

Quarterly Report

**December**

**2020**

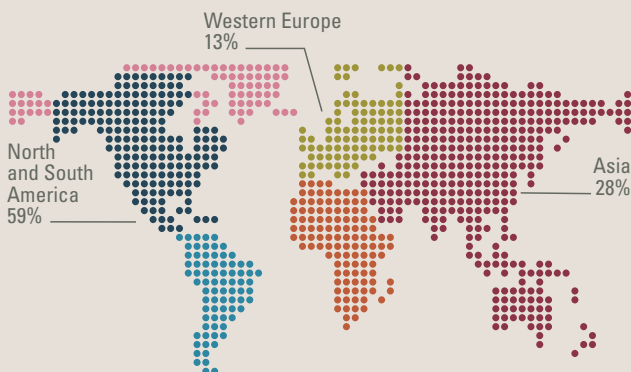
**HBM** Healthcare  
Investments

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 continents<sup>4)</sup>

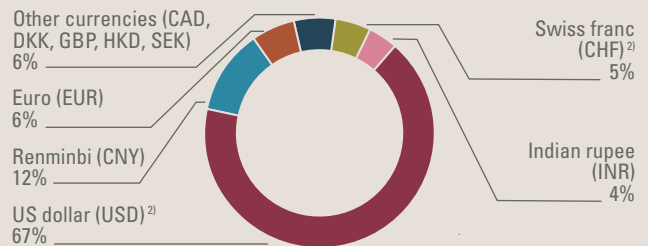
International portfolio focusing on North America.



1) Total consolidated assets as at 31.12.2020: CHF 2441 million.  
2) Net of foreign currency hedge (USD/CHF): about USD 20 percent and CHF 52 percent respectively.

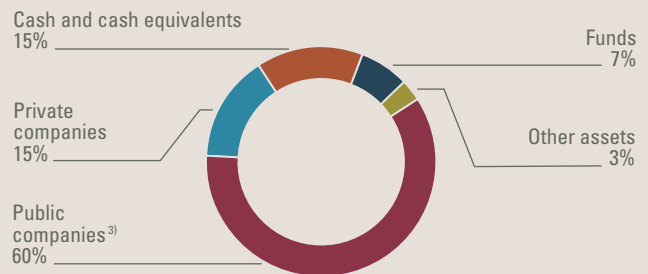
#### Currency allocation of assets<sup>1)</sup>

Emphasis on US dollar investments.



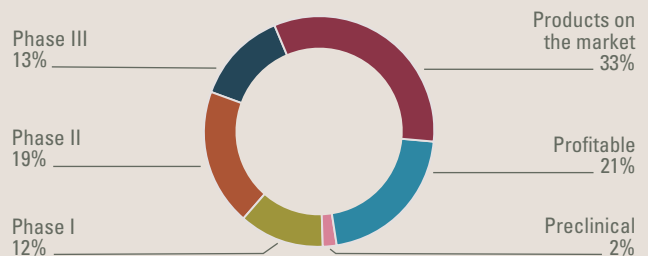
#### Allocation of assets<sup>1)</sup>

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



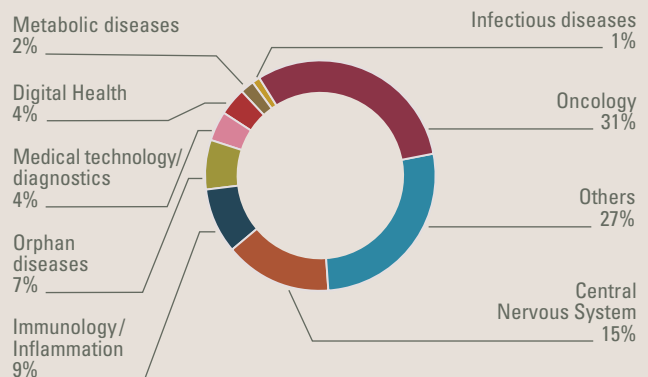
#### Development phase of portfolio companies<sup>4)</sup>

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>4)</sup>

Broadly diversified areas of activity.



3) About 52 percent net of market hedge.  
4) Total investments as at 31.12.2020: CHF 2019 million.

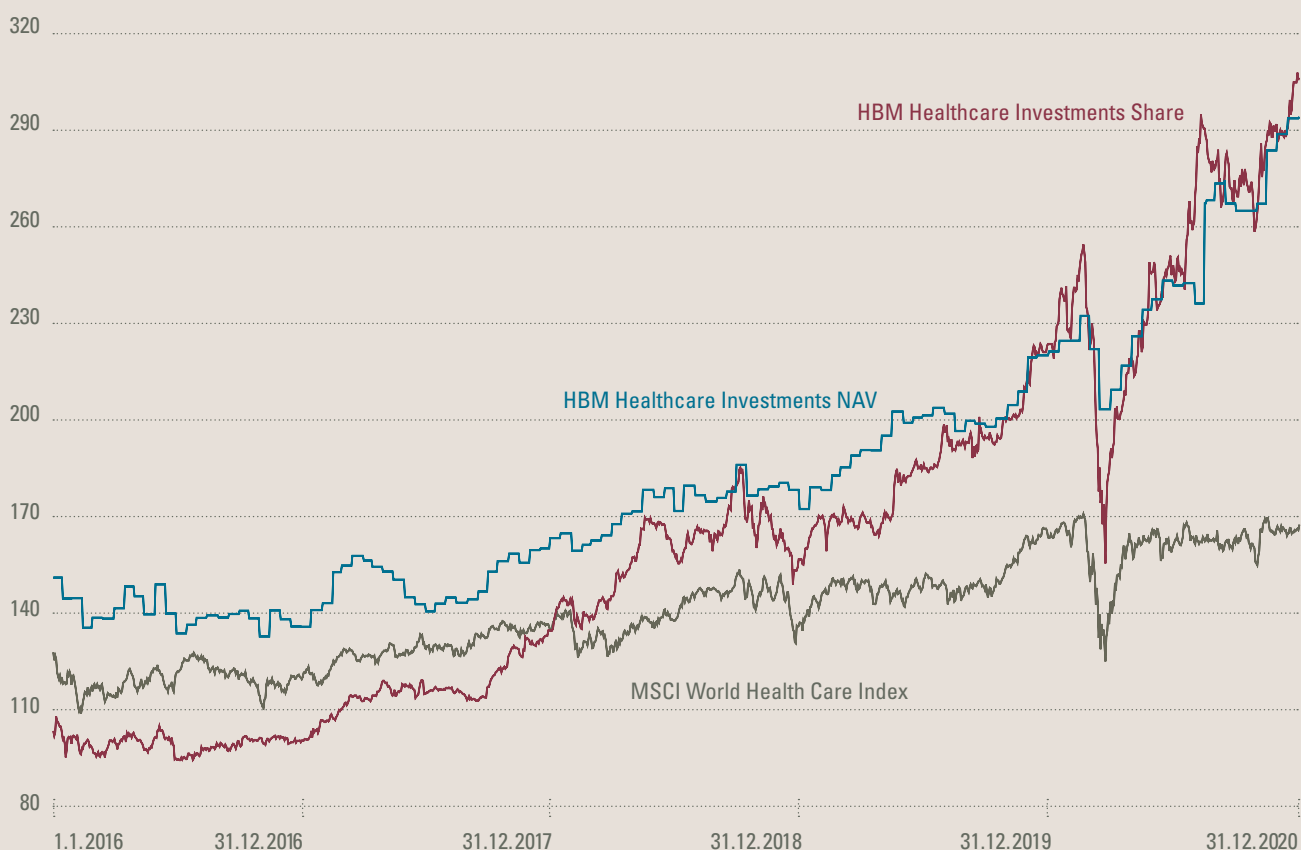
### Key Figures

		31.12.2020	31.3.2020	31.3.2019	31.3.2018	31.3.2017
<b>Net assets</b>	CHF million	<b>2 039.9</b>	<b>1 448.8</b>	<b>1 318.3</b>	<b>1 157.9</b>	<b>1 095.8</b>
Investments in private companies and funds		544.6	706.4	542.1	413.9	274.3
Investments in public companies		1 474.1	629.9	688.2	750.0	813.6
Cash and cash equivalents (net of liability from market hedging)		170.8	224.2	176.2	72.4	77.0
<b>Net result for the period</b>	CHF million	<b>644.6</b>	<b>182.7</b>	<b>209.1</b>	<b>115.9</b>	<b>136.8</b>
Basic earnings per share	CHF	92.66	26.26	30.05	16.55	18.96
Net asset value (NAV) per share	CHF	293.21	208.25	189.48	166.43	155.09
Share price	CHF	305.00	190.00	168.80	144.00	111.40
<b>Premium (+) / discount (-)</b>	%	<b>+3.9</b>	<b>-8.8</b>	<b>-10.9</b>	<b>-13.5</b>	<b>-28.2</b>
Distribution per share	CHF		7.70	7.50	7.00	5.80
Distribution yield	%		4.1	4.4	4.9	5.2
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.3
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.1

### Performance (including distributions)

		2020/2021 (9 months)	2019/2020	2018/2019	2017/2018	restated 2016/2017
Net asset value (NAV)	%	44.5	13.9	18.1	11.1	15.2
Registered share HBMN	%	64.6	17.0	22.1	34.5	17.5

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



HBM Healthcare Investments continued its impressive growth in net assets in the third quarter of the 2020/2021 financial year. Thanks to a quarterly profit of CHF 203 million with contributions from all portfolio categories, the result for the first nine months rose to CHF 645 million. The highlights included five IPOs and one sale from the portfolio of private companies. Six new investments were made to compensate for these disposals and more are planned. A total of CHF 95 million was invested in private companies and the portfolio allocation therefore remained stable. HBM Healthcare continued to hedge market risk and increased the hedging of US dollar currency risk. The fundamental outlook for the healthcare sector remains favourable and HBM Healthcare has sufficient liquidity to seize new opportunities.

#### **Dear Shareholders**

HBM Healthcare Investments closed the third quarter of the 2020/2021 financial year with a net profit of CHF 203 million. Net asset value (NAV) rose by 11 percent and the share price gained 13 percent. Over the first nine months of the financial year, profit totalled CHF 645 million and NAV grew by 44.5 percent.

All portfolio categories (private companies, public companies and funds) increased in value during the quarter. In the portfolio of private companies, the sale of Westmed in addition to five IPOs – C4 Therapeutics, Everest Medicines, Galecto, Seer and BioAtla – made a substantial contribution to the quarterly profit. Public companies, including those originating from the portfolio of private companies, also saw an overall increase in value. The declining share price of Cathay Biotech was more than made up for by increases in the value of companies such as ALX Oncology, SpringWorks Therapeutics and Y-mAbs Therapeutics.

In the fund portfolio, HBM Genomics' early-stage investment approach was validated for the first time with the IPO of Seer. HBM Genomics is an investment vehicle of HBM Healthcare for investments in emerging companies with new technologies. The California-based company Seer is engaged in proteome research and raised USD 175 million in new capital at its IPO in early December 2020. HBM Genomics was one of the early investors in Seer and has participated in several of the company's financing rounds since December 2017 with a total of USD 2.3 million (at an average price of USD 4.21 per share). In addition, HBM Healthcare Investments directly invested another USD 2.75 million (USD 8.03 per share) in May 2020. By the end of December, the price of Seer shares on the Nasdaq had risen to more than USD 56. As a result, a small investment ended up making a substantial contribution of CHF 34 million to the quarterly profit.

Hedging positions made a positive contribution to profit in the reporting period. While general market hedging had a negative impact on the result, currency hedging, which had been increased by a further USD 200 million to USD 1.2 billion in the reporting period, paid off: a significant portion of the decline in the US dollar against the Swiss franc was absorbed in this way.

### **New investments in six private companies**

In the period, HBM Healthcare Investments invested a total of CHF 66 million in six new private companies. An additional CHF 29 million were invested in existing private portfolio companies as part of follow-on financing arrangements.

- > A new investment of USD 20 million was made in Ambrx, which is based in San Diego, USA. Ambrx is developing a pipeline of oncology therapies and also has development partnerships with a number of pharmaceutical companies. Its most advanced development programme, ARX788 for the treatment of HER2-positive metastatic breast cancer, recently received the FDA's Fast Track designation, which opens the door for accelerated approval.
- > A USD 15 million investment was made in Valo Health in Boston. Valo has an integrated platform for drug development that combines human and machine intelligence in order to make the discovery and development of new therapies more efficient.
- > Further new investments were made in Longboard Pharmaceuticals (USD 10 million, spin-off of Arena Pharmaceuticals with a development pipeline for neurological diseases), River Renal (USD 16 million, thereof USD 10 million already paid in, two development programmes to treat severe chronic kidney diseases), Neuron23 (USD 7 million, pre-clinical development platform for the targeted treatment of neurological diseases) and Werewolf Therapeutics (USD 5 million, immuno-oncology, protein engineering technology to improve activity, stability and tumour selectivity within a single molecule).

### **Portfolio composition remains stable**

The composition of the portfolio remained stable compared to the previous quarter. Disposals from the portfolio of private companies due to IPOs and company sales were replaced by new investments. The share of private companies and funds in the portfolio therefore remained unchanged at 15 percent and 7 percent of assets, respectively. The ratio of private companies continues to be low and is to be increased through additional new investments.

The quota of public stocks fell by 4 percentage points to 60 percent (or 52 percent net of market hedge) due to profit taking in the fourth quarter of calendar 2020. Around two-thirds of the public positions originate from the portfolio of private companies.

The amount of cash and cash equivalents increased by 2 percentage points to 15 percent (or 7 percent after deduction of the repurchase obligation from market hedging).

The partial hedging of market risk of currently around one-eighth of the public portfolio and the exchange rate risk against the Swiss franc of around 70 percent of the USD position will remain in place for the time being.

### **Outlook**

The fundamental outlook for the sector continues to be very good. Medical needs and companies' innovative capacities are high, as events in connection with the pandemic have clearly demonstrated in recent months. The financing environment continues to be favourable and provides portfolio companies access to sufficient capital to advance their clinical developments. Acquisition activity in the healthcare sector is also likely to remain high. All of these factors benefit the investment strategy of HBM Healthcare Investments.

With regard to the general market environment, the strong performance in recent months is likely to give way to intermittent periods of weakening. With its share of private companies and funds and a partial hedging of market risk, HBM Healthcare Investments is prepared well for such a scenario while a well-stocked level of cash and cash equivalents allows to seize opportunities as they arise.

We expect further IPOs from the portfolio of private companies. Some of the most recent new and follow-on investments were made by means of crossover financings with a view to the intended IPO of these companies. Moreover, a number of portfolio companies are waiting on clinical study results that could have a positive impact on the overall value of our holdings.

We thank you, our valued shareholders, for the confidence you place in us and we look forward to an exciting 2021.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

<b>Balance sheet</b> (CHF 000)	Notes	31.12.2020	31.3.2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6 323	6 096
Receivables		39	27
<b>Total current assets</b>		<b>6 362</b>	<b>6 123</b>
<b>Non-current assets</b>			
Investment in subsidiary	(3)	2 193 642	1 546 050
<b>Total non-current assets</b>		<b>2 193 642</b>	<b>1 546 050</b>
<b>Total assets</b>		<b>2 200 004</b>	<b>1 552 173</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Liability to subsidiary		59 000	0
Financial liabilities	(4)	49 935	0
Liability from performance fee		0	1 576
Other liabilities		1 434	2 248
<b>Total current liabilities</b>		<b>110 369</b>	<b>3 824</b>
<b>Non-current liabilities</b>			
Financial liabilities	(4)	49 781	99 565
<b>Total non-current liabilities</b>		<b>49 781</b>	<b>99 565</b>
<b>Shareholders' equity</b>			
Share capital		290 928	344 520
Treasury shares		-402	-402
Capital reserve		142 137	142 115
Retained earnings		1 607 191	962 551
<b>Total shareholders' equity</b>		<b>2 039 854</b>	<b>1 448 784</b>
<b>Total liabilities and shareholders' equity</b>		<b>2 200 004</b>	<b>1 552 173</b>
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		293.21	208.25



<b>Statement of comprehensive income for the period 1 April to 31 December (CHF 000)</b>	Notes	Quarter ended 31.12.2020	Quarter ended 31.12.2019	9-month period ended 31.12.2020	9-month period ended 31.12.2019
Net change in value of investment in subsidiary	(3)	204 327	164 263	647 592	268 873
<b>Result from investment activities</b>		<b>204 327</b>	<b>164 263</b>	<b>647 592</b>	<b>268 873</b>
Personnel expenses		- 206	- 244	- 642	- 675
Other operating expenses		- 168	- 201	- 456	- 706
<b>Result before interest and taxes</b>		<b>203 953</b>	<b>163 818</b>	<b>646 494</b>	<b>267 492</b>
Financial expenses		- 618	- 607	- 1 854	- 1 831
Financial income		0	0	0	0
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>203 335</b>	<b>163 211</b>	<b>644 640</b>	<b>265 661</b>
<b>Comprehensive result</b>		<b>203 335</b>	<b>163 211</b>	<b>644 640</b>	<b>265 661</b>
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		29.23	23.46	92.66	38.19

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

<b>Statement of cash flows for the period 1 April to 31 December</b> (CHF 000)	9-month period ended 31.12.2020	9-month period ended 31.12.2019
Expenses paid (personnel and other operating expenses)	-2 932	-3 788
<b>Net cash flow from operating activities</b>	<b>-2 932</b>	<b>-3 788</b>
Interest paid	-2 271	-2 271
Loan from subsidiary	59 000	60 000
Par value repayment	-53 570	-52 178
<b>Net cash flow from financing activities</b>	<b>3 159</b>	<b>5 551</b>
<b>Currency translation differences</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>227</b>	<b>1 763</b>
Cash and cash equivalents at beginning of period	6 096	4 703
Cash and cash equivalents at end of period	6 323	6 466

<b>Statement of changes in equity</b> (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<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>
Comprehensive result				-82 963	-82 963
<b>Balance 31 March 2020</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>962 551</b>	<b>1 448 784</b>
Comprehensive result				644 640	644 640
Par value repayment (10.9.2020)	-53 592		22		-53 570
<b>Balance 31 December 2020</b>	<b>290 928</b>	<b>-402</b>	<b>142 137</b>	<b>1 607 191</b>	<b>2 039 854</b>

## 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 2020, 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 2020. 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 2019/2020 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)	31.12.2020	31.3.2020
CAD	0.6956	0.6835
CNY	0.1356	0.1357
DKK	0.1453	0.1420
EUR	1.0814	1.0602
GBP	1.2101	1.1937
HKD	0.1142	0.1240
INR	0.0121	0.0127
SEK	0.1076	0.0970
USD	0.8852	0.9611

## 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:

<b>Development fair value investment (CHF 000)</b>	9-month period ended 31.12.2020	9-month period ended 31.12.2019
<b>Fair value at the beginning of period</b>	<b>1 546 050</b>	<b>1 417 427</b>
Change in value, gross	647 592	268 873
<b>Fair value at the end of period</b>	<b>2 193 642</b>	<b>1 686 300</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	31.12.2020	31.3.2020	31.12.2019
Cash and cash equivalents		354 583	218 104	266 593
Receivables		196	181	564
Loan to parent company		59 000	0	60 000
Investments	(3.1)			
Private companies		361 774	550 403	521 297
Funds		182 812	155 992	151 462
Public companies		1 474 070	629 889	820 687
Shares of parent company		5 647	18 689	2 156
Financial instruments	(3.2)	49 365	4 799	1 005
Other financial assets	(3.3)	34 915	10 694	13 591
<b>Total assets</b>		<b>2 522 362</b>	<b>1 588 751</b>	<b>1 837 355</b>
Financial instruments	(3.2)	-194 674	0	-107 788
Liability from performance fee	(3.4)	-109 123	-24 686	-40 890
Provision for deferred tax on capital gain and other taxes	(3.5)	-24 530	-17 169	0
Other current liabilities		-393	-846	-2 377
<b>Total net assets at fair value</b>		<b>2 193 642</b>	<b>1 546 050</b>	<b>1 686 300</b>

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

	Notes	9-month period ended 31.12.2020	9-month period ended 31.12.2019
<b>Change in net assets at fair value (CHF 000)</b>			
Net result on investments	(3.1)	788 550	305 844
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-7 361	0
Dividend income		355	2 028
Net result from financial instruments	(3.2)	14 153	12 180
Net result from other financial assets		-25 017	3 067
Net result from shares of parent company		5 371	2 224
<b>Result from investing activities</b>		<b>776 051</b>	<b>325 343</b>
Management fee	(3.4)	-18 523	-14 770
Performance fee	(3.4)	-109 123	-40 890
Personnel and other operating expenses		-810	-837
Financial result		-3	27
<b>Change in value, gross</b>		<b>647 592</b>	<b>268 873</b>
<b>Net change in value of investment</b>		<b>647 592</b>	<b>268 873</b>

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

### 3.1 Investments

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

<b>Development of investments (CHF 000)</b>	Private companies	Funds	Public companies	Total investments
<b>Fair value 31 March 2020</b>	<b>550 403</b>	<b>155 992</b>	<b>629 889</b>	<b>1 336 284</b>
Reclassification owing to IPO (ALX Oncology)	-4 805		4 805	0
Reclassification owing to IPO (iTeos Therapeutics)	-8 558		8 558	0
Reclassification owing to IPO (Cathay Biotech)	-216 189		216 189	0
Reclassification owing to IPO (Harmony Biosciences)	-62 618		62 618	0
Reclassification owing to IPO (Everest Medicines)	-2 883		2 883	0
Reclassification owing to IPO (Galecto Therapeutics)	-7 502		7 502	0
<b>Fair value 31 March 2020 (after reclassification)</b>	<b>247 848</b>	<b>155 992</b>	<b>932 444</b>	<b>1 336 284</b>
Purchases	167 284	17 084	365 058	549 426
Sales	-98 648	-9 437	-547 519	-655 604
Realised gains	62 305	905	248 481	311 691
Realised losses	-7 760	-2 644	-40 120	-50 524
Changes in unrealised gains/losses	-9 255	20 912	515 726	527 383
Net result on investments	45 290	19 173	724 087	788 550
<b>Fair value 31 December 2020</b>	<b>361 774</b>	<b>182 812</b>	<b>1 474 070</b>	<b>2 018 656</b>

Details on investments can be found on pages 14 to 16.

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2020	Changes in reporting period	Amount disbursed 31.12.2020	Fair value 31.12.2020	Ownership 31.12.2020	Fair value 31.12.2020	Fair value 31.3.2020
			IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma (Amicus)	CH	EUR	25.0	0.8	25.8	40.8	28.8	44 120	42 408
Neurelis	US	USD	18.8	5.6	24.4	44.3	16.8	39 185	37 198
1mg	IN	INR	872.8	380.2	1 253.0	1 701.7	7.5	20 615	16 793
Instil Bio	US	USD	0.0	12.5	12.5	20.3	1.5	17 962	0
Ambrx	US	USD	0.0	20.0	20.0	20.0	4.9	17 704	0
Jianke Pharmaceutical	CN	USD	14.9	5.0	19.9	19.9	6.3	17 549	14 296
Nuance Pharma	CN	USD	4.0	10.0	14.0	18.7	4.9	16 529	3 570
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	6.0	16 281	17 079
FarmaLatam	PA	USD	11.4	3.4	14.8	17.7	51.1	15 669	10 930
Valo Health	US	USD	0.0	15.0	15.0	15.0	1.3	13 278	0
Sphingotec	DE	EUR	9.0	1.5	10.5	10.5	14.2	11 354	9 541
Adrenomed	DE	EUR	6.1	3.1	9.2	9.2	8.7	9 972	6 452
Polyneuron Pharmaceuticals	CH	CHF	0.0	9.9	9.9	9.9	16.2	9 927	0
River Renal	US	USD	0.0	10.0	10.0	10.0	14.3	8 852	0
Connect Biopharma	CN	USD	0.0	10.0	10.0	10.0	2.2	8 852	0
Longboard Pharmaceuticals	US	USD	0.0	10.0	10.0	10.0	9.9	8 852	0
BioShin	CN	USD	0.0	8.0	8.0	8.0	4.1	7 082	0
Shape Memory Medical	US	USD	6.0	1.4	7.4	7.4	16.8	6 550	5 767
Valcare	IL	USD	4.3		4.3	7.1	7.7	6 281	6 819
Neuron23	US	USD	0.0	7.0	7.0	7.0	2.7	6 196	0
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.8	6 196	6 728
Genalyte (BaseHealth)	US	USD	2.5	2.0	4.5	6.6	3.1	5 809	2 403
Cure Everlife Holdings	MU	USD	3.0	2.6	5.6	5.4	14.3	4 770	2 606
Monte Rosa Therapeutics	CH	USD	0.0	5.0	5.0	5.0	3.6	4 426	0
Werewolf Therapeutics	US	USD	0.0	5.0	5.0	5.0	2.8	4 426	0
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 426	4 805
NiKang Therapeutics	CN	USD	0.0	5.0	5.0	5.0	4.7	4 426	0
Karius	US	USD	5.0		5.0	5.0	2.5	4 426	4 805
Dren Bio	US	USD	0.0	3.7	3.7	3.7	5.7	3 297	0
NovellusDx	IL	USD	0.0	3.3	3.3	3.3	9.2	2 897	0
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 764	3 001
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 656	2 883
ConnectRN	US	USD	5.9		5.9	2.4	23.5	2 138	2 322
Vitaeris <sup>1)</sup>	CA	USD	3.0	-3.0	0.0	0.0	0.0	0	3 844
Corvidia Therapeutics <sup>1)</sup>	US	USD	4.8	-4.8	0.0	0.0	0.0	0	4 640
Shriji Polymers <sup>1)</sup>	IN	INR	201.0	-201.0	0.0	0.0	0.0	0	4 598
Forbuis (Formation Biologics) <sup>1)</sup>	CA	CAD	11.5	-11.5	0.0	0.0	0.0	0	7 826
Westmed Holding <sup>1)</sup>	US	USD	7.0	-7.0	0.0	0.0	0.0	0	11 950
Complexa <sup>2)</sup>	US	USD	5.0		5.0	0.0	5.3	0	4 806
Others								6 307	9 778
<b>Total private companies</b>								<b>361 774</b>	<b>247 848</b>

1) The investments were sold in the 9-month period.

2) The investment was value-adjusted in the 9-month period.

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 31.12.2020	Cumulative repayments 31.12.2020	Fair value 31.12.2020	Fair value 31.12.2020	Fair value 31.3.2020
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	22.4	4.7		22.4	0.0	49.9	44 172	18 622
6 Dimensions Capital	USD	25.0	2.4	1.7	23.8	3.0	35.8	31 710	23 744
WuXi Healthcare Ventures II	USD	20.0	1.2	0.1	19.2	1.4	34.7	30 751	33 033
HBM BioCapital II <sup>1)</sup>	EUR	42.0	2.4	3.4	45.0	13.2	18.1	19 587	19 032
MedFocus Fund II	USD	26.0			26.0	25.0	22.0	19 467	21 934
C-Bridge Capital IV	USD	10.0	3.4		7.2	0.2	8.7	7 680	3 426
Hatteras Venture Partners III	USD	10.0	0.2		10.2	2.0	5.8	5 140	6 201
Tata Capital HBM Fund I	USD	10.0	0.2	2.1	9.8	6.9	5.7	5 070	8 936
BioMedInvest II	CHF	10.0		0.4	10.0	3.4	5.0	5 010	6 020
Galen Partners V	USD	10.0			10.4	8.8	5.1	4 539	5 937
LYZZ Capital Fund II	USD	15.0	3.5		4.6	0.0	4.3	3 817	980
BioMedInvest I	CHF	26.0		0.7	26.0	27.1	2.2	2 184	3 354
BioVeda China IV	USD	5.0	0.1	0.2	2.5	0.5	2.0	1 726	1 819
Nordic Biotech	DKK	31.0			31.0	221.7	8.2	1 196	1 037
Tata Capital Healthcare Fund II	USD	20.0			0.8	0.0	0.1	56	583
Others								707	1 334
<b>Total funds</b>								<b>182 812</b>	<b>155 992</b>

1) The fair value of EUR 18.1 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	Balance	Changes	Changes	Balance	Share price	Ownership	Fair value	Fair value
	currency	31.3.2020	9 months	3 months	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.3.2020
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Cathay Biotech <sup>1)2)P)</sup>	CNY	29 610 798	0	0	29 610 798	71.65	7.1	287 746	216 189
Harmony Biosciences <sup>1)3)P)</sup>	USD	4 478 566	163 213	0	4 641 779	36.15	8.2	148 537	62 618
Y-mAbs Therapeutics <sup>P)</sup>	USD	2 915 803	- 785 430	- 40 335	2 130 373	49.51	5.3	93 366	73 142
BioAtla <sup>1)P)</sup>	USD	0	2 690 869	975 000	2 690 869	34.01	8.4	81 010	0
ALX Oncology <sup>1)P)</sup>	USD	526 475	383 525	20 874	910 000	86.20	2.3	69 437	4 805
SpringWorks Therapeutics <sup>P)</sup>	USD	1 327 928	- 306 875	- 2 236	1 021 053	72.52	2.1	65 546	34 459
VieLa Bio <sup>P)</sup>	USD	1 750 000	0	0	1 750 000	35.97	3.2	55 721	63 913
Arcutis <sup>P)</sup>	USD	1 294 160	193 417	198 217	1 487 577	28.13	3.4	37 042	37 066
Pacira Pharmaceuticals <sup>P)</sup>	USD	950 262	- 257 392	0	692 870	59.84	1.6	36 702	30 623
Biohaven Pharmaceuticals	USD	627 628	- 147 330	- 84 366	480 298	85.71	0.8	36 440	20 527
Turning Point Therapeutics <sup>P)</sup>	USD	308 500	17 164	55 028	325 664	121.85	0.7	35 127	13 242
Argenx	EUR	150 000	- 25 000	0	125 000	242.00	0.3	32 711	19 560
Argenx (ADR)	USD	150 000	- 25 000	0	125 000	294.09	0.3	32 541	18 991
ChemoCentryx	USD	345 144	206 382	109 769	551 526	61.92	0.8	30 230	13 328
iTeos Therapeutics <sup>1)P)</sup>	USD	1 009 393	0	- 275 361	1 009 393	33.82	2.9	30 219	8 558
Zymeworks	USD	400 000	274 244	0	674 244	47.26	1.5	28 207	13 636
Zogenix	USD	956 857	385 000	0	1 341 857	19.99	2.4	23 744	22 743
Laurus Labs	INR	606 646	3 956 826	- 169 758	4 563 472	353.15	0.9	19 523	2 504
Seer <sup>1)P)</sup>	USD	0	342 678	0	342 678	56.14	0.6	17 029	0
Galecto <sup>1)P)</sup>	USD	779 354	528 059	144 482	1 307 413	12.51	5.2	14 478	7 502
Cantargia	SEK	2 300 000	- 295 898	- 295 898	2 004 102	64.00	2.0	13 800	3 459
Hansa Biopharma	SEK	300 000	218 835	- 16 165	518 835	240.40	1.2	13 420	2 268
C4 Therapeutics <sup>1)P)</sup>	USD	0	451 713	0	451 713	33.13	1.1	13 247	0
Beigene	HKD	700 000	0	0	700 000	157.00	0.1	12 548	6 627
Nicox	EUR	2 383 808	235 294	235 294	2 619 102	4.35	7.8	12 320	8 997
Esperion Therapeutics	USD	400 000	134 014	0	534 014	26.00	1.9	12 290	12 121
Xenon Pharmaceuticals	USD	849 289	0	0	849 289	15.38	2.4	11 563	9 256
BioInvent	SEK	0	2 318 840	0	2 318 840	45.90	5.9	11 452	0
Iovance Biotherapeutics	USD	326 780	- 49 084	- 85 414	277 696	46.40	0.2	11 406	9 402
Jubilant Life Sciences	INR	1 002 263	0	0	1 002 263	844.90	0.6	10 259	3 174
Dicerna Pharmaceuticals	USD	0	522 200	0	522 200	22.03	0.7	10 183	0
Rocket Pharmaceuticals	USD	784 438	- 584 438	- 750 000	200 000	54.84	0.3	9 709	10 517
Solara Active	INR	611 806	0	0	611 806	1 191.55	1.7	8 831	3 456
Everest Medicines <sup>1)P)</sup>	HKD	277 778	833 333	0	1 111 111	67.70	0.4	8 588	2 883
Albireo Pharma	USD	421 428	- 165 336	- 145 871	256 092	37.51	1.3	8 503	6 630
Divis Laboratories	INR	221 265	- 52 900	- 42 000	168 365	3 841.90	0.1	7 836	5 593
HBM Holdings	HKD	0	6 262 000	6 262 000	6 262 000	10.56	0.8	7 550	0
Collectis (ADR)	USD	300 000	0	0	300 000	27.06	0.7	7 186	2 653
Collectis	EUR	250 000	- 41 772	- 41 772	208 228	24.40	0.5	5 494	2 240
Vicore Pharma	SEK	2 419 438	- 419 438	- 604 099	2 000 000	31.50	3.3	6 778	2 465
Constellation Pharmaceutical	USD	0	228 515	0	228 515	28.80	0.5	5 826	0
Zealand Pharma	DKK	300 000	- 122 602	- 272 602	177 398	220.60	0.5	5 687	9 952
Guangzhou Baiyunshan	HKD	1 349 000	1 260 000	0	2 609 000	19.02	1.2	5 666	3 496
Trillium Therapeutics	USD	1 000 000	- 600 382	- 1 074 757	399 618	14.71	0.4	5 204	3 883
Intercept Pharmaceuticals	USD	142 396	89 133	0	231 529	24.70	0.7	5 062	8 617
Others								68 306	151 349
<b>Total public companies</b>								<b>1 474 070</b>	<b>932 444</b>
<b>Total investments</b>								<b>2 018 656</b>	<b>1 336 284</b>

P) The position originates from the private companies portfolio.

1) The companies went public on SSE Star Market or US NASDAQ respectively during the 9-month period. The investments were listed under private companies in previous reports.

2) 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 85.05 as at 31.12.2020 was adjusted by a discount of 15.75 percent to CNY 71.65.

3) The number of shares of the investment in the previously privately owned company was corrected after the IPO due to an adjustment in the conversion factor at the end of August 2020.



### 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</b> (CHF 000)	31.12.2020	31.3.2020
<b>Currency hedging</b>		
Forward contracts for currency hedging purposes	49 355	4 325
<b>Other financial instruments</b>		
Purchased call and put options	10	474
<b>Total financial instruments long</b>	<b>49 365</b>	<b>4 799</b>
<b>Market hedging</b>		
Sale of ETFs	190 084	0
<b>Other financial instruments</b>		
Sale of shares	4 590	0
<b>Total financial instruments short</b>	<b>194 674</b>	<b>0</b>

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 190.1 million, the hedge consisted of the short sale of 1.53 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

As at the balance sheet date, the foreign currency risk derived from the USD/CHF exchange rate was

partially hedged by means of a forward sale of USD 1.2 billion. The market value of this hedging position amounted to CHF 49.4 million as at the balance sheet date

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

<b>Income from financial instruments</b> (CHF 000)	9-month period ended 31.12.2020	9-month period ended 31.12.2019
Gains from currency hedging transactions	61 826	0
Gains from market hedging transactions	0	3 024
Gains from other financial instruments	3 453	9 156
<b>Total gains from financial instruments</b>	<b>65 279</b>	<b>12 180</b>
Losses from market hedging transactions	-47 749	0
Losses from other financial instruments	-3 377	0
<b>Total losses from financial instruments</b>	<b>-51 126</b>	<b>0</b>
<b>Net result from financial instruments</b>	<b>14 153</b>	<b>12 180</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 2020, CHF 34.9 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.2 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 31.12.2020	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbius (Formation Biologics)	13.2	2.1	80.2	2021 – 2029
Corvidia Therapeutics	7.5	2.1	41.0	2021 – 2029
True North Therapeutics	4.2	0.0	10.0	2021 – 2022
Vitaeris	4.1	0.2	79.2	2021 – 2024
TandemLife (Cardiac Assist)	3.7	4.2	6.3	2021
Nereus <sup>1)</sup>	3.1	0.0	19.7	2021 – 2025
Tripex (former Mpex) <sup>2)</sup>	0.0	0.0	7.8 from 2021 onwards	
Westmed Holding	0.3	0.3	0.3	2022
<b>Total</b>	<b>36.1</b>	<b>8.9</b>	<b>244.5</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 18.5 million (previous year: CHF 14.8 million).

A provision for a performance fee of CHF 109.1 million was made during the 9-month period

(previous year: CHF 40.9 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 204.33 (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 24.5 million (as at 31 March 2020: CHF 17.2 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 and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

### 3.6 Off-balance-sheet commitments

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

<b>Investment commitments (CHF 000)</b>	<b>31.12.2020</b>	<b>31.3.2020</b>
HBM BioCapital I+II	254	249
Other funds	33 160	46 327
Private companies	52 915	19 782
<b>Total investment commitments</b>	<b>86 329</b>	<b>66 358</b>

### 4. Financial liabilities

The following 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 102.3 million (as at 31 March 2020: CHF 100.7 million) with a carrying amount of CHF 99.7 million (as at 31 March 2020: CHF 99.6 million). The bond tranches are recognised under current and non-current liabilities, respectively.

## 5. Shareholders' equity

### 5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 290.93 million, divided into 6960000 registered shares at a par value of CHF 41.80 each.

The Shareholders' Meeting of 22 June 2020 approved a cash distribution of CHF 7.70 per share by means of a withholding tax-exempt par value repayment. The cash payment was made on 10 September 2020 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 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 (as at 31 March 2020: 2 910) 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)

<b>Beginning of period 1 April 2020</b>	<b>2 910</b>
Acquired via second trading line under share buy-back programme	0
<b>End of period 31 December 2020</b>	<b>2 910</b>

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 18 514 treasury shares (as at 31 March 2020: 98 363), acquired via the regular trading line. During the 9-month period, the Subsidiary acquired a total of 130 056 treasury shares via the regular trading line at an average price of CHF 247.79 per share (previous year: 161 550 at CHF 189.09) and sold 209 905 treasury shares at an average price of CHF 240.94 (previous year: 244 841 at CHF 187.62).

## 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 15.

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Company website

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ISIN

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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 2020:

#### 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 2020/2021:  
NAV of CHF 204.33

#### 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 Stella X. Xu, Member  
Dr Benedikt Suter, Secretary  
Dr Andreas Wicki, Chief Executive Officer  
Erwin Troxler, Chief Financial Officer

#### Investment Advisor

HBM Partners Ltd, Zug [www.hbmpartners.com](http://www.hbmpartners.com)

**Credits**

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