

Gen™

Q1 FY25 Earnings

August 1, 2024



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 long-term targets (including those related to Debt/EBITDA Net Leverage), Q2 FY25 and Fiscal Year 25 Non-GAAP guidance and go-forward capital structure, and any statements of assumptions underlying any of the foregoing. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from results expressed or implied in this presentation. Such risk factors include, but are not limited to, those related to: 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 ongoing and new geopolitical conflicts. Additional information concerning these and other risk factors is contained in the Risk Factors sections of our most recent reports on Form 10-K and Form 10-Q. We encourage you to read those sections carefully. There may also be other factors that have not been anticipated or that are not described in our periodic filings with the SEC, generally because we did not believe them to be significant at the time, which could cause actual results to differ materially from our projections and expectations. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. We assume no obligation, and do not intend, to update these forward-looking statements as a result of future events or developments.

Purpose

Powering Digital Freedom

Mission

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

Gen



Business & Portfolio Highlights

Industry Leader in a Dynamic Threat Landscape

Q1 Threat Landscape

3B+

Blocked attacks

Scams

Continue to be the highest malware threat

400K+

Phishing attacks imitating popular social media platforms

Industry Recognitions



PCWorld Best of 2024

Norton 360 Deluxe, Avast One, AVG Internet Security, and Avira Prime



PCMag Editor's Choice 2024

Avast One



2024 Edison Award

Norton Genie



Silver Stevie Winner 2024

LifeLock

Norton Ultra VPN

The next-generation VPN solution now available

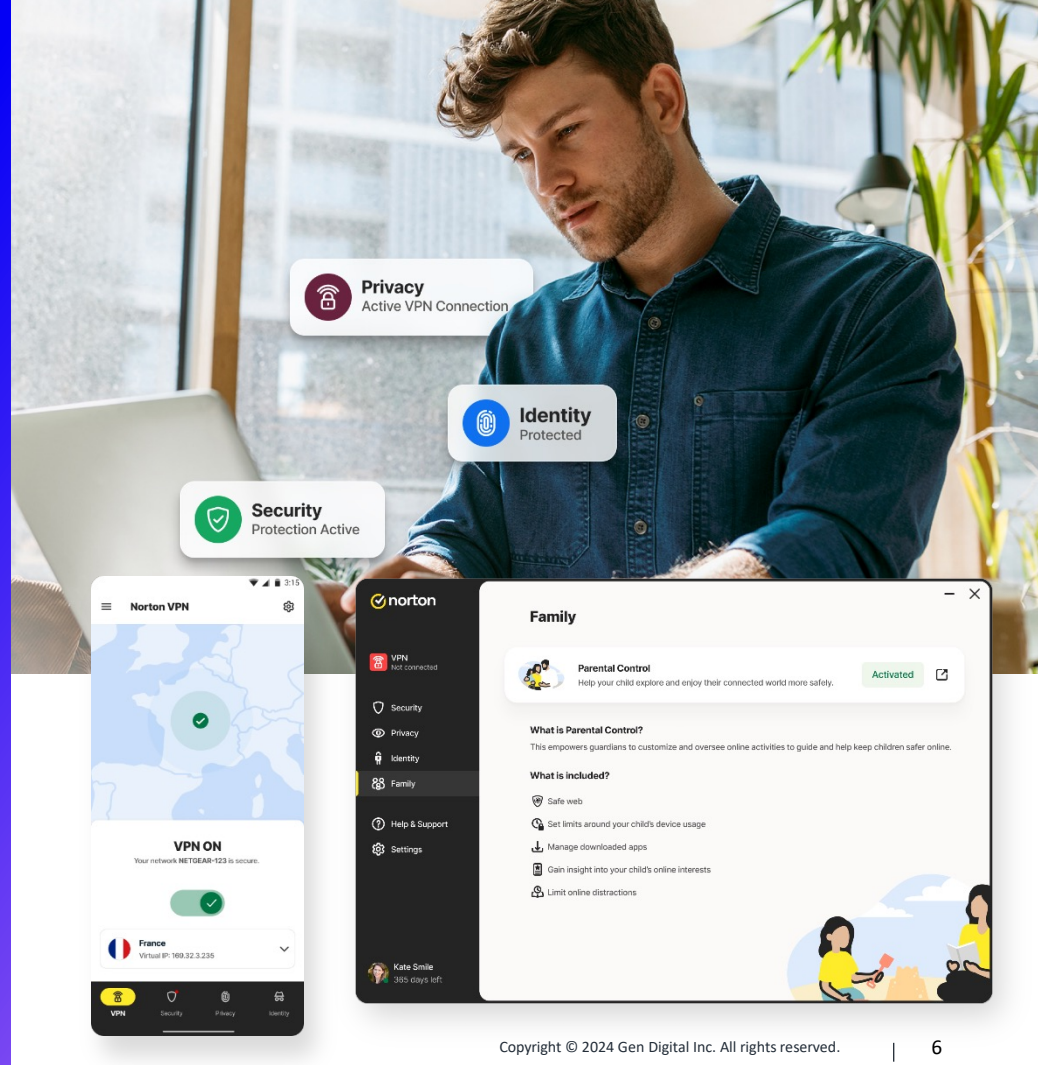
Your one-stop shop for cyber safety.

- Enjoy fast, reliable, and secure VPN
- Browse more privately and securely
- Monitor your personal data to know if it's compromised
- Keep your whole family safer online

Personalized, modular Cyber Safety membership

Gen

For more information, please visit norton.com/products/norton-vpn



Scam Artists

Educational Cyber Safety Campaign

A visual display of the emotional toll of cyber crime

We captured the brain reactions to the experiences of three cyber crime victims. We asked them to recall life before the event and reimagine life with cyber protection in place.

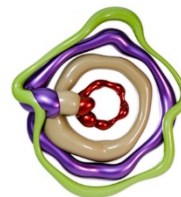
In each case, the participant's emotions shifted **from stress and anxiety to relaxation** and psychological wellbeing when presented with Cyber Safety solutions.

Gen™

Identity theft victim

Dominant brainwaves linked to the following emotions

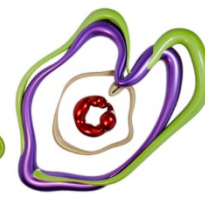
Before
Relaxation



During
Anxiety and violation



After
Psychological Well-being



How one woman found herself in debt she didn't create

Lynn Beattie's life was turned upside down when a random package she had not ordered arrived at her doorstep. After some digging, she realized an account had been set up in her name where eight items had been ordered. All the identity thieves needed to steal her identity was her name, address and date of birth.

[Read more](#)



The toll of a phishing scam on a small business owner

The scammers hacked into the business owner's PayPal account, stealing his money, personal details, and peace of mind. Phishing emails don't just target individuals, they target businesses too. They seem unavoidable as they continue to be a well-used tool by scammers worldwide—leading victims to feel particularly vulnerable.

[Read more](#)



Life savings gone—How a woman lost all her money to a scam

It all started with a text. Moya recalls, "The phishing text definitely wasn't particularly sophisticated—if it hadn't arrived late at night, I don't think I'd have fallen for it. But that was a key part of what made the scam so clever."

[Read more](#)



Personal Data Exposure Scan

Visit <https://lifelock.norton.com/exposurescan> to see how much of your personal information is at risk.

Your free exposure report includes:

- A **LifeLock dark web scan** that looks for your personal info where bad guys use it for their gain.
- A **Norton Privacy Monitor scan** that alerts you if data brokers have your info on file and could be selling it.
- A breakdown of what we found, where we found it, and what you can do to help protect yourself and the ones you love.



Risk Level
High risk

Chandler Villacruz
Your information has been exposed and you're at high risk of identity theft!

SSN: ***-**-**** DOB: **/**** 1***5 S**e D****e (215) 468-**** Hillary V*****

We may have redacted some of your personal information for your safety.

What we found

Your personalized risk report can give you insight into how cybercriminals combine information to steal your money. We have redacted some personal information for your safety.

High SSN: ***-**-**** Your social security number is exposed on the dark web. Tell me more	High 40 dark web breaches Your latest breach was on April 7, 2024. See more breaches	High 20 data broker sites Your personal information is currently being sold on data broker sites. Tell me more	High 1*5 V*a De La V**, Irvine, CA 92602 Your current address is exposed. Tell me more
High Driver's license Your driver's license has been exposed and could be used	Low Zip code: 92602 Your zip code is public and can be used to verify a credit	Medium Home title Your home title is listed publicly. Cybercriminals can	Medium Age: 52 years old Your age is among one of the most highly targeted groups

No one can prevent all cybercrime or prevent all identity theft.



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



Environment

22%

reduction in Scope 1 and 2 GHG emissions

30%

of employees participated in our Sustainable Home Improvement Program

98%

of products are delivered digitally.



Social

\$6.1M

in total charitable giving

5.3M+

people reached through Cyber Safety education and training

55%

of Gen employees participated in Giving@Gen programs



Governance

100%

of employees completed the annual Code of Conduct training

34%

women in our global workforce

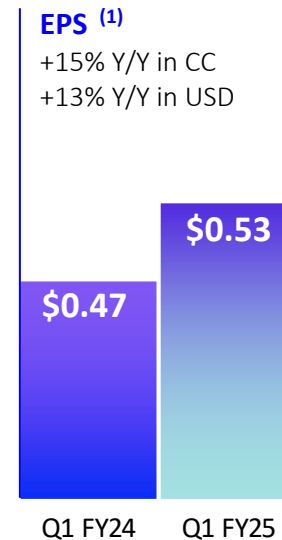
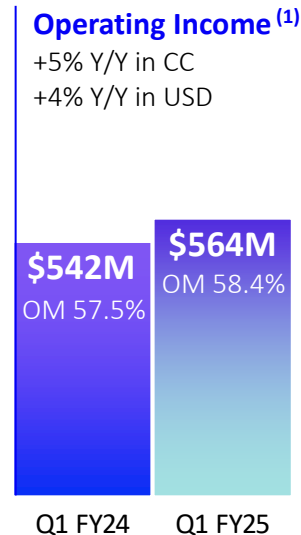
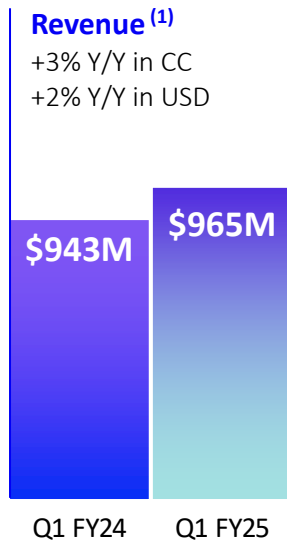
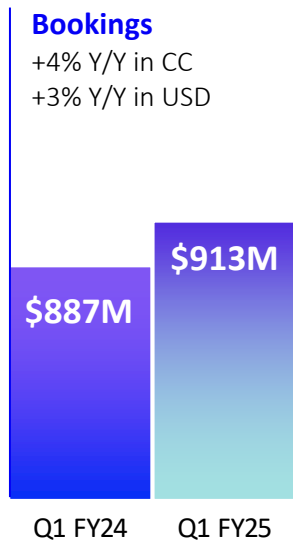
80%

of our Board Members are independent

FY25 Q1 Results

Q1 Non-GAAP Business Highlights

- 20th consecutive quarter of growth, Cyber Safety Bookings up 4% in constant currency
- Operating margin of 58.4%, up 90 bps Y/Y
- Double-digit EPS growth driven by strong execution and balanced capital allocation



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.

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please see slide 17 in appendix for more details.

Solid Start to FY25

- **Q1 Revenue of \$965M**, up 3% (CC)
 - Stronger growth in US market, supported by Identity and Privacy
 - Diversification efforts progressing, with Partner +6% (CC) and continued international Identity expansion
- **Operating Leverage at Scale: 58.4% Margin**
 - Best-in-class margins create capacity to invest for future growth
 - Partial reinvestment in Gen Stack deployment and new product development
- **Record EPS of \$0.53**, up 13% in USD and 15% in CC
 - Double digit earnings growth supported by operating leverage and capital allocation
 - Long-term capital allocation strategy remains balanced

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

Non-GAAP P&L (\$mil), except per share amounts	Q1 FY24 ⁽¹⁾	Q4 FY24 ⁽¹⁾	Q1 FY25	Y/Y % USD
Revenue	\$943	\$964	\$965	2%
Y/Y % (CC)	35% ⁽²⁾	3%	3%	--
Gross Profit	822	832	833	1%
Gross Margin	87.2%	86.3%	86.3%	(90) bps
Operating Expenses	280	266	269	(4%)
% of Revenue	29.7%	27.6%	27.9%	(180) bps
Operating Income	\$542	\$566	\$564	4%
Operating Margin	57.5%	58.7%	58.4%	90 bps
Other Income/(Expense)	(154)	(139)	(134)	nm
Effective Tax Rate	22%	22%	22%	--
Net Income	\$303	\$333	\$335	11%
EPS	\$0.47	\$0.52	\$0.53	13%
Diluted Share Count	643	637	627	(2%)

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please see slide 17 in appendix for more details.

(2) Q1 FY24 prior year comparative excluded Avast results (acquired in September 2022)

Gen Performance Metrics

REVENUE

	Q1 FY24	Q4 FY24	Q1 FY25	Y/Y % USD	Y/Y % CC
Direct ^{(1) (2)}	\$829	\$844	\$850	3%	3%
+ Partners	\$97	\$105	\$101	4%	6%
= Cyber Safety	\$926	\$949	\$951	3%	4%
+ Legacy ⁽³⁾	\$17	\$15	\$14	(18%)	(18%)
= Total Revenue	\$943	\$964	\$965	2%	3%

Note: Amounts may not add due to rounding.

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please see slide 17 in appendix for more details.

(2) Subscriptions sold directly through E-Commerce and Mobile App

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

(4) Direct monthly ARPU is calculated as direct customer revenues for the period divided by the average direct customer count for the same period, expressed as a monthly figure.

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

CYBER SAFETY METRICS

	Q1 FY24	Q4 FY24	Q1 FY25	Y/Y
Direct Customers <i>(Q/Q change)</i>	38.2M <i>(29K)</i>	39.1M <i>+232K</i>	39.3M <i>+192K</i>	1.1M
Direct Monthly ARPU ⁽⁴⁾	\$7.24	\$7.22	\$7.23	(\$0.01)
Direct Retention ⁽⁵⁾	76%+	77%	~78%	1+ pt

- Direct Customers up 1.1M Y/Y from geographic expansion efforts
- Continue to scale Privacy cross-sells within customer base
 - FX negatively impacted Q1 ARPU by \$0.04 Y/Y, \$0.02 Q/Q
- Stable to slightly improving retention across all brands / channels

Balance Sheet & Cash Flow

Key Balance Sheet, Cash Flow, & Other Metrics (\$mil)	Q1 FY24	Q4 FY24	Q1 FY25
Balance Sheet			
Cash and Cash Equivalents	\$623	\$846	\$644
Contract Liabilities ⁽¹⁾	\$1,778	\$1,884	\$1,819
Debt (Principal)	\$9,691	\$8,716	\$8,628
Cash Flow			
Cash Flow from Operations	\$226	\$1,398 ⁽²⁾	\$264
Capital Expenditures	\$4	\$3	\$2
Free Cash Flow	\$222	\$1,395 ⁽²⁾	\$262
Other Metrics: Capital Allocation			
Dividends + Dividend Equivalents (Quarterly \$0.125 per common share)	\$83	\$78	\$82
Debt Paydown	\$208	\$658	\$88
Share Repurchase	\$41	\$300	\$272

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please see slide 17 in appendix for more details.

(2) Associated with tax capital losses disclosed in our FY23 10-K

(3) Using Covenant Debt EBITDA (Non-GAAP)

- **Liquidity of \$2.1B+**

- \$644M cash + \$1.5B revolver undrawn

- **Debt / EBITDA ⁽³⁾ Net Leverage of 3.5x**

- Remain committed to long-term target of <3x by FY27

- **Free Cash Flow of \$262M**

- Prior quarter included \$900M cash tax refund ⁽¹⁾
- Q2 cash flow impacted by annual US tax payments (including transition tax)

- **Capital Allocation: \$272M deployed towards \$3B Share Buyback May 2024 Authorization**

Q2 FY25 and Re-Affirm FY25 Non-GAAP Guidance

Q2 FY25

REVENUE
\$965M - \$975M

EPS
\$0.53 - \$0.55

FY25

REVENUE
\$3.890B - \$3.930B

EPS
\$2.17 - \$2.23

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

- Guidance in USD assumes average July 2024 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.

FY25 Key Assumptions

(Growth in Constant Currency)

- Cyber Safety Bookings growth: 3-5%
- Cyber Safety Revenue growth: 3-4%
- EPS growth: 12-15%
- Stable currency and SOFR flat to down

Supplemental Information

Immaterial Correction of Prior Period Financial Statements

Disclosure:

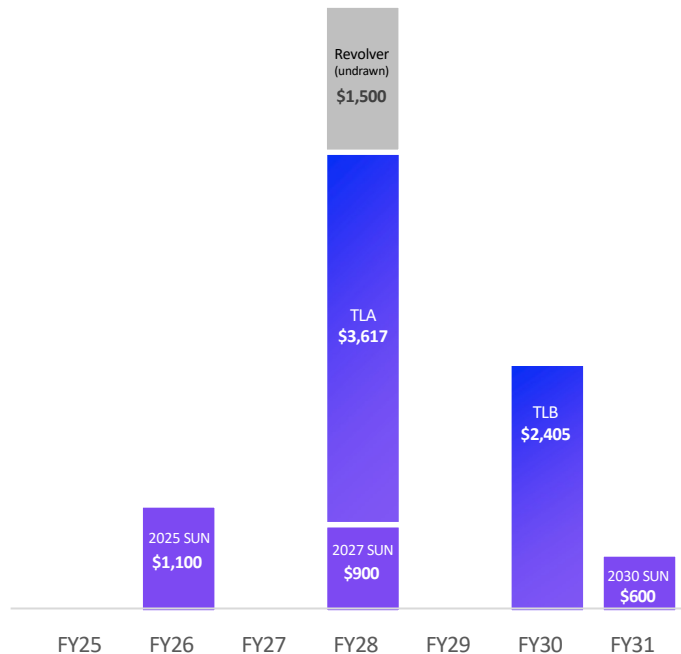
During the first quarter of fiscal year 2025, we made a revision to our historical practice of when we recognize revenue from certain customers, changing from successful billing date to renewal start date. We concluded that the impact of the revision was an immaterial correction to prior period financial statements. However, for comparative purposes we have corrected for this in prior periods.

- FY24 (Direct) Revenue \$3M / qtr, FY25 <\$5M absorbed in guidance
- Offsetting changes in contract liabilities
- No impact to cash
- No impact on customer count and retention

Capital Structure

Debt Maturities in \$mil (Initial Principal Amounts)

As of June 28, 2024



Facility	Principal (\$ mil)	Maturity	Coupon
Revolver (RCF): undrawn	\$1,500	2027	If drawn: SOFR+CSA+1.5%
Term Loan A (TLA)	\$3,617	2027	SOFR+CSA+1.5%
Term Loan B (TLB)	\$2,405	2029	SOFR+1.75%
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 \$950M in FY24
 - Voluntary TLB pre-payments of \$30M in June 2024
- March 2023: Executed \$1 billion of 3-year pay fixed interest rate swaps
- June 2024: Repriced existing TLB to SOFR +1.75% (from SOFR + CSA + 2%)
- Current cost of debt ~6.6%
 - ~58% 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 06/28/2024, 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.

Trended Non-GAAP Quarterly Results

Non-GAAP P&L (\$M), except per share amounts	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
Direct Customer Revenues	829	834	834	844	3,341	850
Partner Revenues	97	95	99	105	396	101
TOTAL CYBER SAFETY REVENUE	\$926	\$929	\$933	\$949	\$3,737	\$951
Legacy Revenues	17	16	15	15	63	14
TOTAL REVENUE	\$943	\$945	\$948	\$964	\$3,800	\$965
Y/Y % (CC)	35%	28%	2%	3%	15%	3%
Gross Profit	\$822	\$824	\$824	\$832	\$3,302	\$833
Gross Margin	87.2%	87.2%	86.9%	86.3%	86.9%	86.3%
• Sales & Marketing	172	174	172	173	691	173
• Research & Development	79	75	67	69	290	72
• General & Administrative	29	29	30	24	112	24
Operating Expenses	280	278	269	266	1,093	269
% of Revenue	29.7%	29.4%	28.4%	27.6%	28.8%	27.9%
Operating Income	\$542	\$546	\$555	\$566	\$2,209	\$564
Operating Margin	57.5%	57.8%	58.5%	58.7%	58.1%	58.4%
• Interest Expense	(163)	(167)	(158)	(154)	(642)	(146)
• Other Income (Expense)	9	6	7	15	37	12
Income before Income Taxes	\$388	\$385	\$404	\$427	\$1,604	\$430
• Provision for Income Tax	85	84	89	94	352	95
Net Income	\$303	\$301	\$315	\$333	\$1,252	\$335
EPS	\$0.47	\$0.47	\$0.49	\$0.52	\$1.95	\$0.53
• Diluted Share Count	643	644	645	637	642	627
• Depreciation	7	6	5	5	23	5
Reported EBITDA	\$549	\$552	\$560	\$571	\$2,232	\$569

Reconciliation to Non-GAAP Gross Profit

GAAP to Non-GAAP Gross Profit (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
GAAP Results of Operation						
Gross profit (GAAP)	\$764	\$765	\$766	\$774	\$3,069	\$775
Non-GAAP Gross Profit Adjustments						
Cost of revenues						
• Stock-based compensation	1	1	1	1	4	1
• Amortization of intangible assets	57	58	57	57	229	57
TOTAL GROSS PROFIT ADJUSTMENT	58	59	58	58	233	58
Non-GAAP Results of Operation						
Net revenues	943	945	948	964	3,800	965
Cost of revenues	121	121	124	132	498	132
GROSS PROFIT (NON-GAAP)	\$822	\$824	\$824	\$832	\$3,302	\$833

Reconciliation to Non-GAAP Operating Income

GAAP to Non-GAAP Operating Income (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
GAAP Results of Operation						
Operating income (GAAP)	\$359	\$22	\$332	\$397	\$1,110	\$417
Total Non-GAAP gross profit adjustment	58	59	58	58	233	58
Non-GAAP Operating Expense Adjustments						
Stock-based compensation	36	34	34	30	134	30
Amortization of intangible assets	61	61	61	50	233	43
Restructuring and other costs	17	17	2	21	57	(1)
Acquisition and integration costs	6	6	8	4	24	2
Litigation costs	5	347	60	6	418	15
TOTAL OPERATING EXPENSE ADJUSTMENT	125	465	165	111	866	89
Non-GAAP Results of Operation						
Gross profit	822	824	824	832	3,302	833
• Sales and marketing	172	174	172	173	691	173
• Research and development	79	75	67	69	290	72
• General and administrative	29	29	30	24	112	24
Total operating expenses	280	278	269	266	1,093	269
Operating Income (Non-GAAP)	\$542	\$546	\$555	\$566	\$2,209	\$564

Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
GAAP Results of Operation						
Net income (GAAP)	\$187	\$147	\$142	\$131	\$607	\$181
Total Non-GAAP gross profit adjustment	58	59	58	58	233	58
Total Non-GAAP operating expense adjustment	125	465	165	111	866	89
Non-GAAP Other Non-Operating Expense (Income) Adj						
Non-cash interest expense	7	6	7	7	27	7
Loss (gain) on equity investments	-	-	-	40	40	-
Gain on sale of properties	(4)	-	(5)	-	(9)	-
Other	1	(1)	1	(1)	-	-
Total adjustments to GAAP income before income taxes	187	529	226	215	1,157	154
Income tax effect of non-GAAP adjustments	(71)	(375)	(53)	(13)	(512)	-
Total net income adjustment	116	154	173	202	645	154
Non-GAAP Results of Operation						
Operating income	542	546	555	566	2,209	564
Interest expense	(163)	(167)	(158)	(154)	(642)	(146)
Other income (expense), net	9	6	7	15	37	12
Income before income taxes	388	385	404	427	1,604	430
Provision for income taxes	85	84	89	94	352	95
Net income (Non-GAAP)	\$303	\$301	\$315	\$333	\$1,252	\$335

Reconciliation to Non-GAAP EPS and Net Income

GAAP to Non-GAAP EPS and Net Income ⁽¹⁾ (\$M), except per share amounts	Q1 FY25	
	EPS	Net Income
GAAP EPS / Net Income	\$0.29	\$181
• Stock based compensation	0.05	31
• Amortization of intangible assets	0.16	100
• Restructuring and other costs	(0.00)	(1)
• Acquisition and integration costs	0.00	2
• Litigation costs	0.02	15
• Other ⁽²⁾	0.02	7
Total adjustments	0.25	154
Non-GAAP EPS / Net Income	\$0.53	\$335

Reconciliation to Non-GAAP (Unlevered) Free Cash Flow

Unlevered Free Cash Flow Reconciliation	Q1 FY25
Net Cash Flow from Operating Activities	\$264
Adjustments:	
• Capital Expenditures	(2)
Free Cash Flow	\$262
Adjustments:	
• Cash paid for interest expense, net of interest rate hedges	\$187
Unlevered Free Cash Flow	\$449

Trended GAAP Revenue by Geo

Revenue by Geo (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
US	558	563	563	578	2,262	579
Rest of Americas	56	55	56	56	223	57
Americas	614	618	619	633	2,484	636
EMEA	226	227	230	233	916	233
APJ	103	100	99	98	400	96
Total Revenue	\$943	\$945	\$948	\$964	\$3,800	\$965

Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) ⁽¹⁾ (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
Net income	\$187	\$147	\$142	\$131	\$607	\$181
Adjustments:						
• Net interest expense	164	167	160	153	644	145
• Income tax expense (benefit)	14	(291)	36	81	(160)	95
• Depreciation and amortization	125	125	123	112	485	105
EBITDA (Non-GAAP)	490	148	461	477	1,576	526
Adjustments to EBITDA:						
• Stock-based compensation	37	35	35	31	138	31
• Restructuring and other costs	17	17	2	21	57	(1)
• Acquisition and integration costs	6	6	8	4	24	2
• Litigation costs	5	347	60	6	418	15
• Loss (gain) on equity investments	-	-	-	40	40	-
• Gain on sale of properties	(4)	-	(5)	-	(9)	-
• Other non-operating expense (income), net ⁽²⁾	(2)	(1)	(1)	(8)	(12)	(4)
Reported EBITDA (Non-GAAP)	\$549	\$552	\$560	\$571	\$2,232	\$569

(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.

Trended Share Count

Diluted Share Count Shares in millions	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
Basic Share Count Weighted Average	640	640	639	630	637	621
Dilutive Potentially Issuable Shares:						
From Employee Equity Awards	3	4	6	7	5	6
Diluted Share Count (GAAP)	643	644	645	637	642	627
Diluted Share Count (Non-GAAP)	643	644	645	637	642	627
<i>Average Share Price</i>	<i>\$17.48</i>	<i>\$19.51</i>	<i>\$19.81</i>	<i>\$22.11</i>	<i>\$19.73</i>	<i>\$22.79</i>

Trended Stock-Based Compensation

Stock Based Compensation (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25
Cost of revenues	\$1	\$1	\$1	\$1	\$4	\$1
Sales and marketing	9	10	10	7	36	9
Research and development	11	10	9	9	39	9
General and administrative	16	13	15	14	58	12
Restructuring and other costs	-	1	-	-	1	-
Total stock-based compensation expense	\$37	\$35	\$35	\$31	\$138	\$31

Debt Covenant EBITDA (Non-GAAP)

Debt Covenant EBITDA (Non-GAAP) ⁽¹⁾ (\$M)	LTM ⁽³⁾
Net income	\$601
Adjustments:	
• Net interest expense	625
• Income tax expense (benefit)	(79)
• Depreciation and amortization	465
EBITDA (Non-GAAP)	\$1,612
Adjustments to EBITDA:	
• Stock-based compensation	132
• Restructuring and other costs	39
• Acquisition and integration costs	20
• Litigation costs	428
• Loss (gain) on equity investments	40
• Gain on sale of properties	(5)
• Other non-operating expense (income), net ⁽²⁾	(14)
Reported EBITDA (Non-GAAP)	\$2,252
Adjustments to Reported EBITDA:	
• Other non-operating expense (income), net ⁽²⁾	14
• Unrealized cost synergies	16
Consolidated Debt Covenant EBITDA (Non-GAAP)	\$2,282

(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](https://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 percentage of direct customers as of the end of the period from one year ago who are still active as of the most recently completed fiscal period. We monitor the 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

Web: Investor.GenDigital.com

Email: IR@GenDigital.com

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