Gen™

FY24
Q1 Earnings

August 3, 2023

norton Avast LifeLock by norton Avira AVG REPUTATION DEFENDER by norton CCleaner

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 “Growth & Business Expansion—Ongoing, Today & Moving Ahead,” "Financial Structure Near Target, Cost Synergies Almost Completed," “Expected One-Off Costs to Achieve Synergies,” “Q2 FY24, FY24 & Long-Term Non-GAAP Guidance” and "Go Forward Capital Structure", 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, performance or achievements to differ materially from results expressed or implied in this presentation. Such risk factors include, but are not limited to, those related to: the consummation of or anticipated impacts of acquisitions (including our ability to achieve synergies and associated cost savings from the merger with Avast), divestitures, restructurings, stock repurchases, financings, debt repayments and investment activities; difficulties in executing the operating model for the consumer Cyber Safety business; lower than anticipated returns from our investments in direct customer acquisition; difficulties in retaining our existing customers and converting existing non-paying customers to paying customers; difficulties and delays in reducing run rate expenses and monetizing underutilized assets; the successful development of new products and upgrades and the degree to which these new products and upgrades gain market acceptance; our ability to maintain our customer and partner relationships; the anticipated growth of certain market segments; fluctuations and volatility in our stock price; our ability to successfully execute strategic plans; the vulnerability of our solutions, systems, websites and data to intentional disruption by third parties; changes to existing accounting pronouncements or taxation rules or practices; and general business and macroeconomic conditions in the U.S. and worldwide, including economic recessions, the impact of inflation, and conflicts including Russia’s invasion of Ukraine. Additional information concerning these and other risk factors is contained in the Risk Factors sections of our most recent reports on Form 10-K and Form 10-Q. We encourage you to read those sections carefully. There may also be other factors that have not been anticipated or that are not described in our periodic filings with the SEC, generally because we did not believe them to be significant at the time, which could cause actual results to differ materially from our projections and expectations. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. We assume no obligation, and do not intend, to update these forward-looking statements as a result of future events or developments.

Purpose

Powering Digital Freedom

Mission

We create technology solutions for people to take full advantage of the digital world, safely, privately, and confidently – so together, we can build a better tomorrow.

Gen

Business & Portfolio Highlights

Gen

Growth & Business Expansion

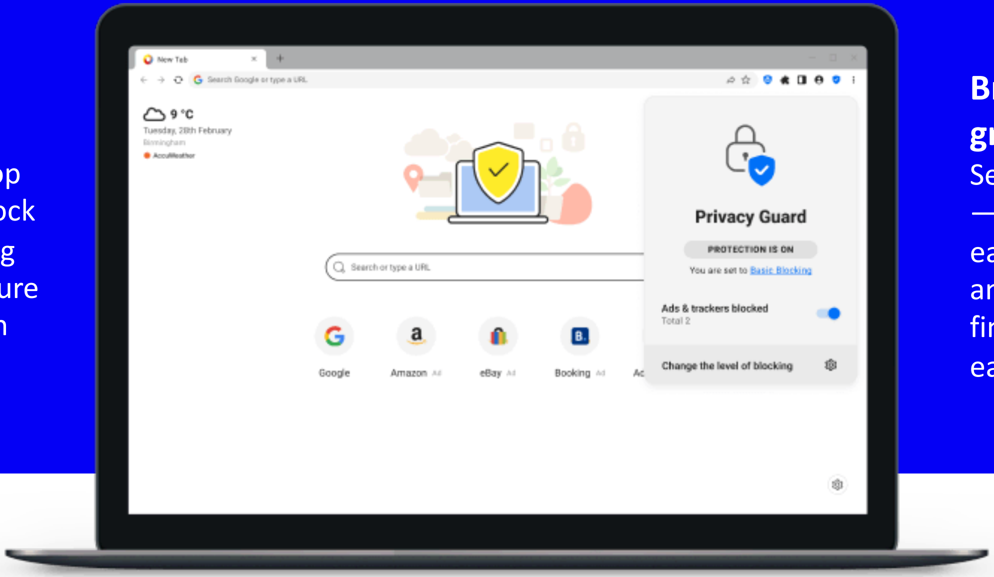
Avast Integration Essentially Complete

What we said Sep 2022 (Merger Close)	Where we are June 2023	On-going Today & Moving Ahead
Accelerates our transformation of consumer Cyber Safety	**Differentiated technologies and AI-powered solutions** delivered to **hundreds of millions**	Strengthening our suite and expanding into adjacent trust-based solutions
Creates a **broad and complementary product portfolio** towards adjacent trust-based solutions	**Growing product portfolio** (Norton Genie, Avast Identity, Norton Secure Browser, Anti-Track)	Investments to drive innovation: next generation modular Cyber Safety platform
Strengthens geographic diversification and expands into the new segments	**Europe, Asia and Emerging markets'** expansion, Browser and selected new channels	Global expansion of users, international and partnership growth through adjacencies
Unlocks **significant value creation** through ~$280M of annual cost synergies, frees up reinvestment capacity for **innovation and growth**	**80%** of **$300 million+** gross cost synergies delivered within 9 months **~$200 million** revenue synergy opportunities identified	~$200 million revenue synergy opportunities to strengthen mid-single digit growth

Norton Secure Browser: Online Safety Right From Your Browser

Safer and private browsing — for free

Browse, message, and shop in peace while we help block online threats and phishing attempts with Norton Secure Browser — free protection for your digital life.



Browse with greater privacy

Search and shop more safely — block cybercriminals and easily control ads, trackers, and even browser fingerprinting from one, easy-to-find location.

Web Shield

Stop online attacks by blocking fake and dangerous websites, URLs, downloads, and scams.

Privacy Guard

Block ads and trackers and get anti-fingerprinting protection to help keep your actions unprofiled.

Password Protection

Prevent applications and malware from viewing, changing, or deleting saved passwords.

Search Agnostic

Choose your search engine from among the most popular providers, including Bing and Google.

https://norton.com/products/norton-secure-browser
For more product information and other terms and conditions, visit GenDigital.com.
Features may differ depending on your chosen plan. Screens modified for demonstration purposes. No one can prevent all identity theft or cybercrime.

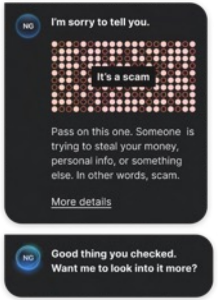
Introducing Genie

AI-powered, real-time scam detection tool at your fingertips

Genie early access is available in the U.S. on Norton.com and the Apple App Store

Genie is a brand-new innovation from Norton still in an early access phase and learning. Powered by AI, Norton Genie is designed to be as simple as asking for advice from a friend that's available 24/7. With just a few clicks or taps, Genie will give immediate guidance on whether the message or site is potentially a scam and what to do next. And because Genie is always learning, the more Genie is used the smarter it becomes at spotting new scams and giving helpful advice. It is constantly improving to help stop scammers in their tracks.

Scam detection at your fingertips



So easy to use, it's like magic

Did you Genie it?

Advice you can trust

The more you use it the smarter it gets

For more product information and other terms and conditions, visit GenDigital.com.
Features may differ depending on your chosen plan. Screens modified for demonstration purposes. No one can prevent all identity theft or cybercrime.

2023 Social Impact Highlights

Gen brings together our team, passions and technology to support people and communities, making the world a better, safer place.

Social

$5.3M

in total charitable giving.

2.8M

people reached through Cyber Safety education and training.

9,200+

nonprofits received product donation.

Governance

40%

of Board Directors are diverse.*

32%

women in our global workforce.

80%

of our Board Members are independent.

Environment

98%

of products are delivered digitally.

20%

of employees participated in our Sustainable Home Improvement Program.

50%

of physical products used were made from FSC-certified paper.

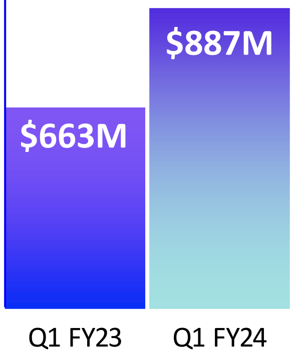
*Underrepresented community (women, racial/ethnic diversity and/or LGBTQ+)
Source: Data above is from Gen's 2023 Social Impact Report.

Q1 FY24
Financial Results

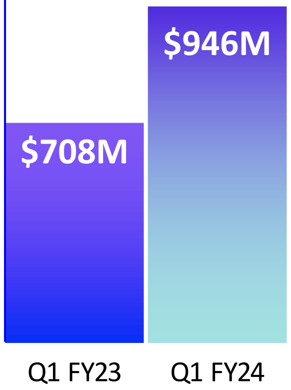
Q1 Non-GAAP Business Highlights

- 16th consecutive quarter of growth: Cyber Safety Bookings and Revenue up 2% (CC) when including Avast historical results
- Operating margin reached 58%, up 50 bps Q/Q and up 6 pts since merger; Avast integration largely completed
- Expanded earnings power bolstered by accelerated execution of cost synergies

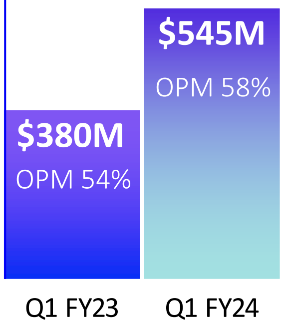
Bookings
+35% Y/Y in CC
+34% Y/Y in USD



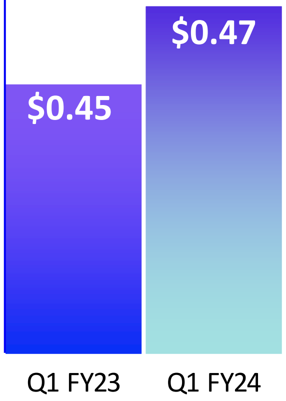
Revenue
+35% Y/Y in CC
+34% Y/Y in USD



Operating Income
+46% Y/Y in CC
+43% Y/Y in USD



EPS
+9% Y/Y in CC
+5% Y/Y in USD



Note: Graphs not to scale. All numbers presented are non-GAAP unless otherwise indicated. See appendix for reconciliation of financial measures from GAAP to non-GAAP.

Consistent Execution

- **Broad-based growth: Q1 Revenue of $946M**
  - Cyber Safety up low-single digits in constant currency when including Avast historical results
  - Cross-sell and international channel expansion drive growth
- **Strong Operating Leverage at Scale: Q1 Margin at 58%**
  - 6 pt margin expansion post-merger reflective of accelerated cost synergies (80% achieved)
  - Creating investment capacity to support future growth
- **Continued EPS Expansion: Q1 EPS of $0.47**
  - Up 5% in USD and up 9% in CC, despite increased cost of debt (16 cent impact Y/Y)
  - Q1 capital allocation more weighted towards debt paydown, long-term strategy remains balanced

Non-GAAP P&L ($mil), except per share amounts	Q1 FY23	Q4 FY23	Q1 FY24	Y/Y % USD As Reported
Revenue	**$708**	**$948**	**$946**	**34%**
Y/Y % (CC)	*6%*	*35%*	*35%*	--
Gross Profit	612	816	825	35%
Gross Margin	86.4%	86.1%	87.2%	80 bps
Operating Expenses	232	275	280	21%
% of Revenue	32.8%	29.0%	29.6%	(320) bps
Operating Income	$380	$541	$545	43%
Operating Margin	**53.7%**	**57.1%**	**57.6%**	**390 bps**
Other Income/(Expense)	(32)	(157)	(154)	nm
Effective Tax Rate	24%	23%	22%	(200) bps
Net Income	$265	$296	$305	15%
EPS	**$0.45**	**$0.46**	**$0.47**	**5%**
Diluted Share Count	586	644	643	10%

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

Gen Performance Metrics

REVENUE

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Y/Y % USD As Reported	Y/Y % Pro-Forma Incl. Avast historical
Direct[1]	$660	$818	$831	$832	33%	2%
+ Partners	$74	$95	$100	$97	35%	3%
= Cyber Safety	**$734**	**$913**	**$931**	**$929**	**33%**	**2%**
+ Legacy[2]	$14	$23	$17	$17	N/A	↓ *Double-Digits*
= Total Revenue	**$748**	**$936**	**$948**	**$946**	**34%**	

CYBER SAFETY METRICS

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Direct Customers *(Q/Q change)*	**38.6M** *(252K)*	**38.4M** *(219K)*	**38.2M** *(183K)*	**38.2M** *(29K)*
Direct Monthly ARPU[3]	**$6.98**	**$7.09**	**$7.24**	**$7.26**

Note: Amounts may not add due to rounding.
(1) Subscriptions sold directly through E-Commerce and Mobile App
(2) Legacy revenue includes: EOL VPN (SurfEasy and HMA), SMB Legacy Platforms, Avast's Chrome Distribution, Bullguard, Tech OEM, Russia market.
(3) Direct monthly 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.

Over 38M Direct customers, delivered sequential ARPU and retention improvement since Merger

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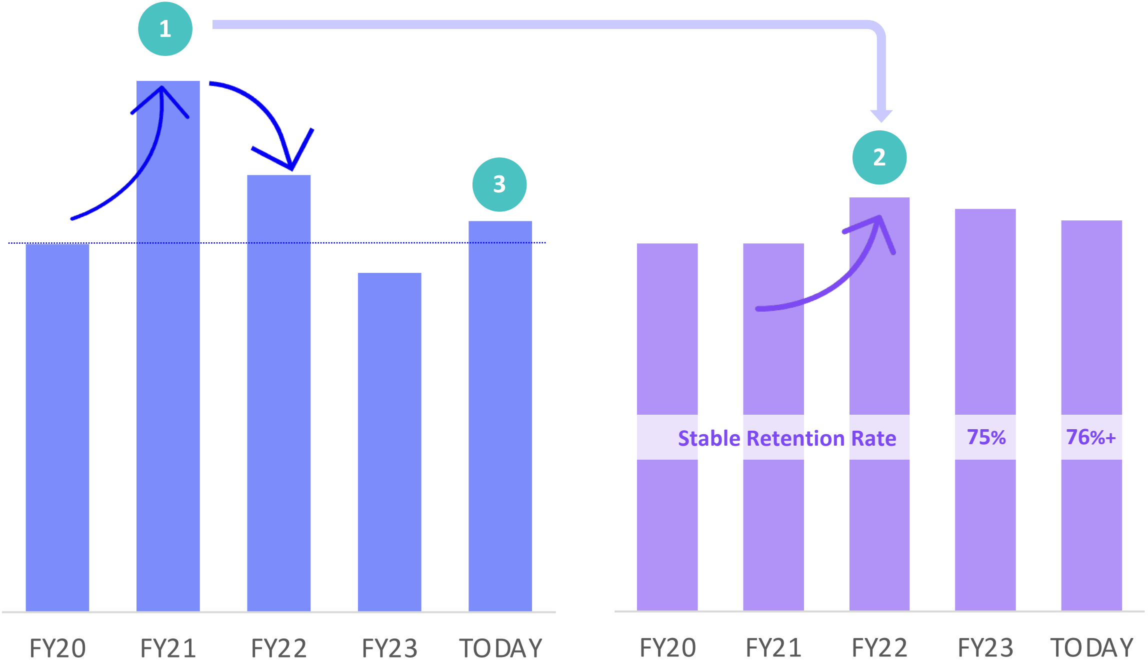
Post-Covid Effects on Customer Count

GROSS ADDS

UNIT CHURN



1. Covid-fueled demand drove a step change increase in customer acquisition through FY21-22, followed by post-Covid temporarily depressed demand
2. With stable retention, higher base resulted in higher unit churn in years following Covid
3. **TODAY (Q1 FY24): Gross Adds up high-single digits above pre-Covid levels (low-single digit CAGR)**

FY24 Path to Growth:
- Channel and geographic expansion
- Marketing re-calibration
- Product portfolio diversification
- Continued retention improvement

Note: Today = Annualized Q1 FY24
Includes NLOK + Avast in all historical periods

Cost Synergies Almost Completed

% of Revenue	Q2 FY23 [(1)] Before Synergies	Q3 FY23 Reported	Q4 FY23 Reported	Q1 FY24 Reported	Future [(2)] with 100% Synergies
COGS	**13%**	**13%**	**14%**	**13%**	**10 - 12%**
S&M	21%	19%	18%	18%	18 - 19%
R&D	9%	9%	8%	8%	7 - 8%
G&A	5%	4%	3%	3%	~3%
OPEX	**~35%**	**31%**	**29%**	**30%**	**~28 - 30%**
Non-GAAP OPERATING MARGIN	**51.9%**	**56.2%**	**57.1%**	**57.6%**	**~60%**

Annual Gross Cost Synergies (run-rate)

$300M+ Commitment → **~80%** Achieved

Expected One-Off Costs to Achieve Synergies

$280M 1x Annual Synergies → Revised → **$150M** ~75% Cash

- Accelerated pace of execution:
  - Headcount ~3,500, down from 4,500+
  - Productivity of $1M+ Revenue per employee
- Product integration part of on-going operational plan

(1) Based on NLOK + Avast combined full quarter results
(2) Full run-rate cost savings / cost structure achieved exiting FY24

Balance Sheet & Cash Flow

Key Balance Sheet, Cash Flow, & Other Metrics Dollars in millions	Q1 FY23	Q4 FY23	Q1 FY24
Balance Sheet			
Cash, Cash Equivalents and STI	$1,291	$750	$623
Contract Liabilities	$1,220	$1,788	$1,709
Debt (Principal)	$3,336	$9,899	$9,691
Cash Flow			
Cash Flow from Operations	$215	$324	$226
Capital Expenditures	$2	$1	$4
Free Cash Flow	$213	$323	$222
Other Metrics			
Dividends + Dividend Equivalents (Quarterly $0.125 per common share)	$81	$80	$83
Debt Paydown	$410	$309	$208
Share Repurchase	$300	-	$41

Since Avast Merger

$850M Free Cash Flow (1)

$1.3B+ uFCF

$1B Capital Returned to Shareholders

(Dividends + Buybacks)

- Liquidity of $2.1B+ ($600M+ cash + $1.5B revolver undrawn)
- Debt/EBITDA(2) Net Leverage of 3.9x; Long-term target: ~3x
  - EBITDA-to-interest(3) coverage ratio of 3.4x reflects strong earnings power and financial stability
- Balanced Capital Deployment since Merger:
  - $645M share buyback
  - $517M total debt repayments to-date
  - $317M dividends

(1) Annual Cash Flow from Operations includes approximately $479 million of interest expense paid and approximately $150 million of cash payments related to closing the Avast merger and restructuring efforts.
(2) Using Covenant Debt EBITDA (Non-GAAP).
(3) Using Reported EBITDA (Non-GAAP).

Non-GAAP Guidance

Q2 FY24

REVENUE
$940M to $950M

EPS
$0.46 to $0.48

Key Assumptions:

- Cyber Safety low-single digit growth
- Continued progress towards target margin of 60%
- Cost synergies partially offset by higher interest expense

FY24

REVENUE
$3.8B to $3.85B

EPS
$1.95 to $2.02

Key Assumptions:

- Cyber Safety low-to-mid single digit growth
- Exit FY24 near target margin of 60%
- Stable SOFR rates
- Free cash flow deployed for debt paydown & share buyback in H2

LONG-TERM

ANNUALIZED EPS
$3
Exiting FY25

Key Assumptions:

- Cyber Safety mid-single digits growth
- 60%+ operating margin
- Free cash flow deployed for debt paydown & share buyback
- SOFR < 3% exiting FY25
- Targeting net debt leverage ~3x in long term
- Diluted share count around pre-Avast merger levels

Note: All numbers presented are non-GAAP unless otherwise indicated
- Guidance in USD assumes stable Q/Q foreign exchange rates.
- Assumes non-GAAP effective tax rate of ~22%.
- 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.

Supplemental Information

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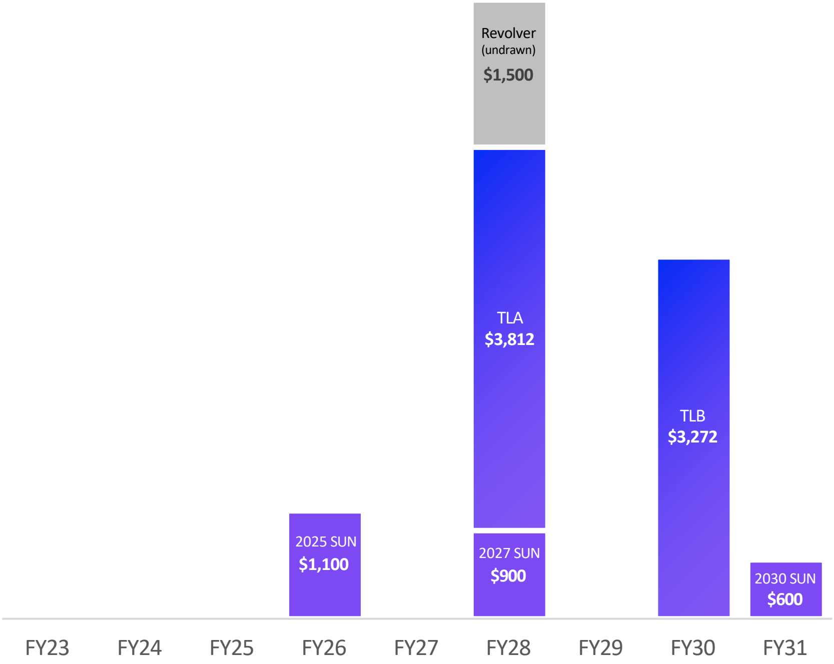
Go Forward Capital Structure

Debt Maturities in $mil (Initial Principal Amounts)

As of June 30, 2023



Note: Graph not to scale.

As of June 30, 2023

Facility	Principal ($ mil)	Maturity	Coupon
Revolver (RCF) – undrawn at Q1 qtr-end	$1,500	2027	If drawn: SOFR+CSA+1.75%
Term Loan A (TLA)	$3,812	2027	SOFR+CSA+1.75%
Term Loan B (TLB)	$3,272	2029	SOFR+CSA+2%
2025 Sr. Unsecured Note (SUN)	$1,100	2025	5.00%
2027 Sr. Unsecured Note (SUN)	$900	2027	6.75%
2030 Sr. Unsecured Note (SUN)	$600	2030	7.125%

- In September 2022: Raised $7.6B of TLA/B to fund Avast acquisition and raised $1.5B of SUN to refinance maturing debt.
  - Voluntary pre-payment of $250M to TLB on 1/19/23
  - Voluntary pre-payment of $150M to TLB on 4/28/23
- In March 2023: Executed $1 billion of 3-year pay fixed interest rate swaps
- Current cost of debt ~6.65%
  - ~63% floating debt with hedges, expect variable cost to trend with term SOFR
- Debt maturities extended and staggered through FY31; No near-term maturity until April 2025.

Notes:

- RCF (if drawn) / TLA spread is variable, based upon the better of company's leverage ratio and unsecured credit rating and ranging between 1.125% and 1.75%. As of 6/30/2023, the drawn spread for these facilities is 1.75%.
- CSA represents a spread to align SOFR, a secured financing rate, with LIBOR, an unsecured rate. The CSA will be 10bps for each monthly interest payment.
- Avira mortgages are excluded due to immateriality of balances in comparison to other facilities.
- The Company at its option can redeem, prior to its stated maturity, the 2027 and 2030 Sr. Unsecured Notes at pre-specified redemption prices beginning September 30, 2024 and September 30, 2025.

Trended Non-GAAP Quarterly Results

Non-GAAP P&L ($M), except per share amounts	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
Direct Customer Revenues	624	660	818	831	2,933	832
Partner Revenues	72	74	95	100	341	97
TOTAL CYBER SAFETY REVENUE	**$696**	**$734**	**$913**	**$931**	**$3,274**	**$929**
Legacy Revenues	12	14	23	17	66	17
TOTAL REVENUE	**$708**	**$748**	**$936**	**$948**	**$3,340**	**$946**
Y/Y % (CC)	*6%*	*12%*	*38%*	*35%*	*23%*	*35%*
Gross Profit	$612	646	816	816	2,890	$825
Gross Margin	*86.4%*	*86.4%*	*87.2%*	*86.1%*	*86.5%*	*87.2%*
• Sales & Marketing	149	159	174	166	648	172
• Research & Development	55	67	82	78	282	79
• General & Administrative	28	32	34	31	125	29
Operating Expenses	232	258	290	275	1,055	280
% of Revenue	*32.8%*	*34.5%*	*31.0%*	*29.0%*	*31.6%*	*29.6%*
Operating Income	**$380**	**$388**	**$526**	**$541**	**$1,835**	**$545**
Operating Margin	*53.7%*	*51.9%*	*56.2%*	*57.1%*	*54.9%*	*57.6%*
• Interest Expense	(30)	(45)	(148)	(161)	(384)	(163)
• Other Income (Expense)	(2)	2	1	4	5	9
Income before Income Taxes	$348	$345	$379	$384	$1,456	$391
• Provision for Income Tax	83	76	88	88	335	86
Net Income	**$265**	**$269**	**$291**	**$296**	**$1,121**	**$305**
EPS	**$0.45**	**$0.45**	**$0.45**	**$0.46**	**$1.81**	**$0.47**
• Diluted Share Count	586	595	651	644	619	643
• Depreciation	3	4	7	7	21	7
Reported EBITDA	**$383**	**$392**	**$533**	**$548**	**$1,856**	**$552**

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Reconciliation to Non-GAAP Gross Profit

GAAP to Non-GAAP Gross Profit ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
GAAP Results of Operation						
Gross profit (GAAP)	**$605**	**$629**	**$758**	**$757**	**$2,749**	**$767**
Non-GAAP Gross Profit Adjustments						
Net revenues						
• Contract liabilities fair value adjustments	1	-	-	1	2	-
Cost of revenues						
• Stock-based compensation	1	1	1	-	3	1
• Amortization of intangible assets	5	16	57	58	136	57
TOTAL GROSS PROFIT ADJUSTMENT	**7**	**17**	**58**	**59**	**141**	**58**
Non-GAAP Results of Operation						
Net revenues	708	748	936	948	3,340	946
Cost of revenues	96	102	120	132	450	121
GROSS PROFIT (NON-GAAP)	**$612**	**$646**	**$816**	**$816**	**$2,890**	**$825**

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Reconciliation to Non-GAAP Operating Income

GAAP to Non-GAAP Operating Income ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
GAAP Results of Operation						
Operating income (GAAP)	**$261**	**$241**	**$368**	**$357**	**$1,227**	**$362**
Total Non-GAAP gross profit adjustment	7	17	58	59	141	58
Non-GAAP Operating Expense Adjustments						
Stock-based compensation	23	28	33	36	120	36
Amortization of intangible assets	21	29	61	61	172	61
Restructuring and other costs	2	9	44	14	69	17
Acquisition and integration costs	8	58	5	6	77	6
Litigation costs	58	7	(44)	8	29	5
Other	-	(1)	1	-	-	-
TOTAL OPERATING EXPENSE ADJUSTMENT	**112**	**130**	**100**	**125**	**467**	**125**
Non-GAAP Results of Operation						
Gross profit	612	646	816	816	2,890	825
• Sales and marketing	149	159	174	166	648	172
• Research and development	55	67	82	78	282	79
• General and administrative	28	32	34	31	125	29
Total operating expenses	232	258	290	275	1,055	280
Operating Income (Non-GAAP)	**$380**	**$388**	**$526**	**$541**	**$1,835**	**$545**

Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
GAAP Results of Operation						
Net income (GAAP)	**$200**	**$69**	**$165**	**$915**	**$1,349**	**$189**
Total Non-GAAP gross profit adjustment	7	17	58	59	141	58
Total Non-GAAP operating expense adjustment	112	130	100	125	467	125
Non-GAAP Other Non-Operating Expense (Income) Adj						
Non-cash interest expense	1	3	6	7	17	7
Loss (gain) on extinguishment of debt	-	9	-	-	9	-
Gain on sale of properties	-	-	-	-	-	(4)
Other	(1)	(9)	(1)	29	18	1
Total adjustments to GAAP income before income taxes	119	150	163	220	652	187
Income tax effect of non-GAAP adjustments	(54)	50 (1)	(37)	(839) (2)	(880)	(71)
Total net income adjustment	**65**	**200**	**126**	**(619)**	**(228)**	**116**
Non-GAAP Results of Operation						
Operating income	380	388	526	541	1,835	545
Interest expense	(30)	(45)	(148)	(161)	(384)	(163)
Other income (expense), net	(2)	2	1	4	5	9
Income before income taxes	348	345	379	384	1,456	391
Provision for income taxes	83	76	88	88	335	86
Net income (Non-GAAP)	**$265**	**$269**	**$291**	**$296**	**$1,121**	**$305**

(1) Reflects impact of certain discrete items including the tax impact of internal restructuring, deductibility of transaction costs from the Avast merger, and the limitations of foreign taxes due to the increase of interest expense.
(2) This total includes a one-time income tax receivable of $658 million, net of reserves, which we recorded as a result of a legal entity and operational restructuring (”Legal Entity Restructuring") and is reflected in Other Long-Term Assets in our Consolidated Balance Sheet. This is a GAAP only tax capital loss that results from the Legal Entity Restructuring. These entries are estimates and are subject to change.

Reconciliation to Non-GAAP EPS and Net Income

GAAP to Non-GAAP EPS and Net Income (1) ($M), except per share amounts	**Q1 FY24**	
	EPS	**Net Income**
GAAP EPS / Net Income	**$0.29**	**$189**
• Stock based compensation	0.06	37
• Amortization of intangible assets	0.18	118
• Restructuring and other costs	0.03	17
• Acquisition and integration costs	0.01	6
• Litigation costs	0.01	5
• Other (2)	0.00	4
• Adjustment to GAAP provision for income taxes	(0.11)	(71)
Total adjustments	0.18	116
Non-GAAP EPS / Net Income	**$0.47**	**$305**

(1) Total may not add due to rounding.
(2) Other includes non-cash interest expense, loss (gain) on extinguishment of debt, loss (gain) on sale of properties, and other minor reconciling items.

Reconciliation to Non-GAAP Unlevered Free Cash Flow

Unlevered Free Cash Flow Reconciliation	Q1 FY24
Net Cash Flow from Operating Activities	**$226**
Adjustments:	
• Capital Expenditures	(4)
Free Cash Flow	**$222**
Adjustments:	
• Cash paid for interest expense, net of interest rate hedges	152
Unlevered Free Cash Flow	**$374**

Trended Share Count

Diluted Share Count Shares in millions	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
Basic Share Count Weighted Average	578	590	647	639	614	640
Dilutive Potentially Issuable Shares:						
From Employee Equity Awards	4	3	4	5	4	3
From Convertible Debt	22	2	-	-	6	-
Diluted Share Count (GAAP)	**604**	**595**	**651**	**644**	**624**	**643**
Incremental dilution effect [(1)]	(18)	-	-	-	(5)	-
Diluted Share Count (Non-GAAP)	**586**	**595**	**651**	**644**	**619**	**643**
Average Share Price	*$24.51*	*$23.14*	*$22.09*	*$20.06*	*$22.45*	*$17.48*

(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 were required to apply the if-converted method to our calculation of diluted earnings per share. As such, our GAAP calculation adjusted 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 excluded the impact of this adoption, which was consistent with our intent to settle in cash and consistent with our prior maturing convertible note transactions. On July 5, 2022, we communicated our intent to the convertible note holders to settle the principal and conversion rights in cash, which we settled upon maturity in August 2022 (Q2FY23).

Trended Stock-Based Compensation

Stock Based Compensation ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
Cost of revenues	$1	$1	$1	$-	$3	$1
Sales and marketing	7	8	9	10	34	9
Research and development	6	6	9	10	31	11
General and administrative	10	14	15	16	55	16
Restructuring and other costs	-	-	8	3	11	-
Total stock-based compensation expense	**$24**	**$29**	**$42**	**$39**	**$134**	**$37**

Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) [(1)] ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
Net income	**$200**	**$69**	**$165**	**$915**	**$1,349**	**$189**
Adjustments:						
• Net interest expense	29	45	149	163	386	164
• Income tax expense (benefit)	29	126	51	(751)	(545)	15
• Depreciation and amortization	29	49	125	126	329	125
EBITDA (Non-GAAP)	**287**	**289**	**490**	**453**	**1,519**	**493**
Adjustments to EBITDA:						
• Contract liabilities fair value adjustment	1	-	-	1	2	-
• Stock-based compensation	24	29	34	36	123	37
• Restructuring and other costs	2	9	44	14	69	17
• Acquisition and integration costs	8	58	5	6	77	6
• Litigation costs	58	7	(44)	8	29	5
• Loss (gain) on extinguishment of debt	-	9	-	-	9	-
• Gain on sale of properties	-	-	-	-	-	(4)
• Other cost of revenues and operating expenses	-	(1)	1	-	-	-
• Other non-operating expense (income), net [(2)]	3	(8)	3	30	28	(2)
Reported EBITDA (Non-GAAP)	**$383**	**$392**	**$533**	**$548**	**$1,856**	**$552**

(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.

Use of GAAP and Non-GAAP Financial Information

We use non-GAAP measures of operating margin, operating income, net income, results of operations, 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, EBITDA, reported EBITDA, diluted share count, gross profit, gross profit adjustments, operating expense adjustments, other non-operating expense (income) adjustments, unlevered free cash flow, 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 Gen'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.GenDigital.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 is a metric designed to represent active paid users of our products and solutions who have a direct billing and/or registration relationship with us at the end of the reported period. Average direct customer count presents the average of the total number of direct customers at the beginning and end of the applicable period. We exclude users on free trials from our direct customer count. Users who have indirectly purchased and/or registered for our products or solutions through partners are excluded unless such users convert or renew their subscription directly with us or sign up for a paid membership through our web stores or third-party app stores. While these numbers are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring usage of our products and solutions across brands, platforms, regions, and internal systems, and therefore, calculation methodologies may differ. The methodologies used to measure these metrics require judgment and are also susceptible to algorithms or other technical errors. We continually seek to improve our estimates of our user base, and these estimates are subject to change due to improvements or revisions to our methodology. From time to time, we review our metrics and may discover inaccuracies or make adjustments to improve their accuracy, which can result in adjustments to our historical metrics. Our ability to recalculate our historical metrics may be impacted by data limitations or other factors that require us to apply different methodologies for such adjustments. We generally do not intend to update previously disclosed metrics for any such inaccuracies or adjustments that are deemed not material.

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.

(Unlevered) Free cash flow: Free cash flow is defined as cash flows from operating activities less purchases of property and equipment. Unlevered free cash flow excludes cash interest expense payments, net of payments received through interest rate swap hedges. 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.

Thank you

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