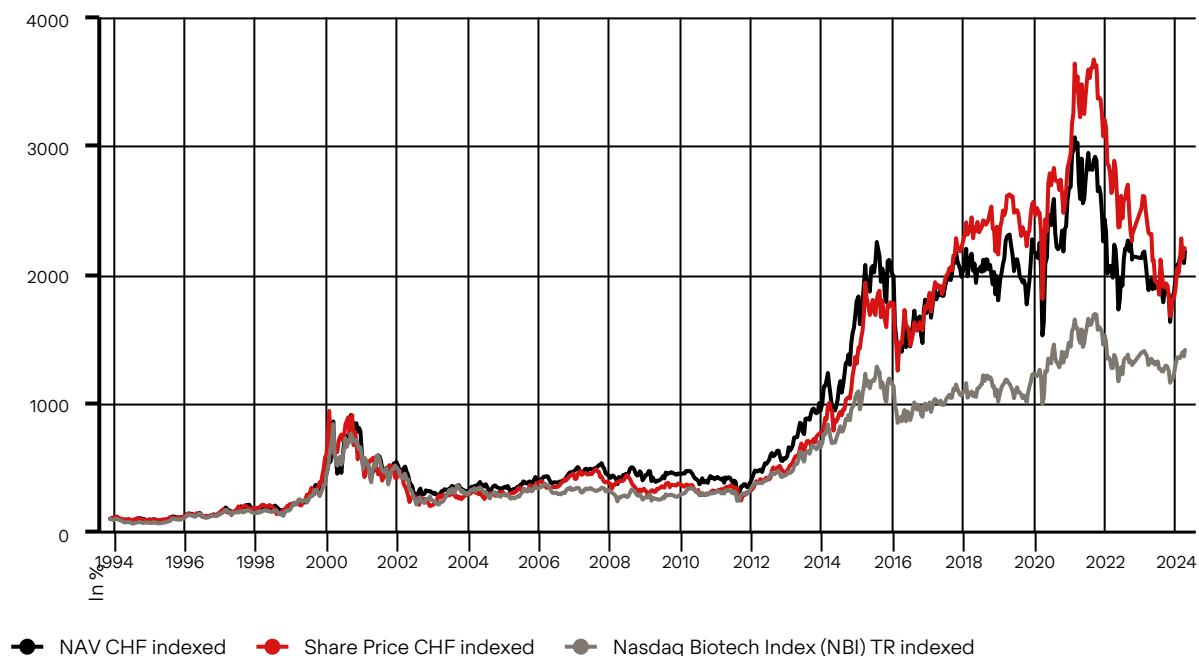


Performance/Multi-year comparison

Indexed performance since launch

BB Biotech AG (SIX)-CHF



Rolling performance

	SHARE	NAV	NBI TR
31.03.2023 – 31.03.2024	(4.8%)	13.5%	6.8%
31.03.2022 – 31.03.2023	(18.4%)	(11.2%)	(1.1%)
31.03.2021 – 31.03.2022	(16.7%)	(23.6%)	(13.0%)
31.03.2020 – 31.03.2021	63.3%	67.9%	36.7%
29.03.2019 – 31.03.2020	(19.5%)	(26.6%)	(5.8%)

Annual performance

	SHARE	NAV	NBI TR
2023	(18.1%)	(7.4%)	(4.8%)
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%

Cumulated performance

31.03.2024

	SHARE	NAV	NBI TR
YTD	11.3%	11.2%	9.1%
1 year	(4.8%)	13.5%	6.8%
3 years	(35.3%)	(23.0%)	(8.1%)
5 years	(14.9%)	(5.1%)	18.4%
10 years	141%	111%	94%
since inception ¹⁾	2 103%	2 080%	1 313%

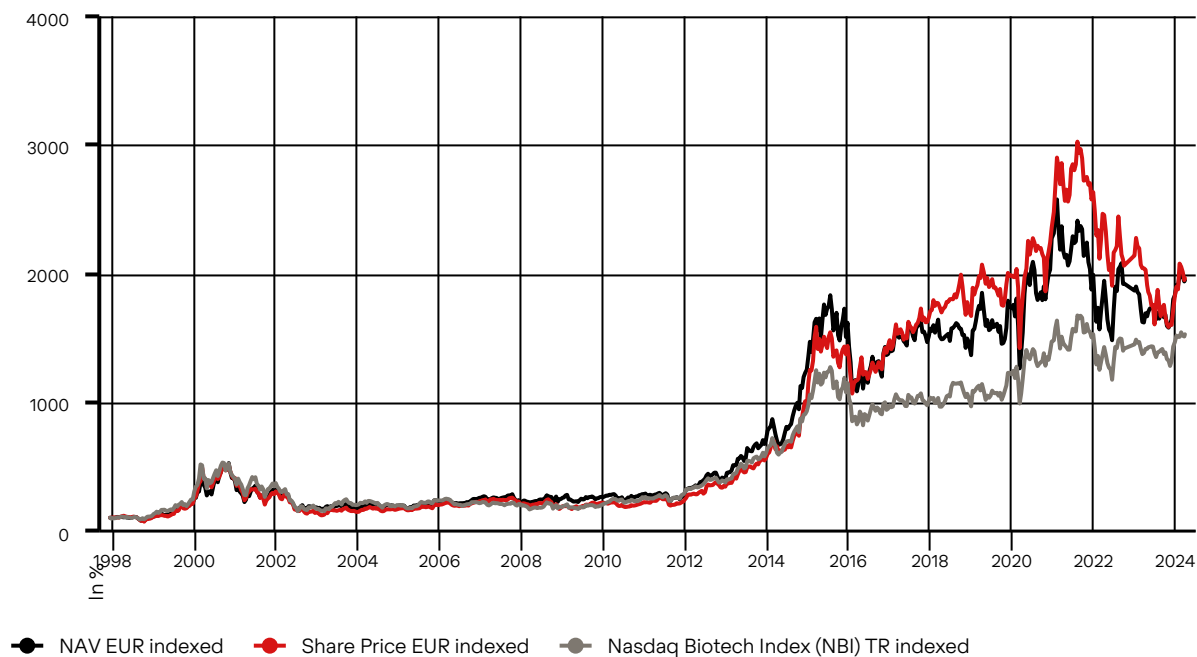
¹⁾ 09.11.1993

Annualized performance

31.03.2024

	SHARE	NAV	NBI TR
1 year	(4.8%)	13.5%	6.8%
3 years	(13.5%)	(8.3%)	(2.8%)
5 years	(3.2%)	(1.0%)	3.4%
10 years	9.2%	7.8%	6.8%
since inception ¹⁾	10.7%	10.7%	9.1%

¹⁾ 09.11.1993

BB BIOTECH AG (XETRA)-EUR**Rolling performance**

	SHARE	NAV	NBI TR
31.03.2023 – 31.03.2024	(2.1%)	15.8%	9.0%
31.03.2022 – 31.03.2023	(17.4%)	(8.6%)	1.8%
31.03.2021 – 31.03.2022	(9.4%)	(17.2%)	(5.8%)
31.03.2020 – 31.03.2021	58.5%	60.7%	30.8%
29.03.2019 – 31.03.2020	(16.2%)	(22.6%)	(0.6%)

Annual performance

	SHARE	NAV	NBI TR
2023	(15.2%)	(1.3%)	1.3%
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%

Cumulated performance

31.03.2024

	SHARE	NAV	NBI TR
YTD	7.6%	6.3%	4.1%
1 year	(2.1%)	15.8%	9.0%
3 years	(26.7%)	(12.3%)	4.5%
5 years	(2.7%)	9.0%	35.9%
10 years	200%	165%	142%
since inception ¹⁾	1 863%	1 846%	1 427%

¹ 10.12.1997**Annualized performance**

31.03.2024

	SHARE	NAV	NBI TR
1 year	(2.1%)	15.8%	9.0%
3 years	(9.8%)	(4.3%)	1.5%
5 years	(0.5%)	1.7%	6.3%
10 years	11.6%	10.2%	9.2%
since inception ¹⁾	12.0%	11.9%	10.9%

¹ 10.12.1997

Multi-year comparison

	31.03.2024	2023	2022	2021	2020
Market capitalization at the end of the period (in CHF mn)	2 523.5	2 368.4	3 058.1	4 274.1	4 107.9
Net Asset Value at the end of the period (in CHF mn)	2 474.0	2 323.2	2 686.1	3 283.5	3 887.5
Number of shares (in mn)	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	263.5	906.3	1 482.0	2 101.0	2 315.6
Profit/(loss) (in CHF mn)	260.5	(206.6)	(357.8)	(404.8)	691.2
Closing price at the end of the period in CHF	45.55	42.75	55.20	77.15	74.15
Closing price at the end of the period in EUR	46.90	45.50	56.70	74.05	68.00
Stock performance (incl. distributions) ¹⁾	11.3%	(18.1%)	(24.3%)	8.3%	19.3%
High/low share price in CHF	49.35/42.60	60.70/35.60	78.15/51.00	92.20/73.40	74.70/45.44
High/low share price in EUR	52.00/44.90	60.50/37.10	75.40/49.60	86.20/67.80	69.00/43.04
Premium/(discount) (annual average)	1.0%	7.5%	20.5%	19.5%	9.2%
Dividend in CHF	N.A.	2.00	2.85	3.85	3.60
Degree of investment (quarterly figures)	114.1%	113.7%	112.8%	108.6%	106.8%
Total Expense Ratio (TER) p.a. ²⁾	1.35%	1.34%	1.27%	1.22%	1.25%

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

²⁾ Based on market capitalization

Shareholder letter

Dear Shareholders

In the first quarter, the general equity market reached unprecedented all-time highs, fueled by reinforced expectations of central bank interest rate cuts later in 2024, a persistently robust economy, and the potential of artificial intelligence to catalyze a new industrial revolution. The broader healthcare sector saw gains, bolstered by solid earnings updates and sustained momentum among leading companies in the field of managing the obesity epidemic. However, biotechnology, as reflected by the broader NBI Index, underperformed during this period. This underperformance was mitigated somewhat by a handful of select, smaller M&A transactions and a rebound in small-cap companies from the troughs experienced in October 2023.

The S&P 500 saw a notable increase of 10.6% in USD, and the Nasdaq Composite Index advanced by 9.3% in USD. Similarly, the Euro Stoxx 50 experienced a substantial rise of 12.9% in EUR. The MSCI World Health Care Index climbed 7.7% in USD, although the Nasdaq Biotechnology Index lagged with a modest total return of 1.6% in USD. Biotech investments, often viewed as vulnerable to fluctuations in the interest rate environment, enjoyed a promising start through the end of February. However, apprehension concerning the Federal Reserve's approach to interest rate cuts in 2024 triggered a downturn in March.

Small-cap biotechnology companies mirrored this trend yet outperformed the broader, large-cap dominated NBI Index. The prospect of significant valuation increases, coupled with M&A activity serving as a crucial performance driver in the biotech sector – predominantly targeting smaller capitalized companies – contributed to the superior performance of this subsegment. Illustrative of this trend is the XBI, which achieved a total return of 6.3% in USD, surpassing the NBI Index's return of 1.6% in USD.

For BB Biotech AG, the total return in the first quarter of 2024 was a positive 11.3% in CHF and 7.6% in EUR, inclusive of a dividend payment of CHF 2.00 per share. The portfolio's total return was 11.2% in CHF, 6.3% in EUR, and 3.8% in USD, slightly surpassing the NBI Index. Central bank policies impacted not just the equity markets; notably, the Swiss National Bank's unexpected rate cut devalued the Swiss Franc against other major currencies like the USD and the Euro. This devaluation provided a significant boost to the portfolio in Q1 2024 due to the USD's strengthening against the Swiss Franc, reversing the trend of strong USD devaluation witnessed in the last quarter of 2023. Overall, the net gain for the first quarter of 2024 amounted to CHF 260 mn, a stark contrast to a net loss of CHF 254 mn during the same period in 2023.

AGM 2024

At the Annual General Meeting, BB Biotech AG's shareholders unanimously approved all proposals put forth by the Board of Directors. The shareholders endorsed the proposal for a gross dividend payout of CHF 2.00 per share. This dividend was distributed on March 27, 2024.

Dr. Thomas von Planta was elected as the new Chairman of the Board of Directors, taking over from Dr. Erich Hunziker, who opted not to seek re-election. The Board expressed its gratitude to Dr. Hunziker for his significant contributions and dedication to BB Biotech over the last 13 years. Furthermore, Camilla Soenderby joined as a new member of the Board. The shareholders also re-elected existing Board members Dr. Clive Meanwell, Laura Hamill, Dr. Pearl Huang, and Prof. Dr. Mads Krogsgaard Thomsen for another one-year term.

Continued high investment level

As the first quarter concluded, our investment level neared the upper limit of our target range, reaching 114.1%. This sustained high level of investment underscores the management team's optimistic outlook, recognizing many companies as attractively valued. The team is committed to adhering to our proven investment guidelines, maintaining investment levels between 95% and 115%. The CHF 110 mn dividend payment was primarily financed through the cash proceeds from the divestiture of established and significant investments.

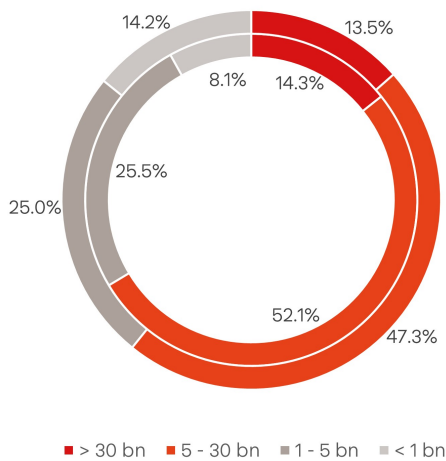
Portfolio update Q1 2024

In the first quarter, portfolio adjustments primarily involved capitalizing on gains from larger, established long-term holdings. This strategy facilitated the dividend distribution in late March and allowed for selective participation in capital increases, augmenting smaller holdings and introducing one new position.

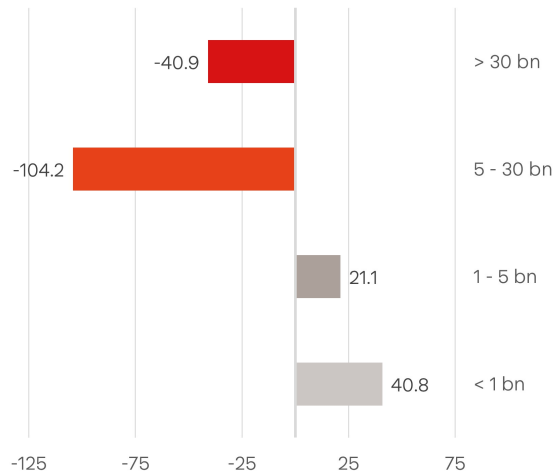
Profit-taking activities targeted mid-to-larger entities such as Vertex, Argenx, Ionis, Intra-Cellular, Moderna, and Neurocrine, alongside minor tactical sales, generating a substantial cash influx of USD 166 mn (CHF 145 mn). The quarter's capital expenditures included CHF 110 mn for dividend payouts and USD 70 mn (CHF 62 mn) for bolstering existing smaller positions and establishing a new stake in Annexon. BB Biotech engaged in capital increases for Celldex and Esperion. Further portfolio enhancements involved additions to Sage and Generation Bio, and profits from Crispr Therapeutics were reallocated to Beam Therapeutics. A strategic new portfolio entry in the first quarter of 2024 was Annexon, a clinical-stage company focused on developing therapeutic candidates aimed at the complement system to tackle severe autoimmune disorders.

Portfolio distribution by market capitalization (in CHF)

Inner circle Q4 2023
Outer circle Q1 2024



Purchases/sales (net) during the first quarter of 2024 per segment
(in mn CHF)



By the close of Q1 2024, BB Biotech's portfolio held 30 positions, maintaining a focus on mid-cap and larger cap biotechnology firms poised for profitability or with sufficient financial backing to achieve profitability, given their current balance sheet strengths. Approximately 30% of the portfolio was invested in early-stage pipeline companies anticipated to require additional funding in the forthcoming years

Portfolio milestones for the first quarter 2024

The biotechnology markets remained volatile, leading to valuation declines in our significant investments in Alnylam and Ionis, triggered by the postponement of critical clinical trial results from the first to the second quarter. This delay impacted our Net Asset Value (NAV) negatively by approximately 1% per position. Alnylam's decision to defer the HELIOS-B trial outcomes for Vutrisiran in TTR cardiomyopathy patients, along with modifications to the trial's primary endpoint, was double-edged. It introduced risks to the trial's success and potentially diminished the market opportunity. Similarly, Intra-Cellular Therapies shares were marked down after the company postponed the publication of data from its Phase III trial of Caplyta in major depressive disorder to April. The company finally announced positive Phase III topline results on April 16, which led to a recovery of the short-term share price losses.

Conversely, our smaller holdings have rebounded from their lows, driven by anticipation of significant milestones. These companies, trading at deep discounts, present substantial upside potential. A notable example is MacroGenics, which contributed approximately 2% to our NAV's return. It is poised to release pivotal Phase II data for vobra duo, its B7-H3 ADC molecule under trial in men with prostate cancer. An initial update is anticipated in May, with further efficacy data expected in the second half of 2024.

Our smaller holdings have rebounded from their lows, driven by anticipation of significant milestones. These companies, trading at deep discounts, present substantial upside potential.

In the first quarter of 2024, the biotechnology sector witnessed significant activity with multiple Phase III trials and numerous proof of concept studies yielding results, including:

- Vertex reported encouraging outcomes from the VX-548 Phase III program for treating moderate-to-severe acute pain. Although VX-548, a selective NaV1.8 inhibitor, was superior to placebo, it did not demonstrate superiority over hydrocodone bitartrate/acetaminophen. The investor community is now keenly awaiting results from studies evaluating VX-548 in chronic pain, given its much larger market potential, anticipated in 2026.
- Ionis delivered positive top-line results for donidalorsen in treating hereditary angioedema (HAE) patients, showcasing a significant reduction in the rate of HAE attacks. The company has announced plans to release additional results in 2024, including open-label extension data and findings from a cohort of patients transitioning to donidalorsen from other prophylactic HAE medications.
- Agios unveiled improvements in hemoglobin response rates in non-transfusion dependent alpha- and beta-thalassemia patients treated with AG-348, an orally available pyruvate kinase activator. Pivotal Phase III results for AG-348 in treating more severe transfusion-dependent alpha- and beta-thalassemia patients are anticipated in the second half of 2024.
- Celldex announced successful Phase II outcomes for barzolvolimab in chronic spontaneous urticaria patients, demonstrating fast onset of drug response and effectiveness in treatment-experienced/refractory patients. Following these results, Celldex plans to initiate a registrational trial in 2024, and capitalized on these positive outcomes by raising USD 460 mn in a capital increase, with BB Biotech participating.
- Argenx reported that Efgartigimod cleared Phase II evaluations for Sjogren's disease (SjD), with plans for a registrational program to follow. This news was particularly well-received, coming after a setback in the fourth quarter of 2023.

The quarter also saw two product approvals and a notable product label update:

- Crispr Therapeutics and Vertex secured US FDA approval for Casgevy to treat transfusion-dependent beta thalassemia, following its late 2023 approval for sickle cell disease treatment. The therapy, a one-time treatment that is potentially curative but requires bone marrow transplantation, is expected to see a gradual launch throughout 2024.
- Argenx achieved approval for the intravenous formulation of Vyvgart to treat adults with primary immune thrombocytopenia, while the failure of the subcutaneous formulation in the same condition is under further analysis by Argenx to determine future steps in the US and EU.
- Furthermore, the FDA updated Esperion's Nexletol product label to incorporate cardiovascular outcomes trial results, significantly expanding its total addressable market (TAM) by approving it for not only statin-intolerant patients with high LDL but also for primary prevention. This expansion prompted BB Biotech to participate in Esperion's USD 75 mn capital increase early in the year.

M&A activity started slowly in 2024, with BB Biotech not engaging in the few smaller-sized public M&A transactions announced. Through the acquisition of Morphosys by Novartis, Incyte secured exclusive global development and commercialization rights to tafasitamab (Monjuvi).

Outlook for 2024

Central bank interest rate decisions continue to be a pivotal short-term factor influencing biotech investments. As demonstrated in the first quarter, any adjustment in the timelines and extent of potential rate cuts significantly affects valuations, especially for smaller and mid-cap companies poised to invest heavily in drug development, with revenues and profits anticipated only a few years down the line, assuming everything proceeds as planned. This ongoing uncertainty has already marked the early weeks of the second quarter.

Despite the vagaries of interest rates, the underlying progress and the quality of biotech players, including those within BB Biotech's portfolio, remain solid. Looking forward, we expect a robust news flow from our portfolio companies throughout 2024.

Key anticipated updates include:

- Alnylam's Phase III HELIOS-B results for vutrisiran in TTR cardiomyopathy patients.
- Agios's ENERGIZE-T results for Pyrukynd in transfusion-dependent alpha- and beta-thalassemia patients.
- MacroGenics's update on the Phase II TAMARACK study for vobra-duo in metastatic castration-resistant prostate cancer patients.
- Revolution Medicines's presentation for RMC-6236, a multi KRAS inhibitor.
- Moderna's anticipated US approval of the RSV vaccine mRNA-1345 in Q2 2024, in time for the fall 2024 vaccine season.

The US healthcare system's focus on cost control, particularly with the implementation of the Inflation Reduction Act (IRA), will become more pronounced in fall 2024 as the negotiated discounts for the first ten drugs set for discounting in 2026/27 are announced. Additionally, with the US presidential election approaching, new healthcare proposals are expected to emerge.

The impending expiration of patents for established pharma pipelines continues to drive M&A activity, with attractive valuations and promising assets and technologies characterizing potential acquisition targets. We anticipate an uptick in takeover activity for the remainder of 2024, following a relatively slow start in the first quarter.

The capital markets have shown improvement for pipeline biotech companies, with an increase in capital raising activities following significant pipeline progress. After the challenges of the post-pandemic years, investors are once again willing to support pipeline companies, enabling them to pursue their development independently. While the secondary market has seen activity, only a few private companies have completed IPOs so far in 2024. With a better start to the year both on the stock exchanges and in terms of fundamental progress, BB Biotech remains optimistic about the attractive future returns offered by our portfolio companies.

We thank you for your continued trust.

The Board of Directors of BB Biotech AG

Dr. Thomas von Planta

Chairman

Laura Hamill

Member

Camilla Soenderby

Member

Dr. Clive Meanwell

Vice-Chairman

Dr. Pearl Huang

Member

Prof. Dr. Mads Krogsgaard Thomsen

Member

Portfolio at a glance

Securities as at March 31, 2024

Company	Number of securities	Change since 31.12.2023	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company equity
Ionis Pharmaceuticals	8 260 000	(330 000)	USD	43.35	322.8	11.4%	13.0%	5.7%
Argenx SE	770 000	(55 000)	USD	393.72	273.3	9.7%	11.0%	1.3%
Neurocrine Biosciences	2 040 000	(370 000)	USD	137.92	253.6	9.0%	10.3%	2.1%
Vertex Pharmaceuticals	580 000	(60 000)	USD	418.01	218.5	7.7%	8.8%	0.2%
Intra-Cellular Therapies	2 800 000	(240 000)	USD	69.20	174.7	6.2%	7.1%	2.9%
Moderna	1 700 000	(191 075)	USD	106.56	163.3	5.8%	6.6%	0.4%
Revolution Medicines	5 046 700	–	USD	32.23	146.6	5.2%	5.9%	3.1%
Macrogenics	9 929 963	–	USD	14.72	131.8	4.7%	5.3%	15.9%
Alnylam Pharmaceuticals	909 700	50 000	USD	149.45	122.5	4.3%	5.0%	0.7%
Incyte	2 150 000	–	USD	56.97	110.4	3.9%	4.5%	1.0%
Celldex Therapeutics	2 796 615	380 319	USD	41.97	105.8	3.7%	4.3%	4.3%
Agiros Pharmaceuticals	4 000 000	–	USD	29.24	105.4	3.7%	4.3%	7.1%
Arvinas	2 380 000	(114 531)	USD	41.28	88.6	3.1%	3.6%	3.5%
Sage Therapeutics	4 460 693	955 693	USD	18.74	75.4	2.7%	3.0%	7.4%
Essa Pharma	7 879 583	–	USD	8.49	60.3	2.1%	2.4%	17.8%
Biohaven	1 150 000	75 000	USD	54.69	56.7	2.0%	2.3%	1.4%
Immunocore	965 654	–	USD	65.00	56.6	2.0%	2.3%	1.9%
Relay Therapeutics	5 925 000	–	USD	8.30	44.3	1.6%	1.8%	4.5%
Exelixis	1 900 000	(100 000)	USD	23.73	40.6	1.4%	1.6%	0.6%
Black Diamond Therapeutics	8 517 839	–	USD	5.07	38.9	1.4%	1.6%	16.5%
Crispr Therapeutics	610 000	(270 000)	USD	68.16	37.5	1.3%	1.5%	0.7%
Beam Therapeutics	1 193 121	500 000	USD	33.04	35.5	1.3%	1.4%	1.5%
Scholar Rock Holding	2 132 725	–	USD	17.76	34.1	1.2%	1.4%	2.7%
Fate Therapeutics	4 839 779	–	USD	7.34	32.0	1.1%	1.3%	4.3%
Esperion Therapeutics	9 944 064	5 750 000	USD	2.68	24.0	0.9%	1.0%	5.4%
Wave Life Sciences	4 094 458	(400 000)	USD	6.17	22.8	0.8%	0.9%	3.3%
Rivus Pharmaceuticals ¹⁾			USD		15.8	0.6%	0.6%	
Generation Bio Co.	3 861 575	253 295	USD	4.07	14.2	0.5%	0.6%	5.8%
Annexon	2 182 290	2 182 290	USD	7.17	14.1	0.5%	0.6%	2.4%
Molecular Templates	1 029 820	–	USD	2.24	2.1	0.1%	0.1%	19.2%
Radius Health – Contingent Value Right	8 733 538	–	USD	0.00	0.0	0.0%	0.0%	
Total securities					2 822.2	100.0%	114.1%	
Other assets					5.8		0.2%	
Other payables					(354.0)		(14.3%)	
Net Asset Value					2 474.0		100.0%	

¹⁾ Unlisted company

Exchange rate as at 31.03.2024: USD/CHF: 0.9014

Composition of BB Biotech’s portfolio
(in % of securities)

Purchases/sales (net) during Q1 2024
(in mn CHF)

