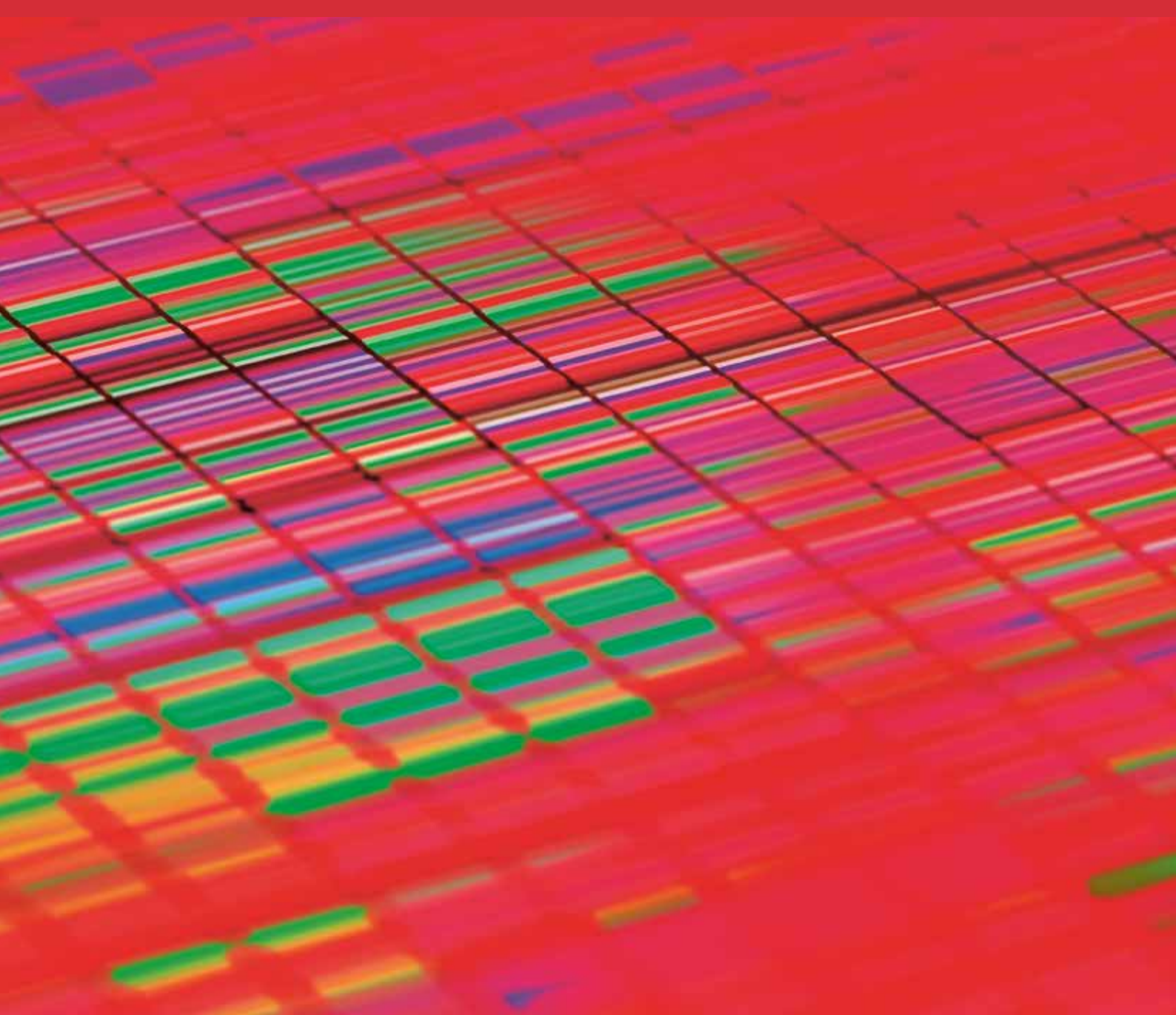


Interim Report as of March 31, 2020

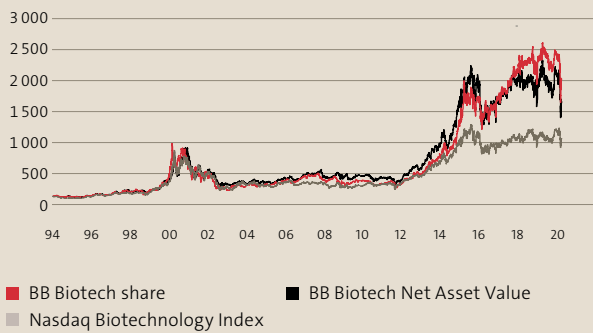
Biotech Investor

since 1993



B|B Biotech

Indexed performance since launch (in CHF)



Cumulated performance

As of 03/31/2020	1 year	3 years	5 years	since inception
Switzerland	-19.5%	8.4%	14.1%	1 984%
Germany	-16.2%	8.6%	11.9%	1 591%
Italy	-14.7%	8.6%	11.3%	292%

Annualized performance

As of 03/31/2020	1 year	3 years	5 years	since inception
Switzerland	-19.5%	2.7%	2.7%	12.2%
Germany	-16.2%	2.8%	2.3%	13.5%
Italy	-14.7%	2.8%	2.2%	7.3%

Source: Bloomberg, 03/31/2020

Top 10 positions as of March 31, 2020

Ionis Pharmaceuticals	12.9%
Neurocrine Biosciences	9.5%
Vertex Pharmaceuticals	9.1%
Incyte	8.0%
Alnylam Pharmaceuticals	5.5%
Halozyme Therapeutics	4.7%
Agios Pharmaceuticals	4.7%
Argenx SE	4.3%
Esperion Therapeutics	4.1%
Alexion Pharmaceuticals	4.0%

Breakdown by sector as of March 31, 2020

Orphan diseases	41.3%
Oncology	27.4%
Neurological diseases	14.6%
Cardiovascular diseases	6.1%
Metabolic diseases	5.9%
Infectious diseases	0.2%
Other	4.5%

Breakdown by market capitalization (USD) as of March 31, 2020

> 30 bn	9.1%
5-30 bn	50.0%
1-5 bn	23.3%
0.5-1 bn	12.7%
< 500 mn	4.9%

Multi-year comparison

	03/31/2020	2019	2018	2017	2016
Market capitalization at the end of the period (in CHF mn)	2 903.0	3 670.3	3 235.4	3 576.1	3 052.5
Net Asset Value at the end of the period (in CHF mn)	2 446.7	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)	823.7	2 004.2	2 610.7	2 864.7	3 204.5
Profit/(loss) (in CHF mn)	(758.0)	677.4	(471.3)	687.5	(802.1)
Closing price at the end of the period in CHF ¹⁾	52.40	66.25	58.40	64.55	55.10
Closing price (G) at the end of the period in EUR ¹⁾	49.06	61.40	52.00	55.68	51.70
Closing price (I) at the end of the period in EUR ¹⁾	49.20	61.00	52.00	55.20	51.60
Stock performance (incl. distributions) ²⁾	(15.7%)	18.5%	(5.2%)	22.9%	0.2%
High/low share price in CHF ¹⁾	67.50/45.44	73.20/59.35	74.10/56.10	67.80/52.10	58.20/40.78
High/low share price in EUR ¹⁾	63.40/43.04	64.70/52.10	64.80/48.60	59.10/48.42	53.98/36.74
Premium/(discount) (annual average)	9.8%	11.8%	9.7%	(2.5%)	(5.1%)
Cash distribution/dividend in CHF ¹⁾	N.A.	3.40	3.05	3.30	2.75
Degree of investment (quarterly figures)	113.5%	109.1%	108.4%	103.1%	109.9%
Total Expense Ratio (TER) p.a. ³⁾	1.27%	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

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Equity markets were challenging in the first quarter of 2020. In February, several indices reached all-time highs. Then, the WHO called out the Covid-19 pandemic, which led to steep sell-offs in almost every asset class including equities. While the 20th century saw three pandemics, the 21st century is already in its second – Covid-19 – following the H1N1 influenza virus (commonly referred to as swine flu) in 2009-2010. Global policies – including travel restrictions and lock-downs – are by no means harmonized, but most countries have taken serious steps in those directions. Consequently, global equity markets have entered bear market territory with US and European indices showing significantly declines, closing the quarter with negative returns. The S&P 500 (–19.6% in USD), the Dow Jones (–22.7% in USD) and the Nasdaq Composite Index (–13.9%

BB Biotech's performance for the first quarter

BB Biotech shares' total return declined 15.7% in CHF and 14.8% in EUR in the first quarter 2020. The total return for the portfolio declined 22.0% in CHF, 20.1% in EUR and 21.4% in USD, which reflected its mid and smaller cap bias. These return calculations for BB Biotech include payment of the dividend approved by the shareholders at the Annual General Meeting (AGM) on March 19, 2020. Currency impact was minimal. The net loss for the first quarter of 2020 was CHF 758 mn compared to a net profit of CHF 890 mn for the same period in 2019.

Dear *shareholders,*

in USD) all lost ground, but less so than the European markets such as the EuroStoxx 50 (–25.3% in EUR) and the DAX (–25.0% in EUR), with the Swiss market SPI (–11.8% in CHF) proving more defensive.

Healthcare stocks were more defensive than the broad equity indices. The MSCI World Healthcare Index declined 11.3% (in USD). Companies scrambling to provide or develop diagnostics, medicines or vaccines for Covid-19 generally avoided the crash. A few enjoyed substantial gains. Pharmaceutical companies – generally seen as defensive plays – outperformed the broad healthcare indices. The Nasdaq Biotech Index declined 10.3% (USD) in line with the MSCI World Healthcare Index. For the biotechnology sector, market capitalization and liquidity were important factors which correlated with the year to date total returns achieved. Large caps weathered the storm better than high growth development stage companies, mostly in the mid and smaller cap segment.

New Board composition and continued capital distribution

At this year's AGM, shareholders elected two new Board members: Prof. Dr. Mads Krosgaard Thomsen and, with effect from October 1, 2020 Dr. Susan Galbraith. BB Biotech's Board has now reached its goal of five members who bring world leading expertise in the development of innovative medicines and in the global healthcare system. This highly qualified group will continue to make strategic decisions that sustain and expand BB Biotech's long-term value.

BB Biotech paid out the proposed dividend of CHF 3.40 per share. The Board reaffirmed the intended continuation of the dividend policy and expects payout of the regular dividend at 5% of the prior December's average share price in the years to come.

Increased investment level in the first three months of 2020

Facing attractive valuations in the market, the investment management team increased short-term credits – raising investment levels from 103.8% to 113.5%. In total, the dividend payout of CHF 188 mn plus investments in two new portfolio companies and selected portfolio holdings exceeded cash received from profits from exits and successful longer-term holdings. The team will continue to work within the proven investment guidelines, which include an investment range of 95% to 115%.

First-quarter portfolio activity

The investment management team added two small cap companies in the first quarter of 2020 – namely Fate Therapeutics and Black Diamond Therapeutics. For the existing portfolio, the team realized proceeds from sales of shares in top holdings and took some profit from the Moderna position following substantial price appreciation

«Healthcare stocks were more defensive in the first quarter than the broad equity indices»

driven by the Covid-19 mRNA vaccine development updates. The cash was used to invest in Molecular Templates and in capital increases of three portfolio companies: Intra-Cellular, Kezar and Cidara. These funds will be used to back the launch of Caplyta (Intra-Cellular) and the clinical development of Rezafungin (Cidara) and KZR-616 (Kezar). The portfolio allocation to oncology increased in the first quarter of 2020 with the addition of Fate Therapeutics and Black Diamond Therapeutics. Following successful investments in the autologous CAR-T companies Kite and Juno, BB Biotech decided to invest in Fate Therapeutics, widely believed to be the next generation cell therapy company. Fate is pioneering a novel approach to cell therapy by using renewable master induced pluripotent stem cell (iPSC) lines to derive cell therapies that may be delivered off-the-shelf for the treatment of a wide range of patients. Initially, the company is focused on creating off-the-shelf NK- and T-cell product candidates derived from master iPSC lines. FT500, a first-of-kind, universal, off-the-shelf NK cell cancer immunotherapy, is being tested in solid tumor indications. Further candidates including FT516, an NK cell engineered to express a novel

high-affinity, non-cleavable CD16 (hCD16) Fc receptor, have entered clinical testing in patients with relapsed/refractory AML. The FT596 program, an off-the-shelf chimeric antigen receptor (CAR) NK cell immunotherapy for B-cell malignancy as a monotherapy and in combination with monoclonal antibody therapy such as Rituximab, also appears promising.

Black Diamond Therapeutics is a precision oncology company aiming to discover and develop tumor-agnostic small molecule therapies, identifying and targeting previously undruggable mutations in patients with genetically defined cancers that currently do not have effective targeted treatment options. The foundation of the company rests on a deep understanding of cancer genetics, protein structure, function and motion as well as medicinal chemistry. Their lead candidate BDTX-189 was designed to block the function of a family of specific and unique cancer promoting proteins which occur across a range of tumor types and affect both HER1/EGFR and HER2/Neu. BDTX-189 binds to the active site of these mutant kinases and inhibits their function, while sparing wild-type EGFR, which should improve on the toxicity profiles of current ErbB kinase inhibitors. Black Diamond has initiated a Phase I/II clinical trial with first patients treated in February 2020. Their initial strategy is to find responses and then focus on the right kinds of tumors.

Solid progress of BB Biotech portfolio holdings in times of uncertainty

Despite Covid-19 and market gyrations, many firms continued to report important clinical trial results.

Incyte reported top line results for its JAK inhibitor portfolio for multiple autoimmune indications.

- The company announced that the TRuE-AD2 pivotal trial of Ruxolitinib cream met its primary endpoint in patients with atopic dermatitis.
- Incyte, together with its licensing partner Lilly, announced positive top-line results from the North American (BREEZE-AD5) Phase III study of oral selective JAK inhibitor Baricitinib in patients with moderate to severe atopic dermatitis.
- In Gravitas-301, Itacitinib, a novel and selective JAK1 inhibitor in combination with corticosteroids, did not improve outcomes in acute graft versus host disease. Incyte continues to test Itacitinib as first line therapy in chronic graft versus host disease.

Myovant announced that the Phase III Liberty open-label extension study of once-daily, oral Relugolix combination therapy (Relugolix 40 mg plus Estradiol 1.0 mg and Norethindrone acetate 0.5 mg) demonstrated an 88% response rate at one year in women with uterine fibroids without loss of bone mineral density. Myovant expects to include the extension data in its New Drug Application (NDA) submission for heavy menstrual bleeding associated with uterine fibroids which they plan to submit in April 2020 – potentially leading to regulatory approvals in 2021. Ionis together with its subsidiary Akcea announced positive Phase II results for both the ANGPTL3-LRx and the APOC3-LRx programs. APOC3-LRx is a ligand conjugated antisense (LICA) drug designed to reduce the production of apolipoprotein C3 in patients at high risk of cardiovascular disease. ApoC3 is produced in the liver and plays a central role in the regulation of triglycerides. AKCEA-ANGPTL3-LRx is an investigational antisense oligonucleotide therapy designed to reduce the production of angiopoietin-like 3 (ANGPTL3) protein in the liver, a key regulator of triglycerides, cholesterol, glucose and energy metabolism. The compound is being developed to treat patients with cardiovascular and metabolic diseases.

Moderna announced that the first participant has been dosed in the Phase I study of the company's mRNA vaccine (mRNA-1273) against the novel coronavirus (SARS-CoV-2). mRNA-1273 is an mRNA vaccine encoding for a form of the spike (S) protein. The Phase I study evaluates safety and immunogenicity of three dose levels of mRNA-1273 administered on a two-dose vaccination schedule, given 28 days apart. A total of 45 healthy adults will be enrolled in the study to evaluate the safety of a two-dose vaccination schedule and to evaluate the immunogenicity against the SARS-CoV-2 S protein. Initial results are expected in the summer.

Both Esperion and Alnylam achieved regulatory approvals in the first quarter of 2020.

Esperion announced U.S. Food and Drug Administration (FDA) approval of Nexletol (bempedoic acid) tablet, an oral, once-daily, non-statin LDL-Cholesterol (LDL-C) lowering medicine. Nexletol is a first-in-class ATP citrate lyase (ACL) inhibitor that lowers LDL-C by inhibition of cholesterol synthesis in the liver. One week later, FDA approved Nexlizet, which combines bempedoic acid with the established product, Ezetimibe. Nexlizet is the first non-statin, LDL-C lowering combination medicine approved and lowers elevated LDL-C through the complementary mechanisms of action of bempedoic inhibiting cholesterol synthesis in the liver and of Ezetimibe lowering absorption

in the intestine. In the US, Esperion launched Nexletol in late March and announced its plan to launch Nexlizet in summer 2020. Both bempedoic acid monotherapy and the fixed-dose combination of bempedoic acid and ezetimibe were approved by EMA in April. The initial product launch in Europe is expected in summer 2020 by Esperion's licensing partner Daiichi Sankyo.

Alnylam announced that the European Medicines Agency (EMA) has granted marketing authorization for Givlaari (Givosiran), an injection for subcutaneous use targeting aminolevulinic acid synthase 1 (ALAS1) for the treatment of acute hepatic porphyria (AHP) in adults and adolescents aged 12 years and older. AHP is an ultra-rare condition in which patients experience debilitating attacks of severe abdominal pain, vomiting and seizures, which may be life threatening due to the possibility of paralysis and respiratory arrest during attacks. Some patients also experience chronic symptoms, including pain, which may be persistent between acute episodes.

Licensing deals and take-overs

Volatile markets and social distancing may delay business development activities including mergers and acquisitions. Nevertheless, Incyte signed a global collaboration and license agreement to further develop and commercialize Morphosys' proprietary anti-CD19 antibody Tafasitamab (MOR208) globally. Tafasitamab is an Fc-engineered antibody against CD19 currently in clinical development for the treatment of B cell malignancies. Morphosys and Incyte will co-commercialize Tafasitamab in the US, while Incyte has exclusive commercialization rights outside the U.S. Morphosys had submitted a biologics license application (BLA) for Tafasitamab, in combination with lenalidomide, to the FDA for the treatment of r/r diffuse large B-cell lymphoma. The FDA decision is expected in mid-2020.

Sangamo and Biogen announced a global collaboration to develop gene regulation therapies for Alzheimer's, Parkinson's, neuromuscular and other neurological diseases. The companies hope to develop Sangamo's proprietary zinc finger protein (ZFP) technology delivered via adeno-associated virus (AAV) to modulate the expression of key genes involved in neurological diseases. Sangamo will receive USD 350 mn upfront, comprising USD 125 mn in cash and USD 225 mn from sale of Sangamo stock to Biogen.

Outlook for 2020

Being located in various countries, the investment management team has been using digital forms of communication for many years. The lockdowns or travelling restrictions implemented by various governments therefore had no disruptive impact on the team's activities.

Together with the Board of Directors the investment management team is now evaluating challenges and opportunities resulting from this crisis: it is unlikely that societies around the globe will return to «business as usual» soon and we might face totally new behavior patterns:

- Evolution and potential resolution of the Covid-19 pandemic is likely to prompt careful re-evaluation of global health risks and healthcare systems worldwide.
- The social, health and economic disruptions experienced worldwide may result in a shift of priorities, regulations, technology focus and investment patterns.

BB Biotech believes the biotech sector could gain in prominence as a result. Share price appreciation of many portfolio companies in the first weeks of April provide initial evidence and have led to NAV recovery to levels of the beginning of the year.

The investment management team will continue to seek investments in biotechnology firms that deploy novel approaches to create breakthrough clinical improvements and economic value. Specifically during this presumably short-medium term pandemic, they will monitor the investments to assure:

- Growth of launched commercial products
- Resilience of drug manufacturing and supply chains
- Financial strength and access to financial markets to support development of promising pipeline candidates
- Pace, conduct and quality of clinical trials
- Regulatory developments
- Licensing agreements and M&A activities

Despite Covid-19, BB Biotech expects its portfolio companies to make further, albeit perhaps slower, progress towards significant milestones in 2020. The team sees investment opportunities in the large, medium and small cap sub-segments of biotechnology and will remain vigilant and focused during these volatile and challenging times. Overall BB Biotech has the ambition to adapting to this emerging new reality in an optimal manner.

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. Thomas von Planta



Prof. Dr. Mads Krogsgaard Thomsen

Securities as at March 31, 2020

Company	Number of securities	Change since 12/31/2019	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Ionis Pharmaceuticals	7 907 255	(87 700)	USD	47.28	359.3	12.9%	14.7%	5.7%
Neurocrine Biosciences	3 178 074	(50 000)	USD	86.55	264.4	9.5%	10.8%	3.4%
Vertex Pharmaceuticals	1 110 000	(130 000)	USD	237.95	253.9	9.1%	10.4%	0.4%
Incyte	3 170 000	(230 000)	USD	73.23	223.1	8.0%	9.1%	1.5%
Alnylam Pharmaceuticals	1 460 000	(140 000)	USD	108.85	152.7	5.5%	6.2%	1.3%
Halozyyme Therapeutics	7 568 056	(395 000)	USD	17.99	130.9	4.7%	5.4%	5.5%
Agios Pharmaceuticals	3 832 244	(64 710)	USD	35.48	130.7	4.7%	5.3%	5.6%
Argenx SE	944 739	–	USD	131.73	119.6	4.3%	4.9%	2.2%
Esperion Therapeutics	3 747 964	20 000	USD	31.53	113.6	4.1%	4.6%	13.6%
Alexion Pharmaceuticals	1 294 428	(20 000)	USD	89.79	111.7	4.0%	4.6%	0.6%
Moderna	3 817 781	(1 000 000)	USD	29.95	109.9	4.0%	4.5%	1.2%
Radius Health	6 881 685	–	USD	13.00	86.0	3.1%	3.5%	14.9%
Myokardia	1 264 913	–	USD	46.88	57.0	2.1%	2.3%	2.7%
Intra-Cellular Therapies	3 658 419	1 358 419	USD	15.37	54.0	1.9%	2.2%	5.5%
Arvinas	1 241 903	–	USD	40.30	48.1	1.7%	2.0%	3.2%
Exelixis	2 835 000	–	USD	17.22	46.9	1.7%	1.9%	0.9%
Nektar Therapeutics	2 620 676	–	USD	17.85	45.0	1.6%	1.8%	1.5%
Intercept Pharmaceuticals	696 976	–	USD	62.96	42.2	1.5%	1.7%	2.1%
Sage Therapeutics	1 400 104	120 000	USD	28.72	38.6	1.4%	1.6%	2.7%
Molecular Templates	2 910 640	1 614 953	USD	13.29	37.2	1.3%	1.5%	6.4%
Myovant Sciences	4 815 109	–	USD	7.55	34.9	1.3%	1.4%	5.4%
Akcea Therapeutics	2 448 948	–	USD	14.30	33.7	1.2%	1.4%	2.4%
Crispr Therapeutics	800 462	70 000	USD	42.41	32.6	1.2%	1.3%	1.3%
Black Diamond Therapeutics	1 330 000	1 330 000	USD	24.95	31.9	1.1%	1.3%	3.7%
Scholar Rock Holding	2 715 106	80 640	USD	12.11	31.6	1.1%	1.3%	9.1%
Fate Therapeutics	1 475 400	1 475 400	USD	22.21	31.5	1.1%	1.3%	1.9%
Macrogenics	4 729 159	210 000	USD	5.82	26.5	1.0%	1.1%	9.6%
Homology Medicines	1 612 122	–	USD	15.54	24.1	0.9%	1.0%	3.6%
Voyager Therapeutics	2 680 283	–	USD	9.15	23.6	0.9%	1.0%	7.2%
Sangamo Therapeutics	3 850 000	–	USD	6.37	23.6	0.9%	1.0%	3.3%
Wave Life Sciences	2 602 858	200 000	USD	9.37	23.4	0.8%	1.0%	7.5%
Kezar Life Sciences	3 518 889	1 968 220	USD	4.36	14.7	0.5%	0.6%	9.2%
G1 Therapeutics	721 925	–	USD	11.02	7.6	0.3%	0.3%	1.9%
Cidara Therapeutics	2 822 495	527 223	USD	2.48	6.7	0.2%	0.3%	7.0%
Bristol-Myers Squibb – Contingent Value Right	800 000	–	USD	3.80	2.9	0.1%	0.1%	
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	USD	0.88	2.3	0.1%	0.1%	
Total securities					2 776.4	100.0%	113.5%	
Other assets					11.4		0.5%	
Other payables					(341.2)		(13.9%)	
Net asset value					2 446.7		100.0%	
BB Biotech registered shares ¹⁾	–	–			–			

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

Exchange rate as at 03/31/2020: USD/CHF: 0.9611

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

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.

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 bio-

Investment *Strategy*

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.

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

tech 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.

Consolidated balance sheet

(in CHF 1 000)

	Notes	03/31/2020	12/31/2019
Current assets			
Cash and cash equivalents		11 278	30 707
Securities at fair value through profit or loss	4	2 776 391	3 523 670
Other assets		152	190
		2 787 821	3 554 567
Total assets		2 787 821	3 554 567
Current liabilities			
Short-term borrowings from banks	5	337 000	150 000
Payables to brokers		–	6 359
Other short-term liabilities		3 949	4 992
Tax liabilities		213	243
		341 162	161 594
Total liabilities		341 162	161 594
Shareholders' equity			
Share capital	6	11 080	11 080
Retained earnings		2 435 579	3 381 893
		2 446 659	3 392 973
Total liabilities and shareholders' equity		2 787 821	3 554 567
Net asset value per share in CHF		44.15	61.25

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on April 21, 2020.

Consolidated statement of comprehensive income

(in CHF 1 000)

	Notes	01/01/–03/31/2020	01/01/–03/31/2019
Operating income			
Net gains from securities	4	–	902 042
Dividend income		243	519
Foreign exchange gains net		38	–
Other income		3	3
		284	902 564
Operating expenses			
Net losses from securities	4	(746 726)	–
Finance expenses		(225)	(235)
Foreign exchange losses net		–	(115)
Administrative expenses	7	(9 685)	(10 681)
Other expenses		(1 585)	(1 735)
		(758 221)	(12 766)
Operating income before tax	8	(757 937)	889 798
Income taxes		(17)	(17)
Net income for the period		(757 954)	889 781
Total comprehensive income for the period		(757 954)	889 781
Income per share in CHF		(13.68)	16.06
Diluted income per share in CHF		(13.68)	16.06

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

(in CHF 1 000)

	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2019	11 080	–	2 873 432	2 884 512
Dividend	–	–	(168 970)	(168 970)
Total comprehensive income for the period	–	–	889 781	889 781
Balances at March 31, 2019	11 080	–	3 594 243	3 605 323
Balances at January 1, 2020	11 080	–	3 381 893	3 392 973
Dividend	–	–	(188 360)	(188 360)
Total comprehensive income for the period	–	–	(757 954)	(757 954)
Balances at March 31, 2020	11 080	–	2 435 579	2 446 659

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of cash flow

(in CHF 1 000)

	Notes	01/01/–03/31/2020	01/01/–03/31/2019
Cash flows from operating activities			
Proceeds from sales of securities	4	162 314	136 782
Purchase of securities	4	(168 120)	(159 877)
Dividend receipts		243	519
Payments for services		(12 274)	(11 731)
Income taxes paid		(45)	(38)
Total cash flows from operating activities		(17 882)	(34 345)
Cash flows from financing activities			
Dividend		(188 360)	(168 970)
Borrowing of bank loans	5	187 000	190 000
Interest payments		(225)	(235)
Total cash flows from financing activities		(1 585)	20 795
Foreign exchange difference		38	(115)
Change in cash and cash equivalents		(19 429)	(13 665)
Cash and cash equivalents at the beginning of the period		30 707	22 072
Cash and cash equivalents at the end of the period		11 278	8 407

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

1. The Company and its principal activity

BB Biotech AG (the Company) is listed on the SIX Swiss Exchange, in the «Prime Standard Segment» of the German Exchange as well as in the «Star Segment» of the Italian Exchange and has its registered office in Schaffhausen, Schwertstrasse 6. Its principal activity is to invest in companies active in the biotechnology industry for the purpose of capital appreciation. The investments are held through its wholly owned subsidiaries.

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

2. Accounting policies

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 «Interim Financial Reporting,» as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2019. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the statement of comprehensive income in the current financial period. In certain circumstances, the actual values may diverge from these estimates.

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

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

- 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 concluded that these amended standards have no impact on the Group's accounting policies and overall results and financial position.

3. Financial risk management

Currency risk

The Group holds assets denominated in currencies other than the Swiss franc, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Depending on the market situation the Group could use foreign currency options and/or forward contracts to reduce the currency risk.

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

Currency	03/31/2020	12/31/2019
USD	0.96110	0.96760
ANG	0.53994	0.54360
EUR	1.06035	1.08550
GBP	1.19350	1.27970

Fair values

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

03/31/2020	Level 1	Level 2	Level 3	Total
Assets				
Securities at fair value through profit or loss				
– Shares	2 771 130	–	–	2 771 130
– Derivative instruments	2 922	–	2 339	5 261
Total assets	2 774 052	–	2 339	2 776 391
12/31/2019				
Assets				
Securities at fair value through profit or loss				
– 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 table below summarizes the transactions in level 3 instruments (in CHF 1 000):

	01/01/–03/31/2020	01/01/–03/31/2019
Opening balance	2 355	–
Purchases	–	–
Reclassification	–	–
Income included in net gains from securities	(16)	–
Closing balance	2 339	–
Total income on level 3 instruments included in net gains from securities	(16)	–

The level 3 instrument was allocated as part of a corporate action in 2019. There were no transfers between level 1,2 and 3 during the reporting period.

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

4. Financial assets

Securities

Securities comprise the following:

Company	Number 12/31/2019	Change	Number 03/31/2020	Market price in original currency 03/31/2020	Valuation CHF mn 03/31/2020	Valuation CHF mn 12/31/2019	
Ionis Pharmaceuticals	7 994 955	(87 700)	7 907 255	USD	47.28	359.3	467.3
Neurocrine Biosciences	3 228 074	(50 000)	3 178 074	USD	86.55	264.4	335.7
Vertex Pharmaceuticals	1 240 000	(130 000)	1 110 000	USD	237.95	253.9	262.7
Incyte	3 400 000	(230 000)	3 170 000	USD	73.23	223.1	287.3
Alnylam Pharmaceuticals	1 600 000	(140 000)	1 460 000	USD	108.85	152.7	178.3
Halozyme Therapeutics	7 963 056	(395 000)	7 568 056	USD	17.99	130.9	136.6
Agios Pharmaceuticals	3 896 954	(64 710)	3 832 244	USD	35.48	130.7	180.1
Argenx SE	944 739	–	944 739	USD	131.73	119.6	146.7
Esperion Therapeutics	3 727 964	20 000	3 747 964	USD	31.53	113.6	215.1
Alexion Pharmaceuticals	1 314 428	(20 000)	1 294 428	USD	89.79	111.7	137.5
Moderna	4 817 781	(1 000 000)	3 817 781	USD	29.95	109.9	91.2
Radius Health	6 881 685	–	6 881 685	USD	13.00	86.0	134.2
Myokardia	1 264 913	–	1 264 913	USD	46.88	57.0	89.2
Intra-Cellular Therapies	2 300 000	1 358 419	3 658 419	USD	15.37	54.0	76.4
Arvinas	1 241 903	–	1 241 903	USD	40.30	48.1	49.4
Exelixis	2 835 000	–	2 835 000	USD	17.22	46.9	48.3
Nektar Therapeutics	2 620 676	–	2 620 676	USD	17.85	45.0	54.7
Intercept Pharmaceuticals	696 976	–	696 976	USD	62.96	42.2	83.6
Sage Therapeutics	1 280 104	120 000	1 400 104	USD	28.72	38.6	89.4
Molecular Templates	1 295 687	1 614 953	2 910 640	USD	13.29	37.2	17.5
Myovant Sciences	4 815 109	–	4 815 109	USD	7.55	34.9	72.3
Akcea Therapeutics	2 448 948	–	2 448 948	USD	14.30	33.7	40.1
Crispr Therapeutics	730 462	70 000	800 462	USD	42.41	32.6	43.0
Black Diamond Therapeutics	–	1 330 000	1 330 000	USD	24.95	31.9	–
Scholar Rock Holding	2 634 466	80 640	2 715 106	USD	12.11	31.6	33.6
Fate Therapeutics	–	1 475 400	1 475 400	USD	22.21	31.5	–
MacroGenics	4 519 159	210 000	4 729 159	USD	5.82	26.5	47.6
Homology Medicines	1 612 122	–	1 612 122	USD	15.54	24.1	32.3
Voyager Therapeutics	2 680 283	–	2 680 283	USD	9.15	23.6	36.2
Sangamo Therapeutics	3 850 000	–	3 850 000	USD	6.37	23.6	31.2
Wave Life Sciences	2 402 858	200 000	2 602 858	USD	9.37	23.4	18.6
Kezar Life Sciences	1 550 669	1 968 220	3 518 889	USD	4.36	14.7	6.0
G1 Therapeutics	721 925	–	721 925	USD	11.02	7.6	18.5
Cidara Therapeutics	2 295 272	527 223	2 822 495	USD	2.48	6.7	8.5
Bristol-Myers Squibb Co.	800 000	(800 000)	–	USD	n.a.	–	49.7
Total shares						2 771.1	3 519.0
Bristol-Myers Squibb – Contingent Value Right	800 000	–	800 000	USD	3.80	2.9	2.3
Alder Biopharmaceuticals – Contingent Value Right	2 766 008	–	2 766 008	USD	0.88	2.3	2.4
Total derivative instruments						5.3	4.7
Total securities at fair value through profit or loss						2 776.4	3 523.7

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

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2019 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 12/31/2019 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	161 761	–	–	161 761
Sales	(162 314)	–	–	(162 314)
Net gains/(losses) from securities	(747 302)	–	576	(746 726)
<i>Realized gains</i>	13 587	–	–	13 587
<i>Realized losses</i>	(8 997)	–	–	(8 997)
<i>Unrealized gains</i>	64 113	–	592	64 705
<i>Unrealized losses</i>	(816 005)	–	(16)	(816 021)
Closing balance as at 03/31/2020 at fair values	2 771 130	–	5 261	2 776 391

5. Short-term borrowings from banks

At March 31, 2020, a CHF 337 mn short-term loan is outstanding with interest payable at 0.40% p.a. (December 31, 2019: CHF 150 mn at 0.40% p.a.).

6. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (December 31, 2019: 55.4 mn) with a par value of CHF 0.20 each (December 31, 2019: CHF 0.20).

At the General Shareholders' Meeting held March 17, 2016, a resolution was approved to start 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 March 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 March 31, 2020, and December 31, 2019, the Group holds no treasury shares.

7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01/01/–03/31/2020	01/01/–03/31/2019
Investment manager		
– Management fees (incl. VAT)	9 300	10 345
Personnel		
– Board of Directors remuneration	290	228
– Wages and salaries	64	67
– Social insurance contributions and duties	31	41
	9 685	10 681

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

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

8. Segment information

(in CHF 1 000)

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of the operating income 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:

Operating income before tax	01/01/–03/31/2020	01/01/–03/31/2019
Singapore	3 269	(3 813)
Curaçao	(10 069)	(11 085)
Switzerland	(15 307)	(1 679)
Netherlands	(27 127)	26 899
Great Britain	(37 369)	27 514
USA	(671 334)	851 962
	(757 937)	889 798

9. Assets pledged

At March 31, 2020, the securities in the amount of CHF 2 776.4 mn (December 31, 2019: CHF 3 523.7 mn) are a collateral for a credit line of CHF 700 mn (December 31, 2019: CHF 700 mn). At March 31, 2020, a CHF 337 mn short-term loan is outstanding (December 31, 2019: CHF 150 mn).

10. Related party transactions

Detailed information regarding the remuneration model for the Board of Directors and the investment manager are mentioned under note 7, «Administrative expenses».

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

The Group had no commitments or other off-balance sheet transactions open at March 31, 2020 and December 31, 2019.

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

12. Significant shareholders

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

13. Subsequent events

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



**Report on the Review
of condensed consolidated interim financial statements
to the Board of Directors of
BB Biotech AG
Schaffhausen**

Introduction

We have reviewed the condensed consolidated interim financial statements (balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flow and selected explanatory notes) (pages 8 to 16) of BB Biotech AG for the period ended 31 March 2020. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, «Review of interim financial information performed by the independent auditor of the entity». A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 «Interim Financial Reporting» and article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

PricewaterhouseCoopers AG

Daniel Pajer
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 22 April 2020

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Company profile

BB Biotech AG acquires holdings in companies in the biotechnology growth market and is one of the world's largest investors in the sector. The focus of the holdings is on quoted companies that are concentrating on the development and marketing of innovative medicines. For the selection of holdings, BB Biotech AG relies on fundamental analysis by physicians and molecular biologists. The Board of Directors has many years of industrial and scientific experience.

Official listing and share structure as at March 31, 2020

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 4.752
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:	AoNFN3
ISIN:	CH0038389992

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.

Quotes and reports

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

Corporate calendar 2020/2021

Interim Report as at June 30, 2020	July 24, 2020, 7.00 AM CET
Interim Report as at September 30, 2020	October 23, 2020, 7.00 AM CET
Portfolio as at December 31, 2020	January 22, 2021, 7.00 AM CET
Annual Report 2020	February 19, 2021, 7.00 AM CET
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

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

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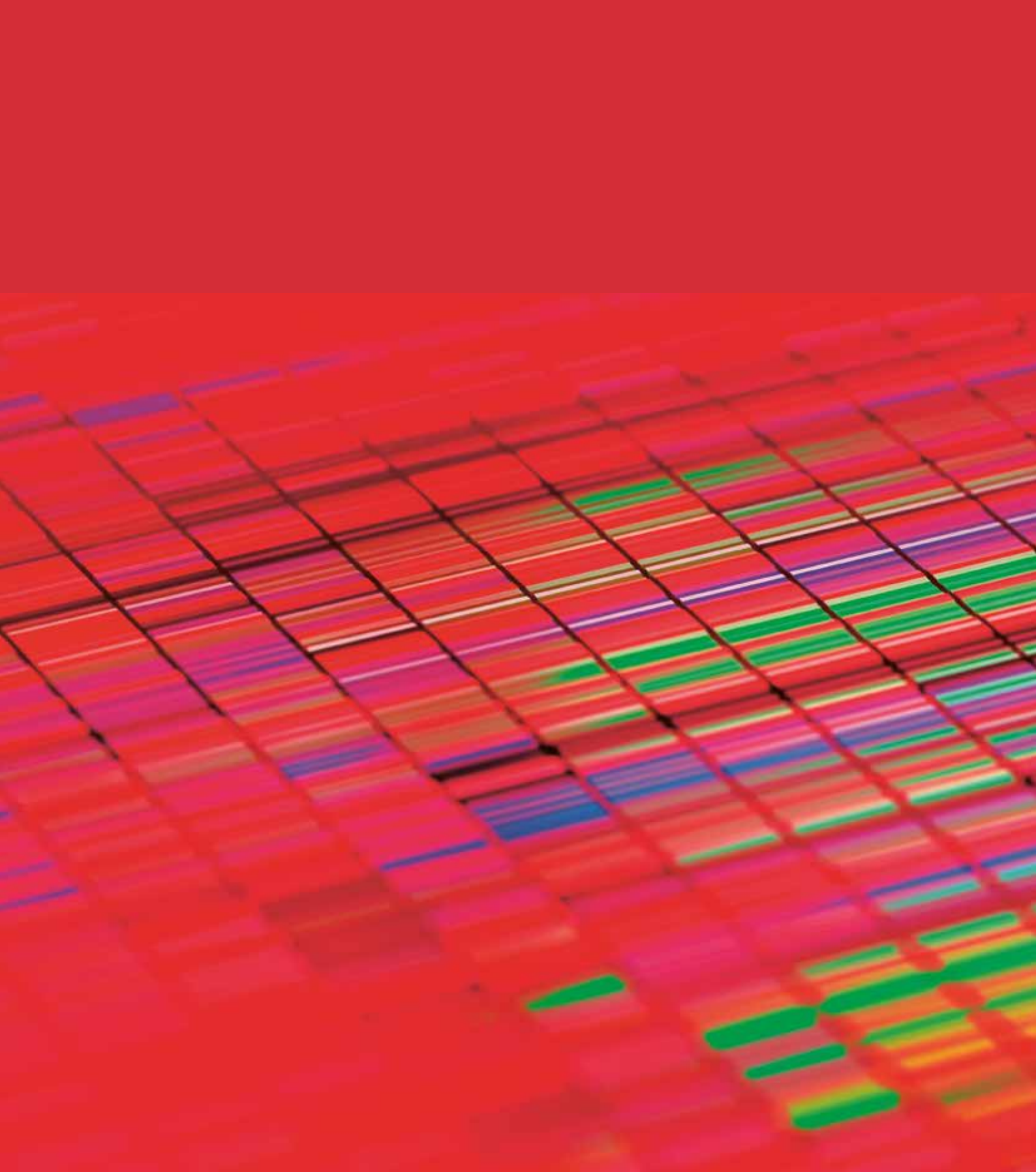


Illustration: Colored DNA sequencing