

Investor Presentation

November 2024



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. 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), earnings before interest, taxes, depreciation, and amortization (EBITDA), free cash flow and free cash flow yield, 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.

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H&R Block Overview

Who We Are

H&R Block (NYSE: HRB) provides tax preparation, financial services, and small business solutions in the United States, Canada, and Australia

- A leading Assisted and DIY tax software provider with >20M returns prepared annually in the US
- Operates under H&R Block, Block Advisors, Wave, and Spruce brands
- Offers other banking products¹ such as: Emerald Card[®] (a prepaid Debit Mastercard[®]), Emerald AdvanceSM (a loan product), and Spruce (mobile banking solution)

Strong Capital Allocation Practice

- Robust history of generating strong free cash flow, paying a growing dividend, and repurchasing shares
- Since 2016, HRB has increased the dividend by 88%², repurchased >\$2.5B of shares, and retired >41% of shares outstanding at an average price of \$28.05

Financial Algorithm

- Revenue growth, EBITDA³ that outpaces revenue, and adjusted EPS³ that grows even faster

¹ Bank products and services are offered by Pathward, N.A., Member FDIC.

² Dividend growth is calculated as the percentage growth from our April 2016 dividend to our October 2024 dividend.

³ EBITDA and adjusted EPS are non-GAAP financial measures. Please see the safe harbor statement at the beginning of this presentation and the Appendix for information on non-GAAP financial measures.

Capital Allocation Story Remains Strong

Ongoing value creation for shareholders

In Q1 FY25:

Repurchased
3.3M shares for
\$210M

Retired another
2.4% of shares
outstanding

Since 2016:

Returned **>\$4.1B**
to shareholders

Retired **>41%** of
shares outstanding

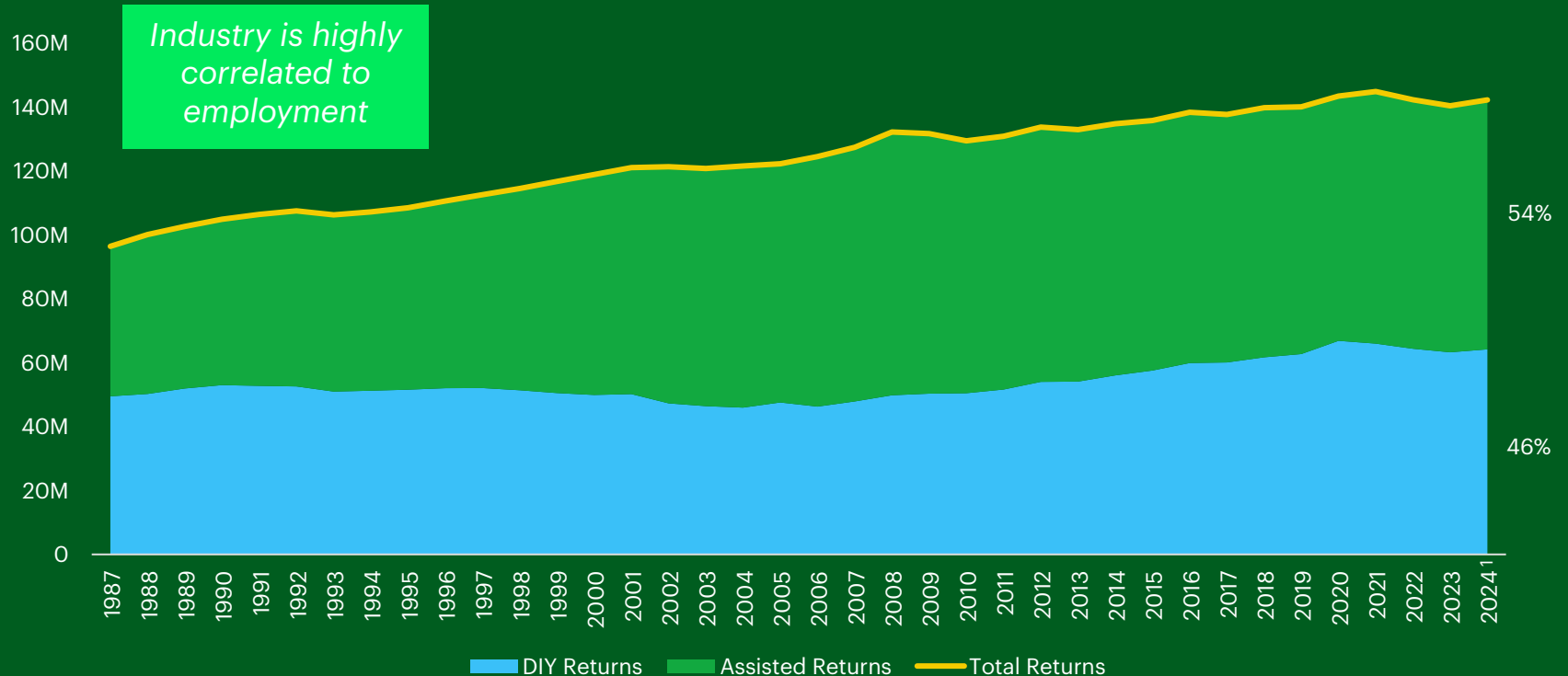
Increased quarterly
dividend by **88%**¹

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

Industry Summary

Stable, Predictable Industry Growth

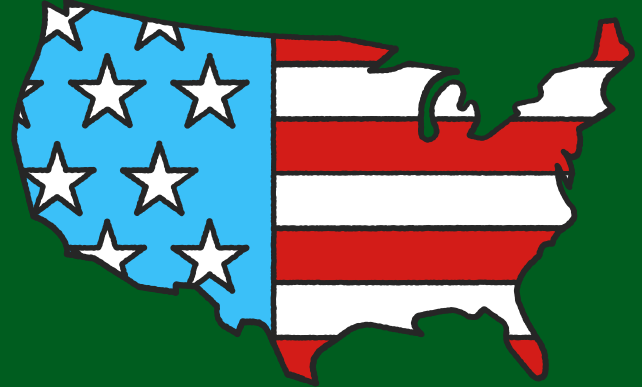
Consumer tax: historical industry CAGR of ~1%



Source: Derived from the IRS Filing Season Statistics by Year data at <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-may-10-2024>
¹In 2024, total industry returns were split 54% Assisted and 46% DIY

The United States Tax Filing System is Complex

- The **US tax code is nearly 7,000 pages long** and when including all of the regulations and guidance, is ~75,000¹
- Tax law **changes drive complexity and uncertainty among filers**
- In addition to the Federal tax return, **43 (out of 50) states require their residents to file a state tax return**
- **>160M filers²** in the US annually, split between Assisted (54%)³ and DIY (46%)³



¹Watkins, D. (2020, January 16). How many pages is the Tax Code. Iris Reading. Retrieved from <https://irisreading.com/how-long-would-it-take-to-read-the-entire-u-s-tax-code/>.

²Derived from the IRS Filing Season Statistics by Year data at <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-dec-29-2023>, cumulative statistics comparing Dec. 30, 2022 and Dec. 29, 2023, the most recent full year data.

³Derived from the IRS Filing Season Statistics by Year data at <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-may-10-2024>.

Americans are Motivated to File a Tax Return

On average,
~75% of filers
receive a refund
from the IRS¹



The typical
refund size is
~\$2,900²



For many
Americans, the
tax refund is the
largest financial
transaction of the
year



¹Source: IRS Publication 1304 (IRS Excel data : <https://www.irs.gov/pub/irs-soi/21intaba.xls>)

²Derived from the IRS Filing Season Statistics by Year data at <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-may-10-2024>, cumulative statistics comparing May 12, 2023, and May 10, 2024.

Block Horizons 2025

Block Horizons 2025 Long Term Growth Strategy

Three Strategic Imperatives

1

Small Business

Build direct, valuable relationships with small business owners through Block Advisors and Wave; as well as by providing services such as bookkeeping and payroll

2

Financial Products

New solutions and experiences to create confidence and help ease the financial burden, such as our mobile banking platform, Spruce

3

Block Experience

Blending technology and digital tools with human expertise and care to serve clients however they want to be served: fully in person to fully online and everything in between

Small Business

Continue to see opportunity ahead



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

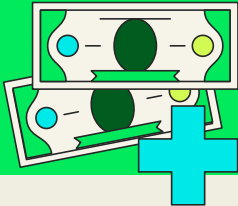
Spruce: H&R Block's mobile banking platform

Surpassed

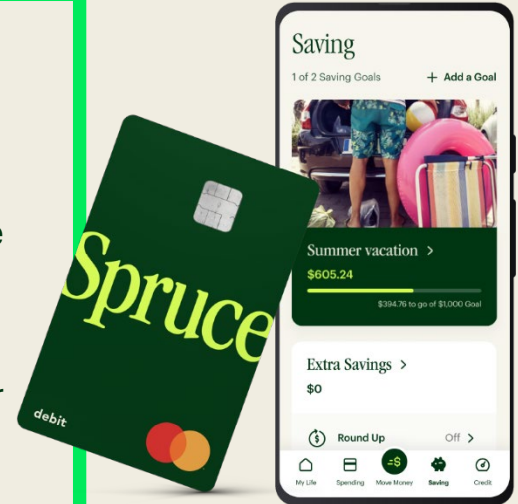
\$1B

in customer deposits

since inception through Sept 30, 2024



- Nearly 50% of deposits came from non-tax sources in FY24; strong trends continued in Q1FY25
- 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

Clients are empowered to be served however they choose:
fully in person to fully virtual, and everything in between

Assisted

Fully in-person

File with a tax professional at one of H&R Block's ~10,100¹ office locations



Blended

Everything in-between

- Uploading documents from home
- Virtual calls with tax pros
- Signing return online

DIY

Do it Yourself

File your own taxes online using H&R Block's website, or with a boxed software product



¹Number of office locations as of March 31, 2024

Tax Season 2024

Ongoing Momentum in DIY

Our strategy continued to work

YoY through April 30, 2024 DIY Paid Online:

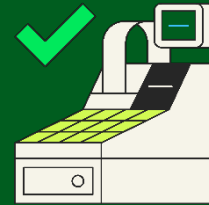
Volume:

+6%

Significantly outpaced the DIY category, and many of these filers came from TurboTax®

NAC:

+7%



CSAT metrics improved

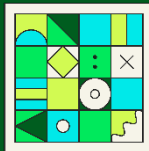


Ongoing Momentum in DIY

Continued to see DIY clients accessing help

New **genAI** powered **AI Tax Assist** performed well

- Feedback indicated that the tool was easy to use, helpful, and clients found value in it
- **Greater conversion** among **new clients**



Tax Pro Review

grew

>15%¹

continuing its **multiyear trend of double-digit annual growth**

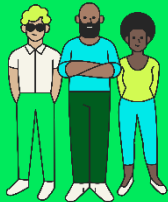


¹ Year over year growth through April 30, 2024.

Assisted Consumer Tax

Transformation efforts yielded encouraging results

- Client growth in each segment >\$60K of income
- **Fastest growing segment** was in clients **>\$100K of income**



Slowed decline of EITC filers, but still have work to do in lower income segments

In total, Assisted volumes declined ~1%¹

Assisted NAC grew 4%¹, driven by mix shift and modest price increases



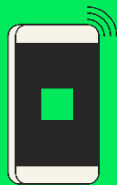
¹ Year over year through April 30, 2024.

Assisted Consumer Tax

Transformation efforts yielded encouraging results

MyBlock:

- **Double-digit growth in accounts**
- ~20%¹ increase in the number of docs uploaded



Grew the number of Assisted clients who were **completely virtual by >25%**¹



GenAI efforts to improve customer experience in call center operations provided great learnings in initial pilot



¹ Year over year through April 30, 2024.

Financials

Total Shareholder Return

Where we are going

Revenue	3 - 6%	<i>Steady industry growth, low single digit price increases, franchise acquisitions, and Wave; Block Horizons as upside</i>
EBITDA ¹	Can grow up to ~1.5x revenue	<i>Leverage our fixed cost structure</i>
Share Repurchase	\$1.5B authorization	<i>Opportunistic share buybacks are a core element of our capital allocation strategy</i>
Adjusted EPS ¹	Double digit growth	<i>EBITDA growth + capital allocation driving double digit EPS growth</i>
Dividend	\$0.375/share quarterly	<i>17% dividend increase announced in August 2024</i>
Free Cash Flow ¹	>100% FCF generation relative to income	<i>Strong free cash flow generation</i>

¹ EBITDA, Adjusted EPS, and Free Cash Flow 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 changes, 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 to 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.

Multiple Levers

To reach long-term revenue growth target of 3-6%

**~1%
Consumer
Tax Industry**

- Long-term historical CAGR of 1% growth
- At a minimum, maintain market share
- Supported by **Block Experience**

**~1-3%
Pricing**

- Upfront Transparent Pricing in 2018
- Significant Product and Experience Improvements
- Will continue to innovate via **Block Experience**

**~1%
Franchise
Acquisitions**

- Acquire ~125 locations annually at attractive multiples

Wave

- Revenue growth from increasing the value of the existing customer base and acquiring new clients

**Upside:
Block
Horizons
2025**

- **Small Business**
- **Financial Products** – mobile banking platform, Spruce, launched in DIY in TS22, and in Assisted in TS23

Track Record of Delivering Earnings Growth

Our financial algorithm in action

History of delivering revenue growth, EBITDA¹ that outpaces revenue growth, and adjusted EPS¹ that grows even faster

	FY19	FY24	Growth
Revenue	\$3,095	\$3,610	17%
EBITDA¹	\$799	\$963	21%
EPS	\$2.15	\$4.14	93%
Adjusted EPS¹	\$2.39	\$4.41	85%

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

¹EBITDA 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 these non-GAAP financial measures to the most comparable GAAP measures can be found in the Appendix.

FY25 Outlook

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>*Approximate 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.

ESG

Environmental, Social, and Governance (ESG)

Committed to ongoing progress

Our Purpose is to provide help and inspire confidence in our clients and communities everywhere. As part of this, we believe in doing our part to be a responsible corporate citizen, which has been a part of our culture and aspirations from the very beginning.

Environmental

Committed to reducing consumption and waste



Social

Remain committed to our associates' total well-being



Governance

Proactive, sound, and ethical corporate governance practices



Environmental, Social, Governance

Fifth annual report



2024 ESG Report



- Reflects our ongoing commitment to transparency, sustainability, and responsible business practices
- Read the full report [here](#)

Appendix

Non-GAAP Measure: EBITDA

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

	(in 000s)	
EBITDA	Year ended June 30, 2024	Year ended June 30, 2023
Net income - as reported	\$ 595,317	\$ 553,700
Discontinued operations, net	2,646	8,100
Net income from continuing operations - as reported	<u>597,963</u>	<u>561,800</u>
Add back:		
Income taxes	164,359	149,412
Interest expense	79,080	72,978
Depreciation and amortization	121,784	130,501
	<u>365,223</u>	<u>352,891</u>
EBITDA from continuing operations	<u>\$ 963,186</u>	<u>\$ 914,691</u>

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	Year ended June 30, 2024	Year ended June 30, 2023
Net income from continuing operations - as reported	\$ 597,963	\$ 561,800
Adjustments:		
Amortization of intangibles related to acquisitions (pretax)	50,835	51,411
Tax effect of adjustments ⁽¹⁾	(11,751)	(10,797)
Adjusted net income from continuing operations	\$ 637,047	\$ 602,414
Diluted earnings per share from continuing operations - as reported	\$ 4.14	\$ 3.56
Adjustments, net of tax	0.27	0.26
Adjusted diluted earnings per share from continuing operations	\$ 4.41	\$ 3.82

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

Non-GAAP Measure: Free Cash Flow and Free Cash Flow Yield

The following is a reconciliation of Free Cash Flow and Free Cash Flow Yield, which are non-GAAP financial measures:

	(in 000s, except per share amounts)	
	Year ended June 30, 2024	
FREE CASH FLOW YIELD		
Operating cash flow - as reported	\$	720,860
Less: capital expenditures		(63,678)
Free cash flow	\$	657,182
Market price at June 28, 2024 ⁽¹⁾	\$	54.23
Shares outstanding		139,591
Market capitalization	\$	7,570,020
Free cash flow yield		8.7%

⁽¹⁾ The last trading day of the fiscal year.

H&R Block Operating Statistics

OPERATING STATISTICS	July 1, 2023 - June 30, 2024	July 1, 2022 - June 30, 2023	% Change
TAX RETURNS PREPARED (U.S. only, in 000s)⁽¹⁾:			
Company-owned operations	8,805	8,721	1.0 %
Franchise operations ⁽²⁾	2,609	2,847	(8.4)%
Total Assisted	11,414	11,568	(1.3)%
Desktop	1,786	1,795	(0.5)%
Online paid	3,796	3,602	5.4 %
Online free	3,538	3,173	11.5 %
Total DIY	9,120	8,570	6.4 %
Total H&R Block U.S. returns	20,534	20,138	2.0 %
NET AVERAGE CHARGE (U.S. only)⁽³⁾:			
Company-owned operations	\$ 258.36	\$ 248.50	4.0 %
Franchise operations ⁽⁴⁾	\$ 248.69	\$ 238.04	4.5 %
DIY online paid	\$ 74.58	\$ 69.85	6.8 %

⁽¹⁾ An Assisted tax return is defined as a current or prior year individual or business tax return that has been accepted by the client. A DIY desktop return is defined as a current year individual or business tax return that has been electronically submitted to the IRS. A DIY online paid return is defined as a current year individual or business tax return that has been accepted by the client. A DIY online free return is defined as a current year individual tax return that has been accepted by the IRS.

⁽²⁾ Franchise operations returns include Assisted returns prepared in a franchise office in the reported year. Following the Company's acquisition of a franchise office, returns from such office are included in the Company-owned line for that year; prior years are not reclassified.

⁽³⁾ Net average charge is calculated as total tax preparation fees divided by tax returns prepared.

⁽⁴⁾ Net average charge related to H&R Block Franchise operations represents tax preparation fees collected by H&R Block franchisees divided by returns prepared in franchise offices. H&R Block will recognize a portion of franchise revenues as franchise royalties based on the terms of franchise agreements.

H&R Block Tax Offices

TAX OFFICES (as of March 31):	2024	2023
U.S. offices:		
Company-owned offices	6,643	6,582
Franchise offices	2,168	2,367
Total U.S. offices	8,811	8,949
International offices:		
Canada	952	961
Australia	397	394
Total international offices	1,349	1,355
Tax offices worldwide	10,160	10,304