



AUG 4, 2022

# FY 2023 Q1 Earnings

# Forward-Looking Statements

This presentation 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 “Q2 Fiscal Year 2023 Non-GAAP Guidance”, expectation as to satisfaction or waiver of any regulatory conditions and any risks associated therewith; 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 press release. 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; 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; the impact of acquisitions and our ability to achieve expected synergies or attendant cost savings; 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 potential for corporate tax increases under the Biden Administration; 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** is to protect and  
empower people to live their  
digital lives safely

Q1 Fiscal 2023

Total Users  
**~80M**

Direct Customers  
**23.3M+**

# Acquisition of Avast Provisionally Approved



Anticipated to Close the Acquisition  
**Mid-September to Early October 2022**

Transaction Details: [NLOK's IR website](#)

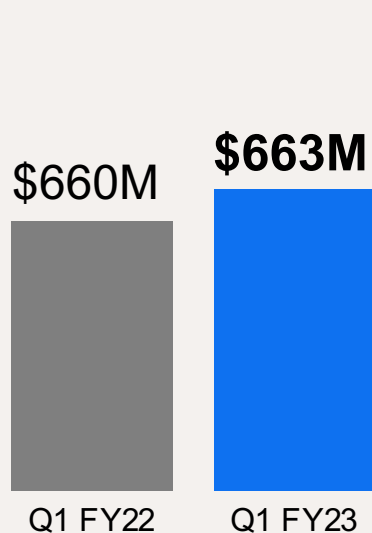


# Q1 Non-GAAP Business Highlights

- 12<sup>th</sup> consecutive quarter of Bookings growth, up 5% Y/Y in CC; Revenue up 6% Y/Y in CC
- Operating margin up 250 bps Y/Y and EPS up 7% Y/Y
- Retention remains strong at 85%; Direct customer count up 210K Y/Y and down 216K Q/Q

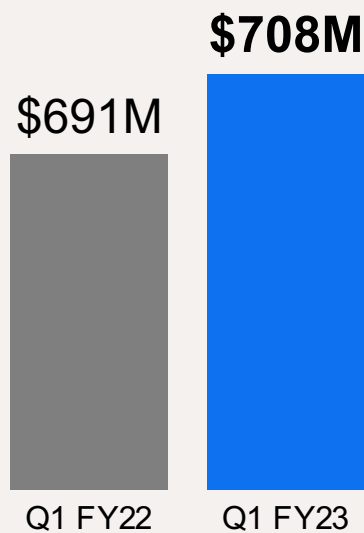
## Bookings

+5% Y/Y in CC  
+1% Y/Y in USD



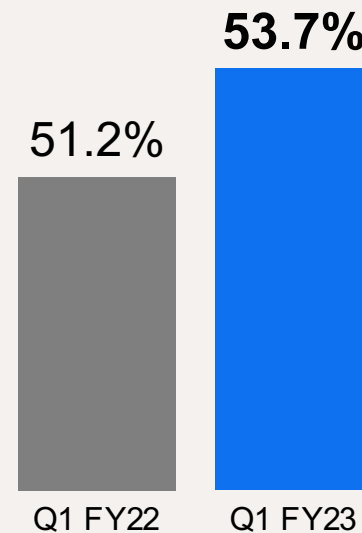
## Revenue

+6% Y/Y in CC  
+2% Y/Y in USD



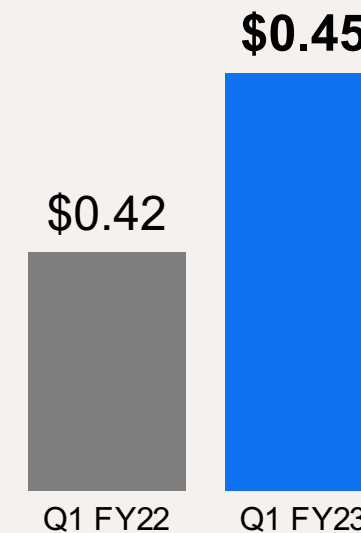
## Op. Margin

+250 bps Y/Y



## EPS

+7% Y/Y



Note: All numbers presented are non-GAAP unless otherwise indicated. See appendix for reconciliation of financial measures from GAAP to non-GAAP.

# Q1 Results Reflect Discipline and Strong Profitability

| Non-GAAP P&L<br>Dollars in millions, except per share amounts | Q1<br>FY22    | Q4<br>FY22    | Q1<br>FY23    | As<br>Reported<br>Y/Y |
|---------------------------------------------------------------|---------------|---------------|---------------|-----------------------|
| <b>Revenue</b>                                                | <b>\$691</b>  | <b>\$717</b>  | <b>\$708</b>  | <b>2%</b>             |
| Y/Y (CC%)                                                     | 11%           | 8%            | 6%            |                       |
| Gross Profit                                                  | 599           | 624           | 612           | 2%                    |
| Gross Margin                                                  | 86.7%         | 87.0%         | 86.4%         | (30) bps              |
| Operating Expenses                                            | 245           | 233           | 232           | (5%)                  |
| % of Revenue                                                  | 35.5%         | 32.5%         | 32.8%         | (270) bps             |
| Operating Income                                              | \$354         | \$391         | \$380         | 7%                    |
| <b>Operating Margin</b>                                       | <b>51.2%</b>  | <b>54.5%</b>  | <b>53.7%</b>  | <b>250 bps</b>        |
| Plus: Interest Expense                                        | (30)          | (29)          | (30)          | nm                    |
| Plus: Other OI&E                                              | 2             | (6)           | (2)           | nm                    |
| Less: Tax Provision                                           | 78            | 85            | 83            | 6%                    |
| Effective Tax Rate                                            | 24%           | 24%           | 24%           | --                    |
| Net Income                                                    | \$248         | \$271         | \$265         | 7%                    |
| <b>EPS</b>                                                    | <b>\$0.42</b> | <b>\$0.46</b> | <b>\$0.45</b> | <b>7%</b>             |
| Diluted Share Count                                           | 591           | 593           | 586           | (1%)                  |

**\$708M**

**53.7%**

**\$0.45**

## Q1

### REVENUE

Up 2% Y/Y in USD & up 6% in CC

Includes \$27M of unfavorable FX impact (Y/Y)

6<sup>th</sup> consecutive quarter of high single digit growth in identity and privacy protection

### OPERATING MARGIN

Up 250 bps Y/Y

Topline growth and continued operational cost discipline

### EPS

Up 7% Y/Y in USD & up 14% in CC

Includes 3 cents of unfavorable FX impact (Y/Y)

Adjusted for FX, EPS growing more than twice the rate of revenue

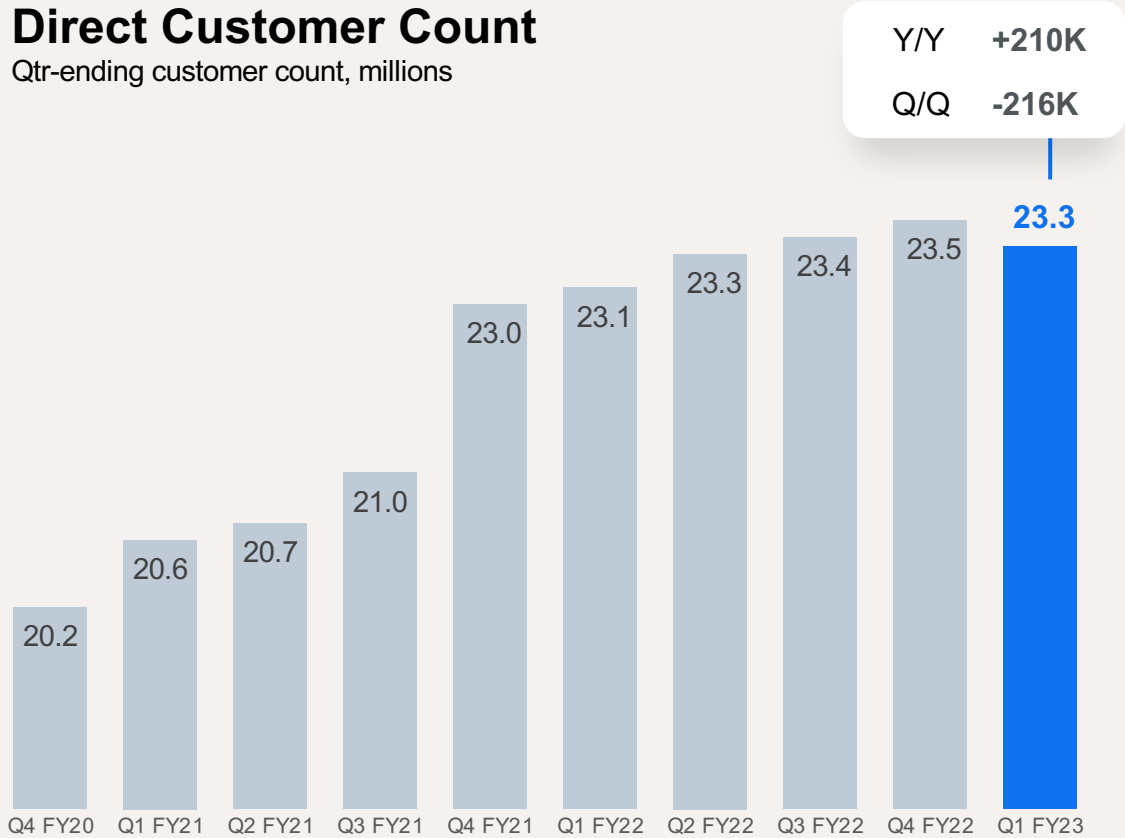
Note: All numbers presented are non-GAAP unless otherwise indicated.  
See appendix for reconciliation of financial measures from GAAP to non-GAAP.



# Healthy Customer Base of 23.3M+ with 85%+ Retention and Strong ARPU

## Direct Customer Count

Qtr-ending customer count, millions



Note: Starting Q4 FY21 includes 1.6M customers from Avira

## Consumer Metrics

Dollars in millions, except ARPU in dollars  
(Non-GAAP, Y/Y % and Q/Q % in USD)

|                                        | Q1 FY22 | Q4 FY22 | Q1 FY23 | Growth Y/Y | Growth Q/Q |
|----------------------------------------|---------|---------|---------|------------|------------|
| Revenue                                | \$691   | \$717   | \$708   | 2%         | (1%)       |
| Direct Customer Revenue <sup>(1)</sup> | \$611   | \$627   | \$620   | 1%         | (1%)       |
| Avg. Direct Customers (mil)            | 23.0    | 23.5    | 23.4    | 2%         | Stable     |
| Direct ARPU <sup>(2)</sup>             | \$8.84  | \$8.90  | \$8.82  | Stable     | (1%)       |
| Partner Revenue                        | \$80    | \$90    | \$88    | 10%        | (2%)       |

Q1 Revenue

\$708M

=

Avg. Direct Customer Count

23.4M

X

Direct ARPU<sup>2</sup>

\$8.82/mo.

+

Partner (indirect) Revenue

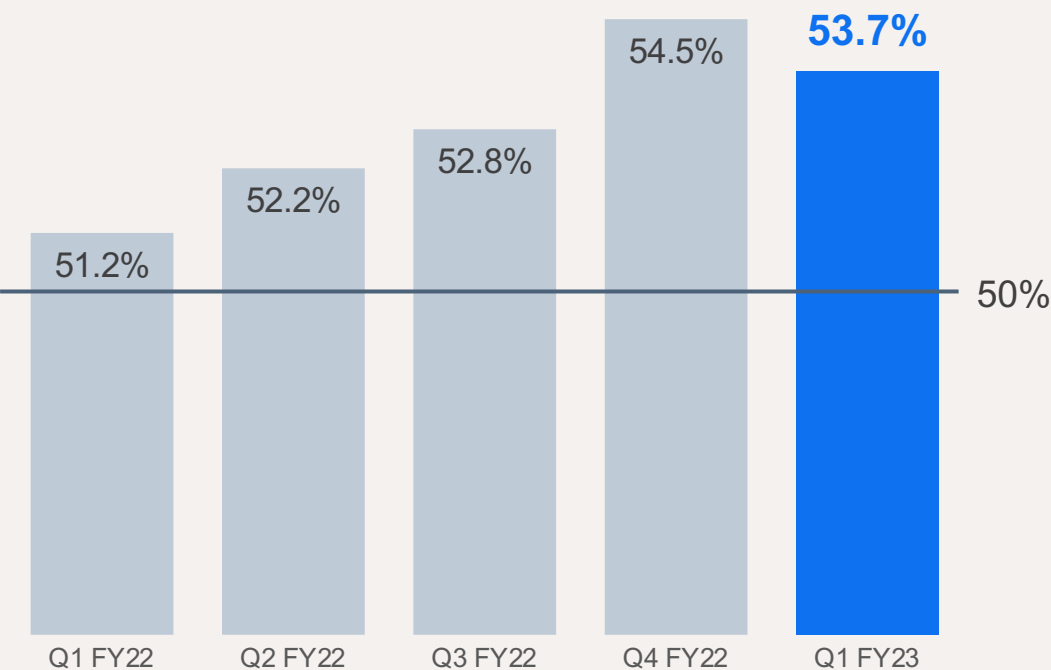
\$88M

Note: Amounts may not add due to rounding.  
 (1) Direct Revenue and corresponding growth negatively impacted by foreign exchange headwinds (\$22M Y/Y, \$11M Q/Q).  
 (2) Direct ARPU based on average customer count for the period.  
 Direct ARPU includes foreign exchange headwind of \$0.31 Y/Y, \$0.15 Q/Q.

# Continued Strength in Margin Expansion

## Trended Operating Margin

Non-GAAP



53.7%

Q1

## OPERATING MARGIN

Up 250 bps Y/Y

Operating leverage driven by top-line growth, G&A efficiencies and disciplined investments

### % of revenue:

86% Gross Margin

21% Sales & Marketing

8% Research & Development

<4% G&A

Note: All numbers presented are non-GAAP unless otherwise indicated.  
See appendix also for reconciliation of financial measures from GAAP to non-GAAP.

# Robust Balance Sheet and Cash Flow Generation

| Key Balance Sheet,<br>Cash Flow & Other Metrics<br><small>Dollars in millions</small> | Q1<br>FY22 | Q4<br>FY22 | Q1<br>FY23 |
|---------------------------------------------------------------------------------------|------------|------------|------------|
| <b>Balance Sheet</b>                                                                  |            |            |            |
| Cash, Cash Equivalents and STI                                                        | \$1,245    | \$1,891    | \$1,291    |
| Contract Liabilities                                                                  | \$1,231    | \$1,306    | \$1,220    |
| Debt (Principal)                                                                      | \$3,876    | \$3,747    | \$3,336    |
| <b>Cash Flow and Other Metrics</b>                                                    |            |            |            |
| Cash Flow from Operations                                                             | \$258      | \$326      | \$215      |
| Capital Expenditures                                                                  | \$1        | \$2        | \$2        |
| Free Cash Flow                                                                        | \$257      | \$324      | \$213      |
| Headcount <sup>(1)</sup>                                                              | 2,698      | 2,688      | 2,635      |

Note: All numbers presented are non-GAAP unless otherwise indicated.  
 (1) Based on full-time equivalent, excluding interns & non-working headcount covered under statutory labor laws (notified but not yet off books).  
 See appendix also for reconciliation of financial measures from GAAP to non-GAAP.

**\$1.3B**

## CASH ON HAND

Strong total liquidity position

Includes repayment of \$400M in 3.95% senior unsecured notes (June 2022 maturity) and \$300M share buyback

## CURRENT LEVERAGE LEVELS

Gross debt leverage 2.2x

Net debt leverage 1.4x

**\$213M**

## FREE CASH FLOW

Robust cash flow generation

**\$373M**

## SHARE REPURCHASE & DIVIDENDS

Repurchased 12M shares in Q1 for \$300M

~\$1.5B remaining in share buyback program

Paid regular quarterly dividend of \$0.125 per common share to shareholders totaling \$73M



# Q2 Fiscal Year 2023 Non-GAAP Guidance

## REVENUE

**\$695M - \$705M**

Up Mid-Single Digits Y/Y (CC)

Includes 4+ pts of FX headwind or approximately \$30M

## EPS

**\$0.44 - \$0.46**

Includes \$0.03 from FX headwind Y/Y

Assumes Avast closes early October 2022

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

- Y/Y revenue growth in constant currency.
- Guidance in USD assumes July 2022 average foreign exchange rates.
- Assumes current Non-GAAP effective tax rate of 24%.
- We are not providing GAAP EPS guidance because most non-GAAP adjustments pertain to events that have not yet occurred and would be unreasonably burdensome to forecast.

# Appendix



[investor.nortonlifelock.com](https://investor.nortonlifelock.com)

# Foreign Currency Update

**Euro**  
€ / \$

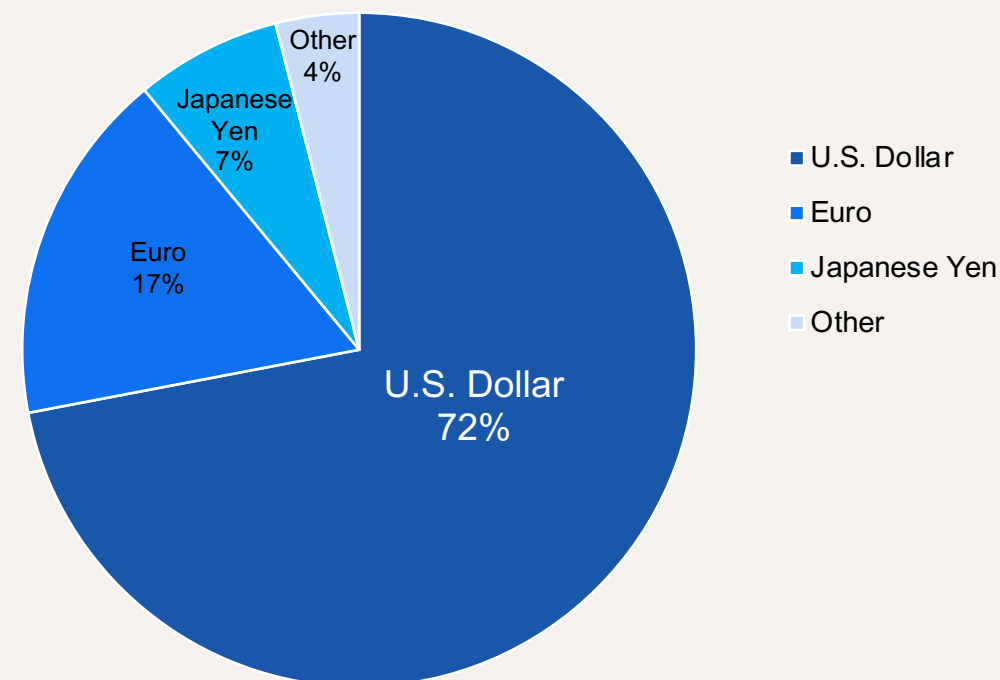
|               | Q1<br>FY22 | Q2<br>FY22 | Q1<br>FY23 | Jul<br>FY23 |
|---------------|------------|------------|------------|-------------|
| Weighted Avg. | 1.21       | 1.18       | 1.06       | 1.02        |
| End of Period | 1.18       | 1.16       | 1.04       | 1.02        |

**Yen**  
¥ / \$

|               | Q1<br>FY22 | Q2<br>FY22 | Q1<br>FY23 | Jul<br>FY23 |
|---------------|------------|------------|------------|-------------|
| Weighted Avg. | 0.0091     | 0.0091     | 0.0077     | 0.0073      |
| End of Period | 0.0090     | 0.0090     | 0.0074     | 0.0075      |

# Revenue Mix by Currency

Non-GAAP, Q1 FY23 Actuals (USD)



# Trended Non-GAAP Quarterly Results

| <b>Non-GAAP P&amp;L</b><br>Dollars in millions, except per share amounts | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b>    | <b>Q1<br/>FY23</b> |
|--------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|--------------------|
| <b>Total Revenue</b>                                                     | <b>\$691</b>       | <b>\$695</b>       | <b>\$704</b>       | <b>\$717</b>       | <b>\$2,807</b> | <b>\$708</b>       |
| Gross Profit                                                             | 599                | 607                | 610                | 624                | 2,440          | 612                |
| Gross Margin                                                             | 86.7%              | 87.3%              | 86.6%              | 87.0%              | 86.9%          | 86.4%              |
| Sales & Marketing                                                        | 150                | 148                | 155                | 150                | 603            | 149                |
| Research & Development                                                   | 62                 | 63                 | 54                 | 55                 | 234            | 55                 |
| General & Administrative                                                 | 33                 | 33                 | 29                 | 28                 | 123            | 28                 |
| Operating Expenses                                                       | 245                | 244                | 238                | 233                | 960            | 232                |
| % of Revenue                                                             | 35.5%              | 35.1%              | 33.8%              | 32.5%              | 34.2%          | 32.8%              |
| <b>Operating Income</b>                                                  | <b>\$354</b>       | <b>\$363</b>       | <b>\$372</b>       | <b>\$391</b>       | <b>\$1,480</b> | <b>\$380</b>       |
| Operating Margin                                                         | 51.2%              | 52.2%              | 52.8%              | 54.5%              | 52.7%          | 53.7%              |
| Interest Expense                                                         | (30)               | (29)               | (30)               | (29)               | (118)          | (30)               |
| Other Income (Expense)                                                   | 2                  | 2                  | -                  | (6)                | (2)            | (2)                |
| Income before Income Taxes                                               | \$326              | \$336              | \$342              | \$356              | \$1,360        | \$348              |
| Provision for Income Tax                                                 | 78                 | 81                 | 82                 | 85                 | 326            | 83                 |
| <b>Net Income</b>                                                        | <b>\$248</b>       | <b>\$255</b>       | <b>\$260</b>       | <b>\$271</b>       | <b>\$1,034</b> | <b>\$265</b>       |
| EPS                                                                      | \$0.42             | \$0.43             | \$0.44             | \$0.46             | \$1.75         | \$0.45             |
| Diluted Share Count                                                      | 591                | 591                | 591                | 593                | 591            | 586                |
| Depreciation                                                             | 4                  | 4                  | 4                  | 4                  | 16             | 3                  |
| Reported EBITDA                                                          | \$358              | \$367              | \$376              | \$395              | \$1,496        | \$383              |

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



# Reconciliation to Non-GAAP Gross Profit

| <b>GAAP to Non-GAAP Gross Profit</b><br>Dollars in millions | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b>    | <b>Q1<br/>FY23</b> |
|-------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|--------------------|
| <b>GAAP Results of Operation</b>                            |                    |                    |                    |                    |                |                    |
| <b>Gross profit (GAAP)</b>                                  | <b>\$584</b>       | <b>\$592</b>       | <b>\$597</b>       | <b>\$615</b>       | <b>\$2,388</b> | <b>\$605</b>       |
| <b>Non-GAAP Gross Profit Adjustments</b>                    |                    |                    |                    |                    |                |                    |
| Net revenues                                                |                    |                    |                    |                    |                |                    |
| Contract liabilities fair value adjustments                 | 5                  | 3                  | 2                  | 1                  | 11             | 1                  |
| Cost of revenues                                            |                    |                    |                    |                    |                |                    |
| Stock-based compensation                                    | -                  | 1                  | -                  | 1                  | 2              | 1                  |
| Amortization of intangible assets                           | 10                 | 11                 | 11                 | 7                  | 39             | 5                  |
| <b>Total gross profit adjustment</b>                        | <b>15</b>          | <b>15</b>          | <b>13</b>          | <b>9</b>           | <b>52</b>      | <b>7</b>           |
| <b>Non-GAAP Results of Operation</b>                        |                    |                    |                    |                    |                |                    |
| Net revenues                                                | 691                | 695                | 704                | 717                | 2,807          | 708                |
| Cost of revenues                                            | 92                 | 88                 | 94                 | 93                 | 367            | 96                 |
| <b>Gross profit (Non-GAAP)</b>                              | <b>\$599</b>       | <b>\$607</b>       | <b>\$610</b>       | <b>\$624</b>       | <b>\$2,440</b> | <b>\$612</b>       |

# Reconciliation to Non-GAAP Operating Income

| <b>GAAP to Non-GAAP Operating Income</b><br>Dollars in millions | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b> | <b>Q1<br/>FY23</b> |
|-----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|--------------------|
| <b>GAAP Results of Operation</b>                                |                    |                    |                    |                    |             |                    |
| Operating income (GAAP)                                         | \$287              | \$287              | \$302              | \$129              | \$1,005     | \$261              |
| Total Non-GAAP gross profit adjustment                          | 15                 | 15                 | 13                 | 9                  | 52          | 7                  |
| <b>Non-GAAP Operating Expense Adjustments</b>                   |                    |                    |                    |                    |             |                    |
| Stock-based compensation                                        | 20                 | 12                 | 18                 | 18                 | 68          | 23                 |
| Amortization of intangible assets                               | 21                 | 21                 | 21                 | 22                 | 85          | 21                 |
| Restructuring and other costs                                   | 7                  | 5                  | 12                 | 7                  | 31          | 2                  |
| Acquisition and integration costs                               | 1                  | 21                 | 7                  | 8                  | 37          | 8                  |
| Litigation costs                                                | 3                  | 1                  | -                  | 198                | 202         | 58 <sup>(1)</sup>  |
| Other                                                           | -                  | 1                  | (1)                | -                  | -           | -                  |
| Total operating expense adjustment                              | 52                 | 61                 | 57                 | 253                | 423         | 112                |
| <b>Non-GAAP Results of Operation</b>                            |                    |                    |                    |                    |             |                    |
| Gross profit                                                    | 599                | 607                | 610                | 624                | 2,440       | 612                |
| Sales and marketing                                             | 150                | 148                | 155                | 150                | 603         | 149                |
| Research and development                                        | 62                 | 63                 | 54                 | 55                 | 234         | 55                 |
| General and administrative                                      | 33                 | 33                 | 29                 | 28                 | 123         | 28                 |
| Total operating expenses                                        | 245                | 244                | 238                | 233                | 960         | 232                |
| Operating income (Non-GAAP)                                     | \$354              | \$363              | \$372              | \$391              | \$1,480     | \$380              |

(1) Primarily due to accrual of prejudgment interest stemming from ongoing patent infringement lawsuit and the corresponding legal fees.

# Reconciliation to Non-GAAP Net Income

| <b>GAAP to Non-GAAP Net Income</b><br>Dollars in millions    | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b>    | <b>Q1<br/>FY23</b> |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|--------------------|
| <b>GAAP Results of Operation</b>                             |                    |                    |                    |                    |                |                    |
| Net income (GAAP)                                            | \$181              | \$333              | \$202              | \$120              | \$836          | \$200              |
| Total Non-GAAP gross profit adjustment                       | 15                 | 15                 | 13                 | 9                  | 52             | 7                  |
| Total Non-GAAP operating expense adjustment                  | 52                 | 61                 | 57                 | 253                | 423            | 112                |
| <b>Non-GAAP Other Non-operating Expense<br/>(Income) Adj</b> |                    |                    |                    |                    |                |                    |
| Non-cash interest expense                                    | 2                  | 2                  | 2                  | 2                  | 8              | 1                  |
| Loss (gain) on extinguishment of debt                        | 5                  | -                  | -                  | (2)                | 3              | -                  |
| Gain on sale of properties                                   | -                  | (175)              | -                  | -                  | (175)          | -                  |
| Other                                                        | -                  | -                  | 9                  | (2)                | 7              | (1)                |
| Total adjustments to GAAP income before income taxes         | 74                 | (97)               | 81                 | 260                | 318            | 119                |
| Income tax effect of non-GAAP adjustments                    | (7)                | 19                 | (23)               | (109)              | (120)          | (54)               |
| <b>Total net income adjustment</b>                           | <b>67</b>          | <b>(78)</b>        | <b>58</b>          | <b>151</b>         | <b>198</b>     | <b>65</b>          |
| <b>Non-GAAP Results of Operation</b>                         |                    |                    |                    |                    |                |                    |
| Operating income                                             | 354                | 363                | 372                | 391                | 1,480          | 380                |
| Interest expense                                             | (30)               | (29)               | (30)               | (29)               | (118)          | (30)               |
| Other income (expense), net                                  | 2                  | 2                  | -                  | (6)                | (2)            | (2)                |
| Income before income taxes                                   | 326                | 336                | 342                | 356                | 1,360          | 348                |
| Provision for income taxes                                   | 78                 | 81                 | 82                 | 85                 | 326            | 83                 |
| <b>Net income (Non-GAAP)</b>                                 | <b>\$248</b>       | <b>\$255</b>       | <b>\$260</b>       | <b>\$271</b>       | <b>\$1,034</b> | <b>\$265</b>       |

# GAAP to Non-GAAP Reconciliation

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

Dollars in millions, except per share amounts

Q1 FY23

|                                               | EPS           | Net Income   |
|-----------------------------------------------|---------------|--------------|
| <b>GAAP EPS / Net Income</b>                  | <b>\$0.33</b> | <b>\$200</b> |
| Contract liabilities fair value adjustment    | 0.00          | 1            |
| Stock Based Compensation                      | 0.04          | 24           |
| Amortization of Intangible Assets             | 0.04          | 26           |
| Restructuring and Other Costs                 | 0.00          | 2            |
| Acquisition and integration costs             | 0.01          | 8            |
| Litigation costs <sup>(1)</sup>               | 0.10          | 58           |
| Adjustment to GAAP Provision for Income Taxes | (0.09)        | (54)         |
| Total Adjustments                             | 0.11          | 65           |
| Incremental dilution effect <sup>(2)</sup>    | 0.01          | -            |
| <b>Non-GAAP EPS / Net Income</b>              | <b>\$0.45</b> | <b>\$265</b> |

(1) Primarily due to accrual of prejudgment interest stemming from ongoing patent infringement lawsuit and the corresponding legal fees.

(2) Excludes the dilutive impact of ASU 2020-06 under GAAP. On April 2, 2022, we adopted ASU 2020-06, Debt with Conversion and Other Options. Under GAAP, we are required to apply the if-converted method to our calculation of diluted earnings per share. As such, our GAAP calculation adjusts for the dilutive effect of the maximum number of potential shares to be issued upon settlement of our outstanding convertible notes. For our Non-GAAP measure, we exclude the impact of this adoption, which is consistent with our intent to settle in cash and consistent with our prior maturing convertible note transactions. As of July 5, 2022, we communicated our intent to the convertible note holders to settle the principal and conversion rights in cash upon maturity in August 2022.

Note: Totals may not add due to rounding.

# Trended Contract Liabilities and Bookings

| Contract Liabilities and Bookings<br>Dollars in millions | Q1<br>FY22     | Q2<br>FY22     | Q3<br>FY22     | Q4<br>FY22     | FY22           | Q1<br>FY23     |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Contract Liabilities</b>                              | <b>\$1,231</b> | <b>\$1,213</b> | <b>\$1,257</b> | <b>\$1,306</b> | <b>\$1,306</b> | <b>\$1,220</b> |
| <i>Y/Y Growth</i>                                        | <i>16%</i>     | <i>13%</i>     | <i>11%</i>     | <i>3%</i>      | <i>3%</i>      | <i>(1%)</i>    |
| <b>Bookings</b>                                          | <b>\$660</b>   | <b>\$681</b>   | <b>\$752</b>   | <b>\$793</b>   | <b>\$2,885</b> | <b>\$663</b>   |
| <i>Y/Y Growth (USD)</i>                                  | <i>12%</i>     | <i>7%</i>      | <i>10%</i>     | <i>4%</i>      | <i>8%</i>      | <i>1%</i>      |
| <i>Y/Y Growth (CC)</i>                                   | <i>10%</i>     | <i>7%</i>      | <i>11%</i>     | <i>6%</i>      | <i>8%</i>      | <i>5%</i>      |

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



# Trended Share Count

| <b>Diluted Share Count</b><br>Shares in millions | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b> | <b>Q1<br/>FY23</b> |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|--------------------|
| <b>Basic Share Count Weighted Average</b>        | <b>580</b>         | <b>582</b>         | <b>582</b>         | <b>582</b>         | <b>581</b>  | <b>578</b>         |
| <b>Dilutive Potentially Issuable Shares:</b>     |                    |                    |                    |                    |             |                    |
| From Employee Equity Awards                      | 4                  | 2                  | 3                  | 4                  | 3           | 4                  |
| From Convertible Debt                            | 7                  | 7                  | 6                  | 7                  | 7           | 22                 |
| <b>Diluted Share Count (GAAP)</b>                | <b>591</b>         | <b>591</b>         | <b>591</b>         | <b>593</b>         | <b>591</b>  | <b>604</b>         |
| Incremental dilution effect <sup>(1)</sup>       | -                  | -                  | -                  | -                  | -           | (18)               |
| <b>Diluted Share Count (Non-GAAP)</b>            | <b>591</b>         | <b>591</b>         | <b>591</b>         | <b>593</b>         | <b>591</b>  | <b>586</b>         |
| Average Share Price                              | \$25.03            | \$25.99            | \$25.30            | \$27.49            | \$25.95     | \$24.51            |

(1) Excludes the dilutive impact of ASU 2020-06 under GAAP. On April 2, 2022, we adopted ASU 2020-06, Debt with Conversion and Other Options. Under GAAP, we are required to apply the if-converted method to our calculation of diluted earnings per share. As such, our GAAP calculation adjusts for the dilutive effect of the maximum number of potential shares to be issued upon settlement of our outstanding convertible notes. For our Non-GAAP measure, we exclude the impact of this adoption, which is consistent with our intent to settle in cash and consistent with our prior maturing convertible note transactions. As of July 5, 2022, we communicated our intent to the convertible note holders to settle the principal and conversion rights in cash upon maturity in August 2022.

# Trended Stock Based Compensation

| <b>Stock-Based Compensation</b><br>Dollars in millions | <b>Q1<br/>FY22</b> | <b>Q2 FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b> | <b>Q1<br/>FY23</b> |
|--------------------------------------------------------|--------------------|----------------|--------------------|--------------------|-------------|--------------------|
| Cost of revenues                                       | \$-                | \$1            | \$-                | \$1                | \$2         | \$1                |
| Sales and marketing                                    | 5                  | 3              | 5                  | 6                  | 19          | 7                  |
| Research and development                               | 6                  | 3              | 5                  | 5                  | 19          | 6                  |
| General and administrative                             | 9                  | 6              | 8                  | 7                  | 30          | 10                 |
| <b>Total stock-based compensation expense</b>          | <b>\$20</b>        | <b>\$13</b>    | <b>\$18</b>        | <b>\$19</b>        | <b>\$70</b> | <b>\$24</b>        |

# Trended EBITDA (Non-GAAP)

| <b>Reported EBITDA (Non-GAAP) <sup>(1)</sup></b><br>Dollars in millions | <b>Q1<br/>FY22</b> | <b>Q2<br/>FY22</b> | <b>Q3<br/>FY22</b> | <b>Q4<br/>FY22</b> | <b>FY22</b>    | <b>Q1<br/>FY23</b> |
|-------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------|--------------------|
| <b>Net income</b>                                                       | <b>\$181</b>       | <b>\$333</b>       | <b>\$202</b>       | <b>\$120</b>       | <b>\$836</b>   | <b>\$200</b>       |
| Adjustments:                                                            |                    |                    |                    |                    |                |                    |
| Net interest expense                                                    | 32                 | 31                 | 32                 | 31                 | 126            | 29                 |
| Income tax expense (benefit)                                            | 71                 | 100                | 59                 | (24)               | 206            | 29                 |
| Depreciation and amortization                                           | 36                 | 35                 | 37                 | 32                 | 140            | 29                 |
| <b>EBITDA (Non-GAAP)</b>                                                | <b>320</b>         | <b>499</b>         | <b>330</b>         | <b>159</b>         | <b>1,308</b>   | <b>287</b>         |
| Adjustments to EBITDA:                                                  |                    |                    |                    |                    |                |                    |
| Contract liabilities fair value adjustment                              | 5                  | 3                  | 2                  | 1                  | 11             | 1                  |
| Stock-based compensation                                                | 20                 | 13                 | 18                 | 19                 | 70             | 24                 |
| Restructuring and other costs                                           | 7                  | 5                  | 12                 | 7                  | 31             | 2                  |
| Acquisition and integration costs                                       | 1                  | 21                 | 7                  | 8                  | 37             | 8                  |
| Litigation costs                                                        | 3                  | 1                  | -                  | 198                | 202            | 58                 |
| Loss (gain) on extinguishment of debt                                   | 5                  | -                  | -                  | (2)                | 3              | -                  |
| Gain on sale of properties                                              | -                  | (175)              | -                  | -                  | (175)          | -                  |
| Other cost of revenues and operating expense                            | (1)                | 2                  | (1)                | -                  | -              | -                  |
| Other non-operating expense (income), net <sup>(2)</sup>                | (2)                | (2)                | 8                  | 5                  | 9              | 3                  |
| <b>Reported EBITDA (Non-GAAP)</b>                                       | <b>\$358</b>       | <b>\$367</b>       | <b>\$376</b>       | <b>\$395</b>       | <b>\$1,496</b> | <b>\$383</b>       |

(1) Amounts may not add due to rounding.

(2) Other non-operating expense, net is equal to total non-operating expense, net excluding net interest expense, loss (gain) on extinguishment of debt, and gain on sale of properties.

# Reported EBITDA and Adjusted Debt Covenant EBITDA (Non-GAAP)

## Reported EBITDA and Adjusted Debt Covenant EBITDA (Non-GAAP) <sup>(1)</sup> LTM <sup>(3)</sup>

Dollars in millions

|                                                          |                |
|----------------------------------------------------------|----------------|
| <b>Net income</b>                                        | <b>\$855</b>   |
| Adjustments:                                             |                |
| Net interest expense                                     | 123            |
| Income tax expense (benefit)                             | 164            |
| Depreciation and amortization                            | 133            |
| <b>EBITDA (Non-GAAP)</b>                                 | <b>\$1,275</b> |
| Adjustments to EBITDA:                                   |                |
| Contract liabilities fair value adjustment               | 7              |
| Stock-based compensation                                 | 74             |
| Restructuring and other costs                            | 26             |
| Acquisition and integration costs                        | 44             |
| Litigation costs                                         | 257            |
| Loss (gain) on extinguishment of debt                    | (2)            |
| Gain on sale of properties                               | (175)          |
| Other cost of revenues and operating expense             | 1              |
| Other non-operating expense (income), net <sup>(2)</sup> | 14             |
| <b>Reported EBITDA (Non-GAAP)</b>                        | <b>\$1,521</b> |
| Adjustments to Reported EBITDA:                          |                |
| Other non-operating expense (income), net <sup>(2)</sup> | (14)           |
| <b>Adjusted Debt Covenant EBITDA (Non-GAAP)</b>          | <b>\$1,507</b> |

(1) Amounts may not add due to rounding.

(2) Other non-operating expense, net is equal to total non-operating expense, net excluding net interest expense, loss (gain) on extinguishment of debt, and gain on sale of properties.

(3) LTM denotes results for the latest twelve fiscal month period.

# Use of GAAP and Non-GAAP Financial Information

We use non-GAAP measures of operating margin, net income and earnings per share, which are adjusted from results based on GAAP and exclude certain expenses, gains and losses. We also provide the non-GAAP metrics of revenues, constant currency revenues, and free cash flow, which is defined as cash flows from operating activities, less purchases of property and equipment. These non-GAAP financial measures are provided to enhance the user's understanding of our past financial performance and our prospects for the future. Our management team uses these non-GAAP financial measures in assessing NortonLifeLock's performance, as well as in planning and forecasting future periods. These non-GAAP financial measures are not computed according to GAAP and the methods we use to compute them 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 condensed consolidated financial statements prepared in accordance with GAAP. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results, which is attached to our quarterly earnings release, and which can be found, along with other financial information including the Earnings Presentation, on the investor relations page of our website at [Investor.NortonLifeLock.com](https://investor.NortonLifeLock.com). No reconciliation of the forecasted range for non-GAAP EPS guidance is included in this release because most non-GAAP adjustments pertain to events that have not yet occurred. It would be unreasonably burdensome to forecast, therefore we are unable to provide an accurate estimate.

# Explanation of Non-GAAP Measures and Other Items

Bookings: Bookings are defined as customer orders received that are expected to generate net revenues in the future. We present the operational metric of bookings because it reflects customers' demand for our products and services and to assist readers in analyzing our performance in future periods.

Direct customer count: Direct customers are defined as active paid users of our consumer solutions who have a direct billing relationship with us at the end of the reported period. We exclude users on free trials and users who have indirectly purchased our product or services through partners unless such users convert or renew their subscription directly with us, or sign up for a paid membership directly through our web store. Average direct customer count presents the average of the total number of direct customers at the beginning and end of the fiscal quarter.

Direct average revenues per user (ARPU): ARPU is calculated as estimated direct customer revenues for the period divided by the average direct customer count for the same period, expressed as a monthly figure. We monitor ARPU because it helps us understand the rate at which we are monetizing our consumer customer base.

Free cash flow: Free cash flow is defined as cash flows from operating activities less purchases of property and equipment. Free cash flow is not a measure of financial condition under GAAP and does not reflect our future contractual commitments and the total increase or decrease of our cash balance for a given period, and thus should not be considered as an alternative to cash flows from operating activities or as a measure of liquidity.



# UK Takeover Code: Profit Forecast disclosures

## UK Takeover Code

On August 10, 2021, the boards of NortonLifeLock Inc. (“**NortonLifeLock**”) and Avast plc (“**Avast**”) announced that they had reached agreement on the terms of a recommended merger of Avast with NortonLifeLock, in the form of a recommended offer by Nitro Bidco Limited, a wholly-owned subsidiary of NortonLifeLock, for the entire issued and to be issued ordinary share capital of Avast (the “**Merger**”). The Merger is governed by the UK’s City Code on Takeovers and Mergers (the “**UK Takeover Code**”). In accordance with the rules of the UK Takeover Code, NortonLifeLock is required to publish certain confirmations in connection with the information set out in this presentation. These confirmations are set out below.

## NortonLifeLock Profit Forecast

The following statement regarding NortonLifeLock’s earnings per share (“**EPS**”) in this presentation (the “**NortonLifeLock Profit Forecast**”) constitutes an ordinary course profit forecast for the purposes of Rule 28.1(a) and Note 2(b) on Rule 28.1 of the UK Takeover Code:

*“Q2 Fiscal Year 2023 Non-GAAP Guidance ... EPS \$0.44-\$0.46 includes \$0.03 from FX headwind Y/Y” (slide 10)*

References to “GAAP” in the NortonLifeLock Profit Forecast are to U.S. GAAP, being the accounting policies applied in the preparation of NortonLifeLock’s annual results for the year ended April 1, 2022.

## Basis of preparation

The NortonLifeLock Profit Forecast has been prepared on a basis consistent with NortonLifeLock’s accounting policies, as summarized on slides 23-24. The NortonLifeLock Profit Forecast excludes any transaction costs attributable to the Merger or any other associated accounting impacts as a direct result of the Merger.

## Assumptions

The NortonLifeLock Profit Forecast is based on the assumptions listed below.

### *Factors outside the influence or control of the NortonLifeLock Directors*

- There will be no material changes to existing prevailing macroeconomic or political conditions in the markets and regions in which NortonLifeLock operates.
- There will be no material changes to the conditions of the markets and regions in which NortonLifeLock operates or in relation to customer demand or the behavior of competitors in those markets and regions.
- The interest, inflation and tax rates in the markets and regions in which NortonLifeLock operates will remain materially unchanged from the prevailing rates.
- There will be no material adverse events that will have a significant impact on NortonLifeLock’s financial performance.

# UK Takeover Code: Profit Forecast disclosures (Cont'd)

## *Factors outside the influence or control of the NortonLifeLock Directors (Cont'd)*

- There will be no material adverse events that will have a significant impact on the timing and market acceptance of new product releases and upgrades by NortonLifeLock.
- There will be no business disruptions that materially affect NortonLifeLock or its key customers, including natural disasters, acts of terrorism, cyber-attack and/or technological issues or supply chain disruptions.
- There will be no material changes to foreign exchange rates that will have a significant impact on NortonLifeLock's revenue or cost base.
- There will be no material changes in legislation or regulatory requirements impacting on NortonLifeLock's operations or its accounting policies.
- There will be no new material litigation and no unfavorable resolutions of existing material litigation in relation to any of NortonLifeLock's operations.
- The announcement of the Merger will not have any material impact on NortonLifeLock's ability to negotiate new business.

## *Factors within the influence and control of the NortonLifeLock Directors*

- There will be no material change to the present executive management of NortonLifeLock.
- There will be no material change in the operational strategy of NortonLifeLock.
- There will be no material adverse change in NortonLifeLock's ability to maintain customer and partner relationships.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- There will be no material change in the dividend or capital policies of NortonLifeLock.
- There will be no unexpected technical or network issues with products or processes.

## **NortonLifeLock Directors' confirmation**

With the consent of Avast, the Panel on Takeovers and Mergers has granted a dispensation from the UK Takeover Code requirement for NortonLifeLock's reporting accountants and financial advisers to prepare reports in respect of the NortonLifeLock Profit Forecast.

The NortonLifeLock Directors have considered the NortonLifeLock Profit Forecast and confirm that it has been properly compiled on the basis of the assumptions set out above and that the basis of the accounting used is consistent with NortonLifeLock's accounting policies.

## **No profit forecasts or estimates**

The NortonLifeLock Profit Forecast is a profit forecast for the purposes of Rule 28 of the UK Takeover Code.

Other than in respect of the NortonLifeLock Profit Forecast, no statement in this presentation is intended as, or is to be construed as, a profit forecast or estimate for any period and no statement in this presentation should be interpreted to mean that earnings or earnings per ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share.

For the purposes of Rule 28 of the UK Takeover Code, the NortonLifeLock Profit Forecast contained in this presentation is the responsibility of NortonLifeLock and the NortonLifeLock Directors.

