illumina®

ILMN Q223 Summary of Prepared Remarks

Revenue - Core Illumina

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Sequencing Consumables	$739M	-1%	+7%	• Mid-teens growth in clinical Yr/Yr led by continued momentum in oncology and genetic disease testing was offset by anticipated headwinds impacting research, including an approximately 260 basis point reduction from COVID surveillance, as well as sanctions in Russia, the impact on NovaSeq 6K consumables as customers start to transition to but before they have fully ramped up on NovaSeq X, and constrained funding impacting many of our customers globally • Total sequencing activity on our connected high- and mid-throughput instruments grew 3% from Q1 2023 and 9% year-over-year ○ Research & Applied was flat from Q1 and declined 1% year-over-year ○ Clinical sequencing activity growth remained strong, up 6% from Q1 and 23%
Microarray Consumables	$70M	-5%	-10%	
Total Consumables	$809M	-1%	+5%	
Sequencing Instruments	$193M	+2%	+25%	• Stronger than expected shipments of NovaSeq X more than offset the anticipated decline in NovaSeq 6000 shipments globally and NextSeq 550 placements in China Yr/Yr, as well as a decrease in MiSeq shipments as customers transition to NextSeq 1K/2K • We continued to see strong demand for NextSeq 1K/2K from new-to-Illumina customers, with instrument shipments growing 8% year-over-year
Microarray Instruments	$4M	+33%	-33%	
Total Instruments	$197M	+2%	+23%	
Total Products	$1,006M	—%	+8%	
Sequencing Service and Other	$134M	+7%	+13%	• Increase Yr/Yr driven primarily by higher instrument service contract revenue on a growing installed base, partially offset by lower contributions from co-development partnerships
Microarrays Service and Other	$19M	-5%	-30%	

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Total Service and Other	$153M	+6%	+5%	
Total Revenue - Core Illumina	$1,159M	—%	+8%	• 2% increase Yr/Yr on a constant currency basis • Included an anticipated reduction from COVID surveillance of approximately 180 basis points ○ COVID surveillance contributed approximately $6 million in total revenue in Q2 2023 compared to $27 million in Q2

<u>Revenue by Geographic Location - Core Illumina</u>

Note: We implemented a new global commercial structure in Q1 2023 to improve operating efficiencies and better align with local markets. We integrated Asia-Pacific and Japan with emerging markets across the Middle East, Africa, Turkey, and Commonwealth of Independent States (CIS). Beginning in Q1 2023 and going forward, we will report regional results for the following regions: Americas, Europe, Greater China and Asia-Pacific, Middle East and Africa (AMEA).

<table>
<tr><th></th><th>Q223</th><th>Yr/Yr</th><th>Qtr/Qtr</th><th>Management Commentary</th></tr>
<tr><td>Americas</td><td>$623M</td><td>-2%</td><td>+3%</td><td rowspan="3">All regions continued to be impacted by tighter funding and budget pressures that are affecting customers’ project planning and purchasing behaviors
Additionally, all regions faced the impact of high throughput customers transitioning to NovaSeq X, where we saw customers reduce NovaSeq 6K consumables purchases before they have fully ramped up activity on NovaSeq X
This effect was magnified by the larger than expected number of NovaSeq deliveries and a slower than expected ramp of instruments coming online in Q2
Continued global demand for NovaSeq X instruments – and our stronger-than-anticipated supply in Q2 – helped offset these factors
These regions also continued to be impacted by the slowdown in COVID surveillance year-over-year
Strong momentum in clinical also continued across the Americas, Europe and AMEA, with consumables shipments to clinical customers in these regions growing just under 20% year-over-year
Europe benefited from the NIPT reimbursement decision in Germany last year and the national NIPT program in the Netherlands
Europe revenue increased 14% Yr/Yr on a constant currency basis
AMEA revenue decreased 6% Yr/Yr on a constant currency basis, and included a 14 percentage point impact from sanctions affecting our ability to conduct business in Russia</td></tr>
<tr><td>Europe</td><td>$303M</td><td>+11%</td><td>+16%</td></tr>
<tr><td>AMEA</td><td>$118M</td><td>-10%</td><td>-1%</td></tr>
<tr><td>Greater China</td><td>$115M</td><td>-3%</td><td>+26%</td><td>1% Yr/Yr increase on a constant currency basis
In addition to persistent macroeconomic and geopolitical challenges that are impacting this region, revenue was negatively impacted by the local competitive landscape, particularly in mid-throughput</td></tr>
</table>

Core Illumina Updates

	Management Commentary
High-Throughput (HT): NovaSeq & HiSeq	• Saw continued global interest in the NovaSeq X series in Q2, and we exited the quarter with more than 260 orders since launch • Shipments of 109 NovaSeq X instruments in Q2 were above our expectation of 80 for the quarter and brought our total NovaSeq X installed base to 176 instruments o We now expect to be able to ship more than 390 NovaSeq X instruments this year – up from the 330 we had previously expected for the year • We now expect annual pull-through for NovaSeq 6000 of approximately $800,000 to $900,000 per instrument in 2023
Mid-Throughput (MT): NextSeq	• Shipped approximately 160 NextSeq 1k/2k units in the second quarter, an increase of 8% year-over-year, as customers expanded their current fleets or migrated from the MiSeq or NextSeq 550 o More than 20% of NextSeq 1k/2k units in Q2 were placed with new-to-Illumina customers • Our win rate across the mid-throughput segment, outside of China, increased from the first quarter • We believe there is a long runway of differentiation for the 1k/2k, notably with X-LEAP SBS chemistry coming available on these instruments next year • We now expect NextSeq 550 pull-through in the range of $80,000 to $130,000 • We still expect pull through for NextSeq 1K/2K to be within the historical guidance range of $120,000 to $170,000
Low-Throughput (LT): MiSeq, MiniSeq, ISeq	• Decrease in MiSeq shipments as customers transition to NextSeq 1K/2K • We now expect pull-through for MiSeq in the range of $30,000 to $40,000 • We still expect MiniSeq pull through to be within the historical range of $20,000 to $25,000 per instrument

GRAIL Updates

	Management Commentary

GRAIL	• GRAIL continues to achieve solid progress in the adoption of its Galleri multi-cancer early detection test
	  ○ In Q2, GRAIL achieved its 100,000th commercial Galleri test milestone, and the test has now been prescribed by more than 7,500 providers in the US and ordered in more than 80 health systems
	• GRAIL completed second-year follow up visits for the NHS Galleri Trial, in which 130,000 participants returned, giving the trial a retention rate of 91.3%
	  ○ Invitations for the third and final-year visits have begun, and the first appointments for those visits are expected this fall
	• GRAIL is also making progress on its unique multi-cancer minimal residual disease test
	  ○ At the American Association for Cancer Research annual meeting, GRAIL and AstraZeneca presented new data that supports use of GRAIL's methylation platform to identify residual cancer in post-treatment settings
	  ○ GRAIL's technology had a cancer detection rate of 92% in patients with relapsed or refractory disease across six hematological malignancies
	  ○ These findings demonstrate that GRAIL's blood-based methylation approach offers additional options to clinicians as they evaluate patients in efforts to achieve remission and improve survival
	• GRAIL delivered Q2 revenue $22 million, representing 83% growth Yr/Yr

Q223 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.

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Gross margin	67.0%	-280bps	+180bps	• Decrease Yr/Yr driven by lower instrument margins due to the NovaSeq X launch, which is typical in a launch year, as well as less fixed cost leverage on lower manufacturing volumes, and higher field services and installation costs
Operating expenses	$531M	+$12M	+$17M	• Increase Yr/Yr primarily due to the full year impact of our headcount growth in 2022 • Non-GAAP operating expenses were lower than expected due to the acceleration of our expense reduction initiatives and lower performance-based compensation
Operating margin	21.2%	-370bps	+380bps	

Q223 Non-GAAP Financial Highlights - GRAIL

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

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Operating expenses	$174M	+$18M	+$1M	• Yr/Yr increase driven primarily by continued investments to scale GRAIL's commercial organization

Q223 Non-GAAP Financial Highlights - Consolidated

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

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Operating expenses	$700M	+$34M	+$18M	
Other income, net	$1M	+$21M	+$4M	
Tax rate	39.3%	+1,350bps	+1,200bps	• Although the non-GAAP tax expense impact of R&D capitalization requirements in dollars was the same Yr/Yr, the impact to our effective tax rate in Q2 2023 was more significant due to our lower earnings
Net income	$50M	-$41M	+$37M	• Included dilution from GRAIL's non-GAAP operating loss of $164 million for the quarter
EPS (diluted)	$0.32	-44%	+300%	• Exceeded our expectations primarily due to continued execution of expense reduction initiatives, gross margin favorability, and our higher revenue for the quarter

	Q223	Yr/Yr	Qtr/Qtr	Management Commentary
Cash flow from operations	$105M	-$20M	+$95M	
Capital expenditures	($47M)	-$24M	-$5M	
Free cash flow	$58M	+$4M	+$100M	
Cash, cash equivalents & short-term investments	$1.6B	+$232M	+$41M	• We have $750 million in convertible debt that matures this month • Additionally, on July 12, 2023, the European Commission imposed a €432 million fine on Illumina due to the completion of the GRAIL acquisition during the pendency of the European Commission's review ○ We plan to issue a guarantee and defer the payment of the fine pending the outcome of the appeal of the EU General Court's ruling that the European Commission has jurisdiction to review the GRAIL acquisition

<u>Consolidated Guidance</u>

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

	FY23 Guidance	Management Commentary
FY23 Consolidated Revenue	Up ~1% Yr/Yr	
FY23 Consolidated Non-GAAP Operating Margin	~5%	• Revised operating margins reflect our lower revenue expectations for the year and lower gross margins given lower manufacturing volumes and fixed cost leverage ○ These impacts are partially offset by acceleration of our $100 million-plus run rate expense reduction initiatives spanning headcount, real estate, and other costs
FY23 Consolidated Non-GAAP Diluted EPS	$0.75 - $0.90	• Continues to include dilution from GRAIL's non-GAAP operating loss of approximately $670 million
FY23 Consolidated Non-GAAP Tax Rate – Current	~41%	• Continues to include an approximately $75 million tax expense impact from R&D capitalization requirements • Although the non-GAAP tax expense impact of R&D capitalization requirements in dollars hasn't changed, the impact to our effective tax rate in Q2 2023 has increased as a result of our lower earnings
GAAP and Non-GAAP diluted shares outstanding	160 million	

	Q323 Guidance	Management Commentary
Q323 Consolidated Revenue	Up ~2% Yr/Yr	• Sequential decrease of ~320 basis points from Q2 2023 driven by driven by a sequential decrease in NovaSeq 6000 consumables as customers continue to transition to NovaSeq X
Q323 Consolidated Non-GAAP Diluted EPS	$0.10 - $0.15	
Q323 Consolidated Non-GAAP Operating Margin	~4%	

Segment Guidance

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

	FY23 Guidance	Management Commentary
FY23 Core Illumina Revenue	Approximately Flat Yr/Yr	• Continues to include anticipated reductions from COVID surveillance of approximately 200 basis points, sanctions in Russia of approximately 100 basis points, as well as a year-over-year negative impact from foreign exchange rates • We now expect sequencing instrument revenue growth of approximately 3% year-over-year reflecting our higher NovaSeq X shipment expectation, partially offset by capital and cashflow constraints that have continued to impact our customers' purchasing behaviors, including in China which also had an increased impact from local competition, primarily affecting mid-throughput • We now expect sequencing consumables revenue to decline approximately (3%) year-over-year driven predominately by (1) a more persistent impact of funding issues and cautious purchasing behaviors causing project delays; (2) a more meaningful decrease in NovaSeq 6000 sequencing ahead of planned transitions to NovaSeq X, in part due to our higher shipment expectations for NovaSeq X; (3) a delay in the expected ramp of consumables on NovaSeq X; and (4) a slower than anticipated second-half recovery in China • We now expect Core Illumina sequencing revenue to be approximately flat year-over-year ○ This includes intercompany sales to GRAIL of approximately $30 million, which are eliminated in consolidation
FY23 GRAIL Revenue	$90M - $110M	
FY23 GRAIL non-GAAP operating loss	($670M)	
FY23 Core Illumina non-GAAP Operating Margin	~20%	• Revised operating margins reflect our lower revenue expectations for the year and lower gross margins given lower manufacturing volumes and fixed cost leverage ○ These impacts are partially offset by acceleration of our $100 million-plus run rate expense reduction initiatives spanning headcount, real estate, and other costs

	Q323 Guidance	Management Commentary
Q323 Core Illumina non-GAAP Operating Margin	~19%	

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, and from time to time, as applicable, 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 modify our business strategies to accomplish our desired operational goals; (ix) our ability to realize the anticipated benefits from prior or future actions to streamline and improve our R&D processes, reduce our operating expenses and maximize our revenue growth; (x) our ability to further develop and commercialize our instruments, consumables, and products, 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; (xi) 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 and an order issued by the Federal Trade Commission requiring that we divest GRAIL; (xii) the risks and costs associated with the integration of GRAIL's business if we are ultimately able to integrate GRAIL; (xiii) 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; (xiv) 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; (xv) our ability to obtain approval by third-party payors to reimburse patients for our products; (xvi) our ability to obtain regulatory clearance for our products from government agencies; (xvii) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xviii) 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; (xix) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xx) 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		Six Months Ended	
	July 2, 2023	July 3, 2022	**July 2, 2023**	July 3, 2022
Net cash provided by operating activities	**$ 105**	$ 125	**$ 115**	$ 297
Net cash used in investing activities	**(37)**	(165)	**(93)**	(239)
Net cash (used in) provided by financing activities	**(3)**	(5)	**(476)**	16
Effect of exchange rate changes on cash and cash equivalents	**(6)**	(17)	**(4)**	(17)
Net increase (decrease) in cash and cash equivalents	**59**	(62)	**(458)**	57
Cash and cash equivalents, beginning of period	**1,494**	1,351	**2,011**	1,232
Cash and cash equivalents, end of period	**$ 1,553**	$ 1,289	**$ 1,553**	$ 1,289
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 105**	$ 125	**$ 115**	$ 297
Purchases of property and equipment	**(47)**	(71)	**(99)**	(132)
Free cash flow **(a)**	**$ 58**	$ 54	**$ 16**	$ 165

(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			Six Months Ended		
	July 2, 2023	July 3, 2022	% Change	July 2, 2023	July 3, 2022	% Change
Consolidated revenue	**$ 1,176**	$ 1,162	1 %	**$ 2,263**	$ 2,386	(5)%
Less: Hedge gains	**2**	10		**3**	16	
Consolidated revenue, excluding hedge effect	**1,174**	1,152		**2,260**	2,370	
Less: Exchange rate effect	**(13)**	—		**(38)**	—	
Consolidated constant currency revenue **(a)**	**$ 1,187**	$ 1,152	3 %	**$ 2,298**	$ 2,370	(3)%
Core Illumina revenue	**$ 1,159**	$ 1,156	— %	**$ 2,235**	$ 2,377	(6)%
Less: Hedge gains	**2**	10		**3**	16	
Core Illumina revenue, excluding hedge effect	**1,157**	1,146		**2,232**	2,361	
Less: Exchange rate effect	**(13)**	—		**(38)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,170**	$ 1,146	2 %	**$ 2,270**	$ 2,361	(4)%

(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			Six Months Ended		
	July 2, 2023	July 3, 2022	% Change	July 2, 2023	July 3, 2022	% Change
AMR revenue - Core Illumina	**$ 623**	$ 633	(2)%	**$ 1,228**	$ 1,278	(4)%
Less: Hedge gains	**—**	—		**1**	—	
AMR revenue - Core Illumina, excluding hedge effect	**623**	633		**1,227**	1,278	
Less: Exchange rate effect	**(2)**	—		**(3)**	—	
AMR constant currency revenue - Core Illumina **(a)**	**$ 625**	$ 633	(1)%	**$ 1,230**	$ 1,278	(4)%
AMEA revenue - Core Illumina (b)	**$ 118**	$ 131	(10)%	**$ 237**	$ 293	(19)%
Less: Hedge gains	**1**	2		**2**	4	
AMEA revenue - Core Illumina, excluding hedge effect **(b)**	**117**	129		**235**	289	
Less: Exchange rate effect	**(4)**	—		**(10)**	—	
AMEA constant currency revenue - Core Illumina **(a)(b)**	**$ 121**	$ 129	(6)%	**$ 245**	$ 289	(15)%
China revenue - Core Illumina (c)	**$ 115**	$ 118	(3)%	**$ 206**	$ 245	(16)%
Less: Hedge gains	**1**	—		**1**	—	
China revenue - Core Illumina, excluding hedge effect **(c)**	**114**	118		**205**	245	
Less: Exchange rate effect	**(6)**	—		**(13)**	—	
China constant currency revenue - Core Illumina **(a)(c)**	**$ 120**	$ 118	1 %	**$ 218**	$ 245	(11)%
Europe revenue - Core Illumina	**$ 303**	$ 274	11 %	**$ 564**	$ 561	1 %
Less: Hedge gains	**(1)**	8		**(1)**	12	
Europe revenue - Core Illumina, excluding hedge effect	**304**	266		**565**	549	
Less: Exchange rate effect	**—**	—		**(12)**	—	
Europe constant currency revenue - Core Illumina **(a)**	**$ 304**	$ 266	14 %	**$ 577**	$ 549	5 %

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.

Note: We implemented a new global commercial structure in Q1 2023 to improve operating efficiencies and better align with local markets. We integrated Asia-Pacific and Japan with emerging markets across the Middle East, Africa, Turkey, and Commonwealth of Independent States (CIS). Beginning in Q1 2023 and going forward, we will report regional results for the following regions: Americas, Europe, Greater China and Asia-Pacific, Middle East and Africa (AMEA).

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

	Three Months Ended		Six Months Ended	
	July 2, 2023	**July 3, 2022**	**July 2, 2023**	**July 3, 2022**
GAAP loss per share - diluted	**$ (1.48)**	$ (3.40)	**$ (1.46)**	$ (2.85)
Cost of revenue **(b)**	**0.32**	0.25	**0.63**	0.50
R&D expense **(b)**	**0.08**	—	**0.09**	—
SG&A expense **(b)**	**0.60**	0.45	**0.80**	0.38
Legal contingency and settlement **(b)**	**0.08**	3.88	**0.09**	3.88
Other expense, net **(b)**	**0.01**	0.24	**0.08**	0.48
GILTI and U.S. foreign tax credits **(c)**	**0.44**	0.04	**0.16**	0.20
Incremental non-GAAP tax expense **(d)**	**0.27**	(0.89)	**(0.04)**	(0.96)
Income tax provision **(e)**	**—**	0.01	**0.05**	0.03
Effect of dilutive shares **(f)**	**—**	(0.01)	**—**	(0.02)
Non-GAAP earnings per share - diluted **(a)**	**$ 0.32**	$ 0.57	**$ 0.40**	$ 1.64
GAAP diluted shares	**158**	157	**158**	157
Non-GAAP dilutive shares **(f)**	**—**	2	**—**	2
Non-GAAP diluted shares	**158**	159	**158**	**159**

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

	Three Months Ended		Six Months Ended	
	July 2, 2023	**July 3, 2022**	**July 2, 2023**	**July 3, 2022**
GAAP net loss	**$ (234)**	$ (535)	**$ (231)**	$ (449)
Cost of revenue **(b)**	**50**	40	**99**	79
R&D expense **(b)**	**13**	—	**14**	—
SG&A expense **(b)**	**95**	71	**127**	60
Legal contingency and settlement **(b)**	**12**	609	**15**	609
Other expense, net **(b)**	**2**	38	**13**	76
GILTI and U.S. foreign tax credits **(c)**	**69**	6	**25**	31
Incremental non-GAAP tax expense **(d)**	**43**	(139)	**(6)**	(151)
Income tax provision **(e)**	**—**	1	**8**	5
Non-GAAP net income **(a)**	**$ 50**	$ 91	**64**	260
Add: interest expense on convertible notes, net of tax **(g)**	**—**	—	**—**	1
Non-GAAP net income for diluted earnings per share	**$ 50**	$ 91	**$ 64**	$ 261

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 the Itemized Reconciliations between GAAP and Non-GAAP Results of Operations 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 Q2 2022 and YTD 2022.
(g) Amount represents interest expense on the 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 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 July 2, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 760	65.5 %	$ (24)	$ (4)	$ 732	62.2 %
Amortization of acquired intangible assets	14	1.2 %	33	—	47	4.0 %
Restructuring **(g)**	3	0.3 %	—	—	3	0.3 %
Non-GAAP gross profit **(a)**	$ 777	67.0 %	$ 9	$ (4)	$ 782	66.5 %
GAAP R&D expense	$ 274	23.6 %	$ 89	$ (5)	$ 358	30.4 %
Acquisition-related expenses **(d)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring **(g)**	(12)	(1.0)%	—	—	(12)	(1.0)%
Non-GAAP R&D expense	$ 261	22.5 %	$ 89	$ (5)	$ 345	29.3 %
GAAP SG&A expense	$ 359	30.9 %	$ 91	$ —	$ 450	38.3 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities **(c)**	(29)	(2.5)%	—	—	(29)	(2.5)%
Acquisition-related expenses **(d)**	(18)	(1.4)%	(3)	—	(21)	(1.8)%
Restructuring **(g)**	(17)	(1.5)%	(2)	—	(19)	(1.6)%
Proxy contest	(25)	(2.2)%	—	—	(25)	(2.1)%
Non-GAAP SG&A expense	$ 270	23.3 %	$ 85	$ —	$ 355	30.2 %
GAAP legal contingency and settlement	$ 12	1.0 %	$ —	$ —	$ 12	1.0 %
Legal contingency and settlement **(h)**	(12)	(1.0)%	—	—	(12)	(1.0)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 115	9.9 %	$ (204)	$ 1	$ (88)	(7.5)%
Cost of revenue	17	1.5 %	33	—	50	4.3 %
R&D costs	13	1.1 %	—	—	13	1.1 %
SG&A costs	88	7.7 %	7	—	95	8.1 %
Legal contingency and settlement	12	1.0 %	—	—	12	1.0 %
Non-GAAP operating profit (loss) **(a)**	$ 245	21.2 %	$ (164)	$ 1	$ 82	7.0 %
GAAP other (expense) income, net	$ (3)	(0.3)%	$ 2	$ —	$ (1)	(0.1)%
Strategic investment related loss, net **(e)**	2	0.2 %	—	—	2	0.2 %
Non-GAAP other (expense) income, net **(a)**	$ (1)	(0.1)%	$ 2	$ —	$ 1	0.1 %

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 July 3, 2022					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 801	69.3 %	$ (29)	$ (5)	$ 767	66.0 %
Amortization of acquired intangible assets	6	0.5 %	33	—	40	3.4 %
Non-GAAP gross profit **(a)**	$ 807	69.8 %	$ 4	$ (5)	$ 807	69.4 %
GAAP and non-GAAP R&D expense	$ 249	21.5 %	$ 86	$ (8)	$ 327	28.1 %
GAAP SG&A expense	$ 339	29.3 %	$ 72	$ (1)	$ 410	35.4 %
Acquisition-related expenses **(d)**	(31)	(2.7)%	(1)	—	(32)	(2.8)%
Contingent consideration liabilities **(c)**	(38)	(3.3)%	—	—	(38)	(3.3)%
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Non-GAAP SG&A expense	$ 270	23.3 %	$ 70	$ (1)	$ 339	29.2 %
GAAP legal contingency and settlement	$ 609	52.6 %	$ —	$ —	$ 609	52.3 %
Legal contingency and settlement **(h)**	(609)	(52.6)%	—	—	(609)	(52.3)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating loss	$ (396)	(34.3)%	$ (187)	$ 4	$ (579)	(49.8)%
Cost of revenue	6	0.5 %	33	—	40	3.4 %
SG&A costs	69	6.1 %	2	—	71	6.3 %
Legal contingency and settlement	609	52.6 %	—	—	609	52.3 %
Non-GAAP operating profit (loss) **(a)**	$ 288	24.9 %	$ (152)	$ 4	$ 141	12.2 %
GAAP other expense, net	$ (58)	(5.0)%	$ —	$ —	$ (58)	(5.0)%
Strategic investment related loss, net **(e)**	30	2.6 %	—	—	30	2.6 %
Loss on Helix contingent value right **(f)**	8	0.7 %	—	—	8	0.7 %
Non-GAAP other expense, net **(a)**	$ (20)	(1.7)%	$ —	$ —	$ (20)	(1.7)%

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:

	Six Months Ended July 2, 2023				
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$1,446	64.7 %	$ (50)	$ (10)	$ 1,386	61.3 %
Amortization of acquired intangible assets	29	1.3 %	67	—	96	4.2 %
Restructuring **(g)**	3	0.1 %	—	—	3	0.1 %
Non-GAAP gross profit **(a)**	$1,478	66.1 %	$ 17	$ (10)	$ 1,485	65.6 %
GAAP R&D expense	$ 532	23.7 %	$ 175	$ (8)	$ 699	30.9 %
Acquisition-related expenses **(d)**	(1)	—	—	—	(1)	—
Restructuring **(g)**	(13)	(0.5)%	—	—	(13)	(0.6)%
Non-GAAP R&D expense	$ 518	23.2 %	$ 175	$ (8)	$ 685	30.3 %
GAAP SG&A expense	$ 641	28.7 %	$ 184	$ (1)	$ 824	36.4 %
Amortization of acquired intangible assets	—	—	(2)	—	(2)	(0.1)%
Contingent consideration liabilities **(c)**	(28)	(1.3)%	—	—	(28)	(1.2)%
Acquisition-related expenses **(d)**	(38)	(1.7)%	(9)	—	(47)	(2.1)%
Restructuring **(g)**	(17)	(0.7)%	(2)	—	(19)	(0.8)%
Proxy contest	(31)	(1.4)%	—	—	(31)	(1.4)%
Non-GAAP SG&A expense	$ 527	23.6 %	$ 171	$ (1)	$ 697	30.8 %
GAAP legal contingency and settlement	$ 15	0.7 %	$ —	$ —	$ 15	0.7 %
Legal contingency and settlement **(h)**	(15)	(0.7)%	—	—	(15)	(0.7)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 257	11.5 %	$ (408)	$ (1)	$ (152)	(6.7)%
Cost of revenue	32	1.4 %	67	—	99	4.3 %
R&D costs	14	0.6 %	—	—	14	0.6 %
SG&A costs	114	5.1 %	13	—	127	5.6 %
Legal contingency and settlement	15	0.7 %	—	—	15	0.7 %
Non-GAAP operating profit (loss) **(a)**	$ 432	19.3 %	$ (328)	$ (1)	$ 103	4.5 %
GAAP other (expense) income, net	$ (19)	(0.9)%	$ 4	$ —	$ (15)	(0.7)%
Strategic investment related loss, net **(e)**	16	0.7 %	—	—	16	0.7 %
Gain on Helix contingent value right **(f)**	(3)	(0.1)%	—	—	(3)	(0.1)%
Non-GAAP other (expense) income, net **(a)**	$ (6)	(0.3)%	$ 4	$ —	$ (2)	(0.1)%

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:

	Six Months Ended July 3, 2022					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$1,651	69.5 %	$ (58)	$ (10)	$1,583	66.3 %
Amortization of acquired intangible assets	13	0.5 %	67	—	79	3.4 %
Non-GAAP gross profit **(a)**	$1,664	70.0 %	$ 9	$ (10)	$1,662	69.7 %
GAAP and non-GAAP R&D expense	$ 486	20.5 %	$ 171	$ (7)	$ 650	27.3 %
GAAP SG&A expense	$ 590	24.8 %	$ 130	$ (1)	$ 719	30.1 %
Amortization of acquired intangible assets	—	—	(2)	—	(3)	(0.1)%
Contingent consideration liabilities **(c)**	11	0.5 %	—	—	11	0.5 %
Acquisition-related expenses **(d)**	(64)	(2.7)%	(5)	—	(68)	(2.9)%
Non-GAAP SG&A expense	$ 537	22.6 %	$ 123	$ (1)	$ 659	27.6 %
GAAP legal contingency and settlement	$ 609	25.6 %	$ —	$ —	$ 609	25.5 %
Legal contingency and settlement **(h)**	(609)	(25.6)%	—	—	(609)	(25.5)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating loss	$ (34)	(1.4)%	$ (359)	$ (2)	$ (395)	(16.6)%
Cost of revenue	13	0.5 %	67	—	79	3.4 %
SG&A costs	52	2.2 %	7	—	60	2.5 %
Legal contingency and settlement	609	25.6 %	—	—	609	25.5 %
Non-GAAP operating profit (loss) **(a)**	$ 640	26.9 %	$ (285)	$ (2)	$ 353	14.8 %
GAAP other expense, net	$ (102)	(4.3)%	$ —	$ —	$ (102)	(4.3)%
Strategic investment related loss, net **(e)**	73	3.1 %	—	—	73	3.1 %
Loss on Helix contingent value right **(f)**	3	0.1 %	—	—	3	0.1 %
Non-GAAP other expense, net **(a)**	$ (26)	(1.1)%	$ —	$ —	$ (26)	(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.

(a) Non-GAAP gross profit, included within non-GAAP operating profit (loss), is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit (loss) and non-GAAP other (expense) income, net exclude the effects of the pro forma adjustments as detailed above. 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) Amounts consist primarily of fair value adjustments for our contingent consideration liability related to GRAIL.
(d) Amounts consist primarily of legal expenses related to the acquisition of GRAIL.

(e) Amounts consist primarily of mark-to-market adjustments and impairments from our strategic investments.
(f) Amounts consist of fair value adjustments related to our Helix contingent value right.
(g) Amounts consist primarily of employee severance costs and lease and other asset impairments related to restructuring activities.
(h) Amount for Q2 2023 consists of an adjustment to our previously recorded accrual for the fine imposed by the European Commission in July 2023. The amount for YTD 2023 also consists of a loss related to a patent litigation settlement in Q1 2023. Amounts for Q2 2022 and YTD 2022 relate to an estimated accrual of $453 million for the fine imposed by the European Commission and an accrual of $156 million related to the settlement of our litigation with BGI.

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

TABLE 4: CONSOLIDATED ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION (BENEFIT):

	Three Months Ended			Six Months Ended		
	July 2, 2023			July 2, 2023		
GAAP tax provision	**$**	**145**	**(163.8)%**	**$**	**64**	**(38.5)%**
Incremental non-GAAP tax expense **(b)**		**(43)**			**6**	
Income tax provision **(c)**		**—**			**(8)**	
GILTI and U.S. foreign tax credits **(d)**		**(69)**			**(25)**	
Non-GAAP tax provision **(a)**	**$**	**33**	**39.3 %**	**$**	**37**	**37.2 %**

	Three Months Ended			Six Months Ended		
	July 3, 2022			July 3, 2022		
GAAP tax benefit	$	(102)	16.0 %	$	(48)	9.7 %
Incremental non-GAAP tax expense **(b)**		139			151	
Income tax provision **(c)**		(1)			(5)	
GILTI and U.S. foreign tax credits **(d)**		(6)			(31)	
Non-GAAP tax provision **(a)**	$	30	25.8 %	$	67	20.8 %

(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.
(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 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 1, 2023 filed with the SEC on February 17, 2023 and Form 10-Q for the fiscal quarter ended April 2, 2023. We assume no obligation to update any forward-looking statements or information.

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

	Fiscal Year 2023
Consolidated GAAP diluted loss per share (b)	**$(2.08) - $(1.93)**
Amortization of acquired intangible assets	1.23
Legal contingency and settlement **(c)**	0.09
Acquisition-related expenses **(d)**	0.30
Strategic investment related loss, net **(e)**	0.10
Gain on Helix contingent value right **(f)**	(0.02)
Restructuring **(g)**	0.22
Contingent consideration liabilities **(h)**	0.18
GILTI and U.S. foreign tax credits **(i)**	0.43
Incremental non-GAAP tax expense **(j)**	0.06
Income tax provision **(k)**	0.05
Proxy contest	0.19
Consolidated non-GAAP diluted earnings per share **(a)(b)**	$0.75 - $0.90

	Q3 2023
Consolidated GAAP diluted loss per share (b)	**$(0.17) - $(0.12)**
Amortization of acquired intangible assets	0.31
GILTI and U.S. foreign tax credits **(i)**	(0.11)
Incremental non-GAAP tax expense **(j)**	0.07
Consolidated non-GAAP diluted earnings per share **(a)(b)**	$0.10 - $0.15

(a) Non-GAAP diluted earnings per share excludes the effects 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 consists of an adjustment to our previously recorded accrual for the fine imposed by the European Commission in July 2023 and a loss related to a patent litigation settlement in Q1 2023.
(d) Amount consists primarily of legal expenses incurred through Q2 2023 related to the acquisition of GRAIL.
(e) Amount consists primarily of mark-to-market adjustments and impairments recognized through Q2 2023 on our strategic investments.
(f) Amount consists of fair value adjustments recognized through Q2 2023 on our Helix contingent value right.
(g) Amount consists primarily of employee severance costs and lease and other asset impairments incurred through Q2 2023 related to restructuring activities.

(h) Amount consists primarily of fair value adjustments recognized through Q2 2023 for our contingent consideration liability related to GRAIL.
(i) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(j) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.
(k) Amount represents the difference between book and tax accounting related to stock-based compensation cost recognized through Q2 2023.

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 1, 2023 filed with the SEC on February 17, 2023 and Form 10-Q for the fiscal quarter ended April 2, 2023. We assume no obligation to update any forward-looking statements or information.

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

	Q3 2023
Consolidated GAAP operating margin	**—%**
Amortization of acquired intangible assets	4
Consolidated non-GAAP operating margin **(a)**	4%

	FY 2023
Consolidated GAAP operating margin	**(3)%**
Amortization of acquired intangible assets	4
Acquisition-related expenses **(b)**	1
Contingent consideration liabilities **(c)**	1
Restructuring **(d)**	1
Proxy contest	1
Consolidated non-GAAP operating margin **(a)**	5%

	Q3 2023
Core Illumina GAAP operating margin	**18%**
Amortization of acquired intangible assets	1
Core Illumina non-GAAP operating margin **(a)**	19%

	FY 2023
Core Illumina GAAP operating margin	**16%**
Amortization of acquired intangible assets	1
Acquisition-related expenses **(b)**	1
Restructuring **(d)**	1
Proxy contest	1
Core Illumina non-GAAP operating margin **(a)**	20%

(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.
(b) Amounts consist primarily of legal expenses incurred through Q2 2023 related to the acquisition of GRAIL.
(c) Amounts consist primarily of fair value adjustments recognized through Q2 2023 for our contingent consideration liability related to GRAIL.
(d) Amounts consist primarily of employee severance costs and lease and other asset impairments incurred through Q2 2023 related to restructuring activities.

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	**$**	**(819)**
Amortization of acquired intangible assets		138
Acquisition-related expenses **(b)**		9
Restructuring **(c)**		2
GRAIL non-GAAP operating loss **(a)**	$	(670)

(a) Non-GAAP operating loss 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 related to the GRAIL segment.
(b) Amount consists primarily of legal expenses incurred through Q2 2023 related to the acquisition of GRAIL.
(c) Amount consists of employee severance costs incurred through Q2 2023 related to restructuring activities.

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	**(123)%**	**(44)%**
Non-GAAP tax adjustments **(a)**	164	58
Consolidated non-GAAP tax rate	41 %	14 %

(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 (Loss) 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.