



Q2 2024 Earnings Presentation

August 6, 2024



Jacob Thaysen

Chief Executive Officer



Ankur Dhingra

Chief Financial Officer



Salli Schwartz

Head of Investor Relations

Cautionary Notes on 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 and execute 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, increase our operating margin and maximize our revenue growth; (x) our ability to further develop and commercialize our instruments, consumables, and products; (xi) to deploy new, and integrate acquired products, services, and applications, and to expand the markets for our technology platforms; (xii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xiii) our ability to obtain regulatory clearance for our products from government agencies; (xiv) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xv) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xvi) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xvii) 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.



Jacob Thaysen
Chief Executive Officer

Q2'24 Core Illumina Results

Results Ahead of Expectations

~\$1.1B

Revenue

22.2%

Non-GAAP Operating Margin

Driven by continued execution against our strategic priorities

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Drivers for Q2'24 Results & Adjusted Guidance

Continued NovaSeq™ X Plus transition

62

Q2'24 NovaSeq X Plus
instrument placements

Significant step-up in
consumables

Driven by continued transition of sequencing
activity to the NovaSeq X in Q2'24

Adding caution to 2024 guide with customers
actively managing their capital spend

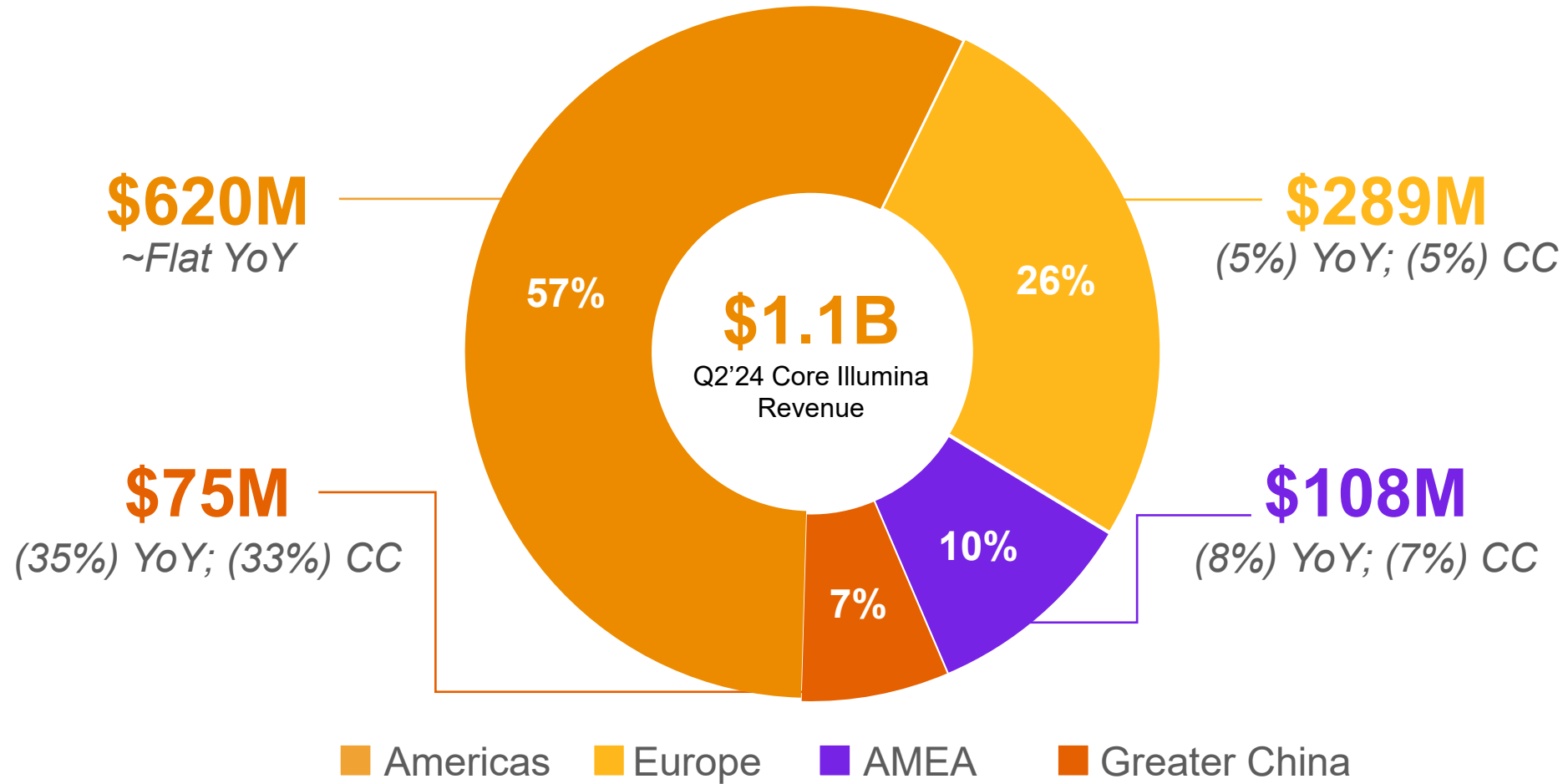
Reduced Instrument Outlook

- Taking a more prudent view to reflect further extension of sales cycles

Increased Consumables Outlook

- Slightly stronger view on consumables

Core Illumina Q2'24 Regional Revenue



Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Note: CC = Constant Currency, net of the effects of hedging.

Note: AMEA denotes Asia Pacific, Middle East and Africa.

My Priorities as CEO

1

Drive Our Top Line

2

Deliver Operational Excellence

3

Resolve GRAIL as Quickly as Possible

Drive Our Top Line

NovaSeq™ X Plus

62

Q2'24 NovaSeq X Plus
instrument shipments

469

Q2'24 total NovaSeq X Plus
installed base

Encouraged by increase in NovaSeq X
sequencing activity

\$1M+

Q2'24 NovaSeq X Plus
avg. annual pull-through

XLEAP-SBS™ on NextSeq™ 1k/2k

P1-P3

Launched in Q2'24

P4

Launched in Q1'24

>60%

Of 1k/2k installed base with upgraded software, a
leading indicator for XLEAP adoption

Mid-throughput segment remains the most
sensitive to the macroeconomic environment

Lengthening sales cycles
driven by constrained capital
spending...

...while win rates remain
stable and pipeline
continues to grow

Deliver Operational Excellence

Updates to our commercial organization

Everett Cunningham joins as
Chief Commercial Officer

Implemented new commercial
organizational design

To accelerate our multi-omics capabilities and
commercialize and scale our software stack

Portfolio optimization to drive productivity
improvements across our supply chain

Example: product rationalization

To increase our focus on higher profitability offerings

Progress toward greater
operating leverage in 2024

Resolve GRAIL as Quickly as Possible

GRAIL Divestment Completed

Spin-off in June 2024

Illumina will continue to support GRAIL with our sequencing technology and suite of services



Ankur Dhingra
Chief Financial Officer

Core Illumina Q2'24 Financials

CORE ILLUMINA REVENUE

\$1.1B

(6%)
YoY

(6%)
YoY (CC)

+3%
QoQ

Exceeded our guidance primarily driven by:

- Continued increase in high throughput consumables, as customers ramp activity on NovaSeq™ X Plus
- Strength in consumables was partially offset by fewer than expected mid-throughput shipments

SEQUENCING CONSUMABLES REVENUE

\$737M

Flat
YoY

Performed well against a challenging YoY compare:

- Q2'23 was the highest sequencing consumables revenue quarter of 2023
- High-throughput consumables a particularly bright spot with shipments growing year-over-year and sequentially

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Note: CC = Constant Currency, net of the effects of hedging.

Q2'24 NovaSeq™ X Transition Update

Acceleration in NovaSeq X Consumables Revenue

Q2'24

+35%

QoQ NovaSeq X consumables growth

Q1'24

+Double Digit

QoQ NovaSeq X consumables growth

Pace of Continued Transition from NovaSeq 6000

Q2'24

~5 pct. points

Avg. QoQ HT sequencing consumables revenue transition from NovaSeq 6000 to NovaSeq X Plus

Q2'24

~45%

Of total HT gigabases shipped attributed to NovaSeq X Plus

Q2'24

>25%

Of total HT consumables revenue attributed to NovaSeq X Plus

By mid-2025

Almost Half

Of HT sequencing consumables revenue projected to transition to the NovaSeq X Plus if trajectory continues

Q2'24 Total Sequencing Activity

Gigabase (Gb) growth on connected high- and mid-throughput instruments

>40%

YoY Growth

~10%

QoQ Growth

Growth in activity from both Research & Applied and Clinical customers was healthy

Note: Reflects total sequencing Gb output on connected high- and mid-throughput instruments.

Core Illumina Q2'24 Financials (cont'd.)

SEQUENCING INSTRUMENTS REVENUE

\$116M

+5%
QoQ

(40%)
YoY

Year-over-Year Decline Driven by:

- Lower NovaSeq™ X placements, compared to significant pre-order launch-related shipments in Q2'23
- Expected decline in mid-throughput shipments, as capital and cashflow constraints continue to impact purchasing behavior and moderate placement

SEQUENCING SERVICE & OTHER

\$143M

+7%
YoY

Driven primarily by increase in revenue from strategic partnerships and higher instrument service contract revenue

Core Illumina Q2'24 Additional P&L Results

NON-GAAP
GROSS MARGIN

69.4%

▲ 240 bps YoY

Primarily driven by more favorable mix of sequencing consumables and execution of operational excellence initiatives that improved productivity and delivered cost savings

NON-GAAP
OPERATING EXPENSES

\$516M

▼ \$15M YoY

Reflecting reductions in headcount and several other cost containment initiatives

NON-GAAP
OPERATING MARGIN¹

22.2%

▲ 100 bps YoY

Due to higher-than-expected revenue, better-than-expected gross margin, and strides our organization has made in reducing operating expenses

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

¹ Compared to 21.2% in Q2'23.

Core Illumina Q2'24 Additional P&L Results (cont'd.)

NON-GAAP OTHER EXPENSE

(\$13M)

Includes 11 days of interest expense for \$750M delayed draw term loan put in place in June

NON-GAAP TAX RATE

24.2 %

NON-GAAP
NET INCOME

\$174M

NON-GAAP
DILUTED EPS

\$1.09

NON-GAAP WEIGHTED AVERAGE DILUTED
SHARE COUNT

~159M

Note: EPS = earnings per diluted share.

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Core Illumina Cash Flow & Balance Sheet Items Q2'24

CASH FLOW FROM OPERATIONS

\$243M

FREE CASH FLOW

\$213M

CAPITAL EXPENDITURES

\$30M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~\$994M

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Guidance for FY'24

As of 08/06/2024

CORE ILLUMINA

Revenue

Down (2%)-(3%)

Down (1.5%)-(2.5%) on a CC basis

Sequencing Instruments¹

Mid-30s %
decline

Sequencing Consumables¹

Upper end of
LSD % growth

Non-GAAP Operating Income

20.5% - 21%

Net of guidance changes results in higher operating profit vs. guidance at the beginning of the year

Non-GAAP Tax Rate

~25%

Non-GAAP EPS

\$3.80-\$3.95

Includes 2H interest expense from \$750M delayed draw term loan

Note: See Appendix for statement regarding use of non-GAAP financial measures.
Note: CC = Constant Currency, net of the effects of hedging. EPS = earnings per diluted share. LSD = low-single digit growth.
Note: All growth rates shown reflect year-over-year comparisons.
1. At the mid-point of the Core Illumina revenue guidance range.

Progress Against our Expense Actions

Pinnacle Continuous Improvement Program



Will deliver additional

\$200M

Expense savings over next few years

Guidance for Q3'24

As of 08/06/2024

CORE ILLUMINA

Revenue

\$1.075B-\$1.085B

Non-GAAP Operating Margin

~20%

Non-GAAP Tax Rate

~25%

Non-GAAP EPS

\$0.80-\$0.90

*Includes 2H interest expense from
\$750M delayed draw term loan*

Note: EPS = earnings per diluted share.

Note: See Appendix for statement regarding use of non-GAAP financial measures.



Jacob Thaysen
Chief Executive Officer

Innovation Roadmap Update

Software bioinformatics update

DRAGEN™

Latest software version
launched in Q2'24

- Most accurate multi-genome mapping technology
- Advancements in machine learning
- Ability to genotype difficult genes

Upcoming NovaSeq™ X Releases

NovaSeq X

Shipping in Q4'24

- Single flow cell HT sequencer
- Lower-cost entry point to the X series
- Upgradeable to the NovaSeq X Plus

100c & 200c kits

For 25B flow cell
available in Q4'24

Recent acquisitions enable the multi-omics ecosystem



Acquired in Q3'24

Single-cell solutions company that sorts and labels cell mixtures for sequencing



Acquired in Q4'23

Specialized multi-omics software solutions company

illumina[®]

2024 Strategy Update

Tuesday, August 13, 2024

08:00 AM – 10:00 AM (PT) | 11:00 AM – 01:00PM (ET)

Virtual Event

Registration open on Investor Relations website



Q&A



Jacob Thaysen



Ankur Dhingra

illumina[®]

Our Mission:

To improve human health
by unlocking the power of the genome

Appendix

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, and from time to time, as applicable, legal contingencies and settlement, and goodwill and intangible impairment, operating income (loss), operating margin, gross profit (loss), other income (expense), tax provision, constant currency revenue growth, and free cash flow (on a consolidated and, as applicable, segment basis for our Core Illumina and GRAIL segments) 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 itemized reconciliations between 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, including in the non-GAAP measures related to our segments. Additionally, 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 financial impact of items such as acquisition-related expenses, gains and losses from our strategic investments, fair value adjustments related to contingent consideration and contingent value rights, 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.

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net cash provided by operating activities	\$ 80	\$ 105	\$ 157	\$ 115
Net cash used in investing activities	(41)	(37)	(89)	(93)
Net cash used in financing activities	(225)	(3)	(191)	(476)
Effect of exchange rate changes on cash and cash equivalents	(2)	(6)	(5)	(4)
Net (decrease) increase in cash and cash equivalents	(188)	59	(128)	(458)
Cash and cash equivalents, beginning of period	1,108	1,494	1,048	2,011
Cash and cash equivalents, end of period	<u>\$ 920</u>	<u>\$ 1,553</u>	<u>\$ 920</u>	<u>\$ 1,553</u>
Calculation of free cash flow:				
Net cash provided by operating activities	\$ 80	\$ 105	\$ 157	\$ 115
Purchases of property and equipment	(32)	(47)	(67)	(99)
Free cash flow (a)	<u>\$ 48</u>	<u>\$ 58</u>	<u>\$ 90</u>	<u>\$ 16</u>

TABLE 2: CORE ILLUMINA FREE CASH FLOWS:

	Three Months Ended June 30, 2024
Calculation of free cash flow:	
Net cash provided by operating activities	\$ 243
Purchases of property and equipment	(30)
Free cash flow (a)	<u>\$ 213</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 - Revenue by Segment
(Dollars in millions)
(unaudited)

	Three Months Ended			Six Months Ended		
	June 30, 2024	July 2, 2023	% Change	June 30, 2024	July 2, 2023	% Change
Consolidated revenue	\$ 1,112	\$ 1,176	(5)%	\$ 2,188	\$ 2,263	(3)%
Less: Hedge gains	<u>4</u>	<u>2</u>		<u>7</u>	<u>3</u>	
Consolidated revenue, excluding hedge effect	1,108	1,174		2,181	2,260	
Less: Exchange rate effect	<u>(5)</u>	<u>—</u>		<u>(7)</u>	<u>—</u>	
Consolidated constant currency revenue (a)	<u>\$ 1,113</u>	<u>\$ 1,174</u>	(5)%	<u>\$ 2,188</u>	<u>\$ 2,260</u>	(3)%
 Core Illumina revenue	 \$ 1,092	 \$ 1,159	 (6)%	 \$ 2,148	 \$ 2,235	 (4)%
Less: Hedge gains	<u>4</u>	<u>2</u>		<u>7</u>	<u>3</u>	
Core Illumina revenue, excluding hedge effect	1,088	1,157		2,141	2,232	
Less: Exchange rate effect	<u>(5)</u>	<u>—</u>		<u>(7)</u>	<u>—</u>	
Core Illumina constant currency revenue (a)	<u>\$ 1,093</u>	<u>\$ 1,157</u>	(6)%	<u>\$ 2,148</u>	<u>\$ 2,232</u>	(4)%

(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			Six Months Ended		
	June 30, 2024	July 2, 2023	% Change	June 30, 2024	July 2, 2023	% Change
AMR revenue - Core Illumina	\$ 620	\$ 623	(1)%	\$ 1,203	\$ 1,228	(2)%
Less: Hedge gains	—	—		—	1	
AMR revenue - Core Illumina, excluding hedge effect	620	623		1,203	1,227	
Less: Exchange rate effect	—	—		1	—	
AMR constant currency revenue - Core Illumina (a)	<u>\$ 620</u>	<u>\$ 623</u>	(1)%	<u>\$ 1,202</u>	<u>\$ 1,227</u>	(2)%
AMEA revenue - Core Illumina (b)	\$ 108	\$ 118	(8)%	\$ 224	\$ 237	(5)%
Less: Hedge gains	1	1		3	2	
AMEA revenue - Core Illumina, excluding hedge effect (b)	107	117		221	235	
Less: Exchange rate effect	(2)	—		(8)	—	
AMEA constant currency revenue - Core Illumina (a)(b)	<u>\$ 109</u>	<u>\$ 117</u>	(7)%	<u>\$ 229</u>	<u>\$ 235</u>	(3)%
China revenue - Core Illumina (c)	\$ 75	\$ 115	(35)%	\$ 153	\$ 206	(26)%
Less: Hedge gains	2	1		3	1	
China revenue - Core Illumina, excluding hedge effect (c)	73	114		150	205	
Less: Exchange rate effect	(3)	—		(5)	—	
China constant currency revenue - Core Illumina (a)(c)	<u>\$ 76</u>	<u>\$ 114</u>	(33)%	<u>\$ 155</u>	<u>\$ 205</u>	(24)%
Europe revenue - Core Illumina	\$ 289	\$ 303	(5)%	\$ 568	\$ 564	1 %
Less: Hedge gains	1	(1)		1	(1)	
Europe revenue - Core Illumina, excluding hedge effect	288	304		567	565	
Less: Exchange rate effect	—	—		6	—	
Europe constant currency revenue - Core Illumina (a)	<u>\$ 288</u>	<u>\$ 304</u>	(5)%	<u>\$ 561</u>	<u>\$ 565</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.

(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: CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED (LOSS) EARNINGS PER SHARE:

	Three Months Ended		Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
GAAP loss per share - diluted	\$ (12.48)	\$ (1.48)	\$ (13.28)	\$ (1.46)
Cost of revenue (b)	0.29	0.32	0.60	0.63
R&D expense (b)	—	0.08	0.01	0.09
SG&A expense (b)	(1.33)	0.68	(0.75)	0.89
Goodwill and intangible impairment (b)	11.84	—	11.86	—
Other expense, net (b)	2.06	0.01	2.01	0.08
GILTI, U.S. foreign tax credits, and global minimum top-up tax (c)	0.62	0.44	0.73	0.16
Incremental non-GAAP tax expense (d)	(0.65)	0.27	(0.74)	(0.04)
Income tax provision (e)	0.01	—	0.01	0.05
Non-GAAP earnings per share - diluted (a)	\$ 0.36	\$ 0.32	\$ 0.45	\$ 0.40

TABLE 2: CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP NET (LOSS) INCOME:

	Three Months Ended		Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
GAAP net loss	\$ (1,988)	\$ (234)	\$ (2,114)	\$ (231)
Cost of revenue (b)	46	50	95	99
R&D expense (b)	—	13	2	14
SG&A expense (b)	(211)	107	(120)	142
Goodwill and intangible impairment (b)	1,886	—	1,889	—
Other expense, net (b)	328	2	319	13
GILTI, U.S. foreign tax credits, and global minimum top-up tax (c)	99	69	116	25
Incremental non-GAAP tax expense (d)	(104)	43	(117)	(6)
Income tax provision (e)	1	—	1	8
Non-GAAP net income (a)	\$ 57	\$ 50	\$ 71	\$ 64

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

TABLE 3: CORE ILLUMINA RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE:

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
GAAP earnings per share - diluted	\$ 0.41	\$ 0.85
Cost of revenue (b)	0.10	0.19
R&D expense (b)	—	0.01
SG&A expense (b)	(1.35)	(0.84)
Goodwill and intangible impairment (b)	—	0.02
Other expense, net (b)	2.06	2.01
GILTI, U.S. foreign tax credits, and global minimum top-up tax (c)	0.12	0.21
Incremental non-GAAP tax expense (d)	(0.26)	(0.39)
Income tax provision (e)	0.01	0.01
Non-GAAP earnings per share - diluted (a)	<u><u>\$ 1.09</u></u>	<u><u>\$ 2.07</u></u>

TABLE 4: CORE ILLUMINA RECONCILIATION BETWEEN GAAP AND NON-GAAP NET INCOME:

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
GAAP net income	\$ 66	\$ 135
Cost of revenue (b)	15	30
R&D expense (b)	—	2
SG&A expense (b)	(215)	(132)
Goodwill and intangible impairment (b)	—	3
Other expense, net (b)	328	319
GILTI, U.S. foreign tax credits, and global minimum top-up tax (c)	20	33
Incremental non-GAAP tax expense (d)	(41)	(62)
Income tax provision (e)	1	1
Non-GAAP net income (a)	<u><u>\$ 174</u></u>	<u><u>\$ 329</u></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.

(a) Non-GAAP net income and diluted earnings per share exclude the effects of the pro forma adjustments as 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 the Itemized Reconciliations between GAAP and Non-GAAP Results of Operations for the components of these amounts.

(c) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI, the utilization of U.S. 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: ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended					
	June 30, 2024					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	\$ 743	68.0 %	\$ (16)	\$ (6)	\$ 721	64.8 %
Amortization of acquired intangible assets	15	1.4 %	31	—	46	4.2 %
Non-GAAP gross profit (a)	<u>\$ 758</u>	<u>69.4 %</u>	<u>\$ 15</u>	<u>\$ (6)</u>	<u>\$ 767</u>	<u>69.0 %</u>
GAAP and Non-GAAP R&D expense	\$ 241	22.1 %	\$ 88	\$ (4)	\$ 325	29.2 %
GAAP SG&A expense	\$ 60	5.5 %	\$ 88	\$ (1)	\$ 147	13.2 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities (c)	271	24.8 %	—	—	271	24.4 %
Acquisition-related expenses (d)	(46)	(4.2)%	(3)	—	(49)	(4.4)%
Restructuring (g)	(3)	(0.3)%	—	—	(3)	(0.3)%
Accrued interest on EC fine (h)	(7)	(0.6)%	—	—	(7)	(0.6)%
Non-GAAP SG&A expense	<u>\$ 275</u>	<u>25.2 %</u>	<u>\$ 84</u>	<u>\$ (1)</u>	<u>\$ 358</u>	<u>32.2 %</u>
GAAP goodwill and intangible impairment	\$ —	—	\$ 1,886	\$ —	\$ 1,886	169.6 %
Goodwill impairment (i)	—	—	(1,466)	—	(1,466)	(131.8)%
Intangible (IPR&D) impairment (i)	—	—	(420)	—	(420)	(37.8)%
Non-GAAP goodwill and intangible impairment	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>
GAAP operating profit (loss)	\$ 442	40.5 %	\$ (2,078)	\$ (1)	\$ (1,637)	(147.2)%
Cost of revenue	15	1.4 %	31	—	46	4.2 %
SG&A costs	(215)	(19.7)%	4	—	(211)	(19.0)%
Goodwill and intangible impairment	—	—	1,886	—	1,886	169.6 %
Non-GAAP operating profit (loss) (a)	<u>\$ 242</u>	<u>22.2 %</u>	<u>\$ (157)</u>	<u>\$ (1)</u>	<u>\$ 84</u>	<u>7.6 %</u>
GAAP other (expense) income, net	\$ (341)	(31.2)%	\$ 2	\$ —	\$ (339)	(30.5)%
Strategic investment related loss, net (e)	334	30.5 %	—	—	334	30.0 %
Gain on Helix contingent value right (f)	(8)	(0.7)%	—	—	(8)	(0.7)%
Foreign currency loss on EC fine (j)	2	0.2 %	—	—	2	0.2 %
Non-GAAP other (expense) income, net (a)	<u>\$ (13)</u>	<u>(1.2)%</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ (11)</u>	<u>(1.0)%</u>

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

TABLE 5 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended					
	July 2, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	\$ 760	65.5 %	\$ (24)	\$ (4)	\$ 732	62.2 %
Amortization of acquired intangible assets	14	1.2 %	33	—	47	4.0 %
Restructuring (g)	3	0.3 %	—	—	3	0.3 %
Non-GAAP gross profit (a)	<u>\$ 777</u>	<u>67.0 %</u>	<u>\$ 9</u>	<u>\$ (4)</u>	<u>\$ 782</u>	<u>66.5 %</u>
GAAP R&D expense	\$ 274	23.6 %	\$ 89	\$ (5)	\$ 358	30.4 %
Acquisition-related expenses (d)	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring (g)	(12)	(1.0)%	—	—	(12)	(1.0)%
Non-GAAP R&D expense	<u>\$ 261</u>	<u>22.5 %</u>	<u>\$ 89</u>	<u>\$ (5)</u>	<u>\$ 345</u>	<u>29.3 %</u>
GAAP SG&A expense	\$ 371	31.9 %	\$ 91	\$ —	\$ 462	39.3 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities (c)	(29)	(2.5)%	—	—	(29)	(2.5)%
Acquisition-related expenses (d)	(18)	(1.4)%	(3)	—	(21)	(1.8)%
Restructuring (g)	(17)	(1.5)%	(2)	—	(19)	(1.6)%
Legal contingency and settlement (k)	(12)	(1.0)%	—	—	(12)	(1.0)%
Proxy contest	(25)	(2.2)%	—	—	(25)	(2.1)%
Non-GAAP SG&A expense	<u>\$ 270</u>	<u>23.3 %</u>	<u>\$ 85</u>	<u>\$ —</u>	<u>\$ 355</u>	<u>30.2 %</u>
GAAP operating profit (loss)	\$ 115	9.9 %	\$ (204)	\$ 1	\$ (88)	(7.5)%
Cost of revenue	17	1.5 %	33	—	50	4.3 %
R&D costs	13	1.1 %	—	—	13	1.1 %
SG&A costs	100	8.7 %	7	—	107	9.1 %
Non-GAAP operating profit (loss) (a)	<u>\$ 245</u>	<u>21.2 %</u>	<u>\$ (164)</u>	<u>\$ 1</u>	<u>\$ 82</u>	<u>7.0 %</u>
GAAP other (expense) income, net	\$ (3)	(0.3)%	\$ 2	\$ —	\$ (1)	(0.1)%
Strategic investment related loss, net (e)	2	0.2 %	—	—	2	0.2 %
Non-GAAP other (expense) income, net (a)	<u>\$ (1)</u>	<u>(0.1)%</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>0.1 %</u>

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

TABLE 5 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Six Months Ended					
	June 30, 2024					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	\$ 1,436	66.9 %	\$ (38)	\$ (10)	\$ 1,388	63.5 %
Amortization of acquired intangible assets	30	1.4 %	65	—	95	4.3 %
Non-GAAP gross profit (a)	\$ 1,466	68.3 %	\$ 27	\$ (10)	\$ 1,483	67.8 %
GAAP R&D expense	\$ 479	22.3 %	\$ 189	\$ (8)	\$ 660	30.2 %
Restructuring (g)	(2)	(0.1)%	—	—	(2)	(0.1)%
Non-GAAP R&D expense	\$ 477	22.2 %	\$ 189	\$ (8)	\$ 658	30.1 %
GAAP SG&A expense	\$ 396	18.5 %	\$ 192	\$ —	\$ 588	26.9 %
Amortization of acquired intangible assets	—	—	(2)	—	(2)	(0.1)%
Contingent consideration liabilities (c)	255	11.9 %	—	—	255	11.7 %
Acquisition-related expenses (d)	(70)	(3.3)%	(11)	—	(81)	(3.7)%
Restructuring (g)	(38)	(1.8)%	(1)	—	(39)	(1.8)%
Accrued interest on EC fine (h)	(14)	(0.7)%	—	—	(14)	(0.7)%
Non-GAAP SG&A expense	\$ 529	24.6 %	\$ 178	\$ —	\$ 707	32.3 %
GAAP goodwill and intangible impairment	\$ 3	0.1 %	\$ 1,886	\$ —	\$ 1,889	86.3 %
Goodwill impairment (i)	—	—	(1,466)	—	(1,466)	(67.0)%
Intangible (IPR&D) impairment (i)	(3)	(0.1)%	(420)	—	(423)	(19.3)%
Non-GAAP goodwill and intangible impairment	\$ —	—	\$ —	\$ —	\$ —	—
GAAP operating profit (loss)	\$ 558	26.0 %	\$ (2,305)	\$ (2)	\$ (1,749)	(79.9)%
Cost of revenue	30	1.4 %	65	—	95	4.3 %
R&D costs	2	0.1 %	—	—	2	0.1 %
SG&A costs	(133)	(6.2)%	13	—	(120)	(5.4)%
Goodwill and intangible impairment	3	0.1 %	1,886	—	1,889	86.3 %
Non-GAAP operating profit (loss) (a)	\$ 460	21.4 %	\$ (341)	\$ (2)	\$ 117	5.4 %
GAAP other (expense) income, net	\$ (342)	(15.9)%	\$ 5	\$ —	\$ (337)	(15.4)%
Strategic investment related loss, net (e)	327	15.2 %	—	—	327	15.0 %
Gain on Helix contingent value right (f)	(11)	(0.5)%	—	—	(11)	(0.5)%
Foreign currency loss on EC fine (j)	3	0.1 %	—	—	3	0.1 %
Non-GAAP other (expense) income, net (a)	\$ (23)	(1.1)%	\$ 5	\$ —	\$ (18)	(0.8)%

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

TABLE 5 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Six Months Ended					
	July 2, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	\$ 1,446	64.7 %	\$ (50)	\$ (10)	\$ 1,386	61.3 %
Amortization of acquired intangible assets	29	1.3 %	67	—	96	4.2 %
Restructuring (g)	3	0.1 %	—	—	3	0.1 %
Non-GAAP gross profit (a)	<u>\$ 1,478</u>	<u>66.1 %</u>	<u>\$ 17</u>	<u>\$ (10)</u>	<u>\$ 1,485</u>	<u>65.6 %</u>
GAAP R&D expense	\$ 532	23.7 %	\$ 175	\$ (8)	\$ 699	30.9 %
Acquisition-related expenses (d)	(1)	—	—	—	(1)	—
Restructuring (g)	(13)	(0.5)%	—	—	(13)	(0.6)%
Non-GAAP R&D expense	<u>\$ 518</u>	<u>23.2 %</u>	<u>\$ 175</u>	<u>\$ (8)</u>	<u>\$ 685</u>	<u>30.3 %</u>
GAAP SG&A expense	\$ 656	29.4 %	\$ 184	\$ (1)	\$ 839	37.1 %
Amortization of acquired intangible assets	—	—	(2)	—	(2)	(0.1)%
Contingent consideration liabilities (c)	(28)	(1.3)%	—	—	(28)	(1.2)%
Acquisition-related expenses (d)	(38)	(1.7)%	(9)	—	(47)	(2.1)%
Restructuring (g)	(17)	(0.7)%	(2)	—	(19)	(0.8)%
Legal contingency and settlement (k)	(15)	(0.7)%	—	—	(15)	(0.7)%
Proxy contest	(31)	(1.4)%	—	—	(31)	(1.4)%
Non-GAAP SG&A expense	<u>\$ 527</u>	<u>23.6 %</u>	<u>\$ 171</u>	<u>\$ (1)</u>	<u>\$ 697</u>	<u>30.8 %</u>
GAAP operating profit (loss)	\$ 257	11.5 %	\$ (408)	\$ (1)	\$ (152)	(6.7)%
Cost of revenue	32	1.4 %	67	—	99	4.3 %
R&D costs	14	0.6 %	—	—	14	0.6 %
SG&A costs	129	5.8 %	13	—	142	6.3 %
Non-GAAP operating profit (loss) (a)	<u>\$ 432</u>	<u>19.3 %</u>	<u>\$ (328)</u>	<u>\$ (1)</u>	<u>\$ 103</u>	<u>4.5 %</u>
GAAP other (expense) income, net	\$ (19)	(0.9)%	\$ 4	\$ —	\$ (15)	(0.7)%
Strategic investment related loss, net (e)	16	0.7 %	—	—	16	0.7 %
Gain on Helix contingent value right (f)	(3)	(0.1)%	—	—	(3)	(0.1)%
Non-GAAP other (expense) income, net (a)	<u>\$ (6)</u>	<u>(0.3)%</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>(0.1)%</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, including in the non-GAAP measures related to our segments.

(b) Reconciling amounts are recorded in cost of revenue.

(c) Amounts consist 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.

(e) Amounts consist primarily of mark-to-market adjustments and impairments from our strategic investments.

Amounts for Q2 2024 and YTD 2024 primarily relate to the impairment on our retained investment in GRAIL post spin-off.

(f) Amounts consist of fair value adjustments related to our Helix contingent value right.

(g) Amount for Q2 2024 consists primarily of employee severance costs. Amount for YTD 2024 consists primarily of lease and other asset impairments. Amounts for Q2 2023 and YTD 2023 consist primarily of employee severance costs and lease and other asset impairments.

(h) Amounts for Q2 2024 and YTD 2024 consist of accrued interest on the fine imposed by the European Commission.

(i) Amounts for Q2 2024 and YTD 2024 consist of goodwill and IPR&D intangible asset impairments related to GRAIL.

Amount for YTD 2024 also consists of an IPR&D intangible asset impairment related to Core Illumina in Q1 2024.

(j) Amounts for Q2 2024 and YTD 2024 consist of unrealized gains/losses related to foreign currency balance sheet remeasurement of the EC fine liability and unrealized/realized mark-to-market gains/losses on the hedge associated with the EC fine.

(k) Amount for Q2 2023 consists of an adjustment to our accrual for the fine imposed by the European Commission.

Amount for YTD 2023 also consists of a loss related to a patent litigation settlement in Q1 2023.

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

TABLE 6: CONSOLIDATED ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended		Six Months Ended	
	June 30, 2024		June 30, 2024	
GAAP tax provision	\$ 12	(0.6)%	\$ 28	(1.4)%
Incremental non-GAAP tax expense (b)	104		117	
Income tax provision (c)	(1)		(1)	
GILTI, U.S. foreign tax credits, and global minimum top-up tax (d)	(99)		(116)	
Non-GAAP tax provision (a)	\$ 16	22.3 %	\$ 28	28.8 %

	Three Months Ended		Six Months Ended	
	July 2, 2023		July 2, 2023	
GAAP tax provision	\$ 145	(163.8)%	\$ 64	(38.5)%
Incremental non-GAAP tax expense (b)	(43)		6	
Income tax provision (c)	—		(8)	
GILTI and U.S. foreign tax credits (d)	(69)		(25)	
Non-GAAP tax provision (a)	\$ 33	39.3 %	\$ 37	37.2 %

TABLE 7: CORE ILLUMINA ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended		Six Months Ended	
	June 30, 2024		June 30, 2024	
GAAP tax provision	\$ 35	35.0 %	\$ 80	37.3 %
Incremental non-GAAP tax expense (b)	41		62	
Income tax provision (c)	(1)		(1)	
GILTI, U.S. foreign tax credits, and global minimum top-up tax (d)	(20)		(33)	
Non-GAAP tax provision (a)	\$ 55	24.2 %	\$ 108	24.9 %

(a) Non-GAAP tax provision excludes the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing past and future operating performance.

(b) Incremental non-GAAP tax expense reflects the 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 U.S. foreign tax credits, and the Pillar Two global minimum top-up tax, which became effective in Q1 2024.