



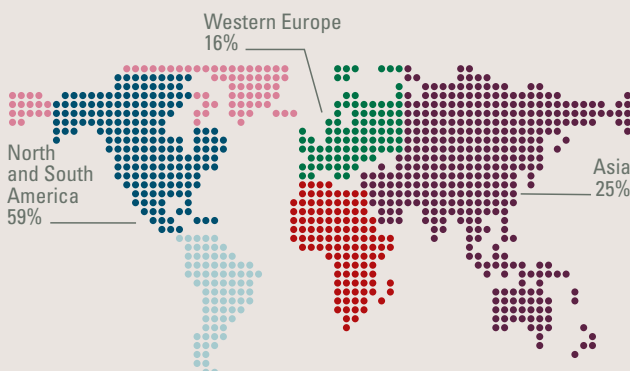
Quarterly Report **2019**  
**December**

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 continents<sup>3)</sup>

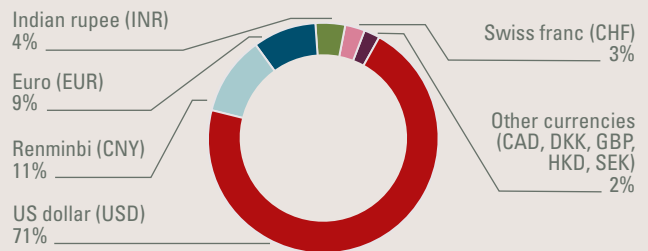
International portfolio focusing on North America.



1) Total consolidated assets as at 31.12.2019: CHF 1784 million.

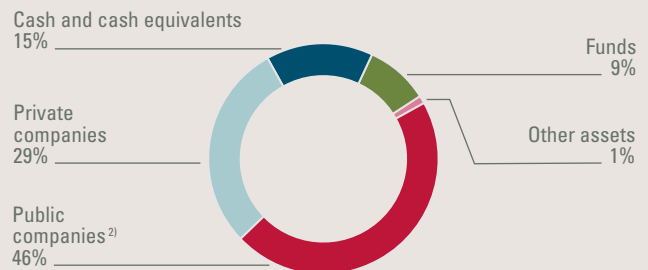
### Currency allocation of assets<sup>1)</sup>

Emphasis on US dollar investments.



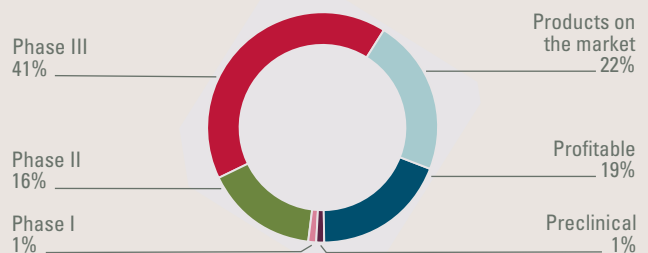
### Allocation of assets<sup>1)</sup>

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



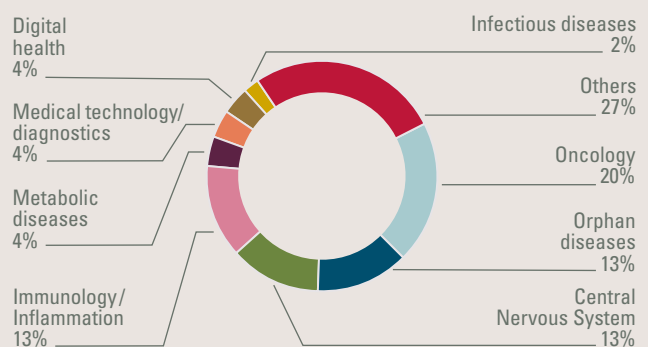
### Development phase of portfolio companies<sup>3)</sup>

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



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

Broadly diversified areas of activity.



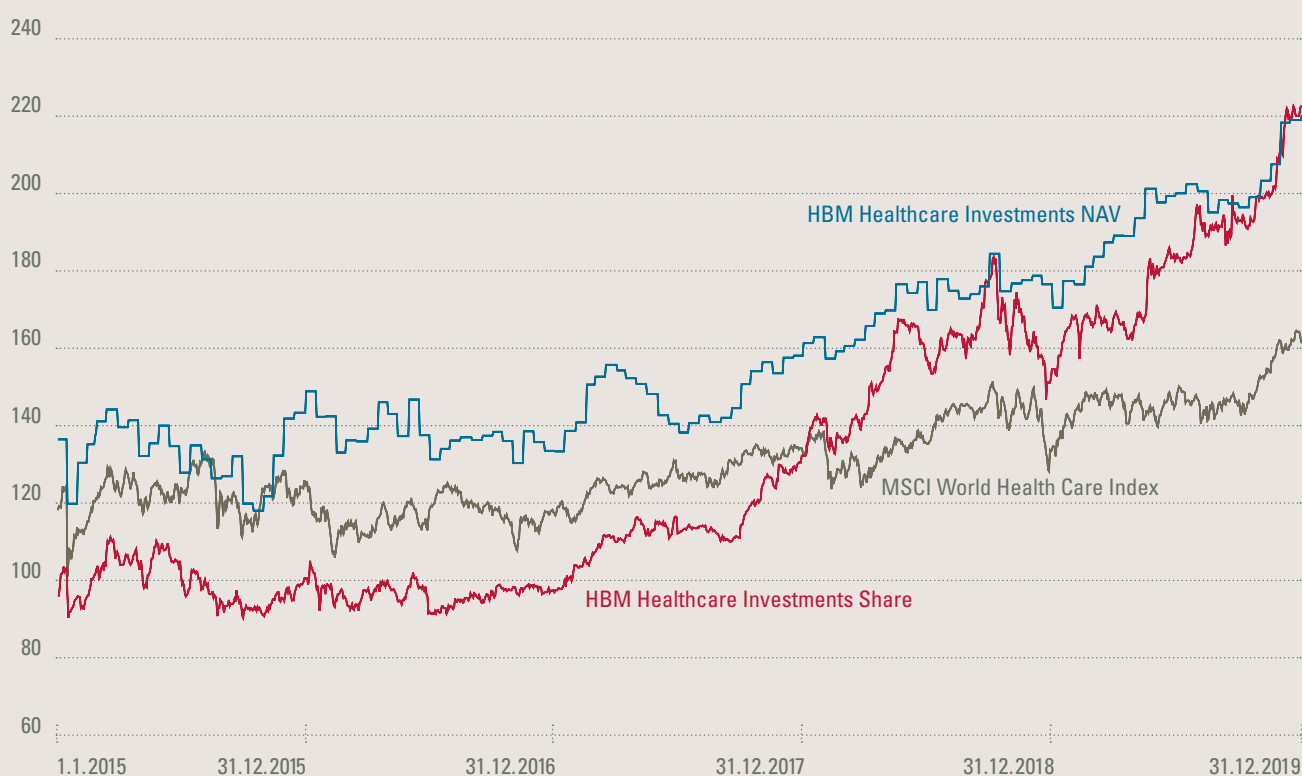
2) About 40 percent net of market hedging.

3) Total investments as at 31.12.2019: CHF 1493 million.

<b>Key Figures</b>		31.12.2019	31.3.2019	31.3.2018	31.3.2017	restated 31.3.2016
<b>Net assets</b>	CHF million	<b>1531.7</b>	<b>1318.3</b>	<b>1157.9</b>	<b>1095.8</b>	<b>1034.8</b>
Investments in private companies and funds		672.8	542.1	413.9	274.3	299.5
Investments in public companies		820.7	688.2	750.0	813.6	677.0
Cash and cash equivalents (net of liability from market hedging)		165.7	176.2	72.4	77.0	104.8
<b>Net result for the period</b>	CHF million	<b>265.7</b>	<b>209.1</b>	<b>115.9</b>	<b>136.8</b>	<b>23.8</b>
Basic earnings per share	CHF	38.19	30.05	16.55	18.96	3.11
Net asset value (NAV) per share	CHF	220.17	189.48	166.43	155.09	139.41
Share price	CHF	222.50	168.80	144.00	111.40	99.45
<b>Premium (+) / Discount (-)</b>	%	<b>+1.1</b>	<b>-10.9</b>	<b>-13.5</b>	<b>-28.2</b>	<b>-28.7</b>
Distribution per share	CHF		7.50	7.00	5.80	5.50
Distribution yield	%		4.4	4.9	5.2	5.1
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.3	7.7
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.1	7.4

<b>Performance (including distributions)</b>		2019/2020 (9 months)	2018/2019	2017/2018	2016/2017	restated 2015/2016
Net asset value (NAV)	%	20.2	18.1	11.1	15.2	3.4
Registered share HBMN	%	36.3	22.1	34.5	17.5	-2.8

**Net asset value (NAV) and share price versus MSCI World Health Care Index in CHF, indexed (12.7.2001 = 100)**



In the third quarter of the 2019/2020 financial year, HBM Healthcare Investments achieved a net profit of CHF 163 million. As a result, the net profit for the first nine months to 31 December 2019 increased to CHF 266 million. The share price continued to rise and closed for the first time with a small premium to the net asset value.

The positive quarterly result is primarily based on the price gains of public investments. The private portfolio was further strengthened with a new investment in Arcutis Biotherapeutics as well as various follow-on financings. The outlook for the current calendar year is positive, as many portfolio companies have important IPOs, approval decisions and clinical data releases pending, each with considerable potential for value growth.

#### **Dear shareholders**

The public investments in HBM Healthcare Investments' portfolio recorded a strong increase in value of CHF 223 million in the quarter ended December 2019. Approximately one-third of this amount is attributable to former private companies, mainly Y-mAbs, Principia, TP Therapeutics, SpringWorks and Viela Bio, all of which went public in the past fifteen months and have since shown very encouraging performance. The value of private companies, funds and other financial assets fell slightly by CHF 25 million due to currency effects. Overall, the quarter saw a net profit of CHF 163.2 million.

For the first nine months of the 2019/2020 financial year, net profit rose to CHF 265.7 million, with an increase in net asset value per share (NAV) of 20.2 percent. The share price rose disproportionately by 36.3 percent, closing at CHF 222.50 at the end of December at a small premium to NAV.

### **Significant events in the quarter under review**

Viela Bio and Galera Therapeutics from the private company portfolio completed an IPO in the quarter under review. Both companies subsequently recorded a positive share price performance and contributed approximately CHF 17 million to the quarterly profit.

At the beginning of December, Cathay Biotech submitted the prospectus for its intended IPO at the "Science and Technology Board" of the Shanghai Stock Exchange ("STAR Market") for review. Accordingly, the company achieved a turnover of almost CNY 1.59 billion in the first 9 months of the 2019 financial year (2018 for 12 months: CNY 1.79 billion) and a net profit of approximately CNY 0.37 billion (2018 for 12 months: CNY 0.47 billion).

Among the public companies, the two investments in RA Pharma (acquired by UCB) and XBiotech (sale of the antibody "Bermekimab" to Johnson & Johnson) made a significant contribution to the quarterly profit, totalling CHF 29 million.

### **New investment in private companies**

A new USD 15 million investment in Arcutis Biotherapeutics was added to the portfolio of private companies during the quarter. The company, based in Westlake Village, California, is active in the field of dermatology. The most advanced compound for the treatment of psoriasis is in phase III of clinical development. At the beginning of January 2020, the company announced its intention to go public on the US Nasdaq stock exchange.

In addition, a total of around CHF 11 million was invested in existing private companies as follow-on financing (Arrakis USD 5.6 million, Adrenomed EUR 1.4 million, Forbius CAD 2.5 million, Complexa USD 1.0 million and Neurelis USD 1.0 million).

Further new investments in private companies are at an advanced stage of the investment process and should be completed in the first quarter of the current year.

### **Outlook**

After the balance sheet date, at the beginning of January the private company Neurelis received approval from the US Food and Drug Administration for Valtoco™, a nasal spray for the treatment of acute epilepsy seizures, and Apellis published positive phase III study results for the C3 inhibitor for the treatment of paroxysmal nocturnal hemoglobinuria (PNH), a life-threatening genetic blood disease.

For the calendar year 2020, we expect a continued lively flow of news due to approval decisions or important study data. Seven portfolio companies expect to receive marketing approval for the first drug they have developed:

- > Y-mAbs for the two candidates "Naxitamab" and "Omburtamab" for the treatment of rare cancers in children;
- > Viela Bio for the antibody "Inebilizumab" for the treatment of neuromyelitis optica spectrum disorder, a serious inflammation of the central nervous system, which typically affects the optic nerve and spinal cord;
- > Immunomedics for "Sacituzumab govitecan", an antibody-drug conjugate for the treatment of patients with metastatic triple-negative breast cancer;
- > Esperion for "Bempedoic acid" for the treatment of patients with elevated cholesterol levels who are resistant or intolerant to statins;
- > Galapagos for "Filgotinib" for the treatment of rheumatoid arthritis;
- > Biohaven for "Rimegepant" for the acute treatment of migraine;
- > Zogenix for "Fintepla" for the treatment of patients with Dravet syndrome.

In the first quarter, the privately-held company Adrenomed expects results from the 300-patient phase II study AdrenOSS-2 for the antibody "Adrecizumab" for the treatment of patients with acute septic shock. If the outcome is positive, our investment in Adrenomed could open up considerable value potential.

Further significant study results are also pending at the public companies Turning Point Therapeutics (lung cancer, phase II), ArgenX (myasthenia gravis, phase III), Biohaven (migraine prevention, phase III and various other studies for neurological diseases) and uniQure (haemophilia B, phase III).

Acquisitions are also likely to continue to play an important role in the healthcare sector and in some cases bring us corresponding added value. Besides Cathay and Arcutis, other companies from the portfolio are also aiming for an IPO.

We look forward to an eventful year and thank you, our valued shareholders, for the confidence you continue to place in us.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

<b>Balance sheet</b> (CHF 000)	Notes	31.12.2019	31.3.2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6 466	4 703
Receivables		37	26
<b>Total current assets</b>		<b>6 503</b>	<b>4 729</b>
<b>Non-current assets</b>			
Investment in subsidiary	(3)	1 686 300	1 417 427
<b>Total non-current assets</b>		<b>1 686 300</b>	<b>1 417 427</b>
<b>Total assets</b>		<b>1 692 803</b>	<b>1 422 156</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Liability to subsidiary		60 000	0
Liability from performance fee		0	2 034
Other liabilities		1 532	2 457
<b>Total current liabilities</b>		<b>61 532</b>	<b>4 491</b>
<b>Non-current liabilities</b>			
Financial liabilities	(4)	99 524	99 401
<b>Total non-current liabilities</b>		<b>99 524</b>	<b>99 401</b>
<b>Shareholders' equity</b>			
Share capital		344 520	396 720
Treasury shares		-402	-402
Capital reserve		142 115	142 093
Retained earnings		1 045 514	779 853
<b>Total shareholders' equity</b>		<b>1 531 747</b>	<b>1 318 264</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 692 803</b>	<b>1 422 156</b>
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		220.17	189.48

<b>Statement of comprehensive income for the period 1 April to 31 December (CHF 000)</b>	Notes	Quarter ended 31.12.2019	Quarter ended 31.12.2018	9-month period ended 31.12.2019	9-month period ended 31.12.2018
Net change in value of investment in subsidiary	(3)	164 263	-94 473	268 873	84 558
<b>Result from investment activities</b>		<b>164 263</b>	<b>-94 473</b>	<b>268 873</b>	<b>84 558</b>
Personnel expenses		-244	-204	-675	-614
Other operating expenses		-201	-312	-706	-790
<b>Result before interest and taxes</b>		<b>163 818</b>	<b>-94 989</b>	<b>267 492</b>	<b>83 154</b>
Financial expenses		-607	-604	-1 831	-1 830
Financial income		0	1	0	1
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>163 211</b>	<b>-95 592</b>	<b>265 661</b>	<b>81 325</b>
<b>Comprehensive result</b>		<b>163 211</b>	<b>-95 592</b>	<b>265 661</b>	<b>81 325</b>
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		23.46	-13.74	38.19	11.69

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



	9-month period ended 31.12.2019	9-month period ended 31.12.2018
<b>Statement of cash flows for the period 1 April to 31 December (CHF 000)</b>		
Other expenses paid (personnel and other operating expenses)	-3 788	-2 573
<b>Net cash flow from operating activities</b>	<b>-3 788</b>	<b>-2 573</b>
Interest paid	-2 271	-2 269
Loan from subsidiary	60 000	52 000
Cash distribution from capital reserve	0	-38 264
Par value repayment	-52 178	-10 435
<b>Net cash flow from financing activities</b>	<b>5 551</b>	<b>1 032</b>
<b>Currency translation differences</b>	<b>0</b>	<b>1</b>
<b>Net change in cash and cash equivalents</b>	<b>1 763</b>	<b>-1 540</b>
Cash and cash equivalents at beginning of period	4 703	6 522
Cash and cash equivalents at end of period	6 466	4 982

<b>Statement of changes in equity (CHF 000)</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<b>Balance 31 March 2018</b>	<b>411 840</b>	<b>-10 048</b>	<b>185 318</b>	<b>570 786</b>	<b>1 157 896</b>
Comprehensive result				81 325	81 325
Distribution from capital reserve (29.6.2018)			-38 264		-38 264
Capital reduction (10.9.2018)	-4 680	9 646	-4 966		0
Par value repayment (21.9.2018)	-10 440		5		-10 435
<b>Balance 31 December 2018</b>	<b>396 720</b>	<b>-402</b>	<b>142 093</b>	<b>652 111</b>	<b>1 190 522</b>
Comprehensive result				127 742	127 742
<b>Balance 31 March 2019</b>	<b>396 720</b>	<b>-402</b>	<b>142 093</b>	<b>779 853</b>	<b>1 318 264</b>
Comprehensive result				265 661	265 661
Par value repayment (12.9.2019)	-52 200		22		-52 178
<b>Balance 31 December 2019</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>1 045 514</b>	<b>1 531 747</b>

## General Statements

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

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

### 2. Accounting policies

These 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. They should be read in conjunction with the Group Financial Statements for the financial year ended 31 March 2019, 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 2019. 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 62 and 63 of the Group Financial Statements of the 2018/2019 Annual Report. Unless indicated otherwise, the values are in thousands of CHF.

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

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

Exchange rates (CHF)	31.12.2019	31.3.2019
CAD	0.7441	0.7455
CNY	0.1388	0.1483
DKK	0.1451	0.1495
EUR	1.0838	1.1164
GBP	1.2814	1.2972
HKD	0.1241	0.1268
INR	0.0135	0.0144
SEK	0.1032	0.1071
USD	0.9666	0.9952

## Notes to the Balance Sheet and Statement of Income

### 3. Investment in Subsidiary

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

	9-month period ended 31.12.2019	9-month period ended 31.12.2018
<b>Development fair value investment (CHF 000)</b>		
<b>Fair value at the beginning of period</b>	<b>1 417 427</b>	<b>1 253 924</b>
Change in value, gross	268 873	84 558
<b>Fair value at the end of period</b>	<b>1 686 300</b>	<b>1 338 482</b>

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

<b>Composition net assets (CHF 000)</b>	Notes	31.12.2019	31.3.2019	31.12.2018
Cash and cash equivalents		266 593	263 702	197 673
Receivables		564	525	416
Loan to parent company		60 000	0	52 000
Investments	(3.1)			
Private companies		521 297	409 571	351 409
Funds		151 462	132 574	127 769
Public companies		820 687	688 232	623 387
Shares of parent company		2 156	15 696	14 261
Financial instruments	(3.2)	1 005	259	320
Other financial assets	(3.3)	13 591	31 978	31 131
<b>Total assets</b>		<b>1 837 355</b>	<b>1 542 537</b>	<b>1 398 366</b>
Financial instruments	(3.2)	-107 788	-92 224	-45 714
Liability from performance fee	(3.4)	-40 890	-31 871	-11 360
Other current liabilities		-2 377	-1 015	-2 810
<b>Total net assets at fair value</b>		<b>1 686 300</b>	<b>1 417 427</b>	<b>1 338 482</b>

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

<b>Change in net assets at fair value (CHF 000)</b>	Notes	9-month period ended 31.12.2019	9-month period ended 31.12.2018
Net result on investments	(3.1)	305 844	88 759
Dividend income		2 028	482
Net result from financial instruments	(3.2)	12 180	13 407
Net result from other financial assets		3 067	5 967
Net result from shares of parent company		2 224	1 229
<b>Result from investing activities</b>		<b>325 343</b>	<b>109 844</b>
Management fee	(3.4)	– 14 770	– 13 063
Performance fee	(3.4)	– 40 890	– 11 360
Personnel and other operating expenses		– 837	– 907
Financial result		27	44
<b>Change in value, gross</b>		<b>268 873</b>	<b>84 558</b>
<b>Net change in value of investment</b>		<b>268 873</b>	<b>84 558</b>

For details on 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:

<b>Development of investments (CHF 000)</b>	Private companies	Funds	Public companies	Total investments
<b>Fair value 31 March 2019</b>	<b>409 571</b>	<b>132 574</b>	<b>688 232</b>	<b>1 230 377</b>
Reclassification owing to IPO (Turning Point Therapeutics)	– 9 952	0	9 952	0
Reclassification owing to IPO (SpringWorks Therapeutics)	– 11 942	0	11 942	0
Reclassification owing to IPO (Galera Therapeutics)	– 4 976	0	4 976	0
<b>Fair value 31 March 2019 (after reclassification)</b>	<b>382 701</b>	<b>132 574</b>	<b>715 102</b>	<b>1 230 377</b>
Purchases	64 218	12 365	304 501	381 084
Sales	– 3 198	– 4 147	– 416 514	– 423 859
Realised gains	147	414	146 292	146 853
Realised losses	– 2 765	– 2 433	– 73 487	– 78 685
Changes in unrealised gains/losses	80 194	12 689	144 793	237 676
Net result on investments	77 576	10 670	217 598	305 844
<b>Fair value 31 December 2019</b>	<b>521 297</b>	<b>151 462</b>	<b>820 687</b>	<b>1 493 446</b>

Details on investments can be found on pages 13 to 15.

<b>Private companies</b>	Domicile	Investment currency	Amount disbursed 31.3.2019	Changes in reporting period	Amount disbursed 31.12.2019	Fair value 31.12.2019	Ownership 31.12.2019	Fair value 31.12.2019	Fair value 31.3.2019
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Shanghai Cathay Biotech	CN	CNY	212.6	69.3	281.9	1 480.5	7.9	205 522	125 101
Harmony Biosciences	US	USD	30.0	6.4	36.4	65.2	8.0	62 977	32 452
Neurelis	US	USD	17.8	1.0	18.8	38.7	14.6	37 411	37 522
Swixx BioPharma (Amicus)	CH	EUR	20.0		20.0	20.0	29.0	21 676	22 329
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.3	18 199	19 339
1mg	IN	INR	872.8		872.8	1 321.4	9.4	17 894	20 899
Arcutis Biotherapeutics	US	USD	0.0	15.0	15.0	15.0	4.1	14 499	0
Jianke Pharmaceutical	CN	USD	14.9		14.9	14.9	3.3	14 378	14 803
Westmed Holding	US	USD	7.0		7.0	12.4	25.2	12 019	12 374
FarmaLatam	PA	USD	8.9	2.0	10.9	10.9	70.2	10 509	8 830
Sphingotec	DE	EUR	4.5	4.5	9.0	9.0	14.2	9 754	5 029
Forbius (Formation Biologics)	CA	CAD	6.5	5.0	11.5	11.5	10.4	8 521	4 809
Valcare	US	USD	4.3		4.3	7.1	8.4	6 815	7 017
Arrakis Therapeutics	US	USD	0.0	7.0	7.0	7.0	4.8	6 766	0
Vascular Dynamics	US	USD	11.3	1.2	12.5	6.5	13.1	6 272	9 657
Shape Memory Medical	US	USD	6.0		6.0	6.0	17.1	5 800	5 971
ConnectRN	US	USD	4.0	1.5	5.5	5.4	19.9	5 188	6 557
Sublimity Therapeutics	IE	EUR	3.5	1.1	4.6	4.6	7.1	5 080	3 960
Adrenomed	DE	EUR	0.3	4.2	4.5	4.5	6.6	4 970	381
Complexa	US	USD	4.0	1.0	5.0	5.0	5.3	4 833	3 933
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 833	4 976
Shriji Polymers	IN	INR	201.0		201.0	322.3	3.0	4 364	3 860
Vitaeris	CA	USD	3.0		3.0	4.0	18.7	3 866	3 981
Corvidia Therapeutics	US	USD	4.0		4.0	4.0	3.1	3 866	3 981
Nuance Biotech	CN	USD	4.0		4.0	3.7	3.7	3 590	3 696
iTeos Therapeutics	BE	EUR	1.6	1.6	3.2	3.2	5.0	3 496	1 801
Galecto Biotech	DK	EUR	3.2		3.2	3.2	4.3	3 448	3 552
Everest Medicines	CN	USD	3.0		3.0	3.0	1.0	2 900	2 986
MicroOptx	US	USD	0.0	3.0	3.0	3.0	8.3	2 900	0
Cure Everlife Holdings	MU	USD	3.0		3.0	2.7	7.8	2 621	2 986
BaseHealth	US	USD	2.5		2.5	2.5	6.3	2 416	2 488
Others								3 914	7 431
<b>Total private companies</b>								<b>521 297</b>	<b>382 701</b>

Funds	Investment currency	Total commitment	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
			in reporting period	in reporting period	payments 31.12.2019	repayments 31.12.2019	31.12.2019	31.12.2019	31.3.2019
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
WuXi Healthcare Ventures II	USD	20.0	0.8	0.7	18.0	1.3	39.0	37 690	28 388
MedFocus Fund II	USD	26.0	10.0	10.0	26.0	25.0	23.4	22 591	18 740
HBM BioCapital II <sup>1)</sup>	EUR	42.0	1.4	0.6	42.6	9.8	18.6	20 210	23 009
6 Dimensions Capital	USD	25.0	2.3	1.2	18.6	1.3	19.3	18 636	13 987
HBM Genomics	USD	15.0	3.1		15.2	0.0	14.4	13 879	11 523
Tata Capital HBM Healthcare Fund I	USD	10.0	0.2		9.6	4.7	9.4	9 095	8 177
Hatteras Venture Partners III	USD	10.0			10.0	2.0	6.5	6 276	5 853
BioMedInvest II	CHF	10.0			10.0	3.0	5.7	5 670	7 010
Galen Partners V	USD	10.0			10.4	8.8	5.7	5 468	4 865
BioMedInvest I	CHF	26.0		0.8	26.0	26.4	3.2	3 224	5 092
C-Bridge Capital IV	USD	10.0	2.2	0.1	3.6	0.2	3.0	2 927	1 242
BioVeda China IV	USD	5.0	1.1	0.3	2.4	0.3	1.9	1 866	1 260
Nordic Biotech	DKK	31.0			31.0	221.7	8.3	1 203	1 578
LYZZ Capital Fund II	USD	15.0	0.8		0.8	0.0	0.8	784	0
Tata Capital Healthcare Fund II	USD	20.0	0.5		0.5	0.0	0.5	508	0
Others								1 435	1 850
<b>Total funds</b>								<b>151 462</b>	<b>132 574</b>

1) The fair value of EUR 18.6 million takes into account the fund's cumulative management fees of EUR 5.6 million. This amount has

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

Public companies	Investment currency	Balance 31.3.2019	Changes 9 months	Changes 3 months	Balance 31.12.2019	Share price 31.12.2019	Ownership 31.12.2019	Fair value 31.12.2019	Fair value 31.3.2019
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Y-mAbs Therapeutics <sup>P)</sup>	USD	2 858 555	-70 730	230 531	2 787 825	31.25	7.0	84 210	74 563
SpringWorks Therapeutics <sup>1)P)</sup>	USD	1 263 846	0	-17 589	1 263 846	38.49	2.9	47 021	11 942
Viela Bio <sup>1)P)</sup>	USD	0	1 750 000	500 000	1 750 000	27.15	3.4	45 926	0
Pacira Pharmaceuticals <sup>P)</sup>	USD	950 262	0	0	950 262	45.30	2.3	41 609	35 993
Zogenix	USD	513 219	99 887	0	613 106	52.13	1.4	30 894	28 097
XBiotech	USD	0	1 695 467	-40 000	1 695 467	18.67	4.1	30 589	0
Immunomedics	USD	1 311 490	167 199	201 361	1 478 689	21.16	0.7	30 244	25 073
Turning Point Therapeutics <sup>1)P)</sup>	USD	853 510	-353 510	-353 510	500 000	62.29	1.4	30 105	9 952
Biohaven Pharmaceuticals	USD	0	548 137	192 929	548 137	54.44	1.1	28 844	0
uniQure	USD	176 822	223 178	95 000	400 000	71.66	0.9	27 707	10 497
Galapagos	EUR	292 142	-162 142	0	130 000	186.50	0.2	26 278	33 887
Esperion Therapeutics	USD	571 257	-120 824	-84 845	450 433	59.63	1.7	25 962	22 826
Argenx	EUR	186 000	-36 000	0	150 000	143.60	0.4	23 346	22 842
Argenx (ADR)	USD	184 000	-34 000	0	150 000	160.52	0.4	23 274	22 860
Principia Biopharma <sup>P)</sup>	USD	833 923	-468 151	-343 151	365 772	54.78	1.1	19 368	28 217
Idorsia	CHF	600 000	0	0	600 000	29.94	0.5	17 964	10 512
Rocket Pharmaceuticals	USD	0	784 438	784 438	784 438	22.76	1.5	17 257	0
Intercept Pharmaceuticals	USD	0	142 396	2 653	142 396	123.92	0.4	17 056	0
Ultragenyx Pharmaceutical	USD	450 000	-45 000	0	405 000	42.71	0.7	16 720	31 062
Retrophin	USD	587 149	617 864	0	1 205 013	14.20	2.8	16 540	13 223
ChemoCentryx	USD	0	345 144	345 144	345 144	39.55	0.6	13 195	0
Zymeworks	USD	0	300 000	100 000	300 000	45.46	0.8	13 182	0
Apellis Pharmaceuticals	USD	0	440 000	140 000	440 000	30.62	0.7	13 023	0
NextCure	USD	0	238 331	238 331	238 331	56.33	0.9	12 977	0
Nicox	EUR	1 673 304	710 504	710 504	2 383 808	4.36	7.2	11 252	10 527
Alexion Pharmaceuticals	USD	0	100 000	0	100 000	108.15	0.1	10 454	0
Amicus Therapeutics	USD	1 059 061	0	0	1 059 061	9.74	0.4	9 971	14 334
Beigene	HKD	700 000	0	0	700 000	100.00	0.1	8 684	6 851
Beigene (ADR)	USD	50 000	0	0	50 000	165.76	0.1	8 011	6 568
Albireo Pharma	USD	319 800	30 200	0	350 000	25.42	2.8	8 600	10 251
Zealand Pharma	DKK	0	250 000	0	250 000	235.40	0.7	8 538	0
Jubilant Life Sciences	INR	608 006	394 257	0	1 002 263	537.00	0.6	7 288	5 816
Xenon Pharmaceuticals	USD	521 789	0	0	521 789	13.11	2.0	6 612	5 276
Assembly Biosciences	USD	290 727	0	0	290 727	20.46	0.9	5 750	5 697
Galera Therapeutics <sup>1)P)</sup>	USD	446 557	0	0	446 557	13.16	1.8	5 680	4 976
Divis Laboratories	INR	472 300	-251 035	-63 000	221 265	1 845.80	0.1	5 531	11 575
Collectis (ADR)	USD	269 363	30 637	0	300 000	17.12	0.7	4 964	4 916
Collectis	EUR	150 000	100 000	0	250 000	15.68	0.6	4 249	2 698
BeyondSpring	USD	0	287 020	287 020	287 020	15.50	1.0	4 300	0
Cytokinetics	USD	0	400 000	93 855	400 000	10.61	0.7	4 102	0
ObsEva (ADS) <sup>P)</sup>	USD	1 386 598	-311 170	-2 740	1 075 428	3.82	2.5	3 971	17 649
Vicore Pharma	SEK	1 941 714	477 724	588 572	2 419 438	14.70	4.8	3 671	3 390
Solara Active	INR	611 806	0	0	611 806	434.80	2.4	3 602	3 684
Novan	USD	1 294 400	-119 070	0	1 175 330	3.16	4.4	3 590	1 230
Guangzhou Baiyunshan	HKD	0	1 086 000	1 086 000	1 086 000	26.60	0.5	3 584	0
Cansino Biologics	HKD	0	484 200	484 200	484 200	58.95	0.4	3 541	0
Alimera Sciences	USD	3 500 000	-3 033 334	-3 033 334	466 666	7.58	9.4	3 419	3 692
Bicycle Therapeutics (ADR)	USD	0	357 143	0	357 143	9.43	2.0	3 255	0
BioXcel Therapeutics	USD	0	230 000	-10 000	230 000	14.61	1.3	3 248	0
Others								21 529	214 426
<b>Total public companies</b>								<b>820 687</b>	<b>715 102</b>
<b>Total investments</b>								<b>1 493 446</b>	<b>1 230 377</b>

P) The position originates from the private companies portfolio.

1) The companies went public on NASDAQ during the 9-month period just ended. The investments were listed under private companies in previous reports with the exception of Viela Bio.

### 3.2 Financial instruments

The Subsidiary buys and sells derivative financial instruments in the course of its ordinary business activities and as part of its risk management. The following positions were held as at the balance sheet date:

<b>Holdings of financial instruments (CHF 000)</b>	<b>31.12.2019</b>	<b>31.3.2019</b>
<b>Other financial instruments</b>		
Purchased call and put options	1 005	259
<b>Total financial instruments long</b>	<b>1 005</b>	<b>259</b>
<b>Market hedging</b>		
Sale of Exchange Traded Funds ETF	107 317	92 224
<b>Other financial instruments</b>		
Sale of shares	471	0
<b>Total financial instruments short</b>	<b>107 788</b>	<b>92 224</b>

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 107.3 million, the hedge consisted of the short sale of 1.17 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

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

<b>Income from financial instruments (CHF 000)</b>	<b>9-month period ended 31.12.2019</b>	<b>9-month period ended 31.12.2018</b>
Gains from market hedging transactions	3 024	13 206
Gains from other financial instruments	9 156	2 513
<b>Total gains from financial instruments</b>	<b>12 180</b>	<b>15 719</b>
Losses from other financial instruments	0	-2 312
<b>Total losses from financial instruments</b>	<b>0</b>	<b>-2 312</b>
<b>Net result from financial instruments</b>	<b>12 180</b>	<b>13 407</b>

### 3.3 Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recognised at fair value through profit and loss by applying a probability-weighted valuation

approach based on the assessment of the likelihood of attaining the underlying targets. These claims are discounted over time at a discount rate of 11.0 percent (previous year: 11.0 percent). The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates.



Of the total book value as at 31 December 2019, CHF 13.6 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.6 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:

<b>Balance sheet value and potential cash flows (CHF million)</b>	<b>Book value 31.12.2019</b>	<b>Cash flows minimum</b>	<b>Cash flows maximum</b>	<b>Expected period of payment</b>
TandemLife (Cardiac Assist)	6.7	4.5	8.7	2020 – 2021
True North Therapeutics	5.0	0.0	10.9	2020 – 2021
Nereus <sup>1)</sup>	3.5	0.0	21.8	2020 – 2025
Tripex (former Mpex) <sup>2)</sup>	0.0	0.0	8.5	from 2020 onwards
<b>Total</b>	<b>15.2</b>	<b>4.5</b>	<b>&gt;49.9</b>	

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 14.8 million (previous year: CHF 13.1 million).

A provision for a performance fee of CHF 40.9 million was made during the reporting period (previous year: CHF 11.4 million) because net assets as at the balance sheet date exceeded the highest net assets (high water mark) used as the calculation basis for the last performance fee payment.

The high water mark for all outstanding shares is CHF 186.86 (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 Off-balance-sheet commitments

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

<b>Investment commitments (CHF 000)</b>	<b>31.12.2019</b>	<b>31.3.2019</b>
HBM BioCapital I+II	254	1 182
Other funds	50 149	37 412
Private companies	28 851	52 445
<b>Total investment commitments</b>	<b>79 254</b>	<b>91 039</b>

#### 4. Non-current financial liabilities

The following non-current financial liabilities were outstanding as at the balance sheet date: two straight bond tranches with a par value of CHF 50 million each, coupons of 2.0 and 2.5 percent and maturing on 10 July 2021 and 10 July 2023 respectively; to be redeemed at 100 percent of par value.

The bond tranches could become due for early repayment, if the outstanding investment commitments to investment funds exceed the amount of CHF 100 million 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 (after the deduction of CHF 1.2 million in transaction costs) and the amount repayable when the bond falls 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 are 2.22 and 2.67 percent, respectively.

The fair value of the two straight bond tranches amounts to CHF 103.2 million as at the balance sheet date (as at 31 March 2019: CHF 102.7 million) with a carrying amount of CHF 99.5 million (as at 31 March 2019: CHF 99.4 million).

#### 5. Shareholders' equity

##### 5.1 Share capital

As at the balance sheet date, the Company's share capital stood at CHF 344.52 million, divided into 6960000 registered shares at a par value of CHF 49.50 each.

The Shareholders' Meeting of 24 June 2019 approved a cash distribution of CHF 7.50 per share by means of a withholding tax-exempt par value repayment. The cash payment to Shareholders was made on 12 September 2019 after the expiration of the legal deadlines.

#### 5.2 Treasury shares

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

The Company holds 2910 of its own shares (as at 31 March 2019: 2910) as at the balance sheet date. In the 9-month period, none of the Company's own shares were acquired (previous year: none).

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

Beginning of period 1 April 2019	2910
Acquired via second trading line under share buy-back programme	0
<b>End of period 31 December 2019</b>	<b>2910</b>

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 9689 treasury shares (as at 31 March 2019: 92980), acquired via the regular trading line. During the 9-month period, the Subsidiary acquired a total of 16'1550 treasury shares via the regular trading line at an average price of CHF 189.09 per share (previous year: 227919 at CHF 162.04) and sold 244841 treasury shares at an average price of CHF 187.62 (previous year: 187558 at CHF 165.40).

#### 6. Transactions with related parties

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as General Partner. For details on the investment commitment, paid-in capital and valuation of this investment, please refer to the overview of funds on page 14.

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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 2019:

## 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 2019/2020:  
NAV of CHF 186.86

## Board of Directors and Management

Hans Peter Hasler, Chairman
Prof. Dr Dr h.c. mult. Heinz Riesenhuber, Vice Chairman
Mario G. Giuliani, Member
Dr Eduard E. Holdener, Member
Robert A. Ingram, Member
Dr Rudolf Lanz, Member
Dr Benedikt Suter, Secretary

Dr Andreas Wicki, Chief Executive Officer
Erwin Troxler, Chief Financial Officer

## Investment Advisor

HBM Partners Ltd, Zug	<a href="http://www.hbmpartners.com">www.hbmpartners.com</a>
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**Credits**

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout Bader + Niederöst AG

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

