

Quarterly Report

June

2023

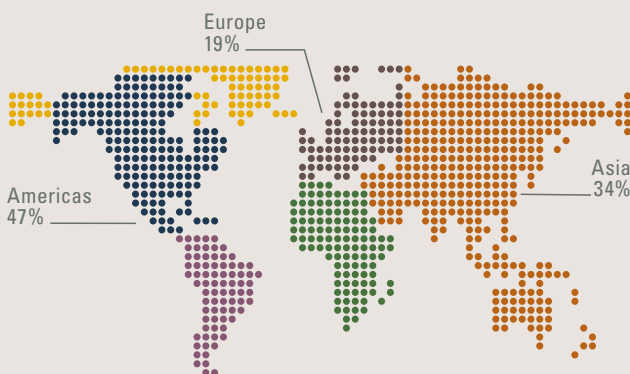
HBM Healthcare
Investments

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.

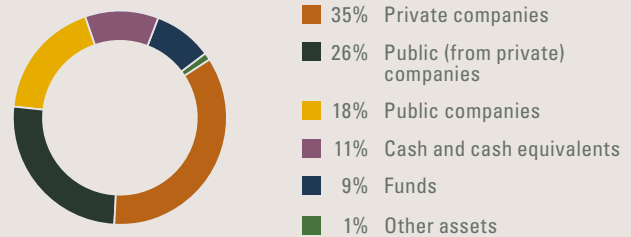


1) Total consolidated assets as at 30.6.2023: CHF 1942 million.

2) Total investments as at 30.6.2023: CHF 1701 million.

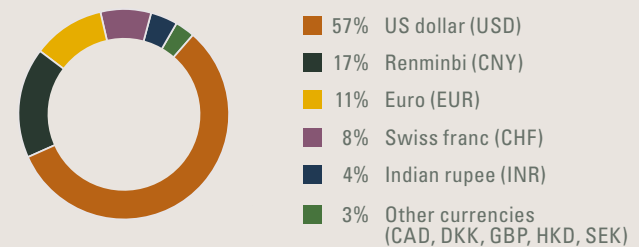
Allocation of assets¹⁾

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



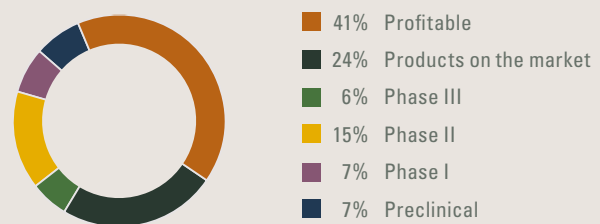
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



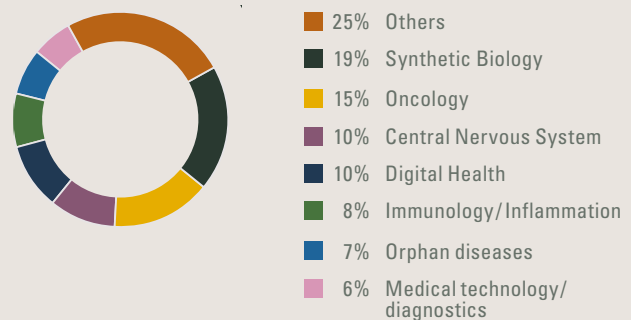
Development phase of portfolio companies²⁾

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.



Key Figures

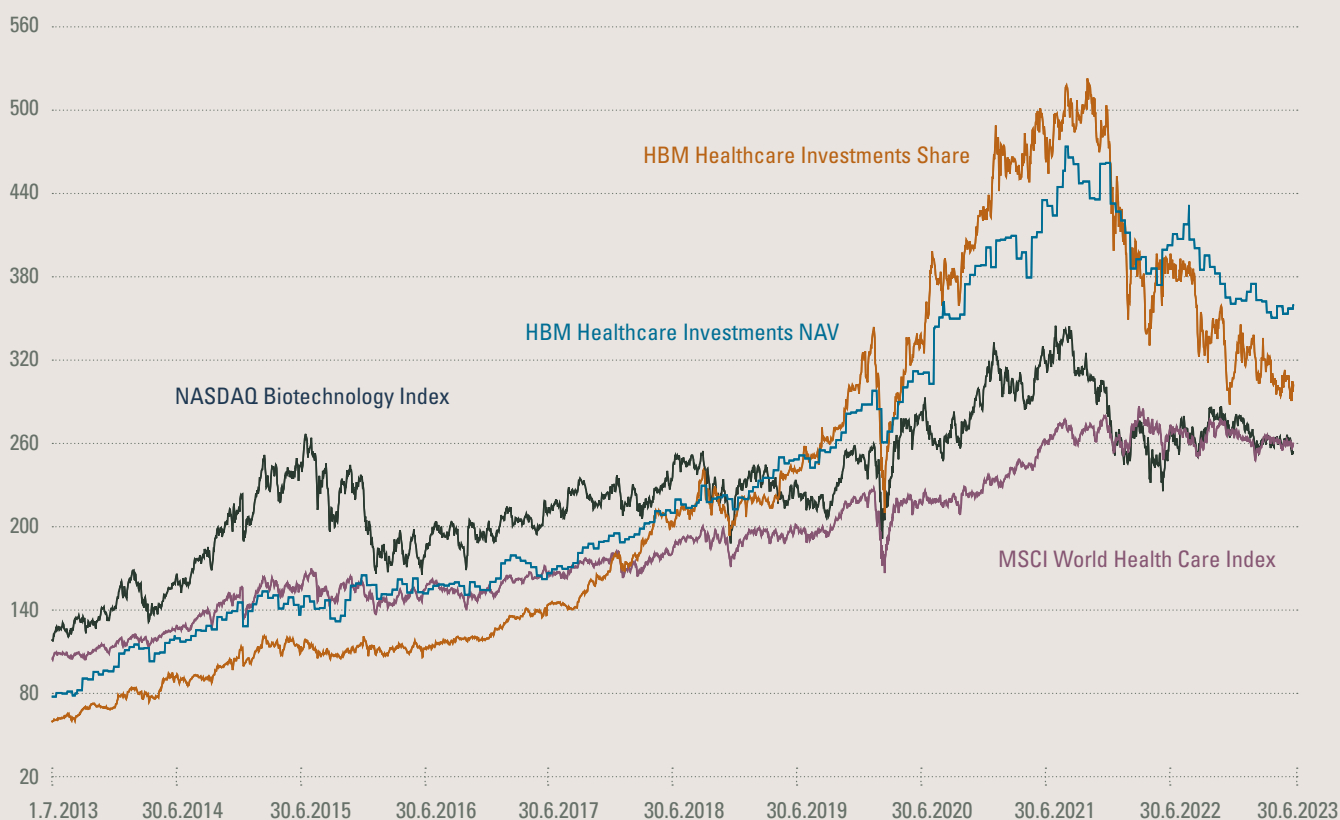
		30.6.2023	31.3.2023	31.3.2022	31.3.2021	31.3.2020
Net assets	CHF million	1761.3	1772.7	1986.5	2151.5	1448.8
Investments in private companies and funds		844.5	846.1	790.3	662.8	706.4
Investments in public companies		856.2	847.0	1130.2	1404.2	629.9
Cash and cash equivalents (net of liability from market hedging)		209.0	232.0	223.7	327.0	224.2
Net result for the period	CHF million	-10.9	-146.3	-78.0	756.3	182.7
Basic earnings per share	CHF	-1.57	-21.03	-11.22	108.71	26.26
Net asset value (NAV) per share	CHF	253.25	254.80	285.53	309.25	208.25
Share price	CHF	202.00	214.00	276.00	332.50	190.00
Premium (+) / discount (-)	%	-20.2	-16.0	-3.3	+7.5	-8.8
Distribution per share	CHF		7.50	9.70	12.50 ¹⁾	7.70
Distribution yield	%		3.5	3.5	3.8	4.1
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)

		2023/2024 (3 months)	2022/2023	2021/2022	2020/2021	2019/2020
Net asset value (NAV)	%	-0.6	-7.4	-3.6	52.2	13.9
Registered share HBMN	%	-5.6	-18.9	-13.2	79.1	17.0

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



HBM Healthcare Investment closed the first quarter of the 2023/2024 financial year with a loss of CHF 11 million. While the portfolio posted a positive result in investment currency terms as at the end of June 2023, unfavourable currency developments pushed it slightly into the red. The market environment remains dominated by concerns around inflation, rising interest rates and a cooling economy, but also continues to offer opportunities, as evidenced by several value-enhancing financing rounds and two acquisitions in the portfolio over the past three months. Overall, with a carefully selected portfolio and a solid balance sheet, HBM Healthcare Investments remains well positioned to take advantage of opportunities and benefit from positive market momentum.

Dear Shareholders

HBM Healthcare Investments closed the first quarter of the 2023/2024 financial year as at 30 June 2023 with a loss of CHF 11 million. The net asset value per share (NAV) declined by 0.6 percent during this period, while the share price fell by 5.6 percent.

In investment currency, the portfolio recorded a positive result in the three months ending 30 June 2023. However, unfavourable currency developments against the Swiss franc (US dollar –2.2 percent, Chinese yuan –7.3 percent and euro –1.5 percent) reduced the NAV by a total of 3.2 percent in the reporting quarter and resulted in a small loss overall.

Significant portfolio developments in the quarter under review

In the portfolio of **public companies**, Cathay Biotech announced a significant strategic collaboration with China Merchants Group (CMG), a global player in transport infrastructures, finance, property development and industrial park operations. CMG will invest up to RMB 6.6 billion (approximately CHF 800 million) in Cathay Biotech through a capital increase. The agreement also provides for the establishment of a joint research team to develop future applications. Moreover, CMG will procure bio-based polyamides produced by Cathay. The targeted minimum purchase volumes by CMG include 10 000 tons, 80 000 tons and 200 000 tons for the first three years 2023, 2024 and 2025, respectively. This should bring further revenue and profit growth for Cathay Biotech. The company's share price rose by about one percent in the quarter under review. However, negative currency developments led to a net value reduction of just under CHF 17 million.

HBM Healthcare Investments also benefited from the acquisition of two smaller holdings from its portfolio of public companies. Prometheus Biosciences was acquired by Merck & Co. in April for USD 11 billion. Prometheus develops therapies to treat the inflammatory bowel diseases ulcerative colitis and Crohn's disease. US-based Chinook Therapeutics agreed to a USD 3.5 billion takeover bid by Novartis in June. Chinook develops therapies for chronic kidney disease. The two acquisitions resulted in a total profit contribution of CHF 11 million.

In the portfolio of **private companies**, the value of the investment in Upstream Bio increased by CHF 12 million following a USD 200 million financing round concluded with a syndicate of existing and new investors. HBM Healthcare Investments is participating in the financing with a total of USD 10 million, which will be paid in tranches. With the capital raised, Upstream Bio is funding phase II clinical trials for its monoclonal antibody UPB-101 in the indications asthma and chronic rhinosinusitis with nasal polyps.

Further value adjustments due to completed or pending financing rounds were made at 1000Farmacie (CHF +2.4 million), Farmalatam (CHF -6.9 million) and Fore Biotherapeutics (CHF -2.4 million).

Outlook

The market environment remains dominated by investor concerns around inflation, rising interest rates and a cooling economy. Currency developments also continued to create headwinds at the beginning of the quarter. For the portfolio companies, however, this challenging financing environment also offers opportunities. As the examples of Upstream Bio, Prometheus Biosciences and Chinook Therapeutics demonstrate, companies with convincing research results benefit from high demand and attractive offers in financing rounds and acquisition bids.

Argenx published positive topline data from a phase III study for VYVGART for the treatment of patients with chronic inflammatory demyelinating polyneuropathy in mid-July. In addition, other portfolio companies are expecting relevant study results. Worth mentioning are Harmony Biosciences (phase III, idiopathic hypersomnia), Traverre Therapeutics (phase III, immunoglobulin A nephropathy) and Merus (various cancer therapies).

With the aforementioned strategic agreement with CMG, Cathay Biotech has laid a solid foundation for further growth in the bio-based polyamides business. In addition, the three-year lock-up period after the IPO is going to expire in August 2023, increasing the free float available for stock exchange trading.

Overall, with a carefully selected portfolio and a solid balance sheet, HBM Healthcare Investments remains ideally positioned to take advantage of opportunities and benefit from positive market momentum.

We thank you, esteemed shareholders, for your trust.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.6.2023	31.3.2023
Assets			
Current assets			
Cash and cash equivalents		4 746	5 732
Receivables		43	16
Total current assets		4 789	5 748
Non-current assets			
Investment in subsidiary	(3)	1 908 613	1 918 299
Total non-current assets		1 908 613	1 918 299
Total assets		1 913 402	1 924 047
Liabilities			
Current liabilities			
Financial liabilities	(4)	50 000	49 978
Other liabilities		2 865	2 173
Total current liabilities		52 865	52 151
Non-current liabilities			
Financial liabilities	(4)	99 253	99 208
Total non-current liabilities		99 253	99 208
Shareholders' equity			
Share capital	(5.1)	136 416	136 416
Treasury shares	(5.2)	- 899	- 402
Capital reserve		142 201	142 201
Retained earnings		1 483 566	1 494 473
Total shareholders' equity		1 761 284	1 772 688
Total liabilities and shareholders' equity		1 913 402	1 924 047
Number of outstanding shares (in 000)		6 955	6 957
Net asset value (NAV) per share (CHF)		253.25	254.80

Statement of comprehensive income for the period 1 April to 30 June (CHF 000)	Notes	Quarter ended 30.6.2023	Quarter ended 30.6.2022
Net change in value of investment in subsidiary	(3)	-9 686	52 492
Result from investment activities		-9 686	52 492
Personnel expenses		-410	-179
Other operating expenses		-155	-98
Result before interest and taxes		-10 251	52 215
Financial expenses		-661	-661
Financial income		5	0
Income taxes		0	0
Net result for the period		-10 907	51 554
Comprehensive result		-10 907	51 554
Number of outstanding shares, time-weighted (in 000)		6 956	6 957
Basic earnings per share (CHF)		-1.57	7.41

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 30 June (CHF 000)	Quarter ended 30.6.2023	Quarter ended 30.6.2022
Expenses paid (personnel and other operating expenses)	-572	-416
Net cash flow from operating activities	-572	-416
Interest received / paid	5	0
Purchase of treasury shares	-419	0
Net cash flow from financing activities	-414	0
Currency translation differences	0	0
Net change in cash and cash equivalents	-986	-416
Cash and cash equivalents at beginning of period	5 732	5 388
Cash and cash equivalents at end of period	4 746	4 972

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2022	203 928	-402	142 173	1 640 791	1 986 490
Comprehensive result				51 554	51 554
Balance 30 June 2022	203 928	-402	142 173	1 692 345	2 038 044
Comprehensive result				-197 872	-197 872
Par value repayment (1.9.2022)	-67 512		28		-67 484
Balance 31 March 2023	136 416	-402	142 201	1 494 473	1 772 688
Comprehensive result				-10 907	-10 907
Purchase of treasury shares		-497			-497
Balance 30 June 2023	136 416	-899	142 201	1 483 566	1 761 284

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 2023, 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 2023. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the non-consolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary). A summary of the newly applied IFRS/IAS standards and interpretations in the reporting period is provided on pages 64 and 65 of the Group Financial Statements of the 2022/2023 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)	30.6.2023	31.3.2023
CAD	0.6763	0.6772
CNY	0.1235	0.1332
DKK	0.1312	0.1332
EUR	0.9770	0.9921
GBP	1.1377	1.1292
HKD	0.1143	0.1166
INR	0.0109	0.0111
SEK	0.0829	0.0880
USD	0.8956	0.9153

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 during the reporting period:

	Quarter ended 30.6.2023	Quarter ended 30.6.2022
Development fair value investment (CHF 000)		
Fair value at beginning of period	1 918 299	2 132 047
Change in value, gross	-9 686	52 492
Fair value at end of period	1 908 613	2 184 539

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

Composition net assets (CHF 000)	Notes	30.6.2023	31.3.2023	30.6.2022
Cash and cash equivalents		204 277	226 299	161 690
Receivables		30	31	29
Investments	(3.1)			
Private companies		675 059	671 994	641 604
Funds		169 454	174 060	178 558
Public companies		856 232	847 019	1 200 690
Shares of parent company		10 904	7 828	4 818
Financial instruments	(3.2)	170	210	9 191
Other financial assets	(3.3)	20 830	20 753	28 213
Total assets		1 936 956	1 948 194	2 224 793
Provision for deferred tax on capital gain and other taxes	(3.5)	-27 763	-29 130	-39 548
Other current liabilities		-580	-765	-706
Total net assets at fair value		1 908 613	1 918 299	2 184 539

During the reporting period, the net assets of the investment in the Subsidiary have developed as follows:

	Notes	Quarter ended 30.6.2023	Quarter ended 30.6.2022
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	-2 810	44 344
Change in provision for deferred tax on capital gain and other taxes	(3.5)	1 367	-1 014
Dividend income		148	98
Net result from financial instruments	(3.2)	-40	7 679
Net result from other financial assets		-3 107	8 841
Net result from shares of parent company		-434	96
Result from investing activities		-4 876	60 044
Management fee	(3.4)	-6 115	-7 325
Personnel and other operating expenses		-250	-235
Financial result		1 555	8
Change in value, gross		-9 686	52 492
Net change in value of investment		-9 686	52 492

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

3.1 Investments

During the reporting 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 2023	671 994	174 060	847 019	1 693 073
Purchases	9 356	3 116	59 093	71 565
Sales	0	-1 821	-59 262	-61 083
Realised gains	28	0	28 491	28 519
Realised losses	-16	-5 420	-38 091	-43 527
Changes in unrealised gains/losses	-6 303	-481	18 982	12 198
Net result on investments	-6 291	-5 901	9 382	-2 810
Fair value 30 June 2023	675 059	169 454	856 232	1 700 745

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

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2023	Changes in reporting period	Amount disbursed 30.6.2023	Fair value 30.6.2023	Ownership 30.6.2023	Fair value 30.6.2023	Fair value 31.3.2023
			IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma	CH	EUR	34.8		34.8	165.5	26.3	161 737	164 230
Neurelis	US	USD	24.4		24.4	56.2	10.5	50 356	51 464
Fangzhou (Jianke) ¹⁾	CN	USD	19.9		19.9	55.6	5.4	49 835	50 931
ConnectRN	US	USD	13.9	0.8	14.7	52.8	20.0	47 295	47 649
Upstream Bio	US	USD	20.0	2.5	22.5	36.5	7.1	32 689	18 306
NiKang Therapeutics	US	USD	20.0		20.0	25.2	5.3	22 611	23 108
Numab Therapeutics	CH	CHF	22.1		22.1	22.1	7.7	22 127	22 127
Dren Bio	US	USD	15.0		15.0	22.7	8.1	20 349	20 797
Tata 1mg	IN	INR	1 130.1		1 130.1	1 791.7	4.0	19 559	19 956
Farmalatam	PA	USD	23.4	2.0	25.4	21.2	45.9	18 960	24 078
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.7	16 723	17 091
Odyssey Therapeutics	US	USD	13.0		13.0	17.5	2.9	15 715	16 060
Valo Health	US	USD	17.5		17.5	17.5	1.4	15 673	16 018
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.4	14 671	14 969
River Renal	US	USD	14.0		14.0	14.0	14.0	12 538	12 814
Sphingotec	DE	EUR	18.1		18.1	11.6	25.4	11 334	11 509
Cure Everlife Holdings	MU	USD	7.2		7.2	12.3	6.8	11 060	11 304
ArriVent Biopharma	US	USD	12.0		12.0	12.0	3.0	10 747	10 984
Neuron23	US	USD	8.0		8.0	10.8	2.2	9 689	9 903
Shape Memory Medical	US	USD	10.1	0.6	10.7	10.7	16.0	9 605	9 275
Aculys Pharma	JP	USD	6.0		6.0	9.9	4.8	8 872	9 067
Genalyte (BaseHealth)	US	USD	8.8		8.8	9.7	3.8	8 687	8 878
1000Farmacie	IT	EUR	4.0	1.5	5.5	8.1	14.6	7 872	3 968
Fore Biotherapeutics	US	USD	11.3	1.8	13.1	8.5	12.7	7 625	8 328
Adrenomed	DE	EUR	15.2		15.2	7.6	10.0	7 408	7 522
Mahzi Therapeutics	US	USD	8.0		8.0	8.0	10.3	7 165	7 322
FogPharma	US	USD	8.4		8.4	7.5	1.7	6 721	6 869
Karius	US	USD	15.0		15.0	7.5	6.3	6 717	6 865
Ignis Therapeutics	CN	USD	7.0		7.0	7.0	1.5	6 269	6 407
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 269	6 407
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 269	6 407
C-Ray Therapeutics	CN	USD	6.0		6.0	6.0	3.2	5 374	5 492
Others								16 538	15 889
Total private companies								675 059	671 994

1) The fair value of the position takes into account a performance fee to a third party.

Funds	Investment	Total	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
	currency		commitment	in reporting	in reporting	payments	repayments	30.6.2023	30.6.2023
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
HBM Genomics	USD	25.3	0.5		25.3	3.5	46.7	41 809	42 166
MedFocus Fund II	USD	26.0			26.0	25.0	24.0	21 470	22 110
120 Capital	USD	25.0	2.5		21.3	0.0	19.6	17 584	15 810
WuXi Healthcare Ventures II	USD	20.0			20.0	5.9	16.9	15 117	17 486
6 Dimensions Capital	USD	25.0			25.0	32.3	15.9	14 220	14 387
C-Bridge Healthcare Fund IV	USD	10.0	0.1		9.9	0.2	13.8	12 399	12 368
C-Bridge Healthcare Fund V	USD	15.0			9.3	0.8	10.9	9 729	9 289
HBM Genomics II	USD	15.0			10.8	0.0	10.0	8 980	9 252
LYZZ Capital Fund II	USD	15.0			7.0	0.0	7.0	6 300	6 497
Tata Capital Healthcare Fund II	USD	20.0	0.4		9.7	1.6	6.8	6 071	5 435
Tata Capital HBM Fund I	USD	10.0			9.9	6.9	5.9	5 274	4 913
Others								10 501	14 347
Total funds								169 454	174 060

Public companies	Investment	Balance	Changes	Balance	Share	Owner-	Fair	Fair
	currency	31.3.2023	in reporting	30.6.2023	price	ship	value	value
	IC	Number	Number	Number	IC	%	CHF 000	CHF 000
		of shares	of shares	of shares				
Companies originating from private companies' portfolio								
Cathay Biotech ¹⁾	CNY	41 455 116	0	41 455 116	61.79	7.1	316 280	332 984
Harmony Biosciences	USD	2 147 943	0	2 147 943	35.19	3.6	67 695	64 190
Mineralys Therapeutics	USD	2 905 606	0	2 905 606	17.05	7.1	44 369	41 648
Y-mAbs Therapeutics	USD	3 297 800	0	3 297 800	6.79	7.6	20 054	15 123
Pacira BioSciences	USD	451 324	0	451 324	40.07	1.0	16 197	16 858
Longboard Pharmaceuticals	USD	1 658 023	-278 023	1 380 000	7.34	6.7	9 072	6 086
Monte Rosa Therapeutics	USD	1 464 740	-57 700	1 407 040	6.85	2.9	8 632	10 444
Acrivon Therapeutics	USD	568 403	-800	567 603	12.96	2.6	6 588	6 602
ALX Oncology	USD	580 394	169 606	750 000	7.51	1.8	5 044	2 401
Others							9 674	15 727
Total companies originating from private companies' portfolio							503 605	512 063
Various companies								
Merus	USD	550 000	271 665	821 665	26.33	1.8	19 376	9 263
Seagen ²⁾	USD	150 000	-50 000	100 000	192.46	< 0.1	17 237	27 798
Immunogen	USD	0	981 900	981 900	18.87	0.4	16 594	0
Argenx (ADR)	USD	55 000	-10 000	45 000	389.73	0.1	15 707	18 756
Argenx	EUR	55 000	-10 000	45 000	355.40	0.1	15 625	18 590
Chinook Therapeutics ²⁾	USD	450 000	0	450 000	38.42	0.7	15 484	9 535
Vicore Pharma	SEK	5 374 727	5 500 000	10 874 727	17.12	9.7	15 442	8 681
Insmed	USD	750 000	0	750 000	21.10	0.6	14 173	11 704
Celldex Therapeutics	USD	237 760	187 240	425 000	33.93	0.9	12 915	7 830
Aurobindo Pharma	INR	1 604 630	0	1 604 630	727.35	0.3	12 741	9 260
Natera	USD	290 948	0	290 948	48.66	0.3	12 679	14 785
Zymeworks	USD	1 499 259	0	1 499 259	8.64	2.3	11 601	12 405

Continued as well as footnotes on page 15

Public companies	Investment currency	Balance 31.3.2023	Changes in reporting period	Balance 30.6.2023	Share price 30.6.2023	Owner- ship 30.6.2023	Fair value 30.6.2023	Fair value 31.3.2023
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Various companies								
Rocket Pharmaceuticals	USD	650 790	0	650 790	19.87	0.8	11 581	10 204
Abivax	EUR	700 000	0	700 000	15.60	1.7	10 669	4 827
Cogent Biosciences	USD	947 776	0	947 776	11.84	1.1	10 050	9 360
Laurus Labs	INR	2 304 700	0	2 304 700	366.65	0.4	9 225	7 520
Horizon Therapeutics	USD	0	100 000	100 000	102.85	< 0.1	9 211	0
Traverse Therapeutics	USD	500 000	149 196	649 196	15.36	0.9	8 931	10 293
Shenzhen Mindray	CNY	240 000	0	240 000	299.80	< 0.1	8 884	9 962
Beigene	HKD	700 000	0	700 000	107.40	0.1	8 592	10 562
Beigene (ADR)	USD	50 000	0	50 000	178.30	0.1	7 984	9 864
Dishman Carbogen	INR	5 560 116	0	5 560 116	140.50	3.6	8 528	7 726
Cytokinetics	USD	250 000	40 000	290 000	32.62	0.3	8 472	8 052
BioInvent	SEK	5 050 000	25 000	5 075 000	18.04	7.7	7 594	13 239
Guangzhou Baiyunshan	HKD	2 609 000	0	2 609 000	23.65	0.2	7 052	7 362
Allakos	USD	1 004 817	464 188	1 469 005	4.36	1.7	5 736	4 093
Hutchmed China	HKD	2 575 000	0	2 575 000	18.44	0.3	5 427	6 200
Viridian Therapeutics	USD	250 000	0	250 000	23.79	0.6	5 327	5 821
Prometheus Biosciences ³⁾	USD	50 000	-50 000	0	n/a	0.0	0	4 911
Others							39 790	56 353
Total various companies							352 627	334 956
Total public companies							856 232	847 019
Total investments							1 700 745	1 693 073

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 62.26 as at 30.6.2023 was adjusted by a discount of 0.75% to CNY 61.79.

2) The company was acquired during the previous financial year or reporting period. The transaction will be completed after the reporting period.

3) The company was acquired and the transaction completed during the reporting period.

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)	30.6.2023	31.3.2023
Other financial instruments		
Purchased call and put options	170	210
Total financial instruments long	170	210

As at the balance sheet date, no foreign currency hedge or general market risk hedge was in place.

The following gains and losses resulted from derivatives transactions conducted during the reporting period:

Income from financial instruments (CHF 000)	Quarter ended 30.6.2023	Quarter ended 30.6.2022
Gains from currency hedging transactions	0	7 737
Gains from other financial instruments	0	43
Total gains from financial instruments	0	7 780
Losses from other financial instruments	-40	-101
Total losses from financial instruments	-40	-101
Net result from financial instruments	-40	7 679

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.

The total book value as at 30 June 2023, CHF 20.8 million, was carried as other financial assets.

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 30.6.2023	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	9.2	0.0	79.4	2025–2030
Corvidia Therapeutics	6.8	0.0	39.4	2024–2029
Vitaeris	4.3	0.0	80.0	2025–2030
Tandem Life (Cardiac Assist)	0.3	0.0	2.2	2024
Alydia Health	0.2	0.1	1.5	2023–2026
Total	20.8	0.1	202.5	

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 reporting period, HBM Partners was paid CHF 6.1 million (previous year: CHF 7.3 million).

No provision for a performance fee was made during the reporting period (previous year: CHF none) 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 27.8 million (as at 31 March 2023: CHF 29.1 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)	30.6.2023	31.3.2023
Other funds	29 815	33 264
Private companies	25 443	11 678
Total investment commitments	55 258	44 942

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 million 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 million 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 144.7 million (as at 31 March 2023: CHF 142.8 million) with a carrying amount of CHF 149.3 million (as at 31 March 2023: CHF 149.2 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 19 June 2023 approved a cash distribution of CHF 7.50 per share by means of a withholding tax exempt par value

repayment. The cash payment will be made after the expiration of the legal deadlines in the third quarter of calendar year 2023.

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 5410 of its own shares (as at 31 March 2023: 2910) as at the balance sheet date. In the reporting period, 2500 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 2023	2910
Acquired via second trading line under share buy-back programme	2500
End of period 30 June 2023	5410

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 53982 treasury shares (as at 31 March 2023: 36580), acquired via the regular trading line. During the reporting period, the Subsidiary acquired a total of 26538 treasury shares via the regular trading line at an average price of CHF 202.73 per share (previous year: 25149 at CHF 256.47) and sold 9136 treasury shares at an average price of CHF 204.71 (previous year: 23059 at CHF 267.51).

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 30 June 2023:

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 2023/2024:
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

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Küng Art Direction

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DAZ

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