



State of Life Sciences in Texas

Q2 2025 | Published September 2025



| Summary

Texas Life Sciences Q2 2025

Capital Selectivity, Pipeline Constraints & Market Recovery

Texas life sciences in Q2 2025 demonstrated a maturing ecosystem marked by capital selectivity, pipeline optimization and structural advancement challenges. The quarter revealed fundamental shifts in how capital flows through the innovation pipeline, with investors increasingly demanding validation before committing resources while companies focus on advancing existing assets amid a widening Phase 2/3 transition bottleneck that signals emerging constraints in late-stage development funding.

Here are key highlights from our Q2 2025 report

Innovation pullback: Patent publications edged down with innovation priorities shifting from pharmaceutical development toward medical devices, reflecting early-stage capital reallocation toward shorter timelines.

Clinical pipeline maturation: Texas trials prioritized advancement over expansion, with completion surges despite start declines, reflecting strategic resource allocation in constrained funding environment.

Private capital concentration: Record \$847M raised through systematic shift toward later-stage validation, with Series C+ deals expanding to dominate capital allocation while early-stage funding requirements intensified.

Public market recovery: Texas life sciences rebounded strongly (+18% QTD) with biotech sector outperformance driving index gains, while Caris Life Sciences' \$494M IPO marked return of significant public market access.

Geographic bifurcation: Houston's biotech ecosystem consolidation accelerated amid capital constraints, while medical device innovation expanded across Texas metros, highlighting distinct infrastructure requirements.

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 and medical device 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 June 30, 2025.



| Dashboard

Texas Life Sciences Q2 2025

Capital Selectivity, Pipeline Constraints & Market Recovery



Innovation Pipeline

Shifting



Patents:

Fewer Publications (828)
Medical Device Growth (+12%)

Driver:

Capital Efficiency Focus



Clinical Development

Constrained



Texas Company Trials:

Fewer Starts
Surging Completions

Driver:

Funding Discipline Amid
Constraints



Private Capital

Selective



Funding:

More (Smaller) Device Deals
Fewer (Larger) Biotech Deals

Driver:

Sector-Specific Risk Preferences



Public Markets

Recovering



Indices:

Biotech-Driven Rebound (+18%)
Major IPO Returns

Driver:

Clinical Validation Premiums



Innovation – All Life Sciences

Medical Devices' Growth Partially Offsets Pharma Patent Publication Declines

Patent publications (TTM) in Q2 2025 edged down marginally (-1%) over the prior year and ticked down (-3%) from the prior quarter.

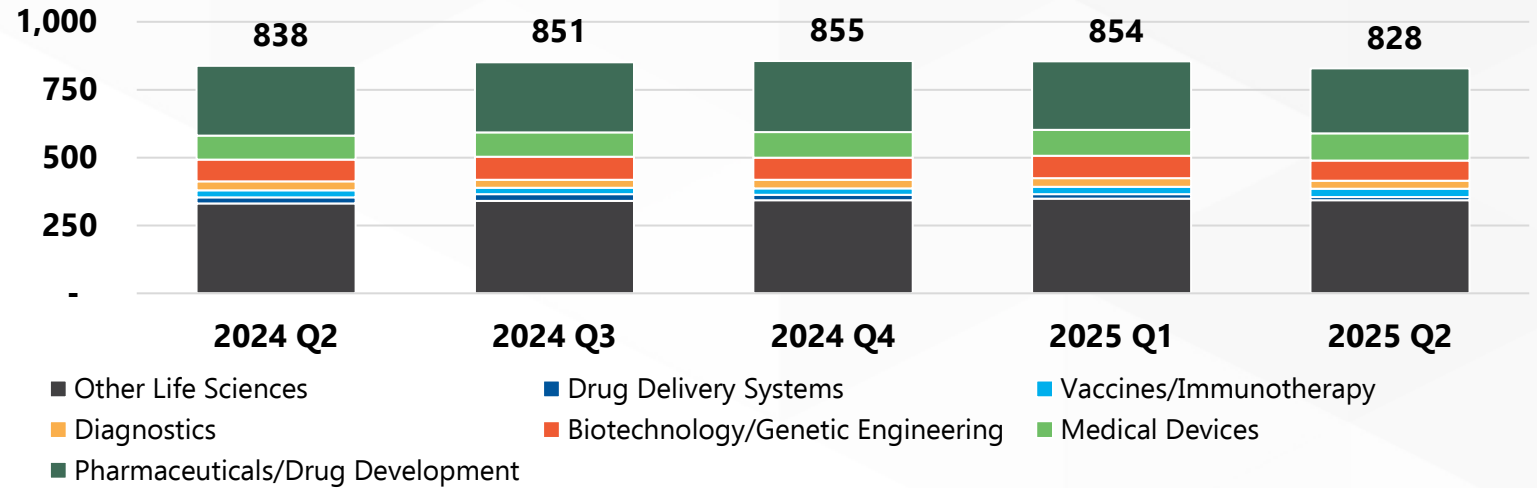
Strong Medical Devices growth (+12% YoY, +5% QoQ) and notably higher Vaccines/Immunotherapy activity (+20% YoY, +11% QoQ) led Q2 publications.

- ▶ Pharmaceuticals/Drug Development, the largest category, pulled back appreciably (-7% YoY, -5% QoQ), while Drug Delivery Systems saw a dramatic drop (-48% YoY, -25% QoQ).

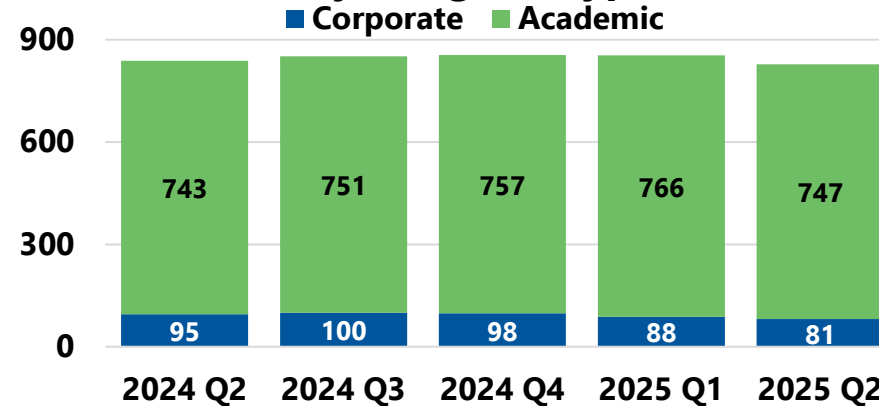
Corporate patent volume fell substantially in Q2 (-15% YoY, -8% QoQ), while academic institutions showed mixed performance (+1% YoY, -3% QoQ).

University of Texas System led all patent assignees, while Immunesensor Therapeutics, Inc. joined Texas Instruments Inc. as a corporate entity in the top five assignees Q2 2025.

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 Instruments Inc.
- 4) Immunesensor Therapeutics, Inc.
- 5) Texas Tech University System

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

Development-Stage Trials Surge Despite Modest Overall Decline

Clinical trial starts (TTM) fell meaningfully in Q2 2025, dropping notably over PY (-4%) and declining modestly from PQ (-3%).

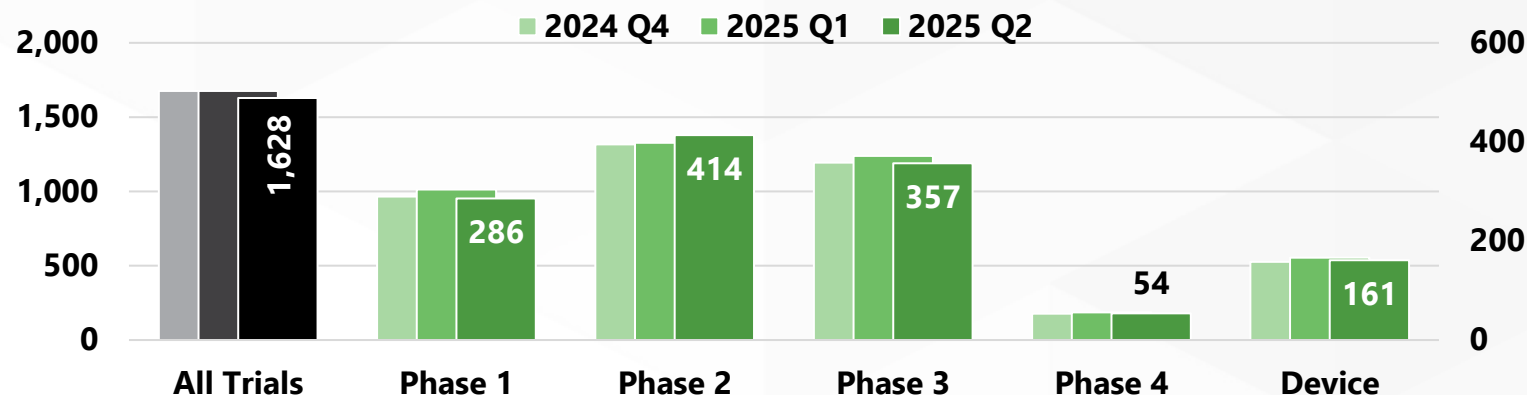
- ▶ Phase 1 starts held over PY (+1%) but fell notably from PQ (-6%), showing some quarterly softness.
- ▶ Phase 2 starts climbed substantially over PY (+13%) and ticked up from PQ (+4%), indicating a healthy pipeline of early trials.
- ▶ Starts fell modestly for Phase 3 (-4% YoY, -4% QoQ) and device (-6% YoY, -3% QoQ).

Clinical trial completions (TTM) surged dramatically over PY (29%) but fell modestly from PQ (-3%).

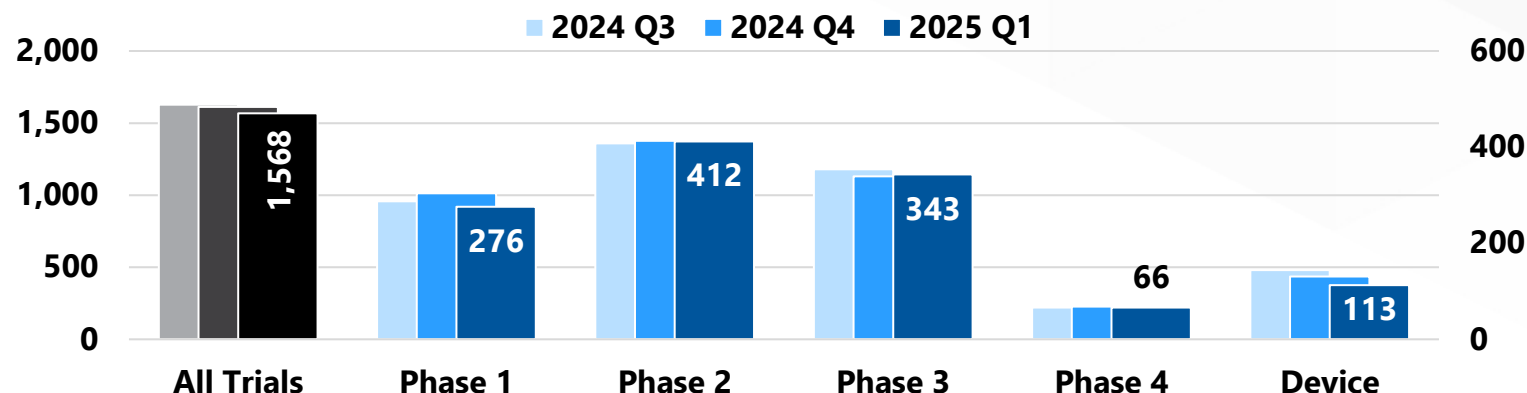
- ▶ Broad-based completion growth — Phase 1 (+21% YoY), Phase 2 (+33% YoY) and Phase 3 (+27% YoY) — reflects sponsors prioritizing trial advancement over new initiations amid tighter capital markets.

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

Pipeline Constraints Drive Focus on Advancing Existing Trials

Clinical trial starts (TTM) by Texas-based companies fell substantially in Q2, dropping considerably over PY (-13%) while declining modestly from PQ (-3%).

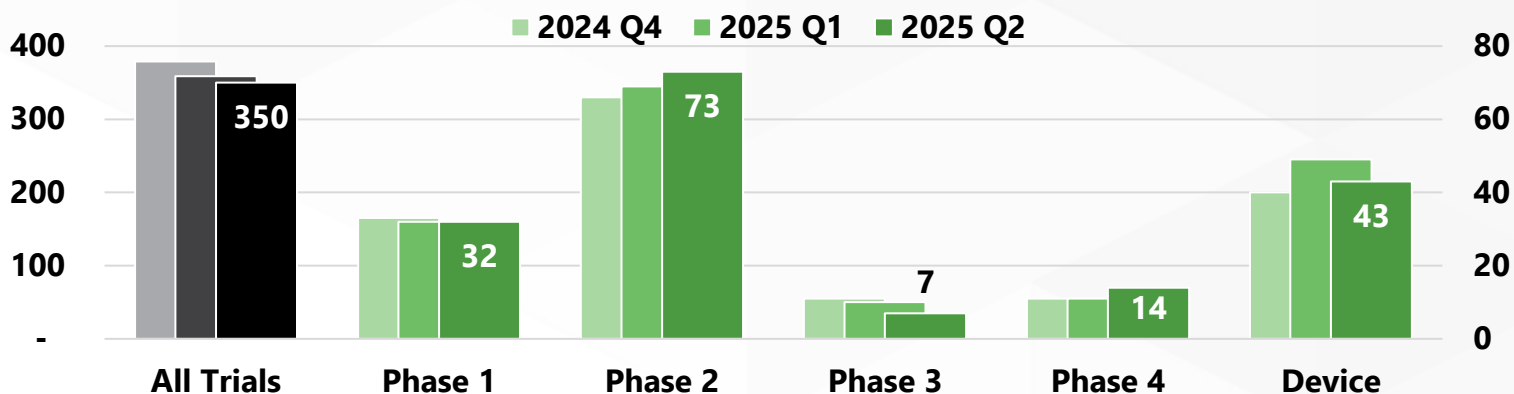
- ▶ Phase 1 starts plunged steeply over PY (-18%) while holding flat from PQ, indicating early-stage pipeline constraints.
- ▶ Phase 2 starts surged considerably over PY (49%) and ticked up from PQ (6%), showing some quarterly momentum.
- ▶ Starts declined broadly for Phase 3 (-22% YoY, -30% QoQ) and Device (-4% YoY, -12% QoQ).

Clinical trial completions (TTM) surged considerably over PY (46%) but fell notably from PQ (-6%).

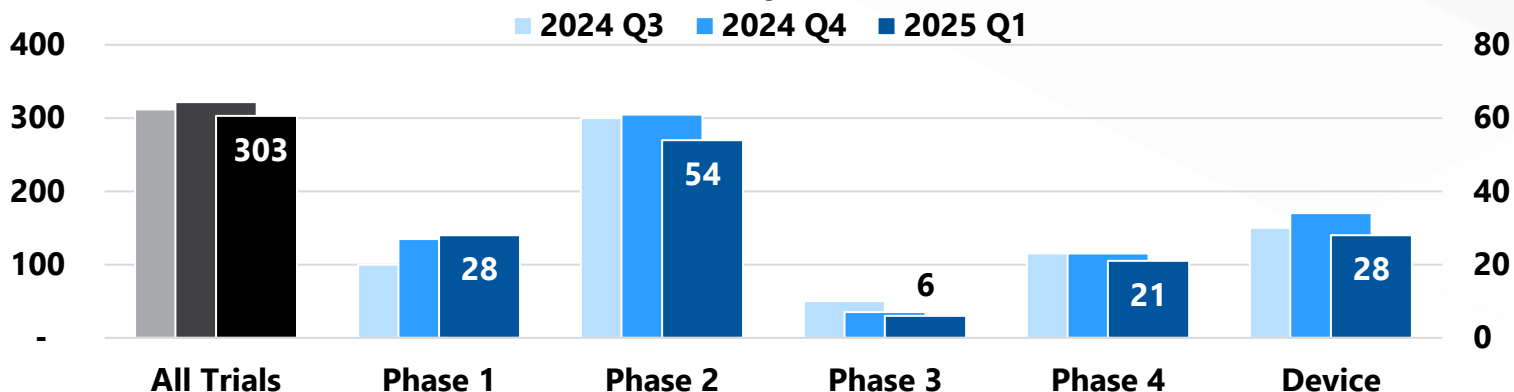
- ▶ Broad-based completion growth — Phase 1 (+75% YoY), Phase 2 (+46% YoY) and Device (+56%) — demonstrating pipeline progress

Widening Phase 2/3 starts ratio (~10:1) suggests Texas entities face intensifying constraints advancing beyond Phase 2 efficacy, despite strong completion execution.

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.

Key:
2 Quarters Ago
1 Quarter Ago
Current Quarter



| Private Capital – All Life Sciences

Series C+ Companies Drive Capital to Local Highs for All Life Sciences Fundraising

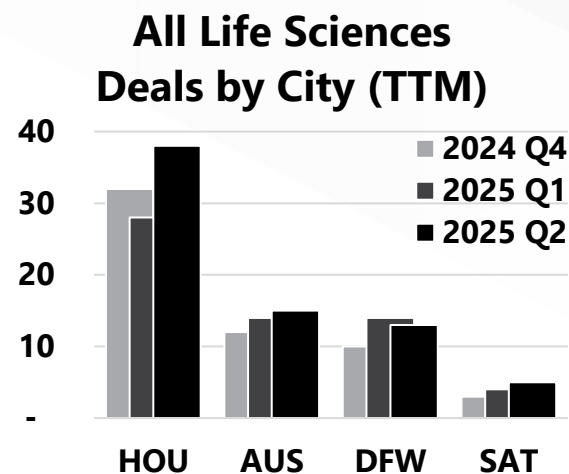
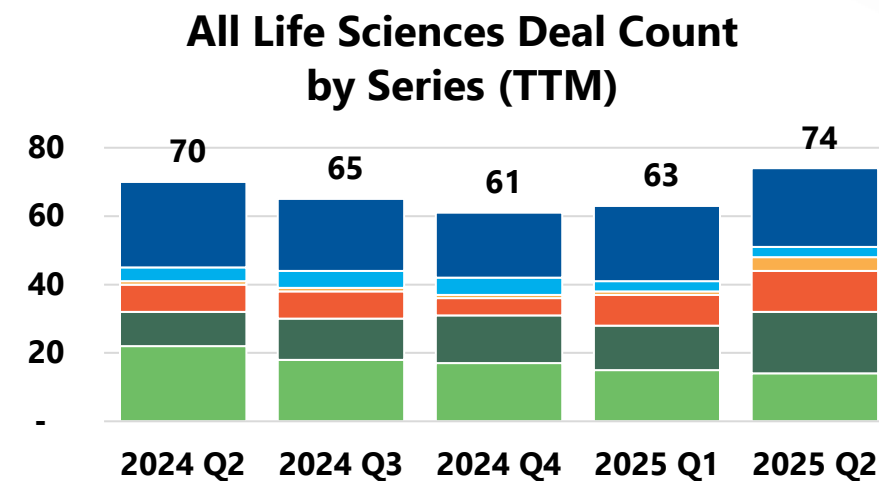
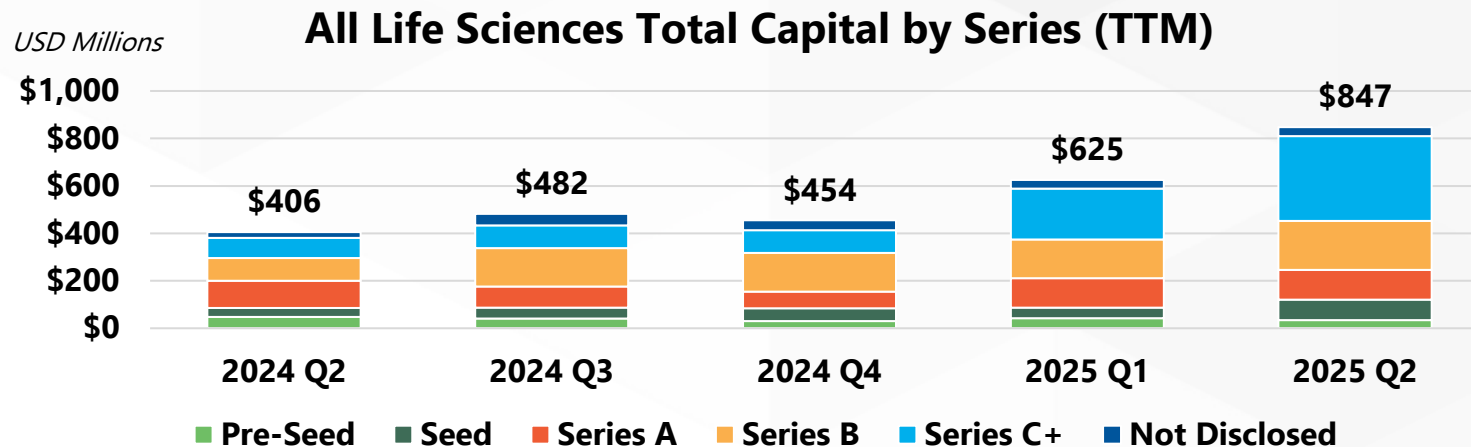
Total capital raised (TTM) in Q2 skyrocketed (+109% YoY, +36% QoQ), setting a new local peak and underscoring the trend of capital flow to later stage companies.

- ▶ Capital to Series C+ companies exploded (+318% YoY, +67% QoQ).
- ▶ Series B and Seed capital both surged dramatically (both over +115% YoY and over +25% QoQ).
- ▶ Pre-Seed capital fell considerably (-28% YoY, -19% QoQ).

Total deal count (TTM) climbed meaningfully over PY (+6%) and surged substantially from PQ (+18%), with the largest absolute growth sourcing from Seed deals (10 to 18 YoY).

- ▶ Pre-Seed deals stood out as the lone loser, exhibiting consistent PY and PQ declines.

Houston maintained its dominance despite Austin's stronger growth momentum; San Antonio surged dramatically from a smaller base.



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-Stage Focus Drives Biotech Capital Surge Despite Volume Decline

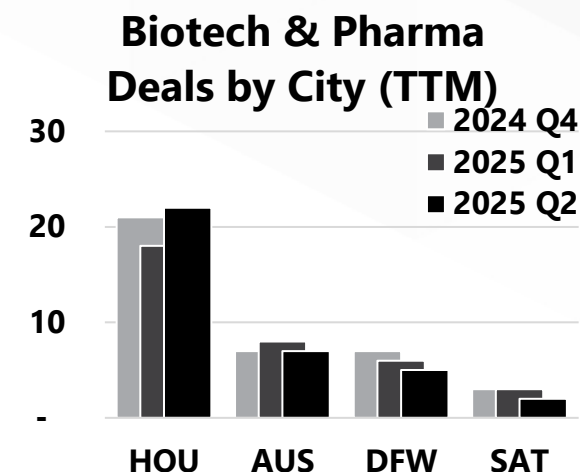
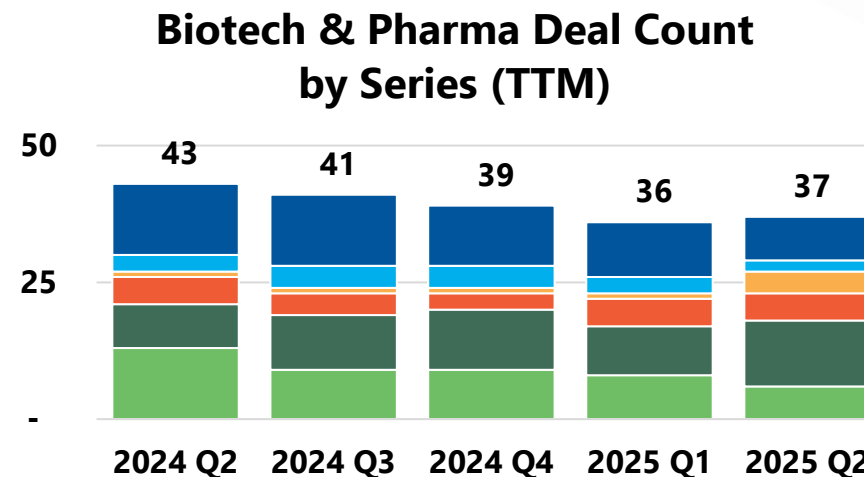
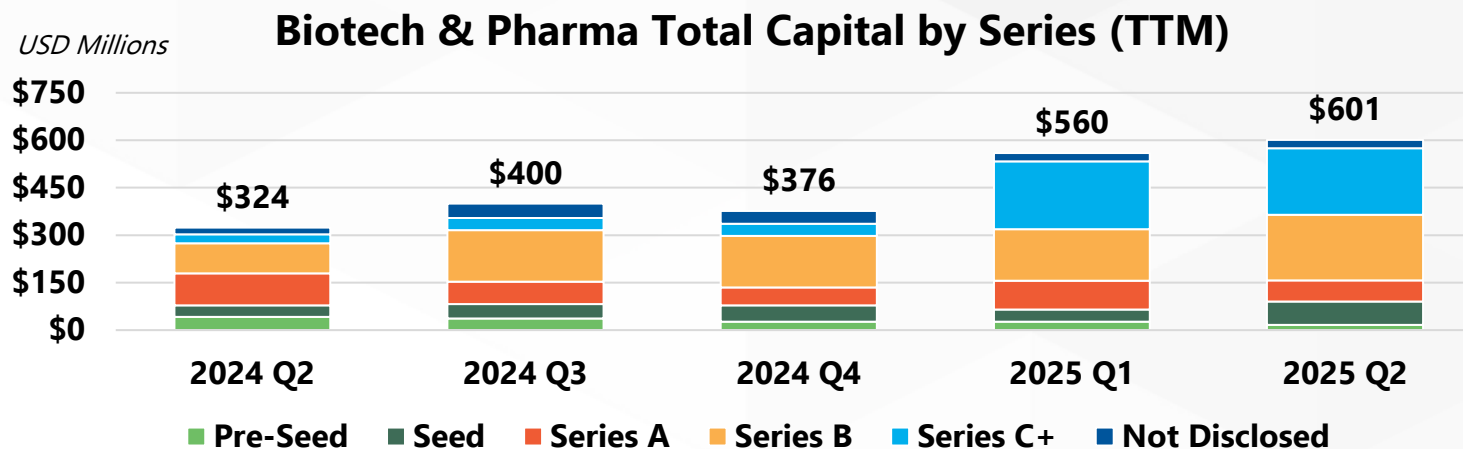
Total capital raised (TTM) surged strongly (+86% YoY, +7% QoQ), setting a new local peak and underscoring the trend of capital flow to later stage companies.

- ▶ Series C+ mega-rounds reshaped the funding landscape (+655% YoY, roughly flat QoQ) and representing 35% of all capital raised.
- ▶ Series B funding more than doubled (+116% YoY) to exceed \$200M, but deal count grew more quickly, indicating that the mega deals are focused on C+.

Total deal count (TTM) found a local trough, rebounding slightly from the prior quarter but still represented a notably decline over PY (-14%).

- ▶ Seed stage activity expanded (8 to 12 deals YoY) while Pre-Seed collapsed, suggesting shifting validation thresholds whereby companies need more robust proof-points before accessing capital.

Houston maintained its biotech dominance with 59% of all deals (+5% YoY), while Dallas-Fort Worth activity contracted sharply (-55% YoY), reflecting capital's flight toward established innovation hubs.



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

Early-Stage Momentum Drives Recovery Despite Mega-Deal Distortion

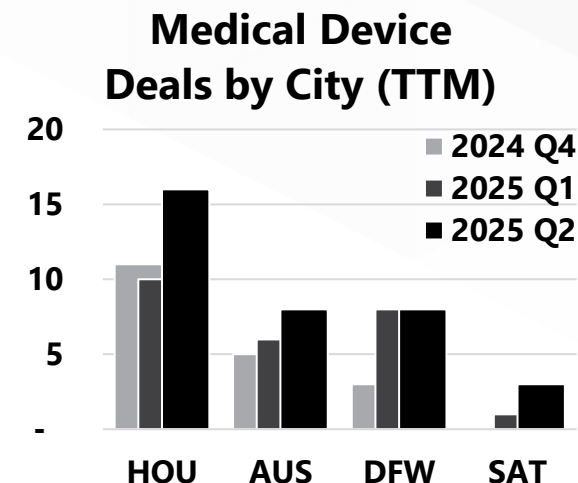
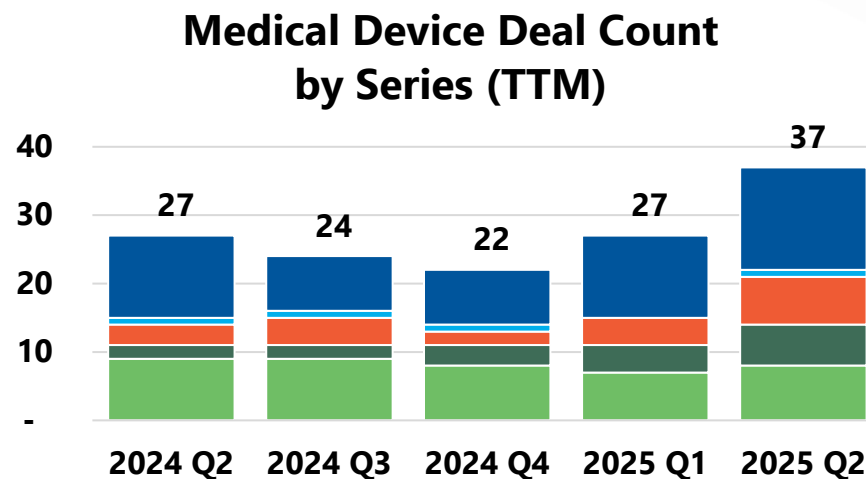
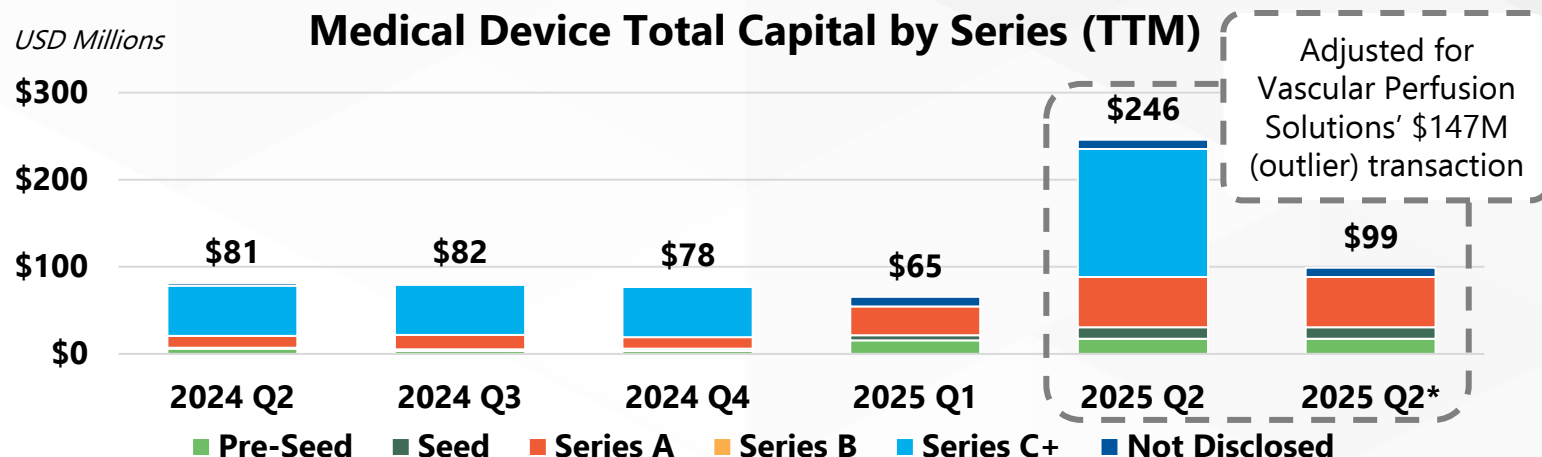
Total capital raised (TTM) surged massively (over 202% YoY), though adjusting for a single Series C+ outlier reveals more modest but healthy growth (+22% YoY), underscoring broad recovery in early-stage funding.

- ▶ Single Series C+ mega-deal captured \$147M versus \$58M across all Series C+ deals in Q2 2024
- ▶ Early-stage capital expanded robustly with Seed funding growing dramatically (+1,550% YoY) and Series A more than quadrupling (+320% YoY), indicating investor appetite for device innovation.

Total deal count (TTM) surged significantly (+37% YoY), marking the sector's strongest quarterly volume in a year.

- ▶ Seed deal count expanded (+200% YoY, +50% QoQ) while Pre-Seed declined modestly (-11% YoY), reinforcing the cross-sector pattern where investors demand more proof-points before committing capital.

In contrast to Biotech's/Pharma's consolidation, geographic diversification accelerated with substantial growth in Dallas-Fort Worth and Austin, suggesting medical device innovation is spreading across metros.



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. Note: previous reports included more health technology related companies, which were excluded going forward.



Public Markets – All Life Sciences

Texas Life Sciences Rebounds Strongly in Q2 Following Q1 Decline

Texas life sciences index rebounded significantly (+18% QTD) in Q2, outpacing both the SPDR S&P Biotech ETF (+6%) and broader S&P 500 (+10%), partially offsetting the sector's underperformance in Q1.

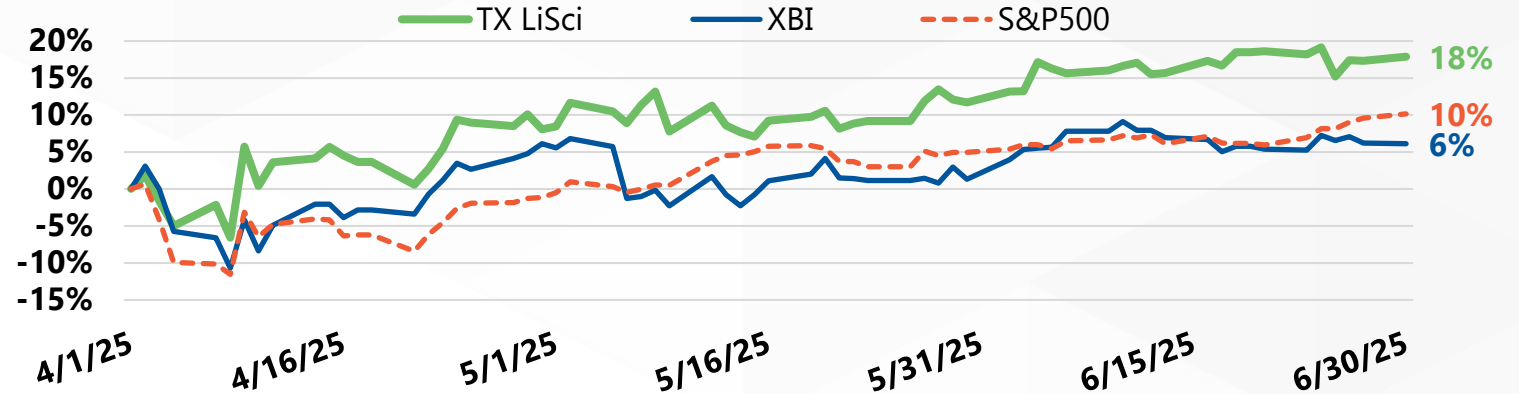
Biotech and Pharma companies surged strongly (+22% QTD) while medical device companies remained essentially flat (+2% QTD), with Biotech's and Pharma's market cap dominance amplifying the index's recovery.

- ▶ Forte Biosciences, Inc. (FBRX) led (223% QTD) all others, while bioAffinity Technologies, Inc. (BIAF) lagged (-59% QTD) all others

Companies with new trading activity (to be added to the Texas life sciences index in Q3):

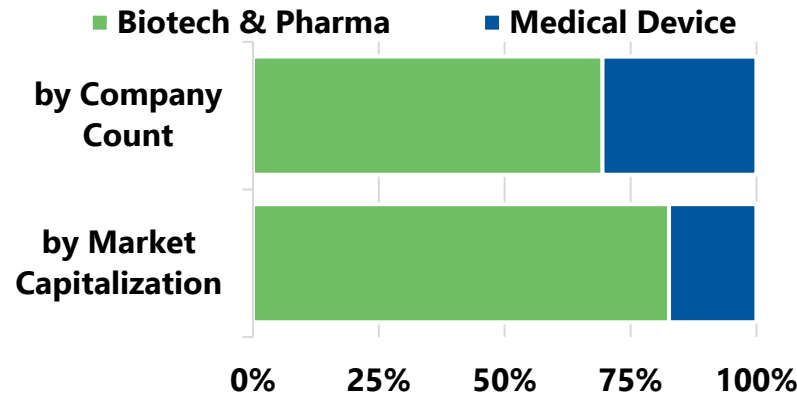
- ▶ Caris Life Sciences (CAI): \$494M raised for AI-enabled precision medicine and cancer diagnostics, representing the largest Texas life sciences IPO in recent years
- ▶ Tvardi Therapeutics (TVRD): Reverse merger with Cara Therapeutics for STAT3-targeted therapies treating fibrosis-driven diseases

Texas Life Sciences Performance vs. Benchmarks

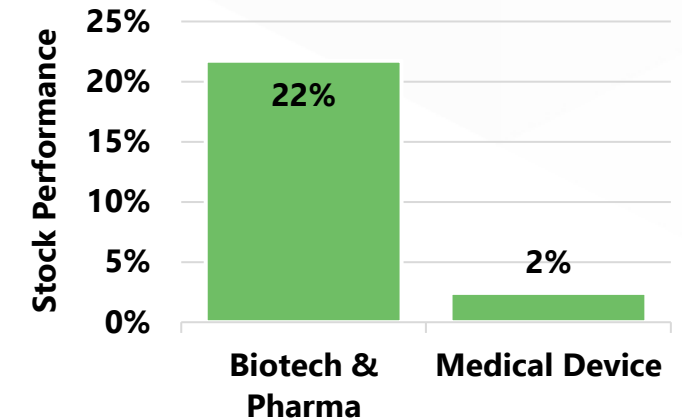


Texas Life Sciences Index

Composition Details



Performance by Sector



Texas life science represents equal-weighted average market capitalization of 37 Texas life sciences companies, rebased at the start of the quarter. Source: CapitalIQ.



| Hot Topics

Research & Development Tax Credits Benefits & Qualifications

Immediate Cash Benefits for Pre-Revenue Companies

Research Tax Credits provide dollar-for-dollar federal tax reduction with multiple monetization options for loss-making companies.

- ▶ Companies with gross receipts under \$5 million can claim up to \$500,000 annually against payroll taxes.
- ▶ Many states offer refundable credits or the ability to sell those credits.
- ▶ Credits carry forward 20 years and transfer to acquirers in M&A transactions.

Four-Part Qualification Test

Life sciences activities must meet all Section 41 criteria for credit eligibility.

- ▶ **Purpose:** Developing new or improved treatments, devices or processes
- ▶ **Eliminate uncertainty:** Resolving capability, method or appropriateness of design
- ▶ **Technical in nature:** Relying on biological sciences, engineering or computer science
- ▶ **Process of experimentation:** Evaluating multiple hypotheses through systematic testing

Strategic Documentation Requirements

Requirements to implement real-time documentation systems will support audit-ready claims.

- ▶ Maintain project timesheets linking personnel to specific research objectives
- ▶ Document research hypotheses and alternative approaches evaluated
- ▶ Establish cost allocation methodologies separating qualifying expenses

R&D Tax Credit Case Study Strategic Implementation Success

The Opportunity

A biotech company developing novel cancer therapeutics implemented comprehensive Research Tax Credit methodology from inception to capture \$12 million in credits over four years.

Documentation Excellence

The company established systematic processes to track qualifying activities.

- ▶ Maintained detailed project logs linking research hypotheses to experimental outcomes
- ▶ Implemented time-tracking systems connecting personnel to research objectives
- ▶ Documented technical uncertainties and alternative approaches

Strategic Structuring

CRO partnerships were structured to maximize credit eligibility.

- ▶ Retained technical oversight and economic risk in outsourced clinical trial activities
- ▶ Established collaborative development agreements rather than pure service contracts
- ▶ Documented company involvement in protocol design and data analysis

Financial Impact

Proper planning generated significant cash flow benefits.

- ▶ Claimed \$500,000 annually against payroll taxes during pre-revenue years
- ▶ Enhanced company valuation during Series B fundraising with credit assets



Meet Weaver's Life Sciences Team



Tyler Ridley, CPA

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Life Sciences Industry Leader
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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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| Weaver

Get to know a firm that's **good company for any company.**

1,600

Team Members

~\$330M

In Revenues

20

U.S. Locations

200

Global Network Firms

Global Network Member

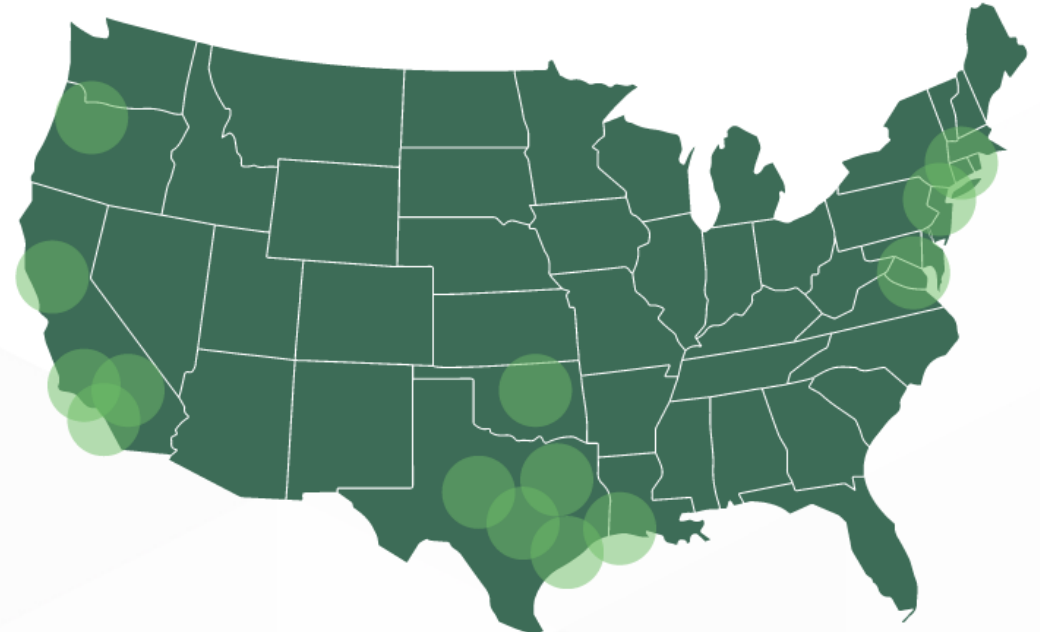
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- ▶ The International Accounting Group, an international alliance of independent accounting and law firms
- ▶ Allinial Global, a network of 200+ firms in 88 countries



Industry Practice Areas

- ▶ Energy
- ▶ Government
- ▶ Higher Education
- ▶ Health Care
- ▶ Construction
- ▶ Real Estate
- ▶ Private Equity
- ▶ Technology
- ▶ Family Office
- ▶ Financial Services
- ▶ Professional Services
- ▶ Manufacturing, Distribution and Retail
- ▶ Hospitality and Entertainment





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