September 2026

Lazard Global Biopharmaceutical Leaders Study 2026

Executive Summary

LAZARD
FINANCIAL ADVISORY

Our Central Findings in 2026

1. **Optimistic Biotech Equity Market Sentiment, Although Not Without Risks.** For the first time in several years, a plurality of respondents believes the biotech public equity market is appropriately valued. This improved sentiment is underscored by increasing optimism that biotech financing will be sustained by public and private markets. Furthermore, robust M&A activity and efficiencies from AI are seen as key opportunities in the near future, while the most significant risks ahead are macroeconomic and political risks, FDA effectiveness, and U.S. drug pricing uncertainty. Uniquely, China is considered a double-edged sword, with executives perceiving it to be both a significant opportunity and risk.

2. **U.S. Drug Pricing Policy Expected to Limit Ex-U.S. Launches, While Views Vary on Impact on Drug Prices.** The most anticipated consequence of U.S. drug pricing policy over the next three years is pharma pulling back ex-U.S. launches. Leaders also expect biotechnology companies to retain global commercial rights rather than partner them. Overall, expectations on where U.S. drug prices will settle over the next three years are split, with differing views across sub-groups of respondents. U.S.-based biopharma leaders and large pharma leaders tend to predict falling U.S. drug prices, whereas small-cap and mid-cap biopharma leaders and European leaders tend to predict rising U.S. drug prices. The majority of respondents, however, expect European prices to climb, with a plurality expecting increases to outpace inflation.

3. **Bolt-On Acquisition and Strategic Alliance/Licensing Activity Expected to Increase, Although Rising Valuation Expectations, Competitive Crowding, Pricing and Reimbursement Uncertainty Present Risks.** Bolt-on acquisitions are broadly expected to increase, particularly by mid-cap pharma leaders. Strategic alliances and licensing transactions are also widely expected to increase. On the other hand, large-cap consolidation is generally expected to remain at the same low level, particularly by investors, although almost 30% of large-cap pharma leaders expect an increase. Across all deal types, respondents identify valuation mismatches between buyers and sellers and competitive crowding as the top challenges to execution, followed closely by pricing and reimbursement, and FDA uncertainty.

Note: "Plurality" refers to the single most selected response option.

Our Central Findings in 2026 (cont'd)

4 **Autoimmune, Inflammation and Fibrosis Remains the Top Therapeutic Priority. Technological Priorities Remain Widely Distributed Across Next-Gen Antibodies, Precision Small Molecules and Antibody Drug Conjugates, Among Other Technologies.** Autoimmune, inflammation and fibrosis and solid tumors remain the clear priorities, especially for large pharma leaders. These are followed by rare diseases, metabolic and neurology. Views of the top disruptive technologies remain widely distributed, reflecting the breadth of exciting biomedical innovation. Next-gen antibodies, including bispecific and multi-specific approaches, remain the leading priority this year, particularly among large pharma leaders and investors. The prioritization of precision small molecules, antibody drug conjugates, and protein degradation all rose, while Data Analytics, Artificial Intelligence and Machine Learning slipped relative to last year.

5 **Influence of China Will Continue to Grow, Driven by A Combination of Increased Speed of Innovation, A Rise in First-in-Class Innovation, More Best-In-Class Innovation and Increased Competition from Chinese Pharma Companies Commercializing Drugs in the West.** Biopharmaceutical leaders and investors expect China's pipeline contribution to grow further. The drivers are no longer just cost and speed of innovation and now include a growing conviction that China will deliver both first-in-class and best-in-class medicines. Many are braced for intensifying competition from Chinese companies in Western commercial markets over the next five years.

6 **Today, Artificial Intelligence and Machine Learning (AI/ML) Most Significantly Impacts Chemistry Discovery, Although Expectations Are That It Will Shift to Biological Discovery and Clinical Development Over The Next Five Years.** Compared with our prior Studies, healthcare leaders' perception of the biggest impact of AI/ML on biopharma innovation has remained the chemistry discovery process. However, expectations have risen significantly, particularly among large pharma leaders, that its most significant impact will shift to biological discovery and clinical development.

A Look Back at Lazard's September 2025 Biopharmaceutical Leaders Study

Before delving into our most recent Study, here we briefly revisit the key themes and market dynamics identified in our 2025 Global Biopharmaceutical Leaders Study and assess how events have actually transpired. Events over the past year have been largely aligned with healthcare leaders' expectations in the 2025 Study, which is a consistent pattern with our prior Studies.

- In last year's Study (which was fielded just as biotech valuations started to recover), respondents disagreed about biotechnology public market valuations. Large-cap and mid-cap biopharma executives tended to believe the biotech equity market was appropriately valued, whereas leaders at private, micro-cap and small-cap biotechnology companies, and leading investors, tended to believe it was undervalued. Since the conclusion of last year's Study, the XBI and NBI have experienced a significant rebound, trading up 75.0% and 49.5%[1], respectively.
- Last year, approximately 80% of biopharma leaders anticipated the same or lower access to financing across both public and private markets, citing macroeconomic factors such as inflation, interest rates and GDP growth as the most significant risk factors. However, in the context of the macroeconomic environment and strong biopharmaceutical dynamics, public equity capital markets have rebounded with 186 financings YTD in 2026, representing a 130% increase over the same period in 2025[2]. Notably, 71 of these financings occurred within the last three months, suggesting a continued acceleration in public equity capital markets activity[3]. Similarly, private biotech raised $26.6 billion across 268 rounds year-to-date in 2026, up 43% in dollars and 26% in deal count versus the same period last year[4]. Consistent with these trends, the number of distressed biotech companies fell, with 61 biotech companies either filing for bankruptcy, shutting down, or restructuring YTD in 2026, compared to 92 biotech companies in the same period last year[5].
- In last year's Study, 74% and 75% of healthcare leaders predicted that bolt-on acquisitions and strategic alliances, respectively, would increase. Consistent with this prediction, bolt-on biopharma transaction activity has increased markedly in volume and value, with 49 acquisitions year-to-date at an average transaction size of approximately $3.1 billion, versus 30 transactions at an average size of $2.5 billion over the same period last year[6]. The majority of healthcare leaders anticipated that large-cap consolidation would remain at the same low level, and large-cap mergers did not materialize.

74%
of 2025 Study respondents expected more biotech bolt-on acquisitions

75%
of 2025 Study respondents expected more biotech strategic alliances

1 Represents trading activity from August 31, 2025, to August 31, 2026.
2 Represents all IPOs, Follow-Ons and Convertible Issuances from January 1 to August 31 for 2026 and 2025.
3 Last three months refers to June 1 to August 31 of 2026.
4 Private financing data per PitchBook, from January 1, 2026 to August 31, 2026 and January 1, 2025 to August 31, 2025.
5 Bankruptcy data per Octus, from January 1, 2026 to August 31, 2026 and January 1, 2025 to August 31, 2025, respectively. Restructuring and shutdown data per Fierce Biotech.
6 Assumes select biopharma transactions from January 1 to August 31 for 2026 and 2025, respectively, with upfronts over $250 million. Includes acquisitions of private and public biotech companies across all geographies.

A Look Back at Lazard's September 2025 Biopharmaceutical Leaders Study (*cont'd*)

- A year ago, the top therapeutic priority was autoimmune/inflammation/fibrosis, followed by solid tumors. Biotech acquisitions and financings over the last twelve months have reflected these priorities[1]: 20% of the previously mentioned biotech acquisitions were in autoimmune/inflammation/fibrosis and another 18% were in solid tumors. Similarly, in the public equity capital markets, 17% of the financings were in autoimmune/inflammation/fibrosis and 23% were in solid tumors[2].
- Top innovative, disruptive technology priorities in our 2025 Study were widely distributed across a range of technologies, with next-generation antibodies and precision medicine among the top responses. Over the past year, precision small molecules featured prominently in biotech acquisitions, representing 51% of acquisitions[3].
- Biopharmaceutical leaders predicted greater transaction activity for Chinese biopharmaceutical assets driven by speed, cost efficiency, and growing confidence in data integrity with 77% expecting higher activity across licensing, alliances, and asset-based acquisitions. Indeed, in the last twelve months, there were 59 transactions (acquisitions, licensing deals or collaborations) involving Chinese biotechs, with a total upfront deal value of approximately $8.3 billion. This is an increase compared with the prior twelve months when there were 47 transactions involving Chinese biotechs, with a total upfront deal value of approximately $5.2 billion[4].

51%
of biotech acquisitions last year included precision small molecules

77%
expected more deal activity in Chinese biopharma across licensing, alliances, and acquisitions

$8.3 billion
upfront value across 59 Chinese biotech deals in the past year, up from $5.2 billion

1 Subsequent percentages provided are based on total number of transactions for both acquisitions and financings.
2 Assumes select biopharma transactions from the 12 months preceding August 31, 2026 with upfronts over $250 million. Includes acquisitions of private and public biotech companies across all geographies. Assumes select biopharma financings from the 12 months preceding August 31, 2026 with transaction sizes >$50 million.
3 Assumes select biopharma transactions from the 12 months preceding August 31, 2026 with upfronts over $250 million. Includes acquisitions of private and public biotech companies across all geographies.
4 Data per Biomedtracker. Assumes select acquisitions, licensing deals and collaborations with Chinese biotechs from September 1, 2025 to August 31, 2026 and September 1, 2024 to August 31, 2025, respectively. Only transactions with disclosed deal values are included.

Lazard Global Biopharmaceutical Leaders 2026 Study In Perspective

Global economic confidence experienced significant turbulence over the past year resulting from trade-related uncertainty and the Iran war. Although confidence was whipsawed, equity markets surged to new record highs on the back of rising expectations for Artificial Intelligence (AI)-related capex and broadening earnings growth. But concerns persist regarding the sustainability of the AI-capex boom, fragility created by the K-shaped economy, and sustained outsized fiscal deficits. Outside the U.S., European growth expectations were reduced materially due to the energy shock with ECB monetary policy tightening compounding the challenges. China's growth remained surprisingly resilient despite the ongoing residential real estate crisis and weak domestic consumption, but it too faced challenges caused by its dependence on exports to address excess industrial capacity and weak domestic demand.

Underlying these trends have been geopolitical tensions defined by conflict with Iran starting in late February 2026, leading to the most severe disruption to global energy markets in decades. Brent crude oil prices remain elevated, shipping through the Strait of Hormuz has yet to normalize to pre-conflict levels, and prices remain sharply higher for a broad array of commodities sourced from the Persian Gulf region. Separately, U.S.–China technology competition has sharpened and is increasingly affecting biopharma value chains: the BIOSECURE Act became law in December 2025, and the Biotech Investment National Security Act (BINSA) was proposed in June 2026, putting pressure on both upstream contract manufacturing and downstream flows of innovation. Tariffs have added further complexity with Section 232 duties of up to 100% on branded pharmaceuticals and up to 200% on generics. U.S. drug pricing reforms have moved from debate to implementation, with Most-Favored Nation pricing efforts being operationalized through CMMI demonstrations, corporate deals with the White House, and Section 301 trade probes into foreign drug pricing practices. Along with expanded IRA price negotiations, companies have had to rework commercial strategies, launch sequences, and deal structures.

Within this global landscape, biopharma has shown resilience while navigating a reshaped operating environment, with M&A gaining momentum through the second half of 2025 resulting in full-year 2025 deal value above $130 billion and H1 2026 above $120 billion. Capital markets have followed suit, with the IPO window reopening after a multi-year freeze; the 13 IPOs in H1 2026, including the two largest biotech IPOs to date, already exceed the 11 completed in all of 2025 and, in August, the XBI approached its previous all-time high of $173.99 set in February 2021.

Against this backdrop, our 2026 Global Biopharmaceutical Leaders Study was fielded in June 2026. This year's Study included participation from 400 leaders across many of the largest biopharma companies globally, as well as smaller public and private companies, and prominent investment firms. The respondents comprise 359 C-level corporate executives and 41 leading investors. Among the C-level executives, 41 are from large-cap public companies, 34 from mid-cap companies, 57 from small-cap companies, and 71 from micro-cap companies[1]. Additionally, 156 executives are from private companies.

1 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 between $1 billion and $5 billion, and micro-cap companies are defined as companies with a market capitalization of less than $1 billion.

1 Optimistic Biotech Equity Market Sentiment, Although Not Without Risks.

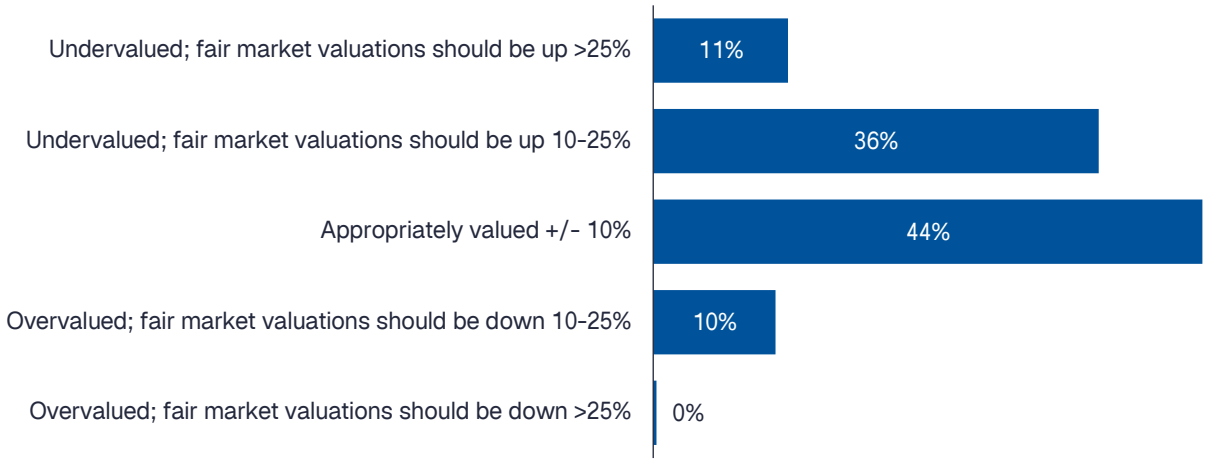
For the first time in several years, a plurality of respondents believes the biotech public equity market is appropriately valued. This improved sentiment is underscored by increasing optimism that biotech financing will be sustained by public and private markets. Furthermore, robust M&A activity and efficiencies from AI are seen as key opportunities in the near future, while the most significant risks ahead are macroeconomic and political risks, FDA effectiveness, and U.S. drug pricing uncertainty. Uniquely, China is considered a double-edged sword, with executives perceiving it to be both a significant opportunity and risk.

Perspectives on XBI and NBI Valuations

At the conclusion of fielding this Study[1], the SPDR S&P Biotech ETF (XBI) had risen by 25% year-to-date and the NASDAQ Biotechnology Index (NBI) had risen by 11%, supported by positive clinical data, successful IPOs, rotation of capital out of the technology sector into healthcare, and an increase in M&A activity. Over the same period, the CBOE Volatility Index (VIX) has averaged under 20, contrasting with the April 2025 spike over 50, the highest reading since 2020, which reflected an exceptional period of market volatility. While nearly half of respondents still perceive the market as undervalued (47%, down from 73% last year), respondents are increasingly seeing the market as appropriately valued (44%, up from 22% last year).

Large-cap biopharma leaders hold steady in viewing the market as appropriately valued (49%, versus 48% last year), while small-cap (39%), micro-cap (37%), private biotech leaders (47%), and investors (49%) each held a similar view, which is two to three times higher than last year for each of these segments. Mid-cap biopharma leaders, however, leaned toward overvaluation (18%, up from 6%) as appropriate-valuation sentiment fell (38%, down from 50%).

Q: It has been another volatile year in the biotech public equity market, with the XBI at 132 and the NBI at 5,891 (as of May 22, 2026). With respect to these current XBI and NBI valuations, is the market:



Note: Figures may not sum to 100% due to rounding. "Plurality" refers to the single most selected response option ("Appropriately valued +/- 10%", 44%); the two "undervalued" response options combined total 47%.

1 June 25, 2026. Since June 25, 2026, through August 31, 2026, the XBI and NBI have risen 7.2% and 12.4%, respectively. As of August 31, 2026, the XBI and NBI have risen 33.7% and 24.9% YTD, respectively.

Market Cycle Predictions

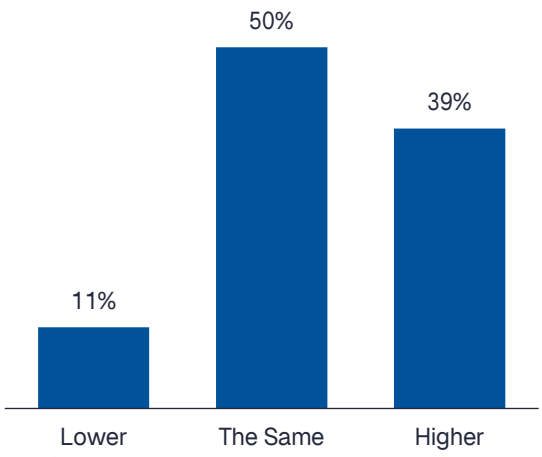
There is considerable optimism about the ability to finance biotech through the public or private markets. In this year's Study, almost 90% of biopharmaceutical leaders anticipate these financings to be higher or the same in the next twelve months relative to the first half of 2026. The Study reflects a significant and broad-based shift from 2025 across private and public biopharma and investors, when approximately 80% anticipated lower or the same financing from the year prior.

89%
anticipate financings to be higher or the same in the next twelve months

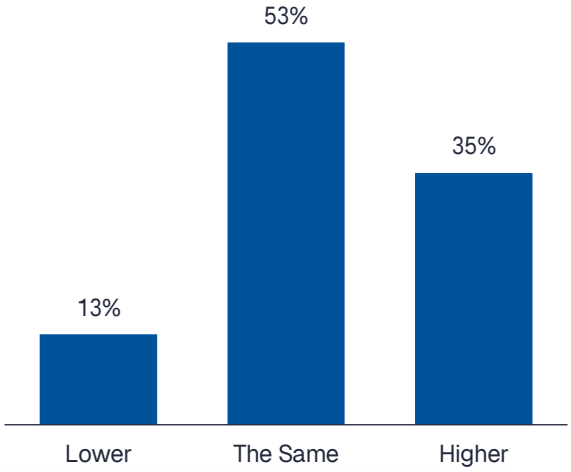
While perceptions consistently improve across respondents, private biotechs are particularly optimistic about access to public market financing (91% higher or same access vs. 60% in 2025), which is consistent with the increase in annual IPOs and follow-on offerings.

Q: In the next 12 months, do you expect the following to be higher, lower, or the same relative to the first half of 2026?

Ability to Finance Through Public



Ability to Finance Through Private



Note: Figures may not sum to 100% due to rounding.

Key Opportunities Predictions

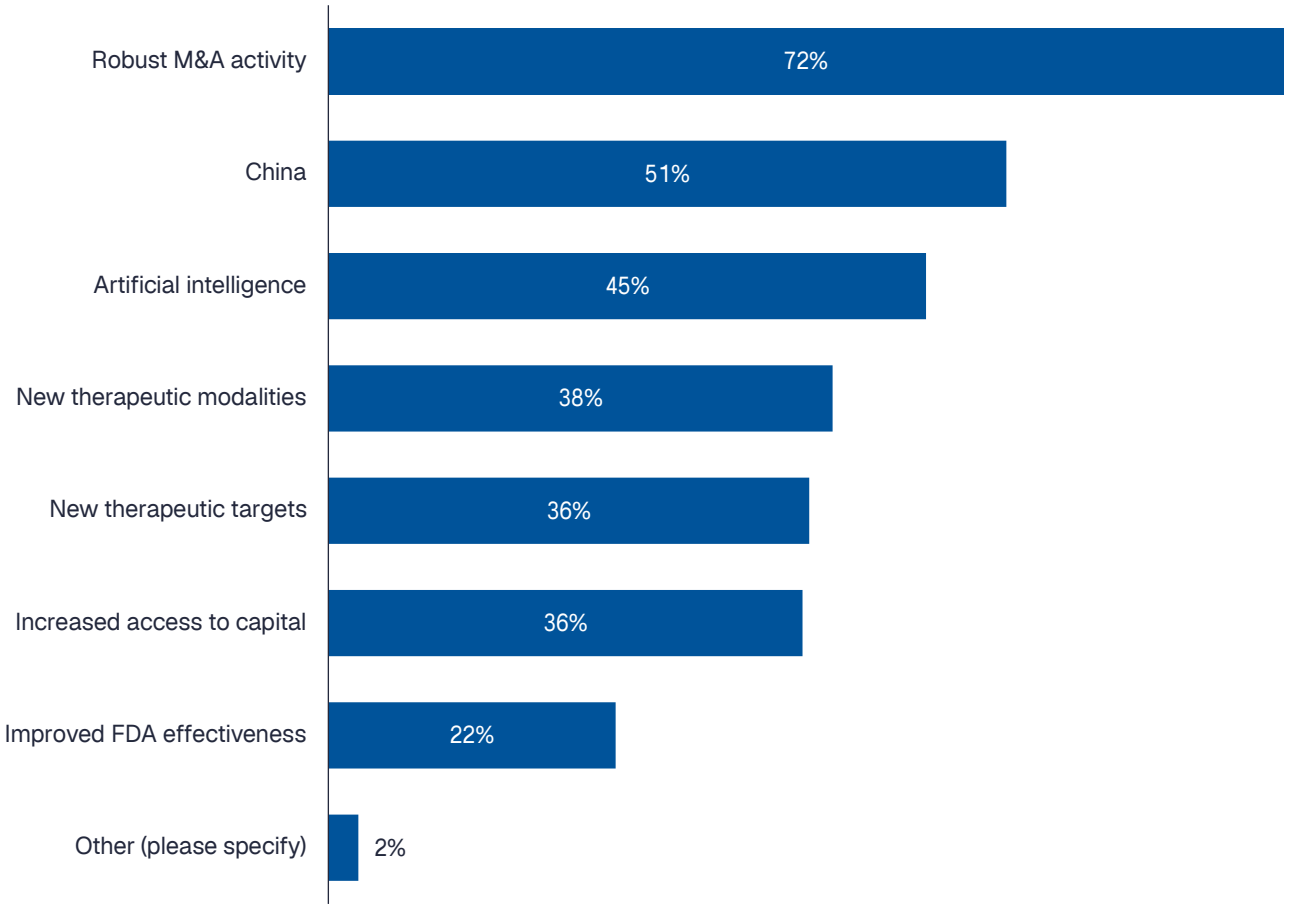
Robust M&A activity tops the list of the most significant opportunities for the biopharma sector over the next 24 months (72%), tracking a sharp rise in transactions in 2026, including Q2 2026, which has been the strongest quarter since Q4 2020 based on the number of transactions announced. Large-cap pharma leaders, however, are more measured, with 51% citing robust M&A activity as the top opportunity.

In addition to M&A, many respondents highlight China (51%) and Artificial Intelligence (AI) (45%) as key opportunities. Large-cap leaders and investors are more bullish about China (63% and 59%, respectively), although investors are less optimistic on AI (32%).

72%

cite robust M&A activity as the most significant opportunity for the sector over the next 24 months

Q: What are the most significant opportunities to the biopharma sector in the next 24 months? Select your top three answers:



Note: Figures may not sum to 100% due to rounding.

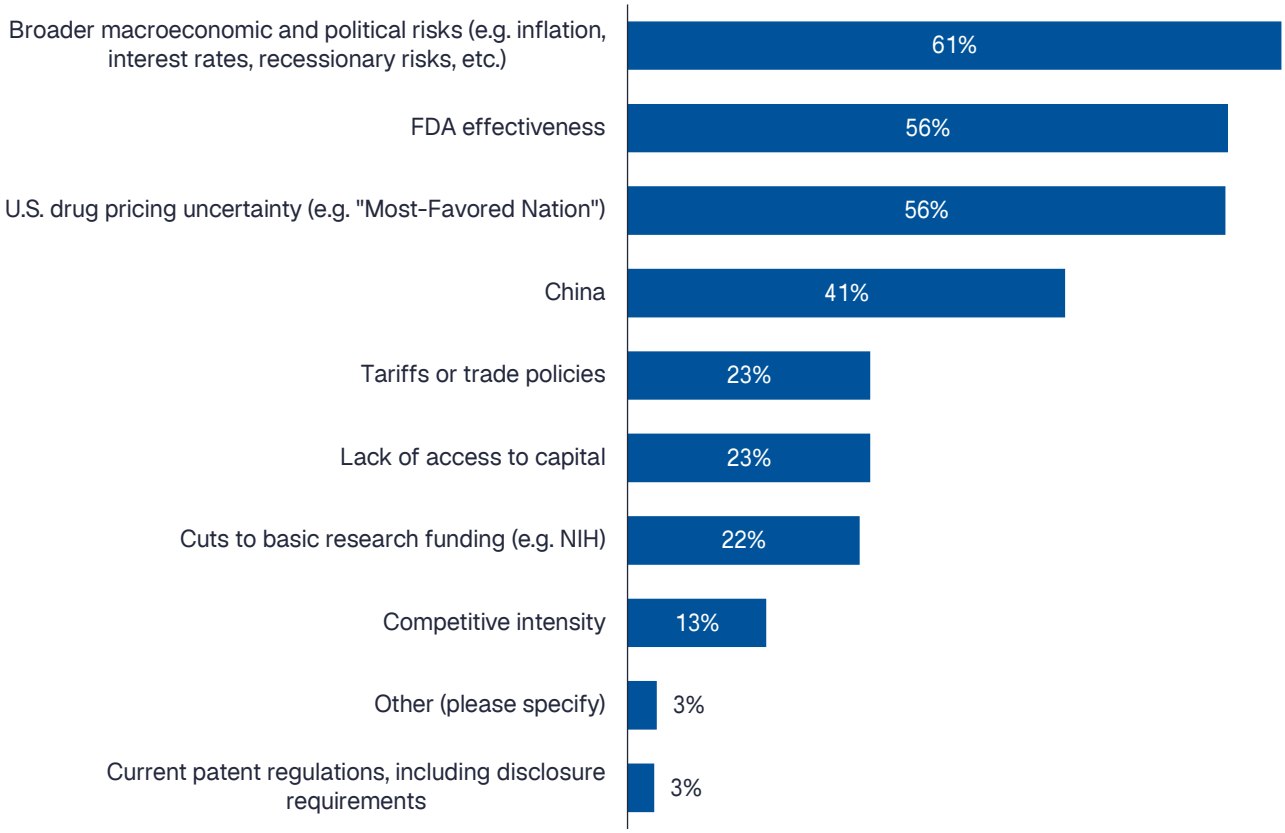
Key Risks Predictions

We asked respondents to identify the most significant risk factors for the biopharma sector over the next 24 months. Most biopharmaceutical leaders (61%) cite macroeconomic and political factors such as inflation and interest rates, which has tempered slightly compared to last year (67%).

In addition to macroeconomic risk, many respondents highlight risk of impaired FDA effectiveness (56%) and U.S. drug pricing uncertainty (56%) as major concerns. Notably, 83% of large pharma leaders cite U.S. drug pricing uncertainty as a top risk, which is viewed as the most significant risk by far for this group.

China has emerged as a key risk for the biopharma sector (41%), particularly among large pharma leaders (54%), counter-balancing its perception also as an opportunity.

Q: What are the most significant risks to the biopharma sector in the next 24 months? Select your top three answers:



"The rise of China's capability to come up with first-in-class and best-in-class drug candidates and impressive use of AI technology in biopharma (and beyond), against a backdrop of a less biopharma-friendly environment in the US, sets us up for an unequal fight in a very competitive arena"
– Study Respondent

Note: Figures may not sum to 100% due to rounding.

2 U.S. Drug Pricing Policy Expected to Limit Ex-U.S. Launches, While Views Vary on Impact on Drug Prices.

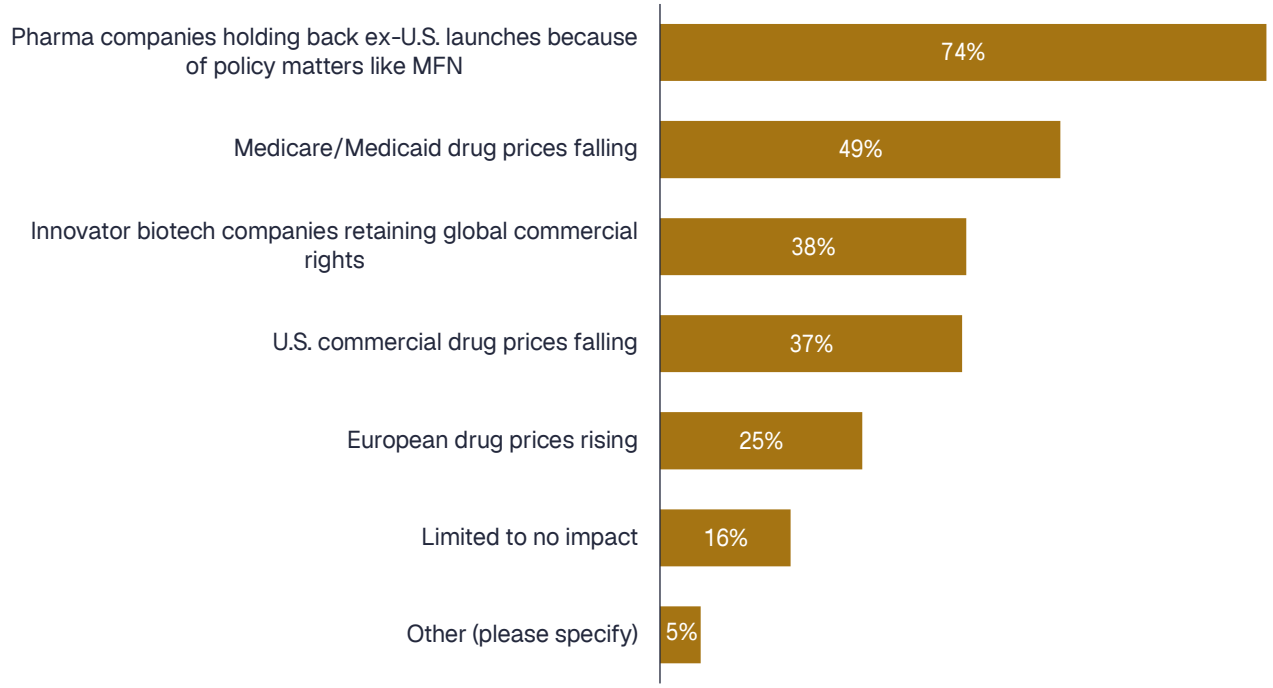
The most anticipated consequence of U.S. drug pricing policy over the next three years is pharma pulling back ex-U.S. launches. Leaders also expect biotechnology companies to retain global commercial rights rather than partner them. Overall, expectations on where U.S. drug prices will settle over the next three years are split, with differing views across sub-groups of respondents. U.S.-based biopharma leaders and large pharma leaders tend to predict falling U.S. drug prices, whereas small-cap and mid-cap biopharma leaders and European leaders tend to predict rising U.S. drug prices. The majority of respondents, however, expect European prices to climb, with a plurality expecting increases to outpace inflation.

Drug Pricing Policy Impact

The current Administration's drug-pricing policy, including MFN, is expected by a significant majority of respondents to limit product launches outside the U.S. by 2029 (74%). This view rises to near-unanimity among large pharma leaders (90%).

Expectations are that drug pricing policy will cause Medicare/Medicaid drug prices to fall (49%), biotech companies to retain global rights rather than partner (38%) and U.S. commercial drug prices to fall (37%).

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: Figures may not sum to 100% due to rounding.

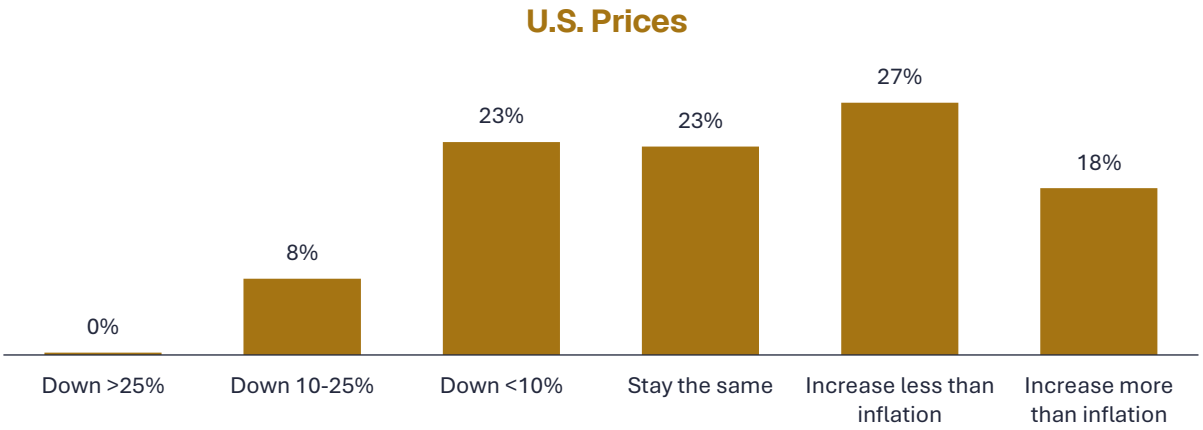
Drug Pricing Outlook

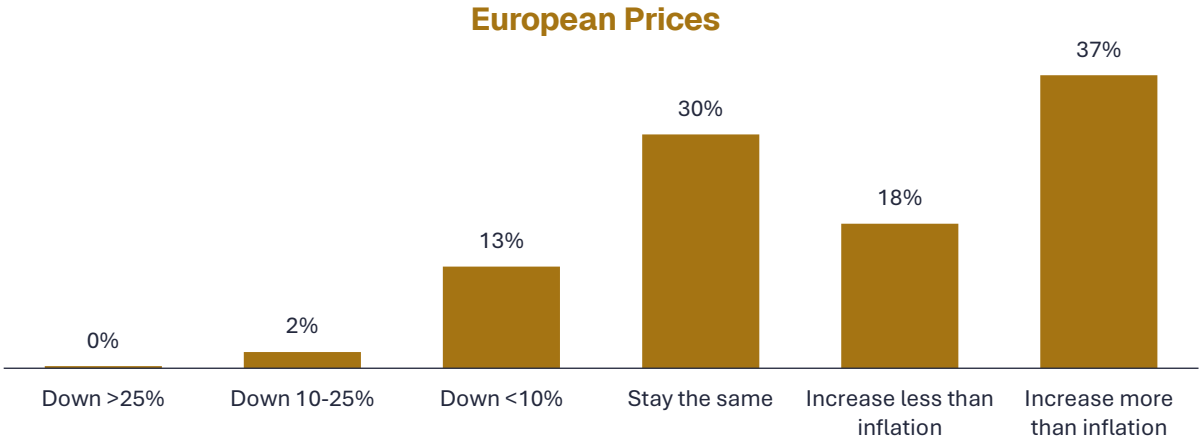
Overall, respondents have mixed expectations for U.S. drug prices over the next three years. The underlying data reveals clear differences across regions and pharma segments. Nearly a third of respondents (31%) expect U.S. drug prices to fall by mid-2029, but U.S.-based biopharma leaders are far more convinced than their EU peers (45% vs. 26%). Similarly, large-cap pharma respondents are more convinced than other pharma leaders that U.S. drug prices will fall (45%). On the other hand, 45% of respondents overall expect U.S. drug prices to increase and 23% expect them to stay the same. Mid-cap, small-cap and European biopharma leaders particularly expect U.S. drug prices to increase (59%, 54%, and 50%, respectively).

31%
expect U.S. drug prices to decline by mid-2029

In contrast, the majority of biopharma leaders expect European drug prices to increase by 2029 (55%). This view is shared evenly across U.S. and EU leaders as well as biopharma segments, particularly among large pharma and mid-cap pharma leaders (approximately 60%).

Q: Relative to median branded drug prices in mid-2026, by mid-2029, what do you expect to happen to drug prices?





Note: Figures may not sum to 100% due to rounding.

3 Bolt-On Acquisition and Strategic Alliance/Licensing Activity Expected to Increase, Although Rising Valuation Expectations, Competitive Crowding, Pricing and Reimbursement Uncertainty Present Risks.

Bolt-on acquisitions are broadly expected to increase, particularly by mid-cap pharma leaders. Strategic alliances and licensing transactions are also widely expected to increase. On the other hand, large-cap consolidation is generally expected to remain at the same low level, particularly by investors, although almost 30% of large-cap pharma leaders expect an increase. Across all deal types, respondents identify valuation mismatches between buyers and sellers and competitive crowding as the top challenges to execution, followed closely by pricing and reimbursement, and FDA uncertainty.

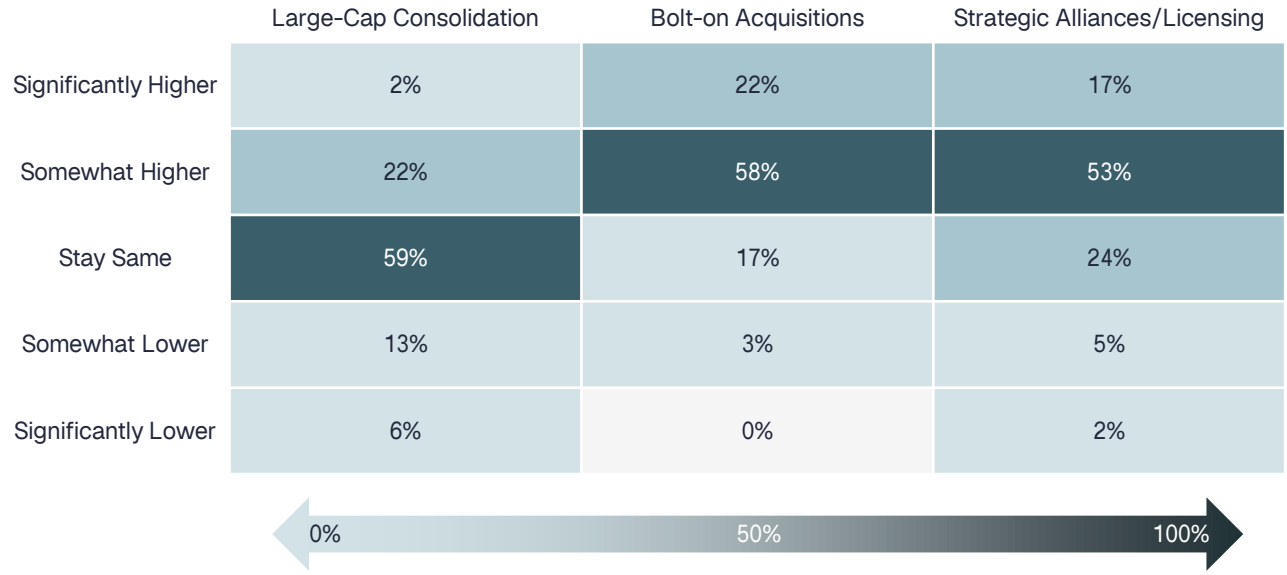
Trends for M&A and Alliances

The majority of biopharma leaders and investors expect large-cap consolidation to stay at the same low level (59%). Investors particularly hold this view (73%). Notably, however, almost a quarter of respondents expect more large-cap consolidation, and almost 30% of large-cap biopharma leaders expect it. These expectations are similar to last year.

Approximately 80% of respondents expect bolt-on acquisition activity to increase. Notably, 85% of mid-cap biopharma leaders expect bolt-on activity to be higher, whereas 61% of large-cap pharma leaders expect greater bolt-on acquisition activity.

Alliances and licensing activity is also expected to accelerate, with 70% of respondents anticipating increases over the next year.

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



Note: Figures may not sum to 100% due to rounding.

Challenges to Executing Deals in the Current Environment

The top challenges to deal execution are value expectations from biotech management and boards (51%), competitive crowding (49%), pricing and reimbursement uncertainty (39%), and FDA uncertainty (34%). Notably, FDA uncertainty is sharply up from 2024, when it was cited by only 12% of respondents.

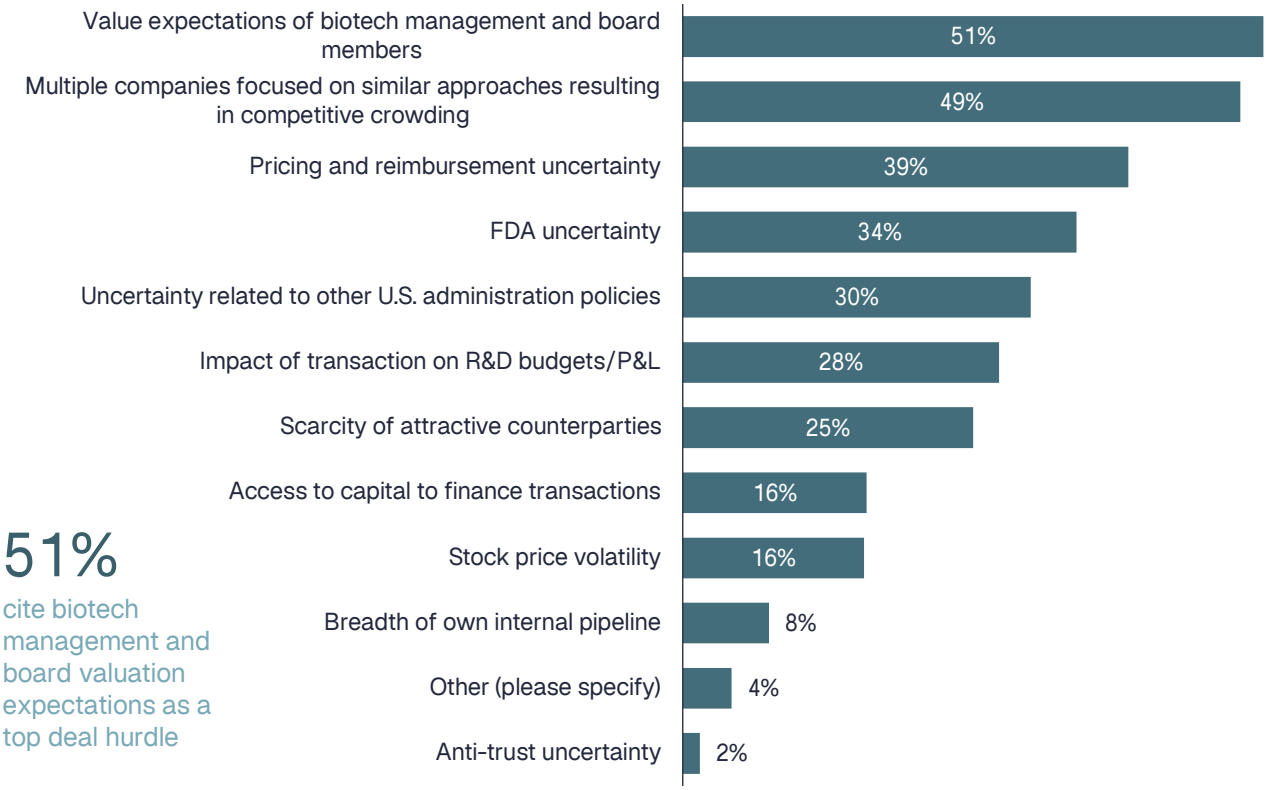
Large pharmaceutical leaders continue to cite value expectations of biotech management and board members (66%) as the top challenge to executing transactions and also point to competitive crowding (51%) and the impact of transactions on R&D budgets and the P&L (46%).

Mid-cap biopharma executives increasingly perceive a scarcity in attractive counterparties, with 47% citing it as a challenge relative to 29% last year, as well as the impact of transactions on R&D budgets and the P&L (41%).

Small-cap and micro-cap biotech executives are particularly focused on stock price volatility (33% and 31%, respectively).

Notably, investors cite competitive crowding (56%) and, similarly, the impact on R&D budget and the P&L (37%).

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



51%
cite biotech management and board valuation expectations as a top deal hurdle

Note: Figures may not sum to 100% due to rounding.

4 Autoimmune, Inflammation and Fibrosis Remains the Top Therapeutic Priority. Technological Priorities Remain Widely Distributed Across Next-Gen Antibodies, Precision Small Molecules and Antibody Drug Conjugates, Among Other Technologies.

Autoimmune, inflammation and fibrosis and solid tumors remain the clear priorities, especially for large pharma leaders. These are followed by rare diseases, metabolic and neurology. Views of the top disruptive technologies remain widely distributed, reflecting the breadth of exciting biomedical innovation. Next-gen antibodies, including bispecific and multi-specific approaches, remain the leading priority this year, particularly among large pharma leaders and investors. The prioritization of precision small molecules, antibody drug conjugates, and protein degradation all rose, while Data Analytics, Artificial Intelligence and Machine Learning slipped relative to last year.

Therapeutic Area Priorities

Autoimmune, inflammation, and fibrosis has now led the therapeutic area rankings for three consecutive years (59%), followed by solid tumors (46%), rare diseases (37%), metabolic diseases (31%), and neurology (non-psychiatry) (26%).

Notably, prioritization of autoimmune, inflammation, and fibrosis has climbed across most biopharma segments. Since last year, mid-cap, small-cap, and private biotech executives have all raised their prioritization of this therapeutic area by approximately 10 percentage points (to 41%, 61%, and 60%, respectively), although large pharma has somewhat reduced its emphasis (71%, down from 81%).

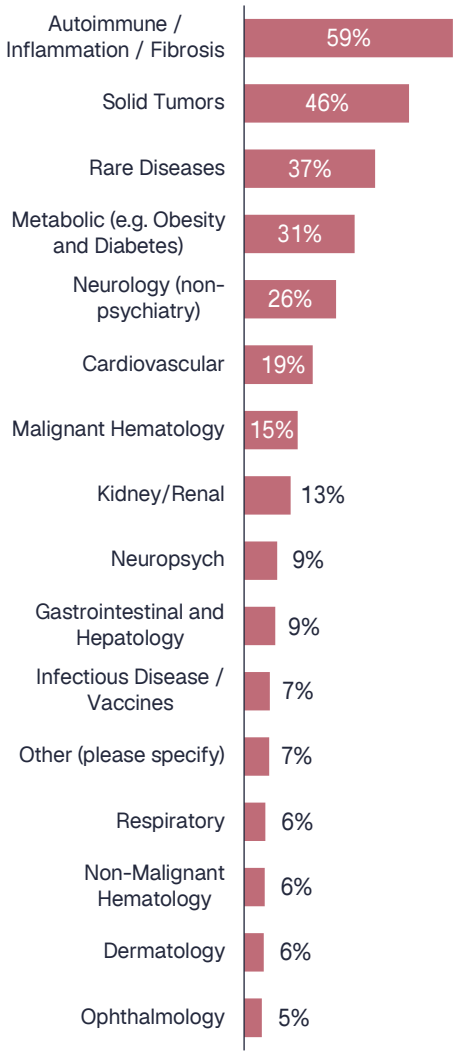
While solid tumors decline as a top priority overall from 64% in our 2021 Study to 41% in 2025, this year it rebounds to 46%, driven largely by micro-cap and investor sentiment (51% each, up from 38% and 37%, respectively, last year) and steady large pharma focus (approximately 60%). This recovery in priority may be driven by the impressive results for small molecule medicines against previously intractable diseases, such as pancreatic cancer.

Similarly, rare diseases decline as a priority among overall respondents from 53% in 2021 to 37% in 2026, with increased focus in 2026 for micro-cap (44%, up from 33% in 2025) and large-cap leaders (32%, up from 24% in 2025).

Metabolic diseases hold steady as a top priority for 31% of respondents (30% in 2025), but interest is uneven across respondent groups. Emerging biotechs and mid-cap companies remain keenly focused, including mid-cap (35%), small-cap (35%), micro-cap (31%), and private biotech (36%). Large pharma and investors, however, stand much lower at just 12% and 22%, respectively.

Neurology (non-psychiatry) decreases as a priority from last year (26%, down from 32%). Notably, it sharply decreases as a priority for mid-cap pharma leaders from 47% last year to 26% this year, and for small-cap leaders from 39% to 25%.

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



Note: Figures may not sum to 100% due to rounding.

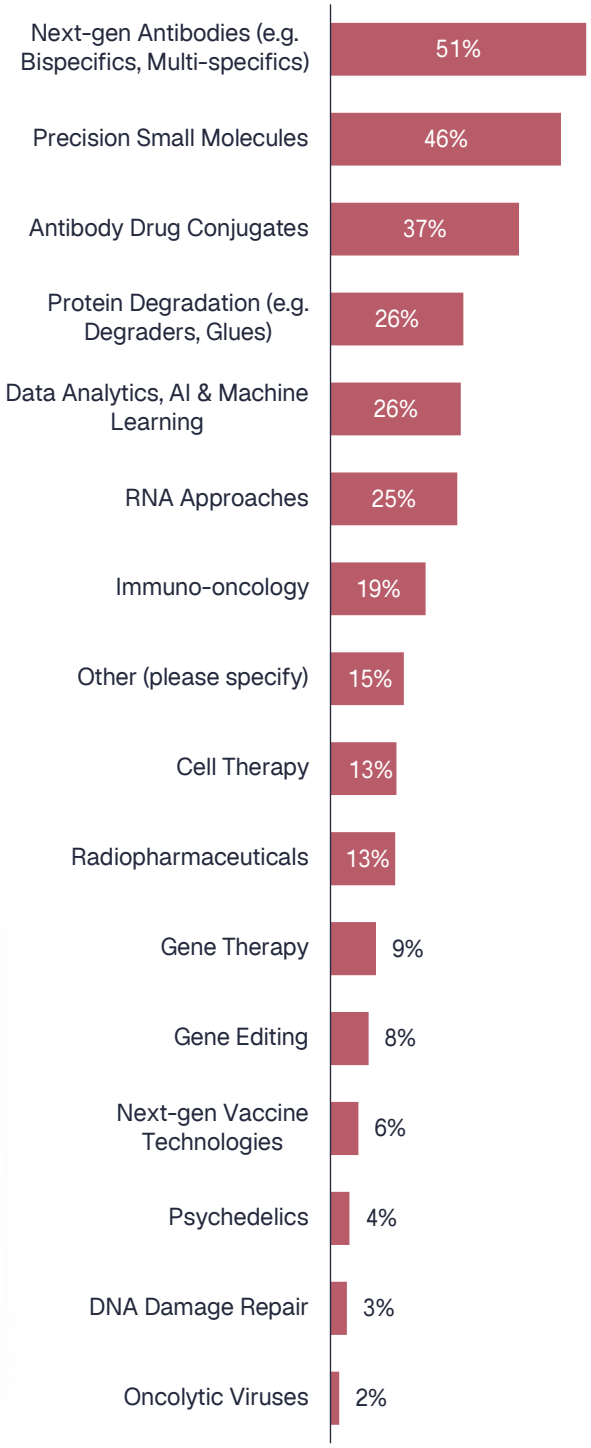
Top Innovative, Disruptive Technologies

Views on the leading disruptive technologies remain broad, reflecting again the tremendous breadth and pace of innovation. Next-generation antibodies remain the most highly cited innovative drug modality (51%, up 5% from 2025). Prioritization of precision small molecules increases markedly (46%, up 11% from last year), along with antibody drug conjugates (37%, up 5% from last year) and protein degradation (26%, up 5% from last year). Notably, prioritization of data analytics, AI, and ML decrease relative to last year from 35% to 26%.

Large pharma remains focused on next-gen antibodies, though less so than last year (63%, down 13%). Focus has been redirected to precision small molecules (56%, up 37%), while holding or building for antibody drug conjugates (46%) and protein degradation (24%). For large pharma leaders, next-gen vaccines are up from zero to 10% this year. The clear declines are immuno-oncology (15%, down 15%) and gene therapy (0%, down 8%).

Investors show similar enthusiasm for next-gen antibodies (68%) and protein degradation (37%), but, relative to large pharma, are cooler about precision small molecules (37%) and ADCs (29%), instead favoring radiopharmaceuticals (29%) and RNA approaches (29%).

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



Note: Figures may not sum to 100% due to rounding.

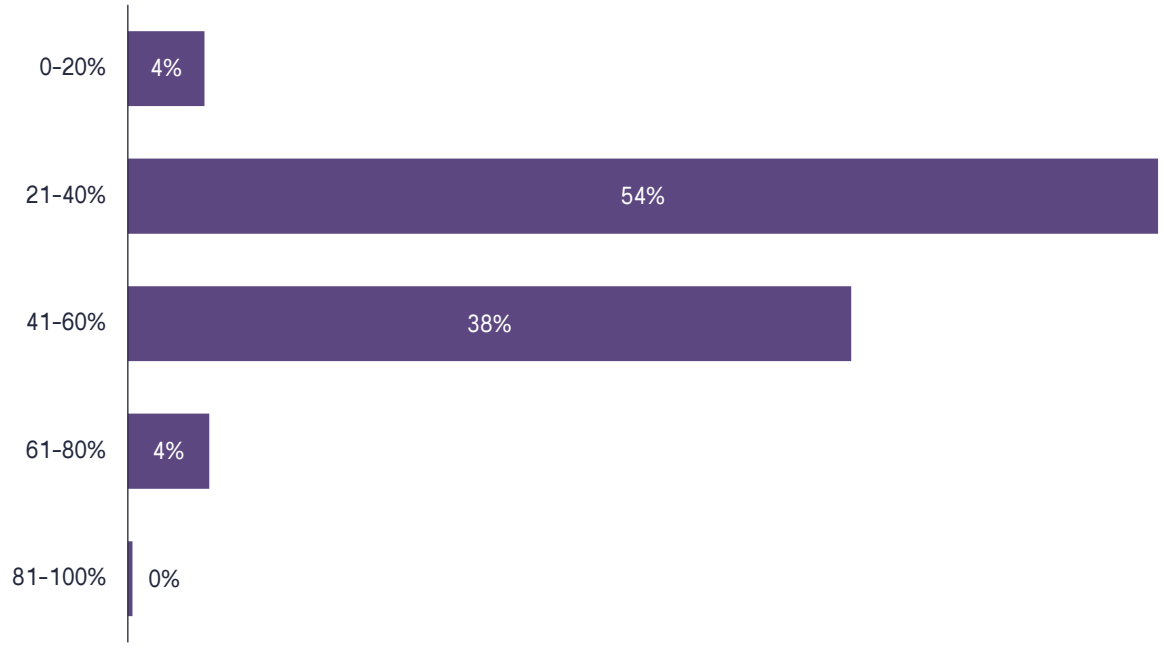
5 Influence of China Will Continue to Grow, Driven by A Combination of Increased Speed of Innovation, A Rise in First-in-Class Innovation, More Best-In-Class Innovation and Increased Competition from Chinese Pharma Companies Commercializing Drugs in the West.

Biopharmaceutical leaders and investors expect China's pipeline contribution to grow further. The drivers are no longer just cost and speed of innovation and now include a growing conviction that China will deliver both first-in-class and best-in-class medicines. Many are braced for intensifying competition from Chinese companies in Western commercial markets over the next five years.

China's Future Pipeline Contribution

Among all biopharma respondents, 42% expect drugs originating in China to comprise more than 40% of the global pipeline for innovative drugs five years from now, building on an already elevated base of approximately 25% over the past year. Sentiment on China's growing productivity of innovation is remarkably consistent among biopharma leaders across all segments as well as investors.

Q: Mainland China contributed approximately 25% of the global pipeline for innovative drugs in 2025. What percentage of global drug pipelines will have originated from China in 5 years from now?



"Early discovery in the US, unless highly innovative and/or heavily AI assisted, is dead due to China's low cost, high throughput, systematic discovery efforts."
– Study Respondent

Note: Figures may not sum to 100% due to rounding.

Key Developments in China

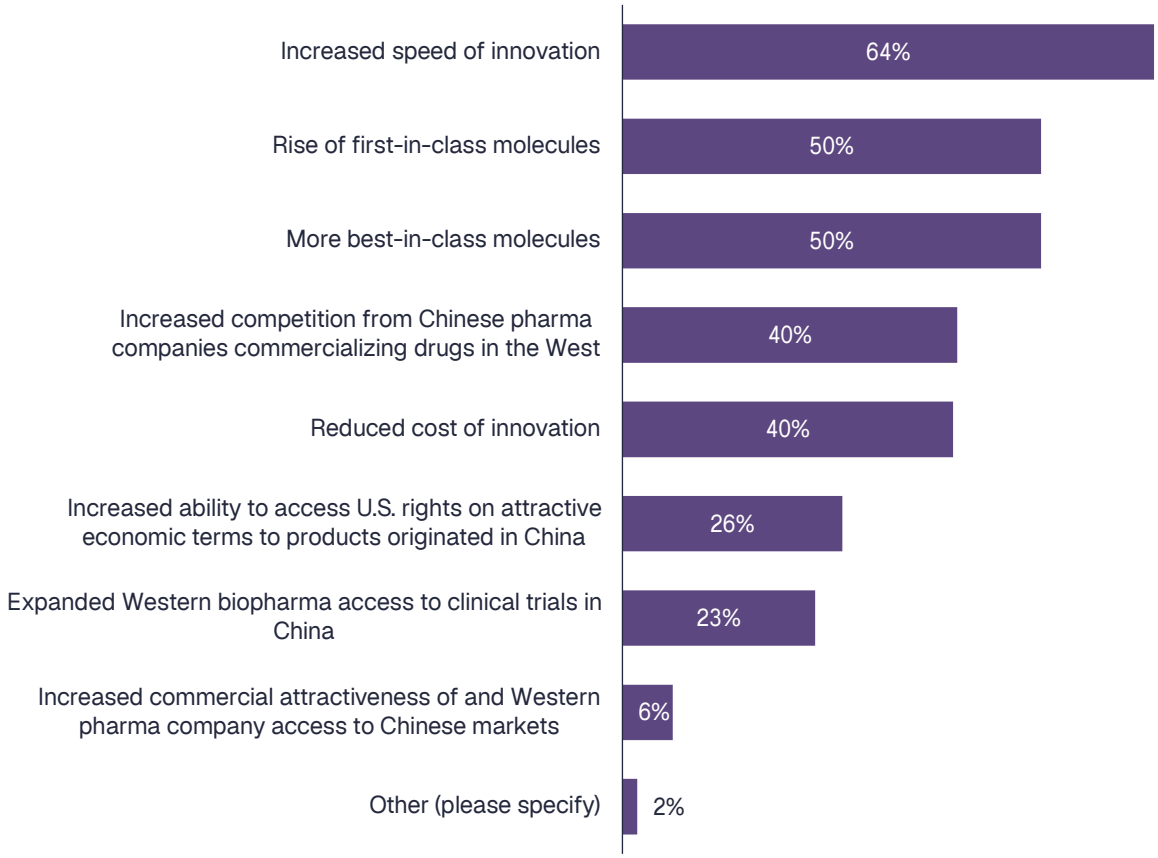
Biopharma leaders point to three defining developments from China over the next five years that underscore the burgeoning strength of China's innovation: faster innovation (64%, unchanged from last year) and the rise of first-in-class and best-in-class molecules (50% each). This year marks a shift in perspective from emphasizing China's cost advantages to the quality of its innovation. There is markedly less focus on the reduced cost of innovation in China (40%, down from 59% last year), and greater expectations for first-in-class and best-in-class molecules resulting from Chinese innovation (up 10% and 21% from last year, respectively). Sentiment on China's growing quality of innovation is also remarkably consistent among biopharma leaders across all segments as well as investors.

In addition, 40% of respondents overall expect increased competition from Chinese pharmaceutical companies commercializing drugs in Western markets. Large pharma leaders particularly hold this view (49%).

64%

of pharmaceutical leaders expect faster innovation from China in the next 5 years

Q: With China moving up the innovation curve, what are the most important further developments with respect to China that you expect in the next 5 years? (select top three)



Note: Figures may not sum to 100% due to rounding.

6 Today, Artificial Intelligence and Machine Learning (AI/ML) Most Significantly Impacts Chemistry Discovery, Although Expectations Are That It Will Shift to Biological Discovery and Clinical Development Over The Next Five Years.

Compared with our prior Studies, healthcare leaders' perception of the biggest impact of AI/ML on biopharma innovation has remained the chemistry discovery process. However, expectations have risen significantly, particularly among large pharma leaders, that its most significant impact will shift to biological discovery and clinical development.

AI/ML Impact on Drug Development

Since our 2024 Study, a plurality of respondents overall still sees chemistry discovery as the area where AI/ML currently has the greatest impact (35%, down 8% from 2024). The current impact on biology has remained flat (18%, down 1% from 2024), while the impact on clinical development has increased (17%, up 6% from 2024), driven by large and mid-cap pharma (24% and 18%, respectively). Investors and private biotech leaders see an outsized impact on chemistry discovery today (49% and 44%, respectively).

Looking ahead five years, respondents expect the impact of AI/ML to shift to clinical development (31%, up 3% from 2024) and biological discovery (24%, up 5% from 2024). Meanwhile, the impact on chemistry discovery is expected to decline on a relative basis (16%, same as in 2024). Large pharma respondents particularly expect these shifts (37% for clinical development and 34% for biological discovery).

Q: What areas are AI/ML having the most impact / will have the most impact with respect to time and cost?

	Today	In 5 Years
Biological Discovery	18%	24%
Chemistry Discovery	35%	16%
Preclinical Development	9%	10%
Clinical Development	17%	31%
Supply Chain	6%	3%
Commercial	9%	8%
Patient Engagement	7%	8%

"AI will revolutionize the entire value chain and coupled with regulatory overhaul will usher in a golden age for our industry"
– Study Respondent

Note: Figures may not sum to 100% due to rounding.

Contact

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