



FISCAL 2021 FIRST QUARTER
EARNINGS CALL

SEPTEMBER 1, 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. They also include the expected impact of the coronavirus (COVID-19) pandemic, including, without limitation, the impact on economic and financial markets, the Company's capital resources and financial condition, the expected use of proceeds under the Company's revolving credit facility, future expenditures, potential regulatory actions, such as extensions of tax filing deadlines or other related relief, changes in consumer behaviors and modifications to the Company's operations related thereto. 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 before interest, taxes, depreciation and amortization ("EBITDA") from continuing operations, adjusted EBITDA from continuing operations, EBITDA margin from continuing operations, adjusted EBITDA margin from continuing operations, 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 September 1, 2020 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

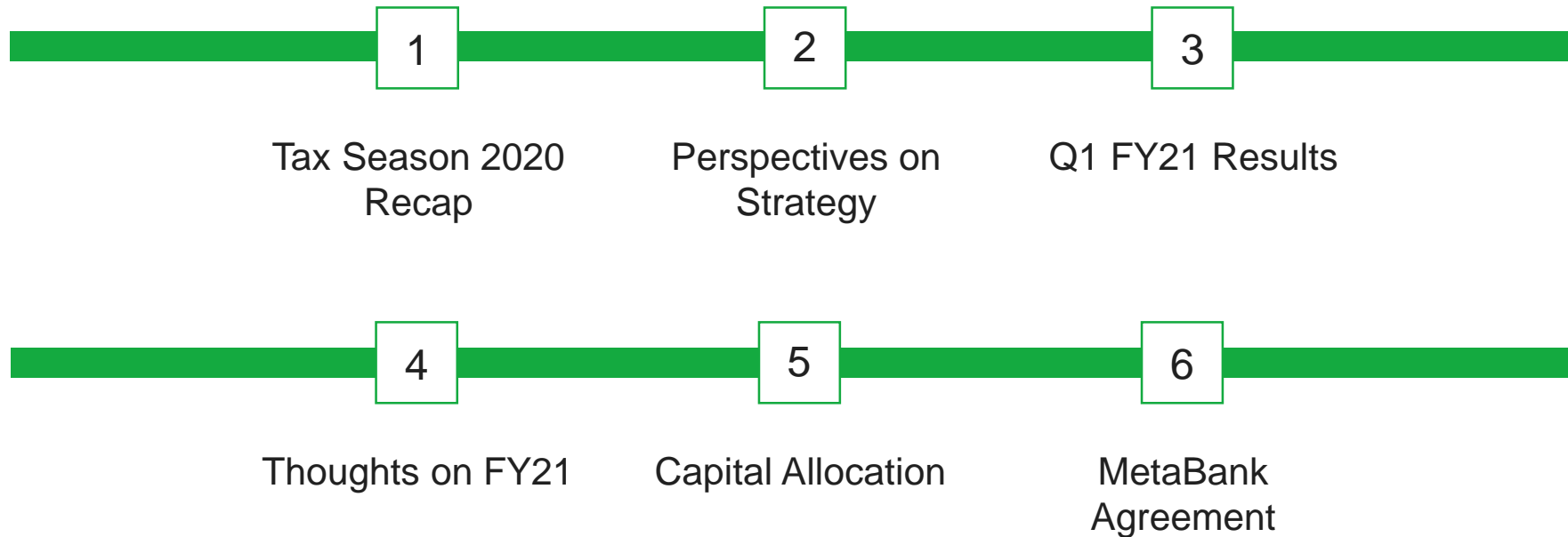
Market and Industry Data

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 Season 2020 Recap

Delivering results in a challenging season

- ***Strong finish to the tax season resulted in 3.3% increase in overall U.S. returns¹***
- ***Digitally-enabled returns² increased more than 150%***

Assisted

- Prior to pandemic tracking to our goals of improving client trajectory and holding market share
- Pandemic impacted our operating model, resulting in small share loss
- Significant increase in clients using our approve online feature

DIY

- Online growth of 10.6% led to a total return growth of 8%
- Third-party accolades and improved net promoter scores and 2-point increase in retention
- Strategy of pricing competitively, providing value for clients, and driving awareness is producing results

¹All growth percentages on this page represent the percentage change of returns filed for the period May 1, 2019 through July 17, 2020 compared to May 1, 2018 through July 17, 2019 as reported in the company's July 28, 2020 release.

²Digitally-enabled returns include returns using digital drop off, approve online, Tax Pro GoSM, Tax Pro Review[®], Online AssistSM

Tax Season 2020 Recap

Perspectives on Strategy

TONY BOWEN

CHIEF FINANCIAL OFFICER

FY21 Q1 Financial Results

FY21 Q1 results

in millions, except per share amounts	FY21	FY20	Change
Revenue	\$ 601	\$ 150	\$ 451
Pretax Income (Loss)	\$ 124	\$ (207)	\$ 331
Net Income (Loss)	\$ 94	\$ (146)	\$ 240
Weighted-Avg. Shares - Diluted	194.1	202.0	(7.9)
EPS ¹	\$ 0.48	\$ (0.72)	\$ 1.20
Adjusted EPS ^{1,2}	\$ 0.55	\$ (0.66)	\$ 1.21

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 is a non-GAAP financial measure. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

Thoughts on FY21

Capital Allocation

Strong capital position highlighted by adequate liquidity and return of capital

Line of Credit

- Will pay down full balance and return to normal cycle of seasonal borrowings
- Met Q1 debt covenants and expect to be in compliance going forward

Long-Term Debt Issuance

- Issued \$650 million of 10-year notes at a coupon of 3.875% in August
- Will use proceeds to retire existing debt maturing in October

Dividend

- No plans to change our dividend payout level for balance of this fiscal year
- Goal of increasing dividend over the long term; increased 30% over past 5 years

Share Repurchases

- Intend to resume practice of repurchasing shares to offset dilution from grants
- Any additional repurchases would be done opportunistically

MetaBank Agreement

TONY BOWEN

CHIEF FINANCIAL OFFICER

JEFF JONES

PRESIDENT & CEO

Q&A



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