ILMN Q1 2026 Earnings Call
Prepared Remarks – April 30, 2026

Conor McNamara, Head of Investor Relations

Hello everyone, and welcome to Illumina's first quarter 2026 earnings call.

Today, we will review our financial results, released after market close, and provide prepared remarks before opening the line for Q&A. Our earnings release is available in the Investor Relations section of illumina.com.

Joining me today are Jacob Thaysen, Chief Executive Officer, and Ankur Dhingra, Chief Financial Officer. Jacob will begin with an update on Illumina's business, followed by Ankur's review of our financials.

We will be discussing certain non-GAAP financial measures, and a reconciliation to GAAP can be found in today's release and in the supplementary data on our website.

Unless stated otherwise, all growth rates are presented on a year-over-year reported basis. Organic growth adjusts for the impact of currency and acquisitions, and rest-of-world organic growth also adjusts for the impact from our Greater China region.

As a reminder, starting in January 2026 we changed the geographical reporting segments to better align with the respective commercial organizational structure and the supplementary file on our website shows historical results with the new geographic reporting.

This call is being recorded, and the replay will be available on our website. It is our intent that all forward-looking statements made during today's call will be protected under the Private Securities Litigation Reform Act of 1995.

To better understand the risks and uncertainties that could cause actual results to differ, we refer you to the documents that Illumina files with the SEC, including our most recent forms 10-Q and 10-K.

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

Jacob Thaysen, Chief Executive Officer

Thank you, Conor, and good afternoon, everyone.

We are off to a great start in 2026, with Q1 revenue, margin, and EPS all coming in above our guidance range.

Our solid performance reflects disciplined execution across the organization, along with strength in our clinical markets and growth across all regions excluding China. Our focus on delivering for our customers and shareholders is fueling the sustained success that positions us for continued growth well into the future. We are raising our 2026 guidance to reflect the Q1 outperformance, which we will discuss in more detail later in our prepared remarks.

I want to recognize and thank the entire Illumina team for how they have managed through a higher cost environment while maintaining strong operational performance and delivering the quality and reliability our customers expect.

As it relates to Q1, I am going to focus on three areas:

- Our disciplined commercial execution, with continued momentum in clinical end-markets
- Product innovation and roadmap updates from our R&D team in the quarter
- And progress we are making against our long-term strategy and targets

Overall, I'm very pleased with how the company delivered in Q1, giving us more confidence that our strategy is working.

Building on momentum from 2025, our team delivered another quarter of solid performance.

Highlights from the quarter include:

- Rest-of-world organic growth of 3.5 percent, above the high end of our guidance, driven by strength in sequencing consumables and instruments.
- Approximately 7 percent growth in rest-of-world sequencing consumables, including approximately 20% growth in clinical, reflecting continued adoption of sequencing-based diagnostics and more sequencing-intensive applications.
- Over 80 NovaSeq X placements in the quarter, approximately 20 more than Q1'25, with year-over-year placement growth in both clinical and non-clinical markets.
- New high-volume clinical applications are being built on the NovaSeq X, as the platform becomes more embedded in clinical workflows and supports continued consumables growth over time.
- The successful close of the SomaLogic acquisition, with the business performing in line with our expectations on both revenue and profitability.
- Margins approximately 150 basis points above guidance, driven by solid revenue performance and disciplined expense management in a higher cost environment.

Overall, these results reflect our consistent execution and how we are dedicating resources to best capitalize on a growing and evolving market.

The investments Illumina has made over the last two decades to make sequencing technology more accessible are driving meaningful impact, with continued clinical demand. Clinical made up more than 65 percent of our sequencing consumables revenue in the quarter, driven by both the expansion of sequencing-based diagnostics and the increased use of more data-intensive applications.

Customers are launching new assays, with ongoing progress in reimbursement, supporting broader adoption of sequencing in clinical decision-making. At the same time, demand for approaches such as comprehensive genomic profiling and whole-genome sequencing is growing. This is driving higher sequencing intensity – an area where the NovaSeq X is playing an increasingly central role as customers scale these applications. We see a long runway for continued growth in our clinical business.

In research and academic markets, demand remains cautious, as customers navigate funding uncertainty. But we are confident in the long-term opportunity in these end-markets, and we continue to invest in leading technologies, including proteomics and single cell, with additional offerings in spatial on the way. These markets serve as an important entry point for new technologies, helping to drive long-term clinical adoption over time. Customer interest in our new product offerings remains robust, and as funding uncertainty starts to ease, we expect to see a return to growth in research and academic markets.

This quarter, we also saw our innovation strategy come through clearly in how we are expanding the value of our platform for our customers.

At AGBT, we focused on how our end-to-end workflow approach is helping customers unlock new discoveries and generate deeper insights, with the quality and reliability that only Illumina can offer. Our approach is becoming an important shift in how customers evaluate solutions, not just at the instrument level, but across the full workflow.

We highlighted several examples of this at AGBT.

- We launched TruPath, enabling whole genome sequencing with deeper insight while eliminating traditional library prep, reducing hands-on time to about 10 minutes. Customers are showing significant interest, particularly in areas like rare disease, where some are using it to simplify the standard of care by consolidating multiple types of tests onto a single TruPath workflow. This is helping them get to answers faster and with greater confidence compared to traditional approaches. Several customers are already in various stages of clinical studies using TruPath, and we expect customer demand to continue increasing in the coming quarters.
- We also saw very high engagement around our spatial transcriptomics offering, which is a good example of how we innovate with our customers to address their needs. Early access users have shown that the offering can

generate data in highly challenging sample types, such as lymphatic tissue, that had previously been difficult to study. We remain on track to launch later this year and look forward to bringing this capability to the market.

- At the same time, we are continuing to expand what customers can do on the NovaSeq X. We introduced our 18-month roadmap, including new 14B and 35B flow cells, staggered flow cell runs, and our ability to improve data quality with Q70 performance. These innovations on the X will offer more flexibility, increased throughput, and improved overall workflow efficiency for our customers.

These introductions and platform improvements are driving higher NovaSeq X placements and increased demand, even three years after we shipped our first X instrument. We exited the quarter with a solid backlog, giving us confidence to raise our full-year instrument outlook.

As we step back and look at the quarter, the most important takeaway is that our strategy is working. We are increasing the value of the NovaSeq X through continuous innovation, which is showing up in our financial results as customers scale and expand what they run on the platform.

As sequencing moves further into clinical and research settings, customers are running more samples, generating more data, and relying on more sequencing-intensive applications.

This is where the NovaSeq X continues to play a central role. As we expand what customers can do on the platform, we are enabling them to do more with the systems that they already have and support more complex applications over time. It gives them confidence that they can use their X well into the future to drive their own success. As our customers succeed, the success shows up in our results.

We are also extending this into data and AI with BioInsight, which we introduced late last year to help customers accelerate discovery. A key program within BioInsight is the Billion Cell Atlas, which we introduced earlier this year to better understand how genes drive disease through perturb-seq. We are seeing growing interest from partners, with additional companies looking to participate. With hundreds of millions of cells already generated, customers are starting to see insights that can support AI-driven models for drug discovery.

Turning to our outlook, building on the strong start of this year, we are updating our outlook relative to the guidance we provided in Q4.

Importantly, the current end-market dynamics we are seeing are consistent with what we expected going into 2026. Clinical continues to lead, while research and applied remain more cautious.

Our first quarter performance came in ahead of expectations, and we are raising our full-year revenue outlook. This is driven by the strength in our business and how it carries into the rest of the year.

We are also raising our operating margin expectations and EPS outlook, reflecting the Q1 outperformance and higher revenue.

We also remain on track toward our 2027 targets, and the investments we are making in R&D and product innovation position us well to deliver high-single-digit revenue growth, continued margin expansion, and double-digit to teens EPS growth for years to come.

I want to thank the entire Illumina team, our customers, and all our stakeholders for another excellent quarter. I also want to thank our three outgoing board members for their years of service and contributions to Illumina.

I am very proud of how Illumina has progressed since I joined the company in 2023, especially given the dynamic macro environment we have been operating in.

With that, I'll hand it over to Ankur to walk through the financial details before we move to Q&A.

Ankur Dhingra, Chief Financial Officer

Thank you, Jacob. And good afternoon, everyone.

I will walk through our first quarter financial results, provide additional color on revenue, expenses, earnings, and our balance sheet and capital deployment, and then discuss our updated outlook.

Before I get into the details of the financial performance, let me provide a high-level view of how the first quarter played out.

During the first quarter, Illumina's revenue of $1.09 billion came in $20 million above the mid-point of our guidance, driven primarily by better-than-expected instrument sales, as we placed more than 80 NovaSeq X instruments in the quarter, above our targeted range of 50 to 60 per quarter. Clinical consumable sales also came in at the high-end of our expectations for the quarter. The higher revenue flowed through to margins and EPS, with non-GAAP diluted EPS approximately 10 cents above the midpoint of our guidance.

Now turning to the details.

During the first quarter, Illumina's revenue of $1.09 billion was up 4.8% year-over-year and 1.2% on an organic basis, with currency and acquired revenue each contributing just under 2 percentage points to our reported growth rate. Rest-of-world organic growth was 3.5%.

Sequencing consumables revenue of $726 million was up 4% year-over-year, with rest-of-world organic growth of 5%, roughly in-line with our expectations. High-throughput volume drove most of the revenue growth, as the NovaSeq X installed based continues to expand and utilization increased year-over-year.

Clinical sequencing consumable demand continues to expand, growing 20% ex-China for the second consecutive quarter. Continued expansion of clinical volumes for our customers – as well as adoption of information rich sequencing intensive tests in new trials – is driving robust demand in clinical market applications. We see significant growth opportunities in clinical markets as we enable customers to expand their applications across the Illumina ecosystem. This includes simplified access to expanded information sets through offerings like 5-Base and TruPath.

Sequencing consumables in research and applied declined 12% ex-China, reflecting continued uncertainty in the funding environment during the quarter. While macro commentary about the funding environment appears to be stable-to-improving, year-to-date trends have remained consistent with our expectations for 2026.

As of Q1, approximately 82% of volumes and 55% of revenue have transitioned to NovaSeq X. 90% of research and applied volume is now on the X, and we are well positioned for a return to revenue growth when that market returns to a more normalized activity level.

76% of clinical volume is now on the X, and we continue to expect that majority of clinical volumes, or over 80% to 85%, will be on X by the end of 2026.

On sequencing activity, total sequencing Gb output on our connected high- and mid-throughput instruments once again grew greater than 30% year-over-year, with clinical growth well above that.

Sequencing instruments revenue of $118 million was up 9% year-over-year in Q1, and up 10% on a rest-of-world organic basis, driven by increased sales of NovaSeq X. We placed over 80 NovaSeq X instruments in Q1, with demand remaining strong for the platform – especially with clinical, where we saw several multi-unit orders in the quarter. In fact, during Q1 we were supply constrained on the number of NovaSeq X units that were placed as the demand continues to remain very robust. High-throughput instrument placements in research also grew YoY.

Sequencing service and other revenue of $151 million was up 7% year-over-year, and up 5% on a rest-of-world organic basis. As we scale up BioInsight, the timing of strategic partnerships and data deals can be lumpy in this segment.

Microarrays business was down 20% on a rest-of-world organic basis, largely due to specific large customers in direct-to-consumer segment.

Moving to the rest of the P&L:

Non-GAAP gross margin of 68.2% for the first quarter was up 80 basis points year-over-year, driven by cost efficiencies and higher revenue, partially offset by tariffs.

Non-GAAP operating expenses were $506 million, up 3% year-over-year and largely reflect the addition of the SomaLogic team

Non-GAAP operating margin was 21.9% in Q1, expanding approximately 150 basis points year-over-year, reflecting increased operating leverage from our improved cost structure.

Looking below the line, non-GAAP other expense, which is largely comprised of Net Interest Expense, was $15 million, and the non-GAAP tax rate was 20.5%. Our average diluted shares were approximately 154 million, down 5 million year-over-year, reflecting share repurchases throughout the year.

Altogether, non-GAAP EPS of $1.15 per diluted share grew approximately 19% year-over-year and came in about 10 cents above the midpoint of the guidance range we provided in February.

Moving to cash flow, balance sheet, and capital allocation items for the quarter:

- Cash flow provided by operations was $289 million for the quarter

- Capital expenditures were $38 million and free cash flow was $251 million for Q1

- In Q1, we repurchased 2 million shares of Illumina stock for approximately $242 million at an average price of 120 dollars and 85 cents per share. At quarter end we had approximately $400 million remaining on our current share repurchase authorization, and we intend to continue to repurchase shares opportunistically.

- And we announced today that Illumina's Board of Directors has authorized an additional $1.5B in share repurchases

- During the quarter, we closed the acquisition of SomaLogic on January 30th for a net cash payment of $363 million, plus potential royalties and milestone payments. Subsequent to quarter-end, we paid the first milestone of $25 million for the achievement of certain 2025 targets

We ended the quarter with approximately $1.16 billion in cash, cash equivalents and short-term investments, and gross leverage of approximately 1.5x gross debt to last twelve months EBITDA.

Overall, we had a great start to 2026, allowing us to raise our full-year guidance and reinforcing our confidence in the progress we are making toward our long-range targets.

Now moving to guidance for the year 2026, starting with revenue.

We are raising our reported revenue guidance by $20 million to reflect our Q1 outperformance and now expect revenue of $4.52 to $4.62 billion dollars. Acquired revenue is still expected to contribute 1.5 to 2 points of growth, and currency is expected to add approximately 1% to growth.

This places our guidance towards the upper end of previously stated growth rate targets, including 2 to 4% rest-of-world organic growth. The overall end-market demand remains consistent with what we expected exiting 2025, with continued strong demand growth in clinical markets and funding uncertainty in research and applied markets.

For rest-of-world organic sequencing revenue growth we:

- Continue to expect low-to-mid-single digit growth in consumables, with clinical growing double-digit to mid-teens and research and applied declining mid-to-high single digits.

- We are raising our instrument guide to flat to up low single digit growth year over year year-over-year, driven by very strong NovaSeq X demand. As I mentioned, we were supply constrained in Q1 and have a very strong pipeline for NovaSeq instrument placements, especially in the clinical end-markets.

We are also increasing our profitability expectations for the year, reflecting the overperformance in Q1.

Accordingly, we now expect operating margins between 23.4% to 23.6%, up 10 basis points from our prior guidance at the midpoint. This represents approximately 140 basis points of year-over-year margin expansion versus 2025 excluding the impact of acquisitions.

Similarly, we are raising the top and bottom of our 2026 EPS range by $0.10 and now expect non-GAAP diluted EPS of $5.15 to $5.30. Excluding the impact of SomaLogic acquisition, this represents EPS growth of 12% at the midpoint.

Moving to Q2'26 guidance, we expect rest-of-world organic revenue growth of 4% to 6% and reported revenue of $1.12 to $1.14 billion, with non-GAAP EPS of $1.20 to $1.25. Given the strong demand and pipeline for NovaSeq X, we are investing to scale the supply of NovaSeq X units – and expect the team will continue to make progress through Q2 and into Q3 as well. Our guide assumes operating margins of approximately 22%, reflecting higher-mix of instruments revenue and related investments, near-term inflationary pressures related to freight costs and higher cost of electronic components, and a full quarter of SomaLogic as well. Regarding the inflationary pressures, we are taking several mitigating actions to fully offset the impact during the year and is reflected in implied margin improvement for rest of the year.

Our solid Q1 performance, and rapidly growing clinical installed base provides a good setup going into the second half of the year – and as these X's come online, will add to consumables revenue stream. This improved outlook also gives us confidence in the progress we are making towards achieving our long-range targets for revenue, margin and EPS growth by 2027. Excluding the impact of acquisitions, our guidance implies approximately 350 basis points of margin expansion by the end of 2026, representing meaningful progress toward the 500-basis point target by 2027. This reflects the underlying improvement in our operating model, while navigating a dynamic and inflationary macro environment.

In closing, I want to thank the Illumina team for their continued focus and disciplined execution throughout the quarter. We are off to a great start in 2026, and I'm extremely encouraged by the progress we've made in returning Illumina to long-term sustainable revenue and earnings growth.

Thank you for joining our call today. I will now invite the Operator to open the line for Q&A.

Conor McNamara, Head of Investor Relations

Thank you for joining us today. A replay of this call will be available in the Investor section of our website. This concludes our call, and we look forward to seeing you at upcoming events.

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted earnings per share, gross margin, operating margin, and free cash flow, among others, 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. 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 operating margin 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.

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 costs, fair value adjustments to contingent consideration, gains and losses from strategic investments, asset impairments, restructuring activities, and the ultimate outcome of pending litigation, among others, 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, including the proteomics market; (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 successfully integrate SomaLogic, Inc. and certain other assets we acquired from Standard BioTools Inc. (the SomaLogic Business) into our existing operations and the SomaLogic Business' technology and products into our portfolio; (v) our ability to successfully manage partner and customer relationships in the proteomics market; (vi) uncertainty regarding the impact of our inclusion on the "unreliable entities list" by regulatory authorities in China; (vii) uncertainty regarding tariffs imposed or threatened by the U.S. government and its trading partners, related court proceedings or administrative actions (including potential refund or relief programs), and other possible tariffs or trade protection measures and our efforts to mitigate the impact of such tariffs; (viii) our ability to manufacture robust instrumentation and consumables, including the SomaLogic Business' products; (ix) the success of products and services competitive with our own; (x) 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; (xi) the impact of recently launched or pre-announced products and services on existing products and services; (xii) our ability to modify our business strategies to accomplish our desired operational goals; (xiii) 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; (xiv) our ability to further develop and commercialize our instruments, consumables, and products; (xv) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xvi) the risk of additional litigation arising against us in connection with the GRAIL acquisition; (xvii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xviii) our ability to obtain regulatory clearance for our products from government agencies; (xix) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xx) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xxi) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments; and (xxii) 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)

	Three Months Ended	
	March 29, 2026	**March 30, 2025**
Net cash provided by operating activities	**$ 289**	$ 240
Net cash used in investing activities	**(366)**	(63)
Net cash used in financing activities	**(251)**	(195)
Effect of exchange rate changes on cash and cash equivalents	**(1)**	4
Net decrease in cash and cash equivalents	**(329)**	(14)
Cash and cash equivalents, beginning of period	**1,418**	1,127
Cash and cash equivalents, end of period	**$ 1,089**	$ 1,113
Calculation of free cash flow:		
Net cash provided by operating activities	**$ 289**	$ 240
Purchases of property and equipment	**(38)**	(32)
Free cash flow (a)	**$ 251**	$ 208

(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
(Dollars in millions)
(unaudited)

TABLE 1: RECONCILIATION OF REVENUE GROWTH:

	Three Months Ended
	March 29, 2026
Revenue growth	**4.8 %**
Impact of acquisitions	(1.7)%
Impact of currency exchange rates	(1.9)%
Organic revenue growth (non-GAAP) (a)	1.2 %
Impact of China	2.3 %
ROW organic revenue growth (non-GAAP) (a)	3.5 %

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.

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

TABLE 1: RECONCILIATION OF REVENUE GROWTH - REVENUE BY SOURCE:

	Three Months Ended
	March 29, 2026
Sequencing consumables revenue growth	**4 %**
Impact of currency exchange rates	(2)%
Organic revenue growth (non-GAAP) (a)	2 %
ROW sequencing consumables revenue growth	**7 %**
Impact of currency exchange rates	(2)%
ROW organic revenue growth (non-GAAP) (a)	5 %
Sequencing instruments revenue growth	**9 %**
Impact of currency exchange rates	(1)%
Organic revenue growth (non-GAAP) (a)	8 %
Impact of China	2 %
ROW organic revenue growth (non-GAAP) (a)	10 %
Sequencing service and other revenue growth	**7 %**
Impact of currency exchange rates	(3)%
Organic revenue growth (non-GAAP) (a)	4 %
Impact of China	1 %
ROW organic revenue growth (non-GAAP) (a)	5 %
Microarray revenue growth	**1 %**
Impact of acquisitions	(19)%
Impact of currency exchange rates	(2)%
Organic revenue growth (non-GAAP) (a)	(20)%
Impact of China	— %
ROW organic revenue growth (non-GAAP) (a)	(20)%

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.

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

TABLE 1: RECONCILIATION OF REVENUE GROWTH - REVENUE BY REGION:

	Three Months Ended
	March 29, 2026
USCAN revenue growth	**6 %**
Impact of acquisitions	(1)%
Impact of currency exchange rates	— %
Organic revenue growth (non-GAAP) (a)	5 %
EMEALA revenue growth	**7 %**
Impact of acquisitions	(1)%
Impact of currency exchange rates	(5)%
Organic revenue growth (non-GAAP) (a)	1 %
APAC revenue growth	**13 %**
Impact of acquisitions	(9)%
Impact of currency exchange rates	— %
Organic revenue growth (non-GAAP) (a)	4 %
Greater China revenue growth (b)	**(27)%**
Impact of acquisitions	(1)%
Impact of currency exchange rates	(1)%
Organic revenue growth (non-GAAP) (a)(b)	(29)%

United States and Canada (USCAN), Europe, Middle East, Africa and Latin America (EMEALA), Asia-Pacific (APAC)

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which 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 China, Taiwan, and Hong Kong.

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

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
GAAP diluted earnings per share	**$ 0.87**	$ 0.82
Acquisition-related costs (d)	**0.15**	0.09
Transformational initiatives (e)	**0.04**	0.19
Strategic investment loss (gain), net (f)	**0.24**	(0.21)
Other (g)	**—**	0.03
Provision for income taxes (h)	**(0.15)**	0.05
Non-GAAP diluted earnings per share (b)	**$ 1.15**	$ 0.97

TABLE 2: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended			
(Dollars in millions)	March 29, 2026		March 30, 2025	
GAAP gross profit (c)	**$ 721**	**66.1 %**	$ 683	65.6 %
Acquisition-related costs (d)	**23**	**2.1 %**	17	1.6 %
Transformational initiatives (e)	**—**	**— %**	2	0.2 %
Non-GAAP gross profit (b)	**$ 744**	**68.2 %**	$ 702	67.4 %
GAAP operating profit	**$ 209**	**19.2 %**	$ 164	15.8 %
Acquisition-related costs (d)	**24**	**2.2 %**	13	1.2 %
Transformational initiatives (e)	**6**	**0.5 %**	30	3.0 %
Other (g)	**—**	**— %**	5	0.4 %
Non-GAAP operating profit (b)	**$ 239**	**21.9 %**	$ 212	20.4 %

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

TABLE 3: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended					
	March 29, 2026			March 30, 2025		
GAAP R&D expense	**$**	**240**	**22.0 %**	$	252	24.2 %
Acquisition-related costs (d)		**(1)**	**(0.1)%**		—	— %
Transformational initiatives (e)		**—**	**— %**		(11)	(1.0)%
Non-GAAP R&D expense	**$**	**239**	**21.9 %**	$	241	23.2 %
GAAP SG&A expense	**$**	**272**	**24.9 %**	$	267	25.6 %
Acquisition-related costs (d)		**1**	**0.1 %**		4	0.4 %
Transformational initiatives (e)		**(6)**	**(0.5)%**		(18)	(1.7)%
Other (g)		**—**	**— %**		(5)	(0.4)%
Non-GAAP SG&A expense	**$**	**267**	**24.5 %**	$	248	23.9 %
GAAP other (expense) income, net	**$**	**(52)**	**(4.8)%**	$	18	1.7 %
Strategic investment loss (gain), net (f)		**37**	**3.4 %**		(33)	(3.1)%
Non-GAAP other expense, net	**$**	**(15)**	**(1.4)%**	$	(15)	(1.4)%

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.
(b) Non-GAAP gross profit, included within non-GAAP operating profit, 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 diluted earnings per share and non-GAAP operating profit exclude the effects of the pro forma adjustments as detailed above. Non-GAAP operating margin 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 past and future operating performance.
(c) Reconciling amounts are recorded in cost of revenue.
(d) Amounts for Q1 2026 consist primarily of $17 million for amortization of intangible assets (cost of revenue), $15 million related primarily to legal and other expenses for the SomaLogic acquisition (operating expense), and $6 million related to the amortization of an inventory fair value step-up recognized in SomaLogic purchase accounting (cost of revenue), offset by $16 million for fair value adjustments on our contingent consideration liabilities (operating expense). Amounts for Q1 2025 consist of $17 million for amortization of intangible assets (cost of revenue) and $7 million related primarily to legal expenses for the GRAIL acquisition (operating expense), offset by $11 million for fair value adjustments on our contingent consideration liabilities (operating expense).
(e) Amounts for Q1 2026 consist primarily of costs related to implementation efforts to upgrade our ERP system. Amounts for Q1 2025 consist primarily of employee severance costs related to restructuring activities.
(f) Amounts consist of realized and unrealized gains (losses) and impairments on our investments.
(g) Amount consists of $3 million for costs related to board membership changes and $2 million for legal accrual.
(h) Amounts represent the aggregate of the difference between book and tax accounting related to stock-based compensation cost and the tax impact related to non-GAAP adjustments.

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

TABLE 4: RECONCILIATION OF GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended					
	March 29, 2026			March 30, 2025		
GAAP tax provision	**$**	**23**	**14.8 %**	$	51	27.9 %
Income tax provision (b)		**(1)**			(6)	
Non-GAAP tax expense (c)		**24**			(1)	
Non-GAAP tax provision (a)	**$**	**46**	**20.5 %**	$	44	22.0 %

(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) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(c) Non-GAAP tax expense reflects tax impact of the non-GAAP adjustments listed in Table 2.