

Market Pulse

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Northern BioStrategies

Market Highlights

- Despite a cautious outlook following a slow 2025 IPO market, the sector is showing signs of recovery with over \$22B in Q4 capital activity and improving momentum for 2026 due to easing interest rates.
- Scientific innovation is reaching new frontiers with the engineering of quantum-enabled proteins at Oxford and the FDA clearing the first-ever human trials for cellular rejuvenation therapy.
- AstraZeneca is making a multi-billion dollar push into the obesity market via a partnership with CSPC while simultaneously committing \$15 billion to Chinese manufacturing and R&D through 2030.

Investment and M&A Activity

- M&A:** GSK \$2.2B RAPT Therapeutics in an all-cash deal; adding RAPT's inflammatory and immunologic disease assets to GSK's pipeline and strengthening its late-stage immunology portfolio.
- M&A:** Amgen \$840M protein-degrader startup Dark Blue; adding degradation platforms to its oncology portfolio.
- IPO:** Eikon Therapeutics \$908M Nasdaq debut, planning to raise \$317.7M by selling 17.65 M shares at \$16–\$18 each (ticker EIKN).
- Partnership:** Eli Lilly enters a collaboration with Repertoire Immune Medicines (\$1.93B) to develop new autoimmune therapies, with \$85M upfront and significant milestone/royalty potential.



Regulatory & Policy

- US and European regulators publish guiding principles for the ethical use of AI across the drug development lifecycle, signalling greater international regulation.
- The European Commission's proposed Biotech Act aims to simplify clinical trials and approval pathways, incentivise R&D, and streamline regulatory complexity for biotech products through fast track mechanisms.
- New EU regulation enables temporary compulsory patent licensing during crises to secure access to critical health technologies, with safeguards for IP holders

Investor and Market Sentiment

- Capital markets:** +\$22B in Q4, including \$7B across 157 VC deals, with \$1.2B inflows in the first full week of 2026; however, a flat XBI ETF and the lack of headline M&A deals at JPM 2026 show that investor confidence remains cautious.
- IPO market:** Only 10 U.S. biotech IPOs launched in 2025 (+ \$1.6B; vs 26 IPOs/\$4.3B in 2024), but expectations for 2026 are improving due to lower interest rates, easing policy risks, and a backlog of delayed IPO candidates.
- UK biotech financing:** VC investment -13.1% to £1.79B across 58 deals, equity financing -49% to £1.9B, driven by a 94% collapse in follow-on public funding to £96M; the year ended with signs of improving momentum for UK biotech capital.

Regional Activity (Edinburgh)

- Roslin Institute joins UK leading research institutions (The Pirbright Institute, Moredun Research Institute and the Royal Veterinary College) to create laboratory-based models for studying animal health and disease.
- This collaboration aim to reduce or replace the use of animals (e.g. pigs, cattle, sheep, chickens and fish) in veterinary immunology, infectious disease and vaccine development research, where it is feasible to do so.
- The project will extend research on cell-based models, multicellular models (e.g., organoids), and more complex models based on tissue slices or cultures with an air-liquid interface.
- The ongoing £150,000 project is supported by the Biotechnology and Biological Sciences Research Council.

Academic & Clinical Insights

- Key breakthrough:** University of Oxford researchers engineered first quantum enabled proteins, creating magneto-sensitive fluorescence proteins responsive to magnetic fields and radio waves.
- Approvals:** Life Biosciences announce FDA clearance of its IND for ER-100, the first ever cellular rejuvenation therapy using partial epigenetic reprogramming, now cleared to begin human trials.
- Clinical milestones:** Roche reported positive Phase II results for obesity drug (CT388-103), showing ~22.5% placebo-adjusted weight loss.

Company Spotlights

- AstraZeneca has agreed a deal worth up to \$4.7B with China's CSPC to access early-stage injectable weight-loss and weight-related disease drugs, including a once-monthly candidate.
- The agreement deepens AZ's push into the obesity market, where it has lagged behind leaders such as Novo Nordisk and Eli Lilly, alongside a separate plan to invest \$15B in manufacturing and R&D in China by 2030.
- The broader investment in China could help AZ hit its headline group revenue target of \$80B by 2030.

Number of Biotech IPO and Total deal value (\$)

