

**McAfee Corp.****Non-GAAP Financial Measures**

In addition to McAfee's results determined in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company believes the following non-GAAP measures presented in this presentation are useful in evaluating its operating performance: adjusted cost of sales, adjusted gross profit, adjusted sales and marketing expense, adjusted research and development expense, adjusted general and administrative expense, adjusted operating expense, adjusted operating income, adjusted interest expenses and other, net, adjusted income before income tax expense, adjusted provision for income tax expense, adjusted net income, adjusted net income excluding impact of foreign exchange, adjusted EBITDA and adjusted EPS. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. A reconciliation has been provided in this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Readers are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

**McAfee Corp.**

**Condensed Consolidated Statements of Operations - Fiscal Quarters**

*(in millions, except per share data)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 637	\$ 654	\$ 662	\$ 682	\$ 685	\$ 716	\$ 728	\$ 777
Cost of sales	214	215	203	211	204	206	209	256
Gross profit	423	439	459	471	481	510	519	521
Gross margin percentage	66.4%	67.1%	69.3%	69.1%	70.2%	71.2%	71.3%	67.1%
Operating expenses:								
Sales and marketing	193	190	184	203	174	174	186	292
Research and development	94	99	96	91	94	92	88	201
General and administrative	59	64	72	77	78	60	62	132
Amortization of intangibles	58	55	55	54	55	55	55	55
Restructuring charges	12	3	(1)	8	9	-	-	16
Total operating expenses	416	411	406	433	410	381	391	696
Operating income (loss)	7	28	53	38	71	129	128	(175)
Operating margin percentage	1.1%	4.3%	8.0%	5.6%	10.4%	18.0%	17.6%	(22.5%)
Other Expense:								
Interest expense and other, net	(70)	(73)	(76)	(76)	(75)	(75)	(73)	(85)
Foreign exchange gain (loss), net	13	(12)	43	(24)	11	(17)	(43)	(55)
Income (loss) before income taxes	(50)	(57)	20	(62)	7	37	12	(315)
Provision for income tax expense (benefit)	17	22	29	19	(2)	15	12	5
Net income (loss)	\$ (67)	\$ (79)	\$ (9)	\$ (81)	\$ 9	\$ 22	\$ -	\$ (320)
Less: Net income (loss) attributable to redeemable noncontrolling interest <sup>(a)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(202)
Net income (loss) attributable to McAfee Corp. <sup>(a)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ (118)
Weighted average shares outstanding, basic								162.3
Weighted average shares outstanding, diluted								433.9
Net loss per share, basic and diluted <sup>(b)</sup>								\$ (0.73)

<sup>(a)</sup> Subsequent to the Reorganization Transactions and the initial public offering ("IPO"), McAfee Corp. consolidates the financial results of FTW and reports a redeemable noncontrolling interest ("RNCI") related to the LLC Units and management incentive units ("MIUs") not owned by the Corporation. See Note 1 to the Consolidated Financial Statements in the McAfee Corp. 2020 Form 10-K.

<sup>(b)</sup> For the year ended December 26, 2020, basic and diluted earnings per share of Class A common stock are applicable only for the period from October 22, 2020 through December 26, 2020, which is the period following the IPO and related Reorganization Transactions (as defined in Note 1 to the Consolidated Financial Statements in our 2020 Form 10-K).

**McAfee Corp.**  
**Adjusted Condensed Consolidated Statements of Operations - Fiscal Quarters**  
*(in millions, except per share data)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 637	\$ 654	\$ 662	\$ 682	\$ 685	\$ 716	\$ 728	\$ 777
Adjusted cost of sales	149	153	142	148	143	154	157	168
Adjusted gross profit	488	501	520	534	542	562	571	609
Adjusted gross margin percentage	76.6%	76.6%	78.5%	78.3%	79.1%	78.5%	78.4%	78.4%
Adjusted operating expenses:								
Adjusted sales and marketing	187	186	182	197	171	172	184	192
Adjusted research and development	88	94	90	85	91	89	87	90
Adjusted general and administrative	44	49	53	55	51	52	47	54
Total adjusted operating expenses	319	329	325	337	313	313	318	336
Adjusted operating income	169	172	195	197	229	249	253	273
Adjusted operating margin percentage	26.5%	26.3%	29.5%	28.9%	33.4%	34.8%	34.8%	35.1%
Other Expense:								
Adjusted interest expense and other, net	(67)	(68)	(71)	(72)	(70)	(71)	(68)	(59)
Foreign exchange gain (loss), net	13	(12)	43	(24)	11	(17)	(43)	(55)
Adjusted income before income taxes	115	92	167	101	170	161	142	159
Adjusted provision for income taxes <sup>(8)</sup>	25	20	37	23	37	35	31	36
Adjusted net income	\$ 90	\$ 72	\$ 130	\$ 78	\$ 133	\$ 126	\$ 111	\$ 123
Adjusted income before taxes excluding impact of foreign exchange <sup>(9)</sup>	102	104	124	125	159	178	185	214
Adjusted provision for income taxes excluding impact of foreign exchange <sup>(8)</sup>	22	23	27	28	35	39	41	47
Adjusted net income excluding impact of foreign exchange	\$ 80	\$ 81	\$ 97	\$ 97	\$ 124	\$ 139	\$ 144	\$ 167
Weighted average shares outstanding, diluted <sup>(10)</sup>								439.4
Adjusted EPS <sup>(c)</sup>								\$ 0.38

<sup>(8)</sup> Prior to our IPO our structure was that of a pass through entity for U.S. federal income tax purposes with certain U.S. and foreign subsidiaries subject to income tax in their respective jurisdictions. Subsequent to the IPO, McAfee Corp. is taxed as a corporation and pays corporate federal, state, and local taxes on income allocated to it from Foundation Technology Worldwide LLC. This amount has been recast for periods reported previously. The adjusted provision for income taxes and adjusted provision for income taxes excluding impact of foreign exchange now represent the tax effect on net income, adjusted for all of the listed adjustments, assuming that all consolidated net income was subject to corporate taxation for all periods presented. We have assumed rate of 22% which represents our long term expected corporate tax rate excluding discrete and non-recurring tax items. See reconciliation of recast amounts on Income Tax Recast page.

<sup>(c)</sup> Adjusted EPS is calculated by dividing adjusted net income excluding impact of foreign exchange for the full quarter by the weighted average shares outstanding, diluted.

**McAfee Corp.**

**Reconciliation of Recast Adjusted Provision for Income Taxes - Fiscal Quarters**

*(in millions)*

*(unaudited)*

**Adjusted Provision for Income Tax Expense**

GAAP provision for income tax expense (benefit)  
 Adjustment to provision for income tax expense (as previously reported)  
 Adjusted provision for income tax expense (as previously reported)

2019			
Q1	Q2	Q3	Q4
\$ 17	\$ 22	\$ 29	\$ 19
1	4	(11)	(2)
\$ 18	\$ 26	\$ 18	\$ 17
7	(6)	19	5
\$ 25	\$ 20	\$ 37	\$ 22

2020		
Q1	Q2	Q3
\$ (2)	\$ 15	\$ 12
14	1	1
\$ 12	\$ 16	\$ 13
25	19	18
\$ 37	\$ 35	\$ 31

Adjustments to new adjusted tax methodology  
 Adjusted provision for income tax expense (as recast)

**Adjusted Net Income**

Adjusted net income (as previously reported)  
 Adjustments to new adjusted tax methodology  
 Adjusted net income (as recast)

2019			
Q1	Q2	Q3	Q4
\$ 97	\$ 66	\$ 149	\$ 84
(7)	6	(19)	(5)
\$ 90	\$ 72	\$ 130	\$ 79

2020		
Q1	Q2	Q3
\$ 158	\$ 145	\$ 129
(25)	(19)	(18)
\$ 133	\$ 126	\$ 111

**Adjusted Net Income Excluding Impact of Foreign Exchange**

Adjusted net income excluding impact of foreign exchange (as previously reported)  
 Adjustments to new adjusted tax methodology  
 Adjusted net income excluding impact of foreign exchange (as recast)

2019			
Q1	Q2	Q3	Q4
\$ 84	\$ 78	\$ 106	\$ 108
(4)	3	(9)	(11)
\$ 80	\$ 81	\$ 97	\$ 97

2020		
Q1	Q2	Q3
\$ 147	\$ 162	\$ 172
(23)	(23)	(28)
\$ 124	\$ 139	\$ 144

**McAfee Corp.**

**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**

*(in millions)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Adjusted Cost of Sales</b>								
GAAP cost of sales	\$ 214	\$ 215	\$ 203	\$ 211	\$ 204	\$ 206	\$ 209	\$ 256
Amortization	(63)	(61)	(61)	(63)	(61)	(52)	(52)	(50)
Equity-based compensation	(1)	-	-	-	-	-	-	(36)
Cash in lieu of equity awards <sup>(1)</sup>	(1)	(1)	-	-	-	-	-	(1)
Adjusted cost of sales	\$ 149	\$ 153	\$ 142	\$ 148	\$ 143	\$ 154	\$ 157	\$ 169
<b>Adjusted Gross Profit</b>								
GAAP gross profit	\$ 423	\$ 439	\$ 459	\$ 471	\$ 481	\$ 510	\$ 519	\$ 521
Amortization	63	61	61	63	61	52	52	50
Equity-based compensation	1	-	-	-	-	-	-	36
Cash in lieu of equity awards <sup>(1)</sup>	1	1	-	-	-	-	-	1
Adjusted gross profit	\$ 488	\$ 501	\$ 520	\$ 534	\$ 542	\$ 562	\$ 571	\$ 608
<b>Adjusted Sales and Marketing</b>								
GAAP sales and marketing expense	\$ 193	\$ 190	\$ 184	\$ 203	\$ 174	\$ 174	\$ 186	\$ 292
Equity-based compensation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(99)
Cash in lieu of equity awards <sup>(1)</sup>	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(1)
Transformation initiatives <sup>(5)</sup>	(3)	(1)	-	(1)	-	-	-	(1)
Executive severance <sup>(6)</sup>	-	-	-	(3)	(1)	-	-	-
Adjusted sales and marketing expense	\$ 187	\$ 186	\$ 182	\$ 197	\$ 171	\$ 172	\$ 184	\$ 191
<b>Adjusted Research and Development</b>								
GAAP research and development expense	\$ 94	\$ 99	\$ 96	\$ 91	\$ 94	\$ 92	\$ 88	\$ 201
Equity-based compensation	(4)	(2)	(3)	(3)	(1)	(2)	(1)	(109)
Cash in lieu of equity awards <sup>(1)</sup>	(2)	(3)	(2)	(2)	(2)	(1)	-	(1)
Transformation initiatives <sup>(5)</sup>	-	-	(1)	(1)	-	-	-	-
Executive severance <sup>(6)</sup>	-	-	-	-	-	-	-	(1)
Adjusted research and development expense	\$ 88	\$ 94	\$ 90	\$ 85	\$ 91	\$ 89	\$ 87	\$ 90
<b>Adjusted General and Administrative</b>								
GAAP general and administrative expense	\$ 59	\$ 64	\$ 72	\$ 77	\$ 78	\$ 60	\$ 62	\$ 132
Equity-based compensation	-	(3)	(3)	(2)	(13)	(1)	(4)	(44)
Cash in lieu of equity awards <sup>(1)</sup>	-	-	(1)	(1)	-	-	-	-



**McAfee Corp.**

**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**

*(in millions)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Adjusted Operating Expenses</b>								
GAAP total operating expenses	\$ 416	\$ 411	\$ 406	\$ 433	\$ 410	\$ 381	\$ 391	\$ 696
Amortization	(58)	(55)	(55)	(54)	(55)	(55)	(55)	(55)
Equity-based compensation	(5)	(6)	(7)	(6)	(15)	(4)	(6)	(252)
Cash in lieu of equity awards <sup>(1)</sup>	(4)	(5)	(4)	(4)	(3)	(2)	(1)	(2)
Acquisition and integration costs <sup>(2)</sup>	(6)	(6)	(6)	(5)	(2)	(2)	(2)	(1)
Restructuring and transition <sup>(3)</sup>	(12)	(3)	1	(8)	(9)	-	-	(16)
Management fees <sup>(4)</sup>	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(22)
Transformation initiatives <sup>(5)</sup>	(7)	(4)	(8)	(14)	(8)	(2)	(7)	(11)
Executive severance <sup>(6)</sup>	-	-	-	(3)	(3)	(1)	-	(1)
Implementation costs for ASC 606	(3)	(1)	-	-	-	-	-	-
Adjusted operating expenses	<u>\$ 319</u>	<u>\$ 329</u>	<u>\$ 325</u>	<u>\$ 337</u>	<u>\$ 313</u>	<u>\$ 313</u>	<u>\$ 318</u>	<u>\$ 336</u>
<b>Adjusted Operating Income</b>								
GAAP operating income	\$ 7	\$ 28	\$ 53	\$ 38	\$ 71	\$ 129	\$ 128	\$ (175)
Amortization	121	116	116	117	116	107	107	105
Equity-based compensation	6	6	7	6	15	4	6	288
Cash in lieu of equity awards <sup>(1)</sup>	5	6	4	4	3	2	1	3
Acquisition and integration costs <sup>(2)</sup>	6	6	6	5	2	2	2	1
Restructuring and transition <sup>(3)</sup>	12	3	(1)	8	9	-	-	16
Management fees <sup>(4)</sup>	2	2	2	2	2	2	2	22
Transformation initiatives <sup>(5)</sup>	7	4	8	14	8	2	7	11
Executive severance <sup>(6)</sup>	-	-	-	3	3	1	-	1
Implementation costs for ASC 606	3	1	-	-	-	-	-	-
Adjusted operating income	<u>\$ 169</u>	<u>\$ 172</u>	<u>\$ 195</u>	<u>\$ 197</u>	<u>\$ 229</u>	<u>\$ 249</u>	<u>\$ 253</u>	<u>\$ 272</u>

**McAfee Corp.**

**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**

*(in millions)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b><u>Adjusted Interest Expense and Other, net</u></b>								
GAAP interest expense and other, net	\$ (70)	\$ (73)	\$ (76)	\$ (76)	\$ (75)	\$ (75)	\$ (73)	\$ (85)
Amortization of debt issuance costs	3	5	5	4	5	4	5	17
TRA adjustment	-	-	-	-	-	-	-	2
Other	-	-	-	-	-	-	-	2
Adjusted interest expense and other, net	<u>\$ (67)</u>	<u>\$ (68)</u>	<u>\$ (71)</u>	<u>\$ (72)</u>	<u>\$ (70)</u>	<u>\$ (71)</u>	<u>\$ (68)</u>	<u>\$ (64)</u>
<b><u>Adjusted Income Before Income Tax Expense</u></b>								
GAAP income (loss) before income tax expense	\$ (50)	\$ (57)	\$ 20	\$ (62)	\$ 7	\$ 37	\$ 12	\$ (315)
Amortization of debt issuance costs	3	5	5	4	5	4	5	17
Amortization	121	116	116	117	116	107	107	105
Equity-based compensation	6	6	7	6	15	4	6	288
Cash in lieu of equity awards <sup>(1)</sup>	5	6	4	4	3	2	1	3
Acquisition and integration costs <sup>(2)</sup>	6	6	6	5	2	2	2	1
Restructuring and transition <sup>(3)</sup>	12	3	(1)	8	9	-	-	16
Management fees <sup>(4)</sup>	2	2	2	2	2	2	2	22
Transformation initiatives <sup>(5)</sup>	7	4	8	14	8	2	7	11
Executive severance <sup>(6)</sup>	-	-	-	3	3	1	-	1
Implementation costs for ASC 606	3	1	-	-	-	-	-	-
TRA adjustment	-	-	-	-	-	-	-	2
Other	-	-	-	-	-	-	-	2
Adjusted income before income tax expense	<u>\$ 115</u>	<u>\$ 92</u>	<u>\$ 167</u>	<u>\$ 101</u>	<u>\$ 170</u>	<u>\$ 161</u>	<u>\$ 142</u>	<u>\$ 153</u>

**McAfee Corp.**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Adjusted Net Income</b>								
GAAP net income (loss)	\$ (67)	\$ (79)	\$ (9)	\$ (81)	\$ 9	\$ 22	\$ -	\$ (320)
Amortization of debt issuance costs	3	5	5	4	5	4	5	22
Amortization	121	116	116	117	116	107	107	106
Equity-based compensation	6	6	7	6	15	4	6	288
Cash in lieu of equity awards <sup>(1)</sup>	5	6	4	4	3	2	1	2
Acquisition and integration costs <sup>(2)</sup>	6	6	6	5	2	2	2	2
Restructuring and transition <sup>(3)</sup>	12	3	(1)	8	9	-	-	16
Management fees <sup>(4)</sup>	2	2	2	2	2	2	2	22
Transformation initiatives <sup>(5)</sup>	7	4	8	14	8	2	7	11
Executive severance <sup>(6)</sup>	-	-	-	3	3	1	-	1
Implementation costs for ASC 606	3	1	-	-	-	-	-	-
Provision for income taxes, as reported	17	22	29	19	(2)	15	12	5
TRA adjustment <sup>(7)</sup>	-	-	-	-	-	-	-	2
Other	-	-	-	-	-	-	-	2
Adjusted income before taxes	115	92	167	101	170	161	142	159
Less: Adjusted provision for income taxes <sup>(8)</sup>	25	20	37	23	37	35	31	36
Adjusted net income	\$ 90	\$ 72	\$ 130	\$ 78	\$ 133	\$ 126	\$ 111	\$ 123

**Adjusted Net Income Excluding Impact of Foreign Exchange**

GAAP net income (loss)	\$ (67)	\$ (79)	\$ (9)	\$ (81)	\$ 9	\$ 22	\$ -	\$ (320)
Amortization of debt issuance costs	3	5	5	4	5	4	5	22
Amortization	121	116	116	117	116	107	107	106
Equity-based compensation	6	6	7	6	15	4	6	288
Cash in lieu of equity awards	5	6	4	4	3	2	1	2
Acquisition and integration costs	6	6	6	5	2	2	2	2
Restructuring and transition	12	3	(1)	8	9	-	-	16
Management fees	2	2	2	2	2	2	2	22
Transformation initiatives	7	4	8	14	8	2	7	11
Executive severance	-	-	-	3	3	1	-	1
Implementation costs for ASC 606	3	1	-	-	-	-	-	-
Provision for income taxes, as reported	17	22	29	19	(2)	15	12	5
TRA adjustment	-	-	-	-	-	-	-	2
Other	-	-	-	-	-	-	-	2
Adjusted income before taxes	115	92	167	101	170	161	142	159

**McAfee Corp.****GAAP to Non-GAAP Reconciliations - Fiscal Quarters***(in millions)**(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Foreign exchange loss (gain), net	(13)	12	(43)	24	(11)	17	43	55
Adjusted income before taxes excluding impact of foreign exchange <sup>(9)</sup>	102	104	124	125	159	178	185	214
Adjusted provision for income taxes excluding impact of foreign exchange <sup>(8)</sup>	22	23	27	28	35	39	41	47
Adjusted net income excluding impact of foreign exchange	\$ 80	\$ 81	\$ 97	\$ 97	\$ 124	\$ 139	\$ 144	\$ 167

**McAfee Corp.**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Adjusted EBTIDA</b>								
GAAP net income (loss)	\$ (67)	\$ (79)	\$ (9)	\$ (81)	\$ 9	\$ 22	\$ -	\$ (320)
Amortization	121	116	116	117	116	107	107	106
Equity-based compensation	6	6	7	6	15	4	6	288
Cash in lieu of equity awards <sup>(1)</sup>	5	6	4	4	3	2	1	2
Acquisition and integration costs <sup>(2)</sup>	6	6	6	5	2	2	2	2
Restructuring and transition <sup>(3)</sup>	12	3	(1)	8	9	-	-	16
Management fees <sup>(4)</sup>	2	2	2	2	2	2	2	22
Transformation initiatives <sup>(5)</sup>	7	4	8	14	8	2	7	11
Executive severance <sup>(6)</sup>	-	-	-	3	3	1	-	1
Implementation costs for ASC 606	3	1	-	-	-	-	-	-
GAAP interest expense and other, net	70	73	76	76	75	75	73	85
GAAP provision for income tax expense	17	22	29	19	(2)	15	12	5
GAAP foreign exchange loss (gain), net	(13)	12	(43)	24	(11)	17	43	55
Depreciation	16	16	15	19	16	13	13	13
Other expense	-	-	-	-	-	-	(1)	(1)
Adjusted EBITDA	\$ 185	\$ 188	\$ 210	\$ 216	\$ 245	\$ 262	\$ 265	\$ 285

**McAfee Corp. - Consumer Segment**  
**Condensed Consolidated Statements of EBITDA - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 314	\$ 320	\$ 322	\$ 347	\$ 354	\$ 383	\$ 395	\$ 426
Cost of sales	91	97	90	94	96	106	107	118
Gross profit	223	223	232	253	258	277	288	308
Gross margin percentage	71.0%	69.7%	72.0%	72.9%	72.9%	72.3%	72.9%	72.3%
Operating expenses:								
Sales and marketing	63	66	67	80	56	75	84	115
Research and development	34	35	33	32	36	35	34	67
General and administrative	21	23	25	26	32	27	28	63
Amortization of intangibles	38	36	36	35	36	36	36	36
Restructuring charges	2	1	-	1	1	-	-	1
Total operating expenses	158	161	161	174	161	173	182	282
Operating income	65	62	71	79	97	104	106	26
Operating margin percentage	20.7%	19.4%	22.0%	22.8%	27.4%	27.2%	26.8%	6.1%
Other Expense:								
Depreciation	6	6	5	8	6	5	4	5
EBITDA	\$ 71	\$ 68	\$ 76	\$ 87	\$ 103	\$ 109	\$ 110	\$ 31

**McAfee Corp. - Consumer Segment**

**Adjusted Condensed Consolidated Statements of EBITDA - Fiscal Quarters**

*(in millions)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 314	\$ 320	\$ 322	\$ 347	\$ 354	\$ 383	\$ 395	\$ 426
Adjusted cost of sales	64	70	63	67	69	79	80	89
Adjusted gross profit	250	250	259	280	285	304	315	337
Adjusted gross margin percentage	79.6%	78.1%	80.4%	80.7%	80.5%	79.4%	79.7%	79.1%
Adjusted operating expenses:								
Adjusted sales and marketing	63	66	67	79	56	75	84	95
Adjusted research and development	33	35	33	31	36	35	34	36
Adjusted general and administrative	17	19	20	21	21	24	20	23
Total adjusted operating expenses	113	120	120	131	113	134	138	154
Adjusted operating income	137	130	139	149	172	170	177	183
Adjusted operating margin percentage	43.6%	40.6%	43.2%	42.9%	48.6%	44.4%	44.8%	43.0%
Other Expense:								
Depreciation	6	6	5	8	6	5	4	5
Adjusted EBITDA	\$ 143	\$ 136	\$ 144	\$ 157	\$ 178	\$ 175	\$ 181	\$ 188

**McAfee Corp. - Consumer Segment**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b><u>Adjusted Cost of Sales</u></b>								
GAAP cost of sales	\$ 91	\$ 97	\$ 90	\$ 94	\$ 96	\$ 106	\$ 107	\$ 118
Amortization	(26)	(27)	(27)	(27)	(27)	(27)	(27)	(27)
Equity-based compensation	(1)	-	-	-	-	-	-	(2)
Adjusted cost of sales	<u>\$ 64</u>	<u>\$ 70</u>	<u>\$ 63</u>	<u>\$ 67</u>	<u>\$ 69</u>	<u>\$ 79</u>	<u>\$ 80</u>	<u>\$ 89</u>
<b><u>Adjusted Gross Profit</u></b>								
GAAP gross profit	\$ 223	\$ 223	\$ 232	\$ 253	\$ 258	\$ 277	\$ 288	\$ 308
Amortization	26	27	27	27	27	27	27	27
Equity-based compensation	1	-	-	-	-	-	-	2
Adjusted gross profit	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 259</u>	<u>\$ 280</u>	<u>\$ 285</u>	<u>\$ 304</u>	<u>\$ 315</u>	<u>\$ 337</u>
<b><u>Adjusted Sales and Marketing</u></b>								
GAAP sales and marketing expense	\$ 63	\$ 66	\$ 67	\$ 80	\$ 56	\$ 75	\$ 84	\$ 115
Equity-based compensation	-	-	-	-	-	-	-	(20)
Executive severance <sup>(6)</sup>	-	-	-	(1)	-	-	-	-
Adjusted sales and marketing expense	<u>\$ 63</u>	<u>\$ 66</u>	<u>\$ 67</u>	<u>\$ 79</u>	<u>\$ 56</u>	<u>\$ 75</u>	<u>\$ 84</u>	<u>\$ 95</u>
<b><u>Adjusted Research and Development</u></b>								
GAAP research and development expense	\$ 34	\$ 35	\$ 33	\$ 32	\$ 36	\$ 35	\$ 34	\$ 67
Equity-based compensation	(1)	-	-	-	-	-	-	(31)
Cash in lieu of equity awards <sup>(1)</sup>	-	-	-	(1)	-	-	-	-
Adjusted research and development expense	<u>\$ 33</u>	<u>\$ 35</u>	<u>\$ 33</u>	<u>\$ 31</u>	<u>\$ 36</u>	<u>\$ 35</u>	<u>\$ 34</u>	<u>\$ 36</u>



**McAfee Corp. - Consumer Segment**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b><u>Adjusted Operating Expenses</u></b>								
GAAP total operating expenses	\$ 158	\$ 161	\$ 161	\$ 174	\$ 161	\$ 173	\$ 182	\$ 282
Amortization	(38)	(36)	(36)	(35)	(36)	(36)	(36)	(36)
Equity-based compensation	(1)	(1)	(1)	(1)	(7)	(1)	(2)	(72)
Cash in lieu of equity awards <sup>(1)</sup>	-	-	(1)	(1)	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Restructuring and transition <sup>(3)</sup>	(2)	(1)	-	(1)	(1)	-	-	(1)
Management fees <sup>(4)</sup>	-	-	-	-	-	-	(1)	(12)
Transformation initiatives <sup>(5)</sup>	(1)	(1)	(1)	(2)	(2)	-	(3)	(5)
Executive severance <sup>(6)</sup>	-	-	-	(1)	-	-	-	-
Implementation costs for ASC 606	(1)	-	-	-	-	-	-	-
Adjusted operating expenses	<u>\$ 113</u>	<u>\$ 120</u>	<u>\$ 120</u>	<u>\$ 131</u>	<u>\$ 113</u>	<u>\$ 134</u>	<u>\$ 138</u>	<u>\$ 154</u>
<b><u>Adjusted Operating Income</u></b>								
GAAP operating income	\$ 65	\$ 62	\$ 71	\$ 79	\$ 97	\$ 104	\$ 106	\$ 26
Amortization	64	63	63	62	63	63	63	63
Equity-based compensation	2	1	1	1	7	1	2	74
Cash in lieu of equity awards <sup>(1)</sup>	-	-	1	1	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	2	2	2	2	2	2	2	2
Restructuring and transition <sup>(3)</sup>	2	1	-	1	1	-	-	1
Management fees <sup>(4)</sup>	-	-	-	-	-	-	1	12
Transformation initiatives <sup>(5)</sup>	1	1	1	2	2	-	3	5
Executive severance <sup>(6)</sup>	-	-	-	1	-	-	-	-
Implementation costs for ASC 606	1	-	-	-	-	-	-	-
Adjusted operating income	<u>\$ 137</u>	<u>\$ 130</u>	<u>\$ 139</u>	<u>\$ 149</u>	<u>\$ 172</u>	<u>\$ 170</u>	<u>\$ 177</u>	<u>\$ 183</u>

**McAfee Corp. - Enterprise Segment**  
**Condensed Consolidated Statements of EBITDA - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 323	\$ 334	\$ 340	\$ 335	\$ 331	\$ 333	\$ 333	\$ 351
Cost of sales	123	118	113	117	108	100	102	138
Gross profit	200	216	227	218	223	233	231	213
Gross margin percentage	61.9%	64.7%	66.8%	65.1%	67.4%	70.0%	69.4%	60.7%
Operating expenses:								
Sales and marketing	130	124	117	123	118	99	102	177
Research and development	60	64	63	59	58	57	54	134
General and administrative	38	41	47	51	46	33	34	69
Amortization of intangibles	20	19	19	19	19	19	19	19
Restructuring charges	10	2	(1)	7	8	-	-	15
Total operating expenses	258	250	245	259	249	208	209	414
Operating income (loss)	(58)	(34)	(18)	(41)	(26)	25	22	(201)
Operating margin percentage	(18.0%)	(10.2%)	(5.3%)	(12.2%)	(7.9%)	7.5%	6.6%	(57.3%)
Other Expense:								
Depreciation	10	10	10	12	10	8	9	8
Other income/(expense)	-	-	-	-	-	-	(1)	(4)
EBITDA	\$ (48)	\$ (24)	\$ (8)	\$ (29)	\$ (16)	\$ 33	\$ 30	\$ (197)

**McAfee Corp. - Enterprise Segment**

**Adjusted Condensed Consolidated Statements of EBITDA - Fiscal Quarters**

*(in millions)*

*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net revenue	\$ 323	\$ 334	\$ 340	\$ 335	\$ 331	\$ 333	\$ 333	\$ 351
Adjusted cost of sales	85	83	79	81	74	75	77	79
Adjusted gross profit	238	251	261	254	257	258	256	272
Adjusted gross margin percentage	73.7%	75.1%	76.8%	75.8%	77.6%	77.5%	76.9%	77.5%
Adjusted operating expenses:								
Adjusted sales and marketing	124	120	115	118	115	97	100	97
Adjusted research and development	55	59	57	54	55	54	53	54
Adjusted general and administrative	27	30	33	34	30	28	27	31
Total adjusted operating expenses	206	209	205	206	200	179	180	182
Adjusted operating income	32	42	56	48	57	79	76	90
Adjusted operating margin percentage	9.9%	12.6%	16.5%	14.3%	17.2%	23.7%	22.8%	25.6%
Other Expense:								
Depreciation	10	10	10	11	10	8	9	8
Other income/(expense)	-	-	-	-	-	-	(1)	(1)
Adjusted EBITDA	\$ 42	\$ 52	\$ 66	\$ 59	\$ 67	\$ 87	\$ 84	\$ 97

**McAfee Corp. - Enterprise Segment**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b><u>Adjusted Cost of Sales</u></b>								
GAAP cost of sales	\$ 123	\$ 118	\$ 113	\$ 117	\$ 108	\$ 100	\$ 102	\$ 138
Amortization	(37)	(34)	(34)	(36)	(34)	(25)	(25)	(24)
Equity-based compensation	-	-	-	-	-	-	-	(34)
Cash in lieu of equity awards <sup>(1)</sup>	(1)	(1)	-	-	-	-	-	(1)
Adjusted cost of sales	<u>\$ 85</u>	<u>\$ 83</u>	<u>\$ 79</u>	<u>\$ 81</u>	<u>\$ 74</u>	<u>\$ 75</u>	<u>\$ 77</u>	<u>\$ 79</u>
<b><u>Adjusted Gross Profit</u></b>								
GAAP gross profit	\$ 200	\$ 216	\$ 227	\$ 218	\$ 223	\$ 233	\$ 231	\$ 213
Amortization	37	34	34	36	34	25	25	24
Equity-based compensation	-	-	-	-	-	-	-	34
Cash in lieu of equity awards <sup>(1)</sup>	1	1	-	-	-	-	-	1
Adjusted gross profit	<u>\$ 238</u>	<u>\$ 251</u>	<u>\$ 261</u>	<u>\$ 254</u>	<u>\$ 257</u>	<u>\$ 258</u>	<u>\$ 256</u>	<u>\$ 272</u>
<b><u>Adjusted Sales and Marketing</u></b>								
GAAP sales and marketing expense	\$ 130	\$ 124	\$ 117	\$ 123	\$ 118	\$ 99	\$ 102	\$ 177
Equity-based compensation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(79)
Cash in lieu of equity awards <sup>(1)</sup>	(2)	(2)	(1)	(1)	(1)	(1)	(1)	-
Transformation initiatives <sup>(5)</sup>	(3)	(1)	-	(1)	-	-	-	(1)
Executive severance <sup>(6)</sup>	-	-	-	(2)	(1)	-	-	-
Adjusted sales and marketing expense	<u>\$ 124</u>	<u>\$ 120</u>	<u>\$ 115</u>	<u>\$ 118</u>	<u>\$ 115</u>	<u>\$ 97</u>	<u>\$ 100</u>	<u>\$ 97</u>
<b><u>Adjusted Research and Development</u></b>								
GAAP research and development expense	\$ 60	\$ 64	\$ 63	\$ 59	\$ 58	\$ 57	\$ 54	\$ 134
Equity-based compensation	(3)	(2)	(3)	(3)	(1)	(2)	(1)	(78)
Cash in lieu of equity awards <sup>(1)</sup>	(2)	(3)	(2)	(1)	(2)	(1)	-	(1)
Transformation initiatives <sup>(5)</sup>	-	-	(1)	(1)	-	-	-	-
Executive severance <sup>(6)</sup>	-	-	-	-	-	-	-	(1)
Adjusted research and development expense	<u>\$ 55</u>	<u>\$ 59</u>	<u>\$ 57</u>	<u>\$ 54</u>	<u>\$ 55</u>	<u>\$ 54</u>	<u>\$ 53</u>	<u>\$ 54</u>



**McAfee Corp. - Enterprise Segment**  
**GAAP to Non-GAAP Reconciliations - Fiscal Quarters**  
*(in millions)*  
*(unaudited)*

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b><u>Adjusted Operating Expenses</u></b>								
GAAP total operating expenses	\$ 258	\$ 250	\$ 245	\$ 259	\$ 249	\$ 208	\$ 209	\$ 414
Amortization	(20)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
Equity-based compensation	(4)	(5)	(6)	(5)	(8)	(3)	(4)	(180)
Cash in lieu of equity awards <sup>(1)</sup>	(4)	(5)	(3)	(3)	(3)	(2)	(1)	(1)
Acquisition and integration costs <sup>(2)</sup>	(4)	(4)	(4)	(3)	-	-	-	-
Restructuring and transition <sup>(3)</sup>	(10)	(2)	1	(7)	(8)	-	-	(15)
Management fees <sup>(4)</sup>	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(10)
Transformation initiatives <sup>(5)</sup>	(6)	(3)	(7)	(12)	(6)	(2)	(4)	(6)
Executive severance <sup>(6)</sup>	-	-	-	(2)	(3)	(1)	-	(1)
Implementation costs for ASC 606	(2)	(1)	-	-	-	-	-	-
Adjusted operating expenses	<u>\$ 206</u>	<u>\$ 209</u>	<u>\$ 205</u>	<u>\$ 206</u>	<u>\$ 200</u>	<u>\$ 179</u>	<u>\$ 180</u>	<u>\$ 182</u>
<b><u>Adjusted Operating Income</u></b>								
GAAP operating income (loss)	\$ (58)	\$ (34)	\$ (18)	\$ (41)	\$ (26)	\$ 25	\$ 22	\$ (201)
Amortization	57	53	53	55	53	44	44	43
Equity-based compensation	4	5	6	5	8	3	4	214
Cash in lieu of equity awards <sup>(1)</sup>	5	6	3	3	3	2	1	2
Acquisition and integration costs <sup>(2)</sup>	4	4	4	3	-	-	-	-
Restructuring and transition <sup>(3)</sup>	10	2	(1)	7	8	-	-	15
Management fees <sup>(4)</sup>	2	2	2	2	2	2	1	10
Transformation initiatives <sup>(5)</sup>	6	3	7	12	6	2	4	6
Executive severance <sup>(6)</sup>	-	-	-	2	3	1	-	1
Implementation costs for ASC 606	2	1	-	-	-	-	-	-
Adjusted operating income	<u>\$ 32</u>	<u>\$ 42</u>	<u>\$ 56</u>	<u>\$ 48</u>	<u>\$ 57</u>	<u>\$ 79</u>	<u>\$ 76</u>	<u>\$ 90</u>

**McAfee Corp.****Adjustments for Adjusted EBITDA and Adjusted Net Income and Adjusted Net Income Excluding Impact of Foreign Exchange**

Below are additional information to the adjustments for adjusted EBITDA, adjusted net income and adjusted net income excluding impact of foreign exchange:

- (1) As a result of our Sponsors' acquisition from Intel of a majority interest in Foundation Technology Worldwide LLC in April 2017 ("Sponsor Acquisition"), cash awards were provided to certain employees who held Intel equity awards in lieu of equity in Foundation Technology Worldwide LLC ("FTW"). In addition, as a result of the Skyhigh acquisition, cash awards were provided to certain employees who held Skyhigh equity awards in lieu of equity in FTW and vest over multiple periods based on employee service requirements. As these rollover awards reflect one-time grants to former employees of Intel and Skyhigh Networks in connection with these transactions, we believe this expense is not reflective of our ongoing results.
- (2) Represents both direct and incremental costs in connection with business acquisitions, including acquisition consideration structured as cash retention, third party professional fees, and other integration costs.
- (3) Represents both direct and incremental costs associated with our separation from Intel, including implementing our own stand alone back office and costs to execute strategic restructuring events, including third-party professional fees and services, transition services provided by Intel, severance, and facility restructuring costs.
- (4) Represents management fees paid to certain affiliates of our Sponsors and Intel pursuant to the Management Services Agreement. The Management Services Agreement has been terminated subsequent to the IPO and we paid a one-time fee of \$22 million to such parties in October 2020.
- (5) Represents costs incurred in connection with transformation of the business post-Intel separation. Also includes the cost of workforce restructurings involving both eliminations of positions and relocations to lower cost locations in connection with MAP and other transformational initiatives, strategic initiatives to improve customer retention, activation to pay and cost synergies, inclusive of duplicative run rate costs related to facilities and data center rationalization.
- (6) Represents severance for executive terminations not associated with a strategic restructuring event.
- (7) Represents the impact of net income of adjustments of liabilities under our tax receivable agreement.
- (8) Prior to our IPO our structure was that of a pass through entity for U.S. federal income tax purposes with certain U.S. and foreign subsidiaries subject to income tax in their respective jurisdictions. Subsequent to the IPO, McAfee Corp. is taxed as a corporation and pays corporate federal, state, and local taxes on income allocated to it from Foundation Technology Worldwide LLC. This amount has been recast for periods reported previously. The adjusted provision for income taxes and adjusted provision for income taxes excluding impact of foreign exchange now represent the tax effect on net income, adjusted for all of the listed adjustments, assuming that all consolidated net income was subject to corporate taxation for all periods presented. We have assumed rate of 22% which represents our long term expected corporate tax rate excluding discrete and non-recurring tax items. See reconciliation of recast amounts on Income Tax Recast page.
- (9) Represents Foreign exchange gain (loss), net as shown on the consolidated statements of operations. This amount is primarily attributable to gains or losses on non-U.S. Dollar denominated balances and is primarily due to unrealized gains or losses associated with our 1st Lien Euro Term Loan.
- (10) Represents weighted average shares outstanding for the period from October 22, 2020 through December 26, 2020, which is the period following the IPO and related Reorganization Transactions, and includes the dilutive impact of our outstanding equity awards and assumed conversion of our LLC units and MIUs not owned by the Corporation.

	<u>2020</u>
<b>(shares in millions)</b>	<u>Q4</u>
Weighted average shares outstanding, basic	162.3
Impact on dilution	
Equity awards	4.6
Assumed conversion of LLC Units and vested MIUs	<u>272.5</u>
Weighted average shares outstanding, diluted	439.4