



## ILMN Q324 Summary of Prepared Remarks

### Revenue - Core Illumina

	Q324	Yr/Yr	Qtr/Qtr	Management Commentary
Sequencing Consumables	\$741M	+7%	+1%	<ul style="list-style-type: none"> <li>Yr/Yr increase driven by continued strong uptake in NovaSeq X consumables</li> <li>Total sequencing Gb output on our connected high- and mid-throughput instruments continued to grow at a rate more than 40% year-over-year               <ul style="list-style-type: none"> <li>Robust growth from both clinical and research customers</li> </ul> </li> </ul>
Microarray Consumables	\$66M	-7%	-15%	
<b>Total Consumables</b>	<b>\$807M</b>	<b>+5%</b>	<b>-1%</b>	
Sequencing Instruments	\$104M	-42%	-10%	<ul style="list-style-type: none"> <li>Slightly behind our expectations</li> <li>Yr/Yr decline driven by two factors:               <ul style="list-style-type: none"> <li>One, lower NovaSeq X placements, as compared to significant pre-order launch-related shipments in the third quarter of 2023, and</li> <li>Two, a decline in mid-throughput shipments, as capital and cashflow constraints continue to impact purchasing behavior and moderate instrument placements globally</li> </ul> </li> </ul>
Microarray Instruments	\$3M	—	-25%	
<b>Total Instruments</b>	<b>\$107M</b>	<b>-41%</b>	<b>-11%</b>	
<b>Total Products</b>	<b>\$914M</b>	<b>-4%</b>	<b>-2%</b>	
Sequencing Service and Other	\$150M	+6%	+5%	<ul style="list-style-type: none"> <li>Yr/Yr increase driven by an increase in revenue from strategic partnerships as well as high instrument service contract revenue on a growing installed base</li> </ul>
Microarray Service and Other	\$16M	—	+14%	
<b>Total Service and Other</b>	<b>\$166M</b>	<b>+5%</b>	<b>+6%</b>	
<b>Total Revenue - Core Illumina</b>	<b>\$1,080M</b>	<b>-2%</b>	<b>-1%</b>	<ul style="list-style-type: none"> <li>Yr/Yr decline as strong growth in our consumables business was offset by the instruments business declining against launch-year compares</li> </ul>

### Revenue by Geographic Location - Core Illumina

	Q324	Yr/Yr	Qtr/Qtr	Management Commentary
Americas	\$609M	-6%	-2%	
Europe	\$291M	+12%	+1%	
Greater China	\$75M	-23%	—	
AMEA	\$105M	+7%	-3%	

### Core Illumina Updates

## Management Commentary

### High-Throughput (HT): NovaSeq & HiSeq

- In Q3 we placed an additional 58 NovaSeq X Plus instruments, bringing our total installed base to 527
- Approximately 40 percent of this installed base has been shipped to clinical customers, highlighting the diversity of our user base
- The X Series surpassed \$1 billion dollars in cumulative revenue, a major milestone
- Illumina continues to deliver innovations for the NovaSeq X Series
  - We remain on track to begin shipping the single flow cell NovaSeq X by the end of this year
    - This instrument will be upgradeable to the NovaSeq X Plus
  - In Q4, we will introduce 100 cycle and 200 cycle 25B flow cells designed for high-output counting applications, such as single cell and proteomics
- The NovaSeq X transition progressed faster than we forecasted
  - As of end of Q3, more than 55% of high-throughput gigabases sequenced, and more than 35% of high-throughput consumables revenue, was on the NovaSeq X series
  - We saw some acceleration of the transition from 6K to X this quarter – including in clinical as approximately 40% of high-throughput clinical gigabases sequenced were on the NovaSeq X series
    - As legacy assays transition to the X series, we have seen increased clinical volumes and increasing adoption of the 25B flow cell from clinical customers
  - While there will be some quarterly variations in the pace of transition based on choices our customers make, we still believe almost half of high-throughput consumables revenue could transition to the X series by the middle of 2025

### Low-Throughput (LT): MiSeq, MiniSeq & iSeq

- Announced the launch of the groundbreaking MiSeq i100, addressing demand for flexible solutions for smaller-scale projects with faster turnaround time
  - Early feedback is validating our approach of bringing customers into the fold as advisors throughout the product development process
  - Customers are excited about room-temperature shipping and storage of reagents, allowing for sequencing on demand without the need to thaw reagents
  - The shorter run times, paired with 18 proven end-to-end workflows, are what our customers have been asking for – and they have expressed that this is a gamechanger
- MiSeq i100 instruments for early access customers will begin shipping in late Q4, driven by the strong demand we saw in the days following the announcement

## Q324 Non-GAAP Financial Highlights - Core Illumina

You are encouraged to review the GAAP reconciliation of the following non-GAAP measures at the end of this summary.

	Q324	Yr/Yr	Qtr/Qtr	Management Commentary
<b>Gross margin</b>	70.5%	+450bps	+110bps	<ul style="list-style-type: none"> <li>Yr/Yr increase driven primarily by the execution of our operational excellence initiatives that continue to improve productivity and deliver cost savings</li> <li>Yr/Yr improvement in gross margin was also supported by a more favorable revenue mix of sequencing consumables - making up roughly half of that improvement                             <ul style="list-style-type: none"> <li>While the business mix will change on quarter to quarter basis, the productivity improvements we have achieved are sustainable and will support our margin expansion going forward</li> </ul> </li> </ul>
<b>Operating expenses</b>	\$517M	+\$36M	+\$1M	<ul style="list-style-type: none"> <li>Roughly flat to last quarter                             <ul style="list-style-type: none"> <li>This includes the additional headcount and expenses resulting from our acquisition of Fluent BioSciences</li> </ul> </li> <li>The Illumina team continues to manage expenses effectively                             <ul style="list-style-type: none"> <li>We have several actions in play to reprioritize and reduce our expenses</li> </ul> </li> </ul>
<b>Operating margin</b>	22.6%	+10bps	+40bps	<ul style="list-style-type: none"> <li>Well above our guidance of approximately 20%, driven by strong operational performance across gross margin and discipline in expenses</li> </ul>
<b>Other expense, net</b>	(\$14M)	-\$3M	-\$1M	<ul style="list-style-type: none"> <li>During the quarter, we issued \$500 million in debt at a 4.65% coupon that was used, along with cash on hand, to redeem in full the high cost \$750 million delayed draw term loan, effectively de-levering and also reducing our interest rate</li> </ul>
<b>Tax rate</b>	21.0%	*	-320bps	<ul style="list-style-type: none"> <li>In Q3, we received the benefit of a few one-time credits as we filed our return for last year</li> </ul>
<b>Net income</b>	\$181M	*	+\$7M	
<b>EPS (diluted)</b>	\$1.14	*	+\$0.05	<ul style="list-style-type: none"> <li>Our non-GAAP weighted average diluted share count for the quarter was approximately 160 million shares</li> </ul>

	Q324	Yr/Yr	Qtr/Qtr	Management Commentary
<b>Cash flow from operations</b>	\$316M	*	+\$73M	
<b>Capital expenditures</b>	(\$32M)	*	+\$2M	
<b>Free cash flow</b>	\$284M	*	+\$71M	

<b>Cash, cash equivalents &amp; short-term investments</b>	\$939M	*	-\$55M	<ul style="list-style-type: none"> <li>• During the quarter, we put cash to work in line with our stated capital allocation strategy</li> <li>• We acquired Fluent Biosciences – adding innovative instrument-free single-cell technology to Illumina’s portfolio <ul style="list-style-type: none"> <li>○ We are excited about the potential for very-large single cell experiments this technology can enable</li> </ul> </li> <li>• In addition, following authorization from our Board earlier this quarter, we put a share repurchase program in place, and repurchased 770 thousand shares of Illumina stock for \$98M, at an average price of \$127.71 per share</li> <li>• And as noted, we de-levered</li> <li>• Taken together, these capital actions show the strength of our operational execution in the quarter</li> </ul>
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\*Prior year information not provided.

**Segment Guidance - Core Illumina**

	Guidance	Management Commentary
<b>FY24 Core Illumina Revenue</b>	decline ~3%	<ul style="list-style-type: none"> <li>• From an instruments versus consumables perspective, the projected mix is unchanged and we are still forecasting instruments revenue to decline in the mid-thirties % range relative to 2023 <ul style="list-style-type: none"> <li>○ Although we are very excited about MiSeq i100, it is in early access, and we will receive minimal revenue contribution in Q4</li> <li>○ As we had planned for, our low throughput instruments business will likely decline in Q4 with customers waiting for the new instrument</li> <li>○ For high-throughput, we still expect second half NovaSeq X shipments to be above what we delivered in the first half of 2024</li> </ul> </li> <li>• We also still forecast sequencing consumables revenue to grow towards the upper end of the low single-digit percentage range versus 2023 <ul style="list-style-type: none"> <li>○ We saw strong uptake and Gb usage in the third quarter, setting the stage for exiting the year with solid year-over-year consumables growth</li> </ul> </li> </ul>
<b>FY24 Core Illumina Non-GAAP Operating Margin</b>	21% to 21.5%	
<b>FY24 Core Illumina Non-GAAP Tax Rate</b>	~24%	
<b>FY24 Core Illumina Non-GAAP Diluted EPS</b>	\$4.05 to \$4.15	
<b>Q424 Core Illumina Revenue</b>	~\$1.07 billion	<ul style="list-style-type: none"> <li>• We continue to see strong utilization levels and pull-through on our instruments but the near-term macroeconomic environment remains constrained and does not support any uptick in purchasing behavior through the end of the year</li> </ul>

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

### **Statement regarding use of non-GAAP financial measures**

The company reports non-GAAP results for diluted earnings per share, net income, gross margin, operating expenses, including research and development expense, selling general and administrative expense, legal contingencies and settlement, and goodwill and intangible impairment, operating income, operating margin, gross profit, other income (expense), tax provision, constant currency revenue growth, and free cash flow (on a consolidated and, as applicable, segment basis) in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company's financial measures under GAAP include substantial charges such as amortization of acquired intangible assets among others that are listed in the reconciliations of GAAP and non-GAAP financial measures included in this press release, as well as the effects of currency translation. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance. Non-GAAP net income, diluted earnings per share and operating margin are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP results are presented in the tables of this release.

The company provides forward-looking guidance on a non-GAAP basis. The company is unable to provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP reported financial measures because it is unable to predict with reasonable certainty the impact of items such as acquisition-related expenses, gains and losses from strategic investments, fair value adjustments to contingent consideration, potential future asset impairments, restructuring activities, and the ultimate outcome of pending litigation without unreasonable effort. These items are uncertain, inherently difficult to predict, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, the company is unable to address the significance of the unavailable information, which could be material to future results.

### **Use of forward-looking statements**

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) changes in the rate of growth in the markets we serve; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to modify our business strategies to accomplish our desired operational goals; (ix) our ability to realize the anticipated benefits from prior or future actions to streamline and improve our R&D processes, reduce our operating expenses and maximize our revenue growth; (x) our ability to further develop and commercialize our instruments, consumables, and products; (xi) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xii) the risks and costs associated with the divestment of GRAIL; (xiii) the risk of additional litigation arising against us in connection with the GRAIL acquisition; (xiv) our ability to obtain approval by third-party payors to reimburse patients for our products; (xv) our ability to obtain regulatory clearance for our products from government agencies; (xvi) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xvii) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xviii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xix) legislative, regulatory and economic developments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

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**Illumina, Inc.**  
**Condensed Statements of Cash Flows**  
(In millions)  
(unaudited)

**TABLE 1: CONSOLIDATED STATEMENTS OF CASH FLOWS AND FREE CASH FLOWS:**

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net cash provided by operating activities	\$ 316	\$ 139	\$ 473	\$ 254
Net cash used in investing activities	(42)	(54)	(130)	(146)
Net cash used in financing activities	(332)	(707)	(523)	(1,183)
Effect of exchange rate changes on cash and cash equivalents	7	(4)	1	(9)
Net decrease in cash and cash equivalents	(51)	(626)	(179)	(1,084)
Cash and cash equivalents, beginning of period	920	1,553	1,048	2,011
Cash and cash equivalents, end of period	<u>\$ 869</u>	<u>\$ 927</u>	<u>\$ 869</u>	<u>\$ 927</u>
Calculation of free cash flow:				
Net cash provided by operating activities	\$ 316	\$ 139	\$ 473	\$ 254
Purchases of property and equipment	(32)	(45)	(99)	(144)
Free cash flow (a)	<u>\$ 284</u>	<u>\$ 94</u>	<u>\$ 374</u>	<u>\$ 110</u>

**TABLE 2: CORE ILLUMINA FREE CASH FLOWS:**

	Three Months Ended
	September 29, 2024
Calculation of free cash flow:	
Net cash provided by operating activities	\$ 316
Purchases of property and equipment	(32)
Free cash flow (a)	<u>\$ 284</u>

- (a) Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by operating activities reduced by purchases of property and equipment. Free cash flow is useful to management as it is one of the metrics used to evaluate our performance and to compare us with other companies in our industry. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

**Illumina, Inc.**  
**Results of Operations - Constant Currency Revenue**  
(Dollars in millions)  
(unaudited)

**TABLE 1: CORE ILLUMINA - CONSTANT CURRENCY REVENUE:**

	Three Months Ended			Nine Months Ended		
	September 29, 2024	October 1, 2023	% Change	September 29, 2024	October 1, 2023	% Change
<b>Core Illumina revenue</b>	<b>\$ 1,080</b>	<b>\$ 1,106</b>	<b>(2)%</b>	<b>\$ 3,228</b>	<b>\$ 3,341</b>	<b>(3)%</b>
Less: Hedge gains	3	5		10	9	
Core Illumina revenue, excluding hedge effect	1,077	1,101		3,218	3,332	
Less: Exchange rate effect	(1)	—		(7)	—	
Core Illumina constant currency revenue (a)	<u>\$ 1,078</u>	<u>\$ 1,101</u>	<b>(2)%</b>	<u>\$ 3,225</u>	<u>\$ 3,332</u>	<b>(3)%</b>

**TABLE 2: CONSOLIDATED - CONSTANT CURRENCY REVENUE:**

	Three Months Ended			Nine Months Ended		
	September 29, 2024	October 1, 2023	% Change	September 29, 2024	October 1, 2023	% Change
<b>Consolidated revenue</b>	<b>\$ 1,080</b>	<b>\$ 1,119</b>	<b>(4)%</b>	<b>\$ 3,268</b>	<b>\$ 3,382</b>	<b>(3)%</b>
Less: Hedge gains	3	5		10	9	
Consolidated revenue, excluding hedge effect	1,077	1,114		3,258	3,373	
Less: Exchange rate effect	(1)	—		(7)	—	
Consolidated constant currency revenue (a)	<u>\$ 1,078</u>	<u>\$ 1,114</u>	<b>(3)%</b>	<u>\$ 3,265</u>	<u>\$ 3,373</u>	<b>(3)%</b>

(a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.

**Illumina, Inc.**  
**Results of Operations - Revenue by Region**  
(Dollars in millions)  
(unaudited)

	Three Months Ended			Nine Months Ended		
	September 29, 2024	October 1, 2023	% Change	September 29, 2024	October 1, 2023	% Change
<b>AMR revenue - Core Illumina</b>	<b>\$ 609</b>	\$ 650	(6)%	<b>\$ 1,812</b>	\$ 1,879	(4)%
Less: Hedge gains	—	—		—	1	
AMR revenue - Core Illumina, excluding hedge effect	<b>609</b>	650		<b>1,812</b>	1,878	
Less: Exchange rate effect	<b>(2)</b>	—		<b>(1)</b>	—	
AMR constant currency revenue - Core Illumina (a)	<b><u>\$ 611</u></b>	<b><u>\$ 650</u></b>	(6)%	<b><u>\$ 1,813</u></b>	<b><u>\$ 1,878</u></b>	(3)%
<b>AMEA revenue - Core Illumina (b)</b>	<b>\$ 105</b>	\$ 98	7 %	<b>\$ 329</b>	\$ 335	(2)%
Less: Hedge gains	<b>2</b>	2		<b>4</b>	5	
AMEA revenue - Core Illumina, excluding hedge effect (b)	<b>103</b>	96		<b>325</b>	330	
Less: Exchange rate effect	<b>(1)</b>	—		<b>(8)</b>	—	
AMEA constant currency revenue - Core Illumina (a)(b)	<b><u>\$ 104</u></b>	<b><u>\$ 96</u></b>	9 %	<b><u>\$ 333</u></b>	<b><u>\$ 330</u></b>	1 %
<b>China revenue - Core Illumina (c)</b>	<b>\$ 75</b>	\$ 98	(23)%	<b>\$ 228</b>	\$ 302	(25)%
Less: Hedge gains	<b>1</b>	4		<b>4</b>	4	
China revenue - Core Illumina, excluding hedge effect (c)	<b>74</b>	94		<b>224</b>	298	
Less: Exchange rate effect	<b>1</b>	—		<b>(5)</b>	—	
China constant currency revenue - Core Illumina (a)(c)	<b><u>\$ 73</u></b>	<b><u>\$ 94</u></b>	(22)%	<b><u>\$ 229</u></b>	<b><u>\$ 298</u></b>	(23)%
<b>Europe revenue - Core Illumina</b>	<b>\$ 291</b>	\$ 260	12 %	<b>\$ 859</b>	\$ 825	4 %
Less: Hedge gains	—	(1)		<b>1</b>	(2)	
Europe revenue - Core Illumina, excluding hedge effect	<b>291</b>	261		<b>858</b>	827	
Less: Exchange rate effect	<b>2</b>	—		<b>7</b>	—	
Europe constant currency revenue - Core Illumina (a)	<b><u>\$ 289</u></b>	<b><u>\$ 261</u></b>	11 %	<b><u>\$ 851</u></b>	<b><u>\$ 827</u></b>	3 %

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

- (a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.
- (b) Region includes revenue from Russia and Turkey.
- (c) Region includes revenue from China, Taiwan, and Hong Kong.



**Illumina, Inc.**  
**Results of Operations - Non-GAAP**  
(In millions, except per share amounts)  
(unaudited)

**TABLE 1: CORE ILLUMINA - RECONCILIATION OF GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE:**

	<u>Three Months Ended</u> September 29, 2024	<u>Nine Months Ended</u> September 29, 2024
<b>GAAP earnings per share - diluted</b>	<b>\$ 4.03</b>	<b>\$ 4.88</b>
Cost of revenue (b)	0.10	0.29
R&D expense (b)	0.03	0.04
SG&A expense (b)	(0.18)	(1.11)
Goodwill and intangible impairment (b)	—	0.02
Legal contingency and settlement (b)	(3.07)	(2.98)
Other expense, net (b)	0.04	2.05
GILTI, US foreign tax credits, and global minimum top-up tax (c)	0.34	0.55
Incremental non-GAAP tax expense (d)	(0.16)	(0.56)
Income tax provision (e)	0.01	0.02
<b>Non-GAAP earnings per share - diluted (a)</b>	<b>\$ 1.14</b>	<b>\$ 3.20</b>

**TABLE 2: CORE ILLUMINA - RECONCILIATION OF GAAP AND NON-GAAP NET INCOME:**

	<u>Three Months Ended</u> September 29, 2024	<u>Nine Months Ended</u> September 29, 2024
<b>GAAP net income</b>	<b>\$ 642</b>	<b>\$ 777</b>
Cost of revenue (b)	16	47
R&D expense (b)	4	6
SG&A expense (b)	(29)	(176)
Goodwill and intangible impairment (b)	—	3
Legal contingency and settlement (b)	(488)	(474)
Other expense, net (b)	7	326
GILTI, US foreign tax credits, and global minimum top-up tax (c)	54	87
Incremental non-GAAP tax expense (d)	(26)	(89)
Income tax provision (e)	1	3
<b>Non-GAAP net income (a)</b>	<b>\$ 181</b>	<b>\$ 510</b>

**Illumina, Inc.**  
**Results of Operations - Non-GAAP (continued)**  
(In millions, except per share amounts)  
(unaudited)

**TABLE 3: CONSOLIDATED - RECONCILIATION OF GAAP AND NON-GAAP DILUTED EARNINGS (LOSS) PER SHARE:**

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
<b>GAAP earnings (loss) per share - diluted</b>	<b>\$ 4.42</b>	<b>\$ (4.77)</b>	<b>\$ (8.86)</b>	<b>\$ (6.23)</b>
Cost of revenue (b)	0.09	0.30	0.70	0.93
R&D expense (b)	0.03	0.02	0.04	0.11
SG&A expense (b)	(0.18)	(0.15)	(1.03)	0.64
Goodwill and intangible impairment (b)	—	5.20	11.87	5.19
Legal contingency and settlement (b)	(3.06)	(0.01)	(2.98)	0.09
Other expense, net (b)	0.04	0.14	2.05	0.23
GILTI, US foreign tax credits, and global minimum top-up tax (c)	0.16	0.24	0.89	0.40
Incremental non-GAAP tax expense (d)	(0.37)	(0.65)	(1.11)	(0.68)
Income tax provision (e)	0.01	0.01	0.02	0.05
<b>Non-GAAP earnings per share - diluted (a)</b>	<b>\$ 1.14</b>	<b>\$ 0.33</b>	<b>\$ 1.59</b>	<b>\$ 0.73</b>

**TABLE 4: CONSOLIDATED - RECONCILIATION OF GAAP AND NON-GAAP NET INCOME (LOSS):**

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
<b>GAAP net income (loss)</b>	<b>\$ 705</b>	<b>\$ (754)</b>	<b>\$ (1,410)</b>	<b>\$ (986)</b>
Cost of revenue (b)	16	48	112	147
R&D expense (b)	4	3	6	17
SG&A expense (b)	(30)	(24)	(163)	102
Goodwill and intangible impairment (b)	—	821	1,889	821
Legal contingency and settlement (b)	(488)	(1)	(474)	14
Other expense, net (b)	7	22	326	36
GILTI, US foreign tax credits, and global minimum top-up tax (c)	25	38	141	63
Incremental non-GAAP tax expense (d)	(59)	(102)	(177)	(108)
Income tax provision (e)	1	1	3	9
<b>Non-GAAP net income (a)</b>	<b>\$ 181</b>	<b>\$ 52</b>	<b>\$ 253</b>	<b>\$ 115</b>

*All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.*

- (a) Non-GAAP net income and diluted earnings per share exclude the effects of the pro forma adjustments detailed above. Non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future operating performance.
- (b) Refer to Reconciliations between GAAP and Non-GAAP Results of Operations for details of amounts.
- (c) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI, the utilization of US foreign tax credits, and the Pillar Two global minimum top-up tax, which became effective in Q1 2024.
- (d) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed.
- (e) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.

**illumina, Inc.**  
**Results of Operations - Non-GAAP (continued)**  
(Dollars in millions)  
(unaudited)

**TABLE 5: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:**

	Three Months Ended									
	September 29, 2024					October 1, 2023				
	Core/Consolidated		Core Illumina		GRAIL	Elims	Consolidated			
<b>GAAP gross profit (loss) (b)</b>	<b>\$ 745</b>	<b>68.9 %</b>	<b>\$ 715</b>	<b>64.7 %</b>	<b>\$ (27)</b>	<b>\$ (4)</b>	<b>\$ 684</b>	<b>61.1 %</b>		
Amortization of acquired intangible assets	16	1.6 %	14	1.2 %	33	—	47	4.2 %		
Restructuring (g)	—	—	1	0.1 %	—	—	1	0.1 %		
<b>Non-GAAP gross profit (a)</b>	<b>\$ 761</b>	<b>70.5 %</b>	<b>\$ 730</b>	<b>66.0 %</b>	<b>\$ 6</b>	<b>\$ (4)</b>	<b>\$ 732</b>	<b>65.4 %</b>		
<b>GAAP R&amp;D expense</b>	<b>\$ 253</b>	<b>23.4 %</b>	<b>\$ 238</b>	<b>21.5 %</b>	<b>\$ 79</b>	<b>\$ (2)</b>	<b>\$ 315</b>	<b>28.1 %</b>		
Acquisition-related expenses (d)	(3)	(0.2)%	—	—	—	—	—	—		
Restructuring (g)	(1)	(0.1)%	(3)	(0.3)%	—	—	(3)	(0.3)%		
<b>Non-GAAP R&amp;D expense</b>	<b>\$ 249</b>	<b>23.1 %</b>	<b>\$ 235</b>	<b>21.2 %</b>	<b>\$ 79</b>	<b>\$ (2)</b>	<b>\$ 312</b>	<b>27.8 %</b>		
<b>GAAP SG&amp;A expense</b>	<b>\$ 239</b>	<b>22.2 %</b>	<b>\$ 216</b>	<b>19.5 %</b>	<b>\$ 87</b>	<b>\$ —</b>	<b>\$ 303</b>	<b>27.0 %</b>		
Amortization of acquired intangible assets	—	—	—	—	(1)	—	(1)	(0.1)%		
Contingent consideration liabilities (c)	49	4.6 %	110	9.9 %	—	—	110	9.8 %		
Acquisition-related expenses (d)	(15)	(1.4)%	(26)	(2.2)%	(3)	—	(29)	(2.5)%		
Restructuring (g)	(5)	(0.5)%	(54)	(4.9)%	(1)	—	(55)	(4.9)%		
<b>Non-GAAP SG&amp;A expense</b>	<b>\$ 268</b>	<b>24.9 %</b>	<b>\$ 246</b>	<b>22.3 %</b>	<b>\$ 82</b>	<b>\$ —</b>	<b>\$ 328</b>	<b>29.3 %</b>		
<b>GAAP goodwill and intangible impairment</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ 821</b>	<b>\$ —</b>	<b>\$ 821</b>	<b>73.4 %</b>		
Goodwill impairment (i)	—	—	—	—	(712)	—	(712)	(63.6)%		
Intangible (IPR&D) impairment (i)	—	—	—	—	(109)	—	(109)	(9.8)%		
<b>Non-GAAP goodwill and intangible impairment</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>		
<b>GAAP legal contingency and settlement</b>	<b>\$ (488)</b>	<b>(45.3)%</b>	<b>\$ (1)</b>	<b>(0.2)%</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>(0.1)%</b>		
Legal contingency and settlement (h)	488	45.3 %	1	0.2 %	—	—	1	0.1 %		
<b>Non-GAAP legal contingency and settlement</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>—</b>		
<b>GAAP operating profit (loss)</b>	<b>\$ 741</b>	<b>68.6 %</b>	<b>\$ 262</b>	<b>23.7 %</b>	<b>\$(1,015)</b>	<b>\$ (1)</b>	<b>\$ (754)</b>	<b>(67.3)%</b>		
Cost of revenue	16	1.5 %	15	1.3 %	33	—	48	4.3 %		
R&D costs	4	0.4 %	3	0.4 %	—	—	3	0.3 %		
SG&A costs	(29)	(2.6)%	(30)	(2.7)%	6	—	(24)	(2.3)%		
Goodwill and intangible impairment	—	—	—	—	821	—	821	73.4 %		
Legal contingency and settlement	(488)	(45.3)%	(1)	(0.2)%	—	—	(1)	(0.1)%		
<b>Non-GAAP operating profit (loss) (a)</b>	<b>\$ 244</b>	<b>22.6 %</b>	<b>\$ 249</b>	<b>22.5 %</b>	<b>\$ (155)</b>	<b>\$ (1)</b>	<b>\$ 93</b>	<b>8.3 %</b>		
<b>GAAP other (expense) income, net</b>	<b>\$ (21)</b>	<b>(2.0)%</b>	<b>\$ (33)</b>	<b>(3.0)%</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ (28)</b>	<b>(2.6)%</b>		
Strategic investment related loss, net (e)	12	1.2 %	19	1.8 %	—	—	19	1.8 %		
Gain on Helix contingent value right (f)	(4)	(0.4)%	(5)	(0.5)%	—	—	(5)	(0.4)%		
Acquisition-related expenses (d)	(1)	(0.1)%	8	0.7 %	—	—	8	0.7 %		
<b>Non-GAAP other (expense) income, net (a)</b>	<b>\$ (14)</b>	<b>(1.3)%</b>	<b>\$ (11)</b>	<b>(1.0)%</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ (6)</b>	<b>(0.5)%</b>		

**Illumina, Inc.**  
**Results of Operations - Non-GAAP (continued)**  
(Dollars in millions)  
(unaudited)

**TABLE 5: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:**

	Nine Months Ended							
	September 29, 2024							
	Core Illumina		GRAIL		Elims		Consolidated	
<b>GAAP gross profit (loss) (b)</b>	<b>\$ 2,181</b>	<b>67.6 %</b>	<b>\$ (38)</b>	<b>\$ (10)</b>	<b>\$ 2,133</b>	<b>65.3 %</b>		
Amortization of acquired intangible assets	46	1.4 %	65	—	111	3.4 %		
Restructuring (g)	1	—	—	—	1	—		
Non-GAAP gross profit (a)	<u>\$ 2,228</u>	<u>69.0 %</u>	<u>\$ 27</u>	<u>\$ (10)</u>	<u>\$ 2,245</u>	<u>68.7 %</u>		
<b>GAAP R&amp;D expense</b>	<b>\$ 732</b>	<b>22.7 %</b>	<b>\$ 189</b>	<b>\$ (8)</b>	<b>\$ 913</b>	<b>27.9 %</b>		
Acquisition-related expenses (d)	(4)	(0.1)%	—	—	(4)	(0.1)%		
Restructuring (g)	(2)	(0.1)%	—	—	(2)	—		
Non-GAAP R&D expense	<u>\$ 726</u>	<u>22.5 %</u>	<u>\$ 189</u>	<u>\$ (8)</u>	<u>\$ 907</u>	<u>27.8 %</u>		
<b>GAAP SG&amp;A expense</b>	<b>\$ 621</b>	<b>19.3 %</b>	<b>\$ 192</b>	<b>\$ —</b>	<b>\$ 813</b>	<b>24.8 %</b>		
Amortization of acquired intangible assets	—	—	(2)	—	(2)	(0.1)%		
Contingent consideration liabilities (c)	304	9.3 %	—	—	304	9.3 %		
Acquisition-related expenses (d)	(85)	(2.6)%	(11)	—	(96)	(2.9)%		
Restructuring (g)	(43)	(1.3)%	(1)	—	(44)	(1.3)%		
Non-GAAP SG&A expense	<u>\$ 797</u>	<u>24.7 %</u>	<u>\$ 178</u>	<u>\$ —</u>	<u>\$ 975</u>	<u>29.8 %</u>		
<b>GAAP goodwill and intangible impairment</b>	<b>\$ 3</b>	<b>0.1 %</b>	<b>\$ 1,886</b>	<b>\$ —</b>	<b>\$ 1,889</b>	<b>57.8 %</b>		
Goodwill impairment (i)	—	—	(1,466)	—	(1,466)	(44.9)%		
Intangible (IPR&D) impairment (i)	(3)	(0.1)%	(420)	—	(423)	(12.9)%		
Non-GAAP goodwill and intangible impairment	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>		
<b>GAAP legal contingency and settlement</b>	<b>\$ (474)</b>	<b>(14.7)%</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (474)</b>	<b>(14.4)%</b>		
Legal contingency and settlement (h)	474	14.7 %	—	—	474	14.4 %		
Non-GAAP legal contingency and settlement	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>		
<b>GAAP operating profit (loss)</b>	<b>\$ 1,298</b>	<b>40.2 %</b>	<b>\$ (2,305)</b>	<b>\$ (1)</b>	<b>\$ (1,008)</b>	<b>(30.8)%</b>		
Cost of revenue	47	1.5 %	65	—	112	3.4 %		
R&D costs	6	0.2 %	—	—	6	0.2 %		
SG&A costs	(176)	(5.5)%	13	—	(163)	(5.1)%		
Goodwill and intangible impairment	3	0.1 %	1,886	—	1,889	57.8 %		
Legal contingency and settlement	(474)	(14.7)%	—	—	(474)	(14.4)%		
Non-GAAP operating profit (loss) (a)	<u>\$ 704</u>	<u>21.8 %</u>	<u>\$ (341)</u>	<u>\$ (1)</u>	<u>\$ 362</u>	<u>11.1 %</u>		
<b>GAAP other (expense) income, net</b>	<b>\$ (363)</b>	<b>(11.2)%</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ (358)</b>	<b>(11.0)%</b>		
Strategic investment related loss, net (e)	339	10.5 %	—	—	339	10.4 %		
Gain on Helix contingent value right (f)	(15)	(0.5)%	—	—	(15)	(0.5)%		
Acquisition-related expenses (d)	2	0.1 %	—	—	2	0.1 %		
Non-GAAP other (expense) income, net (a)	<u>\$ (37)</u>	<u>(1.1)%</u>	<u>\$ 5</u>	<u>\$ —</u>	<u>\$ (32)</u>	<u>(1.0)%</u>		

**Illumina, Inc.**  
**Results of Operations - Non-GAAP (continued)**  
(Dollars in millions)  
(unaudited)

**TABLE 5: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:**

	Nine Months Ended					
	October 1, 2023					
	Core Illumina		GRAIL	Elims	Consolidated	
<b>GAAP gross profit (loss) (b)</b>	\$ 2,161	64.7 %	\$ (77)	\$ (14)	\$ 2,070	61.2 %
Amortization of acquired intangible assets	43	1.3 %	100	—	143	4.3 %
Restructuring (g)	4	0.1 %	—	—	4	0.1 %
Non-GAAP gross profit (a)	<u>\$ 2,208</u>	<u>66.1 %</u>	<u>\$ 23</u>	<u>\$ (14)</u>	<u>\$ 2,217</u>	<u>65.6 %</u>
<b>GAAP R&amp;D expense</b>	\$ 771	23.1 %	\$ 254	\$ (12)	\$ 1,013	30.0 %
Acquisition-related expenses (d)	(1)	—	—	—	(1)	—
Restructuring (g)	(16)	(0.6)%	—	—	(16)	(0.5)%
Non-GAAP R&D expense	<u>\$ 754</u>	<u>22.5 %</u>	<u>\$ 254</u>	<u>\$ (12)</u>	<u>\$ 996</u>	<u>29.5 %</u>
<b>GAAP SG&amp;A expense</b>	\$ 857	25.7 %	\$ 271	\$ (1)	\$ 1,127	33.3 %
Amortization of acquired intangible assets	(1)	—	(3)	—	(4)	(0.1)%
Contingent consideration liabilities (c)	82	2.5 %	—	—	82	2.3 %
Acquisition-related expenses (d)	(64)	(1.9)%	(11)	—	(75)	(2.1)%
Restructuring (g)	(72)	(2.3)%	(3)	—	(75)	(2.2)%
Proxy contest	(29)	(0.9)%	—	—	(29)	(0.9)%
Non-GAAP SG&A expense	<u>\$ 773</u>	<u>23.1 %</u>	<u>\$ 254</u>	<u>\$ (1)</u>	<u>\$ 1,026</u>	<u>30.3 %</u>
<b>GAAP goodwill and intangible impairment</b>	\$ —	—	\$ 821	\$ —	\$ 821	24.3 %
Goodwill impairment (i)	—	—	(712)	—	(712)	(21.1)%
Intangible (IPR&D) impairment (i)	—	—	(109)	—	(109)	(3.2)%
Non-GAAP goodwill and intangible impairment	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>
<b>GAAP legal contingency and settlement</b>	\$ 14	0.4 %	\$ —	\$ —	\$ 14	0.4 %
Legal contingency and settlement (h)	(14)	(0.4)%	—	—	(14)	(0.4)%
Non-GAAP legal contingency and settlement	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>
<b>GAAP operating profit (loss)</b>	\$ 519	15.5 %	\$ (1,424)	\$ —	\$ (905)	(26.8)%
Cost of revenue	47	1.4 %	100	—	147	4.4 %
R&D costs	17	0.5 %	—	—	17	0.5 %
SG&A costs	84	2.6 %	18	—	102	3.0 %
Goodwill and intangible impairment	—	—	821	—	821	24.3 %
Legal contingency and settlement	14	0.4 %	—	—	14	0.4 %
Non-GAAP operating profit (loss) (a)	<u>\$ 681</u>	<u>20.4 %</u>	<u>\$ (485)</u>	<u>\$ —</u>	<u>\$ 196</u>	<u>5.8 %</u>
<b>GAAP other (expense) income, net</b>	\$ (53)	(1.6)%	\$ 8	\$ —	\$ (45)	(1.3)%
Strategic investment related loss, net (e)	36	1.1 %	—	—	36	1.0 %
Gain on Helix contingent value right (f)	(8)	(0.2)%	—	—	(8)	(0.2)%
Acquisition-related expenses (d)	8	0.2 %	—	—	8	0.2 %
Non-GAAP other (expense) income, net (a)	<u>\$ (17)</u>	<u>(0.5)%</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ (9)</u>	<u>(0.3)%</u>

*All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.*

- (a) Non-GAAP gross profit, included within non-GAAP operating profit (loss), is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit (loss) and non-GAAP other (expense) income, net exclude the effects of the pro forma adjustments as detailed above. Non-GAAP operating margin is a key component of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing past and future operating performance.
- (b) Reconciling amounts are recorded in cost of revenue.
- (c) Amounts consist primarily of fair value adjustments for our contingent consideration liability related to GRAIL.
- (d) Amounts consist primarily of legal and other expenses related to the acquisition and divestiture of GRAIL, as well as the acquisition of Fluent Biosciences which was completed in Q3 2024. Amounts in other (expense) income, net for Q3 2023 and YTD 2023 relate to unrealized gains/losses for foreign currency balance sheet remeasurement of the EC fine liability, which was reversed in Q3 2024, and mark-to-market gains/losses on the hedge for the EC fine.
- (e) Amounts consist primarily of mark-to-market adjustments and impairments from strategic investments. Amount for YTD 2024 primarily relates to impairment recorded on our retained investment in GRAIL post spin-off.
- (f) Amounts consist of fair value adjustments related to our Helix contingent value right, which was settled in Q3 2024.
- (g) Amounts for Q3 2024 consist primarily of employee severance costs. Amounts for YTD 2024 also consist of lease and other asset impairments. Amounts for Q3 2023 consist primarily of lease and other asset impairments and amounts for YTD 2023 consist primarily of employee severance costs and lease and other asset impairments.
- (h) Amounts for Q3 2024 and YTD 2024 primarily consist of the reversal of the accrued EC fine, including accrued interest. Amount for YTD 2023 primarily consists of an adjustment recorded to our accrual for the EC fine.
- (i) Amount for YTD 2024 consists of goodwill and IPR&D intangible asset impairments related to GRAIL in Q2 2024. Amount for YTD 2024 also consists of an IPR&D intangible asset impairment related to Core Illumina in Q1 2024. Amounts for Q3 2023 and YTD 2023 consist of goodwill and IPR&D intangible asset impairments related to GRAIL.

**illumina, Inc.**  
**Results of Operations - Non-GAAP (continued)**  
(Dollars in millions)  
(unaudited)

**TABLE 6: CORE ILLUMINA - RECONCILIATION OF GAAP AND NON-GAAP TAX PROVISION:**

	Three Months Ended		Nine Months Ended	
	September 29, 2024		September 29, 2024	
<b>GAAP tax provision</b>	<b>\$ 77</b>	<b>10.8 %</b>	<b>\$ 158</b>	<b>16.9 %</b>
Incremental non-GAAP tax expense (b)	26		89	
Income tax provision (c)	(1)		(3)	
GILTI, US foreign tax credits, and global minimum top-up tax (d)	(54)		(87)	
Non-GAAP tax provision (a)	<u>\$ 48</u>	<u>21.0 %</u>	<u>\$ 157</u>	<u>23.6 %</u>

**TABLE 7: CONSOLIDATED - RECONCILIATION OF GAAP AND NON-GAAP TAX PROVISION (BENEFIT):**

	Three Months Ended		Nine Months Ended	
	September 29, 2024		September 29, 2024	
<b>GAAP tax provision</b>	<b>\$ 15</b>	<b>2.1 %</b>	<b>\$ 44</b>	<b>(3.2)%</b>
Incremental non-GAAP tax expense (b)	59		177	
Income tax provision (c)	(1)		(3)	
GILTI, US foreign tax credits, and global minimum top-up tax (d)	(25)		(141)	
Non-GAAP tax provision (a)	<u>\$ 48</u>	<u>21.0 %</u>	<u>\$ 77</u>	<u>23.4 %</u>

	Three Months Ended		Nine Months Ended	
	October 1, 2023		October 1, 2023	
<b>GAAP tax (benefit) provision</b>	<b>\$ (28)</b>	<b>3.6 %</b>	<b>\$ 36</b>	<b>(3.8)%</b>
Incremental non-GAAP tax expense (b)	102		108	
Income tax provision (c)	(1)		(9)	
GILTI and US foreign tax credits (d)	(38)		(63)	
Non-GAAP tax provision (a)	<u>\$ 35</u>	<u>39.7 %</u>	<u>\$ 72</u>	<u>38.3 %</u>

- (a) Non-GAAP tax provision excludes the effects of the pro forma adjustments detailed above, which have been excluded to assist investors in analyzing and assessing past and future operating performance.
- (b) Incremental non-GAAP tax expense reflects tax impact of the non-GAAP adjustments listed in Table 2 and 4.
- (c) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
- (d) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI, the utilization of US foreign tax credits, and the Pillar Two global minimum top-up tax, which became effective in Q1 2024.