illumina®

Q4 2023 Earnings Presentation

February 8, 2024

Jacob Thaysen

Chief Executive Officer

Joydeep Goswami

Chief Financial Officer,
Chief Strategy &
Corporate Development 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) changes in the rate of growth in the markets we serve; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to modify our business strategies to accomplish our desired operational goals; (ix) our ability to realize the anticipated benefits from prior or future actions to streamline and improve our R&D processes, reduce our operating expenses and maximize our revenue growth; (x) our ability to further develop and commercialize our instruments, consumables, and products; (xi) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xii) the risks and costs associated with our ongoing inability to integrate GRAIL due to the transitional measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL and orders issued by the European Commission and the Federal Trade Commission requiring that we divest GRAIL; (xiii) the risks and costs associated with the expected divestment of GRAIL, including the possibility that the terms on which we divest all or a portion of the assets or equity interests of GRAIL are materially worse than those on which we acquired GRAIL; (xiv) our ability to satisfy the necessary conditions to consummate the divestiture of GRAIL on a timely basis or at all, due to the requirements set by the European Commission; (xv) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including appeals, or obligations will harm our business, including current plans and operations; (xvi) the risk of incurring additional fines associated with the consummation of our acquisition of GRAIL; (xvii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xviii) our ability to obtain regulatory clearance for our products from government agencies; (xix) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xx) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xxi) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xxii) 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.

Jacob Thaysen

Chief Executive Officer

Highlights & Q4’23 Financial Results

FY’23 HIGHLIGHTS

Began shipping NovaSeq™ X instruments, our most successful high-throughput launch in history

352

FY’23 SHIPMENTS
Compared to 330-340 expected

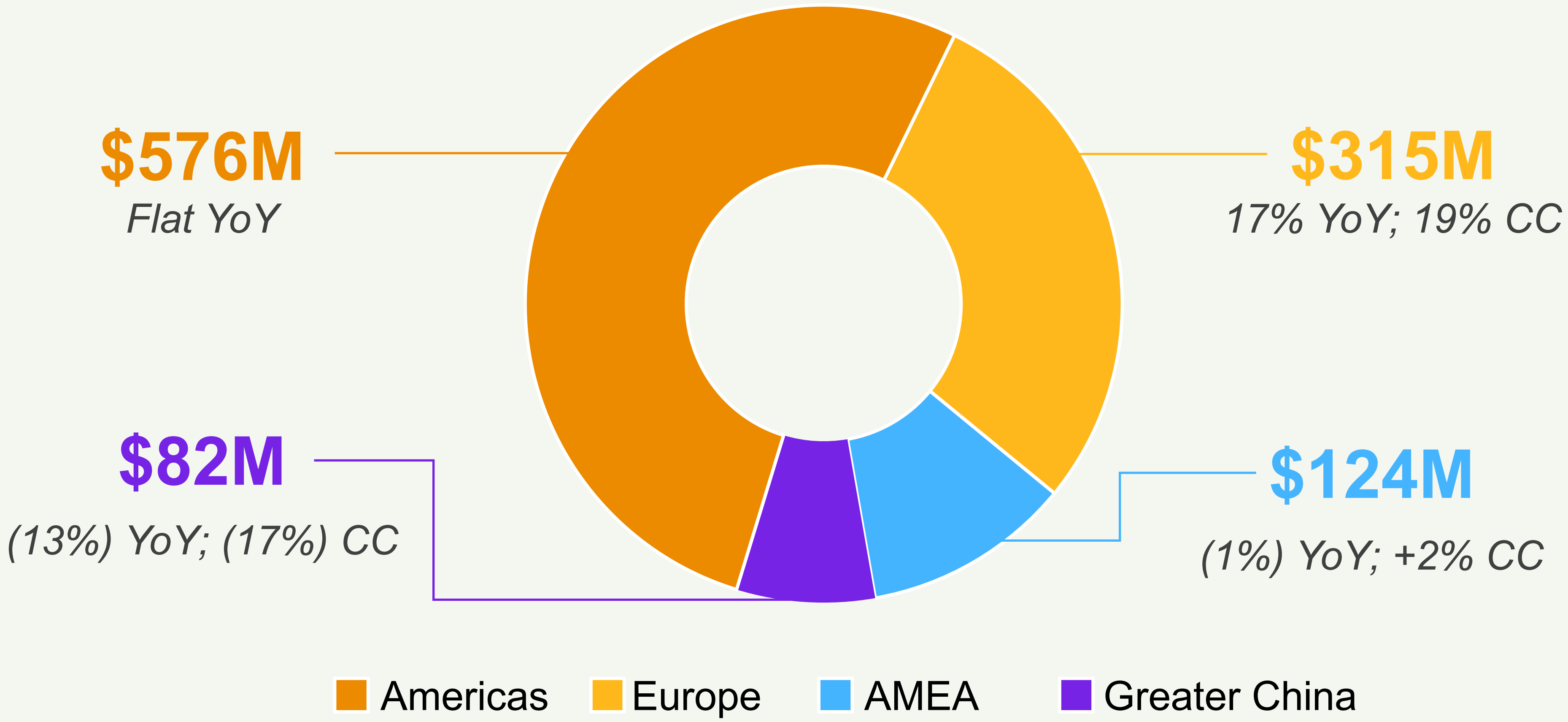
CONSOLIDATED REVENUE

Delivered higher-than-expected Q4’23 revenue

~$1.12B

Q4'23 REVENUE

Core Illumina 2023 Regional Revenue



Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: CC = Constant Currency, net of the effects of hedging.
Note: AMEA denotes Asia Pacific, Middle East and Africa. Also includes Russia and Turkey.

Outlook for 2024

Expect 2024 results to look very similar to 2023

2024 Expectations

- Customers expected to remain cautious
- Encouraging macro headlines, but have not yet translated to increased investment in our industry; therefore have not reflected in our guidance

Priorities to position Illumina for accelerated growth and profitability as market conditions improve

1. **Drive Our Top Line**
2. **Deliver Operational Excellence**
3. **Resolve GRAIL as Quickly as Possible**

Drive Our Top Line

Grow Installed Base

2023 → 2024

>400

FY'23 High-Throughput Instrument Placements

- Support installed base as customers launch **larger**, more **sequencing-intensive** projects
- Anticipate additional orders from:
  - NovaSeq™ 6000 conversions
  - Fleet expansions
  - New-to-high-throughput customers

Expect to ship fewer high-throughput instruments in 2024

XLEAP-SBS™ on NextSeq 1k/2k™

Q1'24

Will provide customers with:

- Higher data quality
- Reduced turnaround time
- Lower cost

Will further strengthen our leadership position and drive progress across single cell, spatial, and proteomics

Accelerate Instrument Utilization

NOVASEQ X FLOW CELL	REAGENT KIT LAUNCH
10B	Mar. 2023
25B	Oct. 2023
1.5B	Jan. 2024

Higher-than-expected growth in NovaSeq X consumables sales in Q4

Expect NovaSeq X pull-through to drive overall high-throughput consumables growth in 2024

Deliver Operational Excellence

Launched multi-year effort to deliver operational excellence

- Greater rigor throughout the P&L while sustaining innovation and growth
- Focused on:
  - Improving margins through productivity
  - Pursuing additional areas for cost savings

Taking steps to manage costs and deliver sustained growth and margins

Recent role reductions

~12%

Cumulative role reductions in the past year

We are taking a highly disciplined approach to support stakeholders throughout a range of macroeconomic environments

Resolve GRAIL as Quickly as Possible

Announced decision to divest GRAIL

Divestiture Announcement

Dec. 17: Announced decision to divest GRAIL

Transaction terms

Q2'24

Goal of finalizing terms by end of Q2

Moving with speed to divest GRAIL

Form 10

December: Confidentially filed with the U.S. SEC

Advisors actively moving process forward on parallel paths

Third-Party Sale

Capital Markets Transaction

Board special committee ensuring GRAIL process moves forward efficiently

Joydeep Goswami

Chief Financial Officer,
Chief Strategy & Corporate Development Officer

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Consolidated Q4 2023 Financials

REVENUE

$1.12B

+4%
YoY Growth

+4%
YoY Growth (CC)

Flat
QoQ Revenue

NON-GAAP TAX RATE[2]

Q4'23	FY'23[3]
55.4%	41.8%

NON-GAAP NET INCOME[1]

$22M

NON-GAAP DILUTED EPS[1]

$0.14

NON-GAAP WEIGHTED AVERAGE DILUTED SHARES

~159 Million

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: CC = Constant Currency, net of the effects of hedging.
[1] Includes GRAIL's Q4 operating loss of $152M.
[2] Compared to 29.3% in Q4'22 and 26.0% in FY'22.
[3] Absent the impact of GRAIL, our FY'23 core tax rate was in the mid-twenties.

Core Illumina Q4 2023 Financials

REVENUE

$1.10B

+3%
YoY Growth

+3%
YoY Growth (CC)

Includes ~5 percentage pts anticipated reductions YoY from:

~3 Percentage Pts
COVID surveillance and the effects of sanctions in Russia

~2 Percentage Pts
Reduction in China revenue

CONSUMABLES REVENUE

$687M

Flat
YoY Revenue

Driven by:

- Stronger-than-expected NovaSeq X™ consumables purchases
- Offset by anticipated reductions in NovaSeq 6000 consumables and pricing transitions as customers adopt NovaSeq X
- Also impacted by COVID, Russia and China factors, and customers' purchasing behaviors

COVID SURVEILLANCE

~$4 Million

Compared to $20M in Q4'22

TOTAL SEQUENCING ACTIVITY[1]

+46%
YoY Growth

+13%
QoQ Growth

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: CC = Constant Currency, net of the effects of hedging.
[1] Total sequencing Gb output on connected high- and mid-throughput instruments.

Core Illumina Q4 2023 Financials (Cont'd.)

OTHER CORE ILLUMINA REVENUE

INSTRUMENTS

$161M
Revenue

+10%
YoY Increase

SERVICE & OTHER

$152M
Revenue

+16%
YoY Increase

INSTRUMENTS HIGHLIGHTS

NovaSeq™ X

390
Orders since Launch

79
Q4'23 Shipments

352
FY'23 Installed Base

NovaSeq™ 6000

~1,770
FY'23 Net Installed Base

~110
Deactivated 2017-2023[1]

Expect deactivations to increase in 2024

[1] *The majority of these NovaSeq 6000 instruments were deactivated in 2023 due to customer transitions to NovaSeq X.*

Installed Base for FYE 2023

	High-Throughput[1]		Mid-Throughput		Low-Throughput
					
As of 12/31/2023	NovaSeq™ X	NovaSeq 6000	NextSeq™ 1k/2k	NextSeq 500/550	MiSeq™ | MiniSeq™ | iSeq™ 100
	Net Installed Base				
Installed Base:	352	~1,770	~2,180	~4,310	~12,785
Avg. Pull-Through[2]:	Not Disclosed	~$870K	~$115K	~$105K	~$35K MiSeq | ~$25K MiniSeq
	Cumulative Installed Base				
Installed Base:	352	~1,880	~2,195	~5,440	~15,200
Avg. Pull-Through[2]:	Not Disclosed	~$840K	~$115K	~$90K	~$30K MiSeq | ~$20K MiniSeq

Note: Beginning with FYE'23, the company will present its ending installed base and avg. pull through on a Net Installed Base basis, which accounts for instruments that have been decommissioned or inactivated since launch. This new presentation does not change our reported revenue.
Note: Net installed base reflects instruments that have been decommissioned or inactivated since launch; includes reagent rentals.
Note: Cumulative installed base reflects instruments that have been shipped to customers since launch.
[1] High-throughput metrics exclude HiSeq.
[2] Reflects average annualized pull through per instrument.

Core Illumina Q4 2023 Additional P&L Results

NON-GAAP GROSS MARGIN

64.7%

▼ 260 bps YoY

Primarily driven by mix of lower margin strategic partnership revenue, lower instrument margins, and increased field & installation costs, partially offset by lower freight costs

NON-GAAP OPERATING EXPENSES

$507M

▼ $21 Million YoY

Primarily due to continued expense reduction initiatives and lower performance-based stock compensation expense

18.5%

NON-GAAP OPERATING MARGIN[1]

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

[1] Compared to 17.8% in Q4'22.

GRAIL Q4 2023 Financial Results

REVENUE	NON-GAAP OPERATING EXPENSES
$30M	$167M
▲ 30% YoY	▲ $1 Million YoY
Primarily driven by adoption of Galleri®	

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

Cash Flow & Balance Sheet Items Q4 2023

CASH FLOW FROM OPERATIONS

$224M

FREE CASH FLOW

$173M

CAPITAL EXPENDITURES

$51M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~$1.05B

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

Guidance for Full Year 2024

CORE ILLUMINA

Revenue

~Flat

Sequencing Revenue[1]

~Flat

Seq. Instruments Decline

High Teens

Seq. Consumables Growth

Low Single Digits

ANNUAL PULL-THROUGH[2]

- **NovaSeq™ 6000**: $700K-$800K
- **NextSeq™ 1k/2k**: $80K-$130K
- **NextSeq 550**: $80K-$130K
- **MiSeq™**: $30K-$40K
- **MiniSeq™**: $20K-$25K

NON-GAAP OPERATING MARGIN

~20%

Note: See Appendix for statement regarding use of non-GAAP financial measures.
Note: Growth rates are year-over-year.
[1] Includes intercompany sales to GRAIL of ~$30M, which are eliminated in consolidation.
[2] Calculated using net installed base.

Guidance for First Quarter 2024

CORE ILLUMINA

Revenue Decrease[1]	Non-GAAP Operating Margin	Non-GAAP Other Expense, Net
(3.5%) – (4.5%)	~18%	~$12M

Note: See Appendix for statement regarding use of non-GAAP financial measures.
[1] Year-over-year decrease; expect revenue in the range of $1.03B to $1.04B.

Jacob Thaysen

Chief Executive Officer

Success in 2024 & Years Ahead

Deepen Customer Relationships

- Seek greater customer collaboration and partnerships to drive adoption of NGS
- Support customers as they expand their work in genomics and multiomics

Maintain industry-leading position across research and clinical markets

Drive Innovation Focused on Customer Priorities

- Evolving our sequencing platforms
- Delivering greater sample-to-answer solutions by integrating our customers' workflows

Build our share of wallet as we create greater value for our customers

We will share our comprehensive strategy update later in 2024

illumina®

Our Mission:

To improve human health
by unlocking the power of the genome

Appendix

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted earnings per share, net income, gross margin, operating expenses, including research and development expense, selling general and administrative expense, and from time to time, as applicable, legal contingencies and settlement, and goodwill and intangible impairment, operating income (loss), operating margin, gross profit (loss), other income (expense), tax provision, constant currency revenue growth, and free cash flow (on a consolidated and, as applicable, segment basis for our Core Illumina and GRAIL segments) in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company's financial measures under GAAP include substantial charges such as amortization of acquired intangible assets among others that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release, as well as the effects of currency translation. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures related to our Core Illumina and GRAIL segments. Additionally, non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

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

The company provides forward-looking guidance on a non-GAAP basis. 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 financial impact of items such as acquisition-related expenses, gains and losses from our strategic investments, fair value adjustments related to contingent consideration and contingent value rights, potential future asset impairments, restructuring activities, and the ultimate outcome of pending litigation 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; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to modify our business strategies to accomplish our desired operational goals; (ix) our ability to realize the anticipated benefits from prior or future actions to streamline and improve our R&D processes, reduce our operating expenses and maximize our revenue growth; (x) our ability to further develop and commercialize our instruments, consumables, and products; (xi) to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xii) the risks and costs associated with our ongoing inability to integrate GRAIL due to the transitional measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL and orders issued by the European Commission and the Federal Trade Commission requiring that we divest GRAIL; (xiii) the risks and costs associated with the expected divestment of GRAIL, including the possibility that the terms on which we divest all or a portion of the assets or equity interests of GRAIL are materially worse than those on which we acquired GRAIL; (xiv) our ability to satisfy the necessary conditions to consummate the divestiture of GRAIL on a timely basis or at all, due to the requirements set by the European Commission; (xv) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including appeals, or obligations will harm our business, including current plans and operations; (xvi) the risk of incurring additional fines associated with the consummation of our acquisition of GRAIL; (xvii) our ability to obtain approval by third-party payors to reimburse patients for our products; (xviii) our ability to obtain regulatory clearance for our products from government agencies; (xix) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xx) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth or armed conflict; (xxi) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xxii) 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	
	December 31, 2023	**January 1, 2023**	**December 31, 2023**	**January 1, 2023**
Net cash provided by operating activities	**$ 224**	$ 147	**$ 478**	$ 392
Net cash used in investing activities	**(84)**	(102)	**(231)**	(591)
Net cash (used in) provided by financing activities	**(27)**	956	**(1,210)**	1,000
Effect of exchange rate changes on cash and cash equivalents	**8**	10	**—**	(22)
Net increase (decrease) in cash and cash equivalents	**121**	1,011	**(963)**	779
Cash and cash equivalents, beginning of period	**927**	1,000	**2,011**	1,232
Cash and cash equivalents, end of period	**$ 1,048**	$ 2,011	**$ 1,048**	$ 2,011
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 224**	$ 147	**$ 478**	$ 392
Purchases of property and equipment	**(51)**	(88)	**(195)**	(286)
Free cash flow **(a)**	**$ 173**	$ 59	**$ 283**	$ 106

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

Illumina, Inc.
Results of Operations - Revenue by Segment
(Dollars in millions)
(unaudited)

	Three Months Ended			Year Ended		
	December 31, 2023	**January 1, 2023**	**% Change**	**December 31, 2023**	**January 1, 2023**	**% Change**
Consolidated revenue	**$ 1,122**	$ 1,083	4 %	**$ 4,504**	$ 4,584	(2)%
Less: Hedge gains	**10**	21		**18**	53	
Consolidated revenue, excluding hedge effect	**1,112**	1,062		**4,486**	4,531	
Less: Exchange rate effect	**10**	—		**(25)**	—	
Consolidated constant currency revenue **(a)**	**$ 1,102**	$ 1,062	4 %	**$ 4,511**	$ 4,531	—
Core Illumina revenue	**$ 1,097**	$ 1,065	3 %	**$ 4,438**	$ 4,553	(3)%
Less: Hedge gains	**10**	21		**18**	53	
Core Illumina revenue, excluding hedge effect	**1,087**	1,044		**4,420**	4,500	
Less: Exchange rate effect	**10**	—		**(25)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,077**	$ 1,044	3 %	**$ 4,445**	$ 4,500	(1)%

(a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.

Illumina, Inc.
Results of Operations - Revenue by Region
(Dollars in millions)
(unaudited)

	Three Months Ended			Year Ended		
	December 31, 2023	January 1, 2023	% Change	December 31, 2023	January 1, 2023	% Change
AMR revenue - Core Illumina	**$ 576**	$ 577	—	**$ 2,455**	$ 2,448	—
Less: Hedge gains	**1**	1		**2**	2	
AMR revenue - Core Illumina, excluding hedge effect	**575**	576		**2,453**	2,446	
Less: Exchange rate effect	**—**	—		**(3)**	—	
AMR constant currency revenue - Core Illumina **(a)**	**$ 575**	$ 576	—	**$ 2,456**	$ 2,446	—
AMEA revenue - Core Illumina (b)	**$ 124**	$ 125	(1)%	**$ 459**	$ 544	(16)%
Less: Hedge gains	**4**	6		**9**	15	
AMEA revenue - Core Illumina, excluding hedge effect **(b)**	**120**	119		**450**	529	
Less: Exchange rate effect	**(2)**	—		**(14)**	—	
AMEA constant currency revenue - Core Illumina **(a)(b)**	**$ 122**	$ 119	2 %	**$ 464**	$ 529	(12)%
China revenue - Core Illumina (c)	**$ 82**	$ 94	(13)%	**$ 384**	$ 472	(19)%
Less: Hedge gains	**4**	—		**9**	—	
China revenue - Core Illumina, excluding hedge effect **(c)**	**78**	94		**375**	472	
Less: Exchange rate effect	**—**	—		**(19)**	—	
China constant currency revenue - Core Illumina **(a)(c)**	**$ 78**	$ 94	(17)%	**$ 394**	$ 472	(16)%
Europe revenue - Core Illumina	**$ 315**	$ 269	17 %	**$ 1,140**	$ 1,089	5 %
Less: Hedge gains	**1**	13		**(1)**	36	
Europe revenue - Core Illumina, excluding hedge effect	**314**	256		**1,141**	1,053	
Less: Exchange rate effect	**12**	—		**11**	—	
Europe constant currency revenue - Core Illumina **(a)**	**$ 302**	$ 256	19 %	**$ 1,130**	$ 1,053	7 %

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

Note: We implemented a new global commercial structure in Q1 2023 to improve operating efficiencies and better align with local markets. We integrated Asia-Pacific and Japan with emerging markets across the Middle East, Africa, Turkey, and Commonwealth of Independent States (CIS). Beginning in Q1 2023 and going forward, we will report regional results for the following regions: Americas, Europe, Greater China and Asia-Pacific, Middle East and Africa (AMEA).

(a) Constant currency revenue growth, which is a non-GAAP financial measure, is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges.
(b) Region includes revenue from Russia and Turkey.
(c) Region includes revenue from China, Taiwan, and Hong Kong.

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

TABLE 1: CONSOLIDATED RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED (LOSS) EARNINGS PER SHARE:

	Three Months Ended		Year Ended	
	December 31, 2023	**January 1, 2023**	**December 31, 2023**	**January 1, 2023**
GAAP loss per share - diluted	**$ (1.11)**	$ (0.89)	**$ (7.34)**	$ (28.00)
Cost of revenue **(b)**	**0.30**	0.31	**1.24**	1.10
R&D expense **(b)**	**0.08**	0.04	**0.18**	0.05
SG&A expense **(b)**	**0.90**	0.51	**1.54**	(0.31)
Goodwill and intangible impairment **(b)**	**0.04**	—	**5.23**	24.93
Legal contingency and settlement **(b)**	**0.03**	0.14	**0.13**	3.94
Other expense, net **(b)**	**0.01**	0.26	**0.23**	0.78
GILTI and U.S. foreign tax credits **(c)**	**(0.01)**	(0.01)	**0.38**	0.38
Incremental non-GAAP tax expense **(d)**	**(0.28)**	(0.31)	**(0.96)**	(0.83)
Income tax provision **(e)**	**0.18**	0.09	**0.23**	0.11
Effect of dilutive shares **(f)**	**—**	—	**—**	(0.03)
Non-GAAP earnings per share - diluted **(a)**	**$ 0.14**	$ 0.14	**$ 0.86**	$ 2.12
GAAP diluted shares	**159**	158	**158**	157
Non-GAAP dilutive shares **(f)**	**—**	—	**—**	2
Non-GAAP diluted shares	**159**	158	**158**	**159**

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

	Three Months Ended		Year Ended	
	December 31, 2023	**January 1, 2023**	**December 31, 2023**	**January 1, 2023**
GAAP net loss	**$ (176)**	$ (140)	**$ (1,161)**	$ (4,404)
Cost of revenue **(b)**	**48**	49	**196**	173
R&D expense **(b)**	**12**	7	**29**	8
SG&A expense **(b)**	**143**	81	**244**	(48)
Goodwill and intangible impairment **(b)**	**6**	—	**827**	3,914
Legal contingency and settlement **(b)**	**6**	21	**20**	619
Other expense, net **(b)**	**1**	41	**36**	124
GILTI and U.S. foreign tax credits **(c)**	**(2)**	(1)	**61**	60
Incremental non-GAAP tax expense **(d)**	**(44)**	(51)	**(152)**	(129)
Income tax provision **(e)**	**28**	15	**37**	19
Non-GAAP net income **(a)**	**22**	22	**137**	336
Add: interest expense on convertible notes, net of tax **(g)**	**—**	—	**—**	2
Non-GAAP net income for diluted earnings per share	**$ 22**	$ 22	**$ 137**	$ 338

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

(a) Non-GAAP net income and diluted earnings per share exclude the effects of the pro forma adjustments as detailed above. Non-GAAP net income and diluted earnings per share are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future operating performance.

(b) Refer to the Itemized Reconciliations between GAAP and Non-GAAP Results of Operations for the components of these amounts.
(c) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(d) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed.
(e) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(f) In loss periods, GAAP basic loss per share and diluted loss per share are identical since the effect of potentially dilutive shares is anti-dilutive and therefore excluded. For non-GAAP diluted earnings per share, the impact of potentially dilutive shares from our convertible senior notes and equity awards is included and is calculated based on the sum of weighted-average common shares and potentially dilutive shares outstanding during 2022.
(g) Amount represents interest expense on the 2023 Convertible Senior Notes, net of any income tax effects, which is added back to the numerator used to calculate non-GAAP diluted earnings per share, for purposes of the if-converted method, as it would have a dilutive effect on the calculation of non-GAAP diluted earnings per share.

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

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

	Three Months Ended December 31, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 695	63.3 %	$ (19)	$ (2)	$ 674	60.1 %
Amortization of acquired intangible assets	14	1.3 %	33	—	47	4.2 %
Restructuring **(g)**	1	0.1 %	—	—	1	0.1 %
Non-GAAP gross profit **(a)**	$ 710	64.7 %	$ 14	$ (2)	$ 722	64.4 %
GAAP R&D expense	$ 260	23.7 %	$ 84	$ (3)	$ 341	30.4 %
Acquisition-related expenses **(d)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring **(g)**	(11)	(1.0)%	—	—	(11)	(1.0)%
Non-GAAP R&D expense	$ 248	22.6 %	$ 84	$ (3)	$ 329	29.3 %
GAAP SG&A expense	$ 391	35.6 %	$ 94	$ —	$ 485	43.2 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities **(c)**	(58)	(5.2)%	—	—	(58)	(5.1)%
Acquisition-related expenses **(d)**	(24)	(2.2)%	(9)	—	(33)	(2.9)%
Restructuring **(g)**	(48)	(4.4)%	(1)	—	(49)	(4.4)%
Proxy contest	(2)	(0.2)%	—	—	(2)	(0.2)%
Non-GAAP SG&A expense	$ 259	23.6 %	$ 83	$ —	$ 342	30.5 %
GAAP goodwill and intangible impairment	$ 6	0.5 %	$ —	$ —	$ 6	0.5 %
Intangible (IPR&D) impairment **(i)**	(6)	(0.5)%	—	—	(6)	(0.5)%
Non-GAAP goodwill and intangible impairment	$ —	—	$ —	$ —	$ —	—
GAAP legal contingency and settlement	$ 6	0.5 %	$ —	$ —	$ 6	0.5 %
Legal contingency and settlement **(h)**	(6)	(0.5)%	—	—	(6)	(0.5)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 33	3.0 %	$ (197)	$ —	$ (164)	(14.6)%
Cost of revenue	15	1.4 %	33	—	48	4.3 %
R&D costs	12	1.1 %	—	—	12	1.1 %
SG&A costs	131	12.0 %	12	—	143	12.8 %
Goodwill and intangible impairment	6	0.5 %	—	—	6	0.5 %
Legal contingency and settlement	6	0.5 %	—	—	6	0.5 %
Non-GAAP operating profit (loss) **(a)**	$ 203	18.5 %	$ (152)	$ —	$ 51	4.6 %
GAAP other (expense) income, net	$ (6)	(0.5)%	$ 2	$ —	$ (4)	(0.4)%
Gain on Helix contingent value right **(f)**	(2)	(0.2)%	—	—	(2)	(0.2)%
Unrealized foreign currency loss on EC fine **(j)**	3	0.3 %	—	—	3	0.3 %
Non-GAAP other (expense) income, net **(a)**	$ (5)	(0.4)%	$ 2	$ —	$ (3)	(0.3)%

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

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

	Three Months Ended					
	January 1, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 702	65.9 %	$ (26)	$ (4)	$ 672	62.1 %
Amortization of acquired intangible assets	14	1.3 %	34	—	48	4.4 %
Restructuring **(g)**	1	0.1 %	—	—	1	0.1 %
Non-GAAP gross profit **(a)**	$ 717	67.3 %	$ 8	$ (4)	$ 721	66.6 %
GAAP R&D expense	$ 264	24.7 %	$ 85	$ (3)	$ 346	31.9 %
Acquisition-related expenses **(d)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring **(g)**	(6)	(0.5)%	—	—	(6)	(0.5)%
Non-GAAP R&D expense	$ 257	24.1 %	$ 85	$ (3)	$ 339	31.3 %
GAAP SG&A expense	$ 347	32.6 %	$ 86	$ (1)	$ 432	39.9 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Contingent consideration liabilities **(c)**	(25)	(2.4)%	—	—	(25)	(2.3)%
Acquisition-related expenses **(d)**	(27)	(2.5)%	(4)	—	(31)	(2.9)%
Restructuring **(g)**	(24)	(2.3)%	—	—	(24)	(2.2)%
Non-GAAP SG&A expense	$ 271	25.4 %	$ 81	$ (1)	$ 351	32.4 %
GAAP legal contingency and settlement	$ 21	2.0 %	$ —	$ —	$ 21	1.9 %
Legal contingency and settlement **(h)**	(21)	(2.0)%	—	—	(21)	(1.9)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 70	6.6 %	$ (197)	$ —	$ (127)	(11.7)%
Cost of revenue	15	1.4 %	34	—	49	4.5 %
R&D costs	7	0.6 %	—	—	7	0.6 %
SG&A costs	77	7.2 %	4	—	81	7.6 %
Legal contingency and settlement	21	2.0 %	—	—	21	1.9 %
Non-GAAP operating profit (loss) **(a)**	$ 190	17.8 %	$ (159)	$ —	$ 31	2.9 %
GAAP other (expense) income, net	$ (42)	(3.9)%	$ 1	$ —	$ (41)	(3.8)%
Strategic investment related loss, net **(e)**	42	3.9 %	—	—	42	3.9 %
Gain on Helix contingent value right **(f)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Non-GAAP other (expense) income, net **(a)**	$ (1)	(0.1)%	$ 1	$ —	$ —	—

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

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

	Year Ended December 31, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$2,856	64.4 %	$ (96)	$ (16)	$ 2,744	60.9 %
Amortization of acquired intangible assets	57	1.3 %	134	—	191	4.3 %
Restructuring **(g)**	5	0.1 %	—	—	5	0.1 %
Non-GAAP gross profit **(a)**	$2,918	65.8 %	$ 38	$ (16)	$ 2,940	65.3 %
GAAP R&D expense	$1,030	23.2 %	$ 338	$ (14)	$ 1,354	30.1 %
Acquisition-related expenses **(d)**	(2)	—	—	—	(2)	—
Restructuring **(g)**	(27)	(0.6)%	—	—	(27)	(0.7)%
Non-GAAP R&D expense	$1,001	22.6 %	$ 338	$ (14)	$ 1,325	29.4 %
GAAP SG&A expense	$1,248	28.1 %	$ 366	$ (2)	$ 1,612	35.8 %
Amortization of acquired intangible assets	(1)	—	(4)	—	(5)	(0.1)%
Contingent consideration liabilities **(c)**	24	0.5 %	—	—	24	0.5 %
Acquisition-related expenses **(d)**	(88)	(1.9)%	(21)	—	(109)	(2.4)%
Restructuring **(g)**	(119)	(2.7)%	(4)	—	(123)	(2.7)%
Proxy contest	(32)	(0.7)%	—	—	(32)	(0.7)%
Non-GAAP SG&A expense	$1,032	23.3 %	$ 337	$ (2)	$ 1,367	30.4 %
GAAP goodwill and intangible impairment	$ 6	0.1 %	$ 821	$ —	$ 827	18.3 %
Goodwill impairment **(i)**	—	—	(712)	—	(712)	(15.7)%
Intangible (IPR&D) impairment **(i)**	(6)	(0.1)%	(109)	—	(115)	(2.6)%
Non-GAAP goodwill and intangible impairment	$ —	—	$ —	$ —	$ —	—
GAAP legal contingency and settlement	$ 20	0.4 %	$ —	$ —	$ 20	0.4 %
Legal contingency and settlement **(h)**	(20)	(0.4)%	—	—	(20)	(0.4)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 552	12.4 %	$ (1,621)	$ —	$(1,069)	(23.7)%
Cost of revenue	62	1.5 %	134	—	196	4.4 %
R&D costs	29	0.6 %	—	—	29	0.7 %
SG&A costs	216	4.9 %	28	—	244	5.4 %
Goodwill and intangible impairment	6	0.1 %	821	—	827	18.3 %
Legal contingency and settlement	20	0.4 %	—	—	20	0.4 %
Non-GAAP operating profit (loss) **(a)**	$ 885	19.9 %	$ (638)	$ —	$ 247	5.5 %
GAAP other (expense) income, net	$ (58)	(1.3)%	$ 10	$ —	$ (48)	(1.1)%
Strategic investment related loss, net **(e)**	35	0.8 %	—	—	35	0.8 %
Gain on Helix contingent value right **(f)**	(10)	(0.2)%	—	—	(10)	(0.2)%
Unrealized foreign currency loss on EC fine **(j)**	11	0.2 %	—	—	11	0.2 %
Non-GAAP other (expense) income, net **(a)**	$ (22)	(0.5)%	$ 10	$ —	$ (12)	(0.3)%

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

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

	Year Ended					
	January 1, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$3,107	68.2 %	$ (117)	$ (18)	$2,972	64.8 %
Amortization of acquired intangible assets	38	0.9 %	134	—	172	3.8 %
Restructuring **(g)**	1	—	—	—	1	—
Non-GAAP gross profit **(a)**	$3,146	69.1 %	$ 17	$ (18)	$3,145	68.6 %
GAAP R&D expense	$1,004	22.0 %	$ 330	$ (13)	$1,321	28.8 %
Acquisition-related expenses **(d)**	(2)	—	—	—	(2)	—
Restructuring **(g)**	(6)	(0.1)%	—	—	(6)	(0.2)%
Non-GAAP R&D expense	$ 996	21.9 %	$ 330	$ (13)	$1,313	28.6 %
GAAP SG&A expense	$1,003	22.0 %	$ 296	$ (2)	$1,297	28.3 %
Amortization of acquired intangible assets	(1)	—	(4)	—	(5)	(0.1)%
Contingent consideration liabilities **(c)**	205	4.5 %	—	—	205	4.5 %
Acquisition-related expenses **(d)**	(114)	(2.5)%	(13)	—	(127)	(2.8)%
Restructuring **(g)**	(24)	(0.5)%	—	—	(24)	(0.5)%
Non-GAAP SG&A expense	$1,069	23.5 %	$ 279	$ (2)	$1,346	29.4 %
GAAP legal contingency and settlement	$ 619	13.6 %	$ —	$ —	$ 619	13.5 %
Legal contingency and settlement **(h)**	(619)	(13.6)%	—	—	(619)	(13.5)%
Non-GAAP legal contingency and settlement	$ —	—	$ —	$ —	$ —	—
GAAP goodwill and intangible impairment	$ —	—	$3,914	$ —	$3,914	85.4 %
Goodwill impairment **(i)**	—	—	(3,914)	—	(3,914)	(85.4)%
Non-GAAP goodwill and intangible impairment	$ —	—	$ —	$ —	$ —	—
GAAP operating profit (loss)	$ 481	10.6 %	$(4,657)	$ (3)	$(4,179	(91.2)%
Cost of revenue	39	0.9 %	134	—	173	3.8 %
R&D costs	8	0.1 %	—	—	8	0.2 %
SG&A costs	(66)	(1.4)%	17	—	(48)	(1.1)%
Legal contingency and settlement	619	13.6 %	—	—	619	13.5 %
Goodwill impairment	—	—	3,914	—	3,914	85.4 %
Non-GAAP operating profit (loss) **(a)**	$1,081	23.8 %	$ (592)	$ (3)	$ 487	10.6 %
GAAP other (expense) income, net	$ (159)	(3.5)%	$ 2	$ —	$ (157)	(3.4)%
Strategic investment related loss, net **(e)**	117	2.6 %	—	—	117	2.5 %
Loss on Helix contingent value right **(f)**	7	0.1 %	—	—	7	0.2 %
Non-GAAP other (expense) income, net **(a)**	$ (35)	(0.8)%	$ 2	$ —	$ (33)	(0.7)%

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. Percentages of revenue are calculated based on the revenue of the respective segment.

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

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

(c) Amounts consist primarily of fair value adjustments for our contingent consideration liability related to GRAIL.

(d) Amounts consist primarily of legal expenses related to the acquisition of GRAIL.

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

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

(g) Amounts consist primarily of lease and other asset impairments and employee severance costs related to restructuring activities.

(h) Amount for Q4 2023 consists primarily of accrued interest on the fine imposed by the European Commission. Amount for FY 2023 also consists of a loss related to a patent litigation settlement in Q1 2023, an adjustment recorded in Q2 2023 to our accrual for the fine imposed by the European Commission in July 2023, and a gain related to a patent litigation settlement in Q3 2023. Amount for Q4 2022 consists of a legal accrual related to our litigation with RavGen and an adjustment made to our previously recorded legal accrual for the fine that the European Commission imposed on us. Amount for FY 2022 also consists of expense of $145 million related to the settlement of our litigation with BGI.

(i) Amount for Q4 2023 consists of an IPR&D intangible asset impairment related to our Core Illumina segment. Amount for FY 2023 also consists of goodwill and IPR&D intangible asset impairments related to our GRAIL segment. Amount for FY 2022 consists of goodwill impairment related to our GRAIL segment.

(j) Amounts consist of unrealized gains/losses related to foreign currency balance sheet remeasurement of the EC fine liability and unrealized mark-to-market gains/losses on the hedge associated with the EC fine.

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(unaudited)

TABLE 4: CONSOLIDATED ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION (BENEFIT):

	Three Months Ended December 31, 2023		Year Ended December 31, 2023	
GAAP tax provision	**$ 8**	**(4.9)%**	**$ 44**	**(3.9)%**
Incremental non-GAAP tax expense **(b)**	**44**		**152**	
Income tax provision **(c)**	**(28)**		**(37)**	
GILTI and U.S. foreign tax credits **(d)**	**2**		**(61)**	
Non-GAAP tax provision **(a)**	**$ 26**	**55.4 %**	**$ 98**	**41.8 %**

	Three Months Ended January 1, 2023		Year Ended January 1, 2023	
GAAP tax (benefit) provision	$ (28)	16.8 %	$ 68	(1.6)%
Incremental non-GAAP tax expense **(b)**	51		129	
Income tax provision **(c)**	(15)		(19)	
GILTI and U.S. foreign tax credits **(d)**	1		(60)	
Non-GAAP tax provision **(a)**	$ 9	29.3 %	$ 118	26.0 %

(a) Non-GAAP tax provision excludes the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing past and future operating performance.
(b) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed in Table 2.
(c) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(d) Amounts represent the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.