



State of Life Sciences in Texas

Q4 2025 | Published January 2026



| Summary

Texas Life Sciences Q4 2025

Public Rally Masks Private Drought & Innovation Decline

Texas life sciences in Q4 2025 delivered a notable public market reversal while private markets and innovation pipelines continued their multi-quarter deterioration. The +21% surge in public valuations obscured worsening fundamentals: collapsing early-stage formation, accelerating patent decline and persistent Phase 3 clinical stagnation. The quarter revealed an ecosystem increasingly dependent on mega-round concentration and public market momentum rather than sustainable innovation velocity or balanced capital formation.

Here are key highlights from our Q4 2025 report

Innovation slowdown deepens: Patent publications declined for the 5th consecutive quarter (-12% YoY, -6% QoQ), with only Vaccines/Immunotherapy growing (+8% YoY) as academic patent activity contracted.

Clinical pipeline contradictions: Texas trial starts declined for the 4th straight quarter, while Texas sponsors pivoted toward less capital-intensive trials (Phase 1 & Device) as Phase 3 completions continue to pullback.

Private capital concentration trap: Record \$1.1B raised through Series A dominance (+17% QoQ), but Pre-Seed/Seed capital cratered, and Biotech deal volume declined (-15% YoY), signaling fewer companies progressing.

Public market whipsaw: Texas life sciences surged (+21% QTD), edging past XBI (+20%) and crushing S&P 500 (+2%), driven entirely by Biotech gains while devices collapsed, leaving the index 90%+ Biotech-concentrated.

Geographic and sectoral divergence: DFW Biotech and device deals surged (+25% to +43% QoQ), while Houston Biotech contracted (-14% QoQ), as capital continued migrating toward device sector's shorter 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 & 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 December 31, 2025.



Dashboard

Texas Life Sciences Q4 2025

Public Rally Masks Private Drought & Innovation Decline



Innovation Pipeline

Declining



Patents:

Fewer Publications (756)
Vaccine/Immuno. Growth (+8%)

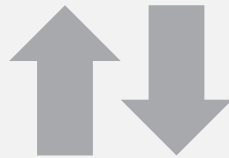
Driver:

Academic Institutions'
Publication Retreat



Clinical Development

Mixed/Shifting



Texas Trials:

Fewer Starts in Texas (1,574)
Falling Completions by TX Co's (246)

Driver:

Broad-based Declines,
Operational Headwinds



Private Capital

Concentrated



Funding:

Record Capital (\$1.1B)
Series A Surge (+17%)

Driver:

Biotech & Pharma Deal Volume
Contraction



Public Markets

Rebounding



Indices:

Public Market Whipsaw (+21%)
Biotech Surge (+27% QTD)

Driver:

Biotech/Pharma Gains,
Device Declines



Innovation – All Life Sciences

Innovation Slowdown: Patent Publications Continue 5-Quarter Slide

Patent publications (TTM) in Q4 2025 dropped (-12%) over the prior year and sagged (-6%) over the prior quarter, preserving the 5-quarter downward trend.

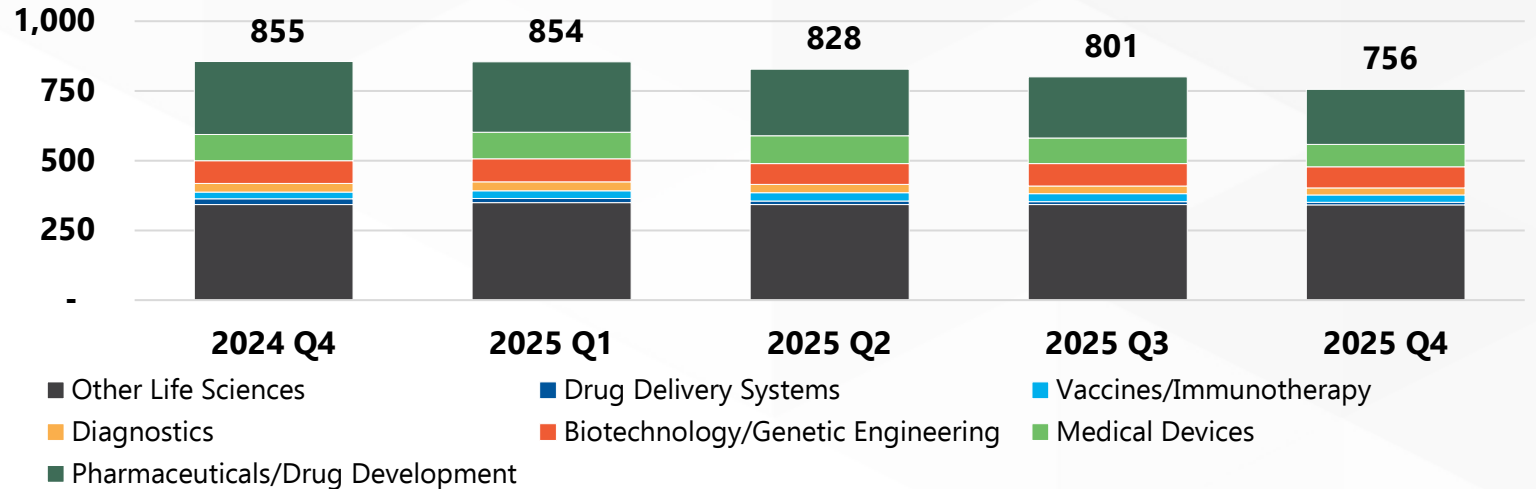
Warning signs were abound with declines in every category except Vaccines/Immunotherapy, which showed modest growth (+8% YoY), despite quarterly declines (-10% QoQ).

- ▶ Drug Delivery Systems' steep drop (-55% YoY) led all categories for annual declines, followed by Pharmaceutical/Drug Development (-24% YoY).
- ▶ Medical Devices' slump (-12% QoQ) led all categories for quarterly declines, with the aforementioned categories exhibiting similar drops (-10% QoQ).

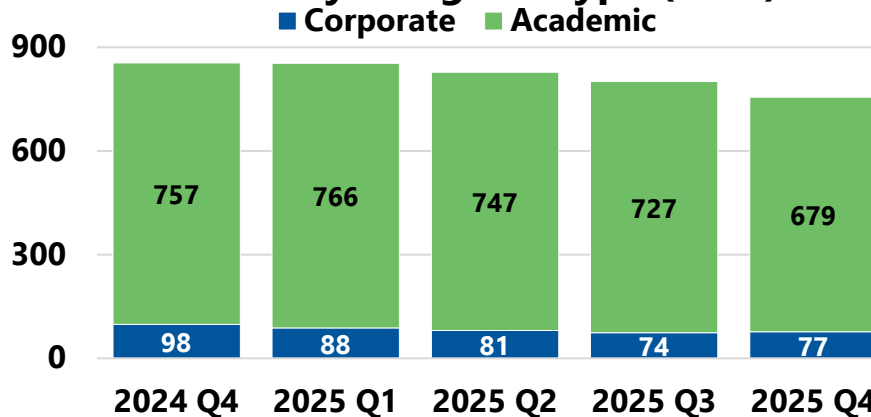
Corporate patent showed mixed results with deepening annual declines (-21% YoY) and modest quarterly growth (+4% QoQ), while academic institutions showed consistent drops (-10% YoY, -7% QoQ).

University of Texas System led all patent assignees, while Texas Instruments Inc. led all corporate entities and jumped one position in the top five assignees.

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) Texas Tech University System
- 5) Sleep Solutions of Texas, LLC

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

Texas Clinical Trials' Slump: Starts & Completions Continue 4-Quarter Slide

Clinical trial starts (TTM) exhibited consistently negative results in Q4 with substantially lower (-8% YoY, -7% QoQ) trial starts.

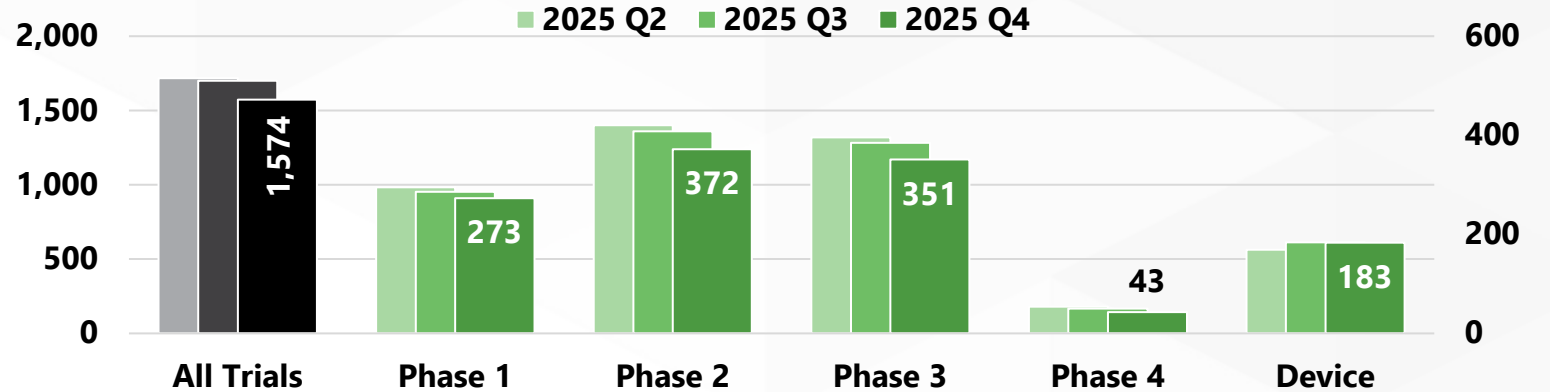
Trial starts were down across the board both annually and quarterly except for Device starts.

- ▶ Device starts which jumped up considerably (+11% YoY), continuing recent capital migration trends toward shorter development timelines.
- ▶ Phase 4 starts led all categories in declines both annually and quarterly (-23% YoY, -14% QoQ).

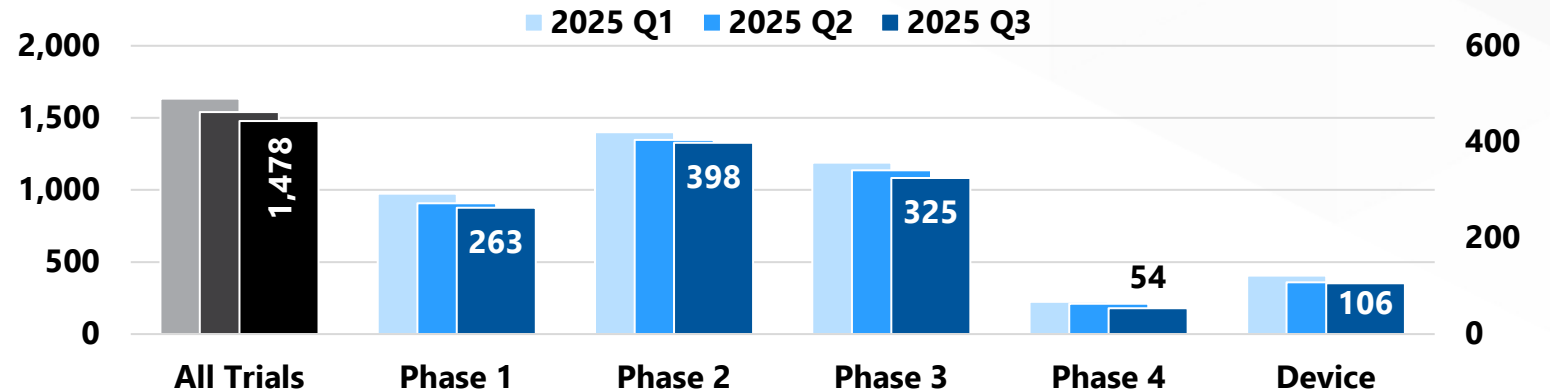
Clinical trial completions (TTM) exhibited lower activity from the prior quarter (-4% QoQ) but improved significantly over the prior year (+19% YoY).

- ▶ Completion declines across phases suggest operational challenges beyond capital constraints — whether strategic or enrollment — though specifics remain unclear.
- ▶ The 4th consecutive quarter of falling starts and completions adds to the 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

Texas-Sponsored Trials Edge Lower as Companies Shift to Smaller Studies

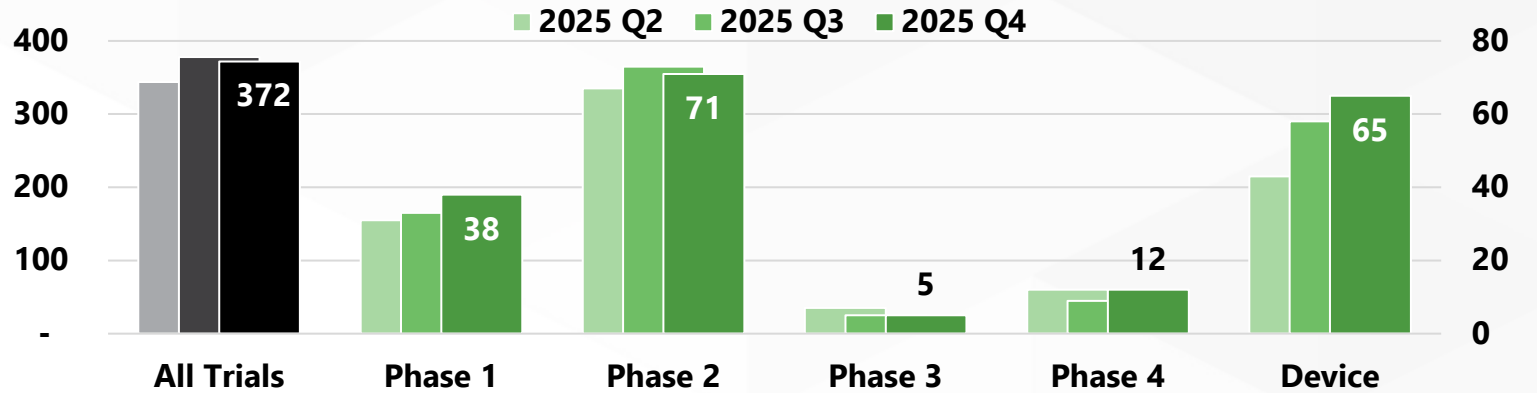
Clinical trial starts (TTM) by Texas-based companies also slowed in Q4, showing consistent, slight slipping (-2%) over PQ and PY.

- ▶ Starts for Phase 1, Phase 4 and Device were up substantially over PQ (+12% to +15% QoQ) and notably higher over PY (+9% to +63% YoY).
- ▶ Phase 2 starts showed mixed results (-3% QoQ, +11% YoY), while Phase 3 starts significant annual declines (-55% YoY, flat QoQ).
- ▶ These trends hint at continued migration to less expensive, shorter trials over larger ones.

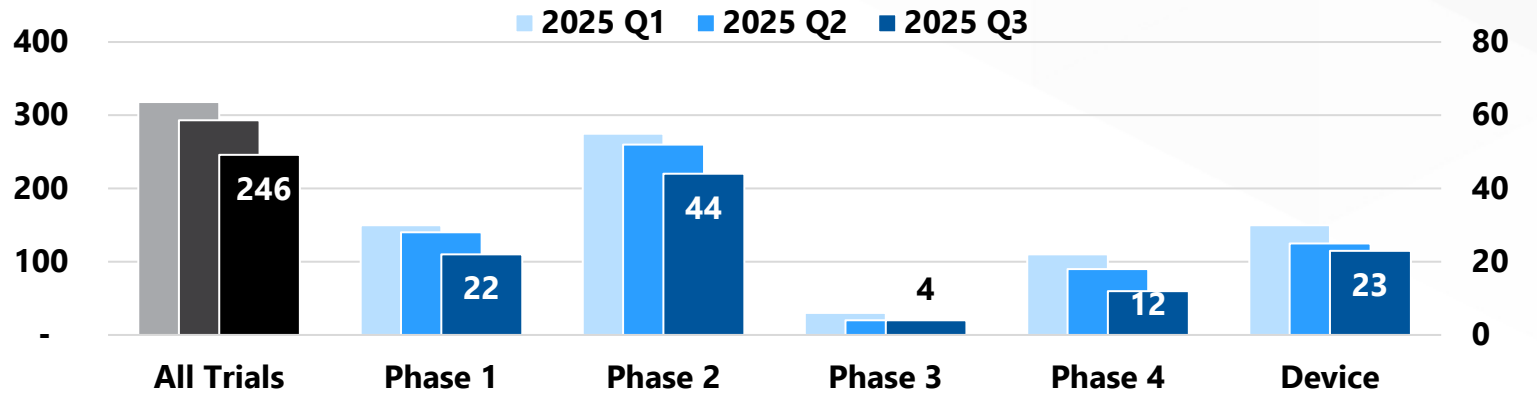
Clinical trial completions (TTM) showed deepening quarterly declines (-16% QoQ), consistent with annual results (-4% YoY).

- ▶ Broad-based and deepening completion declines — Phase 1 (-21% QoQ), Phase 2 (-15% QoQ), Phase 4 (-33% QoQ) and Device (-8% 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](https://clinicaltrials.gov).

Key:

- 2 Quarters Ago
- 1 Quarter Ago
- Current Quarter



Private Capital – All Life Sciences

Texas Fundraising Extends Win Streak on Series A Surge, Later-Stage Flattens

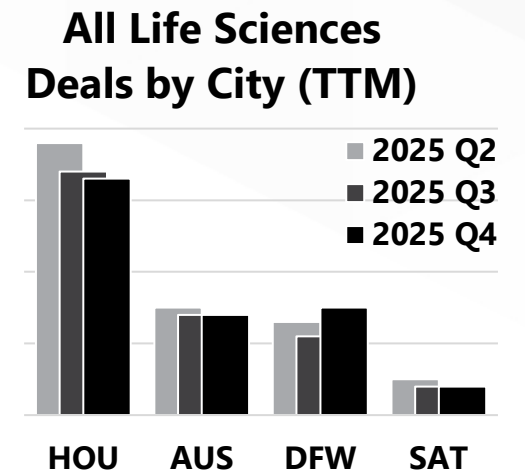
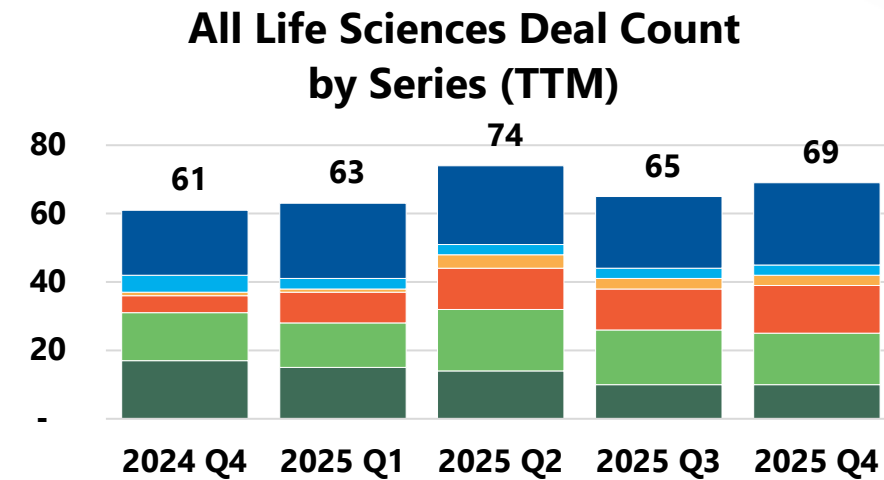
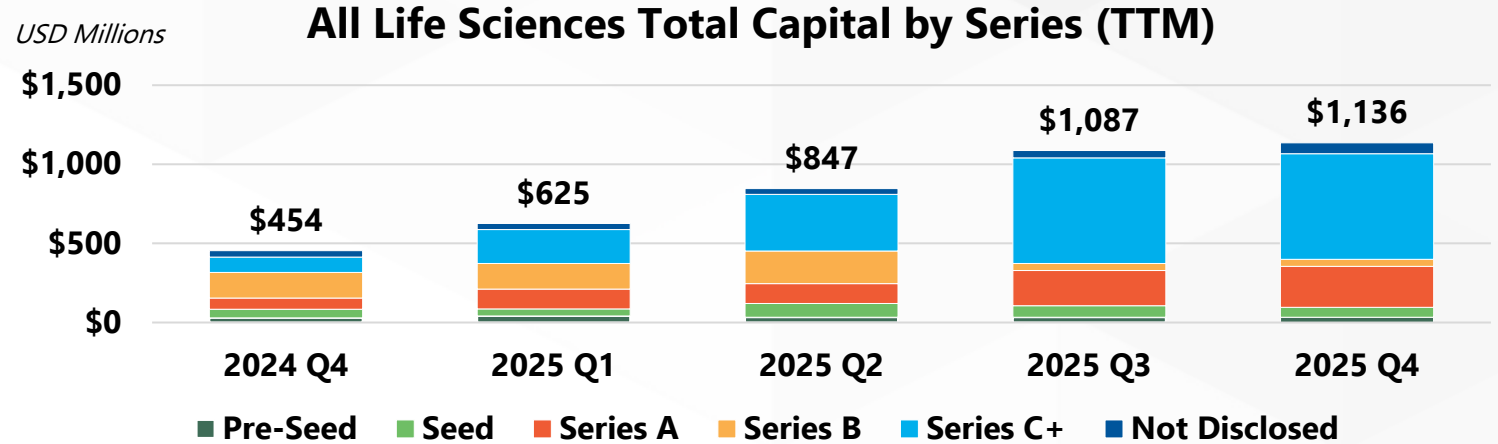
Total capital raised (TTM) in Q4 continued its steady rise (+5% QoQ, +150% YoY), setting another new high.

- ▶ Series A continued its steady growth (+17% QoQ, +267% YoY) leading all stages for Q4.
- ▶ Unlike the last few quarters, capital to Series C+ companies was flat (0% QoQ, +596% YoY).
- ▶ Pre-Seed and Seed fell over PQ (-2% to -15% QoQ) but showed healthy growth over PY (+11% to +15% YoY).
- ▶ Series B was flat again (0% QoQ, -73% YoY).

Total deal count (TTM) rebounded from last quarter's pull back (+6% QoQ, +13% YoY).

- ▶ Series A deal count grew slightly (+17% QoQ), while the rest were flat, except for a slightly pullback in Seed deal volume (-6% QoQ).

DFW exploded (+36% QoQ) and was the only city to show growth over PQ, while Houston was the only Texas city with quarterly declines (-3% QoQ).



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

Series A Carries Biotech Fundraising Amid Spreading Weakness

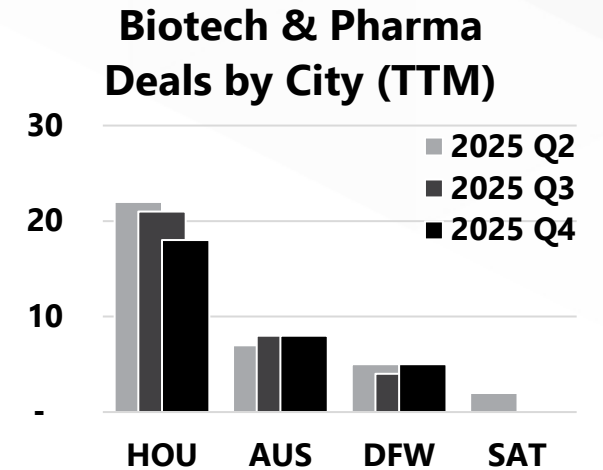
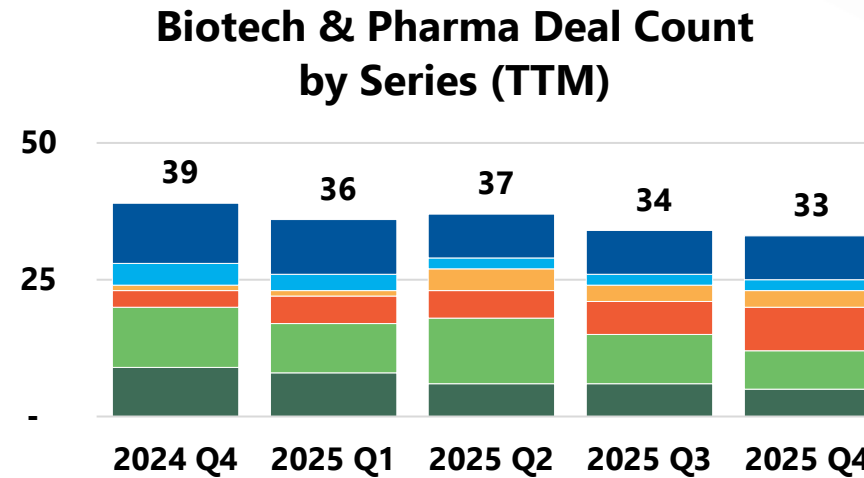
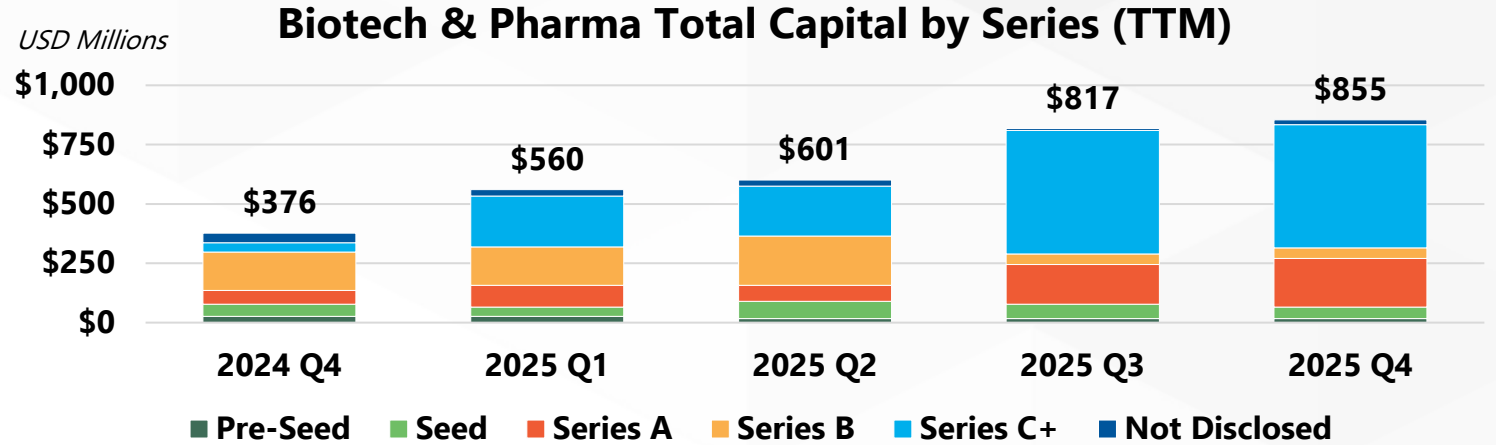
Total capital raised (TTM) grew modestly (+5% QoQ, +127% YoY), settling a touch higher than PQ's new peak.

- ▶ Series A funding continued its trend with substantial growth (+22% QoQ, +256% YoY).
- ▶ Mega-rounds from PQ may have dried up Series C+ capital (0% QoQ, 1,264% YoY) in the near term.
- ▶ Early-stage funding plunged with Pre-Seed and Seed showing significant quarterly declines (-4% to -19% QoQ) and sharp annual drops (-4% to -38% YoY).

Total deal count (TTM) continued to drop (-3% QoQ, -15% YoY), continuing the broader trendline that was only temporarily interrupted by Q2.

- ▶ Series A was the sole stage to show positive growth (+33% QoQ, +167% YoY).

DFW advanced at a healthy pace (+25% QoQ) off a smaller base, while Houston receded (-14% QoQ) on a much larger base.



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

Capital and Deals Climb Across Device Stages, While Seed Stage Leads

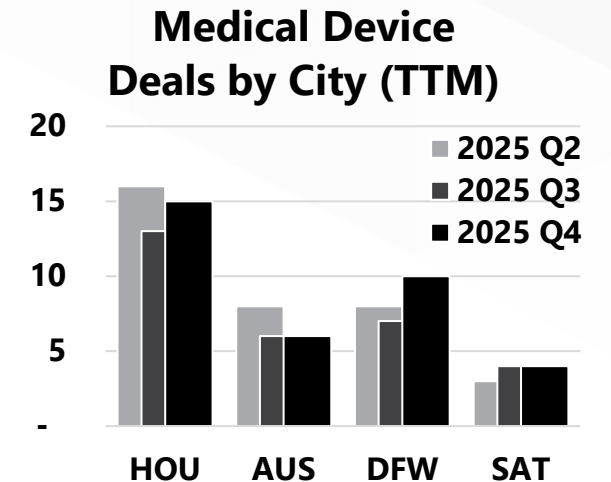
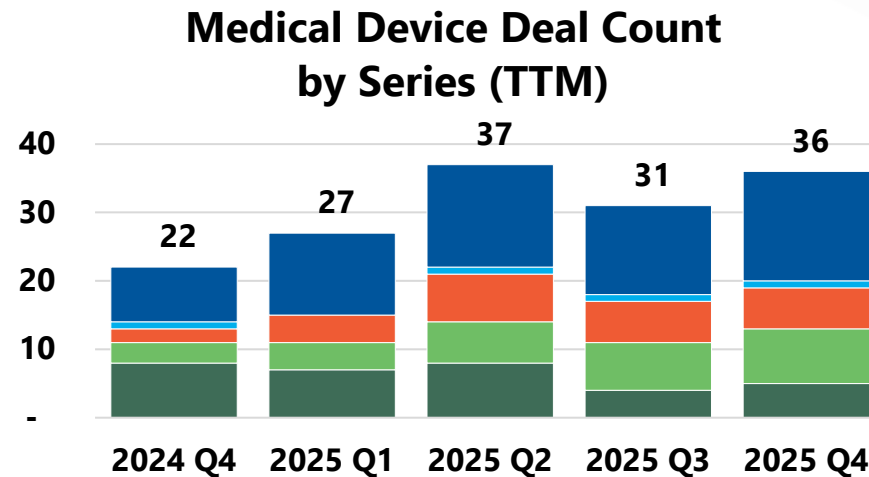
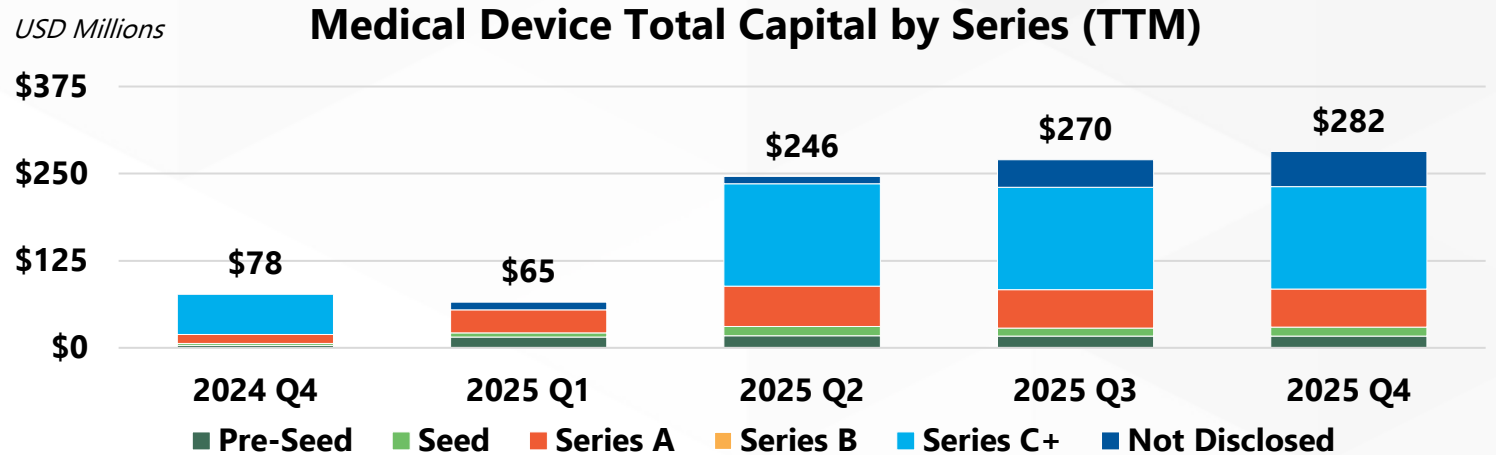
Total capital raised (TTM) continued the modest growth (+4% QoQ, +261% YoY), building off Q2's leap.

- ▶ In contrast to PQ's trends, all stages were flat to up (up to +8% QoQ) over PQ with Seed growing most and reshaping as the leader CQ after lagging PQ.
- ▶ All stages were up triple digits over PY (+155% to +402%) indicating Q4 is a continuation from recent, substantial growth.

Total deal count (TTM) aligned on the upward trajectory with consistent growth measures (+16% QoQ, +64% YoY).

- ▶ Seed deal count continued expanding (+14% QoQ, +167% YoY) while Pre-Seed seemed to halt its slide (+25% QoQ, -38% YoY), suggesting investors are seeking out less expensive, earlier innovations.

Houston and DFW showed considerable rebounds in deal count (+15% to +43% QoQ), while Austin and San Antonio were flat.



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 Rebound Sharply, Amid Biotech Surge & Medical Device Retreat

Texas life sciences index rebounded significantly (+21% QTD) in Q4, edging slightly past SPDR S&P Biotech ETF (+20% QTD) and exploding beyond the broader S&P 500 (+2% QTD).

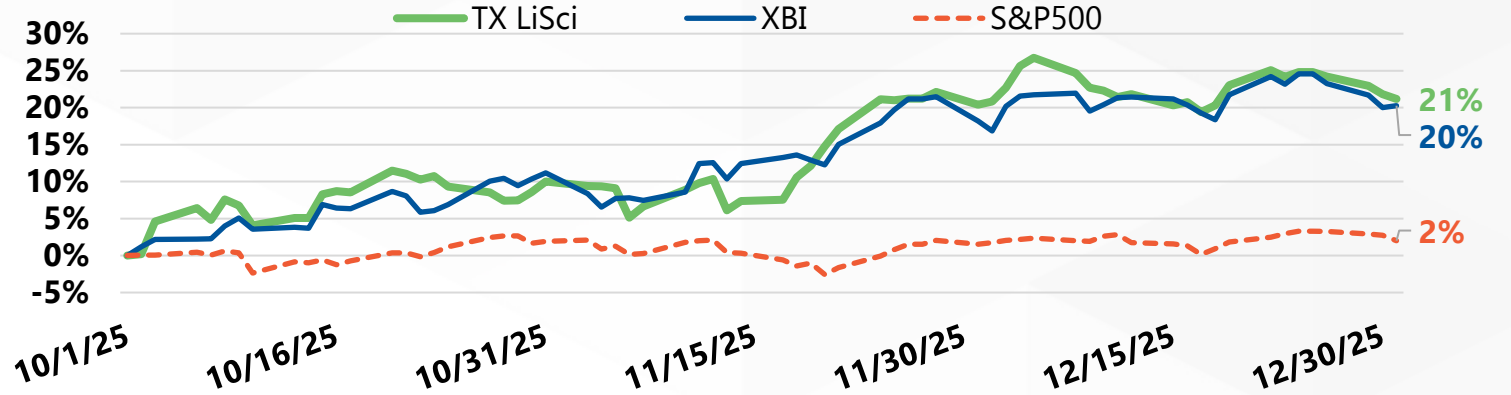
Biotech and Pharma companies drove the expansion, growing significantly (+27% QTD), while medical device companies deepened their retraction (-20% QTD), reshaping the index to an almost entirely Biotech-focused index, with Device only accounting for 8% of market capitalization.

- ▶ Impact BioMedical Inc. (IBO) (+574% QTD) led all others, while Tvardi Therapeutics, Inc. (TVRD) lagged (-89% QTD) all others, following its recent reverse merger with Cara Therapeutics.

Public companies that were removed to the Texas life sciences index in Q4 were:

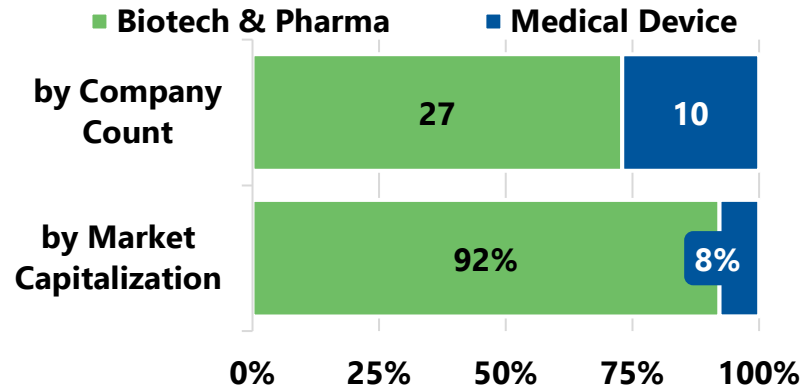
- ▶ Salarius Pharmaceuticals, Inc. (SLRX), clinical-stage oncology company, merged with Decoy Therapeutics (DCOY) (non-Texas HQ) in November 2025.

Texas Life Sciences Performance vs. Benchmarks

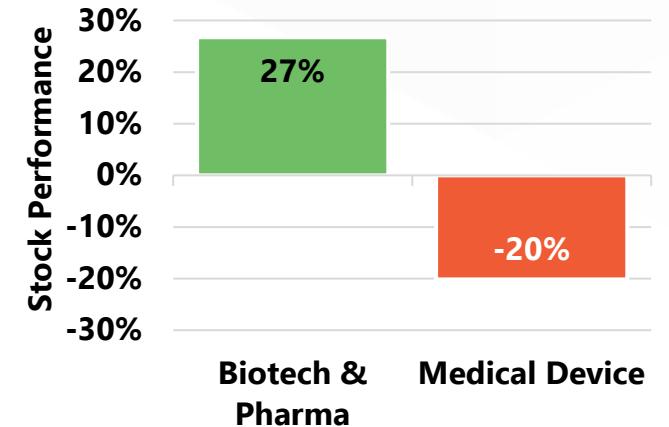


Texas Life Sciences Index

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 – Stock Compensation (IRC 409A)

Stock Compensation Basics Background & Implications

Background: Section 409A of the Internal Revenue Code governs taxation of deferred compensation, including stock options. It requires private companies to determine fair market value (FMV) of common stock before granting options. If strike price is below FMV, options become immediately taxable to employees with a 20% penalty plus interest.

The safe harbor protection: An independent appraisal from a qualified valuation firm provides "safe harbor" — the IRS presumes the valuation is correct, and the burden of proof shifts to the IRS to challenge it. Safe harbor lasts 12 months; after that, the valuation is "stale" and loses protection.

When you need a new 409A:

- ▶ Before any stock option grants (initial valuation)
- ▶ After material events:
 - Financing rounds (any series)
 - Clinical trial results — positive or negative Phase 1/2/3 readouts
 - FDA decisions (IND, breakthrough designation, approval/rejection)
 - Major partnership or licensing deals
 - Significant pivot in business model or strategy
- ▶ Every 12 months minimum (to maintain safe harbor)

Life science valuation complexity: Clinical milestones create rapid, dramatic value changes — a positive Phase 2 readout can double or triple valuation overnight. Early-stage companies typically trade at significant discounts to preferred stock due to liquidation preferences, anti-dilution protection and lack of liquidity. Pipeline products require probability-weighted valuations across multiple development and regulatory scenarios, making life science 409As more complex than typical tech company valuations.

Stock Compensation Case Study Expensive Consequences

The Scenario: Houston cell therapy startup completed \$15M Series A in Q3 2024 at \$2.00/share preferred. Last 409A (pre-Series A) showed common stock at \$0.25/share. In Q2 2025, they recruited a VP of Clinical Development with 50,000 stock options at \$0.25/share. Discovery in 2028 (3 years later) during Series B due diligence.

The Problem:

- ▶ 409A was >12 months old (stale, no safe harbor)
- ▶ Two material events occurred: Series A financing + FDA IND approval
- ▶ Management granted options at \$0.25 without updating valuation
- ▶ Actual FMV at grant date: \$0.90/share

Cost to Employee (3 years later):

- ▶ Taxable "discount" income: $(\$0.90 - \$0.25) \times 50,000 = \sim\$32,500$
- ▶ Federal tax (35%) + 409A penalty (20%) + FICA (7.65%) = **$\sim\$20,400$**
- ▶ Interest (7% compounded, 3 years): **$\sim\$6,800$**
- ▶ **Total owed in 2028: $\sim\$27,200$** in cash on illiquid stock

Cost to company: Series B delayed due to "dirty" cap table, potential liability for all grants using stale 409A, must notify all affected employees.

Right way: Obtain fresh 409A showing \$0.90 FMV → Grant at \$0.90 → Employee pays \$0 tax → No compounding cap table problems at the next transaction.

Key takeaway: 409A violations are rarely caught at grant — they surface years later during transaction (fundraise, M&A or IPO) diligence when interest has compounded and fixing it is impossible.



Weaver Life Sciences

Accounting Services for Life Science Companies of All Stages

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- ▶ KPI development and analytics
- ▶ Outsourced CFO services
- ▶ Revenue cycle and process improvement

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- ▶ Purchase price allocations and fairness opinions
- ▶ Stock compensation valuation (ASC 718/IRC 409A)

Transaction Advisory

- ▶ Financial due diligence: quality of earnings
- ▶ Buy-side and sell-side transaction support

Tax Services

- ▶ R&D tax credits (federal and Texas)
- ▶ Transaction structuring and tax modeling
- ▶ Transfer pricing and QSBS planning
- ▶ State and local tax (SALT) optimization

Governance, Risk & Compliance

- ▶ SOX compliance and internal controls optimization
- ▶ Material weakness remediation
- ▶ IT due diligence and cybersecurity risk management

Audit & Assurance

- ▶ Financial statement audits and reviews
- ▶ Start-up accounting support

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Experience to handle any challenge



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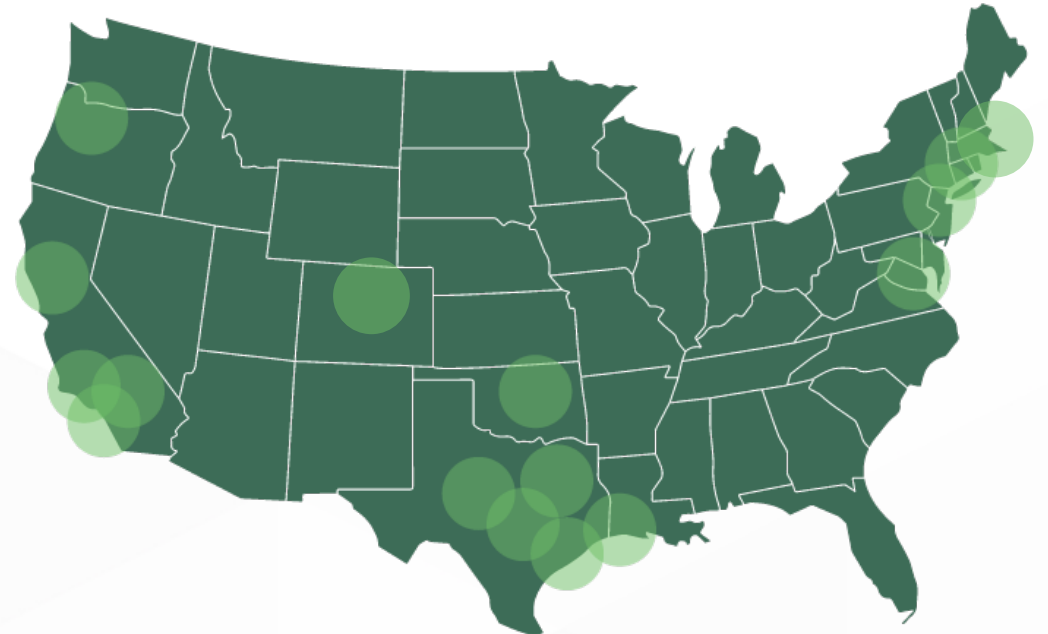
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