

illumina[®]

Q3 2024
Earnings Presentation

November 4, 2024



Jacob Thaysen

Chief Executive Officer



Ankur Dhingra

Chief Financial Officer



Salli Schwartz

Head of Investor Relations

Cautionary Notes

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.

Disclaimers

GAAP reconciliation of non-GAAP measures can be found in the Appendix, our earnings release and in the supplementary data on our website.

We divested GRAIL in June 2024. For a review of historical financial results for GRAIL and consolidated Illumina, please see our earnings release and our SEC filings.

Year-over-year (YoY) denotes a comparison against the same quarter of the previous fiscal year, while quarter-over-quarter (QoQ) or “sequential” denotes a comparison against the previous fiscal quarter.



Jacob Thaysen
Chief Executive Officer

illumina Q3'24 Results

Strong Financial Performance

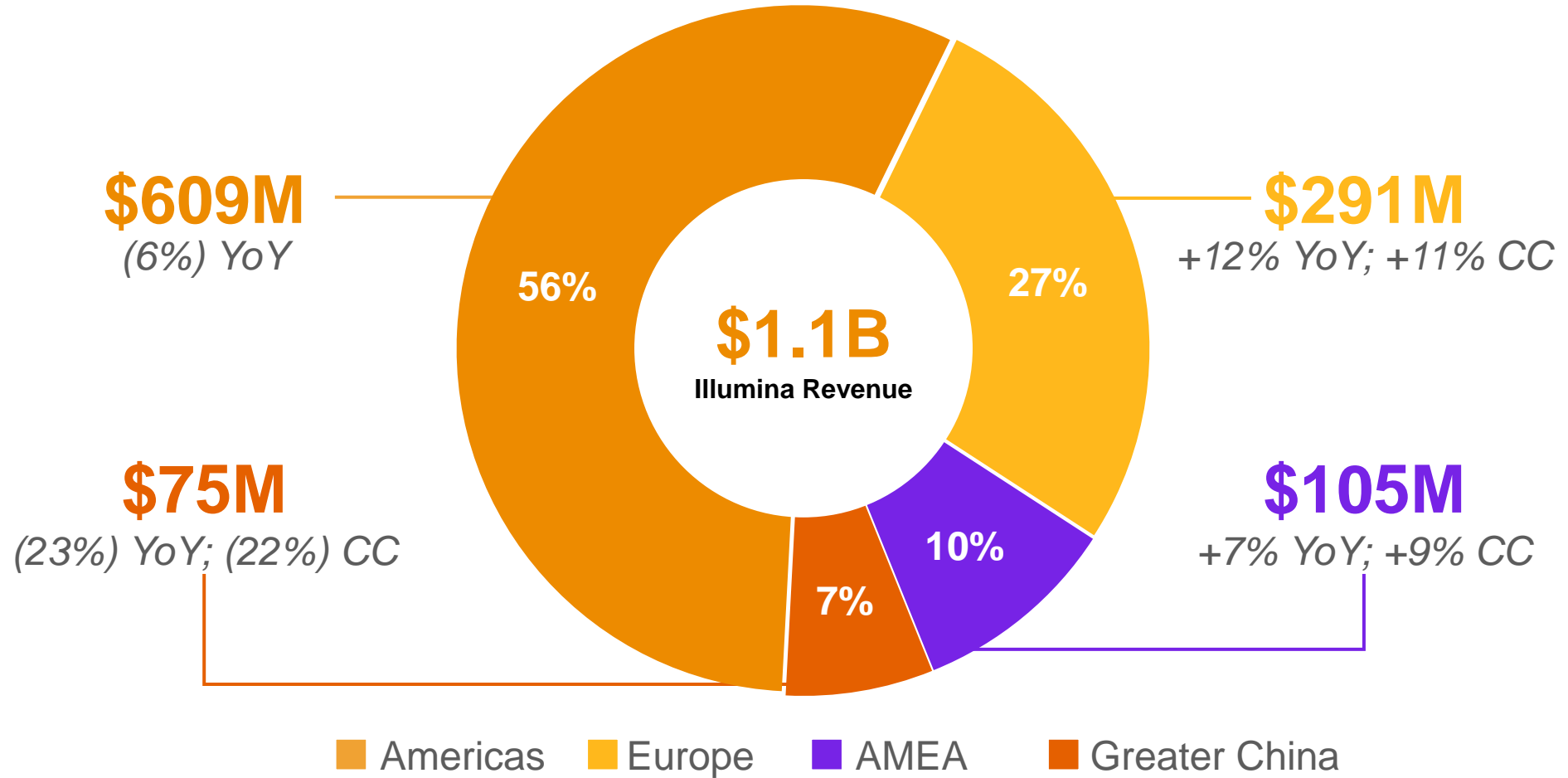
- Expanding margins and driving earnings
- Growing utilization of NovaSeq™ X
- Bringing next phase of sequencing innovation to our customers

Revenue In-Line With Expectations

~\$1.1B

Revenue

Illumina Q3'24 Regional Revenue



*Note: See Appendix for statement regarding use of non-GAAP financial measures.
 Note: CC = Constant Currency, net of the effects of hedging.
 Note: AMEA denotes Asia Pacific, Middle East and Africa.*

Q3'24 NovaSeq X Plus Updates

Q3'24 Instrument Placements

527

NovaSeq™ X Plus Installed Base

58

Q3'24 Placements

~40%

Clinical Shipments

Cumulative NovaSeq X Revenue

\$1B+

Surpassed in Q3'24
Across instruments, consumables, service & other

illumina Q3'24 Results

Operating Margin & Diluted EPS Above Expectations

22.6%

Non-GAAP Operating Margin

\$1.14

Non-GAAP Diluted Earnings per Share

In Q3'24, we began executing on the capital allocation strategy we laid out during our August Strategy Update

FY'24 Guidance

	Current (as of November 4, 2024)	Prior (August 8, 2024)
Revenue Decline YoY	(~3%) Including Q4'24 ~\$1.07B	(2%)-(3%)
Non-GAAP Operating Margin	21%-21.5%	20.5%-21%
Non-GAAP Diluted EPS	\$4.05-\$4.15	\$3.80-\$3.95

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

Priorities to Guide Strategy Execution

FY'25-FY'27 Financial Targets Summary

From August 13, 2024 Strategy Update

Revenue	Accelerating to HSD growth by 2027
Non-GAAP Operating Margin	500+ bps expansion
Non-GAAP Diluted EPS	Double digit to teens growth

1

Deeper Customer Collaboration

2

Continuous Innovation

3

Operational Excellence

Deeper Customer Collaboration

Providing a range of targeted solutions to serve the diverse needs of our customers



1

Shifting how we interact and collaborate with customers to support their ambitions

2

Giving customers clear line of sight to the significant innovations in our pipeline

Continuous Innovation

Innovation driven and shaped by what customers tell us they need

Announced MiSeq™ i100



- ✓ Room-temperature shipping
- ✓ Room-temperature storage
- ✓ Shorter run times
- ✓ 18 proven end-to-end workflows

**Will begin shipping for
early access customers in late Q4**

Constellation Mapped Read Technology

In Development

- Redefining the extent of information created by SBS chemistry
- Eliminates standard library prep and performed on flow cell in <10 mins.

5-Base Genome

In Development

- Will provide variant and epigenetic information from a single library prep
- Access to methylation information in every run

NovaSeq X Innovations

Single Flow Cell

NovaSeq™ X

Shipping in Q4'24

25B Flow Cell

100c & 200c kits

Available in Q4'24

Operational Excellence

Building a foundation that powers our long-term success, regardless of the topline

Enhancing Productivity



Optimizing Investment Spend



Smart Capital Allocation

Operational Excellence

We have made progress building a culture where every employee contributes to operational excellence



Ankur Dhingra
Chief Financial Officer

Core Illumina Q3'24 Financials

CORE ILLUMINA REVENUE

\$1.08B

(2%)
YoY

(2%)
YoY (CC)

In line with expectations driven by strong growth consumables revenue offset by instruments revenue declining against launch-year compares

SEQUENCING CONSUMABLES REVENUE

\$741M

+7%
YoY

Driven by continued strong uptake in NovaSeq™ X consumables

Q3'24 NovaSeq X Transition Update

Acceleration in NovaSeq™ X Transition

Q3'24

>55%

Of total **HT Gb** shipped attributed to the NovaSeq X Series

Q3'24

>35%

Of total **HT consumables revenue** attributed to the NovaSeq X Series

Q3'24

~40%

HT **clinical Gb's** sequenced were on the NovaSeq X Series

Pace of Continued Transition from NovaSeq 6000

By mid-2025

Almost Half

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

Q3'24 Total Sequencing Activity

Gigabase growth on connected high- and mid-throughput instruments

>40%

YoY Growth

Robust growth from both clinical & research customers

Core Illumina Q3'24 Financials (cont'd.)

SEQUENCING INSTRUMENTS REVENUE

\$104M

(42%)
YoY

Driven by:

- Lower NovaSeq™ X placements, compared to significant pre-order launch-related shipments in Q3'23
- Decline in mid-throughput shipments, as capital and cashflow constraints continue to impact purchasing behavior and moderate placements globally

SEQUENCING SERVICE & OTHER

\$150M

+6%
YoY

Driven by an increase in revenue from strategic partnerships as well as higher instrument service contract revenue on a growing installed base

Core Illumina Q3'24 Additional P&L Results

NON-GAAP GROSS MARGIN

70.5%

▲ 450 bps YoY

DRIVERS

~Half

Operational excellence initiatives that improve productivity and deliver cost savings

Sustainable

~Half

Favorable revenue mix of sequencing consumables

Variable QoQ

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

Core Illumina Q3'24 Additional P&L Results (cont'd.)

NON-GAAP OPERATING EXPENSES

\$517M

~Flat QoQ

Includes the additional headcount and expenses resulting from our acquisition of Fluent. We have several actions in play to reprioritize and reduce our expenses

NON-GAAP OPERATING MARGIN¹

22.6%

▲ 10 bps YoY

Above guidance driven by strong operational performance across gross margin and discipline in expenses

Note: See Appendix for statement regarding use of non-GAAP financial measures.
1. Compared to 22.5% in Q3'23.

Core Illumina Q3'24 Additional P&L Results (cont'd.)

NON-GAAP OTHER EXPENSE

(\$14M)

Issued \$500M debt at 4.65% coupon that was used, along with cash on hand, to redeem \$750M DDTL

NON-GAAP TAX RATE

21.0%

In Q3, received benefit of a few one-time credits as we filed our return for last year

NON-GAAP NET INCOME

\$181M

NON-GAAP DILUTED EPS

\$1.14

NON-GAAP WEIGHTED AVERAGE DILUTED SHARE COUNT

~160M

*Note: See Appendix for statement regarding use of non-GAAP financial measures.
Note: DDTL = delayed draw term loan. EPS = earnings per diluted share.*

Core Illumina Cash Flow & Balance Sheet Items Q3'24

CASH FLOW
FROM OPERATIONS

\$316M

CAPITAL
EXPENDITURES

\$32M

FREE
CASH FLOW

\$284M

Capital Allocation Actions

Acquired



Share Repurchase Program

770k

illumina Shares

\$98M

Total Cost

\$127.71

Average Price per Share

Debt Refinancing

\$500M

Debt issuance with 4.65% coupon was used, along with cash on hand, to redeem in full the higher cost \$750 million DDTL

Cash, Cash Equivalents & Short-Term Investments

~\$939M

Note: DDTL = delayed draw term loan.

Summary



Revenue in-line with expectations



Transition of high-throughput sequencing to the NovaSeq™ X is going well



Announced breakthrough products in low throughput



Made significant progress towards stated goal of margin expansion



Have been deploying our strong cash flow towards revenue growth, improved earnings, and shareholder-friendly capital actions

Core Illumina Guidance for FY'24

As of 11/04/2024

Revenue

Total Revenue

Down (~3%)

Expect Q4 Revenue of ~\$1.07 billion

Sequencing Instruments

Mid-30s %
decline

Sequencing Consumables

Upper end of
LSD % growth

Non-GAAP Operating Margin

21%-21.5%

Non-GAAP Tax Rate

~24%

Non-GAAP EPS

\$4.05-\$4.15

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

Note: EPS = earnings per diluted share. LSD = low-single digit growth.

Note: All growth rates shown reflect year-over-year comparisons.



Jacob Thaysen
Chief Executive Officer

Closing Remarks

Excited for the early progress and the momentum to drive the industry forward



Refocused the company on our strong core business and launched our new strategy



Reset leadership team and made structural changes to support our customer-first orientation



Increasingly embedding operational excellence in our culture; results beginning to show in our financials

We are looking forward to returning to growth in 2025.
We will not provide 2025 guidance before finalizing Q4.



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, 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
Core Illumina revenue	\$ 1,080	\$ 1,106	(2)%	\$ 3,228	\$ 3,341	(3)%
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)	\$ 1,078	\$ 1,101	(2)%	\$ 3,225	\$ 3,332	(3)%

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
Consolidated revenue	\$ 1,080	\$ 1,119	(4)%	\$ 3,268	\$ 3,382	(3)%
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)	\$ 1,078	\$ 1,114	(3)%	\$ 3,265	\$ 3,373	(3)%

(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
AMR revenue - Core Illumina	\$ 609	\$ 650	(6)%	\$ 1,812	\$ 1,879	(4)%
Less: Hedge gains	—	—		—	1	
AMR revenue - Core Illumina, excluding hedge effect	609	650		1,812	1,878	
Less: Exchange rate effect	(2)	—		(1)	—	
AMR constant currency revenue - Core Illumina (a)	<u>\$ 611</u>	<u>\$ 650</u>	(6)%	<u>\$ 1,813</u>	<u>\$ 1,878</u>	(3)%
AMEA revenue - Core Illumina (b)	\$ 105	\$ 98	7 %	\$ 329	\$ 335	(2)%
Less: Hedge gains	2	2		4	5	
AMEA revenue - Core Illumina, excluding hedge effect (b)	103	96		325	330	
Less: Exchange rate effect	(1)	—		(8)	—	
AMEA constant currency revenue - Core Illumina (a)(b)	<u>\$ 104</u>	<u>\$ 96</u>	9 %	<u>\$ 333</u>	<u>\$ 330</u>	1 %
China revenue - Core Illumina (c)	\$ 75	\$ 98	(23)%	\$ 228	\$ 302	(25)%
Less: Hedge gains	1	4		4	4	
China revenue - Core Illumina, excluding hedge effect (c)	74	94		224	298	
Less: Exchange rate effect	1	—		(5)	—	
China constant currency revenue - Core Illumina (a)(c)	<u>\$ 73</u>	<u>\$ 94</u>	(22)%	<u>\$ 229</u>	<u>\$ 298</u>	(23)%
Europe revenue - Core Illumina	\$ 291	\$ 260	12 %	\$ 859	\$ 825	4 %
Less: Hedge gains	—	(1)		1	(2)	
Europe revenue - Core Illumina, excluding hedge effect	291	261		858	827	
Less: Exchange rate effect	2	—		7	—	
Europe constant currency revenue - Core Illumina (a)	<u>\$ 289</u>	<u>\$ 261</u>	11 %	<u>\$ 851</u>	<u>\$ 827</u>	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
GAAP earnings per share - diluted	\$ 4.03	\$ 4.88
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
Non-GAAP earnings per share - diluted (a)	\$ 1.14	\$ 3.20

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
GAAP net income	\$ 642	\$ 777
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
Non-GAAP net income (a)	\$ 181	\$ 510

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
GAAP earnings (loss) per share - diluted	\$ 4.42	\$ (4.77)	\$ (8.86)	\$ (6.23)
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
Non-GAAP earnings per share - diluted (a)	\$ 1.14	\$ 0.33	\$ 1.59	\$ 0.73

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
GAAP net income (loss)	\$ 705	\$ (754)	\$ (1,410)	\$ (986)
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
Non-GAAP net income (a)	\$ 181	\$ 52	\$ 253	\$ 115

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/Consolidated	Core Illumina		GRAIL		Elims		Consolidated	
GAAP gross profit (loss) (b)	\$ 745	68.9 %	\$ 715	64.7 %	\$ (27)	\$ (4)	\$ 684	61.1 %		
Amortization of acquired intangible assets	16	1.6 %	14	1.2 %	33	—	47	4.2 %		
Restructuring (g)	—	—	1	0.1 %	—	—	1	0.1 %		
Non-GAAP gross profit (a)	<u>\$ 761</u>	<u>70.5 %</u>	<u>\$ 730</u>	<u>66.0 %</u>	<u>\$ 6</u>	<u>\$ (4)</u>	<u>\$ 732</u>	<u>65.4 %</u>		
GAAP R&D expense	\$ 253	23.4 %	\$ 238	21.5 %	\$ 79	\$ (2)	\$ 315	28.1 %		
Acquisition-related expenses (d)	(3)	(0.2)%	—	—	—	—	—	—		
Restructuring (g)	(1)	(0.1)%	(3)	(0.3)%	—	—	(3)	(0.3)%		
Non-GAAP R&D expense	<u>\$ 249</u>	<u>23.1 %</u>	<u>\$ 235</u>	<u>21.2 %</u>	<u>\$ 79</u>	<u>\$ (2)</u>	<u>\$ 312</u>	<u>27.8 %</u>		
GAAP SG&A expense	\$ 239	22.2 %	\$ 216	19.5 %	\$ 87	\$ —	\$ 303	27.0 %		
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)%		
Non-GAAP SG&A expense	<u>\$ 268</u>	<u>24.9 %</u>	<u>\$ 246</u>	<u>22.3 %</u>	<u>\$ 82</u>	<u>\$ —</u>	<u>\$ 328</u>	<u>29.3 %</u>		
GAAP goodwill and intangible impairment	\$ —	—	\$ —	—	\$ 821	\$ —	\$ 821	73.4 %		
Goodwill impairment (i)	—	—	—	—	(712)	—	(712)	(63.6)%		
Intangible (IPR&D) impairment (i)	—	—	—	—	(109)	—	(109)	(9.8)%		
Non-GAAP goodwill and intangible impairment	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>		
GAAP legal contingency and settlement	\$ (488)	(45.3)%	\$ (1)	(0.2)%	\$ —	\$ —	\$ (1)	(0.1)%		
Legal contingency and settlement (h)	488	45.3 %	1	0.2 %	—	—	1	0.1 %		
Non-GAAP legal contingency and settlement	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>		
GAAP operating profit (loss)	\$ 741	68.6 %	\$ 262	23.7 %	\$(1,015)	\$ (1)	\$ (754)	(67.3)%		
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)%		
Non-GAAP operating profit (loss) (a)	<u>\$ 244</u>	<u>22.6 %</u>	<u>\$ 249</u>	<u>22.5 %</u>	<u>\$ (155)</u>	<u>\$ (1)</u>	<u>\$ 93</u>	<u>8.3 %</u>		
GAAP other (expense) income, net	\$ (21)	(2.0)%	\$ (33)	(3.0)%	\$ 5	\$ —	\$ (28)	(2.6)%		
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 %		
Non-GAAP other (expense) income, net (a)	<u>\$ (14)</u>	<u>(1.3)%</u>	<u>\$ (11)</u>	<u>(1.0)%</u>	<u>\$ 5</u>	<u>\$ —</u>	<u>\$ (6)</u>	<u>(0.5)%</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							
	September 29, 2024							
	Core Illumina		GRAIL		Elims		Consolidated	
GAAP gross profit (loss) (b)	\$ 2,181	67.6 %	\$ (38)	\$ (10)	\$ 2,133	65.3 %		
Amortization of acquired intangible assets	46	1.4 %	65	—	111	3.4 %		
Restructuring (g)	1	—	—	—	1	—		
Non-GAAP gross profit (a)	\$ 2,228	69.0 %	\$ 27	\$ (10)	\$ 2,245	68.7 %		
GAAP R&D expense	\$ 732	22.7 %	\$ 189	\$ (8)	\$ 913	27.9 %		
Acquisition-related expenses (d)	(4)	(0.1)%	—	—	(4)	(0.1)%		
Restructuring (g)	(2)	(0.1)%	—	—	(2)	—		
Non-GAAP R&D expense	\$ 726	22.5 %	\$ 189	\$ (8)	\$ 907	27.8 %		
GAAP SG&A expense	\$ 621	19.3 %	\$ 192	\$ —	\$ 813	24.8 %		
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	\$ 797	24.7 %	\$ 178	\$ —	\$ 975	29.8 %		
GAAP goodwill and intangible impairment	\$ 3	0.1 %	\$ 1,886	\$ —	\$ 1,889	57.8 %		
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	\$ —	—	\$ —	\$ —	\$ —	—		
GAAP legal contingency and settlement	\$ (474)	(14.7)%	\$ —	\$ —	\$ (474)	(14.4)%		
Legal contingency and settlement (h)	474	14.7 %	—	—	474	14.4 %		
Non-GAAP legal contingency and settlement	\$ —	—	\$ —	\$ —	\$ —	—		
GAAP operating profit (loss)	\$ 1,298	40.2 %	\$ (2,305)	\$ (1)	\$ (1,008)	(30.8)%		
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)	\$ 704	21.8 %	\$ (341)	\$ (1)	\$ 362	11.1 %		
GAAP other (expense) income, net	\$ (363)	(11.2)%	\$ 5	\$ —	\$ (358)	(11.0)%		
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)	\$ (37)	(1.1)%	\$ 5	\$ —	\$ (32)	(1.0)%		

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	
GAAP gross profit (loss) (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>		
GAAP R&D expense	\$ 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>		
GAAP SG&A expense	\$ 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>		
GAAP goodwill and intangible impairment	\$ —	—	\$ 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>		
GAAP legal contingency and settlement	\$ 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>		
GAAP operating profit (loss)	\$ 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>		
GAAP other (expense) income, net	\$ (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	
GAAP tax provision	\$ 77	10.8 %	\$ 158	16.9 %
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>	21.0 %	<u>\$ 157</u>	23.6 %

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

	Three Months Ended		Nine Months Ended	
	September 29, 2024		September 29, 2024	
GAAP tax provision	\$ 15	2.1 %	\$ 44	(3.2)%
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>	21.0 %	<u>\$ 77</u>	23.4 %

	Three Months Ended		Nine Months Ended	
	October 1, 2023		October 1, 2023	
GAAP tax (benefit) provision	\$ (28)	3.6 %	\$ 36	(3.8)%
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>	39.7 %	<u>\$ 72</u>	38.3 %

- (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.