

Interim Report as at 30.06.2023

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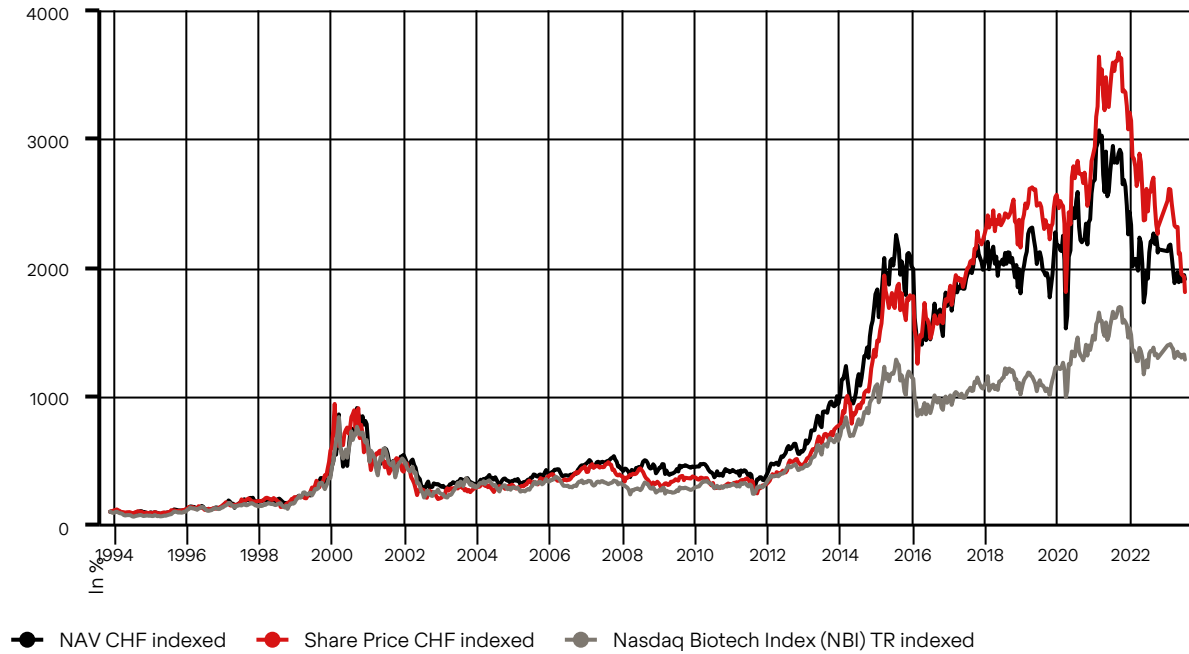
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Performance/Multi-year comparison

Indexed performance since launch

BB Biotech AG (SIX)-CHF



Rolling performance

	SHARE	NAV	NBI TR
30.06.2022 – 30.06.2023	(27.1%)	(3.5%)	2.8%
30.06.2021 – 30.06.2022	(31.2%)	(32.4%)	(24.3%)
30.06.2020 – 30.06.2021	30.9%	17.0%	17.8%
28.06.2019 – 30.06.2020	11.7%	20.1%	22.3%
29.06.2018 – 28.06.2019	3.5%	4.1%	(1.7%)

Annual performance

	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

30.06.2023

	SHARE	NAV	NBI TR
YTD	(25.2%)	(9.8%)	(5.7%)
1 year	(27.1%)	(3.5%)	2.8%
3 years	(34.3%)	(23.6%)	(8.4%)
5 years	(24.0%)	(4.5%)	10.1%
10 years	182%	140%	124%
since inception ¹⁾	1 708%	1 809%	1 183%

¹ 09.11.1993

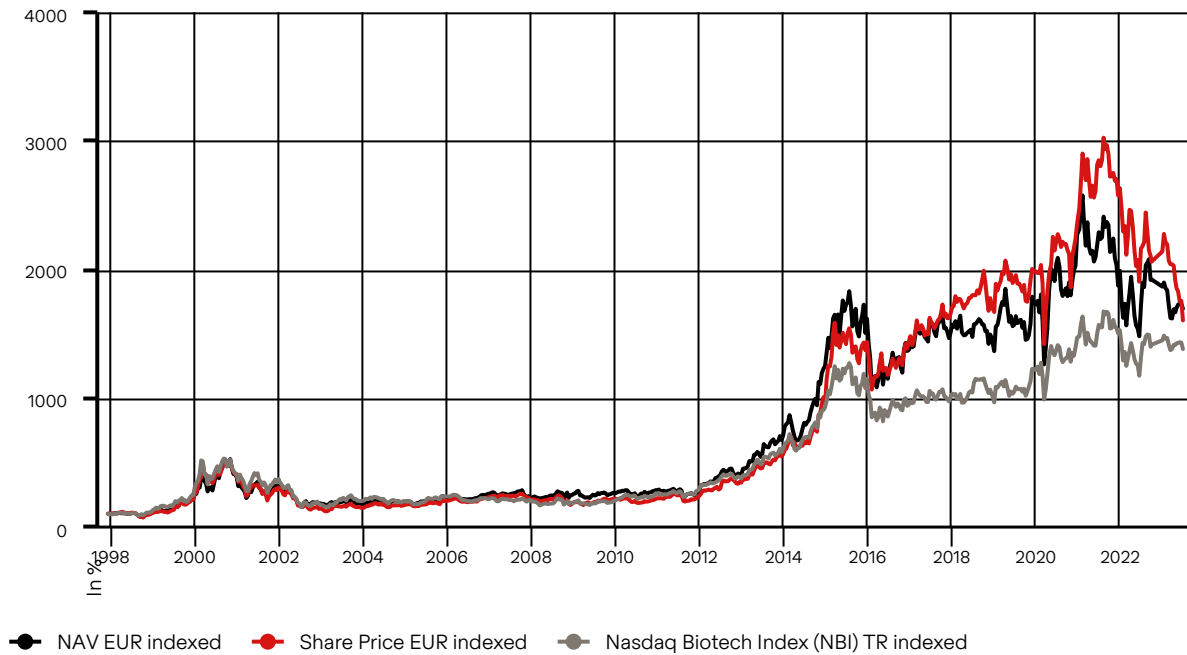
Annualized performance

30.06.2023

	SHARE	NAV	NBI TR
1 year	(27.1%)	(3.5%)	2.8%
3 years	(13.1%)	(8.6%)	(2.9%)
5 years	(5.3%)	(0.9%)	1.9%
10 years	10.9%	9.2%	8.4%
since inception ¹⁾	10.3%	10.5%	9.0%

¹ 09.11.1993

BB BIOTECH AG (XETRA)-EUR



Rolling performance

	SHARE	NAV	NBI TR
30.06.2022 – 30.06.2023	(25.9%)	(1.2%)	5.2%
30.06.2021 – 30.06.2022	(23.9%)	(25.9%)	(17.0%)
30.06.2020 – 30.06.2021	26.5%	13.5%	14.4%
28.06.2019 – 30.06.2020	17.0%	25.3%	27.4%
29.06.2018 – 28.06.2019	8.1%	8.5%	2.6%

Annual performance

	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

30.06.2023

	SHARE	NAV	NBI TR
YTD	(25.5%)	(8.6%)	(4.7%)
1 year	(25.9%)	(1.2%)	5.2%
3 years	(28.6%)	(16.9%)	(0.1%)
5 years	(9.7%)	13.0%	30.6%
10 years	253%	202%	182%
since inception ¹⁾	1 504%	1 595%	1 281%

¹ 10.12.1997

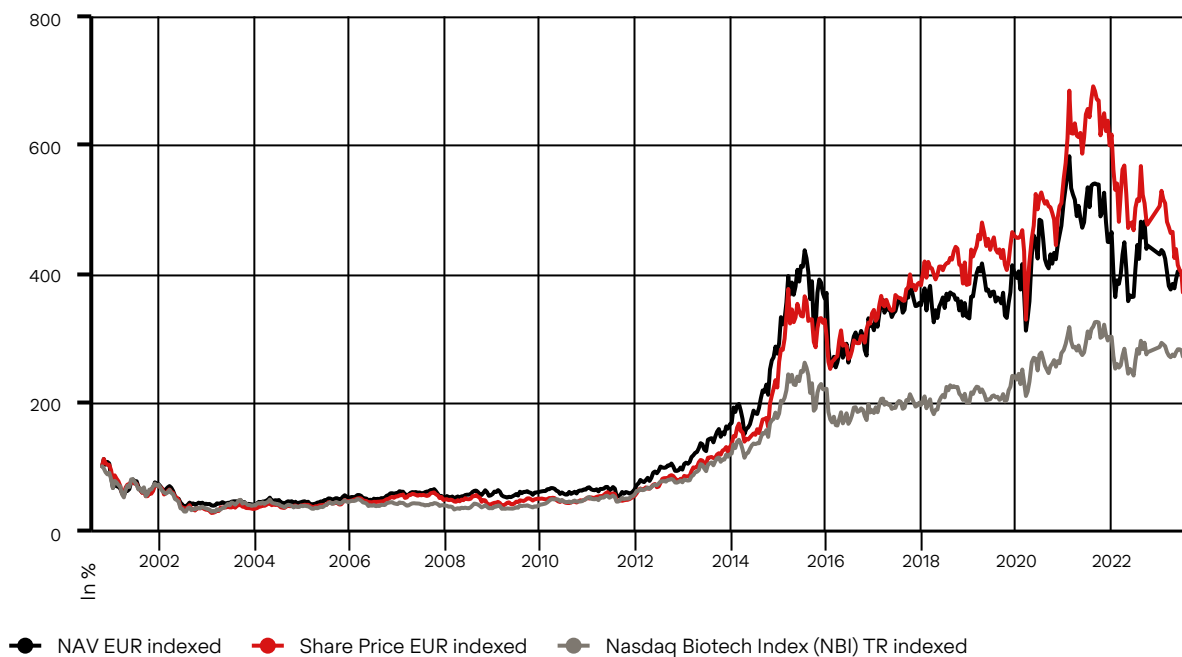
Annualized performance

30.06.2023

	SHARE	NAV	NBI TR
1 year	(25.9%)	(1.2%)	5.2%
3 years	(10.6%)	(6.0%)	(0.0%)
5 years	(2.0%)	2.5%	5.5%
10 years	13.4%	11.7%	10.9%
since inception ¹⁾	11.5%	11.7%	10.8%

¹ 10.12.1997

BB BIOTECH AG (MILAN)-EUR



Rolling performance

	SHARE	NAV	NBI TR
30.06.2022 – 30.06.2023	(26.0%)	(1.2%)	5.2%
30.06.2021 – 30.06.2022	(23.7%)	(25.9%)	(17.0%)
30.06.2020 – 30.06.2021	27.4%	13.5%	14.4%
28.06.2019 – 30.06.2020	15.1%	25.3%	27.4%
29.06.2018 – 28.06.2019	8.7%	8.5%	2.6%

Annual performance

	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

30.06.2023

	SHARE	NAV	NBI TR
YTD	(25.2%)	(8.6%)	(4.7%)
1 year	(26.0%)	(1.2%)	5.2%
3 years	(28.1%)	(16.9%)	(0.1%)
5 years	(10.0%)	13.0%	30.6%
10 years	252%	202%	182%
since inception ¹⁾	270%	291%	171%

¹ 19.10.2000

Annualized performance

30.06.2023

	SHARE	NAV	NBI TR
1 year	(26.0%)	(1.2%)	5.2%
3 years	(10.4%)	(6.0%)	(0.0%)
5 years	(2.1%)	2.5%	5.5%
10 years	13.4%	11.7%	10.9%
since inception ¹⁾	5.9%	6.2%	4.5%

¹ 19.10.2000

Multi-year comparison

	30.06.2023	2022	2021	2020	2019
Market capitalization at the end of the period (in CHF mn)	2 163.4	3 058.1	4 274.1	4 107.9	3 670.3
Net Asset Value at the end of the period (in CHF mn)	2 262.5	2 686.1	3 283.5	3 887.5	3 393.0
Number of shares (in mn)	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	460.0	1 482.0	2 101.0	2 315.6	2 004.2
Profit/(loss) (in CHF mn)	(267.3)	(357.8)	(404.8)	691.2	677.4
Closing price at the end of the period in CHF	39.05	55.20	77.15	74.15	66.25
Closing price (G) at the end of the period in EUR	40.00	56.70	74.05	68.00	61.40
Closing price (I) at the end of the period in EUR	40.00	56.50	74.40	68.50	61.00
Stock performance (incl. distributions) ¹⁾	(25.2%)	(24.3%)	8.3%	19.3%	18.5%
High/low share price in CHF	60.70/38.95	78.15/51.00	92.20/73.40	74.70/45.44	73.20/59.35
High/low share price in EUR	60.60/39.60	75.40/49.60	86.20/67.80	69.00/43.04	64.70/52.10
Premium/(discount) (annual average)	13.5%	20.5%	19.5%	9.2%	11.8%
Dividend in CHF	N.A.	2.85	3.85	3.60	3.40
Degree of investment (quarterly figures)	113.9%	112.8%	108.6%	106.8%	109.1%
Total Expense Ratio (TER) p.a. ²⁾	1.30%	1.27%	1.22%	1.25%	1.26%

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


²⁾ Based on market capitalization

Shareholder letter


Dear Shareholders

During the second quarter of 2023, the broader equity markets persistently ascended amidst a climate of uncertainty. Despite looming concerns about potential central bank activities possibly steering the global economy towards a recession, investors remained undeterred. During this quarter, key indices like the Dow Jones, Euro Stoxx 50, Dax Index, and the Swiss Index SPI experienced gains ranging from low to mid-single digit percentages, reflecting their robust performance in local currencies. Furthermore, the valuations of large US tech companies surged, driven by the sustained momentum in the field of artificial intelligence. This trend significantly influenced the S&P 500, which saw an increase of 8.7%, and was even more pronounced in the Nasdaq 100, which rose by a staggering 15.4% during this period. This upward trajectory perpetuated the vigorous growth trends observed in the robust first quarter of the year.

In a departure from the first quarter, healthcare markets paralleled the performance of non-tech equity markets during Q2, with the MSCI World Healthcare Index securing a 2.6% total return. However, year-to-date analysis reveals a clear underperformance by healthcare markets relative to broader equity markets due to the challenging first quarter of 2023. With a total return of only 1.1%, the MSCI World Healthcare Index remained relatively stagnant throughout the first half of the year, a significant deviation from broader equity markets, which experienced high single-digit to mid-teen percentage gains. Meanwhile, the performance of large tech sectors notably boosted the Nasdaq 100 Index, propelling it up 39.4% during the first six months of 2023. This surge brought the index within striking distance of its late 2021 all-time highs. However, the Nasdaq Biotech Index (NBI) presented a rather underwhelming performance in the second quarter, remaining essentially flat (-1.0% in USD) and kept it in negative territory for the first half of 2023, down 2.8% in USD.



There is a glimmer of hope in the biotech capital market context, as fundraising activities have seen a resurgence.



In general, 2023 has brought disappointment for biotech investors, as a significant rotation out of the sector was observed towards the latter half of the second quarter. While this has been challenging, we remain patient, resolute, and more importantly, optimistic due to the industry's solid fundamentals and substance. The sector continues to offer positive developments, such as acquisitions, FDA approvals, and successful trial results, which have often led to significant stock appreciation. However, the sector's sideways performance indicates a balance of companies reporting unsuccessful trials or missed milestones, which resulted in substantial market penalties. Nonetheless, there is a glimmer of hope in the biotech capital market context, as fundraising activities have seen a resurgence. Selected companies have managed to raise considerable funds on the back of positive news, hinting at a potentially brighter future ahead.

BB Biotech's performance for the second quarter and first half of 2023

For the second quarter, BB Biotech's portfolio delivered a small gain of 1.6% in USD, slightly ahead of the Nasdaq Biotech Index. A devaluation of the US Dollar against the Swiss Franc resulted in a small loss of 0.6% in CHF for the second quarter 2023 for the Net Asset Value (NAV), corresponding to a net loss of CHF 13 mn. This compares to a net loss of CHF 233 mn for the same period in 2022. In stark contrast to the portfolio evolution, the share price of BB Biotech corrected by 21.8% in CHF in the second quarter. BB Biotech's shares, having traded for an extended period at a double-digit premium, traded at 5% discount to the NAV per share at the end of the second quarter.

For the first half of 2023, BB Biotech's NAV total return is a negative 9.8% in CHF, 8.6% in EUR and 6.9% in USD, all values including the dividend payment of CHF 2.85 per share, paid out on March 29, 2023. This resulted in a net loss of CHF 267 mn compared to a net loss of CHF 533 mn last year. Recovering some of the underperformance in the second quarter, we are about 4% behind the benchmark NBI since the beginning of 2023. More than half of the underperformance is due to not participating in any of the announced take-over targets in the first half of 2023. The remainder is due to our overweight in mid-cap companies, with some of them not keeping up with the benchmark in the first six months of 2023. The challenge for such mid-cap companies, albeit having established a high value single asset business/franchise are to repeat the initial success, and if taking longer and more resources to mature into multi product companies can result in intermittent underperformance. BB Biotech's share price, impacted substantially by the second quarter sell off, has lost around a quarter of its value since the beginning of 2023 (total return of -22.8% in USD; -25.2% in CHF, all values including the dividend payment).

Second quarter portfolio activity

During a relatively calm three-month period in terms of portfolio activity, the investment management team executed minor reallocations within the portfolio. The generated cash enabled participation in a capital increase and extending of existing positions in open market transactions without further increasing our investment degree. We ended the second quarter with an investment level of 113.7%, close to 114% at the end of the first quarter and 113.6% at the end of 2022.

The investment management team's conviction in the core holdings and the smaller positions, offering substantial upside versus the internal discounted cash flow models, is reflected in the below average turnover in the portfolio during the second quarter.

Minimal profit taking in Vertex, Ionis and Incyte financed additions in select development stage companies. Black Diamond Therapeutics presented early but promising clinical data for BDTX-1535 from a dose escalation trial. We maintained a 15% ownership in the company by participating in the company's capital increase as well as by increasing the position through open market transactions. The investment management team decided to opportunistically increase our position in Mersana following the correction due to a surprise partial clinical hold for their lead program UpRi to treat late line ovarian cancer patients.

Portfolio Update Q2 2023

An overall eventful second quarter for our portfolio resulted in a small gain in USD. Positive outliers include Black Diamond Therapeutics (+167%) rallying post early clinical results for BDTX-1535, Revolution Medicines (+24%) following an update on its pan RAS inhibitor RMC-6236, Agios Pharmaceuticals (+23% in USD) with a positive Phase II trial in sickle cell patients for mitapivat, Intra-Cellular Therapies (+17%) on positive Q1 23 results with strong Caplyta revenues, and Ionis (+15%) on an accelerated approval for Qalsody. Negative contributors in the same quarter have been MacroGenics (–25%) giving up previous gains post the royalty deal, Relay Therapeutics (–24%) following its PI3k alpha inhibitor update, Moderna (–21%) on its first quarter results and spending guidance, Mersana Therapeutics (–20%) on the partial clinical hold for UpRi, and Incyte (–14%) following underwhelming Q1 23 results that were mostly related to the recently launched Opzelura.



Outlook for 2023

Cognizant of our disappointing shareholder returns in the aftermath of the pandemic, we have conducted a thorough review of our investment strategy and portfolio holdings. For this purpose, we grouped our 28 positions into four categories:

1. Mature and sustainably profitable biotech companies that can deliver shareholder returns at least in line with their revenue and profit growth
2. Mid-cap companies with product revenues and generating profits, offering attractive shareholder returns if they were to achieve the status of a multi-product company or were to be acquired
3. Mid-cap companies with late stage clinical programs moving towards their first regulatory approval and market launch, offering attractive shareholder returns if they succeed to generate a strong product launch
4. Earlier stage pipeline companies that can generate shareholder returns if they successfully develop earlier stage clinical assets or establish a next generation platform

Our existing portfolio comprises two well-established large-cap corporations, a substantial number of companies of both mid-cap baskets that possess a robust business case, and a broad diversification into entities with smaller market capitalization. The top holdings, representing the majority of our invested capital, predominantly reside within the large and mid-cap sectors. These holdings are projected to significantly influence our short to mid-term performance. Small-cap companies account for a less substantial portion of the portfolio's total weight. Investments in these entities may experience heightened volatility following key disclosures. However, due to their lesser portfolio representation, their performance impact is anticipated to be more pronounced over mid to long-term periods. Given recent milestones demonstrating both, positive and negative stock movements, we eagerly anticipate significant clinical milestones in our portfolio holdings by the end of 2023 including, but not limited to.

- Argenx is expected to release findings from their Phase III trial investigating the use of efgartigimod for chronic inflammatory demyelinating polyneuropathy (CIDP). As efgartigimod is under evaluation in various other registrational trials, the forthcoming results are eagerly awaited by investors, given the sizable potential commercial opportunity it presents.
- Mersana Therapeutics has guided that their antibody-drug candidate upifitamab rilsodotin (UpRi) will present Phase III UPLIFT trial results in August 2023 for patients with platinum-resistant ovarian cancer. In addition to efficacy, an update on UpRi's safety profile will be of notable interest, particularly in light of the recent partial clinical hold.
- Neurocrine Biosciences is expected to report results for its two ongoing Phase III studies for crinecerfont for treating patients with congenital adrenal hyperplasia. The event is of high importance allowing Neurocrine to add a second large commercial product next to Ingrezza, if positive.
- Vertex is developing VX-548 for both acute and chronic pain management, with initial clinical outcomes for acute pain treatment anticipated by the end of 2023.
- Revolution Medicines has projected that they will present further findings on RMC-6236, a RAS multi-inhibitor with single agent activity, from the ongoing study by mid-2023. They expect to provide numerous updates throughout the year, starting from the third quarter in context of a mix of corporate presentations and scientific conferences.

Crucial regulatory decisions that could significantly influence future revenue and profit contributions from our portfolio holdings are anticipated for:

- Sage and partner Biogen announced an August 5 PDUFA action date for zuranolone, which would be indicated to treat patients with major depression disorder as well as postpartum depression.
- Alnylam anticipates feedback from the FDA by October 8, concerning Onpattro's use in treating cardiomyopathy in patients with ATTR amyloidosis. The company has announced that an FDA advisory panel meeting has been scheduled for September 13.
- Crispr Therapeutics and Vertex have announced the BLA filing for exa-cel for severe sickle cell disease (SCD) and transfusion dependent beta thalassemia (TDT). The PDUFA target action dates are set for December 8, 2023 for SCD and March 30, 2024 for TDT.
- Ionis, in partnership with AstraZeneca, anticipates a PDUFA action date for Eplontersen on December 22, 2023, aimed at treating polyneuropathy in patients with ATTR.

We remain optimistic that our commitment to high-quality assets that target substantial market opportunities, together with attractive valuations, will position us for active participation in future M&A activities. So far, take-over activity has not boosted our investment performance in 2023.

We remain optimistic that our commitment to high-quality assets that target substantial market opportunities, together with attractive valuations, will position us for active participation in future M&A activities.

In addition to the forces of innovation and business strategies within the biotechnology industry, healthcare policies and politics will persistently influence and shape the sector and drug development field. The United States, being the primary market for biotechnology, places significant emphasis on policy implementations, such as the Inflation Reduction Act, which aims to lower out-of-pocket expenses for prescription drugs and benefits patients. Investors eagerly anticipate the publication of the CMS' drug negotiation basket on September 1, 2023. However, ongoing legal actions initiated by pharmaceutical industry players like Merck and Bristol-Myers Squibb, as well as the Chamber of Commerce and the

PhRMA organization, against the Department of Health and Human Services (HHS) have further complicated matters. Notably, for emerging and developmental stage companies, the complexity of rules and variability of commercial time windows present a real challenge. Small molecule protection for nine years compared to thirteen years for complex biologics has created unintended consequences, requiring adjustments to pipeline projects and reprioritization within the industry.

Broader capital markets will be closely watching for additional guidance regarding interest rates, which will have an impact on capital costs and the overall financial stability of both the sector and individual companies. Importantly, the financial strength and resilience on our overall portfolio are outstanding, surpassing pre-pandemic levels significantly.

We are actively engaging with our existing shareholders, and recently with an increasing number of prospective investors. The correction in the share price in combination with the share price trading close to NAV may offer attractive returns ahead.

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 at a glance

Securities as at June 30, 2023

Company	Number of securities	Change since 31.12.2022	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Ionis Pharmaceuticals	9 299 700	(335 300)	USD	41.03	341.7	13.3%	15.1%	6.5%
Argenx SE	865 000	(27 503)	USD	389.73	301.9	11.7%	13.3%	1.6%
Vertex Pharmaceuticals	850 000	(80 523)	USD	351.91	267.9	10.4%	11.8%	0.3%
Neurocrine Biosciences	2 590 000	(140 000)	USD	94.30	218.7	8.5%	9.7%	2.7%
Intra-Cellular Therapies	3 150 000	(141 479)	USD	63.32	178.6	6.9%	7.9%	3.3%
Moderna	1 475 000	(26 951)	USD	121.50	160.5	6.2%	7.1%	0.4%
Alnylam Pharmaceuticals	875 000	(15 000)	USD	189.94	148.8	5.8%	6.6%	0.7%
Incyte	2 617 000	(274 077)	USD	62.25	145.9	5.7%	6.4%	1.2%
Sage Therapeutics	3 080 000	129 722	USD	47.02	129.7	5.0%	5.7%	5.2%
Revolution Medicines	4 675 000	(102 562)	USD	26.75	112.0	4.4%	5.0%	4.4%
Agius Pharmaceuticals	4 000 000	(30 792)	USD	28.32	101.5	3.9%	4.5%	7.2%
Celldex Therapeutics	1 800 000	–	USD	33.93	54.7	2.1%	2.4%	3.8%
Arvinas	2 120 000	(16 412)	USD	24.82	47.1	1.8%	2.1%	4.0%
Relay Therapeutics	4 100 000	(20 720)	USD	12.56	46.1	1.8%	2.0%	3.4%
Macrogenics	9 579 963	650 000	USD	5.35	45.9	1.8%	2.0%	15.5%
Crispr Therapeutics	880 000	(8 605)	USD	56.14	44.2	1.7%	2.0%	1.1%
Exelixis	2 525 000	(129 500)	USD	19.11	43.2	1.7%	1.9%	0.8%
Black Diamond Therapeutics	8 117 839	2 740 000	USD	5.05	36.7	1.4%	1.6%	15.8%
Fate Therapeutics	4 839 779	–	USD	4.76	20.6	0.8%	0.9%	4.9%
Beam Therapeutics	693 121	–	USD	31.93	19.8	0.8%	0.9%	0.9%
Essa Pharma	7 879 583	–	USD	2.70	19.1	0.7%	0.8%	17.9%
Generation Bio Co.	3 608 280	–	USD	5.50	17.8	0.7%	0.8%	5.5%
Rivus Pharmaceuticals ¹⁾			USD		15.7	0.6%	0.7%	
Mersana Therapeutics	5 205 925	1 139 725	USD	3.29	15.3	0.6%	0.7%	4.6%
Wave Life Sciences	4 494 458	–	USD	3.64	14.7	0.6%	0.6%	4.6%
Scholar Rock Holding	2 132 725	–	USD	7.54	14.4	0.6%	0.6%	3.9%
Esperion Therapeutics	4 194 064	–	USD	1.39	5.2	0.2%	0.2%	4.4%
Molecular Templates	11 192 003	–	USD	0.48	4.8	0.2%	0.2%	19.9%
Radius Health – Contingent Value Right	8 733 538	–	USD	0.00	0.0	0.0%	0.0%	
Total securities					2 572.7	100.0%	113.7%	
Other assets					5.7		0.3%	
Other payables					(316.0)		(14.0%)	
Net Asset Value					2 262.5		100.0%	

¹⁾ Unlisted company

Exchange rate as at 30.06.2023: USD/CHF: 0.8956

Portfolio Update Q2 2023

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Clinical trial results continue to have the most substantial impact on valuation, mostly in perspective of less mature pipeline companies. For the second quarter, some key trial results included:


- Agios announced positive results of achieving significant hemoglobin responses by treating patients with sickle cell disease with mitapivat. Around half of the patients achieved equal or more than 1g/dl increase in hemoglobin, versus less than 5% for placebo patients. Of interest, trends in sickle cell pain crisis reduction were observed despite the small sample size of the trial. Agios has decided to start the Phase III part of the trial in late 2023, with the Phase III data expected in 2025. Mitapivat is approved for treating patients with PK deficiency and expected to report Phase III results in Thalassemia patients in 2024.
- Moderna and its development partner Merck presented positive and intriguing proof of concept data for the individualized cancer vaccine MRNA-4157. Patients with high-risk melanoma following a complete resection were randomized to receive either Keytruda alone or Keytruda in combination with MRNA-4157. A significant risk reduction of 65% for development of distant metastasis and survival was reported. Both companies have announced to start multiple adjuvant Phase III clinical trials including melanoma and lung cancer in 2023 for different solid tumors, for which Keytruda and the PD1/PDL1 antibody class are today's standard of care.
- Black Diamond Therapeutics updated investors on its dose escalation study for BDTX-1535, demonstrating anti-tumor activity in non small cell lung cancer (NSCLC) patients across multiple EGFR mutation families. Five confirmed and one unconfirmed partial response out of 12 NSCLC patients were reported. These early but very promising update triggered a share price rally for Black Diamond, with the company able to raise USD 75 mn in a capital increase supported by BB Biotech. These proceeds will strengthen the company and allow to enroll further patients in expansion cohorts in NSCLC patients with EGFR-acquired resistance and intrinsic driver mutations after progression on a third-generation EGFR inhibitor.
- Relay Therapeutics presented an early update for RLY-2608, an inhibitor targeting multiple PI3K alpha mutations. Albeit that the drug profile for RLY-2608 achieved goals such as substantial inhibition of PI3K alpha, ctDNA reduction and a good tolerability profile avoiding more severe hyperglycemia, rash and diarrhea, investors were underwhelmed by the efficacy in terms of response rate so far presented, resulting in a sell-off in the shares of Relay. Following the initial dose finding, the company will enroll more patients at higher doses and longer exposure with proof of clinical efficacy expected in 2024.
- Vertex presented positive early proof of concept for its stem cell program VX-880 for type I diabetes patients. VX-880 is an allogenic stem-cell derived, insulin producing islet cell therapy. Glucose sensing insulin production was shown for all six patients treated with VX-880, showing improved glycemic control while reducing or eliminating insulin use. With VX-880 generally well tolerated, the company is now allowed to enroll more patients at the highest planned dose of VX-880. For broader future adoption, Vertex is working on

further generation of stem cell therapies and novel delivery/encapsulation technology to avoid concomitant use of immunosuppressants required when dosing VX-880.


Following clinical trial results, regulatory filing and actions are yet another important milestone for drug development companies. We recorded the following regulatory updates in the second quarter for our portfolio companies:

- Ionis, in collaboration with its partner Biogen, announced the US FDA's approval of Qalsody for the treatment of ALS patients who are SOD1 carriers. This accelerated approval was achieved due to the drug's observed reduction of neurofilament, a biomarker associated with neuronal damage in ALS. Despite the small patient population, the urgency remains high due to the underserved nature of the condition. Consequently, the neuro division continues to adopt a more aggressive approach, with more drugs reaching patients through the accelerated approval pathway.
- Argenx has announced the US FDA's approval of Vyvgart Hytrulo injection for subcutaneous use in patients suffering from generalized myasthenia gravis. This novel formulation presents an alternative delivery method and additional choice for patients. In another significant development, Argenx's Chinese partner, Zai Lab, announced the approval of Vyvgart in China. Moving forward, Argenx is expected to expand its Vyvgart franchise globally. This expansion will be facilitated by launching the product in new countries, leveraging the new formulation's convenience, and securing approvals for additional indications.

On the commercial side, the more advanced and established biotech companies such as Vertex, Neurocrine Biosciences, Argenx and Intra-Cellular reported strong Q1 2023 results. Incyte on the other hand disappointed with Opzelura missing Wall Street's estimates.



On the commercial side, the more advanced and established biotech companies such as Vertex, Neurocrine Biosciences, Argenx and Intra-Cellular reported strong Q1 2023 results.



None of our portfolio holdings were part of the take-over transactions announced in the second quarter, however two of our smaller oncology companies announced relevant corporate updates. Black Diamond refinanced with a USD 75 mn capital increase following the positive Phase I update. The company has extended its cash reach allowing for multiple clinical assets to be developed and go through critical development steps. Molecular Templates informed investors that the debt was restructured, the company to reduce its cost base but further action will be required. In an unexpected move, Ionis issued a new convertible debt, despite the company's strong balance sheet bolstered by a comprehensive royalty deal carried out early in 2023. The company announced plans to sustain high cash levels by utilizing the proceeds from the newly issued convertible debt to repurchase most of an older convertible debt that matures in 2024.

Consolidated balance sheet

in CHF 1 000	Notes	30.06.2023	31.12.2022
Current assets			
Cash and cash equivalents		900	1 948
Receivables from brokers		4 602	–
Securities	3	2 572 727	3 051 349
Other assets		232	92
		2 578 461	3 053 389
Total assets		2 578 461	3 053 389
Current liabilities			
Short-term borrowings from banks	4	308 500	363 000
Payables to brokers		4 478	–
Other short-term liabilities		2 916	4 143
Tax liabilities		76	111
		315 970	367 254
Total liabilities		315 970	367 254
Shareholders' equity			
Share capital	5	11 080	11 080
Treasury shares	5	(36 508)	(36 508)
Retained earnings		2 287 919	2 711 563
		2 262 491	2 686 135
Total liabilities and shareholders' equity		2 578 461	3 053 389
Net asset value per share in CHF		41.25	49.00

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

The condensed consolidated interim financial statements were approved by the Board of Directors of BB Biotech AG on July 18, 2023.

Consolidated statement of comprehensive income

in CHF 1 000	Notes	01.01.–30.06.2023	01.01.–30.06.2022	01.04.–30.06.2023	01.04.–30.06.2022
Operating income					
Interest income		17	–	17	–
Foreign exchange gains		500	780	–	60
Other income		5	3	–	–
		522	783	17	60
Operating expenses					
Net losses from securities	3	(246 320)	(510 645)	(3 106)	(222 239)
Finance expenses		(2 550)	(591)	(1 442)	(343)
Foreign exchange losses		–	–	(144)	–
Administrative expenses	6	(16 295)	(19 900)	(7 352)	(9 415)
Other expenses		(2 660)	(2 534)	(1 437)	(1 108)
		(267 825)	(533 670)	(13 481)	(233 105)
Profit/(loss) before tax	7	(267 303)	(532 887)	(13 464)	(233 045)
Income taxes		(30)	(39)	(14)	(20)
Profit/(loss) for the period		(267 333)	(532 926)	(13 478)	(233 065)
Total comprehensive profit/(loss) for the period		(267 333)	(532 926)	(13 478)	(233 065)
Income per share in CHF	8	(4.87)	(9.66)	(0.24)	(4.23)
Diluted income per share in CHF	8	(4.87)	(9.66)	(0.24)	(4.23)

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

Consolidated statement of changes in equity

in CHF 1 000	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 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	–	(18 484)	–	(18 484)
Total comprehensive income for the period	–	–	(532 926)	(532 926)
Balances at June 30, 2022	11 080	(27 689)	2 536 449	2 519 840
Balances at January 1, 2023	11 080	(36 508)	2 711 563	2 686 135
Dividend (CHF 2.85 per share)	–	–	(156 311)	(156 311)
Total comprehensive income for the period	–	–	(267 333)	(267 333)
Balances at June 30, 2023	11 080	(36 508)	2 287 919	2 262 491

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

Consolidated statement of cash flow

in CHF 1 000	Notes	01.01.–30.06.2023	01.01.–30.06.2022
Cash flows from operating activities			
Proceeds from sales of securities	3	260 313	328 734
Purchase of securities	3	(28 135)	(46 042)
Interest receipts		17	–
Payments for services		(20 307)	(24 188)
Income taxes paid		(75)	(78)
Total cash flows from operating activities		211 813	258 426
Cash flows from financing activities			
Dividend		(156 311)	(212 242)
Purchase of treasury shares	5	–	(18 484)
Repayment of borrowings	4	(54 500)	(29 000)
Interest payments		(2 550)	(591)
Total cash flows from financing activities		(213 361)	(260 317)
Foreign exchange difference		500	780
Change in cash and cash equivalents		(1 048)	(1 111)
Cash and cash equivalents at the beginning of the period		1 948	2 835
Cash and cash equivalents at the end of the period		900	1 724

The notes are an integral part of the condensed consolidated interim 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, Schwertstrasse 6. Its principal activity is to invest in companies active in the biotechnology industry for the purpose of capital appreciation. The investments are held through its wholly owned subsidiaries.

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

2. Accounting policies

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 «Interim Financial Reporting,» as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2022. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the statement of comprehensive income in the current financial period. In certain circumstances, the actual values may diverge from these estimates.

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

The following amended standards, valid since January 1, 2023, have been applied in these condensed consolidated interim financial statements:

- IAS 1 (amended, effective January 1, 2023) – Disclosure of Accounting Policies
- IAS 8 (amended, effective January 1, 2023) – Definition of Accounting Estimates
- IAS 12 (amended, effective January 1, 2023) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

- IFRS 16 (amended, effective January 1, 2024) – Lease Liability in a Sale and Leaseback
- IAS 1 (amended, effective January 1, 2024) – Classification of Liabilities as Current or Non-current

The Board of Directors do not expect that the adoption of the above-mentioned standards will have a material impact on the financial statements of the Group in future periods.

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

Currency	30.06.2023	31.12.2022
USD	0.89560	0.92450
ANG	0.50315	0.51938
EUR	0.97697	0.98956
GBP	1.13680	1.11870

3. Financial assets

Fair Values

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

30.06.2023	Level 1	Level 2	Level 3	Total
Assets				
Securities				
– Shares	2 557 054	–	15 673	2 572 727
– Derivative instruments	–	–	–	–
Total assets	2 557 054	–	15 673	2 572 727
31.12.2022				
Assets				
Securities				
– Shares	3 035 170	–	16 179	3 051 349
– Derivative instruments	–	–	–	–
Total assets	3 035 170	–	16 179	3 051 349

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

	01.01.–30.06.2023	01.01.–30.06.2022
Opening balance	16 179	2 222
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	(506)	–
Closing balance	15 673	–
Gains/(losses) on level 3 instruments included in net gain/loss from securities	(506)	2 849

There were no transfers between level 1, 2 and 3 during the reporting period.

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 June 30, 2023, 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 Radius Health – Contingent Value Rights were allocated from a corporate action. The valuation as of June 30, 2023, is CHF 0.

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

Securities

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

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01.01.2022 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
Opening balance as at 01.01.2023 at fair values	3 035 170	16 179	–	3 051 349
Purchases	32 613	–	–	32 613
Sales	(264 915)	–	–	(264 915)
Net gains/(losses) from securities	(245 814)	(506)	–	(246 320)
<i>Realized gains</i>	4 188	–	–	4 188
<i>Realized losses</i>	(14 301)	–	–	(14 301)
<i>Unrealized gains</i>	149 883	–	–	149 883
<i>Unrealized losses</i>	(385 584)	(506)	–	(386 090)
Closing balance as at 30.06.2023 at fair values	2 557 054	15 673	–	2 572 727

Securities comprise the following:

Company	Number 31.12.2022	Change	Number 30.06.2023	Market price in original currency 30.06.2023	Valuation CHF mn 30.06.2023	Valuation CHF mn 31.12.2022	
Ionis Pharmaceuticals	9 635 000	(335 300)	9 299 700	USD	41.03	341.7	336.4
Argenx SE	892 503	(27 503)	865 000	USD	389.73	301.9	312.6
Vertex Pharmaceuticals	930 523	(80 523)	850 000	USD	351.91	267.9	248.4
Neurocrine Biosciences	2 730 000	(140 000)	2 590 000	USD	94.30	218.7	301.5
Intra-Cellular Therapies	3 291 479	(141 479)	3 150 000	USD	63.32	178.6	161.0
Moderna	1 501 951	(26 951)	1 475 000	USD	121.50	160.5	249.4
Alnylam Pharmaceuticals	890 000	(15 000)	875 000	USD	189.94	148.8	195.5
Incyte	2 891 077	(274 077)	2 617 000	USD	62.25	145.9	214.7
Sage Therapeutics	2 950 278	129 722	3 080 000	USD	47.02	129.7	104.0
Revolution Medicines	4 777 562	(102 562)	4 675 000	USD	26.75	112.0	105.2
Agios Pharmaceuticals	4 030 792	(30 792)	4 000 000	USD	28.32	101.5	104.6
Celldex Therapeutics	1 800 000	–	1 800 000	USD	33.93	54.7	74.2
Arvinas	2 136 412	(16 412)	2 120 000	USD	24.82	47.1	67.6
Relay Therapeutics	4 120 720	(20 720)	4 100 000	USD	12.56	46.1	56.9
Macrogenics	8 929 963	650 000	9 579 963	USD	5.35	45.9	55.4
Crispr Therapeutics	888 605	(8 605)	880 000	USD	56.14	44.2	33.4
Exelixis	2 654 500	(129 500)	2 525 000	USD	19.11	43.2	39.4
Black Diamond Therapeutics	5 377 839	2 740 000	8 117 839	USD	5.05	36.7	8.9
Fate Therapeutics	4 839 779	–	4 839 779	USD	4.76	20.6	45.1
Beam Therapeutics	693 121	–	693 121	USD	31.93	19.8	25.1
Essa Pharma	7 879 583	–	7 879 583	USD	2.70	19.1	18.4
Generation Bio Co.	3 608 280	–	3 608 280	USD	5.50	17.8	13.1
Mersana Therapeutics	4 066 200	1 139 725	5 205 925	USD	3.29	15.3	22.0
Wave Life Sciences	4 494 458	–	4 494 458	USD	3.64	14.7	29.1
Scholar Rock Holding	2 132 725	–	2 132 725	USD	7.54	14.4	17.8
Esperion Therapeutics	4 194 064	–	4 194 064	USD	1.39	5.2	24.2
Molecular Templates	11 192 003	–	11 192 003	USD	0.48	4.8	3.4
Myovant Sciences	5 872 639	(5 872 639)	–	USD	n.a.	–	146.4
Kezar Life Sciences	3 000 000	(3 000 000)	–	USD	n.a.	–	19.5
Homology Medicines	1 622 522	(1 622 522)	–	USD	n.a.	–	1.9
Listed shares						2 557.1	3 035.2
Rivus Pharmaceuticals				USD		15.7	16.2
Unlisted shares						15.7	16.2
Total shares						2 572.7	3 051.3
Radius Health – Contingent Value Right	8 733 538	–	8 733 538	USD	0.00	–	–
Total derivative instruments						–	–
Total securities						2 572.7	3 051.3

4. Short-term borrowings from banks

At June 30, 2023, a CHF 308.5 mn short-term loan is outstanding with interest payable at 2.10% p.a. (December 31, 2022: CHF 363 mn at 1.36% p.a.).

5. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (December 31, 2022: 55.4 mn) with a par value of CHF 0.20 each (December 31, 2022: CHF 0.20).

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, 2023, to June 30, 2023, the Company has not bought or sold any treasury shares (01.01.–30.06.2022: Purchase of 299 813 treasury shares to the amount of TCHF 18 484; no sales). As at June 30, 2023, the Company holds 554 000 treasury shares (December 31, 2022: 554 000 shares). The treasury shares as at June 30, 2023, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 36 508 (December 31, 2022: TCHF 36 508).

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 June 30, 2023, 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.

6. Administrative expenses

Administrative expenses comprise the following:

in CHF 1 000	01.01.–30.06.2023	01.01.–30.06.2022
Investment manager		
– Management fees	15 231	18 965
Personnel		
– Board of Directors remuneration	840	710
– Wages and salaries	158	153
– Social insurance contributions and duties	66	72
	16 295	19 900

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

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

7. 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	01.01.–30.06.2023	01.01.–30.06.2022
Switzerland	8 598	(12 586)
Great Britain	1 818	(14 283)
Canada	696	(49 864)
Netherlands	(1 375)	34 179
Singapore	(14 434)	841
Curaçao	(18 391)	(20 247)
USA	(244 215)	(470 927)
	(267 303)	(532 887)

8. Earnings per share

	01.01.–30.06.2023	01.01.–30.06.2022
Total comprehensive profit/(loss) for the period (in CHF 1 000)	(267 333)	(532 926)
Weighted average number of shares in issue	54 846 000	55 141 541
Income per share in CHF	(4.87)	(9.66)
Income used to determine diluted income per share (in CHF 1 000)	(267 333)	(532 926)
Weighted average number of shares in issue following the dilution	54 846 000	55 141 541
Diluted income per share in CHF	(4.87)	(9.66)

9. Assets pledged

At June 30, 2023, securities in the amount of CHF 2 572.7 mn (December 31, 2022: CHF 3 051.3 mn) are collateral for a credit line of CHF 700 mn (December 31, 2022: CHF 700 mn). At June 30, 2023, a CHF 308.5 mn short-term loan is outstanding (December 31, 2022: CHF 363 mn).

10. Transactions with the Investment Manager and related party transactions

Detailed information regarding the remuneration model for the Board of Directors and the investment manager are mentioned under note «6. Administrative Expenses».

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

The Group had no commitments or other off-balance sheet transactions open at June 30, 2023 and December 31, 2022.

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at June 30, 2023, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2022: none).

12. Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at June 30, 2023 and December 31, 2022.

13. Subsequent events

There have been no events subsequent to June 30, 2023, which would affect the condensed consolidated interim financial statements.

Report on the review of condensed consolidated interim financial statements

Introduction

In accordance with the terms of our engagement, we have reviewed the condensed consolidated interim financial statements (consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow and selected explanatory notes) of BB Biotech AG for the period ended 30 June 2023.

These condensed consolidated interim financial statements in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting of the SIX Swiss Exchange are the responsibility of the Board of Directors whereas our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Swiss Auditing Standard 910 (SAS 910) «Engagements to Review Financial Statements» and the International Standard on Review Engagements (ISRE) 2410 «Review of interim financial information performed by the independent auditor of the entity». This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed consolidated interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not give a true and fair view of all material respects of the net assets, the financial position and results of operations in accordance with International Accounting Standard 34 Interim Financial Reporting and article 14 of the Directive on Financial Reporting of the SIX Swiss Exchange.

Deloitte AG

Marcel Meyer
Audit expert
Auditor in charge

Alexander Kosovan
Audit expert

Zurich, 19 July 2023

Deloitte AG, Pfingstweidstrasse 11, CH-8005 Zurich
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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 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.



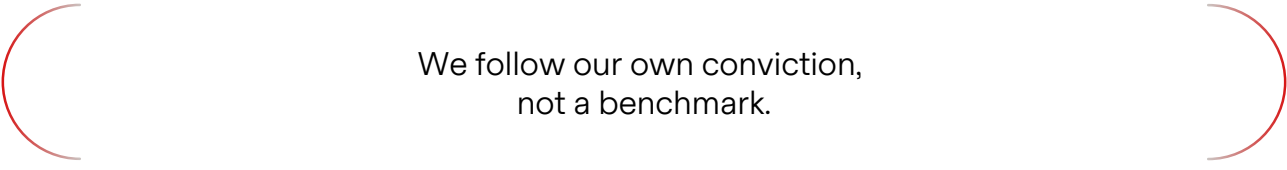
Multi-stage due diligence process based on bottom-up fundamental analysis

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

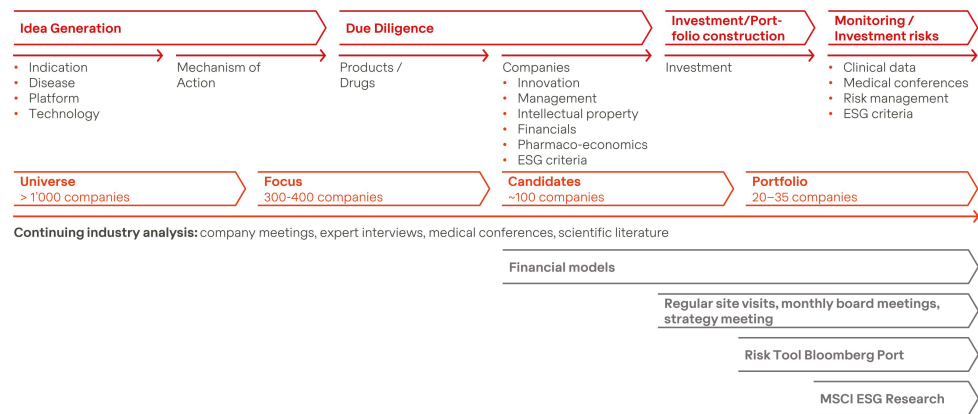
BB Biotech's investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are established large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional 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 1 000 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 HoffmannLa 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 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 June 30, 2023

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% free-float
Security number Switzerland:	3 838 999
Security number in Germany and Italy:	A0NFN3
ISIN:	CH0038389992

Quotes and reports

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

Facts & figures

BB Biotech

Foundation	November 9, 1993, Schaffhausen, Switzerland
Issue price adj. 15.11.1993	CHF 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 30.06.2023	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	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

Interim Report as at September 30, 2023	October 20, 2023, 7.00 AM CET
Portfolio as at December 31, 2023	January 19, 2024, 7.00 AM CET
Annual Report 2023	February 16, 2024, 7.00 AM CET
Annual General Meeting 2024	March 21, 2024, 3.00 PM CET

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

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«For reasons of readability, the masculine form is used for gender-specific designations and personal nouns in this interim report. Corresponding terms apply to all genders in line with equal treatment. The abbreviated language form is only for editorial reasons and does not contain any value judgements. All genders may feel equally addressed by this content. We thank you for your understanding.»

BB Biotech Newsletter

Would you like to receive regular information about BB Biotech in the future? Register here for our newsletter.



