September 2025

Lazard Global Biopharmaceutical Leaders Study 2025

Executive Summary

LAZARD

Our Central Findings in 2025

1 Bifurcated Views on Equity Market Valuations with Pessimism on Innovation, Financing, Biotech Bankruptcies and Risk

Macroeconomic dynamics and U.S. Healthcare policy uncertainties are the primary reason for biotech capital market underperformance, although an excessive number of public companies, insufficient M&A, and not enough positive newsflow are also important drivers. Respondents, however, disagree about biotechnology public market valuations. Large-cap and mid-cap executives tend to believe the biotech equity market is appropriately- or over-valued, whereas leaders at private, small-cap biotechnology companies and leading investors tend to believe it is undervalued. Given the market environment, there is rising pessimism for biomedical innovation and the ability to finance biotech through the public or private markets, and expectations for biotech bankruptcies have increased from a previously high level. The most significant risks ahead are macroeconomic, U.S. drug pricing uncertainty, and changes at the FDA.

2 U.S. Administration's Drug Pricing Policy Expected to Decrease Medicare/Medicaid and Commercial Drug Prices, have Limited or No Impact on European Drug Prices, and Result in Fewer Biopharmaceutical Companies Launching Drugs Outside the U.S.

Biopharmaceutical leaders, especially those at large-cap and mid-cap companies, expect the U.S. administration's drug pricing policy to cause reductions in drug prices across Medicare, Medicaid and commercial insurance over the next five years. A significant majority expect little to no impact on European drug prices, and a majority of large-cap and mid-cap biopharmaceutical executives expect fewer drug launches outside of the U.S. Many large pharma leaders predict price reductions of less than 10%, but almost a quarter expect reductions of 10-25%.

3 Large-Cap M&A, Bolt-On Acquisitions and Strategic Alliances Expected to Increase

Expectations for large-cap consolidation have increased markedly among large-cap and mid-cap biopharmaceutical executives as well as investors. Bolt-on acquisitions and strategic alliances are also expected to increase, particularly by mid-cap pharmaceutical leaders. The top challenges to executing deals are uncertainty in the U.S. policy environment, valuation mismatches among buyers and sellers, and pricing and reimbursement uncertainty.

4 Autoimmune, Inflammation and Fibrosis and Oncology Remain the top Therapeutic Areas

Autoimmune, inflammation and fibrosis, and solid tumors remain the top therapeutic area priorities, especially for large pharma leaders. These are followed by rare diseases, especially for small-cap and mid-cap biotech leaders, and neurology and cardiometabolic diseases.

Our Central Findings in 2025 (cont'd)

5 **Next-Gen Antibodies Remains Top Technological Modality with Rising Focus on Data Analytics, Artificial Intelligence (AI) and Machine Learning (ML)**

Views on the top innovative, disruptive technological priorities remain widely distributed, reflecting the breadth of exciting biomedical innovation. The focus on next-gen antibodies – including bispecific and multi-specific approaches – is even higher, especially among large-cap and mid-cap leaders as well as investors. Prioritization of Data Analytics, AI and ML continues to rise, while interest in precision medicine, RNA approaches and antibody drug conjugates remains high.

6 **Significantly Greater Transaction Activity for Chinese Biopharmaceutical Assets Driven by Speed, Value, and Confidence in Data**

Biopharmaceutical leaders – especially large-cap executives – expect greater licensing, alliance and asset acquisition activity of Chinese assets, building on an already heightened level over the last twelve months. The key drivers are greater speed and lower cost of innovation, higher confidence in the integrity of scientific and clinical data, and more realistic value expectations relative to U.S. and European biotechnology companies.

A Look Back at Lazard's September 2024 Biopharmaceutical Leaders Study

Before delving further into our most recent study, we pause briefly to reflect on how the essential themes and evolving market dynamics identified in our 2024 Global Biopharmaceutical Leaders Study have unfolded. Developments over the past year have been largely aligned with healthcare leaders' expectations in the 2024 Study, which is a consistent pattern with our prior Studies.

- In last year's Study, biopharmaceutical constituents disagreed about biotechnology public market valuations. Large pharma executives and investors believed the biotech market was appropriately valued, whereas leaders of private, small-cap and mid-cap biotechnology companies believed that market valuations should be up to 30% higher. Broadly consistent with investor and large pharma expectations, over the twelve months following the conclusion of last year's Survey, the XBI and NBI experienced significant volatility, trading down 11.3% and 4.2%,[1] respectively.
- Last year, 90% of biopharma leaders anticipated the same or higher access to financing across both public and private markets. While this initially appeared to hold true, unforeseen macroeconomic and regulatory uncertainty subsequently weighed heavily on activity – particularly in the public equity capital markets, with only 81 financings YTD in 2025, representing a ~48% decrease relative to financings over the same period in 2024.[2] Notably, 40 of these financings occurred within the last three months, suggesting the possibility of green shoots in the public equity capital markets.[3] Consistent with predictions in our last Study, the number of distressed biotech companies remains elevated, with 72 biotech companies either filing for bankruptcy, shutting down, or restructuring YTD in 2025, as compared with 41 biotech companies in the year prior over the same time horizon.[4]
- In last year's Study, 87% of healthcare leaders anticipated that large-cap pharma consolidation activity would remain at the same low level. As predicted, large-cap mergers did not materialize. On the other hand, 81% and 76% of healthcare leaders predicted that biotech bolt-on transactions and strategic alliances would increase. Despite 2025's significant macroeconomic and regulatory uncertainty, since the last survey was published, bolt-on biopharma transaction activity has remained elevated with 30 acquisitions year-to-date at an average transaction size of $2.4 billion versus 29 transactions at an average size of $1.5 billion over the same period last year.[5]

87%
of respondents to the 2024 Study expected the level of large-cap consolidation to remain at the same low level

81%
of respondents to the 2024 Study expected biotech bolt-on transactions to increase

1 Represents trading activity from September 1, 2024, to August 31, 2025.
2 Represents all IPOs, Follow-Ons and Convertible Issuances from January 1 to August 31 for 2025 and 2024.
3 Last three months refers to June, July and August of 2025.
4 Bankruptcy data per Octus. Restructuring and shutdown data per Fierce Biotech.
5 Reflects select biopharma transactions from January 1 to August 31 for 2025 and 2024, respectively, with upfronts over $250mm. Includes acquisitions of private and public biotech companies across all geographies.

A Look Back at Lazard's September 2024 Biopharmaceutical Leaders Study (cont'd)

- Biopharmaceutical leaders expected the Inflation Reduction Act (IRA) to generally remain unchanged. Indeed, this prediction has held true over the last 12 months. However, there is now considerable uncertainty regarding drug pricing and reimbursement as a result of the proposed Most-Favored Nation (MFN) policy.[1]
- A year ago, the top therapeutic priority was autoimmune/inflammation/fibrosis, followed by solid tumors, rare diseases, neurology, and metabolic disorders. Biotech acquisitions and financings over the last twelve months have reflected these priorities:[2] 48% of biotech acquisitions were spread across autoimmune/inflammation/fibrosis and solid tumors. Similarly in the public equity capital markets, 41% of the financings were spread across autoimmune/inflammation/fibrosis and oncology.[3]
- Top innovative, disruptive technology priorities in our 2024 Study were widely distributed across a range of technologies with next-generation antibodies, precision medicine, antibody-drug conjugates, and data analytics and AI/ML among the top responses. Over the past year, next-generation antibodies, precision medicine and antibody drug conjugates featured prominently in biotech acquisitions, representing 37% of acquisitions.
- Healthcare leaders correctly predicted China to be a key driver of innovation, driven by more confidence in the integrity of data, a rising level of impressive science and the availability of quality strategic assets. This prediction played out in the strategic activity involving Chinese assets. In fact, in the last twelve months, there were 45 transactions (acquisitions, licensing deals or collaborations) involving Chinese biotechs with a total upfront value of $4.5 billion. This is an increase compared with the prior twelve months when there were 22 transactions involving Chinese biotechs with a total upfront value of $3.6 billion.[4]

48%
of biotech acquisitions in the last year were in autoimmune/inflammation/fibrosis and solid tumors

42%
cited precision medicine as the top innovative, disruptive technological priority for the next 12 months

60%
predicted more confidence in data integrity from China to drive increased innovation from the region

1 Whitehouse.gov.
2 Subsequent percentages provided are based on total number of transactions for both acquisitions and financings.
3 Assumes select biopharma transactions from January 1 to August 31 for 2025 and 2024, respectively, with upfronts over $250mm. Includes acquisitions of private and public biotech companies across all geographies. Assumes select biopharma financings from January 1, 2025, to August 31, 2025, with transaction sizes >$50mm.
4 Data per Biomedtracker. Assumes select acquisitions, licensing deals and collaborations with Chinese biotechs from September 1 2024 to August 31, 2025 and September 1, 2023 to August 31 2024, respectively. Only transactions with disclosed deal values were included.

Lazard Global Biopharmaceutical Leaders 2025 Study

Geopolitically, U.S. trade tensions with China and new discussions around sector-specific tariffs have kept global supply chains in focus, while Middle East instability and energy market volatility remain potential shocks. In this context, the global economy has seen a continued, albeit measured, deceleration. Fears of a severe downturn have largely subsided since early April, and global real GDP growth expectations have stabilized at 2.8%.[1] U.S. job creation fell sharply mid-year while inflation began to grind higher, raising questions regarding whether the Fed will prioritize maximum employment or price stability when formulating monetary policy. Markets have presumed the Fed will cut rates in 2025, but easing is not a foregone conclusion. Markets have generally responded positively to lower rate expectations, although equity valuations are elevated and volatility may resurface as fiscal policy debates intensify ahead of the 2026 budget cycle. Outside the U.S., growth remains subdued, but sizable ECB rate cuts and large increases in infrastructure and defense spending could lift European growth in 2026, while emerging markets remain highly sensitive to global monetary conditions and U.S. trade policies. Meanwhile, Artificial Intelligence (AI) is poised to reshape the global economy by driving productivity gains, accelerating innovation, and creating new industries, while simultaneously disrupting labor markets and challenging existing business models.

The biopharmaceutical industry continues to navigate this challenging geopolitical and macroeconomic environment. Amid rising geopolitical tensions, biotechnology is emerging as a new battleground for economic and technological competition between nations. Concurrently, U.S. healthcare policy, particularly around Most-Favored-Nation pricing rules, is catalyzing considerable deliberation about its long-term impact on biopharma innovation, growth, margins, strategy and structure. With risk averse investor sentiment and volatile biopharma indices, private and public biopharma equity financing activity has decreased sharply in 2025. Reflecting strong ongoing innovation, however, numerous companies have reported positive data that generated very positive stock price reactions. Bolt-on M&A and strategic alliance activity have continued at a strong pace, including numerous transactions for Chinese assets.

Against this backdrop, our 2025 Global Biopharmaceuticals Leaders Study was fielded in June and July 2025. This year's study included participation from almost 400 leaders across many of the largest biopharma companies globally, as well as smaller public and private companies, and prominent investment firms. The respondents include 323 C-level corporate executives and 74 leading investors. Among the C-level executives, 43 are from large-cap public companies, 20 are from mid-cap companies, and 136 are from small-cap companies.[2] Additionally, 124 executives are from private companies.

SURVEY RESPONDENTS

397	323	74
Participants	**Corporate Executives**	**Leading Investors**

CORPORATE EXECUTIVE BREAKDOWN

199	124
Public Executives	**Private Companies**

1 IMF estimates.
2 Large-cap public companies are defined as companies with a market capitalization greater than $25 billion, mid-cap companies are defined as companies with a market capitalization between $5 billion and $25 billion, small-cap companies are defined as companies with a market capitalization of less than $5 billion.

1 Bifurcated Views on Equity Market Valuations with Pessimism on Innovation, Financing, Biotech Bankruptcies and Risk

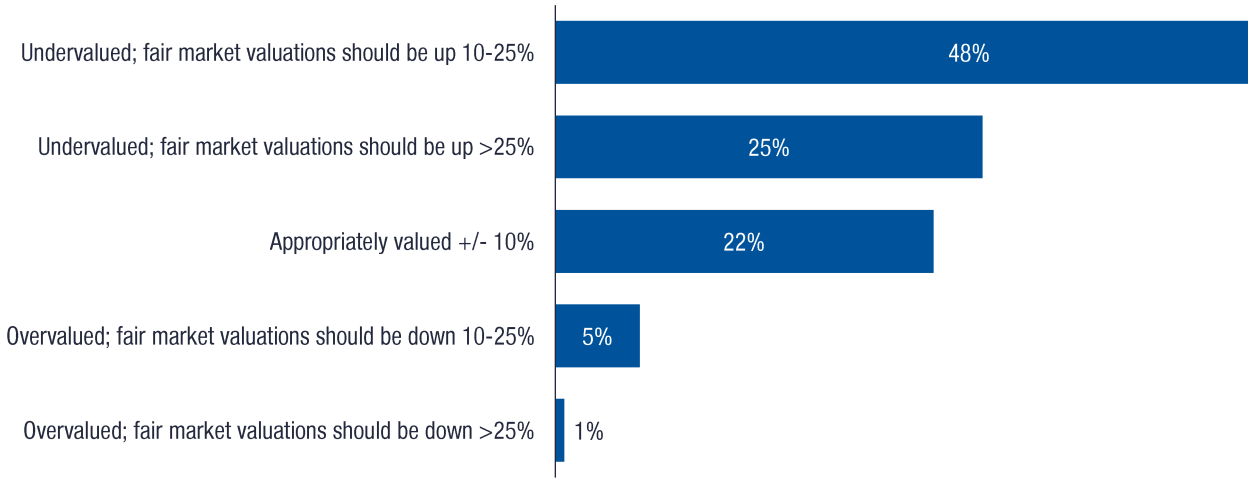
Macroeconomic dynamics and U.S. Healthcare policy uncertainties are the primary reason for biotech capital market underperformance, although an excessive number of public companies, insufficient M&A, and not enough positive newsflow are also important drivers. Respondents, however, disagree about biotechnology public market valuations. Large-cap and mid-cap executives tend to believe the biotech equity market is appropriately- or over-valued, whereas leaders at private, small-cap biotechnology companies and leading investors tend to believe it is undervalued. Given the market environment, there is rising pessimism for biomedical innovation and the ability to finance biotech through the public or private markets, and expectations for biotech bankruptcies have increased from a previously high level. The most significant risks ahead are macroeconomic, U.S. drug pricing uncertainty, and changes at the FDA.

Perspectives on XBI and NBI Valuations

At the conclusion of fielding this Study,[1] the SPDR S&P Biotech ETF (XBI) had fallen by 8.2% year-to-date and the NASDAQ Biotechnology Index (NBI) had fallen by 1.2%. While nearly 75% of respondents believe the market is currently undervalued, similar to last year, there are divergent views among healthcare leaders.

While most large-cap (48%) and mid-cap (50%) biopharmaceutical leaders believe the market is appropriately valued, this sentiment varies from their biotech and investor counterparts. In contrast to their large-cap and mid-cap biopharma peers, small-cap (84%) and private (72%) biotech leaders view the market as undervalued.

Q: It has been another volatile year in the biotech public equity market, with the XBI at 81 and the NBI at 4145 (as of June 2, 2025). With respect to these current XBI and NBI valuations, is the biotech market:



1 Survey concluded on July 7, 2025. Since July 7, 2025, through August 31, 2025, the XBI and NBI have risen 8.0% and 9.2%, respectively. As of August 31, 2025, the XBI has fallen 2.5% and the NBI has risen 8.1% YTD.

Drivers of Underperformance

On April 2, 2025, the U.S. public markets experienced a significant sell-off due to the announcement of new and increased tariffs. Though both biotech and the broader market have rebounded significantly, macroeconomic and regulatory uncertainty in biopharma continues to cast a shadow over biotech valuations.

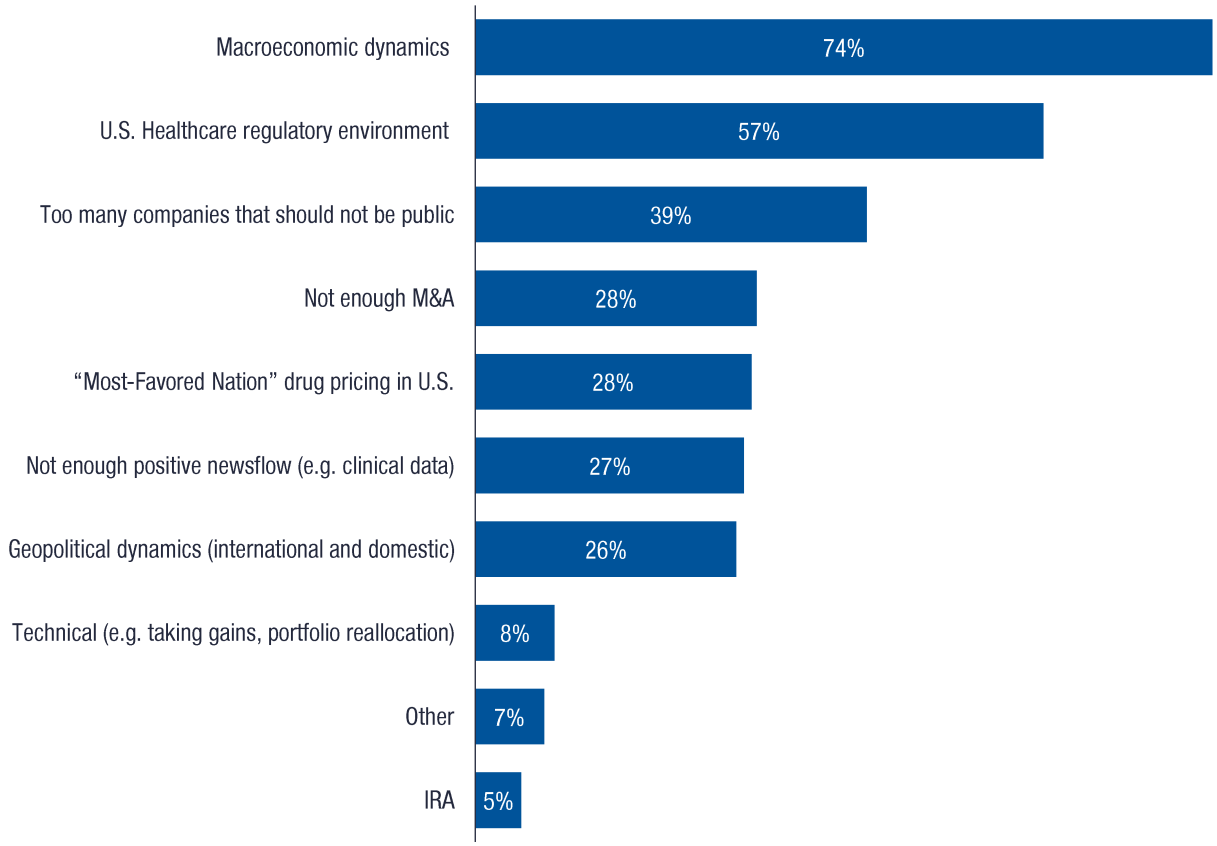
Most biopharmaceutical leaders (74%) believe the biotech sector's underperformance has been driven by macroeconomic dynamics. Additionally, 57% of respondents believe an unpredictable U.S. healthcare regulatory environment has driven the underperformance, and 39% attribute it to biotech having too many companies that should not be public.

Notably, although only 28% of respondents cited "Most-Favored Nation" drug pricing as a key contributor to biotech's underperformance at the time of fielding this Study, 67% of mid-cap biopharma leaders viewed it as a top factor.

74%

of biopharmaceutical leaders believe biotechnology market underperformance has been driven by macroeconomic factors

Q: Biotech has underperformed the market in 2025 (YTD as of June 2, 2025): XBI (11.2%), NBI (4.5%) vs. S&P 500 (1.2%). What are the main reasons why? Select top three answers:



Market Cycle Predictions

There is considerable pessimism about the ability to finance biotech companies, with ~80% of biopharmaceutical leaders anticipating financings to be lower or the same in the next twelve months relative to 2024.

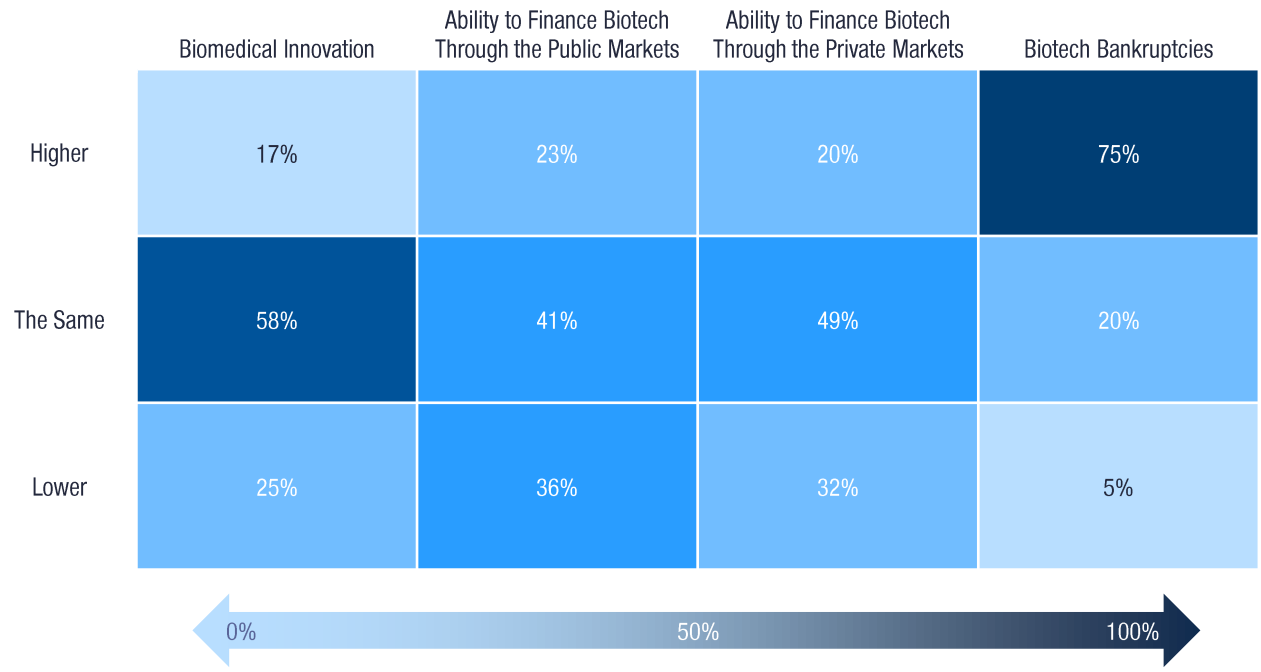
As a result of this limited access to capital, 75% of respondents anticipate more biotech bankruptcies in the next twelve months, whereas only 5% of respondents believe biotech bankruptcies will decline over the next twelve months.

While most biopharma leaders (58%) expect biomedical innovation to remain stable, 25% expect lower levels of biotech innovation and 17% expect higher levels of biotech innovation over the next twelve months. Notably, there is significantly more pessimism about innovation than in our 2024 Study, when only 4% of respondents predicted lower levels of biotech innovation and 36% anticipated higher levels.

77%

of biopharmaceutical leaders expect the same or fewer public market financings in the next 12 months

Q: In the next 12 months, do you expect the following to be higher, lower or the same relative to 2024?



Note: Totals that appear in output may sum greater or less than 100% due to the rounding of figures to the nearest whole percentage.

Key Risks Predictions

When asked to identify the most significant risk factors for the biopharma sector over the next 24 months, most biopharmaceutical leaders (67%) cited macroeconomic factors such as inflation, interest rates and GDP growth.

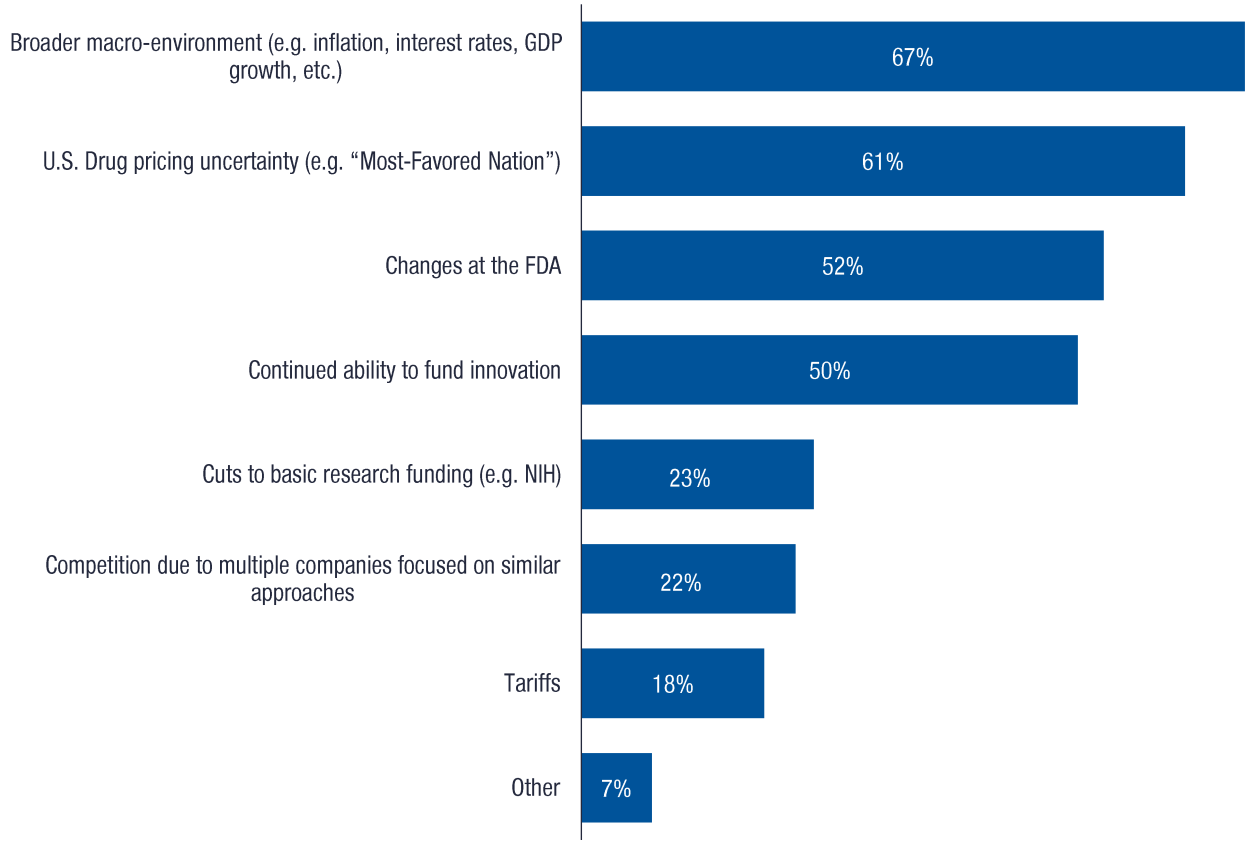
In addition to macroeconomic risk, many respondents highlighted U.S. drug pricing uncertainty (61%) and changes at the FDA (52%) as key risks.

While 50% of respondents flagged the continued ability to fund innovation as a key risk, large pharma leaders and investors were less concerned, at 28% and 33%, respectively.

67%

of respondents cited macroeconomic factors as the most significant risk for the biopharma sector in the next 24 months

Q: What are the most significant risks to the Biopharma sector in the next 24 months? (Select top three answers)



2 U.S. Administration's Drug Pricing Policy Expected to Decrease Medicare/Medicaid and Commercial Drug Prices, have Limited or No Impact on European Drug Prices, and Result in Fewer Biopharmaceutical Companies Launching Drugs Outside the U.S.

Biopharmaceutical leaders, especially those at large-cap and mid-cap companies, expect the U.S. administration's drug pricing policy to cause reductions in drug prices across Medicare, Medicaid and commercial insurance over the next five years. A significant majority expect little to no impact on European drug prices, and a majority of large-cap and mid-cap biopharmaceutical executives expect fewer drug launches outside of the U.S. Many large pharma leaders predict price reductions of less than 10%, but almost a quarter expect reductions of 10-25%.

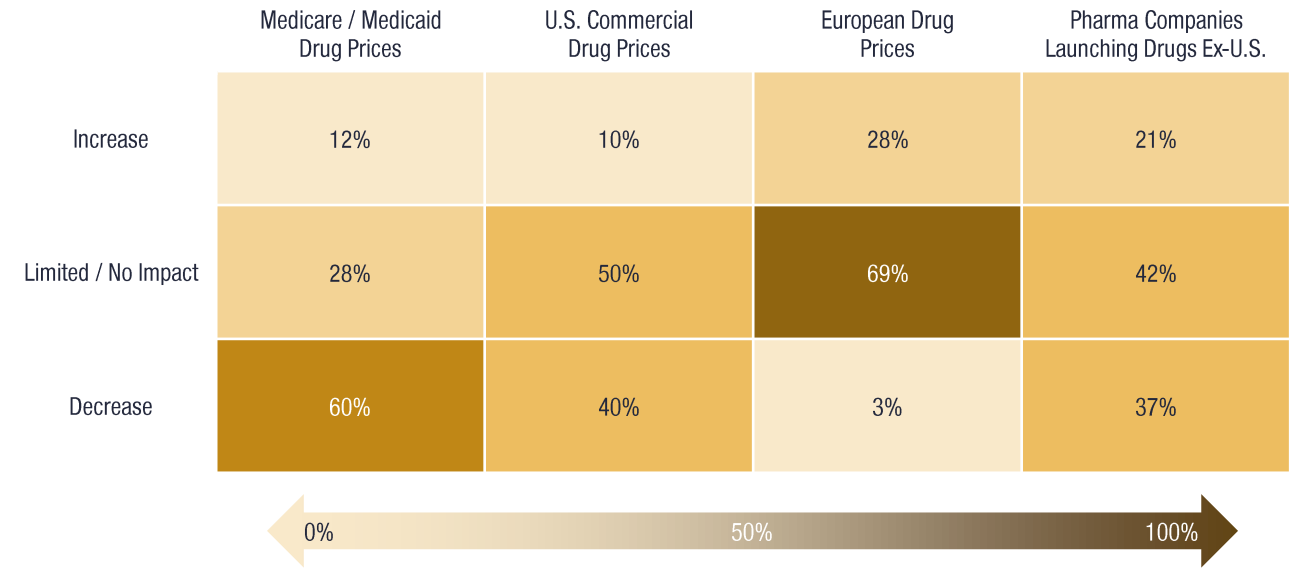
Current Administration's Drug Pricing Impact

The current Administration's drug pricing policies are expected to lower U.S. drug prices over the next 5 years. Within Medicare and Medicaid, 60% of respondents anticipate drug price declines, while 40% foresee drug price reductions in the U.S. commercial channel.

While the majority of biopharmaceutical leaders believe the current administration's drug pricing policies will have limited to no impact on European drug prices (69%), almost a third (28%) expect the policies to increase European drug prices.

Expectations for pharma companies launching drugs outside the U.S. are almost evenly split between limited to no impact (42%) and a decrease in such launches (37%). However, the majority of mid-cap and large-cap pharma leaders (58% and 51%, respectively) predict a decline in drug launches outside the U.S.

Q: What impact is the current U.S. administration's drug pricing policy likely to have by the end of January 2029? (Select top three answers)



Note: Totals that appear in output may sum greater or less than 100% due to the rounding of figures to the nearest whole percentage.

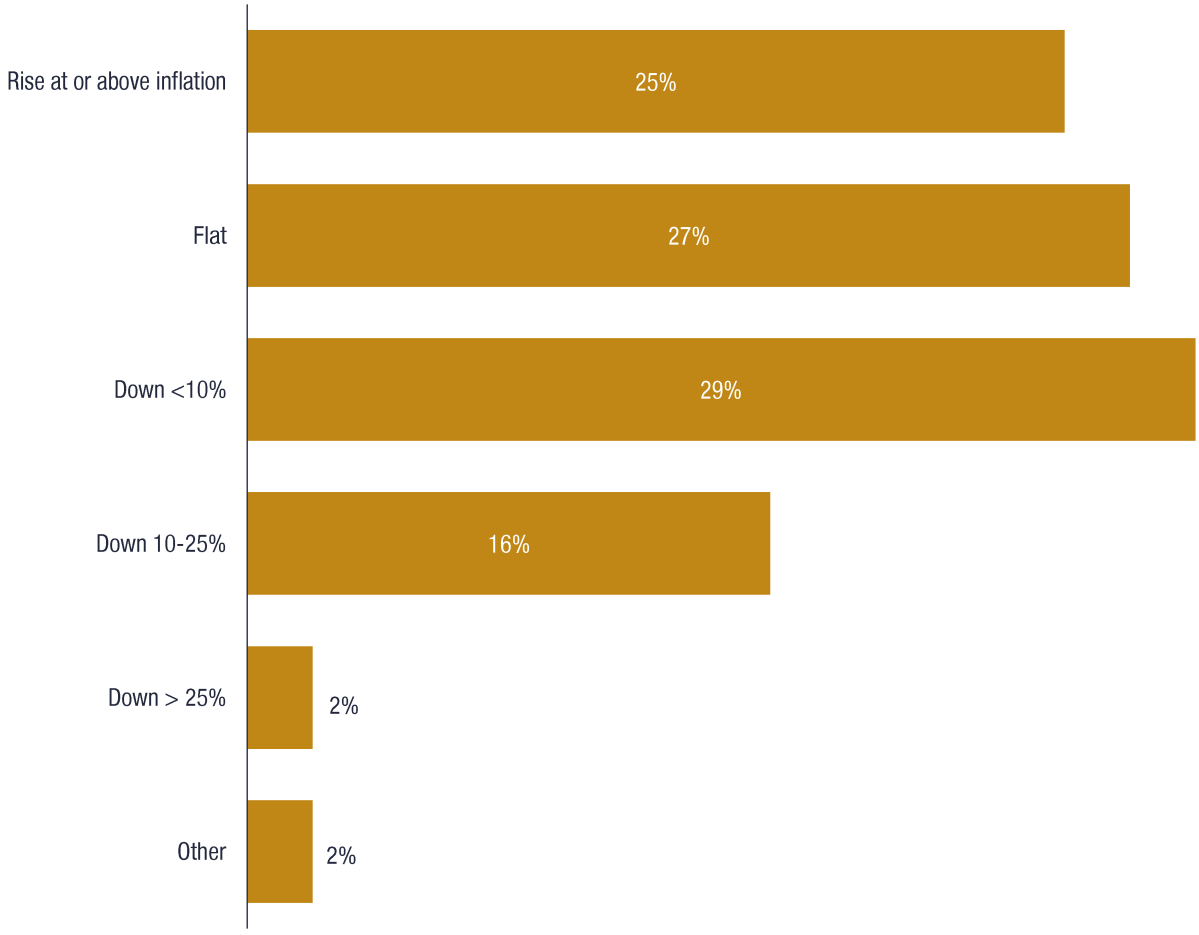
U.S Drug Pricing Outlook

While 27% of respondents overall expect U.S. drug prices to be flat by 2029 and 25% expect them to rise at or above inflation, leaders of mid-cap and large-pharma companies have a different perspective. 53% of mid-cap pharma executives and 41% of large-cap pharma executives expect drug prices in 2029 to be down as much as 10%, while 12% and 23% of them, respectively, expect a decrease of 10-25%. On the other hand, only ~10% of these executives predict higher drug prices by 2029.

53% & 41%

of mid-cap and large-cap pharmaceutical leaders respectively, expect U.S. drug prices to decline up to 10% by January 2029

Q: How much will U.S. drug pricing rise or fall by the end of January 2029?



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3 Large-Cap M&A, Bolt-On Acquisitions and Strategic Alliances Expected to Increase

Expectations for large-cap consolidation have increased markedly among large-cap and mid-cap biopharmaceutical executives as well as investors. Bolt-on acquisitions and strategic alliances are also expected to increase, particularly by mid-cap pharmaceutical leaders. The top challenges to executing deals are uncertainty in the U.S. policy environment, valuation mismatches among buyers and sellers, and pricing and reimbursement uncertainty.

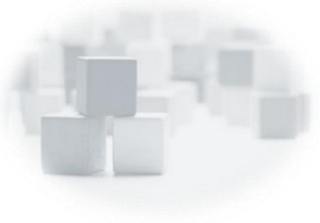
Trends for M&A and Alliances

Expectations for higher large-cap consolidation across all respondents has almost doubled, from 13% last year to 24% this year. Among mid-cap and large-cap leaders and investors, predictions this year for higher levels of large-cap consolidation increased to 47%, 30% and 22%, respectively, from 0%, 21% and 4%, respectively, last year.

Bolt-on acquisitions are expected to increase over the next year, with 74% of respondents predicting an increase in bolt-on acquisitions relative to last year. Notably, 81% of mid-cap executives and 60% of large-cap executives expect bolt-on activity to be somewhat higher or significantly higher.

In addition, 75% of respondents expect strategic alliances and licensing activity to be somewhat higher or significantly higher over the next year relative to last year.

74%
of respondents anticipate an increase in bolt-on acquisitions relative to last year



Q: What do you expect the level of corporate development activity will be over the next year relative to the last year?

	Large Cap Consolidation	Bolt-on Acquisitions	Strategic Alliances/Licensing
Significantly Higher	3%	11%	18%
Somewhat Higher	21%	63%	57%
Stay Same	54%	19%	20%
Somewhat Lower	14%	6%	4%
Significantly Lower	8%	1%	1%

Note: Totals that appear in output may sum greater or less than 100% due to the rounding of figures to the nearest whole percentage.

Challenges to Executing Deals in the Current Environment

The biggest challenges to executing deals are uncertainty related to the U.S. policy environment (57%) and value expectations of biotech management and board members (56%). Other key challenges include pricing and reimbursement uncertainty (39%), followed by the of impact transactions on R&D budget and P&L (32%).

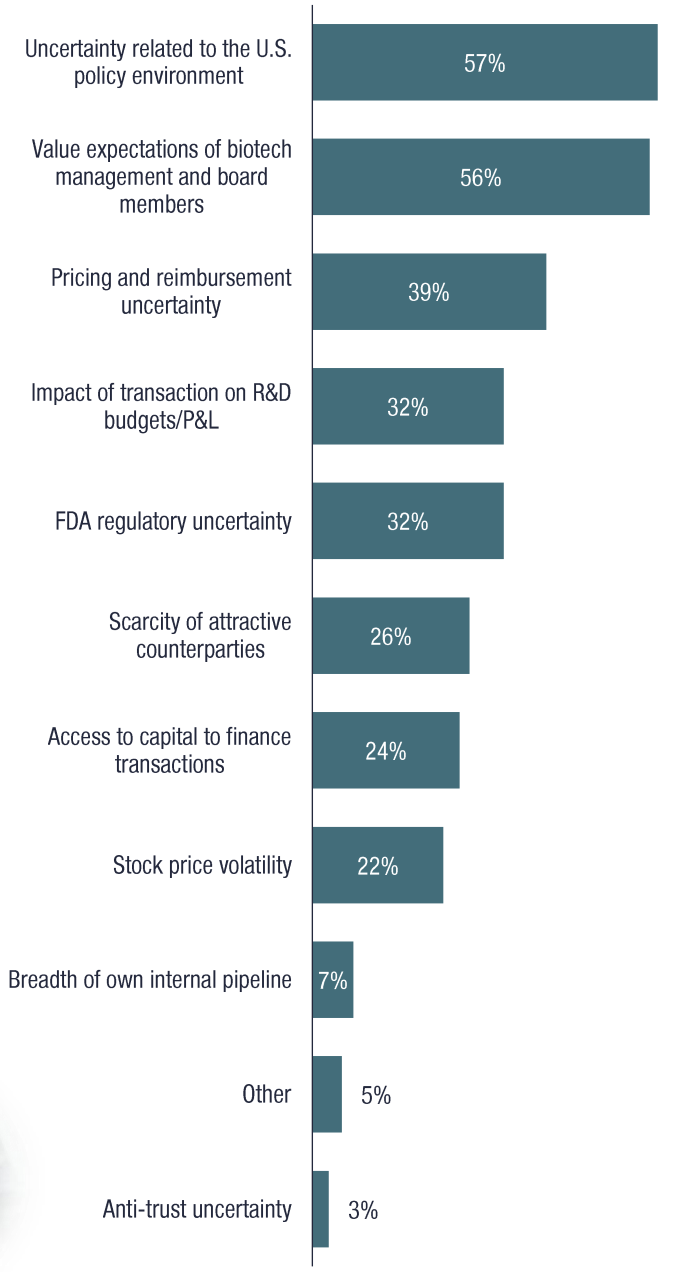
Relative to the 2024 Study, FDA regulatory uncertainty is now perceived to be a much greater challenge, with 32% of respondents citing it this year compared to 12% last year.

Large pharmaceutical leaders continue to cite the impact on R&D budgets and P&L (64%) and value expectations of biotech management and board members (56%) as the top challenges to executing transactions.

Mid-cap biopharmaceutical executives in particular view uncertainty related to the U.S. policy environment (65%) and pricing and reimbursement uncertainty (53%) as key challenges. Notably, this latter concern has increased meaningfully among mid-cap biopharmaceutical leaders since last year's Study (35%).

Small-cap biotech executives are more focused on stock price volatility (34%) than their mid-cap and large-cap peers.

Q: What are the top three challenges to executing deals in the current environment? (Select top three)



64%

of large pharmaceutical leaders cite the impact of transactions on R&D budgets and the P&L as a top deal challenge

4 Autoimmune, Inflammation and Fibrosis and Oncology Remain the top Therapeutic Areas

Autoimmune, inflammation and fibrosis, and solid tumors remain the top therapeutic area priorities, especially for large pharma leaders. These are followed by rare diseases, especially for small-cap and mid-cap biotech leaders, and neurology and cardiometabolic diseases.

Therapeutic Area Priorities

Autoimmune, inflammation, and fibrosis remains the leading therapeutic area priority (60%), as it was in 2024 and 2023. This is followed by solid tumors (41%), rare diseases (37%), neurology (non-psychiatry) (32%), and metabolic diseases (30%).

Autoimmune, inflammation, and fibrosis as a priority therapeutic area has increased from 48% of respondents in 2021 to 60% in 2025. The level of interest in this therapeutic area this year among large pharmaceutical leaders is in line with last year (81% and 85%, respectively.)

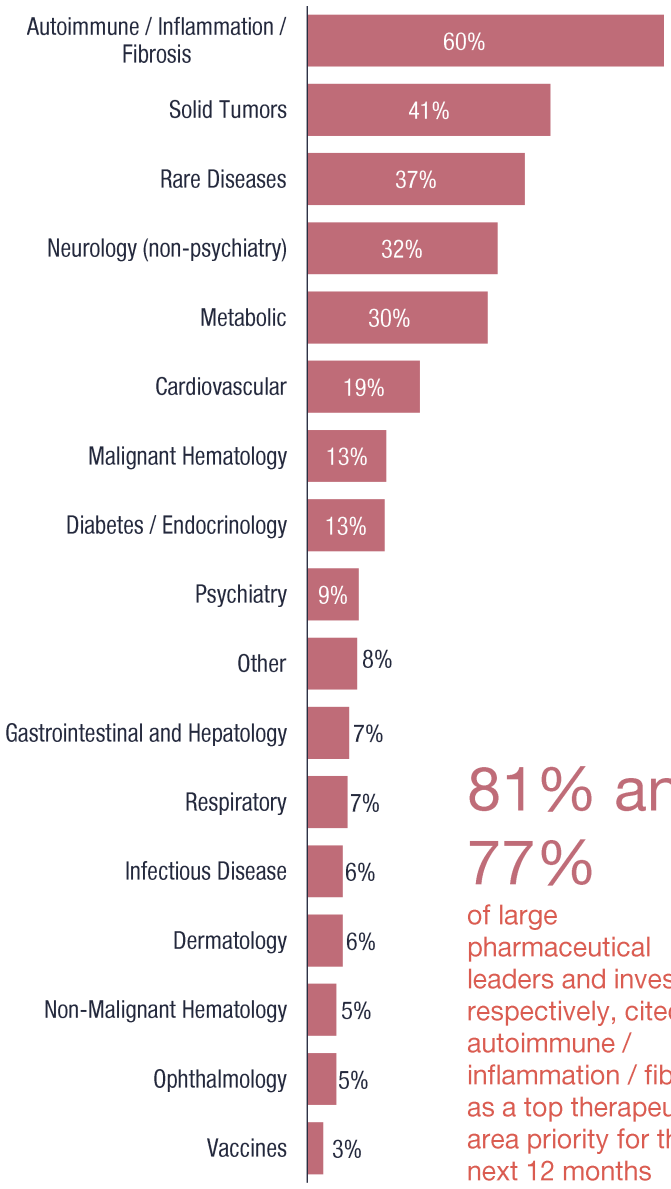
While solid tumors has declined as a top priority among respondents overall from 64% in our 2021 Study to 41% in 2025, this year it increased as a priority for large pharmaceutical leaders to 62% from 36% in 2024.

Rare diseases declined as a priority among overall respondents from 53% in 2021 to 37% in 2025, although it increased for mid-cap biopharmaceutical leaders from 53% in 2024 to 76% in 2025.

At 32% as a priority therapeutic area for overall respondents, Neurology (non-psychiatric) is broadly in line with 35% last year. Notably, it has increased as a priority for mid-cap pharma leaders from 29% last year to 47% this year, while it has concurrently decreased as a priority for large pharma leaders from 36% in 2024 to 24% this year.

Metabolic diseases was a top priority to 30% of overall respondents, which is the same as 2024. There continues to be a substantial divergence in views among groups of respondents, with small-cap biotech (32%), private biotech (32%), and investors (32%) citing it as a top priority, but only 12% of mid-cap and 19% of large pharmaceutical leaders citing it as a top priority.

Q: What are your top three therapeutic area priorities for the next 12 months? (Select top three)



81% and 77%

of large pharmaceutical leaders and investors, respectively, cited autoimmune / inflammation / fibrosis as a top therapeutic area priority for the next 12 months

5 Next-Gen Antibodies Remains Top Technological Modality with Rising Focus on Data Analytics, Artificial Intelligence (AI) and Machine Learning (ML)

Views on the top innovative, disruptive technological priorities remain widely distributed, reflecting the breadth of exciting biomedical innovation. The focus on next-gen antibodies – including bispecific and multi-specific approaches – is even higher, especially among large-cap and mid-cap leaders as well as investors. Prioritization of Data Analytics, AI and ML continues to rise, while interest in precision medicine, RNA approaches and antibody drug conjugates remains high.

Top Innovative, Disruptive Technologies

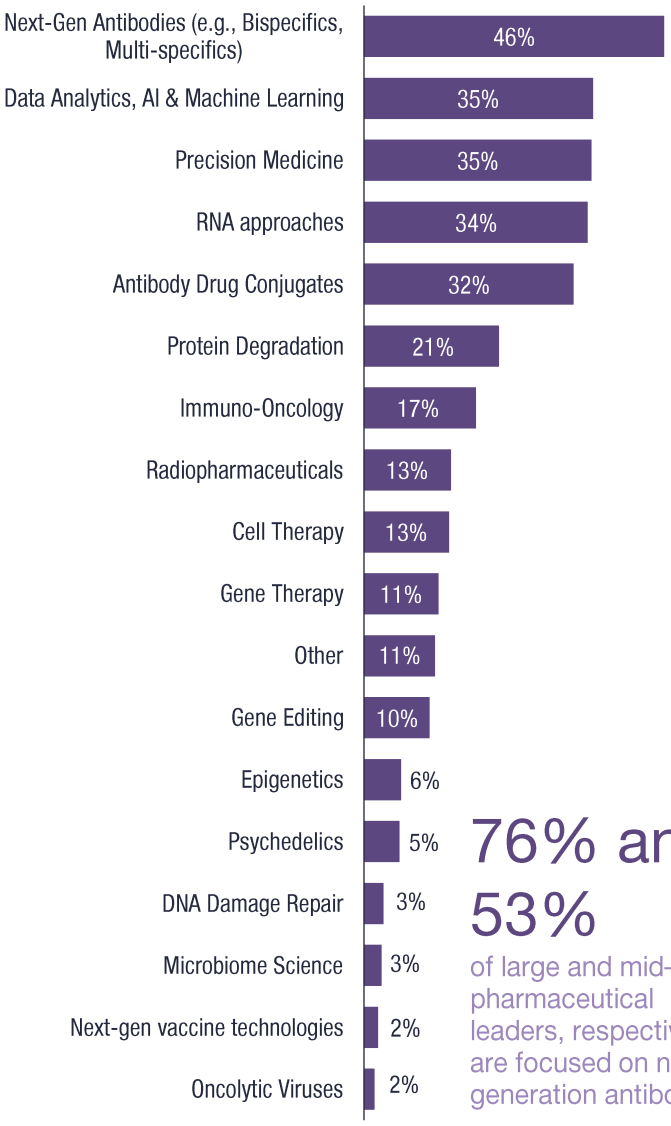
Views on the leading disruptive and innovative technological modalities remain broad, underscoring once again the remarkable breadth and pace of innovation.

As with last year's Study, next-generation antibodies lead as the top technological priority (46%, up 6% from 2024). It is followed by data analytics, AI & ML (35%, up 3% from last year and up from the 4th to the 2nd position), precision medicine (35%, in line with last year), RNA approaches (34%, up 5% from last year), and antibody drug conjugates (32%, down 2% from last year). Notably, radiopharmaceuticals experienced marked decrease relative to last year, declining from 21% to 13%.

Large pharma executives are particularly focused on next-gen antibodies (76%, up from 52% in 2024). They continue to be focused on antibody drug conjugates (41%, up 2% from last year), immuno-oncology (30%, up 6% from last year), cell therapy (30%, up 6% from last year) and precision medicine (19%, up 1% from last year). They are relatively less focused on gene editing (3%, down 6% from last year) and gene therapy (8%).

Investors are broadly aligned with large pharma on technological priorities, with a significant focus on antibody drug conjugates (51%), next-gen antibodies (49%) and RNA approaches (45%). Among the lower priorities for investors are precision medicine (15%), immuno-oncology (4%), cell therapy (13%), gene editing (7%) and gene therapy (7%).

Q: What are your top three innovative, disruptive technological priorities for the next 12 months? (Select top three)



76% and 53%

of large and mid-cap pharmaceutical leaders, respectively, are focused on next-generation antibodies

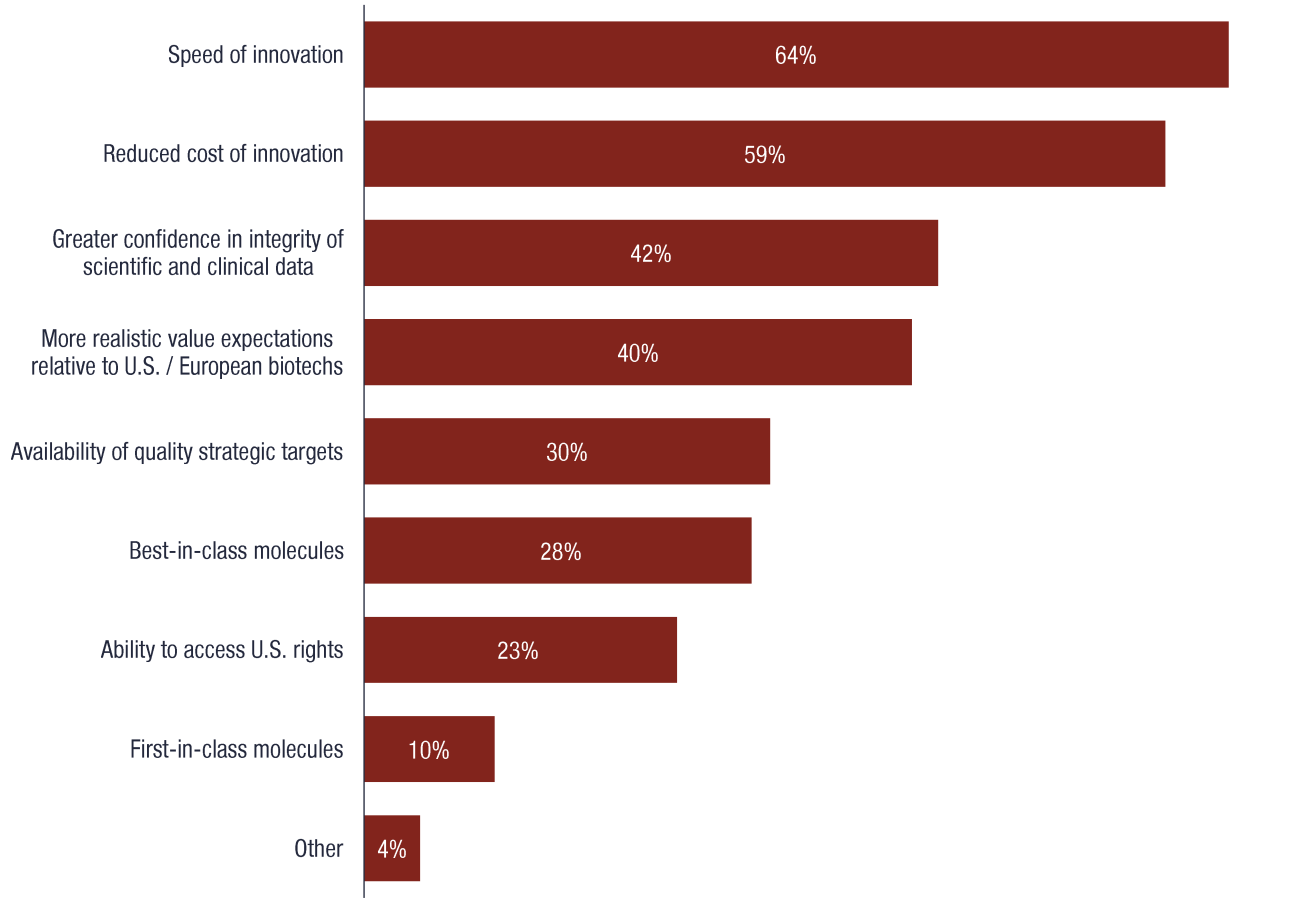
6 Significantly Greater Transaction Activity for Chinese Biopharmaceutical Assets Driven by Speed, Value, and Confidence in Data

Biopharmaceutical leaders – especially large-cap executives – expect greater licensing, alliance and asset acquisition activity of Chinese assets, building on an already heightened level over the last twelve months. The key drivers are greater speed and lower cost of innovation, higher confidence in the integrity of scientific and clinical data, and more realistic value expectations relative to U.S. and European biotechnology companies.

China Activity Drivers and Impediments

The majority of biopharmaceutical leaders cite greater speed of innovation (64%) and reduced cost of innovation (59%) as the top drivers of greater activity in China. This is followed by greater confidence in the integrity of scientific and clinical data (42%) and more realistic value expectations compared to U.S. and European biotechs (40%).

Q: In the last couple of years, we have seen an increase in Western pharma companies accessing innovation from China via licensing or M&A. What are the key factors driving this? (Select top three)



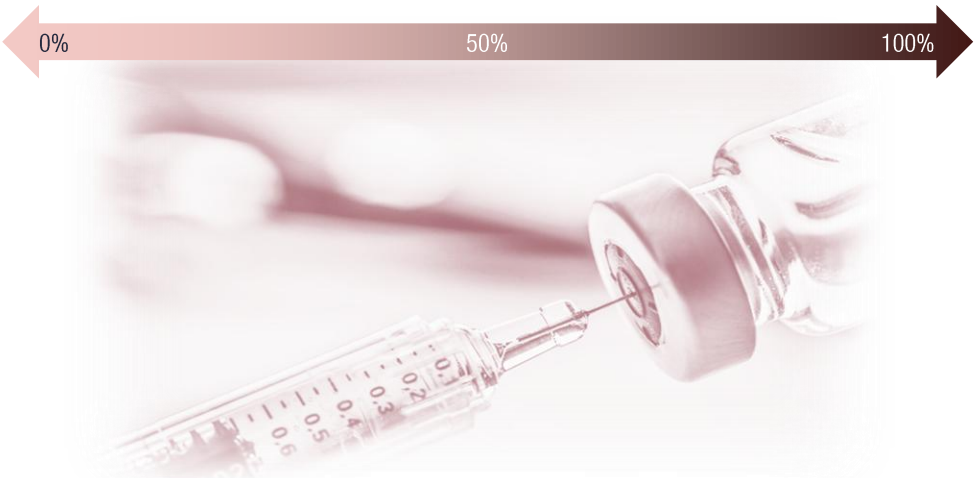
The majority of biopharmaceutical leaders remain somewhat cautious about outright M&A activity between Chinese and Western companies, with only 35% expecting increased WholeCo acquisitions and 49% of respondents expecting this activity to remain the same.

On the other hand, licensing, alliances, or asset-based acquisitions are seen as the growth drivers of strategic activity with Chinese biopharmaceutical companies, with 77% of respondents predicting higher activity. Notably, 88% of large-cap pharmaceutical leaders, 64% of mid-cap pharmaceutical leaders, and 74% of investors expect increased activity.

Similarly, the majority of overall respondents expect NewCo formation by private investors to increase (56%), followed by 28% who anticipate this activity will remain the same. Among large pharma leaders, 63% anticipate an increase in NewCo formation by private investors.

Q: What do you expect the level of BD activity to be between China-based biotechs and Western partners over the coming year compared to the prior years?

	WholeCo Acquisition by Pharma	Licensing, Alliances, or Asset Acquisition by Pharma	NewCo Formation by Private Investors
Significantly higher	7%	26%	15%
Somewhat higher	28%	51%	41%
Stay the same	49%	14%	28%
Somewhat lower	13%	7%	13%
Significantly lower	4%	1%	3%



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