



THIRD QUARTER FISCAL 2020
EARNINGS CALL

MARCH 5, 2020

Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "commits," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could," "may," or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, client trajectory, income, effective tax rate, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volumes, or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to a variety of economic, competitive, operational, and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the most recently completed fiscal year in the section entitled "Risk Factors" and additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. In addition, factors that may cause the company's actual estimated effective tax rate to differ from estimates include the company's actual results from operations compared to current estimates, future discrete items, changes in interpretations and assumptions the company has made, and future actions of the company. You may get our Securities and Exchange Commission filings for free at our website at <http://investors.hrblock.com>. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation, including earnings from continuing operations before interest, taxes, depreciation, and amortization ("EBITDA"), EBITDA Margin from continuing operations, calculated as EBITDA from continuing operations divided by revenues from continuing operations ("EBITDA Margin"), adjusted diluted earnings per share from continuing operations, and free cash flow. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our press release filed on March 5, 2020 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

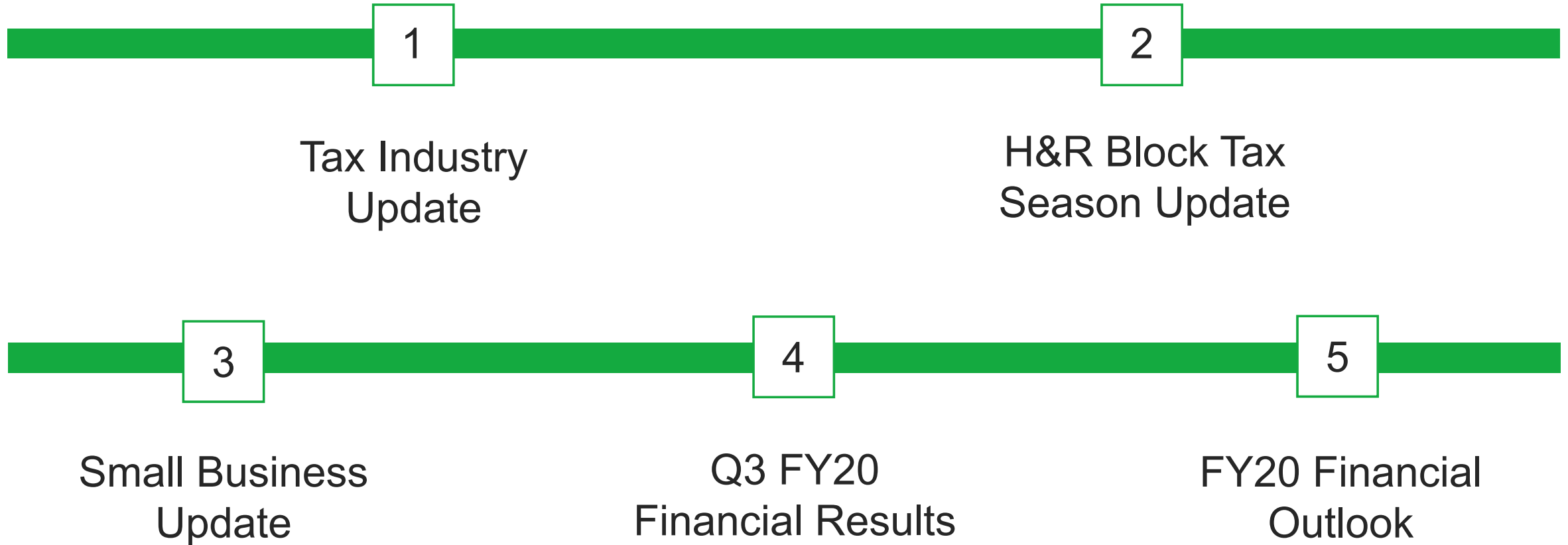
Market and Industry Data

The data included in this presentation regarding the tax preparation services industry, including trends in the market and the company's position and the position of its competitors within this industry, are based on the company's estimates, which have been derived from management's knowledge and experience in the industry, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the industry. The company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and it cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

JEFF JONES

PRESIDENT & CEO

Today's Call



Tax Industry Update

H&R Block Tax Season Update

Continuing to improve quality, consistency, and value of our in-office experience

Key Improvements

Leading the industry with upfront, transparent pricing

Enhancing standard operating procedures (SOPs) to ensure quality and consistency of client experience

Continue leveraging Refund Advance to drive consumers to our brand

Digitizing how our tax pros work through WorkCenter, enabling best-in-class service

Mid-Season Results

- Improved retention for both new and prior clients
- Improved client conversion
- 3-point increase in client satisfaction scores for price/value
- 2-point increase in client satisfaction scores for overall service quality
- Significant improvement in client trajectory

Redesigned Tax Pro GoSM experience for TS20

Key Improvements

Incorporating feedback from TS19 to improve the product

Completely redesigning the experience with improved product flow and simplified pricing

Improving ease of connecting to tax pro network

Mid-Season Results

- Increase in Tax Pro GoSM demand
- Strong trend in mobile usage
- Improvements in key client service metrics
- Continued client growth

Driving ease, speed, and personalization in DIY

Key Improvements

Maintaining challenger strategy by investing in the product, pricing competitively, and growing awareness

Leveraging AI and machine learning to remove questions and steps in the workflow

Streamlining new client onboarding process with “Switch in Two Clicks”

Improving and actively promoting Online Assist (formerly Ask a Tax Pro)

Mid-Season Results

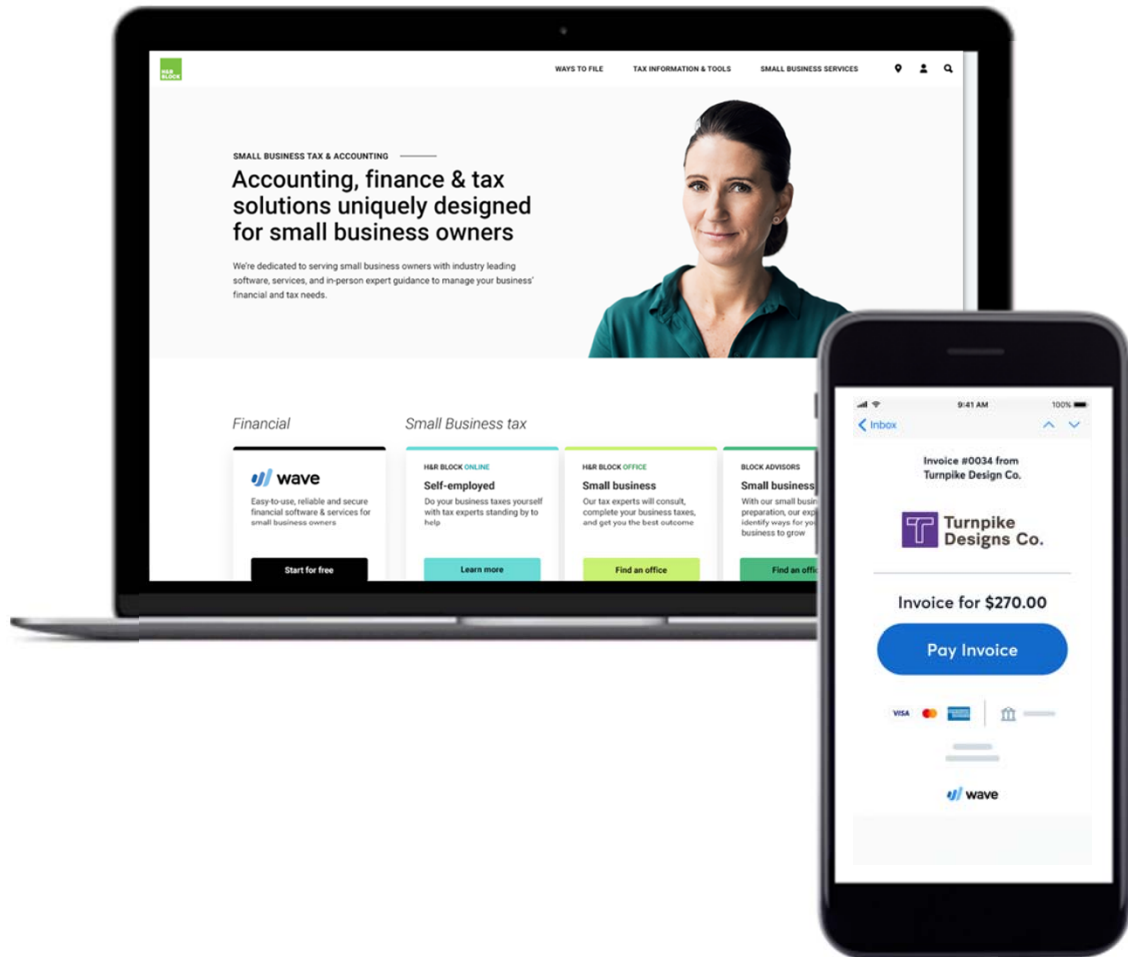
- 3-point increase in Net Promoter Score following 9-point increase in tax season 2019
- #1 in TheStreet.com’s ranking of the best online tax software
- Named best online tax software for Simple Returns and Beginning Itemizers by NerdWallet



©2017-2020 and TM, NerdWallet, Inc. All Rights Reserved.

Small Business Update

Enhancing focus on Small Business



Small Business Tax

- Refining targeted marketing efforts to ensure small business owners know the expertise we provide in tax
- Redesigning tax prep experience and improved tools to meet the varied needs of small businesses

Wave

- Demand growth for Wave Advisors, where clients can get personalized help from our in-house bookkeepers
- Added additional states to full-service Payroll offering
- Streamlined client onboarding process in Payments

JEFF JONES

PRESIDENT & CEO

TONY BOWEN

CHIEF FINANCIAL OFFICER

Q3 FY20 Financial Results

Q3 FY20 Results Summary

in millions, except per share amounts	Q3 FY20	Q3 FY19
Revenue	\$ 519	\$ 468
Pretax Loss	\$ (177)	\$ (159)
EPS¹	\$ (0.66)	\$ (0.58)
Adjusted EPS^{1,2}	\$ (0.59)	\$ (0.52)
EBITDA¹	\$ (107)	\$ (92)

Note: All amounts are unaudited and represent results from continuing operations.

¹ All per share amounts are based on weighted average fully diluted shares over the corresponding period.

² Adjusted EPS and EBITDA are non-GAAP financial measures. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

Q3 FY20 Financial Results

Balanced return of capital through dividends and share repurchases

Dividends

4 years

Consecutive dividend increases

+30%

Dividend increase over last four years

Share Repurchases

\$247M

Share repurchases FY20 YTD

15%

Shares outstanding repurchased
FY17 - present

FY20 Financial Outlook

Reiterating outlook

REVENUE GROWTH	EBITDA MARGIN ¹	EFFECTIVE TAX RATE
1.5% - 3.5%	24% - 26%	19% - 21%

- Modest growth in the tax business following a reset year
- Includes revenue contribution from Wave

- Revenue growth outpaces EBITDA growth, lowering margin
- Increased one-time expenses of \$15M also impacting margin
- Majority of revenue growth and cost reductions to be achieved in the fourth quarter

- Discrete tax benefit recognized in Q2 results in lower rate than initial estimate of 23% - 25%

Note: All amounts represent continuing operations.
¹EBITDA and EBITDA Margin are non-GAAP financial measures. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY20 are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort the expected range of EBITDA Margin for the fiscal year to a comparable GAAP range. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

Detailed FY20 financial outlook

Revenue Growth	1.5% - 3.5%
EBITDA Margin¹	24% - 26%
Effective Tax Rate	19% - 21%
Total Depreciation & Amortization	\$165M - \$175M
<i>Acquisition Amortization²</i>	<i>\$70M - \$80M</i>
Interest Expense	\$90M - \$100M
Capital Expenditures	\$70M - \$80M

¹ EBITDA and EBITDA Margin are non-GAAP financial measures. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY20 are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort the expected range of EBITDA Margin for the fiscal year to a comparable GAAP range. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

² Acquisition Amortization includes amortization of intangibles related to Wave, franchise buybacks, and tax office acquisitions, and is included in Total Depreciation & Amortization.

JEFF JONES

PRESIDENT & CEO

Q&A



THIRD QUARTER FISCAL 2020
EARNINGS CALL

MARCH 5, 2020