LIFE SCIENCES FINANCING REPORT

Q4 2026



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BIOTECH GATE

VENTURE VALUATION

1. **2026 is on track to top 2025 despite a softer third quarter.** Q3 VC value fell 15% from Q2 to USD 7.0bn but stayed 24% above Q3 2025, and 2026 has raised USD 22.7bn year to date, up 30%. Biotech & Pharma carries the year and digital health is rising, while medtech loses ground.

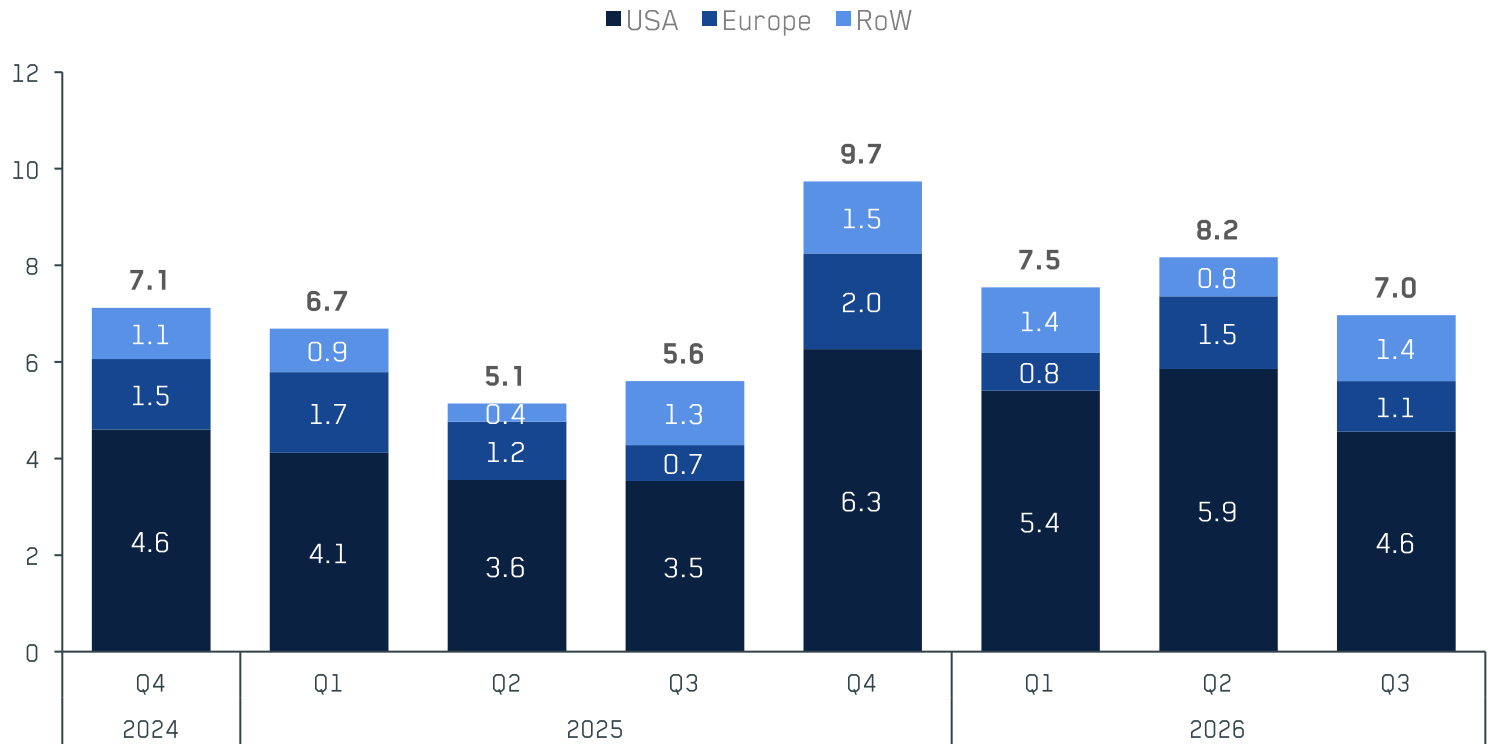
2. **Investors are backing fewer companies with larger rounds.** Q3 deal count was the lowest in two years, lifting the average disclosed round year to date to around USD 24m from USD 16m. USD 30m+ rounds hit their highest share as mid-sized rounds were squeezed, and seed has settled at a fifth of deals.

3. **Capital follows late-stage data and AI platforms.** Digital health took four of the five largest private rounds, and Chai Discovery raised at triple its late-2025 valuation. Abivax, Erasca and Amylyx timed large follow-ons to clinical data. Oncology leads funding by indication, and follow-on offerings supply nearly 60% of capital.

4. **Public markets are open, but rising rates are a new test.** Nine US biotech IPOs raised USD 2.7bn in Q3, putting 2026 on course for its strongest year since 2021, led by Phase 3-stage companies such as ADARx and Braveheart. NBI has outrun the broad market since mid-2025, but the Fed's September hike may make investors more selective.

Q3 VC value eased, yet 2026 remains on track to top 2025

Total value by region, USD bn



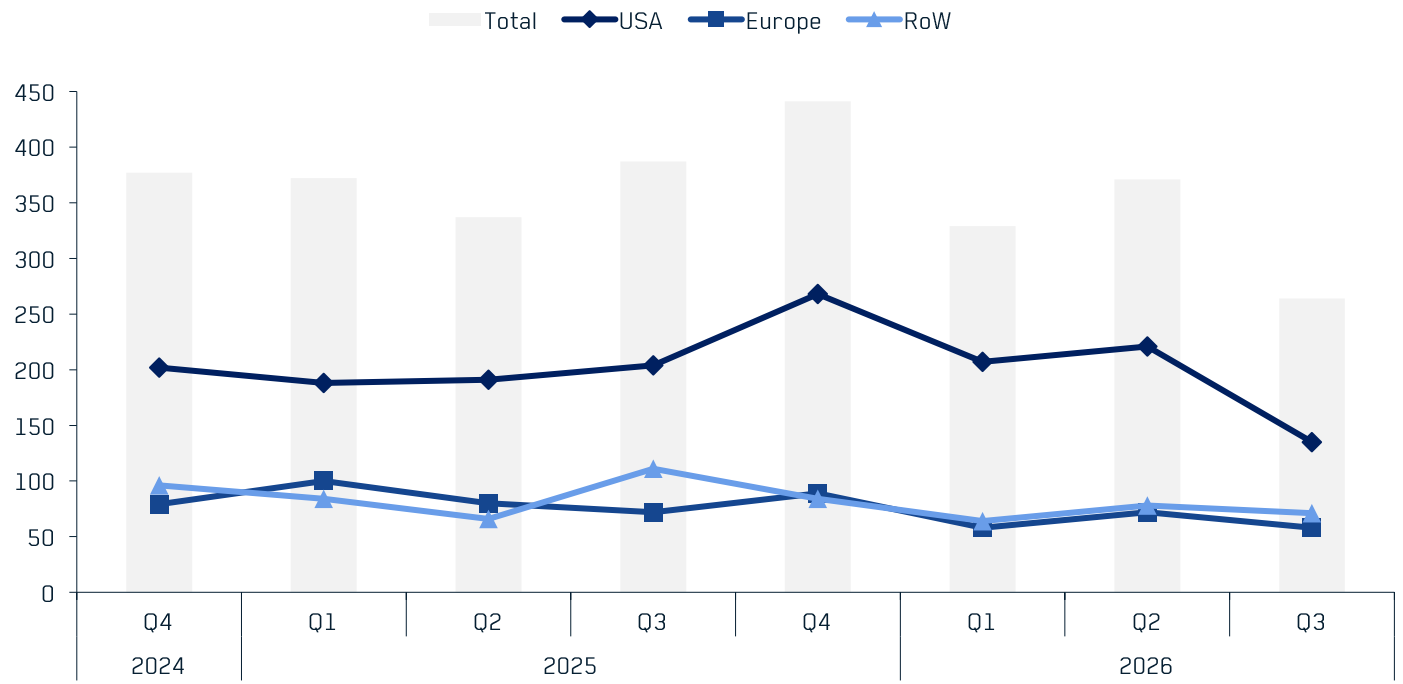
Comments

- **Q3 value eased from a strong Q2.** Q3 2026 VC deal value fell 15% from Q2 to USD 7.0 bn, but stayed 24% above Q3 2025. The US accounted for more than the entire decline, as higher RoW value (+USD 0.6bn) outweighed a softer Europe (-USD 0.4bn).
- **2026 is running well ahead of 2025.** Year to date, 2026 has raised USD 22.7bn, 30% more than the same period of 2025. Every quarter since Q4 2025 has topped USD 6bn, above the USD 5-7bn range of early 2025, with the US providing around 70% of value.
- **Full-year growth is within reach.** Even if Q4 only matches Q3, 2026 would reach around USD 29.7bn, above USD 27.2bn for full-year 2025, putting biotech VC funding on course for annual growth.

Figures cover the Biotechnology – Therapeutics and Diagnostics sector only. Chart reflects deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Total deal count fell in Q3 as investors backed fewer, larger rounds

Number of deals by region



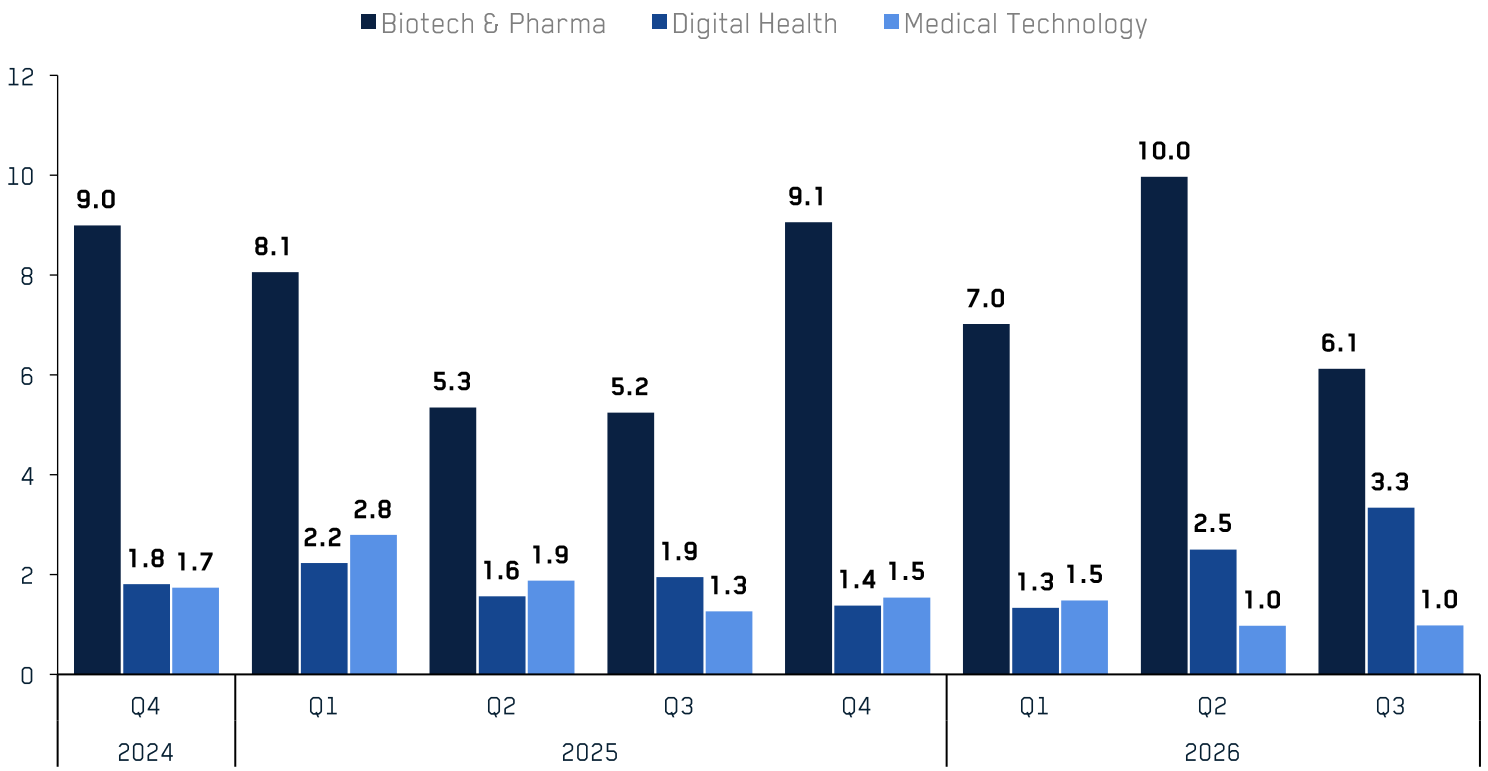
Comments

- **Deal count hit an eight-quarter low.** Q3 2026 saw 264 VC deals, down 29% from Q2 and the fewest in the eight quarters shown. The US drove about 80% of the drop (-86 deals), with smaller falls in Europe (-14) and RoW (-7).
- **Fewer deals, larger rounds.** Year to date, deal count is 12% below 2025 while value is up 30%, lifting the average disclosed round to around USD 24m from USD 16m.
- **Capital is concentrating.** Funding is flowing to fewer companies, making it harder to access for the typical biotech even as headline totals rise.

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Biotech carries 2026 private financing as digital health surges and medtech loses ground

Total value, USD bn



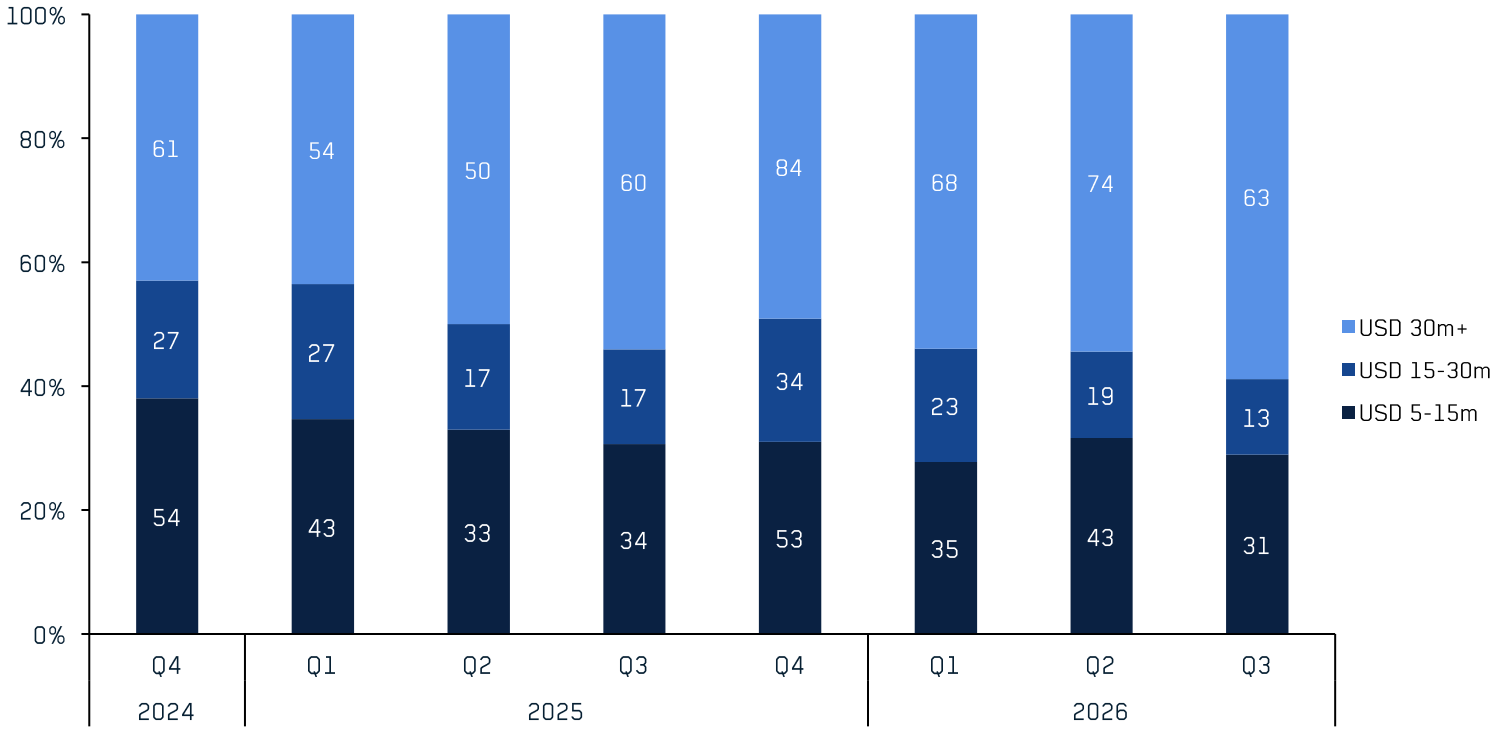
Comments

- **Biotech eased after a record Q2.** Biotech & Pharma raised USD 6.1bn in Q3, down 39% from Q2's eight-quarter high of USD 10.0bn but up 17% year on year. Q3 was the weakest quarter of 2026 so far.
- **2026 is a biotech-led year.** Year to date, Biotech & Pharma has raised USD 23.1bn, 24% more than the same period of 2025, and accounts for nearly 70% of private financing value.
- **Digital health surges as medtech loses ground.** Digital health hit an eight-quarter high of USD 3.3bn in Q3, but four rounds (Neko Health, Angle Health, Ortet and Chai Discovery) made up two-thirds of it. Medtech raised USD 1.0bn, down 65% from its Q1 2025 peak.

Biotech & Pharma segment includes Therapeutics & Diagnostics, Pharma and R&D Services sub-sectors. Chart reflects deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Mid-sized VC rounds lose ground as capital shifts to USD 30m+ deals

Proportion of deals



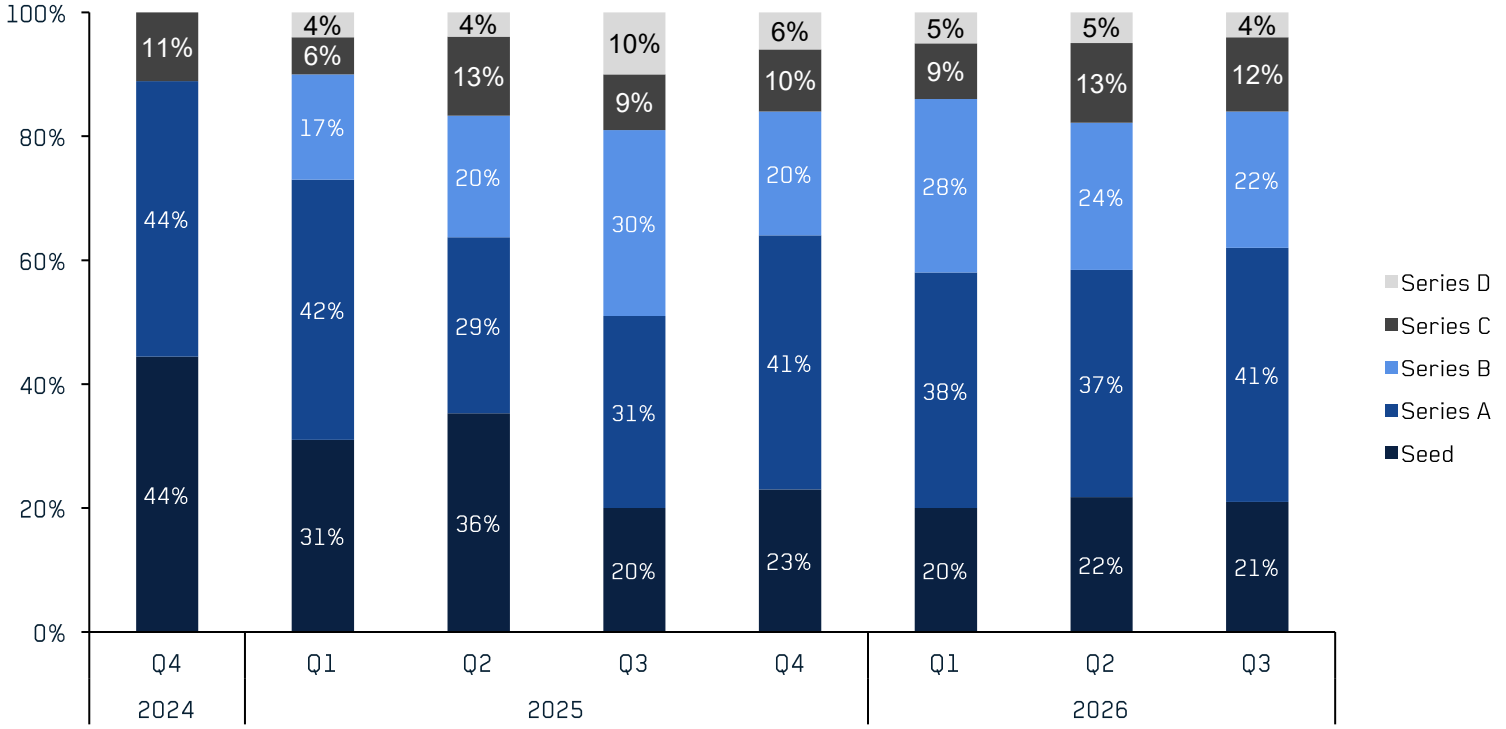
Comments

- **Large rounds reached a new high.** Rounds over USD 30m made up nearly 60% of Q3 deals, the highest share in 8 quarters.
- **Mid-sized rounds are being squeezed.** Only 13 deals fell in the USD 15–30m range, 12% of the total and the lowest in the period. Year to date, the bracket has dropped to 15% of deals, from 18% in the same period of 2025.
- **Activity is holding up despite the shift.** 2026 YTD has seen 369 deals of USD 5m+, 10% more than a year earlier, and small USD 5–15m rounds have held at around 30% of deals. Capital is moving up the size curve rather than leaving the market.

Proportion is calculated as the number of deals in each size bracket relative to all deals of USD 5m+ in the quarter. Chart reflects deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Seed's share of VC deals has halved since late 2024 as investors favour Series A and beyond

Proportion of deals



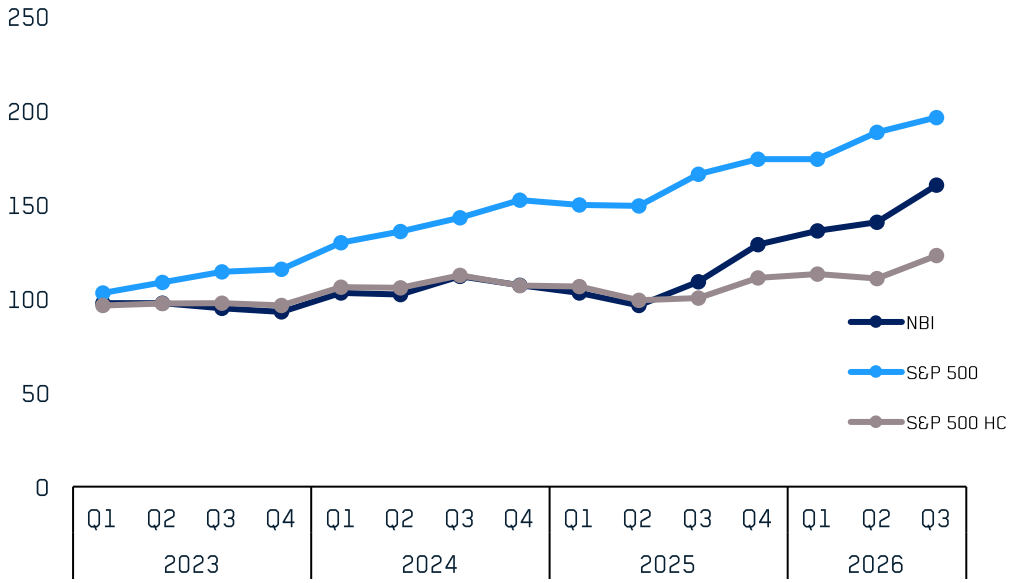
Comments

- **Series A remains the core of the market.** It accounted for around 40% of Q3 deals, the largest single stage, up from 37% in Q2.
- **Seed has settled at around a fifth of deals.** Its share fell from 44% in Q4 2024 to 20–23% in each of the last five quarters, as investors put more weight on assets with early data.
- **Later stages are holding firm.** Series C made up 13% of deals in Q2 and 12% in Q3, near its period high, and Series B to D together have made up roughly 40% of deals since Q4 2025.

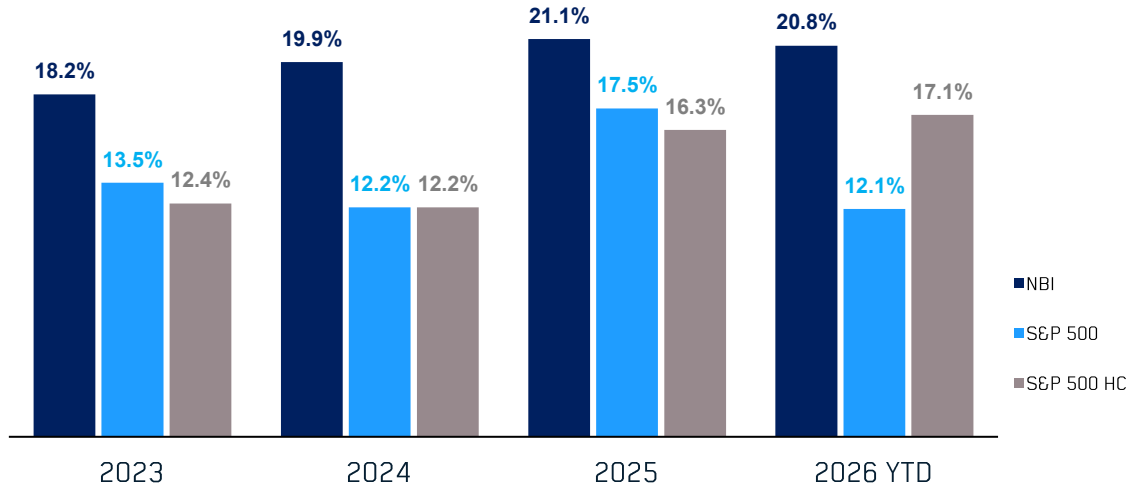
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NBI outran the broad market and its own sector since mid-2025, but with more risk

Average quarterly index price, (base = 100)



Annualised volatility of weekly returns, by year



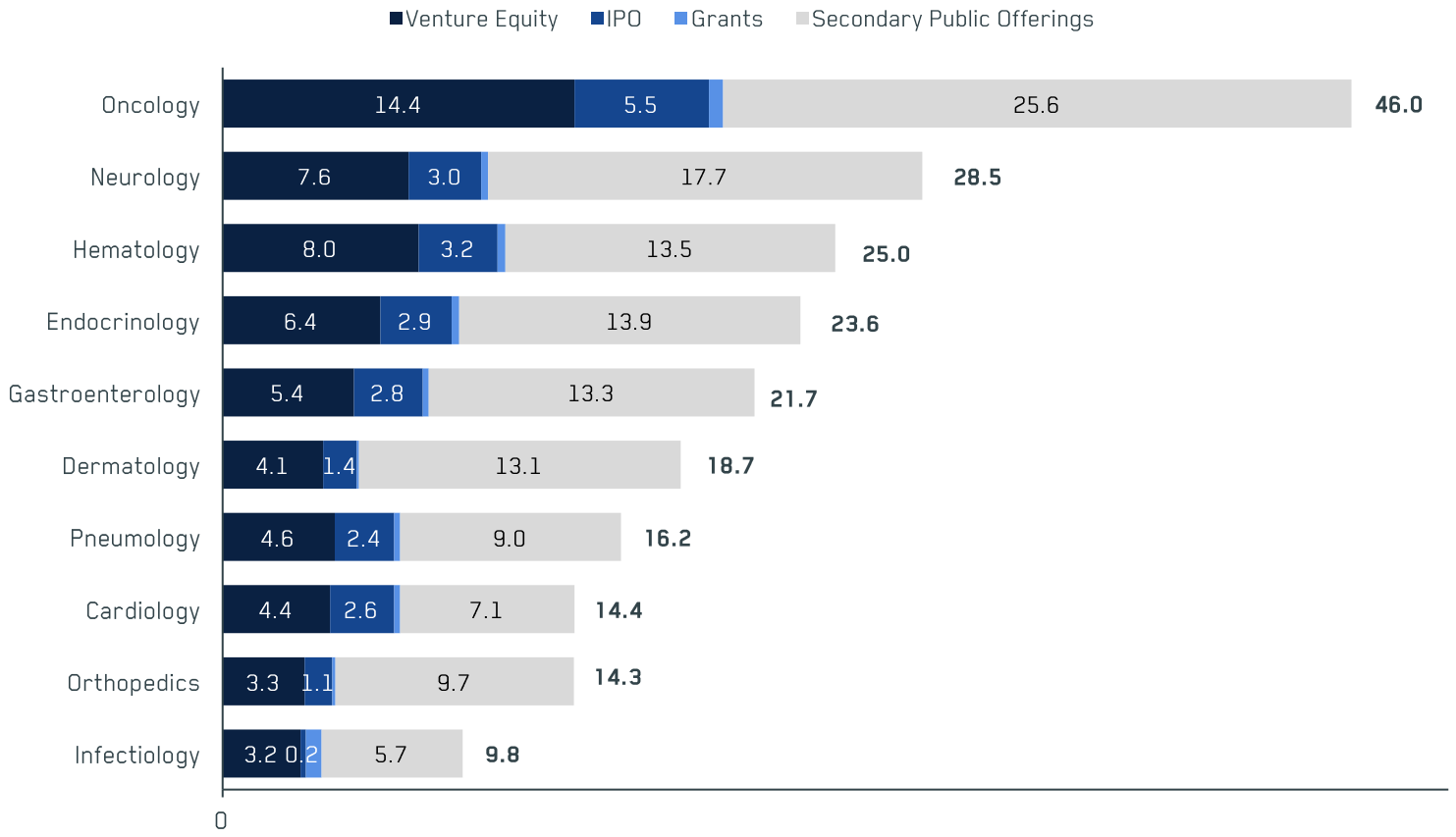
Comments

- **Stronger returns, higher risk.** NBI trailed the S&P 500 until mid-2025, then rallied to roughly double the broad market's gain, with consistently higher volatility.
- **A biotech-specific rally.** Healthcare tracked NBI until mid-2025, then fell well behind, and it has grown more volatile in 2026.
- **Rising rates are a new test.** The Fed's September hike, its first since 2023, puts pressure on rate-sensitive biotech valuations and is likely to make investors more selective.

NBI: NASDAQ Biotechnology Index; S&P 500 HC: S&P 500 Health Care sector. Volatility is the annualised standard deviation of weekly log returns; 2026 YTD runs to October 1 2026.

Oncology leads indication funding, and follow-ons supply over half of the capital

Total value by indication, USD bn



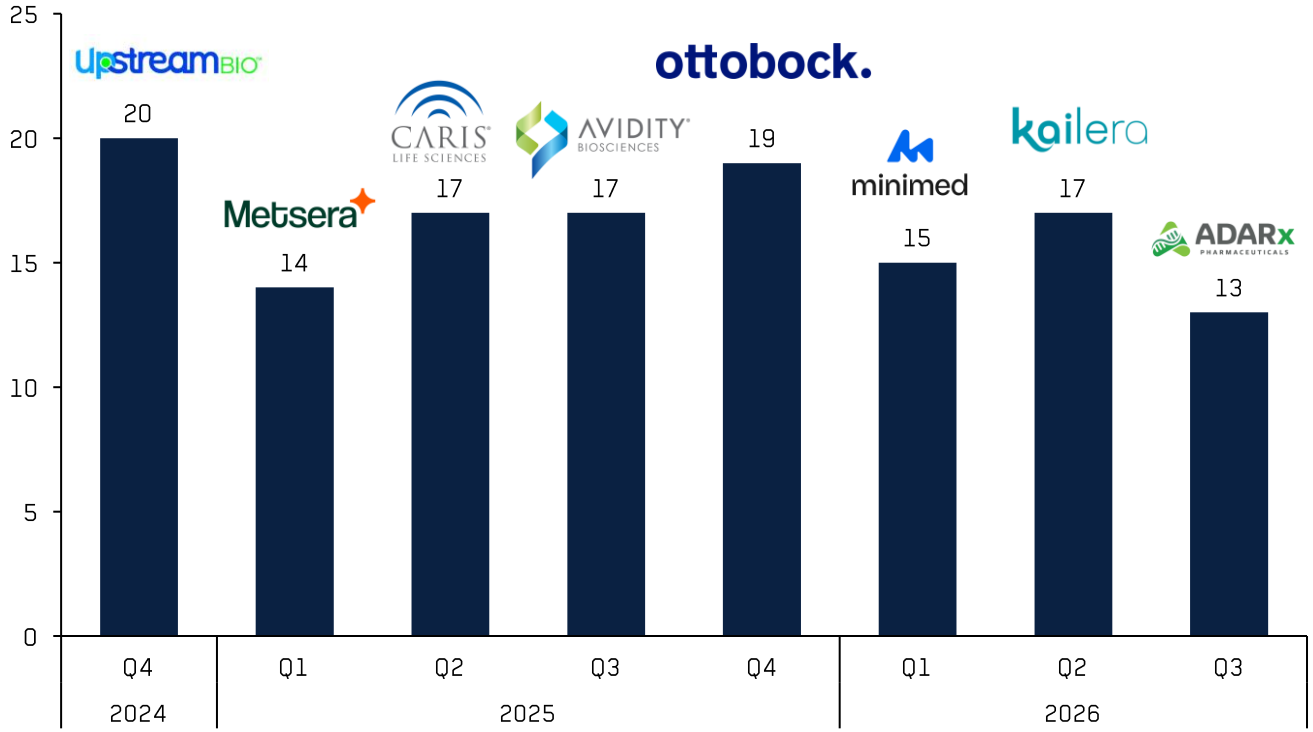
Comments

- **Oncology remains the clear leader.** At USD 46.0bn, it attracts around a fifth of the value across the top ten indications, 1.6x more than neurology (USD 28.5bn) in second place.
- **Public markets provide most of the capital.** Secondary offerings account for roughly 60% of value, against 28% from venture equity and 12% from IPOs. Investors are mainly backing companies that are already listed rather than funding new ones.
- **Funding mix varies by indication.** Dermatology and orthopaedics rely most on follow-ons. Cardiology and pneumology have the highest IPO shares. Venture equity ranges from 22% to 32% of each indication's total.

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IPO market stays hot as investors pay up for late-stage assets

Number of IPOs



Comments

- **Selective quarter, strong demand.** Q3 brought 13 IPOs, down from 17 in Q2, but demand per deal was high. Of nine US biopharma IPOs, seven priced at or above range. ADARx was the largest at USD 446m, and Braveheart closed its first day up 66%.
- **Larger tickets define 2026.** Parabilis's USD 670m June IPO set a record for a venture-backed biotech, topping Kailera's USD 625m in April, and US biotech IPO proceeds reached USD 7.3bn, the highest since 2021. Advisers expect more listings through year-end and into 2027.
- **The window is wide open for late-stage assets.** Q3's largest listings, ADARx and Braveheart, are both Phase 3-stage companies, and five of the nine US issuers were in or ready for registrational trials.

Logos reflect the largest IPO in each quarter (Biotech – Therapeutics & Diagnostics and MedTech). Charts reflect deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Digital health and AI platforms took four of the five largest private rounds in Q3

Company	Country	Sector	Deal Value (USD m)	Type of Round
XXXXXX	Sweden	Digital Health	XXXXXX	Series C
XXXXXX	USA	Digital Health	600.0	Series C
XXXXXX	USA	Digital Health	500.0	Undisclosed
XXXXXX	USA	Biotech - Therapeutics	465.0	Undisclosed
XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX

Comments

- **Digital health dominated the top of the table.** Four of the five largest rounds, USD 2.2bn in total, went to digital health. Neko Health's USD 700m Series C funds its US launch, and Chai Discovery's USD 400m Series C at USD 3.8bn roughly tripled its December 2025 valuation as Lilly and Pfizer deploy its models.
- **Headline sizes overstate fresh capital.** Angle Health's USD 600m includes a USD 400m tender offer for existing holders, and Ortet's USD 500m is a launch commitment from its sponsor Thoreau. Sail Biomedicines, the only therapeutics name, took USD 465m in equity from J&J alongside an option for J&J to acquire it for USD 2.58bn.

Biotech – Therapeutics = Biotechnology – Therapeutics & Diagnostics. Charts reflect deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Clinical data drove the quarter's largest follow-on raises as the IPO window stayed open

Company	Country	Sector	Deal Value (USD m)	Financing Stage
XXXXXX	France	Biotech - Therapeutics	920.0	Post-IPO
XXXXXX	USA	Biotech - Therapeutics	632.5	Post-IPO
XXXXXX	USA	Biotech - Therapeutics	575.0	Post-IPO
XXXXXX	USA	Biotech - Therapeutics	500.2	Post-IPO
XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX

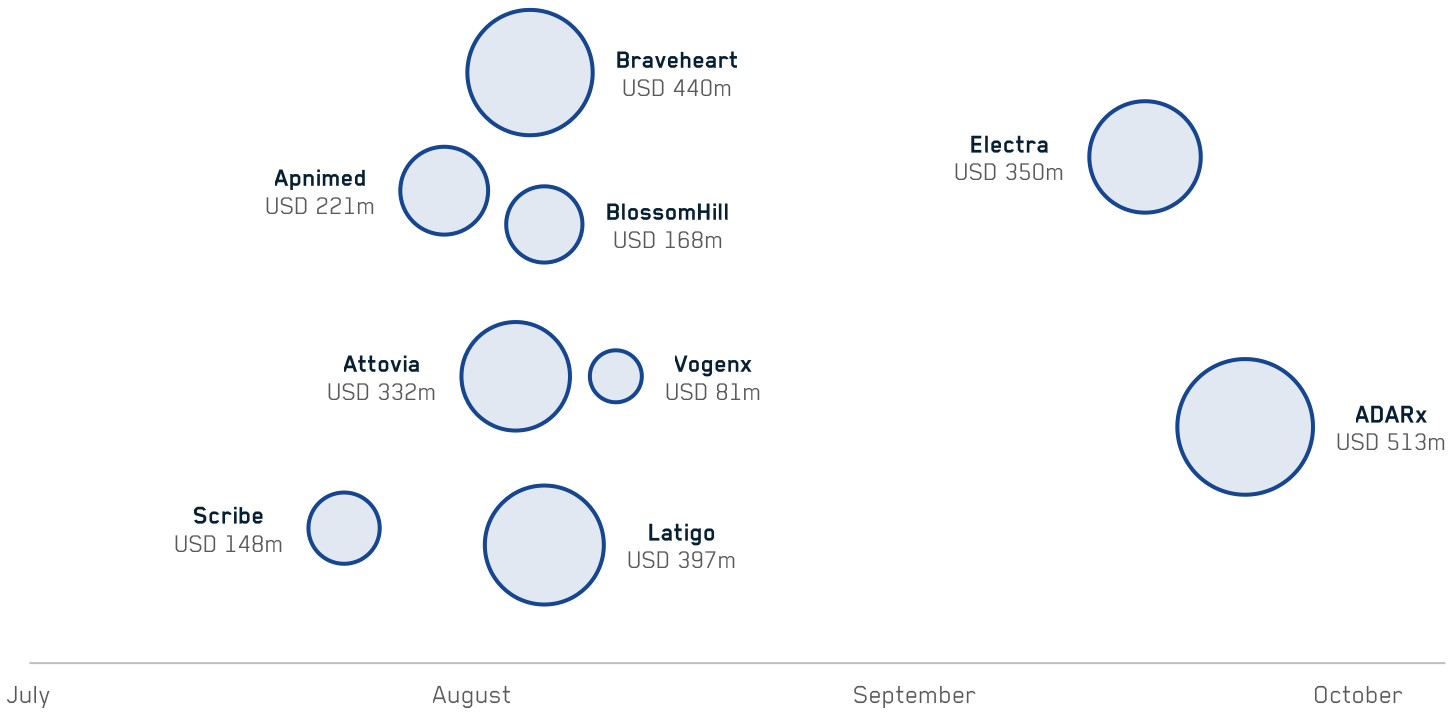
Comments

- **Financing followed the data.** Abivax's USD 920m offering, upsized from USD 600m, came days after positive Phase 3 obefazimod data, and Amylyx launched its offering the same day it reported positive Phase 3 avexitide data. Erasca priced at USD 17.50, 75% above its January raise at USD 10.
- **The IPO window favoured late-stage assets.** ADARx, the only IPO in the top five, upsized its deal by 20% and priced at the top of its range at USD 17, adding USD 89m from an AbbVie private placement to fund its Phase 3-stage siRNA pipeline.

Biotech – Therapeutics = Biotechnology – Therapeutics & Diagnostics. Charts reflect deals for which deal values were disclosed. Figures from previous reports may be updated as new information becomes available. Data available on Biotechgate – www.biotechgate.com

Nine Q3 biotech IPOs raised USD 2.7bn, extending the strongest year since 2021

Q3 2026 US biotech IPOs by pricing date, gross proceeds, USD m



Comments

- **The Window:** Nine US biotech IPOs raised USD 2.7bn in Q3, with seven priced at or above the top of their range.
- **Bigger Tickets:** Five of the nine raised over USD 300m, led by ADARx (USD 513m) and Braveheart (USD 440m).
- **Late-Stage Bias:** Five issuers were in or ready for registrational trials, including ADARx, Latigo and Apnimed.
- **M&A Fuel:** William Blair estimates public-company takeovers returned around USD 17bn to investors in Q3, capital now recycling into new issues.
- **Q4 Pipeline:** BioSpace reports TRex Bio, Retension and Iambic all priced in early October, carrying the run into Q4.

Bubble area proportional to gross IPO proceeds; US-listed biotech IPOs priced 1 Jul–30 Sep 2026. Sources: William Blair, Biotechgate, BioSpace.

About this report



This analysis was conducted by our team of specialists at Venture Valuation. The data used in this analysis was acquired from our proprietary global life sciences database Biotechgate (if not explicitly stated otherwise), which is a popular source for company and licensing deal information. This report is published on a periodic basis and can be downloaded freely from the Biotechgate newsletter or the Biotechgate website. If you want to give us feedback regarding our reports, please visit this link.

Geri is a Senior Consultant, managing valuation projects, business research and is responsible for the financial modelling of valuation projects. During his time at Venture Valuation, he has worked with top management of Fortune 500 companies, established biotech firms as well as small innovative companies supporting their fundraising, licensing, and M&A activities. Geri holds a Pharm.D. degree (Semmelweis University, Budapest) and an M.Sc. degree in Bioentrepreneurship (Karolinska Institutet, Stockholm).

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FINANCING DEALS PRIVATE COMPANIES – Q3 2026

Company	Sector	Deal Value (USDm)	Financing Stage	Country
XXXXXX	Digital Health	XXXXXX	Series C	Sweden
XXXXXX	Digital Health	XXXXXX	Series C	USA
XXXXXX	Digital Health	XXXXXX	Other	USA
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Other	USA
XXXXXX	Digital Health	XXXXXX	Series C	USA

Source: Biotechgate

FINANCING DEALS PUBLIC COMPANIES – Q3 2026

Company	Sector	Deal Value (USDm)	Financing Stage	Country
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Post-IPO	France
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Post-IPO	USA
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Post-IPO	USA
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Post-IPO	USA
XXXXXX	Biotechnology - Therapeutics and Diagnostics	XXXXXX	Going public / IPO	USA

Source: Biotechgate


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