

Media release as at April 25, 2025

BB Biotech Q1 2025: Sharpened portfolio focus amid continued market volatility

- The first quarter of 2025 was marked by elevated market volatility and rising macro uncertainty, driven by geopolitical developments and trade tensions. Biotech valuations, especially in small- and mid-cap names, remained under pressure.
- BB Biotech reported a net loss of CHF 241 mn for Q1 2025. The share price closed the quarter at a 14.1% discount to NAV, broadly in line with year-end 2024. The share price performance for the quarter was -8.8% in CHF and -10.3% in EUR.
- The investment team made continued progress in shaping the portfolio: a new position in Akero Therapeutics was initiated, while exits included Intra-Cellular Therapies, Fate Therapeutics, Sage Therapeutics, and Arvinas.
- The portfolio was reduced to 23 positions, with a growing focus on companies above USD 1 bn in market capitalization, reflecting a more balanced positioning.
- Several portfolio companies delivered regulatory and clinical milestones, including FDA **approvals for Vertex's JOURNAVX™ and Alynham's expanded indication for Amvuttra, as well as** positive updates from Argenx and Wave Life Sciences.
- BB Biotech continues to monitor US policy uncertainty and global trade developments but sees limited direct portfolio exposure. Many portfolio companies manufacture locally for the US market or operate in rare diseases – areas typically associated with strong pricing power and lean cost structures.
- With valuations resetting, BB Biotech sees selective opportunities to expand exposure to high-quality, innovative biotech companies, maintaining its long-term, conviction-based investment approach.

BB Biotech navigated a turbulent start to 2025, as global financial markets experienced heightened volatility driven by shifting trade policies and political uncertainty. The biotech sector remained under pressure, reflecting cautious investor sentiment and sustained macroeconomic headwinds.

Despite a challenging environment, BB Biotech remains committed to its long-term strategy – investing in companies pursuing breakthrough therapies across high-need indications. The portfolio's strategic positioning was further refined through disciplined capital allocation and continued focus on transformative science.

Q1 2025 performance

BB Biotech's Net Asset Value (NAV) declined by 10.8% in CHF and 12.3% in EUR in the first quarter of 2025. Including the March dividend payout of CHF 1.80 per share, the total shareholder return was -8.8% in CHF and -10.3% in EUR. This mirrors broader market dynamics, particularly in small- and mid-cap biotech. The share price closed the quarter at a 14.1% discount to NAV, broadly in line with year-end 2024.

Performance	Q1 2025		Q1 2024	
Currency	CHF	EUR	CHF	EUR
BB Biotech share price	-8.8%	-10.3%	11.3%	7.6%
BB Biotech NAV	-10.8%	-12.3%	11.2%	6.3%
NBI Index	-3.9%	-5.5%	9.1%	4.1%
Net profit/loss	-241 mn		260 mn	

A net loss of CHF 241 mn was recorded for the quarter, compared to a net profit of CHF 260 mn in Q1 2024. At the Annual General Meeting on March 19, 2025, shareholders approved all proposals, including the dividend payout of CHF 1.80 per share, continuing BB Biotech's established dividend policy of distributing 5% of the average December share price, which has been in place since 2013.

Strategic portfolio evolution

The investment team actively managed the portfolio to further strengthen its quality, focus, and risk profile. A new position was initiated in Akero Therapeutics, driven by strong conviction following promising Phase II data in patients with cirrhotic MASH (F4 population), a segment with high unmet medical need and limited treatment options. The company's differentiated clinical profile and efficacy data supported BB Biotech's participation in its follow-on capital raise.

At the same time, several positions were exited in line with BB Biotech's disciplined approach to capital allocation. These included Intra-Cellular Therapies, following the HSR approval of its acquisition by Johnson & Johnson; Fate Therapeutics, due to a significant contraction of its development pipeline; Sage Therapeutics, in the context of Biogen's unsolicited bid; and Arvinas, after mixed Phase III results limited to ESR1-mutant subgroups, which significantly constrained the drug's broader commercial potential.

As of March 31, 2025, the portfolio comprised 23 positions, reflecting a more concentrated and conviction-driven approach. BB Biotech is increasingly focused on mid-cap companies with a market capitalization above USD 1 bn – companies that combine differentiated science, strategic clarity, and relative resilience in volatile markets.

Innovation and sector highlights

Q1 2025 saw several notable regulatory and clinical developments across the biotech landscape, underscoring both the sector's innovation potential and its inherent volatility. Vertex received FDA approval for JOURNAVX™ (suzetrigine), a novel, non-addictive treatment for moderate-to-severe acute pain – marking a key milestone in its expansion beyond cystic fibrosis. The company also secured a positive CHMP opinion for KAFTRIO®, broadening its cystic fibrosis franchise to younger patient populations in Europe.

Alnylam obtained expanded FDA approval for Amvuttra for the treatment of ATTR-CM, making it the first and only FDA-approved RNAi therapy for both ATTR-CM and hATTR-PN. This milestone significantly increases the drug's addressable market and commercial potential.

Wave Life Sciences reported positive clinical data for its Duchenne Muscular Dystrophy (DMD) candidate and initiated a Phase I trial in obesity, highlighting progress across multiple therapeutic areas. Argenx delivered strong full-year product sales and advanced a broad late-stage pipeline, positioning itself for continued commercial and clinical expansion.

In contrast, Arvinas announced mixed Phase III results in breast cancer, with efficacy limited to a narrower subgroup, while Incyte's STOP-HS trial in hidradenitis suppurativa failed to meet expectations due to unexpectedly high placebo responses.

Outlook

Shifts in trade policy, regulatory direction, and capital allocation are reshaping the opportunity set for long-term biotech investors. While policy unpredictability and tight capital markets continue to weigh on sentiment, the latest tariff escalation under the Trump administration has had minimal direct fundamental impact on our portfolio companies.

Most of our holdings either manufacture locally for the US market or focus on rare diseases – segments characterized by high pricing power and low cost of goods sold. This includes small molecules, which represent roughly half the portfolio and have negligible COGS, as well as RNA-focused, biologics-based, and gene editing companies – many of which target rare diseases, retain pricing flexibility, or rely predominantly on domestic production. Pre-commercial companies remain strategically adaptable in managing their supply chains.

While trade policy may indirectly affect the broader pharmaceutical landscape – through rising supply chain costs or regulatory friction – BB Biotech's portfolio exposure remains limited. At the same time, sector valuations have reached historically depressed levels. Small caps are frequently trading near or below cash, while mid-cap companies are priced at cash multiples last seen in the aftermath of the dot-com bubble.

One potential outcome of the current macro and trade realignment is a structural shift that could benefit the biopharma industry over the mid- to long term. If it leads to increased pharmaceutical spending outside the US – rather than the feared erosion of US pricing – it could trigger a meaningful expansion of global medicines markets. Among developed economies, Japan is structurally better positioned to adapt quickly, with a single payor, unified regulation, and one market. Europe remains more fragmented and inconsistent, yet the recent warning by the European Federation of Pharmaceutical Industries and Associations (EFPIA) to the EU Commission – citing the risk of an industry shift to the US – underscores the pressure: without significantly higher pricing and leaner regulatory processes, investment may increasingly favor the US.

The Trump administration's April 15th Executive Order on drug pricing reflects early signs of this shift. It signals a more market-aligned approach to managing drug costs – potentially leveraging tools such as most-favored-nation pricing, drug importation, targeted support for generics and biosimilars, and tariff incentives to stimulate competition while preserving innovation. By removing the "pill penalty" from the Inflation Reduction Act (IRA), it restores parity between small molecules and biologics in Medicare negotiations, rebalancing incentives for oral drug innovation. The order also reinforces the IRA's negotiation framework by calling for clearer guidance and a focus on high-cost drugs. While this may lead to stricter price caps post-exclusivity, it could also bring greater predictability and a more level playing field for long-term innovators versus established incumbents known for aggressive lifecycle management strategies.

On the regulatory front, concerns remain around the FDA's independence from HHS, the growing influence of politics over evidence-based decisions, and operational constraints amid internal restructuring. Statements by HHS Secretary Kennedy – including skepticism toward vaccine safety, concern over industry-regulator ties, and criticism of potential conflicts tied to user fees – have been

particularly unsettling. While these views have yet to translate into formal policy, they introduce uncertainty regarding the future direction of regulatory oversight and the agency's scientific stance. Some companies report reduced transparency and weaker alignment with the FDA in early development stages, though operational continuity in later phases has been maintained.

In this environment, we continue to prioritize long-term value creation by investing in deeply differentiated products and companies with clear clinical and commercial pathways. We are backing companies with sharpened investment hypotheses, improved risk-adjusted entry points, and greater capital discipline.

The interim report as at March 31, 2025, is available under report.bbbiotech.ch/Q125 or 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 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 March 31, 2025

(in % of securities, rounded values)

Argenx SE	16.2%
Ionis Pharmaceuticals	11.3%
Alnylam Pharmaceuticals	9.8%
Neurocrine Biosciences	9.6%
Vertex Pharmaceuticals	9.2%
Revolution Medicines	7.4%
Incyte	6.0%
Agios Pharmaceuticals	4.9%
Scholar Rock Holding	3.8%
Celldex Therapeutics	2.7%
Rivus Pharmaceuticals ¹	2.6%
Akero Therapeutics	2.4%
Biohaven	2.3%
Beam Therapeutics	2.2%
Moderna	2.0%
Immunocore	1.7%
Wave Life Sciences	1.6%
Edgewise Therapeutics	1.5%
Relay Therapeutics	0.9%
Esperion Therapeutics	0.7%
Macrogenics	0.6%
Annexon	0.5%
Black Diamond Therapeutics	0.2%
Molecular Templates – Warrants, 2.4.29	0.0%
Total securities	CHF 1 859.3 mn
Other assets	CHF 89.6 mn
Other payables	CHF (4.4) mn
Net Asset Value	CHF 1 944.5 mn

¹⁾ Unlisted company