

**Intuit Inc.**  
**Fourth-quarter Fiscal 2022**  
**Conference Call Remarks**  
**August 23, 2022**

**Introduction**

Good afternoon and welcome to Intuit's fourth-quarter fiscal 2022 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 2021 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website at [intuit.com](http://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.

### **Fourth-quarter Fiscal 2022 Overview**

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

We had a very strong fourth quarter, ending the year with momentum, as we executed on our strategy to be the global AI-driven expert platform powering prosperity for consumers and small businesses. We continue to be focused on solving our customers' biggest problems by putting more money in their pockets, eliminating work and saving people time, and

ensuring that they have complete confidence in every financial decision they make. Full year revenue reached \$12.7 billion, up 32 percent, including the addition of Mailchimp and a full year of Credit Karma.

Excluding Mailchimp, revenue grew 24 percent. Total revenue growth was fueled by 38 percent growth for the Small Business and Self-Employed Group, which includes 16 points from Mailchimp. Consumer Group revenue grew 10 percent, and Credit Karma had an outstanding year, with revenue of \$1.8 billion, up 58 percent on a pro forma basis year-over-year.

I am very proud of the team's performance delivering strong growth and strong margins, which very few companies at our scale are able to achieve.

I am optimistic about our strategy and opportunities for growth, especially considering an uncertain global macroeconomic environment. The Intuit platform remains mission critical for powering our customers' prosperity. I am pleased we are guiding to another year of strong revenue growth and strong margins in fiscal 2023.

Our global AI-driven expert platform strategy is accelerating innovation and our five big bets are solving the largest problems our customers face. We

continue to deliver strong proof points that demonstrate this success, and are well-positioned for durable growth in the future. As a reminder, these

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

We will share more on our vision and the outcomes we're driving across each of these big bets next month at our Investor Day.

Now, let me turn to a topic that is top of mind for many of you – the resiliency of our business in a slowing macro environment. Our company is in a significantly different position than it was during the last recession more than a decade ago. Our platform and cloud-based offerings have significantly expanded to become the platform of choice for consumers and small businesses. Therefore, Intuit is even more mission-critical for the

customers we serve. We have highly predictable recurring revenue, and much of our business is subscription-based. Additionally, the scale of our platform, along with our rich data, gives us the unique ability to see leading indicators such as growth in charge volume, number of hours employees are working and number of workers paid, bank account balances of our small business customers, credit card utilization and delinquency rates for members. This allows us to be forward looking and adjust quickly.

Let me share how we think about our business in context of a mild recession. To start, in fiscal 2022, 51 percent of our revenue came from Small Business and Self-Employed, 35 percent from our Consumer and ProConnect businesses, and 14 percent from Credit Karma.

First, on tax. Our tax businesses are very resilient, and we do not expect a mild recession to have any significant impact.

Next, within Small Business and Self-Employed, QuickBooks and Mailchimp are mission-critical for our customers, whose livelihood depends on our platform. In fiscal 2022, approximately 80 percent of Small Business

and Self-Employed Group revenue was subscription-based. As a reminder, Mailchimp is also primarily subscription-based which adds to the scale of our subscription volume. The approximately 20 percent transaction-based portion includes revenue from QuickBooks payments, capital, and per employee pricing for time tracking and payroll. In a mild recessionary environment, we may see an impact on these transactional businesses. In fiscal Q4, we did not see any impact. This demonstrates how mission critical our platform is, especially in this environment.

Finally, turning to Credit Karma, this is the business that could be most impacted by a weakening economic environment. As a reminder, this business represented 14 percent of Intuit's revenue in fiscal 2022. While we expect member engagement to be strong in any economic environment, our financial institution partners could tighten access to credit.

In fiscal Q4, we experienced increased volatility in personal loans. Many partners that securitize loans are facing a more challenging funding environment as interest rates rise. For context, personal loans represented just over a third of Credit Karma's revenue in fiscal 2022. Although several

personal loan partners tightened underwriting during the quarter, we were able to offset some of this with volume from other partners. This demonstrates the power of the platform.

In credit cards, we have not seen any significant impact. We continue to monitor delinquency rates, which we view as a leading indicator for future credit card origination trends. While delinquency rates have increased slightly, they remain near historic lows. We expect credit cards to be less negatively impacted by a mild recession than personal loans. In the mild recession of 2001/2002, credit card originations declined by a few points. For context, credit cards represented nearly half of Credit Karma's revenue in fiscal 2022.

We expect Lightbox to continue to be a differentiator for Credit Karma, as this technology allows lenders to deploy their targeting models in an encrypted environment and leverage thousands of anonymized financial attributes related to Credit Karma members and TurboTax customers. This provides more certainty to members and partners on the platform as recommendations are personalized. Currently no one else can replicate

this. Partners' usage of Lightbox at the end of fiscal 2022 was at an all-time high, representing nearly 70 percent of credit card and personal loan transactions on a combined basis. This was up nearly 15 points from the prior year. We expect Lightbox to help make Credit Karma's business more resilient in a recessionary environment.

With that context, the guidance we are providing today assumes current demand trends continue.

Wrapping up, we feel more confident than ever in our long-term business strategy. In an uncertain macro environment, the benefits of our platform are more important and mission critical than ever. As part of our 3 & 1 year plans that the Board just approved, we are investing heavily in innovation within each of our Big Bets to deliver benefits for our customers, while delivering top-line growth and margin expansion given the strength of our operational playbook. Combined with our strong business fundamentals, including our balance sheet, Intuit remains in a position of strength. We are proud to be the platform of choice for over 100 million customers around the world who rely on Intuit to prosper. Now let me hand it over to Michelle.



## **Financial Results and Segment Details**

Thanks, Sasan.

For the fourth quarter of fiscal 2022, we delivered:

- Revenue of \$2.4 billion, down 6 percent, reflecting the earlier IRS tax filing deadline this year, partially offset by the addition of Mailchimp.
- GAAP operating loss of \$75 million, versus operating income of \$402 million last year.
- Non-GAAP operating income of \$433 million, versus \$715 million last year.
- GAAP loss per share of \$0.20, versus diluted earnings per share of \$1.37 a year ago.
- And non-GAAP diluted earnings per share of \$1.10, versus \$1.97 last year.

You can find our full fiscal 2022 results in our press release and on our fact sheet.

## **Business Segment Results**

Turning to the business segments:

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

In the Small Business and Self-Employed Group, revenue grew 41 percent during the quarter and 20 percent on an organic basis, excluding \$265 million in Mailchimp revenue. In fiscal 2022, revenue grew 38 percent and 22 percent on an organic basis. Online ecosystem revenue grew 66 percent in Q4, or 32 percent excluding Mailchimp, and 61 percent for the full year, or 34 percent excluding Mailchimp.

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 34 percent in fiscal Q4, driven mainly by higher effective prices, customer growth, and mix-shift. In fiscal 2022, QuickBooks Online accounting revenue grew 33 percent.

- Second, we continue to focus on connecting the ecosystem. Online services revenue - which includes Mailchimp, payroll, payments, capital and time tracking - grew 116 percent in fiscal Q4. Excluding Mailchimp, online services revenue grew 29 percent. In fiscal 2022, QuickBooks Online services revenue grew 107 percent. Excluding Mailchimp, online services revenue grew 34 percent.
  - Mailchimp revenue included in online services was \$265 million. Although we are making progress with this business as we accelerated our year-over-year revenue growth several points in fiscal Q4 versus when we closed the acquisition in fiscal Q2, revenue was slightly below our expectations. During the quarter, we focused on product innovation to improve conversion ahead of peak season, which starts in September, and therefore pulled back on marketing investments. I am confident that these are the right steps to position us well as we head into Mailchimp's peak season. We expect to ramp-up marketing in September after these enhancements are

complete. We continue to have confidence in our game plan and acceleration priorities for Mailchimp.

- Within payroll, revenue growth in the quarter reflects an increase in payroll customers and a mix-shift to higher end offerings.
- Within payments, revenue growth reflects an increase in charge volume per customer and ongoing customer growth.
- Third, we continue to make progress expanding globally. On a constant currency basis, total international online ecosystem revenue grew 193 percent in fiscal Q4, and 23 percent on an organic basis excluding Mailchimp.

Desktop Ecosystem revenue grew 1 percent in the fourth quarter and 4 percent for the full year. QuickBooks Desktop Enterprise revenue grew low double digits in fiscal 2022, driven by price increases and customer growth. Nearly all of our desktop accounting revenue is now subscription-based, similar to our online accounting offerings.

### **Credit Karma**

Moving on to Credit Karma, revenue grew 17 percent to \$475 million in Q4, another record revenue quarter, driven primarily by growth in average revenue per monthly active user. Full year revenue was \$1.8 billion. We have had two exceptional years for this business, growing 37 percent in fiscal 2021 and 58 percent in fiscal 2022 on a pro forma basis, well above our longer term expectations of 20 to 25 percent.

On a product basis, revenue growth was driven primarily by credit cards and personal loans. This was partially offset by headwinds in auto insurance and home loans. As Sasan shared earlier, we are seeing increased volatility in personal loans. We continue developing the emerging verticals by focusing on innovation with Credit Karma Money, which we believe is key to growing the frequency of visits over time. We remain excited about the opportunities ahead.

### **Consumer and ProConnect Groups**

Consumer Group revenue was \$3.9 billion in fiscal 2022, up 10 percent.

I'm proud of our execution this season, as we grew share and average revenue per return.

Turning to the ProConnect Group, we reported \$546 million in revenue for fiscal 2022, up 6 percent.

### **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 \$3.3 billion in cash and investments and \$6.9 billion in debt on our balance sheet.
- We repurchased \$508 million of stock during the fourth quarter and \$1.9 billion during fiscal 2022. The Board approved a new \$2 billion repurchase authorization, giving the company a total authorization of \$3.5 billion to repurchase shares. 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 October 18, 2022. This represents a 15 percent increase versus last year.

### **Playbook for Operating in a Downturn**

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. As a nearly 40 year old company, we have been through many economic cycles. 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 economic environment was a consideration as we look ahead. We have identified several levers we can pull to deliver against our financial principles in a variety of scenarios, based on where we see opportunities across our platform. Many of these can be pulled in real time should the need arise, in areas like marketing spend, travel, hiring and others as we progress through the year, in order to maintain earnings

power, while positioning the company for a stronger future. We have a strong balance sheet that enables us to play offense in any macro environment. These principles are intended to accelerate our innovation in the future, and our goal remains for Intuit to emerge from any downturn in a position of strength.

### **Fiscal 2023 and Q1 Guidance**

Moving on to guidance. Our fiscal 2023 guidance includes:

- Revenue of \$14.5 billion to \$14.7 billion, growth of 14 to 16 percent.

Our guidance includes revenue growth of 19 to 20 percent for Small Business and Self-Employed, 9 to 10 percent for the Consumer segment, and 10 to 15 percent for Credit Karma. As a reminder, Credit Karma grew 58 percent on a pro forma basis year-over-year in fiscal 2022, well ahead of our long-term expectation of 20 to 25 percent. Our overall guidance assumes recent demand trends continue.

Our guidance also includes:



- GAAP earnings per share of \$6.92 to \$7.22.
- Non-GAAP earnings per share of \$13.59 to \$13.89.

We expect a GAAP tax rate of 25 percent in fiscal 2023.

Our fiscal 2023 guidance includes stock-based compensation of \$1.8 billion, an increase of 39 percent over fiscal 2022. Approximately 25 percent of this total is equity granted as part of the Credit Karma and Mailchimp transactions, and approximately 75 percent of this total is related to our broad-based equity program designed to attract, retain and incentivize employees. Looking ahead, we expect stock-based compensation as a percentage of revenue to flatten over the next few years.

Our guidance for the first quarter of fiscal 2023 includes:

- Revenue growth of 23 to 25 percent,
- GAAP loss per share of \$0.43 to \$0.37, and
- Non-GAAP earnings per share of \$1.14 to \$1.20.

You can find our full Q1 and fiscal 2023 guidance details in our press release and on our fact sheet.

Going forward, we are bringing Mint and Credit Karma together under a unified personal finance strategy. Starting in fiscal Q1, we will be reporting Mint as part of the Credit Karma segment. This is reflected in the guidance I shared today, but is not material to the growth rates.

I also want to share an important change regarding our long-term expectations for Small Business and Self-Employed Group revenue growth going forward. In the past, we have shared with you our aspiration to achieve Online Ecosystem revenue growth of better than 30 percent organically over time. We first provided this expectation in fiscal 2017, when our Online Ecosystem revenue was \$850 million. It comprised less than a third of our small business ecosystem and we were early in our journey building our online presence. Today, the Online Ecosystem is over five times larger at \$4.4 billion, and it comprised more than two thirds of total small business revenue in fiscal 2022. This, along with the fact that the majority of the business is now subscription based given the shift to

subscription in desktop, we believe the right measure moving forward is to look at the performance of our overall business rather than just the Online Ecosystem. We now expect total Small Business and Self-Employed long-term revenue growth of 15 to 20 percent, up from 10 to 15 percent previously. While the online ecosystem will continue to be our growth catalyst, we will no longer provide specific Online Ecosystem goals. With that, I'll turn it back over to Sasan.

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

Thanks Michelle. As you have now heard from Michelle and I, we are seeing continued momentum across the company given our strategy of being an AI-driven expert platform. 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 have a large TAM, secular shifts working in our favor, and highly predictable revenue streams. Our innovation is unlocking new opportunities for our platform and delivering truly game-changing benefits

for our customers. Intuit remains a Best Place to Work around the world, and I'm proud of the team and all we've accomplished this year.

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

Thank you everyone for your time and questions today.

I look forward to sharing with you in more detail how our strategy of an AI-driven expert platform and our five Big Bets are accelerating innovation for our customers at our Investor Day on September 29th, which we will hold on our campus in Mountain View.

I would like to close by thanking our employees, customers and partners for a strong year.

### **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 Q1 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. 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 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 products (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; changes to public policy, laws or regulations affecting our businesses; litigation 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 2021 and in our other SEC filings. You can locate these reports through our website at <http://investors.intuit.com>. Fiscal 2023 full-year and Q1 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. We do not undertake any duty to update any forward-looking statement or other information in this presentation.