Q1 2022 Earnings Presentation

MAY 5, 2022

illumina

Francis deSouza

President and Chief Executive Officer

Sam Samad

Chief Financial Officer

Salli Schwartz

Head of Investor Relations

Cautionary Notes on Forward Looking Statements

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) the impact to our business and operating results of the COVID-19 pandemic; (ii) challenges inherent in developing, manufacturing, and launching new products and services, (iii) our ability to further develop and commercialize our instruments, consumables, and products, including Galleri, the cancer screening test developed by GRAIL; (iv) 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 while we are subject to the European Commission's order to keep GRAIL separate from us; (v) 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; (vi) potential adverse reactions or changes to business relationships resulting from the consummation of our recent acquisition of GRAIL; (vii) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

Francis deSouza

President and
Chief Executive Officer

Continued Strong Momentum in Q1 2022

CONSOLIDATED RESULTS

Q1 2022 REVENUE

$1.22B

12%

Year-Over-Year Growth

Record orders in the quarter

>$1B in sequencing consumables orders for first time

Record total backlog exiting the quarter

Q1 2022 Sequencing Instrument Shipments Up >20% Year-Over-Year

HIGH-THROUGHPUT

RECORD NovaSeq shipments in Q1 2022, **MORE THAN HALF** to clinical customers

MID-THROUGHPUT

NextSeq 1000/2000 installed base **>1,000**; P1 flow cell shipments nearly **DOUBLE** our expectations

LOW-THROUGHPUT

More than **ONE-THIRD** of shipments were to new-to-Illumina customers

Q1 2022 Oncology Testing Sequencing Consumables Up ~20% Year-Over-Year

RECEIVED CE IVD APPROVAL

Illumina TruSight™ Oncology Comprehensive IVD

Covers a range of mutations and biomarkers associated with the European Society for Medical Oncology guidelines

TSO 500

Q1 2022 REVENUE

~120%

Year-Over-Year Growth

For In Vitro Diagnostics Use. Not available in all countries or regions

GRAIL's Galleri® is the First of its Kind Multi-Cancer Early Detection Test

>2,400
Providers prescribing test to date

34
Partnerships with health systems, employers, insurers

>90,000
Participants enrolled in NHS trial

First collaboration with a US commercial health plan, **Point32Health**

Partnership with **Munich Re US** to offer Galleri® to existing select policyholders

850
Current employees

▲ ~2x
Headcount in past 8 months

250
Current job openings

Record Quarter for Q1 2022 in Genetic Disease Testing; Coverage for NIPT Increasing in Europe

Genetic Disease Testing

US: critically ill infants now eligible for WGS in CA, OR, MD through Medicaid (coverage for additional 17M lives)

Germany: agreement with Hannover Medical School to use WGS for critically ill children

Reproductive Health

Spain and **Italy** have expanded coverage for NIPT

Germany is likely to do so later this year

Record Quarter for Q1 2022 in Infectious Disease and Microbiology

Pathogen Infrastructure Broadens Global Reach of Sequencing Applications

Milken Institute

Calling for collaboration on early disease outbreaks

World Health Organization

Announced 10-year strategy to use genomics for global pan-pathogen surveillance

FIND

Established Seq&Treat for drug-resistant tuberculosis

Genomic Research is Expanding Across Applications and Disease States

illumina

allelica
THE POLYGENIC RISK SCORE COMPANY

CUTTING-EDGE POLYGENIC RISK SCORE DIGITAL TOOLS FOR ILLUMINA CUSTOMERS

illumina

somalogic

HIGH-PLEXITY, HIGH-SENSITIVITY, HIGH-SPECIFICITY PROTEOMICS ASSAY

2024
PLANNED LAUNCH

Illumina is Enabling Genomic-Based Methods in Drug Development

LARGE UNMET NEED

>$123B
Annual R&D spend in Drug Discovery

>90%
Of drugs fail in development

Complex diseases like ALS, Parkinson’s and Alzheimer's require treatments

SIGNIFICANT GENOMICS OPPORTUNITY

>$2B
Market size for genomics

2x
Success rate increase

NovaSeq™ 6000

DRAGEN™ ICA

AI-based genome interpretation

ILLUMINA DRUG DISCOVERY PLATFORM

EARLY COLLABORATORS INCLUDE:

DEERFIELD® Advancing Healthcare®

Janssen

Nashville Biosciences

Sam Samad

Chief Financial Officer

Record Q1 2022 Consolidated Revenue

CONSOLIDATED REVENUE

$1.223B

12%
Year-over-year revenue growth

Double-digit sequencing consumables growth across both Clinical and Research

NON-GAAP

$1.07

Diluted EPS

$169M Net Income

NON-GAAP

17.8% Tax rate

$134M GRAIL operating loss dilution

~159M Weighted average diluted share count

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

Core Illumina Q1 2022 Revenue Driven by Double-Digit Growth in Both Sequencing Consumables and Instruments

CORE ILLUMINA REVENUE

$1.221B

12%
Year-over-year revenue growth

COVID-19 SURVEILLANCE

~ $53M
Sequencing Consumables

~ $7M
Sequencing Instruments

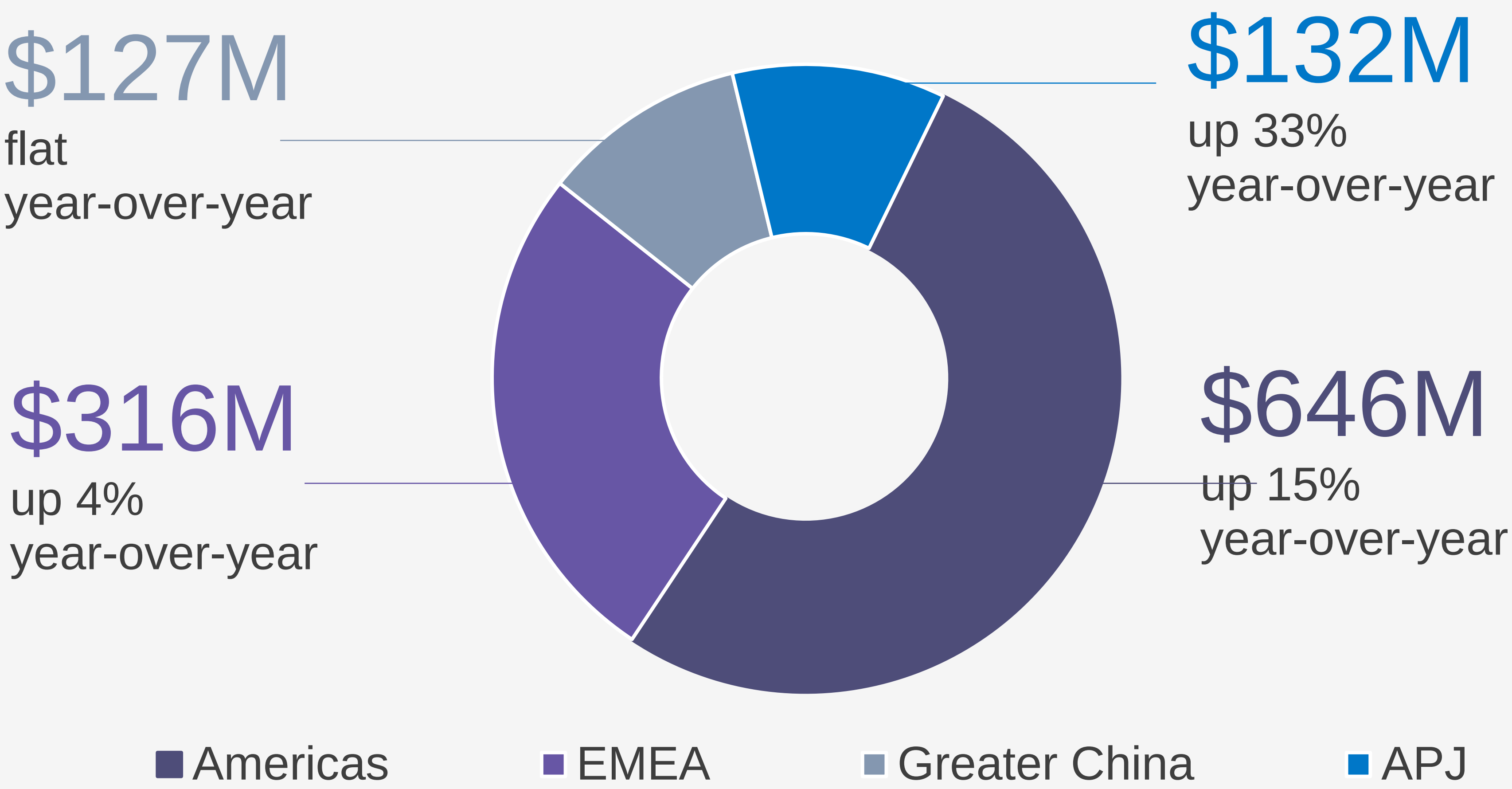
CORE ILLUMINA REVENUE

$784M
Sequencing Consumables
13%
Year-over-year revenue growth

$212M
Sequencing Instruments
20%
Year-over-year revenue growth

Core Illumina Q1 2022 Regional Revenue

CORE ILLUMINA



Core Illumina Q1 2022 Additional P&L Results

CORE ILLUMINA

70.2%
Non-GAAP Gross Margin

Down 30 bps
year-over-year
primarily due to
higher freight costs

$505M
Non-GAAP Operating Expenses

▲ $85M
YEAR-OVER-YEAR

Primarily due to
headcount growth and
R&D investments

~$15M
LOWER THAN EXPECTED

Slower hiring and project spend **shifting into the second quarter**

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

GRAIL Q1 2022 Financial Results

Revenue	$10M	• Consisted primarily of **Galleri® test fees**
Non-GAAP Operating Expenses	$139M	• Consisted primarily of **expenses related to headcount and clinical trials** • **~$15M lower than expected** due to spend shifting to second quarter

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

Q1 2022 Cash Flow and Balance Sheet Items

FREE CASH FLOW

$111M

Cash flow from operations was $172M

DSO

46 Days	Q1 2022
49 Days	Q4 2021

CAPITAL EXPENDITURES

$61M

QUARTER-END CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~$1.4B

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

Reiterating All Lines of Guidance for Full Year 2022 Except Non-GAAP Tax Rate[4]

Consolidated Revenue Growth

14%-16%

Non-GAAP Operating Margin

15.5%-16.0%

Non-GAAP EPS[1]

$4.00-$4.20

COVID-19 Surveillance Revenue

$130M-$150M

Non-GAAP Tax Rate ***(revised)***

~18%

Diluted Shares Outstanding

~159M

GRAIL

Revenue

$70M-$90M

CORE ILLUMINA

Revenue Growth[2]

13%-15%

Sequencing[3]: ~15% | Seq. Consumables[3]: ~18%

Seq. Instruments[3]: ~10%

Non-GAAP Operating Margin

~28%

[1]Reflects an estimated ~$3.75 of dilution associated with GRAIL [2]Includes intercompany revenue of ~$25M at the midpoint of revenue guidance, which is removed on a consolidated basis [3]At midpoint of revenue guidance [4]Growth rates are year-over-year; See Appendix for reconciliations of these GAAP and non-GAAP financial measures; Our outlook assumes lockdowns in China ease by June and our business in China recovers in the second half of 2022

Introducing Q2 2022 Guidance

▲7%-9% INCLUDING ~300 bps

Consolidated revenue growth from Q2 2021

Headwind from COVID-related shutdowns in China

CONSOLIDATED NON-GAAP GROSS MARGIN

~Flat Sequentially from Q1 2022

CONSOLIDATED NON-GAAP OPERATING MARGIN

~10%

CORE ILLUMINA NON-GAAP OPERATING MARGIN

~23%

CONSOLIDATED NON-GAAP TAX RATE

~18%

DILUTED SHARES OUTSTANDING

~159M

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

2022 Investor Day

Monday, October 3, 2022
San Diego, CA

illumina®

OUR MISSION

Improve human health by unlocking the power of the genome

HUMAN RIGHTS CAMPAIGN FOUNDATION BEST PLACES TO WORK 2021 for LGBTQ Equality 100% CORPORATE EQUALITY INDEX

WSJ MANAGEMENT TOP 250

FORTUNE CHANGE THE WORLD 2021

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

Bloomberg Gender-Equality Index 2021

America's Most Responsible Companies 2021 Newsweek statista

America's Most JUST Companies Forbes 2021

Appendix

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for earnings per diluted share, net income, gross margin, operating expenses, including research and development expense and selling general and administrative expense, operating income (loss), operating margin, gross profit, other income (expense), 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. 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 earnings per diluted 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 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 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	
	April 3, 2022	April 4, 2021
Net cash provided by operating activities	**$ 172**	$ 282
Net cash (used in) provided by investing activities	**(74)**	1,376
Net cash provided by financing activities	**21**	968
Effect of exchange rate changes on cash and cash equivalents	**—**	(3)
Net increase in cash and cash equivalents	**119**	2,623
Cash and cash equivalents, beginning of period	**1,232**	1,810
Cash and cash equivalents, end of period	**$ 1,351**	$ 4,433
Calculation of free cash flow:		
Net cash provided by operating activities	**$ 172**	$ 282
Purchases of property and equipment	**(61)**	(42)
Free cash flow (a)	**$ 111**	$ 240

(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)

TABLE 1: CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP EARNINGS PER SHARE:

	Three Months Ended	
	April 3, 2022	April 4, 2021
GAAP earnings per share - diluted	**$ 0.55**	$ 1.00
Cost of revenue **(b)**	**0.25**	0.05
Selling, general and administrative costs **(b)**	**(0.08)**	1.03
Other expense, net **(b)**	**0.24**	0.14
GILTI and U.S. foreign tax credits **(c)**	**0.15**	—
Incremental non-GAAP tax expense **(d)**	**(0.07)**	(0.30)
Income tax provision (benefit) **(e)**	**0.03**	(0.03)
Non-GAAP earnings per share - diluted **(a)**	**$ 1.07**	$ 1.89

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

	Three Months Ended	
	April 3, 2022	April 4, 2021
GAAP net income	**$ 86**	$ 147
Cost of revenue **(b)**	**40**	7
Selling, general and administrative costs **(b)**	**(12)**	151
Other expense, net **(b)**	**38**	21
GILTI and U.S. foreign tax credits **(c)**	**24**	—
Incremental non-GAAP tax expense **(d)**	**(11)**	(44)
Income tax provision (benefit) **(e)**	**4**	(4)
Non-GAAP net income **(a)**	**$ 169**	$ 278

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

(a) Non-GAAP net income and earnings per diluted share exclude the effects of the pro forma adjustments as detailed above. Non-GAAP net income and earnings per diluted share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future operating performance.
(b) Refer to our Itemized Reconciliations between GAAP and Non-GAAP Results of Operations below for the components of these amounts.
(c) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(d) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed.
(e) Amounts represent difference between book and tax accounting related to stock-based compensation cost.

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

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

	Three Months Ended			
	April 3, 2022		April 4, 2021	
GAAP gross profit	**$ 815**	**66.6 %**	$ 764	69.9 %
Core Illumina cost of revenue	**6**	**0.5 %**	7	0.6 %
GRAIL cost of revenue	**34**	**2.8 %**	—	—
Non-GAAP gross profit **(a)**	**$ 855**	**69.9 %**	$ 771	70.5 %
GAAP selling, general and administrative expense	**$ 308**	**25.2 %**	$ 374	34.2 %
Core Illumina selling, general and administrative costs	**16**	**1.3 %**	(151)	(13.8)%
GRAIL selling, general and administrative costs	**(4)**	**(0.3)%**	—	—
Non-GAAP selling, general and administrative expense	**$ 320**	**26.2 %**	$ 223	20.4 %
GAAP operating profit	**$ 184**	**15.0 %**	$ 193	17.7 %
Core Illumina adjustments	**(10)**	**(0.8)%**	158	14.4 %
GRAIL adjustments	**38**	**3.1 %**	—	—
Non-GAAP operating profit **(a)**	**$ 212**	**17.3 %**	$ 351	32.1 %
GAAP other expense, net	**$ (44)**	**(3.6)%**	$ (24)	(2.2)%
Core Illumina adjustments	**38**	**3.0 %**	21	2.0 %
Non-GAAP other expense, net **(a)**	**$ (6)**	**(0.5)%**	$ (3)	(0.2)%

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

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

TABLE 4: CORE ILLUMINA ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended			
	April 3, 2022		April 4, 2021	
GAAP gross profit - Core Illumina (b)	**$ 851**	**69.7 %**	$ 764	69.9 %
Amortization of acquired intangible assets	**6**	**0.5 %**	6	0.5 %
Expenses related to COVID-19 **(c)**	**—**	**—**	1	0.1 %
Non-GAAP gross profit - Core Illumina **(a)**	**$ 857**	**70.2 %**	$ 771	70.5 %
GAAP selling, general and administrative expense - Core Illumina	**$ 251**	**20.6 %**	$ 374	34.2 %
Contingent consideration liability **(d)**	**49**	**4.0 %**	—	—
Acquisition-related expenses **(e)**	**(33)**	**(2.7)%**	(150)	(13.7)%
Expenses related to COVID-19 **(c)**	**—**	**—**	(2)	(0.2)%
Income related to COVID-19 **(f)**	**—**	**—**	1	0.1 %
Non-GAAP selling, general and administrative expense - Core Illumina	**$ 267**	**21.9 %**	$ 223	20.4 %
GAAP operating profit - Core Illumina	**$ 362**	**29.6 %**	$ 193	17.7 %
Cost of revenue	**6**	**0.5 %**	7	0.6 %
Selling, general and administrative costs	**(16)**	**(1.3)%**	151	13.8 %
Non-GAAP operating profit - Core Illumina **(a)**	**$ 352**	**28.8 %**	$ 351	32.1 %
GAAP other expense, net - Core Illumina	**$ (44)**	**(3.6)%**	$ (24)	(2.2)%
Strategic investment related loss, net **(g)**	**43**	**3.5 %**	39	3.6 %
Gain on Helix contingent value right **(h)**	**(5)**	**(0.4)%**	(10)	(0.9)%
Non-cash interest expense **(i)**	**—**	**—**	11	1.0 %
Gain on derivative assets **(j)**	**—**	**—**	(26)	(2.3)%
Bridge facility fees **(k)**	**—**	**—**	7	0.6 %
Non-GAAP other expense, net - Core Illumina **(a)**	**$ (6)**	**(0.5)%**	$ (3)	(0.2)%

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

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

TABLE 5: GRAIL ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS:

	Three Months Ended	
	April 3, 2022	April 4, 2021
GAAP gross loss - GRAIL (b)	$ (29)	—
Amortization of acquired intangible assets	34	—
Non-GAAP gross profit - GRAIL **(a)**	$ 5	—
GAAP selling, general and administrative expense - GRAIL	$ 58	—
Acquisition-related expenses **(e)**	(3)	—
Amortization of acquired intangible assets	(1)	—
Non-GAAP selling, general and administrative expense - GRAIL	$ 54	—
GAAP operating loss - GRAIL	$ (172)	—
Cost of revenue	34	—
Selling, general and administrative costs	4	—
Non-GAAP operating loss - GRAIL **(a)**	$ (134)	—

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not foot or 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, 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 of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing and incremental cleaning in Q1 2021. Such expenses were not excluded in Q1 2022.
(d) Amount consists of fair value adjustments for our contingent consideration liability related to the GRAIL acquisition.
(e) Amount for Q1 2022 consists primarily of legal expenses related to our acquisition of GRAIL. Amount for Q1 2021 consists primarily of expenses related to our acquisition of GRAIL, including $105 million in Continuation Payments.
(f) Amount consists of direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the U.S. and Canada in Q1 2021. Such income was not excluded in Q1 2022.
(g) Amounts consist primarily of mark-to-market adjustments from our strategic investments.
(h) Amounts consist of fair value adjustments related to our Helix contingent value right.
(i) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash. We adopted ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-10)*, on January 3, 2022, using the modified retrospective method. The adoption eliminates the non-cash interest expense related to the conversion feature of our 2023 Convertible Notes beginning in the first quarter of 2022.
(j) Amount represents 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.
(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.

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 April 3, 2022	
GAAP tax provision	$ 54	38.3 %
Incremental non-GAAP tax expense **(a)**	11	
Income tax provision **(b)**	(4)	
GILTI and U.S. foreign tax credits **(c)**	(24)	
Non-GAAP tax provision	$ 37	17.8 %

(a) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed in Table 2 above.
(b) Amount represents the difference between book and tax accounting related to stock-based compensation cost.
(c) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.

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

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

TABLE 6: RECONCILIATION BETWEEN GAAP AND NON-GAAP EARNINGS PER DILUTED SHARE GUIDANCE:

	Fiscal Year 2022
Consolidated GAAP earnings per diluted share	**$2.33 - $2.53**
Amortization of acquired intangible assets	1.03
Acquisition-related expenses **(b)**	0.23
Strategic investment related loss, net **(c)**	0.27
Gain on Helix contingent value right **(d)**	(0.03)
Contingent consideration liability **(e)**	(0.31)
GILTI and U.S. foreign tax credits **(f)**	0.69
Incremental non-GAAP tax expense **(g)**	(0.24)
Income tax provision **(h)**	0.03
Consolidated non-GAAP earnings per diluted share **(a)**	$4.00 - $4.20

(a) Non-GAAP earnings per diluted share exclude the effect of the pro forma adjustments as detailed above. Non-GAAP earnings per diluted 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) Amount consists primarily of legal expenses related to our acquisition of GRAIL.
(c) Amount consists primarily of mark-to-market adjustments from our strategic investments.
(d) Amount consists of fair value adjustments related to our Helix contingent value right.
(e) Amount consists of fair value adjustment for our contingent consideration liability related to the GRAIL acquisition.
(f) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(g) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.
(h) Amount represents difference between book and tax accounting related to 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 included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 2, 2022 filed with the SEC on February 18, 2022. We assume no obligation to update any forward-looking statements or information.

RECONCILIATION BETWEEN GAAP AND NON-GAAP OPERATING MARGIN GUIDANCE:

	Q2 2022
Consolidated GAAP operating margin	**6.6%**
Amortization of acquired intangible assets	3.4
Consolidated non-GAAP operating margin **(a)**	10.0%

	FY 2022
Consolidated GAAP operating margin	**12.6% - 13.1%**
Amortization of acquired intangible assets	3.2
Acquisition-related expenses **(b)**	0.7
Contingent consideration liability **(c)**	(1.0)
Consolidated non-GAAP operating margin **(a)**	15.5% - 16.0%

	Q2 2022
Core Illumina GAAP operating margin	**22.5%**
Amortization of acquired intangible assets	0.5
Core Illumina non-GAAP operating margin **(a)**	23.0%

	FY 2022
Core Illumina GAAP operating margin	**27.8%**
Amortization of acquired intangible assets	0.5
Acquisition-related expenses **(b)**	0.7
Contingent consideration liability **(c)**	(1.0)
Core Illumina non-GAAP operating margin **(a)**	28.0%

(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) Amount consists primarily of legal expenses related to our acquisition of GRAIL.
(c) Amount consists of fair value adjustment for our contingent consideration liability related to the GRAIL acquisition.

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

RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX RATE GUIDANCE:

	Q2 2022	
Consolidated GAAP tax provision	$ 29	36 %
Incremental non-GAAP tax expense **(a)**	7	
GILTI and U.S. foreign tax credits **(b)**	(15)	
Consolidated Non-GAAP tax provision	$ 21	18 %

	FY 2022	
Consolidated GAAP tax provision	$ 226	36 %
Incremental non-GAAP tax expense **(a)**	34	
Income tax provision **(c)**	(4)	
GILTI and U.S. foreign tax credits **(b)**	(110)	
Consolidated Non-GAAP tax provision	$ 146	18 %

(a) Amount for Q2 2022 reflects the tax impact related to expected amortization of acquired intangible assets. Amount for FY 2022 reflects the tax impact related to the non-GAAP adjustments listed in Table 6 above.
(b) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(c) Amount represents the difference between book and tax accounting related to stock-based compensation cost.