

Intuit Inc.
Fourth-quarter Fiscal 2024
Conference Call Remarks
August 22, 2024

Introduction

Good afternoon and welcome to Intuit's fourth-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.

Fourth-quarter Fiscal 2024 Overview

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

We delivered very strong results for the fourth quarter and full year, and made meaningful progress with our AI-driven expert platform strategy and Big Bets that position the company for durable growth in the future. Our full-year revenue grew 13 percent and we delivered strong operating

margin expansion demonstrating the strength and momentum of our investments and innovation. As we exit the year, we are confident in delivering another year of double-digit revenue growth and margin expansion in fiscal 2025.

Intuit is the global AI-driven expert platform that is powering prosperity for consumers, small and mid-market businesses. Our strategy and five Big Bets position Intuit as a mission critical platform that delivers end-to-end solutions, driving sustained growth. We made an early bet on AI. We have a significant advantage with the scale of our data, investments in AI capabilities such as knowledge engineering, machine learning, and GenAI, and our large network of AI-powered virtual experts. This is enabling us to disrupt the categories in which we operate. We are transforming how we serve our customers by delivering "done for you" experiences, where we do the hard work for them, connecting them with AI-powered human expertise to fuel their success. With the introduction of GenAI, we are now delivering reimagined customer experiences and bolstering businesses' growth potential while driving efficiencies in how work gets done within Intuit. This

has enabled us to build our large AI-driven expert platform to fuel the success of consumers, small and mid-market businesses.

The progress we've made has bolstered our confidence, leading us to accelerate investments in five key areas within our Big Bets to deliver greater impact in the future. I'll spend a moment unpacking the progress we've made and our investment plans for the future:

- First, within Big Bet 1, we are delivering "done-for-you" experiences with Intuit Assist. In fiscal 2024, we made strong progress making Intuit Assist, our GenAI-powered financial assistant, available to millions of consumers and approximately one million small and mid-market businesses. We are accelerating our investments to roll out Intuit Assist at scale in the coming year.
- Second, within Big Bet 2, we are accelerating platform and go-to-market investments for TurboTax Live and QuickBooks Live, embedding AI-powered experts across our business offerings. In fiscal 2024, TurboTax Live revenue grew 17 percent, and full-service customers doubled while those new to TurboTax tripled. QuickBooks

Live customers more than tripled. We expect our accelerated investment in these areas to deepen our penetration in very manual, high-priced, and dis-aggregated assisted categories. By digitizing how services are delivered, an integral part of our “done for you” platform experiences, we will become the AI-powered financial assistant for consumers, small and mid-market businesses.

- Next, within Big Bet 4, our money solutions, we are making additional investments to accelerate digitizing the experience end-to-end for consumers, small and mid-market businesses, from estimate, to invoicing, to getting paid and paying bills. In fiscal 2024, the total online payment volume we facilitated on our platform grew 20 percent. We also helped small businesses access \$2.4 billion in financing through QuickBooks Capital, up 28 percent, and we made significant progress digitizing B2B payments with our bill pay offering, for which monthly payment volume processed quadrupled over the last six months. In fiscal 2025, we expect these accelerated

investments to deliver best-in-class, seamless payments, capital, banking, bill pay, and invoicing solutions.

- Next, within Big Bet 5, we are doubling down on mid-market with additional investments in the platform and go-to-market motions. In fiscal 2024, QBO Advanced customers grew 28 percent. In fiscal 2025, we are accelerating investments to better serve customers who have more complex needs, such as more sophisticated accounting and reporting requirements, business intelligence, money solutions, human capital management, professional services, and customer acquisition solutions with Mailchimp, all assisted by AI-powered human experts.
- And finally, accelerating international growth with Mailchimp and QuickBooks. We've translated the Mailchimp offering into five different languages for markets where we see a large TAM. Looking ahead, we are bringing QuickBooks and Mailchimp together to create a single growth platform, differentiated in the markets where we have product market fit, including in Canada, UK, and Australia. In other

geographies, we are leading with Mailchimp's strong international footprint to help small businesses get customers as we continue to localize the offering.

Wrapping up, with the progress and momentum we are delivering, and the accelerated investment areas I've shared, we are in a great position to win as an end-to-end platform with experiences that fuel the success of customers. Intuit is the AI-driven expert platform that is powering prosperity for consumers, small and mid-market businesses. Now let me hand it over to Sandeep.

Financial Results and Segment Details

Thanks, Sasan.

We delivered very strong results in fiscal 2024 across the company, including total revenue growth of 13 percent, GAAP and non-GAAP operating margin expansion of 40 and 100 basis points, respectively, and GAAP and non-GAAP EPS growth of 24 percent and 18 percent, respectively.

Our fourth quarter results include:

- Revenue of \$3.2 billion, up 17 percent.
- GAAP operating loss of \$151 million, versus GAAP operating income of \$17 million last year, reflecting a restructuring charge of \$223 million recognized in the quarter related to the organizational changes we announced in July.
- Non-GAAP operating income of \$730 million, versus \$627 million last year, up 16 percent.
- GAAP diluted loss per share of \$0.07, versus diluted earnings per share of \$0.32 a year ago, also reflecting the restructuring charge.
- And non-GAAP diluted earnings per share of \$1.99, versus \$1.65 last year, up 21 percent.

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 19 percent for the full year. This momentum demonstrates the power of our small and mid-market business platform and the mission-critical nature of our offerings as customers look to grow their business and improve cash flow in any economic environment. Online ecosystem revenue grew 18 percent during the quarter and 20 percent for the full year, driven by our progress serving customers with more complex needs and adoption of our ecosystem of services. As a result, online ecosystem ARPC grew 11 percent in fiscal 2024.

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 17 percent in Q4 and 19 percent in fiscal 2024. Growth for the quarter and year was driven by customer growth, higher effective prices, and mix-shift. We delivered growth in our declared strategic areas this year, with our emphasis on serving

customers with more complex needs. This focus drove US QBO customers excluding self-employed up 11 percent, QBO Advanced customers up 28 percent, while QBO self-employed customers declined 14 percent, resulting in total online paying customers up 6 percent.

- Second, we continue to focus on connecting the ecosystem. Online services revenue grew 19 percent in Q4, driven by payments, payroll, capital, and Mailchimp. For the full fiscal year 2024, Online services revenue grew 21 percent, driven by payroll, payments, Mailchimp and capital.
 - Within payments, revenue growth in the quarter reflects higher effective prices, ongoing customer growth as more customers adopt our payments offerings to manage their cash flow, and an increase in total payment volume per customer. Total online payment volume growth in Q4 was 19 percent, relatively consistent with the range we've seen over the last several quarters.

- Within payroll, revenue growth in the quarter reflects an increase in customers adopting our payroll solutions, higher effective prices, and a mix-shift towards higher end offerings.
- Mailchimp revenue growth was driven by higher effective prices and paid customer growth. Revenue growth continues to be impacted by the lapping of a larger benefit from price and line-up changes that we made last year in Q2 and Q3.
- 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 11 percent in Q4 and 13 percent in fiscal 2024.

Turning to desktop. We successfully concluded the three-year transition to a subscription model, which contributed to 25 percent desktop ecosystem revenue growth in Q4 and 16 percent revenue growth in fiscal 2024.

QuickBooks Desktop Enterprise revenue grew in the low 30s in Q4, and in the high-teens for fiscal year 2024.

Our Q4 desktop ecosystem revenue growth also reflects the offering changes we made in early fiscal 2024 to complete the transition to a recurring subscription model. These changes resulted in approximately \$60 million of desktop revenue recognized in Q4 and approximately \$50 million recognized in the first three quarters of fiscal 2024, all of which would have otherwise been recognized in Q1 of fiscal 2025. We also expect approximately \$50 million of desktop revenue that would have otherwise been recognized in Q1 fiscal 2025 to shift to later quarters in fiscal 2025. In total, these changes lower Q1 fiscal 2025 revenue by approximately \$160 million and are largely related to more frequent product updates, beginning in Q4 of fiscal 2024, to align the customer delivery experience to our subscription model. Accordingly, we expect Q1 desktop ecosystem revenue to decline approximately 20 percent, but for desktop ecosystem revenue to return to growth in Q2. Overall, we expect desktop ecosystem revenue to grow in the low single digits in fiscal 2025.

Credit Karma

Credit Karma revenue growth improved each quarter during fiscal 2024, from a 5 percent decline in Q1 to 14 percent growth in Q4. On a product basis in Q4, auto insurance accounted for 6 points of growth, personal loans accounted for 5 points, credit cards accounted for 2 points, and Credit Karma Money accounted for 1 point. Full year revenue was \$1.7 billion, up 5 percent.

We are pleased with the momentum driven by our relentless focus on what matters most to our members and partners. We made strong progress this year redesigning the Credit Karma app to enable members to see much more of their financial life and find the products right for them. We also introduced Intuit Assist to deliver personalized financial insights using data and AI, increased monetization in the underpenetrated Prime segment, and made it easier than ever for consumers to benefit from the Credit Karma and TurboTax product integration. I'm proud of the progress the team made innovating on behalf of our members and partners.

Consumer and ProTax Groups

Consumer Group revenue of \$4.4 billion grew 7 percent in fiscal 2024 as we continue to revolutionize how taxes get done for consumers and small businesses. TurboTax Live revenue grew 17 percent, and customers grew 11 percent. Full-service customers doubled, while those new to TurboTax tripled. We are pleased with the momentum we saw with TurboTax Live again this season.

Turning to the ProTax Group, revenue was \$599 million in fiscal 2024, up 7 percent.

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

Financial Principles and Capital Allocation

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

- We finished the quarter with approximately \$4.1 billion in cash and investments and \$6.0 billion in debt on our balance sheet.
- We repurchased \$255 million of stock during the fourth quarter and \$2.0 billion during fiscal 2024. Depending on market conditions and other factors, our aim is to be in the market each quarter.
- The Board approved a quarterly dividend of \$1.04 per share, payable on October 18, 2024. This represents a 16 percent increase versus last year.

Fiscal 2025 and Q1 Guidance

Moving on to guidance, our fiscal 2025 guidance includes:

- Total company revenue of \$18.160 billion to \$18.347 billion, growth of 12 to 13 percent. Our guidance includes revenue growth of 16 to 17 percent for the Small Business and Self-Employed Group, including online ecosystem revenue growth of approximately 20 percent and desktop ecosystem revenue growth in the low single digits. Our

guidance also includes revenue growth of 7 to 8 percent for the Consumer Group, and 5 to 8 percent for Credit Karma.

- GAAP diluted earnings per share of \$12.34 to \$12.54, growth of 18 to 20 percent; and
- Non-GAAP diluted earnings per share of \$19.16 to \$19.36, growth of 13 to 14 percent.

We expect a GAAP tax rate of approximately 23 percent in fiscal 2025.

GAAP guidance reflects an expected \$24 million restructuring charge related to the reorganization we announced in July.

Our guidance for the first quarter of fiscal 2025 includes:

- Total company revenue growth of 5 to 6 percent, including:
 - Small Business and Self-Employed group revenue growth of 6 to 7 percent, reflecting the revenue shift in Q1 resulting from the desktop offering changes that I noted earlier. We expect desktop ecosystem revenue to decline approximately 20 percent in Q1, and the online ecosystem, which is our growth

catalyst, to accelerate to approximately 19 percent growth in Q1.

- For Credit Karma, we expect revenue to grow in Q1.
 - And for Consumer Group and ProTax, we expect revenue to decline in Q1, as we are lapping the period a year ago that included the extended California tax filing deadline.
- GAAP earnings per share of \$0.61 to \$0.66, and
 - Non-GAAP earnings per share of \$2.33 to \$2.38.

GAAP guidance reflects an expected \$19 million restructuring charge that we expect to incur in Q1 related to the reorganization we announced in July.

You can find our full fiscal 2025 and Q1 guidance details in our press release and on our fact sheet.

Long-Term Growth Expectations

I will now shift to our long-term growth expectations for each of our business segments. First, small business. With the momentum we see in online ecosystem growth, we are reiterating our long-term revenue growth expectations for the Small Business and Self-Employed Group of 15 to 20 percent. As part of this, we continue to expect online paying ARPC growth of 10 to 20 percent, and we now expect online paying customer growth of 5 to 10 percent. This reflects our shift in emphasis towards ARPC as we scale mid-market, drive growth in services, and reshape how we go to market as one business platform to significantly increase adoption of all our offerings. While there are relatively fewer mid-market customers, the ARPC of mid-market QuickBooks Online customers is nearly three times higher than other QuickBooks Online customers.

Turning to Credit Karma, we are excited about the opportunity ahead as we execute our strategy to more deeply penetrate our core verticals, scale in growth verticals and execute our consumer ecosystem strategy. With the learnings from operating in the current business cycle, we are updating our long-term revenue growth expectations to 10 to 15 percent, reflecting the

current size and scale of the business, and as we focus on creating seamless, end-to-end experiences with TurboTax that consumers benefit from year-round.

Finally, the Consumer Group. Based on the momentum we saw this season, and the significant runway we have ahead to penetrate our TAM, we expect assisted penetration to be the key driver of future growth.

TurboTax Live revenue accounted for approximately 30 percent of Consumer Group revenue in fiscal 2024, and we expect it to become the majority of Consumer Group revenue in the coming years. With that context, while we are scaling assisted, we are adjusting the Consumer Group long-term revenue growth rate to 6 to 10 percent in this interim period, with TurboTax Live revenue expected to grow 15 to 20 percent.

One final note before I wrap up. Starting in Q1, we will be changing the name of our Small Business and Self-Employed Group to Global Business Solutions Group. This new name better aligns with the global reach of the Mailchimp and QuickBooks platform, our focus on serving both small and

mid-market businesses, and our vision to become the end-to-end platform that customers use to grow and run their business.

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

Closing Comments (Sasan)

Thanks Sandeep. We are confident in our long term growth strategy, including double digit revenue growth and operating income growing faster than revenue. We have the strategy to win given the green shoots we're observing, and with less than 5 percent penetration of our \$300B+ TAM, we have a massive runway ahead. We look forward to seeing you at our Investor Day next month, where we'll unpack all of this and more.

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 2025 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; changes to our products, including the impact of AI; the amount and timing of any future dividends or share repurchases; our capital structure; availability of our offerings; our expectations regarding the timing and costs associated with our plan of reorganization ("Plan"); and the impact of acquisitions and strategic decisions on our business; as well as all of the statements under the heading "Fiscal 2025 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 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 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; our ability to successfully market our offerings; our ability to realize the anticipated benefits of the Plan; risks related to the preliminary nature of the estimate of the charges to be incurred in connection with Plan, which is subject to change; and risks related to any delays in the timing for implementing the Plan or potential disruptions to our business or operations as we execute on the Plan.

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>.

First-quarter and full-year fiscal 2025 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.