

Annual Report 2022

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Business report

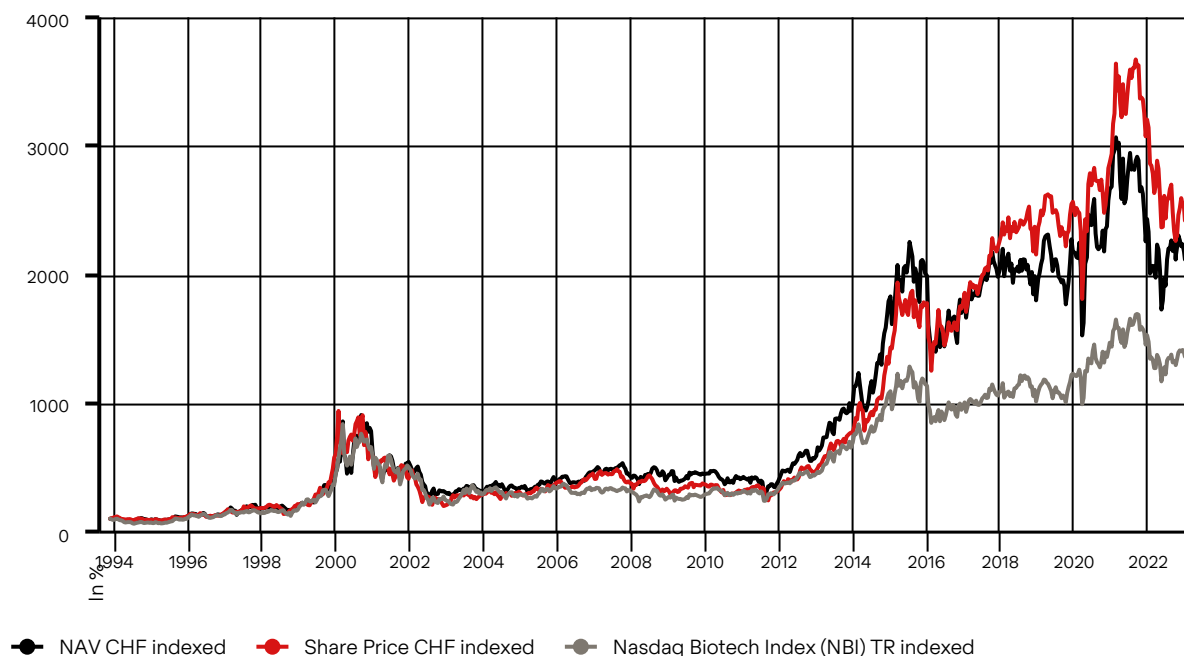
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Performance / Multi-year comparison

Indexed performance since launch

BB Biotech AG (SIX)-CHF



Annual performance

31.12.2022

	SHARE	NAV	NBI TR
2022	(24.3%)	(11.0%)	(9.1%)
2021	8.3%	(11.5%)	3.0%
2020	19.3%	24.3%	15.8%
2019	18.5%	23.4%	23.0%
2018	(5.2%)	(14.5%)	(8.0%)

Cumulated performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(24.3%)	(11.0%)	(9.1%)
3 years	(2.1%)	(2.1%)	8.4%
5 years	10.0%	3.3%	22.7%
10 years	404%	274%	212%
since inception ¹⁾	2 319%	2 016%	1 261%

¹⁾ 09.11.1993

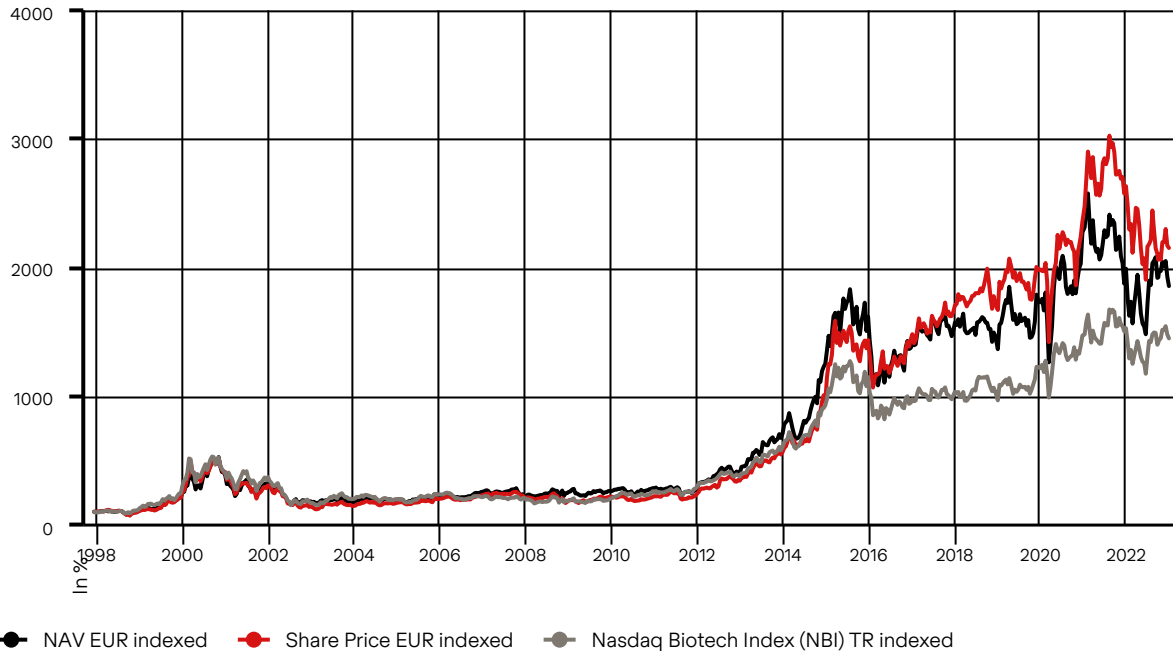
Annualized performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(24.3%)	(11.0%)	(9.1%)
3 years	(0.7%)	(0.7%)	2.7%
5 years	1.9%	0.7%	4.2%
10 years	17.5%	14.1%	12.0%
since inception ¹⁾	11.6%	11.0%	9.4%

¹⁾ 09.11.1993

BB BIOTECH AG (XETRA)-EUR



Annual performance

31.12.2022

	SHARE	NAV	NBI TR
2022	(19.0%)	(6.7%)	(4.5%)
2021	13.3%	(7.8%)	7.4%
2020	18.1%	24.8%	16.1%
2019	23.4%	28.1%	27.6%
2018	(2.2%)	(11.1%)	(4.3%)

Cumulated performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(19.0%)	(6.7%)	(4.5%)
3 years	8.4%	7.3%	19.1%
5 years	30.9%	22.2%	45.4%
10 years	530%	356%	281%
since inception ¹⁾	2 051%	1 755%	1 404%

¹ 10.12.1997

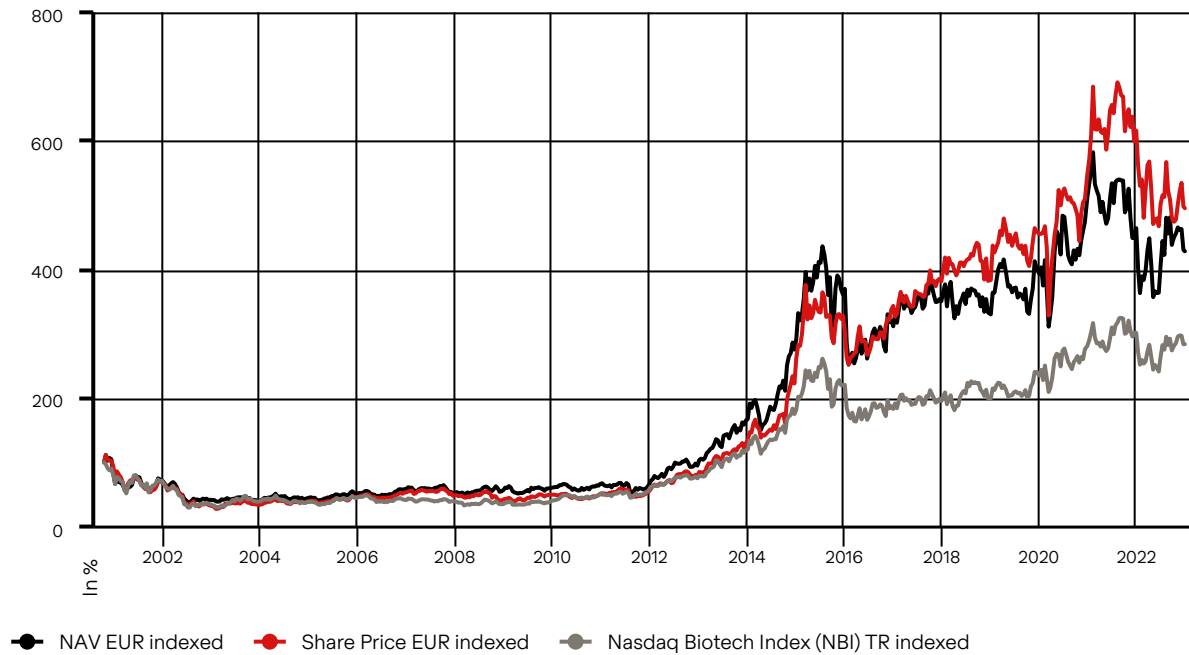
Annualized performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(19.0%)	(6.7%)	(4.5%)
3 years	2.7%	2.4%	6.0%
5 years	5.5%	4.1%	7.8%
10 years	20.2%	16.4%	14.3%
since inception ¹⁾	13.0%	12.4%	11.4%

¹ 10.12.1997

BB BIOTECH AG (MILAN)-EUR



Annual performance

31.12.2022

	SHARE	NAV	NBI TR
2022	(19.6%)	(6.7%)	(4.5%)
2021	13.0%	(7.8%)	7.4%
2020	19.7%	24.8%	16.1%
2019	22.6%	28.1%	27.6%
2018	(1.3%)	(11.1%)	(4.3%)

Cumulated performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(19.6%)	(6.7%)	(4.5%)
3 years	8.8%	7.3%	19.1%
5 years	31.6%	22.2%	45.4%
10 years	525%	356%	281%
since inception ¹⁾	395%	328%	184%

¹ 19.10.2000

Annualized performance

31.12.2022

	SHARE	NAV	NBI TR
1 year	(19.6%)	(6.7%)	(4.5%)
3 years	2.8%	2.4%	6.0%
5 years	5.6%	4.1%	7.8%
10 years	20.1%	16.4%	14.3%
since inception ¹⁾	7.5%	6.8%	4.8%

¹ 19.10.2000

Multi-year comparison

	2022	2021	2020	2019	2018
Market capitalization at the end of the period (in CHF mn)	3 058.1	4 274.1	4 107.9	3 670.3	3 235.4
Net Asset Value at the end of the period (in CHF mn)	2 686.1	3 283.5	3 887.5	3 393.0	2 884.5
Number of shares (in mn)	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	1 482.0	2 101.0	2 315.6	2 004.2	2 610.7
Profit/(loss) (in CHF mn)	(357.8)	(404.8)	691.2	677.4	(471.3)
Closing price at the end of the period in CHF	55.20	77.15	74.15	66.25	58.40
Closing price (G) at the end of the period in EUR	56.70	74.05	68.00	61.40	52.00
Closing price (I) at the end of the period in EUR	56.50	74.40	68.50	61.00	52.00
Stock performance (incl. distributions) ¹⁾	(24.3%)	8.3%	19.3%	18.5%	(5.2%)
High/low share price in CHF	78.15/51.00	92.20/73.40	74.70/45.44	73.20/59.35	74.10/56.10
High/low share price in EUR	75.40/49.60	86.20/67.80	69.00/43.04	64.70/52.10	64.80/48.60
Premium/(discount) (annual average)	20.5%	19.5%	9.2%	11.8%	9.7%
Dividend in CHF (*proposal)	2.85*	3.85	3.60	3.40	3.05
Degree of investment (quarterly figures)	112.8%	108.6%	106.8%	109.1%	108.4%
Total Expense Ratio (TER) p.a. ²⁾	1.27%	1.22%	1.25%	1.26%	1.25%

¹⁾ All figures in CHF %, total return-methodology

²⁾ Based on market capitalization

Shareholder letter

The year 2022 saw volatile market conditions for global equity and bond markets, with substantial stepwise increases in central bank rates, led by the US Federal Reserve Bank. Flight from growth into value sectors and into diversified, large, profitable companies was a major theme for 2022. In the heterogeneous biotechnology sector, large cap companies gained value throughout 2022 whereas pipeline-dependent small and mid cap companies experienced significant corrections. While the COVID-19 pandemic has been declared less threatening in the US, booster vaccination initiatives have continued, while the world watches China's about-face from restrictive isolation policies towards re-opening. The focus for the biotech sector is already shifting back to chronic diseases and seasonal vaccines.

Dear Shareholders

The Dow Jones (-6.9% in USD), the Dax (-12.4% in EUR), and the SPI (-16.5% in CHF) indices each declined in 2022, while the technology-heavy Nasdaq Composite (-32.5% in USD) declined even more. The Nasdaq Biotech Index (NBI) traded in line with the broader markets for the year (-10.1% in USD).

BB Biotech's total share return of -24.3% in CHF and -19.0% in EUR in 2022 tracked European equity indices, performed worse than biotech indices and deviated from the underlying portfolio performance. Exchange rates fluctuated throughout the year but closed with a small gain for the USD relative to the CHF and the EUR which created some support for EUR-denominated performance. This meant that the BB Biotech portfolio Net Asset Value (NAV) declined 11.0% in CHF, 6.7% in EUR and 12.1% in USD for 2022. Consolidated full year 2022 data showed a net loss of CHF 358 mn compared to a net loss of CHF 405 mn for 2021.

During the last quarter of the year major global equity indices rebounded and recovered some of 2022's earlier losses. Most equity and bond markets closed the year in negative territory associated with persistently high inflation and strong labor market data which surprised investors and central banks. Interest rate expectations for the US at the beginning of 2022 stayed below 1%, with the December 2022 rate hike pushing the Federal fund interest rate to 4.25% with more rate hikes to be expected in 2023.

For the fourth quarter of 2022, BB Biotech's share price increased 4.7% in CHF and 4.4% in EUR. BB Biotech's Net Asset Value (NAV) decreased 1.2% in CHF, 3.5% in EUR and gained 5.4% in USD, impacted by currency fluctuations and by the underperformance of small and mid cap companies in the portfolio, while the NBI index gained 12.0% in USD for the same period – driving a net loss of CHF 35 mn compared to the net loss of CHF 546 mn for the fourth quarter 2021.

Stability in the Board of Directors of BB Biotech

During 2022, BB Biotech expanded the Board of Directors. Dr. Pearl Huang, CEO of Dunad Therapeutics, and Laura Hamill, former Executive Vice President Worldwide Commercial Operations for Gilead joined the Board. All six current board members will stand for re-election by the shareholders at the Annual General Meeting (AGM) scheduled for March 23, 2023.

A proposed dividend of CHF 2.85 per share

The Board of Directors will propose a regular dividend of CHF 2.85 per share at the AGM. A 5% dividend yield will be applied to the average share price of December 2022, consistent with the dividend policy introduced in 2013.

Dividend 2023

CHF 2.85

(Proposed)

Portfolio adjustments in the fourth quarter 2022

During the fourth quarter, the investment team made no new investments, but added to existing portfolio positions. The additions focused on oncology companies such as Revolution Medicines, Fate Therapeutics, Black Diamond Therapeutics and Essa Pharma – each of which suffered valuation dislocations. Additions in MacroGenics and Mersana followed important pipeline deals strengthening the companies' balance sheet. Additions in Relay Therapeutics followed positive clinical data reports for the firm's FGFR2 asset. BB Biotech also added shares of commercial stage Incyte and genetic medicines company Ionis. The investment management team took profits in Neurocrine following a rebound of Ingrezza growth, and from Alnylam and Vertex – each trading close to their all-time high share prices. Taken together, these additional investments increased the BB Biotech investment level by 2.4% compared to the third quarter, closing 2022 at 113.6%.

The additions focused on oncology companies such as Revolution Medicines, Fate Therapeutics, Black Diamond Therapeutics and Essa Pharma – each of which suffered valuation dislocations.

Fourth-quarter portfolio update

The fourth quarter 2022 provided multiple major milestones for our portfolio holdings such as clinical results, regulatory decisions, licensing deals and some takeovers. The clinical results for the biotechnology industry and our portfolio saw a more positive picture in the last quarter. The difficult capital market environment influenced industry behavior, resulting in more licensing deals as an alternative source of non-dilutive access to capital. Additionally, opportunistic takeover activity focused on commercial-stage companies and lifted the acquisition targets towards their all-time highs thanks to the premiums offered.



2023: Exciting sector fundamentals and anticipated licensing deals/ M&A

During 2022, SARS-CoV-2 variant waves remained a focus for healthcare authorities. Yet the pandemic was said (more than once) to be over. Meanwhile, the US FDA tallied up 37 NDA (New Drug Application) approvals and 7 BLA (Biologics License Application) approvals (vaccines, blood and cell products) for the year.

BB Biotech believes that 2023 will include multiple catalysts for the sector and for its portfolio companies, including product launches, important clinical trial results, licensing deals and M&A activity.

Many clinical trial read-outs are eagerly anticipated from portfolio companies in 2023. The focus for mRNA vaccines shifts away from SARS-CoV-2 to seasonal respiratory viruses. Moderna is expected to report data from mRNA-1010, an influenza vaccine, and mRNA-1345, an RSV vaccine in 2023. Neurocrine will report Phase III data for Crinicerfont in congenital adrenal hyperplasia. Argenx, is expected to reveal Phase III data for chronic inflammatory demyelinating polyneuropathy (CIDP). Ionis plans to report late clinical data for Olezarsen, an ApoCIII antisense oligonucleotide for familial chylomicronemia syndrome. Esperion announced positive results for the CLEAR outcomes trial of bempedoic acid in late 2022 and is scheduled to disclose details at a late breaker presentation during the annual American College of Cardiology meeting on March 4, 2023. We also look forward to important results from smaller platform companies including Generation Bio, Homology Medicines, Wave Life Sciences and Fate Therapeutics.

Multiple product approvals and important label expansions are expected to drive future revenue and profit opportunities:

- Two antisense oligonucleotide drug candidates from Ionis: Eplontersen for TTR-polyneuropathy and Tofersen for SOD1 amyotrophic lateral sclerosis
- The first gene editing candidates from Crispr Therapeutics and Vertex: CTX001 for sickle cell disease and beta thalassemia
- A subcutaneous formulation of efgartigimod gMG from Argenx
- A second indication for Valbenazine for chorea in Huntington's disease from Neurocrine
- A Patisiran sNDA for TTR-CM from Alnylam
- Two mRNA vaccines, mRNA1010 for seasonal influenza, and mRNA1345 for seasonal RSV from Moderna
- Zuranolone for major depressive disorder and postpartum depression (PPD) from Sage/Biogen
- A bempedoic acid sNDA including cardiovascular outcomes data from Esperion

The challenging capital markets environment placed even greater investor focus on new product launch metrics including markers of sustainable profitability. Neurocrine Biosciences, Intra-Cellular Therapeutics, Incyte and Argenx will be in focus. The launch of Orgovyx and Myfembree by Myovant is less noteworthy since the firm has been acquired by Sumitomo Pharma.

Companies with earlier clinical programs and technology platforms may be challenged to raise capital. Consequently, some have fallen back on licensing deals with larger companies to avoid dilutive equity funding. Those needing immediate funding were obliged to raise money at unattractive valuations. BB Biotech sees compelling opportunities under these circumstances and also expects more M&A activity, with large companies constantly seeking pipeline opportunities.

A focus on big data and artificial intelligence

BB Biotech is focusing more and more on large healthcare data sets which provide insights into R&D and commercial opportunities. BB Biotech has expanded the data science team recently – adding experts to the investment management team to strengthen the investment process. The investment management team continues to build and balance a portfolio of established mid capitalization companies and exciting earlier stage companies, as defined and outlined in its investment guidelines. BB Biotech's structure as an investment company enables and demands a long-term view which will continue to generate leading returns in our sector. In BB Biotech's view, the growth case for biotechnology and the value which the sector will create are compelling.

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

The Board of Directors of BB Biotech AG

Dr. Erich Hunziker

Chairman

Laura Hamill

Member

Prof. Dr. Mads Krogsgaard Thomsen

Member

Dr. Clive Meanwell

Vice Chairman

Dr. Pearl Huang

Member

Dr. Thomas von Planta

Member

Portfolio Update Q4 2022

The fourth quarter 2022 provided multiple major milestones for our portfolio holdings such as clinical results, regulatory decisions, licensing deals and some takeovers. The clinical results for the biotechnology industry and our portfolio saw a more positive picture in the last quarter. The difficult capital market environment influenced industry behavior, resulting in more licensing deals as an alternative source of non-dilutive access to capital. Additionally, opportunistic takeover activity focused on commercial-stage companies and lifted the acquisition targets towards their all-time highs thanks to the premiums offered.

Several milestones including clinical trial data


The late-stage trial read-outs in our portfolio were mixed in the last quarter of 2022. Esperion announced that the cardiovascular outcomes trial for Nexletol (bempedoic acid) met the primary endpoint. The company's landmark trial of over 14 000 patients demonstrated statistically significant risk reduction in MACE-4 in patients treated with 180 mg/day NEXLETOL compared to placebo. Detailed results will be presented as a late-breaking abstract at the Annual Scientific Session & Expo with World Congress of Cardiology in March 2023.

Exelixis announced that the Phase III CONTACT-01 study did not meet its primary endpoint at the final analysis. In patients with metastatic non-small cell lung cancer who experienced disease progression on or after treatment with an immune checkpoint inhibitor and platinum-containing chemotherapy, Cabometyx (cabozantinib) in combination with Tecentriq (atezolizumab) did not improve the overall survival versus docetaxel.


The ever evolving SARS-CoV-2 strains remain a challenge for developing booster shots.

The ever evolving SARS-CoV-2 strains remain a challenge for developing booster shots. Moderna announced that its novel mRNA vaccines achieved strong neutralizing titers against multiple Omicron variants. In a Phase II/III study, a 50 µg booster dose of mRNA-1273.222 elicited a superior neutralizing antibody response against Omicron BA.4/BA.5 variants when compared to a 50 µg booster dose of mRNA-1273 (Spikevax) in previously vaccinated and boosted participants.

Promising proof-of-concept data was reported by many portfolio companies in the fourth quarter of 2022. Moderna together with its partner Merck announced top-line results from a Phase IIb KEYNOTE-942 study for mRNA-4157/V940, an investigational personalized mRNA cancer vaccine in combination with Keytruda. mRNA4157/V940 demonstrated a statistically significant and clinically meaningful improvement (44% risk reduction) in recurrence-free survival (RFS) versus Keytruda alone as adjuvant treatment in patients with stage III/IV melanoma following complete resection. Merck had opted into a joint development and commercialization collaboration earlier on, and both companies are expected to start multiple registrational trials for mRNA-4157/V940 in combination with Keytruda in different adjuvant settings.



Promising proof-of-concept data was reported by many portfolio companies in the fourth quarter of 2022.



Ionis with its development partner GSK presented positive Phase II study results for bepirovirsen, an investigational antisense oligonucleotide treatment for patients with chronic hepatitis B virus. The results showed that treatment with bepirovirsen resulted in sustained clearance of hepatitis B surface antigen (HBsAg) and hepatitis B virus (HBV) DNA for 24 weeks after end of bepirovirsen treatment in people with chronic hepatitis B. GSK has announced to start registrational Phase III trials in 2023.

Arvinas announced results from the Phase II cohort expansion portion with ARV-471, a novel PROTAC estrogen receptor protein degrader. 38% of evaluable patients achieved a clinical benefit and a favorable tolerability profile was presented. ARV-471 is being co-developed with Pfizer for the treatment of patients with advanced or metastatic estrogen receptor positive, HER2 negative breast cancer patients. The companies expect to start the ARV-471 Palbociclib combination trial in the second half of 2023.

Neurocrine announced that its investigational NBI-827104 did not meet its primary endpoint in the II STEAMBOAT study evaluating the efficacy, safety, tolerability and pharmacokinetics of NBI-827104 compared to placebo in pediatric patients with epileptic encephalopathy with continuous spike-and-wave during sleep. Overall, NBI-827104 was generally well tolerated.

One of our most recent investments, Celldex Therapeutics, announced new data for its open-label Phase Ib clinical trial of barzolvolimab in patients with antihistamine refractory chronic inducible urticarias. Additionally, all cold urticaria patients achieved a complete response after treatment of a single dose of barzolvolimab, a humanized monoclonal antibody binding the receptor tyrosine kinase KIT, blocking mast cell activation.

Numerous regulatory decisions milestones

BB Biotech's portfolio holdings updated on multiple regulatory decisions in the fourth quarter 2022 such as:

- Agios Pharmaceuticals announced that the European Commission (EC) has granted marketing authorization for PYRUKYND® for the treatment of PK deficiency in adult patients. PYRUKYND® is a first-in-class, oral PK activator and the first approved disease-modifying therapy for patients in the EU with this rare, debilitating, lifelong hemolytic anemia.
- Moderna expanded the emergency use authorization for its omicron-targeting bivalent covid-19 booster with the inclusion of children from 6 months through 5 years of age. The authorization is based on a 10 µg booster dose following a completed primary series of Moderna's original vaccine. The booster dose of mRNA-1273.222 contains mRNA encoding for the spike protein of BA.4/BA.5 as well as mRNA encoding for the original strain of the SARS-CoV-2 virus.
- Macrogenics reported that the US Food and Drug Administration (FDA) announced the approval of the Biologics License Application (BLA) for teplizumab, an anti-CD3 monoclonal antibody that was previously developed by Macrogenics. Teplizumab was acquired by Provention Bio, Inc. in May 2018 pursuant to an asset purchase agreement, triggering a USD 60mn milestone payment for Macrogenics.
- Alnylam Pharmaceuticals announced that the FDA approved a label expansion for OXLUMO® (lumasiran) for the treatment of primary hyperoxaluria type 1 (PH1), both in pediatric and adult patients. The approval is based on positive efficacy and safety results of the ILLUMINATE-C Phase III study and follows the initial FDA approval in 2022. This allows the treatment of PH1 patients with compromised renal function, including those with kidney failure and undergoing treatment by hemodialysis.

Beneficial collaborations in the last quarter of 2022

Non-dilutive capital contributions have become an attractive new source of funding for smaller companies that suffered steep share depreciations over the last 18 months. Platform companies are ideally positioned to weather the situation. Macrogenics and Gilead announced an exclusive option and collaboration agreement to develop MGD024, an investigational, bispecific antibody that binds CD123 and CD3 using Macrogenics' DART® platform, and two additional bispecific research programs. As part of the agreement, Gilead will pay Macrogenics an upfront payment of USD 60 mn and Macrogenics will be eligible to receive up to USD 1.7 bn in target nomination, option fees, and development, regulatory and commercial milestones. Macrogenics will also be eligible to receive tiered, double-digit royalties on worldwide net sales of MGD024 and a flat royalty on worldwide net sales of products under the two research programs.

Similarly, Mersana announced a research collaboration and commercial license agreement with Merck KGaA to discover novel Immunosynthen ADCs directed against up to two targets. Immunosynthen, Mersana's proprietary STING-agonist ADC platform, is designed to generate systemically administered ADCs that locally activate STING signaling in both tumor-resident immune cells and in antigen-expressing tumor cells, unlocking the anti-tumor potential of innate immune stimulation. Mersana will receive an upfront payment of USD 30 mn and is also eligible to receive reimbursement of certain costs, up to USD 800 mn in potential regulatory, development and commercial milestone payments, and tiered royalties up to the low double-digit percentages on worldwide net sales of any approved ADCs developed under the agreement.

An even broader collaboration deal was signed between Wave Life Sciences and GSK. The collaboration covers Wave's oligonucleotide therapeutics, including the company's preclinical RNA editing program targeting alpha-1 antitrypsin deficiency (AATD), WVE-006. The discovery collaboration has an initial four-year research term. It combines GSK's unique insights from human genetics, as well as its global development and commercial capabilities, with Wave's proprietary discovery and drug development platform, PRISM™. Under the terms of the agreement, Wave will receive an upfront payment of USD 170 mn, which includes a cash payment of USD 120 mn and a USD 50 mn equity investment. For the WVE-006 program, Wave is eligible to receive up to USD 225 mn in development and launch milestone payments and up to USD 300 mn in sales-related milestone payments, as well as tiered sales royalties. Development and commercialization responsibilities will transfer to GSK after Wave completes the first-in-patient study. For each of GSK's eight collaboration programs, Wave will be eligible to receive up to USD 130 to 175 mn in development and launch milestones and USD 200 mn in sales-related milestones, along with tiered sales royalties. Wave will lead all preclinical research for GSK and Wave programs up to investigational new drug (IND) enabling studies. GSK collaboration programs will transfer to GSK for IND-enabling studies, clinical development, and commercialization. The collaboration includes an option to extend the research term for up to three additional years, expanding the number of programs available to both parties.

Agios extended its cash run rate even further by enhancing its balance sheet situation through a monetization of its remaining Tibsovo royalty rate. The company has sold its rights to 5% royalties on U.S. net sales of Servier's TIBSOVO (ivosidenib tablets) to Sagard for a one-time payment of USD 131.8 mn and retains its rights to a potential future milestone payment of USD 200 mn for vorasidenib, as well as 15% royalties on U.S. net sales of vorasidenib.

Selective takeover activity in the fourth quarter

With M&A activity still at low levels and mostly focused towards revenue-generating biotechnology companies, two larger deals being Amgen bidding for Horizon and Pfizer for Biohaven supported the sector somewhat. BB Biotech has not participated in these two large deals but benefited by Sumitomo Pharma announcing an offer for Myovant, initially for USD 22.75 per share followed by a slightly higher bid at USD 27 per share in cash. The transaction is substantially below our internal valuation assumption and will require approval from the minority shareholders.

In contrast to having portfolio companies being taken over, larger and more established companies such as Incyte are continuously looking for companies, assets and technologies to improve their pipeline and product offering. Incyte announced the acquisition of Villarís, a privately held company focused on autoimmune diseases, with its lead molecule auremolimab to be developed for vitiligo. Under the terms of the agreement, Incyte will acquire Villarís and the exclusive global rights to develop and commercialize auremolimab for all uses, including in vitiligo and other autoimmune and inflammatory diseases. Incyte will make an upfront payment of USD 70 mn, and Villarís shareholders will be eligible of up to USD 310 mn upon achievement of certain development and regulatory milestones, as well as up to an additional USD 1.05 bn in commercial milestones on net sales of the product.

Portfolio at a glance

Securities as at December 31, 2022

Company	Number of securities	Change since 31.12.2021	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Ionis Pharmaceuticals	9 635 000	(597 973)	USD	37.77	336.4	11.0%	12.5%	6.8%
Argenx SE	892 503	(78 035)	USD	378.83	312.6	10.2%	11.6%	1.6%
Neurocrine Biosciences	2 730 000	(285 400)	USD	119.44	301.5	9.9%	11.2%	2.8%
Moderna	1 501 951	(161 398)	USD	179.62	249.4	8.2%	9.3%	0.4%
Vertex Pharmaceuticals	930 523	(99 477)	USD	288.78	248.4	8.1%	9.2%	0.4%
Incyte	2 891 077	(5 923)	USD	80.32	214.7	7.0%	8.0%	1.3%
Alnylam Pharmaceuticals	890 000	(220 000)	USD	237.65	195.5	6.4%	7.3%	0.7%
Intra-Cellular Therapies	3 291 479	(246 940)	USD	52.92	161.0	5.3%	6.0%	3.5%
Myovant Sciences	5 872 639	(249 400)	USD	26.96	146.4	4.8%	5.5%	6.1%
Revolution Medicines	4 777 562	1 356 100	USD	23.82	105.2	3.4%	3.9%	5.4%
Agios Pharmaceuticals	4 030 792	(281 500)	USD	28.08	104.6	3.4%	3.9%	7.3%
Sage Therapeutics	2 950 278	(219 826)	USD	38.14	104.0	3.4%	3.9%	5.0%
Celldex Therapeutics	1 800 000	1 800 000	USD	44.57	74.2	2.4%	2.8%	3.8%
Arvinas	2 136 412	(40 491)	USD	34.21	67.6	2.2%	2.5%	4.0%
Relay Therapeutics	4 120 720	34 758	USD	14.94	56.9	1.9%	2.1%	3.4%
Macrogenics	8 929 963	1 654 399	USD	6.71	55.4	1.8%	2.1%	14.5%
Fate Therapeutics	4 839 779	1 138 443	USD	10.09	45.1	1.5%	1.7%	5.0%
Exelixis	2 654 500	(180 500)	USD	16.04	39.4	1.3%	1.5%	0.8%
Crispr Therapeutics	888 605	(60 979)	USD	40.65	33.4	1.1%	1.2%	1.1%
Wave Life Sciences	4 494 458	(108 400)	USD	7.00	29.1	1.0%	1.1%	5.2%
Beam Therapeutics	693 121	86 300	USD	39.11	25.1	0.8%	0.9%	1.0%
Esperion Therapeutics	4 194 064	(283 900)	USD	6.23	24.2	0.8%	0.9%	5.7%
Mersana Therapeutics	4 066 200	(68 800)	USD	5.86	22.0	0.7%	0.8%	4.1%
Kezar Life Sciences	3 000 000	(1 918 148)	USD	7.04	19.5	0.6%	0.7%	4.4%
Essa Pharma	7 879 583	2 863 769	USD	2.52	18.4	0.6%	0.7%	17.9%
Scholar Rock Holding	2 132 725	(142 400)	USD	9.05	17.8	0.6%	0.7%	4.1%
Rivus Pharmaceuticals ¹⁾			USD		16.2	0.5%	0.6%	
Generation Bio Co.	3 608 280	(244 900)	USD	3.93	13.1	0.4%	0.5%	6.1%
Black Diamond Therapeutics	5 377 839	1 937 839	USD	1.80	8.9	0.3%	0.3%	14.8%
Molecular Templates	11 192 003	400 000	USD	0.33	3.4	0.1%	0.1%	19.9%
Homology Medicines	1 622 522	(114 600)	USD	1.26	1.9	0.1%	0.1%	2.8%
Radius Health – Contingent Value Right	8 733 538	8 733 538	USD	0.00	0.0	0.0%	0.0%	
Total securities					3 051.3	100.0%	113.6%	
Other assets					2.0		0.1%	
Other payables					(367.3)		(13.7%)	
Net asset value					2 686.1		100.0%	

¹⁾ Unlisted company

Exchange rate as at 31.12.2022: USD/CHF: 0.9245

2023: numerous catalysts for the biotech sector

Technological progress is the basis for the transformation of many disease areas, with mRNA, siRNA and ASO-based drugs playing a particularly important role. Antibody drug conjugates or gene therapies are also in the focus of interest, where important development steps are expected. Last but not least, M&A activities and partnerships are likely to increase.

Higher capital costs the new reality

Biotech companies all have gone through, or are in the midst of their life cycle, requiring years of substantial capital investments, first in technology and drug discovery and selection, followed by years of clinical development. If approved, the business model to launch drugs is a capital-intensive undertaking and in general takes two to three years to reach profitability following a successful launch. With drug development companies' profits years away and often multiple rounds of intermediate financing required, the hurdle has all the more increased in the current capital environment with Fed fund rates per end of 2022 at 4.5%. This implies that the expected returns on invested capital have increased and thus increasing discount rates are applied to discounting of future cash flow that in aggregate yield a net present value.

With many companies paralyzed by these steep interest rate hikes, the industry is starting to adapt and the upper echelons of quality asset and technology companies are rediscovering the old paths of partnering with larger, profitable and well capitalized biotechnology and pharmaceutical companies.

Dialogue with management teams has become more centric around business models and available options – or alternatives in such an environment. Most companies' executives are planning for many years of higher capital costs despite having seen more takeover activity in mainly revenue-generating companies and a clear acceleration in licensing deals over recent quarters. Hybrid models between partnership and fully owned assets have become a new reality, mostly for the platform companies. Single asset companies can still succeed, but can easily fall into a trap of dwindling valuation in the face of their stable capital demands.

Technology as basis to transform many disease areas

mRNA vaccines have gained the upper hand in the pandemic, both in terms of efficacy and speed to markets as well as scaling of manufacturing capacity. Similarly, recent Phase III data from Moderna for its RSV vaccine are highly promising, at par with the best and newest vaccine candidates. We expect a similar outcome for influenza, with mRNA being on par in terms of efficacy with the potential for superiority in future iterations by leveraging intrinsic advantages of the technology for extension of antigen valency and strain coverage. Combined with the more rapid selection and adoption to new variants and the combinability allowing to cover the two or eventually three largest respiratory virus markets with a single

shot provides the basis for our assumptions on mRNA vaccines' ability to capture substantial market share.

Technologies that are undergoing more classical market cycles, initially starting in orphan indication followed by addressing more prevalent diseases with next generation assets are for example the RNA targeting agents based on short interference RNA (siRNA) and antisense oligonucleotides (ASOs). These companies (e.g. Alnylam or Ionis) are making steady progress, which is most evidently provided by the current and future product offerings in the transthyretin amyloidosis. In hereditary TTR patients with polyneuropathy, both platforms have shown positive late-stage results and the second generation drug of both technologies are in registration or already approved. For the substantially larger indication of TTR cardiomyopathy the same assets are in late-stage clinical development with outcomes trials expected to read out within the next few years. Both companies are developing siRNA and ASO-based drugs for other large patient populations, such as for patients suffering from high triglycerides, high lipids or other cardiovascular risk factors such as lipoprotein (a), resistant hypertension and larger neurological indications such as Alzheimer's disease. The basis for targeting these larger patient populations lies within the significantly improved technology, allowing to deliver the drugs less frequently and at lower doses, more convenient administration, with high efficacy and a very good safety margins and few adverse events. We expect substantial progress and further product approvals in 2023 and beyond, with the class to grow substantially in patient reach and revenue potential.

Antibody drug conjugates – again of key interest in oncology

Similar to the progress of new formats, antibody drug conjugates are impacting many solid tumor indications. The successful launch of ADC drugs by large pharma as treatment options for breast cancer patients, and more recently approvals for Immunogen and clinical trial results for Mersana are expected in the second half or 2023. ADCs have become the hot property in the oncology space, not really the new kid on the block given decades of development due to continued challenging situations for other approaches to improve clinical results against or on top of the PD1/PDL1 antibodies. MacroGenics, Incyte and Exelixis are further portfolio companies of BB Biotech that are developing ADCs for different solid tumors. Challenges of the past such as better targeting of tumors, good delivery of the toxin pay-load to the cells and either uptake or proximal killing are being addressed by novel surface targets, improved linker technology and tumor specific toxins. This allows for a broader therapeutic window and potentially for a better outcome. As most drugs have evolved in the cancer field, ADCs are expected to not only be good last line treatment options but to also demonstrate a good efficacy versus tolerability profile in earlier treatment lines for cancer patients, expected to result in a highly attractive business proposition for the drug development industry.

Similar to the progress of new formats, antibody drug conjugates are impacting many solid tumor indications.

BB Biotech Investment Strategy

BB Biotech's long standing investment strategy is to invest capital in promising technology platforms and promising early clinical assets, follow these companies through their clinical development, regulatory approval, commercial launches, sustainable revenue and profit growth to ultimately become more mature companies. Upon such a long term cycle, BB Biotech would divest and reinvest into the next promising candidates. The same trend will continue to make smaller and mid cap companies attractive licensing partners for large pharmaceutical and large cap biotech companies, either signing attractive business development deals or ultimately through consolidation.



In vivo gene therapies and first ex vivo gene editing approaching reaching the market in 2023

The most advanced platform approaches in gene therapy and in gene editing are starting to impact the healthcare system. Once every few years to even once a lifetime treatments are appealing for patients suffering from monogenetic driven diseases with a high medical burden and costs for the healthcare system. In vivo gene therapy approaches in hemophilia are in the midst of product launches and other diseases with the possibility of replacing dysfunctional genes with a viral delivery system are in late clinical testing. Our portfolio company Generation Bio continues to develop viral free delivery of ceDNA, potentially offering better safety and the possibility for repeat dosing, if required. We expect updates and progress during 2023. Of key interest for the investment team of BB Biotech are initially the ex vivo gene editing products such as CTX001 developed by Crispr Therapeutics and its development and commercialization partner Vertex. FDA and EMA decisions are expected in late 2023, followed by the roll-out of this once-in-a-lifetime functionally curative product for sickle cell disease and beta thalassemia patients. Next generation approaches are testing in vivo delivery of the gene editing enzyme and the required genetic fragments to achieve correction of genetic defects or aberrations. We believe the benefits of avoiding double strand breaks in DNA will enable base editing and as a further iteration prime editing to succeed the vivo setting and we perceive our investment in Beam Therapeutics as the key player in terms of having access, IP and capabilities for these non-nuclease containing approaches. An uncertainty regarding pricing strategies and mostly around patient acceptance of this novel concept and technology remains and will be carefully monitored and gauged by investors over the coming years. Interestingly, most clinical stage assets are being developed by smaller and mid cap biotechnology companies, yet another example of bigger companies initially watching from the sidelines, which may eventually result in an urge to gain access by pricy acquisitions once the visibility on winning assets has improved.

Something is brewing in the business development and M&A world

With M&A activity substantially down over the peak year of 2019, many pharmaceutical companies and large biotechnology company retain flexibility to acquire smaller and mid cap biotechnology companies. Some Wall Street companies quote mid triple digit USD billion capacity, with more or less each company in our portfolio being a potential acquisition candidate. If valuations continue to be attractive, and if smaller and mid cap companies offer promising drugs and platform technologies, we expect a continued takeover activity with an acceleration to be expected in the next years. The core driver of these acquisition remains with the nature of patent cliffs of major revenue and profit contributors of many of the large capitalized companies. It remains to be seen whether large biopharmaceutical companies prefer to consolidate with similar size companies resulting in synergies and costs savings or if they prefer mid cap and smaller cap companies as source to address this top to bottom line looming threat. Many of the larger capitalized companies have experienced a multiple expansion over the past few years, resulting in another source of acquisition currency – offering equity instead of cash. Valuations of smaller and midcap companies continue to be under pressure, as indicated by the fact that the cumulative market cap of the top eight NBI index members is larger than the remaining 265 members.

Healthcare politics with the focus on the IRA implementation

The healthcare sector, and even more so the drug development sectors such as pharma and biotechnology, have always been impacted by political changes in large markets, such as the US. With the midterm election in November 2022 resulting in a split Congress, the Inflation Reduction Act of summer 2022 will start to gain renewed attention in 2023. The companies and investors will carefully monitor how the IRA will be implemented, very importantly when the first drug target list for future price negotiation will be made public, and more specifically which drugs will be on this initial list. Overall, smaller companies with new drug launches will benefit from many exemptions and are expected to be less impacted than pharmaceutical companies with older drug products targeting Medicare and Medicaid patients.

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Consolidated balance sheet as at December 31

in CHF 1 000	Notes	2022	2021
Current assets			
Cash and cash equivalents		1 948	2 835
Securities	4	3 051 349	3 641 112
Other assets		92	135
		3 053 389	3 644 082
Total assets		3 053 389	3 644 082
Current liabilities			
Short-term borrowings from banks	5	363 000	355 000
Other short-term liabilities	6	4 143	5 431
Tax liabilities		111	158
		367 254	360 589
Total liabilities		367 254	360 589
Shareholders' equity			
Share capital	7	11 080	11 080
Treasury shares	7	(36 508)	(9 205)
Retained earnings	7	2 711 563	3 281 618
		2 686 135	3 283 493
Total liabilities and shareholders' equity		3 053 389	3 644 082
Net asset value per share in CHF		49.00	59.40

The notes are an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors of BB Biotech AG on February 14, 2023.

Consolidated statement of comprehensive income for the year ended December 31

in CHF 1 000	Notes	2022	2021
Operating income			
Interest income		4	–
Foreign exchange gains		1 253	–
Other income		4	4
		1 261	4
Operating expenses			
Net losses from securities	4	(314 265)	(343 595)
Finance expenses		(1 726)	(986)
Foreign exchange losses		–	(962)
Administrative expenses	8	(38 747)	(52 595)
Other expenses	9	(4 274)	(6 607)
		(359 012)	(404 745)
Profit/(loss) before tax	12	(357 751)	(404 741)
Income taxes	10	(61)	(67)
Profit/(loss) for the period		(357 812)	(404 808)
Total comprehensive profit/(loss) for the period		(357 812)	(404 808)
Income per share in CHF	11	(6.50)	(7.31)
Diluted income per share in CHF	11	(6.50)	(7.31)

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended December 31

in CHF 1 000	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2021	11 080	(8 241)	3 884 708	3 887 547
Dividend (CHF 3.60 per share)	–	–	(199 440)	(199 440)
Trade with treasury shares	–	(964)	1 158	194
Total comprehensive income for the period	–	–	(404 808)	(404 808)
Balances at December 31, 2021	11 080	(9 205)	3 281 618	3 283 493
Balances at January 1, 2022	11 080	(9 205)	3 281 618	3 283 493
Dividend (CHF 3.85 per share)	–	–	(212 242)	(212 242)
Trade with treasury shares	–	(27 303)	–	(27 303)
Total comprehensive income for the period	–	–	(357 812)	(357 812)
Balances at December 31, 2022	11 080	(36 508)	2 711 563	2 686 135

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flow for the year ended December 31

in CHF 1 000	Notes	2022	2021
Cash flows from operating activities			
Proceeds from sales of securities	4	476 186	926 988
Purchase of securities	4	(200 687)	(962 091)
Interest receipts		4	–
Payments for services		(44 275)	(59 545)
Income taxes paid		(97)	(139)
Total cash flows from operating activities		231 131	(94 787)
Cash flows from financing activities			
Dividend		(212 242)	(199 440)
Proceeds from sales of treasury shares	7	–	9 653
Purchase of treasury shares	7	(27 303)	(9 459)
Borrowing of bank loans	5	8 000	292 000
Interest payments		(1 726)	(986)
Total cash flows from financing activities		(233 271)	91 768
Foreign exchange difference		1 253	(962)
Change in cash and cash equivalents		(887)	(3 981)
Cash and cash equivalents at the beginning of the period		2 835	6 816
Cash and cash equivalents at the end of the period		1 948	2 835

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated 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/Switzerland, 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

General

The consolidated financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies for the period January 1, 2022, until December 31, 2022. The consolidation is prepared from the financial statements of the Group companies using uniform accounting principles. With the exception of financial assets and liabilities (incl. derivative instruments), which are held at fair value through profit or loss, the financial statements are prepared under the historical cost convention. This requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial year. In certain circumstances, the actual values may differ from these estimates.

The following amended standards, valid since January 1, 2022, have been applied in these consolidated financial statements.

- IFRS 3 (amended, effective January 1, 2022) – Reference to the Conceptual Framework
- IAS 37 (amended, effective January 1, 2022) – Onerous Contracts – Cost of fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 (effective January 1, 2022) – IFRS 9, IFRS 16

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

The following amended standards were approved, but will only be applicable for the Group prospectively and were not early adopted in these annual consolidated financial statements.

- IAS 1 (amended, effective January 1, 2023) – Classification of Liabilities as Current or Noncurrent
- IAS 1 (amended, effective January 1, 2023) – Disclosure of Accounting Policies
- IAS 12 (amended, effective January 1, 2023) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Basis of consolidation

The consolidated financial statements include the Company and the subsidiary companies which are controlled by it. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases. The consolidation is performed using the acquisition method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a December 31 year-end.

Foreign currency translation

Based on the economic environment (primary listing, investors, costs and performance measurement) in which the Company and its subsidiaries operate, the consolidated financial statements of the Group are presented in Swiss francs, which is the Company's and its subsidiaries functional currency. Transactions in foreign currencies are converted at exchange rates as at transaction dates. Assets and liabilities in foreign currencies at year-end are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income. Translation differences on marketable securities held at fair value through profit or loss are reported as part of the net gains/ (losses) from securities.

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

Currency	31.12.2022	31.12.2021
USD	0.92450	0.91290
ANG	0.51938	0.51287
EUR	0.98956	1.03740
GBP	1.11870	1.23390

Financial assets

The Group classifies its financial assets in the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are generally financial assets held as part of a business model to collect contractual cash flows that are solely payments of interest and principal on the principal outstanding. They are included in current assets, except when they have maturities of greater than twelve months after the balance sheet date. Otherwise they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts and call money at banks which have a maturity of three months or less.

Receivables from brokers

Receivables from brokers result from security transactions and do not bear any interest.

These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Group shall measure the loss allowance on amounts due from broker at an amount equal to the Lifetime Expected Credit Loss («ECL») if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month ECLs. A significant increase in credit risk is defined as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. For receivables from brokers which settle within 10 business days the ECL estimate is nil.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise marketable and non-marketable securities which are classified as current assets.

Initially, securities and derivatives are measured at fair value and are subsequently remeasured at market values based on stock exchange prices or generally accepted valuation models that are based on market conditions existing at each balance sheet date, such as Black- Scholes, earnings multiple and discounted cash flow model. Purchases and sales of securities are accounted for at trade date. Realized gains and losses on security trading are recognized in the statement of comprehensive income as net gains/losses from securities at the day of the transaction. Changes in fair value of securities are also recognized as net gains/losses from securities in the statement of comprehensive income in the same period in which they arise. Securities are derecognized when the rights to receive cash flows from securities have expired or where the Group has transferred substantially all risks and rewards of ownership.

Transaction costs are costs to acquire financial assets at fair value through profit or loss. They include transfer taxes and duties as well as fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized as an expense.

Financial liabilities

Financial liabilities are generally classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities held for trading and derivatives.

Payables to brokers

Payables to brokers result from security transactions and do not bear any interest.

Short-term borrowings from banks

Short-term borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Income taxes

Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recognized as an expense in the period in which the related profits are made.

Assets or liabilities related to current income taxes are reported in the balance sheet in the items «Current tax assets» or «Current tax liabilities». Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the Group's balance sheet and their corresponding tax values are recognized, respectively, as «Deferred tax assets» and «Deferred tax liabilities». Deferred tax assets arising from temporary differences and from loss carry-forwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of registered shares in issue during the year, less treasury shares. For the diluted earnings per share, the weighted average number of registered shares in issue and the net profit is adjusted to assume conversion of all dilution potential registered shares.

Treasury shares

The company can buy and sell treasury shares in accordance with the Company's article of association, Swiss company law and in compliance with the listing rules of SIX Swiss Exchange.

Treasury shares are recorded as a deduction from the shareholders' equity at the amount of considerations paid («Total cost»). All gains and losses arising from trading in treasury shares are directly credited/debited to retained earnings. The FIFO (first in/first out) method is used for derecognition. The purchase price is booked gross with transaction costs. Treasury shares may be acquired and held by the Company or by other members of the consolidated Group.

Net asset value per share

The net asset value per share is calculated by dividing the shareholders' equity by the number of shares outstanding less treasury shares held at year end.

Dividend income

Dividends on securities are recognized in the income statement when the Group's right to receive payment is established.

Leasing contracts

The Group has two rental contracts for office space in Schaffhausen and Curacao. Due to the immateriality of a right-of-use-asset and a lease liability, no disclosure according to IFRS 16 are made within these consolidated financial statements.

Pension liability

BB Biotech AG maintains for its employee a defined benefit plan. There is no pension plan for employees of Group companies. Due to the immateriality of any potential pension liability or potential pension asset, no disclosures according to IAS 19 are made within these consolidated financial statements.

Segment reporting

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The investment manager is considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The sole operating segment of the Group is investing in companies active in the biotechnology industry. The investment manager works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group's performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in companies active in the biotechnology industry.

Related party

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

Commitments, contingencies and other off-balance sheet transactions

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated.

Critical accounting estimates and judgments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group makes estimates and assumptions that are mainly based on market conditions to value these financial instruments. Since these financial instruments are not traded in an active market, inherent difficulties exist to value these financial instruments. These difficulties cannot be eliminated. The difference between the proceeds from sale of these financial instruments and the carrying amount may be material. [Note 4](#) discloses further details on fair values of financial instruments not traded in active markets.

The Company has assessed whether it is appropriate under IFRS 10 to consolidate the Subsidiaries. IFRS 10 states that an investor controls the investee if, and only if, the investor has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns

The Company owns 100% of the capital and voting interest in all four subsidiaries as disclosed in [note 1](#). Therefore the Company has power over the organization and directs the investment activities and dividend policy of its subsidiaries. The scope of the investment management and administration agreement with the investment manager also includes all subsidiaries.

Further, IFRS 10 requires that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. The Company also made an assessment as to whether the Company's Subsidiaries meet the definition of an investment entity. IFRS 10 provides that an investment entity should have the following typical characteristics:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

An investment entity is still required to consolidate its subsidiaries if the subsidiary provides services that relate to the investment entity's investment activities.

The Company concluded that the Subsidiaries do not qualify as investment entities, but are effectively operating subsidiaries as they act as an extension of the Company. They provide requisite investment-related services to the Company and incur costs in doing so, thus the Company consolidates its subsidiaries. Fair value accounting would not have a material impact on the net income and equity of the Group.

3. Financial risk management

Within the framework of the law, articles of incorporation and regulations, the investment manager carries out currency and security forward transactions, buys, sells and makes use of options as well as fulfills all necessary obligations that result from these businesses.

Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amount in full when due. The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Group considers both historical analysis and forward looking information in determining any expected credit loss.

The Group manages and controls its credit risk by maintaining business relations only with counterparties with an acceptable credit rating. All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Group's credit positions, if any, are monitored on a daily basis by the investment manager and are reviewed on a regular basis by the Board of Directors.

As at December 31, 2022 and 2021, the ECL-impairment model did not have a material impact as (i) the majority of the financial assets are measured at fair value through profit or loss and the impairment requirements do not apply to such instruments; and (ii) the financial assets at amortized cost are short-term (no longer than 10 days). As a result, no loss allowance has been recognized.

Market risks

Risk associated with changing market prices

Due to its business activity and the resulting high portion of securities in relation to total assets, the Group is exposed to market price risk arising from uncertainties and fluctuations on the financial and foreign exchange markets.

The Group participates occasionally, but to a substantial extent, in the capital of its investments. In the case of sales of large parts of these investments, it may be able to influence the market price. The Group's securities positions are monitored on a daily basis by the investment manager and are reviewed on a regular basis by the Board of Directors.

The Group's business is to invest in biotechnology companies with the aim of asset growth. Consequently, it is exposed to market risks of this industry. The individual securities are disclosed in [note 4](#) and the valuation is made at fair value. Consequently, any price changes are reflected accordingly by the changes in fair value in the context of the subsequent valuation.

The annual volatility of registered shares BB Biotech AG (reference volatility for the marketable securities) for 2022 is 32.64% (2021: 22.73%). At December 31, 2022, had the value of listed securities increased or decreased by 32.64% (2021: 22.73%) with all other variables held constant, the increase or decrease respectively in net income/loss as well as shareholders' equity would amount to CHF 990.7 mn (2021: CHF 827.1 mn).

At December 31, 2022 the Company holds one investment in unlisted shares (2021: none).

Interest risk

Interest rates on liquid funds are based on market rates. The funds are due on demand.

Short-term borrowings from banks are on current and short-term loan accounts with interest, based at market rates. Due to the high level of own funds, the effect of interest payable on the statement of income is insignificant. The majority of the Group's securities are non-interest bearing; as a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Group's interest sensitivity is monitored on a daily basis by the investment manager and reviewed on a regular basis by the Board of Directors.

Currency risk

The Group hold assets denominated in currencies other than the Swiss franc, the functional currency. They are 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 table summarizes the Group's exposure to currency risks:

2022	Net exposure 31.12. (in CHF 1 000)	Annual volatility (in %)	Potential impact (in CHF 1 000)¹
USD	3 051 509	9.37	285 804
ANG	12	9.37	1
2021			
USD	3 642 324	6.46	235 185
ANG	128	6.46	8

¹ Potential impact on total comprehensive income as well as shareholders' equity with all other variables held constant

The Group's currency position is monitored on a daily basis by the investment manager and is reviewed on a regular basis by the Board of Directors.

Liquidity risk

The Group invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Group's treasury shares, with the exception of shares purchased under a share buy-back program, are considered readily realizable as they are listed on three stock exchanges. The Group can invest a minor part of its portfolio in securities, which are not traded on a stock exchange and may be illiquid. As a result, the Group may not be able to liquidate its investments in these instruments on short notice. In addition, the Group has access to a credit line (notes [5](#) and [13](#)).

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on the period between the balance sheet date and the contractual maturity date (in CHF 1 000):

At December 31, 2022	Less than 1 month	1–3 months	More than 3 months / no stated maturity
Short-term borrowings from banks	363 000	–	–
Other short-term liabilities	3 439	704	–
Total liabilities	366 439	704	–
At December 31, 2021			
Short-term borrowings from banks	355 000	–	–
Other short-term liabilities	4 737	694	–
Total liabilities	359 737	694	–

The Group's liquidity position is monitored on a daily basis by the investment manager and is reviewed on a regular basis by the Board of Directors.

Diversification

The investment portfolio usually consists of 20 to 35 investments. This includes five to eight large core investments, defined as positions > 5%. These investments together will account for up to two-thirds of the portfolio. Companies without a stock market listing shall not exceed 10% of the portfolio.

As at December 31, 2022, the Group held eight core investments, representing 66% (2021: seven core investments, 50%) of the portfolio. The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore limited.

4. Financial assets

Fair values

The following table presents the Group's assets that are measured at fair value through profit and loss at December 31 (in CHF 1 000):

2022	Level 1	Level 2	Level 3	Total
Assets				
Securities				
– Shares	3 035 170	–	16 179	3 051 349
– Derivative instruments	–	–	–	–
Total assets	3 035 170	–	16 179	3 051 349
2021				
Assets				
Securities				
– Shares	3 638 890	–	–	3 638 890
– Derivative instruments	–	–	2 222	2 222
Total assets	3 638 890	–	2 222	3 641 112

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. The options are valued on the basis of the Black-Scholes model which is based on market conditions existing at each balance sheet date. These instruments are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The valuation of level 3 instruments is quarterly reviewed. As soon as new or adjusted parameters are available the valuation model (e.g. earnings multiple model) of unlisted shares is adjusted accordingly. As of December 31, 2022, the Company holds one level 3 instrument (December 31, 2021: one).

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

	2022	2021
Opening balance	2 222	2 155
Purchases	16 875	–
Sales	(5 071)	–
Realized gains/(losses) included in net gain/loss from securities	2 849	–
Unrealized gains/(losses) included in net gain/loss from securities	(697)	67
Closing balance	16 179	2 222
Gains/(losses) on level 3 instruments included in net gain/loss from securities	2 152	67

There have been no transfers between level 1, 2 and 3 during the reporting period. No sensitivity analysis has been disclosed due to the immaterial amount of level 3 instruments.

The level 3 instrument as at December 31, 2021, (Valuation: TCHF 2 222) was allocated as part of a corporate action in 2019 and sold at a value of TCHF 5 071 in March 2022.

The fair value of the level 3 instrument at initial recognition represents the transaction price (purchase of Series B-1 Preferred Stock of Rivus Pharmaceuticals in August 2022 for TCHF 16 875), which was paid in a financing round together with other investors. For the valuation as at December 31, 2022, it is deemed to be appropriate to use the transaction price in USD, as it is a reasonable approximation of fair value at the valuation date given the fact that no events occurred which significantly impact the fair value.

In August 2022, 8 733 538 Contingent Value Rights were allocated from a corporate action. The valuation as of December 31, 2022, is CHF 0.

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

Securities

The changes in value of securities by investment category are as follows (in CHF 1 000):

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01.01.2021 at fair values	3 952 504	–	2 155	3 954 659
Purchases	955 515	–	–	955 515
Sales	(925 467)	–	–	(925 467)
Net gains/(losses) from securities	(343 662)	–	67	(343 595)
<i>Realized gains</i>	312 779	–	–	312 779
<i>Realized losses</i>	(1 831)	–	(2 330)	(4 161)
<i>Unrealized gains</i>	437 584	–	67	437 651
<i>Unrealized losses</i>	(1 092 194)	–	2 330	(1 089 864)
Closing balance as at 31.12.2021 at fair values	3 638 890	–	2 222	3 641 112
Opening balance as at 01.01.2022 at fair values	3 638 890	–	2 222	3 641 112
Purchases	183 812	16 875	–	200 687
Sales	(471 115)	–	(5 071)	(476 186)
Net gains/(losses) from securities	(316 417)	(697)	2 849	(314 265)
<i>Realized gains</i>	47 563	–	2 849	50 412
<i>Realized losses</i>	(79 326)	–	–	(79 326)
<i>Unrealized gains</i>	437 200	–	–	437 200
<i>Unrealized losses</i>	(721 854)	(697)	–	(722 551)
Closing balance as at 31.12.2022 at fair values	3 035 170	16 179	–	3 051 349

Securities comprise the following:

Company	Number 31.12.2021	Change	Number 31.12.2022	Market price in original currency 31.12.2022	Valuation CHF mn 31.12.2022	Valuation CHF mn 31.12.2021	
Ionis Pharmaceuticals	10 232 973	(597 973)	9 635 000	USD	37.77	336.4	284.3
Argenx SE	970 538	(78 035)	892 503	USD	378.83	312.6	310.3
Neurocrine Biosciences	3 015 400	(285 400)	2 730 000	USD	119.44	301.5	234.5
Moderna	1 663 349	(161 398)	1 501 951	USD	179.62	249.4	385.7
Vertex Pharmaceuticals	1 030 000	(99 477)	930 523	USD	288.78	248.4	206.5
Incyte	2 897 000	(5 923)	2 891 077	USD	80.32	214.7	194.1
Alnylam Pharmaceuticals	1 110 000	(220 000)	890 000	USD	237.65	195.5	171.8
Intra-Cellular Therapies	3 538 419	(246 940)	3 291 479	USD	52.92	161.0	169.1
Myovant Sciences	6 122 039	(249 400)	5 872 639	USD	26.96	146.4	87.0
Revolution Medicines	3 421 462	1 356 100	4 777 562	USD	23.82	105.2	78.6
Agios Pharmaceuticals	4 312 292	(281 500)	4 030 792	USD	28.08	104.6	129.4
Sage Therapeutics	3 170 104	(219 826)	2 950 278	USD	38.14	104.0	123.1
Celldex Therapeutics	-	1 800 000	1 800 000	USD	44.57	74.2	-
Arvinas	2 176 903	(40 491)	2 136 412	USD	34.21	67.6	163.2
Relay Therapeutics	4 085 962	34 758	4 120 720	USD	14.94	56.9	114.6
Macrogenics	7 275 564	1 654 399	8 929 963	USD	6.71	55.4	106.6
Fate Therapeutics	3 701 336	1 138 443	4 839 779	USD	10.09	45.1	197.7
Exelixis	2 835 000	(180 500)	2 654 500	USD	16.04	39.4	47.3
Crispr Therapeutics	949 584	(60 979)	888 605	USD	40.65	33.4	65.7
Wave Life Sciences	4 602 858	(108 400)	4 494 458	USD	7.00	29.1	13.2
Beam Therapeutics	606 821	86 300	693 121	USD	39.11	25.1	44.1
Esperion Therapeutics	4 477 964	(283 900)	4 194 064	USD	6.23	24.2	20.4
Mersana Therapeutics	4 135 000	(68 800)	4 066 200	USD	5.86	22.0	23.5
Kezar Life Sciences	4 918 148	(1 918 148)	3 000 000	USD	7.04	19.5	75.1
Essa Pharma	5 015 814	2 863 769	7 879 583	USD	2.52	18.4	65.0
Scholar Rock Holding	2 275 125	(142 400)	2 132 725	USD	9.05	17.8	51.6
Generation Bio Co.	3 853 180	(244 900)	3 608 280	USD	3.93	13.1	24.9
Black Diamond Therapeutics	3 440 000	1 937 839	5 377 839	USD	1.80	8.9	16.7
Molecular Templates	10 792 003	400 000	11 192 003	USD	0.33	3.4	38.6
Homology Medicines	1 737 122	(114 600)	1 622 522	USD	1.26	1.9	5.8
Biogen	500 000	(500 000)	-	USD	n.a.	-	109.5
Radius Health	7 705 714	(7 705 714)	-	USD	n.a.	-	48.7
Nektar Therapeutics	2 620 676	(2 620 676)	-	USD	n.a.	-	32.3
Listed shares						3 035.2	3 638.9
Rivus Pharmaceuticals				USD		16.2	-
Unlisted shares						16.2	-
Total shares						3 051.3	3 638.9
Radius Health – Contingent Value Right	-	8 733 538	8 733 538	USD	0.00	-	-
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	(2 766 008)	-	USD	n.a.	-	2.2
Total derivative instruments						-	2.2
Total securities						3 051.3	3 641.1

Securities are deposited with Bank Julius Baer & Co. Ltd., Zurich.

5. Short-term borrowings from banks

At December 31, 2022, a CHF 363 mn short-term loan is outstanding, with interest payable at 1.36% p.a. (2021: CHF 355 mn at 0.40% p.a.).

6. Other short-term liabilities

Other short-term liabilities comprise the following:

in CHF 1 000	31.12.2022	31.12.2021
Payables to investment manager	2 978	3 966
Other liabilities	1 165	1 465
Total liabilities to third parties	4 143	5 431

7. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (2021: 55.4 mn registered shares) with a par value of CHF 0.20 each (2021: CHF 0.20). CHF 2.2 mn of the retained earnings (2021: CHF 2.2 mn) are undistributable.

in CHF 1 000	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2021	11 080	(8 241)	3 884 708	3 887 547
Dividend (CHF 3.60 per share)	–	–	(199 440)	(199 440)
Trade with treasury shares	–	(964)	1 158	194
Total comprehensive income for the period	–	–	(404 808)	(404 808)
Balances at December 31, 2021	11 080	(9 205)	3 281 618	3 283 493
Balances at January 1, 2022	11 080	(9 205)	3 281 618	3 283 493
Dividend (CHF 3.85 per share)	–	–	(212 242)	(212 242)
Trade with treasury shares	–	(27 303)	–	(27 303)
Total comprehensive income for the period	–	–	(357 812)	(357 812)
Balances at December 31, 2022	11 080	(36 508)	2 711 563	2 686 135

At December 31, 2022 and 2021, the Company has neither authorized nor conditional capital.

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association and Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange. During the period from January 1, 2022, to December 31, 2022, the Company has purchased 446 574 treasury shares at an average price of CHF 61.14 to the amount of TCHF 27 303 and the Company has not sold any treasury shares (01.01.–31.12.2021: Purchase of 110 336 treasury shares to the amount of TCHF 9 459; sales of 117 572 treasury shares to the amount of TCHF 9 653). As at December 31, 2022, the Company holds 554 000 treasury shares (December 31, 2021: 107 426 shares). The treasury shares as at December 31, 2022, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 36 508 (December 31, 2021: TCHF 9 205).

Share buyback 2nd line (bought for cancellation)

In April 2019, the Board of Directors approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. Until the end of the program, at April 11, 2022, 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 13, 2022 until April 11, 2025 at the latest. Until December 31, 2022, no shares had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

8. Administrative expenses

Administrative expenses comprise the following:

in CHF 1 000	2022	2021
Investment manager		
– Management fees (incl. VAT)	36 497	50 681
Personnel		
– Board of Directors remuneration	1 550	1 288
– Wages and salaries	578	525
– Social insurance contributions and duties	122	101
	38 747	52 595

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, which is paid on a monthly basis. The compensation of the Board of Directors consists since 2014 of a fixed compensation.

9. Other expenses

Other expenses comprise the following:

in CHF 1 000	2022	2021
Bank charges	516	644
Marketing and financial reporting	1 171	1 293
Legal and consulting expenses	288	524
Transaction costs	985	2 772
Other expenses	1 314	1 374
	4 274	6 607

10. Income taxes

in CHF 1 000	2022	2021
Operating income before tax	(357 751)	(404 741)
Expected tax rate (Direct federal, cantonal and communal tax)	14.2%	14.3%
Expected income tax	(50 729)	(57 878)
Difference between effective local tax rates and the expected Swiss tax rate	(50 790)	(57 945)
Total income tax	61	67

In the current year, the average effective income tax rate on a consolidated basis was less than 1% (2021: <1%). This low rate is mainly attributable to the fact that a large proportion of operating income was generated by companies located in Curaçao. As at December 31, 2022, there is no nettable loss carry forward (2021: none).

11. Earnings per share

	2022	2021
Total comprehensive profit/(loss) for the period (in CHF 1 000)	(357 812)	(404 808)
Weighted average number of shares in issue	55 011 338	55 363 670
Income per share in CHF	(6.50)	(7.31)
Income used to determine diluted income per share (in CHF 1 000)	(357 812)	(404 808)
Weighted average number of shares in issue following the dilution	55 011 338	55 363 670
Diluted income per share in CHF	(6.50)	(7.31)

12. Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of companies active in the biotechnology industry for the purpose of capital appreciation. The following results correspond to the sole operating segment of investing in companies active in the biotechnology industry.

The geographical analysis of the profit/(loss) 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:

Profit/(loss) before tax in CHF 1 000	2022	2021
Great Britain	62 370	(54 533)
Netherlands	23 715	60 946
Singapore	15 976	(13 003)
Switzerland	(32 542)	(61 874)
Curaçao	(39 717)	(54 726)
Canada	(57 337)	(29 966)
USA	(330 216)	(251 585)
	(357 751)	(404 741)

13. Assets pledged

At December 31, 2022, the securities in the amount of CHF 3 051.3 mn (2021: CHF 3 641.1 mn) are a collateral for a credit line of CHF 700 mn (2021: CHF 700 mn). At December 31, 2022, a CHF 363 mn short-term loan is outstanding (2021: CHF 355 mn).

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

The Group had no commitments or other off-balance sheet transactions open at December 31, 2022 (2021: none).

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 December 31, 2022, no proceedings existed which could have any material effect on the financial position of the Group (2021: none).

15. Financial instruments by category

Financial assets and liabilities are allocated to categories as follows (in CHF 1 000):

At December 31, 2022	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Assets as per balance sheet			
Cash and cash equivalents	1 948	–	1 948
Securities	–	3 051 349	3 051 349
	1 948	3 051 349	3 053 297
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Liabilities as per balance sheet			
Short-term borrowings from banks	363 000	–	363 000
Other short-term liabilities	4 143	–	4 143
	367 143	–	367 143
At December 31, 2021	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Assets as per balance sheet			
Cash and cash equivalents	2 835	–	2 835
Securities	–	3 641 112	3 641 112
	2 835	3 641 112	3 643 947
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Liabilities as per balance sheet			
Short-term borrowings from banks	355 000	–	355 000
Other short-term liabilities	5 431	–	5 431
	360 431	–	360 431

Profit and loss from financial assets and liabilities are allocated to categories as follows
(in CHF 1 000):

2022	Financial assets at amortized cost	Financial instruments at fair value through profit or loss	Financial liabilities at amortized cost	Total
Profit and loss from financial instruments				
Interest income	4	-	-	4
Net losses from securities	-	(314 265)	-	(314 265)
Foreign exchange gains	1 253	-	-	1 253
Finance expenses	-	-	(1 726)	(1 726)
2021				
Profit and loss from financial instruments				
Foreign exchange gains net	-	(343 595)	-	(343 595)
Finance expenses	-	-	(986)	(986)
Foreign exchange losses	(962)	-	-	(962)

16. Transactions with the Investment Manager and related party transactions

The investment management and administration of the Company has been delegated to Bellevue Asset Management AG. Based on the 1.1% p.a. all-in fee model, no additional costs incurred at Bellevue Asset Management AG were charged to the BB Biotech Group (2021: none). The amounts outstanding at the balance sheet date are disclosed in [note 6](#), «Other short-term liabilities».

17. Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at December 31, 2022 and 2021.

18. Subsequent events

There have been no events subsequent to December 31, 2022, which would affect the 2022 consolidated financial statements.

Report on the Audit of the Consolidated Financial Statement

To the General Meeting of BB Biotech AG

Opinion

We have audited the consolidated financial statements of BB Biotech AG (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, the International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Consolidated Financial Statements» section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of investment securities

The investment portfolio as of December 31, 2022 comprises investments in marketable and non-marketable securities.

We consider this area to be a key audit matter because of the significant value of the securities in the consolidated financial statements.

As set out in [note 4](#) (Schedule of securities) securities amount to CHF 3 051 million or 99.9% of total assets (previous year CHF 3 641 million or 99.9% of total assets).

The valuation of the securities is prepared by the Investment Manager using the valuation methods disclosed in [note 2](#) (Accounting policies). The board of Directors approves the valuation of the investment portfolio.

How our audit addressed the key audit matter

We gained an understanding of the controls in place related to the valuation of securities in order to determine whether the Investment Manager has appropriate controls in place. Further, we verified the adequacy of the applied valuation methods as well as the appropriateness of the resulting valuations.

To audit the valuation of the investment securities we performed the following procedures:

- We compared the valuation methods applied by the Investment Manager with generally accepted valuation methods. Further, we verified the quoted prices of marketable securities by comparing them with those from an independent source different from that used by the Investment Manager. Additionally, we verified that the valuation of the non-marketable securities is in line with the valuation policies of the Group testing the most important input factors applied in the valuation;
- We obtained sufficient audit evidence to address the risk that the valuation methods were both appropriate and consistently applied by the Investment Manager.

Key audit matter

Ownership of securities

The securities are safeguarded by an independent custodian.

There is a risk that the Group may not have sufficient legal entitlement to the securities.

We consider this area to be a key audit matter because of the significant value of the securities in the consolidated financial statements.

How our audit addressed the key audit matter

We examined the ownership of the securities by requesting a confirmation of the securities directly from the custodian.

We obtained sufficient audit evidence to address the risk of insufficient legal entitlement to the securities portfolio.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021, were audited by another auditor whose report, dated February 16, 2022, expressed an unqualified opinion on those consolidated financial statements.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for preparing the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, the ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We

describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Alexander Kosovan
Licensed Audit Expert

Zurich, February 17, 2023

Balance sheet as at December 31

in CHF	Notes	2022	2021
Current assets			
Cash and cash equivalents		116 430	146 964
Other current receivables		5 558 139	6 080 156
		5 674 569	6 227 120
Non-current assets			
Investments		1 177 069 500	1 177 069 500
		1 177 069 500	1 177 069 500
Total assets		1 182 744 069	1 183 296 620
Current liabilities			
Other current liabilities	2.1	325 013	403 102
Accrued expenses		509 994	610 326
		835 007	1 013 428
Total liabilities		835 007	1 013 428
Shareholders' equity			
Share capital	2.2	11 080 000	11 080 000
Legal capital reserves			
– Paid-in capital reserve ¹⁾		20 579 224	20 579 224
Legal profit reserves			
– General legal reserve		4 500 000	4 500 000
– Reserve for treasury shares ²⁾		36 508 182	9 205 288
Other reserves		190 319 574	217 622 468
Retained earnings	5/6	918 922 082	919 296 212
		1 181 909 062	1 182 283 192
Total liabilities and shareholders' equity		1 182 744 069	1 183 296 620

¹⁾ Of which CHF 20 441 000 not confirmed by the Swiss Tax Authorities due to present regulation

²⁾ For treasury shares held by subsidiaries

The financial statements were approved by the Board of Directors of BB Biotech AG on February 14, 2023.

Statement of income for the year ended December 31

in CHF	Notes	2022	2021
Operating income			
Income from investments		211 500 000	199 406 600
Other income	2.3	5 469 937	5 948 206
		216 969 937	205 354 806
Operating expenses			
Administrative expenses	2.4	(2 311 619)	(2 320 327)
Other expenses	2.5	(2 658 296)	(3 085 502)
		(4 969 915)	(5 405 829)
Operating income before finance income and taxes		212 000 022	199 948 977
Finance income		3 935	439
Finance expenses		(17 494)	(15 645)
Operating income before tax		211 986 463	199 933 771
Tax expenses	2.6	(118 794)	(123 340)
Net income for the year		211 867 669	199 810 431

Notes to the financial statements

BB Biotech AG

1. Accounting policies

General

The financial statements of BB Biotech AG (the Company) have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations. The financial statements have been prepared under the historical cost convention.

Cash and cash equivalents

Cash and cash equivalents includes current accounts at banks. These are stated at the notional amount.

Investments

The investments include the subsidiaries over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Initially and subsequently, investments are valued at historical cost. An impairment is recognized if the value in use is expected to permanently fall below the book value.

Income from investments is recognized in the income statement when the Company's right to receive the dividend payment is established.

Receivables/liabilities

Receivables/liabilities are classified as current assets/liabilities if maturity is expected to be within twelve month after the balance sheet date. Else, they are classified as long-term assets/liabilities. Receivables/liabilities are recognized at notional value. Receivables/liabilities against related parties include transactions with the Board of Directors as well as Group companies and affiliates. Receivables/liabilities against group companies result mainly from cash-pooling activities of the Group. The Group consists of BB Biotech AG and the mentioned subsidiaries under [3.3](#).

Treasury shares

Treasury shares are deducted from shareholders' equity. All profits and losses arising from trading in treasury shares are included in the income statement. A reserve for treasury shares is built for treasury shares held by subsidiaries, booked against other reserves. The reserve is based on cost prices.

2. Details and explanations to the financial statements

2.1 Other current liabilities

The other current liabilities comprise the following (in CHF):

	2022	2021
Third parties	266 770	325 557
Investment Manager	58 243	77 545
	325 013	403 102

2.2 Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (2021: 55.4 mn registered shares) with a par value of CHF 0.20 each (2021: CHF 0.20).

In April 2019, the Board of Directors approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. Until the end of the program, at April 11, 2022, 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 13, 2022 until April 11, 2025 at the latest. Until December 31, 2022, no shares had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

At December 31, 2022 and 2021, the Company has neither authorized nor conditional capital.

2.3 Other income

Other income comprises the following (in CHF):

	2022	2021
Income group services	5 466 000	5 945 000
Other income	3 937	3 206
	5 469 937	5 948 206

2.4 Administrative expenses

Administrative expenses comprise the following (in CHF):

	2022	2021
Board compensation	1 595 935	1 332 853
Investment manager compensation	663 577	921 468
Staff costs	52 107	66 007
	2 311 619	2 320 327

The remuneration report discloses further details to the Board of Directors compensation.

2.5 Other expenses

Other expenses comprise the following (in CHF):

	2022	2021
Marketing and financial reporting	1 170 645	1 293 068
Consulting and audit	287 701	524 201
Bank charges	1 159	1 039
Other expenses	1 198 791	1 267 194
	2 658 296	3 085 502

2.6 Tax expenses

Tax expenses comprise the following (in CHF):

	2022	2021
Income taxes	61 027	67 338
Capital taxes	57 766	56 002
	118 794	123 340

3. Other information required by law

3.1 Name, legal form and registered office

BB Biotech AG is a limited company according to the Swiss Code of Obligation and has its registered office at Schwertstrasse 6 in Schaffhausen.

3.2 Declaration of number of full-time equivalents

The number of full-time equivalents did not exceed 10 in the calendar year 2022 (2021: below 10).

3.3 Investments

Investments of BB Biotech AG comprise, in the business years 2022 and 2021, the following 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

3.4 Treasury shares (balances and change)

Treasury shares are held indirectly by its 100% subsidiary Biotech Target N.V.

	Biotech Target N.V.	Total
Balance at January 1, 2021	114 662	114 662
Purchases Biotech Target N.V. at an average price of CHF 85.73	110 336	110 336
Sales Biotech Target N.V. at an average price of CHF 82.10	(117 572)	(117 572)
Balance at December 31, 2021	107 426	107 426
Purchases Biotech Target N.V. at an average price of CHF 61.14	446 574	446 574
Balance at December 31, 2022	554 000	554 000

3.5 Audit fees

The audit fees comprise the following (in CHF):

	2022	2021
Audit fees	120 000	120 000
Audit-related fees	3 000	–
	123 000	120 000

3.6 Commitments and contingencies

The Company had no commitments or other off-balance sheet transactions open at December 31, 2022 (2021: none).

The operations of the Company are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at December 31, 2022, no proceedings existed which could have any material effect on the financial position of the Company (2021: none).

3.7 Subsequent events

There have been no events subsequent to December 31, 2022, which would affect the 2022 financial statements.

4. Other information

4.1 Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at December 31, 2022 and 2021.

4.2 Statement of holdings of the Board of Directors

As at December 31, the Board of Directors held the following registered shares of BB Biotech AG:

	2022	2021
Dr. Erich Hunziker, Chairman	957 884	957 884
Dr. Clive Meanwell, Vice-Chairman	5 163	5 163
Laura Hamill	–	n.a.
Dr. Pearl Huang	–	n.a.
Prof. Dr. Mads Krosggaard Thomsen	–	–
Dr. Thomas von Planta	12 000	12 000

4.3 Management contracts

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG (investment manager). In this contract, the investment manager commits to carry out management services relating to the investment activity and management of BB Biotech AG. Under this contract the Company paid in the business year 2022 CHF 663 577 (2021: CHF 921 468) to Bellevue Asset Management AG.

4.4 Annual report and cash flow statement

Due to the fact that BB Biotech AG prepares consolidated financial statements in accordance with a recognized international accounting standard (IFRS), the Company doesn't prepare, in line with the legal requirements, an annual report and cash flow statement.

5. Movements on retained earnings

in CHF	2022	2021
Retained earnings at the beginning of the year	919 296 212	918 925 781
Dividend	(212 241 799)	(199 440 000)
Net income for the year	211 867 669	199 810 431
Retained earnings at the end of the year	918 922 082	919 296 212

6. Proposal of the Board of Directors for the appropriation of retained earnings

in CHF	2022 Proposal of the Board	2021 Resolution passed at the AGM
Retained earnings at the disposal of the Annual General Meeting	918 922 082	919 296 212
Dividend	157 890 000	212 241 799
Carry forward to the next period	761 032 082	707 054 413
	918 922 082	919 296 212

Report on the Audit of the Financial Statements

Report of the statutory Auditor to the General Meeting of BB Biotech AG

Opinion

We have audited the financial statements of BB Biotech AG (the Company), which comprise the balance sheet as at December 31, 2022 and the statement of income for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Financial Statements» section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

Other Matter

The financial statements of the Company for the year ended December 31, 2021, were audited by another auditor whose report, dated February 16, 2022, expressed an unqualified opinion on those financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Alexander Kosovan
Licensed Audit Expert

Zurich, February 17, 2023

Corporate Governance

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Corporate Governance

Corporate governance is an integral component of the business of BB Biotech AG (the Company). The Board of Directors is committed to implementing corporate governance policies which are aligned with the size and complexity of the Company's activities. We ensure transparency for our shareholders by disclosing the articles of incorporation, the organizational regulations as well as the Audit and Risk Committee Charter, the Remuneration and Nomination Committee Charter and the Sustainability and Governance Committee Charter on our [website](#). This report is intended to supplement the annual report with respect to corporate governance policies and implementation of these policies in our business. As BB Biotech AG is listed on the Swiss, German, and Italian stock exchanges, the Company is required to comply with the rules and regulations that apply to each of these markets.

Unless otherwise indicated, the following information refers to the situation on December 31, 2022. Accordingly, this report does not reflect the revised corporate law, in force as of January 1, 2023. The Board of Directors intends to propose to the General Meeting in March 2023 the revision of its articles of incorporation. The proposed amendments will be explained in a Report of the Board of Directors accompanying the invitation to the General Meeting.

1. Introductory remarks with respect to the specific structure of BB Biotech AG as an investment company

BB Biotech AG is an investment company listed on a stock exchange according to article 2 paragraph 3 of the Swiss Federal Act on Collective Investment Schemes (CISA) in the form of a corporation limited by shares. As a corporation limited by shares which is listed on a stock exchange, BB Biotech AG is subject to the supervision and regulation by the SIX Swiss Exchange. Therefore, BB Biotech AG is exempted from the supervision of the Swiss Financial Market Supervisory Authority FINMA as well as from the regulation pursuant to the Financial Institutions Act (FinIA).

As an investment company, the sole purpose of BB Biotech AG is the management of its assets and investments. The BB Biotech Group does not pursue any commercial or operational activity other than investing in the biotech industry.

2. Group structure and shareholders

2.1 Group structure

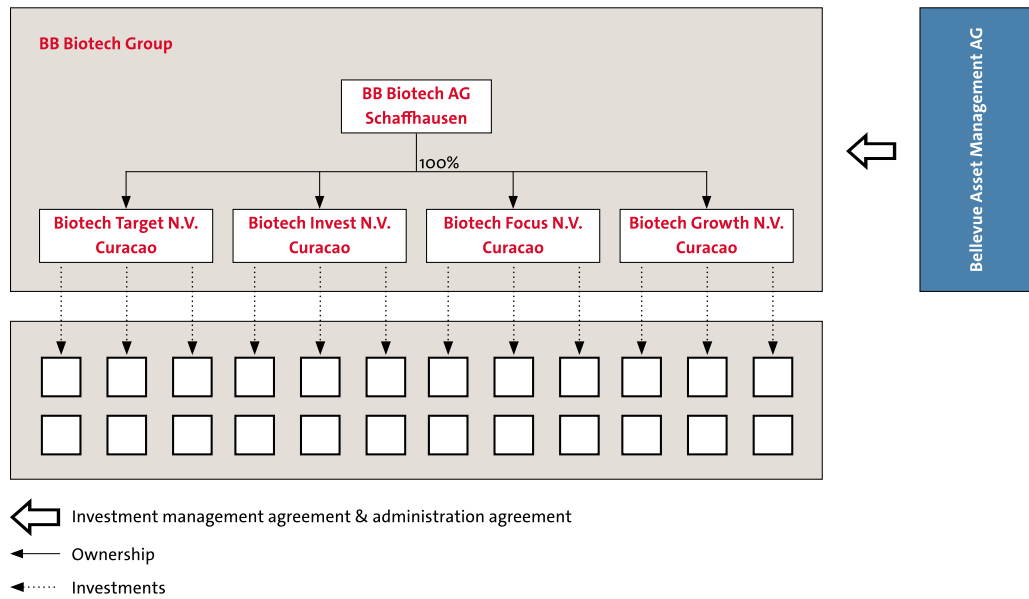
BB Biotech AG (ISIN CH0038389992) has its registered office at Schwertstrasse 6, 8200 Schaffhausen, Switzerland. Its principal activity is to invest in companies in the biotechnology industry. These companies are active in the research, development and commercialization of therapies and drugs.

BB Biotech AG is listed on the SIX Swiss Exchange (BION), in the «Prime Standard Segment» of the German Exchange XETRA (BBZA) as well as in the «Star Segment» of the Italian Exchange (BB IM). Additional information on this can be found [here](#).

Please refer to note 1 to the consolidated annual financial statements for more information on the Company’s group structure.

The investments are held through its four, fully owned subsidiaries:

Company name	Registered office / Country	BB Biotech AG interest %	Share Capital
Biotech Focus N.V.	Curaçao	100	CHF 10 778
Biotech Growth N.V.	Curaçao	100	CHF 10 778
Biotech Invest N.V.	Curaçao	100	CHF 10 778
Biotech Target N.V.	Curaçao	100	CHF 10 778



BB Biotech AG controls and is the ultimate parent company of its subsidiaries (Subsidiaries). Together they form the BB Biotech Group (Group). In this function, the Company performs tasks of management, organization as well as financing for itself and for its Subsidiaries. To the extent permitted by applicable law, the corporate bodies of the Company may therefore also promulgate guidelines and directives for the Subsidiaries. Notwithstanding these endeavors, the legal independence of the Subsidiaries and the provisions of applicable laws, rules and regulations relating to them must be observed to the extent legally required.

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG, domiciled in Küsnacht, Switzerland. Under the management agreement, Bellevue Asset Management AG agreed to carry out management services relating to the investment activity and the management of the Group. Bellevue Asset Management AG is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA and has a license as authorized manager for collective assets. Bellevue Asset Management AG is fully owned by Bellevue Group AG which is an independent Swiss financial boutique listed on the SIX Swiss Exchange.

2.2 Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as of December 31, 2022. 100% of BB Biotech AG’s share capital is free float. The notifications which have been submitted to the Company and the disclosure office of the SIX Swiss Exchange during the fiscal year pursuant to article 120 of the Federal Act on

Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading and which have been published on the latter's electronic publication platform may be accessed via the search function [here](#).

2.3 Cross-shareholdings

The Board of Directors is not aware of any cross-holdings with other companies exceeding a limit of 5% in terms of capital or the number of votes.

3. Capital structure

As of December 31, 2022, the Company's nominal value of the share capital of CHF 11 080 000 consisted of 55 400 000 fully paid up registered shares with a par value of CHF 0.20 each. There is only one share class. Each registered share has one voting right. Voting rights may be exercised only after a shareholder has been registered in the share register of the Company as a shareholder with the right to vote. Each registered share is entitled to dividend payment. No shares certificates are issued. There is no authorized capital or conditional capital outstanding. There are no participation certificates or profit-sharing certificates. The Company has also not issued any options or convertible bonds.

The capital structure has not changed in the period over the last three years (financial years 2020, 2021, 2022).

4. Limitations on transferability and nominee registrations

BB Biotech AG may decline a registration as shareholder with voting rights if a shareholder does not expressly declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such declaration, the shareholder will be registered as a shareholder without voting rights.

A person failing to expressly declare in its registration/application that it holds the shares for its own account (a nominee), will be entered in the share register with voting rights, only if such nominee has entered into an agreement with BB Biotech AG concerning its status.

In the financial year under review, the Board of Directors granted no exemptions from the transfer restrictions.

After hearing the registered shareholder or nominee, the Board of Directors may delete entries in the share register with retroactive effect if such entries were made on the basis of false information (see [article 3](#) of the articles of incorporation of the Company).

5. Board of Directors



5.1 Members and background



Chairman

Dr. Erich Hunziker

Dr. Erich Hunziker has been on the Board of Directors of BB Biotech AG since 2011 and has been elected chairman in 2013. Dr. Hunziker previously served as CFO of Roche from 2001 until 2010. From 1983 until 2001 Dr. Hunziker held various executive positions at Corange, Boehringer Mannheim and, before joining Roche, at Diethelm-Keller-Gruppe, where he ultimately served as CEO. Dr. Hunziker earned a PhD in Industrial Engineering from the Swiss Federal Institute of Technology in Zurich. Dr. Hunziker is Chairman of the Board of Directors of Light Chain Biosciences (NovImmune SA), Entsia International AG and the following discoveric companies (all under common control): discoveric ag, discoveric bio alpha ag, discoveric bio beta ag, discoveric bio gamma ag, discoveric marina ag and discoveric marketplace ag. He is a member of the Board of Directors of LamKap Bio alpha AG, LamKap Bio beta AG and LamKap Bio gamma AG.

Vice-Chairman

Dr. Clive Meanwell

Dr. Clive Meanwell is Vice-Chairman and has been a member of the Board of Directors of BB Biotech AG since 2004. He founded and is the Executive Chairman of Population Health Partners LLC, an investment firm. Dr. Meanwell is also a member of the Board of Directors of EQRx Inc., Fractyl Health Inc., Comanche Biopharma and Saama Technologies Inc. Previously, Dr. Clive Meanwell founded The Medicines Company in 1996 and from then until January 2020 he was a member of the Board of Directors and held a range of leadership positions including Chairman, Executive Chairman, Chief Executive and Chief Innovation Officer. From 1995 until 1996, he was a founding partner and managing director of MPM Capital L.P. Earlier in his career, Dr. Meanwell held various positions at Hoffmann-La Roche in Basel and Palo Alto, California. He received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.



Member

Laura Hamill

Laura Hamill is a member of the Board of Directors of BB Biotech AG since March 2022. Ms. Hamill brings more than 30 years of experience in the biopharma industry. She most recently serviced as Executive Vice President, Worldwide Commercial Operations at Gilead Sciences. Prior to Gilead, Ms. Hamill worked at Amgen for almost 20 years in a number of executive leadership roles in the United States (US) and internationally. Her last role at Amgen was leading the US Commercial Operations with annual revenue of USD 20 bn. Ms. Hamill is a director of AnaptysBio, Y-mAbs Therapeutics, Pardes Biosciences, Unchained Labs and Scilex Pharmaceuticals as well as a member of the advisory committee of Launch Therapeutics. Ms. Hamill started her career at Hoffmann-La Roche with both sales and brand management roles over an eight year period. She holds a B.A. in business administration from the University of Arizona.

Member**Dr. Pearl Huang**

Dr. Pearl Huang is a member of the Board of Directors of BB Biotech AG since March 2022. Dr. Huang studied life sciences at MIT as an undergraduate and earned a doctorate in Molecular Biology from Princeton University. She has spent over 30 years in the pharma and biotech industries, and to date, has contributed to the development of eight medicines that are used by patients every day. Dr. Huang has been appointed CEO of Dunad Therapeutics in June 2022. Prior to that she served as CEO of Cygnal Therapeutics. Earlier in her career, Dr. Huang worked as Global Head Therapeutic Modalities with F. Hoffmann La-Roche (2014- 2018) and as Global Head Discovery Academic Partnership with GSK (2012-2014). She is currently a member of the Board of Directors of Waters Corporation and MIT Corporation.

**Member****Prof. Dr. Mads Krogsgaard Thomsen**

Prof. Dr. Mads Krogsgaard Thomsen has been on the Board of Directors of BB Biotech AG since 2020. In 2021, Prof. Dr. Krogsgaard Thomsen became CEO of the Novo Nordisk Foundation. Prof. Dr. Krogsgaard Thomsen was previously with Novo Nordisk where he served as Executive Vice President, Head of R&D and Chief Science Officer. Prof. Dr. Krogsgaard Thomsen has chaired Danish Research Council programs within endocrinology, and he is a former president of Denmark's National Academy of Technical Sciences. He received his MD and PhD from the University of Copenhagen. Until 2020, Prof. Dr. Krogsgaard Thomsen chaired the governing board of the University of Copenhagen. He is a member of the Scientific Advisory Board of Felix Pharmaceuticals.

Member

Dr. Thomas von Planta

Dr. Thomas von Planta has been elected Board member of BB Biotech AG in March 2019. Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). He chaired the Bellevue Group from March 2015 until March 2019. Previously he worked for Vontobel Group from 2002 until 2006 as interim Head Investment Banking/Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992 until 2002, lastly in London in the Equity Capital Markets Group/Investment Banking Division. Dr. von Planta holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. Dr. von Planta is the Chairman of the Board of Directors of Bâloise Holding AG and a member of the advisory board of Harald Quandt Industriebeteiligungen GmbH.



5.2 Independence

All members of the Board of Directors are independent and have no executive functions at the company or a subsidiary, neither today nor in the last three years. Moreover, no business relations are in place between the Board members and BB Biotech AG or a subsidiary.

5.3 Number of permissible external mandates

No member of the Board of Directors can have more than ten additional mandates, thereof no more than four in listed entities.

The detailed rule with respect to the number of permissible external mandates of members of the Board of Directors is defined in [article 23](#) of the articles of incorporation of the Company.

5.4 Election, term of office and nationality

The Board of Directors is elected by a simple quorum for a term of office of one year. There are no limitations to the board members' tenure. The members of the Board of Directors have first been elected at the following General Meetings:

	RNC ¹⁾	ARC ²⁾	SGC ³⁾	Nationality	Born in	Elected in
Dr. Erich Hunziker, Chairman (since 2013)			M	CH	1953	2011
Dr. Clive Meanwell, Vice-Chairman (since 2011)	C	M		UK	1957	2004
Laura Hamill			C	US	1964	2022
Dr. Pearl Huang		M	M	US	1957	2022
Prof. Dr. Mads Krogsgaard Thomsen	M			DK	1960	2020
Dr. Thomas von Planta		C		CH	1961	2019

C: Chair, M: Member

¹ Remuneration and Nomination Committee

² Audit and Risk Committee

³ Sustainability and Governance Committee

5.5 Internal organization

The Board of Directors consists of a Chairman, Vice-Chairman and four members. The Board of Directors has appointed a secretary who is not a member of the Board of Directors. The Board has three committees: Audit and Risk Committee, Remuneration and Nomination Committee as well as a Sustainability and Governance Committee. The members of the Remuneration and Nomination Committee are elected by the General Meeting. The Chairman of the Remuneration and Nomination Committee is appointed by the committee members. The Chairman and members of the Audit and Risk Committee as well as the Sustainability and Governance Committee are appointed by the Board of Directors.

The Board of Directors has extensive experience in all relevant areas, especially from the healthcare and financial industry. With this experience, the members of the Board of Directors are well suited to supervise the Company's activities.

The Chairman and members of the Board of Directors are elected by the shareholders at the Company's General Meeting. If the position as Chairman is vacant, the Board of Directors will nominate one of its members to serve as Chairman until the end of the next General Meeting.

Board meetings are normally convened by the Chairman or, in his absence, the Vice-Chairman. The individual board members can also require that the Chairman calls for a board meeting. The Board of Directors receives comprehensive information regarding each of the agenda items at the board meetings. The Board of Directors generally meets once per month

via video or telephone conference. In addition, two three-day strategy meetings take place each year. The board meetings are also attended by representatives of Bellevue Asset Management AG as investment manager and administrator. In its board meetings, the Board of Directors regularly examines the compliance with the investment guidelines. In addition, the representatives entrusted with the asset management present the respective investment and divestiture decisions. The latter examines the individual investment decisions with respect to the compliance with the investment strategy as well as the investment process. On a yearly basis, the Board of Directors performs and approves a comprehensive risk assessment. Financial risk management is disclosed in note 3 to the consolidated annual financial statements. Performance of relevant service providers as well as the auditor are evaluated at least on a yearly basis.

The following table provides an overview of the strategy meetings and conference calls of the Board of Directors in 2022.

	Strategy Meeting in person	Conference calls
Total	2	8
Average duration (in hours)	21:30	1:56
Participation:		
Dr. Erich Hunziker, Chairman	2	8
Dr. Clive Meanwell, Vice-Chairman	2	7
Laura Hamill ¹⁾	2	6
Dr. Pearl Huang ¹⁾	2	6
Prof. Dr. Mads Krosggaard Thomsen	2	7
Dr. Thomas von Planta	2	8

¹⁾ Elected as Member of the Board of Directors as of March 17, 2022.

The Board of Directors passes its resolutions by a majority of the votes and the Chairman has the casting vote in case of a tie. The Board of Directors is quorate when the majority of its members are present at the board meetings.

Audit and Risk Committee

The Audit and Risk Committee examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendations to the same.

The Audit and Risk Committee also monitors and evaluates the integrity of the financial reports, internal controls, the effectiveness of the external auditor as well as risk management and compliance, taking into consideration the risk profile of the Group. It maintains board level contact with the external auditors and monitors their performance and independence as well as their collaboration with the investment manager and administrator.

All members of the Audit and Risk Committee are independent. The Audit and Risk Committee meets at least once a quarter. The Audit and Risk Committee Charter is available for download [here](#).

The following table provides an overview of the meetings and circular resolutions of the Audit and Risk Committee in 2022.

	Meetings	Circular resolutions
Total	4	-
Average duration (in hours)	1:00	-
Participation:		
Dr. Thomas von Planta, Chairman	4	-
Dr. Clive Meanwell	4	-
Dr. Pearl Huang ¹⁾	3	-

¹ Elected as Member of the Board of Directors as of March 17, 2022.

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee are elected by the shareholders. The Remuneration and Nomination Committee supports the Board of Directors in the following areas: Composition of the Board of Directors and nomination of new board members, compensation policy and guidelines, performance targets and preparation of proposals regarding compensation to the Board of Directors. It reports to the Board of Directors and makes recommendations to the same. The Remuneration and Nomination Committee meets as often as necessary but in any event at least once a year. The Remuneration and Nomination Committee Charter is available for download [here](#).

The following table provides an overview of the meetings and circular resolutions of the Remuneration and Nomination Committee in 2022.

	Meetings	Circular resolutions
Total	2	-
Average duration (in hours)	1:15	-
Participation:		
Dr. Clive Meanwell, Chairman	2	-
Prof. Dr. Mads Krogsgaard Thomsen	2	-

Sustainability and Governance Committee

Constituted in March 2022, the Sustainability and Governance Committee supports the Board of Directors in environmental, social and governance (ESG) matters. As outlined in the publicly available Charter of the Committee (which is available for download [here](#)), ESG is defined as follows:

- (i) Environmental: the impact of the Group and the impacts of the portfolio companies on the natural environment, including, but not limited to, carbon emissions, air and water pollution, energy efficiency, waste management, and natural resources conservation;
- (ii) Social: the role of the Group and the roles of the portfolio companies within the relevant societies and their interaction with stakeholders and communities, covering aspects of human rights, supply chain sustainability, diversity and inclusion, non-discrimination, and equal treatment; and
- (iii) Governance: the Company's corporate governance framework and all applicable standards, codes, and best practices to the extent not under supervision by the Company's Audit and Risk Committee or the Nomination and Remuneration Committee, including aspects such as bribery and corruption, lobbying, and political contributions.

The Sustainability and Governance Committee reviews periodically and, if required, makes recommendations to the Board of Directors regarding the investment strategy, policies and guidelines concerning ESG matters. It monitors the investment, regulatory and reputational impacts of ESG matters on the Group and provides guidance to the Board of Directors concerning the management of such impacts. Furthermore, it assesses the performance of the investment manager with regard to ESG matters and reviews the Group's sustainability report. It reviews and makes recommendations to the Board of Directors on significant emerging and current trends and stakeholders' views regarding ESG matters.

All members of the Sustainability and Governance Committee are independent. The Committee meets as often as required but in any case at least once a year.

The following table provides an overview of the meetings and circular resolutions of the Sustainability and Governance Committee in 2022.

	Meetings	Circular resolutions
Total	4	-
Average duration (in hours)	1:00	-
Participation:		
Laura Hamill, Chairwoman	4	-
Dr. Erich Hunziker	4	-
Dr. Pearl Huang	4	-

5.6 Directors' dealings and stock holdings

BB Biotech AG publishes each purchase/sale of BB Biotech AG stocks by members of the Board of Directors as well as by first-degree relatives of such persons within three trading days. This information is made available for 30 days on the website in the section «[Corporate Governance/Directors' dealings](#)».

As at December 31, the member of the Board of Directors held the following positions in BB Biotech shares:

	2022	2021
Dr. Erich Hunziker, Chairman	957 884	957 884
Dr. Clive Meanwell, Vice-Chairman	5 163	5 163
Laura Hamill	–	n.a.
Dr. Pearl Huang	–	n.a.
Prof. Dr. Mads Krosggaard Thomsen	–	–
Dr. Thomas von Planta	12 000	12 000

6. Investment management

BB Biotech AG does not have an internal management. The Board of Directors of BB Biotech AG has – as it is customary for investment companies – delegated the investment management based on the investment management agreement to Bellevue Asset Management AG, domiciled in Küsnacht, Switzerland. Bellevue Asset Management AG offers a select range of active equity strategies in fast-growing markets, the healthcare sector and in other special themes such as owner-managed companies, as well as holistic investment strategies across all traditional asset classes.

The supervision of Bellevue Asset Management AG acting as external investment manager and its adherence to the investment policy remains with the Board of Directors of BB Biotech AG as a non-transferable duty. The investment management contract is valid for an indefinite period and can be terminated by either party with a notice period of twelve months with effect as per the end of the following calendar year. Bellevue Asset Management AG has a team of dedicated experts and analysts to fulfill the duties of the investment management contract. The [investment strategy](#) is disclosed in the annual report.

Since January 1, 2014, the remuneration paid to the investment manager has been 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, which is paid on a monthly basis. The amount is disclosed in [note 8 to the consolidated financial statements](#).

The Board of Directors approves on a yearly basis that an adequate portion of the fees shall be used for incentives and remuneration of those people at Bellevue Asset Management AG who are assigned with tasks under the investment management and administrative agreements.

In order to align the interests between shareholders of BB Biotech AG and these assigned people at Bellevue Asset Management AG, a long-term incentive plan is in place. Pay-out after three years depends on the performance of the share price of BB Biotech AG vs. performance criteria (absolute return, local benchmark, industry benchmark) and can vary between 0% and 100%.

7. Remuneration

See [note 8 to the consolidated financial statements](#) as well as the [remuneration report](#) hereinafter for details relating to the remuneration of the Board of Directors and the process of determining its remuneration.

The rules governing the approval by the General Meeting of the remuneration of the members of the Board of Directors as well as the principles governing the remuneration of the members of the Board of Directors can be found in [articles 19–21](#) of the articles of incorporation of the Company. The articles of incorporation do not contain any provision with respect to loans, credits and pension benefits to the members of the Board of Directors.

8. Shareholders' participation rights

8.1 Limitations to voting rights; voting by proxy

There are no limitations to voting rights and no internal rules that deviate from the statutory provisions concerning attendance of a General Meeting. The articles of incorporation do not contain any provision with respect to the issuance of directives to the independent voting rights representative or to the electronic participation at a General Meeting. Shareholders may be represented by the independent voting rights representative, their legal representative or, with written proxy, another shareholder of BB Biotech AG.

8.2 General Meeting

The articles of incorporation of the Company do not stipulate any majority requirements for the General Meeting that differ from the requirements set out by Swiss corporate law. The rules for the convention of a General Meeting by the shareholders stipulated by [article 6](#) of the articles of incorporation of the Company do not differ from the rules set out by Swiss corporate law. Shareholders, who alone or together with other shareholders represent BB Biotech AG shares with a nominal value of at least CHF 1 million or at least 10% of the share capital of BB Biotech AG may request that an item be put on the agenda by indicating the matter and the motion(s). Such requests must be made in writing within 45 days prior to the General Meeting (see [article 7](#) of the articles of incorporation of the Company).

8.3 Registration in the share register

The share register is closed approximately five working days before the date of the General Meeting for administrative reasons. The Board of Directors will communicate the exact date in the invitation to the relevant General Meeting. Shareholders and beneficiaries who are registered in the share register before such date are entitled to vote at the General Meeting (if registered with voting rights). The BB Biotech AG shares can be traded at any time and are not blocked.

8.4 Dividend policy

Since 2013, BB Biotech AG has a structured payout policy in place designed to give shareholders a return of up to 10% p.a. It consists of the following elements:

BB Biotech AG intends to continue to propose dividend payments that correspond to a 5% return on the volume weighted average price of its shares in December of the respective fiscal year. The dividend is normally paid out in one installment after the annual General Meeting in March each year. Besides the attractive dividend yield, BB Biotech AG is also conducting continuous share buybacks between 0 and up to 5% of share capital p.a. Share repurchases will be conducted within defined parameters.

9. Change-of-control and defensive measures

9.1 Obligatory offer for sale

An opting-out rule is in place (see [article 3](#) of the articles of incorporation of the Company).

9.2 Change-of-control clauses

No change-of-control clauses are in place in favor of the Board of Directors.

10. Auditors

10.1 Duration of mandate and term of office of the lead auditor

Since the fiscal year 1994 and until March 17, 2022, PricewaterhouseCoopers AG has been the auditor of BB Biotech AG. As required by Swiss law, lead auditor rotation applies after maximal seven years. The lead auditor, Philippe Bingert, has been responsible for the audit of the Company's financial statements since the fiscal year 2021. At the Annual General Meeting held on March 17, 2022, Deloitte AG has been elected as the auditor. Marcel Meyer is the lead auditor responsible for the audit of the Company's financial statements for the fiscal year 2022. In line with [article 18](#) of the articles of incorporation, the auditor is elected for a term of office extending until completion of the next Ordinary General Meeting.

10.2 Fees

The following fees for professional services in the fiscal year ended December 31, 2022, were agreed and paid:

- Fees for the annual audit and quarterly review of the financial statements: CHF 120 000

10.3 Instruments of information of the external audit

The Audit and Risk Committee prepares proposals to the Board of Directors for the appointment and removal of the auditors. The Audit and Risk Committee also assesses – at least annually – the qualifications, expertise, effectiveness, independence and performance of the auditors and their lead audit partner. The investment manager and the auditors are at least quarterly in contact with each other. The auditor performs reviews on quarterly consolidated financial statements and issues respective opinions.

The auditors attended four Audit and Risk Committee meetings in 2022. Written reporting of the auditor consists of an annual audit plan as well as a comprehensive report to the Board of Directors on the result of the audit of the financial statements.

10.4 Rotation of the auditors

In July 2021, a call for tender was issued for BB Biotech's AG audit engagement. Since incorporation of the Company, PricewaterhouseCoopers AG has been the auditor of BB Biotech AG. The audit tender was triggered by corporate governance considerations and was not related to the performance of the auditors at the time.

On the basis of an assessment, the Audit and Risk Committee recommended to the Board of Directors, which approved this recommendation, that Deloitte AG be proposed as the new auditors. The Annual General Meeting held on March 17, 2022, approved the election of Deloitte AG to be responsible for the audit of the Company's financial statements for the fiscal year 2022.

11. Trading in own securities

BB Biotech AG operates, in line with legal and internal regulations, as an active purchaser/seller of own securities on the market, securing additional liquidity in the process.

12. Information policy

BB Biotech AG is committed to communicating with its shareholders and the capital markets in a transparent, consistent and timely manner. Official notices of BB Biotech AG are published in the Swiss Official Gazette of Commerce («Schweizerisches Handelsamtsblatt»). Invitations to General Meetings of BB Biotech AG and communications to shareholders of BB Biotech AG are sent by mail to the address recorded in the shareholders' register.

BB Biotech AG provides information on its quarterly and annual results in the form of quarterly and annual reports (in printed and/or electronic form) and through media events and media releases. The latest publication dates are available on the [website](#) of BB Biotech AG in German, English and Italian. In addition, BB Biotech AG informs on key company news during the financial year whenever relevant for the shareholders and the capital markets and publishes price-sensitive information timely and in accordance with the applicable ad hoc publicity rules of the SIX Swiss Exchange. All announcements, official notices, reports, investor updates, presentations, media releases, media articles, and other documents published dating back to the last three years are available on the [website](#) of BB Biotech AG or can be ordered by e-mail at info@bbbiotech.ch. Interested parties may subscribe for the automatic alerting service [here](#).

The contact address of Investor Relations is:

BB Biotech AG
Schwertstrasse 6
8200 Schaffhausen/Switzerland
Phone: +41 52 624 08 45
E-mail: info@bbbiotech.ch

Further information and details of contact persons are available on the website of BB Biotech AG at www.bbbiotech.ch. Please refer also to «[Shareholder information](#)».

13. Trading blackout periods

BB Biotech AG has defined recurring trading blackout periods, during which BB Biotech AG, the members of its Board of Directors, employees of Bellevue Asset Management AG to whom BB Biotech AG has delegated the investment management as well as related parties are prohibited from trading in securities of BB Biotech AG and/or related financial instruments, subject to exemptions provided by Swiss law (e.g., for delegated share buyback programs). The recurring trading blackout periods begin at least 30 days before the publication of the annual or interim financial statements and end on the day of their publication. The exact dates are communicated by Bellevue Asset Management AG's Legal & Compliance team on behalf of BB Biotech AG to all persons involved. BB Biotech AG may impose additional (ad hoc) trading blackout periods at any time for any reason.

Remuneration Report

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Remuneration Report

This remuneration report for the fiscal year 2022 outlines the remuneration system as well as the remuneration of the members of the Board of Directors of BB Biotech AG. The content and scope of the information contained in this report is in accordance with the provisions of the Ordinance Against Excessive Compensation in Public Corporations (the Ordinance) and with the Directive on Information relating to Corporate Governance (DCG) of the SIX Swiss Exchange.

1. Responsibilities and authorities with respect to remuneration

1.1 Introductory remarks relating to the specific structure of BB Biotech AG as an investment company

The Board of Directors of BB Biotech AG has not made use of its competence to delegate the executive management of all or part of the Company's business pursuant to article 716b CO and therefore manages the business of the Company itself, to the extent it has not been delegated to Bellevue Asset Management AG as investment manager and administrator within the framework of the management contract. Accordingly, BB Biotech AG does not have an executive management pursuant to article 716b CO or the Ordinance.

For details, please refer to [note 7](#).

1.2 Responsibilities and authorities with respect to the remuneration

The Remuneration and Nomination Committee is responsible for ensuring that the process relating to the determination of the remuneration is held on a fair and transparent basis and that such process is controlled effectively. The adopted remuneration process shall serve as a basis for an adequate decision with respect to services rendered as well as an appropriate incentive to the individual members of the Board of Directors, taking into account the long-term interests of the shareholders and the Company's success. In addition, the Remuneration and Nomination Committee assists the Board of Directors in determining the principles of the remuneration strategy of BB Biotech AG.

The Remuneration and Nomination Committee submits proposals to the Board of Directors for resolution in the following areas:

- Amount and composition of the aggregate remuneration of the Board of Directors;
- Amount and composition of the remuneration of the Chairman of the Board of Directors;
- Amount and composition of the remuneration of the Vice-Chairman as well as the other members of the Board of Directors;
- Amount and composition of the additional remuneration of the members of a Board of Directors Committee.

Furthermore, the Remuneration and Nomination Committee assists the Board of Directors in resolving on conclusion, termination, or amendment of contracts entered into with external asset managers and thus in particular on the amount of the compensation to be paid under the respective contracts.

The Remuneration and Nomination Committee meets as often as necessary but, in any event at least once a year. The meeting minutes are included in the board pack of the next meeting of the Board of Directors. The chairperson of the Remuneration and Nomination Committee reports to the Board of Directors at the next meeting.

BB Biotech AG mandated two reputable service providers to provide an external review of the Board of Directors' compensation. Willis Towers Watson (WTW) and Mercer independently benchmarked the compensation of the Chairman, the Vice-Chairman and the ordinary members of the Board of Directors as well as the Board committees regarding level and structure against two pre-defined peer groups. One peer group consisted of 19 (Mercer) resp. 27 (WTW) distinct companies included in the SMIM Index. This group reflects the local market practices for Swiss listed companies, similar in size as BB Biotech AG. The second peer group consisted of 17 (Mercer) resp. 22 (WTW) listed financial industry companies with a similar structure (no bank and insurance companies, most of them included in the FTSE250 index) This group of listed investment trusts and investment companies reflects the structural specialities of BB Biotech AG.

Based on the results of the benchmarking studies and in line with the recommendation of the Remuneration and Nomination Committee, the Board of Directors decided to propose an adjusted overall amount to the General Meeting in March 2022.

In line with the results of the benchmarking studies, the Board of Directors decided to decrease the amount of compensation awarded for Board membership and increase the amount of compensation awarded for membership and, in particular, chairmanship of a Board committee.

During the period under review, no external advisors were consulted on the determination of the compensation program.

2. Remuneration of the members of the Board of Directors

2.1 Principles

The remuneration of the members of the Board of Directors is based on the scope of activity and responsibility of the individual members (Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, member of the Board of Directors; involvement in committees: chairmanship of a committee, member of a committee).

The remuneration of the Board of Directors consists of the following elements:

- Fixed remuneration (disbursement by cash compensation);
- Social insurance contributions and duties.

The limitation to a fixed remuneration ensures that the focus of the Board of Directors lies on the long-term success of BB Biotech AG. Its amount takes account of the workload and responsibility of the individual members of the Board of Directors. Therefore, the remuneration of the Board of Directors has been separated from the compensation of the investment manager; thus, the Board of Directors does not have an incentive to take excessively high risks.

Upon request of the Remuneration and Nomination Committee, the entire Board of Directors resolves once a year on the amount of the remuneration of the members of the Board of Directors and the committees.

The Board of Directors had determined the fixed remuneration of its members (as a member of the Board of Directors or a committee) as follows:

Function/Responsibility	AGM 2022 - AGM 2023 in CHF	AGM 2021 - AGM 2022 in CHF
Chairman	360 000	360 000
Vice-Chairman	220 000	250 000
Member	220 000	250 000
Chairman of the Remuneration and Nomination Committee	40 000	15 000
Member of the Remuneration and Nomination Committee	20 000	10 000
Chairman of the Audit and Risk Committee	40 000	15 000
Member of the Audit and Risk Committee	20 000	10 000
Chairwoman of the Sustainability and Governance Committee	40 000	–
Member of the Sustainability and Governance Committee	20 000	–

2.2 Remuneration of the individual members of the Board of Directors in the reporting year (audited)

In the reporting year 2022, the six members (2021: five members) of the Board of Directors received a total remuneration of CHF 1 595 935 (2021: CHF 1 332 853). From this amount, CHF 1 550 000 (2021: CHF 1 287 500) have been paid in the form of a fixed remuneration for the work on the Board of Directors and on the committees of the Board of Directors. The social insurance contributions and the duties amounted to a total of CHF 45 935 (2021: CHF 45 353).

The individual members of the Board of Directors were paid the following remuneration:

Fiscal year 2022

Name/Function	RNC ¹⁾	ARC ²⁾	SGC ³⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman			X	01.01.2022 – 31.12.2022	360 000	15 000	25 138	400 138
Meanwell Clive, Vice-Chairman	X	X		01.01.2022 – 31.12.2022	227 500	51 250	–	278 750
Hamill Laura, Member			X	17.03.2022 – 31.12.2022	165 000	30 000	–	195 000
Huang Pearl, Member		X	X	17.03.2022 – 31.12.2022	165 000	30 000	–	195 000
Krogsgaard Thomsen Mads, Member	X			01.01.2022 – 31.12.2022	227 500	17 500	–	245 000
von Planta Thomas, Member		X		01.01.2022 – 31.12.2022	227 500	33 750	20 797	282 047
Total					1 372 500	177 500	45 935	1 595 935

¹ Remuneration and Nomination Committee

² Audit and Risk Committee (Pearl Huang from March 17, 2022)

³ Sustainability and Governance Committee (Laura Hamill, Erich Hunziker, Pearl Huang from March 17, 2022)

Fiscal year 2021

Name/Function	RNC ¹⁾	ARC ²⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman			01.01.2021 – 31.12.2021	360 000	–	24 086	384 086
Meanwell Clive, Vice-Chairman	X	X	01.01.2021 – 31.12.2021	250 000	25 000	–	275 000
Galbraith Susan, Member	X		01.01.2021 – 02.07.2021	125 000	2 500	–	127 500
Krogsgaard Thomsen Mads, Member	X		01.01.2021 – 31.12.2021	250 000	7 500	–	257 500
von Planta Thomas, Member	X	X	01.01.2021 – 31.12.2021	250 000	17 500	21 267	288 767
Total				1 235 000	52 500	45 353	1 332 853

¹ Remuneration and Nomination Committee (Thomas von Planta until March 18, 2021, Susan Galbraith from March 18, 2021 until July 2, 2021, Mads Krogsgaard Thomsen from March 18, 2021)

² Audit and Risk Committee

3. Remuneration of related parties at non-market conditions (audited)

In the reporting year 2022, no remuneration which was not at arm's length terms was paid to related parties (2021: none).

4. Remuneration of former members of the Board of Directors (audited)

In the reporting year 2022, no remuneration was paid to former members of the Board of Directors (2021: none).

5. Loans and credits to the members of the Board of Directors (audited)

The articles of incorporation of BB Biotech AG do not provide that loans and credits may be granted to the members of the Board of Directors. Accordingly, no loans or credits which BB Biotech AG has granted to current or former members of the Board of Directors or to related parties were outstanding as of December 31, 2022 (December 31, 2021: none).

6. Contractual terms at retirement from BB Biotech AG

No member of the Board of Directors has a contract with BB Biotech AG providing for a severance payment in the event of leaving BB Biotech AG.

7. Management contracts

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG (investment manager). In this contract, the investment manager commits to carry out management services relating to the investment activity and management of BB Biotech AG. The management contract is valid for an indefinite period and can be terminated by either party with a notice period of twelve months with effect as per the end of the following calendar year. The remuneration of the investment manager is determined by the respective contract and corresponds to a fixed fee of 1.1% p.a. on the average market capitalization without any additional fixed or performance-based elements.

Report on the audit of the Remuneration report

Report of the statutory auditor to the General Meeting of BB Biotech AG

Opinion

We have audited the Remuneration Report of BB Biotech AG (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the notes 2.2, 3, 4 and 5 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the accompanying Remuneration Report complies with Swiss law and Art. 14–16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Remuneration Report» section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the notes 2.2, 3, 4 and 5 in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the

preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14–16 VegüV1 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Alexander Kosovan
Licensed Audit Expert

Zurich, February 17, 2023

ESG

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Foreword

Dear reader,

Over the past year we have seen an increasing instability of the geopolitical situation, effects of climate change and rapidly changing economic pressures. In tumultuous times like these, sustainable investment decisions are becoming increasingly important. We, the Board of Directors of BB Biotech AG, are confident that investing in the biotechnology sector, as it is one of the most important innovation areas of the 21st century, will achieve long-term success.

As an active investor, BB Biotech invests in a concentrated, high-conviction biotech portfolio. The portfolio companies' products address areas of significant unmet medical needs and thus have not only above-average sales and profit-growth potential but also a significant positive impact on society. Our long-standing experience along with our robust and frequent engagement with senior management of our portfolio companies, combined with our structured investment process provide for long-term and sustainable value for our shareholders. The focus on long-term sustainability is embedded across our business behavior.

The basic aim of biotechnology is to meet human needs or demands in order to improve quality of life.

Investors might be drawn to familiar green industries like electric vehicles or solar panel manufacturers, or explicitly socially conscious brands. However, many of the most valuable ESG investments are in more fundamental sectors like biotech. The basic aim of biotechnology is to meet human needs or demands in order to improve quality of life. It ranks among the most attractive of all fast growing industries with an average annual growth in revenue of more than 10% from 2016 to 2021, with total revenues in 2016 of USD 139.4 billion to USD 216.7 billion in 2021¹.

BB Biotech AG strives to be in the leading group of companies with respect to sustainability. That's why we have made sustainability a priority for the Board of Directors and I was appointed as Chairwoman of the «Sustainability and Governance Committee» to lead our efforts on sustainability in close collaboration with the delegated Investment Manager.

BB Biotech AG strives to be in the leading group of companies with respect to sustainability.

In 2022, BB Biotech AG put more emphasis on sustainability than ever before. We have contracted the ESG rating agency Sustainalytics to assess BB Biotech independently. Our operational model was rated «Medium risk» (23.7 points). We scored positively high in the areas of Board Management Quality & Integrity, Board Structure and Diversity, Ownership & shareholder risk, Audit and Financial Governance as well as Impact on Climate/ Environmental impact. A relative comparison to peers is not yet meaningful as the rating agency has not enough reliable ESG data for investment companies or trusts. In 2023 we're focusing on further formalizing our ESG governance and policies.

We continue providing as much information and transparency on our processes and results as possible to give investors the information they need to succeed.



**Chairwoman of the Sustainability and
Governance Committee**

Laura Hamill

¹ Ernst & Young Report: Beyond Borders

About BB Biotech AG

BB Biotech AG («the company») invests through its subsidiaries (together «the Group» or also «BB Biotech») in companies in the fast growing market of biotechnology and is one of the world's largest investors in this sector with almost 30 years of experience. The shares of BB Biotech AG are listed on the SIX Swiss Exchange, the Frankfurt Stock Exchange and the Stock Exchange in Milan. Its investments are focused primarily on listed companies that are developing and commercializing novel drugs and therapies that offer sound value for the healthcare system.

Bellevue Asset Management AG is the delegated Investment Manager and administrator of BB Biotech AG. As an authorized manager of collective assets regulated by the Swiss Financial Market Supervisory Authority FINMA, Bellevue Asset Management AG is fully owned by Bellevue Group AG, an independent financial boutique listed on the SIX Swiss Exchange.

Facts and Figures



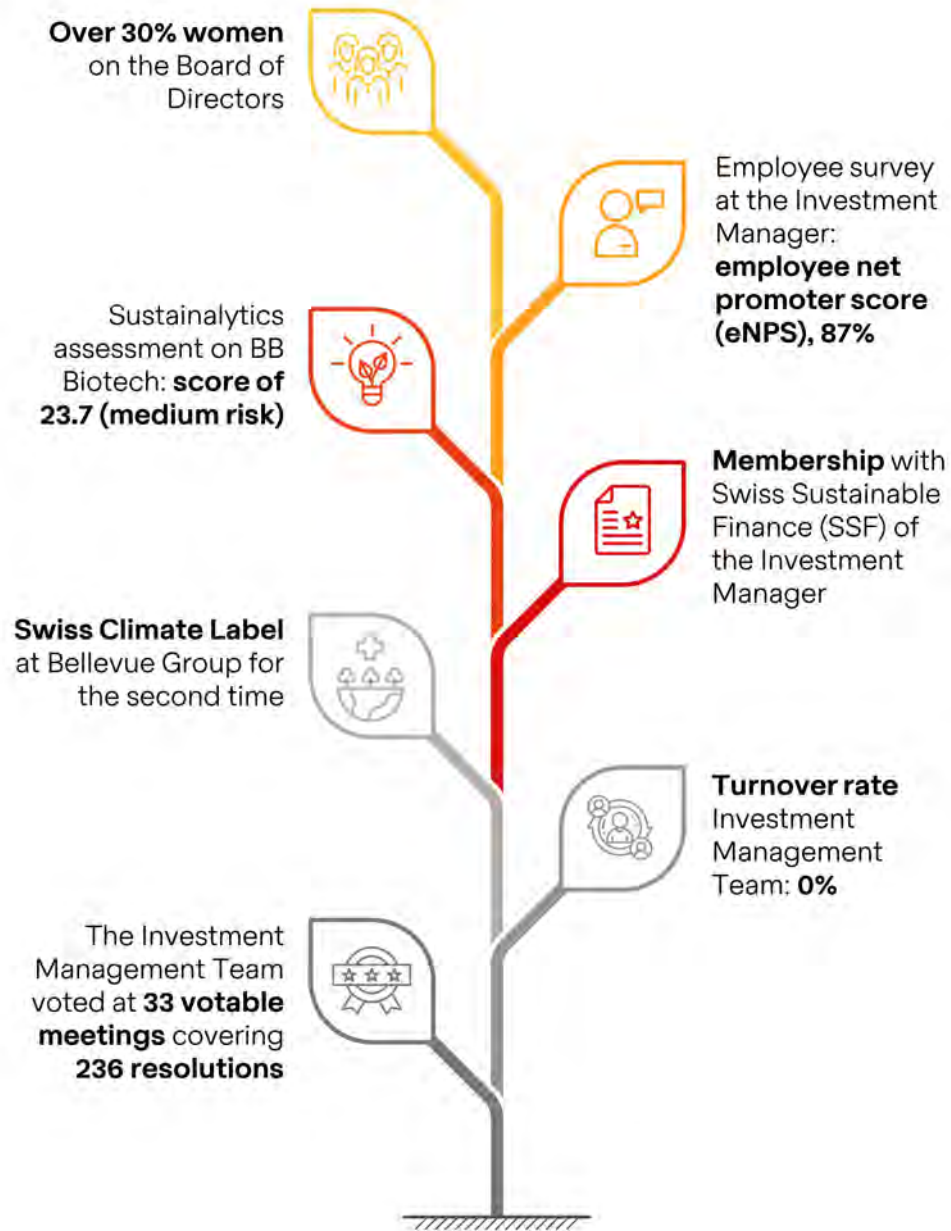
Board of Directors

Dr. Erich Hunziker	Dr. Clive Meanwell	Laura Hamill	Dr. Pearl Huang	Prof. Dr. Mads Krogsgaard Thomsen	Dr. Thomas von Planta
Chairman of the Board since 2011	Vice-Chairman since 2004	Member of the Board since 2022	Member of the Board since 2022	Member of the Board since 2020	Member of the Board since 2019
<p><i>Current:</i></p> <ul style="list-style-type: none"> Chairman of Light Chain Biosciences (Novimmune) Chairman of Entsia International Chairman and board member of discoveric companies and LamKap Bio alpha, LamKap Bio beta and LamKap Bio gamma <p><i>Former:</i></p> <ul style="list-style-type: none"> CFO at Roche Group CEO at Diethelm-Keller Group 	<p><i>Current:</i></p> <ul style="list-style-type: none"> Executive Chairman of Population Health Partners Board member of EGRx, Fractyl Health, Comanche Biopharma and Saama Technologies <p><i>Former:</i></p> <ul style="list-style-type: none"> Founder of and various leadership positions at the Medicines Company (Novartis) Founding Partner ofMPPM Capital (Venture Capital) 	<p><i>Current:</i></p> <ul style="list-style-type: none"> Board member of AnaptysBio, Y-mAbs Therapeutics, Pardes Biosciences, Unchained Labs and Scilex Pharmaceuticals Advisory Committee member of Launch Therapeutics <p><i>Former:</i></p> <ul style="list-style-type: none"> Executive Vice President worldwide commercial operations at Gilead Head of US Commercial Operations at Amgen 	<p><i>Current:</i></p> <ul style="list-style-type: none"> CEO of Dunad Therapeutics Board member of Waters Corporation Member of the MIT Corporations <p><i>Former:</i></p> <ul style="list-style-type: none"> CEO of Cygnal Therapeutics SVP and Head of Therapeutic Modalities at Roche 	<p><i>Current:</i></p> <ul style="list-style-type: none"> CEO of the Novo Nordisk Foundation <p><i>Former:</i></p> <ul style="list-style-type: none"> Novo Nordisk, Executive Vice President, Head of R&D and Chief Scientific Officer Chairman of University of Copenhagen President of Denmark's Academy of Technical Sciences 	<p><i>Current:</i></p> <ul style="list-style-type: none"> Chairman of Baloise Holding Board member of Harald Guandt Industrieeteiligungen GmbH <p><i>Former:</i></p> <ul style="list-style-type: none"> Chairman of Bellevue Group Vontobel, Corporate Finance Goldman Sachs, Equity Capital Markets

Investment Management Team

<p>New York Office</p> <ul style="list-style-type: none"> Felicia Flanagan Investment Management Team Since 2004 dedicated to BB Biotech Immune Oncology, Infectious Diseases Dallas Webb Investment Management Team Since 2006 dedicated to BB Biotech Oncology, Antibiotics, Women's Health Dr. med. Stephen Taubenfeld Investment Management Team Since 2013 dedicated to BB Biotech Neurology, Psychiatry 	<p>Zurich Office</p> <ul style="list-style-type: none"> Dr. Daniel Koller Head Investment Management Team BB Biotech (2019) Since 2014 dedicated to BB Biotech Dr. Christian Koch Investment Management Team Since 2014 dedicated to BB Biotech Cardiovascular Diseases, Targeted Oncology, Genetic Medicines Dr. Maurizio Bernasconi Investment Management Team Since 2017 dedicated to BB Biotech Inflammatory Diseases, Autoimmune Diseases Dr. Leonidas Georgiou Investment Management Team Since 2022 dedicated to BB Biotech Neurology, Psychiatry Dr. Silvia Siegfried-Schanz Investor Relations Since 2012 dedicated to BB Biotech 	<p>London Office</p> <ul style="list-style-type: none"> Claude Mikkelsen Investor Relations Since 2012 dedicated to BB Biotech Dr. Samuel Crosset Investment Management Team Since 2020 dedicated to BB Biotech Data science, machine learning Dr. Oliva Woolley Investment Management Team Since 2022 dedicated to BB Biotech Data science, machine learning Dr. Can Buldun Investment Management Team Since 2022 dedicated to BB Biotech Data science, machine learning Maria-Grazia Alderuccio Investor Relations Since 2007 dedicated to BB Biotech
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Sustainability achievements 2022



Sustainability Strategy

Sustainability is an important factor in BB Biotech's business strategy. It is a key component in ensuring our long-term success while creating added value for all our shareholders and other stakeholders. We seek to achieve growth while also taking into account the needs of the environment and society. As an investment company, we are in a position to promote sustainable development for the benefit of all our stakeholders.

The investment process evaluates ESG in the context of risk and opportunities as a core part of the due diligence procedure that underpins every investment decision. To our mind, the most important ESG aspect of the medical development process is the potential positive impact novel therapeutics can have on society: the aspiration of the biotech companies in which we invest is to develop drugs that address unmet medical needs. Below are our four strategic focus areas.

Full integration of sustainability into business strategy

The importance of ESG and sustainable investing is now widely recognized. BB Biotech strives to continuously expand and integrate sustainability at the Board of Director, Investment Manager as well as at the portfolio level. They form the pillars for the sustainable, responsible and value-oriented corporate practices that we live by every day and that are the basic prerequisite for generating high value for our stakeholders. Based on these core values, we apply a clear and transparent ESG policy and investment guidelines that bindingly govern our standards and conduct with regard to environmental, social and governance aspects.

Maintaining CO₂ neutrality of business operations and initiating the Net-zero process

At the corporate level, the Investment Manager is committed to net zero by 2050 and therefore aims to reduce CO₂ emissions per employee (FTE) by 30% as part of the 2030 climate strategy. The carbon footprint was captured for the first time in 2021. Business travel, commuting, heating and electricity account for the majority of emissions. We have taken environmentally friendly measures in these areas. For example, we give priority to video conferencing, support the use of public transportation with financial incentives, and cool and heat the office in Küssnacht with natural lake water. Thanks to offsetting CO₂ emissions by supporting high-quality climate projects in Switzerland, the Investment Manager was certified as climate-neutral for the second time in 2022.

Increase gender diversity and promote inclusion

BB Biotech values the diversity of its Board of Directors and the Investment Manager's employees and uses this element for business success. Fundamental to this are mutual respect and a collaborative work culture across language, cultural and national boundaries. Different perspectives, approaches, experiences, ideas and skills lead to innovation and ensure BB Biotech's long-term success, also in the competition for qualified professionals. BB Biotech's focus on having a diverse Board of Directors is key to attract members with a wide range of backgrounds, working experiences and networks, whilst ensuring that they

also have the relevant experience to oversee the company and its investments in such a technical and highly regulated field as biotechnology. This diversity together with an inclusive meeting environment secures the definition of investment guidelines and monitoring of those in line with the long-term strategy of the company in the interest of the shareholders. With currently two experienced women on the Board of Directors, gender diversity is appropriately reflected. A formal diversity policy – requiring each gender to make up at least 30% on the Board of Directors – will be implemented in 2023.

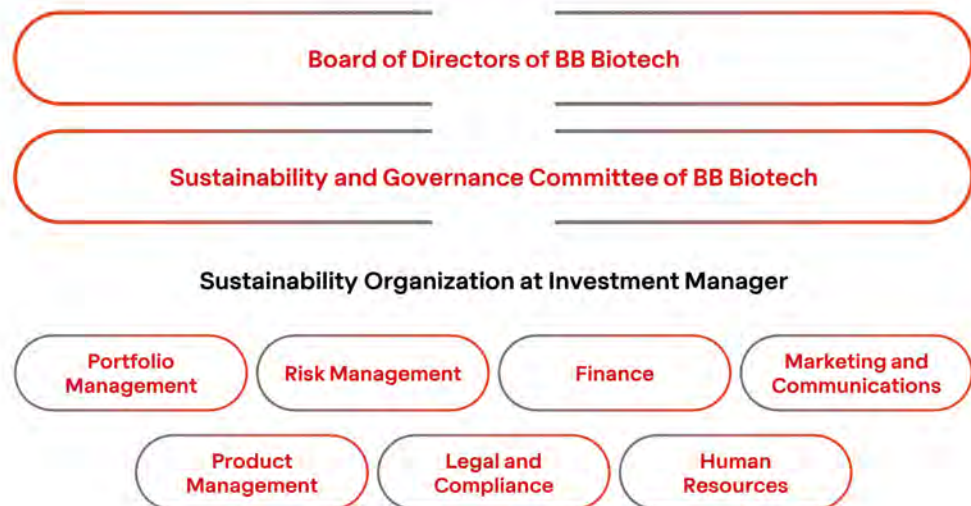
Anchoring sustainability in the investment process

BB Biotech investments are systematically reviewed for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles). Besides upholding strict exclusion criteria, environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process at the Investment Manager. In this process, the ESG ratings of the leading ESG research provider MSCI ESG Research are taken into consideration. Our ESG investment guidelines tolerate an investment in an alleged «ESG laggard» provided that our rationale to do so is clearly explained and documented in detail.

Sustainability Governance

Sound sustainability governance is essential to ensure that we integrate sustainability into our business practices and the investment process, and identify potential opportunities and challenges at an early stage. This requires a regulatory framework for managing and monitoring sustainability issues. The Board of Directors as well as the delegated Investment Manager take an active role in ensuring sound sustainability governance. The Sustainability and Governance Committee at Board level in collaboration with the investment management team will ensure an appropriate and sound sustainability strategy and plan for BB Biotech. The Sustainability and Governance Committee holds at least 4 meetings per year.

ESG Governance structure



A sustainability working group at the Investment Manager is tasked with leading the implementation and integration of sustainability in all business areas. This working group consists of members from different business departments as shown in the chart above. It monitors current developments in the area of sustainability and anticipates their impact on the business model of BB Biotech. It supports the Board of Directors and the Sustainability and Governance Committee in the formulation and further development of the sustainability strategy. The sustainability working group is therefore also responsible for managing and implementing projects in the business units/functions and areas of activity.

Goal 2023: Formalize implementation and integration of sustainability in all relevant business areas.

Stakeholder Engagement and Material ESG Topics

The interaction and continuous dialogue with our stakeholders are a central component for the identification, analysis, planning, prioritization and implementation of our sustainability plans going forward.

The following stakeholders were considered in 2022:

- Shareholders
- Employees at the Investment Manager
- Analysts / Distribution partners
- Suppliers
- Portfolio companies
- Regulator
- Rating Agencies
- Media

Stakeholder	Engagement	Activities 2022	Topics
Shareholders	<ul style="list-style-type: none"> ● BB Biotech is in regular contact with its shareholders. ● Throughout the year, regular dialogue with investors is maintained. In accordance with the listing rules of SIX Exchange, XETRA and Borsa Italia Regulation, important business developments are published by means of press releases or ad hoc announcements. At the same time, these announcements are published on the Company's website. ● The notices to shareholders required by Swiss company law are published in the Swiss Official Gazette of Commerce SOGC. 	<ul style="list-style-type: none"> ● Annual general meeting ● Conferences and events ● Roadshows/ investor meetings ● Corporate website ● ad hoc publications ● Media releases ● Annual and interim reports 	<ul style="list-style-type: none"> ● Economic performance ● Portfolio companies ● Sector developments ● Macro developments ● Share performance- Sustainability
Employees at the Investment Manager	<ul style="list-style-type: none"> ● Employees are regularly informed about business developments, changes in the company and product updates. Communication takes place through various channels such as emails and townhall meetings. ● The Investment Manager also conducts company-wide surveys to monitor employee satisfaction 	<ul style="list-style-type: none"> ● Employee Survey ● Continuing education ● Talent attraction and retention 	<ul style="list-style-type: none"> ● Safety and health ● Sustainability ● Strategy ● Next Generation

and engagement and ensure employees understand the business. Employee feedback is forwarded to management, which uses it to drive specific actions.

Analysts and Distribution partners	<ul style="list-style-type: none"> • Our distribution partners are supported by a dedicated Investor Relations and Sales team. Analysts and distribution partners have regular personal contact with their key account managers and receive regular newsletters with product and business information. • You can sign up for the free email distribution list. 	<ul style="list-style-type: none"> • Key Account Manager Relationships • One-on-one meetings • Conferences and events • Complaint handling • Survey 	<ul style="list-style-type: none"> • Products • Sustainable products • Customer relationship and satisfaction
Suppliers	<ul style="list-style-type: none"> • BB Biotech and the Investment Manager are in constant contact with their suppliers and service providers. If possible, local suppliers and service providers are preferred. Each supplier or service provider undergoes pre-qualification to ensure compliance and correspondence is maintained throughout the business relationship to verify requirements, make payments and negotiate contracts. 	<ul style="list-style-type: none"> • Direct dialogue 	<ul style="list-style-type: none"> • Responsible procurement • Traceability
Portfolio companies	<ul style="list-style-type: none"> • In the interest of our shareholders, we engage with management as a professional investor. • Activities: Meetings with company representatives on all levels (top management, Board of Directors, IR, etc.) 	<ul style="list-style-type: none"> • Management meetings (senior management, Board of Directors, IR) • Voting at general meetings • Exchange of experience 	<ul style="list-style-type: none"> • Sustainability • Innovation • Cost structure • Capital Structure • Corporate Governance
ESG rating agencies	<ul style="list-style-type: none"> • We engage with rating agencies and provide transparency in order to be fairly assessed. 	<ul style="list-style-type: none"> • Meetings • Participation in survey • Training of employees based on feedback 	<ul style="list-style-type: none"> • Small vs. large caps • Coverage • Rating Methodology
Regulator	<ul style="list-style-type: none"> • BB Biotech regularly reports to regulators as part of its business and complies with rules and regulations. 	<ul style="list-style-type: none"> • Exchange of experience • Events • Annual and interim reports 	<ul style="list-style-type: none"> • All ESG-related topics • Reporting standards
Media	<ul style="list-style-type: none"> • Media office at the Investment Manager conducts active media relations with a high level of service. For balanced reputation management, the topic of sustainability has a high priority. 	<ul style="list-style-type: none"> • Key Account Manager Relations • One-on-One meetings • Unofficial media roundtables 	<ul style="list-style-type: none"> • All ESG-related topics • Company developments • Product and sector updates

Material ESG topics identified

The materiality assessment supports the Board of Directors and the Investment Manager in identifying the material sustainability issues by taking into account the expectations and needs of external and internal stakeholders.

The results of the analysis are used to continuously improve sustainability management by sharpening the understanding of stakeholders' needs and changes in the sustainability issues which they consider to be material. The materiality matrix forms the basis for managing corporate processes and helps to identify potential opportunities and risks and initiate appropriate measures.

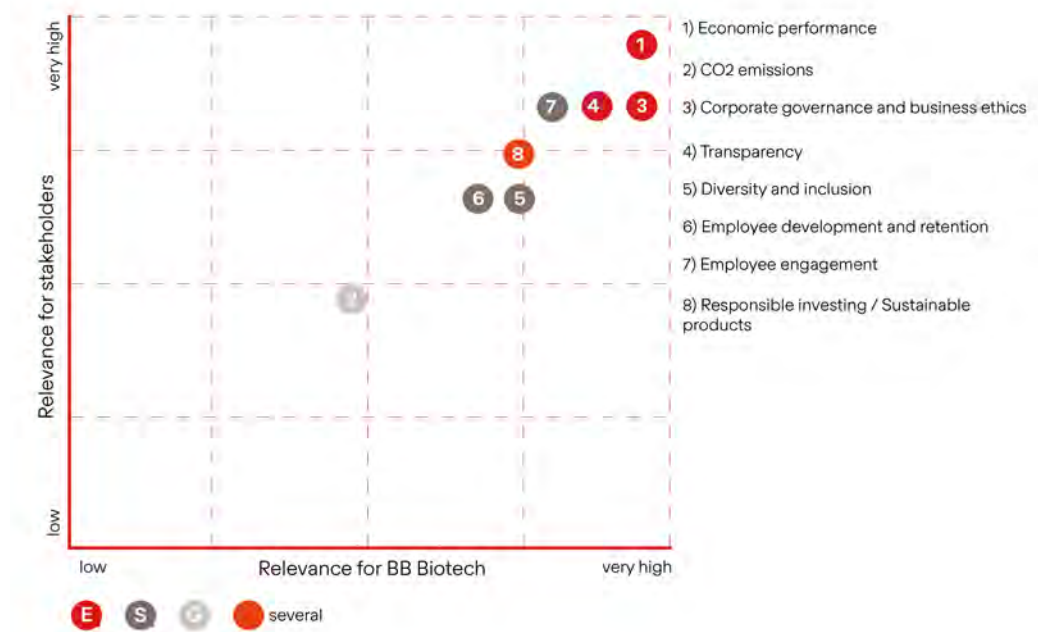
Goal 2023: The sustainability working group will improve and refine the stakeholder engagement process and the results of this initiative to be disclosed in the 2023 sustainability report.

Materiality matrix

BB Biotech derives eight central topics from the materiality matrix, which are taken into consideration as part of sustainability management and the strategy.

1. **Economic performance**
Financial solidity and delivering long-term total returns to shareholders ensure that BB Biotech AG is and remains a reliable and value-adding partner for all its stakeholders.
2. **CO₂ emissions**
By 2030, the Investment Manager aims to reduce the CO₂ emissions of its business operations per employee (FTE) by 30%.
3. **Corporate governance and business ethics**
BB Biotech recognizes that sound corporate governance and a clear management structure with defined roles and responsibilities are critical to the long-term success of the company.
4. **Transparency**
BB Biotech's corporate governance complies with internationally recognized standards. We disclose transparent information about our governance. This enables our stakeholders to verify the quality of the company and supports investors in their investment decisions.
5. **Diversity and inclusion**
Diversity and equal opportunities are part of the corporate culture practiced by BB Biotech and the delegated investment manager. Accordingly, we promote potential as well as skills and competencies equally among all employees across all age groups.
6. **Employee development and retention**
Our corporate culture is based on mutual respect and trusting cooperation. Regular feedback and development meetings, as well as recognition and appreciation of performance, are important prerequisites for the company's success.
7. **Employee engagement**
The Investment Manager commits to conduct a Group-wide employee engagement survey every three years to assess employee satisfaction and the need for improvement.
8. **Responsible investing / Sustainable products**
Our investment process implements formal ESG investment guidelines and therewith all investments are systematically reviewed for sustainability risks and breaches of elementary human rights. Besides upholding strict exclusion criteria, environmental, social and governance factors are integrated into the fundamental analysis of every

company through an ESG integration process. ESG ratings compiled by the global leading ESG research provider MSCI ESG Research are incorporated in this process.



Further details on the management of material ESG topics follows in the chapters after we introduce the relevant SDGs .

Sustainable Development Goals (SDG)

The UN Sustainable Development Goals are at the heart of the Agenda 2030 adopted by the United Nations in fall 2015. They define the social, economic and environmental milestones that are to be jointly achieved worldwide by 2030. Companies can make a decisive contribution to the 2030 Agenda. BB Biotech is facing up to its responsibility and is aligning its sustainability management and core business with the SDG.

With all of BB Biotech's investments focusing on biotechnology as a subsector of the healthcare industry, the UN's Sustainable Development Goal number 3: «Good Health and Well-being», is at the core of BB Biotech's investment strategy and our portfolio companies

SDGs at Board of Directors of BB Biotech AG and the Investment Manager level:

Based on the operating model as an investment company, the following four SDGs are most relevant for BB Biotech on Board of Director and Investment Manager level: good health and well-being (3), quality education (4), gender equality (5), decent work and economic growth (8) and climate action (13). This is where BB Biotech can have the most significant impact.



Source: MSCI ESG Inc.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Good health and well-being is an integrated part of BB Biotech's investment strategy. Providing companies with capital, engagement and support for the development of new drugs is at the core for the Board of Directors and the Investment Manager. Therapies that address unmet medical needs, for example patients suffering from rare disorders, cancer, neurological diseases and chronic and metabolic disorders, are some of the key selection criterion when the Investment Manager makes investment decisions. The goal is to improve the patients' quality of life, ideally curing the disease, with the treatment making an important positive difference to patients and society as a whole.

Goal 4: Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all

BB Biotech encourages continuing education for all employees and promotes life-long learning.

Goal 5: Achieve gender equality and empower all women and girls

BB Biotech fosters a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company.

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

BB Biotech and its delegated Investment Manager offer attractive, family-friendly working condition, promotes diversity, has a competitive salary policy with equal pay for women and men, and is committed to the training and development of its employees.

Goal 13: Take urgent action to combat climate change and its impacts

BB Biotech and its delegated Investment Manager ensure that responsible operational ecology contributes to CO₂ reduction. What cannot be further reduced is compensated for by purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted each year ensuring our CO₂ neutrality commitment.

SDGs at portfolio level:

At the portfolio level UN SDG's are considered in order to derive the proportion of «sustainable investments» (c.f. also chapter «[Proportion of ESG investments](#)»). The concept of «Sustainable investments» introduces a positive contribution to an environmental and/or a social objective while not significantly harming any of these objectives. Furthermore, the portfolio companies must apply practices of good corporate governance.

ESG research provider MSCI ESG measures the target contribution of companies to each of the SDGs and categorizes them as «strongly aligned», «aligned», «neutral», «misaligned» and «strongly misaligned». A positive contribution to an environmental or social objective hence requires a company to exhibit a positive alignment with at least one of the 17 UN SDGs and at the same time not negatively influence any other SDG.

As at December 31, 2022, BB Biotech AG exhibits a share of 48% in sustainable investments. Thereby, the portfolio contributes to the following five UN SDGs that are marked in colour:



Source: MSCI ESG Inc.

Some of BB Biotech's portfolio companies positively contribute to UN SDG **No.1** (No Poverty), **No.3** (Good Health & Well-Being), **No.5** (Gender Equality), **No.8** (Decent Work and Economic Growth) as well as **No. 10** (Reduced Inequalities). Innovative biotech companies play a key role in contributing to the underlying objectives of «Good Health and Well-Being». To ensure healthy lives and promote well-being for all at all ages, UN SDG target **No. 3.4.1** (mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease) is particularly important.

According to MSCI ESG's SDG alignment methodology, the following core portfolio holdings are positively aligned with the narrowly defined goals under UN SDG No.3²: Ionis, Vertex, Incyte and Alnylam.

² <https://sdgs.un.org/goals/goal3>

Sustainability at Board of Directors level

BB Biotech AG is a listed investment company and thus subject to supervision and regulation by the SIX Swiss Exchange. As an investment company, its sole purpose is to manage the company's assets on behalf of its investors. Sustainability at the Board of Directors level focuses primarily on the investment strategy, the organization of the group and the guidelines and instructions to the delegated Investment Manager Bellevue Asset Management AG. BB Biotech AG's Board of Directors considers good business practices to be a binding policy for the delegated Investment Manager.

Economic performance

The economic performance is essential for creating long-term value for our stakeholders with a portfolio of diversified biotech companies.

In terms of portfolio size and market capitalization, BB Biotech is one of the largest biotech investors globally. The annual average performance of BB Biotech's shares since inception in 1993 is 13.4%.³

BB BIOTECH (SIX)	BB BIOTECH (XETRA)	BB BIOTECH (STAR)
CHF 55.20	EUR 56.70	EUR 56.50
31.12.2022	31.12.2022	31.12.2022
Share Price Performance YTD -24.3%	Share Price Performance YTD -19.0%	Share Price Performance YTD -19.6%
Market capitalisation CHF 3.1 bn	Market capitalisation EUR 3.1 bn	Market capitalisation EUR 3.1 bn
Net Asset Value (NAV) CHF 49.00	Net Asset Value (NAV) EUR 49.50	Net Asset Value (NAV) EUR 49.50

³ December 31, 2022

Corporate Governance and business ethics

It is of significant importance to BB Biotech that the internal processes of the company itself as well as those delegated to the Investment Manager drive good business practices with respect to compliance with laws and regulations, data protection as well as distribution and interaction with stakeholders. The Board of Directors is aware that activities will inevitably have direct or indirect consequences on environmental, social and corporate governance issues and that these consequences are their responsibility. Corporate governance is an integral component of the business of BB Biotech. The Board of Directors is committed to implement corporate governance policies which are aligned with the size and complexity of the Company's activities. We ensure transparency for our shareholders by disclosing the articles of incorporation, the organizational regulations, the Audit & Risk Committee Charter as well as the Remuneration and Nomination Committee Charter on our website. The Corporate Governance report is intended to supplement the annual report with regards to corporate governance policies and implementation of these policies in our business. As BB Biotech AG is listed on the Swiss, German, and Italian stock exchanges, the Company is required to comply with the rules and regulations that apply to each of these markets. In terms of Sustainability Governance, the Board of Directors introduced a 'Sustainability and Governance Committee' in 2022. Roles and responsibilities as well as the constitution were defined in March 2022. A Committee Charter has been made public.

Diversity and inclusion

We are of the belief that diversity and inclusion, and people with different backgrounds, competencies and perspectives are key components to long-term success. BB Biotech's focus is on having a diverse Board of Directors whilst ensuring that they also have the relevant experience to oversee investments in the field of biotechnology. The Board of Directors is well diversified in terms of age, gender, expertise and geographical location. The Board of Directors conducts periodically salary benchmarks to ensure competitive and equal compensation.

Transparency

BB Biotech's environment, social and governance (ESG) performance is reviewed on a regular basis by independent ESG rating agencies. Whereas we welcome the feedback from and collaboration with these important stakeholders it is also a learning process for both parties as investment companies structurally do not fit into the rating agencies' current measures.

The ratings and feedback provided by various ESG rating agencies are one of the factors that are taken into consideration when continuously aiming at improving BB Biotech's ESG performance – and there is a commitment by the Board of Directors to further improve going forward.

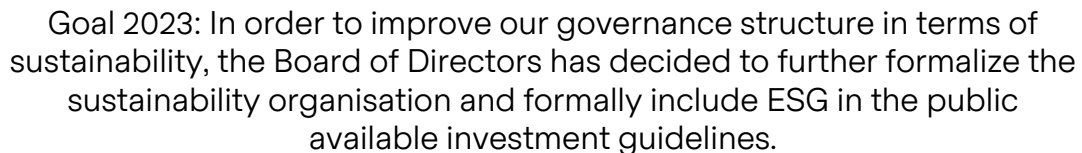
Sustainalytics ESG rating of BB Biotech AG

In 2022 BB Biotech initiated an independent ESG assessment from Sustainalytics as a leading ESG rating agency. We were interested in their views on BB Biotech's ESG performance and transparency in order to improve further. Another goal was to learn more about how rating agencies assess investment companies as well as to learn more about ways to improve our ESG rating as a consequence.

In summary Sustainalytics have rated BB Biotech at a score of 23.7 and concluded that the company is «Medium risk» (Medium risk range is 20–30). This represents a significant improvement from 2021 when BB Biotech's score was 33.9 and ranked as «High risk» based on a unsolicited assessment. One of the challenges is that there is no single subcategory that matches BB Biotech's structure as an investment company. BB Biotech is now ranked in the 17th percentile in the subindustry «Asset Management and Custody Services». It should be noted, that there is no subcategory fully matching BB Biotech's structure and setup. With further improvements and dialogue regarding the structural challenges of rating an investment company like BB Biotech, we are hopeful to be compared to ESG ratings of peers in the future.

Responsible investing

The competent Board of Directors of BB Biotech with its long-standing experience sets the investment strategy and guidelines for the Investment Manager. It thereby considers all ESG dimensions in the definition of the investment guidelines. Investment decisions are taken by the experienced investment management team at Bellevue Asset Management AG based on their extensive investment research.

A large, thin red circular graphic that frames the text below it, appearing as two curved lines on the left and right sides.

Goal 2023: In order to improve our governance structure in terms of sustainability, the Board of Directors has decided to further formalize the sustainability organisation and formally include ESG in the public available investment guidelines.

Sustainability at Investment Manager level

Independent – entrepreneurial – committed

This is what distinguishes Bellevue Asset Management AG, the delegated Investment Manager and administrator of BB Biotech. As an authorized manager of collective assets regulated by the Swiss Financial Market Supervisory Authority FINMA, Bellevue Asset Management is fully owned by Bellevue Group AG, an independent financial boutique listed on the SIX Swiss Exchange. Bellevue Asset Management reports as follows:

Environmental practices

Within the framework of our work processes, we attach importance to environmentally friendly practices and ensure this in particular with the following measures:

CO₂ emissions

Bellevue Group was certified as a climate-neutral company by the independent specialist «Swiss Climate AG» for the second time in 2022 (based on 2021 values). By purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted each year, we support projects that save the same amount of emissions. Bellevue has selected a project focusing on «Climate protection and sustainable management in the Swiss forest» for climate neutrality in 2021 and 2022. The project ensures CO₂ storage and sustainable management of 7 279 hectares of forest in the canton of Schwyz. This protects the climate, preserves biodiversity in the Swiss forest and enables the production of energy wood for renewable energy production.

Target 2030: As part of the certification process, Bellevue Group has set a reduction target of 30% of emissions per FTE by 2030. The CO₂ emissions in 2020 adjusted for COVID-19 effects serve as a basis.

Measurement of environmental indicators

The environmental indicators were calculated for the second time in 2022 on the basis of the 2021 financial year. The updated values will be published in the following year.

Total emissions (in t CO ₂)	2020	2021	Change in %
CO ₂ -emissions scope 1 ¹⁾	32	27	(15.6)
CO ₂ -emissions scope 2 ²⁾	44	28	(36.4)
Co ₂ -emissions scope 3 ³⁾	212	193	(9)
Total CO ₂ -emissions	288	248	(13.9)
CO ₂ -emissions/full-time position	2.7	3.0 ⁴⁾	11.1

¹⁾ Scope 1: Direct greenhouse gas emissions

²⁾ Scope 2: Indirect energy-related greenhouse gas emissions

³⁾ Scope 3: Energy supply (energy-related emissions not received in scope 1 or 2): business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

⁴⁾ Benchmark: Swiss Banks (SC): 2 t CO₂/FTE

Source: CO₂ Report for Bellevue Group AG issued by Swiss Climate AG (2021, 2022)

Total emissions at a glance

The 2020 balance with normalized data in the categories commuting and business flights will be used as a reference balance to assess the efficiency of the measures implemented as part of the climate policy and to verify improvements in the CO₂ balance.

Total emissions (in t CO ₂)	Base year*	2020	2021	Change in % 2020/2021
Business trips	505	99	102	3
Heating	58	58	45	(22.4)
Commuting	130	55	57	3.6
Electricity	32	32	21	34.4
IT equipment (computers, laptops, monitors, cell phones, phones, tablets)	14	14	18	28.6
Waste	2.5	2.5	2.7	8
Water	1.5	1.5	0.9	(40)
Paper and printing	0.9	1.2	1.8	50
Total emissions	801	288	248	(13.9)
Emissions Total / FTE (t CO ₂ /FTE)	8.2	3	2.7	(10)

* Base year: 2020 adjusted for COVID-19 effects (travel / home office).

Source: CO₂ Report for Bellevue Group AG issued by Swiss Climate AG (2021, 2022)

Bellevue Group's business operations include four focus areas related to CO₂ emissions: Business travel, commuting, heating and electricity. These account for 93% of emissions. The effects of the measures against COVID-19 proliferation are particularly evident in business travel. Air travel and commuting account for over 85% of CO₂ emissions in a normalized year. Since air travel has been limited since March 2020 and the home office recommendation/mandatory massively reduced commuting, CO₂ emissions in 2020 decreased by about 65% due to COVID-19. From 2022, significantly more business travel is expected again.

We consider good corporate practices, a binding framework for our organization, and social considerations to be indispensable success factors.

Energy consumption

At Bellevue Group's headquarters in Küsnacht, where the vast majority of the Investment Management Team of BB Biotech is based, the building is heated and cooled with natural lake water.

When procuring electricity-operated equipment such as personal computers, monitors, printers, etc., we pay attention to the use of energy-efficient devices. Where possible, energy consumption controls are programmed to automatically switch IT components to standby mode, either individually or in groups, according to predefined time patterns. The buildings are only lit when they are in use. We use additional energy consumers such as air conditioners or radiators only when necessary and switch them off again immediately after use.

Transportation and mobility

Our locations are very easy to reach by public transport. Employees are motivated to travel by public transport. The company supports this through financial support by providing a half-fare Travelcard of Swiss public transport free of charge to all employees. Parking spaces are not subsidized and are charged at full market rates.

Due to our global investment strategies and distribution activities with employees at different locations, international contacts are important. All office locations have a video conferencing infrastructure. Most of the meetings are through telephone and video conferencing as a substitute for physical meetings to limit travel. Where possible and appropriate, we substitute air travel with public transportation such as train travel and coordinate joint site visits.

The executive management board is regularly informed about the travel activities of all employees.

Goal 2023: Further reduce CO₂ emissions by car and plane to meet the overall CO₂ target by 2030.

Procurement process

When procuring materials, furniture, food, etc., we consider local suppliers and local products whenever possible. Likewise, when selecting suppliers and service providers, their environmental practices are taken into account. In the procurement of furniture and other office materials, attention is paid to durability.

Goal 2023: In 2023, as part of the stakeholder engagement process, a survey will be carried out with external suppliers and service providers, among others, in order to increase our understanding of their procurement processes and assess the adequacy of their sustainability management.

Waste management and recycling

Systems are in place at all office locations to collect and recycle a wide range of materials, including cardboard, PET, glass, paper, batteries and IT equipment. We separate waste and dispose of it properly. We take care at the procurement stage to avoid excessive waste or other unnecessary environmental impact (e.g. use of washable dishes instead of disposable cups/plates). In addition, water filtering devices are installed to reduce PET bottle consumption. Paper consumption is a significant resource for a service company. We take appropriate measures to ensure that paper consumption is constantly reduced and can be replaced by other means (e.g. customer presentations on notebooks/tablets instead of printed handouts, video calls for customer meetings, annual reports printed on FSC paper, shipping only on request). Print programs are initialized so that printouts are two-page and black and white by default.

Key climate-relevant memberships

In 2022 Bellevue Group was awarded the Swiss Climate Label «CO₂ neutral» for the second consecutive time. In addition, Bellevue Asset Management entered into a partnership with Swiss Sustainable Finance (SSF) to support its mission to strengthen Switzerland's position as a leading voice and player in the field of sustainable finance and thus contribute to a sustainable and prosperous economy.



TCFD

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) introduce uniform and transparent rules for disclosing the financial climate risks of economic actors.

We are currently working to identify and assess climate-related risks that may impact our business activities. In the coming years we are planning to revise and expand our reporting on climate-related factors.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Source: TCFD, 2022

Governance

Climate-related opportunities and risks could potentially influence all areas of BB Biotech and its business – both in terms of our own business activities and the portfolio companies. Therefore the ultimate responsibility for this topic lies with BB Biotech's Board of Directors and its dedicated Sustainability and Governance Committee (SGC).

The Investment Management Team is responsible for the implementation of the investment strategy with a focus on sustainability topics as well as overarching principles and policies.

Strategy

BB Biotech recognizes that a contribution towards the realization of the objectives set out in the Paris Agreement is required. This can be achieved through the way in which we structure our portfolio. We analyse and manage climate-related risks and show how they influence our investment decisions. As a biotech investor, we naturally apply sector exclusions for controversial industries (e.g. fracking/oil sands, etc.), engage in an active dialogue with the companies or other stakeholders regarding their climate strategy, and exercise our voting rights.

At an operational level, we disclose the emissions resulting from our own business activities in our Sustainability Report. We are planning to develop our climate strategy and implement TCFD recommendations in the future. BB Biotech considers sustainability risks to be a critical element of its risk management practices.

Climate Risk Management

Risks arising from disruptions and shifts that indirectly affect BB Biotech, e.g. through the introduction of climate policy measures involving a transition to a low-carbon economy (e.g. CO₂ levies, emissions or energy efficiency standards, or restrictions on «unsustainable» industries such as coal or oil), securely changing consumer sentiment or disruptive technological breakthroughs.

Metrics and targets

BB Biotech and the Investment Manager endorses the goals of the Paris climate agreement adopted in December 2015 and supports measures to mitigate global warming. Carbon intensity is measured at the portfolio level at least on a quarterly basis and these readings are compared with the relevant investment universe or the respective fund's benchmark.

Bellevue has been purchasing electricity from renewable sources for its Swiss locations – either directly or otherwise indirectly through regional Guarantees of Origin and is further formalizing the net-zero climate strategy. Goal is to reduce greenhouse gas emissions from our business operations to net zero by 2050.

Social practices

Employees are the most important asset for the long-term success of BB Biotech and the Investment Manager. We foster a strong entrepreneurial culture with flat hierarchies, a high level of personal responsibility and flexibility in terms of working hours, workload and location.

The respectful and responsible attitude towards employees is reflected both in the daily mutual exchange and in regular institutionalized employee appraisals. These provide the framework for personal assessment and planning of further development. We support targeted training and further education both ideally and materially, thus enabling employees to benefit from a conducive and stimulating learning environment.

The health and safety of our employees and all people affected by our business activities is our top priority. As an employer, we can have a significant impact on the health of our employees through various measures and support them in remaining healthy and motivated in the long term. We promote motivation and health through various measures. At our headquarters in Switzerland we offer an annual subscription to a professional medical gym and other subsidized sport activities. Every year, employees are also offered free vaccination such as against influenza or against tick borne encephalitis.

Bellevue Group	2022	2021	2020
Average length of service of employees	6.7 years	6.4 years	5.7 years
Average age	45.1 years	45 years	44.5 years
Part-time employees	19%	22%	23%
Employee turnover	3.9%	2.9%	2.6%
Investment Management Team	2022	2021	2020
Average length of service of employees	8.3 years	9.8 years	8.8 years
Average age	43.9 years	45.5 years	44.5 years
Part-time employees	15%	20%	20%
Employee turnover	0%	0%	0%

The added value that BB Biotech generates for its investors is inextricably linked to the professional competence, motivation and high level of identification of the Investment Management Team. Accordingly, we place great emphasis on the careful selection of suitable talent. The suitability of a candidate is usually assessed over several selection stages and assessments. In addition to professional competence, soft skills such as the ability to work in a team and compatibility with corporate values are also assessed. From the employees' point of view, the manageable size of the company and the resulting personal contacts are a key success factor. Criteria such as age, origin and gender must not lead to discrimination.

Bellevue recruited a total of 15 employees and 6 interns in 2022 across all locations and had a total of 96.9 FTE as at December 31, 2022. The Investment Management Team for BB Biotech recruited 3 individuals in 2022 (12.2 FTE as at December 31, 2022).

Employee development and retention

The development of our employees is of central importance and an integral part of the Sustainability Plan 2030. Lifelong learning is becoming increasingly important. The company organization is designed to enable employees to develop and use their respective professional talents in the best interests of the company's stakeholders, the company and the employee, always taking into account the family and personal environment (e.g. part-time work, IT setup for home office, support for training and development).

Under the supervision of the HR department, employees are offered a wide range of professional development opportunities as well as career and succession planning as part of Bellevue's onboarding and induction process and education and talent management program. The regular institutionalized employee appraisals provide a framework for assessing personal performance and planning further development.

All Bellevue employees are regularly required to complete e-learning modules in the area of cyber security. In addition, employees will receive further training on the topic of sustainability, including presentations by external experts.

15 employees completed external training in 2022.

Employee engagement

Bellevue conducted a Group-wide employee survey for the first time in 2022. This was carried out in collaboration with an independent research institute⁵. The aim was to survey employee satisfaction and identify the need for improvement.

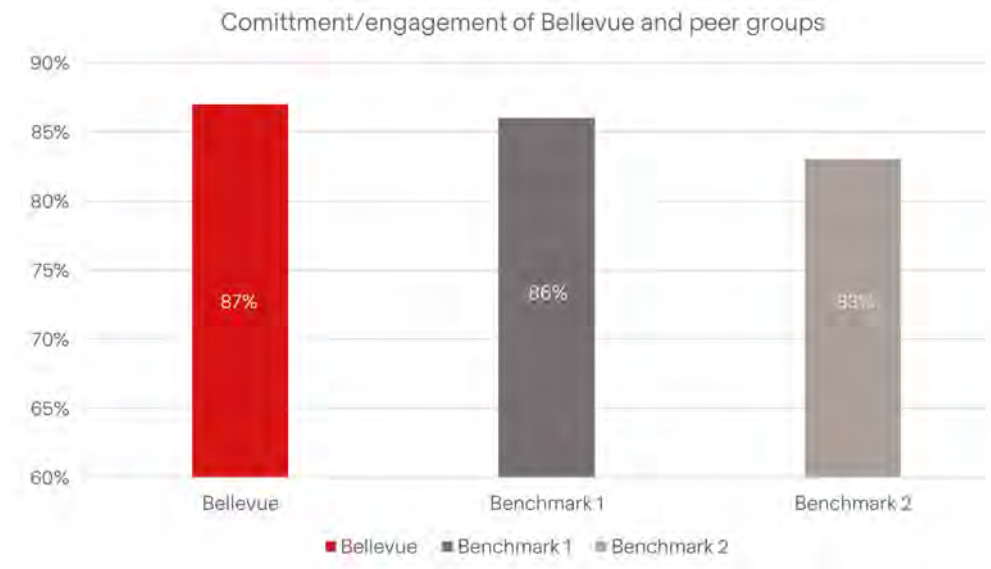
The results were discussed in the executive management board as well as at the Board of Directors and shared with employees. As a next step, areas of action to be worked on to achieve improvements are being defined.

The response rate was 73% which is in line with industry expectations.

Target for next employee survey, which will be conducted in 2025: Bellevue has set itself the goal of increasing the response rate to 80% and maintaining the commitment/engagement value at the current high level.

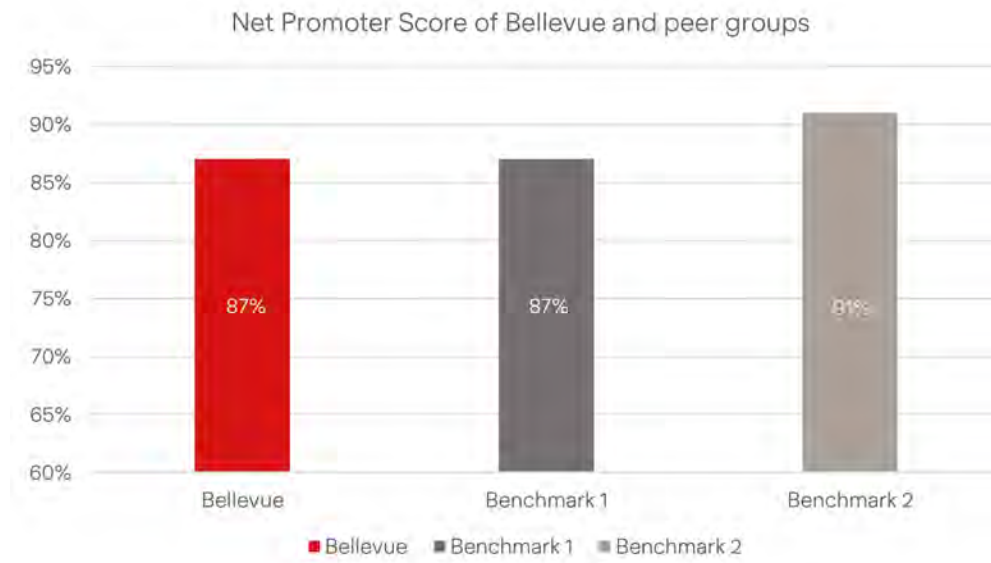
The extent to which employees are willing to go the extra mile for Bellevue is shown by the commitment/engagement score, which is shown in the following diagram.

⁵ iCommit 2022



Benchmark 1: Comparable Swiss financial institutions (with a total of 5264 respondents); benchmark 2: companies in the Swiss Employer Award presented in Switzerland in 2021/22

The Net Promoter Score is a metric used to measure and track employee loyalty and is therefore of great importance to the success of organisations.



Benchmark 1: Comparable Swiss financial institutions (with a total of 5264 respondents); Benchmark 2: Companies in the Swiss Employer Award presented in Switzerland in 2021/22

Remuneration policy

Within Bellevue, the following overarching principles apply to all compensation:

Compensation is transparent, comprehensible, fair and appropriate for members of the Board of Directors and Group Executive Management as well as for all employees. All compensation must take balanced account of operational and strategic responsibility, the quality of the work and the workload of the respective function. Compensation shall be commensurate with the function and shall be influenced to a significant extent by the individual achievement of quantitative as well as qualitative targets and by the results of Bellevue. When determining compensation, it must be ensured that it is proportionate and competitive compared to companies in the same labour market and economic sector, and that it is sustainable regardless of the course of business. Serious breaches of internal or external regulations (incl. ESG/sustainability) will lead to a reduction or forfeiture of variable compensation.

Further details and numbers are publicly disclosed in the audited compensation report of Bellevue Group AG as part of the annual report.

Employee profit participation

In the spirit of identification with the company and the entrepreneurial activities of each employee at his or her level, we give employees across all hierarchical levels a share in the success of their own employer.

For the Investment Management Team of BB Biotech there is a compensation system in place with three components:

1. Competitive fixed salaries in line with asset management industry standards,
2. An allocation of the management fee paid by BB Biotech AG reflecting mid- and long-term success,
3. A long-term incentive plan, fully aligned with shareholders' interests with multi-year performance hurdles, resulting in payments between 0% and 100%.

Furthermore, Bellevue periodically offers an employee share ownership program under which rights to purchase Bellevue Group shares are offered at a discounted purchase price.

The compensation of employees is designed to motivate all employees to perform very well. This approach promotes a long-term performance culture.

Diversity and Inclusion

The Investment Manager provides equal employment and advancement opportunities to all individuals regardless of age, race, ethnicity, gender, sexuality, disability, religion or other characteristics. That's why we benefit from a diverse workforce, creating a competitive advantage.

With their different perspectives and approaches, experiences, ideas and skills, employees inspire and learn from each other. As a result, the company gains in creativity, innovation and success.

We foster a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company. Employee compensation is periodically reviewed for corresponding unjustified differences and adjusted if necessary. The last analysis across the Bellevue Group was carried out in August 2021 using the standard analysis tool of the Swiss Confederation («Logib»). No gender effect was identified.

Goal 2023: The next salary analysis will be conducted in 2023.

Both gender are to be represented in the executive management boards as well as on the Board of Directors. Discriminatory and other incorrect behaviour will not be tolerated. In 2022, a whistleblowing directive was adopted for this purpose, among other things together with an external reporting system.

Gender diversity: Bellevue Group has set the goal of continuously increasing the proportion of women at all levels, particularly at senior management levels, in the company by promoting the development and retention of women.

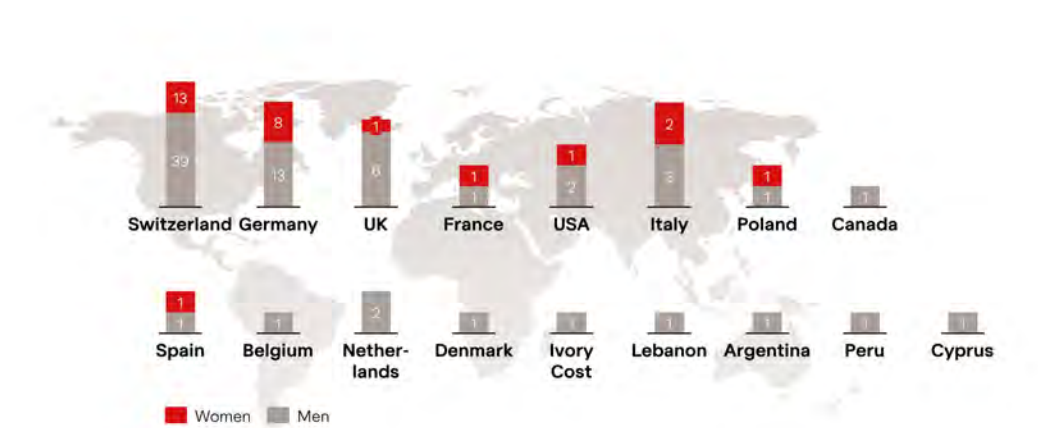


Annual comparison of full time employees

Women		Men	
2021	2022	2021	2021
28%	27%	72%	73%

The Board of Directors of Bellevue Group has set itself the goal of continuously increasing the proportion of women at all levels, especially at senior management level (Board of Directors and executive management). Furthermore, the Board of Directors is promoting the development and retention of women in the company. In addition, the company aims to fill vacant positions with women through targeted talent attraction measures.

17 nationalities



Governance practices

Transparency

In accordance with Regulation (EU) 2019/2088 of the European Parliament and the Council of the European Union of November 27, 2019 on sustainability-related disclosures in the financial services sector, Bellevue Asset Management is committed to transparency with respect to:

- Policy for managing sustainability risks
- Adverse sustainability impacts at entity level
- Compensation policies in relation to the integration of sustainability risks
- Adverse sustainability impacts at financial portfolio level
- Promotion of environmental or social characteristics in pre-contractual disclosures
- Sustainable investments in pre-contractual disclosures
- Promotion of environmental or social characteristics and of sustainable investments on websites
- Promotion of environmental or social characteristics and of sustainable investments in periodic reports

Policy

Sustainability risks

«Sustainability risks» is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment⁶.

Bellevue Asset Management AG and its subsidiaries have integrated sustainability risks into the investment decision-making processes of all their actively managed strategies and associated funds with the aim of identifying, assessing and, if possible and appropriate, mitigating such risks.

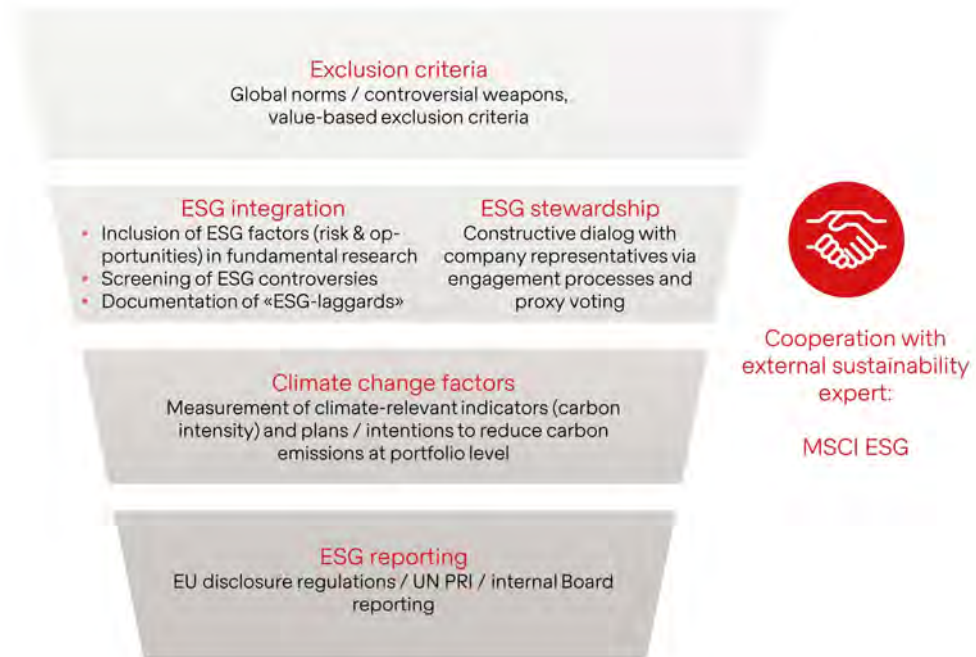
While every investment strategy can be exposed to such sustainability risks to varying degrees, the projected impact of sustainability risks on the returns of the investment strategies will depend on the specific investment strategy.

100% of BB Biotech's and more than 80% of Bellevue Asset Management AG's assets under management as at December 31, 2022, are invested in the healthcare sector, which is characterized by lower levels of carbon emissions than the manufacturing, commodities or energy sectors and the broadly diversified global equity indices. Focus on healthcare therefore reduces the sustainability risks.

⁶ in Regulation (EU) 2019/2088 of the European Parliament and of the Council of the European Union of November 27, 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR)

ESG investment policy

ESG framework in portfolio management



Source: Bellevue Asset Management AG, as at December 31, 2022

Exclusion criteria

Bellevue Asset Management is committed to complying with internationally recognized standards and consistently exclude companies with serious violations of human rights, the environment, labour standards and involvement in corruption from the investment portfolios it manages. No investments may be made in companies that seriously violate the environment, human rights and business ethics. This is measured by compliance with the principles of the UN Global Compact Compliance, UN Guiding Principles for Business and Human Rights, and standards of the International Labour Organization.

In contrast to exclusions based on violations of global standards, values-based exclusions are based on social, ethical and moral views. Percentages of sales per business segment are defined, that a company may not exceed in ESG-critical business segments such as conventional weapons, thermal coal or tobacco production. Issuers whose annual sales exceed the generally accepted tolerance limits defined below are excluded. For BB Biotech and the biotech industry in general, these thresholds are in practice not relevant.

Business area	Revenue threshold	BB Biotech
Controversial weapons	0%	0%
Conventional weapons	10%	0%
Thermal coal	5%	0%
Fracking/oil sands	5%	0%
Production of tobacco	5%	0%
Sale of tobacco	20%	0%
Adult entertainment	5%	0%
Gambling	5%	0%
Palm oil	5%	0%

The defined turnover limits are based on empirical values with institutional investors and industry experts. For individual strategies with a dedicated sustainability focus, more extensive and/or stricter exclusion criteria may be applied.

Bellevue Asset Management maintains an exclusion list, which is updated quarterly. Currently, this list comprises more than 850 issuers that are excluded from all investment universes in the context of direct investments.

ESG Integration

Environmental, social and governance factors are incorporated into the fundamental assessment of a company and evaluated in terms of their financial risks or opportunities for future share price performance. This gives our portfolio managers a holistic picture of a company.

The environmental area includes, for example, whether a company systematically measures and discloses its environmental footprint. The area of society includes, for example, product quality, data security and employee development. Good governance includes, for example, independence and compensation of the board of directors or business ethics.

As a basis for the integration of sustainable business criteria in the investment decision process, the Investment Manager uses an ESG rating per issuer, which is composed of various sub-scores. The scores are based on data from the independent third-party providers MSCI ESG Research and Sustainalytics. Their relevance and consequently weighting can vary significantly depending on the industry affiliation.

Over the past year, it has also proven important to interpret aggregated ESG ratings with caution and to critically scrutinize them. Most ESG rating methodologies are based on predefined systematics that do not lead to an objective or «fair» risk assessment in all cases. Especially small-capitalized and young companies, such as those still in the start-up phase, are typically systematically disadvantaged compared to large companies. A lack of human resources and experience in dealing with ESG issues can lead to a poorer sustainability rating. Our portfolio managers and analysts stand in close contact with our portfolio companies and in many cases may have a more profound fundamental understanding of certain processes with the company than an external ESG rating agency. Accordingly, our portfolio managers take a critical look at potential or alleged «ESG laggards» (rating CCC, B) and repeatedly seek personal discussions with the ESG specialists of our cooperation partners and the companies concerned. Our ESG investment guidelines tolerate an investment in an alleged «ESG laggard» provided that our rationale to do so is clearly explained and documented in detail. Nonetheless, an investment in a so-called «ESG laggard» does under no circumstances qualify as an investment with «sustainable characteristics» nor as a «sustainable investment» with regards to the calculation of our regulatory ESG investment proportions. (c.f. also chapter Proportion of ESG Investments).

ESG stewardship

As a responsible investor with a long-term focus, BB Biotech supports all measures and initiatives that increase the value of the companies invested in over the long term in the interests of shareholders and investors. This includes engagement activities as well as the exercise of voting and election rights on the occasion of general and shareholders' meetings.

Engagement

Active management means investing with conviction. We know what we are investing in and pursue this with great discipline. We have neither overarching investment committees nor a CIO. In independently operating product areas, the respective teams of experts are equally committed to a high level of self-responsibility, respect and their own vision. Our employees are also not only investment experts, but at the same time entrepreneurs and participate in the success of our investors.

This commitment to active investment management also highlights the importance of engagement as a key element in our ESG framework. Portfolio managers generally engage in an active and constructive dialogue with the management and other relevant representatives of the invested companies regarding environmental, social and governance aspects. If there are indications of substantial controversies in the area of ESG, these are constructively raised in the company dialog and progress (e.g. strategy, process adjustments, improvement of ESG rating) is documented over time. Engagement activities must also be placed in the context of materiality and proportionality. Engagement activities can take place to varying degrees depending on the size of the investment strategies involved, the capitalization of the company, the stage of development of the company, and other factors.

ESG engagement activities are recorded as part of the regular documentation for the company meetings. In addition, in 2022 we established a proprietary tool in which ESG engagement activities are systematically recorded and progress is documented over time.

Climate Change Factors

In accordance with the Paris Climate Agreement of December 2015, Bellevue Asset Management is committed to climate goals and supports measures to reduce global warming. We emphasize climate-friendly portfolios that can contribute to achieving the goals of the Paris Climate Agreement. CO₂ intensity (tons of CO₂ per USD 1 million of sales) is regularly measured at portfolio level and assessed against the relevant investment universe or benchmark.

100% of BB Biotech's and more than 80% of Bellevue Asset Management AG's assets under management as at December 31, 2022), are invested in the healthcare sector, which by its nature is exposed to much lower CO₂ emissions than industrial, commodity or energy sectors or broadly diversified global equity indices.

To the extent that a stock contributes 10% or more to the overall portfolio intensity, or a stock's carbon intensity is 10% or higher than the comparable industry average, we initiate special consideration as part of our consideration of principle adverse impacts on sustainability factors (PAIs), which may result in, for example, an engagement.

We are in an extended transition phase to a lower-carbon society and this requires a clear picture of which companies are more affected or limited by this transition, and which companies might even emerge as beneficiaries from this transition phase.

ESG-Reporting

Since 2019, Bellevue Asset Management AG has been a signatory of the United Nations Principles for Responsible Investment (UN PRI). PRI reporting is the world's largest responsible investment reporting project. It was developed with investors for investors. Reporting on our sustainability activities and progress is one of the six principles of the UN PRI. Bellevue Asset Management is also a member of Swiss Sustainable Finance Association (SFF). We fulfil our responsibility in ESG reporting through monthly factsheets, Bellevue and BB Biotech websites, UN PRI Responsible Investment (RI) Report and internal ESG reporting.

Sustainability at BB Biotech AG's portfolio level

Dr. Daniel Koller, Head of Investment Management Team BB Biotech and member of the executive management board at Bellevue Asset Management AG comments as follows:

Our investment process fully implements Bellevue Asset Management's formal ESG investment guidelines and therewith all BB Biotech investments are systematically reviewed for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles). Besides upholding strict exclusion criteria – such as very severe controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future share price development. ESG ratings compiled by the global leading ESG research provider MSCI ESG Research are referenced in this process, all the while exercising the necessary prudence and, in some cases, questioning the ESG score.

Responsible Investing

MSCI ESG Rating (CCC – AAA)



Note: ESG Quality Score based on 97% MSCI ESG Research coverage, Nasdaq Biotech Index (NBI) is based on 95% coverage. For more information: <https://www.bbbiotech.ch/all-en/all/esg/sustainability>
 Source: MSCI ESG Research, Bellevue Asset Management, Data as of December 31, 2022

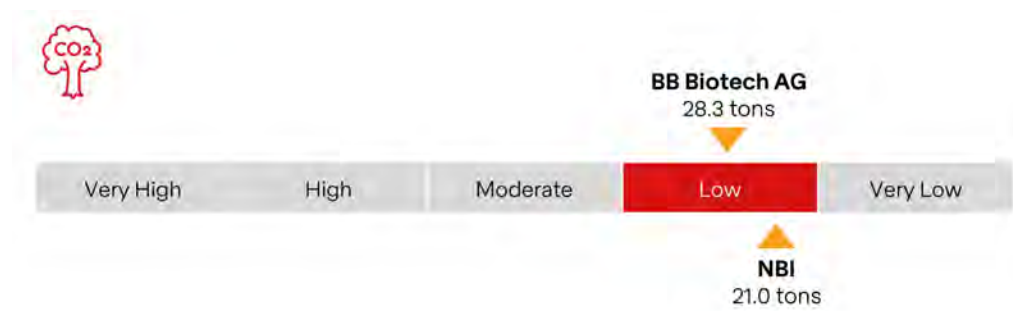
Sustainability at BB Biotech AG's portfolio level

Name	MSCI ESG Rating 2021	MSCI ESG Rating 2022	CO2 Intensity (T/USDm Sales) 2021	CO2 Intensity (T/USDm Sales) 2022	Portfolioweight
Ionis Pharmaceuticals	BB	B	21.9	33.4	11.0%
Argenx SE	A	BBB	23	29.4	10.2%
Neurocrine Biosciences	BBB	BBB	40.5	53	9.9%
Moderna	BB	BBB	22.2	33.4	8.2%
Vertex Pharmaceuticals	A	A	2.6	2.6	8.1%
Incyte	BBB	BBB	4.3	2.9	7.0%
Alnylam Pharmaceuticals	BBB	A	22.2	23.2	6.4%
Intra-Cellular Therapies	A	A	44.5	52.9	5.3%
Myovant Sciences	BBB	BBB	23	21.8	4.8%
Revolution Medicines	BB	BB	23	21.8	3.4%
Agios Pharmaceuticals	BBB	BBB	23	21.9	3.4%
Sage Therapeutics	B	B	22.2	33.3	3.4%
Celldex Therapeutics (new)		BB		21.8	2.4%
Arvinas	A	A	36.4	44.5	2.2%
Relay Therapeutics	B	B	21.9	21.9	1.9%
Macrogenics	BBB	BBB	23	21.9	1.8%
Fate Therapeutics	BB	BB	22.9	21.8	1.5%
Exelixis	B	B	40.5	53	1.3%
Crispr Therapeutics	BB	BB	23	20.8	1.1%
Wave Life Sciences	n.a.	n.a.	n.a.	44.5	1.0%
Beam Therapeutics	BBB	BBB	-	-	0.8%
Esperion Therapeutics	n.a.	n.a.	n.a.	44.6	0.8%
Mersana Therapeutics	BBB	BBB	23	20.5	0.7%
Kezar Life Sciences	n.a.	A	n.a.	21.9	0.6%
Essa Pharma	A	BBB	23	21.9	0.6%
Scholar Rock Holding	BBB	BBB	23	21.8	0.6%
Rivus Pharmaceuticals (new)		n.a.		n.a.	0.5%
Generation Bio Co.	BB	BBB	23	21.9	0.4%
Black Diamond Therapeutics	n.a.	n.a.	n.a.	21.9	0.3%
Molecular Templates	n.a.	n.a.	n.a.	21.9	0.1%
Homology Medicines	A	A	21	21.5	0.1%
Biogen	AA	n.a.	7	n.a.	Exit
Radius Health	BB	n.a.	44.6	n.a.	Exit
Nektar Therapeutics	BBB	n.a.	40.5	n.a.	Exit
Portfolio of BB Biotech	A	BB	23.2	28.3	

Relative to the previous year, the overall MSCI ESG rating was mostly dragged lower by a single company rating downgrade of Ionis Pharmaceutical, which represents one of our current top holdings. MSCI ESG Research downgraded the company to 'B' from 'BB' due to their removing of a company-specific component based on the size of operations which caused an increase in Ionis' overall risk exposure, contributing to the downgrade. Moreover, MSCI ESG noticed weaknesses in talent management and shareholder discontent due to 10% negative votes for three directors.

Carbon intensity is measured at the portfolio level at least on a quarterly basis and these readings are compared with the relevant investment universe or the respective benchmark. With a carbon risk of 28.3 tons of CO₂ per million USD sales BB Biotech's overall carbon intensity remains at the low end and virtually unchanged versus the previous year (23.2 tons). No portfolio company contributes more than 10% to the overall portfolio carbon intensity. Again, for a very low carbon industry such as biotechnology, carbon reduction is not the predominant objective with regards to long-term sustainability goals, which is also reflected in the MSCI ESG rating for the biotechnology sector where the weights for the individual categories are distributed as follows: Environment (10%), Social (55%), Governance (35%).

Carbon risk (t CO₂E/USD mn sales)



As at December 31, 2022, BB Biotech AG's single position exhibit following MSCI ESG ratings:

Name	MSCI ESG Rating	CO2 Intensity (T/USDm Sales)	Portfolio weight
Ionis Pharmaceuticals	B	33.4	11.0%
Argenx SE	BBB	29.4	10.2%
Neurocrine Biosciences	BBB	53	9.9%
Moderna	BBB	33.4	8.2%
Vertex Pharmaceuticals	A	2.6	8.1%
Incyte	BBB	2.9	7.0%
Alnylam Pharmaceuticals	A	23.2	6.4%
Intra-Cellular Therapies	A	52.9	5.3%
Myovant Sciences	BBB	21.8	4.8%
Revolution Medicines	BB	21.8	3.4%
Agios Pharmaceuticals	BBB	21.9	3.4%
Sage Therapeutics	B	33.3	3.4%
Celldex Therapeutics (new)	BB	21.8	2.4%
Arvinas	A	44.5	2.2%
Relay Therapeutics	B	21.9	1.9%
Macrogenics	BBB	21.9	1.8%
Fate Therapeutics	BB	21.8	1.5%
Exelixis	B	53	1.3%
Crispr Therapeutics	BB	20.8	1.1%
Wave Life Sciences	n.a.	44.5	1.0%
Beam Therapeutics	BBB	-	0.8%
Esperion Therapeutics	n.a.	44.6	0.8%
Mersana Therapeutics	BBB	20.5	0.7%
Kezar Life Sciences	A	21.9	0.6%
Essa Pharma	BBB	21.9	0.6%
Scholar Rock Holding	BBB	21.8	0.6%
Rivus Pharmaceuticals (new)	n.a.	n.a.	0.5%
Generation Bio Co.	BBB	21.9	0.4%
Black Diamond Therapeutics	n.a.	21.9	0.3%
Molecular Templates	n.a.	21.9	0.1%
Homology Medicines	A	21.5	0.1%

Stewardship through engagement and active voting

a) Engagement

Our stewardship duties encompass an active and constructive dialogue with our portfolio companies on environmental, social and governance issues. In case of indications of substantial controversies in the area of ESG, these are raised constructively within the framework of the corporate dialogue and progress (e.g. strategy and process adjustments, improvement of ESG rating) is documented over time. Engagement activities must also be placed in the context of materiality and proportionality. Engagement activities can take place to varying degrees depending on the size of the investment strategies involved, the capitalization of the company, the stage of development of the company, and other factors. Accordingly, in addition to our regular interactions with company executives and other stakeholders, we initiated two formal ESG engagements in 2022, one of which concerns

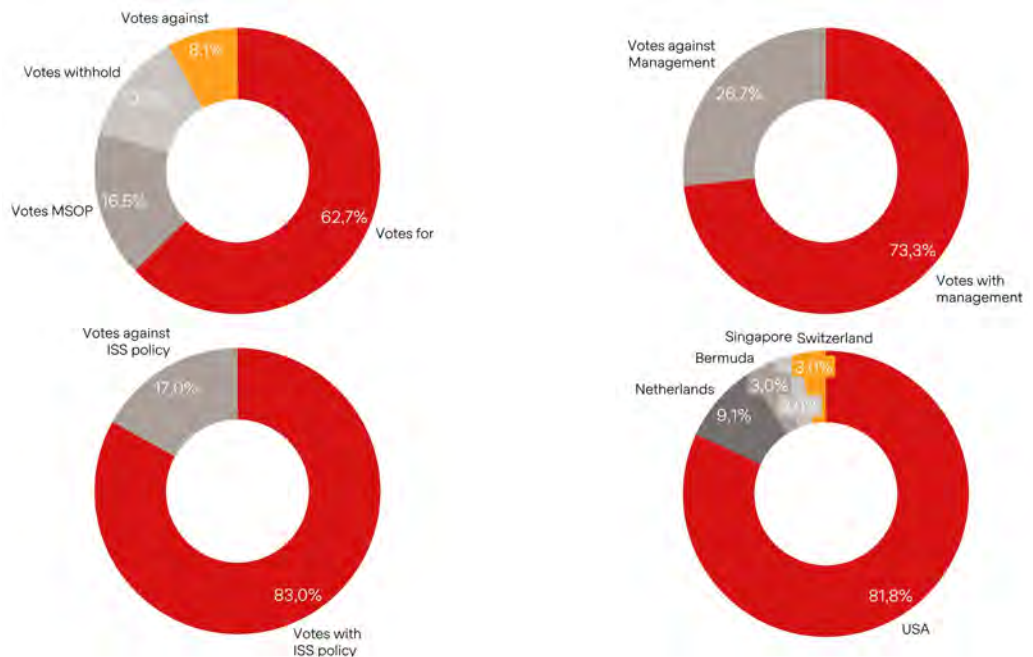
executive pay («G») and the second addresses early drug access in established markets and expansion to frontier markets («S»).

b) Proxy voting

The second stewardship element concerns our actively exercising our voting rights at AGM's through proxy voting. In order to extract long-term investor value added through active portfolio management we keep a constant dialogue also on sustainability matters with companies senior management which is eventually reflected in our voting decisions. Bellevue Asset Management's and BB Biotech AG's Board of Directors take our voting obligations very seriously and respective structures are in place to ensure that we vote in all shareholder meetings.

Material voting items on the AGM agenda such as board composition, compensation or incentive schemes are evaluated on a case-by-case-basis, supported by research data of Institutional Shareholder Services group (ISS). The Investment Management Team receives voting recommendations and research material from ISS. ISS brings more than 30 years of experience and global resources to serve approximately 1 500 institutional clients globally. ISS makes sure to maintain market leading stewardship practices. Should we vote against a proposed agenda item, we would usually have a prior discussion and elaboration of our rationale and understanding with members of the company management or the Board of Directors.

During 2022 we voted at 33 votable meetings covering 236 resolutions (vs. 28 AGM and 179 resolutions in 2021). In 173 cases we thereby voted in line with management recommendations and for 63 resolutions voted against management recommendation (vs. 8 votes in 2021).



*ISS policy

Proportion of ESG investments

Sustainable investing constantly evolves on the back of methodological progress, improving corporate ESG reporting and fast moving regulatory requirements. In 2022, EU SFDR 2019/2088 Regulatory Product Disclosures (Art. 10)/Commission Delegated Regulation (EU) 2021/1253 to MiFID II – Sustainability Preferences (Art. 9) introduced frameworks to measure the degree of sustainability of an investment. Thereby, EU SFDR addresses the concepts of «Investments with sustainable characteristics» as well as the concept of «Sustainable investments». While both concepts share similarities, Art. 2 No. 17 of the Disclosure Regulation 2088/2019 defines a «Sustainable investment» as an investment in an economic activity that contributes to the achievement of an environmental and/or a social objective whereas «investments with sustainable characteristics» exhibit certain ESG qualities (such as e.g. minimum ESG rating, compliance with norm and/or values-based exclusions etc.) but need not necessarily contribute to an environmental or social objective.

a) Share of investments with sustainable characteristics

In accordance with EU SFDR 2019/2088, Bellevue Asset Management introduced the following set of ESG criteria that must be met by a minimum portfolio proportion of 50% for BB Biotech:

- Compliance with global norms – i.e. no severe violations against standards and principles of the UN Global Compact, the UN Guiding Principles for Business and Human Rights, and Conventions 1 and 2 of the International Labour Organization (ILO).
- Investments in ethically or morally controversial business areas are limited by considering predefined revenue thresholds (in practice not relevant for the biotech industry, those thresholds are nevertheless formally monitored).
- Minimum ESG Rating of BB or higher to assure adequate level of «Good governance» on E, S and G
- Stewardship through constructive corporate dialogue (engagement) and the exercise of voting rights (proxy voting)

In principle, we aim to invest all assets of BB Biotech in investments with «Sustainable characteristics» but there is not always a sufficient amount of ESG-data available in any market cap segment, particularly in the field of small and mid-cap companies. Additionally, some companies may not have an ESG rating yet or the current rating does not correspond with our view on the most relevant sustainability aspects.

b) Share of sustainable investments

The concept of «Sustainable investments» imposes more stringent restrictions on above ESG characteristics by introducing a positive contribution to an environmental and/or a social objective while do not significant harm any of these objectives («DNSH»). Furthermore, the invested portfolio companies must apply practices of good corporate governance. For an investment to qualify as a «sustainable investment», the Investment Manager applies the 17 UN Sustainable Development Goals (SDGs). These sustainable development goals are general, universal goals for all UN member states, which were adopted in September 2015 as the successor to the Millennium Goals. The entire world population should be able to live in a fairer, more prosperous and more peaceful society by 2030.

As already elaborated above (chapter UN SDG) ESG research provider MSCI ESG measures the degree of alignment with each of the SDGs. A positive contribution to an environmental or social objective hence requires a company to exhibit a positive alignment with at least one of the 17 UN SDGs while not affecting any other SDG negatively.

Investments are assigned to the «sustainable investment» proportion if, on the one hand, they exhibit a positive target contribution as described above and, on the other hand, they meet the criteria for «investments with sustainable characteristics» described above, which also ensures that good governance practices are applied.

In accordance with European MiFID regulation, a corresponding minimum proportion of sustainable investments has been defined and set at 25% for BB Biotech AG.

The overall regulatory ESG breakdown for the BB Biotech AG portfolio as at December 31, 2022 is summarized below:



Source: Bellevue Asset Management, MSCI ESG Inc.

Annex

GRI content index with reference

GRI content index		
Statement of use	BB Biotech AG has reported the information cited in this GRI content index for the period 01.01.2022 – 31.12.2022 with reference to the GRI Standards.	
GRI used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location in Annual Report
GRI 2: General Disclosures 2021	2-1 Organizational details	About us
	2-2 Entities included in the organization's sustainability reporting	Sustainability Governance
	2-3 Reporting period, frequency and contact point	About us: Corporate calendar / Contact
	2-6 Activities, value chain and other business relationships	About us
	2-7 Employees	Social Practices
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance: Board of Directors
	2-11 Chair of the highest governance body	Corporate Governance: Board of Directors
	2-19 Remuneration policies	Remuneration Report: Remuneration of the members of the Board of Directors
	2-20 Process to determine remuneration	Remuneration Report: Remuneration of the members of the Board of Directors
	2-22 Statement on sustainable development strategy	Sustainability Strategy
	2-25 Processes to remediate negative impacts	Environmental practices
	2-26 Mechanisms for seeking advice and raising concerns	Social Practices: Diversity and Inclusion
	2-28 Membership associations	Environmental practices: Key climate-relevant memberships
GRI 3: Material Topics 2021	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Material ESG Topics
	3-1 Process to determine material topics	Stakeholder Engagement and Material ESG Topics
	3-2 List of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
GRI 301: Economic Performance 2016	3-3 Management of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
	201-1 Direct economic value generated and distributed	Financial report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Practices: Energy consumption
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Practices: Measurement of environmental indicators

	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-4 GHG emissions intensity	Environmental Practices: Total emissions at a glance
	305-5 Reduction of GHG emissions	Environmental Practices: CO2 emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Practices: Waste management and recycling
	306-2 Management of significant waste-related impacts	Environmental Practices: Waste management and recycling
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Practices: Employee development and retention
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Director level: Diversity and inclusion; Social Practices: Diversity and inclusion

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Company Profile

Excellence in Biotech Investments

The access to fast growing biotechnology companies

BB Biotech invests in companies in the fast growing market of biotechnology and is one of the world's largest investors in this sector with around 30 years of experience. The shares of BB Biotech are listed on the SIX Swiss Exchange, the Frankfurt Stock Exchange and the Stock Exchange in Milan. Its investments are focused on listed companies that are developing and commercializing novel drugs that offer sound value for the healthcare system.

The competent Board of Directors with its long-standing experience set the investment strategy and guidelines. Investment decisions are taken by the experienced investment management team of Bellevue Asset Management AG based on their extensive investment research.

Biotechnology is one of the most attractive of any sector today with estimated annual growth in the double-digits. Mega trends such as increasing life expectancy and a Westernized diet and lifestyle are powerful growth drivers. These mega trends have led to a tremendous increase in healthcare costs, which, in turn, only amplifies the need for more efficient and effective drugs.

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.


Diversified portfolio with focus on small and mid-cap biotech 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.



We are focussing on the technologies of tomorrow.



Multi-stage due diligence process based on bottom-up fundamental analysis


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 relies 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.



We follow our own conviction,
not a benchmark.



High conviction portfolio consisting of a maximum of 35 positions

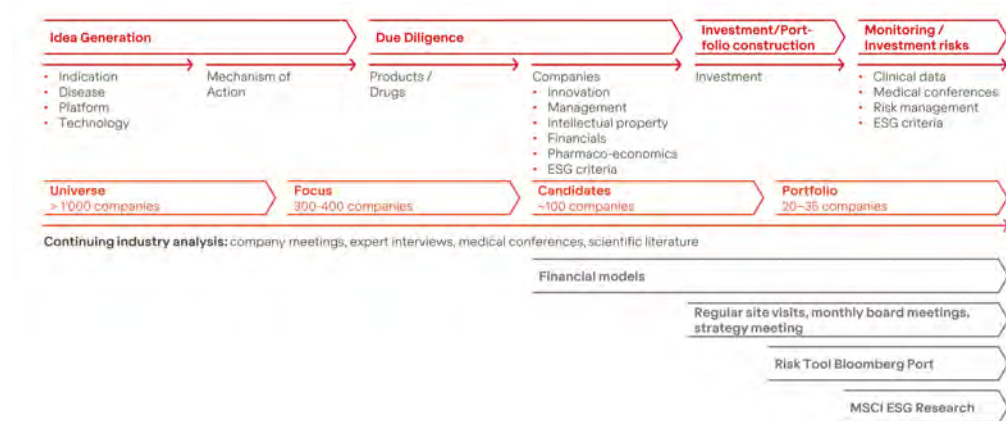
BB Biotech's investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are established large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional 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 a holding 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.

Investment process

During the investment selection process, BB Biotech relies on the well established experience of its Board of Directors and the fundamental analyses by the experienced management team of Bellevue Asset Management AG, with access to a network of physicians and specialists for the sectors in question.

Investment process



Source: Bellevue Asset Management

Using a multi-stage process, the universe of around 1000 companies is systematically analyzed and evaluated. A detailed financial model is created for each investment, which must convincingly demonstrate the potential to double in value over a four-year period. This potential to double in value is based on innovative strength, new products for serious diseases and outstanding management. Each investment is systematically reviewed for sustainability risks and breaches of elementary human rights. Bellevue Asset Management AG is a signatory of UN Principles for Responsible Investment. Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future stock market performance. The Investment Management Team strive to have an active and constructive dialogue with the management or other relevant stakeholders of the portfolio companies regarding environmental, social and governance aspects – and via proxy voting we use our voting rights actively at the general meetings.

With all of BB Biotech's investments focusing on biotechnology as a subsector of the healthcare industry, the UN's Sustainable Development Goal number 3: «Good Health and Well-being», is at the core of BB Biotech's investment strategy and our portfolio companies. The investments of BB Biotech AG provide companies with capital in order to allow for drug development to ensure and improve healthy lives and well-being. Therapies to address high unmet medical needs such as for patients suffering from rare disorders, cancer, neurological diseases and chronic cardiovascular and metabolic disorders etc. are key investment selection criteria.

Sustainability at portfolio level

Our investment process fully implements Bellevue Asset Management's formal ESG investment guidelines and therewith all BB Biotech investments are systematically reviewed for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles). Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future price development. ESG ratings compiled by the global leading ESG research provider MSCI ESG Research are referenced in this process, all the while exercising the necessary prudence and, in some cases, questioning the ESG score.



Before making a positive investment decision, intensive contact is established with the target company's management, since we are convinced that a superior performance can only be achieved with well managed companies.

After being incorporated into BB Biotech's portfolio, intense personal contact is maintained with members of the management of the relevant holdings. This closely knit monitoring of the portfolio companies enables BB Biotech to utilize all strategic options on a timely basis, including the early disposal of an equity interest should the fundamental situation significantly deteriorate.

Board of Directors



Chairman

Dr. Erich Hunziker

Dr. Erich Hunziker has been on the Board of Directors of BB Biotech AG since 2011 and has been elected chairman in 2013. Dr. Hunziker previously served as CFO of Roche from 2001 until 2010. From 1983 until 2001 Dr. Hunziker held various executive positions at Corange, Boehringer Mannheim and, before joining Roche, at Diethelm-Keller-Gruppe, where he ultimately served as CEO. Dr. Hunziker earned a PhD in Industrial Engineering from the Swiss Federal Institute of Technology in Zurich. Dr. Hunziker is Chairman of the Board of Directors of Light Chain Biosciences (NovImmune SA), Entsia International AG and the following discoveric companies (all under common control): discoveric ag, discoveric bio alpha ag, discoveric bio beta ag, discoveric bio gamma ag, discoveric marina ag and discoveric marketplace ag. He is a member of the Board of Directors of LamKap Bio alpha AG, LamKap Bio beta AG and LamKap Bio gamma AG.

Vice-Chairman

Dr. Clive Meanwell

Dr. Clive Meanwell is Vice-Chairman and has been a member of the Board of Directors of BB Biotech AG since 2004. He founded and is the Executive Chairman of Population Health Partners LLC, an investment firm. Dr. Meanwell is also a member of the Board of Directors of EQRx Inc., Fractyl Health Inc., Comanche Biopharma and Saama Technologies Inc. Previously, Dr. Clive Meanwell founded The Medicines Company in 1996 and from then until January 2020 he was a member of the Board of Directors and held a range of leadership positions including Chairman, Executive Chairman, Chief Executive and Chief Innovation Officer. From 1995 until 1996, he was a founding partner and managing director of MPM Capital L.P. Earlier in his career, Dr. Meanwell held various positions at Hoffmann-La Roche in Basel and Palo Alto, California. He received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.



Member

Laura Hamill

Laura Hamill is a member of the Board of Directors of BB Biotech AG since 2022. Ms. Hamill brings more than 30 years of experience in the biopharma industry. She most recently serviced as Executive Vice President, Worldwide Commercial Operations at Gilead Sciences. Prior to Gilead, Ms. Hamill worked at Amgen for almost 20 years in a number of executive leadership roles in the United States (US) and internationally. Her last role at Amgen was leading the US Commercial Operations with annual revenue of USD 20 bn. Ms. Hamill is a director of AnaptysBio, Y-mAbs Therapeutics, Pardes Biosciences, Unchained Labs and Scilex Pharmaceuticals as well as a member of the advisory committee of Launch Therapeutics. Ms. Hamill started her career at Hoffmann-La Roche with both sales and brand management roles over an eight year period. She holds a B.A. in business administration from the University of Arizona.

Member**Dr. Pearl Huang**

Dr. Pearl Huang is a member of the Board of Directors of BB Biotech AG since 2022. Dr. Huang studied life sciences at MIT as an undergraduate and earned a doctorate in Molecular Biology from Princeton University. She has spent over 30 years in the pharma and biotech industries, and to date, has contributed to the development of eight medicines that are used by patients every day. Dr. Huang has been appointed CEO of Dunad Therapeutics in June 2022. Prior to that she served as CEO of Cygnal Therapeutics. She is currently a member of the Board of Directors of Waters Corporation and MIT Corporation.

**Member****Prof. Dr. Mads Krogsgaard Thomsen**

Prof. Dr. Mads Krogsgaard Thomsen has been on the Board of Directors of BB Biotech AG since 2020. In 2021, Prof. Dr. Krogsgaard Thomsen became CEO of the Novo Nordisk Foundation. Prof. Dr. Krogsgaard Thomsen was previously with Novo Nordisk where he served as Executive Vice President, Head of R&D and Chief Science Officer. Prof. Dr. Krogsgaard Thomsen has chaired Danish Research Council programs within endocrinology, and he is a former president of Denmark's National Academy of Technical Sciences. He received his MD and PhD from the University of Copenhagen. Until 2020, Prof. Dr. Krogsgaard Thomsen chaired the governing board of the University of Copenhagen. He is a member of the Scientific Advisory Board of Felix Pharmaceuticals.

Member

Dr. Thomas von Planta

Dr. Thomas von Planta has been elected Board member of BB Biotech AG in March 2019. Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). He chaired the Bellevue Group from March 2015 until March 2019. Previously he worked for Vontobel Group from 2002 until 2006 as interim Head Investment Banking/Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992 until 2002, lastly in London in the Equity Capital Markets Group/Investment Banking Division. Dr. von Planta holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. Dr. von Planta is the Chairman of the Board of Directors of Bâloise Holding AG and a member of the advisory board of Harald Quandt Industriebeteiligungen GmbH.



Investment Manager

Bellevue Asset Management AG

BB Biotech's Investment Manager is Bellevue Asset Management AG. Bellevue Asset Management AG is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) and it has been issued a license as an authorized manager of collective investment schemes. Bellevue Asset Management AG is wholly owned by Bellevue Group AG, an independent Swiss financial boutique listed on the SIX Swiss Exchange. Bellevue Asset Management provides administrative services in connection with the investment activities and organizational operations of BB Biotech AG. This basically comprises the following services:

- Portfolio Management
- Investor Relations
- Marketing & Communications
- Finance
- Administration

Investment Management Team

Bellevue Asset Management AG has a team of proven biotech specialists with a successful track record who manage the investments in the biotech sector's most attractive players. The team's academic expertise and extensive experience, its long history of collaboration and interest in all fields of medicine as well as in biochemistry and business fundamentals ensure an inspiring and constructive interdisciplinary dialog within the team and with the Board of Directors as well as with external experts such as physicians and analysts.



Head Investment Management Team

Dr. Daniel Koller

Dr. Daniel Koller joined Bellevue Asset Management in 2004 as Portfolio Manager in the biotechnology segment specialized in cardiovascular diseases. Since 2010 he is head investment management team of the listed investment company BB Biotech AG. Before joining the company he spent four years in the financial sector, initially as an equity analyst at UBS Warburg and then as a private equity investor at equity4life. Dr. Daniel Koller studied biochemistry at the Swiss Federal Institute of Technology and earned a doctorate in biotechnology while working at Cytos Biotechnology.

Investment Management Team

Dr. Maurizio Bernasconi

Dr. Maurizio Bernasconi joined Bellevue Asset Management as analyst and portfolio manager in 2017. Prior he was a sell-side equity analyst in the Pharma & Biotech department of Bank am Bellevue. Maurizio Bernasconi has a master's degree in chemistry at Swiss Federal Institute of Technology (ETH), Zurich, a PhD in organic chemistry at the University of Basel and an MBA in International Healthcare Management from the Frankfurt School of Finance.





Investment Management Team

Dr. Can Buldun

Dr. Can Buldun joined Bellevue Asset Management as Data Scientist in 2022. He is a member of the investment management team of BB Biotech. From 2018 to 2022 he was a Computational Scientist at Roche Pharma Research & Early Development, focusing on data science and software solutions for next-generation antibody engineering. Can Buldun holds a PhD in Biochemistry from the University of Oxford and a BSc in Biochemistry & Cell Biology from Jacobs University Bremen.

Investment Management Team

Dr. Samuel Croset

Dr. Samuel Croset joined Bellevue Asset Management in 2020 as lead of the digital transformation. He is a data scientist and member of the investment management team of BB Biotech. He previously worked for Roivant Sciences from 2018 to 2020 as data scientist supporting investment decisions in drug projects as well as leading a team focused on the analysis of real-world data. Prior to that, he started his professional career at Roche as data scientist in the research department (2014–2018). Samuel holds a Ph.D. in Bioinformatics from the University of Cambridge, a MS in Bioinformatics and a MS in Biochemistry from the University of Geneva.





Investment Management Team

Felicia Flanigan

Felicia Flanigan is a Portfolio Manager at Bellevue Asset Management and expert in infectious diseases and oncology. Before joining the team in 2004 she worked as a research analyst with Adams, Harkness & Hill. Previously she worked at SG Cowen in healthcare research. Felicia Flanigan received her MBA from Suffolk University, Boston, and her BA in communications from Boston College.

Investment Management Team

Dr. Leonidas Georgiou

Dr. Leonidas Georgiou joined Bellevue Asset Management as a portfolio manager in 2022. He previously worked as a biotechnology VC analyst at Hadean Ventures in Norway, covering European startups in pharma, medical device, diagnostic and digital health verticals. Leonidas studied neuroscience at the University of Glasgow and University of Toronto. He holds an interdisciplinary PhD in neuroscience from OIST in Japan where he studied neuron – glia interactions in behaving mice.





Investment Management Team

Dr. Christian Koch

Dr. Christian Koch has been a Portfolio Manager at Bellevue Asset Management since 2014. From 2013 to 2014 he was a sell-side Pharma & Biotech equity analyst at Bank am Bellevue in Küsnacht and from 2010 to 2013 a Research Associate at the Institute of Pharmaceutical Sciences at ETH Zurich. He holds a PhD in Chemoinformatics & Computational Drug Design from ETH Zurich and a Master in Bioinformatics from Goethe University Frankfurt.

Investment Management Team

Dr. Stephen Taubenfeld

Dr. Stephen Taubenfeld has been with Bellevue Asset Management as a Portfolio Manager since 2013. From 2009 to 2013 he was senior analyst at Iguana Healthcare Partners, of which he was a founding partner. From 2008 to 2009 he was a consultant with Merlin BioMed Group and from 2004 to 2008 he was M.D./Ph.D. Fellow in Neuroscience at Mount Sinai Hospital, New York. He holds an M.D. and Ph.D. in Neuroscience from Brown University School of Medicine.





Investment Management Team

Dallas Webb

Dallas Webb has been a Portfolio Manager at Bellevue Asset Management since 2006. Previously, he worked as an equity analyst first at Sterling Financial Investment Group for 2 years and then at Stanford Group from 2004 onwards. His first stop as a biotechnology analyst was at Adams, Harkness & Hill, Boston. Dallas Webb holds an MBA from Texas Christian University of Fort Worth and a BA in Microbiotechnology and Zoology from Louisiana State University, Baton Rouge/Los Angeles.

Investment Management Team

Dr. Olivia Woolley

Dr. Olivia Woolley joined Bellevue Asset Management as data scientist in 2022. She is a member of the investment management team of BB Biotech. Previously she was associate director data science at Novartis, working in Technical Research and Development. Before entering industry she was a postdoctoral researcher at the Swiss Federal Institute of Technology (ETH), Zurich, in the area of digital epidemiology and complex networks. Olivia holds a PhD and MSc in Applied Mathematics from Northwestern University and a BSc in Mathematical and Computational Science from Stanford University.



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.

Official listing and share structure as at December 31, 2022

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 4.75
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

Quotes and 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	– Bloomberg: BION SW Equity	in EUR	– Bloomberg: BBZA GY Equity
	(SIX)	– Datastream: S:BIO	(Xetra)	– Datastream: D:BBZ
		– Reuters: BION.S		– Reuters: BION.DE
		– Telekurs: BIO	in EUR	– Bloomberg: BB IM Equity
		– Finanz & Wirtschaft (CH)	(STAR)	– Datastream: I:BBB
		– Neue Zürcher Zeitung (CH)		– Reuters: BB.MI

Facts & figures

BB Biotech

Facts & Figures	
Foundation	November 9, 1993, Schaffhausen, Switzerland
Issue price adj. 15.11.1993	4.75
Official Listing	Switzerland: December 27, 1993 Germany: December 10, 1997 Italy: October 19, 2000
Share structure	CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.20 each
Shareholders, free float as at 31.12.2022	Institutional and private investors 100% Free Float
Security number Switzerland	3 838 999
Security number Germany and Italy	A0NFN3
ISIN	CH0038389992
Ticker Bloomberg	Switzerland: BION SW Germany: BBZA GY Italy: BION IM
Ticker Reuters	Switzerland: BION.S Germany: BION.DE Italy: BIO.MI
Type / asset class	Investment company / equity
Investment style	Long only, long term
Index membership	Star Index, SPI Index
Benchmark	Nasdaq Biotech Index (NBI) TR
Management Fee	All-in-Fee: 1.1% p.a.

Analyst coverage

Institute	Analyst
Baader Helvea	Leonildo Delgado
Berenberg	Max Haycock
Edison	Mel Jenner, Victoria Chernykh
Intesa Sanpaolo	Bruno Permutti
Kepler Cheuvreux	Arsene Guekam
Marten & Co	Matthew Read
Oddo BHF	Oussame Denguir
Pareto Securities	Marietta Miemietz
Peel Hunt	Anthony Leatham
SEB	Martin Parkhoi

Corporate calendar

Annual General Meeting 2023	March 23, 2023, 3.00 PM CET
Interim Report as at March 31, 2023	April 21, 2023, 7.00 AM CET
Interim Report as at June 30, 2023	July 21, 2023, 7.00 AM CET
Interim Report as at September 30, 2023	October 20, 2023, 7.00 AM CET

The BB Biotech annual 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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