

**Intuit Inc.**  
**Second-quarter Fiscal 2023**  
**Conference Call Remarks**  
**February 23, 2023**

**Introduction**

Good afternoon and welcome to Intuit's second-quarter fiscal 2023 conference call. I'm here with Intuit's CEO, Sasan Goodarzi, and Michelle Clatterbuck, our CFO.

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 2022 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.

### **Second-quarter Fiscal 2023 Overview**

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

As you read in our press release today, we announced that Michelle will step down from the CFO role and plans to retire from Intuit. I'm pleased to share that Sandeep Aujla will assume the role of chief financial officer on

August 1, 2023. It is a well-crafted succession plan that we'll cover more in a few minutes, but let's start with the business.

We had another strong quarter as we executed on our strategy to be the global AI-driven expert platform powering prosperity for consumers and small businesses. Second quarter revenue grew 14 percent, fueled by Small Business and Self-Employed Group revenue growth of 20 percent and Consumer Group revenue growth of 26 percent.

This year, we are celebrating Intuit's 40th anniversary. We are incredibly proud of our history of reimagining the company and reinventing ourselves, which has enabled us to thrive during various technological shifts and economic cycles. Having successfully navigated multiple platform shifts over the years, including our largest transformation to artificial intelligence in the era of digitization, we continue to be confident in our ability to fuel growth given our large TAM, low penetration, proven strategy and five Big Bets. We are proud to be the global financial technology platform that powers prosperity for the people and communities that we serve.

I will first start with some thoughts about our business in the current macro environment and tax season. As you know, the scale of our platform and rich data give us unique insights into the lives and spending habits of our 100 million plus customers.

Our small business performance continues to be very strong despite uncertainty in the broader macro environment. We continue to see strength in the areas that have the greatest impact, including growth of our online mid-market customers, contributing to strong subscription revenue and higher ARPC. In Q2, growth in both the number of companies running online payroll and the number of employees paid on our platform remained strong. Total online payment volume grew 25 percent, moderating some from Q1. We are seeing strong growth in the number of payment-enabled invoices sent by our small business customers, a good sign our innovation is driving digitization. The shift to digitization and the power of our small business platform, including QuickBooks and Mailchimp, resonate with customers as they grow their business and improve cash flow. We continue

to observe that our AI-driven expert platform is critical to our customers' success.

Turning to tax. We are confident in our strategy to both extend our lead in the DIY category and transform the assisted category. Following a highly successful extension season last year, we doubled down on our learnings to further accelerate innovation to better serve our customers.

- First, we are evolving our TurboTax brand to increase awareness that we are the best alternative in the assisted tax segment for consumers and small businesses, a combined 30 billion dollar TAM. Our new campaign “Come to TurboTax and Don’t Do Your Taxes” is resonating with our customers, and is key to our strategy as we focus on attracting customers from assisted.
- Second, we launched a number of high impact TurboTax Live innovations. As part of our second Big Bet, we are solving one of the largest problems our customers face - lack of confidence - by connecting people to experts virtually. Building on our learnings from

last season, we're continuing to use AI to bring in our customers' data and match them to the right expert to help customers get the maximum refund they deserve, with confidence. To help customers finish their taxes even more quickly, we've created a new gamified experience focused on efficiency, backed by our Lifetime Guarantee. We evolved our full-service offering so filers can have their return completed in a single virtual session.

We are off to a great start in tax, and we continue to be confident in our game plan to win.

Shifting to our five Big Bets, I would like to highlight some examples of recent progress. As a reminder, our Big Bets are:

- Revolutionize speed to benefit
- Connect people to experts
- Unlock smart money decisions
- Be the center of small business growth, and
- Disrupt the small business mid-market

Our second big bet is to “connect people to experts.” In addition to what I shared about TurboTax Live, we achieved product-market fit with QuickBooks Live, which we expect could help us penetrate non-consumption and drive breakthrough adoption. We are evolving QuickBooks Live into a portfolio of expert services and are embedding these services as part of our line-up, similar to TurboTax Live. In Q2, we launched a free expert-guided setup available for all new QBO customers, leveraging our virtual expert platform. Early results indicate that customers using this offering have more confidence in and awareness of our full ecosystem of services, which translate into better retention and higher adoption of our services offerings.

With our third Big Bet, our vision for Credit Karma is to become a comprehensive, self-driving financial platform that propels our members forward wherever they are on their financial journey. We are innovating across all verticals and continue to have confidence in our long-term revenue growth expectations of 20 to 25 percent, despite near-term headwinds. I’ll share a few examples.

- We are innovating to help members get faster access to cash and make financial progress, including improving their credit score with the help of Credit Karma Money. For example, with the integration of TurboTax and Credit Karma, approved members can get money in their hands in as little as one minute after the IRS accepts their return. As this is the largest paycheck of the year for many, this enables them to take care of immediate expenses, pay down debt, or build savings. Members also receive recommendations for how to achieve their financial goals, such as creating an emergency savings fund with our high yield savings account or building credit with Credit Builder. Members who activate Credit Builder see an average score increase of 21 points in as little as 30 to 45 days. Members who use Credit Karma Money show higher engagement on the Credit Karma platform.
- We are driving more confidence for members with Karma Guarantee. As a reminder, Karma Guarantee offers indicate that members will either be approved, or they'll receive \$50. At the end of the quarter,



59 percent of members were eligible for at least one Karma

Guarantee offer.

- With Mint now part of the Credit Karma platform, we are beginning to build a new experience for members with prime credit scores, where Credit Karma is underpenetrated today. Leveraging Mint, we see the opportunity to develop personalized product recommendations leveraging net worth, transaction and spend data to highlight the product benefits that matter most to these members.

Our fourth Big Bet is to “become the center of small business growth” by helping our customers get new customers, get paid fast, manage capital and pay employees with confidence in an omnichannel world. We continue to innovate to drive digitization, from creating an estimate, to invoicing a customer to getting paid. Today, easier discovery, auto-enabled payments, instant deposit, and Get Paid Upfront, are all helping drive adoption of our payments offering.

We are making meaningful progress digitizing B2B payments, to accelerate and automate transactions between small businesses, and ultimately improve their cash flow. We see a tremendous opportunity as 70 percent of B2B transactions are still completed with checks. This quarter we launched the QuickBooks Business Network to millions of QBO customers to further digitize B2B payments in the U.S. We are also building our own bill pay functionality in QuickBooks, and plan to launch this capability in the future.

Turning to Mailchimp, we are well on our way to becoming the source of truth for our customers to help them grow and run their business. We have three acceleration priorities with Mailchimp:

- First, delivering on our vision of an end-to-end customer growth platform,
- Second, disrupting the mid-market, by developing a full marketing automation, CRM and eCommerce suite; and
- Third, accelerating global growth with a holistic go-to-market approach.

This quarter, we made great progress against these priorities:

- To help our small business customers run and grow their business in one place, we launched a real time data sync that brings QBO data, such as invoices, sales receipts, items, customers, and addresses, into Mailchimp. This puts customer and purchase data together, all in one place, to power our customers' success.
- To help customers plan, execute, and track their marketing campaigns across multiple channels in one place, we launched a new capability called Campaign Manager. This reduces the number of tools needed to manage marketing and gauge performance across channels.
- To drive accelerated global growth and execute our refreshed international strategy, we're translating the product into multiple languages, including Spanish and Portuguese.

Beyond the progress made on these priorities, the product line-up

innovation, assisted onboarding and improved first-time use we shared last

quarter is driving green shoots in paid conversion, which was up 2 pts year-over-year in Q2.

Our fifth Big Bet is to disrupt the small business mid-market, representing a TAM of 1.7 million customers, of which 700,000 are already in our franchise today. As I mentioned earlier, online mid-market customer growth remains strong, and we are seeing increased adoption of QBO Advanced, payments, and payroll, driving ARPC expansion as we serve these customers across our full ecosystem of services.

Wrapping up, we feel confident in our AI-driven expert platform strategy and five Big Bets, and in an uncertain macro environment, the benefits of our global financial technology platform are more important and more mission-critical than ever to our customers.

Now let me hand it over to Michelle.

### **Financial Results and Segment Details**

Thanks, Sasan.

For the second quarter of fiscal 2023, we delivered:

- Revenue of \$3.0 billion.
- GAAP operating income of \$270 million, versus \$56 million last year.
- Non-GAAP operating income of \$856 million, versus \$612 million last year.
- GAAP diluted earnings per share of \$0.60, versus \$0.35 a year ago.
- And non-GAAP diluted earnings per share of \$2.20 versus \$1.55 last year.

### **Business Segment Results**

Turning to the business segments:

#### **Small Business and Self-Employed Group**

In the Small Business and Self-Employed Group, revenue grew 20 percent during the quarter, and online ecosystem revenue grew 24 percent.

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 27 percent in Q2, driven mainly by customer growth, higher effective prices, and mix-shift.
- Second, we continue to focus on connecting the ecosystem. Online services revenue - which includes payroll, Mailchimp, payments, capital and time tracking - grew 21 percent in Q2.
  - Within payroll, revenue growth in the quarter reflects an increase in payroll customers and a mix-shift to higher end offerings.
  - Mailchimp revenue growth in the quarter was up low teens. Growth was driven by higher effective prices, aligning with our pricing for value philosophy and improving conversion. We will continue to provide regular updates on the business so you can

track our performance over time, including a deeper dive at Investor Day, similar to what we do for the rest of the business.

- Within payments, revenue growth reflects ongoing customer growth as more customers adopt our payments offerings to manage their cash flow and an increase in total payment volume per customer.
- Third, we continue to make progress expanding globally, by executing our refreshed international strategy, which includes leading with Mailchimp. On a constant currency basis, total international online ecosystem revenue grew 17 percent in Q2.

Desktop Ecosystem revenue grew 10 percent in the second quarter. The subscription model for our desktop accounting solutions makes this revenue more predictable, and we raised our desktop prices for several products in September to more closely align with pricing for value. We are about half-way through the three-year transition to a subscription model for desktop. QuickBooks Desktop Enterprise revenue grew high-teens during the quarter. We expect continued strong desktop ecosystem revenue

growth as we progress through the back half of the fiscal year. We continue to expect the online ecosystem to be our growth catalyst going forward. We remain confident in our guidance for total Small Business and Self-Employed Group of 19 to 20 percent revenue growth this year.

### **Consumer and ProTax Groups**

Consumer Group revenue of \$516 million grew 26 percent in Q2, reflecting a faster forming season this year. We remain confident in our guidance for Consumer Group of 9 to 10 percent revenue growth for fiscal 2023.

Turning to the ProTax Group, revenue grew 7 percent in Q2, in-line with our expectations.

### **Credit Karma**

Credit Karma delivered revenue of \$375 million in Q2, down 16 percent.

This was slightly ahead of our expectations in its seasonally smaller quarter. As a reminder, Credit Karma represented 14 percent of our total revenue in fiscal 2022.



On a product basis, the decline was driven primarily by headwinds in personal loans, home loans, auto insurance and auto loans, partially offset by growth in credit cards and Credit Karma Money. We continue to see an impact across all verticals in this uncertain macro environment.

- In credit cards, we continued to see partners tighten eligibility in riskier cohorts.
- In personal loans, we continued to see pressure as partners further tightened eligibility. We expect personal loan revenue to decline this year after very strong growth in fiscal 2022.

We remain confident in our guidance of a decline of 15 percent to 10 percent in fiscal 2023.

### **Financial Principles and Capital Allocation**

Our financial principles guide our decisions, remain our long-term commitment, and are unchanged.

- We finished the quarter with approximately \$2.1 billion in cash and investments and \$7.1 billion in debt on our balance sheet.
- We repurchased \$500 million of stock during the second 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 \$0.78 per share, payable April 18, 2023. This represents a 15 percent increase versus last year.

### **Playbook for Operating in an Uncertain Macro Environment**

As I've shared consistently in the past several quarters, we have an operating system we use to run the company, and this includes a proven playbook for operating in both good and difficult economic times. Our first priority is to do the right thing for customers, giving them access to the tools and offerings they need most. We manage for the short and long term, and control discretionary spend to deliver strong results, while investing in what is most important for future growth. The scale of our platform, along with

our rich data, gives us the unique ability to see leading indicators that allow us to be forward looking and adjust quickly. We also have a strong balance sheet that enables us to play offense. We will continue to accelerate our innovation, and our goal remains for Intuit to emerge from this period of macro uncertainty in a position of strength.

### **Fiscal 2023 and Q3 Guidance**

Moving on to guidance, we are reaffirming our fiscal 2023 guidance. This includes:

- Total company revenue growth of 10 to 12 percent;
- GAAP operating income growth of 9 to 13 percent;
- Non-GAAP operating income growth of 17 to 19 percent;
- GAAP diluted earnings per share to decline approximately 5 to 1 percent; and
- Non-GAAP diluted earnings per share growth of 15 to 17 percent.

Our guidance for the third quarter of fiscal 2023 includes:

- Revenue growth of 8 to 9 percent,
- GAAP earnings per share of \$6.82 to \$6.89, and
- Non-GAAP earnings per share of \$8.42 to \$8.49.

You can also find our full fiscal 2023 and Q3 guidance details in our press release and on our fact sheet.

On a personal note, as we announced today, I will be stepping down as CFO on July 31. I have made it a priority over the last several years to focus on our long-term strategy for driving growth, and that includes ensuring I have a high-performing finance team with strong succession plans in place. Sandeep has been an integral part of the finance leadership team for over 7 years, and I have no doubt he will be a terrific leader and CFO. He has shown his ability to drive key strategic priorities to create value for our business time and time again. I look forward to working with him over the next five months to ensure a smooth transition.

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

### **Closing Comments (Sasan)**

Thanks, Michelle. I know the CFO transition isn't official until August, but I wanted to take this opportunity to express my sincere appreciation for all that Michelle has contributed over the past 20 years at Intuit, including the last 5 years as CFO. She has been an amazing partner and will leave Intuit better than she found it. During Michelle's tenure as CFO, Intuit's market cap and revenue more than doubled. Michelle's commitment to developing top and diverse talent has created a deep bench of strong financial leaders, making for a seamless transition. Sandeep will be an exceptional CFO with his track record of leading outstanding performance across our Small Business and Self-Employed Group and our Technology organizations. So with that, let me summarize.

We are seeing continued momentum as we execute on our strategy of being a global AI-driven expert platform and growing Intuit revenue double digits with margin expansion. With our accelerated organic innovation and the additions of Credit Karma and Mailchimp, we are the leading global financial technology platform that powers prosperity for people and communities. We are proud that Intuit has been named #5 on Fortune's

Most Admired Companies list in the software category and one of Glassdoor's 2023 Best Places to Work, and we're honored to be included among JUST Capital's JUST 100 ranking for 2023. Let's now open it up to your questions.

### **Closing Comments After Q&A**

Thank you everyone for your time and questions today. We are proud of what we've accomplished, and the speed with which we continue to deliver new innovations to help our customers.

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: 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 2023 and beyond; Intuit's growth outside the US; timing and growth of revenue from current or future products and services; demand for our products; customer growth and member engagement; Intuit's corporate tax rate; changes to our products and their impact on Intuit's business; the amount and timing of any future dividends or share repurchases; 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 2023 and Q3 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, conditions or events like inflationary pressures, the Russia-Ukraine war and the COVID-19 pandemic, 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 adapt to technological change; our ability to predict consumer behavior; our reliance on third-party 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, including the integration of Credit Karma and Mailchimp; the issuance of equity or incurrence of debt to fund an acquisition; 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; 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; the seasonal nature of our tax business; 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 2022 and in our other SEC filings. You can locate these reports through our website at <http://investors.intuit.com>.

Third-quarter and full-year fiscal 2023 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.