



Annual Report 2023

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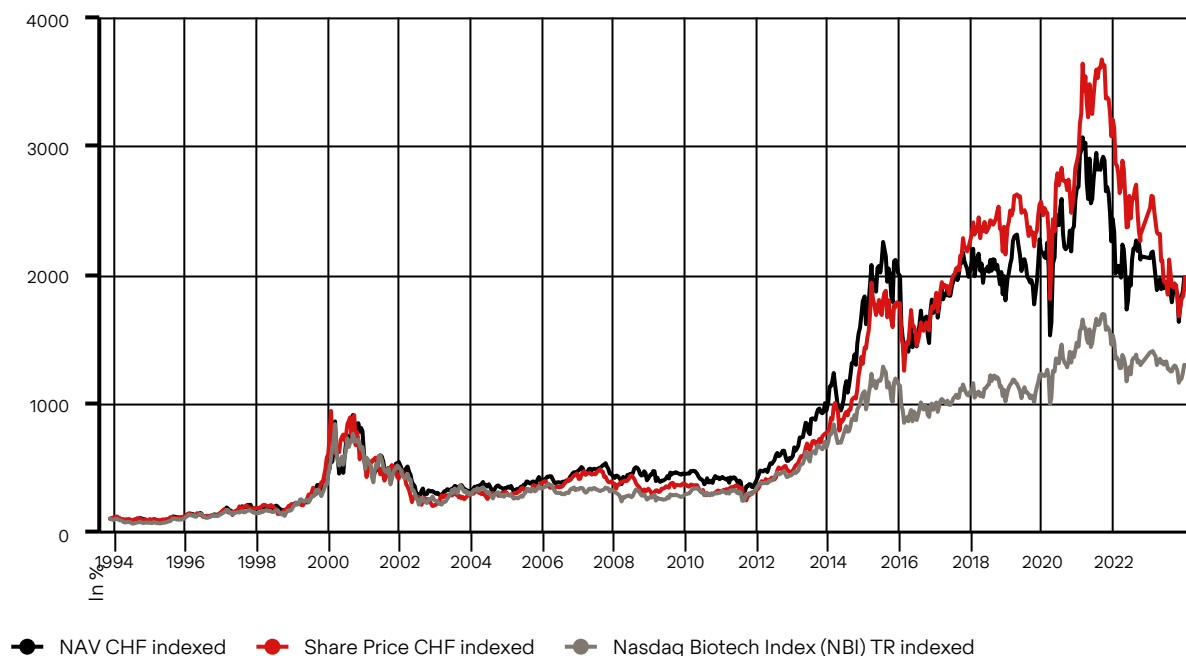
Business report

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Performance/Multi-year comparison

Indexed performance since launch

BB Biotech AG (SIX)-CHF



Annual performance

31.12.2023

	SHARE	NAV	NBI TR
2023	(18.1%)	(7.4%)	(4.8%)
2022	(24.3%)	(11.0%)	(9.1%)
2021	8.3%	(11.5%)	3.0%
2020	19.3%	24.3%	15.8%
2019	18.5%	23.4%	23.0%

Cumulated performance

31.12.2023

	SHARE	NAV	NBI TR
1 year	(18.1%)	(7.4%)	(4.8%)
3 years	(32.9%)	(27.0%)	(10.9%)
5 years	(5.0%)	11.9%	27.0%
10 years	149%	96%	84%
since inception ¹⁾	1 880%	1 860%	1 196%

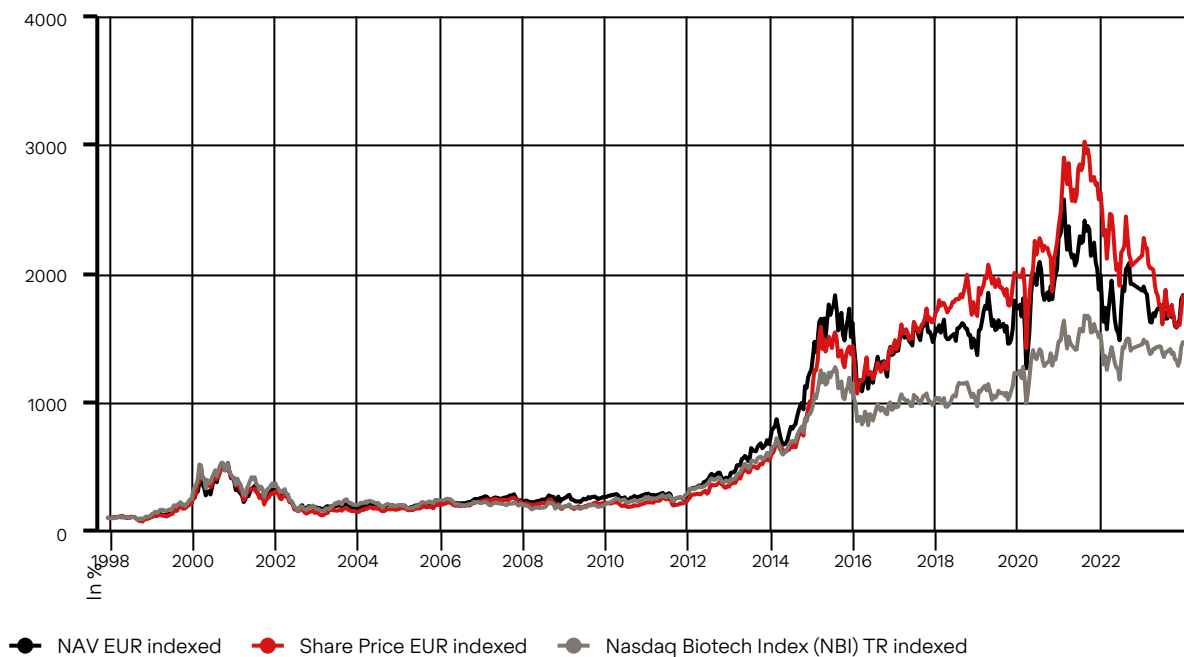
¹⁾ 09.11.1993

Annualized performance

31.12.2023

	SHARE	NAV	NBI TR
1 year	(18.1%)	(7.4%)	(4.8%)
3 years	(12.4%)	(10.0%)	(3.8%)
5 years	(1.0%)	2.3%	4.9%
10 years	9.5%	6.9%	6.3%
since inception ¹⁾	10.4%	10.4%	8.9%

¹⁾ 09.11.1993

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

31.12.2023

	SHARE	NAV	NBI TR
2023	(15.2%)	(1.3%)	1.3%
2022	(19.0%)	(6.7%)	(4.5%)
2021	13.3%	(7.8%)	7.4%
2020	18.1%	24.8%	16.1%
2019	23.4%	28.1%	27.6%

Cumulated performance

31.12.2023

	SHARE	NAV	NBI TR
1 year	(15.2%)	(1.3%)	1.3%
3 years	(22.2%)	(15.1%)	3.9%
5 years	13.4%	35.7%	53.9%
10 years	223%	159%	143%
since inception ¹⁾	1724%	1731%	1367%

¹ 10.12.1997**Annualized performance**

31.12.2023

	SHARE	NAV	NBI TR
1 year	(15.2%)	(1.3%)	1.3%
3 years	(8.0%)	(5.3%)	1.3%
5 years	2.5%	6.3%	9.0%
10 years	12.4%	10.0%	9.3%
since inception ¹⁾	11.8%	11.8%	10.8%

¹ 10.12.1997

Multi-year comparison

	2023	2022	2021	2020	2019
Market capitalization at the end of the period (in CHF mn)	2 368.4	3 058.1	4 274.1	4 107.9	3 670.3
Net Asset Value at the end of the period (in CHF mn)	2 323.2	2 686.1	3 283.5	3 887.5	3 393.0
Number of shares (in mn)	55.4	55.4	55.4	55.4	55.4
Trading volume (in CHF mn)	906.3	1 482.0	2 101.0	2 315.6	2 004.2
Profit/(loss) (in CHF mn)	(206.6)	(357.8)	(404.8)	691.2	677.4
Closing price at the end of the period in CHF	42.75	55.20	77.15	74.15	66.25
Closing price at the end of the period in EUR	45.50	56.70	74.05	68.00	61.40
Stock performance (incl. distributions) ¹⁾	(18.1%)	(24.3%)	8.3%	19.3%	18.5%
High/low share price in CHF	60.70/35.60	78.15/51.00	92.20/73.40	74.70/45.44	73.20/59.35
High/low share price in EUR	60.50/37.10	75.40/49.60	86.20/67.80	69.00/43.04	64.70/52.10
Premium/(discount) (annual average)	7.5%	20.5%	19.5%	9.2%	11.8%
Dividend in CHF (*proposal)	2.00*	2.85	3.85	3.60	3.40
Degree of investment (quarterly figures)	113.7%	112.8%	108.6%	106.8%	109.1%
Total Expense Ratio (TER) p.a. ²⁾	1.34%	1.27%	1.22%	1.25%	1.26%

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

²⁾ Based on market capitalization

Shareholder letter

In 2023, global equity performed better than anticipated by many. The US central bank moderated and then paused interest rate hikes. These developments resulted in a year-end bond market rally and encouraged equity markets further – but led to a noticeable devaluation of the USD, particularly relative to the CHF. Additionally, the year witnessed an uptick in takeover activities. The biotech sector made strong gains as the year closed. BB Biotech achieved significant gains in the fourth quarter.

Dear Shareholders

During the last quarter of 2023, global equity indices extended their 2023 gains. The US central bank held rates steady in the fall, lifting market sentiment in the last two months of 2023.

The US markets traded to all-time highs: The S&P 500 gained 26.3% in USD for the year, the Nasdaq 100 gained 55.1% in USD. European equities followed: The Euro Stoxx 50 was up 23.2% in EUR and the Dax was up 20.3% in EUR. Healthcare markets nevertheless underperformed in 2023, with total returns for the MSCI World Healthcare Index of +4.3% in USD and for the Nasdaq Biotech Index of +4.6% in USD – up slightly for the full year 2023.

The central bank action devalued the USD against most international currencies in 2023, particularly (and of central importance for BB Biotech's reporting currency), the Swiss franc, which strengthened 9% versus the US Dollar.

BB Biotech's fourth quarter share return was +3.4% in CHF and +7.1% in EUR. This was encouraging but not enough to reverse earlier 2023 losses. The total return for 2023, including the dividend payment of CHF 2.85 in March 2023, was –18.1% in CHF, –15.2% in EUR.

Fourth quarter net asset value performance started badly in October but saw a rally of almost 30% (in USD) from October lows to the end of year. Net asset value performance in the last quarter of 2023 was +14.2% in USD, respectively +5.0% in CHF. Fourth quarter gains of CHF 109 mn compare to the net loss of CHF 35 mn for the fourth quarter 2022. This may be signaling a strengthening biotech market.

Nevertheless, for full year 2023, NAV performance including the dividend was +1.8% in USD but –7.4% in CHF thanks to the USD devaluation. Consolidated full year 2023 data showed a net loss of CHF 207 mn for 2023 compared to a net loss of CHF 358 mn for 2022.

A proposed dividend of CHF 2.00 per share

The Board of Directors will propose a regular dividend of CHF 2.00 per share at the AGM. A 5% dividend yield will be applied to the average share price of December 2023, consistent with the dividend policy introduced in 2013.

Dividend 2024

CHF 2.00

(proposed)

Changes to the Board of Directors

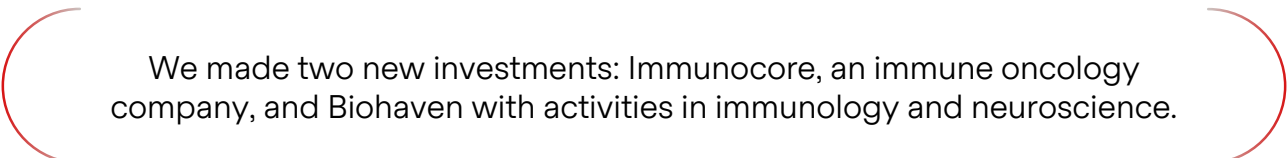
Dr. Erich Hunziker has informed the Board of Directors that he will not stand for re-election at the upcoming Annual General Meeting and will step down after the AGM. The Board expresses its deepest gratitude for the remarkable leadership, strategic insights, and excellent governance which Dr. Hunziker has brought to BB Biotech. In the 10 years of his Chairmanship the Board increased its diversity, the Investment Management Team successfully entered neuroscience and the whole BB Biotech team was strengthened with data scientists to leverage the potential of artificial intelligence.

Dr. Thomas von Planta, a highly active member of the Board of Directors since 2019, will be proposed to the Annual General Meeting on March 21, 2024 as Dr. Hunziker's successor as chairman. In addition to many contributions to BB Biotech, Dr. von Planta has profound experience in corporate finance and capital markets and is familiar with the healthcare industry. He is also the chairman of Baloise Holding AG.

Ms. Camilla Soenderby will be proposed as a new Member at the AGM. Ms. Soenderby has held executive roles at leading biopharmaceutical companies in the EU, the US and Asia and is also a board member of F2G (UK/US) and Affibody AB (Sweden), advisor to the private equity group EQT and a member of the Novo Advisory Group.

Portfolio adjustments in the fourth quarter 2023

During the fourth quarter, we exited the portfolio holding Mersana, and made two new investments in Immunocore, an immune oncology company, and Biohaven with activities in immunology and neuroscience. These two new positions plus further investments in Arvinas and Celldex were financed through select profit taking from the successful long-term investments in Vertex, Incyte, Ionis, Neurocrine and Argenx. BB Biotech's investment levels were steady in 2023, closing the year at 113.4%.



We made two new investments: Immunocore, an immune oncology company, and Biohaven with activities in immunology and neuroscience.

Fourth-quarter portfolio update

The fourth quarter of 2023 marked significant progress for our portfolio companies, characterized by key clinical results, regulatory approvals, and licensing agreements. Despite not capitalizing on the heightened merger and acquisition activity in late 2023, our performance was largely influenced by successes in mid-stage clinical trials and proof-of-concept studies. On the other hand, outcomes of late-stage trials were varied. Notably, US and EU regulators granted approvals for several products, including the groundbreaking gene editing therapy, Casgevy, in December 2023. In response to tighter capital markets and rising capital costs, our portfolio companies strengthened their financial positions through additional capital raises and licensing deals.



2024: Exciting sector fundamentals and continued M&A activity leading to improved sector performance

During 2023, the US FDA approved 55 new medicines – up from 37 in 2022. This pace is expected to continue – driven by new platform technologies and continued investment in research and clinical development. Innovative biotechnology companies continue to invest substantially more into R&D than SGA, even though more and more biotech firms are commercializing their own products.

We believe that 2024 will include multiple catalysts for the sector and for BB Biotech's portfolio companies, including product launches, important clinical trial results, licensing deals and M&A activity.

Many clinical trial read-outs are eagerly anticipated from portfolio companies in 2024. The focus will be on Vertex VTX-548 pain program, Alnylam's vutrisiran for patients with transthyretin-mediated amyloidosis with cardiomyopathy, Ionis' donidalorsen for hereditary angioedema and Intra-Cellular's Caplyta data in major depression disease. Many proof of concept studies are also due, including for Revolution Medicines' RMC-6236, for Relay's RLY-2608 and Macrogenics' B7H3 ADC vobramitamab duocarmazine. Argenx will report on proof of concept data for primary Sjogren's syndrome for efgartigimod and Agios will report on transfusion dependent thalassemia patients for its PK activator mitapivat.

We expect multiple product approvals and label expansions to drive future revenue and profit opportunities:

- Incyte with axatilimab for chronic graft versus host disease
- Ionis with olezarsen for patients with familial chylomicronemia syndrome
- Moderna with its RSV vaccine mRNA-1345
- Argenx with efgartigimod for patients with chronic inflammatory demyelinating polyneuropathy
- Crispr and Vertex with Casgevy for beta thalassemia patients

Capital markets appear to have opened up in the last months of 2023, mainly geared towards the large-cap biopharma sector. In contrast to the broad investor base favoring large caps, many of them continue to bolster their pipeline and technology access by acquiring smaller to mid-cap companies. The recently accelerated take-over activity combined with an

improved capital market allowing companies to raise working capital again, supports both the sector but as well our view that valuations are highly attractive and the innovation power to reside in the smaller and mid-cap segment.

We continue to seek attractive investments – applying ever more stringent methodologies including big, wide, and deep data and AI to support the diligence processes. We continue to hold a strong conviction that fundamental progress in biosciences and commercialization of superior new drugs from biotechnology will yield attractive investment returns.

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

The Board of Directors of BB Biotech AG

Dr. Erich Hunziker

Chairman

Laura Hamill

Member

Prof. Dr. Mads Krogsgaard Thomsen

Member

Dr. Clive Meanwell

Vice Chairman

Dr. Pearl Huang

Member


Dr. Thomas von Planta

Member


Portfolio Update Q4 2023

The fourth quarter of 2023 marked significant progress for our portfolio companies, characterized by key clinical results, regulatory approvals, and licensing agreements. Despite not capitalizing on the heightened merger and acquisition activity in late 2023, our performance was largely influenced by successes in mid-stage clinical trials and proof-of-concept studies. On the other hand, outcomes of late-stage trials were varied. Notably, US and EU regulators granted approvals for several products, including the groundbreaking gene editing therapy, Casgevy, in December 2023. In response to tighter capital markets and rising capital costs, our portfolio companies strengthened their financial positions through additional capital raises and licensing deals.

Key clinical data milestones in proof-of-concept studies as well as late-stage trials Neurocrine Biosciences' Phase III study of crinecerfont, aimed at treating congenital adrenal hyperplasia (CAH) in children and adolescents, marked a significant achievement. The drug demonstrated efficacy by lowering serum androstenedione levels and enabling reduced glucocorticoid dosage while effectively controlling androgen. This significant breakthrough led to the US FDA awarding crinecerfont a breakthrough therapy designation, acknowledging the urgent need for new treatments in CAH. Neurocrine Biosciences is preparing to file a new drug application in 2024.



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Argenx, after a period of consistent success, faced setbacks in late 2023 with the failure of two Phase III studies. The subcutaneous formulation of Efgartigimod, branded as Vyvgart Hytrulo, was tested in primary immune thrombocytopenia (ITP) patients but failed to meet the primary endpoint of sustained platelet count response and secondary endpoints. Additionally, the same formulation in pemphigus patients also did not achieve the clinical endpoints. Despite the demonstrated pharmacodynamic effect of Efgartigimod in reducing total immunoglobulin G (IgG) and autoantibodies, the control arm with low-dose steroids showed a comparable impact on reducing disease-causing autoantibodies. Argenx plans to conduct further analysis of the ITP study results to determine future steps, while discontinuing the development of Efgartigimod for pemphigus treatment. These consecutive clinical trial failures were unexpected, leading to a significant decline in Argenx's valuation in Q4 2023.

The Phase II results of Vertex's VX-548 for treating painful diabetic peripheral neuropathy led to a rally in its stock. Patients with chronic pain showed improvement over twelve weeks at varying doses of VX-548, an investigational oral NaV1.8 inhibitor. This positive outcome bolstered investor confidence in the VX-548 program, currently undergoing registrational studies for the expansive chronic pain management market. It also enhanced the anticipated success of multiple acute pain trials slated for the first half of 2024.

Arvinas, in collaboration with Pfizer, revealed results for vepdegestrant combined with palbociclib in breast cancer patients. The treatment showed a 42% overall response rate and a median progression-free survival of 11.1 months in heavily pre-treated patients, alongside an acceptable tolerability profile. Following these results, the companies have decided to broaden the development profile of vepdegestrant. Additionally, Arvinas has bolstered its financial position with a USD 350 mn private placement, which included participation from BB Biotech.

Moderna, alongside its development partner Merck, provided an update on their ongoing personalized cancer vaccine program, mRNA-4157, in combination with Keytruda. This update covers patients with complete resections who have been followed for three years. The combination therapy has shown a 49% reduction in the risk of recurrence or death and a 62% decrease in the risk of distant metastasis or death. Both companies are significantly investing in the development of mRNA-4157 through extensive, randomized Phase III trials. They are also considering seeking accelerated approval for stage III/IV melanoma patients, contingent on the establishment of adequate manufacturing and logistics to meet potential patient and market demands. Additionally, Moderna is making notable advancements in its prophylactic vaccine business for respiratory viruses. The company announced promising early results for mRNA-1083, their combination vaccine against influenza and COVID-19, and initiated a Phase III program in Q4 2023.

Celldex revealed encouraging topline results for barzolvolimab, a c-kit targeting antibody, in chronic spontaneous urticaria (CSU) patients. The treatment led to significant reductions in urticaria disease activity, evidenced by lower disease scores (UAS) and up to half of the patients achieving complete control, as indicated by a UAS7 score of zero. In response to these updates and the positive reception from investors, Celldex strengthened its financial position through a public offering, raising approximately USD 200 mn. This funding will support the initiation of registrational trials for barzolvolimab, anticipated to begin in 2024.

Investor attention is keenly directed towards Alnylam's HELIOS-B study of vutrisiran, with its data readout anticipated in the first half of 2024. Meanwhile, Alnylam has reported significant advancements in other major indications, such as hypertension treatment. Their subcutaneous RNAi therapeutic, Zilbesiran, targeting angiotensinogen (AGT), has demonstrated effective and sustained blood pressure reduction in treatment-naive hypertension patients, administered either once every three or six months. Alnylam has entered into a partnership with Roche, sharing the development costs and co-commercializing Zilbesiran in the US. Additionally, Roche has acquired exclusive rights for commercializing Zilbesiran outside the US.

Revolution Medicines provided a notable update on RMC-6236, their RAS-multi (ON) inhibitor, within a landscape of intriguing early clinical programs in the industry and our portfolio. This drug was evaluated in non-small cell lung cancer (NSCLC) and pancreatic ductal adenocarcinoma (PDAC) patients with various KRAS-mutant genotypes (G12D, V, and R). In NSCLC, RMC-6236 demonstrated a 38% objective response rate (ORR) and an 85% disease control rate, while PDAC patients experienced a 20% ORR and a 87% disease control rate. Subsequently, Revolution Medicines completed a merger with EQRx, adding approximately USD 1.1 bn to its balance sheet, a move that positions the company for substantial investment in the registrational program for RMC-6236.

Numerous regulatory decisions milestones

Regulatory decisions in Q4 2023 significantly impacted BB Biotech's portfolio holdings, including:

- Ionis, in partnership with AstraZeneca, announced FDA approval in the US for Wainua (eplontersen) to treat adults with polyneuropathy of hereditary transthyretin-mediated amyloidosis. Wainua will be available in the US from January 2024, with further regulatory reviews for global markets ongoing.
- Vertex and Crispr Therapeutics celebrated the US FDA approval of Casgevy (exagamglogene autotemcel) for sickle cell disease (SCD) treatment. This pioneering gene editing therapy, now available for curative one-time use, will initially be offered in select centers of excellence, expanding to more transplant centers over time. Additionally, treatment for transfusion-dependent beta-thalassemia was added as a second indication in early 2024.
- Argenx reported the European Commission's approval of subcutaneous Vyvgart Hytrulo for general myasthenia gravis. This offers patients in Europe the option of both intravenous and self-administered subcutaneous forms.
- Alnylam received a complete response letter (CRL) from the US FDA for the supplemental new drug application for patisiran, aimed at treating cardiomyopathy of ATTR amyloidosis. This decision followed a divided FDA advisory panel opinion, citing limited data from the 12-month APOLLO-B study involving 360 adults. Notably, Alnylam's subsequent molecule, vutrisiran, is undergoing a more extensive HELIOS-B study involving double the patient count over three years, with top-line results expected in the first half of 2024.

Participation in licensing deals and partnerships, none in an escalating M&A environment

During 2023, a year marked by escalating M&A activity with several deals emerging late in the year, BB Biotech did not directly benefit from these takeover events. The M&A focus in both the entire year and particularly the fourth quarter was on oncology, specifically targeting developers in radiotherapies and antibody drug conjugation (ADC), alongside major indications in autoimmune diseases and psychiatry, such as inflammatory bowel disease, schizophrenia, and depression. While our holdings saw indirect benefits through increased valuations in similar disease areas and technologies, our lack of participation in high-premium transactions was a notable factor in our performance relative to the benchmark NBI. Despite the benchmark including most announced takeovers, the NBI's consolidation in 2023 suggests increasing performance pressures for its constituents.

Non-dilutive capital contributions continue to be an appealing funding source for companies, along with securing commercial partners for international markets. Ionis, aspiring to be a commercial entity and initially focusing on the US market, struck a European licensing deal with Otsuka for donidalorsen in hereditary angioedema. Ionis stands to receive an upfront payment of USD 65 mn and is eligible for milestone payments and tiered royalties of 20% to 30%.

A significant move in our midcap portfolio was Revolution Medicine's merger with EQRx. Despite EQRx's setbacks in pipeline development, their substantial cash reserve of over USD 1.1 bn was merged into Revolution Medicines, enhancing their financial strength for the advanced development of RAS(ON) inhibiting drugs.

Given our portfolio strategy's focus on innovation and pipeline, intellectual property litigation and settlements hold lesser importance. However, our more established midcap and large-cap companies must navigate mature business franchises and impending patent expirations.

Neurocrine resolved all patent litigations related to Ingrezza, allowing four companies to sell its generic versions in the US starting March 1, 2038, under certain conditions. This resolution enhances Neurocrine's long-term financial outlook, supporting further investments in its pipeline. Exelixis, facing similar litigation with Teva over Cabometyx, reached a settlement for a generic US version available from January 1, 2031. However, its litigation with MSN Laboratories was unexpectedly extended into the first half of 2024.

Portfolio at a glance

Securities as at December 31, 2023

Company	Number of securities	Change since 31.12.2022	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Ionis Pharmaceuticals	8 590 000	(1 045 000)	USD	50.59	365.6	13.9%	15.7%	6.0%
Neurocrine Biosciences	2 410 000	(320 000)	USD	131.76	267.2	10.1%	11.5%	2.5%
Argenx SE	825 000	(67 503)	USD	380.43	264.1	10.0%	11.4%	1.4%
Vertex Pharmaceuticals	640 000	(290 523)	USD	406.89	219.1	8.3%	9.4%	0.2%
Intra-Cellular Therapies	3 040 000	(251 479)	USD	71.62	183.2	7.0%	7.9%	3.2%
Moderna	1 891 075	389 124	USD	99.45	158.2	6.0%	6.8%	0.5%
Alnylam Pharmaceuticals	859 700	(30 300)	USD	191.41	138.5	5.3%	6.0%	0.7%
Revolution Medicines	5 046 700	269 138	USD	28.68	121.8	4.6%	5.2%	3.1%
Incyte	2 150 000	(741 077)	USD	62.79	113.6	4.3%	4.9%	1.0%
Arvinas	2 494 531	358 119	USD	41.16	86.4	3.3%	3.7%	3.7%
Celldex Therapeutics	2 416 296	616 296	USD	39.66	80.6	3.1%	3.5%	4.4%
Macrogenics	9 929 963	1 000 000	USD	9.62	80.4	3.1%	3.5%	16.0%
Agios Pharmaceuticals	4 000 000	(30 792)	USD	22.27	75.0	2.8%	3.2%	7.2%
Sage Therapeutics	3 505 000	554 722	USD	21.67	63.9	2.4%	2.8%	5.8%
Immunocore	965 654	965 654	USD	68.32	55.5	2.1%	2.4%	2.0%
Relay Therapeutics	5 925 000	1 804 280	USD	11.01	54.9	2.1%	2.4%	4.8%
Crispr Therapeutics	880 000	(8 605)	USD	62.60	46.4	1.8%	2.0%	1.1%
Essa Pharma	7 879 583	–	USD	6.60	43.8	1.7%	1.9%	17.9%
Exelixis	2 000 000	(654 500)	USD	23.99	40.4	1.5%	1.7%	0.6%
Biohaven	1 075 000	1 075 000	USD	42.80	38.7	1.5%	1.7%	1.3%
Scholar Rock Holding	2 132 725	–	USD	18.80	33.7	1.3%	1.5%	3.0%
Black Diamond Therapeutics	8 517 839	3 140 000	USD	2.81	20.1	0.8%	0.9%	16.5%
Wave Life Sciences	4 494 458	–	USD	5.05	19.1	0.7%	0.8%	3.8%
Beam Therapeutics	693 121	–	USD	27.22	15.9	0.6%	0.7%	0.9%
Fate Therapeutics	4 839 779	–	USD	3.74	15.2	0.6%	0.7%	4.9%
Rivus Pharmaceuticals ¹⁾			USD		14.7	0.6%	0.6%	
Esperion Therapeutics	4 194 064	–	USD	2.99	10.6	0.4%	0.5%	3.7%
Generation Bio Co.	3 608 280	–	USD	1.65	5.0	0.2%	0.2%	5.5%
Molecular Templates ²⁾	1 029 820	283 686	USD	3.73	3.2	0.1%	0.1%	19.2%
Radius Health – Contingent Value Right	8 733 538	–	USD	0.00	0.0	0.0%	0.0%	
Total securities					2 634.7	100.0%	113.4%	
Other assets					2.4		0.1%	
Other payables					(313.9)		(13.5%)	
Net Asset Value					2 323.2		100.0%	

¹⁾ Unlisted company

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

Exchange rate as at 31.12.2023: USD/CHF: 0.8414

2024: Rebuilding investor trust by translating fundamental progress into capital returns

Heading into 2024, BB Biotech AG finds itself in a swiftly changing environment, shaped by pivotal shifts in capital markets, technological breakthroughs and healthcare regulations. Our strategy aims to respond adeptly to these dynamics, refining our investment approaches and seizing new opportunities that arise. We will closely track the market reception of innovative products like Casgevy, the pioneering gene editing therapy, and anticipate key proof of concept results from cutting-edge technologies, including in vivo gene editing. Moreover, the surge in M&A activities observed in 2023 is poised to continue, playing a crucial role in driving biotech industry growth and delivering value to investors.

Biotechnology industry adapting to higher cost of capital

2024 is set to be a pivotal year for biotech equities, heavily influenced by the US Federal Reserve's policy direction. The critical issue is the trajectory of the Fed's interest rate policy over the year and its impact on the biotech sector, especially regarding companies' financing costs. Navigating these monetary policy changes is essential for our investment strategies and portfolio management. Despite the rising interest rates over the past two years, BB Biotech has focused on its core holdings, cautiously expanding its portfolio. The addition of two new mid-cap companies in Q4 2023, with plans for more development stage company investments in 2024, marks a strategic shift.

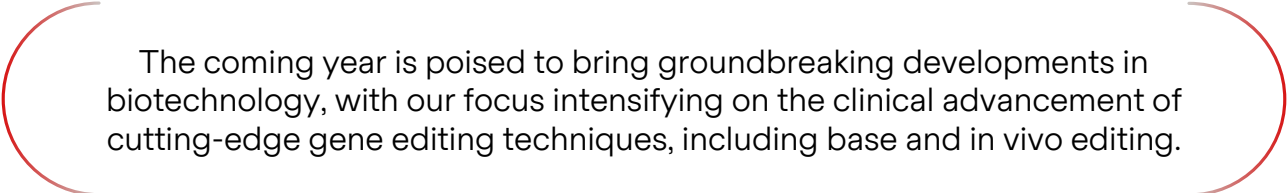
We expect a more dynamic financing environment for biotech in 2024, with increased capital raising activities, PIPEs, and potentially more IPOs. Monitoring public biotech investment fund flows will be key, as we anticipate a shift from the recent trend of outflows to potential inflows, driven by renewed market confidence and promising returns. Notably, venture capital funding has decreased, reaching a multi-year low, presenting a complex but potentially rewarding scenario for performance turnaround.

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Engagements with management teams reveal a strategic focus on navigating volatile capital markets, with companies bracing for prolonged higher capital costs and bolstering their financials for sustained investment in pipeline projects and product launches. Partnerships and M&A activity, which picked up in late 2023, are expected to play significant roles in meeting the sector's capital needs.

Technology serving as basis to transform standards of care across therapeutic areas

The coming year is poised to bring groundbreaking developments in biotechnology, with our focus intensifying on the clinical advancement of cutting-edge gene editing techniques, including base and in vivo editing. A notable highlight is the launch of Casgevy, a pioneering gene editing therapy developed by Crispr Therapeutics and Vertex, now approved as a curative treatment for sickle cell disease and beta thalassemia. While its administration remains complex, Casgevy represents a transformative «once and done» solution for severe genetic disorders. Its premium pricing is justified by the potential to circumvent lifelong medical expenses and significantly enhance patient quality of life. As the field evolves, gene editing treatments must become more user-friendly, capable of addressing intricate genetic corrections, and more affordable to address widespread diseases effectively.



The coming year is poised to bring groundbreaking developments in biotechnology, with our focus intensifying on the clinical advancement of cutting-edge gene editing techniques, including base and in vivo editing.

In the realm of RNA-based medicines, substantial opportunities for expansion are on the horizon. Notably, Moderna's second prophylactic vaccine is on track for approval in 2024, with its RSV vaccine expected to receive full clearance. We are keenly monitoring progress in therapeutic vaccines, including personalized cancer vaccines, and Moderna's endeavors to target various tissues through innovative delivery routes or sophisticated mRNA packaging. For Alnylam, our RNAi-centric entity, we anticipate crucial data from a late-stage trial of vutrisiran in TTR cardiomyopathy patients, potentially broadening its market from ultra-rare to more common diseases and reaching a larger patient demographic. Similarly, Ionis Pharmaceuticals is set to embark on a parallel commercial path with its latest antisense oligonucleotide (ASO) therapy, aiming for a wider disease target range in the forthcoming years.

Emerging chemical modalities, such as PROTACs and LYTACs, are making strides in clinical development, targeting intracellular and extracellular protein degradation, respectively, and showing promise as orally administered therapies. Meanwhile, cell-based treatments, including CAR-T therapies, are being explored beyond oncology to address severe autoimmune disorders, with early clinical results spurring investment in clinical development, as seen with Fate Therapeutics.

In summary, we anticipate significant advancements and additional product approvals in 2024 and beyond, and expect biotechnology and platform-based products will have a clearly positive impact on patient benefit and sales potential.

New targets for diseases with limited to no progress over past decades

For many years, numerous diseases have faced a stagnation in the development of new drug modalities, due to high hurdles in surpassing established standards of care, a lack of new pathways and drug modalities, or a shift in the pharmaceutical industry's focus towards other areas. However, 2024 is set to be a year of significant progress, with expectations for multiple data readouts spanning from early human studies to registrational trials.

Vertex is set to release initial top-line data from several registrational clinical studies evaluating VX-549, a small molecule aimed at voltage-gated sodium channels such as NaV1.7 and NaV1.8, for the management of acute pain. This molecule is under investigation for its potential to block pain signals from reaching the brain. Additional trials in 2025 will explore VX-549 in chronic pain settings, where not only efficacy but also the drug's side effect profile will be critically assessed, especially considering the prevalence of addiction issues in current chronic pain treatments using opioids.

Recent mergers and acquisitions have spotlighted psychiatric medications, with Neurocrine Biosciences, a company within our portfolio, advancing a diverse pipeline for schizophrenia, major depression, and other central nervous system disorders. The company is exploring drug candidates across various neurotransmitter systems, including muscarinic receptors and pathways such as NMDA, AMPA, and DAAO, while also developing a next-generation VMAT2 inhibitor with potential improvements over valbenazine.

Incyte, known for its JAK1/2 inhibitor Jakafi – a first-in-class and standard of care in myeloproliferative neoplasms like myelofibrosis, essential thrombocythemia, and polycythemia vera – is investing in the next wave of treatments for these conditions. Beyond combination strategies with Jakafi, Incyte is exploring novel approaches with particular interest in the progress of INCA33989, an anti-mutant calreticulin (mCALR) monoclonal antibody, and a targeted therapy for the JAK V617F mutations, a key driver in various MPNs. These innovations hold promise for disease-modifying potential beyond the capabilities of current standard treatments.

BB Biotech Investment Strategy

BB Biotech's long standing investment strategy is to invest capital in promising technology platforms and 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.



M&A cycle has started to roll – more to be expected in 2024

The M&A landscape in 2024 is anticipated to be dynamic, with particular emphasis on sectors such as obesity, autoimmune disorders, and oncology. In oncology, the spotlight on antibody-drug conjugates (ADCs), radiotherapies, and intellectual property (IP) and immuno-oncology (IO) considerations has intensified activity, surpassing that of targeted small molecule development. The ADC sector, having seen many of its focused companies acquired or licensed, presents a unique scenario for the remaining entities, posing questions of exclusion or advantage due to scarcity. Recent trends also show an increased interest in addressing widespread diseases, including psychiatric and autoimmune disorders. However, the potential of these large markets is tempered by the complexities of market launches, often characterized by larger patient volumes and lower annual drug prices.

The looming patent cliff, with numerous loss of exclusivities (LOEs) expected by 2028, compels large pharmaceuticals and biotech firms to pursue strategic acquisitions to secure future revenue growth, pipeline diversity, and technological advancements. Industry analysts highlight the substantial financial capacity of these large entities, a fusion of existing leverage opportunities and projected robust cash flows, positioning virtually every company in our portfolio as a potential acquisition target. Given continued attractive valuations and the allure of smaller and mid-cap companies with promising drugs and technologies, the momentum for acquisition activity is expected to persist, reflecting a strategic pursuit of growth and innovation in the biotech and pharmaceutical sectors.

Healthcare politics with the focus on the IRA implementation

The healthcare sector, notably the pharmaceutical and biotechnology industries, is consistently influenced by political shifts in major markets, including the US. With the presidential election scheduled for November 2024, healthcare investors are particularly attentive to the US Congress and the potential policy directions that could significantly alter the healthcare framework. A critical focus will be on discussions surrounding the Inflation Reduction Act (IRA) and proposed Senate reforms targeting pharmacy benefit managers (PBMs).

As we move into 2024, BB Biotech is on the cusp of a period marked by substantial transition and potential. Our strategy is to navigate these changes proactively, ensuring our investments not only align with the evolving landscape but are also optimally positioned to benefit from forthcoming innovations in the biotech sector.

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Consolidated balance sheet as at December 31

in CHF 1 000	Notes	2023	2022
Current assets			
Cash and cash equivalents		501	1 948
Receivables from brokers		1 829	–
Securities	4	2 634 714	3 051 349
Other assets		110	92
		2 637 154	3 053 389
Total assets		2 637 154	3 053 389
Current liabilities			
Short-term borrowings from banks	5	304 900	363 000
Payables to brokers		5 436	–
Other short-term liabilities	6	3 491	4 143
Tax liabilities		110	111
		313 937	367 254
Total liabilities		313 937	367 254
Shareholders' equity			
Share capital	7	11 080	11 080
Treasury shares	7	(36 508)	(36 508)
Retained earnings	7	2 348 645	2 711 563
		2 323 217	2 686 135
Total liabilities and shareholders' equity		2 637 154	3 053 389
Net asset value per share in CHF		42.35	49.00

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 13, 2024.

Consolidated statement of comprehensive income for the year ended December 31

in CHF 1 000	Notes	2023	2022
Operating income			
Interest income		35	4
Foreign exchange gains		490	1 253
Other income		5	4
		530	1 261
Operating expenses			
Losses from securities	4	(166 613)	(314 265)
Finance expenses		(5 802)	(1 726)
Administrative expenses	8	(30 083)	(38 747)
Other expenses	9	(4 560)	(4 274)
		(207 058)	(359 012)
Profit/(loss) before tax	12	(206 528)	(357 751)
Income taxes	10	(79)	(61)
Profit/(loss) for the period		(206 607)	(357 812)
Total comprehensive profit/(loss) for the period		(206 607)	(357 812)
Earnings per share in CHF	11	(3.77)	(6.50)
Diluted earnings per share in CHF	11	(3.77)	(6.50)

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, 2022	11 080	(9 205)	3 281 618	3 283 493
Dividend	–	–	(212 242)	(212 242)
Trade with treasury shares	–	(27 303)	–	(27 303)
Total comprehensive income for the period	–	–	(357 812)	(357 812)
Balances at December 31, 2022	11 080	(36 508)	2 711 563	2 686 135
Balances at January 1, 2023	11 080	(36 508)	2 711 563	2 686 135
Dividend	–	–	(156 311)	(156 311)
Total comprehensive income for the period	–	–	(206 607)	(206 607)
Balances at December 31, 2023	11 080	(36 508)	2 348 645	2 323 217

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	2023	2022
Cash flows from operating activities			
Proceeds from sales of securities	4	449 340	476 186
Purchase of securities	4	(195 711)	(200 687)
Interest receipts		35	4
Payments for services		(35 312)	(44 275)
Income taxes paid		(76)	(97)
Total cash flows from operating activities		218 276	231 131
Cash flows from financing activities			
Dividend		(156 311)	(212 242)
Purchase of treasury shares	7	–	(27 303)
Proceeds from borrowings	5	–	8 000
Repayment of borrowings	5	(58 100)	–
Interest payments		(5 802)	(1 726)
Total cash flows from financing activities		(220 213)	(233 271)
Foreign exchange difference		490	1 253
Change in cash and cash equivalents		(1 447)	(887)
Cash and cash equivalents at the beginning of the period		1 948	2 835
Cash and cash equivalents at the end of the period		501	1 948

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 as well as in the «Prime Standard Segment» of the German Exchange and has its registered office in Schaffhausen/ Switzerland, 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 issued by the IASB, as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies for the period January 1, 2023, until December 31, 2023. 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, 2023, have been applied in these consolidated financial statements.

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

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

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

- IFRS 16 (amended, effective January 1, 2024) – Lease Liability in a Sale and Leaseback
- IFRS 7/IAS 7 (amended, effective January 1, 2024) – Disclosures Supplier Finance Arrangements
- IAS 1 (amended, effective January 1, 2024) – Classification of Liabilities as Current or Non-current
- IAS 1 (amended, effective January 1, 2024) – Non-current Liabilities with Covenants
- IAS 21 (amended, effective January 1, 2025) – Lack of Exchangeability

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 gains/(losses) from securities.

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

Currency	31.12.2023	31.12.2022
USD	0.84140	0.92450
ANG	0.47270	0.51938
EUR	0.92887	0.98956
GBP	1.07160	1.11870

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 generally financial assets held as part of a business model to collect contractual cash flows that are solely payments of interest and principal on the principal outstanding. 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 gains/losses from securities at the day of the transaction. Changes in fair value of securities are also recognized as 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 employees 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. [Note 4](#) discloses further details on fair values of financial instruments not traded in active markets.

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, 2023 and 2022, 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 Group's business is to invest in biotechnology companies with the purpose of capital appreciation. Consequently, it is exposed to market risks of this industry. The individual securities are disclosed in [note 4](#) and the valuation is made at fair value. Consequently, any price changes are reflected accordingly by the changes in fair value in the context of the subsequent valuation.

The annual volatility of registered shares BB Biotech AG (reference volatility for the marketable securities) for 2023 is 23.08% (2022: 32.64%). At December 31, 2023, had the value of listed securities increased or decreased by 23.08% (2022: 32.64%) with all other variables held constant, the increase or decrease respectively in net income/loss as well as shareholders' equity would amount to CHF 604.7 mn (2022: CHF 990.7 mn).

At December 31, 2023 the Company holds one investment in unlisted shares (2022: one).

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:

2023	Net exposure 31.12. (in CHF 1 000)	Annual volatility (in %)	Potential impact (in CHF 1 000)¹⁾
USD	2 631 178	7.89	207 600
ANG	122	7.89	10
2022			
USD	3 051 509	9.37	285 804
ANG	12	9.37	1

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 two 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):

At December 31, 2023	Less than 1 month	1–3 months	More than 3 months / no stated maturity
Short-term borrowings from banks	304 900	–	–
Payables to brokers	5 436	–	–
Other short-term liabilities	2 800	691	–
Total liabilities	313 136	691	–
<hr/>			
At December 31, 2022			
Short-term borrowings from banks	363 000	–	–
Other short-term liabilities	3 439	704	–
Total liabilities	366 439	704	–

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, 2023, the Group held six core investments, representing 55% of the Company's securities (2022: eight core investments, 66%). The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore limited.

4. Financial assets

Fair values

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

2023	Level 1	Level 2	Level 3	Total
Assets				
Securities				
- Shares	2 619 989	–	14 725	2 634 714
- Derivative instruments	–	–	–	–
Total assets	2 619 989	–	14 725	2 634 714
2022				
Assets				
Securities				
- Shares	3 035 170	–	16 179	3 051 349
- Derivative instruments	–	–	–	–
Total assets	3 035 170	–	16 179	3 051 349

The 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, 2023, the Company holds one level 3 instrument (December 31, 2022: one).

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

	2023	2022
Opening balance	16 179	2 222
Purchases	–	16 875
Sales	–	(5 071)
Realized gains/(losses) included in gains/losses from securities	–	2 849
Unrealized gains/(losses) included in gains/losses from securities	(1 454)	(697)
Closing balance	14 725	16 179
Gains/(losses) on level 3 instruments included in gains/losses from securities	(1 454)	2 152

There were 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.

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

The fair value of the level 3 instrument at initial recognition represents the transaction price (purchase of Series B-1 Preferred Stock of Rivus Pharmaceuticals in August 2022 for TCHF 16 875), which was paid in a financing round together with other investors. For the valuation as at December 31, 2023, it is deemed to be appropriate to use the transaction price in USD, as it is a reasonable approximation of fair value at the valuation date given the fact that no events occurred which significantly impact the fair value.

In August 2022, 8 733 538 Radius Health – Contingent Value Rights were allocated from a corporate action. The valuation as of December 31, 2023, is CHF 0 (December 31, 2022: CHF 0).

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

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 01.01.2022 at fair values	3 638 890	–	2 222	3 641 112
Purchases	183 812	16 875	–	200 687
Sales	(471 115)	–	(5 071)	(476 186)
Gains/(losses) from securities	(316 417)	(697)	2 849	(314 265)
<i>Realized gains</i>	47 563	–	2 849	50 412
<i>Realized losses</i>	(79 326)	–	–	(79 326)
<i>Unrealized gains</i>	437 200	–	–	437 200
<i>Unrealized losses</i>	(721 854)	(697)	–	(722 551)
Closing balance as at 31.12.2022 at fair values	3 035 170	16 179	–	3 051 349
Opening balance as at 01.01.2023 at fair values	3 035 170	16 179	–	3 051 349
Purchases	201 147	–	–	201 147
Sales	(451 169)	–	–	(451 169)
Gains/(losses) from securities	(165 158)	(1 454)	–	(166 613)
<i>Realized gains</i>	28 749	–	–	28 749
<i>Realized losses</i>	(46 543)	–	–	(46 543)
<i>Unrealized gains</i>	276 764	–	–	276 764
<i>Unrealized losses</i>	(424 128)	(1 454)	–	(425 582)
Closing balance as at 31.12.2023 at fair values	2 619 989	14 725	–	2 634 714

Securities comprise the following:

Company	Number 31.12.2022	Change	Number 31.12.2023	Market price in original currency 31.12.2023	Valuation CHF mn 31.12.2023	Valuation CHF mn 31.12.2022	
Ionis Pharmaceuticals	9 635 000	(1 045 000)	8 590 000	USD	50.59	365.6	336.4
Neurocrine Biosciences	2 730 000	(320 000)	2 410 000	USD	131.76	267.2	301.5
Argenx SE	892 503	(67 503)	825 000	USD	380.43	264.1	312.6
Vertex Pharmaceuticals	930 523	(290 523)	640 000	USD	406.89	219.1	248.4
Intra-Cellular Therapies	3 291 479	(251 479)	3 040 000	USD	71.62	183.2	161.0
Moderna	1 501 951	389 124	1 891 075	USD	99.45	158.2	249.4
Alnylam Pharmaceuticals	890 000	(30 300)	859 700	USD	191.41	138.5	195.5
Revolution Medicines	4 777 562	269 138	5 046 700	USD	28.68	121.8	105.2
Incyte	2 891 077	(741 077)	2 150 000	USD	62.79	113.6	214.7
Arvinas	2 136 412	358 119	2 494 531	USD	41.16	86.4	67.6
Celldex Therapeutics	1 800 000	616 296	2 416 296	USD	39.66	80.6	74.2
MacroGenics	8 929 963	1 000 000	9 929 963	USD	9.62	80.4	55.4
Agios Pharmaceuticals	4 030 792	(30 792)	4 000 000	USD	22.27	75.0	104.6
Sage Therapeutics	2 950 278	554 722	3 505 000	USD	21.67	63.9	104.0
Immunocore	–	965 654	965 654	USD	68.32	55.5	–
Relay Therapeutics	4 120 720	1 804 280	5 925 000	USD	11.01	54.9	56.9
Crispr Therapeutics	888 605	(8 605)	880 000	USD	62.60	46.4	33.4
Essa Pharma	7 879 583	–	7 879 583	USD	6.60	43.8	18.4
Exelixis	2 654 500	(654 500)	2 000 000	USD	23.99	40.4	39.4
Biohaven	–	1 075 000	1 075 000	USD	42.80	38.7	–
Scholar Rock Holding	2 132 725	–	2 132 725	USD	18.80	33.7	17.8
Black Diamond Therapeutics	5 377 839	3 140 000	8 517 839	USD	2.81	20.1	8.9
Wave Life Sciences	4 494 458	–	4 494 458	USD	5.05	19.1	29.1
Beam Therapeutics	693 121	–	693 121	USD	27.22	15.9	25.1
Fate Therapeutics	4 839 779	–	4 839 779	USD	3.74	15.2	45.1
Esperion Therapeutics	4 194 064	–	4 194 064	USD	2.99	10.6	24.2
Generation Bio Co.	3 608 280	–	3 608 280	USD	1.65	5.0	13.1
Molecular Templates ¹⁾	11 192 003	283 686	10 298 820	USD	3.73	3.2	3.4
Myovant Sciences	5 872 639	(5 872 639)	–	USD	n.a.	–	146.4
Mersana Therapeutics	4 066 200	(4 066 200)	–	USD	n.a.	–	22.0
Kezar Life Sciences	3 000 000	(3 000 000)	–	USD	n.a.	–	19.5
Homology Medicines	1 622 522	(1 622 522)	–	USD	n.a.	–	1.9
Listed shares						2 620.0	3 035.2
Rivus Pharmaceuticals				USD		14.7	16.2
Unlisted shares						14.7	16.2
Total shares						2 634.7	3 051.3
Radius Health – Contingent Value Right	8 733 538	–	8 733 538	USD	0.00	–	–
Total derivative instruments						–	–
Total securities						2 634.7	3 051.3

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

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

5. Short-term borrowings from banks

At December 31, 2023, a CHF 304.9 mn short-term loan is outstanding, with interest payable at 2.10% p.a. (2022: CHF 363 mn at 1.36% p.a.).

6. Other short-term liabilities

Other short-term liabilities comprise the following:

in CHF 1 000	31.12.2023	31.12.2022
Payables to investment manager	2 074	2 978
Other liabilities	1 417	1 165
Total liabilities to third parties	3 491	4 143

7. Shareholders' equity

The share capital of the Company consists of 55.4 mn fully paid registered shares (2022: 55.4 mn registered shares) with a par value of CHF 0.20 each (2022: CHF 0.20). CHF 2.2 mn of the retained earnings (2022: CHF 2.2 mn) are undistributable.

in CHF 1 000	Share capital	Treasury shares	Retained earnings	Total
Balances at January 1, 2022	11 080	(9 205)	3 281 618	3 283 493
Dividend	–	–	(212 242)	(212 242)
Trade with treasury shares	–	(27 303)	–	(27 303)
Total comprehensive income for the period	–	–	(357 812)	(357 812)
Balances at December 31, 2022	11 080	(36 508)	2 711 563	2 686 135
Balances at January 1, 2023	11 080	(36 508)	2 711 563	2 686 135
Dividend	–	–	(156 311)	(156 311)
Total comprehensive income for the period	–	–	(206 607)	(206 607)
Balances at December 31, 2023	11 080	(36 508)	2 348 645	2 323 217

Dividend per share 2023: CHF 2.85 (2022: CHF 3.85).

At December 31, 2023 and 2022, 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, 2023, to December 31, 2023, the Company has not bought or sold any treasury shares (01.01.–31.12.2022: Purchase of 446 574 treasury shares to the amount of TCHF 27 303; no sales). As at December 31, 2023, the Company holds 554 000 treasury shares (December 31, 2022: 554 000 shares). The treasury shares as at December 31, 2023, were treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 36 508 (December 31, 2022: TCHF 36 508).

Share buy-back 2nd line (bought for cancellation)

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

In April 2022, the Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy-back program will run from April 13, 2022 until April 11, 2025 at the latest. Until December 31, 2023, no shares

had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

8. Administrative expenses

Administrative expenses comprise the following:

in CHF 1 000	2023	2022
Investment manager		
– Management fees	27 682	36 497
Personnel		
– Board of Directors remuneration	1 680	1 550
– Wages and salaries	600	578
– Social insurance contributions and duties	120	122
	30 083	38 747

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

Other expenses comprise the following:

in CHF 1 000	2023	2022
Bank charges	446	516
Marketing and financial reporting	1 567	1 171
Legal and consulting expenses	380	288
Transaction costs	948	985
Other expenses	1 219	1 314
	4 560	4 274

10. Income taxes

in CHF 1 000	2023	2022
Operating income before tax	(206 528)	(357 751)
Expected tax rate (Direct federal, cantonal and communal tax)	14.2%	14.2%
Expected income tax	(29 286)	(50 729)
Difference between effective local tax rates and the expected Swiss tax rate	(29 365)	(50 790)
Total income tax	79	61

In the current year, the average effective income tax rate on a consolidated basis was less than 1% (2022: <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, 2023, there is no nettable loss carry forward (2022: none).

11. Earnings per share

	2023	2022
Total comprehensive profit/(loss) for the period (in CHF 1 000)	(206 607)	(357 812)
Weighted average number of shares in issue	54 846 000	55 011 338
Earnings per share in CHF	(3.77)	(6.50)
Income used to determine diluted earnings per share (in CHF 1 000)	(206 607)	(357 812)
Weighted average number of shares in issue following the dilution	54 846 000	55 011 338
Diluted earnings per share in CHF	(3.77)	(6.50)

12. Segment reporting

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

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

Profit/(loss) before tax in CHF 1 000	2023	2022
Canada	25 400	(57 337)
Great Britain	16 181	62 370
Switzerland	8 389	(32 542)
British Virgin Islands	1 559	–
Singapore	(9 989)	15 976
Netherlands	(21 842)	23 715
Curaçao	(35 008)	(39 717)
USA	(191 218)	(330 216)
	(206 528)	(357 751)

13. Assets pledged

At December 31, 2023, the securities in the amount of CHF 2 634.7 mn (2022: CHF 3 051.3 mn) are a collateral for a credit line of CHF 700 mn (2022: CHF 700 mn). At December 31, 2023, a CHF 304.9 mn short-term loan is outstanding (2022: CHF 363 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, 2023 (2022: 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, 2023, no proceedings existed which could have any material effect on the financial position of the Group (2022: none).

15. Financial instruments by category

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

At December 31, 2023	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Assets as per balance sheet			
Cash and cash equivalents	501	–	501
Receivables from brokers	1 829	–	1 829
Securities	–	2 634 714	2 634 714
	2 330	2 634 714	2 637 044
Liabilities as per balance sheet			
Short-term borrowings from banks	304 900	–	304 900
Payables to brokers	–	5 436	5 436
Other short-term liabilities	3 491	–	3 491
	308 391	5 436	313 827
At December 31, 2022			
Assets as per balance sheet			
Cash and cash equivalents	1 948	–	1 948
Securities	–	3 051 349	3 051 349
	1 948	3 051 349	3 053 297
Liabilities as per balance sheet			
Short-term borrowings from banks	363 000	–	363 000
Other short-term liabilities	4 143	–	4 143
	367 143	–	367 143

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

2023	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				
Interest income	35	-	-	35
Losses from securities	-	(166 613)	-	(166 613)
Foreign exchange gains	490	-	-	490
Finance expenses	-	-	(5 802)	(5 802)
2022				
Profit and loss from financial instruments				
Interest income	4	-	-	4
Losses from securities	-	(314 265)	-	(314 265)
Foreign exchange gains	1 253	-	-	1 253
Finance expenses	-	-	(1 726)	(1 726)

16. Transactions with the investment manager and related party transactions

The investment 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 (2022: 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, 2023 and 2022.

18. Subsequent events

There have been no events subsequent to December 31, 2023, which would affect the 2023 consolidated financial statements.

Report on the Audit of the Consolidated Financial Statement

To the General Meeting of BB Biotech AG,
Schaffhausen

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 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter

Valuation of investment securities

The investment portfolio as of 31 December 2023 comprises investments in marketable and non-marketable securities.

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 2 635 million or 99.9% 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 securities.

How our audit addressed the key audit matter

We gained an understanding of the controls in place related to the valuation of investment securities 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.

To audit the valuation of the investment securities we performed 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 investment 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 investment securities is in line with the valuation policies of the Group challenging the most important input factors applied in the valuation by comparing them with past figures, benchmarks, publicly available data and our own market assessments.

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

Key audit matter**Ownership of securities**

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 directly from the custodian.

We obtained sufficient audit evidence to address the risk of insufficient legal entitlement to the securities portfolio.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards 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, ISA and SA-CH 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 on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

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

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Severin Holder
Licensed Audit Expert

Zurich, February 14, 2024

Balance sheet as at December 31

in CHF	Notes	2023	2022
Current assets			
Cash and cash equivalents		44 757	116 430
Other current receivables		5 992 571	5 558 139
		6 037 328	5 674 569
Non-current assets			
Investments		1 177 069 500	1 177 069 500
		1 177 069 500	1 177 069 500
Total assets		1 183 106 828	1 182 744 069
Current liabilities			
Other current liabilities	2.1	334 219	325 013
Accrued expenses		467 774	509 994
		801 993	835 007
Total liabilities		801 993	835 007
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⁾		36 508 182	36 508 182
Other reserves		190 319 574	190 319 574
Retained earnings	5/6	919 317 855	918 922 082
		1 182 304 835	1 181 909 062
Total liabilities and shareholders' equity		1 183 106 828	1 182 744 069

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 13, 2024.

Statement of income for the year ended December 31

in CHF	Notes	2023	2022
Operating income			
Income from investments		156 300 000	211 500 000
Other income	2.3	5 899 016	5 469 937
		162 199 016	216 969 937
Operating expenses			
Administrative expenses	2.4	(2 322 459)	(2 311 619)
Other expenses	2.5	(3 036 067)	(2 658 296)
		(5 358 526)	(4 969 915)
Profit/(loss) before finance income and tax		156 840 490	212 000 022
Finance income		1 127	3 935
Finance expenses		(11 937)	(17 494)
Profit/(loss) before tax		156 829 680	211 986 463
Tax expenses	2.6	(122 808)	(118 794)
Net income for the year		156 706 872	211 867 669

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):

	2023	2022
Third parties	293 658	266 770
Investment Manager	40 561	58 243
	334 219	325 013

2.2 Shareholders' equity

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

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

In April 2022, the Board of Directors has approved the repurchase of a maximum of 5 540 000 own registered shares with a nominal value of CHF 0.20 each. The share buy-back program will run from April 13, 2022 until April 11, 2025 at the latest. Until December 31, 2023, no shares had been repurchased under this share buy-back program. The repurchase will take place via second trading line for the purpose of a subsequent capital reduction.

At December 31, 2023 and 2022, the Company has neither authorized nor conditional capital.

2.3 Other income

Other income comprises the following (in CHF):

	2023	2022
Income group services	5 894 000	5 466 000
Other income	5 016	3 937
	5 899 016	5 469 937

2.4 Administrative expenses

Administrative expenses comprise the following (in CHF):

	2023	2022
Board of Directors remuneration	1 680 000	1 550 000
Social insurance contributions and duties	44 921	45 935
Investment manager compensation	503 308	663 577
Staff costs	94 230	52 107
	2 322 459	2 311 619

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

2.5 Other expenses

Other expenses comprise the following (in CHF):

	2023	2022
Marketing and financial reporting	1 566 758	1 170 645
Audit, legal and consulting expenses	380 428	287 701
Bank charges	1 134	1 159
Other expenses	1 087 747	1 198 791
	3 036 067	2 658 296

2.6 Tax expenses

Tax expenses comprise the following (in CHF):

	2023	2022
Income taxes	78 992	61 027
Capital taxes	43 817	57 766
	122 808	118 794

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 2023 (2022: below 10).

3.3 Investments

Investments of BB Biotech AG comprise, in the business years 2023 and 2022, the following 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

3.4 Treasury shares (balances and change)

Treasury shares are held indirectly by its 100% subsidiary Biotech Target N.V.

	Biotech Target N.V.	Total
Balance at January 1, 2022	107 426	107 426
Purchases Biotech Target N.V. at an average price of CHF 61.14	446 574	446 574
Balance at December 31, 2022	554 000	554 000
Balance at December 31, 2023	554 000	554 000

3.5 Audit fees

The audit fees comprise the following (in CHF):

	2023	2022
Audit fees	120 000	120 000
Audit-related fees	–	3 000
ESG training of the Board of Directors	18 000	–
	138 000	123 000

3.6 Commitments and contingencies

The Company had no commitments or other off-balance sheet transactions open at December 31, 2023 (2022: 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, 2023, no proceedings existed which could have any material effect on the financial position of the Company (2022: none).

3.7 Subsequent events

There have been no events subsequent to December 31, 2023, which would affect the 2023 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, 2023 and 2022.

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:

	2023	2022
Dr. Erich Hunziker, Chairman	957 884	957 884
Dr. Clive Meanwell, Vice-Chairman	5 163	5 163
Laura Hamill	–	–
Dr. Pearl Huang	–	–
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 2023 CHF 503 308 (2022: CHF 663 577) to Bellevue Asset Management AG.

4.4 Management 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, a management report and cash flow statement.

5. Movements on retained earnings

in CHF	2023	2022
Retained earnings at the beginning of the year	918 922 082	919 296 212
Dividend	(156 311 100)	(212 241 799)
Net income for the year	156 706 872	211 867 669
Retained earnings at the end of the year	919 317 855	918 922 082

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

in CHF	2023 Proposal of the Board	2022 Resolution passed at the AGM
Retained earnings at the disposal of the Annual General Meeting	919 317 855	918 922 082
Dividend	(110 800 000)	(156 311 100)
Carry forward to the next period	808 517 855	762 610 982
	919 317 855	918 922 082

Report on the Audit of the Financial Statements

Report of the statutory Auditor to the General Meeting of BB Biotech AG, Schaffhausen

Opinion

We have audited the financial statements of BB Biotech AG (the Company), which comprise the balance sheet as at 31 December 2023, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). 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 Company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' Responsibilities 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 Company'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 Company 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 SA-CH 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 on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we 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.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Severin Holder
Licensed Audit Expert

Zurich, February 14, 2024

Corporate Governance

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Corporate Governance

Corporate governance is an integral component of the business of BB Biotech AG (the Company). The Board of Directors is committed to implementing 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 the Audit and Risk Committee Charter, the Remuneration and Nomination Committee Charter and the Sustainability and Governance Committee Charter on our [website](#). 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 and German stock exchanges, the Company is required to comply with the rules and regulations that apply to each of these markets.

Unless otherwise indicated, the following information refers to the situation on December 31, 2023.

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 its assets and investments. The BB Biotech Group does not pursue any commercial or operational activity other than investing in the biotech industry.

2. Group structure and shareholders

2.1 Group structure

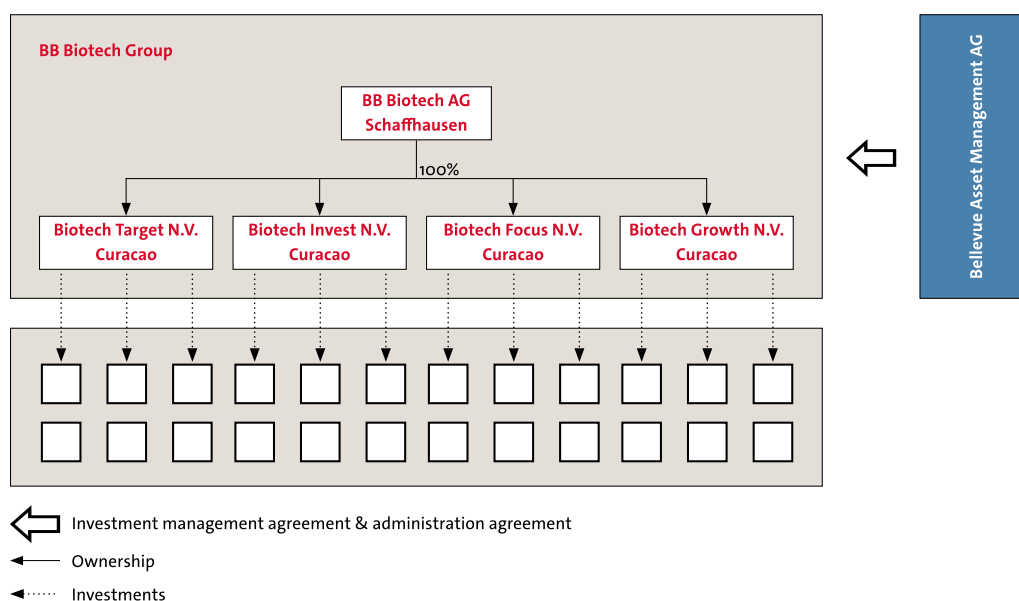
BB Biotech AG (ISIN CH0038389992) has its registered office at Schwertstrasse 6, 8200 Schaffhausen, Switzerland. Its principal activity is to invest in companies in the biotechnology industry. These companies are active in the research, development and commercialization of therapies and drugs.

BB Biotech AG is listed on the SIX Swiss Exchange (BION) and in the «Prime Standard Segment» of the German Exchange XETRA (BBZA). Additional information on this can be found [here](#).

Please refer to [note 1 to the consolidated annual financial statements](#) for more information on the Company's group structure.

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

Company name	Registered office /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, domiciled in Küsnacht, Switzerland. Under the management agreement, Bellevue Asset Management AG agreed to carry out management services relating to the investment activity and the management of the Group. 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 of December 31, 2023. 100% of BB Biotech AG's share capital is free float. The notifications which have been submitted to the Company and the disclosure office of the SIX Swiss Exchange 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 accessed via the search function [here](#).

2.3 Cross-shareholdings

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.

3. Capital structure

As of December 31, 2023, 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. Each registered share has one 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, and the Company has not implemented a capital range. There are no participation certificates or profit-sharing certificates. The Company has also not issued any options or convertible bonds.

The capital structure has not changed in the period over the last three years (financial years 2021, 2022, 2023).

4. Limitations on transferability and nominee registrations

BB Biotech AG may decline a registration as shareholder with voting rights if a shareholder does not expressly declare that it has acquired the shares in its own name and for its own account, that there is no agreement on the return and redemption of the relevant shares and that it bears the economic risks associated with the shares. If the shareholder refuses to make such declaration, the shareholder will be registered as a shareholder without voting rights.

A person failing to expressly make such declaration in its registration/application (a nominee) will be entered in the share register with voting rights only if such nominee has entered into an agreement with BB Biotech AG concerning its status.

In the financial year under review, the Board of Directors granted no exemptions from the transfer restrictions.

After hearing the registered shareholder or nominee, the Board of Directors may delete entries in the share register with retroactive effect if such entries were made on the basis of false information (see [article 3](#) of the articles of incorporation of the Company).

5. Board of Directors



5.1 Members and background



Chairman

Dr. Erich Hunziker

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

Vice-Chairman**Dr. Clive Meanwell**

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

**Member****Laura Hamill**

Laura Hamill is a member of the Board of Directors of BB Biotech AG since March 2022. She brings more than 30 years of experience in the biopharma industry and most recently serviced as Executive Vice President of Worldwide Commercial Operations at Gilead Sciences. Prior to Gilead, Ms. Hamill worked at Amgen for almost 20 years in a number of executive leadership roles in the United States (US) and internationally. In her last role at Amgen, she led the US Commercial Operations with annual revenue of USD 20 bn. Ms. Hamill is a member of the Board of Directors of Y-mAbs Therapeutics Inc., Unchained Labs as well as a member of the advisory committee of Launch Therapeutics. Ms. Hamill holds a B.A. in Business Administration, with an emphasis in Marketing, from the University of Arizona.

Member

Dr. Pearl Huang

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

**Member**

Prof. Dr. Mads Krogsgaard Thomsen

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

Member

Dr. Thomas von Planta

Dr. Thomas von Planta has been elected Board member of BB Biotech AG in March 2019. Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). He chaired the Bellevue Group from March 2015 until March 2019. Previously he worked for Vontobel Group from 2002 until 2006 as interim Head Investment Banking/Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992 until 2002, lastly in London in the Equity Capital Markets Group/Investment Banking Division. Dr. von Planta holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. Dr. von Planta is the Chairman of the Board of Directors of Bâloise Holding AG since April 2021.



5.2 Independence

All members of the Board of Directors are independent and have no executive functions at the company or a subsidiary, neither today nor in the last three years and do not serve, and have not served during the last two years as lead auditor of the Company's auditors. Moreover, no business relations are in place between the Board members and BB Biotech AG or a subsidiary.

5.3 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.

5.4 Election, term of office and nationality

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

	RNC ¹⁾	ARC ²⁾	SGC ³⁾	Nationality	Born in	Elected in
Dr. Erich Hunziker, Chairman (since 2013)			M	CH	1953	2011
Dr. Clive Meanwell, Vice-Chairman (since 2011)	C	M		UK	1957	2004
Laura Hamill			C	US	1964	2022
Dr. Pearl Huang		M	M	US	1957	2022
Prof. Dr. Mads Krogsgaard Thomsen	M			DK	1960	2020
Dr. Thomas von Planta		C		CH	1961	2019

C: Chair, M: Member

¹⁾ Remuneration and Nomination Committee

²⁾ Audit and Risk Committee

³⁾ Sustainability and Governance Committee

5.5 Internal organization

The Board of Directors consists of a Chairman, Vice-Chairman and four members. The Board of Directors has appointed a secretary who is not a member of the Board of Directors. The Board has three committees: Audit and Risk Committee, Remuneration and Nomination Committee as well as a Sustainability and Governance Committee. The members of the Remuneration and Nomination Committee are elected by the General Meeting. The Chairperson of the Remuneration and Nomination Committee is appointed by the committee members. The Chairperson and members of the Audit and Risk Committee as well as the Sustainability and Governance Committee are appointed by the Board of Directors.

The Board of Directors has extensive experience in all relevant areas, especially from the healthcare and financial industry. With this experience, the members of the Board of Directors are well suited to supervise 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 board meetings are also attended by representatives of Bellevue Asset Management AG as investment manager and administrator. In addition, the representatives entrusted with the asset management present the respective investment and divestiture decisions. The Board of Directors 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 to the consolidated annual financial statements. Performance of relevant service providers as well as the auditor are evaluated at least on a yearly basis.

The following table provides an overview of the in person strategy meetings and other meetings of the Board of Directors in 2023.

	Strategy Meeting	Meetings	Circular resolutions
Total	2	8	1
Average duration (in hours)	23:45	1:23	
Participation:			
Dr. Erich Hunziker, Chairman	2	8	1
Dr. Clive Meanwell, Vice-Chairman	2	8	1
Laura Hamill	2	8	1
Dr. Pearl Huang	2	8	1
Prof. Dr. Mads Krogsgaard Thomsen	2	6	1
Dr. Thomas von Planta	2	8	1

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

Audit and Risk Committee

The Audit and Risk Committee examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendations to the same.

The Audit and Risk Committee also monitors and evaluates the integrity of the financial reports, internal controls, the effectiveness of the external auditor as well as risk management and compliance, taking into consideration the risk profile of the Group. It maintains board level contact with the external auditors and monitors their performance and independence as well as their collaboration with the investment manager and administrator.

All members of the Audit and Risk Committee are independent. The Audit and Risk Committee meets at least once a quarter. The Audit and Risk Committee Charter is available for download [here](#).

The following table provides an overview of the meetings and circular resolutions of the Audit and Risk Committee in 2023.

	Meetings	Circular resolutions
Total	4	–
Average duration (in hours)	1:00	–
Participation:		
Dr. Thomas von Planta, Chairman	4	–
Dr. Clive Meanwell	4	–
Dr. Pearl Huang	4	–

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee are elected by the General Meeting. The Remuneration and Nomination Committee supports the Board of Directors in the following areas: Composition of the Board of Directors and nomination of new board members, compensation policy and guidelines, performance targets and preparation of proposals regarding compensation to the Board of Directors. It reports to the Board of Directors and makes recommendations to the same. The Remuneration and Nomination Committee meets as often as necessary but in any event at least once a year. The Remuneration and Nomination Committee Charter is available for download [here](#).

The following table provides an overview of the meetings and circular resolutions of the Remuneration and Nomination Committee in 2023.

	Meetings	Circular resolutions
Total	2	–
Average duration (in hours)	0:45	–
Participation:		
Dr. Clive Meanwell, Chairman	2	–
Prof. Dr. Mads Krogsgaard Thomsen	2	–

Sustainability and Governance Committee

The Sustainability and Governance Committee supports the Board of Directors in environmental, social and governance (ESG) matters. As outlined in the publicly available Charter of the Committee (which is available for download [here](#)), ESG is defined as follows:

(i) Environmental: the impact of the Group and the impacts of the portfolio companies on the natural environment, including, but not limited to, carbon emissions, air and water pollution, energy efficiency, waste management, and natural resources conservation;

(ii) Social: the role of the Group and the roles of the portfolio companies within the relevant societies and their interaction with stakeholders and communities, covering aspects of human rights, supply chain sustainability, diversity and inclusion, non-discrimination, and equal treatment; and

(iii) Governance: the Company's corporate governance framework and all applicable standards, codes, and best practices to the extent not under supervision by the Company's Audit and Risk Committee or the Nomination and Remuneration Committee, including aspects such as bribery and corruption, lobbying, and political contributions.

The Sustainability and Governance Committee reviews periodically and, if required, makes recommendations to the Board of Directors regarding the investment strategy, policies and guidelines concerning ESG matters. It monitors the investment, regulatory and reputational impacts of ESG matters on the Group and provides guidance to the Board of Directors concerning the management of such impacts. Furthermore, it assesses the performance of the investment manager with regard to ESG matters and reviews the Group's sustainability report. It reviews and makes recommendations to the Board of Directors on significant emerging and current trends and stakeholders' views regarding ESG matters.

All members of the Sustainability and Governance Committee are independent. The Committee meets as often as required but in any case at least once a year.

The following table provides an overview of the meetings and circular resolutions of the Sustainability and Governance Committee in 2023.

	Meetings	Circular resolutions
Total	4	–
Average duration (in hours)	1:00	–
Participation:		
Laura Hamill, Chairwoman	4	–
Dr. Erich Hunziker	4	–
Dr. Pearl Huang	4	–

The Company informed on January 19, 2024, about changes to the Board of Directors. Dr. Erich Hunziker will not stand for re-election at the upcoming Annual General Meeting. Dr. Thomas von Planta will be proposed as successor. Further, the Board of Directors proposes to the Annual General Meeting that Camilla Soenderby be elected as Director.

6. Investment management

BB Biotech AG does not have an internal management. The Board of Directors of BB Biotech AG has – as it is customary for investment companies – delegated the investment management based on the investment management agreement to Bellevue Asset Management AG, domiciled in Küsnacht, Switzerland. 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 to 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 the interests between shareholders of BB Biotech AG and these assigned 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 to 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.

8. Shareholders' participation rights

8.1 Limitations to voting rights; voting by proxy

There are no limitations to voting rights and no internal rules that deviate 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. Shareholders may be represented by the independent voting rights representative, their legal representative or, with written proxy, another shareholder of BB Biotech AG.

8.2 General Meeting

The articles of incorporation of the Company do not stipulate any majority requirements for the General Meeting that differ from the requirements set out by Swiss corporate law. The rules for the convention of a General Meeting by the shareholders stipulated by [article 6](#) of the articles of incorporation of the Company do not differ from the rules set out by Swiss corporate law. Shareholders, who alone or together with other shareholders represent BB Biotech AG shares with at least 0.5% of the share capital or votes of BB Biotech AG may request that an item be put on the agenda by indicating the matter and the motion(s). Such requests must be made in writing within 45 days prior to the General Meeting (see [article 7](#) of the articles of incorporation of the Company).

8.3 Registration in the share register

The share register is closed approximately five working days before the date of the General Meeting for administrative reasons. The Board of Directors will communicate the exact date in the invitation to the relevant General Meeting. Shareholders and beneficiaries who are registered in the share register before such date are entitled to vote at the General Meeting (if registered with voting rights). The BB Biotech AG shares can be traded at any time and are not blocked.

8.4 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 AG 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 AG is also conducting continuous share buybacks between 0 and 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 (see [article 3](#) of the articles of incorporation of the Company).

9.2 Change-of-control clauses

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

10. Auditors

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

Since the Annual General Meeting held on March 17, 2022, Deloitte AG has been the auditor of BB Biotech AG. Since that date, Marcel Meyer is the lead auditor responsible for the audit of the Company's financial statements for the fiscal year 2023. In line with [article 18](#) of the articles of incorporation, the auditor is elected for a term of office extending until completion of the next Ordinary General Meeting.

10.2 Fees

The following fees for professional services in the fiscal year ended December 31, 2023, were agreed and paid:

- Fees for the annual audit and quarterly review of the financial statements: CHF 120 000
- Fees for ESG training of the Board of Directors: CHF 18 000

10.3 Instruments of information of the external audit

The Audit and Risk Committee prepares proposals to the Board of Directors for the appointment and removal of the auditors. The Audit and Risk Committee also assesses – at least annually – the qualifications, expertise, effectiveness, independence and performance of the auditors and their lead audit partner. 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 attended four Audit and Risk Committee meetings in 2023. 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. Trading in own securities

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

12. Information policy

BB Biotech AG is committed to communicating with its shareholders and the capital markets in a transparent, consistent and timely manner. Official notices of BB Biotech AG are published in the Swiss Official Gazette of Commerce («Schweizerisches Handelsamtsblatt»). Invitations to General Meetings of BB Biotech AG and communications to shareholders of BB Biotech AG are also published in the Swiss Official Gazette of Commerce; for information purposes, the invitations are in addition sent by mail to the address recorded in the shareholders' register.

BB Biotech AG provides information on its quarterly and annual results in the form of quarterly and annual reports (in printed and/or electronic form) and through media events and media releases. The latest publication dates are available on the [website](#) of BB Biotech AG in German and English. In addition, BB Biotech AG informs on key company news during the financial year whenever relevant for the shareholders and the capital markets and publishes price-sensitive information timely and in accordance with the applicable ad hoc publicity rules of the SIX Swiss Exchange. All announcements, official notices, reports, investor updates, presentations, media releases, media articles, and other documents published dating back to the last three years are available on the [website](#) of BB Biotech AG or can be ordered by e-mail at info@bbbiotech.ch. Interested parties may subscribe for the automatic alerting service [here](#).

The contact address of Investor Relations is:

BB Biotech AG
Schwertstrasse 6
8200 Schaffhausen/Switzerland
Phone: +41 52 624 08 45
E-mail: info@bbbiotech.ch

Further information and details of contact persons are available on the website of BB Biotech AG at www.bbbiotech.ch. Please refer also to «[Shareholder information](#)».

13. Trading blackout periods

BB Biotech AG has defined recurring trading blackout periods, during which BB Biotech AG, the members of its Board of Directors, employees of Bellevue Asset Management AG to whom BB Biotech AG has delegated the investment management as well as related parties are prohibited from trading in securities of BB Biotech AG and/or related financial instruments, subject to exemptions provided by Swiss law (e.g., for delegated share buyback programs). The recurring trading blackout periods begin at least 30 days before the publication of the annual or interim financial statements and end on the day of their publication. The exact dates are communicated by Bellevue Asset Management AG's Legal & Compliance team on behalf of BB Biotech AG to all persons involved. BB Biotech AG may impose additional (ad hoc) trading blackout periods at any time for any reason.

Remuneration Report

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Remuneration Report

This remuneration report for the fiscal year 2023 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 article 734 et seq. of the Swiss Code of Obligations (CO), the Directive on Information relating to Corporate Governance (DCG) of the SIX Swiss Exchange, as well as the Swiss Code of Best Practice for Corporate Governance.

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 Bellevue Asset Management AG as investment manager and administrator within the framework of the management contract. Accordingly, BB Biotech AG does not have an executive management pursuant to article 716b CO.

For details, please refer to [note 9](#).

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.

The Remuneration and Nomination Committee meets as often as necessary but in any event at least once a year. The meeting minutes are included in the board pack of the next meeting of the Board of Directors. The chairperson of the Remuneration and Nomination Committee reports to the Board of Directors at the next meeting.

BB Biotech AG last mandated in 2021 two reputable service providers to provide an external review of the Board of Directors' compensation. Willis Towers Watson (WTW) and Mercer independently benchmarked the compensation of the Chairman, the Vice-Chairman and the ordinary members of the Board of Directors as well as the Board committees regarding level and structure against two pre-defined peer groups. One peer group consisted of 19 (Mercer) resp. 27 (WTW) distinct companies included in the SMIM Index. This group reflects the local market practices for Swiss listed companies, similar in size as BB Biotech AG. The second peer group consisted of 17 (Mercer) resp. 22 (WTW) listed financial industry companies with a similar structure (no bank and insurance companies, most of them included in the FTSE250 index). This group of listed investment trusts and investment companies reflects the structural specialties of BB Biotech AG.

Based on the results of the benchmarking studies and in line with the recommendation of the Remuneration and Nomination Committee, the Board of Directors decided to propose an adjusted overall amount to the General Meeting in March 2022.

In line with the results of the benchmarking studies, the Board of Directors decided to decrease the amount of compensation awarded for Board membership and increase the amount of compensation awarded for membership and, in particular, chairmanship of a Board committee.

During the period under review, no external advisors were consulted on the determination of the compensation program and no changes to the remuneration system or compensation amounts were made.

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	AGM 2023 - AGM 2024 in CHF	AGM 2022 - AGM 2023 in CHF
Chairman	360 000	360 000
Vice-Chairman	220 000	220 000
Member	220 000	220 000
Chairman of the Remuneration and Nomination Committee	40 000	40 000
Member of the Remuneration and Nomination Committee	20 000	20 000
Chairman of the Audit and Risk Committee	40 000	40 000
Member of the Audit and Risk Committee	20 000	20 000
Chairwoman of the Sustainability and Governance Committee	40 000	40 000
Member of the Sustainability and Governance Committee	20 000	20 000

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

In the reporting year 2023, the six members (2022: six members) of the Board of Directors received a total remuneration of CHF 1 724 921 (2022: CHF 1 595 935). From this amount, CHF 1 680 000 (2022: CHF 1 550 000) 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 44 921 (2022: CHF 45 935).

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

Fiscal year 2023

Name/Function	RNC ¹⁾	ARC ²⁾	SGC ³⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman			X	01.01.2023 – 31.12.2023	360 000	20 000	25 126	405 126
Meanwell Clive, Vice-Chairman	X	X		01.01.2023 – 31.12.2023	220 000	60 000	–	280 000
Hamill Laura, Member			X	01.01.2023 – 31.12.2023	220 000	40 000	–	260 000
Huang Pearl, Member		X	X	01.01.2023 – 31.12.2023	220 000	40 000	–	260 000
Krogsgaard Thomsen Mads, Member	X			01.01.2023 – 31.12.2023	220 000	20 000	–	240 000
von Planta Thomas, Member		X		01.01.2023 – 31.12.2023	220 000	40 000	19 795	279 795
Total					1 460 000	220 000	44 921	1 724 921

¹ Remuneration and Nomination Committee

² Audit and Risk Committee

³ Sustainability and Governance Committee

Fiscal year 2022

Name/Function	RNC ¹⁾	ARC ²⁾	SGC ³⁾	Period	Fixed remuneration	Committee remuneration	Social insurance contributions and duties	Total
Hunziker Erich, Chairman			X	01.01.2022 – 31.12.2022	360 000	15 000	25 138	400 138
Meanwell Clive, Vice-Chairman	X	X		01.01.2022 – 31.12.2022	227 500	51 250	–	278 750
Hamill Laura, Member			X	17.03.2022 – 31.12.2022	165 000	30 000	–	195 000
Huang Pearl, Member		X	X	17.03.2022 – 31.12.2022	165 000	30 000	–	195 000
Krogsgaard Thomsen Mads, Member	X			01.01.2022 – 31.12.2022	227 500	17 500	–	245 000
von Planta Thomas, Member		X		01.01.2022 – 31.12.2022	227 500	33 750	20 797	282 047
Total					1 372 500	177 500	45 935	1 595 935

¹ Remuneration and Nomination Committee

² Audit and Risk Committee (Pearl Huang from March 17, 2022)

³ Sustainability and Governance Committee (Laura Hamill, Erich Hunziker, Pearl Huang from March 17, 2022)

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

In the reporting year 2023, no remuneration which was not at arm's length terms was paid to related parties (2022: none).

4. Remuneration of former members of the Board of Directors (audited)

In the reporting year 2023, no remuneration was paid to former members of the Board of Directors (2022: none).

5. Loans and credits to the members of the Board of Directors or related parties (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, 2023 (December 31, 2022: none).

6. Participation rights and options on such rights

As at December 31, the members of the Board of Directors held the following positions in BB Biotech shares:

	2023	2022
Dr. Erich Hunziker, Chairman	957 884	957 884
Dr. Clive Meanwell, Vice-Chairman	5 163	5 163
Laura Hamill	–	–
Dr. Pearl Huang	–	–
Prof. Dr. Mads Krogsgaard Thomsen	–	–
Dr. Thomas von Planta	12 000	12 000

None of the members of the Board of Directors held any options.

7. Activities in other undertakings

Pursuant to Article 734e CO, all mandates or functions held by members of the Board of Directors in entities within the meaning of Article 626 para. 2 no. 1 CO that are not part of the BB Biotech Group must be disclosed in the Remuneration Report, provided that such mandates are comparable to board of directors or executive committee mandates and the entity has an economic purpose. As at December 31, 2023, the members of the Board of Directors held the following such mandates:

Dr. Erich Hunziker, Chairman

Light Chain Biosciences (NovImmune SA)	CH	Chairman of the Board of Directors	Non-listed
Entsia International AG	CH	Chairman of the Board of Directors	Non-listed
discoveric ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
discoveric bio alpha ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
discoveric bio beta ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
discoveric bio gamma ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
discoveric marina ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
discoveric marketplace ag ¹⁾	CH	Chairman of the Board of Directors	Non-listed
LamKap Bio alpha AG ¹⁾	CH	Chairman of the Board of Directors	Non-listed
LamKap Bio beta AG ¹⁾	CH	Chairman of the Board of Directors	Non-listed
LamKap Bio gamma AG ¹⁾	CH	Chairman of the Board of Directors	Non-listed

¹⁾ all entities under common control

Dr. Clive Meanwell, Vice-Chairman

Population Health Partners LLC	US	Chairman of the Board of Directors	Non-listed
Inviyd Inc.	US	Member of the Board of Directors	Listed
Fractyl Health Inc.	US	Member of the Board of Directors	Non-listed
Hugo Health Inc.	US	Member of the Board of Directors	Non-listed
Saama Technologies Inc.	US	Member of the Board of Directors	Non-listed

Laura Hamill

Y-mAbs Therapeutics Inc.	US	Member of the Board of Directors	Listed
Unchained Labs	US	Member of the Board of Directors	Non-listed

Dr. Pearl Huang

Waters Corporation	US	Member of the Board of Directors	Listed
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Prof. Dr. Mads Krogsgaard Thomsen

None

Dr. Thomas von Planta

Bâloise Holding AG	CH	Chairman of the Board of Directors	Listed
CorFinAd AG	CH	Member of the Board of Directors	Non-listed

The disclosure of mandates and functions in accordance with the DCG is included in Section 5 of the Corporate Governance Report.

8. 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.

9. 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 of BB Biotech AG 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, Schaffhausen

Opinion

We have audited the remuneration report of BB Biotech AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked «audited» of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying remuneration report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibility for the Audit of the Remuneration Report» section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the tables marked «audited» in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report, 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.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of a remuneration report 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 a remuneration report that is free from material misstatement, whether due to

fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 SA-CH 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 this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors and/or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and/or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte AG

Marcel Meyer
Licensed Audit Expert
Auditor in Charge

Severin Holder
Licensed Audit Expert

Zurich, February 14, 2024

ESG

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Foreword

Dear reader,

Despite a challenging year on many fronts we are confident that investing in the biotechnology sector will achieve long-term success.

As an active investor, BB Biotech invests in a concentrated, high-conviction portfolio of biotech companies. The biotech companies' products address areas of unmet medical needs and have high profit-growth potential as well as a significant positive impact on society. BB Biotech has a business-driven approach to sustainability. BB Biotech has a more than 30-year history of acting as an engaged and responsible investment company and are focusing on delivering long-term value to investors and society as a whole.

Over our more than 30 years of existence we have constantly developed our approach to responsible investing, and we are well aware that we still have much to learn and that this is a dynamic process. Engaging with portfolio companies on ESG is a journey and a constant learning process for all parties. By initiative from our Sustainability and Governance Committee we are gradually introducing new and meaningful ESG initiatives. Most recently we have implemented new policies regarding diversity, human rights, data privacy, political involvement, responsible marketing, anti-bribery and corruption, tax, health and safety and anti-money laundering. These policies and other relevant information are accessible on www.bbbiotech.ch.

In 2023 BB Biotech was selected by the Swiss Stock Exchange to be included in the SPI ESG Index. The index measures the development of Swiss equities based on an ESG rating metric provided by the rating agency Inrate.

In 2023 BB Biotech was selected by the Swiss Stock Exchange to be included in the SPI ESG Index.

We strive to keep all board members updated on recent developments regarding ESG and with this in mind we had an ESG training session conducted by Deloitte at our board meeting in November 2023.

The basic aim of biotechnology is to meet human needs or demands in order to improve quality of life and the sector ranks among the fastest growing industries. Among BB Biotech's portfolio companies we saw several new approvals in 2023:

Company	Product	Treatment of
Incyte & Macrogenics	Zynyz	Merkel Cell Carcinoma
Ionis	Qalsody	SOD1 Amyotrophy Lateral Sclerosis
Argenx	Vyvgart Hytrulo	Generalized Myasthenia Gravis
Sage	Zuranolone	Post Partum Depression
Neurocrine	Valbenazine	Chorea Huntington
Crispr & Vertex	Casgevvy	Sickle Cell Disease
Ionis	Wainua	Polyneuropathy of Hereditary Transthyretin-mediated Amyloidosis

Also in the future we are expecting the portfolio companies to contribute with several new drug approvals. Currently BB Biotech's portfolio companies have a large number of product candidates in clinical development.

BB Biotech AG strives to be in the leading group of companies with respect to sustainability. That's why sustainability is a priority for the Board of Directors.

We continue providing as much information and transparency on our processes and results as possible to give investors the information they need to succeed.



**Chairwoman of the Sustainability and
Governance Committee**

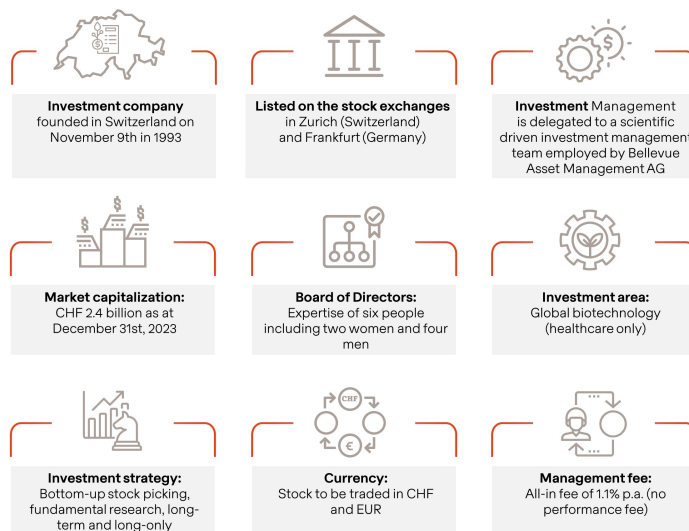
Laura Hamill

About BB Biotech AG







BB Biotech AG («the company») invests through its subsidiaries (together «the Group» or also «BB Biotech») in companies in the fast growing market of biotechnology and is one of the world's largest investors in this sector with more than 30 years of experience. The shares of BB Biotech AG are listed on the SIX Swiss Exchange and the Frankfurt Stock Exchange. Its investments are focused primarily on listed companies that are developing and commercializing novel drugs and therapies that offer sound value for the healthcare system.

Bellevue Asset Management AG is the delegated Investment Manager and administrator of BB Biotech AG. As an authorized manager of collective assets regulated by the Swiss Financial Market Supervisory Authority FINMA, Bellevue Asset Management AG is fully owned by Bellevue Group AG, an independent financial boutique listed on the SIX Swiss Exchange.


Facts and Figures
















Board of Directors

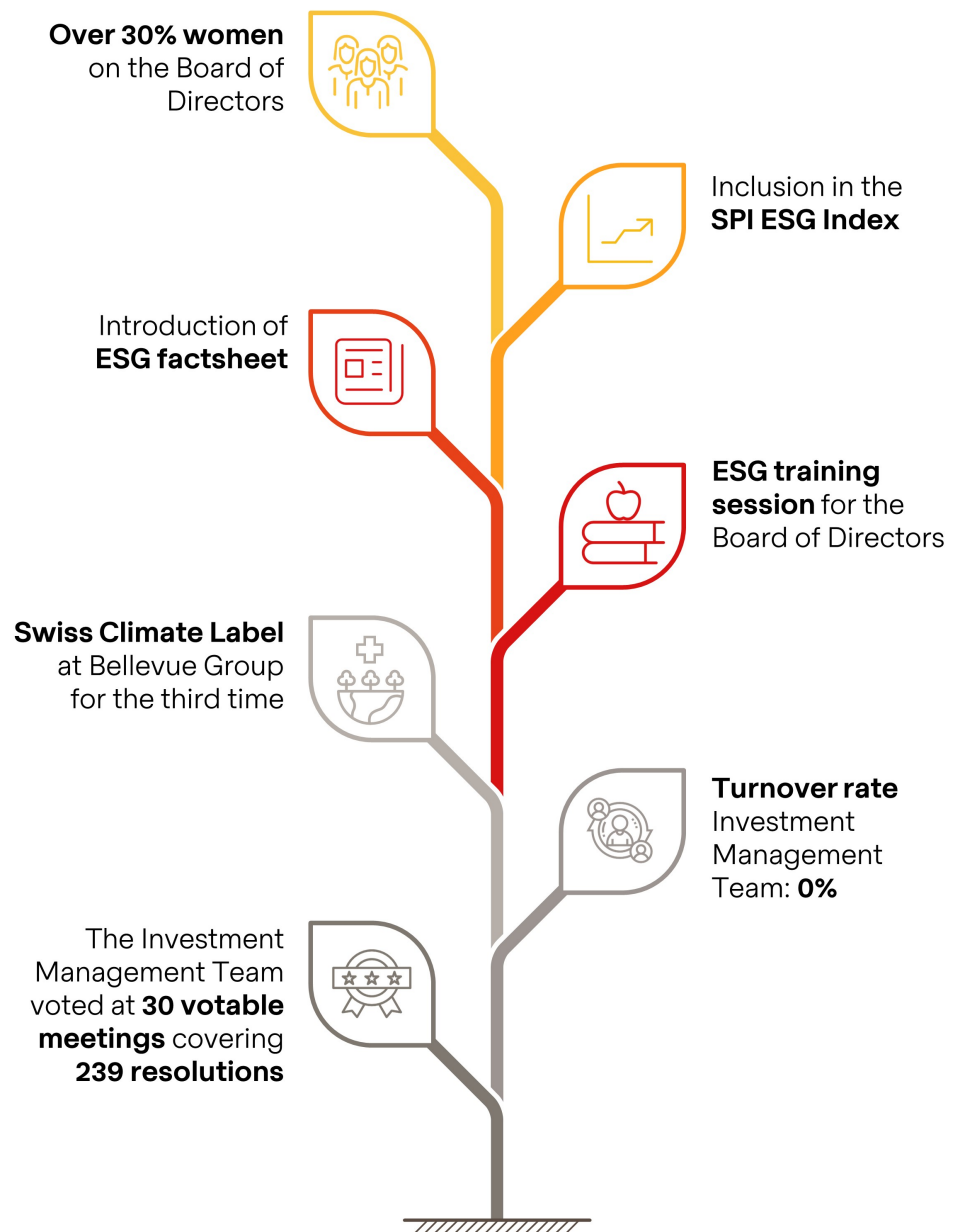
					
Dr. Erich Hunziker	Dr. Clive Meanwell	Laura Hamill	Dr. Pearl Huang	Prof. Dr. Mads Krogsgaard Thomsen	Dr. Thomas von Planta
Chairman of the Board since 2011	Vice-Chairman since 2004	Member of the Board since 2022	Member of the Board since 2022	Member of the Board since 2020	Member of the Board since 2019
<i>Current:</i> <ul style="list-style-type: none"> Chairman of Light Chain Biosciences (NovImmune) Chairman of Entsia International Chairman and board member of discoveric companies and LamKap Bio alpha, LamKap Bio beta and LamKap Bio gamma <i>Former:</i> <ul style="list-style-type: none"> CFO at Roche Group CEO at Diethelm-Keller Group 	<i>Current:</i> <ul style="list-style-type: none"> Executive Chairman of Population Health Partners Board member of Fractyl Health, Invivyd, Saama Technologies and Hugo Health <i>Former:</i> <ul style="list-style-type: none"> Founder of and various leadership positions at the Medicines Company Founding Partner of MPM Capital (Venture Capital) 	<i>Current:</i> <ul style="list-style-type: none"> Board member of Y-mAbs Therapeutics and Unchained Labs Advisory Committee member of Launch Therapeutics <i>Former:</i> <ul style="list-style-type: none"> Executive Vice President worldwide commercial operations at Gilead Head of US Commercial Operations at Amgen 	<i>Current:</i> <ul style="list-style-type: none"> CEO of Dunad Therapeutics Board member of Waters Corporation Member of the MIT Corporations <i>Former:</i> <ul style="list-style-type: none"> CEO of Cygnal Therapeutics SVP and Head of Therapeutic Modalities at Roche 	<i>Current:</i> <ul style="list-style-type: none"> CEO of the Novo Nordisk Foundation <i>Former:</i> <ul style="list-style-type: none"> Novo Nordisk, Executive Vice President, Head of R&D and Chief Scientific Officer Chairman of University of Copenhagen President of Denmark's Academy of Technical Sciences 	<i>Current:</i> <ul style="list-style-type: none"> Chairman of Baloise Holding <i>Former:</i> <ul style="list-style-type: none"> Chairman of Bellevue Group Vontobel, Corporate Finance Goldman Sachs, Equity Capital Markets

Investment Management Team



	Dr. Daniel Koller Head Investment Management Team BB Biotech (2010) Since 2004 dedicated to BB Biotech		Dr. Christian Koch Deputy Head Investment Management (2023-) Member Investment Management Team (2014-) Cardiovascular Diseases, Targeted Oncology, Genetic Medicines		Dr. Maurizio Bernasconi Deputy Head Investment Management (2023-) Member Investment Management Team (2017-) Inflammatory Diseases, Autoimmune Diseases
	Felicia Flanigan Member Investment Management Team (2004-) Immune Oncology, Infectious Diseases		Dallas Webb Member Investment Management Team (2006-) Oncology, Antibiotics, Women's Health		Dr. med. Stephen Taubendorf Member Investment Management Team (2013-) Neurology, Psychiatry
	Dr. Leonidas Georgiou Member Investment Management Team (2022-) Neurology, Psychiatry		Dr. Samuel Croset Member Investment Management Team (2020-) Data science, machine learning		Dr. Silvia Siegfried-Schanz Investor Relations (2012-) Switzerland, Germany, Europe
	Dr. Olivia Woolley Member Investment Management Team (2022-) Data science, machine learning		Maria-Grazia Alderuccio Investor Relations (2007-) Switzerland, Italy, Europe		Dr. Can Buldun-Gora Member Investment Management Team (2022-) Data science, machine learning
	Claude Mikkelsen Investor Relations (2012-) UK, Scandinavia, Europe				

Sustainability achievements 2023



Sustainability Strategy

Sustainability is an important factor in BB Biotech's business strategy. It is a key component in ensuring our long-term success while creating added value for all our shareholders and other stakeholders. We seek to achieve growth while also taking into account the needs of the environment and society. As an investment company, we are in a position to promote sustainable development for the benefit of all our stakeholders.


The investment process evaluates ESG in the context of risk and opportunities as a core part of the due diligence procedure that underpins every investment decision. To our mind, the most important ESG aspect of the medical development process is the potential positive impact novel therapeutics can have on society: the aspiration of the biotech companies in which we invest is to develop drugs that address unmet medical needs. Below are our four strategic focus areas.

Full integration of sustainability into business strategy


The importance of ESG and sustainable investing is now widely recognized. BB Biotech strives to continuously expand and integrate sustainability at the Board of Director, Investment Manager as well as at the portfolio level. They form the pillars for the sustainable, responsible and value-oriented corporate practices that we live by every day and that are the basic prerequisite for generating high value for our stakeholders. Based on these core values, we apply a clear and transparent ESG policy and investment guidelines that bindingly govern our standards and conduct with regard to environmental, social and governance aspects.

Maintaining CO₂ neutrality of business operations and initiating the Net-zero process

At the corporate level, the Investment Manager is committed to net zero by 2050 and therefore aims to reduce CO₂ emissions per employee (FTE) by 30% as part of the 2030 climate strategy. The carbon footprint was captured for the first time in 2021. Business travel, commuting, heating and electricity account for the majority of emissions. We have taken environmentally friendly measures in these areas. For example, we give priority to video conferencing, support the use of public transportation with financial incentives, and cool and heat the office in Küsnacht with natural lake water. Thanks to offsetting CO₂ emissions by supporting high-quality climate projects in Switzerland, the Investment Manager was certified as climate-neutral for the third time in 2023.



At the corporate level, the Investment Manager is committed to net zero by 2050 and therefore aims to reduce CO₂ emissions per employee (FTE) by 30% as part of the 2030 climate strategy.



Increase gender diversity and promote inclusion

BB Biotech values the diversity of its Board of Directors and the Investment Manager’s employees and uses this element for business success. Fundamental to this are mutual respect and a collaborative work culture across language, cultural and national boundaries. Different perspectives, approaches, experiences, ideas and skills lead to innovation and ensure BB Biotech’s long-term success, also in the competition for qualified professionals. BB Biotech’s focus on having a diverse Board of Directors is key to attract members with a wide range of backgrounds, working experiences and networks, whilst ensuring that they also have the relevant experience to oversee the company and its investments in such a technical and highly regulated field as biotechnology. This diversity together with an inclusive meeting environment secures the definition of investment guidelines and monitoring of those in line with the long-term strategy of the company in the interest of the shareholders. With currently two experienced women on the Board of Directors, gender diversity is appropriately reflected. A formal diversity policy – requiring each gender to make up at least 30% on the Board of Directors – has been implemented in 2023.

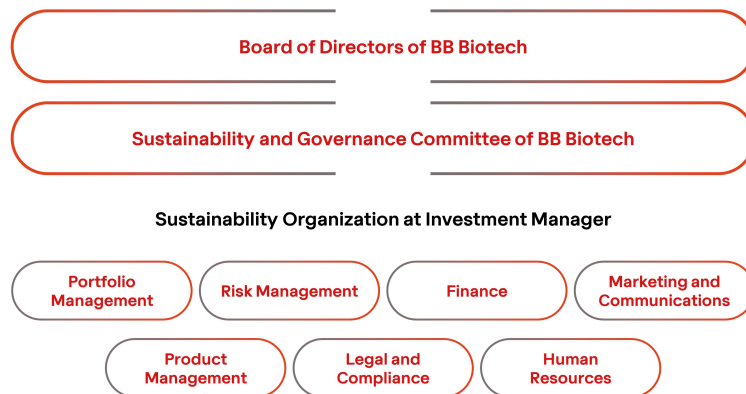
Anchoring sustainability in the investment process

BB Biotech investments are systematically reviewed for sustainability risks and breaches of elementary human rights (as defined, for example, by UN Global Compact principles). Besides upholding strict exclusion criteria, environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process at the Investment Manager. In this process, the ESG ratings of the leading ESG research provider MSCI ESG Research are taken into consideration. Our ESG investment guidelines tolerate an investment in an alleged «ESG laggard» provided that our rationale to do so is clearly explained and documented in detail.

Sustainability Governance

Sound sustainability governance is essential to ensure that we integrate sustainability into our business practices and the investment process, and identify potential opportunities and challenges at an early stage. This requires a regulatory framework for managing and monitoring sustainability issues. The Board of Directors as well as the delegated Investment Manager take an active role in ensuring sound sustainability governance. The Sustainability and Governance Committee at Board level in collaboration with the Investment Management Team will ensure an appropriate and sound sustainability strategy and plan for BB Biotech. The Sustainability and Governance Committee holds at least 4 meetings per year.

ESG Governance structure



A sustainability working group at the Investment Manager is tasked with leading the implementation and integration of sustainability in all business areas. This working group consists of members from different business departments as shown in the chart above. It monitors current developments in the area of sustainability and anticipates their impact on the business model of BB Biotech. It supports the Board of Directors and the Sustainability and Governance Committee in the formulation and further development of the sustainability strategy. The sustainability working group is therefore also responsible for managing and implementing projects in the business units/functions and areas of activity.

Stakeholder Engagement and Material ESG Topics

The interaction and continuous dialogue with our stakeholders are a central component for the identification, analysis, planning, prioritization and implementation of our sustainability plans going forward.

The following stakeholders were considered in 2023:

- Shareholders
- Employees at the Investment Manager
- Analysts/Distribution partners
- Suppliers
- Portfolio companies
- Regulator
- Rating Agencies
- Media

Stakeholder	Engagement	Activities 2023	Topics
Shareholders	<ul style="list-style-type: none"> ● BB Biotech is in regular contact with its shareholders. ● Throughout the year, regular dialogue with investors is maintained. In accordance with the listing rules of SIX Exchange and XETRA, important business developments are published by means of press releases or ad hoc announcements. At the same time, these announcements are published on the company's website. ● The notices to shareholders required by Swiss company law are published in the Swiss Official Gazette of Commerce SOGC. 	<ul style="list-style-type: none"> ● Annual general meeting ● Conferences and events ● Roadshows/ investor meetings ● Corporate website ● ad hoc publications ● Media releases ● Annual and interim reports 	<ul style="list-style-type: none"> ● Economic performance ● Portfolio companies ● Sector developments ● Macro developments ● Share performance- Sustainability
Employees at the Investment Manager	<ul style="list-style-type: none"> ● Employees are regularly informed about business developments, changes in the company and product updates. Communication takes place through various channels such as emails and townhall meetings. ● The Investment Manager also conducts company-wide surveys to monitor employee satisfaction and engagement and ensure employees understand the business. Employee feedback is forwarded to management, which uses it to drive specific actions. 	<ul style="list-style-type: none"> ● Continuing education ● Talent attraction and retention 	<ul style="list-style-type: none"> ● Safety and health ● Sustainability ● Strategy ● Next Generation

Analysts and Distribution partners	<ul style="list-style-type: none"> • Our distribution partners are supported by a dedicated Investor Relations and Sales team. Analysts and distribution partners have regular personal contact with their key account managers and receive regular newsletters with product and business information. • You can sign up for the free email distribution list. 	<ul style="list-style-type: none"> • Key Account Manager Relationships • One-on-one meetings • Conferences and events • Complaint handling • Survey 	<ul style="list-style-type: none"> • Products • Sustainable products • Customer relationship and satisfaction
Suppliers	<ul style="list-style-type: none"> • BB Biotech and the Investment Manager are in constant contact with their suppliers and service providers. If possible, local suppliers and service providers are preferred. Each supplier or service provider undergoes pre-qualification to ensure compliance and correspondence is maintained throughout the business relationship to verify requirements, make payments and negotiate contracts. 	<ul style="list-style-type: none"> • Direct dialogue 	<ul style="list-style-type: none"> • Responsible procurement • Traceability
Portfolio companies	<ul style="list-style-type: none"> • In the interest of our shareholders, we engage with management as a professional investor. • Activities: Meetings with company representatives on all levels (top management, Board of Directors, IR, etc.) 	<ul style="list-style-type: none"> • Management meetings (senior management, Board of Directors, IR) • Voting at general meetings • Exchange of experience 	<ul style="list-style-type: none"> • Sustainability • Innovation • Cost structure • Capital structure • Corporate Governance
ESG rating agencies	<ul style="list-style-type: none"> • We engage with rating agencies and provide transparency in order to be fairly assessed. 	<ul style="list-style-type: none"> • Meetings • Participation in survey • Training of employees based on feedback 	<ul style="list-style-type: none"> • Small vs. large caps • Coverage • Rating methodology
Regulator	<ul style="list-style-type: none"> • BB Biotech regularly reports to regulators as part of its business and complies with rules and regulations. 	<ul style="list-style-type: none"> • Exchange of experience • Events • Annual and interim reports 	<ul style="list-style-type: none"> • All ESG-related topics • Reporting standards
Media	<ul style="list-style-type: none"> • Media office at the Investment Manager conducts active media relations with a high level of service. For balanced reputation management, the topic of sustainability has a high priority. 	<ul style="list-style-type: none"> • Key Account Manager Relations • One-on-One meetings • Unofficial media roundtables 	<ul style="list-style-type: none"> • All ESG-related topics • Company developments • Product and sector updates

Material ESG topics identified

The materiality assessment supports the Board of Directors and the Investment Manager in identifying the material sustainability issues by taking into account the expectations and needs of external and internal stakeholders.

The results of the analysis are used to continuously improve sustainability management by sharpening the understanding of stakeholders' needs and changes in the sustainability issues which they consider to be material. The materiality matrix forms the basis for managing corporate processes and helps to identify potential opportunities and risks and initiate appropriate measures.

Materiality matrix

BB Biotech derives eight central topics from the materiality matrix, which are taken into consideration as part of sustainability management and the strategy.

1. Economic performance

Financial solidity and delivering long-term total returns to shareholders ensure that BB Biotech AG is and remains a reliable and value-adding partner for all its stakeholders.

2. CO₂ emissions

By 2030, the Investment Manager aims to reduce the CO₂ emissions of its business operations per employee (FTE) by 30%.

3. Corporate governance and business ethics

BB Biotech recognizes that sound corporate governance and a clear management structure with defined roles and responsibilities are critical to the long-term success of the company.

4. Transparency

BB Biotech's corporate governance complies with internationally recognized standards. We disclose transparent information about our governance. This enables our stakeholders to verify the quality of the company and supports investors in their investment decisions.

5. Diversity and inclusion

Diversity and equal opportunities are part of the corporate culture practiced by BB Biotech and the delegated Investment Manager. Accordingly, we promote potential as well as skills and competencies equally among all employees across all age groups.

6. Employee development and retention

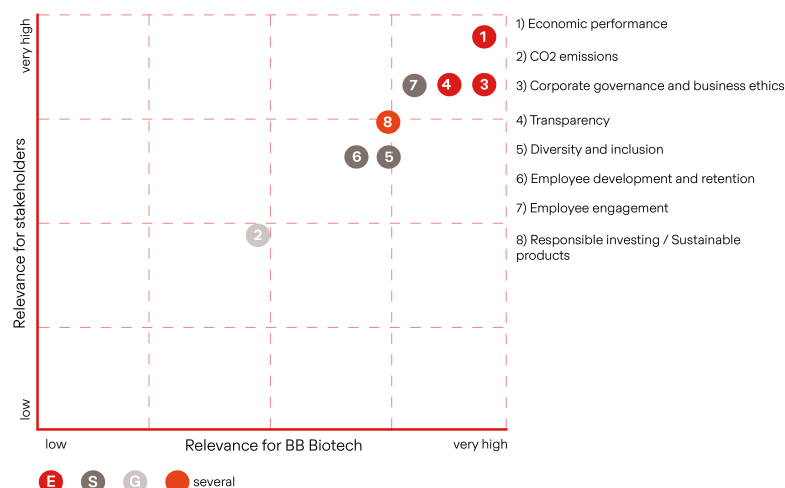
Our corporate culture is based on mutual respect and trusting cooperation. Regular feedback and development meetings, as well as recognition and appreciation of performance, are important prerequisites for the company's success.

7. Employee engagement

The Investment Manager commits to conduct a Group-wide employee engagement survey every three years to assess employee satisfaction and the need for improvement.

8. Responsible investing/Sustainable products

Our investment process implements formal ESG investment guidelines and therewith all investments are systematically reviewed for sustainability risks and breaches of elementary human rights. Besides upholding strict exclusion criteria, environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process. ESG ratings compiled by the global leading ESG research provider MSCI ESG Research are incorporated in this process.



Further details on the management of material ESG topics follows in the chapters after we introduce the relevant SDGs .

Sustainable Development Goals (SDG)

BB Biotech supports the integration of ESG into its portfolio companies’ business practices by being an engaged owner, supporting and engaging through dialogue with management teams and voting on topics at general meetings etc.

It is our belief that having an active dialogue with the management teams of our portfolio companies is essential from an ESG perspective. Engaging with our portfolio companies on ESG is a journey and a constant learning process for all parties involved.

For our listed portfolio companies we source data from public data platforms and distribute ESG questionnaires to our portfolio companies. Over more than 30 years of existence we have constantly developed our approach to responsible investing, and we are well aware that we still have much to learn and that this is a dynamic process. Responsible investing has been core to BB Biotech since its inception in 1993.

Through our expertise and investments in biotech companies we believe that we have an important role in contributing to improving people’s health. Investing in biotech companies that are developing new drugs for unmet medical needs is clearly in line with UN Sustainable Goal no 3 which aim to ensure healthy lives and promote well-being for all at all ages.

Biotech companies play a crucial role in advancing medical research, developing new treatments and improving healthcare overall. By investing in these companies BB Biotech contributes to the advancement of medical science and development of new treatments which will eventually improve global health and well-being.

SDGs at Board of Directors of BB Biotech AG and the Investment Manager level:

Based on the operating model as an investment company, the following four SDGs are most relevant for BB Biotech on Board of Director and Investment Manager level: good health and well-being (3), quality education (4), gender equality (5), decent work and economic growth (8) and climate action (13). This is where BB Biotech can have the most significant impact.



Source: MSCI ESG Inc.

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Through our expertise and investments in biotech companies we believe that we have an important role in contributing to improving people's health.

Good health and well-being is an integrated part of BB Biotech's investment strategy. Providing companies with capital, engagement and support for the development of new drugs is at the core for the Board of Directors and the Investment Manager. Therapies that address unmet medical needs, for example patients suffering from rare disorders, cancer, neurological diseases and chronic and metabolic disorders, are some of the key selection criterion when the Investment Manager makes investment decisions. The goal is to improve the patients' quality of life, ideally curing the disease, with the treatment making an important positive difference to patients and society as a whole.

Some companies we invest in that are developing new drugs contribute directly to UN Sustainable Goal no 3 which aim to ensure healthy lives and promote well-being for all at all ages. Biotech companies play a crucial role in advancing medical research, developing new treatments and improving healthcare overall. By investing in these companies BB Biotech contributes to the advancement of medical science and development of new treatments which will eventually improve global health and well-being.

In 2023 we saw several approvals of new drugs from BB Biotech's portfolio companies including Qalsody developed by Ionis for the treatment of SOD1 Amyotrophy Lateral Sclerosis, Vyvgart Hytrulo developed by Argenx for the treatment of Generalized Myasthenia Gravis, Casgevy developed by Crispr and Vertex for the treatment of Sickle Cell Disease and Wainua developed by Ionis for the treatment of Polyneuropathy of Hereditary Transthyretin-mediated Amyloidosis. The continuous approvals of new drugs from BB Biotech's portfolio companies are a testament to that our investments do in fact result in improving peoples' life. Also in the future we are expecting the portfolio companies to contribute with several new drug approvals.

Goal 4: Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all

BB Biotech encourages continuing education for all employees and promotes life-long learning.

Goal 5: Achieve gender equality and empower all women and girls

BB Biotech fosters a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company.

Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all

BB Biotech and its delegated Investment Manager offer attractive, family-friendly working condition, promotes diversity, has a competitive salary policy with equal pay for women and men, and is committed to the training and development of its employees.

Goal 13: Take urgent action to combat climate change and its impacts

BB Biotech and its delegated Investment Manager ensure that responsible operational ecology contributes to CO₂ reduction. What cannot be further reduced is compensated for by purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted each year ensuring our CO₂ neutrality commitment.

SDGs at portfolio level:

Portfolio level relates to the portfolio companies that BB Biotech are invested in. At the portfolio level UN SDG's are considered in order to derive the proportion of «sustainable investments» (c.f. also chapter «Proportion of ESG investments»). The concept of «Sustainable investments» introduces a positive contribution to an environmental and/or a social objective while not significantly harming any of these objectives. Furthermore, the portfolio companies must apply practices of good corporate governance.

ESG research provider MSCI ESG measures the target contribution of companies to each of the SDGs and categorizes them as «strongly aligned», «aligned», «neutral», «misaligned» and «strongly misaligned». A positive contribution to an environmental or social objective hence requires a company to exhibit a positive alignment with at least one of the 17 UN SDGs and at the same time not negatively influence any other SDG.

As at December 31, 2023, BB Biotech AG exhibits a share of 76.5% in sustainable investments. Thereby, the portfolio contributes to the following six UN SDGs that are marked in colour:



Source: MSCI ESG Inc. United Nations

Some of BB Biotech's portfolio companies positively contribute to UN SDG **No.1** (No Poverty), **No.3** (Good Health & Well-Being), **No.5** (Gender Equality), **No.8** (Decent Work and Economic Growth), **No.10** (Reduced Inequalities) as well as **No.13** (Climate Action). Innovative biotech companies play a key role in contributing to the underlying objectives of «Good Health and Well-Being». To ensure healthy lives and promote well-being for all at all ages, UN SDG target **No.3.4.1** (mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease) is particularly important.

According to MSCI ESG's SDG alignment methodology, the following core portfolio holdings are positively aligned with the narrowly defined goals under UN SDG No.3: Alnylam Pharmaceuticals, Agios Pharmaceuticals, Esperion Therapeutics, Exelixis, Incyte, Ionis Pharmaceuticals, Vertex Pharmaceuticals and Argenx.

Sustainability at Board of Directors level

BB Biotech AG is a listed investment company and thus subject to supervision and regulation by the SIX Swiss Exchange. As an investment company, its sole purpose is to manage the company's assets on behalf of its investors. Sustainability at the Board of Directors level focuses primarily on the investment strategy, the organization of the group and the guidelines and instructions to the delegated Investment Manager Bellevue Asset Management AG. BB Biotech AG's Board of Directors considers good business practices to be a binding policy for the delegated Investment Manager.

Economic performance

The economic performance is essential for creating long-term value for our stakeholders with a portfolio of diversified biotech companies.

In terms of portfolio size and market capitalization, BB Biotech is one of the largest biotech investors globally. The annual average performance of BB Biotech's shares since inception in 1993 is 10.4% as at December 31, 2023.

BB BIOTECH (SIX)	
CHF 42.75	
31.12.2023	
Share Price Performance YTD	-18.1%
Market capitalisation	CHF 2.4 bn
Net Asset Value (NAV)	CHF 42.35

BB BIOTECH (XETRA)	
EUR 45.50	
31.12.2023	
Share Price Performance YTD	-15.2%
Market capitalisation	EUR 2.5 bn
Net Asset Value (NAV)	EUR 45.60

Corporate Governance and business ethics

It is of significant importance to BB Biotech that the internal processes of the company itself as well as those delegated to the Investment Manager drive good business practices with respect to compliance with laws and regulations, data protection as well as distribution and interaction with stakeholders. The Board of Directors is aware that activities will inevitably have direct or indirect consequences on environmental, social and corporate governance issues and that these consequences are their responsibility. Corporate governance is an integral component of the business of BB Biotech. 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, the Audit & Risk Committee Charter as well as the Remuneration and Nomination Committee Charter on our website. The Corporate Governance report is intended to supplement the annual report with regards to corporate governance policies and implementation of these policies in our business. As BB Biotech AG is listed on the Swiss and German, stock exchanges, the Company is required to comply with the rules and regulations that apply to each of these markets. In terms of Sustainability Governance, the Board of Directors introduced a «Sustainability and Governance Committee» in 2022. Roles and responsibilities as well as the constitution were defined in March 2022. A Committee Charter has been made public.

Diversity, equal opportunities and non-discrimination

We are of the belief that diversity and inclusion, and people with different backgrounds, competencies and perspectives are key components to long-term success. BB Biotech's focus is on having a diverse Board of Directors whilst ensuring that they also have the relevant experience to oversee investments in the field of biotechnology. The Board of Directors is well diversified in terms of age, gender, expertise and geographical location. The Board of Directors conducts periodically salary benchmarks to ensure competitive and equal compensation. An updated policy on these aspects is accessible on www.bbbiotech.ch.

Transparency

BB Biotech's environment, social and governance (ESG) performance is reviewed on a regular basis by independent ESG rating agencies. Whereas we welcome the feedback from and collaboration with these important stakeholders it is also a learning process for both parties as investment companies structurally do not fit into the rating agencies' current measures. Based on our continuous progress the ESG Impact Rating for BB Biotech AG conducted by the independent ESG rating Inrate was upgraded in the course of 2023, which has led to the inclusion into the SPI ESG Index in Switzerland. This index inclusion has further increased BB Biotech's visibility among investors.

The ratings and feedback provided by various ESG rating agencies are one of the factors that are taken into consideration when continuously aiming at improving BB Biotech's ESG performance – and there is a commitment by the Board of Directors to further improve going forward.

Responsible investing

The competent Board of Directors of BB Biotech with its long-standing experience sets the investment strategy and guidelines for the Investment Manager. It thereby considers all ESG dimensions in the definition of the investment guidelines. Investment decisions are taken by the experienced Investment Management Team at Bellevue Asset Management AG based on their extensive investment research.

Sustainability at Investment Manager level

Independent – entrepreneurial – committed

This is what distinguishes Bellevue Asset Management AG, the delegated Investment Manager and administrator of BB Biotech. As an authorized manager of collective assets regulated by the Swiss Financial Market Supervisory Authority FINMA, Bellevue Asset Management is fully owned by Bellevue Group AG, an independent financial boutique listed on the SIX Swiss Exchange. Bellevue Asset Management reports as follows:

Environmental practices

Within the framework of our work processes, we attach importance to environmentally friendly practices and ensure this in particular with the following measures:

CO₂ emissions

Bellevue Group was certified as a climate-neutral company by the independent specialist «Swiss Climate AG» for the third time in 2023 (based on 2021 values). By purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted each year, we support projects that save the same amount of emissions. Bellevue has selected a project focusing on «Climate protection and sustainable management in the Swiss forest» for climate neutrality. The project ensures CO₂ storage and sustainable management of 7 279 hectares of forest in the canton of Schwyz. This protects the climate, preserves biodiversity in the Swiss forest and enables the production of energy wood for renewable energy production.

Target 2030: As part of the certification process, Bellevue Group has set a reduction target of 30% of emissions per FTE by 2030. The CO₂ emissions in 2020 adjusted for COVID-19 effects serve as a basis.

Measurement of environmental indicators

The environmental indicators were calculated for the third time in 2023 on the basis of the 2021 financial year. The 2020 balance with normalized data in the categories commuting and business flights will be used as a reference balance to assess the efficiency of the measures implemented as part of the climate policy and to verify improvements in the CO₂ balance.

Total emissions (in t CO ₂)	Base year*	2023	2022	2021
CO ₂ -emissions scope 1 ¹⁾	32	10	21	27
CO ₂ -emissions scope 2 ²⁾	44	23	20	28
CO ₂ -emissions scope 3 ³⁾	725	575	576	193
Total CO ₂ -emissions	801	608	617	248
CO ₂ -emissions/full-time position	8.2	6.1	6.2	2.7

* Base year: 2020 adjusted for COVID-19 effects (travel / home office).

¹⁾ Scope 1: Direct greenhouse gas emissions

²⁾ Scope 2: Indirect energy-related greenhouse gas emissions

³⁾ Scope 3: Energy supply (energy-related emissions not received in scope 1 or 2): business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

Source: CO₂ Report for Bellevue Group AG issued by Swiss Climate AG (2021, 2022, 2023)

As Bellevue is active in the financial sector, its Scope 1 and Scope 2 emissions are rather low. Areas of focus are heating, electricity and business travel with company cars. Most of its CO₂ emissions relate to Scope 3 emissions and are mainly attributed to business travel and commuting. In 2020 and 2021, action to prevent the spread of the coronavirus led to a sharp reduction in business air travel (air travel) and commuting travel. From 2022 on, CO₂ emissions in these two areas has increased significantly, but are still below pre-pandemic levels.

Total emissions at a glance

Total emissions (in t CO ₂)	Base year*	2023	2022	2021
CO ₂ -emissions scope 1 ¹⁾	32	10	21	27
Heating	27	7	15	23
Business trips	5	3	6	4
CO ₂ -emissions scope 2 ²⁾	44	23	20	28
Electricity	26	15	12	16
Heating	18	8	8	12
CO ₂ -emissions scope 3 ³⁾	725	575	576	193
Energy supply	20	10	14	15
Business trips	499	468	396	98
Commuting	186	90	152	57
IT equipment	14	2	7	18
other	6	5	7	5
Total emissions	801	608	617	248
Emissions Total / FTE (t CO ₂ /FTE)	8.2	6.1	6.2	2.7

* Base year: 2020 adjusted for COVID-19 effects (travel / home office).

¹⁾ Scope 1: Direct greenhouse gas emissions

²⁾ Scope 2: Indirect energy-related greenhouse gas emissions

³⁾ Scope 3: Energy supply (energy-related emissions not received in scope 1 or 2): business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

Source: CO₂ Report for Bellevue Group AG issued by [Swiss Climate AG](#) (2021, 2022, 2023)

Energy consumption

At Bellevue Group's headquarters in Küsnacht, where the vast majority of the Investment Management Team of BB Biotech is based, the building is heated and cooled with natural lake water.

When procuring electricity-operated equipment such as personal computers, monitors, printers, etc., we pay attention to the use of energy-efficient devices. Where possible, energy consumption controls are programmed to automatically switch IT components to standby mode, either individually or in groups, according to predefined time patterns. The buildings are only lit when they are in use. We use additional energy consumers such as air conditioners or radiators only when necessary and switch them off again immediately after use.

Transportation and mobility

Our locations are very easy to reach by public transport. Employees are motivated to travel by public transport. The company supports this through financial support by providing a half-fare Travelcard of Swiss public transport free of charge to all employees. Parking spaces are not subsidized and are charged at full market rates.

Due to our global investment strategies and distribution activities with employees at different locations, international contacts are important. All office locations have a video conferencing infrastructure. Most of the meetings are through telephone and video conferencing as a substitute for physical meetings to limit travel. Where possible and appropriate, we substitute air travel with public transportation such as train travel and coordinate joint site visits.

The executive management board is regularly informed about the travel activities of all employees.

Procurement process

When procuring materials, furniture, food, etc., we consider local suppliers and local products whenever possible. Likewise, when selecting suppliers and service providers, their environmental practices are taken into account. In the procurement of furniture and other office materials, attention is paid to durability.

Waste management and recycling

Systems are in place at all office locations to collect and recycle a wide range of materials, including cardboard, PET, glass, paper, batteries and IT equipment. We separate waste and dispose of it properly. We take care at the procurement stage to avoid excessive waste or other unnecessary environmental impact (e.g. use of washable dishes instead of disposable cups/plates). In addition, water filtering devices are installed to reduce PET bottle consumption. Paper consumption is a significant resource for a service company. We take appropriate measures to ensure that paper consumption is constantly reduced and can be replaced by other means (e.g. customer presentations on notebooks/tablets instead of printed handouts, video calls for customer meetings, annual reports printed on FSC paper, shipping only on request). Print programs are initialized so that printouts are two-page and black and white by default.

Key climate-relevant memberships

In 2023 Bellevue Group was awarded the Swiss Climate Label «CO₂ neutral» for the third consecutive time. In addition, Bellevue Asset Management entered into a partnership with Swiss Sustainable Finance (SSF) to support its mission to strengthen Switzerland's position as a leading voice and player in the field of sustainable finance and thus contribute to a sustainable and prosperous economy.



TCFD

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) introduce uniform and transparent rules for disclosing the financial climate risks of economic actors.

We are currently working to identify and assess climate-related risks that may impact our business activities. In the coming years we are planning to revise and expand our reporting on climate-related factors.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organization’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Source: TCFD, 2023

Governance

Climate-related opportunities and risks could potentially influence all areas of BB Biotech and its business – both in terms of our own business activities and the portfolio companies. Therefore the ultimate responsibility for this topic lies with BB Biotech’s Board of Directors and its dedicated Sustainability and Governance Committee (SGC).

The Investment Management Team is responsible for the implementation of the investment strategy with a focus on sustainability topics as well as overarching principles and policies.

In addition, the newly formed Sustainability Working Group is entrusted with managing the implementation and integration of sustainability across all areas of the business. The working group comprises members from various functions, such as Risk Management, Product Management or Legal and Compliance . The group monitors the latest developments on the sustainability front and anticipates their impact on the business model. It supports the Bellevue Executive Board with formulating and developing the sustainability strategy. The Sustainability Working Group is therefore additionally responsible for managing and implementing projects within the business areas/functions and areas of activity.

Strategy

BB Biotech recognizes that a contribution towards the realization of the objectives set out in the Paris Agreement is required. This can be achieved through the way in which we structure our portfolio. We analyse and manage climate-related risks and show how they influence our investment decisions. As a biotech investor, we naturally apply sector exclusions for controversial industries (e.g. fracking/oil sands, etc.), engage in an active dialogue with the companies or other stakeholders regarding their climate strategy, and exercise our voting rights.

At an operational level, we disclose the emissions resulting from our own business activities in our Sustainability Report. We are planning to develop our climate strategy and implement TCFD recommendations in the future. BB Biotech considers sustainability risks to be a critical element of its risk management practices.

Climate Risk Management

Risks arising from disruptions and shifts that indirectly affect BB Biotech, e.g. through the introduction of climate policy measures involving a transition to a low-carbon economy (e.g. CO₂ levies, emissions or energy efficiency standards, or restrictions on «unsustainable» industries such as coal or oil), securely changing consumer sentiment or disruptive technological breakthroughs.

Metrics and targets

BB Biotech and the Investment Manager endorses the goals of the Paris climate agreement adopted in December 2015 and supports measures to mitigate global warming. Carbon intensity is measured at the portfolio level at least on a quarterly basis and these readings are compared with the relevant investment universe or the respective benchmark.

Bellevue has been purchasing electricity from renewable sources for its Swiss locations – either directly or otherwise indirectly through regional Guarantees of Origin and is further formalizing the net-zero climate strategy. Goal is to reduce greenhouse gas emissions from our business operations to net zero by 2050.

Social practices

Employees are the most important asset for the long-term success of BB Biotech and the Investment Manager. We foster a strong entrepreneurial culture with flat hierarchies, a high level of personal responsibility and flexibility in terms of working hours, workload and location.

The respectful and responsible attitude towards employees is reflected both in the daily mutual exchange and in regular institutionalized employee appraisals. These provide the framework for personal assessment and planning of further development. We support targeted training and further education both ideally and materially, thus enabling employees to benefit from a conducive and stimulating learning environment.

The health and safety of our employees and all people affected by our business activities is our top priority. As an employer, we can have a significant impact on the health of our employees through various measures and support them in remaining healthy and motivated in the long term. We promote motivation and health through various measures. At our headquarters in Switzerland we offer an annual subscription to a professional medical gym and other subsidized sport activities. Every year, employees are also offered free vaccination such as against influenza or against tick borne encephalitis.

The added value that BB Biotech generates for its investors is inextricably linked to the professional competence, motivation and high level of identification of the Investment Management Team. Accordingly, we place great emphasis on the careful selection of suitable talent. The suitability of a candidate is usually assessed over several selection stages and assessments. In addition to professional competence, soft skills such as the ability to work in a team and compatibility with corporate values are also assessed. From the employees' point of view, the manageable size of the company and the resulting personal contacts are a key success factor. Criteria such as age, origin and gender must not lead to discrimination.

The Investment Manager Bellevue recruited a total of 10 employees in 2023 across all locations and had a total of 94.3 FTE as at December 31, 2023. The Investment Management Team for BB Biotech did not recruit new employees in 2023 (12.2 FTE as at December 31, 2023).

Number of new hires	2023	2022	2021
Switzerland	6	13	7
- thereof men	3	10	7
- thereof women	3	3	–
Europe	4	2	1
- thereof men	3	2	1
- thereof women	1	–	–
Other	–	–	–
- thereof men	–	–	–
- thereof women	–	–	–
Total	10	15	8
- thereof men	6	12	8
- thereof women	4	3	–
By age groups			
>50	2	1	–
30-50	7	11	7
<30	1	3	1
Total	10	15	8
Recruitment rate ¹⁾	9.8%	14.8%	7.8%
- thereof men	5.9%	11.8%	7.8%
- thereof women	3.9%	3.0%	0.0%

Employee development and retention

The development of our employees is of central importance and an integral part of the Sustainability Plan 2030. Lifelong learning is becoming increasingly important. The company organization is designed to enable employees to develop and use their respective professional talents in the best interests of the company's stakeholders, the company and the employee, always taking into account the family and personal environment (e.g. part-time work, IT setup for home office, support for training and development).

Under the supervision of the HR department, employees are offered a wide range of professional development opportunities as well as career and succession planning as part of Bellevue's onboarding and induction process and education and talent management program. The regular institutionalized employee appraisals provide a framework for assessing personal performance and planning further development.

Training and education was provided as follows in 2023:

- Cyber security: All Bellevue employees are required to complete online cyber security courses.
- Sustainability: Employees received training on CO₂ emissions, through presentations by external experts (Swiss Climate) and other means.
- Compliance: The following internal compliance training courses were organized for employees: Code of Conduct (portfolio managers), Cross Border Sales (Sales Switzerland), new Swiss Data Protection Act (all employees in Switzerland), creation of marketing documents (Sales, Marketing and Product Management) as well as general compliance/ internal directives training (all new employees).
- External training: Five employees of the Private Markets unit attended a refresher course to renew their registration as consultants in the Register of Advisors. Two employees have started or completed training to become CFA.
- Executive career path: In 2023, 7 people attended a management training program consisting of various modules and individual coaching inputs.

Employee engagement

In 2022, Bellevue carried out a group-wide employee survey in collaboration with an independent research institute iCommit. The aim was to survey employee satisfaction and identify the need for improvement.

The results were discussed in the executive management board as well as at the Board of Directors and shared with employees. As a next step, areas of action to be worked on to achieve improvements are being defined. The following topics were addressed in 2023:

Employee information channels

In order to address employees' increased need for internal information updates, a total of 4 quarterly employee information events were held in 2023. Besides the latest operating results, information is given about specific products, new developments, the projects being developed and pursued by individual teams and so on. The presentations are prepared in collaboration with the directly involved employees, which gives them an opportunity to present their specific tasks and related challenges in their own words.

Employee development

Due to Bellevue's flat organizational hierarchy, employee development activities focus more on advancement as an expert and less on the executive career path. In addition to the annual review, employees have opportunities during the year to suggest and pursue suitable training and education initiatives (see «Training and education» for further details).

Collaboration between executive management teams

Due to its historically and geographically diverse structure, Bellevue operates with multiple executive management teams. A level of merging and consolidation has now taken place, and interaction has been stepped up through regular meetings.

For further information on the 2022 employee survey, please consult the 2022 sustainability report.

Remuneration policy

Within Bellevue, the following overarching principles apply to all compensation:

Compensation is transparent, comprehensible, fair and appropriate for members of the Board of Directors and Group Executive Management as well as for all employees. All compensation must take balanced account of operational and strategic responsibility, the quality of the work and the workload of the respective function. Compensation shall be commensurate with the function and shall be influenced to a significant extent by the

individual achievement of quantitative as well as qualitative targets and by the results of Bellevue. When determining compensation, it must be ensured that it is proportionate and competitive compared to companies in the same labour market and economic sector, and that it is sustainable regardless of the course of business. Serious breaches of internal or external regulations (incl. ESG/sustainability) will lead to a reduction or forfeiture of variable compensation.

Further details and numbers are publicly disclosed in the audited compensation report of Bellevue Group AG as part of the annual report.

Employee profit participation

In the spirit of identification with the company and the entrepreneurial activities of each employee at his or her level, we give employees across all hierarchical levels a share in the success of their own employer.

For the Investment Management Team of BB Biotech there is a compensation system in place with three components:

1. Competitive fixed salaries in line with asset management industry standards,
2. An allocation of the management fee paid by BB Biotech AG reflecting mid- and long-term success,
3. A long-term incentive plan, fully aligned with shareholders' interests with multi-year performance hurdles, resulting in payments between 0% and 100%.

Furthermore, Bellevue periodically offers an employee share ownership program under which rights to purchase Bellevue Group shares are offered at a discounted purchase price.

The compensation of employees is designed to motivate all employees to perform very well. This approach promotes a long-term performance culture.

Diversity and Inclusion

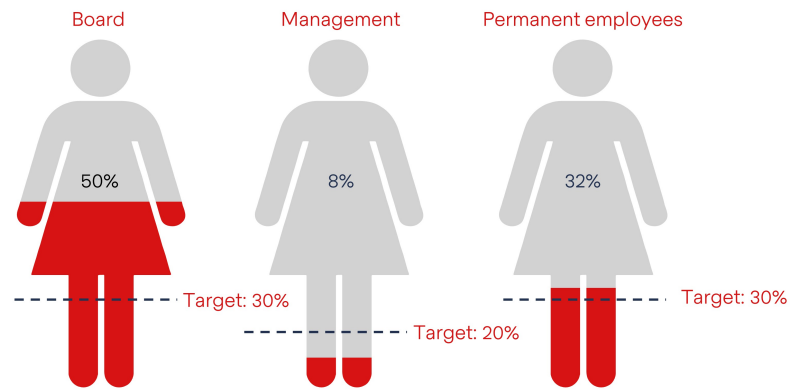
The Investment Manager provides equal employment and advancement opportunities to all individuals regardless of age, race, ethnicity, gender, sexuality, disability, religion or other characteristics. That's why we benefit from a diverse workforce, creating a competitive advantage.

With their different perspectives and approaches, experiences, ideas and skills, employees inspire and learn from each other. As a result, the company gains in creativity, innovation and success.

We foster a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company. Employee compensation is periodically reviewed (every 2 years) for unjustified differences and adjusted if necessary.

Both genders should be represented on the Group Executive Board and on the Board of Directors. Discriminatory behavior will not be tolerated and improper conduct will be punished by line managers. To that end, a whistleblowing policy was approved and an internal reporting system created in 2022.

The Board of Directors of Bellevue Group has set itself the goal of continuously increasing the proportion of women at all levels, especially at senior management level (Board of Directors and executive management). Furthermore, the Board of Directors is promoting the development and retention of women in the company. In addition, the company aims to fill vacant positions with women through targeted talent attraction measures.



The diversity and equity highlights of 2023 are as follows:

- With the election of Barbara Angehrn Pavik as a new member of the board, the female proportion of the Board of Directors rose to 50%.
- In August, an analysis was carried out using the Swiss government's standard salary analysis tool («Logib»). No gender pay gap was identified.
- To date, no complaints or reports of discrimination have been submitted through the aforementioned whistleblowing or internal reporting system.

Governance practices

Transparency

In accordance with Regulation (EU) 2019/2088 of the European Parliament and the Council of the European Union of November 27, 2019 on sustainability-related disclosures in the financial services sector, Bellevue Asset Management is committed to transparency with respect to:

- Policy for managing sustainability risks
- Adverse sustainability impacts at entity level
- Compensation policies in relation to the integration of sustainability risks
- Adverse sustainability impacts at financial portfolio level
- Promotion of environmental or social characteristics in pre-contractual disclosures
- Sustainable investments in pre-contractual disclosures
- Promotion of environmental or social characteristics and of sustainable investments on websites
- Promotion of environmental or social characteristics and of sustainable investments in periodic reports

Policy

Sustainability risks

«Sustainability risks» is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment¹.

Bellevue Asset Management AG and its subsidiaries have integrated sustainability risks into the investment decision-making processes of all their actively managed strategies and associated funds with the aim of identifying, assessing and, if possible and appropriate, mitigating such risks.

While every investment strategy can be exposed to such sustainability risks to varying degrees, the projected impact of sustainability risks on the returns of the investment strategies will depend on the specific investment strategy.

100% of BB Biotech's and more than 85% of Bellevue Asset Management AG's assets under management as at December 31, 2023, are invested in the healthcare sector, which is characterized by lower levels of carbon emissions than the manufacturing, commodities or energy sectors and the broadly diversified global equity indices. Focus on healthcare therefore reduces the sustainability risks.

¹ in Regulation (EU) 2019/2088 of the European Parliament and of the Council of the European Union of November 27, 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR)

ESG investment policy

ESG framework in portfolio management

Exclusion criteria



Source: Bellevue Asset Management, as at December 31, 2023

Bellevue Asset Management is committed to complying with internationally recognized standards and consistently exclude companies with serious violations of human rights, the environment, labour standards and involvement in corruption from the investment portfolios it manages. No investments may be made in companies that seriously violate the environment, human rights and business ethics. This is measured by compliance with the principles of the UN Global Compact Compliance, UN Guiding Principles for Business and Human Rights, and standards of the International Labour Organization.

In contrast to exclusions based on violations of global standards, values-based exclusions are based on social, ethical and moral views. Percentages of sales per business segment are defined, that a company may not exceed in ESG-critical business segments such as conventional weapons, thermal coal or tobacco production. Issuers whose annual sales exceed the generally accepted tolerance limits defined below are excluded. For BB Biotech and the biotech industry in general, these thresholds are in practice not relevant.

Business area	Revenue threshold	BB Biotech
Controversial weapons	0%	0%
Conventional weapons	10%	0%
Thermal coal	5%	0%
Fracking/oil sands	5%	0%
Production of tobacco	5%	0%
Sale of tobacco	20%	0%
Adult entertainment	5%	0%
Gambling	5%	0%
Palm oil	5%	0%

The defined turnover limits are based on empirical values with institutional investors and industry experts.

Bellevue Asset Management maintains an exclusion list, which is updated on a quarterly basis. Currently, this list comprises close to 900 issuers that are excluded from all investment universes in the context of direct investments.

ESG Integration

Environmental, social and governance factors are incorporated into the fundamental assessment of a company and evaluated in terms of their financial risks or opportunities for future share price performance. This gives our portfolio managers a holistic picture of a company.

The environmental area includes, for example, whether a company systematically measures and discloses its environmental footprint. The area of society includes, for example, product quality, data security and employee development. Good governance includes, for example, independence and compensation of the board of directors or business ethics.

As a basis for the integration of sustainable business criteria in the investment decision process, the Investment Manager uses an ESG rating per issuer, which is composed of various sub-scores. The scores are based on data from the independent third-party providers MSCI ESG Research. Their relevance and consequently weighting can vary significantly depending on the industry affiliation.

Over the past year, it has again proven important to interpret aggregated ESG ratings with caution and to critically scrutinize them. Most ESG rating methodologies are based on predefined systematics that do not lead to an objective or «fair» risk assessment in all cases. Especially small-capitalized and young companies, such as those still in the start-up phase, are typically systematically disadvantaged compared to large companies. A lack of human resources and experience in dealing with ESG issues can lead to a poorer sustainability rating. MSCI ESG Research regularly conduct client surveys to address these issues and implement potential methodology improvements.

Our portfolio managers and analysts stand in close contact with our portfolio companies and in many cases may have a more profound fundamental understanding of certain processes with the company than an external ESG rating agency. Accordingly, our portfolio managers take a critical look at potential or alleged «ESG laggards» (rating CCC, B) and repeatedly seek personal discussions with the ESG specialists of our cooperation partner and the companies concerned. Our ESG investment guidelines tolerate an investment in an alleged «ESG laggard» provided that our rationale to do so is clearly explained and documented in detail. Nonetheless, an investment in a so-called «ESG laggard» does under no circumstances qualify as an investment with «sustainable characteristics» nor as a «sustainable investment» with regards to the calculation of our regulatory ESG investment proportions (c.f. also chapter Proportion of ESG Investments).

ESG stewardship

As a responsible investor with a long-term focus, BB Biotech supports all measures and initiatives that increase the value of the companies invested in over the long term in the interests of shareholders and investors. This includes engagement activities as well as the exercise of voting and election rights on the occasion of general and shareholders' meetings.

Engagement

Active management means investing with conviction. We know what we are investing in, and pursue this with great discipline. At Bellevue you will not find any overarching investment committees or a CIO. Working independently in their own product areas, the relevant investment specialist teams are all committed to personal responsibility, respect, and the

strength of their own vision. As well as being investment experts, our employees are simultaneously entrepreneurs who participate in the success of clients through their own investments. Active management also stands for constructing high-conviction portfolios based on a bottom-up oriented investment process, which inherently includes not only the decision to allocate a security, but also in many instances to exclude a security for various reasons. The latter is often a result of an in-depth interaction with company representatives, which we would certainly also describe as a type of engagement.

This commitment to active investment management also highlights the importance of engagement as a key element in our ESG framework. Portfolio managers are engaged in an active and constructive dialog with the executives and other relevant stakeholders of portfolio companies on environmental, social and governance issues. All our engagements are conducted along (but not limited to) our predefined list of key ESG issues, which are reviewed periodically and may change in terms of priority as a result of changing dynamics in the field of ESG.

Written records of ESG engagement activities are maintained as part of the regular documentation of conversations with company representatives. In addition, every relevant company interaction is systematically recorded in our proprietary ESG Engagement Tool and as such accessible to all investment team and ESG product management members.

Bellevue Asset Management's ESG Investment Guideline, particularly its section on Stewardship, has been updated in 2023 and can be found [here](#).

ESG-Reporting

Since 2019, Bellevue Asset Management AG has been a signatory of the United Nations Principles for Responsible Investment (UN PRI). PRI reporting is the world's largest responsible investment reporting project. It was developed with investors for investors. Reporting on our sustainability activities and progress is one of the six principles of the UN PRI. Bellevue Asset Management is also a member of Swiss Sustainable Finance Association (SFF).

We fulfil our responsibility in ESG reporting through the newly launched quarterly ESG factsheet, the ESG section of the Bellevue and BB Biotech websites, Bellevue Asset Management's UN PRI Report as well as regulatory portfolio related ESG reporting.

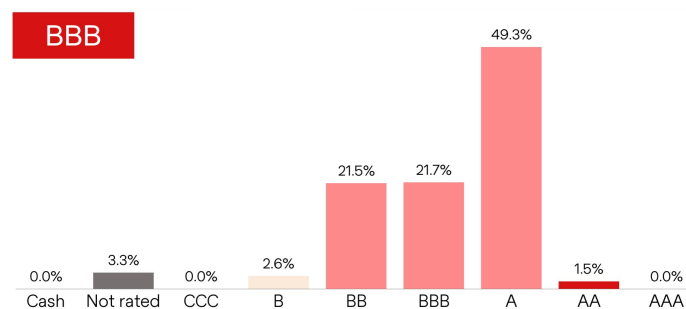
Sustainability at BB Biotech AG's portfolio level

The Investment Management Team of BB Biotech and member of the executive management board at Bellevue Asset Management AG comments as follows:

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

Responsible Investing

MSCI ESG Rating distribution (portfolio)



Note: Rating based on 97% MSCI ESG Research coverage. For more information: www.bbbiotech.ch
Source: MSCI ESG Research, Bellevue Asset Management, Data as of December 31, 2023

Sustainability at BB Biotech AG's portfolio level

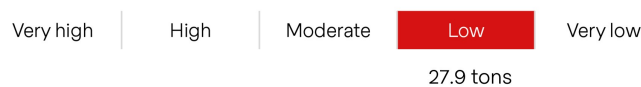
Name	MSCI ESG Rating 2022	MSCI ESG Rating 2023	CO2 Intensity ¹⁾ (T/USDm Sales) 2022	CO2 Intensity ¹⁾ (T/USDm Sales) 2023	Portfolioweight as at 31.12.2023
Ionis Pharmaceuticals	B	BB	33.4	5.7	15.7%
Neurocrine Biosciences	BBB	A	53	53	11.5%
Argenx SE	BBB	A	29.4	44.6	11.4%
Vertex Pharmaceuticals	A	A	2.6	2.6	9.4%
Intra-Cellular Therapies	A	BBB	52.9	52.9	7.9%
Moderna	BBB	BBB	33.4	0.9	6.8%
Alnylam Pharmaceuticals	A	A	23.2	15.4	6.0%
Revolution Medicines	BB	BB	21.8	37.2	5.2%
Incyte	BBB	A	2.9	2.5	4.9%
Arvinas	A	AA	44.5	52.9	3.7%
Celldex Therapeutics	BB	A	21.8	37	3.5%
Macrogenics	BBB	BBB	21.9	37.2	3.5%
Agios Pharmaceuticals	BBB	BBB	21.9	33.43	3.2%
Sage Therapeutics	B	B	33.3	33.3	2.8%
Immunocore	n.a.	n.a.	–	–	2.4%
Relay Therapeutics	B	BBB	21.9	37	2.4%
Crispr Therapeutics	BB	BBB	20.8	37.2	2.0%
Essa Pharma	BBB	BBB	21.9	33.43	1.9%
Exelixis	B	BB	53	53	1.7%
Biohaven	AA	AA	–	–	1.7%
Scholar Rock	BBB	A	21.8	37.2	1.5%
Black Diamond Therapeutics	n.a.	n.a.	21.9	33.43	0.9%
Wave Life Sciences	n.a.	n.a.	44.5	52.9	0.8%
Beam Therapeutics	BBB	BBB	n.a.	37.2	0.7%
Fate Therapeutics	BB	BBB	21.8	37.2	0.7%
Rivus Pharmaceuticals	n.a.	n.a.	–	–	0.6%
Esperion Therapeutics	n.a.	n.a.	44.6	53	0.5%
Generation Bio Co.	n.a.	n.a.	21.9	33.43	0.2%
Molecular Templates	n.a.	n.a.	21.9	37.2	0.1%
Portfolio of BB Biotech	BB	BBB	28.3	27.8	113.4%

¹⁾ Scope 1+2, based on 100% portfolio exposure

Core portfolio positions such as Ionis Pharmaceutical, Argenx and Neurocrine Biosciences managed to improve their MSCI ESG rating, which led to an overall ESG rating increase of the BB Biotech portfolio from BB to BBB. Additionally, MSCI ESG Research initiated coverage for the new position Biohaven at AA (ESG leader).

Carbon intensity is measured at the portfolio level at least on a quarterly basis. With a carbon risk of 27.9 tons of CO₂ per million USD revenues BB Biotech's overall carbon intensity remains at the low end and virtually unchanged versus the previous year (28.3 tons). For a low carbon industry such as biotechnology, carbon reduction is not the predominant objective with regards to long-term sustainability goals, which is also reflected in the MSCI ESG rating for the biotechnology sector where the weights for the individual categories are distributed as follows: Environment (10%), Social (55%), Governance (35%).

CO₂-intensity (T CO₂E/USD mn Revenue)



Source: MSCI ESG Research, Bellevue Asset Management, Data as of December 31, 2023

Stewardship through engagement and active voting

a) Engagement

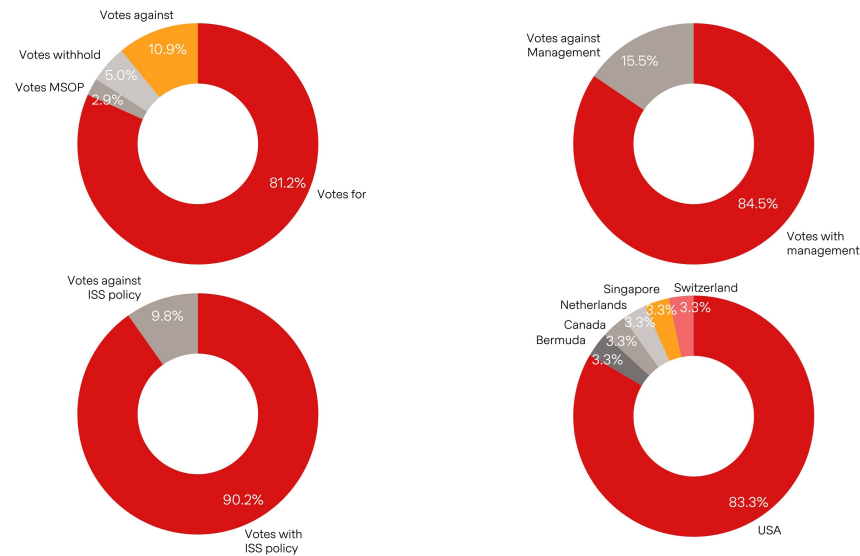
Our stewardship duties encompass an active and constructive dialogue with our portfolio companies on environmental, social and governance issues. In case of indications of substantial controversies in the area of ESG, these are raised constructively within the framework of the corporate dialogue and progress (e.g. strategy and process adjustments, improvement of ESG rating) is documented over time. Engagement activities must also be placed in the context of materiality and proportionality. Engagement activities can take place to varying degrees depending on the size of the investment strategies involved, the capitalization of the company, the stage of development of the company, and other factors. Accordingly, in addition to our regular interactions with company executives and other stakeholders, we initiated three formal ESG engagements in 2023, one of which concerns board tenure and compensation («G») and other address issues around human capital («S»), access to healthcare («S») and toxic emission and waste («E»).

b) Proxy voting

The second stewardship element concerns our actively exercising our voting rights at AGM's through proxy voting. In order to extract long-term investor value added through active portfolio management we keep a constant dialogue also on sustainability matters with companies senior management which is eventually reflected in our voting decisions. Bellevue Asset Management's and BB Biotech AG's Board of Directors take our voting obligations very seriously and respective structures are in place to ensure that we vote in all shareholder meetings.

Material voting items on the AGM agenda such as board composition, compensation or incentive schemes are evaluated on a case-by-case-basis, supported by research data of Institutional Shareholder Services group (ISS). The Investment Management Team receives voting recommendations and research material from ISS. ISS brings more than 30 years of experience and global resources to serve approximately 1 500 institutional clients globally. ISS makes sure to maintain market leading stewardship practices. Should we vote against a proposed agenda item, we would usually have a prior discussion and elaboration of our rationale and understanding with members of the company management or the Board of Directors.

During 2023 we voted at 30 votable meetings covering 239 resolutions (vs. 33 votable meetings and 236 resolutions in 2022). In 202 cases we thereby voted in line with management recommendations (vs. 173 votes in 2022) and for 37 resolutions voted against management recommendation (vs. 63 votes in 2022).



Proportion of ESG investments

Sustainable investing constantly evolves on the back of methodological progress, improving corporate ESG reporting and fast moving regulatory requirements. In 2022, EU SFDR 2019/2088 Regulatory Product Disclosures (Art. 10)/Commission Delegated Regulation (EU) 2021/1253 to MiFID II – Sustainability Preferences (Art. 9) introduced frameworks to measure the degree of sustainability of an investment. Thereby, EU SFDR addresses the concepts of «Investments with sustainable characteristics» as well as the concept of «Sustainable investments». While both concepts share similarities, Art. 2 No. 17 of the Disclosure Regulation 2088/2019 defines a «Sustainable investment» as an investment in an economic activity that contributes to the achievement of an environmental and/or a social objective whereas «investments with sustainable characteristics» exhibit certain ESG qualities (such as e.g. minimum ESG rating, compliance with norm and/or values-based exclusions etc.) but need not necessarily contribute to an environmental or social objective.

a) Share of investments with sustainable characteristics

In accordance with EU SFDR 2019/2088, Bellevue Asset Management introduced the following set of ESG criteria that must be met by a minimum portfolio proportion of 50% for BB Biotech:

- Compliance with global norms – i.e. no severe violations against standards and principles of the UN Global Compact, the UN Guiding Principles for Business and Human Rights, and Conventions 1 and 2 of the International Labour Organization (ILO).
- Investments in ethically or morally controversial business areas are limited by considering predefined revenue thresholds (in practice not relevant for the biotech industry, those thresholds are nevertheless formally monitored).
- Minimum ESG Rating of BB or higher to assure adequate level of «Good governance» on E, S and G
- Stewardship through constructive corporate dialogue (engagement) and the exercise of voting rights (proxy voting)

In principle, we aim to invest all assets of BB Biotech in investments with «Sustainable characteristics» but there is not always a sufficient amount of ESG-data available in any market cap segment, particularly in the field of small and mid-cap companies. Additionally, some companies may not have an ESG rating yet or the current rating does not correspond with our view on the most relevant sustainability aspects.

b) Share of sustainable investments

The concept of «Sustainable investments» imposes more stringent restrictions on above ESG characteristics by introducing a positive contribution to an environmental and/or a social objective while do not significant harm any of these objectives («DNSH»). Furthermore, the invested portfolio companies must apply practices of good corporate governance. For an investment to qualify as a «sustainable investment», the Investment Manager applies the 17 UN Sustainable Development Goals (SDGs). These sustainable development goals are general, universal goals for all UN member states, which were adopted in September 2015 as the successor to the Millennium Goals. The entire world population should be able to live in a fairer, more prosperous and more peaceful society by 2030.

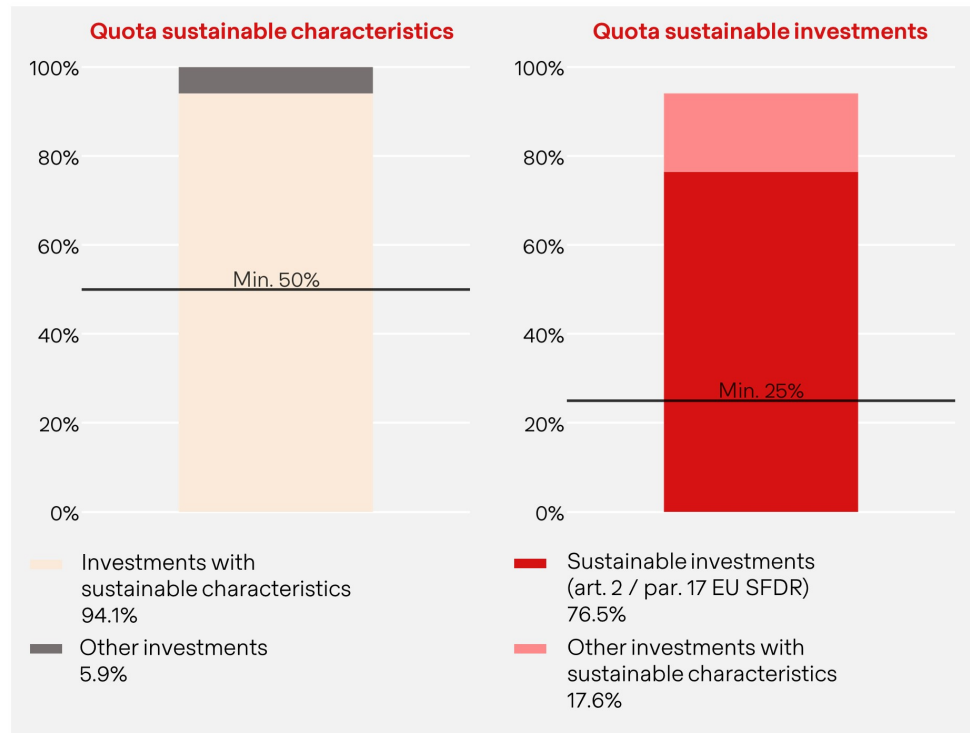
As already elaborated above (chapter UN SDG) ESG research provider MSCI ESG measures the degree of alignment with each of the SDGs. A positive contribution to an environmental or social objective hence requires a company to exhibit a positive alignment with at least one of the 17 UN SDGs while not affecting any other SDG negatively.

Investments are assigned to the «sustainable investment» proportion if, on the one hand, they exhibit a positive target contribution as described above and, on the other hand, they meet the criteria for «investments with sustainable characteristics» described above, which also ensures that good governance practices are applied. In addition, the most important adverse sustainability impact indicators (PAI) are explicitly or implicitly considered in this process. In the case of explicit consideration, thresholds are determined for each PAI criterion (where possible), which define the point at which a particular PAI criterion has a «material adverse impact» on a sustainability factor. If a «material adverse impact» is measured for an issuer, the issuer concerned cannot be classified as a sustainable investment, regardless of whether the issuer makes positive contributions to one of the 17 UN sustainability goals or not. The threshold values are derived empirically from empirical values and formally approved by the Bellevue ESG Working Group. In the case of implicit consideration, characteristics of the relevant PAI criteria are included in the MSCI ESG rating process and thus lead to indirect consideration by determining minimum ratings, which are used to calculate the minimum quotas.

In accordance with European MiFID regulation, a corresponding minimum proportion of sustainable investments has been defined and set at 25% for BB Biotech AG.

The overall regulatory ESG breakdown for the BB Biotech AG portfolio as at December 31, 2023 is summarized below:

Proportion of sustainable investments



Source: Bellevue Asset Management, MSCI ESG Inc.

Annex

GRI content index with reference

GRI content index		
Statement of use	BB Biotech AG has reported the information cited in this GRI content index for the period 01.01.2023 – 31.12.2023 with reference to the GRI Standards.	
GRI used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location in Annual Report
GRI 2: General Disclosures 2021	2-1 Organizational details	About us
	2-2 Entities included in the organization's sustainability reporting	Sustainability Governance
	2-3 Reporting period, frequency and contact point	About us: Corporate calendar / Contact
	2-6 Activities, value chain and other business relationships	About us
	2-7 Employees	Social Practices
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance: Board of Directors
	2-11 Chair of the highest governance body	Corporate Governance: Board of Directors
	2-19 Remuneration policies	Remuneration Report: Remuneration of the members of the Board of Directors
	2-20 Process to determine remuneration	Remuneration Report: Remuneration of the members of the Board of Directors
	2-22 Statement on sustainable development strategy	Sustainability Strategy
	2-25 Processes to remediate negative impacts	Environmental practices
	2-26 Mechanisms for seeking advice and raising concerns	Social Practices: Diversity and Inclusion
	2-28 Membership associations	Environmental practices: Key climate-relevant memberships
2-29 Approach to stakeholder engagement	Stakeholder Engagement and Material ESG Topics	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement and Material ESG Topics
	3-2 List of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
	3-3 Management of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Practices: Energy consumption

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-4 GHG emissions intensity	Environmental Practices: Total emissions at a glance
	305-5 Reduction of GHG emissions	Environmental Practices: CO2 emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Practices: Waste management and recycling
	306-2 Management of significant waste-related impacts	Environmental Practices: Waste management and recycling
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Practices: Employee development and retention
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Director level: Diversity and inclusion; Social Practices: Diversity and inclusion

About us

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Company Profile

Excellence in Biotech Investments

The access to fast growing biotechnology companies

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

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

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

Investment strategy

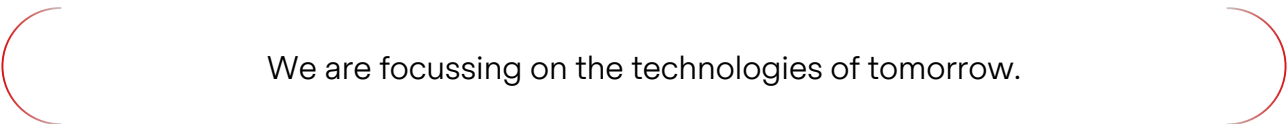
BB Biotech invests in fast-growing biotechnology companies that are developing and marketing innovative drugs. It focuses on biotech companies whose products address areas of significant unmet medical needs and thus have above-average sales and profit-growth potential.

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

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

The team of investment experts is concentrating not only on established target areas such as oncology, orphan diseases and neurological indications, but also on the technologies of tomorrow that could lead to novel treatment methods with attractive therapeutic profiles and substantial economic rewards. These future technologies include RNA platforms and cell and gene therapies. 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.



We are focussing on the technologies of tomorrow.

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

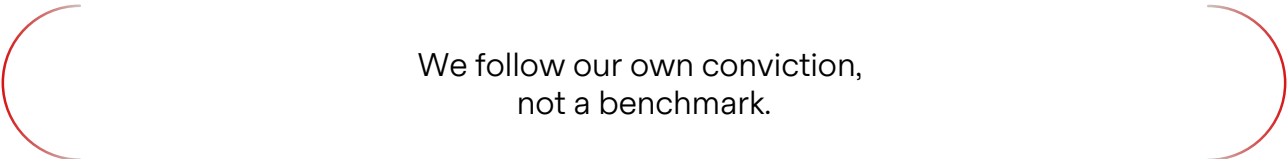
Exhaustive, multi-stage due diligence precedes the selection of individual investments. We must have a thorough understanding of every company we invest in. Before an investment is made, the team analyzes a company's financial statements in detail and assesses its competitive environment, R&D pipeline,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

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

BB Biotech relies on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis of the experienced Investment Management Team of Bellevue Asset Management AG when making its investment decisions. It can also turn to an extensive

international network of physicians and specialists in individual sub-segments of the biotech industry for further support and advice.

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



We follow our own conviction,
not a benchmark.

High conviction portfolio consisting of a maximum of 35 positions

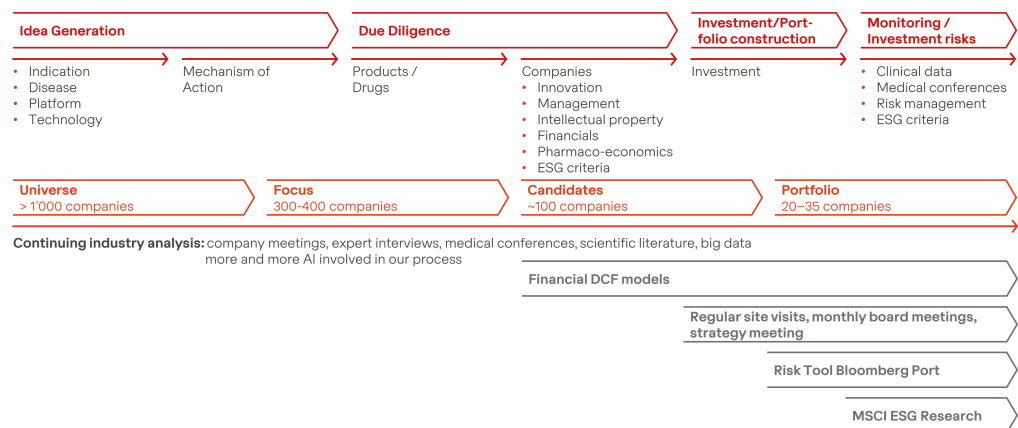
BB Biotech's investment portfolio will usually consist of between 20 to 35 biotechnology companies. There are established large cap companies as well as small and mid cap companies in the portfolio. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines. From a regional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

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

Investment process

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

Investment process



Source: Bellevue Asset Management

Using a multi-stage process, the universe of around 1000 companies is systematically analyzed and evaluated. The use of artificial intelligence is being explored to deepen our knowledge and understanding. A detailed financial model is created for each investment, which must convincingly demonstrate the potential to double in value over a four-year period. This potential to double in value is based on innovative strength, new products for serious diseases and outstanding management. Each investment is systematically reviewed for sustainability risks and breaches of elementary human rights. Bellevue Asset Management AG is a signatory of UN Principles for Responsible Investment. Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future stock market performance. The Investment Management Team strive to have an active and constructive dialogue with the management or other relevant stakeholders of the portfolio companies regarding environmental, social and governance aspects – and via proxy voting we use our voting rights actively at the general meetings.

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

Sustainability at portfolio level

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



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

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

Board of Directors



Chairman

Dr. Erich Hunziker

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

Vice-Chairman**Dr. Clive Meanwell**

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

**Member****Laura Hamill**

Laura Hamill is a member of the Board of Directors of BB Biotech AG since March 2022. She brings more than 30 years of experience in the biopharma industry and most recently serviced as Executive Vice President of Worldwide Commercial Operations at Gilead Sciences. Prior to Gilead, Ms. Hamill worked at Amgen for almost 20 years in a number of executive leadership roles in the United States (US) and internationally. In her last role at Amgen, she led the US Commercial Operations with annual revenue of USD 20 bn. Ms. Hamill is a member of the Board of Directors of Y-mAbs Therapeutics Inc., Unchained Labs as well as a member of the advisory committee of Launch Therapeutics. Ms. Hamill holds a B.A. in Business Administration, with an emphasis in Marketing, from the University of Arizona.

Member

Dr. Pearl Huang

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

**Member**

Prof. Dr. Mads Krogsgaard Thomsen

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

Member

Dr. Thomas von Planta

Dr. Thomas von Planta has been elected Board member of BB Biotech AG in March 2019. Since 2006, he is owner of CorFinAd AG – Corporate Finance Advisory (advisory for M&A transactions and capital market financings). He chaired the Bellevue Group from March 2015 until March 2019. Previously he worked for Vontobel Group from 2002 until 2006 as interim Head Investment Banking/Head of Corporate Finance and member of the extended executive board. Prior to that he was with Goldman Sachs from 1992 until 2002, lastly in London in the Equity Capital Markets Group/Investment Banking Division. Dr. von Planta holds a degree in law from the Universities of Basel and Geneva (Dr. iur.) and is also attorney at law. Dr. von Planta is the Chairman of the Board of Directors of Bâloise Holding AG since April 2021.



Investment Manager

Bellevue Asset Management AG

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

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

Investment Management Team

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

The following experts are member of the Investment Management Team:

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

Shareholder information

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

Official listing and share structure as at December 31, 2023

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

Quotes and reports

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

Facts & figures

BB Biotech

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Official Listing	Switzerland: December 27, 1993 Germany: December 10, 1997
Share structure	CHF 11.08 mn nominal, 55 400 000 registered shares with a par value of CHF 0.20 each
Shareholders, free-float as at 31.12.2023	Institutional and private investors 100% free-float
Security number Switzerland	3 838 999
Security number Germany	A0NFN3
ISIN	CH0038389992
Ticker Bloomberg	Switzerland: BION SW Germany: BBZA GY
Ticker Reuters	Switzerland: BION.S Germany: BION.DE
Type / asset class	Investment company / equity
Investment style	Long only, long term
Index membership	SPI Index, SPI ESG Index
Benchmark	Nasdaq Biotech Index (NBI) TR
Management Fee	All-in-Fee: 1.1% p.a.

Analyst coverage

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

Corporate calendar

Annual General Meeting 2024	March 21, 2024, 3.00 PM CET
Interim Report as at March 31, 2024	April 26, 2024, 7.00 AM CET
Interim Report as at June 30, 2024	July 26, 2024, 7.00 AM CET
Interim Report as at September 30, 2024	October 25, 2024, 7.00 AM CET

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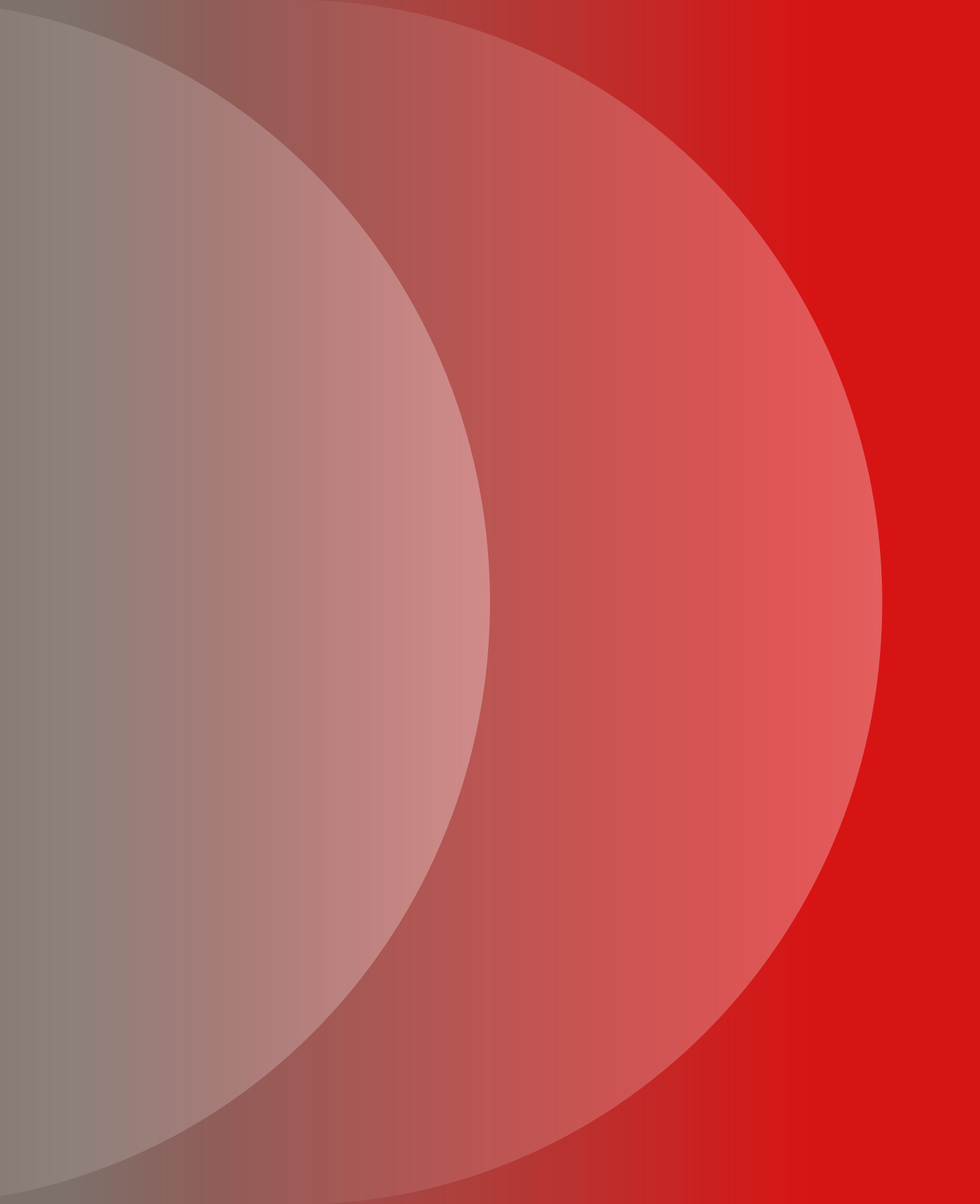
The BB Biotech annual report is published in English. A translated German version is also available. In case of any deviations the English shall prevail over the German text.

«For reasons of readability, the masculine form is used for gender-specific designations and personal nouns in this annual report. Corresponding terms apply to all genders in line with equal treatment. The abbreviated language form is only for editorial reasons and does not contain any value judgements. All genders may feel equally addressed by this content. We thank you for your understanding.»

BB Biotech Newsletter

Would you like to receive regular information about BB Biotech in the future? Register here for our newsletter.





BB Biotech AG

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