



SECOND QUARTER FISCAL 2020
EARNINGS CALL

DECEMBER 4, 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"), EBITDA Margin from continuing operations, calculated as EBITDA from continuing operations divided by revenues from continuing operations ("EBITDA Margin"), and adjusted diluted earnings per share 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 our press release filed on December 4, 2019 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

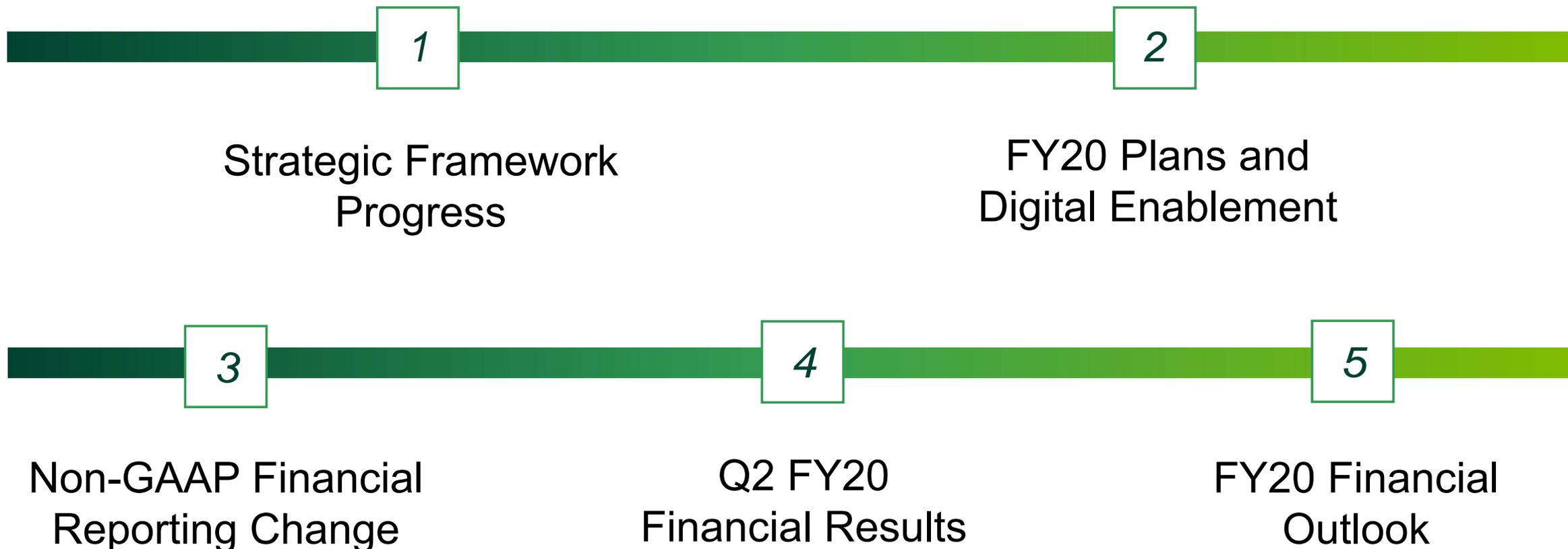
Market and Industry Data

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





Strategic
Framework
Progress

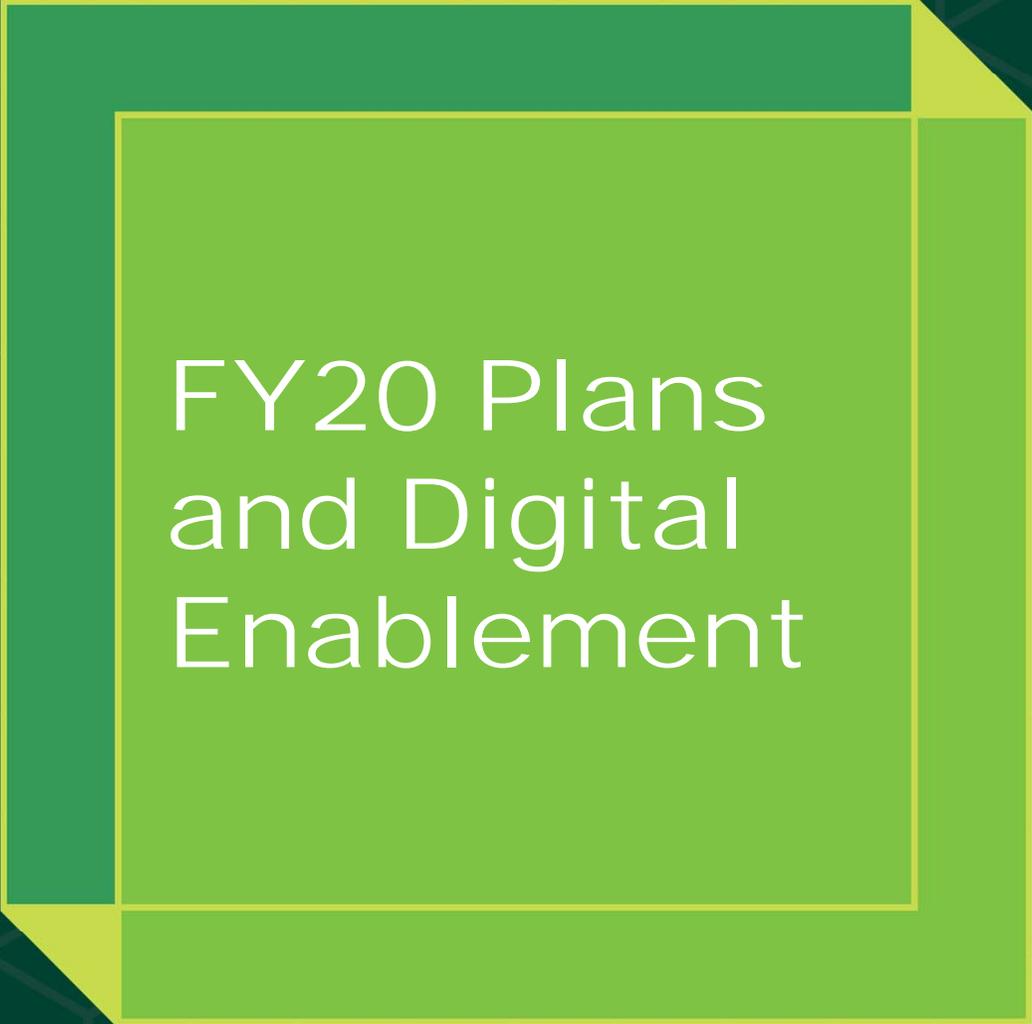
Strong execution and significant improvements across the business in FY19

Improvements

- Brought transparency to pricing across all channels
- Leveraged AI and machine learning to make the DIY experience faster, easier and more personalized
- Introduced more new digital products than ever before to attract consumers to our brand
- Made tremendous progress on our technology roadmap

Results

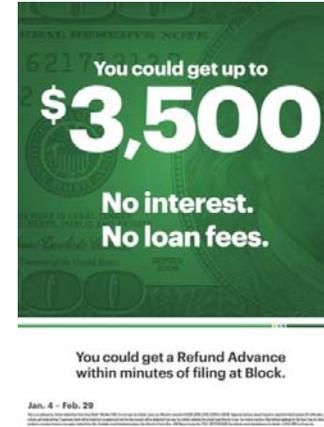
- **Delivered financial results at the top end of financial outlook**
- **Record increases in client satisfaction scores**
- **Grew clients and market share**



FY20 Plans
and Digital
Enablement

Continuing to improve quality, consistency, and value of our in-office experience

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



Continue leveraging Refund Advance to **drive consumers** to our brand

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

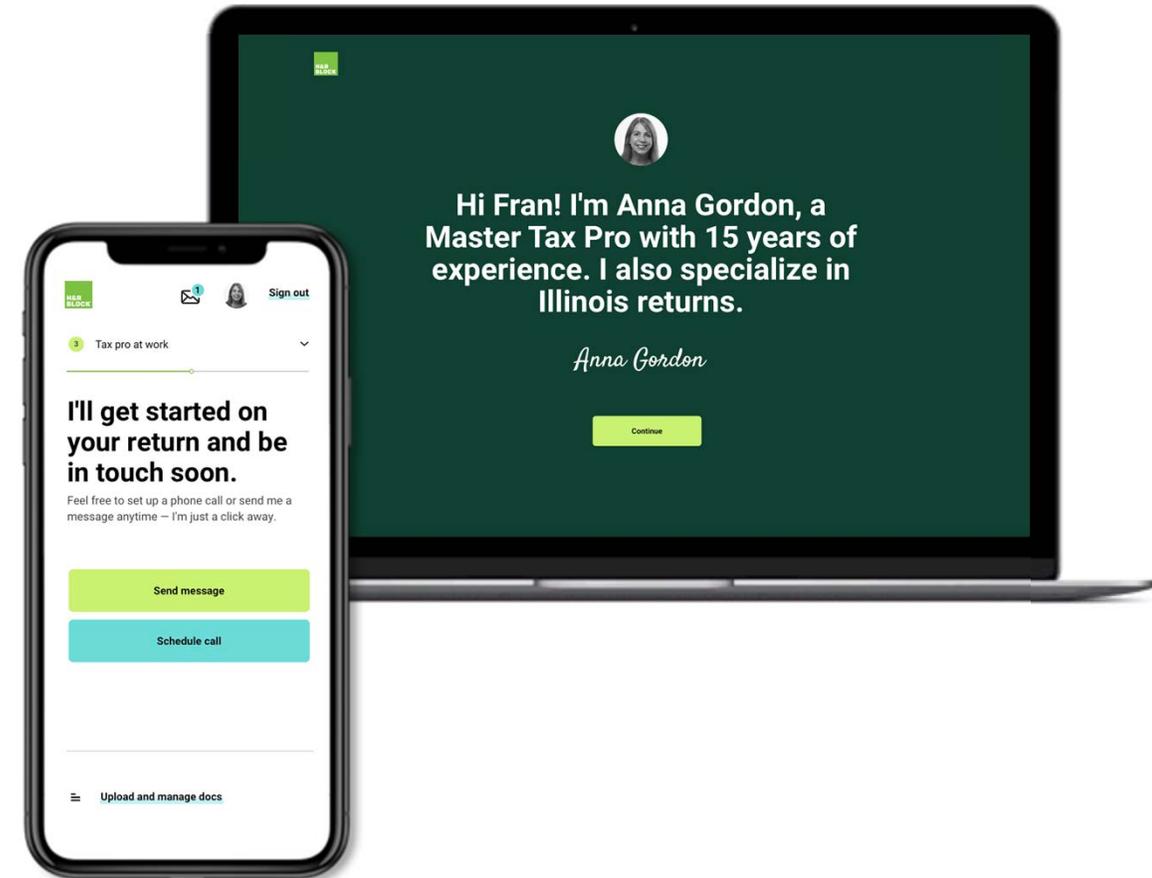


WorkCenter

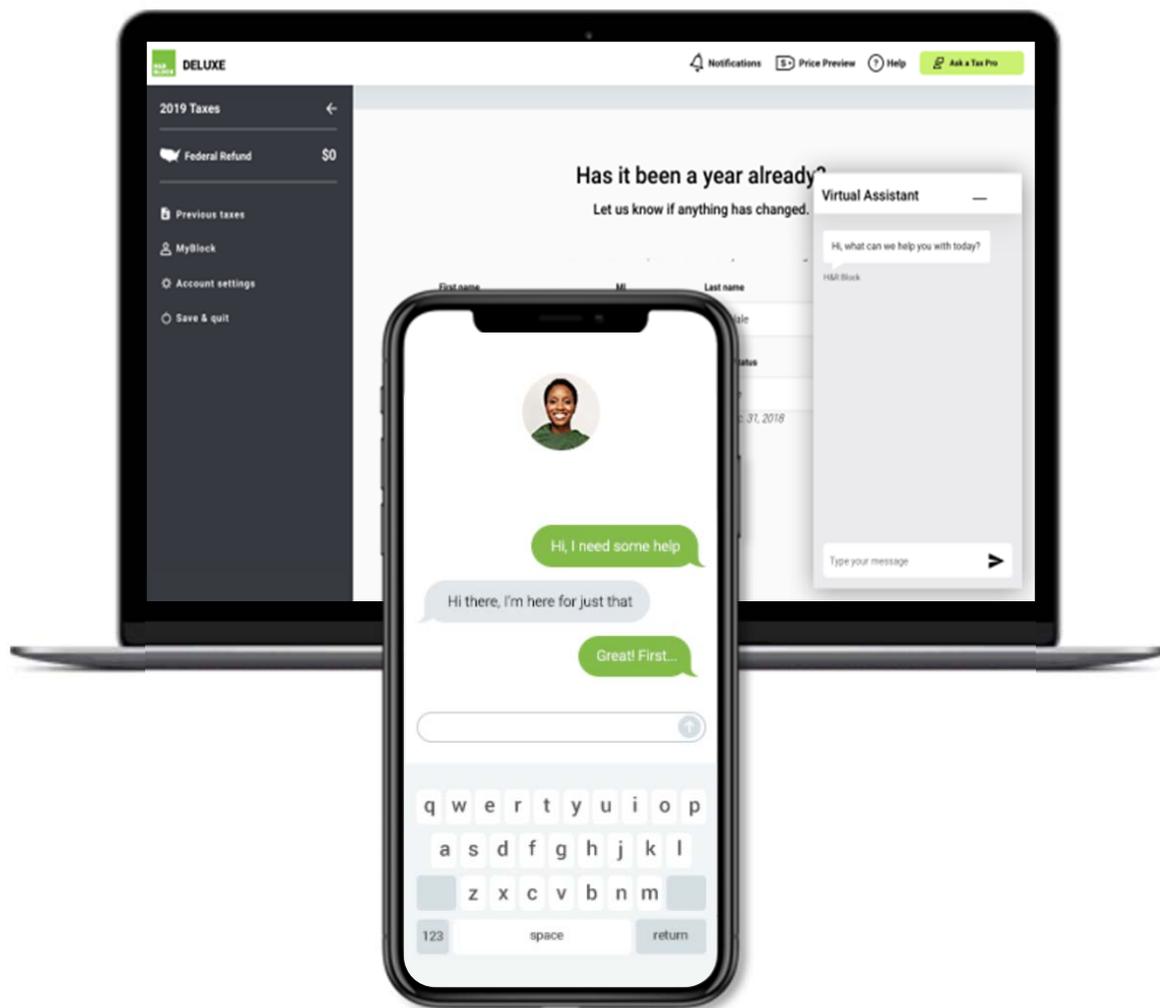
Digitizing how our tax pros work through WorkCenter, enabling best-in-class service

Redesigning the Tax Pro Go experience for TS20

- Second year of **mobile-first, fully assisted** service
- **Incorporating feedback** from TS19 to improve the product
- **Completely redesigning** the experience with improved product flow and simplified pricing
- **Improving ease** of connecting to tax pro network



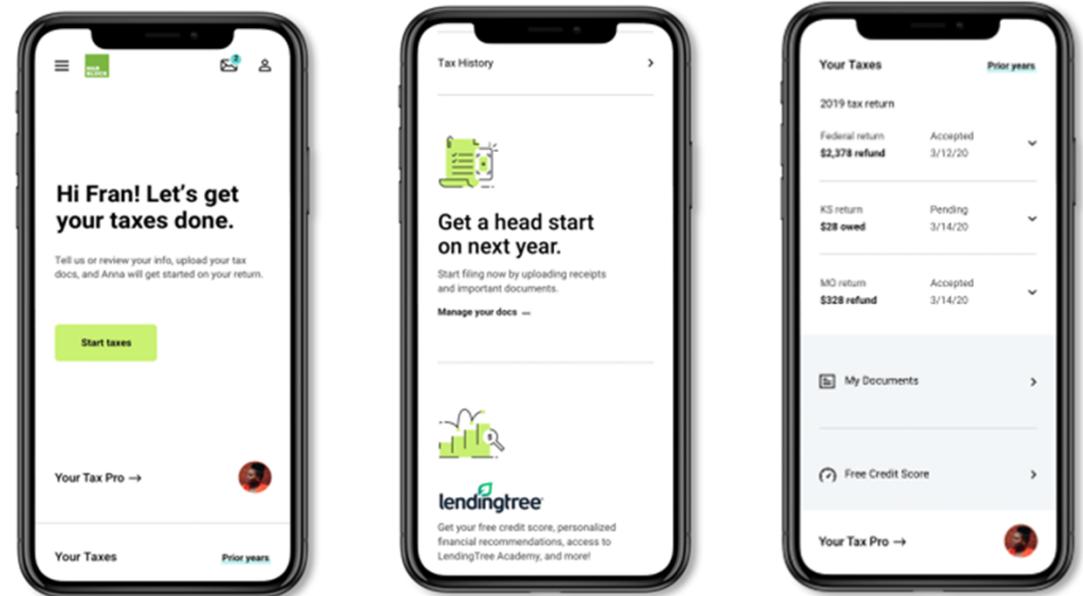
Driving ease, speed, and personalization in DIY



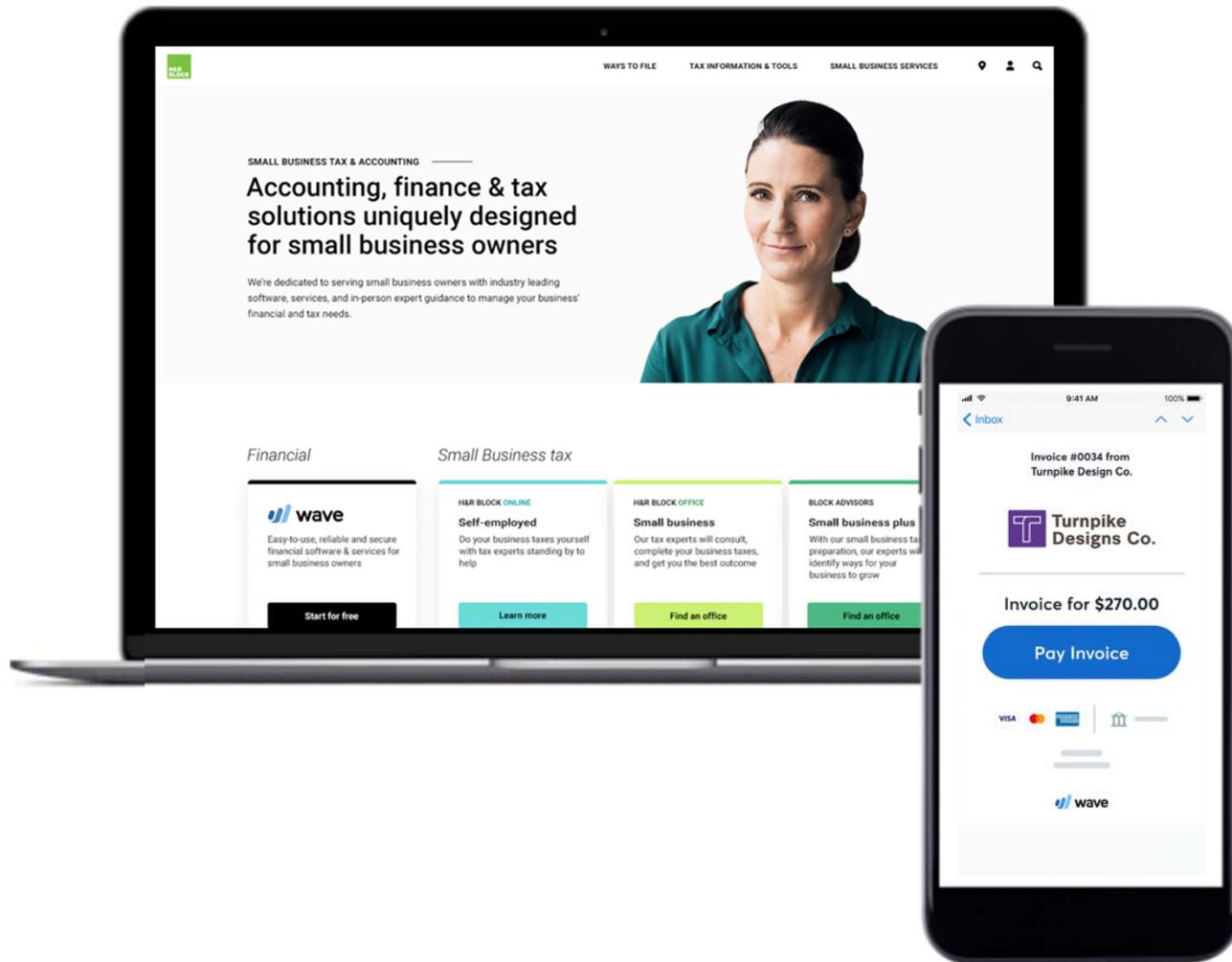
- Maintaining **challenger strategy** by pricing competitively, growing awareness, and ensuring price transparency
- **Leveraging AI and machine learning** to remove questions and steps in the workflow
- Streamlining new client onboarding process with **“Switch in Two Clicks”**
- Improving and actively promoting **Online Assist** (formerly Ask a Tax Pro)

Improving myBlock, the digital hub of the H&R Block client experience

- **Mobile-first platform** available to all clients, regardless of channel
- **Single source** where clients can upload and store tax documents, access prior year returns, set appointments, manage an Emerald Card[®] prepaid debit card, and use our tax estimator
- Enhancing **document upload, private messaging with tax pro, and visibility into return status**
- **Redesigning workflow and streamlining the digital signature experience**



Enhancing focus on Small Business



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

Enhancing focus on Small Business

- At Wave, opening up our API to third party developers to **extend the functionality and reach of our tools**
- Releasing new integrations to make it easier for small businesses to **track transactions from various sources in a single system**
- **Partnering with Shopify** to launch the **first direct accounting integration** in the Shopify app store

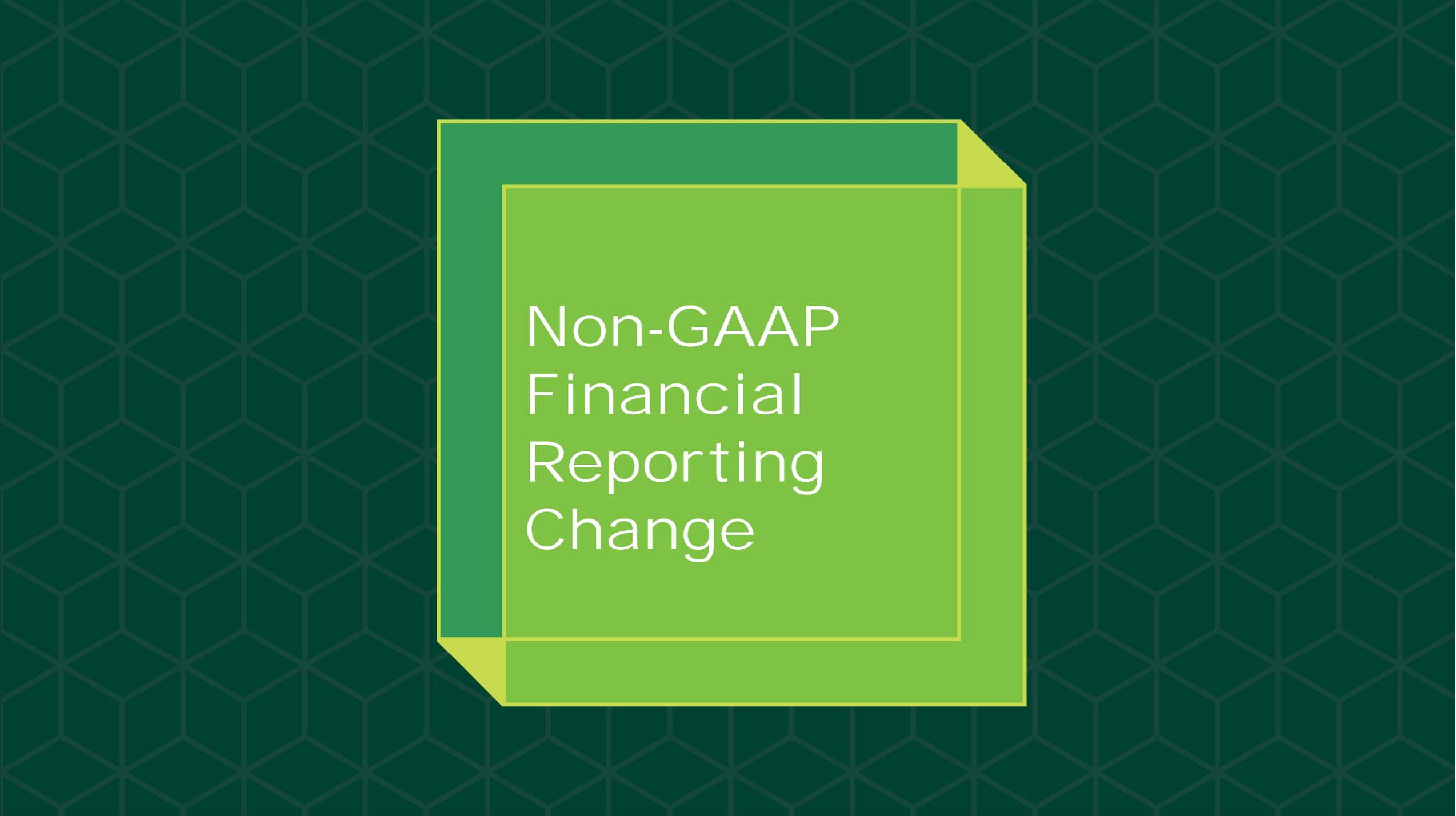


JEFF JONES

PRESIDENT & CEO

TONY BOWEN

CHIEF FINANCIAL OFFICER



Non-GAAP
Financial
Reporting
Change

Non-GAAP financial reporting change – adjusted EPS

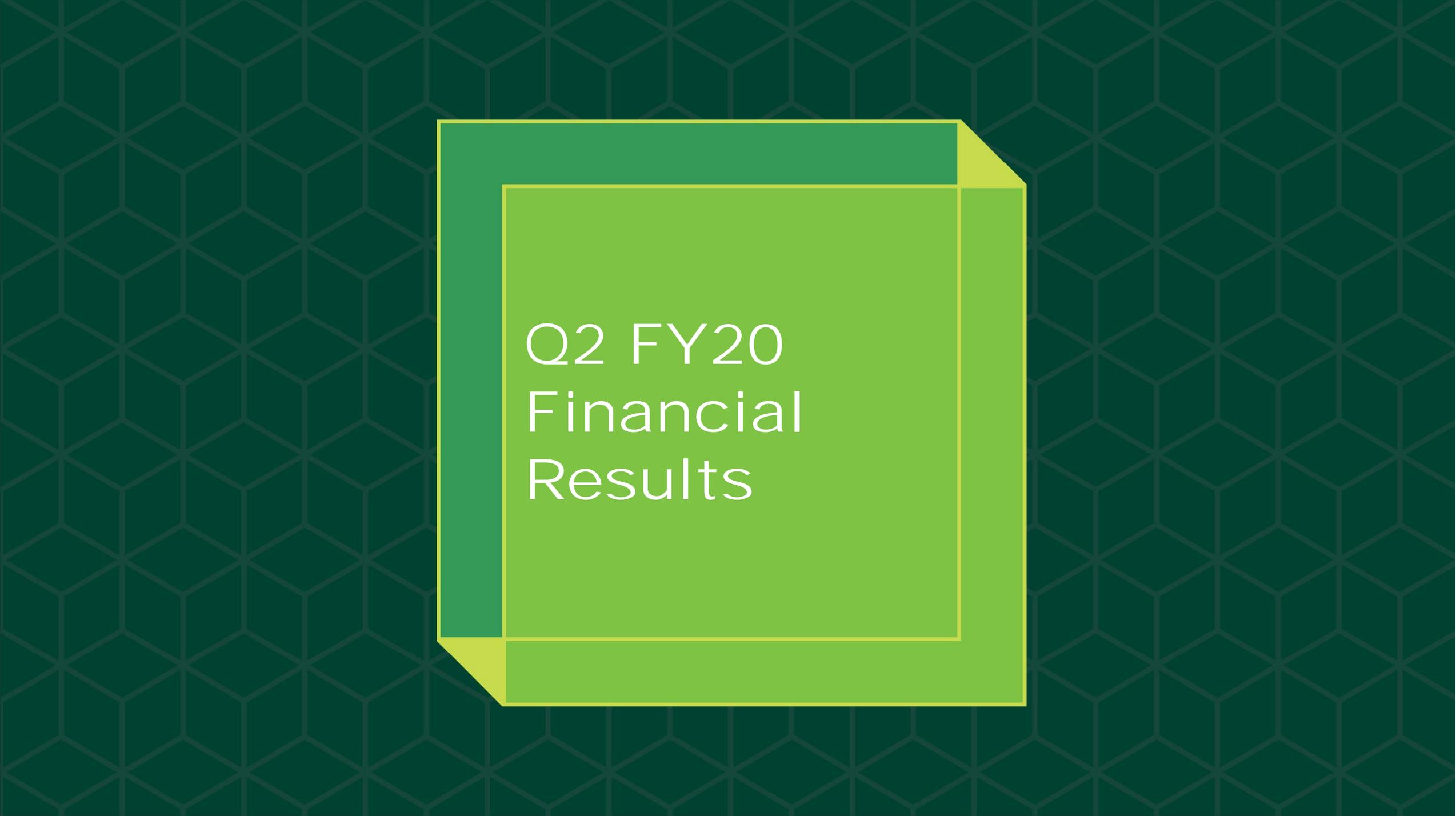
- Now reporting adjusted, non-GAAP EPS which excludes amortization of intangibles related to acquisitions
- The adjustment removes amortization of intangibles related to Wave, franchise buybacks, and tax office acquisitions
- We believe these adjusted results will be beneficial for investors when evaluating H&R Block's operating performance

Diluted earnings per share (GAAP)

Adjustments (pretax, per share):

- + Amortization of intangibles related to acquisitions
- Tax effect of adjustments

= **Adjusted EPS (Non-GAAP)**



Q2 FY20
Financial
Results

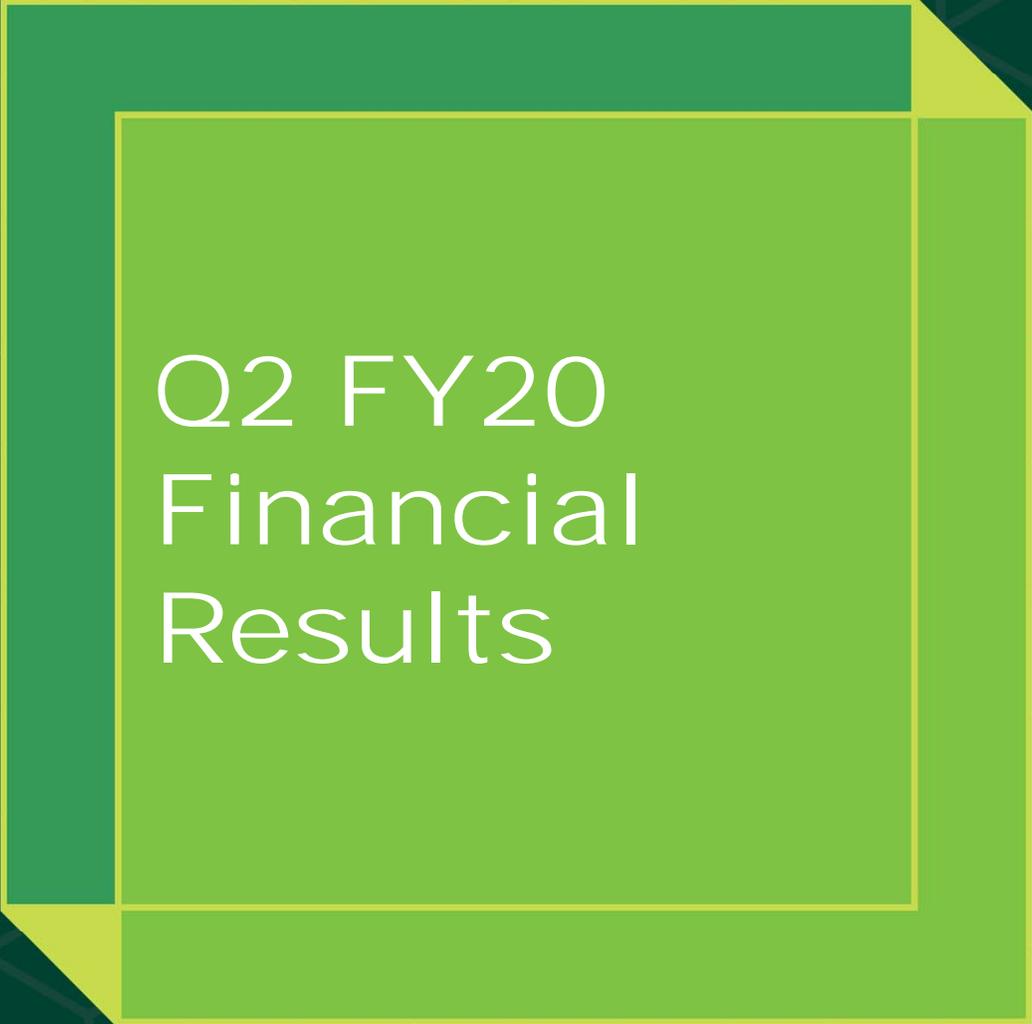
Q2 FY20 Summary – Continuing Operations

(in millions, except EPS)	Q2 FY20	Q2 FY19
Revenue	\$ 161	\$ 149
Pretax Loss	\$ (261)	\$ (232)
Net Loss	\$ (184)	\$ (171)
Weighted-Avg. Shares – Diluted	198.1	205.5
EPS¹	\$ (0.93)	\$ (0.83)
Adjusted EPS^{1,2}	\$ (0.85)	\$ (0.78)
EBITDA²	\$ (197)	\$ (169)

Note: All amounts are unaudited.

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

² Adjusted EPS and EBITDA are non-GAAP financial measures. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.



Q2 FY20
Financial
Results

Balanced return of capital through dividends and share repurchases

Dividends

4 years

Consecutive dividend increases

+30%

Dividend increase over last four
years

Share Repurchases

\$181M

Share repurchases FY20 YTD

13%

Shares outstanding repurchased
FY17 - present



FY20
Financial
Outlook

Reiterating revenue growth and margin outlook; improved tax rate 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
- Majority of revenue growth and cost reductions to be achieved in the fourth quarter

EFFECTIVE TAX RATE

19% - 21%

- Discrete tax benefit recognized in Q2 results in lower rate than prior estimate of 23% - 25%

Note: All amounts represent continuing operations.

¹EBITDA and EBITDA Margin are non-GAAP financial measures. 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.

Detailed FY20 financial outlook

Revenue Growth	1.5% - 3.5%
EBITDA Margin¹	24% - 26%
Effective Tax Rate	19% - 21%
Total Depreciation & Amortization	\$165M - \$175M
<i>Acquisition Amortization²</i>	<i>\$70M - \$80M</i>
Interest Expense	\$90M - \$100M
Capital Expenditures	\$70M - \$80M

¹ EBITDA and EBITDA Margin are non-GAAP financial measures. 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.

² Acquisition Amortization includes amortization of intangibles related to Wave, franchise buybacks, and tax office acquisitions, and is included in Total Depreciation & Amortization.

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Q&A



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