JUNE 2025

WILSON SONSINI

THE LIFE SCIENCES REPORT

In This Issue

Succeeding in the Current Challenging Life Sciences Funding Market

By Matthew J. Meyer (Chief Business Advisor, Life Sciences Business Advisory Practice, San Francisco)

The life sciences industry continues to face significant financing and macro headwinds. This "perfect storm" that developed in the first quarter of 2025 includes the Trump administration's tariff proposals, significant staff cutbacks at the U.S. Food and Drug Administration, major grant funding reductions at the National Institutes of Health (NIH), and a volatile public stock market. This comes on top of an already weak private and public finance environment that started in late 2022 as the COVID-19 pandemic receded and interest rates increased.

As a result, according to PitchBook, venture capital funding of life sciences companies decreased by 30 percent (as measured by deal count) in the first quarter of 2025 compared to the prior quarter. The amount of investment funding of early-stage companies in the sector declined 31 percent over the same period, to $5.27 billion.

While it's unclear when the sector will see a recovery, management teams

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When 1 + 1 < 2: Strategic and Legal Considerations in Digital Health Combinations

By Marc Berger (General Counsel in Residence, New York)

In today's digital health market, inflated valuations and stagnant—or even declining—revenue projections have run headfirst into a constrained funding environment. As a result, many CEOs and boards are exploring combinations—whether mergers, roll-ups, or strategic acquisitions—as a means of survival or scale. The logic is compelling: consolidate capabilities, reduce burn, and extend runway. But the fundamental question remains: will 1 + 1 truly add up to more than 2—or something closer to 1.5, or less?

As someone who's sat on both sides of the table—as a general counsel, CEO, and board chair—I've seen firsthand how make-or-break these combinations can be. The success of any deal hinges not just on financial modeling, but on how well the strategic, operational, legal, and regulatory complexities are anticipated and managed.

Below are a few key considerations that boards, CEOs, and investors should weigh when pursuing a combination—and how a full-service law and strategic advisory firm can add value from day one (or even earlier).

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Succeeding in the Current Challenging Life Sciences Funding Market *(Continued from page 1)*

should consider the following initiatives to manage through these uncertain times.

- **Capital Efficiency:** Streamline operations to focus on only the most mission-critical programs. This may mean freezing or cancelling non-core initiatives. The longer one can extend the capital runway, the better.
- **Non-Dilutive Funding:** While the recent NIH grant cuts are hitting the industry hard, there are grant funding sources available from select non-governmental organizations (NGOs) and state funding agencies. For example, the Gates Foundation and the Michael J. Fox Foundation are two well-funded NGOs. State agencies include the California Institute for Regenerative Medicine (CIRM) and the Cancer Prevention and Research Institute of Texas (CPRIT).
- **Strategic Partnerships:** While likely already a part of many companies' strategic plan, an increased emphasis on establishing alliances with larger industry partners becomes increasingly important in a down financing market. These transactions can often generate a source of immediate, non-dilutive capital through upfront fees and downstream milestones, as well as provide in-kind services to support research and development work.
- **Morale and Retention:** The recent market turbulence, industry downsizings, and macro trends can dampen employee morale. Management teams should proactively address these concerns through regular town hall meetings and by reminding employees that the industry goes through cyclical ups and downs, but its core mission—improving human health—remains unchanged. To help retain key talent, consider appropriate economic incentives, including refreshed equity grants at lower strike prices.

Your Wilson Sonsini team would be happy to discuss these strategies in more detail.

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About Wilson Sonsini's Business Advisory Practice

The firm's unique and innovative Business Advisory Practice (BAP) provides life sciences companies with broad business support in the areas of private financings, partnering and other strategic transactions, deal valuation and transaction comparables, and other critical business objectives. The BAP complements the firm's outstanding legal counsel with industry-experienced business and licensing advisors to support and accelerate growth through strategic business advice. For more information, please visit https://www.wsgr.com/en/life-sciences-business-advisory-practice.html.

When 1 + 1 < 2: Strategic and Legal Considerations . . . *(Continued from page 1)*

1. Strategic Fit: Is There Real Synergy or Just Shared Struggle?

- Complementary capabilities (e.g., tech stack, customer base, care models, reimbursement strategies) must be clearly mapped.
- Avoid combinations that merely double headcount and burn rate without unlocking true go-to-market or product leverage.
- Legal advisors can help assess contractual encumbrances and evaluate integration feasibility early in the process.

2. Corporate and Governance Alignment

- Who controls the combined entity? Misaligned board structures, misallocated voting rights, or unclear leadership roles can torpedo value.
- Early legal structuring and scenario planning—e.g., ownership splits, protective provisions, equity refresh—can help avoid surprises.
- Consider pre-combination clean-ups: IP assignments, option pool resets, and corporate hygiene.

3. Commercial Contract Complexity

- Merging customer bases means reconciling different pricing models, service-level agreements (SLAs), exclusivity terms, and renewal mechanics.
- Legal teams should lead diligence on legacy agreements and help triage risk tiers—what to novate, renegotiate, or sunset.
- A full-service firm can also standardize contract templates for the new entity to accelerate post-deal scalability.

4. Data Rights and Infrastructure Compatibility

- Data is often the strategic driver for these companies—but also the landmine. Who owns what? Are rights assignable? Are use cases aligned?
- Evaluate data architecture, API maturity, and whether systems can integrate without risking protected health information (PHI) breaches or regulatory exposure.
- Counsel should lead reviews of business associate agreements (BAAs), data processing agreements (DPAs), and data licensing agreements—especially when crosswalking electronic health records (EHRs), claims, and patient-reported data sources.

> Navigating these deals requires an integrated team that understands healthcare, data, and technology—and can advise not only on papering the transaction, but on structuring and executing it for long-term success

5. Regulatory Exposure and Risk Harmonization

- One company may operate under a qualified health information network (QHIN) framework; another may be focused on 21st Century Cures or artificial intelligence/machine learning (AI/ML) in diagnostics.
- A mismatch in regulatory posture—e.g., HIPAA, FDA, Stark/Anti-Kickback—can introduce friction into what seemed like a clean deal.
- A multidisciplinary legal team with health regulatory expertise can help map compliance obligations and mitigate legacy liabilities.

6. Cultural and Operational Integration

- Even with strong strategic rationale, integrations falter on execution. Differing operating cadences, values, or team dynamics must be addressed proactively.
- Legal teams can support workforce transitions, design retention packages, and mitigate employment risks—especially in regulated environments or with remote/distributed teams.

How the Right Strategic Advisors Can Help

Navigating these deals requires more than deal lawyers. It requires an integrated team that understands healthcare, data, and technology—and can advise not only on papering the transaction, but on structuring and executing it for long-term success. A team that has faced these issues before and knows how to work through their complexity.

A full-service partner can help:

- Lead corporate structuring and diligence with an eye toward future capital raises or exits;
- Harmonize commercial and data contracts while protecting value-driving IP;
- Manage employment transitions and risk; and
- Advise on post-deal integration plans

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When 1 + 1 < 2: Strategic and Legal Considerations . . . *(Continued from page 3)*

that reduce friction and accelerate value creation.

Why Wilson Sonsini and the GCIR Program Are Built for This Moment

Wilson Sonsini is uniquely positioned to help digital health companies navigate the high-stakes decisions surrounding strategic combinations. With decades of experience advising the most innovative companies at the intersection of healthcare, data, and technology, the firm brings deep expertise across corporate structuring, regulatory compliance, data rights, and commercial contracting.

Through its General Counsel in Residence (GCIR) program, Wilson Sonsini embeds seasoned legal and business operators—professionals who have sat in the GC, COO, or CEO seat—directly alongside clients to offer practical, real-world counsel. This approach goes beyond transactional advice: we help boards and executive teams think through the strategic fit, avoid regulatory landmines, and execute with precision.

Whether you're pursuing a merger, considering a roll-up strategy, or aligning governance and go-to-market models post-deal, Wilson Sonsini offers the legal depth and strategic insight to make these combinations work—not just on paper, but in practice.

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Wilson Sonsini Expands Health Privacy and Regulatory Capabilities with Addition of Jodi Daniel

On May 27, 2025, Wilson Sonsini announced that Jodi Daniel has joined the firm's Regulatory Department as a partner in its Washington, D.C., office. Her rare blend of senior public-sector experience and deep private-sector insight further elevates the firm's leadership in digital health and healthcare innovation.

Jodi is one of the nation's first digital health lawyers and a former lead policymaker at the U.S. Department of Health and Human Services (HHS). She brings a broad and unique understanding of the digital health market and cutting-edge health innovations—including artificial intelligence and machine learning, remote monitoring tools, electronic health records (EHRs), mobile health applications, digital therapeutics, health data platforms, and data analytics tools.

"Digital health continues to be one of the most dynamic and rapidly growing sectors we serve," said Doug Clark, managing partner at Wilson Sonsini. "Our clients are leading the charge in transforming healthcare—and for over two decades, Jodi has shaped and developed regulations and policies that catalyzed digital health innovation. Bringing her on board significantly deepens our health privacy and regulatory capabilities and reinforces our commitment to providing best-in-class, end-to-end support."

To learn more, please see the firm's news release.

The Corporate Practice of Medicine: Essential Guidance for Healthcare Companies and Investors

By Andrea Linna (Partner), Nawa Lodin (Associate, Washington, D.C.), and Seamus Taylor (Associate, Washington, D.C.)

Navigating state regulations on the corporate practice of medicine (CPOM) is typically one of the first and most crucial legal hurdles to clear for companies seeking to deliver medical services. This includes life sciences companies that are expanding into healthcare delivery—for example, by integrating clinical services with diagnostics, devices, or therapeutics—and digital health companies that operate platforms incorporating virtual care or provider-driven services. Many states have strict rules about (1) what type of entities can perform medical services and (2) who can have an ownership interest in entities that provide medical services. In many states, only a professional entity, and not a general corporation, can provide medical services. In addition, many states limit ownership of professional entities to people with certain professional licenses. These ownership rules vary by state, though all states permit a licensed physician to be the sole owner of a medical group. For non-medical personnel, including founders, venture capital firms, private equity, and other investors, this means that they generally cannot invest in entities that provide medical services.

> Healthcare counsel will design compliant corporate structures that both protect clinical independence and allow for appropriate financial relationships between investors and the medical practice while satisfying regulatory requirements across different jurisdictions

Working with experienced healthcare legal counsel is essential, as misunderstanding these regulations can lead to invalid corporate structures, regulatory penalties, and allegations of unlicensed practice of medicine. Further, compliance with CPOM laws is essential for investments and successful exits, as sophisticated investors view CPOM compliance as a fundamental risk factor in their investment decisions. Healthcare counsel will design compliant corporate structures—often involving management service organizations (MSOs) alongside professional corporations (PCs)—that both protect clinical independence and allow for appropriate financial relationships between investors and the medical practice while satisfying regulatory requirements across different jurisdictions. These regulatory frameworks can be exceedingly complex, with subtleties that vary significantly from state to state, creating an intricate legal landscape where even well-intentioned founders and investors can easily make critical mistakes that threaten the viability of their business model or expose them to substantial liability.

Who: CPOM Isn't Just for Doctors

While state prohibitions on the corporate practice of medicine are the most common, several states impose similar restrictions on other licensed professions, such as dentistry, nursing, counseling, psychology, veterinary medicine, and physical therapy. These restrictions fundamentally limit who can own and control entities providing these professional services—typically requiring that owners hold the appropriate license.

> State prohibitions on CPOM are similar to, and often intersect with, other laws aimed at preserving the sanctity of the patient-provider relationship, such as the federal Anti-Kickback Statute, the Stark Law, and fee-splitting rules

For entrepreneurs, investors, and unlicensed business professionals looking to enter the healthcare space, these regulations create significant barriers to traditional business ownership and investment structures. The core purpose of these laws is to prevent business interests from interfering with professional judgment and the provider-patient relationship.

Why: Preserving the Sanctity of the Patient-Provider Relationship

The underlying public policy for state prohibitions on CPOM is derived from protecting the integrity of medical decision-making. CPOM laws aim to ensure healthcare professionals remain free from external influence (like a for-profit corporation's obligation to maximize shareholder value). State prohibitions on CPOM are similar to, and often intersect with, other laws aimed at preserving the sanctity of the patient-provider relationship, such as the federal Anti-Kickback Statute, the Stark Law,

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and fee-splitting rules. Furthermore, CPOM prohibitions address the risk that unlicensed individuals such as founders and investors might effectively engage in medical decision-making, which could constitute the unauthorized practice of medicine—a criminal offense in most jurisdictions.

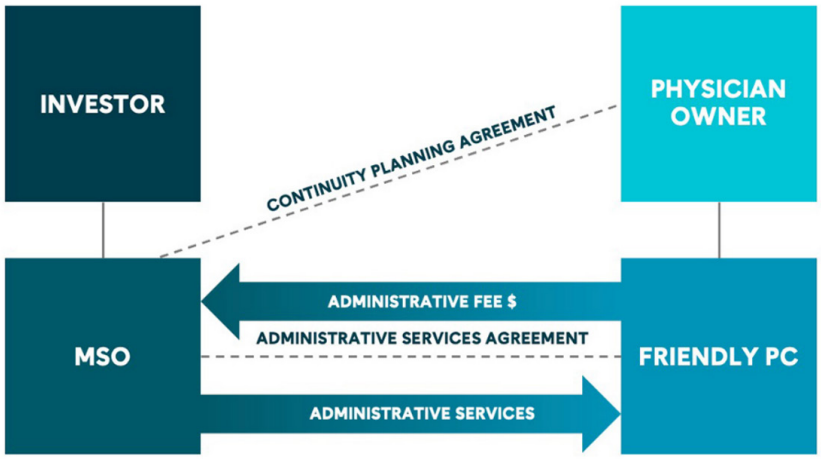
What: The MSO-PC Model

The most common and pressure-tested way for companies and their investors to comply with varying state prohibitions on CPOM and avoid possible criminal and civil penalties is to establish two distinct corporate entities: an MSO and a PC. The MSO typically employs administrative staff and provides management, financial, coding/billing, (possibly) marketing, and other administrative services to the PC, and may also serve as a lender to the PC. The PC employs the physicians and clinical personnel, owns all clinical assets (e.g., medical records), and is the entity through which all medical services are provided. Importantly, the PC's physician owners control all decisions that involve medical decision-making.

Because the MSO does not perform medical services, it can be owned by lay investors, including investment firms and other non-professional entities. In contrast, in states with prohibitions on CPOM, the PC must be owned by one or more actively licensed medical professionals. The use of the MSO-PC model allows investors to share in the profits of the management company while still complying with state laws that protect the integrity of medical decisions, which are made solely by the PC through its physician owner(s).

Figure 1 shows the MSO-PC model in its most basic form, but this model can grow and evolve depending on the company's

FIGURE 1



wants and needs. For example, companies eyeing national expansion will need to set up several PCs, as some states require that professional services be conducted only through domestic entities (corporations or professional entities that are formally registered and incorporated within that specific state), and then register those domestic entities nationwide. Similarly, companies working with multiple PC owners will need to navigate state licensing and professional corporation ownership requirements to understand whether one or more owners must be licensed in a given state in order for a professional corporation to do business there, even if they are not actually providing medical services in the state.

Figure 2 shows the flow of funds in a basic MSO-PC model. Typically, funds will first flow from a patient or payor to the PC in order to comply with state fee-splitting laws, which generally prohibit healthcare professionals from sharing clinical fees with unlicensed entities or individuals. From these revenues, the PC first compensates its healthcare providers and then pays the MSO the administrative fee. Importantly, the administrative fee should reflect the fair market value of the services provided to the PC by the MSO, and ideally, the fair market value will be determined by a valuation expert. Ensuring fair market value is critical to demonstrating that the arrangement is a legitimate arm's-length service relationship rather than disguised fee-splitting or an illegal

FIGURE 2

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kickback scheme prohibited by the anti-kickback statute.

How: The Key MSO-PC Agreements

Setting up an MSO-PC model can require significant time, effort, and expertise and includes a variety of agreements between the various entities involved. Of those agreements, two are particularly important: the Administrative Services Agreement and the Continuity Planning Agreement.

> State prohibitions on CPOM can present a dizzying array of contrasting rules and obligations, but a properly structured MSO-PC model can help alleviate many of these concerns

Administrative Services Agreement

Importantly, the PC and the MSO are not part of the same corporate structure; they are not subsidiaries or affiliates. Instead, they are business partners, tied together contractually by an Administrative Services Agreement (ASA) that sets forth the relationship and obligations of both entities. Under a typical ASA, the MSO will provide management, financial, coding/billing, (possibly) marketing, and other administrative services to the PC, and may also serve as a lender to the PC, as noted above. In exchange, the PC will pay an administrative fee to the MSO.

Continuity Planning Agreement

The Continuity Planning Agreement (CPA) runs between the MSO, the PC, and the physician owner, and functions as the MSO's (and the MSO's investors') "insurance policy" against a problematic physician owner. In essence, the CPA specifies the circumstances under which the physician owner can transfer their shares in the PC to another person/entity and requires the MSO's consent for such a transfer. The CPA also sets forth certain circumstances under which the MSO can direct the transfer of—or under which the physician owner is obligated to transfer—the physician owner's shares (e.g., the physician owner's medical license is revoked). It is important to note that CPAs are not legal or enforceable in every state, as some states believe they grant excessive control over the PC, and even in states where they are allowed, they must be carefully drafted to prohibit any such control.

Beyond the ASA and the CPA, the MSO-PC model typically requires numerous additional documents, including professional services agreements, employment agreements, HIPAA business associate agreements, trademark licensing agreements, promissory notes, and more.

Compliance Is Key

Companies and their investors should be mindful of the risks and implications of violations of state prohibitions on CPOM. Violations can result in severe penalties, including criminal charges, jail time, substantial fines, loss of licensure, litigation, loss of reimbursement and payor agreements, and nullification of other business contracts, making compliance essential not just for legal operations, but for protecting company valuation and long-term viability. To maintain compliance with CPOM, companies and their investors should conduct annual operational audits and training programs for all personnel involved in the MSO-PC relationship.

Conclusion

State prohibitions on CPOM can present a dizzying array of contrasting rules and obligations, but a properly structured MSO-PC model can help alleviate many of these concerns. Even then, companies must pay attention to changing state and federal rules and enforcement priorities. For example, both California and Oregon state legislative bodies have introduced legislation seeking to curtail the use of the MSO-PC model in those states. Similarly, states such as New York and California and enforcement authorities such as the U.S. Department of Justice are increasingly scrutinizing healthcare companies for compliance with state and federal law. For companies at all stages of growth, we recommend working with experienced healthcare regulatory counsel to understand the state prohibitions on CPOM and intersecting and evolving state and federal requirements.

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FDA Announces Plan to Phase Out Animal Testing, Beginning with Monoclonal Antibodies

By Eva Yin (Partner, Seattle) and Dan Orr (Senior Counsel)

In April, the U.S. Food and Drug Administration (FDA) announced it will phase out animal testing requirements for new drug applications and biologics license applications. The agency described its plans in a white paper titled, "Roadmap to Reducing Animal Testing in Preclinical Safety Studies."[1]

According to the white paper, animal models do not accurately predict the effects of a drug in human patients. Over 90 percent of drugs that succeed in animal testing fail in human trials, mostly due to unexpected safety or efficacy problems.

Congress laid the foundation for a phase-out when it eliminated animal testing requirements for investigational new drug (IND) applications in 2022. The change allowed applicants to propose New Approach Methodologies (NAMs) to the FDA, such as preclinical testing using human organoids, organ chips, and artificial intelligence models.

The FDA will begin expanding the phase-out to marketing approval of biologics license applications for monoclonal antibodies. According to the agency, an antibody development program uses an average of 144 non-human primates in animal testing. But because of significant differences in human and animal immune systems, the data has little predictive value. The agency expects that phasing out animal testing is not only ethical but will reduce development costs and accelerate approval times.

Companies developing new drugs and biologics—and especially new antibodies—should consider the New Approach Methodologies suggested in the white paper as alternatives to animal testing and discuss them at a pre-IND meeting with the FDA

FDA Commissioner Dr. Marty Makary explained, "For patients, it means a more efficient pipeline for novel treatments. It also means an added margin of safety, since human-based test systems may better predict real-world outcomes. For animal welfare, it represents a major step toward ending the use of laboratory animals in drug testing. Thousands of animals, including dogs and primates, could eventually be spared each year as these new methods take root."[2]

Companies developing new drugs and biologics—and especially new antibodies—should consider the NAMs suggested in the white paper as alternatives to animal testing and discuss them at a pre-IND meeting with the FDA. Sponsors should also monitor changes to animal testing requirements in standard-setting bodies such as the International Council for Harmonization and the National Toxicology Program's Interagency Coordinating Committee on the Validation of Alternative Methods.

The FDA's decision to accept or reject a proposed NAM remains a product-specific decision. For now, the FDA encourages parallel submission of NAMs with limited animal data to build experience and confidence in the new methodologies. But the agency aims "to make animal studies the exception rather than the norm for pre-clinical safety/toxicity testing" by 2030.

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[1] FDA, "Roadmap to Reducing Animal Testing in Preclinical Safety Studies" (Apr. 10, 2025), https://www.fda.gov/media/186092/download.
[2] FDA, Press Release: "FDA Announces Plan to Phase Out Animal Testing Requirement for Monoclonal Antibodies and Other Drugs" (Apr. 10, 2025), https://www.fda.gov/news-events/press-announcements/fda-announces-plan-phase-out-animal-testing-requirement-monoclonal-antibodies-and-other-drugs.

USPTO Veteran Jean Witz Joins Wilson Sonsini's Leading Life Sciences Practice

Wilson Sonsini recently announced that Jean Witz has joined the firm as senior patent counsel in its Washington, D.C., office. With nearly 40 years of experience in patent law and a distinguished career at the United States Patent and Trademark Office (USPTO), Jean brings exceptional knowledge in biotechnology, pharmaceuticals, chemistry, and chemical engineering. Jean most recently served as a supervisory patent reexamination specialist in the USPTO's Central Reexamination Unit, where she led a team of examiners responsible for reviewing reexamination requests, supplemental examination requests, and reissue applications in the fields of chemistry, biotechnology, pharmaceuticals, and chemical engineering. Prior to that, she served as a quality assurance specialist in Technology Center 1600, where she focused on promoting consistency and quality in biotechnology and pharmaceutical patent examination by developing examiner training programs and delivering presentations to both internal and external stakeholders. In 2006, she was appointed as an appeals specialist within the same center, playing a key role in pre-appeal and appeal conferences to resolve complex patent disputes.

Jean began her career at the USPTO in 1988 as a patent examiner in biotechnology, where she evaluated patent applications involving therapeutic methods, animal extracts, tissue culture technologies, enzymes, cosmetics, and related innovations.

To learn more, please see the firm's news release.

Firm Sponsors, Attends 2025 National Inventors Hall of Fame Induction Ceremony

On May 8, 2025, Wilson Sonsini had the privilege of sponsoring and attending the 2025 National Inventors Hall of Fame Induction Ceremony in Washington, D.C. Patents and Innovations department chair and partner Lou Lieto, partner Derrick Rowe, senior patent advisor Bruce Kisliuk, and senior counsel Jeff Seidel represented the firm as the National Inventors Hall of Fame welcomed its 2025 class of inductees.

Wilson Sonsini congratulates the 2025 class on this recognition of their exceptional contributions to society:

- John Adler, CyberKnife® Stereotactic Radiosurgery
- James Fujimoto, Optical Coherence Tomography (OCT)
- Barney Graham, Structure-Based Vaccine Design

- Kerrie Holley, Service-Oriented Architecture (SOA)
- David Huang, Optical Coherence Tomography (OCT)
- Pam Marrone, Biological Pest Control
- Jason McLellan, Structure-Based Vaccine Design
- Richard Schatz, Palmaz-Schatz Coronary Stent
- Eric Swanson, Optical Coherence Tomography (OCT)

To learn more about the 2025 National Inventors Hall of Fame inductees, visit https://www.invent.org/inductees/new-class.

Life Sciences Venture Financings for Wilson Sonsini Clients

By Scott Murano (Partner, Palo Alto)

The table below includes data from life sciences transactions in which Wilson Sonsini clients participated across the first and second halves of 2024. Specifically, the table compares—by industry segment—the number of closings, the total amount raised, and the average amount raised per closing across the two six-month periods.

	1H 2024	1H 2024	1H 2024	2H 2024	2H 2024	2H 2024
Life Sciences Industry Segment	**Number of Closings**	**Total Amount Raised ($M)**	**Average Amount Raised ($M)**	**Number of Closings**	**Total Amount Raised ($M)**	**Average Amount Raised ($M)**
Biopharmaceuticals	67	$1,891.48	$28.23	76	$1,541.34	$20.28
Genomics	6	$134.36	$22.39	2	$15.81	$7.91
Diagnostics	19	$142.80	$7.52	15	$214.82	$14.32
Medical Devices & Equipment	46	$716.61	$15.58	51	$584.64	$11.46
Digital Health	28	$576.63	$20.59	22	$442.49	$20.11
Healthcare Services	19	$290.08	$15.27	29	$441.33	$15.22
Total	**185**	**$3,751.96**		**195**	**$3,240.43**	

The data demonstrates that venture financing activity increased from the first half of 2024 to the second half of 2024 with respect to number of closings but decreased with respect to total amount raised. Specifically, the number of closings across all industry segments increased 5.4 percent, from 185 to 195 closings, but the total amount raised across all industry segments decreased 13.6 percent, from $3,751.96 million to $3,240.43 million.

Biopharmaceuticals, the industry segment with the largest number of closings during the second half of 2024, saw an increase in number of closings, but a decrease in total amount raised from the first half to the second half of 2024. Specifically, the number of biopharmaceuticals closings increased 13.4 percent, from 67 to 76, while the total amount raised decreased 18.5 percent, from $1,891.48 million to $1,541.34 million. Similarly, medical devices and equipment, the industry segment with the second-largest number of closings during the second half of 2024, saw an increase in number of closings and a decrease in total amount raised. Specifically, the number of closings in the medical devices and equipment segment increased 10.9 percent, from 46 to 51, while the total amount raised decreased 18.4 percent, from $716.61 million to $584.64 million.

> From 1H 2024 to 2H 2024, the number of closings across all life sciences industry segments increased 5.4 percent, but the total amount raised across all industry segments decreased 13.6 percent

Digital health, the industry segment with the fourth-largest number of closings during the second half of 2024, experienced a decrease in both number of closings and total amount raised across the same periods, with the number of closings decreasing 21.4 percent, from 28 to 22, and the total amount raised decreasing 23.3 percent, from $576.63 million to $442.49 million. Meanwhile, genomics, the industry segment with the sixth-largest number of closings during the second half of 2024, also experienced decreases in both number of closings and total amount raised. Specifically, the number of closings decreased 66.7 percent, from six to two, while the total amount raised decreased 88.2 percent, from $134.36 million to $15.81 million.

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Life Sciences Venture Financings for Wilson Sonsini Clients *(Continued from page 10)*

Diagnostics, with the fifth-largest number of closings during the second half of 2024, experienced a decrease in number of closings, but an increase in total amount raised; the number of closings decreased 21.1 percent, from 19 to 15, and the total amount raised increased 50.4 percent, from $142.80 million to $214.82 million.

Healthcare services—which had the third-largest number of closings during the second half of 2024—was the only segment to buck the above trends from the first half of 2024 to the second half, with increases in both number of closings and total amount raised. Specifically, the number of healthcare services closings increased 52.6 percent, from 19 to 29, and the total amount raised increased 52.1 percent, from $290.08 million to $441.33 million.

In addition, our data generally indicates that Series Seed, Series A, and Series C and later-stage financing activity, as

> Average pre-money valuations for life sciences companies closing Series Seed financings increased from the first half to the second half of 2024 but decreased for closings of all other stages of financing

a percentage of all financing activity and measured by number of closings, increased from the first half to the second half of 2024, while Series B and bridge financing activity decreased over that same period. Specifically, the number of Series Seed closings as a percentage of all closings experienced a slight increase from 17.9 percent to 20 percent; the number of Series A closings increased from 20 percent to 24.2 percent, and the number of Series C and later-stage closings increased from 10 percent to 12.6 percent. Over the same period, the number of Series B closings as a percentage of all closings decreased very slightly from 14.2 percent to 14 percent, while the number of bridge financing closings also experienced a decrease, moving from 23.7 percent to 15.3 percent.

Average pre-money valuations for life sciences companies closing Series Seed financings increased from the first half to the second half of 2024 but decreased for closings of all other stages of financing. Specifically, the average pre-money valuation for Series Seed financings increased 91.4 percent, from $17.72 million to $33.93 million; the average pre-money valuation for Series A financings decreased 14.4 percent, from $36.86 million to $31.57 million; the average pre-money valuation for Series B financings decreased 44.8 percent, from $196.15 million to $108.19 million; and the average pre-money valuation for Series C and later-stage financings decreased 21.9 percent, from $677.82 million to $529.48 million.

Overall, the data indicates that financing activity measured by total amount raised experienced a moderate decline between the first and second halves of 2024—a slight cooling off from the substantial increase in financing activity reported

> It is encouraging to note that the total number of closings increased over the first and second halves of 2024, representing improved opportunities for companies to raise money

in our last report, which measured financing activity from the second half of 2023 to the first half of 2024. However, it is encouraging to note that the total number of closings increased over the first and second halves of 2024, representing improved opportunities for companies to raise money. Similarly, the increase in closings across most stages of equity financing and corresponding decline in bridge financings suggest that companies previously making ends meet with ongoing debt financings are finally starting to attract investors to lead priced rounds.

Whether this level of robust venture financing activity will continue is uncertain, given the continued market uncertainty created by the current administration's geopolitical and economic initiatives, but we do not expect venture financing activity reported for the first half of 2025 to improve relative to the second half of 2024.

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Firm Hosts LaunchBio's West Coast NextGen VC Forum in Palo Alto

On May 6, 2025, Wilson Sonsini hosted LaunchBio's West Coast NextGen VC Forum at the firm's Palo Alto office. Curated by partners Michael Hostetler and Dan Koeppen, the NextGen VC Forum is the premier event for life science investors to deepen their knowledge, refine their skills, and expand their network.

The invitation-only, half-day event drew associates from Apple Tree Partners, Platanus, SF500, JLS. fund, DigitalDx, Remiges Ventures, Curie.Bio, Robotic Assistant Inc, UCSF, SOSV's IndieBio, Playground Global, Red Tree, and Goldman Sachs Life Sciences. It included a networking lunch, three expert-led sessions offering practical insights into evaluating, supporting, and scaling science-backed start-ups, and a happy hour networking session.

Following welcome remarks, the event continued with a session titled "Biotech, AI, and the Law: Today's Legal Considerations." Featuring firm partners Scott McKinney and Nellie Brutocao, the session examined the evolving legal framework for AI-driven biotech companies and covered key topics such as intellectual property, data privacy, regulatory compliance, and liability risks.

During the second session, "Biotech Companies and Investors Face a Growing National Security Regulatory Thicket," partner Stephen Heifetz and associate Alicia Umpierre provided an overview of key regulations shaping the biotech investment landscape and provided guidance on how to navigate such challenges. Topics of discussion included the Committee on Foreign Investment in the United States (CFIUS), outbound investment restrictions, data access rules, and patent considerations for investors performing IP due diligence on start-ups.

The final session, "From U.S. to China: The Legal Playbook for Biotech Spinouts," featured insights from OrbiMed principal Ran Geng and Wilson Sonsini partners Laurie McNamara and Alex Key. They offered guidance on structuring a successful Chinese biotech spin-out, covering critical aspects such as intellectual property protection, regulatory compliance, investment frameworks, and market entry strategies, among other areas.

> "This is a unique series; I find it very useful"
>
> ***- May 2025 attendee***

Presented by LaunchBio in partnership with Wilson Sonsini, the East Coast NextGen VC Forum will be held on Tuesday, October 21, 2025, in the firm's Boston office. To learn more, please visit https://www.wsgr.com/en/events/east-coast-nextgen-vc-forum-2025.html.

New NextGen VC Podcast Episodes Share Insights on Life Sciences Investing

The NextGen VC Podcast is the premier podcast for forward-thinking venture capitalists to sharpen their skills and learn from industry leaders. Hosted by Wilson Sonsini partners Michael Hostetler and Jennifer Fang, the podcast unpacks the opportunities, challenges, and breakthroughs shaping life sciences investing today. Each episode features interviews with seasoned venture capitalists, successful entrepreneurs, and industry leaders. Gain an understanding of how the pros have navigated challenges, made strategic decisions, and achieved remarkable success by tuning in wherever you listen to podcasts. The podcast is produced in partnership with Wilson Sonsini and LaunchBio.

For a full listing of all previous episodes, visit https://launchbio.org/nextgen-vc-podcast/. Please see below for details on the latest podcast episodes.

Episode 13:
Chris Garabedian
CEO and Founder, Xontogeny

Chris, a biopharma veteran, addresses the transformative impact of early-stage biotech investment and discusses his journey from biotech corporate leadership to venture capital, emphasizing the importance of thoughtful drug development and the value of nurturing early-stage companies. He explains the inception of Xontogeny, its collaboration with Perceptive Advisors, and the unique venture incubation model they follow. Chris also highlights the essential qualities for success in biotech investing and offers insights for budding entrepreneurs and potential VCs alike.

Episode 12:
Josep Bassaganya-Riera, DVM, Ph.D.
President and CEO, NImmune Biopharma and Founder, The NIMML Institute

A scientist turned entrepreneur, Josep shares his journey from academia to launching multiple biotech ventures, including Lando Biopharma (acquired by AbbVie). He reflects on the pivotal moments that led him to leave the university world and build companies at the intersection of science and innovation. The episode explores the early stages of company formation, Josep's experiences working with investors like Chris Garabedian and Perceptive Advisors, and why maintaining control over company direction and governance is critical—especially for repeat founders. He also shares insights on the future of immunotherapy and the promise of precision medicine in treating autoimmune and inflammatory diseases.

Episode 11:
Felix Breyer, Ph.D.
Senior Associate, JPM Life Sciences Private Capital

With a background as a molecular and cellular biologist, Felix dives deep into the critical role of private capital in life sciences and biotech. He shares his journey from academia to venture capital, emphasizes the importance of mentorship, and provides an insider's perspective on the evolving landscape of biotech investing. During this episode, Felix explores key trends, challenges, and opportunities in the biotech sector, and offers valuable insights for aspiring venture capitalists.

Episode 10:
Enrique Lin Shiao, Ph.D.
Head of Search & Evaluation, Cystic Fibrosis Foundation

A venture investor exploring the intersection of science, business, and philanthropy, Enrique shares his path from earning a Ph.D. at the University of Pennsylvania to working with the Cystic Fibrosis Foundation (CFF), where he helps drive investment in breakthrough genetic therapies. He also discusses his podcast, *Caminos en Ciencia*, which highlights diverse career paths in science across Latin America. This episode explores the impact of venture philanthropy in biotech, the challenges of developing treatments for cystic fibrosis, and how organizations like CFF are shaping the future of genetic medicine.

Available on:
Amazon Music | Apple Podcasts | iHeart Radio | Spotify

Disclaimer: *These podcasts are for general informational purposes only and may not reflect current law in your jurisdiction. The podcasts are not intended to create, and receipt or listening does not constitute, an attorney-client relationship. They do not constitute an advertisement, a solicitation, or professional advice as to any particular situation. The podcasts may be considered attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.*

Wilson Sonsini's Life Sciences Practice Honored at 2025 LSPN Awards

On May 6, 2025, Wilson Sonsini was named "Life Sciences IP Firm of the Year" at the inaugural Life Sciences Patent Network (LSPN) Awards USA 2025, besting 11 other law firm nominees. The awards honor excellence and innovation in life sciences intellectual property, with winners selected by an independent panel of experts who recognize those shaping the future of pharmaceutical and biotech patent protection. Wilson Sonsini was also named among the finalists for "Life Sciences Patent Strategy Firm of the Year" and "Life Sciences IP Litigation Firm of the Year."

Several Wilson Sonsini attorneys attended the awards ceremony in Boston, including Patents and Innovations department chair and partner Lou Lieto; partners Jennifer Fang, Mark Fitzgerald, Clark Lin, Chris McAndrew, and Derrick Rowe; Senior Of Counsel Squire Servance; and associates Ying Chen, Rachna Ujwal, and Angel Wang.

For more information on the LSPN Awards USA 2025, please visit https://awards.newton.media/lspn2025.

Wilson Sonsini Hosts Life Sciences Investment Forum

On May 7-8, 2025, Wilson Sonsini hosted its Life Sciences Investment Forum at its Palo Alto office. Organized by attorneys from across the firm's practices, the event brought together 21 investors from 17 leading venture capital firms and 68 early-stage life sciences companies seeking funding. The Forum offered a valuable opportunity for investors to connect with innovative start-up clients to explore potential funding opportunities and strategic collaborations.

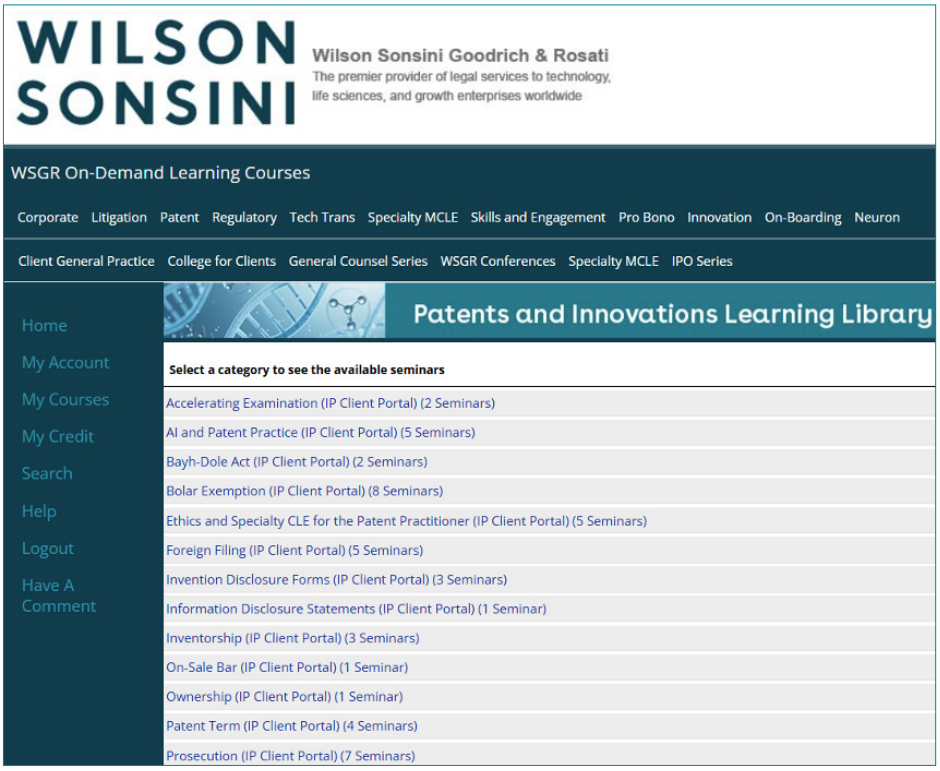
With more than 100 one-on-one meetings hosted over two days, the event facilitated strategic introductions and meaningful conversations across our network.

A total of 110 client companies—focused on therapeutics (excluding digital and device-based therapeutics), diagnostics, tools, or synthetic biology—submitted applications to pitch their groundbreaking ideas, showcasing the depth of innovation in the life sciences sector. From this competitive pool, 68 start-ups were selected to engage directly with venture capitalists.

We'd like to express our gratitude to all of the participants for making the 2025 Wilson Sonsini Life Sciences Investment Forum a resounding success. We look forward to continuing to host these events and foster innovation in the life sciences sector.

Life Sciences Patents and Innovations Learning Library for In-House IP Counsel: New Courses on AI and Patentability, Patent Prosecution, and Inventorship Now Available

Wilson Sonsini's Patents and Innovations Learning Library has recently been updated to include two new mini-series and associated courses. Available in the On-Demand Learning section of our firm's website, this curated collection of legal learning is produced by our patent attorneys and designed to empower in-house IP counsel in the life sciences sectors with the knowledge and insights needed to navigate the complex



world of patent law. Notably, several of these courses offer specialty continuing legal education (CLE) credits, which are rarely tailored specifically to patent law, making the seminars a unique and valuable resource for our community. The firm distributes quarterly updates highlighting the library's latest additions.

Our newest courses cover artificial intelligence and patent practice, offering guidance issued by the USPTO; patent prosecution, based on USPTO declarations; and the use of non-assertion letters with inventorship. Please see the information at right for additional details and links to access these offerings.

Artificial Intelligence (AI) and Patent Practice mini-series:

- AI and Patentability, Part 1: USPTO Guidance on Inventorship
- AI and Patentability, Part 2: USPTO Guidance on Inventorship Applied to Drug Discovery
- AI and Patentability, Part 3: USPTO's Rule on Using AI Tools by Practitioners, Part A
- AI and Patentability, Part 4: USPTO's Rule on Using AI Tools by Practitioners, Part B
- AI and Patentability, Part 5: July 2024 USPTO Guidance on 101 Eligibility

Patent Prosecution mini-series:

- Declarations of Evidence, Part 1: Unexpected Results
- Declarations of Evidence, Part 2: Expert Declarations
- Declarations of Evidence, Part 3: Expert Declarations, Part 2

Inventorship:

- Use of Non-Assertion Letters with Inventorship

To access the **Patents and Innovations Learning Library**, please log into Wilson Sonsini's On Demand Learning portal here. For instructions to create an account, click here.

Disclaimer: *The Patents and Innovation Learning Library is provided as a service to our clients and friends and is for informational purposes only. These videos are not intended to create an attorney-client relationship or constitute an advertisement, a solicitation, or professional advice as to any particular situation.*

Select Recent Life Sciences Client Highlights

Since the start of 2025, Wilson Sonsini has provided representation in connection with the below client matters:

- Advised **Sirius Therapeutics** on patent matters related to its collaboration with CRISPR Therapeutics (May 2025)
- Advised **HAYA Therapeutics** on patent matters related to its $65 million Series A (May 2025)
- Advised **Sirius Therapeutics** on patent matters related to its $50 million Series B2 financing (May 2025)
- Advised **Stately Bio** on its $12 million seed financing (May 2025)
- Advised **QbDVision** on its $13 million strategic investment (May 2025)
- Advised **J.P. Morgan Private Capital's Growth Equity Partners** in connection with its investment in Nourish's $70 million Series B (April 2025)
- Advised **Synthetic Design Lab** on its $20 million seed funding (April 2025)
- Advised **ABL Bio Inc.** on its worldwide licensing agreement with GSK (April 2025)
- Advised **Assort Health** on its $22 million Series A (April 2025)
- Advised **Glycomine** on its $115 million Series C (April 2025)
- Advised **Oak Hill Bio** on patent matters related to its exclusive license agreement with Roche (April 2025)
- Advised **TigaTx** on its acquisition by Epsilogen (April 2025)
- Advised **Neurona Therapeutics** on its $102 million oversubscribed financing (April 2025)
- Advised **RayThera** on its $110 million Series A (April 2025)
- Advised **Edgewise Therapeutics** on its $200 million underwritten offering of common stock (April 2025)
- Advised **Isomorphic Labs** on its $600 million external funding round (March 2025)
- Represented **Taiho Pharmaceutical Co.** in its acquisition of Araris Biotech AG for up to $1.1 billion (March 2025)
- Advised **DispatchHealth** on its merger with Medically Home (March 2025)
- Advised **Baebies** on licensing and intellectual property matters related to LaCAR's acquisition of newborn screening assets (March 2025)
- Advised **Vivace Therapeutics** on patent matters related to its $35 million Series D (March 2025)
- Advised **Azurity Pharmaceuticals** on litigation matters related to its acquisition of Covis Pharma (March 2025)
- Advised **Warburg Pincus** on the increase of its stake in United Family Healthcare (March 2025)
- Advised **Novo Holdings, Platanus,** and **Pureos Bioventures** on their investments in Callio Therapeutics' $187 million Series A (March 2025)
- Advised **Infiniti Medical** on employee benefit and compensation and employment matters related to its acquisition by Creative Science (March 2025)
- Advised **Lumata Health** on its $23 million Series B (March 2025)
- Represented certain of the investors in **Eikon Therapeutics'** $350.7 million Series D (February 2025)
- Advised **Cyrano Therapeutics** on its option agreement with KYORIN Pharmaceutical (February 2025)
- Advised **Anaerobe Systems** on its acquisition by Biolog (February 2025)
- Advised **Millie** on its $12 million Series A (February 2025)
- Advised **Novo Holdings** on its investment in Newleos Therapeutics' $93.5 million Series A (February 2025)
- Advised **Esperto Medical** on its oversubscribed Series A funding (February 2025)
- Advised **Junevity** on its $10 million seed funding (February 2025)
- Advised **Versant Ventures** and **OrbiMed** as lead investors in Helicore Biopharma's $65 million Series A (January 2025)
- Advised **Manas AI** on its $24.6 million initial fundraise (January 2025)
- Acted as U.S. and Hong Kong counsel to **Ascentage Pharma Group International** in its U.S. initial public offering and Nasdaq listing (January 2025)
- Advised **Evidity Health Capital** on IP matters related to its investment in GT Medical Technologies' $37 million Series D (January 2025)
- Advised **WuXi AppTec** on the sale of its U.S. medical device testing operations to NAMSA (January 2025)

Continued on page 18...

Select Recent Life Sciences Client Highlights *(Continued from page 17)*

- Advised **Alleviant Medical** on its $90 million financing (January 2025)
- Advised **Aerin Medical** on its $32.5 million equity financing and new debt facility (January 2025)
- Advised **Qventus** on its $105 million Series D (January 2025)
- Advised **Insilico Medicine** on patent matters related to its exclusive global license agreement with the Menarini Group (January 2025)
- Represented **Bolt Medical** in its acquisition by Boston Scientific for up to $900 million (January 2025)
- Advised **Zeto, Inc.** on its $31 million Series B (January 2025)
- Advised **Light Horse Therapeutics** on its strategic collaboration with Novartis and $62 million Series A (January 2025)
- Advised **Kerna Laboratories** on its oversubscribed seed funding round (January 2025)
- Advised **Prudentia Sciences** on its $7 million funding as it emerged from stealth (January 2025)
- Advised **General Atlantic** on IP matters related to Verdiva Bio's formation and $410 million Series A (January 2025)
- Advised **Transcarent** on its acquisition of Accolade and preferred stock financing led by General Catalyst (January 2025)
- Advised **Candid Therapeutics** on technology transactions and patent matters related to its agreement with WuXi Biologics (January 2025)

Wilson Sonsini Webinars Relevant to Life Sciences Clients

The firm has recently hosted a few webinars of interest to our life sciences clients. Please see below for additional details and to view the recordings:

The New Administration's First 90 Days: Impacts on Fundraising in the Life Sciences Industry
During this session, our experienced panel discussed the first 90 days of the new administration and their impact on fundraising and investment in the life sciences sector. Specifically, the panel explored the impact of FDA leadership changes, regulatory shifts, NIH grant freezes, and federal funding cuts on life sciences investment, as well as how investor sentiment across VCs and LPs is evolving in response to these changes, broader venture capital trends, and shifts in the IPO market. *To view a recording of this webinar, click here.*

Regulatory Outlook Under Trump 2.0: A 100-Day Review
This webinar analyzed the shifting U.S. regulatory landscape over the first 100 days of the second Trump administration, with former senior regulatory officials continuing their timely conversation on how enforcement and policymaking is evolving across key regulatory areas. Topics included how recent policies and executive orders may affect the FDA's operations related to medical devices and pharmaceuticals; the impact of new outbound investment rules on cross-border investments, the DOJ's new data export regulations, CFIUS reforms on the horizon, and the latest tariff changes; and the Trump administration's immediate actions related to merger guidelines, interlocking directorates, and antitrust and consumer protection enforcement, as well as the expanding focus of state attorneys general on the antitrust and privacy landscapes. *To view a recording of this webinar, click here.*

Fair Play: Navigating Compliance in Labor Markets
This webinar provided insights into the intersection of antitrust, consumer protection, and labor and employment laws, especially in light of the FTC's heightened focus on labor markets. As the FTC targets anticompetitive practices and the DOJ intensifies efforts to prosecute certain violations, businesses must stay informed to avoid legal risks, fines, and potential criminal charges. Experts explored no-poach agreements, non-competes, wage-fixing, non-solicitation provisions, DEI initiatives, and other potentially illegal labor practices, while also addressing consumer protection concerns related to these practices. *To view a recording of this webinar, click here.*

Upcoming Life Sciences Events

Wilson Sonsini's Medical Device & Digital Health Conference
June 5-6, 2025
InterContinental San Francisco
San Francisco, CA
https://mdc.wsgrevents.com/

Wilson Sonsini's 32nd Annual Medical Device & Digital Health Conference will address topics of critical importance to medical device and digital health companies today. Join medical device and digital health entrepreneurs, CEOs of venture-backed companies, and business development executives from large medtech companies, as well as angels, venture capitalists, and corporate investors, for two days of networking and programming that can help you craft a winning strategy.

Wilson Sonsini Reception During BIO International Convention
June 16, 2025
SPIN Boston
Boston, MA

Kick off your BIO International experience by connecting with Wilson Sonsini attorneys and clients at this lively evening reception featuring cocktails and hors d'oeuvres. This annual, invitation-only reception is for clients and friends of the firm.

Phoenix 2025: The Medical Device and Diagnostic Conference for CEOs and Medtech Executives
October 8-10, 2025
Hyatt Regency Scottsdale at Gainey Ranch
Scottsdale, AZ
https://phoenix.wsgrevents.com/

The 2025 Phoenix Conference will bring together top-level executives from large healthcare companies and CEOs of small, venture-backed firms for an opportunity to discuss critical issues of interest to the medical device industry today, as well as to network and gain valuable insights from both industry leaders and peers. This exclusive, two-day event will provide an unrivaled experience that will help inform and shape company strategy for the years ahead.

Wilson Sonsini's Biotech Summit
October 22-23, 2025
The Newbury Boston
Boston, MA
https://biotech.wsgrevents.com/

Wilson Sonsini's Second Annual Biotech Summit will address topics of critical importance to biotech and biopharmaceutical companies. This unique event will bring together leaders from across the biotech industry, including CEOs, prominent investors, esteemed researchers, and policymakers.

Elton Satusky, Scott Murano, T.O. Kong, and Kimberly Stopak have editorial oversight of *The Life Sciences Report*. They would like to take this opportunity to thank all of the contributors to the report, which is published on a semi-annual basis.

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