

## Q3 2021 Earnings Call

### Company Participants

- Kim Watkins, Vice President of Investor Relations
- Michelle Clatterbuck, Executive Vice President, Chief Financial Officer
- Sasan Goodarzi, Chief Executive Officer

### Other Participants

- Alex Zukin
- Brad Reback
- Brad Sills
- Brent Thill
- Daniel Jester
- Jackson Ader
- Josh Beck
- Kartik Mehta
- Kash Rangan
- Keith Weiss
- Ken Wong
- Kirk Materne
- Matt Pfau
- Michael Millman
- Michael Turrin
- Scott Schneeberger
- Siti Panigrahi

### Presentation

#### Operator

Good afternoon, my name is Latif , and I will be your conference facilitator. At this time, I would like to welcome everyone to Intuit's Third Quarter Fiscal Year 2021 Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. (Operator Instructions)

With that, I'll now turn the call over to Kim Watkins, Intuit's Vice President of Investor Relations. Ms.Watkins?

**Kim Watkins** {BIO 19461042 <GO>}

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Thank you, Latif. Good afternoon, and welcome to Intuit's third quarter fiscal 2021 conference call. I'm here with Intuit's CEO, Sasan Goodarzi; and Michelle Clatterbuck, our CFO.

Before we start, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2020 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website at [intuit.com](https://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.

And with that, I'll turn the call over to Sasan.

### **Sasan Goodarzi** {BIO 15750219 <GO>}

Great. Thanks, Kim, and thanks to all of you for joining us today. We had a very strong third quarter. Small businesses and self-employed group revenue accelerated to 20% this quarter, and Credit Karma performed very well with revenue at an all-time high for the quarter. Our tax result through the May 17 IRS tax filing deadline reflect another strong season. As a result, we are raising our revenue, operating income and earnings per share guidance for fiscal year 2021. Let me start with tax.

We're proud of how we delivered for our customers and executed our strategy of expanding our lead in the do-it-yourself category and transforming the assisted category. Based on our performance through the May 17 IRS tax filing deadline, we expect our consumer group revenue to grow 11% to 12% during fiscal year 2021. We expect total IRS returns to be up approximately 1% and our share of total returns to expand an estimated 1.0 for the tax filing season. This results in expected total customer growth of 6% and double-digit revenue growth for the fourth year in a row. The average revenue per return increased reflecting a stronger contribution by TurboTax Live and mix-shift to our premier offering used by investors. We made significant progress this season.

Within the do-it-yourself category, we continue to double down on under penetrated segments, including Latinx, self-employed, and investors. We saw a significant acceleration in investor customer growth this season and expected to more than triple over last year. We expect the base of customers paying us nothing to grow 6% this season. Within transforming the assisted category, we continue to make progress connecting people to experts with TurboTax Live. We expect customers to grow more than 90% this season compared to 70% growth last year, and TurboTax live customers new to Intuit to be up more than a 100%. More broadly, our AI-driven expert platform

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strategy and five Big Bets are driving strong momentum and accelerating innovation across the company. These Big Bets are focused on the largest problems our customers face and represent durable growth opportunities for Intuit.

As a reminder, 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. Today, I'll highlight the notable progress we've made this quarter on three of these Big Bets, and will provide a detailed update on all five Big Bets at Investor Day in the fall.

Our third Big Bet is to unlock smart money decisions with Credit Karma's data platform, and powerful network effects, we're making progress towards our goal of creating a personal financial assistance that helps consumers find the right financial products, put more money in their pockets and access financial expertise and advice. To deliver on this goal, our strategic focus is to grow the core, including credit cards and personal loans; expand growth verticals, including home loans, auto loans and insurance; and develop emerging verticals focused on digital money offerings, such as savings and checking accounts.

Credit Karma also provides an additional monetization engine, increasing our combined wallet share with both free and paying customers. Credit Karma achieved its largest quarterly revenue ever in Q3, while the number of members, monthly active users and frequency of member visits reached all-time highs. Within the core, credit card and personal loan revenue was at a record high on a combined basis, reflecting an increase in both the number of partners and member engagement. The growth verticals also achieved all-time high revenue, reflecting strong momentum in auto insurance followed by home loans and auto loans. And we're developing the emerging verticals by focusing on innovation with Credit Karma money, part of our digital money offering.

We've continue to make great progress combining our capabilities to fuel the success of Credit Karma. Since the acquisition closed, TurboTax customers and migrating Turbo users accounted for 40% of new Credit Karma members, significantly accelerating new member growth. We're pleased with the initial performance of Credit Karma money, which we integrate into TurboTax filing experience, offering approximately 36 million TurboTax customers the opportunity to deposit up to \$88 billion of tax refunds into no-fee checking accounts. Providing this product integration helps members achieve their financial goals, drives member engagement, and create a new revenue stream for the company in the future. The more we successfully innovate for Credit Karma members, the more times members visit the platform and the more opportunities we have to offer members products that are right for them resulting in more monetization opportunities for Intuit.

Our fourth big bet is to become the center of small business growth by helping our customers get customers, get paid fast, manage capital, pay employees with confidence and grow on an omnichannel world. 60% of small businesses struggle with cash flow, and we're continuing to innovate to create solutions for customers to overcome this challenge. We are excited about our progress with QuickBooks cash, a small business bank account that helps our customers manage working capital. QuickBooks cash presents us full

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financial picture along with the ability to move money instantly and ensures that their money is working for them while taking advantage of the built in accounting of Quickbooks. We achieved the milestone this quarter as QuickBooks cash balances surpassed \$100 million and we're seeing strong active use among both new and existing customers.

Our fifth big bet is the disrupt small business mid-market with QuickBooks online advanced. The usage of services such as payments, payroll and time talking with QBO Advanced customers is more than 30% higher than the next QBO offering in our lineup, contributing to higher ARPC, while overall engagement is up over 10 points year-to-date. We're very pleased with our results and remain confident in our game plan to win, accelerated by digital tailwinds. Across all of our big bets, we're building momentum and accelerating innovation, which we believe positions us well from durable growth in the future.

Now, let me hand it over to Michelle.

### **Michelle Clatterbuck** {BIO 20314804 <GO>}

Thanks, Sasan. Good afternoon, everyone. For the third quarter of fiscal 2021, we delivered revenue of \$4.2 billion, GAAP operating income of \$1.9 billion versus \$1.4 billion last year, non-GAAP operating income of \$2.2 billion versus \$1.5 billion last year, GAAP diluted earnings per share of \$5.30 versus \$4.11 a year ago and non-GAAP diluted earnings per share of \$6.07 versus \$4.49 last year.

Turning to the business segments. Consumer group revenue grew 34% in Q3, reflecting a shift in the timing of the IRS tax filing window year-over-year. The revenue we're reporting today is for our third quarter ending April 30. That said, based on our performance through the May 17, tax filing deadline, we are raising our consumer group revenue guidance to 11% to 12% growth for fiscal 2021, up from 9% to 10% previously. There are four primary drivers in our consumer business. Note that these levers exclude approximately 8 million stimulus filings last year. This data reflects our expectations for this season through July 31, 2021 versus the prior season through July 31, 2020. The first is the total number of returns filed with the IRS, which we expect to be up approximately 1% by the end of this season. The second is the percentage of those returns filed using do-it-yourself software. We expect the DIY category share of total IRS returns to be approximately flat by the end of this season. The third driver is our share. We expect our share of total tax returns to expand 1 point this season and our share of the DIY category to be up approximately 1 point.

The fourth is average revenue per return, which increased again this season. This growth reflects a stronger contribution by TurboTax Live and mix-shift to our premier offering, which is used by investors.

Turning to the ProConnect Group. Revenue grew 22% in Q3, reflecting a shift in the timing of the IRS tax filing window year-over-year. For the full-year, we expect ProConnect Group revenue growth of 2%.

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In the small businesses and self-employed group, revenue grew 20% during the quarter, including 1 point from approximately \$10 million of non-recurring paycheck protection or PPP revenue. Online ecosystem revenue was up 28%, including 2 points of growth from approximately \$7.0 million of PPP revenue. Our longer-term expectation remains 30% or greater online ecosystem revenue growth, driven by 10% to 20% growth in both customers and ARPC. We expect to return to 30% online ecosystem revenue growth at some point during fiscal '22. Our strategic focus within small business and self-employed is to grow the core, connect the ecosystem and expand globally.

First, we continue to focus on growing the core. QuickBooks online accounting revenue grew 24% in fiscal Q3, driven mainly by customer growth and mix-shift. Second, we continue to focus on connecting the ecosystem. Online services revenue, which includes payments, payroll, time tracking and capital grew 34% in fiscal Q3, or 31% excluding PPP revenue. Within payments, revenue growth reflects continued customer growth, along with an increase in charge volume per customer. Within payroll, we continue to see revenue tailwinds during the quarter from a mix-shift to our full service offering, and growth in payroll customers.

During the quarter, we began migrating customers once again to our new full-service lineup. This did not have a significant impact on revenue during the quarter.

Third, our progress expanding globally added to the growth of online ecosystem revenue during fiscal Q3. Total international online revenue grew 38% on a constant currency basis. Desktop Ecosystem revenue grew 9% in the third quarter, including approximately \$3.0 million of PPP revenue. As a reminder, in the third quarter last year, the Desktop business declined sharply, reflecting the impact of the pandemic. QuickBooks Desktop Enterprise revenue grew mid-single digits in Q3. Note that, we discontinued the TurboTax and Quicklook self-employed bundle this year. We remain committed to serving the Self-employed segment. However, after years of experimentation, we determined that serving self-employed customers through separate TurboTax and QuickBooks offerings is most effective. There was no material impact to revenue or operating income from this decision.

Moving on to Credit Karma. Revenue was \$316 million in Q3, as the business continues to gain momentum, reflecting growing members, member engagement and expansion of new and existing partners across verticals. Revenue reached a record high in the quarter. We are also seeing engagement reach a new high watermark, with both monthly active users and frequency of member visits at all-time highs, giving us more opportunities to offer members products that are right for them.

Turning to our financial principles. We've remain committed to growing organic revenue double digits and growing operating income dollars faster than revenue. As I've shared before, as we lean into our platform strategy, we see the opportunity for margin expansion over time. We take a disciplined approach to capital management, investing the cash regenerating opportunities that yield an expected return on investment greater than 15%. We continue to reallocate resources to top priorities with an emphasis on becoming an AI driven expert platform. These principles remain our long-term commitment.

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Our first priority for the cash we generate is investing in the business to drive customer and revenue growth. We consider acquisitions to accelerate our growth and fill out our product roadmap. We return excess cash that we can't invest profitably in the business to shareholders via both share repurchases and dividends. We finished the quarter with approximately \$4.1 billion in cash and investments on our balance sheet. We repurchased \$380 million of stock during the third quarter. We have approximately \$1.8 billion remaining at our authorization and we expect to be in the market each quarter this year. The Board approved the quarterly dividend of \$0.59 per share, payable July 19, 2021. This represents an 11% increase versus last year.

Moving on to guidance. Our guidance for fourth quarter fiscal 2021 includes revenue growth of 26% to 28%, GAAP earnings per share of \$0.78 to \$0.83, and non-GAAP earnings per share of \$1.55 to \$1.60. We are also raising our fiscal 2021 guidance following strong performance in the first three quarters of the year. Our new guidance include revenue growth of 22%, up from prior guidance of 15% to 17%. GAAP earnings per share of \$6.96 to \$7.01 and non-GAAP earnings per share of \$9.32 to \$9.37. We now expect a GAAP tax rate of 21% in fiscal 2021.

You can find our full Q4 and updated fiscal 2021 guidance detailed in our press release and on our fact sheet.

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

**Sasan Goodarzi** {BIO 15750219 <GO>}

Great. Thank you, Michelle. I'm very proud of our team and remain optimistic about the future. We have a large addressable market with secular tailwinds that include a shift of virtual solutions, acceleration to online and omni-channel capabilities and digital money offerings. With our strategy of becoming an AI driven expert platform and five big bets, we're positioned well for accelerated innovation and growth.

Let's now open it up to your questions.

## Questions And Answers

### Operator

(Question And Answer)

Thank you. (Operator Instructions) Our first question comes from the line of Keith Weiss of Morgan Stanley. Your line is open.

**Q - Keith Weiss** {BIO 6993337 <GO>}

Excellent. Thank you, guys for taking the question. Very nice quarter. Good to see momentum really across all parts of the business heading into you're Q4. Two questions. One for Sasan on Credit Karma. You talked a little bit about starting to see some of those

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revenue synergies between Credit Karma and TurboTax. Could you dive into that a little bit more in terms of versus your expectations, how well have those offers been working? I mean, I saw them when I was doing my taxes in TurboTax and saw the offers for Credit Karma. Have you proven taking you guys up on that? Has that been a material contributor as of yet?

And are there like kind of linkages that we should be thinking about on the QuickBooks side of the equation of where you're starting to create those connections as well? And then, maybe one for Michelle, now we're looking for 100 basis points of margin expansion this year in the revised guidance, that's awesome. Does this take away from future years that are we getting sort of a pull forward of operating margins? Or could we see consistency in this operating margin expansion on a go-forward basis? Thank you very much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Keith, thank you for your question. I have one clarifying question for you. You asked about QuickBooks, was the QuickBooks question connected to Credit Karma or was that just specific question.

**Q - Keith Weiss** {BIO 6993337 <GO>}

Just the question was around Credit Karma, like, the linkages between Credit Karma and TurboTax. And then if there are any linkages between Credit Karma and QuickBooks?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Got it. Very, very helpful. So I think the place I would start as if you go back a year plus from the time we've been working with Credit Karma, really their focus even during the pandemic was to deliver benefits for customers from the perspective of how to manage their money, credits scores, how to get some of the COVID-19 Relief act help.

And one of the things that happened based on just the obsessive focus on customers is their engagement increased at a time where the pandemic was impacting the supply side of the equation. In addition to that their investment in Lightbox and getting partners to really understand Lightbox, the value of Lightbox, how it's good for consumers and how it's good for our partners, whether its financial institutions and insurance companies is now really paying off, because what you're seeing now is because the member engagement was up into the right, we have more transactions that are happening on Lightbox, which really for the consumer means a much better match and eligibility for the partner I'd mean, they are able to also make a perfect match.

All of those things is really what's resulting in the momentum that we see right now, not only in the core which is credit cards and personal loans and areas where the company has been investing 13-plus years. But also in the last year plus new areas, which is auto insurance, auto loans and home loans. So that's the acceleration that we're seeing, in a lot of the synergy opportunity are going to pay off in the future and particularly, there are several one that we've talked about it, ensuring that we with customers permission, move

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all their data records from TurboTax to Credit Karma, so that they can get much more personalized offers that are right for them on the first click.

The launching of our Credit Karma both in the TurboTax experience, but also launching TurboTax as part of the Credit Karma platform. This is really all about a learning year. We ran 40 plus experiments, Keith, learn the ton made a number of adjustments, and I think it positions us for the months and the years ahead. So a lot of the opportunities that we think about are -- that are synergies between the two companies are coming in the future and that really is what's exciting.

What I would say has been a near term impact is the fact that 40% of the new Credit Karma members actually came from either TurboTax and/or the fact that we deprecated turbo and that has been an instant sort of a trust for Credit Karma, but a lot of what I just described is yet to come, which is what's exciting about the platform.

Specifically to your question around QuickBooks that has been sequenced for some time down the road Keith, we are very focused on what's most important, the biggest drivers of innovation and benefits for members. And QuickBooks is going to be something that we'll think about down the road, but it's been very intentionally sequence, so we don't distract the team.

**Q - Keith Weiss** {BIO 6993337 <GO>}

Got it.

**A - Michelle Clatterbuck** {BIO 20314804 <GO>}

And Keith, your question on margin expansion, we do believe that over the long term, the platform leverage is real, enabling us to expand margin. So last year, we had a point of expansion. This year before Credit Karma, we had guided a 110 basis points of expansion, and now are updated guide with Credit Karma is 90 basis points of expansion. So whether that's looking at technology or customer successor go-to-market, there are opportunities for us to continue to leverage the platform.

However, I would remind you that this year is just very unique. We were deep in the pandemic at the beginning of the year and we were conservative with our spending. Specifically, if you look at something like Credit Karma, it really took a while even though they really started to bounce back much more quickly than we anticipated. But it took us a while to be able to ramp up the spend, when we saw that and we do feel like we will continue to invest to drive accelerated growth in there. So I would just say this year is a little bit unique year with the pandemics.

**Q - Keith Weiss** {BIO 6993337 <GO>}

Got it. Thank you so much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thank you, Keith.

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## Operator

Thank you. Our next question comes from Ken Wong of Guggenheim Securities. Your line is open.

### Q - Ken Wong {BIO 20723645 <GO>}

Great. Thanks for taking my question. Sasan, I wanted to dive into TurboTax live a little bit. You highlighted seeing 90% growth, a really nice step up from the 70% last year. How should we think about where these customers came from? Is it from the assisted category? Was it from just up selling your existing base? And then any color you can provide on this initial year of full-service? What that adoption rate look like?

And then for Michelle, just also quick question on spend, it looks like R&D saw really big step up this quarter, look like roughly 30% year-over-year. How should we think about kind of where those investments are being funneled? And is that kind of the right pace of growth at least for the near term future on the product side?

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Right, Ken. Let me take the first part of your question and thank you for the question. The thing I would start with is, I would want all of you to think about TurboTax now as a platform. And it is a platform that allows you to do your taxes yourself or we give you the opportunity to provide an expert to help you get your taxes done with you and/or you can in essence hand everything off to us and will do your taxes for you completely. And so the -- really the momentum of accelerating from 70% growth to 90% growth is the fact that we are continuing to build momentum. We're improving the platform. We are doing a far better job raising awareness, more folks are considering getting help in this world in a virtual world and we'll do -- we're delivering really excellent experiences where our product recommendation scores are continuing to be one of the best that we've seen across the company.

So I bring that up, just to say that what you're just experiencing and what we are experiencing is momentum and full-service just plays a halo effect our role. The fundamental problem that we are solving for customers as one of confidence and they want to know that if they need help that they can get access to an expert, or even midstream, if they want to just hand everything off to somebody else to do their taxes, they can do it right off the bat. And so it provides a halo effect for the entire franchise that I can get my taxes done with TurboTax and whether or not I delegate everything now and next year perhaps just asked for an expert or even the year after that, do it myself that all helps the franchise. So that's the role that it's playing which is why we're seeing the accelerated growth and, we will share some of the specific metrics perhaps at Investor Day. But the majority of these customers are continuing to come from the assisted category.

### A - Michelle Clatterbuck {BIO 20314804 <GO>}

And then Ken, I'm sorry, your question on R&D. First of all, I would not focus too much on what you see just quarter-to-quarter changes. It can really get a little confusing when you do that. I'd look more at the year-to-date span, but as for where we're investing our R&D

funds, when you look at the increases year-over-year it's really around how do we continue to make investments in the platform and that will help us drive the big bats so we can accelerate growth across the company. So that's really where we're tending to do more of the increases in our investments with our R&D.

**Q - Ken Wong** {BIO 20723645 <GO>}

Great. Thanks for the clarity there Michelle.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thank you, Ken.

**Operator**

Thank you. Our next question comes from Kirk Materne of Evercore. Please go ahead.

**Q - Kirk Materne** {BIO 57711115 <GO>}

Yeah. Thanks very much and congrats on the quarters. Sasan, I was wondering, if you just talk a little bit more about the QBO business this quarter, just in terms of what you're seeing may be geographically in terms of the reopening? How that's impacting? Not only new business formation, but the willingness for people to take on some of your higher order services, whether it's payroll, payments, even commerce, I realize that one's early on. But just maybe some more color in that, that would be great. And then maybe just a quick comment on the Desktop side is actually a really strong quarter for Desktops. So just curious about there's anything sort of seasonal about that we should be keeping in mind?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure. Thank you for the question, Kirk. Couple of things I would say, one, biggest thing that we've learned in the last year is just how resilient the platform is and how much customers need it in very tough times. And so, we are seeing usage of our services across the board up and to the right and better than pre-pandemic levels. And up into the right pretty much across all industries and we are pleased with not only the existing core platform with some of the new innovations that we have inclusive of things like QuickBooks Live and QuickBooks Advance, which go after a certain segment of customers but also have a higher ARPU. What I would say is, outside of the US and Canada recovery has been slower, so from a geographic perspective, the strength is really US and Canada.

And then particularly to answer your question on Desktop, I think as Michelle said, it's less about seasonality but more from the perspective. Desktop also saw a very deep decline this time last year and what we're seeing is just a rebound compared to a weak quarter. But overall, we're very pleased with the small business trajectory and where we're headed with all the innovation.

**Q - Kirk Materne** {BIO 57711115 <GO>}

Thank you.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thank you.

## Operator

Thank you. Our next question comes from Kash Rangan of Goldman Sachs. Your line is open.

**Q - Kash Rangan** {BIO 22095432 <GO>}

All right. Thank you very much. Let me echo my congratulations to Sasan, Michelle, and the team here. Two questions, one, as you march up the food chain, if you will on a QBO Advanced. And wondering if you have a perspective on how digital transformation of the back office is percolating into your end of the -- that QuickBooks ecosystem. And all the secondly, as a company, what are the things that you've learned during the pandemic that has cost you to accelerate your own digital transformation internal Intuit and any lesson that we could take from your experiences as you digitally transformed yourself. Thank you so much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Thank you for the question Kash. A couple of things I would say, one, we are pleased with what we're seeing with our not only with our move up market, but some of the higher ARPU offerings. As I mentioned earlier, QuickBooks Advanced is not only doing, the team doing a great job with penetration, but also our services are -- the usage of our services is up 30% compared to any other QBO and the lineup. And what that is an indication of is just the size of the businesses that we are serving. But also in some ways the digital transformation for the mid-market is the same, if not a little bit behind the smaller businesses, which is why we're so excited about the possibilities with QuickBooks Advanced to truly give them a customers a platform that becomes the source of truth for their entire business.

Specifically to your question around internal, I would say that from some of the decisions that we made years ago with a lot of the tools that we use internally, one are shifted AWS, the collaboration tools that we use internally. These are decisions and choices that we made three to four years ago. And we're fortunate that we're now using a lot of these digital tools internally along with of course our shift to AWS. So I would say that, although, the usage went up in the pandemic, it didn't inform a different set of decisions, because I think as a team these decisions were made proactively four to five years ago.

**Q - Kash Rangan** {BIO 22095432 <GO>}

Wonderful, thank you very much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Very welcome.

## Operator

Thank you. Our next question comes from Alex Zukin of Wolfe Research. Your line is open.

### Q - Alex Zukin {BIO 18006605 <GO>}

Hey, guys. Thanks for taking my question. I got two quick ones. Maybe Sasan, first, from a big picture perspective, if you zoom out and put this tax season into context for us comparing it to last year, and then pre-pandemic as well as how to think about it for the next few years around both unit versus ARPU growth. Clearly this year, ARPU growth was a big driver with live and assistant, but just stepping back kind of on to put it into context for us, what do we learn? And what -- how should we think about that algorithm going forward?

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Thank you for your question, Alex. This picture, we're very pleased with what we experience this season, and it's consistent with what we declared several years ago. Our biggest opportunity for continued growth is to be able to transform the assisted category. There is \$86 million folks that in assistance to get their taxes done it's more than 20 billion in size and beyond that, there's about an \$8 billion business tax segment. And the second is, under penetrated segments, which is investors self-employed (inaudible), and when you look at our results this year, coming sort of out of the pandemic, our TurboTax live platform accelerated to 90%.

And we saw our Investor segment actually grow triple what it did last year. And we always want to continue to grow units, which will then result in ARPU. I think given that our biggest opportunity is not only under penetrated segments and transforming assisted. We may just see more ARPU than units. It's more a result of our strategy and where we are focused and we're the biggest opportunity is? So if I put this season in context of our strategy, I would say it is absolutely in line with our strategy. And it's -- for us it's more about just continuing to accelerate in the areas that we declared several years ago.

### Q - Alex Zukin {BIO 18006605 <GO>}

Perfect. And then on Karma, clearly, I think, I guess, just to Keith's point, are you seeing the synergies come sooner than you thought from the rest of the business, isn't more around improvements in the macroeconomy loosening lending standards and what is causing Credit Karma to be so strong, so soon. And in your mind, the biggest driver for that both, for Q4 and beyond from here, help us model it because the seasonality can be clearly this year is a little bit unique with that respect.

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. If you just step back what really drives Credit Karma's growth as the number of members, the number of transactions per member and then the revenue per transaction. So that's sort of big picture metrics. The second is, if you think about Credit Karma, it's got well over a 110 million customers and it's a data platform that creates a powerful network effect and really it's technology-driven via Lightbox. And really our opportunity is to continue to not only grow the products that we have today, which is credit cards and

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personal loans, but also the new products, which is auto and home insurance and home loans, but also the new areas that we're moving into, which is Credit Karma money that we've talked about which is savings, checking, early access to wages and then ultimately you can also get your taxes done on Credit Karma.

And by the way, there's no boundary to what our product verticals that will launch over time, because we've got a relationship with over a 100 million customers. We deliver personalized experiences and they know that we're there for them and we're putting the power of their data in their hands. So I bring that up to say that during the pandemic, we were obsessively focused on benefits even though the market will sort of in shambles, when I say the market because of the health crisis. And so what you're seeing now is one, the benefit of a lot of the work that we did during the pandemic. Launching these new verticals, delivering benefits to customers that was about how to manage their money in their credit score, and are really member engagement went up into the right even during the pandemic.

And so now with coming out of the pandemic, and more financial institutions being in Lightbox, we're actually seeing more transactions in Lightbox, which makes a more personalized match for not only the consumer, but have benefits significantly the financial institution. So this is not just a macro recovery, it's an end, and looking ahead, we believe that the combination of what I just described on being able to leverage our distribution of customers, combining the data that we have, that we can continue to sustain the growth in Credit Karma. And of course, we'll talk more about that at Investor Day.

**Q - Alex Zukin** {BIO 18006605 <GO>}

Perfect. Thank you, guys. Congratulations on a great quarter.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thank you, Alex.

**Operator**

Thank you. Our next question comes from Brent Thill of Jefferies. Please go ahead.

**Q - Brent Thill** {BIO 1556691 <GO>}

Sasan, on small business online, it was curious, if you could just drill into International. You did see a pretty big deceleration from 51% growth in Q1 to 38%. And I'm just curious going back to your -- I think your earlier comment about the U.S. showing a good recovery, is anything going on there that -- into its specific or is this more specific to what's happening in the unevenness of those recovery of those small businesses.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Actually Brent the latter part of your comment, we continue to invest in international, in fact, very similar to what I just described with. We were heavily focused on delivering for customers and Credit Karma during the pandemic. We're really doing the

same thing in international. It's really two big things, one, the lapping price increases; and two, the recovery is just simply much slower outside of US and Canada and it's not Intuit's specific.

**Q - Brent Thill** {BIO 1556691 <GO>}

Great. Thanks.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Very welcome.

**Operator**

Thank you. Our next question comes from Siti Panigrahi of Mizuho. Please go ahead.

**Q - Siti Panigrahi** {BIO 17888514 <GO>}

Thanks for taking my question. Sasan, on the QBO side, 28% growth with no lapping price increases, that's impressive. Just wondering what you're seeing in terms of new customer acquisitions given that in the U.S., we saw new business creation was phenomenal last three quarters. And also, we're -- interesting to hear you're -- what you're seeing on the retention side as well in the small business.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah, Siti. Thank you for your question. Both new acquisition and retention is very strong, both in U.S. and Canada, and we're seeing -- continuing to see an acceleration in both areas. And the businesses that step tended typically come to QuickBooks they're little bit more mature. So it's not directly tied to new business formation this goes back to what I've been talking about for the last frankly two years before the pandemic, which is we're seeing a shift to a virtual solution, a shift to online and omni-channel and the shift to digital money offerings.

And I think what we're just seeing here is the pandemic accelerated that five plus years, and so both new acquisition and retention continues to be strong, and based on a lot of our a lot of our innovation and just the economic recovery we're seeing that same strength and payroll and payments in time tracking, which is why as Michelle mentioned earlier, we actually expect sometime in our fiscal year '22 to be at or above or 30% online, ecosystem growth.

**Q - Siti Panigrahi** {BIO 17888514 <GO>}

Then quick follow-up on the TurboTax Live full service, I'm wondering do you have any kind of technology advantage in terms of processing it faster, given that like all your competitors asking to drop the -- drop it into the drop box or anywhere. So, is there any sort of technology advantage you guys have versus your competitors there?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

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Yeah, I think let me just I'll talk about us and that is that our biggest advantage is the technology. We have been building this platform and these capabilities for eight plus years, and particularly it's in the area of machine learning, knowledge engineering and natural language processing and everything that we are doing in TurboTax live, whether it's providing you help with an expert or full service is all technology led. And our machine learning and knowledge engineering capabilities, not only continue to make the platform easier for the consumer, but also much, much easier and insightful for the expert, which means that our experts are far more effective, far more efficient and focus on the value that they bring to customers. And really a lot of our investments that we make in R&D go into our live platform, which by the way also benefits QuickBooks Live.

So it is a -- we believe we have a significant technology advantage and we've been adding over the last over the last several years process engineers that are also helping us improve our processes. And that combined with technology is really what's giving us the advantage that we have in the type of growth that we are experiencing, because we also - - we measure not only recommendation scores by our consumers, but also for our experts and our recommendations scores for our experts are also often to the right because of the ease of the platform.

**Q - Siti Panigrahi** {BIO 17888514 <GO>}

Thank you, Sasan.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Very welcome.

**Operator**

Thank you. Our next question comes from Scott Schneeberger of Oppenheimer. Your line is open.

**Q - Scott Schneeberger** {BIO 5302695 <GO>}

Thanks very much, and good afternoon, and congratulations, great job across all the segments. I'm going to focus on the tax segment. First off, Sasan, you all chose to wait until next quarter to depict your unit volume, and your metrics and tax. And I assume that's largely because of the economic income payments from last year making it tricky. But the question embedded here is, what type of activity do you expect to see maybe as a percent of overall from May 18 to July 31 this year, thinking back to past years. How much, how much do you know is what I'm asking of the season now that you've seen the end of the tax season, when you extrapolate this guidance to the end of July? Thanks.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure, Scott. I'll tell you two things, one, we have pretty good visibility to the end of the tax season or to the end of our fiscal year July. The main reason we didn't provide the table is the tax season is not done, places like Oklahoma, Louisiana and Texas. Their deadlines have been extended to June 15 and last year, those were 10.5% of all of the federal filings. So it's a pretty significant amount of the federal filings. And so that was

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really why we want to provide the table when everything is conclusive. With that said, we feel good about what we see, because in some ways 90% of the season is behind us, at the same time, the season is not done yet, and we're continuing to focus on winning every filer that's out there.

**Q - Scott Schneeberger** {BIO 5302695 <GO>}

Great. Thanks. And then really it's a two-part for my follow-up. One, I'd love your view on category shift this year. We have seen for years DIY take category shift, and it sounds like it's going to be flattish this year. So just your thoughts on the year-over-year comparison and it's probably something having to do with that, but your thoughts on that this year and then going forward? And then the second part of the question is with everything you said about 90% up in TurboTax Live, customers, and the premier category tripling really implies a lot of revenue per return growth. I'm guessing that's being offset by free of which you had a lot. So the second part of the question is your thoughts on free this year and going forward? Thanks, Sasan.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure, Scott. First of all, the way we keep score now is the total IRS returns. What we're really focused on is, what is our share of all the returns. And so we're actually quite pleased that our total share of all of IRS returns as of one point. And the reason that's the way we keep score now is because of our TurboTax Live platform. So that's the first thing.

I think the second thing I would say is, if you look at last year, IRS total returns were up about 3% to 4% and then to do-it-yourself category actually grew about 2 points. And this year it was flat and so when we think about the category, we actually look at it over a two-year period because it's really not comparing apples-to-apples of the very unusual last year with all of the folks that came in because of the stimulus check. So we're actually quite pleased that when you look at this year, in context of last year that our share of total IRS went up one point, the category stayed flat and then our share within the category went up one point. So we're very, very pleased with the results, but I also want to just emphasize how we really keep score.

I think the second thing, I would say is our free -- grew 6% this year, the pay nothing customers and that compares a 20% growth last year. So we actually feel like free moderated and it's in the vicinity that we would have predicted and assumed. And really, our growth came from the areas that are very strategic, which is both transforming the assisted category with TurboTax live and then the under penetrated segment, which is what we expect for continued growth as we look in the years ahead.

**Q - Scott Schneeberger** {BIO 5302695 <GO>}

Got it. Thanks.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thanks, Scott.

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## Operator

Thank you. Our next question comes from Michael Turrin of Wells Fargo Securities. Your question, please.

### Q - Michael Turrin {BIO 20079094 <GO>}

Hey, there. Thanks. Good afternoon. My congrats on executing through almost certainly a unique year here as well. Online ecosystem showing signs of rebound as we get through the course of the year 26% ex-PPP, sounds like they're still confidence and ability to return to that 30% plus target level. Anything else you can add just around what provides confidence and reinforcing it getting back to that level giving increasing scale and maybe how we should think about the mix between services and QBO?

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes. Sure, Michael. Thank you for your question. What really gives us gives us confidence is the fact that when you look at the total SMB market, nearly 70% of that market is service-based businesses in about 30% are product based businesses and the majority of all of those customers are what we call non-consumption. They're not using a digital platform there, no managing their life and their business even threw a shoe box, or Google sheet, or an Excel spreadsheet.

And so what gives us confidence is really the innovation and the focus of our innovation in the last several years. One we are now positioned to continue to deliver for service-based businesses, with all of our innovation. We now have QuickBooks Commerce, that gives us the opportunity to also serve product based businesses. We're able to disrupt from the from the bottom with QuickBooks cash, which is a business banking account and really we're able to go after non-consumption with QuickBooks alive, which really solve the confidence problem, and provides access to an expert for our customers, whether one time or ongoing basis, and we're positioned to go up market with QuickBooks advanced.

And so, and within that, what I didn't mention is of course all of our innovation and payments, payroll, time tracking, et cetera. So what really gives us confidence is the fact that we're positioned well at the serve the market in a meaningful way with continue to improve the experience of our platform. We have more partners on our platform, and we are two open platform. And really, we are rethinking our go-to-market both from a sales and marketing perspective. So it's really our innovation and transformation of sales and marketing, that gives us confidence and now that the economy is starting to come back. That is really what sort of is the ultimate confidence factor as we look at 30% plus online revenue growth.

### Q - Michael Turrin {BIO 20079094 <GO>}

It's all very helpful. Thank you.

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

## Operator

Thank you. Our next question comes from Sterling Auty of JPMorgan. Your line is open.

### Q - Jackson Ader {BIO 19832434 <GO>}

Great. It's Jackson Ader on for Sterling tonight. Thanks for taking our questions. Actually, just a quick one from us and it's on the investors. So tripling the investor base is certainly positive. And just curious, what that retention rate looks like for those TurboTax investor customers relative to maybe the entire TurboTax base?

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Sure. In looking at history, those that have used our premier offering have actually had one of the highest retention rates because of just the type of customer and the complexity of complexity and this tripling this year was both new customers coming into the franchise and actually existing customers that upgrade the premier because they, in essence took on investments that they may not have done in the past. And if I just -- we just look at the experience that we delivered for them the product recommendation scores and history, we would feel good about the retention going forward.

### Q - Jackson Ader {BIO 19832434 <GO>}

Okay. All right. Great. That's all we had. Thank you.

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

## Operator

Thank you. Our next question comes from Brad Reback of Stifel. Your line is open.

### Q - Brad Reback {BIO 3441314 <GO>}

Great. Thanks very much. Maybe pushing on the retention seem a little bit. Sasan, as you think about the early cohorts of TurboTax lives customers, have they for the most part remained in the live skew? Or is it a fluid situation with some years they take it -- some years they moved back to quick TurboTax.

### A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Brad. It's actually somewhat fluid and we like it. Now that we're in our fourth year of TurboTax live. One of the things that we love about it is customers that come in that we typically would have lost, because they wouldn't have access to an expert will upgrade the TurboTax Live, and we've not divulged the percentages but good percentage will stay in TurboTax Live the second year. So I actually go back to TurboTax, and now this year we saw some that started in live, the year after went back to TurboTax, and this year came back to TurboTax Live. We've not divulged any of the percentages, but what's great about that is back to the uber point, which is we are solving a major confidence problem. And what we really care about is that we can solve the customers problem, and the confidence

factor and that they stay in the franchise, and going back and forth between you at yourself, I need help with an expert or here's all my stuff just do it for me is the cycle that we are seeing and we're actually pleased with what we're seeing.

**Q - Brad Reback** {BIO 3441314 <GO>}

That's great. Thank you very much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Very welcome.

**Operator**

Thank you. Our next question comes from Daniel Jester of Citi. Please go ahead.

**Q - Daniel Jester**

Great. Thanks for taking my question. So maybe, if I reflect on that 90% growth in live, obviously QuickBooks Live is also growing. If your comments that the economy is reopening, the macroeconomy looks better, how are you going to keep your expert partners on the platform in the year ahead? I suspect over the last 12 months is pretty easy to get folks in the door, but maybe talk about your retention strategy to keep those expert partners on the platform in the year ahead?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Thank you for your question Daniel. In fact, I would share with you that the last couple of years, it's not been easy, because everybody is and I don't mean in our space, but everybody is actually trying to find ways to shift to a virtual world in the pandemic, just simply accelerated. So as we look ahead, we're not looking at headwinds because we've actually been dealing with a market, that's really going after these type of experts and multiple different industries. There's a couple of things that not only helps us retain our experts but acquire more. And this is, of course, no based on obedience [ph] and talking to our experts. One, it's our culture. It is the way we treat employees, it's the benefits that we deliver. It's the overall employee experience that they have. And they're truly able to work virtually with the setup that they need and to do what they love, which is deliver for customers are not have to market their services.

We are unique in that. We don't ask our experts to sell. We folk -- we asked our experts to do one thing which is deliver an awesome experience for our customers. And we've had a quite high retention rate, and we have been able to recruit the best of the best, and by the way, we actually have very high standards. We have a -- what we call it A for A process, which is assessing for awesome. They have to pass certain hurdles to be able to join us. We measure the recommendation scores. And so there's a service standard they have to be able to deliver against. And now we also provide certifications, and so we help them with education to get certified, and to actually be able to grow their careers. And so we really -- we treat our experts like the way we would care for and treat employees, and that is I would say the differentiator beyond the course of benefits that we provide.

## Q - Daniel Jester

Great. Thanks very much.

## A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Very welcome.

## Operator

Thank you. Our next question comes from Kartik Mehta of North Coast Research. Your question, please.

## Q - Kartik Mehta {BIO 2038331 <GO>}

Hi, Sasan. Hey wanted to go back to your Credit Karma comments and the new customer growth. And I'm wondering, if you look at the new customer growth that you've seen in the most recent quarter, maybe the last few months. Are you kind of back to the pre-pandemic level? Obviously, not when Credit Karma started, but as the company matured and kind of if look at 2019 and compared to where you are today?

## A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, Kartik. Good to hear from you. I think without getting into the numbers, which again, we'll talk about more at Investor Day. The place I would start as Credit Karma, significantly during the pandemic reduce their marketing and really focus on the 100 million customers that they had, and to really focus on ensuring that they could manage to the pandemic, which is a lot of the reasons why we're seeing the type of balance that we're seeing now because they truly took good care of their customers during the pandemic. And really the big trust is now, we are starting to do marketing with Credit Karma, not only within app but also outside of the app and 40% of the customers that came in or members that came in were all Intuit customers that chose Credit Karma. So I would say, in some ways we're probably above pre-pandemic levels and we're excited about the possibilities as we look ahead.

## Q - Kartik Mehta {BIO 2038331 <GO>}

And then just on the TurboTax full service -- solution which you're having very good success with. As you look at the type of customers that are drawn to that solution. What's kind of the break down or what are greater number of customers. Are they one, that are using more simple services? Are they -- do they have very complex returns?

## A - Sasan Goodarzi {BIO 15750219 <GO>}

It's a variety, Kartik, it comes down the confidence. Those customers that -- when you actually take a step back out of the 86 million folks that use an assisted method based on our own research that we did several years ago, 70 million are willing to switch to a digital solution as long as they can have access to an expert. And so really these are folks that are choosing to use a digital platform as long as they can get expert help and their needs could vary. So it's not just a simple filers, it's a really an individual that chooses to use a

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digital platform with expertise. And so we're getting all kinds of variety of folks that are choosing to come to TurboTax Live and not just TurboTax full service.

**Q - Kartik Mehta** {BIO 2038331 <GO>}

Well, thank you, Sasan and I appreciate it.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. You're very welcome.

**Operator**

Thank you. Our next question comes from Matt Pfau of William Blair. Please go ahead.

**Q - Matt Pfau** {BIO 19136163 <GO>}

Hey, thanks. Just had a question around the free users that you've added over the past two years, a big part of the model has been the ability to bring customers in through free, and then have them move up to other tiers as they experience certain life events. Are you seeing any difference in the cohorts that you brought in over the past two years in terms of that ability to potentially monetize these for users over time? And then are you also able to market Credit Karma to these customers or other some restrictions around that depending upon how they come into the Intuit franchise. Thanks.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure, Matt. Our strategy is unchanged. We want as many free customers as we can get or exactly the reason that you mention. One, we want to serve those customers serve those customers but then two overtime as a life situation changes, they may have different tax needs. But now with Credit Karma, we have an opportunity to provide other benefits beyond taxes. So our strategy is unchanged. I would say, if I use this year, particularly as an example, we had end-to-end focus on free and particularly with TurboTax Live basic, where we got quite a bit of folks that came in that from the assisted category that we love because ultimately, it's about transforming the assisted category.

So our strategy is unchanged and the growth that we saw was really in line with what we would have expected. There are no restrictions with Credit Karma. As I mentioned earlier, we have one launched Credit Karma as a test as part of the TurboTax filing experience and we have launched Turbo Tax as part of the Credit Karma platform. And we ran 40 test this year just to learn to understand how we could really nail the experience, and we're going to be able to now given our learning scale to a different level, as we look ahead. But there are no restrictions in terms of what we can and can't do. It's really all focused on the customer experience.

**Q - Matt Pfau** {BIO 19136163 <GO>}

Great. Thanks.

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**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Very welcome.

**Operator**

Thank you. And next question comes from Brad Sills of Bank of America. Your line is open.

**Q - Brad Sills** {BIO 15854296 <GO>}

Great. Thanks, guys. And I echo, congratulations on a real nice quarter. I wanted to ask about QuickBooks Advanced, you've obviously seen some real traction there, and it's an effort to kind of move up market. Is there a limit where perhaps you draw the line north of which it's going to be difficult for QuickBooks to kind of go? Or is this really an opportunity maybe even to go into the next year, maybe in the lower end of the mid-market at some point, as you kind of move up market with QuickBooks Advanced, obviously, there's that balance between optimizing for the small business and then features for larger organizations. So how are you thinking about that balance and where would that limit potentially be? Thank you so much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure, Brad. Thank you. First of all, our initial limit that we set just for the sake of focus and really nailing the experience has been small businesses that are between 10 to a 100 employees. And we are very pleased with our progress. We're continuing to build out the platform to be able to continue to move up market even within that 10 to a 100 employee segment. With that said to your question, we don't believe that there's a limit other than what we don't want to do is serve the Intuit of the world.

We don't want to get into a place where we're serving a company the size of Intuit and we don't want to get into a place where we get into professional services and we're having to customize the platform. We want it to be something that we can scale and that is durable. So the limit will not stop at 100. We put that limit on ourselves to ensure that we could really nail the experience and be a very intentional and focused around our scaling. And at the right time, of course, we'll communicate to you all when we choose to go beyond the 100, but we believe that there's an opportunity beyond the segment that we serve today.

**Q - Brad Sills** {BIO 15854296 <GO>}

That's great Sasan. One more similar question on TurboTax with the progress you're seeing in full service. Do you feel you have the talent base within your CPA pool to be able to kind of go and even some of the most sophisticated tax returns, as you move up into different tax brackets and complexity for returns? Thank you so much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Sure. We do and we're providing our own training and certification because one of the things that's really exciting and unique about what we're doing is, we are going after a confidence problem for both consumers and small businesses. And so as we recruit,

we're not only recruiting to ensure that we have the right expertise that can deliver for customers need to get their taxes done, but also for small businesses that not only need advice but need to get their quarterly taxes done. And so in addition to hiring the best of the best I'm looking at partners that are in the marketplace. We also are building our own capabilities around training and certification as so with both those dimensions, we feel really good about the type of skill that will be able to acquire and retain, but also how we can grow those skills.

**Q - Brad Sills** {BIO 15854296 <GO>}

That's great. Thanks Sasan.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yeah. Very welcome.

## Operator

Thank you. Our next question comes from Michael Millman of Millman Research. Your line is open.

**Q - Michael Millman** {BIO 1494618 <GO>}

Thank you. I guess a question of what accelerated means. So can I look at your bottom line and expect accelerated earnings what by that I mean one year it's 15 %, next year it's 17%, and so on? Second question sort of unrelated to that is on the TurboTax Live. How many returns did you actually report as assisted this year and how does that compare with last year? What do you think that number is going?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Great. Michael, thank you for your question. A couple of things, I would say, pne, of course, we've provided guidance for the remainder of the year and we're very excited and pleased that we were able to raise our guidance. And we'll talk more at our Investor Day around guidance for not only FY '22, but one thing Michelle and I will do as we did last year beyond guidance beyond guidance, just talk about our long-term expectations. So I think I would say let's wait till Investor Day to have the conversation beyond the fiscal year that we are in.

In terms of TurboTax Live, we intentionally do not report the actual numbers and TurboTax Live other than just our growth rate. I would just reiterate that it is the fastest -- continues to be the fastest growing platform and product in the company. We're very pleased that it actually is accelerated growth from last year, on top of a very good year last year. And then majority of these customers are coming to us from the assisted category that are one things were pleased about is, we had a growth of a 100% of customers that are completely new to Intuit that came to TurboTax Live. So those are some of the staffing numbers that, we've chosen to share publicly and we'll look forward to sharing more at Investor Day.

**Q - Michael Millman** {BIO 1494618 <GO>}

Can I assume and roughly, it's a wash always coming from assisted to you on one hand offset as those going into assisted?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

No, I wouldn't -- no, I wouldn't call it a wash at all. It's actually why we're able to grow our total base of customers, year-after-year. So no, it is not a wash and the metrics that I shared earlier when you look at the total number of IRS returns our share of that total actually increased one point, which means that our base continues to increase, no, it is not a wash. It is an increase in share by Intuit.

**Q - Michael Millman** {BIO 1494618 <GO>}

Okay. Thank you. Appreciate your information .

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Thank you, Michael. Thank you.

**Operator**

Thank you. Our next question comes from Josh Beck of KeyBanc. Your line is open.

**Q - Josh Beck** {BIO 17868061 <GO>}

Thank you so much for taking the question. That was asked maybe a two-parter team. One is around Credit Karma money. Certainly, you had a really good progress that you offered 36 million direct deposits. I'm just wondering how important is it for you to really translate that into maybe a regular payroll direct deposit as you think about the strategy there? (Technical Difficulty)

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

(Technical Difficulty) Made Credit Karma money available to 36 million TurboTax customers. I don't want you all to interpret that as 36 million customers actually took us up on Credit Karma money. I wish they did and our goal is, they will over time, but I wanted to just make sure that was clear.

To the question that you asked actually a great question it gives me an opportunity to just very quickly paint a picture, and that is I'll go back to what I shared earlier, which is the more we provide services and benefits to Credit Karma members, the more they will come back to the platform through our notifications, and the more they will engage with the services, and the more we have an opportunity to actually present more products to them. And then over time be able to monetize that to drive our revenue growth. So the power of Credit Karma money is, if you have a checking account with lots our savings account or you choose to pick us up on direct payroll deposit. So we can give you early access to your paycheck, not everything is necessarily about monetizing every single benefit, but the more we bring you back, the more than we can offer you.



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Hey, Josh, we have a pre-approved credit card that's right for you. Hey, Josh, it looks like you're paying X for your auto insurance. We have an offer based on your driving habits to pay 20% less. So it becomes truly the vision that I described earlier, which is a financial assistant in your pocket where we are in your corner to try to help you reduce your debt, and put more money in your pocket. So we're not overly reliant on direct deposits by any means, but it just becomes another benefit and a reason to engage with the platform, which gives us opportunities to offer more products to you and then be able to monetize.

And to your last question about M&A. Our principles around M&A are steadfast. We of course have just based on some of the acquisitions we've made in the last several years and how well did they have done. We have a lot more confidence in our ability to execute, because we truly studied our history in the last 10 years, what went well, what didn't go well, and that's informed I mean a lot of our approaches today, and really it for us everything is about speed to market. And so if there are, if there's talent we need to acquire, technology we need to acquire our capability like Credit Karma, those principles were informed decisions and of course, our confidence is continue to grow given the execution of the recent acquisitions.

**Q - Josh Beck** {BIO 17868061 <GO>}

Thanks so much.

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Very welcome.

**Operator**

Ladies and gentlemen, I'm not showing any further questions, would you like to close with any additional remarks?

**A - Sasan Goodarzi** {BIO 15750219 <GO>}

Yes, I'll be very brief thank you for your wonderful questions and again, I want to thank our Intuit team and all of our partners for everything that they're doing to innovate for our customers, and we look forward to talking to you at our next earnings. Take care, everybody. Bye-bye.

**Operator**

Ladies and gentlemen, thank you for participating. This concludes today's conference call.

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