

Market Pulse

December 2025

Northern BioStrategies

Market Highlights

- Biotech closes strong: Sector ended 2025 on a high, with XBI up 35.8% YTD and Nasdaq Biotech Index +34%. M&A, FDA wins and late-stage trial successes reignited investor confidence.
- Deal surge boosts sentiment: Six of the year's 10 biggest biopharma deals hit in Q4, including Pfizer's ~\$10B Metsera bid and Novartis's \$12B Avidity acquisition. December capped a major dealmaking rebound.
- Pipeline strength continues: Q4 approvals spanned gene therapy, CAR-T and rare diseases. Innovation momentum remains strong heading into 2026, led by mRNA 2.0, base editing and AI-assisted design.

Investment and M&A Activity

- BioMarin acquired Amicus for \$4.8B, adding Fabry/ Pompe drugs and pipeline assets.
- Sanofi bought Dynavax for \$2.2B, expanding its adult vaccine portfolio.
- December VC: \$1.6B+ raised. Key deals: Syremis (\$165M), TRIANA (\$120M). Q4 VC up ~70% vs. Q3.
- Aktis Oncology filed for IPO; signs of a reopening public market.



Regulatory & Policy

- EU pharma law overhaul agreed (Dec 11): Shortens baseline exclusivity to 8+1 years, extendable to 11 based on access across EU. Revamps orphan/pediatric drug rules and supply security mandates.
- US price reforms advance: Medicare completed second drug negotiation round; projected \$12B in savings for 2027. Pressure builds on high-cost drugs with weak competition.
- MHRA eyes AI oversight: UK regulator opened consultation on AI/ML regulation in health products. Aims to balance innovation and safety, with input from industry and clinicians.

Investor and Market Sentiment

- Public markets rebound: Biotech equities rallied in Q4. XBI rose ~75% from April lows, IBB +29.5% YTD. Trial wins and M&A chatter drove selective re-risking.
- VC flows improve: Q4 biotech VC funding rose 14% YoY. Focus remained on late-stage, de-risked platforms in oncology, AI and rare diseases. Early-stage rounds still lag.
- UK outlook cautious but resilient: Total biotech funding in 2025 hit £1.9B (~49% YoY), mostly from VC. No UK IPOs for a third straight year. M&A key exit route. Sector hopes 2026 will unlock more scale-up capital.

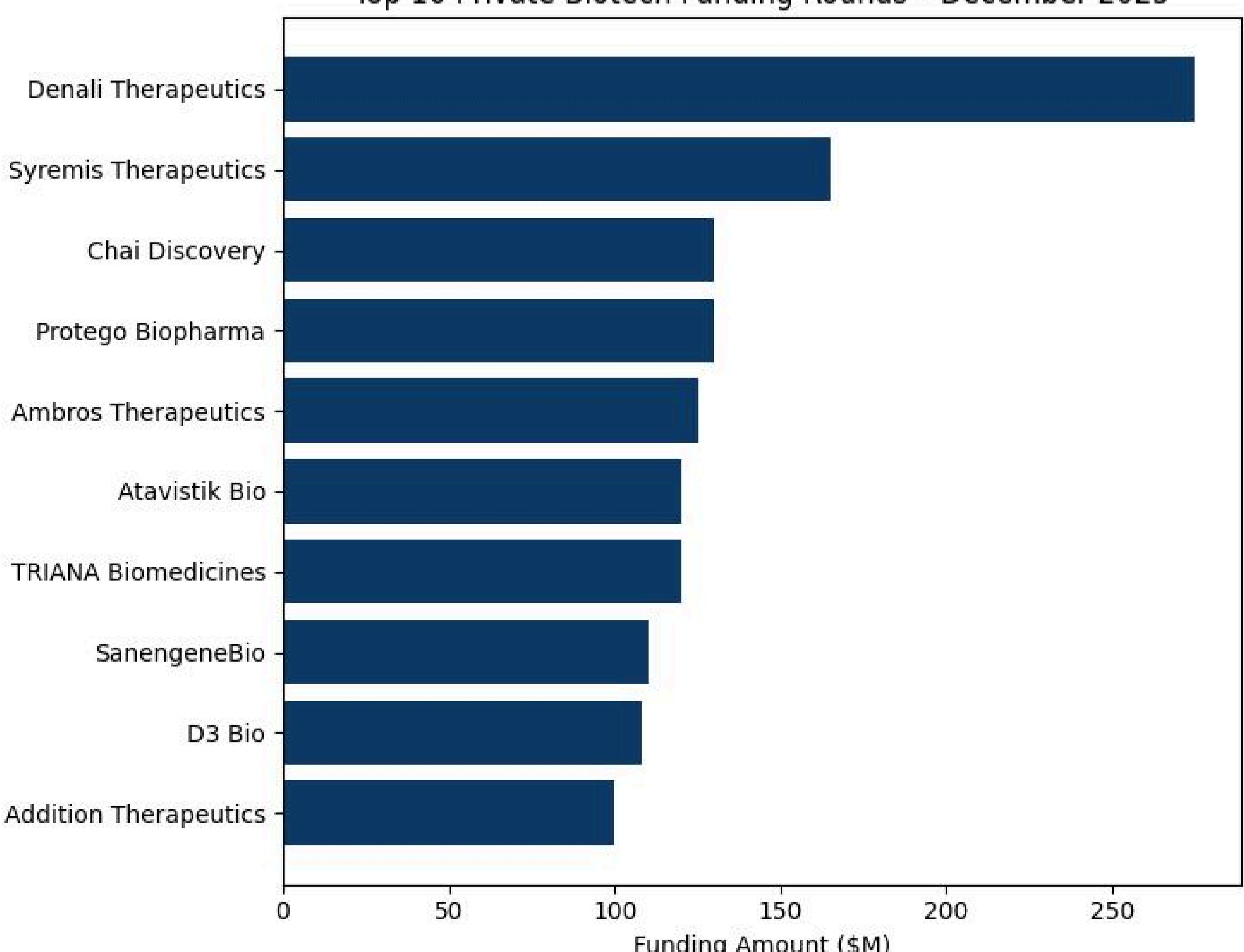
Academic & Clinical Insights

- Landmark approvals: FDA cleared Waskyra (first gene therapy for Wiskott–Aldrich) and Breyanzi (CAR-T for marginal zone lymphoma) – major steps for cell/gene therapies.
- AI partnerships deepen: Eli Lilly expanded its collaboration with Insilico Medicine. Similar deals across the sector underscore AI's growing role in R&D acceleration.
- Base editing breakthrough: UK trial using BE-CAR7 showed 82% remission in refractory T-cell leukemia. Patients received base-edited, donor-derived CAR-Ts. First patient remains cancer-free 3 years post-treatment – proof-of-concept for this next-gen editing tech.

Company Spotlights

- Precision oncology progress: Lead drug bezuclastinib hit positive Phase 3 in 2L GIST. Outperformed sunitinib on response and safety.
- Regulatory path ahead: NDA filing expected early 2026. Analysts see Cogent as a strong M&A target, backed by solid data and runway.
- Expansion plans: Company preparing for commercialization, while exploring additional KIT-driven indications like systemic mastocytosis.

Top 10 Private Biotech Funding Rounds - December 2025



Regional Activity (Cambridge)

- Cambridge–Beijing R&D pact launched: University of Cambridge, AstraZeneca, and Beijing officials signed a joint innovation deal. Programs include training, startup bootcamps and joint drug development.
- Cluster momentum: AstraZeneca's £1B Discovery Centre now fully operational. The Cambridge ecosystem remains a magnet for talent and capital, with over 500 life sciences firms active.
- Funding rounds continue: Enhanced Genomics raised €16M to advance 3D genome platform. Mosaic and Charm Therapeutics also closed new rounds, signaling sustained local deal flow despite a tough year globally.