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# EDITED TRANSCRIPT

GEN.OQ - Q1 2026 Gen Digital Inc Earnings Call

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

**Jason Starr** *Gen Digital Inc - Head of Investor Relations*

**Vincent Pilette** *Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer*

**Natalie Derse** *Gen Digital Inc - Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Roger Boyd** *UBS - Analyst*

**Rob Coolbrith** *Evercore ISI - Analyst*

**Andrew Nowinski** *Wells Fargo Securities LLC - Analyst*

**Dan Bergstrom** *RBC Capital Markets Inc - Analyst*

**Saket Kalia** *Barclays - Analyst*

## PRESENTATION

### Operator

Good afternoon, everyone, and thank you for standing by. My name is Jayla, and I will be your conference operator today. Today's call is being recorded. (Operator Instructions).

At this time, for opening remarks, I would like to pass the call over to Jason Starr, Head of Investor Relations. Please proceed.

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### Jason Starr - Gen Digital Inc - Head of Investor Relations

Thank you, and good afternoon, everyone. Welcome to Gen's first-quarter fiscal year 2026 earnings call. Joining me today are Vincent Pilette, CEO; and Natalie Derse, CFO. As a reminder, there will be a replay of this call posted on the Investor Relations website, along with our slides and press release.

I'd like to remind everyone that during this call, all references to the financial metrics are non-GAAP, and all growth rates are year-over-year unless otherwise stated. A reconciliation of non-GAAP to GAAP measures is included in our press release and earnings presentation, both of which are available on our IR website at [investor.gendigital.com](http://investor.gendigital.com). We encourage investors to monitor this website as we routinely post investor-oriented information such as news and events and financial filings.

Today's call contains statements regarding our business, financial performance and operations, including the impact on our business and industry that may be considered forward-looking statements, and such statements involve risks and uncertainties that may cause actual results to differ materially from our current expectations. Those statements are based on current beliefs, assumptions and expectations as of today's date, August 7, 2025.

We undertake no obligation to update these statements as a result of new information or future events. For more information, please refer to the cautionary statement in our press release and the risk factors in our filings with the SEC and in particular, our most recent reports on Form 10-K and Form 10-Q.

And now I'll turn the call over to Vincent.

**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Good afternoon and thank you for joining us today. Fiscal year 2026 is off to a strong start. We delivered outstanding first quarter results ahead of expectations, including the first quarter of MoneyLion operating within Gen. We are entering an exciting new era of Gen supported by product innovation and fueled by increasing consumer demand for protection, trust and financial empowerment. So let's start with the numbers.

In Q1, bookings and revenue grew over 30% year-over-year on a reported basis and 10% on a pro forma or adjusted basis. Our non-GAAP operating margins remain robust at 52% and non-GAAP EPS exceeded the high end of our guidance, coming in at \$0.64, up 20% year-over-year.

As we mentioned on our Q4 call, this quarter also included an extra fiscal week, which contributed approximately 9 points to reported top line growth. Excluding MoneyLion's contribution and the benefit of the extra fiscal week, Gen revenue increased 5% year-over-year with continued growth in our direct and indirect customer base now totaling over 76 million paid customers, including 8 million financially active customers from MoneyLion.

We are ahead of our plans for the integration of MoneyLion, we have fully integrated the core infrastructure, including workforce alignment and key operating systems. The MoneyLion portfolio and business integration is now underway and on track for completion by the fall when we expect to launch our first integrated product under Gen's brands.

We've also made significant progress on our platform strategy, enabled by our new Gen stack. Norton is now fully integrated into the stack with our main security products running on a unified architecture. We will continue migrating all products and customers on to the platform in the coming quarters, creating a seamless user experience while also unifying our data set to further unlock more customer insights and AI-driven personalized recommendations.

As we shared last quarter, we're now operating in two business segments. Cyber Safety Platform, which includes our security and privacy solutions as well as our comprehensive cyber safety suites and Trust-Based Solutions comprised of our identity, reputation and financial wellness offerings.

So let's review the performance. The Cyber Safety Platform represented two-third of Q1 revenue and grew 11% on a reported basis and 4% when normalizing for the extra week. Growth was broad-based across our global markets with accelerated growth in our comprehensive membership offerings, including our revamped VPN suite launched last year and our flagship Norton 360 memberships now with enhanced scam protection. The scale and standardization of our platform resulted in an operating margin of 61% in this segment above our 60% plus target which provides the capacity for increased innovation.

A few critical trends continue to stand out in the evolving cyber threat landscape. First, attackers are rapidly integrating artificial intelligence into their toolkit making threats such as AI assisted ransomware more adaptive and harder to detect. Second, consumer data remains a central target with breaches continuing to rise and personal identifiers like social security numbers increasingly exposed. And third, the cybercrime is accelerating across the board from sophisticated scams, which impersonate legitimate services to localized social engineering tactics that prey on people's trust and emotion.

These shifts underscore a broader pattern. Cyber threats are becoming more personalized, more targeted and more financially motivated. And at Gen, we remain committed to staying ahead of these threats through proactive research, rapid response and unwavering AI-driven innovation and comprehensive protection for our users. Norton Genie is now evolving from an AI-powered scam tool into a comprehensive cyber safety assistant, a strategic shift that reflects growing customer demand for broader digital protection. What began as an AI tool, with proprietary LLMs to validate scams, is now handling a wide range of cyber safety inquiries from product-specific questions to best practices.

This expanded utility has driven strong engagement and validated our AI-first approach. Building on this momentum, we've expanded our AI-driven scam protection to Avast membership globally, further improving its efficacy. And we are now preparing to launch it within our financial wellness offering to enhance anti-fraud capabilities.

Additionally, AI generated deepfake audio and manipulated visuals are becoming nearly indistinguishable from reality, and scammers continue to use this technology to their advantage. That's why Norton has introduced early access to Norton Deepfake Detection in our Norton 360 mobile

app. When customers upload a suspicious video link, Norton automatically scans the subtle signs of facial or audio manipulation to provide real-time alerts and guidance. This important new feature is another example of how we are staying one step ahead of evolving threats to keep our customers safe.

We also recently introduced real-time in-device deepfake scam detection for Norton users on Windows AI PCs powered by Snapdragon X to our partnership with Qualcomm and support for Intel and AMD is coming later this year. This AI-driven innovations in our Cyber Safety Platform reflect our commitment to staying ahead of the dynamic threat landscape and provide the most comprehensive protection for consumers.

Our second segment, Trust-Based Solutions, represented 1/3 of revenue this quarter and grew over 100% on a reported basis and 25% when normalized for the extra week and MoneyLion baseline. LifeLock continues to deliver steady growth across all markets and channels.

Customers have always told us they love and value what LifeLock brings to them, and we are committed to delivering even more value by enhancing the experience and driving more engagement.

Behind the scenes, we are enhancing the LifeLock infrastructure by implementing a modern modular architecture that enables faster seamless integration of data and alerts from services partners. This plug-and-play framework improves real-time responsiveness and more effectively meets evolving customer needs.

We are successfully leveraging newer features like our personal data exposure scam tool to help consumers identify if their personal data is exposed from the constant stream of data breaches which very often leads to customers selecting higher membership plans for full comprehensive coverage.

We also extended our financial monitoring features to all LifeLock customers, and we are modernizing the customer journey towards full protection and empowerment with onboarding and educational videos focused on financial features and how to get the most out of the LifeLock memberships. By consistently delivering meaningful value to our customers, we have earned a 4.8 Trustpilot rating and a record Net Promoter Score of 71, reflecting the stronger trust and loyalty we have built.

We closed MoneyLion in April, and it is off to a strong start. Q1 revenue grew 45% pro forma, driven by momentum in both our personal financial management offering and in engine, our AI-powered financial marketplace. This marketplace continues to resonate very well with partners and consumers, delivering its third consecutive quarter of growth above 50%.

MoneyLion recently introduced a transformative checkout feature, which provides customers with a unified product shopping experience within the MoneyLion marketplace. Customer can now search across hundreds of financial products from our third-party partners without ever leaving the MoneyLion app. And the reception from both customers and partners has been quite strong.

We are accelerating traction in this marketplace by leveraging Gen's partnership sales force to deepen our presence in key financial product verticals like credit cards, mortgages and insurance, leveraging our experience and the value of our huge customer installed base. With AI technology and seamless integration, our marketplace helps customers find and financial product partners deliver the right product and offers at the right time, ultimately increasing the value for everyone in this ecosystem. A recent example of this partner synergy is our deepened relationships with the credit bureaus, and this is just the beginning.

MoneyLion's personal financial management offerings previously reported as consumer business in MoneyLion also delivered an exceptional quarter, mainly driven by strong usage of Instacash, which provides customers with early access to their paychecks, earned wage access or EWA is an important tool for many consumers in today's economy as approximately 60% of Americans live paycheck to paycheck. Instacash helps those early in their financial wellness journey gain earlier access to their hard-earned wages to help make ends meet, when necessary and also helping them build credit history over time.

As we continue to invest in our direct-to-consumer channel, we'll begin to transition the focus of the PFM business towards a subscription model, targeting consumers interested not only in building credit, but in comprehensively managing and growing their savings. Over time, this will drive higher engagement and long-term value creation.

We're very excited by the progress we have made with our MoneyLion acquisition and the strong market demand we are seeing. As we announced last month, we will be hosting an investor briefing on September 8 in New York City to provide investors with a deeper look at Gen's strategic direction in financial wellness and MoneyLion's product portfolio and go-to-market strategies.

And wrapping up my commentary for this segment, Trust-Based Solutions achieved a 31% non-GAAP operating margin supported by the rapid integration of MoneyLion and powered by a high mix of first-party products in our marketplace. We are thrilled to grow MoneyLion top line 45%, while also delivering its first ever reported quarter of non-GAAP operating margin well in excess of 20%.

Congratulations to the entire team for staying focused and delivering great value to our customers and our shareholders. While we relentlessly focus on execution and accelerating growth, we continue making important investments in our future. Every quarter, I emphasize that innovation is core to our mission and the key driver across our business, and that has never been more true than today.

Customers experience it through our products and the tremendous value we deliver. Across our teams, who are increasingly leveraging AI to drive further innovation, operational skills and efficiency. Last quarter, we launched a fully automated AI-powered renewal engine that is progressively replacing manual and automated processes. A move that reduces costs, improve the customer experience and increase the customer retention with more personalized interactions.

We've also transitioned many of our product support and services interactions to our custom AI-enabled platform, which is now capable of handling over 40% of customer issues autonomously.

This frees our support and service teams to focus on more complex cases leading to faster case resolution, a better customer experience and ultimately, happier customers. These initiatives also resulted in our highest net satisfaction score in over seven years.

And our newly established AI innovation lab recently introduced its first product, Norton Neo, an AI-native browser designed to deliver secure, personalized digital experiences. This early access product sets the foundation for a new category of AI-native consumer applications.

Our ambition is clear to become an AI first company not only to unlock further productivity gains, but more importantly, to build differentiated AI-native products that drive long-term customer value and sustainable growth.

Looking ahead, Gen is now operating at greater scale across two synergistic segments with a diversified brand portfolio, a unified go-to-market model and an AI-first strategy. This structure enables faster customer-centric innovation on the resilient scalable platform deepening our competitive modes and enhancing our agility.

It positions us to lead in a market where consumers increasingly demand trust, control and personalized protection and recommendations for better digital and financial life. And as a result, we're raising our annual revenue guidance by \$100 million to range between \$4.8 billion to \$4.9 billion.

In summary, Q1 was an excellent start to fiscal year 2026. We are ahead of plan, operating with focus and well positioned to deliver long-term and sustainable growth. We are protecting more people than ever from scams, identity theft and financial risk, and we are concurrently building the trust platform that will power the next decade of trusted digital and financial lives. We have a bright future and our most exciting chapters in Gen journey have just begun.

And with that, I would like to hand it over to Natalie to walk you through the financials in more detail.

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**Natalie Derse** - Gen Digital Inc - Chief Financial Officer

Thank you, Vincent, and hello, everyone. For today's call, I will walk through our Q1 results and also provide some additional color about our new performance metrics. I'll then conclude by providing our outlook for Q2 and fiscal year 2026.

I will focus on non-GAAP financials and year-over-year growth rates unless otherwise stated. I will also include commentary on our pro forma growth, which adjusts for the operational results of our MoneyLion acquisition and excludes the extra week that occurred this quarter due to our fiscal calendar.

Now on to our results. Q1 was an exceptional quarter for Gen with better-than-expected results. On a reported basis, Q1 bookings was \$1.2 billion, up 32% year-over-year. Q1 revenue was \$1.26 billion, up 30% year-over-year. I want to further break down our reported revenue growth given some of the moving parts this quarter.

First, the extra fiscal week in Q1 2026 contributed 9 points of growth. Then MoneyLion grew 45% year-over-year and contributed 16 points of overall growth. Our collective Gen operating performance drove double-digit year-over-year growth in our total business, and 5% year-over-year, excluding MoneyLion on a pro forma basis with less than 1 point of impact from favorable currency.

I'd also like to provide additional color on our direct and partner revenues. Note that MoneyLion's personal financial management solutions are now included in our direct revenue and their B2B2C financial marketplace is reflected on our partner revenue. We have also embedded our previously reported legacy revenues primarily into partner as it now represents less than 1% of our revenue.

Our direct channels continue to demonstrate strong fundamentals, growing 25% as reported and 6% pro forma. Growth is broad-based and steady across channels, geographies and our product portfolio. Cross-selling to our new customers as well as strong retention rates of prior cross-sells continue to drive meaningful healthy revenue growth.

We are also driving stronger momentum in upselling customers into higher tiers of Norton 360 memberships both online and in our mobile experience with healthy retention rates across the brands. And we expect to continue scaling with our personal financial management solutions.

We have a very robust and highly engaged customer base, and we will invest further into personalization and dynamic offers tailored to each customer's life cycle stage, further enhancing conversion and value creation.

Our partner channels are scaling considerably, growing 68% as reported and up 38% pro forma. Growth excluding MoneyLion, is driven by continued strength in our employee benefits channel and our international strategic partnerships.

Both of which are driving adoption of our comprehensive cyber safety memberships and recently upgraded identity products at an expanded scale.

Our focus is on three key levers: demand generation through key marketing channels, pipeline expansion and executing on a product road map that extends our suite proposition into financial wellness. In employee benefits, last quarter's strong benefit cycle carried forward into this fiscal year, and we are already laying the groundwork for the next open enrollment season to accelerate further.

Internationally, we continue to scale with strategic partners, leveraging the breadth of our expanded portfolio. In the quarter, we secured a major distribution deal in Japan to offer Norton ID Advisor a product we recently enhanced with ID Vault, scam verification specialists and dedicated privacy advisers.

As we build out the most comprehensive product portfolio, we're leveraging our omnichannel strength, improving attach rates in key channels and driving adoption through partners, and our results reflect this momentum.

And now with the acquisition of MoneyLion, our partner channels will expand further with our B2B2C financial marketplace. We are excited by the potential of MoneyLion's broad personal finance catalog and the tremendous opportunity to further expand the verticals on the marketplace.

Even more compelling is the opportunity to unlock a new monetization engine by progressively introducing these offerings into Gen's scaled customer base. This fuels the partner growth flywheel enhancing our ecosystem and strengthening our ability to deliver value at scale.

Turning to customers. As of the end of Q1 fiscal 2026 and speaking to how we've historically reported, our direct paid customers have scaled to 40.6 million, up 250,000 quarter-over-quarter, making it our eighth consecutive quarter of positive net adds.

Growth continues to be supported by acquisition and international markets and increased mobile adoption and leveraging the breadth of our product portfolio, combined with world-class customer service to minimize customer churn.

It's worth noting that in addition to our direct channels, we have been investing in our partner channels over the last few years and now have almost 28 million paid customers engaged, bringing our collective paid customers to 68 million. With regards to MoneyLion, historically reported was a total customer count metric, which has scaled to almost 24 million through Q1, up 39% year-over-year reflecting the growing demand and value of both first party solutions and through the embedded financial marketplace.

MoneyLion customers are highly engaged with 8 million of their 24 million lifetime customers generating revenue through the consumption of first-party and/or third-party products over the last 12 months and adding 400,000 more sequentially.

Going forward, we will be providing a more complete view of Gen's customer base. Specifically, all of our paid customers in our direct-to-consumer and partner channels as well as active customers in our financial wellness solution will be included in our customer metric.

Therefore, through fiscal Q1 2026, Gen's paid customer count was over 76 million with the combined customer base up approximately 650,000 quarter-over-quarter. This new consolidated metric better reflects the breadth of our evolved business model and expanded go-to-market strategy following the acquisition of MoneyLion.

We have also updated our financial reporting to reflect our two distinct operating segments: Cyber Safety Platform and Trust-Based Solutions, each with unique growth trajectories, margin profiles and scale potential.

Going forward, we will provide segment revenue and segment operating margins on a quarterly basis. We are also making the pertinent changes to our KPI reporting to provide a more holistic view of our total company performance consisting of total bookings, total paid customers and the performance of our direct business and partner channels.

Today, over 80% of our direct revenue comes from existing customers through cyber safety subscriptions, cross-sell products and MoneyLion's personal financial management solution. This high level of subscription and repeatable transaction revenue underscores the strength and loyalty of our customer base and in turn, the predictability of our revenue streams.

The addition of a fast-growing B2B2C marketplace into our broader partner ecosystem means monetization now extend beyond cross-sells and upsells of our first-party products. We plan to capture incremental value through partner offerings layered into our ecosystem. For that reason, direct ARPU no longer reflects the full scope of monetization across both owned and embedded partner services.

Overall bookings growth offers a more comprehensive view of our progress in engaging, monetizing and scaling customers throughout their life cycle. The segment margin reporting, our KPIs along with EPS performance, will demonstrate our commitment to our proven and disciplined go-to-market strategy and long-term value creation as we scale the business.

To help bridge these changes to the reporting framework, we've provided supplemental slides in the appendix of our earnings presentation that outline Gen's legacy KPIs for Q1 alongside trended financials by segment.

Turning to profitability. Q1 operating income was \$650 million, translating to a 52% operating margin, in line with our expectations. As Vincent noted, operating margin for Cyber Safety Platform was 61% and Trust-Based Solutions was 31%, each in line with expectations.

Our margins remain high as we continue to drive operating leverage through increased efficiency, a disciplined approach to resource allocation and measured investments and our new segment reporting will provide even more visibility to how we operate.

Q1 net income was \$398 million, and diluted EPS was \$0.64, up 20% year-over-year as reported. Interest expense was \$149 million in Q1. Our non-GAAP tax rate remained steady at 22%, and our ending share count was 624 million, down 3 million year-over-year, reflecting the impact of share repurchases.

Turning to our balance sheet and cash flow. Q1 ending cash balance was \$828 million, representing over \$2.3 billion of liquidity when including our \$1.5 billion revolver.

Q1 operating cash flow was \$409 million and free cash flow was \$405 million, up 55% year-over-year. As an annual reminder, our Q1 ending cash balance is always higher to support the concentration of tax payments that are due in early Q2.

On to capital allocation, we continue to have a balanced approach. During Q1, we repurchased nearly 5 million shares as part of our ongoing share repurchase program. We also paid down \$180 million in debt, including a voluntary paydown of \$75 million for our TLA.

As expected, we ended the quarter with our net average at 3.4 times EBITDA, up slightly due to the \$900 million cash payment for MoneyLion. We remain committed to driving net leverage to less than 3 times EBITDA by the end of fiscal 2027 through our balanced capital allocation strategy and accelerating growth.

For more details about our capital structure, please refer to the appendix slide in our earnings presentation. We paid \$82 million to shareholders in the form of our regular quarterly dividend of \$0.125 per common share. For Q2 fiscal 2026, the Board of Directors approved a regular quarterly cash dividend of \$0.125 per common share to be paid on September 10, 2025 for all shareholders of record as of the close of business on August 18, 2025.

Now let me share our Q2 and fiscal 2026 outlook and some of the assumptions that underpin it. We are raising our revenue and EPS guidance for fiscal 2026 based on our strong results. While there is still general macroeconomic uncertainty, our business remains resilient, bolstered by a highly recurring revenue base, strong customer retention and a global diversification in our core business and growing proof points of opportunities with financial wellness.

Both reinforce the expanding demand for consumer cyber safety and financial wellness offerings that empower people to thrive in a dynamic digital world and protect what matters most.

For fiscal year 2026, we now expect full year revenue in the range of \$4.8 billion to \$4.9 billion, up \$100 million from our prior expectation of \$4.7 billion to \$4.8 billion and reflects reported revenue growth of 22% to 25% year-over-year.

We expect non-GAAP EPS to be in the range of \$2.49 to \$2.56, representing our continued commitment of 12% to 15% annual growth. Our guidance assumes continued mid-single-digit growth in the core business and MoneyLion growth of over 30% while funding targeted longer-term growth investments in the Gen platform and AI capabilities.

For Q2, we expect non-GAAP revenue in the range of \$1.18 billion to \$1.21 billion. We expect Q2 non-GAAP EPS to be in the range of \$0.60 to \$0.62. This guidance range assumes current FX rates to Q1 although significant fluctuations remain possible given the volatility in currency markets that has taken place over the past few years.

In summary, our strong Q1 results put us on a path to exceed our fiscal 2026 plan. We're accelerating growth while maintaining the same discipline that has long defined our operating strategy. We've made tremendous progress with the integration of MoneyLion.

Our margins remain exceptional, and we're continuing to invest in scalable innovation without compromising returns. Our free cash flow generation is robust, creating capacity for ongoing opportunistic share repurchases and further delevering to drive strong returns to our shareholders.

I want to thank the entire team for staying focused and delivering great value to our customers and shareholders. We look forward to sharing more progress in the coming quarters. As always, thank you for your time today.



And I will now turn the call back to the operator to take your questions.

Operator?

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

Roger Boyd, UBS.

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### Roger Boyd - UBS - Analyst

Awesome, thank you for taking the call and first, I just want to thank you guys for the depth of disclosure, both on the call and the slide deck. Very helpful, so much appreciated. I wanted to start with MoneyLion. It looked like pretty strong growth even on a pro forma basis. That business seems like it's accelerating quite nicely.

I know there was some conservatism there around the model. But can you just talk about the fundamental trends you're seeing on that side of the business? Anything to expand on in terms of outperformance there?

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### Vincent Pilette - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Roger, this is Vincent. I'll take that one. As you recall, from MoneyLion disclosed numbers back to 2024, they were on a growth rate of about 25% to 30%. The first quarter of this year was not disclosed. They grew around 35% to 40% and then 45% in this quarter here that we just reported inside Gen.

So we've seen an acceleration. We actually have seen an acceleration across the two categories they have. So on the PFM side, the consumer side, they continue to do both acquire new customers and increase the number of transactional product per customer.

So we've seen a very strong performance on that side. Still in the early financial journey of the customers around the Instacash product then credit building, our whole growth opportunity here is to move through the whole customer journey as we plan to evolve and we see tremendous opportunities.

And then the second category is the engine, the marketplace that now has posted its third quarter of growth above 50%. The growth is almost balanced between PFM and engine. We feel really, really good. And that's feeding the ecosystem, if you want, where we see also the retargeting of customers for their second and their third product. As they moved into Gen, we're able to add the credibility of our current installed base and the experience of our enterprise sales force to go and target new partners and to enrich also the partner ecosystem.

So we feel really good about the opportunity on almost all fronts of that MoneyLion offering.

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### Roger Boyd - UBS - Analyst

Very helpful. Maybe as a quick follow-up. I just wanted to ask a question about pricing. As you continue to add more functionality across the product suite, and I know you talked about extending financial monitoring to all LifeLock members, adding scam prevention features to the broader customer base. Just how do you think about pricing as a lever?

I think from a list price perspective, there hasn't been any substantial changes. Just how do you think about that as a lever to monetization? Thanks.

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**Vincent Pilette** - *Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, absolutely. Our strategy is different--

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**Natalie Derse** - *Gen Digital Inc - Chief Financial Officer*

Roger, thanks for the question. Sorry about that. Yes, for pricing, we've got a strategy that basically -- we want to stay committed to really focusing on innovating, delivering products to market that are going to expand and enhance the protection that we can give our customers. And we believe those are industry leading. We have a robust product portfolio.

And as we launch those products, either stand-alone or as part of the membership, that's how we bring additional value to market. And that's where we would, in exchange, get more price or more ARPU from the customers.

And that's why you saw a couple of years ago at our Analyst Day, we said, okay, what are the building blocks here? You didn't see a lot of site-wide pricing. We aren't really subject to a lot of the increase in cost of goods across the globe.

We're very, very much focused on innovation, create that value and get in exchange for that value and that protection that we provide our customers additional ARPU. That's why in our revenue growth trajectory, you hear us talk about cross-sell.

So as we launch those stand-alone products and we educate our customers, our customers demand pay us back for that.

Same thing with the membership offering. So as we launch our stand-alone products, and we choose whether they continue to stay stand-alone or get embedded in one of the membership offerings, again, that's where you're going to see ARPU increases as we move customers up that value chain of the CSP subscription membership offerings. That's how we really look at price. It's really a -- it's an exchange of we deliver value. We deliver innovation, we deliver protection and in exchange for that, we get a different -- we upsell or cross-sell our customers to increase that protection.

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**Roger Boyd** - *UBS - Analyst*

Really helpful thank you both.

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**Natalie Derse** - *Gen Digital Inc - Chief Financial Officer*

Thanks, Roger.

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**Operator**

Rob Coolbrith, Evercore.

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**Rob Coolbrith** - *Evercore ISI - Analyst*

Great, thank you very much for taking our questions. A follow-up on MoneyLion. It sounds like they were already accelerating nicely in the March quarter. But I think last quarter, you had talked about applying some Gen's operating discipline and approaches to MoneyLion operations.

So just curious, anything you've already implemented, whether you're beginning to see results there. Anything that you -- any other sort of incremental or further opportunities to refine MoneyLion's operations across the board really, but any other particular opportunities.

So I just wanted to ask about that. Thank you.

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**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Yeah, of course. So we plan to, of course, focus on the growth. We see so much opportunity here to capture in the market, both on the PFM side, and then on the engine side to really do an overall ecosystem in terms of a differentiated feature that nobody has.

When you look at the level of growth that we've indicated in our guidance, around 30%, we said we would manage the business at about 20% operating margin already in excess of 20% today, which give us great room to continue the innovation, continue to scale the business.

As we integrated inside Gen, we had most of the gain from the operational side, the system integration, the processes, the procedures, but we still have the whole cross-sell into the Gen installed base, which, as you know, will come at a zero CAC and we'll give another lift if you want, into the margin. And then as we continue to grow our engine and ecosystem, the ability to retarget the customers over time and grow the value per customer, the number of product per customers, then the margin also scales up with that.

So again, priority number one is growth, continue to innovate to gain market share, get more customers on the platform, and then number two, continue to improve the margin as we scale up the business.

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**Rob Coolbrith** - Evercore ISI - Analyst

Great. On the cross-sell opportunity, anything you could tell us about the time line or any outputs of any early testing you may have done? Thank you.

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**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Yes, absolutely. We started actually organically already developing and making sure we introduce financial wellness features in our LifeLock app first and then we plan to expand. I mentioned in my script at the beginning of this call that we plan to launch the first rebranded product, if you want, in the fall.

We are in rapid testing, we don't have anything built in our model yet because we want to be conservative from that perspective and keep all flexibility to really design the product that the customer really wants and love. But you'll see already more progress.

We'll talk about it on September 8, when we're together in New York. And then through the second half and next year, you'll see those things unfolding.

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**Rob Coolbrith** - Evercore ISI - Analyst

Great. Thank you so much.

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**Operator**

Andrew Nowinski, Wells Fargo.

**Andrew Nowinski** - Wells Fargo Securities LLC - Analyst

Great, thank you for taking the question and congrats on a strong start to the fiscal year. I'd like to start with a question on the Cyber Safety business. So I think, organically, it was up about 5%, excluding the extra week and MoneyLion, which is unchanged relative to what we saw in the seasonally strong quarter in Q4.

And I know last quarter, I think you guys talked about how employee benefits was one of the key drivers, and -- I think, Natalie, maybe you mentioned that momentum has continued into this fiscal year, but I'm wondering if you could provide any more color on really what drove that strength in Q1 because it -- maintaining that same growth rate was pretty impressive.

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**Natalie Derse** - Gen Digital Inc - Chief Financial Officer

Yeah. Thanks, Andy. I appreciate the question. Just -- if you let me, just a couple of years ago, when we did Investor Day, we said we were going to build to a sustainable mid-single-digit rate of growth and that's what the plan has been and what it continues to be in the core business.

And so whether you're looking at the security side or the identity side now Cyber Platform versus Trust-Based Services, the core fundamentals of the business continue to be cross-sell.

It's upsell. It is driving partner diversification and accelerating rate of growth and really building on top of our very strong retention rates.

And so all of those levers we continue to drive operationally in that business. And that's what has -- really brought us to executing a mid-single-digit rate of growth for that area of our business. Now blend that with the Trust-Based Services segment now as we fold in and integrate with MoneyLion, that's where you're seeing that additional growth come through in a double-digit fashion.

But if we go back to you just the fundamentals of Cyber Safety Platform. We are really focused on making sure that we deliver great protection. We stay very innovative in that segment, and we're delivering robust services, either on an standalone basis to cross-sell or enhance value in the membership adoption.

And that continues to scale, especially as we every single day, week and month, continue to refine our effectiveness on how we talk to our customers and how we service customers. It's definitely working and very consistent.

And then on the Trust-Based Services side, look, the LifeLock business continues to be very, very strong. You take a strong growth business and then you fold in and weave in MoneyLion double-digit rate of growth and you -- and from a Trust-Based Services perspective, they're at a double-digit capacity.

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**Andrew Nowinski** - Wells Fargo Securities LLC - Analyst

That's great. That makes sense. And maybe just a follow-up question as it relates to your guidance. I certainly appreciate all the color you gave around how to think about Gen and MoneyLion, but I guess, with your new reporting segments on Cyber Safety and Trust-Based Solutions, if that's the way you're going to be reporting going forward. I was wondering if you could just give any color on how to think about the growth rates of those two segments going forward. Thank you.

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**Natalie Derse** - Gen Digital Inc - Chief Financial Officer

Yeah. On the Cyber Safety Platform side, I would say that's where you're going to see, again, that consistent deposits into the bank, so to speak, against our Analyst Day two years ago. So I would expect that we'll continue to build a sustainable and profitable mid-single-digit rate of growth there. And then from a financial wellness perspective, which is really going to be nested in driving a Trust-Based Solutions vertical. That's where

you're going to see the elevated -- an accelerating rate of growth into double-digit territory over the coming quarters as we really learn and scale and integrate with MoneyLion and some of the other financial wellness additives in that segment.

And so that collectively, that's what's really driving the increased revenue guidance.

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**Andrew Nowinski** - Wells Fargo Securities LLC - Analyst

Makes sense thank you very much.

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**Natalie Derse** - Gen Digital Inc - Chief Financial Officer

Thanks, Andy.

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**Operator**

Daniel Bergstrom, RBC.

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**Dan Bergstrom** - RBC Capital Markets Inc - Analyst

It's Dan Bergstrom for Matt Hedberg. You mentioned the MoneyLion business model transition in the second half of the year in the prepared remarks. Obviously, guidance implies a high level of confidence around that transition. Could you maybe provide some more details about what it could look like or what it could entail?

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**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Yeah, absolutely. So I'll take that one. So MoneyLion today, super pleased, obviously, by the performance, right, both on the PFM side and the engine side. The revenue is essentially still transactional revenue, but about 80% of that revenue is a recurring revenue or renewal revenue with the same customers.

I think it's only a natural thing now with Gen's experience in membership to develop, implement and sell a membership structure to continue to bring the customers through a long-term financial journey or financial wellness journey, where we're going to increase the engagement and then increase the retention rate over time, growing the ARPU and so you'll see in the second half, we're going to continue to develop that and promote and sell the membership side of the business.

That may have a little bit of a trade-off between short-term quarterly bookings versus long-term value, but we're moving the equation of the customer around long-term value over the CAC equation.

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**Dan Bergstrom** - RBC Capital Markets Inc - Analyst

That's great. And to stick on MoneyLion, I thought slide 13 highlighting the ecosystem was impressive. Maybe now that you've had the asset on board here for four months, anything that may be pleasantly surprised you or that you were able to better appreciate versus your prior thoughts?

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**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Absolutely. A lot of things. And when we looked at first organically developing financial wellness for customers, I think I mentioned to you and to all of our investor community that it really started grassroots with our own LifeLock customers asking for more financial wellness, either education

or features. And as we did that, we started to look at potential partnership with financial fintech companies. And when we met the MoneyLion team.

We thought they had something unique that we didn't see in any other company.

And that was this engine, this marketplace, this ecosystem, building a white label that can be embedded into other people, consumer Internet platform, if you want, bringing more customers into this financial journey financial indications and then mapping the consumers with the partners that can offer those products that meet the customers at the moment of truth, as we call it, inside Gen.

And we thought that was unique. It was very valuable for the 65 million paid customers we brought in from Gen, including the 150 million active-free users we have, but of course, continuously developing that for other people in the Internet platform that want to expose their customers to that financial journey.

We definitely saw a very strong reaction, positive reaction from the partners when we position not only our experience in a B2B2C environment but bring all of those prime customers to the equation. So I think I'm super, super bullish on what the engine will deliver for us and will create this Gen ecosystem, offering our customers best first-party product that we want to offer, but also when we don't have them, exposing our customers to meet their needs into third-party product. And that will also give us visibility on what we want to innovate and when do we want to build next for our customers.

So from that perspective, I think it's super, super encouraging and could change the game for what Gen is or was yesterday and what Gen could become tomorrow.

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**Dan Bergstrom** - RBC Capital Markets Inc - Analyst

That's really great. Thank you.

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**Operator**

Saket Kalia, Barclays.

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**Saket Kalia** - Barclays - Analyst

Okay, great. Hey guys, thanks for squeezing in here and nice start to the year. Maybe I'll just keep it to one question here. Vincent, maybe for you. Around the lines, just of the prior question, understanding that it's still early, some of the trends that you've seen in the MoneyLion marketplace for customers that want to buy Norton or LifeLock subscriptions or vice versa, right? Again, there's clearly a long-term sort of play here, but what have been some of the early observations with that cross-sell motion?

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**Vincent Pilette** - Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer

Yeah. Let me talk about. And so what you're talking about Saket, is about taking the MoneyLion customers or call it the financial wellness customers and exposing them to a cyber safety protection. And I think it goes back to what will be this future of banking. And I think it will be a trustable platform that is consumer empowered that gives the financial advice of the financial product at the right customer journey moment, what we call moment of truth in a personalized way.

That will be the future of how banking is delivered to the consumers.

And if you take all of those components, obviously, MoneyLion already had the ability to personalize, had the ability to bring the best product first party or third party, but they were lacking maybe the brand recognition and the trust.

The trust that is based on security and protection and credit alerts and monitoring. And I think we're going to bring all of that to that equation. I stopped short of selling cross-sell, et cetera, the value could be spread across the categories. But I think when you take the Gen capabilities that I've mentioned, plus the MoneyLion capability, you can see how well positioned we are to deliver the future of financial delivery, if you want, or addressing the financial wellness of the customers through their financial journey.

And so we're super, super excited about the combination of the portfolio.

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**Saket Kalia** - *Barclays - Analyst*

Very helpful. Thank you.

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**Vincent Pilette** - *Gen Digital Inc - Chairman of the Board, President, Chief Executive Officer*

Sure.

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**Operator**

That concludes today's conference call. You may now disconnect your line.

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