illumina®

Q2 2023
Earnings Presentation

August 9, 2023

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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 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.

Charles Dadswell

Interim Chief Executive Officer, General Counsel

Q2 2023 Highlights

CONSOLIDATED RESULTS	NOVASEQ™ X MILESTONES
$1.18 Billion REVENUE	109 Q2 SHIPMENTS
$0.32 NON-GAAP EPS	>390 EXPECTED 2023 SHIPMENTS

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

Adjusting FY’23 Revenue Expectations

FACTORS FOR GUIDANCE ADJUSTMENT

~Flat

CORE ILLUMINA 2023 YoY REVENUE GROWTH

1. *Larger-than-expected temporary decline in high throughput consumables as we transition more-than-expected customers to NovaSeq X*
2. *Customers remain more cautious in their purchasing behaviors*
3. *In China, a more protracted economic recovery and increasingly challenged competitive landscape*

NOVASEQ X TRANSITION

NOVASEQ X ROLLOUT

- The **most sophisticated platform** we have launched with the **most comprehensive end-to-end software**
- The release has occurred at an **unprecedented magnitude and pace**

We have deployed technical teams worldwide to work with our customers to accelerate bringing their systems online

CONTINUED STRONG CUSTOMER INTEREST

20% *of customers who have placed a NovaSeq X order to date have ordered >1 instrument*

CUSTOMER INTENTIONS

- Larger scale **single cell** and **spatial analyses** are more practical
- Plan to run additional **multiomic analysis** for population-specific variants
- Some of our largest customers moving from targeted panels and exomes to **whole genome sequencing**

Continued Expense Base Reductions

Q1'23 EARNINGS CALL

ANNOUNCED

$100M+

RUN-RATE EXPENSE REDUCTIONS

Q2'23 PROGRESS

- Reduced global headcount
- Downsizing global real estate footprint
- Optimizing third-party vendor spend
- Reduced travel and other costs

LOOKING AHEAD

2023

Helps mitigate impact of lower revenue on operating margin

BEYOND 2023

Continues to support our margins and creates flexibility for further investments in high-growth areas

Select Sequencing Instrument Highlights Q2 2023

NovaSeq X

>260
Orders since launch

109
Shipments
(above 80 expected in Q1’23)

>390
Expected 2023 shipments
(above 330 in Q1’23)

NextSeq™ 1k/2k

160
Shipments

+8%
Shipments YoY

>20%
Shipments to new-to-Illumina customers

We continue to see **lengthened sales cycles**, although our win rate across mid-throughput (ex. China), **increased from Q1**

Q2 2023 Core Illumina Clinical Markets Performance

*Clinical represented **~53%** of total sequencing consumables*

ONCOLOGY

REIMBURSEMENT PROGRESS

United States

Anthem + BCBS of Michigan → Added coverage for CGP for patients with advanced cancers

Adding 30M+ covered lives

Europe

Switzerland → Now reimbursing large NGS panels, including CGP

TRUSIGHT™ ONCOLOGY (TSO) 500

ON TRACK

>$100M

EXPECTED 2023 REVENUE[1]

FDA

Q2'23

TSO COMPREHENSIVE SUBMISSION FOR IVD REGISTRATION

Note: CGP denotes Comprehensive Genomic Profiling.

[1] TSO 500 and associated core consumables.

Continued Solid Progress for GRAIL's Galleri® Multi-Cancer Early Detection Test

Q2'23 MILESTONES

100,000th

Commercial Galleri tests

>7,500

Providers prescribing the test in U.S.

>80

Health Systems

NHS-GALLERI STUDY

In Q2, GRAIL **completed** second-year study visits

130,000

Participants returned for their second visits

91.3%

Retention rate

Third and final-year visits have begun, with first appointments expected this fall

EVIDENCE GENERATION

ASCO® AMERICAN SOCIETY OF CLINICAL ONCOLOGY

SYMPLIFY study results demonstrate feasibility of using an MCED test to **assist clinicians with decisions regarding referrals from primary care**

AACR American Association for Cancer Research®

Findings demonstrate that GRAIL's blood-based methylation approach offers additional solutions to clinicians **to improve patient survival**

92% Cancer detection rate in patients with relapsed or refractory disease across six hematological malignancies

Q2 2023 Core Illumina Markets Performance

REPRODUCTIVE HEALTH

United States

Medicaid

Louisiana
Michigan
North Carolina
Rhode Island
Tennessee

Now covering NIPT for **all pregnancies**

Europe

Netherlands

NIPT now covered for **all pregnancies**

Italy

NIPT approved for **broader coverage**

RESEARCH & APPLIED

Alliance for Genomic Discovery

illumina

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FOUNDING MEMBERS

AbbVie Amgen
AstraZeneca Bayer Merck

Nashville Biosciences

Industry-led collaboration to **accelerate therapeutics development** through large-scale genomics

250,000

WGS SAMPLES

35,000

PRIMARILY FROM INDIVIDUALS OF AFRICAN ANCESTRY

Note: NIPT denotes Non-Invasive Prenatal Testing.
Note: WGS denotes Whole Genome Sequencing.

Recent Launches & Looking Ahead

RECENTLY ANNOUNCED INNOVATIONS

PrimateAI-3D

AI algorithm
predicts disease-causing genetic mutations
in patients with
unprecedented accuracy

Featured on the cover of Science magazine in June

DRAGEN™ 4.2

Expands award-winning accuracy with flexibility and scalability to **enable efficient workflows and extract insights from genomic data**

DRAGEN
Secondary Analysis

OUR FOCUS

1. **Execution, innovation and supporting our customers** as they ramp their NovaSeq X instruments

2. Continue progress on **margin improvement while prioritizing investment** in technology that generates **differentiated products**

Upcoming Product Launches:

- 25B Flow Cell for NovaSeq X
- Illumina Complete Long Reads with Enrichment Assay
- XLEAP-SBS™ on NextSeq 1K/2K
- Future offerings for emerging markets including proteomics, multiomics and spatial

Joydeep Goswami

Chief Financial Officer,
Chief Strategy & Corporate Development Officer

Consolidated Q2 2023 Financials

REVENUE

$1.18B

Exceeding the high end of our guidance range

+8%
QoQ Revenue

+1%
YoY Revenue Growth

+3%
YoY Revenue Growth (CC)[1]

NON-GAAP METRICS

NET INCOME	GRAIL OPERATING LOSS
$50M	($164M)
DILUTED EPS	**TAX RATE[2]**
$0.32	39.3%

NON-GAAP WEIGHTED AVERAGE DILUTED SHARE COUNT

~158 Million

Note: CC = Constant Currency.
Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.
[2] Non-GAAP tax rate increased from 25 8% in Q2 2022, with both quarters reflecting the impact of R&D capitalization requirements. Although the non-GAAP tax expense impact of R&D capitalization requirements in dollar terms was the same in both periods, the impact to our effective tax rate in Q2 2023 was more significant due to our lower earnings

Core Illumina Q2 2023 Financials

REVENUE

$1.16B

~Flat
YoY Revenue Growth

+2%
YoY Revenue Growth (CC)[1]

CORE SEQUENCING REVENUE

Consumables	Instruments	Service & Other
$739M	**$193M**	**$134M**
(1%) *YoY Decline*	***+2%*** *YoY Increase*	***+7%*** *YoY Increase*

COVID-19 SURVEILLANCE

~$6 Million

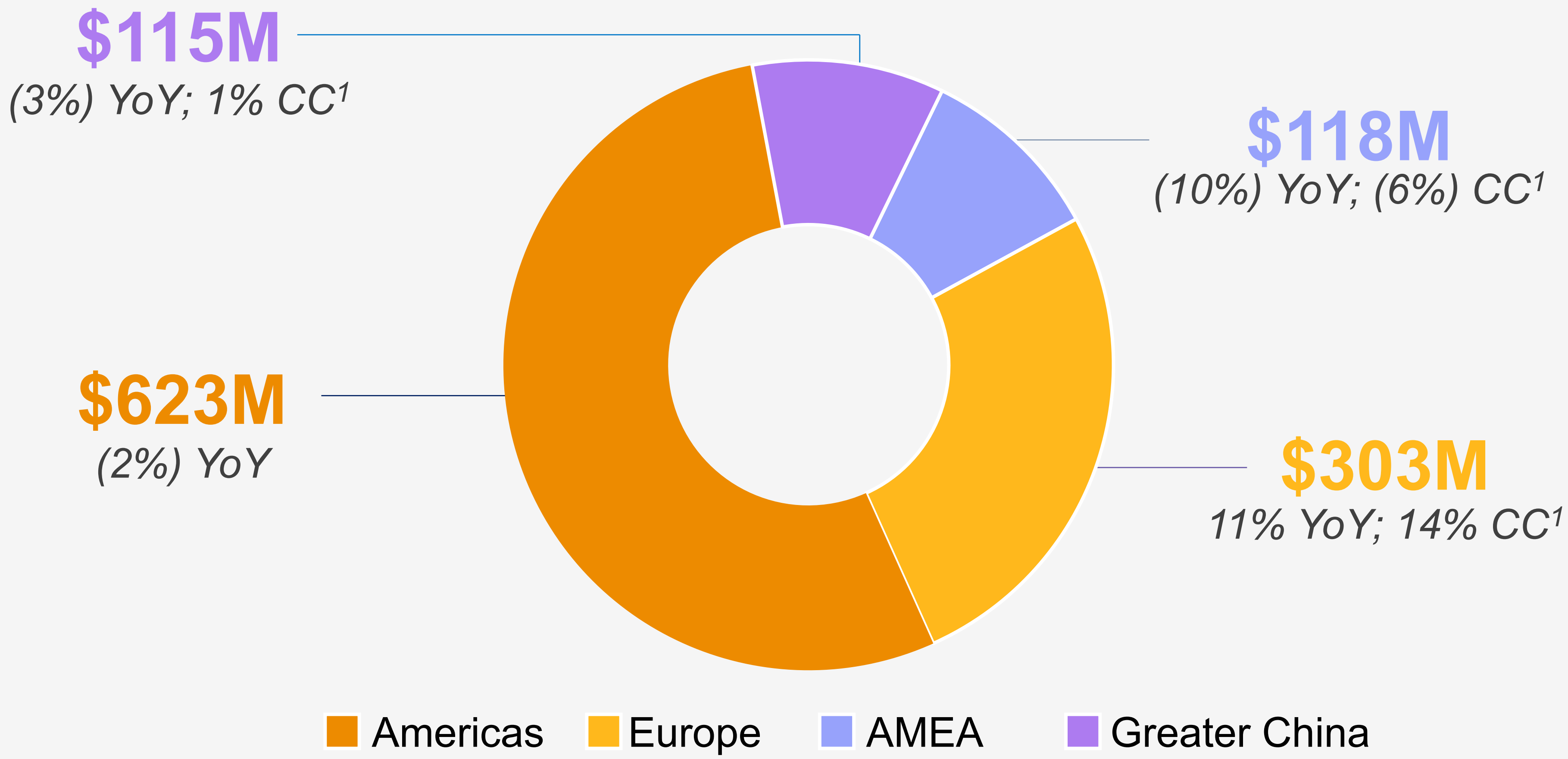
Compared to $27M in Q2 2022

SEQUENCING ACTIVITY[2]

Total	Research & Applied	Clinical
3% QoQ	*Flat QoQ*	*6% QoQ*
9% YoY	*(1%) YoY*	*23% YoY*

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.
[2] Sequencing activity on connected high- and mid-throughput instruments.

Core Illumina Q2 2023 Regional Revenue



Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: CC = Constant Currency.
Note: AMEA denotes Asia Pacific, Middle East and Africa.
[1] Net of the effects of hedging.

Core Illumina Q2 2023 Additional P&L Results

NON-GAAP GROSS MARGIN

67.0%

Down 280 bps YoY

Driven by lower instrument margins due to the NovaSeq X launch, as well as less fixed cost leverage on lower manufacturing volumes, and higher field services and installation costs

NON-GAAP OPERATING EXPENSES

$531M

▲ $12 Million YoY

Primarily due to the full-year impact of our 2022 headcount growth

21.2%

Non-GAAP Operating Margin

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

GRAIL Q2 2023 Financial Results

REVENUE

$22M

Up 83% YoY

Due to accelerating adoption of Galleri®

NON-GAAP OPERATING EXPENSES

$174M

▲ $18 Million YoY

Driven primarily by continued investments to scale GRAIL's commercial organization

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

Cash Flow and Balance Sheet Items Q2 2023

CASH FLOW FROM OPERATIONS

$105M

Free Cash Flow of $58M

CAPITAL EXPENDITURES

$47M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~$1.6B

$750M

Convertible debt that matures in August 2023

€432M

European Commission imposed fine due to completion of the GRAIL acquisition[1]

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

[1] 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.

Guidance for Full Year 2023

CONSOLIDATED

Consolidated Revenue Growth[1]

~1%

Non-GAAP Operating Margin

~5%

Non-GAAP Tax Rate

~41%

Non-GAAP EPS[2]

$0.75-$0.90

GRAIL

Revenue

$90M-$110M

Non-GAAP Operating Loss: **~$670M**

CORE ILLUMINA

Revenue Growth[3]

~Flat%

Sequencing Growth[3]

~Flat%

Seq. Instruments: **~3%**
Seq. Consumables: **(~3%)**

Non-GAAP Operating Margin

~20%

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Growth rates are year-over-year.
[2] Reflects an estimated $670M non-GAAP operating loss from GRAIL.
[3] Includes intercompany revenue of ~$30M at the midpoint of revenue guidance, which is removed on a consolidated basis.

Guidance for Third Quarter 2023

CONSOLIDATED

Consolidated Revenue[1]

~2%

Sequential Decrease

~320 bps

Non-GAAP Operating Margin

~4%

Non-GAAP Earnings Per Share

$0.10 - $0.15

CORE ILLUMINA

Non-GAAP Operating Margin

~19%

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Growth rates are year-over-year.

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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

North American Customer Centricity Awards Winner 2022

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

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.