illumina®

**ILMN Q4 & Fiscal Year 2024 Earnings Call**
*Prepared Remarks – February 6, 2025*

**Salli Schwartz,** ***Vice President, Investor Relations***

Hello everyone, and welcome to our earnings call for the fourth quarter and year end 2024.

During the call today, we will review the financial results we released after the close of market, and offer commentary on our commercial activity, after which we will host a question-and-answer session. Our earnings release can be found in the Investor Relations section of our website at illumina.com.

Providing prepared remarks for Illumina today will be Jacob Thaysen, Chief Executive Officer, and Ankur Dhingra, Chief Financial Officer. Jacob will provide an update on the state of Illumina's business and Ankur will review our financial results for Core Illumina.

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

We will be discussing non-GAAP results which include stock-based compensation. We encourage you to review the GAAP reconciliation of these non-GAAP measures which can be found in today's release and in the supplementary data available on our website.

As we go through the results, please note that "year-over-year" refers to comparisons against the corresponding period in fiscal 2023, while "sequential" is as compared against the third quarter of fiscal 2024.

Additionally, please note that all revenue growth rates discussed are presented on a constant currency basis to exclude the impact of foreign exchange fluctuations.

This call is being recorded and the audio portion will be archived in the Investor section of our website. It is our intent that all forward-looking statements regarding our financial results and commercial activity made during today's call will be protected under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are subject to risks and uncertainties. Actual events or results may differ materially from those projected or discussed. All forward-looking statements are based upon current available information, and Illumina assumes no obligation to update these statements.

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 Securities and Exchange Commission, including Illumina's 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, Salli. Good afternoon, everyone.

Before we get started, I wanted to take a moment to address the recent announcement from the Chinese Ministry of Commerce that we know is top of mind for many of you, and for us. We are in dialogue with the relevant parties, and promptly seeking additional information to reach a resolution.

Illumina has a long-standing presence in China, where we continue to serve the local markets including both our clinical and research customers. Wherever Illumina operates, we comply with all applicable laws and regulations. As a reminder, China represents approximately 7% of our global revenue, and we continue to see a significant opportunity to bring our innovations to the healthcare ecosystem there.

Now, let me turn to an overall review.

2024 was a transformative year for Illumina, enabling us to enter 2025 with momentum. As I shared with you last month, we made significant progress towards our strategic goals, despite market conditions:

- We launched our new corporate strategy to return to revenue growth in 2025 and step into high single-digit revenue growth by 2027.

- We deepened our focus on customers and partners to further expand the genomics ecosystem into multiomics.

- We introduced new innovations across the sequencing workflow to support what matters most to our customers: the highest quality insights for the lowest end-to-end cost.

- We made strong progress with the NovaSeq X transition, with research and clinical customers increasingly using their instruments for deeper and broader sequencing.

- We built a new leadership team and refined our organizational structure…

- …And we rolled out robust operational excellence initiatives to improve our margins and to drive double digit to teens EPS growth.

We are just at the beginning of our transformation, and are confident that 2025 will bring us closer to our goals.

Turning to our Q4 results:

In the fourth quarter, Illumina delivered revenue of $1.1 billion dollars, exceeding expectations and reflecting approximately 1% growth from the prior year.

The transition to the NovaSeq X continues to progress well, with Q4 year-over-year revenue growth driven primarily by consumables as customers increase their instrument utilization. In 2024, NovaSeq X pull-through averaged $1.3 million dollars per system.

Sequentially, our results exceeded expectations due to higher-than-anticipated shipments of the NovaSeq X Series. We placed 91 instruments during the quarter, bringing the installed base to 630.

Across our regions:

- Americas revenue, which is more than half of our business, was up 3% year-over-year on a constant currency basis.

- Europe revenue was up 3%.

- AMEA revenue was down 10%, and Greater China revenue was up 1%.

We continue to focus on three key priorities to guide execution of our strategy: first, deeper customer and partner collaboration; second, continuous innovation; and third, commitment to commercial and operational excellence.

Our first priority, deeper customer and partner collaboration, is centered on providing a range of targeted solutions to serve the increasingly diverse needs of our customer base to evolve the broader ecosystem and enable higher volumes of sequencing.

Last month, we announced several examples of how we are partnering with leading players to broaden our reach into the intersections of technology, healthcare, and pharma. These partnerships will enable our customers to generate more detailed data and richer insights.

Our recently announced collaboration with NVIDIA brings together Illumina's software capabilities and NVIDIA's advanced AI tools to enhance the analysis and interpretation of multiomic data for customers.

We are also proud to take part in the Truveta Genome Project alongside Truveta, Regeneron and several leading health systems across the U.S. Together, we are creating one of the largest genetic databases linked with phenotypic data, sequencing 10 million exomes exclusively using Illumina technology.

Our second priority is continuous innovation, which is underpinned by spending time with customers and partners to share insights and support their ambitions.

In December, we began shipping the new single-flow-cell NovaSeq X, which delivers the same high-quality performance and speed as the NovaSeq X Plus, but at an even more accessible price point.

We also began shipping our new 25B 100- and 200-cycle kits for the NovaSeq X, which are key for advancing multiomic applications. These kits also support our recently introduced single cell solution, formerly known as PIPseq, from Fluent Biosciences.

As we mentioned during our Strategy Update, our customers are increasingly focused on getting the highest quality insights for the lowest end-to-end cost. To meet this need, we continue to expand our portfolio of fully automated, streamlined workflows – including with our new MiSeq i100, which accelerates sample-to-answer for oncology, microbiology, and several other applications. Uptake since launch in Q4 has been strong – we placed more than 70 instruments with early access customers before year end.

Also, we have been developing a proteomics solution in collaboration with Standard BioTools. This is a fully-integrated, end-to-end workflow that offers greater automation and ease of use compared to other on-market products.

As part of this rollout, Illumina announced a pilot proteomics program to analyze 50,000 UK Biobank samples to generate a new collection of NGS-based proteomics data.

We are also extending our early access program for our constellation mapped read technology. The customers who have elected to enroll in the program have been encouraged by constellation's ability to detect structural variants that were previously challenging to identify with short-read sequencing.

As we said during our Strategy Update last year, we are committed to keeping customers updated on our innovation roadmap at industry conferences and events. We look forward to sharing more at the AGBT Conference later this month.

An equally important priority is our commitment to commercial and operational excellence. By getting closer to our customers, enhancing productivity, and optimizing our investment spend, we are building a foundation that powers Illumina's long-term success.

We have made great progress in building a culture where every employee is contributing to commercial and operational excellence. In Q4, we achieved additional cost savings from greater manufacturing and logistics efficiencies, contributing to more than $100 million dollars in cost savings across 2024. Our ability to improve margins, even under tough market conditions, showcases the essence of the new Illumina Operating Model. You will see more of that going forward.

Turning to 2025, our guidance does not attempt to reflect any impact from the recent China announcement, which we are promptly assessing. Our full-year guidance also assumes a continuation of the current macroeconomic and political environments. We are closely monitoring the evolving circumstances in Washington, particularly as they relate to research funding. Ultimately, we are committed to supporting our customers globally and the important work they do to advance scientific discovery using the power of genomics.

Within this context, our views for 2025 are aligned with the commentary we provided in mid-January. We continue to expect revenue to grow in the low single-digit percentage range on a constant currency basis and a non-GAAP operating margin of approximately 23%, a 170-basis point improvement from 2024. We also expect diluted EPS in the range of $4 dollars and 50 cents to $4 dollars and 65 cents.

We have a clear vision for expanding the exciting markets in which we operate, and a future-defining roadmap to support our customers. We remain focused on delivering on our long-term financial targets to achieve high single-digit percentage growth by 2027, more than 500 basis points of operating margin expansion, and double-digit to teens EPS growth.

As we've said before, three growth drivers will help us achieve these goals:

- One, leading with our strong core business of sequencing as we progress the X transition,
- Two, scaling our entry into multiomics this year and next,
- And three, expanding our data and services to add an additional layer of growth.

Before turning to Ankur, I want to thank our employees for their commitment and performance this past year. I am very proud of the Illumina team for staying focused on delivering innovation to support our customers and the patients they serve and driving margin improvements.

I'll now ask Ankur to share more detail on our 2024 results and the outlook for 2025.

**Ankur Dhingra, *Chief Financial Officer***

Thank you, Jacob. And good afternoon, everyone.

I will give you an overview of our financial results, provide more color about revenue, expenses, earnings, and developments on our balance sheet, and then speak about our outlook going forward.

All financial information, including guidance, that we share on this call, is for Core Illumina only, and excludes GRAIL. All revenue growth rates are on a constant currency basis.

During the fourth quarter, Illumina's revenue of $1.1 billion exceeded our expectations, and we made significant progress toward our goals of driving customer-centric innovation, margin expansion, and EPS growth. Cash generation remained strong, and we continued to put cash to use in accordance with our capital allocation strategy.

Let me add more color, starting with revenue:

Fourth quarter revenue of $1.1 billion, exceeded our expectations and was up 1% year-over-year. The growth was mainly driven by our high-throughput consumables business while above-expectations performance was driven by NovaSeq X placements, including encouraging uptake from clinical customers.

Sequencing consumables revenue of $698 million grew approximately 2% year-over-year, driven by continued transition of high-throughput sequencing to X and also growth in mid-throughput consumables against a modest prior-year compare.

As of the end of Q4, in line with the X transition cadence we've discussed, more than 65% of high-throughput gigabases shipped, and approximately 40% of high-throughput consumables revenue, was on the NovaSeq X series.

Moving to sequencing activity, total sequencing Gb output on our connected high- and mid-throughput instruments grew at a rate of more than 30% year-over-year, with robust growth from both Clinical and Research customers.

Sequencing instruments revenue of $155 million declined (3%) year-over-year in Q4, driven primarily by a decline in mid-throughput shipments due to capital purchase and cashflow constraints that continue to impact our customers' purchasing behaviors, partially offset by the successful launch of the MiSeq i100.

Sequencing service and other revenue of $151 million was down (1%) year-over-year mainly due to timing of certain strategic partnership revenues last year. Instrument services contract revenue, revenue from CDx agreements, and revenue from our informatics solutions, grew as we anticipated.

Moving to the rest of the Illumina P&L:

Non-GAAP gross margin of 67.4% for the fourth quarter reflected typical Q4 seasonality of a higher instruments mix of business. On a year over year basis, non-GAAP Gross Margin increased 270 basis points primarily driven by the execution of our operational excellence initiatives that continue to improve productivity and deliver cost savings, as well as continued growth in our consumables business.

Non-GAAP operating expenses of $526 million reflect both cost control measures as well as project expenditures tied to key investments.

Non-GAAP operating margin was 19.7% in Q4, up 120 basis points from last year – reflecting the discipline and operational excellence measures delivering results.

Our non-GAAP tax rate came in lower – at 23.7% for the quarter and 23.6% for full year 2024.

Q4 Non-GAAP net income was $152 million.

Our non-GAAP weighted average diluted share count for the quarter was approximately 160 million.

Altogether, Non-GAAP EPS of $0.95 per diluted share came in above our expectations, driven by higher revenue and some benefit from a lower tax rate.

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

- Cash flow provided by operations was $364 million;
- Capital expenditures were $42 million and free cash flow was $322 million;
- In Q4, we repurchased 134 thousand shares of Illumina stock for $17 million at an average price of $129.02 per share.

We ended the year with approximately $1.22 billion in cash, cash equivalents and short-term investments.

Jacob outlined the significant progress we have made towards the goals we have set for Core Illumina. We have also re-established a strong cash generation profile and robust balance sheet that positions us well for the future.

Moving now to our 2025 guidance:

As Jacob mentioned, we are currently assessing the recent announcement from China, and our 2025 guidance does not attempt to reflect any impact from this announcement. Our guidance also assumes a continuation of the current macroeconomic and political environments.

Our overall expectations for fiscal year 2025 remain in line with our commentary from a few weeks ago.

We expect constant currency revenue growth in the low single-digit percentage range, weighted towards the 2nd half of the year driven by the NovaSeq X transition.

- We expect sequencing consumables to grow in the low single-digits on a constant currency basis, driven by strong sequencing activity, especially with our clinical customers. The multiomic product launches – like single cell and proteomics – are attracting a lot of interest from the research community. We also remain on track for roughly 75% of high-throughput gigabases shipped, to transition to the X series by the second half of 2025.

- For instruments, we are assuming that our customers will continue to manage their capital investments closely and hence are projecting instrument placements to moderate in 2025 – reflecting a low single-digit decline in sequencing instrument revenues on a constant currency basis.

For your modeling purposes, the usual pull-through assumptions have been included in our slides.

We expect total sequencing revenue growth to be in line with total Illumina revenue growth year-over-year.

Looking at the rest of the P&L, we expect a Core non-GAAP operating margin of approximately 23%, an expansion of 170 basis points versus 2024. Our operating margin expectations reflect the benefit of our continued gross margin improvement and expense reduction initiatives, partially offset by the impacts of inflation and market-based merit increases.

We are also lowering our non-GAAP tax rate, now expected to be approximately 22.5%.

Putting it together, we expect non-GAAP diluted earnings per share in the range of $4.50 - $4.65, growing at 10% at the midpoint.

We've also included in our slides other financial information that would be helpful for modeling purposes. The presentation will be posted on our investor relations website following our prepared remarks.

Now moving to the first quarter of 2025:

As mentioned before, our guidance does not attempt to reflect any impact from the recent China announcement.

For the first quarter, we expect revenue to be flat to down (1%) year-over-year on a constant currency basis, driven predominantly by a decline in sequencing instruments, and timing of certain strategic partnership revenues.

For the first quarter, we expect non-GAAP operating margin of approximately 20.5% and non-GAAP earnings per share in the range of $0.93 to $0.98.

I'll now turn the call back to Jacob for his closing remarks.

**Jacob Thaysen, *Chief Executive Officer***

Thanks, Ankur.

I am proud of what our team accomplished in 2024. As we begin 2025, our refreshed strategy is driving meaningful progress for customers around the world. We will continue to deliver breakthrough innovations that push the ecosystem forward and create value for all our constituents.

We look forward to engaging with many of you at upcoming conferences and events.

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

**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) uncertainty regarding the impact of our recent inclusion by the China Ministry of Commerce announcement that Illumina is included on its "unreliable entities list" as well as tariffs recently imposed or threatened by the U.S. government and its trading partners, and other possible tariffs or trade protection measures; (v) our ability to manufacture robust instrumentation and consumables; (vi) the success of products and services competitive with our own; (vii) 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; (viii) the impact of recently launched or pre-announced products and services on existing products and services; (ix) our ability to modify our business strategies to accomplish our desired operational goals; (x) 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; (xi) our ability to further develop and commercialize our instruments, consumables, and products; (xii) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (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 | | Year Ended | |
|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | December 29, 2024 | December 31, 2023 |
| Net cash provided by operating activities | **$ 364** | $ 224 | **$ 837** | $ 478 |
| Net cash used in investing activities | **(48)** | (84) | **(178)** | (231) |
| Net cash used in financing activities | **(47)** | (27) | **(570)** | (1,210) |
| Effect of exchange rate changes on cash and cash equivalents | **(11)** | 8 | **(10)** | — |
| Net increase (decrease) in cash and cash equivalents | **258** | 121 | **79** | (963) |
| Cash and cash equivalents, beginning of period | **869** | 927 | **1,048** | 2,011 |
| Cash and cash equivalents, end of period | **$ 1,127** | $ 1,048 | **$ 1,127** | $ 1,048 |
| | | | | |
| Calculation of free cash flow: | | | | |
| Net cash provided by operating activities | **$ 364** | $ 224 | **$ 837** | $ 478 |
| Purchases of property and equipment | **(42)** | (51) | **(142)** | (195) |
| Free cash flow (a) | **$ 322** | $ 173 | **$ 695** | $ 283 |

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

| | Three Months Ended | Year Ended |
|---|---|---|
| | December 29, 2024 | December 29, 2024 |
| Net cash provided by operating activities | **$ 364** | **$ 1,207** |
| Purchases of property and equipment | **(42)** | **(137)** |
| Free cash flow (a) | **$ 322** | **$ 1,070** |

(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 | | | Year Ended | | |
|---|---|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | % Change | December 29, 2024 | December 31, 2023 | % Change |
| **Revenue** | **$ 1,104** | $ 1,097 | 1 % | **$ 4,332** | $ 4,438 | (2)% |
| Less: Hedge gains | **5** | 10 | | **15** | 18 | |
| Revenue, excluding hedge effect | **1,099** | 1,087 | | **4,317** | 4,420 | |
| Less: Exchange rate effect | **—** | — | | **(8)** | — | |
| Constant currency revenue (a) | **$ 1,099** | $ 1,087 | 1 % | **$ 4,325** | $ 4,420 | (2)% |

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

| | Three Months Ended | | | Year Ended | | |
|---|---|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | % Change | December 29, 2024 | December 31, 2023 | % Change |
| **Revenue** | **$ 1,104** | $ 1,122 | (2)% | **$ 4,372** | $ 4,504 | (3)% |
| Less: Hedge gains | **5** | 10 | | **15** | 18 | |
| Revenue, excluding hedge effect | **1,099** | 1,112 | | **4,357** | 4,486 | |
| Less: Exchange rate effect | **—** | — | | **(8)** | — | |
| Constant currency revenue (a) | **$ 1,099** | $ 1,112 | (1)% | **$ 4,365** | $ 4,486 | (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 - Constant Currency Revenue by Source**
**(Dollars in millions)**
**(unaudited)**

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

| | Three Months Ended | | |
|---|---|---|---|
| | **December 29, 2024** | **December 31, 2023** | **% Change** |
| **Sequencing consumables revenue** | **$ 698** | $ 687 | 2 % |
| Less: Hedge gains | **5** | 7 | |
| Sequencing consumables revenue, excluding hedge effect | **693** | 680 | |
| Less: Exchange rate effect | **—** | — | |
| Sequencing consumables constant currency revenue (a) | **$ 693** | $ 680 | 2 % |
| **Sequencing instruments revenue** | **$ 155** | $ 161 | (4)% |
| Less: Hedge gains | **1** | 2 | |
| Sequencing instruments revenue, excluding hedge effect | **154** | 159 | |
| Less: Exchange rate effect | **(1)** | — | |
| Sequencing instruments constant currency revenue (a) | **$ 155** | $ 159 | (3)% |
| **Sequencing service and other revenue** | **$ 151** | $ 152 | (1)% |
| Less: Hedge gains | **—** | — | |
| Sequencing service and other revenue, excluding hedge effect | **151** | 152 | |
| Less: Exchange rate effect | **—** | — | |
| Sequencing service and other constant currency revenue (a) | **$ 151** | $ 152 | (1)% |

*Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.*

(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)**

**TABLE 1: CORE ILLUMINA - REVENUE BY REGION:**

| | Three Months Ended | | | Year Ended | | |
|---|---|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | % Change | December 29, 2024 | December 31, 2023 | % Change |
| **AMR revenue** | **$ 589** | $ 576 | 2 % | **$ 2,401** | $ 2,455 | (2)% |
| Less: Hedge gains | **—** | 1 | | **1** | 2 | |
| AMR revenue, excluding hedge effect | **589** | 575 | | **2,400** | 2,453 | |
| Less: Exchange rate effect | **(1)** | — | | **(4)** | — | |
| AMR constant currency revenue (a) | **$ 590** | $ 575 | 3 % | **$ 2,404** | $ 2,453 | (2)% |
| **AMEA revenue (b)** | **$ 109** | $ 124 | (12)% | **$ 438** | $ 459 | (4)% |
| Less: Hedge gains | **1** | 4 | | **6** | 9 | |
| AMEA revenue, excluding hedge effect (b) | **108** | 120 | | **432** | 450 | |
| Less: Exchange rate effect | **—** | — | | **(9)** | — | |
| AMEA constant currency revenue (a)(b) | **$ 108** | $ 120 | (10)% | **$ 441** | $ 450 | (2)% |
| **China revenue (c)** | **$ 80** | $ 82 | (2)% | **$ 308** | $ 384 | (20)% |
| Less: Hedge gains | **2** | 4 | | **6** | 9 | |
| China revenue, excluding hedge effect (c) | **78** | 78 | | **302** | 375 | |
| Less: Exchange rate effect | **—** | — | | **(5)** | — | |
| China constant currency revenue (a)(c) | **$ 78** | $ 78 | 1 % | **$ 307** | $ 375 | (18)% |
| **Europe revenue** | **$ 326** | $ 315 | 4 % | **$ 1,185** | $ 1,140 | 4 % |
| Less: Hedge gains | **2** | 1 | | **3** | (1) | |
| Europe revenue, excluding hedge effect | **324** | 314 | | **1,182** | 1,141 | |
| Less: Exchange rate effect | **1** | — | | **8** | — | |
| Europe constant currency revenue (a) | **$ 323** | $ 314 | 3 % | **$ 1,174** | $ 1,141 | 3 % |

*Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.*

(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:**

| | Three Months Ended | Year Ended | |
|---|---|---|---|
| | December 29, 2024 | December 29, 2024 | December 31, 2023 |
| **GAAP earnings per share - diluted** | **$ 0.73** | **$ 5.61** | $ 1.70 |
| Cost of revenue (b) | **0.10** | **0.40** | 0.39 |
| R&D expense (b) | **0.01** | **0.04** | 0.18 |
| SG&A expense (b) | **0.04** | **(1.06)** | 1.36 |
| Goodwill and intangible impairment (b) | **—** | **0.02** | 0.04 |
| Legal contingency and settlement (b) | **0.11** | **(2.87)** | 0.13 |
| Other (income) expense, net (b) | **(0.19)** | **1.86** | 0.23 |
| GILTI, US foreign tax credits, and global minimum top-up tax (c) | **(0.03)** | **0.52** | 0.28 |
| Incremental non-GAAP tax expense (d) | **0.10** | **(0.46)** | (0.54) |
| Income tax provision (e) | **0.08** | **0.10** | 0.23 |
| Non-GAAP earnings per share - diluted (a) | **$ 0.95** | **$ 4.16** | $ 4.00 |

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

| | Three Months Ended | Year Ended | |
|---|---|---|---|
| | December 29, 2024 | December 29, 2024 | December 31, 2023 |
| **GAAP net income** | **$ 117** | **$ 894** | $ 269 |
| Cost of revenue (b) | **17** | **64** | 62 |
| R&D expense (b) | **1** | **6** | 29 |
| SG&A expense (b) | **7** | **(168)** | 216 |
| Goodwill and intangible impairment (b) | **—** | **3** | 6 |
| Legal contingency and settlement (b) | **18** | **(456)** | 20 |
| Other (income) expense, net (b) | **(31)** | **295** | 36 |
| GILTI, US foreign tax credits, and global minimum top-up tax (c) | **(5)** | **82** | 45 |
| Incremental non-GAAP tax expense (d) | **15** | **(73)** | (86) |
| Income tax provision (e) | **13** | **16** | 37 |
| Non-GAAP net income (a) | **$ 152** | **$ 663** | $ 634 |

**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 | | Year Ended | |
|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | December 29, 2024 | December 31, 2023 |
| **GAAP earnings (loss) per share - diluted** | **$ 1.17** | $ (1.11) | **$ (7.69)** | $ (7.34) |
| Cost of revenue (b) | **0.10** | 0.30 | **0.81** | 1.24 |
| R&D expense (b) | **0.01** | 0.08 | **0.04** | 0.18 |
| SG&A expense (b) | **0.04** | 0.90 | **(0.97)** | 1.54 |
| Goodwill and intangible impairment (b) | **—** | 0.04 | **11.88** | 5.23 |
| Legal contingency and settlement (b) | **0.11** | 0.03 | **(2.87)** | 0.13 |
| Other (income) expense, net (b) | **(0.19)** | 0.01 | **1.85** | 0.23 |
| GILTI, US foreign tax credits, and global minimum top-up tax (c) | **(0.32)** | (0.01) | **0.57** | 0.38 |
| Incremental non-GAAP tax expense (d) | **(0.14)** | (0.28) | **(1.26)** | (0.96) |
| Income tax provision (e) | **0.08** | 0.18 | **0.09** | 0.23 |
| Non-GAAP earnings per share - diluted (a) | **$ 0.86** | $ 0.14 | **$ 2.45** | $ 0.86 |

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

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 29, 2024 | December 31, 2023 | December 29, 2024 | December 31, 2023 |
| **GAAP net income (loss)** | **$ 187** | $ (176) | **$ (1,223)** | $ (1,161) |
| Cost of revenue (b) | **17** | 48 | **129** | 196 |
| R&D expense (b) | **1** | 12 | **6** | 29 |
| SG&A expense (b) | **7** | 143 | **(155)** | 244 |
| Goodwill and intangible impairment (b) | **—** | 6 | **1,889** | 827 |
| Legal contingency and settlement (b) | **18** | 6 | **(456)** | 20 |
| Other (income) expense, net (b) | **(31)** | 1 | **295** | 36 |
| GILTI, US foreign tax credits, and global minimum top-up tax (c) | **(51)** | (2) | **90** | 61 |
| Incremental non-GAAP tax expense (d) | **(23)** | (44) | **(201)** | (152) |
| Income tax provision (e) | **13** | 28 | **16** | 37 |
| Non-GAAP net income (a) | **$ 138** | $ 22 | **$ 390** | $ 137 |

*Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.*

(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 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | December 29, 2024 | | December 31, 2023 | | | | | | |
| | Core/Consolidated | | Core Illumina | | GRAIL | Elims | Consolidated | | |
| **GAAP gross profit (loss) (b)** | **$ 728** | **65.9 %** | $ 695 | 63.3 % | $ (19) | $ (2) | $ 674 | 60.1 % |
| Amortization of acquired intangible assets | **17** | **1.5 %** | 14 | 1.3 % | 33 | — | 47 | 4.2 % |
| Restructuring (g) | **—** | **—** | 1 | 0.1 % | — | — | 1 | 0.1 % |
| Non-GAAP gross profit (a) | **$ 745** | **67.4 %** | $ 710 | 64.7 % | $ 14 | $ (2) | $ 722 | 64.4 % |
| | | | | | | | | |
| **GAAP R&D expense** | **$ 256** | **23.2 %** | $ 260 | 23.7 % | $ 84 | $ (3) | $ 341 | 30.4 % |
| Acquisition-related expenses (d) | **(1)** | **(0.1)%** | (1) | (0.1)% | — | — | (1) | (0.1)% |
| Restructuring (g) | **—** | **—** | (11) | (1.0)% | — | — | (11) | (1.0)% |
| Non-GAAP R&D expense | **$ 255** | **23.1 %** | $ 248 | 22.6 % | $ 84 | $ (3) | $ 329 | 29.3 % |
| | | | | | | | | |
| **GAAP SG&A expense** | **$ 279** | **25.2 %** | $ 391 | 35.6 % | $ 94 | $ — | $ 485 | 43.2 % |
| Amortization of acquired intangible assets | **—** | **—** | — | — | (1) | — | (1) | (0.1)% |
| Contingent consideration liabilities (c) | **11** | **1.0 %** | (58) | (5.2)% | — | — | (58) | (5.1)% |
| Acquisition-related expenses (d) | **(4)** | **(0.3)%** | (26) | (2.4)% | (9) | — | (35) | (3.1)% |
| Restructuring (g) | **(15)** | **(1.3)%** | (48) | (4.4)% | (1) | — | (49) | (4.4)% |
| Non-GAAP SG&A expense | **$ 271** | **24.6 %** | $ 259 | 23.6 % | $ 83 | $ — | $ 342 | 30.5 % |
| | | | | | | | | |
| **GAAP goodwill and intangible impairment** | **$ —** | **—** | $ 6 | 0.5 % | $ — | $ — | $ 6 | 0.5 % |
| Intangible (IPR&D) impairment (i) | **—** | **—** | (6) | (0.5)% | — | — | (6) | (0.5)% |
| Non-GAAP goodwill and intangible impairment | **$ —** | **—** | $ — | — | $ — | $ — | $ — | — |
| | | | | | | | | |
| **GAAP legal contingency and settlement** | **$ 18** | **1.7 %** | $ 6 | 0.5 % | $ — | $ — | $ 6 | 0.5 % |
| Legal contingency and settlement (h) | **(18)** | **(1.7)%** | (6) | (0.5)% | — | — | (6) | (0.5)% |
| Non-GAAP legal contingency and settlement | **$ —** | **—** | $ — | — | $ — | $ — | $ — | — |
| | | | | | | | | |
| **GAAP operating profit (loss)** | **$ 175** | **15.8 %** | $ 33 | 3.0 % | $ (197) | $ — | $ (164) | (14.6)% |
| Cost of revenue | **17** | **1.5 %** | 15 | 1.4 % | 33 | — | 48 | 4.3 % |
| R&D costs | **1** | **0.1 %** | 12 | 1.1 % | — | — | 12 | 1.1 % |
| SG&A costs | **7** | **0.6 %** | 131 | 12.0 % | 12 | — | 143 | 12.8 % |
| Goodwill and intangible impairment | **—** | **—** | 6 | 0.5 % | — | — | 6 | 0.5 % |
| Legal contingency and settlement | **18** | **1.7 %** | 6 | 0.5 % | — | — | 6 | 0.5 % |
| Non-GAAP operating profit (loss) (a) | **$ 218** | **19.7 %** | $ 203 | 18.5 % | $ (152) | $ — | $ 51 | 4.6 % |
| | | | | | | | | |
| **GAAP other income (expense), net** | **$ 13** | **1.2 %** | $ (6) | (0.5)% | $ 2 | $ — | $ (4) | (0.4)% |
| Strategic investment related gain, net (e) | **(31)** | **(2.9)%** | — | — | — | — | — | — |
| Gain on Helix contingent value right (f) | **—** | **—** | (2) | (0.2)% | — | — | (2) | (0.2)% |
| Acquisition-related expenses (d) | **—** | **—** | 3 | 0.3 % | — | — | 3 | 0.3 % |
| Non-GAAP other (expense) income, net (a) | **$ (18)** | **(1.7)%** | $ (5) | (0.4)% | $ 2 | $ — | $ (3) | (0.3)% |

**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:**

| | Year Ended December 29, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Core Illumina | | GRAIL | Elims | Consolidated | |
| **GAAP gross profit (loss) (b)** | $ 2,909 | 67.1 % | $ (38) | $ (10) | $ 2,861 | 65.4 % |
| Amortization of acquired intangible assets | 63 | 1.5 % | 65 | — | 128 | 3.0 % |
| Restructuring (g) | 1 | — | — | — | 1 | — |
| Non-GAAP gross profit (a) | $ 2,973 | 68.6 % | $ 27 | $ (10) | $ 2,990 | 68.4 % |
| | | | | | | |
| **GAAP R&D expense** | $ 988 | 22.8 % | $ 189 | $ (8) | $ 1,169 | 26.7 % |
| Acquisition-related expenses (d) | (4) | (0.1)% | — | — | (4) | (0.1)% |
| Restructuring (g) | (2) | — | — | — | (2) | — |
| Non-GAAP R&D expense | $ 982 | 22.7 % | $ 189 | $ (8) | $ 1,163 | 26.6 % |
| | | | | | | |
| **GAAP SG&A expense** | $ 900 | 20.7 % | $ 192 | $ — | $ 1,092 | 25.0 % |
| Amortization of acquired intangible assets | (1) | — | (2) | — | (3) | (0.1)% |
| Contingent consideration liabilities (c) | 315 | 7.2 % | — | — | 315 | 7.2 % |
| Acquisition-related expenses (d) | (87) | (2.0)% | (11) | — | (98) | (2.3)% |
| Restructuring (g) | (58) | (1.3)% | (1) | — | (59) | (1.3)% |
| Non-GAAP SG&A expense | $ 1,069 | 24.6 % | $ 178 | $ — | $ 1,247 | 28.5 % |
| | | | | | | |
| **GAAP goodwill and intangible impairment** | $ 3 | 0.1 % | $ 1,886 | $ — | $ 1,889 | 43.2 % |
| Goodwill impairment (i) | — | — | (1,466) | — | (1,466) | (33.5)% |
| Intangible (IPR&D) impairment (i) | (3) | (0.1)% | (420) | — | (423) | (9.7)% |
| Non-GAAP goodwill and intangible impairment | $ — | — | $ — | $ — | $ — | — |
| | | | | | | |
| **GAAP legal contingency and settlement** | $ (456) | (10.5)% | $ — | $ — | $ (456) | (10.4)% |
| Legal contingency and settlement (h) | 456 | 10.5 % | — | — | 456 | 10.4 % |
| Non-GAAP legal contingency and settlement | $ — | — | $ — | $ — | $ — | — |
| | | | | | | |
| **GAAP operating profit (loss)** | $ 1,473 | 34.0 % | $ (2,305) | $ (1) | $ (833) | (19.1)% |
| Cost of revenue | 64 | 1.5 % | 65 | — | 129 | 3.0 % |
| R&D costs | 6 | 0.1 % | — | — | 6 | 0.1 % |
| SG&A costs | (168) | (3.9)% | 13 | — | (155) | (3.5)% |
| Goodwill and intangible impairment | 3 | 0.1 % | 1,886 | — | 1,889 | 43.2 % |
| Legal contingency and settlement | (456) | (10.5)% | — | — | (456) | (10.4)% |
| Non-GAAP operating profit (loss) (a) | $ 922 | 21.3 % | $ (341) | $ (1) | $ 580 | 13.3 % |
| | | | | | | |
| **GAAP other (expense) income, net** | $ (350) | (8.1)% | $ 5 | $ (1) | $ (346) | (7.9)% |
| Strategic investment related loss, net (e) | 308 | 7.1 % | — | — | 308 | 7.1 % |
| Gain on Helix contingent value right (f) | (15) | (0.3)% | — | — | (15) | (0.3)% |
| Acquisition-related expenses (d) | 2 | — | — | — | 2 | — |
| Non-GAAP other (expense) income, net (a) | $ (55) | (1.3)% | $ 5 | $ (1) | $ (51) | (1.1)% |

**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:**

| | Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Core Illumina | | GRAIL | Elims | Consolidated | |
| **GAAP gross profit (loss) (b)** | $ 2,856 | 64.4 % | $ (96) | $ (16) | $ 2,744 | 60.9 % |
| Amortization of acquired intangible assets | 57 | 1.3 % | 134 | — | 191 | 4.3 % |
| Restructuring (g) | 5 | 0.1 % | — | — | 5 | 0.1 % |
| Non-GAAP gross profit (a) | $ 2,918 | 65.8 % | $ 38 | $ (16) | $ 2,940 | 65.3 % |
| | | | | | | |
| **GAAP R&D expense** | $ 1,030 | 23.2 % | $ 338 | $ (14) | $ 1,354 | 30.1 % |
| Acquisition-related expenses (d) | (2) | — | — | — | (2) | — |
| Restructuring (g) | (27) | (0.6)% | — | — | (27) | (0.7)% |
| Non-GAAP R&D expense | $ 1,001 | 22.6 % | $ 338 | $ (14) | $ 1,325 | 29.4 % |
| | | | | | | |
| **GAAP SG&A expense** | $ 1,248 | 28.1 % | $ 366 | $ (2) | $ 1,612 | 35.8 % |
| Amortization of acquired intangible assets | (1) | — | (4) | — | (5) | (0.1)% |
| Contingent consideration liabilities (c) | 24 | 0.5 % | — | — | 24 | 0.5 % |
| Acquisition-related expenses (d) | (88) | (1.9)% | (21) | — | (109) | (2.4)% |
| Restructuring (g) | (119) | (2.7)% | (4) | — | (123) | (2.7)% |
| Proxy contest | (32) | (0.7)% | — | — | (32) | (0.7)% |
| Non-GAAP SG&A expense | $ 1,032 | 23.3 % | $ 337 | $ (2) | $ 1,367 | 30.4 % |
| | | | | | | |
| **GAAP goodwill and intangible impairment** | $ 6 | 0.1 % | $ 821 | $ — | $ 827 | 18.3 % |
| Goodwill impairment (i) | — | — | (712) | — | (712) | (15.7)% |
| Intangible (IPR&D) impairment (i) | (6) | (0.1)% | (109) | — | (115) | (2.6)% |
| Non-GAAP goodwill and intangible impairment | $ — | — | $ — | $ — | $ — | — |
| | | | | | | |
| **GAAP legal contingency and settlement** | $ 20 | 0.4 % | $ — | $ — | $ 20 | 0.4 % |
| Legal contingency and settlement (h) | (20) | (0.4)% | — | — | (20) | (0.4)% |
| Non-GAAP legal contingency and settlement | $ — | — | $ — | $ — | $ — | — |
| | | | | | | |
| **GAAP operating profit (loss)** | $ 552 | 12.4 % | $ (1,621) | $ — | $(1,069) | (23.7)% |
| Cost of revenue | 62 | 1.5 % | 134 | — | 196 | 4.4 % |
| R&D costs | 29 | 0.6 % | — | — | 29 | 0.7 % |
| SG&A costs | 216 | 4.9 % | 28 | — | 244 | 5.4 % |
| Goodwill and intangible impairment | 6 | 0.1 % | 821 | — | 827 | 18.3 % |
| Legal contingency and settlement | 20 | 0.4 % | — | — | 20 | 0.4 % |
| Non-GAAP operating profit (loss) (a) | $ 885 | 19.9 % | $ (638) | $ — | $ 247 | 5.5 % |
| | | | | | | |
| **GAAP other (expense) income, net** | $ (58) | (1.3)% | $ 10 | $ — | $ (48) | (1.1)% |
| Strategic investment related loss, net (e) | 35 | 0.8 % | — | — | 35 | 0.8 % |
| Gain on Helix contingent value right (f) | (10) | (0.2)% | — | — | (10) | (0.2)% |
| Acquisition-related expenses (d) | 11 | 0.2 % | — | — | 11 | 0.2 % |
| Non-GAAP other (expense) income, net (a) | $ (22) | (0.5)% | $ 10 | $ — | $ (12) | (0.3)% |

*Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate. 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 income (expense), 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. Amounts in other income (expense), net 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 hedge for the EC fine.
(e) Amounts consist primarily of mark-to-market adjustments and impairments from strategic investments. Amount for FY 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 consist primarily of lease and other asset impairments and employees severance costs.
(h) Amount for FY 2024 primarily consists of the reversal of the accrued EC fine, including accrued interest. Amount for FY 2023 primarily consists of an adjustment recorded to our accrual for the EC fine.
(i) Amounts for FY 2024 and FY 2023 consist of goodwill and IPR&D intangible asset impairments related to GRAIL and IPR&D intangible asset impairments related to Core Illumina.

**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 | | Year Ended | |
|---|---|---|---|---|
| | December 29, 2024 | | December 29, 2024 | |
| **GAAP tax provision** | **$ 70** | **37.9 %** | **$ 229** | **20.4 %** |
| Incremental non-GAAP tax expense (b) | **(15)** | | **73** | |
| Income tax provision (c) | **(13)** | | **(16)** | |
| GILTI, US foreign tax credits, and global minimum top-up tax (d) | **5** | | **(82)** | |
| Non-GAAP tax provision (a) | **$ 47** | **23.7 %** | **$ 204** | **23.6 %** |

| | Year Ended | |
|---|---|---|
| | December 31, 2023 | |
| **GAAP tax provision** | $ 224 | 45.4 % |
| Incremental non-GAAP tax expense (b) | 86 | |
| Income tax provision (c) | (37) | |
| GILTI and US foreign tax credits (d) | (45) | |
| Non-GAAP tax provision (a) | $ 228 | 26.5 % |

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

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 29, 2024 | | December 29, 2024 | |
| **GAAP tax provision** | **$ 1** | **0.6 %** | **$ 44** | **(3.8)%** |
| Incremental non-GAAP tax expense (b) | **23** | | **201** | |
| Income tax provision (c) | **(13)** | | **(16)** | |
| GILTI, US foreign tax credits, and global minimum top-up tax (d) | **51** | | **(90)** | |
| Non-GAAP tax provision (a) | **$ 62** | **31.1 %** | **$ 139** | **26.3 %** |

| | Three Months Ended | | Year Ended | |
|---|---|---|---|---|
| | December 31, 2023 | | December 31, 2023 | |
| **GAAP tax provision** | $ 8 | (4.9)% | $ 44 | (3.9)% |
| Incremental non-GAAP tax expense (b) | 44 | | 152 | |
| Income tax provision (c) | (28) | | (37) | |
| GILTI and US foreign tax credits (d) | 2 | | (61) | |
| Non-GAAP tax provision (a) | $ 26 | 55.4 % | $ 98 | 41.8 % |

(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.