

**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 operating expense, adjusted operating income, adjusted interest expenses, adjusted foreign exchange gain (loss), net, adjusted other income (expense), net, adjusted income before income tax expense, adjusted provision for income tax expense, adjusted net income, 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.

On March 6, 2021, we entered into a definitive agreement with a consortium led by Symphony Technology Group ("STG"), pursuant to which STG agreed to purchase our Enterprise Business for an all-cash purchase price of \$4.0 billion, which closed on July 27, 2021. Accordingly, the results of our Enterprise business segment were classified as discontinued operations and thus excluded from continuing operations for all periods presented. Starting in the first quarter of fiscal 2021, we operate in one reportable segment.

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

	2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net revenue	\$ 354	\$ 383	\$ 395	\$ 426	\$ 442	\$ 467	\$ 491
Cost of sales	99	110	112	123	116	115	118
Gross profit	255	273	283	303	326	352	373
Gross margin percentage	72.0%	71.3%	71.6%	71.1%	73.8%	75.4%	76.0%
Operating expenses:							
Sales and marketing	59	79	87	120	84	89	91
Research and development	38	36	35	78	43	47	48
General and administrative	57	41	43	90	48	44	51
Amortization of intangibles	36	36	36	35	36	14	13
Restructuring and transition charges	1	-	-	1	8	-	27
Total operating expenses	191	192	201	324	219	194	230
Operating income (loss)	64	81	82	(21)	107	158	143
Operating margin percentage	18.1%	21.1%	20.8%	(4.9%)	24.2%	33.8%	29.1%
Other Expense:							
Interest expense	(76)	(74)	(72)	(81)	(55)	(54)	(61)
Foreign exchange gain (loss), net	11	(17)	(43)	(55)	35	(20)	14
Other income (expense), net	1	-	(1)	(4)	(5)	(4)	(292)
Income (loss) from continued operations before income taxes	-	(10)	(34)	(161)	82	80	(196)
Provision for income tax expense (benefit)	(10)	5	5	5	(3)	10	(166)
Income (loss) from continuing operations	10	(15)	(39)	(166)	85	70	(30)
Income (loss) from discontinued operations, net of taxes	(1)	37	39	(154)	9	38	2,420
Net income (loss)	\$ 9	\$ 22	\$ -	(320)	94	108	2,390
Less: Net income (loss) attributable to redeemable noncontrolling interest <sup>(a)</sup>	N/A	N/A	N/A	(202)	64	72	1,648
Net income (loss) attributable to McAfee Corp. <sup>(a)</sup>	N/A	N/A	N/A	\$ (118)	\$ 30	\$ 36	\$ 742
Net income (loss) attributable to McAfee Corp.:							
Income (loss) from continuing operations attributable to McAfee Corp.	N/A	N/A	N/A	\$ (55)	\$ 28	\$ 24	\$ (92)
Income (loss) from continuing operations attributable to McAfee Corp.	N/A	N/A	N/A	(63)	2	12	834
Net income (loss) attributable to McAfee Corp.	N/A	N/A	N/A	\$ (118)	\$ 30	\$ 36	\$ 742
Earnings (loss) per share attributable to McAfee Corp., basic <sup>(b)</sup> :							
Continuing operations	N/A	N/A	N/A	\$ (0.34)	\$ 0.17	\$ 0.15	\$ (0.54)
Discontinued operations	N/A	N/A	N/A	(0.39)	0.01	0.07	4.90
Earnings (loss) per share, basic:	N/A	N/A	N/A	\$ (0.73)	\$ 0.18	\$ 0.22	\$ 4.36
Earnings (loss) per share attributable to McAfee Corp., diluted <sup>(b)</sup> :							
Continuing operations	N/A	N/A	N/A	\$ (0.34)	\$ 0.17	\$ 0.14	\$ (0.54)
Discontinued operations	N/A	N/A	N/A	(0.39)	0.01	0.07	4.90
Earnings (loss) per share, diluted:	N/A	N/A	N/A	\$ (0.73)	\$ 0.18	\$ 0.20	\$ 4.36
Weighted average shares outstanding, basic	N/A	N/A	N/A	162.3	162.4	165.0	170.3
Weighted average shares outstanding, diluted	N/A	N/A	N/A	162.3	176.3	182.8	170.3

<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 condensed consolidated financial statements in the McAfee Corp. 2021 Q3 Form 10-Q.

<sup>(b)</sup> Basic and diluted earnings per share of Class A common stock are not applicable prior to the IPO and related Reorganization Transactions.

**McAfee Corp.**

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

*(in millions, except per share data)*

*(unaudited)*

	2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net revenue	\$ 354	\$ 383	\$ 395	\$ 426	\$ 442	\$ 467	\$ 491
Adjusted cost of sales	72	83	85	91	89	92	95
Adjusted gross profit	282	300	310	335	353	375	396
Adjusted gross margin percentage	79.7%	78.3%	78.5%	78.6%	79.9%	80.3%	80.7%
Adjusted operating expenses:							
Adjusted sales and marketing	58	79	87	98	81	85	87
Adjusted research and development	37	36	35	38	39	41	43
Adjusted general and administrative	32	32	28	35	39	36	38
Total adjusted operating expenses	127	147	150	171	159	162	168
Adjusted operating income	155	153	160	164	194	213	228
Adjusted operating margin percentage	43.8%	39.9%	40.5%	38.5%	43.9%	45.6%	46.4%
Other Expense:							
Adjusted interest expense	(71)	(70)	(68)	(58)	(51)	(50)	(48)
Adjusted income before income taxes	84	83	92	106	143	163	180
Adjusted provision for income taxes	18	19	20	23	31	36	40
Adjusted net income from continuing operations	\$ 66	\$ 64	\$ 72	\$ 83	\$ 112	\$ 127	\$ 140
Adjusted EPS - continuing operations	N/A	N/A	N/A	\$ 0.19	\$ 0.25	\$ 0.28	\$ 0.31
Weighted average shares outstanding, diluted <sup>(12)</sup>	N/A	N/A	N/A	439.4	448.5	454.0	452.6

**McAfee Corp.**

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

*(in millions)*

*(unaudited)*

	<b>2020</b>				<b>2021</b>		
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
<b><u>Adjusted Cost of Sales</u></b>							
GAAP cost of sales	\$ 99	\$ 110	\$ 112	\$ 123	\$ 116	\$ 115	\$ 118
Amortization	(27)	(27)	(26)	(28)	(27)	(22)	(22)
Equity-based compensation	-	-	(1)	(4)	-	(1)	(1)
Adjusted cost of sales	<u>\$ 72</u>	<u>\$ 83</u>	<u>\$ 85</u>	<u>\$ 91</u>	<u>\$ 89</u>	<u>\$ 92</u>	<u>\$ 95</u>
<b><u>Adjusted Gross Profit</u></b>							
GAAP gross profit	\$ 255	\$ 273	\$ 283	\$ 303	\$ 326	\$ 352	\$ 373
Amortization	27	27	26	28	27	22	22
Equity-based compensation	-	-	1	4	-	1	1
Adjusted gross profit	<u>\$ 282</u>	<u>\$ 300</u>	<u>\$ 310</u>	<u>\$ 335</u>	<u>\$ 353</u>	<u>\$ 375</u>	<u>\$ 396</u>

**Adjusted Operating Expenses**

GAAP total operating expenses	\$ 191	\$ 192	\$ 201	\$ 324	\$ 219	\$ 194	\$ 230
Amortization	(36)	(36)	(36)	(35)	(36)	(14)	(13)
Equity-based compensation	(14)	(2)	(4)	(88)	(14)	(18)	(16)
Cash in lieu of equity awards <sup>(1)</sup>	(1)	-	-	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	(1)	(2)	(2)	(2)	(1)	-	-
Restructuring and transition charges <sup>(3)</sup>	(1)	-	-	(1)	(8)	-	(27)
Management fees <sup>(4)</sup>	(2)	(2)	(2)	(22)	-	-	-
Transformation <sup>(5)</sup>	(7)	(2)	(7)	(5)	(1)	-	(5)
Executive severance <sup>(6)</sup>	(2)	(1)	-	-	-	-	(1)
Adjusted operating expenses	<u>\$ 127</u>	<u>\$ 147</u>	<u>\$ 150</u>	<u>\$ 171</u>	<u>\$ 159</u>	<u>\$ 162</u>	<u>\$ 168</u>

**Adjusted Operating Income**

GAAP operating income (loss)	\$ 64	\$ 81	\$ 82	\$ (21)	\$ 107	\$ 158	\$ 143
Amortization	63	63	62	63	63	36	35
Equity-based compensation	14	2	5	92	14	19	17
Cash in lieu of equity awards <sup>(1)</sup>	1	-	-	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	1	2	2	2	1	-	-
Restructuring and transition charges <sup>(3)</sup>	1	-	-	1	8	-	27
Management fees <sup>(4)</sup>	2	2	2	22	-	-	-
Transformation <sup>(5)</sup>	7	2	7	5	1	-	5
Executive severance <sup>(6)</sup>	2	1	-	-	-	-	1
Adjusted operating income	<u>\$ 155</u>	<u>\$ 153</u>	<u>\$ 160</u>	<u>\$ 164</u>	<u>\$ 194</u>	<u>\$ 213</u>	<u>\$ 228</u>

**Adjusted Interest Expense**

GAAP interest expense	\$ (76)	\$ (74)	\$ (72)	\$ (81)	\$ (55)	\$ (54)	\$ (61)
Amortization of debt issuance costs	5	4	4	23	4	4	13
Adjusted interest expense	<u>\$ (71)</u>	<u>\$ (70)</u>	<u>\$ (68)</u>	<u>\$ (58)</u>	<u>\$ (51)</u>	<u>\$ (50)</u>	<u>\$ (48)</u>

**Adjusted Foreign Exchange Gain (Loss) , net**

GAAP foreign exchange gain (loss), net	\$ 11	\$ (17)	\$ (43)	\$ (55)	\$ 35	\$ (20)	\$ 14
Foreign exchange gain (loss), net adjustment <sup>(7)</sup>	(11)	17	43	55	(35)	20	(14)
Adjusted foreign exchange gain (loss), net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Adjusted Other Income (Expense), Net**

GAAP other income (expense), net	\$ 1	\$ -	\$ (1)	\$ (4)	\$ (5)	\$ (4)	\$ (292)
TRA adjustment <sup>(8)</sup>	-	-	-	2	5	3	298
Income from TSA <sup>(9)</sup>	-	-	-	-	-	-	(7)
Other income (expense), net <sup>(10)</sup>	(1)	-	1	2	-	1	1
Adjusted other income (expense), net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Adjusted Income Before Income Tax Expense**

GAAP income (loss) before income tax expense	\$ -	\$ (10)	\$ (34)	\$ (161)	\$ 82	\$ 80	\$ (196)
Amortization of debt issuance costs	5	4	4	23	4	4	13
Amortization	63	63	62	63	63	36	35
Equity-based compensation	14	2	5	92	14	19	17
Cash in lieu of equity awards <sup>(1)</sup>	1	-	-	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	1	2	2	2	1	-	-
Restructuring and transition charges <sup>(3)</sup>	1	-	-	1	8	-	27
Management fees <sup>(4)</sup>	2	2	2	22	-	-	-
Transformation <sup>(5)</sup>	7	2	7	5	1	-	5
Executive severance <sup>(6)</sup>	2	1	-	-	-	-	1
Foreign exchange loss (gain), net <sup>(7)</sup>	(11)	17	43	55	(35)	20	(14)
TRA adjustment <sup>(8)</sup>	-	-	-	2	5	3	298
Income from TSA <sup>(9)</sup>	-	-	-	-	-	-	(7)
Other income (expense), net <sup>(10)</sup>	(1)	-	1	2	-	1	1
Adjusted income before income tax expense	<u>\$ 84</u>	<u>\$ 83</u>	<u>\$ 92</u>	<u>\$ 106</u>	<u>\$ 143</u>	<u>\$ 163</u>	<u>\$ 180</u>

**Adjusted Provision for Income Tax Expense**

GAAP provision for income tax expense (benefit)	\$ (10)	\$ 5	\$ 5	\$ 5	\$ (3)	\$ 10	\$ (166)
Provision for income tax expense adjustment	28	14	15	18	34	26	206
Adjusted provision for income tax expense <sup>(11)</sup>	<u>\$ 18</u>	<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ 23</u>	<u>\$ 31</u>	<u>\$ 36</u>	<u>\$ 40</u>

**Adjusted EBITDA**

GAAP net income (loss)	\$ 9	\$ 22	\$ -	\$ (320)	\$ 94	\$ 108	\$ 2,390
Amortization	63	63	62	63	63	36	35
Equity-based compensation	14	2	5	92	14	19	17
Cash in lieu of equity awards <sup>(1)</sup>	1	-	-	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	1	2	2	2	1	-	-
Restructuring and transition charges <sup>(3)</sup>	1	-	-	1	8	-	27
Management fees <sup>(4)</sup>	2	2	2	22	-	-	-
Transformation <sup>(5)</sup>	7	2	7	5	1	-	5
Executive severance <sup>(6)</sup>	2	1	-	-	-	-	1
Interest expense	76	74	72	81	55	54	61
Foreign exchange loss (gain), net <sup>(7)</sup>	(11)	17	43	55	(35)	20	(14)
Provision for income tax expense (benefit)	(10)	5	5	5	(3)	10	(166)
TRA adjustment <sup>(8)</sup>	-	-	-	2	5	3	298
Income from TSA <sup>(9)</sup>	-	-	-	-	-	-	(7)
Other (income) expense, net <sup>(10)</sup>	(1)	-	1	2	-	1	1
Income from discontinued operations, net of taxes	1	(37)	(39)	154	(9)	(38)	(2,420)
Adjusted operating income	155	153	160	164	194	213	228
Depreciation	6	6	5	6	6	6	6
Other expense	-	-	(1)	-	-	-	-
Adjusted EBITDA	<u>\$ 161</u>	<u>\$ 159</u>	<u>\$ 164</u>	<u>\$ 170</u>	<u>\$ 200</u>	<u>\$ 219</u>	<u>\$ 234</u>

**Adjusted Net Income**

GAAP net income (loss)	\$ 9	\$ 22	\$ -	\$ (320)	\$ 94	\$ 108	\$ 2,390
Amortization of debt issuance costs	5	4	4	23	4	4	13
Amortization	63	63	62	63	63	36	35
Equity-based compensation	14	2	5	92	14	19	17
Cash in lieu of equity awards <sup>(1)</sup>	1	-	-	-	-	-	-
Acquisition and integration costs <sup>(2)</sup>	1	2	2	2	1	-	-
Restructuring and transition charges <sup>(3)</sup>	1	-	-	1	8	-	27
Management fees <sup>(4)</sup>	2	2	2	22	-	-	-
Transformation <sup>(5)</sup>	7	2	7	5	1	-	5
Executive severance <sup>(6)</sup>	2	1	-	-	-	-	1
Foreign exchange loss (gain), net <sup>(7)</sup>	(11)	17	43	55	(35)	20	(14)
Provision for income taxes expense (benefit)	(10)	5	5	5	(3)	10	(166)
TRA adjustment <sup>(8)</sup>	-	-	-	2	5	3	298
Income from TSA <sup>(9)</sup>	-	-	-	-	-	-	(7)
Other (income) expense, net <sup>(10)</sup>	(1)	-	1	2	-	1	1
Income from discontinued operations, net of taxes	1	(37)	(39)	154	(9)	(38)	(2,420)
Adjusted income before taxes	<u>\$ 84</u>	<u>\$ 83</u>	<u>\$ 92</u>	<u>\$ 106</u>	<u>\$ 143</u>	<u>\$ 163</u>	<u>\$ 180</u>
Less: Adjusted provision for income tax expense <sup>(11)</sup>	<u>18</u>	<u>19</u>	<u>20</u>	<u>23</u>	<u>31</u>	<u>36</u>	<u>40</u>
Adjusted net income	<u>\$ 66</u>	<u>\$ 64</u>	<u>\$ 72</u>	<u>\$ 83</u>	<u>\$ 112</u>	<u>\$ 127</u>	<u>\$ 140</u>



**McAfee Corp.****Adjustments for Adjusted EBITDA and Adjusted Net Income**

Below are additional information to the adjustments for Adjusted EBITDA and Adjusted Net Income:

- (1) As a result of the purchase from Intel of a majority interest in Foundation Technology Worldwide LLC ("FTW") in April 2017, cash awards were provided to certain employees who held Intel equity awards in lieu of equity in FTW. As these rollover awards reflect one-time grants to former employees of Intel 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 costs to execute strategic restructuring events, including third-party professional fees and services, severance, and facility restructuring costs. Also inclusive of transition charges including legal, advisory, consulting and other costs directly incurred due to the divestiture of the Enterprise Business, including incremental costs associated with data disentanglement and acceleration of data migration to the cloud, that were incurred subsequent to the sale in support of the transition services agreement.
- (4) Represents management fees paid to certain affiliates of TPG, Thoma Bravo, 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 for public offerings along with other transformational initiatives including data center and facilities rationalization.
- (6) Represents severance for executive terminations not associated with a strategic restructuring event.
- (7) Represents Foreign exchange gain (loss), net as shown on the condensed consolidated statements of operations. This amount is 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.
- (8) Represents the impact on net income of adjustments to liabilities under our tax receivable agreement.
- (9) Represents income earned under Transition Service Agreement.
- (10) Represents other income or expense not associated with our core operations and it is recorded within Other income (expense), net on the condensed consolidated statements of operations.
- (11) 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. The adjusted provision for income taxes 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.
- (12) Represents weighted average shares outstanding and includes the dilutive impact of our outstanding equity awards and assumed conversion of our LLC units and MIUs not owned by the Corporation.

(shares in millions)	2021		
	Q1	Q2	Q3
Weighted average shares outstanding, basic	162.4	165.0	170.3
Impact on dilution			
Equity awards	13.9	17.8	12.9
Assumed conversion of LLC Units and vested MIUs	272.2	271.2	269.4
Weighted average shares outstanding, diluted	448.5	454.0	452.6