

J.P.Morgan

Biopharma Q1 2025: Strategic shifts and market dynamics

May 2025

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Executive Summary

Biopharma Q1 2025: Big Private Deals, Cautious IPOs, and Global Growth

Venture investments continued their larger-but-fewer theme, and licensing transactions posted larger potential deal values with a larger share of upfront payments for later-stage programs.

IPO activity slowed due to macroeconomic uncertainty and market volatility. Many companies delayed going public; some were able to pivot and raise large private rounds, while others remain prepared for when market conditions improve, aiming to capitalize on windows of opportunity to access public markets.

The global biotech ecosystem remained robust, with a slightly higher proportion of first-time financings occurring outside the U.S. compared to FY 2024.

Here are a few highlights from our Q1 2025 report:

- **Venture investment in therapeutics and discovery platforms:** \$6.7 billion invested in Q1 2025 in 109 rounds for biopharma companies, matching the Q1 2024 total.
- **Biopharma licensing partnerships:** \$56.8 billion in total announced deal value for biopharma licensing deals signed in Q1 2025.
- **M&A:** 27 M&A transactions for biopharma therapeutics and platform companies were announced in Q1 2025 totaling \$25.2 billion.
- **IPOs:** \$770 million across four biopharma IPOs on the Nasdaq completed through March 31, 2025.

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Thank you for taking the time to read this report. We look forward to supporting you.

Kathryn McDonough
Head of Life Sciences
Innovation Economy, Commercial Banking
J.P. Morgan

Skip Kelly
Head of Healthcare VC Coverage
Innovation Economy, Commercial Banking
J.P. Morgan

Parameters

Biopharma companies are defined as firms developing therapeutics and technology platforms engaged in drug discovery, clinical R&D and commercialization.

Therapy areas, development stages, modalities and deal structures are segmented per the DealForma database.

Financials are based on disclosed figures curated by DealForma. Multiple tranches of the same series are counted as one together.

Deals are tracked globally unless otherwise noted.

Data as of March 31, 2025.

Biopharma Venture Activity: Steady Dollars, Strategic Focus

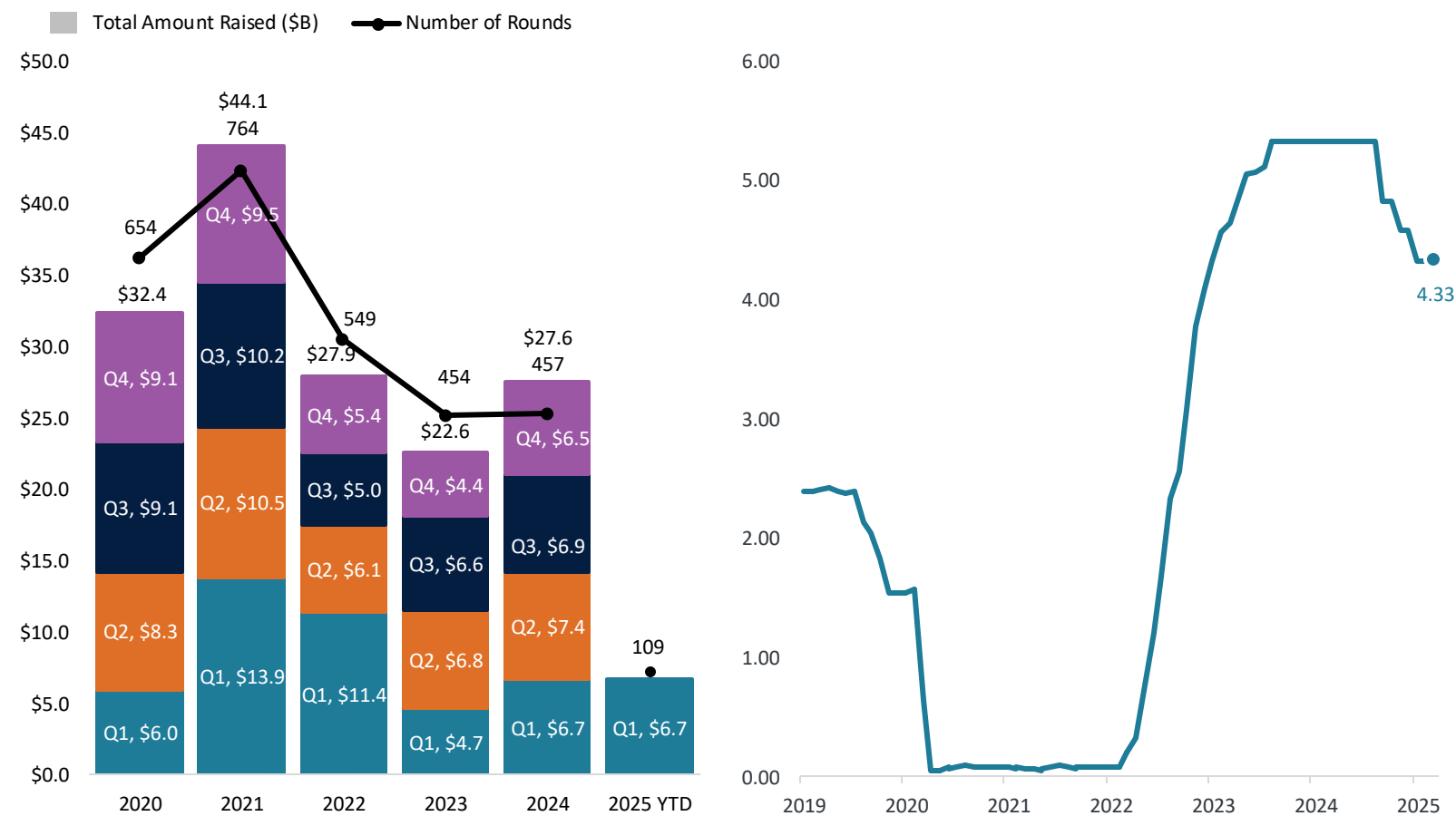
Biopharma venture investment dollar totals held steady, though fewer rounds posted larger values

In Q1 2025, biopharma venture dollar volume reached \$6.7 billion, matching the total from Q1 2024. Investors concentrated on more developed programs, resulting in larger investments being directed towards fewer companies. A total of \$6.7 billion was raised in private funding rounds during Q1 2025, consistent with the amount raised in Q1 2024.

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Source: DealForma.com database; Fed rate: fred.stlouisfed.org
Financials based on disclosed figures. Data through March 31, 2025.

Biopharma Therapeutics and Discovery Platforms Deal Activity vs. Federal Funds Rate
Total Deal Value (\$B) Federal Funds Effective Rate



Mega rounds and lucrative upfronts

Biopharma venture investments continued to concentrate into fewer rounds, while licensing upfronts increased for larger deals

In Q1 2025, biopharma venture investors supported larger rounds for fewer companies, mirroring the trend seen in licensing partnerships.

Venture rounds

- 19 biopharma companies raised venture rounds of \$100 million or more in Q1 2025.
- Notable Q1 2025 biopharma venture rounds over \$100 million include a \$600 million private round for Isomorphic Labs (an AI drug-discovery company spun out of Alphabet), Verdiva Bio’s \$410 million Series A from Forbion/General Atlantic/RA Capital, and Eikon Therapeutics’ \$351 million Series D led by Lux Capital.

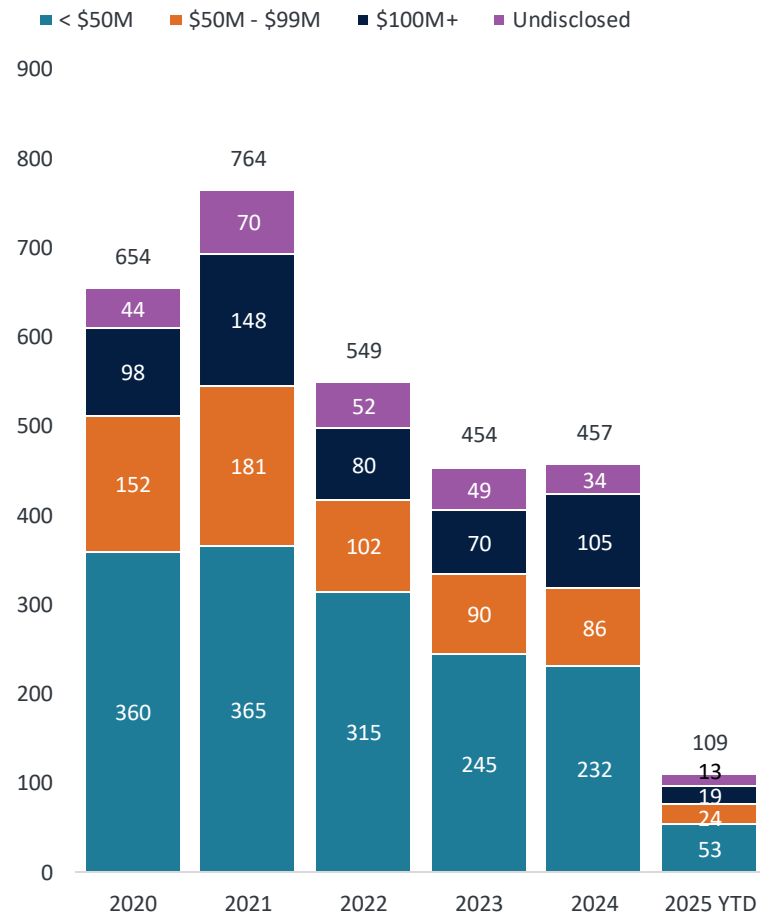
Licensing transactions

- Licensing transaction volume in Q1 2025 totaled 48 with disclosed upfront payments, on pace for 14% annualized growth in volumes. Of these 48 transactions, nine deals disclosed \$100 million or more upfront. Notable transactions include Roche’s deal with Zealand Pharma (\$1.4 billion upfront) and Ono Pharmaceutical’s deal with Ionis (\$280 million upfront).

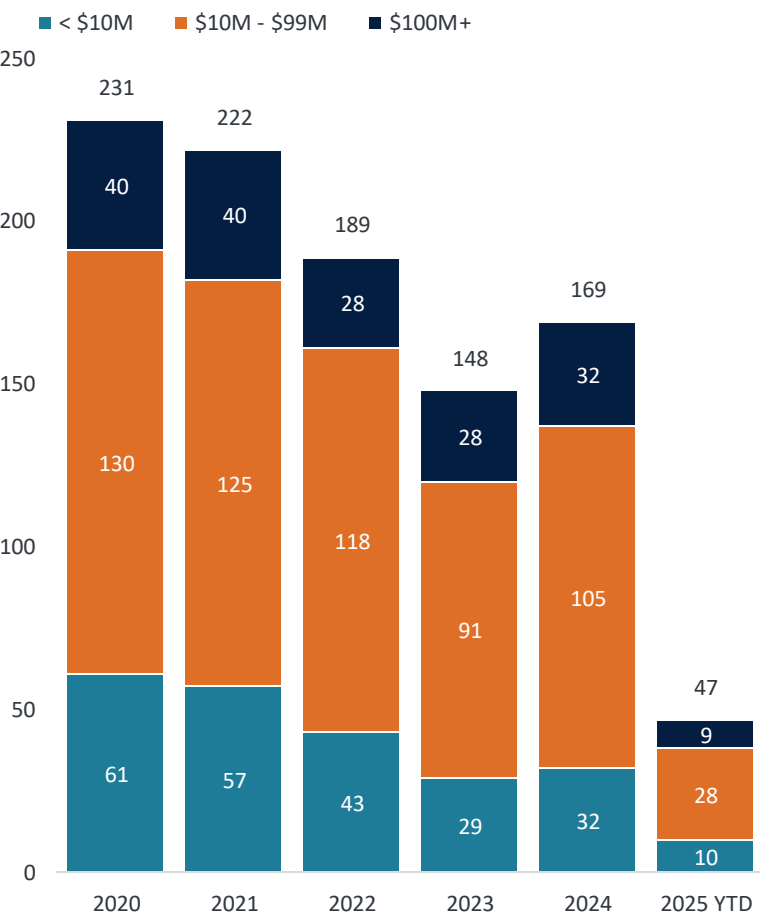
Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

Biopharma: Total Number of Venture Rounds and R&D Partnership & License Deals by Value Upfront

Number of Venture Investments by Round Size



Number of R&D Licenses by Disclosed Upfront



Biopharma Seed and Series A: Robust early-stage funding sets the stage for growth

Seed and Series A rounds posted larger figures than Series B and later for biopharma in Q1 2025

Seed and Series A funding into biopharma companies totaled \$3.7 billion across 60 rounds in Q1 2025. Series B and later totaled \$3.0 billion from 49 rounds.

Key investments

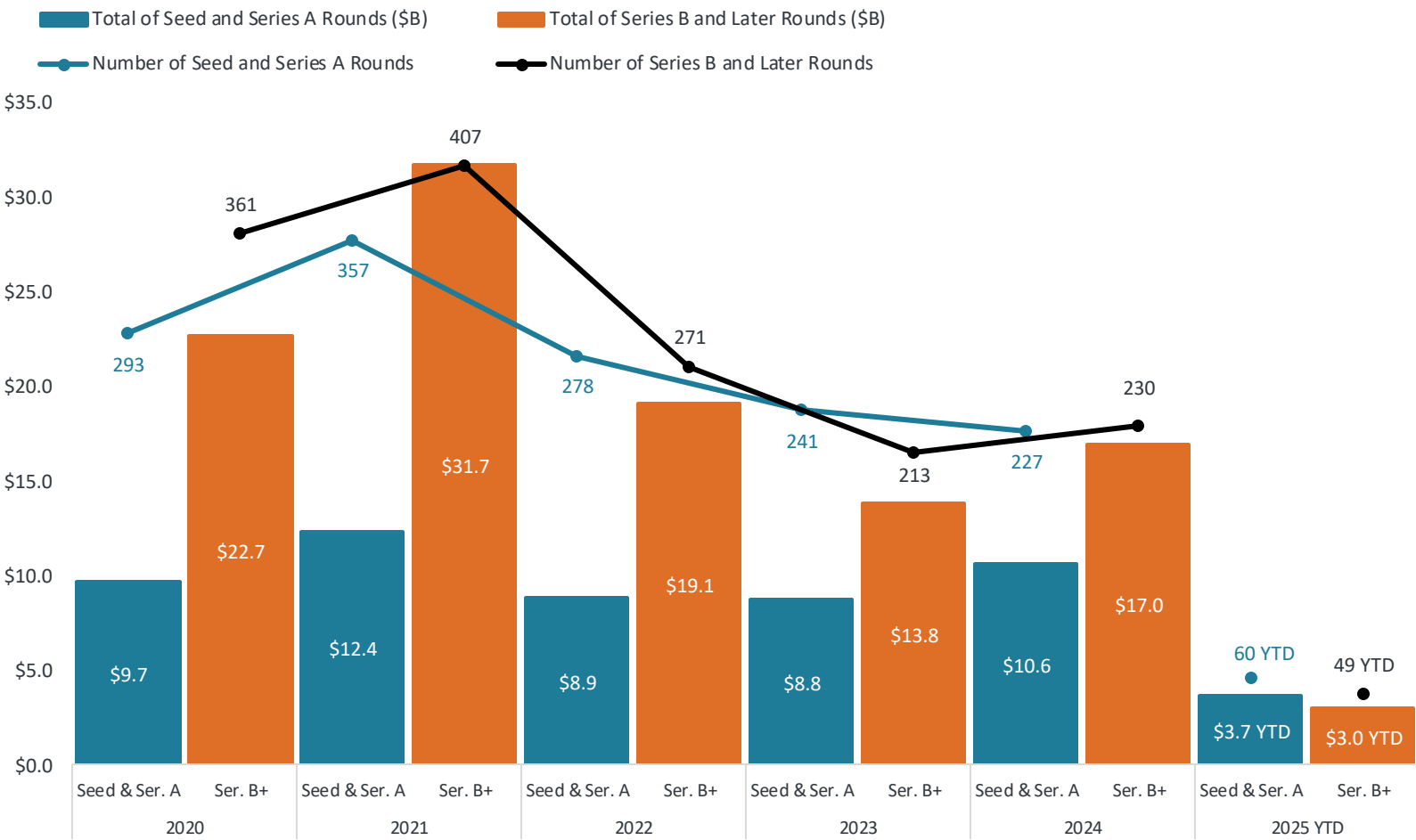
- The largest biopharma investment in Q1 2025 was Isomorphic Labs’ \$600 million financing.
- Other meaningful seed and Series A financings included \$300 million for Kardigan Inc. (ARCH/Perceptive) and \$200 million for Tenvie Therapeutics (ARCH/F-Prime).

Geographic distribution

- Out of 60 first-time financings in Q1’25, 26 (43%) were headquartered outside of the U.S. 20 of these deals (33%) were headquartered in California, and six (10%) were headquartered in Massachusetts.
- This compares to 2024 where 89 (39%) of first-time financings had an HQ outside of the U.S., 49 (22%) were headquartered in California, and 41 (18%) were headquartered in Massachusetts.

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

Seed and Series A vs. Later Series Venture Totals in Biopharma Therapeutics and Discovery Platforms



Venture investment: Focus on early discovery and near-commercial

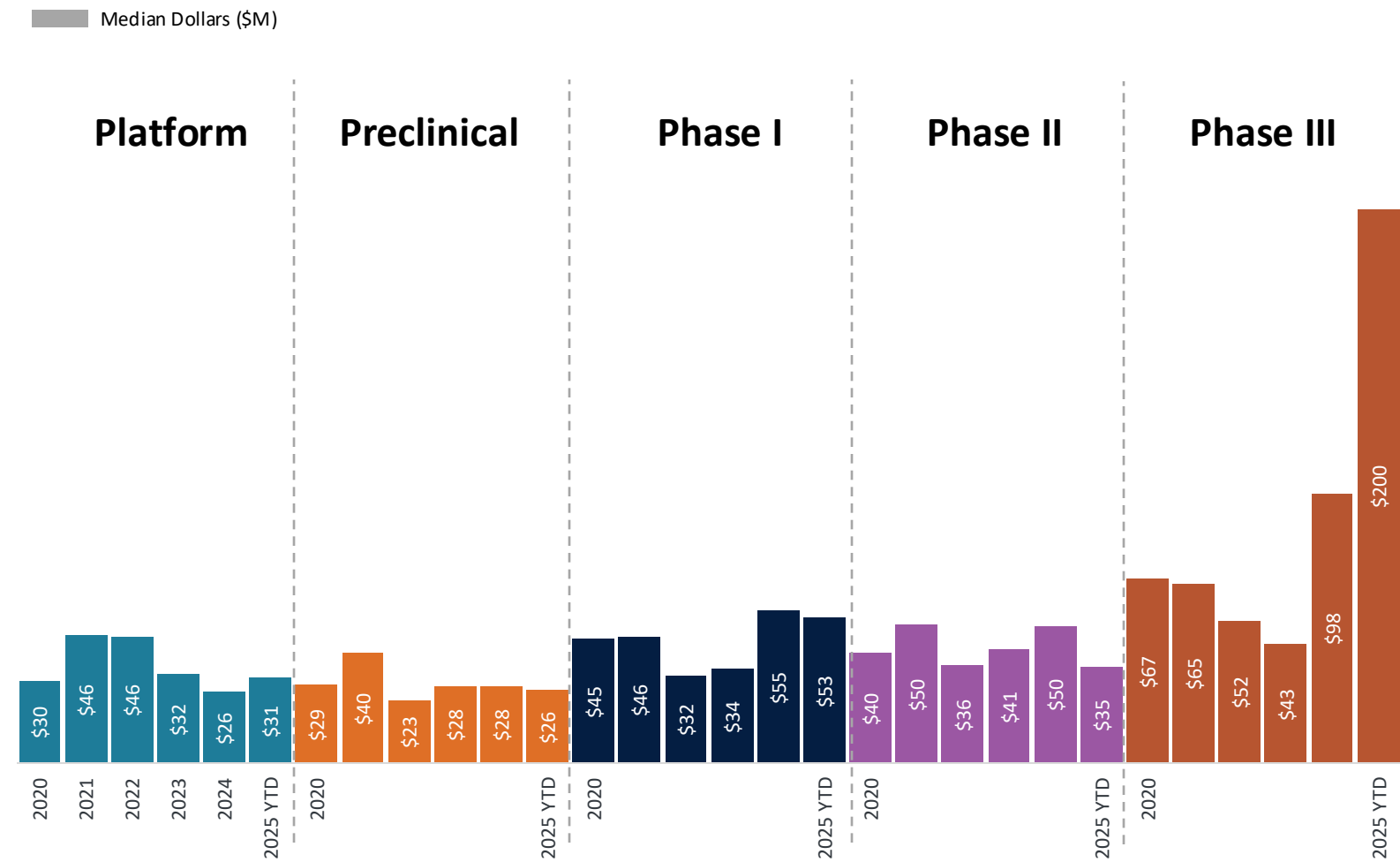
Biopharma venture investments were polarized towards early- and late-stage companies, both experiencing higher median round values

Investors focused on platform/discovery stage companies and those with lead programs in Phase III, aiming for quicker returns through commercialization while also making value-driven early bets.

- Platform/discovery stage biopharma companies saw an increase in median funding rounds to \$31 million in Q1 2025.
- 31 platform/discovery-stage companies disclosed funding rounds in Q1 2025 ranging from \$4.0 million to \$600 million.
- One biopharma company in Phase III raised a \$200 million Series C (Abcuro).

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

Biopharma Therapeutics and Platforms: Median Venture Rounds by Company Stage at Funding



Biologics dominates investment across therapeutic modalities

Biologics and small molecules continue to lead early-stage investment and licensing deal values

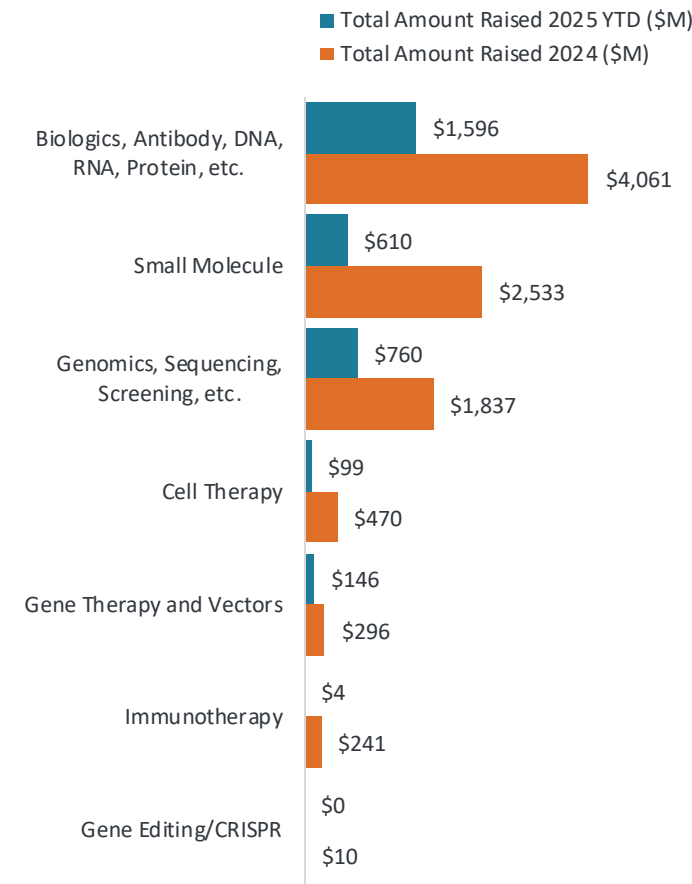
Biopharma licensing upfronts and early-stage investments ranked highest for biologics followed by small molecules as both groups of modalities continued to attract deal flow ahead of more advanced approaches.

- \$1.6 billion in Seed and Series A investments were made into biologics in Q1 2025. Full-year 2024 saw \$4.1 billion here.
- \$3.4 billion in total announced upfront cash and equity went into deals developing biologics in Q1 2025. Small molecules saw another \$696 million.
- Gene therapy and cell therapy continued to see pullback in deal flow as investors and in-licensing partners turned to more standard modalities.

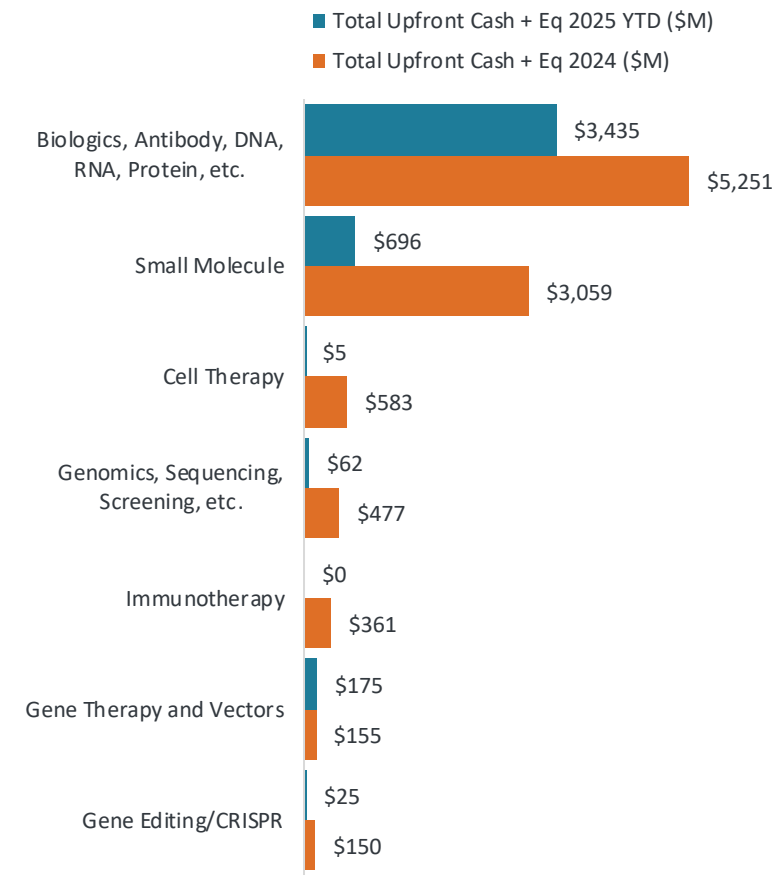
Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

Top Biopharma Modalities: Seed and Series A Venture Rounds and Total Licensing Upfront Value

Top Modalities
Seed-Series A (\$M)



Top Modalities
Licensing Upfront Cash & Equity (\$M)



Licensing upfronts surge on strategic partnerships and promising science and technologies

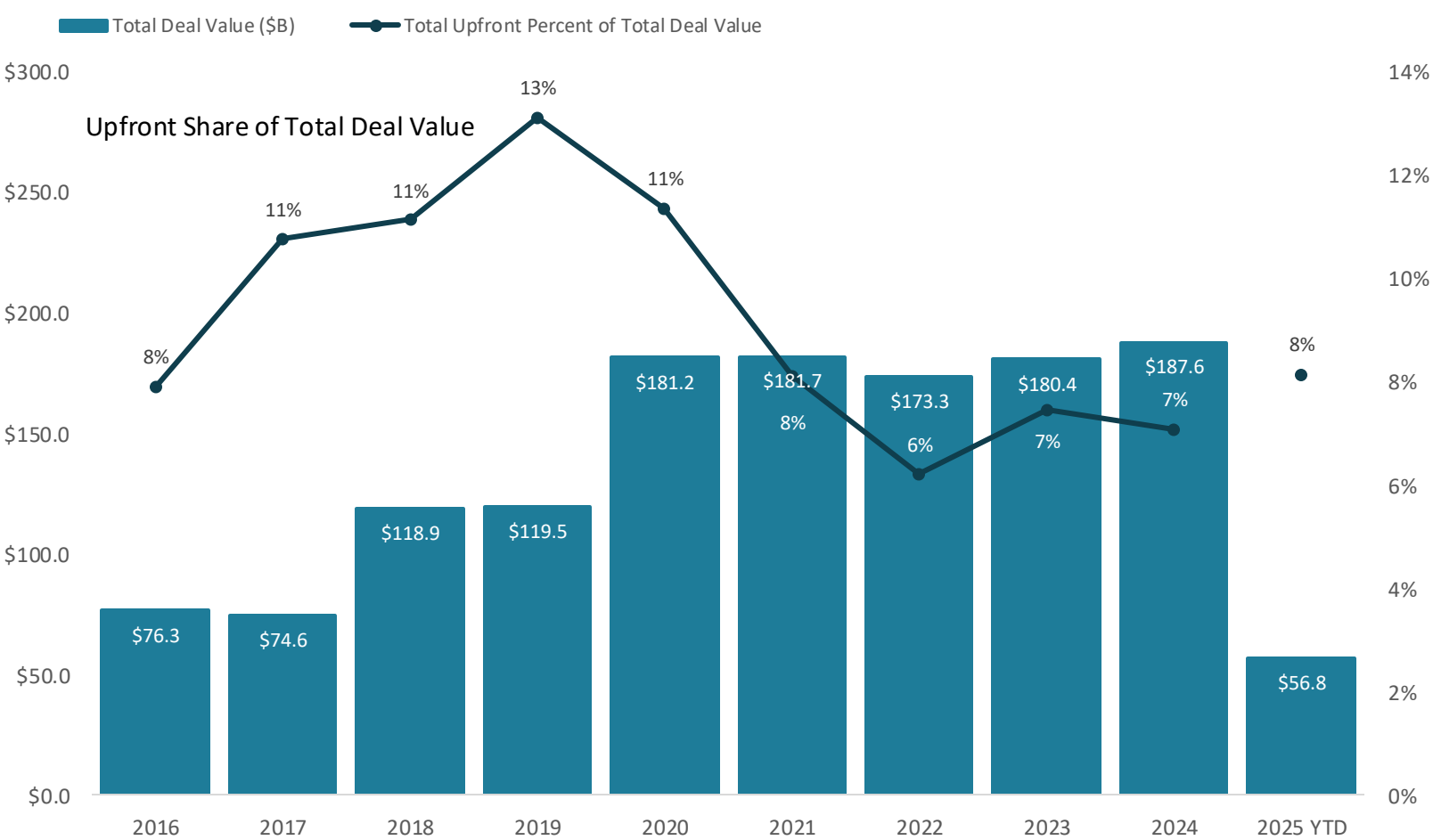
Biopharma licensing and R&D partnerships are seeing a larger share of deal economics committed upfront

Total announced licensing deal values for biopharma posted a strong start to the year, with the share of those values paid upfront showing a modest upward trend since 2022.

- 8% of the \$56.8 billion in biopharma licensing total announced deal value in Q1 2025 was in upfront payments, up from 7% in 2024 but still below the 2019 peak of 13%.
- Nine licensing deals announced in Q1 2025 had \$100 million or more paid upfront. By comparison, Q1 2024 had four deals with \$100 million or more upfront and \$5 billion in total announced deal value.
- Notable Q1 2025 licensing deals include Zealand Pharma/Roche (\$1.4 billion upfront), Ionis/Ono Pharmaceutical (\$280 million upfront) and Harbour BioMed/AstraZeneca (\$280 million upfront).

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

Biopharma Therapeutics and Platforms: R&D Licensing Totals (\$B) and Percentage Upfront



Big Pharma licensing: Focus on Phase II opportunities

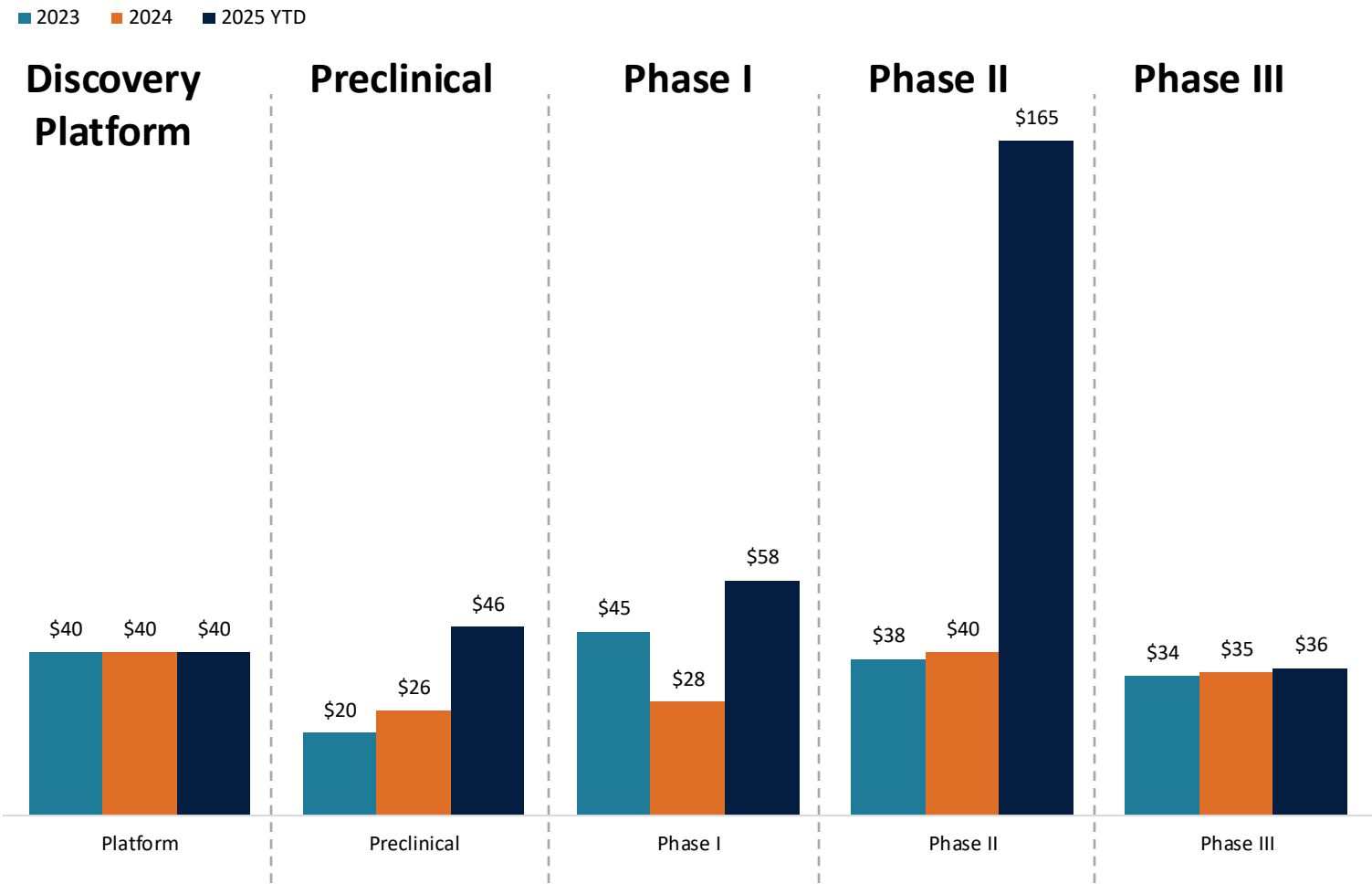
Big Pharma dealmakers placed more value in later-stage programs with a focus on Phase II opportunities

Large-cap biopharma (with a market cap of \$50 billion or more) are focused on filling pipelines with therapies close to approval and for large market opportunities. This kept platform deal upfront medians steady at \$40 million, while Phase II reached \$165 million in Q1 2025.

- Median upfront cash and equity payments from Big Pharma were highest for Phase II along with notable increases in preclinical and Phase I medians.
- The largest median disclosed upfront payments in Q1 2025 came in Phase II deals, including Roche’s deal with Zealand Pharma (\$1.4 billion upfront and \$250 million committed over two years) and Ono Pharmaceutical’s deal with Ionis (\$280 million upfront).

Source: DealForma.com database
Financials based on disclosed figures. Stage of lead asset in multi-asset deals. Data through March 31, 2025.

In-Licensing by Big Pharma: Median Upfront Cash & Equity by Stage at Signing. 2023 to 2025 YTD (\$M)



Top modalities in partnerships: Biologics lead the way

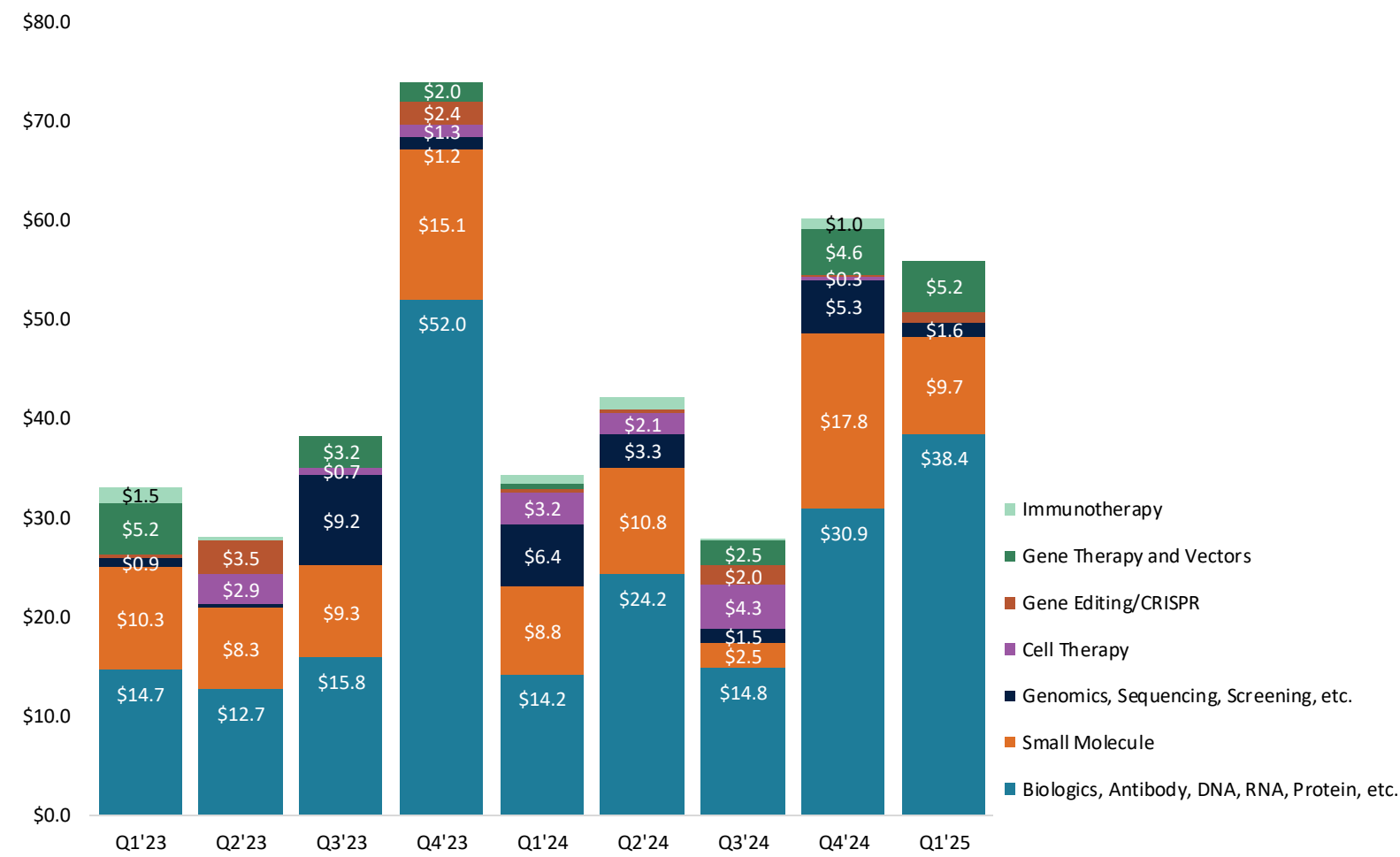
Biologics deals announced higher total deal values driven by antibody-drug conjugate and bispecific antibody therapies

Antibody-drug conjugate (ADC) and bispecific antibody therapies continued to see larger deal totals in Q1 2025. Total announced potential deal values shrank for small-molecule therapeutics.

- Biologics licensing deal values rose from \$30.9 billion in Q4 2024 to \$38.4 billion in Q1 2025. ADC and bispecific antibody deals led the growth in deal economics here as in-licensors partnered in modern therapies for large potential therapeutic areas.

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

R&D Partnerships for Top Biopharma Modalities: Total Announced Deal Value (\$B)



GLP-1 partnerships in focus: Expanding horizons in obesity and diabetes

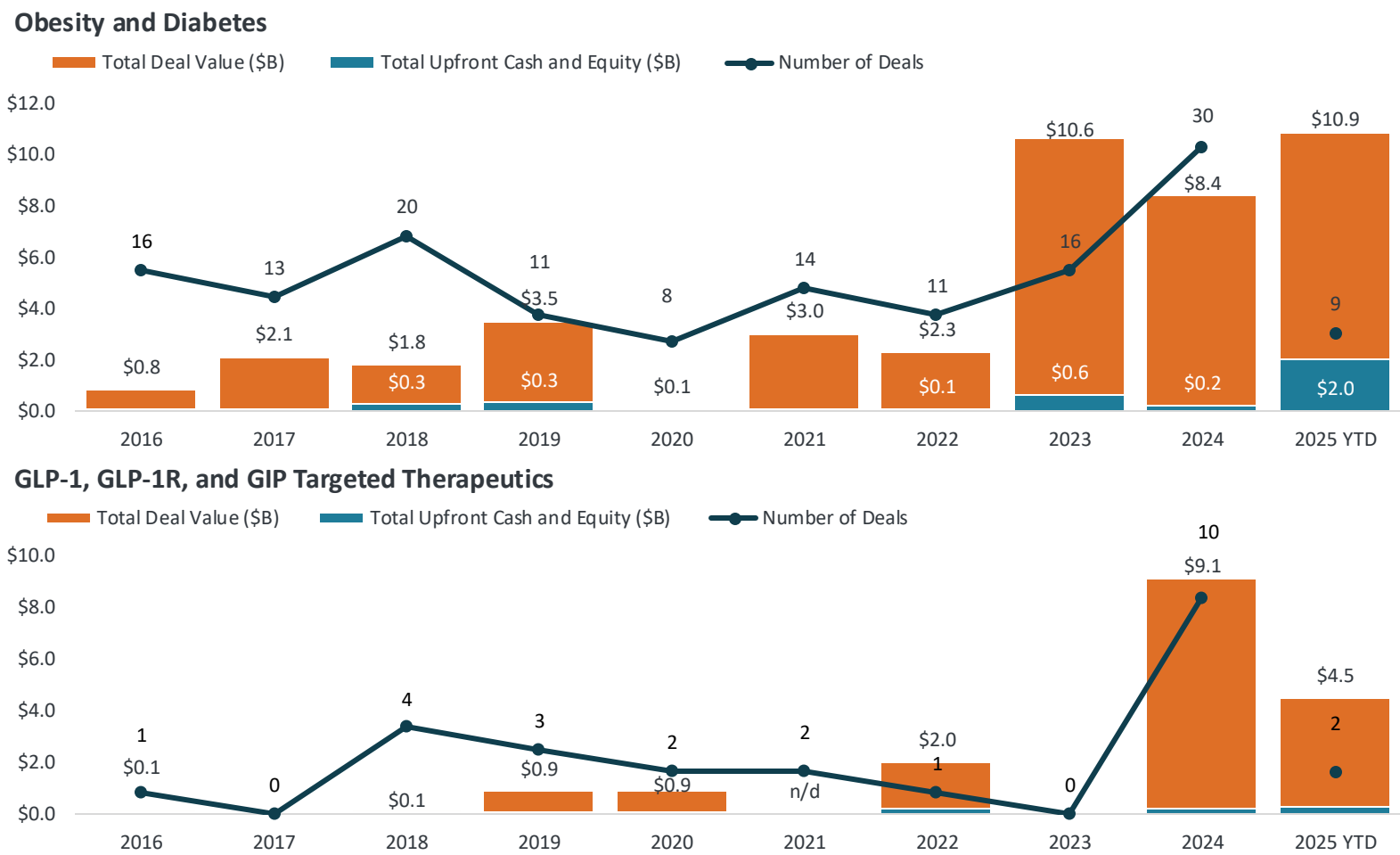
Dealmaking in obesity and diabetes attracted large upfront payments with focus expanding beyond just GLP and GIP

GLP-1 and GIP targets were actively pursued in deals through 2024 with Q1 2025 seeing continued momentum in obesity and diabetes partnerships.

- Nine R&D partnerships and licensing deals have been signed for obesity and diabetes in Q1 2025 totaling \$10.9 billion in announced potential deal value. Full-year 2024 saw 30 deals and \$8.4 billion in deal headline numbers.
- Two deals totaling \$4.5 billion in announced potential deal value have been signed for GLP-1, GLP-1R, and GIP targeted therapies in Q1 2025.
- Notable deals in Q1 2025 include United Biotechnology/Novo Nordisk (\$200 million upfront; up to \$1.8 billion in development and commercial milestones) and Sciwind Biosciences/Verdiva (\$70 million upfront; up to \$2.4 billion in development, regulatory and commercial milestones).

Source: DealForma.com database
Financials based on disclosed figures. Data through March 31, 2025.

R&D Partnerships for Biopharma Therapeutics and Drug Discovery in Obesity, Diabetes, and a Focus on GLP-1



Big Pharma licensing from China: A surge in strategic partnerships

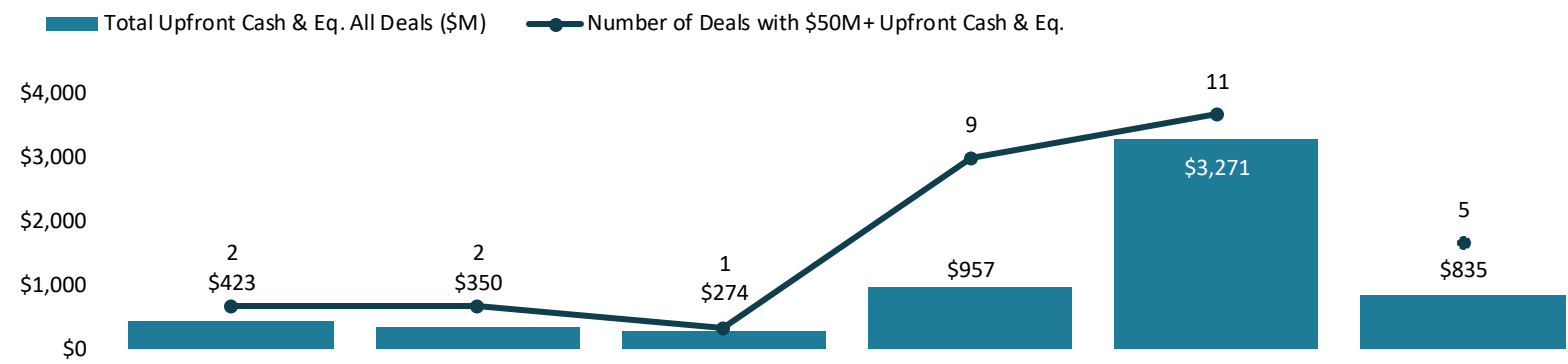
Navigating evolving global market dynamics and regulatory landscapes, large-cap biopharma companies significantly increased activity with China

The share of deals and dollars paid upfront from global large-cap biopharma (market cap of \$50 billion or more) to China-domiciled biopharma has increased sharply as pharma companies look to speed up early-stage development in established therapeutic modalities.

- 2024 saw \$3.3 billion in total upfront payments among the 11 in-licensing deals with at least \$50 million paid upfront by global pharma to Chinese biopharma companies. 27% of their global large deal activity and 39% of their upfront payments have been to biopharma companies in China.
- Q1 2025 saw five large-cap biopharma in-licensing deals in China representing 42% of their global deals and 23% of their upfront payments in large deals.
- Prior to 2023, the share of pharma’s large in-licensing deals from China was under 5% of their overall dealmaking.

Source: DealForma.com database
Financials based on disclosed figures. Deals among global large-cap biopharma and China-domiciled biopharma.
Data through March 31, 2025.

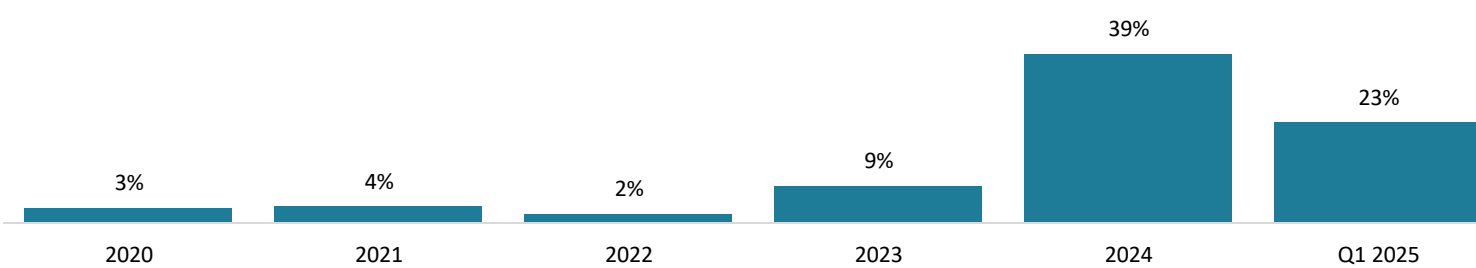
Global Large-Cap Biopharma In-Licensing from Chinese Biopharma: Deals with at Least \$50 Million Paid Upfront



Share of Global Big Pharma Deals with \$50M+ Upfront Originating from China – Deal Count



Share of Global Big Pharma \$50M+ Upfronts Paid to Chinese Biopharma – Upfront Payments



Biopharma M&A: Fewer deals, higher values

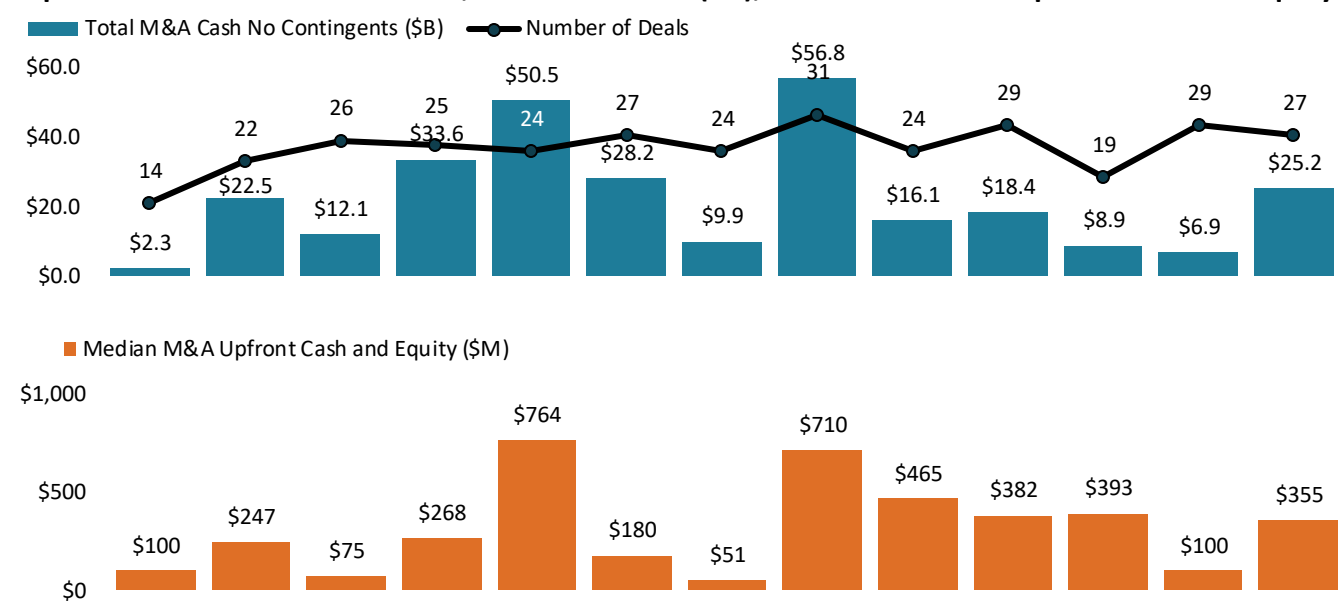
Quarterly biopharma acquisition dollar totals tracked higher on fewer deals

Fewer biopharma companies were acquired in Q1 2025 with higher dollar totals seen in those deals. Public valuations continued to remain depressed, with only three acquisitions in the \$1 billion-\$2 billion range, apart from the one \$14 billion-plus deal (Johnson & Johnson/Intra-Cellular Therapies).

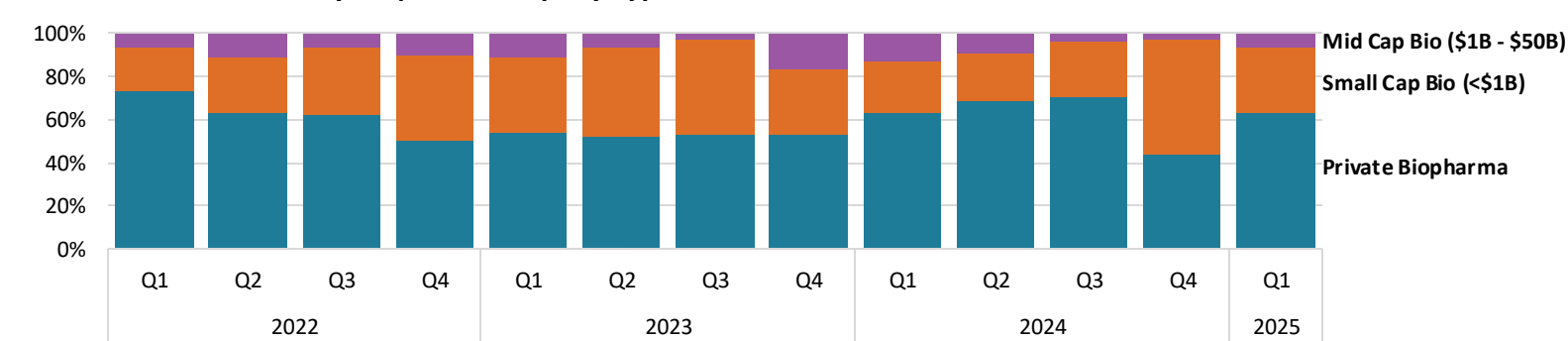
- 27 M&A transactions for biopharma therapeutics and platform companies were announced in Q1 2025 totaling \$25.2 billion.
- Median biopharma M&A upfronts in Q1 2025 increased to \$355 million, up from \$100 million in Q4 2024.
- Notable first-quarter acquisition announcements include Johnson & Johnson acquiring Intra-Cellular Therapies for \$14.6 billion and Eli Lilly acquiring Scorpion Therapeutics for up to \$2.5 billion.

Source: DealForma.com database
Financials based on disclosed figures. Biopharma-to-biopharma M&A, acquisition options, and reverse mergers.
Data through March 31, 2025.

Biopharma M&A: Number of Deals, Total Deal Value (\$B), and Median M&A Upfront Cash and Equity (\$M)



Number of M&A Deals by Acquired Company Type



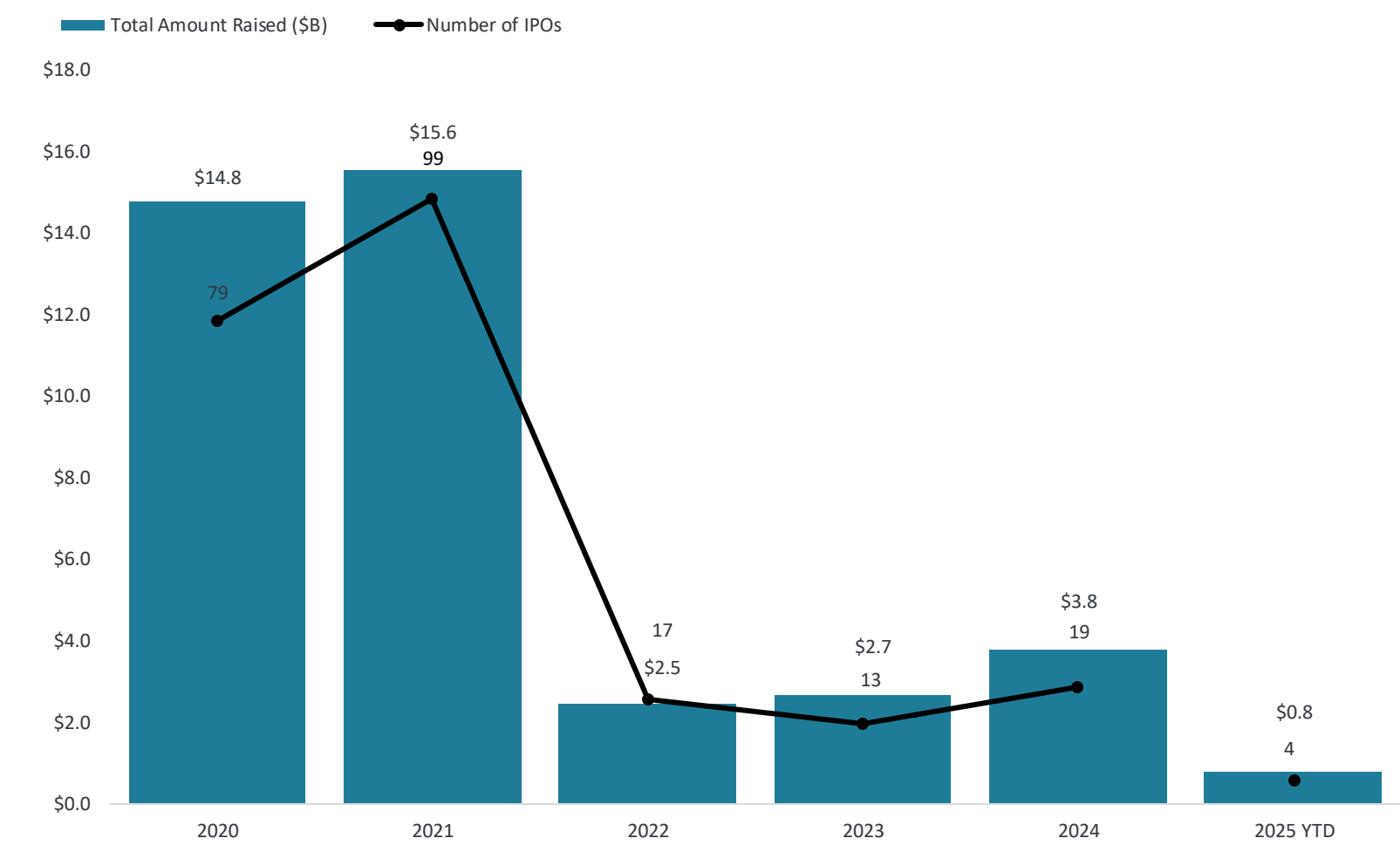
Biopharma IPOs: Slow start to 2025

First quarter biopharma IPO activity was slow despite a promising run up in prior years

- Q1 2025 had four biopharma IPOs complete on U.S. exchanges totaling \$770 million.
- Q1 2025 IPOs were Metsera Therapeutics (\$316 million), Maze Therapeutics (\$140 million), Sionna Therapeutics (\$219 million), and Aardvark Therapeutics (\$94 million).
 - As of this writing, Metsera is trading up 56% while Maze, Sionna and Aardvark are all trading below their IPO prices.

Source: DealForma.com database
Financials based on disclosed figures. IPOs over \$15 million. Excludes Kenvue, Inc. (Q2 2023, \$4.4 billion) and other OTC-focused companies. IPOs by completion date. Data through March 31, 2025.

Nasdaq and NYSE Completed IPOs in Biopharma Therapeutics and Platforms: Totals (\$B) and Count



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