

Half-Year Report

September

2021

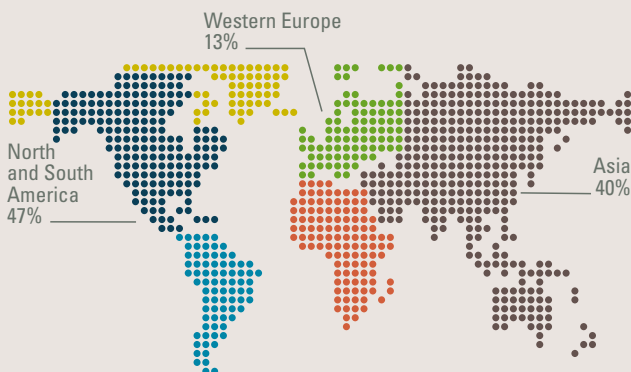
HBM Healthcare
Investments

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 continents³⁾

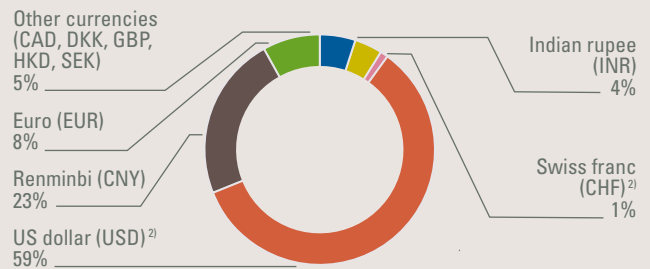
International portfolio focusing on North America.



1) Total consolidated assets as at 30.9.2021: CHF 2574 million.

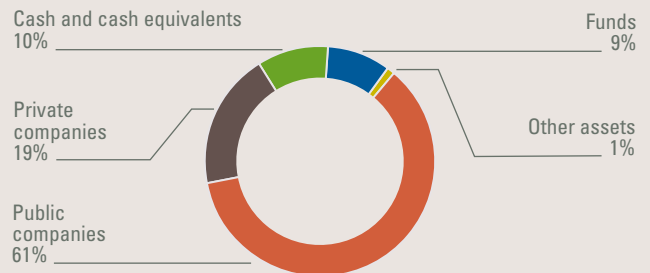
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



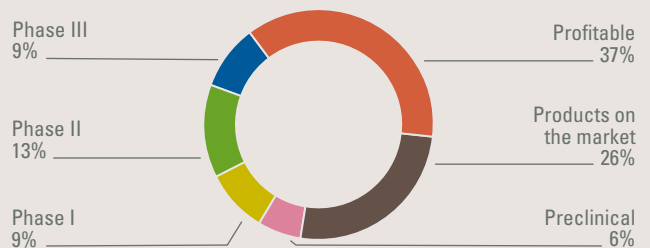
Allocation of assets¹⁾

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



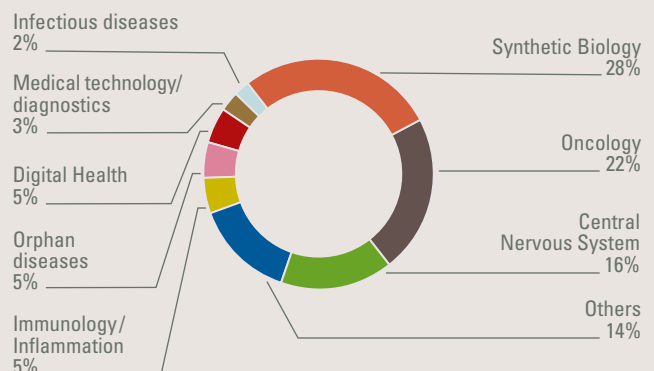
Development phase of portfolio companies³⁾

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 companies³⁾

Broadly diversified areas of activity.



2) Net of foreign currency hedge (USD/CHF): about USD 45 percent and CHF 15 percent respectively.

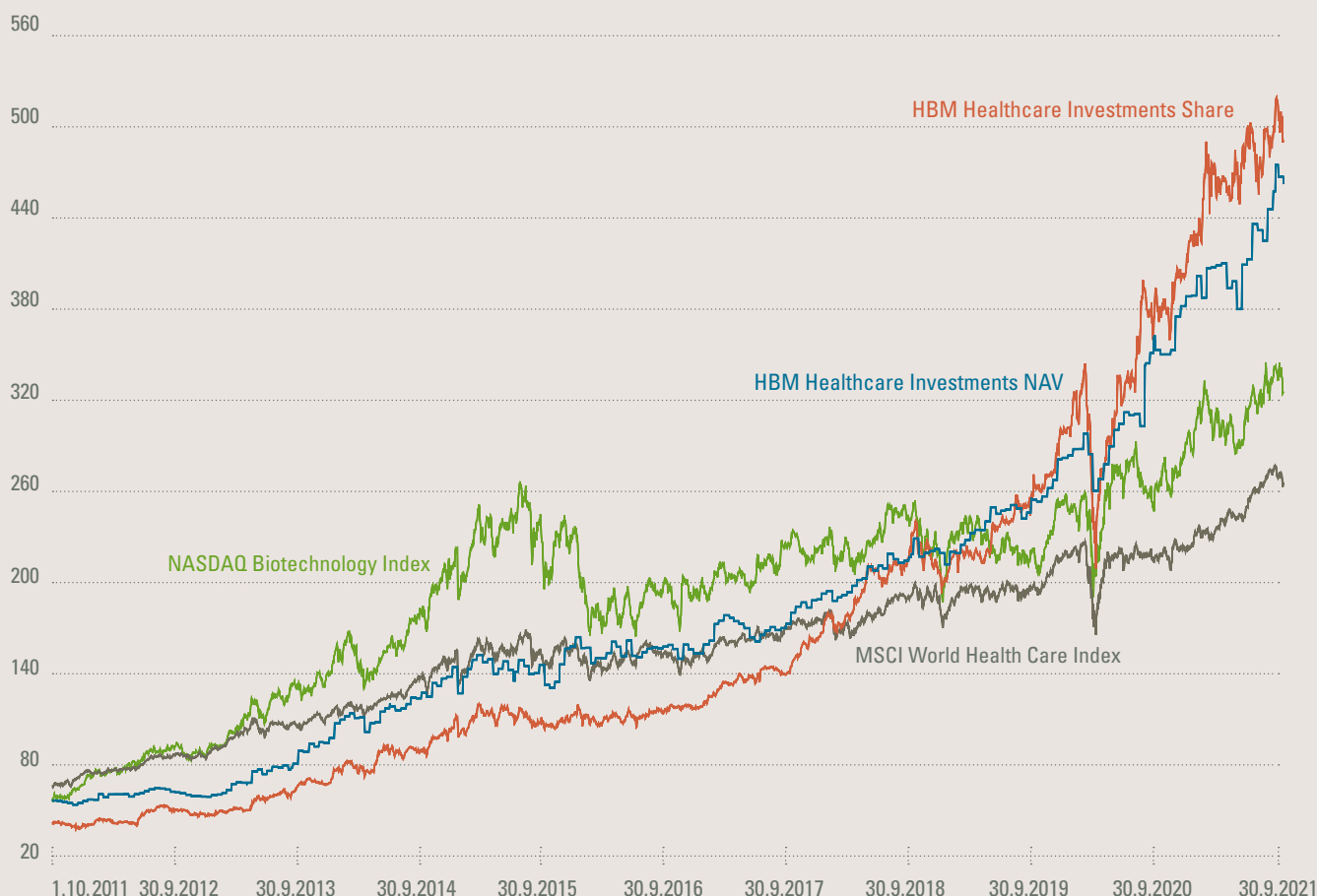
3) Total investments as at 30.9.2021: CHF 2296 million.

Key Figures

		30.9.2021	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Net assets	CHF million	2335.1	2151.5	1448.8	1318.3	1157.9
Investments in private companies and funds		718.2	662.8	706.4	542.1	413.9
Investments in public companies		1577.8	1404.2	629.9	688.2	750.0
Cash and cash equivalents (net of liability from market hedging)		244.5	327.0	224.2	176.2	72.4
Net result for the period	CHF million	270.6	756.3	182.7	209.1	115.9
Basic earnings per share	CHF	38.89	108.71	26.26	30.05	16.55
Net asset value (NAV) per share	CHF	335.64	309.25	208.25	189.48	166.43
Share price	CHF	340.00	332.50	190.00	168.80	144.00
Premium (+) / discount (-)	%	+1.3	+7.5	-8.8	-10.9	-13.5
Distribution per share	CHF		12.50	7.70	7.50	7.00
Distribution yield	%		3.8	4.1	4.4	4.9
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.0
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.0

		2021/2022 (6 months)	2020/2021	2019/2020	2018/2019	2017/2018
Performance (including distributions)						
Net asset value (NAV)	%	12.6	52.2	13.9	18.1	11.1
Registered share HBMN	%	6.0	79.1	17.0	22.1	34.5

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



HBM Healthcare Investments generated a profit of CHF 135 million in the second quarter of the 2021/2022 financial year. The net asset value per share rose by 5.9 percent. Together with the almost identical result of the previous quarter, this translates into a profit of CHF 271 million for the first half of the year. The main drivers were positive changes in the value of private companies and of public companies originating from the portfolio of private companies, respectively. The investment in Cathay Biotech, which is subject to a lock-up period, increased to approximately 23 percent of total assets. Two new investments in private companies complement the portfolio. After profit-taking in public companies, cash and cash equivalents amount to around 10 percent of assets, thus offering scope for new investments and buying opportunities. Currency hedging was reduced to around 25 percent of the US dollar portfolio.

Dear Shareholders

HBM Healthcare Investments closed the second quarter of the 2021/2022 financial year with a profit of CHF 135 million. The net asset value per share (NAV) increased by 5.9 percent during this period.

For the first half of the financial year from 1 April to 30 September 2021, profit amounts to CHF 271 million while NAV increased by 12.6 percent to CHF 335.64. The share price rose 6.0 percent to CHF 340.00.

Main drivers were changes in the value of investments totalling CHF 315 million. The biggest share is accounted for by private companies, including public companies originating from the portfolio of private companies, which recorded a total increase in value of CHF 272 million.

Cathay Biotech achieved a particularly pleasing performance. The share price has doubled since the end of March, bringing the shareholding to around 23 percent of total assets. The company published convincing half-year figures and in mid-year announced the start of production of 1,5-diaminopentane and polyamides at its new plant in Wusu based on the biotechnological manufacturing process developed by Cathay using renewable resources. In addition, the company was included in the index of the fifty most important companies on the STAR Market of the Shanghai Stock Exchange. HBM Healthcare's investment in Cathay will remain subject to a lock-up period for a further two years, which is why the shareholding is valued at a discount of 11.3 percent to the market price. This lock-up discount will be reduced on a straight-line basis over the remaining term of the lock-up period.

Fund investments increased in value by CHF 17 million and also resulted in a net cash inflow of CHF 12 million: Repayments reached CHF 27 million while capital calls amounted to CHF 15 million.

Investments in various public companies resulted in a small profit of CHF 4 million amid a mixed market environment where the large biotech companies clearly outperformed the small- and mid-cap companies (NASDAQ Biotechnology Index +7.1 percent vs. SPDR S&P Biotech ETF -8.3 percent).

Hedging transactions contributed a total profit of over CHF 27 million (CHF 21 million from foreign currency transactions and CHF 6 million from general market hedging). Other assets reduced the result by CHF 5 million. The forward contracts that had expired during the last reporting quarter were only partially renewed, further reducing the level of currency hedging of the US dollar against the Swiss franc to just under 25 percent of the USD exposure.

Two new investments in private companies

The acquisitions of Alydia Health by Organon and of a majority stake in 1mg by Tata Digital, for which the agreements had already been signed in March 2021, were completed in the past quarter. This resulted in a cash inflow of CHF 20 million. These proceeds were invested in two new private companies:

- > An investment commitment of USD 10 million (first tranche of USD 5 million paid in) was made to the US company Odyssey Therapeutics. Odyssey is developing a platform of novel antibodies (V-bodies) for the treatment of cancer and autoimmune diseases.
- > A further USD 10 million (first tranche of USD 2 million paid in) was awarded to the Chinese company C Ray Therapeutics. The company, which was founded last year, is aiming for a leading position in the Chinese healthcare market in the field of nuclear medicine.

In addition, around CHF 11 million were invested in existing portfolio companies as follow-on financing.

Balanced portfolio

The past quarter was used for further profit-taking in public companies. As a result, cash and cash equivalents increased by CHF 51 million to CHF 245 million or around 10 percent of total assets at the end of September. This takes into account the par value repayment of CHF 87 million at the beginning of September. The closing of the acquisition of Trillium by Pfizer, expected in the coming weeks, should increase cash and cash equivalents by a further CHF 30 million.

HBM Healthcare Investments thus has sufficient scope to make further new investments in private companies and to seize opportunities to buy public companies in the event of a correction in valuations on the financial markets.

Of total assets, 61 percent are invested in public companies (of which Cathay Biotech accounts for more than one third), 19 percent in private companies, 9 percent in funds and 1 percent in other assets.

Positive outlook

Various private portfolio companies are operationally very successful and hold considerable value potential. For example, Swixx BioPharma, the leading distribution partner for biotech and pharmaceutical companies in Central and Eastern Europe, expects continued strong revenue and profit growth in the coming years. ConnectRN, a digital placement platform for healthcare personnel in the United States, is benefiting from the prevailing shortage of skilled workers, expanding rapidly and posting high growth rates. Fangzhou, operator of the Chinese healthcare service platform Jianke.com, is also a winner of the digital transformation.

In the portfolio of public companies, important approval decisions by the US Food and Drug Administration (FDA) are due in the coming months for Argenx and Hutchmed China. In addition, a number of other companies are awaiting relevant trial results for various oncology programs, including the three formerly privately held companies BioAtla, ALX Oncology and SpringWorks. For companies such as Cathay Biotech, Harmony Biosciences, Biohaven and Pacira, however, investors are likely to focus primarily on further sales and profit developments.

The portfolio thus remains well balanced in all relevant dimensions (private and public companies, geographic regions, stages of development, areas of activity and therapy, sales vs. clinical development) and continues to be positioned for further value growth.

We would like to thank you, our valued Shareholders, for the trust you have placed in us.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.9.2021	31.3.2021
Assets			
Current assets			
Cash and cash equivalents		4 072	6 033
Receivables		269	17
Total current assets		4 341	6 050
Non-current assets			
Investment in subsidiary	(3)	2 528 420	2 255 830
Total non-current assets		2 528 420	2 255 830
Total assets		2 532 761	2 261 880
Liabilities			
Current liabilities			
Liability to subsidiary		48 000	0
Financial liabilities	(4)	0	49 967
Liability from performance fee		0	8 154
Other liabilities		903	2 471
Total current liabilities		48 903	60 592
Non-current liabilities			
Financial liabilities	(4)	148 787	49 803
Total non-current liabilities		148 787	49 803
Shareholders' equity			
Share capital	(5.1)	203 928	290 928
Treasury shares	(5.2)	-402	-402
Capital reserve	(5.1)	142 173	142 137
Retained earnings		1 989 372	1 718 822
Total shareholders' equity		2 335 071	2 151 485
Total liabilities and shareholders' equity		2 532 761	2 261 880
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		335.64	309.25

Statement of comprehensive income for the period 1 April to 30 September (CHF 000)	Notes	Quarter ended 30.9.2021	Quarter ended 30.9.2020	6-month period ended 30.9.2021	6-month period ended 30.9.2020
Net change in value of investment in subsidiary	(3)	135 640	216 385	272 590	443 265
Result from investment activities		135 640	216 385	272 590	443 265
Personnel expenses		– 190	– 206	– 370	– 436
Other operating expenses		– 157	– 177	– 303	– 288
Result before interest and taxes		135 293	216 002	271 917	442 541
Financial expenses		– 731	– 630	– 1 367	– 1 236
Financial income		0	0	0	0
Income taxes		0	0	0	0
Net result for the period		134 562	215 372	270 550	441 305
Comprehensive result		134 562	215 372	270 550	441 305
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		19.34	30.96	38.89	63.43

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

	6-month period ended 30.9.2021	6-month period ended 30.9.2020
Statement of cash flows for the period 1 April to 30 September (CHF 000)		
Expenses paid (personnel and other operating expenses)	-9 544	-2 654
Net cash flow from operating activities	-9 544	-2 654
Interest paid	-2 356	-2 267
Redemption of financial liabilities	-50 000	0
Issuance of financial liabilities	98 903	0
Loan from subsidiary	48 000	59 000
Par value repayment	-86 964	-53 570
Net cash flow from financing activities	7 583	3 163
Currency translation differences	0	0
Net change in cash and cash equivalents	-1 961	509
Cash and cash equivalents at beginning of period	6 033	6 096
Cash and cash equivalents at end of period	4 072	6 605

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2020	344 520	-402	142 115	962 551	1 448 784
Comprehensive result				441 305	441 305
Par value repayment (10.9.2020)	-53 592		22		-53 570
Balance 30 September 2020	290 928	-402	142 137	1 403 856	1 836 519
Comprehensive result				314 966	314 966
Balance 31 March 2021	290 928	-402	142 137	1 718 822	2 151 485
Comprehensive result				270 550	270 550
Par value repayment (9.9.2021)	-87 000		36		-86 964
Balance 30 September 2021	203 928	-402	142 173	1 989 372	2 335 071

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 2021, 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 2021. 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 2020/2021 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)	30.9.2021	31.3.2021
CAD	0.7348	0.7512
CNY	0.1446	0.1440
DKK	0.1451	0.1488
EUR	1.0789	1.1068
GBP	1.2554	1.3006
HKD	0.1197	0.1214
INR	0.0126	0.0129
SEK	0.1063	0.1081
USD	0.9317	0.9436

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 6-month period:

	6-month period ended 30.9.2021	6-month period ended 30.9.2020
Development fair value investment (CHF 000)		
Fair value at beginning of period	2 255 830	1 546 050
Change in value, gross	272 590	443 265
Fair value at end of period	2 528 420	1 989 315

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

Composition net assets (CHF 000)	Notes	30.9.2021	31.3.2021	30.9.2020
Cash and cash equivalents		240 388	423 135	277 950
Receivables		136	161	221
Loan to parent company		48 000	0	59 000
Investments	(3.1)			
Private companies		496 693	446 199	318 047
Funds		221 481	216 601	158 728
Public companies		1 577 795	1 404 158	1 374 911
Shares of parent company		1 498	2 278	3 460
Financial instruments	(3.2)	0	0	12 639
Other financial assets	(3.3)	31 466	38 279	35 952
Total assets		2 617 457	2 530 811	2 240 908
Financial instruments	(3.2)	-7 674	-128 888	-149 723
Liability from performance fee	(3.4)	-25 012	-120 664	-73 241
Provision for deferred tax on capital gain and other taxes	(3.5)	-55 868	-24 725	-28 202
Other current liabilities		-483	-704	-427
Total net assets at fair value		2 528 420	2 255 830	1 989 315

During the 6-month period, the net assets of the investment in the Subsidiary have developed as follows:

	Notes	6-month period ended 30.9.2021	6-month period ended 30.9.2020
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	324 189	536 207
Change in provision for deferred tax on capital gain and other taxes	(3.5)	-31 143	-11 033
Dividend income		3 351	292
Net result from financial instruments	(3.2)	27 609	8 321
Net result from other financial assets		-8 850	-9 834
Net result from shares of parent company		305	4 641
Result from investing activities		315 461	528 594
Management fee	(3.4)	-17 298	-11 557
Performance fee	(3.4)	-25 012	-73 241
Personnel and other operating expenses		-559	-529
Financial result		-2	-2
Change in value, gross		272 590	443 265
Net change in value of investment		272 590	443 265

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

3.1 Investments

During the 6-month period, the investments held by the Subsidiary comprised the following and they performed as follows:

	Private companies	Funds	Public companies	Total investments
Development of investments (CHF 000)				
Fair value 31 March 2021	446 199	216 601	1 404 158	2 066 958
Reclassification owing to IPO (Ambrx Biopharma)	-18 872		18 872	0
Reclassification owing to IPO (Monte Rosa Therapeutics)	-17 757		17 757	0
Reclassification owing to IPO (Werewolf Therapeutics)	-4 718		4 718	0
Fair value 31 March 2021 (after reclassification)	404 852	216 601	1 445 505	2 066 958
Purchases	59 388	15 280	150 061	224 729
Sales	-21 338	-27 398	-271 171	-319 907
Realised gains	14 329	488	119 821	134 638
Realised losses	-1 344	-1 366	-29 215	-31 925
Changes in unrealised gains/losses	40 806	17 876	162 794	221 476
Net result on investments	53 791	16 998	253 400	324 189
Fair value 30 September 2021	496 693	221 481	1 577 795	2 295 969

Details on investments can be found on pages 13 to 16.

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2021	Changes in reporting period	Amount disbursed 30.9.2021	Fair value 30.9.2021	Ownership 30.9.2021	Fair value 30.9.2021	Fair value 31.3.2021
			IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma	CH	EUR	24.8	5.5	30.3	93.9	26.7	101 335	58 541
Neurelis	US	USD	24.4		24.4	56.2	10.6	52 386	53 055
Valo Health ¹⁾	US	USD	15.0		15.0	29.9	1.3	27 814	14 154
NiKang Therapeutics	US	USD	5.0	15.0	20.0	25.2	5.3	23 522	4 718
Tata 1mg	IN	INR	1 178.6	-207.4	971.2	1 632.7	4.0	20 491	28 002
Fangzhou (Jianke)	CN	USD	19.9		19.9	19.7	6.0	18 384	18 619
Nuance Pharma	CN	USD	14.0		14.0	18.7	3.9	17 397	17 619
Adrenomed	DE	EUR	10.7	1.0	11.7	15.8	10.5	17 079	16 414
Numab Therapeutics	CH	CHF	0.0	17.0	17.0	17.0	6.4	17 000	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.7	16 867	17 346
FarmaLatam	PA	USD	14.8		14.8	17.7	51.1	16 492	16 703
ConnectRN	US	USD	5.9	3.0	8.9	13.0	27.1	12 071	2 279
Sphingotec	DE	EUR	10.5	2.5	13.0	10.7	14.2	11 598	11 621
Genalyte (BaseHealth)	US	USD	7.5		7.5	10.2	3.4	9 520	9 642
River Renal	US	USD	10.0		10.0	10.0	12.5	9 317	9 436
Karius	US	USD	10.0		10.0	10.0	3.9	9 317	9 436
IO Biotech	DK	EUR	8.0		8.0	8.0	6.2	8 631	8 854
Shape Memory Medical	US	USD	8.8		8.8	8.8	16.8	8 199	8 304
Cure Everlife Holdings	MU	USD	5.6	3.3	8.9	8.7	10.1	8 097	5 099
Valcare	IL	USD	5.1	0.3	5.4	8.1	7.5	7 584	7 429
BioShin	CN	USD	8.0		8.0	8.0	4.1	7 454	7 549
Visen Pharmaceuticals	CN	USD	7.5		7.5	7.5	0.6	6 988	7 077
Neuron23	US	USD	7.0		7.0	7.0	2.7	6 522	6 605
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.6	6 522	6 605
eGenesis Bio	US	USD	7.0		7.0	7.0	2.0	6 522	6 605
Mineralys Therapeutics	US	USD	6.7		6.7	6.7	10.7	6 211	6 291
Cardialen	US	USD	5.0	1.5	6.5	6.5	17.8	6 056	4 718
Pyxis Oncology	US	USD	6.0		6.0	6.0	2.2	5 590	5 662
FogPharma	US	USD	1.4	3.6	5.0	5.0	1.9	4 659	1 323
Odyssey Therapeutics	US	USD	0.0	5.0	5.0	5.0	3.6	4 658	0
Fore Biotherapeutics (NovellusDx)	IL	USD	3.3	1.6	4.9	4.9	9.3	4 522	3 088
Dren Bio	US	USD	3.7		3.7	3.7	5.7	3 471	3 515
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 909	2 946
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 795	2 831
Polyneuron Pharmaceuticals	CH	CHF	9.9		9.9	2.5	16.1	2 482	7 445
C Ray Therapeutics	CN	USD	0.0	2.0	2.0	2.0	1.6	1 863	0
Alydia Health ²⁾	US	USD	3.0	-3.0	0.0	0.0	0.0	0	10 534
Others								4 368	4 787
Total private companies								496 693	404 852

1) The merger agreement with Khosla Ventures Acquisition Co. was signed in June 2021. The closing of the transaction is anticipated to occur in the fourth calendar quarter of 2021.

2) The company was acquired in March 2021. The transaction was completed in the third calendar quarter of 2021.

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.9.2021	Cumulative repayments 30.9.2021	Fair value 30.9.2021	Fair value 30.9.2021	Fair value 31.3.2021
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
WuXi Healthcare Ventures II	USD	20.0	0.4	0.1	19.6	2.1	51.5	48 006	34 092
HBM Genomics	USD	23.9	1.5		23.9	0.0	47.0	43 796	46 168
6 Dimensions Capital	USD	25.0	1.3	17.9	25.0	20.9	38.6	35 970	43 713
MedFocus Fund II	USD	26.0			26.0	25.0	23.8	22 150	22 829
HBM BioCapital II ¹⁾	EUR	42.0	0.6	7.0	45.6	20.2	14.0	15 063	21 417
C-Bridge Healthcare Fund IV	USD	10.0	2.5		9.7	0.2	14.1	13 179	9 274
120 Capital	USD	25.0	7.5		7.5	0.0	7.2	6 687	0
Galen Partners V	USD	10.0			10.4	8.8	6.8	6 327	7 291
Hatteras Venture Partners III	USD	10.0		0.9	10.2	2.9	6.6	6 189	5 986
Tata Capital HBM Fund I	USD	10.0			9.8	6.9	5.6	5 212	5 534
LYZZ Capital Fund II	USD	15.0			4.6	0.0	4.4	4 146	4 411
BioMedInvest II	CHF	10.0		0.5	10.0	3.9	3.6	3 580	4 840
BioVeda China IV	USD	5.0			4.0	0.5	3.7	3 465	3 316
Tata Capital Healthcare Fund II	USD	20.0	1.4	0.4	4.5	0.4	3.0	2 762	2 150
BioMedInvest I	CHF	26.0		0.5	26.0	27.6	1.6	1 589	2 184
Nordic Biotech	DKK	31.0			31.0	221.7	10.9	1 588	1 241
C-Bridge Healthcare Fund V	USD	15.0	0.1	0.5	1.5	0.5	0.9	866	1 333
HBM Genomics II	USD	15.0	0.3		0.3	0.0	0.1	91	0
Others								811	822
Total funds								221 481	216 601

1) The fair value of EUR 14.0 million takes into account the fund's cumulative management fees of EUR 6.2 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	31.3.2021	6 months	3 months	30.9.2021	30.9.2021	30.9.2021	30.9.2021	31.3.2021
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Companies originating from private companies' portfolio									
Cathay Biotech ¹⁾	CNY	29 610 798	0	0	29 610 798	138.41	7.1	592 476	292 323
Harmony Biosciences	USD	4 641 779	0	0	4 641 779	38.33	8.1	165 767	144 715
Y-mAbs Therapeutics	USD	1 972 751	-95 257	-95 257	1 877 494	28.54	4.3	49 924	56 291
BioAtla	USD	1 715 869	-285 173	-247 373	1 430 696	29.44	4.4	39 243	82 315
ALX Oncology	USD	937 998	-372 347	-401 626	565 651	73.86	1.4	38 925	65 267
Monte Rosa Therapeutics ²⁾	USD	1 798 516	0	-344 700	1 798 516	22.28	3.9	37 334	17 757
SpringWorks Therapeutics	USD	626 043	-42 096	-59 199	583 947	63.44	1.2	34 515	43 460
Instil Bio	USD	2 192 908	-159 007	-154 214	2 033 901	17.88	1.6	33 873	51 896
Ambrx Biopharma ²⁾	USD	1 736 389	671 692	-128 308	2 408 081	13.50	6.2	30 289	18 872
Pacira BioSciences	USD	451 324	0	0	451 324	56.00	1.0	23 548	29 849
Arcutis	USD	940 424	17 150	0	957 574	23.89	1.9	21 314	25 672
Connect Biopharma	USD	1 212 302	-300 000	-300 000	912 302	24.23	1.6	20 595	21 163
Turning Point Therapeutics	USD	285 664	0	0	285 664	66.43	0.6	17 681	25 497
Longboard Pharmaceuticals	USD	1 880 000	0	0	1 880 000	8.85	11.1	15 502	29 058
Werewolf Therapeutics ²⁾	USD	625 995	0	0	625 995	17.16	2.3	10 008	4 718
Everest Medicines	HKD	1 111 111	0	0	1 111 111	49.20	0.4	6 541	9 919
Total companies originating from private companies' portfolio								1 137 535	918 772
Various companies									
Biohaven Pharmaceuticals	USD	507 523	-99 196	-99 196	408 327	138.91	0.6	52 847	32 733
Trillium Therapeutics	USD	687 369	1 208 067	1 895 436	1 895 436	17.56	1.8	31 011	6 966
Zymeworks	USD	964 535	28 674	-8 283	993 209	29.04	2.1	26 873	28 742
Hutchmed China	HKD	0	3 890 000	0	3 890 000	57.00	0.5	26 532	0
Laurus Labs	INR	3 669 033	-695 899	-216 443	2 973 134	616.45	0.6	23 002	17 142
Argenx (ADR)	USD	90 000	-15 000	-15 000	75 000	302.00	0.2	21 103	23 387
Argenx	EUR	90 000	-15 000	-15 000	75 000	259.50	0.2	20 998	23 350
Zogenix	USD	1 341 857	0	0	1 341 857	15.19	2.4	18 991	24 716
Beigene	HKD	700 000	0	0	700 000	221.00	0.1	18 511	17 095
Iovance	USD	163 433	539 919	0	703 352	24.66	0.5	16 160	4 882
BioInvent	SEK	3 630 840	100 000	100 000	3 730 840	36.68	6.4	14 552	18 523
Dicerna Pharmaceuticals	USD	522 200	0	0	522 200	20.16	0.7	9 809	12 600
Solara Active	INR	486 777	-5 302	0	481 475	1 599.60	1.3	9 666	8 753
Rocket Pharmaceuticals	USD	177 461	162 780	47 663	340 241	29.89	0.5	9 475	7 430
Dishman Carbogen	INR	2 543 633	1 222 003	1 222 003	3 765 636	200.00	2.4	9 452	3 578

Continued on page 16

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 155.95 as at 30.9.2021 was adjusted by a discount of 11.25 percent to CNY 138.41.

2) The companies went public on U.S. NASDAQ during the 6-month period. The investments were listed under private companies in previous reports.

Public companies	Invest- ment currency	Balance 31.3.2021	Changes 6 months	Changes 3 months	Balance 30.9.2021	Share price 30.9.2021	Ownership 30.9.2021	Fair value 30.9.2021	Fair value 31.3.2021
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Various companies									
Nicox	EUR	2 619 102	0	0	2 619 102	3.15	7.1	8 901	12 349
Chinook Therapeutics	USD	448 111	297 991	6 246	746 102	12.76	1.7	8 870	6 571
Index Pharmaceuticals	SEK	52 916 667	0	0	52 916 667	1.41	9.9	7 956	9 769
Aurobindo Pharma	INR	220 000	600 245	385 640	820 245	724.80	0.1	7 461	2 502
Jubilant Pharmova	INR	795 163	0	0	795 163	623.65	0.5	6 224	6 990
Guangzhou Baiyunshan	HKD	2 609 000	0	0	2 609 000	19.74	0.2	6 163	5 972
Affimed	USD	0	1 059 597	399 218	1 059 597	6.18	0.9	6 101	0
Esperion Therapeutics	USD	534 014	0	0	534 014	12.05	1.9	5 995	14 134
Omeros	USD	308 448	154 107	0	462 555	13.79	0.7	5 943	5 181
Vicore Pharma	SEK	2 850 000	-97 080	-97 080	2 752 920	20.25	3.8	5 928	8 163
Xenon Pharmaceuticals	USD	849 289	-472 876	-472 876	376 413	15.28	0.9	5 359	14 345
Harbour BioMed	HKD	6 262 000	0	0	6 262 000	6.70	0.8	5 020	6 780
Insmed	USD	0	195 195	175 195	195 195	27.54	0.2	5 009	0
Others								46 348	204 080
Total various companies								440 260	526 733
Total public companies								1 577 795	1 445 505
Total investments								2 295 969	2 066 958

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)	30.9.2021	31.3.2021
Total financial instruments long	0	0
Currency hedging		
Forward contracts for currency hedging purposes	7 674	26 682
Market hedging		
Sale of ETFs	0	102 206
Total financial instruments short	7 674	128 888

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 0.4 billion. The market value of the liability to this hedging position amounted to CHF 7.7 million as at the balance sheet date.

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

Income from financial instruments (CHF 000)	6-month period ended 30.9.2021	6-month period ended 30.9.2020
Gains from currency hedging transactions	23 503	24 093
Gains from market hedging transactions	6 487	0
Gains from other financial instruments	0	1 342
Total gains from financial instruments	29 990	25 435
Losses from currency hedging transactions	-2 381	-1 072
Losses from market hedging transactions	0	-14 270
Losses from other financial instruments	0	-1 772
Total losses from financial instruments	-2 381	-17 114
Net result from financial instruments	27 609	8 321

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 30 September 2021, CHF 31.5 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 0.6 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:

Balance sheet value and potential cash flows (CHF million)	Book value 30.9.2021	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbius (Formation Biologics)	14.4	2.2	84.4	2021 – 2028
Corvidia Therapeutics	8.5	2.2	43.2	2021 – 2029
Vitaeris	4.5	0.0	83.2	2024
TandemLife (Cardiac Assist)	3.8	3.0	5.3	2021
Nereus ¹⁾	0.6	0.0	20.8	2021 – 2025
Alydia Health	0.3	0.1	1.7	2022 – 2026
Tripex (former Mpex) ²⁾	0.0	0.0	8.2	from 2021 onward
Total	32.1	7.5	246.8	

1) The valuation is based on claims from the former asset sale to Triphase Accelerator and on the share price of BeyondSpring and as a result depends on the share price development.

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

3.4 Management fee and performance fee

The 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 17.3 million (previous year: CHF 11.6 million).

A provision for a performance fee of CHF 25.0 million was made during the reporting period

(previous year: CHF 73.2 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 315.27 (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 55.9 million (as at 31 March 2021: CHF 24.7 million) has been made for any tax on capital gain and other taxes owed in China that may arise on the sale of the investment in Cathay Biotech. The tax on capital gain is calculated on the difference between the relevant tax base and the disclosed fair value. In addition, a sales tax may arise, which is calculated on the difference between the potential selling price and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

3.6 Off-balance-sheet commitments

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

Investment commitments (CHF 000)	30.9.2021	31.3.2021
HBM BioCapital I+II	253	260
Other funds	68 759	68 209
Private companies	80 348	52 263
Total investment commitments	149 360	120 732

4. Financial liabilities

The following financial liabilities were outstanding as at the balance sheet date: two straight bonds with a par value of CHF 50 and CHF 100 million, coupons of 2.5 and 1.125 percent, and maturing on 10 July 2023 and 12 July 2027 respectively; to be redeemed at 100 percent of par value.

The bonds could become due for early repayment, if the outstanding investment commitments to funds exceed the amount of CHF 100 or CHF 200 million, respectively or the fair value of all investments in public portfolio companies plus cash and cash equivalents is less than two and a half times the amount of the interest-bearing financial liabilities.

The bonds are carried at amortised cost, subject to the effective interest method. The difference between the net proceeds 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 applied are 2.67 and 1.32 percent, respectively.

The fair value of the two bonds amounts to CHF 153.0 million (as at 31 March 2021: CHF 102.3 million) with a carrying amount of CHF 148.8 million (as at 31 March 2021: CHF 99.8 million). The bonds are recognised under non-current liabilities.

On 10 July 2021, a bond with a par value of CHF 50 million became due for repayment and was refinanced with the newly issued bond with a 6-year term and a par value of CHF 100 million.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 203.93 million, divided into 6960000 registered shares at a par value of CHF 29.30 each.

The Shareholders' Meeting of 18 June 2021 approved a cash distribution of CHF 12.50 per share by means of a withholding tax-exempt par value repayment. The cash payment was made on 9 September 2021 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 2021: 2910) as at the balance sheet date. In the reporting period, none of the Company's own shares were acquired or sold (previous year: none).

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 4405 treasury shares (as at 31 March 2021: 6854), acquired via the regular trading line. During the 6-month period, the Subsidiary acquired a total of 30553 treasury shares via the regular trading line at an average price of CHF 338.69 per share (previous year: 102242 at CHF 238.89) and sold 33002 treasury shares at an average price of CHF 346.18 (previous year: 187789 at CHF 235.53).

Holdings from second trading line (number of own shares)

Beginning of period 1 April 2021	2910
Acquired via second trading line under share buy-back programme	0
End of period 30 September 2021	2910

hbmhealthcare.com
Company website

 **@HbmHealthcare**
Follow us on Twitter

CH 0012627250
ISIN

HBMIN

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 September 2021:

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 the 2021/2022 financial year:
NAV of CHF 315.27

Board of Directors and Management

Hans Peter Hasler, Chairman

Mario G. Giuliani, Member

Dr Elaine V. Jones, Member

Dr Rudolf Lanz, Member

Dr Stella X. Xu, Member

Dr Benedikt Suter, Secretary

Dr Andreas Wicki, Chief Executive Officer

Erwin Troxler, Chief Financial Officer

Investment Advisor

HBM Partners Ltd, Zug www.hbmpartners.com

Credits

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout Bader + Niederöst AG

Copyright © 2021 HBM Healthcare Investments Ltd

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

