

03 May 2022

## AVAST PLC

### First Quarter Trading Update

Avast plc, together with its subsidiaries ('Avast' or 'the Group'), a leading global cybersecurity provider, issues the following scheduled trading update for the first quarter of its current financial year, comprising the period from 1 January 2022 to 31 March 2022.

#### Financial Summary

(\$'m)	Q1 2022	Q1 2021	Change %	Change % (excl. FX) <sup>2</sup>
Revenue	234.6	237.1	(1.0)	(0.5)
<b>Revenue excl. Acquisitions, Disposals and Discontinued Business<sup>3</sup></b>	<b>230.8</b>	<b>223.9</b>	<b>3.1</b>	<b>3.6</b>
Adjusted EBITDA	127.9	133.7	(4.3)	

For the first quarter, Revenue of \$234.6m was up 3.6% on an organic basis and down 1.0% at actual rates, due to sale of the Family Safety business in 2021. Billings saw good organic growth at 5.9%. The rollout of our new integrated solution, Avast One, continues to gain good traction, with the product release expanding into France and Germany. Avast One has received positive reviews since last year's launch.

For the first quarter, Adjusted EBITDA was \$127.9m, resulting in an Adjusted EBITDA margin<sup>4</sup> of 54.5%. On 31 March 2022, net debt / LTM ("last twelve months") Adjusted EBITDA per the banking covenant was 0.8x.

#### Further investment for growth in Digital Trust Services

Our vision for the Digital Trust Services business (DTS), formerly Identity, is to provide our current and future users with a service to improve the convenience, privacy, and security in digital interactions. Avast has made two recent acquisitions to underpin future growth in this area. The first, in December 2021, was US-headquartered Evernym, who are a pioneer in the field of decentralised digital identity. The second, in March 2022, was Canada-headquartered SecureKey, who are a provider of federated digital identity and bank-centric identity and authentication services. The SecureKey transaction completed on 1 April 2022.

These acquisitions form the infrastructure foundation for the business and the basis for new services to be launched by Avast in the future.

## **FY 2022 Guidance**

Avast continues to demonstrate resilience against a challenging global backdrop. In March, Avast announced that it is suspending its operations in Russia and Belarus. The impact has been adjusted in organic growth rates shown.

The Group expects to deliver low single-digit organic revenue growth and mid-single-digit billings growth for the full year. Organic growth rates exclude the recent Evernym and Securekey acquisitions, as well as sales from Russia and Belarus. The Google Chrome Distribution business has been reclassified as discontinued.

Adjusted EBITDA margin for the year is expected to be slightly below 50%. This reflects 10 months with zero sales in Russia, the continued investment in various customer initiatives, increased customer acquisition costs, and the impact of the recent strategic investments in DTS.

The Company's next scheduled update to the market will be the Half Year Report for the six months to 30 June 2022.

## **ENQUIRIES**

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Notes:

<sup>1</sup> 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.

<sup>2</sup> Growth rate excluding currency impact calculated by restating 2022 actual to 2021 FX rates. Deferred revenue is translated to USD at the date of invoice and is therefore excluded when calculating the impact of FX on revenue.

<sup>3</sup> Growth figures exclude Discontinued Business. The Company is exiting its toolbar-related search distribution business, the browser clean-up (which had previously been an important contributor to AVG's revenues) and the Google Chrome Distribution business. Together these businesses are referred to above as "Discontinued Business".

<sup>4</sup> Adjusted EBITDA margin percentage is defined as Adjusted EBITDA divided by Revenue.

## **APPENDIX**

### **AVAST PROFIT FORECAST**

The following statement of this announcement constitutes an ordinary course profit forecast for the purposes of Rule 28.1(a) and Note 2(b) on Rule 28.1 of the City Code on Takeovers and Mergers (the '**Code**') (together, the '**Avast Profit Forecast**')

*"The Group expects to deliver low single-digit organic revenue growth and mid-single-digit billings growth for the full year.....Adjusted EBITDA margin for the year is expected to be slightly below 50%....."*

Set out below is the basis of preparation in respect of the Avast Profit Forecast, together with the assumptions on which it is based.

#### **Basis of preparation**

The Avast Profit Forecast has been prepared on a basis consistent with the Group's accounting policies which are in accordance with IFRS. These policies are consistent with those applied in the preparation of the Group's annual results for the year ended 31 December 2021. The Avast Profit Forecast excludes any transaction costs applicable to the announced merger with NortonLifeLock, Inc. ('**NortonLifeLock**') (the '**Merger**') or any other associated accounting impacts as a direct result of the Merger.

#### **Assumptions**

The Avast Profit Forecast is based on the assumptions listed below.

#### ***Factors outside the influence or control of the Avast Directors***

- There will be no material changes to existing prevailing macroeconomic or political conditions in the markets and regions in which Avast operates.
- There will be no material changes to the conditions of the markets and regions in which Avast operates or in relation to customer demand or the behaviour of competitors in those markets and regions.
- The interest, inflation and tax rates in the markets and regions in which Avast operates will remain materially unchanged from the prevailing rates.
- There will be no material adverse events that will have a significant impact on Avast's financial performance.
- There will be no material adverse events that will have a significant impact on the timing and market acceptance of new product releases and upgrades by Avast.
- There will be no business disruptions that materially affect Avast or its key customers, including natural disasters, acts of terrorism, cyberattack and/or technological issues or supply chain disruptions.
- There will be no material changes to the foreign exchange rates that will have a significant impact on Avast's revenue or cost base.
- There will be no material changes in legislation or regulatory requirements impacting on Avast's operations or on its accounting policies.

- There will be no material litigation in relation to any of Avast's operations.
- The announcement of the Merger will not have any material impact on Avast's ability to negotiate new business.

### ***Factors within the influence and control of the Avast Directors***

- There will be no material change to the present management of Avast.
- There will be no material change in the operational strategy of Avast.
- There will be no material adverse change in Avast's ability to maintain customer and partner relationships.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- There will be no material change in the dividend or capital policies of Avast.
- There will be no unexpected technical or network issues with products or processes.

### **Avast Directors' confirmation**

With the consent of NortonLifeLock, the Panel on Takeovers and Mergers (the '**Panel**') has granted a dispensation from the Code requirement for Avast's reporting accountants and financial advisers to prepare reports in respect of the Avast Profit Forecast.

The Avast Directors have considered the Avast Profit Forecast and confirm that it remains valid as at the date of this announcement, and has been properly compiled on the basis of the assumptions set out and that the basis of the accounting used is consistent with Avast's accounting policies.

### **AVAST PROFIT ESTIMATE**

The following statement of this announcement constitutes an ordinary course profit estimate for the purposes of the Code (the '**Avast Profit Estimate**').

*"For the first quarter, Adjusted EBITDA was \$127.9m, resulting in an Adjusted EBITDA margin<sup>4</sup> of 54.5%."*

With the consent of NortonLifeLock, the Panel has granted a dispensation from the Code requirement for Avast's reporting accountants and financial advisers to prepare reports in respect of the Avast Profit Estimate.

The Avast Directors have considered the Avast Profit Estimate and confirm that it remains valid as at the date of this announcement, and has been properly compiled and that the basis of the accounting used is consistent with Avast's accounting policies.