

NAV outperformance not reflected in share price

BB Biotech delivered a strong Q2 performance, with NAV outperforming the Nasdaq Biotech Index (NBI) by 3.5 percentage points in CHF. Yet the share price discount to NAV widened from 6.9% to 12.9% despite robust underlying execution. The discount has since tightened to ~10% by late July, which is in line with the average 12-month discount to the NBI.

Key Data (2026E)

Price (CHF)	51.60
Reuters	BION.S
Bloomberg	BION SE
Market cap (CHFm)	2,859
Market cap (USDm)	3,490
Net debt (EURm)	0
Net gearing	0%
Net debt/EBITDA (x)	n.a.
Shares fully dil. (m)	55.4
Avg daily turnover (m)	3.8
Free float	100%

Index outperformance

Over the past 12 months, BB Biotech's share price and NAV have significantly outperformed the Nasdaq Biotech Index, both reaching index levels of 163 in CHF versus 145 for the NBI.

M&A validates sourcing quality across development stages

Eight BB Biotech portfolio companies have been acquired over the past six quarters, including the recent takeovers of Terns (Merck), Nuvalent (GSK), and Crinetics (Vertex). In our view, this highlights the value of deep scientific expertise and rigorous stock selection in identifying differentiated biotech companies ahead of strategic buyers. We expect M&A activity to remain robust, supported by the pharmaceutical industry's urgent need to offset the loss of exclusivity on what we estimate at c. USD 250bn of branded drug sales by 2030. This structural patent cliff should continue to drive demand for high-quality biotech innovation, providing a durable tailwind for sector consolidation.

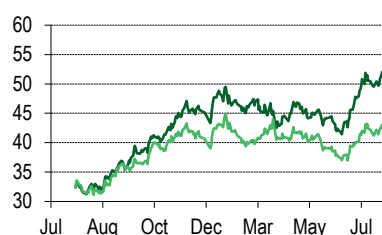
Twelve new investments reflect AI-enabled research scaling

Q2 added 12 positions across oncology, immunology and rare disease. The portfolio now has 37 listed holdings and 39 total investments, up from 30 at end-Q1. The AI-enabled platform strengthens stock selection across a broader opportunity set. We use a fair value range of CHF 51.3-57.3 per share, reflecting the range between the 12-month historical NAV discount and current NAV.

Estimate Revisions (%)

	2026E	2027E	2028E
Revenues	0	0	0
Adj. EBIT	0	0	0
Adj. EPS	0	0	0

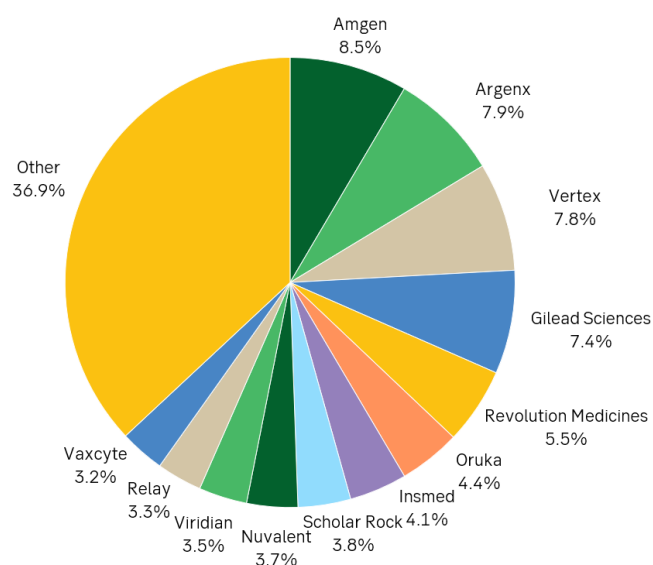
Share Price (12M)



Absolute (green) / Relative to Switzerland (SMI) (light green).

**Marketing communication
commissioned by:
BB Biotech**

BB Biotech top 12 holdings



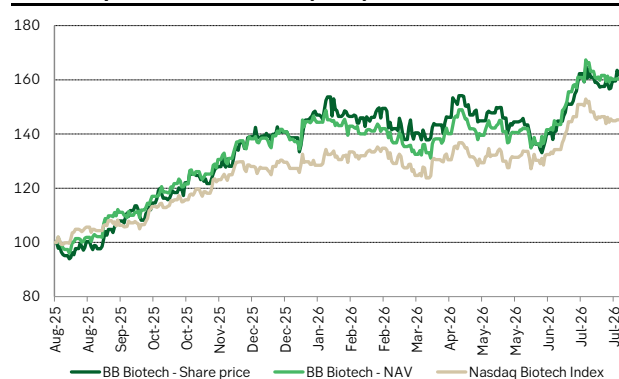
Source: BB Biotech, Bloomberg

Valuation

Price performance

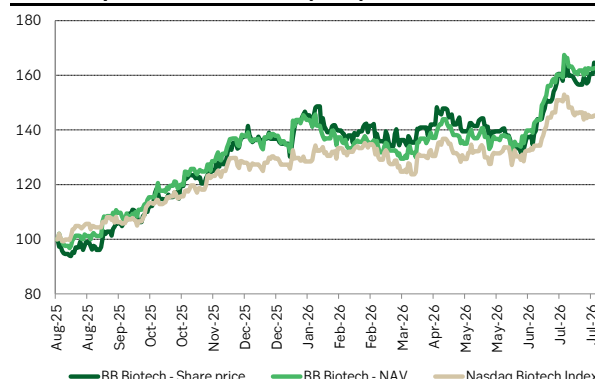
As of 28 July 2026, BB Biotech's share price and NAV have significantly outperformed the Nasdaq Biotech Index during the last 12 months. In CHF terms, both the share price and NAV traded at index level 163 versus 145 for the NBI, representing 18pp outperformance. In USD terms, the share price reached index level 162 and NAV index level 160, compared with 145 for the benchmark, corresponding to 17pp and 15pp outperformance respectively. In Q2 alone, NAV returned 17.2% in CHF against 13.7% for the NBI, an outperformance of 3.5pp, with management citing clinical execution across oncology, immunology and rare disease as the primary driver.

Indexed performance, 12M (USD)



Source: Bloomberg, SEB

Indexed performance, 12M (CHF)

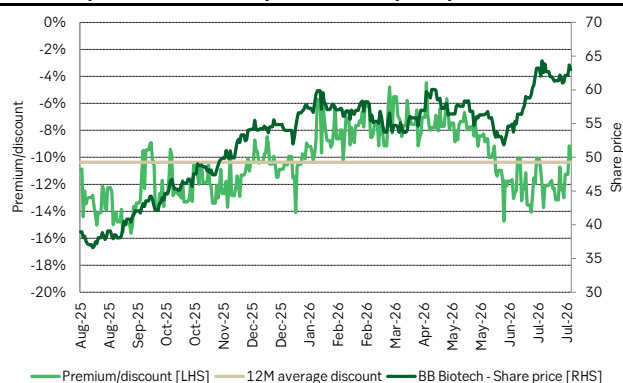


Source: Bloomberg, SEB

Trading at a discount to NAV

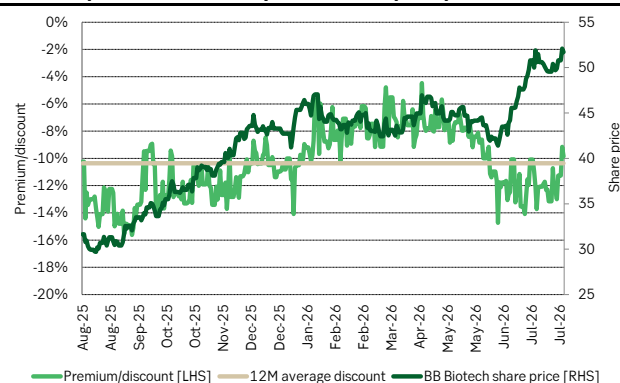
As of 28 July 2026, BB Biotech's share price was CHF 51.7 against NAV of CHF 57.3, representing a 9.9% discount to NAV. In USD terms, the fund traded at a 10.1% discount (share price USD 63 versus NAV USD 70). The discount widened materially during Q2, from 6.9% at end-Q1 to 12.9% at 30 June, reflecting Q2 market headwinds and investor rotation. However, the discount has since tightened by roughly 3pp as of late July, driven by strong portfolio results and recovering investor confidence, bringing the fund closer to its historical average discount range.

Premium/discount development 12M (USD)



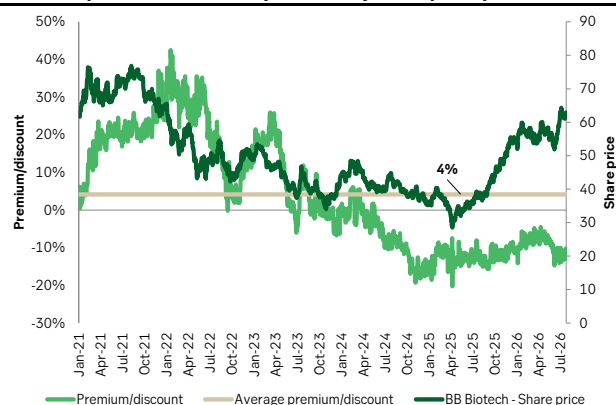
Source: Bloomberg, SEB

Premium/discount development 12M (CHF)



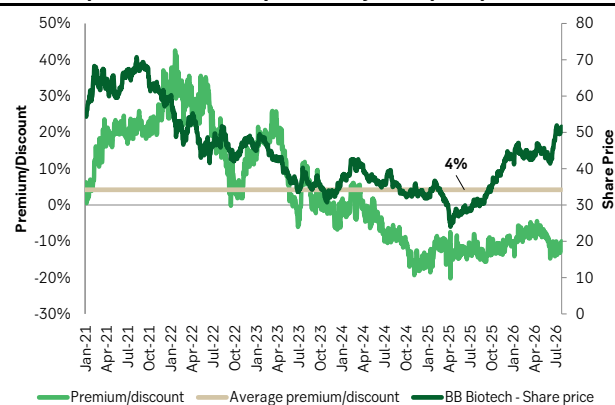
Source: Bloomberg, SEB

Premium/discount development, 5 years (USD)



Source: Bloomberg, SEB

Premium/discount development, 5 years (CHF)



Source: Bloomberg, SEB

M&A validate sourcing quality

Three BB Biotech portfolio companies were subject to announced acquisitions during the first half of 2026. Terns Pharmaceuticals was acquired by Merck, Nuvalent by GSK, and Crinetics Pharmaceuticals by Vertex Pharmaceuticals. Together, these transactions represent validation of BB Biotech's sourcing and early positioning in differentiated innovation.

The pace of consolidation has accelerated materially. Eight BB Biotech portfolio companies have been subject to announced acquisitions over the past six quarters, a period the company notes accounts for close to a fifth of all acquisitions it has participated in across more than three decades.

This activity reflects structural demand from large pharmaceutical companies, which, we estimate, face over USD 250bn in revenue exposure to patent expiry through 2030. External innovation has become one of the most efficient mechanisms for pipeline extension, creating a sustained incentive for acquisition of late-stage and commercial-stage biotechnology assets.

Recent strategic biotech transactions



Source: BB Biotech, SEB

Management frames each transaction differently: the Terns acquisition as validation of early investment in differentiated oncology innovation, Nuvalent as evidence of the strategic value of differentiated precision oncology assets, and Crinetics as continued demand for innovative commercial-stage biotechnology companies. The breadth across development stages reflects the portfolio's intentional positioning across the innovation spectrum.

BB Biotech describes M&A as a natural consequence of investing in companies with differentiated innovation, compelling clinical data and significant commercial potential, rather than an investment objective in itself. Following the Nuvalent and Crinetics announcements, the company expects capital available for redeployment to increase further from approximately the 7% of NAV held in cash and other net assets at 30 June.

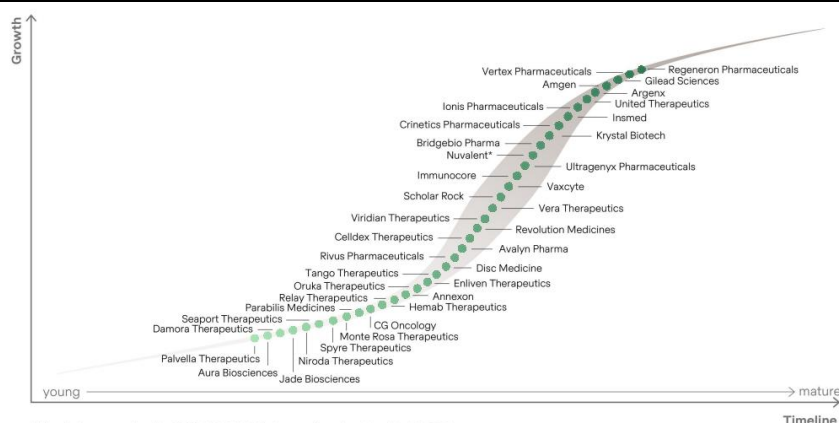
Portfolio activity and performance

Significant portfolio extension in Q2

BB Biotech initiated 12 new investments during the second quarter, closing with 37 listed holdings and 39 investments in total. Management attributes the pace of deployment to enhanced research capacity rather than any change in investment philosophy or quality threshold, stating that the new positions reflect an improved ability to identify, evaluate and prioritise differentiated opportunities.

Two established commercial-stage companies - Insmed (4.1% of securities at quarter-end) and United Therapeutics (2.8%) - strengthen the portfolio with approved products and durable growth opportunities in rare pulmonary and cardiovascular diseases. A second group of clinical-stage innovators, including BridgeBio Pharma (2.5%), Hemab Therapeutics, Avalyn Pharma, CG Oncology and Spyre Therapeutics, expand exposure to high-unmet-need areas with clear strategic relevance for acquirers. A third wave of additions - Seaport Therapeutics, Palvella Therapeutics, Aura Biosciences, Parabilis Medicines and the private investment Niroda Therapeutics - broaden the portfolio across neurology, rare disease and precision oncology. In aggregate, the 12 new positions represented approximately 15% of securities at 30 June, demonstrating BB Biotech's ability to deepen research coverage while maintaining disciplined position sizing across development stages.

The S-curve as tool for sizing, risk control and timing deployed by BB Biotech



Source: BB Biotech, SEB

Portfolio characteristics as of 30 June 2026:

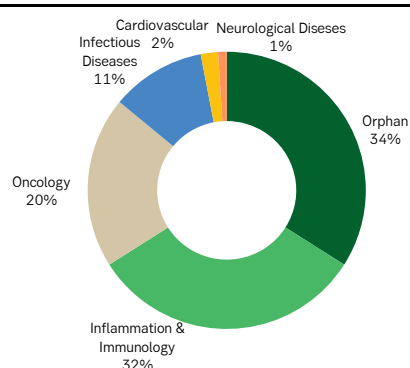
By therapeutic area, orphan diseases represent the largest exposure at 34%, followed by inflammation and immunology at 32% and oncology at 20%. These three areas account for 86% of the portfolio, with infectious diseases (11%), cardiovascular (2%) and neurological diseases (1%) making up the rest.

By modality, the portfolio is weighted toward established platforms: small molecules at 49% and biologics at 45%, with limited exposure to RNA (5%) and gene- and cell therapy (1%).

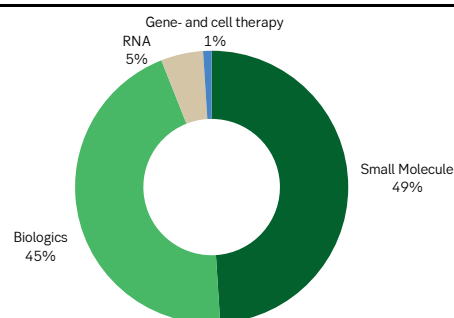
The most material change is in market-capitalisation exposure. Holdings above USD 30bn now represent 40% of the portfolio, reflecting increased allocations to Amgen (8.5% of securities), Argenx (7.9%), Vertex Pharmaceuticals (7.8%) and Gilead Sciences (7.4%). Companies in the USD 5-30bn range account for 29%, sub-USD 5bn holdings a further 29%, and private investments 2%.

Management characterises the larger-cap allocation as tactical positioning in the current market environment, consistent with its long-term strategy, and argues that these companies enhance resilience while preserving long-term growth potential: Vertex expanding beyond cystic fibrosis, Argenx as one of the sector's strongest immunology growth franchises, and Gilead combining resilient cash generation with expanding oncology and immunology platforms.

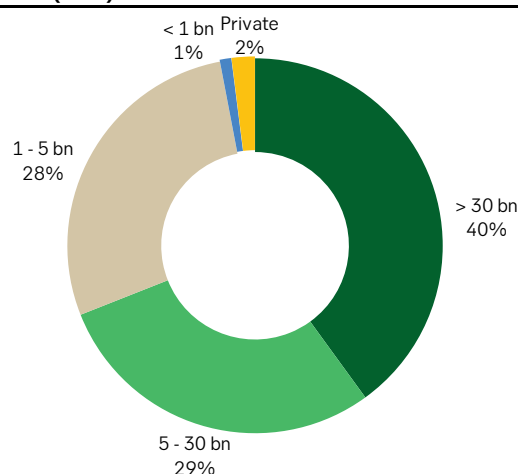
Below, we give a portfolio breakdown of BB Biotech as of 30 June 2026.

Therapeutic Area

Source: BB Biotech, SEB

Drug Modalities

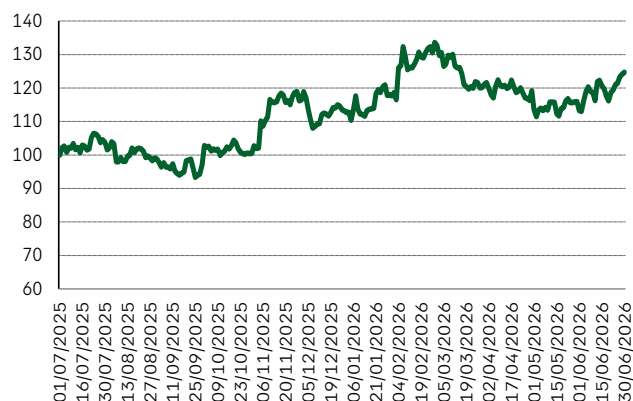
Source: BB Biotech, SEB

Market Capitalisation (CHF)

Source: BB Biotech, SEB

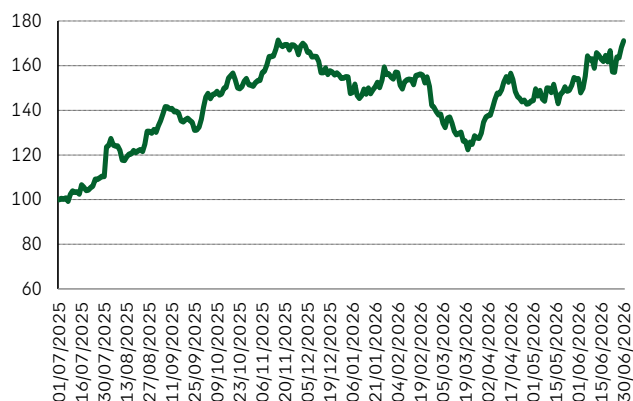
Performance of core holding companies

Amgen



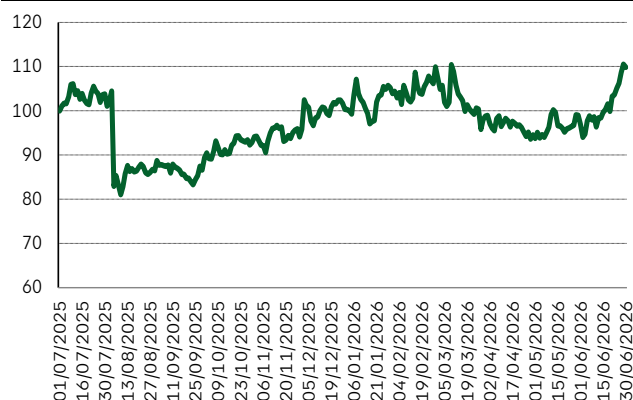
Source: FactSet, SEB

Argenx



Source: FactSet, SEB

Vertex Pharmaceuticals



Source: FactSet, SEB

Gilead Sciences



Source: FactSet, SEB

Revolution Medicines



Source: FactSet, SEB

Oruka Therapeutics



Source: FactSet, SEB

Net Asset Value of BB Biotech's Portfolio

Main listing	SIX Swiss Exchange	Market cap (CHFm)	2,813				
Share Price (CHF)	51.0	No. of shares	55,149,250				
Net Asset Value per share (CHF)	57.3	Net Asset Value (CHFm)	3,157				
Premium (%)	-10.9%	Dividend 2024 (CHF)	2.25				
12 month avg. premium ratio	-10.2%	Yield (%)	4.4				
5 year avg. premium ratio	2.6%						
	Number of Shares	CCY	Price	Value (CHFm)	Per Share (CHF)	Share of GAV	Share of NAV
Amgen Inc	831,588	USD	362	246	4.5	8.5%	7.8%
Annexon Inc	4,100,016	USD	6	19	0.3	0.7%	0.6%
Argenx SE	301,000	USD	928	228	4.1	7.9%	7.2%
Aura Biosciences Inc	1,166,667	USD	7	7	0.1	0.2%	0.2%
Avalyn Pharma Inc	1,350,000	USD	33	36	0.7	1.3%	1.2%
Bridgebio Pharma Inc	1,170,130	USD	74	71	1.3	2.5%	2.3%
Celldex Therapeutics Inc	1,200,000	USD	37	36	0.7	1.3%	1.2%
CG oncology Inc	493,596	USD	71	29	0.5	1.0%	0.9%
Crinetics Pharmaceuticals Inc	2,620,000	USD	37	80	1.5	2.8%	2.5%
Damora Therapeutics Inc	1,618,846	USD	26	34	0.6	1.2%	1.1%
Disc Medicine Inc	560,000	USD	73	33	0.6	1.2%	1.1%
Enliven Therapeutics Inc	1,490,000	USD	51	62	1.1	2.1%	2.0%
Gilead Sciences Inc	2,093,000	USD	126	216	3.9	7.4%	6.8%
Hemab Therapeutics Holdings Inc	550,000	USD	37	17	0.3	0.6%	0.5%
Immunocore Holdings PLC	2,788,245	USD	32	72	1.3	2.5%	2.3%
Insmed Inc	1,381,740	USD	107	120	2.2	4.1%	3.8%
Ionis Pharmaceuticals Inc	944,577	USD	79	61	1.1	2.1%	1.9%
Jade Biosciences Inc	3,057,996	USD	22	56	1.0	1.9%	1.8%
Krystal Biotech Inc	76,000	USD	372	23	0.4	0.8%	0.7%
Monte Rosa Therapeutics Inc	1,190,000	USD	24	24	0.4	0.8%	0.7%
Nuvalent Inc	1,053,268	USD	124	106	1.9	3.7%	3.4%
Oruka Therapeutics Inc	1,657,190	USD	95	129	2.3	4.4%	4.1%
Palvella Therapeutics Inc	155,000	USD	153	19	0.4	0.7%	0.6%
Parabilis Medicines Inc	500,000	USD	27	11	0.2	0.4%	0.4%
Regeneron Pharmaceuticals Inc	157,000	USD	624	80	1.5	2.8%	2.5%
Relay Therapeutics Inc	6,184,046	USD	19	95	1.7	3.3%	3.0%
Revolution Medicines Inc	1,042,424	USD	187	160	2.9	5.5%	5.1%
Scholar Rock Holding Corp	2,445,032	USD	55	110	2.0	3.8%	3.5%
Seaport Therapeutics Inc	1,100,000	USD	22	20	0.4	0.7%	0.6%
Spyre Therapeutics Inc	227,000	USD	89	16	0.3	0.6%	0.5%
Tango Therapeutics Inc	694,182	USD	31	18	0.3	0.6%	0.6%
Ultragenyx Pharmaceutical Inc	1,982,775	USD	33	54	1.0	1.9%	1.7%
United Therapeutics Corp	182,301	USD	542	81	1.5	2.8%	2.6%
Vaxcyte Inc	1,967,377	USD	58	93	1.7	3.2%	3.0%
Vera Therapeutics Inc	1,692,906	USD	43	59	1.1	2.0%	1.9%
Vertex Pharmaceuticals Inc	557,375	USD	497	226	4.1	7.8%	7.2%
Viridian Therapeutics Inc	6,717,515	USD	18	101	1.8	3.5%	3.2%
Rivus Pharmaceuticals	Unlisted	USD		44	0.8	1.5%	1.4%
Niroda Therapeutics	Unlisted	USD		3	0.1	0.1%	0.1%
Total shares				2,898	52.5	100%	92%
Rivus Pharmaceutical - Convertible Note				5.1	0.0	0.0%	0.0%
Total unlisted convertible notes				5.1	0.0	0.0%	0.0%
Akero Therapeutics - Contingent Value Right	2,122,704	USD	0.7	1.1	0.0	0.0%	0.0%
Blueprint Medicines - Contingent Value Right	284,900	USD	0.5	0.1	0.0	0.0%	0.0%
Total derivative instruments				1.2	0.0	0.0%	0.0%
GAV (excl. cash)				2,904	52.7		
Net cash				253	4.6		8.0%
NAV				3,157	57.3		

Source: SEB, BB Biotech, Bloomberg as of 27 July 2026

Overview

Investment considerations

BB Biotech's team of industry experts has managed to outperform the Nasdaq biotech index (NBI) over the past 10 years. The fund's clearly-defined strategy of investing in listed mid- and small-cap biotech companies has paid off. Investors in the fund have therefore historically had exposure to an industry with strong long-term prospects for growth, while steering clear of many of the pitfalls this sector offers for non-specialist investors

Company profile

BB Biotech AG is an investment company domiciled in Schaffhausen/Switzerland and listed on stock exchanges in Switzerland and Germany. Since 1993, the company has invested in innovative drug development companies that are mainly located in the US and Western Europe. BB Biotech is one of the leading investors in this sector. BB Biotech builds 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. At least 90% of its shareholdings must be in listed companies, while always holding more than 50% of its assets in equity investments. The target portfolio of BB Biotech generally consists of 20-35 participations.

Valuation approach

We rely on NAV valuation to determine fair equity value for BB Biotech. Our fair value range reflects the range between the 12-month historical NAV discount and current NAV.

Investment risks

Biotech equities can be subject to sudden substantial price movements owing to market, sector or company factors, especially clinical risks. BB Biotech invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency. The price investors pay or receive, as with other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value (NAV) of the company.

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