

A microscopic view of a tissue section, showing a dense field of cells with various colors including yellow, green, blue, and red. The cells are arranged in a somewhat regular pattern, with some larger cells and many smaller ones. The overall appearance is that of a highly cellular tissue, possibly a tumor or a specific type of epithelium.

ANNUAL REPORT 2023/2024 SHORT REPORT

HBM Healthcare
Investments

About HBM Healthcare Investments

HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and 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).



342°

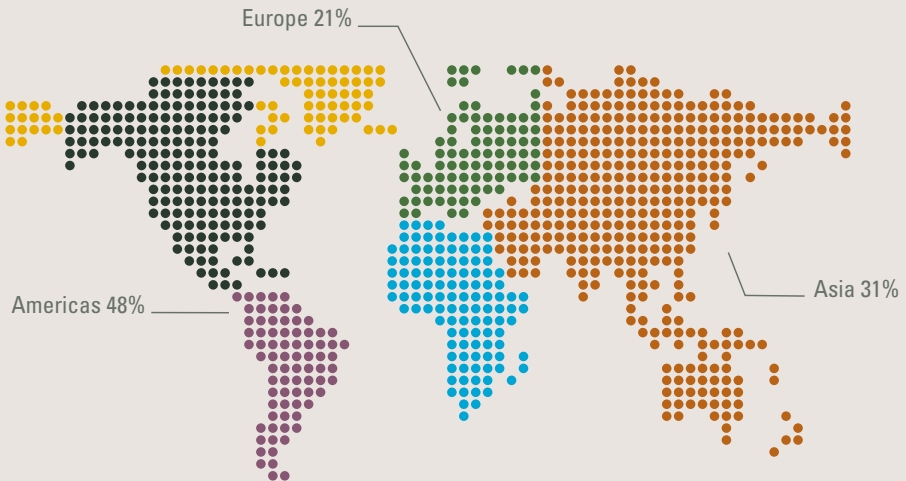
Chameleons have a horizontal field of vision of up to 342 degrees. But these lizards are best known for their ability to change colour, making some masters of camouflage. In the human body, we also find amazing examples of mimicry, such as tumours masquerading as healthy cells. Understanding these mechanisms is often a promising starting point for drug development.

Chameleons can move each eye independently and can see up to a thousand metres. Their tongue is sometimes longer than the entire animal and can move at split-second speeds. But chameleons are most famous for their ability to change colour. This effect is caused by the arrangement of nanocrystals in the lizards' skin. The bright colours are used for communication between conspecifics. Their ability to perfectly mimic their surroundings also makes some species masters of camouflage. Camouflage and mimicry also occur in the human body: mutations in viruses fool the immune system; cancer cells mimic the surface of a healthy cell to evade the immune response. Research into these mechanisms often provides targets for the development of new drugs and therapies. Promising examples – for example in immunotherapy – can also be found among the companies in the HBM Healthcare Investments portfolio.

Global portfolio

Investments by regions¹⁾

Global portfolio with focus on North America.



1) Total investments as at 31.3.2024:
CHF 1 578 million.

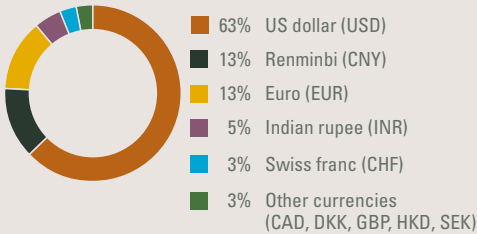
HBM Healthcare Investments holds a well-balanced global portfolio. Geographical focus is on the world's leading research and development hubs of the

healthcare industry in the United States (East and West Coast), Western Europe and Asia (China and India).

At a glance

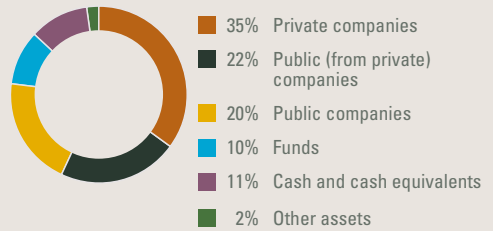
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



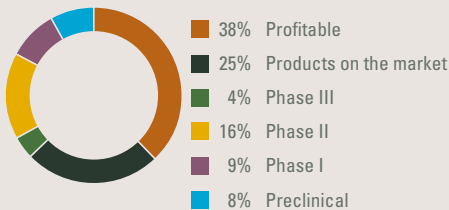
Allocation of assets¹⁾

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



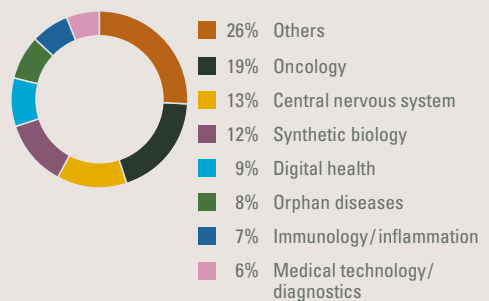
Development phase of portfolio companies²⁾

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



Therapeutic area of the lead product of portfolio companies²⁾

Broadly diversified areas of activity.



1) Total consolidated assets as at 31.3.2024: CHF 1 823 million.

2) Total investments as at 31.3.2024: CHF 1 578 million.

Letter from the Chairman of the Board of Directors and the Management

HBM Healthcare Investments almost broke even in the 2023/2024 financial year with a slight loss of CHF 1 million. By contrast, the net asset value per share (NAV), including distribution, rose by 0.3 percent. The portfolio of public companies made a positive contribution to earnings – not least thanks to five acquisitions – while the performance of private companies and funds declined overall. Currency effects reduced the annual result by a total of around 2.5 percent despite the positive development in the final quarter. The market environment was mixed: while the biotech sector in the United States and to some extent in Europe recovered, the markets in China continued to decline. Only India remained consistently strong. The private portfolio was supplemented by two new investments. In addition, a distribution to shareholders similar to the previous year will be proposed and the share buy-backs will be continued. Given the fundamentally positive performance of the biotech sector and many portfolio companies, HBM Healthcare is confident about the future.

Dear Shareholders

As expected, the market environment for our portfolio companies was challenging and uneven in the reporting year. While the biotechnology sector in the USA and to some extent in Europe recovered, the markets in China continued to decline. India, on the other hand, was in consistently strong shape.

The US biotechnology sector recovered from the lows of the previous year and rose in local currency by 8.3 percent (Nasdaq Biotechnology Index) and 24.5 percent (SPDR S&P Biotech ETF) in a volatile environment. However, the development was by no means linear and was strongly influenced by market participants' assessments of inflation and interest rate trends in the United States. The increase in takeover activity in the second half of 2023 had a supporting effect. Most of our public investments in the United States benefited from the overall positive development.

In China, on the other hand, the market environment remained difficult. This was against the backdrop of a weakening economy, a crisis-ridden property sector and increasing tensions between the major powers. The Shanghai Shenzhen CSI 300 Index, which includes our investment Cathay Biotech, lost 10.9 percent in the reporting year.

One bright spot was the Indian healthcare market, which remained consistently strong. The relevant BSE Healthcare Index rose by 61.3 percent, which benefited our Indian stocks too.

The performance of our private equity portfolio was also mixed. Many of our companies are performing well and offer significant value potential for the future. At the same time, we have had to take some painful write-downs on some investments. Overall, however, we continue to assess the quality and value potential of our private equity portfolio as very good.



Volatility of investment currencies

Our investment currencies were subject to strong exchange rate fluctuations in the reporting year. The Swiss National Bank's unexpectedly early interest rate cut towards the end of the first quarter of 2024 corrected the strong appreciation of the Swiss franc somewhat. Nevertheless, all investment currencies lost ground against the Swiss franc in the reporting year (US dollar –1.5 percent, Chinese yuan –6.3 percent, euro –2.0 percent and Indian rupee –3.0 percent). Overall, the currency effects weighed on our performance by around 2.5 percent.

Balanced annual result

In this challenging market environment, HBM Healthcare Investments achieved a balanced annual result in the 2023/2024 financial year, with a slight loss of CHF 1 million. Net asset value per share (NAV) rose by 0.3 percent, as the number of shares outstanding was reduced by share buy-backs.

The following investments contributed the most to the NAV development:

Winner	NAV %	Loser	NAV %
Y-mAbs Therapeutics	1.9	Cathay Biotech	–5.6
Biohaven	1.2	Farmalatam (private)	–1.5
Longboard Pharmaceuticals	1.1	ConnectRN (private)	–1.4
ImmunoGen	1.1	Travere	–0.5
Cytokinetics	0.8	Mineralys Therapeutics	–0.5

The portfolio of **public companies** made the largest positive contribution to earnings with a total increase in value of CHF 69 million or 3.9 percent. This was despite negative currency effects totalling CHF –32 million.

The public companies originating from the private portfolio depressed the result by a total of CHF –44 million despite the positive contributions from Y-mAbs Therapeutics (CHF 33 million), Longboard Pharmaceuticals (CHF 19 million) and Ambrx Pharmaceuticals (CHF 10 million), the latter due to the acquisition by Johnson & Johnson for USD 2 billion.

"The financing environment and M&A activity in the healthcare sector are becoming increasingly favourable."

Hans Peter Hasler

Chairman of the Board of Directors

Cathay Biotech's share price fell by 28 percent in a persistently difficult market environment in China, resulting in a book loss on our investment of CHF –98 million. The company's key operating metrics weakened in 2023 compared to the previous year, but rebounded significantly in the first quarter of 2024. In addition, the implementation of the strategic partnership with the China Merchants Group is progressing more slowly than planned. As a leader in the field of synthetic biology, Cathay's positioning for the future remains excellent.

Other companies reduced the result by CHF –8 million.

The investments in the portfolio of other public companies, which were built up directly on the market, contributed a total of CHF 113 million to the annual result. Four acquisitions – ImmunoGen, CymaBay, Chinook Therapeutics and Prometheus Biosciences – took centre stage, contributing CHF 39 million to the result. Biohaven (CHF 21 million), Cytokinetics (CHF 15 million), Merus (CHF 14 million) and various Indian companies (totalling CHF 24 million) also developed positively.

The **private companies** recorded a net reduction in value of CHF –60 million (of which CHF –10 million was due to unfavourable currency developments), which corresponds to a negative contribution to earnings of 3.4 percent.

Upstream Bio (CHF 12 million) and Swixx BioPharma (CHF 11 million) were revalued upwards. At Upstream, a financing round with new investors led to a higher valuation, while at Swixx, the positive development of operating profit and net liquidity was the main driver.

Major impairments were necessary at Farmalatam (CHF –26 million) and ConnectRN (CHF –24 million). At Farmalatam, a digital health platform in Latin America, previous efforts to finance growth were not successful. The company therefore had to undergo a comprehensive restructuring. ConnectRN, a platform for the placement of nursing staff in the United States, recorded declining sales after strong growth in the pandemic years, which also necessitated adjustments to the company's cost structure. Our valuation was reduced in view of a necessary financing round this year. However, we assume that the operating business will stabilise this year and grow again.

"We continue to assess the quality and value potential of our portfolio as very good."

Dr Andreas Wicki
Chief Executive Officer

Value adjustments totalling CHF –33 million were made to thirteen other private companies due to financing rounds or disappointing operating performance.

The funds' portfolio reported an impairment loss of CHF –10 million (of which CHF –2 million was due to currency movements).

Other assets and liabilities made a positive contribution to earnings totalling CHF 24 million. In addition to the reversal of the provision for capital gains tax in China totalling CHF 10 million, the revaluation of receivables from previous company sales contributed CHF 12 million.

Administrative expenses fell to CHF 26 million in the reporting year. The financial result showed income of CHF 2 million net.

Private equity portfolio selectively expanded

The private portfolio was selectively expanded with two new investments in the reporting year. An investment of USD 5 million was committed to the US company Alumis, of which USD 2.5 million has already been paid in. Alumis is developing oral therapies for the treatment of immune disorders. Its lead candidate, ESK-001, is a highly selective and potentially best-in-class allosteric TYK2 inhibitor currently being tested for the treatment of patients with moderate to severe plaque psoriasis, systemic lupus erythematosus (SLE) and non-infectious uveitis.

HBM Healthcare also invested USD 4 million in ADARx Pharmaceuticals, based in San Diego. The company is developing a promising siRNA platform. The most advanced programme, ADX-324 for the treatment of hereditary angioedema (HAE), is in phase I of clinical development. HAE is a rare genetic disease that causes painful and life-threatening attacks of swelling.

A further CHF 29 million was invested in existing private companies as part of follow-up financing.



Par value repayment of CHF 7.50 per share

As in the previous year, the Board of Directors will propose to the Annual General Meeting an unchanged par value repayment of CHF 7.50 per share. This corresponds to a yield of 3.9 percent on the share price at the end of March 2024.

Share buy-back programme

As part of the current share buy-back programme approved by the Annual General Meeting in June 2022, around 89 000 treasury shares totalling CHF 15.6 million were acquired via the second trading line in the reporting year. This corresponds to 1.3 percent of the outstanding shares.

Outlook

The macroeconomic and geopolitical environment is likely to remain challenging. With a carefully constructed portfolio of private and public companies and a liquidity of 11 percent of total assets, HBM Healthcare Investments is well positioned to take advantage of any opportunities that arise. It remains crucial not to lose sight of the fundamentally favourable development of the sector and of our portfolio companies. There are many good reasons to look to the future with confidence:

- > The innovative strength of companies remains high. New technologies are enabling ever more precise therapeutic approaches and are leading to a growing number of clinical development programmes and investment opportunities.
- > The overall financing environment is proving to be robust, albeit very selective. Financing volumes for both private and public companies have stabilised at high levels. There is a full pipeline of private companies ready to go public. An easing of interest rates suggests that the financing environment will continue to improve. In addition, the window of opportunity for IPOs should gradually open.
- > M&A activity in the healthcare sector was at a high level in 2023. In the coming years, the major pharmaceutical and biotech companies will continue to lose tens of billions in sales due to patent expirations that need to be replaced. Given the financial strength of the companies involved, we expect takeover activity in the sector to remain high.



With regard to our portfolio of public companies, the following study results will be published over the next twelve months:

- > Y-mAbs Therapeutics: First clinical data to validate the GD2-SADA platform, which could open up a broad spectrum of radioimmunotherapies for the treatment of various types of cancer.
- > Mineralys Therapeutics: Data from the first of two ongoing pivotal studies on the safety and efficacy of lorundrostat as add-on therapy in patients with uncontrolled and resistant hypertension.
- > ArriVent Biopharma: Proof-of-concept data for rare EGFR mutations (PACC) in patients with non-small cell lung cancer that could significantly expand the addressable market for its lead development candidate furmonertinib.
- > Merus: Further data for zenocutuzumab (lung and pancreatic cancer with NRG1+ mutations), which should enable the submission of a marketing authorisation application. In addition, initial clinical data for petosemtamab in combination with Keytruda as first-line therapy for head and neck tumours.
- > Biohaven: Two phase III studies for troriluzole (obsessive-compulsive disorder) and taldefgrobep (spinal muscular atrophy) as well as initial clinical data for BHV-1300 to lower immunoglobulin G levels, a promising approach for the treatment of various autoimmune diseases.

For Cathay Biotech, we expect that progress in operating results through the implementation of the strategic co-operation with China Merchants Group and other projects will lead to a recovery of the stock market valuation.

As far as private companies are concerned, most commercial companies will continue to grow and thus create added value for their shareholders. Swixx BioPharma is expected to exceed the EUR 1 billion revenue threshold for the first time in 2024, ten years after its foundation. Fangzhou (Jianke) is still aiming for an IPO in Hong Kong and has finalised the relevant preparations. Neurelis, SAI Life Sciences, Tata 1mg and Cure Everlife are also so far advanced in their operational development that they may seek a sale or IPO in the future.

"We strive to balance new investments and returns to shareholders."

Erwin Troxler
Chief Financial Officer

Other private companies such as Upstream Bio, NiKang Therapeutics, Numab Therapeutics, Dren Bio or Odyssey Therapeutics are also pushing ahead with their product candidates, some of which are still at an early stage of clinical development but have the potential to become future blockbusters.

We continue to believe that many of our portfolio companies will create significant added value for our shareholders. HBM Healthcare Investments therefore seeks to maintain a balance between new investments and returns to shareholders in the form of cash distributions and share buy-backs.

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



Hans Peter Hasler
Chairman of the Board of
Directors



Dr. Andreas Wicki
Chief Executive Officer



Erwin Troxler
Chief Financial Officer

Balance sheet including translation

Balance sheet (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 31.3.2024 (unaudited)
Assets		
Current assets		
Cash and cash equivalents		203 414
Receivables		89
Financial instruments	(3.2)	1 836
Total current assets		205 339
Non-current assets		
Investments	(3.1)	1 578 161
Other financial assets	(3.3)	29 055
Investment in subsidiary		0
Total non-current assets		1 607 216
Total assets		1 812 555
Liabilities		
Current liabilities		
Other liabilities		3 709
Total current liabilities		3 709
Non-current liabilities		
Provision and liability for deferred tax on capital gain and other taxes	(3.5)	16 267
Financial liabilities	(4)	99 389
Total non-current liabilities		115 656
Shareholders' equity		
Share capital		84 216
Treasury shares		-26 461
Capital reserve		156 139
Retained earnings		1 479 296
Total shareholders' equity		1 693 190
Total liabilities and shareholders' equity		1 812 555
Number of outstanding shares (in 000)		6 813
Net asset value (NAV) per share (CHF)		248.54

IFRS Group Financial Statements
31.3.2024
(audited)

Translation³⁾

-193 187	10 227
-29	60
-1 836	0
-195 052	10 287

-1 578 161	0
-29 055	0
1 796 281	1 796 281
189 065	1 796 281
-5 987	1 806 568

-395	3 314
-395	3 314

-16 267	0
0	99 389
-16 267	99 389

0	84 216
10 470	-15 991
-13 889	142 250
14 094	1 493 390
10 675	1 703 865
-5 987	1 806 568

55	6 868
	248.10

IFRS = International Financial Reporting Standards

- 1) Details on the individual items can be found in the notes to the audited IFRS Group Financial Statements of the annual report.
- 2) Consolidated financials of the HBM Healthcare Group with full consolidation of the subsidiary HBM Healthcare Investments (Cayman) Ltd., Cayman Islands, and its subsidiary HBM Private Equity India Ltd, Republic of Mauritius.
- 3) Reconciliation to the audited IFRS Group Financial Statements. Based on IFRS 10, the subsidiary is not consolidated, but is valued individually at fair value through profit and loss. The differences in equity and net profit for the year result from the shares of the parent company held by the subsidiary. In the consolidated financial statements, these are deducted from equity at their acquisition cost. In the IFRS Group Financial Statements, they are valued at fair value through profit and loss by the subsidiary.

Statement of comprehensive income and equity including translation

Statement of comprehensive income for the financial year ended 31 March (CHF 000)	Notes to IFRS Group Financial Statements ¹⁾	Consolidated Financials ²⁾ 2023/2024 (unaudited)
Net result on investments	(3.1)	– 751
Change in provision and liability for deferred tax on capital gain and other taxes		9 634
Dividend income		1 531
Net result from financial instruments	(3.2)	1 626
Net result from other financial assets		11 749
Dividend income from investment in subsidiary		0
Net change in value of investment in subsidiary		0
Result from investment activities		23 789
Management fee	(3.4)	–22 719
Personnel expenses	(6)	–2 414
Other operating expenses		–1 230
Result before interest and taxes		–2 574
Financial expenses		–1 697
Financial income		3 784
Income taxes		0
Net result for the year		–487
Comprehensive result		–487
Number of outstanding shares, time-weighted (in 000)		6 875
Basic earnings per share (CHF)		–0.07

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings
Balance as at 31 March 2023	136 416	–8 719	157 380	1 479 783
Comprehensive result				–487
Purchase of treasury shares		–34 398		
Sale of treasury shares		16 656	–1 711	
Par value repayment (7.8.2023)	–52 200		470	
Balance as at 31 March 2024	84 216	–26 461	156 139	1 479 296

IFRS Group Financial Statements
2023/2024
(audited)

Translation ³⁾		
751		0
-9 634		0
-1 531		0
-1 626		0
-11 749		0
125 000		125 000
-122 018		-122 018
-20 807		2 982
22 719		0
810		-1 604
372		-858
3 094		520
0		-1 697
-3 690		94
0		0
-596		-1 083
-596		-1 083
57		6 932
		-0.16
Total consolidated shareholders' equity²⁾ (unaudited)	Translation³⁾	Total shareholders' equity IFRS (audited)
1 764 860	7 828	1 772 688
-487	-596	-1 083
-34 398	18 809	-15 589
14 945	-14 945	0
-51 730	-421	-52 151
1 693 190	10 675	1 703 865

For the footnotes, see previous page.



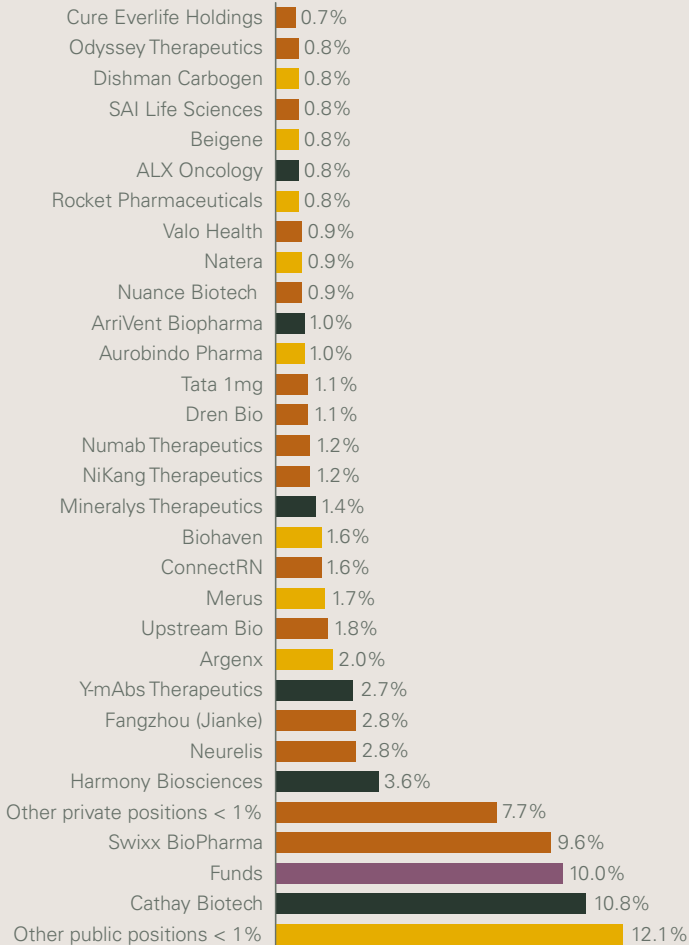
The full Annual Report 2023/2024 can be found on:
www.hbmhealthcare.com/en/investors/financial-reports

Portfolio

Investment allocation (in % consolidated assets)



Largest investments (in % consolidated assets)



Selected investments

Y-mAbs Therapeutics

CHF 48 million

Major medical benefit against cancers of the nervous system

Upstream Bio

CHF 33 million

Novel antibody therapeutic
against uncontrolled
severe asthma

CHF 30 million

Merus

Promising pipeline in targeted oncology

Biohaven

CHF 28 million

Broad range with focus on immunology
and central nervous system

Mineralys Therapeutics

CHF 26 million

Potentially effective treatment of resistant hypertension

CHF 15 million

Rocket Pharmaceuticals

Gene therapy candidates with potential

Dren Bio

CHF 20 million

Antibody therapies based
on novel targets

ALX Oncology

CHF 15 million

Novel checkpoint inhibitor in immuno-oncology

Key figures

Key figures		31.3.2024	31.3.2023
Net assets	CHF million	1703.9	1772.7
Investments in private companies and funds		809.4	846.1
Investments in public companies		768.8	847.0
Cash and cash equivalents			
Net result for the year	CHF million	-1.1	-146.3
Basic earnings per share	CHF	-0.16	-21.03
Net asset value (NAV) per share	CHF	248.10	254.80
Share price	CHF	193.60	214.00
Premium (+) / discount (-)	%	-22.0	-16.0
Distribution per share	CHF	7.50 ¹⁾	7.50
Distribution yield	%	3.9	3.5
Shares issued	Registered shares (m)	7.0	7.0
Shares outstanding	Registered shares (m)	6.9	7.0
Performance (including distributions)		2023/2024	2022/2023
Net asset value (NAV)	%	0.3	-7.4
Registered share HBMN	%	-6.0	-18.9

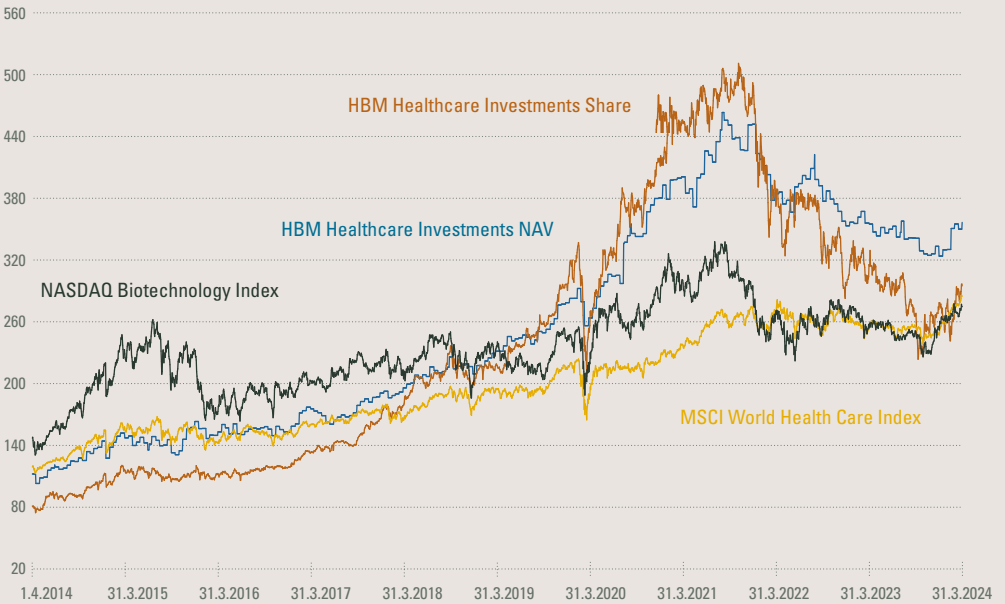
1) Proposal to the Shareholders' Meeting for a cash distribution from repayment of par value per registered share entitled to dividend.

HBMN

SIX Swiss Exchange ticker

Performance

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



CH0012627250
ISIN

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Investor information

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 March 2024:

Shareholding

15–20% Nogra Pharma Invest S.à r.l.
Luxemburg/Nogra Two S.a.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

2024/2025: NAV of CHF 298.07

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

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Please find the full Annual Report 2023/2024 on:
www.hbmhealthcare.com/en/investors/financial-reports



Credits

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The Annual Report is published in English and German.
The German version is binding in all matters of interpretation.