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EDITED TRANSCRIPT

GEN.OQ - Gen Digital Inc. 1st Anniversary Investor Update

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OVERVIEW:

Company Summary

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PRESENTATION

Jason Starr - *Gen Digital Inc. - VP Investor Relations*

All right. Good morning, everyone. Thanks for joining us here in New York. Really appreciate it. I'm Jason Starr, Gen's Vice President of Investor Relations. We've got a great event for you today, and we really hope you really enjoy it.

Presenting today will be Vincent Pilette, Gen's CEO; and Ondrej Vlcek, Gen's President; and Natalie Derse, Gen's CFO. Before we get started, I'd like to review a couple of quick logistical items. Earlier today, we issued our Q2 fiscal year '24 financial results. and we've posted the press release, the investor letter and our presentation to the IR website.

For today's presentation, we're going to take Q&A at the end of today's event. And for those on the webcast, please use the Q&A tool on the upper right portion of the webcast player. Following today's event, we'll make a replay available on the Investor Relations page as well as all of the investor presentation materials as well. And finally, today, we'll be making some forward-looking statements about our business, our financial performance and our operations. These statements are based on current expectations and assumptions and are subject to risks and uncertainties. Actual results could vary materially. Please refer to our cautionary statements in our press release and the risk factors in our filings with the SEC, particularly our annual filings on Form 10-K and our quarterly filings on Form 10-Q. We will also reference non-GAAP financial measures on -- during the presentation today. Please see our investor website, our press release and presentations for reconciliations from GAAP to non-GAAP measures. With that, let's get started.

(presentation)

Vincent Pilette - *Gen Digital Inc. - CEO & Director*

Yes. We rang the bell this morning and told me a little secret is -- when you clap very loud, your stock goes up. So I believe them. So yes, thank you. All right. Good morning. I'm Vincent Pilette, CEO of Gen Digital, for those who don't know me, I've participated to a few turnarounds, EFI, Logitech and then I joined Symantec in 2019. And their turnaround as CEO started, and today, I'll be able to report where we are and where we're going. I have to apologize to some of you. We ran out of coffee. I have to tell you another secret is it's very difficult to run a business at 60% margin and you use every trick you have to make sure you cap your spend to what you can afford.

So today is our first Analyst Day as Gen, it's our -- actually our anniversary. A year ago, we closed the deal 2 years ago, Ondrej and I were dreaming about putting our 2 companies together and really embarking on a very broad mission, really powering digital freedom for everyone, which really translate into building the tools, the technological tools to ensure that everyone can enjoy the digital world in a safe, private and confident way. And today, you'll hear from Ondrej, from Natalie, we feel really well positioned to drive the next generation of cyber safety, embarking on that great journey. I will quickly summarize how we put Gen's capabilities and assets to win in this consumer cyber safety market. Ondrej will have the

most fun part, which is really talking about the innovation and the portfolio and where it's going next. And Natalie, on behalf of the go-to-market team, unpack the value of our large and growing customer base, and how did that translate into the financials. And then I will summarize what's next.

After the presentations, we'll have Q&A, and then we'll have lunch with management. I know that it's important for some of you to understand that it's not just me or Natalie, sometimes you see Ondrej, but we have a very strong team. Travis leading the go-to-market was the CEO of Avira. We have Judy that has a lot of experience managing customer success. So you'll meet the entire leadership team. But let's dive in. We definitely are a mission-driven team. We're very honored to be able to drive a very important topic for millions of our customers, I should say, hundreds of millions of our users and making sure that they can live that digital life in a safe way. We also feel that we are at the cusp of delivering another step in our performance as we roll out our new portfolio, fully integrated stack, delivering that personalized always on cyber safety. But before we talk about what's coming next, let's go back to the beginning. A few years ago, I explained to you that we saw how 3 underlying forces, underlying the consumer cyber safety market, we're really growing and pushing forward.

Obviously, the digital life is just live and the applications in the digital will continue to increase. Even post COVID a few weeks ago, I had a doctor appointment and to it was over still before I can go to the clinic, I have to go to the Zoom call and pass some information. Those applications are here to stay in the post COVID world. The technology that powers the digital world continues to evolve. And you'll hear from Ondrej, the new wave of artificial intelligence is creating a new wave of risks on the threat landscape and the opportunities on the protection side. And then the threat landscape also continue to involve -- we've seen now the using AI tools to be able to get to the bad acting or activities. They're using the dark web to resell or lobby others. And so that also is a growing and Ondrej will walk through the different waves we've seen in that threat environment. At the center of it all, we have millions, actually, I should say, billions of Internet users that all they want is to really live that digital life in a confident way without facing the risk of hackers. 5 billion Internet user, all having a digital life and evolving digital life is actually an opportunity. Many people ask me, "Hey, what's your addressable market?" I always say the \$5 billion plus that connected the Internet should be protected at all times because you never know how your data or what you value online will be compromised. Obviously, it has evolved a few years ago, it was 5% that -- the penetration rate was consumer buying a full cyber safety protection. And that has evolved now. We have about 10% of full penetration, but it still stays massively underpenetrated. There's definitely tailwinds and the increase of threats, the financial breaches are all tailwinds. But we have also some headwinds, whether it's a consumer that does not -- I was not aware of the risk or simply is willing to take the risks or is freezing in front of the technology that can create that risk or feels that the tools are not easy to use.

We still have a lot of work to do to make consumer cyber safety, very easy to use, always on that you don't see, but you only interact at moment of truth. And that's why we created Gen brought mission of basically increasing that adoption of cyber safety. And so our mission was and has always been to build those tools to make sure that everyone can take advantage of that digital world. We've innovated first by bringing device security to network security, bring credit monitoring or identity protections together, and we called it cyber safety first. We launched the first all-in or all-in-one membership and for a membership fee, you could have access to our entire portfolio of innovations to protect you in the digital world. We started to reward all of our applications that some coming from organic activities, some from acquisitions into a common stack with a modular architecture, enabling us to really deliver based on the customer needs. And we put the customer needs at the center of the development of our portfolio. And with that expanded the TAM, 13 billion a few years ago, growing to \$18 billion is what we call the core cyber safety, made of the core elements in security, identity protection and privacy. And then we build up new applications what we call expanded applications as the needs of the consumer was evolving. And with that, we increased our TAM with new applications, and we'll come back on what we've done in expanding the portfolio to get to new use case.

So as I mentioned, consumer needs being at the core of the development of our portfolio. And it's really about really understanding for the hundreds of millions of users we have, how they behave online, what -- which they create to be able to develop the best of the portfolio. We survey, we discuss, we do a lot with our customers to get that loop in feedback and understanding what their core needs is. We put that core, the base market with the traditional core market we let in antivirus with data protection with credit monitoring, (inaudible) and restoration systems, a virtual private network tool together and call it the cyber safety base and continue to expand that. Then we look at the 4 core needs. How do you protect against all hidden security threats? How do I keep my financial safe online? How do I control my private data? How do I verify that the person or the information I deal with online is credible. And with that, we've extended to new use case building up from our position. One thing is sure, as we double our TAM, we do not see this market as a mature, stable or some of you have called it a declining market. It's an expanded opportunities to go and provide full cyber safety and Andrea will talk more about the innovation that we drive to address those opportunities.

So we talked about how the underlying trends continue to accelerate in the post-COVID momentum. How do -- we have still a very large adoption penetration opportunity, less than 10% purchased today a full combined consumer cyber safety protection how there is some tailwinds and some headwinds and that our innovation can drive and remove some of those headwinds to accelerate then our penetration and our overall TAM. And so it's with that in mind that we've built up our company and embarked on a very broad mission. It all started in 2019. I mentioned, I had joined Symantec, I actually had the mandate from some on the Board, some of the shareholders saying, "Hey, this consumer division is run for cash, maybe you sell that and you really concentrate on the enterprise". When we talk about cyber safety, 99% of discussion were about enterprise. We actually ended up doing the reverse, recognizing the underlying growing trends I've mentioned under the Consumer business. We sold the Enterprise business to Broadcom and returned \$12 in special dividend to all of the shareholders of the time. And we recognize that opportunity of investing more into the Norton and LifeLock division inside Symantec as being an under-invested opportunity at the time. We established the company as the first consumer cyber safety company or cyber safety dedicated to consumers since then, many of our competitors have followed.

We launched the first Norton 360 in 2019 for a membership fee, again, you can access to all of the innovations. And as the threat evolves, our portfolio evolves too, and you can access to all of the innovation. And as a result, we returned to organic growth. We invested more in marketing and created the flywheel of growth investing into penetrating consumer cyber safety. In about 3 years, we moved from our installed base being 0% of north in 360 to 60% of the installed base being on that platform NortonLifeLock. So strong -- from that success, we decided to push forward and expanded internationally and in different business model. We bought Avira that provided us a freemium model, mainly for the German market and some of the countries in Europe and give us some access to a freemium model and trying to combine a premium and a freemium and define what that value would be for our customers. We branded our overall portfolio and develop a framework to manage a multi-brand environment that give us access to more consumer segments than we had before.

And then we launched on our platform, the first cross-sell upsell activity in-app messaging that enables to identify the moment of choice. And at that moment, if you not covered, giving you the opportunity to get access to protection of that risk. Success continued and then we decided to merge with Avast, really scaling up what we had proven with the prior steps to really get to be the global leader in that consumer cyber safety environment. We scaled our large user base. We've got freemium at scale, and we massively expanded geographically in a complementary way. And today, I feel Gen is the best position to go and continue to lead that transformation. Of course, as we transform from Symantec to NortonLifeLock to Gen had set some proof point and success in the marketplace. The competitive landscape became more and more dynamic obviously, consumer cyber safety anchored around the 4 needs, not just the old definition of device protection was rapidly evolving and continues to be evolving. As I mentioned, it's not a mature market. We've seen our traditional competitors following some of those steps. We've seen a few startups coming in and trying to reposition the offering to tackle that user-centric view of the world. We've also seen other players coming from the market whether it's big tech that started to focus on security, privacy or even identity in different shape or form, as part of their offering or in addition to their offering. We've seen other companies insurance providers, financial institutions, also tackling the overall view of the digital users needed to be protected.

Some of those competitors are also opportunities to partner with and reach out more customers. Because at the end, our main competitor is really the hacker or the hacking community for which we compete to make sure we provide the best protection for our consumers. So this dynamic landscape actually confirmed our original assumption that there was something here to build around that consumer cyber safety market and that's our industry knowledge, which I called industry natives coming from that core protection was an advantage. And then the breadth of the portfolio all the way to offering it as all in one was an advantage over companies that have different missions, but we're tackling that problem in addition to the core business. So -- we were well positioned from that perspective. We're also well positioned because we've built up a diversified business. And the diversification really drives the value that we've been delivering we're basically not dependent on a single factor or on a single platform. We run an omnichannel, very broad portfolio, and that enables us to balance the risks and the opportunities that we see in the market and also evolve it as the consumer needs evolve.

We have now a multi-brand formwork, constantly refining it but it helps us along with the variety of business models we have from freemium to premium to target new customer segments, customer segments that were actually out of reach everywhere single brand. So that diversification is absolutely essential for us to really understand where the market is going and position our portfolio at the right value for when the digital life is compromised. Of course, you're going to tell me diversification also bring complexity and you have to be really crystal clear on how you manage your business operations, you carefully in your planning, careful in your prioritization. But I think as our results have shown, our team is really made up of disciplined operator, I would say, disciplined operations is part of our DNA and enables us to manage the diversification we've built in our

business. As we were expanding and building up Gen, we're obviously expanding -- massively expanded massively our user base. And it gave us, as we knew initially a very strong competitive advantage. We know there are multiple benefits to have a large scale of users. And for us, initially, it gives us very strong visibility on all of the threats and the threat landscape that exists out there and which is in constant evolution. And it enables us to better address the customer needs to provide the mission.

It informs the products strategy that Ondrej and the team are driving and basically driving more innovation and more value back to the customers and the loop back to us. Five years ago, we had about 50 million customers on our platform, less than 1 million free users called trial, and we've massively expanded from there. 10x that number a lot of free users that give us all the benefits I've mentioned and 65 million paid users, 40 million almost, certainly growing, as you've seen our earnings report, almost 40 million direct paid and 14 million having adopted and it's growing the membership benefit. And membership is very important because it gives a higher engagement and higher utilization of all of the future in the platform, which then feeds back into the data that informs the quality and the evolution of the product. That customer base is also managed with a very strong focus on the health of the customer base. You've heard multiple times from Natalie that we are not going to be a loss leader trying to acquire customer at a loss in a country and fund it with the profit on another just to be able to scale. Every cohort, every channel is managed in a positive economic view. And that helps between new and retained also carried on value.

It also provides cross-sell and upsell opportunities as we move more to adoption of full cyber safety gives us a brand recognition. It gives us trust with the customer base, awareness which is all essential to drive more and more acquisition and bring more and more people to consumer cyber safety. And finally, that scale has enabled us to build what I think is the best service team in cyber safety for consumers. And that's an advantage for us, too. It's an advantage in presales. It's an advantage in post sales as user experience always changes with the threat landscape. So we talked about the Gen capabilities and assets that we put together. We talked about the diversification of the business structure that drives our value and we've assembled that large customer footprint to enhance the opportunity.

Now when you combine that with the customer lifetime value that's growing we delivered a very strong, resilient and predictable business. Like everything we do, we constantly learn, we refine, we adjust our framework. And as we stand today, sitting on a large growing customer base, we've refined our customer journey to really drive the adoption of full cyber safety, whether you enter it as a point product and have different risk in your environment that you identified, you have the opportunity to be cross-sold and other value that would protect against that risk. Or if you enter at a membership level and have some protection but need to be a higher plan, higher full. We know how to upsell, to give you complete peace of mind or if you have multiple products, we also know when a membership is more favorable to you and able to move from cross-sell products to up into the membership. And all of that leads to higher customer engagement, higher satisfaction, which ultimately gets us to very strong retention rates. We have leading industry standard retention rate in the LifeLock brand close to 90%, and Natalie will walk you through the different retention rates we have by the different brands and the progress we are making there.

The resilience and the predictability of the business is also important because it enables us, despite a high margin we have to fund the innovation and the innovation plan that a product team is driving and be start burning persistent and persistent in going after those new spaces of digital cyber safety. So that's in all what drives the really strong, sustainable, growing and highly profitable business model that [Gen] is about. So our strong performance, obviously, is the result of that clear strategy, that vision and how we assemble the assets together, but also combined with a very strong focus on execution. We've delivered over the last 4 years a mid-single-digit organic growth rate, 10% with acquisition. We always want more, but I can tell you in 2019, nobody was betting we would be what Gen is today. We've expanded the market. We've built our capabilities. We've increased our user 10x. And of course, we have unmatched operating profit and profit margin. And with that, EPS grew double digit at twice the rate of revenue.

Now we're constantly learning. We're refining our model, we're adjusting our approach, and that's what we're doing to then deliver what will be the next generation of cyber safety and another step towards our long-term vision. We feel we're really well positioned as Gen to continue to lead that transformation of the market and capture the opportunity that's in front of us. The threat landscape is changing. There's no doubt about that multiple vector of threats, the market is dynamic and in expansion. We leverage our broad portfolio, our business models very attractive units of economics, the value of mention, we drive growth, add value. We have refined our competitive position. We have a large amount of data, a very broad portfolio we have cross-sell and upsell capabilities and proven execution.

So we've built that resilience into the business, which gets us to the profitability, the cash structure and ultimately, the ability to maximize the shareholder value. Ondrej will walk you through the technology and the innovation and that will drive the next step in our portfolio transformation. Now our market position, our strategy and our execution will support our financial commitment. We've built a strong track record of delivering on our commitment of driving performance with the business. And I think you'll hear more from Natalie, but I think we've gained the credibility to say, we'll do it again. After a year of integrating the 2 business together, we have some trends, and we believe we can sustain a mid-single-digit growth rate and Natalie will walk you through the different opportunities we have. We'll commit to grow EPS double digit in 12% to 15%. And I think the only headwinds we've had, as we delivered on all of our merger commitments was the cost of the debt, the interest rate at the time we signed the deal, as you know, it was 0% and today, it's a painful 5% plus. Natalie will unpack that for you, but we've built that into the new model of our EPS commitment moving forward.

Of course, as a result of the cost of the debt, we'll commit also to delever very quickly to get below which, again, for a business model that's that resilient, that predictable, delivering 60% margin feels is absolutely reasonable. So we have a clear vision. We have a strong strategy. We have an effective execution. And combined, I think that's really the asset of Gen. Ondrej, I'll pass it to him, will walk you through the exciting piece to see how innovation is taking the portfolio moving forward, and then Natalie will work around the value of that large customer base and how that translates into financials. And then I will wrap it up what's next as we go back to work this afternoon.

Ondrej Vlcek - Gen Digital Inc. - President & Director

Thank you, Vincent. Thank you so much. and good morning, everyone. I'm thrilled to be here in New York City and have the chance to talk to you about all the great things that we are doing at Gen in terms of technology, product and innovation. But before I do that, let me just spend a few words and say a bit about myself and also why I am personally so excited about this. I started in cybersecurity already in 1995 and have spent the following 20 years coding, finding vulnerabilities in other people's code and later also leading various technical teams.

And during that time, I've had the opportunity to work with some of the best people on some real fun projects using some very cool technologies. But today, I feel extremely honored and humbled to be able to lead the product technology and function here at Gen because it's really fascinating for me to see the level of expertise the scale and the infrastructure that we have at our disposal to really take the whole cyber safety industry to the next level. Just looking at our technical teams, we now have over 1,500 people in R&D. Engineers, designers and other specialists who are, for the most part, working on what we call consumer-focused innovation. On top of that, there is about 250 people in Gen labs. Researchers, AI scientists and AI practitioners. These are the really smart people, the PhDs and other experts who work on what we call tech-focused innovation. And I'm not even mentioning over 3,000 people who are highly trained service agents who deliver our services to customers and who are always preferred to help.

Now our rich IP portfolio includes over 1,000 patents and just the infrastructure that we built to support our operations is world-class. So 1 example for all in the cybersecurity area, we train our models on data sets that are 6 petabytes, 6,000 terabytes large, and we are able to update those models roughly 500 times a day. which equals to about 3 minutes, 24/7, 365 days a year. And that's very much needed because every month, we process almost 0.5 trillion different URLs and block about 1 billion attacks just to give you some sense of the scale that we are operating at. Vincent has already spoken to you high level about our product road map -- sorry, about our product portfolio, which we consider to be the most complete, the most comprehensive product portfolio in the industry. We break it into 5 layers defined by the function that they provide, but also whether they are more device-based or cloud-based. And they generally focus on security, privacy, identity and reputation management and the whole -- include a whole array of features and functionalities and you can see some of that in the actual layers here on the tiles.

The way this portfolio has been developed is a combination of organic and inorganic, of course. But what's really exciting now is that we have spent the last year putting it all together and consolidating into 1 single platform or a single tech stack, which we call the Gen stack. And that, as you can imagine, brings a lot of practical benefits. Now off of that stack, we then instantiate the actual products that we ship to our customers, including our flagship product, Norton 360 and as one as well as all the other products. And by the way, even though all these products are based on a common tech stack, they come with substantial differentiation aligned with our broader brand strategy. Now let's now talk about the consumer world because there is something really interesting going on there. On one hand, people are more dependent on technology than ever, like almost 2/3 of Americans are now preferring online experiences with their brands to in-person ones and 85% of them are saying they can't really go a day

without Internet. Not just getting news, e-mailing shopping or banking, but also getting their education, working, having fun or even dealing with the government.

As Vincent already said, digital life is live and that absolutely holds true. On the other hand, people are increasingly worried about the risks that are associated with all of that. Three in 4 Americans are worried about the hacker attack and 73% fear of becoming a victim of an identity theft much more than, for example, getting mark or someone breaking into their homes or their cars. And those worries, those cyber security or cyber safety worries have only become larger post COVID. And indeed, there is a very good reason for that -- the threat landscape has been evolving very quickly, and the intensity of threats. And the sophistication of those threats has really increased rapidly. Now we can break those threats into 3 waves, compounding on each other. The first wave is the Malware Wave, which was enabled by mass adoption of Internet connected devices on 1 hand and the holes and weaknesses in those -- in the software running those devices on the other. So this, of course, included traditional viruses as well as zero-day exploits and route kits and later also mobile malware and ransomware.

Now the second wave, I call the dark web wave. -- which started around 2012. And this is when attackers really started getting better organized and also much more focused on their financial gains. So we started seeing things like identity theft IoT botnets, online spying and tracking as well as large-scale data breaches of personal information that could be further monetized. And by the way, when I say personal information, I don't mean just names, e-mail addresses or social security numbers. Like anyone here has heard about the latest breach of the DNA sequencing company last month. This second wave was technically enabled by the emergence of the dark web is a safe place for cyber criminals to do their trading as well as cryptocurrencies, Bitcon and others as a safe and untraceable way to get paid. And finally, the third wave, the scam wave, which grew especially during the pandemic. With phishing and spearphishing and all sorts of scams, including crypto and [Trojan] scams as well as smishing and phishing to give you some acronyms here. And very much related to that, quite logically, over that same period of time, the total consumer losses to cybercrime has also risen significantly from less than 100 million by 2004 to more than 10 billion in 2022. And look, the independent solutions from Northland, Avast, AVG, Avera and LifeLock, which now make up that integrated genpack have been protecting those customers from all sorts of attacks like this all over those years.

So the individual components that you see here again in the various layers were specifically designed to address those threats as they emerge. And in some cases, created even proactively. I'd like to say that we have 2 sets of competitors. And despite what you may think, our most dangerous competitors are actually not the usual suspects. The other companies that are operating in our space. But actually, it is the bad guys because they are constantly trying to circumvent us, bypass us, find holes in our systems and break them. And so they really, really force us to keep innovating and pushing ourselves hard every single day. And our track record in doing so has been very, very strong. But now we are entering a whole new era. A new wave is starting with the emergence of generative AI. And it's bigger, it's fiercer and it's more damaging than anything that we have seen before. Now don't get me wrong. I love AI, and I love what it's bringing. I really think it's some sort of tipping point or pivotal moment in tech and the arrival of generative AI considered to be on par, perhaps even more important than the invention of the worldwide web. But from the security perspective, it's a disaster.

The reason why the advent of generative AI is such a cataclysmic moment for cybersecurity is that it really brings unprecedented scale, precision and speed benefits right to the hands of the bad guys -- really tilting the cost benefit ratio in their favor. What I mean by that is that with AI is now much, much easier for anyone to conduct advanced attacks that have been traditionally reserved to nation state-sponsored actors and highly, highly skilled professional trained hacking groups. So just to give you a few examples of how AI is already being weaponized today. AI-powered password cracking and credential theft. We have recently seen an experimental piece of code called PassGAN that uses generative AI to crack passwords and do it faster, cheaper and better than anything before. Combine that with the advances in quantum computing, and we have a recipe for a major, major problem here. An AI-based scam attack via tools like Fraud GPT, EvilGPT and DarkBART. There's now at least 6 such tools that we are aware of and counting. And they mean that the attackers now have complete tool chain that they can use to scrape personal data of social media platforms and use that data as a feed to LLMs to be prompted to create perfect personalized scam messages and not only scam messages but also voice calls or even videos with easily obtainable technologies like voice cloning and deepfake generation.

And you know what? I'm afraid we are just getting started here. It's quite clear that even the leading personalities on the AI scene don't really fully understand what this new technology can do and how it can be misused. But it's not going to be pretty. So what does it mean? And what can we do about this? We, at Gen, believe that the only way to tackle this to really overcome those new scale, speed and accuracy challenges that generative AI is bringing to the bad guys is to fight AI with even more, even better AI, meaning deploy AI across all the defensive systems across all the touch

points and do that very quickly. And now we are getting to the crux of why I am so incredibly excited about Gen and the opportunity ahead of us. Because Gen already is the leader in AI for consumer cyber safety. Why is that? Well, fundamentally, it comes down to 3 main reasons. First, we have a market-leading visibility across the entire ecosystem. AI is essentially a big data game. And with the 500 million endpoints running our software on them, we see more than others.

Second, we have been investing for years to custom build scalable AI systems and infrastructure. As of today, we already have 37 AI systems in production, and these are processing billions of signals daily. We were building those systems way before AI became cool. And lastly, we have a dedicated team of AI specialists, researchers and practitioners with strong academic and industry credentials led by our CTO, who is an AI professor himself. By the way, he is here, so make sure to corner him over lunch. That foresight that we had when we started building this organization some years ago is really starting to pay off now. And in fact, this work has already resulted in some very good outcomes. Let me now talk to you about some of those in a bit more detail. The first is HMIL, our foundational in-house developed patented AI technology. HMIL stands for hierarchical multi-instance learning and it's a versatile piece of technology that allows us to build AI classifiers without a prior knowledge of the subject matter is being applied to. Normally, when you are building AI classifiers, you need to have a deep understanding of the data set you are dealing with, but not necessarily with HMIL. And the good thing about it is also that it worries with structured data of any line from files and network streams to various time series, behavioral locks, et cetera.

Today, we are already successfully using it across 3 pretty distinct use cases ranging from malware and scam protection to transaction monitoring in the LifeLock product and we are working on applying it even broader. The second is TSC LLM or tech scam classifier or large language model. This is a bespoke fine-tune LLM that has been specifically trained on scam messages, e-mails, text messages and social media post, which is really important because as we saw, the scam problem continues to grow very rapidly. We are currently in the process of productizing this technology and the first application, which is taking advantage of it, is Norton Genie, which actually has an AI-based chat interface as well. Genie is all about AI. And I'll talk about Genie a bit later. And then there is another great example of how we are bringing AI to the front end, closer to the user and exposing it right there. Sentiment AI is a new system that we have developed for our upcoming ReputationDefender product called TrustRadius. And the way it works is that it's leveraging first-party insights from more than 15 years of ReputationDefender cases and categorizing them in a way that's actually actionable.

The keyword here is personalization. I can give you a personalized view of what is really important for you and what you can ignore, allowing you to better prioritize negative content like search results and social media post, that should be removed or suppressed to improve your personal reputation, privacy and safety, which is particularly important for high-profile individuals who are the primary target for TrustRadius. Okay. So with strong pieces of technology like these, how do we bring it all together and turn it into actual product? Well, in doing so, we take a very, very consumer-centric approach. Our decisions are generally informed by 2 types of inputs. Key consumer trends such as the desire to simplify people's digital lives and growth of online commerce and payments and increased awareness of privacy risks as well as, of course, the emergence of generative AI consumer use cases. And we combined those -- that with the insights the deep insights that we have about the threat landscape.

The result of that is our deep understanding of consumer needs. Vincent already showed you the 4 consumer needs that we have identified for 2023. Around protection from security threats, safe online finances, control of personal data and verification of information and people. And what I would like to do now is talk to you about each of those and show you how these contribute to our overall product portfolio and positioning. First one is protect my digital life from security threat. This is obviously how we got started with our antivirus software. But now it's much, much more than that as it has expanded to include e-mail, scam and phishing protection, social media account takeover protection, device optimization as well as many other important aspects of protecting people's digital lives. And more is coming. We continue to innovate in this category and focus on new types of solutions that help people protect themselves, especially against those AI-powered, AI-generated attacks that we were talking about across all connected devices and the cloud. And a big, big area of focus for us is also protection against scam, including voice scam. Number two, keep my finances safe online. Yes, this is the juicy subject of financial crime and fraud. And more than 3/4 of it is now happening online in the cyberspace. So no wonder made it to the list.

Our journey there started with LifeLock. And LifeLock, as you probably know, is a leader in protecting people against identity theft, which is now the most common way how cyber criminals actually steal money. But our solution has been much extended since then and now includes modern features like comprehensive dark web monitoring, home title protection, transaction monitoring as well as cyber insurance. And this has been a very, very successful business for us. By the way, the identity theft problem is really pervasive, which is one of the key reasons why LifeLock customers

are so loyal to us, resulting in market-leading retention rates. Because when you become a victim of identity theft, it will typically haunt you for many months, if not years. Because the fallout is not like someone tries to take 1 loan under your name, full stop. What you'll see is like 4 different loans and 3 mortgages, 3 cars, bought with your identity, 5 credit cards, et cetera, et cetera. We typically see at least 5 to 7 at times to misuse that information, sometimes even much more. And once you have to go through such a martyrdom, you become a customer for life.

So we continue to be very focused on this category. And then in the upcoming product releases, you can expect to see us expanding our solutions even further with even more innovative features like safe and secure digital payments, digital vault and financial wellness related functionalities. The third area is give me control of my personal data. This is actually one of the fastest-growing category, which I think, says a lot about how the perception of privacy and the risk associated with PII leagues have changed or evolved over time. And here, on top of VPN, which we now consider pretty much table stakes, we have been addressing emerging consumer needs by adding differentiated privacy-related features like device anti-tracking, hunting and removal of PII across various services and the dark web and data brokers and private browsing. And we still see a lot of opportunities to go beyond that. I already spoke to you about AI-based sentiment analysis in our ReputationDefender product. It is expected that by 2026, up to 90% of all content on the Internet will be AI generated, which will obviously have massive consequences in terms of how content is consumed and data, including personal data is trusted and we are getting credit for that in our portfolio. And then personalized management of people's entire digital footprint or digital exhaust that--- as we like to call it, is an area that we are actively working on.

Finally, number four, verify the people and information I interact with online, which is a newly identified need this year. We have 2 projects currently in beta. The first is Norton Genie, which I already mentioned when I was speaking about the TSC LLM AI model. Genie is an easy-to-use app that people can use to determine whether a given text message, e-mail or social media post a scam or not. It features a conversation with UI, meaning that you can actually chat with it, and it can give you some additional insights. It's currently in the early access phase, and we already have about 70,000 people using it, which is a great start. And while today it's been built to cover text-based scams only, our vision for it is actually much broader. Ultimately, we see it as some sort of CSO in your pocket, a trusted partner that you can inquire at any time and to consult to any security or privacy or identity-related question or concern that you might have. And then Midy, our brand-new system that allows people to prove who they are online and exchange so-called verifiable credentials. This is a continuation of prior work that we did around the bank ID scheme in Canada. And the vision here, again, is much broader, leading to a universal system that will allow exchange or verify data, including PII in a very secure and private matter.

Moving into the future. We are also planning to be heavily involved in a category that I'm personally super passionate about, and that's deepfake and misinformation management. And that's not necessarily by creating a tool that will be able to tell whether a given piece of content is AI generated or not, but rather by building a new trust layer that will allow easy verification of the authenticity and provenance of that content. Now going back to Norton Genie to give you a better sense of what it can actually do, I encourage all of you to join me for a private demo over lunch today. And of course, you can download the early access version from the App Store already, for example, using the QR code here or just looking it up in the App Store. And so as all of this comes together, it results in a rich AI-infused road map, which again is fully aligned with what we have been seeing among customers by spending a lot of time with them and really understanding their needs and jobs to be done and combining that with our deep insights into the threat landscape and the AI technology is seen more broadly. We normally don't publicly share product road maps--- even high-level road maps like this. But I'm making an exception here because I'm so bullish about this. What you see are functionalities that address both the security need, the financial safety need the control of personal data needs as well as the people and data verification.

And of course, they are also very much focused on the tough challenges that we spoke about when I described to the (inaudible) of attacks such as AI-assisted hacking and system exploitation, AI-powered password cracking and credential theft. AI-based social engineering and AI impersonation, voice cloning and deepfakes. Now the way we deliver those functionalities to customers is obviously by packaging them into actual products. And when doing so, we basically take 2 different approaches. We either package them as point solutions or as membership plans. The difference between the 2 is that with point solutions, people are buying individual products that serve a specific limited need. While with membership plans, they are basically buying a richer bundled solution that ensures their total peace of mind. Even though we generally prioritize and recommend membership plans, we find that some people actually prefer point solutions. And so we are running both of these cracks in parallel and adding new features and functionalities on both sides. And that's perfectly fine because we have strong business drivers in terms of growth for each of them. And Natalie will be talking to you more about those.

Now everything that I spoke about so far has been focused on the consumer segment. But we see a big opportunity even beyond that. Many entrepreneurs have actually been asking us whether we could extend our solutions to them and their companies as well. And that makes a lot of

sense because if you think about it, we have such a strong reputation on the consumer side and the need the jobs to be done and even the actual threats are all quite similar. Unlike on the enterprise side, where dedicated IT and security teams are present and were very different solutions and sales motions are typically required. And so in order to capture this incremental opportunity, we started already this September by releasing a new Norton small business product. And the results so far have been very encouraging, almost doubling our unit sales also of a very small base. So we are committed to invest even more in this area. I go from there, focused again, mainly on freelancers, gig workers and very small businesses.

Okay. So where are we now? We have spoken about the threat landscape. We talked about AI-powered threats and Ge's strong AI capabilities, then we covered the core consumer needs and explain how we are effectively addressing them with our strong AI enriched road map. And lastly, how we are packaging those pieces together to deliver them to customers. Now the last piece missing that we have't really covered yet, but i's actually super, super important for us is customer experience. As a consumer-facing business, we understand that CX is absolutely paramount for our success. And for that reason, we have been working very closely with our customers around the world to understand how we could make our product even more comfortable, more accessible and simpler to use for them. What we often heard was integrated, cross-platform and personalized to my needs. So tha's been a large part of our efforts lately. Important to people is also how we do our cross-sell, upsell operations. Those need to be fully contextual, natural and unobtrusive. And AI is actually really helping us here.

And finally, consumers generally like the idea of engaging more with our product, but those engagements need to be valuable and insightful for them. We are taking all these inputs extremely seriously, and w'll continue to prioritize this work to keep improving with every release. All of this brings me to our long-term aspiration, our BHAG or North Star as we like to call it. And tha's really to enable all generations of people to make the most of the digital world. Irrespective of all the pitfalls dangers and obstacles caused by the ever-changing technological landscape. Tha's what we mean when we talk about digital freedom. Now despite everything tha's been going on, we absolutely continue to be optimistic about where the world is headed, all the technological innovation and the impact it will have on us humans. And we are all about building solutions that will help people navigate this new world safely, privately and confidently. If I were to choose 4 words that would characterize the aspiration that we have for our future products, it would be trusted, always on, personalized and empowering. And now to give you a bit better sense of how it all fits together, let me play a short video.

(presentation)

Ondrej Vlcek - Gen Digital Inc. - President & Director

All right. So tha's all "ve got. But before we break up here for a short break, let me just quickly summarize the key points I would like to leave you with. Number one, increasing intensity of cyber attacks, now exacerbated by AI, makes cyber safety a real vital industry whose size and importance will only continue to grow. Number two, Gen has a long track record in investing in technology and innovation, lding AI and is an undisputed leader in the consumer cyber safety market. And finally, number three, with our proven AI expertise, world-class UX capabilities, scalable infrastructure and global customer reach, Gen is best positioned to win in this market. Thank you so much.

And I think we have 10 minute break.

(Break)

Jason Starr - Gen Digital Inc. - VP Investor Relations

Ok'y. We're going to try and get the next part of our presentation, going here. If we could get everybody to take their seats, please. Gre't. We're just about ready here. Folks can please take their seats.

Natalie Marie Derse - Gen Digital Inc. - EVP, CFO & Principal Accounting Officer

Hello. Welcome back from your break. For those of you in the room, thank you for being here for everybody l--ked -- watching us on the webcast, welcome. We are so incredibly thrilled to be h're. I'm Natalie Derse, and I have the privilege of being a CFO of this incredible, incredible company

we call Gen Digital. I have been here for about 3.5 years. And this is my second Analyst Day, which is so fantastic. 'nd we're--ust'-- we're really excited to be here to tell our story around 'ow we're going to continue to unlock customer va'ue. I'm joined here by the entire executive leadership team' They're spread out across the room. But I asked Travis (inaudible) Judy Bitterli and Patrick Schwind to stand up and wave hello to you all' They're in the back of the room here, 'f you're in the room. They are the collective powerhouse go-to-market leaders.

Travis drives acquisition and top of the funnel demand. Judy runs all of our customer relationship management and all of our retention efforts. And Patrick drives customer service, customer satisfaction, and leads the world-class customer service teams around the world. 'nd it's through their leadership and the execution of their collective teams combined with our gen wide commitment to taking a data-driven approach and the deep connection into the financial commitments that we make that we make our go-to-market priorities a reality. Custome's, we're going to talk about our customers a lot today because they are at the center of everything that we do. And every stage of their cyber safety journey matters. We have built an engagement structure that offers us the opportunity to reach new customers grow with our existing customers and retain those customers while we provide great products and services. It starts with driving awareness for the need for cyber safety protection. It's important to reach as many new users as we can, and we do that with an omnichannel approach, taking forward our strong brand recognition and our proven track record of trusted services. And to help influence the customer choice in their path to solving their ever-growing cyber safety needs.

We take that reach and we diversify into new channels with our ongoing marketing investment with a measured approach. We offer best-in-class protection in all facets of our cus'omers' digital lives. And we are mission-driv'n. We're mission-driven in our expanding portfolio, our strong customer engagement, and we demonstrate the value of our products and ser--ces -- no matter 'f you're in a moment of truth scenario or 'f you're on a path to building a relationship with us in a tiered membership offering. I told you customers were going to be talked about a lot today. We want them. No surprise. We want our customers and driving customer count, net positive customer count is a key priority for 's. We've built a healthy direct customer base, as you can see on the screen, but i' hasn't been easy. When we first stood up NortonLifeLock as a stand-alone company, we challenged ourselves to return the customer count to net positive growth after years and years of decline. We set explicit goals for ourselves to drive net positive customer adds, and we created additional investment so that we could invest in marketing over 50% more than prior periods. As we drove forward the direct-to-consumer business model, we also launched Norton 360 in the first of its kind membership offering that offered full suite protection and provides peace of mind to our consumers, all in 1 offering. And we drove results.

We started growing the customer base early on and continued adding net new customers for 10 straight quarters in a very healthy way, holding our already high retention rates stable even through the elevated new acquisition levels through COVID, bringing the total count of customers from 20 million in 2020 and to 24 million as we ended the year as NortonLifeLock in fiscal'year '22. And w' didn't stop there. After navigating the retention cycles post the code acceleration, and the integration with Avast, the combined Gen customer count is now approximately 39 million. And we, if you saw in our press release today, have returned to net positive customer count growth this quarter, averaging over the last 4 years of low single-digit rate of growth. Can I get some claps?

Sorry for that. A good thing really on floor to, I think, sorry for everybody on the webcast. I don't know if you heard that. We had a bit of a fire drill, 'ut it's over, okay? So with that said, net positive customer count this quarter. And as Gen we have approximately 0.5 billion --ers -- 0.5 billion users, excuse me, and 65 million paid custome's. We've created a playbook designed for growth, and we have many levers that Travis and Judy and Patrick and their teams used to bring our proven capabilities to market. And our model around this growth is very simple: acquire more, retain more. We will expand in the markets we currently do business, 'nd we're going to enter new marke's. We're going to support that growth and that expansion by measured marketing investment and channel diversification. We will continue to invest in our product offering driving an expanded portfolio with intention because we want to protect our customers from the ever-growing cyber threats. And we already do and we are.

We will continue to provide best-in-class service at all stages of their journey with us, 'nd we'll continue to grow as the largest cus--mer -- consumer cyber safety provider with industry-leading retention rates. We reach our customers everywhere where they are with an intentional omnichannel structure with most of our business being in the direct-to-consumer model, we can reach new users with a wide variety of offerings. For example, with our freemium offering for users that are just starting with us or looking for a free protection in a basic format as they get educated or as they become more aware or as they want to get used to us as a brand, we offer a free product with a path to convert into more of a premium paid later. But the users that know what they want. The customers know what they want and more importantly, what they need, we have a variety of options in a paid format across security, identity, privacy either as stand-alone products or in a tiered membership format. And with the channels sorry, something happened? Sorry about that. And then in addition to the 39 million in growing direct customers that we have, we also have what we

call the partnership channels. This is a diverse set of channels that allow us more and more reach. And right now, we have over 25 million paid customers across that variety of partnership channels.

With these channels and strategic partnership's, it's designed to capture consumer mind share where the consumers choose to spend their time at work, through our scaling employee benefits channel, bundled with their mobile providers as we partner with the telcos or during their purchase decisions at retail. And our reach is expanding, and we have tremendous opportunities ahead. As we expand further, we're going to leverage our strong brand reputation our vast products and services and our diverse go-to-market infrastructure to drive more reach. With the constant evolution of cyber safety threats, we will acquire more, and we have room to grow across all the markets. We offer the best cyber safety protection across security, identity and privacy and we have a customer-centric tiered offering that allow entry points of customers' choice backed with a strong call to action to cross-sell when they need additional protection and upsell pathway to increase your level of one-stop shop coverage. And we have a broad distribution model to deliver that to a growing base of our customers.

I mentioned our partnership model. Our partnership model offers us not only expanded customer reach, it's an incredibly strong revenue stream for us. and we grow with our partners. We mobilize where our customers are. And again, we're going to expand through these channels into more identity and more privacy. There are a handful of examples on this slide. Let me walk you through a couple. We're growing cyber safety as a digital benefit with employers who choose to offer identity protection through their onboarding process. We partner with telcos like TELUS and British Telecom to reach customers through their bundled solutions. And we offer private browser protection through search partnerships like Google, Bing and Yahoo. And as I mentioned, across all of these different partnership channels, we've already expanded our reach to over 25 million customers and are driving approximately \$400 million of revenue with our partners on an annual basis, and that's been growing double-digit rates of growth, the last few years.

We are growing with our customers today, leveraging our core capabilities. As Gen, we intend to accelerate our growth with increased value creation and deeper engagement with our customers. We plan to leverage a cross-sell, upsell approach brought holistically together, leveraging best practices across our very diverse brand portfolio. And with the scaling data and technology solutions that you heard about from Ondrej, combined with our stated intention to drive more personalization with our customers using always improving predictive modeling and omnichannel engagement, we believe that we have multiple points of growth to drive through cross-selling point products in moments of truth and through the customer value we create with our differentiated, higher tiered membership offering. Let's double-click for a second. Cross-selling offers us a path to meaningfully accelerate the adoption of cyber safety. And we have a proven track record with our customers through cross-selling, starting with the \$900 million of vast business model built around exactly -- exactly that. Take the over 0.5 billion users with a free offering and cross-sell them into a more paid offering.

We've already seen further proof points as we take these best practices and apply them to the Norton Security base. We've tripled the penetration of cross-sell from 5 to 15 in less than 2 years, just with a handful of products across utilities and privacy. We have a stated intention to continue to scale, committing today from a 15% to over a 30% penetration of cross-sell because it's the right thing to do for our customers. Cross-selling point products protect customers when they are in the most important moments of truth. And we're just getting started. We have tremendous growth opportunity and expansion as we progress on our machine learning models and embrace the AI technologies. We'll leverage this combined with our continued product portfolio expansion and get the penetration of cross-sell to a larger percentage of our user base. Now on to upselling. We believe our membership offerings provide complete peace of mind to our customers. regarding their cyber threats in their digital lives. Our membership offering is a full suite of protection as a one-stop shop tiered across identity, security and privacy. And based on our current membership customer behavior, we know our memberships lead to higher engagement, higher customer satisfaction and ultimately higher customer lifetime value. And it allows us to deliver the best service throughout the entire customer journey because we get to know each other.

Customer awareness of our products and education of our feature set when we engage more through onboarding, product alerts, in-product messaging and all the other customer touch points that we have. We get to know our customers' behavior through the broader telemetry data that we collect across the full suite and through our customer relationship management, it enables us to even further advancement in our predictive modeling and our personalization and overall service. Economically, upselling customers to membership tiers creates value. It fuels our accelerating growth, evidenced in our current membership cohorts. As you can see, we have about 40% of total Gen paid customers that have chosen a membership offering. And we've made steady progress with that since we integrated with Avast. When our customers choose their cyber safety protection in a membership offering, the ASP is exponential. This is just security point solution to the first level of security membership. You can

see the exponential growth in ASP. And when our customers choose to broaden their cyber safety protection, the retention rate that we see increases as they become more engaged.

So if you marry this up with our very, very large base of users and paid customers that I showed you, we want and have intention to increase this penetration another 10 points over the next 3 years. And when we do, we deliver more peace of mind to more of our cyber safety customers and we have the opportunity to drive long-lasting customer relationships. We are proud of our retention rates in the LifeLock brand and the Norton Brand, both are leading in our industry and have been hard earned and very stable. Of course, continuous improvement in these strong brands is there, and we're committed to continuous improvement in those 2 brands. We're also committed to driving up overall Gen retention rate over 80% as we work to increase the retention rate in our Avast brands. A year ago, we laid out our Gen revenue synergies. We sized an opportunity to address a 10-point gap on Avast retention rates, of which we've already driven 3 points since just 1 year we're in. We've done that leveraging the best practices across the security brands and focusing on optimizing our billing performance.

And as we expand into new channels, into new markets and accelerate the growth in markets across the world, we are very, very clear-eyed that not all customers, not all users look and behave the same. We are clear-eyed that they may come with a variety and a range on retention rate as well as ASP. Mobile is one area that we have focused on improving the retention rate. We're doing a lot of mobile acquisition today. And today, it has a lower-than-average Gen retention rate. But evidenced in the past to today, we know and we have proof points that when we focus on driving retention rate improvements with our customers, it can be done. We have opportunities to drive retention improvements across our portfolio. And as we do, we are committed to keeping the customer at the center of everything we do, driving their customer satisfaction higher, and, in turn, growing together. Ready for the money slide?

Growing sustainably requires us to execute on our strategy and deliver meaningful value. And we plan to do that in what I call the 5 for 5. It's a simple structural approach of 5 levers to drive 5 points of revenue growth over the next 3 years. What I love about it is it's grounded in proof points, current customer behavior and trends we see today that support our reach, grow, retain priorities.

And in each of these 5 levers, we see momentum today. And when you take the assumptions I've listed out here on the potential white board, and you translate the math, it's not hard to see that we have at least \$650 million of incremental revenue to earn over the next few years. We collectively will execute our strategy. And when we do, it's not hard to believe in our Gen Y commitment to accelerate growth with our 5 for 5. We have a strategy and a structured approach to our growth plan. But with the last few years has boldly reminded us all across the world is that you need to iterate and flex as new business dynamics come into play. We have opportunities in all markets scaling at various rates with different economics, but we take our responsibility to reach, grow and retain across the world very seriously. Our opportunities are vast. They're diverse, and they will ebb and flow and we'll embrace that. We want to grow in a diverse manner as we expand in our mission to offer the most comprehensive cyber protection in our customers' digital lives.

This leadership team in the room is committed to leading with a growth mindset, driving sustainable and profitable growth, balancing our investments as we execute our strategy, powering digital freedom to all of our valued customers. We have a strong execution track record. We have a reputation of delivering at or above our financial commitments. And it's built on a disciplined and measured approach. We have a very diverse business model, rich in cash generation that allows us to embrace the growth opportunities in a very balanced way.

With that, let me walk you through our financials. In order to know where we're going, we need to know where we've been. As I look back when we stood up NortonLifeLock, as a stand-alone direct-to-consumer business, we set challenging goals and delivered big, big results. Just look at the CAGRs on the screen behind me, double-digit revenue growth over the last 4 years. Best-in-class operating income. An EPS growing 2x the rate of revenue. We create shareholder value. And we do what we say. We breed a commitment focused culture, and we execute on the big goals that we set. Our deal cost synergies were meaningful and we had to beat and raise in a faster time frame. And we use less cost to achieve it than we previously planned. Our revenue synergies are scaling. Our highly complicated Gen portfolio integration is on track. And operationally, we're on track to deliver on our \$3 EPS commitment, excluding the rising cost of debt. We're a team that executes and these are big goals, \$200 million of revenue synergies is a big number. And the collective team found a way already delivering 35% of their target in just 1 year since we closed and continues to scale it. \$280 million of cost synergies is a big number. And again, the collective team carved a path to over deliver faster.

We are driving operating margin expansion. We've done 6 points of expansion in just 1 year, and we continue to improve. One of the big goals we set for ourselves was to double EPS over the long term. We shared that goal during our last Analyst Day, and we reiterated that \$3 EPS target a year ago at deal close. I already said operationally, we were on track to deliver on that commitment. If you recall at the last Analyst Day, I shared a whiteboard path on what you could potentially believe to get to that \$3 EPS. It was built on growth, scaling operating margin, balanced capital allocation and leveraging M&A as an accelerator. Since then, operationally, we have remained focused on our priorities and thus far have executed to our plan. And our earning power strengthened. During the same time, global business dynamics change that created notable macro headwinds, we can all relate especially for us, the significant increase in interest rates that have remained elevated for longer than we expected.

Considering that every point of interest rate increase has an EPS for us of \$0.10. Excluding that, excluding those macro headwinds, we would have doubled EPS--o \$2 -- to \$3 by fiscal year '25. And in line with the time line laid out at our last Analyst Day. So what do you do with that? What I want you to take away is that we are a growth-focused team that has a high rate of operational execution. And yes, the interest expense is a real cost to our business. We are super clear-eyed about that, and we're facing into it. But please keep in mind, as the interest rate market and environment improves, there is future EPS benefit that comes with that. Our business is incredibly healthy. We generate very strong free cash flow and it's scaling significantly. And as we continue to scale, we create capacity that affords us the ability to reduce the level of debt outstanding through accelerated debt payments like we've already done 4 times this year. Our current EBITDA to interest ratio is 3.4x. And we expect that to increase as EBITDA grows in line with revenue, given that we've already achieved the majority of our cost synergies and expanded operating margin. And while we continue to deploy our capital in a balanced manner today, we are sharpening our commitment to pay down more debt and delever to under 3x net by fiscal year 2027.

And yes, we will continue to repurchase shares. We will stay committed to the dividend, the current dividend. And more importantly, we stay committed to returning 100% of excess free cash flow to our shareholders -- we will leverage our efficient business model as we scale. Top line, we're on track to run the core at 60% operating margin as we exit this fiscal year, and we'll continue to optimize an effort to fund growth in next-gen cyber safety. As we scale our reach and grow with our customers and retain those customers, we gain operating leverage, and we expect to capture high margin dollars from the new volume. That, in turn, will help fund new growth vectors and new product launches. But count on us, we have a test, measured growth approach to new areas of investment. We will invest in the future, but we'll be disciplined as we do, and we will accelerate. And with that, let me share our 3-year financial model. Our outlook, we expect to drive mid single-digit rate of revenue growth in a sustainable and balanced manner. We expect to grow EPS 12% to 15%, growing faster than revenue with increased operating leverage and leveraging our efficient capital structure.

As I already mentioned, we are committed to delevering to under 3x net by fiscal year 2027, while returning 100% of free cash flow -- excess free cash flow to our shareholders. Of course, this model assumes today's currency exchange rates and assumes the latest forward curve. Gen is an incredibly healthy growing business with high operating margins and strong cash flow generation, and it's led by a management team that has a proven track record of execution. We have endured a ton of change in the last 4 years, but we have returned customer count to growth while consistently growing our ARPU and increasing industry high retention rates, all at the same time. We believe our role is to create value for shareholders through delivering on our commitments. We have, we are and we will remain steadfast, creating long-term shareholder value with resilient growth, healthy profit margins and continued strong cash flow generation. I hope you're as excited about the future of Gen as we are. I appreciate you listening. Thank you for your time. Let me turn it back to Vincent for closing remarks.

Vincent Pilette - Gen Digital Inc. - CEO & Director

Thank you music for me. I saw Natalie all dancing up on the stage here thinking this event is not only for you to understand the beautiful business we've built the very powerful financials we have, which is going to be the presentation but also for you to get to know the management team, you invest into the company. Like us, we bet on people, we are people business, for people. And I think this is an opportunity for you to know the management team. We did when we came together with Avast a quick personality trade, and I won't reveal all of our secrets. But at a high level, Andres and introvert neutral like a Belgian and Natalie are extraordinarily extrovert out there. So I can tell you the weekly forecast call are running like music.

All right. With that, let's go to the closing comment. So you've got a glimpse right on what we see in terms of the market, the dynamics we see in the threat landscape. It's an evolving market with plenty of expansion opportunities I think Ondrej didn't listen to my advice. He went a little bit

overboard sharing really our road map of the future' but I'm s're you'll keep that confidential amongst yourselves, yes. We have the best portfolio that address the consumer security, identity and privacy management for the consum'rs. We're very focused on attractive units of economics. We drive growth at value. Our competitive position is unmatched. Frankly, we leverage the broad amount of data we have the portfolio we can get constructed almost in a personalized way, leveraging the multi-brand framework, the omnichannel strategy. And then when a customer has decided to touch consciously cyber safety we have the path to walk them through a journey that goes all the way to full peace of mind.

We have the resilience and the predictability in our business model to fund our ambition and our innovation to continue to push the market forward. And with that, as Natalie mentioned, delivered double-digit EPS growth and valuation will be up to you to decide where it stands. Our strategy is clearly work'ng. We've deployed a pretty simple strategy initially when we started. We wanted to be the best cyber safety platform for consumers. And when I mean platform is with the ability to communicate, to be front and center to empower the consumers and having the cross-sell and upsell opportunity. And then when we find our strategy as we continue to evo've. We've now broken down our portfolio into 3 main categories: the core business, that is maybe a more mature element in the core offering we have, b't that's still very essential engine Ondrej mentioned, the threat landscape is not the new waves and not replacing the old one, the comp'unding on each other. And we still feel we have opportunity to continue to accelerate the growth in that area. We invest into our competencies that you see here at the bottom from scale data all the way to the strategy and the execution of it to really drive that operational flywheel. More data means more value to understand better our portfolio innovations which goes back to more data and more value to the customers.'And it's really the understanding of how it fits together, that gets a working strategy with a very impeccable execution.

And of course, we have momentum.'As you've seen, this is a slightly different way of looking at our portfolio by the consumer needs between core and expanding core being those products that were at the basics of that consumer cyber safety. And the expanded being how we, over time, have addressed new needs in expanding the views. You can see in the core, about 2 billion of our overall portfolio growing at low single digit, but adding a point of growth every year by on looking at hidden security threats and adding functioning before the customer is there. To keep my financial safe online as Ondrej mentioned, we have a pretty broad ambition there. Pretty big base leader in the market with maybe a mid single-digit course potential a'd that's over the last 3 years and adding every year, 2 points of growth by adding new functionalities 'nd you'll see more of it. And then in the privacy, the fastest-growing granted the small -- our -- segment of our needs, where VPN was the core and now totally expanded into giving the consumer the power to understand the data online, eliminate those data, manage those data and work on the reputation, adding about 5 points a year of incremental growth.

If you step back and cut that portfolio between core and expanded, we have a very strong core business with a resilient, low-digit growth that we can accelerate, its upside by expanding internationa'ly, we're expanding to new cohorts with our multi-brand framework. And we have a fresh, dynamic expanded set of opportunities, functionalities that today sum up to about 10% of our business, it was 0, 2 years ago and fast growing. The capability of adding new value to the customer is definitely what you will see more of over the next 3 years. And then, as I mentioned, we always invest for the long term. Obviously, the seed investments that we have built in our business model will be the expanded of tomorrow in terms of applications and revenue gro'th. We're very focused on the consumer needs built into the model is what the future of digital identity, reusable verified data. How do we use AI into the anti-scam and bringing the product more front end for the customers. Ondrej mentioned it, we believe we have a very strong opportunity in what I would say the unmanaged very small business, 20 people or less that really rely on our consumer capabilities or consumer-like capabilities to push the boundaries from that core security to a full cyber safety, including your reputation, your credit score, et cetera, online to be able to sustain the business.'nd you'll see more of that. And then (inaudible) to Ondrej, the next ver'ion we're going to launch have hidden it.

So why Gen and why now? As Ondrej mentioned, we definitely see an AI fueling of the market, both on the threats and on the opportunity. We believe we have the cusp of another wave of new opportunities. The Gen capabilities and the assets that we put together are really are coming together. 'nd you've seen 't. You've seen in Q1 when we reported, you see here in the Q2 report, you see the momentum building up all the capabilities coming together. And when we look back and as we were preparing this ev'nt, we're saying, yes, this was really the right decision coming together. Some days it was painful. It was difficult, but 'ow, it's really a very powerful business. And now 'hat we're going to roll out the new business, we have Vita, he is the Head of our Development working super hard across these 3 R&D centers to rewrite the entire stack and come up with that modular architecture, white-labeled, enabling us to drive the innovation where it matters to the customer.

'And we're going to work that out over the next 12 to 18 months, which will only support the acceleration of our top line. We will continue to stay a very disciplined team. I menti'ned we're not the last lea'er. We're growing at v'lue we're building up a business here for the long term, and hopefully, you will see that in the in the results. It generated a lot of cash. We are absolutely not worried about the leverage ratio. We know it. We had to take some debt to be able to put these 2 fantastic business together. But as Natalie mentioned, we have a really strong cash flow generation that will enable to delever very fast. And our current profit margin definitely supports the current interest expenses. And so today, I would define our business as a growth at value or us growing at an economic value. All right. So thank you for attending today. Thank you for listen'ng. We're going to have a Q&A session.

QUESTIONS AND ANSWERS

Vincent Pilette - Gen Digital Inc. - CEO & Director

So Ondrej, -- the'-- let's do that. All r'ght. I'll stand up because N--alie -- she hates the chair. So I thought I would be the one standing up.

Natalie Marie Derse' No it's fine. You want to take all the questions anyway.

Saket Kalia - Barclays Bank PLC, Research Division - Senior Analyst

Everybody Saket Kalia, Barclays. Thanks a ton for taking the questions here, hosting the event and congrats on 1 year of Avast. A couple of questions. Maybe first for Vincent and Natalie. Maybe the best way to start out with the Q&A session is just on the net adds in the quarter. Can w--just -- absolutely Yes. Yes. Yes. I will keep on clapping. So can you just talk about the strength in subscribers here in the quarter? I mean I think 380 was just well ah--d of -- 380,000 was just well ahead of what anybody here thought. And I know that net a'ds isn't the only metric here, right, that matters. And I know we don't guide to that metric. But can you just maybe give us some thoughts on whether we should be thinking about this or just thinking about just a general new baseline, right, going forward for net adds? And what some of the drivers there are.

Vincent Pilette - Gen Digital Inc. - CEO & Director

Here we go. I was thinking that one of you would take this as the new baseline for the quarterly results. L'ok, it's a very important metric. 'o that's obviously for the long term, we always said growing customers, total custom'rs, it's a very important metric. Now on a quarterly basis, we only report our direct customers and direct customers is the next important metrics.

And of course, obviously, membership is not t-- one --'and we've seen progress across the entire view. Acquisition of new customers is very important. But before I talk about acquisition, retention is probably the most important because high retention means that the customers are satisfied by the product they buy and they p-- for -- 'nd you've seen the fantastic prog'ess we've had. Overall, Gen has moved from 75% retention at close when we came together to today, 77%, 2-point of customers retained more than 12 months ago. A'd that's supported by the progress made in Avast. In Avast, as I already mentioned, 10 points delta operationally between Avast retention rate and where a normal LifeLock was another 10-point of delta was more a structural mix of geographies and business models.'And we've made 3 points out of the 10 we committed to return. I wish I make all the 10 points in 1 quarter, but it will take time to make progress bec'use it's really about that operational cadence, learning, adjusting and continuing. So good progress on retention, which is #1 metric in that customer metric.

And then comes to new customer and acquisition. And our capabilities are really coming together, leveraging a premium point product sales or full membership sales in all of the multiple channels that Travis is here at the back of the room is driving across all of the regions, adding new brands where it makes sense, adding new functionalities such as security to identity where it makes sense. And slowly but sur'ly, we're walling here the power of the Gen business model. We said at the end of Q1, we feel the momentum is changing. We had a breakeven quarter in Q1. We said, hey, for the year, we will return to positive, happened that it was for the first half. So you could expect the numbers are a little bit better than we expected. Macro level is still challenging.'So don't take me wrong. 'es, it's a difficult macroeconomic environment. But the power of us coming together is

really here at play in these Q2 results. And I think this trend, I wouldn't focus on the size per quarter, but the trend of moving up as Natalie mentioned, will continue. It's another trick for a 60% margin business. We do not put the battery into the (inaudible).

Saket Kalia - Barclays Bank PLC, Research Division - Senior Analyst

Absolutely keeping those margins tight. Natalie, maybe for you, just a quick follow-up. I mean, I think the 5 for 5 was just super interesting, right? Like 1 point that was particularly interesting was just the increasing -- the goal of increasing the membership mix by, I think, 10 points over the next 3 years. Could you just go 1 level deeper into that? I mean sort of what gets you there? And maybe, Ondrej, if you chime in, how are sort of a Avast customers sort of responding to that membership plan. Does that make sense?

Natalie Marie Derse - Gen Digital Inc. - EVP, CFO & Principal Accounting Officer

Yes, I build the opportunity to go deeper on our membership offering because I believe it's the full suite protection offering that truly sets us up to deliver a total peace of mind for those members. From a upsell path perspective, I'll just maybe give you guys a couple of numbers. So in the Norton base, about 50% and not even the Norton base, let's call it the security base across Norton and Avast. About 50% of those are in stand-alone point products.

And so -- you -- if we are able to take the predelivery modeling, leverage our ongoing marketing investment, get to know our customers better, get more personalization, more AI technology and understand their needs and be able to make them more and more and more aware of their needs -- we have many --vers -- layers, excuse me, of that tiered offering that we can sell those customers. And when we do that math that I showed you that what you have to believe, literally, on the back of the envelope, you would just need to move them stand-alone security point product just to -- even today, this is what we see today, just to the security membership offering. And that ASP that I showed you is 2x. And so economically, the past absolutely is very easy to believe for me because I see the behavior today.

And then as we build on all the products and services and technologies that Ondrej talked about, the pathways to upsell to a growing user and customer base, in my opinion, is one that we absolutely have to prioritize.

Ondrej Vlcek - Gen Digital Inc. - President & Director

Look, I think a big value of those membership plans is really a much better, much smoother customer experience. I spoke about the importance of customer experience for our customers. And we definitely see that, especially when it comes to multiple features being kind of bundled in one solution that the interaction, the engagement with the product that can be done kind of unified as part of that membership plan works as a great way to kind of retain those customers better.

But also what we are seeing is that they keep installing products across multiple devices, which actually technically speaking, is another retention driver for us. I mean it's a very, very strong direct proportion between the number of devices people actually install the agents on and their propensity to continue or to stay with us to not churn. And that's a very valuable thing that, again, is much more pronounced with membership plans, the end-point solutions oftentimes are designed for 1 specific device.

Hamza Fodderwala - Morgan Stanley, Research Division - Equity Analyst

Hamza Fodderwala, Morgan Stanley. And congrats to the team on your 1-year anniversary, and thank you for all the great detail. Maybe, Ondrej, thank you for sharing your road map with us. A lot of interesting innovations around AI. I'm just curious, as you think about vectors for monetization. You talked about a conversational UI along with the product. Is that going to be something that you foresee pricing? Or is the potential for sort of like monetizing on demand more on the deepfake side?

And then maybe just one quick follow-up for Natalie. I mean I think the capital allocation has been a very sort of tricky equation to balance. You talked about \$2 billion of sort of run rate on levered free cash flow. We're committing to the dividend about \$300 million. When you think about the remainder of that, is that going to be more skewed towards that paydown? Or is it going to be opportunistic repurchasing?

Ondrej Vlcek - Gen Digital Inc. - President & Director

Sorry, I was listening to the other part, and I forget the first bucket.

Hamza Fodderwala - Morgan Stanley, Research Division - Equity Analyst

The first question was just around AI, that was a long-winded question. It was just around the potential for monetizing some of the AI features. How do you think about that? Do you want to explicitly price for some of the new features? Or you...

Ondrej Vlcek - Gen Digital Inc. - President & Director

Yes. Well, so the conversational UI, again, in my view, this is going to be mainly an engagement driver thus a retention driver that would be the #1 focus for us. Again, very clear proportion directly proportional between the number of times people actually work with the product, they enjoy work being in the product UI, et cetera. And their likelihood to retain it. We -- generally, with those kind of more cutting-edge solution like the deepfake management category that I spoke about. I think we still need to figure out the right monetization model. And when we talk about rails to actually prove authenticity and provenance of content -- you can imagine there probably is going to be some sort of dual monetization potential.

One, charging the consumer for actually delivering the value but then also the rails that you built to provide that functionality so you can charge both sides. But again, it's pretty early for us to say any specifics right now.

Vincent Pilette - Gen Digital Inc. - CEO & Director

If I can add, we have a lot of debate inside of what function did you put in, what product at what price. I think that's really driven by the value driven for the customers. I think AI is definitely a functionality, but not yet that is a specific by itself monetization. It's about AI plus the application and the value we bring to the customer that will then lead to a premium product or a different price point.

Natalie Marie Derse - Gen Digital Inc. - EVP, CFO & Principal Accounting Officer

Yes. And on the capital allocation look, it's just such a privilege, right? I mean we kick off so much free cash flow. So just we have a lot of levers to balance. The dividend yes, you're right. We're going to continue at the current levels. And then the split across accelerated debt paydown and opportunistic share buyback, we'll continue to stay a balance, but I think what you should understand through our sharing today is that over the next couple of quarters and largely through fiscal year '25, we're going to focus on accelerated debt paydown because it's the right thing to do.

Well, though -- we've been reacting to the SOFR forward curves just like everybody else in the room. And I don't have to remind you how many times that's changed and just stayed so elevated for such a longer period of time. And so the right thing to do over the next few quarters is accelerated debt pay down and delever and we've done that. I mean we've done a couple already this month, actually, in October, excuse me. So we'll continue to balance. Opportunistic share buyback is absolutely a tenant that we will stay focused on -- it helps us drive shareholder value. But right now, in the current conditions of the interest rate environment, we're going to focus on debt pay down.

Vincent Pilette - Gen Digital Inc. - CEO & Director

I think balance is the word. The only commitment we have is delever below 3 by fiscal year '27 at \$40 ' share, I'll do more debt pay down at \$15 share, I might do a little bit more buyback. And it's all balanced.

Peter Marc Levine - Evercore ISI Institutional Equities, Research Division - Analyst

Peter Levine with Evercore. Thanks again for putting on the day. (inaudible) 2 questions-- One is -- I guess, on the go-to-market, you talk about direct and partner-like what's the steady state between where do you want to see that channel go? 50-50? And then maybe talk about the mix between partner and direct?

So what's the mix that you see as a steady state -- and then when you look at like the partner go-to-market, what's the retention look like versus direct? Is there a change in ARPU margin profile for that?

Vincent Pilette - Gen Digital Inc. - CEO & Director

Yes. So between partner and direct, obviously, we like the direct relationship with the customers that enables us to communicate, identify the moment of truth, cross-sell, upsell, a little bit more fully than when we are with partner. In all of the new partner engagement, we're trying to mimic more and more the behavior of a direct view where we have the opportunity to engage with the customer and cross-sell, upsell granted, we maybe share some of the revenue when we cross-sell upsell into a partner-based customer installment.

There's--about 4 -- I think Natalie mentioned 4 different angles, 2 partnerships, 'whether it's an employee benefit channel' or if it's telco channel or financial institution channels. They all have a different dynamic. And depending if you buy core security, if you buy security plus identity you have different views. You've seen that partner is growing faster than the direct. So if you continue that on a cheer view that partner is much smaller. I think you're going to see progress. We don't have a specific target in mind to say that ratio has to be 80-20. And when we say we manage the business at overall margin at 60% plus, it's all baked in -- but we're not making our decision by cohort based on margin rate. We're making it based on, is it accretive to the bottom line, yes or not, right? And then we drive more customers at different margin all across our different channels, even for the direct to consumers, different views have different mix.

Peter Marc Levine - Evercore ISI Institutional Equities, Research Division - Analyst

Maybe a second one maybe for you, Vincent, is just on the SMB, maybe dive a little deeper there, reminds me of like Bill.com but these customers are underserved. So is this something that you're developing new products, so your rebranding your kind of product portfolio to cater to these? And then maybe just talk about how big of an opportunity can that be for you guys.

Vincent Pilette ' Yes, that's a good question. The question is about the SMB opportunity. So just the full disclosure, we're not recreating S'mantic. We're not going to the mid-sized market or the enterprise. We're not moving up the security ladder, adding from an anti-virus and multiple devices all the way to DR capabilities and other things. We're really trying to respond to the consumer needs where they have NortonLifeLock or Gen and Avast and AVG product and say, "Hey, can also use it to as a more licenses for my small business? Or can I do this? How can I do that"? And it's about extending that offering, leveraging the current core AV devices by extending a few functional in security and then working up the portfolio towards more that what we call cyber safety, which includes access, identity, reputation, of use on the digital world and enabling them to be both protected and empowered in that digital world.

We -- as Ondrej mentioned, we are at the very beginning of it, and you'll see more over the next few years as we develop that portfolio.

Peter Marc Levine - Evercore ISI Institutional Equities, Research Division - Analyst

So I just have a top-down question. How cyclical do you think your business is. I mean subscription business typically tends to be a little more stable. But your net subscriber total has been actually pretty I would say, volatile. And then on your guidance, you lowered your guidance a little bit, I think it was \$0.20 and you quoted macro factors that also implies some kind of cyclical.

Vincent Pilette - Gen Digital Inc. - CEO & Director

Let me take the cyclical factor in. I think if you really train our business, I think resilience and predictable. And yes, sometimes it's a little bit of retention here and there and customer cost. But actually, sometimes, we joke and say it's too flat like a Belgium pancake and because it takes really time to progress the improvement into the environment. The flip side of that coin, that's not a business that's going to be cyclical and flip. We're not any more attached to the PC shipment, which is another indirect question I get all the time, which is, hey, PC is down 20%. What does that mean for you? When PC is up 50%, our membership was not up 50%, but we're steadily growing. And when PC is done, it's not done at the rate of the PC, but of course, it's under pressure by the macro event. So I would say, resilience is more how I would characterize our business model. And I think the opportunity is a long-term structural opportunity. When it comes to the annual guidance, as you mentioned on our earnings deck that you can download on our website, compared to August 3 when we gave annual guidance, and today, we've had over \$15 million of currency devaluation due to the strength of the U.S. dollar. And that's only what we have reflected on our guidance. We've taken the top down by \$15 million, but we've raised the bottom by \$10 million, reflecting the very strong quarter we've delivered.

Unidentified Analyst

Just a question Earlier for the year your subscriber numbers were declining. It is Always one-off but I mean (inaudible) is very right. Obviously, small base of (inaudible) but small PC go by 50 percent points. (inaudible)?

Vincent Pilette' Yes. So I'll repeat the question. I don't know if you had heard -- didn't heard what microphone says, but when PC goes down, the installed base doesn't go down, but you'll be under pressure and over time, the PC may go down and referred to, we've had 5 quarters of sequential customer count down. And I think we've explained exiting Q1 that because we've had a rapid growth during COVID, even though we maintained the retention rates of the different brands, 85% for the NortonLifeLock brand at the same rate for that period. We had a lot more units in that installed base. And therefore, if I send more people leaving and yet in a post COVID, the acquisition was a little bit more depressed and couldn't offset.

And as we explain entering the year, say we are at the end of that what we call internally the post-COVID flush. And you've seen here now acquisition back to growth despite the fact that we're not immune, but there is a macro level environment that's not the most optimistic. But all of the strengths in terms of retention and putting all the capabilities in acquisition together has enabled us to return to customer count growth. If you step back though, since 2019 all the way to now -- excluding the post COVID flush of 5 quarters, we've been steadily also low growth, but steadily growing our customer count improving on what you just heard today. Portfolio development, addressing the needs of customers, expanding internationally.

Unidentified Analyst

Can you talk about the customer base? Maybe are they Android iPhone users, older, younger, high income, how many bank accounts they have, kind of where do you see the opportunity?

Vincent Pilette - Gen Digital Inc. - CEO & Director

We have now a very broad portfolio. And as we expand internationally by blend, you have a different customer base. And Avast, freemium in, let's say, Southeast Asia will be very different than in the U.S., a full member that has identity protection. Each one has its own set of characteristics. If you step back and in general, I would say we're still more skewed towards the older and upper end of the income statement of older age, and we

continue to develop new products as it gets more from back end protection to front-end empowerment and going to drive the diversification of the customer cohorts.

Unidentified Analyst

Just on the notion of trying to take people from the partner channel over time into the direct channel. Can you just help us understand sort of the mechanics of how that would work and the timing. So if I come in through whatever an insurance company, how do I get exposure to you directly I'm sure there are contractual issues. How does that actually work?

Vincent Pilette - Gen Digital Inc. - CEO & Director

'es. And we're not going to be too detailed here, happy to follow up. There's some more proprietary activities that we do with certain partners that will leave at that. But in general, when you step back, when you partner, we either go co-branded or white-label, both options are there. And we go for a certain set of offering this offer. And then more and more, we're working -- as we've worked in our direct portfolio, the capabilities to do a cross-sell and upsell or retention activities directly with the customers or co-sharing with the retention center of the partner -- so we have both. And then depending on the timing if when you're the partner, if you leave the partner, we're trying to get also the opportunity to then contact the customers and sustain the product. Every partner or every channel can have a unique set of characteristics depending on both sides of the equation when you start for it.

Saket Kalia - Barclays Bank PLC, Research Division - Senior Analyst

Saket again from Barclays. Natalie, maybe the question is for you. So very helpful with just the E'S CAGR. We're thinking about kind of the current SOFR curve. As we all know, the SOFR curve has just been a moving target, right, to say the least, over the last couple of years. Maybe talk to us about some of the levers that you feel like you have as part of that EPS CAGR. Obviously, nobody can kind of forecast interest rates on the certainty. But if it does move on us again, what do you feel like you can -- what do you feel like you can do to sort of protect that EPS CAGR if that makes.

Natalie Marie Derse - Gen Digital Inc. - EVP, CFO & Principal Accounting Officer

Yes, the first thing I would share is it's exactly why we share that, right? And it's exactly why we've sharpened the pencil on our compelling delivering. We're going to focus on delivering over the next couple of quarters. And as we head through and navigate through fiscal year '25, if you look at the forward curve, it tells you that that's the best place to put your capital is pay down your debt. But we have a lot, a lot of opportunity. And operationally, that's where we focus the majority of our time.

And hopefully, you got a good feel for all of the diversity of levers and reach and growth and retention that we can operationally drive inside our company. And again, that's where we spend our time. I shared just some high-level assumptions grounded in proof points that we see working today, current customer trend and behavior today, and I tallied up to \$650 million of incremental revenue over the next 3 years. And that's what I'm sharing with you here today, right? You take it a step further in each 1 of those levers, and that becomes just exponential growth that we will continue to read through a very structured, controlled margin. 60% margin is the core -- when we get incremental volume with our low gross -- our very, very high gross margin or low cost of goods sold, imagine the margin dollars that are going to drop down to the bottom line that either we will use to offset I hope not additional increased debt -- cost of debt. What I can't wait for is to create the capacity to go put behind the growth vectors, new investments, new products and technologies to just continue to expand the overall umbrella of cyber safety protection.

Unidentified Analyst

--thank you -- thanks for the great event and really greater results. Maybe 2 questions for me. First, I really love to recap about how you guys were able to release Norton 360 and hit 60% customer penetration in a few years. Maybe share some of the learnings you guys had in that time period and maybe help understand why the (inaudible) there could be a better together story.

Vincent Pilette - Gen Digital Inc. - CEO & Director

Yes. And we have a lot of learnings. I'll show you one that we first say, hey, membership is the way to go, higher retention, higher engagement, more value for the customers, and we are migrating our entire portfolio to be only offered as a membership, one platform, and that's it. Very quickly, we got customers to have a feel and say, well, wait a minute, I don't want to pay for the whole value. I only want a VPN or only this, this. And so we step back and say, wait a minute, actually, we need to be consumer-led. And therefore, wherever they want to enter, they can enter in our portfolio. And so we've decomposed and now with the integration of our stock in a modular way, we can offer a very flexible what we call entry door into consumer cyber safety by brand or by customer cohort or by country, we can select whether it's a specific product that you need, and we can dynamically change it in the next month or the next quarter or offer to a membership as an entry door. And I think that consumer choice, I think, was an important one that was lending. I would have a lot of other learnings, but since we know some of our competitors are still way behind we keep many for us.

Unidentified Analyst

Awesome. Maybe just one last another question. You read the headlines and you see consumer data theft step everywhere. I think they just sound like a forever (inaudible) headline, about tens of thousands, hundred thousands of details leaked. Maybe help me understand what parts the Gen portfolio are really best equipped to help with these rising consumer trends? And how do you kind of see a progress from here?

Ondrej Vlcek - Gen Digital Inc. - President & Director

So just to get it right. The question is about personal information leaks and how we can help consumers protect against those. Is that what you are talking.

Unidentified Analyst

Yes. Just one like businesses being attacked.

Ondrej Vlcek - Gen Digital Inc. - President & Director

Yes. Well, so the whole identity category that we have, which, again, is led by LifeLock but then add additional features and functionalities about that. So basically, the way we are looking at this is not necessarily about preventing those leaks or creating technical means that would stop these leaks from happening, but it's actually mitigating and minimizing the fallout from those leaks. That is what actually happens when such a leak occurs. And so through our portfolio of products, we start by the notification or alerting service, where we find that data, we proactively search, both the legitimate sources such as data brokers as well as the nonlegitimate sources as the dark web, and we are able to alert and then kind of inform the user customer when something like this happens, that's the entry door. That's kind of where the interaction starts. And then following that, it really is the help that we provide to restore, to somehow mitigate the situation, which, of course, can take many different types or forms depending on what it is or what's the piece of information is.

Vincent Pilette - Gen Digital Inc. - CEO & Director

I think our software is a competitive advantage here. The service organization we have is another one, right? Even if you've been breached, you've got another system, and there is a problem and your identity is being breached, we have a restoration services that offer great value to our customer and all the way to your reputation management and privacy management and what you want to see in the web that you can either take down the lead or we can do that for you all of that are services that provide value to our customers.

Jason Starr - Gen Digital Inc. - VP Investor Relations

No further questions.

Vincent Pilette' Well, don't have closing comment except saying, thank you for your support. We're super excited by our vision. We drive every day to deliver that value to our customers, and we consider you as part of our ecosystem. So thank you.

Natalie Marie Derse - Gen Digital Inc. - EVP, CFO & Principal Accounting Officer

Thank you.

Jason Starr - Gen Digital Inc. - VP Investor Relations

And then again, we've got lunch outside with the entire executive leadership team. And those on the webcast, thank you very much for joining us. I hope you enjoyed our day.

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