

Consolidated balance sheet

in CHF 1 000	Notes	30.06.2022	31.12.2021
Current assets			
Cash and cash equivalents		1 724	2 835
Securities	4	2 852 415	3 641 112
Other assets		163	135
		2 854 302	3 644 082
Total assets		2 854 302	3 644 082
Current liabilities			
Short-term borrowings from banks	5	326 000	355 000
Payables to brokers		4 640	–
Other short-term liabilities		3 729	5 431
Tax liabilities		93	158
		334 462	360 589
Total liabilities		334 462	360 589
Shareholders' equity			
Share capital	6	11 080	11 080
Treasury shares	6	(27 689)	(9 205)
Retained earnings		2 536 449	3 281 618
		2 519 840	3 283 493
Total liabilities and shareholders' equity		2 854 302	3 644 082
Net asset value per share in CHF		45.80	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 July 19, 2022.

Consolidated statement of comprehensive income

in CHF 1 000	Notes	01.01.–30.06.2022	01.01.–30.06.2021	01.04.–30.06.2022	01.04.–30.06.2021
Operating income					
Net gains from securities	4	–	379 813	–	144 258
Foreign exchange gains		780	–	60	–
Other income		3	4	–	1
		783	379 817	60	144 259
Operating expenses					
Net losses from securities	4	(510 645)	–	(222 239)	–
Finance expenses		(591)	(397)	(343)	(354)
Foreign exchange losses		–	(474)	–	(681)
Administrative expenses	7	(19 900)	(25 985)	(9 415)	(12 907)
Other expenses		(2 534)	(3 428)	(1 108)	(1 751)
		(533 670)	(30 284)	(233 105)	(15 693)
Profit/(loss) before tax	8	(532 887)	349 533	(233 045)	128 566
Income taxes		(39)	(38)	(20)	(19)
Profit/(loss) for the period		(532 926)	349 495	(233 065)	128 547
Total comprehensive profit/(loss) for the period		(532 926)	349 495	(233 065)	128 547
Income per share in CHF	9	(9.66)	6.31	(4.23)	2.32
Diluted income per share in CHF	9	(9.66)	6.31	(4.23)	2.32

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	–	–	349 495	349 495
Balances at June 30, 2021	11 080	–	4 035 920	4 047 000
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)	–	(18 484)	–	(18 484)
Total comprehensive income for the period	–	–	(532 926)	(532 926)
Balances at June 30, 2022	11 080	(27 689)	2 536 449	2 519 840

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.–30.06.2022	01.01.–30.06.2021
Cash flows from operating activities			
Proceeds from sales of securities	4	328 734	539 046
Purchase of securities	4	(46 042)	(559 195)
Payments for services		(24 188)	(29 504)
Income taxes paid		(78)	(76)
Total cash flows from operating activities		258 426	(49 729)
Cash flows from financing activities			
Dividend		(212 242)	(199 440)
Proceeds from sales of treasury shares	6	–	9 398
Purchase of treasury shares	6	(18 484)	–
Borrowing/(repayment) of bank loans	5	(29 000)	237 000
Interest payments		(591)	(397)
Total cash flows from financing activities		(260 317)	46 561
Foreign exchange difference		780	(474)
Change in cash and cash equivalents		(1 111)	(3 642)
Cash and cash equivalents at the beginning of the period		2 835	6 816
Cash and cash equivalents at the end of the period		1 724	3 174

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	30.06.2022	31.12.2021
USD	0.95510	0.91290
ANG	0.53657	0.51287
EUR	1.00114	1.03740
GBP	1.16290	1.23390

Fair Values

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

30.06.2022	Level 1	Level 2	Level 3	Total
Assets				
Securities				
– Shares	2 852 415	–	–	2 852 415
– Derivative instruments	–	–	–	–
Total assets	2 852 415	–	–	2 852 415
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.–30.06.2022	01.01.–30.06.2021
Opening balance	2 222	2 155
Purchases/(Sales)/Reclassification	(5 071)	–
Gains/(losses) included in net gain/loss from securities	2 849	97
Closing balance	–	2 252
Gains/(losses) on level 3 instruments included in net gain/loss from securities	2 849	97

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 30.06.2022	Market price in original currency 30.06.2022	Valuation CHF mn 30.06.2022	Valuation CHF mn 31.12.2021
Ionis Pharmaceuticals	10 232 973	(691 945)	9 541 028	USD	37.02	337.3
Argenx SE	970 538	(68 035)	902 503	USD	378.88	326.6
Neurocrine Biosciences	3 015 400	(216 963)	2 798 437	USD	97.48	260.5
Vertex Pharmaceuticals	1 030 000	(79 477)	950 523	USD	281.79	255.8
Moderna	1 663 349	(131 398)	1 531 951	USD	142.85	209.0
Incyte	2 897 000	(205 923)	2 691 077	USD	75.97	195.3
Intra-Cellular Therapies	3 538 419	(246 940)	3 291 479	USD	57.08	179.4
Alnylam Pharmaceuticals	1 110 000	(81 071)	1 028 929	USD	145.85	143.3
Sage Therapeutics	3 170 104	(219 826)	2 950 278	USD	32.30	91.0
Radius Health	7 705 714	1 027 824	8 733 538	USD	10.37	86.5
Agios Pharmaceuticals	4 312 292	(281 500)	4 030 792	USD	22.17	85.4
Arvinas	2 176 903	(111 877)	2 065 026	USD	42.09	83.0
Fate Therapeutics	3 701 336	(242 800)	3 458 536	USD	24.78	81.9
Myovant Sciences	6 122 039	(249 400)	5 872 639	USD	12.43	69.7
Relay Therapeutics	4 085 962	(108 200)	3 977 762	USD	16.75	63.6
Revolution Medicines	3 421 462	(118 900)	3 302 562	USD	19.49	61.5
Exelixis	2 835 000	(180 500)	2 654 500	USD	20.82	52.8
Crispr Therapeutics	949 584	(60 979)	888 605	USD	60.77	51.6
Esperion Therapeutics	4 477 964	(283 900)	4 194 064	USD	6.36	25.5
Celldex Therapeutics	–	925 000	925 000	USD	26.96	23.8
Kezar Life Sciences	4 918 148	(1 918 148)	3 000 000	USD	8.27	23.7
Generation Bio Co.	3 853 180	(244 900)	3 608 280	USD	6.56	22.6
Beam Therapeutics	606 821	(38 700)	568 121	USD	38.71	21.0
Macrogenics	7 275 564	–	7 275 564	USD	2.95	20.5
Mersana Therapeutics	4 135 000	(268 800)	3 866 200	USD	4.62	17.1
Essa Pharma	5 015 814	(25 100)	4 990 714	USD	3.15	15.0
Wave Life Sciences	4 602 858	(108 400)	4 494 458	USD	3.25	14.0
Scholar Rock Holding	2 275 125	(142 400)	2 132 725	USD	5.49	11.2
Black Diamond Therapeutics	3 440 000	1 254 113	4 694 113	USD	2.46	11.0
Molecular Templates	10 792 003	400 000	11 192 003	USD	0.91	9.7
Homology Medicines	1 737 122	(114 600)	1 622 522	USD	1.97	3.1
Biogen	500 000	(500 000)	–	USD	n.a.	–
Nektar Therapeutics	2 620 676	(2 620 676)	–	USD	n.a.	–
Total shares						2 852.4
						3 638.9
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	(2 766 008)	–	USD	n.a.	–
Total derivative instruments						–
						2.2
Total securities						2 852.4
						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	50 682	–	–	50 682
Sales	(323 663)	–	(5 071)	(328 734)
Net gains/(losses) from securities	(513 494)	–	2 849	(510 645)
<i>Realized gains</i>	4 577	–	2 849	7 426
<i>Realized losses</i>	(79 585)	–	–	(79 585)
<i>Unrealized gains</i>	303 630	–	–	303 630
<i>Unrealized losses</i>	(742 116)	–	–	(742 116)
Closing balance as at 30.06.2022 at fair values	2 852 415	–	–	2 852 415

5. Short-term borrowings from banks

At June 30, 2022, a CHF 326 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 June 30, 2022, the Company has purchased 299 813 treasury shares at an average price of CHF 61.65 to the amount of TCHF 18 484 and the Company has not sold any treasury shares (01.01.–30.06.2021: no purchases; sales of 114 662 treasury shares to the amount of TCHF 9 398). As at June 30, 2022, the Company holds 407 239 treasury shares (December 31, 2021: 107 426 shares). The treasury shares as at June 30, 2022, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 27 689 (December 31, 2021: TCHF 9 205).

Share buyback 2nd line (bought for cancellation)

In April 2019, the Board of Directors approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. Until the end of the program, at April 11, 2022, no shares had been repurchased under this share buy-back program.

The Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy-back program will run from April 13, 2022 until April 11, 2025 at the latest. Until June 30, 2022, no shares had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

7. Administrative expenses

Administrative expenses comprise the following:

in CHF 1 000	01.01.–30.06.2022	01.01.–30.06.2021
Investment manager		
– Management fees (incl. VAT)	18 965	25 089
Personnel		
– Board of Directors remuneration	710	708
– Wages and salaries	153	129
– Social insurance contributions and duties	72	59
	19 900	25 985

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.–30.06.2022	01.01.–30.06.2021
Netherlands	34 179	19 788
Singapore	841	(2 098)
Switzerland	(12 586)	17 891
Great Britain	(14 283)	(15 689)
Curaçao	(20 247)	(27 118)
Canada	(49 864)	6 816
USA	(470 927)	349 943
	(532 887)	349 533

9. Earnings per share

	01.01.–30.06.2022	01.01.–30.06.2021
Total comprehensive profit/(loss) for the period (in CHF 1 000)	(532 926)	349 495
Weighted average number of shares in issue	55 141 541	55 382 172
Income per share in CHF	(9.66)	6.31
Income used to determine diluted income per share (in CHF 1 000)	(532 926)	349 495
Weighted average number of shares in issue following the dilution	55 141 541	55 382 172
Diluted income per share in CHF	(9.66)	6.31

10. Assets pledged

At June 30, 2022, securities in the amount of CHF 2 852.4 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 June 30, 2022, a CHF 326 mn short-term loan is outstanding (December 31, 2021: CHF 355 mn).

11. 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](#)».

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

The Group had no commitments or other off-balance sheet transactions open at June 30, 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 June 30, 2022, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2021: none).

13. 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, 2022 and December 31, 2021.

14. Subsequent events

There have been no events subsequent to June 30, 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 30 June 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

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Zurich, 20 July 2022

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