BLACKLIGHT PARTNERS

The Reverse Migration of Biotech

Asia Is Now the Innovation Engine. The West is Packaging the Upside.

Executive Summary: Asia now represents 43% of the global innovative drug pipeline, up from 28% just five years ago, and drove >85% of global pipeline growth in 2024. Western venture capital is increasingly accessing that innovation through the NewCo model, shifting the competitive advantage from asset access to underwriting rigor. The next wave of returns will depend on commercial translation discipline, not molecule origin.

THE MACRO SHIFT

Asia's Innovation Acceleration

85%
Of global pipeline growth in 2024

~⅔
Of global biotech patent grants in 2024

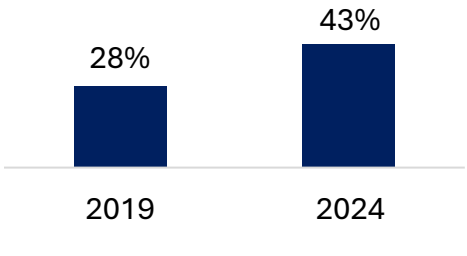
$800M+
China out-licensing upfronts in 2024 (< $100M in 2020)

In less than a decade, Asia has shifted from fast follower to global innovation engine. What began as cost-efficient development has evolved into platform-level leadership across ADCs, multispecific antibodies, radioligands, RNA therapies, and next-generation biologics.

The region is no longer primarily adapting Western science but increasingly originating differentiated assets and advancing them at scale.

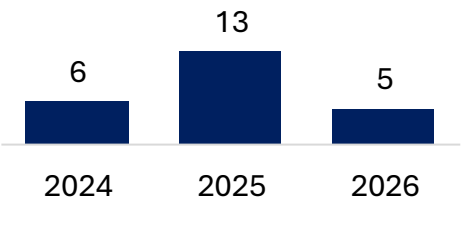
The NewCo model is not driving this change. It is structuring and financing it.

GLOBAL PIPELINE SHARE



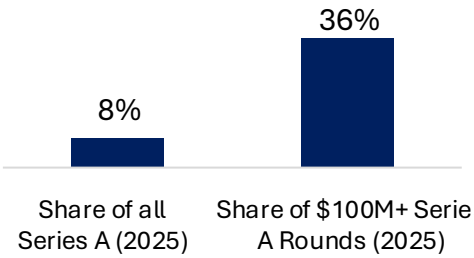
Asia's pipeline share expanded 15 percentage points in five years.

NEWCOs FORMATION



At current pace, 2026 formation will exceed 2025's record.

CAPITAL CONCENTRATION



Capital is no longer experimenting. It is allocating at scale.

WHY THE INNOVATION ENGINE IS ACCELERATING

- Discovery-to-IND cycles 50–70% faster than global benchmarks
- Late-stage recruitment 2-5x faster than U.S./EU
- Approval timelines reduced from ~4.5 years to ~1 year
- ~39% of global clinical trials conducted in China in 2023

"Asia now accounts for nearly half of global innovative pipeline activity."

BLACKLIGHT PARTNERS

The Reverse Migration of Biotech

Asia Is Now the Innovation Engine. The West is Packaging the Upside.

THE UNDERWRITING REALITY

Asia Clinical Development → Western SpinCo → Series A ($100M–$300M) → U.S./EU Clinical Development → Exit (IPO or M&A)

Where Risk Enters the Model

As capital scales, so do the embedded risks.

1. DATA TRANSLATION RISK

- *Risk:* Data portability
- *Key Changes:* FDA endpoints, standard-of-care alignment, comparator selection
- *Investor Impact:* Phase II may not fully de-risk U.S. execution

An asset can be clinically validated - and commercially misaligned.

2. INDICATION RESET

- *Risk:* Commercial thesis reset
- *Key Changes:* Patient segmentation, pricing logic, competitive sequencing
- *Investor Impact:* Commercial thesis may need rebuilding

The molecule travels. The commercial thesis often must be rebuilt.

3. STRUCTURAL DEAL OVERHANG

- *Risk:* Capital stack complexity
- *Key Changes:* Upfronts, milestone stacking, tiered royalties, parent equity
- *Investor Impact:* IRR compression, exit timing sensitivity

The asset may be de-risked. The economics often are not.

"The world's fastest clinical engine is colliding with the world's deepest venture pools."

THE EDGE IS MOVING

Emerging Risk		Strategic Response
Clinical signals may not translate globally	→	Translate clinical signals into commercial positioning
Accelerated timelines shift value inflection	→	Reassess valuation timing and competitive dynamics
Royalty stacking compresses economics	→	Model cross-border economics rigorously
Western competition alters positioning	→	Stress-test Western competitive landscapes
Regulatory requirements may evolve	→	Design clinical strategy with exit optionality
Geopolitical scrutiny of biotech	→	Anticipate evolving policy/regulatory frameworks

Science now travels globally. Return profiles depend on strategy.