Cassie Corneau
Senior Director, Head of Investor Relations and Strategic Finance

Thank you and good afternoon, everyone. Earlier today, 10x Genomics released financial results for the first quarter ended June 30, 2025. If you have not received this news release, or if you would like to be added to the company's distribution list, please send an email to investors@10xgenomics.com. An archived webcast of this call will be available on the investor tab of the company's website, 10xgenomics.com, for at least 45 days following this call.

Before we begin, I'd like to remind you that management will make statements during this call that are forward looking statements within the meaning of Federal Securities Laws. These statements involve material risks and uncertainties that could cause actual results or events to materially differ from those anticipated and you should not place undue reliance on forward-looking statements. Additional information regarding these risks, uncertainties and factors that could cause results to differ appears in the press release 10x Genomics issued today – and in the documents and reports filed by 10x Genomics from time to time with the Securities and Exchange Commission.

10x Genomics disclaims any intention or obligation to update or revise any financial projections or forward-looking statements, whether because of new information, future events or otherwise.

Joining the call today are: Serge Saxonov, our CEO and Co-Founder and Adam Taich, our Chief Financial Officer.

We will host a question-and-answer session after our prepared remarks. We ask analysts to please keep to one question so that we may accommodate everyone in the queue.

With that, I will now turn the call over to Serge.

Serge Saxonov
Chief Executive Officer, Co-founder

Thanks, Cassie and good afternoon, everyone.

Today, I'll cover our Q2 performance and share updates on what we're seeing across our customer base. I'll also walk through recent business developments before handing it over to Adam for the financial review and outlook.

Total revenue for the second quarter was $173 million. During the quarter, we settled our worldwide patent litigation with Bruker on favorable terms and recognized an upfront payment of $68 million that we allocated to both operating expenses and license and royalty revenue. Excluding the portion allocated to license and royalty revenue, our second quarter revenue was $146 million. And, as we continue our focus on cost management, we increased our cash balance by $20 million during the quarter, not including any settlement-related payments, which began in Q3.

The current funding environment remains challenging and highly uncertain. In particular, the academic funding landscape remains marked by shifting policies, weaker grant disbursements and lack of clarity around future budgets – all of which are contributing to extended project timelines and cautious customer spending. We are

staying closely aligned with our customers to support them and remain flexible as we all navigate the uncertainty.

Against this challenging backdrop, the quarter played out largely as we anticipated. We saw some upside from strong performance in China, which was driven in part by purchasing dynamics associated with the timing of tariffs. Even in this difficult environment, our business fundamentals are solid, and the key positive drivers of performance that we've seen recently carried through into Q2.

We continue to see solid signs of underlying single cell demand. On the consumables side, while revenue was down year-over-year, Chromium reaction volumes grew both year-over-year and sequentially, an indicator of increasing demand for our solutions and single cell more broadly. This growth was driven by robust adoption of our latest products including GEM-X, Flex and Universal On Chip Multiplex, which have been instrumental in lowering cost barriers, enabling larger scaling and opening up new applications.

Additionally, we saw meaningful year-over-year and sequential growth in Spatial consumables revenue and volume. Within Spatial, Xenium consistently serves as a strong driver of growth and performance. Utilization per instrument continues to grow, reflecting both a higher number of runs and increased spend per run. We're seeing continued ramp across both our earliest adopters and newer customers, and regularly receive strong feedback on Xenium's superior data quality, accuracy, robustness, throughput and ease of use. Together, these qualities continue to set Xenium apart as a best-in-class platform and are fueling broad adoption across both basic science and translational research.

We continue to monitor customer sentiment closely as the funding environment remains highly uncertain. While the U.S. academic and government funding landscape has not deteriorated further, we also have not seen meaningful improvement in customer behavior. Across many institutions, spending remains conservative and capital equipment spending continues to be a significant challenge, both in the U.S. and more broadly around the world. Customers are facing increased scrutiny on purchases, longer approval timelines and in many cases, new restrictions on capital spending and staffing within their labs. These challenges are leading to delays in project starts, scale-backs in both ongoing and pilot study designs and heightened price sensitivity. With open proposals around next year's federal funding and institutional budgets still in early stages, we expect these uncertainties to continue impacting customer spending behavior until there is greater clarity on policy direction and actual distribution of funding resources. As customers work through evolving budget timelines and operational planning cycles, we are partnering closely to help them navigate this environment and support continuity of their research. And despite this backdrop, we continue to hear clearly that our tools are essential to scientific progress.

Our conversations with customers reinforce our conviction that single cell and spatial are the most promising areas of growth in life science tools, with researchers increasingly shifting both mindshare and funding toward these areas. And as researchers increasingly invest in these technologies, we're prioritizing our efforts to advance our technology leadership, unlock new, high-value applications and ensure the long-term financial strength of our business.

Looking across our product roadmap, our recent and upcoming launches are continuing to resonate with customers. During the quarter, we began shipping Visium HD 3', which expands the capabilities of the Visium HD portfolio by extending it to more applications. We also launched HD cell segmentation capabilities, which enable researchers to assign transcripts to individual cells with precision, simplify data analysis and uncover new biological insights. In parallel, we're also preparing for the release of several important innovations across Spatial, including Visium HD XL and Xenium RNA + Protein, which will further enhance multiomic spatial analysis and unlock deeper insights from complex tissue samples.

Turning to Single Cell, I'm really excited about Flex v2, our new plate-based Chromium Flex product that we expect to launch in the near term. Built to dramatically increase throughput and streamline workflows, Flex v2 provides ultimate flexibility for customers when designing their experiments. This next-generation Flex is an important step as we continue driving lower costs across the full spectrum of studies – from small to large, while maintaining the highest quality data. Flex v2 is designed to be the ideal method for large-scale perturbation experiments and biopharma applications – from early target discovery to clinical trial integration – delivering higher cell throughput, more flexible workflows, FFPE sample compatibility and the quality needed to train and validate AI models.

In addition to the launches planned for this year, our team is hard at work on future products that will further expand the capabilities of our platforms. We are excited about our roadmap for the coming years and the opportunity to deliver ever more value to increasing numbers of customers.

As we look at the broader opportunity, we continue to believe that both single cell and spatial are in the early stages of the adoption curve, with large-scale, high-impact applications gaining traction across both platforms. In particular, I'd like to highlight two very exciting trends: large translational studies using Xenium, and large-scale single cell perturbation experiments to train AI models and build Virtual Cells.

As an emblematic example of the first trend, we recently announced a collaboration with the Genome Institute of Singapore on the TISHUMAP initiative, aimed at accelerating discovery of drug targets and biomarker signatures in cancer and inflammatory diseases. The study will use Xenium to enable high-resolution spatial mapping of gene activity and cells within intact FFPE tissue samples paired with detailed clinical data. Its goal is to analyze thousands of samples to discover clinically-relevant biomarker signatures and therapeutic targets.

On the single cell front, the emergence of increasingly powerful AI methods that are hungry for high-quality data is accelerating researchers' interest in running larger and larger single cell perturbation studies. For example, this quarter, Xaira Therapeutics used our Chromium Universal 5' assay in its industrialized Perturb-seq workflow to produce the largest publicly-available, genome-wide Perturb-seq dataset to date, capturing transcriptional responses across 8 million perturbed cells.

This quarter, we also extended our partnership with the Arc Institute to support the Virtual Cell Challenge, which is a worldwide competition to incentivize the development of powerful computational models of biology. The challenge has established a rigorous evaluation framework and uses our Chromium Flex assay as the standard.

The work being done right now is clearly just the beginning. Virtual Cells and large-scale single cell experiments represent the next frontier at the intersection of AI and biology. To understand biology, to understand health and to understand disease, you need to understand how cells work. If we can model cells and perturbations computationally using AI, we can guide the discovery of new drugs, simulate patient responses and reduce the experimental trial-and-error that defines so much of biology and drug development today.

Finally, we remain focused on cost management and cash generation. We have a strong balance sheet and the resolve to protect it. Across our business, we continue to carefully evaluate costs to ensure operational efficiency while also continuing to invest in long-term growth. With our strong balance sheet, we have the resources to pursue our strategic priorities and continue to fuel innovation.

To that end, as part of our strategy for continued innovation within single cell, we announced earlier today the signing of a definitive agreement to acquire Scale Biosciences. The acquisition brings us key inventions and technologies that will accelerate innovation across our Chromium platform. It enables us to broaden access to single cell analysis by making it more powerful, more affordable and more accessible to researchers worldwide.

By integrating these technologies into our broader roadmap, we're strengthening our ability to support larger-scale applications, while continuing to deliver the high-quality multiomic data that researchers expect from us. We are excited by the strategic value of this transaction and its benefits to the scientific community. Adam will share more detail on the financials.

Our conviction in the potential of single cell and spatial biology is stronger than ever. As we move forward, we remain focused on staying closely aligned with our customers, executing with discipline and continuing to invest in our technologies to capture the large opportunities ahead.

With that, I'll turn the call over to Adam.

Adam Taich
Chief Financial Officer

Thank you, Serge.

I'll start by reviewing our financial results for the three months ended June 30, 2025, and will then provide further details on our outlook for the third quarter. All figures and growth rates provided will be on a year-over-year basis, unless otherwise noted.

As Serge mentioned, the quarter unfolded largely in line with our expectations. Total revenue for the second quarter was $172.9 million, up 13%. Excluding the license and royalty revenue from the settlement, revenue was $145.6 million, down 5%.

Total consumables revenue was $122.2 million, down 1%. Chromium consumables revenue was $85.8 million, down 9%, primarily driven by lower average reaction prices. Spatial consumables revenue was $36.4 million, up 24%, primarily driven by Xenium consumables revenue.

Moving on to instruments, total instrument revenue was $14.5 million, down 39%. Chromium instrument revenue was $5.7 million, down 35%, driven primarily by lower average selling prices. We implemented strategic discounts during the quarter as we partnered with customers who were navigating capex constraints. These discounts drove broader instrument adoption and an 11% increase in Chromium placements year-over-year. Spatial instrument revenue was $8.8 million, down 42%, driven primarily by fewer instruments sold.

Services revenue was $8.5 million, up 47%, primarily due to an increase in Xenium service plans.

Looking at our revenue by geography, ongoing capex headwinds continued to persist globally. However, solid consumables performance contributed to sequential improvements in most areas. Excluding settlement impacts, Americas revenue was $78.9 million, down 15% from the prior year and up 7% sequentially. EMEA revenue was $34.7 million, down 7% from the prior year and up 9% sequentially. APAC revenue was $32.0 million, up 41% year-over-year and down 1% sequentially. As Serge mentioned, APAC benefited from a temporary pull forward in purchasing activity in China, as customers accelerated orders ahead of potential tariff changes. We estimate the revenue impact from that pull forward was approximately $4.0 million.

Turning to the rest of the income statement. Gross profit for the second quarter was $125.1 million compared to $104.2 million for the prior year period. Gross margin increased to 72%, from 68% the prior year, primarily driven by higher license and royalty revenue. Excluding settlement impacts, gross margin was 67%.

Total operating expenses for the second quarter decreased to $95.0 million compared to $146.0 million for the prior year period, driven by gain on settlement. Excluding settlement impacts, operating expenses were $135.7 million.

Operating income for the second quarter was $30.1 million compared to an operating loss of $41.7 million in the second quarter of last year. Excluding settlement impacts, operating loss was $37.9 million.

Net income for the period was $34.5 million compared to a net loss of $37.9 million for the second quarter of 2024. Excluding settlement impacts, net loss was $33.5 million.

We ended the quarter with $447 million in cash, cash equivalents and marketable securities.

Turning to our outlook for the third quarter. We expect revenue to be in the range of $140 million to $144 million. This outlook takes into account approximately $4.0 million of revenue in China that was pulled forward from Q3 into Q2 ahead of potential tariff changes.

Excluding this pull forward, we expect Q3 revenue to be broadly in line with Q2 revenue, given the continuation of cautious customer spending behavior and ongoing capital equipment spending constraints.

As we announced earlier today, we signed a definitive agreement to acquire Scale Biosciences for upfront cash and stock consideration of $30 million, plus contingent consideration that could become payable upon the achievement of certain milestones. This acquisition is subject to customary closing conditions. As Serge mentioned, we're excited about the strategic value of this acquisition, as Scale brings key inventions and technical capabilities that augment our innovative foundation within single cell. We do not expect this transaction to have a material impact on our revenue or operating expenses for the remainder of 2025.

Our balance sheet remains strong, giving us flexibility to continue executing on our strategic priorities while investing in innovation and long-term growth. We believe we are well positioned to navigate uncertain market conditions and remain committed to staying agile and responsive as the environment evolves.

With that, I'll turn the call back to Serge.

Serge Saxonov
Chief Executive Officer, Co-founder

Thanks, Adam.

Before we open it up for questions, I'd like to make a note of appreciation to our customers. The last six months have been a particularly trying time for many of you. While many of your challenges remain unresolved, your work and continued perseverance are an absolute inspiration to us at 10x. Progress in science is the ultimate public good. So much new knowledge and so much potential to improve the human condition is coming within our grasp. Your work is more important than ever. We will continue to root for your success and support you any way we can.

And to our team – thank you. The current environment has been incredibly challenging. But it is during times of adversity that you can really tell what the team is made of. By that measure, I couldn't be more proud of all of you. You have stayed focused, creative and relentless in the pursuit of our mission, regardless of what has been thrown at you.

Remember too, that times of stress build strength. This is not the first time we have faced adversity, and I'm sure it won't be the last. Our team has only gotten stronger through time. I have more confidence than ever that we will solve whatever challenges lie ahead. We have been through a lot together, but there is so much more to do. After all, we are just getting started.

With that, we will now open it up for questions. Operator?

Forward Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. All statements included in this communication, other than statements of historical facts, may be forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "might," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," "would," "likely," "seek" or "continue" or the negatives of these terms or variations of them or similar terminology, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements include statements regarding 10x Genomics, Inc.'s anticipated acquisition of Scale Biosciences, Inc., partnerships, plans, positioning, product launches, organization, goals, opportunities, potential, specifications, costs, enthusiasm, trends and adoption of 10x Genomics, Inc.'s products and services, expected performance advantages and benefits of using 10x Genomics, Inc.'s products and services and 10x Genomics, Inc.'s financial performance and results of operations, including expectations regarding revenue and guidance as well as government policy and academic and government research funding. These statements are based on management's current expectations, forecasts, beliefs, assumptions and information currently available to management, and actual outcomes and results could differ materially from these statements due to a number of factors. The material risks and uncertainties that could affect 10x Genomics, Inc.'s financial and operating results and cause actual results to differ materially from those indicated by the forward-looking statements made in this communication include those discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's most recently-filed 10-K and elsewhere in the documents 10x Genomics, Inc. files with the Securities and Exchange Commission from time to time.

Although 10x Genomics, Inc. believes that the expectations reflected in the forward-looking statements are reasonable, it cannot provide any assurance that these expectations will prove to be correct nor can it guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. These forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments 10x Genomics may make. The forward-looking statements in this communication are based on information available to 10x Genomics, Inc. as of the date hereof, and 10x Genomics, Inc. disclaims any obligation to update any forward-looking statements provided to reflect any change in our expectations or any change in events, conditions, or circumstances on which any such statement is based, except as required by law. These forward-looking statements should not be relied upon as representing 10x Genomics, Inc.'s views as of any date subsequent to the date of this communication.