

Intuit Inc.
Third-quarter Fiscal 2024
Conference Call Remarks
May 23, 2024

Introduction

Good afternoon and welcome to Intuit's third-quarter fiscal 2024 conference call. I'm here with Intuit's CEO, Sasan Goodarzi, and our CFO, Sandeep Aujla.

Before we start, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2023 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website at [intuit.com](https://www.intuit.com). We assume no obligation to update any forward-looking statement.

Some of the numbers in these remarks are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's press release.

Unless otherwise noted, all growth rates refer to the current period versus the comparable prior-year period, and the business metrics and associated growth rates refer to worldwide business metrics.

A copy of our prepared remarks and supplemental financial information will be available on our website after this call ends.

With that, I'll turn the call over to Sasan.

Third-quarter Fiscal 2024 Overview

Thanks Kim, and thanks to all of you for joining us today.

We had a strong quarter with solid momentum across the company as we executed our strategy to be the global AI-driven expert platform powering prosperity for consumers and small businesses.

Third quarter revenue grew 12 percent. Small Business and Self-Employed Group revenue grew 18 percent despite an uncertain macro environment, demonstrating the importance of our platform in fueling success for small businesses and our momentum serving the mid-market. Consumer Group revenue grew 9 percent, and Credit Karma revenue grew 8 percent, driven by the impact of innovation for members and the benefits of TurboTax and Credit Karma product integration. I'm proud of our performance, and the momentum we are seeing across the company.

Turning to tax. We continue to revolutionize how taxes get done for consumers and small businesses. Tax preparation represents a \$35 billion TAM in the U.S. This includes \$31 billion within the assisted consumer and business tax categories. We are well positioned to penetrate the assisted TAM by leveraging data, AI, and our Virtual Expert Platform. Let me share several proof points.

This season we made good progress against our multi-year strategy to transform the assisted experience for customers. TurboTax Live, our assisted offering - including our do-it-with-me and full service tax offerings

for both consumers and businesses - is our largest durable growth opportunity. We expect TurboTax Live customers to grow 12 percent and revenue to grow 17 percent in fiscal 2024. TurboTax Live revenue is expected to be \$1.4 billion, representing approximately 30 percent of total Consumer Group revenue growing at a significant scale. This gives us confidence that we can digitize a very manual, disaggregated, and high priced assisted category.

Now let me spend a few minutes going deeper in several areas.

First, TurboTax Live full service is resonating with consumers as we continue to innovate, making it simpler for customers to get their taxes done virtually. We expect TurboTax Live full service customers to double this fiscal year, with those new to TurboTax to triple. Our full service offering has a product recommendation score of 85, one of the highest at Intuit. Our learnings and insights from this season bolster our confidence in the continued opportunity we have to disrupt the assisted tax category.

Second, we expect TurboTax to gain share with higher ARPR filers, as we strategically prioritized focusing on the assisted tax segment and higher value customers over the pay-nothing and lower ARPR segment.

Third, Intuit Assist, our GenAI powered financial assistant, played a big role in our TurboTax experience this year. With Intuit Assist, we are creating a future of “done for you,” where the hard work is done "automagically" on behalf of our customers with a gateway to human expertise, fueling their financial success. More than 24 million customers used Intuit Assist to explain their refund, answer questions, and help deliver confidence that their return was completed accurately this year. This is data and GenAI working at scale, for both our customers and our AI powered experts helping customers virtually. I’m excited about what we are working on for next season to accelerate innovation and deliver even more customer benefits.

And fourth, we delivered solid results with the product integration across Credit Karma and TurboTax. We grew the number of customers that filed with TurboTax from the embedded Credit Karma experience by 76 percent,

and tax refunds deposited in a Credit Karma Money account by 28 percent. We also delivered strong growth in Credit Karma Money revenue this quarter. This product integration also drove new members to Credit Karma, consistent with our goal of driving higher engagement and monetization for Credit Karma over time. Given these results, we see big opportunities ahead to deliver on our vision to help consumers make ends meet, maximize their tax refund, save more, pay off debt, and take steps to improve their financial health.

To significantly accelerate creating seamless, end-to-end consumer experiences that customers benefit from year-round, we are more closely aligning TurboTax and Credit Karma under Mark Notarainni, general manager of the Consumer Group, who will oversee both segments. I'm excited to share that Joe Kauffman, currently President of Credit Karma and part of the leadership team for the last 9 years, will be leading Credit Karma as of August 1, reporting to Mark. Additionally, Ken Lin will retire from Intuit around the end of this calendar year. I can't thank Ken enough for his friendship, leadership, and impact across Intuit.

In summary, we made strong progress this tax season that sets us up for continued success in the future.

Now, let's take a look ahead. The era of AI is one of the most significant technology shifts of our lifetime. It is reinventing customer experiences, creating new monetization possibilities, and structurally changing how we work within Intuit to deliver for customers. We are very well positioned to take advantage of this era with our AI-driven expert platform strategy and five Big Bets that pursue the largest customer problems and growth drivers for Intuit. As part of our financial planning process, we have identified key areas within our Big Bets where we plan to accelerate investments to deliver greater impact. These include: Big Bet 1 - genAI to deliver "done-for-you" experiences with Intuit Assist; Big Bet 2 - go-to-market investments for TurboTax Live and QuickBooks Live, embedding AI powered experts across our small business offerings; Big Bet 4 - our money solutions, to digitize the experience end-to-end for consumers and small businesses, from estimate, to invoicing, to getting paid and paying bills; Big Bet 5 - doubling down on mid-market with additional investments in the platform

and go-to-market motions; and finally, accelerating international growth with Mailchimp and QuickBooks.

To increase our investments in the outlined focus areas given the green shoots we are observing, we are taking a hard look at what work we can stop doing and where we can reallocate investments, to accelerate top line growth while remaining committed to delivering operating margin expansion in fiscal 2025 and beyond.

Wrapping up, we are excited about the opportunity ahead, and our ability to power prosperity for our customers. Now let me hand it over to Sandeep.

Financial Results and Segment Details

Thanks, Sasan.

We delivered a solid third quarter of fiscal 2024 across the company. Our third quarter results include:

- Revenue of \$6.7 billion, up 12 percent.
- GAAP operating income of \$3.1 billion, versus \$2.8 billion last year, up 12 percent.

- Non-GAAP operating income of \$3.7 billion, versus \$3.4 billion last year, up 11 percent.
- GAAP diluted earnings per share of \$8.42, versus \$7.38 a year ago, up 14 percent.
- And non-GAAP diluted earnings per share of \$9.88, versus \$8.92 last year, up 11 percent.

Business Segment Results

Turning to the business segments:

Consumer and ProTax Groups

Consumer group revenue of \$3.7 billion grew 9 percent in Q3, reflecting the progress we made transforming the assisted experience for consumers and small businesses this season. Our strategy is working. We expect

TurboTax Live revenue to grow 17 percent to \$1.4 billion in fiscal 2024, representing approximately 30 percent of total Consumer Group revenue, driving total average revenue per return up approximately 10 percent. I'm

pleased with the sustained growth we're seeing in our TurboTax Live business.

Overall retention is expected to be up 3 points year-over-year in fiscal 2024, close to pre-COVID levels, demonstrating the strength of our offerings and highlighting the benefits we are delivering to our customers.

As Sasan shared, we expect TurboTax to gain share with higher ARPR filers, as we strategically prioritized focusing on the assisted tax and higher ARPR customers over the pay-nothing and lower ARPR segment. As a result, we expect TurboTax Live customers to grow 12 percent and total online paying units to grow approximately 2 percent in fiscal 2024, versus total IRS returns growth of 1 percent. Due to yielding share with pay-nothing and lower ARPR customers, we expect our share of total consumer returns to decline approximately 80 basis points this fiscal year, and total TurboTax units to decline 1 percent.

We are raising our full year Consumer Group revenue growth guidance to \$4.440 billion to \$4.455 billion, which is at the top end of our previously provided guidance. I'm proud of the progress we made this season, and the

learnings we had reinforce our confidence in the future. We continue to expect Consumer Group revenue growth of 8 to 12 percent long-term given the size and trajectory of TurboTax Live.

Turning to the ProTax Group, revenue grew 3 percent in Q3. For the full year, we now expect ProTax Group revenue growth of 6 to 7 percent.

Small Business and Self-Employed Group

Small Business and Self-Employed Group revenue grew 18 percent during the quarter, driven by online ecosystem revenue which grew 19 percent.

Our results continue to demonstrate the power of our small business platform and the mission-critical nature of our offerings, which resonate with customers as they look to grow their business and improve cash flow in any economic environment.

With the goal of being the source of truth for small businesses, our strategic focus within the Small Business and Self-Employed Group is three-fold: grow the core, connect the ecosystem, and expand globally.

- First, we continue to focus on growing the core. QuickBooks Online accounting revenue grew 19 percent in Q3, driven by customer growth, higher effective prices, and mix-shift. As I shared last quarter, we continue to prioritize disrupting the small business mid-market, through continued focus on both go-to-market motions and product innovations. Mid-market customers drive a higher ARPC over time given their more complex needs and higher usage of services on our platform, although they are a smaller subset of the total customer TAM. This, coupled with our strategy to sell more of our ecosystem offerings to existing customers, shifts the emphasis in our growth formula towards ARPC over time.
- Second, we continue to focus on connecting the ecosystem. Online services revenue grew 20 percent in Q3, driven by payments, payroll, and Mailchimp.
 - Within payments, revenue growth in the quarter reflects higher effective prices, ongoing customer growth as more customers adopt our payments offerings to manage their cash flow, and an

increase in total payment volume per customer. Total online payment volume growth in Q3 was 22 percent.

- Within payroll, revenue growth in the quarter reflects an increase in customers adopting our payroll solutions, higher effective prices, and a mix-shift towards higher end offerings.
- Mailchimp revenue growth was driven by higher effective prices and paid customer growth. Revenue growth decelerated this quarter, as we were lapping a larger benefit from price and line-up changes that we made last year.
- Third, we continue to make progress expanding globally, by executing our refreshed international strategy, which includes leading with both QuickBooks Online and Mailchimp in our established markets and leading with Mailchimp in all other markets as we continue to execute on localized product and line-up. On a constant currency basis, total international online ecosystem revenue grew 12 percent in Q3.

Desktop Ecosystem revenue grew 14 percent in the third quarter, and QuickBooks Desktop Enterprise revenue grew in the high-teens. At the end of this fiscal year, we will complete the three-year transition for customers that remain on our license-based desktop offering to a recurring subscription model.

As I shared last quarter, starting next fiscal year, we expect our Desktop Enterprise offering, which accounts for over half of desktop accounting revenue, to grow in the high-single digit range. We also will continue to encourage remaining Desktop Plus subscription customers - who tend to be more complex and higher value - to migrate seamlessly to either QBO or our Desktop Enterprise offering when they are ready. Additionally, we see opportunities to continue to price the product for value. The online ecosystem remains our growth catalyst longer-term.

As a result of the strong growth we are seeing in the Small Business and Self-Employed Group, we are raising our full year segment revenue growth guidance to 18 percent from 16 to 17 percent. We continue to expect Small

Business and Self-Employed Group revenue growth of 15 to 20 percent long-term.

Credit Karma

Credit Karma delivered revenue of \$443 million in Q3, up 8 percent. On a product basis, Credit Karma Money accounted for 3 points of growth, credit cards and auto insurance each accounted for 2 points, and personal loans accounted for 1 point. We saw strength in Credit Karma Money from TurboTax customers choosing to deposit their refund in a Credit Karma Money account, and we are seeing a return to growth in the insurance segment. However, the overall picture remains mixed reflecting uncertain macro trends as we continued to see select partners taking a conservative approach to extending credit in both personal loans and credit cards in Q3. We are updating our full year Credit Karma revenue growth guidance to growth of 2 percent, versus our prior guidance range of plus or minus 3 percent growth.

In summary, I'm pleased with our continued momentum this fiscal year and our opportunities ahead.

Financial Principles and Capital Allocation

Shifting to our balance sheet and capital allocation. Our financial principles guide our decisions, they remain our long-term commitment, and are unchanged.

- We finished the quarter with approximately \$4.7 billion in cash and investments and \$6.0 billion in debt on our balance sheet.

- We repurchased \$584 million of stock during the third quarter.

Depending on market conditions and other factors, our aim is to be in the market each quarter.

- The Board approved a quarterly dividend of \$0.90 per share, payable on July 18, 2024. This represents a 15 percent increase versus last year.

Fiscal 2024 and Q4 Guidance

Moving on to guidance, we are increasing our fiscal 2024 guidance. This includes:

- Total company revenue growth of 13 percent, up from prior guidance of 11 to 12 percent growth;
- GAAP operating income growth of 21 to 22 percent, up from prior guidance of 15 to 18 percent growth;
- Non-GAAP operating income growth of 16 percent, up from prior guidance of 12 to 14 percent growth;
- GAAP diluted earnings per share growth of 28 to 29 percent, up from prior guidance of 11 to 15 percent growth; and
- Non-GAAP diluted earnings per share growth of 17 percent, up from prior guidance of 12 to 14 percent growth.

Our guidance for the fourth quarter of fiscal 2024 includes:

- Revenue growth of 13 to 14 percent,
- GAAP earnings per share of \$0.25 to \$0.30, and
- Non-GAAP earnings per share of \$1.80 to \$1.85.

You can find our full fiscal 2024 and Q4 guidance details in our press release and on our fact sheet.

Finally, as Sasan shared, we have made strong progress on our five Big Bets and see opportunities to invest further in select focus areas to accelerate our pace of progress and deliver greater impact. Therefore, as part of our annual financial planning process, we are taking a hard look at reallocating investments. We remain committed to our financial principles, growing revenue double digits and growing operating income dollars faster than revenue, leading to expanding operating margin in fiscal 2025 and beyond.

With that, I'll turn it back over to Sasan.

Closing Comments (Sasan)

Let me close with three key points. First, we are very well positioned to take advantage of the largest technological shift of our era given Intuit's strategy and five Big Bets with AI at the center of all that we do. Second, given the green shoots we are observing, we are doubling down in key areas of our

bets to accelerate growth. Third, we continue to recruit great technical and leadership talent across the company to accelerate our progress. In that context, I'd like to share that Greg Johnson recently returned as EVP, Intuit Chief Commercial Officer and Global Small Business Self-Employed Group Chief Revenue Officer. Greg is a world-class leader with nearly 10 years at Intuit, leading TurboTax as the head of marketing and then as General Manager. I am thrilled to have Greg back at Intuit.

Let's now open it up to your questions.

Closing Comments After Q&A

Thank you everyone for your time and questions today. I would like to close by thanking our employees, customers and partners for another strong quarter.

Cautions About Forward-looking Statements

These materials contain forward-looking statements, including expectations regarding: the size, components and our share of the tax preparation software space; the timing of when individuals will file their tax returns;

forecasts and timing of growth and future financial results of Intuit and its reporting segments; the impact of macroeconomic conditions on our business, segments and products; Intuit's prospects for the business in fiscal 2024 and beyond; Intuit's growth outside the US; timing and growth of revenue from current or future products, features and services; innovation across our ecosystem; demand for our products; customer growth and retention; average revenue per return and average revenue per customer; Intuit's corporate tax rate and timing and amounts of its tax payments; changes to our products, including the continuing use of data and incorporation of AI, and their impact on Intuit's business; the amount and timing of any future dividends or share repurchases; our capital structure; availability of our offerings; and the impact of acquisitions and strategic decisions on our business; as well as all of the statements under the heading "Fiscal 2024 and Q4 Guidance."

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking

statements. These risks and uncertainties may be amplified by the effects of global developments and conditions or events, including macroeconomic uncertainty and geopolitical conditions, which have caused significant global economic instability and uncertainty. Given these risks and uncertainties, persons that receive this communication are cautioned not to place any undue reliance on such forward-looking statements. These factors include, without limitation, the following: our ability to compete successfully; potential governmental encroachment in our tax businesses; our ability to develop, deploy, and use artificial intelligence in our platform and products; our ability to adapt to technological change and successfully extend our platform; our ability to predict consumer behavior; our reliance on intellectual property; our ability to protect our intellectual property rights; any harm to our reputation; risks associated with our ESG and DEI practices; risks associated with acquisition and divestiture activity; the issuance of equity or incurrence of debt to fund acquisitions or for general business purposes; cybersecurity incidents (including those affecting the third parties we rely on); customer concerns about privacy and

cybersecurity incidents; fraudulent activities by third parties using our offerings; our failure to process transactions effectively; interruption or failure of our information technology; our ability to maintain critical third-party business relationships; our ability to attract and retain talent and the success of our hybrid work model; any deficiency in the quality or accuracy of our offerings (including the advice given by experts on our platform); any delays in product launches; difficulties in processing or filing customer tax submissions; risks associated with international operations; risks associated with climate change; changes to public policy, laws or regulations affecting our businesses; legal proceedings in which we are involved; fluctuations in the results of our tax business due to seasonality and other factors beyond our control; changes in tax rates and tax reform legislation; global economic conditions (including, without limitation, inflation); exposure to credit, counterparty and other risks in providing capital to businesses; amortization of acquired intangible assets and impairment charges; our ability to repay or otherwise comply with the terms of our outstanding debt; our ability to repurchase shares or distribute

dividends; volatility of our stock price; and our ability to successfully market our offerings.

More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2023 and in our other SEC filings. You can locate these reports through our website at <http://investors.intuit.com>.

Fourth-quarter and full-year fiscal 2024 guidance speaks only as of the date it was publicly issued by Intuit. Other forward-looking statements represent the judgment of the management of Intuit as of the date of this presentation. Except as required by law, we do not undertake any duty to update any forward-looking statement or other information in this presentation.