



H&R Block Inc. (HRB)

Updated December 31st, 2025 by Samuel Smith

Key Metrics

Current Price:	\$43.2	5 Year CAGR Estimate:	12.1%	Market Cap:	\$5.5 B
Fair Value Price:	\$49.5	5 Year Growth Estimate:	6.2%	Ex-Dividend Date:	3/4/26 ¹
% Fair Value:	87%	5 Year Valuation Multiple Estimate:	2.8%	Dividend Payment Date	4/6/26 ²
Dividend Yield:	3.9%	5 Year Price Target	\$67	Years Of Dividend Growth:	11
Dividend Risk Score:	C	Sector:	Consumer Discretionary	Rating:	Hold

Overview & Current Events

H&R Block, Inc. is a U.S.-based tax preparation and financial services company founded in 1955 and headquartered in Kansas City, Missouri. The firm provides assisted and do-it-yourself tax return preparation services through its network of retail offices, online platforms and mobile applications, serving individual taxpayers as well as small-business clients across the United States, Canada and Australia. Beyond core tax filing services, H&R Block offers related financial products including refund transfer services, prepaid debit cards, loans, identity protection and small-business bookkeeping and payroll solutions. The company blends digital innovation with human expertise to help clients navigate tax seasons and manage their financial lives year-round. H&R Block also returns capital to shareholders through dividends and share repurchases.

On November 6, 2025, H&R Block released its fiscal 2026 first quarter results for the period ended September 30, 2025, reporting a net loss and exceeding consensus expectations on earnings per share. Revenue for the quarter grew approximately 5 percent year-over-year to about \$203.6 million, driven by higher net average charges and increased volume in assisted tax preparation services as well as strong growth in its Wave subscription and payments business, reflecting steady demand in both traditional and digital channels. The company reported an adjusted diluted loss per share of roughly \$1.20, beating analyst estimates which had forecast a larger loss, and showing a modest improvement in financial performance despite the seasonally weak nature of the first quarter outside the core tax filing season. Operating expenses were controlled, and key metrics such as EBITDA losses improved compared with the prior period, indicating enhanced operational efficiency. H&R Block also returned significant capital to shareholders, executing roughly \$400 million in share repurchases and maintaining its quarterly dividend, consistent with its disciplined capital allocation strategy and long history of shareholder returns. Management reaffirmed full-year fiscal 2026 guidance with projected revenue and EBITDA ranges, underscoring confidence in execution and longer-term prospects. The results highlighted the seasonality inherent to the business, with a net loss typical for the first quarter, but offered positive indicators around revenue growth, cost management and shareholder value initiatives that position the company as it progresses toward its busier filing periods later in the fiscal year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.59	\$1.96	\$2.98	\$2.15	\$0.84	\$3.94	\$3.51	\$3.82	\$4.41	\$4.66	\$4.95	\$6.70
DPS	\$0.92	\$0.98	\$1.00	\$1.02	\$1.04	\$1.04	\$1.16	\$1.19	\$1.28	\$1.59	\$1.68	\$2.10
Shares ³	220.5	207.2	209.3	202.0	192.5	181.5	159.9	147.0	139.6	133.9	126.4	148.0

The Wave Financial acquisition added a boost to HRB's otherwise murky growth outlook. Poor customer retention has prompted the company to engineer a turnaround. Broadly speaking, the operating environment for tax preparation is changing as automation is increasingly encroaching on what was once done by human tax professionals.

¹ Estimate

² Estimate

³ In millions



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Additionally, the simplification of the tax code remains a risk for the company moving forward, regardless of who is in power. A much simpler tax system could mean less demand for H&R Block's higher-margin services. In addition, earnings growth could be negatively impacted by the continued adoption of online or do-it-yourself tax software such as TurboTax. H&R Block has had to invest in its own software services to meet the needs of a changing marketplace. These forces are expected to weigh on H&R Block's earnings growth, both this fiscal year and moving forward.

That said, Wave Financial will give the company more opportunities to grow in the small business sector, an area less likely to be impacted by a simplified personal income tax code. The company is currently generating solid growth while also paying out a sizable dividend and buying back shares. We think the company will be able to grow earnings per share by 6.2% annually over the next half decade.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.4	21.2	11.6	9.1	20.0	7.0	13.8	9.5	11.5	11.0	8.7	10.0
Avg. Yld.	2.5%	2.5%	3.7%	3.4%	5.0%	4.4%	2.4%	3.3%	3.3%	3.3%	3.9%	3.1%

HRB shares have traded at a multiple in the range of the low to mid-teens over the past decade. As a result, we assign a fair value multiple of 10x. Given that the current valuation multiple is 8.7x, we expect a meaningful tailwind from multiple expansion in the years to come.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	58%	50%	34%	47%	124%	26%	33%	31%	29%	36%	34%	31%

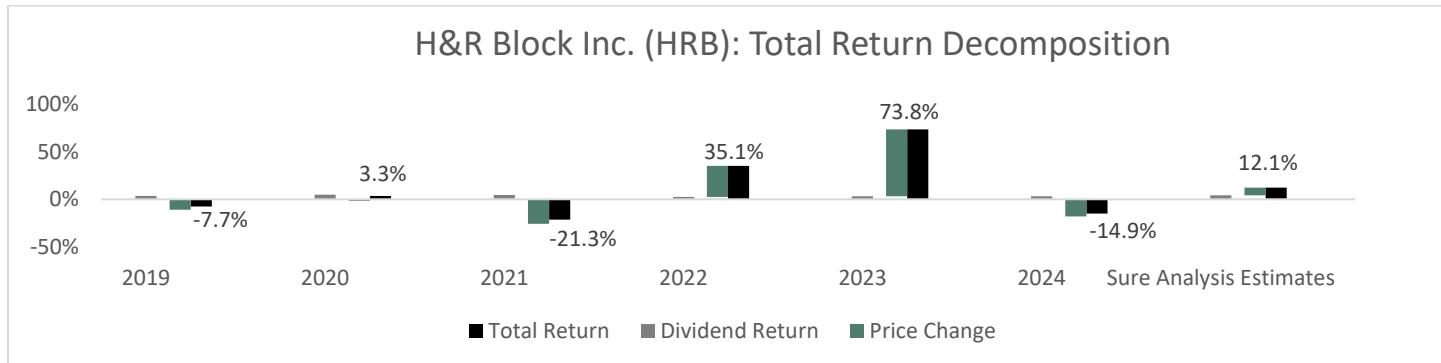
H&R Block scores fairly well when it comes to safety and quality metrics. The company has a large amount of debt, but also generates strong interest coverage. It also has a payout ratio of just 34%, which indicates the dividend is secure. H&R Block has paid quarterly dividends consecutively since the company went public in 1962.

H&R Block benefits from durable competitive advantages. It is the leading brand in the tax preparation industry and provides a necessary service to taxpayers. H&R Block remained profitable each year during the Great Recession, and the company should be expected to remain profitable if and when another recession occurs in the United States.

Final Thoughts & Recommendation

H&R Block has several favorable qualities as a business. It has a leading brand in its industry and has a highly profitable capital-light business model. This allows the company to return cash to shareholders through share repurchases and dividends. H&R Block has expected annualized total returns of 12.1% over the next half-decade, stemming from a combination of its dividend, per share growth, and expected multiple expansion. Given these factors, we view the stock as a Hold.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3,079	3,038	3,036	3,160	3,095	291	466	3,463	3,472	3,610
Gross Profit	1,210	1,353	1,392	1,420	1,338	94	233	1,582	1,549	1,619
Gross Margin	39.3%	44.5%	45.8%	44.9%	43.2%	32.3%	50.1%	45.7%	44.6%	44.8%
SG&A Exp.	367	719	676	668	722	82	99	837	800	814
D&A Exp.	160	174	182	183	167	27	25	142	131	122
Operating Profit	795	633	716	752	616	12	134	745	749	805
Operating Margin	25.8%	20.8%	23.6%	23.8%	19.9%	4.2%	28.8%	21.5%	21.6%	22.3%
Net Profit	474	374	409	613	423	(11)	90	554	554	595
Net Margin	15.4%	12.3%	13.5%	19.4%	13.7%	-3.6%	19.2%	16.0%	15.9%	16.5%
Free Cash Flow	503	445	463	751	511	(105)	30	747	752	657
Income Tax	256	186	208	42	100	2	30	98	149	164

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,515	2,847	2,694	3,141	3,300		4,014	3,269	3,072	3,219
Cash & Equivalents	2,007	897	1,011	1,545	1,572		1,434	885	987	1,053
Accounts Receivable	100	90	58		34					
Goodwill & Int. Ass.	874	905	901	882	862		1,106	1,070	1,052	1,049
Total Liabilities	2,682	2,824	2,755	2,747	2,758		3,626	3,058	3,040	3,128
Accounts Payable	231	260	217	252	250		164	161	160	156
Long-Term Debt	506	1,492	1,494	1,496	1,493	-	1,984	1,487	1,489	1,491
Shareholder's Equity	1,833	23	(61)	394	542		388	212	32	91
LTD/E Ratio	0.28	64.59	(24.5)	3.80	2.76		5.11	7.03	46.44	16.46

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	10.3%	10.2%	14.8%	21.0%	13.1%		2.3%	15.2%	17.5%	18.9%
Return on Equity	27.9%	40.3%		368.4%	90.4%		24.2%	184.7%	454.4%	970.7%
ROIC	19.7%	19.4%	27.7%	36.9%	21.5%		4.3%	27.2%	34.4%	38.4%
Shares Out.	275.3	220.5	207.2	209.3	202.0	192.5	181.5	159.9	147.0	139.6
Revenue/Share	11.11	12.11	14.18	15.03	14.97	1.51	2.52	20.20	22.08	25.09
FCF/Share	1.82	1.77	2.16	3.57	2.47	(0.55)	0.16	4.35	4.78	4.57

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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