

Quarterly Report

December

2022

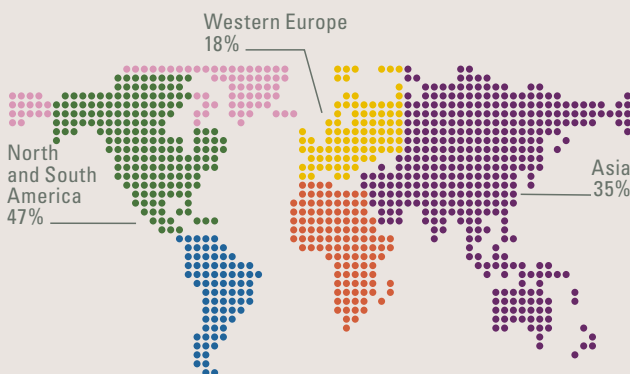
HBM Healthcare
Investments

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

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

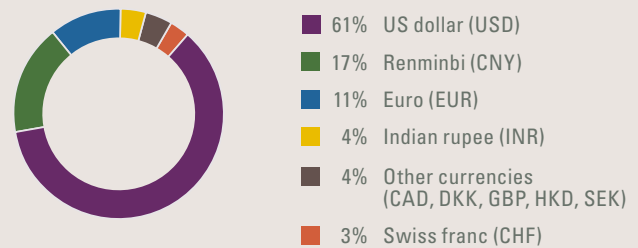
Investments by continents²⁾

Global portfolio.



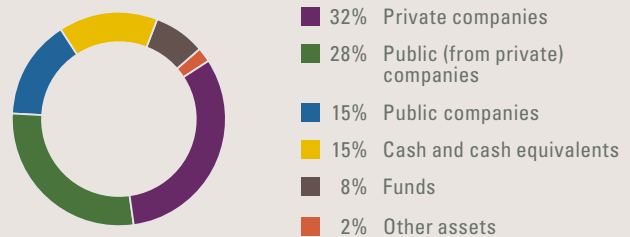
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



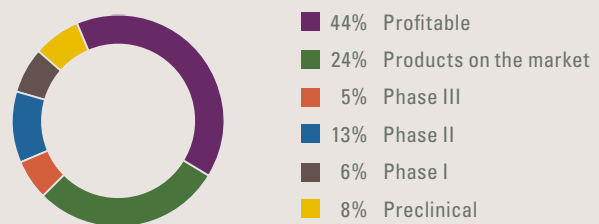
Allocation of assets¹⁾

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



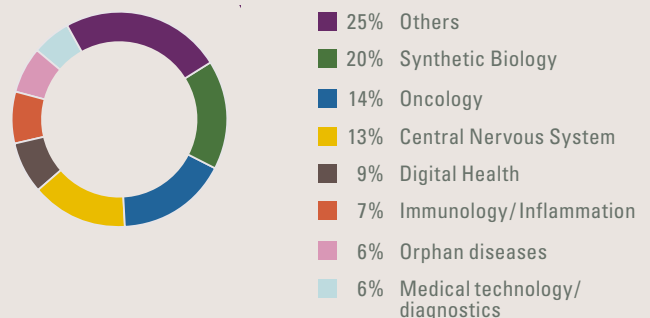
Development phase of portfolio companies²⁾

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



Therapeutic area of the lead product of portfolio companies²⁾

Broadly diversified areas of activity.



1) Total consolidated assets as at 31.12.2022: CHF 1944 million.

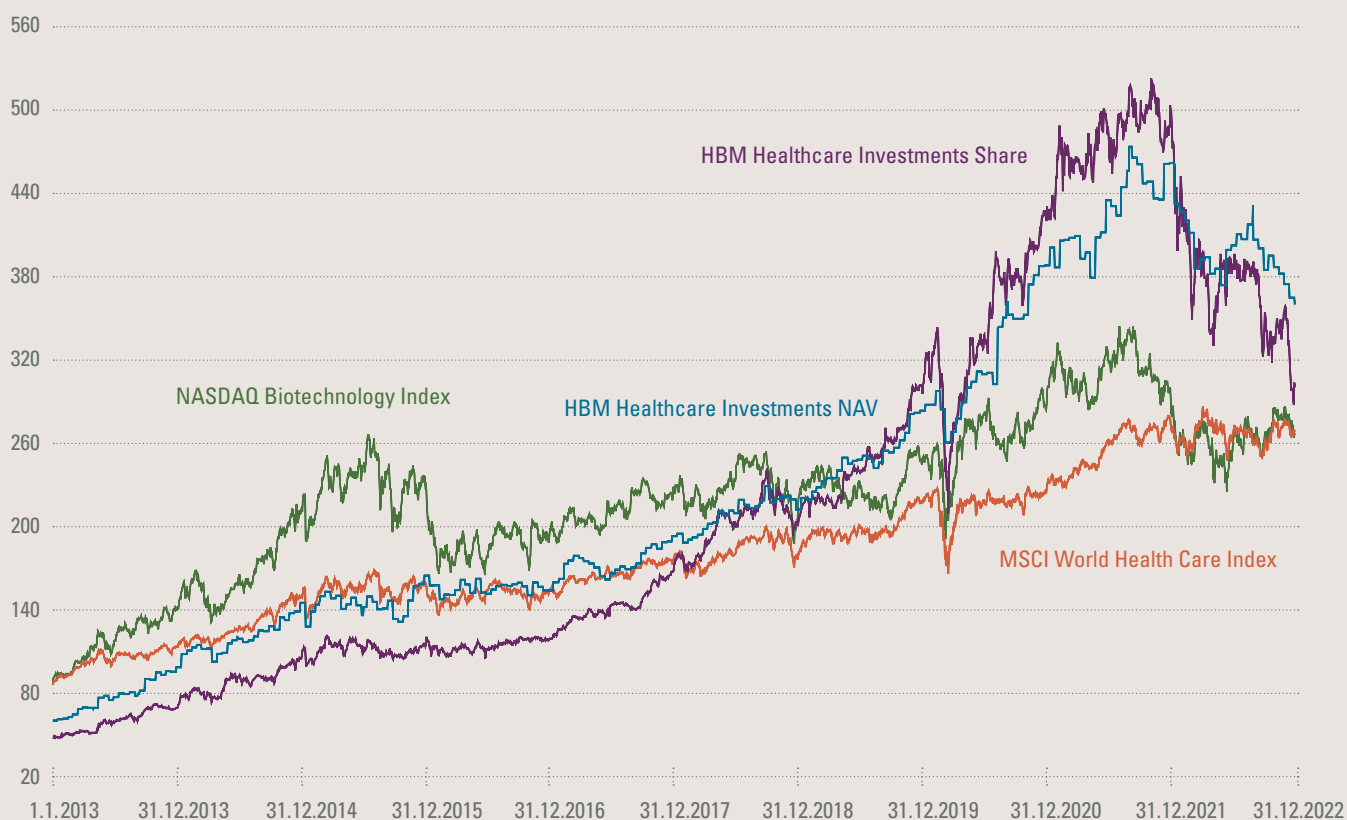
2) Total investments as at 31.12.2022: CHF 1 618 million.

Key Figures		31.12.2022	31.3.2022	31.3.2021	31.3.2020	31.3.2019
Net assets	CHF million	1486.1	1986.5	2151.5	1448.8	1318.3
Investments in private companies and funds		793.5	790.3	662.8	706.4	542.1
Investments in public companies		824.7	1130.2	1404.2	629.9	688.2
Cash and cash equivalents (net of liability from market hedging)		282.1	223.7	327.0	224.2	176.2
Net result for the period	CHF million	-154.7	-78.0	756.3	182.7	209.1
Basic earnings per share	CHF	-22.24	-11.22	108.71	26.26	30.05
Net asset value (NAV) per share	CHF	253.59	285.53	309.25	208.25	189.48
Share price	CHF	201.00	276.00	332.50	190.00	168.80
Premium (+) / discount (-)	%	-20.7	-3.3	+7.5	-8.8	-10.9
Distribution per share	CHF		9.70	12.50 ¹⁾	7.70	7.50
Distribution yield	%		3.5	3.8	4.1	4.4
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.0
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.0

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

Performance (including distributions)		2022/2023 (9 months)	2021/2022	2020/2021	2019/2020	2018/2019
Net asset value (NAV)	%	-7.8	-3.6	52.2	13.9	18.1
Registered share HBMN	%	-23.7	-13.2	79.1	17.0	22.1

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



HBM Healthcare Investments closed the quarter under review as at the end of December 2022 with a loss of CHF 120 million, largely attributable to currency developments. Currency hedging partially compensated for the decline and was then closed. A loss of CHF 155 million resulted for the first nine months of the 2022/2023 financial year. In this period, the decline in the market capitalisation of the largest position, Cathay Biotech, was the main factor. Cash and cash equivalents increased to 15 percent of the portfolio due to the completion of acquisitions and profit taking. Notwithstanding the volatile market environment, HBM Healthcare Investments remains confident in its chosen investment strategy and considers the value potential of its well-diversified portfolio to be intact.

Dear Shareholders

HBM Healthcare Investments closed the third quarter of the 2022/2023 financial year as at the end of December 2022 with a loss of CHF 120 million. The net asset value per share (NAV) declined by 6.4 percent and the share price by 9.3 percent during this period.

This decrease in value is largely due to currency developments. In the three-month period, the US dollar depreciated by 6.3 percent against the Swiss franc and the Chinese yuan by 3.4 percent. The currency hedge, which had been increased slightly in October 2022 and was closed after the US dollar fell in mid-November, was able to partially compensate for this decline. Overall, the currency development burdened the result in the quarter under review by around CHF 84 million.

For the first nine months of the 2022/2023 financial year, this resulted in a loss of CHF 155 million with a decline in NAV of 7.8 percent. The share price fell disproportionately by 23.7 percent. Calculated over the first nine months, the foreign currencies' negative impact of CHF 25 million on the result has been much less accentuated. Rather, the result for this period is mainly due to the market-driven decline in the market capitalisation of our largest investment, Cathay Biotech (share price -21 percent).

Significant portfolio developments in the quarter under review

The value of the portfolio of private companies decreased by a total of CHF 41 million, of which CHF 28 million was due to currency developments. The following events stood out:

Swixx Biopharma is expecting sales in 2022 to jump to over EUR 700 million. This pleasing development allowed the company to return part of its surplus liquidity to shareholders as a capital repayment. For HBM Healthcare Investments, this resulted in dividend income of CHF 10 million recognised in the income statement.

Fangzhou, which operates the digital healthcare platform Jianke.com in China, filed the prospectus for a planned IPO on the Hong Kong Stock Exchange in November 2022. HBM Healthcare Investments still values its investment in Fangzhou at cost, in line with its prudent valuation principles. A revaluation of the investment is being reviewed for the annual financial statements as at the end of March, based on financing rounds which were closed at higher valuations due to the company's good operating performance.

Acrivon Therapeutics, a US company active in personalised oncology, raised around USD 100 million in new capital via an IPO. At year end, the share closed around 8 percent below the issue price.

In addition, value adjustments totalling CHF 15 million were made for various investments.

Public companies burdened the quarterly result with CHF 51 million, CHF 39 million of which was due to currency developments. Y-mAbs Therapeutics suffered an unexpected setback. The US Food and Drug Administration (FDA) denied the company approval for omburtamab, an antibody therapy for the treatment of rare childhood cancers. The company's market value declined sharply as a result. Y-mAbs owns an approved drug, DANYELZA[®], and is also developing other cancer therapies. The strong share price performance of Harmony Biosciences largely compensated for the decline in Y-mAbs.

The fund portfolio burdened the result in the quarter under review by CHF 20 million, CHF 11 million of which was due to currency developments.

Asset allocation

No new investments were made in private companies during the quarter under review. CHF 20 million went to existing portfolio companies as follow-on financing. In the fund portfolio, investment commitments of CHF 6 million were called while CHF 2 million were repaid from realisations.

Cash and cash equivalents increased by around CHF 122 million to CHF 282 million in the quarter under review. This was due to the completion of the Biohaven and ChemoCentryx acquisitions as well as profit taking at Harmony Biosciences and sales of other public investments. New investments were made or existing positions increased in Cytokinetics, Prometheus Biosciences, Cogent Biosciences, Natera, Travere Therapeutics, Vicore Pharma and Insmed.

The portfolio thus remains well balanced with a 43 percent share of public companies (of which 28 percent were formerly private companies), 32 percent private companies, 8 percent funds and 2 percent other assets. In addition, HBM Healthcare has a high level of cash and cash equivalents of 15 percent.

Outlook

The first trading days of the new year showed friendlier stock markets as compared to the beginning of the previous year. However, uncertainties remain regarding the impact on global economic growth of the rise in interest rates, higher energy prices and the geopolitical situation. As a result, the general market environment is likely to remain volatile.

The biotech sector also started the new year with good news: Ipsen announced the acquisition of Albireo Pharma for up to USD 1.2 billion, and AstraZeneca made public its intention to acquire CinCor Pharma for up to USD 1.8 billion. In both cases, the price offered is significantly higher than the previously traded prices. HBM Healthcare is not invested in either company. However, its portfolio includes Mineralys Therapeutics, a promising company which, like CinCor, is developing an aldosterone synthase inhibitor for the treatment of patients with uncontrolled or resistant hypertension. Mineralys published convincing phase II trial data last year.

In addition, HBM Healthcare Investments holds a solid portfolio of other private companies whose operating performance shows added value potential that is likely to materialise when the general market environment improves.

There is potential for a countermovement in various public companies following the sometimes steep, mostly market-driven price losses. HBM Healthcare Investments will also continue to selectively increase existing positions and initiate new exposures.

Notwithstanding the volatile market environment, HBM Healthcare Investments thus remains confident in its chosen investment strategy and considers the value potential of its portfolio to be intact for the coming years.

We thank you, esteemed shareholders, for the trust you have placed in us and wish you a successful 2023.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	31.12.2022	31.3.2022
Assets			
Current assets			
Cash and cash equivalents		5 947	5 388
Receivables		29	20
Total current assets		5 976	5 408
Non-current assets			
Investment in subsidiary	(3)	1 980 375	2 132 047
Total non-current assets		1 980 375	2 132 047
Total assets		1 986 351	2 137 455
Liabilities			
Current liabilities			
Liability to subsidiary		71 500	0
Financial liabilities	(4)	49 956	0
Other liabilities		1 449	2 045
Total current liabilities		122 905	2 045
Non-current liabilities			
Financial liabilities	(4)	99 163	148 920
Total non-current liabilities		99 163	148 920
Shareholders' equity			
Share capital	(5.1)	136 416	203 928
Treasury shares	(5.2)	-402	-402
Capital reserve	(5.1)	142 201	142 173
Retained earnings		1 486 068	1 640 791
Total shareholders' equity		1 764 283	1 986 490
Total liabilities and shareholders' equity		1 986 351	2 137 455
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		253.59	285.53

Statement of comprehensive income for the period 1 April to 31 December (CHF 000)	Notes	Quarter ended 31.12.2022	Quarter ended 31.12.2021	9-month period ended 31.12.2022	9-month period ended 31.12.2021
Net change in value of investment in subsidiary	(3)	-119 524	5 507	-151 672	278 097
Result from investment activities		-119 524	5 507	-151 672	278 097
Personnel expenses		-184	-181	-559	-551
Other operating expenses		-139	-215	-503	-518
Result before interest and taxes		-119 847	5 111	-152 734	277 028
Financial expenses		-651	-690	-1 989	-2 057
Financial income		0	0	0	0
Income taxes		0	0	0	0
Net result for the period		-120 498	4 421	-154 723	274 971
Comprehensive result		-120 498	4 421	-154 723	274 971
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		-17.32	0.63	-22.24	39.52

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 period 1 April to 31 December (CHF 000)	9-month period ended 31.12.2022	9-month period ended 31.12.2021
Expenses paid (personnel and other operating expenses)	-1 073	-9 659
Net cash flow from operating activities	-1 073	-9 659
Interest paid	-2 384	-2 387
Redemption of financial liabilities	0	-50 000
Issuance of financial liabilities	0	98 903
Loan from subsidiary	71 500	48 000
Par value repayment	-67 484	-86 964
Net cash flow from financing activities	1 632	7 552
Currency translation differences	0	0
Net change in cash and cash equivalents	559	-2 107
Cash and cash equivalents at beginning of period	5 388	6 033
Cash and cash equivalents at end of period	5 947	3 926

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2021	290 928	-402	142 137	1 718 822	2 151 485
Comprehensive result				274 971	274 971
Par value repayment (9.9.2021)	-87 000		36		-86 964
Balance 31 December 2021	203 928	-402	142 173	1 993 793	2 339 492
Comprehensive result				-353 002	-353 002
Balance 31 March 2022	203 928	-402	142 173	1 640 791	1 986 490
Comprehensive result				-154 723	-154 723
Par value repayment (1.9.2022)	-67 512		28		-67 484
Balance 31 December 2022	136 416	-402	142 201	1 486 068	1 764 283

General Statements

1. Information about the Company and its business

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

2. Accounting policies

The condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting, and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the Group Financial Statements for the financial year ended 31 March 2022, as they provide an update to the latest full financial report.

In preparing the interim financial statements, the same accounting policies and methods of computation have been applied as in the preparation of the annual financial statements as at 31 March 2022. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary). A summary of the newly applied IFRS/IAS standards and interpretations in the reporting period is provided on pages 65 and 66 of the Group Financial Statements of the 2021/2022 Annual Report.

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

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

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

Exchange rates (CHF)	31.12.2022	31.3.2022
CAD	0.6821	0.7377
CNY	0.1340	0.1455
DKK	0.1331	0.1373
EUR	0.9897	1.0209
GBP	1.1171	1.2120
HKD	0.1185	0.1178
INR	0.0112	0.0122
SEK	0.0887	0.0982
USD	0.9245	0.9225

Notes to the Balance Sheet and Statement of Income

3. Investment in Subsidiary

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

Development fair value investment (CHF 000)	9-month period ended 31.12.2022	9-month period ended 31.12.2021
Fair value at beginning of period	2 132 047	2 255 830
Change in value, gross	-151 672	278 097
Fair value at end of period	1 980 375	2 533 927

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

Composition net assets (CHF 000)	Notes	31.12.2022	31.3.2022	31.12.2021
Cash and cash equivalents		276 179	218 290	222 099
Receivables		58	29	56
Loan to parent company		71 500	0	48 000
Investments	(3.1)			
Private companies		629 888	614 348	604 503
Funds		163 566	175 915	205 983
Public companies		824 743	1 130 196	1 523 503
Shares of parent company		9 716	4 441	1 383
Financial instruments	(3.2)	11 782	1 512	1 996
Other financial assets	(3.3)	22 324	26 580	26 891
Total assets		2 009 756	2 171 311	2 634 414
Liability from performance fee	(3.4)	0	0	-25 791
Provision for deferred tax on capital gain and other taxes	(3.5)	-28 578	-38 534	-73 782
Other current liabilities		-803	-730	-914
Total net assets at fair value		1 980 375	2 132 047	2 533 927

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

	Notes	9-month period ended 31.12.2022	9-month period ended 31.12.2021
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	-152 933	358 426
Change in provision for deferred tax on capital gain and other taxes	(3.5)	9 956	-49 057
Dividend income		12 543	3 389
Net result from financial instruments	(3.2)	10 229	33 106
Net result from other financial assets		-9 504	-15 382
Net result from shares of parent company		-1 795	348
Result from investing activities		-131 504	330 830
Management fee	(3.4)	-21 026	-26 111
Performance fee	(3.4)	0	-25 791
Personnel and other operating expenses		-807	-832
Financial result		1 665	1
Change in value, gross		-151 672	278 097
Net change in value of investment		-151 672	278 097

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

3.1 Investments

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

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value 31 March 2022	614 348	175 915	1 130 196	1 920 459
Reclassification owing to IPO (Acrivon Therapeutics)	-7 380		7 380	0
Fair value 31 March 2022 (after reclassification)	606 968	175 915	1 137 576	1 920 459
Purchases	54 112	17 784	257 930	329 826
Sales	-6 464	-15 091	-457 600	-479 155
Realised gains	301	5 161	180 963	186 425
Realised losses	-26 315	-513	-95 428	-122 256
Changes in unrealised gains/losses	1 286	-19 690	-198 698	-217 102
Net result on investments	-24 728	-15 042	-113 163	-152 933
Fair value 31 December 2022	629 888	163 566	824 743	1 618 197

Details on investments can be found on pages 14 to 17.

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2022	Changes in reporting period	Amount disbursed 31.12.2022	Fair value 31.12.2022	Ownership 31.12.2022	Fair value 31.12.2022	Fair value 31.3.2022
Swixx BioPharma	CH	EUR	34.8		34.8	141.7	26.3	140 197	144 625
Neurelis	US	USD	24.4		24.4	56.2	10.5	51 981	51 869
ConnectRN	US	USD	13.9		13.9	52.1	20.0	48 128	48 024
Mineralys Therapeutics	US	USD	10.0	9.0	19.0	27.1	10.1	25 073	9 224
NiKang Therapeutics	US	USD	20.0		20.0	25.2	5.3	23 340	23 290
FarmaLatam	PA	USD	14.8	6.3	21.1	24.0	48.8	22 194	16 329
Numab Therapeutics	CH	CHF	17.0	5.1	22.1	22.1	7.7	22 127	17 000
Dren Bio	US	USD	15.0		15.0	22.7	7.8	21 006	20 960
Tata 1mg	IN	INR	971.1	159.0	1 130.1	1 791.7	4.0	20 021	19 873
Fangzhou (Jianke)	CN	USD	19.9		19.9	19.7	5.3	18 242	18 203
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.7	17 263	17 225
Odyssey Therapeutics	US	USD	10.0	3.0	13.0	17.5	2.9	16 222	13 076
Valo Health	US	USD	15.0	2.5	17.5	17.5	1.4	16 179	13 837
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.5	15 018	16 359
Adrenomed	DE	EUR	12.7	2.5	15.2	15.2	10.5	15 008	12 929
River Renal	US	USD	10.0	4.0	14.0	14.0	12.5	12 943	9 225
Upstream Bio	US	USD	11.0	1.0	12.0	12.0	6.7	11 094	10 148
Neuron23	US	USD	8.0		8.0	10.8	2.2	10 002	9 980
Sphingotec	DE	EUR	13.0	3.6	16.6	10.1	25.1	9 997	10 975
Fore Biotherapeutics (NovellusDx)	US	USD	9.0	1.6	10.6	10.6	12.7	9 755	8 303
Genalyte (BaseHealth)	US	USD	7.5		7.5	10.2	3.5	9 447	9 426
Shape Memory Medical	US	USD	8.8	1.3	10.1	10.1	16.8	9 368	8 118
Aculys Pharma	JP	USD	6.0		6.0	9.9	4.8	9 158	9 139
Valcare	IL	USD	5.7	0.6	6.3	9.2	8.0	8 483	7 867
Mahzi Therapeutics	US	USD	4.0	4.0	8.0	8.0	10.3	7 396	3 690
FogPharma	US	USD	5.0	3.4	8.4	7.5	1.7	6 938	4 613
Karius	US	USD	15.0		15.0	7.5	6.3	6 934	13 837
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 471	6 457
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 471	6 457
Cure Everlife Holdings	MU	USD	8.9	-1.7	7.2	6.6	9.3	6 140	7 775
C Ray Therapeutics	CN	USD	2.0	4.0	6.0	6.0	3.2	5 547	1 845
1000Farmacie	IT	EUR	4.0		4.0	4.0	14.6	3 959	4 084
Ignis Therapeutics	CN	USD	4.2		4.2	4.2	1.2	3 883	3 875
Others								13 903	28 331
Total private companies								629 888	606 968

Funds	Investment	Total	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
	currency								
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	24.4	0.5	3.5	24.4	3.5	30.7	28 409	35 309
MedFocus Fund II	USD	26.0			26.0	25.0	24.3	22 512	21 868
WuXi Healthcare Ventures II	USD	20.0		2.0	20.0	5.9	18.8	17 401	22 982
120 Capital	USD	25.0	5.0		18.8	0.0	17.7	16 409	12 107
6 Dimensions Capital	USD	25.0		4.8	25.0	30.8	17.5	16 177	21 594
C-Bridge Healthcare Fund IV	USD	10.0	0.1		9.8	0.2	11.5	10 619	10 839
HBM Genomics II	USD	15.0	6.8		10.8	0.0	10.1	9 359	3 406
C-Bridge Healthcare Fund V	USD	15.0	1.3	0.2	6.8	0.8	7.8	7 183	4 315
LYZZ Capital Fund II	USD	15.0	1.4		7.0	0.0	7.2	6 628	5 517
HBM BioCapital II ¹⁾	EUR	42.0		3.6	46.1	25.3	6.3	6 188	10 792
Tata Capital Healthcare Fund II	USD	20.0	3.4	0.7	9.2	1.6	6.1	5 611	3 824
Tata Capital HBM Fund I	USD	10.0			9.9	6.9	5.5	5 067	5 807
Others								12 003	17 555
Total funds								163 566	175 915

1) The fair value of EUR 6.3 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	Investment currency	Balance 31.3.2022	Changes 9 months	Changes 3 months	Balance 31.12.2022	Share price 31.12.2022	Owner- ship 31.12.2022	Fair value 31.12.2022	Fair value 31.3.2022
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Companies originating from private companies' portfolio									
Cathay Biotech ¹⁾	CNY	41 455 116	0	0	41 455 116	58.99	7.1	327 729	430 884
Harmony Biosciences	USD	3 663 228	-1 515 285	-864 147	2 147 943	55.10	3.6	109 416	164 404
Y-mAbs Therapeutics	USD	3 690 954	122 899	-77 101	3 813 853	4.88	8.7	17 206	40 450
Pacira BioSciences	USD	451 324	0	0	451 324	38.61	1.0	16 110	31 776
BioAtla	USD	1 427 317	72 683	72 683	1 500 000	8.25	3.3	11 441	6 583
Monte Rosa Therapeutics	USD	1 798 516	-188 883	-188 883	1 609 633	7.61	3.3	11 324	23 261
Arcutis	USD	948 666	-157 576	-208 910	791 090	14.80	1.3	10 824	16 855
Acrivon Therapeutics ²⁾	USD	568 403	0	0	568 403	11.52	2.7	6 054	7 380
ALX Oncology	USD	580 394	0	0	580 394	11.27	1.4	6 047	9 048
Longboard Pharmaceuticals	USD	1 880 000	-56 804	-56 804	1 823 196	3.26	10.6	5 495	9 261
IO Biotech	USD	2 420 484	0	0	2 420 484	2.30	8.4	5 147	11 834
Others								5 650	48 491
Total companies originating from private companies' portfolio								532 443	800 227
Various companies									
Argenx (ADR)	USD	60 000	0	0	60 000	378.83	0.1	21 014	17 452
Argenx	EUR	60 000	0	0	60 000	348.30	0.1	20 682	17 305
BioInvent	SEK	3 985 204	1 080 361	0	5 065 565	32.05	7.8	14 393	17 362
Viridian Therapeutics	USD	0	414 350	-61 619	414 350	29.21	1.0	11 189	0
Beigene	HKD	700 000	0	0	700 000	134.20	0.1	11 132	9 992
Insmed	USD	236 167	363 833	102 268	600 000	19.98	0.4	11 083	5 120
Zymeworks	USD	1 763 372	-263 372	-343 372	1 500 000	7.86	2.4	10 900	10 655
Rocket Pharmaceuticals	USD	578 079	21 921	21 921	600 000	19.57	0.8	10 855	8 458
Natera	USD	43 869	247 079	90 000	290 948	40.17	0.3	10 805	1 646
Shenzhen Mindray	CNY	0	240 000	0	240 000	315.97	<0.1	10 163	0
Laurus Labs	INR	2 693 024	-388 324	0	2 304 700	375.25	0.4	9 664	19 343
Traverse Therapeutics	USD	0	485 043	128 674	485 043	21.03	0.8	9 430	0
Cogent Biosciences	USD	0	861 613	517 358	861 613	11.56	1.2	9 208	0
Seagen	USD	0	75 151	0	75 151	128.51	<0.1	8 929	0
Vicore Pharma	SEK	4 620 302	805 130	750 585	5 425 432	17.90	6.6	8 610	10 273

Continued on page 17

1) The tax on capital gain and other taxes which may be owed in China upon the sale of the investment are accrued separately (note 3.5). The shares are subject to a holding period until August 2023 and the disclosed fair value of the investment includes a lock-up discount. The share price of CNY 61.29 as at 31.12.2022 was adjusted by a discount of 3.75% to CNY 58.99. The company carried out a stock split in July 2022. The opening balance was adjusted accordingly.

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

Public companies	Investment currency	Balance 31.3.2022	Changes 9 months	Changes 3 months	Balance 31.12.2022	Share price 31.12.2022	Owner- ship 31.12.2022	Fair value 31.12.2022	Fair value 31.3.2022
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Various companies									
Aurobindo Pharma	INR	1 351 002	253 628	49 500	1 604 630	438.30	0.3	7 859	10 994
Hutchmed China	HKD	3 890 000	- 1 315 000	- 1 315 000	2 575 000	24.00	0.3	7 323	13 790
Guangzhou Baiyunshan	HKD	2 609 000	0	0	2 609 000	23.00	0.2	7 111	6 376
Prometheus Biosciences	USD	0	65 000	65 000	65 000	110.00	0.1	6 610	0
CTI Biopharma	USD	0	1 114 858	0	1 114 858	6.01	0.9	6 194	0
Cytokinetics	USD	0	139 738	139 738	139 738	45.82	0.2	5 919	0
Dishman Carbogen	INR	4 939 968	620 148	0	5 560 116	94.90	3.6	5 896	11 109
Polypeptide	CHF	0	204 087	0	204 087	25.32	0.6	5 167	0
Merus	USD	90 804	259 196	68 857	350 000	15.47	0.8	5 006	2 215
Others								57 158	175 259
Total various companies								292 300	337 349
Total public companies								824 743	1 137 576
Total investments								1 618 197	1 920 459

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:

Holdings of financial instruments (CHF 000)	31.12.2022	31.3.2022
Currency hedging		
Forward contracts for currency hedging purposes	10 294	0
Other financial instruments		
Purchased call and put options	1 488	1 512
Total financial instruments long	11 782	1 512

As at the balance sheet date, no foreign currency and general market risk hedge were in place. The previously existing hedge of foreign currency risk had been closed. The credit balance and profit of the hedging transaction amounted to CHF 10.3 million as at the balance sheet date. The settlement will take place in February and March 2023.

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

Income from financial instruments (CHF 000)	9-month period ended 31.12.2022	9-month period ended 31.12.2021
Gains from currency hedging transactions	10 294	26 017
Gains from market hedging transactions	0	6 487
Gains from other financial instruments	155	602
Total gains from financial instruments	10 449	33 106
Losses from other financial instruments	-220	0
Total losses from financial instruments	-220	0
Net result from financial instruments	10 229	33 106

3.3 Other financial assets

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

Of the total book value as at 31 December 2022, CHF 22.3 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 with the potential cash flows:

Balance sheet value and potential cash flows (CHF million)	Book value 31.12.2022	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbius (Formation Biologics)	9.3	0.7	82.4	2023–2030
Corvidia Therapeutics	7.4	0.0	40.7	2024–2029
Vitaeris	5.1	0.0	82.6	2024
TandemLife (Cardiac Assist)	0.3	0.0	2.3	2024
Alydia Health	0.2	0.1	1.6	2023–2026
Nereus ¹⁾	0.1	0.0	20.6	2023–2025
Tripex (former Mpex) ²⁾	0.0	0.0	8.2	from 2023 onwards
Total	22.4	0.8	238.4	

1) The valuation is based on a previous asset sale to Triphase Accelerator and on the share price of BeyondSpring, and thus depends on the share price development.

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

3.4 Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the 9-month period, HBM Partners was paid CHF 21.0 million (previous year: CHF 26.1 million).

No provision for a performance fee was made during the 9-month period (previous year: CHF 25.8 million)

because net assets as at the balance sheet date did not exceed the highest net assets (high water mark) used as the calculation basis for the last performance fee payment.

The high water mark for all outstanding shares is CHF 305.57 (adjusted for any dividends and capital repayments to shareholders). The cut-off date for the payment of any performance fee is 31 March of a financial year.

3.5 Provision for deferred tax on capital gain and other taxes

A provision in the amount of CHF 28.6 million (as at 31 March 2022: CHF 38.5 million) has been made for any tax on capital gain and other taxes owed in China that may arise on the sale of the investment in Cathay Biotech. The tax on capital gain is calculated on the difference between the relevant tax base and the disclosed fair value. In addition, a sales tax may arise, which is calculated on the difference between the potential selling price and the issue price of the shares at the IPO.

3.6 Off-balance-sheet commitments

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

Investment commitments (CHF 000)	31.12.2022	31.3.2022
Other funds	36 003	52 556
Private companies	17 584	38 293
Total investment commitments	53 587	90 849

4. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two straight bonds listed on SIX Swiss Exchange 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 fair value of the two straight bonds amounts to CHF 144.5 million (as at 31 March 2022: CHF 149.0 million) with a carrying amount of CHF 149.1 million (as at 31 March 2022: CHF 148.9 million). The bonds are recognised under current and non-current liabilities.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 136.42 million, divided into 6960000 registered shares at a par value of CHF 19.60 each.

The Shareholders' Meeting of 10 June 2022 approved a cash distribution of CHF 9.70 per share by means of a withholding tax exempt par value repayment. The cash payment was made on 1 September 2022 after the expiration of the legal deadlines.

5.2 Treasury shares

The Shareholders' Meeting of 10 June 2022 authorised the Board of Directors to repurchase a maximum of 696000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 27 June 2025 ("2022 share buy-back programme").

The Company holds 2910 of its own shares (as at 31 March 2022: 2910) as at the balance sheet date. In the 9-month period, none of the Company's own shares were acquired (previous year: none).

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 48337 treasury shares (as at 31 March 2022: 16091), acquired via the regular trading line. During the 9-month period, the Subsidiary acquired a total of 79880 treasury shares via the regular trading line at an average price of CHF 244.97 per share (previous year: 39181 at CHF 339.42) and sold 47634 treasury shares at an average price of CHF 256.78 (previous year: 41956 at CHF 346.42).

Holdings from second trading line (number of own shares)

Beginning of period 1 April 2022	2910
Acquired via second trading line under share buy-back programme	0
End of period 31 December 2022	2910

hbmhealthcare.com
Company website

CH 0012627250
ISIN

HBMN

SIX Swiss Exchange Ticker

Significant shareholders

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

Shareholding

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

Fees

Management fee (paid quarterly):
0.75% of Company assets plus
0.75% of the Company's market capitalisation
Performance fee (paid annually):
15% on increase in value above the high water mark
High water mark (per share for all outstanding
shares) for financial year 2022/2023:
NAV of CHF 305.57

Board of Directors and Management

Hans Peter Hasler, Chairman

Mario G. Giuliani, Member

Dr Elaine V. Jones, Member

Dr Rudolf Lanz, Member

Dr Stella X. Xu, Member

Dr Benedikt Suter, Secretary

Dr Andreas Wicki, Chief Executive Officer

Erwin Troxler, Chief Financial Officer

Investment Advisor

HBM Partners Ltd, Zug www.hbmpartners.com

Credits

Editorial

HBM Healthcare Investments Ltd

Concept and realisation

Weber-Thedy Strategic Communication

Design

Küng Art Direction

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DAZ

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