

BB Biotech Q3 2026: Positive returns, clinical progress and active portfolio redeployment

- **BB Biotech's net asset value (NAV) returned 5.6% in CHF in the third quarter of 2026. The share price returned 6.5% in CHF. The Nasdaq Biotechnology Index (NBI) gained 12.0% in CHF.**
- **Net profit amounted to CHF 175 mn, compared with CHF 448 mn in the prior-year quarter. For the first nine months of 2026, net profit reached CHF 605 mn, versus CHF 106 mn a year earlier.**
- **Three portfolio companies received US drug approvals during the quarter. Vertex Pharmaceuticals completed its acquisition of Crinetics Pharmaceuticals, while GSK acquired Nuvalent. In total, five BB Biotech portfolio companies have been involved in completed acquisitions in 2026.**
- **Proceeds of approximately CHF 280 mn from two M&A transactions were redeployed during the quarter. BB Biotech initiated twelve new positions, exited eight positions and held investments in 43 companies.**
- **The share price discount to NAV narrowed from 12.9% at June 30 to 12.2% at September 30. Sustained NAV performance relative to the NBI remains central to BB Biotech's approach.**
- **BB Biotech continues to enhance its proprietary AI-native operating system, linking scientific evidence and clinical developments with valuation assumptions and portfolio decisions.**

BB Biotech's NAV returned 5.6% in the third quarter of 2026, while the share price returned 6.5% in CHF. The Nasdaq Biotechnology Index (NBI) gained 12.0% in CHF. The quarter also brought clinical and regulatory progress across BB Biotech's portfolio, two completed acquisitions and the reinvestment of their proceeds.

The index advance was unusually concentrated. Fewer than half of the NBI's constituents rose during the quarter, and the median stock declined. Strong gains among a handful of constituents, including companies outside BB Biotech's therapeutics focus, lifted the benchmark despite pressure on smaller biotechnology companies as interest rates rose in September.

Q3 2026 performance

Performance	Q3 2026			Q3 2025		
Currency	CHF	EUR	USD	CHF	EUR	USD
BB Biotech share price	6.5%	3.4%	3.0%	20.0%	20.1%	19.5%
BB Biotech NAV	5.6%	3.0%	2.2%	24.0%	24.0%	23.5%
NBI	12.0%	9.2%	8.5%	15.7%	15.7%	15.6%
Net profit	175 mn	—	—	448 mn	—	—

Currency movements lifted the CHF returns of both BB Biotech's NAV and the NBI relative to their USD returns. The gap between them was nevertheless similar in both currencies. BB Biotech's share price outperformed NAV during the quarter, and the discount narrowed modestly from 12.9% on June 30 to 12.2% on September 30. Sustained NAV outperformance relative to the benchmark remains the company's objective over time.

Drivers of relative performance

The gap to the NBI largely reflected strong gains in Moderna and genomics-tools companies that were not represented in BB Biotech's portfolio. Moderna benefited from positive Phase III melanoma results for its personalized cancer therapy co-developed with Merck. Genomics-tools companies also rallied amid growing interest in artificial intelligence applied to biology. This segment falls outside BB Biotech's focus on companies developing medicines.

Several clinical-stage portfolio holdings came under pressure in September and gave back part of their summer gains. BB Biotech had reduced selected positions as their share prices and portfolio weights rose during the year, moderating the impact of the correction on NAV. Where the underlying investment case remains intact, the team has begun rebuilding positions at lower valuations.

Clinical progress and strategic demand

The quarter brought US drug approvals for three portfolio companies: Revolution Medicines for daraxonrasib in metastatic pancreatic cancer, Scholar Rock Holding for apitegromab in spinal muscular atrophy and Regeneron for garetosmab in fibrodysplasia ossificans progressiva. Clinical progress extended beyond these approvals. In Phase III studies, Amgen's tarlatamab improved overall survival in small-cell lung cancer, while dazodalibep reduced systemic disease activity in Sjögren's disease. Argenx's Phase III study of efgartigimod in autoimmune myositis met its primary endpoint, while Oruka Therapeutics reported Week 28 data showing deepening responses for ORKA-001 in psoriasis.

Strategic demand offered another route to value realization. During the quarter, portfolio company Vertex Pharmaceuticals completed its acquisition of Crinetics Pharmaceuticals, while GSK acquired Nuvalent. Including Avidity Biosciences, Amicus Therapeutics and Terns Pharmaceuticals earlier in the year, five BB Biotech portfolio companies have been involved in completed acquisitions in 2026. Large pharmaceutical companies continue to seek differentiated innovation to strengthen their pipelines as major products approach the end of patent protection. BB Biotech invests on the basis of scientific, clinical and commercial potential; an acquisition can be one way for that value to be realized.

Portfolio activity and capital redeployment

The Crinetics Pharmaceuticals and Nuvalent M&A transactions generated proceeds of approximately CHF 280 mn, which BB Biotech redeployed during the third quarter. The twelve new positions span established commercial businesses, companies with advanced clinical programs, smaller holdings in earlier-stage developers and one private company.

New positions in Biogen, Incyte and Axsome Therapeutics added commercial-stage businesses with additional growth potential from their pipelines. BB Biotech also re-entered Alnylam Pharmaceuticals after a decline in its share price created a more attractive entry point. Among companies with advanced clinical programs, new investments included Kodiak Sciences, Summit Therapeutics, LB Pharmaceuticals and Bicara Therapeutics. Positions in Alto Neuroscience, Yarrow Bioscience and Eupraxia Pharmaceuticals were each initiated at no more than 1% of NAV.

The private investment in Soufflé Therapeutics provides selective exposure to siRNA medicines in development for neuromuscular and cardiac disease. Private holdings remain a limited part of the portfolio; their longer development timelines and lower liquidity call for careful position sizing.

Together, these additions broaden the portfolio's potential sources of future value and give BB Biotech scope to increase selected positions as clinical evidence strengthens and valuations justify it.

BB Biotech combines a long-term investment horizon with active position management. The team invests where current prices do not yet reflect a company's scientific, clinical and commercial potential,

reassessing the remaining upside against the risks as prices and evidence evolve. Higher portfolio activity this year reflects both completed acquisitions and valuation-driven portfolio adjustments. Eight positions were exited during the quarter, including the remaining holding in Ionis Pharmaceuticals, first acquired in 2010. At September 30, the portfolio comprised 43 companies.

Proprietary AI at the core of BB Biotech's investment process

BB Biotech's proprietary AI is embedded in how the team conducts research and evaluates companies. During the quarter, the team further enhanced the AI-native operating system described in the half-year report. The system connects company and pipeline data, clinical-trial records, scientific literature, financial models and expected catalysts, allowing the team to examine the evidence behind an investment alongside the assumptions, valuations and portfolio exposures that depend on it.

The team is expanding the use of explicit scenarios ahead of major clinical and regulatory events and recording its expectations before results are known. Further enhancements aim to deepen research and support the review of past decisions. It is too early to attribute portfolio performance to this work, and investment decisions remain the responsibility of the investment team.

Outlook

The fourth quarter brings further clinical and regulatory milestones across the portfolio. Since quarter-end, Vaxcyte has reported positive pivotal Phase III results for its 31-valent pneumococcal vaccine candidate. Longer-term data from Oruka Therapeutics' ORKA-001 program in psoriasis are expected, alongside US regulatory decisions on Vertex's Pharmaceuticals povetacicept, BridgeBio's Pharmaceuticals BBP-418 and Gilead's Sciences anito-cel.

Biotechnology valuations remain widely dispersed. Following the September correction, BB Biotech sees selective opportunities in companies whose share prices have fallen without a corresponding change in their clinical prospects. BB Biotech's permanent capital structure allows the team to assess these opportunities over a longer horizon and invest as attractive entry points emerge. Sustained NAV performance relative to the benchmark remains the measure of investment progress over time.

The interim report as at September 30, 2026, is available at www.bbbiotech.com.

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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 sets 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 communication 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 Board members and executives and are therefore subject to risks and uncertainties that may change over time. As actual developments may differ materially from these expectations, BB Biotech, its Board members and executives accept no responsibility in this regard. All forward-looking statements contained in this communication speak only as of the date of this communication, and BB Biotech, its Board members and executives undertake 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 September 30, 2026

(in % of securities, rounded values)

Amgen	9.4%
Gilead Sciences	8.3%
Vertex Pharmaceuticals	7.8%
Argenx SE	7.4%
Regeneron Pharmaceuticals	5.7%
Revolution Medicines	5.4%
Insmed	4.5%
Viridian Therapeutics	3.9%
Oruka Therapeutics	3.6%
Scholar Rock Holding	3.6%
Biogen	3.6%
Vaxcyte	3.5%
Relay Therapeutics	3.0%
United Therapeutics	2.6%
BridgeBio Pharma	2.1%
Immunocore	1.8%
Enliven Therapeutics	1.8%
Jade Biosciences	1.6%
Incyte	1.6%
Alnylam Pharmaceuticals	1.6%
Rivus Pharmaceuticals ¹⁾	1.5%
Axsome Therapeutics	1.2%
Kodiak Sciences	1.2%
Damora Therapeutics	1.1%
Avalyn Pharma	1.0%
Disc Medicine	1.0%
Summit Therapeutics	0.9%
CG Oncology	0.9%
Spyre Therapeutics	0.9%
Alto Neuroscience	0.8%
LB Pharmaceuticals	0.7%
Tango Therapeutics	0.7%
Krystal Biotech	0.7%
Eupraxia Pharmaceuticals	0.6%
Yarrow Bioscience	0.6%
Seaport Therapeutics	0.6%
Palvella Therapeutics	0.6%
Hemab Therapeutics	0.5%
Parabilis Medicines	0.4%
Soufflé Therapeutics ¹⁾	0.4%
Bicara Therapeutics	0.4%
Aura Biosciences	0.2%
Rivus Pharmaceuticals - Convertible Note ¹⁾	0.2%
Niroda Therapeutics ¹⁾	0.1%

Akero Therapeutics – CVR	0.0%
Blueprint Medicines – CVR	0.0%

Total securities	CHF 3 127.8 mn
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Other assets	CHF 169.9 mn
Other payables	CHF (38.1) mn

Net Asset Value	CHF 3 259.5 mn
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¹⁾Unlisted