Gen™

FY24 Q2 Earnings

November 7, 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 relating to our expected one-off costs to achieve synergies, long-term targets (including those related to Debt/EBITDA Net Leverage), Non-GAAP Q3 24 and FY24 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: projections of our future financial performance; anticipated growth and trends in our businesses and in our industries; 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.

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Business & Portfolio Highlights

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Norton Cyber Safety Pulse Report:

Scams in the digital age

With the growth of artificial intelligence (AI) such as ChatGPT, cybercriminals now have added support in creating sophisticated scams which has led to a surge in prevalence. What's more, according to data from Gen, 75% of all cyberthreats on desktop are now scams.

Norton experts identified some of the most prominent online scams people are facing today, including:

- E-Shop Scams
- Sextortion Scams
- Tech Support Scams

Read more at:
https://us.norton.com/blog/emerging-threats/pulse-report-september-2023

Avast Q2 Threat Report:

Cyberthreat Risks Reach Three-Year High

Avast telemetry shows phishing and scams focused on human manipulation account for over 75% of all desktop detections

Social engineering, the use of psychologically manipulating people into sharing personal information, is now the biggest threat to online safety

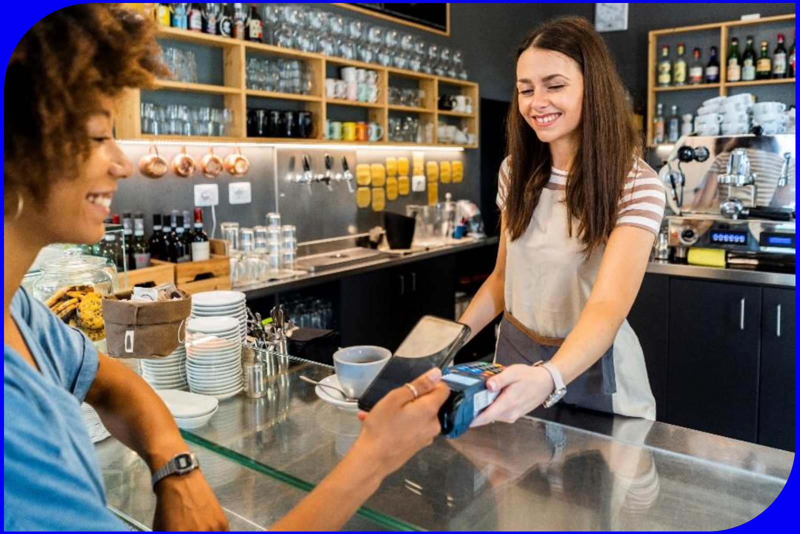
Read more at:
https://decoded.avast.io/threatresearch/avast-q2-2023-threat-report/

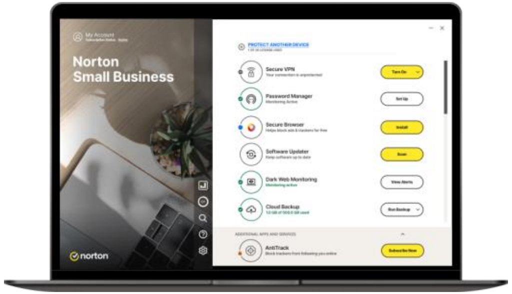
Norton Small Business

makes cybersecurity easy

New Small Business Solution with 24/7 Triple-Lock Cybersecurity for Small Teams.

Let us help you protect your business, wherever you are. Stay safer online during day-to-day tasks and feel confident knowing your employees' devices and customer data are more secure.





Device Security

24/7 real-time antivirus to help protect your devices, plus a firewall to help block cybercriminals from sneaking onto your network.

Cloud Backup

Help prevent the loss of your business data due to ransomware, PC theft, or hard drive failures by storing copies of files and folders in the shared cloud storage.

Secure Browser

Keep your team more private and safer from cybercriminals during their day-to-day online tasks.

Software Updater

Helps you to keep your software up to date, so there are fewer vulnerabilities for cybercriminals to exploit.

https://norton.com/products/norton-small-business

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

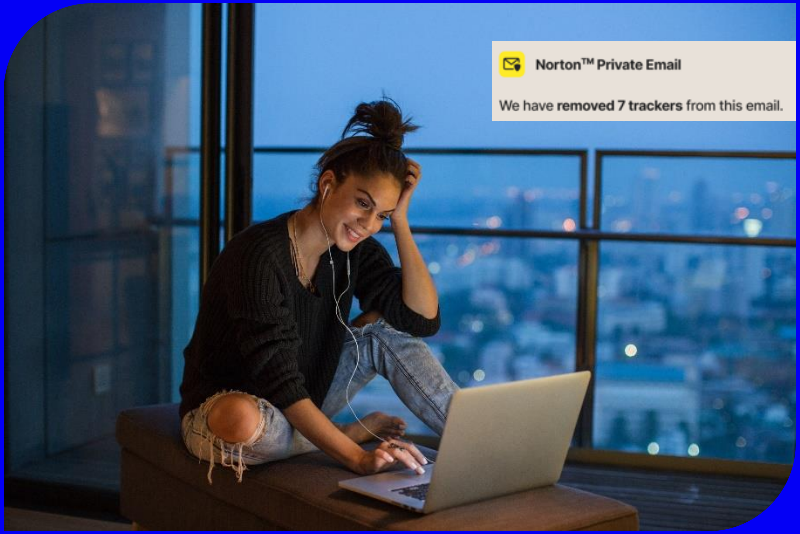
Features may differ depending on your chosen plan. Screens modified for demonstration purposes. No one can prevent all identity theft or cybercrime.

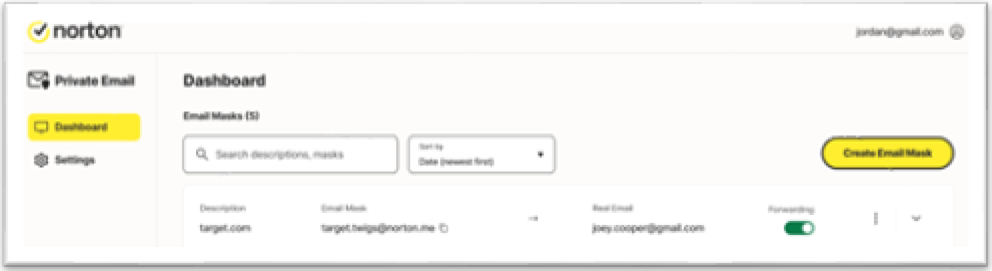
Private Email

now available in Norton AntiTrack

Tracker-free email address

Create unlimited email aliases and block hidden email trackers, all without changing your current provider.





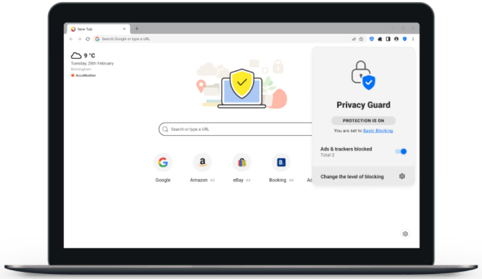
Private Email improves email privacy by masking your personal email addresses so they're unrecognizable, and removes hidden trackers often found in sent emails that can be used to gather private, personally identifiable information, including location, device usage, interests, and shopping behaviors.

Norton Secure Browser

Introducing an advanced web browser with **built-in security and privacy** tools that can be personalized and easily adjusted to suit individual needs

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.



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

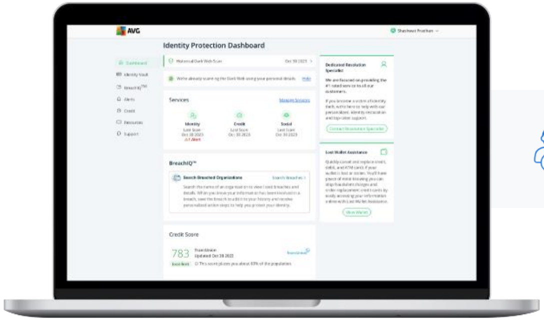
For more product information and other terms and conditions, visit GenDigital.com.

Features may differ depending on your chosen plan. Screens modified for demonstration purposes. No one can prevent all identity theft or cybercrime.

Expanding identity offerings with

AVG Secure Identity

AVG Secure Identity continuously monitors important data sources to help you keep your personal information safe, provides expert assistance 24/7 to resolve issues, and reimbursement coverage if your identity is stolen.



IDENTITY THEFT PROTECTION

ALERTS YOU TO LEAKED INFO

REIMBURSEMENTS OF UP TO $1 MILLION*

24/7 EXPERT HELP AND SUPPORT

https://www.avg.com/secure-identity

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.

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Q2 FY24 Financial Results

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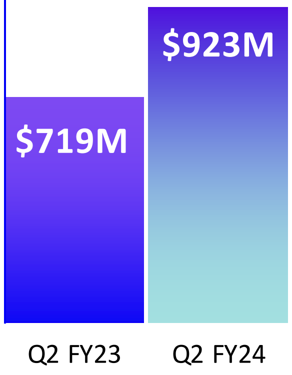
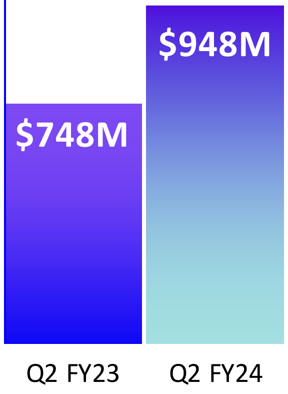
Q2 Non-GAAP Business Highlights

- 17th consecutive quarter of growth: Cyber Safety Bookings up 4% and Revenue up 3%, including Avast historical results
- Sequential direct customer count growth of 380k with acceleration in mobile and international markets
- Continued operating margin expansion, up 30 bps Q/Q and up 600 bps Y/Y driven by operating leverage and cost synergies

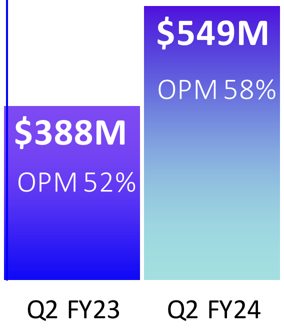
Bookings
+27% Y/Y in CC
+28% Y/Y in USD



Revenue
+28% Y/Y in CC
+27% Y/Y in USD



Operating Income
+43% Y/Y in CC
+41% Y/Y in USD



EPS
+9% Y/Y in CC
+4% 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.

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Consistent Execution

- **Broad-based growth: Q2 Revenue of $948M**
  - Cyber Safety revenue up 3% in constant currency when including Avast historical results
  - Revenue synergies scaling with Avast retention improvement and increased cross-sells into Norton base
- **Strong Operating Leverage at Scale: Q2 Margin at 58%**
  - 6 pt margin expansion post-merger reflective of accelerated cost synergies (90%+ achieved)
  - Partial reinvestment to support growth initiatives
- **EPS Growth: Q2 EPS of $0.47**
  - Up 4% in USD and up 9% in CC, including increased interest expense (14 cent impact Y/Y)
  - Limited capital allocation in Q2 due to seasonal tax payments

Non-GAAP P&L ($mil), except per share amounts	**Q2 FY23**	**Q1 FY24**	**Q2 FY24**	**Y/Y % USD** As Reported
Revenue	**$748**	**$946**	**$948**	**27%**
Y/Y % (CC)	*12%*	*35%*	*28%*	--
Gross Profit	646	825	827	28%
Gross Margin	86.4%	87.2%	87.2%	80 bps
Operating Expenses	258	280	278	8%
% of Revenue	34.5%	29.6%	29.3%	(520) bps
Operating Income	$388	$545	$549	41%
Operating Margin	**51.9%**	**57.6%**	**57.9%**	**600 bps**
Other Income/(Expense)	(43)	(154)	(161)	nm
Effective Tax Rate	22%	22%	22%	--
Net Income	$269	$305	$303	13%
EPS	**$0.45**	**$0.47**	**$0.47**	**4%**
Diluted Share Count	595	643	644	8%

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 Incl. partial Avast results	Q1 FY24	Q2 FY24	Y/Y % USD As Reported	Y/Y % CC Incl. Avast historical
Direct [(1)]	$660	$832	$837	27%	3%
+ Partners	$74	$97	$95	28%	5%
= Cyber Safety	**$734**	**$929**	**$932**	**27%**	**3%**
+ Legacy [(2)]	$14	$17	$16	n/m	↓ *Double-Digits*
= Total Revenue	**$748**	**$946**	**$948**	**27%**	

CYBER SAFETY METRICS

	Q2 FY23	Q1 FY24	Q2 FY24	Y/Y
Direct Customers *(Q/Q change)*	**38.6M** *(252K)*	**38.2M** *(29K)*	**38.5M** *+380K*	**(0.1M)** *(51K)*
Direct Monthly ARPU [(3)]	**$6.98**	**$7.26**	**$7.28**	**$0.30**
Direct Retention [(4)]	**75%**		**77%**	**2 pts**

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.
(4) Direct retention is customer (unit) retention. Reflects blended retention of E-Commerce and Mobile customers

38.5M Direct customers, delivered ARPU expansion and 2 pt retention improvement since merger

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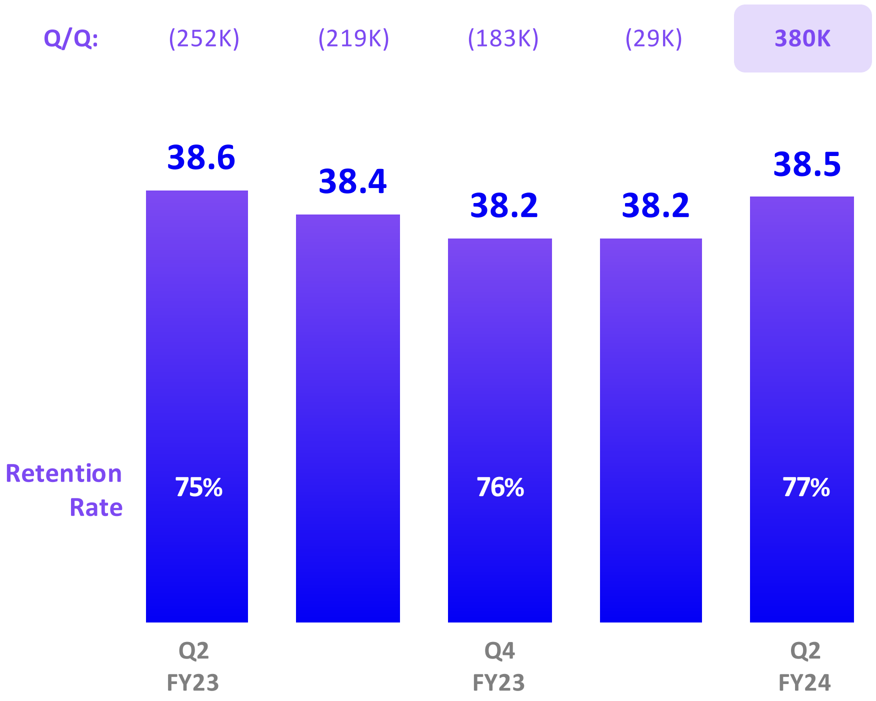
Healthy customer base returns to growth, up 380K Q/Q



Q2 customer growth driven by both acquisition and retention improvement, stabilized post-Covid

- **New customers: growing high single digits Y/Y**
  - Growth across all regions and several channels, despite macro headwinds
  - Up high-single digits vs. pre-Covid levels for second consecutive quarter
- **Steady retention improvement: up 2 pts Y/Y**
  - 3 pts of Avast retention improvement
  - Stable retention in Norton and LifeLock
- **Pulling all growth levers**
  - Channel and geographic expansion
  - Marketing re-calibration
  - Product portfolio diversification
  - Retention improvement

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Cost synergies 90%+ completed

% of Revenue	Q2 FY23 (1) Pre-Synergies	Q1 FY24 Reported	Q2 FY24 Reported
COGS	**13%**	**13%**	**13%**
S&M	21%	18%	18%
R&D	9%	8%	8%
G&A	5%	3%	3%
OPEX	**~35%**	**30%**	**29%**
Non-GAAP OPERATING MARGIN	**51.9%**	**57.6%**	**57.9%**

Annual Gross Cost Synergies (run-rate)

$300M+ Commitment → **90%+** Achieved

Expected One-Off Costs to Achieve Synergies **$150M** ~75% Cash

- Accelerated pace of execution, with $280M achieved in 1 year
- Partial reinvestment of synergies towards growth initiatives
- Remaining synergies focused on product integration

(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	Q2 FY23	Q1 FY24	Q2 FY24
Balance Sheet			
Cash, Cash Equivalents and STI	$1,095	$623	$629
Contract Liabilities	$1,684	$1,709	$1,672
Debt (Principal)	$10,207	$9,691	$9,633
Cash Flow			
Cash Flow from Operations	($88)	$226	$125
Capital Expenditures	$2	$4	$5
Free Cash Flow	($90)	$222	$120
Other Metrics			
Dividends + Dividend Equivalents (Quarterly $0.125 per common share)	$73	$83	$81
Debt Paydown	n/m	$208	$58
Share Repurchase	$104	$41	--

LTM

$970M
Free Cash Flow [1]
$1.6B uFCF

$866M
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 (LTM):
  - $575M total debt repayments, with another $200M in Oct
  - $541M share buyback
  - $325M dividends

(1) Free Cash Flow includes approximately $603 million of interest expense paid and one-off $128 million transition tax payments.
(2) Using Covenant Debt EBITDA (Non-GAAP).
(3) Using Reported EBITDA (Non-GAAP).

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Non-GAAP Guidance

Q3 FY24

REVENUE
$950M to $960M

EPS
$0.49 to $0.51

FY24:
Confirming within Range

REVENUE
$3.81B to $3.835B

EPS
$1.95 to $2.00

Key Assumptions:

- Cyber Safety low-to-mid single digit growth
- Continued progress towards 60% margin
- Stable SOFR rates and currency vs. Q2 ending
- Free cash flow deployed for debt paydown & share buyback in H2

FX Impact vs. Prior Annual Guidance provided in August 2023:

- Prior guidance assumed stable rates vs. Q1
- Vs. prior assumptions: JPY -8%, EUR -3%
- Estimated impact: revenue $15M, EPS $0.02

Note: All numbers presented are non-GAAP unless otherwise indicated
- Guidance in USD assumes ending September 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.

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Supplemental Information

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Foreign Currency Update

Euro €/$

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Weighted Avg.	1.01	1.02	1.07	1.09	1.10
End of Period	0.98	1.07	1.09	1.09	1.06

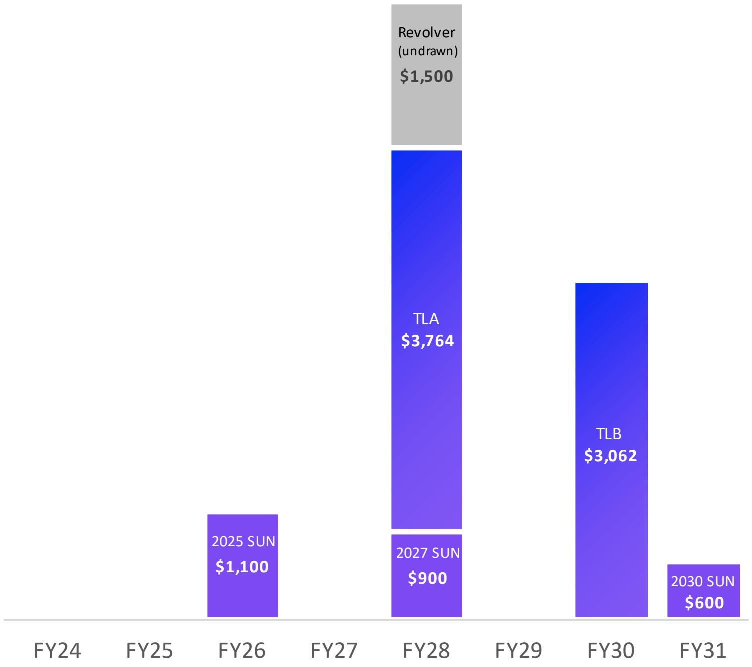
Yen ¥/$

5% of revenue JPY denominated

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Weighted Avg.	0.0072	0.0071	0.0076	0.0073	0.0070
End of Period	0.0069	0.0076	0.0075	0.0069	0.0067

Go Forward Capital Structure

Debt Maturities in $mil (Initial Principal Amounts)
As of November 7, 2023



Note: Graph not to scale.

As of November 7, 2023

Facility	Principal ($ mil)	Maturity	Coupon
Revolver (RCF) – undrawn at Q2 qtr-end	$1,500	2027	If drawn: SOFR+CSA+1.75%
Term Loan A (TLA)	$3,764	2027	SOFR+CSA+1.75%
Term Loan B (TLB)	$3,062	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 TLB pre-payment of $250M on 1/19/23
  - Voluntary TLB pre-payment of $150M on 4/28/23
  - Voluntary TLB pre-payment of $200M in October 2023
- In March 2023: Executed $1 billion of 3-year pay fixed interest rate swaps
- Current cost of debt ~6.7%
  - ~62% 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 11/7/2023, the drawn spread for these facilities is 1.5%.
- 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.

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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	Q2 FY24
Direct Customer Revenues	624	660	818	831	2,933	832	837
Partner Revenues	72	74	95	100	341	97	95
TOTAL CYBER SAFETY REVENUE	**$696**	**$734**	**$913**	**$931**	**$3,274**	**$929**	**$932**
Legacy Revenues	12	14	23	17	66	17	16
TOTAL REVENUE	**$708**	**$748**	**$936**	**$948**	**$3,340**	**$946**	**$948**
Y/Y % (CC)	*6%*	*12%*	*38%*	*35%*	*23%*	*35%*	*28%*
Gross Profit	$612	646	816	816	2,890	$825	$827
Gross Margin	*86.4%*	*86.4%*	*87.2%*	*86.1%*	*86.5%*	*87.2%*	*87.2%*
• Sales & Marketing	149	159	174	166	648	172	174
• Research & Development	55	67	82	78	282	79	75
• General & Administrative	28	32	34	31	125	29	29
Operating Expenses	232	258	290	275	1,055	280	278
% of Revenue	*32.8%*	*34.5%*	*31.0%*	*29.0%*	*31.6%*	*29.6%*	*29.3%*
Operating Income	**$380**	**$388**	**$526**	**$541**	**$1,835**	**$545**	**$549**
Operating Margin	*53.7%*	*51.9%*	*56.2%*	*57.1%*	*54.9%*	*57.6%*	*57.9%*
• Interest Expense	(30)	(45)	(148)	(161)	(384)	(163)	(167)
• Other Income (Expense)	(2)	2	1	4	5	9	6
Income before Income Taxes	$348	$345	$379	$384	$1,456	$391	$388
• Provision for Income Tax	83	76	88	88	335	86	85
Net Income	**$265**	**$269**	**$291**	**$296**	**$1,121**	**$305**	**$303**
EPS	**$0.45**	**$0.45**	**$0.45**	**$0.46**	**$1.81**	**$0.47**	**$0.47**
• Diluted Share Count	586	595	651	644	619	643	644
• Depreciation	3	4	7	7	21	7	6
Reported EBITDA	**$383**	**$392**	**$533**	**$548**	**$1,856**	**$552**	**$555**

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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	Q2 FY24
GAAP Results of Operation							
Gross profit (GAAP)	**$605**	**$629**	**$758**	**$757**	**$2,749**	**$767**	**$768**
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	1
• Amortization of intangible assets	5	16	57	58	136	57	58
TOTAL GROSS PROFIT ADJUSTMENT	**7**	**17**	**58**	**59**	**141**	**58**	**59**
Non-GAAP Results of Operation							
Net revenues	708	748	936	948	3,340	946	948
Cost of revenues	96	102	120	132	450	121	121
GROSS PROFIT (NON-GAAP)	**$612**	**$646**	**$816**	**$816**	**$2,890**	**$825**	**$827**

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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	Q2 FY24
GAAP Results of Operation							
Operating income (GAAP)	**$261**	**$241**	**$368**	**$357**	**$1,227**	**$362**	**$25**
Total Non-GAAP gross profit adjustment	7	17	58	59	141	58	59
Non-GAAP Operating Expense Adjustments							
Stock-based compensation	23	28	33	36	120	36	34
Amortization of intangible assets	21	29	61	61	172	61	61
Restructuring and other costs	2	9	44	14	69	17	17
Acquisition and integration costs	8	58	5	6	77	6	6
Litigation costs	58	7	(44)	8	29	5	347
Other	-	(1)	1	-	-	-	-
TOTAL OPERATING EXPENSE ADJUSTMENT	**112**	**130**	**100**	**125**	**467**	**125**	**465**
Non-GAAP Results of Operation							
Gross profit	612	646	816	816	2,890	825	827
• Sales and marketing	149	159	174	166	648	172	174
• Research and development	55	67	82	78	282	79	75
• General and administrative	28	32	34	31	125	29	29
Total operating expenses	232	258	290	275	1,055	280	278
Operating Income (Non-GAAP)	**$380**	**$388**	**$526**	**$541**	**$1,835**	**$545**	**$549**

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Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24
GAAP Results of Operation							
Net income (GAAP)	**$200**	**$69**	**$165**	**$915**	**$1,349**	**$189**	**$149**
Total Non-GAAP gross profit adjustment	7	17	58	59	141	58	59
Total Non-GAAP operating expense adjustment	112	130	100	125	467	125	465
Non-GAAP Other Non-Operating Expense (Income) Adj							
Non-cash interest expense	1	3	6	7	17	7	6
Loss (gain) on extinguishment of debt	-	9	-	-	9	-	-
Gain on sale of properties	-	-	-	-	-	(4)	-
Other	(1)	(9)	(1)	29	18	1	(1)
Total adjustments to GAAP income before income taxes	119	150	163	220	652	187	529
Income tax effect of non-GAAP adjustments	(54)	50 (1)	(37)	(839) (2)	(880)	(71)	(375)
Total net income adjustment	**65**	**200**	**126**	**(619)**	**(228)**	**116**	**154**
Non-GAAP Results of Operation							
Operating income	380	388	526	541	1,835	545	549
Interest expense	(30)	(45)	(148)	(161)	(384)	(163)	(167)
Other income (expense), net	(2)	2	1	4	5	9	6
Income before income taxes	348	345	379	384	1,456	391	388
Provision for income taxes	83	76	88	88	335	86	85
Net income (Non-GAAP)	**$265**	**$269**	**$291**	**$296**	**$1,121**	**$305**	**$303**

(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.

Gen

Reconciliation to Non-GAAP EPS and Net Income

GAAP to Non-GAAP EPS and Net Income (1) ($M), except per share amounts	**Q2 FY24**	
	EPS	**Net Income**
GAAP EPS / Net Income	**$0.23**	**$149**
• Stock based compensation	0.05	35
• Amortization of intangible assets	0.18	119
• Restructuring and other costs	0.03	17
• Acquisition and integration costs	0.01	6
• Litigation costs	0.54	347
• Other (2)	0.01	5
• Adjustment to GAAP provision for income taxes	(0.58)	(375)
Total adjustments	0.24	154
Non-GAAP EPS / Net Income	**$0.47**	**$303**

(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.

Gen

Reconciliation to Non-GAAP Unlevered Free Cash Flow

Unlevered Free Cash Flow Reconciliation	Q2 FY24
Net Cash Flow from Operating Activities	**$125**
Adjustments:	
• Capital Expenditures	(5)
Free Cash Flow	**$120**
Adjustments:	
• Cash paid for interest expense, net of interest rate hedges	$124
Unlevered Free Cash Flow	**$244**

Trended Share Count

Diluted Share Count Shares in millions	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24
Basic Share Count Weighted Average	578	590	647	639	614	640	640
Dilutive Potentially Issuable Shares:							
From Employee Equity Awards	4	3	4	5	4	3	4
From Convertible Debt	22	2	-	-	6	-	-
Diluted Share Count (GAAP)	**604**	**595**	**651**	**644**	**624**	**643**	**644**
Incremental dilution effect (1)	(18)	-	-	-	(5)	-	-
Diluted Share Count (Non-GAAP)	**586**	**595**	**651**	**644**	**619**	**643**	**644**
Average Share Price	*$24.51*	*$23.14*	*$22.09*	*$20.06*	*$22.45*	*$17.48*	*$19.51*

(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 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	Q2 FY24
Cost of revenues	$1	$1	$1	$-	$3	$1	$1
Sales and marketing	7	8	9	10	34	9	10
Research and development	6	6	9	10	31	11	10
General and administrative	10	14	15	16	55	16	13
Restructuring and other costs	-	-	8	3	11	-	1
Total stock-based compensation expense	**$24**	**$29**	**$42**	**$39**	**$134**	**$37**	**$35**

Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) [(1)] ($M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24
Net income	**$200**	**$69**	**$165**	**$915**	**$1,349**	**$189**	**$149**
Adjustments:							
• Net interest expense	29	45	149	163	386	164	167
• Income tax expense (benefit)	29	126	51	(751)	(545)	15	(290)
• Depreciation and amortization	29	49	125	126	329	125	125
EBITDA (Non-GAAP)	**287**	**289**	**490**	**453**	**1,519**	**493**	**151**
Adjustments to EBITDA:							
• Contract liabilities fair value adjustment	1	-	-	1	2	-	-
• Stock-based compensation	24	29	34	36	123	37	35
• Restructuring and other costs	2	9	44	14	69	17	17
• Acquisition and integration costs	8	58	5	6	77	6	6
• Litigation costs	58	7	(44)	8	29	5	347
• 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)	(1)
Reported EBITDA (Non-GAAP)	**$383**	**$392**	**$533**	**$548**	**$1,856**	**$552**	**$555**

(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.

Debt Covenant EBITDA (Non-GAAP)

Debt Covenant EBITDA (Non-GAAP)[1] ($M)	LTM [3]
Net income	**$1,418**
Adjustments:	
• Net interest expense	643
• Income tax expense (benefit)	(975)
• Depreciation and amortization	501
EBITDA (Non-GAAP)	**1,587**
Adjustments to EBITDA:	
• Contract liabilities fair value adjustment	1
• Stock-based compensation	142
• Restructuring and other costs	92
• Acquisition and integration costs	23
• Litigation costs	316
• Gain on sale of properties	(4)
• Other cost of revenues and operating expenses	1
• Other non-operating expense (income), net[2]	30
Reported EBITDA (Non-GAAP)	**2,188**
Adjustments to Reported EBITDA:	
• Other non-operating expense (income), net[2]	(3)
• Unrealized cost synergies	119
Consolidated Debt Covenant EBITDA (Non-GAAP)	**$2,304**

(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 last twelve fiscal month period.

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 revenues and 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.

Retention rate: Retention rate is defined as the number of direct customers who have more than a one-year tenure as of the end of the most recently completed fiscal period divided by the total number of direct customers as of the end of the period from one year ago. We monitor retention rate to evaluate the effectiveness of our strategies to improve renewals of subscriptions.

(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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