

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

GEN.OQ - Q4 2025 Gen Digital Inc Earnings Call

EVENT DATE/TIME: MAY 06, 2025 / 9:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Jason Starr Starr *Gen Digital Inc - Vice President, Investor Relations*

Vincent Pilette *Gen Digital Inc - Chief Executive Officer, Director*

Natalie Derse *Gen Digital Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Andrew Nowinski *Wells Fargo Securities, LLC - Analyst*

Saket Kalia *Barclays - Analyst*

Tomer Zilberman *BofA Global Research - Analyst*

Roger Boyd *UBS Equities - Analyst*

Dan Bergstrom *RBC Capital Markets - Analyst*

PRESENTATION

Operator

Good afternoon, everyone. Thank you for standing by. My name is Tamia, 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 Starr - *Gen Digital Inc - Vice President, Investor Relations*

Thanks, Tamia, and good afternoon, everyone. Welcome to Gen's fourth quarter and full fiscal year 2025 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 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, May 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 statements 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 - Chief Executive Officer, Director*

Thanks, Jason, and good afternoon, everyone. I appreciate you taking the time to be with us today as we share our Q4 results, review our fiscal year 2025 performance and share our plans for the upcoming year. Fiscal 2025 was a transformative year for Gen and our results demonstrate the significant progress we have made in driving accelerated growth in a profitable manner.

We continue to execute on our strategy to delivering the best Cyber Safety solutions to our customers, investing to drive innovation across our portfolio and growing our customer base, all while maintaining strong financial discipline. Q4 marks another quarter of mid-single-digit top line growth, up 5%, a 23rd consecutive quarter of growth, another quarter of customer count growth and double-digit growth in earnings. Our reliable and consistent execution may seem easy, but it is not, and I'm very proud of our team for their drive to protect our customers with passion and care every day.

Natalie will walk you through the details of Q4 in a moment, but I would like to first summarize our fiscal '25 financial results and further expand on our operating plans for this coming fiscal year. In fiscal 2025, total bookings was a record \$4 billion, up 4% year-over-year with revenue above the high end of our annual guidance. The growth was broad-based driven across our core Cyber Safety offerings, security and privacy as well as in identity theft protection, a market-leading trust-based solution.

Our accelerating top line growth was underpinned by record non-GAAP operating margin of 58.4%, reflecting strong cost controls and continued operational efficiencies, including leveraging AI in and for our product portfolio.

Non-GAAP EPS of \$2.22 was also a record of 15% year-on-year and at the high end of our annual guidance. To round out these strong results, our business remains a robust cash flow generator with unlevered free cash flow of nearly \$2 billion. Throughout the year, we continued to delever finishing Q4 with a net leverage at 3.2 times EBITDA and an interest expense coverage ratio of over 4.5, representing a very comfortable financial debt position, especially considering our exceptionally strong operating margins and free cash flow generation.

Mid-single-digit top line growth, double-digit EPS gains and net leverage reduced to nearly 3 times EBITDA as well as a record direct customer count, all demonstrate the significant progress we have made in achieving the long-term commitments shared at our Investor Day in 2023.

More importantly, and beyond the financial results, consumers need our solutions given the dynamic threat landscape, which shows no signs of slowing. We are committed to increasing the pace of our innovation and expanding our geographic reach and channels to bring our Cyber Safety platform and Trust-Based Solutions to everyone.

During fiscal year 2025, the consumer Cyber Safety landscape continues to evolve with AI-powered threat becoming increasingly sophisticated and widespread. AI is now used to generate scan websites, clone voices for scam calls or create deep fakes for impersonation scams like the romance scam.

Hacker personalized scams, like deep fake Whatsapp video calls from a relative or a colleague are fueled by widespread breaches that give the threat actors use personal data. In the meantime, ransomware attacks are still very active and have evolved with attackers no longer just encrypting data, but now also using it to extort their victims.

Our research shows incidence targeting consumers and very small businesses have more than doubled over the past year with scams now accounting for over 80% of consumer cyber incident. This underscores the critical need for smarter, AI-driven anti-scam technologies that can analyze behavior in real time and stop attacks before they impact consumers.

This year, we significantly enhanced our AI-driven threat detection capabilities with key investments, not only in enhancing our existing security engines, which now covers all Gen brands but also in developing new engines to expand our protection leadership across additional channels like SMS, e-mails or phone calls.

In Q4, we launched Genie Scam Protection in our Norton Cyber Safety products to help defend against phony calls, text, e-mails or website. Norton Genie has significantly boosted our overall scam detection efficacy by as much as tenfolds since its release.

Genie marks a significant advancement in our threat detection and defense and is a true AI-powered cybersafety companion that not only proactively protects people but also serves as a personal scam AI agent that educates and guides people on how to keep their data and assets safe.

Our Norton 360 platform continues to resonate strongly in global markets, particularly as we added Genie scam protection, refreshed our user interface and migrated our technology to our new gen stack. These enhancements not only improve the user experience but also enable faster innovation and a unified data set across products and brands, allowing us to better personalize communications and product recommendations.

With the Norton migration now essentially complete, we focus on delivering an enhanced experience to Avast customers next. In parallel, our identity theft protection products and solutions have contributed meaningfully to our fiscal year '25 growth with increment for LifeLock following heightened consumer awareness after major breaches by the National Public Data breach.

We give consumers peace of mind by helping protect their personal data by providing real-time alerts and visibility when their device is exposed and loss protection, should they need it. We enhanced our offering with critical insights, easier onboarding, financial alerts and even introduce access to credit cards and saving accounts based on customers' digital and financial reputation. We have invested in personal data holds, privacy dashboards and proactive security updates. [Norton's] 4.8 rating across Trustpilot and the App Store demonstrate the value that our customers see in these offerings and investments.

Beyond this strong focus on innovation, we continue to expand our geographic and channel reach by entering new markets. Privacy and identity products were introduced into 15 new markets with encouraging early results and overall identic category grew double digits international.

We also doubled down on our partner program, signing up many new accounts, gaining share in Latin America and other emerging markets as well as expanding our share of wallet in the employee benefit program.

As a result of both accelerated innovation and expanded reach, we grew our direct customer count by 1.3 million to over 40 million direct paid customers and a total of over 65 million direct and indirect paid customers in addition to hundreds of millions of freemium users. And now, nearly 45% of our direct customers have comprehensive Cyber Safety membership, reflecting the increasing value of our expanding product portfolio.

With our leading and foundational Cyber Safety platform firmly established, we started to invest in developing additional trust-based adjacencies beyond our core identity protection solutions. After connecting their personal identifiable information and linking their financial accounts for fraud detection, our customers began asking for deeper insights into their financial position and additional ways to benefit beyond just protection, alerts and restoration.

What began as an organic effort to provide more financial insights to our larger customers ultimately led to the acquisition of MoneyLion, which closed a couple of weeks ago. This transaction expands our TAM, accelerates our entry into financial wellness market and further enables us to address new consumer needs to accelerate growth.

MoneyLion provides the technology and the architectural backbone of our personal financial management, banking and investing solutions and delivers a white label marketplace to match millions of consumers with dozens of financial service offerings from hundreds of partners.

Leveraging our deep consumer insight, Gen will be the trusted ally empowering them to make well-informed decisions that significantly improve their financial well-being, and we are thrilled to welcome MoneyLion to the Gen team.

Although we just closed the transaction, we're already making progress on integrating MoneyLion into Gen. We are applying our proven operational discipline with a continued focus on driving profitable growth. Operational synergies are targeted at funding growth and improving MoneyLion operational margin from around 15% early to over 20% in fiscal year '26. To ensure financial prudence, we've structured the business with a forward flow model supporting the InstaCash product, which shifts short-term loans to other financial partners who service them and eliminating any balance sheet exposure to Gen.

In parallel, we're embedding key MoneyLion capabilities like banking and marketplace into new LifeLock and Norton financial wellness features planned to launched throughout fiscal year 2026. This strategic move enables us to accelerate pro forma growth post acquisition, and we look forward to providing further updates throughout the year.

To maintain our pace of innovation, focus and operational discipline we are organizing our business around two key segments: our Cyber Safety platform segment will consist of our award-winning security and privacy offerings. Our mission in the Cyber Safety platform segment is to provide advanced technology and threat protection that helps customers navigate the digital world security, privately and confidently. This segment has a growth potential of mid-single-digit and approximately 60% non-GAAP operating margin. We are accelerating the adoption of Genie, our AI-powered anti-scam solution, which is driving membership growth and upgrades to higher tier plans.

Our new Gen stack, which features AI-driven dynamic segmentation and our reimagined customer journey, is set to boost customer lifetime value. As we move forward, our continued solid mid-single-digit growth in security and privacy will be supported by key initiatives such as AI-powered scan protection, mobile and privacy-first entry forms, international expansion and partnerships, branded or white label.

Our second segment, Trust-Based Solutions, will include both our identity and for wellness offerings. In this segment, our mission is to deliver innovative solutions and insights that empower consumers to manage their identity reputation and finances with confidence and freedom.

This segment is a high single-digit revenue growth potential and a non-GAAP operating margin target in excess of 30% as we scale up financial wellness. We enter fiscal year '26 with strong momentum in our identity and reputation business, gaining traction by expanding our customer base through increased risk awareness campaigns in both the US and international markets through distribution channels like employee benefits and scaling up strategic partnerships.

We expect to grow ARPU and open new channel opportunities through an expanded value proposition that includes embedded financial wellness features. The acquisition of MoneyLion presents a powerful opportunity to bring financial wellness to all of Gen's 65 million paid customers and hundreds of millions of users.

Key initiatives for fiscal '26 include integrating MoneyLion's financial marketplace into our US customer base, expanding partnership with credit bureaus and financial institutions to deliver personalized solutions and launching our financial wellness campaign to help our customers make smaller and more informed financial decisions. It's definitely an exciting time, and we're just getting started.

When I think about the opportunities our newly formed Trust-Based Solutions segment provides and combine them with the growth and momentum exiting fiscal 2025, I could not be more excited by our prospects. As you will hear from Natalie, we're guiding this year 2026 revenue to be between \$4.7 billion and \$4.8 billion, representing 6% to 8% pro forma growth.

To sum it all up, we are proud of all we accomplished in fiscal year '25, and we're looking forward to building on this momentum in the years ahead. Gen is very well positioned to lead in a world where digital safety and trust are more important than ever to consumers.

People are asking to do more with their data. So being empowered and enabled by the best-in-class Cyber Safety platform and Trust-Based Solutions is even more critical. We remain very focused on delivering value to our customers, our employees and our shareholders.

So thank you for your continued support, and I will now pass it to Natalie, who will share more details on our financial performance and our financial outlook.

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Thank you, Vincent, and hello, everyone. It's a very exciting time for Gen. We've made significant progress in transforming our business over the past five years, and now we are thrilled to welcome the MoneyLion into our portfolio.

With the financial wellness capabilities gained through this acquisition, we're extending our momentum in the fiscal year 2026. For today's call, I will walk through our full year fiscal 2025 results, followed by our Q4 results that share our outlook for Q1 and fiscal year 2026. I will focus on non-GAAP financials and year-over-year growth rates unless otherwise stated.

Fiscal year 2025 was a defining year for Gen as we posted our sixth straight year of growth, while continually delivering on our guidance commitments and now positioning ourselves for further acceleration with our acquisition of MoneyLion. Our results demonstrate the significant progress we're making across the five growth levers that we shared in our 2023 Analyst Day, resulting in broad-based growth across our brands, regions and expanding product portfolio.

Total bookings for the year were \$4 billion, up 4% in both constant currency and Cyber Safety and up 3% in USD. We finished with \$3.395 billion in total revenue, also growing 4% in USD and constant currency. Operating income was \$2.3 billion, and operating margin was 58.4%.

Our robust revenue growth, combined with our operating discipline and capital allocation, enabled us to deliver \$2.22 in full year EPS at the high end of our guidance and up 14% year-over-year as reported and up 15% in constant currency.

Turning to Q4 performance. Q4 was a record quarter, reflecting our 23rd consecutive quarter of growth with financial results at or above the high end of our guidance. Q4 bookings was \$1.08 billion, up 5% in constant currency. Total Q4 revenue exceeded the \$1 billion hurdle for the first time at \$1.01 billion, up 5% in USD and in constant currency. We saw broad-based growth across direct portfolio and markets. Our direct KPIs remain healthy, and our partner channels are going through identity adoption.

I'll now walk through the results in more detail. Direct revenue was \$877 million, up 4% in constant currency. A key ingredient to our growth strategy is driving net new customers. And in Q4, we expanded our customer base for the seventh consecutive quarter increasing to 40.4 million, up over 300,000 sequentially and up 1.3 million year-over-year.

Our growth is driven by our diverse set of customer acquisition channels particularly international growth markets and through mobile app stores. While the unit economics vary across channels, our strategy is to reach these customers early in their Cyber Safety team and leverage our brands a comprehensive product set and leading customer service to drive long-term loyalty and healthy returns.

Our playbook is working as customer retention is improving at the cohort level and our overall retention rate increased slightly year-over-year to 78%. As we continue to provide reliable, comprehensive protection, enhance our Norton 360 memberships and expand financial wellness features in our identity offerings, we are driving long-lasting customer relationships and increasing customer lifetime value.

On monetization, our monthly direct ARPU was \$7.27 in USD in line with the previous quarter and up \$0.05 from last year's results. This result absorbs about \$0.01 of negative FX headwinds sequentially and about \$0.02 of negative FX headwinds year-over-year. We are growing ARPU mid-single digits in our online customer base, primarily through increased cross-sell penetration in our Norton base and increased Norton 360 membership adoption.

Approximately a quarter of our Norton base now has more than one product, an improvement of 5 points since last year and progressing towards our goal of 30% penetration. As demand for increased cyber protection grows with the threat landscape, we are well positioned to provide customers with a targeted point solution or provide them with an option to move to a higher tier comprehensive Cyber Safety membership offering.

Now nearly 45% of our direct customer base has a membership offering that provides even greater peace of mind. This is where the breadth and depth of our portfolio shines, and we will continue to drive higher monetization with our product innovation efforts.

In our mobile base, we are earning ARPU double digits, which has primarily been driven by higher Norton 360 membership adoption. The recent in-product messaging capabilities we have embedded into our mobile products are enabling us to engage more closely with the customer during their purchasing journey, driving higher sales conversion and a larger percentage of new mobile customers who purchased our Norton 360 membership. Whether it's throughput purchases, cross-sells, upsells, we have a proven track record of driving increased share of wallet and customer lifetime value after initial purchase with a tailored growth flywheel and playbook for each diverse customer acquisition channel.

Turning to our partner business. Hardware revenue was \$121 million in Q4, up 15% year-over-year. This acceleration was primarily driven by record growth in our employee benefits channel during open enrollment. New sales in open enrollment increased by over 75%, driven by the strong and healthy pipeline we've built over time and employers are increasingly turning to our offerings to protect their employees' identity and protection.

We're seeing a substantial increase in employers paying direct for our services as a benefit as opposed to offering it as a voluntary benefit to be elected by their employees, which results in higher conversion rates.

Through our telco partnerships, we're driving further expansion momentum of our identity offerings internationally. We are proud of the traction we're making as we leverage these partner channels to expand our reach, and we look forward to sharing more progress in the coming quarters.

Rounding out revenue, our legacy business lines contribute about \$12 million this quarter, down from \$15 million in prior year as expected. Turning to profitability, Q4 operating income was \$590 million, translating to an operating margin of 58.4%. You will see us continue to invest in product and technology as well as marketing with our consistent, disciplined approach.

We invest to bolster our product portfolio with differentiated solutions to reach new and existing customers, to extend our international presence, especially in identity and privacy and expand into trust-based adjacencies that will touch more parts of the consumers' digital and financial life.

Q4 net income was \$366 million, up 10% year-over-year. Diluted EPS was \$0.59 for the quarter, up 12% year-over-year and up 13% in constant currency. Interest expense related to our debt was approximately \$129 million in Q4. Our non-GAAP tax rate remained steady at 22%, and our ending share count was \$624 million, down \$13 million year-over-year, reflecting the impact of share repurchases.

I'd like to now review a few items related to our balance sheet and cash flow, including our recent debt refinancing and material cash activity since our last earnings call, including our MoneyLion acquisition. Q4 ending cash balance was just over \$1 billion with over \$2.5 billion of liquidity when including our \$1.5 billion revolver. Q4 operating cash flow was \$473 million and free cash flow was \$470 million and net leverage was 3.2 times.

At the end of February, we issued \$950 million in senior unsecured notes with a coupon of 6.25% due in April 2033. And we paid off our \$1.1 billion 2025 note with the proceeds. Following our fiscal year-end, we secured an additional \$750 million of TLB with an interest rate of SOFR plus 175 basis points due April 2032, and paid approximately \$1 billion in cash for the MoneyLion acquisition. We have no material debt due until fiscal 2028. For more detail about our capital structure, please refer to the appendix slide in our earnings presentation.

We paid \$77 million to shareholders in the form of our regular quarterly dividend of \$0.125 per common share. For Q1 fiscal 2026, the Board of Directors approved a regular quarterly cash dividend of \$0.125 per common share to be paid on June 11, 2025, for all shareholders of record as of the close of business on May 19, 2025.

Since the start of fiscal year '23, we have deployed a total of \$1.6 billion of share repurchases, over \$2 billion for debt paydown and \$950 million for dividends, totaling \$4.6 billion. As a reminder, our current buyback program has \$2.7 billion remaining with no expiration date. We will also continue to drive net leverage to less than 3 times EBITDA by the end of fiscal 2027 through our balanced capital allocation strategy and accelerating growth.

Before turning to fiscal 2026, I'd like to sincerely thank the Gen team for your hard work and dedication and all we've accomplished, not only this past fiscal year, but throughout the past five. With the acquisition of MoneyLion, we're taking the next step in our journey, expanding into financial wellness and Trust-Based Solutions, which opens an even greater opportunity to drive profitable, accelerating revenue growth while maintaining the same operating discipline that will continue to drive increasing value for our customers, our employees and our shareholders. I can't be prouder of the team, and I look forward to this next chapter of our journey together.

Now let me provide some color on how we will operate and report on our business moving forward. As Vincent mentioned, we will operate with two business segments: Cyber Safety platform; and Trust-Based Solutions. While our top financial priority remains driving accelerating and profitable growth for total Gen, this new segmented approach will drive a differentiated focus embedded in our product innovation, resource prioritization and our go-to-approach, always keeping the customer at the center of all we do.

The two key metrics we will use internally to measure performance in segment are bookings and non-GAAP operating margin. We prioritize these metrics because bookings reflects all the aspects of our growth framework, albeit new customer acquisition, cross-sell, upsell activity, renewals, partner expansion and the value we deliver to our customers every day.

Operating margin reflects our overall efficiency, encompassing marketing investments, sales activities, product innovation and our strong history of delivering profitable growth. To provide greater visibility to investors, we will report our bookings and operating margin for Cyber Safety platform and Trust-Based Solutions on a quarterly basis.

Now let me share our Q1 and fiscal 2026 outlook and some of the assumptions that underpin it. We enter fiscal 2026 in a strong financial position with a strategic growth framework. Despite general macroeconomic uncertainty, our business remains resilient bolstered by a highly recurring revenue base, strong customer retention and global diversification.

We are further supported by the dynamic threat landscape and to an extent the current economic backdrop, both of which reinforce the need for a world-class Cyber Safety platform and Trust-Based Solutions built on top.

For fiscal year 2026, we expect full year revenue in the range of \$4.7 billion to \$4.8 billion, translating to 6% to 8% pro forma annual growth. We expect non-GAAP EPS to be in the range of \$2.46 to \$2.54 per share, representing double-digit growth of 12% to 15% for the year.

For Q1, we expect non-GAAP revenue in the range of \$1.18 billion to \$1.21 billion, translating to approximately 5% to 7% pro forma year-over-year growth. We expect Q1 non-GAAP EPS to be in the range of \$0.59 to \$0.61, representing double-digit growth of 12% to 15% in constant currency.

Note that this fiscal year includes an extra week in Q1, which will increase our reported Q1 and full year revenue, offset by MoneyLion pre-acquisition stub revenue and business model transition. This guidance also assumes current FX rates through significant fluctuations remain possible, given the current volatility in financial markets. We will continue to monitor our operating environment and stay focused on what we can control. Our initial outlook captures a range of outcomes with the midpoint representing our base case.

In summary, fiscal year 2025 was a breakthrough year for Gen, and we're excited about our plans for fiscal 2026. We're accelerating growth with the same operating discipline you've come to expect. Our margins remain exceptional, enabling disciplined investments in our growth and innovation initiatives to further scale our business. And our free cash flow generation is robust, creating capacity for ongoing opportunistic share repurchases and further delevering to drive strong returns for our shareholders.

As always, thanks 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) Andrew Nowinski, Wells Fargo.

Andrew Nowinski - Wells Fargo Securities, LLC - Analyst

Congrats on the solid results. I really like the way you segment the business between Cyber Safety and the Trust-Based Solutions, certainly makes a lot of sense putting that LifeLock in the trust-based segment. So I guess my question is -- my first one is -- would be on guidance.

It looks roughly like your guidance for fiscal '26 assumes as MoneyLion growth can kind of stay in that 29% to 30% range that they delivered this last fiscal year. How much visibility do you have in that segment relative to your cyber safety platform?

Vincent Pilette - Gen Digital Inc - Chief Executive Officer, Director

So maybe I'll take that one first and Natalie, maybe you want to complement. So you're right that the guidance is basically based on what we had said in the past, which is our Cyber Safety all in before MoneyLion has a growth potential of about mid-single digit, and we delivered Q4 exiting at 5%, full year at 4%. You have a similar momentum and a similar trend, if you want, going into fiscal year '26.

When we combine MoneyLion, MoneyLion grew at around 24%, 25% in the last calendar year. There will be a few shifts here. So a few things to keep in mind in your guidance, is we closed the business at the end of April, so you don't have a full year. And then while we maintain the current momentum in the MoneyLion business, we really are focusing on: A, cross-selling into our installed base, building branded version of our Cyber Safety but financial wellness feature using the MoneyLion architecture; and then secondly, transforming the business from a pure transactional revenue engine today to something that is moving over the years towards a subscription business. And so you have those two combination of trends going into the view. And so when you combine it all in, it gives us the guidance that we gave you a 6% to 8% pro forma.

Andrew Nowinski - Wells Fargo Securities, LLC - Analyst

Got it. And then maybe a question on capital allocation. I guess how are you thinking about your repurchases this year while you're balancing the dividend and driving down the net leverage ratio?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Yeah. Thanks for the question. We'll get right back to it. The last couple of quarters, we've been on pause because of the pending acquisition activity, so we couldn't really get out there. We very much look forward to getting back into a balanced capital allocation application or allocation. And we'll do that with a mixed bag of accelerated debt paydown as well as opportunistic share buybacks given the different factors that we use to make those decisions.

We're high cash flow generation. Q2, keep in mind, we do have to have that elevated level in Q2 of tax payments. But outside of that, very much looking forward to leveraging the cash flow generation that we will build and then allocating in a disciplined way.

In terms of the balance and how we'll decide, I would just say, very much going to continue a balanced approach. You see the balanced approach we've had the last couple of years between opportunistic share buyback and accelerated debt paydown and our plan is to continue that playbook as we look forward.

Operator

Saket Kalia, Barclays.

Saket Kalia - Barclays - Analyst

Congrats on closing MoneyLion. Vincent, for sure, Vincent, maybe for you, MoneyLion, and you touched on this in your prepared remarks, MoneyLion really brings a big network of potential customers to cross-sell to. And maybe one question around that is, how does that network maybe change the type of potential subscribers that you can go after? Does that make sense?

Vincent Pilette - Gen Digital Inc - Chief Executive Officer, Director

Yeah. It does. And if you don't mind, let me first step back on the strategy, right? So we have a big platform, cybersecurity, Cyber Safety platform, we expanded to almost all aspects of an online, safe and confident digital lives. And as the world -- digital world expands, the first need for everyone is to be safe. And so we offer that.

And following our consumer demand, which says, okay, now what do you do in that safe environment? You have your data that are protected, you're empowered and control your data. What else can you do? And obviously, as we discussed, protecting your identity, of course, is next having a good digital reputation. What do you do with that reputation, you also maximize your financial potential and do best financial decision, and that's how we entered first organically and inorganically into financial wellness. And that's how I would look at it, Cyber Safety as a foundation and then Trust-Based Solutions on top.

So the first view is to use the MoneyLion architecture, the engine they've developed, the PFM features they have to embed that into the solutions and cater it for our current 65 million-plus customers and cross-sell into that installed base. So that's the number 1 focus. You'll hear more about product and future launch as we progress to fiscal year '26. And it does evolve and follow that consumer needs, if you want -- into better financial decision.

The second one that it's providing us a benefit is, it gets us the ability to improve MoneyLion itself in terms of offering. There have been essentially a premium with a transactional revenue stream. As you know, we're very strong into subscription, customer retention, and basically applying the Gen overall consumer Internet platform skills, if you want, to the MoneyLion business.

And then the third one, which is a bit further down the line, is to offer the full life cycle of a Cyber Safety and financial wellness offering. So think about in the past, we were only offering protection and restoration of your credit monitoring system, if you want, and MoneyLion was offering you different banking and investment or lending solutions. And now, we're going to have the full spectrum from building new credits to leveraging new credit to then protecting it and then expanding it. And that full cycle, if you want, as a customer moves from different cycles of their journey, we will have -- or we will be the trusted brand, whatever brands you take to follow you in that digital journey.

So those three steps will be as we deploy Gen over the next few years, and that's why we're not as -- this is a new chapter, and we're excited by all those opportunities. I think that truly reflects it.

Saket Kalia - Barclays - Analyst

Yeah, absolutely. That's helpful. Natalie, maybe the follow-up for you and kind of related to sort of that big customer base that MoneyLion brings. You've always been very thoughtful just around customer acquisition costs and sort of individual kind of customer economics. How does MoneyLion maybe change that customer acquisition cost or how you think about that equation?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Saket, it makes me very, very excited. We just have so much opportunity ahead of us to take the existing MoneyLion customers and that scaling base and that scaling business model, combine it with our growing customer population, our growing ARPU, our growing retention, now bring them together in a synergistic way and we just have -- in an environment where financial wellness demand have been greater. And so now we just have -- we have the opportunity to leverage all of the strength in our Cyber Safety business, combine it with the MoneyLion assets like their proven model and their proven penetration and customer base of the financial wellness tools, their proven AI recommendation engine and just even further expanding us into customer lives maybe earlier in their financial journey.

And so it just allows us even more breadth and depth, more opportunity, a wider range of portfolio of products to go-to-market with and in just such a data-driven way with a recommendation engine on top of all of the data that we have for our existing customers, the world's our oyster, quite frankly. And so with that, will come efficiencies.

In terms of the dollars that we can free up to invest in the capacity to drive that growth, yeah, the efficiency should go along with it. We typically say cash is king. Here, it's volume is king. And so we'll leverage that volume from a margin appreciation or accretion perspective, always trying to free up as much capacity as we can to invest behind that growth. But when you think about the actual pack, we should be seeing efficiencies without additional expansion

Operator

Tomer Zilberman, Bank of America.

Tomer Zilberman - *BofA Global Research - Anakyst*

I appreciate the comment earlier that you said that the business remains resilient despite some macro uncertainty. But I wanted to ask, as you look at the remainder of the year, especially in the second half of the calendar year where the tariff pause kind of goes away, are you seeing -- or what -- I should say like this, what signs of demand are you seeing that gives you confidence that the business remains durable? And maybe the second part of that question, as we think about MoneyLion, is there any concern that that could be more macro sensitive versus other parts of your business?

Vincent Pilette - *Gen Digital Inc - Chief Executive Officer, Director*

Tomer, this is Vincent. I'll take that one. And you and I -- in October, we did a lot of study around our business, the resilience of our business, the curve during a difficult moment, whether it was 2008 or the COVID period and frankly, with a high level of subscription, a high level of auto renewal. So our business model in Q1 is extremely resilient.

In an environment where the threat landscape continues to be as active as ever, we don't see a direct correlation to the overall macro environment. I would not say, we're immune, obviously, it serves with it, but the demand is there for frankly, a cybersecurity product that is, in my opinion, very cheap in terms of giving you full confidence to serve in a secure way on the digital world.

So from that perspective, we feel confident that we have a good grasp on our business. We exited March on a strong note, as you've seen by our results, but March was actually a stronger month within the quarter. And frankly, April is in line with that. So from that perspective, we feel good.

When you add MoneyLion, maybe you introduced a little bit more volatility. But again, remember that the number 1 opportunity in this transaction is to offer those features to our current customers that have asked for more PFM and marketplace features. And I think we feel good about that view.

And then if really the environment gets a little bit more tense, frankly, people will need to make even better financial decision in a price environment. And I think that's where the MoneyLion offering fits right in that overall view.

Tomer Zilberman - *BofA Global Research - Anakyst*

Got it. Maybe just a quick follow-up. Given your experience maybe in past market downturn, is there anything that you're doing in terms of go-to-market or any marketing programs to kind of get ahead of a weaker macro?

Vincent Pilette - *Gen Digital Inc - Chief Executive Officer, Director*

We are a paranoid bunch here around the table, I can tell you that. So we're always looking at, okay, what can -- what opportunity do we have? And I think when you look at the diversification of our business, whether that is geographical diversification, product and needs that we address diversification or channels diversifications or marketing channel diversification, we feel really, really well balanced to go to play and leverage the opportunity we see in the market while we have a very good grasp on our business being a data-driven team.

Natalie Derse - Gen Digital Inc - Chief Financial Officer

I'll just supplement that and complement that with we keep our customer right at the center. And so whether it's using our products as customers, understanding what macro or any kind of economic factors our customers are facing and navigating through, we really challenge ourselves to keep that customer at the center, whether it's through our products, whether it's the way we talk to them, engage with them or service them or what they're going through. And we have such a diverse set of product solutions and now such a wider breadth of solutions that we can go to market to help our customers, that's what we're going to stay committed to. No matter what comes our way, what comes our customers' way, we have a way to go to market and figure out ways and solutions and products that can help them through that.

Operator

(Operator Instructions) Roger Boyd, UBS.

Roger Boyd - UBS Equities - Analyst

Great. And again, congrats on a strong quarter and closing the acquisition. A nice quarter of subscriber adds, and we've gotten a couple of questions from investors around Google AI overviews might impact your business. I'd love to hear about how you're thinking about this potentially impacting your SEO lead gen strategy? Any assumptions you're making around click-through rates or customer acquisition costs or anything on that side of the lead gen?

Vincent Pilette - Gen Digital Inc - Chief Executive Officer, Director

Yeah. Maybe I can take it first. So first of all, as you know, right, we have a very diversified reach to market, if you want. And whether it's desktop or online, whether it's on long form or short form marketing, there is a lot of diversification, and we almost play in every dimension that you could think of.

Definitely, AI is changing the landscape. We have not seen any current immediate change. And it's all about contextual marketing, adapting as you go and trying to make sure you're right, where the context is right. So maybe AI will bring maybe some efficiencies and different ways of doing certain things. But we stay in touch with how the market moves. We're not too worried about it. Actually, it might even be an opportunity.

Roger Boyd - UBS Equities - Analyst

Good to hear. And then maybe just to circle back to indirect revenue, really nice acceleration there. Natalie, I know you noted strong traction with employee benefits. But any guardrails for how we should be thinking about indirect growth in your initial outlook for fiscal '26.

Anything to keep an eye on in terms of potential revenue timing around open enrollment. And then I think you also brought in a new partnership leader there. Any specific changes they're making or new opportunities that you're thinking about for fiscal '26?

Natalie Derse - Gen Digital Inc - Chief Financial Officer

Yeah. Our indirect channels just for -- just to kind of circle around is about 10% share of our revenue, 15% growth for the quarter, very, very happy to see that. That growth came from broad based. We've got a lot of channels that make up the indirect revenue. We saw broad-based growth across all of them.

The leaders, I always try and call out, the bulk of the growth is going to be coming from employee benefits and telcos. They're not the only ones that grew, but those are the heavier contribution to the growth. And that's a pretty consistent growth profile. It's a growth trend that we've seen.

The acceleration in employee benefits was exactly what we talked about during the script, which was we do see just a change of behavior. We see the investments that we've put into building those pipelines for multiyears now, whether it's through our direct sales or through the brokers that we use in the employee benefits channel, just the quality and the effectiveness of those sales channels have really built a very profitable, very robust plan and we see the fruit coming from those labors.

And then from a telco perspective, we just continue to have those strong partnerships, increase the expansion and with that expansion is coming increased demand. We have a great new sales leader over -- the overall partner channels. He brings a ton of expertise in the market, a ton of experience. And with any new leader, they have the opportunity and the privilege to have a clear-eyed approach.

And so we very much have very high expectations for the indirect channel under his leadership. But keep in mind too, let's go back to [AIG] back in our fiscal year 2023 AIG look forward. We said that we wanted to scale high single-digit rate of growth in overall partner. Of course, we're not limiting ourselves to that. We'll take scaling double digits all day long. But in terms of as we look forward to seeing the next year, we're looking to a sustainable, profitable, high single-digit rate of growth for all partner.

Operator

Dan Bergstrom, RBC.

Dan Bergstrom - RBC Capital Markets - Analyst

Congrats on the MoneyLion close. I guess maybe on those two new segments, it sounds like we're going to get bookings and operating margins. Are there any other KPIs for those Trust-Based Solutions that we should be thinking about? Anything that maybe MoneyLion brings in that was either maybe disclosed historically or it might make sense to disclose from time to time.

Vincent Pilette - Gen Digital Inc - Chief Executive Officer, Director

Let me take that one from a business perspective, and Natalie, you want to supplement, she can. But we're very strong in making sure we align how we talk to you about the business is also how we, of course, share the results with our Board, it's then how we drive internally and it's how we organize around the consumer needs at the core.

I think that's a super important one. The way we look at our business and the strategy, as I mentioned, is looking at that Cyber Safety platform as the opportunity to then upgrade your needs to then want to manage your identity, your reputation and all the way to your financial wellness. And that's how we've organized the innovations and the approach all the way to the market communications or marketing and go-to-market activities. And so we'll report in those segments for you to better understand because we see different dynamics and we see different opportunities in those two segments.

Operationally, we'll supplement with some KPIs. We're still refining exactly how we're going to position the KPIs. So I'm not sure I want to hear on the call already, say, exactly what we will report, but we will share more at our Q1 results at the end of July, early August, and we'll make sure that every investors understand how we look at the business and how those KPIs support the things. Otherwise, they will be part of the classic KPIs, obviously, that you already probably have in mind on the core business.

Dan Bergstrom - RBC Capital Markets - Analyst

That's great. Very helpful. And then the presentation talked a stronger growth here in the US. Just any thoughts or could you drill down into that stronger domestic growth?

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

I would say, look, we saw broad-based growth across the different product lines and the global markets. So we saw mid-single-digit rate of growth in the US. That was propped up by -- a couple of quarters ago, we had that NPD breach, really brought in a lot of LifeLock awareness, additional LifeLock customers. Those identity offerings and the scaling of the identity offerings as well as the increase of membership adoption, all is helping to drive the growth in the United States as well, of course, the membership adoption helping across the world.

Vincent Pilette - *Gen Digital Inc - Chief Executive Officer, Director*

Everyone, thank you for (technical difficulty) This concludes our conference call today. Thank you very much for joining.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, Refinitiv. All Rights Reserved.