

**Intuit Inc.**  
**First-quarter Fiscal 2024**  
**Conference Call Remarks**  
**November 28, 2023**

**Introduction**

Good afternoon and welcome to Intuit's first-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.

### **First-quarter Fiscal 2024 Overview**

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

We had a very strong first quarter and have great momentum innovating on our platform across the company. Total revenue grew 15 percent, driven by Small Business and Self-Employed Group revenue growth of 18 percent and Consumer Group revenue growth of 25 percent. This was partially

offset by a Credit Karma revenue decline of 5 percent, in-line with our expectations for Q1 given the macroeconomic environment. With the strong start to the year, we are reiterating our full year guidance for fiscal 2024.

Consumer Group revenue growth reflects a strong finish to the tax extension season. We remain focused on transforming the assisted consumer and business tax categories with TurboTax Live. Our innovation in tax has accelerated in several areas. First, the Credit Karma platform is leveraging data and AI to deliver personalized experiences and compelling tax offers. Second is the innovation with TurboTax Live to deliver speed and confidence to prior year assisted customers, particularly with full service, where we can get taxes done in as little as an hour using data, AI, and our expert platform at scale. And third, Intuit Assist, our GenAI-powered financial assistant, will help customers in key areas where confidence matters most. For example, understanding their refund or getting answers to their questions as if they are talking to an expert. We ran many experiments during the extension season and the learnings give us confidence in our game plan to win this tax season.

We believe this is Intuit's most exciting era yet. Five years ago, we declared our strategy to be an AI-driven expert platform, with data and AI core to fueling innovation across our platform. We're delivering experiences where the hard work is done for you with a gateway to human expertise, powering our customers' prosperity and accelerating penetration of our \$300 billion TAM. The recent launch of Intuit Assist is the result of years of investment in data and AI.

At the core of our platform is powerful, relevant data. Intuit has incredibly rich longitudinal, transactional, and behavioral data for our 100 million customers. We have 500,000 customer and financial attributes per small business on our platform, and 60,000 financial and tax attributes per consumer on our platform. 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.

We are creating a future of “done for you,” a future where the hard work is done "automagically" on behalf of our customers with a gateway to human expertise, fueling their financial success. Intuit Assist, powered by GenAI, is critical to delivering unparalleled benefits for our customers over the next decade. Let me share a few updates on Intuit Assist across our offerings:

- First, Mailchimp. We are rolling out two new GenAI experiences designed to help our customers grow their revenue and save time. These include AI-driven audience segmentation and marketing automations. I'll share more on these in a moment.
- Second, TurboTax. As I shared earlier, during the extension season, we tested new GenAI experiences to deliver higher confidence for our DIY customers. This includes our in-topic accuracy check and personalized explanations throughout the filing process that help explain a customer's tax outcome. We are excited about rolling out these experiences this season.
- Third, QuickBooks. We are testing GenAI to help customers save time and run their business with complete confidence, including a

digital expert that can surface business insights and allow customers to dig deeper, or connect them to a human expert. For example, we are serving up proactive business insights to customers with an actionable business summary. These customers are using the business summary as a launching point to learn, create reports directly using Intuit Assist, and take actions to drive their success. These experiences will be rolled out in the coming months, and in the future, we plan to automate these actions and do the work for our customers.

- Fourth, Credit Karma. We are testing GenAI to help our customers find the products that are right for them, in a highly personalized way. For example, based on our research, prime members spend an average of five hours online comparing credit card benefits. With our members' credit data and spending history from accounts they choose to link to Credit Karma, we can use GenAI to help members select the right credit card for them, optimized based on their personal spending history. This is designed to increase engagement

with our members and help them improve their financial health and drive financial success. These experiences will be rolled out in the coming months.

We are excited by Intuit Assist's early progress. It will change 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. We believe Intuit Assist will lead to higher frequency of engagement and monetization across our platform.

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 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. In payments, our innovation continues to drive digitization, from creating an estimate, to invoicing a customer, to getting paid, to paying a supplier. Today, easier discovery, auto-enabled payments, instant deposit, and Get Paid Upfront, are all helping drive adoption of our payments offering. Total online payment volume growth was strong in the quarter at 21 percent.

We are also making good progress digitizing B2B payments to accelerate and automate transactions between small businesses, and ultimately improve their cash flow. We made our bill pay offering widely available to customers during the quarter. While it’s early, we are seeing mid-market customers choosing the paid subscription offering at approximately 2x the rate of non mid-market customers, indicating this paid offering is resonating with larger customers.



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. As I shared earlier, we are rolling out several features powered by Intuit Assist, in time for peak holiday season for many of our customers. Let me highlight two of these impactful benefits designed to help our customers grow their revenue while saving time:

- First, AI-driven audience segmentation, which allows small businesses to target specific audiences. Many customers don't use audience segmentation today, despite the fact it can help drive up to a 60 percent lift in average order value over 12 months. With Intuit Assist, a customer can use conversational language to more quickly build segments and use them as part of a marketing campaign.
- Second, AI-powered marketing automations, which are automated workflows that help small businesses reach their customers in uniquely tailored ways. Today, many of our customers don't use marketing automations, because they are time consuming to set up, even though they can help drive higher revenue. With Intuit Assist,

Mailchimp creates marketing automations which can be easily turned on, and email content can be generated and edited.

Our fifth Big Bet is to disrupt the small business mid-market, representing a TAM of 1.7 million customers, 800,000 of which are already in our franchise but are using a core QBO or desktop product. Online mid-market customer and revenue growth remains strong, and we are driving increased adoption of QBO Advanced, payments, and payroll, resulting in ARPC expansion as we serve these mid-market customers with our full ecosystem of services.

We're proud of our innovation and the impact we're making on customers' lives, we also continue to make an impact on the communities we serve.

This quarter, we launched Intuit for Education, a new financial literacy program to provide GenZ and GenAlpha students access to Intuit products and teach personal and small business finance skills. We also announced the first set of winners of our Coalfield Solar Fund, providing grants to incentivize solar energy projects in coal mining communities to help build a sustainable future.

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 also delighted to be one of only eight Fortune 500 companies named to Fortune's inaugural top 50 AI innovators list. Now let me hand it over to Sandeep.

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

Thanks, Sasan.

For the first quarter of fiscal 2024, we delivered very strong results that exceeded the high-end of our guidance range across all key metrics, including:

- Revenue of \$3.0 billion, up 15 percent.
- GAAP operating income of \$307 million, versus \$76 million last year.
- Non-GAAP operating income of \$960 million, versus \$662 million last year, up 45 percent.
- GAAP diluted earnings per share of \$0.85, versus \$0.14 a year ago.

- And non-GAAP diluted earnings per share of \$2.47 versus \$1.66 last year, up 49 percent.

I'm pleased with our early momentum this fiscal year.

## **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 20 percent.

Our results demonstrate the power of our small business platform and the mission-critical nature of our offerings, which continue to 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 Q1, driven mainly by customer growth, higher effective prices, and mix-shift.
- Second, we continue to focus on connecting the ecosystem. Online services revenue grew 20 percent in Q1, driven primarily by payroll, Mailchimp, payments, capital and time tracking.
  - Within payroll, revenue growth in the quarter reflects an increase in customers adopting our payroll solutions and a mix-shift towards higher end offerings.
  - Mailchimp revenue growth was driven by higher effective prices and paying customer growth.
  - Within payments, revenue growth in the quarter 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 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 Q1.

Desktop Ecosystem revenue grew 14 percent in the first quarter, and QuickBooks Desktop Enterprise revenue grew in the high single digits. We are more than two thirds of the way through a three-year transition for customers that remain on our license-based desktop offering to a recurring subscription model. In conjunction with our business model transition, we also raised prices across multiple desktop products this October, consistent with our principle to price for value. Looking ahead, we expect continued strong desktop ecosystem revenue growth this year as we complete the remaining part of the three-year transition. Our focus is to continue innovating across our online ecosystem and to help our desktop customers migrate seamlessly to our online offerings. We continue to expect the online ecosystem to be our growth catalyst longer-term.

## **Credit Karma**

Credit Karma delivered revenue of \$405 million in Q1, down 5 percent. We saw partners taking a conservative approach to extending credit in both personal loans and credit cards in Q1. This performance was consistent with our expectations and our prudent approach to guidance given the uncertain macroeconomic environment.

On a product basis, the decline in Q1 was driven primarily by macroeconomic trends across personal loans, auto insurance, home loans, and auto loans, partially offset by growth in credit cards and Credit Karma Money.

## **Consumer and ProTax Groups**

Consumer Group revenue was \$187 million and grew 25 percent in the quarter, and ProTax revenue was \$42 million and grew 24 percent. In the quarter, we saw stronger than expected TurboTax return volume from states both with and without extended tax deadlines, and strong performance in share of total returns during extension season. As Sasan

shared earlier, we are excited about our innovation across TurboTax. The multiple experiments we ran during the extension season bolster our confidence in our game plan to win this tax season.

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

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

- We finished the quarter with approximately \$2.3 billion in cash and investments and \$5.9 billion in debt on our balance sheet. In September, we issued \$4 billion in senior notes to repay the outstanding balance on our unsecured term loan. These notes carry a weighted average coupon rate of 5.29 percent, approximately one point lower than the term loan rate at the end of Q4. As a reminder, during Q1, we made tax payments of approximately \$710 million that were deferred from fiscal 2023 due to IRS disaster-area tax relief.



- We repurchased \$603 million of stock during the first 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 January 18, 2024. This represents a 15 percent increase versus last year.

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

I'm pleased with the early momentum we're seeing in fiscal 2024, highlighting the strength of our platform within the uncertain macroeconomic environment that is consistent with our expectations. We have a proven playbook and a track record of managing for the short and long term, and controlling discretionary spend to deliver strong results, while investing in what is most important for future growth. Our goal remains for Intuit to emerge from this period of macroeconomic uncertainty in an even greater position of strength.

### **Fiscal 2024 and Q2 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 second quarter of fiscal 2024 includes:

- Revenue growth of 11 to 12 percent,
- GAAP earnings per share of \$0.62 to \$0.68, and
- Non-GAAP earnings per share of \$2.25 to \$2.31.

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

You can find our full fiscal 2024 and Q2 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: 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; 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 Q2 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>.

Second-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.