



FIRST QUARTER FISCAL 2020
EARNINGS CALL

AUGUST 28, 2019

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. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to a variety of economic, competitive, operational, and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the most recently completed fiscal year in the section entitled "Risk Factors" and additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. In addition, factors that may cause the company's actual estimated effective tax rate to differ from estimates include the company's actual results from operations compared to current estimates, future discrete items, changes in interpretations and assumptions the company has made, and future actions of the company. You may get our Securities and Exchange Commission filings for free at our website at <http://investors.hrblock.com>. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation, including earnings from continuing operations before interest, taxes, depreciation, and amortization ("EBITDA") and EBITDA Margin from continuing operations, calculated as EBITDA from continuing operations divided by revenues from continuing operations ("EBITDA Margin"). Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our press release filed on August 28, 2019 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

Market and Industry Data

The data included in this presentation regarding the tax preparation services industry, including trends in the market and the company's position and the position of its competitors within this industry, are based on the company's estimates, which have been derived from management's knowledge and experience in the industry, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the industry. The company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and it cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

JEFF JONES

PRESIDENT & CEO

Today's Call



1

FY20 Plans



2

Wave Reporting



3

Q1 FY20 Financial
Results



4

FY20 Financial
Outlook



FY20 Plans

FY20 Wave priorities



**Deliver value by
improving world-class
offerings**

**Develop new solutions
that improve the
financial lives of
entrepreneurs**

**Drive monetization and
increase user base**

Key objectives of our enterprise strategy for FY20

Assisted

- **Improving the value proposition** for clients
- **Simplifying** our approach and **driving consistency** in our offices
- Leveraging **upfront, transparent pricing**

DIY

- Investing to **improve the product and user experience**
- Pricing at a level that is competitive and **provides meaningful value** to our clients
- Continuing to communicate this value, **growing awareness** and compelling consumers to switch to H&R Block

Virtual

- **Building on our successes by innovating** in this emerging space, **leading the industry** as consumer expectations evolve
- Utilizing client feedback to **improve our offerings**
- Better leveraging our tax pro network to **provide expertise and care in new ways**

JEFF JONES

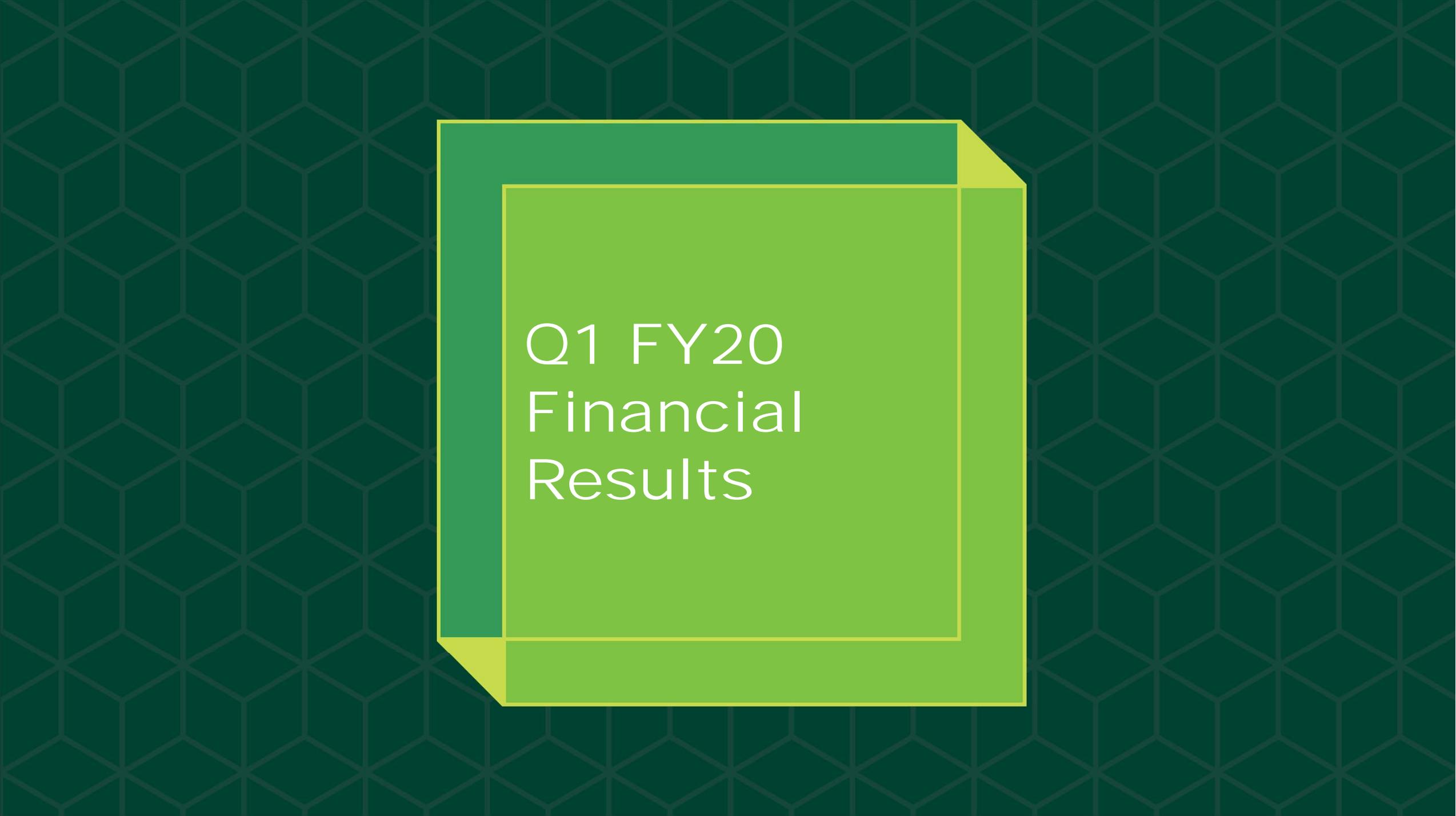
PRESIDENT & CEO

TONY BOWEN

CHIEF FINANCIAL OFFICER



Wave Reporting



Q1 FY20
Financial
Results

Q1 FY20 Summary – Continuing Operations

| (in millions, except EPS) | Q1 FY20 | Q1 FY19 |
|---------------------------------------|-----------|-----------|
| Revenue | \$ 150 | \$ 145 |
| Pretax Loss | \$ (207) | \$ (199) |
| Net Loss | \$ (146) | \$ (149) |
| Weighted-Avg. Shares – Diluted | 202.0 | 207.7 |
| EPS¹ | \$ (0.72) | \$ (0.72) |
| EBITDA² | \$ (147) | \$ (137) |

Note: All amounts are unaudited.

¹ All per share amounts are based on fully diluted shares at the end of the corresponding period.

² EBITDA 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.



Q1 FY20
Financial
Results



FY20
Financial
Outlook

Reiterating FY20 Financial Outlook

REVENUE GROWTH

1.5% - 3.5%

- Modest growth in the tax business following a reset year
- Includes revenue contribution from Wave

EBITDA MARGIN¹

24% - 26%

- EBITDA dollar growth as cost reductions offset impact from Wave
- Revenue growth outpaces EBITDA growth, impacting margin

EFFECTIVE TAX RATE

23% - 25%

- Rate may fluctuate due to unanticipated discrete items

Note: All amounts represent continuing operations.

¹EBITDA Margin is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY20 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 Margin for the fiscal year to a comparable GAAP range. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

JEFF JONES

PRESIDENT & CEO

Q&A



FIRST QUARTER FISCAL 2020
EARNINGS CALL

AUGUST 28, 2019