

Interim Report as at 30.09.2023

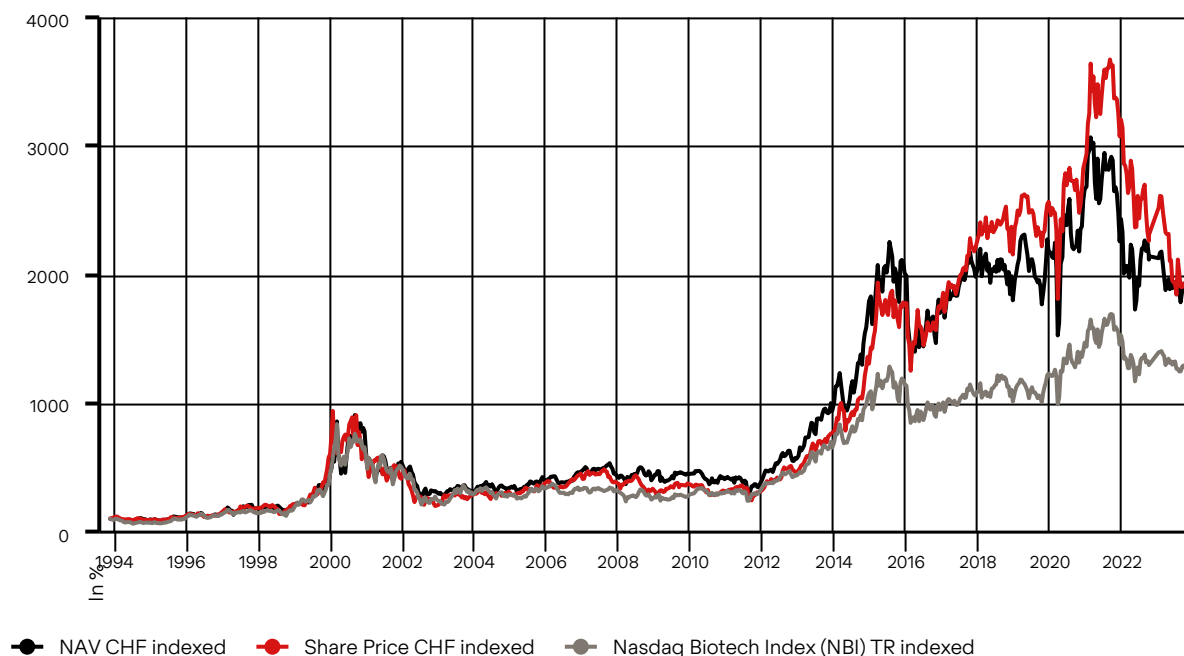
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Performance/Multi-year comparison

Indexed performance since launch

BB Biotech AG (SIX)-CHF



Rolling performance

| | SHARE | NAV | NBI TR |
|-------------------------|---------|---------|---------|
| 30.09.2022 – 30.09.2023 | (17.1%) | (12.8%) | (1.7%) |
| 30.09.2021 – 30.09.2022 | (33.7%) | (22.7%) | (21.3%) |
| 30.09.2020 – 30.09.2021 | 31.1% | 24.5% | 21.9% |
| 30.09.2019 – 30.09.2020 | 15.9% | 21.0% | 26.4% |
| 28.09.2018 – 30.09.2019 | (10.6%) | (14.1%) | (16.2%) |

Annual performance

| | SHARE | NAV | NBI TR |
|------|---------|---------|--------|
| 2022 | (24.3%) | (11.0%) | (9.1%) |
| 2021 | 8.3% | (11.5%) | 3.0% |
| 2020 | 19.3% | 24.3% | 15.8% |
| 2019 | 18.5% | 23.4% | 23.0% |
| 2018 | (5.2%) | (14.5%) | (8.0%) |

Cumulated performance

30.09.2023

| | SHARE | NAV | NBI TR |
|-------------------------------|---------|---------|--------|
| YTD | (20.8%) | (11.8%) | (6.3%) |
| 1 year | (17.1%) | (12.8%) | (1.7%) |
| 3 years | (28.0%) | (16.2%) | (5.7%) |
| 5 years | (25.4%) | (12.8%) | (0.0%) |
| 10 years | 166% | 96% | 93% |
| since inception ¹⁾ | 1 815% | 1 767% | 1 175% |

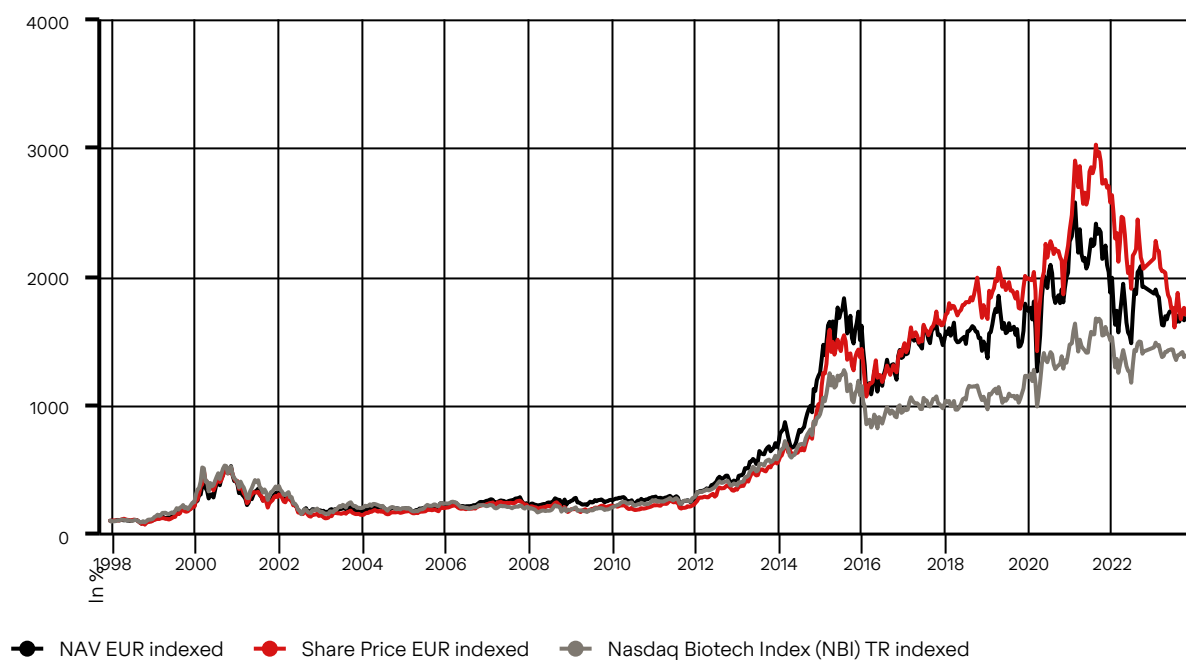
¹ 09.11.1993

Annualized performance

30.09.2023

| | SHARE | NAV | NBI TR |
|-------------------------------|---------|---------|--------|
| 1 year | (17.1%) | (12.8%) | (1.7%) |
| 3 years | (10.4%) | (5.7%) | (1.9%) |
| 5 years | (5.7%) | (2.7%) | (0.0%) |
| 10 years | 10.3% | 7.0% | 6.8% |
| since inception ¹⁾ | 10.4% | 10.3% | 8.9% |

¹ 09.11.1993

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

| | SHARE | NAV | NBI TR |
|-------------------------|---------|---------|---------|
| 30.09.2022 – 30.09.2023 | (17.3%) | (12.9%) | (2.1%) |
| 30.09.2021 – 30.09.2022 | (26.1%) | (13.9%) | (11.7%) |
| 30.09.2020 – 30.09.2021 | 29.6% | 24.5% | 21.8% |
| 30.09.2019 – 30.09.2020 | 17.5% | 22.0% | 27.3% |
| 28.09.2018 – 30.09.2019 | (5.8%) | (10.0%) | (12.6%) |

Annual performance

| | SHARE | NAV | NBI TR |
|------|---------|---------|--------|
| 2022 | (19.0%) | (6.7%) | (4.5%) |
| 2021 | 13.3% | (7.8%) | 7.4% |
| 2020 | 18.1% | 24.8% | 16.1% |
| 2019 | 23.4% | 28.1% | 27.6% |
| 2018 | (2.2%) | (11.1%) | (4.3%) |

Cumulated performance

30.09.2023

| | SHARE | NAV | NBI TR |
|-------------------------------|---------|---------|--------|
| YTD | (20.8%) | (9.7%) | (4.4%) |
| 1 year | (17.3%) | (12.9%) | (2.1%) |
| 3 years | (20.8%) | (6.5%) | 5.3% |
| 5 years | (12.3%) | 2.7% | 17.2% |
| 10 years | 234% | 148% | 144% |
| since inception ¹⁾ | 1 604% | 1 575% | 1 285% |

¹ 10.12.1997**Annualized performance**

30.09.2023

| | SHARE | NAV | NBI TR |
|-------------------------------|---------|---------|--------|
| 1 year | (17.3%) | (12.9%) | (2.1%) |
| 3 years | (7.5%) | (2.2%) | 1.7% |
| 5 years | (2.6%) | 0.5% | 3.2% |
| 10 years | 12.8% | 9.5% | 9.3% |
| since inception ¹⁾ | 11.6% | 11.5% | 10.7% |

¹ 10.12.1997

Multi-year comparison

| | 30.09.2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------|-------------|-------------|-------------|
| Market capitalization at the end of the period (in CHF mn) | 2 290.8 | 3 058.1 | 4 274.1 | 4 107.9 | 3 670.3 |
| Net Asset Value at the end of the period (in CHF mn) | 2 214.1 | 2 686.1 | 3 283.5 | 3 887.5 | 3 393.0 |
| Number of shares (in mn) | 55.4 | 55.4 | 55.4 | 55.4 | 55.4 |
| Trading volume (in CHF mn) | 677.9 | 1 482.0 | 2 101.0 | 2 315.6 | 2 004.2 |
| Profit/(loss) (in CHF mn) | (315.7) | (357.8) | (404.8) | 691.2 | 677.4 |
| Closing price at the end of the period in CHF | 41.35 | 55.20 | 77.15 | 74.15 | 66.25 |
| Closing price at the end of the period in EUR | 42.50 | 56.70 | 74.05 | 68.00 | 61.40 |
| Stock performance (incl. distributions) ¹⁾ | (20.8%) | (24.3%) | 8.3% | 19.3% | 18.5% |
| High/low share price in CHF | 60.70/38.95 | 78.15/51.00 | 92.20/73.40 | 74.70/45.44 | 73.20/59.35 |
| High/low share price in EUR | 60.50/39.70 | 75.40/49.60 | 86.20/67.80 | 69.00/43.04 | 64.70/52.10 |
| Premium/(discount) (annual average) | 10.4% | 20.5% | 19.5% | 9.2% | 11.8% |
| Dividend in CHF | N.A. | 2.85 | 3.85 | 3.60 | 3.40 |
| Degree of investment (quarterly figures) | 113.8% | 112.8% | 108.6% | 106.8% | 109.1% |
| Total Expense Ratio (TER) p.a. ²⁾ | 1.31% | 1.27% | 1.22% | 1.25% | 1.26% |

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

²⁾ Based on market capitalization

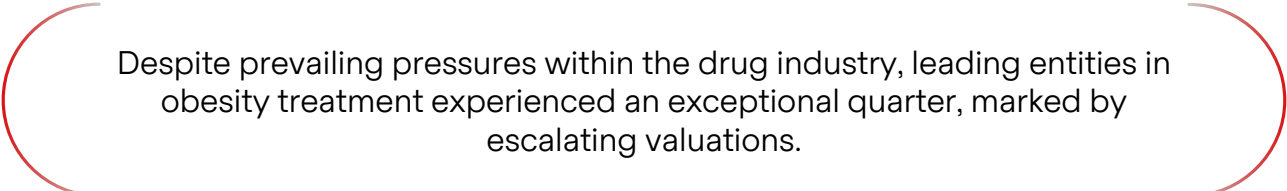
Shareholder letter

Dear Shareholders

Capital markets have once again found themselves recalibrating expectations in light of evolving strategies from central banks, with the US Federal Reserve in the spotlight. Anticipations of a pivot in the Fed fund rate, underscored by a prevailing consensus that the Fed would halt further interest rate hikes in the latter half of 2023 and potentially lower rates in 2024, were compelled to reverse course. This acknowledgment manifested in elevated yields for US bonds and, consequently, exerted downward pressure on equity markets throughout the third quarter. Additionally, these shifts precipitated notable currency fluctuations, especially a fortification of the US dollar against major currencies such as the Swiss Franc and the Euro, bearing particular relevance for BB Biotech.

In the third quarter, broad equity indices saw declines, with the Nasdaq Composite Index down 3.9% and the S&P 500 Index down 3.3%, both in total returns and in USD. European indices followed a similar trend, with the Euro Stoxx 50 Index down 4.8% in EUR and the SPI Index down 3.3% in CHF during the same period. However, on a year-to-date basis, the S&P 500 and Euro Stoxx 50 managed to maintain double-digit gains, both up by more than 13% in local currencies, while the Nasdaq Composite Index remained up by 27.1% in USD. In contrast, the SPI Index underperformed, showing a modest gain of 4.6% in CHF.

Investors navigating the healthcare industry have been tasked not only with adapting to central bank actions and evolving forward expectations but also with meticulously tracking policies and political shifts pertinent to healthcare. A case in point is the Federal Trade Commission (FTC), which has modified its posture on substantial takeovers within the drug industry, transitioning from a stringent stance to a more accommodating approach. Despite witnessing some positive developments, the MSCI World Health Care Index echoed the performance of broader equity indices, receding by 2.7% in USD during the third quarter. The underperformance, observed in the initial six months, lingered, with the MSCI World Health Care Index registering a total return of -1.6% in USD for the first nine months of 2023.



Despite prevailing pressures within the drug industry, leading entities in obesity treatment experienced an exceptional quarter, marked by escalating valuations.

Despite prevailing pressures within the drug industry, leading entities in obesity treatment experienced an exceptional quarter, marked by escalating valuations. The Inflation Reduction Act related drug discounting initiative has emerged as a focus within the industry, underscored by the formal selection and publication of its inaugural ten drugs – nine of which are held by major pharmaceutical entities, and one by the biotechnology company Amgen. Investors have largely discounted potential implications but are maintaining a sustained interest in numerous lawsuits initiated by pharmaceutical and commercial representation groups against the Department of Health and Human Services (HHS). We remain vigilantly attuned to the actions of HHS and these lawsuits, poised to integrate potential consequences into our assumptions and future estimates. The MSCI Pharma Index receded by 1% in USD, while the Nasdaq Biotechnology Index (NBI) was down by 2.8% in the third quarter. Both indices have underperformed on a year-to-date basis, with the NBI Index declining by 5.6% in USD across the first nine months of 2023.

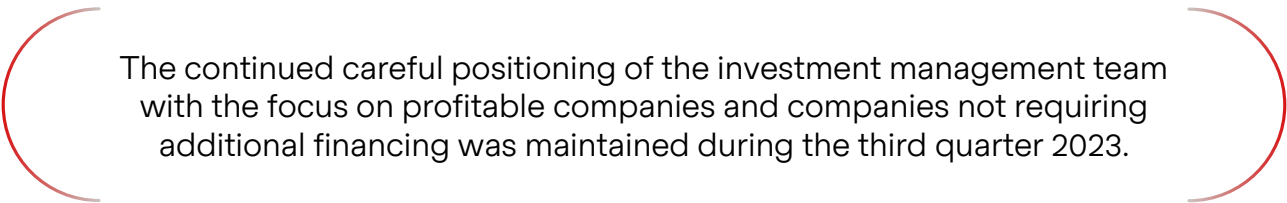
During the third quarter, the US mid- and longer-term yields have gone higher, with BB Biotech benefiting on one hand by the tailwind for the US dollar against other international currencies but on the other hand experiencing continued pressure on equity markets, with the most difficult situations for companies that are not yet profitable. For the third quarter 2023, the NAV return was -2.2% in CHF, -1.2% in EUR and -4.2% in USD. For the first nine months of 2023, the portfolio has devalued by 11.8% in CHF, 9.7% in EUR and 10.8% in USD. This corresponds to a net loss of CHF 48 mn for the third quarter and CHF 316 mn for the first nine months of 2023, comparing to a profit of CHF 210 mn and a loss of CHF 323 mn for the same time periods in 2022.

BB Biotech traded within a tight range during the third quarter and closed slightly higher at CHF 41.35 per share per end of September 2023. The return of the share price was 5.9% in CHF, and 6.3% for the EUR listing. YTD, the total return, including the dividend pay-out of CHF 2.85 per share on March 29, 2023, is -20.8% in CHF and in EUR.

In the third quarter, BB Biotech has delisted from the Italian stock exchange with the last trading day per September 4, 2023. Shareholders continue to have the option to trade BB Biotech in Swiss Franc on the Swiss Stock Exchange and in EUR due to our listing on the German Stock Exchange («Deutsche Börse»).

Portfolio management activity in the third quarter

The continued careful positioning of the investment management team with the focus on profitable companies and companies not requiring additional financing was maintained during the third quarter 2023. No new position was initiated, and some profit taking in the top holdings such as Incyte, Vertex and Ionis allowed to participate in smaller additions in pipeline companies. BB Biotech participated in the USD 40 mn private placement of Molecular Templates offering in mid-July, allowing the company to fund its pipeline into 2024. In the portfolio companies Relay, Celldex, Macrogenics and Sage, additional shares were acquired in the open market in the third quarter.



The continued careful positioning of the investment management team with the focus on profitable companies and companies not requiring additional financing was maintained during the third quarter 2023.

The sum of the active adjustments within the portfolio and the relative performance differences in the 28 portfolio companies result in a roughly 80/20 weighted portfolio construction, with 80% either profitable or financed to reach profitability and the remaining 20% being the earlier and mid-stage pipeline companies requiring additional financing in the coming years. The 80% part is mostly invested in the mid-cap segment, offering a highly attractive risk/return profile.

Given the continued difference between the investment management team's valuation of the portfolio holdings versus market prices, the investment degree remains at 113.8%, thus close to the upper limit of 115%.

In an effort to continually enhance our investment management team, which encompasses portfolio management, data science, and investor relations, we expanded our expertise last year with the addition of a specialist in neuroscience and two data scientists. Further, we are pleased to announce that Dr. Christian Koch and Dr. Maurizio Bernasconi have been promoted to the roles of Deputy Heads of Investment Management.

Portfolio milestones in the third quarter

Important milestones read out during the third quarter: Argenx, up 26% in USD in Q3 2023, strengthened its mid- and long-term revenue and profit outlook with the successful read out of its registrational trial for subcutaneous efgartigimod to treat chronic inflammatory demyelinating polyneuropathy (CIDP) patients. The company, on the back of this positive update yet again strengthened its balance sheet to above USD 3 bn by raising gross proceeds of USD 1.1 bn. This allows Argenx to both invest in its broad efgartigimod pipeline as well as globally commercialize Vyvgart aggressively.

Neurocrine, up 19% in USD in Q3 2023, announced positive top-line Phase III data for Crinecerfont for adult congenital adrenal hyperplasia (CAH) patients. Most importantly, the study proved that the daily glucocorticoid doses were decreased and patients maintained androgen control. We continue to expect the second Phase III study, testing Crinecerfont in pediatric CAH patients, to be rolled out in the fourth quarter of 2023. We expect Crinecerfont to be approved in late 2024 and to represent another important revenue and profit opportunity for Neurocrine next to the already successful Ingrezza franchise.

Ionis, up 11% in USD in Q3 2023, reported a positive outcome for Olezarsen in people with familial chylomicronaemia syndrome (FCS), achieving solid knock-down levels of ApoC3 and lowering in triglyceride levels. FCS is a rare orphan indication, with Ionis planning to commercialize Olezarsen globally on its own. Besides the important safety update for Olezarsen in FCS patients, this read-out serves as a valid proxy for data expected in 2024 in the significantly larger patient population with severe hypertriglyceridemia (SHTG).

Exelixis, up 14% in USD in Q3 2023, announced positive results from its pivotal trial evaluating Cabozantinib in advanced pancreatic and extra-pancreatic neuroendocrine (NET) tumors. Exelixis and its ex-US partners Ipsen and Takeda continue to expand the Cabozantinib use, being already established as backbone cancer therapy for patients with renal cell carcinoma (RCC) and hepatocellular carcinoma (HCC).

Although not reflected in its share price performance of -7% in USD in Q3 2023, Alnylam reported impressive proof of concept data for Zilebesiran as monotherapy for treating resistant hypertension patients. More than 15 mmHg reduction in systolic blood pressure was seen following the higher doses. The company is testing Zilebesiran as once every three or every six months injectable therapy on top of existing hypertensive medications, with data expected in 2024. Zilebesiran was recently partnered with Roche to co-develop and co-commercialize the investigational RNAi therapeutics.

Mersana, down 61% in USD in Q3 2023, announced that the registrational trial for its lead antibody drug conjugate upifitamab rilsodotin (UpRi) to treat patients with platinum resistant ovarian cancer failed to reach its primary endpoint. Subsequently, the company halted all other clinical development plans for UpRi and announced a reprioritization of its pipeline, focusing on its dolasynthen and immunosynthen programs.

Regulatory milestones with significant implications have been announced during the third quarter

Sage Therapeutics reported surprising FDA decisions in early August 2023. The US regulatory authority approved Zuranolone as the first and only oral treatment approved for women with post-partum depression, and at the same time issued a complete response letter (CRL) for the larger market opportunity of major depressive disorder. The CRL stated that the application did not provide substantial evidence of effectiveness to support the application for approval and that an additional study or studies will be needed. The company continues to review the feedback and is evaluating the next steps. Consequently, Sage lost more than half of its valuation in the third quarter. The company, together with its development and commercialization partner Biogen, plans to launch Zuruvae in late 2023

following scheduling as a controlled substance by the US Drug Enforcement Administration (DEA), anticipated to occur within 90 days following approval.

Alnylam announced a positive outcome of the US FDA's Cardiovascular and Renal Drug Advisory Committee (CRDAC) in mid-September. The panel members voted 9:3 that the benefits of Patisiran treatment outweigh the risks for patients with cardiomyopathy of TTR amyloidosis. Patisiran is already approved under the brand name Onpattro for the treatment of polyneuropathy caused by hereditary TTR amyloidosis. Most importantly, the company is developing Vutrisiran, a follow-on product to Patisiran, for the treatment of patients with cardiomyopathy of TTR amyloidosis, with outcomes data from a large Phase III program expected to be read out in 2024.

BB Biotech did not participate in any take-over activities in the third quarter 2023 and the first nine months of 2023. The licensing activity continues at a good pace, with Roche announcing two deals with our RNA-based medicine portfolio companies Alnylam and Ionis. Roche licensed the clinical mid-stage development candidate Zilebesiran from Alnylam as well as two preclinical candidates from Ionis for the treatment of Alzheimer's disease and Huntington's disease.

The licensing activity continues at a good pace, with Roche announcing two deals with our RNA based medicine portfolio companies Alnylam and Ionis.

Outlook for the fourth quarter and 2024

Macro environment expectations are currently on a tightrope, moving between the possibility for a soft or a hard landing. Central bank actions and comments will be scrutinized heavily, with further clarity regarding peak rates and time to a potential pivot expected to impact bond and equity markets, as well as currency pricing.

Biotech fund flows were negative in the first nine months of 2023. More recently, we observed the opening of the secondary market for public listed companies that strengthened their balance sheet situation following positive milestone announcements.

Fundamental progress continues to be impressive, widening the valuation gap even further according to the management team's analysis. Progress in the portfolio will be key, with a steady flow of important clinical and regulatory milestones in the fourth quarter:

- Neurocrine is expected to report the second Phase III trial, testing Crinecerfont in pediatric CAH
- Vertex will report on VX-548, an oral selective NaV1.8 inhibitor, Phase III clinical trials for patients with acute and neuropathic pain
- Incyte is expected to report proof of concept data for the combinations of Zilurgisertib (ALK 2 inhibitor) and INCB57643 (BET inhibitor) in combination with Jakafi in myelofibrosis patients
- Celldex will report Phase II data for barzolvolimab in chronic spontaneous urticaria (CSU) patients
- Revolution Medicines will present proof of concept data for RMC-6236, a RASmulti inhibitor, with details for the molecules' safety and tolerability and clinical activity

Aside from important pipeline updates, the following product approvals are expected until year-end:

- Alnylam with a PDUFA date for Patisiran in TTR cardiomyopathy in October 2023
- Crispr Therapeutics and Vertex have announced the PDUFA date for exa-cel on December 8, 2023, for the treatment of sickle cell disease patients
- Ionis and partner Astra Zeneca expect a regulatory decision for Eplontersen by December 22, 2023, for the treatment of patients with TTR polyneuropathy

Ultimately, our investment cases depend on the speed and level of adoption by patients. Continued uptake in already more established products such as Ingrezza by Neurocrine, Caplyta by Intra-Cellular, Opzelura by Incyte and Vyvgart by Argenx, if successful, will drive investment returns.

In the face of persistent macroeconomic challenges, accurately anticipating share price reactions to milestone events and product successes in the current capital market environment has become increasingly challenging. We hold a firm belief that such fundamental progress not only bolsters the intrinsic values but also enhances the quality of our investment cases. We remain unwavering in our conviction that this progress will yield attractive investment returns, whether through equity market repricing of these robust and compelling companies in the mid to long term, or by sparking potential takeover interest in the shorter term. Given the implications of the Inflation Reduction Act for the drug industry, attention is directed not only towards the negotiation outcomes for the first ten selected drugs but also towards monitoring updates and discerning potential implications arising from multiple lawsuits against the Department of Health and Human Services (HHS).

Beyond the anticipated returns on invested capital, innovative biotechnology products and technologies persist in providing valuable treatment alternatives and, in select cases, even cures for patients. This underscores a significant societal contribution by our industry and our portfolio companies.

We thank you for your continued trust.

The Board of Directors of BB Biotech AG

Dr. Erich Hunziker

Chairman

Laura Hamill

Member

Prof. Dr. Mads Krogsgaard Thomsen

Member

Dr. Clive Meanwell

Vice Chairman

Dr. Pearl Huang

Member

Dr. Thomas von Planta

Member

Portfolio at a glance

Securities as at September 30, 2023

| Company | Number of securities | Change since 31.12.2022 | Local currency | Share price | Market value in CHF mn | In % of securities | In % of shareholders' equity | In % of company |
|--|----------------------|-------------------------|----------------|-------------|------------------------|--------------------|------------------------------|-----------------|
| Argenx SE | 859 775 | (32 728) | USD | 491.63 | 386.9 | 15.4% | 17.5% | 1.5% |
| Ionis Pharmaceuticals | 9 100 000 | (535 000) | USD | 45.36 | 377.8 | 15.0% | 17.1% | 6.3% |
| Neurocrine Biosciences | 2 554 350 | (175 650) | USD | 112.50 | 263.0 | 10.4% | 11.9% | 2.6% |
| Vertex Pharmaceuticals | 812 850 | (117 673) | USD | 347.74 | 258.7 | 10.3% | 11.7% | 0.3% |
| Intra-Cellular Therapies | 3 130 950 | (160 529) | USD | 52.09 | 149.3 | 5.9% | 6.7% | 3.3% |
| Alnylam Pharmaceuticals | 869 700 | (20 300) | USD | 177.10 | 141.0 | 5.6% | 6.4% | 0.7% |
| Moderna | 1 466 075 | (35 876) | USD | 103.29 | 138.6 | 5.5% | 6.3% | 0.4% |
| Incyte | 2 485 050 | (406 027) | USD | 57.77 | 131.4 | 5.2% | 5.9% | 1.1% |
| Revolution Medicines | 4 646 700 | (130 862) | USD | 27.68 | 117.7 | 4.7% | 5.3% | 4.2% |
| Agios Pharmaceuticals | 4 000 000 | (30 792) | USD | 24.75 | 90.6 | 3.6% | 4.1% | 7.2% |
| Sage Therapeutics | 3 505 000 | 554 722 | USD | 20.58 | 66.0 | 2.6% | 3.0% | 5.9% |
| Celldex Therapeutics | 1 900 000 | 100 000 | USD | 27.52 | 47.9 | 1.9% | 2.2% | 4.0% |
| Exelixis | 2 369 725 | (284 775) | USD | 21.85 | 47.4 | 1.9% | 2.1% | 0.7% |
| Macrogenics | 9 779 963 | 850 000 | USD | 4.66 | 41.7 | 1.7% | 1.9% | 15.8% |
| Arvinas | 2 120 000 | (16 412) | USD | 19.64 | 38.1 | 1.5% | 1.7% | 4.0% |
| Relay Therapeutics | 4 875 000 | 754 280 | USD | 8.41 | 37.5 | 1.5% | 1.7% | 4.0% |
| Crispr Therapeutics | 880 000 | (8 605) | USD | 45.39 | 36.6 | 1.5% | 1.7% | 1.1% |
| Wave Life Sciences | 4 494 458 | – | USD | 5.75 | 23.7 | 0.9% | 1.1% | 4.5% |
| Essa Pharma | 7 879 583 | – | USD | 3.09 | 22.3 | 0.9% | 1.0% | 17.9% |
| Black Diamond Therapeutics | 8 117 839 | 2 740 000 | USD | 2.87 | 21.3 | 0.8% | 1.0% | 15.7% |
| Rivus Pharmaceuticals ¹⁾ | | | USD | | 16.0 | 0.6% | 0.7% | |
| Beam Therapeutics | 693 121 | – | USD | 24.05 | 15.3 | 0.6% | 0.7% | 0.9% |
| Scholar Rock Holding | 2 132 725 | – | USD | 7.10 | 13.9 | 0.6% | 0.6% | 3.8% |
| Generation Bio Co. | 3 608 280 | – | USD | 3.79 | 12.5 | 0.5% | 0.6% | 5.5% |
| Fate Therapeutics | 4 839 779 | – | USD | 2.12 | 9.4 | 0.4% | 0.4% | 4.9% |
| Mersana Therapeutics | 5 205 925 | 1 139 725 | USD | 1.27 | 6.1 | 0.2% | 0.3% | 4.3% |
| Molecular Templates ²⁾ | 1 029 820 | 283 686 | USD | 6.32 | 6.0 | 0.2% | 0.3% | 19.2% |
| Esperion Therapeutics | 4 194 064 | – | USD | 0.98 | 3.8 | 0.2% | 0.2% | 3.9% |
| Radius Health – Contingent Value Right | 8 733 538 | – | USD | 0.00 | 0.0 | 0.0% | 0.0% | |
| Total securities | | | | | 2 520.3 | 100.0% | 113.8% | |
| Other assets | | | | | 0.4 | | 0.0% | |
| Other payables | | | | | (306.6) | | (13.8%) | |
| Net Asset Value | | | | | 2 214.1 | | 100.0% | |

¹⁾ Unlisted company

²⁾ Share split 1:15 as at August 14, 2023

Exchange rate as at 30.09.2023: USD/CHF: 0.9153

Consolidated balance sheet

| in CHF 1 000 | Notes | 30.09.2023 | 31.12.2022 |
|---|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | | 322 | 1 948 |
| Securities | 3 | 2 520 315 | 3 051 349 |
| Other assets | | 104 | 92 |
| | | 2 520 741 | 3 053 389 |
| Total assets | | 2 520 741 | 3 053 389 |
| Current liabilities | | | |
| Short-term borrowings from banks | 4 | 302 100 | 363 000 |
| Payables to brokers | | 1 494 | – |
| Other short-term liabilities | | 2 969 | 4 143 |
| Tax liabilities | | 77 | 111 |
| | | 306 640 | 367 254 |
| Total liabilities | | 306 640 | 367 254 |
| Shareholders' equity | | | |
| Share capital | 5 | 11 080 | 11 080 |
| Treasury shares | 5 | (36 508) | (36 508) |
| Retained earnings | | 2 239 529 | 2 711 563 |
| | | 2 214 101 | 2 686 135 |
| Total liabilities and shareholders' equity | | 2 520 741 | 3 053 389 |
| Net asset value per share in CHF | | 40.35 | 49.00 |

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

The condensed consolidated interim financial statements were approved by the Board of Directors of BB Biotech AG on October 17, 2023.

Consolidated statement of comprehensive income

| in CHF 1 000 | Notes | 01.01.–30.09.2023 | 01.01.–30.09.2022 | 01.07.–30.09.2023 | 01.07.–30.09.2022 |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| Operating income | | | | | |
| Net gains from securities | 3 | – | – | – | 220 509 |
| Interest income | | 17 | – | – | – |
| Foreign exchange gains | | 600 | 1 258 | 100 | 478 |
| Other income | | 5 | 4 | – | 1 |
| | | 622 | 1 262 | 100 | 220 988 |
| Operating expenses | | | | | |
| Net losses from securities | 3 | (285 455) | (290 136) | (39 135) | – |
| Finance expenses | | (4 219) | (949) | (1 669) | (358) |
| Administrative expenses | 6 | (23 276) | (29 269) | (6 981) | (9 369) |
| Other expenses | | (3 350) | (3 498) | (690) | (964) |
| | | (316 300) | (323 852) | (48 475) | (10 691) |
| Profit/(loss) before tax | 7 | (315 678) | (322 590) | (48 375) | 210 297 |
| Income taxes | | (45) | (58) | (15) | (19) |
| Profit/(loss) for the period | | (315 723) | (322 648) | (48 390) | 210 278 |
| Total comprehensive profit/(loss) for the period | | (315 723) | (322 648) | (48 390) | 210 278 |
| Income per share in CHF | 8 | (5.76) | (5.86) | (0.89) | 3.83 |
| Diluted income per share in CHF | 8 | (5.76) | (5.86) | (0.89) | 3.83 |

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

Consolidated statement of changes in equity

| in CHF 1 000 | Share capital | Treasury shares | Retained earnings | Total |
|---|---------------|-----------------|-------------------|------------------|
| Balances at January 1, 2022 | 11 080 | (9 205) | 3 281 618 | 3 283 493 |
| Dividend (CHF 3.85 per share) | – | – | (212 242) | (212 242) |
| Trade with treasury shares | – | (27 303) | – | (27 303) |
| Total comprehensive income for the period | – | – | (322 648) | (322 648) |
| Balances at September 30, 2022 | 11 080 | (36 508) | 2 746 727 | 2 721 299 |
| Balances at January 1, 2023 | 11 080 | (36 508) | 2 711 563 | 2 686 135 |
| Dividend (CHF 2.85 per share) | – | – | (156 311) | (156 311) |
| Total comprehensive income for the period | – | – | (315 723) | (315 723) |
| Balances at September 30, 2023 | 11 080 | (36 508) | 2 239 529 | 2 214 101 |

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.–30.09.2023 | 01.01.–30.09.2022 |
|---|-------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Proceeds from sales of securities | 3 | 303 675 | 455 156 |
| Purchase of securities | 3 | (56 602) | (129 226) |
| Interest receipts | | 17 | – |
| Payments for services | | (27 810) | (34 407) |
| Income taxes paid | | (76) | (97) |
| Total cash flows from operating activities | | 219 204 | 291 426 |
| Cash flows from financing activities | | | |
| Dividend | | (156 311) | (212 242) |
| Purchase of treasury shares | 5 | – | (27 303) |
| Repayment of borrowings | 4 | (60 900) | (52 000) |
| Interest payments | | (4 219) | (949) |
| Total cash flows from financing activities | | (221 430) | (292 494) |
| Foreign exchange difference | | 600 | 1 258 |
| Change in cash and cash equivalents | | (1 626) | 190 |
| Cash and cash equivalents at the beginning of the period | | 1 948 | 2 835 |
| Cash and cash equivalents at the end of the period | | 322 | 3 025 |

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 as well as in the «Prime Standard Segment» of the German Exchange and has its registered office in Schaffhausen, Schwertstrasse 6. Its principal activity is to invest in companies active in the biotechnology industry for the purpose of capital appreciation. The investments are held through its wholly owned subsidiaries.

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

2. Accounting policies

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

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

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

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

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

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

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

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

| Currency | 30.09.2023 | 31.12.2022 |
|----------|------------|------------|
| USD | 0.91530 | 0.92450 |
| ANG | 0.51421 | 0.51938 |
| EUR | 0.96763 | 0.98956 |
| GBP | 1.11670 | 1.11870 |

3. Financial assets

Fair Values

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

| 30.09.2023 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|------------------|----------|---------------|------------------|
| Assets | | | | |
| Securities | | | | |
| – Shares | 2 504 297 | – | 16 018 | 2 520 315 |
| – Derivative instruments | – | – | – | – |
| Total assets | 2 504 297 | – | 16 018 | 2 520 315 |
| 31.12.2022 | | | | |
| Assets | | | | |
| Securities | | | | |
| – Shares | 3 035 170 | – | 16 179 | 3 051 349 |
| – Derivative instruments | – | – | – | – |
| Total assets | 3 035 170 | – | 16 179 | 3 051 349 |

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

| | 01.01.–30.09.2023 | 01.01.–30.09.2022 |
|--|-------------------|-------------------|
| Opening balance | 16 179 | 2 222 |
| Purchases | – | 16 875 |
| Sales | – | (5 071) |
| Realized gains/(losses) included in net gain/loss from securities | – | 2 849 |
| Unrealized gains/(losses) included in net gain/loss from securities | (161) | 397 |
| Closing balance | 16 018 | 17 273 |
| Gains/(losses) on level 3 instruments included in net gain/loss from securities | (161) | 3 246 |

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

The level 3 instrument as at December 31, 2021, (Valuation: TCHF 2 222) was allocated as part of a corporate action in 2019 and sold at a value of TCHF 5 071 in March 2022.

The fair value of the level 3 instrument at initial recognition represents the transaction price (purchase of Series B-1 Preferred Stock of Rivus Pharmaceuticals in August 2022 for TCHF 16 875), which was paid in a financing round together with other investors. For the valuation as at September 30, 2023, it is deemed to be appropriate to use the transaction price in USD, as it is a reasonable approximation of fair value at the valuation date given the fact that no events occurred which significantly impact the fair value.

In August 2022, 8 733 538 Radius Health – Contingent Value Rights were allocated from a corporate action. The valuation as of September 30, 2023, is CHF 0.

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

Securities

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

| | Listed shares | Unlisted shares | Derivative instruments | Total |
|--|------------------|-----------------|------------------------|------------------|
| Opening balance as at 01.01.2022 at fair values | 3 638 890 | – | 2 222 | 3 641 112 |
| Purchases | 183 812 | 16 875 | – | 200 687 |
| Sales | (471 115) | – | (5 071) | (476 186) |
| Net gains/(losses) from securities | (316 417) | (697) | 2 849 | (314 265) |
| <i>Realized gains</i> | 47 563 | – | 2 849 | 50 412 |
| <i>Realized losses</i> | (79 326) | – | – | (79 326) |
| <i>Unrealized gains</i> | 437 200 | – | – | 437 200 |
| <i>Unrealized losses</i> | (721 854) | (697) | – | (722 551) |
| Closing balance as at 31.12.2022 at fair values | 3 035 170 | 16 179 | – | 3 051 349 |
| Opening balance as at 01.01.2023 at fair values | 3 035 170 | 16 179 | – | 3 051 349 |
| Purchases | 58 096 | – | – | 58 096 |
| Sales | (303 675) | – | – | (303 675) |
| Net gains/(losses) from securities | (285 294) | (161) | – | (285 455) |
| <i>Realized gains</i> | 7 786 | – | – | 7 786 |
| <i>Realized losses</i> | (18 095) | – | – | (18 095) |
| <i>Unrealized gains</i> | 223 443 | – | – | 223 443 |
| <i>Unrealized losses</i> | (498 428) | (161) | – | (498 589) |
| Closing balance as at 30.09.2023 at fair values | 2 504 297 | 16 018 | – | 2 520 315 |

Securities comprise the following:

| Company | Number 31.12.2022 | Change | Number 30.09.2023 | Market price in original currency 30.09.2023 | Valuation CHF mn 30.09.2023 | Valuation CHF mn 31.12.2022 |
|---|----------------------|-------------|----------------------|--|-----------------------------------|-----------------------------------|
| Argenx SE | 892 503 | (32 728) | 859 775 | USD 491.63 | 386.9 | 312.6 |
| Ionis Pharmaceuticals | 9 635 000 | (535 000) | 9 100 000 | USD 45.36 | 377.8 | 336.4 |
| Neurocrine Biosciences | 2 730 000 | (175 650) | 2 554 350 | USD 112.50 | 263.0 | 301.5 |
| Vertex Pharmaceuticals | 930 523 | (117 673) | 812 850 | USD 347.74 | 258.7 | 248.4 |
| Intra-Cellular Therapies | 3 291 479 | (160 529) | 3 130 950 | USD 52.09 | 149.3 | 161.0 |
| Alnylam Pharmaceuticals | 890 000 | (20 300) | 869 700 | USD 177.10 | 141.0 | 195.5 |
| Moderna | 1 501 951 | (35 876) | 1 466 075 | USD 103.29 | 138.6 | 249.4 |
| Incyte | 2 891 077 | (406 027) | 2 485 050 | USD 57.77 | 131.4 | 214.7 |
| Revolution Medicines | 4 777 562 | (130 862) | 4 646 700 | USD 27.68 | 117.7 | 105.2 |
| Agios Pharmaceuticals | 4 030 792 | (30 792) | 4 000 000 | USD 24.75 | 90.6 | 104.6 |
| Sage Therapeutics | 2 950 278 | 554 722 | 3 505 000 | USD 20.58 | 66.0 | 104.0 |
| Celldex Therapeutics | 1 800 000 | 100 000 | 1 900 000 | USD 27.52 | 47.9 | 74.2 |
| Exelixis | 2 654 500 | (284 775) | 2 369 725 | USD 21.85 | 47.4 | 39.4 |
| Macrogenics | 8 929 963 | 850 000 | 9 779 963 | USD 4.66 | 41.7 | 55.4 |
| Arvinas | 2 136 412 | (16 412) | 2 120 000 | USD 19.64 | 38.1 | 67.6 |
| Relay Therapeutics | 4 120 720 | 754 280 | 4 875 000 | USD 8.41 | 37.5 | 56.9 |
| Crispr Therapeutics | 888 605 | (8 605) | 880 000 | USD 45.39 | 36.6 | 33.4 |
| Wave Life Sciences | 4 494 458 | – | 4 494 458 | USD 5.75 | 23.7 | 29.1 |
| Essa Pharma | 7 879 583 | – | 7 879 583 | USD 3.09 | 22.3 | 18.4 |
| Black Diamond Therapeutics | 5 377 839 | 2 740 000 | 8 117 839 | USD 2.87 | 21.3 | 8.9 |
| Beam Therapeutics | 693 121 | – | 693 121 | USD 24.05 | 15.3 | 25.1 |
| Scholar Rock Holding | 2 132 725 | – | 2 132 725 | USD 7.10 | 13.9 | 17.8 |
| Generation Bio Co. | 3 608 280 | – | 3 608 280 | USD 3.79 | 12.5 | 13.1 |
| Fate Therapeutics | 4 839 779 | – | 4 839 779 | USD 2.12 | 9.4 | 45.1 |
| Mersana Therapeutics | 4 066 200 | 1 139 725 | 5 205 925 | USD 1.27 | 6.1 | 22.0 |
| Molecular Templates ¹⁾ | 11 192 003 | 283 686 | 1 029 820 | USD 6.32 | 6.0 | 3.4 |
| Esperion Therapeutics | 4 194 064 | – | 4 194 064 | USD 0.98 | 3.8 | 24.2 |
| Myovant Sciences | 5 872 639 | (5 872 639) | – | USD n.a. | – | 146.4 |
| Kezar Life Sciences | 3 000 000 | (3 000 000) | – | USD n.a. | – | 19.5 |
| Homology Medicines | 1 622 522 | (1 622 522) | – | USD n.a. | – | 1.9 |
| Listed shares | | | | | 2 504.3 | 3 035.2 |
| Rivus Pharmaceuticals | | | | USD | 16.0 | 16.2 |
| Unlisted shares | | | | | 16.0 | 16.2 |
| Total shares | | | | | 2 520.3 | 3 051.3 |
| Radius Health – Contingent Value Right | 8 733 538 | – | 8 733 538 | USD 0.00 | – | – |
| Total derivative instruments | | | | | – | – |
| Total securities | | | | | 2 520.3 | 3 051.3 |

¹⁾ Share split 1:15 as at August 14, 2023

4. Short-term borrowings from banks

At September 30, 2023, a CHF 302.1 mn short-term loan is outstanding with interest payable at 2.15% p.a. (December 31, 2022: CHF 363 mn at 1.36% p.a.).

5. Shareholders' equity

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

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association and Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange. During the period from January 1, 2023, to September 30, 2023, the Company has not bought or sold any treasury shares (01.01.–30.09.2022: Purchase of 446 574 treasury shares to the amount of TCHF 27 303; no sales). As at September 30, 2023, the Company holds 554 000 treasury shares (December 31, 2022: 554 000 shares). The treasury shares as at September 30, 2023, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 36 508 (December 31, 2022: TCHF 36 508).

Share buyback 2nd line (bought for cancellation)

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

The Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy-back program will run from April 13, 2022 until April 11, 2025 at the latest. Until September 30, 2023, no shares had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

6. Administrative expenses

Administrative expenses comprise the following:

| in CHF 1 000 | 01.01.–30.09.2023 | 01.01.–30.09.2022 |
|---|-------------------|-------------------|
| Investment manager | | |
| – Management fees | 21 685 | 27 806 |
| Personnel | | |
| – Board of Directors remuneration | 1 260 | 1 130 |
| – Wages and salaries | 237 | 236 |
| – Social insurance contributions and duties | 95 | 97 |
| | 23 276 | 29 269 |

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

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

7. Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of companies active in the biotechnology industry for the purpose of capital appreciation. The following results correspond to the sole operating segment of investing in companies active in the biotechnology industry.

The geographical analysis of the profit/(loss) before tax is as follows – all income from financial assets are attributed to a country based on the domiciliation of the issuer of the instrument.

| Profit/(loss) before tax in CHF 1 000 | 01.01.–30.09.2023 | 01.01.–30.09.2022 |
|--|--------------------------|--------------------------|
| Netherlands | 85 895 | 22 137 |
| Canada | 3 928 | (57 014) |
| Great Britain | 1 818 | 20 099 |
| Switzerland | (32) | (7 510) |
| Singapore | (5 432) | 2 904 |
| Curaçao | (26 686) | (29 796) |
| USA | (375 169) | (273 410) |
| | (315 678) | (322 590) |

8. Earnings per share

| | 01.01.–30.09.2023 | 01.01.–30.09.2022 |
|---|--------------------------|--------------------------|
| Total comprehensive profit/(loss) for the period (in CHF 1 000) | (315 723) | (322 648) |
| Weighted average number of shares in issue | 54 846 000 | 55 060 940 |
| Income per share in CHF | (5.76) | (5.86) |
| Income used to determine diluted income per share (in CHF 1 000) | (315 723) | (322 648) |
| Weighted average number of shares in issue following the dilution | 54 846 000 | 55 060 940 |
| Diluted income per share in CHF | (5.76) | (5.86) |

9. Assets pledged

At September 30, 2023, securities in the amount of CHF 2 520.3 mn (December 31, 2022: CHF 3 051.3 mn) are collateral for a credit line of CHF 700 mn (December 31, 2022: CHF 700 mn). At September 30, 2023, a CHF 302.1 mn short-term loan is outstanding (December 31, 2022: CHF 363 mn).

10. Transactions with the Investment Manager and related party transactions

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

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

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

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

12. Significant shareholders

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

13. Subsequent events

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

Report on the review of condensed consolidated interim financial statements

Introduction

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

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

Scope of Review

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

Conclusion

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

Deloitte AG

Marcel Meyer
Audit expert
Auditor in charge

Alexander Kosovan
Audit expert

Zurich, 18 October 2023

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Company profile

Excellence in Biotech Investments

The access to fast growing biotechnology companies

BB Biotech invests in companies in the fast growing market of biotechnology and is one of the world's largest investors in this sector with 30 years of experience. The shares of BB Biotech are listed on the SIX Swiss Exchange and the Frankfurt Stock Exchange. Its investments are focused on listed companies that are developing and commercializing novel drugs that offer sound value for the healthcare system.

The competent Board of Directors with its long-standing experience set the investment strategy and guidelines. Investment decisions are taken by the experienced investment management team of Bellevue Asset Management AG based on their extensive investment research.

Biotechnology is one of the most attractive of any sector today with estimated annual growth in the double-digits. Mega trends such as increasing life expectancy and a Westernized diet and lifestyle are powerful growth drivers. These mega trends have led to a tremendous increase in healthcare costs, which, in turn, only amplifies the need for more efficient and effective drugs.

Investment strategy


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

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

Diversified portfolio with focus on small and mid-cap biotech companies

The team of investment experts is concentrating not only on established target areas such as oncology, orphan diseases and neurological indications, but also on the technologies of tomorrow that could lead to novel treatment methods with attractive therapeutic profiles and substantial economic rewards. These future technologies include RNA platforms and cell and gene therapies. An overall weighted average cost of capital (WACC) of at least 15% is applied to the discounted cash flow models of our portfolio, aligned with our mid-to long term investment objectives.

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



We are focussing on the technologies of tomorrow.

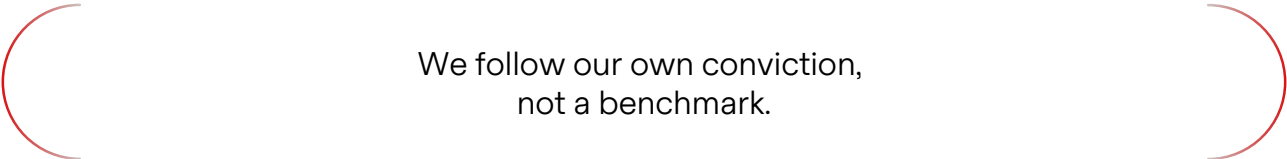
Multi-stage due diligence process based on bottom-up fundamental analysis

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

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

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

The Investment Management Team creates detailed financial models for all portfolio holdings and they must provide compelling arguments that these holdings have the potential to double in value over a four-year time frame. The team is guided by its convictions, not by benchmark considerations. Upside potential is driven in most cases by the power of innovation, the launch of new products for serious or significant illnesses, and successful company management. Each investment case is constantly monitored and evaluated within the scope of our stringent and disciplined risk management process and corrective action will be taken if and when necessary.



We follow our own conviction,
not a benchmark.

High conviction portfolio consisting of a maximum of 35 positions

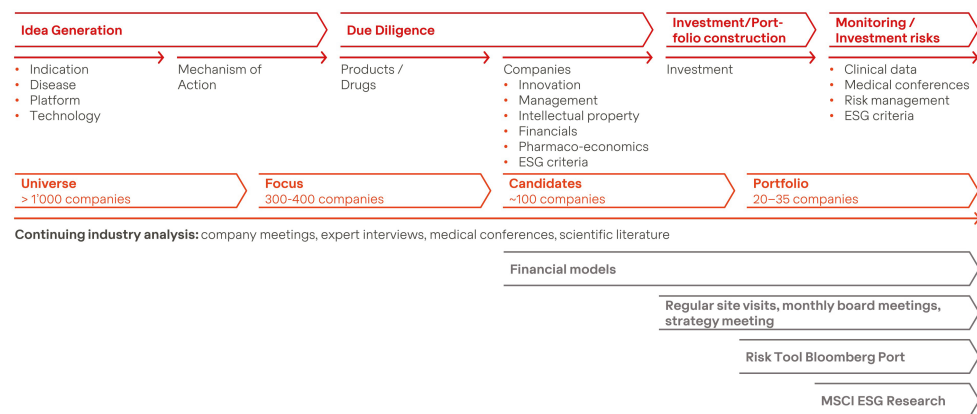
BB Biotech's investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are established large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional perspective, the US biotech sector has displayed a high level of innovation and so this regional bias is also reflected in BB Biotech's portfolio. The predominance of the US biotech industry can be traced to the country's stellar research clusters, industry-friendly regulatory frameworks and myriad financing options, among other factors.

New investments in small and mid-cap companies will have a weighting of between 0.5% and a maximum of 4% to ensure that both upside potential and R&D risks are adequately addressed. Because it is a holding company, BB Biotech has the flexibility to increase portfolio weightings considerably over time as a position increases in value. Smaller positions may become a top holding as their business develops and milestones such as positive Phase III outcomes, drug approvals, the successful marketing of products, and a sustainable flow of profits are achieved. All positions and their valuations are continually monitored, taking into account their growth potential and other aspects, and will be reduced if and when appropriate.

Investment process

During the investment selection process, BB Biotech relies on the well established experience of its Board of Directors and the fundamental analyses by the experienced management team of Bellevue Asset Management AG, with access to a network of physicians and specialists for the sectors in question.

Investment process



Source: Bellevue Asset Management

Using a multi-stage process, the universe of around 1 000 companies is systematically analyzed and evaluated. A detailed financial model is created for each investment, which must convincingly demonstrate the potential to double in value over a four-year period. This potential to double in value is based on innovative strength, new products for serious diseases and outstanding management. Each investment is systematically reviewed for sustainability risks and breaches of elementary human rights.

Bellevue Asset Management AG is a signatory of UN Principles for Responsible Investment. Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future stock market performance. The Investment Management Team strive to have an active and constructive dialogue with the management or other relevant stakeholders of the portfolio companies regarding environmental, social and governance aspects – and via proxy voting we use our voting rights actively at the general meetings.

With all of BB Biotech's investments focusing on biotechnology as a subsector of the healthcare industry, the UN's Sustainable Development Goal number 3: «Good Health and Well-being», is at the core of BB Biotech's investment strategy and our portfolio companies. The investments of BB Biotech AG provide companies with capital in order to allow for drug development to ensure and improve healthy lives and well-being. Therapies to address high unmet medical needs such as for patients suffering from rare disorders, cancer, neurological diseases and chronic cardiovascular and metabolic disorders etc. are key investment selection criteria.

Sustainability at portfolio level

Our investment process fully implements Bellevue Asset Management's formal ESG investment guidelines and therewith all BB Biotech investments are systematically reviewed for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles). Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future price development. ESG ratings compiled by the global leading ESG research provider MSCI ESG Research are referenced in this process, all the while exercising the necessary prudence and, in some cases, questioning the ESG score.



Before making a positive investment decision, intensive contact is established with the target company's management, since we are convinced that a superior performance can only be achieved with well managed companies.

After being incorporated into BB Biotech's portfolio, intense personal contact is maintained with members of the management of the relevant holdings. This closely knit monitoring of the portfolio companies enables BB Biotech to utilize all strategic options on a timely basis, including the early disposal of an equity interest should the fundamental situation significantly deteriorate.

Board of Directors



Chairman

Dr. Erich Hunziker

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

Vice-Chairman**Dr. Clive Meanwell**

Dr. Clive Meanwell is Vice-Chairman and has been a member of the Board of Directors of BB Biotech AG since 2004. He founded and is the Executive Chairman of Population Health Partners LLC, an investment firm. Dr. Meanwell is also a member of the Board of Directors of EQRx Inc., Fractyl Health Inc., Comanche Biopharma and Saama Technologies Inc. Previously, Dr. Clive Meanwell founded The Medicines Company in 1996 and from then until January 2020 he was a member of the Board of Directors and held a range of leadership positions including Chairman, Executive Chairman, Chief Executive and Chief Innovation Officer. From 1995 until 1996, he was a founding partner and managing director of MPM Capital L.P. Earlier in his career, Dr. Meanwell held various positions at HoffmannLa Roche in Basel and Palo Alto, California. He received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.



**Member**

Laura Hamill

Laura Hamill is a member of the Board of Directors of BB Biotech AG since 2022. Ms. Hamill brings more than 30 years of experience in the biopharma industry. She most recently serviced as Executive Vice President, Worldwide Commercial Operations at Gilead Sciences. Prior to Gilead, Ms. Hamill worked at Amgen for almost 20 years in a number of executive leadership roles in the United States (US) and internationally. Her last role at Amgen was leading the US Commercial Operations with annual revenue of USD 20 bn. Ms. Hamill is a director of Y-mAbs Therapeutics, Pardes Biosciences, Unchained Labs and Scilex Pharmaceuticals as well as a member of the advisory committee of Launch Therapeutics. Ms. Hamill started her career at Hoffmann-La Roche with both sales and brand management roles over an eight year period. She holds a B.A. in business administration from the University of Arizona.

Member

Dr. Pearl Huang

Dr. Pearl Huang is a member of the Board of Directors of BB Biotech AG since 2022. Dr. Huang studied life sciences at MIT as an undergraduate and earned a doctorate in Molecular Biology from Princeton University. She has spent over 30 years in the pharma and biotech industries, and to date, has contributed to the development of eight medicines that are used by patients every day. Dr. Huang has been appointed CEO of Dunad Therapeutics in June 2022. Prior to that she served as CEO of Cygnal Therapeutics. She is currently a member of the Board of Directors of Waters Corporation and MIT Corporation.





Member

Prof. Dr. Mads Krogsgaard Thomsen

Prof. Dr. Mads Krogsgaard Thomsen has been on the Board of Directors of BB Biotech AG since 2020. In 2021, Prof. Dr. Krogsgaard Thomsen became CEO of the Novo Nordisk Foundation. Prof. Dr. Krogsgaard Thomsen was previously with Novo Nordisk where he served as Executive Vice President, Head of R&D and Chief Science Officer. Prof. Dr. Krogsgaard Thomsen has chaired Danish Research Council programs within endocrinology, and he is a former president of Denmark's National Academy of Technical Sciences. He received his MD and PhD from the University of Copenhagen. Until 2020, Prof. Dr. Krogsgaard Thomsen chaired the governing board of the University of Copenhagen. He is a member of the Scientific Advisory Board of Felix Pharmaceuticals.

Member

Dr. Thomas von Planta

Dr. Thomas von Planta has been elected Board member of BB Biotech AG in March 2019. Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). He chaired the Bellevue Group from March 2015 until March 2019. Previously he worked for Vontobel Group from 2002 until 2006 as interim Head Investment Banking/Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992 until 2002, lastly in London in the Equity Capital Markets Group/Investment Banking Division. Dr. von Planta holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. Dr. von Planta is the Chairman of the Board of Directors of Bâloise Holding AG and a member of the advisory board of Harald Quandt Industriebeteiligungen GmbH.



Investment Manager

Bellevue Asset Management AG

BB Biotech's Investment Manager is Bellevue Asset Management AG. Bellevue Asset Management AG is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) and it has been issued a license as an authorized manager of collective investment schemes. Bellevue Asset Management AG is wholly owned by Bellevue Group AG, an independent Swiss financial boutique listed on the SIX Swiss Exchange. Bellevue Asset Management provides administrative services in connection with the investment activities and organizational operations of BB Biotech AG. This basically comprises the following services:

- Portfolio Management
- Investor Relations
- Marketing & Communications
- Finance
- Administration

Investment Management Team

Bellevue Asset Management AG has a team of proven biotech specialists with a successful track record who manage the investments in the biotech sector's most attractive players. The team's academic expertise and extensive experience, its long history of collaboration and interest in all fields of medicine as well as in biochemistry and business fundamentals ensure an inspiring and constructive interdisciplinary dialog within the team and with the Board of Directors as well as with external experts such as physicians and analysts.

The following experts are member of the Investment Management Team:

- Dr. Daniel Koller (Head)
- Dr. Maurizio Bernasconi
- Dr. Can Buldun
- Dr. Samuel Croset
- Felicia Flanigan
- Dr. Leonidas Georgiou
- Dr. Christian Koch
- Dr. Stephen Taubenfeld
- Dallas Webb
- Dr. Olivia Woolley

Shareholder information

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

Official listing and share structure as at September 30, 2023

| | |
|--|--|
| Foundation: | November 9, 1993; Schaffhausen, Switzerland |
| Issue price adj. November 15, 1993: | CHF 4.75 |
| Official listing: | December 27, 1993, in Switzerland; December 10, 1997, in Germany |
| Share structure: | CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.20 each |
| Shareholders, free-float: | Institutional and private investors, 100% free-float |
| Security number Switzerland: | 3 838 999 |
| Security number in Germany: | A0NFN3 |
| ISIN: | CH0038389992 |

Quotes and reports

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

Facts & figures

BB Biotech

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|---|--|
| Foundation | November 9, 1993, Schaffhausen, Switzerland |
| Issue price adj. 15.11.1993 | CHF 4.75 |
| Official Listing | Switzerland: December 27, 1993 Germany: December 10, 1997 |
| 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 30.09.2023 | Institutional and private investors 100% free-float |
| Security number Switzerland | 3 838 999 |
| Security number Germany | A0NFN3 |
| ISIN | CH0038389992 |
| Ticker Bloomberg | Switzerland: BION SW Germany: BBZA GY |
| Ticker Reuters | Switzerland: BION.S Germany: BION.DE |
| Type / asset class | Investment company / equity |
| Investment style | Long only, long term |
| Index membership | SPI Index |
| Benchmark | Nasdaq Biotech Index (NBI) TR |
| Management Fee | All-in-Fee: 1.1% p.a. |

Analyst coverage

| Institute | Analyst |
|-------------------|-------------------|
| Baader Helvea | Leonildo Delgado |
| Edison | Joanne Collins |
| Kepler Cheuvreux | Nicolas Pauillac |
| Marten & Co | Matthew Read |
| Oddo BHF | Oussame Denguir |
| Pareto Securities | Marietta Miemietz |
| SEB | Martin Parkhoi |

Corporate calendar

| | |
|--|--------------------------------|
| Portfolio as at December 31, 2023 | January 19, 2024, 7.00 AM CET |
| Annual Report 2023 | February 16, 2024, 7.00 AM CET |
| Annual General Meeting 2024 | March 21, 2024, 3.00 PM CET |

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

Contact

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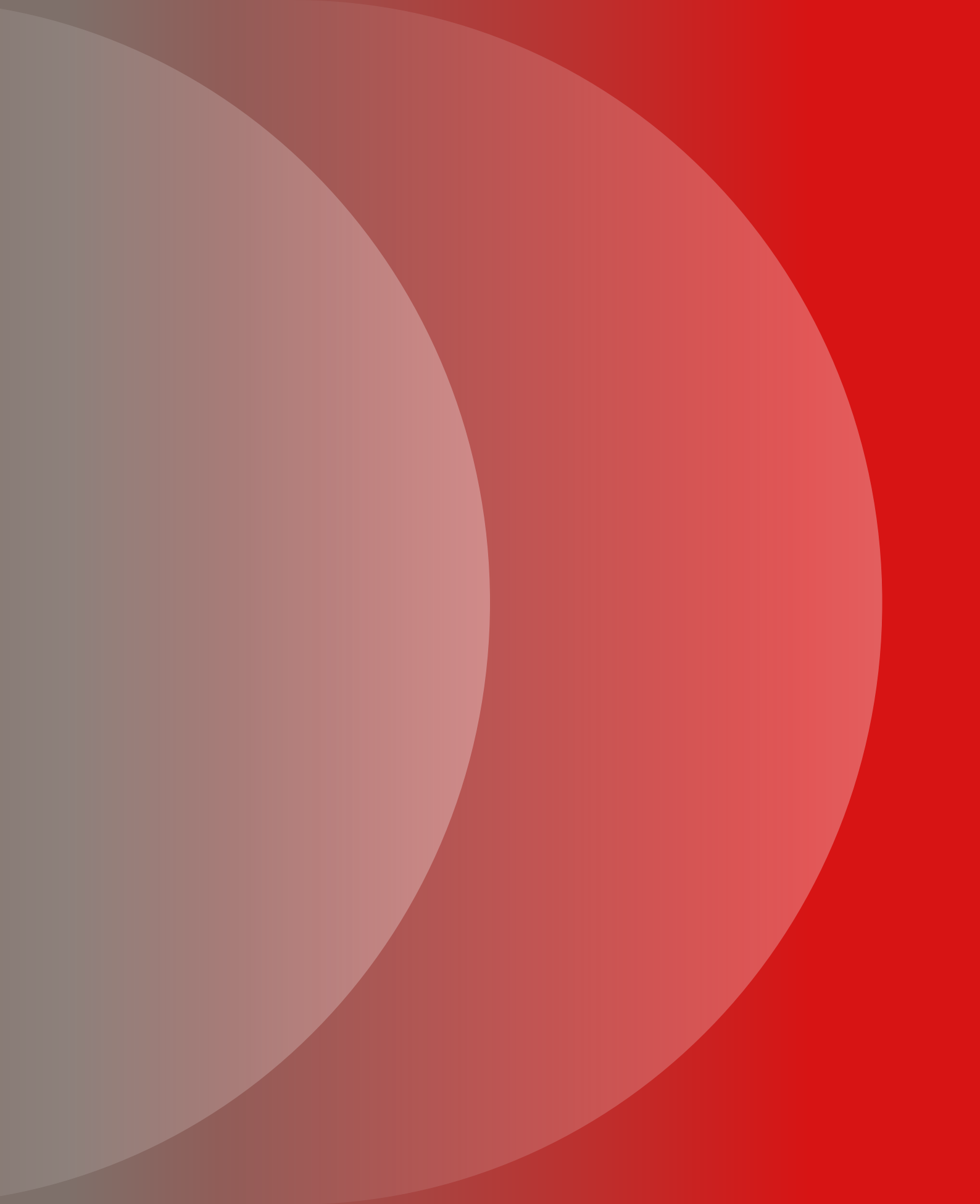
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BB Biotech Newsletter

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BB Biotech AG

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