



# INVESTOR PRESENTATION

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JULY 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) emergency, 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, 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>. 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 previously filed press releases 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.

# H&R Block profile



- Founded the tax industry in 1955
- Well-established tax operations in the U.S., Canada, and Australia
- Approximately 23 million returns filed by or through H&R Block for the period including fiscal 2020 through the completion of the U.S. tax season in July 2020
- Average revenues of \$3 billion and average free cash flow of \$437 million over the last five fiscal years
- Tremendous scale with ~70,000 highly trained tax professionals in ~11,000 offices globally
- ~8,000 Enrolled Agents and CPAs in the U.S.

## Offerings & Products

### Tax

Leader in the tax industry with broad spectrum of offerings ranging from in-office Assisted to DIY

### Small Business

Accelerating small business strategy with acquisition of Wave Financial

### Products

Adjacent Tax Plus products (prepaid debit card, lending, tax fraud protection, other) provide additional value to clients

# Investment thesis



## 1. Market-leading position in tax with unmatched competencies

- Complete ecosystem and scaled network in the expansive, established tax industry

## 2. Significant addressable market

- Proprietary multi-channel approach to take advantage of opportunities in \$21B tax industry

## 3. Ongoing retention and growth initiatives

- Transforming the Assisted value proposition and driving innovation in DIY to support and grow robust customer base

## 4. Positioned to win in the long term

- Executing at the convergence of personalized service and digital expertise to capture the new frontier

## 5. Expanding capabilities in large and expanding small business market

- Acquisition of Wave, a rapidly growing financial solutions platform, provides new growth opportunities

## 6. Robust financial profile and attractive capital allocation

- Strong cash generation and fortified balance sheet support strategic initiatives as well as capital return through dividends and opportunistic share repurchases

Tax season 2020

# An unprecedented tax season



- Tax season 2020 was unlike any other season due to the COVID-19 pandemic
- Significant changes to tax filing behaviors due to stay-at-home orders in various state and local jurisdictions
- Industry-wide tax filings were delayed due to the extension of the filing deadline to July 15<sup>th</sup>

## Financial Impacts to H&R Block

- Tax season 2020 was split between FY20 and FY21, impacting comparability
- The shift in business resulted in some revenues and related expenses (tax pro compensation & benefits, bad debt, marketing) moving from Q4 FY20 to Q1 FY21
- We've drawn \$2.0B on our line of credit to enhance our liquidity and ensure maximum flexibility, which will result in additional interest expense
- We are actively evaluating cost savings opportunities across our business to offset expense increases and invest in strategic initiatives
- Will provide an update on the tax season as part of our Q1 earnings call in September; will provide financial outlook part of our fiscal Q2 earnings call in December

# H&R Block's operational response



Quickly turned to our crisis playbook to effectively and efficiently respond when the pandemic started to impact our business



Significantly modified our operating model to comply with ever-changing city and state guidelines, including transitioning to primarily drop-off services in our retail locations



Further accelerated the digital enablement of our business, resulting in dramatic increases in returns leveraging our digital capabilities



Implemented a tax professional work-from-home model, allowing thousands of our tax pros to prepare returns outside of the office



Invested in a leading benefit program for our seasonal associates who were impacted by the pandemic



Kept more offices open with increased operating hours and tax pro staffing during Q1 FY21

# H&R Block's community response



Joined American Express  
Stand For Small to help  
support small businesses



Provided Wave payments  
customers with free Instant  
Payouts, giving entrepreneurs  
quick access to their cash



Offered free tax preparation  
via Tax Pro Go for frontline  
workers in May and June



# Efforts to digitally enable every aspect of our business is driving key improvements



## Growth in digitally-enabled returns

Significant increases in returns leveraging our digital capabilities, including Tax Pro Go<sup>SM</sup>, Tax Pro Review<sup>SM</sup>, and our Approve Online feature

## Strong client feedback

Strong client feedback with service quality scores improving 2 points in Assisted and 5 points in DIY, building on significant improvements in FY19

## Third-party accolades

A number of third-party accolades for our DIY product, including #1 in TheStreet.com's rankings of the best online software and NerdWallet's best software for simple returns

## Wave revenue growth

Wave revenue growth of over 40% prior to the pandemic

Our path forward

# Accelerating our transformation and driving change



- Our work to **digitally enable our business** is essential to our success in the long term as we launch innovative new products, modernize how we deliver expertise and care, and ensure the best-trained tax professionals in the industry can help clients in better and easier ways
- Our efforts **accelerated** in FY20 as a result of the pandemic and allowed us to meet the needs of our clients using methods we didn't have in the past
- Ongoing work to **reprioritize our strategic imperatives** while simultaneously examining our expense structure to identify savings to **fund the future**

# Our strategic framework continues to guide us



## ELEVATE OUR TALENT AND CULTURE

Make talent a core competitive advantage

Shape and grow a winning culture true to our heritage, purpose and passion

Strengthen empowerment and accountability to unleash potential

Be a leading voice and advocate for and with our communities

## OWN A SUSTAINABLE BRAND POSITION

Develop compelling value propositions that distinguish our brands and create preference

Help our clients realize more value from H&R Block

Create partnerships that grow distribution and relevance

Modernize our approach to marketing

## WIN ON CUSTOMER EXPERIENCE

Reimagine our customers' experience for a mobile-first world

Leverage and compete on our cross-channel strength

Dramatically improve our DIY and virtual tax products

Create a pipeline of innovation and partnerships

## BUILD OPERATIONAL EXCELLENCE

Create greater quality and consistency of execution

Eliminate waste in all facets of our business

Simplify how work gets done across the company

Rethink and improve how we support franchisees

## INVEST FOR THE LONG TERM

Modernize our core technology systems

Acquire skills and capabilities to enable growth

Develop adjacent businesses that leverage our core competencies

Fund research and development as well as strategic investments

Tax industry rooted in size and growth

# Taxpayers choose level of help based on their confidence with taxes

Assisted

Do-It-Yourself (DIY)



**"I want someone to do it for me"**

- Assisted category remains resilient as a large portion of the population isn't confident in preparing their own taxes
- Assisted filers are concerned about getting the maximum refund, are afraid of being audited, or don't feel like they have the time or the knowledge to deal with filing taxes

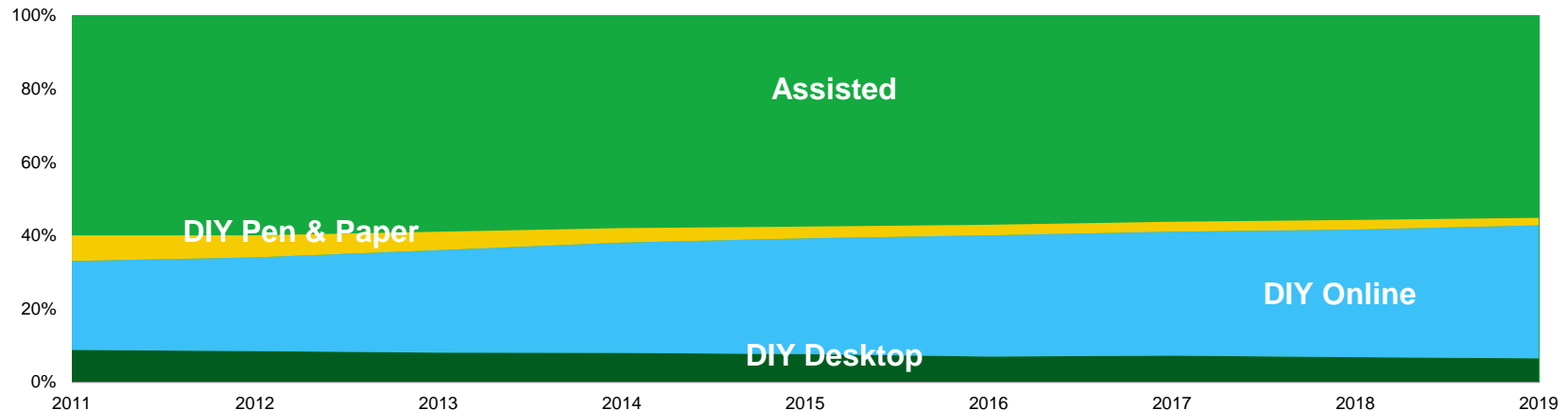
**"I can do it"**

- DIY filers prefer convenience, cost, and are confident they can do it
- DIY consists of two sub-categories: Digital and Pen & Paper

# Assisted tax preparation methods remain the choice of over half of U.S. taxpayers



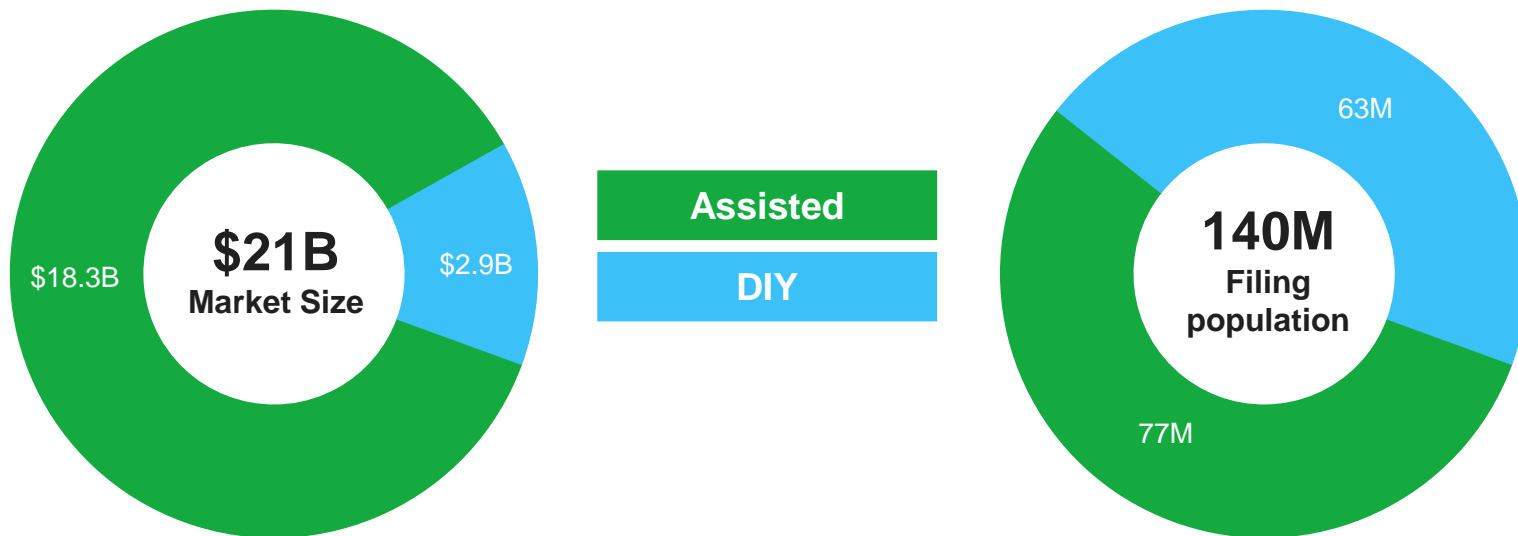
- Despite conditions that should have contributed to a significant mix change from Assisted to DIY in tax season 2020, the shift was moderate
  - Prior to the pandemic, mix change was trending lower than in previous years
  - Mix shift average 40-50 bps for the last three years (tax seasons 2017-2019)
- Taxpayer survey indicates that many of those who switched channels this tax season will revert back to the way they filed taxes prior to the pandemic



## ***How Americans file their taxes***

Source: IRS data; DIY online category comprised of online, Free File and mobile. Tax season 2020 data pending final reporting of industry filings, including pen and paper.

# Addressable market is significant in both Assisted and DIY



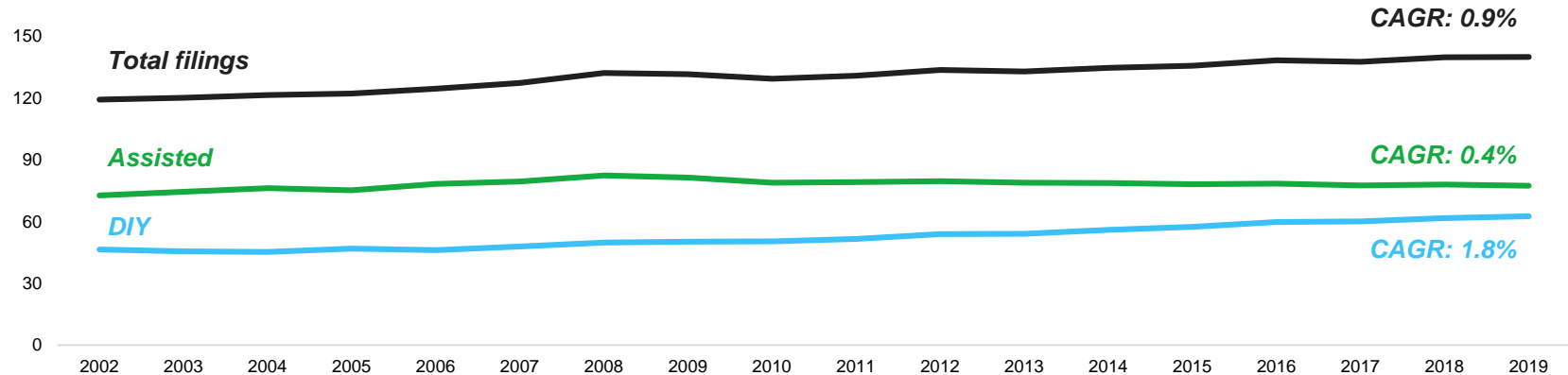
- Addressable market is large; Assisted share of industry revenue is dominant at 87%
- Assisted return growth in two of past five years; consistent year-over-year DIY return growth
- Assisted category is highly fragmented; peers have limited resources; DIY category has low fragmentation with well-resourced peers



# U.S. tax industry is stable and resilient; both Assisted and DIY tax prep methods remain strong



- On average, total U.S. filings grow ~1% annually and are highly correlated to non-farm employment
- Both the Assisted and DIY categories are growing, though current unemployment levels may result in a change in this trend in the near term
- Within DIY, growth in tax software (2002-2019 CAGR of 9%) has primarily resulted from the decline in pen and paper filings



**U.S. tax filings** (in millions)

Foundational strengths

# Market-leading positions across traditional tax prep methods



## Assisted

**14.5%**

TS19 H&R Block Assisted  
Market Share



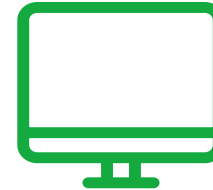
**#1**

Industry Rank

## DIY

**14.9%**

TS19 H&R Block DIY Market  
Share



**#2**

Industry Rank

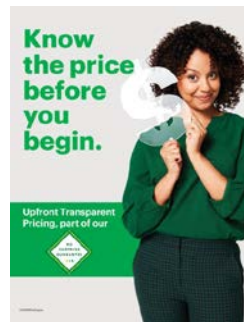
Source: H&R Block estimates of market participant and IRS data.

Note: Data reflects tax season 2019 data given final tax season 2020 industry data is not yet complete.

# Continuing to improve quality, consistency, and value of our Assisted experience



Led the industry with **upfront, transparent pricing**



WorkCenter

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

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

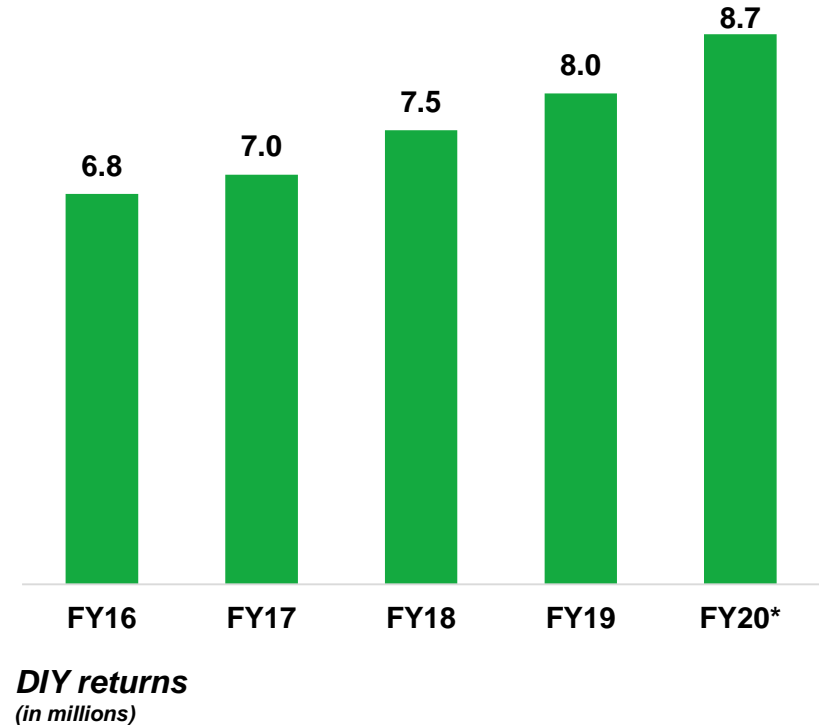


Increased certification levels throughout our expert tax pro network, a **key differentiator** for H&R Block

# Focused on growing our DIY business

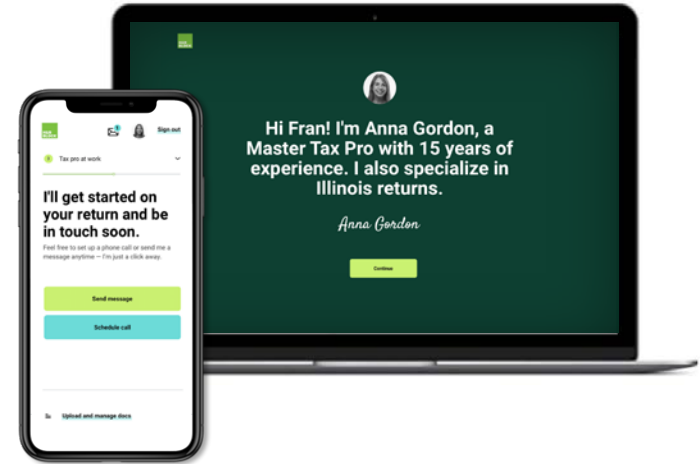


- **Leveraged AI and machine learning** to remove questions and steps in the workflow
- Streamlined new client onboarding process with “**Switch in Two Clicks**”
  - Clients can import or upload 98% of their tax documents and drag-and-drop prior year returns, making it simple to switch to H&R Block
- Improved and actively promoted **Online Assist** (formerly Ask a Tax Pro), which provides unlimited, immediate access to a tax pro for help along the way
- Maintained **challenger strategy** by pricing competitively, growing awareness, and ensuring price transparency
- Efforts to drive **higher** conversion, upgrades, and product attach rates



# Innovating to provide expertise and care in new ways

- We continue to digitally enable our business to deliver expertise and care in new ways as consumer needs evolve
- Our efforts were accelerated as a result of the COVID-19 pandemic and resulted in a significant increase in the percentage of returns leveraging our digital capabilities
- **Approve Online:** Mobile service that allows filers to review their completed return, approve it, and pay fees
- **Tax Pro Go<sup>SM</sup>:** Mobile-first, fully assisted service that provides the easiest way for consumers to have an expert prepare their taxes without stepping foot into an office
- **Tax Pro Review<sup>SM</sup>:** Expert review of online tax return to check for errors and unclaimed credits and deductions
- **myBlock:** Digital hub of our clients' experience where they can upload and store their tax documents, access prior year returns, set appointments, manage their Emerald Card, and use our tax estimator for help with planning



# Tax Plus products provide added value to clients, both within and beyond tax season



*Tax Plus product revenues of \$470M in fiscal 2019*

## H&R BLOCK EMERALD ADVANCE®



- Pre-season line of credit up to \$1,000
- ~\$400M funded loans; \$58M revenue

## REFUND ADVANCE



- Interest-free, no-fee loan, up to \$3,500
- 1.2M applications, \$1.2B funded loans

## H&R BLOCK EMERALD PREPAID MASTERCARD®



- 3<sup>rd</sup> largest general purpose reloadable debit card in U.S.
- \$9B total deposits; \$98M revenue

## REFUND TRANSFER



- Pay nothing out of pocket for tax prep
- High attach rates, with 4.7M total units; \$170M revenue

## PEACE OF MIND®



- Extended service plan includes IRS audit representation
- Attach rate growth of 9 points in 6 years to 29%

## TAX IDENTITY SHIELD®



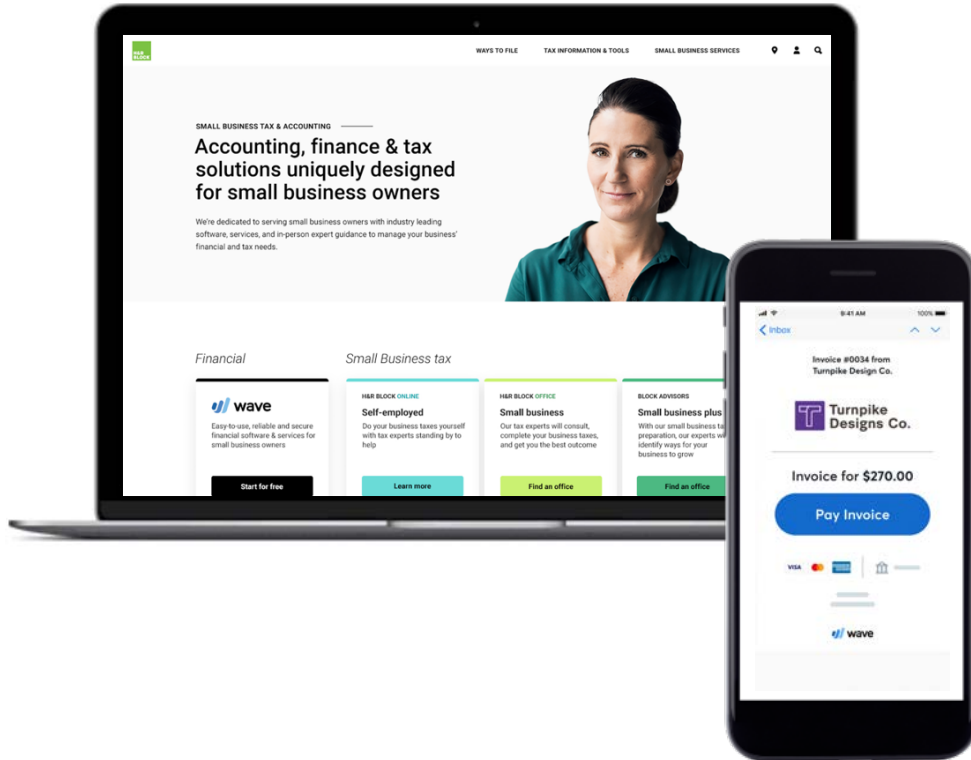
- Protection against tax identity theft
- Additional services include dark web scan
- 1.3M units sold

Notes: Amounts listed for the various products pertain to FY19 given that FY20 financials do not include results for a full tax season. Mastercard is a registered trademark of Mastercard International Incorporated.

Enhancing focus on small business



# Enhancing focus on Small Business



- Currently serve **over 2 million** small business clients in tax
- Refined **targeted marketing efforts** to ensure small business owners know the expertise we provide in tax
- **Redesigned tax prep experience** and **improved tools** to meet the varied needs of small businesses
- Continue to **simplify the financial lives** of small business owners through Wave

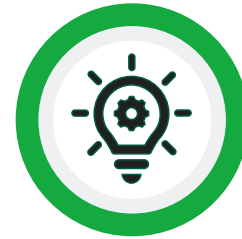
# Wave: A rapidly growing financial solutions platform for the small business market



**Large and Expanding Market**



**Strong Strategic Fit**



**Disruptive Innovator**

*Acquisition accelerates H&R Block's small business strategy, providing new growth opportunities*

# Wave's robust platform serves the needs of small business owners



*Low customer acquisition costs combined with recurring revenue stream yields favorable customer lifetime value*

# Wave continues to innovate

*Recent product and feature innovations further simplify the financial lives of entrepreneurs*

## Wave Money



- First-to-market, software powered small business bank account
- No monthly fees or minimums
- Seamless integration in Wave's accounting platform
- Instant access to funds

## API / Integrations



- Opened API to extend functionality and reach of tools
- Released new integrations
- Partnered with Shopify to launch the first direct accounting integration in the Shopify app store

## Instant Payouts

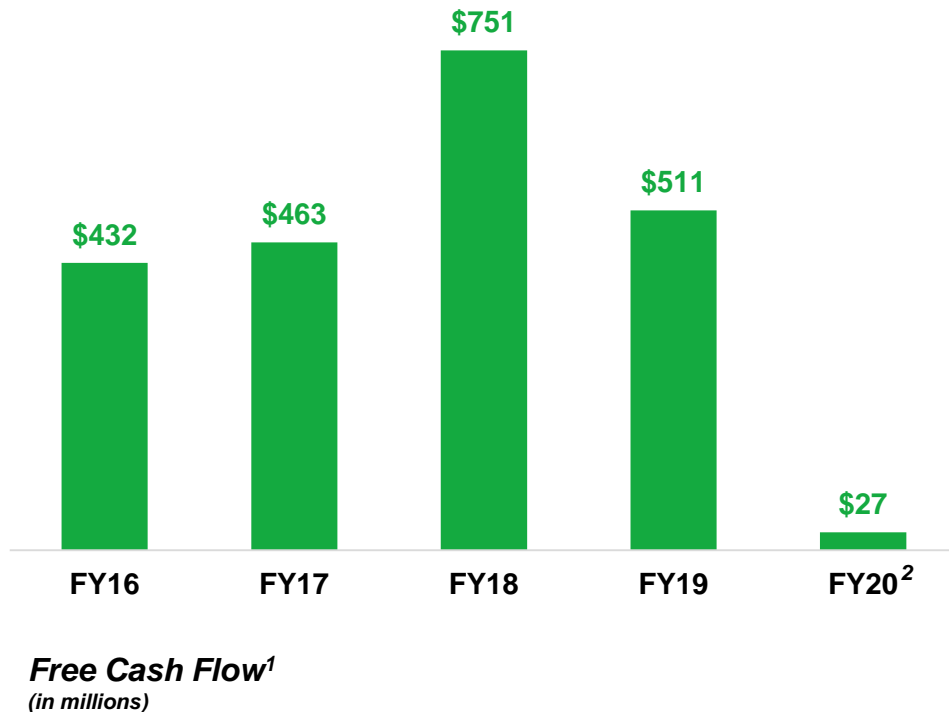


- Alleviates cash flow problems for small business owners with immediate access to funds earned
- Allows entrepreneurs to run their businesses better

# Financial results and capital allocation

# Significant recurring cash flow

- Cash-based, capital-light operating model; capital expenditures represent 3% of revenues on average
- Consistent generation of significant cash flow, with average free cash flow before dividends of \$437 million over last five years
- Model allows for return of capital returns through dividends and opportunistic share repurchases



<sup>1</sup> Free cash flow 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 and reconciliation of non-GAAP financial measures at the end of this presentation.

<sup>2</sup> Fiscal year 2020 reflects partial tax season results.

# Capital allocation focused on driving sustainable growth and creating shareholder value



## Capital Allocation Priorities

1

### *Maintain adequate liquidity and strong balance sheet*

- Short-term funding provided through \$2.0B line of credit maturing in September 2023
- Commitment to maintain Investment Grade credit rating metrics
- In late March we drew the full \$2.0B to strengthen our liquidity and provide maximum flexibility

2

### *Invest for sustainable growth*

- Disciplined and innovation-focused investments around client experience and operational excellence
- Technological upgrades to drive greater efficiencies and reduce cost structure over time
- Investment in the small business category to provide future growth opportunity

3

### *Return excess capital to shareholders*

- Have paid quarterly dividends consecutively since going public in 1962
- Regular annual review of dividend policy; 30% increase since fiscal 2016; current yield of 7.0%<sup>1</sup>
- Committed to repurchase shares to offset dilution; given current environment, have not yet determined fiscal 2021 share repurchase approach
- Repurchased 15% of float since fiscal 2017 at an average price of ~\$23

<sup>1</sup> As of July 28, 2020.

# Balanced return of capital through dividends and share repurchases



## Dividends

**+30%**

Dividend increase since FY16

**7.0%**

Current dividend yield<sup>1</sup>

## Share Repurchases

**\$247M**

Share repurchases FY20

**15%**

Shares outstanding repurchased  
FY17 – FY20

<sup>1</sup> As of July 28, 2020.



Environmental, Social and Governance

# Commitment to our communities through Make Every Block Better



*In December 2019, H&R Block launched a new community impact platform, Make Every Block Better, that focuses on increasing human connections, supporting entrepreneurship, and combating loneliness in our communities*

## KCRise Fund II

\$2M investment over the next five years in high-growth, early-stage technology companies

## Nextdoor

Partnership to complete nomination-based neighborhood improvement projects

## Habitat for Humanity

Committed to fund 16 local grants as part of HFH's neighborhood revitalization efforts

## Urban Neighborhood Initiative

Funded a grant to host community-building events and repair homes in an underserved areas

## The Kauffman Foundation

Partnership to explore ways to impact entrepreneurial ecosystems throughout the H&R Block network

## Associate Volunteering

Associates led multiple efforts to identify and support local nonprofits in their communities

## Community Disaster Relief

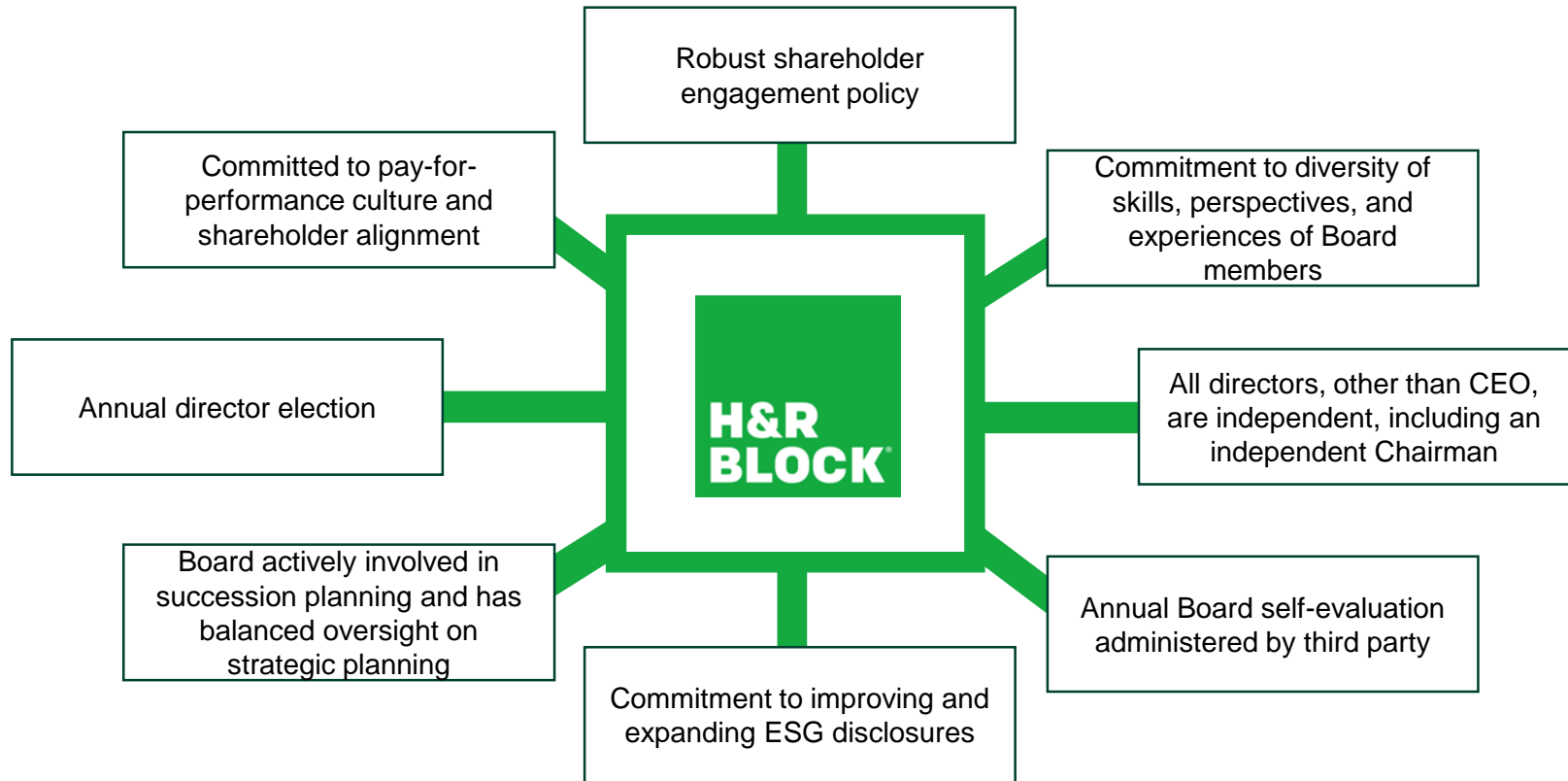
Donated time and funds to disasters such as the Australian bushfires and COVID-19 global pandemic

## Hardship and Disaster Relief Fund

Established fund to help associates overcome short-term financial challenges

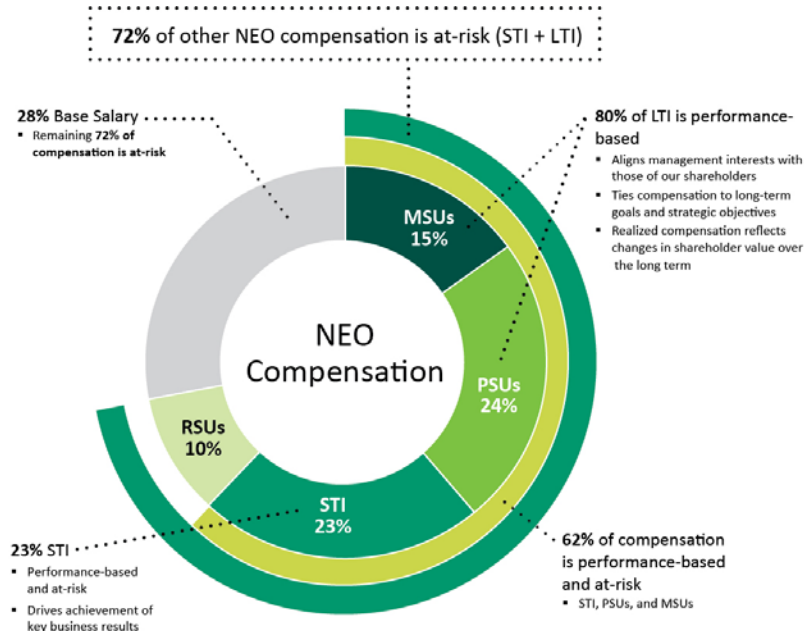
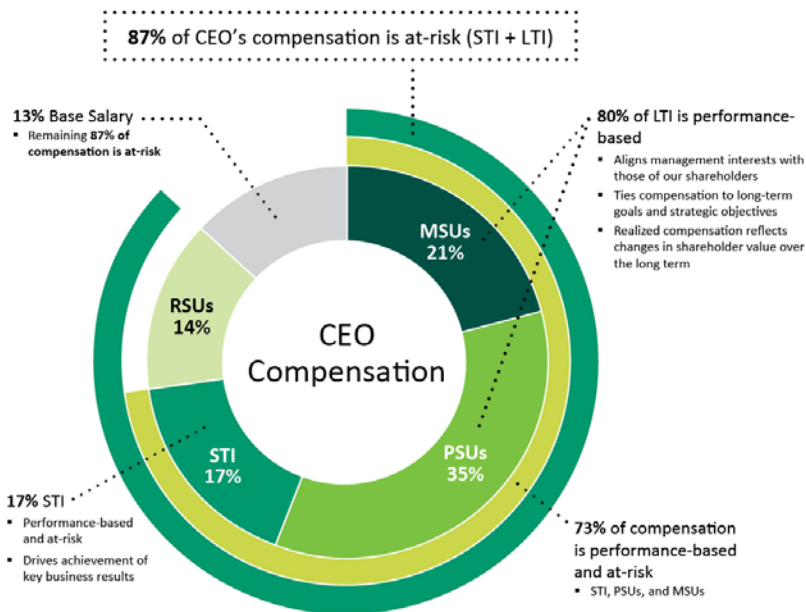
*In FY20, H&R Block and our associates donated more than \$2 million in support of community building efforts, supporting entrepreneurs, and in direct relief*

# Proactive and sound governance practices



# Executive pay aligns with shareholder value

- Our executive compensation decisions are influenced by a variety of factors, with the primary goals being to align management's and shareholders' interests and to link pay with performance
- A significant portion of our executives' compensation is "at-risk" and dependent upon the Company's short and long-term financial, operational, and strategic performance, as well as increases in the Company's stock price



# Investment thesis

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# Appendix

# Tax operating statistics

## OPERATING STATISTICS: U.S. TAX RETURNS AND NET AVERAGE CHARGE

	May 1, 2019 through July 17, 2020	May 1, 2018 through July 17, 2019	% Change
<b>U.S. TAX RETURNS PREPARED: (in 000s) <sup>(1)</sup></b>			
Company-owned operations	8,145	8,412	(3.2)%
Franchise operations	3,324	3,389	(1.9)%
Total assisted	11,469	11,801	(2.8)%
Desktop	1,983	1,986	(0.2)%
Online	6,704	6,059	10.6%
Total DIY	8,687	8,045	8.0%
IRS Free File	1,034	675	53.2%
Total U.S. returns	21,190	20,521	3.3%
<b>U.S. NET AVERAGE CHARGE: <sup>(2)</sup></b>			
Company-owned operations	\$ 229.11	\$ 231.57	(1.1)%
Franchise operations <sup>(3)</sup>	217.62	216.73	0.4%
DIY	31.41	32.87	(4.4)%

## OPERATING STATISTICS: TAX OFFICES

<b>TAX OFFICES (as of January 31):</b>	January 31, 2020	January 31, 2019	
U.S. offices:			
Company-owned offices	6,552	6,356	3.1 %
Franchise offices	2,909	3,148	(7.6 )%
Total U.S. offices	9,461	9,504	(0.5 )%
International offices:			
Canada	1,086	1,116	(2.7 )%
Australia	464	466	(0.4 )%
Total international offices	1,550	1,582	(2.0 )%
Tax offices worldwide	11,011	11,086	(0.7 )%

(1) An assisted tax return is defined as a current or prior year individual tax return that has been accepted and paid for by the client, including Tax Pro GoSM and Tax Pro ReviewSM returns, and business returns. A DIY return is defined as a return that has been electronically filed and accepted by the IRS. Also included are online returns paid and printed.

(2) Amounts have been reclassified between company-owned and franchise operations for offices which were refranchised or repurchased by the company during the periods presented.

(3) Net average charge is calculated as tax preparation fees divided by tax returns prepared. For DIY, net average charge excludes IRS Free File.

(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.



# Consolidated financial results

Fiscal year 2020 reflects partial tax season data, impacting comparability

CONSOLIDATED - FINANCIAL RESULTS				(unaudited, in 000s - except per share amounts)
Year ended April 30,	2020	2019	% Change	
Revenues:				
U.S. assisted tax preparation	\$ 1,533,303	\$ 1,858,998	(17.5) %	
U.S. royalties	193,411	243,541	(20.6) %	
U.S. DIY tax preparation	208,901	261,413	(20.1) %	
International	180,065	220,562	(18.4) %	
Refund Transfers	154,687	169,985	(9.0) %	
Emerald Card®	92,737	98,256	(5.6) %	
Peace of Mind® Extended Service Plan	105,185	108,114	(2.7) %	
Tax Identity Shield®	31,797	35,661	(10.8) %	
Interest and fee income on Emerald Advance™	60,867	58,182	4.6 %	
Wave	36,711	—	**	
Other	42,056	40,169	4.7 %	
Total revenues	2,639,720	3,094,881	(14.7) %	
Compensation and benefits:				
Field wages	678,813	751,392	(9.7) %	
Other wages	218,548	217,061	0.7 %	
Benefits and other compensation	175,535	180,276	(2.6) %	
	1,072,896	1,148,729	(6.6) %	
Occupancy	410,402	401,341	2.3 %	
Marketing and advertising	255,094	269,807	(5.5) %	
Depreciation and amortization	169,536	166,695	1.7 %	
Bad debt	77,470	70,695	9.6 %	
Impairment of goodwill	106,000	—	**	
Other	471,239	421,822	11.7 %	
Total operating expenses	2,562,637	2,479,089	3.4 %	
Other income (expense), net	15,637	16,419	(4.8) %	
Interest expense on borrowings	(96,094 )	(87,051 )	(10.4) %	
Income (loss) from continuing operations before income taxes (benefit)	(3,374 )	545,160	**	
Income taxes (benefit)	(9,530 )	99,904	**	
Net income from continuing operations	6,156	445,256	(98.6) %	
Net loss from discontinued operations	(13,682 )	(22,747 )	39.9 %	
Net income (loss)	\$ (7,526 )	\$ 422,509	**	

CONSOLIDATED - FINANCIAL RESULTS				(unaudited, in 000s - except per share amounts)
Year ended April 30,	2020	2019	% Change	
Basic earnings (loss) per share:				
Continuing operations	\$ 0.03	\$ 2.16	(98.6) %	
Discontinued operations	(0.07 )	(0.11 )	36.4 %	
Consolidated	(0.04 )	2.05	**	
Weighted average basic shares	196,701	205,372	(4.2) %	
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.03	\$ 2.15	(98.6) %	
Discontinued operations	(0.07 )	(0.11 )	36.4 %	
Consolidated	(0.04 )	2.04	**	
Weighted average diluted shares	198,108	206,724	(4.2) %	
Other expenses:				
Consulting and outsourced services	\$ 118,267	\$ 107,907	9.6 %	
Bank partner fees	55,633	47,746	16.5 %	
Client claims and refunds	35,498	40,538	(12.4) %	
Employee travel and related expenses	40,892	40,369	1.3 %	
Software and IT maintenance expenses	68,907	64,483	6.9 %	
Credit card/bank charges	48,826	30,681	59.1 %	
Insurance	15,015	14,219	5.6 %	
Legal fees and settlements	27,436	10,469	162.1 %	
Supplies	31,290	32,790	(4.6) %	
Other	29,475	32,620	(9.6) %	
	\$ 471,239	\$ 421,822	11.7 %	

# Consolidated balance sheets

Fiscal year 2020 reflects partial tax season data, impacting comparability

<b>CONSOLIDATED BALANCE SHEETS</b>		(unaudited, in 000s - except per share data)	
As of April 30,		<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$	2,661,914	\$ 1,572,150
Cash and cash equivalents - restricted		211,106	135,577
Receivables, net		133,197	138,965
Prepaid expenses and other current assets		80,519	146,667
Total current assets		3,086,736	1,993,359
Property and equipment, net		184,367	212,092
Operating lease right of use asset		494,788	—
Intangible assets, net		414,976	342,493
Goodwill		712,138	519,937
Deferred tax assets and income taxes receivable		151,195	141,979
Other noncurrent assets		67,847	90,085
Total assets	\$	5,112,047	\$ 3,299,945
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$	203,103	\$ 249,525
Accrued salaries, wages and payroll taxes		116,375	196,527
Accrued income taxes and reserves for uncertain tax positions		209,816	271,973
Current portion of long-term debt		649,384	—
Operating lease liabilities		195,537	—
Deferred revenue and other current liabilities		201,401	204,976
Total current liabilities		1,575,616	923,001
Long-term debt and line of credit borrowings		2,845,873	1,492,629
Deferred tax liabilities and reserves for uncertain tax positions		182,441	197,906
Operating lease liabilities		312,566	—
Deferred revenue and other noncurrent liabilities		124,510	144,882
Total liabilities		5,041,006	2,758,418
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock, no par, stated value \$.01 per share		2,282	2,383
Additional paid-in capital		775,387	767,636
Accumulated other comprehensive loss		(51,576 )	(20,416 )
Retained earnings		42,965	499,386
Less treasury shares, at cost		(698,017 )	(707,462 )
Total stockholders' equity		71,041	541,527
Total liabilities and stockholders' equity	\$	5,112,047	\$ 3,299,945

# Non-GAAP financial measures

Fiscal year 2020 reflects partial tax season data, impacting comparability

## NON-GAAP FINANCIAL MEASURE - ADJUSTED EBITDA

Year ended April 30,	2020	2019
Net income (loss) - as reported	\$ ( 7,526 )	\$ 422,509
Discontinued operations, net	<u>13,682</u>	<u>22,747</u>
Net income from continuing operations - as reported	<u>6,156</u>	<u>445,256</u>
Add back:		
Income taxes (benefit) of continuing operations	( 9,530 )	99,904
Interest expense of continuing operations	<u>96,094</u>	<u>87,051</u>
Depreciation and amortization of continuing operations	<u>169,536</u>	<u>166,695</u>
	<u>256,100</u>	<u>353,650</u>
EBITDA from continuing operations	<u>262,256</u>	<u>798,906</u>
Adjustments:		
Impairment of goodwill	<u>106,000</u>	<u>—</u>
Adjusted EBITDA from continuing operations	<u>\$ 368,256</u>	<u>\$ 798,906</u>
EBITDA margin from continuing operations <sup>(1)</sup>	9.9 %	25.8 %
Adjusted EBITDA margin from continuing operations <sup>(2)</sup>	14.0 %	25.8 %

## NON-GAAP FINANCIAL MEASURE - ADJUSTED EPS

Year ended April 30,	2020	2019
Net income from continuing operations - as reported	\$ 6,156	\$ 445,256
Adjustments:		
Amortization of intangibles related to acquisitions (pretax)	74,561	62,751
Impairment of goodwill (pretax)	<u>106,000</u>	<u>—</u>
Tax effect of adjustments <sup>(3)</sup>	( 19,126 )	( 14,891 )
Adjusted net income from continuing operations	<u>\$ 167,591</u>	<u>\$ 493,116</u>
Diluted income per share - as reported	\$ 0.03	\$ 2.15
Adjustments, net of tax	<u>0.81</u>	<u>0.24</u>
Adjusted income per share	<u>\$ 0.84</u>	<u>\$ 2.39</u>

## NON-GAAP FINANCIAL MEASURE - FREE CASH FLOW

Year ended April 30,	2020	2019	2018	2017	2016
Net cash provided by operating activities	\$ 108,961	\$ 606,538	\$ 850,003	\$ 552,197	\$ 532,394
Capital expenditures	<u>(81,685)</u>	<u>(95,490)</u>	<u>(98,583)</u>	<u>(89,255)</u>	<u>(99,923)</u>
Free cash flow	<u>\$ 27,276</u>	<u>\$ 511,048</u>	<u>\$ 751,420</u>	<u>\$ 462,942</u>	<u>\$ 432,471</u>

Note: Please refer to the "Safe Harbor Statement" at the beginning of this presentation for information relating to non-GAAP financial measures

(1) EBITDA margin from continuing operations is computed as EBITDA from continuing operations divided by revenues from continuing operations.

(2) Adjusted EBITDA margin from continuing operations is computed as adjusted EBITDA from continuing operations divided by revenues from continuing operations.

(3) The tax effect of adjustments is the difference between the tax provision calculation on a GAAP basis and on an adjusted non-GAAP basis.



# INVESTOR PRESENTATION

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JULY 2020