J.P.Morgan

Q4 2025 Biopharma Licensing and Venture Report

December 2025

Fueled by

DEALFORMA

Executive summary

BIOPHARMA CAPITAL AND DEALMAKING CONCENTRATED AROUND FEWER, MORE ADVANCED ASSETS IN 2025

Biopharma financing and transaction activity in 2025 reflected a continued reset in capital availability, with value increasingly concentrated in later-stage assets and programs with clearer clinical and commercial pathways. Venture fundraising remained challenging across stages, reinforcing a shift toward licensing, structured partnerships, and M&A as primary sources of capital and strategic execution.

Large-cap biopharma remained active, competing aggressively for high-quality assets through licensing and acquisitions. Deal values were supported by larger upfront payments and expanded milestone structures. IPO activity stayed limited, leaving M&A and partnerships as the dominant liquidity and funding outcomes.

Here are a few highlights from our Q4 2025 report:

- **Venture investment in therapeutics and discovery platforms:** $7.0 billion in Q4 2025, matching Q4 2024 levels, though the full year total trailed 2024.
- **Biopharma licensing partnerships:** Over $252 billion through Q4 2025, the highest level since 2016, with upfront payments holding steady at 7% of total deal value.
- **M&A:** surpassed 2024 to see 129 biopharma M&A deals totaling $138 billion. Nine transactions were above $5 billion.
- **IPOs:** remained subdued, with 9 IPOs and $1.6 billion raised through Q4 2025, the least active in over a decade.

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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

Parameters

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

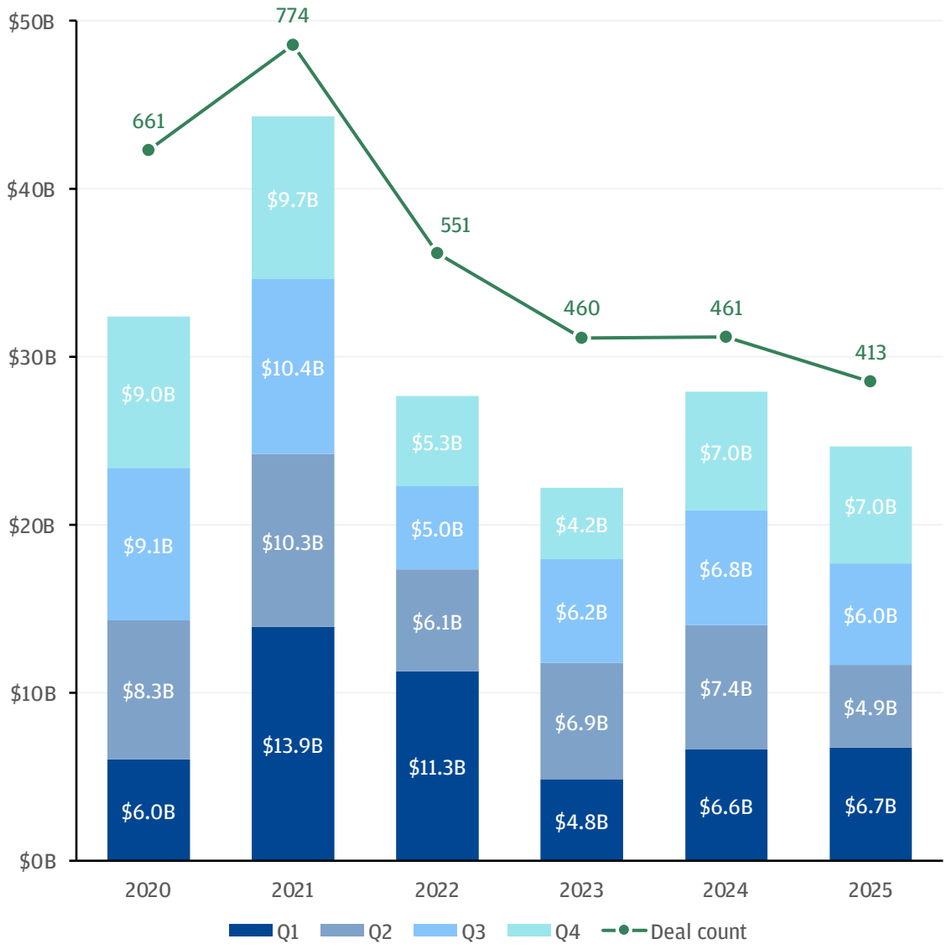
Therapy areas, development stages, modalities and deal structures are segmented per the DealForma database.

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

Data as of December 15, 2025

2025 Biopharma venture investment ends year on a neutral note

QUARTERLY BIOPHARMA VENTURE INVESTMENT VS. ANNUAL VENTURE DEAL COUNT[1]



10-YEAR U.S. TREASURY YIELD VS. BIOPHARMA VENTURE DEPLOYMENT (INDEXED)[1,2]

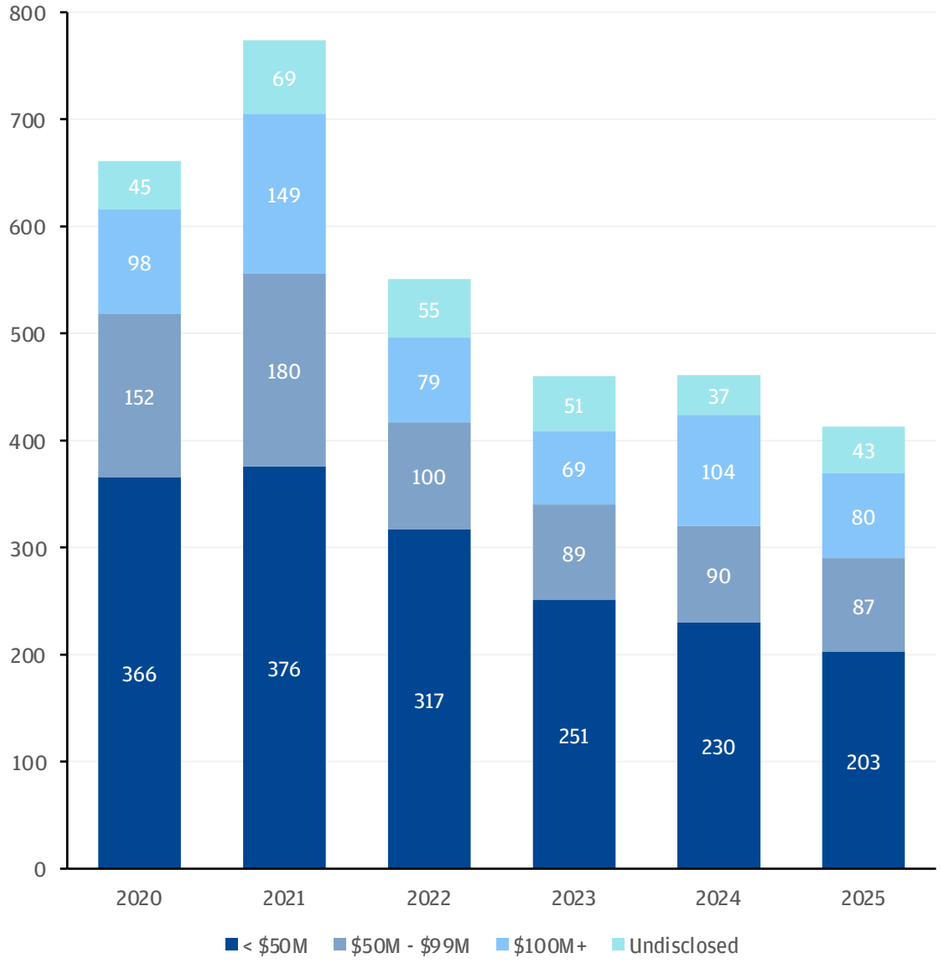
Biopharma venture funding in Q4 2025 matched Q4 2024 at $7.0 billion. Initial momentum, following the rebound in 2024, faded by the second quarter and regained only later in the year.

Venture investment favored companies with advanced therapeutic pipelines with near-term clinical and commercial potential.

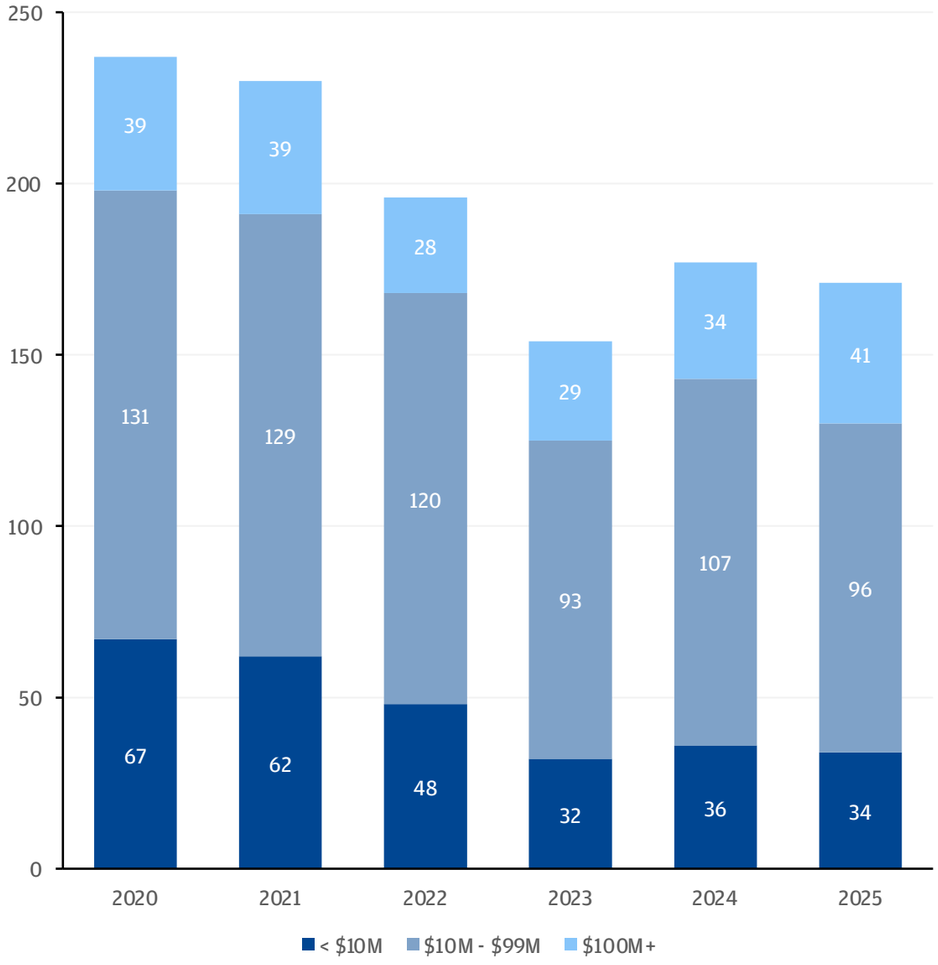
Notes: [1]Financials based on disclosed figures. Data through December 15, 2025. [2]Biopharma venture capital deployment is indexed to Q1 2020, where Q1 2020 = 100.

Value creation in 2025 shifted from venture rounds toward licensing upfronts

COUNT OF VENTURE INVESTMENT ROUNDS BY ROUND SIZE[1]



COUNT OF R&D LICENSES BY DISCLOSED UPFRONT CASH AMOUNT[1]



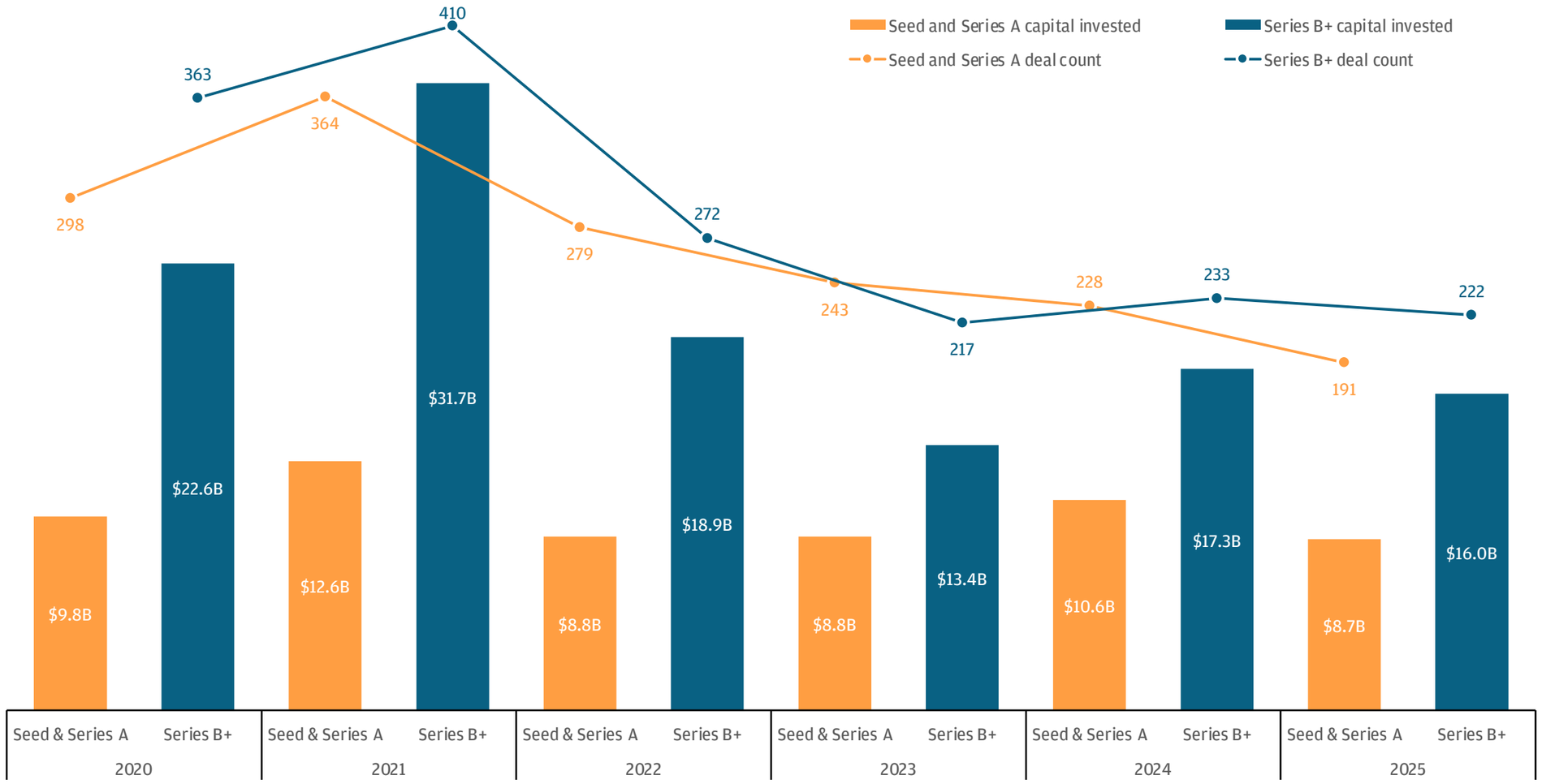
Fewer companies completed venture financings in 2025, but those that did were increasingly later-stage and larger in size. 80 venture rounds exceeded $100 million through the year, underscoring investor preference for scaled opportunities with clearer paths to value inflection.

In parallel, licensing transactions delivered materially higher upfront payments. 41 licensing deals featured upfronts exceeding $100 million, driven by large-cap biopharma securing access to advanced or strategically critical assets amid limited venture availability.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

Early-stage venture activity weakened, widening the gap with later-stage

BIOPHARMA SEED AND SERIES A VENTURE ACTIVITY VS. SERIES B+ VENTURE ACTIVITY[1]



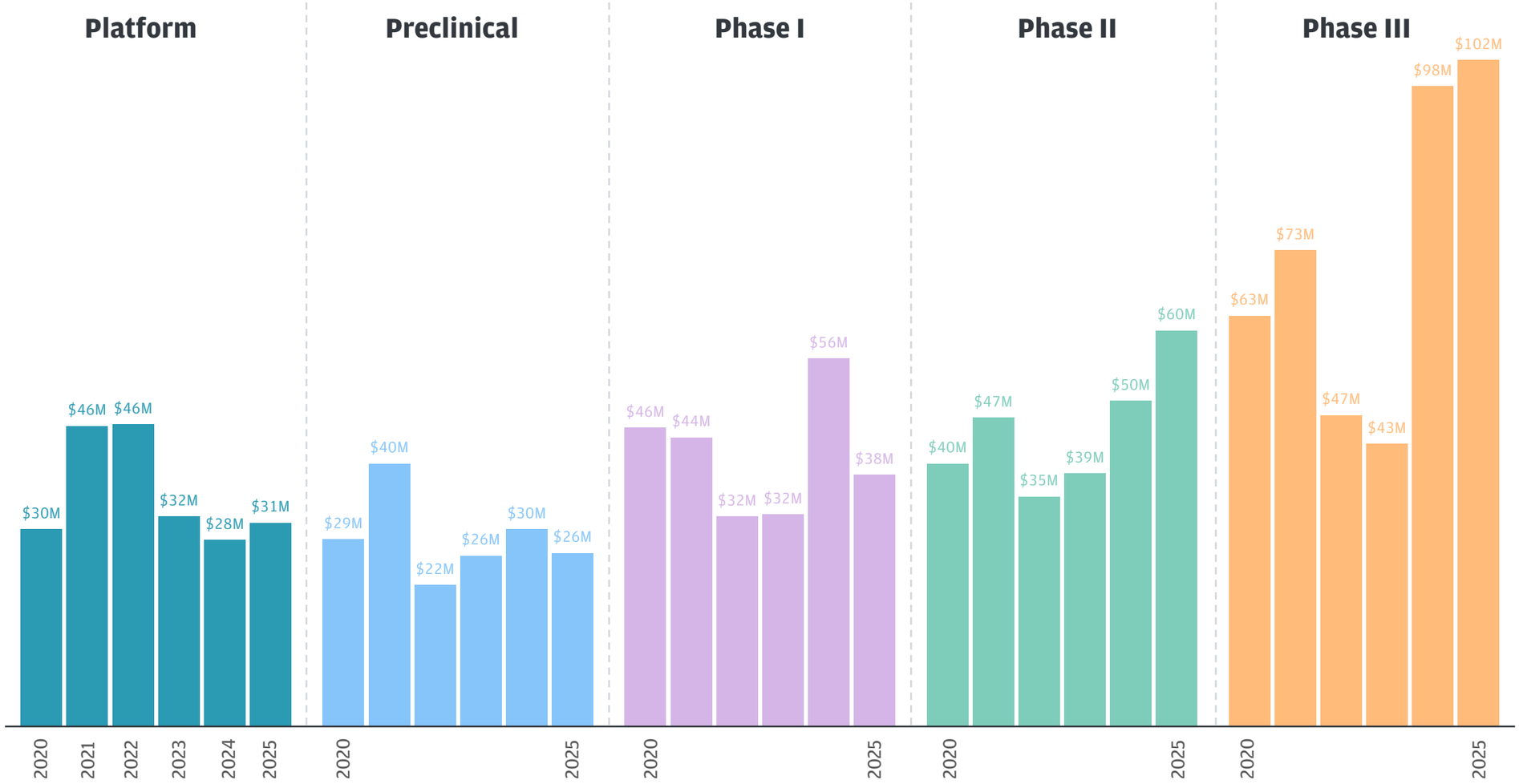
Seed and Series A investment slowed through Q4 2025, losing momentum built earlier in the year and further lagging Series B and later rounds. The slowdown in early-stage funding reflects heightened diligence standards and longer decision timelines for early-stage startups.

Later-stage rounds continued to dominate venture activity as investors prioritized programs with established clinical data and de-risked development paths. This dynamic reinforced the capital divide between companies in different stages across the sector.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

Median venture round sizes rose for Phase II and later-stage companies

BIOPHARMA THERAPEUTICS AND PLATFORMS: MEDIAN VENTURE ROUND SIZE BY COMPANY STAGE AT FUNDING



Median venture round sizes for Phase II companies increased to $60 million in 2025, continuing a multi-year upward trend. The shift reflects investor preference for assets with validated mechanisms, clearer endpoints and reduced technical risk.

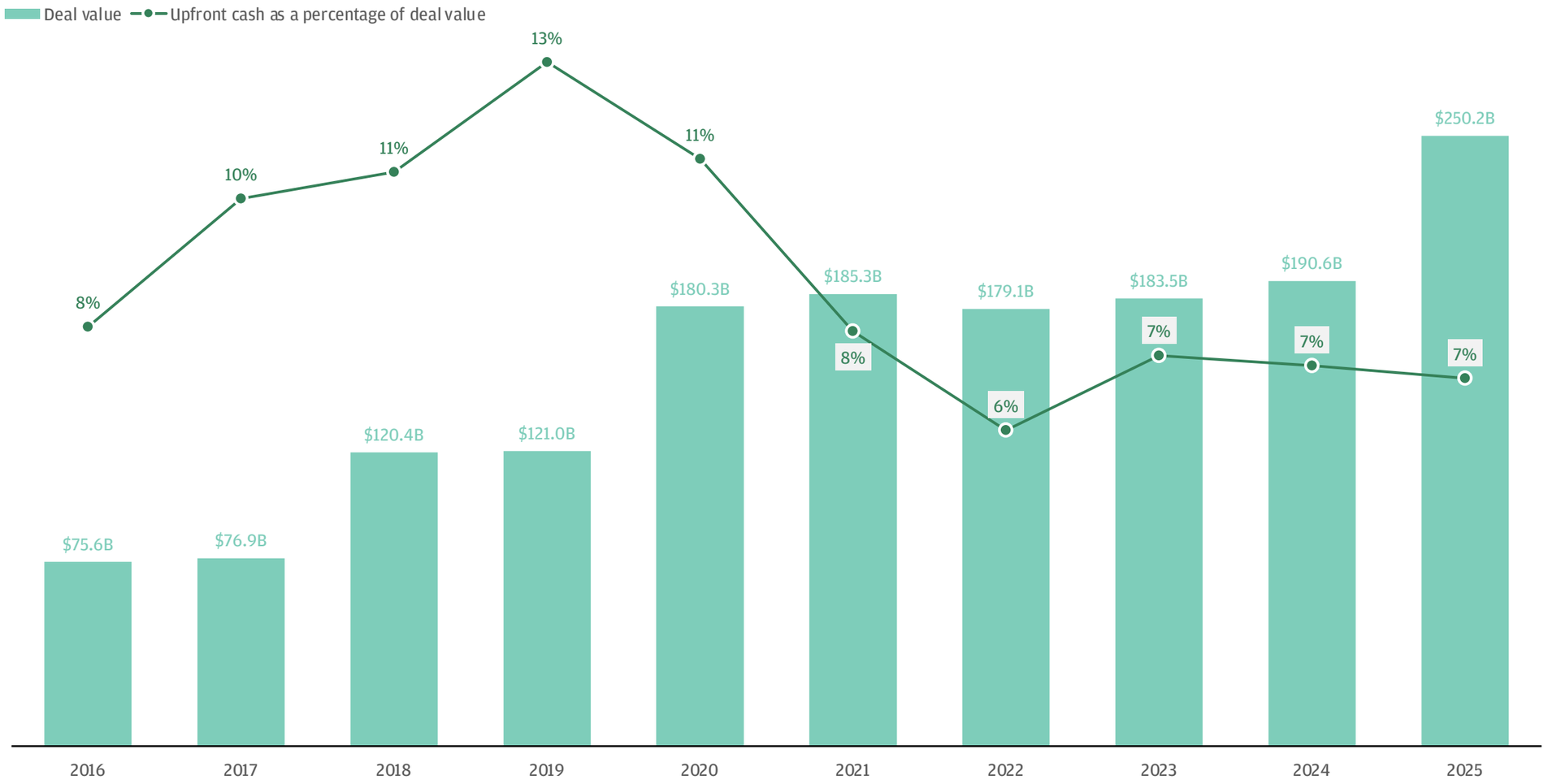
Phase III and late-stage companies maintained elevated financing levels as capital flowed toward programs approaching registration or commercialization. Earlier-stage companies saw less benefit from this trend, reinforcing a bifurcated funding environment.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

Source: DealForma.com database.

Licensing headline values hit multi-year highs, driven by milestone structures

BIOPHARMA THERAPEUTICS AND PLATFORMS R&D LICENSING TOTALS AND UPFRONT CASH AS A PERCENTAGE OF DEAL VALUE[1]



Total announced biopharma licensing deal values climbed to $250.2 billion across 516 deals through Q4 2025, the highest level since 2016. Upfront payments remained stable at 7% of total deal value, consistent with recent years.

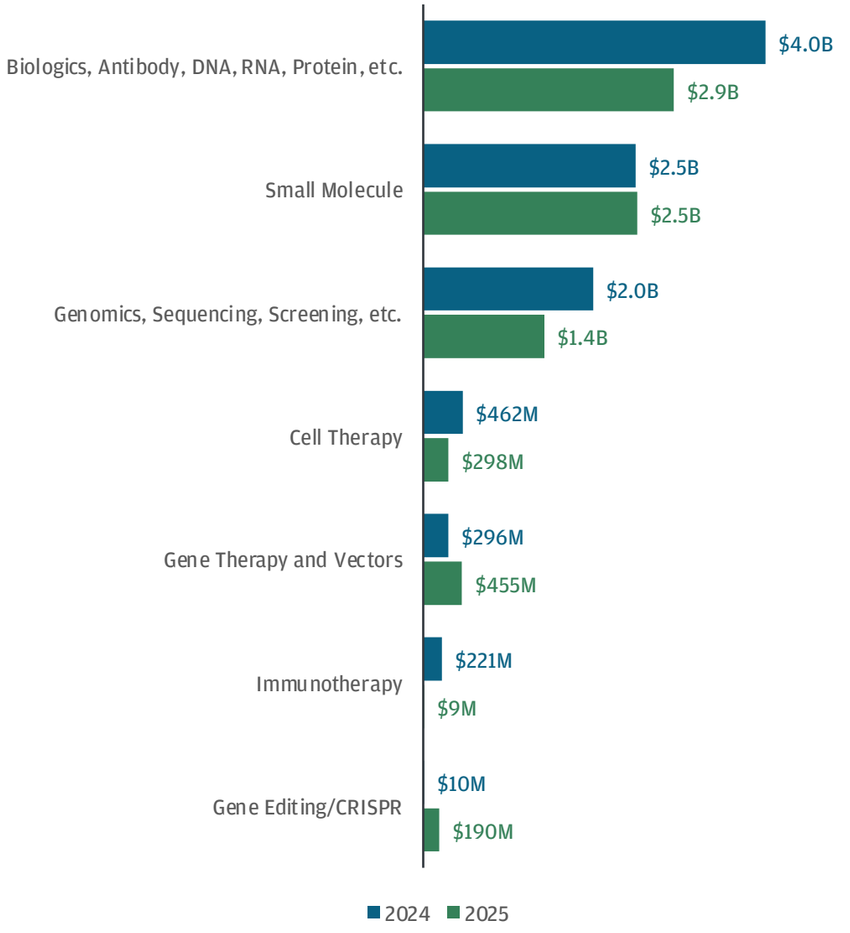
Growth in total deal value was driven primarily by expanded milestone packages, including multi-asset and platform-based agreements. These structures allowed licensors to secure near-term capital while preserving upside participation for successful development and commercialization.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

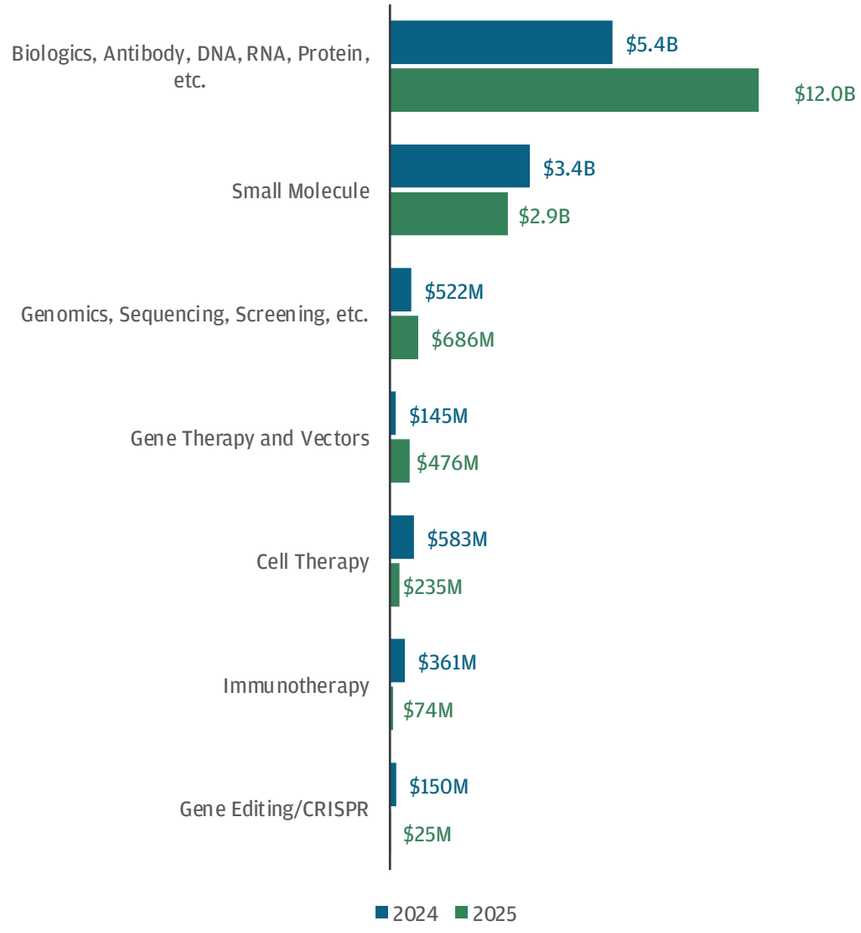
Source: DealForma.com database.

ADC biologics led both early-stage venture funding and licensing upfronts

TOP BIOPHARMA MODALITIES: TOTAL SEED AND SERIES A VENTURE FUNDING[1]



TOP BIOPHARMA MODALITIES: TOTAL LICENSING UPFRONT CASH AND EQUITY[1]



Biologics, particularly antibody-drug conjugates, dominated both seed and Series A venture funding and licensing upfront payments in 2025. Large ADC-focused transactions accounted for a significant share of upfront cash deployed in partnerships.

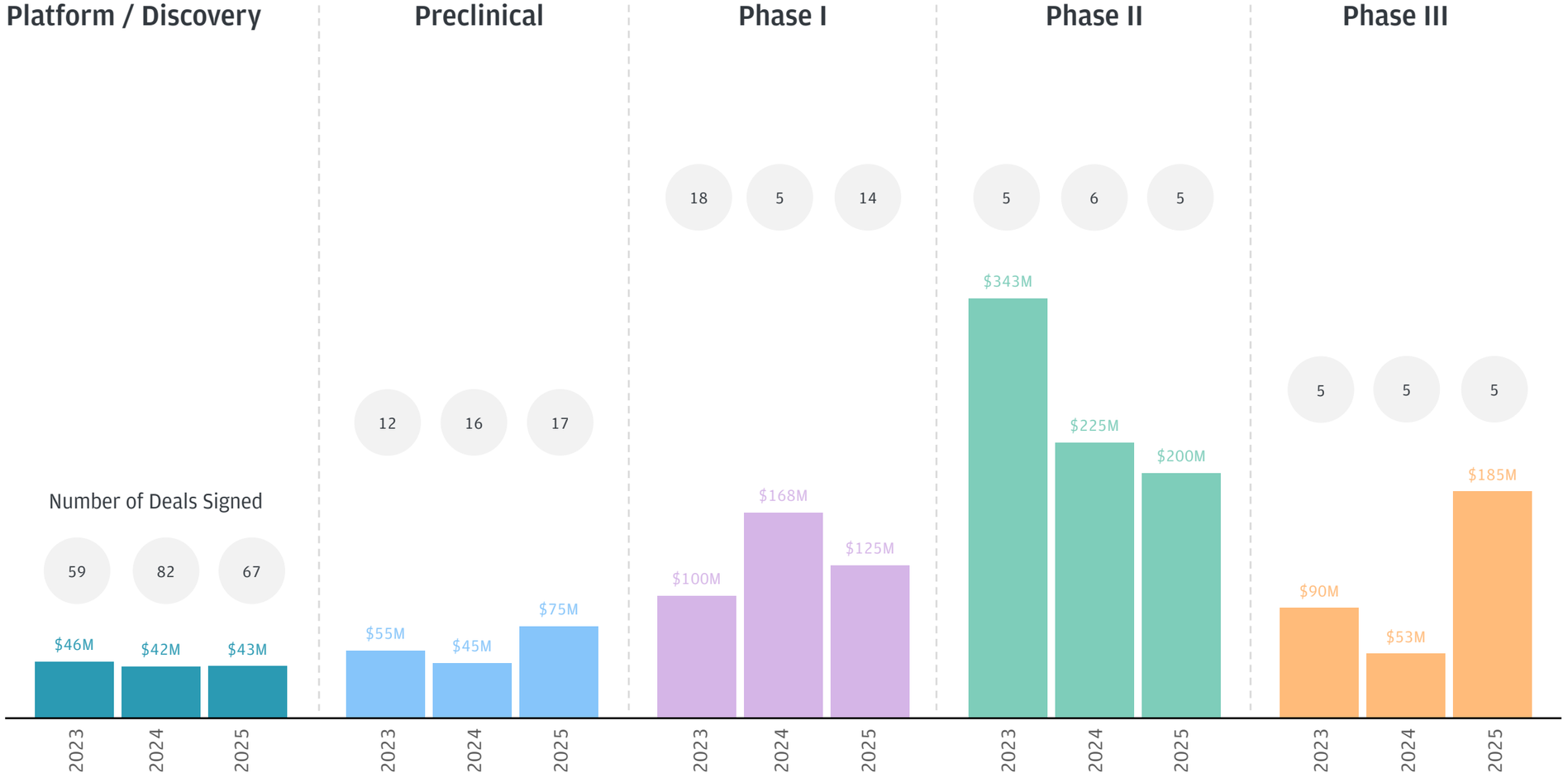
Small molecules remained the second most active modality, supported by lower development costs and established regulatory pathways. While biologics captured the largest absolute dollars, small molecules continued to attract consistent investment across venture and licensing channels.

Renewed interest in gene therapy brought early-stage venture funding and licensing upfronts in 2025.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

Big pharma paid higher upfronts for near-market assets amid upcoming loss of exclusivity

IN-LICENSING BY BIG PHARMA: MEDIAN UPFRONT CASH & EQUITY AND NUMBER OF DEALS BY STAGE AT SIGNING[1]



Large-cap biopharma remained focused on late stage in-licensing in 2025, paying materially higher upfronts for Phase III assets. They also paid more for preclinical assets to capture upstream opportunities. Median upfront payments for Phase I and Phase II programs decreased from 2024 levels.

Earlier-stage dealmaking allowed in-licensees to secure strategic optionality while absorbing development risk, particularly in crowded therapeutic areas. This shift in preclinical-stage underscores the scarcity of high-quality late-stage assets and the premium placed on early access.

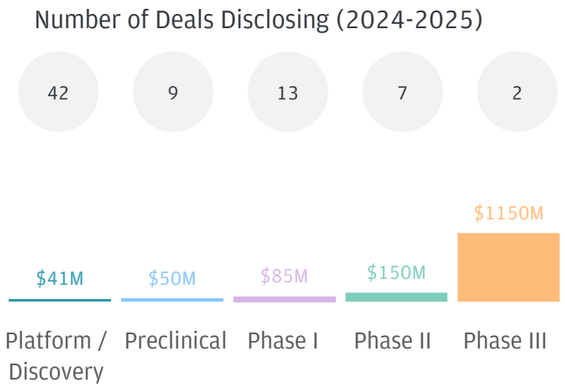
Note: [1]Financials based on disclosed figures. Data through December 15, 2025. Stage of lead asset in multi-asset deals.

Source: DealForma.com database.

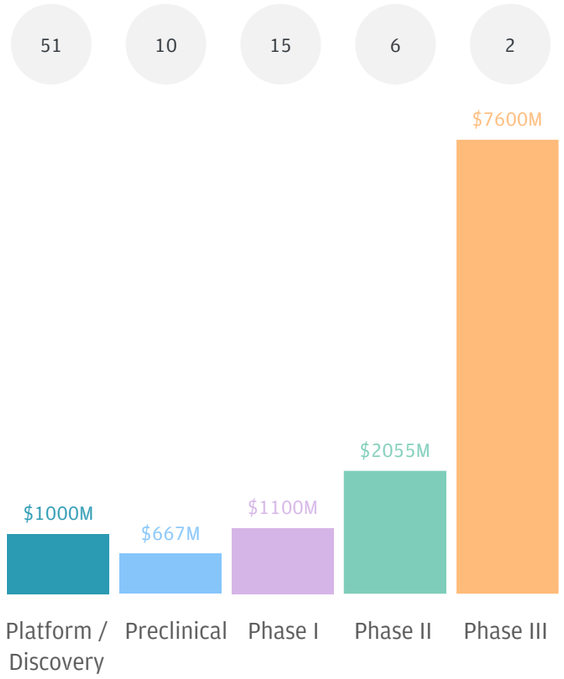
Oncology licensing terms favored late-stage assets with outsized potential

IN-LICENSING BY BIG PHARMA: MEDIAN DEAL PAYMENTS AND NUMBER OF DEALS DISCLOSING VALUES BY STAGE AT SIGNING, ONCOLOGY ASSETS, 2024-2025[1]

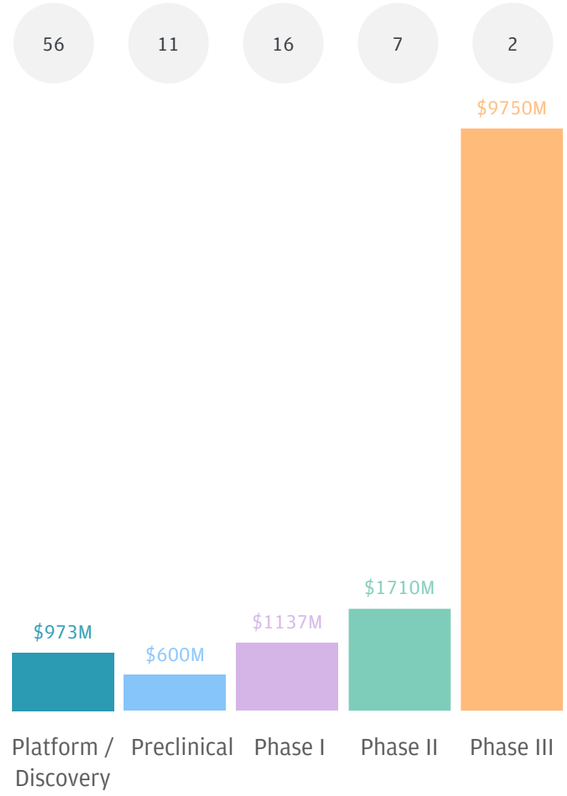
Median Upfront Cash & Equity
Platform/Discovery > Phase III



Median Reg., Dev., Sales Milestones
Platform/Discovery > Phase III



Median Total Deal Value
Platform/Discovery > Phase III



Oncology remained the most active therapeutic area for large-cap biopharma licensing. From 2024 to 2025, Phase II oncology programs commanded median upfront payments around $150 million, while Phase III assets exceeded $1 billion upfront.

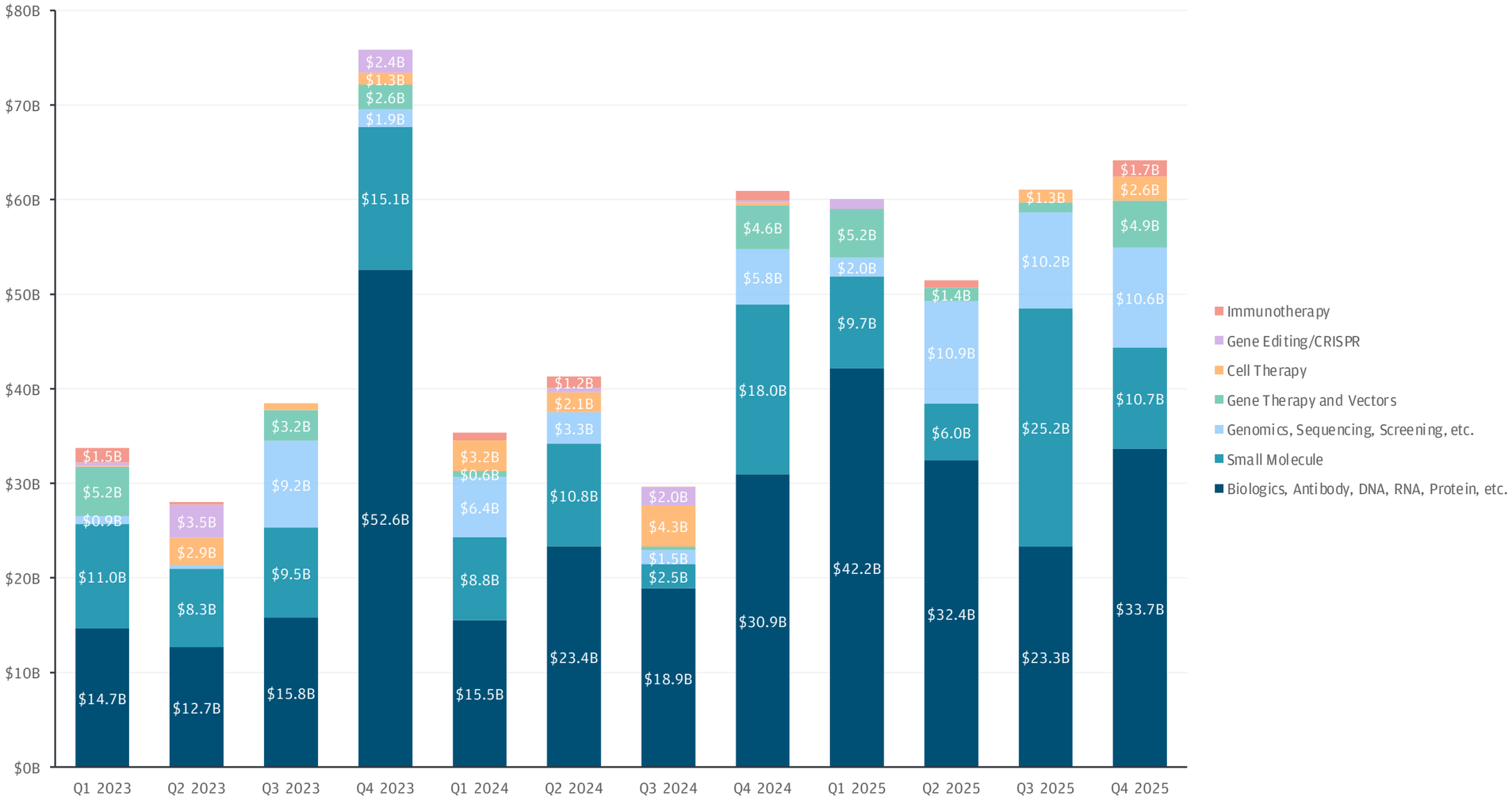
Milestone packages expanded materially for later-stage assets, with multi-billion-dollar approval and sales-based milestones common for Phase III programs. These economics reflect sustained demand for differentiated oncology assets with near-term commercial impact.

Note: [1]Financials based on disclosed figures. Not all deals disclose all payment terms. Data through December 15, 2025. Stage of lead asset in multi-asset deals.

Source: DealForma.com database.

Biologics and small molecules continued to dominate licensing value in 2025

R&D PARTNERSHIPS FOR TOP BIOPHARMA MODALITIES: TOTAL ANNOUNCED DEAL VALUE[1]



Biologics remained the largest contributor to announced R&D partnership value in 2025, with ADC-led dealmaking driving several of the headline transactions and sustaining elevated quarterly totals. The modality mix reflected continued sponsor preference for programs with clear differentiation and strong clinical positioning, particularly in oncology.

Small molecules ranked second in total announced deal value and posted a notable step-up in 2025, including a strong Q3 contribution.

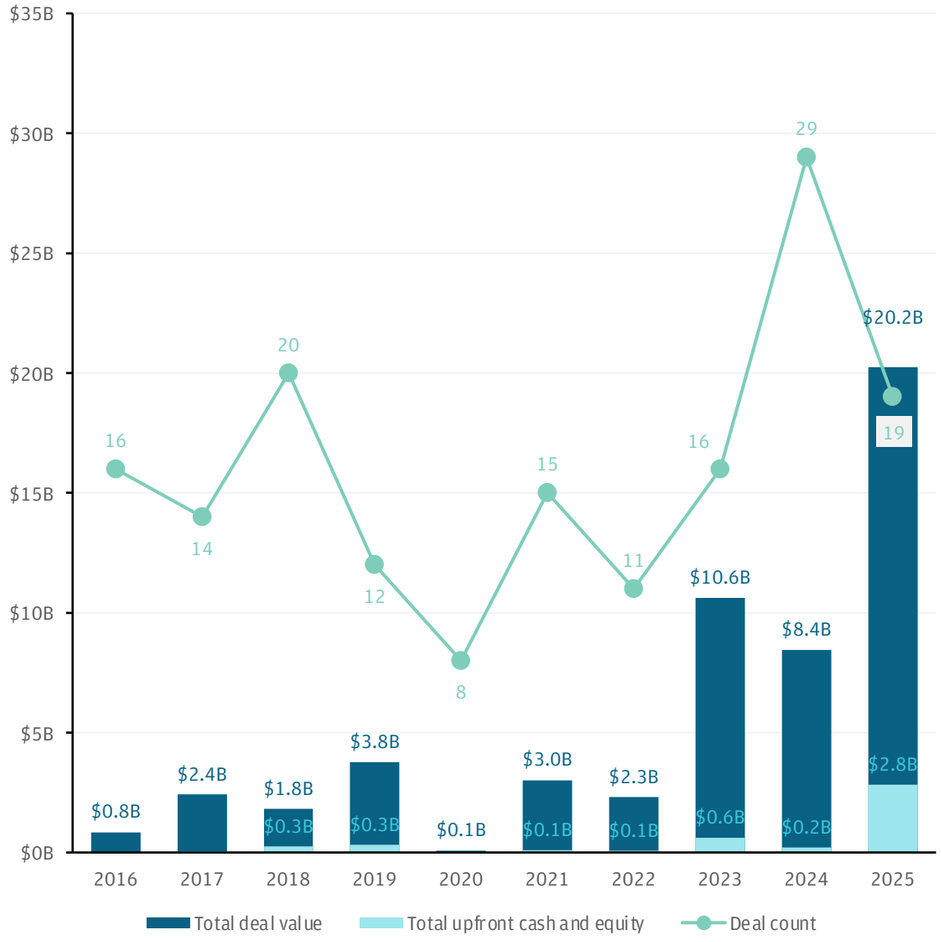
Across both modalities, large milestone structures continued to support headline values, while the biggest transactions clustered around highly competitive assets and well-validated targets.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

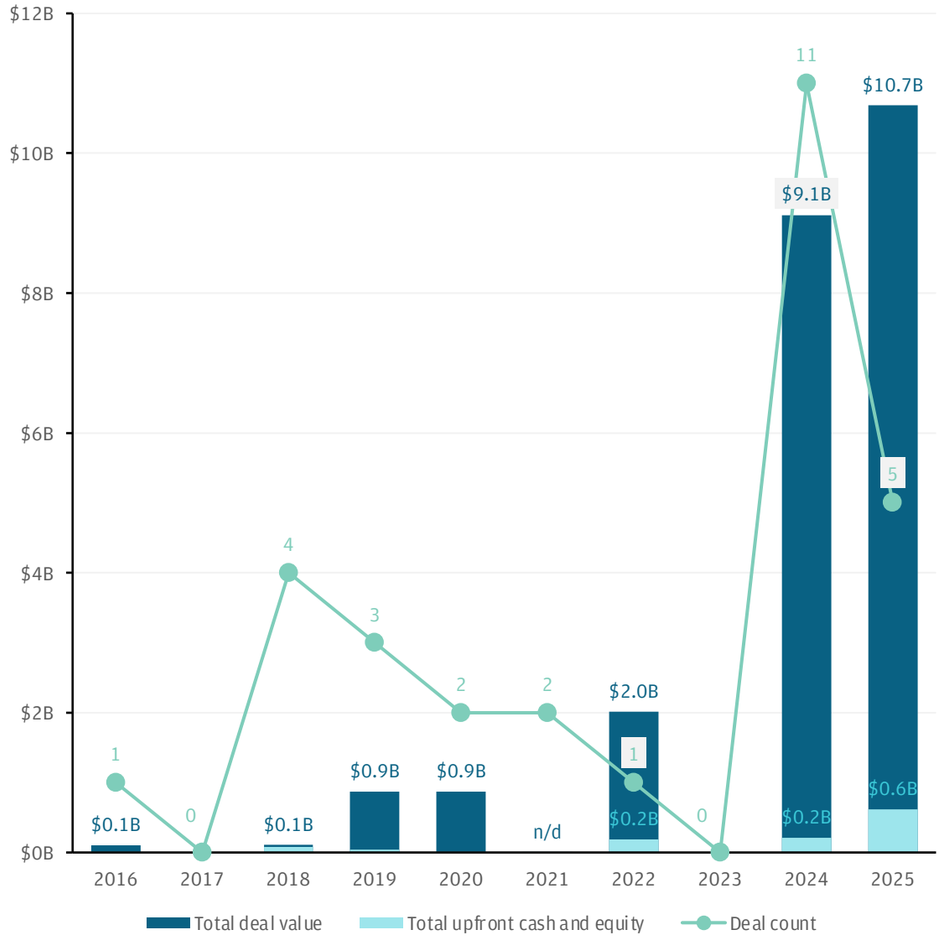
Source: DealForma.com database.

Obesity and diabetes dealmaking reached record levels in 2025

R&D PARTNERSHIPS FOR BIOPHARMA THERAPEUTICS AND DRUG DISCOVERY: OBESITY AND DIABETES[1]



R&D PARTNERSHIPS FOR BIOPHARMA THERAPEUTICS AND DRUG DISCOVERY: GLP-1, GLP-1R AND GIP TARGETED THERAPEUTICS[1]



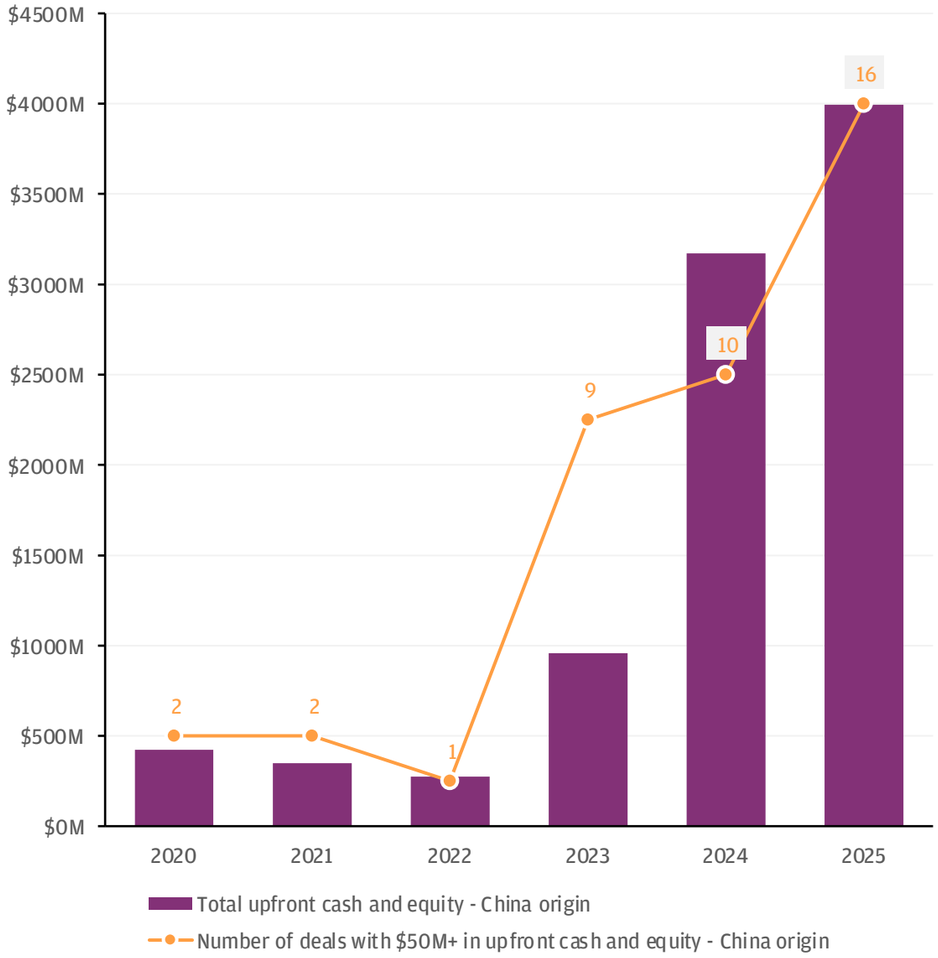
R&D partnerships in obesity and diabetes accelerated through Q4 2025, delivering record announced deal values and upfront payments. Fewer deals generated materially higher aggregate value than in prior years, highlighting increased strategic focus on metabolic disease.

GLP-1, GLP-1R, and GIP-targeted programs accounted for a significant share of headline value, with multiple transactions featuring nine-figure upfronts. The trend reflects strong commercial validation and competitive positioning among large-cap sponsors.

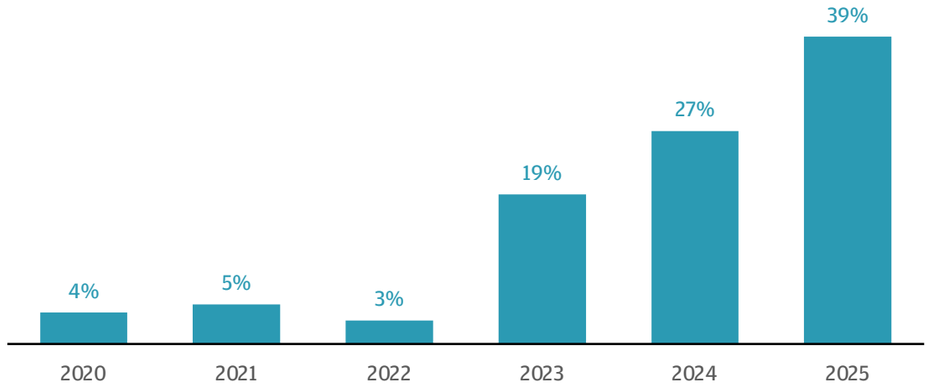
Note: [1]Financials based on disclosed figures. Data through December 15, 2025.

Chinese biopharma remained a significant source of large-cap licensing activity

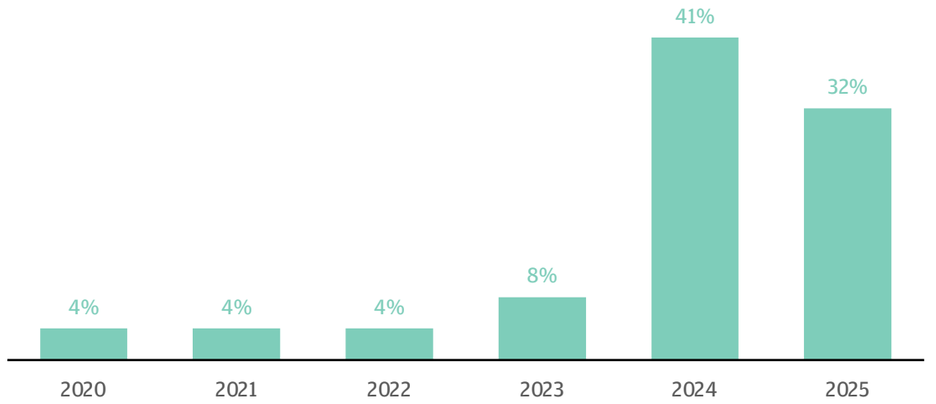
GLOBAL LARGE-CAP BIOPHARMA IN-LICENSING FROM CHINESE BIOPHARMA: DEALS WITH AT LEAST $50 MILLION PAID UP FRONT[1]



SHARE OF GLOBAL BIG PHARMA DEALS WITH $50M+ UPFRONT ORIGINATING FROM CHINA – DEAL COUNT[1]



SHARE OF GLOBAL BIG PHARMA UPFRONTS OVER $50M+ PAID TO CHINESE BIOPHARMA[1]



Global large-cap biopharma continued to source assets from Chinese biopharma companies, with a growing share of deals featuring upfront payments exceeding $50 million. Through 2025, China accounted for a meaningful portion of global big pharma licensing dollars.

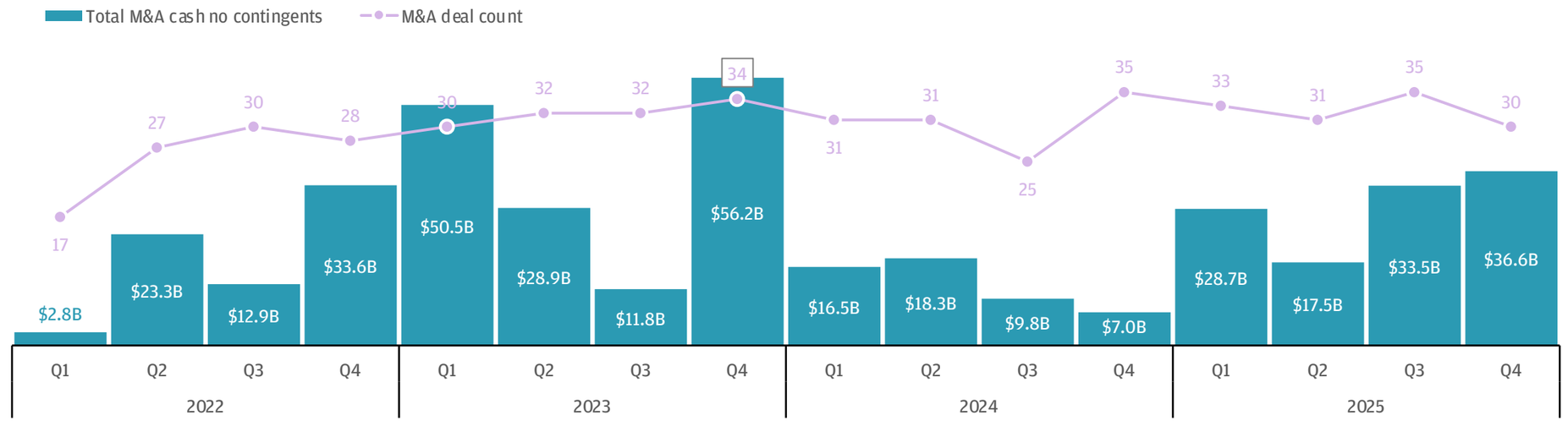
This trend reflects the maturation of China's innovation ecosystem and sustained interest from multinational sponsors seeking differentiated clinical programs and cost-efficient development capabilities.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025. Deals among global large-cap biopharma and Chinese domiciled biopharma.

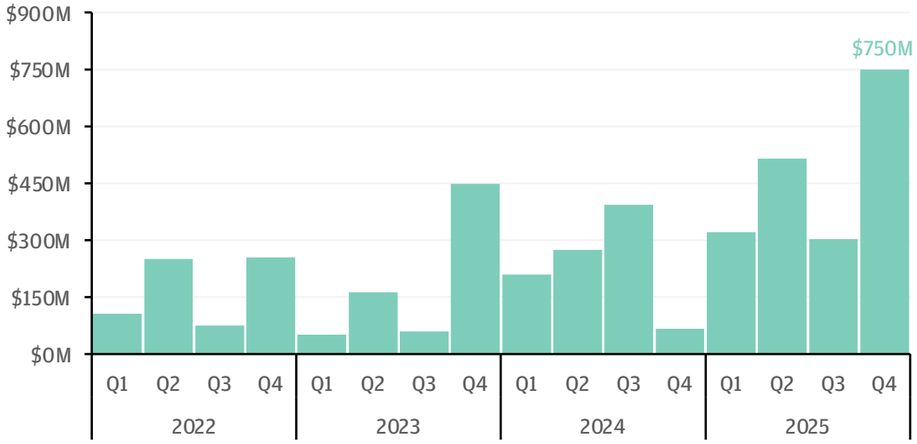
Source: DealForma.com database.

2025 biopharma M&A dollars surpassed 2024 despite valuation pressure

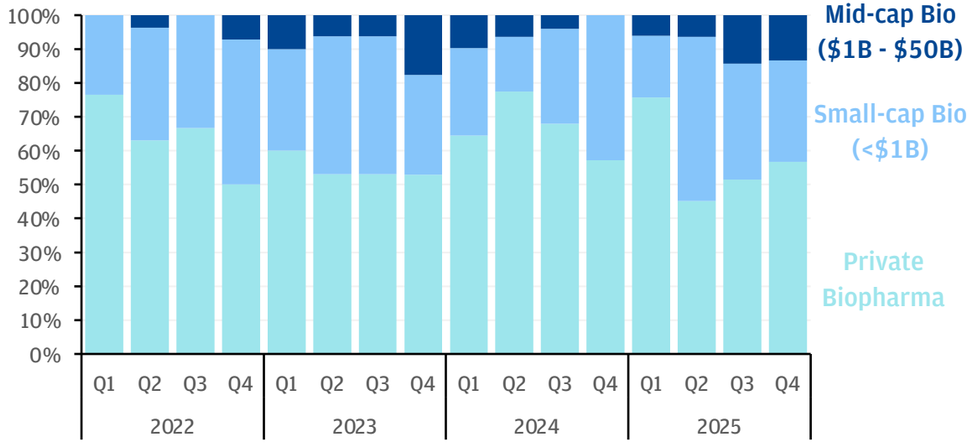
BIOPHARMA M&A ACTIVITY[1,2]



MEDIAN M&A UPFRONT CASH AND EQUITY[1,2]



COUNT OF M&A DEALS BY ACQUIRED COMPANY TYPE[1,2]



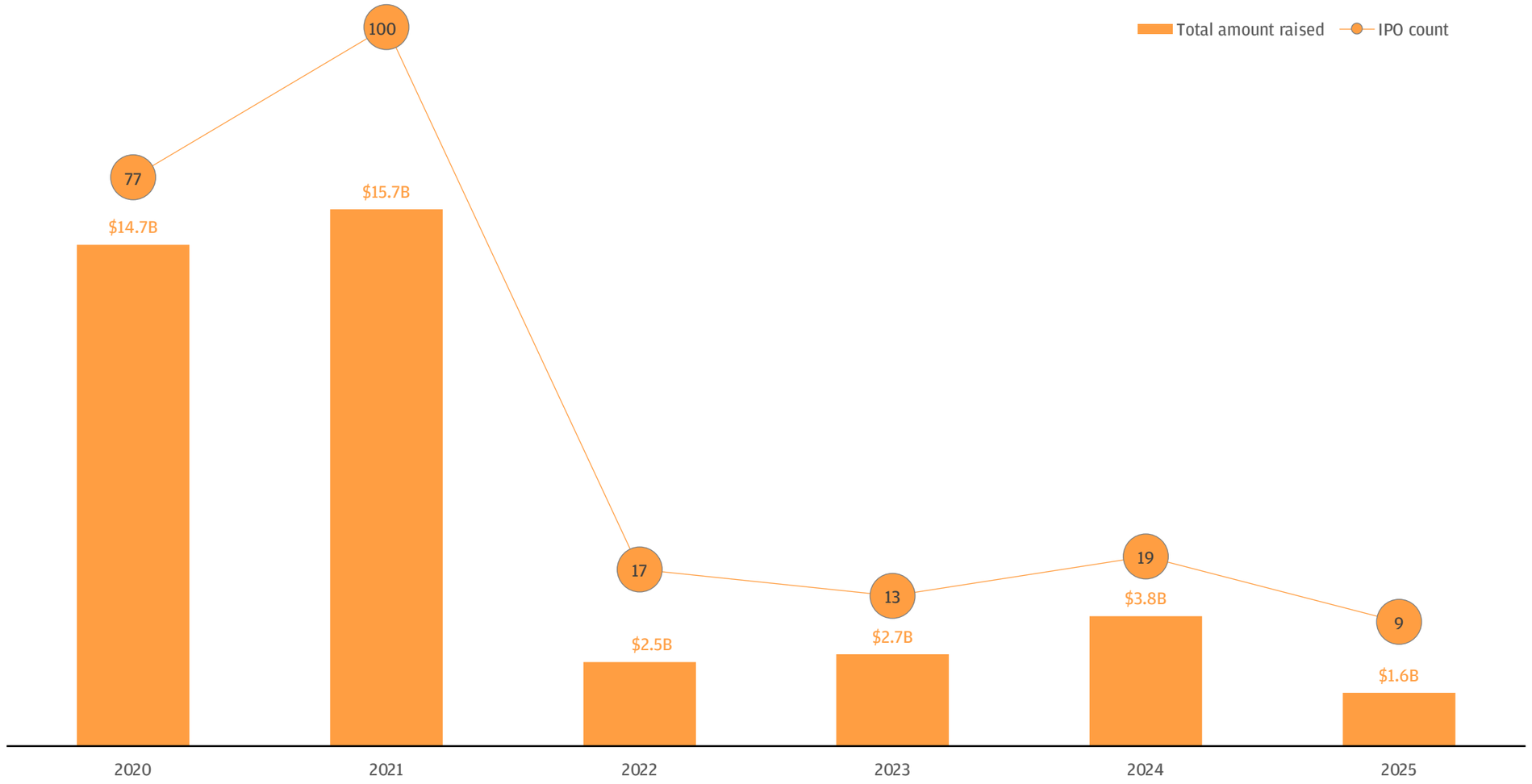
Biopharma M&A activity in 2025 exceeded 2024 in total announced value, driven by several multi-billion-dollar transactions. Mid- and small-cap companies represented most of the deal volume by count, as acquirers targeted undervalued public and private assets.

Notable biopharma-to-biopharma Q4 2025 acquisition announcements include Novartis acquiring Avidity Biosciences ($12.0 billion), Merck acquiring Cidara Therapeutics ($9.2 billion), and Novo Nordisk acquiring Akero Therapeutics ($5.2 billion).

Note: [1]Financials based on disclosed figures. Data through December 15, 2025. [2]Biopharma M&A with any buyer type, acquisition options, and reverse mergers.

The biopharma IPO window remained narrowly open in 2025

BIOPHARMA THERAPEUTICS AND PLATFORMS IPO ACTIVITY[1,2]



IPO activity remained muted through Q4 2025, with 9 biopharma companies listing on U.S. exchanges. Total proceeds were among the lowest levels in more than a decade, reflecting continued investor caution.

Companies that did access the public markets were typically later-stage and modestly sized, underscoring persistent challenges for early-stage issuers. The IPO market remained a secondary exit path relative to M&A and licensing.

Note: [1]Financials based on disclosed figures. Data through December 15, 2025. [2]Includes only NASDAQ and NYSE IPOs over $15 million. Excludes Kenvue, Inc. (Q2 2023, $4.4B) and other OTC focused companies. IPOs by completion date.

Source: DealForma.com database.

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