



State of Life Sciences in Texas

Q1 2025 | Published August 2025



| Summary

Texas Life Sciences Q1 2025

Pipeline Maturation, Late-Stage Momentum & Capital Concentration

Texas life sciences demonstrated resilient fundamentals in Q1 2025, with notable private capital deployment and advancing clinical pipelines offsetting public market volatility. The quarter showcased a maturing ecosystem where fewer, larger deals drove exceptional fundraising performance, while advanced trials validated the state's growing clinical capabilities.

Here are key highlights from our Q1 2025 report

Innovation stability: Biotech/genetic engineering patent publications sustained growth momentum, with 185+ total patents published representing continued R&D investment.

Clinical pipeline health: Texas trial locations demonstrated superior Phase 2/3 transition rates compared to typical dynamics, while local sponsors faced significant capital constraints limiting late-stage advancement.

Private capital concentration: Record \$1.3 billion raised with Series B+ deals expanding to 34% of total capital, indicating ecosystem maturation toward larger, later-stage financing rounds.

Public market retreat: Core life sciences sectors declined broadly (-10%), while zero Texas-based IPOs completed, reflecting investor risk-aversion and challenging public market access for emerging companies.

Geographic leadership: Houston maintained dominance across all funding categories, while Austin showed particular strength in overall life sciences deal activity.

We appreciate your engagement with Texas life sciences. We look forward to supporting you as the ecosystem continues evolving toward greater scale and sophistication.

Weaver Life Sciences Leadership Team

Sources, Methods & Parameters

Life Sciences Definition

Life sciences encompasses biotechnology, pharmaceutical, medical device and health technology companies engaged in drug discovery, clinical R&D, therapeutic development and health care commercialization.

Data Sources

- ▶ Patent data: Patents.Google.com and PPUBS.USPTO.gov
- ▶ Clinical trials: ClinicalTrials.gov
- ▶ Private capital: PitchBook
- ▶ Public markets: CapitalIQ

Methodology

Financials based on disclosed figures. Deals tracked by Texas headquarters. TTM figures smooth seasonal variations. Data as of March 31, 2025.



| Dashboard

Texas Life Sciences Q1 2025

Pipeline Maturation, Late-Stage Momentum & Capital Concentration



Innovation Pipeline

Steady



Patents:
Steady Publications (186)

Driver:
Biotech/Genetic Engineering



Clinical Development

Constrained



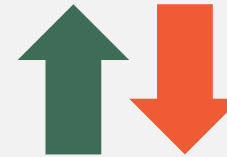
Texas Company Trials:
Fewer Starts (350)

Driver:
Phase 2/3 capital bottleneck



Private Capital

Concerning



Funding:
Fewer Deals (162)
Higher Deal Values (\$1.3B)

Driver:
Risk-Averse Capital Allocation



Public Markets

Declining



Indices:
Broad Retreat (-10%)
No Texas IPOs (0)

Driver:
Risk-Off Sentiment



Innovation – All Life Sciences

Biotech/Genetic Engineering Fuel Steady Q1 Activity for Patents Publications

Patent publications (TTM) in Q1 2025 were up modestly (3.3%) over the prior year (PY) and flat from the prior quarter (PQ).

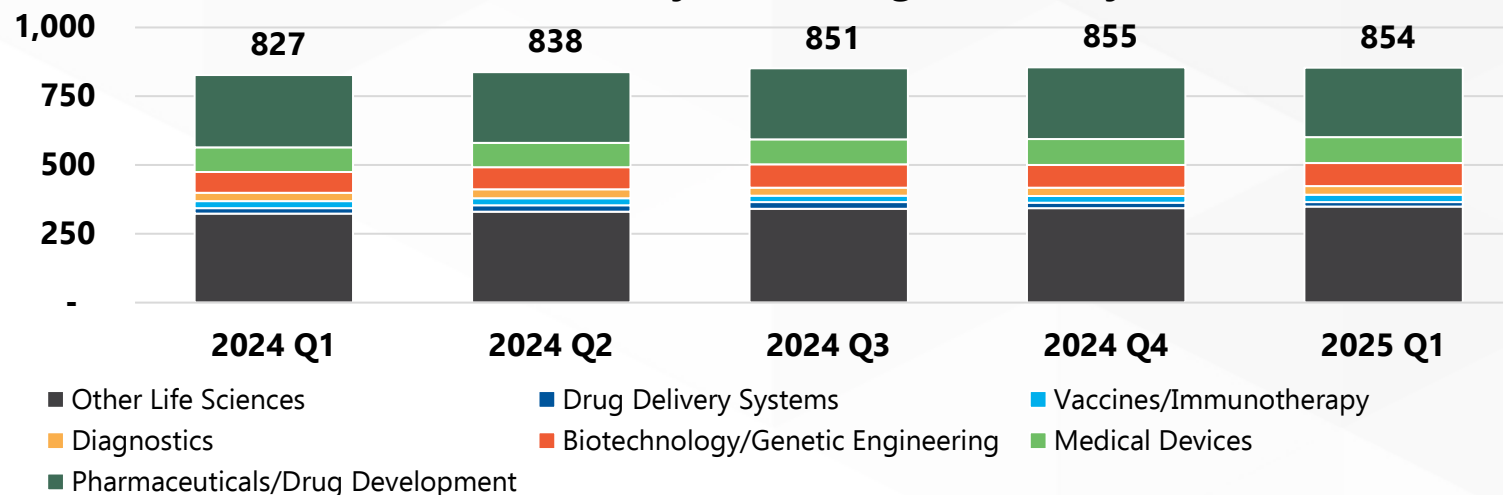
Q1 publications were led by Biotechnology/Genetic Engineering (9%), Diagnostics (7%), and Medical Devices (7%).

- ▶ Drug delivery systems exhibited a noteworthy decline in new publications (-16%).

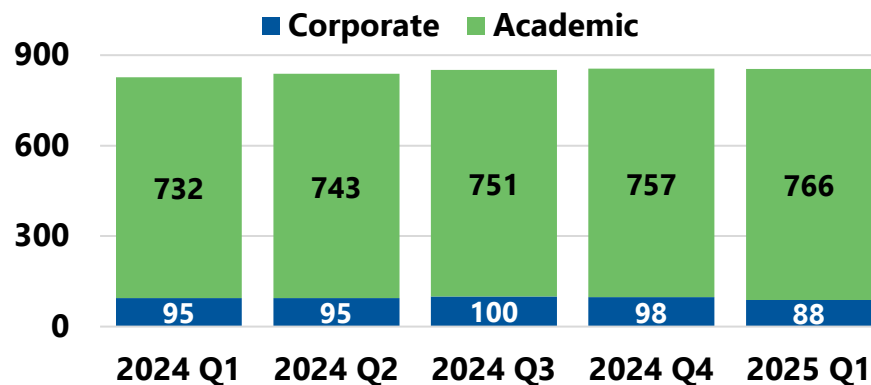
Academic entities subsidized for the drop in corporate patents in Q1, increasing publications by 4.6% over PY and 1.2% over PQ.

University of Texas System led all patent assignees, while Texas Instruments Inc. rounded out the top five assignees of Q1 2025 and led all the corporates.

Published Patents by Technological Family (TTM)



Patents by Assignee Type (TTM)



Top Five Assignees

- 1) University of Texas System
- 2) Texas A&M University System
- 3) Texas Tech University System
- 4) Baylor College of Medicine
- 5) Texas Instruments Inc.

Patent data represents newly published patents by Texas entities. Trailing 12-month (TTM) figures smooth seasonal variations. Source: Patents.Google.com and PPUBS.USPTO.gov.



Clinical Trials – Texas Trial Sites

Advanced Trials Showcase Pipeline Resilience for Trials at Texas Locations

Clinical trial starts (TTM) in Q1 2025 were notably down over PY (-4.4%) and slightly lower from PQ (-1.2%).

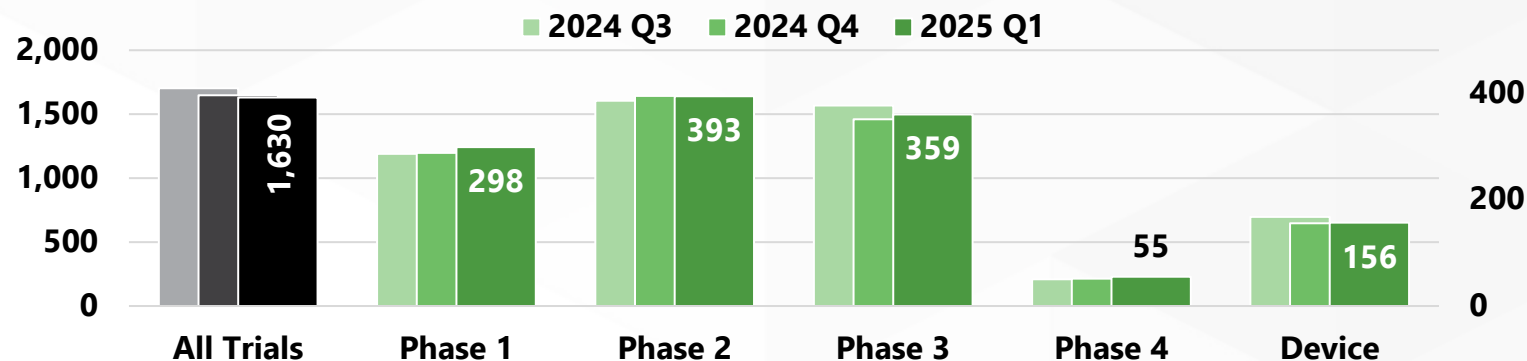
- ▶ Phase 1 starts were substantially higher over PY (9%) and meaningfully above PQ (4%), indicating a healthy pipeline of early trials.
- ▶ Phase 3 starts ticked up slightly compared to PY (2%) and PQ (3%), a promising trend of trials advancing beyond the Phase 2 cliff.
- ▶ Device starts fell appreciably over PY (-4%) and ticked down over PQ (-1%).

Clinical trial completions (TTM) mildly increased over PY (2.4%) and PQ (2.2%).

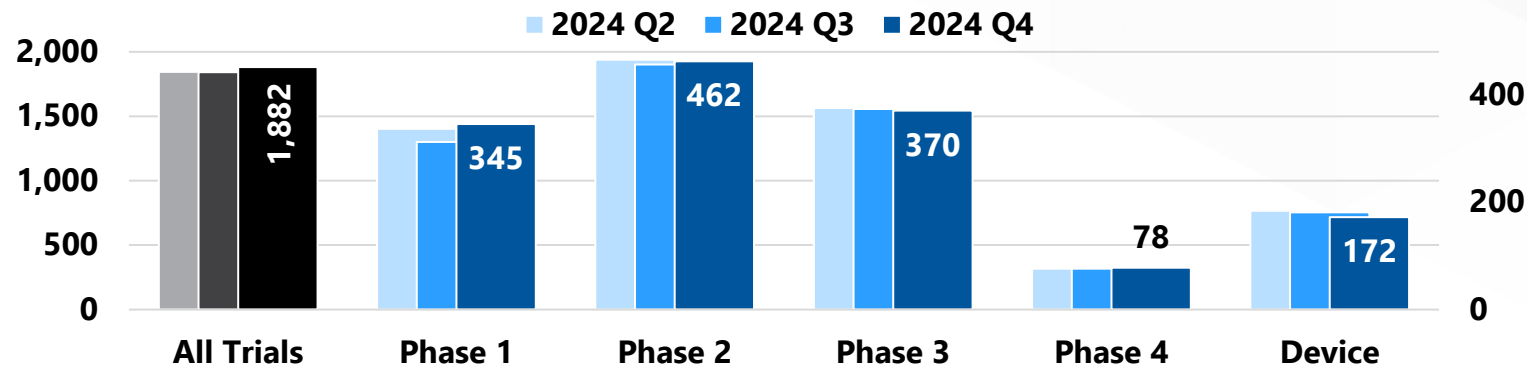
- ▶ Phase 1 completions markedly increased over PY (5%) and surged over PQ (11%), further supporting the healthy pipeline of early trials.

Tight Phase 2/3 starts ratio (~1:1), combined with strong completion rates, suggests above-average success rates in navigating the Phase 2 efficacy hurdle.

Clinical Trials Started in Texas (TTM)



Clinical Trials Completed in Texas (TTM)



Clinical trials data represents interventional clinical trials started by Texas-headquartered sponsors. Completion data reflects prior quarter data due to 30-90 day administrative reporting windows. Trailing 12-month (TTM) figures smooth seasonal variations. Source: ClinicalTrials.gov.

Key:
2 Quarters Ago
1 Quarter Ago
Current Quarter



Clinical Trials – Texas Sponsors

Early-Stage Momentum Stalls at Phase 3 Transition for Texas Companies' Trials

Clinical trial starts (TTM) in Q1 2025 were sharply down over PY (-16.0%) and markedly lower from PQ (-5.3%).

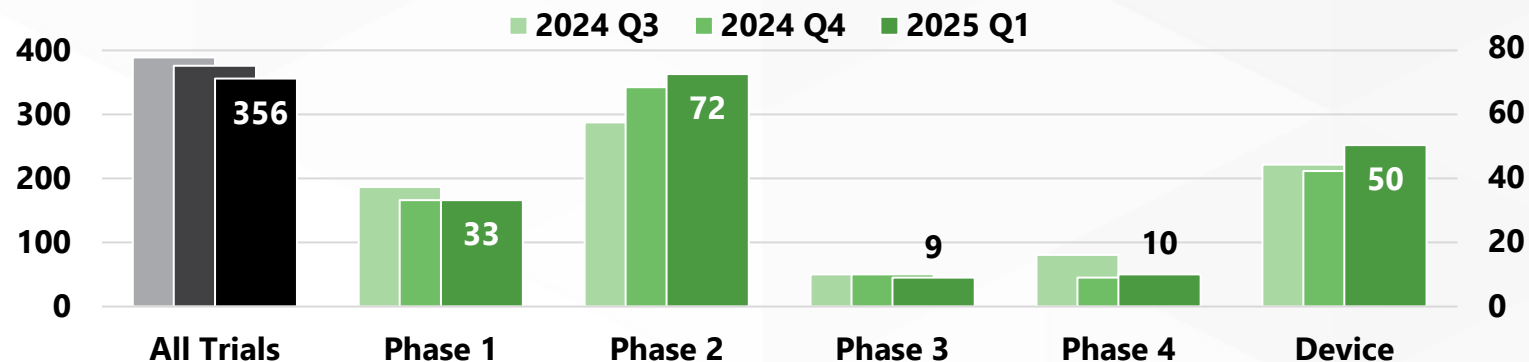
- ▶ Phase 1 starts dropped substantially over PY (-8%) and were flat over PQ.
- ▶ Phase 2 starts were dramatically higher over PY (29%) and PQ (6%) and device starts soared over PY (9%) and PQ (19%).

Clinical trial completions (TTM) materially rose over PY (10.3%) and ticked up over PQ (2.0%).

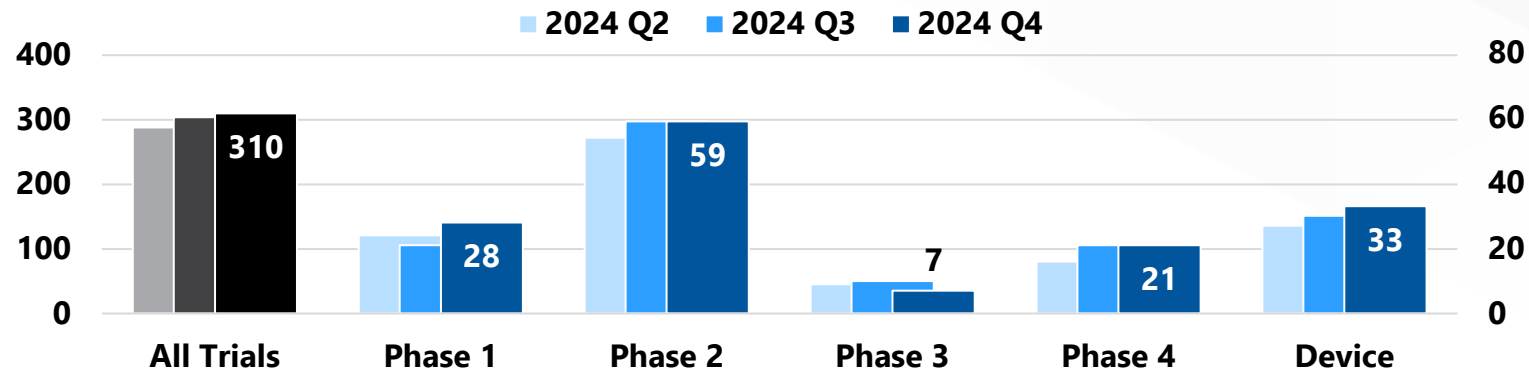
- ▶ Phase 1 completions spiked over PY (17%) and PQ (33%) and Phase 2 completions skyrocketed over PY (37%) but were flat over PQ.
- ▶ Device completions were massively up over PY (57%) and gained over PQ (10%), highlighting Texas' continued momentum in the device space.

Wide Phase 2/3 starts ratio (~7:1) suggests Texas entities face constraints advancing beyond Phase 2 efficacy, despite strong early-stage execution capabilities.

Clinical Trials Started by Texas Companies (TTM)



Clinical Trials Completed by Texas Companies (TTM)



Clinical trials data represents interventional clinical trials started at Texas locations. Completion data reflects prior quarter data due to 30-90 day administrative reporting windows. Trailing 12-month (TTM) figures smooth seasonal variations. Source: ClinicalTrials.gov.



| Private Capital – All Life Sciences

Series B Companies Drive Capital to Local Highs for All Life Sciences' Fundraising

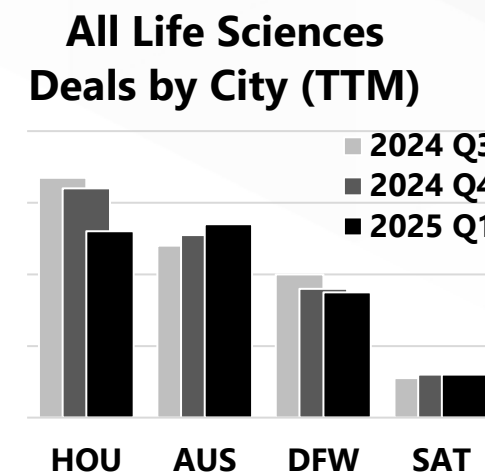
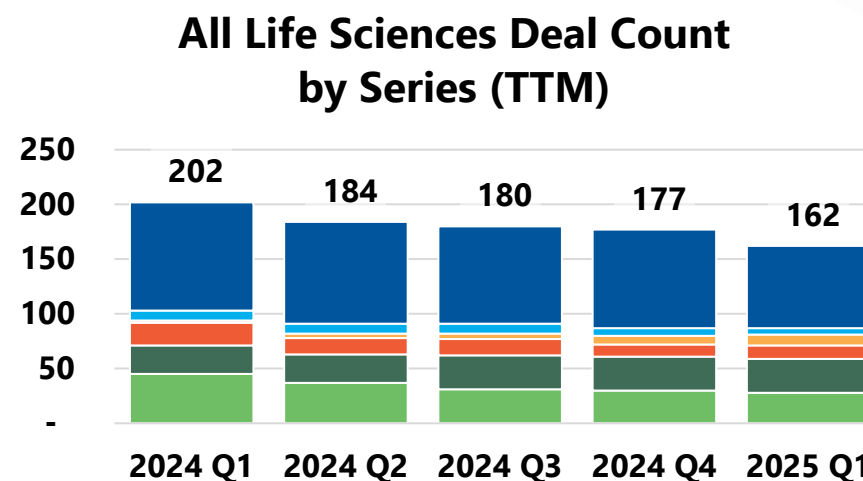
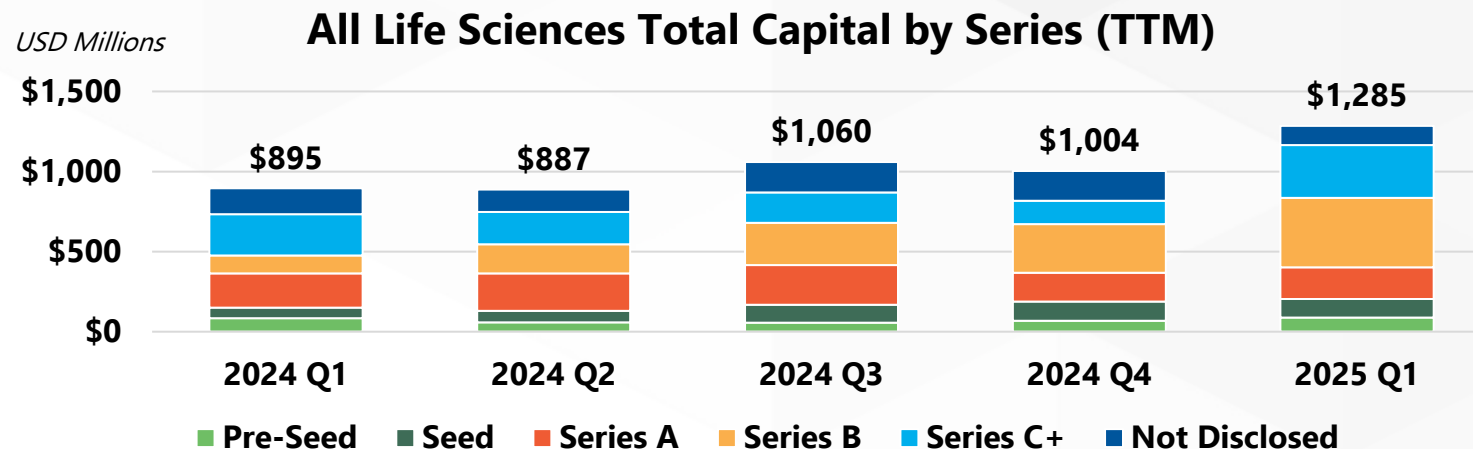
Total capital raised (TTM) in Q1 2025 skyrocketed over PY (43.6%) and PQ (27.9%), setting a new local peak.

- ▶ Capital overwhelmingly flowed to later stage companies, with Series B companies serving as the dramatic winners, growing from 12% to 34% of all capital raised from the PY.

Total deal count (TTM) plunged over PY (-19.8%) and PQ (-8.5%) with the largest drops sourcing from pre-seed (-38% vs. PY) and Series A (-43% vs. PY).

- ▶ Series B deals continue to grow over PY (10 vs. 2 deals), serving as the lone bright spot.

Austin slightly edged over Houston for deal count following Houston's dramatic declines (-38% vs. PY) and Austin's mild growth (2% vs. PY).



Life Science (all sectors) represents private capital raised by Texas-headquartered life sciences companies across funding stages. Trailing 12-month (TTM) figures smooth seasonal variations. Source: PitchBook.



Private Capital – Biotech & Pharma

Later-Stages Drive Capital Surge Amid Deal Decline for Sector's Fundraising

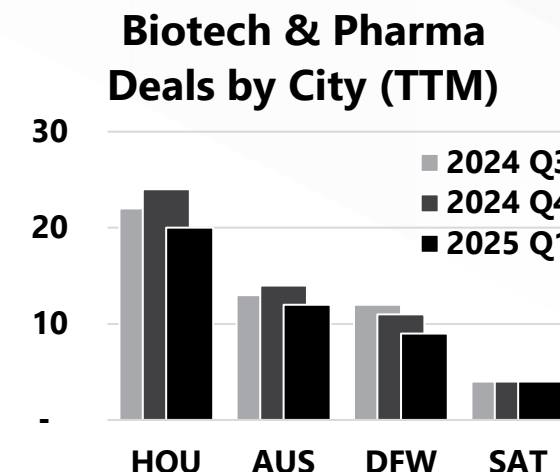
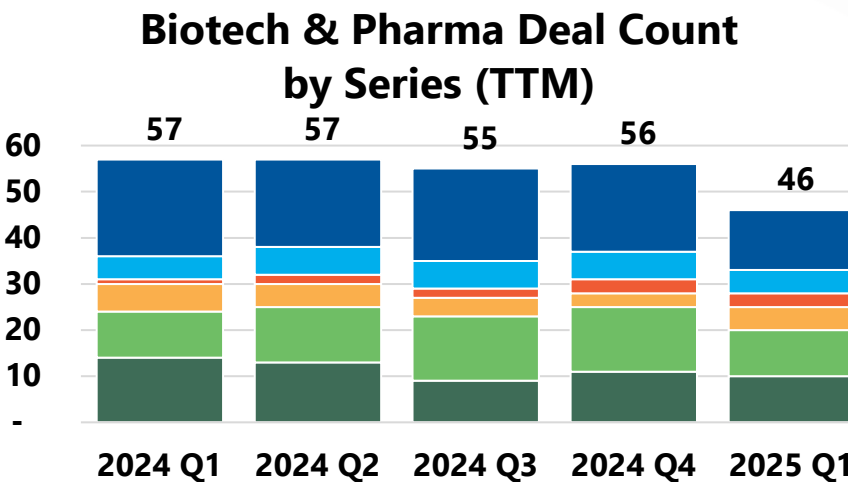
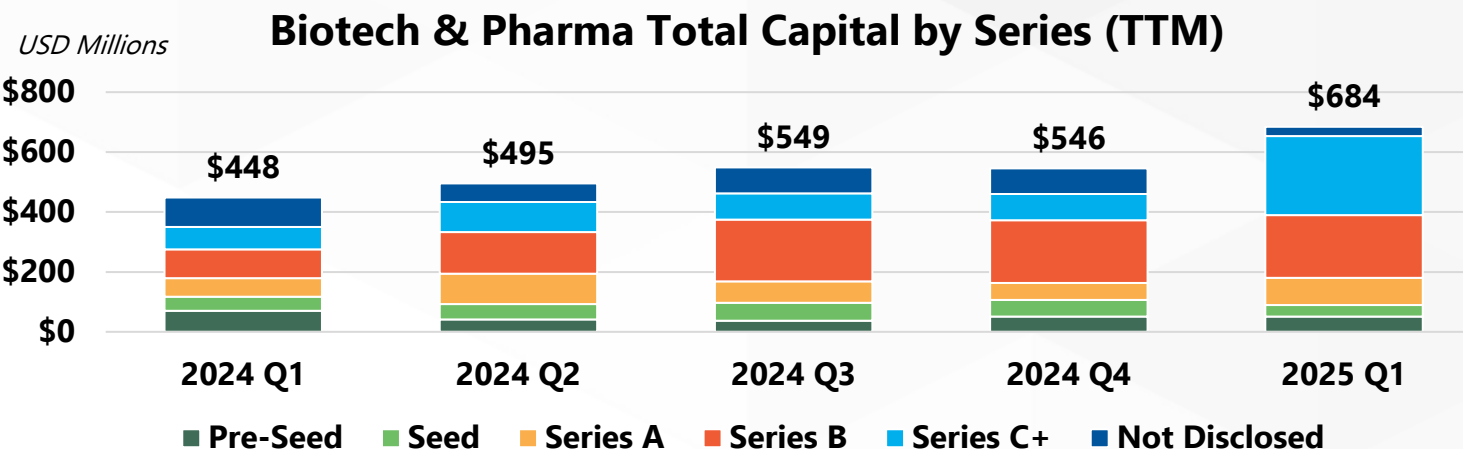
Total capital raised (TTM) in Q1 2025 surged over PY (52.7%) and PQ (25.4%), setting a new local peak.

- ▶ For biotech and pharma, capital skewed even later stage with 70% of all capital flowing to Series B+.
- ▶ Series C+ companies expanded massively from 17% to 39% of all capital raised from the PY.

Total deal count (TTM) also crashed over PY (-19.3%) and PQ (-17.9%) with the largest drops coming from Pre-Seed (-29% vs. PY) and undisclosed (-38% vs. PY).

- ▶ Surprisingly, Series B+ deal counts were up (8 vs. 6 deals) but didn't keep pace with the capital growth, indicating fewer, higher capital deals.

Declines were experienced in all geographies, except San Antonio; yet, Houston remains the dominant locale.



Biotech & Pharma fundraising represents private capital raised by Texas-headquartered biotechnology and pharmaceutical companies across funding stages. Trailing 12-month (TTM) figures smooth seasonal variations. Source: PitchBook.



Private Capital – Medical Device

Pre-Seed & Seed Surge, Offsetting Volume Declines for Med Device Fundraising

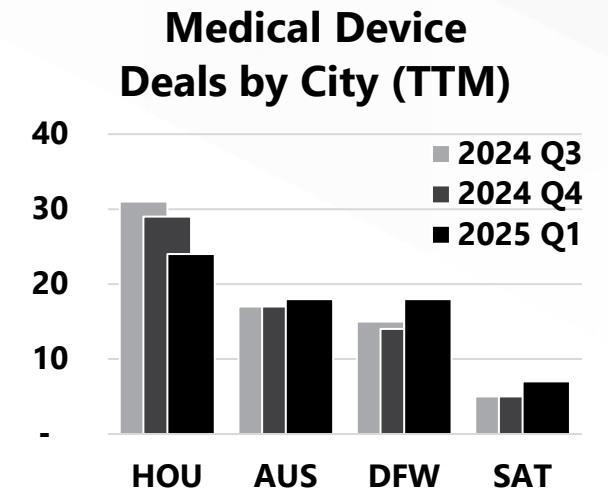
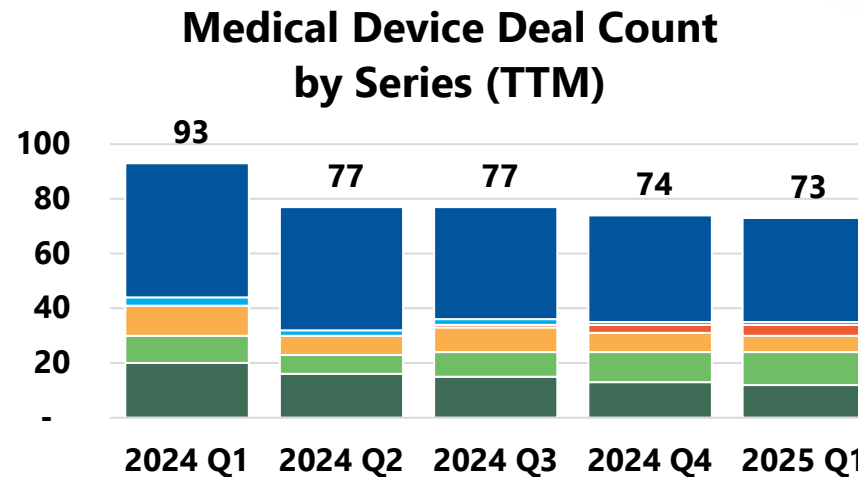
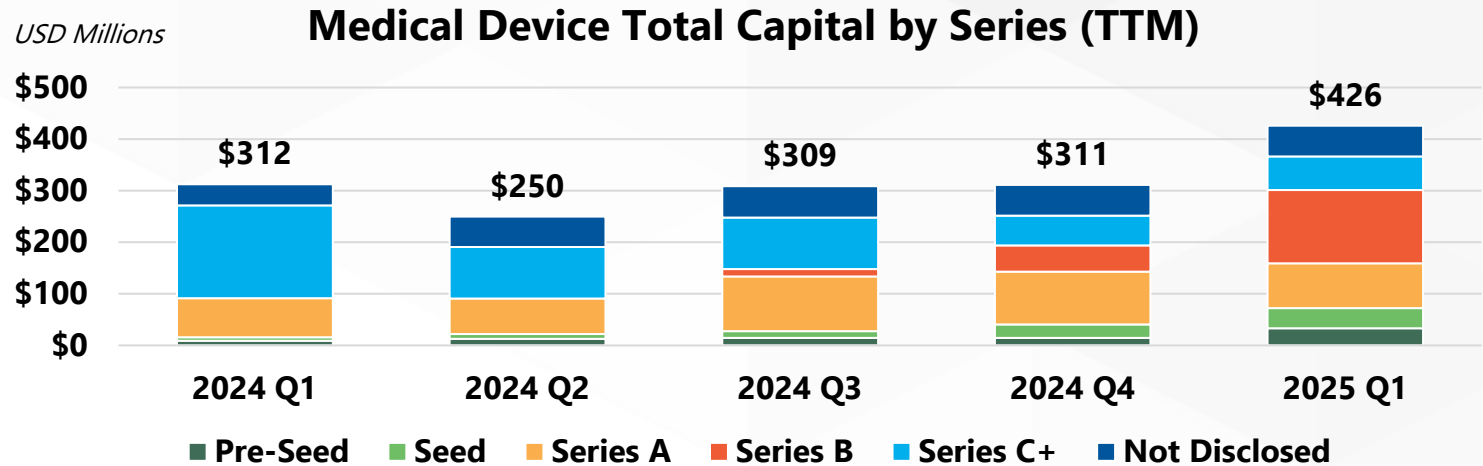
Total capital raised (TTM) in Q1 2025 steeply rose over PY (36.3%) and PQ (36.8%), dwarfing the prior quarters.

- ▶ For medical device, trends bucked those of biotech & pharma, growing everywhere except Series C+, which saw a notable retrenchment (-64% vs. PY).
- ▶ Series B companies showed the largest dollar growth (+\$142M raised vs. PY), while pre-seed and seed both showed 250%+ growth over PY.

Similarly, medical device deal count (TTM) plunged over PY (-21.5%) but steadied over PQ (-1.4%).

- ▶ Surprisingly, pre-seed deal counts plunged (-40% vs. PY), despite capital growth, indicating fewer but larger deals — even at the earlier stages.

All cities grew (vs. PQ), except Houston — still #1 for now.



Medical Device fundraising represents private capital raised by Texas-headquartered medical device companies across funding stages. Trailing 12-month (TTM) figures smooth seasonal variations. Source: PitchBook.



Public Markets – All Life Sciences

Broad Sector Declines Reflect Public Market Challenges

Texas life sciences index matched the declines (-10%) exhibited by the SPDR S&P Biotech ETF (XBI) with slightly higher volatility throughout Q1 2025.

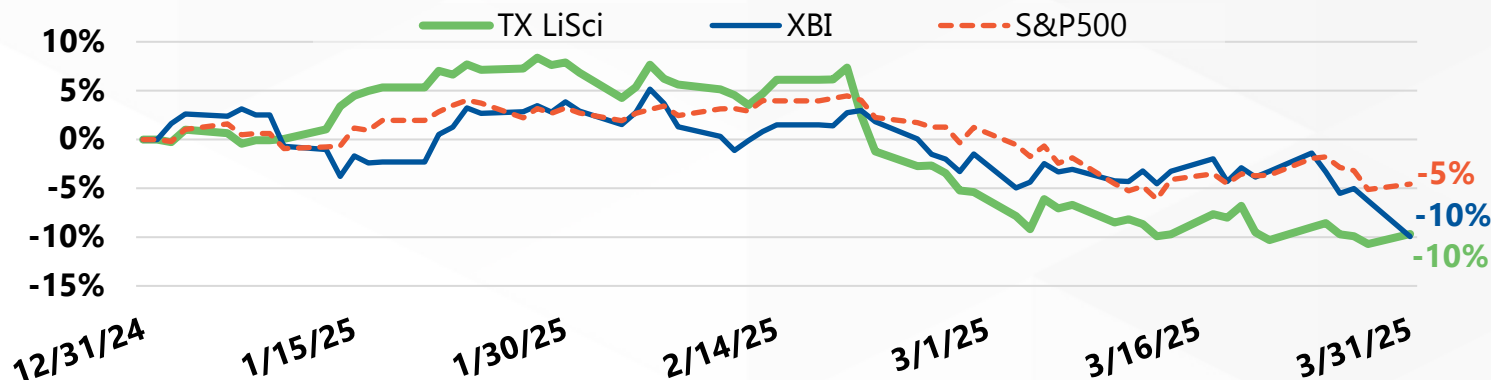
Biotech & pharma and medical device sectors declined equally (-10% each), reflecting broad headwinds affecting both clinical-stage and more commercially focused companies.

- ▶ Molculin Biotech, Inc. (MBRX) led (167%) all others, while Genprex, Inc. (GNPX) lagged (-71%) all others.

No Texas-based IPOs were noted in Q1, but other notable (non-Texas) IPOs included:

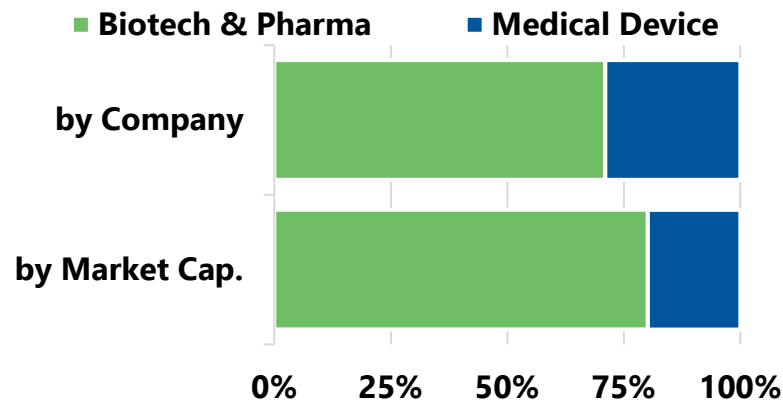
- ▶ Maze Therapeutics (MAZE): \$140M raised for precision medicines for chronic kidney disease
- ▶ Metsera (MTSR): \$275M raised for obesity and metabolic disease treatments

Texas Life Sciences Performance vs. Benchmarks

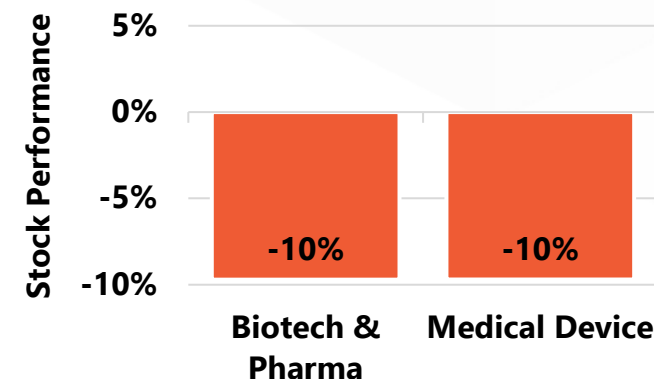


Texas Life Sciences Index

Composition Details



Performance by Sector



Texas life science represents equal-weighted average market capitalization of 39 Texas life sciences companies, rebased to 12/31/24. Source: CapitalIQ.



| Hot Topics

Equity Warrants' Accounting Treatment & Complexity

Classification complexity

Under GAAP, warrants require careful evaluation between equity and liability treatment. Key triggers for liability classification include:

- ▶ Put features
- ▶ Cash settlement provisions outside company control
- ▶ Terms that vary by holder identity — common in biotech financing structures with investor protection clauses

Financial statement impact

Liability-classified warrants create quarterly earnings volatility through fair value remeasurement, while equity-classified warrants remain stable in stockholders' equity.

- ▶ For cash-constrained biotechs, this distinction directly affects reported equity levels critical for exchange listing compliance and debt covenant calculations.

Internal control imperative

Warrant accounting requires robust internal controls from contract inception through ongoing monitoring.

- ▶ Companies must establish processes to identify classification-triggering provisions, particularly in complex financing rounds where antidilution mechanisms or ownership caps may inadvertently create liability treatment requirements.

Equity Warrants' Case Study Compounded Consequences

The perfect storm

A publicly-traded biotech recently faced Nasdaq delisting after auditors identified material weaknesses in warrant accounting controls.

- ▶ The company's warrant agreements lacked proper provisions to comply with exchange ownership thresholds, requiring subsequent amendments that signaled control deficiencies to auditors.

Cascading consequences

The accounting issues contributed to the company falling below Nasdaq's \$2.5 million equity requirement.

- ▶ Accelerated equity drop from declining stock price and warrant reclassification that reduced stockholders' equity
- ▶ Despite raising emergency capital, the company exhausted compliance extensions and faced Nasdaq delisting.

Operational disruption

Management attention shifted from drug development to addressing auditor concerns and emergency fundraising.

- ▶ Focus on the accounting issues created additional challenges instilling confidence in investors when capital was needed to fill the equity void.
- ▶ The auditor ultimately declined reappointment, creating additional compliance challenges during a critical period when the company needed to demonstrate financial stability to maintain its exchange listing.



Meet Weaver's Life Sciences Team



Tyler Ridley, CPA

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Tyler Ridley leads Weaver's life sciences consulting practice. He and his team provide precise asset valuations, business interest assessments and strategic consulting services to life science companies and their private equity sponsors. Tyler has served as a financial partner to pharmaceutical, biotechnology and medical device companies for over a decade. During his career, he has been involved in complex valuations, including purchase price allocations and equity unit assessments, as well as critical mergers and acquisition transactions, leading several important fairness opinions for clients. He's held leadership roles including cofounding multiple medical technology companies.

Dedicated to life sciences, Tyler began his career in the cytology research and development laboratory of Hologic, a women's health company, before diving into the audit and valuation practices of a Big Four accounting firm focused on the pharmaceutical industry. He is a certified public accountant (CPA) with finance, accounting and biomedical engineering degrees from Villanova University and Johns Hopkins University.



Anna Stevens, CPA, CHFP

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Anna Stevens is the leader of Weaver's health care industry services. She and her team provide accounting and advisory services, industry insights and strategic guidance to health care organizations across Texas and beyond. Anna has served as a financial partner to for-profit and not-for-profit health care entities, biotech companies and life science organizations for more than 14 years. During her tenure with Weaver, she has been involved in complex engagements including provider relief funds and start-up accounting, most recently developing new technology platforms for coding and clinical documentation insights. She's held leadership roles including corporate controller for an \$80 million post-acute health care system and outsourced CFO for physician practices.

A supporter and champion of the Texas health care community, Anna serves as president of the Texas Gulf Coast chapter of the Healthcare Financial Management Association (HFMA) and is a member of AICPA and TXCPA. She is a certified public accountant (CPA) and certified healthcare financial professional (CHFP).

Experience to handle any challenge



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~\$330M

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20

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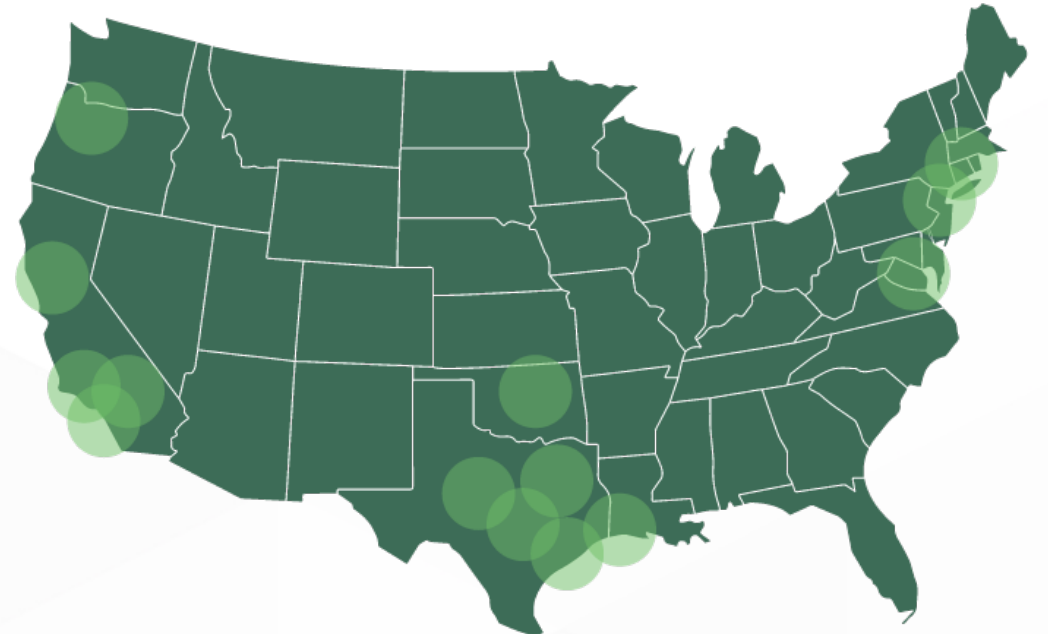
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- ▶ The International Accounting Group, an international alliance of independent accounting and law firms
- ▶ Allinial Global, a network of 200+ firms in 88 countries



Industry Practice Areas

- ▶ Energy
- ▶ Government
- ▶ Higher Education
- ▶ Health Care
- ▶ Construction
- ▶ Real Estate
- ▶ Private Equity
- ▶ Technology
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