

FY22 Financial Results Conference Call

August 9, 2022



**H&R
BLOCK®**

Michaela Gallina

VP, Investor Relations

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>. 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, earnings before interest, taxes, depreciation, and amortization (EBITDA), free cash flow, free cash flow yield, normalized revenues, normalized pretax income, normalized EBITDA, and normalized adjusted earnings per share, 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 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

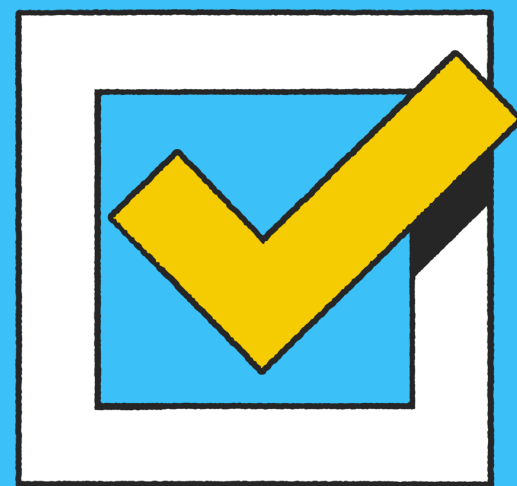
President & Chief
Executive Officer

Another Strong Year of Performance

Continuing a multi-year trend



Exceeded guidance on both revenue and EBITDA



Meaningful progress on Block Horizons



7% dividend increase



New **\$1.25B** share repurchase authorization



Block Horizons

A Record Year in Small Business

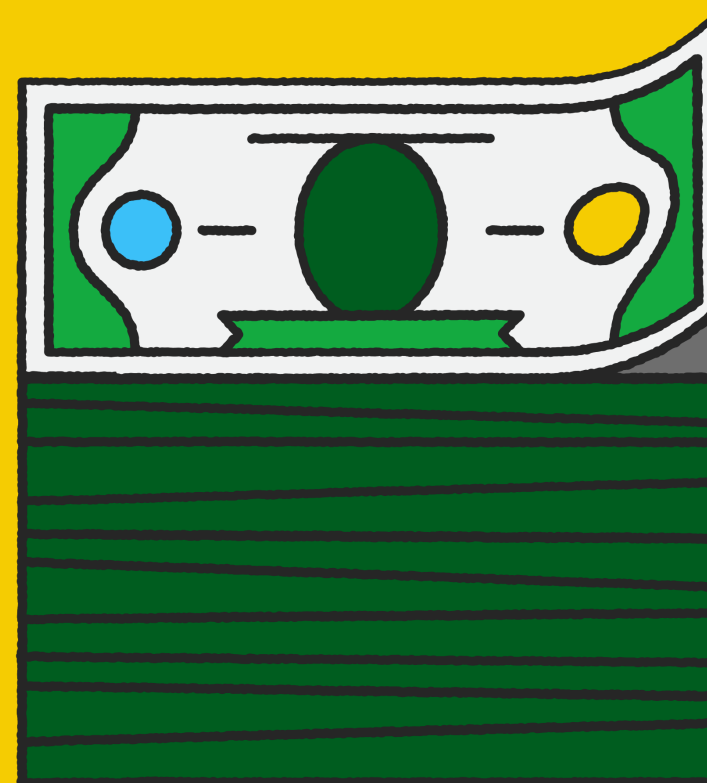
Strong growth in clients and mix



5% growth in Assisted Small Business tax clients



Double digit revenue increase this tax season vs last year



Client acquisition efforts are delivering

Building book-keeping & payroll offerings

Testing new services

Another Solid Year at Wave

New leadership to drive next phase of growth



28% revenue growth YoY

ARPU accelerating sequentially and year over year

Zahir Khoja named CEO in July 2022

Strengthening product ecosystem with development of **new mobile platform**



Financial Products

Driving innovation with mobile banking platform, SpruceSM



4 new app releases since the January launch



160K signups

\$83M customer deposits



Preparing for **launch in the Assisted channel next year**



Block Experience

Driving meaningful results



3x virtual adoption YoY



Innovative fulfillment network enables tax pros to process returns anywhere, regardless of client location

Strong tax pro productivity

Machine learning models improving time to complete returns

40K human labor hours eliminated in FY22 with robotic process automation (RPA)

Technology investments delivering an improved digital experience, operational efficiencies, and the opportunity to reduce square footage while maintaining our current footprint

Tax Season Results

Where We've Been

Significant value creation throughout pandemic

	Year-ended June 30, 2019	Year-ended June 30, 2022	Change
<i>In thousands</i>			
Total US Returns ¹	19,615	20,483	868K
<i>In millions, except per share amounts</i>			
Revenue	\$3,097	\$3,463	12%
EBITDA ²	\$798	\$890	12%
Adjusted EPS ²	\$2.39	\$3.51	47%
Dividend per Share	\$1.01	\$1.08	7%
Shares Outstanding	202.0	159.9	(21%)

¹ Excluding Free File Alliance returns.

² EBITDA 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.

Jeff Jones

President & Chief
Executive Officer

Tony Bowen

Chief Financial
Officer

Fiscal 2022 Financial Results

<i>In millions, except per share amounts</i>	FY21 ¹		FY22	FY22 vs FY21 Normalized ²
	Reported	Normalized ²		
Revenue	\$3,589	\$3,298	\$3,463	5%
Pretax income	\$797	\$561	\$659	18%
EBITDA ²	\$1,051	\$815	\$890	9%
Weighted Avg Shares Diluted	187.3	187.3	171.4	(8%)
Adjusted EPS ^{2,3}	\$3.94	\$2.97	\$3.51	18%

Repurchased 13% of shares outstanding at an average price of \$23.84 in FY22

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

¹ For purposes of this presentation, FY21 refers to the twelve month period ended June 30, 2021.

² EBITDA, Adjusted EPS, and normalized results are non-GAAP financial measures. Normalized results remove the extended tax season impacts recognized in July 2020, and the impacts of Emerald Card Stimulus. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

³ All per share amounts are based on weighted average fully diluted shares over the corresponding period.

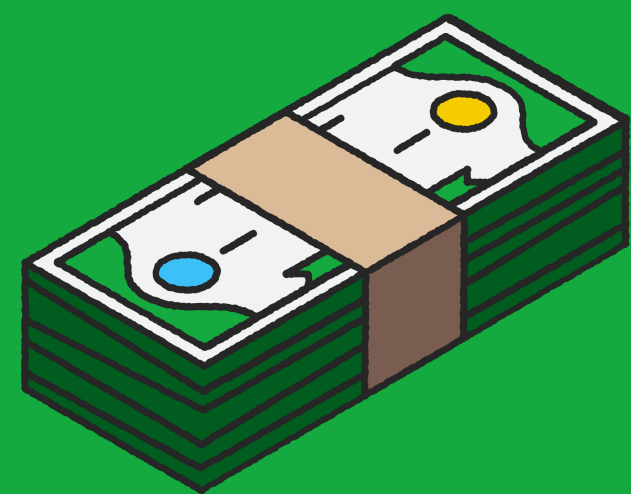
Track Record of Returning Capital to Shareholders

Today Announced:



7%

Increase in quarterly dividend to \$0.29



\$1.25B

Share repurchase authorization effective through 2025



FY23 Outlook¹

	Outlook
Revenue	\$3,535 - \$3,585M
EBITDA	\$915 - \$950M
Effective Tax Rate	~22%
Adjusted EPS	\$3.70 - \$3.95

Double digit Adjusted EPS¹ growth annually through 2025

¹Earnings before interest, tax, depreciation, and amortization (EBITDA) and adjusted earnings per share (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 below section titled “Non-GAAP Financial Information” and in the accompanying tables. 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.

Where We Are Going

Total shareholder return

Revenue	3 - 6%	<i>Steady industry growth, low single digit price increases, franchise acquisitions, and Wave; Block Horizons as upside</i>
EBITDA¹	Can grow up to ~1.5x revenue	<i>Leverage our fixed cost structure</i>
Share Repurchase	\$1.25B authorization through 2025	<i>Opportunistic share buybacks are a core element of capital allocation strategy</i>
Adjusted EPS¹	Double digit growth	<i>Annually through 2025</i>
Dividend	\$0.29/share quarterly	<i>7% dividend increase announced today</i>
Free Cash Flow¹	>100% FCF generation relative to net income	<i>13% Free Cash Flow Yield¹ in FY22</i>

¹ EBITDA, Adjusted EPS, Free Cash Flow, and Free Cash Flow Yield are non-GAAP financial measures. Please see the prior slide for additional information on EBITDA, Adjusted EPS, and our future period non-GAAP outlook. Free Cash Flow Yield is defined as free cash flow divided by the market value of equity (market capitalization). Free cash flow is defined as net cash provided by operating activities less capital expenditures. The Company believes Free Cash Flow Yield is useful to investors as an indication of the strength of the Company and its ability to generate cash and to evaluate the Company's cash generation ability relative to competitors. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. A reconciliation of Free Cash Flow Yield to Cash Flow from Operating Activities can be found in the appendix.

Tony Bowen

Chief Financial
Officer

Jeff Jones

President & Chief
Executive Officer

Q&A

Appendix

Non-GAAP Measures: FY22 & FY19¹ EBITDA and Adjusted EPS



The following is a reconciliation of FY22 and FY19 EBITDA and Adjusted EPS, which are non-GAAP financial measures:

EBITDA			<i>(in 000s)</i>
Year Ended	June 30, 2022	June 30, 2019	
Net income - as reported	\$553,674	\$420,699	
Discontinued operations, net	(6,972)	(24,812)	
Net income from continuing operations - as reported	560,646	445,511	
Add back:			
Income taxes	98,423	100,431	
Interest expense	88,282	86,962	
Depreciation and amortization	142,178	164,649	
	328,883	352,042	
EBITDA from continuing operations	\$889,529	\$797,553	

Adjusted EPS			<i>(in 000s, except per share amounts)</i>
Year Ended	June 30, 2022	June 30, 2019	
Net income from continuing operations - as reported	\$560,646	\$445,511	
Adjustments:			
Amortization of intangibles related to acquisitions (pretax)	56,292	62,883	
Tax effect of adjustments ⁽²⁾	(13,358)	(15,147)	
Adjusted net income from continuing operations	\$603,580	\$493,247	
Diluted earnings per share from continuing operations - as reported	\$3.26	\$2.16	
Adjustments, net of tax	0.25	0.23	
Adjusted diluted earnings per share from continuing operations	\$3.51	\$2.39	

⁽¹⁾ For purposes of this slide, FY19 refers to the twelve month period ended June 30, 2019.

⁽²⁾ The tax effect of adjustments is the difference between the tax provision calculation on a GAAP basis and on an adjusted non-GAAP basis.

Non-GAAP Measures: FY22 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:

Free Cash Flow Yield

(in 000's except for amounts per share)

Year ended
June 30, 2022

Operating cash flow - as reported	\$808,537
Less: Capital expenditures	(61,955)
Free cash flow	\$746,582
Market price	\$35.32
Shares outstanding	159,930
Market cap	\$5,648,728
Free cash flow yield	13.2%

Non-GAAP Measures: Adjusted EPS Growth Since 2016



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

(in 000s, except per share amounts)

	Year Ended June 30, 2022	Year Ended April 30, 2016	Variance	
			\$	%
Net income from continuing operations - as reported	\$560,646	\$383,553	\$177,093	46%
Adjustments:				
Amortization of intangibles related to acquisitions (pretax)	56,292	57,690		
Tax effect of adjustments ⁽¹⁾	(13,358)	(22,530)		
Adjusted net income from continuing operations	\$603,580	\$418,713	\$184,867	44%
Diluted earnings per share from continuing operations - as reported	\$3.26	\$1.53	\$1.73	113%
Adjustments, net of tax	0.25	0.14		
Adjusted diluted earnings per share from continuing operations	\$3.51	\$1.67	\$1.84	110%

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