

Illumina Denmark ApS

Ørestads Boulevard 73, 2300 København S

CVR no. 34 08 74 23

Annual report 2022

Approved at the Company's annual general meeting on 28 June 2023

Chair of the meeting:

Nicola Letha Cranfield

A handwritten signature in black ink, reading "N. Cranfield". The signature is written in a cursive, flowing style with a large, stylized 'N' and a long, sweeping underline.

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Illumina Denmark ApS for the financial year 1 January - 31 December 2022.

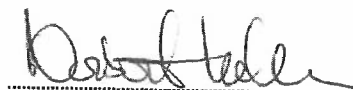
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 28 June 2023
Executive Board:


.....
Nicola Letha Cranfield
.....
Norbert Keller

Independent auditor's report

To the shareholder of Illumina Denmark ApS

Opinion

We have audited the financial statements of Illumina Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Hans B. Vistisen
State Authorised Public Accountant
mne23254



Mads Obel Knøsgaard
State Authorised Public Accountant
mne49041

Management's review

Company details

Name	Illumina Denmark ApS
Address, Postal code, City	Ørestads Boulevard 73 , 2300 København S
CVR no.	34 08 74 23
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Nicola Letha Cranfield Norbert Keller

Financial highlights

DKK	2022	2021	2020	2019	2018
Key figures					
Gross profit	23,509,292	22,810,360	17,327,314	16,552,928	16,728,869
Operating profit/loss	11,003,729	10,624,369	6,693,649	6,335,711	5,089,869
Net financials	616,568	-166,083	-5,405,429	1,504,961	1,472,039
Profit before tax	11,620,298	10,458,286	1,288,220	7,840,672	6,561,908
Profit for the year	9,037,296	8,130,351	985,755	6,071,960	5,079,404

Non-fixed assets	73,574,481	86,801,027	88,385,555	83,932,113	63,665,705
Total assets	73,574,481	86,801,027	88,385,555	83,932,113	63,665,705
Share capital	80,000	80,000	80,000	80,000	80,000
Equity	20,445,546	11,408,250	30,879,414	29,893,659	23,821,699
Non-current liabilities other than provisions	4,434,205	5,147,301	15,869,766	1,565,214	2,905,307
Current liabilities other than provisions	48,694,730	70,245,476	41,636,375	52,473,240	36,938,699

Financial ratios

Return on assets	15.0%	12.5%	7.8%	8.6%	9.9%
Current ratio	151.1%	124.3%	212.3 %	160.0 %	172.4 %
Equity ratio	27.8%	13.5%	34.9 %	35.6 %	37.4 %
Return on equity	44.2%	71.0%	3.2%	22.6 %	23.9 %
Average number of employees	12	11	11	11	11

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's main activities are sales of tools and integrated systems for large-scale analyses of genetic variation and function. The Company operates in the Danish and the Nordics as a subsidiary of Illumina, Inc.

Financial review

The income statement for 2022 shows a profit of DKK 9,037,296 against a profit of DKK 8,130,351 last year, and the balance sheet at 31 December 2022 shows equity of DKK 20,445,546 .

Management considers the Company's financial performance in the year satisfactory, despite Management expected an increase in revenue and operating profit from between 15% and 39% in 2022 as communicated in the annual report for 2021. Due to macroeconomic headwinds, to achieve a 1% growth rate is still sufficient.

Financial risks

Currency risks

The Company's activities result in the fact that earnings and equity are affected by the rate development for certain currencies, primarily including USD. The Company will constantly follow the rate development and continuously assess the need of covering the risk. The Company does not use financial instruments for now.

The Company is not subject to other particular financial risks (price and interest rate risk), that are significant for the Company's assets, liabilities, financial position and net profit.

Impact on the external environment

The market which the company operates in is highly competitive. As such constant R&D is being undertaken by an Illumina entity to ensure that the products remain attractive to the market. The R&D activities are not being undertaken by Illumina Denmark ApS.

Events after the balance sheet date

No event after the balance sheet date to note.

Outlook

The Company's revenue and operating profit for 2022 is expected to increase from between 5% and 10% due to the continued growth in the Company's core markets in Northern Europe. Given the Limited Risk distributor model the operating margin is expected to remain at 4% of revenue. Despite macroeconomic headwinds, the release of a new flagship model, as well as easing of macroeconomic headwinds, 5-10% is thought to be achievable.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Gross profit	23,509,292	22,810,360
3	Staff costs	-12,505,563	-12,185,991
	Profit before net financials	11,003,729	10,624,369
4	Financial income	930,243	35,503
5	Financial expenses	-313,675	-201,586
	Profit before tax	11,620,298	10,458,286
	Tax for the year	-2,583,002	-2,327,935
	Profit for the year	9,037,296	8,130,351

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	352,908	307,225
		<u>352,908</u>	<u>307,225</u>
	Receivables		
	Trade receivables	30,724,617	53,462,106
6	Deferred tax asset	238,474	—
	Other receivables	366,872	98
		<u>31,329,963</u>	<u>53,462,204</u>
	Cash	41,891,610	33,031,598
	Total non-fixed assets	<u>73,574,481</u>	<u>86,801,027</u>
	TOTAL ASSETS	<u>73,574,481</u>	<u>86,801,027</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	80,000	80,000
	Retained earnings	20,365,546	11,328,250
	Total equity	<u>20,445,546</u>	<u>11,408,250</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	—	1,135,173
8	Deferred income	4,434,205	4,012,128
		<u>4,434,205</u>	<u>5,147,301</u>
	Current liabilities other than provisions		
	Trade payables	545,756	852,081
	Payables to group entities	18,449,259	30,142,700
	Income taxes payable	2,319,393	1,775,684
	Other payables	6,775,080	10,987,050
8	Deferred income	20,605,242	26,487,961
		<u>48,694,730</u>	<u>70,245,476</u>
		<u>53,128,935</u>	<u>75,392,777</u>
	TOTAL EQUITY AND LIABILITIES	<u>73,574,481</u>	<u>86,801,027</u>
1	Accounting policies		
2	Events after the balance sheet date		
9	Contractual obligations and contingencies, etc.		
10	Collateral		
11	Related parties		
12	Distribution of profit		

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 January 2021	80,000	30,799,414	30,879,414
12	Transfer, see "Appropriation of profit"	—	8,130,351	8,130,351
	Dividend distributed and paid		(27,601,515)	(27,601,515)
	Equity at 1 January 2022	80,000	11,328,250	11,408,250
12	Transfer, see "Appropriation of profit"	—	9,037,296	9,037,296
	Equity at 31 December 2022	80,000	20,365,546	20,445,546

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Illumina Denmark ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the Danish company, as its' cash flows are reflected in the consolidated cash flow statement for the parent company.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

The Company's revenue is generated primarily from the sale of products and services. Product revenue primarily consists of sales of instruments and consumables used in genetic analyses. Service and other revenue primarily consist of revenue generated from instrument service contracts.

The Company recognises revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product or system is required, revenue is deferred until all the acceptance criteria have been met.

All revenue is recorded net of discounts and sales taxes collected on behalf of governmental authorities. Revenue from product sales is recognised generally upon transfer of title to the customer, provided that no significant obligations remain and collection of the receivable is reasonably assured. Revenue from instrument service contracts is recognised as the services are rendered, typically evenly over the contract term.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The Company regularly enters into contracts where revenue is derived from multiple deliverables including products or services. These products or services are generally delivered within a short-time frame, approximately three to six months, after the contract execution date. Revenue recognition for contracts with multiple deliverables is based on the individual units of accounting determined to exist in the contract. A delivered item is considered a separate unit of accounting when the delivered item has value to the customer on a stand-alone basis. Items are considered to have stand-alone value when they are sold separately by any vendor or when the customer could resell the item on a stand-alone basis.

For transactions with multiple deliverables, consideration is allocated at the inception of the contract to all deliverables based on their relative selling price.

Gross profit

The items revenue, cost of sales and other external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

The Executive Board of Illumina Denmark ApS receive remuneration in the form of share-based payments, whereby the Executive Board render services as consideration for warrants granted by Illumina, Inc. As Illumina Denmark ApS does not have responsibility for settling the transaction, the arrangement is accounted for as an equity-settled share-based payment transaction.

A management recharge, based upon the grant date fair value of the warrants, is accrued over the vesting period of the share-based payment. As the recharge amount is directly based on the value of the underlying share-based payment, the recharge to Illumina, Inc. is charged directly to equity, provided it represents a return of the capital contribution received up to the amount of the contribution and a distribution thereafter.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividend

Proposed dividend is recognized as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separated line item in equity.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax bases, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before financial items adjusted for other operating income and other operating expenses}}{\text{Average assets}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

2 Events after the balance sheet date

No event after the balance sheet date to note.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2022	2021
3 Staff costs and incentive programs		
Wages/salaries	11,116,509	10,917,665
Pensions	952,044	869,854
Other staff costs	437,010	398,473
	<u>12,505,563</u>	<u>12,185,991</u>
Average number of full-time employees	<u>12</u>	<u>11</u>

Total remuneration to Management: No remuneration has been paid to the executive board in 2022 and 2021 via the company as the executive board is remunerated via other group entities. The portion of the executive board's remuneration that can be allocated to the company was DKK'000 73 and DKK'000 86 in 2022 and 2021 respectively.

Incentive programmes

The Company is participating in an Employee Stock Purchase Plan (ESPP) of the ultimate parent company, Illumina, Inc and have thereby introduced an incentive plan aimed at members of the Executive Board. Share options are granted subject to the fulfillment of certain performance targets, both short and long term. The ESPP is established with the purpose of providing employees with an opportunity to purchase common stock in Illumina, Inc. through payroll deductions. The purchase price for the common stocks is determined by reference to the closing selling price of the common stock on an established stock exchange and adjusted for a contractual discount. The duration of each ESPP offering period is 12 months. The portion of the executive board's ESPP remuneration that can be allocated to the company was DKK'000 170 and DKK'000 190 respectively.

4 Financial income

	2022	2021
Other interest income	<u>930,243</u>	<u>35,503</u>
	<u>930,243</u>	<u>35,503</u>

5 Financial expenses

Interest surcharges and tax recognised under net financials	96,037	74,585
Bank fees	77,924	75,739
Interest expenses, group entities	88,329	—
Other financial expenses	139,714	51,262
	<u>402,004</u>	<u>201,586</u>

6 Deferred tax

Deferred tax at 1 January	—	—
Deferred tax adjustment for the year	238,474	—
	<u>238,474</u>	<u>—</u>

7 Share capital

Analysis of the share capital:

800 shares of DKK 100.00 nominal value each	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

The Company's share capital has remained DKK 80,000 over the past 5 years. All shares rank equally.

Financial statements 1 January - 31 December

Notes to the financial statements

8 Deferred Income

Deferred income comprises payments relating to sales that will not be recognised as income until in the following financial year once the recognition criteria are satisfied. All outstanding contract amounts are within a 5 year period.

9 Contractual obligations and contingencies, etc.

Other rent and lease liabilities:

DKK	2022	2021
Rent and lease liabilities	60,215	146,952

Rent and lease liabilities include a rent commitment totaling DKK 1,430 and operating leases concerning cars totaling DKK 58,785 with a remaining term of 1 months.

10 Collateral

No security for loans had been placed at 31 December 2022.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Related Parties

Illumina Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Parent company Illumina Inc.	5200 Illumina Way, San Diego, CA 92122, USA	Ultimate parent
Parent company Illumina Netherlands B.V.	Steenoven 19, 5656 DK, Eindhoven, Netherlands	100% shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Illumina Inc.	5200 Illumina Way, San Diego, CA 92122, USA	At the domicile https://s24.q4cdn.com/526396163/files/doc_financials/2022/q4/Form-10-K-FY22.pdf

Illumina Denmark ApS was engaged in the below related party transactions:

DKK	2022
Cost of goods sold included in gross profit	208,297,690
Other administrative cost	31,900,778
Interest on intercompany loans	88,329

The Company has entered into a reseller agreement with an affiliated company. Cost of sales are adjusted to reflect the defined operating margin range in the Company and the group's TP policy and intercompany agreements.

For Intercompany balances at 31 December 2022, please refer to balance sheet.
For remuneration of Executive Board, please refer to note 3.

12 Appropriation of Profit

DKK	2022	2021
12 Distribution of profit		
Proposed distribution of Profit		
Retained Earnings	9,037,296	8,130,351
	<u>9,037,296</u>	<u>8,130,351</u>