

Q1 FY25 Financial Results Conference Call

November 7, 2024

The logo for H&R BLOCK, featuring the text "H&R" stacked above "BLOCK" in a bold, white, sans-serif font, set against a solid green square background.

**H&R
BLOCK®**

Michaela Gallina

VP, Investor Relations & ESG

CFO, Wave

Safe Harbor Statement

Forward-Looking Statement

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. They may also include the expected impact of external events beyond the Company's control, such as outbreaks of infectious disease, severe weather events, natural or manmade disasters, or changes in the regulatory environment in which we operate. 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, 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. You may get such filings for free at our website at <http://investors.hrblock.com>. In addition, factors that may cause the Company's actual 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, future actions of the Company, and increases in applicable tax rates in jurisdictions where the Company operates. 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.

Safe Harbor Statement

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation, including adjusted earnings per share (EPS) and earnings before interest, taxes, depreciation, and amortization (EBITDA), which management believes provide additional meaningful information regarding the Company's performance and financial strength. All non-GAAP financial measures in this presentation are from continuing operations. 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 the tables accompanying this presentation and previously filed press releases posted on our investor relations website at <https://investors.hrblock.com>.

Market, Industry, and Operational Tax 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.

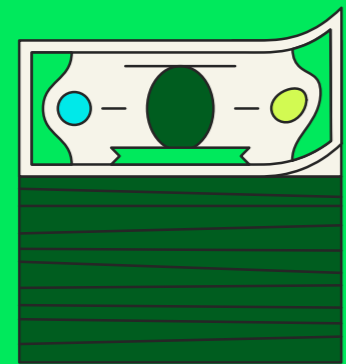
Bank products and services are offered by Pathward, N.A.

Jeff Jones

President & Chief Executive Officer

Good Start to the Year

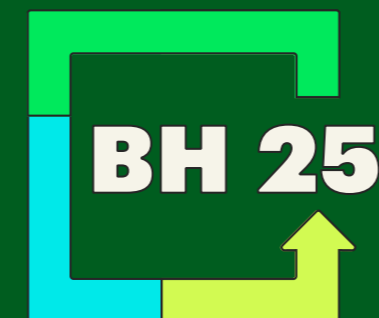
Delivered revenue growth of +5% YoY



Converted a higher percentage of Assisted extensions to filings



Making progress across all three Block Horizons imperatives



Repurchased ~\$210M of shares in Q1



Today Reaffirming FY25 outlook



Block Horizons



Small Business



YoY July 1 through September 30:

- Assisted Small Business tax delivered **double digit revenue growth**
- **Positive trends** in bookkeeping and payroll services
- Marketing message resonating with small business owners



YoY July 1 through September 30:

- **+10% revenue growth**
- **Positive monetization trends** since launching subscription products
- Key priorities remain the same: accelerate revenue growth and drive towards profitability

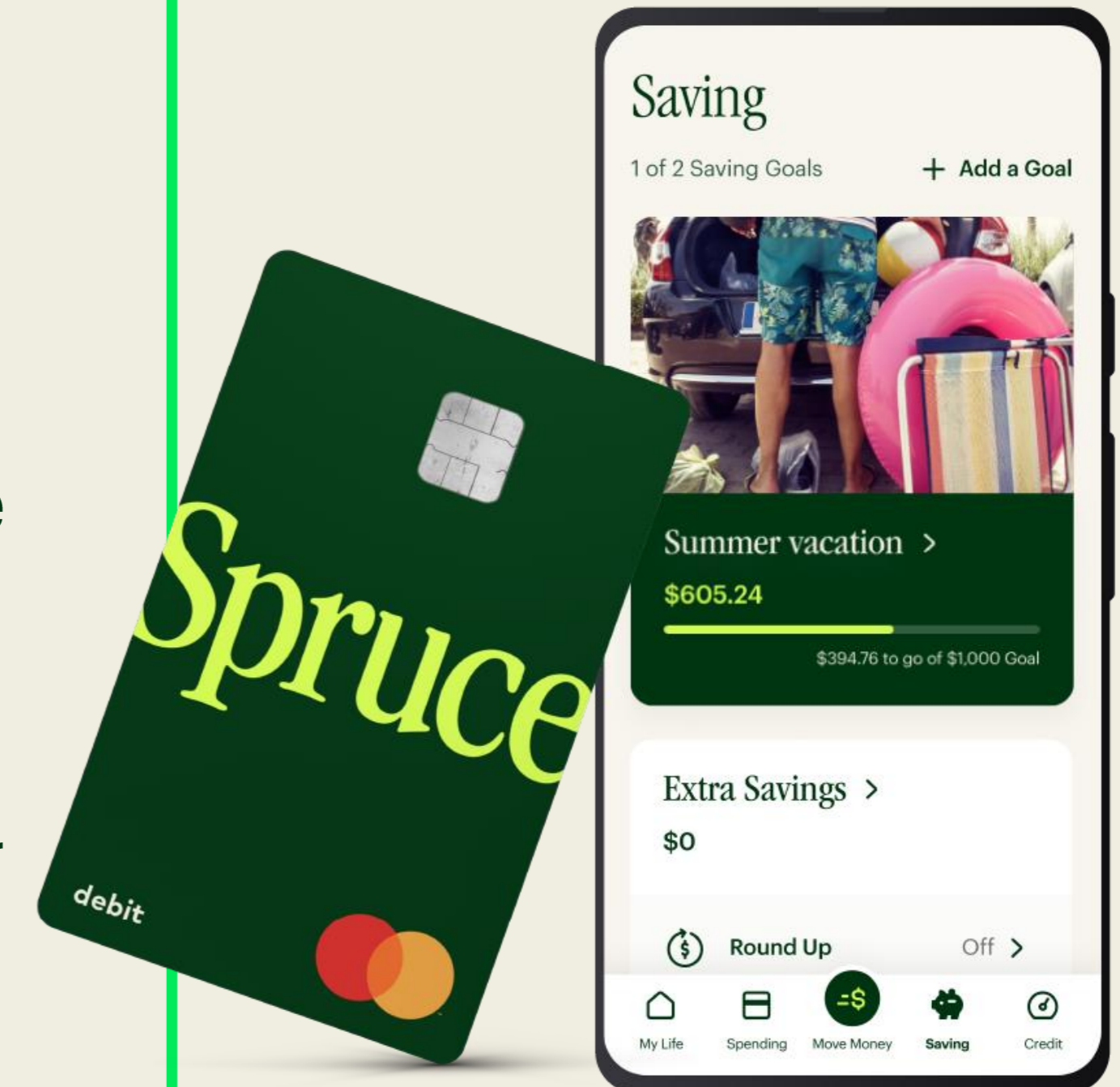
Financial Products

Spruce: H&R Block's mobile banking platform

Surpassed
\$1B
in customer
deposits
since inception



- Nearly 50% of deposits came from non-tax sources in FY24; strong trends continued in Q1
- Conversion opportunity for Spruce clients to become tax clients
- Focused on efficiently acquiring clients and driving year-round user engagement within app



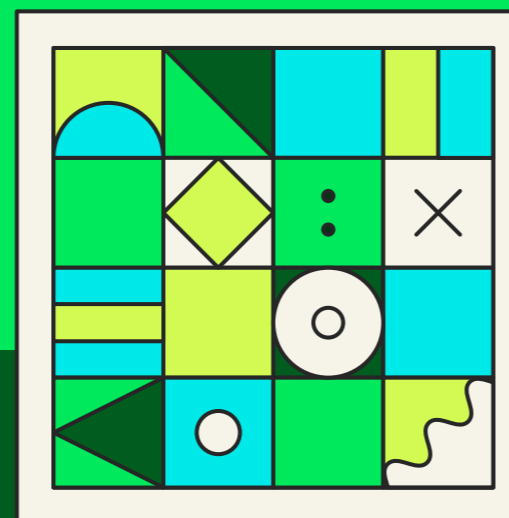
Note: Banking accounts established at, and debit card issued by, Pathward®, N.A., Member FDIC, pursuant to license by Mastercard®. Mastercard and the circles design are registered trademarks of Mastercard International Incorporated.

Block Experience

Blending digital tools with human expertise and care

AI Tax Assist

- Will be offered **free of charge** in all DIY online paid SKUs once again this season
- Significant enhancements by expanding range of topics and improving accuracy



Tax Pro Review

- Clients have the option for one of our expert tax professionals to double check their completed return, source documents, and file on their behalf
- **Double digit growth** for nearly a decade



Block Experience

Blending digital tools with human expertise and care

DIY

- Meaningful improvements in the core DIY product to enhance user experience
- Simplified the flow for new clients and streamlined onboarding
- Won multiple product awards this year including '**Most Recommended Tax Software**' in Kiplinger's Readers' Choice Awards



Assisted

- **Market share** is **4x** the **next two** largest branded **competitors combined**
- Offices within 5 miles of most Americans, strong local value proposition
- Adding new dimensions to client/tax professional matching algorithms



MyBlock

H&R Block's digital front door

TS25 enhancements:

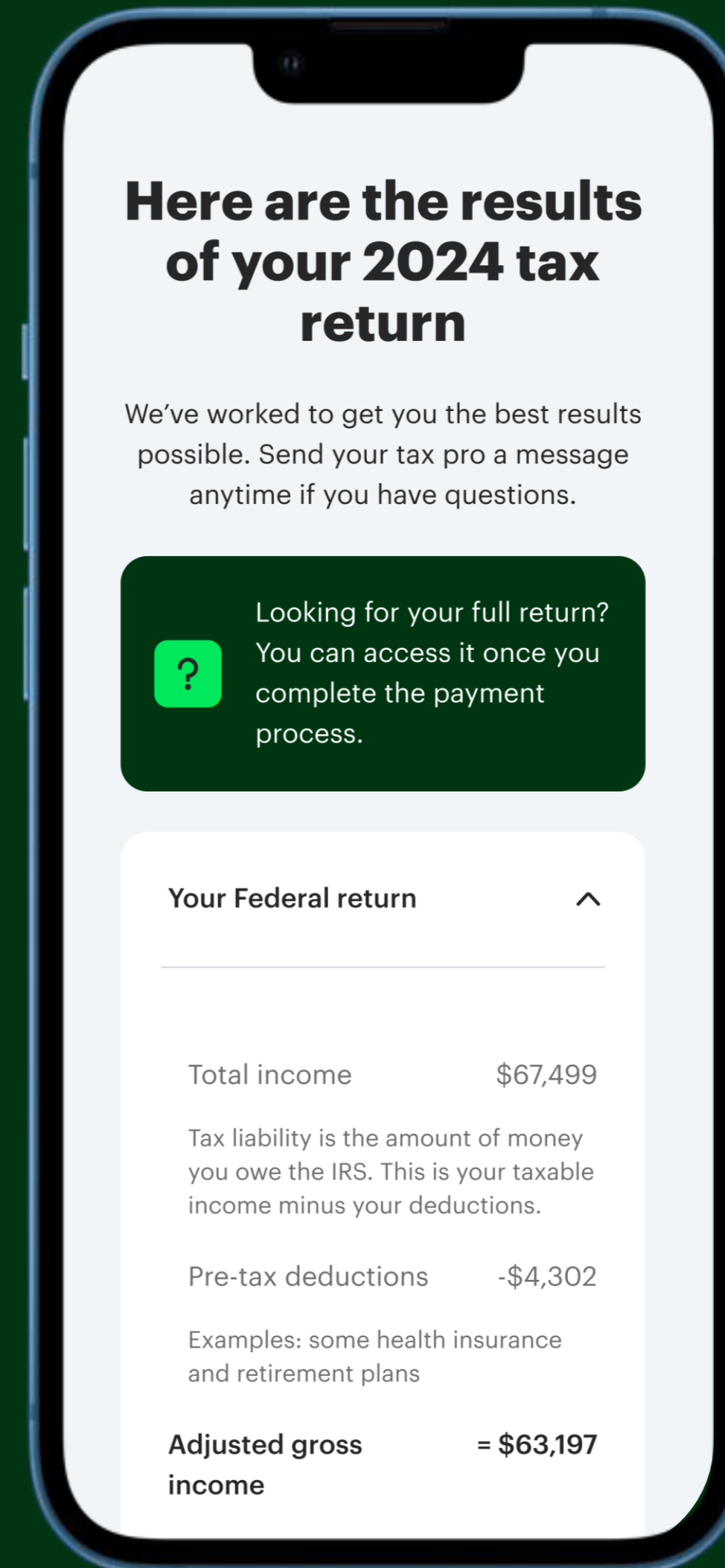
- Improving user experience and new client flow
- Tailored start screen for returning clients
- New 'Outcome Reveal' screen



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Tiffany Mason

Chief Financial Officer

Q1 FY25 Financial Results

<i>In millions, except per share amounts</i>	<i>For the three months ended September 30, 2024</i>	<i>For the three months ended September 30, 2023</i>	Change
	Q1 FY25	Q1 FY24	
Revenue	\$193.8	\$183.8	5.4%
Operating Expenses	\$422.1	\$390.1	(8.2%)
Interest Expense	\$15.8	\$15.9	0.1%
Pretax Loss	(\$232.3)	(\$212.4)	(9.4%)
EBITDA¹	(\$187.6)	(\$166.3)	(12.8%)
Earnings Per Share¹	(\$1.23)	(\$1.11)	(10.8%)
Adjusted Earnings Per Share¹	(\$1.17)	(\$1.05)	(11.4%)
Effective Tax Rate	26.2%	23.3%	(2.9%)

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

¹All share amounts are based on weighted average fully diluted shares over the corresponding period. EBITDA and adjusted EPS are non-GAAP financial measures. Please see the safe harbor statement at the beginning of this presentation for information on non-GAAP financial measures. A reconciliation of EBITDA and adjusted EPS to the most comparable GAAP measures can be found in the Appendix.

FY25 Outlook Reaffirmed

Assumptions:

- Typical industry growth of ~1%
- Maintain market share in overall tax category
- Low single digit price increases
- Wave and Small Business contribute to revenue growth
- Opportunistic franchise repurchases

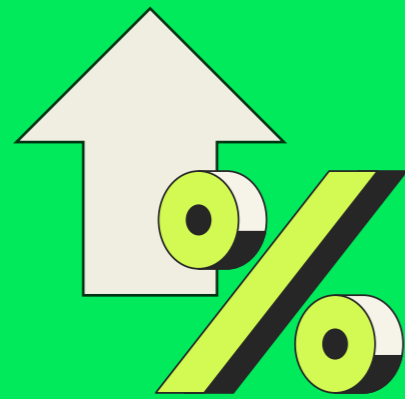
	FY25 Outlook
Revenue	\$3.69 - \$3.75B
EBITDA¹	\$975M - \$1.02B
Adjusted EPS¹	\$5.15 - \$5.35*
Effective Tax Rate	13%* <i>*Anticipated one-time benefit to EPS of ~50 cents in FY25.</i>

¹ EBITDA and adjusted EPS from continuing operations are non-GAAP financial measures. Future period non-GAAP outlook includes adjustments for items not indicative of our core operations, which may include, without limitation, items described in the Appendix. Such adjustments may be affected by changes in ongoing assumptions and judgments, as well as nonrecurring, unusual, or unanticipated charges, expenses or gains, or other items that may not directly correlate to the underlying performance of our business operations. The exact amounts of these adjustments are not currently determinable but may be significant. It is therefore not practicable to provide the comparable GAAP measures or reconcile this non-GAAP outlook to the most comparable GAAP measures. Please see the safe harbor statement at the beginning of this presentation for information on non-GAAP financial measures.

Capital Allocation Practices Remain Strong

Q1 FY25:

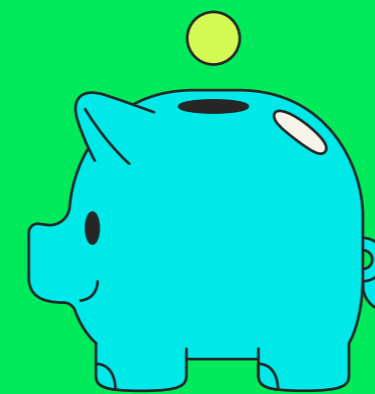
Last month paid quarterly dividend, reflecting the **17% increase** announced in August



Repurchased **3.3M** shares for **\$210M**

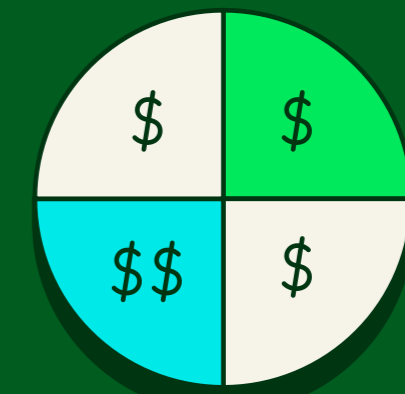


Retired another **2.4%** of shares outstanding



Since 2016:

Increased quarterly dividend **88%**¹ and repurchased **>40%** of shares outstanding



¹Dividend growth is calculated as the percentage growth from our April 2016 dividend to our October 2024 dividend.



Q&A

Appendix Section

Non-GAAP Measure: EBITDA

The following is a reconciliation of EBITDA, which is a non-GAAP financial measure:

	(in 000s)	
EBITDA	Three months ended September 30, 2024	Three months ended September 30, 2023
Net loss - as reported	\$ (172,576)	\$ (163,482)
Discontinued operations, net	1,155	609
Net loss from continuing operations - as reported	(171,421)	(162,873)
Add back:		
Income tax benefit	(60,840)	(49,487)
Interest expense	15,847	15,870
Depreciation and amortization	28,831	30,225
	(16,162)	(3,392)
EBITDA from continuing operations	\$ (187,583)	\$ (166,265)

Non-GAAP Measure: Adjusted EPS

The following is a reconciliation of Adjusted EPS, which is a non-GAAP financial measure:

	(in 000s, except per share amounts)	
ADJUSTED EPS	Three months ended September 30, 2024	Three months ended September 30, 2023
Net loss from continuing operations - as reported	\$ (171,421)	\$ (162,873)
Adjustments:		
Amortization of intangibles related to acquisitions (pretax)	11,128	12,555
Tax effect of adjustments ⁽¹⁾	(2,645)	(2,936)
Adjusted net loss from continuing operations	\$ (162,938)	\$ (153,254)
Diluted loss per share from continuing operations - as reported	\$ (1.23)	\$ (1.11)
Adjustments, net of tax	0.06	0.06
Adjusted diluted loss per share from continuing operations	\$ (1.17)	\$ (1.05)

⁽¹⁾ Tax effect of adjustments is the difference between the tax provision calculated on a GAAP basis and on an adjusted non-GAAP basis.