



NOVEMBER 5, 2020

FISCAL 2021 Q2 EARNINGS

Forward Looking Statements

This supplemental information contains statements which may be considered forward-looking within the meaning of the U.S. federal securities laws. In some cases, you can identify these forward-looking statements by the use of terms such as “expect,” “will,” “continue,” or similar expressions, and variations or negatives of these words, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to: the statements under “Q3 FY21 Guidance,” including expectations relating to operating margin and annualized EPS; the effects of the sale of substantially all of the Enterprise Security business on the Company’s business; the timing and amount of stock repurchases; the long-term operating model of NortonLifeLock; NortonLifeLock’s future revenue growth and cash flow from operations; statements regarding expectations of the recurring nature of consumer subscriptions; statements regarding the compliance with our debt instruments and covenants thereunder; the estimated unrealized cost savings from estimates of future results; the estimated amount, and the Company’s ability to monetize and use the proceeds of sales, of underutilized assets; any other statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from results expressed or implied in this supplemental information. Such risk factors include, but are not limited to, those related to: the current and future impact of the COVID-19 pandemic on the Company’s business and industry; the effect of the sale of substantially all of the Enterprise Security assets on NortonLifeLock’s retained businesses and products; retention of executive leadership team members; difficulties in improving sales and product development during leadership transitions; difficulties in executing the operating model for the consumer cyber safety business; lower than anticipated returns from the Company’s investments in direct customer acquisition; difficulties and delays in reducing run rate expenses and monetizing underutilized assets; general business and economic conditions; matters arising out of our completed Audit Committee investigation and the ongoing U.S. Securities and Exchange Commission investigation; fluctuations and volatility in NortonLifeLock’s stock price; the ability of NortonLifeLock to successfully execute strategic plans; the ability to maintain customer and partner relationships; the ability of NortonLifeLock to achieve its cost and operating efficiency goals; the anticipated growth of certain market segments; NortonLifeLock’s sales and business strategy; fluctuations in tax rates and foreign currency exchange rates; the timing and market acceptance of new product releases and upgrades; and the successful development of new products and the degree to which these products gain market acceptance. Additional information concerning these and other risk factors is contained in the Risk Factors sections of NortonLifeLock’s most recent reports on Form 10-K and Form 10-Q. NortonLifeLock assumes no obligation, and does not intend, to update these forward-looking statements as a result of future events or developments.

Our Vision

To be the trusted brand in Cyber Safety by protecting consumers and giving them control of their digital lives.

Total Customers

~50M

Direct Customers

20.7M

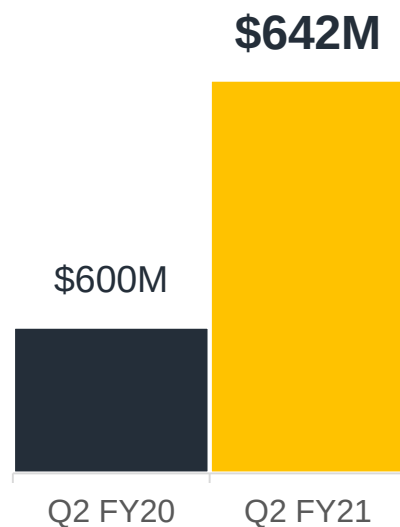


Business Highlights

- Delivered sustainable top-line growth in the mid-single digits
- Another quarter of growing customer count, +117K customers Q/Q, +608K customers Y/Y
- Achieved 50%+ operating margin and completed our transition to a consumer company

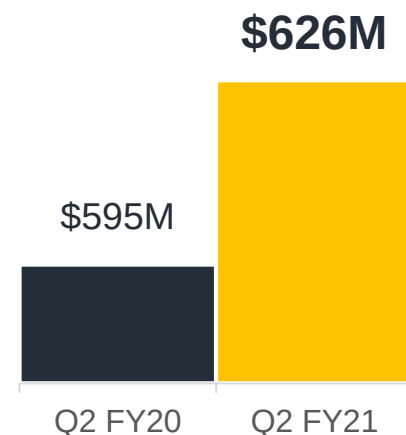
Reported Billings

+7% Y/Y
+5% CC



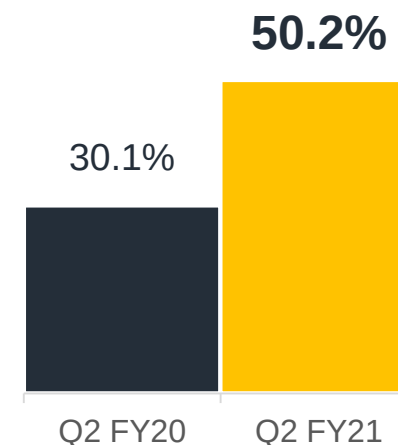
Revenue

+5% Y/Y
+4% CC



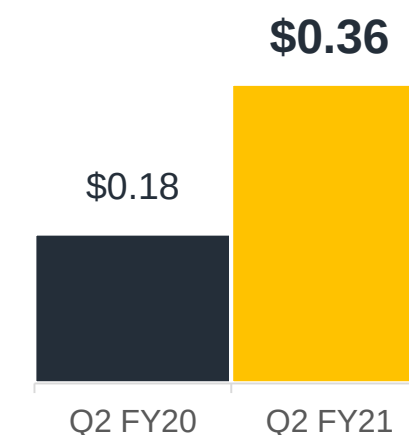
Op. Margin

+20 pts Y/Y



EPS

+100% Y/Y



Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs. -Y/Y revenue growth excludes IDA.

A woman with curly hair, wearing a white top and a long orange beaded necklace, is smiling while talking on a mobile phone. She is sitting at a desk in a clothing store, with racks of clothes and wooden shelving in the background. She is holding a pen over a laptop. The text "What's New" is overlaid on the image.

What's New



Norton 360 for Gamers

Protection designed for PC gamers

Reimagined PC gaming security solution includes the industry-first Dark Web Monitoring Powered by LifeLock for gamer tags to give gamers the device, online privacy and identity protection they need.

Designed with a Gamers-First Mindset

Key features include:

- Dark Web Monitoring for gamer tags
- Secure VPN
- Notification Optimization
- PC SafeCam

For more product information and other terms and conditions, visit nortonlifelock.com



Norton 360 with LifeLock for Family

All-in-one family plans to help safeguard devices, online privacy and identity through one subscription

Flexible Subscription Options

Previously, Norton 360 plans were available for individuals to purchase, and identity theft protection plans for family members could be added separately. Plans can now be purchased through one easy-to-manage subscription to cover two adults, or two adults and up to five children.

Designed for Remote Learning

Incorporates new School Time* feature, which allows access to distance learning content on children's Windows®, iOS® or Android® devices, without giving access to the broader web to help keep children focused.

* School Time available in Norton Family and select Norton 360 plans.

For more product information and other terms and conditions, visit nortonlifelock.com



Privacy Monitor Assistant

Helping consumers reclaim control of their personal information with expanded privacy offerings

Expanded Online Privacy Lineup

Privacy Monitor Assistant is the latest addition to NortonLifeLock's online privacy lineup, which includes Norton Secure VPN, PC SafeCam and Privacy Monitor to help make it easier for consumers to take back control of their personal information and online privacy.

New Privacy Monitor Assistant

Privacy Monitor Assistant helps automate and support consumers to fight back against data brokers sharing their personal information. Available as an add-on annual subscription service, Privacy Monitor Assistant helps to make online privacy protection easier with NortonLifeLock doing the work to request opting out with the data brokers on the customer's behalf.

For more product information and other terms and conditions, visit nortonlifelock.com

A top-down view of a dark blue desk. In the top left corner is a small green plant with white flowers. In the top right corner is a white cup of coffee on a white saucer. In the bottom right corner is a silver laptop. In the bottom left corner is a black notebook. In the bottom right corner is a brown leather notebook with a white page. The text "Financial Results" is centered on the desk.

Financial Results

Q2 Results Delivered Sustainable Growth

Non-GAAP P&L (Continuing Operations)

(Dollars in millions, except per share amounts)

Non-GAAP	Q2 FY21	Q2 FY20	As Reported Y/Y
Consumer Revenue	626	595	5%
IDA Revenue	-	13	n.m.
Revenue	\$626	\$608	3%
Gross Profit	544	519	5%
Gross Margin	86.9%	85.4%	1.5 pts
Operating Expenses	230	336	(32%)
% of Revenue	36.7%	55.3%	(18.6) pts
Operating Income	\$314	\$183	72%
Operating Margin	50.2%	30.1%	20.1 pts
Plus: Other Income (Expense)	(32)	(32)	0%
Less: Tax Provision	67	35	91%
Effective Tax Rate	24%	23%	0.6 pts
Net Income	\$215	\$116	85%
EPS (from ContOps)	\$0.36	\$0.18	100%
Diluted Share Count	600	644	

Revenue \$626M

- Up 5% Y/Y in USD, 4% Y/Y in CC
- Driven by broad-based strength across products and geographies

Operating Margin 50.2%

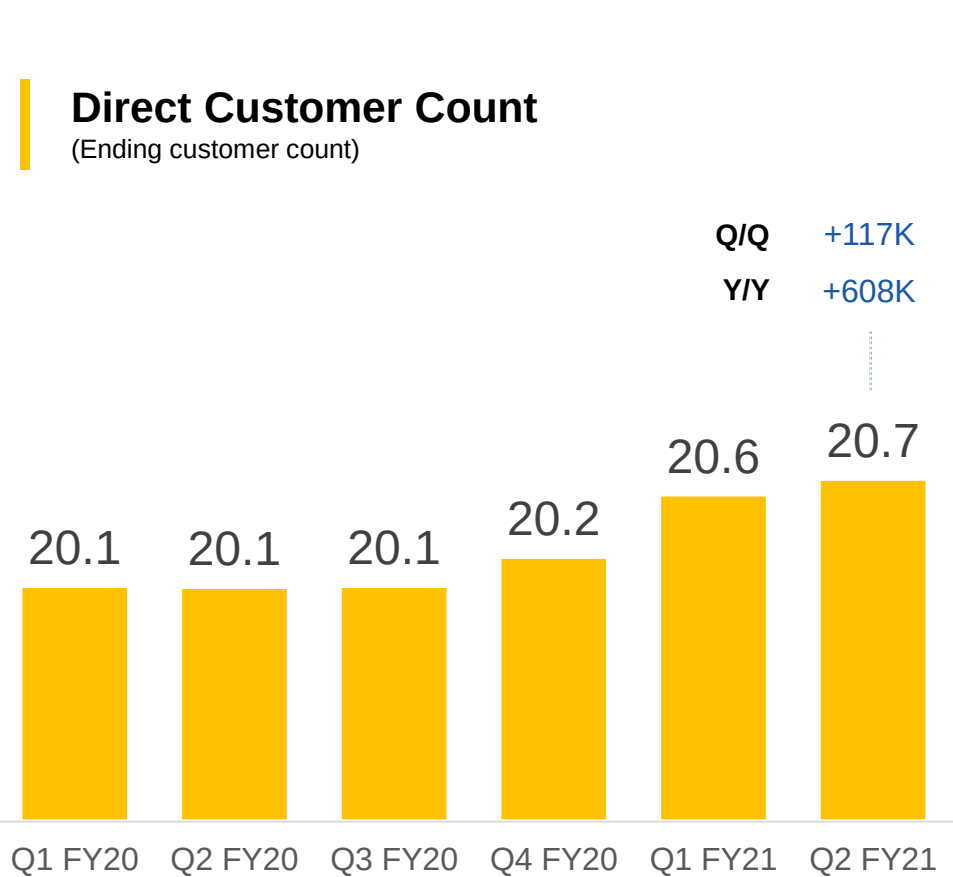
- Up 20.1 pts Y/Y
- Includes ~\$10M of stranded costs in continuing operations

EPS is \$0.36

- Up \$0.18 Y/Y and 100% Y/Y
- Driven by top-line growth and elimination of stranded costs

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.
 -Y/Y revenue growth excludes IDA. Y/Y CC change is in constant currency using the year ago fx rates, excludes IDA.
 -Other Expense primarily consists of net interest expense.

Another Quarter of Growing Customer Count



Q2 Revenue = Avg. Direct Customer Count x Direct ARPU⁽¹⁾ + Indirect (Partner) Revenue

\$626M = 20.6M x \$9.10/mo. + \$63M

Consumer Metrics

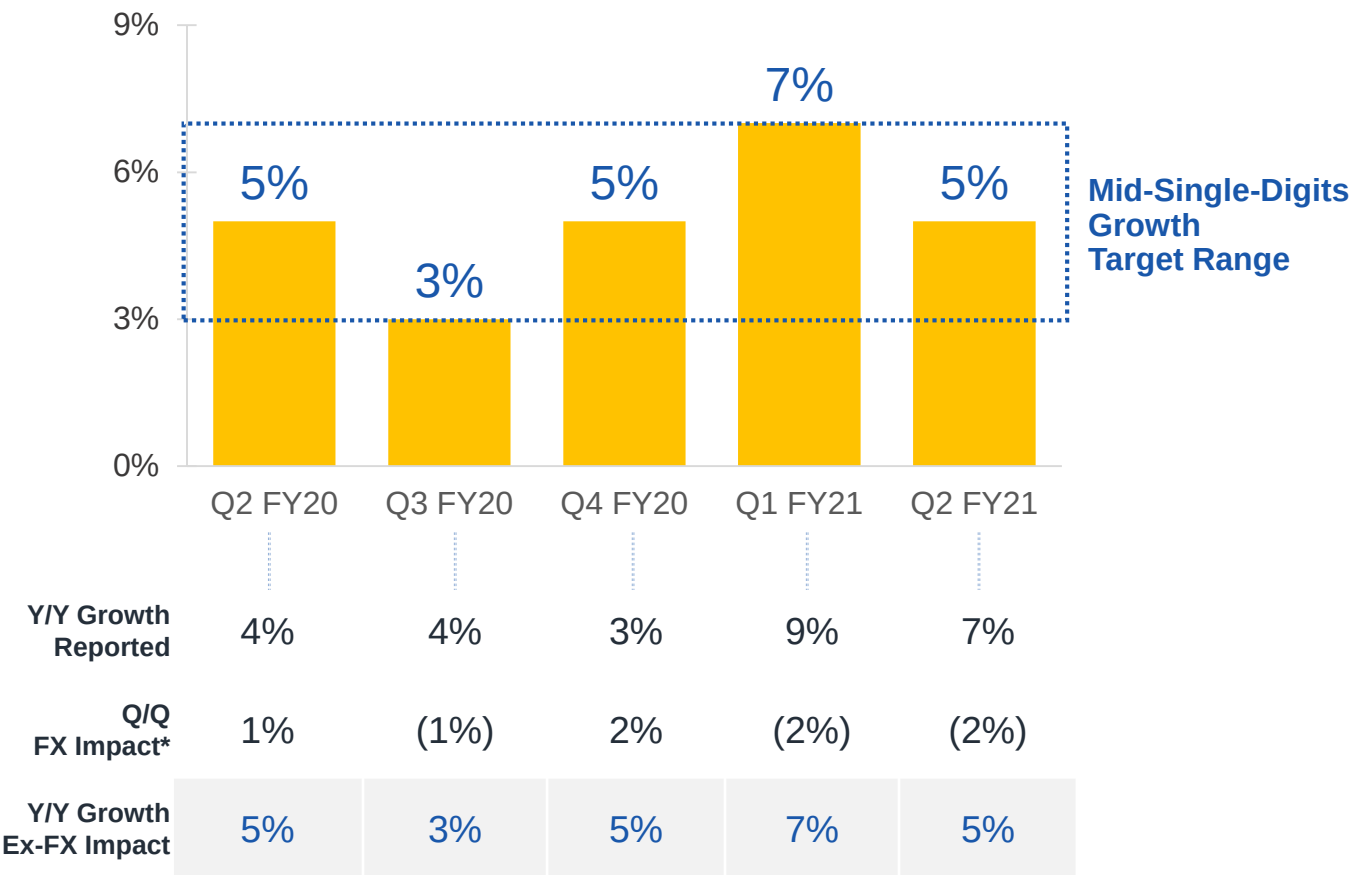
(Dollars in millions, except ARPU in dollars)

	Q2 FY21	Q1 FY21	Q2 FY20	Growth Y/Y	Growth Q/Q
Revenue	\$626	\$614	\$595	5%	2%
Direct Customer Revenue	\$563	\$552	\$536	5%	2%
Average Direct Customer Count	20.6	20.4	20.1	3%	1%
Direct ARPU	\$9.10	\$9.03	\$8.88	2%	1%
Partner Revenue	\$63	\$62	\$59	7%	2%

Note: Excludes IDA. Amounts may not add due to rounding.
(1) Direct ARPU based on average of beginning and ending period customer count.

Reported Billings Up Mid-Single Digits

Trended Consumer Reported Billings Growth (Excluding Q/Q FX impact to ending contract liabilities)



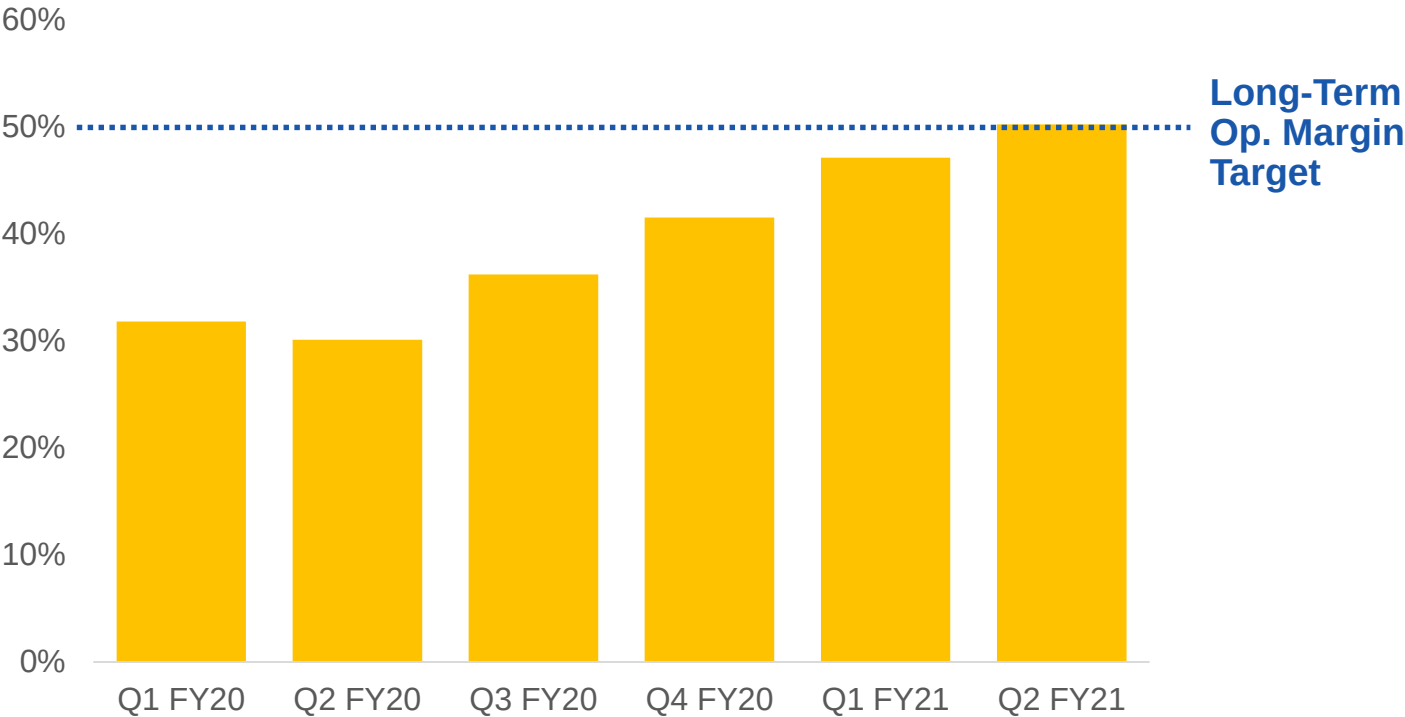
- Reported Billings Growth +7%
 - With 2 pts from FX revaluation of contract liabilities
- Direct Business
 - Driven by broad-based strength across products and geographies
- Partner Business
 - Continued momentum in employee benefits and with telcos in APJ

Note: All numbers presented are non-GAAP unless otherwise indicated. See appendix for calculation support.
 Q1 FY21 growth rates normalized to exclude approximately \$44 million of revenue from an extra week.
 *Q/Q FX impact defined as Q/Q FX impact to ending contract liabilities.

Achieved Long-Term Target Operating Margin

Trended Operating Margin

(As reported, Non-GAAP)



Operating Margin **50.2%**

- Up 20.1 pts Y/Y
- Includes ~\$10M of stranded costs in continuing operations

Total company operating margin will be clean of stranded costs starting next quarter

Expect to run the business at **50%+**

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.

Healthy Balance Sheet Supported by Financial Flexibility

Key Balance Sheet, Cash Flow & Other Metrics

(Dollars in millions)

	Q2FY21	Q1FY21	Q4FY20
Balance Sheet			
Cash, Cash Equivalents and STI	\$1,049	\$1,131	\$2,263
Contract Liabilities ⁽¹⁾	\$1,074	\$1,058	\$1,076
Debt (Principal)	\$3,625	\$3,625	\$4,250
Cash Flow and Other Metrics			
Cash Flow from Operations	(\$113)	\$170	(\$1,766)
Capital Expenditures	\$2	\$1	\$3
Free Cash Flow	(\$115)	\$169	(\$1,769)
Headcount ⁽²⁾	2,388	2,467	3,539

Note: All numbers presented are non-GAAP unless otherwise indicated.

(1) Excludes contract liabilities of discontinued operations.

(2) Based on full-time equivalent, excluding interns and non-working headcount covered under statutory labor laws (notified but not yet off books).

Strong total liquidity position

- Over **\$1B+** cash on hand

Current leverage levels

- Gross debt leverage **2.8x**
- Net debt leverage **2.0x**

Last quarter of transition impact to cash flow

- Operating at \$900M free cash flow on an annual basis excluding stranded and transition-related costs
- Q2 impact includes:
 - Timing of tax payments
 - Final stranded-related costs
 - Close out of remaining transition activities
 - Broadcom agreement

Capital allocation priorities

- Invest for growth (organic and inorganic)
- Return capital to shareholders (regular quarterly dividend and opportunistic share buyback)

Successful Transition to a Pure-Play Consumer Company

All Stranded Costs Eliminated

\$1 billion of costs taken out

- Eliminated \$1 billion of costs since sale of Enterprise business in Nov. 2019
- Completed cost takeout in August 2020, 4 months ahead of plan
- Realized \$875 million of cash proceeds from underutilized assets (target remains at \$1.5 billion total cash proceeds)

Go-Forward Business Fully Stood Up

Clean financials going forward

- Growing consumer business with 50% operating margin, operating at total headcount level below target of 2,500
- Entered long-term partnership with Broadcom for enterprise software, security engines and telemetry
- Closed all outstanding obligations related to the asset purchase and TSA activities

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.

Our Long-Term Commitment

What we said...

- Revenue Growth of **Mid-Single Digits**
- Operating Margin of **≥50%**
- Free Cash Flow (Annualized) of **≥\$900M**
- Annual EPS at **\$1.50+**

...and where we stand

- ✓ **Achieved**  **Sustain or accelerate**
- ✓ **Achieved**
- ✓ **Tracking - by Q3**
Already Achieved excl Stranded
- ✓ **Tracking - by end of FY21**  **Grow faster than revenue**

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.

Q3 FY21 Guidance

(Dollars in millions, except per share amounts)

Non-GAAP	Q3 Guidance
Revenue Y/Y Change (Adj for IDA)	\$625 - \$635 Approx. +4% to +5%
EPS	\$0.36 - \$0.38

- Growth rate excludes IDA (\$15M in Q3 FY20)
- Assumes business at ~50% operating margin
- Assumes stable share count and currency rates Q/Q

Appendix



Trended Quarterly Results

Non-GAAP P&L (Continuing Operations)

(Dollars in millions, except per share amounts)

Non-GAAP	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21
Revenue	636	595	603	610	2,444	614	626
ID Analytics	14	13	15	4	46	-	-
Total Revenue	\$650	\$608	\$618	\$614	\$2,490	\$614	\$626
Gross Profit	562	519	523	524	2,128	535	544
<i>Gross Margin</i>	86.5%	85.4%	84.6%	85.3%	85.5%	87.1%	86.9%
Sales & Marketing	177	182	169	143	671	142	137
Research & Development	94	77	66	61	298	59	56
General & Administrative	84	77	64	65	290	45	37
Operating Expenses	355	336	299	269	1,259	246	230
<i>% of Revenue</i>	54.6%	55.3%	48.4%	43.8%	50.6%	40.1%	36.7%
Operating Income	\$207	\$183	\$224	\$255	\$869	\$289	\$314
<i>Operating Margin</i>	31.8%	30.1%	36.2%	41.5%	34.9%	47.1%	50.2%
Interest Expense	(43)	(41)	(44)	(45)	(173)	(37)	(35)
Other Income (Expense)	11	9	33	9	62	(4)	3
Income before Income Taxes	\$175	\$151	\$213	\$219	\$758	\$248	\$282
Provision for Income Tax	41	35	54	52	182	60	67
Net Income	\$134	\$116	\$159	\$167	\$576	\$188	\$215
EPS (from ContOps)	\$0.21	\$0.18	\$0.25	\$0.26	\$0.90	\$0.31	\$0.36
Diluted Share Count	642	644	647	639	643	614	600
Depreciation	36	31	28	27	122	21	14
Reported EBITDA	\$243	\$214	\$252	\$282	\$991	\$310	\$328

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.

Trended Contract Liabilities and Reported Billings

Contract Liabilities and Reported Billings

(Dollars in millions)

Non-GAAP	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21
Contract Liabilities	\$1,011	\$1,016	\$1,047	\$1,076	\$1,076	\$1,058	\$1,074
<i>Y/Y Growth</i>	(6%)	(2%)	0%	2%	2%	5%	6%
Revenues	650	608	618	614	2,490	614	626
Change in Contract Liabilities (excl any FX impact)	(53)	11	27	40	28	(29)	3
QoQ FX Impact on Ending Contract Liabilities	5	(6)	4	(11)	(11)	11	13
Other Contract Liabilities Adjustment ⁽¹⁾	5	-	-	-	5	-	-
Reported Billings	\$607	\$613	\$649	\$643	\$2,512	\$596	\$642
Less: IDA Revenues	(14)	(13)	(15)	(4)	(46)	-	-
Consumer Reported Billings	\$593	\$600	\$634	\$639	\$2,466	\$596	\$642
<i>Y/Y Growth (Reported)</i>	9%	4%	4%	3%	5%	1%	7%
<i>excl Extra Week ⁽²⁾</i>	1%				3%	9%	
Less: QoQ FX Impact on Ending Contract Liabilities	(\$5)	\$6	(\$4)	\$11	\$11	(\$11)	(\$13)
Implied Impact to Current Period Growth	(1%)	1%	(1%)	2%	0%	(2%)	(2%)
<i>Y/Y Growth (excl QoQ FX Impact)</i>	8%	5%	3%	5%	5%	(1%)	5%
<i>excl Extra Week ⁽²⁾</i>	0%				3%	7%	
Consumer Bookings Growth (Constant Currency)	(1%)	4%	4%	5%	3%	7%	4%

We isolated FX impact on reported billings by revaluing contract liabilities in USD at the end of each quarter.

We have quantified the QoQ FX impact on ending contract liabilities.

Consumer bookings is an operational metric and is measured in both USD and constant currency (YoY).

We use reported billings (excl. QoQ FX Impact) as an **approximation** for bookings.

Note: All numbers presented are non-GAAP unless otherwise indicated.

(1) Contract liabilities include Veritas discontinued operations, though removed from Reported Billings in Other contract liabilities adjustment. Q1 FY19 also includes \$17M ASC 606 opening balance sheet adjustment.

(2) Normalized to exclude approximately \$44 million of revenue from the extra week in Q1FY20.

Trended Share Count

Diluted Share Count

(Shares in millions)

	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	FY20	Q1 FY21	Q2 FY21
Basic Share Count Weighted Average	619	620	621	599	615	590	592
<u>Dilutive Potentially Issuable Shares:</u>							
From Employee Equity Awards	13	8	6	6	8	4	3
From Convertible Debt	10	16	20	34	20	20	5
Diluted Share Count	642	644	647	639	643	614	600
Average Share Price	\$21.62	\$23.32	\$24.55	\$21.34		\$20.43	\$21.67
<i>Adj for \$12 Special Dividend</i>	<i>\$9.62</i>	<i>\$11.32</i>	<i>\$12.55</i>	<i>\$17.73</i>			

Q2 Stranded Costs Detail

Stranded Cost Breakdown

(Dollars in millions)

Non-GAAP	Q2 FY21	Informational Stranded
Revenue	\$626	
Cost of Revenue	82	
Sales & Marketing	137	
Research & Development	56	
General & Administrative	37	
Spend	\$312	~\$10
% of Revenue	49.8%	
Operating Income	\$314	
Operating Margin	50.2%	
Other (Income) Expense	32	-
Profit Before Tax	\$282	

Informational: Total Stranded Costs	Q2 FY21
Stranded in ContOps (non-GAAP)	~\$10
Stranded in DiscOps (GAAP) ⁽¹⁾	~\$25
Stranded in Restructuring (GAAP) ⁽²⁾	~\$15
Total Stranded Costs	~\$50

Q2 total stranded costs of ~\$50M:

- ~\$10M operating expenses (continuing operations)
- ~\$25M restructuring costs including severance for Enterprise sale TSAs (discontinued operations, excluded from non-GAAP results)
- ~\$15M restructuring costs including severance, contract termination costs, and asset write-offs (excluded from non-GAAP results)

Note: All numbers presented are non-GAAP unless otherwise indicated. Unless otherwise stated, results presented are continuing operations and excludes enterprise dedicated revenues and costs.

(1) Reflects total spend amount for Discontinued Operations, including restructuring, transition and other costs related to Discontinued Operations.

(2) Reflects total restructuring, transition and other costs attributable to Continuing Operations.

Q2 GAAP to Non-GAAP Reconciliation

Bridge from GAAP to Non-GAAP EPS and Net Income from ContOps

(Dollars in millions, except per share amounts)

	EPS	Net Income
	Q2 FY21	Q2 FY21
GAAP EPS / Net Income	\$0.11	\$64
GAAP EPS / Net Income from DiscOps	0.17	102
GAAP EPS / Net Income from ContOps	\$0.28	\$166
Stock Based Compensation	0.03	19
Amortization of Intangible Assets	0.04	25
Restructuring and Other Costs	0.02	14
Litigation Settlement Charges	0.04	25
Other ⁽¹⁾	0.00	3
Gain on Sale of Property	(0.06)	(35)
Adjustment to GAAP Provision for Income Taxes	(0.00)	(2)
Total Adjustments	\$0.08	\$49
Non-GAAP EPS / Net Income from ContOps	\$0.36	\$215

(1) Other includes non-cash interest expense and other minor reconciling items.

Use of GAAP and Non-GAAP Financial Information

To assist our readers understand our past financial performance and our projected future results, we supplement the financial results that we provide in accordance with generally accepted accounting principles, or GAAP, with non-GAAP financial measures. The method we use to produce non-GAAP measures is not computed according to GAAP and may differ from the methods used by other companies. Non-GAAP financial measures are supplemental, should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. We believe our presentation of non-GAAP financial measures, when taken together with corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management team uses these non-GAAP financial measures in assessing our operating results, as well as when planning, forecasting and analyzing future periods. We believe that these non-GAAP financial measures also facilitate comparisons of our performance to prior periods and that investors benefit from an understanding of the non-GAAP financial measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results which can be found, along with other financial information, in NortonLifeLock's Fiscal Second Quarter 2021 Supplemental Information and Q2 FY21 Earnings Press Release documents on the investor relations page of our website at investor.nortonlifelock.com.

