ILMN Q2 2026 Earnings Call
Prepared Remarks – July 30, 2026

Conor McNamara, Head of Investor Relations

Hello everyone, and welcome to Illumina's second quarter 2026 earnings call.

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

Joining me today are Jacob Thaysen, Chief Executive Officer, and Ankur Dhingra, Chief Financial Officer. Jacob will begin with an update on Illumina's business, followed by Ankur's review of the financials.

We will be discussing certain non-GAAP financial measures, and a reconciliation to GAAP can be found in today's release and in the supplementary data on our website.

Unless otherwise stated, all growth rates are presented on a year-over-year reported basis. Organic growth adjusts for the impact of currency and acquisitions, and rest-of-world organic growth also excludes Greater China due to our inclusion on China's Unreliable Entity List.

This call is being recorded, and the replay will be available on our website. It is our intent that all forward-looking statements made during today's call will be protected under the Private Securities Litigation Reform Act of 1995.

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

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

Jacob Thaysen, Chief Executive Officer

Thank you, Conor, and good afternoon everyone.

We had a great first half of 2026, including another strong quarter in Q2, and I couldn't be prouder of what the Illumina team delivered.

Revenue grew at the fastest rate since I joined the company, driven by increasing demand for Illumina's technology as customers expand clinical applications. Our deep relationships with leading U.S. clinical customers and large installed base reinforce the durability of our position in these markets.

Margins also came in above our guidance, despite higher-than-expected costs.

I want to thank our teams for their focus and commitment to our customers and shareholders.

Our first-half results put us in a strong position as we look ahead. We are raising our 2026 guidance for revenue growth and profitability, while remaining committed to executing against our long-range targets.

Today, I'm going to focus on three areas:

- Our performance in the quarter and the trends we are seeing across our end markets

- How we are expanding the value of our platform through new workflows and multiomics capabilities

- And the progress we are making against our long-term strategy and financial targets

Let me start with how the quarter came together.

Rest of world organic revenue grew 8.1 percent, above the high end of our guidance, and demand for NovaSeq X remained high more than three years after launch, with more than 95 placements in the quarter.

Together with disciplined expense management, this translated into both margins and EPS above guidance.

Clinical markets, which represented approximately 65% of sequencing consumables revenue, remained our primary growth driver. Rest of world clinical growth was broad-based across regions and applications, with particular strength in our U.S.-Canada region.

Strong instrument placements over the past three quarters are expanding customer capacity and will support consumables growth for many quarters to come. Placements will vary from quarter to quarter, but demand remains elevated.

In research and academic markets, results improved from Q1, but customers remain cautious as they navigate funding uncertainty. We saw some signs of improvement late in the quarter, but it is too early to call a recovery. These customers remain an important source of innovation and help drive clinical adoption over time. Our expanding multiomics portfolio gives customers more ways to analyze biology and broadens how we can support these markets over time.

Let me turn next to innovation. Our strategy is to deliver the highest quality insights for the lowest end-to-end cost. The updates we made this quarter advance that goal by expanding what customers can do on the NovaSeq X and increasing the value of the Illumina ecosystem.

Within core sequencing, NovaSeq X remains central to our approach. Customers are investing in the platform not only for what it enables today, but because they see a clear path to use it for years to come. The roadmap we laid out earlier this year gives them confidence that the X will continue to support their workflows over time, helping sustain demand for the platform.

We recently launched our whole-genome MRD research workflow, a tool designed to help customers shorten assay-development timelines and lower development costs. The solution runs on NovaSeq systems and is now in early access with select customers.

Beyond core sequencing, we are expanding our multiomics offerings, consistent with the strategy we laid out in 2024. This summer, we expanded our portfolio with the launch of StrataMap Spatial, our sequencing-based spatial workflow. This launch broadens our capabilities in spatial biology and gives researchers another way to study tissue biology through the Illumina ecosystem.

We are also seeing sustained proteomics momentum following the close of our SomaLogic acquisition. Our newly branded SomaScan and SomaSeq offerings are generating strong interest and helping customers connect proteomic and genomic insights.

And in BioInsight, we are expanding our data and insights offerings to help pharmaceutical customers advance AI-enabled drug discovery. BioInsight brings together sequencing, perturbation tools, compute power, and AI, to build high-quality multi-omics datasets and interpretation tools. These capabilities can deepen understanding of disease pathways, infer causality, and enable more predictive biological models.

One of the first key BioInsight initiatives is the Billion Cell Atlas, a genome-wide perturbation dataset that deepens understanding of disease biology and generates data for AI models. We are producing this data at an unprecedented scale and with the quality and consistency needed to support biological discovery.

With over 300 million cells delivered to date, biopharma interest continues to grow. We have started booking revenue from our Billion Cell Atlas and we added three new partners subsequent to quarter end, bringing our total to six. While still early, these milestones are an encouraging sign of the opportunity ahead.

Later this year, we look forward to sharing additional BioInsight updates as we expand how customers can use biological data to accelerate discovery.

Turning to our improved 2026 outlook.

We are increasing our full-year revenue outlook to reflect both our Q2 outperformance and our expectations for the remainder of the year. The momentum we are seeing, especially from our clinical customers, gives us greater confidence as we enter the second half.

We now expect full-year rest-of-world organic revenue growth greater than 5%. We expect the pace of growth in the second half to remain broadly consistent with the first half, although the mix will shift. Consumables revenue will continue to grow from a higher installed base, while instrument growth moderates against tougher comparisons following several quarters of elevated NovaSeq X placements.

The expanding NovaSeq X installed base will also add further consumables growth beyond 2026, and supports our path toward high-single-digit revenue growth in 2027.

We are also raising our EPS outlook, reflecting Q2 outperformance, higher revenue expectations, and continued expense discipline. Ankur will provide the details in his remarks.

Our updated guidance reinforces our progress toward the long-term financial targets we laid out in 2024, and we remain focused on achieving them. We operate in a healthy market with significant untapped opportunity. By continuing to deliver innovative technology that improves customer workflows and expands their capabilities, we expect to maintain our leadership as the market evolves.

With three consecutive quarters of growth, we enter the second half from a stronger position. Our teams are energized by the response to our recently launched end-to-end workflows. That interest confirms that we are solving the right problems and reinforces our innovation priorities.

We are also strengthening the team leading this work. We recently welcomed Michael Sullivan and Julie Coletti to our management team, adding deep commercial and legal experience as we scale the business. We are equally pleased to welcome David King and Daniel Skovronsky to our Board. Their experience across healthcare, diagnostics, and R&D will be valuable as we advance our clinical and innovation priorities.

I want to thank the entire Illumina team for their focus and commitment, and our customers for the trust they place in us. With that, I'll hand it over to Ankur to walk through the financial details before we move to Q&A.

Ankur Dhingra, Chief Financial Officer

Thank you, Jacob, and good afternoon, everyone.

I will walk through our second quarter financial results, provide additional color on revenue, expenses, earnings, the balance sheet, and capital deployment, and then discuss our updated outlook.

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

For Q2, our revenue and earnings results came in ahead of our expectations and guidance. Revenue grew 8% on organic basis, ex China; margins were ahead, and EPS of $1.31 grew 10% year-over-year. And we placed more than 95 X's.

Now turning to the details.

During the second quarter, Illumina's revenue of $1.16 billion was up 9.5% year-over-year and 6.5% on an organic basis, with currency and acquired revenue together contributing approximately 3 percentage points to our reported growth rate. Rest-of-world organic growth was 8.1%.

Sequencing consumables revenue of $775 million was up 5% year-over-year on both a reported and organic rest-of-world basis. High-throughput volume drove most of the revenue growth, as the NovaSeq X installed base continues to expand and pull-through increased year-over-year.

Sequencing consumable revenue in clinical markets grew 15% ex-China – with the US-Canada region continuing to grow above 20%. We saw slower growth in Europe, Middle East and Latin America region – largely due to ongoing near-term dynamics in the region. First half growth was approximately 17% - a slight acceleration versus the second half of 2025 – reflecting continued adoption of sequencing-based diagnostics and more sequencing-intensive applications. We are raising our growth outlook in clinical markets towards the high-end of our prior guide, and now expect mid-teens growth for the year.

Sequencing consumables in research and applied markets declined 7% rest-of-world and year-to-date trends have remained consistent with our outlook entering the year. Though we were encouraged by the trends in the quarter – including 9% revenue growth quarter-over-quarter – we believe it's still too early to predict the timing of an end-market recovery, and continue to expect mid-to-high single digit declines for research and applied consumables in 2026.

We made further progress in the quarter transitioning customers to the NovaSeq X. As of Q2, approximately 83% of volumes and 59% of revenue had transitioned to the platform. Despite continued transition dynamics, sequencing consumables posted strong growth.

Approximately 78% of clinical volume is now on the X, and we continue to expect clinical volumes will reach 80% to 85% conversion by the end of 2026.

On sequencing activity, total sequencing gigabase output on our connected high- and mid-throughput instruments once again grew more than 30% year-over-year, with clinical growth well above that.

Sequencing instruments revenue of $125 million was up 31% year-over-year in Q2 on both reported and rest-of-world organic basis, driven by increased sales of NovaSeq X and the MiSeq i100.

We made significant progress with our supply investments in the quarter, allowing us to place over 95 NovaSeq X instruments in Q2 as demand remains strong for the platform, especially among some of our largest clinical customers, where we saw several multi-unit capacity expansion orders, including for start of new clinical trials. We also placed over 10 NovaSeq 6000 units, as some customers plan to remain on that platform for years to come.

Sequencing service and other revenue of $154 million was up 14% on both a reported and rest-of-world organic basis. As Jacob mentioned in his prepared remarks, we are gaining traction in our Billion Cell Atlas program, resulting in higher data revenue from biopharma customers.

Microarrays and other revenue of $105 million was up 21% reported and included SomaLogic revenue, which continues to track towards the high-end of our deal expectations. On rest-of-world organic basis, microarrays and other revenue declined 4%.

Moving to the rest of the P&L:

Non-GAAP gross margin of 68.2%, came in slightly better then our expectations – especially given product mix from the relatively high sales of instruments in the quarter, and we also absorbed higher freight and memory costs in this quarter.

Non-GAAP operating expenses were $530 million, and include Somalogic expenses. In addition, we had approximately 60 basis points of deferred compensation this quarter – which is EPS neutral with offset in other income.

Non-GAAP operating margin was 22.5% for the quarter, above our guidance driven by higher volume and as team did an excellent job in absorbing increased inflationary effects.

Looking below the line, non-GAAP net interest and other expense was $8 million in the quarter, our non-GAAP tax rate was 20.5%, and average diluted shares were approximately 153 million, reflecting continued share buybacks.

Altogether, non-GAAP EPS of $1.31 per diluted share grew approximately 10% year-over-year and approximately 13% excluding the dilutive impact of acquisitions.

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

- Cash flow provided by operations was $201 million for the quarter, which is below the usual trend, due to timing of tax payments and higher inventory as we secured supply for critical components for next few quarters

- Capital expenditures were $39 million and free cash flow was $162 million

- We repurchased 0.9 million shares of Illumina stock for approximately $122 million at an average price of 129 dollars and 7 cents per share

At quarter end we had approximately $1.8 billion remaining under our current share repurchase authorizations, and we intend to continue to repurchase shares opportunistically.

We ended the quarter with approximately $1.17 billion in cash, cash equivalents, and short-term investments; $1.99 billion in total debt; and a leverage ratio of approximately 1.6x gross debt to last twelve months EBITDA.

Overall, we had a great second quarter and first half of 2026, allowing us to raise our full-year guidance and reinforce our confidence in the progress we are making toward our long-range targets.

Now, turning to our full-year 2026 guidance, starting with revenue.

We are raising our rest-of-world organic growth guidance to greater than 5%, up from our prior range of 2 to 4%; and raising our reported revenue guidance by $50 million at the midpoint to $4.60 to $4.64 billion dollars. This reflects the Q2 beat and also our increased expectations for second half of the year. We are also expecting to come in towards the high-end of our previously stated guidance for sequencing consumables and instruments.

For rest-of-world organic sequencing consumable growth, we now expect mid-single-digit growth, including mid-teens growth in clinical and mid-to-high single digit declines in research. This reflects a modest revenue benefit from our outperformance in X placements over the last two quarters, though most of that benefit will come in 2027 as our clinical customers typically take at least 6-9 months to reach normalized consumable pull-through levels.

Sequencing instruments are now expected to grow low single digits rest-of-world organically in 2026. Demand for NovaSeq X remains robust, and we expect unit placements to remain at elevated levels in the second half of the year, with some moderation in year-over-year growth rates.

We are maintaining our operating margin guidance of 23.4% to 23.6%. With our higher revenue expectations for the year, this equates to diluted EPS guidance of $5.30 to $5.40, an increase of 12 cents at the midpoint versus our prior guide, and year over year growth of 11% at the mid-point and 14% ex acquisitions.

Moving to Q3 2026 guidance, we expect rest-of-world organic revenue growth of approximately 4.5% and reported revenue of $1.14 to $1.16 billion, non-GAAP EPS of $1.33 to $1.38 and non-GAAP operating margin of approximately 24%. This equates to approximately 150 basis points of margin expansion sequentially driven by higher consumable mix and the increased benefit of cost actions and improved efficiency.

Our solid H1 performance and rapidly growing clinical installed base provide a strong setup for continued consumable growth for years to come. We are seeing an increase in X placements to meet increasing volume demand, which will help accelerate consumable revenue growth as recent placements come online. In addition, we are beginning to see revenue contributions from our Billion Cell Atlas and growing customer interest in our multiomics portfolio, and we still believe new products will add 1-2 points of growth next year. Taken together, we continue making progress towards our 2027 financial targets.

In closing, I want to thank the Illumina team for their continued focus and disciplined execution throughout the quarter. We are off to a great start in 2026, and I am extremely encouraged by the progress we've made in returning Illumina to long-term sustainable revenue and earnings growth.

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

Conor McNamara, Head of Investor Relations

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

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted earnings per share, gross margin, operating margin, and free cash flow, among others, in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company's financial measures under GAAP include substantial charges such as amortization of acquired intangible assets, among others, that are listed in the reconciliations of GAAP and non-GAAP financial measures included in this press release. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance. Non-GAAP operating margin 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 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 impact of items such as acquisition-related costs, fair value adjustments to contingent consideration, gains and losses from strategic investments, asset impairments, restructuring activities, and the ultimate outcome of pending litigation, among others, without unreasonable effort. These items are uncertain, inherently difficult to predict, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, the company is unable to address the significance of the unavailable information, which could be material to future results.

Use of forward-looking statements

This release may contain forward-looking statements that involve risks and uncertainties. Among the important factors to which our business is subject that could cause actual results to differ materially from those in any forward-looking statements are: (i) changes in the rate of growth in the markets we serve, including the proteomics market; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our ability to adjust our operating expenses to align with our revenue expectations; (iv) our ability to successfully integrate SomaLogic, Inc. and certain other assets we acquired from Standard BioTools Inc. (the SomaLogic Business) into our existing operations and the SomaLogic Business' technology and products into our portfolio; (v) our ability to successfully manage partner and customer relationships in the proteomics market; (vi) uncertainty regarding the impact of our inclusion on the "unreliable entities list" by regulatory authorities in China; (vii) uncertainty regarding tariffs imposed or threatened by the U.S. government and its trading partners, related court proceedings or administrative actions (including potential refund or relief programs), and other possible tariffs or trade protection measures and our efforts to mitigate the impact of such tariffs; (viii) our ability to manufacture robust instrumentation and consumables, including the SomaLogic Business' products; (ix) the success of products and services competitive with our own; (x) 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; (xi) the impact of recently launched or pre-announced products and services on existing products and services; (xii) our ability to modify our business strategies to accomplish our desired operational goals; (xiii) 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; (xiv) our ability to further develop and commercialize our instruments, consumables, and products; (xv) our ability to deploy new products, services, and applications, and to expand the markets for our technology platforms; (xvi) the risk of additional litigation arising against us in connection with the GRAIL acquisition; (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.

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

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Net cash provided by operating activities	**$ 201**	$ 234	**$ 490**	$ 474
Net cash used in investing activities	**(121)**	(49)	**(488)**	(112)
Net cash used in financing activities	**(129)**	(371)	**(380)**	(566)
Effect of exchange rate changes on cash and cash equivalents	**—**	7	**—**	11
Net decrease in cash and cash equivalents	**(49)**	(179)	**(378)**	(193)
Cash and cash equivalents, beginning of period	**1,089**	1,113	**1,418**	1,127
Cash and cash equivalents, end of period	**$ 1,040**	$ 934	**$ 1,040**	$ 934
Calculation of free cash flow:				
Net cash provided by operating activities	**$ 201**	$ 234	**$ 490**	$ 474
Purchases of property and equipment	**(39)**	(30)	**(78)**	(62)
Free cash flow (a)	**$ 162**	$ 204	**$ 412**	$ 412

(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
(Dollars in millions)
(unaudited)

TABLE 1: RECONCILIATION OF REVENUE GROWTH:

	Three Months Ended June 28, 2026	Six Months Ended June 28, 2026
Revenue growth	**9.5 %**	**7.2 %**
Impact of acquisitions	(2.1)%	(1.9)%
Impact of currency exchange rates	(0.9)%	(1.4)%
Organic revenue growth (non-GAAP) (a)	6.5 %	3.9 %
Impact of China	1.6 %	1.9 %
ROW organic revenue growth (non-GAAP) (a)	8.1 %	5.8 %

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.

Illumina, Inc.
Results of Operations - Revenue by Source
(unaudited)

TABLE 1: RECONCILIATION OF REVENUE GROWTH - REVENUE BY SOURCE:

	Three Months Ended	Six Months Ended
	June 28, 2026	June 28, 2026
Sequencing consumables revenue growth	**5 %**	**4 %**
Impact of currency exchange rates	(1)%	(1)%
Organic revenue growth (non-GAAP) (a)	4 %	3 %
ROW sequencing consumables revenue growth	**6 %**	**7 %**
Impact of currency exchange rates	(1)%	(2)%
ROW organic revenue growth (non-GAAP) (a)	5 %	5 %
Sequencing instruments revenue growth	**31 %**	**19 %**
Impact of currency exchange rates	(1)%	(1)%
Organic revenue growth (non-GAAP) (a)	30 %	18 %
Impact of China	1 %	2 %
ROW organic revenue growth (non-GAAP) (a)	31 %	20 %
Sequencing service and other revenue growth	**14 %**	**10 %**
Impact of currency exchange rates	(1)%	(1)%
Organic revenue growth (non-GAAP) (a)	13 %	9 %
Impact of China	1 %	1 %
ROW organic revenue growth (non-GAAP) (a)	14 %	10 %
Microarray revenue growth	**21 %**	**11 %**
Impact of acquisitions	(25)%	(22)%
Impact of currency exchange rates	(2)%	(2)%
Organic revenue growth (non-GAAP) (a)	(6)%	(13)%
Impact of China	2 %	1 %
ROW organic revenue growth (non-GAAP) (a)	(4)%	(12)%

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.

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

TABLE 1: RECONCILIATION OF REVENUE GROWTH - REVENUE BY REGION:

	Three Months Ended	Six Months Ended
	June 28, 2026	June 28, 2026
USCAN revenue growth	**15 %**	**10 %**
Impact of acquisitions	(2)%	(1)%
Impact of currency exchange rates	— %	— %
Organic revenue growth (non-GAAP) (a)	13 %	9 %
EMEALA revenue growth	**4 %**	**6 %**
Impact of acquisitions	(1)%	(1)%
Impact of currency exchange rates	(3)%	(4)%
Organic revenue growth (non-GAAP) (a)	— %	1 %
APAC revenue growth	**14 %**	**14 %**
Impact of acquisitions	(8)%	(9)%
Impact of currency exchange rates	3 %	1 %
Organic revenue growth (non-GAAP) (a)	9 %	6 %
Greater China revenue growth (b)	**(12)%**	**(20)%**
Impact of acquisitions	(6)%	(3)%
Impact of currency exchange rates	(1)%	(1)%
Organic revenue growth (non-GAAP) (a)(b)	(19)%	(24)%

United States and Canada (USCAN), Europe, Middle East, Africa and Latin America (EMEALA), Asia-Pacific (APAC)

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which 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 China, Taiwan, and Hong Kong.

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

TABLE 1: RECONCILIATION OF GAAP AND NON-GAAP DILUTED EARNINGS PER SHARE:

	Three Months Ended		Six Months Ended	
	June 28, 2026	**June 29, 2025**	**June 28, 2026**	**June 29, 2025**
GAAP diluted earnings per share	**$ 1.35**	$ 1.49	**$ 2.22**	$ 2.31
Acquisition-related costs (d)	**0.07**	0.03	**0.23**	0.11
Transformational initiatives (e)	**0.03**	0.06	**0.06**	0.26
Strategic investment (gain) loss, net (f)	**(0.15)**	(0.65)	**0.08**	(0.85)
Intangible impairment	**—**	0.15	**—**	0.15
Other (g)	**—**	—	**—**	0.03
Provision for income taxes (h)	**0.01**	0.11	**(0.13)**	0.15
Non-GAAP diluted earnings per share (b)	**$ 1.31**	$ 1.19	**$ 2.46**	$ 2.16

TABLE 2: RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended				Six Months Ended			
(Dollars in millions)	**June 28, 2026**		**June 29, 2025**		**June 28, 2026**		**June 29, 2025**	
GAAP gross profit (c)	**$ 770**	**66.4 %**	$ 695	65.6 %	**$ 1,491**	**66.2 %**	$ 1,378	65.6 %
Acquisition-related costs (d)	**20**	**1.8 %**	16	1.5 %	**43**	**2.0 %**	33	1.6 %
Transformational initiatives (e)	**—**	**— %**	1	0.1 %	**—**	**— %**	3	0.1 %
Intangible impairment	**—**	**— %**	23	2.2 %	**—**	**— %**	23	1.1 %
Non-GAAP gross profit (b)	**$ 790**	**68.2 %**	$ 735	69.4 %	**$ 1,534**	**68.2 %**	$ 1,437	68.4 %
GAAP operating profit	**$ 245**	**21.1 %**	$ 214	20.2 %	**$ 454**	**20.2 %**	$ 378	18.0 %
Acquisition-related costs (d)	**11**	**1.0 %**	5	0.5 %	**35**	**1.6 %**	17	0.8 %
Transformational initiatives (e)	**4**	**0.4 %**	10	0.9 %	**10**	**0.4 %**	41	2.0 %
Intangible impairment	**—**	**— %**	23	2.2 %	**—**	**— %**	23	1.1 %
Other (g)	**—**	**— %**	—	— %	**—**	**— %**	5	0.2 %
Non-GAAP operating profit (b)	**$ 260**	**22.5 %**	$ 252	23.8 %	**$ 499**	**22.2 %**	$ 464	22.1 %

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

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

	Three Months Ended				Six Months Ended			
	June 28, 2026		June 29, 2025		June 28, 2026		June 29, 2025	
GAAP R&D expense	**$ 252**	**21.7 %**	$ 247	23.3 %	**$ 492**	**21.8 %**	$ 499	23.8 %
Acquisition-related costs (d)	**—**	**— %**	—	— %	**(2)**	**— %**	(1)	— %
Transformational initiatives (e)	**—**	**— %**	(4)	(0.4)%	**—**	**— %**	(14)	(0.7)%
Non-GAAP R&D expense	**$ 252**	**21.7 %**	$ 243	22.9 %	**$ 490**	**21.8 %**	$ 484	23.1 %
GAAP SG&A expense	**$ 273**	**23.6 %**	$ 234	22.1 %	**$ 545**	**24.2 %**	$ 501	23.8 %
Acquisition-related costs (d)	**9**	**0.7 %**	12	1.1 %	**10**	**0.4 %**	17	0.8 %
Transformational initiatives (e)	**(4)**	**(0.3)%**	(5)	(0.5)%	**(10)**	**(0.4)%**	(24)	(1.1)%
Other (g)	**—**	**— %**	—	— %	**—**	**— %**	(5)	(0.2)%
Non-GAAP SG&A expense	**$ 278**	**24.0 %**	$ 241	22.7 %	**$ 545**	**24.2 %**	$ 489	23.3 %
GAAP other income (expense), net	**$ 15**	**1.3 %**	$ 92	8.7 %	**$ (37)**	**(1.6)%**	$ 110	5.2 %
Strategic investment (gain) loss, net (f)	**(23)**	**(2.0)%**	(102)	(9.7)%	**13**	**0.5 %**	(135)	(6.4)%
Non-GAAP other expense, net	**$ (8)**	**(0.7)%**	$ (10)	(1.0)%	**$ (24)**	**(1.1)%**	$ (25)	(1.2)%

(a) Organic revenue growth adjusts for the impact from acquisitions and currency movements, which is calculated using comparative prior period foreign exchange rates to translate current period revenue, net of the effects of hedges; Rest of World (ROW) organic revenue growth also adjusts for the impact from our China region.

(b) Non-GAAP gross profit, included within non-GAAP operating profit, 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 diluted earnings per share and non-GAAP operating profit exclude the effects of the pro forma adjustments as detailed above. Non-GAAP operating margin 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 past and future operating performance.

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

(d) Amounts for Q2 2026 and YTD 2026 consist primarily of:

- Amortization of intangible assets of $18 million and $35 million (cost of revenue)
- Amortization of inventory fair value step-up for SomaLogic of $2 million and $8 million (cost of revenue)
- Expenses for the SomaLogic and GRAIL acquisitions of $7 million and $22 million (operating expense)
- Net gains on contingent consideration liabilities of ($16) million and ($32) million (operating expense)

Amounts for Q2 2025 and YTD 2025 consist primarily of:

- Amortization of intangible assets of $16 million and $33 million (cost of revenue)
- Expenses for the SomaLogic and GRAIL acquisitions of $9 million and $15 million (operating expense)
- Net gains on contingent consideration liabilities of ($21) million and ($32) million (operating expense)

(e) Amounts for Q2 2026 and YTD 2026 consist primarily of implementation costs to upgrade our ERP system. Amounts for Q2 2025 and YTD 2025 consist primarily of employee severance costs from restructuring activities.

(f) Amounts consist of realized and unrealized gains and losses and impairments on our investments.

(g) Amount consists of $3 million for costs related to board membership changes and $2 million for legal accrual.

(h) Amounts represent the aggregate of the difference between book and tax accounting related to stock-based compensation cost and the tax impact related to non-GAAP adjustments.

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

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

	Three Months Ended				Six Months Ended			
	June 28, 2026		June 29, 2025		June 28, 2026		June 29, 2025	
GAAP tax provision	**$ 53**	**20.5 %**	$ 71	23.4 %	**$ 77**	**18.4 %**	$ 122	25.1 %
Income tax provision (b)	**2**		(1)		**—**		(7)	
Non-GAAP tax expense (c)	**(3)**		(16)		**20**		(18)	
Non-GAAP tax provision (a)	**$ 52**	**20.5 %**	$ 54	22.2 %	**$ 97**	**20.5 %**	$ 97	22.1 %

(a) Non-GAAP tax provision excludes the effects of the pro forma adjustments detailed above, which have been excluded to assist investors in analyzing and assessing past and future operating performance.
(b) Amounts represent the difference between book and tax accounting related to stock-based compensation cost.
(c) Non-GAAP tax expense reflects tax impact of the non-GAAP adjustments listed in Table 2.