



State of Life Sciences in Texas

Q3 2025 | Published November 2025



| Summary

Texas Life Sciences Q3 2025

Pipeline Bottlenecks, Sector Divergence and Series B Drought

Texas life sciences in Q3 2025 demonstrated an ecosystem under structural strain, marked by severe mid-stage funding constraints, operational headwinds and sharp sectoral divergence. The quarter revealed a capital market bifurcating toward early-stage and late-stage mega-rounds while starving Series B financing critical for Phase 2/3 advancement, creating a bottleneck where companies initiate trials they cannot complete.

Here are key highlights from our Q3 2025 report

Innovation realignment: Patent publications declined modestly, with Biotech/Genetic Engineering surging, reflecting strategic pivot toward newer modalities amid corporate patent retreat that deepened considerably.

Clinical pipeline constraints: Texas trial sites declined for the 3rd consecutive quarter amid operational headwinds, while Texas sponsors accelerated starts despite a Phase 2/3 bottleneck driven by Series B collapse.

Private capital bifurcation: Record \$1.1B raised through extreme concentration — Series C+ exploding and Series A surging — while Series B for Biotech and Pharma collapsed (-73% YoY), starving Phase 2/3 progression funding.

Public market underperformance: Texas life sciences posted modest gains (+5% QTD) but lagged both benchmarks, with biotech sector gains offset by medical device declines.

Geographic and sectoral divergence: Houston's Biotech deal activity contracted sharply while Austin device innovation accelerated, underscoring capital's migration toward shorter development timelines.

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 and 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 September 30, 2025.



| Dashboard

Texas Life Sciences Q3 2025

Pipeline Bottlenecks, Sector Divergence and Series B Drought



Innovation Pipeline

Declining



Patents:

Fewer Publications (801)
Biotech/Genetic Growth (+9%)

Driver:

Pharma Retreat



Clinical Development

Constrained



Texas Company Trials:

Higher Starts (373)
Stalling Completions

Driver:

Phase 2/3 Bottleneck,
Operational Headwinds



Private Capital

Bifurcated



Funding:

Record Capital (\$1.1B)
Fewer (Larger) Deals

Driver:

Extreme Stage Concentration



Public Markets

Underperforming



Indices:

Modest Gains (+5%)
Major IPO Returns

Driver:

Biotech Gains, Device Declines



Innovation — All Life Sciences

Patent Publications Decline Despite Strong Growth in Biotech/Genetic Engineering

Patent publications (TTM) in Q3 2025 dropped (-6%) over the prior year and lost ground (-3%) from the prior quarter.

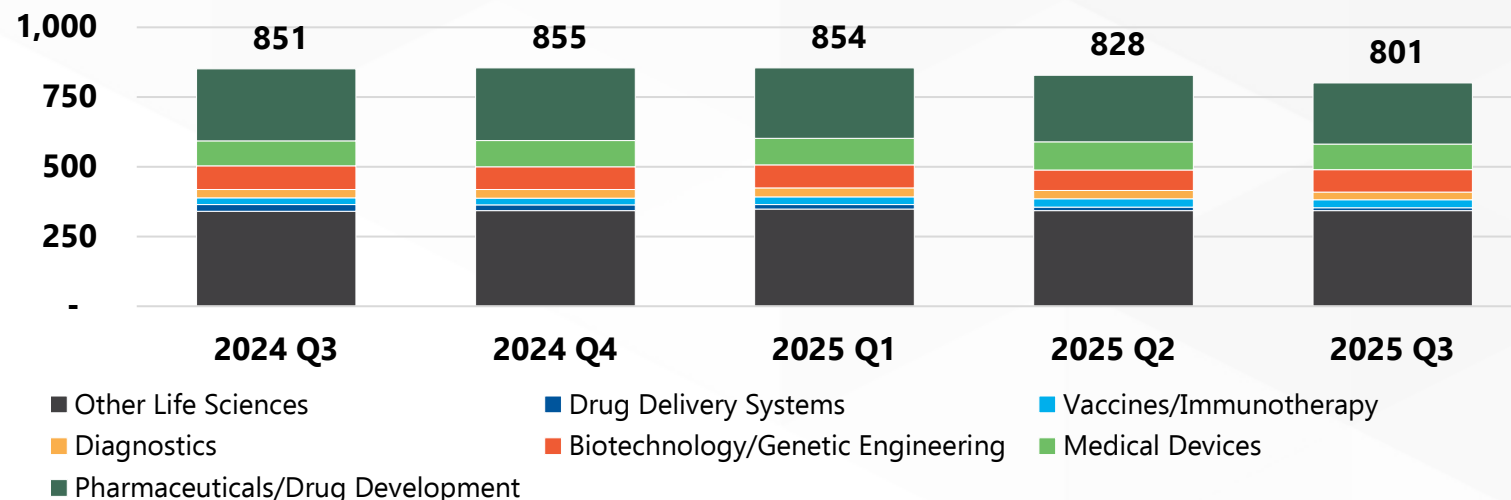
Substantially higher growth from Biotechnology/Genetic Engineering (+9% QoQ) patent publications led all categories, and Vaccines/Immunotherapy was the only other category with positive growth (+21% YoY) over the prior year, despite declines over the prior quarter.

- ▶ Pharmaceuticals/Drug Development, the largest category, tumbled further (-15% YoY, -8% QoQ), while Drug Delivery Systems showed extraordinary declines (-58% YoY, -17% QoQ).

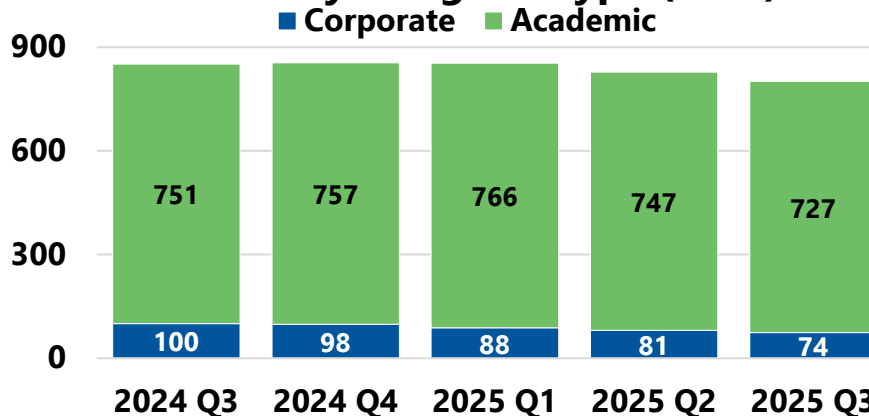
Corporate patent declines deepened in Q3 (-26% YoY, -9% QoQ) which were directionally mirrored by academic institutions (-3% YoY, -3% QoQ).

University of Texas System led all patent assignees, while Sleep Solutions of Texas, LLC joined Texas Instruments Inc. as a corporate entity in the top five assignees.

Published Patents by Technological Family (TTM)



Patents by Assignee Type (TTM)



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.

Top Five Assignees

- 1) University of Texas System
- 2) Texas A&M University System
- 3) Texas Tech University System
- 4) Texas Instruments Inc.
- 5) Sleep Solutions of Texas, LLC



Clinical Trials — Texas Trial Sites

Sustained Quarterly Declines Signal Pipeline Constraints Beyond Capital

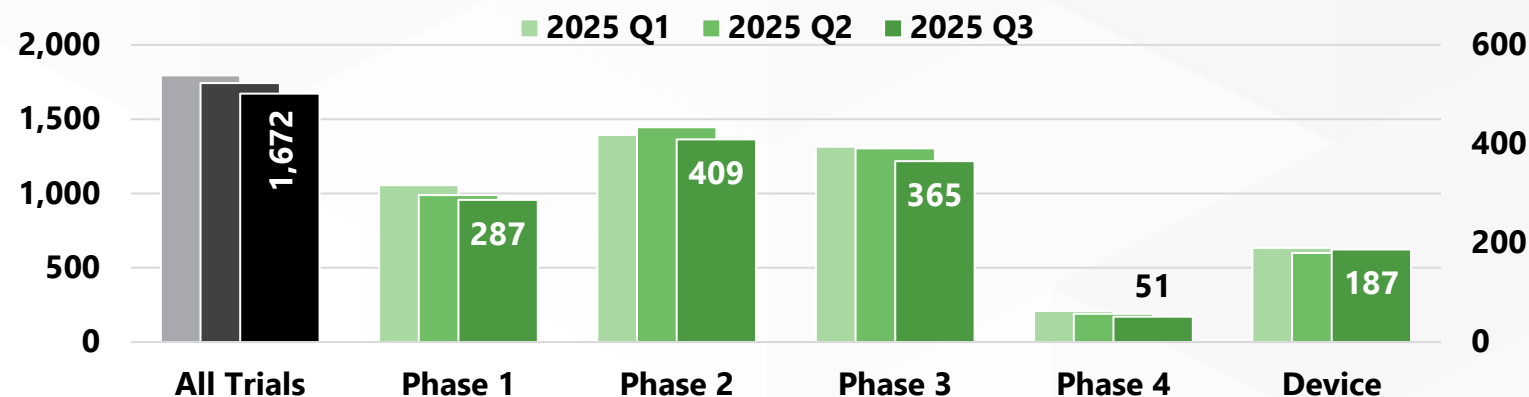
Clinical trial starts (TTM) exhibited mixed results in Q3, slightly steeper quarterly declines (-4% QoQ), which was higher (+14% YoY) than the weaker base last year.

- ▶ Phase 1 through Phase 4 mirrored the same pattern of activity that was strongly positive over the prior year (+18% to +20% YoY) but meaningfully lower than the prior quarter (-11% to -3% QoQ).
- ▶ Device starts was the only category with growth trends (+25% YoY, +4% QoQ), suggesting capital migration toward shorter development timelines.

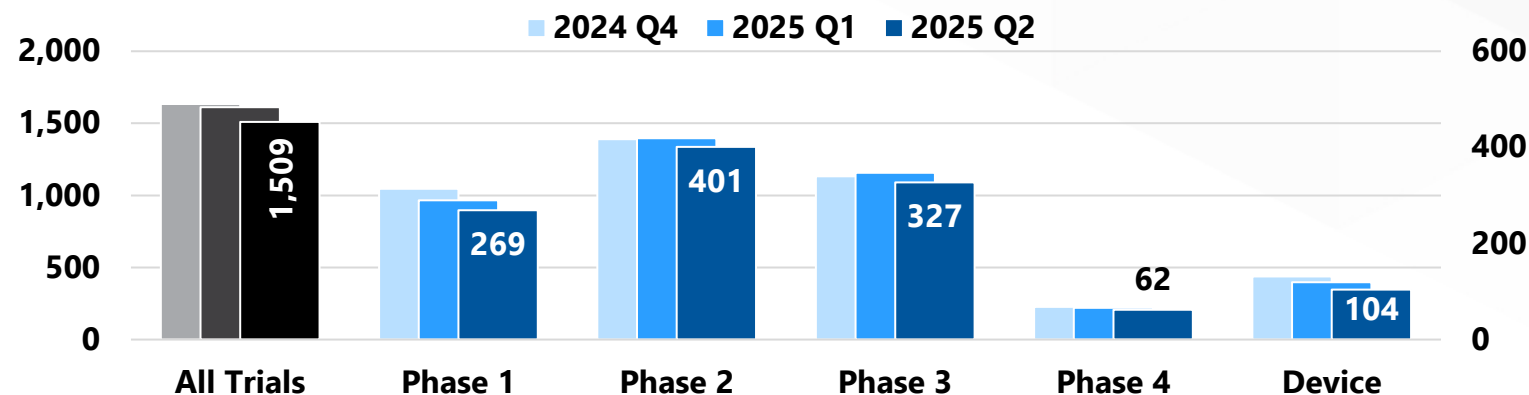
Clinical trial completions (TTM) similarly exhibited lower activity from the prior quarter (-6% QoQ), which is substantially higher than the prior year (+84% YoY).

- ▶ Completion declines across phases suggest operational challenges beyond capital constraints; whether from regulatory, enrollment or strategic; though specifics remain unclear.
- ▶ The 3rd consecutive quarter of falling starts and completions hints at a brewing pipeline drainage issue that may constrain activity in future quarters.

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

Strong Start Growth Contrasts with Operational Headwinds in Completions

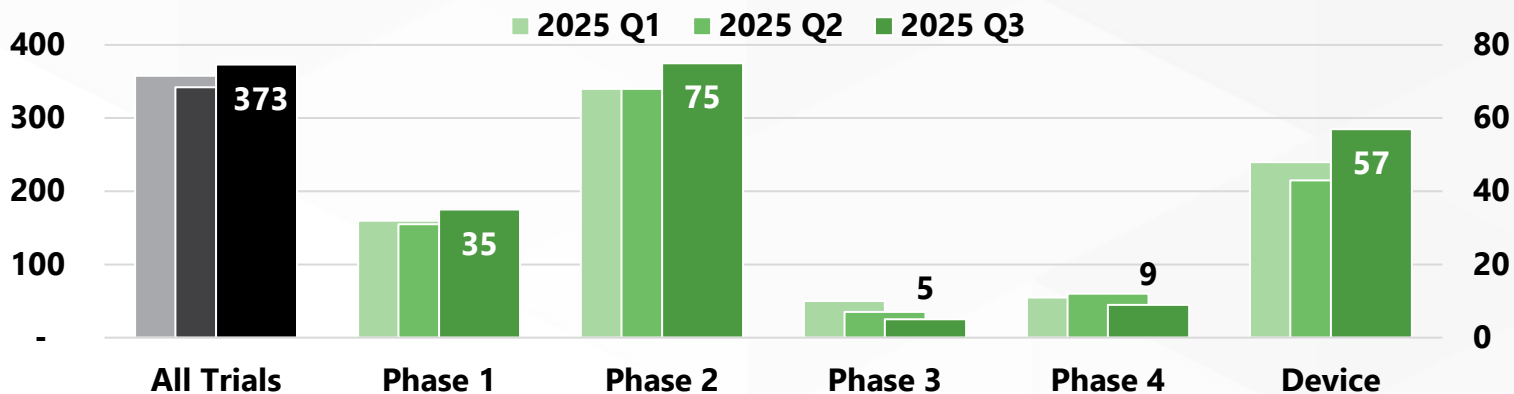
Clinical trial starts (TTM) by Texas-based companies spiked in Q3, growing considerably over PQ (+9% QoQ) and exploding over PY (+29% YoY).

- ▶ Starts for Phase 1, Phase 2 and Device were up notably over PQ (+10% to +33% QoQ) and substantially higher than PY (+25% to +90% YoY).
- ▶ Phase 3 and 4 starts showed significant declines quarterly (-25% to -29% QoQ) and annually (-10% to -38% YoY) with Phase 3 leading the declines.
- ▶ These trends hint at continued migration to less expensive, shorter trials over larger ones.

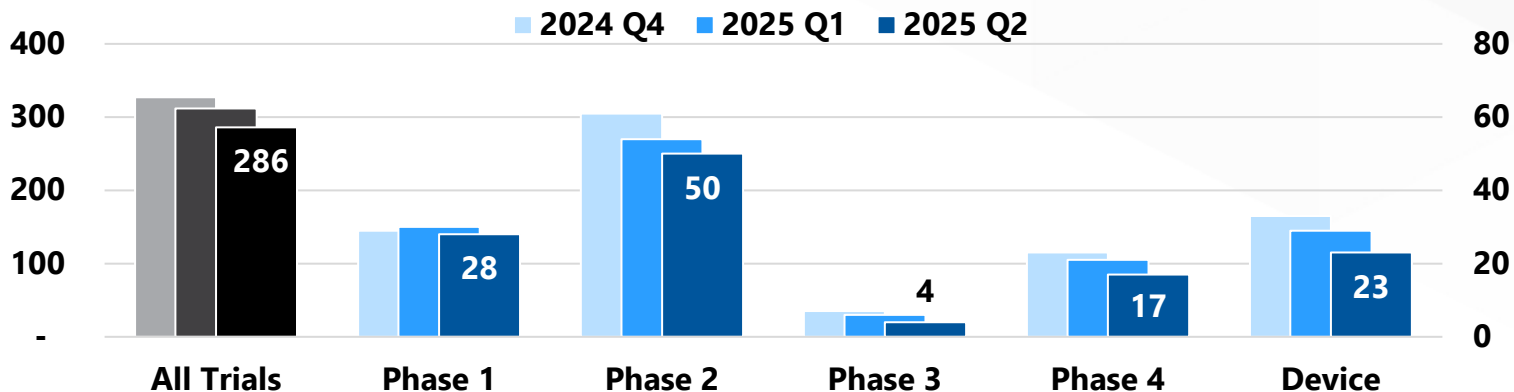
Clinical trial completions (TTM) showed continued quarterly declines (-8% QoQ), consistent with PQ trends and despite annual growth (+79% YoY).

- ▶ Broad-based completion declines — Phase 1 (-7% QoQ), Phase 2 (-7% QoQ), Phase 3 (-33% QoQ), Phase 4 (-19% QoQ) and Device (-21% QoQ) — mirror challenges observed at Texas trial sites, suggesting operational headwinds beyond capital constraints are affecting trial execution across the ecosystem.

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+ Mega-Rounds Drive Capital Surge Amid Deal Volume Reversion

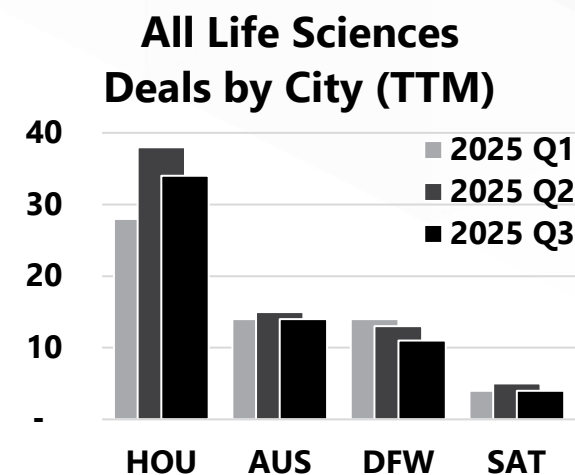
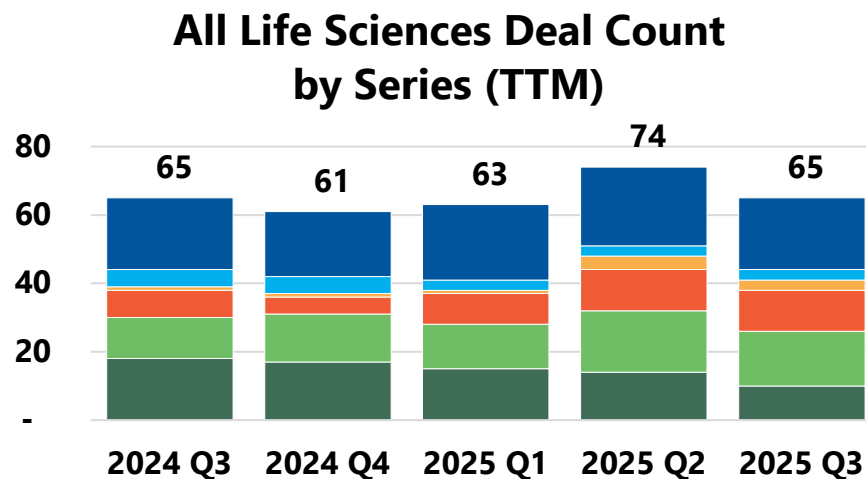
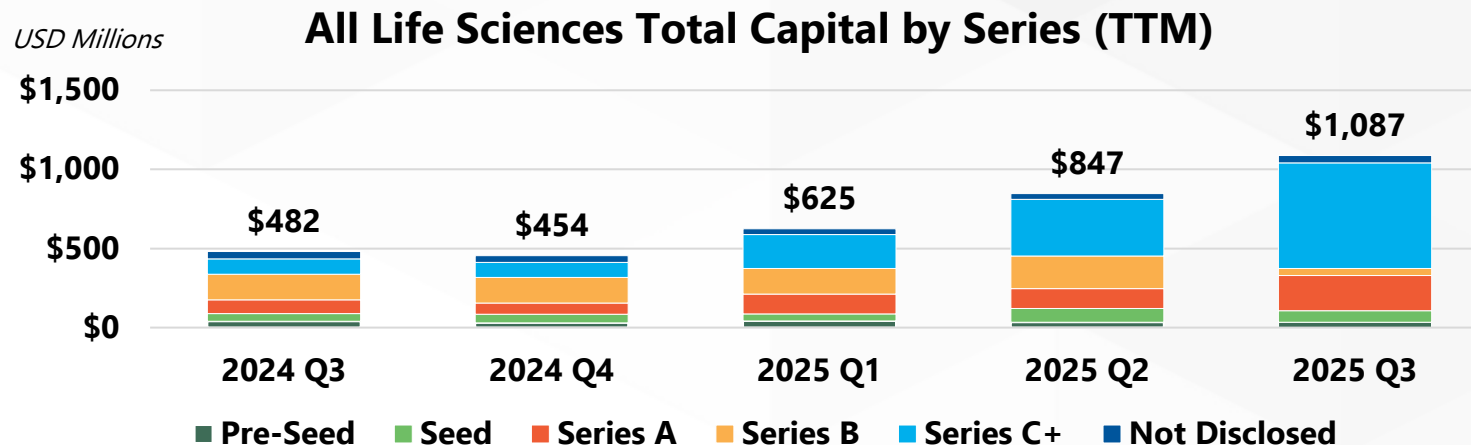
Total capital raised (TTM) in Q3 continued its dramatic rise (+28% QoQ, +126% YoY), setting another new high and reiterating the trend of capital flow to later stage companies (Series C+).

- ▶ Capital to Series C+ companies continued exploding (+87% QoQ, +596% YoY).
- ▶ Without the quarter's large Series C+ deal, growth was more muted quarterly (-29% QoQ).
- ▶ Series A also surged (+78% QoQ, +152% YoY)
- ▶ Pre-Seed (-2% QoQ, -17% YoY), and Series B (-78% QoQ, -72% YoY) both fell considerably.

Total deal count (TTM) dropped from last quarter's recent high back to more typical levels (-12% QoQ, 0% YoY).

- ▶ All funding stages showed flat to down trends in deal volume with Pre-Seed showing declines on quarterly and annual comparisons.

Declines were felt by all Texas cities, preserving Houston's spot on the top, while DFW and San Antonio saw the largest declines.



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 and Pharma

Diverging Trends: Series A and C+ Boom While Series B and Volume Crater

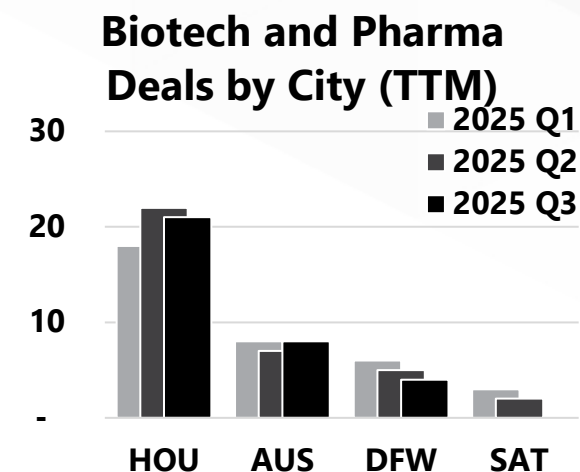
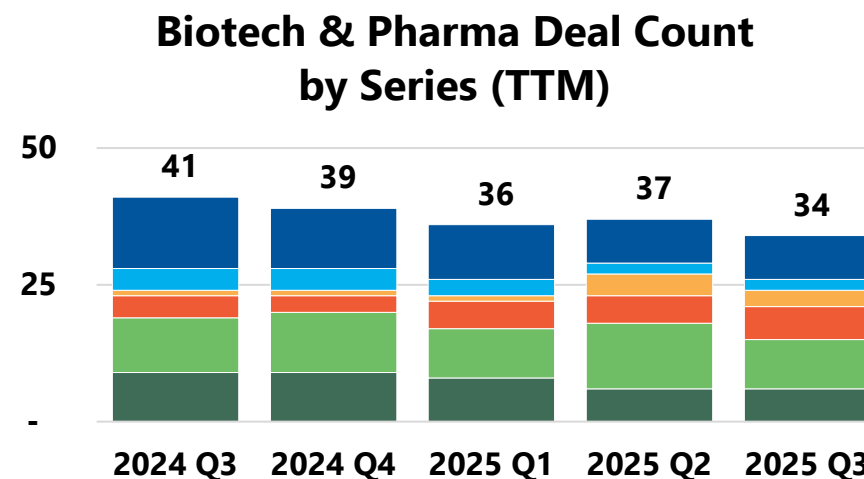
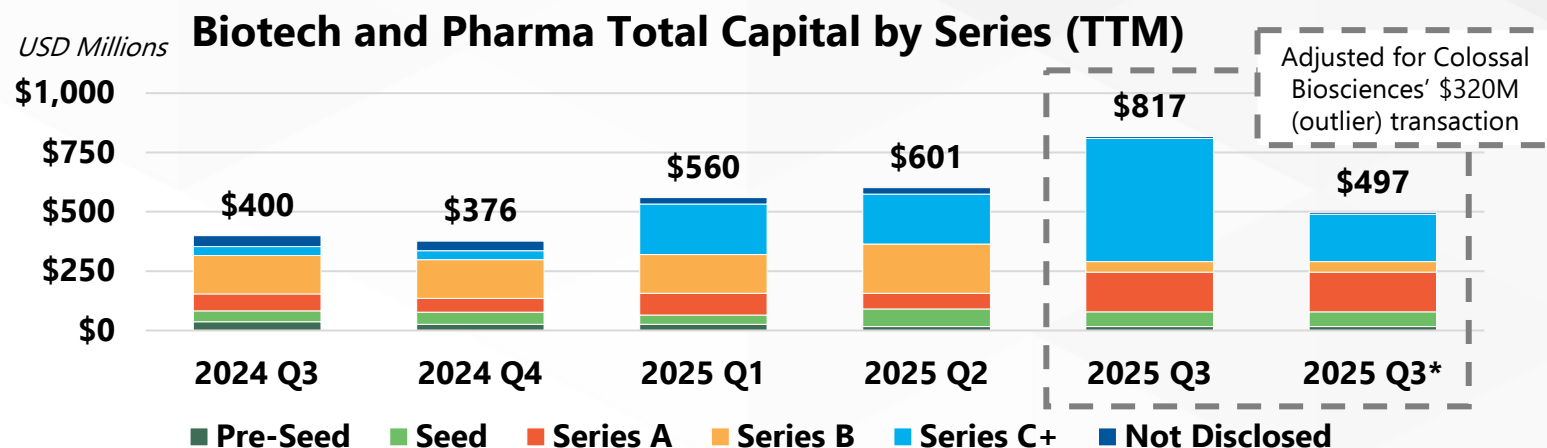
Total capital raised (TTM) grew sharply (+36% QoQ, +104% YoY), setting a much larger new high and continuing the capital migration to later stages.

- ▶ Without Colossal Biosciences' \$320M Series C deal, total funding is down quarterly (-39% QoQ).
- ▶ Series C+ mega-rounds are reshaping the funding landscape (147% QoQ, +1,264% YoY) and representing 64% of all capital raised.
- ▶ Series A funding soared (+149% QoQ, +135% YoY), while Series B plunged (-78% QoQ, -73% YoY) with large deals falling outside the TTM window.

Total deal count (TTM) dropped (-8% QoQ, -17% YoY), continuing the broader trendline that was only temporarily interrupted by last quarter.

- ▶ Series A was the sole stage to show positive growth (+20% QoQ, +50% YoY), while the rest receded.

Houston maintained its Biotech dominance, despite experiencing a slight drop (-8% QoQ, -17% YoY), while Austin bucked the broader trend, growing steadily (+14% QoQ, +33% YoY).



Biotech and 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

Funding Moderates and Deal Volume Retreats After Exceptional Growth

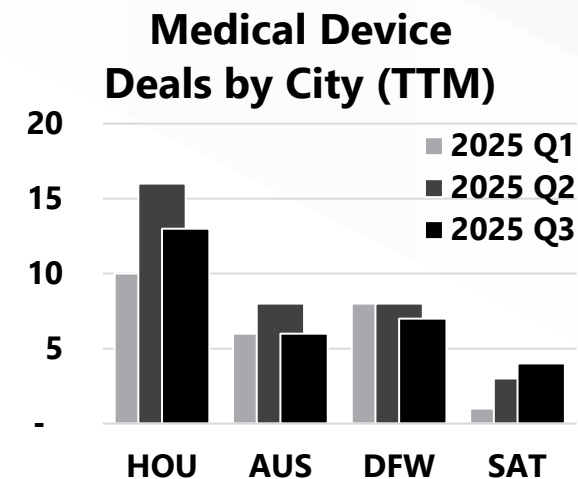
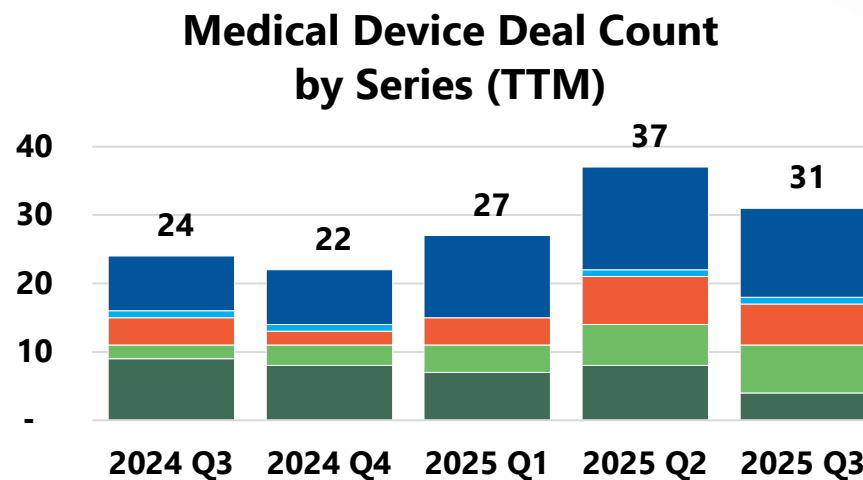
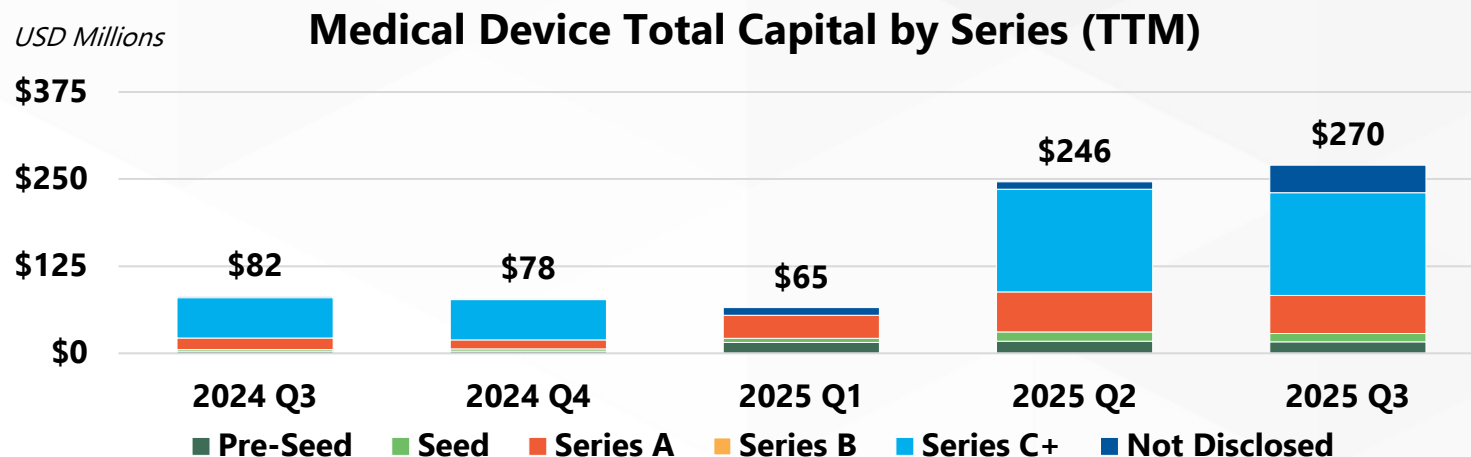
Total capital raised (TTM) showed modest growth (+10% QoQ, +230% YoY) even after last quarter's massive leap.

- ▶ All stages were flat to down (up to -11% QoQ) over PQ with Seed declining the most.
- ▶ All stages were up triple digits over PY (+155% to +491%) indicating Q3 is a slight retraction from overwhelming growth.
- ▶ Not Disclosed category was the lone source of growth.

Total deal count (TTM) retracted from PQ (-16% QoQ), but Q3 showed steady upward trajectory overall (+29% YoY).

- ▶ Seed deal count continued expanding (+17% QoQ, +250% YoY) while Pre-Seed declined materially (-50% QoQ, -56% YoY), reinforcing a pattern of investors demanding later stage validation.

Houston, DFW and Austin all showed considerably high declines in deal count, while San Antonio was the lone city to show healthy growth (+33% QoQ); albeit on a much smaller base.



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 Lags Benchmarks Despite Biotech-Driven Gains

Texas life sciences index rebounded modestly (+5% QTD) in Q3, albeit lagging behind both the SPDR S&P Biotech ETF (+21% QTD) and broader S&P 500 (+8% QTD), adding to the sector's strong Q2 performance.

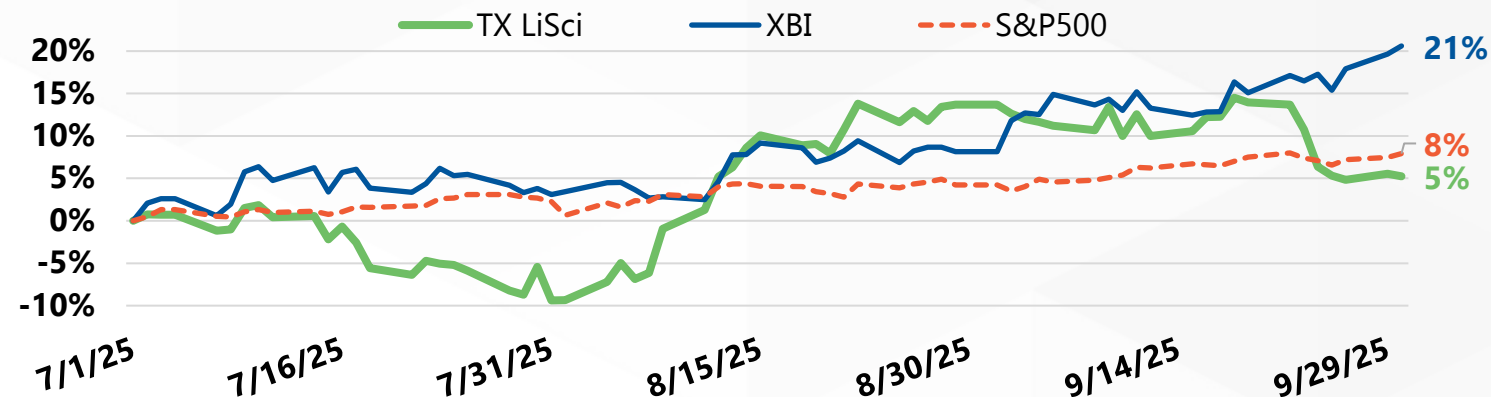
Biotech and Pharma companies moderately expanded (+7% QTD) while medical device companies significantly retracted (-9% QTD), such that Biotech's and Pharma's market cap dominance amplifying the index's recovery.

- ▶ Plus Therapeutics (PSTV) led (329% QTD) all others, while Alaunos Therapeutics, Inc. (TCRT) lagged (-43% QTD) all others.

Newly public companies that were added to the Texas life sciences index in Q3 were:

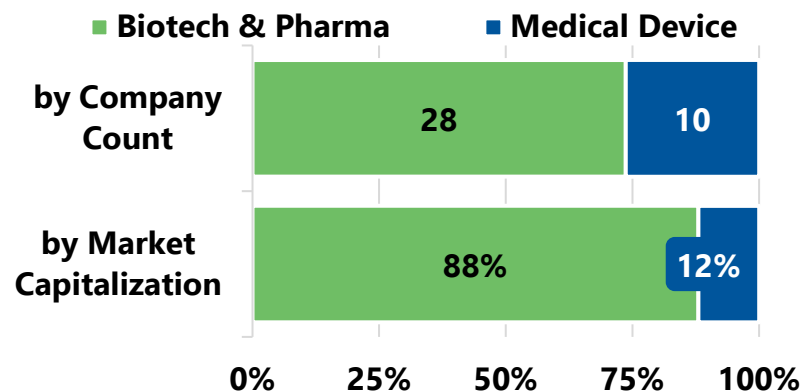
- ▶ Caris Life Sciences (CAI): \$494M raised for AI-enabled precision medicine and cancer diagnostics, representing the largest Texas life sciences IPO in recent years
- ▶ Tvardi Therapeutics (TVRD): Reverse merger with Cara Therapeutics for STAT3-targeted therapies treating fibrosis-driven diseases

Texas Life Sciences Performance vs. Benchmarks

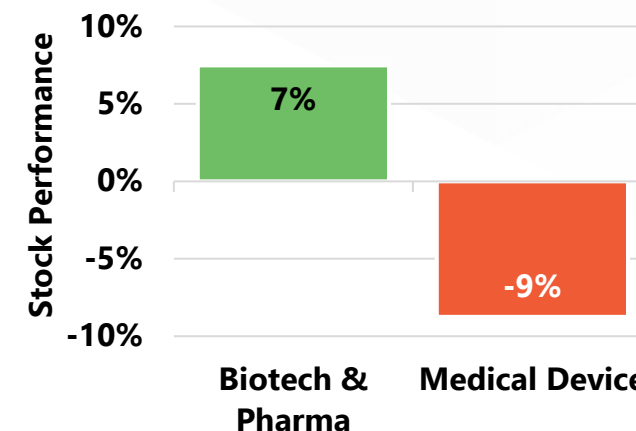


Texas Life Sciences Index

Composition Details



Performance by Sector



Texas life science represents equal-weighted average market capitalization of 38 Texas life sciences companies, rebased at the start of the quarter. Source: CapitalIQ.



| Hot Topics — Transfer Pricing

Transfer Pricing Opportunities and Risks

Businesses Operating in Multiple Countries

Businesses with cross border operations are required to price intercompany transactions in accordance with the arm's length standard.

- ▶ Optimize for tariff impact in global supply chains
- ▶ Minimize effective tax rate
- ▶ Mitigate risk of double taxation
- ▶ Repatriate/manage global cash efficiently
- ▶ Avoid costly deal impacts in due diligence
- ▶ Limit uncertain tax positions and financial statement reserves
- ▶ Mitigate transfer pricing adjustments and penalties

Documentation Requirements

Multinationals have requirements in the U.S. and most foreign countries to document their intercompany transfer pricing.

Types of Transactions

Different types of transactions hold different levels of transfer pricing risk.

- ▶ Intangible property — Planning ownership and exploitation of key intangibles on a global basis
- ▶ Tangible goods — Analysis for cross border supply chains and coordination with income tax, tariff, VAT, GST/HST and sales and use tax considerations
- ▶ Services — Analyzing allocation and pricing for R&D, marketing, sales, management and back-office services
- ▶ Financing — Intercompany loans, funding, lines of credit

Transfer Pricing Case Study Strategic Implementation Success

The Opportunity

A medical device company developing cardiovascular devices and technologies that performs R&D activities in multiple countries, manufactures in the U.S. and foreign countries and distributes devices and technologies worldwide

Strategic Transfer Pricing

Weaver assisted the company with developing global transfer policies to optimize taxation while minimizing risk of controversy and double taxation from tax authority scrutiny.

- ▶ Analyze functions, assets, risks to characterize and select the most appropriate methods to implement intercompany pricing policies
- ▶ Collaborate with company's attorneys to align intercompany legal agreements with economic analysis supporting transfer pricing policies
- ▶ Prepare transfer pricing documentation to maintain audit ready compliance with transfer pricing regulations globally
- ▶ Continue to manage budget to actual operational transfer pricing cycle and adjustments to align with implemented transfer pricing policies

Financial Impact

Optimal transfer pricing provides tax efficient management of global cash and effective tax rate while mitigating risk of controversy and double taxation.

- ▶ Cost effective preparation supporting internal finance functions with key area of cross border taxation and risk management
- ▶ Centralized management of process minimizes burden on internal tax teams while maximizing consistency in approach and alignment with strategic policy implementation



Meet Weaver's Life Sciences Team



Tyler Ridley, CPA

Partner, Life Sciences Leader and Financial Advisory Valuation
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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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U.S. Locations

200

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Global Network Member

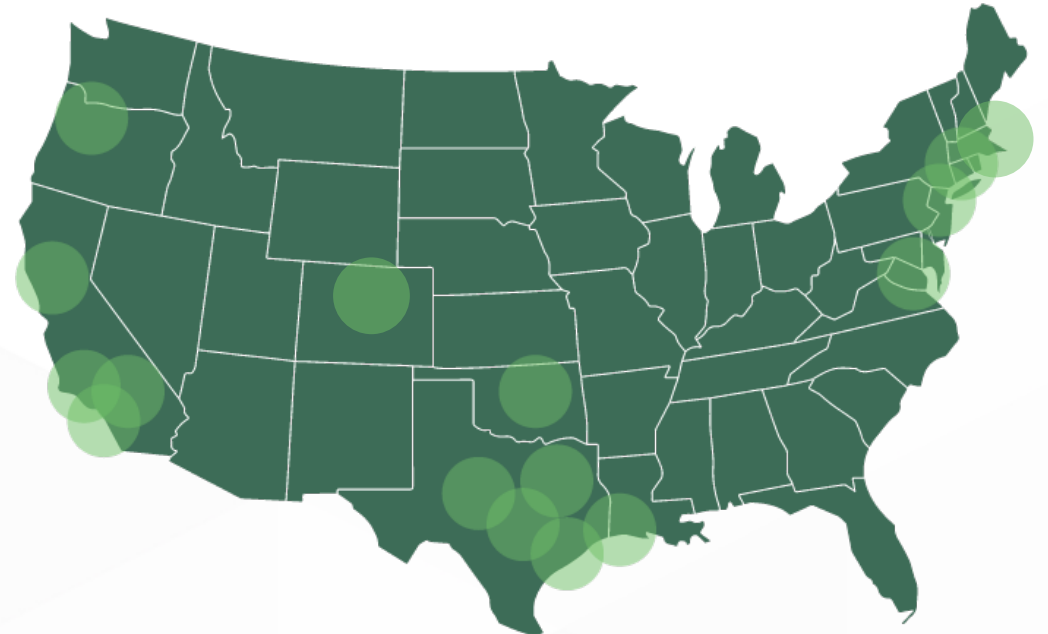
In addition to our U.S.-based locations, Weaver has global reach to firms around the world. Weaver is a member of the following:

- ▶ 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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