UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended

OR

☑ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from May 1, 2021 to June 30, 2021

Commission file number 1-06089

H&R Block, Inc.
(Exact name of registrant as specified in its charter)

Missouri	**44-0607856**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One H&R Block Way, Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)

(816) 854-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	HRB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on July 30, 2021: 178,055,084 shares.

Form 10-Q for the Transition period ended June 30, 2021

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited, in 000s, except per share amounts)

	Two months ended June 30, 2021	2020
REVENUES:		
Service revenues	**$ 427,575**	$ 266,154
Royalty, product and other revenues	**38,531**	25,293
	466,106	291,447
OPERATING EXPENSES:		
Costs of revenues	**232,763**	197,432
Selling, general and administrative	**98,988**	81,671
Total operating expenses	**331,751**	279,103
Other income (expense), net	**672**	1,662
Interest expense on borrowings	**(14,032)**	(21,409)
Income (loss) from continuing operations before income taxes	**120,995**	(7,403)
Income taxes	**29,876**	1,726
Net income (loss) from continuing operations	**91,119**	(9,129)
Net loss from discontinued operations, net of tax benefits of $451 and $424	**(1,509)**	(1,421)
NET INCOME (LOSS)	**$ 89,610**	$ (10,550)
BASIC EARNINGS (LOSS) PER SHARE:		
Continuing operations	**$ 0.50**	$ (0.05)
Discontinued operations	**(0.01)**	(0.01)
Consolidated	**$ 0.49**	$ (0.06)
DILUTED EARNINGS (LOSS) PER SHARE:		
Continuing operations	**$ 0.49**	$ (0.05)
Discontinued operations	**(0.01)**	(0.01)
Consolidated	**$ 0.48**	$ (0.06)
DIVIDENDS DECLARED PER SHARE	**$ 0.27**	$ 0.26
COMPREHENSIVE INCOME:		
Net income (loss)	**$ 89,610**	$ (10,550)
Change in foreign currency translation adjustments	**(4,698)**	11,795
Other comprehensive income (loss)	**(4,698)**	11,795
Comprehensive income	**$ 84,912**	$ 1,245

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(unaudited, in 000s, except share and per share amounts)

As of		June 30, 2021		April 30, 2021
ASSETS				
Cash and cash equivalents	**$**	**1,434,381**	$	934,251
Cash and cash equivalents - restricted		**149,783**		128,669
Receivables, less allowance for credit losses of $77,518 and $70,689		**88,932**		197,876
Income taxes receivable		**330,872**		333,366
Prepaid expenses and other current assets		**76,414**		105,562
Total current assets		**2,080,382**		1,699,724
Property and equipment, at cost, less accumulated depreciation and amortization of $842,861 and $832,885		**139,276**		148,490
Operating lease right of use assets		**445,847**		437,246
Intangible assets, net		**351,093**		360,148
Goodwill		**754,521**		757,659
Deferred tax assets and income taxes receivable		**181,996**		182,848
Other noncurrent assets		**61,273**		67,531
Total assets	**$**	**4,014,388**	$	3,653,646
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES:				
Accounts payable and accrued expenses	**$**	**164,269**	$	198,084
Accrued salaries, wages and payroll taxes		**168,989**		270,982
Accrued income taxes and reserves for uncertain tax positions		**238,863**		287,404
Operating lease liabilities		**214,190**		206,393
Deferred revenue and other current liabilities		**196,175**		200,216
Total current liabilities		**982,486**		1,163,079
Long-term debt		**1,983,719**		1,490,039
Deferred tax liabilities and reserves for uncertain tax positions		**301,658**		279,351
Operating lease liabilities		**244,932**		242,626
Deferred revenue and other noncurrent liabilities		**113,535**		126,150
Total liabilities		**3,626,330**		3,301,245
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' EQUITY:				
Common stock, no par, stated value $0.01 per share, 800,000,000 shares authorized, shares issued of 216,655,616 and 216,655,616		**2,167**		2,167
Additional paid-in capital		**779,465**		783,292
Accumulated other comprehensive income		**88**		4,786
Retained earnings		**286,694**		248,506
Less treasury shares, at cost, of 34,842,125 and 35,189,707		**(680,356)**		(686,350)
Total stockholders' equity		**388,058**		352,401
Total liabilities and stockholders' equity	**$**	**4,014,388**	$	3,653,646

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in 000s)

Two months ended June 30,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 89,610	$ (10,550)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	24,586	26,621
Provision	4,617	1,718
Deferred taxes	22,926	2,004
Stock-based compensation	4,700	5,162
Changes in assets and liabilities, net of acquisitions:		
Receivables	108,470	23,396
Prepaid expenses, other current and noncurrent assets	26,753	(12,372)
Accounts payable, accrued expenses, salaries, wages and payroll taxes	(186,754)	(118,368)
Deferred revenue, other current and noncurrent liabilities	(15,809)	(15,106)
Income tax receivables, accrued income taxes and income tax reserves	(43,476)	(2,185)
Other, net	(797)	(51)
Net cash provided by (used in) operating activities	34,826	(99,731)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,188)	(5,526)
Payments made for business acquisitions, net of cash acquired	(846)	—
Franchise loans funded	(135)	(128)
Payments from franchisees	8,634	6,191
Other, net	1,227	(1,185)
Net cash provided by (used in) investing activities	3,692	(648)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	494,435	—
Repurchase of common stock, including shares surrendered	(4,633)	(2,376)
Proceeds from exercise of stock options	308	—
Other, net	(5,584)	(4,183)
Net cash provided by (used in) financing activities	484,526	(6,559)
Effects of exchange rate changes on cash	(1,800)	3,865
Net increase (decrease) in cash and cash equivalents, including restricted balances	521,244	(103,073)
Cash, cash equivalents and restricted cash, beginning of period	1,062,920	2,873,020
Cash, cash equivalents and restricted cash, end of period	$ 1,584,164	$ 2,769,947
SUPPLEMENTARY CASH FLOW DATA:		
Income taxes paid, net of refunds received	$ 52,149	$ 2,568
Interest paid on borrowings	14,317	26,457
Accrued additions to property and equipment	2,085	1,022
New operating right of use assets and related lease liabilities	48,307	37,461
Accrued dividends payable to common shareholders	48,998	50,044

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(amounts in 000s, except per share amounts)

	Common Stock				Additional Paid-in Capital		Accumulated Other Comprehensive Income (Loss)[1]		Retained Earnings	Treasury Stock			Total Stockholders' Equity
	Shares		Amount							Shares		Amount	
Balances as of May 1, 2021	**216,656**	**$**	**2,167**	**$**	**783,292**	**$**	**4,786**	**$**	**248,506**	**(35,190)**	**$**	**(686,350)**	**$ 352,401**
Net income	**—**		**—**		**—**		**—**		**89,610**	**—**		**—**	**89,610**
Other comprehensive loss	**—**		**—**		**—**		**(4,698)**		**—**	**—**		**—**	**(4,698)**
Stock-based compensation	**—**		**—**		**4,285**		**—**		**—**	**—**		**—**	**4,285**
Stock-based awards exercised or vested	**—**		**—**		**(8,112)**		**—**		**(2,424)**	**545**		**10,627**	**91**
Acquisition of treasury shares[2]	**—**		**—**		**—**		**—**		**—**	**(197)**		**(4,633)**	**(4,633)**
Cash dividends declared - $0.27 per share	**—**		**—**		**—**		**—**		**(48,998)**	**—**		**—**	**(48,998)**
Balances as of June 30, 2021	**216,656**	**$**	**2,167**	**$**	**779,465**	**$**	**88**	**$**	**286,694**	**(34,842)**	**$**	**(680,356)**	**$ 388,058**

	Common Stock				Additional Paid-in Capital		Accumulated Other Comprehensive Income (Loss)[1]		Retained Earnings (Deficit)	Treasury Stock			Total Stockholders' Equity
	Shares		Amount							Shares		Amount	
Balances as of May 1, 2020	228,207	$	2,282	$	775,387	$	(51,576)	$	42,965	(35,731)	$	(698,017)	$ 71,041
Net loss	—		—		—		—		(10,550)	—		—	(10,550)
Other comprehensive income	—		—		—		11,795		—	—		—	11,795
Stock-based compensation	—		—		5,110		—		—	—		—	5,110
Stock-based awards exercised or vested	—		—		(7,554)		—		(826)	419		8,206	(174)
Acquisition of treasury shares[2]	—		—		—		—		—	(166)		(2,376)	(2,376)
Cash dividends declared - $0.26 per share	—		—		—		—		(50,044)	—		—	(50,044)
Balances as of June 30, 2020	228,207	$	2,282	$	772,943	$	(39,781)	$	(18,455)	(35,478)	$	(692,187)	$ 24,802

[1] The balance of our accumulated other comprehensive income (loss) consists of foreign currency translation adjustments.
[2] Represents shares swapped or surrendered to us in connection with the vesting or exercise of stock-based awards.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION – The consolidated balance sheets as of June 30, 2021 and April 30, 2021, the consolidated statements of operations and comprehensive income for the two months ended June 30, 2021 and 2020, the consolidated statements of cash flows for the two months ended June 30, 2021 and 2020, and the consolidated statements of stockholders' equity for the two months ended June 30, 2021 and 2020 have been prepared by the Company, without audit. In the opinion of management, all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations, and cash flows as of June 30, 2021 and 2020 and for all periods presented, have been made.

"H&R Block," "the Company," "we," "our," and "us" are used interchangeably to refer to H&R Block, Inc., to H&R Block, Inc. and its subsidiaries, or to H&R Block, Inc.'s operating subsidiaries, as appropriate to the context.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2021 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2021 or for the year then ended are derived from our Annual Report on Form 10-K.

On June 9, 2021, the Board of Directors approved a change of the Company's fiscal year end from April 30 to June 30. This is our transition report for the period from May 1, 2021 to June 30, 2021. The Company's 2022 fiscal year began on July 1, 2021 and will end on June 30, 2022.

MANAGEMENT ESTIMATES – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates, assumptions and judgments are applied in the evaluation of contingent losses arising from our discontinued mortgage business, contingent losses associated with pending claims and litigation, reserves for uncertain tax positions, fair value of reporting units, and related matters. Estimates have been prepared based on the best information available as of each balance sheet date. As such, actual results could differ materially from those estimates.

SEASONALITY OF BUSINESS – Our operating revenues are seasonal in nature with peak revenues typically occurring in the months of February through April. Therefore, results for interim periods are not indicative of results to be expected for the full year.

On March 17, 2021, the IRS extended the federal tax filing deadline in the United States (U.S.) for individual 2020 tax returns from April 15, 2021 to May 17, 2021. Consequently, a portion of revenues and expenses that would have normally been recognized in the period ending April 30, 2021 shifted to May and June 2021.

On March 21, 2020, the federal tax filing deadline in the U.S. for individual 2019 tax returns was extended from April 15, 2020 to July 15, 2020. In Canada, the deadline for individuals to file was extended to June 1, 2020. Consequently, a portion of revenues and expenses that would have normally been recognized in the period ending April 30, 2020 shifted into May through October 2020.

These extensions impacted the typical seasonality of our business and the comparability of our financial results.

DISCONTINUED OPERATIONS – Our discontinued operations include the results of operations of Sand Canyon Corporation, previously known as Option One Mortgage Corporation (including its subsidiaries, collectively, SCC), which exited its mortgage business in fiscal year 2008. See note 9 for additional information on litigation, claims, and other loss contingencies related to our discontinued operations.

NOTE 2: REVENUE RECOGNITION

The majority of our revenues are from our U.S. tax services business. The following table disaggregates our U.S. tax services revenues by major service line, with revenues from our international tax services businesses and from Wave included as separate lines:

(in 000s)

	Two months ended June 30,	
	2021	2020
Revenues:		
U.S. assisted tax preparation	**$ 259,527**	$ 154,224
U.S. royalties	**29,659**	17,283
U.S. DIY tax preparation	**76,106**	21,872
International	**22,071**	42,533
Refund Transfers	**14,269**	5,242
Emerald Card®	**19,193**	11,814
Peace of Mind® Extended Service Plan	**20,231**	21,261
Tax Identity Shield®	**3,928**	3,554
Interest and fee income on Emerald Advance[SM]	**299**	488
Wave	**12,481**	7,624
Other	**8,342**	5,552
Total revenues	**$ 466,106**	$ 291,447

Changes in the balances of deferred revenue and wages for our Peace of Mind® Extended Service Plan (POM) are as follows:

(in 000s)

POM	Deferred Revenue		Deferred Wages	
Two months ended June 30,	**2021**	2020	**2021**	2020
Balances as of May 1,	**$ 183,871**	$ 183,685	**$ 20,169**	$ 21,618
Amounts deferred	**12,464**	8,743	**8**	117
Amounts recognized on previous deferrals	**(23,576)**	(24,601)	**(2,310)**	(3,028)
Balances as of June 30,	**$ 172,759**	$ 167,827	**$ 17,867**	$ 18,707

As of June 30, 2021, deferred revenue related to POM was $172.8 million. We expect that $101.6 million will be recognized over the next twelve months, while the remaining balance will be recognized within the next five years.

As of June 30, 2021 and 2020, Tax Identity Shield® (TIS) deferred revenue was $28.3 million and $28.8 million, respectively. Deferred revenue related to TIS was $28.9 million and $30.8 million as of April 30, 2021 and April 30, 2020, respectively. All deferred revenue related to TIS will be recognized within the next ten months.

NOTE 3: EARNINGS PER SHARE AND STOCKHOLDERS' EQUITY

EARNINGS PER SHARE – Basic and diluted earnings (loss) per share is computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income (loss) from continuing operations attributable to common shareholders by the weighted average shares outstanding during each period. Diluted earnings per share excludes the impact of shares of common stock issuable upon the lapse of certain restrictions or the exercise of options to purchase 0.3 million shares for the two months ended June 30, 2021 as the effect would be antidilutive, and 5.0 million shares for the two months ended June 30, 2020, as the effect would be antidilutive due to the net loss from continuing operations during the period.

The computations of basic and diluted earnings (loss) per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Two months ended June 30,	
	2021	2020
Net income (loss) from continuing operations attributable to shareholders	**$ 91,119**	$ (9,129)
Amounts allocated to participating securities	**(402)**	(174)
Net income (loss) from continuing operations attributable to common shareholders	**$ 90,717**	$ (9,303)
Basic weighted average common shares	**181,473**	192,480
Potential dilutive shares	**3,389**	—
Dilutive weighted average common shares	**184,862**	192,480
Earnings (loss) per share from continuing operations attributable to common shareholders:		
Basic	**$ 0.50**	$ (0.05)
Diluted	**0.49**	(0.05)

The decrease in the weighted average shares outstanding is due to share repurchases completed in prior fiscal years.

STOCK-BASED COMPENSATION – During the two months ended June 30, 2021, we granted 14.6 thousand shares under our stock-based compensation plan. We granted awards of 1.8 million shares under our stock-based compensation plans during the two months ended June 30, 2020. The change in shares granted compared to the prior year is due to the change in timing of grants due to the change in our fiscal year. Stock-based compensation expense of our continuing operations totaled $4.7 million for the two months ended June 30, 2021 and $5.2 million for the two months ended June 30, 2020. As of June 30, 2021, unrecognized compensation cost for stock options totaled $0.7 million, and for nonvested shares and units totaled $33.2 million.

NOTE 4: RECEIVABLES

Receivables, net of their related allowance, consist of the following:

(in 000s)

As of	**June 30, 2021**		April 30, 2021	
	Short-term	Long-term	Short-term	Long-term
Loans to franchisees	**$ 9,497**	**$ 28,026**	$ 16,666	$ 28,909
Receivables for U.S. assisted and DIY tax preparation and related fees	**41,900**	**3,793**	92,531	3,793
H&R Block Instant Refund™ receivables	**2,357**	**159**	35,665	1,463
H&R Block Emerald Advance® lines of credit	**8,248**	**8,089**	9,210	17,095
Software receivables from retailers	**2,910**	**—**	4,823	—
Royalties and other receivables from franchisees	**6,167**	**178**	16,136	196
Wave payment processing receivables	**2,187**	**—**	1,569	—
Other	**15,666**	**1,350**	21,276	1,233
Total	**$ 88,932**	**$ 41,595**	$ 197,876	$ 52,689

Balances presented above as short-term are included in receivables, while the long-term portions are included in other noncurrent assets in the consolidated balance sheets.

LOANS TO FRANCHISEES – Franchisee loan balances consist of term loans made primarily to finance the purchase of franchises and revolving lines of credit primarily for the purpose of funding working capital needs. As of June 30, 2021 and April 30, 2021 loans with a principal balance of $0.2 million and $0.1 million, respectively, were more than 90 days past due. We had no loans to franchisees on non-accrual status.

H&R BLOCK INSTANT REFUND™ PROGRAM – H&R Block Instant Refund™ amounts are generally received from the Canada Revenue Agency within 60 days of filing the client's return, with the remaining balance collectible from the client.

We review the credit quality of our Instant Refund receivables based on pools, which are segregated by the tax return year of origination, with older years being deemed more unlikely to be repaid. Current balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, by tax return year of origination, as of June 30, 2021 are as follows:

(in 000s)

Tax return year of origination:	Balance	Non-Accrual
2020	**$ 3,599**	**$ 1,551**
2019 and prior	**500**	**500**
	4,099	**$ 2,051**
Allowance	**(1,583)**	
Net balance	**$ 2,516**	

H&R BLOCK EMERALD ADVANCE® LINES OF CREDIT – We review the credit quality of our purchased participation interests in Emerald Advance℠ (EA) receivables based on pools, which are segregated by the fiscal year of origination, with older years being deemed more unlikely to be repaid. Balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, as of June 30, 2021, by fiscal year of origination, are as follows:

(in 000s)

Fiscal year of origination:	Balance	Non-Accrual
2021	**$ 28,192**	**$ 28,192**
2020 and prior	**2,017**	**2,017**
Revolving loans	**13,832**	**12,182**
	44,041	**$ 42,391**
Allowance	**(27,704)**	
Net balance	**$ 16,337**	

ALLOWANCE FOR CREDIT LOSSES – Activity in the allowance for credit losses for our EA and all other short-term and long-term receivables for the two months ended June 30, 2021 and 2020 is as follows:

(in 000s)

	EAs	All Other	Total
Balances as of May 1, 2021	**$ 27,704**	**$ 55,804**	**$ 83,508**
Provision	**—**	**4,617**	**4,617**
Charge-offs, recoveries and other	**—**	**(149)**	**(149)**
Balances as of June 30, 2021	**$ 27,704**	**$ 60,272**	**$ 87,976**
Balances as of May 1, 2020	$ 32,034	$ 50,446	$ 82,480
Provision	—	1,718	1,718
Charge-offs, recoveries and other	—	2	2
Balances as of June 30, 2020	$ 32,034	$ 52,166	$ 84,200

NOTE 5: GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the two months ended June 30, 2021 are as follows:

(in 000s)

	Goodwill	Accumulated Impairment Losses	Net
Balances as of May 1, 2021	**$ 895,956**	**$ (138,297)**	**$ 757,659**
Acquisitions	**166**	**—**	**166**
Disposals and foreign currency changes, net	**(3,304)**	**—**	**(3,304)**
Impairments	**—**	**—**	**—**
Balances as of June 30, 2021	**$ 892,818**	**$ (138,297)**	**$ 754,521**

We test goodwill for impairment annually as of February 1, or more frequently if events occur or circumstances change which would, more likely than not, reduce the fair value of a reporting unit below its carrying value.

Components of intangible assets are as follows:

(in 000s)

	Gross Carrying Amount	Accumulated Amortization	Net
As of June 30, 2021:			
Reacquired franchise rights	**$ 370,405**	**$ (182,366)**	**$ 188,039**
Customer relationships	**316,547**	**(255,294)**	**61,253**
Internally-developed software	**160,315**	**(119,460)**	**40,855**
Noncompete agreements	**41,228**	**(35,802)**	**5,426**
Franchise agreements	**19,201**	**(16,108)**	**3,093**
Purchased technology	**122,700**	**(74,913)**	**47,787**
Trade name	**5,800**	**(1,160)**	**4,640**
	$ 1,036,196	**$ (685,103)**	**$ 351,093**
As of April 30, 2021:			
Reacquired franchise rights	$ 370,112	$ (179,356)	$ 190,756
Customer relationships	316,508	(251,160)	65,348
Internally-developed software	156,308	(116,126)	40,182
Noncompete agreements	41,212	(35,484)	5,728
Franchise agreements	19,201	(15,894)	3,307
Purchased technology	122,700	(72,609)	50,091
Trade name	5,800	(1,064)	4,736
	$ 1,031,841	$ (671,693)	$ 360,148

We made payments to acquire businesses totaling $0.8 million during the two months ended June 30, 2021. We made no payments to acquire business in the two months ended June 30, 2020. The amounts and weighted-average lives of intangible assets acquired during the two months ended June 30, 2021, including amounts capitalized related to internally-developed software, are as follows:

(dollars in 000s)

	Amount	Weighted-Average life (in years)
Internally-developed software	**$ 4,051**	**3**
Customer relationships	**514**	**5**
Reacquired franchise rights	**200**	**7**
Noncompete agreements	**24**	**5**
Total	**$ 4,789**	**3**

Amortization of intangible assets for the two months ended June 30, 2021 was $13.8 million compared to $14.2 million for the two months ended June 30, 2020. Estimated amortization of intangible assets for fiscal years ending June 30, 2022, 2023, 2024, 2025 and 2026 is $72.3 million, $55.0 million, $35.6 million, $18.1 million and $12.7 million, respectively.

NOTE 6: LONG-TERM DEBT

The components of long-term debt are as follows:

(in 000s)

As of	**June 30, 2021**	April 30, 2021
Senior Notes, 5.500%, due November 2022	**$ 500,000**	$ 500,000
Senior Notes, 5.250%, due October 2025	**350,000**	350,000
Senior Notes, 2.500%, due July 2028	**500,000**	—
Senior Notes, 3.875%, due August 2030	**650,000**	650,000
Debt issuance costs and discounts	**(16,281)**	(9,961)
Total long-term debt	**1,983,719**	1,490,039
Less: Current portion	**—**	—
Long-term portion	**$ 1,983,719**	$ 1,490,039
Estimated fair value of long-term debt	**$ 2,123,000**	$ 1,609,000

On June 22, 2021, we issued $500.0 million of 2.500% Senior Notes due July 15, 2028 (2028 Senior Notes). The 2028 Senior Notes are not redeemable by the bondholders prior to maturity, although we have the right to redeem some or all of these notes at any time, at specified redemption prices. We intend to use the net proceeds from the 2028 Senior Notes for general corporate purposes, which may include, among other uses, redeeming the $500.0 million in principal outstanding of our 5.500% notes due November 2022.

UNSECURED COMMITTED LINE OF CREDIT – On June 11, 2021, we entered into a Fourth Amended and Restated Credit and Guarantee Agreement (2021 CLOC), which amended and restated our Third Amended and Restated Credit and Guarantee Agreement, extended the scheduled maturity date to June 11, 2026, decreased the aggregate principal amount to $1.5 billion, revised the applicable rate table, and adjusted the covenant measurement dates due to our fiscal year end change. Other material terms remain substantially unchanged from our previous CLOC.

The 2021 CLOC provides for an unsecured senior revolving credit facility in the aggregate principal amount of $1.5 billion, which includes a $175.0 million sublimit for swingline loans and a $50.0 million sublimit for standby letters of credit. We may request increases in the aggregate principal amount of the revolving credit facility of up to $500.0 million, subject to obtaining commitments from lenders and meeting certain other conditions. The CLOC will mature on June 11, 2026, unless extended pursuant to the terms of the CLOC, at which time all outstanding amounts thereunder will be due and payable. Our CLOC includes an annual facility fee, which will vary depending on our then current credit ratings.

The 2021 CLOC is subject to various conditions, triggers, events or occurrences that could result in earlier termination and contains customary representations, warranties, covenants and events of default, including, without limitation: (1) a covenant requiring the Company to maintain a debt-to-EBITDA ratio calculated on a consolidated basis of no greater than (a) 3.50 to 1.00 as of the last day of each fiscal quarter ending on March 31, June 30, and September 30 of each year and (b) 4.50 to 1.00 as of the last day of each fiscal quarter ending on December 31 of each year; (2) a covenant requiring us to maintain an interest coverage ratio (EBITDA-to-interest expense) calculated on a consolidated basis of not less than 2.50 to 1.00 as of the last date of any fiscal quarter; and (3) covenants restricting our ability to incur certain additional debt, incur liens, merge or consolidate with other companies, sell or dispose of assets (including equity interests), liquidate or dissolve, engage in certain transactions with affiliates or enter into certain restrictive agreements. The CLOC includes provisions for an equity cure which could potentially allow us to independently cure certain defaults. Proceeds under the CLOC may be used for working capital needs or for other general corporate purposes. We were in compliance with these requirements as of June 30, 2021.

We had an no outstanding balance under our CLOC and amounts available to borrow were limited by the debt-to-EBITDA covenant to approximately $1.1 billion as of June 30, 2021.

NOTE 7: INCOME TAXES

We file a consolidated federal income tax return in the U.S. with the IRS and file tax returns in various state, local, and foreign jurisdictions. Tax returns are typically examined and either settled upon completion of the examination or through the appeals process. On July 14, 2021 we filed a U.S. federal income tax 1139 carryback claim to utilize net operating losses against income earned in tax years 2015 and 2016. Filing this carryback claim has opened our 2015 and 2016 tax years to examination. Consequently our U.S. federal income tax returns for 2015 and later years remaining open for examination. Our U.S. federal income tax returns for 2014 and all prior periods are currently closed. With respect to state and local jurisdictions and countries outside of the U.S., we are typically subject to examination for three to six years after the income tax returns have been filed. Although the outcome of tax audits is always uncertain, we believe that adequate amounts of tax, interest, and penalties have been provided for in the accompanying consolidated financial statements for any adjustments that might be incurred due to federal, state, local or foreign audits.

Our effective tax rate for continuing operations was 24.7% and (23.3)% for the two months ended June 30, 2021 and 2020, respectively. The increase in the effective tax rate is primarily due to the near break-even pretax loss in the period ending June 30, 2020 of $7.4 million, which caused an exaggerated impact for nearly all adjustments impacting the rate. Due to the change in fiscal year end, the income tax provision for the two months ended June 30, 2021 and 2020 were calculated using actual tax rates for the period.

We had gross unrecognized tax benefits of $264.3 million and $264.8 million as of June 30, 2021 and April 30, 2021, respectively. The gross unrecognized tax benefits decreased $0.5 million during the two months ended June 30, 2021. We believe it is reasonably possible that the balance of unrecognized tax benefits could decrease by approximately $68.3 million within the next twelve months. The anticipated decrease is due to the expiration of statutes of limitations and anticipated closure of various state matters currently under examination. For such matters where a change in the balance of unrecognized tax benefits is not yet deemed reasonably possible, no estimate has been included.

NOTE 8: COMMITMENTS AND CONTINGENCIES

All assisted tax returns are covered by our 100% accuracy guarantee, whereby we will reimburse a client for penalties and interest attributable to an H&R Block error on a return. DIY tax returns are covered by our 100% accuracy guarantee, whereby we will reimburse a client up to a maximum of $10,000 if our software makes an arithmetic error that results in payment of penalties and/or interest to the IRS that a client would otherwise not have been required to pay. Our liability related to estimated losses under the 100% accuracy guarantee was $12.6 million and $12.2 million as of June 30, 2021 and April 30, 2021, respectively. The short-term and long-term portions of this liability are included in deferred revenue and other liabilities in the consolidated balance sheets.

Liabilities related to acquisitions for (1) estimated contingent consideration based on expected financial performance of the acquired business and economic conditions at the time of acquisition and (2) estimated accrued compensation related to continued employment of key employees were $17.3 million and $17.6 million as of June 30, 2021 and April 30, 2021, respectively, with amounts recorded in deferred revenue and other liabilities.

Should actual results differ from our estimates, future payments made will differ from the above estimate and any differences will be recorded in results from continuing operations.

We have contractual commitments to fund certain franchises with approved revolving lines of credit. Our total obligation under these lines of credit was $3.2 million at June 30, 2021, and net of amounts drawn and outstanding, our remaining commitment to fund totaled $1.5 million.

NOTE 9: LITIGATION AND OTHER RELATED CONTINGENCIES

We are a defendant in numerous litigation matters, arising both in the ordinary course of business and otherwise, including as described below. The matters described below are not all of the lawsuits to which we are subject. In some of the matters, very large or indeterminate amounts, including punitive damages, are sought. U.S. jurisdictions permit considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. We believe that the monetary relief which may be specified in a lawsuit or a claim bears little relevance to its merits or disposition value due to this variability in pleadings and our experience in litigating or resolving through settlement of numerous claims over an extended period of time.

The outcome of a litigation matter and the amount or range of potential loss at particular points in time may be difficult to ascertain. Among other things, uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

In addition to litigation matters, we are also subject to claims and other loss contingencies arising out of our business activities, including as described below.

We accrue liabilities for litigation, claims, including indemnification and contribution claims, and other related loss contingencies and any related settlements (each referred to, individually, as a "matter" and, collectively, as "matters") when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If a range of loss is estimated, and some amount within that range appears to be a better estimate than any other amount within that range, then that amount is accrued. If no amount within the range can be identified as a better estimate than any other amount, we accrue the minimum amount in the range.

For such matters where a loss is believed to be reasonably possible, but not probable, or the loss cannot be reasonably estimated, no accrual has been made. It is possible that such matters could require us to pay damages or make other expenditures or accrue liabilities in amounts that could not be reasonably estimated as of June 30, 2021. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known, we do not believe any such liabilities are likely to have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. As of June 30, 2021 and April 30, 2021 our total accrued liabilities were $1.6 million and $5.5 million, respectively.

Our estimate of the aggregate range of reasonably possible losses includes (1) matters where a liability has been accrued and there is a reasonably possible loss in excess of the amount accrued for that liability, and (2) matters where a liability has not been accrued but we believe a loss is reasonably possible. This aggregate range only represents those losses as to which we are currently able to estimate a reasonably possible loss or range of loss. It does not represent our maximum loss exposure.

Matters for which we are not currently able to estimate the reasonably possible loss or range of loss are not included in this range. We are often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the reasonably possible loss or range of loss, such as precise information about the amount of damages or other remedies being asserted, the defenses to the claims being asserted, discovery from other parties and investigation of factual allegations, rulings by courts on motions or appeals, analysis by experts, or the status or terms of any settlement negotiations.

The estimated range of reasonably possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, as well as known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. As of June 30, 2021, we believe the estimate of the aggregate range of reasonably possible losses in excess of amounts accrued, where the range of loss can be estimated, is not material.

At the end of each reporting period, we review relevant information with respect to litigation and other loss contingencies and update our accruals, disclosures, and estimates of reasonably possible loss or range of loss based on such reviews. Costs incurred with defending matters are expensed as incurred. Any receivable for insurance recoveries is recorded separately from the corresponding liability, and only if recovery is determined to be probable and reasonably estimable.

We believe we have meritorious defenses to the claims asserted in the various matters described in this note, and we intend to defend them vigorously. The amounts claimed in the matters are substantial, however, and there can be no assurances as to their outcomes. In the event of unfavorable outcomes, it could require modifications to our operations; in addition, the amounts that may be required to be paid to discharge or settle the matters could be substantial and could have a material adverse impact on our business and our consolidated financial position, results of operations, and cash flows.

LITIGATION, CLAIMS OR OTHER LOSS CONTINGENCIES PERTAINING TO CONTINUING OPERATIONS –

Free File Litigation. On May 6, 2019, the Los Angeles City Attorney filed a lawsuit on behalf of the People of the State of California in the Superior Court of California, County of Los Angeles (Case No. 19STCV15742). The case is styled *The People of the State of California v. HRB Digital LLC, et al*. The complaint alleges that H&R Block, Inc. and HRB Digital LLC engaged in unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Unfair Competition Law, California Business and Professions Code §§17200 *et seq.* The complaint seeks injunctive relief, restitution of monies paid to H&R Block by persons in the State of California who were eligible to file under the IRS Free File Program for the time period starting 4 years prior to the date of the filing of the complaint, pre-judgment interest, civil penalties and costs. The City Attorney subsequently dismissed H&R Block, Inc. from the case and amended its complaint to add HRB Tax Group, Inc. We filed a motion to stay the case based on the primary jurisdiction doctrine, which was denied. A trial date has been set for August 9, 2022. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

On May 17, 2019, a putative class action complaint was filed against H&R Block, Inc., HRB Tax Group, Inc. and HRB Digital LLC in the Superior Court of the State of California, County of San Francisco (Case No. CGC-19576093). The case is styled *Snarr v. HRB Tax Group, Inc., et al*. The case was removed to the United States District Court for the Northern District of California on June 21, 2019 (Case No. 3:19-cv-03610-SK). The plaintiff filed a first amended complaint on August 9, 2019, dropping H&R Block, Inc. from the case. In the amended complaint, the plaintiff seeks to represent classes of all persons, between May 17, 2015 and the present, who (1) paid to file one or more federal tax returns through H&R Block's internet-based filing system, (2) were eligible to file those tax returns for free through the H&R Block Free File offer of the IRS Free File Program, and (3) resided in and were citizens of California at the time of the payments. The plaintiff generally alleges unlawful, unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Consumers Legal Remedies Act, California Civil Code §§1750, *et seq*., California False Advertising Law, California Business and Professions Code §§17500, *et seq*., and California Unfair Competition Law, California Business and Professions Code §§17200 *et seq*. The plaintiff seeks declaratory and injunctive relief, restitution, compensatory damages, punitive damages, interest, attorneys' fees and costs. We filed a motion to stay the proceedings based on the primary jurisdiction doctrine and a motion to compel arbitration, both of which were denied. Our appeal of the court's order on the motion to compel arbitration was denied; we filed a petition for review with the United States Supreme Court. We filed an answer to the amended complaint. We filed a renewed motion to compel arbitration, which the court denied on May 13, 2021; our appeal is pending. We also filed a motion to dismiss the plaintiff's claim for public injunctive relief, which is pending. A trial date is set for June 6, 2023. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

On September 26, 2019, a putative class action complaint was filed against H&R Block, Inc., HRB Tax Group, Inc., HRB Digital LLC and Free File, Inc. in the United States District Court for the Western District of Missouri (Case No. 4:19-cv-00788-GAF) styled *Swanson v. H&R Block, Inc., et al.* The plaintiff seeks to represent both a nationwide class and a California subclass of all persons eligible for the IRS Free File Program who paid to use an H&R Block product to file an online tax return for the 2002 through 2018 tax filing years. The plaintiff generally alleges unlawful, unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Consumers Legal Remedies Act, California Civil Code §§1750, *et seq*., California False Advertising Law, California Business and Professions Code §§17500, *et seq*., California Unfair Competition Law, California Business and Professions Code §§17200, *et seq*., in addition to breach of contract and fraud. The plaintiff seeks injunctive relief, disgorgement, compensatory damages, statutory damages, punitive damages, interest, attorneys' fees and costs. The court granted a motion to dismiss filed by defendant Free File, Inc. for lack of personal jurisdiction. The court granted our motion to compel arbitration and stayed the case pending the outcome of individual arbitration. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

We have also received and are responding to certain governmental inquiries relating to the IRS Free File Program.

LITIGATION, CLAIMS, INCLUDING INDEMNIFICATION AND CONTRIBUTION CLAIMS, OR OTHER LOSS CONTINGENCIES PERTAINING TO DISCONTINUED MORTGAGE OPERATIONS – Although SCC ceased its mortgage loan origination activities in December 2007 and sold its loan servicing business in April 2008, SCC or the Company has been, remains, and may in the future be, subject to litigation, claims, including indemnification and contribution claims, and other loss contingencies pertaining to SCC's mortgage business activities that occurred prior to such termination and sale. These lawsuits, claims, and other loss contingencies include actions by regulators, third parties seeking indemnification or contribution, including depositors, underwriters, and securitization trustees, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others alleged to be similarly situated. Among other things, these lawsuits, claims, and contingencies allege or may allege discriminatory or unfair and deceptive loan origination and servicing (including debt collection, foreclosure, and eviction) practices, other common law torts, rights to indemnification or contribution, breach of contract, violations of securities laws, and violations of a variety of federal statutes, including the Truth in Lending Act (TILA), Equal Credit Opportunity Act, Fair Housing Act, Real Estate Settlement Procedures Act (RESPA), Home Ownership & Equity Protection Act (HOEPA), as well as similar state statutes. It is difficult to predict either the likelihood of new matters being initiated or the outcome of existing matters. In many of these matters it is not possible to estimate a reasonably possible loss or range of loss due to, among other things, the inherent uncertainties involved in these matters, some of which are beyond the Company's control, and the indeterminate damages sought in some of these matters.

Mortgage loans originated by SCC were sold either as whole loans to single third-party buyers, who generally securitized such loans, or in the form of residential mortgage-backed securities (RMBSs). In connection with the sale of loans and/or RMBSs, SCC made certain representations and warranties. Claims under these representations and warranties together with any settlement arrangements related to these losses are collectively referred to as "representation and warranty claims." The statute of limitations for a contractual claim to enforce a representation and warranty obligation is generally six years or such shorter limitations period that may apply under the law of a state where the economic injury occurred. On June 11, 2015, the New York Court of Appeals, New York's highest court, held in *ACE Securities Corp. v. DB Structured Products, Inc.*, that the six-year statute of limitations under New York law starts to run at the time the representations and warranties are made, not the date when the repurchase demand was denied. This decision applies to claims and lawsuits brought against SCC where New York law governs. New York law governs many, though not all, of the RMBS transactions into which SCC entered. However, this decision would not affect representation and warranty claims and lawsuits SCC has received or may receive, for example, where the statute of limitations has been tolled by agreement or a suit was timely filed.

In response to the statute of limitations rulings in the *ACE* case and similar rulings in other state and federal courts, parties seeking to pursue representation and warranty claims or lawsuits have sought, and may in the future seek, to distinguish certain aspects of the *ACE* decision, pursue alternate legal theories of recovery, or assert claims against other contractual parties such as securitization trustees. For example, a 2016 ruling by a New York intermediate appellate court, followed by the federal district court in the second Homeward case described below, allowed a counterparty to pursue litigation on additional loans in the same trust even though only some of the loans complied with the condition precedent of timely pre-suit notice and opportunity to cure or repurchase. Additionally, plaintiffs in litigation to which SCC is not party have alleged breaches of an independent contractual duty to provide notice of material breaches of representations and warranties and pursued separate claims to which, they argue, the statute of limitations ruling in the *ACE* case does not apply. The impact on SCC from alternative legal theories seeking to avoid or distinguish the *ACE* decision, or judicial limitations on the *ACE* decision, is unclear. SCC has not accrued liabilities for claims not subject to a tolling arrangement or not relating back to timely filed litigation.

On May 31, 2012, a lawsuit was filed by Homeward Residential, Inc. (Homeward) in the Supreme Court of the State of New York, County of New York, against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Index No. 651885/2012). SCC removed the case to the United States District Court for the Southern District of New York on June 28, 2012 (Case No. 12-cv-5067). The plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-2 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract, anticipatory breach, indemnity, and declaratory judgment in connection with alleged losses incurred as a result of the breach of representations and warranties relating to SCC and to loans sold to the trust. The trust was originally collateralized with approximately 7,500 loans. The plaintiff seeks specific performance of alleged repurchase obligations or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses, as well as a repurchase of all loans due to alleged misrepresentations by SCC as to itself and as to the loans' compliance with its underwriting standards and the value of underlying real estate. In response to a motion filed by SCC, the court dismissed the plaintiff's claims for breach of the duty to cure or repurchase, anticipatory breach, indemnity, and declaratory judgment. The case proceeded on the remaining claims. Representatives of a holder of certificates in the trust filed a motion to intervene to add H&R Block, Inc. to the lawsuit and assert claims against H&R Block, Inc. based on alter ego, corporate veil-piercing, and agency law. On February 12, 2018, the court denied the motion to intervene. Discovery in the case closed on September 30, 2019, with motions for summary judgment filed on December 6, 2019. On November 9, 2020, the court granted SCC's motion for summary judgment and dismissed Homeward's claims in their entirety as untimely under the applicable statute of limitations. Homeward appealed that ruling on December 4, 2020, and the appeal remains pending. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

On September 28, 2012, a second lawsuit was filed by Homeward in the United States District Court for the Southern District of New York against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Case No. 12-cv-7319). The plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-3 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract and indemnity in connection with losses allegedly incurred as a result of the breach of representations and warranties relating to 96 loans sold to the trust. The trust was originally collateralized with approximately 7,500 loans. The plaintiff seeks specific performance of alleged repurchase obligations or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses. In response to a motion filed by SCC, the court dismissed the plaintiff's claims for breach of the duty to cure or repurchase and for indemnification of its costs associated with the litigation. On September 30, 2016, the court granted a motion allowing the plaintiff to file a second amended complaint to include breach of contract claims with respect to 649 additional loans in the trust and to allow such claims with respect to other loans in the trust proven to be in material breach of SCC’s representations and warranties. SCC filed a motion for reconsideration, followed by a motion for leave to appeal the ruling, both of which were denied. On October 6, 2016, the plaintiff filed its second amended complaint. In response to a motion filed by SCC, the court dismissed the plaintiff's claim for breach of one of the representations. The case proceeded on the remaining claims. Representatives of a holder of certificates in the trust filed a motion to intervene to add H&R Block, Inc. to the lawsuit and assert claims against H&R Block, Inc. based on alter ego, corporate veil-piercing, and agency law. On February 12, 2018, the court denied the motion to intervene. The settlement payments that were made in fiscal year 2018 for representation and warranty claims related to some of the loans in this case. Discovery in the case closed on September 30, 2019, with motions for summary judgment filed on December 6, 2019. On November 9, 2020, the court granted SCC's motion for summary judgment and dismissed Homeward's claims in their entirety as untimely under the applicable statute of limitations. Homeward appealed that ruling on December 4, 2020, and the appeal remains pending. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

Parties, including underwriters, depositors, and securitization trustees, are, or have been, involved in multiple lawsuits, threatened lawsuits, and settlements related to securitization transactions in which SCC participated. A variety of claims are alleged in these matters, including violations of federal and state securities laws and common law fraud, based on alleged materially inaccurate or misleading disclosures, that originators, depositors, securitization trustees, or servicers breached their representations and warranties or otherwise failed to fulfill their obligations, or that securitization trustees violated statutory requirements by failing to properly protect the certificate holders' interests. SCC has received notices of claims for indemnification or potential indemnification obligations relating to such matters, including lawsuits or settlements to which underwriters, depositors, or securitization trustees are party. Additional lawsuits against the parties to the securitization transactions may be filed in the future, and SCC may receive additional notices of claims for indemnification, contribution or similar obligations with respect to existing or new lawsuits or settlements of such lawsuits or other claims. Certain of the notices received included, and future notices may include, a reservation of rights to assert claims for contribution, which are referred to herein as "contribution claims." Contribution claims may become operative if indemnification is unavailable or insufficient to cover all of the losses and expenses involved. We have not concluded that a loss related to any of these indemnification or contribution claims is probable, nor have we accrued a liability related to any of these claims.

If the amount that SCC is ultimately required to pay with respect to claims and litigation related to its past sales and securitizations of mortgage loans, together with payment of SCC's related administration and legal expense, exceeds SCC's net assets, the creditors of SCC, other potential claimants, or a bankruptcy trustee if SCC were to file or be forced into bankruptcy, may attempt to assert claims against us for payment of SCC's obligations. Claimants may also attempt to assert claims against or seek payment directly from the Company even if SCC's assets exceed its liabilities. SCC's principal assets, as of June 30, 2021, total approximately $269 million and consist of an intercompany note receivable. We believe our legal position is strong on any potential corporate veil-piercing arguments; however, if this position is challenged and not upheld, it could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows.

OTHER – We are from time to time a party to litigation, claims and other loss contingencies not discussed herein arising out of our business operations. These matters may include actions by state attorneys general, other state regulators, federal regulators, individual plaintiffs, and cases in which plaintiffs seek to represent others who may be similarly situated.

While we cannot provide assurance that we will ultimately prevail in each instance, we believe the amount, if any, we are required to pay to discharge or settle these other matters will not have a material adverse impact on our business and our consolidated financial position, results of operations, and cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT DEVELOPMENTS

On June 9, 2021, the Board of Directors approved a change of the Company's fiscal year end from April 30 to June 30, effective immediately. This is our transition report for the period from May 1, 2021 to June 30, 2021. The Company's 2022 fiscal year began on July 1, 2021 and will end on June 30, 2022.

On June 11, 2021, we entered into a Fourth Amended and Restated Credit and Guarantee Agreement (2021 CLOC), which amended and restated our Third Amended and Restated Credit and Guarantee Agreement, extended the scheduled maturity date to June 11, 2026, decreased the aggregate principal amount to $1.5 billion, revised the applicable rate table, and adjusted the covenant measurement dates due to our fiscal year end change. Other material terms remain substantially unchanged from our previous CLOC. See our Current Report filed on Form 8-K dated June 15, 2021 for additional information.

On June 22, 2021, we issued $500.0 million of 2.500% Senior Notes due July 15, 2028 (2028 Senior Notes). The 2028 Senior Notes are not redeemable by the bondholders prior to maturity, although we have the right to redeem some or all of these notes at any time, at specified redemption prices. We intend to use the net proceeds from the 2028 Senior Notes for general corporate purposes, which may include, among other uses, redeeming the $500.0 million in principal outstanding of our 5.500% notes due November 2022.

FINANCIAL OVERVIEW

On March 17, 2021, the IRS extended the federal tax filing deadline in the United States (U.S.) for individual 2020 tax returns from April 15, 2021 to May 17, 2021. Consequently, a portion of revenues and expenses that would have normally been recognized in the period ending April 30, 2021 shifted to May and June 2021.

On March 21, 2020, the federal tax filing deadline in the U.S. for individual 2019 tax returns was extended from April 15, 2020 to July 15, 2020. In Canada, the deadline for individuals to file was extended to June 1, 2020. Consequently, a portion of revenues and expenses that would have normally been recognized in the period ending April 30, 2020 shifted into May through October 2020.

These extensions impacted the typical seasonality of our business and the comparability of our financial results.

Our revenues for the two months ended June 30, 2021 increased $174.7 million, or 59.9%, when compared to the prior year period, primarily due to higher tax return volumes as the tax season filing deadline in the U.S. was extended to May 17, 2021 whereas in the prior year period, the tax season filing deadline in the U.S. was extended to July 15, 2020. We recorded pretax income of $121.0 million compared to a pretax loss of $7.4 million in the prior year.

RESULTS OF OPERATIONS

Our subsidiaries provide assisted and DIY tax preparation solutions through multiple channels (including in-person, online and mobile applications, virtual, and desktop software) and distribute H&R Block-branded products and services, including those of our bank partner, to the general public primarily in the U.S., Canada and Australia. Tax returns are either prepared by H&R Block tax professionals (in company-owned or franchise offices, virtually or via an internet review) or prepared and filed by our clients through our DIY tax solutions. We also offer small business financial solutions through our company-owned and franchise offices and online through Wave. We report a single segment that includes all of our continuing operations.

U.S. Operating Statistics				
Two months Ended June 30,	**2021**	2020	Change Better/ (Worse)	% Change Better/ (Worse)
Tax returns prepared: (in 000s) [(1)]				
Company-owned operations	**1,116**	678	438	64.6 %
Franchise operations	**452**	263	189	71.9 %
Total assisted	**1,568**	941	627	66.6 %
Desktop	**483**	187	296	158.3 %
Online	**1,219**	429	790	184.1 %
Total DIY	**1,702**	616	1,086	176.3 %
Total U.S. Returns	**3,270**	1,557	1,713	110.0 %
Net Average Charge: [(2)]				
Company-owned operations	**$ 232.56**	$ 227.34	$ 5.22	2.3 %
Franchise operations [(3)]	**$ 223.16**	$ 217.03	$ 6.13	2.8 %
DIY	**$ 44.71**	$ 35.48	$ 9.23	26.0 %

(1) An assisted tax return is defined as a current or prior year individual or business tax return that has been accepted by the client. A DIY online return is defined as a current year individual or business tax return that has been accepted by the client. A DIY desktop return is defined as a current year individual or business tax return that has been electronically submitted to the IRS.
(2) Net average charge is calculated as total tax preparation fees divided by tax returns prepared.
(3) Net average charge related to H&R Block Franchise operations represents tax preparation fees collected by H&R Block franchisees divided by returns prepared in franchise offices. H&R Block will recognize a portion of franchise revenues as franchise royalties based on the terms of franchise agreements.

We provide Net Average Charge as a key operating metric because we consider it an important supplemental measure useful to analysts, investors, and other interested parties as it provides insights into pricing and tax return mix relative to our customer base, which are significant drivers of revenue. Our definition of Net Average Charge may not be comparable to similarly titled measures of other companies.

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RESULTS OF OPERATIONS

Consolidated – Financial Results (in 000s, except per share amounts)

Two months ended June 30,		**2021**		2020		$ Change Better/(Worse)	% Change Better/ (Worse)
Revenues:							
U.S. assisted tax preparation	**$**	**259,527**	$	154,224	$	105,303	68.3 %
U.S. royalties		**29,659**		17,283		12,376	71.6 %
U.S. DIY tax preparation		**76,106**		21,872		54,234	248.0 %
International		**22,071**		42,533		(20,462)	(48.1)%
Refund Transfers		**14,269**		5,242		9,027	172.2 %
Emerald Card®		**19,193**		11,814		7,379	62.5 %
Peace of Mind® Extended Service Plan		**20,231**		21,261		(1,030)	(4.8)%
Tax Identity Shield®		**3,928**		3,554		374	10.5 %
Interest and fee income on Emerald Advance[SM]		**299**		488		(189)	(38.7)%
Wave		**12,481**		7,624		4,857	63.7 %
Other		**8,342**		5,552		2,790	50.3 %
Total revenues		**466,106**		291,447		174,659	59.9 %
Compensation and benefits:							
Field wages		**80,272**		65,411		(14,861)	(22.7)%
Other wages		**44,335**		36,695		(7,640)	(20.8)%
Benefits and other compensation		**24,210**		20,975		(3,235)	(15.4)%
		148,817		123,081		(25,736)	(20.9)%
Occupancy		**65,429**		66,318		889	1.3 %
Marketing and advertising		**11,873**		9,088		(2,785)	(30.6)%
Depreciation and amortization		**24,586**		26,621		2,035	7.6 %
Bad debt		**6,458**		2,869		(3,589)	(125.1)%
Other		**74,588**		51,126		(23,462)	(45.9)%
Total operating expenses		**331,751**		279,103		(52,648)	(18.9)%
Other income (expense), net		**672**		1,662		(990)	(59.6)%
Interest expense on borrowings		**(14,032)**		(21,409)		7,377	34.5 %
Pretax income (loss)		**120,995**		(7,403)		128,398	**
Income taxes		**29,876**		1,726		(28,150)	(1,630.9)%
Net income (loss) from continuing operations		**91,119**		(9,129)		100,248	**
Net loss from discontinued operations		**(1,509)**		(1,421)		(88)	(6.2)%
Net income (loss)	**$**	**89,610**	$	(10,550)	$	100,160	**
BASIC EARNINGS (LOSS) PER SHARE:							
Continuing operations	**$**	**0.50**	$	(0.05)	$	0.55	**
Discontinued operations		**(0.01)**		(0.01)		—	— %
Consolidated	**$**	**0.49**	$	(0.06)	$	0.55	**
DILUTED EARNINGS (LOSS) PER SHARE:							
Continuing operations	**$**	**0.49**	$	(0.05)	$	0.54	**
Discontinued operations		**(0.01)**		(0.01)		—	— %
Consolidated	**$**	**0.48**	$	(0.06)	$	0.54	**
Adjusted diluted EPS[(1)]	**$**	**0.53**	$	—	$	0.53	**
EBITDA [(1)]		**159,613**		40,627		118,986	292.9 %

(1) All non-GAAP measures are results from continuing operations. See "Non-GAAP Financial Information" at the end of this item for a reconciliation of non-GAAP measures.

Two months ended June 30, 2021 compared to June 30, 2020

Revenues increased $174.7 million, or 59.9%, from the prior year period. The increase in revenue is a result of higher tax return volumes as the tax season filing deadline in the U.S. was extended to May 17, 2021, whereas in the prior year period, the tax season filing deadline in the U.S. was extended to July 15, 2020 resulting in an increase in tax preparation, royalty and Refund Transfer revenues.

International revenues decreased $20.5 million, primarily due to a decrease in Canadian volume as Canada extended its prior year tax season filing deadline to June 1, 2020. The current year Canadian tax season filing deadline was April 30, 2021.

Emerald Card® revenues increased $7.4 million, or 62.5%, due to higher card activity. Wave revenues increased $4.9 million, or 63.7%, due to higher small business payments processing volumes.

Total operating expenses increased $52.6 million, or 18.9%, from the prior year. Field wages increased $14.9 million, or 22.7%, due to higher tax preparation volumes in the current year and Canadian wage subsidies received in the prior year. Other wages increased $7.6 million, or 20.8%, due to higher information technology wages and higher bonus accruals based on the results of the extended tax season. Bad debt increased $3.6 million, or 125.1%, due to higher Refund Transfer volumes as a result of the extended tax season.

Other expenses increased $23.5 million, or 45.9%. The components of other expenses are as follows:

(in 000s)

Two months ended June 30,	2021	2020	$ Change Better/(Worse)	% Change Better/ (Worse)
Consulting and outsourced services	**$ 22,864**	$ 13,838	$ (9,026)	(65.2)%
Bank partner fees	**253**	1,318	1,065	80.8 %
Client claims and refunds	**5,552**	4,451	(1,101)	(24.7)%
Employee and travel expenses	**3,664**	1,408	(2,256)	(160.2)%
Technology-related expenses	**15,031**	10,298	(4,733)	(46.0)%
Credit card/bank charges	**13,589**	8,541	(5,048)	(59.1)%
Insurance	**2,698**	2,590	(108)	(4.2)%
Legal fees and settlements	**2,891**	3,071	180	5.9 %
Supplies	**2,456**	2,373	(83)	(3.5)%
Other	**5,590**	3,238	(2,352)	(72.6)%
	$ 74,588	$ 51,126	$ (23,462)	(45.9)%

Consulting and outsourced services expense increased $9.0 million, or 65.2%, due to our strategic imperatives and higher call center volumes as a result of the extended tax season. Technology-related expenses increased $4.7 million, or 46.0%, due to increased investments in information technology. Credit card and bank charges increased $5.0 million, or 59.1%, as a result of higher transaction volumes for assisted and DIY tax preparation, higher Wave payment processing fees and fees related to the Emerald Card®.

We recorded income tax expense of $29.9 million in the current year compared to $1.7 million in the prior year, due to net income in the current year compared to a net loss in the prior year. The effective tax rate for the two months ended June 30, 2021, and 2020 was 24.7% and (23.3)%, respectively. See Item 1, note 7 to the consolidated financial statements for additional discussion.

FINANCIAL CONDITION

These comments should be read in conjunction with the consolidated balance sheets and consolidated statements of cash flows included in Part 1, Item 1.

CAPITAL RESOURCES AND LIQUIDITY –

OVERVIEW – Our primary sources of capital and liquidity include cash from operations (including changes in working capital), draws on our CLOC, and issuances of debt. We use our sources of liquidity primarily to fund working capital, service and repay debt, pay dividends, repurchase shares of our common stock, and acquire businesses.

Our operations are highly seasonal and substantially all of our revenues and cash flow are generated during the period from February through April in a typical year. Therefore, we normally require the use of cash to fund losses and working capital needs, periodically resulting in a working capital deficit, from May through January. We typically have relied on available cash balances from the prior tax season and borrowings to meet liquidity needs.

Given the likely availability of a number of liquidity options discussed herein, we believe that, in the absence of any unexpected developments, our existing sources of capital as of June 30, 2021 are sufficient to meet our operating, investing and financing needs.

DISCUSSION OF CONSOLIDATED STATEMENTS OF CASH FLOWS – The following table summarizes our statements of cash flows for the two months ended June 30, 2021 and 2020. See Item 1 for the complete consolidated statements of cash flows for these periods.

(in 000s)

Two months ended June 30,	**2021**	2020
Net cash provided by (used in):		
Operating activities	**$ 34,826**	$ (99,731)
Investing activities	**3,692**	(648)
Financing activities	**484,526**	(6,559)
Effects of exchange rates on cash	**(1,800)**	3,865
Net change in cash, cash equivalents and restricted cash	**$ 521,244**	$ (103,073)

Operating Activities. Cash provided by operations totaled $34.8 million for the two months ended June 30, 2021 compared to cash used in operations of $99.7 million in the prior year period. The change is primarily due to the tax season filing deadline in the U.S. being extended to May 17, 2021 in the current year, whereas in the prior year period, the tax season filing deadline in the U.S. was extended to July 15, 2020.

Investing Activities. Cash provided by investing activities totaled $3.7 million for the two months ended June 30, 2021 compared to cash used in investing activities of $0.6 million in the prior year period. The change is primarily due to an increase in payments from franchisees.

Financing Activities. Cash provided by financing activities totaled $484.5 million for the two months ended June 30, 2021 compared to cash used in financing activities of $6.6 million in the prior year period. The change is due to the issuance of the 2028 Senior Notes in the current year.

CASH REQUIREMENTS –

Dividends and Share Repurchases. Returning capital to shareholders in the form of dividends and the repurchase of outstanding shares has historically been a significant component of our capital allocation plan.

We have consistently paid quarterly dividends. Although we have historically paid dividends and plan to continue to do so, there can be no assurances that circumstances will not change in the future that could affect our ability or decisions to pay dividends.

Our current share repurchase program has remaining authorization of $563.8 million which is effective through June 2022. There were no share repurchases during the two months ended June 30, 2021 and 2020.

Share repurchases may be effectuated through open market transactions, some of which may be effectuated under SEC Rule 10b5-1. The Company may cancel, suspend, or extend the period for the purchase of shares at any time. Any repurchases will be funded primarily through available cash and cash from operations. Although we may continue to repurchase shares, there is no assurance that we will purchase up to the full Board authorization.

Capital Investment. Capital expenditures totaled $5.2 million and $5.5 million for the two months ended June 30, 2021 and 2020, respectively. Our capital expenditures relate primarily to recurring improvements to retail offices, as well as investments in computers, software and related assets. In addition to our capital expenditures, we also made payments to acquire businesses. We acquired franchisee and competitor businesses totaling $0.8

million during the two months ended June 30, 2021. We made no payments to acquire businesses during the two months ended June 30, 2020. See Item 1, note 5 for additional information on our acquisitions.

FINANCING RESOURCES – The CLOC has capacity up to $1.5 billion and is scheduled to expire in June 2026. Proceeds under the CLOC may be used for working capital needs or for other general corporate purposes. We had no outstanding balance under the CLOC as of June 30, 2021.

On June 22, 2021, we issued the 2028 Senior Notes. We intend to use the net proceeds from the 2028 Senior Notes for general corporate purposes, which may include, among other uses, redeeming the $500.0 million in principal outstanding of our 5.500% notes due November 2022.

The following table provides ratings for debt issued by Block Financial as of June 30, 2021 and April 30, 2021:

As of	**June 30, 2021**			April 30, 2021		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Moody's	**P-3**	**Baa3**	**Stable**	P-3	Baa3	Stable
S&P	**A-2**	**BBB**	**Stable**	A-2	BBB	Negative

Other than described above, there have been no material changes in our borrowings from those reported as of April 30, 2021 in our Annual Report on Form 10-K.

CASH AND OTHER ASSETS – As of June 30, 2021, we held cash and cash equivalents, excluding restricted amounts, of $1.4 billion, including $174.4 million held by our foreign subsidiaries.

Foreign Operations. Seasonal borrowing needs of our Canadian operations are typically funded by our U.S. operations. To mitigate foreign currency risk, we sometimes enter into foreign exchange forward contracts. There were no forward contracts outstanding as of June 30, 2021.

We do not currently intend to repatriate non-borrowed funds held by our foreign subsidiaries in a manner that would trigger a material tax liability.

The impact of changes in foreign exchange rates during the period on our international cash balances resulted in a decrease of $1.8 million during the two months ended June 30, 2021 and in an increase of $3.9 million during the two months ended June 30, 2020.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS – Except as described in Recent Developments related to the 2021 CLOC and 2028 Senior Notes issuance, there have been no material changes in our contractual obligations and commercial commitments from those reported as of April 30, 2021 in our Annual Report on Form 10-K.

SUMMARIZED GUARANTOR FINANCIAL STATEMENTS – Block Financial is a 100% owned subsidiary of H&R Block, Inc. Block Financial is the Issuer and H&R Block, Inc. is the full and unconditional Guarantor of our Senior Notes, CLOC and other indebtedness issued from time to time.

The following table presents summarized financial information for H&R Block, Inc. (Guarantor) and Block Financial (Issuer) on a combined basis after intercompany eliminations and excludes investments in and equity earnings in non-guarantor subsidiaries.

SUMMARIZED BALANCE SHEET - GUARANTOR AND ISSUER		(in 000s)
As of	**June 30, 2021**	April 30, 2021
Current assets	**$ 50,737**	$ 49,615
Noncurrent assets	**2,155,650**	1,664,311
Current liabilities	**81,388**	38,471
Noncurrent liabilities	**1,994,582**	1,500,970

SUMMARIZED STATEMENTS OF OPERATIONS - GUARANTOR AND ISSUER		(in 000s)
	Two months ended June 30, 2021	Twelve months ended April 30, 2021
Total revenues	**$ 22,978**	$ 228,097
Income from continuing operations before income taxes	**2,504**	49,705
Net income from continuing operations	**2,953**	45,133
Net income	**1,444**	38,625

The table above reflects $2.1 billion and $1.6 billion of non-current intercompany receivables due to the Issuer from non-guarantor subsidiaries as of June 30, 2021 and April 30, 2021, respectively.

REGULATORY ENVIRONMENT

There have been no material changes in our regulatory environment from what was reported as of April 30, 2021 in our Annual Report on Form 10-K.

NON-GAAP FINANCIAL INFORMATION

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with 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.

We consider our non-GAAP financial measures to be performance measures and a useful metric for management and investors to evaluate and compare the ongoing operating performance of our business. We make adjustments for certain non-GAAP financial measures related to amortization of intangibles from acquisitions and goodwill impairments. We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures.

We measure the performance of our business using a variety of metrics, including earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations, adjusted EBITDA from continuing operations, EBITDA margin from continuing operations, adjusted EBITDA margin from continuing operations, adjusted diluted earnings per share from continuing operations and free cash flow. We also use EBITDA from continuing operations and pretax income of continuing operations, each subject to permitted adjustments, as performance metrics in incentive compensation calculations for our employees.

The following is a reconciliation of net income (loss) to EBITDA from continuing operations, which is a non-GAAP financial measure:

		(in 000s)
	Two months ended June 30,	
	2021	2020
Net income (loss) - as reported	**$ 89,610**	$ (10,550)
Discontinued operations, net	**1,509**	1,421
Net income (loss) from continuing operations - as reported	**91,119**	(9,129)
Add back:		
Income taxes	**29,876**	1,726
Interest expense	**14,032**	21,409
Depreciation and amortization	**24,586**	26,621
	68,494	49,756
EBITDA from continuing operations	**$ 159,613**	$ 40,627

The following is a reconciliation of our results from continuing operations to our adjusted results from continuing operations, which are non-GAAP financial measures:

(in 000s, except per share amounts)	Two months ended June 30,	
	2021	2020
Net income (loss) from continuing operations - as reported	**$ 91,119**	$ (9,129)
Adjustments:		
Amortization of intangibles related to acquisitions (pretax)	**10,452**	12,593
Tax effect of adjustments [1]	**(2,448)**	(3,121)
Adjusted net income from continuing operations	**$ 99,123**	$ 343
Diluted earnings (loss) per share from continuing operations - as reported	**$ 0.49**	$ (0.05)
Adjustments, net of tax	**0.04**	0.05
Adjusted diluted earnings per share from continuing operations	**$ 0.53**	$ —

[1] Tax effect of adjustments is the difference between the tax provision calculated on a GAAP basis and on an adjusted non-GAAP basis.

FORWARD-LOOKING INFORMATION

This report and other documents filed with the SEC may contain forward-looking statements. In addition, our senior management may make forward-looking statements orally to analysts, investors, the media and others. 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, services or products, or descriptions of assumptions underlying any of the above. They may 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, 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 relating 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, operational and regulatory factors, many of which are beyond the Company's control. 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, and future actions of the Company. Investors should understand that it is not possible to predict or identify all such factors and, consequently, should not consider any such list to be a complete set of all potential risks or uncertainties.

Details about risks, uncertainties and assumptions that could affect various aspects of our business are included throughout our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 and are also described from time to time in other filings with the SEC. Investors should carefully consider all of these risks, and should pay particular attention to Item 1A, "Risk Factors," and Item 7 under "Critical Accounting Policies" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported at April 30, 2021 in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES – As of the end of the period covered by this Form 10-Q, management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Transitional Report on Form 10-Q.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING – There were no changes during the two months ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see discussion in Part I, Item 1, note 9 to the consolidated financial statements.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those reported at April 30, 2021 in our Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our purchases of H&R Block common stock during the two months ended June 30, 2021 is as follows:

(in 000s, except per share amounts)

	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(2)]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(2)]
May 1 - May 31	—	$ —	—	$ 563,797
June 1 - June 30	197	$ 23.49	—	$ 563,797
	197	$ 23.49	—	

(1) We purchased approximately 197 thousand shares in connection with funding employee income tax withholding obligations arising upon the lapse of restrictions on restricted share units.
(2) In September 2015, we announced that our Board of Directors approved a $3.5 billion share repurchase program, effective through June 2019. In June 2019, our Board of Directors extended the share repurchase program through June 2022.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K:

4.1	Fourth Supplemental Indenture, dated June 25, 2021, among H&R Block, Inc., Block Financial LLC (formerly known as Block Financial Corporation), Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) and U.S. Bank National Association, as separate trustee, filed as Exhibit 4.1 to the Company's current report on Form 8-K filed June 25, 2021, file number 1-06089, is incorporated herein by reference.
4.2	Officers' Certificate, dated June 25, 2021, of Block Financial LLC (including the Form of the 2.500% Notes due 2028), filed as Exhibit 4.2 to the Company's current report on Form 8-K filed June 25, 2021, file number 1-06089, is incorporated herein by reference.
10.1	Fourth Amended and Restated Credit and Guarantee Agreement dated June 11, 2021 by and among Block Financial LLC, H&R Block, Inc., the lenders party thereto from time to time, and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.1 to the Company's current report on Form 8-K filed June 15, 2021, file number 1-06089, is incorporated herein by reference.
10.2	Form of 2018 Long Term Incentive Plan Award Agreement for Restricted Share Units, as approved on June 25, 2021, filed as Exhibit 10.1 to the Company's current report on Form 8-K filed June 30, 2021, file number 1-06089, is incorporated herein by reference.
10.3	Form of 2018 Long Term Incentive Plan Award Agreement for Performance Share Units, as approved on June 25, 2021, filed as Exhibit 10.2 to the Company's current report on Form 8-K filed June 30, 2021, file number 1-06089, is incorporated herein by reference.
10.4	Alternate Form of 2018 Long Term Incentive Plan Award Agreement for Restricted Share Units, as approved on June 25, 2021, filed as Exhibit 10.3 to the Company's current report on Form 8-K filed June 30, 2021, file number 1-06089, is incorporated herein by reference.
10.5	Alternate Form of 2018 Long Term Incentive Plan Award Agreement for Performance Share Units, as approved on June 25, 2021, filed as Exhibit 10.4 to the Company's current report on Form 8-K filed June 30, 2021, file number 1-06089, is incorporated herein by reference.
22	List of Guarantor and Issuer Subsidiaries.
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

H&R BLOCK, INC.

/s/ Jeffrey J. Jones II

Jeffrey J. Jones II
President and Chief Executive Officer
August 9, 2021

/s/ Tony G. Bowen

Tony G. Bowen
Chief Financial Officer
August 9, 2021

/s/ Kellie J. Logerwell

Kellie J. Logerwell
Chief Accounting Officer
August 9, 2021

LIST OF GUARANTOR AND ISSUER SUBSIDIARIES Exhibit 22

As of June 30, 2021, H&R Block, Inc. was the guarantor and Block Financial LLC was the issuer of the following:

- Senior Notes, 5.500%, due November 2022
- Senior Notes, 5.250%, due October 2025
- Senior Notes, 2.500%, due July 2028
- Senior Notes, 3.875%, due August 2030
- Fourth Amended and Restated Credit and Guarantee Agreement (CLOC)

Exact Name of Issuer Subsidiary	Jurisdiction of Formation
Block Financial LLC	Delaware

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey J. Jones II, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

/s/ Jeffrey J. Jones II
Jeffrey J. Jones II
Chief Executive Officer
H&R Block, Inc.

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tony G. Bowen, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

/s/ Tony G. Bowen
Tony G. Bowen
Chief Financial Officer
H&R Block, Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey J. Jones II, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey J. Jones II
Jeffrey J. Jones II
Chief Executive Officer
H&R Block, Inc.
August 9, 2021

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tony G. Bowen, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tony G. Bowen

Tony G. Bowen
Chief Financial Officer
H&R Block, Inc.
August 9, 2021