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Ticker	Price	Rating
BRKR	37.83	Buy
ILMN	83.16	Buy
PACB	1.03	Neutral
TWST	30.44	Buy
TXG	9.34	Neutral

Our Proprietary Data Analysis Shows 17% Total NIH Grant \$ Decline, 24% Genomics Grant \$ Decline 2025 YTD

Key Message: Leveraging proprietary work with our data consultant, we explored trends in total NIH grant data, including specifics on genomics grants. We have confirmed a funding reset for 2025, evidenced by 17% and 24% declines in total NIH grant dollars and genomics grant dollars, respectively. While a substantial cut, it has not shaped out to the initially expected ~40% carve-out many companies and investors predicted.

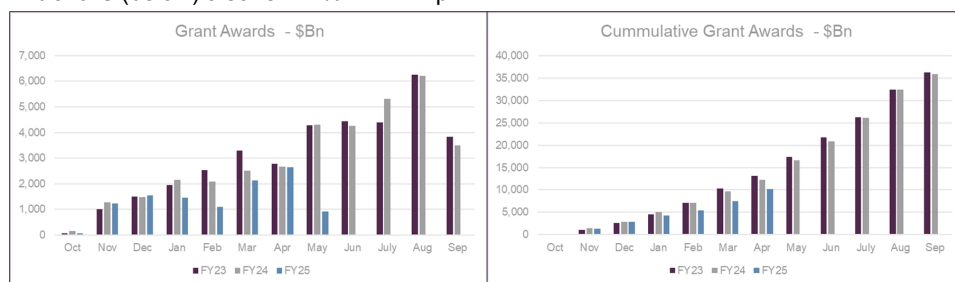
Basis of the Analysis

Given varying estimations on the severity of 2025 NIH cuts, we decided to leverage our data consultant to understand exactly how NIH grant count and dollars have trended overall. We analyzed NIH budget data from 2014-2025 YTD and specific trends in genomics grants.

Our analysis includes a deep dive into grants, recipients, and dollar distributions for the overall NIH budget and a similar analysis for genomics-specific grants. To obtain genomics information, we aggregated and examined grant filings based on keywords specific to the genomics space. All data is recent as of the end of May, analyzed through April (assumed to be the last complete month due to accounting for any reporting delays).

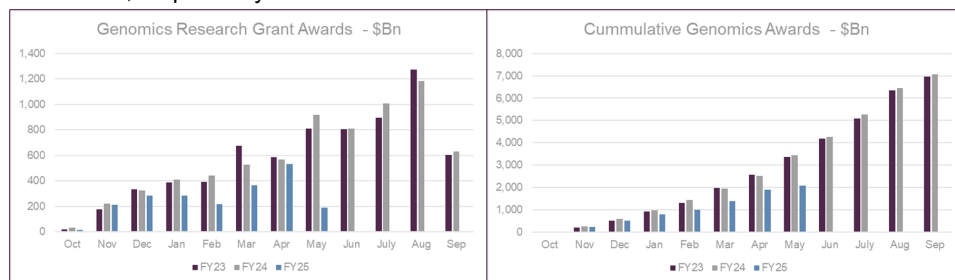
Our Findings

- **Total NIH grant count** shows a 17% decline Y/Y through April 2025. **Total NIH grant dollars** (below) also fell 17% Y/Y in April.



Source: NIH RePORTER, National Institute of Health

- **Cumulative genomics grant count** fell 25% Y/Y through April, while total **cumulative genomics grant dollars** (below) fell slightly less Y/Y at (24)%. Cumulative genomics grant dollars have trailed in every month YTD in 2025 compared to 2023 and 2024. At most in February and March, cumulative genomics grant dollars were down 29% and 30% Y/Y, respectively.



Source: NIH RePORTER, National Institute of Health

Below includes an annual trend of both total and genomics-specific grant data:

All Grants	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025YTD
Count	60,315	60,210	59,808	60,177	63,414	65,320	67,943	69,052	70,413	71,590	69,908	21,375
Total (\$B)	32.64	32.66	31.90	31.53	33.70	36.29	40.49	42.00	43.12	44.54	43.50	11.1
Avg Grant (\$M)	0.54	0.54	0.53	0.52	0.53	0.56	0.60	0.61	0.61	0.62	0.62	
Avg Recipient (\$M)	878	939	987	1,049	1,062	1,125	1,302	1,353	1,368	1,405	1,404	
Top 10 (\$M)	859	840	821	937	949	926	1,740	2,008	1,306	1,761	1,430	
Recipients (count)	3,719	3,478	3,232	3,007	3,172	3,226	3,110	3,104	3,153	3,169	3,098	

Genomics Grants	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025YTD
Count	6,052	6,739	8,186	8,894	9,553	10,314	11,468	12,193	12,780	13,582	13,837	4,150
Total (\$B)	3.33	3.66	4.50	4.95	5.24	5.96	6.85	7.31	8.25	8.54	8.71	2.1
Average (\$M)	0.55	0.54	0.55	0.56	0.55	0.58	0.60	0.60	0.65	0.63	0.63	
Top 10 (\$M)	195	261	284	276	196	274	384	555	810	627	667	
Recipients (count)	610	647	670	722	720	732	733	776	796	820	830	

Source: NIH RePORTER, National Institute of Health

Our Interpretation of the Data

- While this does not bode well for many genomics players in our universe, it's not the ~40% cut many predicted. Further stagnation in funding is a plausible outcome, but for now the outlook remains slightly less dire than many assumed. This will very likely have effects on 2Q numbers and the remainder of 2025 ordering.
- We are curious about the longer-term implications, as recent years brought increased total and genomics funding during the previous two administrations. 2025 could be a reset year for the tone moving forward, to the tune of a ~(20)% correction on previous NIH funding highs. It will be difficult to confirm this until full grant data for the entire year is released.

Our Coverage's Guidance & Exposure

- **BRKR:**
 - **Guide:** BRKR expects US Aca/Gov to be down ~20-25% this year. Management expects the NIH budget to be down Y/Y, but not to the extent of initial 40% cut estimates.
 - **Exposure:** BRKR has total Aca/Gov end-market exposure of ~10% of revenues, of which the US accounts for ~25%. Direct NIH exposure is ~3% of total revenue.
- **ILMN:**
 - **Guide:** ILMN is not assuming as deep a cut as proposed to NIH (~40%), but expects reasonable impact. Additionally, ILMN assumes a ~15% decline in Aca/Gov research consumables for the year.
 - **Exposure:** Management expects mid-throughput consumables to be the most pressured from macro. Roughly ~44% of ILMN's business is research-driven, and ~50% of revenues are US.
- **PACB:**
 - **Guide:** Current guide assumptions factor in NIH cuts and uncertainty, although not quantified.
 - **Exposure:** PACB has ~20% NIH revenue exposure. US revenue is around ~50% of total revenue.
- **TXG:**
 - **Guide:** TXG withdrew FY25 guidance due to limited visibility and will continue to guide quarterly results. Specific Aca/Gov budget cut assumptions were not quantified. TXG continues to see ex.US Aca/Gov hold up well.
 - **Exposure:** US Aca/Gov funding is 40-50% of total revenue, of which ~50% is NIH.
- **TWST:**
 - **Guide:** Current assumptions factor in macro uncertainty, but with an under-indexed business to academic customers, TWST believes they may be at an advantage for share gain rather than have it as a headwind.
 - **Exposure:** ~20% of global volumes are academic customers (small fraction in the US). Direct NIH exposure is ~1%.

ANALYST CERTIFICATION

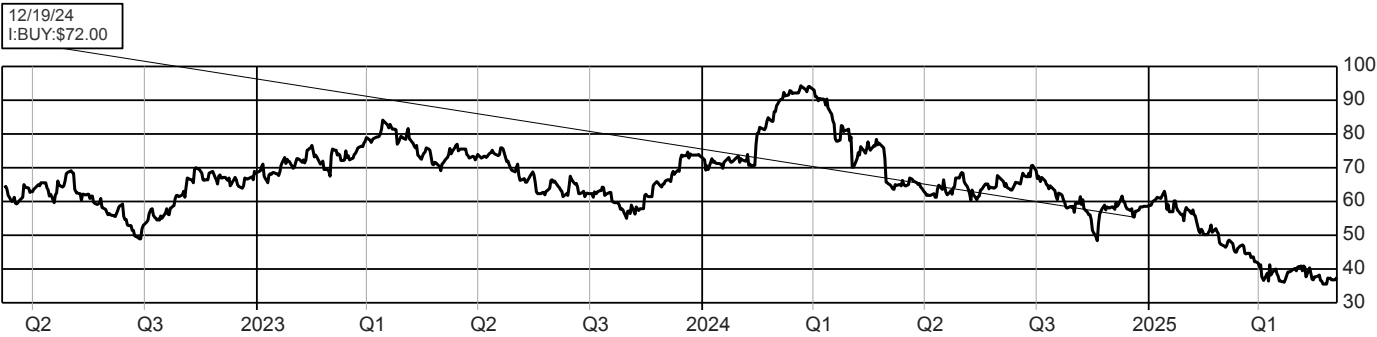
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Rating and Price Target History for: Bruker Corporation (BRKR) as of 06-03-2025



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Rating and Price Target History for: Illumina, Inc. (ILMN) as of 06-03-2025



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Rating and Price Target History for: Pacific Biosciences of California, Inc. (PACB) as of 06-03-2025



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Rating and Price Target History for: Twist Bioscience Corporation (TWST) as of 06-03-2025



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Rating and Price Target History for: 10x Genomics, Inc. (TXG) as of 06-03-2025



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