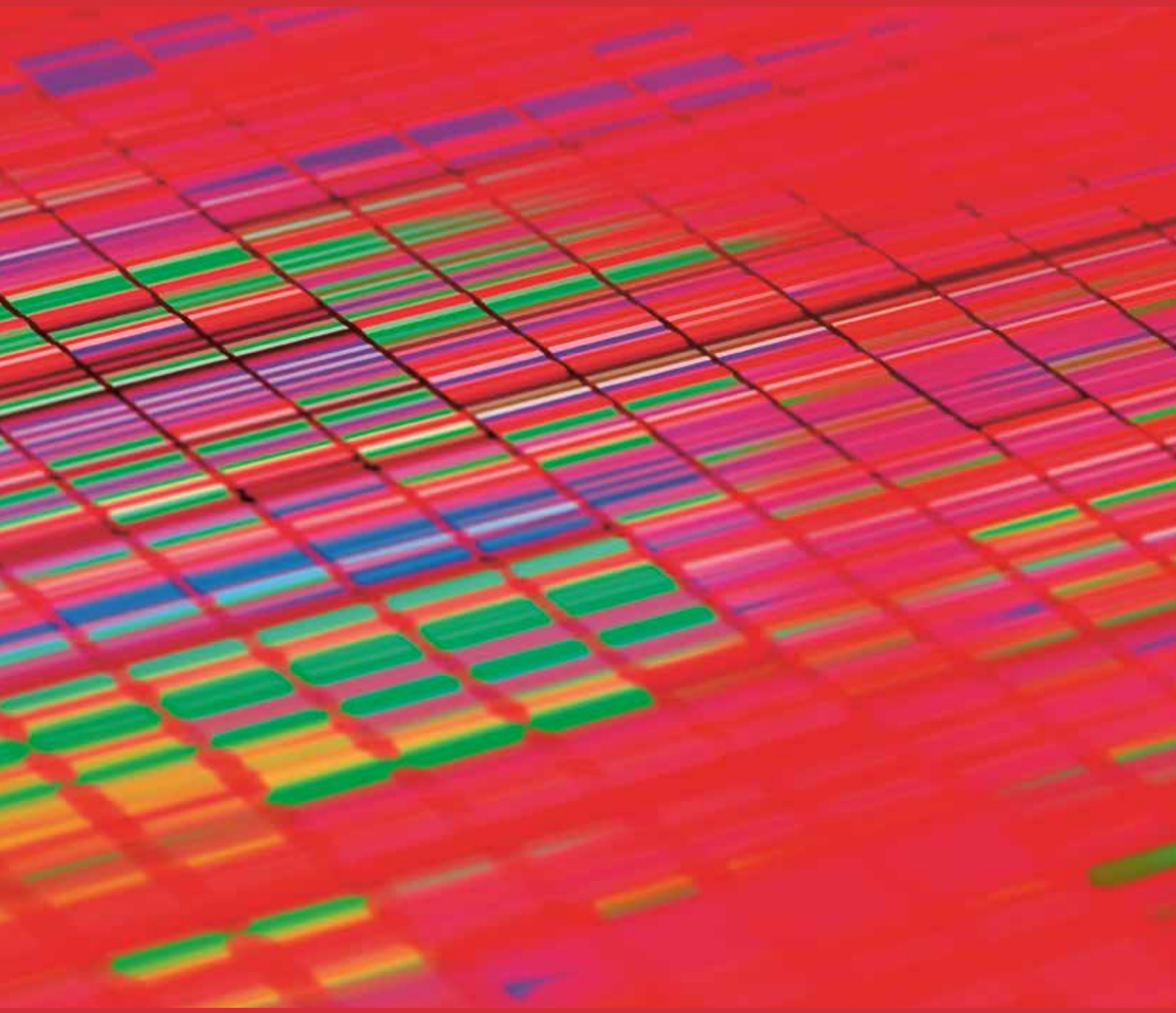
Interim Report as of June 30, 2020

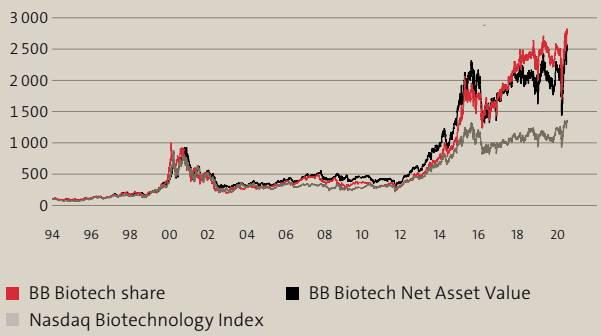
Biotech Investor

since 1993



B|B Biotech

Indexed performance since launch (in CHF)



Cumulated performance

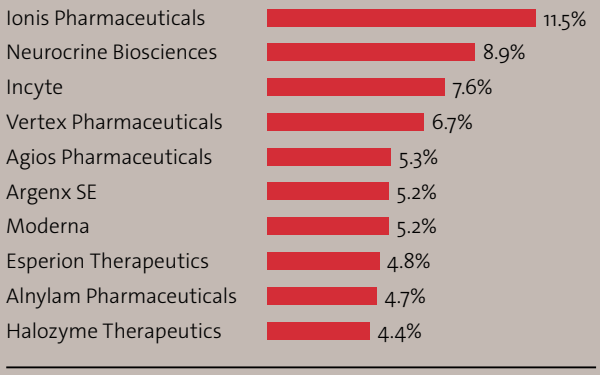
As of 06/30/2020	1 year	3 years	5 years	since inception
Switzerland	11.7%	37.4%	62.6%	2 652%
Germany	17.0%	42.0%	59.8%	2 147%
Italy	15.1%	40.8%	57.6%	415%

Annualized performance

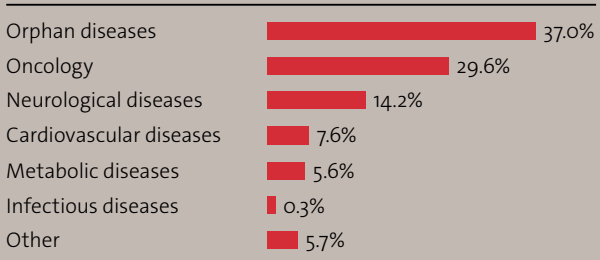
As of 06/30/2020	1 year	3 years	5 years	since inception
Switzerland	11.7%	11.2%	10.2%	13.3%
Germany	17.0%	12.4%	9.8%	14.8%
Italy	15.1%	12.1%	9.5%	8.7%

Source: Bloomberg, 06/30/2020

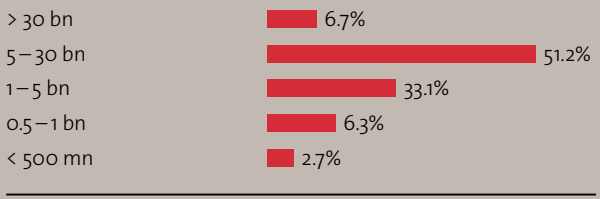
Top 10 positions as of June 30, 2020



Breakdown by sector as of June 30, 2020



Breakdown by market capitalization (USD) as of June 30, 2020



Multi-year comparison

	06/30/2020	2019	2018	2017	2016
Market capitalization at the end of the period (in CHF mn)	3 833.7	3 670.3	3 235.4	3 576.1	3 052.5
Net Asset Value at the end of the period (in CHF mn)	3 626.3	3 393.0	2 884.5	3 538.7	3 003.0
Number of shares (in mn) [1]	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	1 437.1	2 004.2	2 610.7	2 864.7	3 204.5
Profit/(loss) (in CHF mn)	421.7	677.4	(471.3)	687.5	(802.1)
Closing price at the end of the period in CHF [1]	69.20	66.25	58.40	64.55	55.10
Closing price (G) at the end of the period in EUR [1]	65.20	61.40	52.00	55.68	51.70
Closing price (I) at the end of the period in EUR [1]	64.70	61.00	52.00	55.20	51.60
Stock performance (incl. distributions) [2]	11.4%	18.5%	(5.2%)	22.9%	0.2%
High/low share price in CHF [1]	71.00/45.44	73.20/59.35	74.10/56.10	67.80/52.10	58.20/40.78
High/low share price in EUR [1]	66.90/43.04	64.70/52.10	64.80/48.60	59.10/48.42	53.98/36.74
Premium/(discount) (annual average)	9.3%	11.8%	9.7%	(2.5%)	(5.1%)
Cash distribution/dividend in CHF [1]	N.A.	3.40	3.05	3.30	2.75
Degree of investment (quarterly figures)	109.1%	109.1%	108.4%	103.1%	109.9%
Total Expense Ratio (TER) p.a. [3]	1.27%	1.26%	1.25%	1.27%	1.30%

[1] Five-for-one share split as at March 29, 2016 considered
[2] All figures in CHF %, total return-methodology
[3] based on market capitalization

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Dear *shareholders,*

During the second quarter of 2020 monetary, fiscal and economic interventions around the world triggered an equity market rebound from its first quarter dip. Expectations for a prompt economic recovery gained appeal as lockdown measures were eased in China and European countries affected early by the SARS-CoV-2 pandemic. Rapid progress of leading COVID-19 vaccine and therapeutic candidates and their potential for launches in late 2020 or early 2021 sustained the exuberance.

Even while COVID-19 swept across the United States, accelerating late in the second quarter, equity investors seemed to shrug off indicators such as unemployment, and equity indices continued to rise. During the second quarter, the S&P gained 20.5%, the Dow Jones gained 18.5% and the Nasdaq Composite Index gained 31.0% (all values in USD) as technology companies were seen as winners. European markets indexes as the EuroStoxx 50 (+17.8%, in EUR) and the DAX (+23.9%, in EUR) followed a similar pattern. A muted rebound was seen in the Swiss SPI index (+9.8% in CHF), which had held up better than most indices in the first quarter.

The healthcare markets showed similar resilience and bounce. The broad MSCI World Healthcare Index gained 14.7% (USD). Diagnostic, medicines and vaccine developers working on COVID-19 remedies again fared better than consumer-oriented and cyclical subsectors. The Nasdaq Biotech Index gained 26.9% (USD). Within biotechnology, large caps gained ground, but the mid caps and select smaller cap firms made the greatest gains. Following a longer cycle of fund withdrawal from the biotechnology sector, inflows fueled the rebound throughout the second quarter – including numerous initial public offerings and secondaries and debt offerings.

BB Biotech second quarter and half year 2020 performance

BB Biotech's share price gained 32.1% in CHF and 32.9% in EUR during the second quarter 2020. With this, the Net Asset Value (NAV) grew 48.2% in CHF, 47.7% in EUR and 51.2% in USD. This meant that net profit for the second quarter was CHF 1.18 bn compared to a net loss of CHF 336 mn for the same period in 2019.

For the first half of 2020, the total share price return was 11.4% in CHF and 13.2% in EUR, including the dividend. This was slightly behind the Net Asset Value appreciation of 15.7% in CHF, 18.0% in EUR and 18.2% in USD. This resulted in a net profit of CHF 422 mn for the first half of 2020 compared to the CHF 554 mn figure reported for the same period of last year. Exchange-rate fluctuations in the USD/CHF currency pair blunted first half 2020 performance by approximately 2.5%.

Second quarter portfolio activity

Despite the pandemic crisis, our investment management team continued to pursue BB Biotech's long-term investment strategy and focus on innovative medicines for severe and/or chronic disorders, adding one small cap company during the second quarter, namely Generation Bio. The team took gains from sales of shares in top holdings, including further profit from our Moderna position as they reported rapid progress with mRNA-1273, a vaccine candidate for COVID-19. The cash was invested in recently added companies, such as Molecular Templates, Fate Therapeutics and Arvinas. We also participated in capital increases for existing portfolio companies, Argenx, Kezar and Crispr Therapeutics. Argenx will use the funds for commercialization of Efgartigimod; Kezar will continue to invest in the development of KZR-616 for autoimmune

disorders. Crispr Therapeutics will progress the development of treatment for hemoglobinopathies and invest in cell manufacturing capabilities.

We increased further our portfolio allocation to genetic medicines in the second quarter of 2020 – investing in the initial public offering of Generation Bio. This follows our successful investments in other gene therapy companies, Avexis (acquired by Novartis) and Audentes (acquired by Astellas). Generation Bio is still early in the development cycle, but offers in our view important new approaches to gene therapy including potential for larger genetic inserts, tissue targeting and re-dosing for patients suffering either from rare or common diseases. The firm avoids the need for viral vectors such as the adeno-associated virus (AAV) capsid and can therefore deliver much larger and often full-length recombinant proteins in lipid nanoparticles (LNPs). Re-dosing will allow pursuit of targets with narrow therapeutic windows including retreatment after loss of efficacy. This cannot be done with today's first generation AAV constructs.

The substantial gains in the portfolio, combined with active management of various positions, led to a reduction of the investment level from 113.5% to 104.6% during the second quarter 2020. The investment team can now identify and invest in novel opportunities within the established investment guidelines of 95% to 115% distributed among a maximum of 35 portfolio positions.

«While investor focus on COVID-19 projects, important positive development milestones were reported by firms in our portfolio during the second quarter of 2020»

Second quarter 2020 developments in the portfolio

While investor focus on COVID-19 projects, important positive development milestones were reported by firms in our portfolio during the second quarter of 2020:

– Myokardia announced positive topline data from its Phase III pivotal EXPLORER-HCM clinical trial of Mavacamten for the treatment of patients with symptomatic, obstructive hypertrophic cardiomyopathy. Mavacamten, an oral modulator of cardiac muscle protein, myosin, showed a robust treatment effect – improving oxygen consumption and clinical features of heart failure compared to placebo. Mavacamten was well tolerated, and was also associated with improvements in daily life functioning and quality. The company plans to file data for regulatory review by early 2021.
– Argenx announced positive topline data from its Phase III pivotal ADAPT trial of Efgartigimod for myasthenia gravis (MG). MG is a long-term neuromuscular disease that leads to skeletal muscle weakness, commonly affecting the eyes, face, and ability to swallow. Over a 4-week period, 68% of patients treated with Efgartigimod improved significantly, versus 30% on placebo. Based on these results, Argenx plans to submit a Biologics License Application (BLA) to the US Food and Drug Administration by the end of 2020.
– Myovant Sciences announced positive top-line data from SPIRIT 1, the second of two Phase III studies of Relugolix plus Estradiol and Norethindrone, in women with endometriosis pain. Relugolix combination therapy reduced pain meaningfully in 75% of women with menstrual and 59% of women with non-menstrual pain, compared to 27% and 40% of women given placebo. In addition, Relugolix combination therapy was generally well tolerated and with minimal bone mineral density loss over 24 weeks. Myovant has already filed Relugolix for regulatory review for treating men with advanced prostate cancer and has received a PDUFA FDA action date of December 20, 2020, with further regulatory filings planned for both treating women suffering from endometriosis and for women suffering from uterine fibroids.
– Exelixis and development partner Bristol Myers Squibb reported that CheckMate-9ER, a pivotal Phase III trial of Opdivo (Nivolumab) given with Cabometyx (Cabozantinib), compared to Sunitinib in previously untreated advanced or metastatic renal cell carcinoma (RCC), met its primary endpoint of progression-free survival (PFS) at final analysis, as well as the secondary endpoints of overall survival (OS) at a pre-specified interim analysis, and objective response rate (ORR). CheckMate-9ER is an important study which enables Exelixis to compete in the first line kidney cancer market against the first line treatment, which is a combination of Inlyta (Pfizer) and Keytruda (Merck). Exelixis is testing Cabometyx with different checkpoint inhibitors in multiple other solid tumor indications.

Positive, earlier stage results were reported by Moderna, Crispr Therapeutics, Arvinas and Agios.

– Moderna announced interim data for its SARS-CoV-2 mRNA-1273 vaccine. A Phase I study led by the National Institute of Allergy and Infectious Disease (NIAID) is testing various dosages in healthy volunteers. Dose-dependent immune responses were recorded, binding antibody levels exceeded those normally seen in patients recovered from SARS-CoV-2 infections – an important and promising observation.
– Crispr Therapeutics, together with its partner Vertex, presented extended results for their first and initial results for their second beta thalassemia patients treated with CTX001. Both patients experienced a substantial increase in hemoglobin levels consequent to a significant increase in drug-induced fetal hemoglobin. Both patients also achieved transfusion independence. They also updated data from their first sickle cell patient treated with CTX001, who was reported free of vaso-occlusive crises (VOC), and the need for transfusions – with a normalized total hemoglobin level. Treatments with CTX001 require a bone marrow transplant resulting in sustained immunosuppression. This challenge has halted enrolment in the program until later in the year, so further patient data are not anticipated until the American Society of Hematology in December 2020.
– Arvinas announced updated data from the company's Phase I/II clinical trial of ARV-110 in men with metastatic castration-resistant prostate cancer. The program has made encouraging progress, and Arvinas plans to provide more information by the end of 2020.
– Agios reported interim data from its ongoing Phase II study evaluating Mitapivat in non-transfusion-dependent alpha and beta thalassemia. Both alpha and beta thalassemia patients achieved a robust increase in hemoglobin response, with reduced breakdown of red blood cells. Agios also announced clinical proof-of-concept for Mitapivat in sickle cell disease, we anticipate topline data from pivotal study between year-end 2020 and mid-2021.

Regulatory agencies met most scheduled milestones even during the COVID-19 crisis so far. Halozyme, Neurocrine and Incyte reported product approvals while Intercept received an unanticipated complete response letter:

– Halozyme received two important approvals for their Enhanze platform. Janssen received FDA approval for Darzalex Faspro (daratumumab hyaluronidase human-fihj) in a wide range of multiple myeloma patients. The new formulation allows delivery of treatment in 3–5 minutes rather than multi-hour intravenous infusions. The FDA also approved Roche's Phesgo, a fixed-dose combination of Perjeta and Herceptin with Enhanze technology, for breast cancer. Halozyme's Enhanze technology allows for a 5–8 minute subcutaneous delivery in a single injection, rather than the far lengthier sequential intravenous infusions previously needed.
– Abbvie, in cooperation with Neurocrine Biosciences, announced FDA approval of Oriahnn for the management of heavy menstrual bleeding associated with uterine fibroids in pre-menopausal women. The drug was launched in late June 2020. Uterine fibroids are common and have previously been managed by surgery – comprising the most frequent indication for hysterectomies performed in the US Oriahnn results in 70% abolition of heavy menstrual bleeding versus 10% with placebo.
– Incyte announced that Novartis received FDA approval for Tabrecta (Capmatinib) in adults with metastatic non-small cell lung cancer (NSCLC) whose tumors have a specific mutation. This was another accelerated approval based on rate and duration of response. Continued approval for Tabrecta may be contingent upon confirmatory trial(s).
– Announcement from Intercept that the US FDA had issued a complete response letter – essentially a rejection – for obeticholic acid for the treatment of fibrosis due to nonalcoholic steatohepatitis was a negative surprise, especially since obeticholic acid has breakthrough status from the Agency. The FDA recommends that Intercept submit additional post-interim data from their ongoing Phase III study Regenerate to support potential accelerated approval and that the long-term outcomes phase of the study should continue. Intercept asked the FDA for an urgent meeting to clarify the FDA's position and to help determine next steps.

During the second quarter, only one substantial business development deal was reported by our portfolio companies. Alnylam, traded half of its inclisiran (an investigational siRNA that lowers cholesterol) royalties for a USD 1 bn payment and a further USD 1 bn loan facility from Blackstone Life Sciences.

Outlook for second half 2020

With lockdowns creating pressure on the global economy and society, governments invested in diagnostic testing and began negotiating bulk buying arrangements for COVID-19 therapeutics and vaccines. We will monitor these developments closely.

Against the evolving picture of COVID-19 diagnosis, treatment and vaccination, trials of importance for both individual pipeline assets as well as platform technologies for the upcoming months include the following:

– Homology is expected to report results from its HMI-102 gene therapy program for adult patients with phenylketonuria
– Scholar Rock is expected to announce interim efficacy and safety findings from its Topaz program, testing SRK-015 in patients with type 2 and type 3 spinal muscle atrophy
– Moderna has announced it will publish further data from its SARS-CoV2 vaccine candidate mRNA-1273 in the coming weeks
– Wave Life Sciences is expected to present data for the higher dose cohorts for WVE-120101 and WVE-120102 in Huntington's disease patients
– Arvinas has indicated that it will present the ARV-110 higher dose cohort in prostate cancer patients and initial data for its ARV-471 for breast cancer patients

A number of regulatory review decisions are also expected in the second half of 2020, including:

– Lumasiran (Alnylam) for the treatment of primary hyperoxaluria type 1, with an FDA target action date of December 3, 2020
– Margetuximab (Macrogenics) for the treatment of breast cancer, with an FDA action date of December 18, 2020
– Relugolix (Myovant) for the treatment of prostate cancer, with an FDA target action date of December 20, 2020
– Obeticholic acid, with an FDA Type A meeting within the next few weeks deciding on next steps

In anticipation of a continued steep increase in growth and density of data generated by the biopharma industry and academia, the investment management team is expanding its technical capabilities and resources, so that we can use advanced analytical techniques for evaluation and diligence. We believe that momentum in the biotechnology sector will support further IPOs and capital increases, strengthening the balance sheet of firms pursuing the development of next-generation technology and assets, offering the investment team broader selection and new investment opportunities. The COVID-19 pandemic is not likely to disappear as quickly as it appeared. But the relentless progress of biotechnology will, we believe, provide medically and economically attractive solutions. Meantime, progress with many other diseases and therapies will continue apace. This is a good time to invest in biotechnology.

We thank you for the trust you have placed in the Company.

The Board of Directors of BB Biotech AG

Dr. Erich Hunziker, Chairman

Dr. Clive Meanwell

Dr. Thomas von Planta

Prof. Dr. Mads Krogsgaard Thomsen

Securities as at June 30, 2020

Company	Number of securities	Change since 12/31/2019	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Ionis Pharmaceuticals	7 794 786	(200 169)	USD	58.96	435.4	11.5%	12.0%	5.6%
Neurocrine Biosciences	2 920 000	(308 074)	USD	122.00	337.5	8.9%	9.3%	3.1%
Incyte	2 920 000	(480 000)	USD	103.97	287.6	7.6%	7.9%	1.3%
Vertex Pharmaceuticals	920 000	(320 000)	USD	290.31	253.0	6.7%	7.0%	0.4%
Agios Pharmaceuticals	3 981 473	84 519	USD	53.48	201.7	5.3%	5.6%	5.8%
Argenx SE	930 000	(14 739)	USD	225.23	198.4	5.2%	5.5%	2.0%
Moderna	3 225 000	(1 592 781)	USD	64.21	196.2	5.2%	5.4%	0.8%
Esperion Therapeutics	3 747 964	20 000	USD	51.31	182.2	4.8%	5.0%	13.6%
Alnylam Pharmaceuticals	1 270 000	(330 000)	USD	148.11	178.2	4.7%	4.9%	1.1%
Halozyme Therapeutics	6 645 552	(1 317 504)	USD	26.81	168.8	4.4%	4.7%	4.9%
Alexion Pharmaceuticals	1 294 428	(20 000)	USD	112.24	137.6	3.6%	3.8%	0.6%
Macrogenics	4 420 000	(99 159)	USD	27.92	116.9	3.1%	3.2%	9.0%
Myokardia	1 179 913	(85 000)	USD	96.62	108.0	2.8%	3.0%	2.2%
Myovant Sciences	4 600 000	(215 109)	USD	20.62	89.9	2.4%	2.5%	5.1%
Radius Health	6 931 685	50 000	USD	13.63	89.5	2.4%	2.5%	14.9%
Intra-Cellular Therapies	3 658 419	1 358 419	USD	25.67	89.0	2.3%	2.5%	5.5%
Exelixis	2 835 000	–	USD	23.74	63.8	1.7%	1.8%	0.9%
Fate Therapeutics	1 870 400	1 870 400	USD	34.31	60.8	1.6%	1.7%	2.2%
Nektar Therapeutics	2 620 676	–	USD	23.16	57.5	1.5%	1.6%	1.5%
Crispr Therapeutics	800 462	70 000	USD	73.49	55.7	1.5%	1.5%	1.3%
Black Diamond Therapeutics	1 390 000	1 390 000	USD	42.16	55.5	1.5%	1.5%	3.9%
Sage Therapeutics	1 400 104	120 000	USD	41.58	55.1	1.5%	1.5%	2.7%
Arvinas	1 536 903	295 000	USD	33.54	48.8	1.3%	1.3%	3.9%
Scholar Rock Holding	2 715 106	80 640	USD	18.21	46.8	1.2%	1.3%	9.1%
Molecular Templates	3 445 240	2 149 553	USD	13.79	45.0	1.2%	1.2%	7.5%
Sangamo Therapeutics	3 850 000	–	USD	8.96	32.7	0.9%	0.9%	2.7%
Voyager Therapeutics	2 680 283	–	USD	12.62	32.0	0.8%	0.9%	7.2%
Intercept Pharmaceuticals	696 976	–	USD	47.91	31.6	0.8%	0.9%	2.1%
Generation Bio Co.	1 440 000	1 440 000	USD	21.00	28.6	0.8%	0.8%	3.1%
Wave Life Sciences	2 602 858	200 000	USD	10.41	25.7	0.7%	0.7%	7.3%
Homology Medicines	1 737 122	125 000	USD	15.19	25.0	0.7%	0.7%	3.8%
Kezar Life Sciences	4 241 940	2 691 271	USD	5.18	20.8	0.5%	0.6%	9.3%
G1 Therapeutics	721 925	–	USD	24.26	16.6	0.4%	0.5%	1.9%
Cidara Therapeutics	2 822 495	527 223	USD	3.69	9.9	0.3%	0.3%	6.9%
Akcea Therapeutics	600 000	(1 848 948)	USD	13.70	7.8	0.2%	0.2%	0.6%
Bristol-Myers Squibb – Contingent Value Right	800 000	–	USD	3.58	2.7	0.1%	0.1%	
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	USD	0.88	2.3	0.1%	0.1%	
Total securities					**3 794.6**	**100.0%**	**104.6%**	
Other assets					36.2		1.0%	
Other payables					(204.5)		(5.6%)	
Net asset value					**3 626.3**		**100.0%**	
BB Biotech registered shares [1)]	–	–			–			

[1)] Correspond to the total of all own shares held including the second trading line

Exchange rate as at 06/30/2020: USD/CHF: 0.9473

Investment *Strategy*

BB Biotech invests in fast-growing biotechnology companies that are developing and marketing innovative drugs. It focuses on biotech companies whose products address areas of significant unmet medical needs and thus have above-average sales and profit-growth potential. Besides profitable large cap companies, BB Biotech is building up its investments in promising small and mid cap companies.

The team of investment experts is concentrating not only on established target areas such as oncology, orphan diseases and neurological indications, but also on the technologies of tomorrow that could lead to novel treatment methods with attractive therapeutic profiles and substantial economic rewards. These future technologies include RNA platforms and cell and gene therapies. A total return of 15% p.a. over a medium- to longer-term investment horizon is targeted.

The asset classes available to BB Biotech are direct investments in the shares of listed companies, equity interests in unlisted companies, corporate bonds, and options on a range of underlying assets. BB Biotech invests almost exclusively in stocks for liquidity and risk/return reasons. At least 90% of its shareholdings must be in listed companies, while always holding more than 50% of its assets in equity investments. Corporate bonds are an alternative primarily when stock market trends are negative. Options on the stocks of portfolio companies can be bought and sold at opportune times and as a means of hedging currency exposure.

Exhaustive, multi-stage due diligence precedes the selection of individual investments. We must have a thorough understanding of every company we invest in. Before an investment is made, the team analyzes a company's financial statements in detail and assesses its competitive environment, R&D pipeline, and patent portfolio as well as its customers' perceptions of its products and services. Close contact with company executives is of high importance to us in this due diligence process, but also afterwards, as we believe that it takes strong leaders to achieve strong results.

BB Biotech builds on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis of the experienced Investment Management Team of Bellevue Asset Management AG when making its investment decisions. It can also turn to an extensive international network of physicians and specialists in individual sub-segments of the biotech industry for further support and advice. The Investment Management Team creates detailed financial models for all portfolio holdings and they must provide compelling arguments that these holdings have the potential to double in value over a four-year time frame. The team is guided by its convictions, not by benchmark considerations. Upside potential is driven in most cases by the power of innovation, the launch of new products for serious or significant illnesses, and successful company management. Each investment case is constantly monitored and evaluated within the scope of our stringent and disciplined risk management process and corrective action will be taken if and when necessary.

BB Biotech's investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are estblished, large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional perspective, the US biotech sector has displayed a high level of innovation and so this regional bias is also reflected in BB Biotech's portfolio. The predominance of the US biotech industry can be traced to the country's stellar research clusters, industry-friendly regulatory frameworks and myriad financing options, among other factors.

New investments in small and mid cap companies will have a weighting of between 0.5% and a maximum of 4% to ensure that both upside potential and R&D risks are adequately addressed. Because it is an investment company, BB Biotech has the flexibility to increase portfolio weightings considerably over time as a position increases in value. Smaller positions may become a top holding as their business develops and milestones such as positive Phase III outcomes, drug approvals, the successful marketing of products, and a sustainable flow of profits are achieved. All positions and their valuations are continually monitored, taking into account their growth potential and other aspects, and will be reduced if and when appropriate.

Consolidated balance sheet

(in CHF 1 000)

	Notes	06/30/2020	12/31/2019
Current assets			
Cash and cash equivalents		30 286	30 707
Receivables from brokers		5 829	–
Securities at fair value through profit or loss	4	3 794 556	3 523 670
Other assets		108	190
		3 830 779	**3 554 567**
Total assets		**3 830 779**	**3 554 567**
Current liabilities			
Short-term borrowings from banks	5	197 000	150 000
Payables to brokers		2 802	6 359
Other short-term liabilities		4 429	4 992
Tax liabilities		229	243
		204 460	**161 594**
Total liabilities		**204 460**	**161 594**
Shareholders' equity			
Share capital	6	11 080	11 080
Retained earnings		3 615 239	3 381 893
		3 626 319	**3 392 973**
Total liabilities and shareholders' equity		**3 830 779**	**3 554 567**
Net asset value per share in CHF		65.45	61.25

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on July 21, 2020.

Consolidated statement of comprehensive income

(in CHF 1 000)

	Notes	01/01/–06/30/2020	01/01/–06/30/2019	04/01/–06/30/2020	04/01/–06/30/2019
Operating income					
Net gains from securities	4	444 506	578 347	1 191 232	–
Interest income		7	17	7	17
Dividend income		243	951	–	432
Other income		3	21	–	18
		444 759	**579 336**	**1 191 239**	**467**
Operating expenses					
Net losses from securities	4	–	–	–	(323 695)
Finance expenses		(491)	(612)	(266)	(377)
Foreign exchange losses net		(4)	(412)	(42)	(297)
Administrative expenses	7	(19 788)	(21 519)	(10 103)	(10 838)
Other expenses		(2 736)	(2 783)	(1 151)	(1 048)
		(23 019)	**(25 326)**	**(11 562)**	**(336 255)**
Operating income before tax	**8**	**421 740**	**554 010**	**1 179 677**	**(335 788)**
Income taxes		(34)	(34)	(17)	(17)
Net income for the period		**421 706**	**553 976**	**1 179 660**	**(335 805)**
Total comprehensive income for the period		**421 706**	**553 976**	**1 179 660**	**(335 805)**
Income per share in CHF		7.61	10.00	21.29	(6.06)
Diluted income per share in CHF		7.61	10.00	21.29	(6.06)

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

(in CHF 1 000)

	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2019	**11 080**	**–**	**2 873 432**	**2 884 512**
Dividend	–	–	(168 970)	(168 970)
Total comprehensive income for the period	–	–	553 976	553 976
Balances at June 30, 2019	**11 080**	**–**	**3 258 438**	**3 269 518**
Balances at January 1, 2020	**11 080**	**–**	**3 381 893**	**3 392 973**
Dividend	–	–	(188 360)	(188 360)
Total comprehensive income for the period	–	–	421 706	421 706
Balances at June 30, 2020	**11 080**	**–**	**3 615 239**	**3 626 319**

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of cash flow

(in CHF 1 000)

	Notes	01/01/–06/30/2020	01/01/–06/30/2019
Cash flows from operating activities			
Proceeds from sales of securities	4	420 021	242 659
Purchase of securities	4	(255 787)	(248 051)
Dividend receipts		243	951
Interest receipts		7	17
Payments for services		(23 004)	(23 819)
Income taxes paid		(46)	(39)
Total cash flows from operating activities		**141 434**	**(28 282)**
Cash flows from financing activities			
Dividend		(188 360)	(168 970)
Borrowing of bank loans	5	47 000	185 000
Interest payments		(491)	(612)
Total cash flows from financing activities		**(141 851)**	**15 418**
Foreign exchange difference		(4)	(412)
Change in cash and cash equivalents		**(421)**	**(13 276)**
Cash and cash equivalents at the beginning of the period		**30 707**	**22 072**
Cash and cash equivalents at the end of the period		**30 286**	**8 796**

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

1. The Company and its principal activity

BB Biotech AG (the Company) is listed on the SIX Swiss Exchange, in the «Prime Standard Segment» of the German Exchange as well as in the «Star Segment» of the Italian Exchange and has its registered office in Schaffhausen, Schwertstrasse 6. Its principal activity is to invest in companies active in the biotechnology industry for the purpose of capital appreciation. The investments are held through its wholly owned subsidiaries.

Company	Capital in CHF 1 000	Capital and voting interest in %
Biotech Focus N.V., Curaçao	11	100
Biotech Growth N.V., Curaçao	11	100
Biotech Invest N.V., Curaçao	11	100
Biotech Target N.V., Curaçao	11	100

2. Accounting policies

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 «Interim Financial Reporting,» as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2019. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the statement of comprehensive income in the current financial period. In certain circumstances, the actual values may diverge from these estimates.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the consolidated annual financial statements.

The following amended standards, valid since January 1, 2020, have been applied in these condensed consolidated interim financial statements:

– IFRS 3 (amended, effective January 1, 2020) – Business Combinations
– IAS 39, IFRS 7, IFRS 9 (amended, effective January 1, 2020) – IBOR-Reform

The Group assessed the impact of the above-mentioned amended standards. Based on the analysis, the Group concluded that these amended standards have no impact on the Group's accounting policies and overall results and financial position.

3. Financial risk management

Currency risk

The Group holds assets denominated in currencies other than the Swiss franc, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Depending on the market situation the Group could use foreign currency options and/or forward contracts to reduce the currency risk.

The following exchange rates have been used for the preparation of these condensed consolidated interim financial statements:

Currency	06/30/2020	12/31/2019
USD	0.94730	0.96760
ANG	0.53219	0.54360
EUR	1.06415	1.08550
GBP	1.17470	1.27970

Fair values

The following table presents the Group's assets that are measured at fair value (in CHF 1 000):

06/30/2020	Level 1	Level 2	Level 3	Total
Assets				
Securities at fair value through profit or loss				
– Shares	3 789 537	–	–	3 789 537
– Derivative instruments	2 713	–	2 306	5 019
Total assets	**3 792 250**	**–**	**2 306**	**3 794 556**
12/31/2019				
Assets				
Securities at fair value through profit or loss				
– Shares	3 518 985	–	–	3 518 985
– Derivative instruments	2 330	–	2 355	4 685
Total assets	**3 521 315**	**–**	**2 355**	**3 523 670**

The table below summarizes the transactions in level 3 instruments (in CHF 1 000):

	01/01/–06/30/2020	01/01/–06/30/2019
Opening balance	2 355	–
Purchases	–	–
Reclassification	–	–
Income included in net gains from securities	(49)	–
Closing balance	**2 306**	**–**
Total income on level 3 instruments included in net gains from securities	**(49)**	**–**

The level 3 instrument was allocated as part of a corporate action in 2019. There were no transfers between level 1,2 and 3 during the reporting period.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

4. Financial assets

Securities

Securities comprise the following:

Company	Number 12/31/2019	Change	Number 06/30/2020		Market price in original currency 06/30/2020	Valuation CHF mn 06/30/2020	Valuation CHF mn 12/31/2019
Ionis Pharmaceuticals	7 994 955	(200 169)	7 794 786	USD	58.96	435.4	467.3
Neurocrine Biosciences	3 228 074	(308 074)	2 920 000	USD	122.00	337.5	335.7
Incyte	3 400 000	(480 000)	2 920 000	USD	103.97	287.6	287.3
Vertex Pharmaceuticals	1 240 000	(320 000)	920 000	USD	290.31	253.0	262.7
Agios Pharmaceuticals	3 896 954	84 519	3 981 473	USD	53.48	201.7	180.1
Argenx SE	944 739	(14 739)	930 000	USD	225.23	198.4	146.7
Moderna	4 817 781	(1 592 781)	3 225 000	USD	64.21	196.2	91.2
Esperion Therapeutics	3 727 964	20 000	3 747 964	USD	51.31	182.2	215.1
Alnylam Pharmaceuticals	1 600 000	(330 000)	1 270 000	USD	148.11	178.2	178.3
Halozyme Therapeutics	7 963 056	(1 317 504)	6 645 552	USD	26.81	168.8	136.6
Alexion Pharmaceuticals	1 314 428	(20 000)	1 294 428	USD	112.24	137.6	137.5
Macrogenics	4 519 159	(99 159)	4 420 000	USD	27.92	116.9	47.6
Myokardia	1 264 913	(85 000)	1 179 913	USD	96.62	108.0	89.2
Myovant Sciences	4 815 109	(215 109)	4 600 000	USD	20.62	89.9	72.3
Radius Health	6 881 685	50 000	6 931 685	USD	13.63	89.5	134.2
Intra-Cellular Therapies	2 300 000	1 358 419	3 658 419	USD	25.67	89.0	76.4
Exelixis	2 835 000	–	2 835 000	USD	23.74	63.8	48.3
Fate Therapeutics	–	1 870 400	1 870 400	USD	34.31	60.8	–
Nektar Therapeutics	2 620 676	–	2 620 676	USD	23.16	57.5	54.7
Crispr Therapeutics	730 462	70 000	800 462	USD	73.49	55.7	43.0
Black Diamond Therapeutics	–	1 390 000	1 390 000	USD	42.16	55.5	–
Sage Therapeutics	1 280 104	120 000	1 400 104	USD	41.58	55.1	89.4
Arvinas	1 241 903	295 000	1 536 903	USD	33.54	48.8	49.4
Scholar Rock Holding	2 634 466	80 640	2 715 106	USD	18.21	46.8	33.6
Molecular Templates	1 295 687	2 149 553	3 445 240	USD	13.79	45.0	17.5
Sangamo Therapeutics	3 850 000	–	3 850 000	USD	8.96	32.7	31.2
Voyager Therapeutics	2 680 283	–	2 680 283	USD	12.62	32.0	36.2
Intercept Pharmaceuticals	696 976	–	696 976	USD	47.91	31.6	83.6
Generation Bio Co.	–	1 440 000	1 440 000	USD	21.00	28.6	–
Wave Life Sciences	2 402 858	200 000	2 602 858	USD	10.41	25.7	18.6
Homology Medicines	1 612 122	125 000	1 737 122	USD	15.19	25.0	32.3
Kezar Life Sciences	1 550 669	2 691 271	4 241 940	USD	5.18	20.8	6.0
G1 Therapeutics	721 925	–	721 925	USD	24.26	16.6	18.5
Cidara Therapeutics	2 295 272	527 223	2 822 495	USD	3.69	9.9	8.5
Akcea Therapeutics	2 448 948	(1 848 948)	600 000	USD	13.70	7.8	40.1
Bristol-Myers Squibb Co.	800 000	(800 000)	–	USD	n.a.	–	49.7
Total shares						**3 789.5**	**3 519.0**
Bristol-Myers Squibb – Contingent Value Right	800 000	–	800 000	USD	3.58	2.7	2.3
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	2 766 008	USD	0.88	2.3	2.4
Total derivative instruments						**5.1**	**4.7**
Total securities at fair value through profit or loss						**3 794.6**	**3 523.7**

The changes in value of securities at fair value through profit or loss by investment category are as follows (in CHF 1 000):

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2019 at fair values	**3 063 972**	**–**	**203**	**3 064 175**
Purchases	485 239	–	1 490	486 729
Sales	(753 455)	–	(370)	(753 825)
Net gains/(losses) from securities	723 228	–	3 363	726 591
Realized gains	*251 993*	–	*167*	*252 160*
Realized losses	*(12 865)*	–	–	*(12 865)*
Unrealized gains	*693 965*	–	*3 196*	*697 161*
Unrealized losses	*(209 865)*	–	–	*(209 865)*
Closing balance as at 12/31/2019 at fair values	**3 518 985**	**–**	**4 685**	**3 523 670**
Opening balance as at 01/01/2020 at fair values	**3 518 985**	**–**	**4 685**	**3 523 670**
Purchases	252 230	–	–	252 230
Sales	(425 850)	–	–	(425 850)
Net gains/(losses) from securities	444 173	–	334	444 506
Realized gains	*76 827*	–	–	*76 827*
Realized losses	*(9 392)*	–	–	*(9 392)*
Unrealized gains	*622 137*	–	*383*	*622 520*
Unrealized losses	*(245 399)*	–	*(49)*	*(245 448)*
Closing balance as at 06/30/2020 at fair values	**3 789 537**	**–**	**5 019**	**3 794 556**

5. Short-term borrowings from banks

At June 30, 2020, a CHF 197 mn short-term loan is outstanding with interest payable at 0.40% p.a. (December 31, 2019: CHF 150 mn at 0.40% p.a.).

6. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (December 31, 2019: 55.4 mn) with a par value of CHF 0.20 each (December 31, 2019: CHF 0.20).

At the General Shareholders' Meeting held March 17, 2016, a resolution was approved to start a share buy-back program, whereby up to 5 540 000 shares may be repurchased by the Company. Until the end of the program, at April 11, 2019, no shares had been repurchased under this share buy-back program.

The Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy back program will run from April 12, 2019, until April 11, 2022, at the latest. Until June 30, 2020, no shares had been re-purchased under this share buy-back program. A repurchase would take place via second trading line for the purpose of a subsequent capital reduction.

At June 30, 2020, and December 31, 2019, the Group holds no treasury shares.

7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01/01/–06/30/2020	01/01/–06/30/2019
Investment manager		
– Management fees (incl. VAT)	19 012	20 765
Personnel		
– Board of Directors remuneration	580	518
– Wages and salaries	131	161
– Social insurance contributions and duties	65	75
	19 788	**21 519**

The remuneration model of BB Biotech AG is determined by the Board of Directors.

Since 2014 the remuneration paid to the investment manager is based upon a 1.1% p.a. all-in fee on the average market capitalization without any additional fixed or performance-based elements of compensation. The compensation of the Board of Directors consists since 2014 of a fixed compensation.

8. Segment information

(in CHF 1 000)

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of the operating income before tax is as follows – all income from financial assets are attributed to a country based on the domiciliation of the issuer of the instrument:

Operating income before tax	01/01/–06/30/2020	01/01/–06/30/2019
USA	352 714	590 552
Netherlands	55 094	39 755
Great Britain	22 269	(27 392)
Switzerland	6 769	(3 114)
Singapore	5 496	(23 600)
Curaçao	(20 602)	(22 191)
	421 740	**554 010**

9. Assets pledged

At June 30, 2020, the securities in the amount of CHF 3 794.6 mn (December 31, 2019: CHF 3 523.7 mn) are a collateral for a credit line of CHF 700 mn (December 31, 2019: CHF 700 mn). At June 30, 2020, a CHF 197 mn short-term loan is outstanding (December 31, 2019: CHF 150 mn).

10. Related party transactions

Detailed information regarding the remuneration model for the Board of Directors and the investment manager are mentioned under note 7, «Administrative expenses».

11. Commitments, contingencies and other off-balance sheet transactions

The Group had no commitments or other off-balance sheet transactions open at June 30, 2020 and December 31, 2019.

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at June 30, 2020, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2019: none).

12. Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at June 30, 2020 and December 31, 2019.

13. Subsequent events

There have been no events subsequent to June 30, 2020, which would affect the condensed consolidated interim financial statements.

Report on the Review
of condensed consolidated interim financial statements
to the Board of Directors of
BB Biotech AG
Schaffhausen

Introduction

We have reviewed the condensed consolidated interim financial statements (balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flow and selected explanatory notes) (pages 8 to 16) of BB Biotech AG for the period ended 30 June 2020. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, «Review of interim financial information performed by the independent auditor of the entity». A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

PricewaterhouseCoopers AG

Daniel Pajer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 22 July 2020

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Company profile

BB Biotech AG acquires holdings in companies in the biotechnology growth market and is one of the world's largest investors in the sector. The focus of the holdings is on quoted companies that are concentrating on the development and marketing of innovative medicines. For the selection of holdings, BB Biotech AG relies on fundamental analysis by physicians and molecular biologists. The Board of Directors has many years of industrial and scientific experience.

Official listing and share structure as at June 30, 2020

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 4.752
Official listing:	December 27, 1993 in Switzerland; December 10, 1997 in Germany; October 19, 2000 in Italy
Share structure:	CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.20 each
Shareholders, free float:	Institutional and private investors, 100.0% free float
Security number Switzerland:	3 838 999
Security number in Germany and Italy:	A0NFN3
ISIN:	CH0038389992

Shareholder information

The Company publishes its net asset value daily via the major stock market information services and on its website www.bbbiotech.com. The portfolio composition is published at least every three months within quarterly reports.

Quotes and reports

NAV:	**in CHF**	– Datastream: S:BINA	**in EUR**	– Datastream: D:BBNA
		– Reuters: BABB		– Reuters: BABB
		– Telekurs: BIO resp. 85, BB1		
		– (Investdata)		
		– Finanz & Wirtschaft (CH)		
Stock price:	**in CHF (SIX)**	– Bloomberg: BION SW Equity	**in EUR (Xetra)**	– Bloomberg: BBZA GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BION.S		– Reuters: BION.DE
		– Telekurs: BIO	**in EUR (STAR)**	– Bloomberg: BB IM Equity
		– Finanz & Wirtschaft (CH)		– Datastream: I:BBB
		– Neue Zürcher Zeitung (CH)		– Reuters: BB.MI

Corporate calendar 2020/2021

Interim Report as at September 30, 2020	October 23, 2020, 7.00 AM CET
Portfolio as at December 31, 2020	January 22, 2021, 7.00 AM CET
Annual Report 2020	February 19, 2021, 7.00 AM CET
Annual General Meeting 2021	March 18, 2021, 3.00 PM CET
Interim Report as at March 31, 2021	April 23, 2021, 7.00 AM CET

The BB Biotech interim report is published in English. A translated German and Italian version is also available. In case of any deviations the English shall prevail over the German and Italian text.

Investor Relations

Dr. Silvia Siegfried-Schanz
Phone +41 44 267 72 66
E-Mail ssc@bellevue.ch

Claude Mikkelsen
Phone +44 755 704 85 77
E-Mail cmi@bellevue.ch

Maria-Grazia Iten-Alderuccio
Phone +41 44 267 67 14
E-Mail mga@bellevue.ch

Media Relations

Tanja Chicherio
Phone +41 44 267 67 07
E-Mail tch@bellevue.ch

BB Biotech AG
Schwertstrasse 6
CH-8200 Schaffhausen
E-Mail info@bbbiotech.ch
www.bbbiotech.com

Bellevue Asset Management AG
Seestrasse 16/P. O. Box
CH-8700 Küsnacht
Phone +41 44 267 67 00
Fax +41 44 267 67 01
E-Mail info@bellevue.ch
www.bellevue.ch

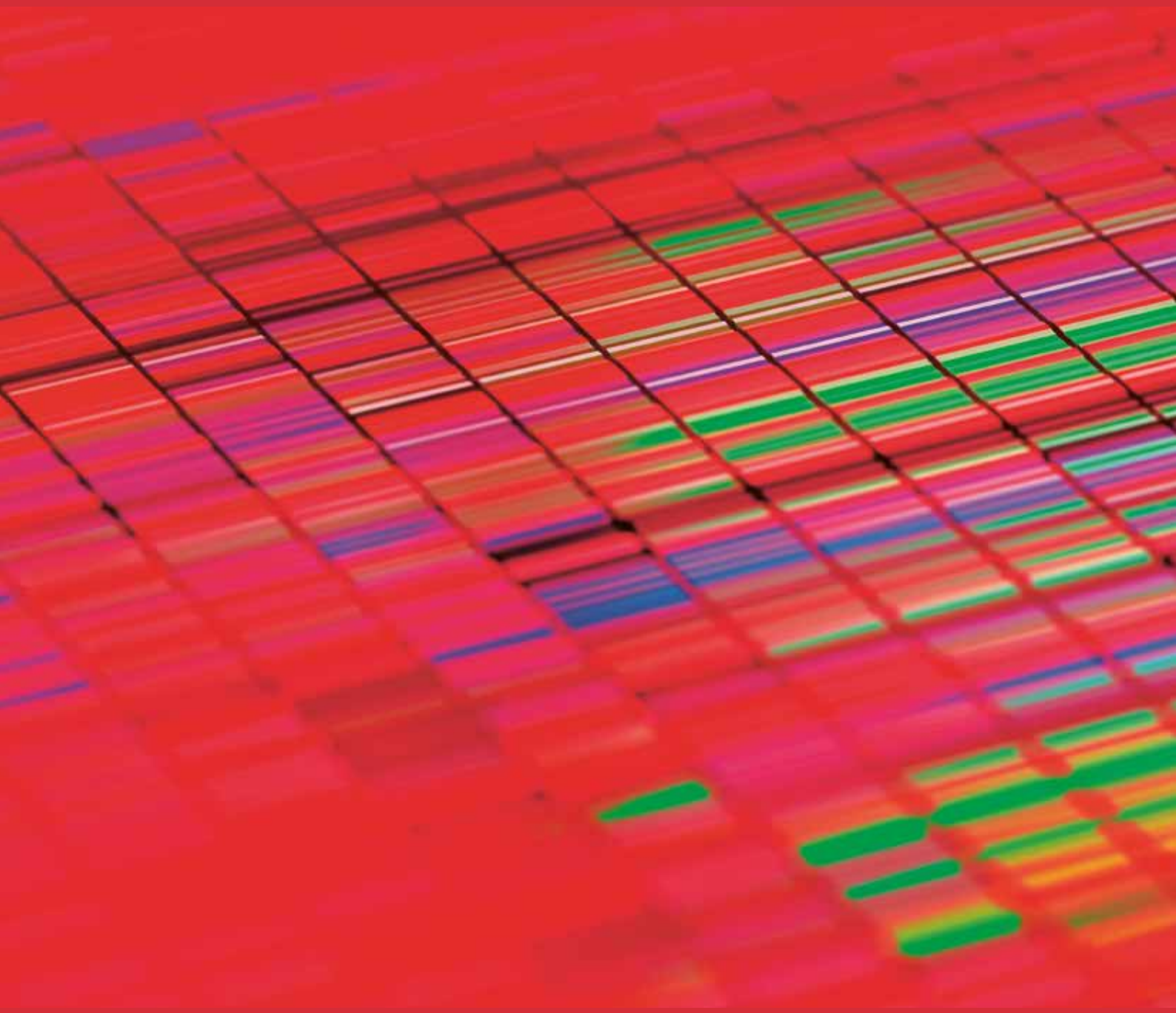

Illustration: Colored DNA sequencing