

Media release as at April 22, 2022

Interim report of BB Biotech AG as at March 31, 2022

Increased investment level balanced by established core holdings

Markets were subject to large swings in valuation during the first quarter of 2022. A broad sell-off during the first two months was followed by a strong rebound in March. The biotechnology sector came under more pressure than the MSCI World Health Care Index and retreated -11.7% versus -3.2% for the broader index (both figures in USD). As witnessed during previous down cycles, larger biotechnology companies with solid operating results and positive pipeline updates held up better than earlier stage companies. BB Biotech shares' total return for the first quarter was -11.3% in CHF and -8.6% in EUR. As a consequence of the general sector correction the investment level increased to 113.0% (previous quarter: 110.9%). This adequately **reflects the management team's** perspective of many biotech companies being attractively valued after the past twelve months of correction. Shareholders at the Annual General Meeting voted to enlarge the Board of Directors by electing Dr. Pearl Huang and Laura Hamill as new directors. A proposed dividend of CHF 3.85 per share was also approved.

For the first quarter 2022, BB Biotech shares' total return was -11.3% in CHF and -8.6% in EUR. Alongside benchmarks, and with slight appreciation of the USD versus the CHF and the EUR, the total return for the portfolio was -9.0% in CHF, -7.6% in EUR and -9.9% in USD. Consequently, the net loss for the first quarter of 2022 was CHF 300 mn compared to a net gain of CHF 221 mn for the same period in 2021. Commercial, more established and profitable companies in the portfolio such as Vertex, Neurocrine and Incyte reported positive share price developments in the first quarter. Ionis and Radius recovered from 2021 lows and Intra-Cellular Therapies shares appreciated due to the strong product uptake for Caplyta following the label expansion in bipolar disorder. Development stage oncology companies remained under pressure and volatility remained high for SARS-CoV-2 companies in the biotech universe. Being convinced in the long-term value proposition of mRNA technology and Moderna's strategy of monetizing that value, the investment team is bound to accept that Moderna as a core holding in the portfolio has been and may continue to be subject to industry high volatility.

Enlargement of the Board of Directors and dividend strategy continuity

At the AGM, shareholders approved recommendations from the Board and company, by re-electing all four current Board members and electing the two new Board members. Dr. Pearl Huang and Laura Hamill have become directors of BB Biotech. BB Biotech paid out the proposed dividend of CHF 3.85 per share. The Board re-reaffirms the intended continuation of the dividend policy and expects payout of the regular dividend at 5% of the prior December's average share price in the years to come.

Higher investment level

By the end of the first quarter, the investment level at 113.0% was slightly higher than the 110.9% at the beginning of the year. The higher investment level reflects the management team's positive stance that many companies are attractively valued after the correction of the last twelve months in the biotech sector. The team will continue to work within the established and successful investment guidelines, such as investment levels of 95% to 115%.

Little portfolio activity in the first quarter of 2022

Very few portfolio adjustments were made during the first quarter. The position in Biogen was closed after the company failed to present a plausible pricing strategy for its controversial Alzheimer's drug Aduhelm. Moreover, in its draft guidance, the US federal agency CMS recommended very limited Medicare coverage of Aduhelm. At the end of the first quarter, BB Biotech's portfolio consisted of 31 positions. The

portfolio has been concentrated, including eight top holdings which represent over 60% of the NAV. The portfolio exposure is led by the rare disease category followed by oncology and neurology/psychiatry.

First-quarter updates from BB Biotech portfolio holdings

Sage and its R&D partner Biogen reported positive Phase III results for Zuranolone, an investigational drug for the treatment of major depressive disorder. The two companies plan to submit a filing for approval in the US this year and market launch could follow in 2023. Moderna is advancing three influenza vaccine development strategies, each with increasing levels of enhancements aimed at improving immune responses. The most advanced is the seasonal quadrivalent vaccine (mRNA-1010) using strains recommended by the World Health Organization (WHO).

A number of regulatory decisions concerning portfolio companies were announced during the first quarter of 2022. The FDA approved Moderna's COVID-19 Spikevax vaccine (mRNA-1273) for the prevention of COVID-19 in individuals 18 years and older. Under its EUA program, the FDA also approved a fourth shot, which is the 2nd booster shot, for mRNA-1273, at a 50 microgram dose. Agios reported on February 17 that the FDA had approved Pyrukynd (mitapivat) for the treatment of hemolytic anemia in adults with pyruvate kinase (PK) deficiency, a rare, debilitating, lifelong hemolytic anemia. Pyrukynd is first approved disease-modifying therapy for this disease.

Argenx announced the approval of Vyvgart (efgartigimod) in Japan for the treatment of generalized myasthenia gravis, autoimmune, neuromuscular disease, shortly after receiving US FDA approval in December 2021. The company is continuing the global product launch, having started in early 2022 in the US followed by launching Vyvgart in Japan in summer. A European EMA decision is expected in late 2022.

Incyte reported that the US FDA had extended its review of the supplemental new drug application (sNDA) for its JAK inhibitor, Opzelura (ruxolitinib cream) for vitiligo, with the new PDUFA date set as July 18, 2022.

Outlook for the remainder of the year

Despite the COVID pandemic and a complex geopolitical situation which fuel uncertainty, the biotechnology industry is making substantial progress in its purpose of delivering new drug technologies which positively and sustainably impact patients' lives and healthcare systems. One example is CTX-001 by Crispr Therapeutics and Vertex, which should deliver beta thalassemia and sickle cell disease data in patients in fall 2022, followed by regulatory filings by year-end and a potential market entry in 2023.

Large biopharmaceutical firms have strong cash positions overall. These resources are one key prerequisite for substantial M&A activities in the future.

In February 2022, Dr. Robert M. Califf was confirmed as FDA commissioner. Dr. Califf is recognized as an expert in clinical trial research, health disparities, healthcare quality, and cardiovascular medicine, and also served as the FDA commissioner under former President Barack Obama from February 2016 until January 2017. BB Biotech expects the FDA to continue its constructive, purposeful but moderating interactions with the biopharmaceutical industry under his leadership.

The quarterly report of BB Biotech AG as at March 31, 2022 can be downloaded at report.bbbiotech.ch/Q122 or www.bbbiotech.com.



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Company profile

BB Biotech AG is an investment company registered in Schaffhausen/Switzerland and listed on the Swiss, German and Italian stock exchanges. It has invested in innovative drug developers headquartered primarily in the US and Western Europe. BB Biotech is one of the world's largest investors in this sector. BB Biotech relies on the long-standing experience of its distinguished Board of Directors and the investment research skills of the experienced investment management team of Bellevue Asset Management AG when making its investment decisions.

Disclaimer

This release contains forward-looking statements and expectations as well as assessments, beliefs and assumptions. Such statements are based on the current expectations of BB Biotech, its directors and officers, and are, therefore, subject to risks and uncertainties that may change over time. As actual developments may significantly differ, BB Biotech and its directors and officers accept no responsibility in that regard. All forward-looking statements included in this release are made only as of the date of this release and BB Biotech and its directors and officers assume no obligation to update any forward-looking statements as a result of new information, future events or other factors.

Composition of BB Biotech's portfolio as of March 31, 2022

(in % of securities, rounded values)

Ionis Pharmaceuticals	10.7%
Argenx SE	8.6%
Moderna	8.1%
Neurocrine Biosciences	7.9%
Vertex Pharmaceuticals	7.6%
Incyte	6.5%
Intra-Cellular Therapies	6.1%
Alnylam Pharmaceuticals	5.1%
Arvinas	4.2%
Fate Therapeutics	4.0%
Agios Pharmaceuticals	3.5%
Relay Therapeutics	3.4%
Sage Therapeutics	2.9%
Revolution Medicines	2.5%
Kezar Life Sciences	2.3%
Myovant Sciences	2.3%
Radius Health	2.2%
Macrogenics	1.9%
Exelixis	1.8%
Crispr Therapeutics	1.7%
Molecular Templates	1.1%
Beam Therapeutics	1.0%
Essa Pharma	0.9%
Scholar Rock Holding	0.8%
Generation Bio Co.	0.8%
Esperion Therapeutics	0.6%
Nektar Therapeutics	0.5%
Mersana Therapeutics	0.5%
Wave Life Sciences	0.3%
Black Diamond Therapeutics	0.3%
Homology Medicines	0.1%
Total securities	CHF 3 118.7 mn
Other assets	CHF 1.8 mn
Other payables	CHF (359.6) mn
Net Asset Value	CHF 2 760.9 mn