

Intuit Inc.
Second-quarter Fiscal 2024
Conference Call Remarks
February 22, 2024

Introduction

Good afternoon and welcome to Intuit's second-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.

Second-quarter Fiscal 2024 Overview

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

We had another strong quarter and have great momentum innovating on our platform. We're executing on our strategy to be the global AI-driven expert platform powering prosperity for consumers and small businesses.

Second quarter revenue grew by 11 percent, and we are on track to achieve our fiscal year 2024 full year guidance of 11 to 12 percent revenue growth while expanding operating margins.

Let's start with tax. We are confident in our innovation and game plan to win, and are reiterating our full fiscal year guidance of 7 to 8 percent revenue growth for the Consumer Group. Tax preparation represents a \$35 billion TAM. This includes \$31 billion within the assisted consumer and business tax categories, which we have barely started to penetrate. We are well-positioned to disrupt the assisted category by leveraging data, AI, and our Virtual Expert Platform, to revolutionize how taxes get done for consumers and small businesses. By leveraging the power of our platform and ecosystem, we are also extending TurboTax to our Credit Karma members and QuickBooks Online small business customers by enabling them to complete their taxes and access expertise directly within these products.

Let me share more about our areas of focus this season.

First, we can serve consumers however they want to file, virtually or in-person, while providing confidence their taxes are being done accurately and they are getting their maximum refund. More than 80 percent of US filers live within a 10 mile radius of a TurboTax expert. These experts use Intuit's Virtual Expert Platform that's powered by data and AI, to deliver best in class service. While it's early in the season, TurboTax Live Full Service is resonating with customers. We're seeing strong growth and the offering has a Product Recommendation Score of 88 season-to-date, one of the highest at Intuit.

Second, small businesses can file their taxes with TurboTax and, if a small business is a QuickBooks Online customer, they can file their taxes with an expert. With these offerings, they can maximize their refund, and get advice from experts when they need it. Our campaigns and easy to use experience are driving positive interest. Business tax returns have a much higher average revenue per return because they are more complex and we expect them to contribute to average revenue per return expansion over time.

Third, we are more deeply integrating Credit Karma and TurboTax, making it even more seamless for Credit Karma members to file with TurboTax directly in the Credit Karma app, with exclusive offers for members, whether they want to file themselves or with an expert. We're also unlocking the benefits of the Credit Karma platform for tax filers to make smart money decisions. This includes earlier access to their refund or, for those that qualify, access to an interest-free Refund Advance loan in as little as 30 seconds after IRS acceptance, when depositing their refund into a Credit Karma Money account. This is designed to lead to higher engagement and monetization in Credit Karma over time.

Fourth, Intuit Assist, our GenAI powered financial assistant, is live in TurboTax this season. 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. For example, customers are using Intuit Assist to better understand their refund. In early results, Intuit Assist's helpfulness rating is

1.5x greater than our legacy explanations, indicating Intuit Assist is helping deliver confidence to TurboTax customers.

Our focus this tax season further showcases how our Big Bets have accelerated innovation and growth for the future. We're leveraging the power of data and AI with Intuit Assist to revolutionize the speed to benefit for customers, disrupting the assisted consumer and business tax categories by connecting people with experts virtually, and bringing the TurboTax and Credit Karma experience together to unlock smart money decisions. We are off to a great start in tax.

Let me now highlight progress across two of our Big Bets. As a reminder, our five 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 first big bet is to “revolutionize speed to benefit.” Our platform enables us to innovate for our customers with speed and at scale, which is foundational to all of our other Big Bets. Five years ago, we declared our strategy to be an AI-driven expert platform, with data and AI fueling innovation across the platform.

At the core of our platform is powerful, relevant data for our 100 million customers. We have 500,000 customer and financial attributes per small business, and 60,000 financial and tax attributes per consumer which fuels what’s possible with AI. And with our GenAI Operating System, GenOS, we empower Intuit technologists to create breakthrough GenAI experiences across our platform. This includes utilizing our own powerful financial LLMs, as well as those from other leaders in GenAI, which together unlock new opportunities to serve our customers with accuracy and speed in a cost efficient way.

As I mentioned earlier, 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. Intuit Assist is critical to delivering unparalleled benefits for our customers over the next decade, and is in the hands of select customers now. We believe Intuit Assist will lead to higher frequency of engagement and monetization across our platform, driving customer growth, and accelerated adoption of services and Live offerings. I'm excited about the rapid pace at which we are innovating, testing, learning, and adapting to scale and deliver our core benefits of more money, no work and complete confidence for customers. Let me share a few updates:

- First, TurboTax. As I shared earlier, Intuit Assist is live in-product this season and is delivering increased confidence to our customers.
- Second, Mailchimp. To help small businesses grow revenue and save time, we are providing AI-powered automations and content generation using Intuit Assist.
- Third, QuickBooks. Intuit Assist is in beta, and is designed to help small businesses optimize cash flow and make confident decisions to

grow their business. New customers who were previously running their business manually will be able to get started quickly by sharing their email, website and bank account information. This unstructured data will be translated into benefits for them such as generating customized pay-enabled invoices that save time and enable customers to get paid faster, experiencing the benefits of switching to a digital platform. And for existing customers, we will translate their data and analyze their money in and money out transactions into insights and recommendations. Intuit Assist will do work for our customers in the background with suggested automated actions that increase customers' productivity by saving time and leading to better outcomes such as getting paid faster and obtaining capital.

Furthermore, we also intend to provide an option to connect and interact with an expert to help provide insights and make decisions specific to their financial situation, and fuel their success at the moments that matter most, such as closing their books.

- Fourth, Credit Karma. Intuit Assist for Credit Karma is in beta, and we are excited about our rapid innovation and the progress we are making to help connect members to the financial products that are right for them, saving them time and money. We are focused on using GenAI to interact with members to help answer their questions in a highly personalized way when shopping for financial products. Customers can interact, learn more, and ask questions to make confident decisions. Intuit Assist will engage more members with a wider range of financial needs beyond credit. We recently expanded by 6x the number of topics we can provide help on, and now address items like major purchases, home buying, savings, and more. We believe this can drive increased member engagement and conversion, and drive higher revenue per monthly active user.

We remain excited with our early progress with Intuit Assist across the company. It is changing our relationship with customers as we move from being a transactional workflow platform to a trusted assistant that our customers rely on daily to power their prosperity.

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 are well on our way to becoming the source of truth for our customers to help them grow and run their business. In Mailchimp, we are focused on better serving mid-market customers across the different stages of their lifecycle, to drive higher engagement and retention. After we have successfully onboarded them, we are pairing larger customers with an account manager to help them understand and adopt the breadth of Mailchimp’s capabilities. We’re seeing green shoots from account management, which gives us confidence in the future. Customers who have engaged with an account manager have higher monthly revenue retention. We believe this can also drive higher ARPC over time.

Intuit Assist is live in Mailchimp’s higher-end offerings, and is designed to help customers develop personalized marketing campaigns, and drive their revenue growth.

- We are offering customers three AI-powered automations today, including new customer welcome, abandoned shopping cart, and recovering lost customers. Automations are time consuming to set up, but can drive higher revenue. Intuit Assist personalized automations are 50 percent more likely to be activated by customers.
- Intuit Assist is also reducing work by generating new content and editing existing content for marketing campaigns. Recent improvements have driven GenAI text generation adoption rates up by more than 70 percent over the past several months, reducing work for customers.

Getting paid fast remains a big challenge for small businesses. We are uniquely positioned to help customers with our end-to-end money platform and innovations such as easier discovery, auto-enabled payments, payment-enabled invoices, instant deposit, and Get Paid Upfront, which are all helping customers get paid faster and drive adoption of payments. Total online payment volume growth was 20 percent in the quarter.

We are beginning to roll out a new payment-enabled invoicing experience that will provide more benefits to customers, including more ways to get paid. While early, we are seeing that customers who use the new invoicing experience are engaging more, driving an increase in customers adopting our payment rails to get their invoices paid.

We are also making progress digitizing B2B payments to accelerate and automate transactions between small businesses, and ultimately improve their cash flow. The number of connections in our QuickBooks Business Network has doubled since August, and we are pleased with the initial adoption of our bill pay offering. To better serve small businesses, during the quarter we began rolling out faster payment timelines for qualified customers that reduce payment time by 40 percent, including a paid next day ACH option, and batch payments, allowing customers to hold on to their cash longer and save time.

Wrapping up, with our durable AI-driven expert platform strategy and focus on innovating with GenAI across our platform, we are more excited than

ever about the opportunity in front of us, and our ability to power prosperity for our customers. We are honored to be recognized by Bloomberg as one of the top 50 companies to watch in 2024, and to be ranked 22 on this year's JUST 100, and the highest ranked software company on the list.

Now let me hand it over to Sandeep.

Financial Results and Segment Details

Thanks, Sasan.

For the second quarter of fiscal 2024, we delivered another strong quarter, despite the IRS opening approximately one-week later this year. We achieved healthy operating margin expansion, and we are on track to achieve our full year guidance as we continue to deliver operating leverage across the business.

Q2 results include:

- Revenue of \$3.4 billion, up 11 percent.

- GAAP operating income of \$369 million, versus \$270 million last year, up 37 percent.
- Non-GAAP operating income of \$1.0 billion, versus \$856 million last year, up 17 percent.
- GAAP diluted earnings per share of \$1.25, versus \$0.60 a year ago.
- And non-GAAP diluted earnings per share of \$2.63 versus \$2.20 last year, up 20 percent.

Business Segment Results

Turning to the business segments:

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 21 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 Q2, driven mainly by customer growth, higher effective prices, and mix-shift. We continue to prioritize disrupting the small business mid-market, through continued focus on both go-to-market and product innovations. While mid-market customers are a smaller subset of the total small business TAM, they drive a higher ARPC over time given their more complex needs and higher usage of services across our platform. 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 24 percent in Q2, driven by payroll, payments, Mailchimp, capital and time tracking.

- 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.
- Within payments, revenue growth in the quarter reflects ongoing customer growth as more customers adopt our payments offerings to manage their cash flow, higher effective prices, and an increase in total payment volume per customer.
- Mailchimp revenue growth was driven by higher effective prices and paid customer growth.
- 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 16 percent in Q2.

Desktop Ecosystem revenue grew 10 percent in the second quarter, and QuickBooks Desktop Enterprise revenue grew in the mid-teens. We are more than two years into a three-year transition for customers that remain on our license-based desktop offering to a recurring subscription model.

In fiscal 2025, the tailwinds from the three year transition will be behind us, but 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.

Consumer and ProTax Groups

Turning to tax. Our full year outlook remains unchanged, even though Consumer Group revenue declined 5 percent in the quarter, reflecting an approximately one-week later IRS open this year. We are confident in our

game plan to win this season, and are reiterating our guidance for Consumer Group of 7 to 8 percent revenue growth in fiscal 2024.

Turning to the ProTax Group, revenue grew 8 percent to \$274 million in Q2, reflecting the timing of when tax forms were delivered, which is a driver for revenue recognition.

Credit Karma

Credit Karma delivered revenue of \$375 million in Q2, flat to a year ago, primarily reflecting growth in Credit Karma Money, credit cards, and auto loans, offset by a decline in home loans, personal loans, and auto insurance. We saw select partners taking a conservative approach to extending credit in both personal loans and credit cards in Q2, reflecting expected macro trends. And as a reminder, Q2 is typically the seasonally weakest quarter of the year. We expect Q3 to benefit from additional Credit Karma Money revenue during tax season.

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

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 \$1.5 billion in cash and investments and \$6.0 billion in debt on our balance sheet.

- We repurchased \$536 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 \$0.90 per share, payable on April 18, 2024. This represents a 15 percent increase versus last year.

Fiscal 2024 and Q3 Guidance

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

- Total company revenue growth of 11 to 12 percent;
- GAAP operating income growth of 15 to 18 percent;
- Non-GAAP operating income growth of 12 to 14 percent;
- GAAP earnings per share growth of 11 to 15 percent; and
- Non-GAAP earnings per share growth of 12 to 14 percent.

Our guidance for the third quarter of fiscal 2024 includes:

- Revenue growth of 10 to 11 percent,
- GAAP earnings per share of \$7.77 to \$7.84, and
- Non-GAAP earnings per share of \$9.31 to \$9.38.

As a reminder, we are taking a prudent approach with guidance, given the continued macroeconomic uncertainty.

You can find our full fiscal 2024 and Q3 guidance details in our press release and on our fact sheet.

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

Closing Comments (Sasan)

Wrapping up, we are very confident in our AI-driven expert platform strategy, progress with our five Big Bets, and creating a “future of done for you” with a gateway to human expertise. We believe this will change our relationship with customers, becoming their trusted advisors, leading to higher engagement and monetization. The combination of our assets and our strategy creates a growth flywheel for Intuit to accelerate penetrating our \$300 billion TAM.

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 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 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 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>.

Third-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.