ILMN Q2 2025 Earnings Call

Prepared Remarks – July 31, 2025

Brian Blanchett, Vice President, Enterprise Finance and interim head of Investor Relations

Hello everyone, and welcome to Illumina's second quarter 2025 earnings call.

Today, we will review our financial results, released after market close, and provide commentary before opening for Q&A. Our earnings release is available in the Investor Relations section of illumina.com.

Speaking today are Jacob Thaysen, Chief Executive Officer, and Ankur Dhingra, Chief Financial Officer. Jacob will provide an update on Illumina's business, followed by Ankur's review of the company's financials. All financial information shared on this call relates to Core Illumina. For historical consolidated financials, please refer to our earnings release and SEC filings.

Please note that all year-over-year revenue growth rates discussed during the prepared remarks are presented on a constant currency basis to exclude the impact of foreign exchange fluctuations.

We encourage you to review the GAAP reconciliation of our non-GAAP measures which can be found in today's release and in the supplementary data available on our website.

This call is being recorded, and the audio will be archived in our Investor section of our website. It is our intent that all forward-looking statements regarding the financial results and commercial activity made during today's call will be protected under the Private Securities Litigation Reform Act of 1995.

To better understand the risks and uncertainties that could cause actual results to differ, we refer you to the documents that Illumina files with the Securities and Exchange Commission, including our most recent forms 10-Q and 10-K.

With that, I will now turn the call over to Jacob.

Jacob Thaysen, Chief Executive Officer

Thank you, Brian, and good afternoon, everyone.

In the second quarter, despite a year-over-year decline, we delivered revenue at the high end of our guidance range, at approximately $1.06 billion dollars. At the same time, the team's strong execution drove profitability above expectations, with non-GAAP operating margin of 23.8% and non-GAAP EPS of $1.19. Together, these results reflect meaningful progress across the business and reinforce our view that the underlying fundamentals remain robust.

In Q2, we saw:

- Ongoing adoption of our NovaSeq X platform, with greater than 50 placements
- Increased high-throughput consumables sales, especially among NovaSeq X users, as the transition continues to progress
- Continued advancement of our innovation roadmap, with key updates to our multiomics strategy, reflecting disciplined execution of our long-term capital deployment plan

We are encouraged by the strength we are seeing in the clinical markets, which now accounts for roughly 60% of total sequencing consumables. Clinical has proven more resilient, and in some areas, is exceeding expectations, reinforcing our confidence in the durability of clinical demand.

We are seeing this momentum across multiple clinical applications:

- In oncology, adoption continues to grow for comprehensive genomic profiling, and we are seeing increased interest in sequencing-intensive applications like minimal residual disease, which sets us up well for future clinical growth

- In genetic disease testing, growth continues to be driven by expanding national genome programs, and broader adoption of whole genome and whole exome sequencing for rare diseases

- In reproductive health, we are seeing growth in NIPT sample volumes, particularly in the U.S., as more customers complete validation and ramp up clinical testing

We continue to believe the long-term clinical opportunity remains significant, with NGS adoption increasing as genomics becomes standard of care for therapy selection, early detection, monitoring, and expands into other disease types.

While clinical demand has been encouraging, the research environment, particularly in the U.S., remains constrained amid ongoing NIH funding uncertainty. As expected, demand from this segment remained soft in Q2, with some labs delaying projects or holding off on hiring due to concerns about future grant availability. In the meantime, we are actively working with our customers to help them navigate this period.

Separately, in China, our ability to export instruments is still restricted. We continue to engage with regulators to identify solutions that support a long-term, sustainable presence in the country, and we will keep you updated on any material developments.

As we navigate these near-term market dynamics, our focus remains on disciplined execution and laying the foundation for long-term success. This focus underpins our commitment to achieving our financial targets and delivering high single-digit revenue growth and expanding non-GAAP operating margins to 26% by 2027.

We are advancing toward these targets by delivering across our three key drivers:

- Growing our core sequencing business, including continued progress with the NovaSeq X transition

- Scalable entry into multiomics to complement our sequencing platforms,

- And expanding our services, data and software offerings to provide more integrated customer solutions

Together, these priorities support our broader strategy and vision for the industry of shifting from cost per gigabase model to delivering the highest quality biological insights at the lowest end-to-end cost.

Now, I'd like to focus on the progress we are making in our multiomics driver, which is centered on delivering differentiated solutions that integrate with our sequencers. We've already announced our capabilities in single cell, CRISPR-based PerturbSeq, and spatial analysis. And in June, we took another step forward in proteomics with our announced acquisition of SomaLogic from Standard Biotools.

This acquisition expands our presence in affinity-based proteomics – a small but fast-growing segment of the broader proteomics market – and builds on the exclusive commercial relationship we have had with SomaLogic since 2021.

SomaLogic is a key player in high-throughput proteomics. Their SomaScan assay can analyze over 9,500 unique human proteins from small biological samples, delivering deep, actionable insights for drug discovery, diagnostics, and health monitoring.

What sets their technology apart is its proprietary SOMAmer binding reagents – highly precise affinity reagents that bind to specific proteins with unmatched sensitivity, scalability, and reproducibility. This approach delivers broader coverage than other methods while reducing the time and cost of deeper proteomic analysis.

Bringing SomaLogic into Illumina builds on our existing long-standing partnership. As our collaboration progressed, our conviction in their technology deepened, and we saw a clear opportunity to accelerate innovation by integrating their capabilities into our innovation engine. With Illumina's expertise in product development and global commercial reach, we will scale their technology faster, expand customer adoption, and achieve greater operational efficiencies.

SomaLogic is a strong strategic fit for Illumina. Their technology, when paired with our platforms, offers a highly scalable and cost-efficient solution for proteomics discovery. By more deeply integrating proteomics in our ecosystem, we are expanding our ability to deliver greater biological insights through our end-to-end workflows.

This enhances the value proposition of the NovaSeq X and creates the potential to extend SomaLogic's technology into other multiomic applications, such as single cell and spatial. With this addition, we are advancing towards a more comprehensive multiomic portfolio, spanning DNA, RNA, methylation and now proteomics.

We expect the transaction to close in the first half of 2026. After obtaining the necessary regulatory approvals, we are looking forward to welcoming the SomaLogic team to Illumina and expanding the impact of proteomics together.

As we advance key elements of our multiomics strategy, we are also seeing strong momentum across our recent platform launches. One example is the MiSeq i100 Plus, our latest benchtop sequencer.

Since launching late last year, we've placed more than 500 instruments, and are now seeing customers order additional units after just a few months of use.

Customer feedback on the MiSeq i100 platform remains very positive. Customers are calling it a game-changer, highlighting faster turnaround times, ease of use, and room-temperature shipping and storage of reagents – all features that make sequencing more accessible for labs operating in a wide range of resource settings. This reduces reliance on centralized labs, shortens diagnosis turnaround time, and gives customers greater autonomy for running oncology, infectious disease, and other clinical applications. These features are especially attractive to labs adopting NGS for the first time, as well as those in emerging markets.

The MiSeq i100 platform currently supports 18 proven workflows, including nine fully integrated from library prep through analysis. This level of integration reflects a broader shift in how we approach innovation, grounded in deeper customer insight and close collaboration throughout development.

The MiSeq i100 sets a new standard for the future of Illumina innovation – optimizing for complete, end-to-end workflows that lower barriers to adoption and deliver high-quality insights at scale.

Before I hand it over to Ankur, I want to briefly share our views on the remainder of 2025. We are encouraged by the momentum in our Q2 results, the progress of our innovation roadmap, and we remain focused on disciplined execution. However, we continue to approach the second half of the year with caution, given ongoing funding uncertainty in the U.S. research market.

That said, we are raising our guidance for total company revenue growth as well as total reported revenue, non-GAAP operating margin, and non-GAAP EPS, reflecting strong execution and operating discipline across the organization.

I will now turn it over to Ankur to provide more detail on our results and outlook before we move into Q&A.

Ankur Dhingra, Chief Financial Officer

Thank you, Jacob. And good afternoon, everyone.

I will give you an overview of our second quarter financial results, provide more color about revenue, expenses, earnings, and developments on our balance sheet and capital deployment, and then speak about our outlook going forward.

Before I get into the details of the financial performance, let me provide a high-level view of how the second quarter played out.

In Q2 we made further progress on our long-range goals and delivered results exceeding our expectations for the quarter. Revenue, although lower year-over-year, came in at the high end of our guidance range driven by strength in high-throughput consumables. We saw strong organic margin expansion and EPS of $1.19 cents which well exceeded the top of our guidance range.

As expected, research customers, especially the U.S. Academic and Government customers, continue to manage their budgets tightly in the face of funding constraints. The trends in Q2 were generally in line with what we saw in the later part of Q1. On the other hand, our clinical customers continue to invest in expanding their portfolio and scaling current on-market tests. Our Greater China business was slightly better than the guide, as our customers in Greater China continue to be very engaged and supportive of Illumina's differentiated technology. Sales of consumables have held up well, and we remain in discussions with the relevant authorities.

Now let me provide you details of the financial performance.

Second quarter revenue of $1.06 billion was down approximately 3% YoY on both a constant currency and reported basis. Greater China revenue of $63 million was slightly ahead of expectations, and represented a $12 million dollar decline from Q2'24. Excluding Greater China, Illumina revenue was down approximately 2% on a constant currency basis.

Sequencing consumables revenue of $740 million was approximately flat year-over-year, and up approximately 6% sequentially on a reported basis. High-throughput consumables grew both sequentially and YoY, including a greater than 10% sequential growth in NovaSeq X consumables revenue. Strong growth in the clinical segment, which now represents roughly 60% of our total sequencing consumables, was primarily driven by broader adoption of comprehensive genomic profiling and increased momentum in sequencing-intensive applications like MRD, which sets us up well for future growth.

The X transition continues to progress. As we have reported, over 80% of the sequencing volumes for our research customers have already transitioned to X, with these customers continuing to face budget constraints. Our clinical customers continue with the transition, working through validation and balancing their investments between on-market tests vs development of new tests. The clinical X transition has progressed to roughly 55% in the quarter. In Q2, roughly 69% of high-throughput gigabases shipped and approximately 44% of high-throughput consumables revenue, was on the NovaSeq X series. We continue to make progress on the high-throughput transition framework we previously disclosed, and at the current pace we anticipate that towards the end of 2025, approximately 50% of high-throughput revenue and approximately 75% of Gb's shipped to be on the NovaSeq X series. We expect this to be driven by the clinical segment, as customers scale on the NovaSeq X.

About sequencing activity, total sequencing Gb output on our connected high- and mid-throughput instruments grew at a rate of more than 30% year-over-year, driven by robust strength in clinical, but more muted growth from our research customers.

Although not a predictor of near-term revenue, Gb output on connected instruments provides us a directional view of underlying applications demand and levels of utilization of our connected instruments and consumables.

Sequencing instruments revenue of $96 million was down approximately (18%) year-over-year in Q2, as we saw the effect of constrained budgets from our high- and mid- throughput research customers. The funnel pipelines held, but we saw extended decision times amongst our customers. Approximately 60% of X's placed in Q2 were to clinical customers. On the low-throughput side, the MiSeq i100 Plus launch continues to progress quite well, and our customers have had

positive reviews for the platform, and are excited about the MiSeq i100 base model launch next month. In Greater China, our instruments business was down approximately 40%, due to restrictions on exportation.

Sequencing service and other revenue of $136 million was down approximately (5%) year-over-year, in line with expectations. The decrease was mainly due to the timing of certain strategic partnership revenues last year related to the AGD consortium. Excluding those items, our core services and informatics business grew high-single digits.

Moving to the rest of Illumina P&L:

Non-GAAP gross margin was 69.4% for the second quarter, which increased 200 basis points quarter-over-quarter and remained stable year-over-year. We experienced favorable product mix in our sequencing business driven by high consumables revenue mix. Additionally, our ongoing operating excellence action plan initiatives contributed to improved gross margin performance this quarter. Tariffs had a partial impact this quarter, with a net impact of approximately 110 basis points on our gross margin in Q2.

Non-GAAP operating expenses were $484 million, which is down approximately 6% or $32 million year-over-year. This reflects the effect of actions we have taken towards our long-range commitments of expanding margins, while prioritizing key growth investments. As a result of our discipline, we did not experience the typical seasonal rise in OpEx that occurs post-Q1.

Non-GAAP operating margin was 23.8% in Q2, which increased 160 basis points year-over-year. Operating profit grew approximately 4% year-over-year, on lower revenue, reflecting increased operating leverage from the improved cost structure.

Looking at our results below the line, Non-GAAP Other Expense, which is largely comprised of Net Interest Expense, was $10M, and non-GAAP tax rate was 22.2%. Note that the recent tax legislation had no impact on our Q2 tax rate as it was enacted after quarter end. Our average diluted shares were approximately 157M, approximately 2M lower than last quarter driven by an increased level of share repurchases, net of dilution from employee equity awards.

Altogether, non-GAAP EPS of $1.19 per diluted share grew 9% YoY and came in well above our guidance range.

Moving to cash flow, balance sheet, and capital allocation items for the quarter:

- Cash flow provided by operations was a robust $234 million.
- Capital expenditures were $30 million and free cash flow was $204 million.
- In Q2, we repurchased approximately 4.5 million shares of Illumina stock for $380 million at an average price of approximately $85 per share. We intend to continue to repurchase incremental shares over the course of the year as part of our approximate $800 million authorization remaining at the end of the quarter.
- Additionally, we entered into a definitive agreement with Standard BioTools under which Illumina will acquire SomaLogic and other specified assets for $350 million in cash payable at closing, plus up to $75 million in near-term performance-based milestones and royalties. We expect the deal to close in the first half of 2026, subject to regulatory approvals.
- We remain hyper-focused on maximizing our growth opportunities through capital allocation initiatives with high conviction in their contribution margins to our long-term strategic plan.

We ended the quarter with approximately $1.16 billion in cash, cash equivalents and short-term investments, and gross leverage of approximately 1.7x gross debt to last 12 months EBITDA.

Now moving to guidance for the year 2025:

As you may have seen in the Press Release, we have raised our operating margin and EPS expectations for 2025 and are holding Rest of World constant currency revenue growth at the range we provided in May. We have also increased our revenue expectations from China.

Let me provide further detail:

Starting with Revenue, we are raising our revenue guidance for the Greater China region by $25 million dollars at the midpoint, to approximately $200 million for the year. Although we remain restricted to export instruments into the country, we have seen resilience in consumables purchases and strong customer support that we believe will extend, at least in part, through Q3.

For Rest of World, we are re-iterating our revenue guidance of growth between 0 to 2% on constant currency. Hence, we now anticipate Total Illumina Constant Currency Revenue decline to be in the range of (0.5%) to (2.5%). Including Fx changes, we now expect reported Illumina Revenue in the range of $4.23 to $4.31 billion dollars.

Now shifting into our product assumptions:

- For Rest of World, we now expect sequencing consumables growth between 1% and 3% (up from flat to 2%), driven by strong sequencing activity from our clinical customers and aligning our guidance with our reported revenue to include the impact of pricing actions.

- We are lowering our expectations for Rest of World sequencing instruments to a decline between (4%) and (6%) year-over-year including the impact of pricing actions. This decrease is largely due to conservatism from our research customers that we saw towards the end of Q2. Although we still expect demand for NovaSeq X instruments to slightly increase and low-throughput growth driven by placements of the MiSeq i100, we have seen weakness in mid-throughput.

Now moving down the P&L.

As previously communicated, the Illumina team is making good progress on our operational excellence initiatives and lowering our cost base. Our cost discipline, as well as increased revenue driven by Greater China outperformance and favorable FX rates has allowed us to raise our Operating Margin guidance by approximately 50 basis points to a range of 22% – 22.5%.

Furthermore…

Earlier this month, new legislation was passed that allows U.S. based R&D spend to be tax-deductible. Given the scale of Illumina's large U.S. R&D base, we anticipate this bill having a positive effect on our tax rate for 2025 and beyond. We now expect our FY25 Tax rate to be approximately 20%.

Given our increased level of share repurchases we now expect a FY25 WASO of approximately 157 million shares.

Bringing it all together, these developments have allowed us to raise our EPS guidance by 25 cents at the midpoint to a range of $4.45 – $4.55. Approximately 10 cents of this improvement is from tax changes, approximately 10 cents from China, and the remainder from FX and operating margin improvements.

To summarize, at the midpoint, our revised FY25 guidance reflects an increase in revenue of $50M dollars, an increase in operating margin of 50 basis points, and an increase in EPS of 25 cents.

Now moving to the third quarter of 2025:

For the third quarter, we expect revenue outside the Greater China Region to grow between 1% and 2% year-over-year on a constant currency basis, and revenue in the Greater China Region between $35 and $45 million dollars. Together, we anticipate Total Illumina Constant Currency Revenue decline to be in the range of (1.5%) to (2.5%).

We expect non-GAAP operating margin of approximately 22%, non-GAAP tax rate to be approximately 16%, WASO of approximately 155 million shares, and non-GAAP earnings per share in the range of $1.15 to $1.19.

For Q4, this implies an uptick in revenue – roughly half coming from usual seasonality in instrument purchases. We expect the remainder to come from a combination of data service offerings (like AGD) and new products like our Proteomics solution.

In closing, I want to express my continued appreciation to the Illumina team for their relentless focus on execution and delivering another quarter of progress towards our short- and long-term goals – which is allowing us to raise the guidance for the year.

Thank you for joining our call today. I will now invite the Operator to open the line for Q&A.

Brian Blanchett, Vice President, Enterprise Finance and interim head of Investor Relations

Thank you for joining us today. A replay of this call will be available in the Investor section of our website. This concludes our call, and we look forward to seeing you at upcoming events.

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted earnings per share, net income, gross margin, operating expenses, including research and development expense, selling general and administrative expense, legal contingency and settlement, and goodwill and intangible impairment, operating income, operating margin, gross profit, other income (expense), tax provision, constant currency revenue and growth, and free cash flow (on a consolidated and, as applicable, segment basis) 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 reconciliations of 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. Non-GAAP net income, diluted earnings per share and operating margin 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.

The company provides forward-looking guidance on a non-GAAP basis, including on a constant currency basis for revenue and revenue growth rates. The company is unable to provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP reported financial measures because it is unable to predict with reasonable certainty the impact of items such as acquisition-related expenses, fair value adjustments to contingent consideration, gains and losses from strategic investments, potential future asset impairments, restructuring activities, the ultimate outcome of pending litigation, and currency exchange rate fluctuations without unreasonable effort. These items are uncertain, inherently difficult to predict, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, the company is unable to address the significance of the unavailable information, which could be material to future results.

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, including the proteomics market; (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) the completion of the proposed acquisition of SomaLogic, Inc. and certain other assets (the SomaLogic Business) from Standard BioTools Inc. on the anticipated terms and timeline, or at all, including the ability of the parties to obtain required regulatory approvals - such as under the Hart-Scott-Rodino Act in the United States or from government authorities that may have or assert jurisdiction outside the United States - and to satisfy other conditions to closing; (v) our ability to successfully integrate the SomaLogic Business into our existing operations and the SomaLogic Business' technology and products into our portfolio; (vi) our ability to successfully manage partner and customer relationships in the proteomics market; (vii) uncertainty regarding the impact of our recent inclusion on the "unreliable entities list" by regulatory authorities in China and the decision by regulatory authorities in China to not permit us to export sequencing instruments into China; (viii) tariffs recently imposed or threatened by the U.S. government and its trading partners, and other possible tariffs or trade protection measures and our efforts to mitigate the impact of such tariffs; (ix) our ability to manufacture robust instrumentation and consumables, including the SomaLogic Business' products; (x) the success of products and services competitive with our own; (xi) 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; (xii) the impact of recently launched or pre-announced products and services on existing products and services; (xiii) our ability to modify our business strategies to accomplish our desired operational goals; (xiv) 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; (xv) our ability to further develop and commercialize our instruments, consumables, and products; (xvi) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xvii) the risk of additional litigation arising against us in connection with the GRAIL acquisition; (xviii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xix) our ability to obtain regulatory clearance for our products from government agencies; (xx) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xxi) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xxii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xxiii) 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 Statements of Cash Flows
(In millions)
(unaudited)

TABLE 1: CONSOLIDATED STATEMENTS OF CASH FLOWS AND FREE CASH FLOWS:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net cash provided by operating activities	**$ 234**	$ 80	**$ 474**	$ 157
Net cash used in investing activities	**(49)**	(41)	**(112)**	(89)
Net cash used in financing activities	**(371)**	(225)	**(566)**	(191)
Effect of exchange rate changes on cash and cash equivalents	**7**	(2)	**11**	(5)
Net decrease in cash and cash equivalents	**(179)**	(188)	**(193)**	(128)
Cash and cash equivalents, beginning of period	**1,113**	1,108	**1,127**	1,048
Cash and cash equivalents, end of period	**$ 934**	$ 920	**$ 934**	$ 920
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 234**	$ 80	**$ 474**	$ 157
Purchases of property and equipment	**(30)**	(32)	**(62)**	(67)
Free cash flow (a)	**$ 204**	$ 48	**$ 412**	$ 90

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

TABLE 2: CORE ILLUMINA FREE CASH FLOWS:

	Three Months Ended		Six Months Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net cash provided by operating activities	**$ 234**	$ 243	**$ 474**	$ 527
Purchases of property and equipment	**(30)**	(30)	**(62)**	(63)
Free cash flow (a)	**$ 204**	$ 213	**$ 412**	$ 464

(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 - Constant Currency Revenue
(Dollars in millions)
(unaudited)

TABLE 1: CORE ILLUMINA - CONSTANT CURRENCY REVENUE:

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	% Change	June 29, 2025	June 30, 2024	% Change
Revenue	**$ 1,059**	$ 1,092	(3)%	**$ 2,100**	$ 2,148	(2)%
Less: Hedge effect	**(2)**	4		**5**	7	
Revenue, excluding hedge effect	**1,061**	1,088		**2,095**	2,141	
Less: Exchange rate effect	**7**	—		**(9)**	—	
Constant currency revenue (a)	**$ 1,054**	$ 1,088	(3)%	**$ 2,104**	$ 2,141	(2)%

TABLE 2: CONSOLIDATED - CONSTANT CURRENCY REVENUE:

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	% Change	June 29, 2025	June 30, 2024	% Change
Revenue	**$ 1,059**	$ 1,112	(5)%	**$ 2,100**	$ 2,188	(4)%
Less: Hedge effect	**(2)**	4		**5**	7	
Revenue, excluding hedge effect	**1,061**	1,108		**2,095**	2,181	
Less: Exchange rate effect	**7**	—		**(9)**	—	
Constant currency revenue (a)	**$ 1,054**	$ 1,108	(5)%	**$ 2,104**	$ 2,181	(4)%

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

(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 Source
(Dollars in millions)
(unaudited)

TABLE 1: CORE ILLUMINA - REVENUE BY SOURCE:

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	% Change	June 29, 2025	June 30, 2024	% Change
Sequencing consumables revenue	**$ 740**	$ 737	—	**$ 1,437**	$ 1,434	—
Less: Hedge effect	**(1)**	3		**4**	5	
Sequencing consumables revenue, excluding hedge effect	**741**	734		**1,433**	1,429	
Less: Exchange rate effect	**5**	—		**(6)**	—	
Sequencing consumables constant currency revenue (a)	**$ 736**	$ 734	—	**$ 1,439**	$ 1,429	1 %
Sequencing instruments revenue	**$ 96**	$ 116	(18)%	**$ 204**	$ 226	(10)%
Less: Hedge effect	**—**	1		**1**	1	
Sequencing instruments revenue, excluding hedge effect	**96**	115		**203**	225	
Less: Exchange rate effect	**1**	—		**(1)**	—	
Sequencing instruments constant currency revenue (a)	**$ 95**	$ 115	(18)%	**$ 204**	$ 225	(9)%
Sequencing service and other revenue	**$ 136**	$ 143	(5)%	**$ 277**	$ 294	(6)%
Less: Hedge effect	**—**	—		**—**	—	
Sequencing service and other revenue, excluding hedge effect	**136**	143		**277**	294	
Less: Exchange rate effect	**1**	—		**(1)**	—	
Sequencing service and other constant currency revenue (a)	**$ 135**	$ 143	(5)%	**$ 278**	$ 294	(5)%

Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.

(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)

TABLE 1: CORE ILLUMINA - REVENUE BY REGION:

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024	% Change	June 29, 2025	June 30, 2024	% Change
AMR revenue	**$ 586**	$ 620	(6)%	**$ 1,156**	$ 1,203	(4)%
Less: Hedge effect	**1**	—		**1**	—	
AMR revenue, excluding hedge effect	**585**	620		**1,155**	1,203	
Less: Exchange rate effect	**(2)**	—		**(6)**	—	
AMR constant currency revenue (a)	**$ 587**	$ 620	(5)%	**$ 1,161**	$ 1,203	(4)%
AMEA revenue (b)	**$ 100**	$ 108	(7)%	**$ 206**	$ 224	(8)%
Less: Hedge effect	**—**	1		**1**	3	
AMEA revenue, excluding hedge effect (b)	**100**	107		**205**	221	
Less: Exchange rate effect	**—**	—		**(4)**	—	
AMEA constant currency revenue (a)(b)	**$ 100**	$ 107	(6)%	**$ 209**	$ 221	(6)%
Greater China revenue (c)	**$ 63**	$ 75	(15)%	**$ 135**	$ 153	(12)%
Less: Hedge effect	**—**	2		**1**	3	
Greater China revenue, excluding hedge effect (c)	**63**	73		**134**	150	
Less: Exchange rate effect	**—**	—		**(1)**	—	
Greater China constant currency revenue (a)(c)	**$ 63**	$ 73	(14)%	**$ 135**	$ 150	(10)%
Europe revenue	**$ 310**	$ 289	7 %	**$ 603**	$ 568	6 %
Less: Hedge effect	**(3)**	1		**2**	1	
Europe revenue, excluding hedge effect	**313**	288		**601**	567	
Less: Exchange rate effect	**9**	—		**1**	—	
Europe constant currency revenue (a)	**$ 304**	$ 288	6 %	**$ 600**	$ 567	6 %

Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.

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

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024		June 29, 2025	June 30, 2024	
	Core/ Consolidated	Core Illumina	Consolidated	Core/ Consolidated	Core Illumina	Consolidated
GAAP diluted earnings (loss) per share	**$ 1.49**	$ 0.41	$ (12.48)	**$ 2.31**	$ 0.85	$ (13.28)
Cost of revenue (b)	**0.25**	0.10	0.29	**0.37**	0.19	0.60
R&D expense (b)	**0.03**	—	—	**0.09**	0.01	0.01
SG&A expense (b)	**(0.04)**	(1.35)	(1.33)	**0.09**	(0.84)	(0.75)
Goodwill and intangible impairment (b)	**—**	—	11.84	**—**	0.02	11.86
Other (income) expense, net (b)	**(0.65)**	2.06	2.06	**(0.85)**	2.01	2.01
Provision for income taxes (b)	**0.11**	(0.13)	(0.02)	**0.15**	(0.17)	—
Non-GAAP diluted earnings per share (a)	**$ 1.19**	$ 1.09	$ 0.36	**$ 2.16**	$ 2.07	$ 0.45

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

	Three Months Ended			Six Months Ended		
	June 29, 2025	June 30, 2024		June 29, 2025	June 30, 2024	
	Core/ Consolidated	Core Illumina	Consolidated	Core/ Consolidated	Core Illumina	Consolidated
GAAP net income (loss)	**$ 235**	$ 66	$ (1,988)	**$ 366**	$ 135	$ (2,114)
Cost of revenue (b)	**40**	15	46	**59**	30	95
R&D expense (b)	**4**	—	—	**15**	2	2
SG&A expense (b)	**(7)**	(215)	(211)	**12**	(132)	(120)
Goodwill and intangible impairment (b)	**—**	—	1,886	**—**	3	1,889
Other (income) expense, net (b)	**(102)**	328	328	**(135)**	319	319
Provision for income taxes (b)	**17**	(20)	(4)	**25**	(28)	—
Non-GAAP net income (a)	**$ 187**	$ 174	$ 57	**$ 342**	$ 329	$ 71

Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate.

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

(a) Non-GAAP net income and diluted earnings per share exclude the effects of the pro forma adjustments 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 Reconciliations between GAAP and Non-GAAP Results of Operations for details of amounts.

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

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

	Three Months Ended							
	June 29, 2025		June 30, 2024					
	Core/Consolidated		Core Illumina		GRAIL	Elims	Consolidated	
GAAP gross profit (loss) (b)	**$ 695**	**65.6 %**	$ 743	68.0 %	$ (16)	$ (6)	$ 721	64.8 %
Acquisition-related costs (c)	**16**	**1.5 %**	15	1.4 %	31	—	46	4.2 %
Transformational initiatives (d)	**1**	**0.1 %**	—	—	—	—	—	—
Intangible impairment (h)	**23**	**2.2 %**	—	—	—	—	—	—
Non-GAAP gross profit (a)	**$ 735**	**69.4 %**	$ 758	69.4 %	$ 15	$ (6)	$ 767	69.0 %
GAAP R&D expense	**$ 247**	**23.3 %**	$ 241	22.1 %	$ 88	$ (4)	$ 325	29.2 %
Transformational initiatives (d)	**(4)**	**(0.4)%**	—	—	—	—	—	—
Non-GAAP R&D expense	**$ 243**	**22.9 %**	$ 241	22.1 %	$ 88	$ (4)	$ 325	29.2 %
GAAP SG&A expense	**$ 234**	**22.1 %**	$ 60	5.5 %	$ 88	$ (1)	$ 147	13.2 %
Acquisition-related costs (c)	**12**	**1.1 %**	218	20.0 %	(4)	—	214	19.3 %
Transformational initiatives (d)	**(5)**	**(0.5)%**	(3)	(0.3)%	—	—	(3)	(0.3)%
Non-GAAP SG&A expense	**$ 241**	**22.7 %**	$ 275	25.2 %	$ 84	$ (1)	$ 358	32.2 %
GAAP goodwill and intangible impairment	**$ —**	**—**	$ —	—	$ 1,886	$ —	$ 1,886	169.6 %
Goodwill impairment (h)	**—**	**—**	—	—	(1,466)	—	(1,466)	(131.8)%
Intangible (IPR&D) impairment (h)	**—**	**—**	—	—	(420)	—	(420)	(37.8)%
Non-GAAP goodwill and intangible impairment	**$ —**	**—**	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	**$ 214**	**20.2 %**	$ 442	40.5 %	$(2,078)	$ (1)	$(1,637)	(147.2)%
Cost of revenue	**40**	**3.8 %**	15	1.4 %	31	—	46	4.2 %
R&D costs	**4**	**0.4 %**	—	—	—	—	—	—
SG&A costs	**(6)**	**(0.6)%**	(215)	(19.7)%	4	—	(211)	(19.0)%
Goodwill and intangible impairment	**—**	**—**	—	—	1,886	—	1,886	169.6 %
Non-GAAP operating profit (loss) (a)	**$ 252**	**23.8 %**	$ 242	22.2 %	$ (157)	$ (1)	$ 84	7.6 %
GAAP other income (expense), net	**$ 92**	**8.7 %**	$ (341)	(31.2)%	$ 2	$ —	$ (339)	(30.5)%
Strategic investment (gain) loss, net (e)	**(102)**	**(9.7)%**	334	30.5 %	—	—	334	30.0 %
Other (f)	**—**	**—**	(6)	(0.5)%	—	—	(6)	(0.5)%
Non-GAAP other (expense) income, net (a)	**$ (10)**	**(1.0)%**	$ (13)	(1.2)%	$ 2	$ —	$ (11)	(1.0)%

Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate. Percentages of revenue are calculated based on the revenue of the respective segment.

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

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

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

	Six Months Ended							
	June 29, 2025		June 30, 2024					
	Core/Consolidated		Core Illumina		GRAIL	Elims	Consolidated	
GAAP gross profit (loss) (b)	**$ 1,378**	**65.6 %**	$1,436	66.9 %	$ (38)	$ (10)	$ 1,388	63.5 %
Acquisition-related costs (c)	**33**	**1.6 %**	30	1.4 %	65	—	95	4.3 %
Transformational initiatives (d)	**3**	**0.1 %**	—	—	—	—	—	—
Intangible impairment (h)	**23**	**1.1 %**	—	—	—	—	—	—
Non-GAAP gross profit (a)	**$ 1,437**	**68.4 %**	$1,466	68.3 %	$ 27	$ (10)	$ 1,483	67.8 %
GAAP R&D expense	**$ 499**	**23.8 %**	$ 479	22.3 %	$ 189	$ (8)	$ 660	30.2 %
Acquisition-related costs (c)	**(1)**	**—**	—	—	—	—	—	—
Transformational initiatives (d)	**(14)**	**(0.7)%**	(2)	(0.1)%	—	—	(2)	(0.1)%
Non-GAAP R&D expense	**$ 484**	**23.1 %**	$ 477	22.2 %	$ 189	$ (8)	$ 658	30.1 %
GAAP SG&A expense	**$ 501**	**23.8 %**	$ 396	18.5 %	$ 192	$ —	$ 588	26.9 %
Acquisition-related costs (c)	**17**	**0.8 %**	171	7.9 %	(13)	—	158	7.2 %
Transformational initiatives (d)	**(24)**	**(1.1)%**	(38)	(1.8)%	(1)	—	(39)	(1.8)%
Other (g)	**(5)**	**(0.2)%**	—	—	—	—	—	—
Non-GAAP SG&A expense	**$ 489**	**23.3 %**	$ 529	24.6 %	$ 178	$ —	$ 707	32.3 %
GAAP goodwill and intangible impairment	**$ —**	**—**	$ 3	0.1 %	$ 1,886	$ —	$ 1,889	86.3 %
Goodwill impairment (h)	**—**	**—**	—	—	(1,466)	—	(1,466)	(67.0)%
Intangible (IPR&D) impairment (h)	**—**	**—**	(3)	(0.1)%	(420)	—	(423)	(19.3)%
Non-GAAP goodwill and intangible impairment	**$ —**	**—**	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	**$ 378**	**18.0 %**	$ 558	26.0 %	$(2,305)	$ (2)	$(1,749)	(79.9)%
Cost of revenue	**59**	**2.8 %**	30	1.4 %	65	—	95	4.3 %
R&D costs	**15**	**0.7 %**	2	0.1 %	—	—	2	0.1 %
SG&A costs	**12**	**0.6 %**	(133)	(6.2)%	13	—	(120)	(5.4)%
Goodwill and intangible impairment	**—**	**—**	3	0.1 %	1,886	—	1,889	86.3 %
Non-GAAP operating profit (loss) (a)	**$ 464**	**22.1 %**	$ 460	21.4 %	$ (341)	$ (2)	$ 117	5.4 %
GAAP other income (expense), net	**$ 110**	**5.2 %**	$ (342)	(15.9)%	$ 5	$ —	$ (337)	(15.4)%
Strategic investment (gain) loss, net (e)	**(135)**	**(6.4)%**	327	15.2 %	—	—	327	15.0 %
Other (f)	**—**	**—**	(8)	(0.4)%	—	—	(8)	(0.4)%
Non-GAAP other (expense) income, net (a)	**$ (25)**	**(1.2)%**	$ (23)	(1.1)%	$ 5	$ —	$ (18)	(0.8)%

Amounts in tables are rounded to the nearest millions. As a result, certain amounts may not recalculate. Percentages of revenue are calculated based on the revenue of the respective segment.

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

(a) Non-GAAP gross profit, included within non-GAAP operating profit (loss), is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit (loss) and non-GAAP other income (expense), net exclude the effects of the pro forma adjustments as detailed above. Non-GAAP operating margin 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 these measures to assist investors in analyzing and assessing past and future operating performance.

(b) Reconciling amounts are recorded in cost of revenue.

(c) Amounts for Q2 2025 consist of $16 million for amortization of intangible assets (cost of revenue) and $9 million related primarily to legal and other expenses for the pending SomaLogic acquisition and legal expenses for the GRAIL acquisition (SG&A), offset by $21 million for fair value adjustments on our contingent consideration liabilities (SG&A). Amounts for YTD 2025 consist of $33 million for amortization of intangible assets (cost of revenue) and $15 million related primarily to legal expenses for the GRAIL acquisition and legal and other expenses for the pending SomaLogic acquisition (SG&A), offset by $32 million for fair value adjustments on our contingent consideration liabilities (SG&A). Consolidated amounts for Q2 2024 consist of $271 million for fair value adjustments on our contingent consideration liabilities, offset by $47 million for amortization of intangible assets, $49 million related primarily to legal and other expenses for the acquisition and divestiture of GRAIL, and $7 million for accrued interest on the EC fine. Consolidated amounts for YTD 2024 consist of $255 million for fair value adjustments on our contingent consideration liabilities, offset by $97 million for amortization of intangible assets, $81 million related primarily to legal and other expenses for the acquisition and divestiture of GRAIL, and $14 million for accrued interest on the EC fine.

(d) Amounts for Q2 2025, YTD 2025 and Q2 2024 consist primarily of employee severance costs related to restructuring activities. Amounts for YTD 2024 consist primarily of lease and other asset impairments.

(e) Amounts consist primarily of mark-to-market adjustments and impairments on our strategic investments.

(f) Consolidated amounts for Q2 2024 consist of $8 million for fair value adjustments on our Helix contingent value right, which was settled in 2024, offset by $2 million for unrealized gains/losses related to foreign currency balance sheet remeasurement of the EC fine liability, that was reversed in 2024, and unrealized/realized mark-to-market gains/losses on hedge associated with the EC fine, for which such forward contracts were terminated in 2024. Consolidated amounts for YTD 2024 consist of $11 million for fair value adjustments on our Helix contingent value right, offset by $3 million for unrealized gains/losses related to foreign currency balance sheet remeasurement of the EC fine liability and unrealized/realized mark-to-market gains/losses on hedge associated with the EC fine.

(g) Amounts for YTD 2025 consist of $3 million for costs related to board membership changes and $2 million for legal contingency accrual.

(h) Amounts for Q2 2025 and YTD 2025 consist of an intangible asset impairment related to Core Illumina. Amounts for Q2 2024 and YTD 2024 consist of goodwill and IPR&D intangible asset impairments related to GRAIL. Amount for YTD 2024 also consists of an IPR&D intangible asset impairment related to Core Illumina.

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

TABLE 4: RECONCILIATION OF GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended					
	June 29, 2025		June 30, 2024			
	Core/Consolidated		Core Illumina		Consolidated	
GAAP tax provision	**$ 71**	**23.4 %**	$ 35	35.0 %	$ 12	(0.6)%
Income tax provision (b)	**(1)**		(1)		(1)	
GILTI, US foreign tax credits, global minimum top-up tax (c)	**—**		(20)		(99)	
Incremental non-GAAP tax expense (d)	**(16)**		41		104	
Non-GAAP tax provision (a)	**$ 54**	**22.2 %**	$ 55	24.2 %	$ 16	22.3 %

	Six Months Ended					
	June 29, 2025		June 30, 2024			
	Core/Consolidated		Core Illumina		Consolidated	
GAAP tax provision	**$ 122**	**25.1 %**	$ 80	37.3 %	$ 28	(1.4)%
Income tax provision (b)	**(7)**		(1)		(1)	
GILTI, US foreign tax credits, global minimum top-up tax (c)	**—**		(33)		(116)	
Incremental non-GAAP tax expense (d)	**(18)**		62		117	
Non-GAAP tax provision (a)	**$ 97**	**22.1 %**	$ 108	24.9 %	$ 28	28.8 %

The consolidated results for Q2 2024 and YTD 2024 include the results for GRAIL which was spun off on June 24, 2024.

(a) Non-GAAP tax provision excludes the effects of the pro forma adjustments detailed above, which have been excluded to assist investors in analyzing and assessing past and future operating performance.
(b) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(c) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI, the utilization of US foreign tax credits, and the Pillar Two global minimum top-up tax, which no longer applies for 2025 since the GRAIL pre-acquisition net operating losses were fully utilized in prior years.
(d) Incremental non-GAAP tax expense reflects tax impact of the non-GAAP adjustments listed in Table 2.