financial Statements on 5 May 2022. 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 327.9 million be used as follows:

Retained earnings (CHF)	2021/2022
Beginning of financial year	283 034 893
Net result for the year	44 902 433
End of financial year (carried forward)	327 937 326

2. Cash Distribution from a par value reduction

The Board of Directors proposes to the Shareholders' Meeting a cash distribution of CHF 9.70 per share eligible for dividend (up to a maximum of CHF 67.3 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, 5 May 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of HBM Healthcare Investments Ltd (the Company), which comprise the balance sheet, income statement and notes (pages 93 to 98), for the year ended 31 March 2022.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 March 2022 comply with Swiss law and the Company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, 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 responsibility” 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 in 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).
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**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 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.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and on independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings (page 99) 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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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
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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
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Investment Advisor

HBM Partners Ltd, Zug	www.hbmpartners.com
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Credits

Editorial

HBM Healthcare Investments Ltd

Illustration

Hans Peter Furrer

Photography

Getty Images

Concept and realisation

Weber-Thedy Strategic Communication

Design

Küng Art Direction

Layout and print

DAZ

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The Annual Report is published in English and German.
The German version is binding in all matters of interpretation.

