

B|B Biotech

2020

ANNUAL REPORT

TABLE OF CONTENTS

BUSINESS REPORT	3 – 29	6. INVESTMENT MANAGEMENT	75
PERFORMANCE / MULTI-YEAR COMPARISON	4	7. REMUNERATION	75
SHAREHOLDER LETTER	9	8. STOCKHOLDERS' RIGHTS OF COOPERATION	76
PORTFOLIO UPDATE Q4 2020	13	9. CHANGE-OF-CONTROL AND DEFENSIVE MEASURES	76
PORTFOLIO AT A GLANCE	15	10. AUDITS	76
OUTLOOK	17	11. INFORMATION POLICY/DIARY OF COMPANY EVENTS	77
INTERVIEW	23	12. TRADING IN OWN STOCKS	77
TOP STORIES	24		
FINANCIAL REPORT	30 – 67	REMUNERATION REPORT	78 – 84
CONSOLIDATED FINANCIAL STATEMENTS	31	INTRODUCTION	79
Consolidated balance sheet as at December 31	31	1. RESPONSIBILITIES AND AUTHORITIES WITH RESPECT TO REMUNERATION	79
Consolidated statement of comprehensive income for the year ended December 31	32	2. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS	80
Consolidated statement of changes in equity for the year ended December 31	33	3. REMUNERATION OF RELATED PARTIES AT NON-MARKET CONDITIONS (AUDITED)	82
Consolidated statement of cash flow for the year ended December 31	34	4. REMUNERATION OF FORMER MEMBERS OF THE CORPORATE BODIES (AUDITED)	82
Notes to the consolidated financial statements	35	5. LOANS AND CREDITS TO THE MEMBERS OF THE BOARD OF DIRECTORS (AUDITED)	82
Report on the audit of the consolidated financial statements	53	6. CONTRACTUAL TERMS AT RETIREMENT FROM BB BIOTECH AG	82
FINANCIAL STATEMENTS BB BIOTECH AG	58	7. MANAGEMENT CONTRACTS	82
Balance sheet as at December 31	58	REPORT ON THE AUDIT OF THE REMUNERATION REPORT	83
Statement of income for the year ended December 31	59		
Notes to the financial statements BB Biotech AG	60	ABOUT US	85 – 102
Report on the audit of the financial statements	65	COMPANY PROFILE	86
CORPORATE GOVERNANCE	68 – 77	INVESTMENT STRATEGY	87
INTRODUCTION	69	INVESTMENT PROCESS	89
1. INTRODUCTORY REMARKS WITH RESPECT TO THE SPECIFIC STRUCTURE OF BB BIOTECH AG AS AN INVESTMENT COMPANY	69	BOARD OF DIRECTORS & INVESTMENT MANAGEMENT TEAM	92
2. GROUP STRUCTURE AND SHAREHOLDERS	69	SHAREHOLDER INFORMATION	98
3. CAPITAL STRUCTURE	71	FACTS & FIGURES	99
4. LIMITATIONS ON TRANSFERABILITY	71	CORPORATE CALENDAR	100
5. BOARD OF DIRECTORS	71	CONTACT	101

BUSINESS REPORT

PERFORMANCE / MULTI-YEAR COMPARISON	4
SHAREHOLDER LETTER	9
PORTFOLIO UPDATE Q4 2020	13
PORTFOLIO AT A GLANCE	15
OUTLOOK	17
INTERVIEW	23
TOP STORIES	24

PERFORMANCE / MULTI-YEAR COMPARISON

Indexed performance since launch (in CHF)

BB Biotech AG (SIX)-CHF



Annual performance

12/31/2020

	SHARE	NAV	NBI TR
2020	19.3%	24.3%	15.8%
2019	18.5%	23.4%	23.0%
2018	(5.2%)	(14.5%)	(8.0%)
2017	22.9%	23.4%	16.4%
2016	0.2%	(19.3%)	(19.8%)

Cumulated performance

12/31/2020

	SHARE	NAV	NBI TR
YTD	19.3%	24.3%	15.8%
1 year	19.3%	24.3%	15.8%
3 years	34.1%	31.1%	31.1%
5 years	65.1%	30.6%	22.1%
since inception ¹⁾	2 849%	2 585%	1 353%

¹⁾ 11/09/1993

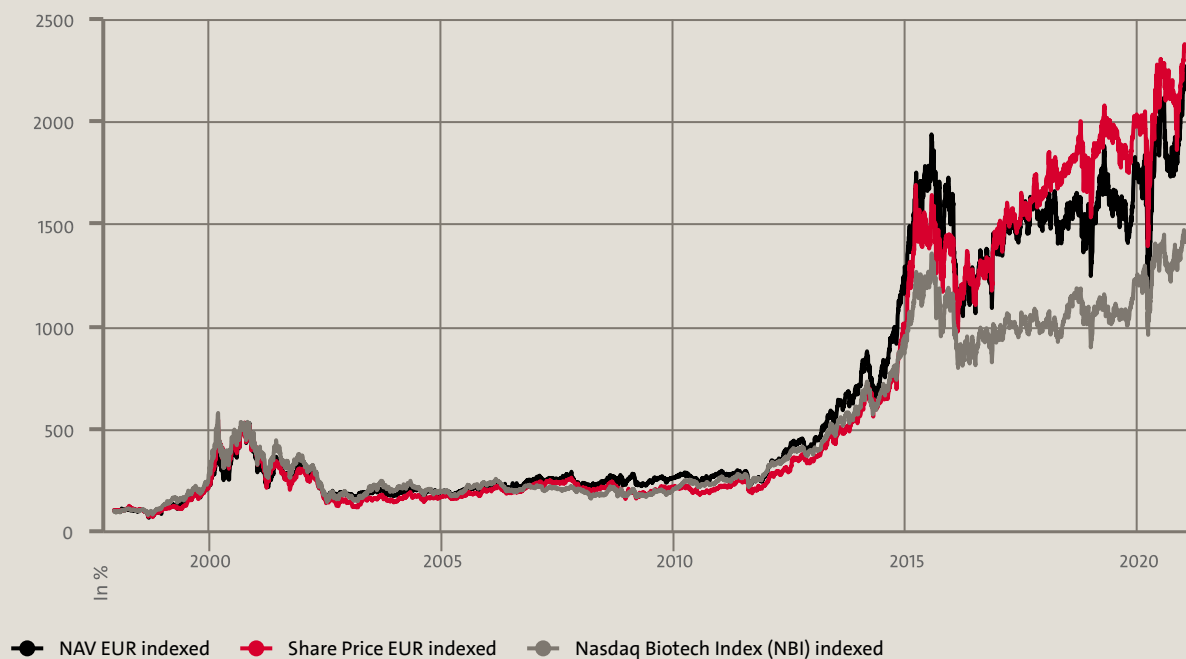
Annualized performance

12/31/2020

	SHARE	NAV	NBI TR
1 year	19.3%	24.3%	15.8%
3 years	10.3%	9.5%	9.4%
5 years	10.6%	5.5%	22.1%
since inception ¹⁾	13.3%	12.9%	10.4%

¹⁾ 11/09/1993

BB BIOTECH AG (XETRA)-EUR



Annual performance

12/31/2020

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

Cumulated performance

12/31/2020

	SHARE	NAV	NBI TR
YTD	18.1%	24.8%	16.1%
1 year	18.1%	24.8%	16.1%
3 years	42.5%	42.0%	41.8%
5 years	63.7%	31.4%	22.6%
since inception ¹⁾	2 243%	2 057%	1 365%

¹⁾ 12/10/1997

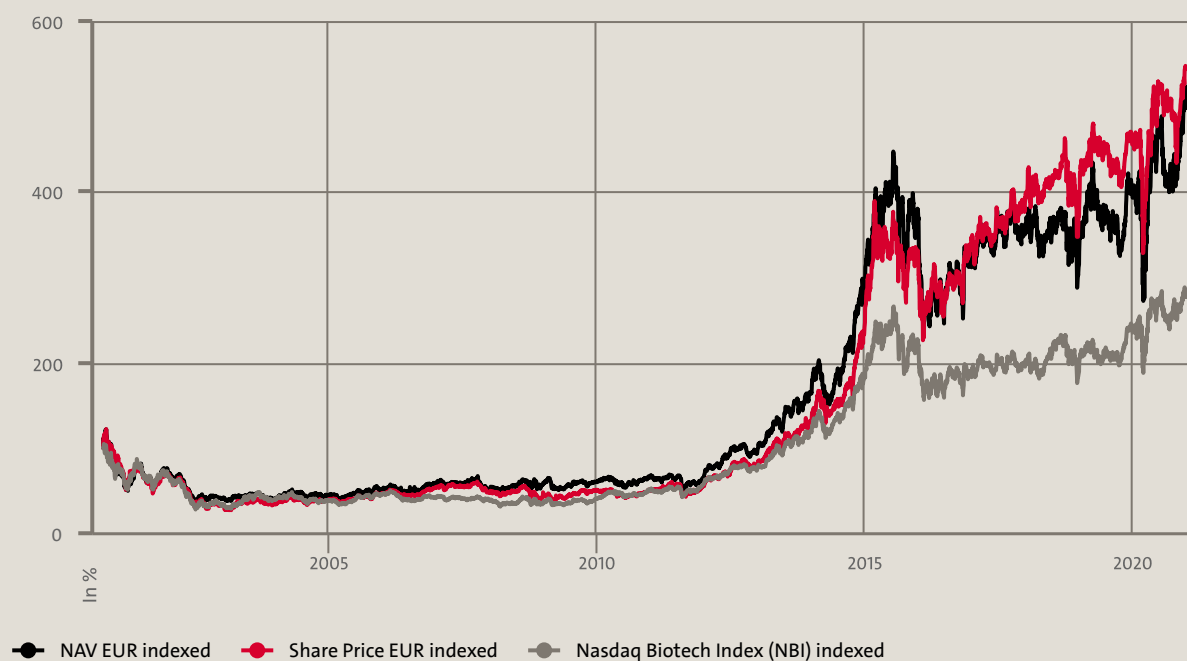
Annualized performance

12/31/2020

	SHARE	NAV	NBI TR
1 year	18.1%	24.8%	16.1%
3 years	12.5%	12.4%	12.3%
5 years	10.4%	5.6%	4.2%
since inception ¹⁾	14.6%	14.2%	12.4%

¹⁾ 12/10/1997

BB BIOTECH AG (MILAN)-EUR



Annual performance

12/31/2020

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

Cumulated performance

12/31/2020

	SHARE	NAV	NBI TR
YTD	19.7%	24.8%	16.1%
1 year	19.7%	24.8%	16.1%
3 years	44.8%	42.0%	41.8%
5 years	64.4%	31.4%	22.6%
since inception ¹⁾	445%	398%	177%

¹⁾ 10/19/2000

Annualized performance

12/31/2020

	SHARE	NAV	NBI TR
1 year	19.7%	24.8%	16.1%
3 years	13.1%	12.4%	12.3%
5 years	10.5%	5.6%	4.2%
since inception ¹⁾	8.8%	8.3%	5.2%

¹⁾ 10/19/2000

Multi-year comparison

	2020	2019	2018	2017	2016
Market capitalization at the end of the period (in CHF mn)	4 107.9	3 670.3	3 235.4	3 576.1	3 052.5
Net Asset Value at the end of the period (in CHF mn)	3 887.5	3 393.0	2 884.5	3 538.7	3 003.0
Number of shares (in mn) ¹⁾	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	2 315.6	2 004.2	2 610.7	2 864.7	3 204.5
Profit/(loss) (in CHF mn)	691.2	677.4	(471.3)	687.5	(802.1)
Closing price at the end of the period in CHF ¹⁾	74.15	66.25	58.40	64.55	55.10
Closing price (G) at the end of the period in EUR ¹⁾	68.00	61.40	52.00	55.68	51.70
Closing price (I) at the end of the period in EUR ¹⁾	68.50	61.00	52.00	55.20	51.60
Stock performance (incl. distributions) ²⁾	19.3%	18.5%	(5.2%)	22.9%	0.2%
High/low share price in CHF ¹⁾	74.70/45.44	73.20/59.35	74.10/56.10	67.80/52.10	58.20/40.78
High/low share price in EUR ¹⁾	69.00/43.04	64.70/52.10	64.80/48.60	59.10/48.42	53.98/36.74
Premium/(discount) (annual average)	9.2%	11.8%	9.7%	(2.5%)	(5.1%)
Cash distribution / dividend in CHF (*proposal) ¹⁾	3.60*	3.40	3.05	3.30	2.75
Degree of investment (quarterly figures)	106.8%	109.1%	108.4%	103.1%	109.9%
Total Expense Ratio (TER) p.a. ³⁾	1.25%	1.26%	1.25%	1.27%	1.30%

¹⁾ Five-for-one share split as at March 29, 2016 considered

²⁾ All figures in CHF %, total return-methodology

³⁾ Based on market capitalization

SHAREHOLDER LETTER

BB Biotech performed well in 2020 in a volatile market environment. The biotech sector made significant strides, leading the effort against the SARS-CoV-2 virus pandemic through approved mRNA vaccines and therapeutic antibodies. M&A activity picked up substantially in H2 2020, further driving solid performance as the year came to a close. The Board of Directors will propose an ordinary dividend of CHF 3.60 at the Annual General Meeting.



«BB Biotech performed well in 2020 in a volatile market environment»

Dr. Erich Hunziker
Chairman

Dear Shareholders

During the last quarter of the year major global equity indices extended their 2020 gains. Many markets achieved new all-time highs even though the SARS-CoV-2 infection rates reaccelerated in the final weeks of 2020. The Dow Jones (+9.7% in USD), the Dax (+3.5% in EUR), and the SPI (+3.8% in CHF) indices all showed gains for the year with the technology dominated Nasdaq Composite outperforming (+45.1% in USD) the broader equity markets. The Nasdaq Biotech Index (NBI) rallied into the year-end, resulting in a 2020 total return of 26.4% in USD and a significant outperformance of the broader markets.

Although the SARS-CoV-2 situation remained front and center for regulatory authorities in 2020, an impressive number of drug approvals was achieved by the US FDA – releasing 13 new drugs in the fourth quarter 2020, driving the total drug approvals to 53 for 2020. Additionally, two SARS-CoV-2 prophylactic vaccines and multiple drugs received emergency use authorization (EUA) during 2020.

For 2020, BB Biotech's total share return of 19.3% in CHF and 18.1% in EUR was slightly below the underlying portfolio performance. Weakening of the USD versus the CHF and EUR throughout the

year created additional headwind for CHF and Euro-denominated performance. The portfolio Net Asset Value (NAV) gained 24.3% in CHF, 24.8% in EUR and 35.9% in USD.

For the fourth quarter, BB Biotech's share price was up 10.9% in CHF and 9.0% in EUR. BB Biotech shares were unable to track the portfolio's upward trend. BB Biotech's Net Asset Value (NAV) for the same period tracked NBI index gains – increasing 20.6% in CHF, 20.4% in EUR and 25.5% in USD.

The consolidated fourth quarter 2020 data for BB Biotech indicates a net gain of CHF 665 mn versus 2019 fourth quarter net gain of CHF 505 mn. The consolidated full year 2020 data showed a net gain of CHF 691 mn compared to a net gain of CHF 677 mn for 2019.

Annual General Meeting on March 18, 2021

DIVIDEND 2021
CHF 3.60
(Proposed)

At the scheduled upcoming Annual General Meeting, all five existing board members will stand for re-election by the shareholders on March 18, 2021. The Board of Directors will propose a regular dividend of CHF 3.60 per share at the AGM on March 18, 2021. Applied to the average share price of December 2020 and consistent with the dividend policy introduced in 2013, this corresponds to a 5% dividend yield.

Portfolio adjustments in the fourth quarter 2020

In the fourth quarter, BB Biotech exited four holdings: Myokardia was acquired by Bristol-Myers Squibb at USD 225 per share, valuing the company at USD 13.1 bn. The position was tendered in November, generating approximately USD 248 mn in cash for the portfolio, and a profit of more than USD 205 mn for the investment cycle. The positions in G1 Therapeutics, Intercept and Sangamo were sold because the investment case for these stocks was no longer viable.

During the fourth quarter, profits were also taken on investments including Halozyme, Moderna, Myovant, Crispr Therapeutics and Scholar Rock. The cash was reinvested in targets associated with the strategic portfolio reallocation – focusing on smaller and mid cap portfolio companies. BB Biotech took advantage of market conditions by investing more in Molecular Templates, Arvinas, Generation Bio and Relay Therapeutics.

*«Three new investments were made in the fourth quarter
– Mersana, Biogen and Beam Therapeutics»*

Three new investments were made in the fourth quarter – Mersana, Biogen and Beam Therapeutics. Mersana is a company which focuses on antibody drug conjugates, with the company's lead program, XMT-1536 in clinical development for ovarian cancer. The basis for a tactical investment in Biogen was provided by the FDA reviewing Division medical reviewer's highly positive stance toward Biogen's aducanumab for Alzheimer's disease despite reservations from the FDA statistical reviewers and the overwhelmingly negative vote of an FDA advisory panel. The final action of the Agency on aducanumab in the face of these conflicting viewpoints will be consequential for the entire biotech sector. A position in Beam Therapeutics was initiated to increase BB Biotech's portfolio exposure to the genetic medicine field. Beam Therapeutics utilizes base editing – a technology that allows for a specific corrective nucleotide change without cutting the genome. Beam's lead programs are being developed for hemoglobinopathies such as sickle cell disease and beta thalassemia as well as for liver diseases such as alpha-1 antitrypsin deficiency.

Fourth-quarter portfolio update

The fourth quarter 2020 provided multiple milestones for our portfolio holdings such as M&A activity, licensing deals, clinical news and regulatory action. Highlights in the fourth quarter were driven especially by licensing deals.

TO THE HIGHLIGHTS

Outlook for 2021 with exciting sector fundamentals and expected transaction momentum to continue – even in a new political US environment

BB Biotech believes that 2021 will include the successful first wave of the roll-out of SARS-CoV-2 vaccines, led by Moderna's mRNA-1273 and Pfizer/Biontech's bnt162b2. Further, subsequent approval of adenovirus-vector based vaccines and traditional recombinant protein subunit vaccines are expected. It also anticipates that the industry will continue to deliver significant technology progress and new products that address important unmet medical needs. The BB Biotech investment team's asset allocation will continue to focus on established areas – such as orphan diseases, oncology and neurological indications – and also on rapidly emerging technologies which promise the best therapeutic profile and economic value.

«BB Biotech also anticipates that the industry will continue to deliver significant technology progress and new products that address important unmet medical needs»

Set against exciting technological developments, the stance of the US government regarding healthcare access and healthcare costs will be of importance. The new administration of President Elect Biden includes HHS Secretary nominee Xavier Becerra, currently serving as attorney general of California. Mr. Becerra is well-known for his defense of the Affordable Care Act. The Administration will also include Jeffrey D. Zients, an entrepreneur and management consultant who served as the head of President Obama's National Economic Council, as coronavirus czar in the White House. The nominations for FDA and CMS leadership have not yet been made. In view of the tied Senate with a deciding vote from Vice President Elect Harris, and narrowly Democratic House, President Elect Biden may be pressed to push on with reform of drug pricing. But in a year in which their major focus is to get the SARS-CoV-2 pandemic under control, the emphasis is likely to be on improving access to care (including vaccines) and supporting those with inadequate insurance, rather than chopping cancer or rare disease drug prices. BB Biotech believes the new Administration and Congress are aware of the astonishing value, health improvements and hope being created by the biotechnology sector.

With some areas in the biotech sector such as genetic medicines currently attracting significant investor attention, which drove valuations impressively in 2H 2020, BB Biotech continues to see attractive valuations for select smaller and mid cap biotech firms. Further, M&A activity picked up in the second half of 2020 and will likely continue in the sector in 2021. The takeover of Alexion by AstraZeneca for USD 39 bn demonstrates that larger cap firms may also be at play at these

valuation levels. Remote deal making has become a normal approach so social distancing and lockdowns are unlikely to limit strategic activities in the biotech sectors.

BB Biotech's long-term horizon makes it an effective investor and partner for many biotechnology firms – and the investment team believes that the growth case for biotechnology and the company itself is as compelling as ever. This means management is confident it can continue to offer potentially sector-leading returns moving forward. The investment team anticipates that 2021 will be another banner year for new products worldwide and looks forward to more exciting news flow from its portfolio companies.

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

The Board of Directors of BB Biotech AG



Dr. Erich Hunziker
Chairman



Dr. Clive Meanwell



Dr. Susan Galbraith



**Prof. Dr. Mads Krogsgaard
Thomsen**



Dr. Thomas von Planta

PORTFOLIO UPDATE Q4 2020

The fourth quarter 2020 provided multiple major milestones for our portfolio holdings such as clinical results, regulatory decisions, licensing deals and M&A transactions. The highlight in the fourth quarter was the high efficacy and good safety profile of mRNA-1273, Moderna's prophylactic mRNA vaccine against SARS-CoV-2, leading to an emergency use authorization (EUA) by FDA in late December. Moderna has announced to deliver around 20 mn doses in December alone and in the meantime has increased its delivery capacity by upping the lower capacity range from 500 mn to 600 mn, with a continued 1 bn as peak capacity for 2021.

Promising clinical trial results

Next to the positive vaccine update, many clinical trial read-outs reported by our portfolio holdings were convincing and positive. Agios reported that 40% of patients with pyruvate kinase deficiency who are not regularly transfused achieved a sustained hemoglobin increase of more/equal 1.5 g/dl compared to 0 placebo patients. In January 2021, the company reported a second positive study in patients with pyruvate kinase deficiency being transfusion-dependent. These two studies are the basis for a regulatory filing in the first half of 2021.

Incyte reported top line results for Ruxolitinib (Jakafi) with significant improved outcomes in patients with steroid-refractory or steroid-dependent chronic graft-versus-host disease. These results complement previously reported results in steroid-refractory acute graft-versus-host disease, added to the Jakafi label in 2019. Subsequently, Incyte has raised its 2027 Jakafi US revenue guidance to above USD 3 bn.

Promising proof-of concept data was reported by Scholar Rock, Arvinas and Crispr Therapeutics, with Vertex reporting disappointing news regarding its first oral development candidate VX-814 targeting patients with alpha-1 antitrypsin deficiency. Scholar Rock announced positive interim analysis for the Phase II trial testing SRK-15, a selective inhibitor of the activation of myostatin, in patients with spinal muscle atrophy. Motor function improvement were observed at the 6-month interim analysis, with data for the 12-month treatment expected in the second quarter of 2021. Arvinas announced a robust efficacy signal for ARV-471 in heavily pretreated breast cancer patients. ARV-471 is an investigational orally bioavailable PROTAC protein degrader designed to selectively target and degrade the estrogen receptor (ER). Responses in heavily pretreated breast cancer patients support Arvinas to initiate a Phase II dose expansion of ARV-471 in the first half of 2021.

Progress has been achieved and reported for our holdings developing genetic medicines. Crispr Therapeutics presented updated results for its investigational Crispr/Cas9 gene-editing therapy CTX001. The company together with its development partner Vertex disclosed now seven beta thalassemia patients treated and transfusion-independent with 3 to 18 months of follow-up after a single CTX-001 infusion. In sickle cell patients, all three patients were free of vaso-occlusive crisis with 3 to 15 months of follow-up after the CTX-001 infusion. The companies expect to enroll the last patients per end of 2021 and will continue the dialogue with regulatory authorities to set out the registration path.

Numerous milestones with regard of regulatory decisions

BB Biotech's portfolio holdings updated on multiple regulatory decisions in the fourth quarter 2020 such as

- Margenza (margetuximab) from MacroGenics was approved by the FDA for patients pretreated metastatic HER2-positive breast cancer
- Orgovyx (relugolix) from Myovant was approved by FDA for adult patients with advanced prostate cancer
- mRNA-1273 from Moderna received an emergency use authorization (EUA) as prophylactic vaccine for SARS-CoV-2.
- Oxlumo (lumasiran) from Alnylam was approved by the FDA and the EMA for primary hyperoxaluria type 1 patients
- Agios withdrew its EMA marketing authorization application of Tibsovo (ivosidenib) to treat acute myeloid leukemia patients with IDH1 mutations

Accelerating M&A activities and beneficial collaboration in the second half of 2020

With M&A as well as business development activities slowing down in the first half of 2020, a clear re-acceleration was observed for the second half of the year. In the fourth quarter alone, four of BB Biotech's portfolio holdings reported substantial transactions. The Myokardia takeover by Bristol Myers Squibb was completed in November in an all-cash transaction for approximately USD 13.1 bn. In late November, Sage and Biogen announced a global collaboration to develop and commercialize Zuranolone, a next-generation positive allosteric modulator of the gamma-aminobutyric acid (GABAA) receptor that is developed as an antidepressant. The deal includes as well SAGE-324, a next-generation positive allosteric modulator of GABAA receptors in Phase II development for essential tremor. A large takeover was announced in December, with AstraZeneca acquiring Alexion, with a total consideration of USD 60 per share in cash plus 2.1243 shares (AZN US), in total USD 39 bn or USD 175 per share. The companies recently updated the timelines for the deal expected to close in the third quarter of 2021. In late December, Servier agreed to acquire Agios oncology business for up to USD 2 bn plus future royalties. Agios announced to use around two thirds of these proceeds to repurchase shares and around one third to invest into its remaining genetically defined disease franchise.

PORTFOLIO AT A GLANCE

Securities as at December 31, 2020

Company	Number of securities	Change since 31.12.2019	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company equity
Ionis Pharmaceuticals	8 220 000	225 045	USD	56.54	411.4	10.4%	10.6%	5.9%
Moderna	2 854 963	(1 962 818)	USD	104.47	264.0	6.7%	6.8%	0.7%
Neurocrine Biosciences	3 035 000	(193 074)	USD	95.85	257.5	6.5%	6.6%	3.2%
Argenx SE	921 332	(23 407)	USD	294.09	239.8	6.1%	6.2%	1.9%
Incyte	2 900 000	(500 000)	USD	86.98	223.3	5.6%	5.7%	1.3%
Vertex Pharmaceuticals	900 000	(340 000)	USD	236.34	188.3	4.8%	4.8%	0.3%
Alexion Pharmaceuticals	1 294 428	(20 000)	USD	156.24	179.0	4.5%	4.6%	0.6%
Arvinas	2 176 903	935 000	USD	84.93	163.7	4.1%	4.2%	4.6%
Fate Therapeutics	2 030 000	2 030 000	USD	90.93	163.4	4.1%	4.2%	2.3%
Agios Pharmaceuticals	4 158 902	261 948	USD	43.33	159.5	4.0%	4.1%	6.0%
Halozyme Therapeutics	3 970 000	(3 993 056)	USD	42.71	150.1	3.8%	3.9%	3.0%
Alnylam Pharmaceuticals	1 155 000	(445 000)	USD	129.97	132.9	3.4%	3.4%	1.0%
Crispr Therapeutics	900 884	170 422	USD	153.11	122.1	3.1%	3.1%	1.2%
Sage Therapeutics	1 540 104	260 000	USD	86.51	117.9	3.0%	3.0%	3.0%
Radius Health	7 455 714	574 029	USD	17.86	117.9	3.0%	3.0%	16.0%
Biogen	537 000	537 000	USD	244.86	116.4	2.9%	3.0%	0.3%
Myovant Sciences	4 757 039	(58 070)	USD	27.62	116.3	2.9%	3.0%	5.3%
Intra-Cellular Therapies	3 538 419	1 238 419	USD	31.80	99.6	2.5%	2.6%	4.4%
Macrogenics	4 815 564	296 405	USD	22.86	97.4	2.5%	2.5%	8.4%
Scholar Rock Holding	2 255 651	(378 815)	USD	48.53	96.9	2.5%	2.5%	6.7%
Esperion Therapeutics	3 947 964	220 000	USD	26.00	90.9	2.3%	2.3%	14.2%
Generation Bio Co.	2 333 180	2 333 180	USD	28.35	58.6	1.5%	1.5%	5.0%
Molecular Templates	6 380 331	5 084 644	USD	9.39	53.0	1.3%	1.4%	12.8%
Relay Therapeutics	1 409 357	1 409 357	USD	41.56	51.8	1.3%	1.3%	1.6%
Exelixis	2 835 000	–	USD	20.07	50.4	1.3%	1.3%	0.9%
Mersana Therapeutics	1 885 000	1 885 000	USD	26.61	44.4	1.1%	1.1%	2.8%
Nektar Therapeutics	2 620 676	–	USD	17.00	39.4	1.0%	1.0%	1.5%
Black Diamond Therapeutics	1 390 000	1 390 000	USD	32.05	39.4	1.0%	1.0%	3.9%
Beam Therapeutics	396 821	396 821	USD	81.64	28.7	0.7%	0.7%	0.7%
Kezar Life Sciences	4 533 148	2 982 479	USD	5.22	20.9	0.5%	0.5%	9.8%
Wave Life Sciences	2 602 858	200 000	USD	7.87	18.1	0.5%	0.5%	5.3%
Homology Medicines	1 737 122	125 000	USD	11.29	17.4	0.4%	0.4%	3.8%
Voyager Therapeutics	2 680 283	–	USD	7.15	17.0	0.4%	0.4%	7.2%
Cidara Therapeutics	2 822 495	527 223	USD	2.00	5.0	0.1%	0.1%	6.4%

Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	USD	0.88	2.2	0.1%	0.1%
Bristol-Myers Squibb – Contingent Value Right	800 000	–	USD	0.00	0.0	0.0%	0.0%
Total securities					3 954.7	100.0%	101.7%
Other assets					8.4		0.2%
Other payables					(75.6)		(1.9%)
Net asset value					3 887.5		100.0%
BB Biotech registered shares ¹⁾	114 662	114 662			8.5		0.2%

¹⁾ Correspond to the total of all own shares held including the second trading line

Exchange rate as at 31.12.2020: USD/CHF: 0.8852

OUTLOOK

The global corona pandemic continues to keep the world on tenterhooks. With the first approved vaccines, such as the mRNA vaccines, the biotech industry has emerged as a player. The challenge now is to overcome manufacturing capacity and logistical challenges to ensure widespread introduction of the vaccines. Only then it will be possible to boost population immunity to SARS-CoV-2 and its variants. In addition, new technologies, such as gene editing, are likely to come into focus in 2021. Thanks to increased technological advances and growing capital flows, the biotech sector's momentum will continue to accelerate. In terms of policy, the newly elected US government's main goal is to enable more citizens to access the healthcare system. A well-organized healthcare ecosystem makes innovation affordable for patients in need. BB Biotech assumes that the existing price structure can be maintained.

The COVID-19 pandemic continues to challenge global healthcare infrastructures as well as societies and economies. Under intense pressure and with a substantial upside opportunity, the drug development industry moved quickly to identify technologies and compounds with potential to be used prophylactic or therapeutic against the virus. Unprecedented efforts and collaboration in 2020 between scientists, the drug development industry and regulatory authorities has led to the development of multiple effective and safe prophylactic vaccines. Following approvals with the mRNA vaccines in the lead, the focus now has turned towards manufacturing capacities and logistical challenges to allow broad vaccine roll-out and adoption leading to an increase in population immunity. The national differences in investing and gaining access to vaccine capacity has so far led to highly dispersed vaccination rates in different countries, allowing the virus to spread in unprotected areas of the world, and more worrisome the surfacing and spread of novel virus strains. To win this race, an effective global vaccination strategy is required, additional novel prophylactic vaccines to help increase capacity and continued efforts to convince the population to participate. The new strains such as the UK, the Brazilian or the South African strain already prove that not all the vaccines can maintain their high protection levels to all variants in circulation. The leading vaccine players such as Moderna have already outlined their plans to adapt the vaccine's make-up to specifically improve the protection levels for these resistance strains, being it through a booster strategy such as a third injection or by developing novel versions of the vaccine as a booster that encode for the respective variant. The challenge to quickly adapt to a changing situation proves that the messenger RNA technology and platform is ideally suited to respond faster than historic vaccine technologies and platforms.

«Unprecedented efforts and collaboration in 2020 between scientists, the drug development industry and regulatory authorities has led to the development of multiple effective and safe prophylactic vaccines»

LEARN MORE ABOUT
MODERNA IN OUR
TOP STORY

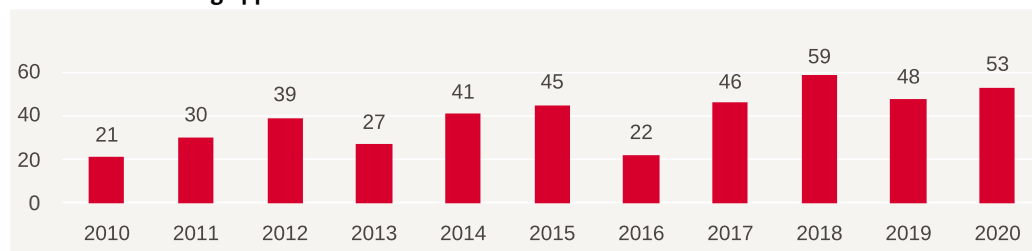
Moderna

The leading vaccine players such as Moderna have already outlined their plans to adapt the vaccine's make-up to specifically improve the protection levels for these resistance strains, being it through a booster strategy such as a third injection or by developing novel versions of the vaccine as a booster that encode for the respective variant. The challenge to quickly adapt to a changing situation proves that the messenger RNA technology and platform is ideally suited to respond faster than historic vaccine technologies and platforms.

The key questions that we are currently engaged with are 1) whether the dynamic between natural immunity, vaccine-induced immunity and viral resistance will necessitate a continuous update of vaccine valency similar to what is common procedure in the seasonal flu protocols and 2) if so how often a boost will be required, 3) in which subpopulations and 4) over what timeframe. The scenario of seasonal influenza with its characteristic traversal between northern and southern hemispheres may be the only but in fact poor proxy as a long-term model if one considers the relatively low average vaccine efficacy (30-50% in most years) and the substantially higher mutation rate in comparison to SARS-CoV-2 owing to the former's lack of genetic repair mechanisms.

We are surprised by the emergence of a strain partially resistant to vaccines at such an early timepoint, though it likely is a mutational pressure reaction to the broader natural immunity acquired by some populations such as in South Africa. It seems very difficult to assess the variety of possible conformational spaces the spike protein could occupy through mutational variation, avoiding prior antibodies induced through natural infection or vaccination while retaining the ability to efficiently bind to the human ACE2 receptor.

Number of FDA drug approvals



Source: Bellevue Asset Management, December 2020

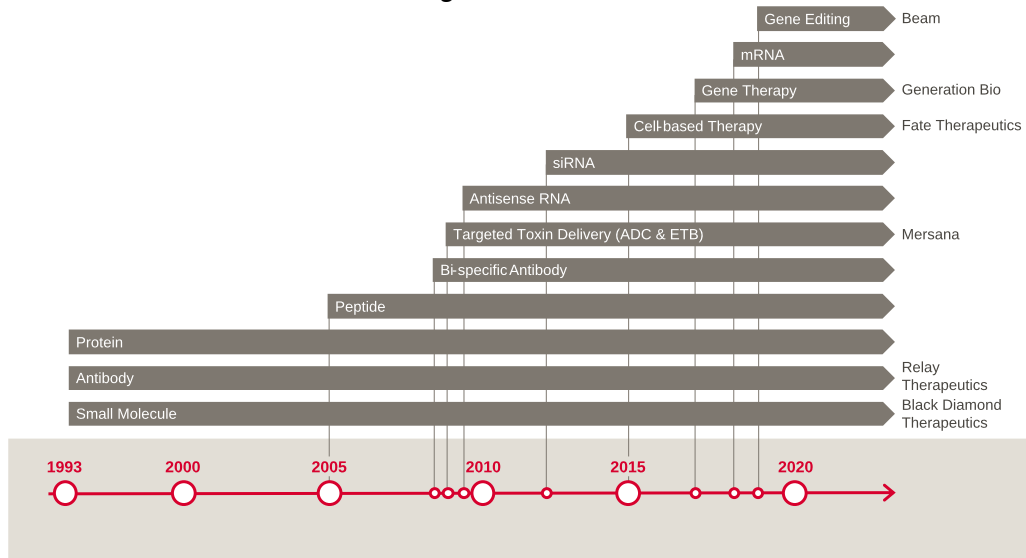
Overall, the pandemic situation continues to be a substantial strain on the healthcare system, with many areas of healthcare continued being underserved and financially constrained. The consequences of that will become more evident in the coming years such as the implications due to late diagnosis and a lack of initiation of important medical therapies. During the pandemic FDA and other regulatory bodies around the world have worked quite efficiently and we saw more than 50 new drug approvals in the US in 2020. We are expecting to see a significant number of approvals in 2021 with several of those coming from BB Biotech's portfolio companies. For regulators and the drug development industry the learning curve has been steep during the pandemic and we hope that some of these learnings can be leveraged to in the future.

New technologies are expected to prove their disruptive potential

Progress for the newest drug modalities will be a focal point for biotech investors in 2021 and beyond. With important and highly promising results presented in 2020, further proof for technologies such as gene editing, next generation gene therapy and cell therapy technologies are expected. Exemplary of such success is the gene editing treatment CTX001 by Crispr Therapeutics and Vertex to treat sickle cell and beta thalassemia patients. A one-time treatment, still a rather invasive procedure requiring transplantation so far has resulted in de facto functional cures in all treated patients. Increasing knowledge driving efficacy and maintaining a clean long term safety

data will allow that the gene editing companies to move from rare and severe diseases towards broader and large chronic diseases. To achieve this, further technological advancements are required to improve ease of use and administration routes, lower manufacturing costs and growing safety database.

BB Biotech’s investments in new technologies



Source: Bellevue Asset Management, December 2020

A similar trajectory, substantially further than the gene editing technology can be observed for the RNA-based and RNA-targeting drug modalities. With first drugs approved years ago, the improved next generation chemistry and improved delivery options allow to go through these expansion steps, following what has been achieved with recombinant proteins and antibody therapeutics in the last two decades.

Development speed – adaption of our S-curved investment strategy

Deeper understanding of the genotypic and phenotypic differences between cells in normal and diseased states, substantially improved computational approaches in drug screening, identification and selection all the way to smarter and adaptive clinical trial programs are contributing to an acceleration of the innovation cycle. The most obvious examples can be found in genetically defined rare diseases and targeted oncology with development timelines from the lab to the patient in record time, often achieved in two to three years. The acceleration of the development cycle is appealing for investors, allowing smaller companies to raise and deploy capital efficiently and in many cases aspire to develop and commercialize first in class or best in class therapies all on their own. This again results in improved return on invested capital for investors to attract capital and re-invest into the next generation of companies.

BB Biotech Investment Strategy

This fits well with BB Biotech's long standing investment strategy to deploy its capital in promising technology platforms and promising early clinical assets, follow these companies through their clinical development, regulatory approval, commercial launches, sustainable revenue and profit growth to ultimately become more mature companies. Upon such a long term cycle, BB Biotech would divest and reinvest into the next promising candidates. The same trend will continue to make smaller and mid cap companies attractive licensing partners for large pharmaceutical and large cap biotech companies, either signing attractive business development deals or ultimately through consolidation.

LEARN MORE ABOUT THE
STRATEGY

Important milestones will support the positive industry momentum

The momentum of the biotech industry will remain strong, even accelerate due to the increased technological advancements, growing capital flow supporting innovation from the venture investors to public investors, all the way through an increasing number of clinical development projects leading up to a growing number of product approvals. Product approvals have grown from the 20's per year in the early 2000s, increasing to 30-40 products approved per year in the last decade to 50-ish in recent years. Even though the pandemic impacted the industry and regulatory authorities, 53 approvals were awarded in 2020, excluding emergency use authorizations such as those for SARS-CoV-2 vaccines. 2021 shall be no exception to this trend, with regulatory authorities continuing their COVID response but supporting innovative technology progress and clinical projects and by reviewing important registration filings. A substantial investor focus will be on the regulatory decisions for aducanumab for the treatment of Alzheimer disease that could set precedents and shape future interactions between the drug development industry and regulatory authorities.

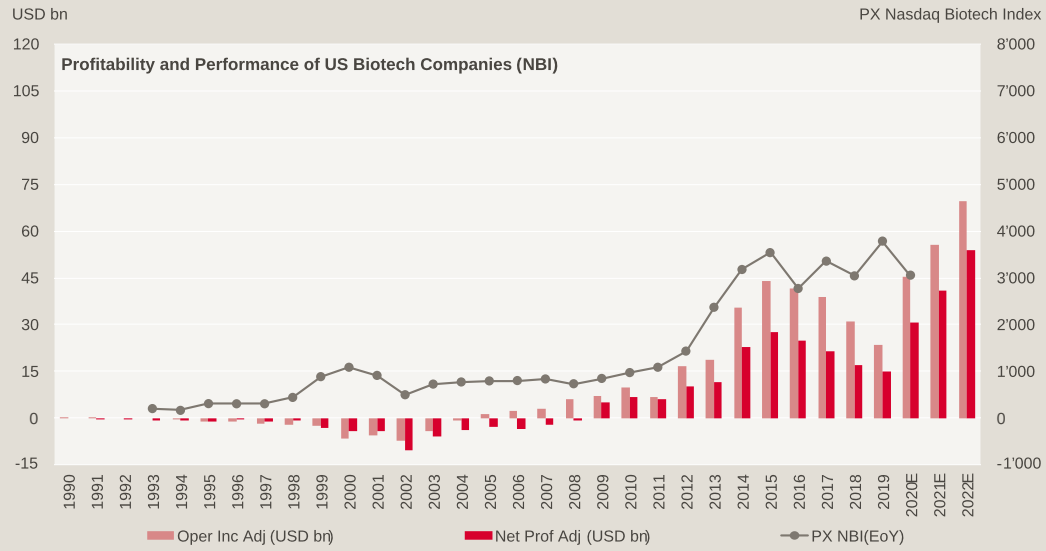
We expect important progress for many clinical development projects such as targeting oncogenes and oncogenic mutations and a host of immune oncology programs is inching towards major readouts that will impact future enthusiasm and investment behavior from both industry and investors in this area. For central nervous system disorders, substantial progress is ongoing for many of the genetically driven diseases such as Huntington disease (HD) or amyotrophic lateral sclerosis (ALS). In cardiovascular disease, novel lipid and triglyceride lowering agents are advancing in late-stage clinical trials and in cardiovascular outcomes trials. Another important area that is experiencing renewed investments is in the regenerative medicine field driven by an increasing tool box to modify cells accordingly, such as with the Crispr/Cas9 gene editing approach.

Politics and healthcare reform – US administration expanding access to the healthcare system

The newly elected US administration has outlined its healthcare plans, with core priorities being to maintain and even broaden access to healthcare insurances. This includes a push for the individual mandate, to limit the costs of such healthcare insurance all the way to lowering prescription drug prices by changing laws currently banning Medicare from negotiating lower drug prices with manufacturers. A clear positive for the science driven and innovative biotechnology industry is the role of a newly appointed presidential science advisor Eric Lander, a decorated geneticist who was a key figure in the Human Genome Project – the race to sequence the human genome.

A well-managed healthcare ecosystem will make innovation affordable for patients in need. Access to the newest and often more expensive treatment options require an insurance model. We expect that orphan drugs and targeted oncology drugs will maintain their price premium and that the general model for high volume drugs at lower price points allows to maintain this price model. In this context and with the global pandemic leading historical record levels of volume and demand for the prophylactic vaccines, we agree with industry that the price range from USD single digit to high 30's offer tremendous value for societies.

30 years biotechnology – shift to a sustainable growth industry



Source: Bellevue Asset Management; Bernstein Research, March 2020

VIDEO INTERVIEW

Dr. Daniel Koller, Head Investment Team, is looking back on the challenging pandemic year 2020 in a video interview. First he discusses the groundbreaking success of the biotech industry. It has developed successful and safe vaccines in record time and is leading the fight against the SARS-CoV-2 virus pandemic with these vaccines and therapeutic antibodies. It is therefore not surprising that the biotech sector has become the focus of investors. In addition, he explains why BB Biotech had already had invested in Moderna in 2018 and what opportunity he sees for the mRNA technology in the future. Finally he gives an insight into the portfolio and tells why he has added an «evergreen company», namely Biogen, in the portfolio.

«We had already invested in Moderna in 2018, when people didn't know about Corona yet»

Dr. Daniel Koller
Head Investment Team BB Biotech



MRNA TECHNOLOGY

The global coronavirus pandemic put the biotech sector squarely in the focus of the investment community. Having produced the very first vaccines for coronavirus disease, the biotechnology sector has emerged as a key player in the race to overcome the grave medical and economic challenges the world now faces. Moderna, the US company that has developed an mRNA-based COVID-19 vaccine, is the latest shining example of the progress biotech companies are making for the good of society.

Less than 11 months after the SARS-CoV-2 genome was decoded the first two vaccine candidates that could help to bring the global coronavirus pandemic under control were already submitted to regulatory authorities for approval. «The mRNA technology used by Moderna is a good example of how innovative technologies developed and applied in the labs of biotech companies are driving medical progress,» explains Dr. Daniel Koller, Head of BB Biotech's Investment Team.

«mRNA technology is representative of the innovative power of the entire biotech industry»

MRNA technology – preferred method for future vaccine development

«Our vision is to develop a new generation of medicines,» explained Stéphane Bancel, CEO of Moderna, in his presentation for an online investor conference organized by BB Biotech in December 2020. Full regulatory approval of Moderna's mRNA-1273 vaccine against COVID-19 will clear the way for other applications with mRNA vaccines. In clinical trials, Moderna's vaccine was 94.1% effective across all age groups. This vaccine was first authorized by the FDA for emergency use in the US and has since been granted emergency use authorizations by many other regulatory agencies, including the EU and Swiss regulators.

The COVID-19 vaccine is being manufactured by the Swiss company Lonza, among others. One billion doses could be produced in 2021.



«Our vision is to develop a new generation of medicines»

Stéphane Bancel
CEO Moderna

Given all the advantages mRNA offers, Bancel is sure it will establish itself as the technology of choice for vaccine development. The higher probability of response will be a crucial factor here, Bancel believes. Because human mRNA has the same chemical structure in all molecules, and mRNA-based drugs differ only in the coded genetic information they contain, mRNA platforms can be used to develop a variety of drugs in shorter periods of time. In the case of the SARS-CoV-2 virus, Moderna took just a few days to select the sequence for the vaccine from the virus’s gene sequence. The huge advantage of this technology is that it is quickly adaptable to new variants of a virus. Another bonus of the mRNA mechanism is that all vaccines are packaged in the same molecular envelopes, which makes it easier to produce large volumes. Moreover, unlike the rival BioNTech/ Pfizer product, the vaccine can be stored for a period of up to six months at minus 20 degrees Celsius, 30 days at refrigerator temperatures of six to eight degrees, and six hours at room temperature.

«BB Biotech invested in Moderna in 2018, before the company even went public»

Dr. Daniel Koller
Head Investment Team BB Biotech

Through its investment in robotics, IT and production processes, Moderna has, in the words of Bancel, created the conditions for scaling up all clinical products that the biotech company brings to the market in the future. Management had initially planned to reach this milestone in 2023 but that time frame was shortened by three years thanks to the successful development and the government funding of its COVID-19 vaccine program.

Moderna has 24 development candidates, 13 of which are currently in clinical testing, and six of them are vaccines, including the SARS-CoV-2 vaccine that was granted emergency use authorization in January 2021. BB Biotech invested in Moderna in 2018, before the company even went public.

PORTFOLIO WEIGHTING IN %

6.7%

As at 12/31/2020

mRNA

This novel approach allows the manufacture of proteins that patients are unable to make themselves because of genetic defects in their genome. mRNA therapies introduce a messenger RNA from outside to make specific proteins. Moderna has the broadest R&D pipeline in the field of mRNA. Its most advanced product is the COVID-19 vaccine that was just recently approved by regulatory authorities. Other Moderna clinical candidates are undergoing trials as mRNA therapeutics in immuno-oncology and as vaccines for cancers and viral diseases like Zika virus infection.

TO MODERNA

RELAY THERAPEUTICS & CRISPR THERAPEUTICS

Spotlight on two promising companies

BB Biotech anticipates that 2021 will bring significant technology progress and new products that address important unmet medical needs. In addition to established treatment areas such as oncology, orphan diseases and neurological indications, attention will increasingly center on rapidly developing promising technologies that offer tremendous economic value thanks to their excellent therapeutic profile. Bearing that in mind, we cast a spotlight on two companies that investors should be following.

Relay Therapeutics: On-screen molecular design

An innovative treatment approach emerging from biotech laboratories is called molecular design. Relay Therapeutics, which was floated on the stock exchange in July 2020, is a leader in rational drug design. The process involves studying the movement of protein molecules to understand the role of protein motion in causing disease. Relay uses a computational platform instead of conventional three-dimensional crystal structures. Machine learning is used for digital simulation and visualization of chemical and biophysical processes that occur on a timescale of milliseconds. This is a faster and cheaper way to identify molecules with potential to be developed as drugs. What's more, molecule design allows more customized mechanisms of action because properties like pharmacodynamics, effective dose, bioavailability and toxicity can all be tweaked much more precisely.

«Relay Therapeutics will present topline data for two products in 2021»

Relay Therapeutics is using this technology to develop oral medications to treat cancer. The most advanced candidate, RLY-1971, is an SHP2 inhibitor mainly being tested for use in combination with other drugs. RLY-1971 is currently in the Phase I clinical trial stage. Relay will present topline data for two products in 2021.

BB Biotech added Relay Therapeutics to its portfolio in the third quarter of 2020 by participating in its successful IPO and bought more of the company's shares on the open market immediately after they were listed.

Crispr Therapeutics: Crispr fixes genetic defects for good

The awarding of the Nobel Prize in Chemistry to Emmanuelle Charpentier and Jennifer A. Doudna in October 2020 underlines the importance of genome editing as a disruptive technology for future drug development. This molecular biological tool is used to make targeted changes in the human genome to cure diseases permanently. Genome editing is already being used with success in cell-based cancer therapies. In contrast, Crispr Therapeutics is a leading exponent of ex-vivo applications of the Crispr/Cas9 approach. This involves taking cells from a patient, modifying them in a lab and

re-administering them to the patient. The novelty of the approach is that fragments of human DNA identified as genetic triggers of disease are cut out and repaired using genetic replacement parts. The Crispr/Cas9 enzyme activates the genetic repair mechanism which every somatic cell possesses.

«The genetically modified stem cells that were administered back to the patients led to a complete cure»

BB Biotech has been invested in Crispr Therapeutics since the first quarter of 2019. The company is pursuing two clinical trials in beta thalassemia and sickle cell anemia in cooperation with Vertex Pharma, a core position in BB Biotech's portfolio. Both diseases are inherited genetic disorders that result in the defective formation of blood cells with severe progression. The genetically modified stem cells that were administered back to the patients led to a complete cure. In addition to these two clinical trials, Crispr Therapeutics is pursuing three cell-based projects in immuno-oncology on its own.

COVID-19 VACCINES AS A WAY OUT OF THE CRISIS

Prof. Dr. med. Daniel Paris, Director, Department of Medicine at the Swiss Tropical and Public Health Institute, University of Basel, held a talk about the COVID-19 pandemic, including his views regarding the potential implications of the new virus variants first identified in the United Kingdom, South Africa and Brazil and what measures should be taken, during a webinar hosted by BB Biotech in early February. Below is a summary of his remarks:

What we have observed so far is that the mutations are mostly concentrated in spike proteins on the surface of the SARS-CoV-2 virus, which is significant because these spike proteins are also the main target of the currently approved vaccines. Such mutations can make it easier for the SARS-CoV-2 virus to evade the body's immune response because antibodies (especially neutralizing antibodies) can no longer bind as easily to the virus and then eliminate it. Such escape mutations could weaken the immune response and allow the coronavirus to spread more easily. Higher viral loads are often associated with increased transmissibility. The first Phase III vaccine studies based on data/samples taken from regions with a higher incidence of viral variants have already revealed a decrease in the vaccines' rate of effectiveness. Consequently, the concept of herd immunity via vaccine-induced immune responses will have to be reconsidered. To neutralize a higher infectivity and achieve natural herd immunity, a higher immunity threshold might be necessary. Up to now this threshold has been calculated to range between 60% and 65% of the population. Future vaccination strategies against COVID-19 could display a cyclical or seasonal pattern, as already is the case regarding the seasonal flu. This would mean redesigning a vaccine to match the currently circulating strains of the virus.

«Future vaccination strategies against COVID-19 could display a cyclical or seasonal pattern, as already is the case regarding the seasonal flu»

Diagnostic testing plays a critical role in the rapid identification of emerging hot spots of coronavirus infection. In the context of COVID-19, three main types of tests are being used: molecular PCR tests, antigen tests and antibody tests. The currently employed PCR and antigen test samples, however, must be processed in a lab. Antibody tests require a blood sample. The market potential for easy-to-use diagnostic test kits for self-testing at home, or in senior care facilities, schools or at large events, or when traveling, for example, is far from tapped. The DAVINCI consortium in Switzerland was formed by academic institutions and private-sector partners to develop a complete at-home test for COVID-19. Saliva samples are tested for antigens and antibodies and the results are processed by a simple smartphone app. After a successful proof-of-concept study in 2020, development of the test kit is expected to be completed by the end of 2021. The test kit could also be used as a testing platform for other infectious diseases such as influenza.

«Another advantage of the mRNA vaccines is that they can be quickly redesigned to match new seasonal variants and they have minor side effects»

The development of prophylactic vaccines for COVID-19 over the past twelve months was quite impressive. In early February there were 63 clinical vaccine trials underway, including 22 pivotal Phase III studies. Ten vaccines have already been granted marketing authorization. Three basic technologies are being used to develop these vaccines. Viral vector vaccines, using modified viral vectors as a delivery system, can trigger a strong immune response. The single-shot vaccines developed by AstraZeneca and Janssen have efficacy percentages of 70% and 66%, respectively, but they are much less effective against the emerging virus variants. The two mRNA vaccines developed by Moderna and Biontech/Pfizer that were the very first vaccines to be approved by regulators demonstrated very high efficacy of 94% and 95%, respectively. Another advantage of the mRNA vaccines is that they can be quickly redesigned to match new seasonal variants and they have minor side effects. A disadvantage is that they must be stored at very cold temperatures of minus 20° to minus 70° C. The authorized protein-based vaccines consisting of proteins and adjuvants have proven to be effective against influenza and human papilloma viruses and also demonstrated a high efficacy against COVID-19, but they are likewise not as effective against the recently identified coronavirus variants.

Data available so far does not yet allow for a conclusive analysis of the durability of the immune responses induced by vaccines. A comparison of data from placebo and treatment groups after the first injection of an mRNA vaccine has indicated that with this type of vaccine there might be a latency period of up to twelve weeks for the second dose. Effective, durable immunity to COVID-19 will largely depend on how quickly vaccines can be redesigned to match mutated protein spikes on the surface of the coronavirus. Inhalers and nasal sprays are likely to figure prominently as a means of making the administration of the vaccine more patient-friendly.-friendly.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS	31
Consolidated balance sheet as at December 31	31
Consolidated statement of comprehensive income for the year ended December 31	32
Consolidated statement of changes in equity vor the year ended December 31	33
Consolidated statement of cash flow for the year ended December 31	34
Notes to the consolidated financial statements	35
Report on the audit of the consolidated financial statements	53
<hr/>	
FINANCIAL STATEMENTS BB BIOTECH AG	58
Balance sheet as at December 31	58
Statement of income for the year ended December 31	59
Notes to the financial statements BB Biotech AG	60
Report on the audit of the financial statements	65

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31

(in CHF 1 000)

	Notes	2020	2019
Current assets			
Cash and cash equivalents		6 816	30 707
Receivables from brokers		1 521	–
Securities	4	3 954 659	3 523 670
Other assets		139	190
		3 963 135	3 554 567
Total assets		3 963 135	3 554 567
Current liabilities			
Short-term borrowings from banks	5	63 000	150 000
Payables to brokers		6 576	6 359
Other short-term liabilities	6	5 709	4 992
Tax liabilities		303	243
		75 588	161 594
Total liabilities		75 588	161 594
Shareholders' equity			
Share capital	7	11 080	11 080
Treasury shares	7	(8 241)	–
Retained earnings	7	3 884 708	3 381 893
		3 887 547	3 392 973
Total liabilities and shareholders' equity		3 963 135	3 554 567
Net asset value per share in CHF		70.30	61.25

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

The consolidated financial statements were approved by the Board of Directors of BB Biotech AG on February 16, 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31

(in CHF 1 000)

	Notes	2020	2019
Operating income			
Net gains from securities	4	741 511	726 591
Interest income		7	41
Dividend income		243	1 156
Other income		23	378
		741 784	728 166
Operating expenses			
Finance expenses		(883)	(1 243)
Foreign exchange losses		(1 857)	(1 173)
Administrative expenses	8	(41 755)	(42 375)
Other expenses	9	(6 040)	(5 876)
		(50 535)	(50 667)
Profit/(loss) before tax	12	691 249	677 499
Income taxes	10	(75)	(68)
Profit/(loss) for the period		691 174	677 431
Total comprehensive profit/(loss) for the period			
		691 174	677 431
Earnings/(loss) per share in CHF	11	12.48	12.23
Diluted earnings/(loss) per share in CHF	11	12.48	12.23

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31

(in CHF 1 000)

	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2019	11 080	–	2 873 432	2 884 512
Dividend	–	–	(168 970)	(168 970)
Total comprehensive income for the year	–	–	677 431	677 431
Balances at December 31, 2019	11 080	–	3 381 893	3 392 973

Balances at January 1, 2020	11 080	–	3 381 893	3 392 973
Dividend	–	–	(188 360)	(188 360)
Trade with treasury shares (incl. change in balance)	–	(8 241)	1	(8 240)
Total comprehensive income for the year	–	–	691 174	691 174
Balances at December 31, 2020	11 080	(8 241)	3 884 708	3 887 547

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

(in CHF 1 000)

	Notes	2020	2019
Cash flows from operating activities			
Proceeds from sales of securities	4	1 008 571	754 160
Purchase of securities	4	(699 354)	(493 508)
Dividend receipts		243	1 156
Interest receipts		7	41
Payments for services		(46 973)	(46 789)
Income taxes paid		(45)	(39)
Total cash flows from operating activities		262 449	215 021
Cash flows from financing activities			
Dividend		(188 360)	(168 970)
Proceeds from sales of treasury shares	7	20	–
Purchase of treasury shares	7	(8 260)	–
Repayment of bank loans	5	(87 000)	(35 000)
Interest payments		(883)	(1 243)
Total cash flows from financing activities		(284 483)	(205 213)
Foreign exchange difference		(1 857)	(1 173)
Change in cash and cash equivalents		(23 891)	8 635
Cash and cash equivalents at the beginning of the year		30 707	22 072
Cash and cash equivalents at the end of the year		6 816	30 707

The notes are an integral part of the consolidated 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

General

The consolidated financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS), as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies for the period January 1, 2020, until December 31, 2020. The consolidation is prepared from the financial statements of the Group companies using uniform accounting principles. With the exception of financial assets and liabilities (incl. derivative instruments), which are held at fair value through profit or loss, the financial statements are prepared under the historical cost convention. This requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial year. In certain circumstances, the actual values may differ from these estimates.

The following amended standards, valid since January 1, 2020, have been applied in these annual consolidated financial statements:

- IAS 1, IAS 8 (amended, effective January 1, 2020) – Definition of Material
- IFRS 3 (amended, effective January 1, 2020) – Business Combinations
- IAS 39, IFRS 7, IFRS 9 (amended, effective January 1, 2020) – IBOR-Reform

The Group assessed the 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.

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

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

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

Basis of consolidation

The consolidated financial statements include the Company and the subsidiary companies which are controlled by it. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases. The consolidation is performed using the acquisition method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a December 31 year-end.

Foreign currency translation

Based on the economic environment (primary listing, investors, costs and performance measurement) in which the Company and its subsidiaries operate, the consolidated financial statements of the Group are presented in Swiss francs, which is the Company's and its subsidiaries functional currency. Transactions in foreign currencies are converted at exchange rates as at transaction dates. Assets and liabilities in foreign currencies at year-end are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income. Translation differences on marketable securities held at fair value through profit or loss are reported as part of the net gains/(losses) from securities.

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

Currency	31.12.2020	31.12.2019
USD	0.88520	0.96760
ANG	0.49730	0.54360
EUR	1.08134	1.08550
GBP	1.21000	1.27970

Financial assets

The Group classifies its financial assets in the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except when they have maturities of greater than twelve months after the balance sheet date. Otherwise they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts and call money at banks which have a maturity of three months or less.

Receivables from brokers

Receivables from brokers result from security transactions and do not bear any interest.

These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Group shall measure the loss allowance on amounts due from broker at an amount equal to the Lifetime Expected Credit Loss («ECL») if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month ECLs. A significant increase in credit risk is defined as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. For receivables from brokers which settle within 10 business days the ECL estimate is nil.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise marketable and non-marketable securities which are classified as current assets.

Initially, securities and derivatives are measured at fair value and are subsequently remeasured at market values based on stock exchange prices or generally accepted valuation models that are based on market conditions existing at each balance sheet date, such as Black-Scholes, earnings multiple and discounted cash flow model. Purchases and sales of securities are accounted for at trade date. Realized gains and losses on security trading are recognized in the statement of comprehensive income as net gains/losses from securities at the day of the transaction. Changes in fair value of securities are also recognized as net gains/losses from securities in the statement of comprehensive income in the same period in which they arise. Securities are derecognized when the rights to receive cash flows from securities have expired or where the Group has transferred substantially all risks and rewards of ownership.

Transaction costs are costs to acquire financial assets at fair value through profit or loss. They include transfer taxes and duties as well as fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized as an expense.

Financial liabilities

Financial liabilities are generally classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities held for trading and derivatives.

Payables to brokers

Payables to brokers result from security transactions and do not bear any interest.

Short-term borrowings from banks

Short-term borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Income taxes

Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recognized as an expense in the period in which the related profits are made.

Assets or liabilities related to current income taxes are reported in the balance sheet in the items «Current tax assets» or «Current tax liabilities ». Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the Group's balance sheet and their corresponding tax values are recognized, respectively, as «Deferred tax assets» and «Deferred tax liabilities». Deferred tax assets arising from temporary differences and from loss carry-forwards eligible for offset are capitalized if it is likely that sufficient taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled.

Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of registered shares in issue during the year, less treasury shares. For the diluted earnings per share, the weighted average number of registered shares in issue and the net profit is adjusted to assume conversion of all dilution potential registered shares.

Treasury shares

The company can buy and sell treasury shares in accordance with the Company's article of association, Swiss company law and in compliance with the listing rules of SIX Swiss Exchange.

Treasury shares are recorded as a deduction from the shareholders' equity at the amount of considerations paid («Total cost»). All gains and losses arising from trading in treasury shares are directly credited/debited to retained earnings. The FIFO (first in/first out) method is used for derecognition. The purchase price is booked gross with transaction costs. Treasury shares may be acquired and held by the Company or by other members of the consolidated Group.

Net asset value per share

The net asset value per share is calculated by dividing the shareholders' equity by the number of shares outstanding less treasury shares held at year end.

Dividend income

Dividends on securities are recognized in the income statement when the Group's right to receive payment is established.

Leasing contracts

The Group has two rental contracts for office space in Schaffhausen and Curacao. Due to the immateriality of a right-of-use-asset and a lease liability, no disclosure according to IFRS 16 are made within these consolidated financial statements.

Pension liability

BB Biotech AG maintains for its employee a defined benefit plan. There is no pension plan for employees of Group companies. Due to the immateriality of any potential pension liability or potential pension asset, no disclosures according to IAS 19 are made within these consolidated financial statements.

Segment reporting

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The investment manager is considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The sole operating segment of the Group is investing in companies active in the biotechnology industry. The investment manager works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group's performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in companies active in the biotechnology industry.

Related party

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

Commitments, contingencies and other off-balance sheet transactions

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated.

Critical accounting estimates and judgments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group makes estimates and assumptions that are mainly based on market conditions to value these financial instruments. Since these financial instruments are not traded in an active market, inherent difficulties exist to value these financial instruments. These difficulties cannot be eliminated. The difference between the proceeds from sale of these financial instruments and the carrying amount may be material.

The Company has assessed whether it is appropriate under IFRS 10 to consolidate the Subsidiaries. IFRS 10 states that an investor controls the investee if, and only if, the investor has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns

The Company owns 100% of the capital and voting interest in all four subsidiaries as disclosed in note 1. Therefore the Company has power over the organization and directs the investment activities and dividend policy of its subsidiaries. The scope of the investment management and administration agreement with the investment manager also includes all subsidiaries.

Further, IFRS 10 requires that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. The Company also made an assessment as to whether the Company's Subsidiaries meet the definition of an investment entity. IFRS 10 provides that an investment entity should have the following typical characteristics:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

An investment entity is still required to consolidate its subsidiaries if the subsidiary provides services that relate to the investment entity's investment activities.

The Company concluded that the Subsidiaries do not qualify as investment entities, but are effectively operating subsidiaries as they act as an extension of the Company. They provide requisite investment-related services to the Company and incur costs in doing so, thus the Company consolidates its subsidiaries. Fair value accounting would not have a material impact on the net income and equity of the Group.

3. Financial risk management

Within the framework of the law, articles of incorporation and regulations, the investment manager carries out currency and security forward transactions, buys, sells and makes use of options as well as fulfills all necessary obligations that result from these businesses.

Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amount in full when due. The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Group considers both historical analysis and forward looking information in determining any expected credit loss.

The Group manages and controls its credit risk by maintaining business relations only with counterparties with an acceptable credit rating. All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Group's credit positions, if any, are monitored on a daily basis by the investment manager and are reviewed on a regular basis by the Board of Directors.

As at December 31, 2020 and 2019, the ECL-impairment model did not have a material impact as (i) the majority of the financial assets are measured at fair value through profit or loss and the impairment requirements do not apply to such instruments; and (ii) the financial assets at amortized cost are short-term (no longer than 10 days). As a result, no loss allowance has been recognized.

Market risks

Risk associated with changing market prices

Due to its business activity and the resulting high portion of securities in relation to total assets, the Group is exposed to market price risk arising from uncertainties and fluctuations on the financial and foreign exchange markets.

The Group participates occasionally, but to a substantial extent, in the capital of its investments. In the case of sales of large parts of these investments, it may be able to influence the market price. The Group's securities positions are monitored on a daily basis by the investment manager and are reviewed on a regular basis by the Board of Directors.

The annual volatility of registered shares BB Biotech AG (reference volatility for the marketable securities) for 2020 is 33.78% (2019: 21.37%). At December 31, 2020, had the value of listed securities increased or decreased by 33.78% (2019: 21.37%) with all other variables held constant, the increase or decrease respectively in net income/loss as well as shareholders' equity would amount to CHF 1 335.2 mn (2019: CHF 752.5 mn).

At December 31, 2020 and 2019 the Company holds no unlisted shares.

Interest risk

Interest rates on liquid funds are based on market rates. The funds are due on demand.

Short-term borrowings from banks are on current and short-term loan accounts with interest, based at market rates. Due to the high level of own funds, the effect of interest payable on the statement of income is insignificant. The majority of the Group's securities are non-interest bearing; as a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The Group's interest sensitivity is monitored on a daily basis by the investment manager and reviewed on a regular basis by the Board of Directors.

Currency risk

The Group hold assets denominated in currencies other than the Swiss franc, the functional currency. They are 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 table summarizes the Group's exposure to currency risks:

2020	Net exposure 31.12. (in CHF 1 000)	Annual volatility (in %)	Potential impact (in CHF 1 000)¹⁾
USD	3 952 760	7.41	292 741
ANG	7	7.41	1
2019			
USD	3 500 013	5.50	192 571
ANG	128	5.50	7

¹⁾ Potential impact on total comprehensive income as well as shareholders' equity with all other variables held constant

The Group's currency position is monitored on a daily basis by the investment manager and is reviewed on a regular basis by the Board of Directors.

Liquidity risk

The Group invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Group's treasury shares, with the exception of shares purchased under a share buy-back program, are considered readily realizable as they are listed on three stock exchanges. The Group can invest a minor part of its portfolio in securities, which are not traded on a stock exchange and may be illiquid. As a result, the Group may not be able to liquidate its investments in these instruments on short notice. In addition, the Group has access to a credit line (notes 5 and 13).

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on the period between the balance sheet date and the contractual maturity date (in CHF 1 000):

	Less than 1 month	1–3 months	More than 3 months / no stated maturity
At December 31, 2020			
Short-term borrowings from banks	63 000	–	–
Payables to brokers	6 576	–	–
Other short-term liabilities	5 313	396	–
Total liabilities	74 889	396	–
At December 31, 2019			
Short-term borrowings from banks	150 000	–	–
Payables to brokers	6 359	–	–
Other short-term liabilities	4 657	335	–
Total liabilities	161 016	335	–

The Group's liquidity position is monitored on a daily basis by the investment manager and is reviewed on a regular basis by the Board of Directors.

Diversification

The investment portfolio usually consists of 20 to 35 investments. This includes five to eight large core investments, defined as positions > 5%. These investments together will account for up to two-thirds of the portfolio. Companies without a stock market listing shall not exceed 10% of the portfolio.

As at December 31, 2020, the Group held five core investments, representing 35% (2019: seven core investments, 55%) of the portfolio. The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore limited.

Fair values

The following table presents the Group's assets that are measured at fair value at December 31 (in CHF 1 000):

2020	Level 1	Level 2	Level 3	Total
Assets				
Securities				
– Shares	3 952 504	–	–	3 952 504
– Derivative instruments	–	–	2 155	2 155
Total assets	3 952 504	–	2 155	3 954 659
2019				
Assets				
Securities				
– Shares	3 518 985	–	–	3 518 985
– Derivative instruments	2 330	–	2 355	4 685
Total assets	3 521 315	–	2 355	3 523 670

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. The options are valued on the basis of the Black-Scholes model which is based on market conditions existing at each balance sheet date. These instruments are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The valuation of level 3 instruments is quarterly reviewed. As soon as new or adjusted parameters are available the valuation model (e.g. earnings multiple model) of unlisted shares is adjusted accordingly. As of December 31, 2020, the Company holds one level 3 instrument, allocated as part of a corporate action on October 24, 2019 (December 31, 2019: identical).

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

	2020	2019
Opening balance	2 355	–
Purchases/Sales/Reclassification	–	–
Gains/(losses) included in net gain/loss from securities	(201)	2 355
Closing balance	2 155	2 355
Gains/(losses) on level 3 instruments included in net gain/loss from securities	(201)	2 355

There have been no transfers between level 1, 2 and 3 during the reporting period. No sensitivity analysis has been disclosed due to the immaterial amount of level 3 instruments.

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

4. Financial assets

Securities

The changes in value of securities by investment category are as follows (in CHF 1 000):

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01.01.2019 at fair values	3 063 972	–	203	3 064 175
Purchases	485 239	–	1 490	486 729
Sales	(753 455)	–	(370)	(753 825)
Net gains/(losses) from securities	723 228	–	3 363	726 591
<i>Realized gains</i>	251 993	–	167	252 160
<i>Realized losses</i>	(12 865)	–	–	(12 865)
<i>Unrealized gains</i>	693 965	–	3 196	697 161
<i>Unrealized losses</i>	(209 865)	–	–	(209 865)
Closing balance as at 31.12.2019 at fair values	3 518 985	–	4 685	3 523 670
Opening balance as at 01.01.2020 at fair values	3 518 985	–	4 685	3 523 670
Purchases	699 570	–	–	699 570
Sales	(1 010 092)	–	–	(1 010 092)
Net gains/(losses) from securities	744 042	–	(2 531)	741 511
<i>Realized gains</i>	364 618	–	–	364 618
<i>Realized losses</i>	(83 963)	–	–	(83 963)
<i>Unrealized gains</i>	882 536	–	–	882 536
<i>Unrealized losses</i>	(419 149)	–	(2 531)	(421 680)
Closing balance as at 31.12.2020 at fair values	3 952 504	–	2 155	3 954 659

Securities comprise the following:

Company	Number 31.12.2019	Change	Number 31.12.2020	Market price in original currency 31.12.2020	Valuation CHF mn 31.12.2020	Valuation CHF mn 31.12.2019
Ionis Pharmaceuticals	7 994 955	225 045	8 220 000	USD 56.54	411.4	467.3
Moderna	4 817 781	(1 962 818)	2 854 963	USD 104.47	264.0	91.2
Neurocrine Biosciences	3 228 074	(193 074)	3 035 000	USD 95.85	257.5	335.7
Argenx SE	944 739	(23 407)	921 332	USD 294.09	239.8	146.7
Incyte	3 400 000	(500 000)	2 900 000	USD 86.98	223.3	287.3
Vertex Pharmaceuticals	1 240 000	(340 000)	900 000	USD 236.34	188.3	262.7
Alexion Pharmaceuticals	1 314 428	(20 000)	1 294 428	USD 156.24	179.0	137.5
Arvinas	1 241 903	935 000	2 176 903	USD 84.93	163.7	49.4
Fate Therapeutics	–	2 030 000	2 030 000	USD 90.93	163.4	–
Agios Pharmaceuticals	3 896 954	261 948	4 158 902	USD 43.33	159.5	180.1
Halozyme Therapeutics	7 963 056	(3 993 056)	3 970 000	USD 42.71	150.1	136.6
Alnylam Pharmaceuticals	1 600 000	(445 000)	1 155 000	USD 129.97	132.9	178.3
Crispr Therapeutics	730 462	170 422	900 884	USD 153.11	122.1	43.0
Sage Therapeutics	1 280 104	260 000	1 540 104	USD 86.51	117.9	89.4
Radius Health	6 881 685	574 029	7 455 714	USD 17.86	117.9	134.2
Biogen	–	537 000	537 000	USD 244.86	116.4	–
Myovant Sciences	4 815 109	(58 070)	4 757 039	USD 27.62	116.3	72.3

Intra-Cellular Therapies	2 300 000	1 238 419	3 538 419	USD	31.80	99.6	76.4
Macrogenics	4 519 159	296 405	4 815 564	USD	22.86	97.4	47.6
Scholar Rock Holding	2 634 466	(378 815)	2 255 651	USD	48.53	96.9	33.6
Esperion Therapeutics	3 727 964	220 000	3 947 964	USD	26.00	90.9	215.1
Generation Bio Co.	–	2 333 180	2 333 180	USD	28.35	58.6	–
Molecular Templates	1 295 687	5 084 644	6 380 331	USD	9.39	53.0	17.5
Relay Therapeutics	–	1 409 357	1 409 357	USD	41.56	51.8	–
Exelixis	2 835 000	–	2 835 000	USD	20.07	50.4	48.3
Mersana Therapeutics	–	1 885 000	1 885 000	USD	26.61	44.4	–
Nektar Therapeutics	2 620 676	–	2 620 676	USD	17.00	39.4	54.7
Black Diamond Therapeutics	–	1 390 000	1 390 000	USD	32.05	39.4	–
Beam Therapeutics	–	396 821	396 821	USD	81.64	28.7	–
Kezar Life Sciences	1 550 669	2 982 479	4 533 148	USD	5.22	20.9	6.0
Wave Life Sciences	2 402 858	200 000	2 602 858	USD	7.87	18.1	18.6
Homology Medicines	1 612 122	125 000	1 737 122	USD	11.29	17.4	32.3
Voyager Therapeutics	2 680 283	–	2 680 283	USD	7.15	17.0	36.2
Cidara Therapeutics	2 295 272	527 223	2 822 495	USD	2.00	5.0	8.5
Myokardia	1 264 913	(1 264 913)	–	USD	n.a.	–	89.2
Intercept Pharmaceuticals	696 976	(696 976)	–	USD	n.a.	–	83.6
Bristol-Myers Squibb Co.	800 000	(800 000)	–	USD	n.a.	–	49.7
Akcea Therapeutics	2 448 948	(2 448 948)	–	USD	n.a.	–	40.1
Sangamo Therapeutics	3 850 000	(3 850 000)	–	USD	n.a.	–	31.2
G1 Therapeutics	721 925	(721 925)	–	USD	n.a.	–	18.5
Total shares						3 952.5	3 519.0
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	2 766 008	USD	0.88	2.2	2.4
Bristol-Myers Squibb – Contingent Value Right	800 000	–	800 000	USD	0.00	–	2.3
Total derivative instruments						2.2	4.7
Total securities						3 954.7	3 523.7

Securities are deposited with Bank Julius Baer & Co. Ltd., Zurich.

5. Short-term borrowings from banks

At December 31, 2020, a CHF 63 mn short-term loan is outstanding, with interest payable at 0.40% p.a. (2019: CHF 150 mn at 0.40% p.a.).

6. Other short-term liabilities

(in CHF 1 000)

Other short-term liabilities comprise the following:

	31.12.2020	31.12.2019
Payables to asset manager	3 715	3 513
Payables to market maker	–	32
Other liabilities	1 994	1 447
Total liabilities to third parties	5 709	4 992

7. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (2019: 55.4 mn registered shares) with a par value of CHF 0.20 each (2019: CHF 0.20). CHF 2.2 mn of the retained earnings (2019: CHF 2.2 mn) are undistributable.

	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2019	11 080	–	2 873 432	2 884 512
Dividend	–	–	(168 970)	(168 970)
Total comprehensive income for the year	–	–	677 431	677 431
Balances at December 31, 2019	11 080	–	3 381 893	3 392 973

Balances at January 1, 2020	11 080	–	3 381 893	3 392 973
Dividend	–	–	(188 360)	(188 360)
Trade with treasury shares (incl. change in balance)	–	(8 241)	1	(8 240)
Total comprehensive income for the year	–	–	691 174	691 174
Balances at December 31, 2020	11 080	(8 241)	3 884 708	3 887 547

At December 31, 2020 and 2019, the Company has neither authorized nor conditional capital.

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, 2020, to December 31, 2020, the Company has purchased 114 998 treasury shares to the amount of TCHF 8 260 and 336 treasury shares to the amount of TCHF 20 were sold (December 31, 2019: nil). As at December 31, 2020, the Company held in total 114 662 treasury shares (December 31, 2019: nil). These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 8 240 (December 31, 2019: TCHF nil).

Share buyback 2nd line (bought for cancellation)

The General Shareholders' Meeting held on March 17, 2016, has approved a share buy-back program, whereby up to 5 540 000 shares may be repurchased by the Company. Until the end of the program, at April 11, 2019, 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 12, 2019, until April 11, 2022, at the latest. Until December 31, 2020, no shares had been repurchased under this share buy-back program. A repurchase would take place via second trading line for the purpose of a subsequent capital reduction.

8. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	2020	2019
Asset manager		
– Management fees (incl. VAT)	39 811	40 512
Personnel		
– Board of Directors remuneration	1 223	1 098
– Wages and salaries	593	634
– Social insurance contributions and duties	128	131
	41 755	42 375

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, which is paid on a monthly basis. The compensation of the Board of Directors consists since 2014 of a fixed compensation.

9. Other expenses

(in CHF 1 000)

Other expenses comprise the following:

	2020	2019
Bank charges	551	577
Marketing and financial reporting	1 613	1 872
Legal and consulting expenses	357	385
Transaction costs	2 433	1 724
Other expenses	1 086	1 318
	6 040	5 876

10. Taxes

(in CHF 1 000)

	2020	2019
Operating income before tax	691 249	677 499
Expected tax rate (Direct federal, cantonal and communal tax)	14.5%	7.8%
Expected income tax	100 231	52 845
Difference between effective local tax rates and the expected Swiss tax rate	100 156	52 777
Total income tax	75	68

In the current year, the average effective income tax rate on a consolidated basis was less than 1% (2019: <1%). This low rate is mainly attributable to the fact that a large proportion of operating income was generated by companies located in Curaçao. As at December 31, 2020, there is no nettable loss carry forward (2019: none).

11. Earnings per share

(in CHF 1 000)

	2020	2019
Total comprehensive profit/(loss) for the period (in CHF 1 000)	691 174	677 431
Weighted average number of shares in issue	55 391 180	55 400 000
Income per share in CHF	12.48	12.23
Income used to determine diluted income per share (in CHF 1 000)	691 174	677 431
Weighted average number of shares in issue following the dilution	55 391 180	55 400 000
Diluted income per share in CHF	12.48	12.23

12. Segment reporting

(in CHF 1 000)

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

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

Profit/(loss) before tax	2020	2019
USA	515 492	700 242
Netherlands	100 499	56 334
Switzerland	70 632	14 221
Great Britain	50 299	4 631
Singapore	(2 039)	(53 952)
Curaçao	(43 634)	(43 977)
	691 249	677 499

13. Assets pledged

At December 31, 2020, the securities in the amount of CHF 3 954.7 mn (2019: CHF 3 523.7 mn) are a collateral for a credit line of CHF 700 mn (2019: CHF 700 mn). At December 31, 2020, a CHF 63 mn short-term loan is outstanding (2019: CHF 150 mn).

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

The Group had no commitments or other off-balance sheet transactions open at December 31, 2020 (2019: none).

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 December 31, 2020, no proceedings existed which could have any material effect on the financial position of the Group (2019: none).

15. Financial instruments by category

Financial assets and liabilities are allocated to categories as follows (in CHF 1 000):

At December 31, 2020	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Assets as per balance sheet			
Cash and cash equivalents	6 816	–	6 816
Receivables from brokers	1 521	–	1 521
Securities	–	3 954 659	3 954 659
	8 337	3 954 659	3 962 996
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities as per balance sheet			
Short-term borrowings from banks	–	63 000	63 000
Payables to brokers	–	6 576	6 576
Other short-term liabilities	–	5 709	5 709
	–	75 285	75 285
At December 31, 2019	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Assets as per balance sheet			
Cash and cash equivalents	30 707	–	30 707
Securities	–	3 523 670	3 523 670
	30 707	3 523 670	3 554 377
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities as per balance sheet			
Short-term borrowings from banks	–	150 000	150 000
Payables to brokers	–	6 359	6 359
Other short-term liabilities	–	4 992	4 992
	–	161 351	161 351

Profit and loss from financial assets and liabilities are allocated to categories as follows
(in CHF 1 000):

2020	Financial assets at amortized cost	Financial instruments at fair value through profit or loss	Financial liabilities at amortized cost	Total
Profit and loss from financial instruments				
Net gains from securities	–	741 511	–	741 511
Interest income	7	–	–	7
Dividend income	–	243	–	243
Finance expenses	–	–	(883)	(883)
Foreign exchange losses	(1 857)	–	–	(1 857)
2019				
Profit and loss from financial instruments				
Net gains from securities	–	726 591	–	726 591
Interest income	41	–	–	41
Dividend income	–	1 156	–	1 156
Finance expenses	–	–	(1 243)	(1 243)
Foreign exchange losses	(1 173)	–	–	(1 173)

16. Transactions with the Investment Manager and related party transactions

The asset management and administration of the Company has been delegated to Bellevue Asset Management AG. Based on the 1.1% p.a. all-in fee model, no additional costs incurred at Bellevue Asset Management AG were charged to the BB Biotech Group (2019: none). The amounts outstanding at the balance sheet date are disclosed in [note 6](#), «Other short-term liabilities».

17. Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at December 31, 2020 and 2019.

18. Subsequent events

There have been no events subsequent to December 31, 2020, which would affect the 2020 consolidated financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor to the General Meeting of BB Biotech AG

Opinion

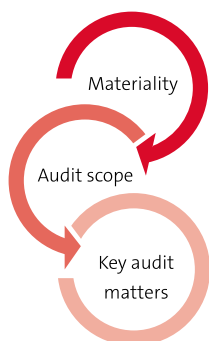
We have audited the consolidated financial statements of BB Biotech AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with the provisions of article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the «Auditor's responsibilities for the audit of the consolidated financial statements» section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach**Overview**

Overall Group materiality: CHF 38 875 470

We concluded full scope audit work at all of the Group entities, which are located in Switzerland and Curacao.

Our audit scope therefore addressed 100% of the Group's assets, liabilities, equity, income, expenses and cash flows.

As key audit matters, the following areas of focus were identified:

- Valuation of securities
- Ownership of securities

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality

CHF 38 875 470

How we determined it

1% of total consolidated shareholders' equity

Rationale for the materiality benchmark applied

We chose shareholders' consolidated equity as the benchmark because, in our view, it is the most relevant benchmark for investors, and it is a generally accepted benchmark for investment companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of securities

Key audit matter

The investment portfolio as of 31 December 2020 comprises investments in marketable and nonmarketable securities (derivatives).

We consider this area to be a key audit matter because of the significant value of the securities in the consolidated financial statements.

As set out in [note 4](#) (Schedule of securities) securities amount to CHF 3 955 million or 99.8% of total assets.

The valuation of the securities is prepared by the Investment Manager using the valuation methods disclosed in [note 2](#) (Accounting policies). The Board of Directors approves the valuation of the investment portfolio.

How our audit addressed the key audit matter

We verified the design and implementation of the controls relating to the valuation of securities in order to determine whether the Investment Manager has appropriate controls in place. Further, we verified the adequacy of the applied valuation methods as well as the appropriateness of the resulting valuations by performing the following procedures:

We compared the valuation methods applied by the Investment Manager with generally accepted valuation methods. Further, we verified the quoted prices of marketable securities by comparing them with those from an independent source different from that used by the Investment Manager. Additionally, we verified that the valuation of the non-marketable securities is in line with the valuation policies of the Group.

We obtained sufficient audit evidence to conclude that the valuation methods were both appropriate and consistently applied by the Investment Manager.

Ownership of securities

Key audit matter

The securities are safeguarded by an independent custodian.

There is a risk that the Group may not have sufficient legal entitlement to the securities.

We consider this area to be a key audit matter because of the significant value of the securities in the consolidated financial statements.

How our audit addressed the key audit matter

We examined the ownership of the securities by requesting a confirmation of the securities portfolio directly from the custodian.

We obtained sufficient audit evidence to conclude that there is sufficient legal entitlement to the securities portfolio.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of BB Biotech AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 17 February 2021

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

BALANCE SHEET AS AT DECEMBER 31

(in CHF)

	Notes	2020	2019
Current assets			
Cash and cash equivalents		25 022	135 028
Other current receivables		5 639 574	6 291 277
		5 664 596	6 426 305
Non-current assets			
Investments		1 177 069 500	1 177 069 500
		1 177 069 500	1 177 069 500
Total assets		1 182 734 096	1 183 495 805
Current liabilities			
Other current liabilities	2.1	381 190	404 609
Accrued expenses		440 145	326 699
		821 335	731 308
Total liabilities		821 335	731 308
Shareholders' equity			
Share capital	2.2	11 080 000	11 080 000
Legal capital reserves			
– Paid-in capital reserve ¹⁾		20 579 224	20 579 224
Legal profit reserves			
– General legal reserve		4 500 000	4 500 000
– Reserve for treasury shares ²⁾		8 241 195	–
Other reserves		218 586 561	226 827 756
Retained earnings	5/6	918 925 781	919 777 517
		1 181 912 761	1 182 764 497
Total liabilities and shareholders' equity		1 182 734 096	1 183 495 805

¹⁾ Of which CHF 20 441 000 not confirmed by the Swiss Tax Authorities due to present regulation

²⁾ For treasury shares held by subsidiaries

The financial statements were approved by the Board of Directors of BB Biotech AG on February 16, 2021.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31

(in CHF)

	Notes	2020	2019
Operating income			
Income from investments		187 130 300	884 810 951
Other income	2.3	5 503 545	6 110 185
		192 633 845	890 921 136
Operating expenses			
Administrative expenses	2.4	(2 077 822)	(1 974 433)
Other expenses	2.5	(2 922 658)	(3 411 250)
		(5 000 480)	(5 385 683)
Operating income before finance income and taxes			
		187 633 365	885 535 453
Finance income		1 310	3 130
Finance expenses		(13 974)	(26 583)
Operating income before tax			
		187 620 701	885 512 000
Tax expenses	2.6	(112 437)	(123 687)
Net income for the year			
		187 508 264	885 388 313

NOTES TO THE FINANCIAL STATEMENTS BB BIOTECH AG

1. Accounting policies

General

The financial statements of BB Biotech AG (the Company) have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations. The financial statements have been prepared under the historical cost convention.

Cash and cash equivalents

Cash and cash equivalents includes current accounts at banks. These are stated at the notional amount.

Investments

The investments include the subsidiaries over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Initially and subsequently, investments are valued at historical cost. An impairment is recognized if the value in use is expected to permanently fall below the book value.

Income from investments is recognized in the income statement when the Company's right to receive the dividend payment is established.

Receivables/liabilities

Receivables/liabilities are classified as current assets/liabilities if maturity is expected to be within twelve month after the balance sheet date. Else, they are classified as long-term assets/liabilities. Receivables/liabilities are recognized at notional value. Receivables/liabilities against related parties include transactions with the Board of Directors as well as Group companies and affiliates. Receivables/liabilities against group companies result mainly from cash-pooling activities of the Group. The Group consists of BB Biotech AG and the mentioned subsidiaries under [3.3](#).

Treasury shares

Treasury shares are deducted from shareholders' equity. All profits and losses arising from trading in treasury shares are included in the income statement. A reserve for treasury shares is built for treasury shares held by subsidiaries, booked against other reserves. The reserve is based on cost prices.

2. Details and explanations to the financial statements

2.1 Other current liabilities

The other current liabilities comprise the following (in CHF):

	2020	2019
Third parties	308 546	303 770
Investment Manager	72 644	100 839
	381 190	404 609

2.2 Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (2019: 55.4 mn registered shares) with a par value of CHF 0.20 each (2019: CHF 0.20).

The General Shareholders' Meeting held on March 17, 2016, has approved a share buy-back program, whereby up to 5 540 000 shares may be repurchased by the Company. Until the end of the program, at April 11, 2019, 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 12, 2019, until April 11, 2022, at the latest. Until December 31, 2020, no shares had been repurchased under this share buy-back program. A repurchase would take place via second trading line for the purpose of a subsequent capital reduction.

At December 31, 2020 and 2019, the Company has neither authorized nor conditional capital.

2.3 Other income

Other income comprises the following (in CHF):

	2020	2019
Income group services	5 500 500	6 101 000
Other income	3 045	9 185
	5 503 545	6 110 185

2.4 Administrative expenses

Administrative expenses comprise the following (in CHF):

	2020	2019
Board compensation	1 272 316	1 151 684
Investment manager compensation	723 837	737 585
Staff costs	81 669	85 164
	2 077 822	1 974 433

The remuneration report discloses further details to the Board of Directors compensation.

2.5 Other expenses

Other expenses comprise the following (in CHF):

	2020	2019
Marketing and financial reporting	1 612 762	1 872 325
Consulting and audit	356 501	384 690
Bank charges	1 078	16 076
Other expenses	952 317	1 138 159
	2 922 658	3 411 250

2.6 Tax expenses

Tax expenses comprise the following (in CHF):

	2020	2019
Income taxes	75 442	32 000
Capital taxes	36 995	91 687
	112 437	123 687

3. Other information required by law**3.1 Name, legal form and registered office**

BB Biotech AG is a limited company according to the Swiss Code of Obligation and has its registered office at Schwertstrasse 6 in Schaffhausen.

3.2 Declaration of number of full-time equivalents

The number of full-time equivalents did not exceed 10 in the calendar year 2020 (2019: below 10).

3.3 Investments

Investments of BB Biotech AG comprise, in the business years 2020 and 2019, the following subsidiaries:

Company	Capital in CHF1 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

3.4 Treasury shares (balances and change)

Treasury shares are partly held by the Company directly and partly by its 100% subsidiary Biotech Target N.V. indirectly.

	BB Biotech AG	Biotech Target N.V.	Total
Balance at January 1, 2019	–	–	–
Balance at December 31, 2019	–	–	–
Purchases Biotech Target N.V. at an average price of CHF 71.83	–	114 998	114 998
Sales Biotech Target N.V. at an average price of CHF 60.18	–	(336)	(336)
Balance at December 31, 2020	–	114 662	114 662

3.5 Audit fees

The audit fees comprise the following (in CHF):

	2020	2019
Audit fees	120 000	120 000
Audit-related fees	2 800	2 000
	122 800	122 000

3.6 Commitments and contingencies

The Company had no commitments or other off-balance sheet transactions open at December 31, 2020 (2019: none).

The operations of the Company are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at December 31, 2020, no proceedings existed which could have any material effect on the financial position of the Company (2019: none).

3.7 Subsequent events

There have been no events subsequent to December 31, 2020, which would affect the 2020 financial statements.

4. Other information**4.1 Significant shareholders**

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at December 31, 2020 and 2019.

4.2 Statement of holdings of the Board of Directors

As at December 31, the Board of Directors held the following registered shares of BB Biotech AG:

	2020	2019
Dr. Erich Hunziker, Chairman	957 884	1 457 884
Dr. Clive Meanwell, Vice-Chairman	5 163	5 163
Dr. Susan Galbraith	–	–
Prof. Dr. Mads Krosggaard Thomsen	–	–
Dr. Thomas von Planta	12 000	12 000

4.3 Management contracts

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG (investment manager). In this contract, the investment manager commits to carry out management services relating to the investment activity and management of BB Biotech AG. Under this contract the Company paid in the business year 2020 CHF 723 837 (2019: CHF 737 585) to Bellevue Asset Management AG.

4.4 Annual report and cash flow statement

Due to the fact that BB Biotech AG prepares consolidated financial statements in accordance with a recognized international accounting standard (IFRS), the Company doesn't prepare, in line with the legal requirements, an annual report and cash flow statement.

5. Movements on retained earnings

in CHF	2020	2019
Retained earnings at the beginning of the year	919 777 517	203 359 206
Dividend	(188 360 000)	(168 970 000)
Net income for the year	187 508 264	885 388 313
Retained earnings at the end of the year	918 925 781	919 777 517

6. Proposal of the Board of Directors for the appropriation of retained earnings

in CHF	2020 Proposal of the Board	2019 Resolution passed at the AGM
Retained earnings at the disposal of the Annual General Meeting	918 925 781	919 777 517
Dividend	199 440 000	188 360 000
Carry forward to the next period	719 485 781	731 417 517
	918 925 781	919 777 517

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Report of the statutory auditor to the General Meeting of BB Biotech AG

Opinion

We have audited the financial statements of BB Biotech AG, which comprise the balance sheet as at 31 December 2020, statement of income and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the «Auditor's responsibilities for the audit of the financial statements» section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality

CHF 11 819 128

How we determined it

1% of total shareholders' equity

Rationale for the materiality benchmark applied

We chose shareholders' equity as the benchmark because, in our view, it is the most relevant benchmark for investors and it is a generally accepted benchmark for investment companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 17 February 2021

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

CORPORATE GOVERNANCE

INTRODUCTION	69
1. INTRODUCTORY REMARKS WITH RESPECT TO THE SPECIFIC STRUCTURE OF BB BIOTECH AG AS AN INVESTMENT COMPANY	69
2. GROUP STRUCTURE AND SHAREHOLDERS	69
3. CAPITAL STRUCTURE	71
4. LIMITATIONS ON TRANSFERABILITY	71
5. BOARD OF DIRECTORS	71
6. INVESTMENT MANAGEMENT	75
7. REMUNERATION	75
8. STOCKHOLDERS' RIGHTS OF COOPERATION	76
9. CHANGE-OF-CONTROL AND DEFENSIVE MEASURES	76
10. AUDITS	76
11. INFORMATION POLICY/DIARY OF COMPANY EVENTS	77
12. TRADING IN OWN STOCKS	77

CORPORATE GOVERNANCE

Corporate governance is an integral component to the business of BB Biotech AG (the Company). The Board of Directors is committed to implement corporate governance policies which are aligned with the size and complexity of the Company's activities. We ensure transparency for our shareholders by disclosing the articles of incorporation, the organizational regulations as well as Audit Committee Charter and Remuneration and Nomination Committee Charter on our homepage (<https://www.bbbiotech.ch/en/bb-biotech/corporate-governance/corporate-governance-report>). This report is intended to supplement the annual report with respect to corporate governance policies and implementation of these policies in our business. As BB Biotech AG is listed on the Swiss, German, and Italian stock exchanges, the Company is required to comply with the rules and regulations that apply to each of these markets.

1. Introductory remarks with respect to the specific structure of BB Biotech AG as an investment company

BB Biotech AG is an investment company listed on a stock exchange according to article 2 paragraph 3 of the Swiss Federal Act on Collective Investment Schemes (CISA) in the form of a corporation limited by shares. As a corporation limited by shares which is listed on a stock exchange, BB Biotech AG is subject to the supervision and regulation by the SIX Swiss Exchange. Therefore, BB Biotech AG is exempted from the supervision of the Swiss Financial Market Supervisory Authority FINMA as well as from the regulation pursuant to the Financial Institutions Act (FinIA).

As an investment company, the sole purpose of BB Biotech AG is the management of the assets of its investors. The BB Biotech group does not pursue any commercial or operational activity other than investing in the biotech industry.

2. Group structure and shareholders

Please refer to note 1 of the consolidated annual financial statements. In addition hereto, we wish to advise that the Board of Directors is not aware of any cross-holdings with other companies exceeding a limit of 5% in terms of capital or the number of votes. Information on key shareholders is listed in note 17 to the consolidated annual financial statements. The notifications which have been submitted to the Company and the disclosure office of the SIX Swiss Exchange AG during the fiscal year pursuant to article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading and which have been published on the latter's electronic publication platform may be viewed via the search function on <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>.

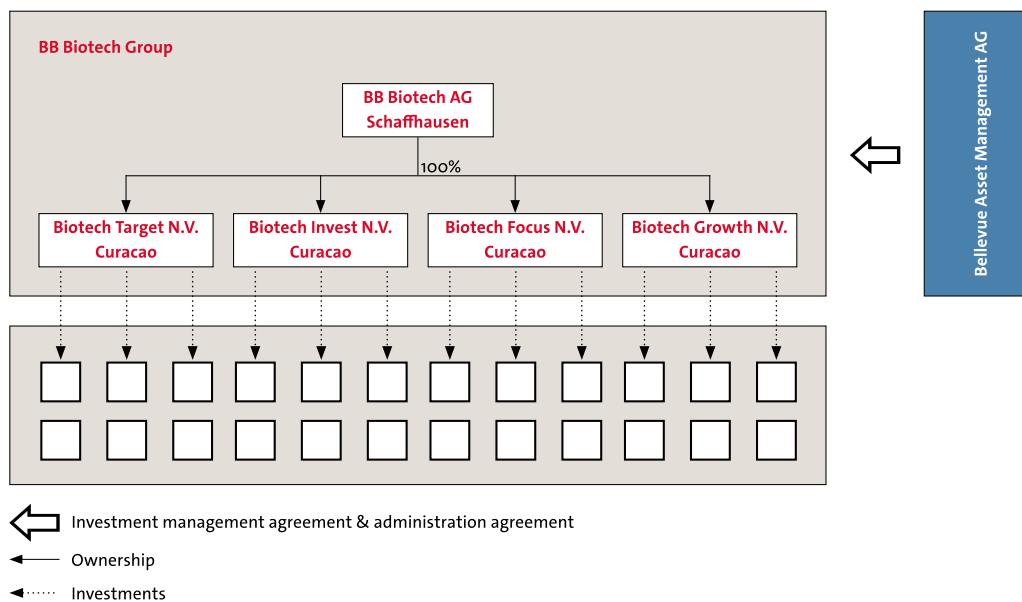
2.1 Group structure

BB Biotech AG (ISIN CH0038389992) has its registered office in Schwertstrasse 6, Schaffhausen in Switzerland. Its principal activity is to invest in companies in the biotechnology industry. These companies are active in the research, development and commercialization of therapies and drugs.

BB Biotech AG 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. Additional information on this can be found on: <https://www.bbbiotech.ch/en/bb-biotech/investor-relations/facts-figures>.

The investments are held through its four, fully owned subsidiaries:

Company name	Country	BB Biotech AG Interest %	Share Capital
Biotech Focus N.V.	Curaçao	100	CHF 10 778
Biotech Growth N.V.	Curaçao	100	CHF 10 778
Biotech Invest N.V.	Curaçao	100	CHF 10 778
Biotech Target N.V.	Curaçao	100	CHF 10 778



BB Biotech AG controls and is the ultimate parent company of its subsidiaries (Subsidiaries). Together they form the BB Biotech Group (Group). In this function, the Company performs tasks of management, organization as well as financing for itself and for its Subsidiaries. To the extent permitted by applicable law, the corporate bodies of the Company may therefore also promulgate guidelines and directives for the Subsidiaries. Notwithstanding these endeavors, the legal independence of the Subsidiaries and the provisions of applicable laws, rules and regulations relating to them must be observed to the extent legally required.

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG, Küsnacht (Switzerland). In this contract, the investment manager commits to carry out management services relating to the investment activity and management of BB Biotech AG. Bellevue Asset Management AG is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA and has a license as authorized manager for collective assets. Bellevue Asset Management AG is fully owned by Bellevue Group AG which is an independent Swiss financial boutique listed on the SIX Swiss Exchange.

2.2 Significant shareholders

The Board of Directors is not aware of any major shareholder with a holding exceeding 3% of all votes as at the balance sheet date. 100% of BB Biotech AG’s share capital is free float.

3. Capital structure

As of December 31, 2020, the Company's nominal value of the share capital of CHF 11 080 000 consisted of 55 400 000 fully paid up registered shares with a par value of CHF 0.20 each. There is only one share class. To each registered share corresponds a voting right. Voting rights may be exercised only after a shareholder has been registered in the share register of the Company as a shareholder with the right to vote. Each registered share is entitled to dividend payment. No shares certificates are issued. There is no authorized capital or conditional capital outstanding. There are no participation certificates or dividend-right certificates.

The capital structure has not changed in the period over the last three years (financial years 2018, 2019, 2020).

4. Limitations on transferability

BB Biotech AG may decline a registration with voting rights if a shareholder does not declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such declaration, it will be registered as a shareholder without voting rights.

A person failing to expressly declare in its registration/application that it holds the shares for its own account (a nominee), will be entered in the share register with voting rights, provided that such nominee has entered into an agreement with BB Biotech AG concerning its status.

5. Board of Directors

5.1 Members, background, nationality, and stock holdings

Dr. Erich Hunziker

Chairman of the Board of Directors since 2013. Member of the Board since 2011. Swiss national.

Dr. Hunziker is the Chairman of Light Chain Biosciences (NovImmune SA). He previously served as CFO of Roche from 2001–2010. From 1983–2001 he held various executive positions at Corange, Boehringer Mannheim and, before joining Roche, at Diethelm-Keller-Gruppe, where he ultimately served as CEO. Erich Hunziker earned a PhD in Industrial Engineering from the Swiss Federal Institute of Technology in Zurich, Switzerland.

Shareholding in BB Biotech AG as at December 31, 2020: 957 884 registered shares (2019: 1 457 884 registered shares).

Other directorships: Dr. Hunziker is Chairman of the Board of Directors of Light Chain Biosciences (NovImmune SA), Entsia International AG, discoveric ag, discoveric marina ag, discoveric bio alpha ag and discoveric bio beta ag. Furthermore he is a member of the Board of Directors of LamKap Bio alpha AG, LamKap Bio beta AG and LamKap Bio gamma AG.

Dr. Clive Meanwell

Vice-Chairman of the Board of Directors since 2011. Member of the Board of Directors since 2004. British national.

He founded and is the Executive Chairman of Population Health Partners LLC, an investment firm, and Chief Executive Officer of Population Health Investment Corporation, a special purpose acquisition company. He is also a member of the Board of Directors of EQRx Incorporated and private biotechnology company. Previously, Dr. Meanwell founded The Medicines Company in 1996 and from then until January 6, 2020 he was a member of the Board of Directors and held a range of leadership positions including Chairman, Executive Chairman, Chief Executive and Chief Innovation Officer. From 1995–1996, he was a founding partner and managing director of MPM Capital L.P.

Earlier in his career, Dr. Meanwell held various positions at Hoffmann-La Roche in Basel and Palo Alto, California. Dr. Meanwell received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.

Shareholding in BB Biotech AG as at December 31, 2020: 5 163 registered shares (2019: 5 163 registered shares).

Other directorships: Dr. Meanwell is Chairman of the Board of Directors of Population Health Partners LLC and member of the Board of Directors of Population Health Investment Corporation and EQRx.

Dr. Susan Galbraith

Member of the Board of Directors since 2020. British national.

She joined AstraZeneca in 2010 where she is Head of Oncology Research and Early Development. She oversaw the successful development of several cancer drugs that have been approved in countries around the world. She also co-leads the Cambridge Cancer Center Onco-Innovation Group. Susan Galbraith is a member of the Scientific advisory board of the ICR Cancer Research Center of Excellence and she sits on the AACR Finance Committee as well as the AACR 2020/21 Annual Meeting Scientific Program Committee. Dr. Galbraith is a UK trained Clinical Oncologist & PhD with 20 years' experience of cancer drug development in the pharmaceutical industry.

Shareholding in BB Biotech AG as at December 31, 2020: 0 registered shares (2019: 0 registered shares).

Other directorships: Dr. Galbraith is member of the advisory board of ICR Cancer Research Center of Excellence.

Prof. Dr. Mads Krosgaard Thomsen

Member of the Board of Directors since 2020. Danish national.

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

Shareholding in BB Biotech AG as at December 31, 2020: 0 registered shares (2019: 0 registered shares).

Other directorships: Prof. Dr. Krosgaard Thomsen is member of the Board of Directors of Felix Pharmaceuticals.

Dr. Thomas von Planta

Member of the Board of Directors since 2019. Swiss national.

Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). Previously he worked for Vontobel Group from 2002–2006 as interim Head Investment Banking / Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992–2002, lastly in London in the Equity Capital Markets Group / Investment Banking Division. He holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law.

Shareholding in BB Biotech AG as at December 31, 2020: 12 000 registered shares (2019: 12 000 registered shares).

Other directorships: Dr. von Planta is a member of the Board of Directors of Bâloise Holding AG and a member of the advisory board of Harald Quandt Industriebeteiligungen GmbH.

The members of the Board of Directors have no executive functions, neither today nor in the last three years. Moreover, no business relations are in place between the Board members and BB Biotech AG. More detailed résumés are available on our website in the section «about us» (<https://www.bbbiotech.ch/en/bb-biotech/about-us/board-of-directors/>).

5.2 Number of permissible external mandates

No member of the Board of Directors can have more than ten additional mandates, thereof no more than four in listed entities.

The detailed rule with respect to the number of permissible external mandates of members of the Board of Directors is defined in article 23 of the articles of incorporation of the Company. The articles of incorporation are available for download under the following link: www.bbbiotech.ch/bylaws.

5.3 Election and term of office

The Board of Directors is elected by a simple quorum for a term of office of one year. There are no limitations the board members' tenure. The members of the Board of Directors have first been elected at the following General Meetings:

Dr. Erich Hunziker: 2011 (Chairman since 2013)

Dr. Clive Meanwell: 2004 (Vice-Chairman since 2011)

Dr. Susan Galbraith: 2020

Prof. Dr. Mads Krogsgaard Thomsen: 2020

Dr. Thomas von Planta: 2019

5.4 Internal organization

The Board of Directors consists of a Chairman, Vice-Chairman and three members. The Board has two committees; Audit Committee, Remuneration and Nomination Committee. The members of the Board of Directors are appointed in the following committees:

Dr. Erich Hunziker, Chairman

Dr. Clive Meanwell, Vice-Chairman: Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee

Dr. Thomas von Planta, Member: Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee

The Board of Directors has extensive experience in all relevant areas, especially from the healthcare and financial industry. With this experience the board members are well suited to monitor the Company's activities.

The Chairman and members of the Board of Directors are elected by the shareholders at the Company's general meeting. If the position as Chairman is vacant, the Board of Directors will nominate one of its members to serve as Chairman until the end of the next general meeting.

Board meetings are normally convened by the Chairman or, in his absence, the Vice-Chairman. The individual board members can also require that the Chairman calls for a board meeting. The Board of Directors receives comprehensive information regarding each of the agenda items at the board meetings. The Board of Directors generally meets once per month via video or telephone conference. In addition, two three-day strategy meetings take place each year. The meetings are also attended by representatives of the investment manager respectively administrator. In its meetings, the Board of Directors regularly examines the compliance with the investment guidelines. In addition, the representatives entrusted with the asset management present the respective investment and divestiture decisions. The latter examines the individual investment decisions with respect to the compliance with the investment strategy as well as the investment process. On a yearly basis, the Board of Directors performs and approves a comprehensive risk assessment. Financial risk management is disclosed in [note 3 in the consolidated financial statements](#). Performance of relevant service providers as well as the auditor are evaluated at least on a yearly basis.

During the fiscal year 2020, eight ordinary board meetings (duration of one hour on average) and two strategy meetings took place (two day summer strategy meeting, three day fall strategy meeting). Due to travel restrictions in certain countries caused by COVID-19 the format of the board meetings and strategy meetings (duration of 24 hours in total) was changed to video calls. One Member was excused for one board meeting. All other board and strategy meetings were attended by all members in 2020.

The Board of Directors passes its resolutions by a majority of the votes and the Chairman has the casting votes in case of a tie. The Board of Directors is quorate when the majority of its members are present at the board meetings.

Audit Committee

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee supports the Board of Directors in the following areas: financial reporting, auditing/controlling, compliance and corporate governance.

The members of the Audit Committee hold quarterly meetings. During 2020, four ordinary meetings of the Audit Committee took place (duration of one hour on average). All members of the Committee participated in all meetings.

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee are appointed by the shareholders. The Remuneration and Nomination committee supports the Board of Directors in the following areas: composition of Board and nomination of new board members, compensation policy and guidelines, performance targets and preparation of proposals regarding compensation to the Board of Directors.

The Remuneration and Nomination Committee holds at least one meeting a year. During 2020, two ordinary meetings of the Remuneration and Nomination Committee took place (duration of one hour on average). All members of the Committee participated in all meetings.

5.5 Directors' dealings

BB Biotech AG publishes each purchase/sale of BB Biotech AG stocks by members of the Board of Directors as well as by first-degree relatives of such persons within three trading days. This information is made available for 30 days on the website in the section «Corporate Governance/ Directors' dealings» (<https://www.bbbiotech.ch/en/bb-biotech/corporate-governance/directors-dealings/>).

6. Investment management

BB Biotech AG as an investment company listed on a stock exchange does not have a management of its own within the meaning of article 716b CO, respectively the Ordinance Against Excessive Compensation in Public Corporations. The Board of Directors of BB Biotech AG has – as it is customary for investment companies – delegated the investment management based on the management contract to a specialized third party, namely to Bellevue Asset Management AG, Küsnacht (ZH). Bellevue Asset Management AG offers a select range of active equity strategies in fast-growing markets, the healthcare sector and in other special themes such as owner-managed companies, as well as holistic investment strategies across all traditional asset classes.

The supervision of Bellevue Asset Management AG acting as external investment manager and its adherence to the investment policy remains with the Board of Directors of BB Biotech AG as a non-transferable duty. The investment management contract is valid for an indefinite period and can be terminated by either party with a notice period of twelve months with effect as per the end of the following calendar year. Bellevue Asset Management AG has a team of dedicated experts and analysts to fulfill the duties of the investment management contract. The investment strategy is disclosed in the annual report.

Since January 1, 2014, the remuneration paid to the investment manager has been 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, which is paid on a monthly basis. The amount is disclosed in note 8 of the consolidated financial statements.

The Board of Directors approves on a yearly basis that an adequate portion of the fees shall be used for incentives and remuneration of those people at Bellevue Asset Management AG who are assigned with tasks under the investment management and administrative agreements.

In order to align interest between shareholders of BB Biotech AG and these people at Bellevue Asset Management AG, a long-term incentive plan is in place. Pay-out after three years depends on the performance of the share price of BB Biotech AG vs. performance criteria (absolute return, local benchmark, industry benchmark) and can vary between 0% and 100%.

7. Remuneration

See note 8 of the consolidated financial statements as well as the remuneration report hereinafter for details relating to the remuneration of the Board of Directors and the process of determining its remuneration.

The rules governing the approval by the General Meeting of the remuneration of the members of the Board of Directors as well as the principles governing the remuneration of the members of the Board of Directors can be found in articles 19–21 of the articles of incorporation of the Company. The articles of incorporation do not contain any provision with respect to loans, credits and pension benefits to the members of the Board of Directors. The articles of incorporation are available for download under the following link: www.bbbiotech.ch/bylaws.

8. Stockholders' rights of cooperation

8.1 Limitations to voting rights; voting by proxy

There are no limitations to voting rights and no internal rules at variance from the statutory provisions concerning attendance of a General Meeting. The articles of incorporation do not contain any provision with respect to the issuance of directives to the independent voting rights representative or to the electronic participation at a General Meeting.

8.2 General Meeting

There are no statutory rules relating to the presence of a majority quorum which differ from the statutory provisions. The convening of a General Meeting as well as the request that items be included in the agenda are governed by article 7 of the articles of incorporation of the Company (www.bbbiotech.ch/bylaws) as well as the statutory provisions of law.

8.3 Dividend policy

Since 2013, BB Biotech AG has a structured payout policy in place designed to give shareholders a return of up to 10% p.a. It consists of the following elements:

BB Biotech intends to continue to propose dividend payments that correspond to a 5% return on the volume weighted average price of its shares in December of the respective fiscal year. The dividend is normally paid out in one installment after the annual general meeting in March each year. Besides the attractive dividend yield, BB Biotech is also conducting continuous share buybacks between 0 and up to 5% of share capital p.a. Share repurchases will be conducted within defined parameters.

9. Change-of-control and defensive measures

9.1 Obligatory offer for sale

An opting-out rule is in place.

9.2 Change-of-control clauses

No change-of-control clauses are in place in favor of the Board of Directors.

10. Audits

10.1 Duration of mandate and term of office of the lead auditor

Since the fiscal year 1994, PricewaterhouseCoopers AG has been the auditor of BB Biotech AG. As required by Swiss law, lead auditor rotation applies after maximal seven years. The current lead auditor, Daniel Pajer, has been responsible for the audit of the Company's books since the fiscal year 2017.

10.2 Fees

The following fees for professional services in the fiscal year ended December 31, 2020, were agreed and paid:

- Fees for the annual audit and quarterly review of the financial statements: CHF 120 000
- Fees for audit-related services (Audit of AML procedures as required by law): CHF 2 800

10.3 Instruments of information of the external audit

The audit committee prepares proposals to the Board of Directors for the appointment and removal of the auditors. The audit committee is also responsible for supervising the auditors to ensure their qualifications, independence and performance. The investment manager and the auditors are at least quarterly in contact with each other. The auditor performs reviews on quarterly consolidated financial statements and issues respective opinions.

The auditors attend at least two audit committee meetings per year. Written reporting of the auditor consists of an annual audit plan as well as a comprehensive report to the Board of Directors on the result of the audit of the financial statements.

11. Information policy/diary of Company events

Please refer to [«Shareholder information»](#).

12. Trading in own stocks

BB Biotech AG operates, in line with legal and internal regulations, as an active purchaser/seller of own stocks on the market, securing additional liquidity in the process.

REMU NERATION REPORT

INTRODUCTION	79
1. RESPONSIBILITIES AND AUTHORITIES WITH RESPECT TO REMUNERATION	79
2. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS	80
3. REMUNERATION OF RELATED PARTIES AT NON-MARKET CONDITIONS (AUDITED)	82
4. REMUNERATION OF FORMER MEMBERS OF THE CORPORATE BODIES (AUDITED)	82
5. LOANS AND CREDITS TO THE MEMBERS OF THE BOARD OF DIRECTORS (AUDITED)	82
6. CONTRACTUAL TERMS AT RETIREMENT FROM BB BIOTECH AG	82
7. MANAGEMENT CONTRACTS	82
REPORT ON THE AUDIT OF THE REMUNERATION REPORT	83

REMUNERATION REPORT

This remuneration report for the fiscal year 2020 outlines the remuneration system as well as the remuneration of the members of the Board of Directors of BB Biotech AG. The content and scope of the information contained in this report is in accordance with the provisions of the Ordinance Against Excessive Compensation in Public Corporations (the Ordinance) and with the Directive on Information relating to Corporate Governance (DCG) of the SIX Swiss Exchange.

1. Responsibilities and authorities with respect to remuneration

1.1 Introductory remarks relating to the specific structure of BB Biotech AG as an investment company

The Board of Directors of BB Biotech AG has not made use of its competence to delegate the executive management of all or part of the Company's business pursuant to article 716b CO and therefore manages the business of the Company itself, to the extent it has not been delegated to the investment manager within the framework of the management contract. Accordingly, BB Biotech AG does not have an executive management pursuant to article 716b CO or the Ordinance.

For details, please refer to [note 7](#).

1.2 Responsibilities and authorities with respect to the remuneration

The Remuneration and Nomination Committee is responsible for ensuring that the process relating to the determination of the remuneration is held on a fair and transparent basis and that such process is controlled effectively. The adopted remuneration process shall serve as a basis for an adequate decision with respect to services rendered as well as an appropriate incentive to the individual members of the Board of Directors, taking into account the long-term interests of the shareholders and the Company's success. In addition, the Remuneration and Nomination Committee assists the Board of Directors in determining the principles of the remuneration strategy of BB Biotech AG.

The Remuneration and Nomination Committee submits proposals to the Board of Directors for resolution in the following areas:

- Amount and composition of the aggregate remuneration of the Board of Directors;
- Amount and composition of the remuneration of the Chairman of the Board of Directors;
- Amount and composition of the remuneration of the Vice-Chairman as well as the other members of the Board of Directors;
- Amount and composition of the additional remuneration of the members of a Board of Directors Committee.

Furthermore, the Remuneration and Nomination Committee assists the Board of Directors in resolving on conclusion, termination, or amendment of contracts entered into with external asset managers and thus in particular on the amount of the compensation to be paid under the respective contracts.

2. Remuneration of the members of the Board of Directors

2.1 Principles

The remuneration of the members of the Board of Directors is based on the scope of activity and responsibility of the individual members (Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, member of the Board of Directors; involvement in committees: chairmanship of a committee, member of a committee).

The remuneration of the Board of Directors consists of the following elements:

- Fixed remuneration (disbursement by cash compensation);
- Social insurance contributions and duties.

The limitation to a fixed remuneration ensures that the focus of the Board of Directors lies on the long-term success of BB Biotech AG. Its amount takes account of the workload and responsibility of the individual members of the Board of Directors. Therefore, the remuneration of the Board of Directors has been separated from the compensation of the investment manager; thus, the Board of Directors does not have an incentive to take excessively high risks.

Upon request of the Remuneration and Nomination Committee, the entire Board of Directors resolves once a year on the amount of the remuneration of the members of the Board of Directors and the committees.

The Board of Directors had determined the fixed remuneration of its members (as a member of the Board of Directors or a committee) as follows:

Function/Responsibility	2020 in CHF	2019 in CHF
Chairman	360 000	360 000
Vice-Chairman	250 000	250 000
Members	562 500	437 500
Chairman of the Remuneration and Nomination Committee	15 000	15 000
Member of the Remuneration and Nomination Committee	10 000	10 000
Chairman of the Audit Committee	15 000	15 000
Member of the Audit Committee	10 000	10 000
	1 222 500	1 097 500

2.2 Remuneration of the individual members of the Board of Directors in the reporting year (audited)

In the reporting year 2020, the five members of the Board of Directors received a total remuneration of CHF 1 272 316 (2019: CHF 1 151 684). From this amount, CHF 1 222 500 (2019: CHF 1 097 500) have been paid in the form of a fixed remuneration for the work on the Board of Directors and on the committees of the Board of Directors. The social insurance contributions and the duties amounted to a total of CHF 49 816 (2019: CHF 54 184).

The individual members of the Board of Directors were paid the following remuneration:

Fiscal year 2020

Name/Function	RNC ¹⁾	AC ²⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman			01.01.2020 – 31.12.2020	360 000	–	23 995	383 995
Meanwell Clive, Vice-Chairman	X	X	01.01.2020 – 31.12.2020	250 000	25 000	–	275 000
Galbraith Susan, Member			01.10.2020 – 31.12.2020	62 500	–	–	62 500
Krogsgaard Thomsen Mads, Member			19.03.2020 – 31.12.2020	187 500	–	–	187 500
Strein Klaus, Member	X		01.01.2020 – 19.03.2020	62 500	2 500	4 251	69 251
von Planta Thomas, Member	X	X	01.01.2020 – 31.12.2020	250 000	22 500	21 570	294 070

¹⁾ RNC = Remuneration and Nomination Committee (Klaus Strein until March 19, 2020, Thomas von Planta from March 19, 2020)

²⁾ AC = Audit Committee

Fiscal year 2019

Name/Function	RNC ¹⁾	AC ²⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman		X	01.01.2019 – 31.12.2019	360 000	3 750	23 012	386 762
Meanwell Clive, Vice-Chairman	X	X	01.01.2019 – 31.12.2019	250 000	25 000	–	275 000
Strein Klaus, Member	X		01.01.2019 – 31.12.2019	250 000	10 000	16 130	276 130
von Planta Thomas, Member		X	21.03.2019 – 31.12.2019	187 500	11 250	15 043	213 793

¹⁾ RNC = Remuneration and Nomination Committee

²⁾ AC = Audit Committee (Erich Hunziker until March 21, 2019)

3. Remuneration of related parties at non-market conditions (audited)

In the reporting year 2020, no remuneration which was not at arm's length terms was paid to related parties (2019: none).

4. Remuneration of former members of the corporate bodies (audited)

In the reporting year 2020, no remuneration was paid to former members of the corporate bodies (2019: none).

5. Loans and credits to the members of the Board of Directors (audited)

The articles of incorporation of BB Biotech AG do not provide that loans and credits may be granted to the members of the Board of Directors. Accordingly, no loans or credits which BB Biotech AG has granted to current or former members of the Board of Directors or to related parties were outstanding as of December 31, 2020 (December 31, 2019: none).

6. Contractual terms at retirement from BB Biotech AG

No member of the Board of Directors has a contract with BB Biotech AG providing for a severance payment in the event of leaving BB Biotech AG.

7. Management contracts

On behalf of the Company, the Board of Directors has entered into a management contract with Bellevue Asset Management AG (investment manager). In this contract, the investment manager commits to carry out management services relating to the investment activity and management of BB Biotech AG. The management contract is valid for an indefinite period and can be terminated by either party with a notice period of twelve months with effect as per the end of the following calendar year. The remuneration of the investment manager is determined by the respective contract and corresponds to a fixed fee of 1.1% p.a. on the average market capitalization without any additional fixed or performance-based elements.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Report of the statutory auditor to the General Meeting of BB Biotech AG

We have audited the remuneration report of BB Biotech AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in notes 2.2, 3, 4 and 5 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of BB Biotech AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 17 February 2021

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

US

ABOUT

COMPANY PROFILE	86
INVESTMENT STRATEGY	87
INVESTMENT PROCESS	89
BOARD OF DIRECTORS & INVESTMENT MANAGEMENT TEAM	92
SHAREHOLDER INFORMATION	98
FACTS & FIGURES	99
CORPORATE CALENDAR	100
CONTACT	101

COMPANY PROFILE

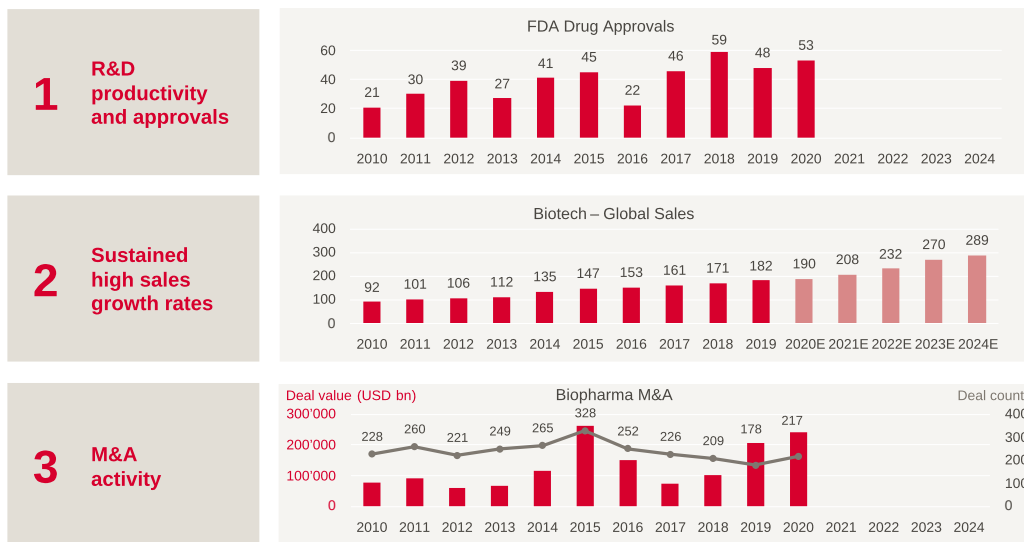
Since our foundation in 1993, we have offered investors direct access to a select portfolio of promising, fast growing and profitable biotech companies listed on stock markets around the world. Thanks to our strong track record over the years and our systematic strategy and clear focus, we have become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

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

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

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

Dynamic Biotech Sector



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

INVESTMENT STRATEGY

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

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

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

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

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

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

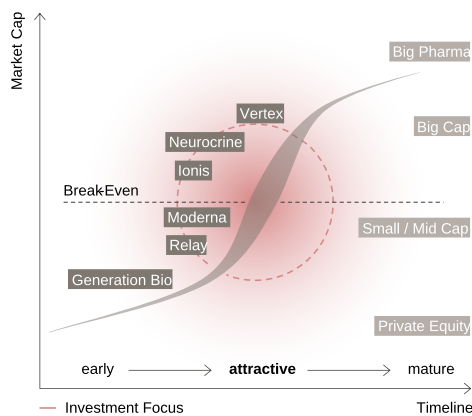
Close contact with company executives is of high importance to us in this due diligence process, but also afterwards, as we believe that it takes strong leaders to achieve strong results.

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

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

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

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

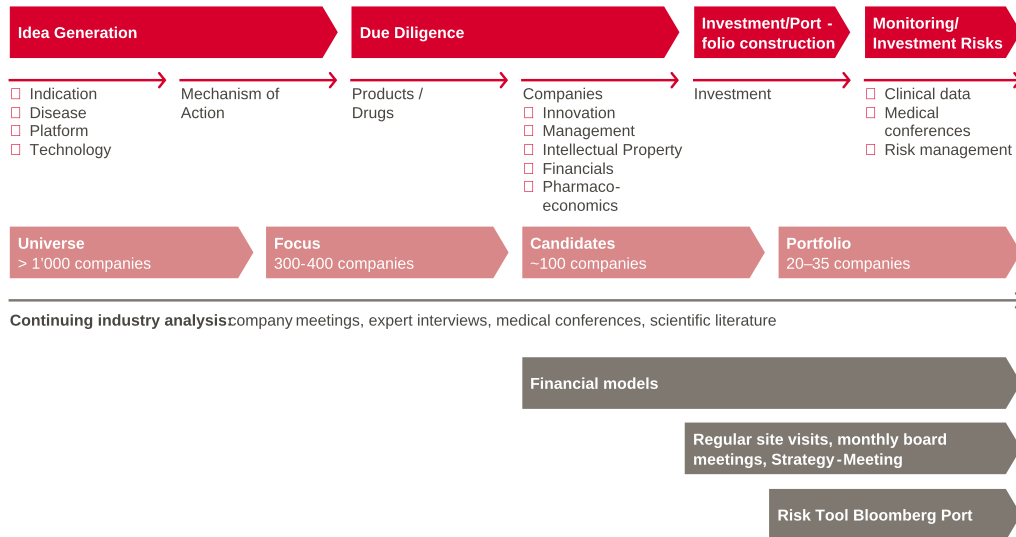


Source: Bellevue Asset Management

BB Biotech’s investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are established, large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional perspective, the US biotech sector has displayed a high level of innovation and so this regional bias is also reflected in BB Biotech’s portfolio. The predominance of the US biotech industry can be traced to the country’s stellar research clusters, industry-friendly regulatory frameworks and myriad financing options, among other factors. New investments in small and mid cap companies will have a weighting of between 0.5% and a maximum of 4% to ensure that both upside potential and R&D risks are adequately addressed.

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

INVESTMENT PROCESS



Source: Bellevue Asset Management

Idea generation and pre-screening



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

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

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

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

Due Diligence

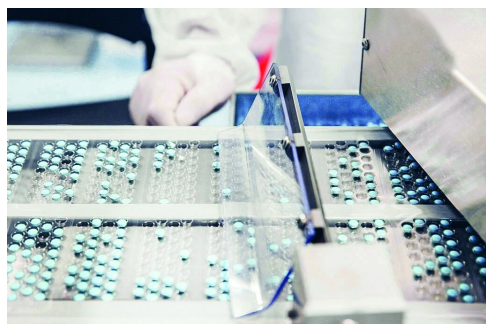


With the due diligence process the focus switches from themes to individual companies and products. Qualitative as well as quantitative screening criteria are applied. Again, doctors and specialists are consulted to learn more about different drug candidates. The objective is to understand the innovation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

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

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

Investment decision and portfolio construction



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

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

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

Monitoring and risk management



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

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

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

BOARD OF DIRECTORS & INVESTMENT TEAM

Board of Directors

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

Dr. Erich Hunziker



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

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

Dr. Clive Meanwell

Dr. Clive Meanwell is Vice Chairman and has been a member of the Board of Directors of BB Biotech AG since 2004. He founded and is the Executive Chairman of Population Health Partners LLC, an investment firm, and Chief Executive Officer of Population Health Investment Corporation, a special purpose acquisition company. He is also a member of the Board of Directors of EQRx Incorporated. Previously, Dr. Meanwell founded The Medicines Company in 1996 and from then until January 6, 2020 he was a member of the Board of Directors and held a range of leadership positions including Chairman, Executive Chairman, Chief Executive and Chief Innovation Officer. From 1995 to 1996, he was a founding partner and managing director of MPM Capital L.P. Earlier in his career, Dr. Meanwell held various positions at Hoffmann-La Roche in Basel and Palo Alto, California. Dr. Meanwell received his MD and PhD from the University of Birmingham in the UK where he also trained in medical oncology.

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

Dr. Susan Galbraith

Dr. Susan Galbraith has been on the Board of Directors of BB Biotech since 2020. She joined AstraZeneca in 2010 where she is Head of Oncology Research and Early Development. She oversaw the successful development of several cancer drugs that have been approved in countries around the world. She also co-leads the Cambridge Cancer Center Onco-Innovation Group. Susan Galbraith is a member of the Scientific Advisory Board of the ICR Cancer Research Center of Excellence and she sits on the AACR Finance Committee as well as the AACR 2020/21 Annual Meeting Scientific Program Committee. Dr. Galbraith is a UK trained Clinical Oncologist & Ph.D. with 20 years' experience of cancer drug development in the pharmaceutical industry.

«The biotech sector has clearly gained momentum thanks to groundbreaking technology advances enabling insights into the biology of disease and impactful interventions such as Crispr and gene therapy»

**Prof. Dr. Mads
Krogsgaard Thomsen**

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

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

Dr. Thomas von Planta

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

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

Investment Management Team

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

Dr. Daniel Koller



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

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

Dr. Maurizio Bernasconi



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

«Biotech is driving innovation in medicine»

Dr. Samuel Croset

Dr. Samuel Croset joined Bellevue Asset Management as a Portfolio Manager and Digital Transformation Lead in 2020. He previously worked for Roivant Sciences from 2018 to 2020 as data scientist supporting investment decisions in drug projects as well as leading a team focused on the analysis of real-world data. Prior to that, he started his professional career at Roche as data scientist in the research department (2014-2018). Samuel Croset holds a Ph.D. in bioinformatics from the University of Cambridge, a MS in bioinformatics and a MS in biochemistry from the University of Geneva.

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

Felicia Flanigan

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

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

Dr. Christian Koch

Dr. Christian Koch has been with Bellevue Asset Management as a Portfolio Manager since 2014. From 2013 to 2014 he was a sell-side pharma & biotech equity analyst at Bank am Bellevue in Küsnacht and from 2010 to 2013 a research associate at the Institute of Pharmaceutical Sciences, ETH Zurich. He holds a Ph.D. in Chemoinformatics & Computational Drug Design from ETH Zurich and an MS in Bioinformatics from Goethe University in Frankfurt.

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

Dr. Stephen Taubenfeld

Dr. Stephen Taubenfeld has been with Bellevue Asset Management as a Portfolio Manager since 2013. From 2009 to 2013 he was senior analyst at Iguana Healthcare Partners, of which he was a founding partner. From 2008 to 2009 he was a consultant with Merlin BioMed Group and from 2004 to 2008 he was M.D./Ph.D. Fellow in Neuroscience at Mount Sinai Hospital, New York. He holds an M.D. and Ph.D. in Neuroscience from Brown University School of Medicine.

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

Dallas Webb

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

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

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

Official listing and share structure as at December 31, 2020	
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; October 19, 2000, in Italy
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, 100.0% free float
Security number Switzerland:	3 838 999
Security number in Germany and Italy:	A0NFN3
ISIN:	CH0038389992

Quotes and reports

Quotes and reports					
NAV:	in CHF	– Datastream: S:BINA	in EUR	– Datastream: D:BBNA	
		– Reuters: BABB		– Reuters: BABB	
		– Telekurs: BIO resp. 85, BB1			
		– (Investdata)			
		– Finanz & Wirtschaft (CH)			
Stock price:	in CHF (SIX)	– Bloomberg: BION SW Equity	in EUR	– Bloomberg: BBZA GY Equity	
		– Datastream: S:BIO		(Xetra)	– Datastream: D:BBZ
		– Reuters: BION.S			– Reuters: BION.DE
		– Telekurs: BIO		in EUR	– Bloomberg: BB IM Equity
		– Finanz & Wirtschaft (CH)		(STAR)	– Datastream: I:BBB
		– Neue Zürcher Zeitung (CH)			– Reuters: BB.MI

FACTS & FIGURES

BB Biotech

Facts & Figures	
Foundation	November 9, 1993, Schaffhausen, Switzerland
Issue price adj. 15.11.1993	4.75
Official Listing	Switzerland: December 27, 1993 Germany: December 10, 1997 Italy: October 19, 2000
Share structure	CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.2
Shareholders, free float as at 31.12.2020	Institutional and private investors 100% Free Float
Security number Switzerland	3 838 999
Security number Germany and Italy	A0NFN3
ISIN	CH0038389992
Ticker Bloomberg	Switzerland: BION SW Germany: BBZA GY Italy: BB IM
Ticker Reuters	Switzerland: BION.S Germany: BION.DE Italy: BIO.MI
Type / asset class	Investment company / equity
Investment style	Long only, long term
Index membership	Star Index, SMIM Index, SPI Index, SPI Select Dividend 20 Index
Benchmark	Nasdaq Biotech Index (NBI)
Management Fee	All-in-Fee: 1.1% p.a.

Analyst coverage

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

CORPORATE CALENDAR

Corporate calendar 2021

Annual General Meeting 2021	March 18, 2021, 3.00 PM CET
Interim Report as at March 31, 2021	April 23, 2021, 7.00 AM CET
Interim Report as at June 30, 2021	July 23, 2021, 7.00 AM CET
Interim Report as at September 30, 2021	October 22, 2021, 7.00 AM CET

CONTACT

Investor Relations



Dr. Silvia Siegfried-Schanz

Phone +41 44 267 72 66

E-Mail ssc@bellevue.ch



Claude Mikkelsen

Phone +44 755 704 85 77

E-Mail cmi@bellevue.ch



Maria-Grazia Iten-Alderuccio

Phone +41 44 267 67 14

E-Mail mga@bellevue.ch

Media Relations



Tanja Chicherio

Phone +41 44 267 67 07

E-Mail tch@bellevue.ch

BB Biotech AG

Schwertstrasse 6
CH-8200 Schaffhausen
E-Mail info@bbbiotech.com
www.bbbiotech.com

Bellevue Asset Management AG

Seestrasse 16/Postfach
CH-8700 Küsnacht
Phone +41 44 267 67 00
E-Mail info@bellevue.ch
www.bellevue.ch

B|B Biotech

BB Biotech AG
Schwertstrasse 6
8200 Schaffhausen/Switzerland