

Media release as at July 26, 2024

Portfolio of BB Biotech AG as at June 30, 2024

Substantial pipeline progress at several portfolio companies offsets rate-related market volatility

Global equity indices climbed to new record highs during the second quarter, driven by just a few mega tech stocks, but investors continued to shun the healthcare sector. BB Biotech's shares closed the period 12.0% lower in CHF and 11.3% lower in EUR. A net loss of CHF 87 mn was incurred in the second quarter compared to a net loss of CHF 13 mn in the prior-year period. Nevertheless, a net profit of CHF 173 mn was generated during the first half of 2024 compared to a net loss of CHF 267 mn in the same period of 2023. Alnylam, Intra-Cellular Therapies and Agios have demonstrated their quality as portfolio components with positive Phase III data. BB Biotech expects strong news flow from many of its portfolio companies in the second half of the year, for instance from Arvinas, Scholar Rock, Biohaven, Revolution Medicines, Black Diamond, MacroGenics, Edgewise Therapeutics, Rivus Pharma and Relay Therapeutics. Many of its portfolio companies have been able to strengthen their financial position and have reached key milestones. Thanks to their attractive pipelines, they also stand to benefit from the improved conditions on the capital markets. BB Biotech's optimism going forward is reflected in its currently high level of investment of 113.5%, near the upper limit of its target range. The development of interest rates continues to be of central importance for the general sentiment towards the biotechnology sector. Furthermore, Dr. Daniel Koller, who has served as head of BB Biotech's investment management team since 2010, has informed the board of directors of his intention to retire from his position by the end of 2024. The board of directors has appointed Dr. Christian Koch, one of the two deputy heads, as the new head of the investment management team effective January 1, 2025.

In the second quarter 2024, equity markets extended their rally, reaching new all-time highs. Markets are carefully monitoring economic data to assess possible rate decisions by the US central bank and continue to expect one or two rate cuts in late 2024. Large technology stocks continued to be a dominant factor in the equity markets run-up, with the Nasdaq significantly outperforming the broader equity indices.

The healthcare sector did not keep up with the technology indices or other broad equity indices and consolidated in the second quarter. Biotechnology stocks traded slightly better with small gains for the index driven by larger cap holdings and select mid-cap companies. In general, smaller capitalized biotech companies have been lagging and have given back some of the Q4 2023 and Q1 2024 rally.

Performance for the first half of 2024

The share price return in the second quarter of 2024 was -12.0% in CHF and -11.3% in EUR. This development was driven by BB Biotech shares trading from a small premium at the beginning of Q2 2024 to a high single-digit discount by the end of the second quarter, and a negative development for the portfolio during the same time frame. The total return of the portfolio was -3.5% in CHF, -2.6% in EUR and -3.3% in USD. The net loss in Q2 2024 amounted to CHF 87 mn compared to a net loss of CHF 13 mn in the prior-year period.

For the first six months of 2024, the total return for BB Biotech's shares was -2.0% in CHF and -4.6% in EUR. The portfolio performance was +7.3% in CHF, +3.5% in EUR, and +0.4% in USD. Over the last few years, central bank policies impacted not just the equity markets; notably, the Swiss National Bank's second rate

cut in 2024 caused the Swiss Franc to weaken against other major currencies like the USD. This devaluation provided some support to the portfolio performance in CHF in the first half of 2024 due to the USD's strengthening against the Swiss Franc. All results reported for H1 2024 include the dividend payment of CHF 2.00 per share in late March 2024. The net profit in the first half of 2024 amounted to CHF 173 mn compared to a loss of CHF 267 mn in H1 2023.

Leadership change in the Investment Management Team

Dr. Daniel Koller has informed the Board of Directors of his intention to retire from his position as head of BB Biotech's Investment Management Team. He has served 20 years in BB Biotech's Investment Management Team, since 2010 as its head. The Board and Dr. Koller will ensure an orderly transition until the end of 2024. In his role Dr. Koller has made significant contributions over the years. The Board would like to thank Daniel for his outstanding service and dedication to BB Biotech's shareholders, the Investment Management Team, and the Biotech sector as a whole.

Dr. Christian Koch, one of the two deputy heads of the Investment Management Team and a portfolio manager at Bellevue Asset Management since 2014, will become head of the Investment Management Team at the beginning of 2025. The Board is convinced that Dr. Koch has excellent skills to lead the next phase of BB Biotech's evolution in a complex market environment.

From 2013 to 2014, Dr. Koch was a sell-side pharma & biotech equity analyst at Bank am Bellevue in Küsnacht and from 2010 to 2013 a research associate at the Institute of Pharmaceutical Sciences at the ETH Zurich. He holds a PhD in Computer-Assisted Drug Design from the ETH Zurich and studied Bioinformatics at the Goethe University Frankfurt.

Portfolio update Q2 2024

BB Biotech realized gains on long-standing positions in large companies and opened new positions or added to recently opened positions in the second quarter as it continued the process of portfolio rejuvenation initiated in the fourth quarter of 2023. This enabled it to participate in various capital increases and add Edgewise Therapeutics to the portfolio. Profits from the sale of shareholdings in mid- to large-cap companies such as Vertex and Moderna added up to USD 139 mn, of which USD 75 mn was allocated to existing positions and USD 25 mn to open the new position in Edgewise Therapeutics. BB Biotech participated in Biohaven's capital increase and topped up its positions in Annexon, Immunocore and Celldex. There were 31 stocks in BB Biotech's portfolio at the end of the second quarter, with a focus on companies about to enter the profit zone or with solid balance sheets. Investments in early-stage pipeline companies amounted to a much smaller 28% of total portfolio investments.

Portfolio milestones

BB Biotech witnessed substantial valuation gains as well as losses on its investments in the second quarter of 2024 as the biotech market remained volatile. Particularly noteworthy are positive Phase III data readouts from Alnylam, Intra-Cellular Therapies and Agios that have clearly improved the fundamental outlook and are likely to fuel significant top- and bottom-line growth for these companies over the mid to long term.

The most important milestone for BB Biotech's portfolio over the last three months was reported by Alnylam. The positive clinical trial result for vutrisiran propelled Alnylam's share price.

Other important developments in the portfolio include:

- Annexon: Positive results for ANX005 for the treatment of Guillain-Barré syndrome and strengthening of the balance sheet through a share issue.
- Moderna: Progress in the development of combination vaccines against influenza, RSV and COVID-19 with planned market launches from 2025.
- Argenx's Vyvgart Hytrulo, the subcutaneously administered version of Vyvgart, was approved by the US FDA to treat patients with CIDP.
- Despite a slowdown in M&A activity in the first half of 2024, Vertex invested USD 4.9 bn in the acquisition of Alpine Immune to strengthen its renal drug pipeline.
- Intra-Cellular Therapies reported positive topline results in the second Phase III trial evaluating lumateperone as adjunctive therapy in patients with major depressive disorder.
- Agios signed a significant royalty agreement with Royalty Pharma for vorasidenib, which could generate up to USD 1.1 bn if approved by the FDA.
- Incyte announced a share repurchase program for USD 2 bn, citing the company's substantial undervaluation and increased pipeline confidence.

On the other hand, a number of smaller holdings weighed on performance, in particular MacroGenics, which suffered considerable price losses due to disappointing trial results for Vobra Duo in prostate cancer patients. The share lost two-thirds of its valuation and resulted in a drop of 4% for our NAV.

Outlook for the second half of the year

As we look towards the second half of 2024, several key factors will play a significant role in shaping the biotechnology landscape and BB Biotech's performance. Interest rate decisions remain a pivotal influence on biotech investments, as the sector's valuations are notably sensitive to interest rates due to the long-term nature of expected returns. The upcoming presidential elections in the USA could also influence the sector, particularly through possible changes in healthcare policy and drug prices.

Many of BB Biotech's portfolio companies have strengthened their financial position and reached important milestones. A strong news flow is expected for the second half of the year from companies such as Arvinas, Scholar Rock, Biohaven, Revolution Medicines, Black Diamond, MacroGenics, Edgewise Therapeutics, Rivus Pharmaceuticals and Relay Therapeutics. Important approvals are expected for products such as Crinicerfont from Neurocrine, Olezarsen from Ionis and Axatilimab from Incyte and Syndax.

The ongoing implementation of the Inflation Reduction Act will introduce greater cost control measures to the US healthcare system. Price cuts for the first ten drugs subject to negotiation will be announced in the fall of 2024. The loss of patent protection for marketed prescription drugs will likely lead to further M&A transactions as pharmaceutical companies are constantly looking for attractive takeover candidates.

Borrowing conditions have improved for biotech companies with attractive pipelines that need to raise more capital. Although IPO activity has recently been slow, investors are showing a greater willingness to back these companies. BB Biotech continues to view the future with optimism and is well positioned to seize the opportunities and navigate the challenges to come this year and beyond.

BB Biotech AG's interim report as at June 30, 2024, is available under report.bbbiotech.ch/Q224 or www.bbbiotech.com.

For further information:

Investor Relations

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00
Dr. Silvia Siegfried-Schanz, ssc@bellevue.ch
Maria-Grazia Alderuccio, mga@bellevue.ch
Claude Mikkelsen, cmi@bellevue.ch

Media Relations

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00
Tanja Chicherio, tch@bellevue.ch

TE Communications AG, St. Leonhard-Strasse 45, 9001 St. Gallen, Switzerland, tel. +41 79 423 22 28
Thomas Egger, teg@te-communications.ch

www.bbbiotech.com

Company profile

BB Biotech AG is an investment company with its registered office in Schaffhausen/Switzerland and listed on the Swiss and German 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. 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.

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 at June 30, 2024

(in % of securities, rounded values)

Ionis Pharmaceuticals	13.0%
Argenx SE	9.8%
Neurocrine Biosciences	8.6%
Vertex Pharmaceuticals	8.1%
Alnylam Pharmaceuticals	7.3%
Revolution Medicines	6.4%
Moderna	6.1%
Intra-Cellular Therapies	5.6%
Agios Pharmaceuticals	5.5%
Incyte	4.3%
Celldex Therapeutics	3.6%
Biohaven	2.4%
Arvinas	2.1%
Sage Therapeutics	1.6%
Macrogenics	1.4%
Relay Therapeutics	1.4%
Essa Pharma	1.4%
Exelixis	1.3%
Black Diamond Therapeutics	1.3%
Immunocore	1.3%
Beam Therapeutics	1.1%
Crispr Therapeutics	1.1%
Edgewise Therapeutics	0.9%
Annexon	0.8%
Esperion Therapeutics	0.7%
Wave Life Sciences	0.7%
Scholar Rock Holding	0.6%
Rivus Pharmaceuticals ¹⁾	0.6%
Fate Therapeutics	0.5%
Generation Bio Co.	0.4%
Molecular Templates	0.0%
Molecular Templates - Prefunded Warrant	0.0%
Molecular Templates - Warrants, 2.4.29	0.0%
Radius Health – CVR	0.0%

Total securities **CHF 2 708.9 mn**

Other assets CHF 0.5 mn

Other payables CHF (322.5) mn

Net Asset Value **CHF 2 386.9 mn**

¹⁾ Unlisted company