

Gen™

Q2 FY25 Earnings

October 30, 2024



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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), Q3 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.



Business & Portfolio Highlights

Q2 Threat Landscape

1B+

Blocked attacks monthly

46%

Increase in blocked attacks YoY

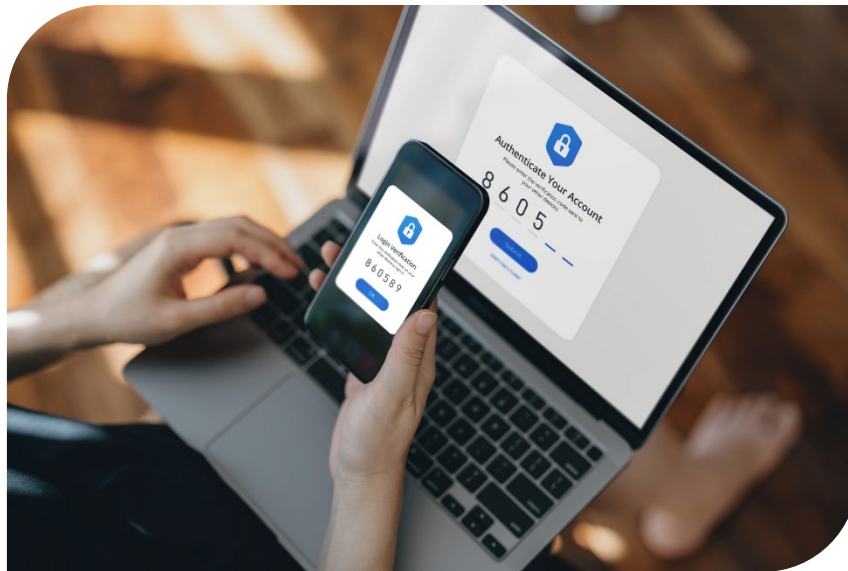
90%

of all threats are **scams & malvertising**
(social engineering)

24%

QoQ surge in blocked ransomware attacks

Gen



Scammers' Playbook: New and Revamped Tactics

Accessibility and rise of AI allows cybercriminals to lure more victims

Digital Identity Theft: The New Gold Rush

Rise of mega breaches: large-scale breaches becoming the norm

On the Rise: Consumer Ransomware

Consumers targeted with less protection in place than large companies, concentrated in India, US, Canada, UK

To read the full Gen Threat Report,
visit: <https://www.gendigital.com/blog/news/innovation/q2-2024-threat-report>.

Shaping the NextGen product portfolio based on consumer needs

1

Protect my digital
life from any security
threats



**Scam, fraud,
malware and
phishing
protection**

2

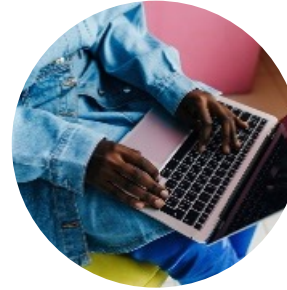
Keep my finances
safe online



**Financial and
credit wellness
features**

3

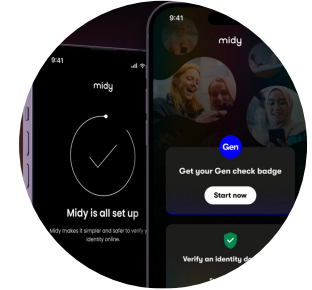
Give me control of
my personal data



**Personalized risk
detection &
proactive
recommendations**

4

Verify the people
and information I
interact with online



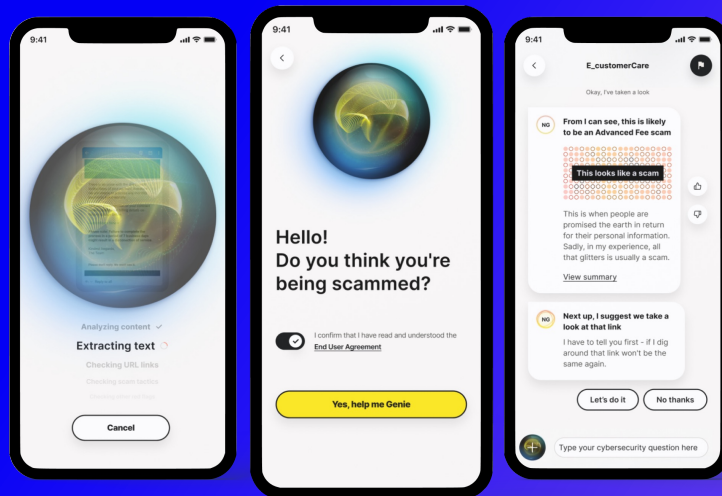
**Identity
verification &
digital trust
services**

Anti-Scam Leadership

Download today: <https://Genie.AI>

Norton + AI:

- Scam Detection at your fingertips
- Simply take a screenshot of your text or email and share it with Genie
- Proprietary AI that delivers results in seconds
- Powered by Norton - Advice you can trust



1.6M+

App Downloads
to date

4.8

App Rating (out of 5)
iOS App Store

99%

Efficacy

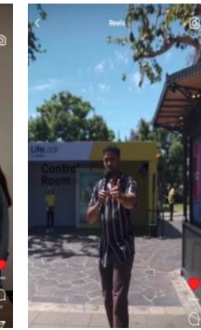
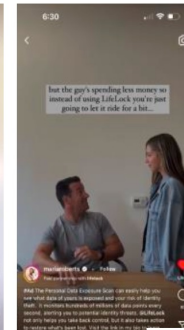
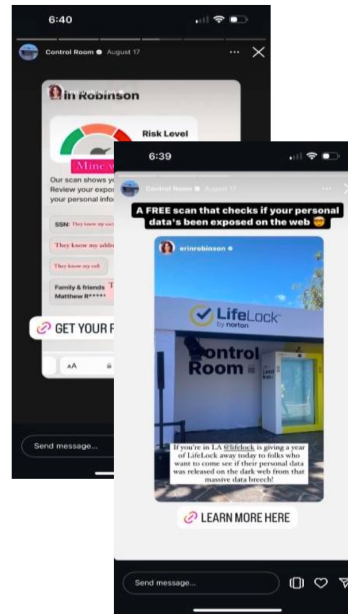
LifeLock Control Room

Driving awareness of LifeLock Data Exposure Scan through integrated marketing

- In-person experience at the Grove in LA captured people's reactions after realizing how 'Out of Control' their data is
- Influencers amplified the experience and expanded awareness of the Data Exposure Scan

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

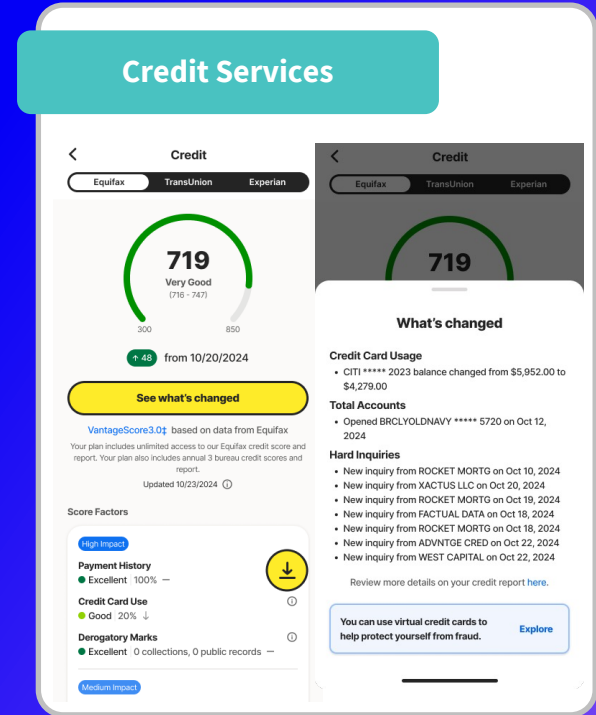
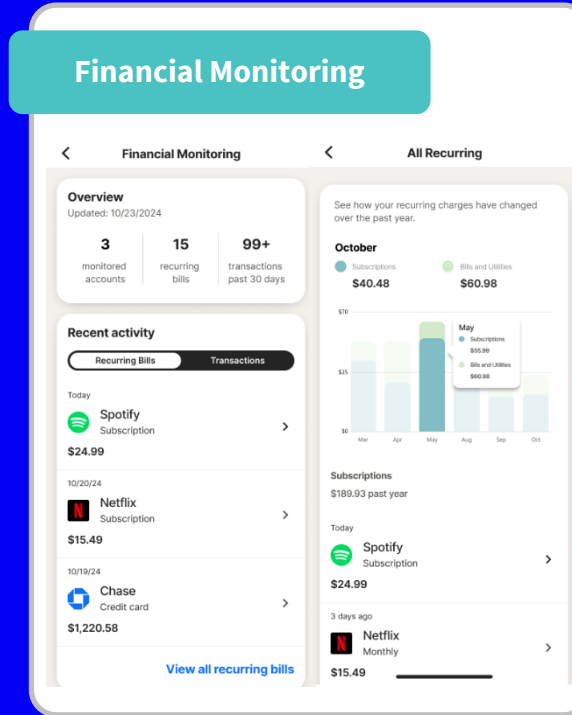
Gen No one can prevent all cybercrime or prevent all identity theft.



Expanding financial wellness services in LifeLock

Introducing **Credit Score Insights**, providing LifeLock customers with insights into their financial information.

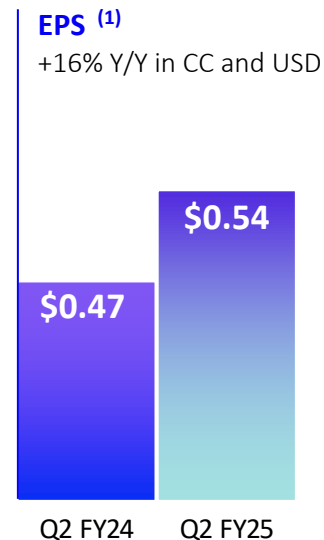
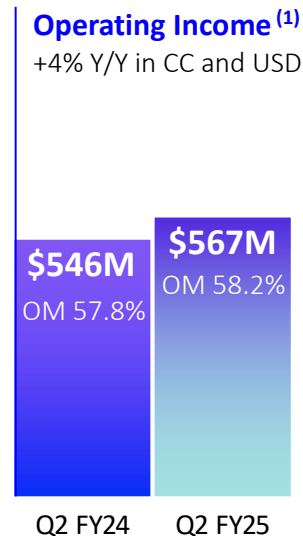
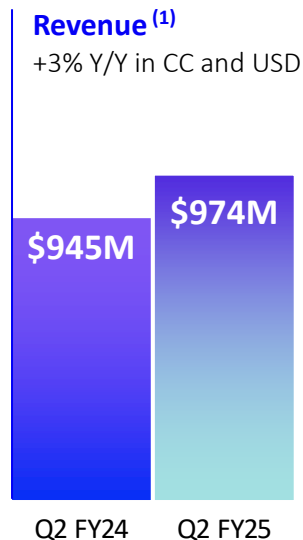
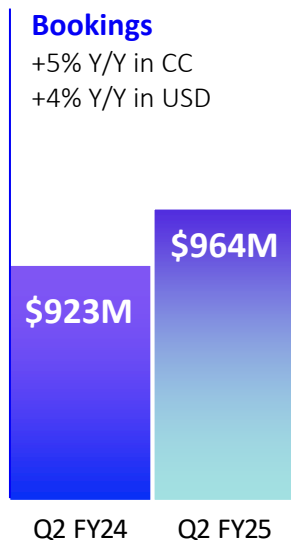
- Complementing existing financial monitoring features
- Building, leveraging, protecting, and extending credit health
- Providing actionable insights into member's credit score and steps to improve credit over time



FY25 Q2 Results

Q2 Non-GAAP Business Highlights

- Bookings up 5% in constant currency, 21st consecutive quarter of growth
- Operating margin expansion to 58.2%, up 40 bps Y/Y
- Double-digit EPS growth driven by focused 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 refer to Note 1 in the Q1 FY25 10-Q for more details.

Solid Start to FY25

- **Q2 Revenue of \$974M**, up 3% in USD and CC
 - Stronger growth in US market and Identity offerings, supported by increased awareness from recent mega breaches
 - Gaining traction with upselling to higher Identity membership offerings, including international
- **Operating Leverage at Scale: 58.2% Margin**, up 40 bps
 - Best-in-class margins, with deployed efficiencies to create capacity for future growth
 - Continued investment into innovation efforts, with increased marketing to capture demand
- **Record EPS of \$0.54**, up 16% in USD and CC
 - Double digit earnings growth supported by operating leverage and capital allocation
 - Long-term capital allocation strategy remains balanced

Non-GAAP P&L (\$mil), except per share amounts	Q2 FY24 ⁽¹⁾	Q1 FY25	Q2 FY25	Y/Y % USD
Revenue	\$945	\$965	\$974	3%
Y/Y % (CC)	28% ⁽²⁾	3%	3%	--
Gross Profit	824	833	839	2%
Gross Margin	87.2%	86.3%	86.1%	(110) bps
Operating Expenses	278	269	272	(2%)
% of Revenue	29.4%	27.9%	27.9%	(150) bps
Operating Income	\$546	\$564	\$567	4%
Operating Margin	57.8%	58.4%	58.2%	40 bps
Other Income/(Expense)	(161)	(134)	(137)	nm
Effective Tax Rate	22%	22%	22%	--
Net Income	\$301	\$335	\$336	12%
EPS	\$0.47	\$0.53	\$0.54	16%
Diluted Share Count	644	627	622	(3%)

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please refer to Note 1 in the Q1 FY25 10-Q for more details.

(2) Q2 FY24 prior year comparative included partial Avast results (acquired in September 2022)

Gen Performance Metrics

REVENUE

	Q2 FY24	Q1 FY25	Q2 FY25	Y/Y % USD	Y/Y % CC
Direct ^{(1) (2)}	\$834	\$850	\$860	3%	3%
+ Partners	\$95	\$101	\$102	7%	8%
= Cyber Safety	\$929	\$951	\$962	4%	4%
+ Legacy ⁽³⁾	\$16	\$14	\$12	(25%)	(23%)
= Total Revenue	\$945	\$965	\$974	3%	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 refer to Note 1 in the Q1 FY25 10-Q 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 exited markets.

(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

	Q2 FY24	Q1 FY25	Q2 FY25	Y/Y
Direct Customers <i>(Q/Q change)</i>	38.5M <i>+380K</i>	39.3M <i>+192K</i>	39.7M <i>+389K</i>	1.1M+
Direct Monthly ARPU ⁽⁴⁾	\$7.25	\$7.23	\$7.26	\$0.01
Direct Retention ⁽⁵⁾	77%	~78%	~78%	1 pt

- All KPIs stable to up, with continued gains at the cohort level
- Direct Customers up over 1.1M Y/Y from geographic expansion
- ARPU expansion reflects scaling of Privacy cross-sells within customer base
- Stable to slightly improving retention across all brands / channels

Balance Sheet & Cash Flow

Key Balance Sheet, Cash Flow, & Other Metrics (\$mil)	Q2 FY24	Q1 FY25	Q2 FY25
Balance Sheet			
Cash and Cash Equivalents	\$629	\$644	\$737
Contract Liabilities ⁽¹⁾	\$1,744	\$1,819	\$1,827
Debt (Principal)	\$9,633	\$8,628	\$8,628
Cash Flow			
Cash Flow from Operations	\$125	\$264	\$158
Capital Expenditures	\$5	\$2	\$2
Free Cash Flow	\$120	\$262	\$156
Other Metrics: Capital Allocation			
Dividends + Dividend Equivalents (Quarterly \$0.125 per common share)	\$81	\$82	\$77
Debt Paydown	\$58	\$88	-
Share Repurchase	-	\$272	-

(1) During the first quarter of fiscal year 2025, Gen made an immaterial revision to FY24 financials. Please refer to Note 1 in the Q1 FY25 10-Q for more details.

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

- **Liquidity of \$2.2B+**
 - \$737M cash + \$1.5B revolver undrawn
- **Debt / EBITDA ⁽²⁾ Net Leverage of 3.4x**
 - Remain committed to long-term target <3x by FY27
- **Free Cash Flow of \$156M**
 - Q2 cash flow impacted by annual US tax payments (including transition tax)

Q3 FY25 and FY25 Non-GAAP Guidance

Q3 FY25

REVENUE
\$980M - \$990M

EPS
\$0.54 - \$0.56

FY25

REVENUE
\$3.905B - \$3.930B

EPS
\$2.18 - \$2.23

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

- Guidance in USD assumes average Oct 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)

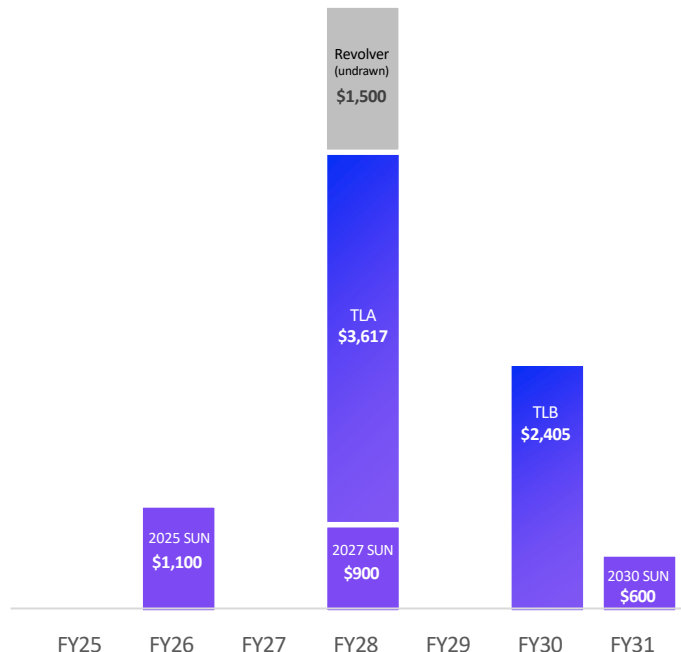
- Cyber Safety Bookings growth: 4-5%
- Cyber Safety Revenue growth: 3-4%
- EPS growth: 12-15%
- Stable currency and SOFR flat to down

Supplemental Information

Capital Structure

Debt Maturities in \$mil (Initial Principal Amounts)

As of September 27, 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 ~6.5%
 - ~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 09/27/2024, 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	Q2 FY25
Direct Customer Revenues	829	834	834	844	3,341	850	860
Partner Revenues	97	95	99	105	396	101	102
TOTAL CYBER SAFETY REVENUE	\$926	\$929	\$933	\$949	\$3,737	\$951	\$962
Legacy Revenues	17	16	15	15	63	14	12
TOTAL REVENUE	\$943	\$945	\$948	\$964	\$3,800	\$965	\$974
Y/Y % (CC)	35%	28%	2%	3%	15%	3%	3%
Gross Profit	\$822	\$824	\$824	\$832	\$3,302	\$833	\$839
Gross Margin	87.2%	87.2%	86.9%	86.3%	86.9%	86.3%	86.1%
• Sales & Marketing	172	174	172	173	691	173	175
• Research & Development	79	75	67	69	290	72	74
• General & Administrative	29	29	30	24	112	24	23
Operating Expenses	280	278	269	266	1,093	269	272
% of Revenue	29.7%	29.4%	28.4%	27.6%	28.8%	27.9%	27.9%
Operating Income	\$542	\$546	\$555	\$566	\$2,209	\$564	\$567
Operating Margin	57.5%	57.8%	58.5%	58.7%	58.1%	58.4%	58.2%
• Interest Expense	(163)	(167)	(158)	(154)	(642)	(146)	(143)
• Other Income (Expense)	9	6	7	15	37	12	6
Income before Income Taxes	\$388	\$385	\$404	\$427	\$1,604	\$430	\$430
• Provision for Income Tax	85	84	89	94	352	95	94
Net Income	\$303	\$301	\$315	\$333	\$1,252	\$335	\$336
EPS	\$0.47	\$0.47	\$0.49	\$0.52	\$1.95	\$0.53	\$0.54
• Diluted Share Count	643	644	645	637	642	627	622
• Depreciation	7	6	5	5	23	5	4
Reported EBITDA	\$549	\$552	\$560	\$571	\$2,232	\$569	\$571

Reconciliation to Non-GAAP Gross Profit

GAAP to Non-GAAP Gross Profit (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
GAAP Results of Operation							
Gross profit (GAAP)	\$764	\$765	\$766	\$774	\$3,069	\$775	\$780
Non-GAAP Gross Profit Adjustments							
Cost of revenues							
• Stock-based compensation	1	1	1	1	4	1	1
• Amortization of intangible assets	57	58	57	57	229	57	58
TOTAL GROSS PROFIT ADJUSTMENT	58	59	58	58	233	58	59
Non-GAAP Results of Operation							
Net revenues	943	945	948	964	3,800	965	974
Cost of revenues	121	121	124	132	498	132	135
GROSS PROFIT (NON-GAAP)	\$822	\$824	\$824	\$832	\$3,302	\$833	\$839

Reconciliation to Non-GAAP Operating Income

GAAP to Non-GAAP Operating Income (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
GAAP Results of Operation							
Operating income (GAAP)	\$359	\$22	\$332	\$397	\$1,110	\$417	\$402
Total Non-GAAP gross profit adjustment	58	59	58	58	233	58	59
Non-GAAP Operating Expense Adjustments							
Stock-based compensation	36	34	34	30	134	30	32
Amortization of intangible assets	61	61	61	50	233	43	44
Restructuring and other costs	17	17	2	21	57	(1)	3
Acquisition and integration costs	6	6	8	4	24	2	2
Litigation costs	5	347	60	6	418	15	25
TOTAL OPERATING EXPENSE ADJUSTMENT	125	465	165	111	866	89	106
Non-GAAP Results of Operation							
Gross profit	822	824	824	832	3,302	833	839
• Sales and marketing	172	174	172	173	691	173	175
• Research and development	79	75	67	69	290	72	74
• General and administrative	29	29	30	24	112	24	23
Total operating expenses	280	278	269	266	1,093	269	272
Operating Income (Non-GAAP)	\$542	\$546	\$555	\$566	\$2,209	\$564	\$567

Reconciliation to Non-GAAP Net Income

GAAP to Non-GAAP Net Income (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
GAAP Results of Operation							
Net income (GAAP)	\$187	\$147	\$142	\$131	\$607	\$181	\$161
Total Non-GAAP gross profit adjustment	58	59	58	58	233	58	59
Total Non-GAAP operating expense adjustment	125	465	165	111	866	89	106
Non-GAAP Other Non-Operating Expense (Income) Adj							
Non-cash interest expense	7	6	7	7	27	7	6
Loss (gain) on equity investments	-	-	-	40	40	-	-
Gain on sale of properties	(4)	-	(5)	-	(9)	-	-
Other	1	(1)	1	(1)	-	-	1
Total adjustments to GAAP income before income taxes	187	529	226	215	1,157	154	172
Income tax effect of non-GAAP adjustments	(71)	(375)	(53)	(13)	(512)	-	3
Total net income adjustment	116	154	173	202	645	154	175
Non-GAAP Results of Operation							
Operating income	542	546	555	566	2,209	564	567
Interest expense	(163)	(167)	(158)	(154)	(642)	(146)	(143)
Other income (expense), net	9	6	7	15	37	12	6
Income before income taxes	388	385	404	427	1,604	430	430
Provision for income taxes	85	84	89	94	352	95	94
Net income (Non-GAAP)	\$303	\$301	\$315	\$333	\$1,252	\$335	\$336

Reconciliation to Non-GAAP EPS and Net Income

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

	Q2 FY25	
	EPS	Net Income
GAAP EPS / Net Income	\$0.26	\$161
• Stock based compensation	0.05	33
• Amortization of intangible assets	0.16	102
• Restructuring and other costs	0.00	3
• Acquisition and integration costs	0.00	2
• Litigation costs	0.04	25
• Other ⁽²⁾	0.03	7
• Adjustment to GAAP provision for income taxes	0.00	3
Total adjustments	0.28	175
Non-GAAP EPS / Net Income	\$0.54	\$336

Reconciliation to Non-GAAP (Unlevered) Free Cash Flow

Unlevered Free Cash Flow Reconciliation	Q2 FY25
Net Cash Flow from Operating Activities	\$158
Adjustments:	
• Capital Expenditures	(2)
Free Cash Flow	\$156
Adjustments:	
• Cash paid for interest expense, net of interest rate hedges	\$70
Unlevered Free Cash Flow	\$226

Trended GAAP Revenue by Geo

Revenue by Geo (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
US	558	563	563	578	2,262	579	584
Rest of Americas	56	55	56	56	223	57	57
Americas	614	618	619	633	2,484	636	641
EMEA	226	227	230	233	916	233	233
APJ	103	100	99	98	400	96	100
Total Revenue	\$943	\$945	\$948	\$964	\$3,800	\$965	\$974

Trended EBITDA (Non-GAAP)

Reported EBITDA (Non-GAAP) ⁽¹⁾ (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
Net income	\$187	\$147	\$142	\$131	\$607	\$181	\$161
Adjustments:							
• Net interest expense	164	167	160	153	644	145	143
• Income tax expense (benefit)	14	(291)	36	81	(160)	95	97
• Depreciation and amortization	125	125	123	112	485	105	106
EBITDA (Non-GAAP)	490	148	461	477	1,576	526	507
Adjustments to EBITDA:							
• Stock-based compensation	37	35	35	31	138	31	33
• Restructuring and other costs	17	17	2	21	57	(1)	3
• Acquisition and integration costs	6	6	8	4	24	2	2
• Litigation costs	5	347	60	6	418	15	25
• Loss (gain) on equity investments	-	-	-	40	40	-	-
• Gain on sale of properties	(4)	-	(5)	-	(9)	-	-
• Impairment of long-lived assets	-	-	-	-	-	-	3
• Other non-operating expense (income), net ⁽²⁾	(2)	(1)	(1)	(8)	(12)	(4)	(2)
Reported EBITDA (Non-GAAP)	\$549	\$552	\$560	\$571	\$2,232	\$569	\$571

(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 and other minor reconciling items.

Trended Share Count

Diluted Share Count Shares in millions	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
Basic Share Count Weighted Average	640	640	639	630	637	621	616
Dilutive Potentially Issuable Shares:							
From Employee Equity Awards	3	4	6	7	5	6	6
Diluted Share Count (GAAP)	643	644	645	637	642	627	622
Diluted Share Count (Non-GAAP)	643	644	645	637	642	627	622
Average Share Price	\$17.48	\$19.51	\$19.81	\$22.11	\$19.73	\$22.79	\$25.64

Trended Stock-Based Compensation

Stock Based Compensation (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	FY24	Q1 FY25	Q2 FY25
Cost of revenues	\$1	\$1	\$1	\$1	\$4	\$1	\$1
Sales and marketing	9	10	10	7	36	9	9
Research and development	11	10	9	9	39	9	9
General and administrative	16	13	15	14	58	12	14
Restructuring and other costs	-	1	-	-	1	-	-
Total stock-based compensation expense	\$37	\$35	\$35	\$31	\$138	\$31	\$33

Debt Covenant EBITDA (Non-GAAP)

Debt Covenant EBITDA (Non-GAAP) ⁽¹⁾ (\$M)	LTM ⁽³⁾
Net income	\$615
Adjustments:	
• Net interest expense	601
• Income tax expense (benefit)	309
• Depreciation and amortization	446
EBITDA (Non-GAAP)	\$1,971
Adjustments to EBITDA:	
• Stock-based compensation	130
• Restructuring and other costs	25
• Acquisition and integration costs	16
• Litigation costs	106
• Loss (gain) on equity investments	40
• Gain on sale of properties	(5)
• Impairment of long-lived assets	3
• Other non-operating expense (income), net ⁽²⁾	(15)
Reported EBITDA (Non-GAAP)	\$2,271
Adjustments to Reported EBITDA:	
• Other non-operating expense (income), net ⁽²⁾	15
• Unrealized cost synergies	5
Consolidated Debt Covenant EBITDA (Non-GAAP)	\$2,291

(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 and loss (gain) on extinguishment of debt.

(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

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