

Company Overview

Investor Relations

Illumina, Inc. (NASDAQ: ILMN)

December 2022



Disclaimers

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) challenges inherent in developing, manufacturing, and launching new products and services, (ii) our ability to further develop and commercialize our instruments, consumables, and products, including Galleri, the cancer screening test developed by GRAIL; (iii) the European Commission's recent prohibition of our acquisition of GRAIL and the interim measures imposed upon us that prohibit our integration of GRAIL; (iv) the risk that disruptions from the consummation of our acquisition of GRAIL or any associated legal or regulatory proceedings or obligations will harm our business, including current plans and operations; (v) our ability to successfully partner with other companies and organizations to develop new products, expand markets, and grow our business, (vi) the impact to our business and operating results of the COVID-19 pandemic and other macroeconomic factors, 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.

Note Regarding GRAIL

The European Commission adopted an order on September 6, 2022, prohibiting Illumina's acquisition of GRAIL. We have filed an appeal of the Commission's decision. The Commission has also adopted an order requiring Illumina and GRAIL to be held and operated as distinct and separate entities for an interim period. Compliance with the order is monitored by an independent Monitoring Trustee. During this period, Illumina and GRAIL are not permitted to share confidential business information unless legally required, and GRAIL must be run independently, exclusively in the best interests of GRAIL. Commercial interactions between the two companies must be undertaken at arm's length.

Company Overview

Description

- **Founded:** 1998 | **Headquarters:** San Diego, CA
- Illumina (“Core Illumina”) Overview:
 - **Description:** A global leader in DNA sequencing and array-based technologies, serving customers in the research, clinical and applied markets
 - **Product Applications:** Life sciences, oncology, reproductive health, agriculture and other emerging segments
 - **Recent News (September 2022):** Announced multiple breakthroughs at the inaugural Illumina Genomics Forum, including NovaSeq™X Series (NovaSeq X and NovaSeq X Plus), enabling the highest levels of accuracy with the power to sequence more than 20,000 genomes per year
- GRAIL Overview:
 - **Description:** A healthcare company whose mission is to detect cancer early, when it can be cured
 - **Product Applications:** Galleri is a multi-cancer early detection blood test that uses next-generation sequencing, population-scale clinical studies, and state-of-the-art computer science and data science to enhance the understanding of cancer biology

Key Stats

>10,000
Employees

>21,000
Installed Base of
Instruments

>9,100
Customers

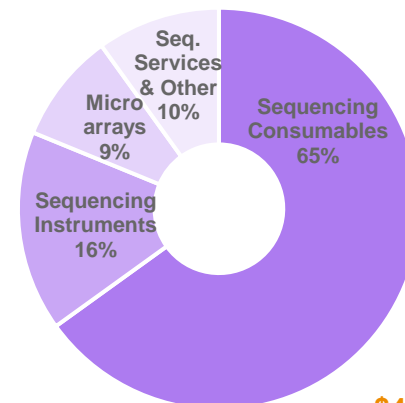
150
Countries

\$885M
R&D Investments⁽²⁾

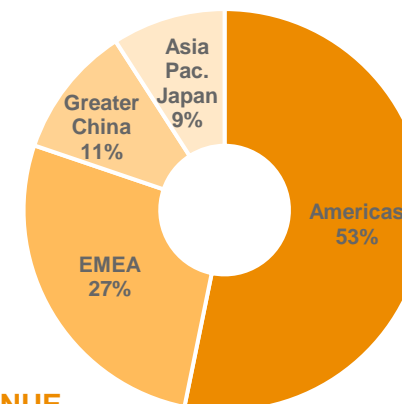
>8,450
Patents Worldwide

Core Illumina Revenue Breakdown

CORE ILLUMINA PRODUCT MIX
% of Revenue – LTM Core Illumina
Financials (as of 10/2/22)



CORE ILLUMINA GEOGRAPHIC MIX
% of Revenue – LTM Core Illumina
Financials (as of 10/2/22)



\$4.7B REVENUE
LTM⁽¹⁾ Core Illumina Financials
(as of 10/2/22)

Customers



Universities &
Research Centers



Genome Centers



Hospitals



Pharma & Biotech
Companies



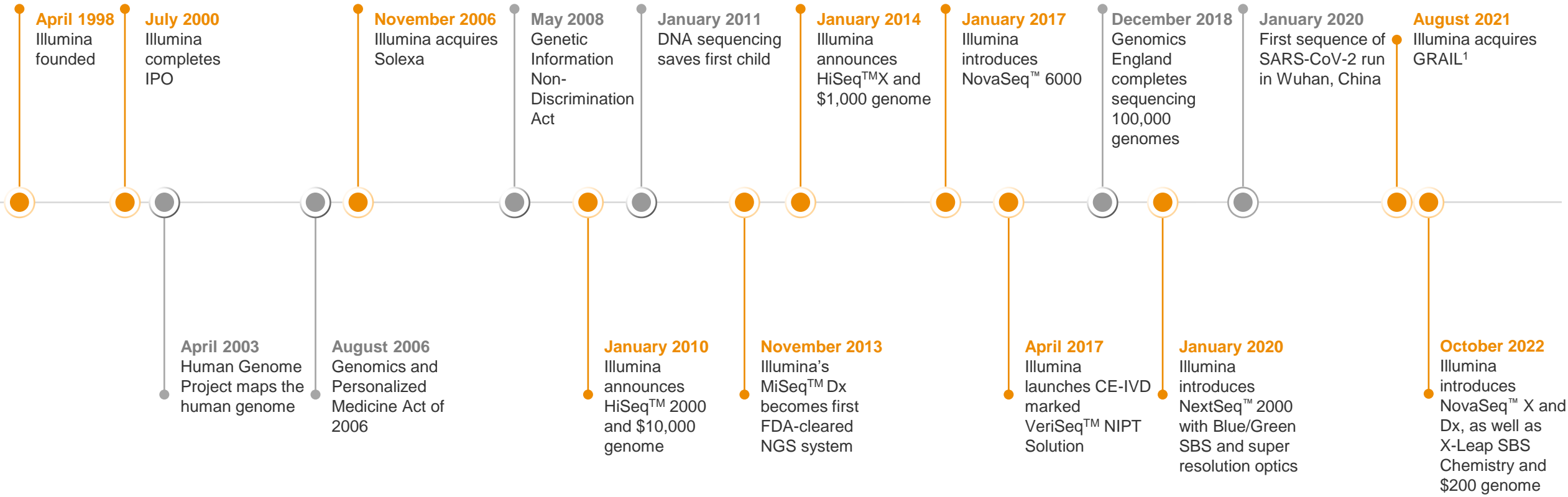
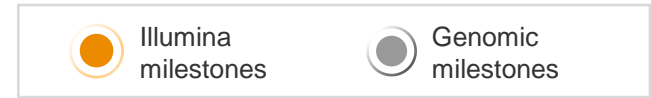
Consumer Genetics
Companies



Government
Agencies

Note: LTM reflects latest twelve months ended October 2, 2022.
(2) FY21 R&D expense for Core Illumina.

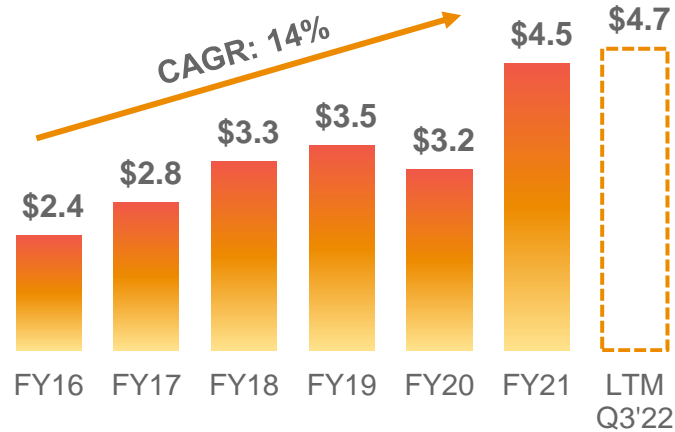
Core Illumina: Company History



(1) The European Commission has prohibited our acquisition of GRAIL, and we have filed an appeal. See Note regarding GRAIL on Slide 2.

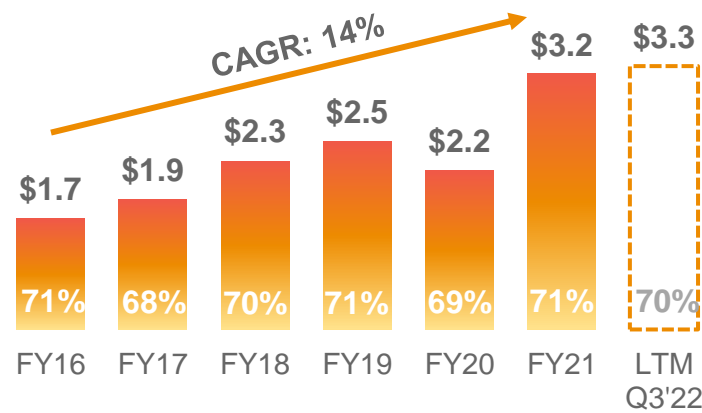
Core Illumina: Proven Track Record of Revenue Growth, Sustained Gross Margins, and Operating Leverage

CORE ILLUMINA REVENUE (\$B)



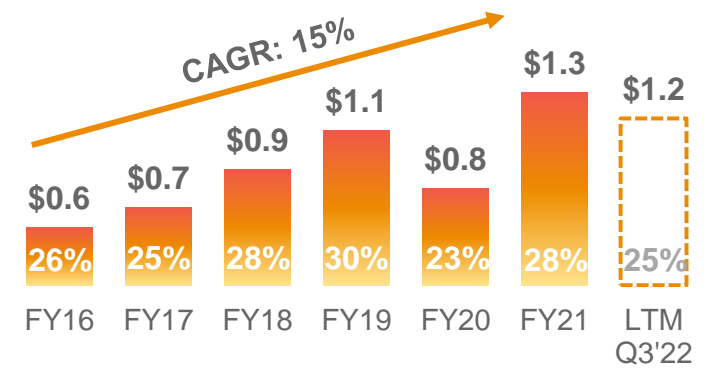
CORE ILLUMINA GROSS PROFIT⁽¹⁾ (\$B)

Non-GAAP (% of revenue)



CORE ILLUMINA OPERATING PROFIT⁽¹⁾ (\$B)

Non-GAAP (% of revenue)



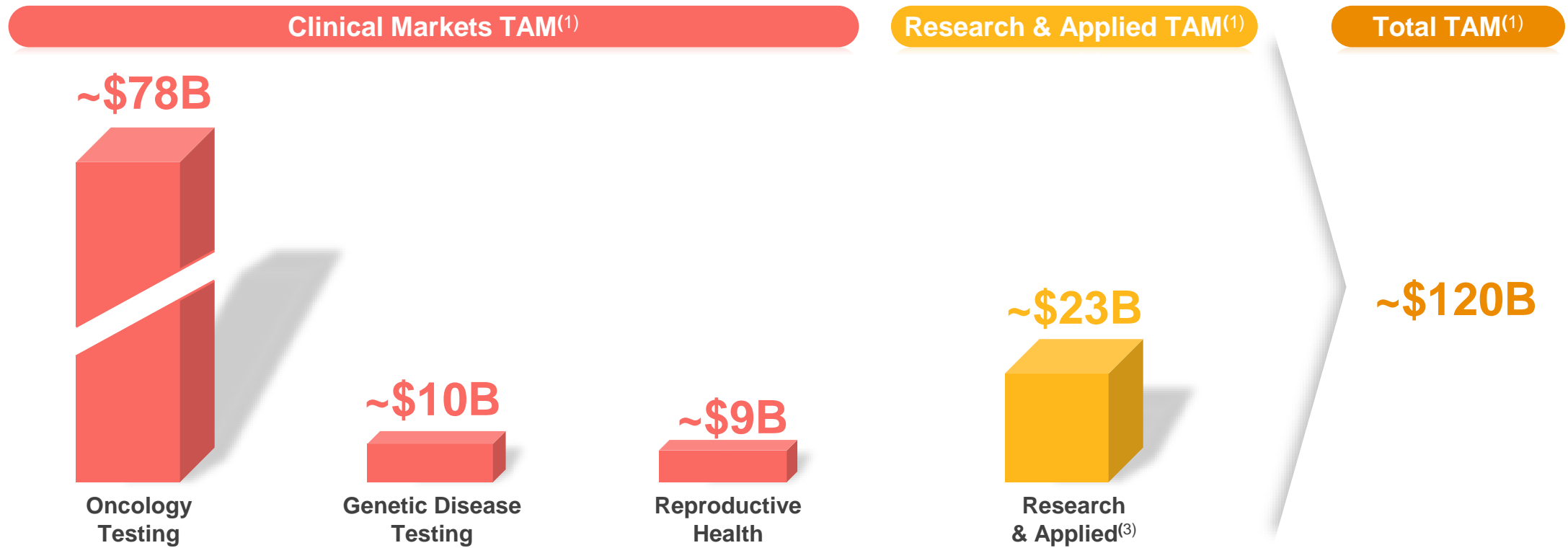
Strong growth and demand elasticity through NovaSeq product cycle and clinical market expansion, notwithstanding pandemic

Strong gross margins maintained through consistent price realization, COGS-reducing innovations and manufacturing productivity, while lowering the cost of sequencing for customers

Track record of delivering operating leverage, while **continuing significant investment in innovation (~20% of revenue) and commercial infrastructure (~15% of revenue)** to deliver customer value

(1) Non-GAAP metric. See Appendix for reconciliation.
Note: LTM Q3'22 excluded from CAGR calculations.

Core Illumina: TAM – Market Opportunity



2022 NGS Penetration⁽²⁾

2%

8%

8%

26%

7%

2027 NGS Penetration⁽²⁾

8%

16%

12%

34%

14%

⁽¹⁾ Denotes 2027E Total Addressable Market;

⁽²⁾ NGS SAM % of TAM;

⁽³⁾ Other Research & Applied markets include infectious disease testing, consumer genomics, genetic disease research, cancer research, cell & molecular biology, microbiology, and agrigenomics.

Core Illumina: Long-Term Financial Targets

Mid-Teens %

Revenue Growth

High 60s to Low 70s %

Gross Margin⁽¹⁾

High Teens %

Operating Profit Growth⁽¹⁾

FY23 Expected to be Slightly Moderated Given the Challenging Macroeconomic Environment and a Launch Year for NovaSeq X, wherein Demand will Outstrip Supply

⁽¹⁾ Non-GAAP Financial Targets.

Core Illumina: ESG is Integral to Illumina's Business

Expand Access to Genomics

- Expanding adoption since 1998
- Catalyze startups

Empower Communities

- Build tomorrow's STEM workforce and empower educators
- Invest in critical infrastructure

Integrate Sustainability

- Net Zero emissions by 2050
- Launch most sustainable sequencer

Nurture People

- Maintain zero net pay gap
- Build global workforce, currently 10,300 employees⁽¹⁾ strong, to represent our communities

Operate Responsibly

- Inspire confidence as most trusted in privacy and ethics
- Invest in diverse suppliers

Recent Accolades



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



(1) As of September 2022.

Core Illumina: Product Overview

21,000+ SEQUENCING SYSTEMS INSTALLED GLOBALLY

Low-throughput



MiSeq™



MiniSeq



iSeq 100

Mid-throughput



NextSeq 500



NextSeq 550



NextSeq 1000/2000

High-throughput



NovaSeq™ 6000



NovaSeq X™ Series
Available in 2023

NEW

Diagnostic Sequencers



MiSeq™ Dx



NextSeq™ 550Dx



NovaSeq™ 6000Dx
Available Q4 2022

NEW

Core Illumina: Sequencing Systems & Key Applications Overview

		Large Whole Genome Sequencing (WGS) <i>(human, plant, animal)</i>	Small WGS <i>(microbe, virus)</i>	Exome Sequencing	Targeted Gene Sequencing	Whole-Transcriptome Sequencing	Gene Expression Profiling with mRNA-Seq	Targeted Gene Expression Profiling
High-throughput	NovaSeq X / NovaSeq X Plus • Our most powerful sequencer, equipped with XLEAP SBS							
	NovaSeq 6000 • Scalable throughput for broad, deep sequencing							
Mid-throughput	NextSeq 1000/2000 • Flexibility, affordability, and scalability							
	NextSeq 500/550 • Tunable output with sequencing and array capabilities							
Low-throughput	MiSeq • Our first benchtop sequencer							
	MiniSeq • <1 day turnaround time							
	iSeq 100 • Our most affordable sequencer							

Note: Only key applications highlighted, which does not reflect each system's entire set of capabilities.

Core Illumina: Sequencing Systems & Key Applications Overview (Cont'd.)

Integrated workflows from prepared samples to interpretation



Flexible workflow solutions enable markets

**Simplified
Library Prep**

**Custom
Content**

**Flexible, Accessible
Sequencing**

**Integrated
Analysis**

Core Illumina: Recent Breakthrough Innovations

NovaSeq X

Our Most Powerful & Sustainable Sequencer

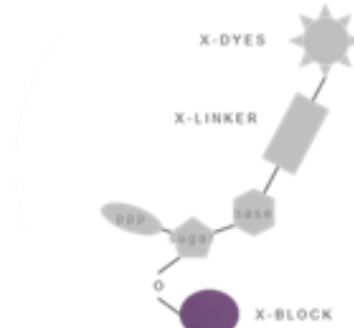


NovaSeq X NovaSeq 6000

- Innovation in core technologies drive throughput and performance, and reduce costs
- **90% reduction** in packing waste and weight, **50% reduction** in cartridge volume
- **50 orders received** and advance pipeline of **>170 instruments** as of November 3, 2022

XLEAP-SBS

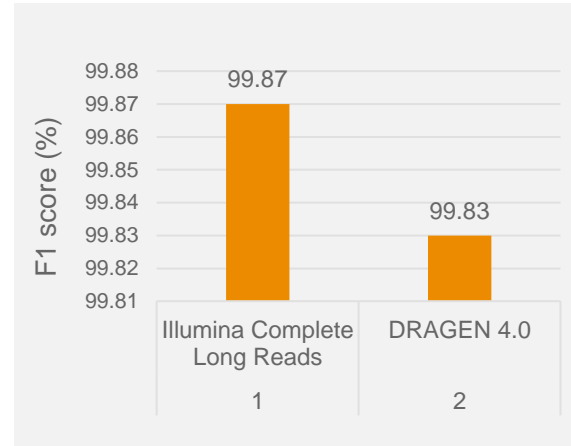
New Benchmark in Sequencing Chemistry



- **Increased speed, stability, and accuracy**
- Available on NovaSeq X enabling performance gains and ambient shipment, no dry ice required
- Available on NextSeq 1000/2000 in early 2024

Illumina Complete Long Reads

Long-Read Whole Genome Sequencing at Scale



- Most accurate view of the genome with **99.87% accuracy** in precision FDA dataset
- Scale from 100's to thousands of samples
- High throughput, simple workflow with low DNA inputs required
- Illumina Complete Long Read available 1Q23
- Illumina Long Read Enrichment panel available 2H23

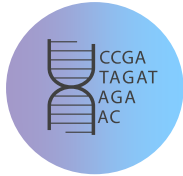
NovaSeq 6000Dx

High-throughput Clinical Sequencing



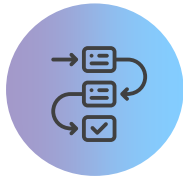
- **CE-marked IVD and FDA-registered**
- Deeper sequencer, more samples from diagnostic testing to clinical research with IVD and RUO modes
- Reduced time to answer with a re-imagined user interface and simple workflow
- Accurate and efficient data analysis with a paired DRAGEN server

Core Illumina: NovaSeq X Delivers Breathtaking Performance at the Most Compelling Price Point Across the Market



MORE FLEXIBILITY, FASTER THAN EVER

- Can flex to serve a range of customers and needs – not "one size fits all"
- Built-in secondary analysis streamlines customer workflows – more data AND the ability to manage it



MAXIMIZE ROI & MINIMIZE RESOURCE REQUIREMENTS

- Productivity gains driven by ease of use, less hands-on time, and fewer touch points
- Time freed up for more sequencing, larger projects



PROVEN TECHNOLOGY, MOST WIDELY ADOPTED, AND UTILIZED TECHNOLOGY

- 15-year track record provides confidence
- Customers can tap into the broad ecosystem of library prep / protocols / applications built on our technology



OPERATIONAL COST SAVINGS

- 90% packaging reduction and ambient shipping contribute to customers' sustainability efforts
- Increased customer savings will result in greater sequencing spend

NovaSeq X Will Broaden Access to Genomics, Accelerating the Adoption of Data-intensive Sequencing

Core Illumina: Path to Mid-Teens Revenue Growth

1 Core Sequencing Consumables Demand Elasticity



Samples

1.5x – 2.0x

- Clinical and longitudinal samples (e.g., MRD / screening)
- PopGen and pharma discovery cohorts
- Spatial / single cell analysis



Analyses / Sample

1.5x – 3.0x

- Lower sample need / analysis
- Multiomics: DNA + RNA + Methylation + Protein + immune repertoire + ...



Gb / Analysis

3.0x – 4.0x

- Small panel to CGP – 5x
- CGP to WGS – 40x
- FFPE to ctDNA – 12x-15x

2 Increased Workflow Penetration



- More library prep and BFX solutions
- End to end solutions for key workflows in research and clinical

3 Factors Mitigating Growth

\$ / GB

Commitment to continue driving down cost of sequencing

New Entrants

Large market opportunity attracts new entrants

Customer Productivity

Increased assay operational efficiency at customers

Macroeconomic Headwinds

Capital constraints and discretionary project spend

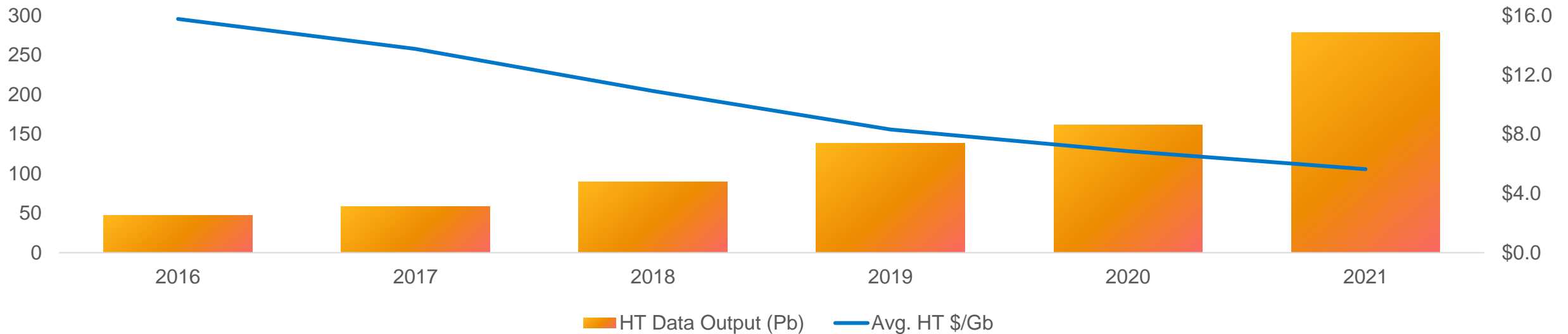
4 Growth in Instruments, Services, and Arrays

High Single-Digit CAGR

Long-Term Target: Mid-Teens Core Illumina Revenue Growth

Core Illumina: NovaSeq 6000 Unleashed a New Wave of Sequencing

HIGH THROUGHPUT DATA OUTPUT (Pb) VS. AVERAGE PRICE PER Gb



~500% Increase in Data Sequenced was Steeper Than ~70% Decline in Cost of Sequencing

GRAIL: Product Overview

**ONLY available multi-cancer
(>50 cancer types)
early detection blood test**

13x

The increased risk people aged 50 and above have of cancer than people under 50

5

Cancers that are routinely screened for today

Testing with Ease

Completed with a simple blood draw

Actionable Results

Help guide patients' next steps

4x Higher

5 year-survival rate when cancers are diagnosed early before they have had the chance to spread, vs. when diagnosed in later stages



Illumina, Inc.: Attendees



Francis deSouza
Chief Executive Officer

- Francis deSouza was appointed CEO of Illumina in 2016 and is responsible for directing all aspects of company strategy, planning, and operations
- He initially joined the company as President in 2013 and led Illumina's business units and core functions responsible for envisioning, developing and producing the company's products
- Francis received a BS and MS in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology



Joydeep Goswami
Chief Strategy Officer and Corp.
Dev. Officer, Interim, CFO

- Joydeep Goswami is Chief Strategy and Corporate Development Officer where he is responsible for driving planning, strategic partnerships and acquisitions. In addition to his current role, Joydeep is also acting as interim CFO, with responsibility for the company's finance, accounting, investor relations, internal audit, treasury activities
- Most recently, he served as the President of Thermo Fisher Scientific's Clinical Next-Generation Sequencing (NGS) and Oncology business unit, where he oversaw efforts that drove the adoption of NGS in clinical oncology, research and reproductive health
- Mr. Goswami holds his MS, PhD in Chemical Engineering, an MBA from MIT and a Bachelor's degree in Chemical Engineering from the Indian Institute of Technology



Salli Schwartz
Vice President of Investor
Relations

- Salli Schwartz is the Vice President of Investor Relations, leading all investor strategies and activities including quarterly earnings releases and conference calls, investor presentations, and day-to-day interactions
- She brings deep expertise, joining Illumina from MSCI Inc., where she served as Head of Investor Relations and Treasurer
- Salli holds an MBA from Cornell University and a B.A. from the University of Pennsylvania, both with distinction

Appendix

illumina, Inc.: Full Year 2022 Guidance as of November 3, 2022

Consolidated Revenue Growth¹

Flat-1%

Non-GAAP Operating Margin

9.5%-10.0%

Non-GAAP EPS²

\$2.35-\$2.50

COVID-19 Surveillance Revenue³

\$110M-\$130M

Non-GAAP Tax Rate⁴

~7%

Non-GAAP Diluted Shares
Outstanding

~159M

CORE ILLUMINA

Revenue Growth⁵

~Flat

Sequencing Growth⁵

~Flat

Non-GAAP Operating Margin

~23%

Seq. Instruments: Slightly down
Seq. Consumables: ~Flat

GRAIL

Revenue

\$55M-\$65M

¹ Growth rates are year-over-year

² Reflects an estimated \$600M non-GAAP operating loss from GRAIL

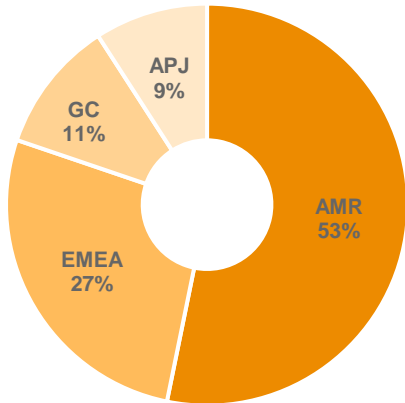
³ No change from guidance previously provided

⁴ Assumes the R&D expense capitalization requirements implemented by the Tax Cuts and Jobs Act of 2017 will be repealed in Q4

Core Illumina: Revenue Base is Increasingly Global, Clinical, and Weighted Toward Consumables Driven by Growing Installed Base

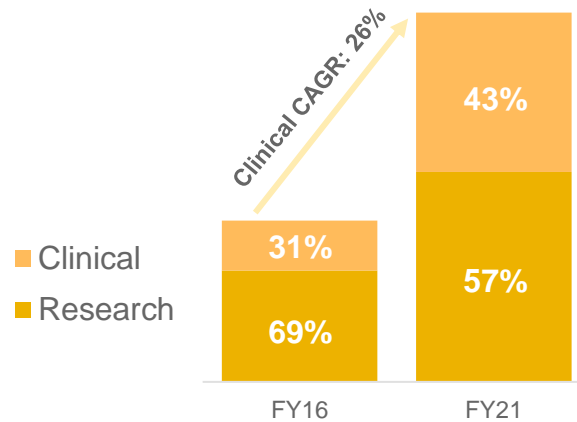
CORE ILLUMINA GEOGRAPHIC MIX

% of Revenue – LTM Core Illumina Financials (as of 10/2/22)



CORE ILLUMINA END MARKETS

% of Sequencing Consumables Shipments

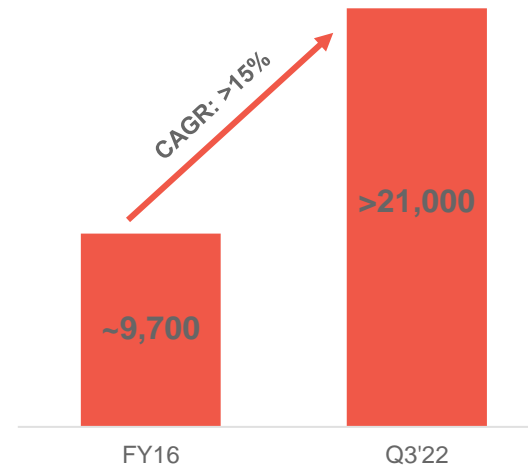


Greater penetration in fast growing clinical markets, where our instruments, reagents, and software are spec'd in validated processes/assays

Clinical CAGR ~2x that of Total Revenue CAGR

INSTALLED BASE

Instruments

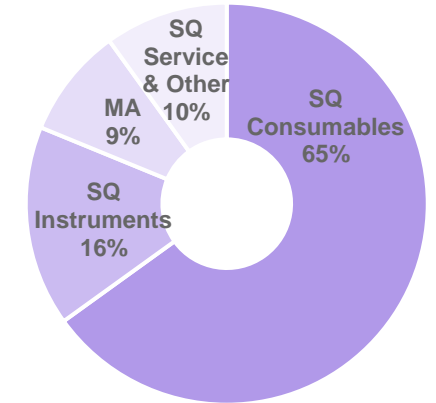


Innovations driving increased utility and scalability of instruments drives strong consumables growth via pull through

>80% recurring revenue¹

CORE ILLUMINA PRODUCT MIX

% of Revenue – LTM Core Illumina Financials (as of 10/2/22)



>9,100
Global
Customers

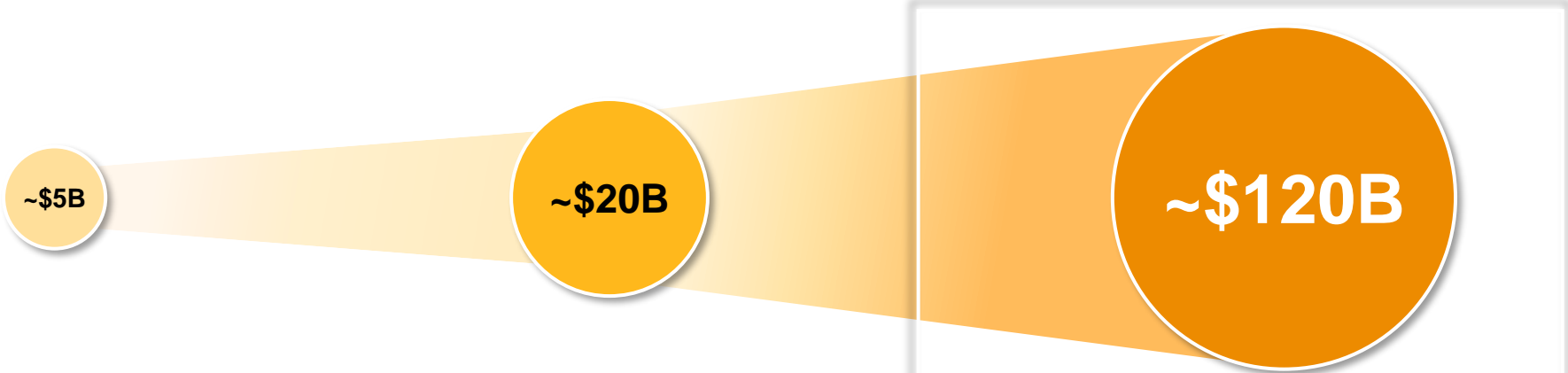
~50%
Ex-US
Revenues

¹ Based on Core Illumina consumables and service and other revenue for Q3'22.

Core Illumina: TAM – Growth Over Time



1988 – 2003



	2005	2014	2027
RESEARCH	Genetic Disease Microbiology Genotyping	Cancer Research Cell & Molecular Biology	Single Cell Spatial Drug Discovery Proteomics
TRANSLATIONAL / EARLY CLINICAL		WGS / WES Genetic Disease Therapy Selection	PRS Infectious Disease Testing Early Screening (Oncology) Newborn Screening WES / WGS / WTS Oncology Monitoring
CLINICAL STANDARD OF CARE		NIPT RUGD	MRD (Heme) Therapy Selection (CGP) NIPT RUGD (WGS)

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, legal contingencies and settlement, and goodwill impairment, operating income (loss), operating margin, gross profit, other income (expense), 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.

Core Illumina Gross and Operating Profit: GAAP to non-GAAP (Unaudited – 1/2; \$ Millions)

CORE ILLUMINA ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS:

	Fiscal Year						
	LTM Q322	2021	2020	2019	2018	2017	2016
GAAP gross profit - Core Illumina (b)	\$ 3,252	\$ 3,195	\$ 2,203	\$ 2,467	\$ 2,300	\$ 1,826	\$ 1,666
Amortization of acquired intangible assets	32	27	28	34	35	39	43
Expenses related to COVID-19 (e)	—	—	6	—	—	—	—
Income related to COVID-19 (f)	—	—	(4)	—	—	—	—
Impairment (c)	—	—	—	—	—	18	—
Restructuring (d)	—	—	2	—	—	—	—
Non-GAAP gross profit - Core Illumina (a)	\$ 3,284	\$ 3,222	\$ 2,235	\$ 2,501	\$ 2,335	\$ 1,883	\$ 1,709
GAAP operating profit - Core Illumina	\$ 633	\$ 808	\$ 580	\$ 985	\$ 883	\$ 606	\$ 587
Amortization of acquired intangible assets	33	28	29	36	37	45	49
Acquisition related expense (gain), net (k)	120	433	158	43	2	(1)	2
Legal contingency and settlement (j)	598	—	—	—	—	—	(9)
Contingent consideration liabilities (i)	(219)	4	—	—	—	—	—
Expenses related to COVID-19 (e)	—	3	28	—	—	—	—
Income related to COVID-19 (f)	—	(1)	(10)	—	—	—	—
Gain on litigation (h)	—	(2)	(27)	—	—	—	—
Restructuring (d)	—	—	—	12	6	4	—
Performance-based compensation related to GRAIL series B financing (g)	—	—	—	—	—	10	—
Impairments (c)	—	—	—	—	—	23	—
Headquarter relocation	—	—	—	—	—	—	1
Non-GAAP operating profit - Core Illumina (a)	\$ 1,165	\$ 1,273	\$ 758	\$ 1,076	\$ 928	\$ 687	\$ 630

Core Illumina Gross and Operating Profit: GAAP to non-GAAP

(Unaudited – 2/2)

(a) 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 operating profit 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) Reconciling amounts are recorded in cost of revenue.

(c) Amounts for 2017 include \$18 million impairment of an acquired intangible asset and \$5 million impairment of in-process research and development.

(d) Amounts consist primarily of employee and lease exit costs, net of adjustments, related to restructuring.

(e) Amounts consist of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily a one-time allowance paid to employees working remotely to help with additional expenses, write-off of unused COVID-19 lab equipment, premium pay for onsite essential workers, employee testing, incremental cleaning, and personal protective equipment.

(f) Amounts consist of direct and incremental income due to the COVID-19 pandemic, payroll-related credits earned in the US and Canada in 2021, and payroll-related credits earned in Singapore in 2020.

(g) Amount represents performance-based stock which vested as a result of the financing.

(h) Amounts consist of gains related to a patent litigation settlement in 2021 and a patent litigation judgment in 2020.

(i) Amounts consist of fair value adjustments on our acquisition-related contingent consideration liabilities.

(j) Amount for LTM Q322 consists of an accrual of \$453 million for the potential fine that the European Commission may impose on us of up to 10% of our consolidated annual revenues and a net litigation settlement expense of \$145 million related to the settlement of our litigation with BGI. Amount for 2016 represents a reversal of previously recorded expense related to the settlement of patent litigation.

(k) Amount for LTM Q322 consists primarily of legal expenses related to our acquisitions. Amount for 2021 consists primarily of Continuation Payments made to GRAIL totaling \$245 million and other acquisition-related expenses. Amount for 2020 consists primarily of expenses related to the Continuation Advances and Reverse Termination Fee paid to Pacific Biosciences and expenses related to the pending acquisition of GRAIL. Amounts for 2019 and 2018 consist of expenses related to the Pacific Biosciences acquisition, which was terminated on January 2, 2020. Amount for 2017 consists of change in fair value of contingent consideration. Amount for 2016 consists of contingent payments for post-combination services associated with an acquisition.

Consolidated Operating Profit (Loss): GAAP to non-GAAP

(Unaudited – 1/2; \$ Millions)

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

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

	Fiscal Year	
	LTM Q322	2021
GAAP operating loss - Consolidated	\$ (4,011)	\$ (123)
Amortization of acquired intangible assets	169	73
Acquisition related expense (b)	151	1,142
Goodwill impairment (c)	3,914	—
Legal contingency and settlement (d)	598	—
Contingent consideration liabilities (e)	(219)	4
Expenses related to COVID-19 (f)	—	3
Income related to COVID-19 (g)	—	(1)
Gain on litigation (h)	—	(2)
Non-GAAP operating profit - Consolidated (a)	\$ 602	\$ 1,096

Consolidated Operating Profit (Loss): GAAP to non-GAAP

(Unaudited – 2/2)

(a) Non-GAAP operating profit 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) Amount for LTM Q322 consists primarily of legal expenses related to our acquisitions. Amount for 2021 consists primarily of \$654 million in day one compensation expense related to the GRAIL acquisition, Continuation Payments made to GRAIL totaling \$245 million, and other acquisition-related expenses.

(c) Amount consists of goodwill impairment recorded in Q3 2022 related to our GRAIL reporting unit.

(d) Amount consists of an accrual of \$453 million for the potential fine that the European Commission may impose on us of up to 10% of our consolidated annual revenues and a net litigation settlement expense of \$145 million related to the settlement of our litigation with BGI.

(e) Amounts consist of fair value adjustments on our acquisition-related contingent consideration liabilities.

(f) Amount consists of direct and incremental expenses incurred due to the COVID-19 pandemic, primarily expenses related to employee testing, incremental cleaning, personal protective equipment, and premium pay for onsite essential workers.

(g) Amount consists of direct and incremental income due to the COVID-19 pandemic, primarily payroll-related credits earned in the US and Canada in 2021.

(h) Amount consists of a gain related to a patent litigation settlement in 2021.

Reconciliation Between GAAP and Non-GAAP Diluted Earnings (Loss) Per Share Guidance

	Fiscal Year 2022
Consolidated GAAP diluted loss per share (b)	\$(26.56) - \$(26.41)
Amortization of acquired intangible assets	1.12
Goodwill impairment (c)	24.57
Legal contingency and settlement (d)	3.75
Acquisition-related expenses (e)	0.61
Strategic investment related loss, net (f)	0.47
Loss on Helix contingent value right (g)	0.05
Contingent consideration liabilities (h)	(1.44)
GILTI and U.S. foreign tax credits (i)	0.35
Incremental non-GAAP tax expense (j)	(0.60)
Income tax provision (k)	0.03
Consolidated non-GAAP diluted earnings per share (a)(b)	<u>\$2.35 - \$2.50</u>

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

(b) The GAAP and non-GAAP diluted (loss) earnings per share guidance ranges continue to assume that the R&D expense capitalization requirement implemented by the Tax Cuts and Jobs Act of 2017 will be repealed in the fourth quarter of 2022. If the R&D expense capitalization requirement is not repealed in 2022, the company's tax expense will be negatively impacted.

(c) Amount consists of goodwill impairment recorded in Q3 2022 related to our GRAIL reporting unit.

(d) Amount consists of litigation contingency and settlement expense of \$145 million related to the settlement of our litigation with BGI and an accrual of \$453 million for the potential fine that the European Commission may impose on us of up to 10% of our consolidated annual revenues.

(e) Amount consists primarily of legal expenses related to our acquisitions.

(f) Amount consists primarily of mark-to-market adjustments from our strategic investments.

(g) Amount consists of fair value adjustments related to our Helix contingent value right.

(h) Amount consists primarily of fair value adjustment for our contingent consideration liability related to the GRAIL acquisition.

(i) Amount represents the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.

(j) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed.

(k) Amount represents difference between book and tax accounting related to stock-based compensation cost.

Reconciliation Between GAAP and Non-GAAP Operating Margin Guidance

	FY 2022
Consolidated GAAP operating margin	(90.5)% - (90.0)%
Amortization of acquired intangible assets	3.9
Goodwill impairment (b)	86.0
Legal contingency and settlement (c)	13.1
Acquisition-related expenses (d)	2.1
Contingent consideration liability (e)	(5.1)
Consolidated non-GAAP operating margin (a)	9.5% - 10.0%

	FY 2022
Core Illumina GAAP operating margin	12.0%
Amortization of acquired intangible assets	0.9
Legal contingency and settlement (c)	13.2
Acquisition-related expenses (d)	2.0
Contingent consideration liability (e)	(5.1)
Core Illumina non-GAAP operating margin (a)	23.0%

(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.

(b) Amount consists of goodwill impairment recorded in Q3 2022 related to our GRAIL reporting unit.

(c) Amounts consist of litigation contingency and settlement expense of \$145 million related to the settlement of our litigation with BGI and an accrual of \$453 million for the potential fine that the European Commission may impose on us of up to 10% of our consolidated annual revenues.

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

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

Reconciliation Between GRAIL GAAP and Non-GAAP Operating Loss Guidance

	FY 2022
GRAIL GAAP operating loss	\$ (4,661)
Amortization of acquired intangible assets	138
Goodwill impairment (b)	3,914
Acquisition-related expenses	9
GRAIL non-GAAP operating loss (a)	<u>\$ (600)</u>

(a) Non-GAAP operating loss excludes the effect 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) Amount consists of goodwill impairment recorded in Q3 2022 related to our GRAIL reporting unit.

Reconciliation Between GAAP and Non-GAAP Tax Rate Guidance

	FY 2022	
GAAP tax provision	\$ (3)	— %
Incremental non-GAAP tax expense (a)	94	
Income tax provision (b)	(5)	
GILTI and U.S. foreign tax credits (c)	(56)	
Non-GAAP tax provision (d)	\$ 30	7 %

(a) Amount reflects the tax impact related to the non-GAAP adjustments listed in the “Reconciliation Between GAAP and Non-GAAP Diluted Earnings (Loss) Per Share Guidance,” above.

(b) Amount represents the difference between book and tax accounting related to stock-based compensation cost.

(c) Amount represent the impact of GRAIL pre-acquisition net operating losses on GILTI and the utilization of U.S. foreign tax credits.

(d) The FY 2022 non-GAAP tax rate guidance continues to assume that the R&D expense capitalization requirement implemented by the Tax Cuts and Jobs Act of 2017 will be repealed in Q4 2022. If the R&D expense capitalization requirement is not repealed in 2022, our tax expense will be negatively impacted.