illumina®

Q1 2023 Earnings Presentation

April 25, 2023

Francis deSouza

President &
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, including Galleri, the cancer screening test developed by GRAIL, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xi) the risks and costs associated with our ongoing inability to integrate GRAIL due to the interim measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL and an order issued by the Federal Trade Commission requiring that we divest GRAIL; (xii) the risks and costs associated with the integration of GRAIL's business if we are ultimately able to integrate GRAIL; (xiii) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including related appeals, or obligations will harm our business, including current plans and operations; (xiv) the risk of incurring fines associated with the consummation of our acquisition of GRAIL and the possibility that we may be required to divest all or a portion of the assets or equity interests of GRAIL on terms that could be materially worse than the terms on which we acquired GRAIL; (xv) our ability to obtain approval by third-party payors to reimburse patients for our products; (xvi) our ability to obtain regulatory clearance for our products from government agencies; (xvii) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xviii) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth, COVID-19 pandemic mitigation measures, or armed conflict; (xix) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xx) legislative, regulatory and economic developments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

Francis deSouza

***President &
Chief Executive Officer***

Q1 2023 Highlights

CONSOLIDATED RESULTS

$1.09 Billion

REVENUE

$0.08

NON-GAAP EPS

Both ahead of the guidance ranges provided at the beginning of 2023

KEY PRODUCT MILESTONES

NovaSeq™ X

FIRST SHIPMENTS

Illumina Complete Long Reads (ICLR) & Illumina Connected Insights

PRODUCT LAUNCHES

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

Continued Strong Interest for NovaSeq X

ORDERS

>200
Orders

>30 Countries with NovaSeq X orders

>40% Orders by clinical customers

~15% New to high-throughput customers

SHIPMENTS

67
Shipments

>330 2023 Expected Shipments

>7 Terabases of output

>95% Bases above Q30, well ahead of published specs

NovaSeq X is Unlocking Demand Elasticity

DEMAND ELASTICITY

More Samples

More Analyses per Sample

More Data per Analysis

CUSTOMER EXAMPLES

Customers are planning to leverage NovaSeq X to:

- *Scale data-intensive programs, specifically in* ***multi-omics, spatial and single cell****, to deliver* ***'atlas-scale'*** *projects*
- *Move from targeted panels to* ***exomes and genomes***
- *Launch* ***liquid biopsy testing****, which requires* ***12x to 15x more sequencing*** *than solid tumor testing*
- ***Enter deeper sequencing applications****, like Minimal Residual Disease (MRD), to* ***build data sets at scale***

Sequencing Instrument Performance Q1 2023

High-Throughput

NovaSeq 6000

>80% shipments to clinical customers

~25% shipments for oncology testing

Mid-Throughput

NextSeq™ 1k/2k

6% shipment increase YoY

>20% shipments to new-to-Illumina customers

Low-Throughput

~30% shipments to new-to-Illumina customers

Enabling adoption of sequencing across a broad customer network

Q1 2023 Oncology Testing Updates

***Q1'23 Milestone: Clinical** sequencing consumables revenue represented*
50%** of total sequencing consumables **for the first time

Oncology Testing Sequencing Consumables Shipments

(3%)
Growth YoY

+21%
Growth QoQ

TruSight™ Oncology (TSO) 500

>$25M Revenue[1]

26% YoY Revenue Growth

>540 Global accounts

Partnership Expansion

Myriad genetics **TSO 500 HRD**

TSO 500 HRD now available in the U.S.

Establishes HRD as a companion diagnostic for novel agents that target tumors

Reimbursement Progress

Italy

Germany

Czech Republic

Note: CDx denotes Companion Diagnostics.
[1] TSO 500 and associated core consumables.

Continued Strong Demand for GRAIL's Galleri® Multi-Cancer Early Detection Test

$20M
Q1'23 Revenue

100%
Revenue growth YoY

>85,000
Galleri test orders received to date

~20,000
Galleri tests delivered in Q1'23 **alone**

PARTNERSHIPS

John Hancock
Expanded access to eligible life insurance customers

Providence
Expanded partnership across **52** hospitals and **900** clinics in **seven** states

NHS-Galleri Trial**: achieved **halfway point** and is currently on **track to meet retention targets

Q1 2023 Reproductive Health & Genetic Disease Testing

REPRODUCTIVE HEALTH

Sequencing Consumables

(4%) YoY growth

+14% QoQ growth

Reimbursement Progress

Medicaid

*Virginia & Michigan initiated coverage for **all pregnancies***

~4.3M additional lives covered

>70k pregnancies per year

GENETIC DISEASE TESTING

Sequencing Consumables

+7% YoY growth

+6% QoQ growth

Coverage Progress

One of the largest U.S. health insurance companies[1]

Updated policy to include Managed Medicaid lives in **16** states, adding **3.8M** covered lives for WGS

Partnership

HENRY FORD HEALTH

Assess how WGS can improve cardiovascular disease management, with focus on **diverse and underrepresented populations**

Note: WGS denotes "Whole Genome Sequencing."
[1] By number of patients served.

Looking Ahead

UPCOMING PRODUCT LAUNCHES

ICLR Enrichment Assay

Q3 2023

XLEAP-SBS™ on NextSeq 1k/2k

1H 2024

OUR FOCUS

Delivering success for our shareholders through:

- Investing in breakthrough innovations for future growth
- Disciplined expense management

Our Targets:

- Non-GAAP operating margin of **25% in 2024**
- Non-GAAP operating margin of **27% in 2025**
- Reduction of **>$100M** in annualized run rate expenses beginning later in 2023

Note: ICLR = Illumina Complete Long Reads.
Note: See Appendix for reconciliations of hese GAAP and non-GAAP financial measures.
Note: Illumina only provides non-GAAP measures for operating margin targets because of the difficulty of projecting with reasonable certainty the financial impact of specific GAAP operating adjustments. See Appendix for Illumina's "Statement regarding use of non-GAAP financial measures" for more information.

Joydeep Goswami

Chief Financial Officer,
Chief Strategy & Corporate Development Officer

Consolidated Q1 2023 Financials

CONSOLIDATED REVENUE

$1.09B

Exceeding the high end of our guidance range

+1%
QoQ Revenue

(11%)
YoY Revenue Decline

(9%)
YoY Revenue Decline (CC)[1]

NON-GAAP METRICS

NET INCOME	GRAIL OPERATING LOSS
$13M	($164M)
DILUTED EPS	**TAX RATE[2]**
$0.08	27.3%

NON-GAAP WEIGHTED AVERAGE DILUTED SHARE COUNT

~158 Million

Note: CC = Constant Currency.
Note: See Appendix for reconciliations of hese GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.
[2] Non-GAAP tax rate increased from 17.8% in Q1 2022, with bo h quarters reflecting the impact of R&D capitalization requirements. Although the non-GAAP tax expense impact of R&D capitalization requirements in dollar terms was the same in both periods, the impact to our effective tax rate in Q1 2023 was more significant due to our lower earnings

Core Illumina Q1 2023 Financials

CORE ILLUMINA REVENUE

$1.08B

(12%)
YoY Revenue Decline

(10%)
YoY Revenue Decline (Constant Currency)[1]

COVID-19 SURVEILLANCE

~$11 Million
Compared to $60M in Q1'22

CORE SEQUENCING REVENUE

$692M
Consumables

1%
QoQ Revenue Increase

(12%)
YoY Revenue Decline

$154M
Instruments

(27%)
YoY Revenue Decline

$119M
Service & Other

7%
YoY Revenue Increase

Note: See Appendix for reconciliations of hese GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.

Sequencing Activity

Total Sequencing Activity

6%
QoQ Growth

3%
YoY Growth

On connected high- and mid-throughput instruments

Research & Applied Markets

7%
QoQ Growth

(4%)
YoY Decline

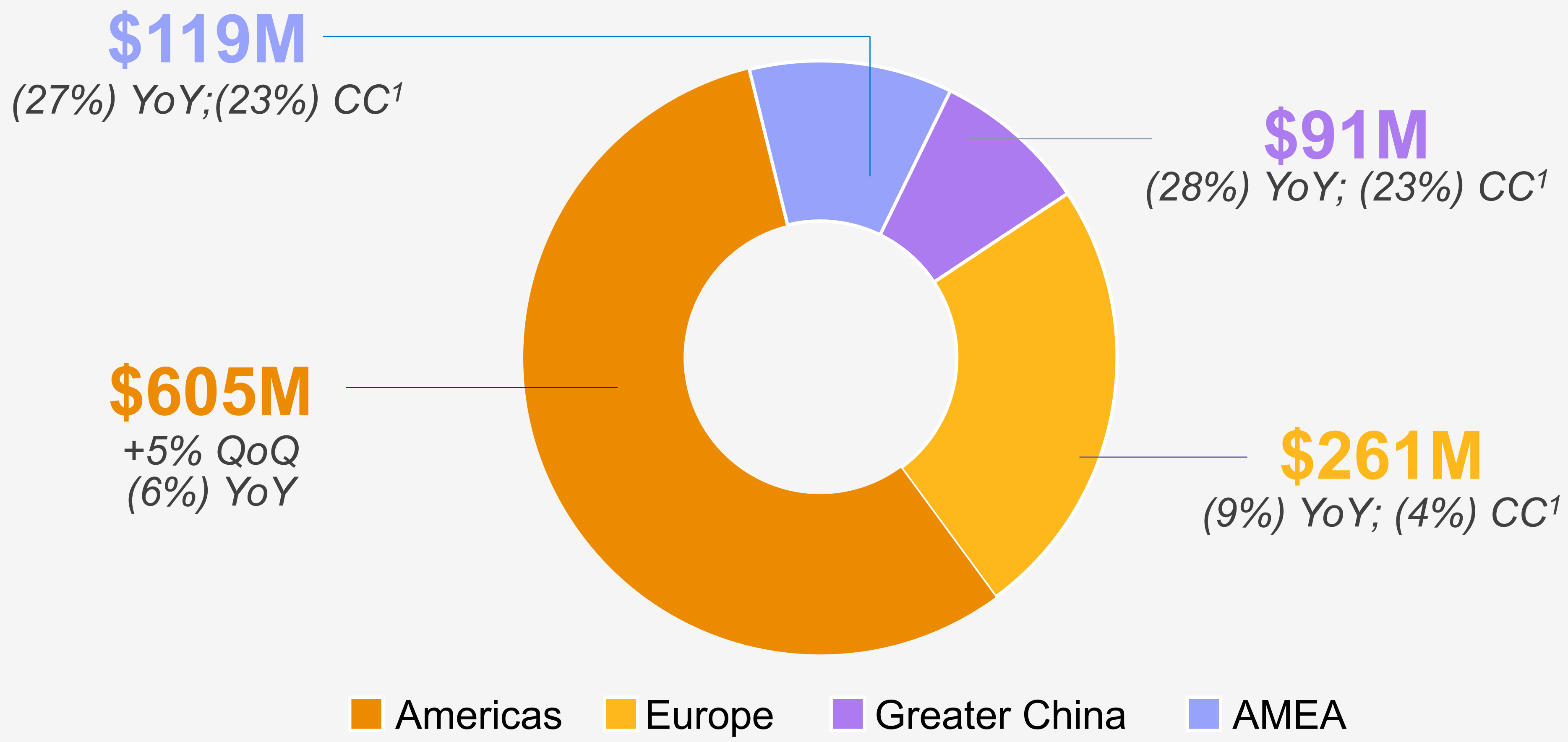
Clinical Markets

7%
QoQ Growth

15%
YoY Growth

Core Illumina Q1 2023 Regional Revenue

CORE ILLUMINA



Note: CC = Constant Currency.
Note: We have implemented a new global commercial structure in Q1 2023 to improve operating efficiencies and better align with local markets. We've integrated APJ with emerging markets across the Middle East, Africa, Turkey, and CIS. Going forward, we will report regional results for the following regions: Americas, Europe, Greater China and AMEA (or Asia-Pacific, Middle East, and Africa).
See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
[1] Net of the effects of hedging.

Core Illumina Q1 2023 Additional P&L Results

CORE ILLUMINA

NON-GAAP GROSS MARGIN

65.2%

Down 500 bps
YoY due to less fixed cost leverage on lower manufacturing volumes and lower instrument margins due to NovaSeq X launch – typical for a new platform introduction

NON-GAAP OPERATING EXPENSES

$514M

▲$9 Million
YoY primarily due to the full-year impact of our 2022 headcount growth

Lower than expected due to **cost containment initiatives**

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

GRAIL Q1 2023 Financial Results

Revenue	$20M	▪ Grew 100% YoY ▪ Due to accelerating adoption of **Galleri®**
Non-GAAP Operating Expenses	$173M	▪ Driven primarily by investments in clinical trials and scaling GRAIL's commercial organization

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

Cash Flow and Balance Sheet Items Q1 2023

CASH FLOW FROM OPERATIONS

$10M

Free Cash Flow of ($42M)

CAPITAL EXPENDITURES

$52M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~$1.5B

$500M

Used to repay the outstanding principal of 2023 term notes that matured in March

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

Guidance for Full Year 2023

Consolidated Revenue Growth[1]

~7-10%

Non-GAAP Operating Margin

~8%

Non-GAAP EPS[2]

$1.25-$1.50

COVID-19 Surveillance Revenue

~$30M

Non-GAAP Tax Rate

~36%

Non-GAAP Diluted Shares Outstanding

~160M

GRAIL

Revenue

$90M-$110M

CORE ILLUMINA

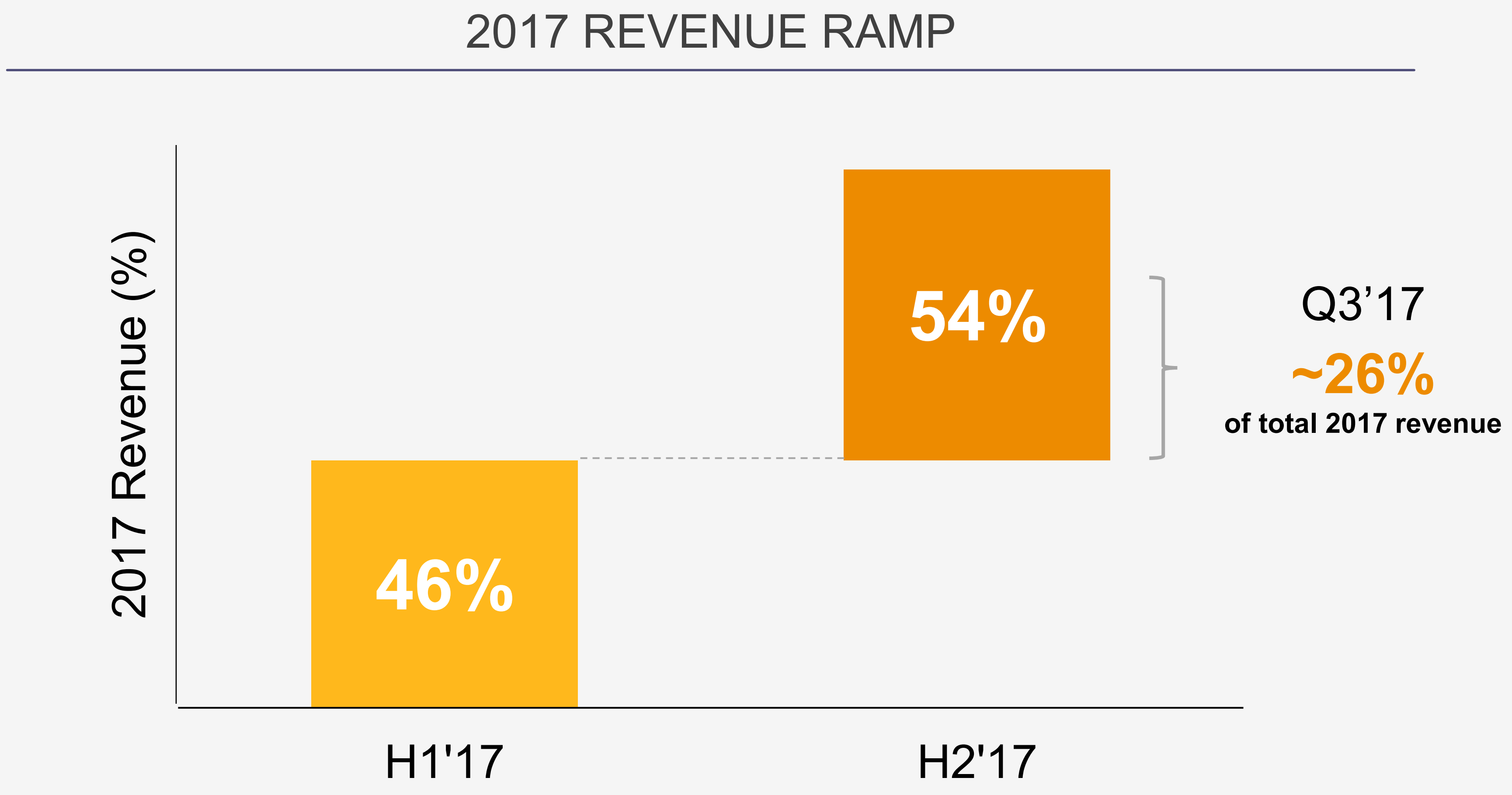
Revenue Growth[3]	Sequencing Growth[3]	Non-GAAP Operating Margin
~6-9%	~8%	~22%

Seq. Instruments: **~13%**
Seq. Consumables: **~5.5%**

Note: See Appendix for reconciliations of hese GAAP and non-GAAP financial measures.
1 Growth rates are year-over-year.
2 Reflects an estimated $670M non-GAAP operating loss from GRAIL.
3 Includes intercompany revenue of ~$35M at the midpoint of revenue guidance, which is removed on a consolidated basis.

FY’23 Core Illumina Expected Revenue Ramp

We expect Core Illumina revenue ramp to ramp sequentially throughout 2023, ***with linearity trends similar to 2017 when we launched NovaSeq 6000***



Guidance for Second Quarter 2023 & Commitment to Margin Expansion

Consolidated Revenue

$1.15B - $1.17B

Sequential Increase (at midpoint)

670 bps

Non-GAAP Operating Margin

~1%

Non-GAAP Earnings Per Share

~$0.01

CORE ILLUMINA

Operating Margin

~17%

CORE NON-GAAP OPERATING MARGIN TARGETS

2024	2025
~25%	~27%

Note: See Appendix for reconciliations of hese GAAP and non-GAAP financial measures.
Note: Illumina only provides non-GAAP measures for operating margin targets because of the difficulty of projecting with reasonable certainty the financial impact of specific GAAP operating adjustments. See Appendix for Illumina's "Statement regarding use of non-GAAP financial measures" for more information.

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Member of
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CDP
DISCLOSURE INSIGHT ACTION
A-

AMERICA'S MOST RESPONSIBLE COMPANIES 2022
Newsweek
statista

SUSTAINALYTICS
ESG INDUSTRY TOP RATED
2023

NORTH AMERICAN
CUSTOMER CENTRICITY AWARDS
WINNER 2022

FAST COMPANY
Most Innovative Companies 2022

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK
2022 for LGBTQ+ Equality
100% CORPORATE EQUALITY INDEX

AMERICA'S MOST JUST COMPANIES
CNBC
2023

Bloomberg
Gender-Equality Index
2023 Member

DEI
BEST PLACE TO WORK FOR DISABILITY INCLUSION
2022

Illumina's mission: Improve human health by unlocking the power of the genome

Appendix

Statement regarding use of non-GAAP financial measures

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

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

The company only provides non-GAAP measures for operating margin targets because of the difficulty of projecting with reasonable certainty the financial impact of specific GAAP operating adjustments, 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 measures for the operating margin target periods. 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, including Galleri, the cancer screening test developed by GRAIL, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xi) the risks and costs associated with our ongoing inability to integrate GRAIL due to the interim measures imposed on us by the European Commission as a result of their prohibition of our acquisition of GRAIL and an order issued by the Federal Trade Commission requiring that we divest GRAIL; (xii) the risks and costs associated with the integration of GRAIL's business if we are ultimately able to integrate GRAIL; (xiii) the risk that disruptions from the consummation of our acquisition of GRAIL and associated legal or regulatory proceedings, including related appeals, or obligations will harm our business, including current plans and operations; (xiv) the risk of incurring fines associated with the consummation of our acquisition of GRAIL and the possibility that we may be required to divest all or a portion of the assets or equity interests of GRAIL on terms that could be materially worse than the terms on which we acquired GRAIL; (xv) our ability to obtain approval by third-party payors to reimburse patients for our products; (xvi) our ability to obtain regulatory clearance for our products from government agencies; (xvii) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business; (xviii) uncertainty, or adverse economic and business conditions, including as a result of slowing or uncertain economic growth, COVID-19 pandemic mitigation measures, or armed conflict; (xix) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments and (xx) legislative, regulatory and economic developments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

# # #

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

	Three Months Ended	
	April 2, 2023	**April 3, 2022**
Net cash provided by operating activities	**$ 10**	$ 172
Net cash used in investing activities	**(56)**	(74)
Net cash (used in) provided by financing activities	**(473)**	21
Effect of exchange rate changes on cash and cash equivalents	**2**	—
Net (decrease) increase in cash and cash equivalents	**(517)**	119
Cash and cash equivalents, beginning of period	**2,011**	1,232
Cash and cash equivalents, end of period	**$ 1,494**	$ 1,351
Calculation of free cash flow:		
Net cash provided by operating activities	**$ 10**	$ 172
Purchases of property and equipment	**(52)**	(61)
Free cash flow **(a)**	**$ (42)**	$ 111

(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		
	April 2, 2023	**April 3, 2022**	**% Change**
Consolidated revenue	**$ 1,087**	$ 1,223	(11)%
Less: Hedge gains	**2**	5	
Consolidated revenue, excluding hedge effect	**1,085**	1,218	
Less: Exchange rate effect	**(26)**	—	
Consolidated constant currency revenue **(a)**	**$ 1,111**	$ 1,218	(9)%
Core Illumina revenue	**$ 1,076**	$ 1,221	(12)%
Less: Hedge gains	**2**	5	
Core Illumina revenue, excluding hedge effect	**1,074**	1,216	
Less: Exchange rate effect	**(26)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,100**	$ 1,216	(10)%

(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		
	April 2, 2023	April 3, 2022	% Change
AMR revenue - Core Illumina	$ 605	$ 646	(6)%
Less: Hedge gains	—	—	
AMR revenue - Core Illumina, excluding hedge effect	605	646	
Less: Exchange rate effect	—	—	
AMR constant currency revenue - Core Illumina **(a)**	$ 605	$ 646	(6)%
AMEA revenue - Core Illumina (b)	$ 119	$ 162	(27)%
Less: Hedge gains	1	1	
AMEA revenue - Core Illumina, excluding hedge effect **(b)**	118	161	
Less: Exchange rate effect	(6)	—	
AMEA constant currency revenue - Core Illumina **(a)(b)**	$ 124	$ 161	(23)%
China revenue - Core Illumina (c)	$ 91	$ 127	(28)%
Less: Hedge gains	—	—	
China revenue - Core Illumina, excluding hedge effect **(c)**	91	127	
Less: Exchange rate effect	(7)	—	
China constant currency revenue - Core Illumina **(a)(c)**	$ 98	$ 127	(23)%
Europe revenue - Core Illumina	$ 261	$ 286	(9)%
Less: Hedge gains	—	3	
Europe revenue - Core Illumina, excluding hedge effect	261	283	
Less: Exchange rate effect	(12)	—	
Europe constant currency revenue - Core Illumina **(a)**	$ 273	$ 283	(4)%

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 APJ with emerging markets across the Middle East, Africa, Turkey, and CIS. Beginning in Q1 2023 and going forward, we will report regional results for the following regions: Americas, Europe, Greater China and AMEA (or Asia-Pacific, Middle East, and Africa).

(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 EARNINGS PER SHARE:

	Three Months Ended	
	April 2, 2023	April 3, 2022
GAAP earnings per share - diluted	**$ 0.02**	$ 0.55
Cost of revenue **(b)**	**0.30**	0.25
R&D expense **(b)**	**0.01**	—
SG&A expense **(b)**	**0.22**	(0.08)
Other expense, net **(b)**	**0.08**	0.24
GILTI and U.S. foreign tax credits **(c)**	**(0.28)**	0.15
Incremental non-GAAP tax expense **(d)**	**(0.32)**	(0.07)
Income tax provision **(e)**	**0.05**	0.03
Non-GAAP earnings per share - diluted **(a)**	**$ 0.08**	$ 1.07

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

	Three Months Ended	
	April 2, 2023	April 3, 2022
GAAP net income	**$ 3**	$ 86
Cost of revenue **(b)**	**48**	40
R&D expense **(b)**	**2**	—
SG&A expense **(b)**	**35**	(12)
Other expense, net **(b)**	**11**	38
GILTI and U.S. foreign tax credits **(c)**	**(44)**	24
Incremental non-GAAP tax expense **(d)**	**(50)**	(11)
Income tax provision **(e)**	**8**	4
Non-GAAP net income **(a)**	**$ 13**	$ 169

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.

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					
	April 2, 2023					
	Core Illumina		GRAIL	Eliminations	Consolidated	
GAAP gross profit (loss) (b)	$ 687	63.8 %	$ (25)	$ (7)	$ 655	60.3 %
Amortization of acquired intangible assets	14	1.4 %	34	—	48	4.4 %
Non-GAAP gross profit **(a)**	$ 701	65.2 %	$ 9	$ (7)	$ 703	64.7 %
GAAP R&D expense	$ 259	24.1 %	$ 86	$ (4)	$ 341	31.4 %
Acquisition-related expenses **(d)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Restructuring **(g)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Non-GAAP R&D expense	$ 257	23.9 %	$ 86	$ (4)	$ 339	31.2 %
GAAP SG&A expense	$ 286	26.6 %	$ 93	$ (1)	$ 378	34.8 %
Amortization of acquired intangible assets	—	—	(1)	—	(1)	(0.1)%
Acquisition-related expenses **(d)**	(20)	(1.8)%	(5)	—	(25)	(2.3)%
Restructuring **(g)**	(1)	(0.1)%	—	—	(1)	(0.1)%
Legal contingency and settlement **(h)**	(2)	(0.2)%	—	—	(2)	(0.2)%
Proxy contest	(6)	(0.6)%	—	—	(6)	(0.6)%
Non-GAAP SG&A expense	$ 257	23.9 %	$ 87	$ (1)	$ 343	31.5 %
GAAP operating profit (loss)	$ 142	13.2 %	$ (204)	$ (2)	$ (64)	(5.7)%
Cost of revenue	14	1.3 %	34	—	48	4.4 %
R&D costs	2	0.2 %	—	—	2	0.2 %
SG&A costs	29	2.7 %	6	—	35	3.0 %
Non-GAAP operating profit (loss) **(a)**	$ 187	17.4 %	$ (164)	$ (2)	$ 21	1.9 %
GAAP other (expense) income, net	$ (17)	(1.6)%	$ 2	$ —	$ (14)	(1.3)%
Strategic investment related loss, net **(e)**	15	1.4 %	—	—	14	1.3 %
Gain on Helix contingent value right **(f)**	(3)	(0.3)%	—	—	(3)	(0.3)%
Non-GAAP other (expense) income, net **(a)**	$ (5)	(0.5)%	$ 2	$ —	$ (3)	(0.3)%

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

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

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

	Three Months Ended April 3, 2022										
	Core Illumina			GRAIL		Eliminations		Consolidated			
GAAP gross profit (loss) (b)	$	851	69.7 %	$	(29)	$	(7)	$	815	66.6 %	
Amortization of acquired intangible assets		6	0.5 %		34		—		40	3.3 %	
Non-GAAP gross profit **(a)**	$	857	70.2 %	$	5	$	(7)	$	855	69.9 %	
GAAP and non-GAAP R&D expense	$	238	19.5 %	$	85	$	—	$	323	26.4 %	
GAAP SG&A expense	$	251	20.6 %	$	58	$	(1)	$	308	25.2 %	
Acquisition-related expenses **(d)**		(33)	(2.7)%		(3)		—		(36)	(2.9)%	
Contingent consideration liabilities **(c)**		49	4.0 %		—		—		49	4.0 %	
Amortization of acquired intangible assets		—	—		(1)		—		(1)	(0.1)%	
Non-GAAP SG&A expense	$	267	21.9 %	$	54	$	(1)	$	320	26.2 %	
GAAP operating profit (loss)	$	362	29.6 %	$	(172)	$	(6)	$	184	15.0 %	
Cost of revenue		6	0.5 %		34		—		40	3.3 %	
SG&A costs		(16)	(1.3)%		4		—		(12)	(1.0)%	
Non-GAAP operating profit (loss) **(a)**	$	352	28.8 %	$	(134)	$	(6)	$	212	17.3 %	
GAAP other expense, net	$	(44)	(3.6)%	$	—	$	—	$	(44)	(3.6)%	
Strategic investment related loss, net **(e)**		43	3.5 %		—		—		43	3.5 %	
Gain on Helix contingent value right **(f)**		(5)	(0.4)%		—		—		(5)	(0.4)%	
Non-GAAP other expense, net **(a)**	$	(6)	(0.5)%	$	—	$	—	$	(6)	(0.5)%	

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided. 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 the GRAIL acquisition.
(d) Amounts consist primarily of legal expenses related to the acquisition of GRAIL.
(e) Amounts consist primarily of mark-to-market adjustments and impairments from our strategic investments.
(f) Amounts consist of fair value adjustments related to our Helix contingent value right.

(g) Amounts consist primarily of employee severance costs related to restructuring activities.
(h) Amount consists of a loss related to a patent litigation settlement.

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

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

	Three Months Ended April 2, 2023		
GAAP tax benefit	**$**	**(81)**	**103.9 %**
Incremental non-GAAP tax expense **(b)**		**50**	
Income tax provision **(c)**		**(8)**	
GILTI and U.S. foreign tax credits **(d)**		**44**	
Non-GAAP tax provision **(a)**	**$**	**5**	**27.3 %**

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

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

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

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are stated above in this press release. More information on potential factors that could affect our financial results is included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 1, 2023 filed with the SEC on February 17, 2023. We assume no obligation to update any forward-looking statements or information.

TABLE 5: RECONCILIATION BETWEEN GAAP AND NON-GAAP DILUTED (LOSS) EARNINGS PER SHARE GUIDANCE:

	Fiscal Year 2023
Consolidated GAAP diluted loss per share (b)	**$(0.28) - $(0.03)**
Amortization of acquired intangible assets	1.23
Legal contingency and settlement **(c)**	0.02
Acquisition-related expenses **(d)**	0.16
Strategic investment related loss, net **(e)**	0.09
Gain on Helix contingent value right **(f)**	(0.02)
Restructuring **(g)**	0.01
GILTI and U.S. foreign tax credits **(h)**	0.42
Incremental non-GAAP tax expense **(i)**	(0.63)
Income tax provision **(j)**	0.05
Proxy contest	0.20
Consolidated non-GAAP diluted earnings per share **(a)(b)**	$1.25 - $1.50

	Q2 2023
Consolidated GAAP diluted earnings per share (b)	**$0.04**
Amortization of acquired intangible assets	0.31
Proxy contest	0.16
GILTI and U.S. foreign tax credits **(h)**	(0.24)
Incremental non-GAAP tax expense **(i)**	(0.26)
Consolidated non-GAAP diluted earnings per share **(a)(b)**	$0.01

(a) Non-GAAP diluted earnings per share excludes the effects of the pro forma adjustments as detailed above. Non-GAAP diluted earnings per share is a key component of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing our past and future operating performance.
(b) Amounts assume that the existing R&D capitalization requirements are not repealed in 2023 and, as a result, reflect an impact of approximately $75 million for fiscal year 2023.
(c) Amount consists of a loss related to a patent litigation settlement that occurred in Q1 2023.
(d) Amounts consist primarily of legal expenses incurred through Q1 2023 related to the acquisition of GRAIL.
(e) Amounts consist primarily of mark-to-market adjustments and impairments recognized in Q1 2023 on our strategic investments.
(f) Amount consists of a fair value adjustment recognized in Q1 2023 on our Helix contingent value right.

(g) Amounts consist primarily of employee severance costs related to restructuring activities incurred in Q1 2023.
(h) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.
(i) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.
(j) Amount represents the difference between book and tax accounting related to stock-based compensation cost recognized in Q1 2023.

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

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are stated above in this press release. More information on potential factors that could affect our financial results is included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended January 1, 2023 filed with the SEC on February 17, 2023. We assume no obligation to update any forward-looking statements or information.

TABLE 6: RECONCILIATION BETWEEN GAAP AND NON-GAAP OPERATING MARGIN GUIDANCE:

	Q2 2023
Consolidated GAAP operating margin	**(5)%**
Amortization of acquired intangible assets	4
Proxy contest	2
Consolidated non-GAAP operating margin **(a)**	1%

	FY 2023
Consolidated GAAP operating margin	**3%**
Amortization of acquired intangible assets	4
Proxy contest	1
Consolidated non-GAAP operating margin **(a)**	8%

	Q2 2023
Core Illumina GAAP operating margin	**14%**
Amortization of acquired intangible assets	1
Proxy contest	2
Core Illumina non-GAAP operating margin **(a)**	17%

	FY 2023
Core Illumina GAAP operating margin	**20%**
Amortization of acquired intangible assets	1
Proxy contest	1
Core Illumina non-GAAP operating margin **(a)**	22%

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

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

TABLE 7: RECONCILIATION BETWEEN GRAIL GAAP AND NON-GAAP OPERATING LOSS GUIDANCE:

		FY 2023
GRAIL GAAP operating loss	**$**	**(813)**
Amortization of acquired intangible assets		138
Acquisition-related expenses **(b)**		5
GRAIL non-GAAP operating loss **(a)**	$	(670)

(a) Non-GAAP operating loss excludes the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in this measure to assist investors in analyzing and assessing past and future operating performance related to the GRAIL segment.
(b) Amounts consist primarily of legal expenses incurred through Q1 2023 related to the acquisition of GRAIL.

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

TABLE 8: RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX RATE GUIDANCE:

	Fiscal Year 2023	
	Current (b)	**If repealed (c)**
Consolidated GAAP tax rate	**118 %**	**57 %**
Non-GAAP tax adjustments **(a)**	(82)	(43)
Consolidated non-GAAP tax rate	36 %	14 %

(a) Non-GAAP tax adjustments reflect the tax impact related to the non-GAAP adjustments listed above in our "Reconciliation Between GAAP and Non-GAAP Diluted Earnings Per Share Guidance." Management has excluded the effect of these items in this measure to assist investors in analyzing and assessing past and future operating performance.
(b) Amounts assume that the existing R&D capitalization requirements are not repealed in 2023 and, as a result, reflect an impact of approximately $75 million.
(c) Amounts assume that the existing R&D capitalization requirements are repealed in 2023.