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GEN.OQ - Q2 2026 Gen Digital Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good afternoon, everyone. Thank you for standing by. My name is Lauren, 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.

Jason Starr - Gen Digital Inc - Investor Relations

Thank you, Lauren, and good afternoon, everyone. Welcome to Gen's second 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. 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 of our business -- on our business and industry that may be considered forward-looking statements, and such statements involve risks and uncertainties and 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, November 6, 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

Thanks, Jason. Hello, everyone, and thank you for joining us today to discuss Gen's results for the second quarter of fiscal year 2026. This was another quarter of outstanding execution, exceeding our expectations as we capitalize on our global user base and compounding data advantage.

We delivered record revenue and earnings, continued to drive strong customer and bookings growth and are making clear progress with our portfolio transformation. This performance demonstrates the strength and resilience of our business, underpinned by a high-margin subscription model now expanding into faster-growing adjacencies in secure financial awareness.

It also reflects our strategic position as the most trusted partner in protecting digital lives, bringing confidence in a complex and increasingly AI-driven world. Before diving into the numbers, it is important to recognize the environment in which we operate.

Consumers today face a rapidly evolving threat landscape. They face a new generation of cyber threats like AI-powered phishing, deepfakes, inner circle in presentation and identity tests driven by large-scale data breaches. These threats are increasingly personalized, sophisticated and harder to detect.

The financial impact is real and rising. Cyber crimes against consumers are projected to exceed \$15 billion annually in the US alone, growing at double-digit rates. Meanwhile, Financial wellness is a very real and prevalent consumers' need. two-third of Americans live paycheck to paycheck, often stitching together their financial lives across multiple digital platforms beyond traditional banks.

In this environment, risk and financial wellness are deeply interconnected. When people live with little financial buffer, an incident of identity test, a fortune charge or even a scam can quickly upend their finances. The stake goes beyond security and protection, they are also about trust and well-being.

People aren't just searching for another financial product, they're seeking for a trusted and reliable partner, one that can secure their identity, protect their data, safeguard their privacy and empower their financial well-being through trusted decisioning along their journey. And that is exactly the role Gen is built to play, and we are uniquely positioned to be the global consumer cyber safety and fintech leader now and in the future agent that is emerging around us.

Let me review some of the highlights of the current quarter. We generated just over \$1.2 billion in revenue, up 25% year-over-year. Our consumer FinTech business, MoneyLion, delivered another exceptional quarter, growing 50%.

And when including MoneyLion's results in the prior year, Gen grew revenue 10%, matching our strong Q1 performance. We continue to operate with financial discipline maintaining a non-GAAP operating margin above 50% and driving a non-GAAP EPS result of \$0.62, up 15% year-over-year even as we continue to make disciplined growth investments throughout our technology stack in AI, data and platform architecture.

These disciplined investments will continue to fortify our global leadership and over time, further compound allowing us to offer even more offers, services and value to our customers to help them lead secure and safe financial and digital lives.

Similar to Q1, our performance was broad-based. We generated growth across our Norton, Avast, LifeLock and MoneyLion brands. Our bookings for the Cyber Safety segment grew 5% year-over-year coupled with a robust operating margin of 61% and healthy and stable customer retention. During the quarter, we expanded our scam and deepfake protection powered by Norton Genie Pro and Gardin to help users combat the rapid rise in AI-based camps.

Early adoption is strong and accelerating. We support in over 40 languages and more countries coming on later this year. We are driving rapid development with our cyber safety assistant, delivering actionable insights to Norton 360 users. As more innovation is integrated into our cyber safety suite, we are seeing higher engagement, which we believe is helping drive strong Norton 360 and Avast One membership growth.

Our refreshed privacy portfolio is also gaining momentum. Following the Norton VPN improvements, which we released earlier this year and several positive reviews in leading tech publications that have boosted market awareness, using privacy have accelerated to double-digit growth.

We also -- on small business solution, combining security and financial protection features for entrepreneurs and teams. These efforts align with Gen's strategic direction to penetrate new customer cohorts combining technology leadership and improved user experience.

Independent testing continues to validate our leadership as Norton and Avast to remain the top two brands in consumer protection and will continue to drive additional innovation in the portfolio through new features such as our AI-driven customer renewal model. Overall, cyber safety provides an important needed value proposition to consumers as we continue to operate this business with discipline, driving stable and profitable growth.

Our Trust-based Solutions segment delivered another standout quarter with revenue up over 25% on a pro forma basis, while operating margin came in at our 30% target. Our trusted brand lifelog remains the leader in identity protection, allowing consumers to support their financial journey with the best credit reputation, consuming financial products at those moments of truth when identity, reputation and financial well-being intersect.

MoneyLion exceptional results across our first-party personal finance products, and our engine marketplace demonstrate our disciplined execution unrivaled portfolio and the strong signal demand for our secure financial wellness services. The integration of MoneyLion has been one of our smoothest yet. With cost synergies delivered ahead of plan, we are now unlocking revenue synergies by unifying best-in-class data systems and solutions across our cyber safety and trust-based solutions.

We have embraced Money Line's experimentation and innovation DNA and are focused on building new features in a category that is still transforming, incorporating best practices from all of our businesses will ensure cutting-edge product performance, but also multiple opportunities to cross-promote our features to consumers across channels such as the planned launch of EWA feature in our employee benefit channel.

We have begun rolling out early access financial wellness features across selected Gen brands, including LifeLock and Norton, marking a key step in expanding our ecosystem. This includes the early launch of Northern Money, a unified platform that combines credit monitoring, identity protection, financial insight and a created marketplace. We have also embedded a robust credit card marketplace for LifeLock customers a natural extension of the credit monitoring features that are increasingly engaging with.

Continued excellence in embedding AI-powered financial recommendations and insight is a natural use of our data advantage to help consumers make even better financial decisions. The LifeLock and Norton consumers will no longer need to leave the ecosystem for customized precise recommendations that can improve their financial lives. These initiatives reflect our broader ambition to build the leading decisioning platform for consumers secure financial empowerment.

Gen now serves hundreds of millions of active and premium customers across our ecosystem, creating a substantial base for future financial product and subscription cross-sell monetization. This strategy drives lifetime value expansion and sets up a strong growth trajectory.

This is exactly what we outlined in our strategic vision for secure financial wellness to enrich Gen's ecosystem by leveraging our trusted data platform where every decision and transaction feels secure, permitted and contextual and embedding financial wellness like digital banking insights, precision marketplace payments into our cyber safety and identity protection and

AI is now the connective tissue of everything we do across innovation, products, marketing and customer experience. In cyber safety, AI powers behavioral-based that detection and real-time scam identification, protecting users from phishing, deepfakes and other emerging forms of attacks.

In financial wellness, the MoneyLion engine leverages AI through Spark, our proprietary underwriting platform that matches customers with the best and most relevant financial products, personalizing and accelerating their decision-making. Our AI Norton Neobrowser personalized browsing by introducing safe and private memory support, transforming each browser instance into a unique personal assistant that user can trust.

Within our customer success organization, we improved retention through tailored offers and enhanced user satisfaction and drove sustainable long-term revenue growth. As we unify our customer data securely, we are developing personalized and permissioned AI-powered outcomes, redefining the trusted value we bring to consumers. Operationally, AI is already delivering tangible productivity gains.

Our customer support automation and agentic framework continues to mature, now handling 55% of text-based chat and 40% of voice-based interactions driving over 20% cost efficiencies in this function to reallocate towards our platform investment.

In R&D, we have applied agentic AI across the entire product development large cycle enabling us to shift over time, resources for maintenance towards innovation and ultimately boost product velocity. And finally, in marketing, we have built an AI-enabled ecosystem that accelerates creative production and enhance productivity across every team from upper to lower funnel.

This shift is creating a more agile data informed marketing organization that is operating at the pace of our ambitious innovation. We're very excited about the scale and growth we can deliver through this strategy through our global data advantage and the consumer trust.

With a strong first half results and increased visibility in the second half of the year, we are raising our annual guidance at \$95 million at the midpoint of our prior revenue range representing over [25%] growth on a reported basis. This underscores the momentum we see in our business as we transform into a customer-centric platform, leveraging our skilled customer base and using our data mode to do our personalization and trust at the core of our business.

In summary, we delivered another very strong quarter and are raising our annual guidance again demonstrating our strategy is working. We are ahead of plan with MoneyLion and setting our sights on capturing further growth synergies and leading with innovation and grounded in trust. We are building the first AI-powered platform with a trust layer that unites security, privacy, identity and financial wellness solutions into a market advantage that no one else holds at scale.

Our ecosystem brings together a portfolio of competitive first-party products in cyber safety and trust-based solutions and an expanding partner network that underpins our engine marketplace to also provide leading third-party products and solutions for our customers. And all of it is supported by a customer-driven platform that deliver personalization and contextualization at key moments of truth.

To our investors and partners, I want to thank you for your confidence. To our employees I want to thank you for your relentless commitment to our customers and to fulfilling our mission of powering digital freedom. Gen is executing with momentum, discipline and purpose, and our opportunity has never been greater. And now I will turn it over to Natalie to discuss our financial results and financial guidance in more detail.

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Thank you, Vincent, and hello, everyone. For today's call, I will walk through our Q2 results and also provide some additional color on our performance metrics. I'll then conclude by providing our outlook for Q3 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 include MoneyLion's results from the prior year for comparative purposes.

Now on to our results. Q2 was another strong quarter for Gen with better-than-expected results. On a reported basis, Q2 bookings and revenue were over \$1.2 billion, up 27% and 25% year-over-year, respectively.

On a pro forma basis, Q2 revenue grew 10%, consistent with last quarter. And excluding MoneyLion, Q2 revenue grew 5%, which is consistent quarter-over-quarter performance and in line with our commitments. In our Cyber Safety segment, bookings was up 5% and revenue was up over 3% with broad-based growth across channels. With our expanded scan protection features and cyber safety AI assistant, helping consumers outpace emerging threats.

This has translated into strong sales of our leading Norton 360 comprehensive membership offerings, and reflected in our accelerated bookings growth this quarter. More partners are also adopting our highest tier all-in-one cyber safety memberships and promoting our bundled solutions to their channels.

As just one example, our employee benefits partners already see the expanded value we provide through Norton 360, and this channel continues to grow double digits with a robust pipeline ahead of the annual enrollment period. More and more consumers understand the need to have full suite with identity protection, and we see it in our results.

Additionally, across our go-to-market channels, we are leveraging our data and AI capabilities to drive more effective targeted campaigns through our in-product messaging platform, upselling more customers to higher-tier memberships with additional identity and privacy protection or cross-selling them additional add-on products that fit their immediate needs based on select moments of exposure.

These post-sale levers continue to drive more growth, higher engagement and, in turn, higher retention. Our cyber safety platform remains our foundational bedrock and the growth playbook we deploy continues to provide an accelerating flywheel rooted in innovation and serving customer needs. In our Trust-based Solutions segment, on a pro forma basis, bookings and revenue grew 26% and 27%, respectively, and more than doubled on a reported basis.

In our LifeLock business, growth remained stable with highly retaining customers and strong customer NPS. Additionally, MoneyLion personal financial management solutions are scaling significantly with strong gains in new active users and increasing product consumption. And our engine financial marketplace delivered another strong quarter, the fourth consecutive quarter of growth over 50%.

The accelerating adoption of third-party financial products available on Engine reinforces our marketplace strategy and our mission to help consumers make better financial decisions through embedded experiences across financial and nonfinancial platforms and apps. This momentous business is powerful in and of itself. And as we innovate across our trust-based Solutions segment, we believe it provides us with such a unique opportunity to cross pollinate.

Although we're just getting started, we are very excited about the green shoots in our early test results driving offers and in turn demand with our LifeLock cohorts. And we expect this momentum to continue as we expand the marketplace catalog to include new third-party product categories, such as prime credit cards that are personalized for our diverse customer base.

Overall, our direct channels continue to demonstrate strong fundamentals, growing revenue 17% as reported and 6% pro forma. And partners scaling considerably, growing revenue 88% as reported and 24% pro forma, demonstrating healthy diversification, underpinned by strong innovation across our product portfolio. Turning to customers.

We continue to expand our customer base, now reaching over 77 million customers, up approximately 1 million sequentially with expansion across our segments and net adds across our key channels. As we navigate forward with a more integrated business model, we will take a customer-centric approach and that requires us to refine how we target personalized offerings to best serve their needs.

We will continue to focus on subscribers, which are customers who pay for our products on a recurring monthly or annual basis, such as our vast Norton 360 membership customers or MoneyLion subscriptions, which are refining.

In addition to subscribers, we will also focus on product users generating revenue, which are customers whom we monetize through transactions and complementary engagement models such as our MoneyLion personal financial wellness and marketplace customers.

And while we are at the early stages of development, we wanted to introduce our expanded approach designed to capture the growing demand in a more focused manner as we continue to innovate and scale. We are no longer just a direct-to-consumer business, and there is no one-size-fits-all approach with such a diverse customer base. More to come on this as we drive further expansion across these vectors.

Now turning to profitability. Q2 operating income was \$623 million, translating to 51% operating margin in line with our expectations. Operating margin for cyber safety platform was 61% and trust-based Solutions was 30%, each in line with our plan. Our margins remain robust as we continue to drive growth with a disciplined approach to resource allocation, scaling efficiency with AI and measured investment in our long-term strategic initiatives.

Q2 net income was \$387 million, and diluted EPS was \$0.62, up 15% year-over-year as reported. This represents our eighth consecutive quarter of achieving or exceeding our 12% to 15% EPS growth target. Interest expense was \$139 million in Q2, our non-GAAP tax rate remains steady at 22%, and our ending share count was \$624 million, up \$2 million year-over-year.

Turning to our balance sheet and cash flow. Q2 ending cash balance was \$701 million, representing over \$2.2 billion of liquidity when including our \$1.5 billion revolver. Year-to-date operating cash flow was \$525 million and free cash flow was \$512 million, demonstrating the capital efficiency of our business model.

As we shared, Q2 is seasonally high our highest use of cash given the concentration of tax payments that are due within the quarter, including \$139 million transition tax payment our last payment related to the 2017 Tax Cuts and Jobs Act.

Also worth noting, due to how specific calendar dates fall in this fiscal year, we have both of our semiannual interest payments in our first half of fiscal 2026 whereas typically, we have the first payment in the first half and the second payment in the second half of the fiscal year.

Given this higher use of cash in Q2, we did not have any additional capacity or share buyback during the open period. We paid down \$160 million of debt and ended the quarter with our net leverage at 3.2 times EBITDA. We paid \$77 million to shareholders in the form of a regular quarterly dividend of \$0.125 per common share.

For Q3 fiscal 2026, the Board of Directors approved a regular quarterly cash dividend of \$0.125 per common share to be paid on December 10, 2025, for all shareholders of record as of the close of business on November 17, 2025. Our free cash flow generation remains very strong, and we stay committed to a balanced capital allocation as we enter into the second half of our fiscal year.

Now let me share our Q3 and fiscal 2026 outlook. We are raising our revenue and EPS guidance again for fiscal 2026 based on our strong results and the momentum we're seeing. Our business remains resilient, bolstered by a highly recurring revenue base, further supported by solid customer retention and substantial free cash flow generation.

For fiscal year 2026, we now expect full year revenue in the range of \$4.92 billion to \$4.97 billion, up from our prior expectation of \$4.8 billion to \$4.9 billion. And reflects reported revenue growth of 25% to 26% year-over-year. We expect non-GAAP EPS to be in the range of \$2.51 to \$2.56 and representing our continued commitment to achieving our 12% to 15% annual EPS growth.

For Q3, we expect non-GAAP revenue in the range of \$1.22 billion to \$1.24 billion. We expect Q3 non-GAAP EPS to be in the range of \$0.62 to \$0.64 or 12% to 15% growth year-over-year.

Our Q3 and full year guidance assumes high single-digit pro forma growth. combined with disciplined cost management, while funding targeted long-term growth investments in the Gen platform and additional AI capabilities. This guidance range also assumes current FX rates to Q2 and although significant fluctuations remain possible given the volatility in currency markets that has taken place over the past few years.

In summary, we are well positioned after a strong first half. We're accelerating growth while maintaining the same operating discipline that has long defined our strategy. We are driving healthy growth in both of our segments, and we've made tremendous progress with the integration of MoneyLion.

Operating margins remained strong, 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 for our shareholders. We continue to hit the mile markers we've laid out as we navigate towards our long-term growth objectives.

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?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Rob Coolbrith, Evercore ISI.

Rob Coolbrith - Evercore ISI - Analyst

Congratulations on the strong results. Just wondering, first of all, if you could maybe give us your view of the macro environment and the health of the consumer right now. And if we were to see a more significant downturn, how you'd expect that to play across the two segments of the business. And then also -- ask on the transition -- Sure. Please go ahead.

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

Okay. you ask a question of that. Sorry, but that to jump. But -- thanks for the congratulations. This is Vincent. Thanks for the congratulation. We definitely had an outstanding quarter, and I would add another one. So let's talk about the macro environment. We have two segments, right, security and privacy and then trust-based solution really anchored around the secure financial wellness. I'll start with the security and privacy.

Obviously, you've seen in our Q2 threat report that we just published last week continued increase in complexity of the threat landscape, targeting consumers in various forms increased use of AI just last quarter, blocked 140,000 website, all designed by AI but with a very high level of credibility and precision.

So all of that, if you want, will continue. We believe the consumers for a very small membership fee, I would say, can protect against thousands of dollars lost through cyber criminals. When you look back at historical during downturns or upturns, we have not seen too much correlation to our subscription or security revenue streams.

On the Secured Financial wellness, we now have millions of our customers connecting their bank account, for monitoring, alerts. We do offer, as you know, first-party financial products from liquidity offering to credit building, to high-yield savings accounts. We've seen a very strong growth again this quarter under personal financial management offerings here under 50%, but very strong. We have not seen a change in patterns in consumption over the last few months, and we do not see it here as we speak so far.

Generally speaking, when interest rates continue to trend down, normally, there's actually renewed activities and refinancing and other activities that support that demand. On the second aspect of our secure financial wellness, it's our marketplace. Here, we've really seen the benefit of coming together with Gen, millions of consumer board onto the marketplace. We're just at Money 2020 conference and a lot of very strong interest from financial partners to join the engine marketplace by Gen. And I think we'll continue to have that opportunity to offer for consumer, whether the economy goes up or down, I think the need for the best financial decisions will remain and be strong.

Rob Coolbrith - *Evercore ISI - Analyst*

Great. And thank you for all the detail on the LifeLock integration from the experiences you bringing to bear between LifeLock and the secure -- sorry, financial wellness. But just if you could maybe talk a little bit as you go down this cross-sell journey, maybe about the frequency of member interaction with the LifeLock products, particularly around they do identity unlock as they're shopping for financial products. Maybe can you just talk a little bit about the mechanics of the cross-sell and some of the unique opportunities there.

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

Absolutely. So obviously, revenue synergies is a long process, MoneyLion fully integrated from a back-end integrated from an R&D perspective. We're finalizing the integration of the data to offer an enriched experience. And now we're really unlocking the revenue synergies. There are two immediate components we're focusing on.

One is not in money with EWA features going into employee benefits, but also on money as a PFM tool for our Norton installed base. That's one. And the second one is the embedded, I would call it, core marketplaces, focusing at the needs of the consumer.

LifeLock is the first immediate case. Since we brought the money line on, we've really enriched the marketplace with credit card catalogs or offerings, if you want for prime customers, and we're embedding that into LifeLock.

And as you know, LifeLock, it's not only monitoring your credit, it's really monitoring and managing your financial moments of touch, you check your credit, you check your financials, when you're going to go for a purchase and or if you want to improve your credit level in order to do approaches that you intend to do today.

And so at that point in time, if you want in an embedded experience, we now have that marketplace and made into the LifeLock applications. It's actually a very positive results, although on a small base. And we have a long transformation to drive, as we've already discussed in prior quarter and making progress on it is really moving an application that was essentially passively giving you peace of mind to a more engaged applications in which you come and validate and try to improve your journey, and we see good progress overall in that trend as we bring new tools such as the credit builder tool or now this credit marketplace.

Operator

Roger Boyd, UBS.

Roger Boyd - *UBS AG - Analyst*

Great. And congrats also on the strong results. I wanted to touch on partner revenue, which was, again, very strong and I think maybe accelerated organically, but you did note 50% growth in MoneyLion Engine and double-digit growth in employee benefits.

Just any thoughts on how we should think about the trajectory of partner revenue over the back half of the year, anything to be mindful of from a seasonality perspective, particularly with MoneyLion Engine and then the employee benefits channel into open enrollment? And I have a follow-up.

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

Yes. I'll take that one. It's nothing less financial and more structural. So two years ago, when we did the Analyst Day, we said, Hey, we have a big opportunity in our partner organizations. At the time, it was 90% direct, 10% partner. As we're expanding the portfolio.

We said it in the long run, we think it will be more of an 80-20 and you're going to see partner growing faster than direct. And it makes sense because many of our services are embedded into partner views and then we had the view -- this long-term view of bringing this marketplace adding more value to our consumer.

And what you see now two years later, eight quarters later, since we laid out that strategy, it's finally taking routes. Quarter in, quarter out, you may have a little bit bigger gap or a smaller gap. But I think you'll continue to see partner revenue outgrow the direct revenue, as we continue to contemplate bringing to our consumers adjacent values that we may not even manufacture ourselves because we neither bank or we may not be a legal firm, but that all fits together around supporting that financial wellness overall.

And -- no, I would not predict specific seasonality quarter-in and quarter-out that you see every year. Now obviously, you can always the growth rate change quarter-in quarter-out, but similar trends will continue moving forward.

Roger Boyd - UBS AG - Analyst

Awesome. That's helpful, Vincent. And then Natalie, just on free cash flow. It looked like it was actually pretty robust after backing out the tax payment. I know you don't guide to it, but any color you can give just on how you think about free cash flow trajectory and -- as that continues to improve?

I know you touched upon it in the remarks, but any update on how you think about capital allocation between debt paydown and share repurchase?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Yes. Thanks, Roger. Our free cash flow generation will continue to stay strong. It's -- yes, seasonally high in Q2. And then, of course, we have that timing element that hurt a little bit more in Q2 than norm as well.

Yes, as we accelerate rates of growth as we integrate and we continue to scale we're going to continue to operate in a disciplined fashion. We've laid out our margin expectations for each of the segments over the long term. And we'll continue to deploy our capital in a disciplined and balanced way across accelerated debt paydown but also share repurchases.

And then we just haven't -- with the timing of the MoneyLion deal over the last, I would say, three to four quarters and when we were able to get out in the open period, we just didn't have the opportunity to do much share repurchase. But as we look to the back half, we'll get back to being much, much more balanced across accelerated debt pay down and share repurchase.

Operator

Dan Bergstrom, RBC.

Dan Bergstrom - Rbc Capital Markets - Analyst

It's Dan Bergstrom for Matt Hedberg. So you highlighted higher engagement on Norton 360 in your prepared remarks, you also talked to some scans is providing some tailwind there. Beyond that, maybe what are some keys to the momentum in upselling customers into those higher-tier Norton 360 memberships?

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

Very good, Dan. Thanks for joining. So to remind people, Norton 360 is our all-in-one suite set of plants, if you want, from the Norton brand. We have the same on Avast One from the Avast View. And our goal has been to move more and more people to membership, you pay a fee with that, you'll get our new features and the piece of mind in this environment where cyber threat is pretty dynamic.

And then depending on the plan, all the way to all in one, including the LifeLock identity protection, then you fully protected. We still have the majority of our customers on the Norton 360 lower and mid-level tier, not including the identity.

We have, at the beginning of the year, moved Norton Genie, our anti-scam into that known 360 platform and have evolved Norton Genie from a pure AI-driven anti-scam to becoming really the AI cyber safety assistant. And we've now just launched into 40 new countries in 40 languages, that feature.

That feature is at the core of getting our applications to our platform more engaging where you can ask your questions and can automatically also become ultimately become your agent connecting different privacy and security features at the moment it's needed.

We have seen some traction on the upper level of the plan, -- no with Norton 360 with Norton Genie Pro, which is an upgraded feature that provides not only the security side, the AI assistant but also the insurance, the voice block, the tax block and so a much more enriched experience full private and full protection.

And we've seen traction with that. And then we're now just launching Northern money, which will be the alternative to go and move to a higher plan with credit monitoring financial insights and create marketplace as an alternative path to the upper plant. So as I mentioned in my remarks, continue to see very good progress towards, a, the membership; and b, the engagement with the platform.

Dan Bergstrom - Rbc Capital Markets - Analyst

That's great. And then I know paid customers is the new metric, but the old KPI around direct cyber safety customers was in the slides, up \$400,000 quarter-over-quarter. Understanding there's some rounding there, but that's impressive, but at the upper end of what we'd expect historically. And again, I know it's a seasonally strong quarter here, but maybe what was some -- what was you had some of the strength on the customer addition number?

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

Yes. I would say now it has been many, many, many quarters. I don't remember how many maybe seven or eight that we've been in the range of, I would call it like 250 to 400. So you're right, it's in the upper of the range, but we basically see it on the high side of the range in line to our expectations as we've been driving increased engagement, more channel to acquire customers and improvement on the retention. And I think it's more progress across all of the dimensions that reviewed.

Now as you know, our customer base is evolving. We see it in two categories. One is a subscriber generated revenue, as Natalie mentioned, and the other one is a product usage generated revenue. We see a very strong increase across all dimensions, and our goal will be to continue to increase the subscription. We did provide the whole metric just for people to understand and assess the health of our core Gen the way we looked at it before we split into two segments, which I think will be useful for investors.

Operator

Saket Kalia, Barclays.

Saket Kalia - Barclays Services Corp - Analyst

Congrats on another rate guide. Vincent, may be for you, absolutely. But maybe if you just kind of picking up off that thread. You've talked about sort of the potential for new business models in the MoneyLion. I mean it seems to be doing very well, right, just as it is.

But I think that there's such a subscription DNA at Gen and you've kind of talked about that as a possibility. Without preannouncing anything, how do you sort of envision something like that looking, if that makes sense?

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

Yes, totally. So just to put in context, maybe some investors don't have the full history that we've had since You know us very well and covers for a long time. When we acquired MoneyLion, most of the revenue, if not all of the revenue was driven by what we call product usage revenue, our product usage derived revenue, which is essentially transaction-based. And many customers like that. They use the product for free.

And when they transact a very small portion of the transaction gets booked as a fee, and that's how they make the money.

You know what they say, Saket, don't break what's working. So we're trying to make sure we manage very carefully because it's really working for the money line installed base and is working for the MoneyLion customer and the team knows how to bring innovation into that environment. We will maintain that. in addition, and that's why it's complementary.

We say that when you come to a little bit more premium customers, they like to have a subscription, they pay and then they have access to many different features Ala Cardo or as much as they want, and we're building those subscription views, which may include, not only the ability to use the PFM tool or to consume some liquidity product or to do credit builder for their kids or having access to actually the investment features on the platform.

And we know that's more prone to our type of customer base. And so features are there, and it's a question of balance on how we're going to drive from a marketing perspective and where we're going to have membership versus transaction-based revenue.

And over time, you're going to see that progression. As you know, just to complete my answer, we always said that a shift, a full shift from transaction to subscription will lead to a shorter gap in the -- or a gap in the short term and the longer value over time. And we hopeful to be able to manage that transition towards more subscription without too much impact on our overall knowing that it's all about driving long-term customer value here for maximizing that

Saket Kalia - Barclays Services Corp - Analyst

Yeah. Absolutely. Natalie, maybe for my follow-up for you. I'd love to maybe just touch on the profitability of the MoneyLion business I think in the presentation, it showed about a 20% operating margin. That, of course, is fantastic if it's supporting 50% top line growth.

But maybe the question is, how do you think about the margin journey that we could see in MoneyLion? And maybe remind us how that sort of 30-60 dynamic that we talked about at our session a couple of months ago, sort of plays into that journey.

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Yes. Thanks, Saket. Good to hear from you. Yes, MoneyLion margin, that's where we started, approximately 20%. Keep in mind, as we blend MoneyLion with trust-based solutions and even just integrated with Gen overall we have achieved the cost synergies that we have laid out for ourselves as we integrate them as an acquisition, just high level, especially the back office and some of the other -- the fixed costs that we could strip out of the business.

So that's done. We also have revenue synergies that we're going after. You heard them peppered through the messaging today and our slide where and our day that we did around MoneyLion back in September, there's so many revenue synergies to go after. It requires investment to drive that growth. And so we'll continue to stay committed to that. So that points to the current margin rate today driving that 50% growth rate.

And then as we look forward, of course, yes, the mix is definitely there and is an opportunity for us to balance. But keep in mind, we want all parts of the 30, 60, 90. They provide us different layers and levels and types of value and access to different customers.

So if you think about the 30% margin on the marketplace that's going to fuel customer acquisition and really give us just a ton of access to different sites, lots of data that we can do deep data analysis and customization personalization.

And then the first-party products at 60% and then all the way up to the retargeting of the 90%, it's a very, very healthy model. It's a flywheel effect. But the quarter-in quarter-out, what percentage of the business is going to come from different segments is going to be mixed.

And as we move forward, we're going to find that right balance for the business all with the appetite of healthy, sustainable accelerating rates of growth as we integrate across trust-based solutions with all of the different services that we're innovating on.

Operator

Tomer Zilberman, Bank of America.

Tomer Zilberman - Bank of America - Analyst

Maybe going along the same track of the MoneyLion, right? You had two solid quarters MoneyLion growth, 45% to 50%. You previously guided it to grow 30%. I think your guidance now calls for an exit rate of 30%. And -- just wanted to get more color why we wouldn't see these elevated growth levels sustain into the back half?

And apologies if I missed in your prepared remarks, but can you pair that with commentary around the business model transition you're expecting in the second half? And I have a follow-up afterwards.

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

Absolutely, yes. So I'll take that one first. So MoneyLion, when we acquired and closed the deal April of this year, it's not too long ago. It feels like a long time goes only six months ago. They were growing at 25% to 30% at about 15% operating margin.

Since the beginning of this year and as we integrated and started to work on various different aspects, including marketing and leveraging our customer base, et cetera. We've seen that elevated performance level, as you mentioned, 45% the quarter before and 50% this quarter. While we improved the operating margin over 5 points, now over 20%.

We are not forecasting moving forward 50%. We do believe there may be a little bit of a boost of coming together and we feel it's more prudent to base maybe linking back to Saket's question at around a 30% growth rate, 20% margin redefine another new rule and call you the rule of 50, that's what it would be and managing the business along those lines.

As we see room and acceleration, we'll definitely capture it in the marketplace. So be assured of that. And there are different ways of capturing it, including moving more transactional customer, maybe customer we can identify as not having a strong recurring pattern and moving them to a membership having a chance to offer different values in a bundle membership structure, which is really most of what we are planning to do over time, while we maintain that Rule of 50 growing at 30% to 20% margin.

And then along the line, every quarter, we learn more, we'll understand better the trends and that's where we'll be. What it is not implied into our current exit 30% growth rate is any significant macro level effect because, as I mentioned, in a prior answer, we do not see a change today of patterns or behaviors from the millions of customers that are plugging into our platform.

Tomer Zilberman - Bank of America - Analyst

Got it. And maybe as a follow-up, if I move towards the core cyber safety business. I know someone addressed earlier that you grew your customer's \$400,000 sequentially. But if we look at the growth trends they diverged a little bit from last quarter. Last quarter, if I have it right, revenue and bookings grew 4%.

This quarter, revenue was 3%. Bookings was 5%. What drove that slight delta? And do you think that the 400,000 adds this quarter and the better bookings growth can translate into better revenue growth over the next few quarters?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Yes. Tomer, it's Natalie. So keep in mind, revenue is going to reflect the trailing 12-month bookings. So if you go back and look at the bookings as reported, that's where you would see the 3%. Also keep in mind, we're only rounded at the whole numbers.

When you get into the decimals, it's sub 2 points. So it's really not that different between bookings rate of growth and revenue like you see 2 points on the surface.

And yes, as we look forward, it's not just the customer acquisition, it's the balance across the segments, it's the innovation, it's the scale, it's AI coming through. It's more personalization. It's more customization through IPM, Cross-sell, upsell are still alive and well partner mixing in, there's just so many factors even in when you look at both on a pro forma basis but even excluding MoneyLion, the core business has so much opportunity. And we are just driving all of the growth levers that we possibly can with all of the innovation that's coming to market.

So I would say, as you look forward, we're focused and just look at the full year guide pointing to on a pro forma basis, it's a high single-digit rate of growth, and that's what I would -- that's what I would point you back to.

Operator

Meta Marshall, Morgan Stanley.

Unidentified Participant

Great. Maybe as a first question, you noted the AI impact kind of bringing 20% efficiency on the customer support. Just wanted to get a sense of other ways in what you guys are utilizing AI and what you're finding traction within the business? And then just as a follow-up question, just any OB OBA impact on tax rate that we should be expecting?

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

Okay. Let me take the one on the use of AI. So all of our AI initiatives are split into two buckets. One is to use our, call it, data platform to build AI native features of product from Norton Genie to Spark to others, Norton Browser that you see there. I leave that on the side because that's not your question, but it's our main effort in trying to bring a truly AI-native portfolio, even all the way of thinking in our lab of not only how we protect against AI-generated scams or threat, but how will security look like in the world of agent to agent interaction where you as a consumer may ask your automated agent to do financial wellness transaction on your behalf and then interact in the world of agent, how does privacy and security work in that environment.

So super, super important topic. And then we have the second bucket, which we call transforming Gen into an AI-first company, which is really changing our not immediately jumping into AI platform of tools, but changing our workflows to then being able to automate and where it's needed using AI to generate things.

Obviously, in support and services, we further along the tools and the processes in the market are more mature, which today have roughly half -- a little bit less than half of all of our contacts fully contained into an AI environment, whether it's one or multiple bought. And that has generated significantly which we have reused to really build our data approach or data platform to our business.

I mentioned marketing. Marketing is probably the second two R&D, I'll talk about it in a minute, function that we're transforming. Marketing, really, we combine everything from upper funnel or branding all the way down to performance marketing under one leader combined organizations, and we've realigned around value creations around their brands, and they are using the tools, AI first to really develop the framework to our vision later on will be to enable our product leaders to do everything from ideation to first level performance materials assisted by AI bots without human intervention.

That's not the case today, but within the marketing function, they started to get really good traction on developing materials and even creatives all through AI. And that has enabled also to redirect the savings towards more performance marketing to then accelerate the growth -- and then the last piece is around R&D.

We've been at it for a little bit longer, which is starting with more automation. We're running some pallets. I'll give you the name, we call it inside an the Jenny corn and to see if we have from ideation to product development everything managed by one person assisted by bot.

We have some level of success, but we are running a lot of those experiences and bring them back into our development environment to improve the way we develop products. There, the savings have really redirected since we had a large portfolio with years of experience but also skewed to maintain.

We're trying to lower our maintenance costs to redirect into more innovation and most importantly, higher velocity in a different prototype and testing. I would say I see really great potential. They're slower to materialize and capture, but we are on a great path. That's how we are becoming an AI-first company.

Natalie Derse - Gen Digital Inc - Chief Financial Officer

And then I think you had a follow-up question on the one beautiful tax bill? .

Unidentified Participant

Yes. Just any impact of tax rate that we should be thinking of?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

So our tax rate is long-term focused. And so the 22% that you see in our non-GAAP results and -- is assumed in the guide as well. So the beautiful build just helps with cash flows in terms of cash taxes in the short term. In the long term, it's -- there's no material change. So we don't really influence that or we don't include that change in the long-term tax rate expectations.

Operator

Joseph Gallo, Jefferies.

Joseph Gallo - Jefferies LLC - Analyst

As you think through the cross-sell opportunities between the MoneyLion and the Gen Digital basis and vice versa, which ones seem to be gaining the most traction early on? And then are there any more go-to-market effort left to implement, to accelerate?

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

Yes, very good. So we are at the early stage. So I definitely would say, yes, we have a lot of room to accelerate the current results you see here is on the merit of the core business on the own each one of them and then maybe a core platform of data and operations.

But we haven't really delivered yet the value of bringing everything together. The most natural one and more immediate one is really the amendment, if you want, of financial insight and financial options into the LifeLock app.

That's where originally, maybe we had discussed that in September, we had the initial ask for financial ones well necessary insights and advice were coming from. That's how we started that project organically and then led to the acquisition of MoneyLion. We now embedding that and I think it's going to take traction. We're very careful. We're very created, if I can say.

We're not doing blasting marketing. We know that our customer in LifeLock will benefit from that insight and those new options, but we're following the demand. We're not trying to do a forceful marketing campaign or inside app that could be very annoying. So preserving the piece of money is key and will drive at that space.

The second one, obviously, is bringing Norton Money -- sorry, money into Norton as an alternative to identity into Norton or in full combine, of course. And the most immediate one is money line features into our employee benefit channel that represent probably the best channel on the entire portfolio and having traction on all dimensions.

We are about to launch that. Of course, in employee benefit channel, you're going to have to have the time to onboard the new employers, then go for the onboarding a view and then only you'll see the results. So the result will be delayed, but the traction in the early discussions are extremely positive.

So it's only the beginning of the journey, I would say, on the revenue synergy side.

Joseph Gallo - Jefferies LLC - Analyst

Great to hear. There is more to come. And then just -- I know you called out a consistent macro, but Americas has been pretty consistently strong. Is there anything to call out on the other geos?

Actually, you're right. We haven't talked too much about the other geo. I was just discussing that with Natalie and my head of corporate FP&A yesterday reviewing the results in Europe. They've been very strong, positively surprised by how broad-based our growth rates have been. US first, then you know for a while, we had Latin America leading the way.

Right now, for the last two quarters, we've seen a lot of strength coming out of Europe, and we haven't introduced financial wellness yet in Europe. So that's talk about more to come over the next few quarters and years, we really feel excited about all of the levers we have at our disposal, if I can say, to drive that long-term value for our customers.

Operator

Thank you. That is the end of the Q&A session, and this concludes today's call. Thank you for joining, everyone. You may now disconnect your lines.

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