

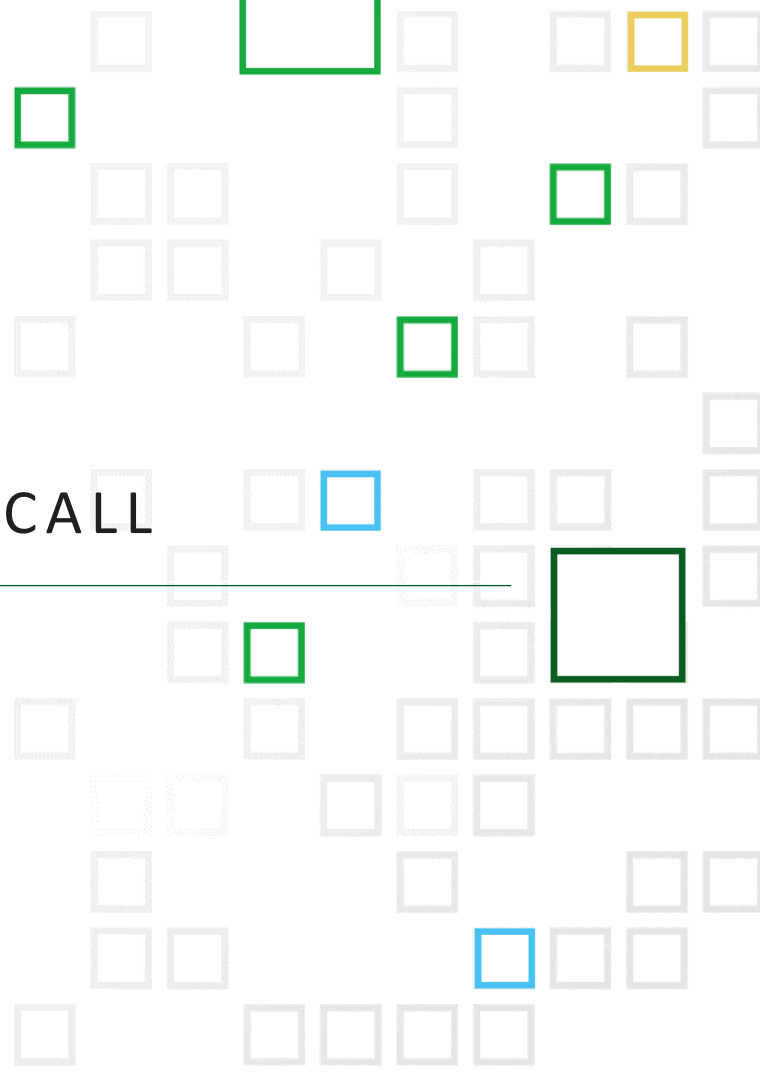


Q3 FISCAL 2021

# EARNINGS CALL

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March 9, 2021



# 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, 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.

# Safe Harbor Statement

## 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>.

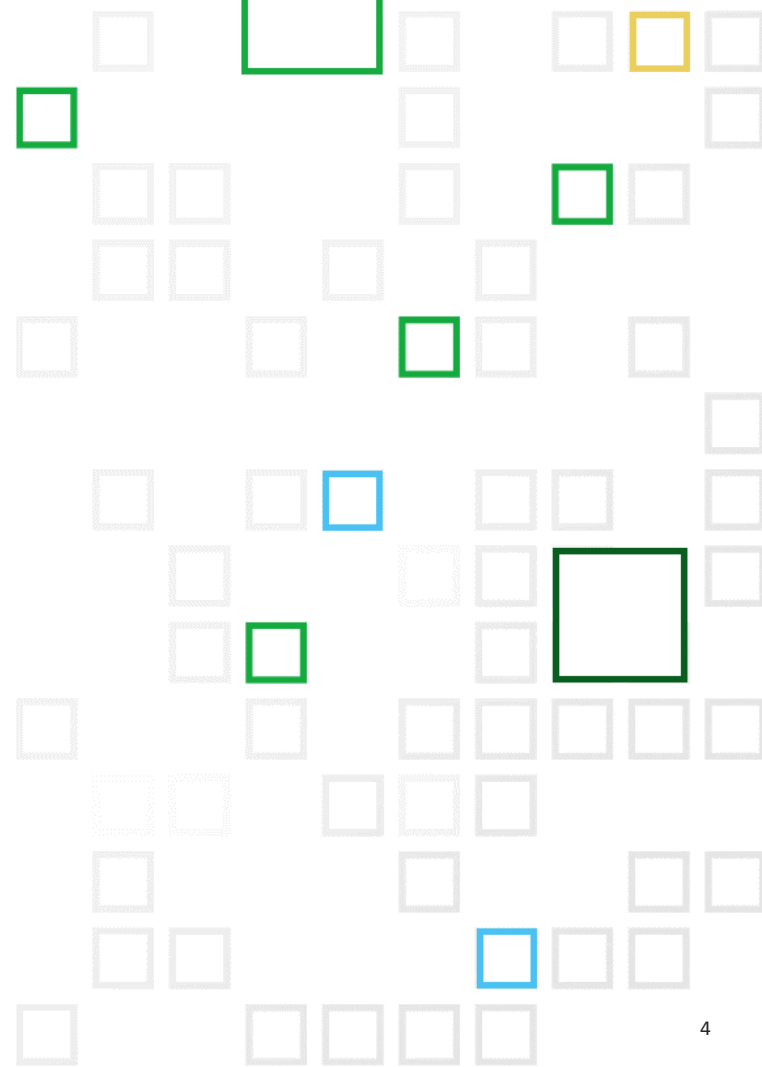
## Market and Industry Data

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.



# Jeff Jones

President and Chief Executive Officer



# Agenda for today's call

1

**Block Horizons  
Strategy**

2

**Tax Season Update**

3

**Q3 Results**

4

**Fiscal 2021 Outlook**

5

**Strategic Investments**

The background is a solid green color. On the left side, there is a pattern of white squares of various sizes, some of which are slightly faded. On the right side, there are three white L-shaped corner brackets. The top-left bracket is white, the top-right bracket is light blue, and the bottom-right bracket is yellow. The text 'Block Horizons Strategy' is centered on the right side in a white, bold, sans-serif font.

# Block Horizons Strategy

# Our five-year roadmap is built on three strategic imperatives

## Small Business

Expand our base of 2.4 million small business customers by building more direct, valuable relationships via the tailored experiences and services of Block Advisors and Wave

## Financial Products

Evolve the Emerald Card into a consumer-centric, mobile-first solution for the underbanked, leveraging our technology platform and favorable banking relationship

## Block Experience

Blend human expertise and care with digital capabilities to make tax prep easier, faster, and more personalized, with our MyBlock app as the centerpiece

# Making progress in Small Business

## Driving growth in tax through Block Advisors

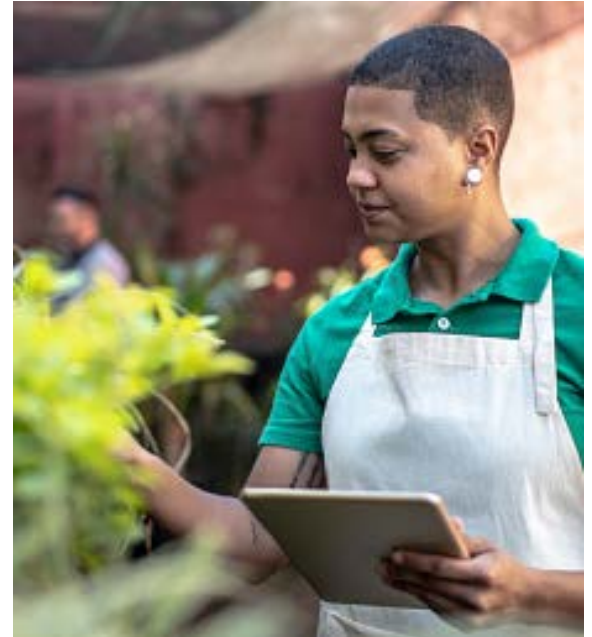
- >25K tax pros certified through Block Advisors
- Thousands of Wave customers engaging with Block Advisors for their tax needs

## Building payroll and bookkeeping capabilities

- Launched integrated marketing campaign focused on small business owners' needs
- Evolving into trusted year-round partner

## Embedding Wave Money at the center of Wave

- New invoicing features for A/R management
- New interfaces for faster bookkeeping
- Wave Q3 revenue up over 30%+





# Providing more value to customers in Financial Products

## Transforming the Emerald Card into a fully featured, consumer friendly, mobile banking platform

In design phase as we seek to address key consumer needs

Addition of new digital feature driving 10x increase in mobile wallet usage



# Continuing to innovate in Block Experience

## Driving digital interactions with Assisted customers

Uploading documents in MyBlock

Interacting through video chat

Virtually approving returns

## Enhancing DIY experience with human expertise and care

Improved document import

Personalized experience  
to drive faster time to complete

Higher adoption of Online Assist  
and Tax Pro Review

# Investing in our imperatives from a position of strength

Initial  
investments  
funded  
through cost  
savings



Future  
investments  
tied to revenue  
growth



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# Tax Season Update

# Slow start in the industry but seeing positive trends

Greater uptake of  
digital tools by  
Assisted customers



Desire for more  
human help from DIY  
customers



Meaningful lift in DIY  
net average charge



Strong client  
satisfaction scores in  
Assisted



Will build on our momentum in the second half of the season

# Continuing to move forward in all facets of the business

Executing on Block  
Horizons strategy

Significant progress in  
key areas

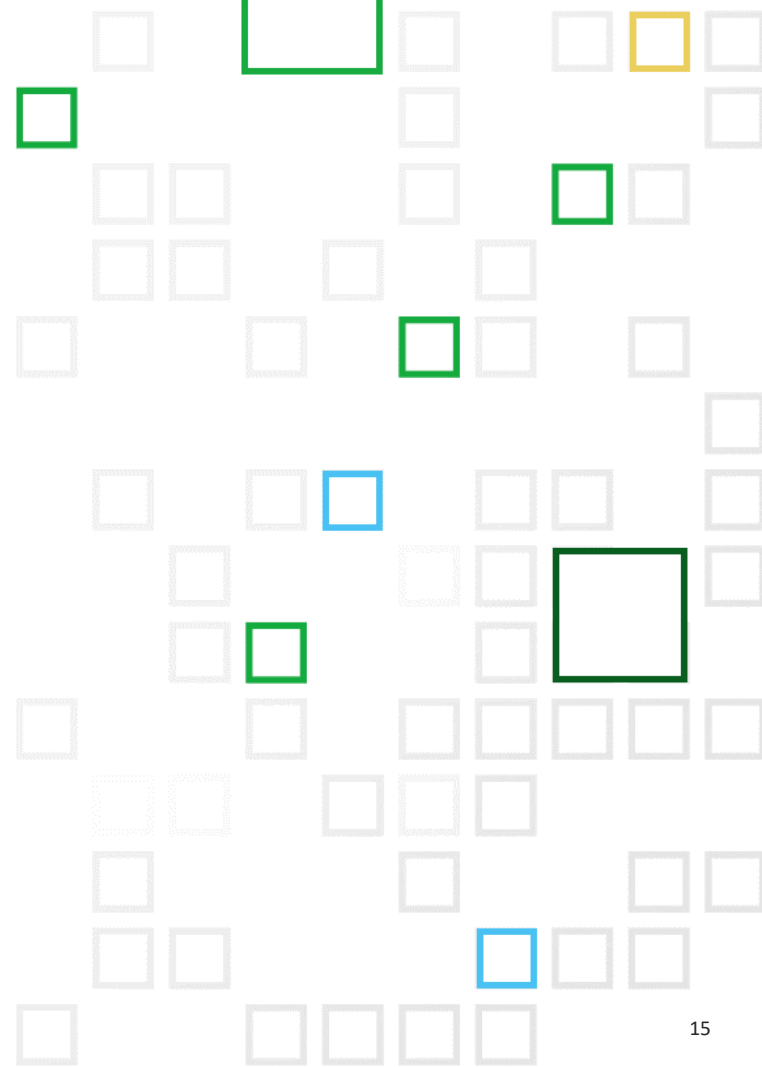
Performing well in the  
tax season

On track to deliver  
financial outlook for  
the fiscal year<sup>1</sup>



# Tony Bowen

Chief Financial Officer



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# Q3 Results



## Q3 results impacted by delayed efile open

in millions, except per share amounts	Q3 21	Q3 20	Change
Revenue	\$308	\$519	\$(211)
Pretax Income (Loss)	\$(284)	\$(177)	\$(107)
Net Income (Loss)	\$(232)	\$(128)	\$(104)
Weighted-Avg. Shares – Diluted	183.4	194.1	(10.7)
EPS <sup>1</sup>	\$(1.27)	\$(0.66)	\$(0.61)
Adjusted EPS <sup>1,2</sup>	\$(1.17)	\$(0.59)	\$(0.58)

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

<sup>1</sup> All per share amounts are based on weighted average fully diluted shares over the corresponding period.

<sup>2</sup> 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.

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# Q3 Results



# FY 2021 Outlook

## Reiterating FY 2021 outlook

Revenue	\$3.5B - \$3.6B
EBITDA	\$950M - \$1B
Effective Tax Rate	18% - 20%
Depreciation & Amortization	\$155M - \$165M
Interest Expense	\$105M - \$115M

Note: EBITDA is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA outlook for FY21 are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort the expected range of EBITDA for FY21 to a comparable GAAP range.

# Strategic imperatives will be funded in phases, using a modest and methodical approach

## Small Business

Investments in technology, compensation and marketing to build and expand capabilities

## Financial Products

Limited investment this year, primarily related to design and architecture

## Block Experience

Continue to invest in technology to deliver expertise and care, however consumers want to be served

Total costs of ~\$20-\$25 million in FY 2021,  
funded by efficiency capture

# Capital allocation priorities remain unchanged

- 1 Maintain adequate liquidity for operational needs, accounting for seasonality
- 2 Fund investments in strategic imperatives
- 3 Return excess capital through quarterly dividends and share repurchases

# Committed to the dividend and opportunistic share repurchases

Balanced return of capital

## Dividends

**+30%**

Dividend increase  
since FY16

**5.2%**

Current dividend  
yield<sup>1</sup>

## Share Repurchases

**\$150M**

Share  
repurchases  
Q1-Q3 FY21

**19%**

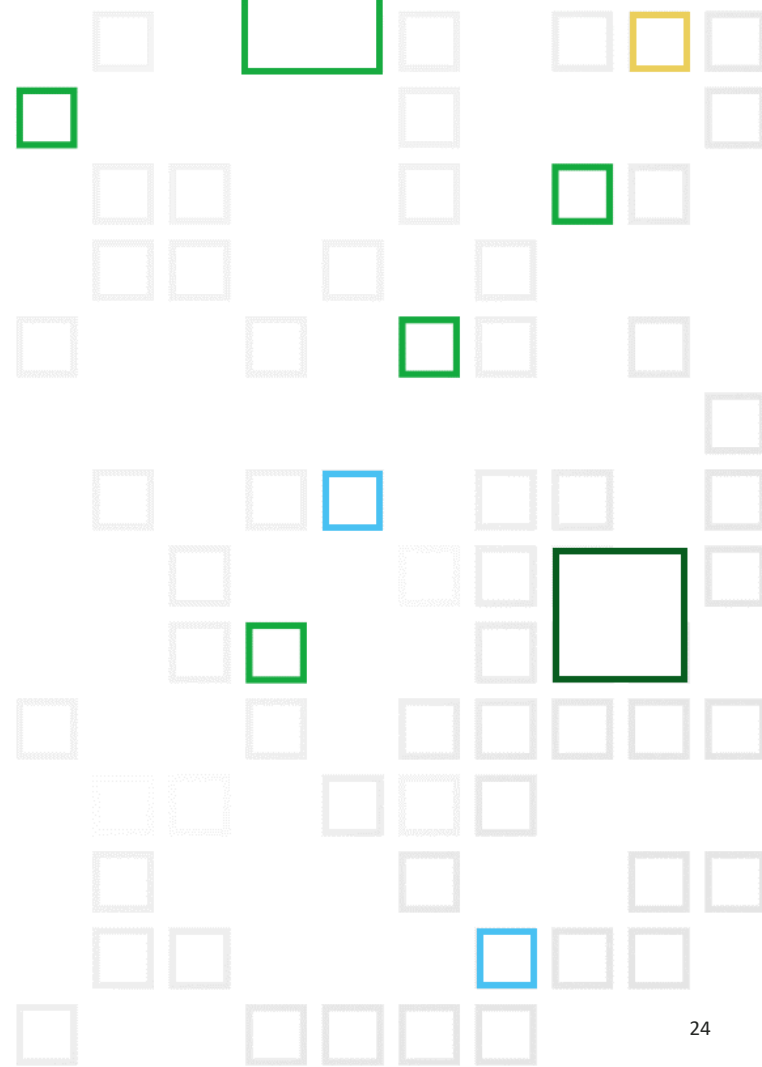
Shares outstanding  
repurchased  
FY17-Q3 FY21

<sup>1</sup>As of 3/8/21.



# Tony Bowen

Chief Financial Officer

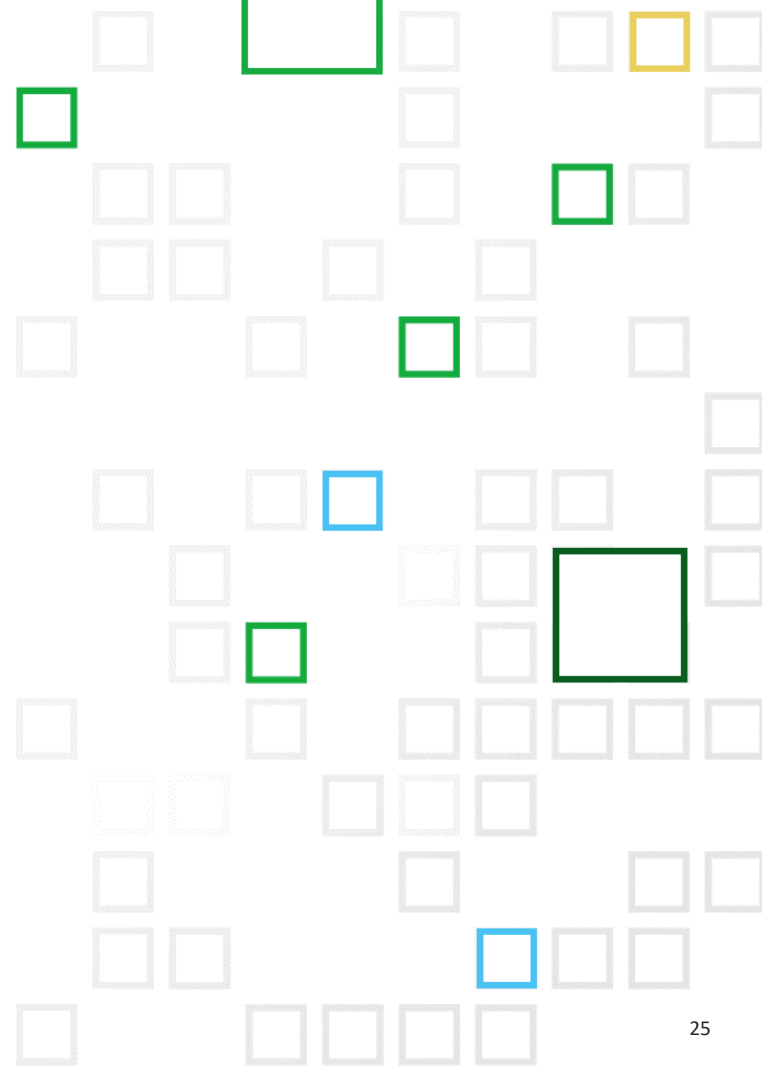






# Jeff Jones

President and Chief Executive Officer





Q&A



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