Avast plc, together with its subsidiaries (‘Avast’ or ‘the Group’), a leading global cybersecurity provider, issues the following scheduled trading update for the third quarter of its current financial year, comprising the period from 1 July 2020 to 30 September 2020.

For the third quarter, Adjusted Revenue of $226.0m was up by 8.6% on an organic basis\(^1\), and 2.6% at actual rates. For the year to date, Adjusted Revenue of $659.1m was up by 7.3% on an organic basis, and 1.9% at actual rates.

**Financial Summary**

<table>
<thead>
<tr>
<th>($’m)</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
<th>Change %</th>
<th>Change % (excluding FX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Revenue</td>
<td>226.0</td>
<td>220.3</td>
<td>2.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Adjusted Revenue excl. Acquisitions, Disposals and Discontinued Business(^3)</td>
<td>225.1</td>
<td>209.2</td>
<td>7.6</td>
<td>8.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>($’m)</th>
<th>9M 2020</th>
<th>9M 2019</th>
<th>Change %</th>
<th>Change % (excluding FX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Revenue</td>
<td>659.1</td>
<td>647.1</td>
<td>1.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Adjusted Revenue excl. Acquisitions, Disposals and Discontinued Business(^3,4)</td>
<td>654.8</td>
<td>613.9</td>
<td>6.7</td>
<td>7.3</td>
</tr>
</tbody>
</table>

As previously stated at the Group’s half-year results in mid-August, user and customer trends normalised with the easing of lockdowns. Therefore, as expected, Adjusted Revenue percentage growth overtook Adjusted Billings percentage growth in the third quarter of the year.

The Consumer Desktop business continued to perform well and in-line with pre-pandemic levels. Alongside its innovation-led growth, the Group continues to optimise customer engagement strategies, including an increased focus on 1-year subscriptions to drive customer lifetime value.

For the third quarter, Adjusted EBITDA increased 3.3% to $126.0m. For the year to date, Adjusted EBITDA increased 2.5% to $367.3m, resulting in an Adjusted EBITDA margin year to date of 55.7%\(^5\).

Continued strong organic cash flow generation helped accelerate deleveraging and enabled the voluntary repayment of $100m debt in the third quarter. At 30 September 2020, net debt / LTM (“last twelve months”) Adjusted EBITDA per the banking covenant was 1.5x. The Group’s strong and liquid balance sheet provides the flexibility to take advantage of additional development opportunities.
Ondrej Vlcek, Chief Executive of Avast, said:

“As cyber-attackers have intensified their efforts through the pandemic to exploit digital vulnerabilities, Avast has been on the front line in protecting people’s personal information and privacy. The value of Avast’s services and technologies is reflected in the company’s resilient financial performance, which underpins continued investment in our growth and focus on innovation.”

**Outlook**

The Board remains conscious of the potential macroeconomic risks arising from Covid-19 and continues to closely monitor the impact on the company’s key markets. However, it remains confident in the health of the business and the market opportunity, supported by structural growth drivers.

As a result of the strong demand in the second quarter, revenue growth is expected to continue to outpace billings growth in the second half of the year. The Group reaffirms its FY 2020 outlook for Adjusted Revenue to be at the upper end of mid-single digit growth, and a broadly flat Adjusted EBITDA margin percentage.

Avast intends to report Full Year results to 31 December 2020 on 3 March 2021.

**ENQUIRIES**

Investors and analysts:
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Notes:
1 Organic growth rate excludes the impact of FX, acquisitions, business disposals, and discontinued business. It excludes current period billings and revenue of acquisitions until the first anniversary of their consolidation.
2 Growth rate excluding currency impact calculated by restating 2020 actual to 2019 FX rates. Deferred revenue is translated to USD at date of invoice and is therefore excluded when calculating the impact of FX on revenue.
3 As the company is exiting its toolbar-related search distribution business, which had previously been an important contributor to AVG’s revenues and, separately, on 30 January 2020, the Group decided to wind down the operation of its subsidiary Jumpshot Inc. (all together, including the Group’s browser clean-up business, referred to above as “Discontinued Business”), the growth figures exclude Discontinued Business, which is negligible in 2020.
4 To reflect the underlying organic growth performance, figures exclude the impact of the Managed Workplace disposal made at the end of January 2019.
5 Adjusted EBITDA margin percentage is defined as Adjusted EBITDA divided by Adjusted Revenue.