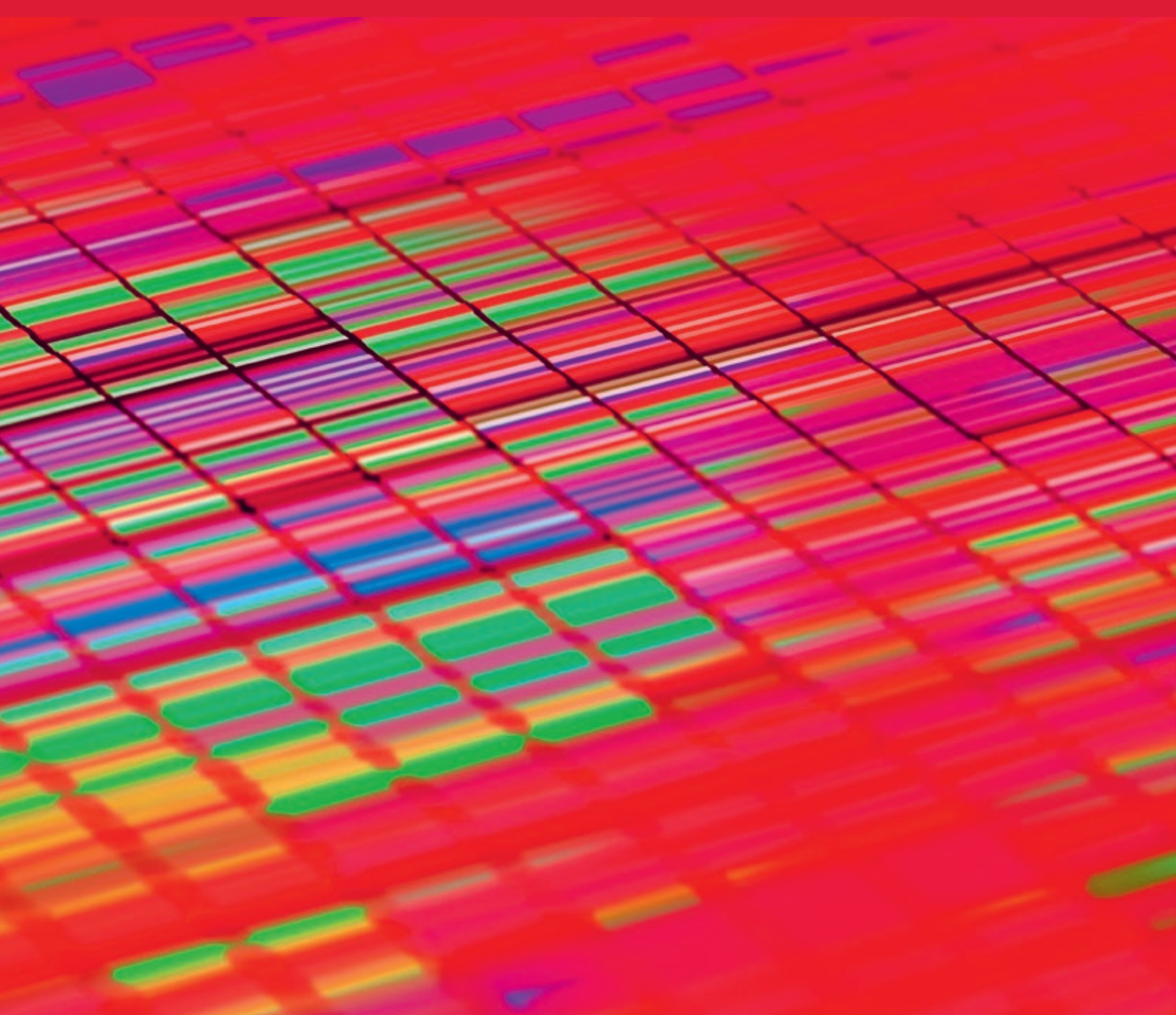
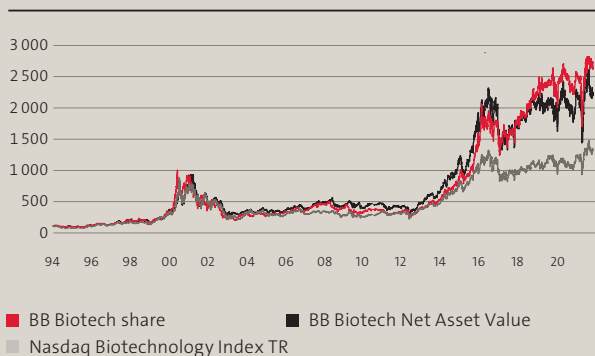


Biotech Investor

since 1993



Indexed performance since launch (in CHF)



Cumulated performance

As at 09/30/2020	1 year	3 years	5 years	since inception
Switzerland	15.9%	19.9%	67.6%	2 558%
Germany	17.5%	27.8%	69.0%	2 050%
Italy	17.2%	27.3%	69.7%	394%

Annualized performance

As at 09/30/2020	1 year	3 years	5 years	since inception
Switzerland	15.9%	6.2%	10.9%	13.0%
Germany	17.5%	8.5%	11.1%	14.4%
Italy	17.2%	8.4%	11.2%	8.3%

Source: Bloomberg, 09/30/2020

Top 10 positions as at September 30, 2020

Ionis Pharmaceuticals	10.3%
Neurocrine Biosciences	7.7%
Incyte	6.9%
Argenx SE	6.5%
Vertex Pharmaceuticals	6.5%
Moderna	6.1%
Alnylam Pharmaceuticals	4.6%
Myokardia	4.0%
Alexion Pharmaceuticals	3.9%
Agios Pharmaceuticals	3.8%

Breakdown by sector as at September 30, 2020

Orphan diseases	38.4%
Oncology	26.7%
Neurological diseases	13.9%
Cardiovascular diseases	7.7%
Metabolic diseases	4.9%
Infectious diseases	0.2%
Other	8.2%

Breakdown by market capitalization (USD) as at September 30, 2020

> 30 bn	6.5%
5–30 bn	54.1%
1–5 bn	30.5%
0.5–1 bn	6.0%
< 500 mn	2.9%

Multi-year comparison

	09/30/2020	2019	2018	2017	2016
Market capitalization at the end of the period (in CHF mn)	3 703.5	3 670.3	3 235.4	3 576.1	3 052.5
Net Asset Value at the end of the period (in CHF mn)	3 231.1	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)	1 853.8	2 004.2	2 610.7	2 864.7	3 204.5
Profit/(loss) (in CHF mn)	26.5	677.4	(471.3)	687.5	(802.1)
Closing price at the end of the period in CHF ¹⁾	66.85	66.25	58.40	64.55	55.10
Closing price (G) at the end of the period in EUR ¹⁾	62.40	61.40	52.00	55.68	51.70
Closing price (I) at the end of the period in EUR ¹⁾	62.10	61.00	52.00	55.20	51.60
Stock performance (incl. distributions) ²⁾	7.6%	18.5%	(5.2%)	22.9%	0.2%
High/low share price in CHF ¹⁾	71.15/45.44	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)	10.6%	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)	108.5%	109.1%	108.4%	103.1%	109.9%
Total Expense Ratio (TER) p.a. ³⁾	1.25%	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

Table of content

Letter to the shareholders	2
Portfolio	6
Investment strategy	7
Consolidated interim financial statements	8
Selected explanatory notes to the consolidated interim financial statements	12
Report of the auditors	17
Shareholder information	18

Although a viral pandemic had been predicted by experts for decades, SARS-CoV2 took the world by surprise. There are now more than 40 million confirmed cases and more than 1 million deaths globally, while some believe the infection numbers could vastly be underestimated by several fold. Most experts project a substantial second «surge» in fall-winter 2020-21. Reliable numbers and models are difficult to come by – either due to poor detection rates or political diffidence regarding reporting.

Measures of containment – mainly social distancing and mask wearing – are effective but economically and socially costly. Compliance to these measures in part pose a challenge for liberal open societies in North America and Europe. It remains to be seen whether mass vaccination with sufficient broad coverage will accomplish herd immunity and how durable this immunity will prove to be. With the looming possibility that SARS-CoV2 may manifest endemically, annual shots may be required for years to come. The healthcare industry has been extensively working on solutions across the whole spectrum of technologies including diagnostics, devices, therapeutics (>590

European indices could not keep up, with the Euro Stoxx 50 down 0.7%, versus the Dax (3.7%) and the SMI (1.5%) slightly up in local currency. Year-to-date, the differences are even more stacked in favor of the US markets, with the technology rally driving a positive 31.7% total return for the Nasdaq 100.

The broad healthcare markets, represented through the MSCI World Health Care Index, gained 4.9% in the third quarter resulting in a year-to-date total return of 6.7% in USD. Following a very strong second quarter, the Nasdaq Biotechnology Index consolidated somewhat in the third quarter (negative 0.8%), defending its double-digit total return at 12.9%.

Although some M&A activity drove selected companies higher, recalibration of overly high expectations for therapeutic modalities to treat acute infections have dampened overall sector performance. Additionally, with mail-in voting already having started for the US presidential election, investors have started withdrawing capital from the sector even in the face of a less pronounced

Dear *shareholders,*

programs) and vaccines (>150 programs). The majority of efforts is conducted at high quality standards and well managed. Some are not.

With the global economies and healthcare systems continuously shaped by the SARS-CoV2 pandemic, global equity markets have diverged depending on geography and on their local index constituents. The pandemic has accelerated the watershed in capital allocation, with digitalization efforts leading the big tech companies to be clear winners of the pandemic. News covering progress for COVID-19 therapeutic modalities significantly affected markets that continue to look through the shorter-term implications and continue to foresee a global recovery in 2021 and beyond. Continued record-low interest rates, fiscal easing and trillion dollar stimulus packages continue to support equity markets.

The trends seen in the first half of 2020 persisted in the third quarter. The US indices, benefiting from a weaker US dollar, advanced more than other geographies, with the S&P500 Index up 8.9%, and the tech-centric Nasdaq 100 Index up by 12.6% in the third quarter (all values in USD).

focus of debates on drug pricing. In contrast, the IPO market continued to thrive, while the longer-term listed smaller and mid cap biotechnology companies have struggled to perform.

BB Biotech Q3 2020 and 9M 2020 performance

The third quarter 2020 share return for BB Biotech was –3.4% in CHF and –4.3% in EUR. Re-positioning in the smaller and mid cap companies proved unfavorable in the short term. The Net Asset Value (NAV) moved down 10.9% in CHF, 12.1% in EUR and 8.3% in USD. Consequently, the third quarter net loss was CHF 395 mn, similar to the net loss of CHF 382 mn for the same period in 2019.

For the nine months 2020, BB Biotech remains ahead, with the total share price return (7.6% in CHF and 8.3% in EUR) and the NAV total return (3.0% in CHF, 3.7% in EUR and 8.3% in USD). BB Biotech investors enjoyed a continued share price premium over the NAV throughout the first nine months of the year. The nine-month gain of CHF 26 mn compares to CHF 172 mn for the same period in 2019.

The described performance segmentation became very evident in the third quarter, with important longer-term holdings such as Ionis, Neurocrine, Incyte, Agios and Vertex experiencing market share price erosions despite their strong operational progress.

Portfolio changes in the third quarter

The management team added one new position, Relay Therapeutics, and sold the remaining position in Akcea Therapeutics in the third quarter. Continued market volatility allowed trading, taking profits in a selection of larger mid caps and reinvesting the generated funds into companies that despite substantial operational progress have not been rewarded by Wall Street.

«The main attention of investors remained on the COVID-19-targeted therapeutic approaches, their progress and data from clinical trials»

We added an investment into Relay Therapeutics by participation in the IPO and increased our investment level immediately following the listing on the open market. Relay is a biopharmaceutical company with the aim to bring protein motion to the center of drug discovery in order to create transformative medicines. Their approach combines key technological advances in biophysical experimentation and computational chemistry into one integrated drug discovery engine effectively enabling next generation rational drug discovery. The company has applied its drug discovery machine to lower translation risk targets that have been biologically validated but are difficult to drug until now, essentially solving engineering problems through their edge in computational methods, speed and power. Having prioritized targeted oncology as an initial application field, they are developing RLY-1971, a selective inhibitor of the protein tyrosine phosphatase SHP2 in a Phase I dose escalation study in patients with advanced or metastatic solid tumors. RLY-4008, a selective inhibitor of FGFR2 that has recently entered the clinic, and RLY-PI3K1047, a PI3K alpha mutant targeting agent with the goal to better spare the wild type PI3K alpha, are the two other disclosed clinical programs of Relay.

Milestones and events in the third quarter 2020

The main attention of investors remained on the COVID-19-targeted therapeutic approaches, their progress and data from clinical trials as well as towards government contracting and updates regarding manufacturing capacity. Multiple therapeutic modalities to treat acute infections

presented initial results, with most of offering modest benefit. Progress for the prophylactic vaccines continued, with the mRNA vaccines from Moderna and Pfizer/Biontech together with Astra Zeneca's chimp adenovirus-vectored vaccine leading the field and enrolling large clinical studies that are testing vaccine efficacy in form of a risk reduction of symptomatic infections of vaccinated participants versus a placebo controlled group. Moderna disclosed further data from its Phase I mRNA-1273 clinical program, with elderly volunteers achieving SARS-CoV2 antibody titer similar to the younger subgroups, an important finding given that the elderly are in focus due to their higher risk for a severe disease course and poor outcomes. Moderna recently updated on its CMV vaccine candidate mRNA-1647 and presented further positive interim Phase II data. The company confirmed the selected dose of the vaccine as well as the Phase III trial initiation planned for early 2021.

Intra-Cellular announced positive study results for Lumateperone as adjunctive therapy to lithium or valproate in the treatment of major depressive episodes associated with bipolar I or bipolar II disorder. The primary endpoint for improvement in depression as measured by change from baseline versus placebo on the MADRS total score (Montgomery-Åsberg depression rating scale) was met, as well as hitting the key secondary objectives on the clinical global impression scale. The company disclosed to submit a supplemental new drug application in late 2020 or early 2021, potentially adding bipolar depression to Caplyta's label in 2021 expanding beyond the approved schizophrenia indication.

Myovant disclosed further study results from the Phase III HERO study evaluating Relugolix in men with advanced prostate cancer. Relugolix did not achieve statistical superiority for castration resistance-free survival compared to leuprolide acetate in men with metastatic disease through 48 weeks. Relugolix is under Priority Review by the FDA for the treatment of men with advanced prostate cancer, with a target action date of December 20, 2020. In the Phase III HERO study, Relugolix met the primary efficacy endpoint, with 96.7% of men treated with Relugolix achieving sustained testosterone suppression to castrate levels (< 50 ng/dL) through 48 weeks versus 88.8% of men treated with leuprolide acetate. Relugolix also met six key secondary endpoints, demonstrating rapid and profound suppression of testosterone and PSA response, in addition to improved testosterone recovery after discontinuation of treatment. Patients in the Relugolix group had a 54% lower risk of major adverse cardiovascular events (MACE) compared to patients in the leuprolide acetate group (2.9% vs 6.2%, respectively). In patients with a reported history of MACE, the Relugolix group had 80% fewer MACE events reported compared to the leuprolide acetate group (3.6% vs 17.8%, respectively).

Incyte announced that the US Food and Drug Administration (FDA) has approved Monjuvi (tafasitamab-cxix) in

combination with Revlimid for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). Monjuvi, a humanized Fc-modified cytolytic CD19 targeting monoclonal antibody, was approved under accelerated approval by the US FDA based on overall response rate (ORR). Continued approval may be contingent upon verification and description of clinical benefit in a confirmatory trial(s).

Following a very quiet first half of 2020, take-over activity accelerated in the third quarter with larger deals announced such as Gilead offering USD 21 bn for Immunomedics, Sanofi offering USD 3.7 bn for Principia and Johnson & Johnson offering USD 6.5 bn for Momenta. While we unfortunately did not have any exposure to these take-over deals, we did support Ionis decision to fully integrate and re-acquire its listed commercial subsidiary Akcea Therapeutics. Similarly, Radius has licensed its SERD program to Menarini and will focus on key expertise in osteoporosis. Moderna received a second BARDA grant for an additional funding commitment of up to USD 472 mn in the third quarter and signed multiple supply agreements with the US Government, the European Commission, the Ministry of Health, Labour and Welfare in Japan, Switzerland, Israel and Canada.

Sector outlook and milestones expected for year-end 2020/early 2021

Next to real time monitoring of pandemic dynamics and ongoing efficacy results from multiple Phase III vaccine trials, the upcoming US presidential election has taken center-stage for investors. The path of economic recovery, however, is more closely tied to vaccine successes, the US Federal Reserve policy and stimulus packages, rather than the winner of the presidential election – and this will ultimately drive equity valuations. Despite an increase of volatility in equity markets, fund raising activities continued at a record pace and are expected to remain an important component. The reignited take-over activities seen in the third quarter have extended into the early fourth quarter with BB Biotech benefiting from Bristol-Myers Squibb's USD 13 bn offer for Myokardia, one of our important mid cap holdings.

For the remainder of the year, we look forward to important milestones in our portfolio, e.g.

- Moderna is expecting to report initial efficacy data from the COVE study, testing two monthly injections of mRNA-1273 in around 30 000 healthy volunteers. The primary endpoint is the reduction of symptomatic SARS-CoV2 infections for the vaccinated volunteers versus the control group. If positive, an emergency use authorization (EUA) for selected risk populations is possible for late 2020, with the company guiding for a potential broader rollout feasible in Q1 2021 once receiving a full approval.

- Scholar Rock has guided to disclose interim Phase II data from the TOPZA study testing SRK-015 for different spinal muscular atrophy (SMA) patient subgroups. SRK-015 is a selective and local inhibitor of the activation of myostatin, a potential treatment to improve muscle strength and motor function in patients with spinal muscular atrophy.
- Both Arvinas and Molecular Templates are expected to disclose important early dose and efficacy data at the San Antonio Breast Cancer Symposium. Arvinas will update on progress with ARV-471, an oral estrogen receptor targeting protein degrader for the treatment of patients with locally advanced or metastatic ER positive/Her2-negative breast cancer. Molecular Template will present initial data for MT-5111, a second-generation single chain variable fragment recognizing Her2 and carrying a de-immunized payload tested in metastatic breast cancer patients.

Three drugs under regulatory review are expected to receive formal feedback prior to year-end: Relugolix from Myovant for the treatment of advanced prostate cancer patients, Lumasiran from Alnylam for the treatment of primary hyperoxaluria type 1, and Margetuximab from MacroGenics for the treatment of Her2-positive metastatic breast cancer. Depending on the timelines for Moderna's Phase III COVE study that is testing mRNA-1273 as prophylactic vaccine against SARS-CoV2, an emergency use authorization is possible before year-end.

We recognized the enormous promise of mRNA vaccines some years ago with our participation in private Series G round financing of Moderna, though we did not anticipate COVID-19. We have also been committed to investments in other therapeutic modalities targeting inflammatory pathways for many years – with investments in leaders such as Incyte. We also recognize the potential for RNA therapeutics with our long-term investment in Alnylam and Ionis.

We have generally not invested in big pharma or big vaccine divisions in pharma. Given the uncertainty about the ultimate profitability of such investments and their impact on pharma equity value, we remain diffident about backing these routine technologies, deployed at massive scale. They are likely to be successful but do not represent breakthrough investment opportunities. While we applaud the industry's speed and innovation power in search of solutions to this pandemic, we acknowledge the possibility that this large and potentially excessive spending on COVID-19 specific R&D may negatively impact availability of R&D funds for the development in other therapeutic areas over the next years. The shift in digital health interactions, infrastructure and diagnostic improvements will not only impact the healthcare system today but will do so in the future. We expect clinical trial conduct with shortened timelines and reduced costs. Launching products will require new models less dependent on large sales forces but applying novel strategies to drive awareness at patient and physician level. Investments in diag-

nostic testing could ultimately lead to broader adaption even at genetic level, driving adoption in targeted medicines from rare genetic disorders to patient tailored oncology drugs.

We are actively monitoring the pandemic, the resulting health and economic policies as well as the many projects in development. Based on our insight, including discussions with external experts, we are confident that vaccinations will be successful and that measures to adapt to, and contain, this challenging pathogen will prevail. However, it will take longer than most politicians and the public wish, and long term economic support, and multi-year vaccinations may very well be required. In the meantime, we

anticipate better therapeutics to treat active infections, which will ease the disease burden and reduce mortality rates. One area of particular focus for us will continue to be identified risk factors associated with the underlying health determinants of an entire population (e.g. obesity, hypertension, diabetes, respiratory disease) which clearly exacerbate the health and economic burden of pandemics. We will also keep on monitoring any signs of long-term sequelae of COVID-19, which may add to and prolong the negative health and economic impact that the virus has had on societies.

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

The Board of Directors of BB Biotech AG



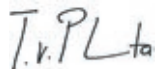
Dr. Erich Hunziker, Chairman



Dr. Clive Meanwell



Dr. Susan Galbraith



Dr. Thomas von Planta



Prof. Dr. Mads Krogsgaard Thomsen

Securities as at September 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	8 199 913	204 958	USD	47.45	358.3	10.3%	11.1%	5.9%
Neurocrine Biosciences	2 995 000	(233 074)	USD	96.16	265.2	7.7%	8.2%	3.2%
Incyte	2 900 000	(500 000)	USD	89.74	239.7	6.9%	7.4%	1.3%
Argenx SE	935 000	(9 739)	USD	262.52	226.0	6.5%	7.0%	2.0%
Vertex Pharmaceuticals	900 000	(340 000)	USD	272.12	225.5	6.5%	7.0%	0.3%
Moderna	3 250 000	(1 567 781)	USD	70.75	211.7	6.1%	6.6%	0.8%
Alnylam Pharmaceuticals	1 200 000	(400 000)	USD	145.60	160.9	4.6%	5.0%	1.0%
Myokardia	1 100 000	(164 913)	USD	136.33	138.1	4.0%	4.3%	2.1%
Alexion Pharmaceuticals	1 294 428	(20 000)	USD	114.43	136.4	3.9%	4.2%	0.6%
Agios Pharmaceuticals	4 108 902	211 948	USD	35.00	132.4	3.8%	4.1%	5.9%
Halozyne Therapeutics	5 394 131	(2 568 925)	USD	26.28	130.5	3.8%	4.0%	3.9%
Esperion Therapeutics	3 747 964	20 000	USD	37.17	128.3	3.7%	4.0%	13.5%
Macrogenics	4 702 761	183 602	USD	25.19	109.1	3.1%	3.4%	8.7%
Sage Therapeutics	1 540 104	260 000	USD	61.12	86.7	2.5%	2.7%	3.0%
Intra-Cellular Therapies	3 458 419	1 158 419	USD	25.66	81.7	2.4%	2.5%	4.4%
Fate Therapeutics	2 140 000	2 140 000	USD	39.97	78.8	2.3%	2.4%	2.5%
Radius Health	7 355 714	474 029	USD	11.34	76.8	2.2%	2.4%	15.8%
Crispr Therapeutics	940 462	210 000	USD	83.64	72.4	2.1%	2.2%	1.3%
Myovant Sciences	5 045 000	229 891	USD	14.05	65.3	1.9%	2.0%	5.6%
Exelixis	2 835 000	–	USD	24.45	63.8	1.8%	2.0%	0.9%
Generation Bio Co.	1 880 000	1 880 000	USD	30.91	53.5	1.5%	1.7%	4.0%
Relay Therapeutics	1 300 000	1 300 000	USD	42.59	51.0	1.5%	1.6%	1.4%
Molecular Templates	4 989 996	3 694 309	USD	10.92	50.2	1.4%	1.6%	10.0%
Scholar Rock Holding	2 811 515	177 049	USD	17.69	45.8	1.3%	1.4%	9.4%
Nektar Therapeutics	2 620 676	–	USD	16.59	40.0	1.2%	1.2%	1.5%
Black Diamond Therapeutics	1 390 000	1 390 000	USD	30.23	38.7	1.1%	1.2%	3.9%
Arvinas	1 626 903	385 000	USD	23.61	35.4	1.0%	1.1%	4.1%
Sangamo Therapeutics	3 850 000	–	USD	9.45	33.5	1.0%	1.0%	2.7%
Intercept Pharmaceuticals	696 976	–	USD	41.46	26.6	0.8%	0.8%	2.1%
Voyager Therapeutics	2 680 283	–	USD	10.67	26.3	0.8%	0.8%	7.2%
Wave Life Sciences	2 602 858	200 000	USD	8.49	20.4	0.6%	0.6%	5.9%
Kezar Life Sciences	4 533 148	2 982 479	USD	4.84	20.2	0.6%	0.6%	9.8%
Homology Medicines	1 737 122	125 000	USD	10.70	17.1	0.5%	0.5%	3.8%
G1 Therapeutics	721 925	–	USD	11.55	7.7	0.2%	0.2%	1.9%
Cidara Therapeutics	2 822 495	527 223	USD	2.85	7.4	0.2%	0.2%	6.6%
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	USD	0.88	2.2	0.1%	0.1%	
Bristol-Myers Squibb – Contingent Value Right	800 000	–	USD	2.25	1.7	0.0%	0.1%	
Total securities					3 465.5	100.0%	107.2%	
Other assets					15.0		0.5%	
Other payables					(249.4)		(7.7%)	
Net asset value					3 231.1		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 09/30/2020: USD/CHF: 0.9209

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

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 established, 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

Investment *Strategy*

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

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	09/30/2020	12/31/2019
Current assets			
Cash and cash equivalents		14 883	30 707
Securities at fair value through profit or loss	4	3 465 526	3 523 670
Other assets		129	190
Total assets		3 480 538	3 554 567
Current liabilities			
Short-term borrowings from banks	5	245 000	150 000
Payables to brokers		–	6 359
Other short-term liabilities		4 192	4 992
Tax liabilities		244	243
Total liabilities		249 436	161 594
Shareholders' equity			
Share capital	6	11 080	11 080
Retained earnings		3 220 022	3 381 893
Total liabilities and shareholders' equity		3 231 102	3 392 973
Total liabilities and shareholders' equity		3 480 538	3 554 567
Net asset value per share in CHF		58.30	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 October 20, 2020.

Consolidated statement of comprehensive income

(in CHF 1 000)

	Notes	01/01/–09/30/2020	01/01/–09/30/2019	07/01/–09/30/2020	07/01/–09/30/2019
Operating income					
Net gains from securities	4	61 703	207 951	–	–
Interest income		7	17	–	–
Dividend income		243	1 156	–	205
Foreign exchange gains net		–	–	–	138
Other income		21	209	18	188
		61 974	209 333	18	531
Operating expenses					
Net losses from securities	4	–	–	(382 803)	(370 396)
Finance expenses		(683)	(963)	(192)	(351)
Foreign exchange losses net		(429)	(274)	(425)	–
Administrative expenses	7	(30 690)	(31 689)	(10 902)	(10 170)
Other expenses		(3 632)	(4 146)	(896)	(1 363)
		(35 434)	(37 072)	(395 218)	(382 280)
Operating income before tax	8	26 540	172 261	(395 200)	(381 749)
Income taxes		(51)	(51)	(17)	(17)
Net income for the period		26 489	172 210	(395 217)	(381 766)
Total comprehensive income for the period		26 489	172 210	(395 217)	(381 766)
Income per share in CHF		0.48	3.11	(7.13)	(6.89)
Diluted income per share in CHF		0.48	3.11	(7.13)	(6.89)

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	–	–	172 210	172 210
Balances at September 30, 2019	11 080	–	2 876 672	2 887 752
Balances at January 1, 2020	11 080	–	3 381 893	3 392 973
Dividend	–	–	(188 360)	(188 360)
Total comprehensive income for the period	–	–	26 489	26 489
Balances at September 30, 2020	11 080	–	3 220 022	3 231 102

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/–09/30/2020	01/01/–09/30/2019
Cash flows from operating activities			
Proceeds from sales of securities	4	540 958	393 679
Purchase of securities	4	(427 471)	(357 432)
Dividend receipts		243	1 156
Interest receipts		7	17
Payments for services		(35 044)	(34 823)
Income taxes paid		(45)	(39)
Total cash flows from operating activities		78 648	2 558
Cash flows from financing activities			
Dividend		(188 360)	(168 970)
Borrowing of bank loans	5	95 000	155 000
Interest payments		(683)	(963)
Total cash flows from financing activities		(94 043)	(14 933)
Foreign exchange difference		(429)	(274)
Change in cash and cash equivalents		(15 824)	(12 649)
Cash and cash equivalents at the beginning of the period		30 707	22 072
Cash and cash equivalents at the end of the period		14 883	9 423

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	09/30/2020	12/31/2019
USD	0.92090	0.96760
ANG	0.51736	0.54360
EUR	1.07945	1.08550
GBP	1.19000	1.27970

Fair values

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

09/30/2020	Level 1	Level 2	Level 3	Total
Assets				
Securities at fair value through profit or loss				
– Shares	3 461 627	–	–	3 461 627
– Derivative instruments	1 657	–	2 242	3 899
Total assets	3 463 284	–	2 242	3 465 526
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/–09/30/2020	01/01/–09/30/2019
Opening balance	2 355	–
Purchases	–	–
Reclassification	–	–
Income included in net gains from securities	(113)	–
Closing balance	2 242	–
Total income on level 3 instruments included in net gains from securities	(113)	–

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 09/30/2020	Market price in original currency 09/30/2020	Valuation CHF mn 09/30/2020	Valuation CHF mn 12/31/2019	
Ionis Pharmaceuticals	7 994 955	204 958	8 199 913	USD	47.45	358.3	467.3
Neurocrine Biosciences	3 228 074	(233 074)	2 995 000	USD	96.16	265.2	335.7
Incyte	3 400 000	(500 000)	2 900 000	USD	89.74	239.7	287.3
Argenx SE	944 739	(9 739)	935 000	USD	262.52	226.0	146.7
Vertex Pharmaceuticals	1 240 000	(340 000)	900 000	USD	272.12	225.5	262.7
Moderna	4 817 781	(1 567 781)	3 250 000	USD	70.75	211.7	91.2
Alnylam Pharmaceuticals	1 600 000	(400 000)	1 200 000	USD	145.60	160.9	178.3
Myokardia	1 264 913	(164 913)	1 100 000	USD	136.33	138.1	89.2
Alexion Pharmaceuticals	1 314 428	(20 000)	1 294 428	USD	114.43	136.4	137.5
Agios Pharmaceuticals	3 896 954	211 948	4 108 902	USD	35.00	132.4	180.1
Halozyme Therapeutics	7 963 056	(2 568 925)	5 394 131	USD	26.28	130.5	136.6
Esperion Therapeutics	3 727 964	20 000	3 747 964	USD	37.17	128.3	215.1
Macrogenics	4 519 159	183 602	4 702 761	USD	25.19	109.1	47.6
Sage Therapeutics	1 280 104	260 000	1 540 104	USD	61.12	86.7	89.4
Intra-Cellular Therapies	2 300 000	1 158 419	3 458 419	USD	25.66	81.7	76.4
Fate Therapeutics	–	2 140 000	2 140 000	USD	39.97	78.8	–
Radius Health	6 881 685	474 029	7 355 714	USD	11.34	76.8	134.2
Crispr Therapeutics	730 462	210 000	940 462	USD	83.64	72.4	43.0
Myovant Sciences	4 815 109	229 891	5 045 000	USD	14.05	65.3	72.3
Exelixis	2 835 000	–	2 835 000	USD	24.45	63.8	48.3
Generation Bio Co.	–	1 880 000	1 880 000	USD	30.91	53.5	–
Relay Therapeutics	–	1 300 000	1 300 000	USD	42.59	51.0	–
Molecular Templates	1 295 687	3 694 309	4 989 996	USD	10.92	50.2	17.5
Scholar Rock Holding	2 634 466	177 049	2 811 515	USD	17.69	45.8	33.6
Nektar Therapeutics	2 620 676	–	2 620 676	USD	16.59	40.0	54.7
Black Diamond Therapeutics	–	1 390 000	1 390 000	USD	30.23	38.7	–
Arvinas	1 241 903	385 000	1 626 903	USD	23.61	35.4	49.4
Sangamo Therapeutics	3 850 000	–	3 850 000	USD	9.45	33.5	31.2
Intercept Pharmaceuticals	696 976	–	696 976	USD	41.46	26.6	83.6
Voyager Therapeutics	2 680 283	–	2 680 283	USD	10.67	26.3	36.2
Wave Life Sciences	2 402 858	200 000	2 602 858	USD	8.49	20.4	18.6
Kezar Life Sciences	1 550 669	2 982 479	4 533 148	USD	4.84	20.2	6.0
Homology Medicines	1 612 122	125 000	1 737 122	USD	10.70	17.1	32.3
G1 Therapeutics	721 925	–	721 925	USD	11.55	7.7	18.5
Cidara Therapeutics	2 295 272	527 223	2 822 495	USD	2.85	7.4	8.5
Bristol-Myers Squibb Co.	800 000	(800 000)	–	USD	n.a.	–	49.7
Akcea Therapeutics	2 448 948	(2 448 948)	–	USD	n.a.	–	40.1
Total shares						3 461.6	3 519.0
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	2 766 008	USD	0.88	2.2	2.4
Bristol-Myers Squibb – Contingent Value Right	800 000	–	800 000	USD	2.25	1.7	2.3
Total derivative instruments						3.9	4.7
Total securities at fair value through profit or loss						3 465.5	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
<i>Realized gains</i>	251 993	–	167	252 160
<i>Realized losses</i>	(12 865)	–	–	(12 865)
<i>Unrealized gains</i>	693 965	–	3 196	697 161
<i>Unrealized losses</i>	(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	421 112	–	–	421 112
Sales	(540 958)	–	–	(540 958)
Net gains/(losses) from securities	62 488	–	(786)	61 703
<i>Realized gains</i>	109 557	–	–	109 557
<i>Realized losses</i>	(11 238)	–	–	(11 238)
<i>Unrealized gains</i>	541 291	–	–	541 291
<i>Unrealized losses</i>	(577 122)	–	(786)	(577 908)
Closing balance as at 09/30/2020 at fair values	3 461 627	–	3 899	3 465 526

5. Short-term borrowings from banks

At September 30, 2020, a CHF 245 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 September 30, 2020, no shares had been repurchased under this share buy-back program. A repurchase would take place via second trading line for the purpose of a subsequent capital reduction.

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

7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01/01–09/30/2020	01/01–09/30/2019
Investment manager		
– Management fees (incl. VAT)	29 523	30 555
Personnel		
– Board of Directors remuneration	870	808
– Wages and salaries	210	225
– Social insurance contributions and duties	87	101
	30 690	31 689

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/–09/30/2020	01/01/–09/30/2019
Netherlands	83 109	16 740
Switzerland	12 620	2 279
Singapore	179	(31 148)
Great Britain	(8 578)	(42 695)
USA	(29 134)	259 852
Curaçao	(31 656)	(32 767)
	26 540	172 261

9. Assets pledged

At September 30, 2020, the securities in the amount of CHF 3 465.5 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 September 30, 2020, a CHF 245 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 September 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 September 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 September 30, 2020 and December 31, 2019.

13. Subsequent events

There have been no events subsequent to September 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 September 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, 21 October 2020

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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 September 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:	AoNFN3
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		
		– Finanz & Wirtschaft (CH)	in EUR (STAR)	– Bloomberg: BB IM Equity
		– Neue Zürcher Zeitung (CH)		– Datastream: I:BBB
				– Reuters: BB.MI

Corporate calendar 2020/2021

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
Interim Report as at June 30, 2021	July 23, 2021, 7.00 AM CET
Interim Report as at September 30, 2021	October 22, 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.



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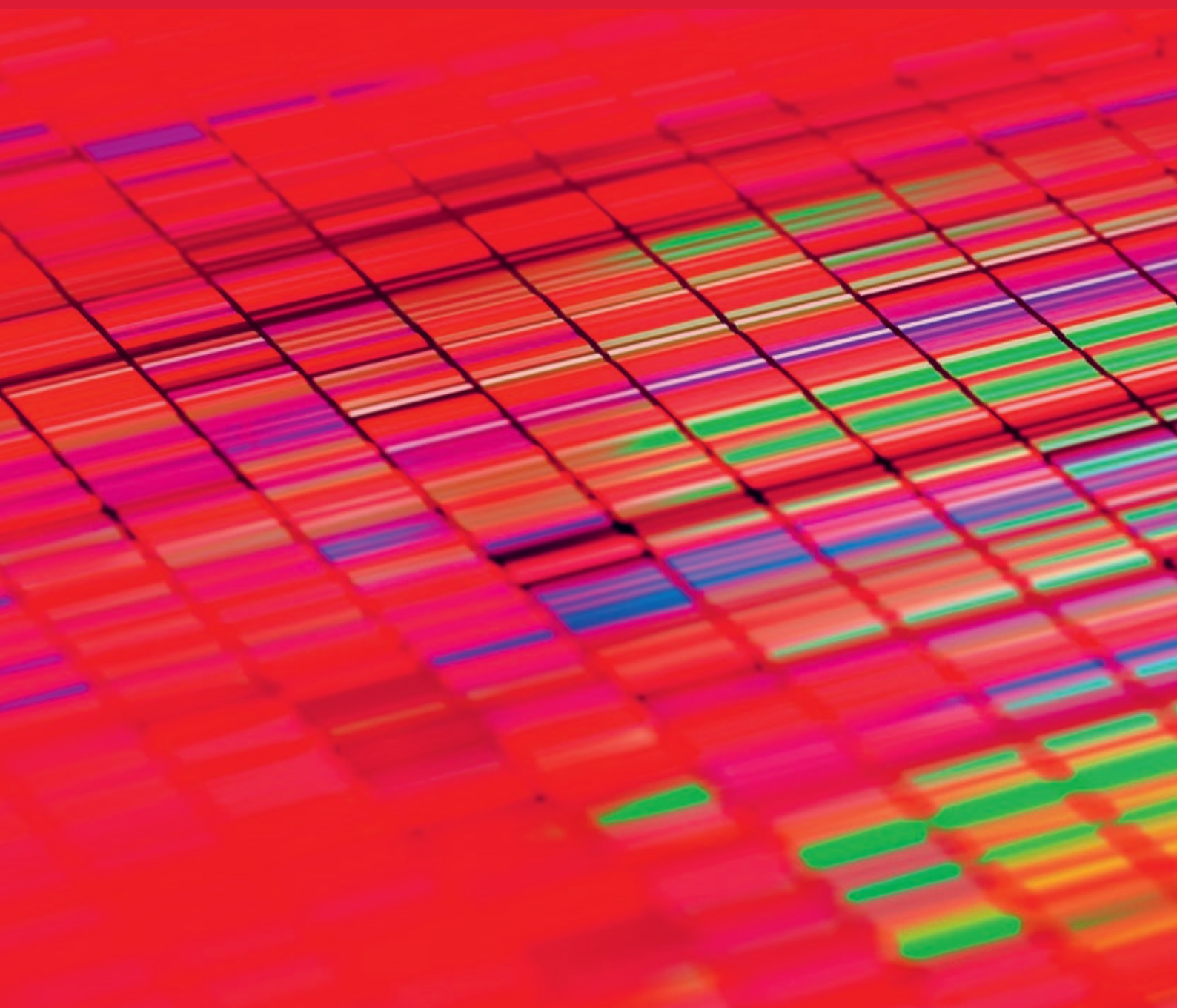


Illustration: Colored DNA sequencing