

# Q2

INTERIM REPORT  
AS AT 30.06.2021

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# PERFORMANCE / MULTI-YEAR COMPARISON

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## Indexed performance since launch (in CHF)

### BB Biotech AG (SIX)-CHF



### Rolling performance

	SHARE	NAV	NBI TR
30.06.2020 – 30.06.2021	30.9%	17.0%	17.8%
30.06.2019 – 30.06.2020	11.7%	20.1%	22.3%
28.06.2018 – 28.06.2019	4.7%	5.6%	(0.6%)
29.06.2017 – 29.06.2018	20.2%	3.1%	10.1%
30.06.2016 – 30.06.2017	38.3%	32.3%	18.8%

### Annual performance

	SHARE	NAV	NBI TR
2020	19.3%	24.3%	15.8%
2019	18.5%	23.4%	23.0%
2018	(5.2%)	(14.5%)	(8.0%)
2017	22.9%	23.4%	16.4%
2016	0.2%	(19.3%)	(20.0%)

### Cumulated performance

30.06.2021

	SHARE	NAV	NBI TR
YTD	22.2%	8.9%	13.5%
1 year	30.9%	17.0%	17.8%
3 years	51.3%	46.3%	41.5%
5 years	148.8%	100.8%	85.9%
since inception <sup>1)</sup>	3 502%	2 824%	1 549%

<sup>1)</sup> 09.11.1993

### Annualized performance

30.06.2021

	SHARE	NAV	NBI TR
1 year	30.9%	17.0%	17.8%
3 years	14.8%	13.5%	12.3%
5 years	20.0%	15.0%	13.2%
since inception <sup>1)</sup>	13.8%	13.0%	10.7%

<sup>1)</sup> 09.11.1993

## BB BIOTECH AG (XETRA)-EUR



## Rolling performance

	SHARE	NAV	NBI TR
30.06.2020 – 30.06.2021	26.5%	13.5%	14.4%
30.06.2019 – 30.06.2020	17.0%	25.3%	27.4%
28.06.2018 – 28.06.2019	9.9%	9.8%	3.5%
29.06.2017 – 29.06.2018	13.5%	(2.6%)	3.9%
30.06.2016 – 30.06.2017	35.7%	31.0%	17.4%

## Annual performance

	SHARE	NAV	NBI TR
2020	18.1%	24.8%	16.1%
2019	23.4%	28.1%	27.6%
2018	(2.2%)	(11.1%)	(4.3%)
2017	12.9%	12.5%	6.7%
2016	1.7%	(17.8%)	(19.0%)

## Cumulated performance

30.06.2021

	SHARE	NAV	NBI TR
YTD	21.3%	7.3%	12.0%
1 year	26.5%	13.5%	14.4%
3 years	60.1%	54.2%	49.5%
5 years	143.8%	98.6%	83.5%
since inception <sup>1)</sup>	2 742%	2 214%	1 481%

<sup>1</sup> 10.12.1997

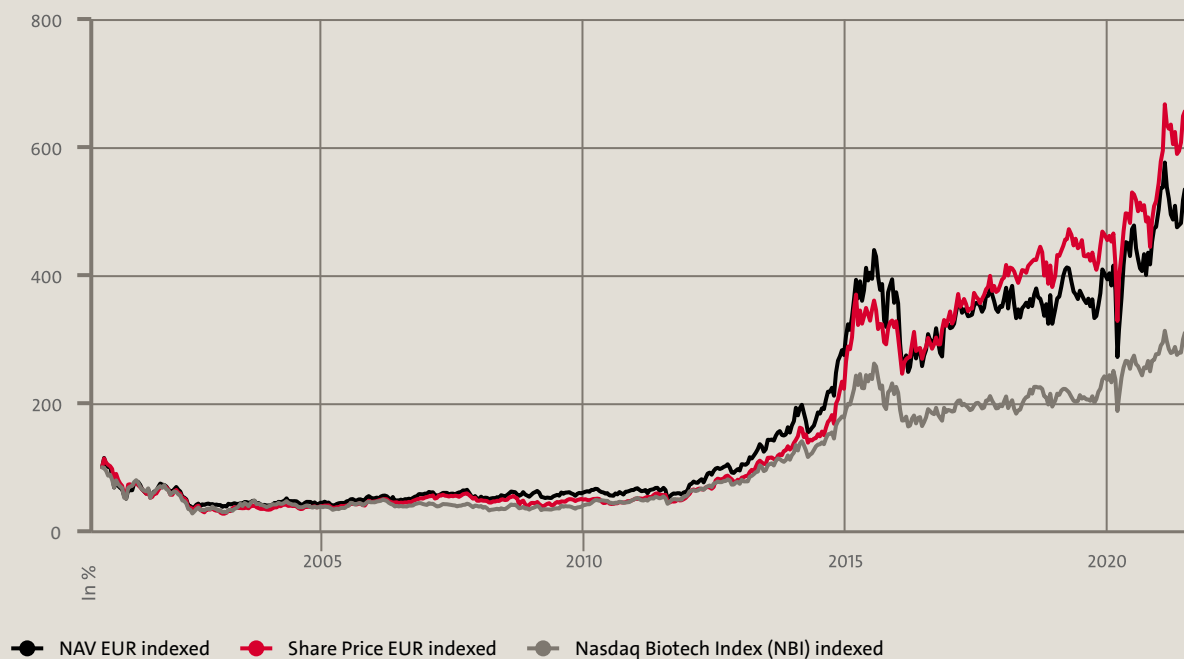
## Annualized performance

30.06.2021

	SHARE	NAV	NBI TR
1 year	26.5%	13.5%	14.4%
3 years	16.9%	15.5%	14.3%
5 years	19.5%	14.7%	12.9%
since inception <sup>1)</sup>	15.3%	14.3%	12.4%

<sup>1</sup> 10.12.1997

## BB BIOTECH AG (MILAN)-EUR



## Rolling performance

	SHARE	NAV	NBI TR
30.06.2020 – 30.06.2021	27.4%	13.5%	14.4%
30.06.2019 – 30.06.2020	15.1%	25.3%	27.4%
28.06.2018 – 28.06.2019	9.8%	9.8%	3.5%
29.06.2017 – 29.06.2018	14.1%	(2.6%)	3.9%
30.06.2016 – 30.06.2017	36.3%	31.0%	17.4%

## Annual performance

	SHARE	NAV	NBI TR
2020	19.7%	24.8%	16.1%
2019	22.6%	28.1%	27.6%
2018	(1.3%)	(11.1%)	(4.3%)
2017	12.2%	12.5%	6.7%
2016	1.2%	(17.8%)	(19.0%)

## Cumulated performance

30.06.2021

	SHARE	NAV	NBI TR
YTD	20.3%	7.3%	12.0%
1 year	27.4%	13.5%	14.4%
3 years	59.4%	54.2%	49.5%
5 years	144.5%	98.6%	83.5%
since inception <sup>1)</sup>	556%	434%	210%

<sup>1</sup> 19.10.2000

## Annualized performance

30.06.2021

	SHARE	NAV	NBI TR
1 year	27.4%	13.5%	14.4%
3 years	16.8%	15.5%	14.3%
5 years	19.6%	14.7%	12.9%
since inception <sup>1)</sup>	9.5%	8.4%	5.6%

<sup>1</sup> 19.10.2000

## Multi-year comparison

	<b>30.06.2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Market capitalization at the end of the period (in CHF mn)	4 819.8	4 107.9	3 670.3	3 235.4	3 576.1
Net Asset Value at the end of the period (in CHF mn)	4 047.0	3 887.5	3 393.0	2 884.5	3 538.7
Number of shares (in mn)	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	1 269.7	2 315.6	2 004.2	2 610.7	2 864.7
Profit/(loss) (in CHF mn)	349.5	691.2	677.4	(471.3)	687.5
Closing price at the end of the period in CHF	87.00	74.15	66.25	58.40	64.55
Closing price (G) at the end of the period in EUR	79.25	68.00	61.40	52.00	55.68
Closing price (I) at the end of the period in EUR	79.20	68.50	61.00	52.00	55.20
Stock performance (incl. distributions) <sup>1)</sup>	22.2%	19.3%	18.5%	(5.2%)	22.9%
High/low share price in CHF	92.20/73.40	74.70/45.44	73.20/59.35	74.10/56.10	67.80/52.10
High/low share price in EUR	86.20/67.80	69.00/43.04	64.70/52.10	64.80/48.60	59.10/48.42
Premium/(discount) (annual average)	15.4%	9.2%	11.8%	9.7%	(2.5%)
Dividend in CHF	N.A.	3.60	3.40	3.05	3.30
Degree of investment (quarterly figures)	108.4%	106.8%	109.1%	108.4%	103.1%
Total Expense Ratio (TER) p.a. <sup>2)</sup>	1.23%	1.25%	1.26%	1.25%	1.27%

<sup>1)</sup> All figures in CHF %, total return-methodology

<sup>2)</sup> Based on market capitalization

# SHAREHOLDER LETTER

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*«Healthcare markets rebounded from the April sell-off to close the second quarter in positive territory»*

**Dr. Erich Hunziker**  
Chairman

## Dear Shareholders

During the second quarter 2021, economies continued their recovery from the early pandemic impact. Lock down restrictions were eased in countries with higher vaccination rates. Despite tangible progress, the world is caught up in a race between achieving high immunization rates and the emergence of new SARS-CoV-2 variants. The urgency has led some governments to consider lifting intellectual property protection, potentially changing strategy to large vaccine purchases from private companies and then granting the products to nations in need.

Although the broader equity markets rallied once again to new highs, growth sectors such as tech and healthcare experienced volatility during the second quarter. The economic rebound created short-term inflation signals, fostering investor concern about possible interest rate hikes. This led in turn to capital outflow from growth sectors. Investors took comfort once central banks assured these trends as short-lived. The US Federal Reserve Bank's guidance for limited rate hikes in the coming years assuaged investor fears further. So capital flows reversed and healthcare and tech rebounded from the April sell-off, and broader equity markets reached new all-time highs.

During the second quarter, most indices' total returns reached high single digits such as the S&P 8.6%, the Dow Jones 5.1% and the Nasdaq Composite Index 9.7% (all values in USD). Some European markets indexes such as the EuroStoxx 50 (+5.3%, in EUR) and the Dax (+3.5%, in EUR) were slightly less up, with the Swiss SPI Index (+9.5%, in CHF) in line to the US markets.

Healthcare markets rebounded from the April sell-off to close the second quarter in positive territory. Driven by the SARS-CoV-2 vaccine players, the controversial approval of Aduhelm to treat Alzheimer's disease and substantial value appreciations for many gene editing companies, the broad MSCI World Healthcare Index (+9.3%, in USD), and Nasdaq Biotech Index (+9.2%, in USD) posted impressive gains.



### BB Biotech second quarter and half year 2021 performance

BB Biotech's share price was 5.8% in CHF and 6.1% in EUR during the second quarter 2021. The Net Asset Value (NAV) grew 3.3% in CHF, 4.2% in EUR and 5.3% in USD. Consequently, net profit for the second quarter was CHF 129 mn compared to the extraordinary net profit of CHF 1.18 bn for the same period in 2020. For the first half of 2021, the total share price return was 22.2% in CHF and 21.3% in EUR, including the dividend. This was ahead of the Net Asset Value appreciation of 8.9% in CHF, 7.3% in EUR and 4.1% in USD. This resulted in a net profit of CHF 349 mn for the first half of 2021 compared to the CHF 422 mn figure reported for the same period of last year. Exchange-rate fluctuations in the USD/CHF currency pair contributed first half 2021 performance by approximately 4.8%.

### Change to the Board of Directors of BB Biotech

AstraZeneca has announced that Dr. Susan Galbraith will be promoted to lead worldwide Oncology Research & Development from initial discovery through late-stage development, consequently, Dr. Galbraith informed BB Biotech that she will resign from the Board of Directors of BB Biotech AG with immediate effect. While we regret the loss of Dr. Galbraith who has already made great contributions as a Board member, we fully understand her need to focus on her remarkably consequential new assignment, we congratulate her on the new role and wish Dr. Galbraith all the best in future endeavors. Dr. Galbraith will continue to make substantial contributions to worldwide development of new cancer treatments and we are honored to have had her as a Board member. BB Biotech will launch a search for a new candidate for election to the Board of Directors at its next Annual General Meeting.

### Second quarter 2021 portfolio activity

The investment team paused in terms of new portfolio additions in the second quarter, focusing instead on our existing smaller and mid cap companies and on the volatile situations such as the SARS-CoV-2 vaccine updates, the controversial approval of Biogen's Aduhelm and the many clinical trial updates from within our existing portfolio. With the US Federal Trade Commission's greenlight for the Alexion take-over by AstraZeneca, Alexion's share price moved closer to the deal value of USD 60 per share and 2.1243 shares of AstraZeneca's American Depositary Shares, allowing the investment team to sell the entire Alexion stake with substantial realized profits.

Capital released from the Alexion position together with continued profits from Halozyme were allocated to build on our newer portfolio positions such as Fate Therapeutics, Revolution Medicines, Relay Therapeutics, Essa Pharma and Molecular Templates.

*«Capital released from the Alexion position together with continued profits from Halozyme were allocated to build on our newer portfolio positions»*

Additional capital was generated from gains in the Biogen share price following the Aduhelm approval, Moderna's continued rally to become the second largest market cap company in the biotech universe, and from Agios following the oncology division sale to Servier. These funds were re-deployed – adding to positions in companies with depressed prices consequent to certain short-term setbacks such as Vertex (disappointment around the A1AT pipeline update). Other capital was invested into innovative smaller and mid cap companies with substantial pipeline and growth opportunities including Sage, MacroGenics, Black Diamond and Ionis who each presented buying opportunities associated with pipeline updates or short-term clinical trial results.

Overall, actively managing 33 positions in the portfolio, the investment level decreased slightly from 109.2% to 107.5% during the second quarter 2021. This offers sufficient capital flexibility for the investment team to continue to identify and invest in novel opportunities within the boundaries of the established investment guidelines – an investment level of 95% to 115% and a maximum of 35 positions.

### Second quarter 2021 developments in the portfolio

Investors remained focused on COVID-19 vaccines, benchmarking the various approaches regarding vaccine efficacy on symptomatic infection, protection against a severe disease course, safety, tolerability, convenience and to some extent cost. The modified mRNA vaccines' dominance based on the strong efficacy seen against original virus strain as well as a favorable safety profile was extended by reports of adequate neutralizing antibody titer levels against most of the emergent SARS-CoV-2 variants. Furthermore, the versatility of the mRNA technology enables rapid adaptation to newly emerging and challenging variants to create booster strategies, which in our view will drive global demand for mRNA vaccines well into 2022 and beyond. Moderna has guided for over USD 18 bn in mRNA1273 revenues for 2021 and has announced multiple long-term government contracts.

In contrast to the opportunities reported for SARS-CoV-2 vaccines, certain segments of the pharmaceutical market – particularly those more dependent on traditional patient and physician interactions – have not yet recovered to pre-pandemic levels. Companies in our portfolio such as Neurocrine, Radius and Esperion reported first quarter results apparently still impacted negatively by the pandemic. Nevertheless, management updates have become more upbeat during first quarter earnings calls, with leaders guiding to an improved anticipated prescription growth for the second half of 2021.

Late-stage clinical trial results and multiple proof-of-concept clinical milestones were reported by companies in our portfolio during the second quarter of 2021:

- Sage and its development partner Biogen announced that the Phase III WATERFALL study of Zuranolone (SAGE-217/BIIB125) 50 mg in patients with major depression disorder met its primary endpoint. Zuranolone achieved a statistically significant improvement in depression symptoms as assessed by the Hamilton Rating Scale for Depression total score. The market was less impressed than we were, since we view Zuranolone as approvable with an expected market entry in 2022 into a large MDD market. We therefore added shares to the existing position at favorable prices.
- Crispr and Vertex presented more data for patients with sickle cell disease (SCD) or beta thalassemia treated with CTX-001, and longer-term follow-up for earlier patient cohorts. So far, all patients undergoing the CTX-001 therapy have reported bone marrow engraftment with substantial increase in fetal hemoglobin (HbF) levels, rendering patients free of blood transfusions (beta-thalassemia patients) or free of veno-occlusive crisis (sickle cell disease). The positive data triggered Vertex to increase its CTX-001 profit ownership by a further 10% for USD 1.1 bn in upfront and near-term milestone cash payment to Crispr Therapeutics.
- Moderna announced positive initial booster data against SARS-CoV-2 variants of concern. A single 50 microgram dose of either mRNA1273 (half the dose of the currently approved vaccine) or mRNA1273.351 given as booster injections to previously vaccinated individuals increased neutralizing antibody titers against SARS-CoV-2 and two variants of concern B.1.351 (beta variant first identified in South Africa) and P.1. (gamma variant first identified in Brazil). Moderna is testing additional strategies such as a polyvalent combination of 25 ug mRNA1273 and 25 ug of mRNA1273.351. The flexibility and speed of adaptation of the mRNA technology will be key to fight newly emerging virus variants.
- Vertex announced topline results for VX-864 in patients with alpha-1 antitrypsin deficiency (A1AT). Although VX-864 treatment resulted in an increase in functional AAT in plasma, the levels achieved were deemed clinically sub-relevant. In consequence, the company outlined to stop further development of VX-864 and to invest in next generation small molecules with enhanced

- efficacy. Following a sharp correction, the company initiated a USD 1.5 bn share repurchase program supported by the market leading cystic fibrosis business.
- Ionis, just recovering from the disappointment of the Huntington's disease program in collaboration with Roche stopped in the first quarter, announced that the most advanced inhaled lung delivery program targeting ENAC for cystic fibrosis was stopped due to some findings in animal toxicity studies. It is worth mentioning that the siRNA-based competitor Arrowhead Pharmaceuticals was forced to put their early clinical program on hold due to similar findings of lung inflammation in rats in long-term toxicology studies. For the second half of 2021, Ionis and its development partner Biogen are expected to announce Phase III results for Tofersen in patients with amyotrophic lateral sclerosis (ALS) with a mutation in the SOD1 gene. These results, if positive together with other proof of concept Phase II studies, are expected to improve the overall credibility of Ionis' antisense platform and its application within neurology.
  - Black Diamond announced initial data from the Phase I dose-escalation portion of the MasterKey-01 trial of BDTX-189 in patients with advanced solid tumors harboring certain oncogenic alterations in the epidermal growth factor receptor (EGFR) and human epidermal growth factor receptor 2 (HER2) oncogenes. Some evidence of anti-cancer activity and a tolerability profile that reproduced the company's preclinical expectations were presented. As investors were expecting a more meaningful efficacy signal, the presented data was disappointing for many and led to halving of the company's valuation. Further data from the safety expansion towards the end of the year as well as Phase II expansion cohorts delivering data in more homogenous patient populations in 2022, BDTX-189 will have an opportunity to prove its efficacy and worth. The investment team has added to the position.
  - Scholar Rock presented 12-month data from a Phase II trial. In the TOPAZ trial, treatment with apitegromab in conjunction with nusinersen in patients with type 2 and 3 spinal muscular atrophy (SMA) led to meaningful motor function improvements as measured by the hammersmith functional motor symptoms score (HFMS). The company plans to start a registrational Phase III trial in late 2021 adding apitegromab to either nusinersen or risdiplam in type 2 and type 3 SMA patients.

Next to clinical trial results, important, in one case a highly controversial FDA decision was announced in the second quarter 2021 for our portfolio companies:

- Biogen and Eisai announced that the US Food and Drug Administration (FDA) has granted accelerated approval for Aduhelm (aducanumab) as the first and only Alzheimer's disease treatment to address a defining pathology of the disease by reducing amyloid beta plaques in the brain. The accelerated approval has been granted based on data from clinical trials demonstrating the effect of Aduhelm on reducing amyloid beta plaques, a biomarker that is reasonably likely to predict clinical benefit, in this case a reduction in cognitive decline. The approval for Aduhelm may be contingent upon verification of clinical benefit in confirmatory trials. The controversial approval led to a significant appreciation in Biogen's and Eisai's share price. With the announcement of two breakthrough designations (BTD) for Biogen's BAN2401 and Eli Lilly's donanemab, the FDA signaled its positive stance towards other molecules targeting certain forms of beta amyloids.
- Myovant Sciences and its partner Pfizer announced that the FDA has approved Myfembree (relugolix 40 mg, estradiol 1 mg, and norethindrone acetate 0.5 mg), the first once-daily treatment for the management of heavy menstrual bleeding associated with uterine fibroids in premenopausal women. Under the terms of their previously announced collaboration, Myovant and Pfizer will jointly commercialize Myfembree in the US by June 2021. In addition, the EMA has recently approved Ryego (relugolix 40 mg, estradiol 1 mg, and norethindrone acetate 0.5 mg) for the treatment of moderate to severe symptoms of uterine fibroids.

A quiet M&A market continued into the second quarter, even as large biopharma companies accelerated licensing activities in recent months. A large transaction was announced in which Vertex paid Crispr Therapeutics USD 1.1 bn to increase the CTX-001 profit ownership from 50% to 60%. Halozyme added another ENHANZE deal with ViiV Healthcare for ViiV's pipeline of HIV medicines. Two of our portfolio holdings reacquired drug rights from partners. Argenx announced

that the company had regained worldwide rights to its anti-CD70 antibody cusatuzumab from Janssen Pharmaceutical, and Molecular Templates disclosed that the company will assume full rights to TAK-169, a second-generation ETB targeting CD38 to be tested in multiple myeloma patients. Both announcements led to temporary share price declines.

### Outlook for second half 2021

In the second half of 2021, investors will likely monitor the launch of Aduhelm for treating Alzheimer's disease patients from Biogen. Some providers have already declared their dissatisfaction with the data. The strategic implications of FDA's controversial decision remain to be seen and the Agency has commissioned an investigation of its own conduct by the Office of the Inspector General. This story has further chapters to play out. Besides Aduhelm, other drugs expected to rebound in a post pandemic scenario include Neurocrine's Ingrezza, Esperion's Nexlizet/ Nexletol franchise or Radius' Tymlos for women with osteoporosis.

Meanwhile, we await the Biden administration announcement of a new FDA commissioner candidate. Another focus point influencing investors might arise from the outcome of the initiatives of the Biden administration to limit drug prices.

More recently, high expectations from Wall Street regarding performance of gene editing companies (e.g. after early in vivo gene editing clinical data from Intellia Therapeutics) have left some valuations behind. The investment team sees attractive valuations in other subsectors and expects to allocate further capital to attractive companies for superior mid and longer-term returns.

We also believe that the second half of 2021 will continue to be dominated by the SARS-CoV-2 pandemic, with scientists and health experts carefully monitoring the emergence of virus variants. Vaccines already approved and widely used will be tested for their efficacy against new strains. Most importantly, booster injections are developed consisting of a third injection to boost the immune system of already vaccinated subjects or to be tailored specifically to address the challenging emergent strains.

Beyond the evolving picture of the global COVID-19 vaccine roll-out and booster strategies, important regulatory review decisions are expected in the second half of 2021, including:

- Argenx is expected to achieve FDA market authorization in late 2021 for Efgartigimod to treat generalized myasthenia gravis (gMG) patients
- Agios is expecting FDA approval for mitapivat to treat pyruvate kinase deficiency
- Intra-Cellular filed an sNDA and announced a PDUFA action data in late 2021 for Caplyta to treat bipolar I and bipolar II patients

Further important clinical trial results for both individual pipeline assets as well as platform technologies for the upcoming months include but are not limited to the following:

- Ionis and its development partner Biogen are expected to report results from their Phase III for tofersen for slowing the disease progression in ALS patients carrying a SOD1 mutation
- Radius is expected to report results from the Phase III wearABLE trial examining transdermally delivered abaloparatide in a non-inferiority trial against its subcutaneous version with lumbar spine bone mineral density at 12 months being the primary endpoint
- Neurocrine is expected to disclose Phase III results from KINECT-HD, testing valbenazine for the treatment of chorea associated with Huntington's disease
- Relay is expected to report proof of concept for its highly selective FGFR2 inhibitor RLY-4008 in patients with intrahepatic cholangiocarcinoma and other advanced solid tumors

Finally, we observe an accelerating and continued increase in data generated within the biopharma industry and academia, which is further fueled by a convergence with information technology and

computational capabilities. BB Biotech's investment team intends to exploit this trend and is expanding advanced analytics, artificial intelligence capabilities and underlying data infrastructure. We believe that the democratization of cloud computing in recent years enables our team to make use of large patient-centric datasets to guide investment decisions. Natural language processing may support the processing and digestion of news flow, company or asset tracking. Machine-learning and AI capabilities will enrich our diligence process with the potential to expand our investment universe. The industry-driven solutions for the pandemic have created important momentum in the sector – which we expect to support further IPOs, capital increases, and investment exits at attractive share prices. The sector is vibrant and growing with real force.

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

The Board of Directors of BB Biotech AG



**Dr. Erich Hunziker**  
Chairman



**Dr. Clive Meanwell**



**Prof. Dr. Mads Krogsgaard  
Thomsen**



**Dr. Thomas von Planta**

# PORTFOLIO AT A GLANCE

## Securities as at June 30, 2021

Company	Number of securities	Change since 31.12.2020	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Moderna	2 450 000	(404 963)	USD	234.98	532.5	12.2%	13.2%	0.6%
Ionis Pharmaceuticals	9 112 973	892 973	USD	39.89	336.3	7.7%	8.3%	6.5%
Argenx SE	955 538	34 206	USD	301.07	266.1	6.1%	6.6%	1.9%
Neurocrine Biosciences	2 915 400	(119 600)	USD	97.32	262.4	6.0%	6.5%	3.1%
Incyte	2 897 000	(3 000)	USD	84.13	225.4	5.2%	5.6%	1.3%
Agios Pharmaceuticals	4 304 992	146 090	USD	55.11	219.5	5.0%	5.4%	7.0%
Fate Therapeutics	2 546 336	516 336	USD	86.79	204.4	4.7%	5.1%	2.7%
Vertex Pharmaceuticals	1 050 000	150 000	USD	201.63	195.8	4.5%	4.8%	0.4%
Alnylam Pharmaceuticals	1 110 000	(45 000)	USD	169.52	174.1	4.0%	4.3%	0.9%
Biogen	500 000	(37 000)	USD	346.27	160.1	3.7%	4.0%	0.3%
Macrogenics	6 275 564	1 460 000	USD	26.86	155.9	3.6%	3.9%	10.5%
Arvinas	2 176 903	–	USD	77.00	155.0	3.6%	3.8%	4.4%
Crispr Therapeutics	949 584	48 700	USD	161.89	142.2	3.3%	3.5%	1.3%
Intra-Cellular Therapies	3 488 419	(50 000)	USD	40.82	131.7	3.0%	3.3%	4.3%
Radius Health	7 455 714	–	USD	18.24	125.8	2.9%	3.1%	15.8%
Sage Therapeutics	2 325 104	785 000	USD	56.81	122.2	2.8%	3.0%	4.0%
Myovant Sciences	5 222 039	465 000	USD	22.77	110.0	2.5%	2.7%	5.7%
Relay Therapeutics	2 620 962	1 211 605	USD	36.59	88.7	2.0%	2.2%	2.8%
Esperion Therapeutics	4 477 964	530 000	USD	21.15	87.6	2.0%	2.2%	15.9%
Beam Therapeutics	606 821	210 000	USD	128.71	72.2	1.7%	1.8%	1.0%
Molecular Templates	9 542 621	3 162 290	USD	7.82	69.0	1.6%	1.7%	17.0%
Essa Pharma	2 440 814	2 440 814	USD	28.57	64.5	1.5%	1.6%	6.0%
Generation Bio Co.	2 453 180	120 000	USD	26.90	61.0	1.4%	1.5%	4.3%
Scholar Rock Holding	2 275 125	19 474	USD	28.90	60.8	1.4%	1.5%	6.6%
Halozyne Therapeutics	1 331 966	(2 638 034)	USD	45.41	55.9	1.3%	1.4%	0.9%
Revolution Medicines	1 805 105	1 805 105	USD	31.74	53.0	1.2%	1.3%	2.5%
Exelixis	2 835 000	–	USD	18.22	47.8	1.1%	1.2%	0.9%
Nektar Therapeutics	2 620 676	–	USD	17.16	41.6	1.0%	1.0%	1.4%
Black Diamond Therapeutics	3 440 000	2 050 000	USD	12.19	38.8	0.9%	1.0%	9.5%
Mersana Therapeutics	2 860 000	975 000	USD	13.58	35.9	0.8%	0.9%	4.1%
Kezar Life Sciences	4 533 148	–	USD	5.43	22.8	0.5%	0.6%	9.4%
Wave Life Sciences	2 602 858	–	USD	6.66	16.0	0.4%	0.4%	5.2%
Homology Medicines	1 737 122	–	USD	7.27	11.7	0.3%	0.3%	3.0%
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	USD	0.88	2.3	0.1%	0.1%	

<b>Total securities</b>			<b>4 349.3</b>	<b>100.0%</b>	<b>107.5%</b>
Other assets			7.8		0.2%
Other liabilities			(310.1)		(7.7%)
<b>Net asset value</b>			<b>4 047.0</b>		<b>100.0%</b>
BB Biotech registered shares <sup>1)</sup>	–	(114 662)			

<sup>1)</sup> Correspond to the total of all own shares held including the second trading line

Exchange rate as at 30.06.2021: USD/CHF: 0.9250

# CONSOLIDATED BALANCE SHEET

(in CHF 1 000)

	Notes	30.06.2021	31.12.2020
<b>Current assets</b>			
Cash and cash equivalents		3 174	6 816
Receivables from brokers		4 457	1 521
Securities	4	4 349 265	3 954 659
Other assets		174	139
		<b>4 357 070</b>	<b>3 963 135</b>
<b>Total assets</b>		<b>4 357 070</b>	<b>3 963 135</b>
<b>Current liabilities</b>			
Short-term borrowings from banks	5	300 000	63 000
Payables to brokers		4 155	6 576
Other short-term liabilities		5 736	5 709
Tax liabilities		179	303
		<b>310 070</b>	<b>75 588</b>
<b>Total liabilities</b>		<b>310 070</b>	<b>75 588</b>
<b>Shareholders' equity</b>			
Share capital	6	11 080	11 080
Treasury shares	6	–	(8 241)
Retained earnings		4 035 920	3 884 708
		<b>4 047 000</b>	<b>3 887 547</b>
<b>Total liabilities and shareholders' equity</b>		<b>4 357 070</b>	<b>3 963 135</b>
Net asset value per share in CHF		73.05	70.30

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

The consolidated financial statements were approved by the Board of Directors of BB Biotech AG on July 20, 2021.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in CHF 1 000)

	Notes	01.01.–30.06.2021	01.01.–30.06.2020	01.04.–30.06.2021	01.04.–30.06.2020
<b>Operating income</b>					
Net gains from securities	4	379 813	444 506	144 258	1 191 232
Interest income		–	7	–	7
Dividend income		–	243	–	–
Other income		4	3	1	–
		<b>379 817</b>	<b>444 759</b>	<b>144 259</b>	<b>1 191 239</b>
<b>Operating expenses</b>					
Finance expenses		(397)	(491)	(354)	(266)
Foreign exchange losses		(474)	(4)	(681)	(42)
Administrative expenses	7	(25 985)	(19 788)	(12 907)	(10 103)
Other expenses		(3 428)	(2 736)	(1 751)	(1 151)
		<b>(30 284)</b>	<b>(23 019)</b>	<b>(15 693)</b>	<b>(11 562)</b>
<b>Profit/(loss) before tax</b>	8	<b>349 533</b>	<b>421 740</b>	<b>128 566</b>	<b>1 179 677</b>
Income taxes		(38)	(34)	(19)	(17)
<b>Profit/(loss) for the period</b>		<b>349 495</b>	<b>421 706</b>	<b>128 547</b>	<b>1 179 660</b>
<b>Total comprehensive profit/(loss) for the period</b>		<b>349 495</b>	<b>421 706</b>	<b>128 547</b>	<b>1 179 660</b>
Earnings/(loss) per share in CHF		6.31	7.61	2.32	21.29
Diluted earnings/(loss) per share in CHF		6.31	7.61	2.32	21.29

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
<b>Balances at January 1, 2020</b>	<b>11 080</b>	–	<b>3 381 893</b>	<b>3 392 973</b>
Dividend	–	–	(188 360)	(188 360)
Total comprehensive income for the period	–	–	421 706	421 706
<b>Balances at June 30, 2020</b>	<b>11 080</b>	–	<b>3 615 239</b>	<b>3 626 319</b>
<b>Balances at January 1, 2021</b>	<b>11 080</b>	<b>(8 241)</b>	<b>3 884 708</b>	<b>3 887 547</b>
Dividend	–	–	(199 440)	(199 440)
Trade with treasury shares (incl. change in balance)	–	8 241	1 157	9 398
Total comprehensive income for the period	–	–	349 495	349 495
<b>Balances at June 30, 2021</b>	<b>11 080</b>	–	<b>4 035 920</b>	<b>4 047 000</b>

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.–30.06.2021	01.01.–30.06.2020
<b>Cash flows from operating activities</b>			
Proceeds from sales of securities	4	539 046	420 021
Purchase of securities	4	(559 195)	(255 787)
Dividend receipts		–	243
Interest receipts		–	7
Payments for services		(29 504)	(23 004)
Income taxes paid		(76)	(46)
<b>Total cash flows from operating activities</b>		<b>(49 729)</b>	<b>141 434</b>
<b>Cash flows from financing activities</b>			
Dividend		(199 440)	(188 360)
Proceeds from sales of treasury shares	6	9 398	–
Borrowing of bank loans	5	237 000	47 000
Interest payments		(397)	(491)
<b>Total cash flows from financing activities</b>		<b>46 561</b>	<b>(141 851)</b>
Foreign exchange difference		(474)	(4)
<b>Change in cash and cash equivalents</b>		<b>(3 642)</b>	<b>(421)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>6 816</b>	<b>30 707</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3 174</b>	<b>30 286</b>

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

# SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. The Company and its principal activity

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

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

## 2. Accounting policies

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 «Interim Financial Reporting,» as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2020. 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. No new standards, interpretations and amendments to published standards, which are applicable to the Group and valid since January 1, 2021, have been applied in these condensed consolidated interim financial statements.

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:

- IAS 1 (amended, effective January 1, 2022) – Classification of Liabilities as Current or Non-current
- 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 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.

### 3. Financial risk management

#### Currency risk

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

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

Currency	30.06.2021	31.12.2020
USD	0.92500	0.88520
ANG	0.51966	0.49730
EUR	1.09672	1.08134
GBP	1.27940	1.21000

#### Fair values

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

30.06.2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Securities				
– Shares	4 347 013	–	–	4 347 013
– Derivative instruments	–	–	2 252	2 252
<b>Total assets</b>	<b>4 347 013</b>	<b>–</b>	<b>2 252</b>	<b>4 349 265</b>
<b>31.12.2020</b>				
<b>Assets</b>				
Securities				
– Shares	3 952 504	–	–	3 952 504
– Derivative instruments	–	–	2 155	2 155
<b>Total assets</b>	<b>3 952 504</b>	<b>–</b>	<b>2 155</b>	<b>3 954 659</b>

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

	01.01.–30.06.2021	01.01.–30.06.2020
Opening balance	2 155	2 355
Purchases/Sales/Reclassification	–	–
Gains/(losses) included in net gain/loss from securities	97	(49)
<b>Closing balance</b>	<b>2 252</b>	<b>2 306</b>
<b>Gains/(losses) on level 3 instruments included in net gain/loss from securities</b>	<b>97</b>	<b>(49)</b>

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

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

## 4. Financial assets

### Securities

Securities comprise the following:

Company	Number 31.12.2020	Change	Number 30.06.2021	Market price in original currency 30.06.2021	Valuation CHF mn 30.06.2021	Valuation CHF mn 31.12.2020
Moderna	2 854 963	(404 963)	2 450 000	USD 234.98	532.5	264.0
Ionis Pharmaceuticals	8 220 000	892 973	9 112 973	USD 39.89	336.3	411.4
Argenx SE	921 332	34 206	955 538	USD 301.07	266.1	239.8
Neurocrine Biosciences	3 035 000	(119 600)	2 915 400	USD 97.32	262.4	257.5
Incyte	2 900 000	(3 000)	2 897 000	USD 84.13	225.4	223.3
Agios Pharmaceuticals	4 158 902	146 090	4 304 992	USD 55.11	219.5	159.5
Fate Therapeutics	2 030 000	516 336	2 546 336	USD 86.79	204.4	163.4
Vertex Pharmaceuticals	900 000	150 000	1 050 000	USD 201.63	195.8	188.3
Alnylam Pharmaceuticals	1 155 000	(45 000)	1 110 000	USD 169.52	174.1	132.9
Biogen	537 000	(37 000)	500 000	USD 346.27	160.1	116.4
Macrogenics	4 815 564	1 460 000	6 275 564	USD 26.86	155.9	97.4
Arvinas	2 176 903	–	2 176 903	USD 77.00	155.0	163.7
Crispr Therapeutics	900 884	48 700	949 584	USD 161.89	142.2	122.1
Intra-Cellular Therapies	3 538 419	(50 000)	3 488 419	USD 40.82	131.7	99.6
Radius Health	7 455 714	–	7 455 714	USD 18.24	125.8	117.9
Sage Therapeutics	1 540 104	785 000	2 325 104	USD 56.81	122.2	117.9
Myovant Sciences	4 757 039	465 000	5 222 039	USD 22.77	110.0	116.3
Relay Therapeutics	1 409 357	1 211 605	2 620 962	USD 36.59	88.7	51.8
Esperion Therapeutics	3 947 964	530 000	4 477 964	USD 21.15	87.6	90.9
Beam Therapeutics	396 821	210 000	606 821	USD 128.71	72.2	28.7
Molecular Templates	6 380 331	3 162 290	9 542 621	USD 7.82	69.0	53.0
Essa Pharma	–	2 440 814	2 440 814	USD 28.57	64.5	–
Generation Bio Co.	2 333 180	120 000	2 453 180	USD 26.90	61.0	58.6
Scholar Rock Holding	2 255 651	19 474	2 275 125	USD 28.90	60.8	96.9
Halozyme Therapeutics	3 970 000	(2 638 034)	1 331 966	USD 45.41	55.9	150.1
Revolution Medicines	–	1 805 105	1 805 105	USD 31.74	53.0	–
Exelixis	2 835 000	–	2 835 000	USD 18.22	47.8	50.4
Nektar Therapeutics	2 620 676	–	2 620 676	USD 17.16	41.6	39.4
Black Diamond Therapeutics	1 390 000	2 050 000	3 440 000	USD 12.19	38.8	39.4
Mersana Therapeutics	1 885 000	975 000	2 860 000	USD 13.58	35.9	44.4
Kezar Life Sciences	4 533 148	–	4 533 148	USD 5.43	22.8	20.9
Wave Life Sciences	2 602 858	–	2 602 858	USD 6.66	16.0	18.1
Homology Medicines	1 737 122	–	1 737 122	USD 7.27	11.7	17.4
Alexion Pharmaceuticals	1 294 428	(1 294 428)	–	USD n.a	–	179.0
Voyager Therapeutics	2 680 283	(2 680 283)	–	USD n.a	–	17.0
Cidara Therapeutics	2 822 495	(2 822 495)	–	USD n.a	–	5.0
<b>Total shares</b>					<b>4 347.0</b>	<b>3 952.5</b>
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	2 766 008	USD 0.88	2.3	2.2

Bristol-Myers Squibb – Contingent Value Right	800 000	(800 000)	–	USD	n.a	–	–
<b>Total derivative instruments</b>						<b>2.3</b>	<b>2.2</b>
<b>Total securities</b>						<b>4 349.3</b>	<b>3 954.7</b>

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
<b>Opening balance as at 01.01.2020 at fair values</b>	<b>3 518 985</b>	<b>–</b>	<b>4 685</b>	<b>3 523 670</b>
Purchases	699 570	–	–	699 570
Sales	(1 010 092)	–	–	(1 010 092)
Net gains/(losses) from securities	744 042	–	(2 531)	741 511
<i>Realized gains</i>	<i>364 618</i>	–	–	<i>364 618</i>
<i>Realized losses</i>	<i>(83 963)</i>	–	–	<i>(83 963)</i>
<i>Unrealized gains</i>	<i>882 536</i>	–	–	<i>882 536</i>
<i>Unrealized losses</i>	<i>(419 149)</i>	–	<i>(2 531)</i>	<i>(421 680)</i>
<b>Closing balance as at 31.12.2020 at fair values</b>	<b>3 952 504</b>	<b>–</b>	<b>2 155</b>	<b>3 954 659</b>
<b>Opening balance as at 01.01.2021 at fair values</b>	<b>3 952 504</b>	<b>–</b>	<b>2 155</b>	<b>3 954 659</b>
Purchases	556 774	–	–	556 774
Sales	(541 981)	–	–	(541 981)
Net gains/(losses) from securities	379 717	–	97	379 813
<i>Realized gains</i>	<i>90 572</i>	–	–	<i>90 572</i>
<i>Realized losses</i>	<i>(1 530)</i>	–	<i>(2 330)</i>	<i>(3 860)</i>
<i>Unrealized gains</i>	<i>625 304</i>	–	<i>97</i>	<i>625 401</i>
<i>Unrealized losses</i>	<i>(334 629)</i>	–	<i>2 330</i>	<i>(332 299)</i>
<b>Closing balance as at 30.06.2021 at fair values</b>	<b>4 347 013</b>	<b>–</b>	<b>2 252</b>	<b>4 349 265</b>

## 5. Short-term borrowings from banks

At June 30, 2021, a CHF 300 mn short-term loan is outstanding with interest payable at 0.40% p.a. (December 31, 2020: CHF 63 mn at 0.40% p.a.).

## 6. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (December 31, 2020: 55.4 mn) with a par value of CHF 0.20 each (December 31, 2020: 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, 2021, to June 30, 2021, the Company has not purchased any treasury shares and 114 662 treasury shares were sold at an average price of CHF 81.96 to the amount of TCHF 9 398 (01.01.–30.06.2020: no transactions). As at June 30, 2021, the Company holds no treasury shares. (December 31, 2020: 114 662 shares). The treasury shares as at December 31, 2020, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 8 240.

### Share buyback 2nd line (bought for cancellation)

The Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy-back program will run from April 12, 2019, until April 11, 2022, at the latest. Until June 30, 2021, no shares had been repurchased under this share buy-back program. A repurchase would take place via second trading line for the purpose of a subsequent capital reduction.

## 7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01.01.–30.06.2021	01.01.–30.06.2020
<b>Asset manager</b>		
– Management fees (incl. VAT)	25 089	19 012
<b>Personnel</b>		
– Board of Directors remuneration	708	580
– Wages and salaries	129	131
– Social insurance contributions and duties	59	65
	<b>25 985</b>	<b>19 788</b>

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

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



## 8. Segment reporting

(in CHF 1 000)

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.

<b>Profit/(loss) before tax</b>	<b>01.01.–30.06.2021</b>	<b>01.01.–30.06.2020</b>
USA	349 943	352 714
Netherlands	19 788	55 094
Switzerland	17 891	6 769
Canada	6 816	–
Singapore	(2 098)	5 496
Great Britain	(15 689)	22 269
Curaçao	(27 118)	(20 602)
	<b>349 533</b>	<b>421 740</b>

## 9. Assets pledged

At June 30, 2021, securities in the amount of CHF 4 349.3 mn (December 31, 2020: CHF 3 954.7 mn) are collateral for a credit line of CHF 700 mn (December 31, 2020: CHF 700 mn). At June 30, 2021, CHF 300 mn short-term loan is outstanding (December 31, 2020: CHF 63 mn).

## 10. Related party transactions

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

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

The Group had no commitments or other off-balance sheet transactions open at June 30, 2021 and December 31, 2020.

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, 2021, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2020: 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, 2021 and December 31, 2020.

## 13. Subsequent events

There have been no events subsequent to June 30, 2021, which would affect the condensed consolidated interim financial statements.

# REPORT ON THE REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## Introduction

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 2021. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

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

## Conclusion

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

PricewaterhouseCoopers AG

**Philippe Bingert**

Audit expert  
Auditor in charge

**Roland Holl**

Audit expert

Zurich, 21 July 2021

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# COMPANY PROFILE

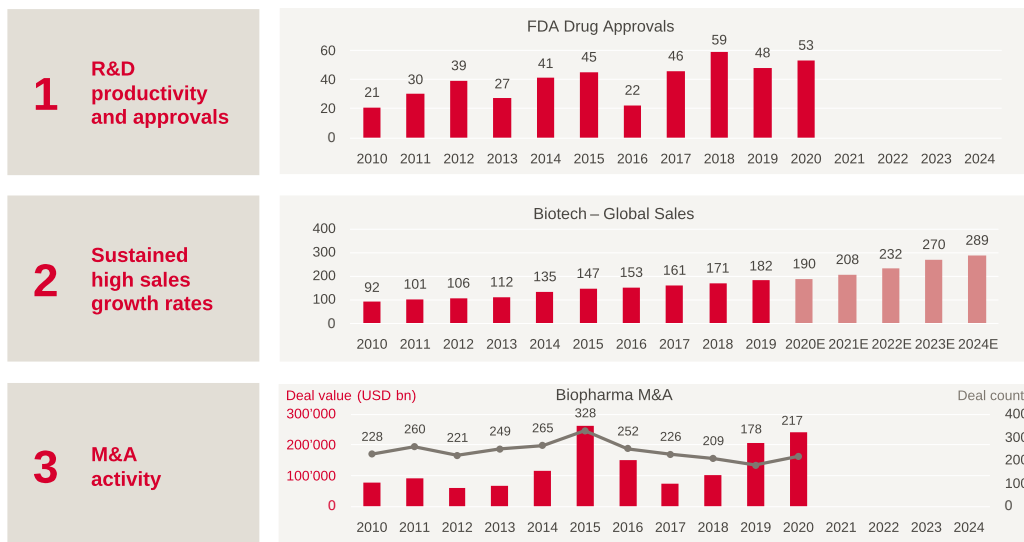
Since our foundation in 1993, we have offered investors direct access to a select portfolio of promising, fast growing and profitable biotech companies listed on stock markets around the world. Thanks to our strong track record over the years and our systematic strategy and clear focus, we have become one of the world’s largest biotech investors.

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.

Furthermore, many pharmaceutical giants are confronted with deep cuts in revenue streams as a result of patent expirations. They are now purchasing innovative biotech products in an attempt to replenish product pipelines and have been willing to pay top dollar in these deals.

Meanwhile every second drug approved today stems from the labs of a biotech company and many biotech firms have been reporting strong sales and profit growth. The biotech industry has obviously come of age and reached a certain level of maturity.

## Dynamic Biotech Sector



Source: Global Biotech (NBI + Ex-US) without Specialty Pharma, Generics & Life Science Tech; BAM Research, December 2019, EvaluatePharma Jan, 2020, Overview of M&A includes various types of M&A deals.

# INVESTMENT STRATEGY

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BB Biotech invests in fast-growing biotechnology companies that are developing and marketing innovative drugs. It focuses on biotech companies whose products address areas of significant unmet medical needs and thus have above-average sales and profit-growth potential.

Besides profitable large cap companies, BB Biotech is building up its investments in promising small and mid cap companies.

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

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

*«The team is concentrating also on the technologies of tomorrow»*

Exhaustive, multi-stage due diligence precedes the selection of individual investments. We must have a thorough understanding of every company we invest in. Before an investment is made, the team analyzes a company's financial statements in detail and assesses its competitive environment, R&D pipeline, and patent portfolio as well as its customers' perceptions of its products and services.

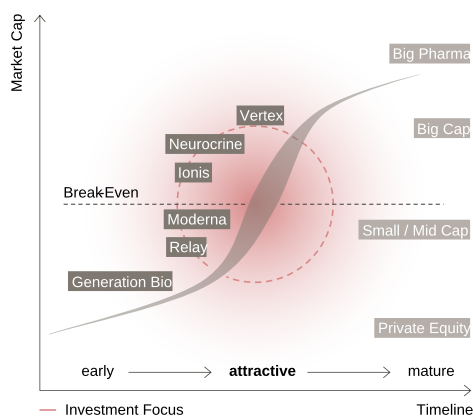
Close contact with company executives is of high importance to us in this due diligence process, but also afterwards, as we believe that it takes strong leaders to achieve strong results.

BB Biotech builds on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis of the experienced Investment Management Team of Bellevue Asset Management AG when making its investment decisions. It can also turn to an extensive international network of physicians and specialists in individual sub-segments of the biotech industry for further support and advice.

The Investment Management Team creates detailed financial models for all portfolio holdings and they must provide compelling arguments that these holdings have the potential to double in value over a four-year time frame. The team is guided by its convictions, not by benchmark considerations. Upside potential is driven in most cases by the power of innovation, the launch of new products for serious or significant illnesses, and successful company management. Each investment case is

constantly monitored and evaluated within the scope of our stringent and disciplined risk management process and corrective action will be taken if and when necessary.

*«We are guided by its convictions, not by benchmark considerations»*

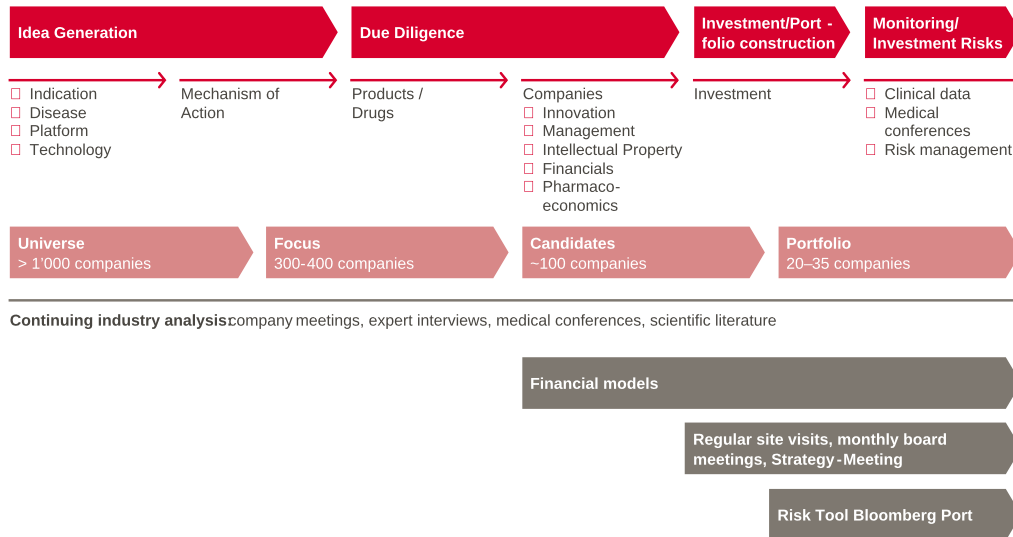


Source: Bellevue Asset Management, 31.12.2020

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 an investment company, BB Biotech has the flexibility to increase portfolio weightings considerably over time as a position increases in value. Smaller positions may become a top holding as their business develops and milestones such as positive Phase III outcomes, drug approvals, the successful marketing of products, and a sustainable flow of profits are achieved. All positions and their valuations are continually monitored, taking into account their growth potential and other aspects, and will be reduced if and when appropriate.

# INVESTMENT PROCESS



Source: Bellevue Asset Management

## Idea generation and pre-screening



The investment universe for BB Biotech comprises about 1000 companies in the biotech industry worldwide. It includes large caps to micro caps and even later-stage private companies.

The investment management team of Bellevue Asset Management AG monitors this industry actively. In an initial phase the team identifies disease areas where major progress is being made, technological advances are promising, new mechanisms of action are being discovered or technology platforms that could be leveraged for multiple therapies are being developed.

To stay highly informed, the team talks to analysts, conducts interviews with doctors and specialists, attends medical conferences, reviews scientific literature, and visits companies on-site. The team also regularly evaluates the geographical allocation of its investments by visiting countries or areas that show interesting developments.

Once promising investment themes (disease area, technology, etc.) are identified, the universe is reduced from 1000 companies to about 300.

## Due Diligence

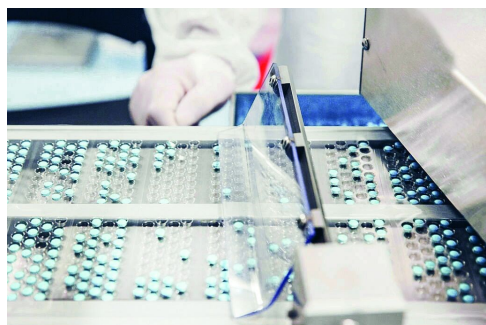


With the due diligence process the focus switches from themes to individual companies and products. Qualitative as well as quantitative screening criteria are applied. Again, doctors and specialists are consulted to learn more about different drug candidates. The objective is to understand the innovation behind a product, to see what benefit the product could provide for the patient, but also if the product makes sense from a health economic standpoint.

BB Biotech tries to focus on products that are novel and essentially reduce healthcare costs because of their higher efficiency or better safety. The time horizon for these investments is mid- to long-term. Another important point is the quality of the management, which is assessed in discussions during company meetings.

For about 100 companies the team has created and maintains financial models that help to assess the financial position of the company and get a sense of market opportunities or to review the clinical data companies have produced and presented. At the end of this phase the team discusses the investment cases and selects the most promising ideas.

## Investment decision and portfolio construction



If the team feels comfortable with an investment idea, the analyst that covers the company prepares a detailed investment proposal. This includes a financial model, a summary of the clinical data the company has presented, the investment rationale with potential upside and downside as well as the proposal of the size of the investment and at what price range the investment should be built up. This proposal is then presented to the Board during the monthly calls, where the Board of Directors and the team engage in an active discussion about the potential investment. The Board secures compliance with the investment strategy.

BB Biotech also holds biannual strategy meetings, where the Board and the Investment Management Team review strategic developments in the biotech industry and meet with the management of the portfolio holdings or of potential investments.

The investment managers build the position in a relatively short time, provided that the price levels are within the approved range for investment. This results in a biotech portfolio of around 20 to 35 companies.

## Monitoring and risk management



Once the portfolio is established, the monitoring and risk management processes begin. The development of the drug candidates is monitored closely with new clinical data becoming available at medical conferences. The validity of the investment case is continuously assessed as the team regularly meets with management and keeps the financial model updated.

If there is a substantial change in the underlying value of a company that requires action, the team will inform the Board to increase the position, or to exit it, depending on what the reasons for the change are.

Additionally, the portfolio managers may adjust the positions in the portfolio by buying when prices are lower than the Net Asset Value estimated with the help of financial modeling or by selling a part of the position on strength, if a stock looks relatively overvalued. However, the Board is always involved in major changes. The portfolio is also monitored with the help of risk management software.



# BOARD OF DIRECTORS & INVESTMENT TEAM

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## Board of Directors

The renowned Board of Directors of BB Biotech AG has many years of industrial and scientific experience.

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### Dr. Erich Hunziker



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

*«BB Biotech is a strong growth play and it offers a high income stream on top of that»*

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## 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, and Chief Executive Officer of Population Health Investment Corporation, a special purpose acquisition company. He is also a member of the Board of Directors of EQRx Incorporated. Previously, Dr. Meanwell founded The Medicines Company in 1996 and from then until January 6, 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 to 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. Dr. Meanwell received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.

*«More and more biotech firms are turning a profit. This trend should continue thanks to the full R&D pipelines»*

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## Prof. Dr. Mads Krogsgaard Thomsen



Dr. Mads Krogsgaard Thomsen has been on the Board of Directors of BB Biotech since 2020. He has been with Novo Nordisk since 1991. He has held several executive roles in the company's growth hormone and diabetes research operations, and currently serves as Executive Vice President, Head of R&D and Chief Science Officer. Professor Thomsen has chaired Danish Research Council programs within endocrinology and he is a former president of Denmark's National Academy of Technical Sciences. Until 2019 he chaired the governing board of the University of Copenhagen.

*«The biotech sector has played a crucial role in the fight against COVID-19»*

**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). Previously he worked for Vontobel Group from 2002–2006 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 1992–2002, lastly in London in the Equity Capital Markets Group / Investment Banking Division. He holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. He is the Chairman of the Board of Directors of Bâloise Holding AG since May 2021 and a member of the advisory board of Harald Quandt Industriebeteiligungen GmbH.

*«A combination of scientific, medical and financial expertise is needed to achieve successful investment results in the biotech sector»*

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## Investment Management Team

A team of proven biotech specialists from Bellevue Asset Management AG with a successful track record takes care of investments in the most attractive biotech companies.

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### Dr. Daniel Koller



Dr. Daniel Koller has been with Bellevue Asset Management since 2004 as a Portfolio Manager and was appointed Head of Investment Management Team BB Biotech AG in 2010. From 2001 to 2004 he was an investment manager at equity4life Asset Management AG and from 2000 to 2001 an equity analyst at UBS Warburg. He studied biochemistry at the Swiss Federal Institute of Technology in Zurich (ETH) and earned his doctorate in biotechnology at the ETH and Cytos Biotechnology AG, Zurich.

*«With an estimated growth of more than 10% a year, biotech is one of the most attractive sectors today»*

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### Dr. Maurizio Bernasconi



Dr. Maurizio Bernasconi has been with Bellevue Asset Management as a Portfolio Manager since 2017. He joined Bank am Bellevue as a research analyst for the pharma and biotech sector in 2014, prior to that has worked as a chemist for SIGA Manufacturing, Ruswil. From 2009 to 2013 he earned his doctorate in organic chemistry at the University of Basel. Maurizio Bernasconi holds a Bachelor and a Master in chemistry from ETH Zurich and a Ph.D. from the University of Basel and an MBA in International Healthcare Management from the Frankfurt School of Finance.

*«Biotech is driving innovation in medicine»*

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## Dr. Samuel Croset



Dr. Samuel Croset joined Bellevue Asset Management as a Portfolio Manager and Digital Transformation Lead in 2020. 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 Croset 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.

*«Substantially improved computational approaches in drug screening, identification and selection all the way to smarter and adaptive clinical trial programs are contributing to an acceleration of the innovation cycle»*

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## Felicia Flanigan



Felicia Flanigan has been with Bellevue Asset Management as a Portfolio Manager since 2004. From 1999 to 2004 she was a biotech equity analyst at Adams, Harkness & Hill; from 1991 to 1999 a biotech equity analyst at SG Cowen. Felicia Flanigan holds an MBA from Suffolk University, Boston, and a BA in Communications from Boston College.

*«Our investment strategy is focused on innovative drugs and therapies that offer sound value to healthcare systems»*

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## Dr. Christian Koch



Dr. Christian Koch has been with Bellevue Asset Management as a Portfolio Manager 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, ETH Zurich. He holds a Ph.D. in Chemoinformatics & Computational Drug Design from ETH Zurich and an MS in Bioinformatics from Goethe University in Frankfurt.

*«Every second drug approved by regulators today originated from the lab of a biotech company»*

**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.

*«Our investment portfolio is distinguished by a well-balanced risk/reward profile»*

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**Dallas Webb**

Dallas Webb has been with Bellevue Asset Management as a Portfolio Manager since 2006. From 2004 to 2006 he served as Senior Vice President and equity analyst at Stanford Group Company and held the same role at Sterling Financial Investment Group from 2003 to 2004. Prior to that, he was an equity analyst at Adams, Harkness & Hill. Dallas Webb has an MBA from Texas Christian University in Fort Worth, Texas, and a Bachelor of Science in Microbiology and Zoology from Louisiana State University.

*«Takeover activity in the sector will fuel significant valuation gains over a mid- and long-term horizon»*

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# SHAREHOLDER INFORMATION

The Company publishes its Net Asset Value daily via the major stock market information services and on its website [www.bbbiotech.com](http://www.bbbiotech.com). The portfolio composition is published at least every three months within quarterly reports.

## Official listing and share structure

Official listing and share structure as at June 30, 2021	
<b>Foundation:</b>	November 9, 1993; Schaffhausen, Switzerland
<b>Issue price adj. November 15, 1993:</b>	CHF 4.75
<b>Official listing:</b>	December 27, 1993, in Switzerland; December 10, 1997, in Germany; October 19, 2000, in Italy
<b>Share structure:</b>	CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.20 each
<b>Shareholders, free float:</b>	Institutional and private investors, 100.0% free float
<b>Security number Switzerland:</b>	3 838 999
<b>Security number in Germany and Italy:</b>	A0NFN3
<b>ISIN:</b>	CH0038389992

## Quotes and reports

Quotes and reports					
<b>NAV:</b>	<b>in CHF</b>	– Datastream: S:BINA	<b>in EUR</b>	– Datastream: D:BBNA	
		– Reuters: BABB		– Reuters: BABB	
		– Telekurs: BIO resp. 85, BB1			
		– (Investdata)			
		– Finanz & Wirtschaft (CH)			
<b>Stock price:</b>	<b>in CHF (SIX)</b>	– Bloomberg: BION SW Equity	<b>in EUR</b>	– Bloomberg: BBZA GY Equity	
		– 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 30.06.2021	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: BB 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, SMIM Index, SPI Index, SPI Select Dividend 20 Index
Benchmark	Nasdaq Biotech Index (NBI)
Management Fee	All-in-Fee: 1.1% p.a.

### Analyst coverage

Institute	Analyst
Baader Helvea	Bruno Bulic
Cantor Fitzgerald	Markuz Jaffe
Edison	Sarah Godfrey, Mel Jenner
Kepler Cheuvreux	Arsene Guekam
Intesa Sanpaolo	Bruno Permutti
Oddo BHF	Oussame Denguir
Pareto Securities	Dennis Berzhanin



# CORPORATE CALENDAR

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## Corporate calendar 2021/2022

<b>Interim Report as at September 30, 2021</b>	October 22, 2021, 7.00 AM CET
<b>Portfolio as at December 31, 2021</b>	January 21, 2022, 7.00 AM CET
<b>Annual Report 2021</b>	February 18, 2022, 7.00 AM CET
<b>Annual General Meeting 2022</b>	March 17, 2022

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.

# CONTACT

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