ILMN Q421 Summary of Prepared Remarks

Revenue - Core Illumina

	Q421	Yr/Yr	Qtr/Qtr	Management Commentary
Sequencing Consumables	$792M	+32%	+10%	• Record NovaSeq consumables shipments resulting from the significant growth in installed base and strong pull through that again exceeded our guidance range • COVID-19 surveillance contributed approximately $42 million in sequencing consumables revenue
Microarrays Consumables	$82M	-6%	+15%	
Total Consumables	$874M	+27%	+10%	
Sequencing Instruments	$191M	+35%	+6%	• Record NovaSeq shipments due to continued new-to-high throughput customer adoption and accelerating demand in oncology testing • NextSeq 1000/2000 shipments reached a new high in the quarter • Strong growth across all mid- and low-throughput systems Yr/Yr • COVID-19 surveillance contributed approximately $8 million in incremental instrument revenue
Microarrays Instruments	$5M	+25%	+25%	
Total Instruments	$196M	+35%	+7%	
Total Products	$1,070M	+29%	+9%	
Sequencing Service & Other	$106M	—	-4%	• Flat Yr/Yr, as revenue growth from instrument service contracts and lab services was offset by lower IVD partnership revenue
Microarrays Service & Other	$17M	+6%	-6%	
Total Service & Other	$123M	+1%	-4%	
Total Revenue - Core Illumina	$1,193M	+25%	+8%	• Another quarter of record shipments for both clinical and research, with notable strength in oncology testing, genetic disease testing, and population genomics

Revenue by Geographic Location - Core Illumina

	Q421	Yr/Yr	Qtr/Qtr	Management Commentary
Americas	$619M	+25%	+7%	• Yr/Yr growth driven by clinical demand in oncology testing, strength in genetic disease research for pharma and population genomics initiatives like All of Us, and COVID-19 surveillance testing
EMEA	$350M	+23%	+12%	• Yr/Yr growth driven by strength in emerging markets, population genomics initiatives, and COVID-19 surveillance testing
Asia Pacific	$103M	+34%	+14%	• Yr/Yr growth driven by record NovaSeq placements and continued momentum in clinical markets, including genetic disease testing and oncology testing
Greater China	$121M	+26%	-1%	• Yr/Yr growth due to continued clinical strength in the region driven by the growing installed base in hospitals

Core Illumina Updates

	Management Commentary
High-Throughput (HT): NovaSeq	• Shipped 384 NovaSeq units in FY21, more than 1/3 of instruments for oncology testing • ~50% of NovaSeq orders in FY21 were from new to high throughput or new to Illumina customers • Consumables pull through of more than $1.3 million per instrument in FY21 was the highest ever average, even with over double the placements compared to last year • Raised pull through guidance to a range of $1.2 million to $1.3 million for FY22
Mid-Throughput (MT): NextSeq	• Shipped > 1,100 NextSeq systems in FY21, surpassing 1,000 for the first time and nearly doubling 2020 shipments • > 20% of NextSeq 1000 and 2000 units in FY21 were placed with new to Illumina customers • Expect pull through for NextSeq 1000/2000 in the range of $130,000 to $180,000 for FY22 • Expect pull through for NextSeq 550 in the range of $100,000 to $150,000 for FY22
Low-Throughput (LT): MiSeq, MiniSeq & iSeq	• Shipped >1,600 units in FY21, driven in part by the addition of more than 700 new customers • Expect pull through for MiSeq in the range of $35,000 to $45,000 for FY22 • Expect pull through for MiniSeq in the range of $20,000 to $25,000 for FY22
Clinical Markets	• FY21 consumable shipments grew 42% Yr/Yr, driven in particular by oncology testing, where many customers are building out comprehensive genomic profiling, or CGP, and expanding into liquid biopsy and monitoring
Research and Applied Markets	• FY21 consumable shipments grew 43% Yr/Yr, driven by projects like All of Us, along with COVID-19 surveillance efforts that contributed approximately $220 million in total revenue

GRAIL Updates

	Management Commentary
GRAIL	• Revenue of $10 million for the quarter consisted of Galleri test fees and MRD partnership revenue • Multiple large employers and payers adopting Galleri and more than 1,500 prescribing partners, including participation from leading health systems, like the NHS, the Mayo Clinic and the Cleveland Clinic • Continues to collaborate with pharmaceutical partners like AstraZeneca, Amgen and Bristol Myers Squibb on potential new innovations in the post-diagnostic space

Q421 Non-GAAP Financial Highlights - Core Illumina

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

	Q421	Yr/Yr	Qtr/Qtr	Management Commentary
Gross margin	71.6%	+470bps	+30bps	• Yr/Yr increase due primarily to increased fixed cost leverage on higher volumes
Operating expenses	$580M	+$141M	+$102M	• Yr/Yr increase due primarily to headcount growth, increased performance-based compensation expenses, higher one-time partnership related expenses and increased project spend driven by investments we are making in R&D and operations to support the growth and scale of our business • Higher than expected due to higher variable compensation expense and higher partnership expense compared to previous expectations
Operating margin	22.9%	+200bps	-510bps	
Other expense, net	$8M	-$28M	+$2M	• Lower than other income Yr/Yr due to lower interest income on short-term investments liquidated to fund the GRAIL acquisition, as well as interest expense on the Term Notes issued in Q1 FY21

Q421 Non-GAAP Financial Highlights - GRAIL

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

	Q421	Management Commentary
Operating expenses	$131M	• Consisted primarily of expenses related to headcount and clinical trials

Q421 Non-GAAP Financial Highlights - Consolidated

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

	Q421	Yr/Yr	Qtr/Qtr	Management Commentary
Operating expenses	$711M	+$272M	+$183M	
Tax rate	15.6%	-280bps	+240bps	• Yr/Yr decrease primarily due to a more favorable mix of earnings in jurisdictions with lower statutory tax rates
Net income attributable to Illumina stockholders	$117M	-$62M	-$104M	
EPS attributable to Illumina stockholders (diluted)	$0.75	-39%	-48%	• Included $0.66 of dilution from GRAIL operating losses and $0.09 of incremental dilution from the 9.8 million shares issued to fund the GRAIL

	Q421	Yr/Yr	Qtr/Qtr	Management Commentary
Cash Flow from Operations	$282M	-$124M	$554M	
DSO	49 days	-1 days	-1 days	• Driven by revenue linearity
Capital expenditures	($70M)	+$8M	+$18M	
Free cash flow	$212M	-$132M	+$536M	
Cash, cash equivalents & short-term Investments	$1.3B	-$2,133M	+$74M	

FY22 Consolidated Guidance

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

	FY22 Guidance	Management Commentary
FY22 Consolidated Revenue	$5.16B - $5.25B	• 14% - 16% growth Yr/Yr • Expect revenue from COVID surveillance in the range of $130 million to $150 million
FY22 Consolidated Non-GAAP Tax Rate	19%	
FY22 Consolidated Non-GAAP Operating Margin	15.5% - 16.0%	
FY22 Consolidated Non-GAAP Diluted EPS	$4.00 - $4.20	• Includes dilution from GRAIL of $3.75, including GRAIL operating loss dilution of approximately $3.25 and incremental dilution of approximately $0.50 from the 9.8 million shares issued to fund the GRAIL acquisition, in line with previous expectations. • Expect diluted shares outstanding to be approximately 159 million shares

FY22 Segment Guidance

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

	FY22 Guidance	Management Commentary
FY22 Core Illumina Revenue	$5.11B - $5.20B	• 13% - 15% growth Yr/Yr • At the midpoint, reflects: o Sequencing revenue growth of ~15% Yr/Yr o Sequencing consumables revenue growth of ~18% Yr/Yr o Sequencing instrument revenue growth of ~10% Yr/Yr o Intercompany revenue of ~$25 million, which is eliminated on a consolidated basis
FY22 GRAIL Revenue	$70M - $90M	• Consists primarily of Galleri test fees
FY22 Core Illumina Non-GAAP Operating Margin	~28%	

Q122 Consolidated Guidance

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

	Q122 Guidance	Management Commentary
Q122 Consolidated Revenue	10% - 12% Growth Yr/Yr	• Represents a sequential increase from the fourth quarter of FY21, reflecting a strong start to the year
Q122 Consolidated Non-GAAP Operating Margin	Increase ~300bps Sequentially	• Primarily due to a decrease in operating expenses
Q122 Consolidated Non-GAAP Tax Rate	~19%	• In line with FY22 guidance
Q122 Diluted Shares Outstanding	~159M	• In line with FY22 guidance

Q122 Segment Guidance

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

	Q122 Guidance	Management Commentary
Q122 Core Illumina Non-GAAP Operating Margin	~28%	• In line with FY22 guidance

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted net income per share, net income, gross margins, operating expenses, including research and development expenses and selling general and administrative expenses, operating income (loss), operating margins, gross profit, other income (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, non-cash interest expense associated with the company's convertible debt instruments that may be settled in cash, and others that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures relating to our Core Illumina and GRAIL segments. Additionally, non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP results are presented in the tables of this release.

Use of forward-looking statements

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) the impact to our business and operating results of the COVID-19 pandemic; (ii) changes in the rate of growth in the markets we serve; (iii) the volume, timing and mix of customer orders among our products and services; (iv) our ability to adjust our operating expenses to align with our revenue expectations; (v) our ability to manufacture robust instrumentation and consumables; (vi) the success of products and services competitive with our own; (vii) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (viii) the impact of recently launched or pre-announced products and services on existing products and services; (ix) our ability to further develop and commercialize our instruments, consumables, and products, including Galleri, the cancer screening test developed by GRAIL, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (x) the risks and costs associated with the integration of, and our ability to integrate, GRAIL's business successfully to achieve anticipated synergies, including the restrictions on integration during any hold separate period or any delay in integration following any hold separate period; (xi) the risk that disruptions from the consummation of our recent acquisition of GRAIL or any associated legal or regulatory proceedings or obligations will harm our business, including current plans and operations; (xii) potential adverse reactions or changes to business relationships resulting from the consummation of our recent acquisition of GRAIL; (xiii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xiv) our ability to obtain regulatory clearance for our products from government agencies; (xv) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xvi) our ability to successfully identify and integrate acquired technologies, products, or businesses; (xvii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xviii) legislative, regulatory and economic developments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

# # #

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

	Three Months Ended		Year Ended	
	January 2, 2022	January 3, FY21	January 2, 2022	January 3, FY21
Net cash provided by operating activities	**$ 282**	$ 406	**$ 545**	$ 1,080
Net cash used in investing activities	**—**	(33)	**(1,069)**	(554)
Net cash used in financing activities	**(129)**	(331)	**(51)**	(766)
Effect of exchange rate changes on cash and cash equivalents	**(1)**	7	**(3)**	8
Net increase (decrease) in cash and cash equivalents	**152**	49	**(578)**	(232)
Cash and cash equivalents, beginning of period	**1,080**	1,761	**1,810**	2,042
Cash and cash equivalents, end of period	**$ 1,232**	$ 1,810	**$ 1,232**	$ 1,810
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 282**	$ 406	**$ 545**	$ 1,080
Purchases of property and equipment	**(70)**	(62)	**(208)**	(189)
Free cash flow **(a)**	**$ 212**	$ 344	**$ 337**	$ 891

(a) Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by operating activities reduced by purchases of property and equipment. Free cash flow is useful to management as it is one of the metrics used to evaluate our performance and to compare us with other companies in our industry. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

Illumina, Inc.
Results of Operations - Non-GAAP
(In millions, except per share amounts)
(unaudited)

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

	Three Months Ended		Year Ended	
	January 2, 2022	January 3, FY21	January 2, 2022	January 3, FY21
GAAP earnings per share - diluted	**$ 0.71**	$ 1.75	**$ 5.04**	$ 4.45
Cost of revenue **(b)**	**0.25**	0.05	**0.47**	0.21
Research and development costs **(b)**	**—**	—	**1.30**	0.01
Selling, general and administrative costs **(b)**	**0.41**	0.40	**6.30**	0.98
Other income, net **(b)**	**(0.34)**	(0.99)	**(6.78)**	(1.60)
Incremental non-GAAP tax expense **(c)**	**(0.23)**	0.07	**(0.31)**	0.02
Income tax benefit **(d)**	**(0.05)**	(0.06)	**(0.12)**	(0.18)
Tax expense related to increase in valuation allowance **(e)**	**—**	—	**—**	0.42
Tax expense related to cost-sharing arrangement **(f)**	**—**	—	**—**	0.19
Non-GAAP earnings per share - diluted **(a)**	**$ 0.75**	$ 1.22	**$ 5.90**	$ 4.50

CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP NET INCOME:

	Three Months Ended		Year Ended	
	January 2, 2022	January 3, FY21	January 2, 2022	January 3, FY21
GAAP net income	**$ 112**	$ 257	**$ 762**	$ 656
Cost of revenue **(b)**	**40**	8	**71**	32
Research and development costs **(b)**	**—**	—	**196**	1
Selling, general and administrative costs **(b)**	**65**	59	**952**	145
Other income, net **(b)**	**(53)**	(146)	**(1,024)**	(236)
Incremental non-GAAP tax expense **(c)**	**(38)**	10	**(47)**	3
Income tax benefit **(d)**	**(9)**	(9)	**(18)**	(27)
Tax expense related to increase in valuation allowance **(e)**	**—**	—	**—**	62
Tax expense related to cost-sharing arrangement **(f)**	**—**	—	**—**	28
Non-GAAP net income **(a)**	**$ 117**	$ 179	**$ 892**	$ 664

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

(a) Non-GAAP net income and diluted earnings per share exclude the effect of the pro forma adjustments as detailed above. Non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future operating performance.
(b) Refer to our Itemized Reconciliations between GAAP and Non-GAAP Results of Operations below for the components of these amounts.
(c) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed.
(d) Amounts represent tax deductions taken in excess of stock-based compensation cost.
(e) Amounts represent discrete tax expense related to the valuation allowance established in 2020 against the deferred tax asset for California research and development credits.
(f) Amounts represent discrete tax expense related to the finalization of the Altera court case in 2020 which determined stock-based compensation must be included in intercompany cost sharing payments.

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

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

	Three Months Ended				Year Ended			
	January 2, 2022		January 3, FY21		January 2, 2022		January 3, FY21	
GAAP gross profit (b)	**$ 817**	**68.2 %**	$ 630	66.1 %	**$3,154**	**69.7 %**	$2,203	68.0 %
Core Illumina cost of revenue	**7**	**0.6 %**	8	0.8 %	**27**	**0.6 %**	32	1.0 %
GRAIL cost of revenue	**33**	**2.7 %**	—	—	**44**	**1.0 %**	—	—
Non-GAAP gross profit **(a)**	**$ 857**	**71.5 %**	$ 638	66.9 %	**$3,225**	**71.3 %**	$2,235	69.0 %
GAAP research and development expense	**$ 350**	**29.2 %**	$ 200	20.9 %	**$1,185**	**26.2 %**	$ 682	21.1 %
Core Illumina research and development costs	—	**—**	—	—	—	**—**	(1)	(0.1)%
GRAIL research and development costs	**—**	**—**	—	—	**(196)**	**(4.3)%**	—	—
Non-GAAP research and development expense	**$ 350**	**29.2 %**	$ 200	20.9 %	**$ 989**	**21.9 %**	$ 681	21.0 %
GAAP selling, general and administrative expense	**$ 426**	**35.5 %**	$ 298	31.2 %	**$2,092**	**46.2 %**	$ 941	29.0 %
Core Illumina selling, general and administrative costs	**(45)**	**(3.8)%**	(59)	(6.1)%	**(438)**	**(9.7)%**	(145)	(4.4)%
GRAIL selling, general and administrative costs	**(20)**	**(1.6)%**	—	—	**(514)**	**(11.3)%**	—	—
Non-GAAP selling, general and administrative expense	**$ 361**	**30.1 %**	$ 239	25.1 %	**$1,140**	**25.2 %**	$ 796	24.6 %
GAAP operating profit (loss)	**$ 41**	**3.4 %**	$ 132	13.9 %	**$ (123)**	**(2.7)%**	$ 580	17.9 %
Core Illumina adjustments	**52**	**4.3 %**	67	7.0 %	**465**	**10.3 %**	178	5.5 %
GRAIL adjustments	**53**	**4.5 %**	—	—	**754**	**16.6 %**	—	—
Non-GAAP operating profit **(a)**	**$ 146**	**12.2 %**	$ 199	20.9 %	**$1,096**	**24.2 %**	$ 758	23.4 %
GAAP other income, net	**$ 45**	**3.8 %**	$ 166	17.4 %	**$1,007**	**22.2 %**	$ 276	8.5 %
Core Illumina adjustments	**(52)**	**(4.4)%**	(146)	(15.3)%	**(1,024)**	**(22.6)%**	(236)	(7.3)%
Non-GAAP other (expense) income, net **(a)**	**$ (7)**	**(0.6)%**	$ 20	2.1 %	**$ (17)**	**(0.4)%**	$ 40	1.2 %

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

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

	Three Months Ended				Year Ended			
	January 2, 2022		January 3, FY21		January 2, 2022		January 3, FY21	
GAAP gross profit - Core Illumina (b)	**$ 847**	**71.0 %**	$ 630	66.1 %	**$ 3,195**	**70.7 %**	$ 2,203	68.0 %
Amortization of acquired intangible assets	**7**	**0.6 %**	7	0.7 %	**27**	**0.6 %**	28	0.9 %
Expenses related to COVID-19 **(c)**	**—**	**—**	1	0.1 %	**—**	**—**	6	0.2 %
Income related to COVID-19 **(d)**	**—**	**—**	—	—	**—**	**—**	(4)	(0.1)%
Restructuring **(e)**	**—**	**—**	—	—	**—**	**—**	2	—
Non-GAAP gross profit - Core Illumina **(a)**	**$ 854**	**71.6 %**	$ 638	66.9 %	**$ 3,222**	**71.3 %**	$ 2,235	69.0 %
GAAP research and development expense - Core Illumina	**$ 274**	**23.0 %**	$ 200	20.9 %	**$ 885**	**19.6 %**	$ 682	21.1 %
Expenses related to COVID-19 **(c)**	**—**	**—**	—	—	**—**	**—**	(4)	(0.1)%
Income related to COVID-19 **(d)**	**—**	**—**	—	—	**—**	**—**	3	—
Non-GAAP research and development expense - Core Illumina	**$ 274**	**23.0 %**	$ 200	20.9 %	**$ 885**	**19.6 %**	$ 681	21.0 %
GAAP selling, general and administrative expense - Core Illumina	**$ 351**	**29.4 %**	$ 298	31.2 %	**$ 1,502**	**33.2 %**	$ 941	29 %
Amortization of acquired intangible assets	**—**	**—**	—	—	**(1)**	**—**	(1)	—
Acquisition-related **(f)**	**(33)**	**(2.8)%**	(52)	(5.4)%	**(433)**	**(9.6)%**	(158)	(4.8)%
Contingent consideration liabilities **(n)**	**(12)**	**(1.0)%**	—	—	**(4)**	**(0.1)%**	—	—
Expenses related to COVID-19 **(c)**	**—**	**—**	(9)	(0.9)%	**(3)**	**(0.1)%**	(18)	(0.5)%
Income related to COVID-19 **(d)**	**—**	**—**	—	—	**1**	**—**	3	—
Gain on litigation **(g)**	**—**	**—**	2	0.2 %	**2**	**0.1 %**	27	0.9 %
Restructuring **(e)**	**—**	**—**	—	—	**—**	**—**	2	—
Non-GAAP selling, general and administrative expense - Core Illumina	**$ 306**	**25.6 %**	$ 239	25.1 %	**$ 1,064**	**23.5 %**	$ 796	24.6 %
GAAP operating profit - Core Illumina	**$ 222**	**18.6 %**	$ 132	13.9 %	**$ 808**	**17.9 %**	$ 580	17.9 %
Cost of revenue	**7**	**0.6 %**	8	0.9 %	**27**	**0.6 %**	32	1.0 %
Research and development costs	**—**	**—**	—	—	**—**	**—**	1	—
Selling, general and administrative costs	**45**	**3.7 %**	59	6.1 %	**438**	**9.7 %**	145	4.5 %
Non-GAAP operating profit - Core Illumina **(a)**	**$ 274**	**22.9 %**	$ 199	20.9 %	**$ 1,273**	**28.2 %**	$ 758	23.4 %
GAAP other income, net - Core Illumina	**$ 44**	**3.7 %**	$ 166	17.4 %	**$ 1,006**	**22.3 %**	$ 276	8.5 %
Acquisition-related **(f)**	**(86)**	**(7.3)%**	—	—	**(985)**	**(21.8)%**	—	—
Non-cash interest expense **(h)**	**8**	**0.7 %**	12	1.3 %	**34**	**0.8 %**	43	1.3 %
Strategic investment related loss (gain), net **(i)**	**26**	**2.2 %**	(159)	(16.7)%	**(26)**	**(0.6)%**	(300)	(9.2)%
(Gain) loss on derivative assets **(j)**	**—**	**—**	—	—	**(26)**	**(0.6)%**	25	0.8 %
Bridge facility fees **(k)**	**—**	**—**	3	0.3 %	**7**	**0.2 %**	3	—
Gain on Helix contingent value right **(l)**	**—**	**—**	(2)	(0.2)%	**(30)**	**(0.7)%**	(7)	(0.2)%
Loss on extinguishment of debt **(m)**	**—**	**—**	—	—	**1**	**—**	—	—
Non-GAAP other (expense) income, net - Core Illumina **(a)**	**$ (8)**	**(0.7)%**	$ 20	2.1 %	**$ (19)**	**(0.4)%**	$ 40	1.2 %

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

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

	Three Months Ended		Year Ended	
	January 2, 2022	January 3, FY21	January 2, 2022	January 3, FY21
GAAP gross loss - GRAIL (b)	$ (30)	—	$ (41)	—
Amortization of acquired intangible assets	33	—	44	—
Non-GAAP gross profit - GRAIL **(a)**	$ 3	—	$ 3	—
GAAP research and development expense - GRAIL	$ 76	—	$ 300	—
Acquisition-related **(f)**	—	—	(196)	—
Non-GAAP research and development expense - GRAIL	$ 76	—	$ 104	—
GAAP selling, general and administrative expense - GRAIL	$ 76	—	$ 590	—
Acquisition-related **(f)**	(20)	—	(513)	—
Amortization of acquired intangible assets	(1)	—	(1)	—
Non-GAAP selling, general and administrative expense - GRAIL	$ 55	—	$ 76	—
GAAP operating loss - GRAIL	$ (182)	—	$ (931)	—
Cost of revenue	33	—	44	—
Research and development costs	—	—	196	—
Selling, general and administrative costs	21	—	514	—
Non-GAAP operating loss - GRAIL **(a)**	$ (128)	—	$ (177)	—

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

(a) Non-GAAP gross profit, included within non-GAAP operating profit (loss), is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit (loss) and non-GAAP other (expense) income, net exclude the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures relating to our Core Illumina and GRAIL segments.
(b) Reconciling amounts are recorded in cost of revenue.
(c) Amounts consist of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing, incremental cleaning, personal protective equipment and premium pay for onsite essential workers. Amounts for 2020 also include a one-time allowance paid to employees working remotely to help with additional expenses and write-off of unused COVID-19 lab equipment.
(d) Amounts consist of direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the US and Canada in FY21, and payroll-related credits earned in Singapore in 2020.
(e) Amount consists primarily of employee costs, net of adjustments, related to restructuring in 2020.
(f) Amounts for Q4 FY21 consist primarily of a gain of $86 million recorded as a result of exchanging certain contingent value rights issued as part of the GRAIL acquisition and other acquisition-related expenses. Amounts for FY21 consist primarily of a gain of approximately $899 million related to the fair value adjustment of our previously held interest in GRAIL, approximately $654 million in day one compensation expense related to the GRAIL acquisition, Continuation Payments made to GRAIL totaling $245 million and other acquisition-related expenses. Amounts for 2020 consist

primarily of expenses related to the Continuation Advances and Reverse Termination Fee paid to Pacific Biosciences and acquisition-related expenses related to the GRAIL acquisition.

(g) Amounts consist of gains related to a patent litigation settlement in FY21 and a patent litigation judgment in 2020.

(h) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.

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

(j) Amount for FY21 consists of a gain recorded on our derivative assets related to the terminated acquisition with Pacific Biosciences as a result of Pacific Biosciences repaying to us $52 million in Continuation Advances. Amounts for 2020 consist of fair value adjustments recorded on our derivative assets.

(k) Amount consists of expenses related to the bridge facility commitment which was terminated in March FY21, in conjunction with our issuance of term notes.

(l) Amounts consist of fair value adjustments related to our Helix contingent value right.

(m) Amount consists of loss on extinguishment of our FY21 Convertible Senior Notes, which matured in June FY21.

(n) Amount consists of fair value adjustments for contingent consideration liabilities related to acquisitions.

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

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

	Three Months Ended		
	January 2, 2022		
GAAP tax benefit	$	(26)	(30.4)%
Incremental non-GAAP tax expense **(a)**		38	
Income tax benefit **(b)**		9	
Non-GAAP tax provision	$	21	15.6 %

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

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 3, FY21 filed with the SEC on February 17, FY21, Form 10-Q for the fiscal quarter ended April 4, FY21, Form 10-Q for the fiscal quarter ended July 4, FY21, and Form 10-Q for the fiscal quarter ended October 3, FY21. We assume no obligation to update any forward-looking statements or information.

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

	Fiscal Year 2022
Consolidated GAAP diluted earnings per share	**$3.04 - $3.24**
Amortization of acquired intangible assets	1.03
Incremental non-GAAP tax expense **(b)**	(0.07)
Consolidated non-GAAP diluted earnings per share **(a)**	$4.00 - $4.20

(a) Non-GAAP diluted earnings per share exclude the effect 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) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustment listed.

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

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 3, FY21 filed with the SEC on February 17, FY21, Form 10-Q for the fiscal quarter ended April 4, FY21, Form 10-Q for the fiscal quarter ended July 4, FY21, and Form 10-Q for the fiscal quarter ended October 3, FY21. We assume no obligation to update any forward-looking statements or information.

RECONCILIATION BETWEEN GAAP AND NON-GAAP OPERATING MARGIN GUIDANCE:

	Fiscal Year 2022
Consolidated GAAP operating margin	**12.3% - 12.8%**
Amortization of acquired intangible assets	3.2
Consolidated non-GAAP operating margin **(a)**	15.5% - 16.0%

	Fiscal Year 2022
Core Illumina GAAP operating margin	**27.5%**
Amortization of acquired intangible assets	0.5
Core Illumina non-GAAP operating margin **(a)**	28.0%

	Q1 2022
Core Illumina GAAP operating margin	**27.5%**
Amortization of acquired intangible assets	0.5
Core Illumina non-GAAP operating margin **(a)**	28.0%

(a) Non-GAAP operating margin excludes the effects of the pro forma adjustment as detailed above. Management has excluded the effects of this item in this measure to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measure relating to our Core Illumina segment.

RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX RATE GUIDANCE:

	Fiscal Year 2022
Consolidated GAAP tax rate	**22.0%**
Incremental non-GAAP tax expense **(b)**	(3.0)
Consolidated non-GAAP tax rate **(a)**	19.0%

(a) Non-GAAP tax rate excludes the effect of the pro forma adjustment as detailed above. Management has excluded the effect of this item 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 related to the non-GAAP adjustment listed above in our "Reconciliation Between GAAP and Non-GAAP Diluted Earnings Per Share Guidance".