

## H&R Block Q3 FY26

### Financial Results Conference Call Transcript

May 6, 2026

*Jessica Hazel, Vice President, Investor Relations:* Thank you. Good afternoon, and welcome to H&R Block's fiscal 2026 third quarter financial results conference call.

Joining me today are Curtis Campbell, our President and Chief Executive Officer, and Tiffany Mason, our Chief Financial Officer.

Earlier today, we issued a press release and presentation, which can be downloaded or viewed live on our website at [investors.hrblock.com](https://investors.hrblock.com). Our call is being broadcast and webcast live, and a replay of the webcast will be available for 90 days.

Before we begin, I'd like to remind listeners that comments made by management may include forward-looking statements within the meaning of federal securities laws. These statements involve material risks and uncertainties, and actual results could differ from those projected in any forward-looking statement due to numerous factors. For a description of these risks and uncertainties, please see H&R Block's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as updated periodically with our other SEC filings.

Please note, some metrics we'll discuss today are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP figures in the appendix of our presentation.

Finally, the content of this call contains time-sensitive information accurate only as of today, May 6, 2026. H&R Block undertakes no obligation to revise or otherwise update any statements to reflect events or circumstances after the date of this call.

I will now turn it over to Curtis.

*Curtis Campbell, President, and Chief Executive Officer:* Good afternoon, and thank you for joining us. This quarter, we delivered strong results, ahead of expectations across all key metrics. Those results demonstrate that our strategy is translating and that the quality of our business continues to improve. Based on our year-to-date performance, we are raising our full-year outlook.

This tax season provided early evidence that our strategy, focused on expert-led, technology-enabled experiences, is showing up in measurable ways. Not just in our financial performance, but also in how clients are choosing us, engaging with our experts, and experiencing a more technology and AI-enabled service. Those outcomes reflect capabilities we've built steadily over

the last year, and that we further sharpened this season through strategic experimentation, targeted decisioning, and disciplined execution, all centered on the clients we serve.

Our progress this year reinforces that H&R Block is uniquely positioned to meet clients where they are, earn their trust through expert judgment, and give them the confidence to navigate the complexity of tax preparation and tax planning.

### **Assisted Momentum and Durability**

Coming out of this season, it's clear that our focus on assistance is delivering tangible results.

A key question surrounding H&R Block's performance has been when we would stabilize assisted channel market share. Well, this season, we did. After two years of improving share trends, that progress translated into a meaningful inflection in tax season 26, as we maintained assisted share, holding our position in a highly competitive environment.

Importantly, our assisted channel market share performance was favorable each week throughout the entire season, and that consistency matters. It reflects stronger execution from the start of the season through the peak.

We continue to see our value proposition resonate most in client segments with a strong desire for confidence, trust, and judgment. Clients with more complex needs are choosing to engage with H&R Block at higher rates, and our omni-channel model is designed to serve those clients with the right combination of human expertise and technology. I'll speak more to that in a moment.

This season's performance underscores the quality, consistency, and strategic focus of the assistance we provide, supporting a more durable business.

### **Turning Execution Into Better Client Outcomes**

Our disciplined execution also translated into better outcomes for our clients including evolved experiences that delivered clearer expectations, fewer friction points, and more consistent delivery, whether clients engaged with us digitally or in person.

Those experience improvements drove stronger conversion, higher retention, and better product attach rates, reinforcing both the quality of the experience we're delivering and how our clients are responding to it.

One example of how we improved conversion this season was the introduction of a personalized pre-appointment experience that set clearer expectations, reduced unnecessary steps, and guided clients through a more streamlined path into the appointment. By addressing friction earlier in the journey, clients came into appointments better prepared and more confident, which translated into higher conversion rates.

Along with conversion, we also saw meaningful retention improvement this season, with Second Look a clear proof point. Last quarter, I shared our plans to meaningfully automate and scale Second Look and why we view it as an important driver of client loyalty over time. I'm pleased to share that new clients who received Second Look last tax season returned at a 600-plus basis point higher rate compared to new clients who did not receive Second Look, reinforcing its role in building trust, confidence, and a quality experience from the very start of the relationship.

We are now using AI-based technology to scale Second Look and embed it more consistently into the new client experience so more clients can benefit. By automating the initial review of prior year tax transcripts, we can focus tax pros' time on returns with the greatest opportunity, while still delivering timely, actionable insights to more clients. This capability allows us to expand Second Look in ways that were not previously feasible, and extend its positive impact even further.

I have also emphasized our focus on eliminating and/or automating inefficient work so our tax pros can focus on what matters most to clients, and that's the relational and trust-building experience that differentiates H&R Block.

As part of that effort, this season we equipped all our offices with Client Experience Monitors, allowing clients to learn about and explore add-on products in a simple, self-guided way without the need for tax pro intervention.

Our tax pros are naturally focused on accuracy, advice and building trust with clients, so simplifying choices, improving clarity and digitally engaging clients through the Client Experience Monitors proved very successful. Coming out of the season, we saw a 550 basis point increase in product attachment, and clients reported greater comfort with the process.

Recent tax law changes also contributed to positive client outcomes this season. Average refund amounts for H&R Block clients increased by approximately 11%; we saw approximately 7% growth in clients who received a refund and a more than 25% decline in clients who owed the IRS.

Those recent tax changes also created new opportunities to help clients access meaningful benefits. A clear example is 530A Trump Accounts, where we helped enroll more than 2 million accounts, representing over 90% of eligible clients whose children qualified for the \$1,000 seed contribution. Together, these results underscore the role we play in helping millions of clients navigate complexity, support important financial goals for their families, and strengthen their financial confidence.

### **Winning with More Complex, Higher Lifetime Value Clients**

We are also seeing our strategy translate clearly in the segments that are most impactful to the long-term health of the business.

That impact is most evident with more complex clients, where confidence, trust and judgment play a central role in the decision to engage. As our execution and customer experience have improved, we've seen a greater mix shift toward higher-complexity clients this year, reinforcing that our model resonates most where expertise truly matters.

As we've said before, not all market share is created equal, particularly in the DIY channel. Customer lifetime value matters more to the financial health of our business than raw volume. Our focus remains on attracting and retaining clients who are more likely to build long-term relationships with us, rather than optimizing for lower lifetime value, transitory filers.

This season's results reflect deliberate progress in this area, improving both durability and economics of our business. The gains we're seeing reinforce our focus. They are proof points that disciplined execution and deliberate choices are translating into higher-quality, more durable growth.

### **Scaling Trusted, Expert-Led Impact Through Technology**

This season reinforced that the winning model in an AI driven future is expert-led technology-enabled experiences, particularly in a high-stakes, highly regulated environment like tax preparation. As AI adoption increases, accuracy and confidence matter more than ever, and clients continue to value the trust, judgment, and accountability that come from working with a tax expert.

Our model is well positioned in this environment and our approach continues to receive external recognition. CNET not only named H&R Block the best online tax product, but also recognized H&R Block's AI-powered tax platform with its Best Use of AI award. That recognition highlights how we pair advanced technology with trusted expertise to deliver better experiences for our clients. And we saw this expert-led, technology-enabled positioning reinforced through client and tax pro behaviors and outcomes this season.

Let me touch on a few examples of how this came to life. This year, we rolled out Sidekick, our AI-enabled tax pro assistant. Through our collaboration with OpenAI and grounded in the expertise of H&R Block's Tax Institute, we created a unique AI tool that allows tax pros to query and research complex tax topics. Sidekick received positive feedback and saw strong adoption all season underscoring the power of embedding AI-assisted support directly into the expert workflow, where professional judgment remains critical and AI amplifies impact for clients.

Similarly, within the paid DIY filing experience, AI Tax Assist provided clients with real-time, expert-informed answers and is becoming increasingly effective as we incorporate learnings from each season. This tax season, AI Tax Assist supported 4.1 million client messages and responses, representing an 88% increase year-over-year.

Together these examples, along with the AI-enabled scaling of Second Look I discussed earlier, illustrate how we are applying AI in practice, drawing on capabilities we develop in-house and with select external partners. They reinforce that our strategy is not about replacing expertise with technology, but about using technology to scale expertise, strengthen trust, and deliver more consistent, higher-quality outcomes for our clients whether they work with our tax pros or choose to self-prepare.

### **Test, Learn, Scale with Discipline and Purpose**

I've shared the evidence of our strategy at work this season — reflected in stronger conversion, higher client retention, better client experiences, and improvements in the quality of our business. What I want to focus on next is what I believe will continue to drive results next season and for years to come.

At the core is how we operate. We've embedded a disciplined learning mindset into how we run the business, focused on identifying what drives meaningful impact, learning from what happens in the wild, and scaling what works. This isn't about one-off initiatives. It's about building repeatable execution that compounds over time.

Our approach is intentional and focused on removing friction and elevating outcomes for the clients we serve. Not every experiment will earn the right to scale; some experiments will fail. But every experiment must generate learnings that sharpen execution and accelerate our velocity.

We ran more than one hundred fifty experiments this season, which is exponentially higher than in prior years. I've talked about several already, and I won't go through all of them, but I do want to highlight one that illustrates how this discipline translates into real impact.

One of the most meaningful areas of progress this season has been AI automation. We are accelerating our testing and use of more advanced AI tools across tax preparation with a clear goal: eliminating manual data entry, which is a non-value added step for both clients and tax pros.

These efforts are designed to handle more of the mechanical work behind the scenes (the data collection, data entry, and calculations), while keeping tax pros firmly in the role of review, judgment, and advice. By reducing time spent on manual tasks, we can free up capacity for our tax pros to generate deeper insights and enable higher value client conversations. This combination creates a structural advantage relative to purely digital models, particularly in a category where mistakes carry real consequences and confidence matters.

Results from our AI enabled automation experimentation this season have been strong, and while there is still more to learn, we're encouraged by what we're seeing, with a clear path to further scaling over time and expanding our ability to help empower financial freedom for millions of Americans.

I've covered a significant amount of information today, and shared examples of how we are operating with discipline – testing in real-world conditions, learning quickly, and scaling what works. The takeaway is that this is how we compound progress over time and continue to raise the consistency, quality, and durability of our business.

### **Looking Ahead**

What we saw this tax season reinforces that our strategy is delivering results, while also making clear that we are just getting started. There is significant opportunity ahead to raise the bar on execution, deepen our impact with more complex clients, and further scale the capabilities driving consistency and quality across the business. Our omni-channel model is designed to extend that execution across client needs and the ways clients choose to engage.

I also want to mention, I'm excited about the leadership team we have in place. They bring a strong combination of deep industry experience and fresh perspectives, and I'm confident this team will continue to execute with discipline and momentum as we move forward.

As we look ahead, our priorities are clear. We will continue to elevate the client experience, serve more complex clients, expand our small business opportunity, and apply AI and technology to scale trusted expertise and deliver consistent, expert-led outcomes at a level independents cannot match.

I'll now hand the call over to Tiffany.

*Tiffany Mason, Chief Financial Officer:* Thank you Curtis, and good afternoon everyone.

### **Financial Update**

In the third quarter, we delivered strong year-over-year growth across our key financial metrics, with revenue up 5%, EBITDA up 6%, and adjusted EPS up 12%, reflecting performance above expectations.

Based on our year-to-date results, including a strong tax season, we have raised our full-year outlook.

In the third quarter, we delivered revenue of \$2.4 billion, an increase of 5.3% over the prior year. This increase was primarily driven by higher NAC and volume in U.S. Assisted tax prep, growth in international revenue, and an increase in refund transfer volume.

As Curtis noted, our assisted channel market share trend improved meaningfully this season, marking the third consecutive year of improvement in our core business. We were able to maintain our market share position this season through better execution in a highly competitive environment.

In the DIY channel, not all market share is created equally because of the free and paid dynamic, and we have made a strategic choice to prioritize lifetime value. So while our Assisted volume growth outpaced DIY, key underlying health metrics improved across our business.

We drove improved conversion rates in both channels year-over-year, supported by lower friction and better client experiences. We delivered higher retention rates among prior clients. And, our mix continued to shift toward more complex returns, particularly with \$100,000-plus AGI clients.

We also continued to benefit from our ability to make low single-digit pricing adjustments without impacting clients' value perception.

Taken together, we believe these results reflect a healthy and improving business.

Total operating expenses for the quarter were \$1.4 billion, a 4.8% increase over the prior year. This increase was primarily due to higher field wages as a result of higher Assisted revenue.

As we've experienced the last few years, a significant amount of volume is processed in the final weeks of the season which puts pressure on labor capacity resulting in overtime. Additionally, as we serve increasingly more complex clients, we have an opportunity to allocate return volume more effectively across our tax pro population.

Third quarter EBITDA increased 5.9% over the prior year to \$1.1 billion.

Our effective tax rate was 16.5% compared to 24.6% last year.

During the quarter, we recognized a one-time non-cash tax benefit related to the resolution of an IRS examination that we have previously discussed. This \$84.1 million benefit reduced income tax expense and provided a \$0.65 benefit to earnings per share.

Net income from continuing operations was \$848.8 million, an increase of 17.4%, and earnings per share from continuing operations were \$6.61, an increase of 24.2%.

Adjusted net income was \$773.7 million, an increase of 5.8%, and adjusted earnings per share were \$6.02, an increase of 11.9%. The increase was a result of fewer shares outstanding from share repurchases and higher net income.

Our disciplined approach to capital allocation continues to create meaningful shareholder value. We generate significant, stable annual cash flow and expect the same for this fiscal year. We use this cash flow to invest in the business, grow the dividend, and return excess capital to shareholders through share repurchases.

In the first nine months of the fiscal year, we've generated operating cash flow of \$586.7 million.

During that period, we have returned \$560.9 million to shareholders in the form of dividends and share repurchases, with Board approval to repurchase an incremental \$100 million of stock in the

fourth quarter under our previously disclosed \$1.5 billion repurchase program. Currently, we have approximately \$700 million remaining under that program.

## **Outlook**

Turning to our full year outlook ...

Based on strong year-to-date performance, we are raising our guidance for fiscal 2026.

As reflected in today's earnings release, we now expect:

Revenue in the range of \$3.91 to \$3.92 billion;

EBITDA in the range of \$1.025 to \$1.035 billion;

An effective tax rate of approximately 14%; and,

Adjusted diluted earnings per share in the range of \$5.10 to \$5.20.

Our updated outlook reflects the strength and consistency of our execution every quarter of fiscal '26, and with the tax season now complete, we've also incorporated full-season results, peak-period labor costs, and a planned shift in marketing expense that aligns with later-season filing dynamics.

We were pleased with our third quarter operational and financial results, yet the more important takeaway is what they reflect about the trajectory of our business. We are creating a more durable, expert-led, technology-enabled model providing assistance to our clients wherever and however they choose to engage with us. That positions us to generate more cash flow and deliver greater value for shareholders.

With that, I'll turn it back over to Curtis for closing remarks.

*Curtis Campbell, President, and Chief Executive Officer:* Thank you Tiffany.

This quarter reflects continued progress against our strategy and improving execution across the business. As the results show, better client experiences, stronger retention, and a continued shift toward more complex clients are contributing to a more durable business.

I want to thank our tax pros, associates, franchisees, and partners for their continued dedication to serving clients with expertise and care.

And importantly, I want to thank our clients for their continued trust and confidence in H&R Block. At the core of what we do, H&R Block is in the business of trust and we don't take that responsibility lightly... it remains central to everything we are.

And with that, operator, we'll open the line for questions.

### **Forward-Looking Statements**

These materials contain 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.

### **Non-GAAP Measures**

We refer to certain Non-GAAP financial measures in these materials, including adjusted net income, 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 these materials 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 these materials 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 these materials 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 these materials. Unless otherwise noted, year-over-year comparisons of operational tax performance reflect the period from January 1, 2026 – April 30, 2026 versus the corresponding prior-year period and financial reporting metrics are presented for the third quarter ended March 31, 2026. H&R Block is not a bank. Bank products and services are offered by Pathward, N.A.