

Intuit Inc.
Second-quarter Fiscal 2025
Conference Call Remarks
February 25, 2025

Introduction

Good afternoon and welcome to Intuit's second-quarter fiscal 2025 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 2024 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website at 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 2025 Overview

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

We delivered very strong results in Q2 with revenue growth of 17 percent and we are off to a great start in tax. We have strong momentum this year, as we execute our global AI-driven expert platform strategy powering prosperity for consumers and businesses. We are confident in delivering

double-digit revenue growth and expanding margin this year, and we are reiterating our full year guidance.

Today, I will focus on three areas: revolutionizing speed to benefit by delivering 'done-for-you' experiences with expertise, winning in tax, and mid-market.

We are making strong progress across our platform with our data and AI investments to deliver 'done-for-you' experiences with AI-powered human expertise. Our focus is on automating tasks, end-to-end workflows, and entire functions, connecting customers to one of our more than 12,000 AI-powered human experts for that last mile or to complete all of the work. This is Intuit Assist, the combination of AI and AI powered human experts digitizing everything for customers, fueling their success. Let me share one example to demonstrate our progress.

On our business platform, Intuit Assist delivers 'done-for-you' experiences, automating workflows using AI agents. It automatically turns emails, electronic documents, and hand-written notes into estimates, invoices, or

bills, while doing the accounting in the background. It spots potential cash flow shortages in real-time and suggests personalized solutions like applying for a line of credit through QuickBooks Capital. With these capabilities, we're seeing a 10 percent higher payment conversion rate on overdue invoices when customers use AI-generated invoice reminders versus when they don't. We are also connecting customers to our AI-powered experts at their point of need through QuickBooks Live, up 2.5X in Q2, with a 20 point higher ecosystem attach rate than the rest of the QBO base. Repeat engagement with our 'done-for-you' invoicing experience continues to grow, and has increased more than 50 percent since November. As we continue to scale these experiences, we are encouraged by new customers converting, and adoption of platform offerings, such as payments and QuickBooks Live. This is Intuit Assist working at scale, fueling the success of our customers.

Turning to tax, we are off to a great start. Our strategy is to win as an AI-driven expert platform by delivering the best experience, speed to money, and best price for customers. As one consumer platform, with a

seamless customer experience across TurboTax and Credit Karma, we have incredible scale to win in the DIY and Assisted categories.

We have made significant progress with Intuit Assist which is fueled by our data, data services, and AI investments, delivering 'done-for-you' tax experiences. We have transformed the shopping experience, helping guide customers to the offering that is best for them, which is driving higher starts. For those that choose to do their own taxes, we're delivering an AI-driven, highly personalized product experience. This includes easy data-in from over 200 partners, now covering 90 percent of our customers' most common tax documents, up from 68 percent last year. And with the intelligent application of the data to personalize navigation, customers can complete their taxes more quickly with higher levels of confidence.

When customers choose us to do their taxes for them, we match them with the best expert on our AI-driven expert platform within seconds and share the expert's qualifications while automatically uploading the customer's data, making the first interaction a wow experience. An AI-powered human expert then completes the customer's return in as little as 2 hours, offering

proactive and personalized assistance, and providing the opportunity for customers to access their money immediately, all while on the go or in the comfort of their home. The experience is resonating, and TurboTax Live Full Service has a Product Recommendation Score of 84 season-to-date, one of the highest at Intuit. This is an unmatched experience at scale, delivering delight and speed to money, at the best price. With the scale of our data and AI capabilities, Intuit Assist is the control tower automating tasks and workflows, with human experts engaging where needed to deliver 'done-for-you' experiences for our customers.

Let's shift to our durable go-to-market approach. We have reinvented our marketing campaigns focused on experience, speed to money, and price. We've strengthened our overall AI-driven personalized line up and monetization capabilities. We are seeing great traction early in the season in DIY across simple and complex customers, with strong monetization driven by benefits such as early access to refunds and AI-powered human experts. In the assisted category, with the significant improvement in experience, speed to money, and our "beat your price" campaign, our early

season full-service funnel is strong. This is driven by marketing that started in the fall and improvements in local search for those looking for a pro near them. We estimate that our local experts in 130+ designated market areas will give us access to approximately 80 percent of nationwide assisted filers, and we have found that filers are historically 5X more likely to convert when given a local option. We are also seeing more than 3X higher starts on the Credit Karma platform, driven by an increase in the availability of seamless zero-click login to TurboTax from 5 percent last season to 70 percent this season.

In summary, we are off to a strong start in tax. We are seeing strong growth across simple and more complex returns as the season progresses and strong overall average revenue per return. We are pleased with the power of one consumer platform given the seamless customer experience across TurboTax and Credit Karma.

Let me now turn to the business platform and the progress we are making serving mid-market customers, which represents an \$89 billion TAM. We are focused on winning as an AI-driven expert platform to fuel the success

of customers with QBO Advanced, Intuit Enterprise Suite, and our ecosystem of services. Our go-to-market and product investments are fueling accelerated progress. With the QBO Advanced platform, we are delivering strong ARPC across our broader ecosystem of services, with payroll and payments penetration exceeding QBO Core by 12 points and 9 points respectively at the end of the quarter. With Intuit Enterprise Suite, we are seeing growing momentum week-to-week. This includes the number of contracts we signed in January, which are up 2X versus November. IES is resonating with larger businesses and accountants across our ecosystem, particularly those with over \$10 million in revenue where win rates are trending nearly 2X higher versus smaller customers. And the efficiency of our sales funnel continues to improve, with sales productivity up more than 60 percent over the last two months. We are winning because of the valuable benefits of our platform, ease of adoption, price, and total cost of ownership. With IES, we are able to boost customers' productivity by saving them time, and providing deeper insights across the platform to fuel their growth.

We are seeing traction with mid-market customers extending across multiple industries including construction, IT services, legal services, management consulting, finance, and insurance. I'll share two examples that highlight our excitement in fueling customer success and Intuit's growth:

- We recently signed a financial services firm with five entities that chose IES over other competing solutions to optimize its financial operations, marketing, and sales, with AI, all in one place. The firm is using Mailchimp, an integral part of IES, to optimize sales and marketing by leveraging the insights from dimensional reporting to assess product mix and view profitability by product type. The marketing and sales teams tell us they are "obsessed" with the insights which enable them to get the most out of Mailchimp with more targeted customer engagement to fuel their growth.
- We also signed a deal with a large professional services and accounting firm, which serves clients across 13 industries including construction, dental, government contracting, real estate, and

technology. This firm was looking to standardize solutions and consolidate across vendors, and our disruptive price and ease of use was key to their purchasing decision. They migrated several clients, including some using competitive solutions, to IES in a deal worth six figures annually, and we are partnering with them to bring many more clients onto IES.

Wrapping up, with our progress and momentum, we are well-positioned to win as an end-to-end platform with 'done-for-you' experiences that fuel the success of consumers, small and mid-market businesses, and accountants. Now let me hand it over to Sandeep.

Financial Results and Segment Details

Thanks, Sasan.

We delivered a strong second quarter of fiscal 2025 across the company.

Our second quarter results include:

- Revenue of \$4.0 billion, up 17 percent.

- GAAP operating income of \$593 million, versus GAAP operating income of \$369 million last year, up 61 percent.
- Non-GAAP operating income of \$1.3 billion, versus \$1.0 billion last year, up 26 percent.
- GAAP diluted earnings per share of \$1.67, versus diluted earnings per share of \$1.25 a year ago, up 34 percent.
- And non-GAAP diluted earnings per share of \$3.32 versus \$2.63 last year, up 26 percent.

Business Segment Results

Turning to the business segments:

Global Business Solutions Group

Our business platform helps customers run and grow their business end-to-end. Global Business Solutions Group revenue grew 19 percent during Q2, driven by Online Ecosystem revenue growth of 21 percent, or 25 percent excluding Mailchimp. The momentum in our online ecosystem is demonstrating the power of our 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.

- QuickBooks Online Accounting revenue grew 22 percent in Q2, driven by higher effective prices, customer growth, and mix-shift. We continue to prioritize disrupting the mid-market, through ongoing focus on both go-to-market motions and product innovations, which we expect to drive ARPC growth.
- Online Services revenue grew 19 percent in Q2, or 30 percent excluding Mailchimp. Growth in Q2 was driven by Money - which includes payments, capital, and bill pay - payroll, and Mailchimp.
 - Within Money, revenue growth in the quarter reflects payments revenue growth, which was driven by customer growth, an increase in total payment volume per customer, and higher effective prices, and QuickBooks Capital revenue growth. Total online payment volume growth in Q2 was 18 percent.

- Within Payroll, revenue growth in the quarter reflects customer growth, mix-shift, and higher effective prices.
- Within Mailchimp, revenue growth in the quarter was driven by higher effective prices and paid customer growth. We are making early progress with product improvements, but continue to expect it to take several quarters to deliver improved outcomes at scale. As a reminder, in Q2 we began lapping the price changes we made in Q2 of last year, which drove a deceleration in growth this quarter versus Q1. We remain confident in, and are executing on, our vision of an end-to-end business platform that integrates the power of Mailchimp and QuickBooks services. This is enabling our customers to both run and grow their business, all in one place.
- Third, we're executing our international strategy, which includes leading with our connected business platform in our established markets and leading with Mailchimp in all other markets as we continue to execute on a localized product and line-up. On a constant

currency basis, total international Online Ecosystem revenue grew 9 percent in Q2, or 19 percent excluding Mailchimp.

As we've shared previously, we win as a platform company. Our Online Ecosystem revenue growth reflects the progress we are making with our strategy of serving both small and mid-market businesses with more complex needs. This represents an addressable market of over \$180 billion, roughly half of which is mid-market. In Q2, Online Ecosystem revenue grew 21 percent, including approximately 40 percent growth in Online Ecosystem revenue for QBO Advanced and Intuit Enterprise Suite that serves mid-market. Online Ecosystem revenue for small businesses and the rest of the base grew a strong 18 percent. We are excited about our progress in serving mid-market customers while continuing to focus on smaller businesses. Looking ahead, we continue to expect Online Ecosystem revenue in total to grow approximately 20 percent in fiscal 2025.

Turning to desktop. During Q2, Desktop Ecosystem revenue grew 14 percent, and QuickBooks Desktop Enterprise revenue grew in the high

teens. As a reminder, quarterly desktop ecosystem revenue growth trends in fiscal 2025 reflect the offering changes we made in early fiscal 2024 to complete the transition to a recurring subscription model, including more frequent product updates. We continue to expect Desktop Ecosystem revenue to grow in the low single digits in fiscal 2025.

Turning to our consumer platform. Our consumer platform is helping customers make smart money decisions, take steps to improve their financial health year round, achieve their best tax outcome, and get their tax refund faster.

Consumer and ProTax Groups

Consumer Group revenue grew 3 percent, ahead of our guidance for a low single digit decline. Our strategy is to win as an AI-driven expert platform by delivering the best experience, speed to money, and best price for customers. As one consumer platform with a seamless customer experience across TurboTax and Credit Karma, we have incredible scale to win in the DIY and Assisted categories. We are off to a strong start in tax

this season and are reiterating our guidance for Consumer Group of 7 to 8 percent revenue growth in fiscal 2025.

Turning to the ProTax Group, revenue was \$272 million in Q2, down 1 percent.

Credit Karma

Credit Karma revenue growth accelerated again this quarter to 36 percent, reflecting strength in credit cards, personal loans, and auto insurance. On a product basis, credit cards accounted for 15 points of growth, personal loans accounted for 14 points, and auto insurance accounted for 6 points.

As a reminder, starting in Q3 we are lapping the strong growth in auto insurance that began a year ago. We are pleased with our early results this tax season as we execute on our vision for one consumer platform with a seamless customer experience across TurboTax and Credit Karma.

Productivity and Operational Efficiencies

Let me touch briefly on how our investments in AI are benefitting our operations. In addition to the AI-driven experiences we are delivering for

our customers to fuel their success that Sasan spoke to earlier, we are also leveraging AI to operate more efficiently and increase productivity internally.

- Within our customer success organization, our investments in AI capabilities have delivered nearly \$90 million in annualized efficiencies in the first half of the year. That's because we're leveraging AI for expert training, matching customers to experts, automating workforce operations, and eliminating data entry. We're using AI agents to deliver 'done-for-you' experiences, and this has contributed to a 20 percent reduction in the contact rate for TurboTax product support year-to-date. This is Intuit Assist working at scale.
- We also are seeing improved coding productivity, with up to 40 percent faster coding using GenAI code assistants, driving faster innovation for our customers.

In summary, I'm pleased with our 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 \$2.5 billion in cash and investments and \$6.3 billion in debt on our balance sheet. We recently entered into a \$4.5 billion revolving credit facility that we are using to fund our 5-Day Early refund offering. This facility expires on April 30, 2025.
- We repurchased \$721 million of stock during the second quarter. Depending on market conditions and other factors, our aim is to be in the market each quarter to offset dilution from share-based compensation over a 3 year period.
- The Board approved a quarterly dividend of \$1.04 per share, payable on April 18, 2025. This represents a 16 percent increase per share versus last year.

Fiscal 2025 and Q3 Guidance

Moving on to guidance, we are reaffirming our fiscal 2025 guidance. This includes:

- Total company revenue growth of 12 to 13 percent.
- GAAP operating income growth of 28 to 30 percent.
- Non-GAAP operating income growth of 13 to 14 percent.
- GAAP diluted earnings per share growth of 18 to 20 percent; and
- Non-GAAP diluted earnings per share growth of 13 to 14 percent.

Our guidance for the third quarter of fiscal 2025 includes:

- Total company revenue growth of 12 to 13 percent.
- GAAP earnings per share of \$9.22 to \$9.28, and
- Non-GAAP earnings per share of \$10.89 to \$10.95.

Building on our strong Q2 results and robust Q3 guidance, we are highly confident in the continued strength and positive trajectory of our business through Q4 and beyond. With the majority of the tax season still ahead, we are well-positioned to deliver strong results and look forward to sharing an

updated full-year outlook on our next earnings call, in line with our usual practice.

You can find our full fiscal 2025 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)

Thanks Sandeep. We are confident in our long-term growth strategy, including double-digit revenue growth and operating income growing faster than revenue. We like our momentum in the first half of the fiscal year which sets us up for a solid second half. Looking ahead, we are confident in our momentum and the progress we are seeing with Intuit Assist delivering 'done-for-you' experiences with AI-powered human expertise, increasing our 5 percent penetration of \$300B+ TAM. We have an incredible runway ahead.

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; 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 customer and average revenue per return; 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 2025 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 reading 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 business; our ability to develop, deploy, and use artificial intelligence in our platform and products; our ability to adapt to technological change and to 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 environmental, social, and governance efforts; 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 or regulator 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 expectations regarding the timing and costs associated with our plan of reorganization (“Plan”); risks related to the preliminary nature of the estimate of the charges to be incurred in connection with the 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 2024 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 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.