



MAY 5, 2022

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# FISCAL YEAR 2022 Q4 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 “Q1 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

Fiscal 2022

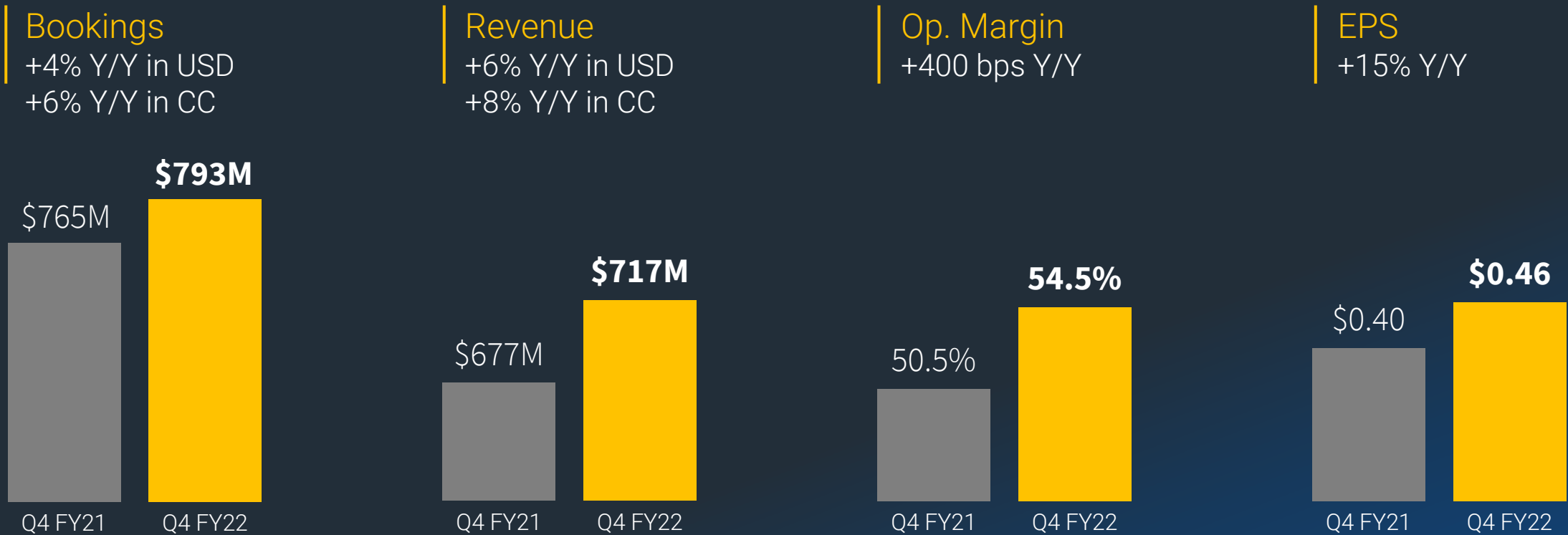
Total Users	Direct Customers
~80M	23.5M+





# Q4 Non-GAAP Business Highlights

- Bookings and Revenue growth, up 6% Y/Y and 8% Y/Y in CC, respectively
- Operational efficiencies increased profitability and EPS, up 15% Y/Y
- 10<sup>th</sup> consecutive quarter of growing direct customer count: +123K Q/Q, +576K Y/Y



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

# FY22 Year In Review

*Successful first year progress towards long-term objectives*

Revenue **\$2.8B**, +10%

EPS **\$1.75**, +22%

Op Margin **53%**, +3 pts

FCF **\$968M**, +38%

**900K+**

Net New Customers  
(600K Direct + Indirect\*)  
\*AppStore & Employee Benefits only

**14M+**

Norton 360  
Members

**10+**

New Products &  
Features Launched

**16%**

International  
Revenue Growth

**23%**

Partners  
Revenue Growth

**\$8.90**

ARPU

**85%+**

Retention Rate

**45+**

NPS Score



# What's New

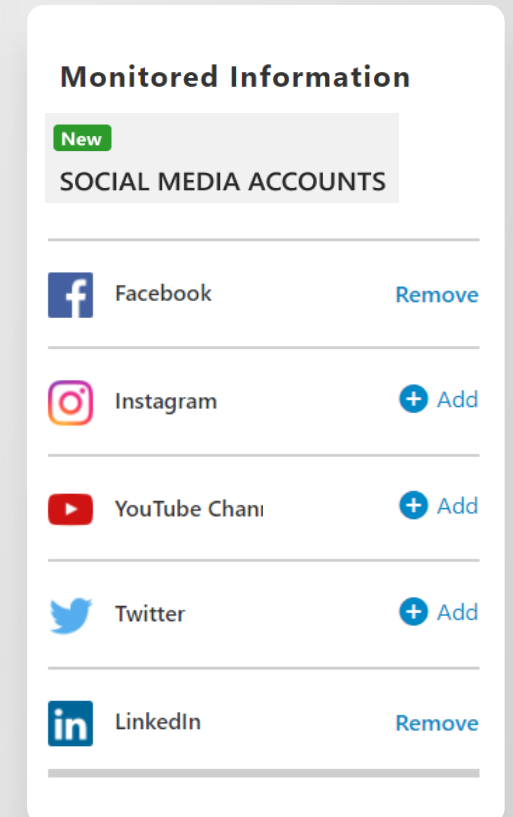
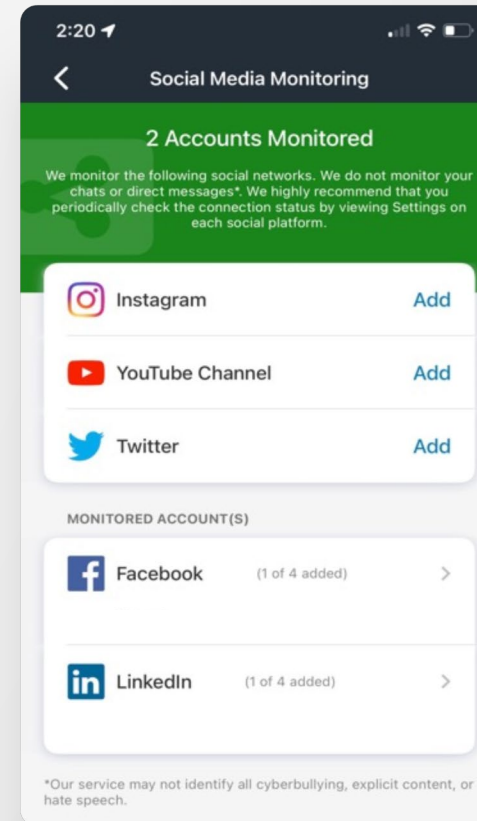
# Norton Introduces Social Media Monitoring

## New feature helps protect against social media account takeovers and cyberbullying

Social media monitoring\* keeps a pulse on customers' social media accounts, notifying them of suspected account compromise or potentially risks links in their account feeds.

### Features include:

- Support across many of the most popular social media sites.
- Account takeover protection notifies customers if it suspects their account may have been compromised, including suspicious posts and changes to account settings.
- Protection against risky online activity, notifies customers of potentially risky links including scam or hacking attempts, phishing attempts and malware links in their account feed.



For more product information and other terms and conditions, visit [nortonlifelock.com](https://nortonlifelock.com).  
Features may differ depending on your chosen plan. Screens modified for demonstration purposes.  
No one can prevent all identity theft or cybercrime.  
\*Does not include monitoring of chats or direct messages.



# Norton Identity Advisor Plus

## U.K. Launch

Robust identity monitoring launched in the U.K. to help consumers resolve their identity theft issues.

Norton Identity Advisor Plus comes with an easy-to-use dashboard to register personal information for monitoring, features include dedicated Identity Restoration Specialists, social media monitoring, and dark web monitoring.



For more product information and other terms and conditions, visit [nortonlifelock.com](https://nortonlifelock.com).  
Features may differ depending on your chosen plan. Screens modified for demonstration purposes.  
No one can prevent all identity theft or cybercrime.

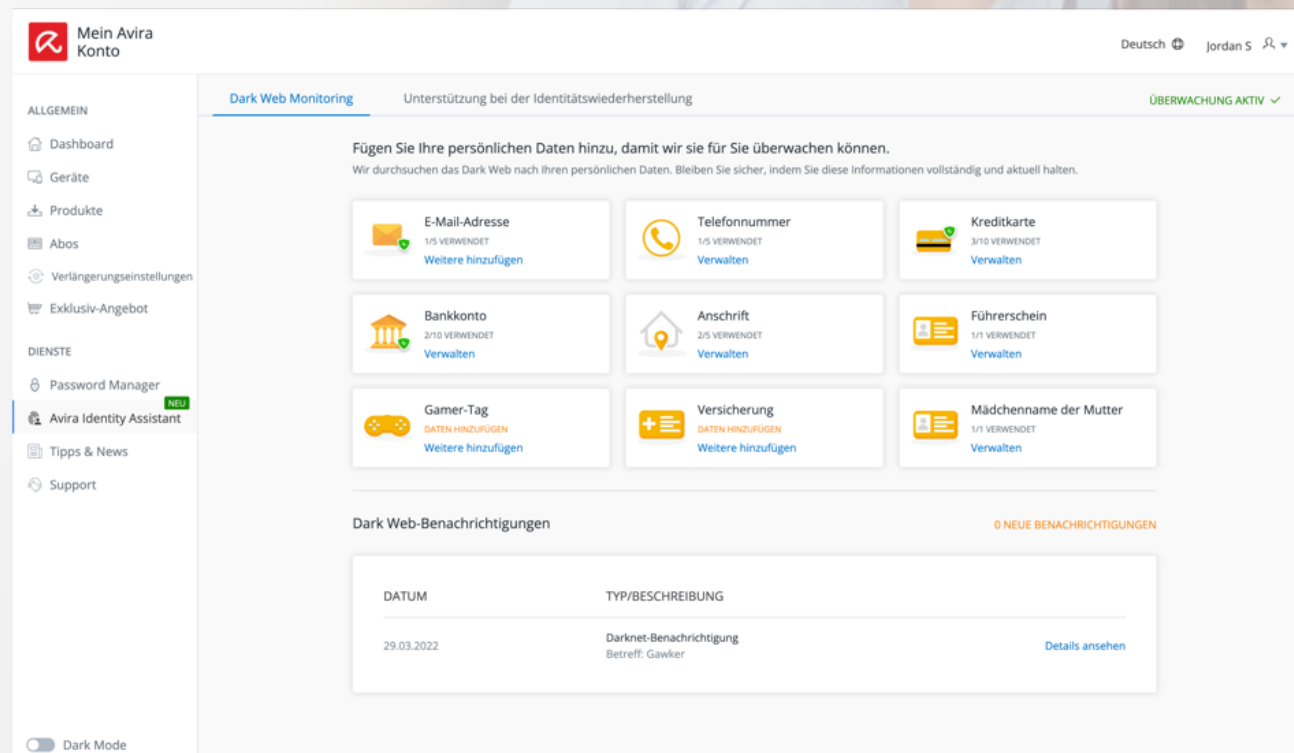


# Avira Identity Assistant

## Germany Launch

Restoration support launched in Germany to address a major concern for German consumers - becoming a victim of identity theft.

Avira Identity Assistant provides dedicated Identity Restoration Specialists to guide users through the process of restoring their identity, from start to finish. Additional features include a dashboard and dark web monitoring.



For more product information and other terms and conditions, visit [nortonlifelock.com](https://nortonlifelock.com). Features may differ depending on your chosen plan. Screens modified for demonstration purposes. No one can prevent all identity theft or cybercrime.



# Financial Results





# Q4 Results Complete a Strong Fiscal Year 2022

Non-GAAP P&L <small>Dollars in millions, except per share amounts</small>	Q4 FY22	As Reported Y/Y	FY22	As Reported Y/Y
<b>Revenue</b>	<b>\$717</b>	<b>6%</b>	<b>\$2,807</b>	<b>10%</b>
Gross Profit	624	6%	2,440	10%
Gross Margin	87.0%	Flat	86.9%	(20) bps
Operating Expenses	233	(6%)	960	1%
% of Revenue	32.5%	(400) bps	34.2%	(320) bps
Operating Income	\$391	14%	\$1,480	16%
<b>Operating Margin</b>	<b>54.5%</b>	<b>400 bps</b>	<b>52.7%</b>	<b>300 bps</b>
Plus: Interest Expense	(29)	nm	(118)	nm
Plus: Other OI&E	(6)	nm	(2)	nm
Less: Tax Provision	85	15%	326	19%
Effective Tax Rate	24%	--	24%	--
Net Income	\$271	16%	\$1,034	19%
<b>EPS (from Cont. Ops)</b>	<b>\$0.46</b>	<b>15%</b>	<b>\$1.75</b>	<b>22%</b>
Diluted Share Count	593	1%	591	(2%)

**\$717M**

**54.5%**

**\$0.46**

## Q4 Summary

### REVENUE

Up 6% Y/Y in USD & up 8% in CC

Diversified and broad-based growth  
Higher product mix in identity  
primarily due to tax season

### OPERATING MARGIN

Up 400 bps Y/Y

Record revenue and operational cost  
discipline in anticipation of Avast merger

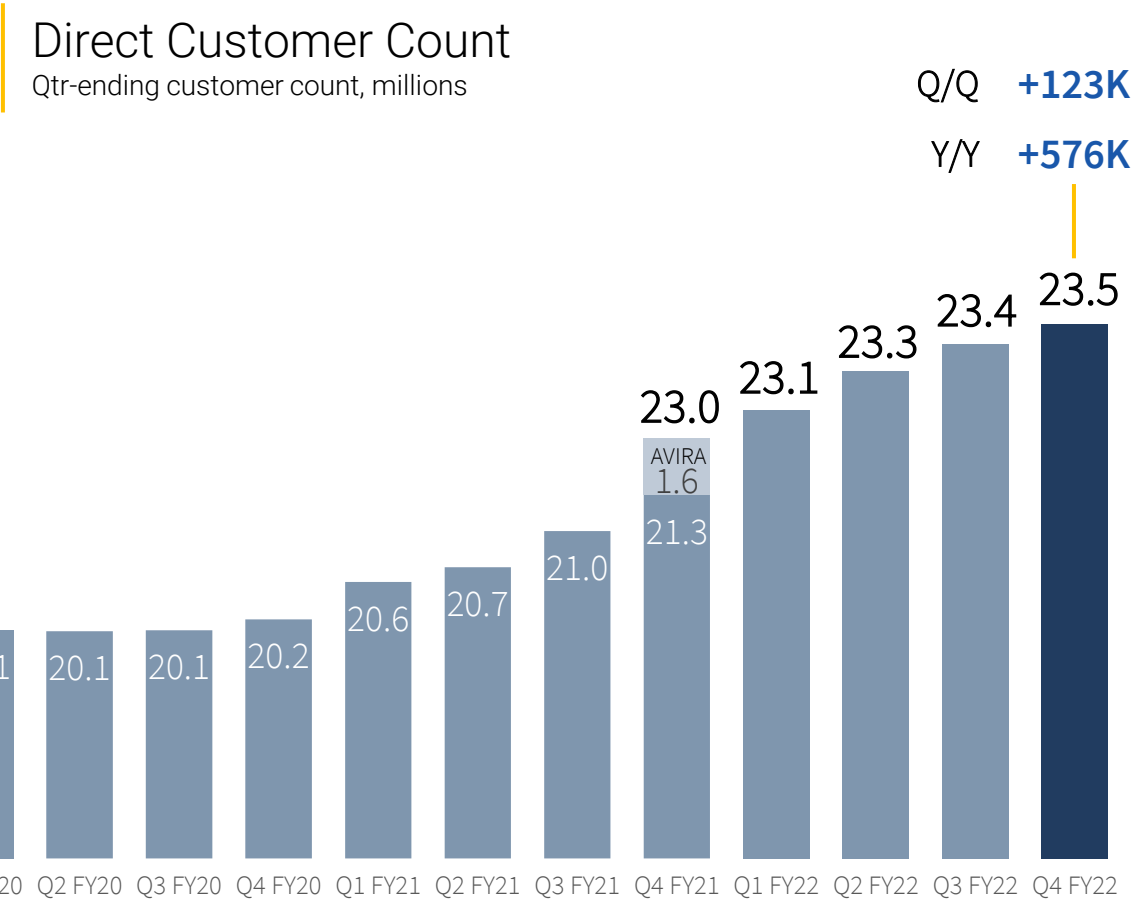
### EPS

Up 15% Y/Y

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



# 10<sup>th</sup> Consecutive Quarter of Net Customer Adds



Consumer Metrics	Q4 FY21	Q3 FY22	Q4 FY22	Growth Y/Y	Growth Q/Q
Dollars in millions, except ARPU in dollars (Non-GAAP)					
Revenue	\$677	\$704	\$717	6%	2%
Direct Customer Revenue	\$602	\$622	\$627	4%	1%
Avg. Direct Customers (mil)	22.8	23.4	23.5	3%	1%
Direct ARPU <sup>1</sup>	\$8.80	\$8.87	\$8.90	1%	Stable
Partner Revenue	\$75	\$82	\$90	20%	10%

Q4 Revenue

\$717M

=

Avg. Direct Customer Count

23.5M

X

Direct ARPU<sup>1</sup>

\$8.90/mo.

+

Partner (indirect) Revenue

\$90M

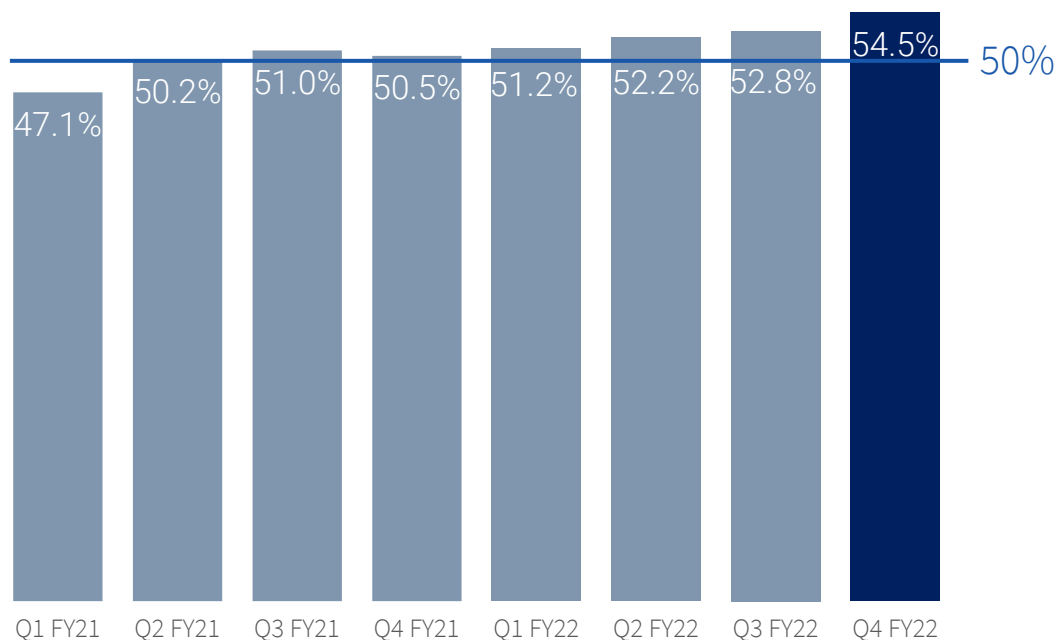
Annual Unit Retention Rate

85%+

Note: Amounts may not add due to rounding.  
(1) Direct ARPU based on average customer count for the period.

# Margin Expansion Reflective of Operational Cost Efficiencies

Trended Operating Margin  
Non-GAAP



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

54.5%  
Q4 FY22

## OPERATING MARGIN

Up 400 bps Y/Y

Driven by revenue growth and record G&A efficiencies

### % of revenue:

87% Gross Margin

21% Sales & Marketing

8% Research & Development

<4% G&A

# Healthy Balance Sheet and Cash Flow Generation

**\$1.9B**

## CASH ON HAND

Strong total liquidity position

## CURRENT LEVERAGE LEVELS

Gross debt leverage 2.5x

Net debt leverage 1.2x

**\$324M**

## FREE CASH FLOW

Generated \$968M free cash flow in FY22

**\$73M**

## REGULAR DIVIDENDS

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

### Key Balance Sheet, Cash Flow & Other Metrics

Dollars in millions

#### Balance Sheet

	Q4 FY21	Q3 FY22	Q4 FY22
Cash, Cash Equivalents and STI	\$951	\$1,781	\$1,891
Contract Liabilities	\$1,265	\$1,257	\$1,306
Debt (Principal)	\$3,620	\$3,855	\$3,747

#### Cash Flow and Other Metrics

Cash Flow from Operations	\$356	\$330	\$326
Capital Expenditures	\$1	\$2	\$2
Free Cash Flow	\$355	\$328	\$324
Headcount <sup>1</sup>	2,809	2,706	2,688

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

(1) Based on full-time equivalent, excluding interns and 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.



# Q1 Fiscal Year 2023 Non-GAAP Guidance

REVENUE  
**\$705M - \$715M**

5% - 7% Y/Y (CC)  
3 pts of FX headwind

EPS  
**\$0.42 - \$0.44**

Includes \$0.03 from FX headwind YoY  
and \$0.02 from incremental convert dilution

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

- Y/Y revenue growth in constant currency.
- Guidance in USD assumes April 2022 average foreign exchange rates.
- Includes incremental dilutive impact of ~20 million shares from adoption of the new convertible debt accounting guidance ("ASU 2020-06"). Previously, we used the Treasury method to calculate dilution. Under the Treasury Stock method, dilution is only anticipated for securities that are "in the money".
- 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





## Foreign Currency Update

Euro  
€/ \$

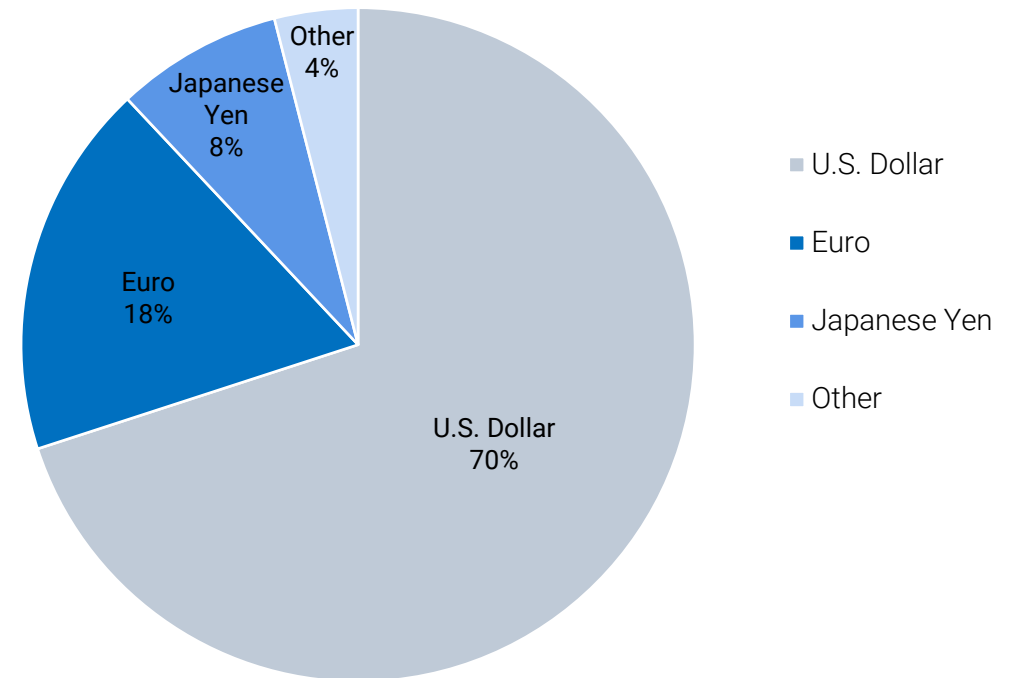
	Q4 FY21	Q1 FY22	Q4 FY22	Apr FY23
Weighted Avg	1.20	1.21	1.12	1.08
End of Period	1.18	1.18	1.10	1.05

Yen  
¥ / \$

	Q4 FY21	Q1 FY22	Q4 FY22	Apr FY23
Weighted Avg	0.0094	0.0091	0.0086	0.0079
End of Period	0.0090	0.0090	0.0081	0.0077

## Revenue Mix by Currency

Non-GAAP, FY22 Actuals





# Trended Non-GAAP Quarterly Results

Non-GAAP P&L (Continuing Operations) <small>Dollars in millions, except per share amounts</small>	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
Total Revenue	\$614	\$626	\$639	\$677	\$2,556	\$691	\$695	\$704	\$717	\$2,807
Gross Profit	535	544	558	589	2,226	599	607	610	624	2,440
Gross Margin	87.1%	86.9%	87.3%	87.0%	87.1%	86.7%	87.3%	86.6%	87.0%	86.9%
Sales & Marketing	142	137	136	144	559	150	148	155	150	603
Research & Development	59	56	62	63	240	62	63	54	55	234
General & Administrative	45	37	34	40	156	33	33	29	28	123
Operating Expenses	246	230	232	247	955	245	244	238	233	960
% of Revenue	40.1%	36.7%	36.3%	36.5%	37.4%	35.5%	35.1%	33.8%	32.5%	34.2%
Operating Income	\$289	\$314	\$326	\$342	\$1,271	\$354	\$363	\$372	\$391	\$1,480
Operating Margin	47.1%	50.2%	51.0%	50.5%	49.7%	51.2%	52.2%	52.8%	54.5%	52.7%
Interest Expense	(37)	(35)	(30)	(33)	(135)	(30)	(29)	(30)	(29)	(118)
Other Income (Expense)	(4)	3	5	(1)	3	2	2	-	(6)	(2)
Income before Income Taxes	\$248	\$282	\$301	\$308	\$1,139	\$326	\$336	\$342	\$356	\$1,360
Provision for Income Tax	60	67	72	74	273	78	81	82	85	326
Net Income	\$188	\$215	\$229	\$234	\$866	\$248	\$255	\$260	\$271	\$1,034
EPS (from ContOps)	\$0.31	\$0.36	\$0.38	\$0.40	\$1.44	\$0.42	\$0.43	\$0.44	\$0.46	\$1.75
Diluted Share Count	614	600	597	587	600	591	591	591	593	591
Depreciation	21	14	4	6	45	4	4	4	4	16
Reported EBITDA	\$310	\$328	\$330	\$348	\$1,316	\$358	\$367	\$376	\$395	\$1,496

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

# Reconciliation to Non-GAAP Gross Profit

GAAP to Non-GAAP Gross Profit Dollars in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
<b>GAAP Results of Operation</b>										
Gross profit (GAAP)	\$528	\$536	\$552	\$573	\$2,189	\$584	\$592	\$597	\$615	\$2,388
<b>Non-GAAP Gross Profit Adjustments</b>										
Net revenues										
Contract liabilities fair value adjustments	-	-	-	5	5	5	3	2	1	11
Cost of revenues										
Stock-based compensation	-	1	-	-	1	-	1	-	1	2
Amortization of intangible assets	7	7	6	11	31	10	11	11	7	39
<b>Total gross profit adjustment</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>16</b>	<b>37</b>	<b>15</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>52</b>
<b>Non-GAAP Results of Operation</b>										
Net revenues	614	626	639	677	2,556	691	695	704	717	2,807
Cost of revenues	79	82	81	88	330	92	88	94	93	367
<b>Gross profit (Non-GAAP)</b>	<b>\$535</b>	<b>\$544</b>	<b>\$558</b>	<b>\$589</b>	<b>\$2,226</b>	<b>\$599</b>	<b>\$607</b>	<b>\$610</b>	<b>\$624</b>	<b>\$2,440</b>

# Reconciliation to Non-GAAP Operating Income

GAAP to Non-GAAP Operating Income Dollars in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
<b>GAAP Results of Operation</b>										
Operating income (GAAP)	\$120	\$230	\$280	\$266	\$896	\$287	\$287	\$302	\$129	\$1,005
Total Non-GAAP gross profit adjustment	7	8	6	16	37	15	15	13	9	52
<b>Non-GAAP Operating Expense Adjustments</b>										
Stock-based compensation	18	18	21	13	70	20	12	18	18	68
Amortization of intangible assets	18	18	18	20	74	21	21	21	22	85
Restructuring and other costs	127	14	1	19	161	7	5	12	7	31
Acquisition and litigation costs	-	-	1	3	4	1	21	7	8	37
Litigation settlement charges	-	25	-	4	29	3	1	-	198	202
Other	(1)	1	(1)	1	-	-	1	(1)	-	-
Total operating expense adjustment	162	76	40	60	338	52	61	57	253	423
<b>Non-GAAP Results of Operation</b>										
Gross profit	535	544	558	589	2,226	599	607	610	624	2,440
Sales and marketing	142	137	136	144	559	150	148	155	150	603
Research and development	59	56	62	63	240	62	63	54	55	234
General and administrative	45	37	34	40	156	33	33	29	28	123
Total operating expenses	246	230	232	247	955	245	244	238	233	960
Operating income (Non-GAAP)	\$289	\$314	\$326	\$342	\$1,271	\$354	\$363	\$372	\$391	\$1,480



# Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income Dollars in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
<b>GAAP Results of Operation</b>										
Net income (GAAP)	\$118	\$64	\$178	\$194	\$554	\$181	\$333	\$202	\$120	\$836
Total Non-GAAP gross profit adjustment	7	8	6	16	37	15	15	13	9	52
Total Non-GAAP operating expense adjustment	162	76	40	60	338	52	61	57	253	423
<b>Non-GAAP Other Non-operating Expense (Income) Adjustments</b>										
Stock-based compensation	(1)	-	-	-	(1)	-	-	-	-	-
Non-cash interest expense	3	2	2	2	9	2	2	2	2	8
Loss (gain) on extinguishment of debt	(20)	-	-	-	(20)	5	-	-	(2)	3
Gain on sale of properties	-	(35)	-	(63)	(98)	-	(175)	-	-	(175)
Other	(2)	-	-	4	2	-	-	9	(2)	7
Total adjustments to GAAP income from continuing operations before incomes taxes	149	51	48	19	267	74	(97)	81	260	318
Income tax effect of non-GAAP adjustments	(110)	(2)	8	7	(97)	(7)	19	(23)	(109)	(120)
Total income (loss) adjustment to continuing operations, net of taxes	39	49	56	26	170	67	(78)	58	151	198
(Income) loss adjustment for discontinued operations	31	102	(5)	14	142	-	-	-	-	-
<b>Total net income adjustment</b>	<b>70</b>	<b>151</b>	<b>51</b>	<b>40</b>	<b>312</b>	<b>67</b>	<b>(78)</b>	<b>58</b>	<b>151</b>	<b>198</b>
<b>Non-GAAP Results of Operation</b>										
Operating income	289	314	326	342	1,271	354	363	372	391	1,480
Interest expense	(37)	(35)	(30)	(33)	(135)	(30)	(29)	(30)	(29)	(118)
Other income (expense), net	(4)	3	5	(1)	3	2	2	-	(6)	(2)
Income before income taxes	248	282	301	308	1,139	326	336	342	356	1,360
Provision for income taxes	60	67	72	74	273	78	81	82	85	326
<b>Net income (Non-GAAP)</b>	<b>\$188</b>	<b>\$215</b>	<b>\$229</b>	<b>\$234</b>	<b>\$866</b>	<b>\$248</b>	<b>\$255</b>	<b>\$260</b>	<b>\$271</b>	<b>1,034</b>

# Q4 GAAP to Non-GAAP Reconciliation

## Bridge from GAAP to Non-GAAP EPS and Net Income from Cont. Ops

Dollars in millions, except per share amounts

Q4 FY22

	EPS	Net Income
GAAP EPS / Net Income from Cont. Ops	\$0.20	\$120
Contract liabilities fair value adjustment	0.00	1
Stock Based Compensation	0.03	19
Amortization of Intangible Assets	0.05	29
Restructuring and Other Costs	0.01	7
Acquisition and integration costs	0.01	8
Litigation settlement charges	0.33	198
Other <sup>(1)</sup>	0.00	(2)
Adjustment to GAAP Provision for Income Taxes	(0.18)	(109)
Total Adjustments	0.25	151
Non-GAAP EPS / Net Income from Cont. Ops	\$0.46	\$271

(1) Other includes non-cash interest expense, loss (gain) on equity investments and other minor reconciling items.

Note: Totals may not add due to rounding.

# Trended Contract Liabilities, Bookings, and Reported Billings

Contract Liabilities, Bookings, and Reported Billings <small>Dollars in millions</small>	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
<b>Contract Liabilities</b>	\$1,058	\$1,074	\$1,135	\$1,265	\$1,265	\$1,231	\$1,213	\$1,257	\$1,306	\$1,306
<i>Y/Y Growth</i>	5%	6%	8%	18%	18%	16%	13%	11%	3%	3%
<b>Bookings</b>	\$588	\$636	\$682	\$765	\$2,671	\$660	\$681	\$752	\$793	\$2,885
<i>Y/Y Growth (USD) <sup>(1)</sup></i>	6%	5%	8%	16%	9%	12%	7%	10%	4%	8%
<i>Y/Y Growth (CC) <sup>(1)</sup></i>	7%	4%	6%	13%	8%	10%	7%	11%	6%	8%
GAAP Revenues	\$614	\$626	\$639	\$672	\$2,551	\$686	\$692	\$702	\$716	\$2,796
Change in Contract Liabilities	(18)	16	61	130	189	(34)	(18)	44	49	41
Other Contract Liabilities Adjustment <sup>(2)</sup>	-	-	-	(54)	(54)	-	-	-	-	-
<b>Reported Billings</b>	\$596	\$642	\$700	\$748	\$2,686	\$652	\$674	\$746	\$765	\$2,837
<i>Y/Y Growth <sup>(1)</sup></i>	9%	7%	10%	17%	11%	9%	5%	7%	2%	6%

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

(1) Normalized to exclude approximately \$44 million of bookings from the extra week in Q1FY20 and impact from ID Analytics solutions (IDA), which was divested in January FY20.

(2) Certain adjustments to contract liabilities needed to be made in order to normalize for billings performance. Q4 FY21 adjusts for \$54M of acquired contract liabilities from the Avira acquisition.



# Trended Share Count

Diluted Share Count Shares in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
Basic Share Count Weighted Average	590	592	593	582	589	580	582	582	582	581
Dilutive Potentially Issuable Shares:										
From Employee Equity Awards	4	3	1	1	3	4	2	3	4	3
From Convertible Debt	20	5	3	4	8	7	7	6	7	7
Diluted Share Count	614	600	597	587	600	591	591	591	593	591
Average Share Price	\$20.43	\$21.67	\$20.18	\$20.97		\$25.03	\$25.99	\$25.30	\$27.49	\$25.95

# Trended Stock Based Compensation

Stock-Based Compensation Dollars in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
Cost of revenues	\$ -	\$1	\$ -	\$ -	\$1	\$ -	\$1	\$-	\$1	\$2
Sales and marketing	4	5	5	4	18	5	3	5	6	19
Research and development	6	7	8	5	26	6	3	5	5	19
General and administrative	8	6	7	5	26	9	6	8	7	30
Restructuring and other costs	7	1	1	1	10	-	-	-	-	-
Other income (expense), net	(1)	-	-	-	(1)	-	-	-	-	-
Total stock-based compensation from continuing operations	24	20	21	15	80	20	13	18	19	70
Discontinued operation	1	-	-	-	1	-	-	-	-	-
Total stock-based compensation expense	\$25	\$20	\$21	\$15	\$81	\$20	\$13	\$18	\$19	\$70

# Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) <sup>(1)</sup> Dollars in millions	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22
Net income	\$118	\$64	\$178	\$194	\$ 554	\$181	\$333	\$202	\$120	\$836
Adjustments:										
(Income) loss from discontinued operations	31	102	(5)	14	142	-	-	-	-	-
Net interest expense	38	36	32	34	140	32	31	32	31	126
Income tax expense (benefit)	(50)	65	80	81	176	71	100	59	(24)	206
Depreciation and amortization	46	39	28	37	150	36	35	37	32	140
<b>EBITDA (Non-GAAP)</b>	<b>183</b>	<b>306</b>	<b>313</b>	<b>360</b>	<b>1,162</b>	<b>320</b>	<b>499</b>	<b>330</b>	<b>159</b>	<b>1,308</b>
Adjustments to EBITDA:										
Contract liabilities fair value adjustment	-	-	-	5	5	5	3	2	1	11
Stock-based compensation	17	19	21	13	70	20	13	18	19	70
Restructuring and other costs	127	14	1	19	161	7	5	12	7	31
Acquisition and integration costs	-	-	1	3	4	1	21	7	8	37
Litigation settlement charges	-	25	-	4	29	3	1	-	198	202
Loss (gain) on extinguishment of debt	(20)	-	-	-	(20)	5	-	-	(2)	3
Gain on sale of properties	-	(35)	-	(63)	(98)	-	(175)	-	-	(175)
Other cost of revenues and operating expense	(1)	1	(1)	1	-	(1)	2	(1)	-	-
Other non-operating expense (income), net <sup>(2)</sup>	4	(2)	(5)	6	3	(2)	(2)	8	5	9
<b>Reported EBITDA (Non-GAAP)</b>	<b>\$310</b>	<b>\$328</b>	<b>\$330</b>	<b>\$348</b>	<b>\$1,316</b>	<b>\$358</b>	<b>\$367</b>	<b>\$376</b>	<b>\$395</b>	<b>\$1,496</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>\$836</b>
Adjustments:	
Net interest expense	126
Income tax expense (benefit)	206
Depreciation and amortization	140
<b>EBITDA (Non-GAAP)</b>	<b>\$1,308</b>
Adjustments to EBITDA:	
Contract liabilities fair value adjustment	11
Stock-based compensation	70
Restructuring and other costs	31
Acquisition and integration costs	37
Litigation settlement charges	202
Loss (gain) on extinguishment of debt	3
Gain on sale of properties	(175)
Other cost of revenues and operating expense	-
Other non-operating expense (income), net <sup>(2)</sup>	9
<b>Reported EBITDA (Non-GAAP)</b>	<b>\$1,496</b>
Adjustments to Reported EBITDA:	
Other non-operating expense (income), net <sup>(2)</sup>	(9)
<b>Adjusted Debt Covenant EBITDA (Non-GAAP)</b>	<b>\$1,487</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

To assist our readers understand our past financial performance and our projected future results, we supplement the financial results that we provide in accordance with generally accepted accounting principles, or GAAP, with non-GAAP financial measures. The method we use to produce non-GAAP measures is not computed according to GAAP and may differ from the methods used by other companies. Non-GAAP financial measures are supplemental, should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. We believe our presentation of non-GAAP financial measures, when taken together with corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management team uses these non-GAAP financial measures in assessing our operating results, as well as when planning, forecasting and analyzing future periods. We believe that these non-GAAP financial measures also facilitate comparisons of our performance to prior periods and that investors benefit from an understanding of the non-GAAP financial measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. Readers are encouraged to review the reconciliation of our non-GAAP financial measures to the comparable GAAP results in this appendix, along with other financial information, which can be found in NortonLifeLock's Fiscal 2022 Q4 Earnings Press Release on the investor relations page of our website at [investor.nortonlifelock.com](https://investor.nortonlifelock.com).

# 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.

Reported billings: We define reported billings as total revenue plus the change in adjusted contract liabilities. The change in contract liabilities excludes the change related to discontinued operations that does not amortize to revenue from continuing operations. There are several limitations related to the use of reported billings versus revenue calculated in accordance with GAAP. First, reported billings include amounts that have not yet been recognized as revenue. Second, our calculation of reported billings may be different from other companies in our industry, some of which may not use reported billings, may calculate reported billings differently, may have different reported billing frequencies, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of reported billings as a comparative measure. We compensate for these limitations by providing specific information regarding GAAP revenue and evaluating reported billings together with revenue calculated in accordance with GAAP.

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.

Annual retention rate: Annual 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 annual retention rate to evaluate the effectiveness of our strategies to improve renewals of subscriptions.

Net Promoter Score (NPS): The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

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:

*"Q1 Fiscal Year 2023 Non-GAAP Guidance ... EPS \$0.42-0.44" (slide 15)*

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 28-29. 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.

