



FY23 Q2 Earnings

Nov 8, 2022



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 “Cost Synergy & Integration Update” and “Q3 FY23 Non-GAAP Guidance & Long-Term Target” 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 impact of acquisitions and our ability to achieve expected synergies and associated cost savings; retention of executive leadership team members; difficulties in improving sales and product development; difficulties in executing the operating model for the consumer cyber safety business; lower than anticipated returns from the Company’s investments in direct customer acquisition; difficulties and delays in reducing run rate expenses and monetizing underutilized assets; the timing and market acceptance of new product releases and upgrades; the successful development of new products and the degree to which these products gain market acceptance; the ability to maintain customer and partner relationships; the ability of Gen to achieve its cost and operating efficiency goals; the anticipated growth of certain market segments; Gen’s sales and business strategy; fluctuations in interest rates, tax rates and foreign currency exchange rates; fluctuations and volatility in Gen’s stock price; general business and economic conditions, including economic recessions and inflationary pressures; the current and future impact of the COVID-19 pandemic on the Company’s business and industry; and the potential for corporate tax increases under the Biden Administration. Additional information concerning these and other risk factors is contained in the Risk Factors sections of Gen’s most recent reports on Form 10-K and Form 10-Q. Gen assumes no obligation, and does not intend, to update these forward-looking statements as a result of future events or developments.



Beginning a New Chapter

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



There's a new generation out there. Not Gen X, Y, or Z.

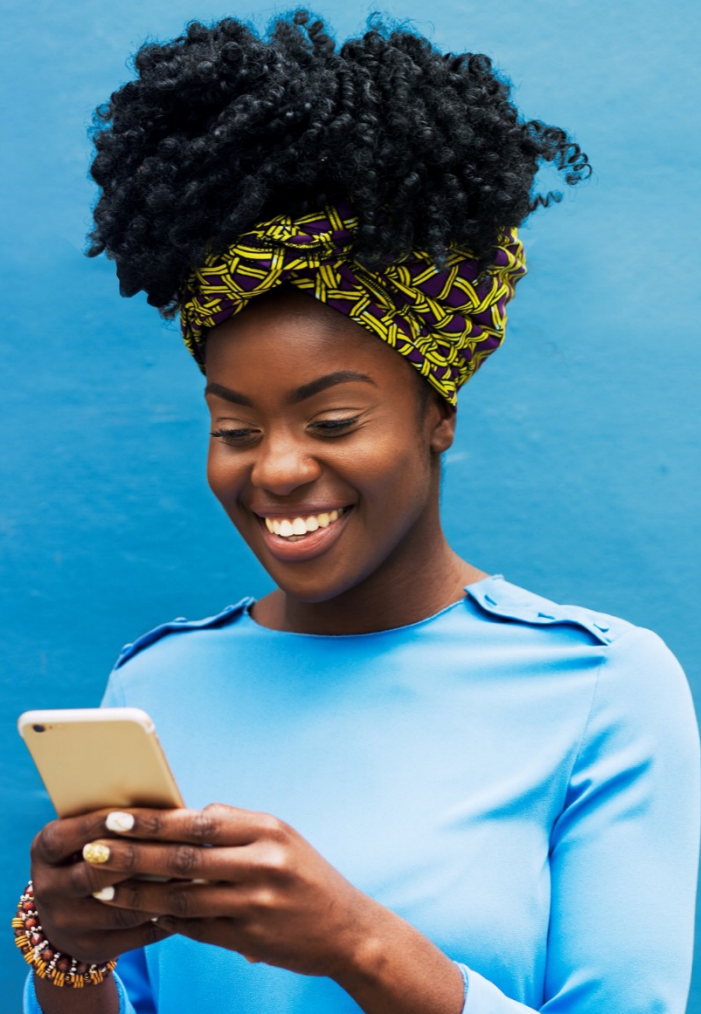
It's Gen D. Generation digital. Five billion people and counting who are all online.

Today digital life is life. People bank, shop, learn and connect from just about anywhere. Use voice assistance in their homes and cars to navigate their lives. And send money to friends and stores with digital wallets. Access is as easy as your face or fingerprint.

That's just the freedom digital life allows now. Imagine what the future will bring. We have. Which is why we're forming a new company built for what's next. Rooted in our combined heritage of providing safety for the first digital generations. But with an eye on powering freedom and possibilities for generations to come.

We'll focus on trust-based solutions that will do more than just help over 500 million people around the world live fuller, safer digital lives today. We'll help define what it means to live freely in the digital world of tomorrow.

Gen. For the next generation of digital life.



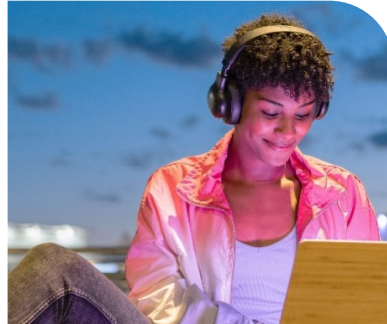
Gen at a glance

NASDAQ: GEN
Dual HQs: U.S. & Czechia



Innovation & Technologies

Purpose-Driven
Culture & Innovation
Easy-to-Use Cyber Safety
Integrated Platform
>1,000 Global Patents



Broad Product Portfolio

Products & Solutions in
150+ Countries
Redefining Cyber Safety
around the user
Empowering Digital Life
with Trust-Based Solutions



Global Reach & Channel Diversification

500M+ Users
Revenue Mix 60 / 40% U.S. / Int'l
Omnichannel Sales.
Direct. Mobile. Employee Benefits.
Retail. Telco. SMB. OEM.
Strategic Partners.



Strong Financial Profile

Revenue \$3.8B
~95% Recurring
Operating Income \$2B*
Strong Cash Flow Generation

* Non-GAAP annual, based on 52% operating margin

Broad Portfolio Expanding Cyber Safety

Cyber Safety

Protecting your digital life

Adjacent Trust-Based Solutions

Empowering you to live a full digital life



A Family of Trusted Consumer Brands

Gen™



Gen Leadership



Vincent Pilette
CEO



Natalie Derse
CFO



Ondřej Vlček
President



Michal Pěchouček
Technology



Vita Santrucek
Development



Leena Elias
Product &
E-Commerce



Charlie Walton
Digital Trust
Business



Kara Jordan
People & Culture



Bryan Ko
Legal & Corporate
Development



Travis Witteveen
Commercial
Operations



Krista Todd
Marketing, Brand
& Communications



Patrick Schwind
Customer Support
& Services



Sameer Khara
Information
Technology

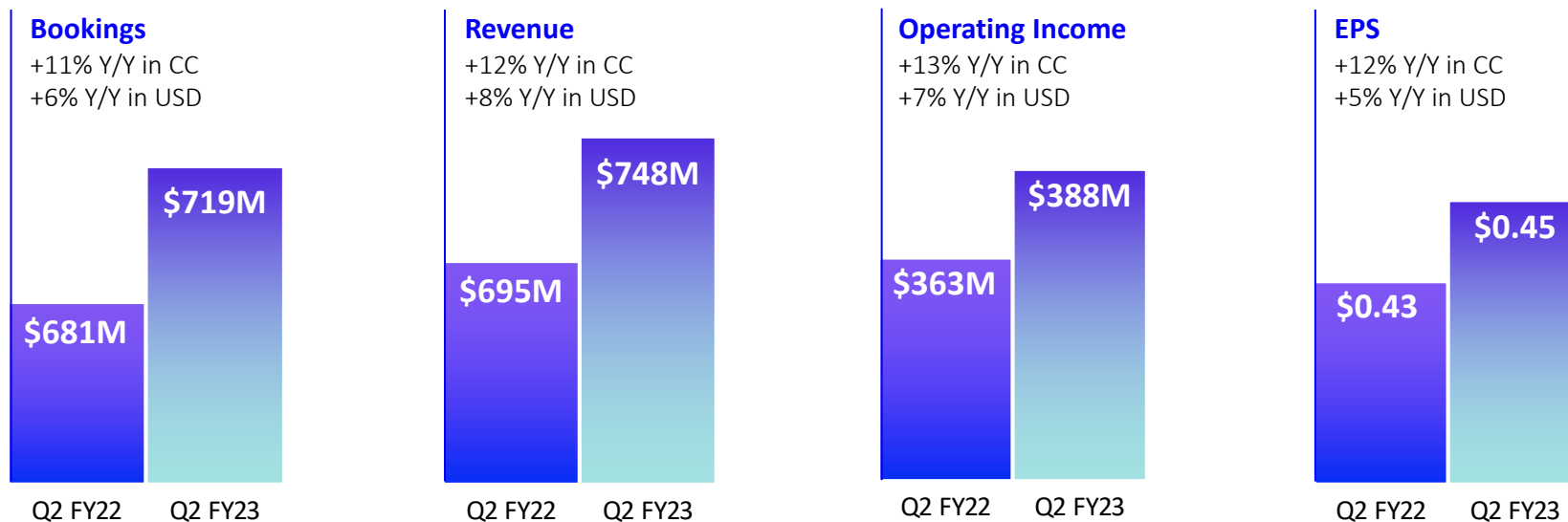


Mark Giles
Transformation
& Integration

FY23 Q2 Results

Q2 Non-GAAP Business Highlights

- 13th consecutive quarter of growth in CC: Bookings up 11% and Revenue up 12% (Avast added 7 pts of growth), EPS up 12%
- High recurring revenue, operational discipline, and structural profitability provide flexibility to navigate macro-level challenges
- Avast transaction closed on Sept 12, 2022, with integration and synergies underway in 2H FY23



Note: All numbers presented are non-GAAP unless otherwise indicated. See appendix for reconciliation of financial measures from GAAP to non-GAAP. Results include Avast starting September 12, 2022.

Consistent Execution

Non-GAAP P&L (\$M), except per share amounts	Q2 FY22	Q1 FY23	Q2 FY23	Y/Y %
Revenue	\$695	\$708	\$748	8%
Y/Y % (CC)	11%	6%	12%	--
Gross Profit	607	612	646	6%
Gross Margin	87.3%	86.4%	86.4%	(90) bps
Operating Expenses	244	232	258	6%
% of Revenue	35.1%	32.8%	34.5%	(60) bps
Operating Income	\$363	\$380	\$388	7%
Operating Margin	52.2%	53.7%	51.9%	(30) bps
Interest Expense	(29)	(30)	(45)	nm
Other OI&E	2	(2)	2	nm
Effective Tax Rate	24%	24%	22%	(200) bps
Net Income	\$255	\$265	\$269	5%
EPS	\$0.43	\$0.45	\$0.45	5%
Diluted Share Count	591	586	595	~Flat

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

See appendix for reconciliation of financial measures from GAAP to non-GAAP. Results include Avast starting September 12, 2022.

Revenue - Up 8% Y/Y in USD & Up 12% in CC

- Cyber Safety growth of 5% (CC) excluding Avast; Avast added 7 pts of growth (CC)
- Unfavorable FX impact Y/Y \$31M (4+ pts of currency headwind)
- High single-digit growth in Identity and Privacy Protection, following recent new product features and functionalities
- Continued channel and geo. diversification: Partners grew double-digits for 8th consecutive quarter, with International growing high-single digits

EPS - Up 5% Y/Y in USD & Up 12% in CC

- Includes 3 cents of unfavorable FX impact Y/Y
- Stable margins reflect operational discipline and structural profitability amidst macro-level headwinds
- OIE reflects partial increased cost of debt
- Tax rate reflects YTD 23% estimate with Avast
- Share count impacted by Avast (19 days dilutive – full impact of 94M)

Gen Reporting Related to Revenue Performance

Revenue

Direct	Subscriptions sold directly through E-Commerce and Mobile App ⁽¹⁾	~87% ⁽²⁾
+ Partners	Revenue acquired through partners Employee Benefits, Retail, OEMs, Telcos/xSP, Strategic Partnerships, SOHO/VSB	~10%
= Cyber Safety	All Direct + Partner Revenue	~97%
+ Legacy ⁽³⁾	Products or solutions that are EOL or in maintenance	< 3%
= Total Revenue		100%

Customers

Direct	Paid customers from E-Commerce and Mobile App ⁽¹⁾	~39M
+ Partners	Paid customers through one of our partners	25M+
= Paid Cyber Safety ⁽⁴⁾	Direct + Partner Customers	~65M
+ Freemium	Users with free products or solutions	435M+
= Total Users		500M+

Other Performance Metrics (Direct Only): Average Revenue Per User (ARPU), Annual Retention Rate

(1) NLOK Mobile App category newly added to Direct Revenue and Customers' reporting (previously under Partners) to reflect Avast's and industry's practice.

(2) Percentages based on full NLOK + Avast quarter.

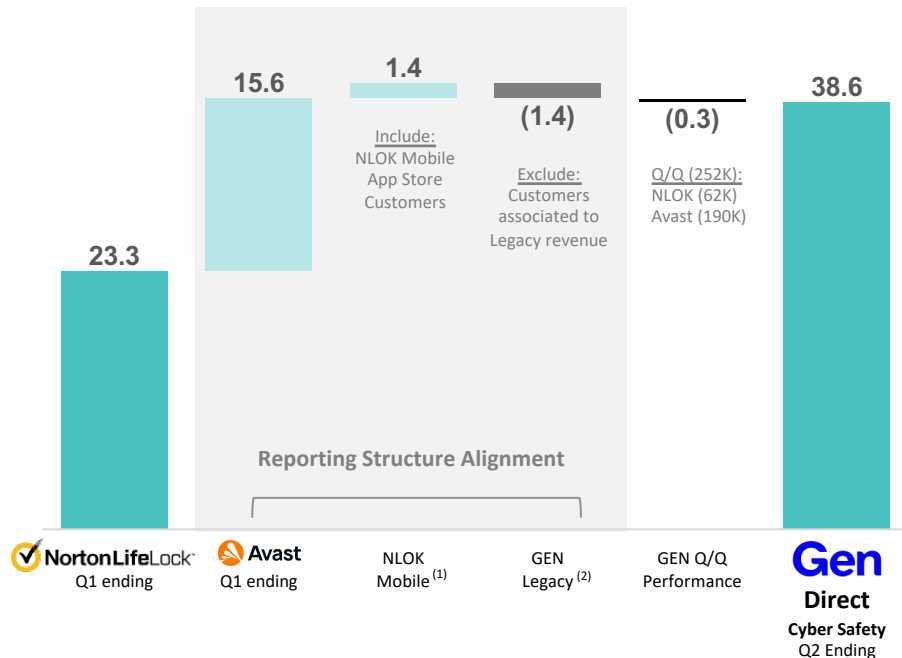
(3) Post Avast close, Legacy revenue includes: EOL VPN (SurfEasy and HMA), SMB Legacy Platforms, Avast's Chrome Distribution, Bullguard, Tech OEM, Russia market.

(4) Customer count excludes customers associated to Legacy revenue.

Q2 Gen Performance Metrics

Direct Cyber Safety Customers

Qtr-ending customer count, millions



Q2 FY23	Total Revenue	Avast Contribution	Reported Growth Y/Y %	CC Growth Y/Y %
Direct	\$660	\$40	7%	11%
+ Partners	\$74	\$5	16%	21%
= Cyber Safety	\$734	\$45	8%	12%
Legacy	\$14 ⁽³⁾	\$3	N/A	N/A
Total Revenue	\$748	\$48	8%	12%

Q2 FY23	Direct ARPU ⁽³⁾	Direct Retention	Direct Retention w/ Mobile
NortonLifeLock	\$8.60	85%	83%
Avast	\$4.30	66%	64%
Gen	\$6.98	77%	75%

Note: Amounts may not add due to rounding.

(1) Include NLOK Mobile App customers reporting (from Partners) to reflect Avast's and industry's practice.

(2) Post Avast close, customer count excludes Legacy customers impacted by exit of Russia and EOL products.

(3) Direct ARPU based on average customer count and assumes full quarter of revenue for both companies.

Now includes Mobile App Store customers.

Cost Synergy & Integration Update

% of Revenue	Today ⁽¹⁾ Before Synergies	Future ⁽²⁾ with 100% Synergies
COGS	13%	10 - 12%
S&M	21%	18 - 19%
R&D	9%	7 - 8%
G&A	5%	~3%
OPEX	~35%	~28 - 30%
OP. MARGIN	52%	~60%

(1) Based on NLOK + Avast combined full quarter results

(2) Full run-rate cost savings / cost structure achieved exiting FY24

- Annual savings identified increased to \$300M+
- Day 1 integration: Nov 1, 2022
- Integration shortened to 18 months
- Productivity target of ~\$1M revenue per employee
- Company to reinvest excess margin for growth and portfolio diversification

Balance Sheet & Cash Flow

Key Balance Sheet, Cash Flow, & Other Metrics

Dollars in millions

	Q2 FY22	Q1 FY23	Q2 FY23
Balance Sheet			
Cash, Cash Equivalents and STI	\$1,541	\$1,291	\$1,095
Contract Liabilities	\$1,213	\$1,220	\$1,684
Debt (Principal)	\$3,866	\$3,336	\$10,207
Cash Flow			
Cash Flow from Operations	\$60	\$215	(\$88) ⁽¹⁾
Capital Expenditures	\$1	\$2	\$2
Free Cash Flow	\$59	\$213	(\$90) ⁽¹⁾
Other Metrics			
Dividends + Dividend Equivalents (Quarterly \$0.125 per common share)	\$73	\$81	\$73
Share Repurchase	\$0	\$300	\$104

(1) Q2 FY23 Cash Flow from Operations includes approximately \$110 million of cash payments related to closing the Avast merger.

(2) Using Consolidated Debt Covenant EBITDA (Non-GAAP).

FY23 Year-to-Date

\$123M

Free Cash Flow ⁽¹⁾

\$558M

Capital Returned
to Shareholders

(Dividends + Buybacks)

- Q2 Cash Flow includes ~\$110M of payments related to Avast close
- Liquidity of \$2.6B (\$1.1B cash + \$1.5B revolver)
- Debt/EBITDA⁽²⁾ Leverage 4.4x (Gross), 3.95x (Net)
 - Avast deal financing \$7.6B (TLA + TLB)
 - Raised \$1.5B senior notes with blended rate of 6.9%
 - Repayment of prior TLA \$1.7B
 - Settled 2% senior convertible note in cash for \$630M

Q3 FY23 Non-GAAP Guidance & Long-Term Target

Q3 REVENUE

\$925M - \$940M

Q3 guidance reflects
first full quarter of Avast

Q3 EPS

\$0.42 - \$0.45

First quarter dilutive impact of
Avast acquisition; accretive
in first 12 months

LONG-TERM

\$3

Annualized EPS
Exiting FY25

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

- Guidance in USD assumes October 2022 average foreign exchange rates.
- Assumes Non-GAAP effective tax rate of 22% - 23%.
- 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.

Value Creation Model

Gen Investment Thesis

Still in Early Stages of Digital Life Transformation

- Purpose-driven culture and commitment to innovation
- Global needs for digital world protection and empowerment
- Redefining Cyber Safety and expanding into trust-based solutions

Leadership at Scale and Structural Profitability

- Leading consumer Cyber Safety transformation with 500M+ users
- Diversified go-to-market and portfolio positioned for growth
- Profitable revenue growth driving innovation capacity

Superior Cash Flow Generation with Disciplined Deployment

- High recurring subscription revenue model provides durability
- Strong free cash flow generation
- Maximizing return with dividend, buyback and M&A agenda

Creating Long-Term Shareholder Value

Gen's Customer Universe

There's a new generation out there. Not Gen X, Y, or Z.
It's Gen D. Generation Digital.

5 billion
global internet users

500M+

Total Users
(paid & free)

~65M

Cyber Safety Customers
(paid Direct + Partners)

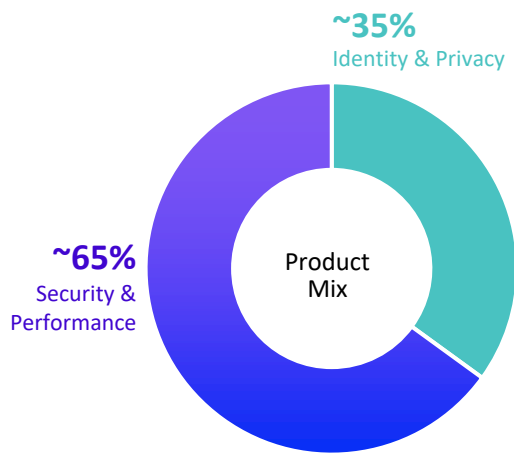
~39M

Direct

14M+
Members*

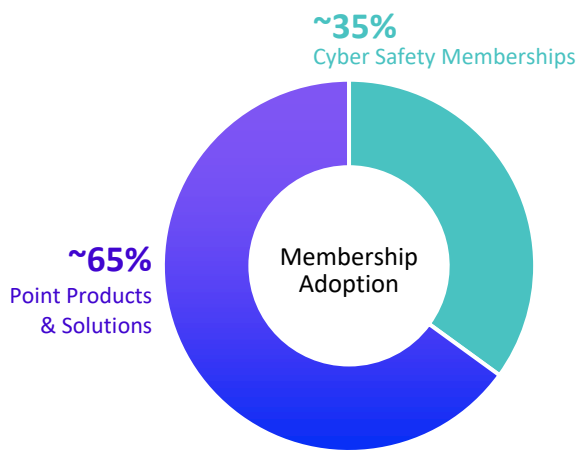
* Members from Norton 360, Avast One, Avira Prime.

Gen Portfolio Positioned for Growth and Expansion



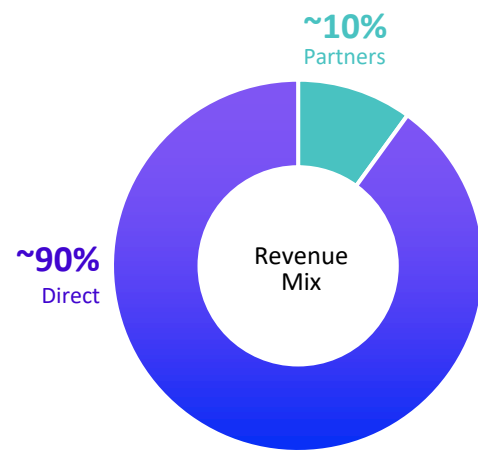
Increasing **Value**

Cross-sell and expand identity & privacy following consumers' evolving needs



Growing **Loyalty**

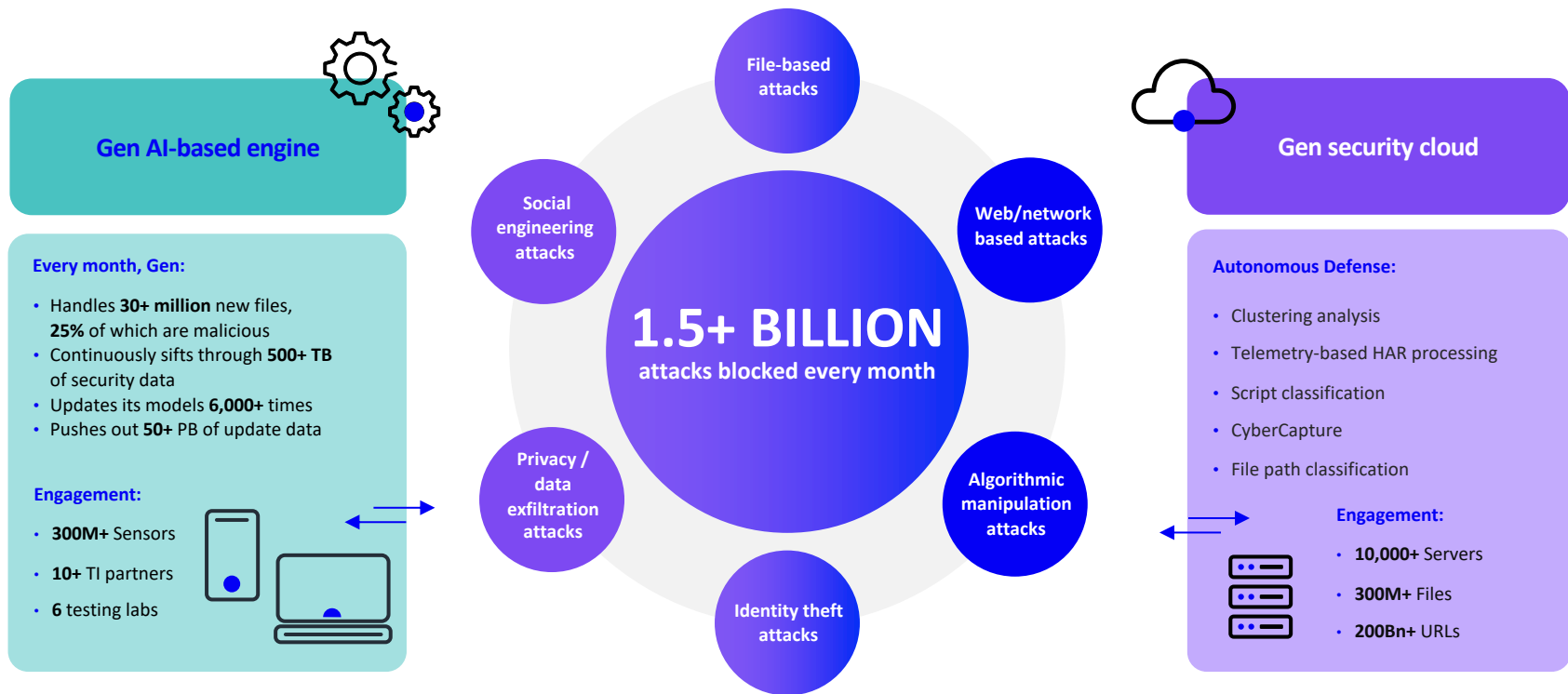
Increase loyalty and retention, as consumers move from point products protecting their devices towards cyber memberships



Extending **Reach**

Leveraging omni-channel strategy and building partnerships to broaden privacy and identity protection internationally

World's Largest Consumer Security Network



Evolving into Full Coverage of Cyber Safety Needs

Reputation Management

Manage online perception, status and reputation in an increasingly digital world.

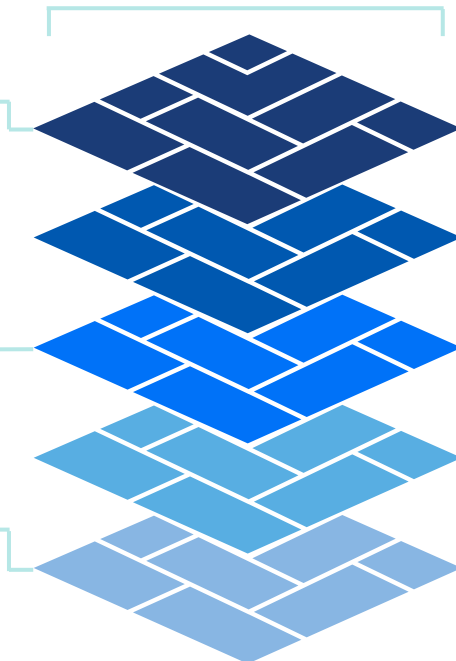
Identity Protection

Protect credentials, financial data and other ID-related items from exposure and fraudulent use.

Device Security & Performance

Establish protections and tune performance on phones, PCs and other endpoint devices.

Trust-based solutions



Personal Privacy

Protect personal and other sensitive data from public view or exploitation. Set controls.

Data & Cloud Security

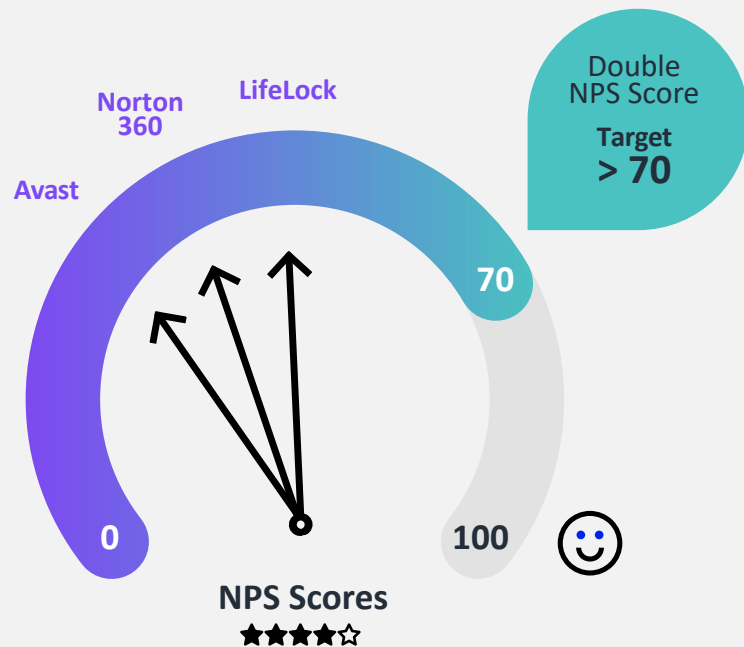
Maintain protections as online activity increases and data shifts to cloud.



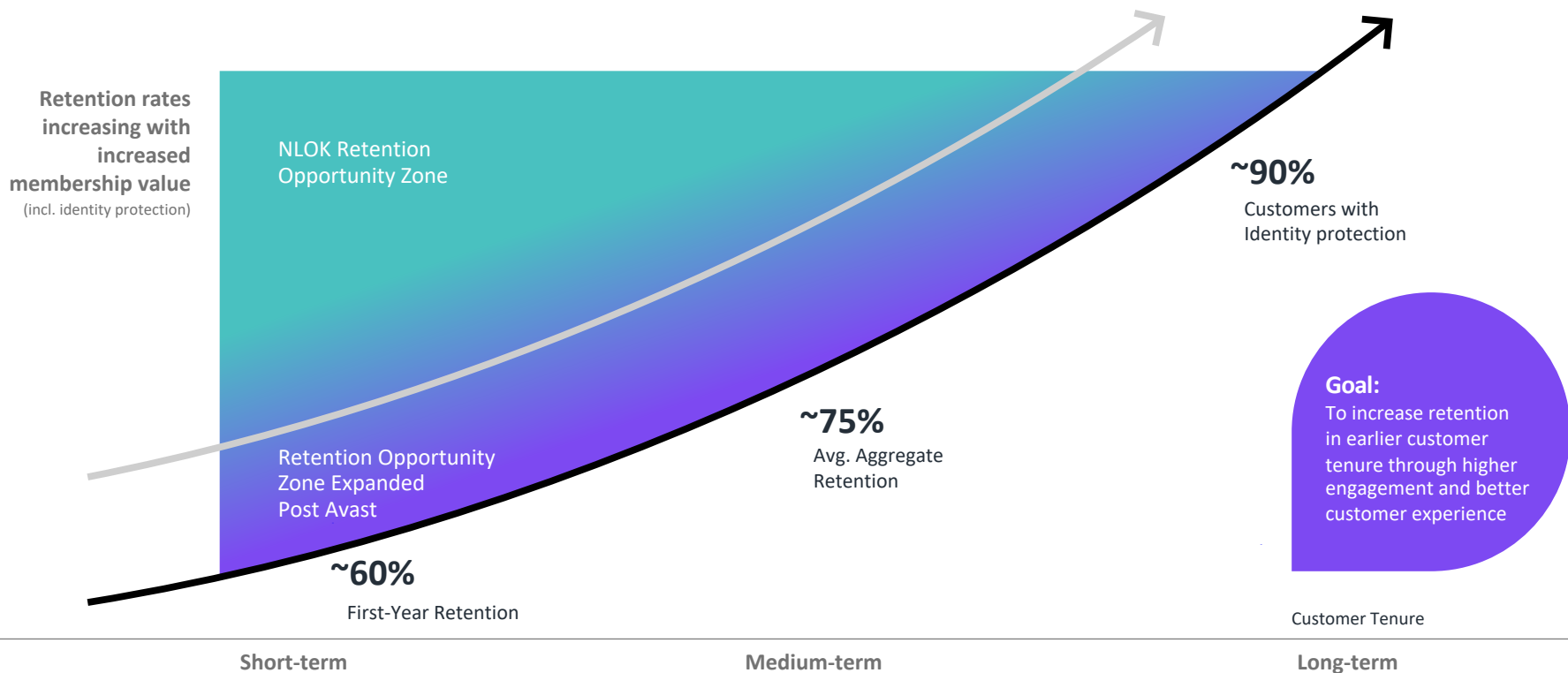
Increasing Value to Customers

	ARPU	% of Customers
LifeLock	\$15+	~ 10%
Norton 360	\$8 - \$9 ⁽¹⁾	~ 35%
Norton Security	~\$6	~ 10%
Avast / Avira	~\$4 - \$5	~ 35%
Mobile	~\$2 - \$3	~ 10%

(1) Represents blended ARPU of Norton 360 membership tiers.
Norton 360 Security ARPU in range of \$7-9, Norton 360 Identity ARPU \$15+



Greater Retention Opportunity

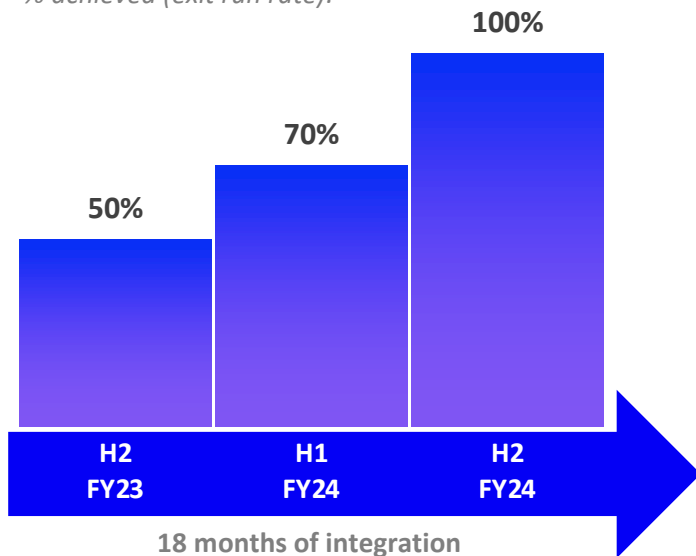


Synergy Opportunities

Cost Synergies

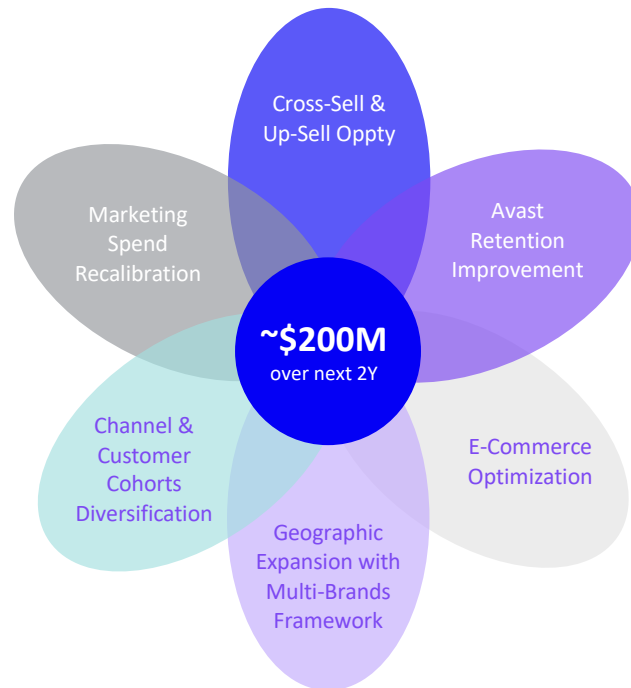
Increased to **\$300M+** annual cost synergies

% achieved (exit run rate):



Revenue Synergy Opportunities

Strengthens **mid-single digit** growth



Long-Term Target Path to \$3 EPS

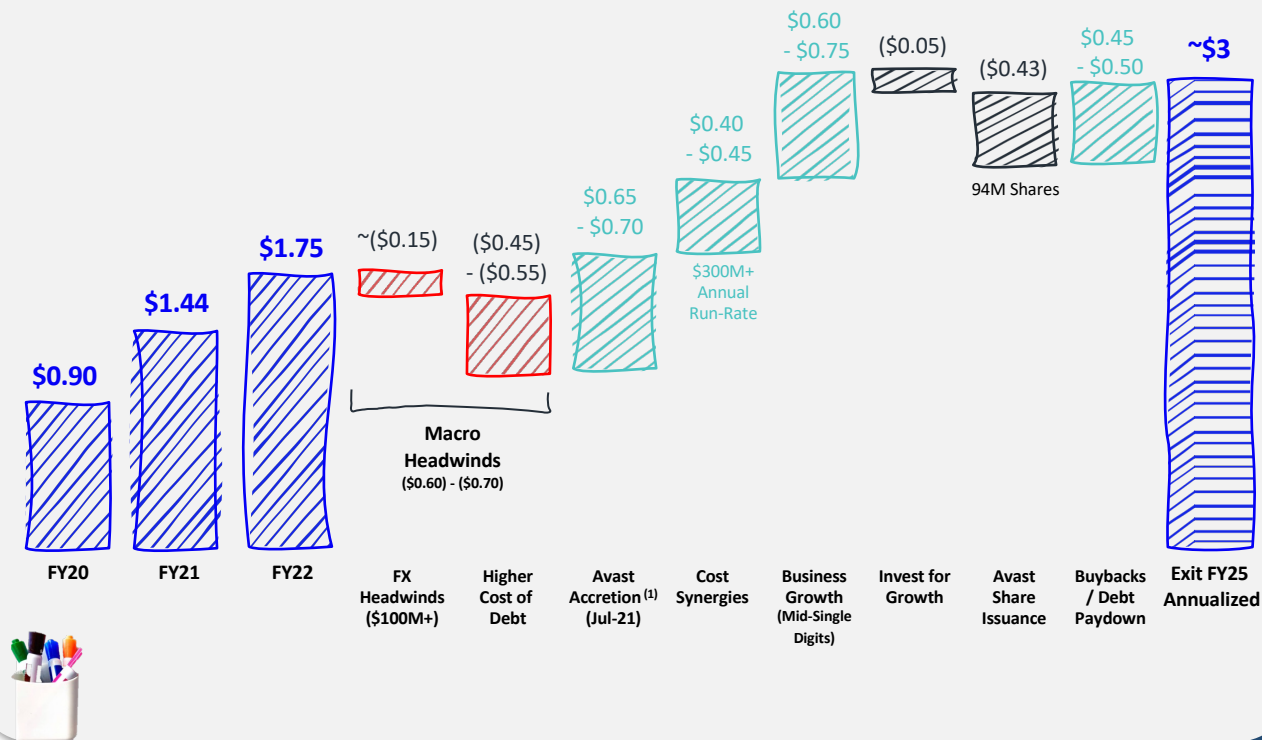
Macro & FX Headwinds:

- Rising cost of debt
- US Dollar appreciation

Increased annual gross cost synergies to \$300M+

Investments targeted at diversification and expanding trust-based solutions

Revenue synergies and product innovation support long-term mid-single digits growth assumption



(1) Includes Avast profit contribution and deal financing (before debt cost increases), excludes impact from Avast Share Issuance (included to the right)

Disciplined Capital Allocation

~\$1.5B

Annual
Free Cash Flow*

Dividend
\$0.50/share

~3x
Net Debt
Leverage
(Target)

Opportunistic
Share Buyback
\$1.4B
Authorization Remaining

M&A
as continued
accelerator

Balanced & Disciplined Approach

- De-levering capacity to ~3x net debt leverage
- Current cost of debt ~5-6% (~75% floating debt, expect variable cost to trend with term SOFR)
- \$2.6B Liquidity with no near-term maturities until FY26 (April 2025)
- M&A will continue to be part of our long-term strategy

Note:

* FCF target post cost synergies


* Cash flow headwinds (vs. Aug 2021):

- Higher cost of capital ~\$300M to \$400M
- FX currency devaluation ~\$100M

Supplemental Information

Avast Acquisition: Mechanics & Financing

Deal closed on September 12, 2022

 MCO election 63.5% of Avast shares MSO election 36.5% of Avast shares	Before Deal Ending Q1 FY23		After Deal Post Q2 FY23	
	Basic Share Count (Shares Issued and Outstanding)	571M	661M ⁽¹⁾	94M new shares issued
	Debt (Principal)	\$3.3B	\$10.2B	\$7.6B acquisition financing raised \$6B cash consideration paid
	Interest Expense (Quarterly)	\$30M	\$140M - \$150M ⁽²⁾	\$7.6B Term Loan Debt \$2.6B Fixed Debt

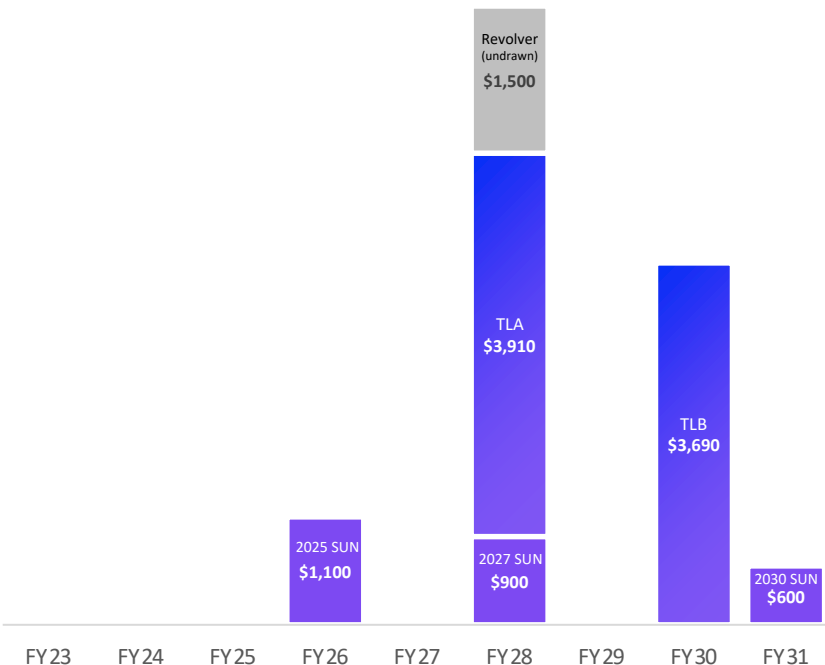
(1) Includes impact of Q2 share repurchases (5M).

(2) Current cost of debt ~5-6%. Floating rate debt interest expense is subject to changes in Term SOFR, the benchmark rate, and corporate leverage.

Go Forward Capital Structure

Debt Maturities (Initial Principal Amounts)

\$ in millions



Facility	Principal (\$ Mil)	Maturity	Coupon
Revolver (RCF)	\$1,500	2027	SOFR+CSA+1.75%
Term Loan A (TLA)	\$3,910	2027	SOFR+CSA+1.75%
Term Loan B (TLB)	\$3,690	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%

- Raised \$7.6B of TLA/B to fund Avast acquisition and \$1.5B of SUN to refinance maturing debt
- Debt maturities extended and staggered through FY31; No near-term maturity until April 2025
- Current cost of debt ~5-6%
(~75% floating debt, expect variable cost to trend with term SOFR)

Notes:

- RCF / TLA drawn 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 9/30/2022, 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.

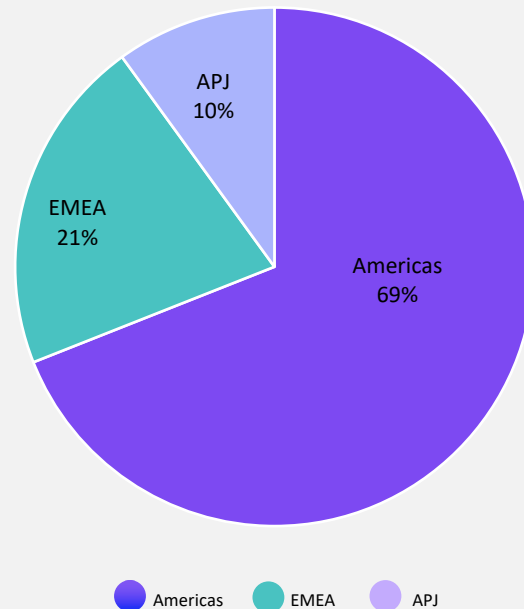
Foreign Currency Update

Euro		Q1 FY22	Q2 FY22	Q1 FY23	Q2 FY23
€ / \$					
	Weighted Avg.	1.21	1.18	1.06	1.01
	End of Period	1.18	1.16	1.04	0.98

Yen		Q1 FY22	Q2 FY22	Q1 FY23	Q2 FY23
¥ / \$					
	Weighted Avg.	0.0091	0.0091	0.0077	0.0072
	End of Period	0.0090	0.0090	0.0074	0.0069

Revenue Mix by Geo

Non-GAAP, Q2 FY23 Actuals ⁽¹⁾



(1) Pro-Forma, assumes full quarter of Avast

Trended Non-GAAP Quarterly Results

Non-GAAP P&L (\$M), except per share amounts	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
TOTAL REVENUE	\$691	\$695	\$704	\$717	\$2,807	\$708	\$748
Gross Profit	599	607	610	624	2,440	\$612	646
Gross Margin	86.7%	87.3%	86.6%	87.0%	86.9%	86.4%	86.4%
• Sales & Marketing	150	148	155	150	603	149	159
• Research & Development	62	63	54	55	234	55	67
• General & Administrative	33	33	29	28	123	28	32
Operating Expenses	245	244	238	233	960	232	258
% of Revenue	35.5%	35.1%	33.8%	32.5%	34.2%	32.8%	34.5%
Operating Income	\$354	\$363	\$372	\$391	\$1,480	\$380	\$388
Operating Margin	51.2%	52.2%	52.8%	54.5%	52.7%	53.7%	51.9%
• Interest Expense	(30)	(29)	(30)	(29)	(118)	(30)	(45)
• Other Income (Expense)	2	2	-	(6)	(2)	(2)	2
Income before Income Taxes	\$326	\$336	\$342	\$356	\$1,360	\$348	\$345
• Provision for Income Tax	78	81	82	85	326	83	76
Net Income	\$248	\$255	\$260	\$271	\$1,034	\$265	\$269
EPS	\$0.42	\$0.43	\$0.44	\$0.46	\$1.75	\$0.45	\$0.45
• Diluted Share Count	591	591	591	593	591	586	595
• Depreciation	4	4	4	4	16	3	4
Reported EBITDA	\$358	\$367	\$376	\$395	\$1,496	\$383	\$392

Reconciliation to Non-GAAP Gross Profit

GAAP to Non-GAAP Gross Profit (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
GAAP Results of Operation							
Gross profit (GAAP)	\$584	\$592	\$597	\$615	\$2,388	\$605	\$629
Non-GAAP Gross Profit Adjustments							
Net revenues							
• Contract liabilities fair value adjustments	5	3	2	1	11	1	-
Cost of revenues							
• Stock-based compensation	-	1	-	1	2	1	1
• Amortization of intangible assets	10	11	11	7	39	5	16
TOTAL GROSS PROFIT ADJUSTMENT	15	15	13	9	52	7	17
Non-GAAP Results of Operation							
Net revenues	691	695	704	717	2,807	708	748
Cost of revenues	92	88	94	93	367	96	102
GROSS PROFIT (NON-GAAP)	\$599	\$607	\$610	\$624	\$2,440	\$612	\$646

Reconciliation to Non-GAAP Operating Income

GAAP to Non-GAAP Operating Income (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
GAAP Results of Operation							
Operating income (GAAP)	\$287	\$287	\$302	\$129	\$1,005	\$261	\$241
Total Non-GAAP gross profit adjustment	15	15	13	9	52	7	17
Non-GAAP Operating Expense Adjustments							
Stock-based compensation	20	12	18	18	68	23	28
Amortization of intangible assets	21	21	22	22	85	21	29
Restructuring and other costs	7	5	12	7	31	2	9
Acquisition and integration costs	1	21	7	8	37	8	58
Litigation costs	3	1	-	198	202	58	7
Other	-	1	(1)	-	-	-	(1)
TOTAL OPERATING EXPENSE ADJUSTMENT	52	61	57	253	423	112	130
Non-GAAP Results of Operation							
Gross profit	599	607	610	624	2,440	612	646
• Sales and marketing	150	148	155	150	603	149	159
• Research and development	62	63	54	55	234	55	67
• General and administrative	33	33	29	28	123	28	32
Total operating expenses	245	244	233	233	960	232	258
OPERATING income (Non-GAAP)	\$354	\$363	\$372	\$391	\$1,480	\$380	\$388

Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
GAAP Results of Operation							
Net income (GAAP)	\$181	\$333	\$202	\$120	\$836	\$200	\$69
• Total Non-GAAP gross profit adjustment	15	15	13	9	52	7	17
• Total Non-GAAP operating expense adjustment	52	61	57	253	423	112	130
Non-GAAP Other Non-operating Expense (Income) Adj							
Non-cash interest expense	2	2	2	2	8	1	3
Loss (gain) on extinguishment of debt	5	-	-	(2)	3	-	9
Gain on sale of properties	-	(175)	-	-	(175)	-	-
Other	-	-	9	(2)	7	(1)	(9)
• Total adjustments to GAAP income before income taxes	74	(97)	81	260	318	119	150
• Income tax effect of non-GAAP adjustments	(7)	19	(23)	(109)	(120)	(54)	50 ⁽¹⁾
Total net income adjustment	67	(78)	58	151	198	65	200
Non-GAAP Results of Operation							
Operating income	354	363	372	391	1,480	380	388
• Interest expense	(30)	(29)	(30)	(29)	(118)	(30)	(45)
• Other income (expense), net	2	2	-	(6)	(2)	(2)	2
Income before income taxes	326	336	342	356	1,360	348	345
Provision for income taxes	78	81	82	85	326	83	76
Net income (Non-GAAP)	\$248	\$255	\$260	\$271	\$1,034	\$265	\$269

(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.

Reconciliation to Non-GAAP EPS and Net Income

GAAP to Non-GAAP EPS and Net Income ⁽¹⁾
(\$M), except per share amounts

Q2FY23

	EPS	Net Income
GAAP EPS / Net Income	\$0.12	\$69
• Stock based compensation	0.05	29
• Amortization of intangible assets	0.08	45
• Restructuring and other costs	0.02	9
• Acquisition and integration costs	0.10	58
• Litigation costs	0.01	7
• Other ⁽²⁾	0.00	2
• Adjustment to GAAP provision for income taxes	0.08	50
Total adjustments	0.34	200
Non-GAAP EPS / Net Income	\$0.45	\$269

(1) Total may not add due to rounding.

(2) Other includes non-cash interest expense, loss (gain) on extinguishment of debt, and other minor reconciling items..

Trended Share Count

Diluted Share Count Shares in millions	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
Basic Share Count Weighted Average	580	582	582	582	581	578	590
Dilutive Potentially Issuable Shares:							
• From Employee Equity Awards	4	2	3	4	3	4	3
• From Convertible Debt	7	7	6	7	7	22	2
Diluted Share Count (GAAP)	591	591	591	593	591	604	595
• Incremental dilution effect ⁽¹⁾	-	-	-	-	-	(18)	-
Diluted Share Count (Non-GAAP)	591	591	591	593	591	586	595
• Average Share Price	\$25.03	\$25.99	\$25.30	\$27.49	\$25.95	\$24.51	\$23.14

(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 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
Cost of revenues	\$-	\$1	\$-	\$1	\$2	\$1	\$1
Sales and marketing	5	3	5	6	19	7	8
Research and development	6	3	5	5	19	6	6
General and administrative	9	6	8	7	30	10	14
Total stock-based compensation expense	\$20	\$13	\$18	\$19	\$70	\$24	\$29

Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) ⁽¹⁾ (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23
Net income	\$181	\$333	\$202	\$120	\$836	\$200	\$69
Adjustments:							
• Net interest expense	32	21	32	31	126	29	45
• Income tax expense (benefit)	71	100	59	(24)	206	29	126
• Depreciation and amortization	36	35	37	32	140	29	49
EBITDA (Non-GAAP)	320	499	330	159	1,308	287	289
Adjustments to EBITDA:							
• Contract liabilities fair value adjustment	5	3	2	1	11	1	-
• Stock-based compensation	20	13	18	19	70	24	29
• Restructuring and other costs	7	5	12	7	31	2	9
• Acquisition and integration costs	1	21	7	8	37	8	58
• Litigation costs	3	1	-	198	202	58	7
• Loss (gain) on extinguishment of debt	5	-	-	(2)	3	-	9
• Gain on sale of properties	-	(175)	-	-	(175)	-	-
• Other cost of revenues and operating expenses	(1)	2	(1)	-	-	-	(1)
• Other non-operating expense (income), net ⁽²⁾	(2)	(2)	8	5	9	3	(8)
Reported EBITDA (Non-GAAP)	\$358	\$367	\$376	\$395	\$1,496	\$383	\$392

(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.

Consolidated Debt Covenant EBITDA (Non-GAAP)

Consolidated Debt Covenant EBITDA (Non-GAAP) ⁽¹⁾ (\$M)

LTM ⁽⁴⁾

Net income

\$591

Adjustments:

• Net interest expense	137
• Income tax expense (benefit)	190
• Depreciation and amortization	147

EBITDA (Non-GAAP)

1,065

Adjustments to EBITDA:

• Contract liabilities fair value adjustment	4
• Stock-based compensation	90
• Restructuring and other costs	30
• Acquisition and integration costs	81
• Litigation costs	263
• Loss (gain) on extinguishment of debt	7
• Gain on sale of properties	-
• Other cost of revenues and operating expenses	(2)
• Other non-operating expense (income), net ⁽²⁾	8

Reported EBITDA (Non-GAAP)

1,546

Adjustments to Reported EBITDA:

• Other non-operating expense (income), net ⁽²⁾	(8)
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Adjusted Debt Covenant EBITDA (Non-GAAP)

\$1,538

• Avast LTM EBITDA (before 9/12/22) ⁽³⁾	471
• Unrealized cost synergies	300

Consolidated Debt Covenant EBITDA (Non-GAAP)

\$2,309

(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) Avast LTM EBITDA (Before 9/12/22) is calculated as net income adjusted for IFRS to US GAAP adjustments, income tax expense (benefit), depreciation and amortization, as well as adjustments for revenue haircut, stock-based compensation, and exceptional costs.

(4) 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, net income and earnings per share, which are adjusted from results based on GAAP and exclude certain expenses, gains and losses. We also provide the non-GAAP metrics of revenues, constant currency revenues, and free cash flow, which is defined as cash flows from operating activities, less purchases of property and equipment. These non-GAAP financial measures are provided to enhance the user's understanding of our past financial performance and our prospects for the future. Our management team uses these non-GAAP financial measures in assessing 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](https://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 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 or third party app stores. 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.

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.

Thank you

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