

Market Pulse

May 2026

Northern BioStrategies

Market Highlights

- Biotech dealmaking remained strong, driven by major M&A, large IPOs and strategic cross-border partnerships, while investors continued backing AI-enabled drug discovery despite cautious market sentiment.
- Regulators accelerated innovation, with the FDA and EMA advancing approvals for novel therapies and reforming review pathways to speed access to advanced and personalised medicines.
- Innovation ecosystems gained momentum, as record private biotech funding, major AI-biotech investment and expanded regional commercialisation programmes reinforced long-term sector growth.

Investment and M&A Activity

- **M&A:** Angelini Pharma acquires rare disease specialist Catalyst Pharmaceuticals for \$4.1B, gaining key assets including blockbuster Firdapse and strengthening its strategic expansion into the US rare disease market.
- **IPO:** Odyssey Therapeutics raised \$279M in an upsized Nasdaq IPO at \$18/share to fund mid-stage ulcerative colitis drug OD-001 and pipeline development, amid renewed US biotech listing activity driven by pro-industry FDA policy shifts.
- **Partnership:** BMS's up to \$15.2B deal with Hengrui Pharma underscores how China has become strategically important for faster early-stage drug development and access to R&D talent, accelerating clinical proof of concept and pipeline progression.



Innovation and policy

- FDA enabled expanded access for Revolution Medicines' pancreatic cancer therapy daraxonrasib, supporting earlier patient use during development.
- EMA recommended multiple new medicines, including oncology and rare disease treatments, strengthening the EU innovation pipeline.
- FDA granted Breakthrough Therapy Designation to Merck's calderasib (MK-1084) for metastatic lung cancer, accelerating development.

Regulatory & Policy

- FDA continued reform efforts aimed at speeding drug reviews, expanding performance-based incentives for reviewers and improving overall regulatory efficiency.
- MHRA maintained heightened scrutiny of clinical trials, reinforcing stricter oversight of trial safety and ethical compliance following ongoing investigations into hormone-related studies.
- FDA progressed regulatory reforms for advanced therapies, including gene and personalised medicines, focusing on faster approval routes balanced with post-market evidence requirements.

Regional Activity (North East England)

- **Innovation funding extended:** The North East Universities Innovation & Commercialisation Programme received additional funding to continue supporting spinouts and research commercialisation across the region.
- **Regional collaboration strengthened:** The programme expanded to cover the entire North East Combined Authority area, bringing universities and industry closer together.
- **Supporting spinout growth:** Aims to accelerate university spinout creation and high-growth science-based businesses.
- **Commercialisation focus:** Growing regional emphasis on translating research into economic and healthcare impact.

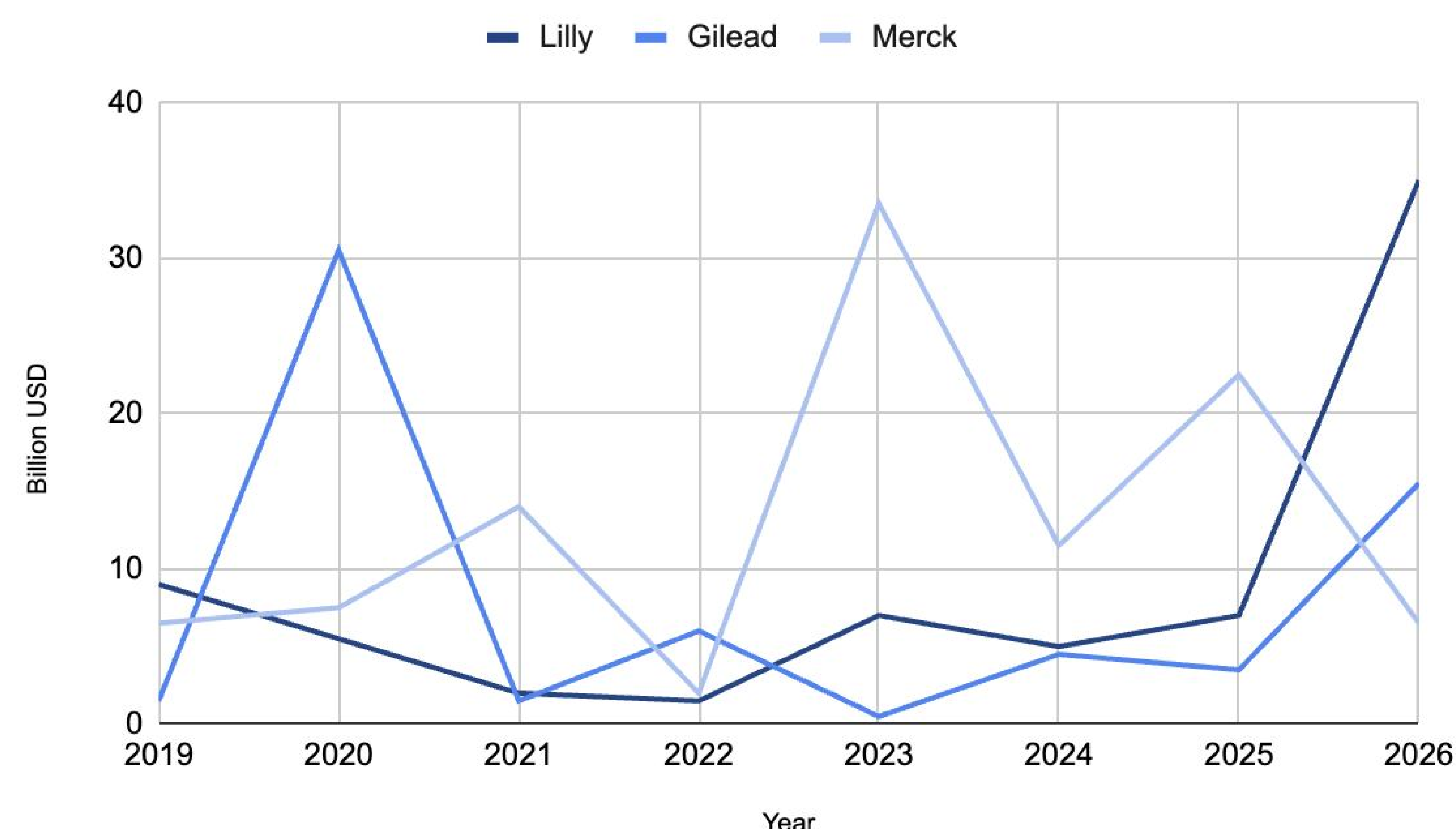
Investor and Market Sentiment

- **Market Sentiment:** Makary's resignation has sparked a short-term rebound in biotech sentiment, but investors remain cautious as a deepening FDA leadership vacuum continues to reduce regulatory visibility and weigh on the long-term sector outlook.
- **VC Pulse:** Private Swiss biotechs raised a record of CHF 1.15B in 2025, underscoring Basel's rise as a global biotech hub despite slower public-market funding and broader policy headwinds threaten Switzerland's ability to attract and retain talent.
- **Deal Momentum:** Biotech and pharma M&A is set for a record 2026 as cash-rich drugmakers pursue acquisitions in oncology, immunology and AI drug discovery ahead of a \$300B patent cliff by 2033.

Company Spotlights (Isomorphic Labs)

- **Record AI-biotech financing:** Raised \$2.1B in Series B funding, one of the largest private biotech financings ever completed.
- **Accelerating AI drug discovery:** Funding will support expansion of its AI drug design platform and advance therapeutic programmes towards the clinic.
- **DeepMind heritage:** Built on technology developed alongside AlphaFold, highlighting the growing role of AI in pharmaceutical R&D.

Top Drugmakers' Deal Spend (as of 2026 Q1)



(Source: Reuters; 1st May, 2026)