H&R Block Inc. (HRB)

Updated March 2nd, 2026 by Samuel Smith

Key Metrics

Current Price:	$31	**5 Year CAGR Estimate:**	22.2%	**Market Cap:**	$4 B
Fair Value Price:	$50	**5 Year Growth Estimate:**	8.4%	**Ex-Dividend Date:**	3/4/26
% Fair Value:	62%	**5 Year Valuation Multiple Estimate:**	10.0%	**Dividend Payment Date**	4/6/26
Dividend Yield:	5.4%	**5 Year Price Target**	$75	**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 extensive network of approximately 9,000 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 through its Wave Financial subsidiary. The company blends digital innovation with AI-enabled human expertise to help clients navigate tax seasons and manage their financial lives.

On February 3, 2026, H&R Block, Inc. reported fiscal 2026 second-quarter results for the period ended December 31, 2025, demonstrating solid progress across its diversified tax and small-business solutions portfolio. The company delivered healthy top-line growth, with total revenue rising 11.1 percent year over year to $198.9 million, supported by higher assisted tax preparation volume, increased net average charges, strong Wave subscription and payments growth, and solid DIY software performance, underscoring the strength of its multi-channel model across assisted, do-it-yourself, and online offerings. Segment results highlighted this balance, as assisted tax preparation revenue reached $55.9 million, DIY tax preparation revenue was $16.8 million, Wave small-business solutions grew to $29.8 million, and international revenue contributed $34.7 million, broadening both product and geographic diversification. Profitability remained seasonally negative, with a net loss from continuing operations of $241.6 million, or $1.91 per share, and adjusted loss per share of $1.84, though both metrics improved by mid-single digits year over year and reflected typical off-season dynamics rather than underlying deterioration. Expense discipline was a positive, with operating expenses increasing a manageable 5.4 percent to $497.7 million despite inflationary pressures, indicating that management is scaling costs more slowly than revenue. Capital returns were another clear strength, as H&R Block returned $507.7 million to shareholders year to date via dividends and buybacks, while retaining roughly $700 million of remaining capacity under its $1.5 billion repurchase authorization, signaling continued confidence in long-term cash generation. Looking ahead, the company reaffirmed fiscal 2026 guidance for revenue of $3.875 to $3.895 billion, EBITDA of $1.015 to $1.035 billion, and adjusted diluted EPS of $4.85 to $5.00 with an effective tax rate of about 25 percent, which points to steady earnings growth but also implies that much of the near-term upside depends on successful execution through the core tax-filing season and ongoing momentum in its small-business and digital platforms.

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	***$5.00***	***$7.50***
DPS	$0.92	$0.98	$1.00	$1.02	$1.04	$1.04	$1.16	$1.19	$1.28	$1.50	***$1.68***	***$2.10***
Shares[1]	220.5	207.2	209.3	202.0	192.5	181.5	159.9	147.0	139.6	126.8	***126.4***	***148.0***

[1] In millions

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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.

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.

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	***6.2***	***10.0***
Avg. Yld.	2.8%	2.5%	2.5%	3.7%	3.4%	5.0%	4.4%	2.4%	3.3%	3.3%	***5.4%***	***2.8%***

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 6.2x, 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%	32%	***34%***	***28%***

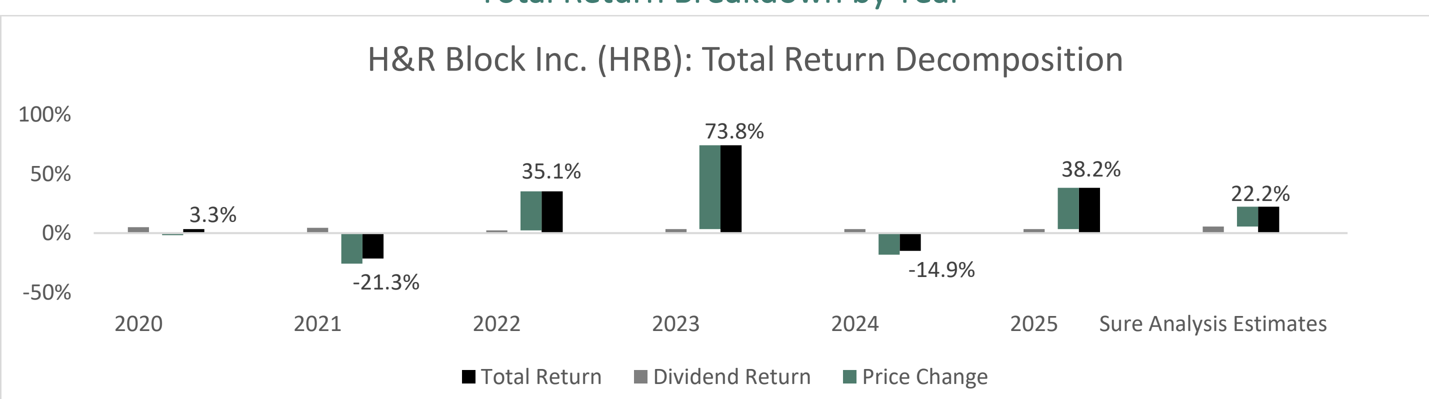
H&R Block scores fairly well when it comes to safety and quality metrics. The company has a large amount of debt, but also generates strong interest coverage. It also has a payout ratio of just 34%, which indicates the dividend is secure. H&R Block has paid quarterly dividends consecutively since the 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 22.2% over the next half-decade, stemming from a combination of its dividend, per share growth, and expected multiple expansion. Given its fairly poor dividend risk score, however, we view the stock as a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	3,038	3,036	3,160	3,095	2,640	3,414	3,463	3,472	3,610	3,761
Gross Profit	1,295	1,392	1,420	1,338	927	1,572	1,582	1,549	1,619	1,675
Gross Margin	42.6%	45.8%	44.9%	43.2%	35.1%	46.0%	45.7%	44.6%	44.8%	44.5%
SG&A Exp.	298	261	249	270	255	262	284	286	278	286
D&A Exp.	174	182	183	167	170	157	142	131	122	117
Operating Profit	633	716	759	616	183	770	745	761	834	866
Operating Margin	20.8%	23.6%	24.0%	19.9%	6.9%	22.5%	21.5%	21.9%	23.1%	23.0%
Net Profit	383	420	625	444	6	588	558	560	596	607
Net Margin	12.6%	13.8%	19.8%	14.4%	0.2%	17.2%	16.1%	16.1%	16.5%	16.1%
Free Cash Flow	445	463	751	511	27	573	747	752	657	599
Income Tax	186	208	42	100	(10)	79	98	149	164	172

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,847	2,694	3,141	3,300	5,112	3,654	3,269	3,072	3,219	3,264
Cash & Equivalents	1,001	1,118	1,664	1,748	2,884	1,063	1,051	1,015	1,075	1,003
Accounts Receivable	127	144	131	124	118	177	44	43	35	32
Goodwill & Int. Ass.	905	901	882	862	1,127	1,118	1,070	1,052	1,049	1,061
Total Liabilities	2,824	2,755	2,747	2,758	5,041	3,301	3,058	3,040	3,128	3,175
Accounts Payable	260	217	252	250	203	198	161	160	156	144
Long-Term Debt	1,492	1,494	1,496	1,493	3,808	1,733	1,716	1,730	1,756	1,816
Shareholder's Equity	23	(61)	394	542	71	352	212	32	91	89
LTD/E Ratio	64.59	(24.5)	3.80	2.76	56.35	5.50	9.08	60.35	21.66	22.78

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.4%	15.2%	21.4%	13.8%	0.1%	13.4%	16.1%	17.6%	18.9%	18.7%
Return on Equity	41.3%		375.8%	95.0%	1.8%	277.6%		459.2%	971.1%	676.0%
ROIC	19.9%	28.5%	37.6%	22.6%	0.2%	18.5%	25.2%	27.3%	29.6%	29.1%
Shares Out.	220.5	207.2	209.3	202.0	192.5	181.5	159.9	147.0	139.6	126.8
Revenue/Share	12.11	14.18	15.03	14.97	13.42	18.08	20.20	22.08	25.09	27.38
FCF/Share	1.77	2.16	3.57	2.47	0.14	3.04	4.35	4.78	4.57	4.36

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