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Q1 2024 Earnings Presentation

May 2, 2024

Jacob Thaysen

Chief Executive Officer

Ankur Dhingra

Chief Financial 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

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Q1'24 Financial Results

CORE ILLUMINA REVENUE

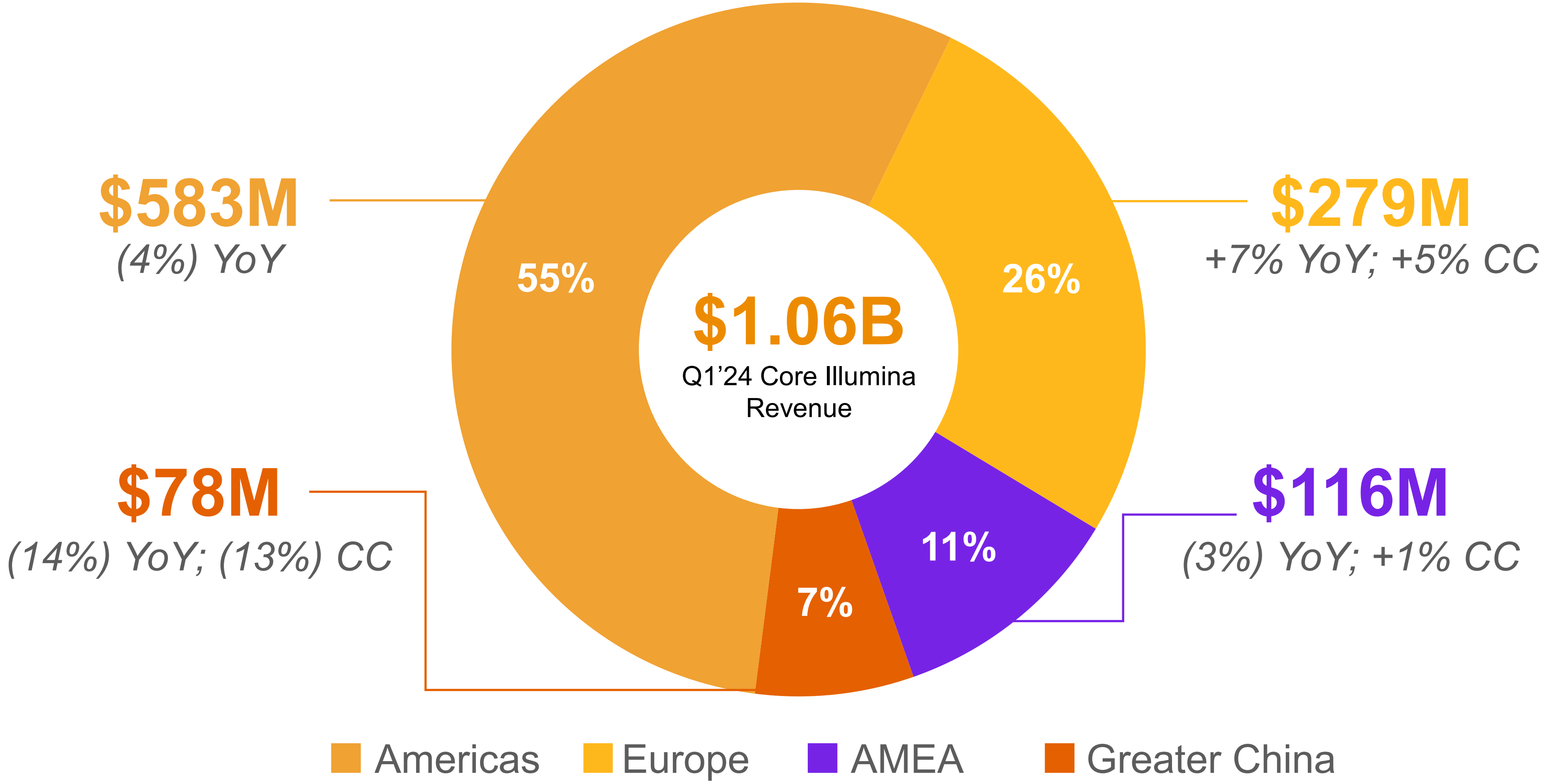
Delivered revenue ahead of our expectations

~$1.06B

Q1'24 Core Illumina Revenue

- We remain cautious due to persistently challenging global macroeconomic environment
- Customers are still constrained in their purchasing decisions
- Expected lower instrument placements in Q1'24 vs. Q1'23 when we shipped first NovaSeq™ X instruments

Core Illumina Q1 2024 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: Revenue breakdown percentage values may not add up to 100% due to rounding.
Note: AMEA denotes Asia Pacific, Middle East and Africa.

My Priorities as CEO

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

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Drive Our Top Line

Growing NovaSeq™ X installed base

55
Q1'24 NovaSeq X Instrument Shipments

400+
Total NovaSeq X Installed Base

Now offering a full suite of NovaSeq X reagent kits

10B
Launched Q1'23
Upgraded in Q1'24

25B
Launched Q4'23

1.5B
Launched Q1'24

XLEAP-SBS™ on NextSeq™ 1k/2k
Launched Q1'24 for P4 Flow Cell

Exceptional feedback from customers:
- Reads that **exceed specs** for quantity and quality
- Enabling **spatial** and **single cell** projects
- Impressed with **accuracy** with DRAGEN™ on board

Pursuing partnerships and alliances to drive the genomics ecosystem forward

Pillar Biosciences

Announced FDA approval for pan-cancer IVD for general tumor profiling on the MiSeqDx™

Bristol Myers Squibb

Joined our collaboration with J&J Innovative Medicine on the development of our molecular residual disease assay

Deliver Operational Excellence

Combined Marketing and Commercial teams under one Global Commercial organization

- Build agility to better serve customers
- Will deliver sustained growth and margins over time

Driving further improvements through our supply chain and improving our cost structure

- Implemented initiatives to adjust pricing to better cover our global operational costs
- Streamlined real estate footprint by exiting select facilities in the Bay Area and San Diego

Focused on stabilizing Greater China business

- Appointed Jenny Zheng as Head of Region
- Introducing changes to make our business more “in China, for China”
- Improving our local manufacturing and partnerships

We are driving margin improvement through increased productivity, while sustaining innovation and growth

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Resolve GRAIL as Quickly as Possible

European Commission approved our divestment plan for GRAIL

Approved plan contemplates parallel paths – we have made progress on both

Third-party Sale

Capital Markets Transaction

In the event of a capital markets transaction, we will capitalize GRAIL with 2.5 years of funding

~$1B

Funding, including cash on GRAIL's balance sheet, based on GRAIL's long-range plan

On track to finalize terms of the transaction by the end of Q2

Ankur Dhingra

Chief Financial Officer

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Core Illumina Q1 2024 Financials

CORE ILLUMINA REVENUE

$1.06B

(2%)
YoY Revenue

(2%)
YoY Revenue (CC)

Exceeded our expectations primarily driven by:

- Strong performance in high throughput consumables
- Timing of revenue from certain strategic partnerships
- Some customers accelerating delivery of a few NovaSeq™ X instruments from Q2 into Q1

SEQUENCING CONSUMABLES REVENUE

$698M

+1%
YoY Revenue

Sequentially, NovaSeq X consumables grew in the **double digits** following the successful launch of the 25B flow cell

TOTAL SEQUENCING ACTIVITY[1]

>35%
YoY Growth

+HSD%
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.
Note: HSD denotes high-single digit.
[1] Total sequencing Gb output on connected high- and mid-throughput instruments.

Core Illumina Q1 2024 Financials (cont'd.)

SEQUENCING INSTRUMENTS REVENUE

$110M

(29%)
YoY Revenue

Driven by:

- Expected decline in mid-throughput shipments, as capital and cashflow constraints continue to impact purchasing behavior and moderate instrument placements
- Lower NovaSeq™ X placements, as compared to significant pre-order launch related shipments in first quarter of 2023

NOVASEQ X SHIPMENTS

55

Q1'24 NovaSeq X Shipments

SEQUENCING SERVICE & OTHER

$151M

27%
YoY Revenue

Driven by increase in revenue from strategic partnerships and higher instrument service contract revenue

Note: See Appendix for reconciliations of these GAAP and non-GAAP financial measures.
Note: CC = Constant Currency, net of the effects of hedging.

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Core Illumina Q1 2024 Additional P&L Results

NON-GAAP GROSS MARGIN

67.1%

▲ 190 bps YoY

- Primarily driven by a more favorable mix of sequencing consumables and execution of our operational excellence priorities that delivered cost savings, including freight, and improved productivity
- Partially offset by certain strategic partnership revenue that is lower margin and increased warranty and field service costs

NON-GAAP OPERATING EXPENSES

$491M

▼ $23M YoY

- Primarily due to decreased labor expense as a result of reduced headcount, and continued savings from cost containment initiatives
- Lower than expected due to timing of project spend shifting into Q2, and lower stock-based compensation expense due to one-time reversals

Q1’24 Non-GAAP Operating Margin of 20.6%[1]

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

[1] Compared to 17.4% in Q1’23.

GRAIL Q1 2024 Financial Results

REVENUE

$27M

▲ 35% YoY

Primarily driven by adoption of Galleri®

NON-GAAP OPERATING EXPENSES

$197M

▲ $24M YoY

Primarily driven by increased headcount to support commercial expansion and R&D

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

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Consolidated Q1 2024 Financials

CONSOLIDATED ILLUMINA REVENUE

$1.08B

(1%)
YoY Decline

(1%)
YoY Decline (CC)

TAX RATE[2]

46.4%
Q1'24 Non-GAAP Tax Rate

NON-GAAP NET INCOME[1]

$14M

NON-GAAP DILUTED EPS[1]

$0.09

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 Q1'24 operating loss of $185M.
[2] Compared to 27.3% in Q1'23. Absent the impact of GRAIL, our Q1'24 and Q1'23 Core tax rates were in the mid-twenties.

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Cash Flow & Balance Sheet Items Q1 2024

CASH FLOW FROM OPERATIONS

$77M

FREE CASH FLOW

$41M

CAPITAL EXPENDITURES

$36M

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

~$1.12B

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

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Guidance for Full Year 2024

As of 05/02/2024

CORE ILLUMINA

REVENUE[1]

~Flat

- Seeing the seasonal rebuild of our total performance obligations, or backlog, which increased more than 20% from the end of Q4
- No significant improvement in the macroeconomic environment or our business in China
- Monitoring the impact of a strengthening US dollar
- Early strength in consumables to start the year, offset by capital constraints that continue to weigh on instrument purchases

NON-GAAP OPERATING MARGIN

~20%

- Continues to reflect the benefit of gross margin improvement and disciplined management of our expenses, including reduced headcount
- Offset by normalization of our performance-based compensation, as well as the impacts of inflation

Note: See Appendix for statement regarding use of non-GAAP financial measures.

[1] Year-over-year compared to FY 2023; includes intercompany sales to GRAIL of ~$30M, which are eliminated in consolidation.

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Guidance for Second Quarter 2024

As of 05/02/2024

CORE ILLUMINA

REVENUE[1]

$1.072B – $1.084B

- Year-over-year decline driven predominantly by lower NovaSeq™ X instrument shipments given the significant backlog we worked through in 2023 following the launch
- Midpoint reflects a $22 million sequential increase from Q1 2024

NON-GAAP OPERATING MARGIN

~18%

- Resulting from seasonal step up in operating expenses in Q2 compared to Q1 due to increase in stock-based compensation from timing of equity grants
- Also expect increase in operating expenses due to project spend shifting into Q2 from Q1

Note: See Appendix for statement regarding use of non-GAAP financial measures.

[1] Reflects year-over-year decline of (6.5%) – (7.5%).

Jacob Thaysen

Chief Executive Officer

Strategy Update

Illumina's leadership team is re-examining our

Strategy

Roadmap & Initiatives

Profitable Growth

Our strategy will continue to play to our strengths

Building the genomics ecosystem

Maintaining tight customer focus

We will share our comprehensive strategy work during a virtual event in Fall 2024

Q&A

Jacob Thaysen

Ankur Dhingra

Joydeep Goswami

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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, diluted earnings per share and operating margin are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

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

The company provides forward-looking guidance on a non-GAAP basis. 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	
	March 31, 2024	**April 2, 2023**
Net cash provided by operating activities	**$ 77**	$ 10
Net cash used in investing activities	**(48)**	(56)
Net cash provided by (used in) financing activities	**35**	(473)
Effect of exchange rate changes on cash and cash equivalents	**(4)**	2
Net increase (decrease) in cash and cash equivalents	**60**	(517)
Cash and cash equivalents, beginning of period	**1,048**	2,011
Cash and cash equivalents, end of period	**$ 1,108**	$ 1,494
Calculation of free cash flow:		
Net cash provided by operating activities	**$ 77**	$ 10
Purchases of property and equipment	**(36)**	(52)
Free cash flow **(a)**	**$ 41**	$ (42)

(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		
	March 31, 2024	**April 2, 2023**	**% Change**
Consolidated revenue	**$ 1,076**	$ 1,087	(1)%
Less: Hedge gains	**3**	2	
Consolidated revenue, excluding hedge effect	**1,073**	1,085	
Less: Exchange rate effect	**(1)**	—	
Consolidated constant currency revenue **(a)**	**$ 1,074**	$ 1,085	(1)%
Core Illumina revenue	**$ 1,056**	$ 1,076	(2)%
Less: Hedge gains	**3**	2	
Core Illumina revenue, excluding hedge effect	**1,053**	1,074	
Less: Exchange rate effect	**(1)**	—	
Core Illumina constant currency revenue **(a)**	**$ 1,054**	$ 1,074	(2)%

(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		
	March 31, 2024	April 2, 2023	% Change
AMR revenue - Core Illumina	**$ 583**	$ 605	(4)%
Less: Hedge gains	**—**	—	
AMR revenue - Core Illumina, excluding hedge effect	**583**	605	
Less: Exchange rate effect	**1**	—	
AMR constant currency revenue - Core Illumina **(a)**	**$ 582**	$ 605	(4)%
AMEA revenue - Core Illumina (b)	**$ 116**	$ 119	(3)%
Less: Hedge gains	**2**	1	
AMEA revenue - Core Illumina, excluding hedge effect **(b)**	**114**	118	
Less: Exchange rate effect	**(5)**	—	
AMEA constant currency revenue - Core Illumina **(a)(b)**	**$ 119**	$ 118	1 %
China revenue - Core Illumina (c)	**$ 78**	$ 91	(14)%
Less: Hedge gains	**1**	—	
China revenue - Core Illumina, excluding hedge effect **(c)**	**77**	91	
Less: Exchange rate effect	**(2)**	—	
China constant currency revenue - Core Illumina **(a)(c)**	**$ 79**	$ 91	(13)%
Europe revenue - Core Illumina	**$ 279**	$ 261	7 %
Less: Hedge gains	**—**	—	
Europe revenue - Core Illumina, excluding hedge effect	**279**	261	
Less: Exchange rate effect	**5**	—	
Europe constant currency revenue - Core Illumina **(a)**	**$ 274**	$ 261	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.

(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	
	March 31, 2024	April 2, 2023
GAAP (loss) earnings per share - diluted	**$ (0.79)**	$ 0.02
Cost of revenue **(b)**	**0.31**	0.30
R&D expense **(b)**	**0.03**	0.01
SG&A expense **(b)**	**0.57**	0.22
Other (income) expense, net **(b)**	**(0.05)**	0.08
GILTI, U.S. foreign tax credits, and global minimum top-up tax **(c)**	**0.10**	(0.28)
Incremental non-GAAP tax expense **(d)**	**(0.08)**	(0.32)
Income tax provision **(e)**	**—**	0.05
Non-GAAP earnings per share - diluted **(a)**	**$ 0.09**	$ 0.08

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

	Three Months Ended	
	March 31, 2024	April 2, 2023
GAAP net (loss) income	**$ (126)**	$ 3
Cost of revenue **(b)**	**49**	48
R&D expense **(b)**	**4**	2
SG&A expense **(b)**	**91**	35
Other (income) expense, net **(b)**	**(8)**	11
GILTI, U.S. foreign tax credits, and global minimum top-up tax **(c)**	**17**	(44)
Incremental non-GAAP tax expense **(d)**	**(13)**	(50)
Income tax provision **(e)**	**—**	8
Non-GAAP net income **(a)**	**$ 14**	$ 13

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, the utilization of U.S. foreign tax credits, and the Pillar Two global minimum top-up tax, which became effective in Q1 2024.
(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										
	March 31, 2024										
	Core Illumina			GRAIL		Eliminations		Consolidated			
GAAP gross profit (loss) (b)	$	693	65.7 %	$	(22)	$	(4)	$	667	62.0 %
Amortization of acquired intangible assets		15	1.4 %		34		—		49	4.5 %
Non-GAAP gross profit **(a)**	$	708	67.1 %	$	12	$	(4)	$	716	66.5 %
GAAP R&D expense	$	241	22.8 %	$	101	$	(3)	$	339	31.5 %
Restructuring **(g)**		(1)	(0.1)%		—		—		(1)	(0.1)%
IPR&D impairment **(i)**		(3)	(0.3)%		—		—		(3)	(0.3)%
Non-GAAP R&D expense	$	237	22.4 %	$	101	$	(3)	$	335	31.1 %
GAAP SG&A expense	$	336	31.9 %	$	104	$	(1)	$	439	40.8 %
Amortization of acquired intangible assets		—	—		(1)		—		(1)	(0.1)%
Contingent consideration liabilities **(c)**		(16)	(1.5)%		—		—		(16)	(1.4)%
Acquisition-related expenses **(d)**		(25)	(2.4)%		(6)		—		(31)	(2.9)%
Restructuring **(g)**		(34)	(3.3)%		(1)		—		(35)	(3.3)%
Accrued interest on EC fine **(h)**		(7)	(0.7)%		—		—		(7)	(0.7)%
Non-GAAP SG&A expense	$	254	24.0 %	$	96	$	(1)	$	349	32.4 %
GAAP operating profit (loss)	$	116	11.0 %	$	(227)	$	—	$	(111)	(10.3)%
Cost of revenue		15	1.4 %		34		—		49	4.5 %
R&D costs		4	0.4 %		—		—		4	0.4 %
SG&A costs		83	7.8 %		8		—		91	8.5 %
Non-GAAP operating profit (loss) **(a)**	$	218	20.6 %	$	(185)	$	—	$	33	3.1 %
GAAP other (expense) income, net	$	(1)	(0.1)%	$	3	$	—	$	2	0.2 %
Strategic investment related gain, net **(e)**		(6)	(0.6)%		—		—		(6)	(0.6)%
Gain on Helix contingent value right **(f)**		(3)	(0.3)%		—		—		(3)	(0.3)%
Unrealized foreign currency loss on EC fine **(j)**		1	0.1 %		—		—		1	0.1 %
Non-GAAP other (expense) income, net **(a)**	$	(9)	(0.9)%	$	3	$	—	$	(6)	(0.6)%

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 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 settlement **(k)**	(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.

(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. Non-GAAP operating margin is a key component of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing past and future operating performance, including in the non-GAAP measures related to our Core Illumina and GRAIL segments.
(b) Reconciling amounts are recorded in cost of revenue.
(c) Amount consists of fair value adjustments for our contingent consideration liability related to GRAIL.
(d) Amounts consist primarily of legal and other expenses related to the planned divestiture 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 for Q1 2024 consist primarily of lease and other asset impairments related to restructuring activities. Amounts for Q1 2023 consist primarily of employee severance costs related to restructuring activities.
(h) Amount consists of accrued interest on the fine imposed by the European Commission.
(i) Amount for Q1 2024 consists of an IPR&D intangible asset impairment related to our Core Illumina segment.
(j) Amount consists 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.
(k) 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 PROVISION (BENEFIT):

	Three Months Ended March 31, 2024	
GAAP tax provision	**$ 17**	**(15.3)%**
Incremental non-GAAP tax expense **(b)**	**13**	
GILTI, U.S. foreign tax credits, and global minimum top-up tax **(d)**	**(17)**	
Non-GAAP tax provision **(a)**	**$ 13**	**46.4 %**

	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 %

(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, the utilization of U.S. foreign tax credits, and the Pillar Two global minimum top-up tax, which became effective in Q1 2024.