

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended October 31, 2024
OR
☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

Commission File Number 0-21180

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INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

77-0034661
(IRS Employer Identification No.)

2700 Coast Avenue, Mountain View, CA 94043
(Address of principal executive offices, including zip code)

(650) 944-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	INTU	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The number of shares (in thousands) of Common Stock, \$0.01 par value, outstanding as of November 14, 2024 was 280,035.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Please also see the section entitled "*Risk Factors*" in Item 1A of Part II of this Quarterly Report for important information to consider when evaluating these statements. All statements in this report, other than statements that are purely historical, are forward-looking statements. Words such as "will," "expect," "anticipate," "intend," "plan," "believe," "forecast," "estimate," "seek," and similar expressions also identify forward-looking statements. In this report, forward-looking statements include, without limitation, the following:

- our expectations and beliefs regarding future conduct and growth of the business;
- statements regarding the impact of macroeconomic conditions on our business;
- our beliefs and expectations regarding seasonality, competition, and other trends that affect our business;
- our expectation that we will continue to invest significant resources in our product development, marketing and sales capabilities, including products and services incorporating artificial intelligence;
- our expectation that we will continue to invest significant management attention and resources in our information technology infrastructure and in our privacy and security capabilities;
- our expectation that we will work with the broader industry and government to protect our customers from fraud;
- our expectation that we will generate significant cash from operations;
- our expectation that total service revenue as a percentage of our total revenue to grow over the long term;
- our expectations regarding the development of future products, services, business models and technology platforms and our research and development efforts;
- our assumptions underlying our critical accounting policies and estimates, including our judgments and estimates regarding revenue recognition; the fair value of goodwill; and expected future amortization of acquired intangible assets;
- our intention not to sell our investments and our belief that it is more likely than not that we will not be required to sell them before recovery at par;
- our belief that the investments we hold are not other-than-temporarily impaired;
- our belief that we take prudent measures to mitigate investment-related risks;
- our belief that our exposure to currency exchange fluctuation risk will not be significant in the future;
- our assessments and estimates that determine our effective tax rate;
- our belief that our income tax valuation allowance is sufficient;
- our belief that it is not reasonably possible that there will be a significant increase or decrease in our unrecognized tax benefits over the next 12 months;
- our belief that our cash and cash equivalents, investments and cash generated from operations will be sufficient to meet our seasonal working capital needs, capital expenditure requirements, contractual obligations, commitments, debt service requirements and other liquidity requirements associated with our operations for at least the next 12 months;
- our expectation that we will return excess cash generated by operations to our stockholders through repurchases of our common stock and the payment of cash dividends, after taking into account our operating and strategic cash needs;
- our judgments and assumptions relating to our loan portfolio;
- our belief that the credit facilities will be available to us should we choose to borrow under them;
- our expectations regarding acquisitions and their impact on business and strategic priorities;
- our expectations regarding the timing and costs associated with our plan of reorganization; and
- our assessments and beliefs regarding the future developments and outcomes of pending legal proceedings and inquiries by regulatory authorities, the liability, if any, that Intuit may incur as a result of those proceedings and inquiries, and the impact of any potential losses or expenses associated with such proceedings or inquiries on our financial statements.

We caution investors that forward-looking statements are only predictions based on our current expectations about future events and are not guarantees of future performance. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include but are not limited to those discussed in the section entitled "*Risk Factors*" in Item 1A of Part II of this Quarterly Report. We encourage you to read carefully all information provided in this report and in our other filings with the Securities and Exchange Commission before deciding to invest in our stock or to maintain or change your investment. These forward-looking statements are based on information as of the filing date of this Quarterly Report and, except as required by law, we undertake no obligation to revise or update any forward-looking statement for any reason.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTUIT INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share amounts)

	Three Months Ended	
	October 31, 2024	October 31, 2023
Net revenue:		
Service	\$ 2,889	\$ 2,450
Product and other	394	528
Total net revenue	3,283	2,978
Costs and expenses:		
Cost of revenue:		
Cost of service revenue	772	707
Cost of product and other revenue	14	15
Amortization of acquired technology	37	38
Selling and marketing	962	769
Research and development	704	680
General and administrative	394	342
Amortization of other acquired intangible assets	120	120
Restructuring	9	—
Total costs and expenses	3,012	2,671
Operating income	271	307
Interest expense	(60)	(65)
Interest and other income, net	2	22
Income before income taxes	213	264
Income tax provision	16	23
Net income	\$ 197	\$ 241
Basic net income per share	\$ 0.70	\$ 0.86
Shares used in basic per share calculations	280	280
Diluted net income per share	\$ 0.70	\$ 0.85
Shares used in diluted per share calculations	283	283

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(Unaudited)*

	Three Months Ended	
	October 31, 2024	October 31, 2023
<i>(In millions)</i>		
Net income	\$ 197	\$ 241
Other comprehensive income (loss), net of income taxes:		
Unrealized gain on available-for-sale debt securities	—	1
Foreign currency translation loss	—	(24)
Total other comprehensive loss, net	—	(23)
Comprehensive income	<u>\$ 197</u>	<u>\$ 218</u>

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS *(Unaudited)*
(In millions)

	October 31, 2024	July 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,872	\$ 3,609
Investments	486	465
Accounts receivable, net	426	457
Notes receivable held for investment, net	892	779
Notes receivable held for sale	10	3
Income taxes receivable	27	78
Prepaid expenses and other current assets	407	366
Current assets before funds receivable and amounts held for customers	5,120	5,757
Funds receivable and amounts held for customers	5,606	3,921
Total current assets	10,726	9,678
Long-term investments	90	131
Property and equipment, net	1,008	1,009
Operating lease right-of-use assets	538	411
Goodwill	13,844	13,844
Acquired intangible assets, net	5,662	5,820
Long-term deferred income tax assets	798	698
Other assets	527	541
Total assets	<u>\$ 33,193</u>	<u>\$ 32,132</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 499	\$ 499
Accounts payable	652	721
Accrued compensation and related liabilities	413	921
Deferred revenue	892	872
Income taxes payable	21	8
Other current liabilities	536	549
Current liabilities before funds payable and amounts due to customers	3,013	3,570
Funds payable and amounts due to customers	5,606	3,921
Total current liabilities	8,619	7,491
Long-term debt	5,625	5,539
Operating lease liabilities	592	458
Other long-term obligations	221	208
Total liabilities	15,057	13,696
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	20,619	20,251
Treasury stock, at cost	(19,320)	(18,750)
Accumulated other comprehensive loss	(54)	(54)
Retained earnings	16,891	16,989
Total stockholders' equity	18,136	18,436
Total liabilities and stockholders' equity	<u>\$ 33,193</u>	<u>\$ 32,132</u>

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

	Three Months Ended October 31, 2024					
	Shares of Common Stock	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
<i>(Dollars in millions, except per share amount; shares in thousands)</i>						
Balance at July 31, 2024	280,268	\$ 20,251	\$ (18,750)	\$ (54)	\$ 16,989	\$ 18,436
Comprehensive income	—	—	—	—	197	197
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	768	(143)	—	—	—	(143)
Stock repurchases under stock repurchase programs	(915)	—	(570)	—	—	(570)
Dividends and dividend rights declared (\$1.04 per share)	—	—	—	—	(295)	(295)
Share-based compensation expense	—	511	—	—	—	511
Balance at October 31, 2024	280,121	\$ 20,619	\$ (19,320)	\$ (54)	\$ 16,891	\$ 18,136

	Three Months Ended October 31, 2023					
	Shares of Common Stock	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
<i>(Dollars in millions, except per share amount; shares in thousands)</i>						
Balance at July 31, 2023	280,421	\$ 19,029	\$ (16,772)	\$ (55)	\$ 15,067	\$ 17,269
Comprehensive income	—	—	—	(23)	241	218
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	850	(126)	—	—	—	(126)
Stock repurchases under stock repurchase programs	(1,166)	—	(603)	—	—	(603)
Dividends and dividend rights declared (\$0.90 per share)	—	—	—	—	(261)	(261)
Share-based compensation expense	—	495	—	—	—	495
Balance at October 31, 2023	280,105	\$ 19,398	\$ (17,375)	\$ (78)	\$ 15,047	\$ 16,992

See accompanying notes.

INTUIT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended	
	October 31, 2024	October 31, 2023
(In millions)		
Cash flows from operating activities:		
Net income	\$ 197	\$ 241
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	44	33
Amortization of acquired intangible assets	157	158
Non-cash operating lease cost	19	22
Share-based compensation expense	511	495
Deferred income taxes	(91)	(126)
Other	63	28
Total adjustments	<u>703</u>	<u>610</u>
Originations and purchases of loans held for sale	—	(44)
Sales and principal repayments of loans held for sale	—	35
Changes in operating assets and liabilities:		
Accounts receivable	31	33
Income taxes receivable	51	12
Prepaid expenses and other assets	(27)	(33)
Accounts payable	(75)	(5)
Accrued compensation and related liabilities	(507)	(232)
Deferred revenue	19	(159)
Income taxes payable	12	(565)
Operating lease liabilities	(22)	(20)
Other liabilities	(20)	30
Total changes in operating assets and liabilities	<u>(538)</u>	<u>(939)</u>
Net cash provided by (used in) operating activities	<u>362</u>	<u>(97)</u>
Cash flows from investing activities:		
Purchases of corporate and customer fund investments	(306)	(92)
Sales of corporate and customer fund investments	55	94
Maturities of corporate and customer fund investments	235	301
Purchases of property and equipment	(33)	(84)
Originations and purchases of loans held for investment	(666)	(377)
Sales of loans originally classified as held for investment	110	—
Principal repayments of loans held for investment	420	358
Other	(3)	10
Net cash provided by (used in) investing activities	<u>(188)</u>	<u>210</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, net of discount and issuance costs	—	3,956
Repayments of debt	—	(4,200)
Proceeds from borrowings under secured revolving credit facilities	85	—
Proceeds from issuance of stock under employee stock plans	96	92
Payments for employee taxes withheld upon vesting of restricted stock units	(239)	(212)
Cash paid for purchases of treasury stock	(557)	(584)
Dividends and dividend rights paid	(296)	(260)
Net change in funds receivable and funds payable and amounts due to customers	1,672	2,040

Other	—	17
Net cash provided by financing activities	761	849
Effect of exchange rates on cash, cash equivalents, restricted cash, and restricted cash equivalents	—	(17)
Net increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	935	945
Cash, cash equivalents, restricted cash, and restricted cash equivalents at beginning of period	7,099	2,852
Cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	\$ 8,034	\$ 3,797
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the condensed consolidated balance sheets to the total amounts reported on the condensed consolidated statements of cash flows		
Cash and cash equivalents	\$ 2,872	\$ 1,734
Restricted cash and restricted cash equivalents included in funds receivable and amounts held for customers	5,162	2,063
Total cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	\$ 8,034	\$ 3,797
Supplemental schedule of non-cash investing activities:		
Transfers of loans originated or purchased as held for investment to held for sale	\$ 113	\$ —

See accompanying notes.

INTUIT INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**1. Description of Business and Summary of Significant Accounting Policies**

Description of Business

Intuit helps consumers and small and mid-market businesses prosper by delivering financial management, compliance, and marketing products and services. We also provide specialized tax products to accounting professionals.

We help consumers do their taxes with ease and confidence, understand their financial picture, build credit, save more to make ends meet, get their largest tax refund, pay off debt, and receive personalized suggestions on how to grow their money. We help small and mid-market businesses grow and run their business all in one place, including bookkeeping, getting paid, accessing capital, paying employees, getting and retaining customers, and managing their customer relationships.

We do this through our global AI-driven expert platform and our offerings including TurboTax, Credit Karma, QuickBooks, and Mailchimp. Lacerte, ProSeries, and ProConnect Tax Online are our leading tax preparation offerings for professional accountants. Incorporated in 1984 and headquartered in Mountain View, California, we sell our products and services primarily in the United States (U.S.).

Basis of Presentation

These condensed consolidated financial statements include the financial statements of Intuit and its wholly-owned subsidiaries. We have eliminated all intercompany balances and transactions in consolidation. We have included all adjustments, consisting only of normal recurring items, which we considered necessary for a fair presentation of our financial results for the interim periods presented. We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation.

On August 1, 2024, we renamed our Small Business & Self-Employed segment as the Global Business Solutions segment. This new name better aligns with the global reach of the Mailchimp and QuickBooks platform, our focus on serving both small and mid-market businesses, and our vision to become the end-to-end platform that customers use to grow and run their business. See Note 12, "Segment Information," for more information.

On August 1, 2024, we reorganized certain technology and customer success functions in our Global Business Solutions, Consumer, and ProTax segments that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result of these reorganizations, costs associated with these functions are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified expenses totaling \$332 million from Global Business Solutions, \$65 million from Consumer, and \$8 million from ProTax to other corporate expenses, respectively, to conform to the current presentation. See Note 12, "Segment Information," for more information.

These unaudited condensed consolidated financial statements and accompanying notes should be read together with the audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2024. Results for the three months ended October 31, 2024 are not necessarily indicative of the results we expect for the fiscal year ending July 31, 2025 or any other future period.

Seasonality

Our Consumer and ProTax offerings have a significant and distinct seasonal pattern as sales and revenue from our income tax preparation products and services are typically heavily concentrated in the period from November through April. This seasonal pattern typically results in higher net revenues during our second and third quarters ending January 31 and April 30, respectively.

Significant Accounting Policies

We described our significant accounting policies in Note 1 to the financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2024. There have been no changes to our significant accounting policies during the first three months of fiscal 2025.

[Use of Estimates](#)

In preparing our condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), we make certain judgments, estimates, and assumptions that affect the amounts reported in our financial statements and the disclosures made in the accompanying notes. For example, we use judgments and estimates in determining how revenue should be recognized. These judgments and estimates include identifying performance obligations, determining if the performance obligations are distinct, determining the standalone sales price (SSP) and timing of revenue recognition for each distinct performance obligation, and estimating variable consideration to be included in the transaction price. We use estimates in determining the collectibility of accounts receivable and notes receivable held for investment, the appropriate levels of various accruals including accruals for litigation contingencies, the discount rate used to calculate lease liabilities, the amount of our worldwide tax provision, the realizability of deferred tax assets, the credit losses of available-for-sale debt securities, reserves for losses, the fair value of assets acquired and liabilities assumed for business combinations, and the fair value of notes receivable held for sale. We also use estimates in determining the remaining economic lives and fair values of acquired intangible assets, property and equipment, and other long-lived assets. In addition, we use assumptions to estimate the fair value of reporting units and share-based compensation. Despite our intention to establish accurate estimates and use reasonable assumptions, actual results may differ from our estimates.

[Computation of Net Income Per Share](#)

We compute basic net income or loss per share using the weighted-average number of common shares outstanding during the period. We compute diluted net income per share using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares consist of the shares issuable upon the exercise of stock options and upon the vesting of restricted stock units (RSUs) under the treasury stock method.

We include stock options with combined exercise prices and unrecognized compensation expense that are less than the average market price for our common stock, and RSUs with unrecognized compensation expense that is less than the average market price for our common stock, in the calculation of diluted net income per share. We exclude stock options with combined exercise prices and unrecognized compensation expense that are greater than the average market price for our common stock, and RSUs with unrecognized compensation expense that is greater than the average market price for our common stock, from the calculation of diluted net income per share because their effect is anti-dilutive. Under the treasury stock method, the amount that must be paid to exercise stock options and the amount of compensation expense for future service that we have not yet recognized for stock options and RSUs are assumed to be used to repurchase shares.

Dividend rights apply to all RSUs that we grant and are accumulated and paid when the underlying RSUs vest. Since the dividend rights are subject to the same vesting requirements as the underlying equity awards, they are considered a contingent transfer of value. Consequently, the RSUs are not considered participating securities, and we do not present them separately in earnings per share.

In loss periods, basic net loss per share and diluted net loss per share are the same since the effect of potential common shares is anti-dilutive and therefore excluded.

The following table presents the composition of shares used in the computation of basic and diluted net income per share for the periods indicated.

(In millions, except per share amounts)

Numerator:

Net income

Three Months Ended	
October 31, 2024	October 31, 2023
\$ 197	\$ 241

Denominator:

Shares used in basic per share amounts:

Weighted-average common shares outstanding

280	280
-----	-----

Shares used in diluted per share amounts:

Weighted-average common shares outstanding

280	280
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Dilutive common equivalent shares from stock options and restricted awards

3	3
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Dilutive weighted-average common shares outstanding

283	283
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Basic and diluted net income per share:

Basic net income per share

\$ 0.70	\$ 0.86
---------	---------

Diluted net income per share

\$ 0.70	\$ 0.85
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Shares excluded from diluted net income per share:

Weighted-average stock options and restricted stock units that have been excluded from dilutive common equivalent shares outstanding due to their anti-dilutive effect

—	1
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Deferred Revenue

We record deferred revenue when we have entered into a contract with a customer, and cash payments are received or due prior to transfer of control or satisfaction of the related performance obligation. During the three months ended October 31, 2024, we recognized revenue of \$524 million that was included in deferred revenue at July 31, 2024. During the three months ended October 31, 2023, we recognized revenue of \$638 million that was included in deferred revenue at July 31, 2023.

Our performance obligations are generally satisfied within 12 months of the initial contract date. As of October 31, 2024 and July 31, 2024, the deferred revenue balance related to performance obligations that will be satisfied after 12 months was \$3 million and \$4 million, respectively, and is included in other long-term obligations on our condensed consolidated balance sheets.

Concentration of Credit Risk and Significant Customers

No customer accounted for 10% or more of total net revenue in the three months ended October 31, 2024 or October 31, 2023. No customer accounted for 10% or more of gross accounts receivable at October 31, 2024 or July 31, 2024.

Accounting Standards Not Yet Adopted

Segment Information - In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This standard requires incremental segment information disclosures, including disclosures of significant segment expenses that are regularly provided to the chief operating decision maker (CODM), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, which means that it will be effective for our annual reporting for the fiscal year ending July 31, 2025 and for interim period reporting beginning in fiscal 2026. Early adoption is permitted, and retrospective adoption is required for all prior periods presented. We are currently evaluating the impact of our pending adoption of ASU 2023-07 on our consolidated financial statements and related disclosures.

Income Tax - In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This standard requires additional disclosures related to the income tax rate reconciliation, income taxes paid by jurisdiction, and other income tax-related disclosures. The standard is effective for fiscal years beginning after December 15,

2024, which means that it will be effective for us for the fiscal year ending July 31, 2026. Early adoption is permitted on either a prospective or retrospective basis. We are currently evaluating the impact of adopting ASU 2023-09 on our consolidated financial statements and related disclosures.

Income Statement - Expense Disaggregation - In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures." This standard requires entities to disaggregate operating expenses into specific categories such as employee compensation, depreciation, and intangible asset amortization, by relevant expense caption on the statement of operations. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, which means that it will be effective for our annual reporting for the fiscal year ending July 31, 2028 and for interim period reporting beginning in fiscal 2029. Early adoption is permitted on either a prospective or retrospective basis. We are currently evaluating the impact of adopting ASU 2024-03 on our consolidated financial statements and related disclosures.

2. Fair Value Measurements

Fair Value Hierarchy

The authoritative guidance defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, we consider the principal or most advantageous market for an asset or liability and assumptions that market participants would use when pricing the asset or liability. In addition, we consider and use all valuation methods that are appropriate in estimating the fair value of an asset or liability.

The authoritative guidance establishes a fair value hierarchy that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities. In general, the authoritative guidance requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of its fair value. The three levels of input defined by the authoritative guidance are as follows:

- **Level 1** uses unadjusted quoted prices that are available in active markets for identical assets or liabilities.
- **Level 2** uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data for substantially the full term of the assets or liabilities.
- **Level 3** uses one or more unobservable inputs that are supported by little or no market activity and that are significant to the determination of fair value. Level 3 assets and liabilities include those whose fair values are determined using pricing models, discounted cash flow methodologies, or similar valuation techniques and significant management judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial assets and financial liabilities that we measured at fair value on a recurring basis at the dates indicated, classified in accordance with the fair value hierarchy described above.

	October 31, 2024			July 31, 2024		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
(In millions)						
Assets:						
Cash equivalents, primarily money market funds	\$ 1,832	\$ —	\$ 1,832	\$ 2,538	\$ —	\$ 2,538
Available-for-sale debt securities:						
Corporate notes	—	488	488	—	456	456
U.S. agency securities	—	148	148	—	159	159
Total available-for-sale debt securities	—	636	636	—	615	615
Total assets measured at fair value on a recurring basis	\$ 1,832	\$ 636	\$ 2,468	\$ 2,538	\$ 615	\$ 3,153

The following table summarizes our cash equivalents and available-for-sale debt securities by balance sheet classification and level in the fair value hierarchy at the dates indicated.

	October 31, 2024			July 31, 2024		
	Level 1	Level 2	Total Fair Value	Level 1	Level 2	Total Fair Value
(In millions)						
Cash equivalents:						
In cash and cash equivalents	\$ 1,832	\$ —	\$ 1,832	\$ 2,538	\$ —	\$ 2,538
Available-for-sale debt securities:						
In investments	\$ —	\$ 486	\$ 486	\$ —	\$ 465	\$ 465
In funds receivable and amounts held for customers	—	150	150	—	150	150
Total available-for-sale debt securities	\$ —	\$ 636	\$ 636	\$ —	\$ 615	\$ 615

We value our Level 1 assets, consisting primarily of money market funds, using quoted prices in active markets for identical instruments.

Financial assets whose fair values we measure on a recurring basis using Level 2 inputs consist of corporate notes and U.S. agency securities. We measure the fair values of these assets with the help of a pricing service that either provides quoted market prices in active markets for identical or similar securities or uses observable inputs for their pricing without applying significant adjustments. Our fair value processes include controls designed to ensure that we record appropriate fair values for our Level 2 investments. These controls include comparison to pricing provided by a secondary pricing service or investment manager, validation of pricing sources and models, review of key model inputs, analysis of period-over-period price fluctuations, and independent recalculation of prices where appropriate.

Financial assets whose fair values we measure using Level 3 inputs consist of notes receivable held for sale. These loans are recorded at the lower of cost or fair value. As of October 31, 2024 and July 31, 2024, total notes receivable held for sale were not material and the difference between amortized cost and fair value was not material.

Financial liabilities whose fair values we measure using Level 2 inputs consist of senior unsecured notes. We measure the fair value of our senior unsecured notes based on their trading prices and the interest rates we could obtain for other borrowings with similar terms. At each of the reporting periods ended October 31, 2024 and July 31, 2024, the total estimated fair value of the senior unsecured notes was \$5.5 billion. At each of the reporting periods ended October 31, 2024 and July 31, 2024, the carrying value of the senior unsecured notes was \$5.5 billion. See Note 6, "Debt," for more information.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the three months ended October 31, 2024.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Long-term investments primarily include non-marketable equity securities in privately-held companies that do not have a readily determinable fair value. They are accounted for at cost and adjusted based on observable price changes from orderly transactions for identical or similar investments of the same issuer or impairment. These investments are classified as Level 3 in the fair value hierarchy because we estimate the value of these investments using a valuation method based on observable transaction price changes at the transaction date. We recognized no upward adjustments during the three months ended October 31, 2024 and October 31, 2023. Downward adjustments recognized during the three months ended October 31, 2024 amounted to \$42 million. We recognized no downward adjustments during the three months ended October 31, 2023. Cumulative upward adjustments amounted to \$75 million, and cumulative downward adjustments, including impairments, amounted to \$55 million through October 31, 2024 for measurement alternative investments held as of October 31, 2024. The carrying value of long-term investments on our condensed consolidated balance sheets was \$90 million and \$131 million at October 31, 2024 and July 31, 2024, respectively.

3. Cash and Cash Equivalents, Investments, and Funds Receivable and Amounts Held for Customers

We consider highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. In all periods presented, cash equivalents consist primarily of money market funds. Investments consist primarily of investment-grade available-for-sale debt securities. Funds receivable and amounts held for customers represent funds receivable from third-party payment processors for customer transactions, funds in-transit to our customers, and funds held on behalf of our customers that are invested in cash and cash equivalents and investment-grade available-for-sale securities, restricted for use solely for the purpose of satisfying amounts we owe on behalf of our customers. Our obligations with respect to funds we transmit on behalf of our customers are satisfied when the funds are settled in the customers' accounts. These obligations, including funds in-transit to our customers, are reflected in funds payable and amounts due to customers in the accompanying condensed consolidated balance sheets.

Except for direct obligations of the U.S. government, securities issued by agencies of the U.S. government, and money market funds, we diversify our investments in debt securities by limiting our holdings with any individual issuer.

The following table summarizes our cash and cash equivalents, investments, and funds receivable and amounts held for customers by balance sheet classification at the dates indicated.

(In millions)

Classification on condensed consolidated balance sheets:

	October 31, 2024		July 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Cash and cash equivalents	\$ 2,872	\$ 2,872	\$ 3,609	\$ 3,609
Investments	486	486	465	465
Funds receivable and amounts held for customers	5,606	5,606	3,921	3,921
Total cash and cash equivalents, investments, and funds receivable and amounts held for customers	<u>\$ 8,964</u>	<u>\$ 8,964</u>	<u>\$ 7,995</u>	<u>\$ 7,995</u>

The following table summarizes our cash and cash equivalents, investments, and relevant portion of funds receivable and amounts held for customers by investment category at the dates indicated. As of October 31, 2024 and July 31, 2024, this excludes \$294 million and \$281 million, respectively, of funds receivable on our condensed consolidated balance sheets in funds receivable and amounts held for customers that were not measured and recorded at fair value.

(In millions)

Type of issue:

	October 31, 2024		July 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	\$ 8,034	\$ 8,034	\$ 7,099	\$ 7,099
Available-for-sale debt securities:				
Corporate notes	488	488	456	456
U.S. agency securities	148	148	159	159
Total available-for-sale debt securities	<u>636</u>	<u>636</u>	<u>615</u>	<u>615</u>
Total cash, cash equivalents, restricted cash, restricted cash equivalents, and investments	<u>\$ 8,670</u>	<u>\$ 8,670</u>	<u>\$ 7,714</u>	<u>\$ 7,714</u>

We use the specific identification method to compute gains and losses on investments. We include realized gains and losses on our available-for-sale debt securities in interest and other income, net in our condensed consolidated statements of operations. Gross realized gains and losses on our available-for-sale debt securities for the three months ended October 31, 2024 and October 31, 2023 were not material.

We accumulate unrealized gains and losses on our available-for-sale debt securities, net of tax, in accumulated other comprehensive income or loss in the stockholders' equity section of our condensed consolidated balance sheets, except for certain unrealized losses described below. Gross unrealized gains and losses on our available-for-sale debt securities at October 31, 2024 and July 31, 2024 were not material.

For available-for-sale debt securities in an unrealized loss position, we determine whether a credit loss exists. The estimate of the credit loss is determined by considering available information relevant to the collectibility of the security and information about past events, current conditions, and reasonable and supportable forecasts. The allowance for credit loss is recorded to interest and other income, net in our condensed consolidated statements of operations, not to exceed the amount of the unrealized loss. Any excess unrealized loss greater than the allowance for credit loss at a security level is recognized in accumulated other comprehensive income or loss in the stockholders' equity section of our condensed consolidated balance sheets. We determined there were no credit losses related to available-for-sale debt securities as of October 31, 2024. Unrealized losses on available-for-sale debt securities at October 31, 2024 were not material. We do not intend to sell these investments. In addition, it is more likely than not that we will not be required to sell them before recovery of the amortized cost basis, which may be at maturity.

The following table summarizes our available-for-sale debt securities, included in investments and relevant portion of funds receivable and amounts held for customers, classified by the stated maturity date of the security at the dates indicated.

	October 31, 2024		July 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(In millions)				
Due within one year	\$ 541	\$ 541	\$ 517	\$ 516
Due within two years	40	40	55	56
Due within three years	55	55	43	43
Due after three years	—	—	—	—
Total available-for-sale debt securities	<u>\$ 636</u>	<u>\$ 636</u>	<u>\$ 615</u>	<u>\$ 615</u>

The following table summarizes our funds receivable and amounts held for customers by asset category at the dates indicated.

	October 31, 2024	July 31, 2024
(In millions)		
Restricted cash and restricted cash equivalents	\$ 5,162	\$ 3,490
Restricted available-for-sale debt securities and funds receivable	444	431
Total funds receivable and amounts held for customers	<u>\$ 5,606</u>	<u>\$ 3,921</u>
	October 31, 2023	July 31, 2023
(In millions)		
Restricted cash and restricted cash equivalents	\$ 2,063	\$ 4
Restricted available-for-sale debt securities and funds receivable	462	416
Total funds receivable and amounts held for customers	<u>\$ 2,525</u>	<u>\$ 420</u>

4. Notes Receivable and Allowances for Credit Losses

As of October 31, 2024, our notes receivable portfolio consisted of notes receivable held for investment, including term loans to small businesses and refund advance loans to consumers, and notes receivable held for sale, including term loans to small businesses. We classify loans as notes receivable held for investment when we have both the intent and ability to hold until maturity or payoff. We classify loans as notes receivable held for sale when we have the intent and ability to sell substantially all of our rights, title, and interests in these qualified loans to a third-party investor. A loan that is initially designated as held for sale or held for investment may be reclassified when our intent for that loan changes. When a loan held for investment is reclassified to held for sale and recorded at the lower of amortized cost or fair value, the related allowance for credit loss for that loan is released, and any adjustment to record the loan at the lower of amortized cost or fair value is recorded.

Notes Receivable Held for Investment

Term loans to small businesses. We provide financing to small businesses via term loans that we originate directly or through an originating bank partner. During the three months ended October 31, 2024 and October 31, 2023, we purchased term loans from our originating bank partner with principal balances in the amount of \$650 million and \$279 million, respectively. As of October 31, 2024, we had commitments to purchase \$22 million in term loans that were originated on or prior to October 31, 2024.

The term loans are not secured and are recorded at amortized cost, which includes unpaid principal balances, deferred origination costs, and any related discount or premium, net of allowances for credit losses. As of October 31, 2024 and July 31, 2024, the net notes receivable balance for term loans to small businesses was \$1.0 billion and \$912 million, respectively. The current portion is included in notes receivable held for investment and the long-term portion is included in other assets on our condensed consolidated balance sheets.

We maintain an allowance for credit losses on loans held for investment to reserve for lifetime expected credit losses in the loan portfolio. The allowance for credit losses is determined based on our current estimate of lifetime expected credit losses, historical credit losses, estimates of recoveries, and future expectations as of each balance sheet date. We evaluate the creditworthiness of our term loan portfolio on a pooled basis due to its composition of loans with similar general credit risk and characteristics. The allowance is subjective and requires management estimates, including such factors as known and inherent risks in the loan portfolio, historical losses, adverse situations that may affect borrowers' ability to repay and current and forecasted economic conditions. Expected credit losses are measured based on a loss forecasting model and calculated by applying loss curves derived from loan level risk segment and term mixes, aggregated at monthly loan vintages. Loss curves are estimated based on a combination of empirical loss curve data and management judgment. The methodologies are updated periodically to reflect factors such as actual loan performance and changes in assumptions based on their risk characteristics. We use empirical data and management judgment to estimate losses for new credit tests or products for which

we do not have enough history. When available information confirms that the specific loans or portions thereof are uncollectible, identified amounts are charged off against the allowance for credit losses. Loans are charged off in accordance with our charge-off policy, as the contractual principal becomes 120 days past due or meets other charge-off policy requirements. Subsequent recoveries of the unpaid principal balance, if any, are credited to the allowance for credit losses. As of October 31, 2024 and July 31, 2024, the allowances for credit losses were not material. During the three months ended October 31, 2024 and October 31, 2023, the amount of charge-offs recorded and the amount of recoveries on term loans to small businesses were not material.

We consider a loan to be delinquent when the payments are one day past due. We place delinquent term loans on nonaccrual status and stop accruing interest revenue. Term loans are returned to accrual status if they are brought current or have performed in accordance with the contractual terms for a reasonable period of time and, in our judgment, will continue to make periodic principal and interest payments as per contractual terms. Past due amounts were not material for all periods presented.

Interest revenue is earned on term loans originated and purchased and held for investment in accordance with the specified period of time and defined interest rate noted in the loan contract. Interest revenue is recorded net of amortized deferred origination fees and costs, and loan discounts, and is included in service revenue in our condensed consolidated statements of operations. Interest revenue was not material for all periods presented.

Refund Advance Loans. Refund advance loans are loans available to eligible TurboTax customers based on a customer's anticipated income tax refund, at no cost to the customer. The loans are repaid from the customer's income tax refund, which is generally received within three to four weeks after acceptance of the customer's income tax return by the Internal Revenue Service (IRS). We partner with a third-party issuing bank to originate the loans and subsequently purchase full participating interests in those loans. The refund advance loans are not secured and are recorded at amortized cost, net of an allowance for credit losses. As of October 31, 2024 and July 31, 2024, the net notes receivable balances for refund advance loans were not material. We maintain an allowance for credit losses to reserve for potentially uncollectible loans. We estimate the allowance based on expected funding of refunds by the IRS using historical trends. When we determine that any amounts are uncollectible, we write them off against the allowance. As of October 31, 2024 and July 31, 2024, the allowances for credit losses on refund advance loans were not material.

[Notes Receivable Held for Sale](#)

Term loans to small businesses. In August 2023, we entered into a forward flow arrangement with an institutional investor, which has since been amended, most recently in September 2024. Pursuant to this amended arrangement, we have a commitment to sell to the institutional investor a minimum of approximately \$8 million monthly and \$350 million cumulatively in participation interests in unsecured term loans to small businesses over four years, subject to certain eligibility criteria. As of October 31, 2024, we have met the cumulative commitment to sell term loans under this arrangement, and the remaining monthly commitment totals \$248 million through July 31, 2027.

Notes receivable held for sale are recorded at the lower of amortized cost or fair value determined on an individual loan basis. We recognize a gain or loss on sale of loans sold to third parties by calculating the difference between the proceeds received and the carrying value of the loans sold. As of October 31, 2024 and July 31, 2024, the balances of notes receivables held for sale were \$10 million and \$3 million, respectively, and are included in notes receivable held for sale on our condensed consolidated balance sheets. Total sales of term loans during the three months ended October 31, 2024 and October 31, 2023 amounted to \$106 million and \$35 million, respectively. For the three months ended October 31, 2024 and October 31, 2023, gains on sales of loans were not material.

5. Acquired Intangible Assets

The following table shows the cost, accumulated amortization, and weighted-average life in years for our acquired intangible assets at the dates indicated. The weighted-average lives are calculated for assets that are not fully amortized.

<i>(Dollars in millions)</i>	Customer Lists / User Relationships	Purchased Technology	Trade Names and Logos	Total
At October 31, 2024:				
Cost	\$ 6,195	\$ 1,648	\$ 680	\$ 8,523
Accumulated amortization	(1,712)	(942)	(207)	(2,861)
Acquired intangible assets, net	<u>\$ 4,483</u>	<u>\$ 706</u>	<u>\$ 473</u>	<u>\$ 5,662</u>
Weighted-average life in years	<u>14</u>	<u>8</u>	<u>13</u>	<u>13</u>
At July 31, 2024:				
Cost	\$ 6,196	\$ 1,648	\$ 680	\$ 8,524
Accumulated amortization	(1,605)	(905)	(194)	(2,704)
Acquired intangible assets, net	<u>\$ 4,591</u>	<u>\$ 743</u>	<u>\$ 486</u>	<u>\$ 5,820</u>
Weighted-average life in years	<u>14</u>	<u>8</u>	<u>13</u>	<u>13</u>

The following table shows the expected future amortization expense for our acquired intangible assets at October 31, 2024. Amortization of purchased technology is charged to amortization of acquired technology in our condensed consolidated statements of operations. Amortization of other acquired intangible assets, such as customer lists, is charged to amortization of other acquired intangible assets in our condensed consolidated statements of operations. If impairment events occur, they could accelerate the timing of acquired intangible asset charges.

<i>(In millions)</i>	Expected Future Amortization Expense
Fiscal year ending July 31,	
2025 (excluding the three months ended October 31, 2024)	\$ 472
2026	627
2027	602
2028	586
2029	581
Thereafter	<u>2,794</u>
Total expected future amortization expense	<u>\$ 5,662</u>

6. Debt

The carrying value of our debt was as follows at the dates indicated:

(Dollars in millions)

	October 31, 2024	July 31, 2024	Effective Interest Rate
Senior unsecured notes issued June 2020:			
0.950% notes due July 2025	\$ 500	\$ 500	1.127%
1.350% notes due July 2027	500	500	1.486%
1.650% notes due July 2030	500	500	1.767%
Senior unsecured notes issued September 2023:			
5.250% notes due September 2026	750	750	5.325%
5.125% notes due September 2028	750	750	5.258%
5.200% notes due September 2033	1,250	1,250	5.312%
5.500% notes due September 2053	1,250	1,250	5.576%
Secured revolving credit facilities	670	585	
Total principal balance of debt	6,170	6,085	
Unamortized discount and debt issuance costs	(46)	(47)	
Net carrying value of debt	\$ 6,124	\$ 6,038	
Short-term debt	\$ 499	\$ 499	
Long-term debt	\$ 5,625	\$ 5,539	

Future principal payments for debt at October 31, 2024 were as shown in the table below.

(In millions)

	Future Principal Payments
Fiscal year ending July 31,	
2025 (excluding the three months ended October 31, 2024)	\$ 500
2026	—
2027	1,550
2028	—
2029	1,120
Thereafter	3,000
Total future principal payments for debt	\$ 6,170

Senior Unsecured Notes

2020 Notes. In June 2020, we issued four series of senior unsecured notes (together, the 2020 Notes) pursuant to a public debt offering. The proceeds from the issuance were \$1.98 billion, net of debt discount of \$2 million and debt issuance costs of \$15 million. As of October 31, 2024, \$1.5 billion of the 2020 Notes remained outstanding.

Interest is payable semiannually on January 15 and July 15 of each year. The discount and debt issuance costs are amortized to interest expense over the term of the 2020 Notes under the effective interest method. We paid no interest on the 2020 Notes during either of the three months ended October 31, 2024 and 2023.

The 2020 Notes are senior unsecured obligations of Intuit and rank equally with all existing and future unsecured and unsubordinated indebtedness of Intuit and are redeemable by us at any time, subject to a make-whole premium. Upon the occurrence of change of control transactions that are accompanied by certain downgrades in the credit ratings of the 2020 Notes, we will be required to repurchase the 2020 Notes at a repurchase price equal to 101% of the aggregate outstanding principal plus any accrued and unpaid interest to but not including the date of repurchase. The indenture governing the 2020 Notes requires us to comply with certain covenants. For example, the 2020 Notes limit our ability to create certain liens and enter into sale and leaseback transactions. As of October 31, 2024, we were compliant with all covenants governing the 2020 Notes.

2023 Notes. In September 2023, we issued four series of senior unsecured notes (together, the 2023 Notes) pursuant to a public debt offering. The proceeds from the issuance were \$3.96 billion, net of debt discount of \$20 million and debt issuance costs of \$24 million, and were used, together with operating cash, to repay the outstanding balance on our unsecured term loan. As of October 31, 2024, \$4.0 billion of the 2023 Notes remained outstanding.

Interest is payable semiannually on March 15 and September 15 of each year. The discount and debt issuance costs are amortized to interest expense over the term of the 2023 Notes under the effective interest method. We paid \$106 million in interest on the 2023 Notes during the three months ended October 31, 2024, and no interest during the three months ended October 31, 2023.

The 2023 Notes are senior unsecured obligations of Intuit and rank equally with all existing and future unsecured and unsubordinated indebtedness of Intuit and are redeemable by us at any time, subject to a make-whole premium. The indenture governing the 2023 Notes requires us to comply with certain covenants. For example, the 2023 Notes limit our ability to create certain liens and enter into sale and leaseback transactions. As of October 31, 2024, we were compliant with all covenants governing the 2023 Notes.

[Unsecured Credit Facilities](#)

2024 Credit Facility. On February 5, 2024, we terminated our amended and restated credit agreement dated November 1, 2021 (2021 Credit Facility), and entered into a credit agreement with certain lenders providing for a \$1.5 billion unsecured revolving credit facility that expires on February 5, 2029 (2024 Credit Facility).

Under the 2024 Credit Facility, we may, subject to certain customary conditions, including approval of relevant lenders, on one or more occasions, increase commitments under the 2024 Credit Facility by an amount not to exceed \$1 billion in the aggregate, and, on one or more occasions, extend the maturity date of the 2024 Credit Facility by one year. The 2024 Credit Facility includes a \$500 million sublimit for borrowing swingline loans and a \$250 million sublimit for the issuance of letters of credit. Advances under the unsecured revolving credit facility accrue interest at rates equal to (a) in the case of U.S. dollar borrowings, at our election, either (i) the alternate base rate plus a margin that ranges from 0.0% to 0.125%, or (ii) the adjusted term Secured Overnight Finance Rate (SOFR) plus a margin that ranges from 0.7% to 1.125%, or (b) in the case of foreign currency borrowings, the interest benchmark for the relevant currency specified in the credit agreement plus a margin that ranges from 0.7% to 1.125%. Actual margins under either election are based on our senior debt credit ratings.

The 2024 Credit Facility includes customary affirmative and negative covenants, including a financial covenant that requires us to maintain a ratio of total gross debt to earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the agreement, of not greater than 4.00 to 1.00 as measured on a rolling twelve month basis as of the last day of each fiscal quarter. As of October 31, 2024, we were compliant with all covenants governing the 2024 Credit Facility. At October 31, 2024, no amounts were outstanding under the 2024 Credit Facility. We paid no interest on the 2024 Credit Facility during the three months ended October 31, 2024.

[Secured Revolving Credit Facilities](#)

2019 Secured Facility. On February 19, 2019, a subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2019 Secured Facility). The 2019 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. We have entered into several amendments to this facility, most recently on September 5, 2024. These amendments primarily increase the facility limit, extend the commitment term and final maturity date, and update the benchmark interest rate. Under the amended 2019 Secured Facility, the facility limit is \$500 million, of which \$300 million is committed and \$200 million is uncommitted. Advances accrue interest at adjusted daily simple SOFR plus 1.25%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.25% to 0.75%, depending on the total unused committed balance. The commitment term is through August 31, 2027, and the final maturity date is August 31, 2028. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios. As of October 31, 2024, we were compliant with all covenants governing the 2019 Secured Facility. At October 31, 2024, \$370 million was outstanding under the 2019 Secured Facility and the weighted-average interest rate was 6.25%, which includes the interest on the unused committed portion. The outstanding balance is secured by cash and receivables of the subsidiary totaling \$1.3 billion as of October 31, 2024. Interest on the 2019 Secured Facility is payable monthly. We paid \$5 million in interest on the 2019 Secured Facility during each of the three months ended October 31, 2024 and 2023.

2022 Secured Facility. On October 12, 2022, another subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2022 Secured Facility). The 2022 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. We have entered into several amendments to this facility, most recently on April 30, 2024. These amendments primarily extend the commitment term and final maturity date and increase the commitment amount. Under the amended 2022 Secured Facility, the facility limit is \$500 million, of which \$300 million is committed and \$200 million is uncommitted. Advances accrue interest at SOFR plus 1.3%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.2% to 0.4%, depending on the total unused committed balance. The commitment term is through April 30, 2026, and the final maturity date is April 30, 2027. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios. As of October 31, 2024, we were compliant with all covenants governing the 2022 Secured Facility. At October 31, 2024, \$300 million was outstanding under the 2022 Secured Facility and the weighted-average interest rate was 6.2%, which includes the interest on the unused committed portion. The outstanding balance is secured by cash and receivables of the subsidiary totaling \$881 million as of October 31, 2024. Interest on the 2022 Secured Facility is payable monthly. We paid \$5 million and \$2 million in interest on the 2022 Secured Facility during the three months ended October 31, 2024 and 2023, respectively.

[Commercial Paper Program](#)

In June 2024, we established a \$1.5 billion commercial paper program under which we may issue and sell unsecured short-term promissory notes (commercial paper). The maturities of the commercial paper may vary up to 397 days from the date of issuance. At each of the reporting periods ended October 31, 2024 and July 31, 2024, no amounts were outstanding under this program.

7. Other Liabilities and Commitments

[Other Current Liabilities](#)

Other current liabilities were as follows at the dates indicated:

<i>(In millions)</i>	October 31, 2024	July 31, 2024
Executive deferred compensation plan liabilities	\$ 229	\$ 207
Current portion of operating lease liabilities	65	71
Sales, property, and other taxes	52	47
Reserve for returns, credits, and promotional discounts	37	40
Interest payable	37	84
Other	116	100
Total other current liabilities	<u>\$ 536</u>	<u>\$ 549</u>

The balances of several of our other current liabilities, particularly our reserves for returns, credits, and promotional discounts, are affected by the seasonality of our business. See Note 1, "Description of Business and Summary of Significant Accounting Policies – Seasonality," for more information.

[Other Long-Term Obligations](#)

Other long-term obligations were as follows at the dates indicated:

<i>(In millions)</i>	October 31, 2024	July 31, 2024
Income tax liabilities	\$ 159	\$ 157
Dividends payable	18	19
Deferred income tax liabilities	11	3
Deferred revenue	3	4
Other	30	25
Total other long-term obligations	<u>\$ 221</u>	<u>\$ 208</u>

[Unconditional Purchase Obligations](#)

We describe our unconditional purchase obligations in Note 9 to the financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2024. There were no significant changes outside the ordinary course of business in our purchase obligations during the three months ended October 31, 2024.

8. Leases

We lease office facilities under non-cancellable operating lease arrangements. Our facility leases generally provide for periodic rent increases and may contain escalation clauses and renewal options. Our leases have remaining lease terms of up to 17 years, which include options to extend that are reasonably certain of being exercised. Some of our leases include one or more options to extend the lease for up to 7 years per option, which we are not reasonably certain to exercise. The options to extend are generally at rates to be determined in accordance with the agreements. Options to extend the lease are included in the lease liability if they are reasonably certain of being exercised.

We sublease certain office facilities to third parties. These subleases have remaining lease terms of up to 6 years, one of which includes an option to extend the sublease for up to 5 years.

The components of lease expense were as follows:

(In millions)

Operating lease cost ⁽¹⁾
Variable lease cost
Sublease income
Total net lease cost

Three Months Ended			
October 31, 2024		October 31, 2023	
\$	29	\$	26
	5		6
	(3)		(3)
\$	31	\$	29

⁽¹⁾ Includes short-term leases, which were not material for each of the three months ended October 31, 2024 and 2023.

Supplemental cash flow information related to operating leases was as follows:

(In millions)

Cash paid for amounts included in the measurement of operating lease liabilities
Right-of-use assets obtained in exchange for operating lease liabilities

Three Months Ended			
October 31, 2024		October 31, 2023	
\$	27	\$	25
\$	150	\$	14

Other information related to operating leases was as follows at the dates indicated:

Weighted-average remaining lease term for operating leases
Weighted-average discount rate for operating leases

October 31, 2024	July 31, 2024
8.3 years	7.7 years
3.7 %	3.3 %

Future minimum lease payments under non-cancellable operating leases as of October 31, 2024 were as follows:

(In millions)

Fiscal year ending July 31,
2025 (excluding the three months ended October 31, 2024)
2026
2027
2028
2029
Thereafter
Total future minimum lease payments
Less imputed interest
Present value of lease liabilities

Operating Leases ⁽¹⁾	
\$	59
	97
	95
	88
	91
	347
	777
	(120)
\$	657

(1) Non-cancellable sublease proceeds for the remainder of the fiscal year ending July 31, 2025 and the fiscal years ending July 31, 2026, 2027, 2028, 2029, and thereafter of \$4 million, \$3 million, \$3 million, \$2 million, and \$2 million, respectively, are not included in the table above.

Supplemental balance sheet information related to operating leases was as follows at the dates indicated:

(In millions)

	October 31, 2024	July 31, 2024
Operating lease right-of-use assets	\$ 538	\$ 411
Other current liabilities	\$ 65	\$ 71
Operating lease liabilities	592	458
Total operating lease liabilities	\$ 657	\$ 529

As of October 31, 2024, we have an additional operating lease of \$101 million for office facilities that has not yet commenced and therefore is not reflected on the condensed consolidated balance sheets nor in the tables above. This lease is expected to commence in fiscal year 2025 with a lease term of 10 years.

9. Income Taxes

Effective Tax Rate

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period.

We recognized excess tax benefits on share-based compensation of \$28 million in our provision for income taxes for each of the three months ended October 31, 2024 and 2023.

Our effective tax rate for the three months ended October 31, 2024 was approximately 8%. Excluding discrete tax items primarily related to share-based compensation, our effective tax rate was approximately 24%. The difference from the federal statutory rate of 21% was primarily due to state income taxes and non-deductible share-based compensation, which were partially offset by the tax benefit we received from the federal research and experimentation credit.

Our effective tax rate for the three months ended October 31, 2023 was approximately 9%. Excluding discrete tax items primarily related to share-based compensation, our effective tax rate was approximately 24%. The difference from the federal statutory rate of 21% was primarily due to state income taxes and non-deductible share-based compensation, which were partially offset by the tax benefit we received from the federal research and experimentation credit.

In the current global tax policy environment, the U.S. and other domestic and foreign governments continue to consider, and in some cases enact, changes in corporate tax laws. As changes occur, we account for finalized legislation in the period of enactment.

Unrecognized Tax Benefits and Other Considerations

The total amount of our unrecognized tax benefits at July 31, 2024 was \$327 million. If we were to recognize these net benefits, our income tax expense would reflect a favorable net impact of \$210 million. There were no material changes to these amounts during the three months ended October 31, 2024. We do not believe that it is reasonably possible that there will be a significant increase or decrease in our unrecognized tax benefits over the next 12 months.

We offset a \$66 million long-term liability for uncertain tax positions against our long-term income tax receivable at each of the reporting periods ended October 31, 2024 and July 31, 2024. The long-term income tax receivable at October 31, 2024 and July 31, 2024 was primarily related to the government's approval of a method of accounting change request for fiscal 2018.

10. Stockholders' Equity

Stock Repurchase Programs and Treasury Shares

Intuit's Board of Directors has authorized a series of common stock repurchase programs. Shares of common stock repurchased under these programs become treasury shares. During the three months ended October 31, 2024, we repurchased a total of 915,000 shares for \$570 million under these programs. Included in this amount were \$12 million of repurchases, which occurred in late October 2024 and settled in early November 2024. On August 20, 2024, our Board of Directors approved an increase in the authorization under the existing stock repurchase program under which we are authorized to repurchase up to an additional \$3 billion of our common stock. At October 31, 2024, we had authorization from our Board of Directors for up to \$4.3 billion in stock repurchases. Future stock repurchases under the current program are at

the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

Our treasury shares are repurchased at the market price on the trade date; accordingly, all amounts paid to reacquire these shares have been recorded as treasury stock on our condensed consolidated balance sheets. Any direct costs to acquire treasury stock are recorded to treasury stock on our condensed consolidated balance sheets. Repurchased shares of our common stock are held as treasury shares until they are reissued or retired. When we reissue treasury stock, if the proceeds from the sale are more than the average price we paid to acquire the shares, we record an increase in additional paid-in capital. Conversely, if the proceeds from the sale are less than the average price we paid to acquire the shares, we record a decrease in additional paid-in capital to the extent of increases previously recorded for similar transactions and a decrease in retained earnings for any remaining amount.

In the past, we have satisfied option exercises and restricted stock unit vesting under our employee equity incentive plans by reissuing treasury shares, and we may do so again in the future. For all periods presented, we issued new shares of common stock to satisfy option exercises and RSU vesting under our 2005 Equity Incentive Plan. We have not yet determined the ultimate disposition of the shares that we have repurchased in the past, and consequently we continue to hold them as treasury shares.

[Dividends on Common Stock](#)

During the three months ended October 31, 2024, we declared quarterly cash dividends that totaled \$1.04 per share of outstanding common stock for a total of \$295 million. In November 2024, our Board of Directors declared a quarterly cash dividend of \$1.04 per share of outstanding common stock payable on January 17, 2025 to stockholders of record at the close of business on January 9, 2025. Future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

[Share-Based Compensation Expense](#)

The following table summarizes the total share-based compensation expense that we recorded in operating income for the periods shown.

	Three Months Ended	
	October 31, 2024	October 31, 2023
(In millions)		
Cost of revenue	\$ 111	\$ 101
Selling and marketing	137	123
Research and development	161	161
General and administrative	102	110
Total share-based compensation expense	<u>\$ 511</u>	<u>\$ 495</u>

[Share-Based Awards Available for Grant](#)

A summary of share-based awards available for grant under our plans for the three months ended October 31, 2024 was as follows:

	Shares Available for Grant
(Shares in thousands)	
Balance at July 31, 2024	27,317
Restricted stock units granted ⁽¹⁾	(906)
Options granted	—
Share-based awards canceled/forfeited/expired ^{(1) (2)}	2,622
Balance at October 31, 2024	<u>29,033</u>

(1) RSUs granted from the pool of shares available for grant under our 2005 Equity Incentive Plan reduce the pool by 2.3 shares for each share granted. RSUs forfeited and returned to the pool of shares available for grant under the 2005 Equity Incentive Plan increase the pool by 2.3 shares for each share forfeited.

(2) Stock options and RSUs canceled, expired, or forfeited under our 2005 Equity Incentive Plan are returned to the pool of shares available for grant. Under the 2005 Equity Incentive Plan, shares withheld for income taxes upon vesting of RSUs that were granted on or after July 21, 2016 are also returned to the pool of shares available for grant. Stock options and RSUs canceled, expired, or forfeited under older expired plans are not returned to the pool of shares available for grant.

Restricted Stock Unit and Restricted Stock Activity

A summary of RSU and restricted stock activity for the three months ended October 31, 2024 was as follows:

(Shares in thousands)	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at July 31, 2024	10,924	\$ 496.64
Granted	394	636.48
Vested	(895)	483.74
Forfeited	(746)	416.46
Nonvested at October 31, 2024	9,677	\$ 509.71

At October 31, 2024, there was approximately \$4.5 billion of unrecognized compensation cost related to non-vested RSUs and restricted stock with a weighted-average vesting period of 2.9 years. We adjust unrecognized compensation cost for actual forfeitures as they occur.

Stock Option Activity

A summary of stock option activity for the three months ended October 31, 2024 was as follows:

(Shares in thousands)	Options Outstanding	Weighted-Average Exercise Price Per Share
Balance at July 31, 2024	1,772	\$ 449.66
Granted	—	—
Exercised	(122)	370.42
Canceled or expired	(19)	486.49
Balance at October 31, 2024	1,631	\$ 455.16
Exercisable at October 31, 2024	880	\$ 379.88

At October 31, 2024, there was approximately \$117 million of unrecognized compensation cost related to non-vested stock options with a weighted-average vesting period of 3.0 years. We will adjust unrecognized compensation cost for actual forfeitures as they occur.

11. Legal Proceedings

Beginning in May 2019, various legal proceedings were filed and certain regulatory inquiries were commenced in connection with our provision and marketing of free online tax preparation programs. We believe that the allegations contained within these legal proceedings are without merit and continue to defend our interests in them. These proceedings included, among others, multiple putative class actions that were consolidated into a single putative class action in the Northern District of California in September 2019 (the Intuit Free File Litigation). In August 2020, the Ninth Circuit Court of Appeals ordered that the putative class action claims be resolved through arbitration. In May 2021, the Intuit Free File Litigation was dismissed on a non-class basis after we entered into an agreement that resolved the matter on an individual non-class basis, without any admission of wrongdoing, for an amount that was not material. These proceedings also include a class action lawsuit that was filed in the Ontario (Canada) Superior Court of Justice on August 25, 2022.

These proceedings also included individual demands for arbitration that were filed beginning in October 2019. As of January 31, 2023, we settled all of these arbitration claims, without any admission of wrongdoing, for an amount that was not material. In June 2021, we received a demand and draft complaint from the Federal Trade Commission (FTC) and certain state attorneys general relating to the ongoing inquiries described above. On March 29, 2022, the FTC filed an action in federal court seeking a temporary restraining order and a preliminary injunction enjoining certain Intuit business practices pending resolution of the FTC's administrative complaint seeking to permanently enjoin certain Intuit business practices (the FTC Actions). On April 22, 2022, the Northern District of California denied the FTC's requests for a temporary restraining order and a preliminary injunction. Beginning on March 27, 2023, a final hearing on the administrative action was held before an administrative law judge (ALJ) at the FTC and, on August 29, 2023, the FTC's ALJ issued a decision in favor of the FTC and adverse to Intuit. On January 19, 2024, the FTC Commissioners affirmed the ALJ's decision and issued a final order that requires us to adhere to certain marketing practices and does not contain any monetary penalties. On January 21, 2024, we filed a petition for review.

with the United States Court of Appeals for the Fifth Circuit and this appeal is pending. The FTC's order became effective on March 23, 2024, and is now pending review by the Court of Appeals. We intend to continue to defend our position on the merits of this case. However, the defense and resolution of this matter could involve significant costs.

The state attorneys general did not join the FTC Actions, and, on May 4, 2022, we entered into a settlement agreement with the attorneys general of the 50 states and the District of Columbia, admitting no wrongdoing, that resolved the states' inquiry, as well as actions brought by the Los Angeles City Attorney and the Santa Clara County (California) Counsel. As part of this agreement, we agreed to pay \$141 million and made certain commitments regarding our advertising and marketing practices. We recorded this as a one-time charge in the quarter ended April 30, 2022, and paid the full amount to the fund administrator in the quarter ended January 31, 2023.

In view of the complexity and ongoing and uncertain nature of the outstanding proceedings and inquiries, at this time, we are unable to estimate a reasonably possible financial loss or range of financial loss that we may incur to resolve or settle the remaining matters.

To date, the legal and other fees we have incurred related to these proceedings and inquiries have not been material. The ongoing defense and any resolution or settlement of these proceedings and inquiries could involve significant costs to us.

Intuit is subject to certain routine legal proceedings, including class action lawsuits, as well as demands, claims, government inquiries, and threatened litigation, that arise in the normal course of our business, including assertions that we may be infringing patents or other intellectual property rights of others. Our failure to obtain necessary licenses or other rights, or litigation arising out of intellectual property claims could adversely affect our business. We currently believe that, in addition to any amounts accrued, the amount of potential losses, if any, for any pending claims of any type (either alone or combined) will not have a material impact on our condensed consolidated financial statements. The ultimate outcome of any legal proceeding is uncertain and, regardless of outcome, legal proceedings can have an adverse impact on Intuit because of defense costs, negative publicity, diversion of management resources, and other factors.

12. Segment Information

We have defined our four reportable segments, described below, based on factors such as how we manage our operations and how our chief operating decision maker views results. We define the chief operating decision maker as our Chief Executive Officer and our Chief Financial Officer. Our chief operating decision maker organizes and manages our business primarily on the basis of service and product offerings.

On August 1, 2024, we renamed our Small Business & Self-Employed segment as the Global Business Solutions segment. This new name better aligns with the global reach of the Mailchimp and QuickBooks platform, our focus on serving both small and mid-market businesses, and our vision to become the end-to-end platform that customers use to grow and run their business.

On August 1, 2024, we reorganized certain technology and customer success functions in our Global Business Solutions, Consumer, and ProTax segments that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result of these reorganizations, costs associated with these functions are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified expenses totaling \$332 million from Global Business Solutions, \$65 million from Consumer, and \$8 million from ProTax to other corporate expenses to conform to the current presentation.

Global Business Solutions: This segment serves small and mid-market businesses around the world, and the accounting professionals who assist and advise them. Our QuickBooks offerings include financial and business management online services and desktop software, payroll solutions, time tracking, merchant payment processing and bill pay solutions, checking accounts through an FDIC member bank partner, and financing for small and mid-market businesses. Our Mailchimp offerings include marketing automation and customer relationship management.

Consumer: This segment serves consumers and includes do-it-yourself and assisted TurboTax income tax preparation products and services sold in the U.S. and Canada.

Credit Karma: This segment serves consumers with a personal finance platform that provides personalized recommendations of credit card, home, auto, and personal loan, and insurance products; online savings and checking accounts through an FDIC member bank partner; and access to their credit scores and reports, credit and identity monitoring, credit report dispute, credit building tools, and tools to help understand net worth and make financial progress.

ProTax: This segment serves professional accountants in the U.S. and Canada, who are essential to both small business success and tax preparation and filing. Our professional tax offerings include Lacerte, ProSeries, and ProConnect Tax Online in the U.S., and ProFile and ProTax Online in Canada.

All of our segments operate primarily in the U.S. and sell primarily to customers in the U.S. Total international net revenue was approximately 10% of consolidated net revenue for each of the three months ended October 31, 2024 and 2023.

We include expenses such as corporate selling and marketing, general and administrative, and non-employment related legal and litigation settlement costs, which are not allocated to specific segments, in unallocated corporate items as part of other

corporate expenses. As part of our platform strategy, we also include customer success and product development for our Global Business Solutions, Consumer, and ProTax segments in unallocated corporate items as we do not allocate these expenses to the segments because they are managed at the platform level. Customer success includes the costs of tax and bookkeeping experts that support our TurboTax Live and QuickBooks Live offerings. For our Credit Karma reportable segment, segment expenses include certain direct expenses related to selling and marketing, product development, and general and administrative. Unallocated corporate items for all segments include share-based compensation, amortization of acquired technology, amortization of other acquired intangible assets, goodwill and intangible asset impairment charges, professional fees and transaction charges related to business combinations, and restructuring charges.

The accounting policies of our reportable segments are the same as those described in the summary of significant accounting policies in Note 1 to the financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2024 and in Note 1, "Description of Business and Summary of Significant Accounting Policies – Significant Accounting Policies" in this Quarterly Report on Form 10-Q. Except for goodwill and acquired intangible assets, we do not generally track assets by reportable segment and, consequently, we do not disclose total assets by reportable segment.

The following table shows our financial results by reportable segment for the periods indicated.

	Three Months Ended	
	October 31, 2024	October 31, 2023
(In millions)		
Net revenue:		
Global Business Solutions	\$ 2,544	\$ 2,344
Consumer	176	187
Credit Karma	524	405
ProTax	39	42
Total net revenue	\$ 3,283	\$ 2,978
Operating income:		
Global Business Solutions	\$ 1,999	\$ 1,824
Consumer	76	132
Credit Karma	180	106
ProTax	20	22
Total segment operating income	2,275	2,084
Unallocated corporate items:		
Share-based compensation expense	(511)	(495)
Other corporate expenses	(1,327)	(1,124)
Amortization of acquired technology	(37)	(38)
Amortization of other acquired intangible assets	(120)	(120)
Restructuring	(9)	—
Total unallocated corporate items	(2,004)	(1,777)
Total operating income	\$ 271	\$ 307

Revenue classified by significant service and product offerings was as follows:

(In millions)

Net revenue:

	Three Months Ended	
	October 31, 2024	October 31, 2023
QuickBooks Online Accounting	\$ 965	\$ 798
Online Services	978	820
Total Online Ecosystem	1,943	1,618
QuickBooks Desktop Accounting	296	376
Desktop Services and Supplies	305	350
Total Desktop Ecosystem	601	726
Global Business Solutions	2,544	2,344
Consumer	176	187
Credit Karma	524	405
ProTax	39	42
Total net revenue	\$ 3,283	\$ 2,978

13. Restructuring

In July 2024, our management approved, committed to, and initiated a plan of reorganization (the Plan) focused on reallocating resources to our key growth areas. The Plan includes the exit of employees and the closing of real estate sites in certain markets in service to growing technology teams and capabilities in strategic locations. The actions associated with the Plan were substantially complete in the first quarter of fiscal 2025. Total restructuring costs associated with the Plan are estimated to be approximately \$237 million. During the three months ended October 31, 2024, we recorded a \$9 million charge in connection with the Plan. This charge is primarily related to severance, employee benefits, and site closure costs and is recorded to restructuring in our condensed consolidated statements of operations. Any changes to the estimates of executing the Plan will be reflected in future results of operations.

The following table summarizes the activity for the Plan.

(In millions)	Accrued July 31, 2024	Additional Costs/ Adjustments	Cash Payments	Non-Cash Items	Accrued October 31, 2024	Total Costs Incurred to Date	Total Expected Plan Cost
Global Business Solutions	\$ 84	\$ 2	\$ (78)	\$ —	\$ 8	\$ 98	\$ 100
Consumer	9	—	(9)	—	—	9	9
Credit Karma	—	—	—	—	—	—	—
ProTax	2	—	(2)	—	—	2	2
Corporate ⁽¹⁾	92	7	(85)	(5)	9	123	126
Totals	\$ 187	\$ 9	\$ (174)	\$ (5)	\$ 17	\$ 232	\$ 237

(1) Restructuring costs within corporate relate to platform expenses and other administrative functions that are not allocated to the segments.

The liability for restructuring charges is included in accrued compensation and related liabilities in the accompanying condensed consolidated balance sheets.

14. Subsequent Event

On November 1, 2024, a subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2024 Secured Facility). The 2024 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. Under the 2024 Secured Facility, the facility limit is \$300 million, of which \$150 million is committed and \$150 million is uncommitted. Advances accrue interest at SOFR plus 1.15%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.2% to 0.4%, depending on the total unused committed balance. The commitment term is through November 1, 2027, and the final maturity date is November 1, 2028. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide readers of our condensed consolidated financial statements with the perspectives of management. This should allow the readers of this report to obtain a comprehensive understanding of our businesses, strategies, current trends, and future prospects. Our MD&A includes the following sections:

- **Executive Overview:** High-level discussion of our operating results and some of the trends that affect our business.
- **Critical Accounting Policies and Estimates:** Significant changes since our most recent Annual Report on Form 10-K that we believe are important to understanding the assumptions and judgments underlying our financial statements.
- **Results of Operations:** A more detailed discussion of our revenue and expenses.
- **Liquidity and Capital Resources:** Discussion of key aspects of our condensed consolidated statements of cash flows, changes in our condensed consolidated balance sheets, and our financial commitments.

You should note that this MD&A contains forward-looking statements that involve risks and uncertainties. Please see the section entitled "*Forward-Looking Statements*" immediately preceding Part I of this Quarterly Report for important information to consider when evaluating such statements.

You should read this MD&A in conjunction with the financial statements and related notes in Part I, Item 1 of this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended July 31, 2024.

In the Results of Operations section of this MD&A where we describe two or more factors that contributed to changes in revenue and operating income, we have, where possible, quantified the impact of those factors. Where a change is the result of multiple factors that are interrelated and cannot be separately quantified, we have identified the interrelated factors without quantifying them.

In July 2024, our management approved, committed to, and initiated a plan of reorganization (the Plan) focused on reallocating resources to our key growth areas. The Plan includes the exit of employees and the closing of real estate sites in certain markets in service to growing technology teams and capabilities in strategic locations. The actions associated with the Plan were substantially complete in the first quarter of fiscal 2025. Total restructuring costs associated with the Plan are estimated to be approximately \$237 million. During the three months ended October 31, 2024, we recorded a \$9 million charge in connection with the Plan. This charge is primarily related to severance, employee benefits, and site closure costs and is recorded to restructuring in our condensed consolidated statements of operations. See Note 13, "*Restructuring*," for more information. See Note 12, "*Segment Information*," for more information.

On August 1, 2024, we renamed our Small Business & Self-Employed segment as the Global Business Solutions segment. This new name better aligns with the global reach of the Mailchimp and QuickBooks platform, our focus on serving both small and mid-market businesses, and our vision to become the end-to-end platform that customers use to grow and run their business.

On August 1, 2024, we reorganized certain technology and customer success functions in our Global Business Solutions, Consumer, and ProTax segments that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result of these reorganizations, costs associated with these functions are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified expenses totaling \$332 million from Global Business Solutions, \$65 million from Consumer, and \$8 million from ProTax to other corporate expenses to conform to the current presentation. See Note 12, "*Segment Information*," for more information.

EXECUTIVE OVERVIEW

This overview provides a high-level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important in order to understand our financial results, as well as our future prospects. This summary is not intended to be exhaustive, nor is it a substitute for the detailed discussion and analysis provided elsewhere in this Quarterly Report on Form 10-Q.

About Intuit

Intuit helps consumers and small and mid-market businesses prosper by delivering financial management, compliance, and marketing products and services. We also provide specialized tax products to accounting professionals. We organize our businesses into four reportable segments – Global Business Solutions, Consumer, Credit Karma, and ProTax.

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Global Business Solutions: This segment serves small and mid-market businesses around the world, and the accounting professionals who assist and advise them. Our QuickBooks offer financial and business management online services and desktop payroll solutions, time tracking, merchant payment processing and solutions, checking accounts through an FDIC member bank partner, financing for small and mid-market businesses. Our Mailchimp offers include marketing automation and customer relationship management.

Consumer: This segment serves consumers and do-it-yourself and assisted TurboTax income tax preparation products and services sold in the U.S. and Canada.

Credit Karma: This segment serves consumers with a personal finance platform that provides personalized recommendations for credit card, home, auto, and personal loan, and insurance product savings and checking accounts through an FDIC member bank partner. It also provides access to their credit scores and reports, credit and identity monitoring, report dispute, credit building tools, and tools to help understand and make financial progress.

ProTax: This segment serves professional accountants in the U.S. and Canada, who are essential to both small business success and tax preparation and filing. Our professional tax offerings include Lacerte ProSeries, and ProConnect Tax Online in the U.S., and ProFile and Online in Canada.

Our Business and Growth Strategy

The era of artificial intelligence (AI) is one of the most significant technological shifts in decades, igniting global innovations at an incredible pace. Intuit made an early bet on AI, declaring its AI-driven expert platform strategy in 2019 to deliver on its mission of powering prosperity for consumers and small and mid-market businesses. Our strategy, combined with our five Big Bets that focus on the largest customer problems and growth opportunities, positions us for durable growth in the future. Our scale of data, our investment in AI capabilities such as knowledge engineering, machine learning, and generative AI (GenAI), and our network of AI-powered virtual experts give us significant advantage as we deliver reimagined customer experiences.

With the introduction of GenAI, we are transforming how we strive to serve our customers by delivering “done for you” experiences, where we do the hard work for them, and connecting them with AI-powered human expertise to fuel their success. We use powerful and relevant contextual data sets spanning small business, consumer finance, and tax to deliver personalized financial insights to customers across our platform.

Additionally, our investment in AI, GenAI, data, and world-class developer tools in particular, provides a foundation for us to accelerate productivity, innovate at scale, and move with speed to deliver benefits to our customers. This includes utilizing our own financial large language models (LLMs), as well as models from other leaders in GenAI, which together unlock new opportunities to serve our customers with accuracy and speed in a cost-efficient way.

As we execute our global AI-driven expert platform strategy, we prioritize resources on our five Big Bets across the company. These priorities focus on solving the problems that matter most to customers and include:

- **Revolutionizing speed to benefit:** When customers use our products and services, we use the power of AI to deliver value instantly and aim to make interactions with our offerings frictionless, without the need for customers to manually enter data. We are accelerating the application of AI as we strive to deliver “done for you” experiences to our customers. This is foundational, and execution against this priority positions us to succeed with our other four Big Bets.
- **Connecting people to experts:** The largest problem our customers face is lack of confidence to file their own taxes or to manage their books. To build their confidence, we connect our customers to experts. We offer customers access to experts to help them make important decisions – and experts, such as accountants, gain access to new customers so they can grow their businesses. We are also expanding our virtual expert network and broadening the segments we serve beyond tax and accounting to play a more meaningful role in our customers’ financial lives.

- **Unlocking smart money decisions:** To address the challenges of high-cost debt and lack of savings, we are creating one consumer platform with TurboTax and Credit Karma that members can use to help optimize spend, get fast access to money, and grow their wealth over time.
- **Be the center of small business growth:** Globally, we are focused on helping customers grow their businesses by offering a broad, seamless set of tools that are designed to help them get and retain customers, get paid faster, manage and get access to capital, pay employees with confidence, and use third-party apps to help run their businesses. Our money solutions enable customers to manage their money and improve cash flow. This is an important driver to improving the success of our small and mid-market business customers.
- **Disrupt the mid-market:** We aim to disrupt the mid-market with a tailor-made, integrated ecosystem, which includes our QuickBooks offerings, as well as our workforce solutions and money offerings. These solutions are designed to address the more complex needs of mid-market businesses. Mailchimp's marketing offerings enable mid-market businesses to digitally promote their business across email, social media, landing pages, ads, websites, and more, all from one place. These offerings enable us to increase retention of these larger customers and accelerate mid-market demand.

Industry Trends and Seasonality

Industry Trends

AI, including GenAI, is transforming multiple industries, in particular financial technology. Disruptive start-ups, emerging ecosystems, and mega-platforms are harnessing new technology to create personalized experiences, deliver data-driven insights, and increase speed of service. These shifts are creating a more dynamic and highly competitive environment where customer expectations are shifting around the world as more services become digitized and the array of choices continues to increase.

Seasonality

Our Consumer and ProTax offerings have a significant and distinct seasonal pattern as sales and revenue from our income tax preparation products and services are typically heavily concentrated in the period from November through April. This seasonal pattern typically results in higher net revenues during our second and third quarters ending January 31 and April 30, respectively.

We expect the seasonality of our Consumer and ProTax businesses to continue to have a significant impact on our quarterly financial results in the future.

Key Challenges and Risks

Our growth strategy depends upon our ability to innovate, develop, and introduce emerging technologies, including AI and GenAI, to drive broad adoption of our products and services and enter new markets. Our future growth also increasingly depends on the strength of our third-party business relationships and our ability to continue to develop, maintain, and strengthen new and existing relationships. To remain competitive and continue to grow, we are investing significant resources in our product development, marketing, and sales capabilities, and we expect to continue to do so in the future. Much of our future success also depends on our ability to continue to attract, retain, and develop highly skilled employees, including those in technical and leadership roles who are critical to our strategic growth, in a highly competitive talent environment.

As we offer more online services, the ongoing operation and availability of our platforms and systems and those of our external service providers is becoming increasingly important. Because we help customers manage their financial lives, we face risks associated with the hosting, collection, use, and retention of personal customer information and data. We are investing significant management attention and resources in our information technology infrastructure and in our privacy and security capabilities, and we expect to continue to do so in the future.

We operate in industries that are experiencing an increasing amount of fraudulent activities by malicious third parties. We implement additional security measures, and we continue to work with state and federal governments to implement industry-wide security and anti-fraud measures, including sharing information regarding suspicious activity. We continue to invest in security measures and to work with the broader industry and government to protect our customers against this type of fraud.

Our operations are impacted by a rapidly-evolving regulatory environment and face increasingly heightened scrutiny. We are subject to numerous federal, state, and local, as well as foreign laws and regulations covering a broad and increasing range of subjects, both in the U.S. and internationally.

For a complete discussion of the most significant risks and uncertainties affecting our business, please see "Forward-Looking Statements" immediately preceding Part I and "Risk Factors" in Item 1A of Part II of this Quarterly Report.

Overview of Financial Results

The most important financial indicators that we use to assess our business are revenue growth for the company as a whole and for each reportable segment; operating income growth for the company as a whole; earnings per share; and cash flow from operations. We also track certain non-financial drivers of revenue growth and, when material, identify them in the applicable discussions of segment results below. Service offerings are a significant part of our business. Our total service revenue was \$13.9 billion, or 85% of our total revenue, in fiscal 2024, and we expect our total service revenue as a percentage of our total revenue to grow over the long term.

Key highlights for the first three months of fiscal 2025 include the following:

Revenue of \$3.3 B up 10% from the same period of fiscal 2024	Global Business Solutions revenue of \$2.5 B up 9% from the same period of fiscal 2024	Cash, cash equivalents, and investments of \$3.4 B
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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our condensed consolidated financial statements, we make estimates, assumptions, and judgments that can have a significant impact on our net revenue, operating income or loss, and net income or loss, as well as on the value of certain assets and liabilities on our condensed consolidated balance sheets. We believe that the estimates, assumptions, and judgments involved in the accounting policies described in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended July 31, 2024 have the greatest potential impact on our financial statements, so we consider them to be our critical accounting policies and estimates. There were no significant changes in those critical accounting policies and estimates during the first three months of fiscal 2025. Senior management has reviewed the development and selection of our critical accounting policies and estimates and their disclosure in this Quarterly Report on Form 10-Q with the Audit and Risk Committee of our Board of Directors.

RESULTS OF OPERATIONS

Financial Overview

(Dollars in millions, except per share amounts)

	Q1 FY25	Q1 FY24	\$ Change	% Change
Total net revenue	\$ 3,283	\$ 2,978	\$ 305	10 %
Operating income	271	307	(36)	(12)%
Net income	197	241	(44)	(18)%
Diluted net income per share	\$ 0.70	\$ 0.85	\$ (0.15)	(18)%

Total net revenue for the first quarter of fiscal 2025 increased \$305 million, or 10%, compared with the same quarter of fiscal 2024. Our Global Business Solutions segment revenue increased during the quarter due to growth in our Online Ecosystem revenue. Credit Karma segment revenue increased during the quarter due to strength in our personal loan, auto insurance, and credit card verticals. Revenue in our Consumer and ProTax segments was seasonally light, consistent with the same quarter of fiscal 2024. See "Segment Results" later in this Item 2 for more information about the results for all of our reportable segments.

Operating income for the first quarter of fiscal 2025 decreased \$36 million, or 12%, compared to the same quarter of fiscal 2024. The decrease in operating income was due to an increase in expenses, partially offset by the increase in revenue described above. Expenses increased due to marketing, staffing, and outside services. See "Cost of Revenue" and "Operating Expenses" later in this Item 2 for more information.

Net income for the first quarter of fiscal 2025 decreased \$44 million, or 18%, compared with the same quarter of fiscal 2024. The decrease in net income was due to the decrease in operating income described above, a \$42 million net loss on a long-term investment, partially offset by an \$18 million increase in the net gains on executive deferred compensation plan assets, an \$8 million increase in interest income due to higher investable balances, and a decrease in income tax expense. Diluted net income per share decreased to \$0.70 for the first quarter of fiscal 2025 compared to \$0.85 for the same quarter of fiscal 2024, in line with the decrease in net income.

Segment Results

The information below is organized in accordance with our four reportable segments. See "Executive Overview—About Intuit" earlier in this Item 2 and Note 12 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for more information. All of our segments operate and sell to customers primarily in the U.S. Total international net revenue was approximately 10% of consolidated net revenue for each of the three months ended October 31, 2024 and 2023.

On August 1, 2024, we reorganized certain technology and customer success functions in our Global Business Solutions, Consumer, and ProTax segments that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result of these reorganizations, costs associated with these functions are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified expenses totaling \$332 million from Global Business Solutions, \$65 million from Consumer, and \$8 million from ProTax to other corporate expenses to conform to the current presentation.

Segment operating income or loss is segment net revenue less segment cost of revenue and operating expenses. See "Executive Overview—Industry Trends and Seasonality" earlier in this Item 2 for a description of the seasonality of our business. We include expenses such as corporate selling and marketing, general and administrative, and non-employment related legal and litigation settlement costs, which are not allocated to specific segments, in unallocated corporate items as part of other corporate expenses. As part of our platform strategy, we also include customer success and product development for our Global Business Solutions, Consumer, and ProTax segments in unallocated corporate items as we do not allocate these expenses to the segments because they are managed at the platform level. Customer success includes the costs of tax and bookkeeping experts that support our TurboTax Live and QuickBooks Live offerings. For our Credit Karma reportable segment, segment expenses include certain direct expenses related to selling and marketing, product development, and general and administrative. Unallocated corporate items for all segments include share-based compensation, amortization of acquired technology, amortization of other acquired intangible assets, goodwill and intangible asset impairment charges, professional fees and transaction charges related to business combinations, and restructuring charges. These unallocated corporate costs for all segments totaled \$2.0 billion in the first three months of fiscal 2025 and \$1.8 billion in the first three months of fiscal 2024. Unallocated corporate items increased in the fiscal 2025 period, due to increases in general and administrative expense, product development expense, share-based compensation expense, and restructuring. See Note 12 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for reconciliations of total segment operating income or loss to consolidated operating income or loss for each fiscal period presented.

Global Business Solutions

4435

Global Business Solutions segment revenue includes both Online Ecosystem and Desktop Ecosystem revenue.

Our Online Ecosystem includes revenue from:

- QuickBooks Online, QuickBooks Live, QuickBooks Online Advanced, QuickBooks Self-Employed, and QuickBooks Solopreneur financial and business management offerings;
- QuickBooks Online Payroll;
- Merchant payment processing and bill pay services for small and mid-market businesses that use online offerings;
- Mailchimp's marketing automation and customer relationship management offerings;
- QuickBooks Checking; and
- Financing for small and mid-market businesses.

Our Desktop Ecosystem includes revenue from:

- QuickBooks Desktop software subscriptions (QuickBooks Desktop Pro Plus, QuickBooks Desktop Premier Plus, and QuickBooks Enterprise, and ProAdvisor Program memberships for the accounting professionals who serve small businesses);
- Desktop payroll products (QuickBooks Assisted Payroll, and QuickBooks Enhanced Payroll);
- Merchant payment processing services for small and mid-market businesses that use desktop offerings;
- Financial supplies; and
- Financing for small and mid-market businesses.

Segment service revenue is primarily derived from our Online Ecosystem revenue and revenue from the services and support that are provided as part of our QuickBooks Desktop subscription and desktop payroll offerings, as well as merchant payment processing services. Segment product and other revenue is primarily derived from revenue related to delivery of software licenses and the related updates, including version protection, for our QuickBooks Desktop subscriptions and desktop payroll offerings, which are part of our Desktop Ecosystem. Our money offerings consist of our merchant payment processing services, financing for small and mid-market businesses (QuickBooks Capital), and bill pay services.

(Dollars in millions)

	Q1 FY25	Q1 FY24	% Change
Service revenue	\$ 2,168	\$ 1,842	18 %
Product and other revenue	376	502	(25) %
Total segment revenue	<u>\$ 2,544</u>	<u>\$ 2,344</u>	9 %
% of total revenue	78 %	79 %	
Segment operating income	<u>\$ 1,999</u>	<u>\$ 1,824</u>	10 %
% of related revenue	79 %	78 %	

Revenue classified by significant service and product offerings was as follows:

(Dollars in millions)

Net revenue:

	Q1 FY25	Q1 FY24	% Change
QuickBooks Online Accounting	\$ 965	\$ 798	21 %
Online Services	978	820	19 %
Total Online Ecosystem	1,943	1,618	20 %
QuickBooks Desktop Accounting	296	376	(21)%
Desktop Services and Supplies	305	350	(13)%
Total Desktop Ecosystem	601	726	(17)%
Total Global Business Solutions	\$ 2,544	\$ 2,344	9 %

Revenue for our Global Business Solutions segment increased \$200 million, or 9%, in the first quarter of fiscal 2025 compared with the same period of fiscal 2024. The increase was due to growth in Online Ecosystem revenue, which contributed to \$325 million of the increase for the three months ended October 31, 2024.

[Online Ecosystem Revenue](#)

Online Ecosystem revenue increased \$325 million, or 20%, in the first quarter of fiscal 2025 compared with the same period of fiscal 2024. QuickBooks Online Accounting revenue increased \$167 million, or 21%, in the first quarter of fiscal 2025 due to the interrelated factors of customer growth, higher effective prices, and a shift in mix to our higher-priced offerings. Online Services revenue increased \$158 million, or 19%, in the first quarter of fiscal 2025, due to increases in revenue from our money offerings of \$91 million, our payroll offerings of \$53 million, and Mailchimp of \$17 million. Revenue increases were due to the interrelated factors described below. Money revenue increased \$91 million due to a \$65 million increase in payments revenue from payments customer growth, higher effective payments prices, and an increase in total payment volume per customer, and a \$26 million increase from QuickBooks Capital. Online payroll revenue increased due to customer growth, higher effective prices, and a shift in mix to higher end offerings. Mailchimp revenue increased due to higher effective prices and paid customer growth.

[Desktop Ecosystem Revenue](#)

Desktop Ecosystem revenue decreased \$125 million, or 17%, in the first quarter of fiscal 2025 compared with the same period of fiscal 2024, reflecting changes we made to our QuickBooks desktop offerings in early fiscal 2024 to complete the transition to a recurring subscription model, including more frequent product updates.

Global Business Solutions segment operating income increased \$175 million, or 10%, in the first quarter of fiscal 2025 compared with the same period of fiscal 2024, due to the increase in revenue described above, and decreases in marketing expenses of \$16 million and staffing expenses of \$10 million.

In August 2024, we reorganized certain technology and customer success functions that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result, these costs are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified \$332 million from Global Business Solutions to other corporate expenses to conform to the current presentation.

Consumer

10067

Consumer segment service revenue is derived primarily from TurboTax Online and TurboTax Live offerings, electronic tax filing services, and connected services.

Consumer segment product and other revenue is derived primarily from TurboTax desktop tax return preparation software and related form updates.

(Dollars in millions)

	Q1 FY25	Q1 FY24	% Change
Service revenue	\$ 172	\$ 178	(3)%
Product and other revenue	4	9	(56)%
Total segment revenue	<u>\$ 176</u>	<u>\$ 187</u>	(6)%
% of total revenue	5 %	6 %	
Segment operating income	<u>\$ 76</u>	<u>\$ 132</u>	(42)%
% of related revenue	43 %	71 %	

Revenue for our Consumer segment decreased \$11 million, or 6%, in the first three months of fiscal 2025 compared with the same period of fiscal 2024. Due to the seasonal nature of our Consumer offerings, we typically generate minimal revenue from Consumer products and services in our first fiscal quarter compared with our second and third fiscal quarters. The majority of revenue for the first quarter of each fiscal year is for the filing of returns for the previous tax year.

Consumer segment operating income decreased \$56 million, or 42%, in the first three months of fiscal 2025 compared with the same period of fiscal 2024. In our first fiscal quarter, our Consumer segment typically generates nominal operating income or operating losses because revenue is minimal while we continue to incur operating expenses for general and administrative functions. In the first quarter of fiscal 2025, expenses increased compared to the same period of fiscal 2024 due to an increase in marketing expenses of \$46 million.

In August 2024, we reorganized certain technology and customer success functions that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result, these costs are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified \$65 million from Consumer to other corporate expenses to conform to the current presentation.

Credit Karma

11493

Credit Karma segment revenue is primarily derived from cost-per-action transactions, which include the delivery of qualified links that result in completed actions such as credit card issuances and personal loan funding; cost-per-click and cost-per-lead transactions, which include user clicks on advertisements or advertisements that allow for the generation of leads, and primarily relate to mortgage and insurance businesses; and Credit Karma Money.

(Dollars in millions)

	Q1 FY25	Q1 FY24	% Change
Service revenue	\$ 524	\$ 405	29 %
Product and other revenue	—	—	N/A
Total segment revenue	\$ 524	\$ 405	29 %
% of total revenue	16 %	14 %	
Segment operating income	\$ 180	\$ 106	70 %
% of related revenue	34 %	26 %	

Revenue for our Credit Karma segment increased \$119 million, or 29%, in the first quarter of fiscal 2025 compared to the same period in fiscal 2024, due to increases in revenue from our personal loan vertical of \$44 million, our auto insurance vertical of \$36 million, and our credit card vertical of \$31 million.

Credit Karma segment operating income increased \$74 million, or 70%, in the first quarter of fiscal 2025 compared to the same period of fiscal 2024, due to the increase in revenue described above, partially offset by increases in marketing expenses of \$37 million.

ProTax



ProTax segment service revenue is derived primarily from ProConnect Tax Online tax products, electronic tax filing services, connected services, and bank products.

ProTax segment product and other revenue is derived primarily from Lacerte, ProSeries, and ProFile desktop tax preparation software products, and related form updates.

(Dollars in millions)

	Q1 FY25	Q1 FY24	% Change
Service revenue	\$ 25	\$ 25	— %
Product and other revenue	14	17	(18)%
Total segment revenue	<u>\$ 39</u>	<u>\$ 42</u>	(7)%
% of total revenue	1 %	1 %	
Segment operating income	<u>\$ 20</u>	<u>\$ 22</u>	(9)%
% of related revenue	51 %	52 %	

Revenue for our ProTax segment decreased \$3 million, or 7%, in the first three months of fiscal 2025 compared with the same period of fiscal 2024. Due to the seasonal nature of our ProTax offerings, we typically generate minimal revenue from professional tax products and services in our first fiscal quarter compared with our second and third fiscal quarters. The majority of revenue for the first quarter of each fiscal year is for the filing of returns for the previous tax year.

Segment operating income decreased \$2 million, or 9%, in the first three months of fiscal 2025 compared with the same period of fiscal 2024. In our first fiscal quarter, our ProTax segment typically generates nominal operating income or operating losses because revenue is minimal while we continue to incur operating expenses for general and administrative functions. Expenses were relatively flat in the first three months of fiscal 2025 compared to the same period of fiscal 2024.

In August 2024, we reorganized certain technology and customer success functions that support and benefit our overall platform and are managed at that level rather than at the segment level. As a result, these costs are no longer included in segment operating income and are now included in other corporate expenses. For the three months ended October 31, 2023, we reclassified \$8 million from ProTax to other corporate expenses to conform to the current presentation.

Cost of Revenue

(Dollars in millions)

	Q1 FY25	% of Related Revenue	Q1 FY24	% of Related Revenue
Cost of service revenue	\$ 772	27 %	\$ 707	29 %
Cost of product and other revenue	14	4 %	15	3 %
Amortization of acquired technology	37	N/A	38	N/A
Total cost of revenue	<u>\$ 823</u>	25 %	<u>\$ 760</u>	26 %

Our cost of revenue has three components: (1) cost of service revenue, which includes the direct costs associated with our online and service offerings, such as staffing costs for ongoing production support, customer support, and tax and bookkeeping experts that support our TurboTax Live and QuickBooks Live offerings, costs for data processing and storage capabilities from cloud providers, and costs related to credit score providers; (2) cost of product and other revenue, which includes the direct costs of manufacturing and shipping or electronically downloading our desktop software and financial supplies products; and (3) amortization of acquired technology, which represents the cost of amortizing developed technologies that we have obtained through acquisitions, over their useful lives.

Cost of service revenue as a percentage of service revenue was relatively consistent in the first quarter of fiscal 2025 compared with the same period of fiscal 2024.

Cost of product and other revenue as a percentage of product and other revenue was relatively consistent in the first quarter of fiscal 2025 compared with the same period of fiscal 2024. Costs of product and other revenue are expensed as incurred, and we do not defer any of these costs when product and other revenue is deferred.

Operating Expenses

(Dollars in millions)

	Q1 FY25	% of Total Net Revenue	Q1 FY24	% of Total Net Revenue
Selling and marketing	\$ 962	29 %	\$ 769	26 %
Research and development	704	22 %	680	23 %
General and administrative	394	12 %	342	11 %
Amortization of other acquired intangible assets	120	4 %	120	4 %
Restructuring	9	— %	—	— %
Total operating expenses	<u>\$ 2,189</u>	67 %	<u>\$ 1,911</u>	64 %

Total operating expenses as a percentage of total net revenue increased in the first quarter of fiscal 2025 compared to the same period of fiscal 2024. Total net revenue for the first quarter of fiscal 2025 increased \$305 million, or 10%, while total operating expenses for the quarter increased \$278 million, or 15%. The increase in total operating expenses was due to increases of \$117 million for marketing, \$67 million for staffing, and \$46 million for outside services.

Non-Operating Income and Expenses

Interest Expense

Interest expense of \$60 million and \$65 million for the first three months of fiscal 2025 and 2024, respectively, consisted of interest on our senior unsecured notes and secured revolving credit facilities.

Interest and Other Income, Net

(In millions)

	Q1 FY25	Q1 FY24
Interest income ⁽¹⁾	\$ 42	\$ 34
Net gain (loss) on executive deferred compensation plan assets ⁽²⁾	4	(14)
Other ⁽³⁾	(44)	2
Total interest and other income, net	<u>\$ 2</u>	<u>\$ 22</u>

- (1) Interest income for the three months ended October 31, 2024 increased compared to the same periods of fiscal 2024 due to higher average investable balances.
- (2) In accordance with authoritative guidance, we record gains and losses associated with executive deferred compensation plan assets in interest and other income and gains and losses associated with the related liabilities in operating expenses. The total amounts recorded in operating expenses for each period are approximately equal to the total amounts recorded in interest and other income in those periods.
- (3) During the three months ended October 31, 2024, we recorded a \$42 million net loss on long-term investments.

Income Taxes

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and adding the effects of any discrete income tax items specific to the period.

We recognized excess tax benefits on share-based compensation of \$28 million in our provision for income taxes for each of the three months ended October 31, 2024 and 2023.

Our effective tax rate for the three months ended October 31, 2024 was approximately 8%. Excluding discrete tax items primarily related to share-based compensation, our effective tax rate was approximately 24%. The difference from the federal statutory rate of 21% was primarily due to state income taxes and non-deductible share-based compensation, which were partially offset by the tax benefit we received from the federal research and experimentation credit.

Our effective tax rate for the three months ended October 31, 2023 was approximately 9%. Excluding discrete tax items primarily related to share-based compensation, our effective tax rate was approximately 24%. The difference from the federal statutory rate of 21% was primarily due to state income taxes and non-deductible share-based compensation, which were partially offset by the tax benefit we received from the federal research and experimentation credit.

In 2021, the Organisation for Economic Co-operation and Development (OECD) announced Pillar Two Model Rules, which call for the taxation of large multinational corporations at a minimum rate of 15%. Many non-U.S. tax jurisdictions have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in fiscal 2025 with the adoption of additional components in later years or announced their plans to enact legislation in future years. The currently enacted Pillar Two Model Rules are not expected to have a significant impact to our provision for income taxes. We continue to monitor developments and evaluate impacts, if any, of these provisions on our results of operations and cash flows for future years.

In the current global tax policy environment, the U.S. and other domestic and foreign governments continue to consider, and in some cases enact, changes in corporate tax laws. As changes occur, we account for finalized legislation in the period of enactment.

LIQUIDITY AND CAPITAL RESOURCES

Overview

At October 31, 2024, our cash, cash equivalents, and investments totaled \$3.4 billion, a decrease of \$716 million from July 31, 2024 due to the factors discussed under "Statements of Cash Flows" below. Our primary sources of liquidity have been cash from operations, which entails the collection of accounts receivable for products and services, the issuance of senior unsecured notes, and borrowings under our credit facilities. Our primary uses of cash have been for research and development programs, selling and marketing activities, capital projects, acquisitions of businesses, debt service costs and debt repayment, repurchases of our common stock under our stock repurchase programs, and the payment of cash dividends. As discussed in "Executive Overview—Industry Trends and Seasonality" earlier in this Item 2, our business is subject to significant seasonality. The balance of our cash, cash equivalents, and investments generally fluctuates with that seasonal pattern. We believe the seasonality of our business is likely to continue in the future.

The following table summarizes selected measures of our liquidity and capital resources at the dates indicated:

<i>(Dollars in millions)</i>	October 31, 2024	July 31, 2024	\$ Change	% Change
Cash, cash equivalents, and investments	\$ 3,358	\$ 4,074	\$ (716)	(18)%
Long-term investments	\$ 90	\$ 131	\$ (41)	(31)%
Long-term debt	\$ 5,625	\$ 5,539	\$ 86	2 %
Working capital	\$ 2,107	\$ 2,187	\$ (80)	(4)%
Ratio of current assets to current liabilities	1.2 : 1	1.3 : 1		

We have historically generated significant cash from operations, and we expect to continue to do so in the future. Our cash, cash equivalents, and investments totaled \$3.4 billion at October 31, 2024. None of those funds were restricted and approximately 91% of those funds were located in the U.S.

Our unsecured revolving credit facility and commercial paper program are available to us for general corporate purposes. At October 31, 2024, no amounts were outstanding under the unsecured revolving credit facility or the commercial paper program. See Note 6 to the financial statements in Part I, Item 1 of this Quarterly Report for more information.

Our secured revolving credit facilities are available to fund a portion of our loans to qualified small businesses. At October 31, 2024, \$670 million was outstanding under our secured revolving credit facilities.

Based on past performance and current expectations, we believe that our cash and cash equivalents, investments, cash generated from operations, borrowing capacity under our credit facilities and commercial paper program, and access to external financing will be sufficient to meet anticipated seasonal working capital needs, contractual obligations, commitments, debt service requirements, capital expenditure requirements, and other liquidity requirements associated with our operations for at least the next 12 months.

We expect to return excess cash generated by operations to our stockholders through repurchases of our common stock and payment of cash dividends, after taking into account our operating and strategic cash needs.

We evaluate, on an ongoing basis, the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. Our strong liquidity profile enables us to quickly respond to these types of opportunities.

Statements of Cash Flows

The following table summarizes selected items from our condensed consolidated statements of cash flows for the first three months of fiscal 2025 and fiscal 2024. See the financial statements in Part I, Item 1 of this Quarterly Report for complete condensed consolidated statements of cash flows for those periods.

<i>(In millions)</i>	October 31, 2024	October 31, 2023	\$ Change
Net cash provided by (used in):			
Operating activities	\$ 362	\$ (97)	\$ 459
Investing activities	(188)	210	(398)
Financing activities	761	849	(88)
Effect of exchange rates on cash, cash equivalents, restricted cash, and restricted cash equivalents	—	(17)	17
Net increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	\$ 935	\$ 945	\$ (10)

Our primary sources and uses of cash were as follows:

Three Months Ended	
October 31, 2024	October 31, 2023
<p><i>Sources of cash:</i></p> <ul style="list-style-type: none"> • Net change in funds receivable and funds payable and amounts due to customers • Operations • Issuance of common stock under employee stock plans • Borrowings under our secured revolving credit facilities <p><i>Uses of cash:</i></p> <ul style="list-style-type: none"> • Repurchases of shares of our common stock • Payment of accrued bonuses and restructuring for fiscal 2024 • Payment of cash dividends and dividend rights • Payments for employee taxes withheld upon vesting of restricted stock units • Net originations and purchases of loans held for investment 	<p><i>Sources of cash:</i></p> <ul style="list-style-type: none"> • Proceeds from the issuance of senior unsecured notes • Net change in funds receivable and funds payable and amounts due to customers • Net sales and maturities of corporate and customer fund investments • Issuance of common stock under employee stock plans <p><i>Uses of cash:</i></p> <ul style="list-style-type: none"> • Repayment of debt • Repurchases of shares of our common stock • Payment of cash dividends and dividend rights • Payment of accrued bonuses for fiscal 2023 • Payments for employee taxes withheld upon vesting of restricted stock units • Operations • Capital expenditures • Net originations and purchases of loans held for investment

Stock Repurchase Programs, Treasury Shares, and Dividends on Common Stock

As described in Note 10 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report, during the first three months of fiscal 2025, we repurchased 915,000 shares of our common stock under repurchase programs that our Board of Directors has authorized. On August 20, 2024, our Board of Directors approved an increase in the authorization under the existing stock repurchase program under which we are authorized to repurchase up to an additional \$3 billion of our common stock. At October 31, 2024, we had authorization from our Board of Directors for up to \$4.3 billion in stock repurchases. We currently expect to continue repurchasing our common stock on a quarterly basis; however, future stock repurchases under the current program are at the discretion of management, and authorization of future stock repurchase programs is subject to the final determination of our Board of Directors.

We have continued to pay quarterly cash dividends on shares of our outstanding common stock. During the three months ended October 31, 2024, we declared quarterly cash dividends that totaled \$1.04 per share of outstanding common stock for a total of \$295 million. In November 2024, our Board of Directors declared a quarterly cash dividend of \$1.04 per share of outstanding common stock payable on January 17, 2025 to stockholders of record at the close of business on January 9, 2025. We currently expect to continue paying comparable cash dividends on a quarterly basis. However, future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors.

Commitments for Senior Unsecured Notes

In June 2020, we issued \$2 billion of senior unsecured notes, of which \$1.5 billion is outstanding as of October 31, 2024, and is comprised of the following:

- \$500 million of 0.950% notes due July 2025;
- \$500 million of 1.350% notes due July 2027; and
- \$500 million of 1.650% notes due July 2030 (together, the 2020 Notes).

Interest is payable semiannually on January 15 and July 15 of each year. At October 31, 2024, our maximum commitment for interest payments was \$75 million for the remaining duration of the outstanding 2020 Notes.

The 2020 Notes are senior unsecured obligations of Intuit and rank equally with all existing and future unsecured and unsubordinated indebtedness of Intuit and are redeemable by us at any time, subject to a make-whole premium. Upon the occurrence of change of control transactions that are accompanied by certain downgrades in the credit ratings of the 2020 Notes, we will be required to repurchase the 2020 Notes at a repurchase price equal to 101% of the aggregate outstanding principal plus any accrued and unpaid interest to but not including the date of repurchase. The indenture governing the 2020 Notes requires us to comply with certain covenants. For example, the 2020 Notes limit our ability to create certain liens and enter into sale and leaseback transactions. As of October 31, 2024, we were compliant with all covenants governing the 2020 Notes. See Note 6 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for more information.

In September 2023, we issued \$4 billion of senior unsecured notes comprised of the following:

- \$750 million of 5.250% notes due September 2026;
- \$750 million of 5.125% notes due September 2028;
- \$1,250 million of 5.200% notes due September 2033; and
- \$1,250 million of 5.500% notes due September 2053 (together, the 2023 Notes).

Interest is payable semiannually on March 15 and September 15 of each year. At October 31, 2024, our maximum commitment for interest payments was \$2.8 billion for the remaining duration of the outstanding 2023 Notes.

The 2023 Notes are senior unsecured obligations of Intuit and rank equally with all existing and future unsecured and unsubordinated indebtedness of Intuit and are redeemable by us at any time, subject to a make-whole premium. The indenture governing the 2023 Notes requires us to comply with certain covenants. For example, the 2023 Notes limit our ability to create certain liens and enter into sale and leaseback transactions. As of October 31, 2024, we were compliant with all covenants governing the 2023 Notes. See Note 6 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report for more information.

Credit Facilities

Unsecured Revolving Credit Facilities

On February 5, 2024, we terminated our amended and restated credit agreement dated November 1, 2021 (2021 Credit Facility), and entered into a credit agreement with certain lenders providing for a \$1.5 billion unsecured revolving credit facility that expires on February 5, 2029 (2024 Credit Facility).

Under the 2024 Credit Facility, we may, subject to certain customary conditions, including approval of relevant lenders, on one or more occasions, increase commitments under the 2024 Credit Facility by an amount not to exceed \$1 billion in the aggregate, and, on one or more occasions, extend the maturity date of the 2024 Credit Facility by one year. The 2024 Credit Facility includes a \$500 million sublimit for borrowing swingline loans and a \$250 million sublimit for the issuance of letters of credit. Advances under the unsecured revolving credit facility accrue interest at rates equal to (a) in the case of U.S. dollar borrowings, at our election, either (i) the alternate base rate plus a margin that ranges from 0.0% to 0.125%, or (ii) the adjusted term Secured Overnight Finance Rate (SOFR) plus a margin that ranges from 0.7% to 1.125%, or (b) in the case of foreign currency borrowings, the interest benchmark for the relevant currency specified in the credit agreement plus a margin that ranges from 0.7% to 1.125%. Actual margins under either election are based on our senior debt credit ratings.

The 2024 Credit Facility includes customary affirmative and negative covenants, including a financial covenant that requires us to maintain a ratio of total gross debt to earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the agreement, of not greater than 4.00 to 1.00 as measured on a rolling twelve month basis as of the last day of each fiscal quarter. As of October 31, 2024, we were compliant with all covenants governing the 2024 Credit Facility. At October 31, 2024, no amounts were outstanding under the 2024 Credit Facility. We monitor counterparty risk associated with the institutional lenders that are providing the credit facility.

Secured Revolving Credit Facilities

On February 19, 2019, a subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2019 Secured Facility). The 2019 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. We have entered into several amendments to this facility, most recently on September 5, 2024. These amendments primarily increase the facility limit, extend the commitment term and final maturity date, and update the benchmark interest rate. Under the amended 2019 Secured Facility, the facility limit is \$500 million, of which \$300 million is committed and \$200 million is uncommitted. Advances accrue interest at adjusted daily simple SOFR plus 1.25%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.25% to 0.75%, depending on the total unused committed balance. The commitment term is through August 31, 2027, and the final maturity date is August 31, 2028. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios. As of October 31, 2024, we were compliant with all covenants governing the 2019 Secured Facility. At October 31, 2024, \$370 million was outstanding under the 2019 Secured Facility and the weighted-average interest rate was 6.25%, which includes the interest on the unused committed portion. The outstanding balance is secured by cash and receivables of the subsidiary totaling \$1.3 billion.

On October 12, 2022, another subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2022 Secured Facility). The 2022 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. We have entered into several amendments to this facility, most recently on April 30, 2024. These amendments primarily extend the commitment term and final maturity date and increase the commitment amount. Under the amended 2022 Secured Facility, the facility limit is \$500 million, of which \$300 million is committed and \$200 million is uncommitted. Advances accrue interest at SOFR plus 1.3%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.2% to 0.4%, depending on the total unused committed balance. The commitment term is through April 30, 2026, and the final maturity date is April 30, 2027. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios. As of October 31, 2024, we were compliant with all covenants governing the 2022 Secured Facility. At October 31, 2024, \$300 million was outstanding under the 2022 Secured Facility and the weighted-average interest rate was 6.2%, which includes the interest on the unused committed portion. The outstanding balance is secured by cash and receivables of the subsidiary totaling \$881 million.

On November 1, 2024, a subsidiary of Intuit entered into a secured revolving credit facility with a lender to fund a portion of our loans to qualified small businesses (the 2024 Secured Facility). The 2024 Secured Facility is secured by cash and receivables of the subsidiary and is non-recourse to Intuit Inc. Under the 2024 Secured Facility, the facility limit is \$300 million, of which \$150 million is committed and \$150 million is uncommitted. Advances accrue interest at SOFR plus 1.15%. Unused portions of the committed credit facility accrue interest at a rate ranging from 0.2% to 0.4%, depending on the total unused committed balance. The commitment term is through November 1, 2027, and the final maturity date is November 1, 2028. The agreement includes certain affirmative and negative covenants, including financial covenants that require the subsidiary to maintain specified financial ratios.

Commercial Paper Program

In June 2024, we established a \$1.5 billion commercial paper program under which we may issue and sell unsecured short-term promissory notes (commercial paper). The maturities of the commercial paper may vary up to 397 days from the date of issuance. At each of the reporting periods ended October 31, 2024 and July 31, 2024, no amounts were outstanding under this program.

Cash Held by Foreign Subsidiaries

Our cash, cash equivalents, and investments totaled \$3.4 billion at October 31, 2024. Approximately 9% of those funds were held by our foreign subsidiaries and subject to repatriation tax considerations. These foreign funds were located primarily in India, the United Kingdom, and Canada. We do not expect to pay incremental U.S. taxes on repatriation. We have recorded income tax expense for Canada, India, and Israel withholding taxes on earnings that are not permanently reinvested. In the event that funds from foreign operations are repatriated to the U.S., we would pay withholding taxes at that time.

CONTRACTUAL OBLIGATIONS

We presented our contractual obligations at July 31, 2024 in our Annual Report on Form 10-K for the fiscal year then ended. There were no material changes outside the ordinary course of business to our contractual obligations during the three months ended October 31, 2024.

RECENT ACCOUNTING PRONOUNCEMENTS

For a description of recent accounting pronouncements, if any, and the potential impact of these pronouncements on our condensed consolidated financial statements, see Note 1 to the financial statements in Part I, Item 1 of this Quarterly Report.

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based upon an evaluation of the effectiveness of disclosure controls and procedures, Intuit's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures as defined under Exchange Act Rules 13a-15(e) and 15d-15(e) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and that they are effective at the reasonable assurance level. However, no matter how well conceived and executed, a control system can provide only reasonable and not absolute assurance that the objectives of the control system are met. The design of any control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. There are also limitations that are inherent in any control system. These limitations include the realities that breakdowns can occur because of errors in judgment or mistakes, and that controls can be circumvented by individual persons, by collusion of two or more people, or by management override of the controls. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Note 11 to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of legal proceedings.

ITEM 1A - RISK FACTORS

Our businesses routinely encounter and address risks, many of which could cause our future results to be materially different than we presently anticipate. Below, we describe significant factors, events and uncertainties that make an investment in our securities risky, categorized solely for ease of reference as strategic, operational, legal and compliance, and financial risks. The following events and consequences could have a material adverse effect on our business, growth, prospects, financial condition, results of operations, cash flows, liquidity, reputation and credit rating, and the trading price of our common stock could decline. We could also be affected by other events, factors or uncertainties that are presently unknown to us or that we do not currently consider to present significant risks to our business. These risks may be amplified by the effects of global developments and conditions or events, including macroeconomic and geopolitical conditions, which have caused significant global economic instability and uncertainty.

STRATEGIC RISKS

We face intense competitive pressures that may harm our operating results.

We face intense competition in all of our businesses, and we expect competition to continue to intensify in the future. Our competitors and potential competitors range from large and established entities to emerging start-ups. Our competitors may introduce superior products and services, successfully use and deploy new technologies such as artificial intelligence (AI) that may reduce customer demand for our products or services, reduce prices, have greater technical, marketing and other resources, have greater name recognition, have larger installed bases of customers, have well-established relationships with our current and potential customers, advertise aggressively or beat us to market with new products and services. In addition, we face competition from existing companies with large established consumer user bases and broad-based platforms, who may change or expand the focus of their business strategies and marketing to target our customers, including small businesses, tax and personal financial management customers.

We also face competition from companies with a variety of business models and monetization strategies, including increased competition from providers of free and low cost offerings, particularly in our tax, accounting, payments and consumer finance platform businesses. We have also introduced free offerings in several categories, but we may not be able to attract and retain customers as effectively as our competitors with different business models. In addition, other providers of free offerings may provide features that we do not offer and customers who have formerly paid for our products and services may elect to use our competitors' free offerings instead. These competitive factors may diminish our revenue and profitability, and harm our ability to acquire and retain customers.

Our consumer tax business also faces significant, increasing competition from the public sector, where we face the risk of federal and state taxing authorities implementing revenue-raising strategies that involve developing and providing government tax software or other government return preparation systems at public expense. These or similar programs have been and may continue to be introduced or expanded in the future, which may change the voluntary compliance tax system in ways that could cause us to lose customers and revenue. For example, the IRS has stated that it will make a free direct filing system, which it piloted in 2024, a permanent option in 2025 and will explore ways to expand eligibility for the program, including partnering with more states. Additionally, the legacy IRS Free File Program enables the IRS to offer free commercial tax software directly to qualifying taxpayers, and taxpayer adoption of this program could expand with increased awareness of and government support for the program.

Through these or other programs, federal and state governments are or could become publicly funded direct competitors of the U.S. tax services industry and of Intuit. Government funded services that curtail or eliminate the role of taxpayers in preparing their own taxes could potentially have material and adverse revenue implications on us.

Future revenue growth depends upon our ability to adapt to technological change and successfully extend our platform, introduce new and enhanced products, features, services, and business models.

We operate in industries that are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To meet the evolving needs and expectations of our customers and partners and attract and retain top technical talent, we must continue to innovate, develop and extend our platform, introduce new products and features, and

enhance our ability to solve customer problems with emerging technologies, such as artificial intelligence. If we are not able to do this successfully, we may face a competitive disadvantage. We have and will continue to devote significant resources to continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, including artificial intelligence. There can be no assurance that we or our customers will realize the expected benefits from these investments. Legislation or regulatory changes in these areas may mandate changes in our products that make them less attractive to users and hinder our ability to leverage emerging technologies and build out our platform capabilities.

Our consumer and professional tax businesses depend significantly on revenue from customers who return each year to use our updated tax preparation and filing software and services, including customers who use our free consumer tax products and whose tax scenarios evolve in subsequent years to require paid services. Encouraging customers to continue using our products in successive years can become more challenging unless new product releases provide features and functionality that have meaningful incremental value. As we continue to introduce and expand our new business models our customers may not perceive value in the additional benefits and services we offer and may choose not to pay for those additional benefits or we may be unsuccessful in increasing customer adoption of these offerings or our risk profile may change, resulting in loss of revenue.

When customers consent to the use of their data across our platform, we work to provide additional benefits to them through our existing offerings and the creation of new products and services. The growth of our business depends, in part, on our ability to successfully provide customers value in this way. If we are unable to clearly demonstrate the value of these new or upgraded products or services, our ability to build new data-driven products and services may be limited and our revenues may be harmed.

In some cases, we may expend a significant amount of resources and management attention on offerings that do not ultimately succeed in their markets. We have encountered difficulty in launching new products and services in the past. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. We have also invested, and in the future, expect to invest in new business models, technologies, geographies, strategies and initiatives. Such endeavors may involve significant risks and uncertainties, including a rapidly changing regulatory environment, distraction of management from current operations, expenses associated with the initiatives, inadequate return on investments, and social or ethical scrutiny. Because these new initiatives are inherently risky, they may not be successful and may harm our financial condition, operating results, or reputation.

We rely on intellectual property in our products and services.

Many of our products and services include our own intellectual property, as well as the intellectual property of third parties, which we license under agreements that may need to be renewed or renegotiated from time to time. We may not be able to obtain licenses to these third-party technologies or content on reasonable terms, or at all. If we are unable to obtain the rights necessary to use this intellectual property in our products and services, we may not be able to provide the affected offerings, and customers who are currently using the affected product may be disrupted, which may in turn harm our future financial results, damage our brand, and result in customer loss. Also, we and our customers have been and may continue to be subject to infringement claims as a result of the third-party intellectual property incorporated in our offerings, including through our use of AI. Although we try to mitigate this risk and we may not be ultimately liable for any potential infringement, pending claims require us to use significant resources, require management attention and could result in loss of customers.

Some of our offerings include third-party software that is licensed under "open source" licenses, some of which may include a requirement that, under certain circumstances, we make available, or grant licenses to, any modifications or derivative works we create based upon the open source software. Although we have established internal review and approval processes to mitigate these risks, we cannot be sure that all open source software is submitted for approval prior to use in our products. Many of the risks associated with usage of open source may not be eliminated and, if not properly addressed, may harm our business.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Our patents, trademarks, trade secrets, copyrights, domain names and other intellectual property rights are important assets for us. We aggressively protect our intellectual property rights by relying on federal, state and common law rights in the U.S. and internationally, as well as a variety of administrative procedures. We also rely on contractual restrictions to protect our proprietary rights in products and services. The efforts that we take to protect our proprietary rights may not always be sufficient or effective. In addition, there is uncertainty about the validity and enforceability of intellectual property rights that may result from our use of generative AI. Protecting our intellectual property rights is costly and time consuming and may not be successful in every location. Any significant impairment of our intellectual property rights could harm our business, our brand, and our ability to compete.

Policing unauthorized use and copying of our products is difficult, expensive, and time consuming. Current U.S. laws that prohibit copying give us only limited practical protection from software piracy and the laws of many other countries provide very little protection. We frequently encounter unauthorized copies of our software being sold through online marketplaces. Although we continue to evaluate and put in place technology solutions to attempt to lessen the impact of piracy and engage in efforts to educate consumers and public policy leaders on these issues and cooperate with industry groups in their efforts to combat piracy, we expect piracy to be a persistent problem that results in lost revenues and increased expenses.

Our business depends on our strong reputation and the value of our brands.

Developing and maintaining awareness of our brands and platform strategy is critical to achieving widespread acceptance of our existing and future products and services and is an important element in attracting new customers and expanding our business with existing customers. Adverse publicity (whether or not justified) relating to events or activities attributed to us, members of our workforce, agents, third parties we rely on, or our users, may tarnish our reputation and reduce the value of our brands. Perceived social harm or unfairness of outcomes relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. Our brand value also depends on our ability to provide secure and trustworthy products and services, as well as our ability to protect and use our customers' data in a manner that meets their expectations. In addition, a security incident that results in unauthorized disclosure of our customers' sensitive data could cause material reputational harm. Damage to our reputation and loss of brand equity may reduce demand for our products or services and thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of the brands and could also reduce our stock price.

Our aspirations and disclosures related to environment, social, and governance (ESG) matters expose us to risks that could adversely affect our reputation and performance.

We have public ESG commitments, including our goals to increase the diversity of our workforce, create and prepare individuals for jobs and have a positive impact on the climate. Our ability to achieve these goals is subject to numerous risks that may be outside of our control, including our ability to recruit, develop and retain talent, the evolving ESG regulatory requirements, and the ability of our suppliers to meet our sustainability, diversity and other standards. In addition, standards for tracking and reporting ESG matters continue to evolve and we may not be able to implement new and changing standards in ways that meet the expectations of all of our stakeholders. Our failure or perceived failure to achieve our ESG goals or maintain ESG practices that meet evolving stakeholder expectations could harm our reputation, adversely impact our ability to attract and retain employees or customers, and expose us to increased scrutiny from the investment community and enforcement authorities. Our reputation also may be harmed by negative perceptions that our customers, employees and other stakeholders may have about our action or inaction on social, ethical, or political issues.

Our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions.

We have acquired and may continue to acquire companies, products, technologies and talent that complement our strategic direction, both in and outside the United States. Acquisitions involve significant risks and uncertainties, including:

- inability to successfully integrate the acquired technology, data assets and operations into our business and maintain uniform standards, controls, policies, and procedures;
- inability to realize synergies or anticipated benefits within the expected time frame or at all;
- disruption of our ongoing business and distraction of management;
- challenges retaining the key employees, customers, resellers and other business partners of the acquired operation;
- the internal control environment of an acquired entity may not be consistent with our standards or with regulatory requirements, and may require significant time and resources to align or rectify;
- unidentified issues not discovered in our due diligence process, including product or service quality issues, security policies, standards, and practices, intellectual property issues and legal contingencies;
- failure to successfully further develop an acquired business or technology and any resulting impairment of amounts currently capitalized as intangible assets;
- risks associated with businesses we acquire or invest in, which may differ from or be more significant than the risks our other businesses face;
- in the case of foreign acquisitions and investments, the impact of particular economic, tax, currency, political, legal and regulatory risks associated with specific countries; and
- to the extent we use debt to fund acquisitions or for other purposes, our interest expense and leverage will increase significantly, and to the extent we issue equity securities as consideration in an acquisition, current shareholders' percentage ownership and earnings per share will be diluted.

We have divested and may in the future divest certain assets or businesses that no longer fit with our strategic direction or growth targets. Divestitures involve significant risks and uncertainties, including:

- inability to find potential buyers on favorable terms;
- failure to effectively transfer liabilities, contracts, facilities and employees to buyers;
- requirements that we retain or indemnify buyers against certain liabilities and obligations;
- the possibility that we will become subject to third-party claims arising out of such divestiture;

- challenges in identifying and separating the intellectual property, systems and data to be divested from the intellectual property, systems and data that we wish to retain;
- inability to reduce fixed costs previously associated with the divested assets or business;
- challenges in collecting the proceeds from any divestiture;
- disruption of our ongoing business and distraction of management;
- loss of key employees who leave us as a result of a divestiture; and
- if customers or partners of the divested business do not receive the same level of service from the new owners, or the new owners do not handle the customer data with the same level of care, our other businesses may be adversely affected, to the extent that these customers or partners also purchase other products offered by us or otherwise conduct business with our retained business.

In addition, any acquisition or divestiture that we announce may not be completed if closing conditions are not satisfied. Evolving regulatory expectations may make it more challenging to obtain any required regulatory approval. Because acquisitions and divestitures are inherently risky, our transactions may not be successful and may, in some cases, harm our operating results or financial condition. In particular, if we are unable to successfully operate together with any company that we acquire to achieve shared growth opportunities or combine reporting or other processes within the expected time frame or at all, there may be a material and adverse effect on the benefits that we expect to achieve as a result of the acquisition, and we could experience additional costs or loss of revenue. Moreover, adverse changes in market conditions and other factors, including those listed above, may cause an acquisition to be dilutive to Intuit's operating earnings per share for a period of time. Any dilution of our non-GAAP diluted earnings per share could cause the price of shares of Intuit Common Stock to decline or grow at a reduced rate.

OPERATIONAL RISKS

Security incidents, improper access to or disclosure of our data or customers' data, or other cyberattacks on our systems could harm our reputation, business, and financial condition.

We host, collect, use and retain large amounts of sensitive and personal customer and workforce data, including credit card information, tax return information, bank account numbers, credit report information, login credentials and passwords, personal and business financial data and transactions data, social security numbers and payroll information, as well as our confidential, nonpublic business information. Although we expend significant resources to implement security protections designed to shield this data against potential theft and security incidents, such measures cannot provide absolute security.

Our technologies, systems, and networks have been subject to, and are increasingly likely to continue to be the target of, cyberattacks, computer viruses, ransomware or other malware, worms, social engineering, malicious software programs, insider threats, denial-of-service attacks and other cybersecurity threats that have in the past, and could in the future, result in the unauthorized release, gathering, monitoring, use, loss or destruction of sensitive and personal data of our customers and our workforce, or Intuit's sensitive business data or cause temporary or sustained unavailability of our data, software, and systems. Cybersecurity incidents can be caused by malicious third parties, acting alone or in groups, or more sophisticated organizations, including nation-states or state-sponsored organizations, and the risks could be elevated in connection with significant armed conflicts, acts of war or terrorism. Customers who fail to update their systems, continue to run software that we no longer support, fail to install security patches on a timely basis or inadequately use security controls create vulnerabilities and make it more difficult for us to detect and prevent these kinds of attacks. We are increasingly incorporating open source software into our products, and there may be vulnerabilities in open source software that make it susceptible to cyberattacks. In addition, techniques used to obtain unauthorized access to sensitive information change frequently and, as technologies like AI develop rapidly, malicious third parties are using these technologies to create new sophisticated attack methods that are increasingly automated, targeted and coordinated and more difficult to defend against. We have and may in the future be a more frequent target of cyberattacks because cyber-criminals tend to focus their efforts on well-known offerings that are popular among customers and hold sensitive personal or financial information.

Further, the security measures that we implement may not be able to prevent unauthorized access to our products and our customers' account data. Malicious third parties have in the past, and may in the future, be able to fraudulently induce members of our workforce, customers, vendors, partners, or users by social engineering means, such as email phishing, to disclose sensitive information in order to gain access to our systems. Unauthorized access to or disclosure of customer data may occur due to inadequate use of security controls by our customers or our workforce. Accounts created with weak or recycled passwords could allow cyber-attackers to gain access to customer data. Unauthorized persons could gain access to customer accounts if customers do not maintain effective access controls of their systems and software. Inadvertent exposure of data or access to our systems may also be caused by members of our workforce, including by their error or use of AI.

Criminals may also use stolen identity information obtained outside of our systems to gain unauthorized access to our customers' data. We have experienced such instances in the past and as the accessibility of stolen identity information increases, generally, we may experience further instances of unauthorized access to our systems through the use of stolen identity information of our customers or our workforce in the future. Further, our customers may choose to use the same login credentials across multiple products and services unrelated to our products. Such customers' login credentials may be stolen from products offered by third-party service providers unrelated to us and the stolen identity information may be used by a

malicious third party to access our products, which could result in disclosure of confidential information. In addition, our hybrid workplace model, where our workforce spends a portion of their time working remotely, increases the potential attack surfaces and introduces operational complexity that exacerbates our security-related risks.

Further, because we have created an ecosystem where customers can have one identity across multiple Intuit products, a security incident may give access to increased amounts of customer data. From time to time, we detect, or receive notices from customers or public or private agencies that they have detected, actual or perceived vulnerabilities in our infrastructure, our software or third-party software components that are distributed with our products or fraudulent activity by unauthorized persons utilizing our products with stolen customer identity information. The existence of such vulnerabilities or fraudulent activity, even if they do not result in a security breach, may undermine customer confidence as well as the confidence of government agencies that regulate our offerings. Such perceived vulnerabilities could also seriously harm our business by tarnishing our reputation and brand and limiting the adoption of our products and services and could cause our stock price to decline. In some cases, such vulnerabilities may not be immediately detected, which could exacerbate the risk of a security incident and the related effects on our businesses.

While we maintain cybersecurity insurance, our insurance may not be sufficient to cover all liabilities described herein. The occurrence of any of the foregoing may result in disclosure of confidential information, loss of customer confidence in our products, possible litigation, material harm to our reputation and financial condition, disruption of our or our customers' business operations, and a decline in our stock price.

Additionally, Credit Karma is subject to an order issued in 2014 by the Federal Trade Commission (FTC) that, among other things, requires maintenance of a comprehensive security program relating to the development and management of new and existing products and services and biennial independent security assessments for 20 years from the date of the order. Credit Karma's failure to fulfill the requirements of the FTC's order could result in fines, penalties, enforcement inquiries, investigations and claims, and negatively impact our business and reputation.

A cybersecurity incident affecting the third parties we rely on could expose us or our customers to a risk of loss or misuse of confidential information and significantly damage our reputation.

We depend on a number of third parties, including vendors, developers and partners who are critical to our business. We or our customers may grant access to customer data to these third parties to help deliver customer benefits, or to host certain of our and our customers' sensitive and personal data. In addition, we share sensitive, nonpublic business information (including, for example, materials relating to financial, business and legal strategies) with other vendors in the ordinary course of business.

While we conduct background checks of our workforce, conduct reviews of partners, developers and vendors and use commercially available technologies to limit access to systems and data, it is possible that malicious third parties may misrepresent their intended use of data or may circumvent our controls, resulting in accidental or intentional disclosure or misuse of our customer or workforce data. Further, while we conduct due diligence on the security and business controls of our third-party partners, we may not have the ability to effectively monitor or oversee the implementation of these control measures. Malicious third parties may be able to circumvent these security and business controls or exploit vulnerabilities that may exist in these controls, resulting in the disclosure or misuse of sensitive business and personal customer or workforce information and data. In addition, malicious actors may attempt to use the information technology supply chain to compromise our systems by, for example, introducing malware through software updates. This risk is exacerbated with the advancement of technologies like AI, which malicious third parties are using to create new, sophisticated and more frequent attacks on our third-party partners.

A security incident involving third parties we rely on may have serious negative consequences for our businesses, including disclosure of sensitive customer or workforce data, or confidential or competitively sensitive information regarding our business, including intellectual property and other proprietary data; make our products more vulnerable to fraudulent activity; cause temporary or sustained unavailability of our software and systems; result in possible litigation, fines, penalties and damages; result in loss of customer confidence; cause material harm to our reputation and brands; lead to further regulation and oversight by federal or state agencies; cause adverse financial condition; and result in a reduced stock price.

Concerns about the current cybersecurity environment, generally, could deter current and potential customers from adopting our products and services and damage our reputation.

The continued occurrence of cybersecurity incidents affecting governments, businesses and consumers in general indicates that we operate in an external environment where cybersecurity incidents are becoming increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third-party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which customers often share sensitive financial data. Additionally, political uncertainty and military actions may subject us and our service providers to heightened risks of security incidents. In addition, the increased availability of data obtained as a result of cybersecurity incidents affecting third-party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, any such incident could damage our reputation and deter current and potential customers from adopting our products and services or lead customers to cease using online and connected software products to transact financial business altogether.

If we are unable to effectively combat the increasing amount and sophistication of fraudulent activities by malicious third parties, we may suffer losses, which may be substantial, and lose the confidence of our customers and government agencies and our revenues and earnings may be harmed.

Many of the industries in which we operate have been experiencing an increasing amount of fraudulent activities by malicious third parties, and those fraudulent activities are becoming increasingly sophisticated. We have been and may from time to time become targeted by such malicious third parties engaging in fraudulent activities. Any such fraudulent activities may adversely impact our tax, payroll, payments, lending, marketing automation and personal financial management businesses, and the risk is heightened when our workforce is working remotely under our hybrid work model. In addition to any losses that may result from such fraud, which may be substantial, a loss of confidence by our customers or by governmental agencies in our ability to prevent fraudulent activity may seriously harm our business and damage our brand. If we cannot adequately combat such fraudulent activity, governmental authorities may refuse to allow us to continue to offer the affected services, or these services may otherwise be adversely impacted, which could include federal or state tax authorities refusing to allow us to process our customers' tax returns electronically, resulting in a significant adverse impact on our business, earnings, and revenue. As fraudulent activities become more pervasive and increasingly sophisticated, our fraud detection and prevention measures must become correspondingly more complex to combat them across the various industries in which we operate. Accordingly, we have implemented and may continue to implement risk control mechanisms that could make it more difficult for legitimate customers to obtain and use our products. These control mechanisms could result in lost revenue and negatively impact our earnings.

If we fail to process transactions effectively or fail to adequately protect against disputed or potential fraudulent activities, our business may be harmed.

Our operations process a significant volume and dollar value of transactions on a daily basis, especially in our money and personal financial management businesses. Despite our efforts to ensure that effective processing systems and controls are in place to handle transactions appropriately, it is possible that we may make errors or that funds may be misappropriated due to fraud. The likelihood of any such error or misappropriation is magnified as we increase the volume and speed of the transactions we process. If we are unable to effectively manage our systems and processes, or if there is an error in our products, we may be unable to process customer data in an accurate, reliable and timely manner, which may harm our reputation, the willingness of customers to use our products, and our financial results. In our payments processing service business, if a disputed transaction between a merchant and its customer is not resolved in favor of the merchant, we may be required to pay those amounts to the payment or credit card network and these payments may exceed the amount of the customer reserves established to make such payments.

Business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results.

Our reputation and ability to attract, retain and serve our customers is dependent upon the reliable performance of our products and our underlying technical infrastructure. As we continue to grow our online services, we become more dependent on the continuing operation and availability of our information technology and communications systems and those of our external service providers, including, for example, third-party Internet-based or cloud computing services. We do not have redundancy for all of our systems, and our disaster recovery planning may not account for all eventualities. We have designed a significant portion of our software and computer systems to utilize data processing and storage capabilities provided by public cloud providers. If any public cloud service that we use is unavailable to us for any reason, our customers may not be able to access certain of our cloud products or features, which could significantly impact our operations, business, and financial results.

Failure of our systems or those of our third-party service providers, may result in interruptions in our service and loss of data or processing capabilities, all of which may cause a loss in customers, refunds of product fees, material harm to our reputation and operating results.

Our tax businesses must effectively handle extremely heavy customer demand during critical peak periods. We face significant risks in maintaining adequate service levels during these peak periods when we have historically derived a substantial portion of our overall revenue from the tax businesses. Any interruptions in our online tax preparation or electronic filing service at any time during the tax season, particularly during a peak period, could result in significantly decreased revenue, lost customers, unexpected refunds of customer charges, negative publicity and increased operating costs, any of which could significantly harm our business, financial condition and results of operations.

We rely on internal systems and external systems maintained by manufacturers, distributors and other service providers to take and fulfill customer orders, handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems may prevent us or our service providers from accepting and fulfilling customer orders or cause company and customer data to be unintentionally disclosed. Our continuing efforts to upgrade and expand our network security and other information systems as well as our high-availability capabilities are costly, and problems with the design or implementation of system enhancements may harm our business and our results of operations.

Our business operations, information technology and communications systems are vulnerable to damage or interruption from natural disasters, effects of climate change, human error, malicious attacks, fire, power loss, telecommunications failures, computer viruses and malware, computer denial of service attacks, terrorist attacks, public health emergencies and other

events beyond our control. For example, we operate under a hybrid workplace model where our workforce spends a portion of their time working in our offices and a portion of their time working remotely. This model has introduced risks of disruptions to our operations, which may impair our ability to perform critical functions or could make it considerably more difficult to develop, enhance and support our products and services.

In addition, since our corporate headquarters and other critical business operations are located near major seismic faults, our recovery in the event of a major earthquake or other catastrophic event may require us to expend significant time and resources and may adversely affect our financial condition and operating results. Further, the adverse effects of any such adverse event would be exacerbated if experienced at the same time as another unexpected and adverse event. In the event of a major natural or man-made disaster, our insurance coverage may not completely compensate us for our losses and our future financial results may be materially harmed.

We regularly invest resources to update and improve our internal information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing internal technology systems and software platforms disrupt our operations, our business could be harmed.

We rely on our network infrastructure, data hosting, public cloud and software-as-a-service providers, and internal technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing needs, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages, defects or other performance problems, and may not be able to deliver certain offerings and develop new offerings and enhancements that we need to remain competitive. Such improvements and upgrades are often complex, costly and time consuming. In addition, such improvements can be challenging to integrate with our existing technology systems, or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation.

If we are unable to develop, manage and maintain critical third-party business relationships, our business may be adversely affected.

Our growth is increasingly dependent on the strength of our business relationships and our ability to continue to develop, manage and maintain new and existing relationships with third-party partners. We rely on various third-party partners, including software and service providers, platforms, suppliers, credit reporting bureaus, vendors, manufacturers, distributors, accountants, contractors, financial institutions, core processors, licensing partners and development partners, among others, in many areas of our business in order to deliver our offerings and operate our business. Credit Karma generates revenue from its relationships with financial institution and other partners, which are subject to particular risks that affect their willingness to offer their products on Credit Karma's platform, such as adverse economic conditions, evolving limitations on their capacity to offer products on the platform, the introduction of competing products on their platforms, and an increasing complexity in the regulatory environment. We also rely on third parties to support the operation of our business by maintaining our physical facilities, equipment, power systems and infrastructure. In certain instances, these third-party relationships are sole source or limited source relationships and can be difficult to replace or substitute depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third-party providers or vendors in the market. Further, there can be no assurance that we will be able to adequately retain third-party contractors engaged to help us operate our business.

Additionally, the business operations of our third-party partners and the third-party partners who support them have been and could continue to be disrupted, including as a result of uncertain macroeconomic conditions and global health crises, such as pandemics and endemics. If our third-party partners are unable to help us operate our business or prevent us from delivering critical services to our customers or accepting and fulfilling customer orders, our business and financial results may be negatively impacted. The failure of third parties to provide acceptable and high quality products, services and technologies or to update their products, services and technologies may result in a disruption to our business operations and our customers, which may reduce our revenues and profits, cause us to lose customers and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or at all, or we may experience business interruptions upon a transition to an alternative partner.

In particular, we have relationships with banks, credit unions and other financial institutions that support certain critical services we offer to our customers. If macroeconomic conditions or other factors cause any of these institutions to fail, consolidate, stop providing certain services or institute cost-cutting efforts, or give rise to speculation relating to such events, we may be unable to offer those services to our customers, in which case our business and financial results may suffer. For example, if one of the counterparty financial institutions with whom we have significant deposits were to become insolvent, placed into receivership, or file for bankruptcy, our ability to recover our assets from such counterparty may be limited, which could negatively impact our results of operations and financial condition.

Although we have strict standards for our suppliers and business partners to comply with the law and company policies regarding workplace and employment practices, data use and security, environmental compliance, intellectual property licensing and other applicable regulatory and compliance requirements, we cannot control their day-to-day practices. Any violation of laws or implementation of practices regarded as unethical could result in supply chain disruptions, canceled orders, terminations of or damage to key relationships, and damage to our reputation.

We increasingly utilize the distribution platforms of third parties like Apple's App Store and Google's Play Store for the distribution of certain of our product offerings. Although we benefit from the strong brand recognition and large user base of these distribution platforms to attract new customers, the platform owners have wide discretion to change the pricing structure, terms of service and other policies with respect to us and other developers. Any adverse changes by these third parties could adversely affect our financial results.

Competition for our key employees is intense and we may not be able to attract, retain and develop the highly skilled employees we need to support our strategic objectives.

Much of our future success depends on the continued service and availability of skilled employees, including members of our executive team, and those in technical and other key positions. Experienced individuals with skill sets in software as a service, financial technology, mobile technologies, data science, artificial intelligence and data security are in high demand and we have faced and will continue to face intense competition globally to attract and retain a diverse workforce with these and other skills that are critical to our success. This is especially the case in California and India where a significant number of our employees are located. The compensation and incentives we have available to attract, retain and motivate employees may not meet the expectations of current and prospective employees as the competition for talent intensifies. For example, our equity awards may become less effective if our stock price decreases or increases at a slower rate than our talent competitors. In addition, our ability to issue significant additional equity to attract or retain employees may be limited by the risks of dilution to our existing stockholders and the related increase in our expenses. We may experience higher compensation costs to retain and recruit senior management and highly-skilled employees that may not be offset by improved productivity or revenue. Other factors may make it more challenging for us to continue to successfully attract, retain and develop key employees. For example, current and prospective employees may seek new or different opportunities based on mobility, location flexibility in our hybrid work model, achieving our publicly stated workforce diversity aspirations or other reputational factors.

Uncertainty in the development, deployment, and use of artificial intelligence in our platform and products and by our customers may result in harm to our business and reputation.

We continue to build and invest in systems and tools that incorporate AI-based technologies, including generative AI for customers, experts, and our workforce. We also use third parties to support this work. As with many innovations, AI presents risks, uncertainties, and challenges that could adversely impact our business. The development, adoption, and use for generative AI technologies are still in their early stages, and ineffective or inadequate AI development or deployment practices by Intuit or third-party developers or vendors could result in unintended consequences. For example, AI algorithms that we use may be flawed or may be based on datasets that are biased or insufficient. In addition, any latency, disruption, or failure in our AI systems or infrastructure could result in delays or errors in our offerings. Developing, testing, and deploying resource-intensive AI systems may require additional investment and increase our costs. There also may be real or perceived social harm, unfairness, or other outcomes that undermine public confidence in the use and deployment of AI. In addition, third parties may deploy AI technologies in a manner that reduces customer demand for our products and services. Any of the foregoing may result in decreased demand for our products or harm to our business, results of operations or reputation.

The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain including in the areas of intellectual property, cybersecurity, and privacy and data protection. In addition, there is uncertainty around the validity and enforceability of intellectual property rights related to our use, development, and deployment of AI. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to develop, deploy or use AI technologies. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm.

If we experience significant product accuracy or quality problems or delays in product launches, it may harm our revenue, earnings and reputation.

Our customers rely on the accuracy of our offerings. All of our tax products and many of our non-tax products have rigid development timetables that increase the risk of errors in our products and the risk of launch delays. Our tax preparation software product development cycle is particularly challenging due to the need to incorporate unpredictable, ambiguous, and potentially late tax law and tax form changes each year and because our customers expect high levels of accuracy and a timely launch of these products to prepare and file their taxes by the tax filing deadline. Due to the complexity of our products and the condensed development cycles under which we operate, our products may contain errors that could unexpectedly interfere with the operation of the software or result in incorrect calculations. The complexity of the tax laws on which our products are based may also make it difficult for us to consistently deliver offerings that contain the features, functionality and level of accuracy that our customers expect. When we encounter problems, we may be required to modify our code, work with state tax administrators to communicate with affected customers, assist customers with amendments, distribute patches to customers who have already purchased the product and recall or repackaging existing product inventory in our distribution channels. If we encounter development challenges or discover errors in our products either late in our development cycle or after release, it may cause us to delay our product launch date or suspend product availability until such issues can be fixed. Any major defects, launch delays or product suspensions may lead to loss of customers and revenue, negative publicity, customer and employee dissatisfaction, reduced retailer shelf space and promotions, and increased operating expenses, such as inventory replacement costs, legal fees or other payments, including those resulting from our accuracy guarantee in our tax preparation products. For example, an error in our tax products could cause a compliance error for taxpayers, including the over or underpayment of their federal or state tax liability. While our accuracy guarantee commits us to reimburse penalties

and interest paid by customers due solely to calculation errors in our tax preparation products, such errors may result in additional burdens on third parties that we may need to address or that may cause us to suspend the availability of our products until such errors are addressed. This could also affect our reputation, the willingness of customers to use our products, and our financial results. Further, as we develop our platform to connect people to experts, such as connecting TurboTax customers with tax experts through our TurboTax Live offering, or connecting QuickBooks customers with bookkeepers through our QuickBooks Live offering, we face the risk that these experts may provide advice that is erroneous, ineffective or otherwise unsuitable. Any such deficiency in the advice given by these experts may cause harm to our customers, a loss of customer confidence in our offerings or harm to our reputation or financial results. Moreover, as we continue to incorporate emerging technologies, like AI, into our offerings, they may not function as designed or have unintended consequences, any of which could subject us to new or enhanced competitive harm, legal liability, regulatory scrutiny or reputational harm.

Our international operations are subject to increased risks which may harm our business, operating results, and financial condition.

In addition to uncertainty about our ability to generate revenues from our foreign operations and expand into international markets, there are risks inherent in doing business internationally, including:

- different or more restrictive privacy, data protection, data localization, and other laws that could require us to make changes to our products, services and operations, such as mandating that certain types of data collected in a particular country be stored and/or processed within that country;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- credit risk and higher levels of payment fraud;
- profit repatriation restrictions, and foreign currency exchange restrictions;
- geopolitical events, including natural disasters or severe weather events (including those caused or exacerbated by climate change), acts of war and terrorism (including the conflict in the Middle East) and any related military, political or economic responses, and public health emergencies, including divergent governmental responses thereto affecting the jurisdictions in which we operate or maintain a workforce or facilities;
- compliance with sanctions and import or export regulations, including those arising from the Russia-Ukraine war;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and laws and regulations of other jurisdictions prohibiting corrupt payments to government officials and other third parties;
- antitrust and competition regulations;
- potentially adverse tax developments;
- economic uncertainties relating to European sovereign and other debt;
- trade barriers and changes in trade regulations;
- political or social unrest, economic instability, repression, or human rights issues; and
- risks related to other government regulation or required compliance with local laws.

Violations of the rapidly evolving and complex foreign and U.S. laws and regulations that apply to our international operations may result in fines, criminal actions or sanctions against us, our officers or our broader workforce, prohibitions on the conduct of our business and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, we cannot be sure that our workforce, contractors and agents are in compliance with our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and may result in harm to our business, operating results, and financial condition.

Climate change may have an impact on our business.

While we seek to mitigate our business risks associated with climate change by establishing robust environmental programs and partnering with organizations that are also focused on mitigating their own climate-related risks, we recognize that there are inherent climate-related risks wherever business is conducted. Any of our primary workplace locations may be vulnerable to the adverse effects of climate change. For example, our offices globally have historically experienced, and are projected to continue to experience, climate-related events at an increasing frequency, including drought, water scarcity, heat waves, cold waves, wildfires and resultant air quality impacts and power shutoffs associated with wildfire prevention. Furthermore, it is more difficult to mitigate the impact of these events on our employees to the extent they work from home. Changing market dynamics, global policy developments and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S. and elsewhere have the potential to disrupt our business, the business of our third-party suppliers and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. We also expect to face increasing regulatory requirements and regulatory scrutiny related to climate

matters, resulting in higher associated compliance costs. Additionally, failure to uphold, meet or make timely forward progress against our public commitments and goals related to climate action could adversely affect our reputation with suppliers and customers, financial performance or ability to recruit and retain talent.

LEGAL AND COMPLIANCE RISKS

Increasing and changing regulation of our businesses may adversely affect our ability to operate or harm our operating results.

We are subject to an increasing number of local, state, federal, and international laws, regulations, and rules and standards. These relate to, without limitation, labor, advertising and marketing, tax, financial services, artificial intelligence, data privacy and security, electronic funds transfer, money transmission, lending, digital content, consumer protection, real estate, billing, e-commerce, promotions, quality of services, intellectual property ownership and infringement, import and export requirements, anti-bribery and anti-corruption, insurance, foreign exchange controls and cash repatriation restrictions, antitrust and competition, environmental, health and safety, and other regulated activities.

These laws and regulations are not consistent across jurisdictions and are subject to change and evolving interpretations, and we expect significant new regulations will affect emerging technologies, such as AI. As we expand our products and services and evolve our business models, we have, and may in the future, become subject to additional changing regulations and heightened regulatory scrutiny. Our ability to adopt emerging technologies, including AI, and to innovate for our customers and operate our business may be harmed by the uncertainty and complexity created by the regulatory environment. For example, in May 2024, the European Parliament and the Council adopted the Artificial Intelligence Act ("AI Act") that will regulate AI systems that affect individuals located in the EU. Compliance with the AI Act, and similar emerging laws, may add significant costs to our business and may require us to change certain business practices to comply. In addition, some of our offerings, such as our lending and payments products, require licenses to operate. Our inability to obtain or maintain a license, or to comply with current or new license requirements, may materially harm our ability to operate in specific jurisdictions or subject us to regulatory fines or penalties.

The tax preparation industry continues to receive heightened attention from federal and state governments. New legislation, regulation, public policy considerations, changes in the cybersecurity environment, litigation by the government or private entities, changes to or new interpretations of existing laws may result in greater oversight of the tax preparation industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our tax businesses or offer our tax products and services. We may not be able to respond quickly to such regulatory, legislative and other developments, and these changes may in turn increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, we may become subject to lawsuits, penalties, and other liabilities that did not previously apply. We are also required to comply with a variety of state revenue agency standards in order to successfully operate our tax preparation and electronic filing services. Changes in state-imposed requirements by one or more of the states, including the required use of specific technologies or technology standards, may significantly increase the costs of providing those services to our customers and may prevent us from delivering a quality product to our customers in a timely manner.

Any perceived or actual failure to comply with applicable laws, regulations, and rules could negatively impact our reputation and expose us to legal liability, fines, penalties, or require us to change our products or business operations. In addition, evolving laws and regulations may require us to change our business practices or modify our compliance programs in order to continue operating our businesses. Any of the foregoing may adversely affect our ability to operate and may harm our results of operations.

Complex and evolving privacy and data protection regulations or changing customer expectations could result in claims, changes to our business practices, penalties or increased cost of operations or otherwise harm our business.

Regulations related data privacy, cybersecurity, the collection, processing, storage, transfer and use of data, and the use of AI are evolving. Many jurisdictions in which we operate globally have enacted, or are in the process of enacting, data privacy legislation or regulations aimed at creating and enhancing individual privacy rights. For example, the General Data Protection Regulation (GDPR) regulates the collection, use, and retention of personal information by our offerings in the EU. In addition, in the absence of a unified federal privacy standard, a growing number of U.S. states have enacted or introduced data privacy laws and regulations. Several countries have established specific legal requirements for cross-border data transfers and governmental authorities and privacy advocates around the world continue to propose new regulatory actions concerning data protection. Moreover, several jurisdictions are considering regulatory frameworks for AI that implicate data protection laws.

In our efforts to meet the various data privacy regulations that apply to us, we have made and continue to make certain operational changes to our products, business practices, and use of certain third party tools and vendors. Additionally, customer sensitivity to privacy continues to increase and our privacy statements and practices may create additional customer expectations about the collection, use, and sharing of personal information.

In addition, the evolution of global privacy treaties and frameworks has created compliance uncertainty and increased complexity. For example, the judicial invalidation of the EU-U.S. Privacy Shield frameworks that we relied on to transfer data has created additional compliance challenges for the transfer of EU personal data to the U.S. While the European Commission

recently issued a decision that allows personal data to flow from the European Union to U.S. companies, the future of this framework is uncertain because it faces legal challenges in the European courts.

Each of these privacy, security and data protection requirements could impose significant limitations on us, require changes to our business, require notification to customers or workers of a security incident, restrict our use or storage of personal information, limit our use of third-party tools and vendors, or cause changes in customer purchasing behavior that may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make customers less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations, or failure to meet customer expectations could result in negative publicity or harm to our reputation and subject us to investigations, claims or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

We are frequently a party to litigation and regulatory inquiries which could result in an unfavorable outcome and have an adverse effect on our business, financial condition, results of operation and cash flows.

We are subject to various legal proceedings (including class action lawsuits), claims and regulatory inquiries that have arisen out of the ordinary conduct of our business and are not yet resolved and additional proceedings, claims and inquiries may arise in the future. The number and significance of these proceedings, claims and inquiries may increase as our businesses evolve. Any proceedings, claims or inquiries initiated by or against us, whether successful or not, may be time consuming; result in costly litigation, damage awards, consent decrees, injunctive relief or increased costs of business; require us to change our business practices or products; require significant amounts of management time; result in diversion of significant operations resources; or otherwise harm our business and future financial results. For further information about specific litigation, see Part II, Item 1, "Legal Proceedings."

Third parties claiming that we infringe their proprietary rights may cause us to incur significant legal expenses and prevent us from selling our products.

We may become increasingly subject to infringement claims, including patent, copyright, trade secret, and trademark infringement claims. Litigation may be necessary to determine the validity and scope of the intellectual property rights of others. We have received a number of allegations of intellectual property infringement claims in the past and expect to receive more claims in the future based on allegations that our offerings infringe upon the intellectual property held by third parties. Some of these claims are the subject of pending litigation against us and against some of our customers. These claims may involve patent holding companies or other adverse intellectual property owners who have no relevant product revenues of their own, and against whom our own intellectual property may provide little or no deterrence. The ultimate outcome of any allegation is uncertain and, regardless of outcome, any such claim, with or without merit, may be time consuming to defend, result in costly litigation, divert management's time and attention from our business, require us to stop selling, delay shipping or redesign of our products, or require us to pay monetary damages for royalty or licensing fees, or to satisfy indemnification obligations that we have with some of our customers. Our failure to obtain necessary license or other rights, or litigation arising out of intellectual property claims made against us may harm our business.

We are subject to risks associated with information disseminated through our services.

The laws relating to the liability of online services companies for information such as online content disseminated through their services are subject to frequent challenges, and there has been an increasing demand for repealing or limiting the protections afforded by these laws through either judicial decision or legislation. In spite of settled law in the U.S., claims are made against online services companies by parties who disagree with the content. Where our online content is accessed on the internet outside of the U.S., challenges may be brought under foreign laws which do not provide the same protections for online services companies as in the U.S. These challenges in either U.S. or foreign jurisdictions may require altering or limiting some of our services or may require additional contractual terms to avoid liabilities for our customers' misconduct and may further give rise to legal claims alleging defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services. Certain of our services include content generated by users of our online services. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. Any costs incurred as a result of this potential liability may harm our business.

FINANCIAL RISKS

The results of operations of our tax business may fluctuate from period to period due to the seasonality of the business and other factors beyond our control.

Our tax offerings have significant seasonal patterns. Revenue from income tax preparation products and services has historically been heavily concentrated from November through April, as the tax filing deadline for the IRS and many states is traditionally in April. This seasonality has caused significant fluctuations in our quarterly financial results. In addition, unanticipated changes to federal and state tax filing deadlines may further exacerbate the impact of the seasonality.

Our financial results from our tax offerings may also fluctuate from quarter to quarter and year to year due to a variety of other factors, some of which may affect the timing of revenue recognition. These include the timing of the availability of federal and state tax forms from taxing agencies and the ability of those agencies to receive electronic tax return submissions; changes to our offerings that result in the inclusion or exclusion of ongoing services; changes in product pricing strategies or product sales mix; changes in customer behavior; and the timing of our discontinuation of support for older product offerings. Other factors, including unanticipated changes to the tax code or the administration of government programs and payments by tax authorities, may cause variations from year to year in the number of tax filers. Any of the foregoing could negatively impact the number of tax returns we prepare and file and the operating results of our tax business. Other factors that may affect our quarterly or annual financial results include the timing of acquisitions, divestitures, and goodwill and acquired intangible asset impairment charges. Any fluctuations in our operating results may adversely affect our stock price.

If actual customer refunds for our offerings exceed the amount we have reserved, our future financial results may be harmed.

Like many software companies, we refund customers for product returns and subscription and service cancellations. We establish reserves against revenue in our financial statements based on estimated customer refunds. We closely monitor this refund activity in an effort to maintain adequate reserves. In the past, customer refunds have not differed significantly from these reserves. However, if we experience actual customer refunds or an increase in risks of collecting customer payments that significantly exceed the amount we have reserved, it may result in lower net revenue.

Unanticipated changes in our income tax rates or other indirect tax may affect our future financial results.

Our future effective income tax rates may be favorably or unfavorably affected by unanticipated changes in the valuation of our deferred tax assets and liabilities, by changes in our stock price, or by changes in tax laws or their interpretation. There are several proposed changes to U.S. and non-U.S. tax legislation and the ultimate enactment of any of them could have a negative impact on our effective tax rate. Foreign governments may enact tax laws, including in response to guidelines issued by international organizations such as the Organisation for Economic Co-operation and Development, that could result in further changes to global taxation and materially affect our financial position and results of operations. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. These continuous examinations may result in unforeseen tax-related liabilities, which may harm our future financial results.

An increasing number of states and foreign jurisdictions have adopted laws or administrative practices that impose new taxes on all or a portion of gross revenue or other similar amounts or impose additional obligations to collect transaction taxes such as sales, consumption, value added, or similar taxes. We may not have sufficient lead time to build systems and processes to collect these taxes properly, or at all. Failure to comply with such laws or administrative practices, or a successful assertion by such states or foreign jurisdictions requiring us to collect taxes where we do not, could result in material tax liabilities, including for past sales, as well as penalties and interest.

Adverse global macroeconomic conditions could harm our business and financial condition.

Adverse macroeconomic conditions, and perceptions or expectations about current or future conditions, such as volatility or distress in the financial markets, recession or inflationary pressures, slowing growth, rising interest rates, rising unemployment, rising consumer debt levels, reduced consumer confidence or economic activity, government fiscal and tax policies, U.S. and international trade relationships, government shutdowns and austerity programs could negatively affect our business and financial condition. These macroeconomic conditions or global events, such as political instability and war, have caused, and could, in the future, cause disruptions and volatility in global financial markets, increased rates of default and bankruptcy, decreases in consumer and small business spending and other unforeseen consequences. It is difficult to predict the impact of such events on our partners, customers, members, or economic markets more broadly, which have been and will continue to be highly dependent upon the actions of governments and businesses in response to macroeconomic events, and the effectiveness of those actions. Additionally, adverse developments that affect financial institutions, such as bank failures, or concerns or speculation about similar events or risks, could lead to liquidity challenges and further instability in the financial markets, which may in turn cause third parties, including customers, to become unable to meet their obligations under various types of financial arrangements. Moreover, because the majority of our revenue is derived from sales within the U.S., economic conditions in the U.S. have an even greater impact on us than companies with a more diverse international presence. Macroeconomic conditions, and perceptions or expectations about current or future conditions, could cause potential new customers not to purchase or to delay purchasing our products and services, and could cause our existing customers to discontinue purchasing or delay upgrades of our existing products and services. In addition, some financial institutions and other partners have decreased or suspended their activity on Credit Karma's platform and may continue to do so, and increased interest rates may make offers from Credit Karma's partners less attractive to Credit Karma's members. Members may decrease their engagement on the platform or their creditworthiness could be negatively impacted, reducing members' ability to qualify for credit cards and loans. Decreased consumer spending levels could also reduce payment processing volumes, causing reductions in our payments revenue. High unemployment and changes in the tax code and the government programs that are administered by tax authorities have caused, and could in the future cause, a significant decrease in the number of tax returns filed, which may have a significant effect on the number of tax returns we prepare and file. In addition, weakness in the end-user consumer and small business markets could negatively affect the cash flow of our distributors and

resellers who could, in turn, delay paying their obligations to us, which could increase our credit risk exposure and cause delays in our recognition of revenue or future sales to these customers. Adverse economic conditions may also increase the costs of operating our business, including vendor, supplier and workforce expenses. Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets or increased regulatory liquidity and capital requirements may strain our liquidity positions. Such conditions may also expose us to fluctuations in foreign currency exchange rates or interest rates that could materially and adversely affect our financial results. Any of the foregoing could harm our business and negatively impact our future financial results.

We provide capital to small businesses, which exposes us to risk, and may cause us material financial or reputational harm.

We provide capital to qualified small businesses, which exposes us to the risk of our borrowers' inability to repay such loans. We have also entered into credit arrangements with financial institutions to obtain a portion of the capital we provide to qualified small businesses. Any termination or interruption in the financial institutions' ability to lend to us could interrupt our ability to provide capital to qualified small businesses. Further, our credit decisioning, pricing, loss forecasting, scoring and other models used to evaluate loan applications may contain errors or may not adequately assess creditworthiness of our borrowers, or may be otherwise ineffective, resulting in incorrect approvals or denials of loans. It is also possible that loan applicants could provide false or incorrect information. Moreover, adverse macroeconomic conditions, such as inflation and rising interest rates, have impacted and may continue to impact small businesses, which are disproportionately adversely affected by economic downturns, and may increase the likelihood that our borrowers are unable to repay their loans. If any of the foregoing events were to occur, our reputation, relationships with borrowers, collections of loans receivable and financial results could be harmed.

Amortization of acquired intangible assets and impairment charges may cause significant fluctuation in our net income.

Our acquisitions have resulted in significant expenses, including amortization and impairment of acquired technology and other acquired intangible assets, and impairment of goodwill. Total costs and expenses in these categories were \$629 million in fiscal 2024; \$646 million in fiscal 2023; and \$556 million in fiscal 2022. Although under current accounting rules goodwill is not amortized, we may incur impairment charges related to the goodwill already recorded and to goodwill arising out of future acquisitions. We test the impairment of goodwill annually in our fourth fiscal quarter or more frequently if indicators of impairment arise. The timing of the formal annual test may result in charges to our statement of operations in our fourth fiscal quarter that may not have been reasonably foreseen in prior periods. At October 31, 2024, we had \$13.8 billion in goodwill and \$5.7 billion in net acquired intangible assets on our condensed consolidated balance sheet, both of which may be subject to impairment charges in the future. New acquisitions, and any impairment of the value of acquired intangible assets, may have a significant negative impact on our future financial results.

We have incurred indebtedness and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

As of October 31, 2024, we had an aggregate of \$6.1 billion of indebtedness outstanding under our senior unsecured notes, senior unsecured credit facility, and secured credit facilities. No amounts were outstanding under our commercial paper program as of October 31, 2024. Under the agreements governing our indebtedness, we are permitted to incur additional debt. This debt, and any debt that we may incur in the future, may adversely affect our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures, share repurchases and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required, among other things, to seek additional financing in the debt or equity markets, refinance or restructure all or a portion of our indebtedness, sell selected assets or reduce or delay planned capital, operating or investment expenditures. Such measures may not be sufficient to enable us to service our debt.

Additionally, the agreements governing our indebtedness impose restrictions on us and require us to comply with certain covenants. For example, our credit facilities restrict the ability of our subsidiaries to incur indebtedness and require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, our credit facilities and the indenture governing our senior unsecured notes limit our ability to create liens on our and subsidiaries' assets and engage in sale and leaseback transactions. If we breach any of these covenants and do not obtain a waiver from the lenders or the noteholders, as applicable, then, subject to applicable cure periods, any or all of our outstanding indebtedness may be declared immediately due and payable.

Under the terms of our 2020 Notes, we may be required to repurchase the notes for cash prior to their maturity in connection with the occurrence of certain changes of control that are accompanied by certain downgrades in the credit ratings of the

notes. The repayment obligations under the notes may have the effect of discouraging, delaying or preventing a takeover of our company. If we were required to pay the notes prior to their scheduled maturity, it could have a negative impact on our cash position and liquidity and impair our ability to invest financial resources in other strategic initiatives.

In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of both our debt and equity securities. If our credit ratings are downgraded or other negative action is taken, the interest rate payable by us under our unsecured revolving credit facility may increase. In addition, adverse economic conditions or any downgrades in our credit ratings may affect our ability to obtain additional financing in the future and may negatively impact the terms of any such financing. There can be no assurance that any refinancing or additional financing would be available on terms that are favorable or acceptable to us, if at all.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value.

We have a stock repurchase program under which we are authorized to repurchase our common stock. The repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Our repurchase program may be suspended or terminated at any time. Even if our stock repurchase program is fully implemented, it may not enhance long-term stockholder value. Also, the amount, timing, and execution of our stock repurchase programs may fluctuate based on our priorities for the use of cash for other purposes and because of changes in cash flows, tax laws, and the market price of our common stock.

Our stock price may be volatile and your investment could lose value.

Our stock price is subject to changes in recommendations or earnings estimates by financial analysts, changes in investors' or analysts' valuation measures for our stock, our credit ratings and market trends unrelated to our performance. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business, security of our products, or legal proceedings can cause changes in our stock price. These factors, as well as general economic and political conditions, including the effects of a general slowdown in the global economy, inflationary pressures, pandemics and endemics, significant armed conflicts, acts of war and terrorism, and the timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes may cause volatility in our stock price. Moreover, inflationary pressures, pandemics and endemics, and significant armed conflicts, acts of war and terrorism have caused, and in the future may cause, increased volatility in the global financial markets and, in turn, our stock price. Further, any changes in the amounts or frequency of share repurchases or dividends may also adversely affect our stock price. A significant drop in our stock price could expose us to the risk of securities class action lawsuits, which may result in substantial costs and divert management's attention and resources, which may adversely affect our business.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Stock repurchase activity during the three months ended October 31, 2024 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans
August 1, 2024 through August 31, 2024	96,048	\$ 622.59	96,048	\$ 4,808,775,901
September 1, 2024 through September 30, 2024	369,395	\$ 634.57	369,395	\$ 4,574,367,251
October 1, 2024 through October 31, 2024	449,210	\$ 612.35	449,210	\$ 4,299,294,332
Total	914,653	\$ 622.40	914,653	

Note: On August 22, 2023, our Board of Directors approved an increase in the authorization under the existing stock repurchase program under which we are authorized to repurchase up to an additional \$2.3 billion of our common stock. On August 20, 2024, our Board of Directors approved an increase in the authorization under the existing stock repurchase program under which we are authorized to repurchase up to an additional \$3 billion of our common stock. All of the shares repurchased during the three months ended October 31, 2024 were purchased under these plans. At October 31, 2024, we had authorization from our Board of Directors for up to \$4.3 billion in stock repurchases.

ITEM 5 - OTHER INFORMATION

During the three months ended October 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K), except the following trading arrangements that are each intended to satisfy the affirmative defense of Rule 10b5-1(c). On September 5, 2024, Mark Notarainni, Executive Vice President and General Manager, Consumer Group, adopted a plan for the sale of up to 43,399 shares of the Company's common stock, subject to certain conditions, from December 5, 2024 through October 10, 2025. On September 6, 2024, Kerry J. McLean, Executive Vice President, General Counsel and Corporate Secretary, adopted a plan for the sale of up to 33,841 shares of the Company's common stock, subject to certain conditions, from December 6, 2024 through October 10, 2025. On September 27, 2024, Laura A. Fennell, Executive Vice President and Chief People & Places Officer, adopted a plan for the sale of up to 70,261 shares of the Company's common stock, subject to certain conditions, from December 27, 2024 through October 10, 2025. On September 30, 2024, Sasan K. Goodarzi, President, Chief Executive Officer and Director, adopted a plan for the sale of up to 176,562 shares of the Company's common stock, subject to certain conditions, from December 30, 2024 through October 10, 2025.

ITEM 6 - EXHIBITS

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTUIT INC.
(Registrant)

Date: November 21, 2024

By: /s/ SANDEEP S. AUJLA
Sandeep S. Aujla
Executive Vice President and Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference
10.01+	Intuit Inc. Amended Non-Employee Director Compensation Program, effective January 23, 2025		8-K filed 11/4/2024
31.01	Certification of Chief Executive Officer	X	
31.02	Certification of Chief Financial Officer	X	
32.01*	Section 1350 Certification (Chief Executive Officer)	X	
32.02*	Section 1350 Certification (Chief Financial Officer)	X	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X	
101.SCH	XBRL Taxonomy Extension Schema	X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X	
101.LAB	XBRL Taxonomy Extension Label Linkbase	X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X	

+ Indicates a management contract or compensatory plan or arrangement.

* This exhibit is intended to be furnished and shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended.