Life Sciences Resilience Report



BDO

The question industry leaders are asking is:
Has the life sciences industry reached a turning point?



After several turbulent years, the number of bankruptcies among public life sciences companies declined in 2025 from 2024. This decline could mark the beginning of a major economic shift for the industry.

However, life sciences is a cyclical industry, and hot markets can easily cool again. Performance across the industry can also vary significantly in specific markets and subsectors. For example, the upturn in 2026 is less pronounced among early-stage life sciences companies, many of whom are still struggling to survive.

Regardless of how external circumstances evolve over the rest of this year, however, life sciences is and will remain a high-risk industry.

Methodology:

The Life Sciences Resilience Report analyzes 8K filings from the 46 public life sciences companies in 2024 and 2025 that filed item 1.03 (bankruptcy or receivership), using the SEC's EDGAR database.

2026 Life Sciences Bankruptcy Update

Following the life sciences IPO boom of 2020-2021, many companies went bankrupt, filed an assignment for the benefit of creditors (ABC), or wound down operations. In most cases, those filings were driven by overvaluations, rapid cash expenditures, or unsuccessful clinical trials. In addition, some drug areas that were highly valued in 2020-2021, such as mRNA or gene therapy, have since encountered fresh regulatory or clinical hurdles.

There were 18 life sciences bankruptcies in 2025, compared to 28 in 2024. Two companies began filing in 2024 and finalized their filing in 2025. One bankruptcy (23 and Me) was atypical, as the company was subsequently acquired. Nineteen of the 46 unique companies that filed for bankruptcy in 2024 or 2025 had meaningful positive revenue, indicating that costs had become too difficult to manage.

Chapter	2024	2025
Chapter 11	24	15
Chapter 7	3	3
Not Mentioned	1	
Grand Total	**28**	**18**

Life sciences bankruptcies outpaced other industries in both 2024 and 2025. This is not surprising, given the high-risk nature of the industry.

Sector	Number of Bankruptcies in 2024 and 2025	Sector	Number of Bankruptcies in 2024 and 2025
Life Sciences	46	Energy/Infrastructure	6
Tech	27	Agriculture	4
Manufacturing	22	Automotive	4
Retail	15	Hospitality	4
Other	12	Media	3
Financial	8	Retail Cannabis	3
Real Estate	7		

Over this timeframe, most life sciences companies facing distress opted to file for Chapter 11 bankruptcy, indicating a plan to restructure, sell assets, and recoup value rather than immediately and entirely dissolve. This choice indicates that there was still underlying value in the filing company's research and data, and the distress was instead likely caused by lack of access to capital or failures at the clinical trial stage.

In some cases, due to the abundance of capital in 2020-2021, companies may have spent cash at a rate consistent with the expectation that capital would always be available. When access to capital tightened in 2022 due to higher interest rates and lower investor confidence, many life sciences companies could not secure additional funding. In other cases, companies may have anticipated fast, robust growth and leased too much office or lab space. As growth slowed, they were unable to afford the requisite payments.

Overspending and a lack of access to capital have been particularly large problems for the biotech sector. Increased regulatory scrutiny and slower drug review timelines have also disproportionately impacted the sector. Of the life sciences companies that went bankrupt in 2024, a majority were in biotech or pharma. In 2025, a plurality of bankrupt life sciences companies focused on biotech or pharma.

Without capital to advance drug candidates, and with an increasingly challenging path to commercialization, many investors are not willing to take on the risk associated with biotech and pharma companies. That hesitation can lead to a decline in stock price, reduced cash flow, and the danger of bankruptcy.

Life Sciences Bankruptcies

	2024	2025
Biotech/Pharma	17	7
Diagnostics	3	1
Healthcare Services	3	2
Medical Cannabis	0	3
MedTech	5	5
Grand Total	**28**	**18**

In contrast, medtech, diagnostics, and healthcare services companies have fared better because of their ability to generate reliable revenue more quickly. These sectors are typically less speculative because development pathways are less binary and regulatory approval is usually quicker. Therefore, from 2020-2021, medical devices, diagnostics, and healthcare services did not need to take on as much debt. Unlike biotech and pharma, companies in these sectors tend to depend less on a single revenue source. But they remain vulnerable to risks. Tariffs on medical devices and diagnostics could increase costs and FDA staffing cuts could slow the pace of approvals.



Assignment for the Benefit of Creditors

An analysis of Chapter 7 and Chapter 11 filings alone cannot provide a complete picture of life sciences company distress, as some companies may choose to undergo an assignment for the benefit of creditors (ABC) or they may choose to pursue an unstructured wind down.

ABCs can offer a faster, less expensive, and more private path forward than bankruptcy. The process is operated under state law, reducing the high legal fees and court oversight associated with Chapter 7 or Chapter 11 bankruptcies. Because it is a private, contractual process, an ABC can also be executed in weeks, rather than the months, or years, required for a bankruptcy. For these reasons, small, early-stage startups may prefer an ABC to a bankruptcy. An ABC is also typically preferable to simply winding down because it creates a formal legal structure for negotiating debts and allows the company to secure more value from its intellectual property (IP) than an informal wind-down.

Because of the state-level and private nature of an ABC, it is difficult to determine the exact number of life sciences ABCs over 2024 and 2025. However, an analysis of earned media from 2024 and 2025 revealed the companies that underwent an ABC tended to focus on immunotherapy, oncology, gene therapy, and targeted therapeutics. This concentration is not surprising given several high-profile cell and gene therapy programs have recently been delayed or **rejected** by the FDA.



Bankruptcy Indicators and Effects

According to our analysis of 8K filings, before formally filing for bankruptcy, many companies reported:

- Failed trials
- Liquidity challenges
- Delisting
- Debt restructuring
- Management and board changes
- Reduction in force
- Asset sales
- Litigation challenges

That these circumstances occurred indicates that many of the recent life sciences bankruptcies were not sudden, and that companies took steps to restructure before filing. Additionally, the presence of these indicators does not necessarily mean that bankruptcy is imminent. For example, if a life sciences company issues a Worker Adjustment and Retraining Notification (WARN) — often associated with mass layoffs and restructuring — it could indicate the company is taking sufficient steps to restructure and will survive.

Some larger, post-commercialization companies indicated the use of debtor-in-possession (DIP) financing, which is typically unavailable to smaller, pre-revenue companies. DIP financing is usually available if there is a working capital lender in place who can provide funding for the company's day-to-day and clinical trial expenses. It also allows lenders to create some rules as to how the bankruptcy will proceed. But DIP financing can be much more challenging to secure for small, pre-revenue life sciences companies that may rely on investor financing, since there is no operational cash flow and the DIP lender may not be able to see a clear path for the company's recovery.

Eight companies also faced Department of Justice (DOJ) litigation related to opioid settlements, false claims, Medicare fraud, or data privacy. While life sciences companies are used to legal action related to intellectual property or product liability, DOJ litigation can cost hundreds of millions or even billions of dollars in legal fees and settlements. These costs could potentially accelerate a company's bankruptcy filing.



Path to Market Analysis

Of the 46 life sciences companies that went bankrupt in 2024 and 2025, 13 (or 28%) went public in 2020 or later. Six companies went public as special purpose acquisition companies (SPACs) and all the companies in our analysis that went public via SPAC did so during the pandemic period of 2020-2021. SPACs offer companies a faster path to market but incentivize shareholders to complete an acquisition in 12-24 months, even if the target company is experiencing clinical or operational issues. Many SPACs, even beyond the life sciences industry, have delisted, demerged, or **lost 50% of their value** since their public debuts in 2020-2022.

Path to Market	Count	% of Dataset
SPAC Merger	6	13%
Traditional IPO	35	76%
Reverse Merger / Spinoff	3	7%
Historic / Pre-2000 listing	2	4%



Looking Ahead

While life sciences bankruptcies do look to be on the decline, there are several factors that may continue to challenge the industry:

Supply chain disruption and higher energy costs:
Geopolitical disruption has impacted pharma supply chains by driving up freight costs and disrupting active pharmaceutical ingredient (API) supplies. It has also delayed clinical trials, due to site disruptions and delays in patient recruitment in the Middle East. Finally, higher energy costs can raise operating costs for labs, especially those that maintain temperature-controlled environments. Ongoing conflict could further escalate these disruptions.

Regulatory disruption:
Workforce cuts at the FDA last year have led to delays in drug review timelines. While the agency plans to increase hiring, the loss of institutional knowledge could contribute to slower review timelines.

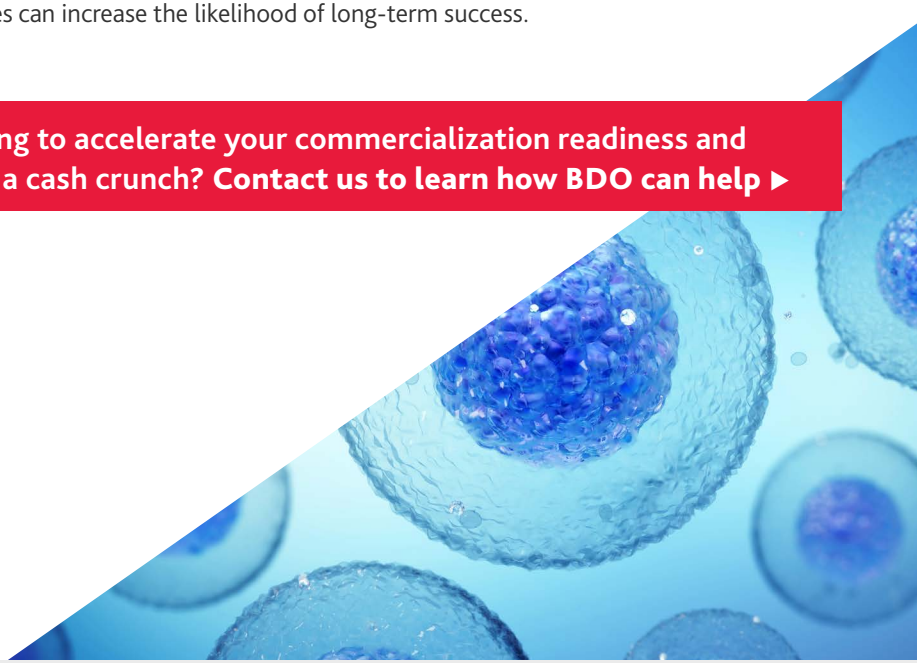
Venture capital restructuring:
Following a period of higher interest rates, venture firms are increasingly prioritizing late-stage, de-risked assets, including specific molecules and targeted therapies, over early-stage platforms. This shift in focus is forcing life sciences startups to shelve assets in order to concentrate capital, adopt more rigorous cost discipline, and accelerate clinical trials.

Clinical trial failure:
Several high-profile clinical trial failures in antibody-drug conjugates (ADC), neurodegenerative diseases, and cancer diagnostics have increased investor caution in these areas. As always, a major clinical trial failure for a startup life sciences company puts it at serious risk of closure.

Many distressed life sciences businesses still have valuable intellectual property even as they experience a cash crunch or clinical trial failure. To preserve their research, retain value from their intellectual property, enable future innovation, and avoid mass layoffs distressed life sciences companies can explore a sale to a large pharmaceutical business looking to develop its pipeline.

Many life sciences companies experience bankruptcy because they are going public before they are ready. To increase the likelihood of a long-term, successful IPO and avoid bankruptcy, life sciences companies should focus on commercialization readiness long before regulatory approval. Doing so will require planning in advance to scale up manufacturing, secure coverage and favorable pricing with healthcare payers and systems, and align manufacturing processes and supply chain logistics with FDA requirements. They will also need to build a sales, marketing, and digital infrastructure that can keep pace as they scale. This includes adopting an Enterprise Resource Plannig (ERP) system that can meet the complex requirements of a large, public enterprise prior to going public. By preparing for commercialization well in advance, life sciences companies can increase the likelihood of long-term success.

Looking to accelerate your commercialization readiness and avoid a cash crunch? Contact us to learn how BDO can help ▶



List of Public Life Sciences Bankruptcies 2024-2025

Company	IPO Date	Bankruptcy Date
23andMe Holding Co. (ME)	March 16, 2021	March 23, 2025
4Front Ventures Corp. (FFNTF)	August 9, 2019	May 22, 2025
Accelerate Diagnostics, Inc (AXDX)	December 26, 2012	May 8, 2025
Acorda Therapeutics, Inc.	2006	April 1, 2024
Arch Therapeutics, Inc.	June 26, 2013	April 18, 2025
ATHERSYS, INC / NEW (ATHXQ)	2007	January 5, 2024
Avinger Inc (AVGR)	January 30, 2015	February 7, 2025
Baudax Bio, Inc. (BXRXQ)	November 20, 2019	February 22, 2024
BIOLASE, INC (BIOL)		October 1, 2024
BIORA THERAPEUTICS, INC. (BIOR)	April 8, 2022	December 27, 2024
Bright Green Corp (BGXX, BGXXQ)	May 17, 2022	February 22, 2025
Cano Health, Inc.	July 21, 2020	February 4, 2024
CareMax, Inc. (CMAX, CMAXW)	July 16, 2020	November 17, 2024
Clearside Biomedical, Inc. (CLSD)	June 2, 2016	November 23, 2025
Cue Health Inc. (HLTHQ)	September 24, 2021	May 8, 2024
CUTERA INC (CUTR)	March 2004	March 5, 2025
Danimer Scientific, Inc. (DNMR, DNMRW)	May 5, 2020	March 18, 2025
DermTech, Inc. (DMTKQ)	August 29, 2019	June 18, 2024
DMK PHARMACEUTICALS Corp (DMKPQ)	May 25, 2023	February 2, 2024
Eiger BioPharmaceuticals, Inc. (EIGRQ)	April 17, 2019	April 1, 2024
Endo, Inc. (NDOI)	2000	March 19, 2024
Gamida Cell Ltd.	October 26, 2018	May 13, 2024

Company	IPO Date	Bankruptcy Date
Gold Flora Corp. (GRAM, GRAMW)	July 16, 2019	March 27, 2025
Gritstone bio, Inc. (GRTS)	August 2018	October 10, 2024
HUMANIGEN, INC	September 18, 2020	January 3, 2024
IMPEL PHARMACEUTICALS INC	September 10, 2021	April 1, 2024
IntelGenx Technologies Corp.	January 16, 2007	February 28, 2025
Invitae Corp	January 13, 2015	February 13, 2024
INVIVO THERAPEUTICS HOLDINGS CORP.	January 2018	February 1, 2024
Kiromic Biopharma, Inc. (KRBP)	October 16, 2020	March 21, 2025
LadRx Corp (LADX)	1989	July 28, 2025
MANHATTAN SCIENTIFICS INC	2000	April 4, 2025
MedAvail Holdings, Inc. (MDVLQ)	May 11, 2021	February 2, 2024
ModivCare Inc (MODV)	August 2003	August 20, 2025
Molecular Templates, Inc.	2005	April 20, 2025
NanoString Technologies Inc	June 2013	February 4, 2024
Notable Labs, Ltd. (NTBL)	October 17, 2023	October 13, 2024
Omega Therapeutics, Inc. (OMGA)	July 29, 2021	February 10, 2025
PhaseBio Pharmaceuticals Inc (PHASQ)	October 22, 2018	June 26, 2024
ProSomnus, Inc.	December 6, 2022	May 7, 2024
SEELOS THERAPEUTICS, INC. (SEEL)	January 24, 2019	November 15, 2024
Sientra, Inc.	November 3, 2014	February 12, 2024
Timber Pharmaceuticals, Inc.	May 18, 2020	May 6, 2024
VBI Vaccines Inc/BC (VBIVQ)	May 9, 2016	July 30, 2024
YIELD10 BIOSCIENCE, INC. (YTEN)	November 10, 2006	December 6, 2024
ZYNEX INC (ZYXI)	November 27, 2002	December 15, 2025



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