Q4 & FY 2022 Earnings Presentation

February 7, 2023

illumina®

Francis deSouza

President & Chief Executive Officer

Joydeep Goswami

Chief Financial Officer, Chief Strategy & Corporate Development Officer

Salli Schwartz

Head of Investor Relations

Cautionary Notes on Forward Looking Statements

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) changes in the rate of growth in the markets we serve; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to further develop and commercialize our instruments, consumables, and products, including Galleri, the cancer screening test developed by GRAIL, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (ix) the risks and costs associated with our ongoing inability to integrate GRAIL due to the interim measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL; (x) the risks and costs associated with the integration of GRAIL's business if we are ultimately able to integrate GRAIL; (xi) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including related appeals, or obligations will harm our business, including current plans and operations; (xii) the risk of incurring fines associated with the consummation of our acquisition of GRAIL and the possibility that we may be required to divest all or a portion of the assets or equity interests of GRAIL on terms that could be materially worse than the terms on which we acquired GRAIL; (xiii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xiv) our ability to obtain regulatory clearance for our products from government agencies; (xv) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xvi) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth, COVID-19 pandemic mitigation measures, or armed conflict; (xvii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xviii) 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.

Francis deSouza

President &
Chief Executive Officer

An Exciting Year Ahead for Illumina and Genomics

NovaSeq™ X Series

Started Shipping First Orders

40–50 Shipments
Q1 2023

Consolidated Revenue In Line with Expectations

CONSOLIDATED RESULTS

Q4 2022 REVENUE
$1.08B

FY 2022 REVENUE
$4.58B

In Line
With Upper End of Revised Guidance Range

NovaSeq™ X Launch

>25 Countries with NovaSeq X orders

>4x More countries than NovaSeq™ 6000 launch

Stronger-than-Expected

Pre-orders by clinical customers

New to high-throughput customers

Strongest preorder book of any Illumina instrument launch

Sequencing Instrument Performance 2022

HIGH-THROUGHPUT

>340 Shipments

NovaSeq™ 6000

One third for oncology testing

Nearly half of placements to new-to-high throughput or new-to-Illumina customers

MID-THROUGHPUT

1,215 Shipments

NextSeq™ 1000/2000

Q4'22 highest quarter on record[1]

~25% of units placed to new-to-Illumina customers

LOW-THROUGHPUT

~1,670 Shipments

Brought ~700 new customers

Effective entry point to sequencing

[1] Based on number of shipments.

FY 2022 Oncology Testing Updates

Oncology Testing Consumables

7%

Growth YoY

TruSight™ Oncology (TSO) 500

~60% YoY sample growth

>500 Global accounts

>$100M Expected 2023 revenue from TSO 500[1]

[1] TSO 500 and associated core consumables.

Galleri Is the Only Multi Cancer Early Detection Test in a $40+ Billion Market

Fastest first-year revenue ramp in cancer screening test history

>60
Partnerships with health systems, employers, etc.

>4,500
Providers ordered the test in 2022

>60,000
Galleri® test orders received to date

FDA Breakthrough Designation

TIME
Best Inventions of 2022

The Atlantic
2022 Breakthroughs of the Year

FAST COMPANY
World Changing Ideas of 2022

GRAIL expects a revenue CAGR of 60-90% over the next five years

FY 2022 Genetic Disease Testing Updates

11%

GDT Sequencing Consumables Shipments Growth YoY

Driven by broader clinical adoption of whole genome sequencing and increased demand for rare disease treatment

Evidence Generation

ESHG

Updated guidelines to recommend increased adoption of whole genome sequencing in diagnostics

Increased Coverage

Two

of the largest health insurance companies[1]

Announced WGS will be covered for patients with rare and undiagnosed diseases

AIM Specialty Health

Considers CGP medically necessary for patients with advanced cancers

Note: WGS = whole genome sequencing; CGP = comprehensive genomic profiling.
[1] By number of patients served.

Research & Applied Markets

55%

of Core Illumina Consumables in 2022

AMGEN

Nashville Biosciences

35,000

Samples

Largest data set of African Americans to date

Impact of Combining Genomics with Clinical Information

>150%

Increased drug discovery success

50%

Cost Reduction

2023 NovaSeq™ X Launch Year

Delivered first NovaSeq X to our first customers

40–50 Shipments
Q1 2023

>300 Shipments
FY 2023

Operational Capabilities

Manufacturing

- Consumables manufacturing facilities in the UK, Singapore, and San Diego add **nine** additional production lines
- **Two-to-three months** of consumables inventory upon launch
- **>60 NovaSeq Xs** in various stages of the production process

Commercial Team

- Brought together **>800 sales team members** in a three-day training session
- Our **scale, reach and experience** will enable customers to sequence more samples, run more analyses, and obtain more data

Joydeep Goswami

Chief Financial Officer,
Chief Strategy & Corporate Development Officer

Consolidated Q4 2022 Financials

CONSOLIDATED REVENUE

$1.08B

(10%)
YoY Revenue Decline

(7%)
YoY Revenue Decline (Constant Currency)[1]

NON-GAAP METRICS

NET INCOME	GRAIL OPERATING LOSS
$22M	($159M)
DILUTED EPS[2]	TAX RATE
$0.14	29.3%

NON-GAAP WEIGHTED AVERAGE DILUTED SHARE COUNT

~158 Million

See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.
[2] Non-GAAP earnings per share was lower than expected due to approximately $87 million in incremental tax expense from the R&D capitalization requirements that were not repealed in Q4 2022.

Core Illumina Q4 2022 Financials

CORE ILLUMINA REVENUE

$1.07B

(11%)
YoY Revenue Decline

(8%)
YoY Revenue Decline (Constant Currency)[1]

COVID-19 SURVEILLANCE

~$19M
Sequencing Consumables

~$1M
Sequencing Instruments

CORE SEQUENCING REVENUE

$687M
Sequencing Consumables

(13%)
YoY Revenue Decline

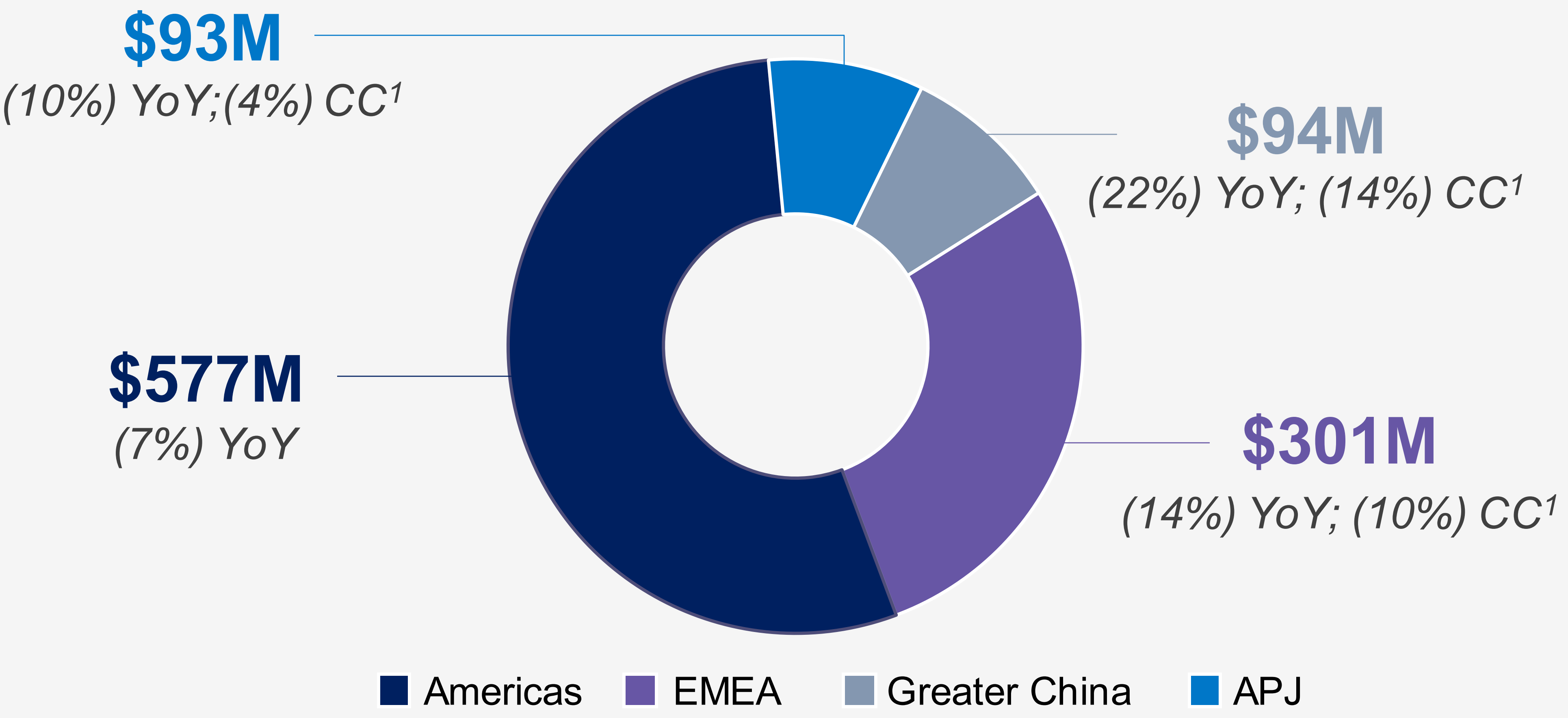
$146M
Sequencing Instruments

(24%)
YoY Revenue Decline

See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.

Core Illumina Q4 2022 Regional Revenue

CORE ILLUMINA



Note: CC = Constant Currency.
See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.

Core Illumina Q4 2022 Additional P&L Results

CORE ILLUMINA

67.3%

Non-GAAP Gross Margin

Down 430 bps
YoY due to less fixed cost leverage on lower manufacturing volumes

$528M

Non-GAAP Operating Expenses

▼ $52M

YEAR-OVER-YEAR

Primarily due to cost containment initiatives, lower performance-based compensation expense, and a one-time partnership related expense in Q4 2021

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

GRAIL Q4 2022 Financial Results

Revenue	$23M	• Grew 130% YoY • Due to accelerating adoption of **Galleri®** and milestone payment from precision diagnostic pharma partnership
Non-GAAP Operating Expenses	$166M	• Driven primarily by continued investments in clinical trials and to scale GRAIL's commercial organization

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

Cash Flow and Balance Sheet Items Q4 2022

CASH FLOW FROM OPERATIONS

$147M

Free Cash Flow of $59M

CAPITAL EXPENDITURES

$88M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS[1]

~$2.0B

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

[1] Includes $991 million in net proceeds from the term notes due in 2025 and 2027 issued on December 13, 2022 which will be used to repay upcoming debt maturities in 2023.

Guidance for Full Year 2023

Consolidated Revenue Growth[1]

~7-10%

COVID-19 Surveillance Revenue

~$30M

Non-GAAP Operating Margin

~8%

Non-GAAP Tax Rate

~36%

Non-GAAP EPS[2]

$1.25-$1.50

Non-GAAP Diluted Shares Outstanding

~160M

GRAIL

Revenue

$90M-$110M

CORE ILLUMINA

Revenue Growth[3]	Sequencing Growth[3]	Non-GAAP Operating Margin
~6-9%	~8%	~22%

Seq. Instruments: ~9%
Seq. Consumables: ~8%

[1] Growth rates are year-over-year.
[2] Reflects an estimated $670M non-GAAP operating loss from GRAIL.
[3] Includes intercompany revenue of ~$35M at the midpoint of revenue guidance, which is removed on a consolidated basis.
Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.

Guidance for First Quarter 2023

Consolidated Revenue

$1.05B - $1.07B

Sequential Decrease (at midpoint)

212 bps

Non-GAAP Operating Margin

~1%

Net Other Expense

~$9M

Non-GAAP Diluted Shares Outstanding

~160M

Core Non-GAAP Operating Margin

~17%

See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: GRAIL revenue implies a $5 million sequential decrease due to a milestone payment in Q4 2022.

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Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

CDP DISCLOSURE INSIGHT ACTION A-

America's Most Responsible Companies 2022 Newsweek statista

Sustainalytics ESG Industry Top Rated 2023

WSJ Management Top 250

Fast Company Most Innovative Companies 2022

Human Rights Campaign Foundation Best Places to Work 2022 for LGBTQ+ Equality 100% Corporate Equality Index

America's Most JUST Companies CNBC 2023

Bloomberg Gender-Equality Index 2023 Member

DEI Best Place to Work for Disability Inclusion 2022

Illumina's mission: Improve human health by unlocking the power of the genome

Appendix

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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 impairment, operating income (loss), operating margin, gross profit (loss), other income (expense), tax provision, constant currency revenue growth, and free cash flow (on a consolidated and, as applicable, segment basis for our Core Illumina and GRAIL segments) in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company's financial measures under GAAP include substantial charges such as amortization of acquired intangible assets among others that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release, as well as the effects of currency translation. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures related to our Core Illumina and GRAIL segments. Additionally, 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.

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.

Use of forward-looking statements

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) changes in the rate of growth in the markets we serve; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to further develop and commercialize our instruments, consumables, and products, including Galleri, the cancer screening test developed by GRAIL, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (ix) the risks and costs associated with our ongoing inability to integrate GRAIL due to the interim measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL; (x) the risks and costs associated with the integration of GRAIL's business if we are ultimately able to integrate GRAIL; (xi) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including related appeals, or obligations will harm our business, including current plans and operations; (xii) the risk of incurring fines associated with the consummation of our acquisition of GRAIL and the possibility that we may be required to divest all or a portion of the assets or equity interests of GRAIL on terms that could be materially worse than the terms on which we acquired GRAIL; (xiii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xiv) our ability to obtain regulatory clearance for our products from government agencies; (xv) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xvi) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth, COVID-19 pandemic mitigation measures, or armed conflict; (xvii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xviii) 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 Consolidated Statements of Cash Flows
(In millions)
(unaudited)

	Three Months Ended		Year Ended	
	January 1, 2023	January 2, 2022	January 1, 2023	January 2, 2022
Net cash provided by operating activities	**$ 147**	$ 282	**$ 392**	$ 545
Net cash used in investing activities	**(102)**	—	**(591)**	(1,069)
Net cash provided by (used in) financing activities	**956**	(129)	**1,000**	(51)
Effect of exchange rate changes on cash and cash equivalents	**10**	(1)	**(22)**	(3)
Net increase (decrease) in cash and cash equivalents	**1,011**	152	**779**	(578)
Cash and cash equivalents, beginning of period	**1,000**	1,080	**1,232**	1,810
Cash and cash equivalents, end of period	**$ 2,011**	$ 1,232	**$ 2,011**	$ 1,232
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 147**	$ 282	**$ 392**	$ 545
Purchases of property and equipment	**(88)**	(70)	**(286)**	(208)
Free cash flow **(a)**	**$ 59**	$ 212	**$ 106**	$ 337

(a) Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by operating activities reduced by purchases of property and equipment. Free cash flow is useful to management as it is one of the metrics used to evaluate our performance and to compare us with other companies in our industry. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

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

	Three Months Ended			Year Ended		
	January 1, 2023	January 2, 2022	% Change	January 1, 2023	January 2, 2022	% Change
Consolidated revenue	**$ 1,083**	$ 1,198	(10)%	**$ 4,584**	$ 4,526	1 %
Less: Hedge gains	**21**	6		**53**	10	
Consolidated revenue, excluding hedge effect	**1,062**	1,192		**4,531**	4,516	
Less: Exchange rate effect	**(46)**	—		**(137)**	—	
Consolidated constant currency revenue **(a)**	**$ 1,108**	$ 1,192	(7)%	**$ 4,668**	$ 4,516	3 %
Core Illumina revenue	**$ 1,065**	$ 1,193	(11)%	**$ 4,553**	$ 4,519	1 %
Less: Hedge gains	**21**	6		**53**	10	
Core Illumina revenue, excluding hedge effect	**1,044**	1,187		**4,500**	4,509	
Less: Exchange rate effect	**(46)**	—		**(137)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,090**	$ 1,187	(8)%	**$ 4,637**	$ 4,509	3 %

(a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.

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

	Three Months Ended		
	January 1, 2023	January 2, 2022	% Change
AMR revenue - Core Illumina	**$ 577**	$ 619	(7)%
Less: Hedge gains	**1**	—	
AMR revenue - Core Illumina, excluding hedge effect	**576**	619	
Less: Exchange rate effect	**(1)**	—	
AMR constant currency revenue - Core Illumina **(a)**	**$ 577**	$ 619	(7)%
EMEA revenue - Core Illumina	**$ 301**	$ 350	(14)%
Less: Hedge gains	**14**	4	
EMEA revenue - Core Illumina, excluding hedge effect	**287**	346	
Less: Exchange rate effect	**(25)**	—	
EMEA constant currency revenue - Core Illumina **(a)**	**$ 312**	$ 346	(10)%
Greater China revenue - Core Illumina (b)	**$ 94**	$ 121	(22)%
Less: Hedge gains	**—**	—	
Greater China revenue - Core Illumina, excluding hedge effect **(b)**	**94**	121	
Less: Exchange rate effect	**(10)**	—	
Greater China constant currency revenue - Core Illumina **(a)(b)**	**$ 104**	$ 121	(14)%
APJ revenue - Core Illumina	**$ 93**	$ 103	(10)%
Less: Hedge gains	**6**	2	
APJ revenue - Core Illumina, excluding hedge effect	**87**	101	
Less: Exchange rate effect	**(10)**	—	
APJ constant currency revenue - Core Illumina **(a)**	**$ 97**	$ 101	(4)%
Core Illumina revenue	**$ 1,065**	$ 1,193	(11)%
Less: Hedge gains	**21**	6	
Core Illumina revenue, excluding hedge effect	**1,044**	1,187	
Less: Exchange rate effect	**(46)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,090**	$ 1,187	(8)%

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

(a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.
(b) Region includes revenue from China, Taiwan, and Hong Kong.

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

TABLE 1: CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED EARNINGS (LOSS) PER SHARE:

	Three Months Ended		Year Ended	
	January 1, 2023	**January 2, 2022**	**January 1, 2023**	**January 2, 2022**
GAAP (loss) earnings per share - diluted	**$ (0.89)**	$ 0.71	**$ (28.00)**	$ 5.04
Cost of revenue **(b)**	**0.31**	0.25	**1.10**	0.47
R&D expense **(b)**	**0.04**	—	**0.05**	1.30
SG&A expense **(b)**	**0.51**	0.41	**(0.31)**	6.30
Legal contingency and settlement **(b)**	**0.14**	—	**3.94**	—
Goodwill impairment **(b)**	**—**	—	**24.93**	—
Other expense (income), net **(b)**	**0.26**	(0.34)	**0.78**	(6.78)
GILTI and U.S. foreign tax credits **(c)**	**(0.01)**	—	**0.38**	—
Incremental non-GAAP tax expense **(d)**	**(0.31)**	(0.23)	**(0.83)**	(0.31)
Income tax provision (benefit) **(e)**	**0.09**	(0.05)	**0.11**	(0.12)
Effect of dilutive shares **(f)**	**—**	—	**(0.03)**	—
Non-GAAP earnings per share - diluted **(a)**	**$ 0.14**	$ 0.75	**$ 2.12**	$ 5.90
GAAP diluted shares	**158**	157	**157**	151
Non-GAAP dilutive shares **(f)**	**—**	—	**2**	—
Non-GAAP diluted shares	**158**	157	**159**	**151**

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

	Three Months Ended		Year Ended	
	January 1, 2023	**January 2, 2022**	**January 1, 2023**	**January 2, 2022**
GAAP net (loss) income	**$ (140)**	$ 112	**$ (4,404)**	$ 762
Cost of revenue **(b)**	**49**	40	**173**	71
R&D expense **(b)**	**7**	—	**8**	196
SG&A expense **(b)**	**81**	65	**(48)**	952
Legal contingency and settlement **(b)**	**21**	—	**619**	—
Goodwill impairment **(b)**	**—**	—	**3,914**	—
Other expense (income), net **(b)**	**41**	(53)	**124**	(1,024)
GILTI and U.S. foreign tax credits **(c)**	**(1)**	—	**60**	—
Incremental non-GAAP tax expense **(d)**	**(51)**	(38)	**(129)**	(47)
Income tax provision (benefit) **(e)**	**15**	(9)	**19**	(18)
Non-GAAP net income **(a)**	**22**	117	**336**	892
Add: Interest expense on convertible notes, net of tax **(g)**	**—**	—	**2**	—
Non-GAAP net income for diluted earnings per share	**$ 22**	$ 117	**$ 338**	$ 892

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

(a) Non-GAAP net income and diluted earnings per share exclude the effects of the pro forma adjustments as detailed above. Non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements

of management’s compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future operating performance.
(b) Refer to our Itemized Reconciliations between GAAP and Non-GAAP Results of Operations below for the components of these amounts.
(c) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(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.
(f) In loss periods, GAAP basic loss per share and diluted loss per share are identical since the effect of potentially dilutive shares is anti-dilutive and therefore excluded. For non-GAAP diluted earnings per share, the impact of potentially dilutive shares from our convertible senior notes and equity awards is included and is calculated based on the sum of weighted-average common shares and potentially dilutive shares outstanding during 2022.
(g) Amounts represent interest expense on our 2023 Convertible Senior Notes, net of any income tax effects, which is added back to the numerator used to calculate non-GAAP diluted earnings per share, for purposes of the if-converted method, upon the adoption of ASU 2020-06, as it would have a dilutive effect on the calculation of non-GAAP diluted earnings per share.

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

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

	Three Months Ended January 1, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 702	65.9 %	$ (26)	$ (4)	$ 672	62.1 %
Amortization of acquired intangible assets	14	1.3 %	34	—	48	4.4 %
Restructuring **(p)**	1	0.1 %	—	—	1	0.1 %
Non-GAAP gross profit **(a)**	$ 717	67.3 %	$ 8	$ (4)	$ 721	66.6 %
GAAP R&D expense	$ 264	24.7 %	$ 85	$ (3)	$ 346	31.9 %
Acquisition-related expenses **(f)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring **(p)**	(6)	(0.5)%	—	—	(6)	(0.5)%
Non-GAAP R&D expense	$ 257	24.1 %	$ 85	$ (3)	$ 339	31.3 %
GAAP SG&A expense	$ 347	32.6 %	$ 86	$ (1)	$ 432	39.9 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities **(e)**	(25)	(2.4)%	—	—	(25)	(2.3)%
Acquisition-related expenses **(f)**	(27)	(2.5)%	(4)	—	(31)	(2.9)%
Restructuring **(p)**	(24)	(2.3)%	—	—	(24)	(2.2)%
Non-GAAP SG&A expense	$ 271	25.4 %	$ 81	$ (1)	$ 351	32.4 %
GAAP legal contingency and settlement	$ 21	2.0 %	$ —	$ —	$ 21	1.9 %
Legal contingency and settlement **(d)**	(21)	(2.0)%	—	—	(21)	(1.9)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 70	6.6 %	$ (197)	$ —	$ (127)	(11.7)%
Cost of revenue	15	1.4 %	34	—	49	4.5 %
R&D costs	7	0.6 %	—	—	7	0.6 %
SG&A costs	77	7.2 %	4	—	81	7.6 %
Legal contingency and settlement	21	2.0 %	—	—	21	1.9 %
Non-GAAP operating profit (loss) **(a)**	$ 190	17.8 %	$ (159)	$ —	$ 31	2.9 %
GAAP other (expense) income, net	$ (42)	(3.9)%	$ 1	$ —	$ (41)	(3.8)%
Strategic investment related loss, net **(i)**	42	3.9 %	—	—	42	3.9 %
Gain on Helix contingent value right **(j)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Non-GAAP other (expense) income, net **(a)**	$ (1)	(0.1)%	$ 1	$ —	$ —	—

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.

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

TABLE 3 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended January 2, 2022							
	Core Illumina		GRAIL		Eliminations		Consolidated	
GAAP gross profit (loss) (b)	$ 847	71.0 %	$ (30)		$ —		$ 817	68.2 %
Amortization of acquired intangible assets	7	0.6 %	33		—		40	3.3 %
Non-GAAP gross profit **(a)**	$ 854	71.6 %	$ 3		$ —		$ 857	71.5 %
GAAP and non-GAAP R&D expense	$ 274	23.0 %	$ 76		$ —		$ 350	29.2 %
GAAP SG&A expense	$ 351	29.4 %	$ 76		$ —		$ 426	35.5 %
Acquisition-related expenses **(f)**	(33)	(2.8)%	(20)		—		(53)	(4.4)%
Contingent consideration liabilities **(e)**	(12)	(1.0)%	—		—		(12)	(1.0)%
Amortization of acquired intangible assets	—	—	(1)		—		—	—
Non-GAAP SG&A expense	$ 306	25.6 %	$ 55		$ —		$ 361	30.1 %
GAAP operating profit (loss)	$ 222	18.6 %	$ (182)		$ —		$ 41	3.4 %
Cost of revenue	7	0.6 %	33		—		40	3.3 %
R&D costs	—	—	—		—		—	—
SG&A costs	45	3.7 %	21		—		65	5.5 %
Non-GAAP operating profit (loss) **(a)**	$ 274	22.9 %	$ (128)		$ —		$ 146	12.2 %
GAAP other income, net	$ 44	3.7 %	$ —		$ —		$ 45	3.8 %
Acquisition-related gain **(f)**	(86)	(7.3)%	—		—		(86)	(7.3)%
Strategic investment related loss, net **(i)**	26	2.2 %	—		—		26	2.2 %
Non-cash interest expense **(k)**	8	0.7 %	—		—		8	0.7 %
Non-GAAP other expense, net **(a)**	$ (8)	(0.7)%	$ —		$ —		$ (7)	(0.6)%

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.

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

TABLE 3 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Year Ended January 1, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$3,107	68.2 %	$ (117)	$ (18)	$ 2,972	64.8 %
Amortization of acquired intangible assets	38	0.9 %	134	—	172	3.8 %
Restructuring **(p)**	1	—	—	—	1	—
Non-GAAP gross profit **(a)**	$3,146	69.1 %	$ 17	$ (18)	$ 3,145	68.6 %
GAAP R&D expense	$1,004	22.0 %	$ 330	$ (13)	$ 1,321	28.8 %
Acquisition-related expenses **(f)**	(2)	—	—	—	(2)	—
Restructuring **(p)**	(6)	(0.1)%	—	—	(6)	(0.2)%
Non-GAAP R&D expense	$ 996	21.9 %	$ 330	$ (13)	$ 1,313	28.6 %
GAAP SG&A expense	$1,003	22.0 %	$ 296	$ (2)	$ 1,297	28.3 %
Amortization of acquired intangible assets	(1)	—	(4)	—	(5)	(0.1)%
Contingent consideration liabilities **(e)**	205	4.5 %	—	—	205	4.5 %
Acquisition-related expenses **(f)**	(114)	(2.5)%	(13)	—	(127)	(2.8)%
Restructuring **(p)**	(24)	(0.5)%	—	—	(24)	(0.5)%
Non-GAAP SG&A expense	$1,069	23.5 %	$ 279	$ (2)	$ 1,346	29.4 %
GAAP legal contingency and settlement	$ 619	13.6 %	$ —	$ —	$ 619	13.5 %
Legal contingency and settlement **(d)**	(619)	(13.6)%	—	—	(619)	(13.5)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP goodwill impairment	$ —	—	$ 3,914	$ —	$ 3,914	85.4 %
Goodwill impairment **(o)**	—	—	(3,914)	—	(3,914)	(85.4)%
Non-GAAP goodwill impairment	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 481	10.6 %	$ (4,657)	$ (3)	$(4,179)	(91.2)%
Cost of revenue	39	0.9 %	134	—	173	3.8 %
R&D costs	8	0.1 %	—	—	8	0.2 %
SG&A costs	(66)	(1.4)%	17	—	(48)	(1.1)%
Legal contingency and settlement	619	13.6 %	—	—	619	13.5 %
Goodwill impairment	—	—	3,914	—	3,914	85.4 %
Non-GAAP operating profit (loss) **(a)**	$1,081	23.8 %	$ (592)	$ (3)	$ 487	10.6 %
GAAP other (expense) income, net	$ (159)	(3.5)%	$ 2	$ —	$ (157)	(3.4)%
Strategic investment related loss, net **(i)**	117	2.6 %	—	—	117	2.5 %
Loss on Helix contingent value right **(j)**	7	0.1 %	—	—	7	0.2 %
Non-GAAP other (expense) income, net **(a)**	$ (35)	(0.8)%	$ 2	$ —	$ (33)	(0.7)%

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.

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

TABLE 3 (CONTINUED): ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Year Ended January 2, 2022						
	Core Illumina		GRAIL	Eliminations	Consolidated		
GAAP gross profit (loss) (b)	$3,195	70.7 %	$ (41)		$	$3,154	69.7 %
Amortization of acquired intangible assets	27	0.6 %	44			71	1.6 %
Non-GAAP gross profit **(a)**	$3,222	71.3 %	$ 3		$	$3,225	71.3 %
GAAP R&D expense	$ 885	19.6 %	$ 300		$	$1,185	26.2 %
Acquisition-related expenses **(f)**	—	—	(196)			(196)	(4.3)%
Non-GAAP R&D expense	$ 885	19.6 %	$ 104		$	$ 989	21.9 %
GAAP SG&A expense	$1,502	33.2 %	$ 590		$	$2,092	46.2 %
Amortization of acquired intangible assets	(1)	—	(1)			(2)	—
Contingent consideration liabilities **(e)**	(4)	(0.1)%	—			(4)	(0.1)%
Acquisition-related expenses **(f)**	(433)	(9.6)%	(513)			(946)	(20.8)%
Expenses related to COVID-19 **(c)**	(3)	(0.1)%	—			(3)	(0.1)%
Income related to COVID-19 **(g)**	1	—	—			1	—
Gain on litigation **(h)**	2	0.1 %	—			2	—
Non-GAAP SG&A expense	$1,064	23.5 %	$ 76		$	$1,140	25.2 %
GAAP operating profit (loss)	$ 808	17.9 %	$ (931)		$	$ (123)	(2.7)%
Cost of revenue	27	0.6 %	44			71	1.6 %
R&D costs	—	—	196			196	4.3 %
SG&A costs	438	9.7 %	514			952	21.0 %
Non-GAAP operating profit (loss) **(a)**	$1,273	28.2 %	$ (177)		$	$1,096	24.2 %
GAAP other income, net	$1,006	22.3 %	$ —		$	$1,007	22.2 %
Acquisition-related gain **(f)**	(985)	(21.8)%	—			(985)	(21.8)%
Strategic investment related gain, net **(i)**	(26)	(0.6)%	—			(26)	(0.6)%
Gain on Helix contingent value right **(j)**	(30)	(0.7)%	—			(30)	(0.7)%
Non-cash interest expense **(k)**	34	0.8 %	—			34	0.9 %
Gain on derivative assets **(l)**	(26)	(0.6)%	—			(26)	(0.6)%
Bridge facility fees **(m)**	7	0.2 %	—			7	0.2 %
Loss on extinguishment of debt **(n)**	1	—	—			1	—
Non-GAAP other expense, net **(a)**	$ (19)	(0.4)%	$ —		$	$ (17)	(0.4)%

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.

(a) Non-GAAP gross profit, included within non-GAAP operating profit (loss), is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit (loss) and non-GAAP other income (expense), net exclude the effects of the pro forma

adjustments as detailed above. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures related to our Core Illumina and GRAIL segments.
(b) Reconciling amounts are recorded in cost of revenue.
(c) Amount consists of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing and incremental cleaning in 2021. Such expenses were not excluded in 2022.
(d) Amount for Q4 2022 consists of a legal accrual related to our litigation with RavGen, and an adjustment made to our previously recorded legal accrual for the potential fine that the European Commission may impose on us of up to 10% of our consolidated annual revenues, in order to reflect 10% of consolidated annual revenues for fiscal year 2022 rather than 2021. For 2022, the total amount accrued related to this potential fine is $458 million. Amount for 2022 also consists of expense of $145 million related to the settlement of our litigation with BGI.
(e) Amounts consist primarily of fair value adjustments for our contingent consideration liability related to the GRAIL acquisition.
(f) Amounts consist primarily of legal expenses related to our acquisitions. Amounts for Q4 2021 consist primarily of a gain of $86 million recorded as a result of exchanging certain contingent value rights issued as part of the GRAIL acquisition and other acquisition-related expenses. Amounts for 2021 consist primarily of a gain of approximately $899 million related to the fair value adjustment of our previously held interest in GRAIL, approximately $654 million in day one compensation expense related to the GRAIL acquisition, Continuation Payments made to GRAIL totaling $245 million and other acquisition-related expenses.
(g) Amount consists of direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the U.S. and Canada in 2021. Such income was not excluded in 2022.
(h) Amount consists of a gain related to a patent litigation settlement.
(i) Amounts consist primarily of mark-to-market adjustments and impairments from our strategic investments.
(j) Amounts consist of fair value adjustments related to our Helix contingent value right.
(k) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash. We adopted ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-10*), on January 3, 2022, using the modified retrospective method. The adoption eliminated the non-cash interest expense related to the conversion feature of our 2023 Convertible Senior Notes beginning in Q1 2022.
(l) Amount represents a gain recorded on our derivative assets in 2021 related to the terminated acquisition with Pacific Biosciences as a result of Pacific Biosciences repaying to us $52 million in Continuation Advances.
(m) Amount consists of expenses related to the bridge facility commitment, which was terminated in 2021 in conjunction with our issuance of term notes.
(n) Amount consists of loss on extinguishment of our 2021 Convertible Senior Notes, which matured in 2021.
(o) Amount consists of goodwill impairment recorded in Q3 2022 related to our GRAIL reporting unit.
(p) Amounts consist primarily of employee severance costs and a lease impairment charge related to the restructuring event that occurred in Q4 2022.

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

TABLE 4: CONSOLIDATED ITEMIZED RECONCILIATIONS BETWEEN GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended January 1, 2023		Year Ended January 1, 2023	
GAAP tax (benefit) provision	**$ (28)**	**16.8 %**	**$ 68**	**(1.6)%**
Incremental non-GAAP tax expense **(b)**	**51**		**129**	
Income tax provision **(c)**	**(15)**		**(19)**	
GILTI and U.S. foreign tax credits **(d)**	**1**		**(60)**	
Non-GAAP tax provision **(a)**	**$ 9**	**29.3 %**	**$ 118**	**26.0 %**

	Three Months Ended January 2, 2022		Year Ended January 2, 2022	
GAAP tax (benefit) provision	$ (26)	(30.4)%	$ 122	13.8 %
Incremental non-GAAP tax expense **(b)**	38		47	
Income tax benefit **(c)**	9		18	
Non-GAAP tax provision **(a)**	$ 21	15.6 %	$ 187	17.3 %

(a) Non-GAAP tax provision excludes the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing past and future operating performance.
(b) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed in Table 2 above.
(c) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(d) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.

Illumina, Inc.
Reconciliation of Consolidated Non-GAAP Financial Guidance
(unaudited)

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are stated above in this press release. More information on potential factors that could affect our financial results is included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 2, 2022 filed with the SEC on February 18, 2022, Form 10-Q for the fiscal quarter ended April 3, 2022, Form 10-Q for the fiscal quarter ended July 3, 2022, and Form 10-Q for the fiscal quarter ended October 2, 2022. We assume no obligation to update any forward-looking statements or information.

TABLE 5: RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE GUIDANCE:

	Fiscal Year 2023
Consolidated GAAP diluted earnings per share (b)	**$0.03 - $0.28**
Amortization of acquired intangible assets	1.23
GILTI and U.S. foreign tax credits **(c)**	0.39
Incremental non-GAAP tax expense **(d)**	(0.40)
Consolidated non-GAAP diluted earnings per share **(a)(b)**	$1.25 - $1.50

(a) Non-GAAP diluted earnings per share excludes the effect of the pro forma adjustments as detailed above. Non-GAAP diluted earnings per share 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 this measure to assist investors in analyzing and assessing our past and future operating performance.
(b) Amounts assume that the existing R&D capitalization requirements are not repealed in 2023 and, as a result, reflect an impact of approximately $75 million.
(c) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(d) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.

Illumina, Inc.
Reconciliation of Non-GAAP Financial Guidance
(unaudited)

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are stated above in this press release. More information on potential factors that could affect our financial results is included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 2, 2022 filed with the SEC on February 18, 2022, Form 10-Q for the fiscal quarter ended April 3, 2022, Form 10-Q for the fiscal quarter ended July 3, 2022, and Form 10-Q for the fiscal quarter ended October 2, 2022. We assume no obligation to update any forward-looking statements or information.

TABLE 6: RECONCILIATION BETWEEN GAAP AND NON-GAAP OPERATING MARGIN GUIDANCE:

	Q1 2023	FY 2023
Consolidated GAAP operating margin	**(4)%**	**4%**
Amortization of acquired intangible assets	5	4
Consolidated non-GAAP operating margin **(a)**	1%	8%

	Q1 2023	FY 2023
Core Illumina GAAP operating margin	**16%**	**21%**
Amortization of acquired intangible assets	1	1
Core Illumina non-GAAP operating margin **(a)**	17%	22%

(a) Non-GAAP operating margin excludes the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measure related to our Core Illumina segment.

Illumina, Inc.
Reconciliation of Non-GAAP Financial Guidance (continued)
(unaudited)

TABLE 7: RECONCILIATION BETWEEN GRAIL GAAP AND NON-GAAP OPERATING LOSS GUIDANCE:

		FY 2023
GRAIL GAAP operating loss	**$**	**(808)**
Amortization of acquired intangible assets		138
GRAIL non-GAAP operating loss **(a)**	$	(670)

(a) Non-GAAP operating loss excludes the effect of the pro forma adjustment as detailed above. Management has excluded the effect of this item in this measure to assist investors in analyzing and assessing past and future operating performance related to the GRAIL segment.

Illumina, Inc.
Reconciliation of Non-GAAP Financial Guidance (continued)
(unaudited)

TABLE 8: RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX RATE GUIDANCE:

	Fiscal Year 2023	
	Current (b)	**If repealed (c)**
Consolidated GAAP tax rate	**83 %**	**6 %**
Non-GAAP tax adjustments **(a)**	(47)	9
Consolidated non-GAAP tax rate	36 %	15 %

(a) Non-GAAP tax adjustments reflect the tax impact related to the non-GAAP adjustments listed above in our "Reconciliation Between GAAP and Non-GAAP Diluted Earnings Per Share Guidance." Management has excluded the effect of these items in this measure to assist investors in analyzing and assessing past and future operating performance.
(b) Amounts assume that the existing R&D capitalization requirements are not repealed in 2023 and, as a result, reflect an impact of approximately $75 million.
(c) Amounts assume that the existing R&D capitalization requirements are repealed in 2023.