

Consolidated balance sheet

in CHF 1 000	Notes	31.03.2022	31.12.2021
Current assets			
Cash and cash equivalents		1 635	2 835
Securities	4	3 118 719	3 641 112
Other assets		160	135
		3 120 514	3 644 082
Total assets		3 120 514	3 644 082
Current liabilities			
Short-term borrowings from banks	5	355 000	355 000
Other short-term liabilities		4 458	5 431
Tax liabilities		178	158
		359 636	360 589
Total liabilities		359 636	360 589
Shareholders' equity			
Share capital	6	11 080	11 080
Treasury shares	6	(19 716)	(9 205)
Retained earnings		2 769 514	3 281 618
		2 760 878	3 283 493
Total liabilities and shareholders' equity		3 120 514	3 644 082
Net asset value per share in CHF		50.10	59.40

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 April 19, 2022.

Consolidated statement of comprehensive income

in CHF 1 000	Notes	01.01.–31.03.2022	01.01.–31.03.2021
Operating income			
Net gains from securities	4	–	235 555
Foreign exchange gains		720	207
Other income		3	3
		723	235 765
Operating expenses			
Net losses from securities	4	(288 406)	–
Finance expenses		(248)	(43)
Administrative expenses	7	(10 485)	(13 078)
Other expenses		(1 426)	(1 677)
		(300 565)	(14 798)
Profit/(loss) before tax	8	(299 842)	220 967
Income taxes		(19)	(19)
Profit/(loss) for the period		(299 861)	220 948
Total comprehensive profit/(loss) for the period		(299 861)	220 948
Earnings/(loss) per share in CHF		(5.43)	3.99
Diluted earnings/(loss) per share in CHF		(5.43)	3.99

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, 2021	11 080	(8 241)	3 884 708	3 887 547
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	–	–	220 948	220 948
Balances at March 31, 2021	11 080	–	3 907 373	3 918 453
Balances at January 1, 2022	11 080	(9 205)	3 281 618	3 283 493
Dividend	–	–	(212 242)	(212 242)
Trade with treasury shares (incl. change in balance)	–	(10 511)	–	(10 511)
Total comprehensive income for the period	–	–	(299 861)	(299 861)
Balances at March 31, 2022	11 080	(19 716)	2 769 514	2 760 878

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.–31.03.2022	01.01.–31.03.2021
Cash flows from operating activities			
Proceeds from sales of securities	4	246 903	199 408
Purchase of securities	4	(12 916)	(284 562)
Payments for services		(12 906)	(14 870)
Total cash flows from operating activities		221 081	(100 024)
Cash flows from financing activities			
Dividend		(212 242)	(199 440)
Proceeds from sales of treasury shares	6	–	9 398
Purchase of treasury shares	6	(10 511)	–
Borrowing of bank loans	5	–	287 000
Interest payments		(248)	(43)
Total cash flows from financing activities		(223 001)	96 915
Foreign exchange difference		720	207
Change in cash and cash equivalents		(1 200)	(2 902)
Cash and cash equivalents at the beginning of the period		2 835	6 816
Cash and cash equivalents at the end of the period		1 635	3 914

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, 2021. 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, 2022, have been applied in these condensed consolidated interim financial statements:

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

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

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

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

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

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	31.03.2022	31.12.2021
USD	0.92250	0.91290
ANG	0.51826	0.51287
EUR	1.02112	1.03740
GBP	1.21260	1.23390

Fair Values

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

31.03.2022	Level 1	Level 2	Level 3	Total
Assets				
Securities				
– Shares	3 118 719	–	–	3 118 719
– Derivative instruments	–	–	–	–
Total assets	3 118 719	–	–	3 118 719
31.12.2021				
Assets				
Securities				
– Shares	3 638 890	–	–	3 638 890
– Derivative instruments	–	–	2 222	2 222
Total assets	3 638 890	–	2 222	3 641 112

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

	01.01.–31.03.2022	01.01.–31.03.2021
Opening balance	2 222	2 155
Purchases/(Sales)/Reclassification	(5 071)	–
Gains/(losses) included in net gain/loss from securities	2 849	142
Closing balance	–	2 297
Gains/(losses) on level 3 instruments included in net gain/loss from securities	2 849	142

The level 3 instrument was allocated as part of a corporate action in 2019 and sold in March 2022. 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 31.12.2021	Change	Number 31.03.2022	Market price in original currency 31.03.2022	Valuation CHF mn 31.03.2022	Valuation CHF mn 31.12.2021
Ionis Pharmaceuticals	10 232 973	(500 000)	9 732 973	USD 37.04	332.6	284.3
Argenx SE	970 538	(50 000)	920 538	USD 315.31	267.8	310.3
Moderna	1 663 349	(80 000)	1 583 349	USD 172.26	251.6	385.7
Neurocrine Biosciences	3 015 400	(150 000)	2 865 400	USD 93.75	247.8	234.5
Vertex Pharmaceuticals	1 030 000	(50 000)	980 000	USD 260.97	235.9	206.5
Incyte	2 897 000	(141 000)	2 756 000	USD 79.42	201.9	194.1
Intra-Cellular Therapies	3 538 419	(180 000)	3 358 419	USD 61.19	189.6	169.1
Alnylam Pharmaceuticals	1 110 000	(60 000)	1 050 000	USD 163.29	158.2	171.8
Arvinas	2 176 903	(70 000)	2 106 903	USD 67.30	130.8	163.2
Fate Therapeutics	3 701 336	(190 000)	3 511 336	USD 38.77	125.6	197.7
Agios Pharmaceuticals	4 312 292	(220 000)	4 092 292	USD 29.11	109.9	129.4
Relay Therapeutics	4 085 962	(200 000)	3 885 962	USD 29.93	107.3	114.6
Sage Therapeutics	3 170 104	(160 000)	3 010 104	USD 33.10	91.9	123.1
Revolution Medicines	3 421 462	(170 000)	3 251 462	USD 25.51	76.5	78.6
Kezar Life Sciences	4 918 148	(250 000)	4 668 148	USD 16.62	71.6	75.1
Myovant Sciences	6 122 039	(310 000)	5 812 039	USD 13.32	71.4	87.0
Radius Health	7 705 714	550 000	8 255 714	USD 8.83	67.2	48.7
Macrogenics	7 275 564	–	7 275 564	USD 8.81	59.1	106.6
Exelixis	2 835 000	(140 000)	2 695 000	USD 22.67	56.4	47.3
Crispr Therapeutics	949 584	(47 479)	902 105	USD 62.77	52.2	65.7
Molecular Templates	10 792 003	200 000	10 992 003	USD 3.45	35.0	38.6
Beam Therapeutics	606 821	(30 000)	576 821	USD 57.30	30.5	44.1
Essa Pharma	5 015 814	–	5 015 814	USD 6.18	28.6	65.0
Scholar Rock Holding	2 275 125	(110 000)	2 165 125	USD 12.89	25.7	51.6
Generation Bio Co.	3 853 180	(190 000)	3 663 180	USD 7.34	24.8	24.9
Esperion Therapeutics	4 477 964	(220 000)	4 257 964	USD 4.64	18.2	20.4
Nektar Therapeutics	2 620 676	340 000	2 960 676	USD 5.39	14.7	32.3
Mersana Therapeutics	4 135 000	(210 000)	3 925 000	USD 3.99	14.4	23.5
Wave Life Sciences	4 602 858	(40 000)	4 562 858	USD 2.00	8.4	13.2
Black Diamond Therapeutics	3 440 000	(170 000)	3 270 000	USD 2.77	8.4	16.7
Homology Medicines	1 737 122	(90 000)	1 647 122	USD 3.04	4.6	5.8
Biogen	500 000	(500 000)	–	USD n.a.	–	109.5
Total shares					3 118.7	3 638.9
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	(2 766 008)	–	USD n.a.	–	2.2
Total derivative instruments					–	2.2
Total securities					3 118.7	3 641.1

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 01.01.2021 at fair values	3 952 504	–	2 155	3 954 659
Purchases	955 515	–	–	955 515
Sales	(925 467)	–	–	(925 467)
Net gains/(losses) from securities	(343 662)	–	67	(343 595)
<i>Realized gains</i>	312 779	–	–	312 779
<i>Realized losses</i>	(1 831)	–	(2 330)	(4 161)
<i>Unrealized gains</i>	437 584	–	67	437 651
<i>Unrealized losses</i>	(1 092 194)	–	2 330	(1 089 864)
Closing balance as at 31.12.2021 at fair values	3 638 890	–	2 222	3 641 112
Opening balance as at 01.01.2022 at fair values	3 638 890	–	2 222	3 641 112
Purchases	12 916	–	–	12 916
Sales	(241 832)	–	(5 071)	(246 903)
Net gains/(losses) from securities	(291 256)	–	2 849	(288 406)
<i>Realized gains</i>	1 265	–	2 849	4 115
<i>Realized losses</i>	(32 811)	–	–	(32 811)
<i>Unrealized gains</i>	203 053	–	–	203 053
<i>Unrealized losses</i>	(462 763)	–	–	(462 763)
Closing balance as at 31.03.2022 at fair values	3 118 719	–	–	3 118 719

5. Short-term borrowings from banks

At March 31, 2022, a CHF 355 mn short-term loan is outstanding with interest payable at 0.40% p.a. (December 31, 2021: CHF 355 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, 2021: 55.4 mn) with a par value of CHF 0.20 each (December 31, 2021: 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, 2022, to March 31, 2022, the Company has purchased 164 834 treasury shares at an average price of CHF 63.77 to the amount of TCHF 10 511 and the Company has not sold any treasury shares (01.01.–31.03.2021: no purchases; Sales of 114 662 treasury shares to the amount of TCHF 9 398). As at March 31, 2022, the Company holds 272 260 treasury shares (December 31, 2021: 107 426 shares). The treasury shares as at March 31, 2022, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 19 716 (December 31, 2021: TCHF 9 205).

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. 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. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

7. Administrative expenses

Administrative expenses comprise the following:

in CHF 1 000	01.01.–31.03.2022	01.01.–31.03.2021
Investment manager		
– Management fees (incl. VAT)	10 093	12 658
Personnel		
– Board of Directors remuneration	290	353
– Wages and salaries	61	47
– Social insurance contributions and duties	41	20
	10 485	13 078

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

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.–31.03.2022	01.01.–31.03.2021
Singapore	(4 818)	(4 354)
Curaçao	(10 773)	(13 374)
Switzerland	(11 245)	(13 628)
Great Britain	(11 825)	(24 311)
Netherlands	(29 947)	1 456
Canada	(36 425)	8 942
USA	(194 809)	266 236
	(299 842)	220 967

9. Assets pledged

At March 31, 2022, securities in the amount of CHF 3 118.7 mn (December 31, 2021: CHF 3 641.1 mn) are collateral for a credit line of CHF 700 mn (December 31, 2021: CHF 700 mn). At March 31, 2022, a CHF 355 mn short-term loan is outstanding (December 31, 2021: CHF 355 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 «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 March 31, 2022 and December 31, 2021.

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 March 31, 2022, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2021: 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 March 31, 2022 and December 31, 2021.

13. Subsequent events

There have been no events subsequent to March 31, 2022, 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 31 March 2022.

These condensed consolidated interim financial statements in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive and 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
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Auditor in charge

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Zurich, 20 April 2022

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