



2026 Q2 REPORT

GLOBAL TRENDS IN BIOPHARMA TRANSACTIONS

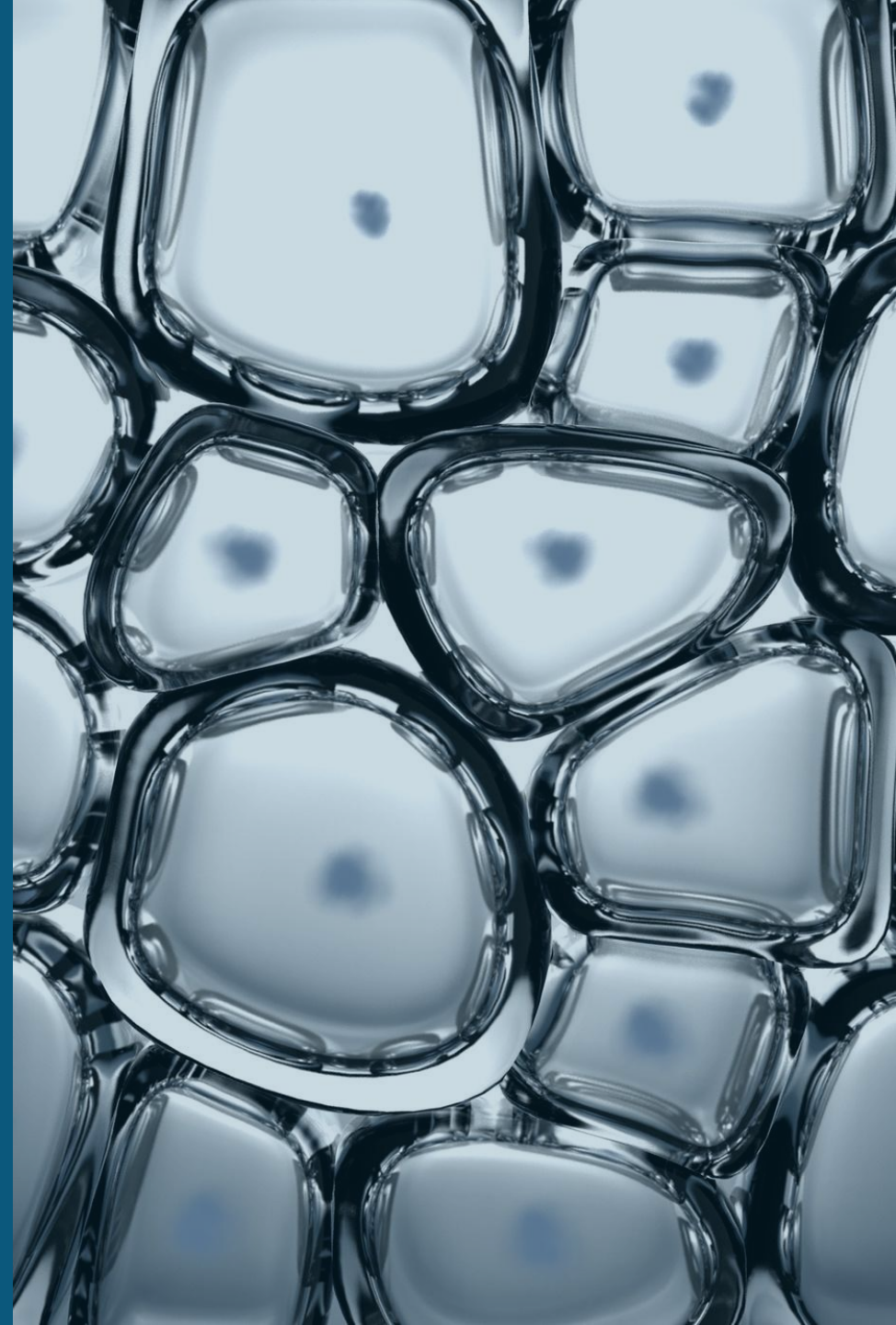


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Licensing activity remained active in Q2 2026 as capital continued to concentrate around early-stage innovation and large strategic partnerships despite moderating deal volume

Strategic Transactions

Globally, licensing remained near record levels in Q2 2026 despite a ~23% decline in deal volume, with average deal size reaching a record ~\$1.7B as capital increasingly concentrated into fewer, larger strategic transactions

- Total licensing value reached approximately \$72B across 43 transactions; Discovery and Preclinical assets accounted for ~83% of quarterly deal value (vs. ~68% in Q1), while oncology reclaimed its dominant position at ~48% of H1 2026 value, the highest since 2023
- China continued to expand meaningfully with ~60% of H1 2026 value (up from ~48% in 2025 and maintained from Q1) at the expense of the EU and UK which declined from ~17% of global share to ~7%; the U.S. share remained steady at ~29% (vs ~28% in 2025)

China remained the most important driver of global licensing economics, with average deal size surging to ~\$2.9B (+42% QoQ) as activity concentrated into fewer, higher-value early-stage transactions

- China-originated Q2 activity totaled ~\$43B across 15 transactions (down from 21 in Q1), led by the >\$15B TDV BMS-Hengrui collaboration, with Discovery/Preclinical assets comprising ~85% of deal value
- U.S. sellers maintained structurally higher upfront commitments (~12% of TDV vs. ~6% for Chinese sellers), reflecting distinct deal-structuring conventions across geographies

Licensing structures became increasingly back-end weighted in Q2 2026 despite continued expansion in headline deal values, with upfront consideration declining to a series low

- Average upfront payments declined to ~\$98M in Q2 2026, down ~46% QoQ, representing only ~5% of total deal value, the lowest level in the observed period, as milestone-heavy structures continued to support large strategic transactions while preserving capital

M&A surged to record quarterly levels in Q2 2026 at ~\$80B across 34 transactions, both the highest in the period, while EU/UK licensing contracted sharply, reflecting a more selective partnering environment

- M&A deal value rose 222% YoY and volume increased 113%, with U.S. sellers accounting for ~93% of H1 2026 value; approved assets (\$21B) and Phase 3 programs (\$19B) led U.S. deal flow
- EU/UK licensing declined to approximately \$2.2B across four transactions, the lowest quarterly level, concentrated exclusively in Discovery/Preclinical programs with average deal value falling to ~\$554M

Capital markets strengthened further in Q2 2026, with IPO proceeds reaching a 3-yr high, U.S. public equity sharply outperforming, and EU/UK venture financing surging 5x on the \$2.1B Isomorphic Labs round

U.S. Capital Markets

The U.S. financing environment accelerated meaningfully in Q2 2026, with IPO proceeds reaching a three-year high of ~\$3.1B across 7 deals, follow-on activity strengthening to ~\$11B, and total public and private financing growing to ~\$19.2B

- The XBI surged ~103% over the trailing twelve months, significantly outperforming the NBI (+59%) and S&P 500 (+33%); the number of companies trading below cash edged up to 86 but remained far below its 2022 peak of 222, suggesting valuation pressure persists among smaller, capital-constrained companies
- North America venture financing modestly declined to 55 deals from 59 in Q1, with average deal size stable at ~\$83M; H1 2026 investment concentrated in Series B rounds (~44% of value), with biologics overtaking small molecules and funding skewing toward Discovery through Phase 1
- RIF activity fell to a three-year low, continuing the slowdown that began in Q4 2025, with most companies either not disclosing workforce impact or announcing smaller reductions

APAC Capital Markets

APAC capital markets recovered from the Q1 selloff, with China posting a second consecutive \$1B+ venture quarter at \$1.2B and deal volume reaching a three-year high, while Japan and South Korea reached new equity market highs even as biotech indices lagged broadly

- Japan's Nikkei 225 surged 75.2% LTM to fresh all-time highs, far outpacing the pharma index (+14.8%) and biotech index (-1.8%); Q2 produced no biotech IPOs after two Q1 listings, while VC financing fell 80% QoQ as Q1's one-off commercial round did not recur
- Chinese biopharma IPOs saw a modest recovery vs. Q1 but remained below late 2025 levels amid tighter SFC/HKEX sponsor requirements; H1 2026 oncology venture share nearly doubled vs. 2025, with biologics and emerging modalities gaining ground at the expense of nucleic acids
- Korean venture financing was \$88M across six early-stage deals, down ~30% QoQ and concentrated in CNS and respiratory, as the KOSPI surged 174% LTM on an AI-driven semiconductor supercycle while the biotech ETF ended roughly flat (-0.5%)

European/UK Capital Markets

European/UK venture financing rebounded sharply to ~\$3.3B in Q2 2026 — more than 5x the prior quarter — driven overwhelmingly by Isomorphic Labs' \$2.1B AI-focused Series B, lifting EU/UK's global venture value share to a period-high ~24%

- Excluding Isomorphic, the broader market remained subdued in value despite deal count rising to 18, consistent with continued investor selectivity and capital concentration in differentiated platform opportunities

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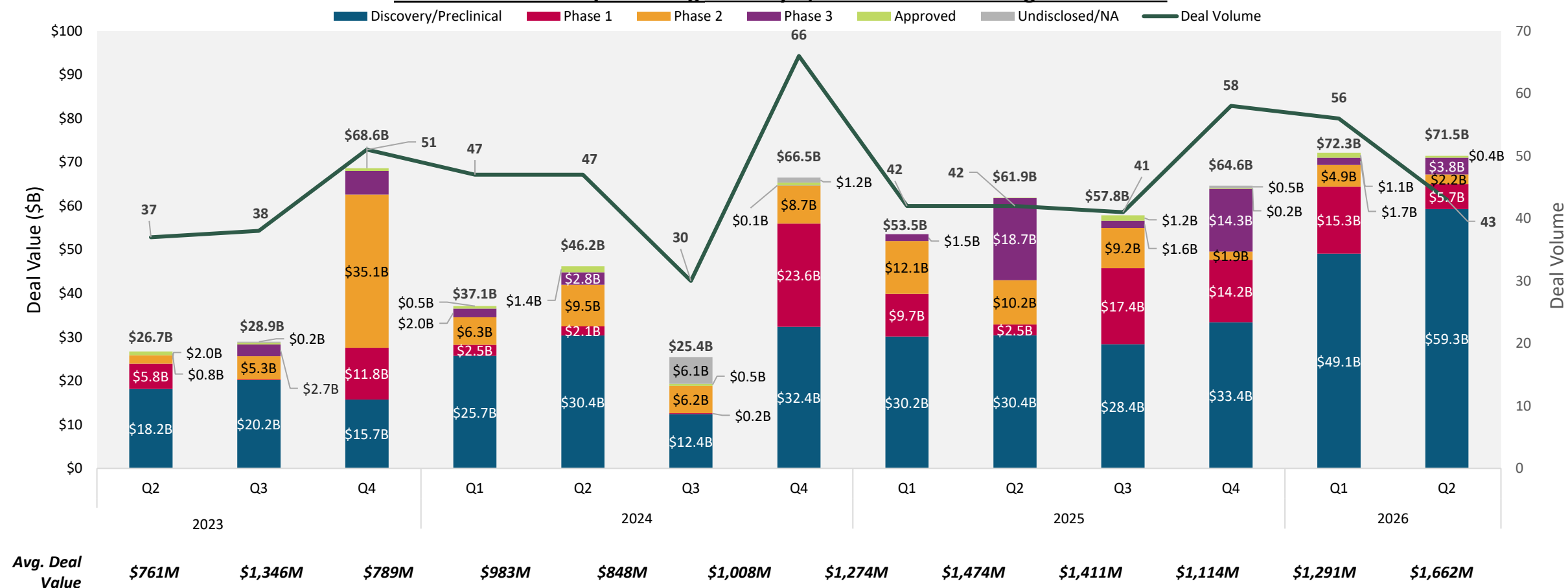
Europe/UK Capital Markets

About Locust Walk

Q2 2026 licensing activity remained elevated at ~\$72B despite ~23% lower deal volume than Q1, with average deal size reaching a record ~\$1.7B (+29% QoQ)

Discovery/Preclinical assets accounted for ~83% of Q2 deal value (vs. ~68% in Q1), while Phase 3 contributed ~5% and Phase 1 declined from ~21% to ~8%, reflecting a shift in development-stage mix.

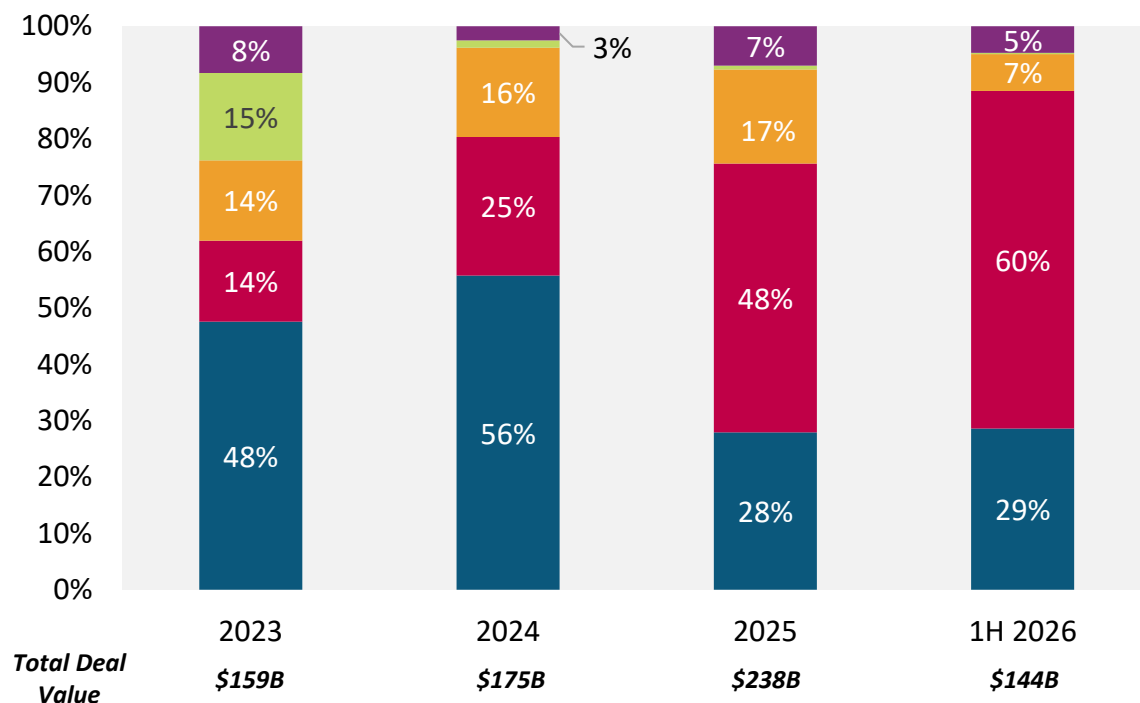
Global and U.S.-Only Licensing Deals by Quarter With Dev't Stage Breakdown



China's share of global licensing deal value increased to ~60% in 1H 2026 from ~48% in 2025, even as U.S. and China deal volumes converged near parity

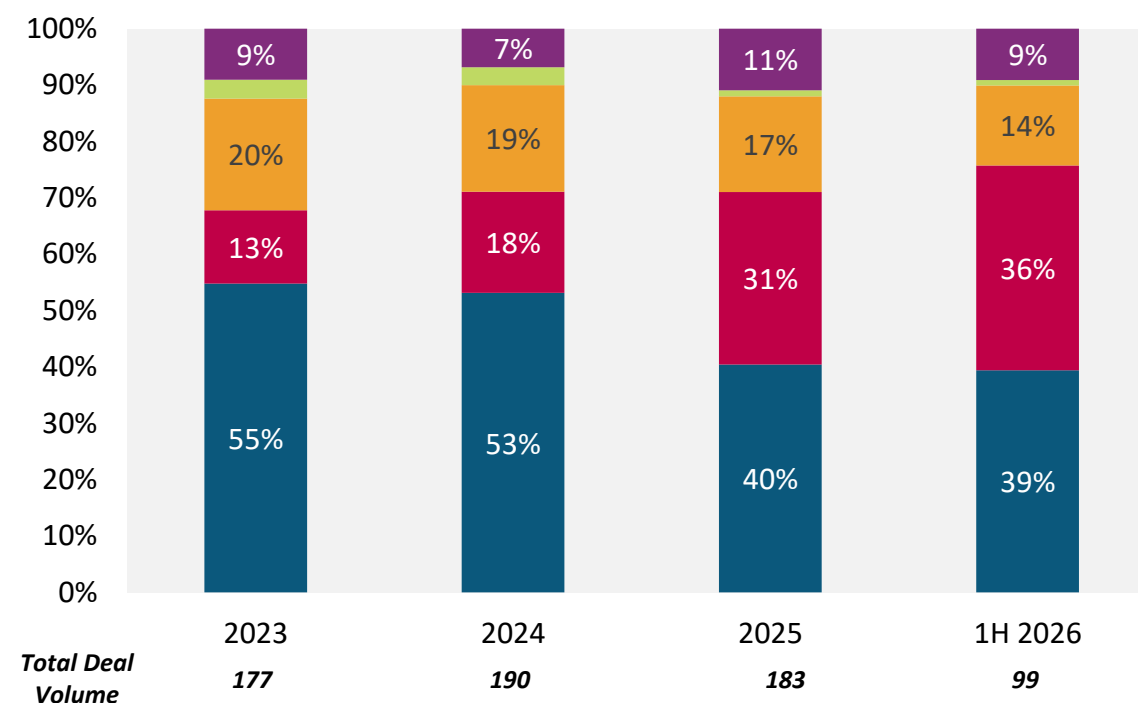
Annual Global and U.S.-Only Licensing Deal Value Split by Seller HQ

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Annual Global and U.S.-Only Licensing Deal Volume Split by Seller HQ

■ US ■ China ■ EU + UK ■ Japan ■ Other

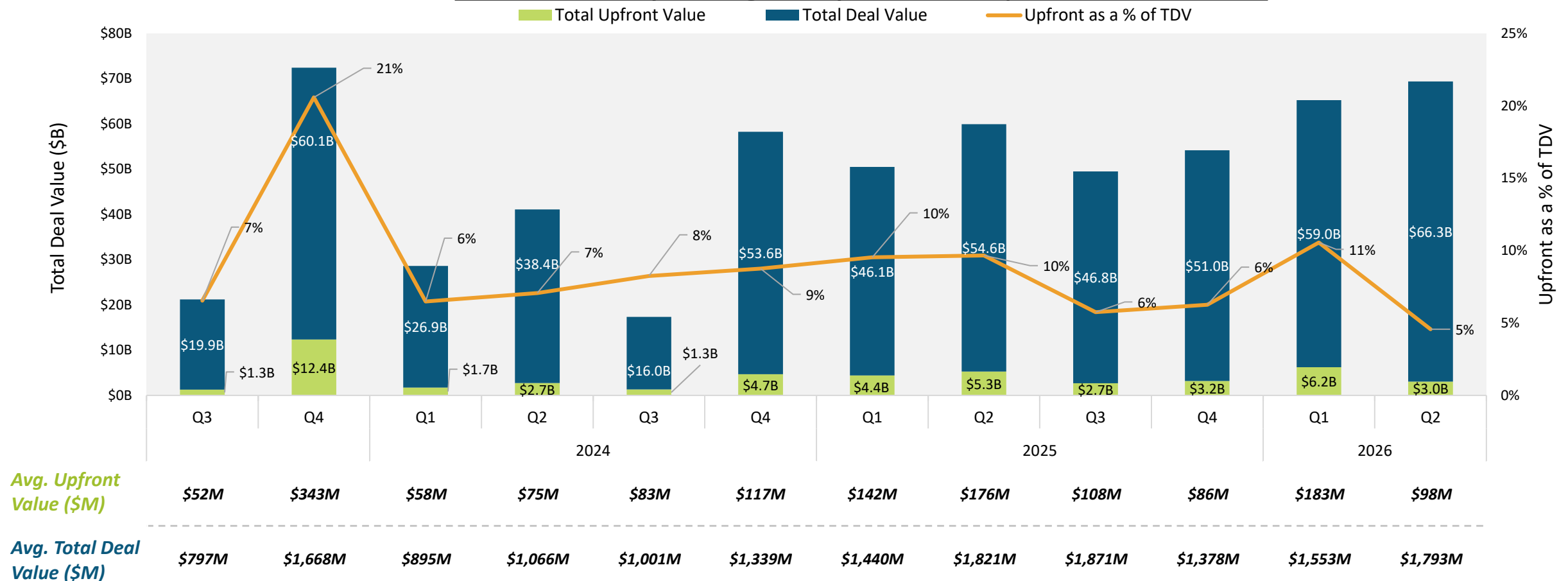


- U.S. and China deal volume shares converged in 1H 2026 at ~39% and ~36%, respectively, narrowing from a wider 2025 gap of ~40% versus ~31%, while EU+UK volume eased to ~17% from ~14% and Other markets declined to ~9% of aggregate deal volume, reflecting a more concentrated geographic mix than in 2025
- China's share of global licensing deal value held firm across both quarters of 1H 2026 (59% in Q1, 61% in Q2), averaging ~60% for the half, up from ~48% in 2025 and driven in part by the \$18.5B CSPC–AstraZeneca deal, with no Q2 letdown; U.S. licensor share was similarly stable at ~29% (30% Q1, 28% Q2), while EU+UK's share fell sharply to ~7% from ~17% in 2025.

Q2 2026 average upfront values dropped to ~\$98M (-46% QoQ), while average total deal values increased moderately (+15% QoQ)

Upfront payments fell to a series low of ~5% of total deal value in Q2 2026, reinforcing the trend toward larger headline deal values paired with back-end weighted structures.

Global and U.S.-Only Licensing Deals by Quarter With Upfront Value Breakdown^{1,2}

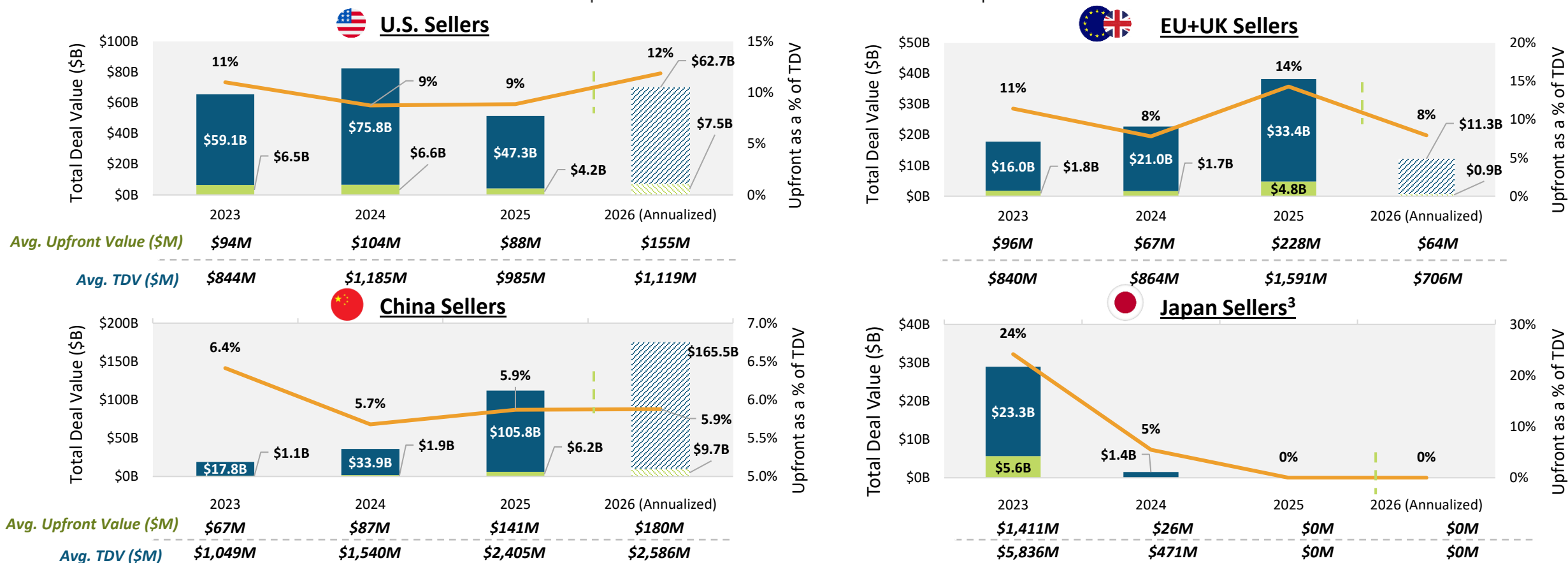


China continues to lead in total deal value (avg. \$2.6B vs \$1.1B for the U.S.), while the U.S. maintained a higher upfront share of deal economics (~12% vs. ~6% for Chinese sellers)

EU/UK activity remained limited, with average upfronts returning to the <\$100M pattern observed in 2023-2024, and Japan recorded no disclosed licensing deals.

Global and U.S.-Only Licensing Deals Upfront Analysis: Split by Seller HQ^{1,2}

■ Total Upfront Value ■ Total Deal Value — Upfront as a % of TDV

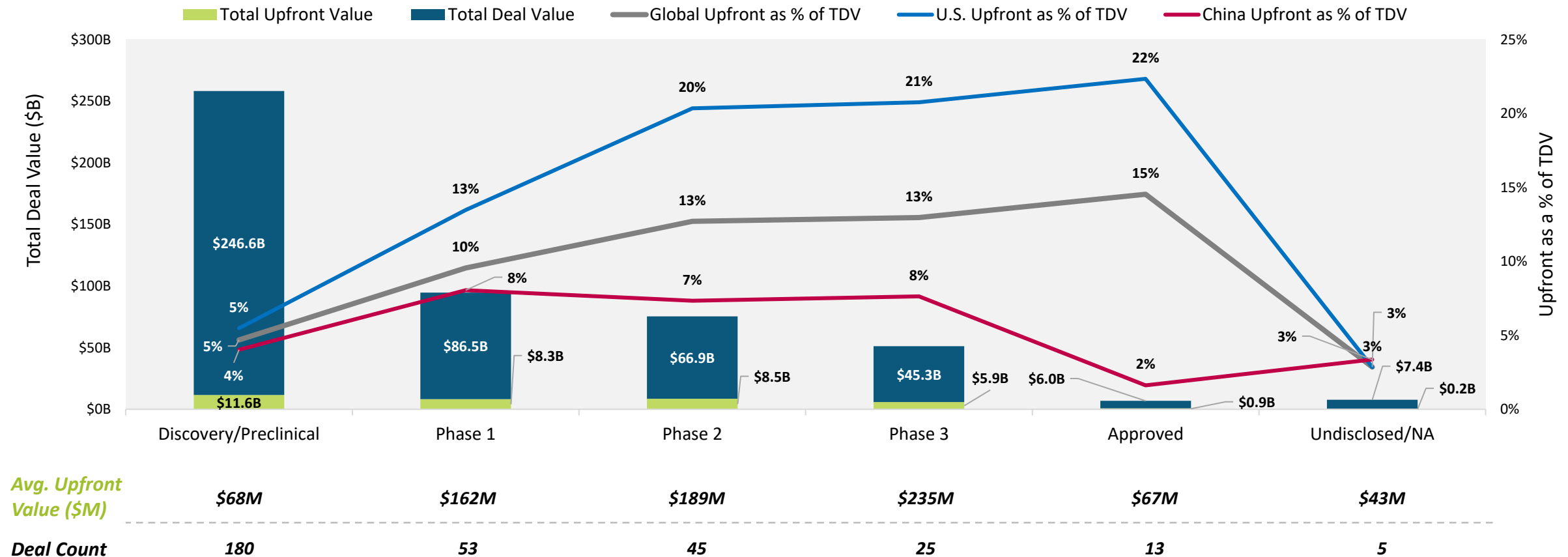


Through Q2 2026, upfront values scale with development stage both as a percentage of total deal value and in absolute terms, with Phase 3 assets commanding the highest average at ~\$235M

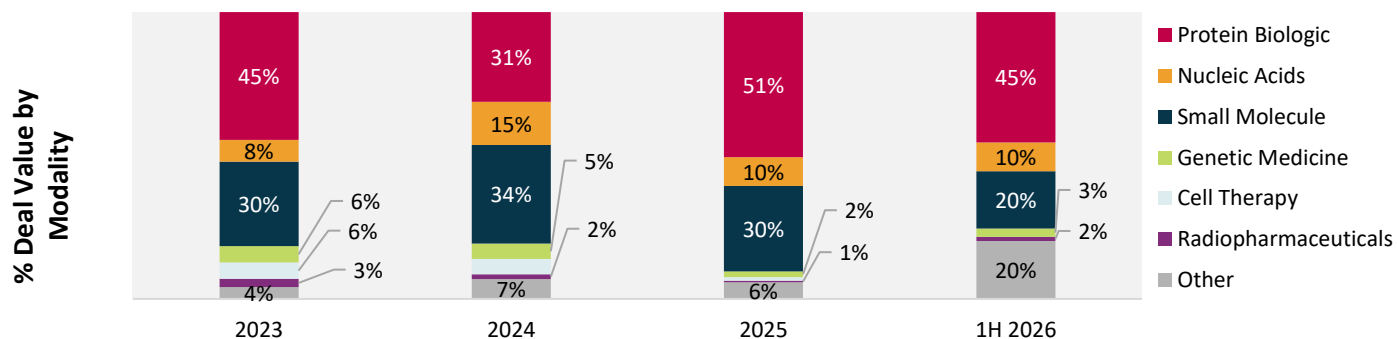
U.S. deals consistently commanded higher upfronts as a percentage of total deal value than China deals across clinical development stages, reflecting structurally stronger upfront commitments and greater U.S. licensee risk tolerance.

Global and U.S.-Only Licensing Deals Upfront Value with Dev't Stage Breakdown^{1,2}

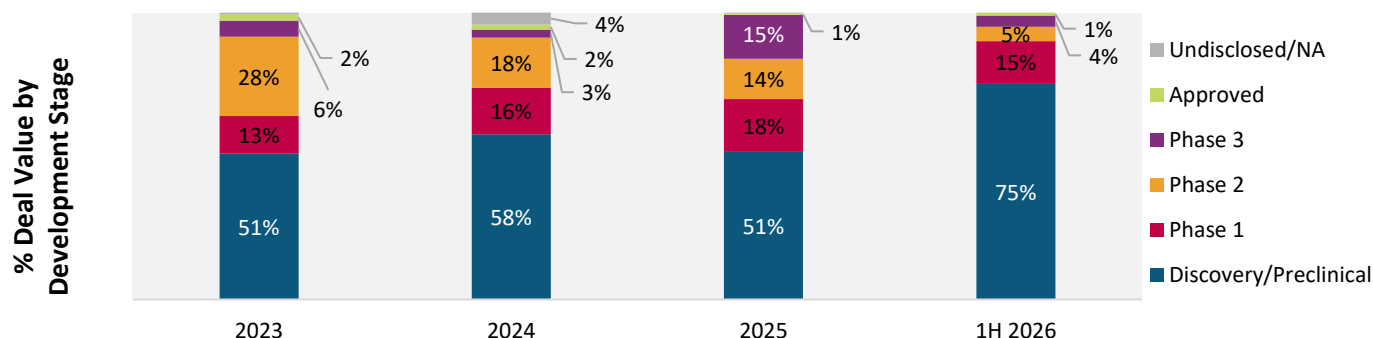
(2024-2026)



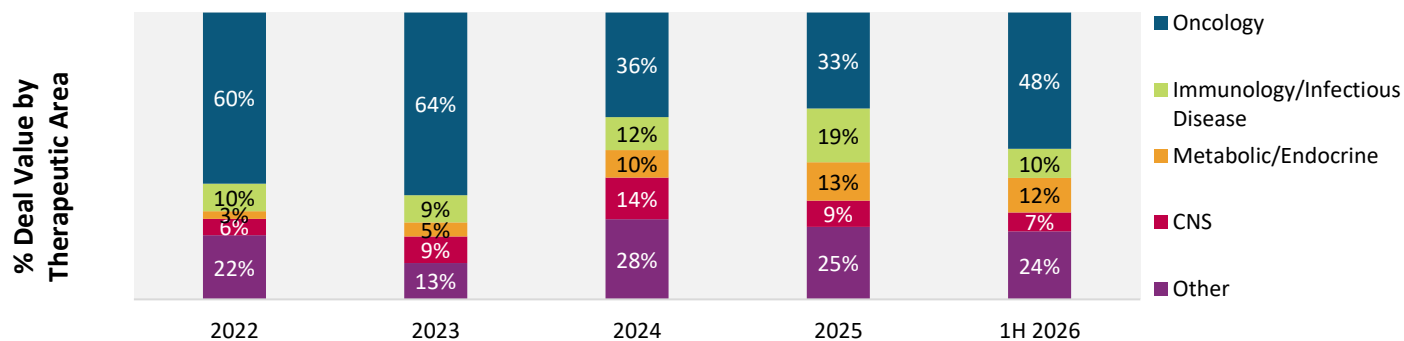
1H 2026 licensing deal value remained skewed toward Discovery/Preclinical assets at ~75%, while Oncology reclaimed its dominant position at ~48%, the highest since 2023



Protein biologics remained the leading modality at ~45% of 1H 2026 deal value, slightly down from ~51% in FY 2025; Other modalities expanded to ~20% (from ~6%), driven by the BMS-Hengrui deal which covers 13 early-stage programs with unspecified modalities. Small molecules contributed ~20%, a decline from previous years, with nucleic acids ~10%, consistent with recent multi-year trends.



Discovery/Preclinical assets accounted for ~75% of 1H 2026 deal value (from ~51% in FY 2025), as early-stage concentration persisted; Phase 1 added ~15%, bringing combined early-stage to ~90%. Phase 3 dropped to ~4% in 1H 2026, a reversal to levels observed in years prior to the spike observed in 2025 (~15%).



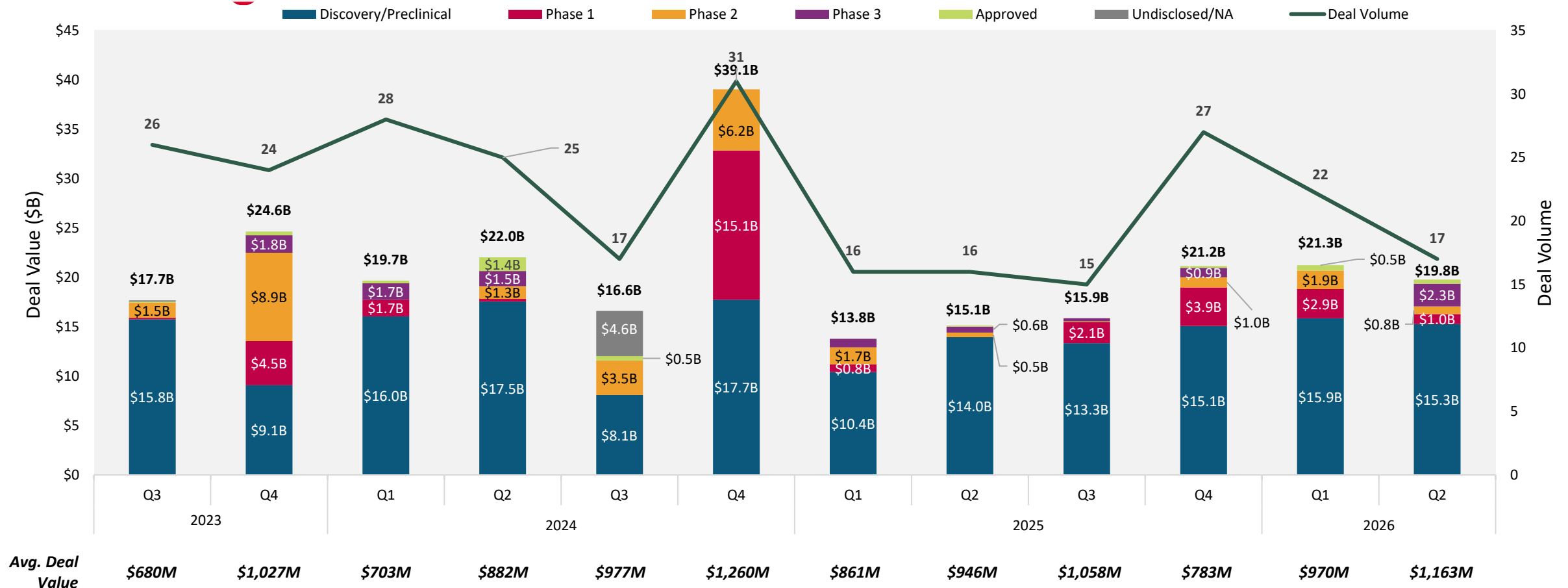
Oncology surged to ~48% of 1H 2026 deal value (from ~33% in FY 2025), maintaining its position as the dominant therapeutic are. Metabolic/Endocrine dipped to ~12% (from ~13%). Immunology/Infectious Disease contracted to ~10% (from ~19%), and CNS remained depressed at ~7%.

Q2 2026 global licensing activity from U.S.-sellers moderated to ~\$19.8B on 17 transactions, with average deal size rising to ~\$1.2B as Discovery/Preclinical assets continued to dominate

Discovery/Preclinical assets accounted for ~77% of Q2 2026 U.S.-based seller deal value, reflecting continued early-stage concentration; average deal size rose to ~\$1.2B (+27% QoQ), reflecting a shift toward fewer but higher-value transactions.



Global and U.S.-Only Licensing Deals with U.S.-based Sellers by Quarter With Dev't Stage Breakdown

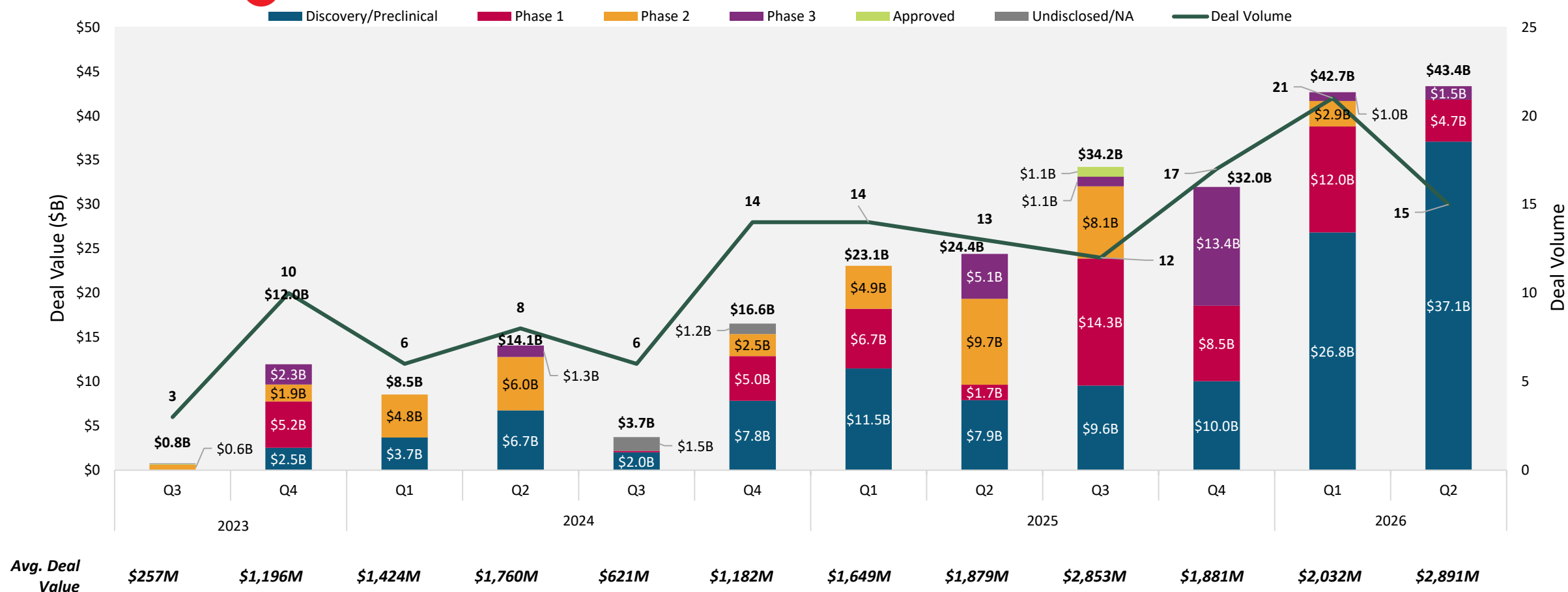


China-based licensing held steady in Q2 2026 at \$43.4B on 15 transactions, with average deal size surging to \$2.9B, a 42% QoQ increase, and Discovery/Preclinical comprising ~85% of deal value

Q2 2026 China deal activity concentrated into fewer, larger transactions; led by the >\$15B TDV Bristol Myers Squibb-Hengrui collaboration, average deal size reached \$2.9B, as volume pulled back to 15 deals from Q1's record 21 deals.



Global and U.S.-Only Licensing Deals with China-based Sellers by Quarter With Dev't Stage Breakdown



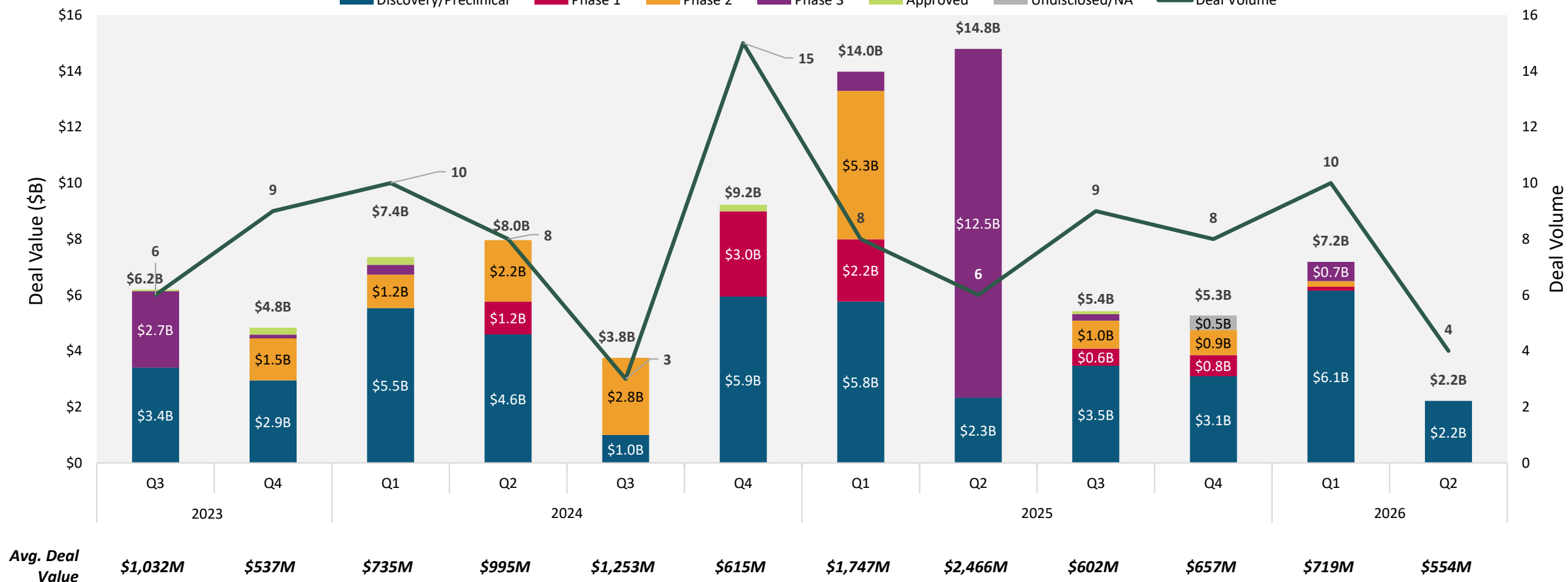
EU/UK-based licensing activity contracted sharply in Q2 2026 to \$2.2B across 4 transactions to the lowest quarterly value in the period, concentrated exclusively in Discovery/Preclinical programs

With only 4 Discovery/Preclinical transactions in Q2 2026, average EU/UK deal value fell to ~\$554M, reflective of the preclinical stage composition.



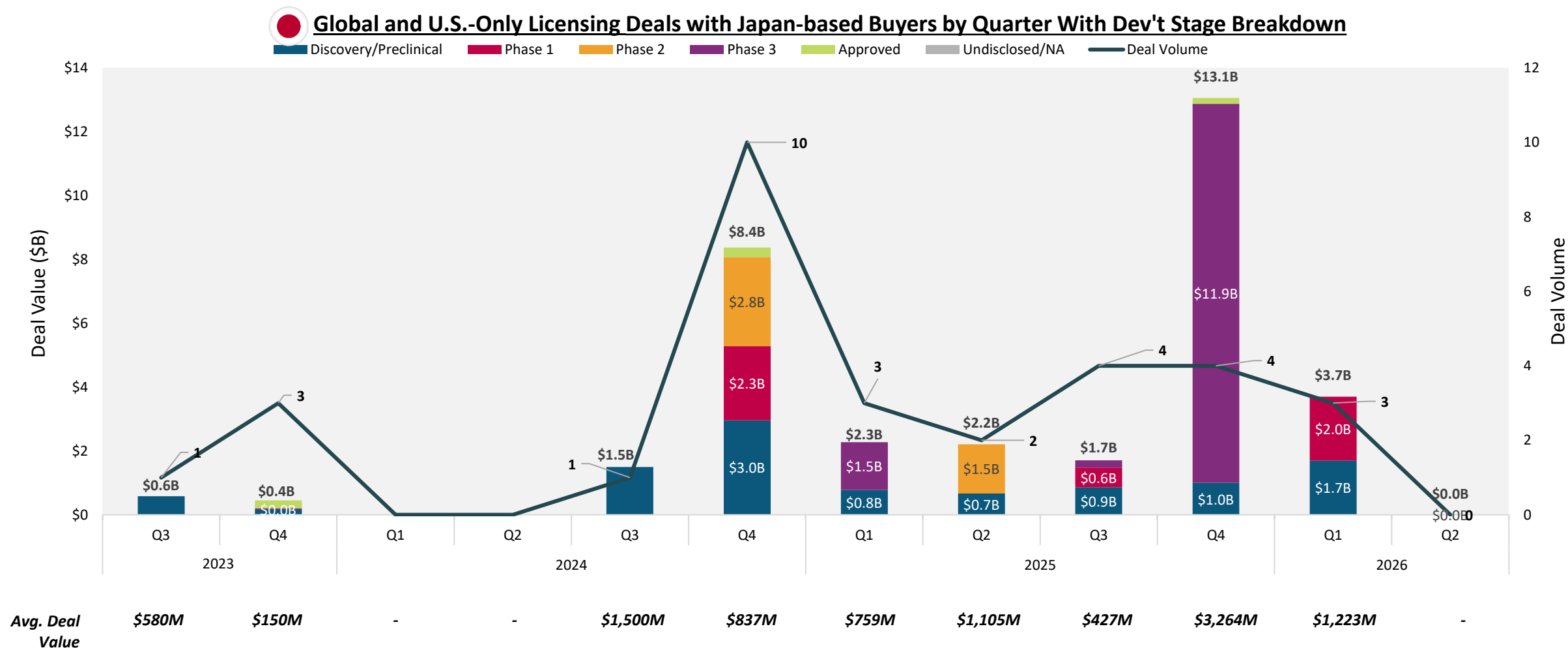
Global and U.S.-Only Licensing Deals with EU+UK-based Sellers by Quarter With Dev't Stage Breakdown

Discovery/Preclinical Phase 1 Phase 2 Phase 3 Approved Undisclosed/NA Deal Volume



Japan-based buyer licensing activity recorded no qualifying transactions in Q2 2026, following Q1 2026's \$3.7B across 3 early-stage deals, reflecting the episodic nature of Japan buyer deal flow

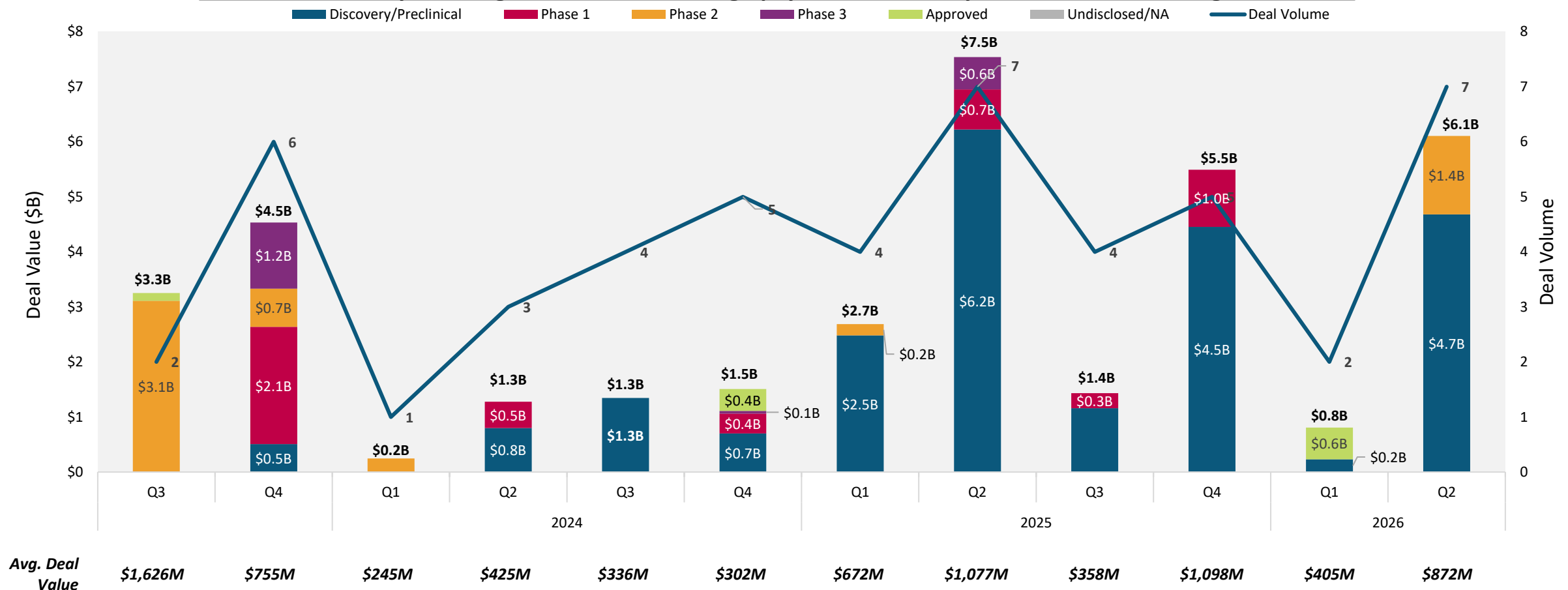
Following a strong Q1, deal activity reverted to the intermittent pattern that has historically characterized Japan buyer licensing.



Licensing activity outside major markets rebounded in Q2 2026 to \$6.1B across 7 transactions, recovering from Q1's \$800M, with Discovery/Preclinical representing ~77% of deal value

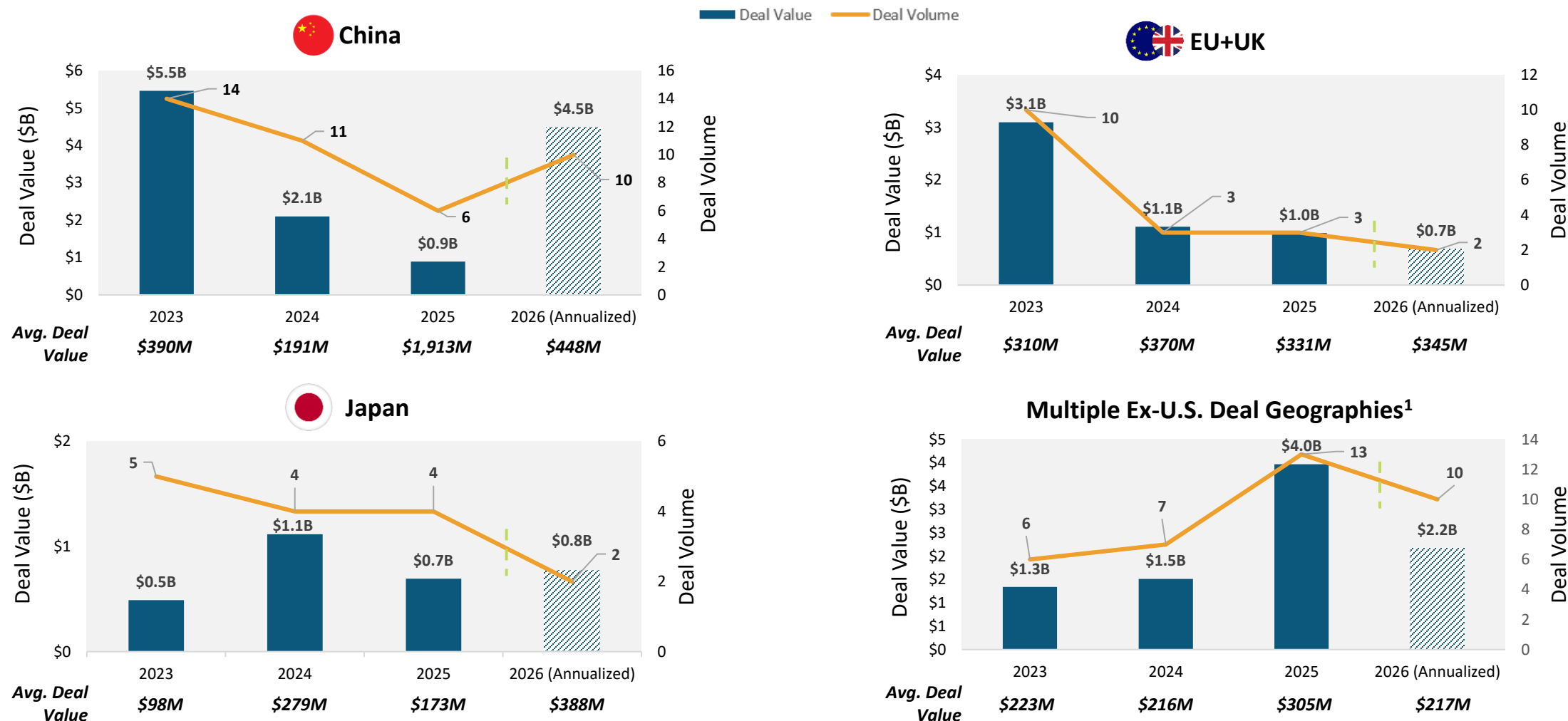
Q2 2026 saw a sharp recovery in other-market activity compared to Q1; Discovery/Preclinical represented a significant majority of Q2 deal value consistent with early-stage concentration across regional markets.

Global and U.S.-Only Licensing Deals with Other Geography¹-based Sellers by Quarter With Dev't Stage Breakdown



1H 2026 annualized ex-U.S. regional licensing indicates China is on pace for ~\$4.5B in deal value, already well above full-year 2024 and 2025 levels, while EU+UK continued to lag

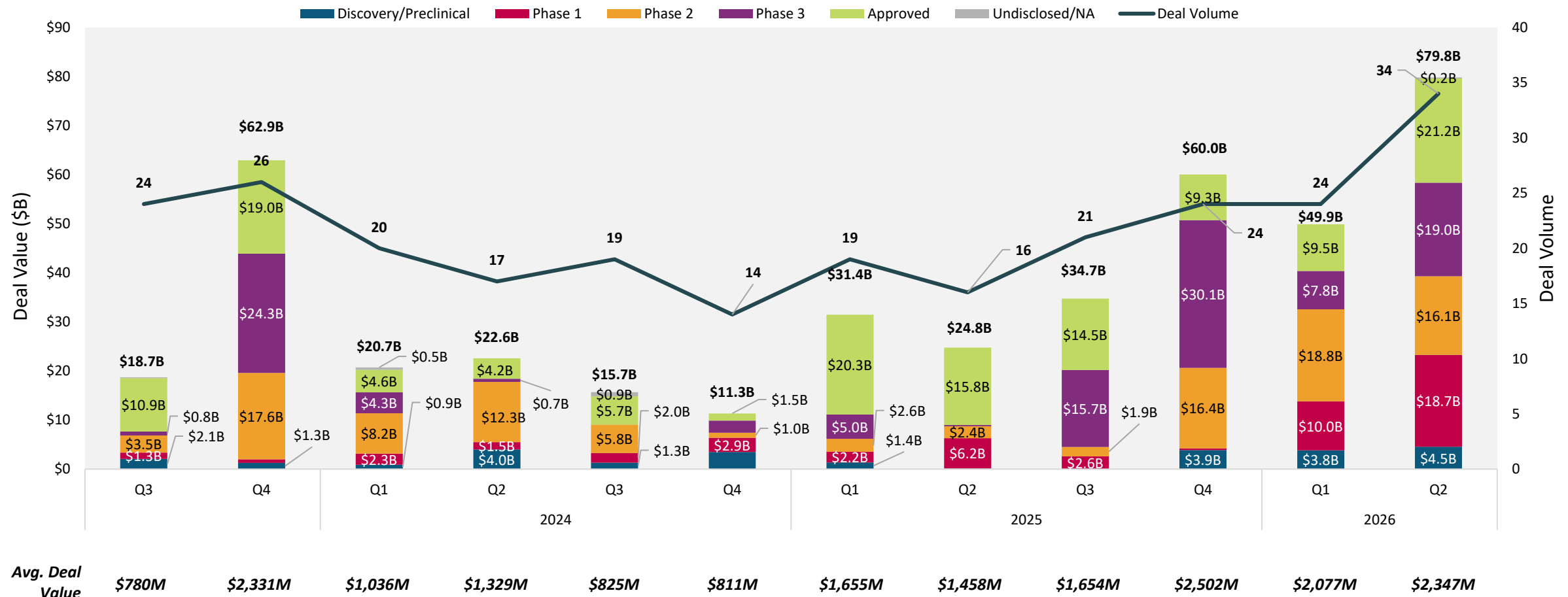
Ex-U.S. Regional Licensing Deals by Year Split by Deal Geography



Q2 2026 M&A deal value reached ~\$80B and 34 transactions, both the highest quarterly levels on record, with a ~13% QoQ increase in average deal value from Q1 2026

Comparing YoY to Q2 2025, M&A total deal value surged 222% (\$79.8B vs. \$24.8B) and volume rose 113% (34 vs. 16 deals), the highest in the period; QoQ from Q1 2026, both deal value and volume continued to expand, sustaining average deal size above \$2B.

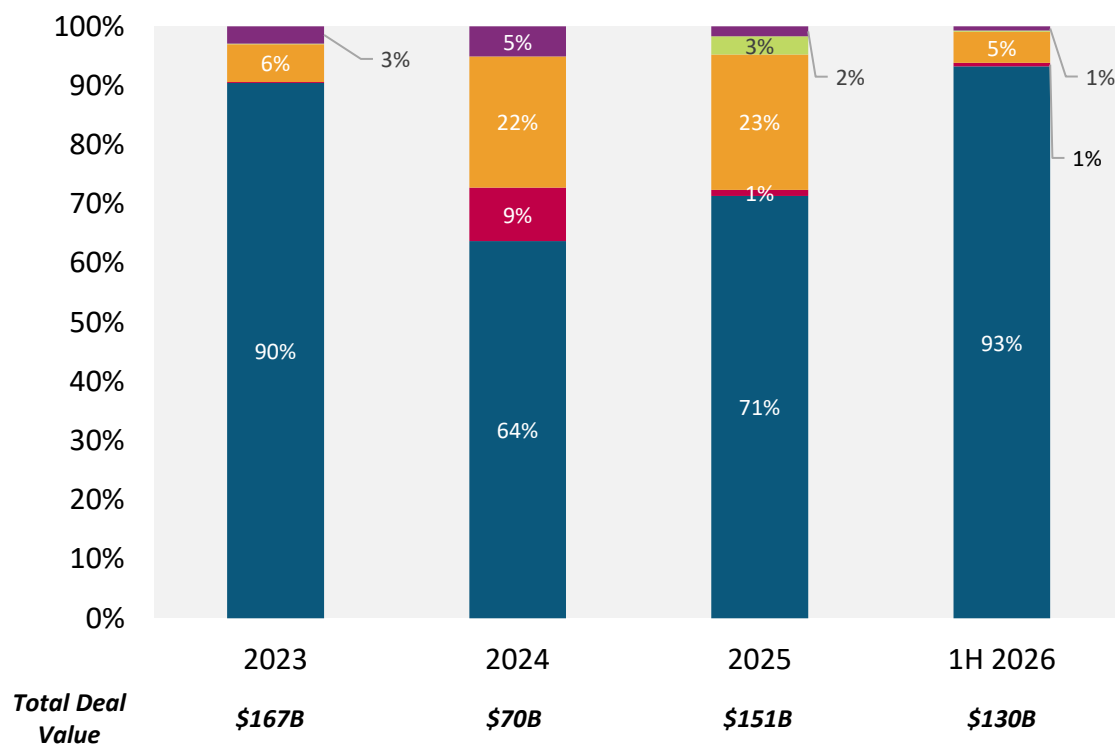
M&A Deals by Quarter With Dev't Stage Breakdown



In 1H 2026, U.S.-based sellers accounted for ~93% of 1H 2026 M&A value and ~83% of volume, while EU+UK activity declined and China's volume share rose from 3% to 7%

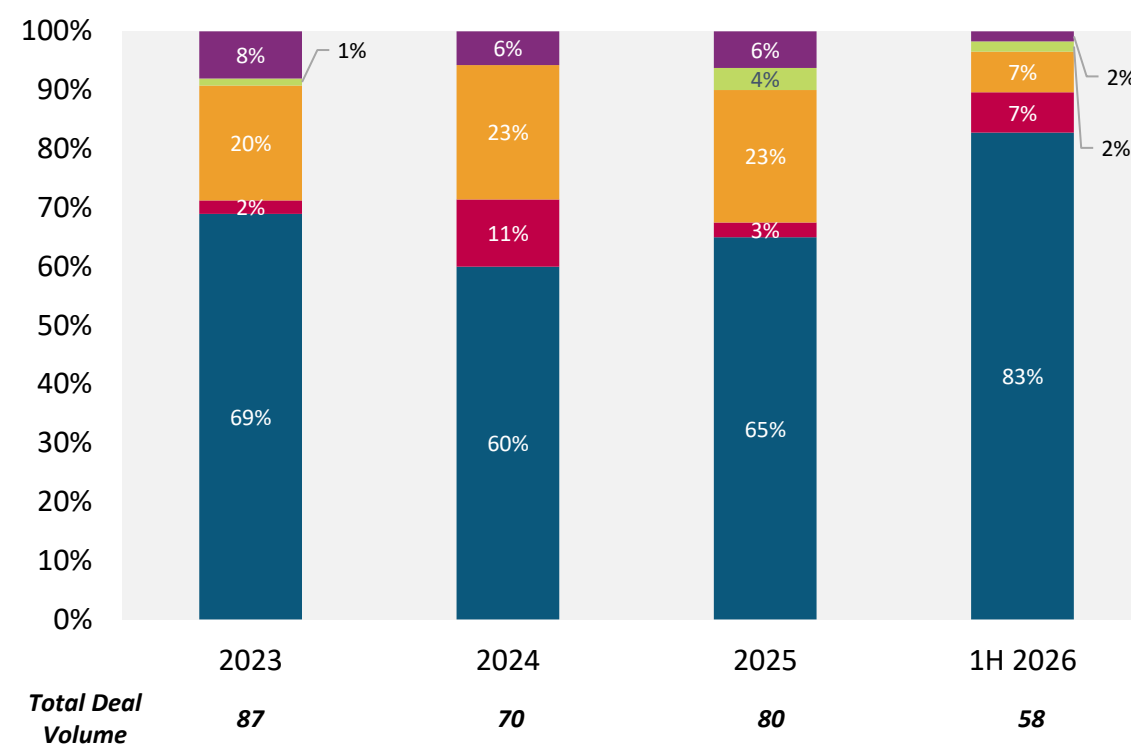
Annual M&A Deal Value Split by Seller HQ

■ US ■ China ■ EU + UK ■ Japan ■ Other



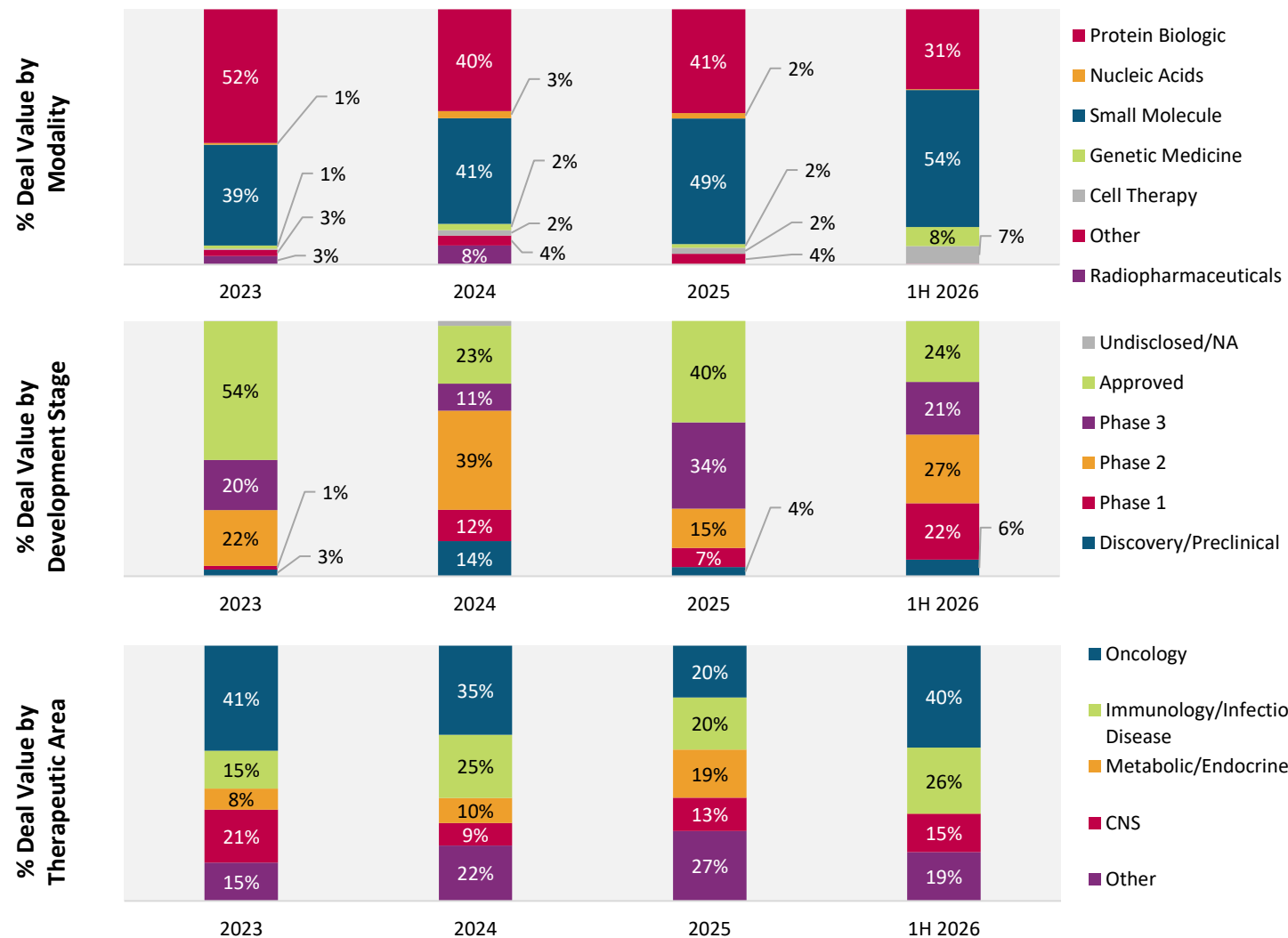
Annual M&A Deal Volume Split by Seller HQ

■ US ■ China ■ EU + UK ■ Japan ■ Other



- 1H 2026 global M&A deal value totaled ~\$130B across 58 deals, with U.S.-based sellers accounting for ~93% of deal value (up from ~71% in 2025), while EU+UK seller share declined from ~23% to ~5% and China remained at 1%
- By deal volume, U.S. sellers expanded their share to ~83% in 1H 2026 (from ~65% in 2025), reinforcing U.S. dominance across both value and volume metrics; China-based sellers grew their volume share to ~7% (from ~3%), while EU+UK participation declined from ~23% to ~7%

1H 2026 M&A deal value favored small molecules at ~54% and oncology at ~40%, with development-stage mix broadening across Phase 1, Phase 2, Phase 3, and approved assets



Small molecules remained dominant and stable at ~54% of 1H 2026 M&A deal value, maintaining their multi-year lead; protein biologics declined to ~31% (from ~41%). Cell therapy and genetic medicine contributed similarly (7% and ~8%), reflecting continued M&A interest in advanced therapeutics.

1H 2026 M&A exhibited a balanced development-stage mix, with deal value distributed relatively evenly across Phase 1 through approved assets (excluding the 6% attributable to Discovery/Preclinical), in contrast to 2025's approved asset-dominated market.

Oncology surged to ~40% of 1H 2026 M&A deal value (from ~20% in 2025), reclaiming a dominant position; Metabolic/Endocrine fell to near zero (from ~19%), reversing its multi-year growth trajectory. Immunology/Infectious Disease increased to ~26%, while CNS moderated to ~15%.

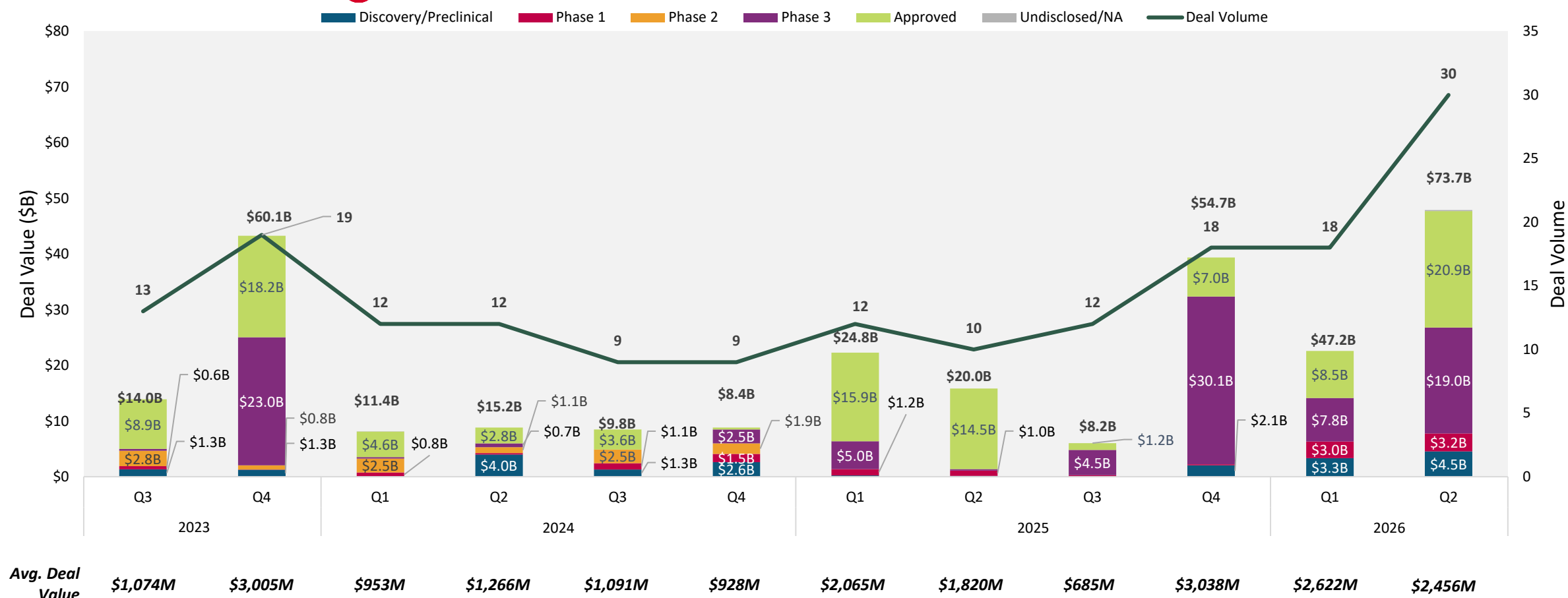


U.S. seller M&A activity accelerated in Q2 2026 to \$73.7B and 30 deals, the highest quarterly volume in the period shown, led by approved asset acquisitions and Phase 3 deal flow

Q2 2026 recorded 30 U.S. seller M&A transactions, the highest quarterly count in the period; approved assets led by deal value at ~\$21B followed by Phase 3 at \$19B, continuous with the late-stage skew observed in previous years.



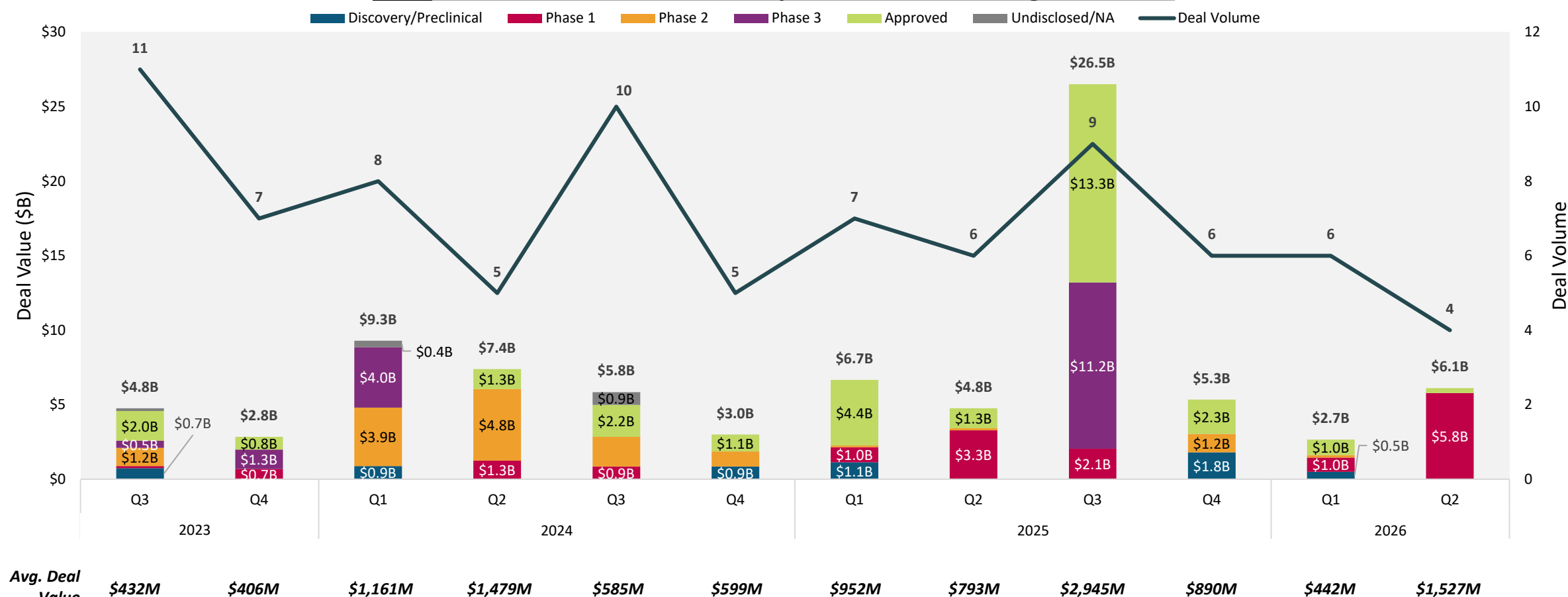
M&A Deals with U.S.-based Sellers by Quarter With Dev't Stage Breakdown



Q2 2026 ex-U.S. M&A deal value recovered to \$6.1B from the \$2.7B low in Q1 despite only four transactions, with Phase 1 assets accounting for ~95% of deal value

Despite record low transaction volume, ex-U.S. M&A value returned to the ~\$5B–\$7B range typical of recent quarters, and average deal size reached \$1.5B.

M&A Deals with Ex-U.S.-based Sellers by Quarter With Dev't Stage Breakdown



Median public equity premiums declined to ~42% in Q2 2026, while average deal size rose to ~\$6B, indicating buyers continue to pay higher absolute deal values despite lower percentage premiums.

Mean and Median M&A Equity Premium (30-day VWAP)

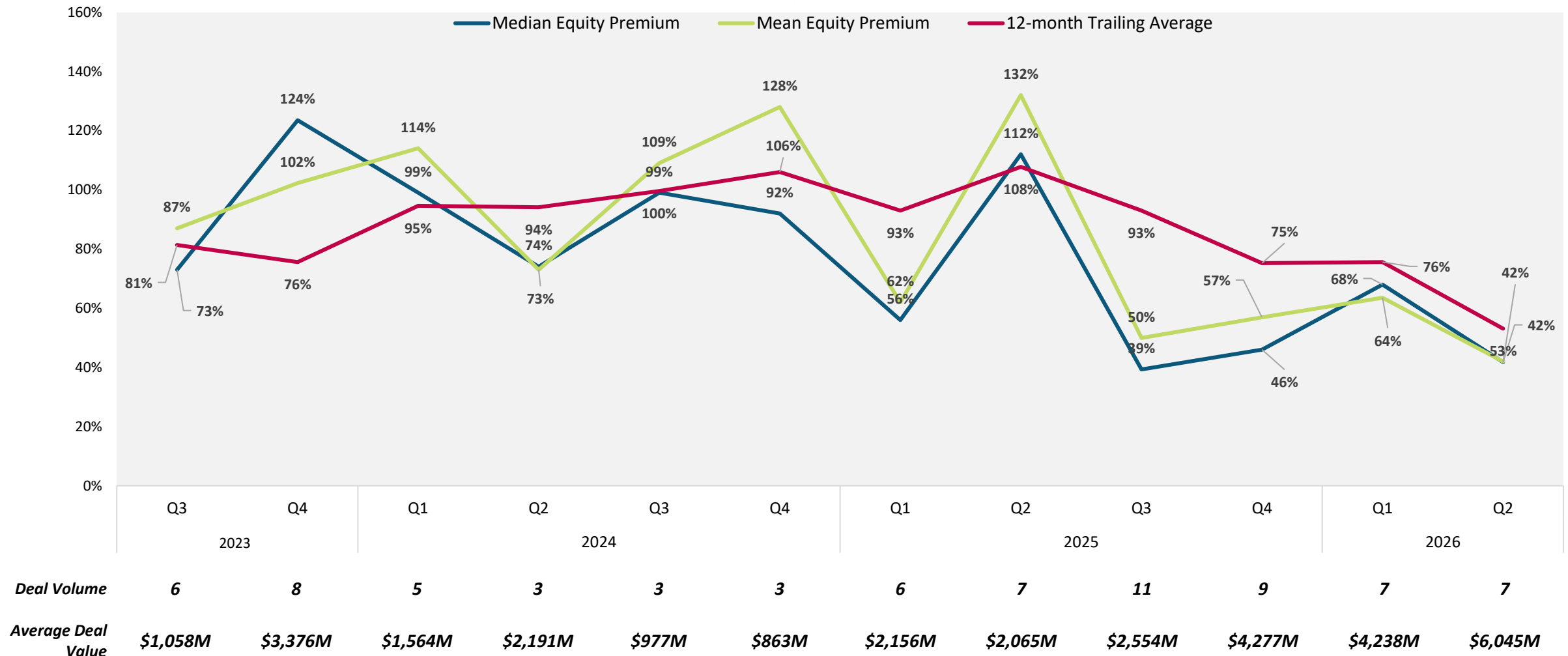


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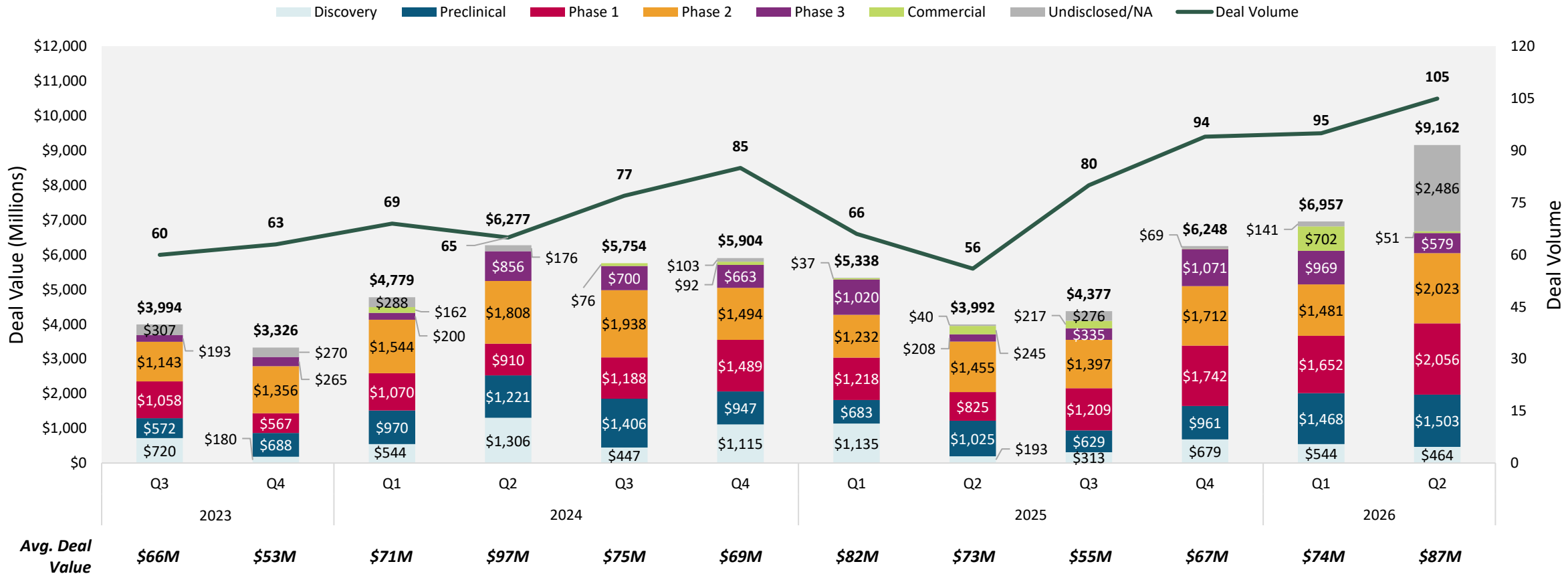
Europe/UK Capital Markets

About Locust Walk

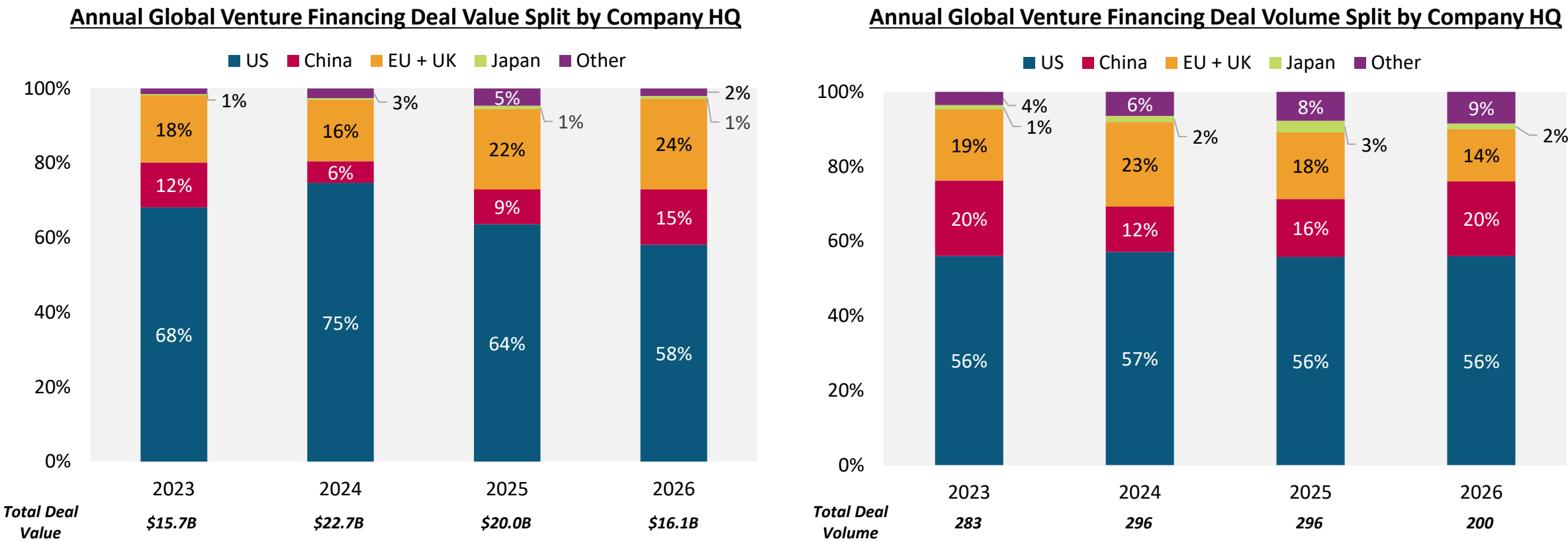
Global venture financing value rose ~32% QoQ in Q2 2026 to ~\$9.2B alongside growth in total deal volume to 105 from 95 in Q1 2026, while average deal size climbed to \$87M

Growth was primarily driven by \$2.1B Isomorphic Labs Series B; excluding it, aggregate value maintained as Discovery and Preclinical financings stayed relatively constant, while financing value growth was seen in Phase 1 and 2 stage deals.

Global Venture Financings Deals by Quarter with Dev't Stage Breakdown



While the U.S. retains the overall lead in total venture deal volume and value, China's share of venture financing has risen in 2026 year-to-date, reaching ~15% of value and ~20% of volume



- The U.S. remains the leader on value (~58%) and volume (~56%), though its value share slipped from ~64% in 2025 as capital spread across regions
- China gained the most ground, lifting its value share to ~15% (from ~9% in 2025) and volume share to ~20% (from ~16%), both period highs
- The EU/UK took a larger slice of value at a period-high ~24%, but on fewer deals, with volume share down to ~14% from ~18%

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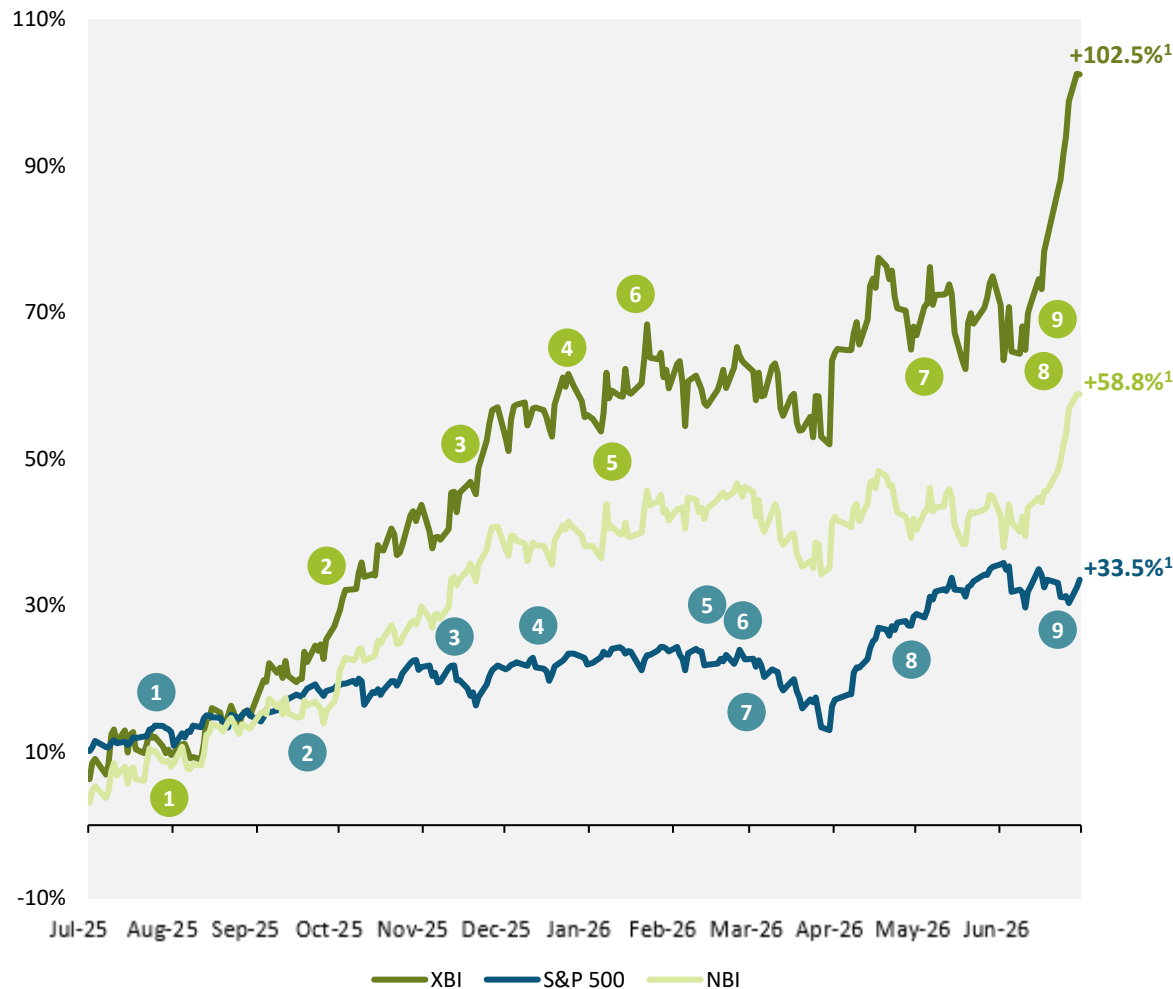
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About Locust Walk

Biotech sharply outperformed over the trailing twelve months, with the XBI up ~103% versus ~59% for the NBI and ~33% for the S&P 500, as gains accelerated in late Q2

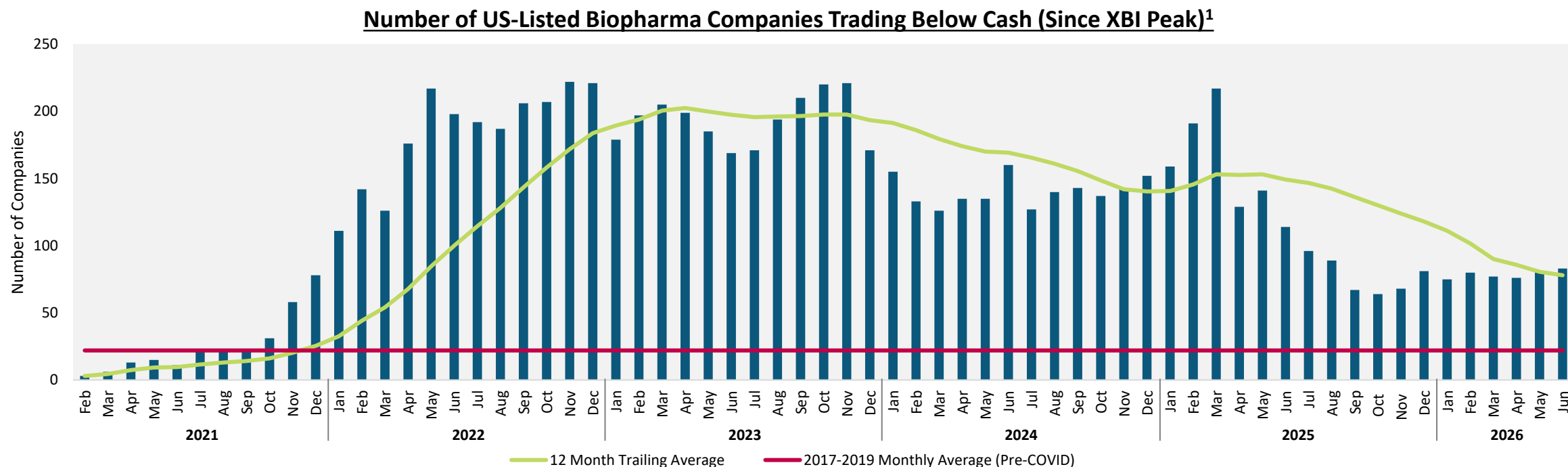
XBI, NBI, and S&P 500 Performance (LTM)



Event	Date	Subject	Summary
Macro Events			
1	2025-07-27	Earnings	Tech / AI market leaders in announce strong earnings, buoying market enthusiasm
2	2025-09-17	Federal Reserve	The Fed voted to cut interest rates by 25 basis points, the first since 12/2024
3	2025-11-13	Federal Government	An agreement was finalized to end the longest U.S. government shutdown on record
4	2025-12-10	Federal Reserve	The Fed cuts rates by 25 bp, but concerns about underlying labor market weakness and slower growth drive ongoing volatility
5	2026-02-19	Federal Government	U.S. Supreme Court ruling triggers tariff restructuring with easing of 'Liberation Day' tariffs
6	2026-02-23	Artificial Intelligence	Tech and Software equities sell-off as AI offerings disrupt and cannibalize core business
7	2026-02-28	Iran War	Rising oil prices driven by ongoing conflict in Iran trigger broader market pullback
8	2026-04-29	Federal Reserve	Fed holds rates steady; four officials dissent, the most since 1992
9	2026-06-17	Federal Reserve	Fed holds rates at 3.50%-3.75% for a fourth straight meeting under new Chair Warsh, dropping its easing bias and signaling a possible hike
Biotech Events			
1	2025-07-29	FDA	Vinay Prasad ousted, then reinstated 2 weeks later to FDA's CDER Director position
2	2025-09-30	Drug Pricing	Pfizer announces MFN pricing agreement with concurrent tariff relief
3	2025-11-13	M&A	Pfizer completed its acquisition of Metsera in a transaction worth up to \$10B, closing a high-profile bidding contest with Novo Nordisk
4	2025-12-19	Drug Pricing	U.S. government announced lower drug price deals with 9 pharma companies
5	2026-01-05	Drug Launch	Novo Nordisk launches oral semaglutide in the U.S., intensifying the GLP-1 race
6	2026-01-12	IPO	Aktis Oncology closes a \$318M IPO followed by wave of Q1 public financing in the U.S.
7	2026-05-01	FDA	FDA approves first oral PROTAC degrader for ER+ breast cancer
8	2026-06-15	M&A	AbbVie agrees to acquire Apogee Therapeutics for ~\$10.9B, the year's second-largest biotech buyout amid a record 2026 M&A wave contributing to an XBI spike
9	2026-06-17	FDA	FDA accepts UniQure's Phase 1/2 Huntington's data as basis for preliminary BLA



The number of U.S.-listed biopharma companies trading below cash edged up to 83 in Q2 2026 but remains far below its 2022 peak and the elevated levels of recent years



Key Takeaways:

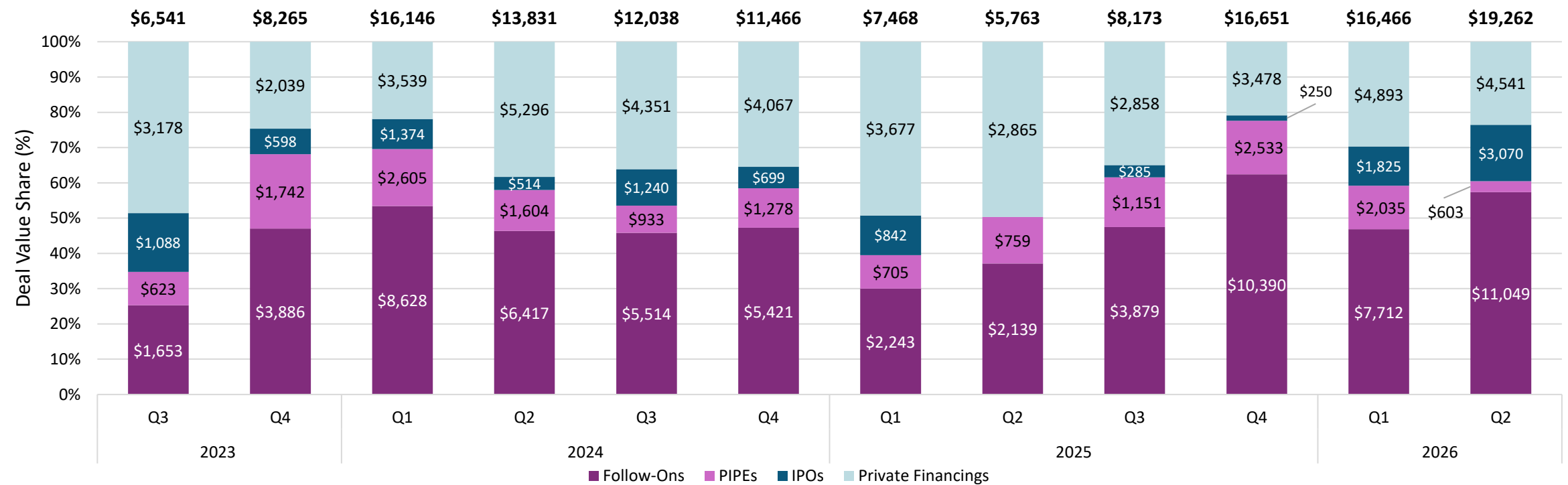
- The number (n=83) of U.S.-listed biopharma companies trading below cash has fallen sharply from its 2022 peak of 222 companies, but remains elevated at roughly four times the pre-COVID average of 22 companies
- The count has broadly moved inverse to biopharma index performance; its slight uptick through Q2 2026 despite strong index gains suggests valuation pressure persists among smaller, capital-constrained companies



Public capital market activity continued to grow in Q2 2026, with IPO volume at 7 deals with proceeds climbing to a 5-year high of ~\$3.1B, while follow-ons strengthened to ~\$11B

IPO proceeds reached their highest level since 2021, signaling a reopening IPO window, while follow-ons grew to ~\$11B; total public and private financing grew to \$19.2B, with a relatively equal split in deal volume, even as PIPEs faded to ~\$0.6B.

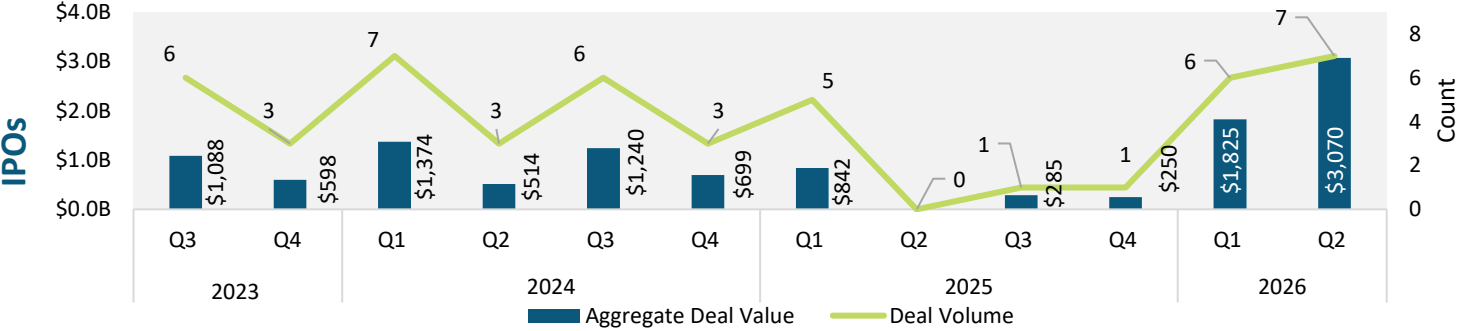
Public and Private Financing Deals by Quarter



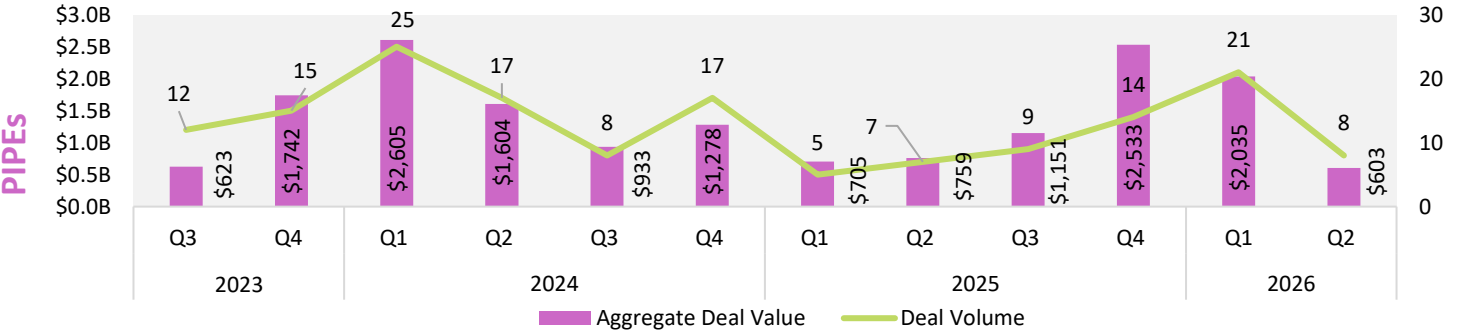
Total Financings

Private	40	32	42	42	45	45	41	39	38	51	59	55
Public	31	45	81	56	36	50	32	19	39	65	61	50

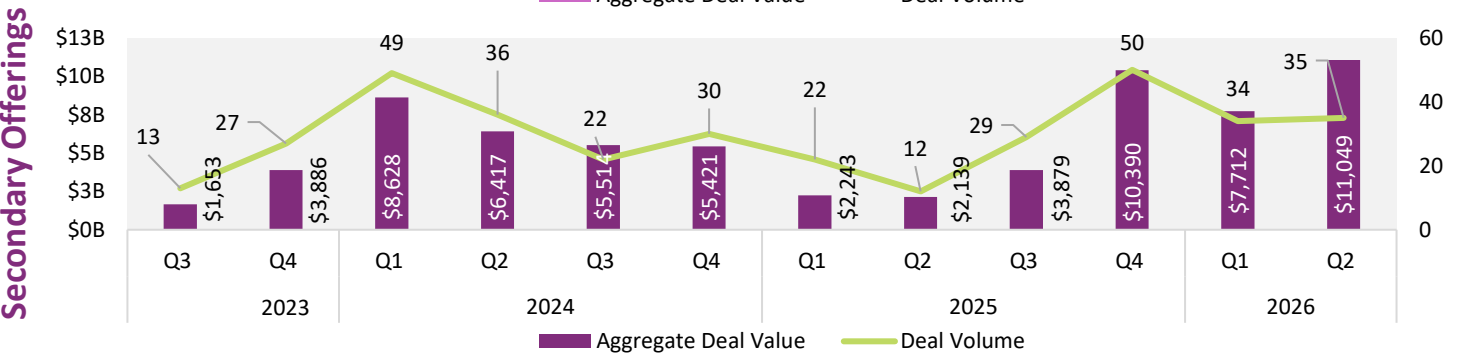
Public financings stayed strong in Q2 2026 as IPO value hit 5-year high in value and highest volume since Q1 2024 and follow-ons strengthened with ~43% growth, while PIPE activity faded



IPOs extended their rebound in Q2 2026, with 7 deals raising ~\$3,070M, the highest quarterly IPO value since 2021 and up ~68% from Q1



PIPE activity pulled back sharply in Q2 2026, with just 8 deals raising ~\$603M, down ~70% in value and from 21 deals in Q1 as investors favored IPOs and follow-ons

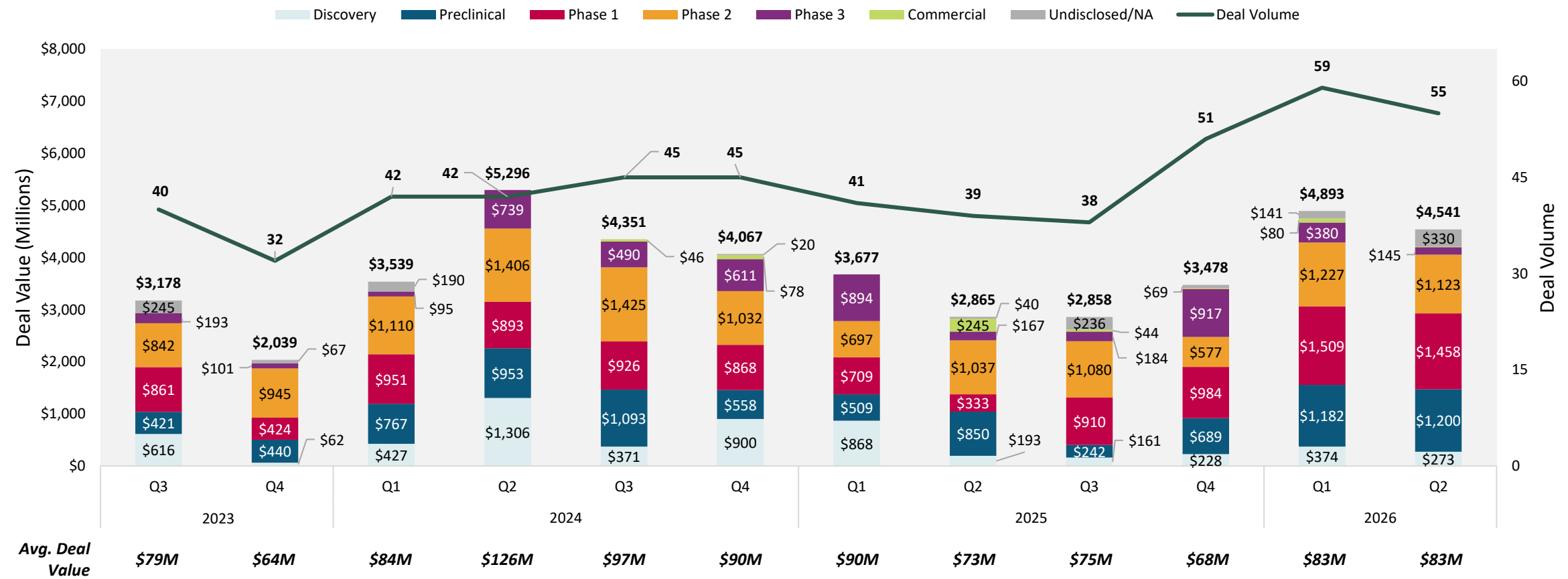


Follow-on and secondary offerings grew to ~\$11,049M across 35 deals in Q2 2026, up ~43% in value from Q1 while deal count remained steady, reflecting larger raises by public biotechs

North American venture financing volume modestly declined in Q2 2026 with 55 deals from 59 in Q1, though average deal value remained stable at \$83M while volume saw a ~7% decline

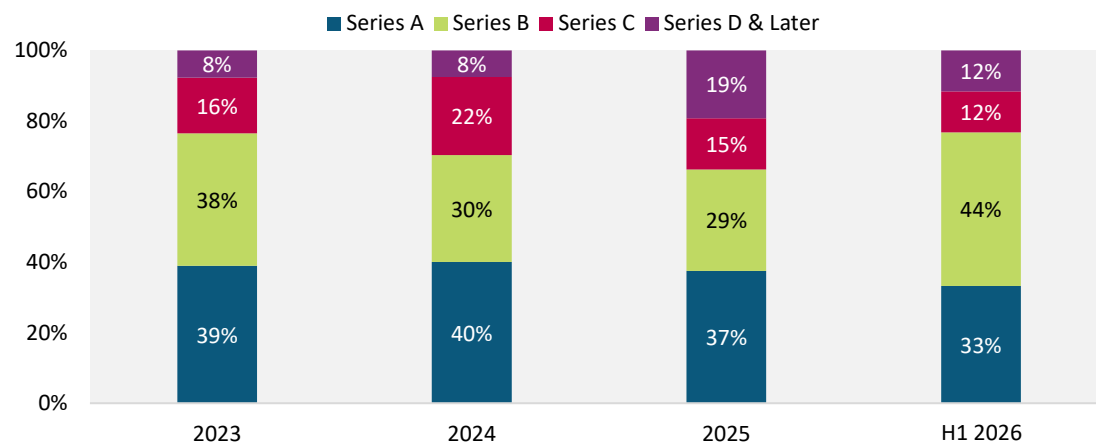
Deal value remained relatively constant across development stages, though a decline in total Discovery, Phase 3, and Commercial stage value volume slowed value growth seen from Q3 2025 through Q1 2026.

North American Venture Financings Deals by Quarter with Dev't Stage Breakdown

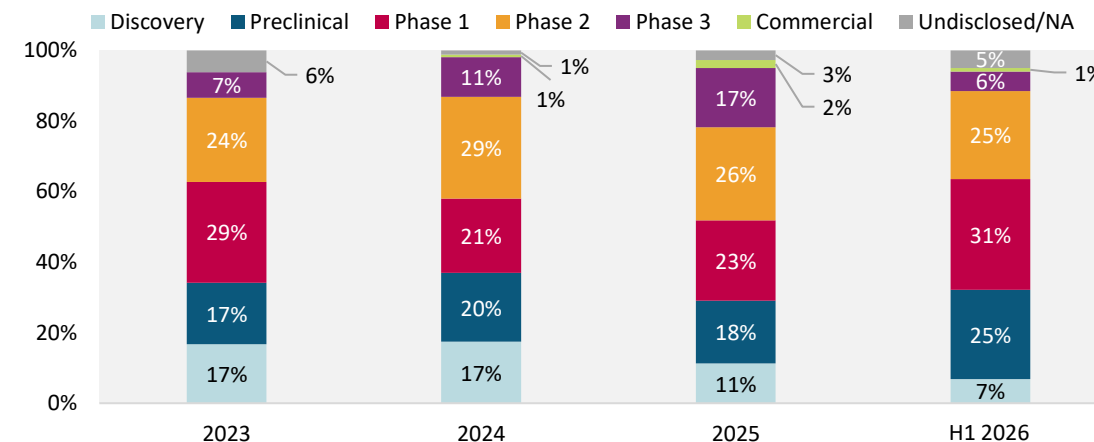


In H1 2026, venture investment concentrated in Series B rounds (~44% of value) and Biologics, overtaking Small Molecules, with funding skewing towards Discovery through Phase 1 assets

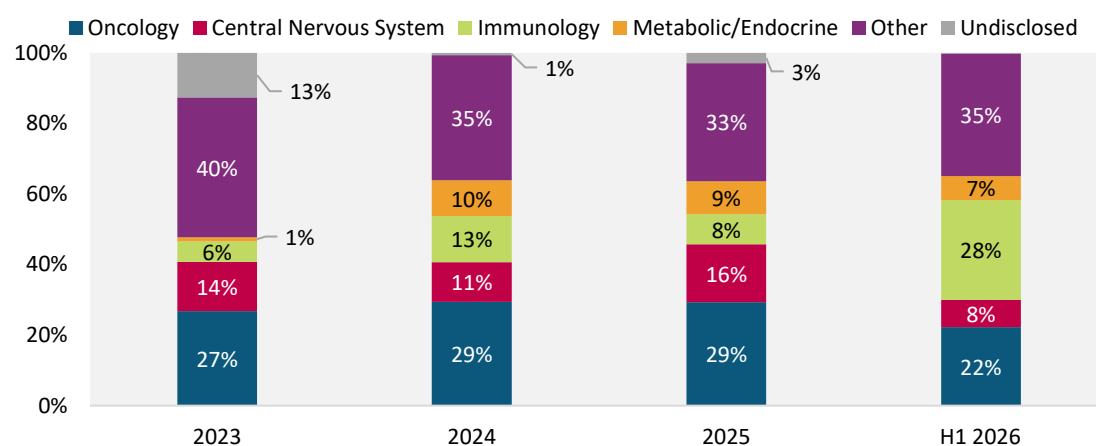
Percent of Deal Value by Series Round



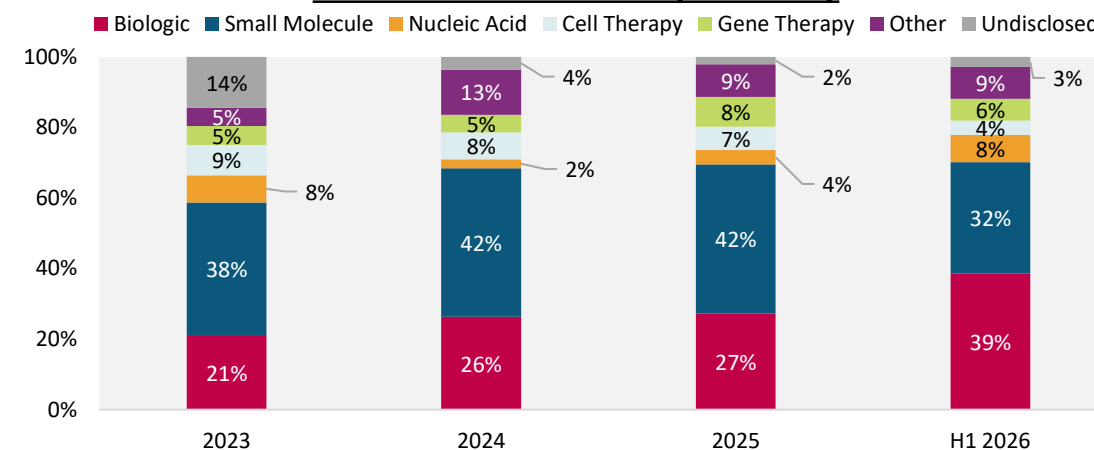
Percent of Deal Value by Development Stage



Percent of Deal Value by Therapeutic Area



Percent of Deal Value by Modality



Q2 2026 RIF activity fell to a three year low continuing the slowdown that began in Q4 2025, though selective restructurings continued

Q2 2026 RIF slowed down further with most companies either not disclosing workforce impact or announcing smaller reductions with deeper restructurings continued amongst companies facing regulatory, financing, or portfolio pressure.

Count of Reduction in Workforce by Quarter¹

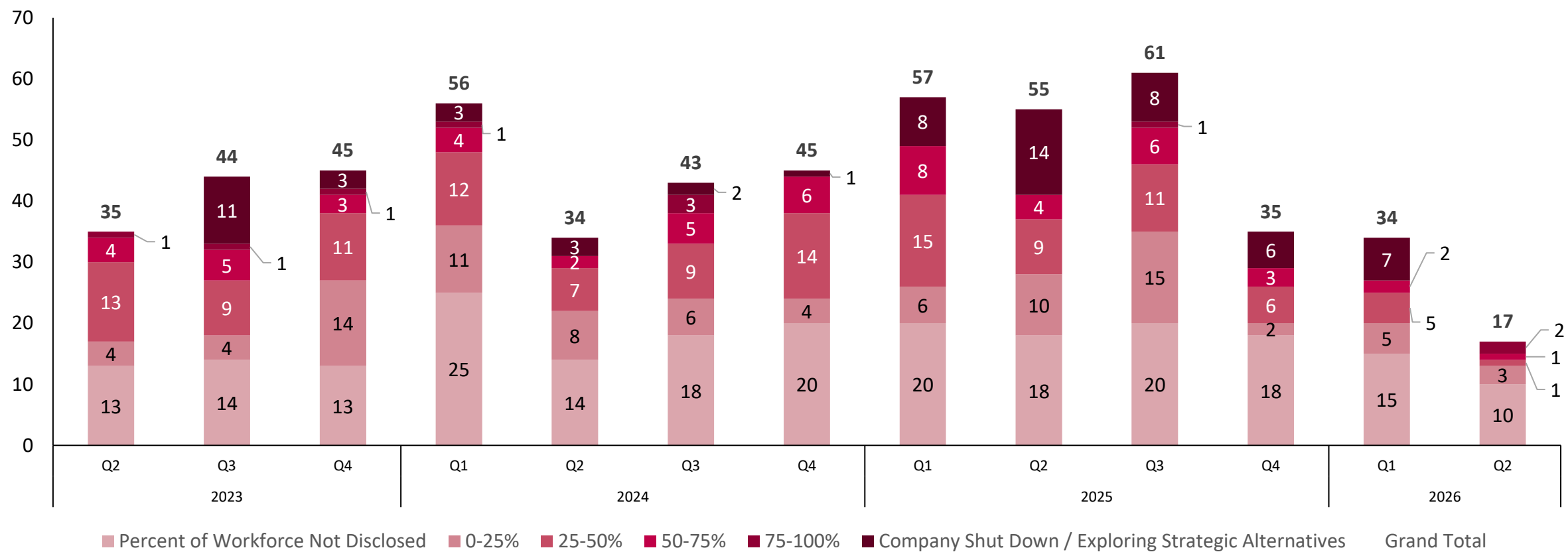


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APAC markets recovered from the March selloff, with Japan and Korea at fresh highs even as biotech lagged, while private markets stayed active, led by China's second straight \$1B+ venture quarter

Japan

- The Nikkei 225 reached fresh all-time highs, ending up 75.2% LTM, as the BoJ's hike to 1% and a US-Iran ceasefire revived risk appetite after the Q1 geopolitical selloff; Japanese pharma stocks badly lagged at +14.8% LTM, pressured by April's price revision, while the NBC biotech index fell 1.8% LTM
- After two Q1 2026 listings ended a drought of over eighteen months, Q2 produced no biotech IPOs; ReqMed postponed its planned April listing in mid-March amid the geopolitical selloff, but has signaled an early relisting
- Japanese VC financing fell 80% QoQ with Q1's one-off commercial round absent; all three deals were preclinical, signaling a return of risk appetite
- In Q2 M&A, GNI Group agreed to acquire specialty pharma Ayumi Pharmaceutical for ~\$278M, gaining Ayumi's pain and rheumatology franchise

China

- The Hang Seng Biotech Index fluctuated negatively the most of the three indices over LTM Q2 2026, closing down 4.9% (trough: -10.7%) versus the HSI (-4.9%) and SSE Composite (+18.4%), primarily driven by a correction in elevated BD expectations that had been priced in, along with persistent concerns over the commercialization outlook in China market. Approaching lock-up expiries for 2025 IPOs are expected to add further volatility in H2.
- Chinese biopharma IPO activity recovered modestly in Q2 2026 but remained below late 2025 levels, as tighter SFC/HKEX sponsor requirements and red-chip restructuring obligations lengthened timelines; the application pipeline nonetheless remains at historic highs
- Chinese biopharma venture financing marked a second consecutive quarter above \$1B in Q2 2026 (\$1,206M total, \$48M average), with deal volume reaching a three-year high driven by strong Phase 2-stage financing
- In H1 2026, oncology's share of deal value nearly doubled vs. 2025, driven by lung cancer and mCRPC including radiotherapeutics, which also fueled the rise of emerging modalities, while Series B contracted sharply in favor of seed and later-stage rounds

South Korea

- The KOSPI surged 174.4% over the LTM on an AI-driven semiconductor supercycle, while the Korean biotech ETF ended roughly flat (down 0.5%), widening the performance gap as capital rotated away from biotech into large-cap tech and semiconductor names
- Korean venture financing was \$88M across six early-stage deals in Q2 2026, down ~30% QoQ and concentrated in CNS and respiratory, reflecting limited later-stage private deal flow rather than an unusually high-risk appetite

The Nikkei 225 surged 75.2% over the LTM to fresh highs, far outpacing the Pharma index (+14.8%) and biotech index (–1.8%), which gave back their gains as Japan's April drug-price revision pressured the sector

NBC vs Pharma ETF vs Nikkei 225 Performance (LTM)

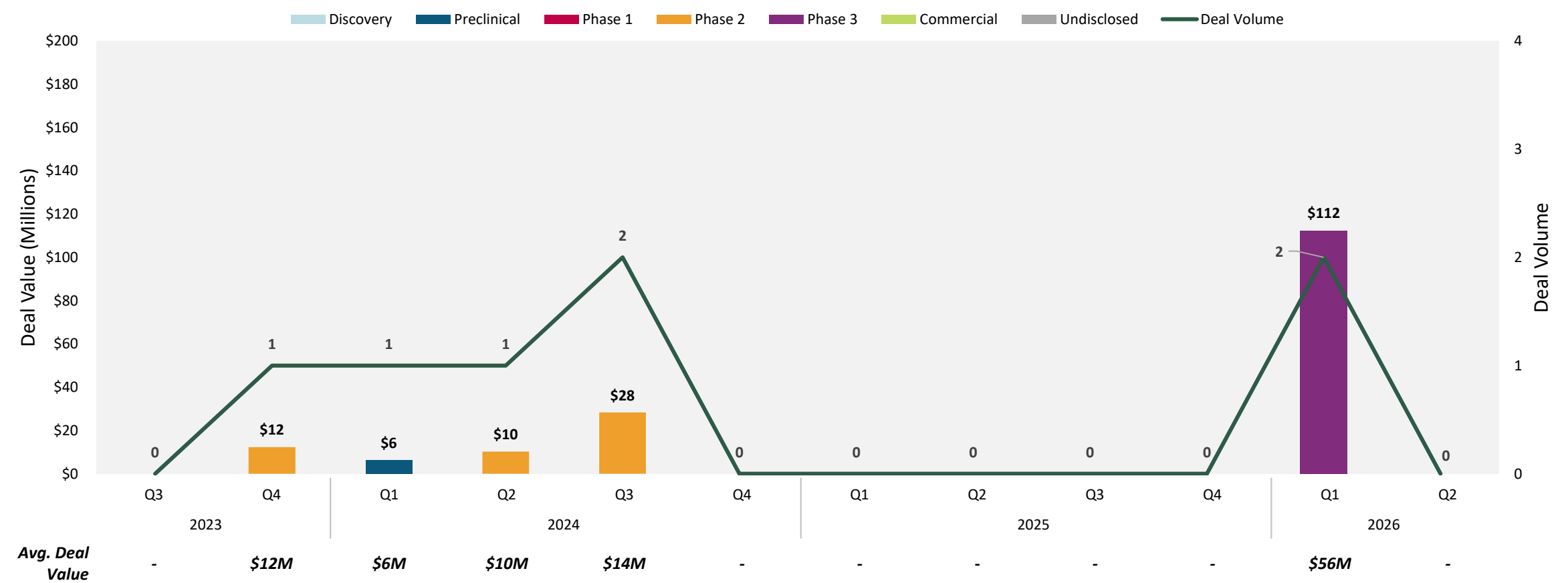


Event	Date	Subject	Summary
Macro Events			
1	2025-09-25	Bank of Japan	The Nikkei 225 quietly climbed to new all-time highs, supported by the Bank of Japan’s decision to keep rates unchanged at its mid-September meeting amid a softer inflation report, which eased from 3.1% in July to 2.7% in August, and by the Federal Reserve’s 25-basis-point rate cut on September 17
2	2026-02-28	Iran War	Rising oil prices driven by the ongoing conflict in Iran triggered a broader market pullback that hit APAC especially hard due to the region's reliance on Middle Eastern oil
3	2026-06-16	Bank of Japan	BoJ hikes to 1.0% (highest in ~30 years, 7-1 vote); Nikkei 225 tops ¥70,000 first time; US-Iran ceasefire lifts risk appetite
Biotech Events			
1	2025-09-30	PMDA-Pharma assoc.	Japanese pharma stocks have underperformed partly due to persistent pricing uncertainty. The first public-private working group council meeting highlighted industry frustration with off-year price cuts and re-pricing rules, signaling structural headwinds for profitability and growth until reforms deliver a more predictable framework
2	2025-11-20	Earnings	Japanese Pharma and biotech stocks saw momentum accelerate toward year-end fueled by strong quarterly results and a global uptrend in pharmaceutical equities; after lagging global peers for most of 2025 the sector finally start to align with the positive trend seen in U.S. biotech XBI index
3	2025-12-16	PMDA	FY2026 drug-pricing reform; NHI price cut (~0.86% expenditure basis), off-year revisions reintroduced
4	2026-04-01	MHLW drug pricing	FY2026 NHI drug-price revision took effect, cutting prices ~4% and reinstating off-year revisions, triggering a downtrend in Japanese pharma stocks

No biotech IPOs priced in Q2 2026, a pause after two Q1 2026 listings briefly reopened a window that had been shut for six consecutive quarters

After Q1 2026's two listings (Innovacell, \$91M Phase 3 GI cell therapy; J-Pharma, \$21M Phase 3 oncology LAT1 inhibitor), Q2 produced none: ReqMed shelved its planned April 2 IPO in mid-March amid the Iran-war downturn, but has signaled an early relisting.

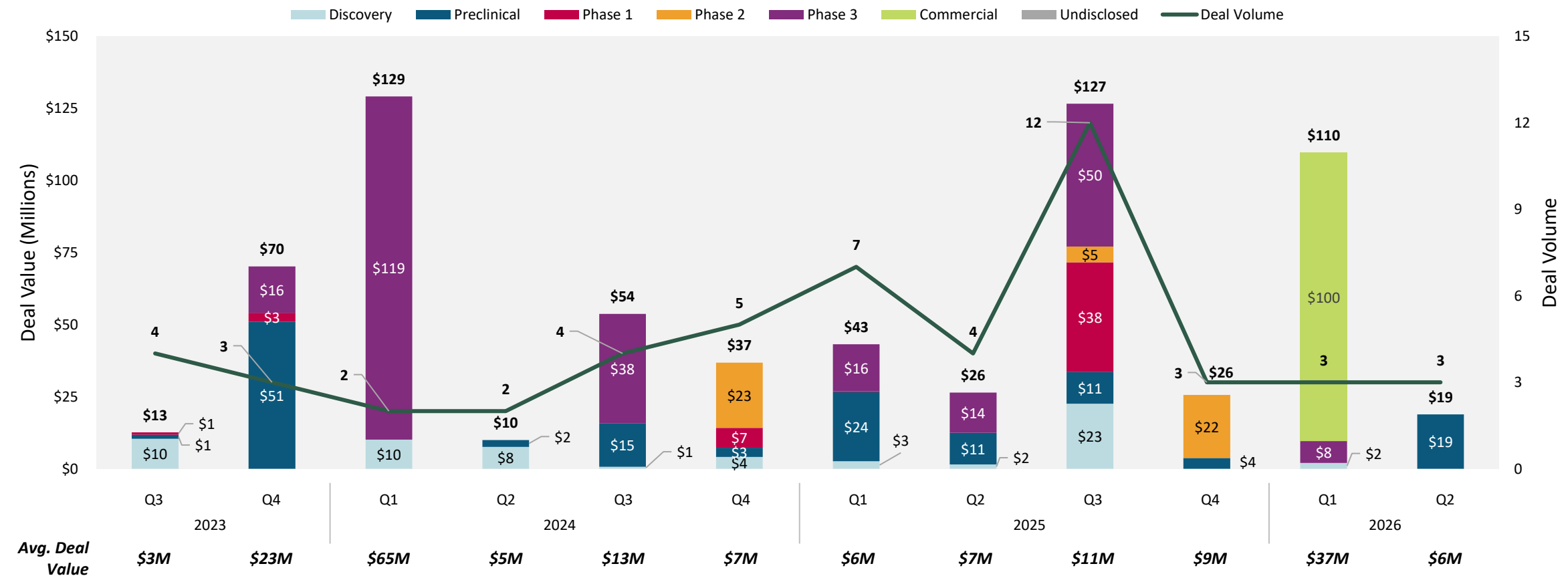
IPO Deals by Quarter with Dev't Stage Breakdown



Japan venture financing value fell to \$19M in Q2 2026, down more than 80% QoQ as Q1's one-off commercial-stage round did not recur, while volume held flat at 3 deals

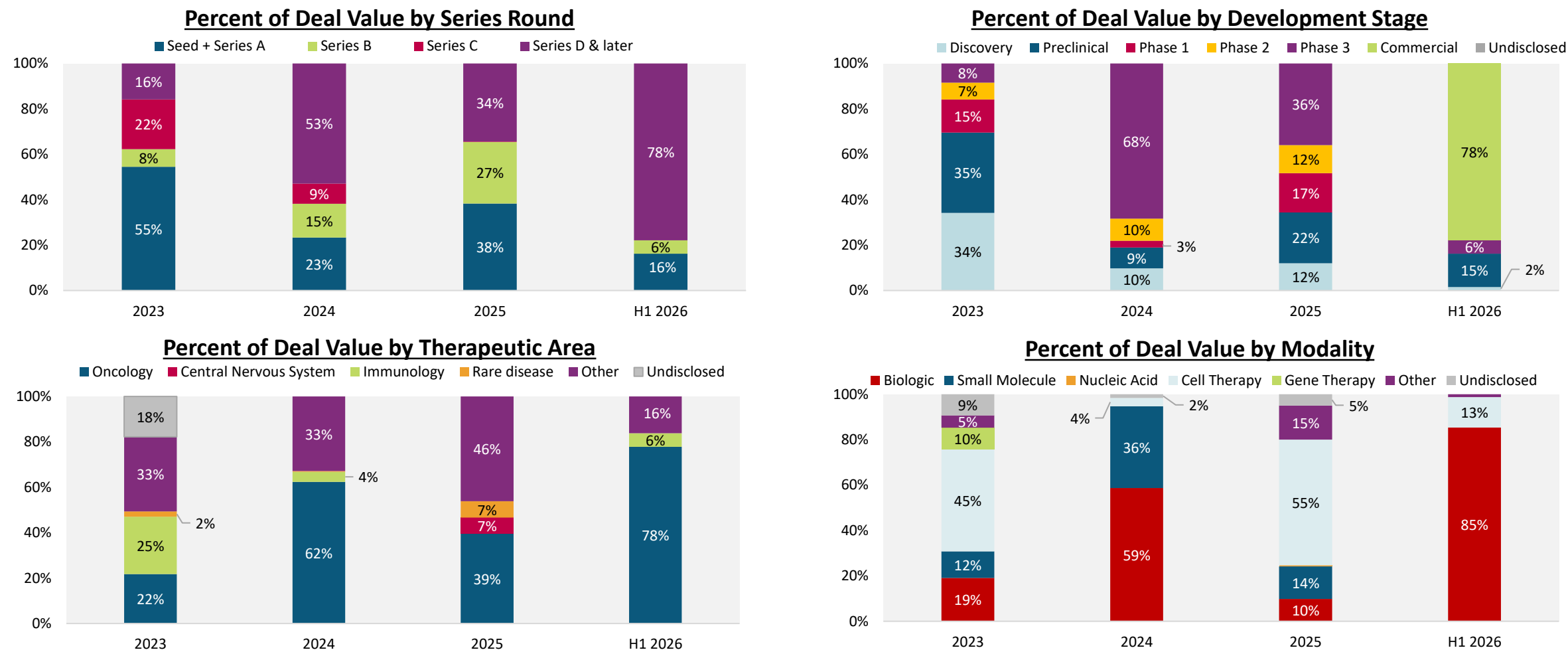
Q2 2026 financing shifted entirely to preclinical assets, reversing Q1's concentration in commercial-stage capital, signaling a return of risk appetite.

Venture Financings Deals by Quarter with Dev't Stage Breakdown

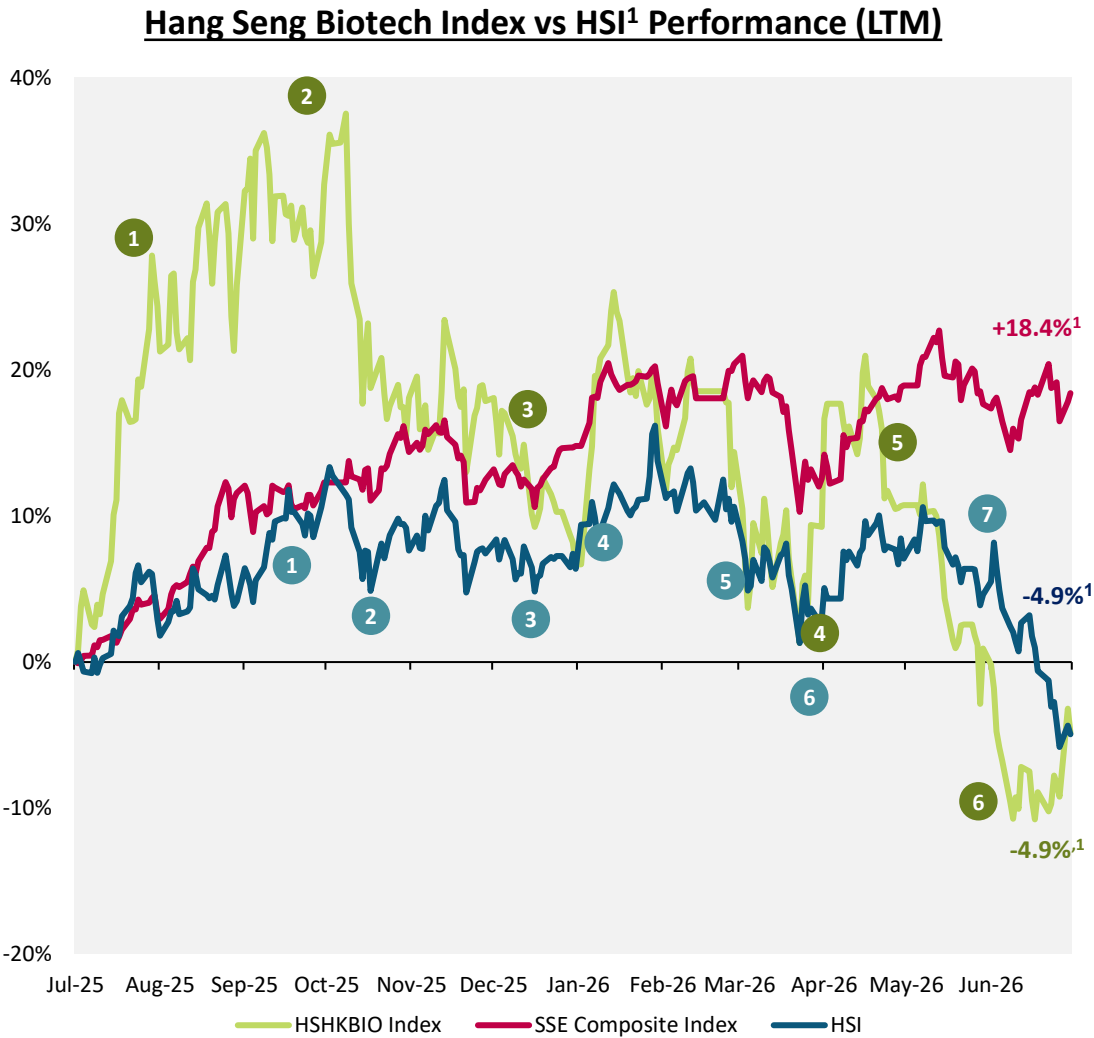


1H 2026 Japan venture financing totaled six raises, with Rakuten Medical's commercial-stage \$100M Series F concentrating the bulk of deal value across every cut

Deal value was ~85% concentrated in biologics and skewed by a single later-stage transaction (Rakuten) across both development stage and financing round; across only six raises in 1H 2026, this concentration is expected rather than indicative of a broader trend.



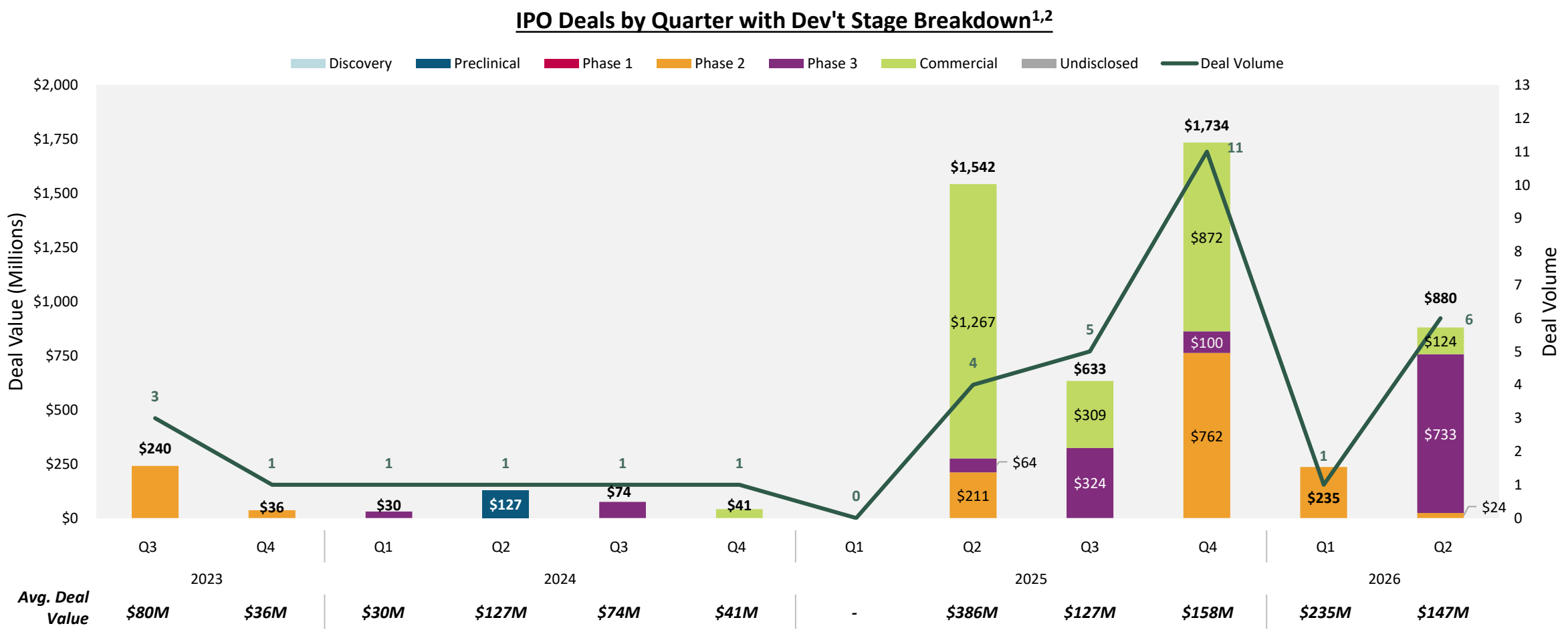
The Hong Kong Biotech Index peaked in Oct 2025, with volatility easing into June 2026, while falling 4.9% from early July 2025(trough: -10.7%), driven by geopolitical tensions and domestic policy headwinds



Event	Date	Subject	Summary
Macro Events			
1	2025-09-17	Federal Reserve	Fed cuts rates 25 bps; combined with PBOC RRR cuts and mortgage rate reductions, global rate relief supports renewed inflows into HK equities
2	2025-10-13	Trade Policy	Fresh U.S.–China trade restrictions re-escalate tensions; HSI drops ~2% in a single session, partially cushioned by Beijing stimulus pledges
3	2025-12-10	Federal Reserve	The Fed cuts rates by 25 bp, but concerns about underlying labor market weakness and slower growth drive ongoing volatility
4	2026-01-02	China Stimulus	Sector rotation into real estate and financials; Alibaba leads gains on AI/cloud momentum; HSI briefly reaches 28,000 — a 4-year high
5	2026-02-28	Iran War	Iran conflict closes Strait of Hormuz; Brent surges to ~\$119/barrel. HSI falls ~4% from war onset with volatility persisting through March
6	2026-03-31	Geopolitical / Monetary Shock	Middle East conflict escalation triggers global risk-off; Fed tightening expectations surge, pressuring EM valuations and driving HSI down 5% through March volatility
7	2026-05 to 2026-06	Macro / Geopolitical Risk	Persistent Iran conflict, Pentagon blacklist expansion, and renewed tariff threats drove the HSI's sustained May–June decline
Biotech Events			
1	2025-07-28	Global Partnership	GSK pays Hengrui Pharma \$500M upfront (up to \$12B total) for 12 drug candidates — one of the largest China biotech deals on record, broadly re-rating HSBIO valuations
2	2025-09-10	GLP-1 / Metabolic	Multiple Chinese firms close GLP-1 out-licensing deals (incl. CSPC's \$2.12B deal with Madrigal); China's cost advantage in metabolic trials cements HSBIO's weight in healthcare
3	2025-12-10	U.S. Legislation	Biosecure Act signed into law (NDAA), targeting WuXi AppTec and WuXi Biologics; HSBIO volatility limited as watered-down bill exempts most drug licensors
4	2026-03-31	IPO / Regulatory Policy	Chinese biopharma IPOs fell to one deal; potential shift from red-chip to domestic listings adds uncertainty for innovation-focused IPOs
5	2026-04-27	NDA Rejection / Regulatory Risk	Immunotech Bio's EAL (Expanded Activated Lymphocytes) NDA rejection triggered sector-wide panic, compounded by mixed market readings of China's new drug pricing framework
6	2026-05-28	Regulatory / Legislative Risk	China's export control rumors and U.S. BINSAs legislation created a bilateral regulatory vise, collapsing the BD out-licensing thesis and triggering panic selling

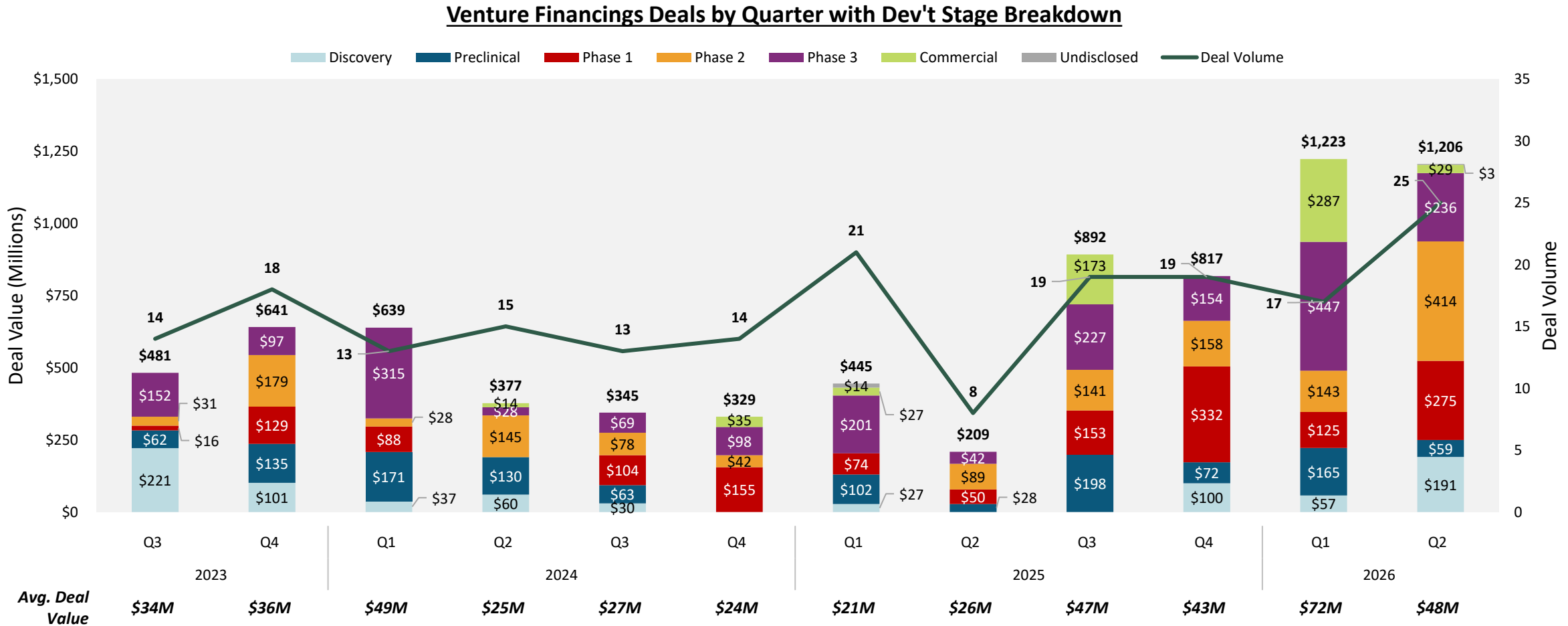
Chinese biopharma IPOs saw a slight recovery in Q2 2026 versus Q1 but remained below late 2025 levels, as tighter regulatory review and red-chip restructuring requirements drove a cautious stance

Tighter sponsor requirements from the SFC and HKEX, together with requirements to dismantle red-chip structures, have lengthened the IPO process, but this does not reflect weak demand, as the current application pipeline remains at historic highs.



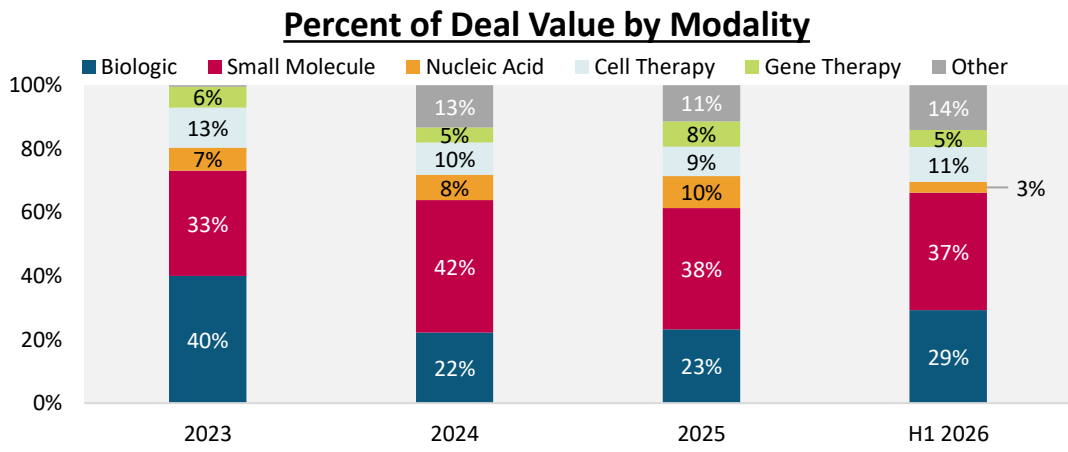
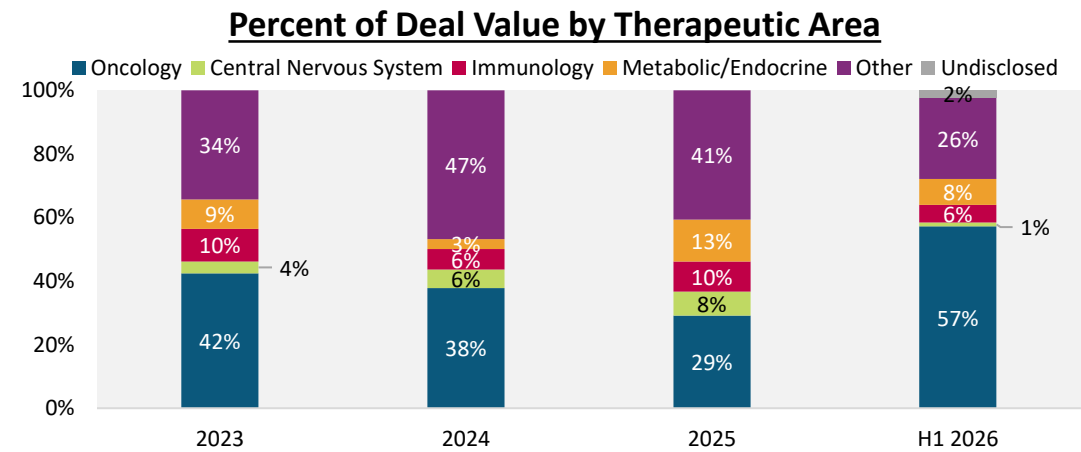
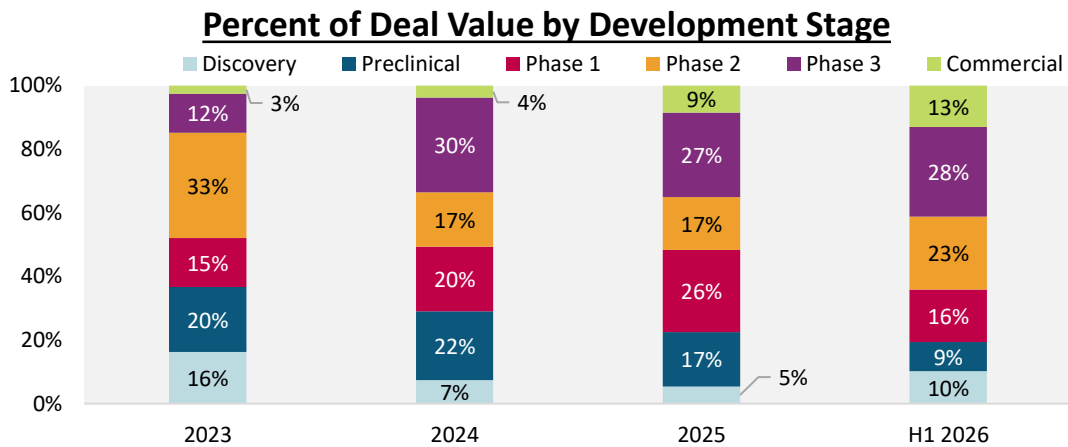
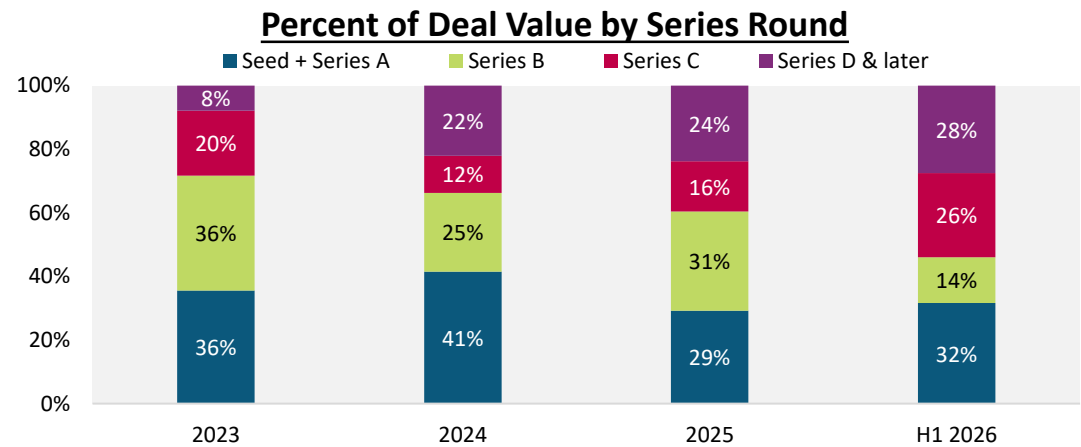
Chinese biopharma venture financing remained elevated in Q2 2026, posting the second-highest quarterly total and average deal size in three years and capping the strongest half-year since 2022

Venture financing in Q2 2026 marked the second consecutive quarter above \$1B, with \$1.2B raised and a \$48M average deal size. Despite a mild dip from Q1, 25 deals were completed, the highest in three years, driven by robust Phase 2 financing activity.



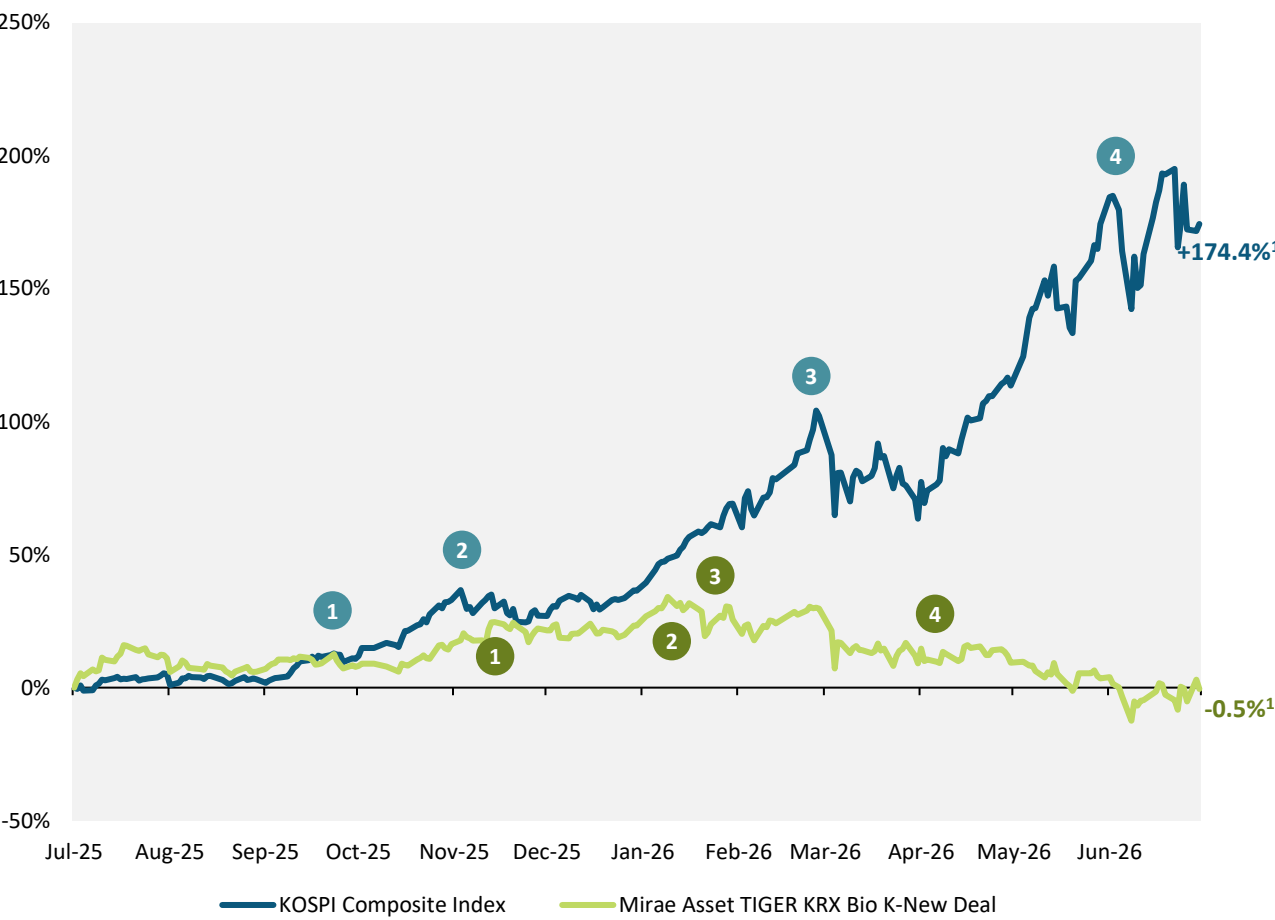
In H1 2026, China's venture financing saw Oncology surge to dominance while early-stage funding rebounded, with Biologics and emerging modalities gaining ground at the expense of nucleic acids

In H1 2026, oncology's share of deal value nearly doubled versus 2025, driven by lung cancer and fueling the rise of targeted radiopharmaceuticals, while Series B contracted sharply in favor of seed and later-stage rounds.



The KOSPI surged 174% over the LTM on an AI-driven semiconductor super cycle, while the Korean biotech ETF ended down 0.5% as capital rotated away from the sector

Bio-K ETF vs KOSPI Composite index Performance (LTM)



Event	Date	Subject	Summary
Macro Events			
1	2025-9-23	AI Boom	KOSPI hit a record 3,486 on large-cap semiconductor and AI/data-center strength, while biotech struggled to keep pace
2	2025-11-3	Earnings	The KOSPI index climbed to a record 4,221 points powered by semiconductor giants and AI-driven export strength, as foreign inflows accelerated amid robust global demand for chips and data center infrastructure
3	2026-2-28	Iran War	The Iran war disproportionately impacted the South Korean market due to the country's heavy reliance on Middle Eastern oil and relatively low strategic reserves, driving the KOSPI down roughly 20% from its February all-time high
4	2026-6-2	AI Boom	KOSPI recovers to fresh records on the AI memory super cycle (Samsung + SK Hynix ≈42% of the index, foreign ownership ~37%, highest since 2020)
Biotech Events			
1	2025-11-14	Earnings	Alteogen's Q3 sales surged 900% YoY on a Keytruda Qlex milestone; the stock hit an all-time high days later, lifting the broader biotech index from 12% to 21%
2	2026-1-12	JPM	Korean Bio ETF climbed from 23% to 30% (Q1 peak) on expectations of new licensing deal announcements from major KOSDAQ biotechs during JPM conference
3	2026-1-21	Earnings	Alteogen royalty shock, MSD's 10-Q revealed a 2% royalty on Keytruda Qlex subcutaneous formulation sales vs. 4-5% market consensus, triggering a 22% single-day drop in the stock and pulling the broader biotech index from 25% to 16%
4	2026-04	Market Rotation	Korean biotech fell sharply from its February peak as capital rotated into semiconductors, with Samchundang Pharm's collapse on contract and technology doubts deepening the selloff

Korea has emerged as a key Asian biopharma innovation hub, with venture financing holding at a steady, elevated pace in 2026, even as its public biotech index lags the broader KOSPI

Financing has stayed concentrated in pre-PoC companies, with just one raise beyond Phase 2 in the past three years, reflecting a scarcity of later-stage private deals rather than a distinctly higher risk appetite.

Venture Financings Deals by Quarter with Dev't Stage Breakdown

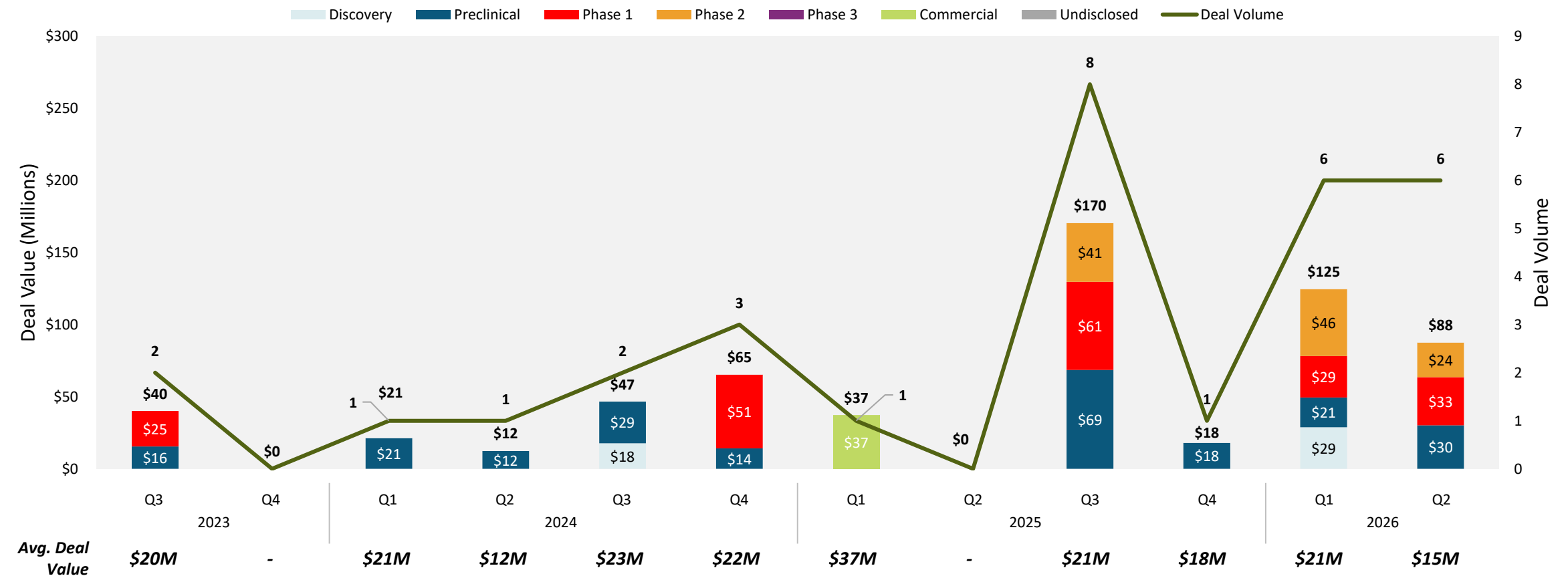


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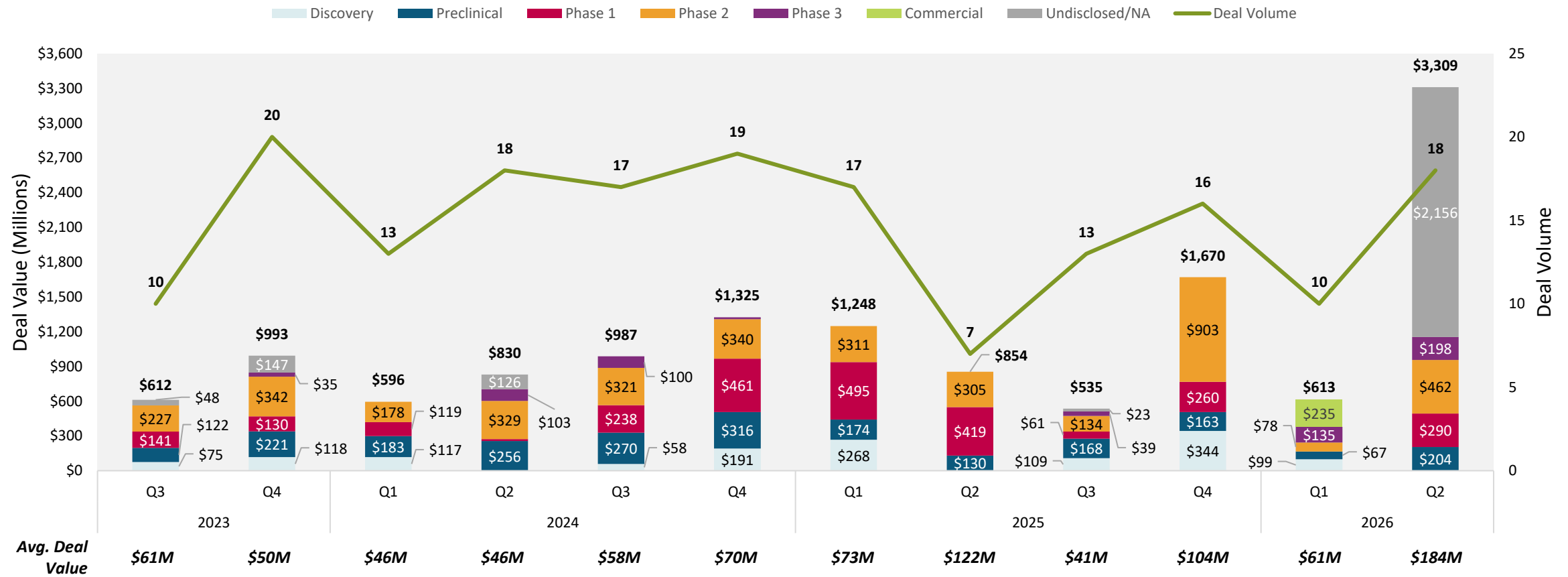
Europe/UK Capital Markets

About Locust Walk

EU/UK venture financing rebounded sharply in Q2 2026 to ~\$3.3B, more than 5x the prior quarter, driven overwhelmingly by Isomorphic’s \$2.1B AI-focused Series B

Isomorphic Labs ~\$2.1B Series B to support their AI-driven drug discovery platform accounted for about two-thirds of EU/UK value while the rest of the market stayed subdued in value despite deal count rising to 18.

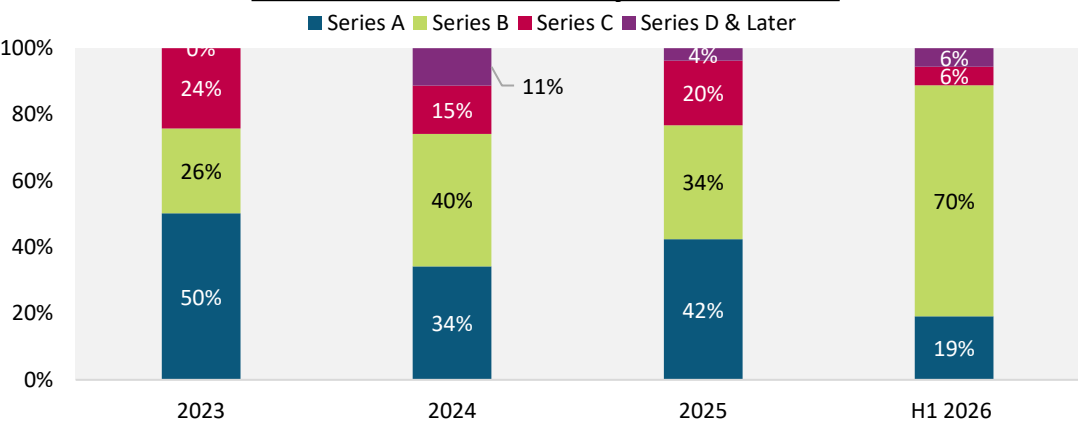
European/UK Venture Financings Deals by Quarter with Dev't Stage Breakdown



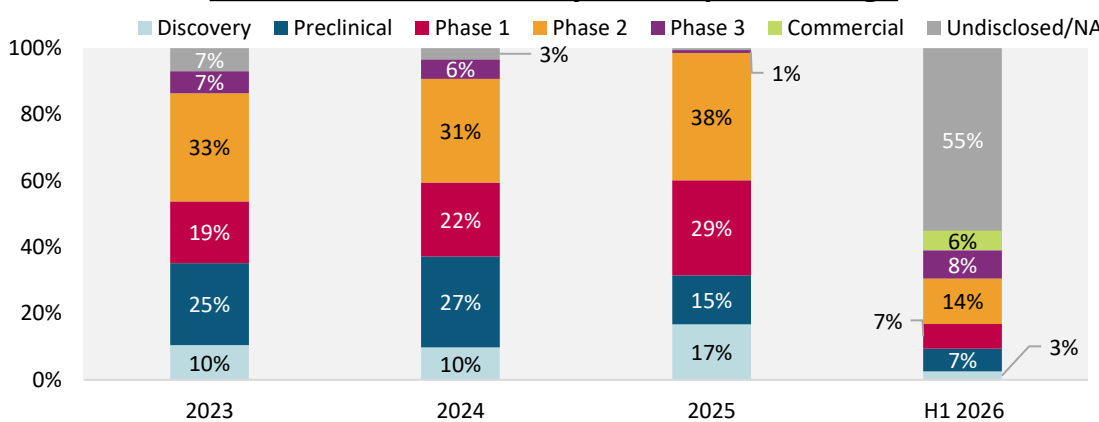
The ~\$2.1B Isomorphic Labs round dominated EU/UK venture financing in H1 2026, skewing the mix toward Series B (~70% of value) and undisclosed-stage, platform-oriented assets

Isomorphic’s AI drug-discovery round shaped the entire H1 2026 mix, lifting Series B to ~70% of value and dominating the stage and modality splits, while the broader EU/UK market stayed thin.

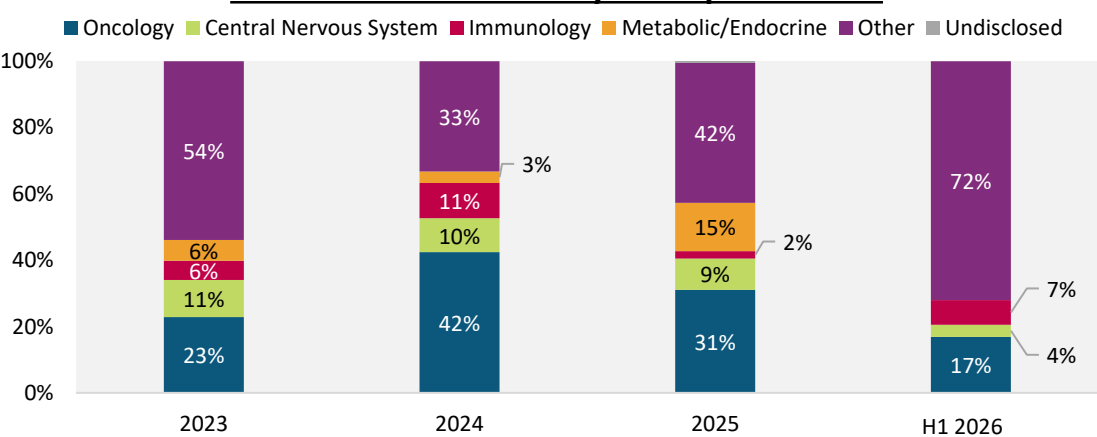
Percent of Deal Value by Series Round



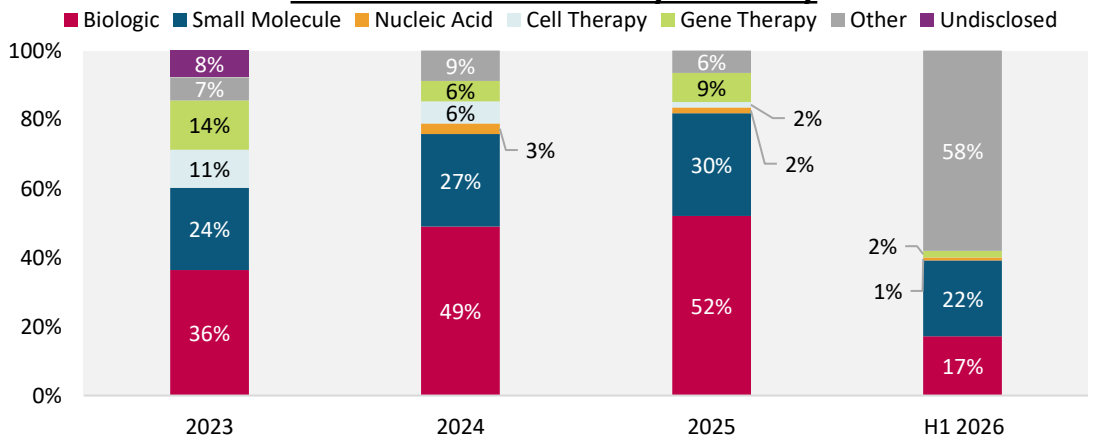
Percent of Deal Value by Development Stage



Percent of Deal Value by Therapeutic Area



Percent of Deal Value by Modality



Appendix - Methodology

Table of Contents	Key Notes	Source(s)
Global Strategic Deal Making	• Data Inclusion: – Licensing data includes global and U.S.-only licensing deals – M&A data includes both M&A and Asset Purchase Agreement deals – All data excludes regional deals and deals with undisclosed value – All data includes deals with total value $\geq$\$50M – All data excludes Medtech, Distribution-only, and CMO/CDMO-only deals – All % deal value by development stage calculations exclude non-applicable deals from percent calculations • Definitions: – “Undisclosed/NA” represents large deals with multiple drugs of significantly varying development stages – “Other Geographies” include all geographies other than the U.S., China, EU+UK, and Japan • Data Labels: – Data labels for deal values $<$\$0.5B are not shown – Data labels for values $<$1% are not shown	<i>Cortellis, Global Data</i>
Global Venture Markets	• Data Inclusion: – Includes Series A and later stage financings • Data Labels – Data labels for deal values $<$\$20M are not shown – Data labels for values $<$1% are not shown	<i>Pitchbook</i>

Appendix - Methodology

Table of Contents	Key Notes	Source(s)
U.S./North America Capital Markets	• Data Inclusion: – IPOs, PIPEs, and Follow-On data only includes completed deals with total deal value >\$20M – Private financing data only includes Series A and later stage financings • Definitions: – “Other” Therapeutic Area includes cardiovascular, dermatology, discovery platforms, ear, nose, and throat, gastrointestinal, hematology, infectious disease, musculoskeletal, nephrology, ophthalmology, respiratory, urology, and women’s health • Data Labels: – Data labels for deal values <\$20M are not shown – Data labels for values <1% are not shown	<i>Ycharts, Pitchbook, Global Data, Fierce Biotech Layoff Tracker</i>
APAC Capital Markets	• Japan: – IPOs only include financings with development stage and deal size disclosed – Venture financings include seed to later stage financings, and only include financings with development stage and deal size disclosed – Data labels for deal values <\$0.5M are not shown – Data labels for values <0.5% are not shown • China: – IPOs only include financings with development stage and deal size disclosed – Venture financings include seed to later stage financings, and only include financings with development stage and deal size disclosed – Data labels for deal values <\$10M are not shown – Data labels for values <0.5% are not shown	<i>Ycharts, Pitchbook</i>

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Table of Contents	Key Notes	Source(s)
APAC Capital Markets	• Korea: – Venture financings include seed to later stage financings, and only include financings with development stage and deal size disclosed – Data labels for deal values <\$10M are not shown	<i>Ycharts, Pitchbook</i>
Europe / UK Capital Markets	• Data Inclusion: – Private financing data only includes Series A and later stage financings • Data Labels: – Data labels for deal values <\$20M are not shown – Data labels for values <0.5% are not shown	<i>Pitchbook</i>

Appendix - Methodology

Between each quarterly report, Locust Walk continuously refines its data population, categorization, and analytical processes to ensure the database and resulting analyses remain current and accurate. As part of this process, historical transactions are routinely reviewed and updated to reflect newly available information, such as revised total deal values, newly disclosed upfront payments, or changes to company headquarters locations.

Locust Walk also periodically enhances its categorization framework to align with evolving industry trends. For example, therapeutic area classifications may be expanded or refined as activity increases in emerging sectors, such as metabolic and endocrine diseases.

In addition, while the report has always incorporated data from global sources, Locust Walk continues to expand the range of databases and regional resources used to identify and track transactions. This ongoing effort helps improve coverage of niche markets and smaller regional biotechnology companies that may be underrepresented in traditional databases. Relevant historical transaction data identified through these efforts is incorporated into the database to improve the comprehensiveness and consistency of longitudinal analyses.

As a result of these ongoing refinements, certain historical figures presented in this report may differ from those reported in prior periods.

Appendix - Acronyms

Acronym	Definition	Acronym	Definition
APAC	Asia-Pacific	MAH	Marketing Authorization Holder
BINSA	Biotech Investment National Security Act	NBC	Nikkei Biotech Companies
CDER	Center for Drug Evaluation and Research	PIPE	Private Investment in Public Equity
CNS	Central Nervous System	PoC	Proof-of-Concept
EU	European Union	QoQ	Quarter-over-Quarter
FDA	Food and Drug Administration	RIF	Reduction in Force
FY	Fiscal Year	SFC	Securities and Futures Commission
HSHKBIO	Hand Seng Hong Kong-Listed Biotech	SSE	Shanghai Stock Exchange
HSI	Hang Seng Index	TDV	Total Deal Value
HKEX	Hong Kong Stock Exchange	UK	United Kingdom
IPO	Initial Public Offering	U.S.	United States
KOSPI	Korea Composite Stock Price Index	VC	Venture Capital
LTM	Last 12 Months	YoY	Year-over-Year
M&A	Mergers and Acquisitions		

Contact

The Global, U.S., and Europe/UK sections were prepared by the following Locust Walk deal team members:



Geoff Meyerson*
CEO & Co-Founder | Boston
gmeyerson@locustwalk.com



Kaitlin DeMarco*
Senior Associate | Boston
kdemarco@locustwalk.com



Katie Terranova*
Associate | Boston
kterranova@locustwalk.com



Camden Switzer*
Associate | Boston
cswitzer@locustwalk.com

The Japan, China, and Korea sections were prepared by the following Locust Walk deal team members:



Hiroshi Yamamoto
Managing Director | Asia/Tokyo
hyamamoto@locustwalk.com



Eric Liu
Managing Director | Beijing
eliu@locustwalk.com

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Locust Walk is a Global Life Science Focused Investment Bank with a Co-founder Mentality



We partner with founders, executives, and board members to drive strategic transactions and create newcos to finance innovation.



Locust Walk is a global life science investment bank with three main points of difference



Locust Walk has supported innovators closing over 80 transactions of all stages and sizes

 Exclusive financial advisor to DURECT Corporation in sale to Bausch Health  \$63M Upfront + Up to \$350M in CVRs	 Exclusive financial advisor to Checkpoint Therapeutics in sale to Sun Pharma  Up to \$355M Upfront + \$61M CVR	 Sell-side advisor, option to acquire Ascentage's Olverembatinib  \$100M Upfront, \$75M Equity Investment, \$1.2B Milestones + Royalties	 Collaboration + licensing agreement with Sanofi  \$27.5M Upfront + Preclinical Milestones, \$400M additional Milestones + Royalties	 Development of HIV Therapeutic Vaccine  \$60M Upfront, \$725M Milestones + tiered Royalties
 Japanese regional transaction for specialty therapy for IgA nephropathy  \$20M Upfront, \$80M Milestones + Royalties	 Private financing process, Funding from  \$80M Equity Raise	 Integrated business plan & strategy with Series A financing for iPSC platform  \$1M Seed, \$72M Series A	 Sell-side advisor for the sale of Biogen's BIIB131  Undisclosed	 Exclusive sell-side financial advisor for sale of next generation CAR-T therapy  \$120M Upfront, \$545M in Pre-Commercial Milestones
 Rapid financing process led to oversubscribed crossover financing \$150M Series B, \$20M Venture Debt & IPO Advisor: \$210M NASDAQ : CCCC	Undisclosed NewCo formation: Transcription Factor Network Pharmacology Platform NewCo formation: Thymic Regeneration & Immune Senescence Platforms Undisclosed Seeds	Tolerance Therapeutics M&A of company owned by inventor, Royalties to Sanofi's Teplizumab \$20M Sell-side M&A	Undisclosed Financing process for Phase 2 Immuno-Oncology Company \$45M Private Financing	 Served as SPAC manager, M&A advisor and placement agent  \$340M Acquisition and \$60M PIPE
 Exclusive sell-side advisor for divestiture of vitaCare Prescription Services  \$150M Cash, \$7M Financial Milestones	 Sell-side deal strategy and valuation support  \$200M Upfront, \$1.8B Total	 Identified and initiated buy-side acquisition  Undisclosed	 Commercial diligence & advisor for acquisition  \$104M Buy-side Acquisition	 Buy-side U.S. rights acquisition for Keveysis  \$8.5M Upfront, Undiscl. Milestones

Locust Walk Thought Leadership

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If you have any questions about this report,
please email Geoff Meyerson at ceo@locustwalk.com.

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