**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** **March 31, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
**For the transition period from to**

**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 April 30, 2024: 139,529,924 shares.

**Form 10-Q for the Period ended March 31, 2024**

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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)

| | Three months ended March 31, | | Nine months ended March 31, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **REVENUES:** | | | | |
| Service revenues | **$ 1,993,556** | $ 1,885,035 | **$ 2,314,363** | $ 2,191,794 |
| Royalty, product and other revenues | **191,278** | 208,614 | **233,354** | 248,245 |
| | **2,184,834** | 2,093,649 | **2,547,717** | 2,440,039 |
| **OPERATING EXPENSES:** | | | | |
| Costs of revenues | **926,008** | 883,686 | **1,485,193** | 1,442,693 |
| Selling, general and administrative | **330,622** | 345,461 | **608,078** | 625,158 |
| Total operating expenses | **1,256,630** | 1,229,147 | **2,093,271** | 2,067,851 |
| | | | | |
| Other income (expense), net | **5,224** | 13,224 | **20,982** | 21,020 |
| Interest expense on borrowings | **(26,070)** | (22,298) | **(63,304)** | (57,107) |
| Income from continuing operations before income taxes | **907,358** | 855,428 | **412,124** | 336,101 |
| Income taxes | **215,772** | 209,351 | **72,527** | 78,254 |
| Net income from continuing operations | **691,586** | 646,077 | **339,597** | 257,847 |
| Net loss from discontinued operations, net of tax benefits of $254, $792, $627 and $1,920 | **(849)** | (2,648) | **(2,097)** | (6,418) |
| **NET INCOME** | **$ 690,737** | $ 643,429 | **$ 337,500** | $ 251,429 |
| **BASIC EARNINGS PER SHARE:** | | | | |
| Continuing operations | **$ 4.94** | $ 4.22 | **$ 2.37** | $ 1.65 |
| Discontinued operations | **(0.01)** | (0.01) | **(0.01)** | (0.04) |
| Consolidated | **$ 4.93** | $ 4.21 | **$ 2.36** | $ 1.61 |
| **DILUTED EARNINGS PER SHARE:** | | | | |
| Continuing operations | **$ 4.87** | $ 4.14 | **$ 2.34** | $ 1.62 |
| Discontinued operations | **(0.01)** | (0.02) | **(0.02)** | (0.04) |
| Consolidated | **$ 4.86** | $ 4.12 | **$ 2.32** | $ 1.58 |
| **DIVIDENDS DECLARED PER SHARE** | **$ 0.32** | $ 0.29 | **$ 0.96** | $ 0.87 |
| **COMPREHENSIVE INCOME:** | | | | |
| Net income | **$ 690,737** | $ 643,429 | **$ 337,500** | $ 251,429 |
| Change in foreign currency translation adjustments | **(9,882)** | 402 | **(9,237)** | (22,636) |
| Other comprehensive income (loss) | **(9,882)** | 402 | **(9,237)** | (22,636) |
| Comprehensive income | **$ 680,855** | $ 643,831 | **$ 328,263** | $ 228,793 |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

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

| As of | | March 31, 2024 | | June 30, 2023 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | **$** | **794,617** | $ | 986,975 |
| Cash and cash equivalents - restricted | | **18,078** | | 28,341 |
| Receivables, less allowance for credit losses of $56,180 and $55,502 | | **346,784** | | 59,987 |
| Prepaid expenses and other current assets | | **105,873** | | 112,183 |
| Total current assets | | **1,265,352** | | 1,187,486 |
| Property and equipment, at cost, less accumulated depreciation and amortization of $884,321 and $846,177 | | **139,542** | | 130,015 |
| Operating lease right of use assets | | **392,091** | | 438,299 |
| Intangible assets, net | | **277,218** | | 277,043 |
| Goodwill | | **787,634** | | 775,453 |
| Deferred tax assets and income taxes receivable | | **287,810** | | 211,391 |
| Other noncurrent assets | | **63,675** | | 52,571 |
| Total assets | **$** | **3,213,322** | $ | 3,072,258 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| **LIABILITIES:** | | | | |
| Accounts payable and accrued expenses | **$** | **247,109** | $ | 159,901 |
| Accrued salaries, wages and payroll taxes | | **238,864** | | 95,154 |
| Accrued income taxes and reserves for uncertain tax positions | | **351,721** | | 271,800 |
| Operating lease liabilities | | **185,396** | | 205,391 |
| Deferred revenue and other current liabilities | | **220,466** | | 206,536 |
| Total current liabilities | | **1,243,556** | | 938,782 |
| Long-term debt | | **1,490,570** | | 1,488,974 |
| Deferred tax liabilities and reserves for uncertain tax positions | | **277,957** | | 264,567 |
| Operating lease liabilities | | **214,990** | | 240,543 |
| Deferred revenue and other noncurrent liabilities | | **116,055** | | 107,328 |
| Total liabilities | | **3,343,128** | | 3,040,194 |
| **COMMITMENTS AND CONTINGENCIES** | | | | |
| **STOCKHOLDERS' EQUITY:** | | | | |
| Common stock, no par, stated value $0.01 per share, 800,000,000 shares authorized, shares issued of 170,915,771 and 178,935,578 | | **1,709** | | 1,789 |
| Additional paid-in capital | | **753,605** | | 770,376 |
| Accumulated other comprehensive loss | | **(46,336)** | | (37,099) |
| Retained deficit | | **(200,296)** | | (48,677) |
| Less treasury shares, at cost, of 31,388,403 and 32,785,658 | | **(638,488)** | | (654,325) |
| Total stockholders' equity (deficiency) | | **(129,806)** | | 32,064 |
| Total liabilities and stockholders' equity | **$** | **3,213,322** | $ | 3,072,258 |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in 000s)

| Nine months ended March 31, | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | **$ 337,500** | $ 251,429 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | **91,004** | 98,660 |
| Provision for credit losses | **61,359** | 49,174 |
| Deferred taxes | **(58,223)** | 6,685 |
| Stock-based compensation | **25,310** | 26,785 |
| Changes in assets and liabilities, net of acquisitions: | | |
| Receivables | **(348,106)** | (237,395) |
| Prepaid expenses, other current and noncurrent assets | **(18,037)** | (17,438) |
| Accounts payable, accrued expenses, salaries, wages and payroll taxes | **223,045** | 122,025 |
| Deferred revenue, other current and noncurrent liabilities | **12,483** | 22,054 |
| Income tax receivables, accrued income taxes and income tax reserves | **93,961** | 179,692 |
| Other, net | **(32)** | (3,285) |
| Net cash provided by operating activities | **420,264** | 498,386 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Capital expenditures | **(53,831)** | (56,661) |
| Payments made for business acquisitions, net of cash acquired | **(43,163)** | (47,740) |
| Franchise loans funded | **(18,815)** | (21,566) |
| Payments from franchisees | **12,884** | 14,963 |
| Other, net | **3,282** | 9,717 |
| Net cash used in investing activities | **(99,643)** | (101,287) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Repayments of line of credit borrowings | **(1,025,000)** | (970,000) |
| Proceeds from line of credit borrowings | **1,025,000** | 970,000 |
| Dividends paid | **(135,127)** | (133,762) |
| Repurchase of common stock, including shares surrendered | **(379,018)** | (365,852) |
| Other, net | **(6,358)** | (5,973) |
| Net cash used in financing activities | **(520,503)** | (505,587) |
| Effects of exchange rate changes on cash | **(2,739)** | (7,880) |
| Net decrease in cash and cash equivalents, including restricted balances | **(202,621)** | (116,368) |
| Cash, cash equivalents and restricted cash, beginning of period | **1,015,316** | 1,050,713 |
| Cash, cash equivalents and restricted cash, end of period | **$ 812,695** | $ 934,345 |
| **SUPPLEMENTARY CASH FLOW DATA:** | | |
| Income taxes paid (received), net | **$ 35,888** | $ (110,028) |
| Interest paid on borrowings | **66,464** | 59,429 |
| Accrued additions to property and equipment | **1,477** | 4,378 |
| New operating right of use assets and related lease liabilities | **139,872** | 131,949 |
| Accrued dividends payable to common shareholders | **44,648** | 44,163 |

See accompanying notes to consolidated financial statements.

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# CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(amounts in 000s, except per share amounts)

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss[1] | Retained Deficit | Treasury Stock | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | Shares | Amount | |
| Balances as of July 1, 2023 | 178,936 | $ 1,789 | $ 770,376 | $ (37,099) | $ (48,677) | (32,786) | $ (654,325) | $ 32,064 |
| Net loss | — | — | — | — | (163,482) | — | — | (163,482) |
| Other comprehensive loss | — | — | — | (10,914) | — | — | — | (10,914) |
| Stock-based compensation | — | — | 6,211 | — | — | — | — | 6,211 |
| Stock-based awards exercised or vested | — | — | (34,226) | — | (3,220) | 1,867 | 37,348 | (98) |
| Acquisition of treasury shares[2] | — | — | — | — | — | (823) | (28,464) | (28,464) |
| Repurchase and retirement of common shares | (3,265) | (32) | (1,927) | — | (131,341) | — | — | (133,300) |
| Cash dividends declared - $0.32 per share | — | — | — | — | (46,901) | — | — | (46,901) |
| Balances as of September 30, 2023 | 175,671 | $ 1,757 | $ 740,434 | $ (48,013) | $ (393,621) | (31,742) | $ (645,441) | $ (344,884) |
| Net loss | — | — | — | — | (189,755) | — | — | (189,755) |
| Other comprehensive income | — | — | — | 11,559 | — | — | — | 11,559 |
| Stock-based compensation | — | — | 9,270 | — | — | — | — | 9,270 |
| Stock-based awards exercised or vested | — | — | (165) | — | (46) | 348 | 7,087 | 6,876 |
| Acquisition of treasury shares[2] | — | — | — | — | — | (3) | (125) | (125) |
| Repurchase and retirement of common shares | (4,755) | (48) | (2,805) | — | (217,467) | — | — | (220,320) |
| Cash dividends declared - $0.32 per share | — | — | — | — | (45,273) | — | — | (45,273) |
| Balances as of December 31, 2023 | 170,916 | $ 1,709 | $ 746,734 | $ (36,454) | $ (846,162) | (31,397) | $ (638,479) | $ (772,652) |
| Net income | — | — | — | — | 690,737 | — | — | 690,737 |
| Other comprehensive loss | — | — | — | (9,882) | — | — | — | (9,882) |
| Stock-based compensation | — | — | 7,140 | — | — | — | — | 7,140 |
| Stock-based awards exercised or vested | — | — | (269) | — | (223) | 16 | 300 | (192) |
| Acquisition of treasury shares[2] | — | — | — | — | — | (7) | (309) | (309) |
| Cash dividends declared - $0.32 per share | — | — | — | — | (44,648) | — | — | (44,648) |
| Balances as of March 31, 2024 | 170,916 | $ 1,709 | $ 753,605 | $ (46,336) | $ (200,296) | (31,388) | $ (638,488) | $ (129,806) |

[1] The balance of our accumulated other comprehensive 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.

(amounts in 000s, except per share amounts)

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Loss[1] | Retained Earnings (Deficit) | Treasury Stock | | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | | Shares | Amount | |
| Balances as of July 1, 2022 | 193,571 | $ 1,936 | $ 772,182 | $ (21,645) | $ 120,405 | (33,641) | $ (661,247) | $ 211,631 |
| Net loss | — | — | — | — | (168,421) | — | — | (168,421) |
| Other comprehensive loss | — | — | — | (32,345) | — | — | — | (32,345) |
| Stock-based compensation | — | — | 5,630 | — | — | — | — | 5,630 |
| Stock-based awards exercised or vested | — | — | (15,276) | — | (742) | 805 | 15,839 | (179) |
| Acquisition of treasury shares[2] | — | — | — | — | — | (341) | (15,432) | (15,432) |
| Repurchase and retirement of common shares | (4,927) | (49) | (2,907) | — | (216,813) | — | — | (219,769) |
| Cash dividends declared - $0.29 per share | — | — | — | — | (46,100) | — | — | (46,100) |
| Balances as of September 30, 2022 | 188,644 | $ 1,887 | $ 759,629 | $ (53,990) | $ (311,671) | (33,177) | $ (660,840) | $ (264,985) |
| Net loss | — | — | — | — | (223,579) | — | — | (223,579) |
| Other comprehensive income | — | — | — | 9,307 | — | — | — | 9,307 |
| Stock-based compensation | — | — | 9,544 | — | — | — | — | 9,544 |
| Stock-based awards exercised or vested | — | — | 421 | — | (209) | 52 | 1,023 | 1,235 |
| Acquisition of treasury shares[2] | — | — | — | — | — | (2) | (79) | (79) |
| Repurchase and retirement of common shares | (3,241) | (33) | (1,911) | — | (128,409) | — | — | (130,353) |
| Cash dividends declared - $0.29 per share | — | — | — | — | (44,569) | — | — | (44,569) |
| Balances as of December 31, 2022 | 185,403 | $ 1,854 | $ 767,683 | $ (44,683) | $ (708,437) | (33,127) | $ (659,896) | $ (643,479) |
| Net income | — | — | — | — | 643,429 | — | — | 643,429 |
| Other comprehensive income | — | — | — | 402 | — | — | — | 402 |
| Stock-based compensation | — | — | 7,830 | — | — | — | — | 7,830 |
| Stock-based awards exercised or vested | — | — | (244) | — | (213) | 13 | 265 | (192) |
| Acquisition of treasury shares[2] | — | — | — | — | — | (6) | (219) | (219) |
| Cash dividends declared - $0.29 per share | — | — | — | — | (44,163) | — | — | (44,163) |
| Balances as of March 31, 2023 | 185,403 | $ 1,854 | $ 775,269 | $ (44,281) | $ (109,384) | (33,120) | $ (659,850) | $ (36,392) |

[1] The balance of our accumulated other comprehensive 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 March 31, 2024 and June 30, 2023, the consolidated statements of operations and comprehensive income for the three and nine months ended March 31, 2024 and 2023, the consolidated statements of cash flows for the nine months ended March 31, 2024 and 2023, and the consolidated statements of stockholders' equity for the three and nine months ended March 31, 2024 and 2023 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 March 31, 2024 and 2023 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 June 30, 2023 Annual Report on Form 10-K. All amounts presented herein as of June 30, 2023 or for the year then ended are derived from our Annual Report on Form 10-K.

**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.

**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 loss contingencies related to our discontinued operations.

## NOTE 2: REVENUE RECOGNITION

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

(in 000s)

| | Three months ended March 31, 2024 | Three months ended March 31, 2023 | Nine months ended March 31, 2024 | Nine months ended March 31, 2023 |
|---|---|---|---|---|
| Revenues: | | | | |
| U.S. assisted tax preparation | **$ 1,534,825** | $ 1,453,049 | **$ 1,622,430** | $ 1,530,577 |
| U.S. royalties | **141,915** | 150,163 | **153,070** | 161,337 |
| U.S. DIY tax preparation | **198,570** | 167,022 | **215,529** | 182,330 |
| Refund Transfers | **118,937** | 117,384 | **120,892** | 120,210 |
| Peace of Mind® Extended Service Plan | **16,813** | 16,750 | **59,100** | 58,840 |
| Tax Identity Shield® | **7,536** | 8,720 | **16,810** | 19,237 |
| Emerald Card® and Spruce℠ | **41,160** | 44,358 | **61,493** | 68,448 |
| Interest and fee income on Emerald Advance® | **21,169** | 33,750 | **36,702** | 47,267 |
| International | **68,264** | 69,417 | **158,398** | 156,297 |
| Wave | **23,580** | 22,064 | **70,656** | 66,651 |
| Other | **12,065** | 10,972 | **32,637** | 28,845 |
| Total revenues | **$ 2,184,834** | $ 2,093,649 | **$ 2,547,717** | $ 2,440,039 |

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 | |
|---|---|---|---|---|
| Nine months ended March 31, | **2024** | 2023 | **2024** | 2023 |
| Balance, beginning of the period | **$ 167,257** | $ 173,486 | **$ 21,828** | $ 19,495 |
| Amounts deferred | **72,369** | 76,231 | **8,324** | 8,451 |
| Amounts recognized on previous deferrals | **(68,445)** | (67,276) | **(8,324)** | (7,084) |
| Balance, end of the period | **$ 171,181** | $ 182,441 | **$ 21,828** | $ 20,862 |

As of March 31, 2024, deferred revenue related to POM was $171.2 million. We expect that $96.4 million will be recognized over the next twelve months, while the remaining balance will be recognized over the following five years.

As of March 31, 2024 and 2023, Tax Identity Shield® (TIS) deferred revenue was $31.6 million and $33.3 million, respectively. Deferred revenue related to TIS was $25.2 million and $25.8 million as of June 30, 2023 and 2022, respectively. All deferred revenue related to TIS will be recognized by April 2025.

## 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 one thousand and 0.2 million shares for the three and nine months ended March 31, 2024, respectively, and 0.7 million and 0.6 million shares for the three and nine months ended March 31, 2023, respectively, as the effect would be antidilutive.

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

(in 000s, except per share amounts)

| | Three months ended March 31, | | Nine months ended March 31, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Net income from continuing operations attributable to shareholders | **$ 691,586** | $ 646,077 | **$ 339,597** | $ 257,847 |
| Amounts allocated to participating securities | **(2,788)** | (2,822) | **(1,350)** | (1,064) |
| Net income from continuing operations attributable to common shareholders | **$ 688,798** | $ 643,255 | **$ 338,247** | $ 256,783 |
| | | | | |
| Basic weighted average common shares | **139,525** | 152,281 | **142,724** | 155,249 |
| Potential dilutive shares | **2,015** | 3,280 | **1,870** | 3,239 |
| Dilutive weighted average common shares | **141,540** | 155,561 | **144,594** | 158,488 |
| | | | | |
| Earnings per share from continuing operations attributable to common shareholders: | | | | |
| Basic | **$ 4.94** | $ 4.22 | **$ 2.37** | $ 1.65 |
| Diluted | **4.87** | 4.14 | **2.34** | 1.62 |

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

**STOCK-BASED COMPENSATION** – We granted 1.7 million and 1.1 million shares, including adjustments for performance achievement and dividend equivalents, under our stock-based compensation plans during the nine months ended March 31, 2024 and 2023, respectively. Stock-based compensation expense of our continuing operations totaled $7.8 million and $25.3 million for the three and nine months ended March 31, 2024, respectively, and $8.9 million and $26.8 million for the three and nine months ended March 31, 2023, respectively. As of March 31, 2024, unrecognized compensation cost for nonvested shares and units totaled $49.5 million.

## NOTE 4: RECEIVABLES

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

(in 000s)

| As of | **March 31, 2024** | | June 30, 2023 | |
|---|---|---|---|---|
| | Short-term | Long-term | Short-term | Long-term |
| Loans to franchisees | **$ 17,454** | **$ 16,922** | $ 6,344 | $ 19,206 |
| Receivables for U.S. assisted and DIY tax preparation and related fees | **187,579** | **8,360** | 11,061 | 6,824 |
| H&R Block's Instant Refund® receivables | **24,184** | **1,048** | 8,499 | 414 |
| Emerald Advance® | **53,978** | **11,875** | 10,834 | 7,089 |
| Software receivables from retailers | **9,957** | — | 1,650 | — |
| Royalties and other receivables from franchisees | **35,293** | — | 3,416 | — |
| Wave payment processing receivables | **2,165** | — | 964 | — |
| Other | **16,174** | **1,777** | 17,219 | 1,108 |
| Total | **$ 346,784** | **$ 39,982** | $ 59,987 | $ 34,641 |

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 March 31, 2024 and June 30, 2023, loans with a principal balance more than 90 days past due, or on non-accrual status, are not material.

**H&R BLOCK'S INSTANT REFUND®** – H&R Block's 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. We establish an allowance for credit losses at an amount that we believe reflects the receivable at net realizable value. In December of each year, we charge-off the receivables and the related allowance to an amount we believe represents the net realizable value.

Balances and amounts on non-accrual status, classified as impaired, or more than 60 days past due, by tax return year of origination, as of March 31, 2024 are as follows:

(in 000s)

| Tax return year of origination | Balance | More Than 60 Days Past Due |
|---|---|---|
| 2023 | **$ 23,736** | **$ —** |
| 2022 and prior | **2,426** | **2,426** |
| | **26,162** | **$ 2,426** |
| Allowance | **(930)** | |
| Net balance | **$ 25,232** | |

**EMERALD ADVANCE®** – Historically, Emerald Advance® lines of credit (EA LOCs) have been offered to clients in our offices from mid-November through mid-January. If the borrower met certain criteria as agreed in the loan terms, the line of credit could be utilized year-round (Revolving Loan). In fiscal year 2024, EAs are being offered as term loans (EA TLs), and we discontinued EA LOCs, including the Revolving Loans. EA TLs are due on March 31, whereas, EA LOCs were required to be paid down to zero by February 15 in the prior year. See note 8 for discussion of the new EA TL.

We review the credit quality of our purchased participation interests in EA receivables based on pools, which are segregated by the fiscal year of origination, with older years being deemed more unlikely to be repaid. We establish an allowance for credit losses at an amount that we believe reflects the receivable at net realizable value. Typically, in December of each year, we charge-off the receivables and the related allowance for EA LOCs, excluding Revolving Loans, to an amount we believe represents the net realizable value. However, due to the discontinuation of EA LOCs, we charged-off the receivables and the related allowance of 2023 EA LOCs and

Revolving Loans during the quarter ended September 30, 2023 to an amount that we believe represents net realizable value.

Balances and amounts on non-accrual status, classified as impaired, or more than 60 days past due, by fiscal year of origination, as of March 31, 2024 are as follows:

(in 000s)

| Fiscal year of origination | Balance | Non-Accrual |
|---|---|---|
| 2024 – Term loans | $ **77,595** | $ **—** |
| 2023 and prior – Lines of credit and Revolving Loans | **8,941** | **8,941** |
| | **86,536** | $ **8,941** |
| Allowance | **(20,683)** | |
| Net balance | $ **65,853** | |

**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 nine months ended March 31, 2024 and 2023 is as follows:

(in 000s)

| | EAs | All Other | Total |
|---|---|---|---|
| Balances as of July 1, 2023 | $ **27,386** | $ **35,108** | $ **62,494** |
| Provision for credit losses | **21,011** | **40,348** | **61,359** |
| Charge-offs, recoveries and other | **(27,714)** | **(37,455)** | **(65,169)** |
| Balances as of March 31, 2024 | $ **20,683** | $ **38,001** | $ **58,684** |
| Balances as of July 1, 2022 | $ 26,141 | $ 51,126 | $ 77,267 |
| Provision for credit losses | 16,702 | 32,472 | 49,174 |
| Charge-offs, recoveries and other | (14,814) | (51,081) | (65,895) |
| Balances as of March 31, 2023 | $ 28,029 | $ 32,517 | $ 60,546 |

Gross charge-offs of EAs were $27.7 million for the nine months ended March 31, 2024, of which $15.4 million related to EA LOCs originated in fiscal year 2023 and $12.3 million related to Revolving Loans.

## NOTE 5: GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the nine months ended March 31, 2024 are as follows:

(in 000s)

| | Goodwill | Accumulated Impairment Losses | Net |
|---|---|---|---|
| Balances as of July 1, 2023 | $ **913,750** | $ **(138,297)** | $ **775,453** |
| Acquisitions[1] | **18,929** | **—** | **18,929** |
| Disposals and foreign currency changes, net | **(6,748)** | **—** | **(6,748)** |
| Impairments | **—** | **—** | **—** |
| Balances as of March 31, 2024 | $ **925,931** | $ **(138,297)** | $ **787,634** |

[1] All goodwill added during the period is expected to be tax-deductible for federal income tax reporting.

In conjunction with our annual impairment test, we tested goodwill for impairment during the quarter and did not identify any impairment.

Components of intangible assets are as follows:

(in 000s)

| | Gross Carrying Amount | Accumulated Amortization | Net |
|---|---|---|---|
| As of March 31, 2024: | | | |
| Reacquired franchise rights | **$ 403,242** | **$ (224,204)** | **$ 179,038** |
| Customer relationships | **385,290** | **(318,502)** | **66,788** |
| Internally-developed software | **133,289** | **(128,487)** | **4,802** |
| Noncompete agreements | **44,158** | **(41,148)** | **3,010** |
| Franchise agreements | **19,201** | **(19,201)** | **—** |
| Purchased technology | **122,700** | **(102,165)** | **20,535** |
| Trade name | **5,800** | **(2,755)** | **3,045** |
| | **$ 1,113,680** | **$ (836,462)** | **$ 277,218** |
| As of June 30, 2023: | | | |
| Reacquired franchise rights | $ 392,452 | $ (212,495) | $ 179,957 |
| Customer relationships | 351,695 | (301,062) | 50,633 |
| Internally-developed software | 133,380 | (120,054) | 13,326 |
| Noncompete agreements | 42,596 | (39,617) | 2,979 |
| Franchise agreements | 19,201 | (18,668) | 533 |
| Purchased technology | 122,700 | (96,565) | 26,135 |
| Trade name | 5,800 | (2,320) | 3,480 |
| | $ 1,067,824 | $ (790,781) | $ 277,043 |

We made payments to acquire businesses totaling $43.2 million and $47.7 million during the nine months ended March 31, 2024 and 2023, respectively. The amounts and weighted-average lives of intangible assets acquired during the nine months ended March 31, 2024 are as follows:

(dollars in 000s)

| | Amount | Weighted-Average Life (in years) |
|---|---|---|
| Customer relationships | **$ 34,084** | **5** |
| Reacquired franchise rights | **10,856** | **5** |
| Noncompete agreements | **1,581** | **5** |
| Total | **$ 46,521** | **5** |

Amortization of intangible assets for the three and nine months ended March 31, 2024 was $15.0 million and $46.2 million, respectively, compared to $17.8 million and $54.7 million for the three and nine months ended March 31, 2023, respectively. Estimated amortization of intangible assets for fiscal years ending June 30, 2024, 2025, 2026, 2027, and 2028 is $61.1 million, $42.8 million, $33.1 million, $26.5 million and $18.7 million, respectively.

## NOTE 6: LONG-TERM DEBT

The components of long-term debt are as follows:

| | | (in 000s) |
|---|---|---|
| As of | **March 31, 2024** | June 30, 2023 |
| Senior Notes, 5.250%, due October 2025 | **$ 350,000** | $ 350,000 |
| Senior Notes, 2.500%, due July 2028 | **500,000** | 500,000 |
| Senior Notes, 3.875%, due August 2030 | **650,000** | 650,000 |
| Debt issuance costs and discounts | **(9,430)** | (11,025) |
| Total long-term debt | **1,490,570** | 1,488,975 |
| Less: Current portion | **—** | — |
| Long-term portion | **$ 1,490,570** | $ 1,488,975 |
| Estimated fair value of long-term debt | **$ 1,381,000** | $ 1,339,000 |

Our unsecured committed line of credit (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 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, as defined by the CLOC agreement, 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 March 31, 2024.

We had no outstanding balance under our CLOC and amounts available to borrow were not limited by the debt-to-EBITDA covenant as of March 31, 2024.

## NOTE 7: INCOME TAXES

We file a consolidated federal income tax return in the U.S. with the Internal Revenue Service (IRS) and file tax returns in various state, local, and foreign jurisdictions.

We had gross unrecognized tax benefits of $245.8 million and $240.1 million as of March 31, 2024 and June 30, 2023, respectively. The gross unrecognized tax benefits increased by $5.7 million during the nine months ended March 31, 2024. We believe it is reasonably possible that the balance of unrecognized tax benefits could decrease by approximately $121.8 million within the next twelve months. The anticipated decrease is due to the expiration of statutes of limitations and anticipated closure of various matters currently under examination or in appeals. For such matters where a change in the balance of unrecognized tax benefits is not yet deemed reasonably possible, no estimate has been included.

Our effective tax rate for continuing operations, including the effects of discrete tax items, was 17.6% and 23.3% for the nine months ended March 31, 2024 and 2023, respectively. Discrete items decreased the effective tax rate by 6.3% and 1.3% for the nine months ended March 31, 2024, and 2023, respectively. Discrete income tax benefits of $26.0 million and $4.2 million were recorded in the nine months ended March 31, 2024 and 2023, respectively. The discrete tax benefit recorded in the current period primarily resulted from settlements with tax authorities and statute of limitations expirations. The discrete tax benefit recorded in the prior period primarily resulted from state statute of limitations expirations. The impact discrete tax items have on our tax rate through the third quarter are slightly exaggerated versus the impact discrete tax items have on the full fiscal year tax rate.

## NOTE 8: COMMITMENTS AND CONTINGENCIES

Our U.S. and Canadian businesses offer our 100% accuracy guarantee. 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 respective taxing authority that a client would otherwise not have been required to pay. Our liability related to estimated losses under the 100% accuracy guarantee was $13.6 million and $15.8 million as of March 31, 2024 and June 30, 2023, 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 $27.9 million and $18.3 million as of March 31, 2024 and June 30, 2023 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 short-term lines of credit for the purpose of meeting their seasonal working capital needs. Our total obligation under these lines of credit was $21.3 million at March 31, 2024, and net of amounts drawn and outstanding, our remaining commitment to fund totaled $9.9 million.

Effective October 20, 2023, we amended the Program Management Agreement and entered into a new participation agreement related to EA TLs originated by Pathward®, N.A. (Pathward). In fiscal year 2024, EAs are being offered as term loans and we discontinued EA LOCs. EA TLs are interest bearing with principal and interest due in full on March 31, and there are no annual fees or required monthly payments. EA TLs are offered to clients in our offices, in November and December, in amounts of $350 to $1,300. We continue to purchase a 90% participation interest in each loan made by Pathward in accordance with the participation agreement. We purchased participation interests of $346.3 million during the nine months ended March 31, 2024.

Refund Advance loans are originated by Pathward and offered to certain assisted U.S. tax preparation clients, based on client eligibility as determined by Pathward. We pay fees primarily based on loan size and customer type. We have provided a guarantee up to $18.0 million related to certain loans to clients prior to the IRS accepting electronic filing. At March 31, 2024, we accrued an estimated liability of $1.4 million related to this guarantee, compared to $0.8 million at March 31, 2023.

## NOTE 9: LITIGATION AND OTHER RELATED CONTINGENCIES

We are a defendant in numerous litigation and arbitration 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 or arbitrations to which we are subject. In some of the matters, very large or indeterminate amounts, including punitive damages, may be 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. 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 claim bears little relevance to its merits or disposition value due to this variability in pleadings and our experience in handling and resolving numerous claims over an extended period of time.

The outcome of a 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 courts and arbitrators will apply the law. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will view the relevant evidence and applicable law.

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

We accrue liabilities for litigation, arbitration and other related loss contingencies and any related settlements 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 March 31, 2024. 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. Our accrued liabilities were $5.2 million and $0.2 million as of March 31, 2024 and June 30, 2023, 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 or arbitrators on motions or appeals, analyses 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 March 31, 2024, 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, arbitration and other related 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** –

On February 23, 2024, the Federal Trade Commission (FTC) filed an administrative complaint before the FTC alleging unfair or deceptive business acts or practices in connection with certain aspects of our DIY tax preparation services. A hearing before an administrative law judge (ALJ) of the FTC is scheduled for October 23, 2024. We filed a complaint in federal court in the Western District of Missouri challenging the constitutionality of the ALJ's removal protections and seeking to enjoin the ALJ's participation in the adjudication of the matter, which remains pending. We have also received and are responding to certain governmental inquiries and other matters relating to the IRS Free File Program and other aspects of our DIY tax preparation services, including the use of pixels. An accrual related to these matters is included in our loss contingency accrual.

**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 and may in the future be, subject to litigation and other loss contingencies, including indemnification and contribution claims, pertaining to SCC's mortgage business activities that occurred prior to such termination and sale.

Parties, including underwriters, depositors, and securitization trustees, have been, remain, or may in the future be, involved in lawsuits, threatened lawsuits, or 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, breaches of representations and warranties, or violations of statutory requirements. SCC has received notices of potential indemnification or contribution obligations relating to such matters. Additional lawsuits against the parties to the securitization transactions may be filed in the future, and SCC may receive additional notices of potential indemnification, contribution or similar obligations with respect to existing or new lawsuits or settlements of such lawsuits or other claims. We have not concluded that a loss related to any of these potential indemnification or contribution claims is probable, nor have we accrued a liability related to any of these claims.

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 and the indeterminate damages sought. If the amount that SCC is ultimately required to pay with respect to loss contingencies, 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 also may 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 March 31, 2024, total approximately $271 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, arbitration 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

**RESULTS OF OPERATIONS**

Our subsidiaries provide assisted and do-it-yourself (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 partners, to the general public primarily in the United States (U.S.), Canada and Australia. Tax returns are either prepared by H&R Block tax professionals in one of our 6,643 company-owned or 2,168 franchise offices (as of March 31, 2024), virtually or via an internet review or prepared and filed by our clients through our DIY tax solutions. We also offer small business solutions through our company-owned and franchise offices and online through Wave. We report a single segment that includes all of our continuing operations.

| Consolidated – Financial Results | | | | (in 000s, except per share amounts) |
|---|---|---|---|---|
| Three months ended March 31, | **2024** | 2023 | $ Change | % Change |
| Revenues: | | | | |
| U.S. tax preparation and related services: | | | | |
| Assisted tax preparation | **$ 1,534,825** | $ 1,453,049 | $ 81,776 | 5.6 % |
| Royalties | **141,915** | 150,163 | (8,248) | (5.5)% |
| DIY tax preparation | **198,570** | 167,022 | 31,548 | 18.9 % |
| Refund Transfers | **118,937** | 117,384 | 1,553 | 1.3 % |
| Peace of Mind® Extended Service Plan | **16,813** | 16,750 | 63 | 0.4 % |
| Tax Identity Shield® | **7,536** | 8,720 | (1,184) | (13.6)% |
| Other | **12,065** | 10,972 | 1,093 | 10.0 % |
| Total U.S. tax preparation and related services | **2,030,661** | 1,924,060 | 106,601 | 5.5 % |
| Financial services: | | | | |
| Emerald Card® and Spruce[SM] | **41,160** | 44,358 | (3,198) | (7.2)% |
| Interest and fee income on Emerald Advance® | **21,169** | 33,750 | (12,581) | (37.3)% |
| Total financial services | **62,329** | 78,108 | (15,779) | (20.2)% |
| International | **68,264** | 69,417 | (1,153) | (1.7)% |
| Wave | **23,580** | 22,064 | 1,516 | 6.9 % |
| Total revenues | **$ 2,184,834** | $ 2,093,649 | $ 91,185 | 4.4 % |
| Compensation and benefits: | | | | |
| Field wages | **510,299** | 480,779 | (29,520) | (6.1)% |
| Other wages | **75,356** | 73,503 | (1,853) | (2.5)% |
| Benefits and other compensation | **99,653** | 100,368 | 715 | 0.7 % |
| | **685,308** | 654,650 | (30,658) | (4.7)% |
| Occupancy | **119,364** | 118,111 | (1,253) | (1.1)% |
| Marketing and advertising | **194,349** | 210,508 | 16,159 | 7.7 % |
| Depreciation and amortization | **30,672** | 32,313 | 1,641 | 5.1 % |
| Bad debt | **41,008** | 34,273 | (6,735) | (19.7)% |
| Other | **185,929** | 179,292 | (6,637) | (3.7)% |
| Total operating expenses | **1,256,630** | 1,229,147 | (27,483) | (2.2)% |
| Other income (expense), net | **5,224** | 13,224 | (8,000) | (60.5)% |
| Interest expense on borrowings | **(26,070)** | (22,298) | (3,772) | (16.9)% |
| Pretax income | **907,358** | 855,428 | 51,930 | 6.1 % |
| Income taxes | **215,772** | 209,351 | (6,421) | (3.1)% |
| Net income from continuing operations | **691,586** | 646,077 | 45,509 | 7.0 % |
| Net loss from discontinued operations | **(849)** | (2,648) | 1,799 | 67.9 % |
| Net income | **$ 690,737** | $ 643,429 | $ 47,308 | 7.4 % |
| **DILUTED EARNINGS PER SHARE** | | | | |
| Continuing operations | **$ 4.87** | $ 4.14 | $ 0.73 | 17.6 % |
| Discontinued operations | **(0.01)** | (0.02) | 0.01 | 50.0 % |
| Consolidated | **$ 4.86** | $ 4.12 | $ 0.74 | 18.0 % |
| Adjusted diluted EPS[(1)] | **$ 4.94** | $ 4.20 | $ 0.74 | 17.6 % |
| EBITDA [(1)] | **$ 964,100** | $ 910,039 | $ 54,061 | 5.9 % |

(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.

**Three months ended March 31, 2024 compared to March 31, 2023**

Revenues increased $91.2 million, or 4.4%, from the prior year. U.S. assisted tax preparation revenues increased $81.8 million, or 5.6%, due to a 4.4% increase in net average charge combined with higher company-owned tax return volumes in the current year. U.S. royalty revenue decreased $8.2 million, or 5.5%, due to lower franchise tax return volumes. During the year we purchased franchise offices which results in increasing tax preparation revenues and decreasing royalties as the revenues and returns become company-owned after the acquisition. For the three months ended March 31, 2024 our total assisted tax return volume, which includes both company-owned and franchise offices, decreased 1.1% from the prior year.

U.S. DIY tax preparation revenues increased $31.5 million, or 18.9%, primarily due to an 8.9% increase in online paid returns combined with a 10.3% increase in paid net average charge compared to the prior year.

Interest and fee income on Emerald Advance® (EA) decreased $12.6 million, or 37.3%, due to lower customer fees under the new EA term loan, partially offset by higher interest income in the current year due to the increase in EA loans and a later due date for the loans than the prior year.

Total operating expenses increased $27.5 million, or 2.2%, from the prior year. Field wages increased $29.5 million, or 6.1%, due to higher wages in the current year primarily due to the increase in company-owned volumes. Marketing and advertising expense decreased $16.2 million, or 7.7%, primarily due to the timing of television advertising in the current year compared to the prior year. Bad debt expense increased $6.7 million, or 19.7%, primarily due to an increase in Refund Transfers and higher bad debt rates in the current year.

Other operating expenses increased $6.6 million, or 3.7%. The components of other expenses are as follows:

(in 000s)

| Three months ended March 31, | 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|
| Consulting and outsourced services | **$ 37,896** | $ 42,130 | $ 4,234 | 10.0 % |
| Bank partner fees | **29,681** | 24,778 | (4,903) | (19.8)% |
| Client claims and refunds | **8,117** | 8,787 | 670 | 7.6 % |
| Employee and travel expenses | **8,368** | 9,906 | 1,538 | 15.5 % |
| Technology-related expenses | **30,623** | 26,385 | (4,238) | (16.1)% |
| Credit card/bank charges | **36,702** | 34,159 | (2,543) | (7.4)% |
| Insurance | **2,645** | 2,891 | 246 | 8.5 % |
| Legal fees and settlements | **11,286** | 2,685 | (8,601) | (320.3)% |
| Supplies | **11,231** | 15,956 | 4,725 | 29.6 % |
| Other | **9,380** | 11,615 | 2,235 | 19.2 % |
| | **$ 185,929** | $ 179,292 | $ (6,637) | (3.7)% |

Bank partner fees increased $4.9 million, or 19.8%, due to the increase in Refund Advance loans in the current year. Legal fees and settlements expense increased $8.6 million in the current year. Supplies expense decreased $4.7 million, or 29.6%, primarily due to lower office supplies purchased in the current year.

Other income (expense), net decreased $8.0 million, or 60.5%, primarily due to income from a legal settlement in the prior year.

We recorded income tax expense of $215.8 million in the current year compared to $209.4 million in the prior year. The effective tax rate for the three months ended March 31, 2024, and 2023 was 23.8% and 24.5%, respectively.

| Consolidated - Financial Results | | | | (in 000s, except per share amounts) |
|---|---|---|---|---|
| Nine months ended March 31, | 2024 | 2023 | $ Change | % Change |
| Revenues: | | | | |
| U.S. tax preparation and related services: | | | | |
| Assisted tax preparation | **$ 1,622,430** | $ 1,530,577 | $ 91,853 | 6.0 % |
| Royalties | **153,070** | 161,337 | (8,267) | (5.1)% |
| DIY tax preparation | **215,529** | 182,330 | 33,199 | 18.2 % |
| Refund Transfers | **120,892** | 120,210 | 682 | 0.6 % |
| Peace of Mind® Extended Service Plan | **59,100** | 58,840 | 260 | 0.4 % |
| Tax Identity Shield® | **16,810** | 19,237 | (2,427) | (12.6)% |
| Other | **32,637** | 28,845 | 3,792 | 13.1 % |
| Total U.S. tax preparation and related services | **2,220,468** | 2,101,376 | 119,092 | 5.7 % |
| Financial services: | | | | |
| Emerald Card® and Spruce℠ | **61,493** | 68,448 | (6,955) | (10.2)% |
| Interest and fee income on Emerald Advance® | **36,702** | 47,267 | (10,565) | (22.4)% |
| Total financial services | **98,195** | 115,715 | (17,520) | (15.1)% |
| International | **158,398** | 156,297 | 2,101 | 1.3 % |
| Wave | **70,656** | 66,651 | 4,005 | 6.0 % |
| Total revenues | **$ 2,547,717** | $ 2,440,039 | $ 107,678 | 4.4 % |
| Compensation and benefits: | | | | |
| Field wages | **650,529** | 618,656 | (31,873) | (5.2)% |
| Other wages | **222,125** | 207,786 | (14,339) | (6.9)% |
| Benefits and other compensation | **170,964** | 169,477 | (1,487) | (0.9)% |
| | **1,043,618** | 995,919 | (47,699) | (4.8)% |
| Occupancy | **319,843** | 316,874 | (2,969) | (0.9)% |
| Marketing and advertising | **211,135** | 236,299 | 25,164 | 10.6 % |
| Depreciation and amortization | **91,004** | 98,660 | 7,656 | 7.8 % |
| Bad debt | **67,560** | 57,018 | (10,542) | (18.5)% |
| Other | **360,111** | 363,081 | 2,970 | 0.8 % |
| Total operating expenses | **2,093,271** | 2,067,851 | (25,420) | (1.2)% |
| Other income (expense), net | **20,982** | 21,020 | (38) | (0.2)% |
| Interest expense on borrowings | **(63,304)** | (57,107) | (6,197) | (10.9)% |
| Pretax income | **412,124** | 336,101 | 76,023 | 22.6 % |
| Income taxes | **72,527** | 78,254 | 5,727 | 7.3 % |
| Net income from continuing operations | **339,597** | 257,847 | 81,750 | 31.7 % |
| Net loss from discontinued operations | **(2,097)** | (6,418) | 4,321 | 67.3 % |
| Net income | **$ 337,500** | $ 251,429 | $ 86,071 | 34.2 % |
| **DILUTED EARNINGS PER SHARE** | | | | |
| Continuing operations | **$ 2.34** | $ 1.62 | $ 0.72 | 44.4 % |
| Discontinued operations | **(0.02)** | (0.04) | 0.02 | 50.0 % |
| Consolidated | **$ 2.32** | $ 1.58 | $ 0.74 | 46.8 % |
| Adjusted diluted EPS(1) | **$ 2.54** | $ 1.80 | $ 0.74 | 41.1 % |
| EBITDA (1) | **$ 566,432** | $ 491,868 | $ 74,564 | 15.2 % |

(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.

**Nine months ended March 31, 2024 compared to March 31, 2023**

Revenues increased $107.7 million, or 4.4%, from the prior year. U.S. assisted tax preparation revenues increased $91.9 million, or 6.0%, due to a 4.6% increase in net average charge combined with higher company-owned tax return volumes in the current year. U.S. royalties revenue decreased $8.3 million, or 5.1%, due to lower franchise tax return volumes. During the year we purchased franchise offices which results in increasing tax preparation revenues and decreasing royalties as the revenues and returns become company-owned after the acquisition. Through the nine months ended March 31, 2024 our total assisted tax return volume, which includes both company-owned and franchise offices, decreased 1.1% from the prior year.

U.S. DIY tax preparation revenues increased $33.2 million, or 18.2%, primarily due to a 9.1% increase in online paid returns combined with a 9.4% increase in paid net average charge compared to the prior year.

Emerald Card® and Spruce℠ revenues decreased $7.0 million, or 10.2%, due to lower Emerald Card® activity in the current year as a result of less funds being loaded on the cards. Interest and fee income on Emerald Advance® decreased $10.6 million, or 22.4%, due to lower customer fees under the new EA term loan, partially offset by higher interest income due to the increase in EA loans and a longer loan term in the current year.

Total operating expenses increased $25.4 million, or 1.2%, from the prior year period. Field wages increased $31.9 million, or 5.2%, due to higher wages in the current year primarily resulting from an increase in company-owned volumes. Other wages increased $14.3 million, or 6.9%, primarily due to higher corporate wages in the current year. Marketing and advertising expense decreased $25.2 million, or 10.6%, primarily due to the timing of television advertising in the current year compared to the prior year. Depreciation and amortization expense decreased $7.7 million, or 7.8%, primarily due to lower amortization of capitalized software. Bad debt expense increased $10.5 million, or 18.5%, due to an increase in Refund Transfers and EA loans coupled with higher bad debt rates compared to the prior year.

Other operating expenses decreased $3.0 million, or 0.8%. The components of other expenses are as follows:

(in 000s)

| Nine months ended March 31, | 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|
| Consulting and outsourced services | **$ 67,297** | $ 82,635 | $ 15,338 | 18.6 % |
| Bank partner fees | **28,616** | 23,981 | (4,635) | (19.3)% |
| Client claims and refunds | **17,463** | 21,002 | 3,539 | 16.9 % |
| Employee and travel expenses | **26,429** | 30,675 | 4,246 | 13.8 % |
| Technology-related expenses | **80,962** | 76,789 | (4,173) | (5.4)% |
| Credit card/bank charges | **71,639** | 67,682 | (3,957) | (5.8)% |
| Insurance | **8,071** | 6,260 | (1,811) | (28.9)% |
| Legal fees and settlements | **19,715** | 7,155 | (12,560) | (175.5)% |
| Supplies | **18,349** | 23,291 | 4,942 | 21.2 % |
| Other | **21,570** | 23,611 | 2,041 | 8.6 % |
| | **$ 360,111** | $ 363,081 | $ 2,970 | 0.8 % |

Consulting and outsourced services expense decreased $15.3 million, or 18.6%, due to lower contract labor, Emerald Card® data processing and call center expenses in the current year. Legal fees and settlements expense increased $12.6 million, or 175.5%, in the current year.

We recorded income tax expense of $72.5 million in the current year compared to $78.3 million in the prior year. The effective tax rate for the nine months ended March 31, 2024, and 2023 was 17.6% and 23.3%, respectively. See Item 1, note 7 to the consolidated financial statements for additional discussion.

Assisted tax return volume, which includes our company-owned and franchise operations, decreased 1.2% from July 1, 2023 through April 30, 2024 compared to the prior year period. DIY online paid tax return volume from July 1, 2023 through April 30, 2024, increased 5.9% compared to the prior year period. Our business is highly seasonal and results for the nine months ended March 31, as well as results for the period ended April 30, may not be indicative of results for the fiscal year ended June 30, 2024.

**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 unsecured committed line of credit (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, during the months of 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 March 31, 2024 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 nine months ended March 31, 2024 and 2023. See Item 1 for the complete consolidated statements of cash flows for these periods.

(in 000s)

| Nine months ended March 31, | 2024 | 2023 |
|---|---|---|
| Net cash provided by (used in): | | |
| Operating activities | **$ 420,264** | $ 498,386 |
| Investing activities | **(99,643)** | (101,287) |
| Financing activities | **(520,503)** | (505,587) |
| Effects of exchange rates on cash | **(2,739)** | (7,880) |
| Net decrease in cash and cash equivalents, including restricted balances | **$ (202,621)** | $ (116,368) |

**Operating Activities.** Cash provided by operations totaled $420.3 million for the nine months ended March 31, 2024 compared to $498.4 million in the prior year period. The change is primarily due to higher receivables in the current year and the receipt of income tax receivables in the prior year, partially offset by lower bonus and payroll tax payments in the current year.

**Investing Activities.** Cash used in investing activities totaled $99.6 million for the nine months ended March 31, 2024 compared to $101.3 million in the prior year period. The change is primarily due to lower payments to acquire businesses in the current year.

**Financing Activities.** Cash used in financing activities totaled $520.5 million for the nine months ended March 31, 2024 compared to $505.6 million in the prior year period. The change is primarily due to higher shares surrendered related to the vesting of stock-based compensation awards 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 is, and has historically been, a significant component of our capital allocation plan.

We have consistently paid quarterly dividends. Dividends paid totaled $135.1 million and $133.8 million for the nine months ended March 31, 2024 and 2023, respectively. 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.

During the nine months ended March 31, 2024, we repurchased $350.1 million of our common stock at an average price of $43.66 per share, excluding excise taxes in connection with such repurchases. In the prior year period, we repurchased $350.1 million of our common stock at an average price of $42.86 per share. Our current share repurchase program has remaining authorization of $350.0 million, which is effective through June 2025.

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 $53.8 million and $56.7 million for the nine months ended March 31, 2024 and 2023, 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 $43.2 million and $47.7 million during the nine months ended March 31, 2024 and 2023, respectively. 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 our CLOC and amounts available to borrow were not limited by the debt-to-EBITDA covenant as of March 31, 2024.

The following table provides ratings for debt issued by Block Financial LLC (Block Financial) as of March 31, 2024 and June 30, 2023:

| As of | **March 31, 2024** | | | June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Short-term | Long-term | Outlook | Short-term | Long-term | Outlook |
| Moody's | **P-3** | **Baa3** | **Stable** | P-3 | Baa3 | Positive |
| S&P | **A-2** | **BBB** | **Stable** | A-2 | BBB | Stable |

Other than described above, there have been no material changes in our borrowings from those reported as of June 30, 2023 in our Annual Report on Form 10-K.

**CASH AND OTHER ASSETS** – As of March 31, 2024, we held cash and cash equivalents, excluding restricted amounts, of $794.6 million, including $130.8 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 March 31, 2024.

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 an decrease of $2.7 million and $7.9 million during the nine months ended March 31, 2024 and 2023, respectively.

**CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS** – EAs are originated by Pathward. We purchase a 90% participation interest, at par, in all EAs originated by Pathward in accordance with our participation agreement. Effective October 20, 2023, we amended the Program Management Agreement and entered into a new participation agreement related to EAs originated by Pathward. We purchased participation interests of $346.3 million during the nine months ended March 31, 2024.

There have been no other material changes in our contractual obligations and commercial commitments from those reported in our June 30, 2023 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 | **March 31, 2024** | June 30, 2023 |
| Current assets | **$ 90,867** | $ 37,407 |
| Noncurrent assets | **1,724,972** | 1,725,234 |
| Current liabilities | **77,019** | 78,259 |
| Noncurrent liabilities | **1,491,783** | 1,494,010 |

| **SUMMARIZED STATEMENTS OF OPERATIONS - GUARANTOR AND ISSUER** | | (in 000s) |
|---|---|---|
| | **Nine months ended March 31, 2024** | Twelve months ended June 30, 2023 |
| Total revenues | **$ 119,650** | $ 160,236 |
| Income from continuing operations before income taxes | **70,417** | 40,258 |
| Net income from continuing operations | **54,127** | 31,713 |
| Net income | **52,029** | 23,613 |

The table above reflects $1.7 billion of non-current intercompany receivables due to the Issuer from non-guarantor subsidiaries as of March 31, 2024 and June 30, 2023, respectively.

**REGULATORY ENVIRONMENT**

There have been no material changes in our regulatory environment from what was reported in our June 30, 2023 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 U.S. generally accepted accounting principles (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, adjusted diluted earnings per share from continuing operations, free cash flow and free cash flow yield. 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 to EBITDA from continuing operations, which is a non-GAAP financial measure:

(in 000s)

| | Three months ended March 31, | | Nine months ended March 31, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Net income - as reported | **$ 690,737** | $ 643,429 | **$ 337,500** | $ 251,429 |
| Discontinued operations, net | **849** | 2,648 | **2,097** | 6,418 |
| Net income from continuing operations - as reported | **691,586** | 646,077 | **339,597** | 257,847 |
| Add back: | | | | |
| Income taxes | **215,772** | 209,351 | **72,527** | 78,254 |
| Interest expense | **26,070** | 22,298 | **63,304** | 57,107 |
| Depreciation and amortization | **30,672** | 32,313 | **91,004** | 98,660 |
| | **272,514** | 263,962 | **226,835** | 234,021 |
| EBITDA from continuing operations | **$ 964,100** | $ 910,039 | **$ 566,432** | $ 491,868 |

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

(in 000s, except per share amounts)

| | Three months ended March 31, | | Nine months ended March 31, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Net income from continuing operations - as reported | **$ 691,586** | $ 646,077 | **$ 339,597** | $ 257,847 |
| Adjustments: | | | | |
| Amortization of intangibles related to acquisitions (pretax) | **12,869** | 13,011 | **37,693** | 38,546 |
| Tax effect of adjustments [(1)] | **(2,793)** | (3,190) | **(8,815)** | (9,198) |
| Adjusted net income from continuing operations | **$ 701,622** | $ 655,898 | **$ 368,475** | $ 287,195 |
| Diluted earnings per share from continuing operations - as reported | **$ 4.87** | $ 4.14 | **$ 2.34** | $ 1.62 |
| Adjustments, net of tax | **0.07** | 0.06 | **0.20** | 0.18 |
| Adjusted diluted earnings per share from continuing operations | **$ 4.94** | $ 4.20 | **$ 2.54** | $ 1.80 |

[(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 Securities and Exchange Commission (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," "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 external events beyond the Company's control, such as outbreaks of infectious disease (including the coronavirus (COVID-19) pandemic), severe weather events, natural or manmade disasters, or changes in the regulatory environment in which we operate.

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, future actions of the Company, and increases in applicable tax rates in jurisdictions where the Company operates. 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 June 30, 2023 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 June 30, 2023.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported in our June 30, 2023 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 Quarterly Report on Form 10-Q.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING** – There were no changes during the three months ended March 31, 2024 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 in our June 30, 2023 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 three months ended March 31, 2024 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] |
|---|---|---|---|---|
| January 1 - January 31 | **2** | **$ 47.47** | **—** | **$ 350,000** |
| February 1 - February 29 | **4** | **$ 46.39** | **—** | **$ 350,000** |
| March 1 - March 31 | **1** | **$ 48.14** | **—** | **$ 350,000** |
| | **7** | **$ 46.90** | **—** | |

[1] We purchased approximately 7 thousand shares in connection with funding employee income tax withholding obligations arising upon the lapse of restrictions on restricted share units.
[2] In August 2022, we announced that our Board of Directors approved a $1.25 billion share repurchase program, effective through June 2025.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

**Director and Section 16 Officer Trading Arrangements**

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

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

| | |
|---|---|
| 22 | List of Guarantor and Issuer Subsidiaries, filed as Exhibit 22 to the Company's Annual Report on Form 10-K for the year ended June 30, 2023, file number 1-06089, is incorporated herein by reference. |
| 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
May 9, 2024

/s/ Tony G. Bowen
Tony G. Bowen
Chief Financial Officer
May 9, 2024

/s/ Kellie J. Logerwell
Kellie J. Logerwell
Chief Accounting Officer
May 9, 2024

**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: May 9, 2024

/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: May 9, 2024

/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 ended March 31, 2024 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.

May 9, 2024

**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 ended March 31, 2024 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.
May 9, 2024