ILMN Q321 Summary of Prepared Remarks

Revenue - Core Illumina

	Q321	Yr/Yr	Qtr/Qtr	Management Commentary
Sequencing Consumables	$723M	+45%	+3%	• Record NovaSeq consumables shipments that grew over 50% year-over-year driven by oncology testing, population sequencing and drug discovery initiatives • Oncology testing, our largest market segment, had another record quarter • COVID-19 surveillance initiatives contributed approximately $40 million in sequencing consumables revenue, exceeding our expectations
Microarrays Consumables	$71M	+15%	-4%	
Total Consumables	$794M	+41%	+2%	
Sequencing Instruments	$180M	+65%	-5%	• Exited the quarter with record instrument backlog that is almost double the backlog entering the year • Record NovaSeq shipments in the quarter that again more than doubled year over year driven by oncology testing • COVID-19 surveillance initiatives contributed approximately $15 million in incremental sequencing instrument revenue
Microarrays Instruments	$4M	-20%	-20%	
Total Instruments	$184M	+61%	-5%	
Total Products	$978M	+45%	+1%	
Sequencing Service & Other	$110M	+11%	-14%	• Growth Yr/Yr driven by higher instrument service contract revenue on a growing installed base as well as GEL sample growth
Microarrays Service & Other	$18M	-5%	-31%	
Total Service & Other	$128M	+8%	-17%	
Total Revenue - Core Illumina	$1,106M	+39%	-2%	• In the first three quarters of 2021, added 50% more new customers than in all of 2020 or 2019 • Growth Yr/Yr driven by record shipments in clinical and research

Revenue by Geographic Location - Core Illumina

	Q321	Yr/Yr	Qtr/Qtr	Management Commentary
Americas	$581M	+33%	-1%	• Yr/Yr growth due to record oncology testing shipments and ongoing population genomics initiatives such as All of Us • COVID surveillance strength due to expanded public health network adoption of NGS in Latin America also drove growth in the region
EMEA	$313M	+47%	-2%	• Yr/Yr growth due to significant growth across all clinical markets and strength in emerging markets • Population genomics initiatives, partially driven by UKBB which concluded in Q3, and COVID surveillance testing also contributed to the strong performance in the region
Asia Pacific	$90M	+45%	+6%	• Y/Y growth driven by sequencing instrument growth from clinical demand for NextSeq2000 as well as consumables revenue growth across oncology testing and research
Greater China	$122M	+47%	-8%	• Continued clinical strength in the region led by NextSeqDx demand in hospitals and oncology testing growth • Almost half of the NextSeqDx shipments were to new-to-ILMN hospital customers • Expanding footprint in hospitals is helping drive growth in infectious disease testing, which more than doubled year-over-year

Core Illumina Updates

	Management Commentary
High-Throughput (HT): NovaSeq	• Oncology testing customers represented the highest proportion of NovaSeq shipments for the quarter • Oncology testing, population sequencing and drug discovery initiatives drove record NovaSeq consumable and instrument shipments
Mid-Throughput (MT): NextSeq	• Over 50% of NextSeq 1000 and 2000 placements were to new-to-Illumina customers or to customers upgrading from low-throughput instruments • NextSeq 1000 and 2000 orders reached a new high in the quarter
Low-Throughput (LT): MiSeq, MiniSeq & iSeq	• Highest number of MiSeq shipments since Q4 2015

GRAIL Updates

	Management Commentary
GRAIL	• Revenue of $2 million for the quarter consisted primarily of Galleri test fees, the multi-cancer early detection test that commercially launched in June, as well as moderate MRD partnership revenue • GRAIL's third quarter financial results are for the period beginning after the acquisition closed on August 18

Q321 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.

	Q321	Yr/Yr	Qtr/Qtr	Management Commentary
Gross margin	71.3%	+390bps	-50bps	• Qtr/Qtr decline due primarily to one-time revenue from the NIPT patent litigation settlement recorded in the prior quarter • Yr/YR increase due to increased fixed cost leverage on higher volumes, partially offset by higher freight costs as a result of the pandemic
Operating expenses	$478M	+$113M	+$7M	• Lower than expected due to the timing of hiring and project spend shifting into Q4 • Y/Yr increase due to increased performance-based compensation expenses and headcount growth, as well as additional investments to support the significant growth of our business
Operating margin	28.0%	+660bps	-200bps	• Declined sequentially as expected, mostly due to $20 million of one-time patent litigation settlement revenue recognized in the prior quarter

Q321 Non-GAAP Financial Highlights - GRAIL

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

	Q321	Management Commentary
Operating expenses	$50M	• Consisted primarily of expenses related to headcount and clinical trials • GRAIL's third quarter financial results are for the period beginning after the acquisition closed on August 18

Q321 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.

	Q321	Yr/Yr	Qtr/Qtr	Management Commentary
Operating expenses	$528M	+$163M	+$57M	• Increased Qtr/Qtr due to $50 million of GRAIL expenses and $7 million increase in Core Illumina expenses • Increased Yr/YR due to $50 million of GRAIL expenses and $113 million increase in Core Illumina expenses
Other expense, net	($6)	-$13M	-$4M	• Decreased Yr/Yr due to lower interest income on short-term investments liquidated to fund the GRAIL acquisition and interest expense on the Term Notes issued in Q1 2021
Tax rate	13.2%	-160bps	-470bps	• Decreased Qtr/Qtr and Yr/Yr due to the tax impact of including GRAIL in Illumina's consolidated results of operations • Decrease Yr/Yr partially offset by discrete tax benefits recorded in the third quarter of 2020 related to prior year return adjustments and tax reserve releases
Net income attributable to Illumina stockholders	$221M	+$71M	-$55M	
EPS attributable to Illumina stockholders (diluted)	$1.45	+42%	-22%	• Included $0.19 of dilution from GRAIL operating losses and $0.06 of incremental dilution from the 9.8 million shares issued to fund the GRAIL acquisition

	Q321	Yr/Yr	Qtr/Qtr	Management Commentary
Cash Flow from Operations	($272M)	-$425M	-$525M	• Net outflow for the quarter due to expenses related to the GRAIL acquisition
DSO	50 days	-3 days	+6 days	• Driven by revenue linearity
Capital expenditures	($52M)	+$4M	+$8M	
Free cash flow	($324M)	-$429M	-$533M	
Cash, cash equivalents &	$1.3B	-$2,059M	-$3,021M	• Used $2.9 billion to fund the GRAIL acquisition

Guidance

	FY21 Guidance	Management Commentary
FY21 Revenue	$4.41 billion	• Approximately 36% growth Yr/Yr • Reflects Core Illumina sequencing revenue growth of 39% • Approximately double the growth rate, and $567M higher than the midpoint of the range we guided to the beginning of the year.
FY21 GAAP Operating Margin	17.9% - 18.4%	
FY 21 Non-GAAP Operating Margin	27.5% - 28.0%	• Expect Core Illumina operating expenses in Q4 2021 to increase by approximately $50 million compared to Q3 2021 due to the timing of expenses shifting from Q3 into Q4, increased investments to support the robust growth of our business, as well as expected payments in Q4 2021 related to certain partnerships • Expect non-GAAP tax rate of approximately 17.5%
FY21 GAAP Diluted EPS	$4.41 - $4.51	
FY21 Non-GAAP Diluted EPS	$5.50 - $5.60	• Includes dilution from GRAIL operating loss of approximately $1.00, and incremental dilution of $0.15 from the 9.8 million shares issued to fund the GRAIL acquisition • Expect diluted shares outstanding in fiscal 2021 to be approximately 151 million

	Q421 Guidance	Management Commentary
Q421 GAAP Diluted EPS	$0.10 - $0.20	
Q421 Non-GAAP Diluted EPS	$0.35 - $0.45	• Expect diluted shared outstanding for the fourth quarter of 2021 of approximately 158 million

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted net income per share, net income, gross margins, operating expenses, including research and development expenses and selling general and administrative expenses, operating income (loss), operating margins, gross profit, other income, 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, non-cash interest expense associated with the company's convertible debt instruments that may be settled in cash, and others that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures relating 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) the impact to our business and operating results of the COVID-19 pandemic; (ii) changes in the rate of growth in the markets we serve; (iii) the volume, timing and mix of customer orders among our products and services; (iv) our ability to adjust our operating expenses to align with our revenue expectations; (v) our ability to manufacture robust instrumentation and consumables; (vi) the success of products and services competitive with our own; (vii) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (viii) the impact of recently launched or pre-announced products and services on existing products and services; (ix) our ability to 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; (x) the risks and costs associated with the integration of, and our ability to integrate, GRAIL's business successfully to achieve anticipated synergies, including the restrictions on integration during any hold separate period or any delay in integration following any hold separate period; (xi) the risk that disruptions from the consummation of our recent acquisition of GRAIL or any associated legal or regulatory proceedings or obligations will harm our business, including current plans and operations; (xii) potential adverse reactions or changes to business relationships resulting from the consummation of our recent acquisition of 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) our ability to successfully identify and integrate acquired technologies, products, or businesses; (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.

# # #

Illumina, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(unaudited)

	Three Months Ended		Nine Months Ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Net cash (used in) provided by operating activities	**$ (272)**	$ 153	**$ 263**	$ 674
Net cash used in investing activities	**(2,448)**	(65)	**(1,069)**	(520)
Net cash (used in) provided by financing activities	**(394)**	(101)	**78**	(435)
Effect of exchange rate changes on cash and cash equivalents	**(2)**	4	**(2)**	—
Net decrease in cash and cash equivalents	**(3,116)**	(9)	**(730)**	(281)
Cash and cash equivalents, beginning of period	**4,196**	1,770	**1,810**	2,042
Cash and cash equivalents, end of period	**$ 1,080**	$ 1,761	**$ 1,080**	$ 1,761
Calculation of free cash flow:				
Net cash (used in) provided by operating activities	**$ (272)**	$ 153	**$ 263**	$ 674
Purchases of property and equipment	**(52)**	(48)	**(138)**	(127)
Free cash flow **(a)**	**$ (324)**	$ 105	**$ 125**	$ 547

(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 - Non-GAAP
(In millions, except per share amounts)
(unaudited)

CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP EARNINGS PER SHARE:

	Three Months Ended		Nine Months Ended	
	October 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
GAAP earnings per share - diluted	**$ 2.08**	$ 1.21	**$ 4.36**	$ 2.70
Cost of revenue **(b)**	**0.12**	0.06	**0.21**	0.16
Research and development costs **(b)**	**1.28**	0.03	**1.32**	0.01
Selling, general and administrative costs **(b)**	**3.86**	(0.03)	**5.94**	0.58
Other income, net **(b)**	**(6.35)**	(0.31)	**(6.53)**	(0.61)
Incremental non-GAAP tax expense **(c)**	**0.47**	0.07	**(0.05)**	(0.05)
Income tax benefit **(d)**	**(0.01)**	(0.01)	**(0.05)**	(0.12)
Tax expense related to increase in valuation allowance **(e)**	**—**	—	**—**	0.42
Tax expense related to cost-sharing arrangement **(f)**	**—**	—	**—**	0.19
Non-GAAP earnings per share - diluted **(a)**	**$ 1.45**	$ 1.02	**$ 5.20**	$ 3.28

CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP NET INCOME:

	Three Months Ended		Nine Months Ended	
	October 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
GAAP net income	**$ 317**	$ 179	**$ 650**	$ 399
Cost of revenue **(b)**	**18**	9	**32**	24
Research and development costs **(b)**	**196**	3	**196**	1
Selling, general and administrative costs **(b)**	**591**	(4)	**885**	87
Other income, net **(b)**	**(971)**	(46)	**(973)**	(90)
Incremental non-GAAP tax expense **(c)**	**71**	11	**(8)**	(8)
Income tax benefit **(d)**	**(1)**	(2)	**(7)**	(18)
Tax expense related to increase in valuation allowance **(e)**	**—**	—	**—**	62
Tax expense related to cost-sharing arrangement **(f)**	**—**	—	**—**	28
Non-GAAP net income **(a)**	**$ 221**	$ 150	**$ 775**	$ 485

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 effect 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 Reconciliation between GAAP and Non-GAAP Results of Operations as a Percent of Revenue," below, for the components of these amounts.
(c) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed.
(d) Amounts represent tax deductions taken in excess of stock-based compensation cost.
(e) Amounts represent discrete tax expense related to the valuation allowance established in Q2 2020 against the deferred tax asset for California research and development credits.
(f) Amounts represent discrete tax expense related to the finalization of the Altera court case in Q2 2020 which determined stock-based compensation must be included in intercompany cost sharing payments.

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

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

	Three Months Ended				Nine Months Ended			
	October 3, 2021		September 27, 2020		October 3, 2021		September 27, 2020	
GAAP gross profit (b)	**$ 770**	**69.5 %**	$ 526	66.2 %	**$2,337**	**70.2 %**	$1,573	68.8 %
Core Illumina cost of revenue	**6**	**0.6 %**	9	1.2 %	**20**	**0.6 %**	24	1.0 %
GRAIL cost of revenue	**12**	**1.1 %**	—	—	**12**	**0.4 %**	—	—
Non-GAAP gross profit **(a)**	**$ 788**	**71.2 %**	$ 535	67.4 %	**$2,369**	**71.2 %**	$1,597	69.8 %
GAAP research and development expense	**$ 436**	**39.4 %**	$ 172	21.6 %	**$ 835**	**25.1 %**	$ 483	21.1 %
Core Illumina research & development costs	–	**—**	(3)	(0.4)%	–	**—**	(1)	—
GRAIL research & development costs	**(196)**	**(17.7)%**	—	—	**(196)**	**(5.9)%**	—	—
Non-GAAP research and development expense	**$ 240**	**21.7 %**	$ 169	21.2 %	**$ 639**	**19.2 %**	$ 482	21.1 %
GAAP selling, general and administrative expense	**$ 879**	**79.3 %**	$ 192	24.2 %	**$1,666**	**50.1 %**	$ 643	28.1 %
Core Illumina selling, general, and administrative costs	**(99)**	**(8.9)%**	4	0.6 %	**(393)**	**(11.8)%**	(87)	(3.8)%
GRAIL selling, general, and administrative costs	**(492)**	**(44.4)%**	—	—	**(492)**	**(14.8)%**	—	—
Non-GAAP selling, general and administrative expense	**$ 288**	**26.0 %**	$ 196	24.8 %	**$ 781**	**23.5 %**	$ 556	24.3 %
GAAP operating (loss) profit	**$(545)**	**(49.2)%**	$ 162	20.4 %	**$ (164)**	**(5.0)%**	$ 447	19.6 %
Core Illumina	**105**	**9.5 %**	8	1.0 %	**413**	**12.4 %**	112	4.8 %
GRAIL	**700**	**63.2 %**	—	—	**700**	**21.1 %**	—	—
Non-GAAP operating profit **(a)**	**$ 260**	**23.5 %**	$ 170	21.4 %	**$ 949**	**28.5 %**	$ 559	24.4 %
GAAP other income (expense), net	**$ 965**	**87.1 %**	$ 53	6.6 %	**$ 962**	**28.9 %**	$ 110	4.8 %
Core Illumina adjustments	**(971)**	**(87.6)%**	(46)	(5.7)%	**(973)**	**(29.2)%**	(90)	(3.9)%
Non-GAAP other (expense) income, net **(a)**	**$ (6)**	**(0.5)%**	$ 7	0.9 %	**$ (11)**	**(0.3)%**	$ 20	0.9 %

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

CORE ILLUMINA ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended				Nine Months Ended			
	October 3, 2021		September 27, 2020		October 3, 2021		September 27, 2020	
GAAP gross profit - Core Illumina (b)	**$ 781**	**70.7 %**	$ 526	66.2 %	**$ 2,348**	**70.6 %**	$ 1,573	68.8 %
Amortization of acquired intangible assets	**7**	**0.6 %**	7	0.9 %	**19**	**0.6 %**	21	0.9 %
Expenses related to COVID-19 **(c)**	**—**	**—**	3	0.4 %	**1**	**—**	5	0.2 %
Income related to COVID-19 **(d)**	**—**	**—**	(1)	(0.1)%	**—**	**—**	(4)	(0.2)%
Restructuring **(e)**	**—**	**—**	—	—	**—**	**—**	2	0.1 %
Non-GAAP gross profit - Core Illumina **(a)**	**$ 788**	**71.3 %**	$ 535	67.4 %	**$ 2,368**	**71.2 %**	$ 1,597	69.8 %
GAAP research and development expense - Core Illumina	**$ 212**	**19.1 %**	$ 172	21.6 %	**$ 611**	**18.4 %**	$ 483	21.1 %
Expenses related to COVID-19 **(c)**	**—**	**—**	(3)	(0.4)%	**—**	**—**	(3)	(0.1)
Income related to COVID-19 **(d)**	**—**	**—**	—	—	**—**	**—**	2	0.1 %
Non-GAAP research and development expense - Core Illumina	**$ 212**	**19.1 %**	$ 169	21.2 %	**$ 611**	**18.4 %**	$ 482	21.1 %
GAAP selling, general and administrative expense - Core Illumina	**$ 365**	**33.0 %**	$ 192	24.2 %	**$ 1,152**	**34.6 %**	$ 643	28.1 %
Amortization of acquired intangible assets	**—**	**—**	(1)	(0.1)%	**(1)**	**—**	(1)	—
Acquisition-related **(f)**	**(106)**	**(9.6)%**	(13)	(1.5)%	**(400)**	**(12.0)%**	(106)	(4.6)%
Contingent consideration liabilities **(n)**	**7**	**0.7 %**	—	—	**7**	**0.2 %**	—	—
Expenses related to COVID-19 **(c)**	**—**	**—**	(7)	(0.9)%	**(2)**	**(0.1)%**	(9)	(0.5)%
Income related to COVID-19 **(d)**	**—**	**—**	—	—	**1**	**—**	2	0.1 %
Gain on litigation **(g)**	**—**	**—**	25	3.1 %	**2**	**0.1 %**	25	1.1 %
Restructuring **(e)**	**—**	**—**	—	—	**—**	**—**	2	0.1 %
Non-GAAP selling, general and administrative expense - Core Illumina	**$ 266**	**24.1 %**	$ 196	24.8 %	**$ 759**	**22.8 %**	$ 556	24.3 %
GAAP operating profit - Core Illumina	**$ 205**	**18.5 %**	$ 162	20.4 %	**$ 586**	**17.6 %**	$ 447	19.6 %
Cost of revenue	**6**	**0.6 %**	9	1.2 %	**20**	**0.6 %**	24	1.0 %
Research and development costs	**—**	**—**	3	0.4 %	**—**	**—**	1	—
Selling, general and administrative costs	**99**	**8.9 %**	(4)	(0.6)%	**393**	**11.8 %**	87	3.8 %
Non-GAAP operating profit - Core Illumina **(a)**	**$ 310**	**28.0 %**	$ 170	21.4 %	**$ 999**	**30.0 %**	$ 559	24.4 %
GAAP other income (expense), net - Core Illumina	**$ 965**	**87.3 %**	$ 53	6.6 %	**$ 962**	**28.9 %**	$ 110	4.8 %
Acquisition-related **(f)**	**(900)**	**(81.4)%**	—	—	**(900)**	**(27.1)%**	—	—
Non-cash interest expense **(h)**	**7**	**0.7 %**	11	1.4 %	**27**	**0.9 %**	31	1.4 %
Strategic investment related (gain), net **(i)**	**(66)**	**(6.0)%**	(67)	(8.4)%	**(52)**	**(1.6)%**	(141)	(6.2)%
Loss (gain) on derivative assets **(j)**	**—**	**—**	10	1.3 %	**(26)**	**(0.8)%**	25	1.1 %
Bridge facility fees **(k)**	**—**	**—**	—	—	**7**	**0.3 %**	—	—
Gain on contingent value right **(l)**	**(12)**	**(1.1)%**	—	—	**(30)**	**(0.9)%**	(5)	(0.2)%
Loss on extinguishment of debt **(m)**	**—**	**—**	—	—	**1**	**—**	—	—
Non-GAAP other (expense) income, net - Core Illumina **(a)**	**$ (6)**	**(0.5)%**	$ 7	0.9 %	**$ (11)**	**(0.3)%**	$ 20	0.9 %

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

GRAIL ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS:

	Three Months Ended		Nine Months Ended	
	October 3, 2021	September 27, 2020	October 3, 2021	September 27, 2020
GAAP gross loss - GRAIL (b)	$ (11)	—	$ (11)	—
Amortization of acquired intangible assets	12	—	12	—
Non-GAAP gross profit - GRAIL **(a)**	$ 1	—	$ 1	—
GAAP research and development expense - GRAIL	$ 224	—	$ 224	—
Acquisition related **(f)**	(196)	—	(196)	—
Non-GAAP research and development expense - GRAIL	$ 28	—	$ 28	—
GAAP selling, general and administrative expense - GRAIL	$ 514	—	$ 514	—
Acquisition-related **(f)**	(492)	—	(492)	—
Non-GAAP selling, general and administrative expense - GRAIL	$ 22	—	$ 22	—
GAAP operating loss - GRAIL	$ (750)	—	$ (750)	—
Cost of revenue	12	—	12	—
Research and development costs	196	—	196	—
Selling, general and administrative costs	492	—	492	—
Non-GAAP operating loss - GRAIL **(a)**	$ (50)	—	$ (50)	—

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 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 relating to our Core Illumina and GRAIL segments.
(b) Reconciling amounts are recorded in cost of revenue.
(c) Amounts consist of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing and incremental cleaning in 2021, and a one-time allowance paid to employees working remotely in Q3 2020 to help with additional expenses, premium pay for onsite essential workers, and personal protective equipment.
(d) Amounts consist of direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the US and Canada in Q1 2021, and payroll-related credits earned in Singapore in 2020.
(e) Amount consists primarily of employee costs, net of adjustments, related to restructuring in 2020.
(f) Amounts for Q3 2021 consist primarily of gain related to fair value adjustment of our previously held interest in GRAIL of approximately $900 million, GRAIL day one acquisition-related compensation expense of approximately $654 million, and other acquisition related expenses. In addition to this, amount for the first three quarters of 2021 consists of expenses related to the Continuation Payments related to the acquisition totaling $245 million. Amounts for 2020 consist primarily of acquisition related expenses, expenses related to the Continuation Advances and Reverse Termination Fee paid to Pacific Biosciences related to the terminated acquisition.

(g) Amount consists of a gain related to a patent litigation settlement.
(h) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.
(i) Amounts consist primarily of mark-to-market adjustments and impairments from our strategic investments.
(j) Amount for the three quarters of 2021 consists of a gain recorded on our derivative assets related to the terminated acquisition with Pacific Biosciences as a result of Pacific Biosciences repaying to us $52 million in Continuation Advances. Amounts for Q3 2020 and the three quarters of 2020 consist of fair value adjustments recorded on our derivative assets.
(k) Amount consists of expenses related to the bridge facility commitment which was terminated in March 2021, in conjunction with our issuance of term notes.
(l) Amounts consist of fair value adjustments related to our contingent value right received from Helix.
(m) Amount consists of loss on extinguishment of our 2021 Convertible Senior Notes, which matured in June 2021.
(n) Amount consists of fair value adjustment of contingent consideration liabilities related to the acquisitions.

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

CONSOLIDATED ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended	
	October 3, 2021	
GAAP tax provision	$ 103	24.7 %
Incremental non-GAAP tax expense **(a)**	(71)	
Income tax benefit **(b)**	1	
Non-GAAP tax provision	$ 33	13.2 %

(a) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed in our "Reconciliation Between GAAP and Non-GAAP Net Income and Earnings Per Share Attributable to Illumina Stockholders".
(b) Amount represents tax deductions taken in excess of stock compensation cost.

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 3, 2021 filed with the SEC on February 17, 2021, Form 10-Q for the fiscal quarter ended April 4, 2021, and Form 10-Q for the fiscal quarter ended July 4, 2021. We assume no obligation to update any forward-looking statements or information.

	Fiscal Year 2021
GAAP diluted earnings per share	**$4.41 - $4.51**
Amortization of acquired intangible assets	0.49
Non-cash interest expense **(a)**	0.23
Acquisition-related **(b)**	1.24
Bridge facility fees **(c)**	0.05
COVID-19 expenses, net **(d)**	0.02
Loss on extinguishment of debt **(e)**	0.01
Strategic investment related gain, net **(f)**	(0.34)
Gain on contingent value right **(g)**	(0.20)
Gain on derivative assets **(h)**	(0.17)
Contingent consideration liabilities **(i)**	(0.05)
Gain on litigation **(j)**	(0.01)
Incremental non-GAAP tax expense **(k)**	(0.13)
Excess tax benefits from share-based compensation **(l)**	(0.05)
Non-GAAP diluted earnings per share	$5.50 - $5.60

(a) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.
(b) Amount consists primarily of gain related to fair value adjustment of our previously held interest in GRAIL of approximately $900 million, day one acquisition-related compensation expense of approximately $654 million, Continuation Payments related to the acquisition of $245 million, and other acquisition related expenses.
(c) Amount consists of expenses related to the bridge facility commitment which was terminated in March 2021, in conjunction with our issuance of term notes.
(d) Amount consists of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing and incremental cleaning, partially offset by direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the US and Canada.
(e) Amount consists of loss on extinguishment of our 2021 Convertible Senior Notes, which matured in June 2021.
(f) Amount consists primarily of mark-to-market adjustments and impairments from our strategic investments.
(g) Amount consists of fair value adjustments related to our contingent value right received from Helix.
(h) Amount consists of gain recorded on our derivative assets related to the terminated acquisition with Pacific Biosciences as a result of Pacific Biosciences repaying to us $52 million in Continuation Advances.
(i) Amount consists of fair value adjustment of contingent consideration liabilities related to the acquisitions.
(j) Amount consists of a gain related to a patent litigation settlement.
(k) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.
(l) Amount represents tax deductions taken in excess of stock-based compensation cost.

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 3, 2021 filed with the SEC on February 17, 2021, Form 10-Q for the fiscal quarter ended April 4, 2021, and Form 10-Q for the fiscal quarter ended July 4, 2021. We assume no obligation to update any forward-looking statements or information.

	Q4 2021 QTD
GAAP diluted earnings per share	**$0.10 - $0.20**
Amortization of acquired intangible assets	0.27
Non-cash interest expense **(a)**	0.04
Incremental non-GAAP tax expense **(b)**	(0.06)
Non-GAAP diluted earnings per share	$0.35 - $0.45

(a) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.
(b) 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 3, 2021 filed with the SEC on February 17, 2021, Form 10-Q for the fiscal quarter ended April 4, 2021, and Form 10-Q for the fiscal quarter ended July 4, 2021. We assume no obligation to update any forward-looking statements or information.

	Fiscal Year 2021
Core Illumina GAAP operating margin	**17.9% - 18.4%**
Amortization of acquired intangible assets	0.6
Acquisition-related expenses **(a)**	9.1
COVID-19 expense, net **(b)**	0.1
Contingent consideration liabilities **(c)**	(0.2)
Core Illumina Non-GAAP operating margin	27.5% - 28.0%

(a) Amount consists primarily of acquisition-related expenses related to the acquisition of GRAIL.
(b) Amount consists of direct and incremental expenses incurred due to the COVID-19 pandemic.
(c) Amount consists of fair value adjustment of contingent consideration liabilities related to the acquisitions.