illumina®

ILMN Q424 Summary of Prepared Remarks

Revenue - Core Illumina

Growth rates are based on reported revenues.

	Q424	YoY	Qtr/Qtr	Management Commentary
Sequencing Consumables	$698M	+2%	-6%	• Yr/Yr increase driven by continued transition to X and mid-throughput consumables growth against a modest prior year compare • Total sequencing Gb output on our connected high- and mid- throughput instruments continued to grow at a rate of more than 30% Yr/Yr ○ Robust growth from both clinical and research customers
Microarray Consumables	$81M	+9%	+23%	
Total Consumables	$779M	+2%	-3%	
Sequencing Instruments	$155M	-4%	+49%	• (3%) Yr/Yr decline on constant currency basis • Yr/Yr decline driven by decline in mid-throughput shipments due to capital purchase and cashflow constraints • Partially offset by successful MiSeq i100 launch
Microarray Instruments	$5M	-17%	+67%	
Total Instruments	$160M	-4%	+50%	
Total Products	$939M	+1%	+3%	
Sequencing Service and Other	$151M	-1%	+1%	• Yr/Yr decline mainly due to timing of certain strategic partnership revenues • Instrument services contract revenue, revenue from CDx agreements, and revenue from our informatics solutions, grew as we anticipated
Microarray Service and Other	$14M	-18%	-13%	
Total Service and Other	$165M	-2%	-1%	
Total Revenue	$1,104M	+1%	+2%	• Yr/Yr growth mainly driven by our high-throughput consumables business while above-expectations performance was driven by NovaSeq X placements, including encouraging uptake from clinical customers

Revenue by Geographic Location - Core Illumina

Growth rates are based on reported revenues.

	Q424	YoY	Qtr/Qtr	Management Commentary
Americas	$589M	+2%	-3%	• +3% Yr/Yr growth on constant currency basis
Europe	$326M	+4%	+12%	• +3% Yr/Yr growth on constant currency basis
Greater China	$80M	-2%	+7%	• +1% Yr/Yr growth on constant currency basis
AMEA	$109M	-12%	+4%	• (10%) Yr/Yr decline on constant currency basis

Core Illumina Updates

<table>
<tr><th></th><th>Management Commentary</th></tr>
<tr><td>High-Throughput (HT):</td><td>
In Q4 we placed an additional 91 NovaSeq X Plus instruments, bringing our total installed base to 630
In December, we began shipping the single flow cell NovaSeq X
Delivers the same high-quality performance and speed as the NovaSeq X Plus, at an even more accessible price point
In Q4, we introduced 100 cycle and 200 cycle 25B flow cells, 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 of end of Q4, more than 65% of high-throughput gigabases shipped, and ~40% of high-throughput consumables revenue, was on the NovaSeq X series
</td></tr>
<tr><td>Continuous Innovation</td><td>
Launched 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
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
We 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 very challenging to identify with short-read sequencing
</td></tr>
</table>

Q424 Non-GAAP Financial Highlights - Core Illumina

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

	Q424	YoY	Qtr/Qtr	Management Commentary
Gross margin	67.4%	+270bps	-310bps	• Yr/Yr increase driven primarily 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 • Margin reflected typical Q4 seasonality of a higher instruments mix of business
Operating expenses	$526M	+$19M	+$9M	• Reflect both cost control measures as well as project expenditures tied to key investments
Operating margin	19.7%	+120bps	-290bps	• Yr/Yr increase reflects the discipline and operational excellence measures delivering results
Other expense, net	($18M)	-$13M	-$4M	
Tax rate	23.7%	*	+270bps	
Net income	$152M	*	-$29M	
EPS (diluted)	$0.95	*	-$0.19	• Came in above our expectations, driven by higher revenue and some benefit from a lower tax rate

	Q424	YoY	Qtr/Qtr	Management Commentary
Cash flow from operations	$364M	*	+$48M	
Capital expenditures	($42M)	*	+$10M	
Free cash flow	$322M	*	+$38M	
Cash, cash equivalents & short-term investments	$1,220M	*	+$281M	• In Q4 2024, we repurchased 134 thousand shares of Illumina stock for $17 million at an average price of $129.02 per share

**Prior year information not provided.*

Segment Guidance - Core Illumina

	Guidance	Management Commentary

FY25 Revenue	Constant currency revenue growth in the low single digits (reported revenue in the range of approximately $4.28 billion to $4.4 billion)	• Fiscal year 2025 guidance does not attempt to reflect any impact from the recent China Ministry of Commerce announcement and assumes a continuation of the current macroeconomic and political environments
		• 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
		• Total sequencing revenue growth to be in line with total Illumina revenue growth

FY25 Non-GAAP Operating Margin	~23%	• 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
FY25 Non-GAAP Tax Rate	~22.5%	
FY25 Non-GAAP Diluted EPS	In the range of $4.50 to $4.65	
Q125 Revenue	Flat to down 1% Yr/Yr on a constant currency basis	• Driven predominantly by a decline in sequencing instruments, and timing of certain strategic partnership revenues
Q125 Non-GAAP Operating Margin	~20.5%	
Q125 Non-GAAP Diluted EPS	In the range of $0.93 to $0.98	

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

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)%

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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.

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(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.