Table of Contents

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 July 31, 2020

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 August 31, 2020: 192,898,471 shares.

Form 10-Q for the Period Ended July 31, 2020

Table of Contents

PART I

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

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

	Three months ended July 31,	
	2020	2019
REVENUES:		
Service revenues	**$ 550,951**	$ 132,159
Royalty, product and other revenues	**50,079**	18,203
	601,030	150,362
OPERATING EXPENSES:		
Costs of revenues	**315,036**	229,392
Selling, general and administrative	**133,038**	116,136
Total operating expenses	**448,074**	345,528
Other income (expense), net	**3,211**	9,123
Interest expense on borrowings	**(32,125)**	(21,071)
Income (loss) from continuing operations before income taxes (benefit)	**124,042**	(207,114)
Income taxes (benefit)	**30,486**	(61,390)
Net income (loss) from continuing operations	**93,556**	(145,724)
Net loss from discontinued operations, net of tax benefits of $685 and $1,358	**(2,297)**	(4,523)
NET INCOME (LOSS)	**$ 91,259**	$ (150,247)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:		
Continuing operations	**$ 0.48**	$ (0.72)
Discontinued operations	**(0.01)**	(0.02)
Consolidated	**$ 0.47**	$ (0.74)
DIVIDENDS DECLARED PER SHARE	**$ 0.26**	$ 0.26
COMPREHENSIVE INCOME (LOSS):		
Net income (loss)	**$ 91,259**	$ (150,247)
Change in foreign currency translation adjustments	**17,539**	(2,320)
Other comprehensive income (loss)	**17,539**	(2,320)
Comprehensive income (loss)	**$ 108,798**	$ (152,567)

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

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

As of	July 31, 2020	July 31, 2019	April 30, 2020
ASSETS			
Cash and cash equivalents	**$ 2,598,570**	$ 607,668	$ 2,661,914
Cash and cash equivalents - restricted	**208,015**	157,786	211,106
Receivables, less allowance for credit losses of $67,636, $66,652 and $64,648	**97,222**	76,128	133,197
Prepaid expenses and other current assets	**93,538**	105,123	80,519
Total current assets	**2,997,345**	946,705	3,086,736
Property and equipment, at cost, less accumulated depreciation and amortization of $817,280, $764,891 and $796,192	**168,830**	199,679	184,367
Operating lease right of use asset	**492,195**	486,147	494,788
Intangible assets, net	**400,025**	419,391	414,976
Goodwill	**724,288**	821,278	712,138
Deferred tax assets and income taxes receivable	**153,274**	142,416	151,195
Other noncurrent assets	**61,479**	94,384	67,847
Total assets	**$ 4,997,436**	$ 3,110,000	$ 5,112,047
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Accounts payable and accrued expenses	**$ 128,690**	$ 122,156	$ 203,103
Accrued salaries, wages and payroll taxes	**69,346**	48,166	116,375
Accrued income taxes and reserves for uncertain tax positions	**156,557**	182,928	209,816
Current portion of long-term debt	**—**	—	649,384
Operating lease liabilities	**209,556**	186,355	195,537
Deferred revenue and other current liabilities	**201,809**	193,364	201,401
Total current liabilities	**765,958**	732,969	1,575,616
Long-term debt and line of credit borrowings	**3,495,918**	1,493,289	2,845,873
Deferred tax liabilities and reserves for uncertain tax positions	**185,687**	199,714	182,441
Operating lease liabilities	**297,518**	292,818	312,566
Deferred revenue and other noncurrent liabilities	**117,078**	100,406	124,510
Total liabilities	**4,862,159**	2,819,196	5,041,006
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, shares issued of 228,206,684, 236,744,360 and 228,206,684	**2,282**	2,367	2,282
Additional paid-in capital	**772,782**	759,449	775,387
Accumulated other comprehensive loss	**(34,037)**	(22,736)	(51,576)
Retained earnings	**82,933**	250,740	42,965
Less treasury shares, at cost, of 35,308,213, 35,785,391 and 35,731,376	**(688,683)**	(699,016)	(698,017)
Total stockholders' equity	**135,277**	290,804	71,041
Total liabilities and stockholders' equity	**$ 4,997,436**	$ 3,110,000	$ 5,112,047

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS		(unaudited, in 000s)
Three months ended July 31,	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	**$ 91,259**	$ (150,247)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	**39,508**	38,605
Provision	**2,809**	552
Deferred taxes	**(1,368)**	6,825
Stock-based compensation	**7,597**	6,674
Changes in assets and liabilities, net of acquisitions:		
Receivables	**26,052**	60,519
Prepaid expenses, other current and noncurrent assets	**(8,460)**	(9,917)
Accounts payable, accrued expenses, salaries, wages and payroll taxes	**(123,011)**	(284,643)
Deferred revenue, other current and noncurrent liabilities	**(7,136)**	(45,769)
Income tax receivables, accrued income taxes and income tax reserves	**(46,964)**	(99,929)
Other, net	**(786)**	(6,499)
Net cash used in operating activities	**(20,500)**	(483,829)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(8,311)**	(15,181)
Payments made for business acquisitions, net of cash acquired	**(13)**	(394,411)
Franchise loans funded	**(128)**	(2,806)
Payments from franchisees	**14,150**	2,647
Other, net	**(1,318)**	50,944
Net cash provided by (used in) investing activities	**4,380**	(358,807)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	**(50,044)**	(52,512)
Repurchase of common stock, including shares surrendered	**(2,913)**	(36,456)
Proceeds from exercise of stock options	**1,147**	1,206
Other, net	**(4,910)**	(12,431)
Net cash used in financing activities	**(56,720)**	(100,193)
Effects of exchange rate changes on cash	**6,405**	556
Net decrease in cash and cash equivalents, including restricted balances	**(66,435)**	(942,273)
Cash, cash equivalents and restricted cash, beginning of period	**2,873,020**	1,707,727
Cash, cash equivalents and restricted cash, end of period	**$ 2,806,585**	$ 765,454
SUPPLEMENTARY CASH FLOW DATA:		
Income taxes paid, net of refunds received	**$ 79,138**	$ 36,138
Interest paid on borrowings	**26,457**	15,519
Accrued purchase of common stock	**—**	16,801
Accrued additions to property and equipment	**1,716**	127
New operating right of use assets and related lease liabilities	**52,171**	157,216

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(amounts in 000s, except per share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balances as of May 1, 2020	**228,207**	**$ 2,282**	**$ 775,387**	**$ (51,576)**	**$ 42,965**	**(35,731)**	**$ (698,017)**	**$ 71,041**
Net income	**—**	**—**	**—**	**—**	**91,259**	**—**	**—**	**91,259**
Other comprehensive income	**—**	**—**	**—**	**17,539**	**—**	**—**	**—**	**17,539**
Stock-based compensation	**—**	**—**	**7,422**	**—**	**—**	**—**	**—**	**7,422**
Stock-based awards exercised or vested	**—**	**—**	**(10,027)**	**—**	**(1,247)**	**627**	**12,247**	**973**
Acquisition of treasury shares	**—**	**—**	**—**	**—**	**—**	**(204)**	**(2,913)**	**(2,913)**
Cash dividends declared - $0.26 per share	**—**	**—**	**—**	**—**	**(50,044)**	**—**	**—**	**(50,044)**
Balances as of July 31, 2020	**228,207**	**$ 2,282**	**$ 772,782**	**$ (34,037)**	**$ 82,933**	**(35,308)**	**$ (688,683)**	**$ 135,277**

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balances as of May 1, 2019	238,337	$ 2,383	$ 767,636	$ (20,416)	$ 499,386	(36,377)	$ (707,462)	$ 541,527
Net loss	—	—	—	—	(150,247)	—	—	(150,247)
Other comprehensive loss	—	—	—	(2,320)	—	—	—	(2,320)
Stock-based compensation	—	—	6,557	—	—	—	—	6,557
Stock-based awards exercised or vested	—	—	(13,789)	—	(2,786)	906	17,631	1,056
Acquisition of treasury shares	—	—	—	—	—	(314)	(9,185)	(9,185)
Repurchase and retirement of common shares	(1,593)	(16)	(955)	—	(43,101)	—	—	(44,072)
Cash dividends declared - $0.26 per share	—	—	—	—	(52,512)	—	—	(52,512)
Balances as of July 31, 2019	236,744	$ 2,367	$ 759,449	$ (22,736)	$ 250,740	(35,785)	$ (699,016)	$ 290,804

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 July 31, 2020 and 2019, the consolidated statements of operations and comprehensive income (loss) for the three months ended July 31, 2020 and 2019, the consolidated statements of cash flows for the three months ended July 31, 2020 and 2019, and the consolidated statements of stockholders' equity for the three months ended July 31, 2020 and 2019 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 July 31, 2020 and 2019 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. or to H&R Block, Inc. and its subsidiaries, as appropriate to the context.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2020 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2020 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 – Because the majority of our clients file their tax returns during the period from February through April in a typical year, a substantial majority of our revenues from income tax return preparation and related services and products are earned during this period. As a result, we generally operate at a loss through the first three quarters of our fiscal year. As a result of the COVID-19 pandemic, on March 21, 2020, the federal tax filing deadline in the United States (U.S.) for individual 2019 tax returns was extended from April 15, 2020 to July 15, 2020. Substantially all U.S. states with an April 15 individual state income tax filing requirement extended their respective deadlines. In Canada, the deadline for individuals to file was extended to June 1, 2020. These extensions have impacted the typical seasonality of our business and the comparability of our financial results. Consequently, a portion of revenues and expenses that would have normally been recognized in our fourth quarter of fiscal year 2020 shifted to the first quarter of fiscal year 2021. Results for interim periods are not indicative of results to be expected for the full fiscal 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 10 for additional information on litigation, claims, and other loss contingencies related to our discontinued operations.

NEW ACCOUNTING PRONOUNCEMENTS –

Current Expected Credit Losses. In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13), "Measurement of Credit Losses on Financial Instruments," which replaces the existing incurred credit loss model for an expected credit loss model. We adopted ASU 2016-13 as of May 1, 2020, which did not have a material impact on our consolidated financial statements.

NOTE 2: REVENUE RECOGNITION

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

(in 000s)

	Three months ended July 31,	
	2020	2019
Revenues:		
U.S. assisted tax preparation	**$ 337,728**	$ 32,992
U.S. royalties	**35,949**	6,859
U.S. DIY tax preparation	**67,595**	3,410
International	**67,818**	40,581
Refund Transfers	**10,553**	1,509
Emerald Card®	**17,055**	13,855
Peace of Mind® Extended Service Plan	**31,995**	32,837
Tax Identity Shield®	**9,367**	4,522
Interest and fee income on Emerald Advance™	**663**	554
Wave	**12,067**	3,625
Other	**10,240**	9,618
Total revenues	**$ 601,030**	$ 150,362

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	
Three months ended July 31,	**2020**	2019	**2020**	2019
Balance, beginning of the period	**$ 183,685**	$ 212,511	**$ 21,618**	$ 27,306
Amounts deferred	**18,217**	1,723	**128**	23
Amounts recognized on previous deferrals	**(37,205)**	(38,212)	**(4,348)**	(5,324)
Balance, end of the period	**$ 164,697**	$ 176,022	**$ 17,398**	$ 22,005

As of July 31, 2020, deferred revenue related to POM was $164.7 million. We expect that $102.4 million will be recognized over the next twelve months, while the remaining balance will be recognized over the following sixty months.

As of July 31, 2020 and 2019, Tax Identity Shield® (TIS) deferred revenue was $24.8 million and $25.4 million, respectively. Deferred revenue related to TIS was $30.8 million and $29.7 million at April 30, 2020 and 2019, respectively. All deferred revenue related to TIS will be recognized within the next nine months.

NOTE 3: EARNINGS (LOSS) PER SHARE AND STOCKHOLDERS' EQUITY

EARNINGS (LOSS) 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 or loss from continuing operations attributable to common shareholders by the weighted average shares outstanding during each period. The dilutive effect of potential common shares is included in diluted earnings per share except in those periods with a loss from continuing operations. 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 1.3 million shares for the three months ended July 31, 2020 as the effect would be antidilutive, and 3.7 million shares for the three months ended July 31, 2019, as the effect would be antidilutive due to the net loss from continuing operations during the period.

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

(in 000s, except per share amounts)

	Three months ended July 31,	
	2020	2019
Net earnings (loss) from continuing operations attributable to shareholders	**$ 93,556**	$ (145,724)
Amounts allocated to participating securities	**(327)**	(149)
Net earnings (loss) from continuing operations attributable to common shareholders	**$ 93,229**	$ (145,873)
Basic weighted average common shares	**192,598**	202,037
Potential dilutive shares	**1,469**	—
Dilutive weighted average common shares	**194,067**	202,037
Earnings (loss) per share from continuing operations attributable to common shareholders:		
Basic	**$ 0.48**	$ (0.72)
Diluted	**0.48**	(0.72)

The weighted average shares outstanding for the three months ended July 31, 2020 decreased to 192.6 million from 202.0 million for the three months ended July 31, 2019. The decrease is due to share repurchases completed in the prior year.

STOCK-BASED COMPENSATION – During the three months ended July 31, 2020, we acquired 0.2 million shares of our common stock at an aggregate cost of $2.9 million, which represent shares swapped or surrendered to us in connection with the vesting or exercise of stock-based awards. During the three months ended July 31, 2019, we acquired 0.3 million shares at an aggregate cost of $9.2 million for similar purposes.

During the three months ended July 31, 2020 and 2019, we issued 0.6 million and 0.9 million shares of common stock, respectively, due to the vesting or exercise of stock-based awards.

During the three months ended July 31, 2020, we granted awards equivalent to 1.8 million shares under our stock-based compensation plans, consisting of nonvested units. Stock-based compensation expense of our continuing operations totaled $7.6 million for the three months ended July 31, 2020 and $6.7 million for the three months ended July 31, 2019. As of July 31, 2020, unrecognized compensation cost for nonvested shares and units totaled $53.8 million.

NOTE 4: RECEIVABLES

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

(in 000s)

As of	**July 31, 2020**		July 31, 2019		April 30, 2020	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Loans to franchisees	**$ 10,981**	**$ 31,360**	$ 12,301	$ 45,542	$ 25,397	$ 31,329
Receivables for U.S. assisted and DIY tax preparation and related fees	**34,586**	**3,112**	19,686	3,716	47,030	3,112
H&R Block Instant Refund™ receivables	**1,129**	**1,596**	880	1,780	15,031	1,325
H&R Block Emerald Advance® lines of credit	**9,372**	**10,478**	8,136	10,249	10,001	14,081
Software receivables from retailers	**2,004**	**—**	1,395	—	7,341	—
Royalties and other receivables from franchisees	**20,135**	**39**	7,834	99	9,861	42
Wave payment processing receivables	**2,324**	**—**	3,041	—	3,200	—
Other	**16,691**	**1,646**	22,855	2,251	15,336	1,828
Total	**$ 97,222**	**$ 48,231**	$ 76,128	$ 63,637	$ 133,197	$ 51,717

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 July 31, 2020 loans with a principal balance of $0.1 million were more than 90 days past due. As of July 31, 2019, loans with a principal balance of $2.0 million were more than 90 days past due. We had no loans to franchisees on non-accrual status.

H&R BLOCK INSTANT REFUND™ PROGRAM – H&R Block Instant Refund™ amounts are generally received from the Canada Revenue Agency (CRA) 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 year of origination, with older years being deemed more unlikely to be repaid. Current balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, by year of origination, as of July 31, 2020 are as follows:

(in 000s)

Year of Origination	Balance	Non-Accrual
2020	**$ 4,737**	**$ 366**
2019 and prior	**241**	**241**
	4,978	**$ 607**
Allowance	**(2,253)**	
Net balance	**$ 2,725**	

H&R BLOCK EMERALD ADVANCE® LINES OF CREDIT – We review the credit quality of our purchased participation interests in Emerald Advance™ (EA) receivables based on pools, which are segregated by the year of origination, with older years being deemed more unlikely to be repaid. Balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, as of July 31, 2020, by year of origination, are as follows:

(in 000s)

Year of origination:	Balance	Non-Accrual
2020	**$ 29,176**	**$ 29,176**
2019 and prior	**4,886**	**4,886**
Revolving loans	**14,962**	**13,729**
	49,024	**$ 47,791**
Allowance	**(29,174)**	
Net balance	**$ 19,850**	

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 three months ended July 31, 2020 and 2019 is as follows:

(in 000s)

	EAs	All Other	Total
Balances as of April 30, 2020	$ 32,034	$ 50,446	$ 82,480
Provision	**(2,860)**	**5,669**	**2,809**
Charge-offs, recoveries and other	**—**	**(2,214)**	**(2,214)**
Balances as of July 31, 2020	**$ 29,174**	**$ 53,901**	**$ 83,075**
Balances as of April 30, 2019	$ 27,535	$ 53,938	$ 81,473
Provision	—	552	552
Charge-offs, recoveries and other	—	(322)	(322)
Balances as of July 31, 2019	$ 27,535	$ 54,168	$ 81,703

NOTE 5: GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the three months ended July 31, 2020 and 2019 are as follows:

(in 000s)

	Goodwill	Accumulated Impairment Losses	Net
Balances as of April 30, 2020	$ 850,435	$ (138,297)	$ 712,138
Acquisitions	**—**	**—**	**—**
Disposals and foreign currency changes, net	**12,150**	**—**	**12,150**
Impairments	**—**	**—**	**—**
Balances as of July 31, 2020	**$ 862,585**	**$ (138,297)**	**$ 724,288**
Balances as of April 30, 2019	$ 552,234	$ (32,297)	$ 519,937
Acquisition of Wave [1]	303,359	—	303,359
Other acquisitions	1,083	—	1,083
Disposals and foreign currency changes, net	(3,101)	**—**	(3,101)
Impairments	—	—	—
Balances as of July 31, 2019	$ 853,575	$ (32,297)	$ 821,278

[1] At July 31, 2019, the fair value of the acquired goodwill related to our acquisition of Wave was provisional pending the final purchase price allocation.

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

Components of intangible assets are as follows:

(in 000s)

	Gross Carrying Amount	Accumulated Amortization	Net
As of July 31, 2020:			
Reacquired franchise rights	**$ 365,506**	**$ (165,721)**	**$ 199,785**
Customer relationships	**314,920**	**(235,645)**	**79,275**
Internally-developed software	**159,195**	**(115,976)**	**43,219**
Noncompete agreements	**41,112**	**(34,193)**	**6,919**
Franchise agreements	**19,201**	**(14,934)**	**4,267**
Purchased technology	**122,700**	**(61,313)**	**61,387**
Trade name	**5,800**	**(627)**	**5,173**
	$ 1,028,434	**$ (628,409)**	**$ 400,025**
As of July 31, 2019:			
Reacquired franchise rights	$ 350,679	$ (141,954)	$ 208,725
Customer relationships	300,156	(203,283)	96,873
Internally-developed software	144,768	(111,892)	32,876
Noncompete agreements	40,358	(31,980)	8,378
Franchise agreements	19,201	(13,654)	5,547
Purchased technology	104,700	(45,166)	59,534
Trade name	5,800	(48)	5,752
Acquired assets pending final allocation (1)	1,706	—	1,706
	$ 967,368	$ (547,977)	$ 419,391
As of April 30, 2020:			
Reacquired franchise rights	$ 365,062	$ (159,754)	$ 205,308
Customer relationships	314,191	(227,445)	86,746
Internally-developed software	154,083	(113,698)	40,385
Noncompete agreements	41,072	(33,639)	7,433
Franchise agreements	19,201	(14,614)	4,587
Purchased technology	122,700	(57,548)	65,152
Trade name	5,800	(483)	5,317
Acquired assets pending final allocation (1)	48	—	48
	$ 1,022,157	$ (607,181)	$ 414,976

(1) Represents franchisee and competitor business acquisitions for which final purchase price allocations have not yet been determined.

We made payments to acquire businesses totaling $13 thousand and $394.4 million during the three months ended July 31, 2020 and 2019, respectively. The three months ended July 31, 2019 included the acquisition of Wave HQ Inc. (formerly known as Wave Financial Inc.) and its subsidiaries (collectively, "Wave").

Amortization of intangible assets for the three months ended July 31, 2020 was $20.9 million compared to $18.2 million for the three months ended July 31, 2019. Estimated amortization of intangible assets for fiscal years 2021, 2022, 2023, 2024 and 2025 is $76.1 million, $59.8 million, $41.9 million, $31.0 million and $17.9 million, respectively.

NOTE 6: LONG-TERM DEBT

The components of long-term debt are as follows:

(in 000s)

As of	**July 31, 2020**	July 31, 2019	April 30, 2020
Senior Notes, 4.125%, due October 2020	**$ 650,000**	$ 650,000	$ 650,000
Senior Notes, 5.500%, due November 2022	**500,000**	500,000	500,000
Senior Notes, 5.250%, due October 2025	**350,000**	350,000	350,000
Committed line of credit borrowings	**2,000,000**	—	2,000,000
Debt issuance costs and discounts	**(4,082)**	(6,711)	(4,743)
	3,495,918	1,493,289	3,495,257
Less: Current portion	**—**	—	(649,384)
	$ 3,495,918	$ 1,493,289	$ 2,845,873

UNSECURED COMMITTED LINE OF CREDIT – Our unsecured committed line of credit (CLOC) provides for an unsecured senior revolving credit facility in the aggregate principal amount of $2.0 billion, which includes a $200.0 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 September 21, 2023, 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 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 April 30, July 31, and October 31 of each year and (b) 4.50 to 1.00 as of the last day of each fiscal quarter ending on January 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 July 31, 2020.

In order to strengthen our liquidity and ensure maximum flexibility, during the fourth quarter of fiscal year 2020, we drew the full amount of our $2.0 billion CLOC. We had $2.0 billion outstanding on our CLOC as of July 31, 2020, which we expect to repay in full in September 2020.

The estimated fair value of our long-term debt, including the current portion of long-term debt, as of July 31, 2020 and 2019 and April 30, 2020 totaled $3.6 billion, $1.6 billion and $3.5 billion, respectively.

On August 7, 2020, we issued $650.0 million of 3.875% Senior Notes due August 15, 2030 (2030 Senior Notes). The 2030 Senior Notes are not redeemable by the bondholders prior to maturity, although we have the right to redeem some or all of these notes at any time, at specified redemption prices. As of April 30, 2020, our $650.0 million notes due in October 2020 (October 2020 Senior Notes) were classified as a current liability. As we intend to use the net proceeds from the 2030 Senior Notes to repay our October 2020 Senior Notes, our October 2020 Senior Notes have been reclassified to long-term as of July 31, 2020.

NOTE 7: INCOME TAXES

We file a consolidated federal income tax return in the U.S. with the IRS and file tax returns in various state, local, and foreign jurisdictions. Tax returns are typically examined and either settled upon completion of the examination or through the appeals process. Our U.S. federal income tax returns for 2017 and later years remain open for examination. Our U.S. federal income tax returns for 2016 and all prior periods are closed. With respect to state and local jurisdictions and countries outside of the U.S., we are typically subject to examination for three to six years after the income tax

returns have been filed. Although the outcome of tax audits is always uncertain, we believe that adequate amounts of tax, interest, and penalties have been provided for in the accompanying consolidated financial statements for any adjustments that might be incurred due to federal, state, local or foreign audits.

A discrete income tax expense of $0.6 million was recorded in the three months ended July 31, 2020 compared to a discrete tax benefit of $8.3 million in the same period of the prior year. The discrete tax expense recorded in the current period primarily resulted from interest recorded on existing uncertain tax benefits. The discrete tax benefit recorded in the prior year resulted primarily from favorable audit settlements and valuation allowance changes related to utilization of foreign losses.

Our effective tax rate for continuing operations, including the effects of discrete tax items, was 24.6% and 29.6% for the three months ended July 31, 2020 and 2019, respectively. Discrete items increased the effective tax rate for the three months ended July 31, 2020 and 2019 by 0.5% and 4.0%, respectively. The impact of discrete tax items combined with the seasonal nature of our business can cause the effective tax rate through our first quarter to be significantly different than the rate for our full fiscal year.

We had gross unrecognized tax benefits of $171.6 million, $179.2 million and $168.1 million as of July 31, 2020 and 2019 and April 30, 2020, respectively. The gross unrecognized tax benefits increased $3.5 million and decreased$5.9 million during the three months ended July 31, 2020 and 2019, respectively. We believe it is reasonably possible that the balance of unrecognized tax benefits could decrease by approximately $12.1 million within the next twelve months. The anticipated decrease is due to the expiration of statutes of limitations and anticipated closure of various tax matters currently under exam. For such matters where a change in the balance of unrecognized tax benefits is not yet deemed reasonably possible, no estimate has been included.

NOTE 8: OTHER INCOME AND OTHER EXPENSES

The following table shows the components of other income (expense), net:

(in 000s)

	Three months ended July 31,	
	2020	2019
Interest income	**$ 1,159**	$ 8,026
Foreign currency gains (losses), net	**392**	9
Other, net	**1,660**	1,088
	$ 3,211	$ 9,123

NOTE 9: COMMITMENTS AND CONTINGENCIES

Assisted tax returns, as well as services provided under Tax Pro Go℠ and Tax Pro Review®, are covered by our 100% accuracy guarantee, whereby we will reimburse a client for penalties and interest attributable to an H&R Block error on a return. DIY tax returns are covered by our 100% accuracy guarantee, whereby we will reimburse a client up to a maximum of $10,000 if our software makes an arithmetic error that results in payment of penalties and/or interest to the IRS that a client would otherwise not have been required to pay. Our liability related to estimated losses under the 100% accuracy guarantee was $10.1 million, $8.8 million and $9.4 million as of July 31, 2020 and 2019 and April 30, 2020, 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 $13.3 million, $9.6 million and $14.2 million as of July 31, 2020 and 2019 and April 30, 2020, respectively, with amounts recorded in deferred revenue and other liabilities. Should actual results differ from our estimates, future payments made will differ from the above estimate and any differences will be recorded in results from continuing operations.

We have contractual commitments to fund certain franchises with approved revolving lines of credit. Our total obligation under these lines of credit was $41.1 million at July 31, 2020, and net of amounts drawn and outstanding, our remaining commitment to fund totaled $38.6 million.

We have provided two limited guarantees related to our 2020 tax season Refund Advance Program Agreement. We have provided a limited guarantee up to $7.5 million related to loans to clients prior to the IRS accepting electronic filing. We accrued an estimated liability of $2.5 million at April 30, 2020 related to this guarantee. As of July 31, 2020, we have accrued $2.2 million related to this guarantee. Additionally, we provided a limited guarantee for the remaining loans, up to $57 million in the aggregate, which would cover certain incremental loan losses. We accrued an estimated liability of $2.9 million at April 30, 2020 related to this guarantee. We have no amounts accrued related to this guarantee as of July 31, 2020 as collections exceeded our expectations during the extended tax season.

Both the U.S. and Canada implemented emergency economic relief programs as a way of minimizing the economic impact of the global COVID-19 pandemic. In the U.S., the Coronavirus Aid, Relief, and Economic Security (CARES) Act includes, among other items, provisions relating to refundable payroll tax credits and deferment of certain tax payments through the end of calendar 2020. In Canada the COVID-19 Economic Response Plan includes the Canada Emergency Wage Subsidy (CEWS). For our U.S. businesses we have elected to defer the employer-paid portion of social security taxes and are evaluating the employee retention credit, and in Canada we have received $14.6 million in wage subsidies during the quarter ended July 31, 2020 which has been treated as a government subsidy to offset related operating expenses.

NOTE 10: LITIGATION AND OTHER RELATED CONTINGENCIES

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

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

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

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

For such matters where a loss is believed to be reasonably possible, but not probable, or the loss cannot be reasonably estimated, no accrual has been made. It is possible that such matters could require us to pay damages or make other expenditures or accrue liabilities in amounts that could not be reasonably estimated as of July 31, 2020. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known, we do not believe any such liabilities are likely to have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. As of July 31, 2020 and 2019 and April 30, 2020, our total accrued liabilities were $1.6 million, $1.6 million and $1.6 million, respectively.

Our estimate of the aggregate range of reasonably possible losses includes (1) matters where a liability has been accrued and there is a reasonably possible loss in excess of the amount accrued for that liability, and (2) matters where

a liability has not been accrued but we believe a loss is reasonably possible. This aggregate range only represents those losses as to which we are currently able to estimate a reasonably possible loss or range of loss. It does not represent our maximum loss exposure.

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

The estimated range of reasonably possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, as well as known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. As of July 31, 2020, 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.

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

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

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

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

On May 17, 2019, a putative class action complaint was filed against H&R Block, Inc., HRB Tax Group, Inc. and HRB Digital LLC in the Superior Court of the State of California, County of San Francisco (Case No. CGC-19576093). The case is styled *Snarr v. HRB Tax Group, Inc., et al*. The case was removed to the United States District Court for the Northern District of California on June 21, 2019 (Case No. 3:19-cv-03610-SK). The plaintiffs filed a first amended complaint on August 9, 2019, dropping H&R Block, Inc. from the case. In the amended complaint, the plaintiffs seek to represent classes of all persons, between May 17, 2015 and the present, who (1) paid to file one or more federal tax returns through H&R Block's internet-based filing system, (2) were eligible to file those tax returns for free through the H&R Block Free File offer of the IRS Free File Program, and (3) resided in and were citizens of California at the time of the payments. The plaintiffs generally allege unlawful, unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Consumers Legal Remedies Act, California Civil Code §§1750, *et seq*., California False Advertising Law, California Business and Professions Code §§17500, *et seq*., and California Unfair Competition Law, California Business and Professions Code §§17200 *et seq*. The plaintiffs seek declaratory and injunctive relief, restitution, compensatory damages, punitive damages, interest, attorneys' fees and

costs. We filed a motion to stay the proceedings based on the primary jurisdiction doctrine and a motion to compel arbitration, both of which were denied. An appeal of the denial of the motion to compel arbitration is pending. We filed a motion to stay the claims pending the outcome of the appeal, as well as a motion to dismiss the claims, which also were denied. We filed an answer to the amended complaint on April 7, 2020. The parties filed a stipulation of voluntary dismissal of the claims of plaintiff Olosoni, without prejudice, and the termination of plaintiff Olosoni as a named plaintiff in the action on July 21, 2020. A trial date has been set for October 18, 2022. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

On September 26, 2019, a putative class action complaint was filed against H&R Block, Inc., HRB Tax Group, Inc., HRB Digital LLC and Free File, Inc. in the United States District Court for the Western District of Missouri (Case No. 4:19-cv-00788-GAF) styled *Swanson v. H&R Block, Inc., et al.* The plaintiff seeks to represent both a nationwide class and a California subclass of all persons eligible for the IRS Free File Program who paid to use an H&R Block product to file an online tax return for the 2002 through 2018 tax filing years. The plaintiff generally alleges unlawful, unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Consumers Legal Remedies Act, California Civil Code §§1750, *et seq*., California False Advertising Law, California Business and Professions Code §§17500, *et seq*., California Unfair Competition Law, California Business and Professions Code §§17200, *et seq*., in addition to breach of contract and fraud. The plaintiff seeks injunctive relief, disgorgement, compensatory damages, statutory damages, punitive damages, interest, attorneys' fees and costs. The court granted a motion to dismiss filed by defendant Free File, Inc. for lack of personal jurisdiction. We filed a motion to stay the proceedings based on the primary jurisdiction doctrine and a motion to compel arbitration. The court granted our motion to compel arbitration on July 27, 2020 and stayed the case pending the outcome of arbitration. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

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

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

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

not affect representation and warranty claims and lawsuits SCC has received or may receive, for example, where the statute of limitations has been tolled by agreement or a suit was timely filed.

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

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

On September 28, 2012, a second lawsuit was filed by Homeward in the United States District Court for the Southern District of New York against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Case No. 12-cv-7319). The plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-3 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract and indemnity in connection with losses allegedly incurred as a result of the breach of representations and warranties relating to 96 loans sold to the trust. The trust was originally collateralized with approximately 7,500 loans. The plaintiff seeks specific performance of alleged repurchase obligations or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses. In response to a motion filed by SCC, the court dismissed the plaintiff's claims for breach of the duty to cure or repurchase and for indemnification of its costs associated with the litigation. On September 30, 2016, the court granted a motion allowing the plaintiff to file a second amended complaint to include breach of contract claims with respect to 649 additional loans in the trust and to allow such claims with respect to other loans in the trust proven to be in material breach of SCC’s representations and warranties. SCC filed a motion for reconsideration, followed by a motion for leave to appeal the ruling, both of which were denied. On October 6, 2016, the plaintiff filed its second amended complaint. In response to a motion filed by SCC, the court dismissed the plaintiff's claim for breach of one of the representations. The case is proceeding on the remaining claims. Representatives of a holder of certificates in the trust filed a motion to intervene to add H&R Block, Inc. to the lawsuit and assert claims against H&R Block, Inc. based on alter ego, corporate veil-piercing, and agency law. On February 12, 2018, the court denied the motion to intervene. The settlement payments that were made in fiscal year 2018 for representation and

warranty claims are related to some of the loans in this case. Discovery in the case closed on September 30, 2019. Motions for summary judgment were filed on December 6, 2019 and remain pending, with briefing on the motions concluded in March 2020. A mediation session between the parties was held on January 28, 2020, which did not result in resolution of the case. A trial date has not yet been set. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

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

If the amount that SCC is ultimately required to pay with respect to claims and litigation related to its past sales and securitizations of mortgage loans, together with payment of SCC's related administration and legal expense, exceeds SCC's net assets, the creditors of SCC, other potential claimants, or a bankruptcy trustee if SCC were to file or be forced into bankruptcy, may attempt to assert claims against us for payment of SCC's obligations. Claimants may also attempt to assert claims against or seek payment directly from the Company even if SCC's assets exceed its liabilities. SCC's principal assets, as of July 31, 2020, total approximately $274 million and consist of an intercompany note receivable. We believe our legal position is strong on any potential corporate veil-piercing arguments; however, if this position is challenged and not upheld, it could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows.

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

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

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

RECENT DEVELOPMENTS

On July 1, 2020, we provided written notice to Axos Bank ("Axos") of the termination of the Program Management Agreement by and between Emerald Financial Services, LLC , a wholly–owned indirect subsidiary of the Company, and Axos, effective July 1, 2020. On August 5, 2020, we entered into a Program Management Agreement with MetaBank, N.A. (“Meta”), a wholly-owned subsidiary of Meta Financial Group, Inc. Under the Meta Program Management Agreement and its ancillary agreements and related product schedules, Meta will act as the bank provider of H&R Block-branded financial products, including Emerald Advance™, Emerald Card, Emerald Savings, Refund Advance, and Refund Transfer in the United States.

On August 7, 2020, we issued $650.0 million of 3.875% Senior Notes due August 15, 2030 (2030 Senior Notes). The 2030 Senior Notes are not redeemable by the bondholders prior to maturity, although we have the right to redeem some or all of these notes at any time, at specified redemption prices. We intend to use the net proceeds from the 2030 Senior Notes to repay, at maturity, the $650.0 million in principal outstanding of our 4.125% notes due 2020, which mature on October 1, 2020, and for general corporate purposes.

FINANCIAL OVERVIEW

As a result of the COVID-19 pandemic, on March 21, 2020, the federal tax filing deadline in the U.S. for individual 2019 tax returns was extended from April 15, 2020 to July 15, 2020, and substantially all U.S. states with an April 15 individual state income tax filing requirement extended their respective deadlines. In Canada, the deadline for individuals to file was extended to June 1, 2020. In addition, governments around the world have taken a variety of actions to contain the spread of COVID-19. Jurisdictions in which we operate imposed, and continue to impose, various restrictions on our business, including capacity and other operational limitations, social distancing requirements, and in limited instances required us to close certain offices. One of our top priorities has been providing for the health and safety of our clients, associates, and franchisees, while still providing taxpayers access to help in getting their refunds during this difficult economic time. These events have impacted the typical seasonality of our business and the comparability of our financial results. Consequently, a portion of revenues and expenses that would have normally been recognized in our fourth quarter of fiscal year 2020 shifted to the first quarter of fiscal year 2021.

As we continued to finish out the tax season in our first quarter of fiscal year 2021, we had more offices open, increased office hours, and had more tax professionals than we would typically have in the first quarter. However, this was less than we would typically have during a tax season to serve clients.

Due to the extension of the tax season, our revenues increased $450.7 million, or 299.7% and we recorded pretax income during the quarter of $124.0 million compared to a loss of $207.1 million in the prior year.

For more detail on the entire U.S. individual 2019 tax filing season volumes see our Form 8-K filed on July 28, 2020.

RESULTS OF OPERATIONS

Our subsidiaries provide assisted, DIY, and digital 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 financial partners, to the general public primarily in the U.S., Canada, Australia, and their respective territories. Tax returns are either prepared by H&R Block tax professionals (in company-owned or franchise offices, virtually or via an internet review) or prepared and filed by our clients through our DIY tax solutions. We also offer small business financial solutions through our company-owned or franchise offices and online through Wave. We report a single segment that includes all of our continuing operations.

U.S. Operating Statistics				
Three months ended July 31,	**2020**	2019	Change	% Change
Tax returns prepared: (in 000s) (1)				
Company-owned operations	**1,439**	136	1,303	958.1 %
Franchise operations	**548**	74	474	640.5 %
Total assisted	**1,987**	210	1,777	846.2 %
Desktop	**489**	19	470	2,473.7 %
Online	**1,019**	51	968	1,898.0 %
Total DIY	**1,508**	70	1,438	2,054.3 %
Total U.S. Returns	**3,495**	280	3,215	1,148.2 %
Net Average Charge: (2)				
Company-owned operations	**$ 234.82**	$ 254.53	$ (19.71)	(7.7)%
Franchise operations (3)	**220.78**	244.06	(23.28)	(9.5)%
DIY	**44.83**	48.31	(3.48)	(7.2)%

(1) An assisted tax return is defined as a current or prior year individual tax return that has been accepted and paid for by the client. Also included are Tax Pro Go℠, Tax Pro Review®, and business returns. A DIY return is defined as a return that has been electronically filed and accepted by the IRS, including online returns paid and printed. Returns of 193 thousand and 11 thousand for the periods ending July 31, 2020 and 2019, respectively, filed using the IRS Free File program have been excluded as we will no longer participate in the program after October 2020.

(2) Net average charge is calculated as tax preparation fees divided by tax returns prepared.

(3) Net average charge related to H&R Block Franchise operations represents tax preparation fees collected by H&R Block franchisees divided by returns prepared in franchise offices. H&R Block will recognize a portion of franchise revenues as franchise royalties based on the terms of franchise agreements.

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

Consolidated - Financial Results				(in 000s, except per share amounts)
Three months ended July 31,	**2020**	2019	$ Change	% Change
Revenues:				
U.S. assisted tax preparation	**$ 337,728**	$ 32,992	$ 304,736	923.7 %
U.S. royalties	**35,949**	6,859	29,090	424.1 %
U.S. DIY tax preparation	**67,595**	3,410	64,185	1,882.3 %
International	**67,818**	40,581	27,237	67.1 %
Refund Transfers	**10,553**	1,509	9,044	599.3 %
Emerald Card®	**17,055**	13,855	3,200	23.1 %
Peace of Mind® Extended Service Plan	**31,995**	32,837	(842)	(2.6)%
Tax Identity Shield®	**9,367**	4,522	4,845	107.1 %
Interest and fee income on Emerald Advance™	**663**	554	109	19.7 %
Wave	**12,067**	3,625	8,442	232.9 %
Other	**10,240**	9,618	622	6.5 %
Total revenues	**601,030**	150,362	450,668	299.7 %
Compensation and benefits:				
Field wages	**118,542**	53,803	64,739	120.3 %
Other wages	**60,694**	53,837	6,857	12.7 %
Benefits and other compensation	**33,798**	26,474	7,324	27.7 %
	213,034	134,114	78,920	58.8 %
Occupancy	**99,300**	92,152	7,148	7.8 %
Marketing and advertising	**18,811**	6,779	12,032	177.5 %
Depreciation and amortization	**39,508**	38,605	903	2.3 %
Bad debt	**1,856**	(968)	2,824	**
Other	**75,565**	74,846	719	1.0 %
Total operating expenses	**448,074**	345,528	102,546	29.7 %
Other income (expense), net	**3,211**	9,123	(5,912)	(64.8)%
Interest expense on borrowings	**(32,125)**	(21,071)	(11,054)	(52.5)%
Pretax income (loss)	**124,042**	(207,114)	331,156	**
Income taxes (benefit)	**30,486**	(61,390)	(91,876)	**
Net income (loss) from continuing operations	**93,556**	(145,724)	239,280	**
Net loss from discontinued operations	**(2,297)**	(4,523)	2,226	49.2 %
Net income (loss)	**$ 91,259**	$ (150,247)	$ 241,506	**
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:				
Continuing operations	**$ 0.48**	$ (0.72)	$ 1.20	**
Discontinued operations	**(0.01)**	(0.02)	0.01	50.0 %
Consolidated	**$ 0.47**	$ (0.74)	$ 1.21	**
EBITDA from continuing operations (1)	**$ 195,675**	$ (147,438)	$ 343,113	**

(1) See "Non-GAAP FInancial Information" at the end of this item for a reconciliation of non-GAAP measures.

Three months ended July 31, 2020 compared to July 31, 2019

Due to the extension of the tax season related to the COVID-19 pandemic, we had significant increases in the number of tax returns prepared in all categories compared to the prior year. This resulted in increases in almost all categories of our revenues, with total revenues increasing $450.7 million, or 299.7% International revenues increased $27.2 million, or 67.1% due to higher tax returns prepared in our Canadian operations due to the extension of the Canadian tax season as described above.

Wave revenues increased $8.4 million, or 232.9%. We acquired Wave on June 28, 2019, and Wave's results have been included in our results of operations since that date.

Total operating expenses increased $102.5 million, or 29.7%, from the prior year period. Field wages increased $64.7 million, or 120.3%, primarily due to the increase in tax return volumes, which was partially offset by Canadian wage subsidies. Other wages increased $6.9 million, or 12.7%, primarily due to higher bonus accruals based on the results of the extended tax season and the acquisition of Wave. Benefits and other compensation increased $7.3 million, or 27.7% primarily due to higher payroll taxes as a result of higher wages. Occupancy expenses increased $7.1 million, or 7.8%, due to additional office related expenses as a result of the extension of the tax season and higher rent due to an increase in the number of offices over the prior year. Marketing expense increased $12.0 million, or 177.5%, due to the extension of the tax season.

Other expenses increased $0.7 million, or 1.0%. The components of other expenses are as follows:

Three months ended July 31,	**2020**	2019	$ Change	% Change
Consulting and outsourced services	**$ 20,365**	$ 18,189	$ 2,176	12.0 %
Bank partner fees	**(1,039)**	1,482	(2,521)	**
Client claims and refunds	**5,727**	9,244	(3,517)	(38.0)%
Employee travel and related expenses	**2,713**	8,425	(5,712)	(67.8)%
Technology-related expenses	**16,607**	17,410	(803)	(4.6)%
Credit card/bank charges	**14,226**	3,992	10,234	256.4 %
Insurance	**3,899**	4,394	(495)	(11.3)%
Legal fees and settlements	**4,061**	3,273	788	24.1 %
Supplies	**3,694**	3,286	408	12.4 %
Other	**5,312**	5,151	161	3.1 %
	$ 75,565	$ 74,846	$ 719	1.0 %

Bank partner fees decreased $2.5 million due to a reduction in the credit loss guarantee related to Refund Advances. Credit card and bank charges increased $10.2 million as a result of higher transaction volumes for assisted tax preparation and DIY tax preparation and higher Wave payment processing fees resulting from the acquisition of Wave.

We recorded income taxes in the current year of $30.5 million compared to income tax benefits of $61.4 million in the prior year. See Item 1, note 7 to the consolidated financial statements for additional discussion.

FINANCIAL CONDITION

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

CAPITAL RESOURCES AND LIQUIDITY –

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

Our operations are highly seasonal and substantially all of our revenues and cash flow are generated during the period from February through April in a typical year. Therefore, we normally require the use of cash to fund losses and working capital needs, periodically resulting in a working capital deficit, from May through January. We typically have relied on available cash balances from the prior tax season and borrowings to meet liquidity needs in our first three quarters. As a result of the COVID-19 pandemic, on March 21, 2020, the federal tax filing deadline for individual 2019 tax returns was extended from April 15, 2020 to July 15, 2020, and substantially all U.S. states with an April 15 individual state income tax filing requirement extended their respective deadlines. In Canada, the deadline for individuals to file was extended to June 1, 2020. These extensions have impacted the typical seasonality of our business and the comparability of our financial results.

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 July 31, 2020 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 three months ended July 31, 2020 and 2019. See Item 1 for the complete consolidated statements of cash flows for these periods.

(in 000s)

Three months ended July 31,	2020	2019
Net cash provided by (used in):		
Operating activities	**$ (20,500)**	$ (483,829)
Investing activities	**4,380**	(358,807)
Financing activities	**(56,720)**	(100,193)
Effects of exchange rates on cash	**6,405**	556
Net change in cash, cash equivalents and restricted cash	**$ (66,435)**	$ (942,273)

Operating Activities. Cash used in operations decreased, primarily due to the extension of the 2019 tax season into our fiscal first quarter due to COVID-19.

Investing Activities. Cash provided by investing activities totaled $4.4 million for the three months ended July 31, 2020 compared to cash used in investing activities of $358.8 million in the prior year period. This change is due to the prior year acquisition of Wave.

Financing Activities. Cash used in financing activities totaled $56.7 million for the three months ended July 31, 2020 compared to $100.2 million in the prior year period. This change resulted primarily from share repurchases in the prior year.

CASH REQUIREMENTS –

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

We have consistently paid quarterly dividends. Dividends paid totaled $50.0 million and $52.5 million for the three months ended July 31, 2020 and 2019, 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.

Our current share repurchase program has remaining authorization of $751.8 million which is effective through June 2022. We did not repurchase any shares during the current year period. In the prior year period, we repurchased $44.1 million of our common stock at an average price of $27.68 per share.

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 $8.3 million and $15.2 million for the three months ended July 31, 2020 and 2019, 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 $13 thousand in the current year compared to Wave and franchisee and competitor businesses totaling $394.4 million in the prior year. See Item 1, note 5 for additional information on our acquisitions.

FINANCING RESOURCES – In the fourth quarter of fiscal year 2020, we drew down the full $2.0 billion available under our CLOC to increase our cash position and maximize flexibility in light of the uncertainty surrounding the impact of the COVID-19 pandemic, which we expect to repay in full in September 2020.

On August 7, 2020, we issued the 2030 Senior Notes. As of April 30, 2020, our $650.0 million notes due in October 2020 (October 2020 Senior Notes) were classified as a current liability. As we intend to use the net proceeds from the 2030 Senior Notes to repay our October 2020 Senior Notes, our October 2020 Senior Notes have been reclassified to long-term as of July 31, 2020.

The following table provides ratings for debt issued by Block Financial as of July 31, 2020 and April 30, 2020:

As of	**July 31, 2020**			April 30, 2020		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Moody's	**P-3**	**Baa3**	**Stable**	P-3	Baa3	Negative
S&P	**A-2**	**BBB**	**Negative**	A-2	BBB	Negative

Other than described above, there have been no material changes in our borrowings from those reported as of April 30, 2020 in our Annual Report on Form 10-K.

CASH AND OTHER ASSETS – As of July 31, 2020, we held cash and cash equivalents, excluding restricted amounts, of $2.6 billion, including $152.7 million held by our foreign subsidiaries.

Foreign Operations. When necessary, our international businesses are funded by our U.S. operations. To mitigate foreign currency exchange rate risk, we sometimes enter into foreign exchange forward contracts. There were no forward contracts outstanding as of July 31, 2020.

We do not currently intend to repatriate any non-borrowed funds held by our foreign subsidiaries.

The impact of changes in foreign exchange rates during the period on our international cash balances resulted in a increase of $6.4 million during the three months ended July 31, 2020 compared to a increase of $0.6 million in the prior year.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS – Except as described in Recent Developments related to the Axos Program Management Agreement, Meta Program Management Agreement, and 2030 Senior Notes issuance, there have been no material changes in our contractual obligations and commercial commitments from those reported as of April 30, 2020 in our Annual Report on Form 10-K.

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

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

SUMMARIZED BALANCE SHEET		(in 000s)
As of July 31, 2020		**Guarantor and Issuer**
Current assets	**$**	**52,836**
Noncurrent assets		**3,632,226**
Current liabilities		**48,854**
Noncurrent liabilities		**3,504,209**

SUMMARIZED STATEMENTS OF OPERATIONS		(in 000s)
Three months ended July 31, 2020		**Guarantor and Issuer**
Total revenues	**$**	**21,015**
Loss from continuing operations before income taxes		**(12,725)**
Net loss from continuing operations		**(9,793)**
Net loss		**(12,090)**

The table above reflects $3.6 billion of non-current intercompany receivables due to the Issuer from non-guarantor subsidiaries.

REGULATORY ENVIRONMENT

On November 17, 2017, the CFPB published its final rule changing the regulation of certain consumer credit products, including payday loans, vehicle title loans, and high-cost installment loans (Payday Rule). Certain limited provisions of the Payday Rule became effective on January 16, 2018, but most provisions were scheduled to go into effect on August 19, 2019. On November 6, 2018, a judge from the U.S. District Court for the Western District of Texas issued a stay of the Payday Rule's August 19, 2019 compliance date, which stay remains in effect until further notice from the Court. On July 7, 2020, the CFPB issued a final rule revoking the mandatory underwriting provisions of the Payday Rule.

Given these developments, we are unsure whether, when, or in what form the Payday Rule will go into effect. The timing to resolve the litigation is unclear. We do not currently expect the Payday Rule to have a material adverse impact on the Emerald Advance™ product, our business, or our consolidated financial position, results of operations, and cash flows. We will continue to monitor and analyze the potential impact of any further Payday Rule developments on the Company.

There have been no other material changes in our regulatory environment from what was reported as of April 30, 2020 in our Annual Report on Form 10-K.

NON-GAAP FINANCIAL INFORMATION

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies.

We consider our non-GAAP financial measures to be performance measures and a useful metric for management and investors to evaluate and compare the ongoing operating performance of our business.

We make adjustments for certain non-GAAP financial measures related to amortization of intangibles from acquisitions and goodwill impairments. We believe removing the impacts of amortization of acquired intangibles and goodwill impairments provides a more meaningful indicator of performance and will assist in understanding our financial results.

We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures.

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

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

(in 000s)

	Three months ended July 31,	
	2020	2019
Net income (loss) - as reported	**$ 91,259**	$ (150,247)
Discontinued operations, net	**2,297**	4,523
Net income (loss) from continuing operations - as reported	**93,556**	(145,724)
Add back:		
Income taxes (benefit) of continuing operations	**30,486**	(61,390)
Interest expense of continuing operations	**32,125**	21,071
Depreciation and amortization of continuing operations	**39,508**	38,605
	102,119	(1,714)
EBITDA from continuing operations	**$ 195,675**	$ (147,438)

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

(in 000s, except per share amounts)

	Three months ended July 31,	
	2020	2019
Net income (loss) from continuing operations - as reported	**$ 93,556**	$ (145,724)
Adjustments:		
Amortization of intangibles related to acquisitions (pretax)	**18,577**	16,239
Tax effect of adjustments (1)	**(4,400)**	(4,162)
Adjusted net income (loss) from continuing operations	**$ 107,733**	$ (133,647)
Diluted earnings (loss) per share - as reported	**$ 0.48**	$ (0.72)
Adjustments, net of tax	**0.07**	0.06
Adjusted earnings (loss) per share	**$ 0.55**	$ (0.66)

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

FORWARD-LOOKING INFORMATION

This report and other documents filed with the SEC may contain forward-looking statements. In addition, our senior management may make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "commits," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could," "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, client trajectory, income, effective tax rate, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volumes or other financial items, descriptions of management's plans or objectives for future operations, services or products, or descriptions of assumptions underlying any of the above. They may also include the expected impact of the coronavirus (COVID–19) pandemic, including, without limitation, the impact on economic and financial markets, the Company's capital resources and financial condition, future expenditures, potential regulatory actions, such as extensions of tax filing deadlines or other related relief, changes in consumer behaviors and modifications to the Company's operations relating thereto.

All forward-looking statements speak only as of the date they are made and reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore,

the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive, operational and regulatory factors, many of which are beyond the Company's control. In addition, factors that may cause the Company's actual effective tax rate to differ from estimates include the Company's actual results from operations compared to current estimates, future discrete items, changes in interpretations and assumptions the Company has made, and future actions of the Company. Investors should understand that it is not possible to predict or identify all such factors and, consequently, should not consider any such list to be a complete set of all potential risks or uncertainties.

Details about risks, uncertainties and assumptions that could affect various aspects of our business are included throughout our Annual Report on Form 10-K for the fiscal year ended April 30, 2020 and are also described from time to time in other filings with the SEC. Investors should carefully consider all of these risks, and should pay particular attention to Item 1A, "Risk Factors," and Item 7 under "Critical Accounting Policies" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported at April 30, 2020 in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING – There were no changes during the last fiscal quarter 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 10 to the consolidated financial statements.

ITEM 1A. RISK FACTORS

We face legal actions in connection with our various business activities, and current or future legal actions may damage our reputation, impair our product offerings, or result in material liabilities and losses.

We have been named, and from time to time will likely continue to be named, in various legal actions, including arbitrations, class or representative actions, actions or inquiries by state attorneys general and other regulators, and other litigation arising in connection with our various business activities, including relating to our various service and product offerings. For example, as previously reported, we are subject to litigation and have received and are responding to certain governmental inquiries relating to the IRS Free File program. These inquiries include requests for information and, in some cases, subpoenas from regulators and state attorneys general. On July 15, 2020, the New York State Department of Financial Services issued a press release and report on its investigation of certain tax preparers, including us, related to the IRS Free File program. We cannot predict whether this report or other inquiries could lead to further inquiries, further litigation, fines, injunctions or other regulatory or legislative actions or impacts on our brand, reputation and business. See discussion in Part I, Item 1, note 10 to the consolidated financial statements, and Item 8, note 13 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended April 30, 2020. We also grant our franchisees a limited license to use our registered trademarks and, accordingly,

there is risk that one or more of the franchisees may be alleged to be controlled by us. Third parties, regulators or courts may seek to hold us responsible for the actions or failures to act by our franchisees. Adverse outcomes related to legal actions could result in substantial damages and could cause our earnings to decline. Negative public opinion could also result from our or our franchisees' actual or alleged conduct in such claims, possibly damaging our reputation, which, in turn, could adversely affect our business prospects and cause the market price of our securities to decline.

Except as indicated above, there have been no material changes in our risk factors from those reported at April 30, 2020 in our Annual Report on Form 10-K.

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

A summary of our purchases of H&R Block common stock during the first quarter of fiscal year 2021 is as follows:

(in 000s, except per share amounts)

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
May 1 - May 31	**—**	**$ —**	**—**	**$ 751,837**
June 1 - June 30	**166**	**$ 14.28**	**—**	**$ 751,837**
July 1 - July 31	**38**	**$ 14.25**	**—**	**$ 751,837**
	204	**$ 14.28**	**—**	

(1) We purchased approximately 204 thousand shares in connection with funding employee income tax withholding obligations arising upon the lapse of restrictions on restricted share units.

(2) In September 2015, we announced that our Board of Directors approved a $3.5 billion share repurchase program, effective through June 2019. In June 2019, our Board of Directors extended the share repurchase program through June 2022.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

4.1	Third Supplemental Indenture, dated August 7, 2020, among H&R Block, Inc., Block Financial LLC (formerly known as Block Financial Corporation), Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) and U.S. Bank National Association, as separate trustee, filed as Exhibit 4.1 to the Company's current report on Form 8–K filed August 7, 2020, file number 1–06089, is incorporated herein by reference.
4.2	Officers' Certificate, dated August 7, 2020, of Block Financial LLC (including the Form of the 3.875% Notes due 2030), filed as Exhibit 4.2 to the Company's current report on Form 8–K filed August 7, 2020, file number 1–06089, is incorporated herein by reference.
10.1	Program Management Agreement, dated August 5, 2020, by and between Emerald Financial Services, LLC and MetaBank, N.A.
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
September 3, 2020

/s/ Tony G. Bowen

Tony G. Bowen
Chief Financial Officer
September 3, 2020

/s/ Kellie J. Logerwell

Kellie J. Logerwell
Chief Accounting Officer
September 3, 2020

Exhibit 10.1

PROGRAM MANAGEMENT AGREEMENT

By and Between

EMERALD FINANCIAL SERVICES, LLC

and

METABANK, N.A.

Dated as of
August 5, 2020

TABLE OF CONTENTS

Page

List of Schedules

List of Product Schedules

List of Exhibits

PROGRAM MANAGEMENT AGREEMENT

This PROGRAM MANAGEMENT AGREEMENT, dated as of August 5, 2020, is made by and between **Emerald Financial Services, LLC**, a Delaware limited liability company ("**EFS**"), and **MetaBank, N.A.**, a national bank ("**Meta**"). EFS and Meta are at times hereinafter referred to as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. HRB Tax Group, Inc., a Missouri corporation ("**HRB Tax Group**"), and certain of its subsidiaries are in the business of providing (or making available through Franchisees) tax preparation and related products and services to consumer customers (including the customers of Franchisees, "**HRB Customers**") throughout the Program Territory.

B. HRB Tax Group, HRB Technology, HRB Digital, BFLLC, Participant and EFS are Affiliates within the H&R Block affiliated group of companies (EFS, together with its Affiliates as applicable, the "**Company**").

C. Pursuant to a Program Management Agreement, dated August 31, 2015 (as amended, the "**Existing PMA**"), between Axos Bank (formerly known as BofI Federal Bank, "**Axos**") and EFS, which was terminated effective July 1, 2020, Axos currently provides, and certain Affiliates of EFS make available, financial products and services to HRB Customers (the "**Existing Program**") pursuant to the post-termination provisions of the Existing PMA.

D. Pursuant to the wind-down and transition provisions of the Existing PMA, EFS has designated Meta as its Nominated Purchaser, as defined in the Existing PMA, to purchase certain assets and assume certain liabilities of Axos as provided in a Purchase and Assumption Agreement to be executed by and among Axos, EFS and Meta (the "**Purchase Agreement**").

E. Meta desires to provide, and Company desires to make available, the Financial Products to HRB Customers pursuant to the terms and conditions set forth in this Agreement and beginning on the Effective Date.

F. Meta desires to engage EFS, and EFS desires to be engaged, to serve as program manager and provide program management services in connection with the Program, subject to the terms and conditions set forth herein and beginning on the Effective Date.

AGREEMENT

ACCORDINGLY, in consideration of the mutual covenants and agreements of the Parties herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS; ORDER OF PRECEDENCE; RULES OF INTERPRETATION

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings set forth below; provided, however, that with respect to any capitalized term specifically defined in any Product Schedule, such term has the meaning set forth in such Product Schedule:

"**Account**" means (a) each loan account, deposit account and Cardholder Account originated by Meta for an HRB Customer associated with any Financial Products offered in connection with the Program, and (b) any Purchased Account.

"**Accountholder**" means any Person who holds or has held an Account, including a Cardholder.

"**Accountholder Data**" means all Personally Identifiable Information regarding an Accountholder received by or on behalf of Meta or by EFS in connection with a Financial Product, or obtained by or on behalf of Meta or EFS in connection with an Account, but does not include HRB Customer Data or Meta Customer Data.

"**ACH**" means the Automated Clearinghouse Network, governed by the rules of Nacha.

"**Acquiring IP Party**" has the meaning set forth in Section 8.1(b) (Ownership and Licenses of Intellectual Property).

"**Affected Party**" has the meaning set forth in Section 11.2(b) (Data Breach Investigation).

"**Affiliate**" means any Person that, directly or indirectly, through one or more intermediaries, (a) owns or controls another Person, (b) is owned or controlled by another Person, or (c) is under common control or ownership with another Person, and "ownership" means the direct or indirect beneficial ownership of more than 50% of the equity securities of a Person, or, in the case of a Person that is not a corporation, more than 50% of the voting or equity interest of such Person.

"**Agreement**" means this Program Management Agreement, including all Schedules (including Product Schedules), by and between EFS and Meta.

"**Applicable Law**" means all federal, state and local laws, common laws, statutes, regulations, rules, published regulatory guidance, written orders or directives, and written opinions and interpretations of any Governmental Authority, that are applicable to the Program or otherwise applicable to any of the Parties, or any Distributor or Franchisee.

"**Applicant**" means any Person who has submitted an application to Meta for a Financial Product.

"**Applicant Data**" means all Personally Identifiable Information regarding an Applicant received by or on behalf of Meta (including by EFS as servicer) in connection with such Applicant's application for a Financial Product, but does not include HRB Customer Data or Meta Customer Data.

"**Axos**" has the meaning set forth in Recital C.

"**Bank Secrecy Act**" means the Bank Secrecy Act of 1970, together with all applicable regulations.

"**BFLLC**" means Block Financial LLC, a Delaware limited liability company.

"**BlockWorks**" means the proprietary tax processing software licensed by an Affiliate of EFS to HRB Tax Group and Franchisees for use in H&R Block-branded retail tax offices, and any successor software.

"**Business Day**" means any day that is not a Saturday, Sunday, or federal legal holiday.

"**Card**" means an individual Payment Network-branded Emerald Card, Gift Card, and/or Rewards Card, as applicable, co-branded with the H&R Block brand, issued by Meta under the Program, and tied to a Cardholder Account.

"**Cardholder**" means a Person who is issued a Card, or lawfully obtains a Card as a gift or otherwise.

"**Cardholder Account**" means an account, sub-account, or that portion of an omnibus or pooled account that is held by Meta in the name or for the benefit of a Cardholder, which account is associated with a Card and includes a record of debits and credits with respect to transactions effected in connection with or by virtue of such Card.

"**Claim**" means any claim, demand, suit, legal action, regulatory action, administrative action, arbitration or proceeding, including those brought in connection with allegations of misrepresentations, breach of warranty, breach of contract, violation of Applicable Law, unfair or deceptive acts or practices, or otherwise seeking to recover Losses.

"**Code**" means the Internal Revenue Code of 1986, together with all applicable regulations.

"**Company**" has the meaning set forth in Recital B.

"**Company Distribution Agreement**" means the Company Financial Products Distribution Agreement described in Section 2.2(b) (Program Contracts).

"**Company Licensed Marks**" means the trademarks, trade names, service marks, logos and other proprietary designations of HRB Innovations, licensed to Meta under the Licensing Agreement.

"**Company Location**" means any H&R Block-branded physical retail tax preparation office located in the Program Territory doing business with the public that is using BlockWorks software (or any successor software that is used in a majority of H&R Block-branded offices) and is owned or operated by HRB Tax Group or an Affiliate of HRB Tax Group.

"**Company Website**" means that portion of the worldwide web internet sites operated by HRB Digital or an Affiliate of HRB Digital in support of the Program.

"**Confidential Information**" has the meaning set forth in Section 10.1 (Confidential Information).

"**Confidentiality Agreement**" means the Confidentiality and Common Interest Agreement described in Section 2.2(a) (Program Contracts).

"**Credit Card Participation Agreement**" means the Credit Card Participation Agreement described in Section 2.2(g) (Program Contracts).

"**Data Breach**" means the unauthorized access to or acquisition of any record containing Program Customer Data or Prospect Data, whether in paper, electronic, or other form, in a manner that renders misuse of the information reasonably possible or that otherwise compromises the security, confidentiality, or integrity of the information and would require notice to impacted individuals under Applicable Law or by applicable Governmental Authorities.

"**Data Security Requirements**" has the meaning set forth in Section 11.2(a) (Protection of Program Customer Data).

"**Digital Channel**" means each H&R Block-branded electronic location (such as a Company Website) that is owned or operated by HRB Digital, allows access to H&R Block-branded tax preparation software and may be accessed by Prospective Customers.

"**Dispute**" has the meaning set forth in Section 16.2 (Dispute Resolution).

"**Distributors**" means HRB Tax Group, HRB Technology and HRB Digital.

"**Durbin Regulatory Event**" means (a) that Meta, together with its Affiliates, had total assets that exceeded $10 billion (or such other amount as may be set forth in any future amendment to 12 C.F.R.§ 235.5(a)(1)(ii)) as of the end of any calendar year, or (b) for any other reason, the Prepaid Products, as currently structured, do not qualify (or a situation exists such that within the foreseeable future they will not qualify) to receive the highest interchange fees permitted for federally-insured depository institutions.

"**Effective Date**" means the earlier of (a) October 30, 2020, or (b) the closing date of the purchase and assumption transaction contemplated by the Purchase Agreement.

"**EFS**" has the meaning set forth in the Preamble.

"**EFS Audit Parties**" means EFS and any of its Affiliates who perform critical services in connection with this Agreement.

"**EFS Audit Plan**" means an audit plan with respect to the Financial Products maintained by EFS and approved by Meta.

"**EFS Corrective Plan**" has the meaning set forth in Section 7.1(b) (EFS Corrective Plan).

"**EFS Due Diligence Materials**" has the meaning set forth in Section 9.1(g) (Financial Capacity; Due Diligence Materials).

"**EFS Event of Default**" has the meaning set forth in Section 12.1 (EFS Event of Default).

"**EFS Indemnified Parties**" has the meaning set forth in Section 15.2 (Indemnification of EFS by Meta).

"**EFS Purchase Option**" has the meaning set forth in Section 14.1(a) (EFS Purchase Option).

"**EFS Service Provider**" means a third-party service provider used by EFS in connection with the performance of its obligations under this Agreement and the other Program Contracts; provided, however, that regardless of whether they provide services to EFS, each of Meta, the Meta Service Providers, and the Franchisees are not EFS Service Providers.

"**Emerald Advance**" means a year-round open-end line of credit offered by Meta during November, December, and January under the Program, as further described in Schedule C (Emerald Advance Product Schedule). Emerald Advance includes both (a) the open-end line of credit marketed as "H&R Block Emerald Advance®" and offered by Meta pursuant to this Agreement and (b) any Legacy Emerald Advances.

"**Emerald Card**" means the H&R Block Emerald Prepaid Mastercard®, a reloadable, general-purpose debit card associated with a Cardholder Account offered by Meta to HRB Customers under the Program (including any Emerald Cards with respect to which Meta assumed the deposit liabilities from Axos pursuant to the Purchase Agreement), as further described in Schedule A (Prepaid Products Product Schedule).

"**Emerald Savings Account**" means an interest-bearing savings account at Meta marketed as "H&R Block Emerald Savings®," as further described in Schedule D (Emerald Savings Product Schedule) and includes any Legacy Emerald Savings Accounts.

"**Event of Default**" means any EFS Event of Default or Meta Event of Default.

"**Exercise Notice**" has the meaning set forth in Section 14.1(a) (EFS Purchase Option).

"**Existing PMA**" has the meaning set forth in Recital C.

"**Existing Program**" has the meaning set forth in Recital C.

"**Financial Products**" means the Prepaid Products, Refund Transfer, Emerald Advance, Emerald Savings Account, Refund Advance, and any New Product, in each case offered by Meta and distributed by EFS pursuant to this Agreement.

"**Force Majeure Event**" has the meaning set forth in Section 17.2(a) (Force Majeure).

"**Franchisee**" means any Person that (a) is a party to a Franchise License Agreement, and (b) agrees to participate in the Program offered by Meta by executing a Franchise Distribution Agreement.

"**Franchise Distribution Agreement**" means each Franchise Financial Products Distribution Agreement described in Section 2.2(c) (Program Contracts).

"**Franchise License Agreement**" means each franchise license agreement entered into by a Person and HRB Tax Services LLC (or its Affiliate) as franchisor, allowing the Person to operate as a franchisee within the H&R Block franchise system.

"**Franchise Location**" means any H&R Block-branded physical retail tax preparation office located in the Program Territory doing business with the public that is using Blockworks software and is owned or operated by any Franchisee.

"**Gift Card**" means a prepaid card issued by Meta, designated and marketed as a non-reloadable gift card and typically used for H&R Block local marketing promotions (including any gift cards with respect to which Meta assumed the deposit liabilities from Axos pursuant to the Purchase Agreement).

"**GLBA**" means Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 *et seq*.

"**Governmental Authority**" means any federal, state, or local, governmental, regulatory authority, agency, court, tribunal, commission or other regulatory entity of the United States of America, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

"**HRB Applicable Law**" means (a) Applicable Law regarding tax preparation and tax-related products and services (other than the Financial Products), (b) disclosure, licensing and compliance requirements of EFS and Company related to their operations, and (c) state and local refund anticipation loan or refund anticipation check facilitator laws or regulations as they apply to refund anticipation loan or refund anticipation check facilitators.

"**HRB Customer**" has the meaning set forth in Recital A.

"**HRB Customer Data**" means all Personally Identifiable Information regarding an HRB Customer or tax return information (as defined in 26 U.S.C. § 7216) obtained in connection with the provision of tax preparation or other Company products and services to such HRB Customer.

"**HRB Digital**" means HRB Digital LLC, a Delaware limited liability company.

"**HRB Documents**" means all agreements, notices, disclosures, forms and related documents pertaining to or required by (a) tax return preparation services; (b) the use or disclosure of tax return information; (c) other products and services (excluding any Financial Products) that are offered in Retail Locations or through the Digital Channel, including Refund Bonus and Send-A-Friend promotions; or (d) state and local refund anticipation loan or refund anticipation check facilitator laws or regulations as they apply to refund anticipation loan or refund anticipation check facilitators.

"**HRB Innovations**" means HRB Innovations, Inc., a Delaware corporation.

"**HRB Tax Group**" has the meaning set forth in Recital A.

"**HRB Technology**" means HRB Technology LLC, a Missouri limited liability company.

"**Indemnification Threshold Amount**" has the meaning set forth in Section 15.8(a) (Indemnification Payments).

"**Indemnified Party**" has the meaning set forth in Section 15.3(a) (Prompt Notification; Control of Defense).

"**Indemnifying Party**" has the meaning set forth in Section 15.3(a) (Prompt Notification; Control of Defense).

"**Initial Term**" has the meaning set forth in Section 13.1 (Term).

"**Intellectual Property**" means any and all: (a) rights associated with works of authorship, including copyrights, moral rights and mask-works; (b) trademarks and service marks and the goodwill associated therewith; (c) trade secret rights; (d) patents, designs, algorithms and other industrial property rights; (e) other intellectual and industrial property rights of every kind and nature, however designated, whether arising by operation of law, contract, license or otherwise; and (f) applications, registrations, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing).

"**IP Owner**" has the meaning set forth in Section 8.1(b) (Ownership and Licenses of Intellectual Property).

"**IRS**" means the Internal Revenue Service, or any successor thereto.

"**Legacy Credit Card Account**" means any revolving line of credit accessed through an H&R Block Emerald Mastercard Credit Card that was originated by Axos and is transferred to Meta pursuant to the Purchase Agreement, as further described in Schedule F (Legacy Credit Card Product Schedule).

"**Legacy Emerald Advance**" means any H&R Block Emerald Advance line of credit account originated by Axos and transferred to Meta pursuant to the Purchase Agreement.

"**Legacy Emerald Savings Account**" means any interest-bearing savings account marketed as "H&R Block Emerald Savings" that is transferred by Axos Bank to Meta pursuant to the Purchase Agreement.

"**Licensing Agreement**" means the Joint Trademark Licensing Agreement described in Section 2.2(f) (Program Contracts).

"**Losses**" means any and all losses, liabilities, costs and expenses of any kind, nature or description imposed or incurred in connection with this Agreement (including reasonable attorneys'

fees and expenses, reasonable out-of-pocket costs, interest and penalties), settlements, equitable relief, judgments, damages (including liquidated damages), claims (including counter and cross-claims, and allegations whether or not proven) demands, offsets, defenses, actions, investigations or proceedings by whomsoever asserted (including Governmental Authorities).

"**Marketing Guidelines**" means the marketing guidelines, if any, mutually agreed upon by the Parties pursuant to which the Parties will identify the content and type of Marketing Materials that may be utilized by EFS without obtaining Meta's prior written consent, subject to such other conditions as may be detailed in such guidelines.

"**Marketing Materials**" means all advertisements, brochures, telemarketing scripts, point of purchase displays, packaging, television advertisements, radio advertisements, electronic web pages, electronic web links, and any other type of advertisement, solicitation material, or interactive media developed, launched or distributed for purposes of marketing or promoting one or more Financial Products.

"**Mastercard**" means Mastercard International Incorporated.

"**Material Adverse Effect**" with respect to a Party means an event, change, or occurrence which, individually or together with any other event, change, or occurrence, has or would reasonably be expected to have a material adverse effect on (a) the business, regulatory status, assets, financial position or prospects of such Party, or results of operations of such Party, (b) the ability of such Party to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement, or (c) the Program; provided, however, that none of the following will be taken into account in determining whether there has been a Material Adverse Effect, unless such event, change, or occurrence, individually or together with any other event, change, or occurrence, has or would reasonably be expected to have a disproportionate impact on the business, regulatory status, assets, financial position or prospects of such Party, or results of operations of such Party as compared to other comparable companies in such Party's industry: (i) adverse changes in generally accepted accounting principles or regulatory accounting requirements; (ii) adverse changes in Applicable Laws of general applicability to companies in the U.S. banking, financial services or tax preparation industries; (iii) adverse changes in global or national political conditions or general economic or market conditions (including changes in prevailing interest rates and currency exchange rates) affecting other companies in the U.S. banking industry; or (iv) outbreak of any epidemic, pandemic (COVID-19 or otherwise), widespread cyber-attack, outbreak or escalation of civil unrest or hostilities, or declared or undeclared acts of war or terrorism.

"**Material Third-Party Service Provider**" means any EFS Service Provider or Meta Service Provider, as applicable, that (a) provides services involving significant functions or other activities in connection with the Program that are likely to cause the other Party to face significant risk or result in significant customer impacts if the service provider fails to meet expectations, or (b) provides critical software required to operate the Program.

"**Meta**" has the meaning set forth in the Preamble.

"**Meta Accounts Transfer Date**" means the closing date of the Nominated Purchaser's purchase and assumption of the Purchased Meta Accounts from Meta pursuant to Article 14 (Transition Rights).

"**Meta Corrective Plan**" has the meaning set forth in Section 7.2(b) (Meta Corrective Plan).

"**Meta Customer**" means any Person who has a banking relationship with Meta that was not originated through the Program or acquired under the Purchase Agreement.

"**Meta Customer Data**" means data relating to Meta Customers, other than Program Customer Data.

"**Meta Event of Default**" has the meaning set forth in Section 12.2 (Meta Event of Default).

"**Meta Indemnified Parties**" has the meaning set forth in Section 15.1 (Indemnification of Meta by EFS).

"**Meta Licensed Marks**" means the trademarks, trade names, service marks, logos and other proprietary designations of Meta, licensed to EFS and certain of its Affiliates under the Licensing Agreement.

"**Meta Service Provider**" means a third-party service provider (including any Affiliate of Meta) used by Meta in connection with the performance of Meta's obligations under this Agreement and the other Program Contracts; provided, however, that regardless of whether they provide services to Meta, each of EFS, the EFS Service Providers, EFS's Affiliates, and the Franchisees are not Meta Service Providers.

"**Monthly Product Statement**" has the meaning set forth in Section 2.3(c) (Monthly Product Statements).

"**Nacha**" means the National Automated Clearing House Association.

"**New Product**" has the meaning set forth in Section 5.5(a) (New Products).

"**No Interest Notice**" has the meaning set forth in Section 14.1(c) (EFS Purchase Option).

"**Nominated Purchaser**" has the meaning set forth in Section 14.1(a) (EFS Purchase Option).

"**OCC**" means the Office of the Comptroller of the Currency, or any successor thereto.

"**OFAC**" means the Office of Foreign Assets Control, or any successor thereto.

"**Other Program Assets**" means all books and records related to the Program or the Accounts, contracts related to the Program that EFS deems necessary for the continued operation of the Program, all routing transit numbers, bank identification numbers and other account numbers

used or held for use in connection with the Program, and other similar assets necessary for the continued operation of the Program.

"**Participant**" means HRB Participant I, LLC, a Delaware limited liability company.

"**Participation Agreement**" means the Emerald Advance Participation Agreement described in Section 2.2(d) (Program Contracts).

"**Party**" and "**Parties**" have the meaning set forth in the Preamble.

"**Payment Network**" means Mastercard, Visa, Inc., and any other network, including reload networks, as selected by EFS and approved by Meta (such approval not to be unreasonably withheld), facilitating financial transactions through the use of a credit, debit or prepaid product.

"**Payment Network Rules**" means (a) the applicable bylaws, rules, bulletins, regulations, documentation and manuals promulgated or adopted by each of the Payment Networks, and (b) any applicable operating rules or guidelines of Nacha, in each case as such rules, manuals and other items may be amended or supplemented from time to time.

"**PCI-DSS**" means the Payment Card Industry Data Security Standards, as such standards may be amended from time to time.

"**Person**" means and includes any individual, partnership, joint venture, corporation, limited liability company, bank, trust, and unincorporated organization.

"**Personally Identifiable Information**" means any information that alone, or in combination with other information, relates to a specific, identifiable individual or can be used to identify an individual, including any information defined as "nonpublic personal information" for purposes of GLBA.

"**Policies and Procedures**" means, as and to the extent applicable to the obligations to be performed by each Party hereunder, the written policies, procedures, and guidelines regarding the offering, administration, and servicing of the Program.

"**Prepaid Products**" means the Emerald Cards, Gift Cards and Rewards Cards, together with the associated Cardholder Accounts, as further described in Schedule A (Prepaid Products Product Schedule).

"**Privacy Notice**" has the meaning set forth in Section 11.1(b) (Privacy).

"**Processor**" means the third-party provider of processing services necessary for the operation of the Program, including the following services: set up and maintenance of accounts, transaction authorization, processing clearing and settlement, and Payment Network access. As of the date of this Agreement, the Processor for the Financial Products is Fidelity National Information Services, Inc.

"**Product Overview**" means the product overview attached as an exhibit to each of the Product Schedules, describing the pricing and key features and functionality of the Financial Products and the Legacy Credit Card Accounts.

"**Product Schedules**" means the product schedules set forth in Schedule A (Prepaid Products Product Schedule), Schedule B (Refund Transfer Product Schedule), Schedule C (Emerald Advance Product Schedule), Schedule D (Emerald Savings Product Schedule), Schedule E (Refund Advance Product Schedule), Schedule F (Legacy Credit Card Product Schedule), and any product schedule executed by the Parties for any New Product.

"**Program**" means the program as described in this Agreement pursuant to which Meta offers and makes available the Financial Products to HRB Customers, and makes advances under the Legacy Credit Card Accounts (but does not open any new credit card accounts), and EFS markets the Financial Products to HRB Customers, facilitates Meta's offering of the Financial Products through Retail Locations and the Digital Channel, and processes and services the Financial Products and the Legacy Credit Card Accounts, all pursuant to the terms of this Agreement and the other Program Contracts.

"**Program Contracts**" has the meaning set forth in Section 2.2 (Program Contracts).

"**Program Customer**" means any Accountholder or any Applicant.

"**Program Customer Data**" means Accountholder Data and Applicant Data.

"**Program Documents**" means all documents and materials pertaining to the Program that are to be used by or with Prospective Customers and Program Customers in connection with the Program, including the applications, Accountholder agreements, Financial Product terms and conditions, statements and notices, adverse action notices, consumer disclosures, customer service scripts, training materials, privacy notices, change of terms notices, and other documents containing disclosures related to the Program; provided, however, that the term Program Documents does not include HRB Documents.

"**Program Information**" means any and all information, and individual and aggregate transaction data, regarding or related to the Program, the Financial Products or the Legacy Credit Card Accounts (regardless of who owns such information or data, and whether such information is otherwise considered confidential), including:

(a) individual and aggregate Program Customer Data and Prospect Data;
(b) individual and aggregate Accounts and Program Documents;
(c) Marketing Materials and Marketing Guidelines;
(d) the Program Contracts and third-party service provider contracts; and
(e) all records, reports and analysis of, or information derived from, any of the foregoing, whether in paper or digital form;

provided, however, that Program Information does not include:

(i) Meta Licensed Marks or Company Licensed Marks;

(ii) Meta's underwriting model for the Refund Advance;
(iii) Meta's communications with its primary federal regulator regarding the Program; or
(iv) A Party's attorney-client privileged communications.

"**Program Territory**" means the United States, Guam, Puerto Rico and certain U.S. military bases outside the United States as identified in Schedule 2.1 (Financial Products by Territory).

"**Prospect Data**" means all Personally Identifiable Information regarding a Prospective Customer used by the Parties in connection with determining whom to solicit for the Program.

"**Prospective Customer**" means HRB Customers and any other Persons selected by the Parties to receive Program offers.

"**Purchase Agreement**" has the meaning set forth in Recital D.

"**Purchase Option Exercise Period**" has the meaning set forth in Section 14.1(a) (EFS Purchase Option).

"**Purchase Price**" has the meaning set forth in Section 14.3(a) (Purchase Price).

"**Purchased Accounts**" means any loan account, credit card account, deposit account, prepaid card account (including any gift card or incentive card) and similar account purchased or assumed by, or assigned to, Meta under the Purchase Agreement.

"**Purchased Meta Accounts**" has the meaning set forth in Section 14.1(a) (EFS Purchase Option).

"**RA Payment Agreement**" means the Refund Advance Payment Agreement described in Section 2.2(e) (Program Contracts).

"**Refund Account**" means the individual, temporary, limited-purpose bank account established at Meta to facilitate a Refund Transfer Accountholder's authorized payments at his or her direction, and includes any Refund Account with respect to which Meta assumed the deposit liabilities from Axos pursuant to the Purchase Agreement.

"**Refund Advance**" or "**RA**" means a tax refund-related consumer loan originated by Meta, offered in Retail Locations at the time of tax preparation under the Program, which has no finance charge payable by the consumer and is secured and repaid solely by the consumer's tax refund(s), as further described in Schedule E (Refund Advance Product Schedule), and includes any Refund Advances Axos transferred to Meta pursuant to the Purchase Agreement.

"**Refund Bonus**" means a product that allows an HRB Customer to elect to receive a portion of their federal refund (plus an additional percentage funded by Company) on an electronic gift card for use at Amazon or other retailers.

"**Refund Transfer**" or "**RT**" means a tax refund-related deposit product offered in Retail Locations and the Digital Channel under the Program through a Refund Account established to receive a Refund Transfer Accountholder's federal and/or state income tax refund, from which payments are disbursed as directed by the Refund Transfer Accountholder, and the remaining proceeds, if any, are disbursed to the Refund Transfer Accountholder through various methods including direct deposit to an external bank account or Emerald Card, or by check, as further described in Schedule B (Refund Transfer Product Schedule). For the avoidance of doubt, the term "Refund Transfer" includes any Refund Transfers and the associated Refund Accounts transferred from Axos to Meta pursuant to the Purchase Agreement.

"**Refund Transfer Accountholder**" means any HRB Customer who applies for a Refund Transfer and for whom Meta has opened a Refund Account. In the case of married filing joint tax returns, the Refund Account will typically be opened jointly in the names of both Persons applying.

"**Regulatory Request**" means any valid subpoena, order or written request from a Governmental Authority having jurisdiction over a Party or its Affiliates or third-party service provider for Confidential Information or Program Information.

"**Relationship Manager**" has the meaning set forth in Section 2.5(a) (Relationship Managers).

"**Renewal Term**" has the meaning set forth in Section 13.1 (Term).

"**Retail Location**" means (a) each Company Location; and (b) each Franchise Location, but does not include the Digital Channel.

"**Rewards Card**" means the H&R Block Rewards Mastercard®, a reloadable incentive card, funded only by H&R Block and offered only to its associates, for which Meta is the issuing bank (including any incentive cards with respect to which Meta assumed the deposit liabilities from Axos pursuant to the Purchase Agreement).

"**Safety and Soundness**" means the standards identified by the OCC in 12 C.F.R. Part 30, Appendix A.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Solvent**" as to a Person, means (a) the present fair salable value of such Person's assets is in excess of the total amount of its liabilities, (b) such Person is presently able generally to pay its debts as they become due, and (c) such Person does not have unreasonably small capital to carry on such Person's business as theretofore operated and all business in which such Person is about to engage. The phrase "present fair salable value" of a Person's assets is intended to mean that value which can be obtained if the assets are sold within a reasonable time in arms'-length transactions in an existing and not theoretical market.

"**SSAE**" has the meaning set forth in Section 11.2(e) (Data Security).

"**Suspended Product**" has the meaning set forth in Section 5.3(b) (EFS Right to Suspend).

"**Tax Season**" means for a given year, the period from November 1st of the preceding year through the date of the regular federal income tax filing deadline in such year (normally April 15th).

"**Term**" has the meaning set forth in Section 13.1 (Term).

"**Termination Date**" means the date on which this Agreement terminates or expires in accordance with Article 13 (Term and Termination).

"**Third Party Guidance**" has the meaning set forth in Section 7.4 (OCC 2013-29).

"**Vendor Management Program**" has the meaning set forth in Section 6.1 (Vendor Management Program).

Section 1.2 Order of Precedence. This Agreement contains the terms that govern the program management relationship between EFS and Meta. If any provision of any Schedule conflicts with a provision of Articles 1-17 of this Agreement, the provision of Articles 1-17 of this Agreement will control, unless such provision of the Schedule expressly states that it supersedes a specifically-identified section of this Agreement. To the extent that there are any inconsistencies or conflicts arising between the provisions of this Agreement and any other agreement entered into between Meta and EFS, the provisions of this Agreement will control unless otherwise expressly provided in such other agreement.

Section 1.3 Rules of Interpretation. Unless otherwise expressly provided in this Agreement or the context otherwise requires, the following rules of interpretation apply:

(a) the singular includes the plural and the plural includes the singular;

(b) all references to the masculine gender include the feminine gender (and vice versa);

(c) "include," "includes" and "including" are not limiting and are deemed to be followed by the words "without limitation";

(d) references to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document;

(e) a reference in this Agreement to an Article, Section, Schedule or Exhibit is to the Article of, Section of, Schedule to or Exhibit to this Agreement;

(f) a reference to an Article or Section in this Agreement refers to all sub-parts or sub-components of any such Article or Section;

(g) words such as "hereunder," "hereto," "hereof," and "herein," and other words of like import refer to the whole of this Agreement and not to any particular section, subsection or clause hereof;

(h) the headings and subheadings of the sections of this Agreement are inserted for convenience of reference only and do not control or affect the meaning or construction of any of the agreements, terms, covenants and conditions of this Agreement in any manner;

(i) a reference to "unreasonably withheld" means "unreasonably withheld, delayed or conditioned";

(j) any approval, consent or notice required hereunder means "written approval," "written consent" or "written notice," as applicable;

(k) any reference made in this Agreement to Applicable Law or HRB Applicable Law means such law as may be amended from time to time, and any successor law relating to the same subject; and

(l) any provision in this Agreement that allows a Party to unilaterally exercise (i) reasonable discretion, (ii) a right of final approval, or (iii) similar decision-making authority will automatically include a requirement that, upon exercise of such unilateral right, and a written request by the other Party, the Party exercising such unilateral right will provide a written explanation of the basis for such Party's exercise of such right.

ARTICLE 2
PROGRAM DESCRIPTION

Section 2.1 The Program.

(a) Conduct of Program in Program Territory. Meta and EFS will conduct the Program and offer the Financial Products within the Program Territory, as further described in Schedule 2.1 (Financial Products by Territory), pursuant to the terms and conditions of this Agreement.

(b) Operation of Program Consistent with Existing Program. The Program will be operated substantially in the manner of the Existing Program (as it operated on the date of this Agreement), except as may be modified pursuant to Section 5.4 (Changes to the Financial Products or the Program).

Section 2.2 Program Contracts. Contemporaneous with the execution of this Agreement, EFS and Meta will execute and deliver, or cause their Affiliates to execute and deliver, each of the following agreements (collectively, with this Agreement, the "**Program Contracts**"), except as otherwise provided below:

(a) The Confidentiality and Common Interest Agreement, by and among Meta, Meta Financial Group, Inc., EFS, and certain Affiliates of EFS in the form attached hereto as Exhibit A;

(b) The Company Financial Products Distribution Agreement, by and among Meta, EFS, HRB Tax Group, HRB Technology and HRB Digital, in the form attached hereto as Exhibit B;

(c) The Franchise Financial Products Distribution Agreement, dated as of various dates, by and among Meta, EFS and each Franchisee that elects to offer Financial Products at a Franchise Location, substantially in the form attached hereto as Exhibit C; provided, however, that Meta and EFS will execute the Franchise Distribution Agreement on or prior to October 16, 2020 and the Franchisees will not execute the Franchise Distribution Agreement until after it has been executed by Meta and EFS;

(d) The Emerald Advance Participation Agreement, by and among Participant, EFS and Meta, in the form attached hereto as Exhibit D;

(e) The Refund Advance Payment Agreement, by and among Meta, HRB Tax Group and Block Financial, in the form attached hereto as Exhibit E; and

(f) The Joint Trademark Licensing Agreement, pursuant to which (i) HRB Innovations grants a license to Meta to use the Company Licensed Marks for the Program and (ii) Meta grants a license to EFS and certain of its Affiliates to use the Meta Licensed Marks for the Program, in the form attached hereto as Exhibit F.

(g) The Credit Card Participation Agreement, by and among Participant, EFS and Meta, in the form attached hereto as Exhibit G.

Section 2.3 Program Economics; Expenses; Monthly Product Statements.

(a) Program Economics. The economics of the Program and the fees payable to each Party will be as set forth in the Product Schedules, the RA Payment Agreement, the Participation Agreement and the Credit Card Participation Agreement.

(b) Expenses. Except as expressly set forth in this Agreement or otherwise agreed by the Parties, each Party will be responsible for costs associated with its respective obligations under this Agreement.

(c) Monthly Product Statements. No later than the third (3rd) day of each calendar month (if a Business Day, or if not, the next Business Day), EFS will provide to Meta one or more product compensation statements (each a "**Monthly Product Statement**") setting forth the total amounts for the prior calendar month owed to or by EFS or Meta with line item specificity in regards to Prepaid Products, Emerald Advances, and Refund Transfers, as set forth in the Product Schedules. The amounts due and owing by either Party will be paid to the other Party in the manner mutually agreed upon no later than three (3) Business Days following Meta's receipt of the Monthly Product Statement(s), except as may be otherwise described herein or otherwise mutually agreed upon by the Parties. The Parties agree that the Monthly Product Statements are only intended to cover the fees payable and due to each Party under the Product Schedules, and are not intended to cover any payments or settlements under the Participation Agreement, the RA Payment Agreement or the Credit Card Participation Agreement.

Section 2.4 South Dakota Office. Meta will (a) maintain its main office in South Dakota and will issue and book the Financial Products at its main office, (b) take all reasonable actions at its main office necessary to export South Dakota interest rates (and rely upon South Dakota usury rates) for the Emerald Advance, Refund Advance, Legacy Credit Card Accounts and credit-based New Products, if any, and (c) provide in consumer agreements for the Financial Products and the Legacy Credit Card Accounts that such agreements are subject to and governed by U.S. federal and, to the extent state law applies and is not preempted by federal law, South Dakota law.

Section 2.5 Relationship Managers.

(a) Each Party will appoint a senior officer to facilitate the overall management of the Program under this Agreement (each, a "**Relationship Manager**"). Each Relationship Manager must have sufficient knowledge and experience to effectively and efficiently perform his or her responsibilities.

(b) The Relationship Managers have the responsibility to coordinate, handle and make decisions regarding the day-to-day operations for the Program.

Section 2.6 Program Accounts; Flow of Funds. Meta and EFS will open such general ledger or deposit accounts at Meta as are necessary to support the Program contemplated in this Agreement. The Parties will implement mutually agreed to funds flows for each Financial Product. Each Party agrees to comply with the agreed upon funds flow, as the same may be from time to time mutually amended by the Parties.

Section 2.7 Purchase Agreement. Each Party will use commercially reasonable efforts to expeditiously finalize and execute the Purchase Agreement in a form reasonably acceptable to such Party.

ARTICLE 3
ROLES AND RESPONSIBILITIES

Section 3.1 Meta's Roles and Responsibilities. Meta has a duty to (a) provide the Financial Products to HRB Customers in Retail Locations and, to the extent specified in the Product Schedule for each Financial Product, in the Digital Channel, (b) establish underwriting criteria to decision loan applications for Emerald Advance and Refund Advance, (c) supervise, monitor and review the Program consistent with the Third Party Guidance, (d) ensure that (i) the terms, pricing and attributes of the Financial Products as described in the Product Overviews and (ii) the Program Documents developed by Meta or submitted to Meta for approval comply with Applicable Law and Payment Network Rules, and (e) perform its obligations under this Agreement and the other Program Contracts in compliance with Applicable Law, Payment Network Rules, the Policies and Procedures and the Program Documents, all as further described in this Agreement, including Schedule 3.1 (Duties and Responsibilities of the Parties).

Section 3.2 EFS's Roles and Responsibilities. EFS has a duty to (a) act as program manager for the Program, which includes developing the Program Documents, providing operational support for the Program, and servicing of all Financial Products and the Legacy Credit Card

Accounts, including providing customer service for the Program, (b) conduct marketing for the Program and develop Marketing Materials that comply with Applicable Law, (c) facilitate the distribution and offering of the Financial Products through Retail Locations and the Digital Channel (as applicable), (d) ensure that HRB Documents comply with HRB Applicable Law, and (e) perform its obligations under this Agreement and the other Program Contracts in compliance with Applicable Law, Payment Network Rules, the Policies and Procedures and the Program Documents, all as further described in this Agreement, including Schedule 3.1 (Duties and Responsibilities of the Parties).

Section 3.3 Distributors. EFS will work with the Distributors to offer the Financial Products to HRB Customers in Company Locations and through the Digital Channel (if applicable), as set forth in the Product Schedules and the Company Distribution Agreement.

Section 3.4 Franchisees.

(a) EFS will work with the Franchisees to offer the Financial Products to HRB Customers in Franchise Locations, as set forth in the Product Schedules and the Franchise Distribution Agreement. Notwithstanding any other provision of this Agreement, a Franchisee may elect, prior to each Tax Season, whether or not to offer the Emerald Advance or Refund Advance products for that Tax Season.

(b) Prior to a Franchisee participating in the Program, EFS will provide and obtain each Franchisee's written or electronic signature agreeing to the terms of the Franchise Distribution Agreement.

(c) EFS acknowledges and agrees that EFS and not Meta is responsible for paying Franchisees any compensation for facilitation of Financial Products that may be owed to Franchisees in connection with the Program.

(d) Franchisees are not third-party beneficiaries of this Agreement.

(e) EFS's responsibilities with respect to a Franchisee will be as set forth in the Franchise Distribution Agreement; provided, however, that EFS's responsibilities further include an obligation to conduct commercially reasonable due diligence with respect to any such Franchisee before entering into a Franchise License Agreement with such Franchisee.

(f) Meta will provide notice to EFS prior to (i) withdrawing or suspending any Financial Products from distribution to any Franchisee, or (ii) taking any enforcement actions against a Franchisee under the Franchise Distribution Agreement, unless (A) Meta is directed to do so by a Governmental Authority, or (B) Meta's legal counsel reasonably determines that such Franchisee's continued distribution of Financial Products or involvement with the Program is not consistent with safe and sound banking practices and thus that immediate action is required.

Section 3.5 Cooperation in Development of Program Documents. Meta and EFS will mutually cooperate in good faith and use commercially reasonable efforts to finalize the Program

Documents as soon as possible in order to meet operational, information technology and other implementation requirements and deadlines, but in no event later than the October 15 prior to each Tax Season.

Section 3.6 Marketing of Program.

(a) EFS, either directly or through an Affiliate, will market the Program as determined by EFS in its sole and reasonable discretion, provided that the content of Marketing Materials is subject to Meta's review and approval as described in this Agreement.

(b) EFS will only use Marketing Materials that have been approved by Meta through one of the processes described in this Section 3.6(b). Prior to the use of any Marketing Materials with consumers, EFS will either:

(i) Ensure that the Marketing Materials conform with the then-current Marketing Guidelines and provide a final copy of any such Marketing Materials to Meta upon or prior to deployment; or

(ii) Provide a copy of any Marketing Materials that may not conform with the Marketing Guidelines to Meta for its review and approval along with any additional information reasonably required by Meta to substantiate any marketing claims.

(c) As soon as reasonably possible but in any event no more than five (5) Business Days after receipt of any Marketing Materials proposed to be used by EFS and required to be approved by Meta, Meta will give EFS written notice of (i) approval of the Marketing Materials as presented, (ii) approval of the Marketing Materials as revised by Meta, or (iii) detailed feedback on the Marketing Materials requesting changes or additional information Meta may require in order to approve such Marketing Materials.

Section 3.7 Program Documents.

(a) EFS will develop the Program Documents for Meta's review and approval, as described in this Agreement. EFS will only use Program Documents that have been approved by Meta pursuant to this Section 3.7. Prior to submission to Meta, EFS will ensure that such Program Documents have been reviewed by experienced compliance personnel or legal counsel for conformance with Applicable Law.

(b) EFS will submit the Program Documents and any proposed changes to the Program Documents to Meta for review and approval. As soon as reasonably possible but in any event no more than five (5) Business Days after receipt of the Program Documents or any proposed changes to Program Documents, Meta will give EFS written notice of (i) approval of the Program Documents as presented, (ii) approval of the Program Documents as revised by Meta, or (iii) detailed feedback on the Program Documents requesting changes or additional information Meta may require in order to approve such Program Documents.

(c) Notwithstanding the foregoing, EFS need not seek further approval for non-substantive changes to Program Documents (with the exception of Accountholder agreements, Financial Product terms and conditions, statements and notices, adverse action notices, privacy notices, change of terms notices and consumer disclosures required by Applicable Law), provided EFS submits such modified Program Documents to Meta at least five (5) Business Days prior to use, along with a summary of the non-substantive changes. For the avoidance of doubt, in the event of a proposed substantive change in the Program Documents, or any proposed changes to Accountholder agreements, Financial Product terms and conditions, statements and notices, adverse action notices, privacy notices, change of terms notices or consumer disclosures required by Applicable Law, EFS will submit such materials to Meta for review and approval in accordance with Section 3.7(b) (Program Documents).

(d) EFS will implement the Program Documents into Company's systems on the timeline agreed by the Parties.

Section 3.8 EFS Policies and Procedures.

(a) EFS will develop the Policies and Procedures applicable to the Program for Meta's review and approval, which will not be unreasonably withheld. Meta has the right to require changes to the Policies and Procedures to comply with Applicable Law.

(b) For the avoidance of doubt, if any term or condition of this Agreement or the other Program Contracts conflicts with a similar term or agreement in the Policies and Procedures, the terms of this Agreement or the other Program Contract will control.

Section 3.9 Program Infrastructure.

(a) Compliance Management System. EFS will maintain a compliance risk management system, including appropriate and necessary internal controls designed to reasonably ensure that all EFS duties, obligations, and services provided pursuant to the Program, and the actions of any Distributors participating in the Program, will conform to Applicable Law, the Policies and Procedures, this Agreement and the other Program Contracts.

(b) Quality Control. EFS will maintain such systems and quality controls as may be necessary to (i) enable Meta to adequately monitor the operations of the Program, and (ii) react to fraud and promptly, when necessary, respond to and resolve consumer complaints and inquiries so that risk is managed and complaints are reasonably addressed.

(c) System Access. EFS will provide Meta with access to all necessary systems and data feeds to monitor Program activity, facilitate settlement, balance and reconcile accounts, monitor for suspicious activity and fraudulent financial transactions, review application and underwriting decisioning, and comply with Bank Secrecy Act and OFAC obligations.

(d) Access to Data. Each Party will provide the appropriate tools, records, reporting and resources to allow for efficient access to Program Information and transaction data and Account and Applicant level data for Financial Products and the Legacy Credit Card Accounts, subject to any restrictions under Applicable Law.

(e) Accounting System. EFS will continue to maintain, at its sole cost and expense, a comprehensive accounting and tracking system to accurately and immediately reflect all applications, Accounts, underwriting decisions for Emerald Advance, and related information regarding the Program to satisfy the information requirements of Meta, its regulators and Meta's internal and external auditors, as described in Schedule 3.1 (Duties and Responsibilities of the Parties).

Section 3.10 Payment Network Membership. Meta will join and/or maintain membership in Mastercard or another Payment Network selected by EFS as required to offer the Financial Products under the Program and maintain the Legacy Credit Card Accounts. Meta is a member in good standing of Mastercard and has full authority under applicable Mastercard operating regulations to issue the Emerald Card and the credit cards associated with the Legacy Credit Card Accounts and to use and display Mastercard trademarks. Meta will support the sponsorship and registration of EFS with Mastercard as required by the Payment Network Rules and will renew EFS's registration annually during the Term. While Meta anticipates acquiring one or more bank identification numbers and routing transit numbers to be used exclusively for the Program from Axos upon the execution and/or closing of the Purchase Agreement, Meta will use commercially reasonable efforts to promptly obtain dedicated bank identification numbers and a separate routing transit number for the Program.

Section 3.11 No Transfer of Accounts. Meta will not assign or transfer any Account to a third party without EFS's prior written consent.

Section 3.12 Insurance.

(a) EFS will maintain throughout the Term a comprehensive general liability policy, the limit of which will be no less than $1,000,000 per occurrence. In addition, EFS will maintain throughout the Term an appropriate cyber insurance policy or endorsement, the limit of which will be no less than $2,000,000 per occurrence, providing coverage in the event of loss of Program Customer Data or Prospect Data by EFS.

(b) Each policy required by Section 3.12(a) will be carried in the name of EFS as either the primary or as an additional insured. EFS will provide certificates of insurance evidencing the existence of such policy or policies on or prior to the date of this Agreement and from time to time upon request of Meta.

ARTICLE 4
AUTHORITY AND REGULATORY COMPLIANCE

Section 4.1 Program Authority.

(a) Meta Matters. Meta will have final decision-making authority with respect to the following matters, subject to EFS's final decision-making authority for matters described in Section 4.1(b) (EFS Matters):

(i) compliance of the Financial Products, the Legacy Credit Card Accounts and the Program with Applicable Law (except HRB Applicable Law);

(ii) review and approval of Program Documents and Marketing Materials;

(iii) credit underwriting for Emerald Advance and Refund Advance;

(iv) use of Meta Licensed Marks;

(v) Meta's information technology and processing systems; and

(vi) management and retention of Meta's personnel.

(b) EFS Matters. Notwithstanding Section 4.1(a) (Meta Matters), EFS will have final decision-making authority with respect to the following matters:

(i) compliance with HRB Applicable Law;

(ii) use of Company Licensed Marks;

(iii) Company's information technology and processing systems, including BlockWorks;

(iv) strategies for marketing the Program, including means, methods and budget for marketing;

(v) compliance with respect to tax preparation and changes required by HRB Applicable Law; and

(vi) management and retention of EFS personnel.

Section 4.2 Meta Oversight of Program. The Parties acknowledge and agree that Meta has the right to supervise, monitor and review the Financial Products and the Legacy Credit Card Accounts under the Program. Accordingly, EFS will cooperate and assist Meta with its review and oversight of the Program. The cost of Meta's supervision, monitoring, and review of the Program, whether incurred directly by Meta or indirectly through Meta's retention of a Meta Service Provider, will be borne by Meta. The cost of EFS's cooperation and assistance, as necessary to comply with Applicable Law, will be borne by EFS.

Section 4.3 Meta Compliance Program. Meta, at its expense, will design, establish and maintain a compliance program to ensure adequate monitoring, supervision and control over the Program activities that EFS and the Distributors and Franchisees perform for Meta. The compliance program will include, at a minimum, the following features:

(a) The Program will be reviewed by Meta's executive management not less frequently than every two (2) years;

(b) Meta will designate a compliance officer responsible for the development, implementation and management of Meta's compliance program;

(c) Not less frequently than annually, Meta will conduct a compliance risk assessment for the Program. EFS will assist Meta in developing a true and comprehensive depiction of actual risks in the Program;

(d) Not less frequently than annually, Meta's compliance officer will review the compliance program to determine if EFS and Distributors and Franchisees are operating in accordance with established Policies and Procedures;

(e) Meta will conduct an annual internal or external audit review of the compliance program, which will include a review and update of the training program and training materials;

(f) Meta's compliance officer will provide annual written compliance and audit reports to Meta's senior management. Such reports will include evidence of appropriate remedial actions taken (or to be taken) to address any identified deficiencies in the compliance program. Meta will provide a summary of the compliance and audit results to its board of directors;

(g) Meta will maintain a review and approval process for all Program Documents and Marketing Materials used in the Program; and

(h) Meta will comply with any other requirements or conditions that a Governmental Authority with jurisdiction over Meta requires with regard to the Program.

Section 4.4 Consumer Complaint Program. The Parties will maintain a policy for tracking and recording consumer complaints regarding the Program, including complaints received by Meta or any Distributor or Franchisee, the initial form of which is attached as Schedule 4.4 (Initial Complaint Policy), but which may be amended from time to time by the Parties in accordance with Section 5.4 (Changes to the Financial Products or the Program).

Section 4.5 Regulatory Coordination; Regulatory Actions.

(a) Regulatory Coordination. The Parties will work together to (i) analyze pending material changes to Applicable Law, to consider changes to the Program or Program Documents that may be required by Applicable Law, and discuss regulatory developments affecting the Program, and (ii) prepare appropriate responses to requests and inquiries of Governmental Authorities regarding the Program, subject to Applicable Law regarding the confidentiality of bank supervisory matters.

(b) Notification. To the extent permitted by Applicable Law, each Party will promptly notify the other Party if it receives written notice of, or otherwise obtains knowledge of, any pending or threatened action, regulatory action, claim or litigation, proceeding, arbitration, investigation, inquiry or controversy, at law, in equity or otherwise, against or involving such Party or its Affiliates, which, if adversely determined, would have an adverse effect on either Party's ability to perform its obligations under this Agreement or the other Program Contracts, or may reasonably be expected to result in termination or limitation of this Agreement or the Program.

(c) Regulatory Response to Action. If any action or proceeding by a Governmental Authority or other third party is initiated or threatened against any Party (i) to prohibit or attempt to prohibit any Party from fulfilling its obligations under this Agreement, (ii) that would materially impair the economic benefits that any Party reasonably anticipates from the operation of the Program, or (iii) that could reasonably be expected to cause material risk to the Program, the affected Party will promptly notify the other Party, unless prohibited by Applicable Law, and the other Party will, upon request by the affected Party, reasonably cooperate and assist the affected Party who is defending such action or proceeding.

ARTICLE 5
EXCLUSIVITY; NEW PRODUCTS; CHANGES TO EXISTING PRODUCTS AND PROGRAM

Section 5.1 Meta's Right to Offer Financial Products to Others. Nothing in this Agreement is intended or will be construed to prohibit or limit Meta's right to offer financial products and services that are similar to the Financial Products or the Legacy Credit Card Accounts with or through any Person, as long as the offering of such products and services is not limited or restricted by the terms of this Agreement.

Section 5.2 EFS to Offer Meta's Financial Products.

(a) During the Term, EFS and its Affiliates will not offer and distribute the following specific financial products at Retail Locations with a federally-insured depository institution other than Meta:

(i) a demand deposit (checking), savings, or other consumer asset account, including a prepaid account, in each case that is offered to the HRB Customer during tax preparation for the purpose of receiving the HRB Customer's tax refund generated from that tax preparation event;

(ii) an open-end, year-round line of credit offered to consumers exclusively during a promotional period in November, December, or January; or

(iii) a tax refund-related consumer loan (with or without a finance charge) that is offered during tax preparation and is designed to be repaid from the tax refund resulting from that tax preparation event.

(b) Notwithstanding any other provision of this Agreement, during the Term, EFS and its Affiliates are permitted to:

(i) offer through a third party a financial product that Meta suspends offering pursuant to the terms of Section 5.3(a) (Meta Right to Suspend), after such cessation;

(ii) offer financial products or services through a financial marketplace;

(iii) offer Refund Bonus;

(iv) offer or facilitate any products or services by or through Affiliates of EFS doing business under the Wave trademark, including Wave Financial USA, Inc. and Wave Money, Inc., including accounting or financial products, so long as such offerings do not materially impair Meta's ability to collect payment on Refund Advances or Emerald Advances; and

(v) continue to offer products or services by or through Axos under the Existing PMA (as contemplated by Article 15 (Rights Upon Termination) of the Existing PMA) until the closing of the purchase and assumption transaction contemplated by the Purchase Agreement.

Section 5.3 Rights to Suspend Offering a Financial Product.

(a) Meta Right to Suspend. Notwithstanding any other provision of this Agreement, Meta, acting in good faith, may suspend offering a Financial Product, in one or more jurisdictions or the entire Program Territory, upon at least ninety (90) days' prior notice to EFS (unless the 90th day falls during a Tax Season, in which case the required prior written notice period will be extended until the end of such Tax Season), or a shorter time if required

by Applicable Law, a written directive of a Governmental Authority, or, with respect to Section 5.3(a)(iii), pursuant to a written directive from Meta's board of directors, if such suspension, in Meta's reasonable belief based upon written advice of its outside counsel (a copy of which will be provided to EFS), is required (i) to comply with a change in Applicable Law, (ii) to comply with a written directive from a Governmental Authority with regulatory authority over Meta, or (iii) with respect only to Refund Advance, to alleviate a material risk to the Safety and Soundness of Meta caused by circumstances outside Meta's control that are likely to result in significant financial losses to Meta absent such suspension. Before requiring EFS to suspend offering a Financial Product during a Tax Season, Meta will make commercially reasonable efforts to work with EFS to make changes to the Financial Product or the distribution of such Financial Product to address a change in Applicable Law or regulatory objection (or, in the case of Refund Advance, concerns regarding a material risk to the Safety and Soundness of Meta) and allow EFS to continue offering the Financial Product during the Tax Season.

(b) EFS Right to Suspend. Notwithstanding any other provision of this Agreement, EFS and its Affiliates have the right in their sole discretion, upon prior notice to Meta, to suspend offering one or more Financial Products (a "**Suspended Product**"), in one or more states (or other jurisdictions), or in the entire Program Territory, without triggering a termination right under this Agreement. Following any such suspension, if EFS elects to resume offering any such Suspended Product during the Term, EFS will offer such Suspended Product only through Meta.

(c) EFS Suspension of Refund Advance. If EFS or an Affiliate of EFS unilaterally elects pursuant to Section 5.3(b) (EFS Right to Suspend) to suspend offering the Refund Advance product (and such election is not as a result of a change in Applicable Law, written directive from a Governmental Authority with regulatory authority over EFS, or a material risk to EFS caused by circumstances outside EFS's control that are likely to result in a significant financial loss to EFS absent such suspension), then EFS will pay to Meta an incremental program management fee as set forth in Schedule 5.3 (Incremental Program Management Fee).

Section 5.4 Changes to the Financial Products or the Program.

(a) Any changes to the Financial Products, the Legacy Credit Card Accounts, or the Program, other than the right to suspend in Section 5.3 (Rights to Suspend Offering a Financial Product), require the prior written consent of both Meta and EFS, which consent will not be unreasonably withheld, delayed or conditioned by either Party. If there are any potential material changes to a Financial Product, the Legacy Credit Card Accounts, or the Program that either Party is considering implementing, that Party will notify the other Party of such potential material changes.

(b) If a change in Applicable Law or written directive from a Governmental Authority requires changes to one or more Financial Products, the Legacy Credit Card Accounts, or the Program, the Parties will cooperate in good faith to implement such changes in a manner reasonably acceptable to both Parties consistent with Applicable Law or such

written directives from a Governmental Authority. Any such changes will be implemented within the timeframe required by Applicable Law or the Governmental Authority.

(c) Meta and EFS expect that they will agree upon normal course enhancements or other changes to the Financial Products offered under the Program. While the Parties acknowledge this Agreement must be modified by written amendment, normal course changes to the product overviews of each Product Schedule may be made through the process described in Schedule 3.1 (Duties and Responsibilities of the Parties).

Section 5.5 New Products.

(a) EFS and Meta may agree to offer a new financial product or service (a "**New Product**") by executing a new product schedule. Upon execution, the New Product will become a Financial Product and the product schedule for the New Product will become a Product Schedule, covered by the Program and subject to the terms of this Agreement.

(b) Nothing in this Agreement is intended or will be construed to require (i) either Party to offer or distribute any proposed new product developed by the other Party; (ii) Meta to offer or distribute through EFS and its Affiliates and Franchisees any proposed new product that Meta develops; or (iii) either Party to give the other Party a first look or right of first refusal on any proposed new product developed by the Party.

ARTICLE 6
THIRD-PARTY SERVICE PROVIDERS

Section 6.1 Vendor Management Program. EFS will develop and maintain a vendor management program to manage the third parties EFS engages (other than its Affiliates) to provide services for the Program (the "**Vendor Management Program**"). EFS will use its reasonable discretion to choose its service providers for the Program, subject to the Vendor Management Program. Meta may, upon at least ten (10) Business Days' prior notice to EFS, audit EFS to ensure EFS is complying with its Vendor Management Program, provided that Meta will endeavor to conduct any such audit outside of the Tax Season and in a manner that is least disruptive to EFS. EFS will onboard, oversee, and manage such third-party service providers, in accordance with such Vendor Management Program. The initial Vendor Management Program is attached as Schedule 6.1 (Initial Vendor Management Program), but EFS may update such Vendor Management Program from time to time with prior notice to Meta, provided such updates do not materially reduce or diminish EFS's vendor management onboarding or oversight procedures existing as of the date of this Agreement.

Section 6.2 Service Providers.

(a) The Material Third-Party Service Providers used by each of Meta and EFS in connection with the Program are set forth in Schedule 6.2 (Material Third-Party Service Providers). Any new Material Third-Party Service Provider added by EFS must be onboarded pursuant to the process set forth in the Vendor Management Program and any new Material Third-Party Service Provider added by Meta must be onboarded pursuant to the process described in Meta's equivalent vendor management program. Upon request by

the other Party no more frequently than quarterly, each Party will provide the other Party an updated list of its Material Third-Party Service Providers.

(b) Notwithstanding Section 6.1 (Vendor Management Program), the use by a Party of a Meta Service Provider, EFS Service Provider or Affiliate of a Party, as applicable, to perform services related to this Program will not relieve such Party of any of its obligations under this Agreement. Each such Meta Service Provider, EFS Service Provider or Affiliate of a Party will be held to the same standards of care as would be applicable to such Party if it were to perform the service itself. For the avoidance of doubt, any breach of the provisions of this Agreement by an Affiliate or service provider to a Party will constitute a breach by such Party as if it had performed the outsourced services itself, and will be subject to all provisions of this Agreement applicable to such breach, including the notice and cure provisions set forth in Section 12.1 (EFS Event of Default), and Section 12.2 (Meta Event of Default).

(c) The Party engaging any Meta Service Provider, EFS Service Provider, or Affiliate of a Party, as applicable, will be responsible for (i) all payments to such Meta Service Provider, EFS Service Provider or Affiliate (ii) ensuring the performance or non-performance of such Meta Service Provider, EFS Service Provider or Affiliate as if such performance or nonperformance were that of such Party, and (iii) requiring such Meta Service Provider, EFS Service Provider or Affiliate to obtain all necessary permits, licenses, authorizations and approvals of Governmental Authorities.

(d) Except as otherwise agreed in writing among Meta, EFS and any third-party service provider, each Party will continue to manage all third-party relationships managed by such Party as of the date of this Agreement and deemed necessary and appropriate for such Party to perform its obligations pursuant to this Agreement. EFS will continue to be entitled to all incentives and benefits arising from contracts with third parties, including its existing incentive agreement with Mastercard.

Section 6.3 International Restrictions. Neither Party will transmit Program Customer Data outside of the United States without the written consent of the other Party. EFS is permitted to utilize the servicing functions of the service providers located outside the United States as set forth in Schedule 6.3 (List of Internationally Outsourced Service Providers).

ARTICLE 7
AUDIT RIGHTS

Section 7.1 Meta's Audit Rights of EFS.

(a) Audit of EFS. Upon reasonable advance notice, subject to the confidentiality provisions set forth in Article 10 (Confidentiality), the EFS Audit Parties agree to provide to the internal and external auditors and personnel of Meta reasonable access to the facilities, records and personnel of the EFS Audit Parties to conduct, at Meta's expense, a review or audit during normal business hours, in a manner designed to be least disruptive and no more than once per year (unless otherwise required by a Governmental Authority or as permitted by Section 7.1(b) (EFS Corrective Plan)), to the extent reasonably required to verify EFS's

compliance with its obligations under this Agreement and to the extent permitted by Applicable Law. The EFS Audit Parties will fully cooperate and provide to such auditors, personnel, examiners and agents, in a timely manner, all such assistance as they may reasonably require in monitoring or verifying compliance with Applicable Law and the Program Contracts, including providing information concerning Retail Locations or Program Customers, and will assist Meta in obtaining any such information from Franchisees. In furtherance of and without limiting the foregoing, EFS will permit Meta to conduct mystery shopping and onsite inspections at Retail Locations to audit the offering of the Financial Products under the Program. Audits conducted by internal personnel will be conducted at a mutually agreeable time and in a manner that is least disruptive to the business of the EFS Audit Party being audited. EFS will cooperate with any examination, inquiry, audit, information request, site visit or the like, which may be conducted or required by Meta's primary federal regulator or financial statement auditors. Upon the request of Meta, EFS will enforce any provisions of its contracts with the EFS Service Providers to require each such service provider to comply with the terms of this Section 7.1, as applicable to such service provider. Meta understands that it will not be permitted to access tax return information, except to the extent that the consumer has consented to disclose such tax return information to Meta in connection with the Program.

(b) EFS Corrective Plan. To the extent an audit conducted pursuant to Section 7.1(a) (Audit of EFS) reveals any error, deficiency or other failure to perform on the part of the EFS Audit Party that has not otherwise been disputed by EFS in good faith pursuant to Section 16.2 (Dispute Resolution), EFS will (i) upon Meta's request, deliver to Meta, within thirty (30) Business Days following any such request (unless a shorter timeframe is reasonably deemed necessary by Meta because of the critical nature of the error, deficiency or other failure or is required by a Governmental Authority), a written corrective plan (an "**EFS Corrective Plan**") that, if followed, is designed to correct the error, deficiency or other failure to perform, (ii) following the approval of the EFS Corrective Plan by Meta, promptly execute the EFS Corrective Plan and (iii) permit Meta to conduct additional follow-up audits as Meta may deem reasonably necessary for Meta to audit EFS's compliance with this provision, including the correction of EFS's error, deficiency or other failure to perform. The reasonable costs and expenses of the first such follow-up audit will be an expense of EFS, but any additional follow-up audits will be expenses of Meta.

Section 7.2 EFS's Audit Rights of Meta.

(a) Audit of Meta. Upon reasonable advance notice, subject to the confidentiality provisions set forth in Article 10 (Confidentiality), Meta agrees to provide to the internal and external auditors and personnel of EFS or its Affiliates reasonable access to Meta's facilities, records and personnel to conduct, at EFS's expense, a review or audit during normal business hours, in a manner designed to be least disruptive and no more than once per year (unless otherwise required by a Governmental Authority or as permitted by Section 7.2(b) (Meta Corrective Plan)), to the extent reasonably required to verify Meta's compliance with its obligations under this Agreement and to the extent permitted by Applicable Law. Meta will fully cooperate and provide to such auditors, personnel, examiners and agents, in a

timely manner, all such assistance as they may reasonably require in monitoring or verifying Meta's compliance with Applicable Law and the Program Contracts. Audits conducted by internal personnel will be conducted at a mutually agreeable time and in a manner that is least disruptive to Meta's business. The parties acknowledge that Meta's primary federal regulator has the exclusive right to regulate, examine and supervise Meta, and nothing in this Agreement is intended or will be construed (i) to create any right of any other Governmental Authority to regulate, examine or supervise Meta, or (ii) that Meta has agreed or consented to be audited by a Governmental Authority other than Meta's primary federal regulator. Upon the request of EFS, Meta will enforce any provisions of its contracts with the Meta Service Providers to require each service provider to comply with the terms of this Section 7.2, as applicable to such service provider. The Parties acknowledge and agree that EFS's audit rights do not extend to Meta's regulatory reports of examination, regulatory communications or other documents or materials that Meta is prohibited by Applicable Law from sharing with EFS.

(b) Meta Corrective Plan. To the extent an audit conducted pursuant to Section 7.2(a) (Audit of Meta) reveals any error, deficiency or other failure to perform on the part of Meta that has not otherwise been disputed by Meta in good faith pursuant to Section 16.2 (Dispute Resolution), Meta will (i) upon EFS's request, deliver to EFS, within thirty (30) Business Days following any such request (unless a shorter timeframe is reasonably deemed necessary by EFS because of the critical nature of the error, deficiency or other failure or is required by a Governmental Authority), a written corrective plan (a "**Meta Corrective Plan**") that, if followed, is designed to correct the error, deficiency or other failure to perform, (ii) following the approval of the Meta Corrective Plan by EFS, promptly execute the Meta Corrective Plan and (iii) permit EFS to conduct additional follow-up audits as EFS may deem reasonably necessary for EFS to audit Meta's compliance with this provision, including the correction of Meta's error, deficiency or other failure to perform. The reasonable costs and expenses of the first such follow-up audit will be an expense of Meta, but any additional follow-up audits will be expenses of EFS.

Section 7.3 EFS Audit Plan. The initial EFS Audit Plan for the Program is set forth on Schedule 7.3 (Initial EFS Audit Plan), which EFS Audit Plan may be updated by the mutual agreement of the Parties from time to time in the normal course of business. EFS agrees to implement the EFS Audit Plan as part of EFS's onsite evaluations of Retail Locations, provide periodic oral updates to Meta of its oversight activities during the Tax Season at Meta's reasonable request, and provide the relevant results of said onsite evaluations to Meta after each Tax Season. To the extent EFS identifies material deficiencies with respect to a Retail Location's performance of its obligations in connection with the Program, EFS will take reasonable steps to cause the Retail Location to remediate such deficiencies as soon as commercially practicable.

Section 7.4 OCC 2013-29. The Parties acknowledge that the relationships contemplated hereunder fall within the purview of Risk Management Guidance OCC 2013-29, issued by the OCC on October 30, 2013, and all official bulletins issued by the OCC supplementing OCC 2013-29 (the "**Third Party Guidance**"). EFS has provided and will continue to promptly provide to Meta such information regarding itself, its Affiliates, and the EFS Service Providers as Meta may from time

to time reasonably request, in order to ensure compliance with Meta's obligations as set forth in the Third Party Guidance.

Section 7.5 OCC Oversight. EFS acknowledges that (i) the performance of activities by third parties for Meta is subject to OCC examination oversight, including access to certain work papers, drafts, and other materials; (ii) the OCC treats as subject to 12 U.S.C. § 1867(c) and 12 U.S.C. § 1464(d)(7) situations in which a bank arranges, by contract or otherwise, for the performance of any applicable functions of its operations; and (iii) the OCC has the authority to examine and to regulate the functions or operations performed or provided by third parties.

ARTICLE 8
INTELLECTUAL PROPERTY

Section 8.1 Ownership and Licenses of Intellectual Property.

(a) Each Party and its Affiliates will continue to own all of their respective Intellectual Property that existed as of the date of this Agreement.

(b) Each Party and its Affiliates will own all right, title and interest in the Intellectual Property each of them develops independently of the other Party or its Affiliates, as applicable, during the Term. To the extent a Party (the "**Acquiring IP Party**") acquires any rights in or to such Intellectual Property of the other Party or its Affiliates (the "**IP Owner**") (other than by written agreement of the Parties specifically transferring such rights or interest), the Acquiring IP Party hereby assigns all such right, title and interest in and to such Intellectual Property back to the IP Owner. Acquiring IP Party will execute any documents in connection with such assignment that IP Owner may reasonably request.

(c) All Intellectual Property jointly developed by the Parties in connection with the Program will be owned by EFS; provided, however, that the Refund Advance underwriting model, and any improvements to such underwriting model, will be exclusively owned by and is the Confidential Information of Meta.

Section 8.2 Third-Party Intellectual Property. Except as licensed or otherwise permitted, neither Party may use intellectual property, trade secrets or other confidential business information of any third party in connection with the development of the Program Documents and Marketing Materials or in carrying out its obligations or exercising its rights under this Agreement.

ARTICLE 9
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 9.1 EFS's Representations, Warranties and Covenants.

Except as set forth in Schedule 9.1 (Exceptions to EFS's Representations and Warranties), EFS makes the following representations, warranties, and covenants to Meta, each and all of which will survive the execution and delivery of this Agreement, and each and all of which will be deemed

to be made as of the date of this Agreement and restated and remade on each day of the Term (except as otherwise stated).

(a) Corporate Existence. EFS is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. EFS and its Affiliates performing services in connection with this Agreement have all necessary licenses, permits, consents or approvals from or by, and have made all necessary notices to, all Governmental Authorities, to the extent required for EFS's or its Affiliate's business, as applicable, and for the performance of its obligations under this Agreement and the other Program Contracts, except where the failure to have such licenses, permits, consents or approvals would not have Material Adverse Effect with respect to EFS or such Affiliates, taken as a whole.

(b) Capacity; Authorization; Validity. EFS has all necessary limited liability company power and authority to execute and enter into this Agreement and the other Program Contracts and to perform its obligations under this Agreement and the other Program Contracts. The execution and delivery of this Agreement and the other Program Contracts by EFS, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized and approved by all necessary limited liability company action of EFS. This Agreement and the other Program Contracts (i) have been duly executed and delivered by EFS, (ii) constitute the valid and legally binding obligation of EFS, and (iii) are enforceable against EFS in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

(c) No Conflicts. The execution, delivery and performance of this Agreement by EFS, its compliance with the terms hereof, and its consummation of the transactions specified herein, will not:

(i) conflict with, violate, result in the breach of, constitute an event that could result in a default under, or accelerate the performance required by, the terms of any material contract, instrument or agreement to which EFS is a party or by which it or its assets are bound, except for conflicts, breaches and defaults which would not have a Material Adverse Effect with respect to EFS;

(ii) conflict with or violate the organizational documents of EFS;

(iii) violate any HRB Applicable Law or conflict with or require any consent or approval under any judgment, order, writ, decree, permit or license, to which EFS is a party or by which it is bound or affected, except to the extent that such violation or the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to EFS;

(iv) require the consent or approval of any other party to any contract, instrument or commitment to which EFS is a party or by which it is bound, except

to the extent that the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to EFS; or

(v) require any filing with, notice to, consent or approval of, or any other action to be taken with respect to, any Governmental Authority, except to the extent that the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to EFS.

(d) No Defaults. EFS is not in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would not have a Material Adverse Effect with respect to EFS, and EFS has not received any notice of default under any contract, agreement, lease or other instrument which default or notice of default would materially and adversely affect the performance by EFS of its obligations under this Agreement or the other Program Contracts. No EFS Event of Default under this Agreement has occurred and is continuing.

(e) Books and Records. All of EFS's records, files and books of account relating to the Program, including records provided to Meta regarding Account activities, are in all material respects complete and correct and are maintained in accordance with Applicable Law.

(f) No Litigation. Except as may be disclosed in reports filed with the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement, no action, claim, litigation, proceeding, investigation, regulatory inquiry or arbitration is pending, nor, to the knowledge of EFS, has been threatened in writing against EFS or any of its Affiliates performing services in connection with this Agreement, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators, to which EFS (or its Affiliates performing services in connection with this Agreement) is a party, which, if adversely determined, would have a Material Adverse Effect with respect to EFS, the Program or other transactions contemplated by this Agreement.

(g) Financial Capacity; Due Diligence Materials. EFS has the financial capacity to perform its obligations under this Agreement. EFS has delivered to Meta complete and correct copies of its annual unaudited financial statements and such other items that Meta has requested from EFS in connection with its due diligence review of EFS (the "**EFS Due Diligence Materials**"). EFS's financial statements, as furnished to Meta and subject to any limitations stated therein, do fairly present the financial condition of EFS, and have been prepared in accordance with (i) the books and records of EFS, and (ii) generally accepted accounting principles as in effect in the United States at the time of preparation.

(h) Annual Financial Reports. EFS, at its own expense, will provide to Meta, within one hundred twenty (120) days after the end of each calendar year, annual unaudited financial statements compiled by EFS.

Section 9.2 Meta's Representations and Warranties.

Except as set forth in Schedule 9.2 (Exceptions to Meta's Representations and Warranties), Meta makes the following representations and warranties to EFS, each and all of which will survive the execution and delivery of this Agreement, and each and all of which will be deemed to be made as of the date of this Agreement and restated and remade on each day of the Term (except as otherwise stated):

(a) Corporate Existence. Meta (i) is a national bank duly organized, validly existing and in good standing under the laws of the United States, and (ii) has all necessary licenses, permits, consents or approvals from or by, and has made all necessary notices to, all Governmental Authorities, to the extent required for Meta's business, and for the performance of its obligations under this Agreement and the other Program Contracts. Meta is not subject to any regulatory enforcement action or formal investigation.

(b) Capacity; Authorization; Validity. Meta has all necessary corporate power and authority to execute and enter into this Agreement and the other Program Contracts and to perform its obligations under this Agreement and the other Program Contracts. The execution and delivery of this Agreement and the other Program Contracts by Meta, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized and approved by all necessary corporate action of Meta. This Agreement and the other Program Contracts (i) have been duly executed and delivered by Meta, (ii) constitute the valid and legally binding obligation of Meta, and (iii) are enforceable against Meta in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganization, receivership or other laws affecting the rights of creditors generally and by general equity principles including those respecting the availability of specific performance).

(c) No Conflicts. The execution, delivery and performance of this Agreement by Meta, its compliance with the terms hereof, and its consummation of the transactions specified herein, will not:

(i) conflict with, violate, result in the breach of, constitute an event that could result in a default under, or accelerate the performance required by, the terms of any material contract, instrument or agreement to which Meta is a party or by which it or its assets are bound, except for conflicts, breaches and defaults which would not have a Material Adverse Effect with respect to Meta;

(ii) conflict with or violate the charter or bylaws of Meta;

(iii) violate any Applicable Law or conflict with or require any consent or approval under any judgment, order, writ, decree, permit or license, to which Meta is a party or by which it is bound or affected, except to the extent that such violation or the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to Meta;

(iv) require the consent or approval of any other party to any contract, instrument or commitment to which Meta is a party or by which it is bound, except to the extent that the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to Meta; or

(v) require any filing with, notice to, consent or approval of, or any other action to be taken with respect to, any Governmental Authority, except to the extent that the failure to obtain such consent or approval would not have a Material Adverse Effect with respect to Meta.

(d) No Defaults. Meta is not in default with respect to any contract, agreement, lease, or other instrument to which it is a party or by which it is bound, except for defaults which would not have a Material Adverse Effect with respect to Meta, and Meta has not received any notice of default under any contract, agreement, lease or other instrument which default or notice of default would materially and adversely affect the performance by Meta of its obligations under this Agreement or the other Program Contracts. No Meta Event of Default under this Agreement has occurred and is continuing.

(e) Books and Records. All of Meta's records, files and books of account relating to the Program, including records provided to EFS regarding Account activities, are in all material respects complete and correct and are maintained in accordance with Applicable Law.

(f) No Litigation. Except as may be disclosed in reports filed with the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement, no action, claim, litigation, proceeding, investigation, regulatory inquiry or arbitration is pending, nor, to the knowledge of Meta, has been threatened in writing against Meta, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any federal, state, or local government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators, to which Meta is a party, which, if adversely determined, would have a Material Adverse Effect with respect to Meta, the Program or other transactions contemplated by this Agreement.

(g) Financial Capacity. Meta has the financial capacity to perform its obligations under this Agreement.

ARTICLE 10
CONFIDENTIALITY

Section 10.1 Confidential Information.

(a) "**Confidential Information**" of a Party means (i) information that is provided by or on behalf of such Party to the other Party, its Affiliates, Franchisees or third-party service providers, in connection with the Program, or (ii) information about such Party, its Affiliates, Franchisees, third-party service providers, or their respective businesses or employees, that is otherwise obtained by the other Party in connection with the Program, in each case including: (A) information concerning Program marketing, Marketing

Materials, marketing plans, objectives and results; (B) information regarding business systems, methods, processes, financing data, and products; (C) information unrelated to the Program obtained by the other Party in connection with this Agreement, including by accessing or being present at the business location of the other Party; (D) proprietary technical information, including source and object codes; (E) competitive advantages and disadvantages, technological development, sales volume(s), merchandise mix, business relationships and methods of transacting business, product design, product features and functionalities, operational and data processing capabilities, and systems software and hardware and the documentation thereof; (F) other information regarding the business or affairs of the other Party or its Affiliates or the transactions contemplated by this Agreement that such other Party or its Affiliates reasonably considers confidential or proprietary; and (G) any copies, excerpts, summaries, analyses or notes of the foregoing, and any information derived from the foregoing.

(b) "Confidential Information" does not include information that (i) is or becomes publicly known without breach of this Agreement, or (ii) either Party or its Affiliates, EFS Service Providers or Meta Service Providers, as applicable, (A) already knows, at the time it is disclosed, (B) receives from a third party permitted to disclose it without restriction, or (C) develops independently without use of Confidential Information.

Section 10.2 Limits on Access, Use and Disclosure of Confidential Information.

(a) EFS will comply, and will cause its Affiliates and EFS Service Providers, and each of their respective directors, officers, employees, agents and representatives to comply, with the confidentiality provisions of this Section 10.2, subject to the provisions of Section 10.5 (EFS's Right to Collect, Access, Use, and Disclose Program Information) regarding Program Information.

(b) Meta will comply, and will cause is Affiliates and Meta Service Providers, and each of their respective directors, officers, employees, agents and representatives to comply, with the confidentiality provisions of this Section 10.2, subject to the provisions of Section 10.6 (Restrictions on Meta's Use and Disclosure of Program Information) regarding Program Information.

(c) A Party to this Agreement may not access, use or disclose Confidential Information of the other Party except:

(i) as expressly permitted by this Agreement or any other Program Contract;

(ii) to perform its or their obligations or enforce its or their rights with respect to the Program, this Agreement or any other Program Contract;

(iii) to respond to a Regulatory Request in compliance with Section 10.3 (Regulatory Requests);

(iv) as required by any Applicable Law (including the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder); or

(v) with the prior written consent of the other Party.

(d) Each Party will limit access to the other Party's Confidential Information to its employees, consultants, Affiliates, and service providers that have a reasonable need to access such Confidential Information in connection with the Program or for purposes permitted by this Agreement. The Party providing access to the other Party's Confidential Information will be liable for the acts or omissions of individuals referred to in the preceding sentence with respect to such Confidential Information.

(e) Each Party will make each of its respective employees or independent contractors assigned to assist on matters relating to or in connection with the Program or this Agreement aware of the confidentiality provisions of this Article 10 (Confidentiality), to the extent applicable to such Party.

Section 10.3 Regulatory Requests. If a Party receives a Regulatory Request to disclose any Confidential Information of the other Party, such Party receiving the Regulatory Request will, to the extent permitted by Applicable Law:

(a) notify the other Party of such Regulatory Request promptly after its receipt;

(b) consult with the other Party with respect to such Regulatory Request; and

(c) if disclosure is required by Applicable Law, at the other Party's request and expense, reasonably cooperate with the other Party in any attempt by the other Party to obtain a protective order or other reliable assurance that confidential treatment will be accorded to the Confidential Information of the other Party.

Section 10.4 Disposition of Confidential Information. Upon the termination or expiration of this Agreement, each Party will maintain any Confidential Information it is permitted to retain in accordance with the terms of this Agreement and Applicable Law and will dispose of any Confidential Information (other than any Confidential Information such Party is permitted to retain, use or disclose after the Term) in accordance with the other Party's reasonable instructions. Each Party will use commercially reasonable measures designed to properly dispose of the Confidential Information, whether in paper, electronic, or other form, so that the information cannot practicably be read or reconstructed.

Section 10.5 EFS's Right to Collect, Access, Use, and Disclose Program Information. Notwithstanding any other provisions of this Agreement or any other Program Contract, during and after the Term, EFS and its Affiliates may collect, access, use and disclose Program Information to the fullest extent permitted by Applicable Law, regardless of who owns the Program Information or whether it is otherwise considered Confidential Information, so long as the use and disclosure of such information does not involve the sale of Program Customer Data to any third party in a

manner that would impose additional state law data privacy obligations on Meta above and beyond what is required by GLBA.

Section 10.6 Restrictions on Meta's Use and Disclosure of Program Information. Notwithstanding any other rights they may have at law or by contract relating to the use or disclosure of Program Information, during and after the Term, Meta, its Affiliates and Meta Service Providers will not collect, access, use or disclose Program Information (including that which Meta owns) for any purpose except:

(a) to perform its or their obligations or enforce its or their rights with respect to the Program, this Agreement or any other Program Contract (including for fraud prevention and Bank Secrecy Act monitoring purposes);

(b) to respond to a Regulatory Request in compliance with Section 10.3 (Regulatory Requests);

(c) as required by any Applicable Law (including the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder); or

(d) with the prior written consent of EFS.

Section 10.7 Unauthorized Use or Disclosure. The Parties agree that any unauthorized use or disclosure of Confidential Information may cause immediate and irreparable harm to the other Party for which damages may not constitute an adequate remedy, and that injunctive relief may be warranted in addition to any other remedies the other Party may have at law or in equity, all of which are cumulative and in addition to any rights and remedies available by contract, law, rule, regulation or order. Each Party agrees (i) to promptly advise the other Party in writing of any unauthorized misappropriation, disclosure or use of the Confidential Information in violation of such Party's obligations under this Agreement which may come to its attention and (ii) to take appropriate steps, at its own expense, as reasonably requested by the other Party, to limit, stop or otherwise remedy such misappropriation, disclosure or use.

Section 10.8 Information Screen. Meta agrees, on behalf of itself and its Affiliates and Meta Service Providers, that Program Information will not be collected, accessed, used or disclosed to, or used for the benefit of, other third parties offering Meta's products or services. Meta will implement procedures that prohibit Meta from using or disclosing any Program Information or solutions created specifically for EFS or the Program with other third parties offering Meta's products; provided, however, that this Section 10.8 does not prohibit Meta from using Program Customer Data as permitted by Applicable Law for the limited purpose of identifying and preventing instances of consumer fraud.

Section 10.9 Participation in Refund Verification Programs. To the extent permitted by Applicable Law, Meta and EFS, as program manager for Meta, may participate in IRS and state refund verification and antifraud programs, and may disclose Program Information to the IRS, state departments of revenue and the Identity Theft Tax Refund Fraud – Information Sharing and Analysis

Center (IDTTRF-ISAC) of the Financial Services – Information Sharing and Analysis Center (FS-ISAC).

ARTICLE 11
PRIVACY AND DATA SECURITY

Section 11.1 Privacy.

(a) Each Party will comply with Applicable Law relating to the use and disclosure of Program Customer Data and Prospect Data, including the applicable terms and provisions of GLBA and the Code. Each Party will implement and maintain appropriate administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of all Program Customer Data and Prospect Data.

(b) In furtherance of and without limiting the foregoing, the Parties agree to, in good faith, jointly develop and prepare, and comply with, Meta's privacy notice applicable to the Program (the "**Privacy Notice**"), which Privacy Notice will permit the broadest rights allowable under Applicable Law for Meta's sharing of Program Customer Data and Prospect Data with EFS and EFS's Affiliates. To the extent Applicable Law requires Meta to afford Program Customers and Prospective Customers a means of opting-out of such sharing, EFS is responsible for managing and honoring any opt-out requests received from Program Customers and Prospective Customers with respect to Meta's Privacy Notice in compliance with Applicable Law.

(c) Each Party will ensure that any third party (other than attorneys, accountants and any third-party advisors that are bound by a professional duty of confidentiality to such Party) to whom Program Customer Data or Prospect Data is transferred or made available by or on behalf of such Party signs a written contract with such Party in which the third party agrees: (i) to restrict its use of Program Customer Data and Prospect Data, as applicable, to the use specified in the agreement between the Party and such third party (which use must be in compliance with the Party's permitted uses of the information, including as provided in Article 10 (Confidentiality) and this Article 11 (Privacy and Data Security)); (ii) to comply with all Applicable Law and Payment Network Rules and the Privacy Notice; and (iii) to implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of all Program Customer Data and Prospect Data, including compliance with the provisions of the Data Security Requirements.

(d) A Party will not be obligated to take any action that such Party reasonably believes in good faith would cause, or is reasonably likely to cause, any Party to violate the Privacy Notice, any Payment Network Rules, GLBA, the Code or any other Applicable Law, or that would cause any Party to become a "consumer reporting agency" for purposes of the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq*.

Section 11.2 Data Security.

(a) Protection of Program Customer Data. Each Party will establish, maintain and implement an information security program, including appropriate administrative,

technical and physical safeguards, that is designed to meet the objectives of the Interagency Guidelines Establishing Standards for Safeguarding Customer Information, including, to: (i) ensure the security and confidentiality of Program Customer Data and Prospect Data, as applicable; (ii) protect against any reasonably anticipated threats or hazards to the security or integrity of Program Customer Data or Prospect Data; (iii) protect against unauthorized access to or use of Program Customer Data or Prospect Data that could result in substantial harm or inconvenience to any Program Customer or Prospective Customer; and (iv) ensure the proper disposal of Program Customer Data and Prospect Data, as applicable (the "**Data Security Requirements**"). Each Party will use the same degree of care in protecting Program Customer Data and Prospect Data against unauthorized disclosure as it accords to its own confidential customer information, but in no event less than a reasonable standard of care.

(b) Data Breach Investigation. A Party that suffers an actual or suspected Data Breach of the information systems it maintains (the "**Affected Party**") agrees to take action promptly, at its own expense, to investigate the actual or suspected Data Breach and, if an actual Data Breach is confirmed, to identify and mitigate the effect of the Data Breach and implement reasonable and appropriate measures in response. The Affected Party will permit the other Party to conduct, or alternatively the other Party may require the Affected Party to engage a qualified third party reasonably approved by the Affected Party to conduct, an investigation of an actual or suspected Data Breach; provided, however, that such investigation may not unreasonably interfere with the investigation being conducted by the Affected Party or the operations of the Affected Party. The Affected Party will pay for the reasonable costs of its investigation and any required notifications, which notification will be mutually agreed upon by the Parties (such agreement not to be unreasonably withheld), or other remediation it reasonably deems necessary.

(c) Notice of Data Breach. Each Party will notify the other Party promptly, and in any event within twenty-four (24) hours, following discovery or notification of any actual or suspected Data Breach of the information systems it maintains (including through third-party service providers or Affiliates) that access, process or store Program Customer Data or Prospect Data. To the fullest extent permitted by Applicable Law, the Affected Party also will provide the other Party with information reasonably requested by the other Party regarding such Data Breach to assist such other Party in implementing its information security response program and, if applicable, in notifying affected Program Customers and Prospective Customers, as applicable, as well as other third parties, if required by Applicable Law.

(d) Costs. The Affected Party will reimburse the other Party for its reasonable out-of-pocket expenses incurred as a result of the Data Breach. For the purposes of this provision, reasonable out-of-pocket expenses means the cost of ID monitoring services (for twelve (12) months or such longer period as required by Applicable Law) for affected Program Customers and Prospective Customers who choose to enroll, and any costs associated with mailing required notices to affected Program Customers and Prospective Customers.

(e) Processor Audit Reports. EFS will cause the Processor to provide to Meta, on an annual basis, its Independent Service Auditor's Report – SOC1 Type II, as defined in the American Institute of Certified Public Accountants (AICPA's) Statement on Standards for Attestation Engagements ("**SSAE**") No. 18, Reporting on Controls at a Service Organization. To the extent material deficiencies are identified in any SSAE performed on the Processor, EFS will require the Processor to remediate such deficiencies as soon as commercially practicable.

(f) PCI-DSS Compliance. EFS and Processor will be assessed on an annual basis for compliance with PCI-DSS, such assessment to be performed by a qualified security assessor approved by the PCI Security Standards Council. Promptly upon completion of such assessment, EFS will, and will cause Processor to, provide a copy thereof to Meta.

Section 11.3 Disaster Recovery. Each Party agrees to maintain a disaster recovery plan, which it will test regularly, but at a minimum one time per calendar year, as well as systems, equipment, facilities and trained personnel, that will enable it to perform its essential obligations under this Agreement consistent with such Party's disaster recovery plan continuously through a disaster. Either Party may request the other Party to make a summary of its disaster recovery plan available for review. Either Party may make changes to its disaster recovery plan from time to time without the other Party's consent; provided that such changes do not materially decrease the level of protection offered by the disaster recovery plan.

ARTICLE 12
EVENTS OF DEFAULT

Section 12.1 EFS Event of Default. The occurrence of any one or more of the events specified in this Section 12.1 (regardless of the reason therefor) with respect to EFS constitutes an "**EFS Event of Default**":

(a) Failure to Make Payment when Due. EFS or any Affiliate of EFS fails to make a payment of $100,000 or more that is due and payable pursuant to this Agreement or any other Program Contract and is not disputed in good faith, and such failure remains unremedied for a period of five (5) Business Days after Meta has made written demand for such payment;

(b) Failure to Settle. Notwithstanding Section 12.1(a) (Failure to Make Payment when Due), if EFS fails to settle any amount due from it within three (3) Business Days after delivery of a Monthly Product Statement showing an amount due from EFS;

(c) Breach of Representations, Warranties, and Covenants. (i) Any representation or warranty of EFS or any Affiliate of EFS in this Agreement or any other Program Contract is breached and fails to be true and correct in any material respect as of the date when made or reaffirmed, or (ii) EFS or any Affiliate of EFS fails to perform any material covenant or other agreement contained in this Agreement or any other Program Contract and the same remains uncured for a period of thirty (30) days after Meta provides written notice thereof; and in either case, such breach or failure has a Material Adverse Effect on Meta or the Program; and

(d) Solvency. EFS (i) is not Solvent; (ii) admits in writing its inability to pay its debts generally; (iii) makes a general assignment for the benefit of its creditors; (iv) has any proceeding instituted by or against it seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, reorganization or any similar alternative under any law relating to bankruptcy or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver or other similar official for it or for any substantial part of its property, and, in the case of any proceeding instituted against it (but not instituted by it), either such proceeding remains undismissed or unstayed for a period of thirty (30) days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver or other similar official for, it or any substantial part of its property) occurs; or (v) takes any corporate action to authorize any of the actions set forth in clause (iii) or (iv) of this Section 12.1(d).

Section 12.2 Meta Event of Default. The occurrence of any one or more of the events specified in this Section 12.2 (regardless of the reason therefor) with respect to Meta constitutes a "**Meta Event of Default**":

(a) Failure to Make Payment when Due. Meta fails to make a payment of $100,000 or more that is due and payable pursuant to this Agreement or any other Program Contract and is not disputed in good faith, and such failure remains unremedied for a period of five (5) Business Days after EFS has made written demand for such payment;

(b) Failure to Settle. Notwithstanding Section 12.2(a) (Failure to Make Payment when Due), if Meta fails to settle (i) any amount due from it within three (3) Business Days after delivery of a Monthly Product Statement showing an amount due from Meta or (ii) any Payment Network transaction on the date settlement is due, provided such failure was not caused by EFS's failure to perform its settlement obligations under this Agreement;

(c) Breach of Meta's Representations, Warranties, and Covenants. (i) Any representation or warranty of Meta in this Agreement or any other Program Contract is breached and fails to be true and correct in any material respect as of the date when made or reaffirmed, or (ii) Meta fails to perform any material covenant or other agreement contained in this Agreement or any other Program Contract and the same remains uncured for a period of thirty (30) days after EFS provides written notice thereof; and in either case, such breach or failure has a Material Adverse Effect on EFS or the Program;

(d) Solvency. Meta (i) is not Solvent; (ii) admits in writing its inability to pay its debts generally; (iii) makes a general assignment for the benefit of its creditors; (iv) has a receiver appointed (or sought to be appointed) by Meta's primary federal regulator or has any proceeding instituted by or against it seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, reorganization or any similar alternative under any law relating to bankruptcy or relief of debtors, or seeking the entry of an order for relief; or (v) takes any corporate action to authorize any of the actions set forth in clause (iii) or (iv) of this Section 12.2(d);

(e) Undercapitalization. Meta is deemed to be less than well capitalized or determined to be in a troubled condition within the meaning of Section 38 of the Federal Deposit Insurance Act by the appropriate federal banking agency having primary supervisory jurisdiction over Meta; and

(f) Regulatory Prohibition. Meta is prohibited from (i) issuing a Financial Product; or (ii) accepting Emerald Card deposits, in either case, due to Meta's financial condition, Meta's failure to perform its obligations under this Agreement, or Meta's failure to comply with Applicable Law.

ARTICLE 13
TERM AND TERMINATION

Section 13.1 Term. The initial term of this Agreement will commence on the date of this Agreement and end on June 30, 2023, unless earlier terminated as provided herein (the "**Initial Term**"); provided, however, that notwithstanding any other provision of this Agreement or any other Program Contract, Meta will not begin offering Financial Products and EFS will not begin servicing Financial Products and Legacy Credit Card Accounts until the Effective Date. This Agreement will automatically renew for additional one (1) year periods (each, a "**Renewal Term**") at the end of the Initial Term and each Renewal Term, unless either Party gives written notice to the other Party of its intent not to renew this Agreement no later than six (6) months prior to the end of the Initial Term or the then current Renewal Term, or unless earlier terminated as provided herein. The Initial Term plus all Renewal Terms constitute the "**Term**" of this Agreement. For the avoidance of doubt, because Meta will not begin offering the Financial Products and EFS will not begin servicing the Financial Products until the Effective Date, the obligations of the Parties that relate to the offering and servicing of the Financial Products, including any obligations to make payments with respect to the Financial Products (other than costs Meta incurs prior to the Effective Date to set up a separate BIN and RTN to support the Program), do not become effective until the Effective Date.

Section 13.2 Mutual Termination Rights.

(a) Events of Default. Each Party has the right to terminate this Agreement, in whole, but not in part, upon not less than ten (10) days' prior written notice if any Event of Default with respect to the other Party has occurred and is continuing.

(b) Force Majeure Event. If a Force Majeure Event with respect to a Party has occurred that materially prevents or impedes the other Party's performance hereunder and such Force Majeure Event continues for a period of more than thirty (30) days, the other Party will have the right to terminate this Agreement by providing written notice to the Party experiencing the Force Majeure Event, such termination to be effective on the date specified in such notice.

(c) Required by Governmental Authority. Either Party has the right to terminate this Agreement, in whole but not in part, upon at least ninety (90) days' prior written notice to the other Party (unless the 90th day falls during a Tax Season, in which case the required prior written notice period will be extended and this Agreement will not terminate until the end of such Tax Season, or such shorter time as may be required by the Government Authority), if any Governmental Authority with jurisdiction over such Party directs such Party in writing to terminate this Agreement or any other Program Contract, or to cease or materially limit the exercise or performance of such Party's obligations under this Agreement or any other Program Contract; provided, however, that such directive was not caused by the terminating Party's breach of or failure to perform its obligations under this Agreement or the other Program Contracts; provided, further, that to the extent practicable under the circumstances, prior to any such termination, the terminating Party has negotiated in good faith with the Governmental Authority and the other Party to determine if the impacted Financial Products or the Program may be changed in a manner that would be reasonably satisfactory to the Governmental Authority and to both Parties.

(d) Material Change in Applicable Law. Either Party has the right to terminate this Agreement, in whole but not in part, upon ninety (90) days' prior written notice to the other Party (unless the 90th day falls during a Tax Season, in which case the required prior written notice period will be extended and this Agreement will not terminate until the end of such Tax Season, or such shorter time as may be required by Applicable Law), if any material change to Applicable Law occurs which prohibits or has a Material Adverse Effect upon such Party's ability to offer the Financial Products or perform its obligations under this Agreement or any other Program Contract; provided, however, that to the extent practicable under the circumstances, prior to any such termination, the terminating Party has negotiated in good faith with the other Party to determine if the Financial Products or the Program can be modified in such a way as to be reasonably satisfactory to both Parties and in compliance with the change of Applicable Law; provided, further, that if a change of Applicable Law occurs that impacts only a particular state or states (or other jurisdiction), but does not otherwise prohibit or have a Material Adverse Effect upon such Party's ability to offer the Financial Products or perform its obligations under this Agreement or any other Program Contract in other states (or other jurisdiction), then the Parties agree that such termination will apply solely with respect to the impacted state or states (or other jurisdiction).

Section 13.3 Durbin Regulatory Event Termination. Meta will promptly notify EFS if a Durbin Regulatory Event has occurred. If a Durbin Regulatory Event occurs, EFS has the right at any time, in its sole discretion, to terminate this Agreement,

in whole but not in part, upon thirty (30) days' prior written notice to Meta.

Section 13.4 Rights Upon Suspension of Offering Financial Products.

(a) If Meta suspends offering any Financial Product pursuant to Section 5.3(a) (Meta Right to Suspend), then EFS, in its sole discretion, may suspend offering any other Financial Product or terminate this Agreement.

(b) If EFS suspends offering the Emerald Card or Refund Transfer pursuant to Section 5.3(b) (EFS Right to Suspend), then Meta, in its sole discretion, may suspend offering the Emerald Advance or Refund Advance, or both; provided, however, that if EFS only suspends offering the Emerald Card or Refund Transfer in one or more states or other jurisdictions pursuant to Section 5.3(b) (EFS Right to Suspend), then Meta will have no

right under this Section 13.4(b) to suspend offering a Financial Product, except with respect to those states or jurisdictions where such suspension has occurred.

ARTICLE 14
TRANSITION RIGHTS

Section 14.1 EFS Purchase Option.

(a) If this Agreement expires in accordance with its terms or is terminated early for any reason (including as a result of any Event of Default), or is reasonably expected to terminate or expire within the next six (6) months, then EFS will have the option (the "**EFS Purchase Option**") to arrange for a federally-insured depository institution selected by EFS (a "**Nominated Purchaser**") to purchase and assume some or all of the Accounts associated with the Program and certain Other Program Assets (such Accounts and the Other Program Assets to be so purchased, the "**Purchased Meta Accounts**"), free and clear of all liens, claims and encumbrances created by Meta, and to assume the payment and performance of all of the obligations and other liabilities (or take such other steps as are outlined herein such as the duty to pay over receipts received in connection with transferred Refund Advances) relating to the Purchased Meta Accounts after the closing date of such purchase and assumption. EFS will notify Meta in writing of its intent to exercise the EFS Purchase Option and of the Nominated Purchaser's intent to purchase and assume the Purchased Meta Accounts (an "**Exercise Notice**") at any time either during the Term or up to one hundred eighty (180) days after the Termination Date (the "**Purchase Option Exercise Period**").

(b) Meta will act in good faith and cooperate with EFS and the Nominated Purchaser, and will use commercially reasonable efforts to ensure that there is an orderly and prompt transition of the Program from Meta to the Nominated Purchaser. Meta will cooperate with EFS and the Nominated Purchaser in good faith to consummate the purchase and assumption transaction on the timeline reasonably determined by EFS. EFS will have the right to designate a substitute or replacement Nominated Purchaser. For the avoidance of doubt, the Parties acknowledge that the obligation to cooperate regarding the transfer of the Purchased Meta Accounts will apply at any time, including during the Term, to ensure a smooth and orderly transition as soon as possible on or after the Termination Date. Further, during the Term, EFS may have discussions and negotiate with one or more federally-insured depository institutions about becoming the Nominated Purchaser and may enter into contracts with a federally-insured depository institution to take over the Program, provided that the contracts do not becomes effective until after the Term.

(c) If EFS does not provide the Exercise Notice to Meta before the expiration of a Purchase Option Exercise Period, then the EFS Purchase Option will expire. If EFS determines not to exercise the EFS Purchase Option, then EFS will provide Meta with a written notice of no interest (a "**No Interest Notice**").

(d) If the EFS Purchase Option is exercised, Meta and EFS will act in good faith and use commercially reasonable efforts to consummate the purchase and assumption of the Purchased Meta Accounts as promptly as reasonably possible, in accordance with the terms of this Agreement and the timeline reasonably determined by EFS. EFS will notify

the Nominated Purchaser of EFS's expectation that the Nominated Purchaser will use commercially reasonable good faith efforts to consummate the purchase and assumption of the Purchased Meta Accounts in accordance with the terms of this Agreement. Meta and EFS will cooperate, and EFS will obtain the Nominated Purchaser's commitment to cooperate, with respect to filing all regulatory applications and obtaining all regulatory approvals required to consummate such transaction in a timely manner.

(e) If EFS (i) provided Meta a No Interest Notice, (ii) failed to timely exercise the EFS Purchase Option, (iii) exercised the EFS Purchase Option, but the purchase and assumption transaction failed to close within the time specified in Section 14.4(a) (Purchase and Assumption Agreement; Regulatory Approvals), or (iv) exercised the EFS Purchase Option as to less than all of the Accounts, then the Accounts that remain at Meta will be liquidated pursuant to the provisions of Section 14.6 (Wind-Down).

(f) For the avoidance of doubt, EFS may participate with the Nominated Purchaser in the transactions contemplated hereunder, but EFS has no obligation to purchase and assume the Purchased Meta Accounts for itself.

Section 14.2 Evaluation Data. Meta will cooperate with EFS to provide EFS and the Nominated Purchaser with access (subject to customary confidentiality agreements) to all Program Information reasonably requested by the Nominated Purchaser and not otherwise in the possession of EFS for the sole purpose of due diligence regarding the transfer of the Accounts. Likewise, subject to customary confidentiality agreements, Meta agrees that EFS may provide Program Information in its possession to the Nominated Purchaser as reasonably requested by the Nominated Purchaser. This Section 14.2 will equally apply to any Person being evaluated by EFS as a potential Nominated Purchaser.

Section 14.3 Purchase Price.

(a) If EFS issues an Exercise Notice, the purchase price for the Purchased Meta Accounts ("**Purchase Price**") will be calculated based on the following assumptions:

(i) the deposits associated with Emerald Card, Emerald Savings and Refund Transfer accounts will be valued at book value (taking into account any negative balances);

(ii) the Emerald Advances will be valued at fair value (as described in the Participation Agreement); provided, that for the avoidance of doubt, if Meta has not retained any economic interest in such Emerald Advances (e.g., because Participant has purchased a 100% participation interest), the fair value will be zero dollars ($0);

(iii) the Refund Advances will be transferred, and the Nominated Purchaser will agree to remit to Meta any payments received on such Refund Advances from the closing date through December 31 of the calendar year in which the closing occurs and provide necessary reporting of such payments;

(iv) the Legacy Credit Card Accounts will be valued at zero dollars ($0) (because Participant has purchased a 100% participation interest); and

(v) the Other Program Assets owned by Meta will be valued at one dollar ($1.00) and no value will be assigned to goodwill.

(b) The net Purchase Price will be determined as of the Meta Accounts Transfer Date. In the event of a dispute in the determination of fair value or book value of any Purchased Meta Accounts, the parties will rely on the determination of an independent accounting firm to be selected by Meta, EFS, and the Nominated Purchaser. The pricing for the Purchased Meta Accounts is intended to be consistent with the pricing for any purchase and assumption by Meta of Purchased Accounts under the Purchase Agreement.

Section 14.4 Purchase and Assumption Agreement; Regulatory Approvals.

(a) After EFS has delivered the Exercise Notice, Meta, EFS and the Nominated Purchaser will promptly negotiate in good faith, execute, and deliver all necessary agreements and other documentation customary for a purchase and assumption transaction, including a purchase and assumption agreement covering the Purchased Meta Accounts, which agreements may require each of Meta, EFS and the Nominated Purchaser to agree to certain representations, warranties, covenants, indemnities, transition services and other terms and conditions usual and customary for a transaction of this kind. All such agreements will be in a form reasonably acceptable to the Parties. Meta, EFS and the Nominated Purchaser will in good faith use commercially reasonable efforts to expeditiously finalize required agreements and other required documentation and to consummate the transfer of the Purchased Meta Accounts as soon as commercially practicable. Unless the Nominated Purchaser requires otherwise, such purchase and assumption agreement will provide for a closing of the transaction within one hundred eighty (180) days from the time of execution of the purchase and assumption agreement, subject to customary closing conditions (provided, if the 180th day falls during a Tax Season, the closing will be extended until the date thirty (30) days after the end of such Tax Season). If any required regulatory approval has not been obtained by the applicable closing period described in the preceding sentence, EFS may extend the closing date for an additional ninety (90) days provided the Nominated Purchaser agrees to such extension.

(b) Meta, EFS and the Nominated Purchaser will cooperate and work together in good faith to promptly obtain all required regulatory approvals for the transaction.

Section 14.5 Duties After Termination.

(a) Notwithstanding the expiration or termination of this Agreement, in order to facilitate an orderly transition or wind-down of the Financial Products, the Legacy Credit Card Accounts, and the Program, and avoid any disruption to Program Customers, except as otherwise required by Applicable Law or a Governmental Authority or mutually agreed upon by the Parties, the rights and obligations of the Parties under this Agreement will continue until the consummation of the transfer of the Purchased Meta Accounts to the

Nominated Purchaser or the completion of the wind-down, as applicable. During such time, subject to Meta's suspension rights for the reasons described in Section 5.3(a) (Meta Right to Suspend):

(i) at EFS's option, Meta will continue to offer, and EFS will continue to facilitate and service, Meta's Financial Products and the Legacy Credit Card Accounts, pursuant to the terms of this Agreement (including the economics of the Program as described in Section 2.3(a) (Program Economics)) as if this Agreement were still in effect, until such time as EFS directs Meta to cease offering Meta's Financial Products, provided that if EFS directs Meta to cease offering Emerald Cards or Refund Transfers, Meta may elect to cease offering Refund Advances or Emerald Advances; and

(ii) EFS may commence offering financial products of the Nominated Purchaser, notwithstanding Section 5.2 (EFS to Offer Meta's Financial Products), as long as EFS does not materially impair Meta's ability to collect payments on Refund Advances or Emerald Advances.

(b) Except as specifically set forth in this Agreement or the agreed upon plan for wind-down or transition, each Party will bear its own costs associated with the transfer of the Purchased Meta Accounts to the Nominated Purchaser. Notwithstanding the foregoing, if a Party terminates this Agreement due to an Event of Default by the other Party as described in Article 12 (Events of Default), the defaulting Party will compensate the terminating Party for all of its out of pocket costs and expenses reasonably incurred by the terminating Party in connection with the wind-down or transition activities described in this Article 14.

(c) If EFS delivers the Exercise Notice, Meta, EFS and the Nominated Purchaser will work together to assign or transfer to the Nominated Purchaser the ABA routing numbers, bank identification numbers, or interbank card association numbers range applicable to the Financial Products and the Legacy Credit Card Accounts (to the extent permissible by the Payment Networks) and the account numbers relating to the Financial Products and the Legacy Credit Card Accounts. The purchase and assumption agreement will include a covenant that Meta will allow the Nominated Purchaser to use existing card stock for a reasonable period of time, but not to exceed six (6) months, after the consummation of the transfer of the Purchased Meta Accounts unless otherwise prohibited by Payment Network Rules.

Section 14.6 Wind-Down. If EFS (i) provided Meta a No Interest Notice, (ii) failed to timely exercise the EFS Purchase Option, (iii) exercised the EFS Purchase Option, but the purchase and assumption transaction failed to close within the time specified in Section 14.4(a) (Purchase and Assumption Agreement; Regulatory Approvals), or (iv) exercised the EFS Purchase Option as to less than all of the Accounts, then as promptly as reasonably practicable after the first to occur of (i), (ii), (iii) or (iv) above, Meta and EFS will wind down the remaining Accounts and terminate the Program. During the wind down period consistent with Section 14.5 (Duties After Termination), the Parties will act in good faith and will reasonably cooperate with each other to end the Program

in a commercially reasonable and efficient manner, with the least disruption to Program Customers as possible. The Parties will use commercially reasonable efforts to complete the wind-down of the Program within one (1) year after the Termination Date.

Section 14.7 Program Customer Data. During and after the wind down period, Meta will strictly comply with the restrictions on use and disclosure of Program Information set forth in Section 10.6 (Restrictions on Meta's Use and Disclosure of Program Information). For the avoidance of doubt, Meta will not, directly or indirectly, in any manner sell, assign, gift or otherwise transfer, or allow any third party to benefit from, any Program Information, except to the Nominated Purchaser pursuant to this Article 14.

Section 14.8 Communication with Accountholders. If this Agreement expires in accordance with its terms or is terminated early for any reason, except as required by Applicable Law or Payment Network Rules, the Parties will mutually agree upon all communications with Accountholders regarding the termination of this Agreement. If Meta is required by Applicable Law or Payment Network Rules to communicate with Accountholders, then EFS may review and approve (which approval will not be unreasonably withheld) such communication prior to Meta distributing such communication to Accountholders.

ARTICLE 15
INDEMNIFICATION

Section 15.1 Indemnification of Meta by EFS. EFS, at its expense, will protect, indemnify, defend and hold harmless Meta, its Affiliates, and their respective directors, officers, employees, agents, representatives and permitted assigns (collectively, "**Meta Indemnified Parties**"), from and against any and all Losses suffered or incurred by any Meta Indemnified Party, either directly or as a result of any third-party Claim, to the extent such Losses arise out of or result from:

(a) any negligent, willful or fraudulent act or omission on the part of EFS, its Affiliates, or any EFS Service Provider, or any of their respective directors, officers, employees, agents, or representatives, in connection with the Program;

(b) any breach by EFS or its Affiliates of any representation, warranty, covenant or other provision of this Agreement or any other Program Contract;

(c) the failure of EFS or its Affiliates, or any of their respective directors, officers, employees, agents, or representatives, to comply with Applicable Law in connection with the Program or the failure of the Marketing Materials to comply with Applicable Law;

(d) a Data Breach of EFS, its Affiliates or any EFS Service Provider; or

(e) tax and other products or services offered by or through EFS or its Affiliates for which Meta is not the provider of the product or service, including Tax Identity Shield, Peace of Mind, and Refund Bonus;

provided, however, that EFS will have no obligation to indemnify any Meta Indemnified Party under this Section 15.1 against any Losses to the extent that such Losses result from any act, omission

or conduct of a Meta Indemnified Party or Meta Service Provider described in Section 15.2 (Indemnification of EFS by Meta).

Section 15.2 Indemnification of EFS by Meta. Meta, at its expense, will protect, indemnify, defend and hold harmless EFS, EFS's Affiliates, and their respective directors, officers, employees, agents, representatives and permitted assigns (collectively, "**EFS Indemnified Parties**"), from and against any and all Losses suffered or incurred by any EFS Indemnified Party, either directly or as a result of any third-party Claim, to the extent such Losses arise out of or result from:

(a) any negligent, willful or fraudulent act or omission on the part of Meta, its Affiliates, or any Meta Service Provider, or any of their respective directors, officers. employees, agents, or representatives, in connection with the Program;

(b) any breach by Meta or its Affiliates of any representation, warranty, covenant or other provision of this Agreement or any other Program Contract;

(c) the failure of Meta or its Affiliates, or any of their respective directors, officers, employees, agents, or representatives, to comply with Applicable Law or any applicable Payment Network Rule in connection with the Program;

(d) a Data Breach of Meta, its Affiliates or any Meta Service Provider; or

(e) other financial products and services offered by or through Meta or its Affiliates and not covered by this Agreement;

provided, however, that Meta will have no obligation to indemnify any EFS Indemnified Party under this Section 15.2 against any Losses to the extent that such Losses result from any act, omission or conduct of an EFS Indemnified Party or EFS Service Provider described in Section 15.1 (Indemnification of Meta by EFS).

Section 15.3 Prompt Notification; Control of Defense.

(a) If any Person receives notice of any third-party Claim for which indemnification may be available to it under this Agreement (each an "**Indemnified Party**"), the Indemnified Party will promptly notify the other Party from whom indemnification may be due (the "**Indemnifying Party**") in writing of the Claim, including, if such amount is reasonably calculable, the amount or estimate of the amount of potential liability arising from it. The Indemnified Party will use commercially reasonable efforts to provide notice to the Indemnifying Party no later than five (5) days after receipt of service of process by the Indemnified Party if a suit or action has commenced for which indemnification may be available under this Article 15, or thirty (30) days after receipt of notice under all other circumstances; provided, however, that the failure to give such notice will not relieve the Indemnifying Party of its obligation to indemnify except to the extent the Indemnifying Party is materially prejudiced by such failure.

(b) If, with respect to any Claim, more than one EFS Indemnified Party is the Indemnified Party, then the exercise of the indemnification-related consent, control and other rights set forth in this Article 15 as they relate to the EFS Indemnified Parties will be exercised by EFS.

(c) If with respect to any Claim more than one Meta Indemnified Party is the Indemnified Party, then the exercise of the indemnification-related consent, control and other rights set forth in this Article 15 as they relate to the Meta Indemnified Parties will be exercised by Meta.

Section 15.4 Cooperation. The Indemnified Party will make available to the Indemnifying Party and its counsel and advisers all books and records reasonably requested relating to any third-party Claim. The Indemnified Party will render to the Indemnifying Party commercially reasonable assistance as may be required to ensure prompt and adequate defense of any third-party Claim.

Section 15.5 Right to Defend Claims; Coordination of Defense.

(a) Subject to Section 15.6 (Settlement of Claims), the Indemnifying Party will have the right to defend any third-party Claim at its expense and in the name of the Indemnified Party and will select the counsel for the defense of such third-party Claim as approved by the Indemnified Party, which approval will not be unreasonably withheld. The Indemnified Party will reasonably cooperate with the Indemnifying Party in the conduct of the defense against such third-party Claim. The Indemnified Party may participate, at its own expense, in such defense and in any settlement discussions directly or through counsel of its choice on a monitoring, non-controlling basis, or at the Indemnifying Party's expense and with full control if the Indemnifying Party does not fulfill its obligations to appoint counsel to defend the Indemnified Party which is reasonably satisfactory to the Indemnified Party within a reasonable time after the Indemnifying Party has received written notice of such third-party Claim from the Indemnified Party. The Parties agree to cooperate in good faith to coordinate the defense of any third-party Claim that may give rise to indemnification obligations of more than one Indemnifying Party or that may include allegations that are not subject to indemnification.

(b) Notwithstanding the foregoing, the Indemnifying Party will not have the right to defend any such third-party Claim on behalf of the Indemnified Party if:

(i) it contests (in whole or in part) its indemnification obligations (but not if it contests only its share of the indemnification obligations);

(ii) it fails to employ counsel approved by the Indemnified Party to assume the defense of such third-party Claim or refuses to replace such counsel upon the Indemnified Party's reasonable request;

(iii) the Indemnified Party reasonably determines that there are issues which could raise possible conflicts of interest between the Indemnifying Party and

the Indemnified Party or that the Indemnified Party has Claims or defenses that are separate from or in addition to the Claims or defenses of the Indemnifying Party;

(iv) such third-party Claim seeks an injunction, a temporary restraining order, cease and desist order, or emergency and time sensitive equitable relief against the Indemnified Party; or

(v) the Indemnified Party has notified the Indemnifying Party in writing of a Claim, and within thirty (30) days from the Indemnifying Party's receipt of such written notice the Indemnifying Party has not provided notice that it will defend the Claim or requested additional time from the Indemnified Party.

In each such case described in clauses (i) – (v) above, the Indemnified Party will have the right to direct the defense of the third-party Claim and retain its own counsel, and the Indemnifying Party will pay the cost of such defense, including reasonable attorneys' fees and expenses.

Section 15.6 Settlement of Claims.

(a) An Indemnifying Party will not be liable for any settlement of a third-party Claim made without its written consent (which consent will not be unreasonably withheld). If a Claim is settled with such consent or if there is a judgment against an Indemnified Party, then the Indemnifying Party will indemnify the Indemnified Party from and against any Losses by reason of such settlement or judgment to the extent required by Section 15.1 (Indemnification of Meta by EFS) or Section 15.2 (Indemnification of EFS by Meta), as applicable.

(b) If the Indemnifying Party assumes the defense of any third-party Claim, it will be entitled to settle such Claim (i) with the consent of the Indemnified Party (which consent will not be unreasonably withheld) or, (ii) without the consent of such Indemnified Party, if such settlement provides for an unconditional, irrevocable release of the Indemnified Party by the other parties to such settlement, and such settlement and release does not include any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Party, cannot reasonably be expected to result in an adverse action against the Indemnified Party by any Governmental Authority, and does not contractually obligate the Indemnified Party to take any action or refrain from taking any action in the future.

(c) In addition to the amount paid or payable by an Indemnified Party as a result of the settlement of a Claim, the Indemnifying Party will pay any legal or other expenses reasonably incurred by the Indemnified Party in connection with investigating or defending any such Claim, except where the Indemnified Party is required to bear such expenses pursuant to this Article 15. The Indemnifying Party will pay such expense as and when incurred, at the request of the Indemnified Party.

Section 15.7 Subrogation. The Indemnifying Party will be subrogated to any counterclaims, claims in recoupment, or similar rights of the Indemnified Party as against any other

Person to the extent it directly relates to any third-party Claim against the Indemnified Party for which the Indemnifying Party has paid indemnification under this Article 15, but only to the extent of any amount which the Indemnifying Party has paid or is liable to pay in satisfaction or settlement of such Claim. The Indemnified Party will reasonably cooperate with the Indemnifying Party, at the Indemnifying Party's expense, in the assertion by the Indemnifying Party of any counterclaims, claims in recoupment and similar rights against the third-party claimant.

Section 15.8 Indemnification Payments.

(a) An Indemnifying Party will not be liable in respect of any indemnification obligations under this Agreement until the cumulative aggregate amount of Losses exceed Fifty Thousand Dollars ($50,000) ("**Indemnification Threshold Amount**"); provided, however, that once the Indemnification Threshold Amount has been exceeded, the Indemnified Party will be entitled to recover the Indemnification Threshold Amount and any additional amounts owed pursuant to this Article 15.

(b) The Indemnifying Party will promptly pay amounts owing under this Article 15 upon written demand from the Indemnified Party for indemnification payments due under this Article 15.

Section 15.9 Apportionment of Costs. The Parties recognize and acknowledge that third-party Claims may be made as part of an action, suit, investigation or proceeding that may give rise to the indemnification obligations of more than one Party as set forth in Section 15.1 (Indemnification of Meta by EFS) and Section 15.2 (Indemnification of EFS by Meta), or that may include allegations that are not subject to indemnification. The Parties agree that they will cooperate in good faith to fairly apportion the Losses relating to such third-party Claims. Losses incurred in defending third-party Claims will be apportioned to the respective Party or Parties that have responsibility for indemnification for the third-party Claim as set forth in Section 15.1 (Indemnification of Meta by EFS) and Section 15.2 (Indemnification of EFS by Meta), but only to the extent that those Losses directly arise from such third-party Claim.

Section 15.10 Limitation of Liability for Refund Advance. Except in the case of gross negligence, willful misconduct, or actual fraud, no Party will be liable to another Party under this Agreement for any indirect, consequential, incidental, special, punitive, or exemplary damages, or lost profits if those indirect, consequential, incidental, special, punitive, or exemplary damages, or lost profits arose with respect to the Refund Advance product, whether in contract, tort (whether in negligence or strict liability) or other legal or equitable theory, regardless of whether such Party knew or should have known of the possibility of such damages. For the avoidance of doubt, any and all amounts awarded by a court or agreed to in settlement in connection with a Party's indemnification obligations hereunder will be deemed direct damages.

ARTICLE 16
GOVERNING LAW; DISPUTE RESOLUTION; WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION

Section 16.1 Governing Law. This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, will be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of law provisions. The Parties agree the Financial Products and the Legacy Credit Card Accounts will be governed by federal law, and to the extent state law applies and is not preempted by federal law, the laws of the State of South Dakota.

Section 16.2 Dispute Resolution. In the event of any dispute, controversy, or claim between the Parties arising out of or relating to this Agreement or the making, construction, interpretation, performance, breach, termination, enforceability or validity thereof (a "**Dispute**"), the Party raising such Dispute will promptly provide notice to the other Party. The failure of a Party to promptly provide notice of a Dispute does not waive any rights of such Party with respect to such Dispute (except to the extent of harm caused by the failure to give prompt notice). The Parties will cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between Persons

who have the authority to settle the Dispute prior to resorting to litigation. The Parties may, but are not required to, choose to engage in a non-binding mediation process. If the matter is not resolved within fifteen (15) days following a Party's notice of a Dispute to the other Party, the Party may proceed to litigation. Notwithstanding the foregoing, nothing in this Agreement prevents a Party from seeking immediate injunctive relief from a court as provided in Section 16.4 (Consent to Jurisdiction). Except as expressly set forth herein, nothing in this Section 16.2 will limit a Party's right to give notice of termination or otherwise pursue its right to terminate this Agreement or pursue any other rights set forth in this Agreement.

Section 16.3 Waiver of Jury Trial. ALL PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM BETWEEN THE PARTIES CONCERNING ANY RIGHTS UNDER THIS AGREEMENT, ANY RELATED DOCUMENT OR UNDER ANY OTHER DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY RELATIONSHIP BETWEEN THE PARTIES EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION, SUIT, PROCEEDING OR COUNTERCLAIM WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

Section 16.4 Consent to Jurisdiction. Except as otherwise expressly provided in this Agreement, any suit, action or proceeding seeking to enforce any provision of, or based on any disagreement arising between the Parties out of or in connection with, this Agreement or the transactions contemplated hereby will be (a) if the suit, action or proceeding is brought by Meta, in the United States District Court for the Western District of Missouri, located in the City of Kansas City, or as to those lawsuits to which the Federal Courts of the United States lack subject matter jurisdiction, before a state court located in the State of Missouri in the City of Kansas City or, (b) if the suit, action or proceeding is brought by EFS, in the United States District Court for the District of South Dakota, located in the City of Sioux Falls, or as to those lawsuits to which the Federal Courts of the United States lack subject matter jurisdiction, before a state court located in the State of South Dakota in the City of Sioux Falls. Each of the Parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom). Each Party in any such suit, action or proceeding irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of venue in any such court or that any such court is an inconvenient forum. Process may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court.

ARTICLE 17
MISCELLANEOUS

Section 17.1 Public Announcements; SEC Filings and Other Disclosures.

(a) The Parties will work together in good faith to coordinate all public disclosures regarding the Program or that specifically refer to the other Party by name, including press releases and SEC filings.

(b) To the extent permitted by Applicable Law, each Party will provide the other Party with advance notice and copies of all relevant portions of its filings or disclosures with a Governmental Authority, including (i) regulatory filings, and (ii) public disclosures under applicable securities laws that reference the Program or that mention the other Party's name, prior to the public disclosure or filing thereof. The Party receiving such notice will have the opportunity to review with its counsel and provide comments to the Party making such disclosures and filings prior to the information being publicly disclosed or filed. The Party making such disclosures will in good faith discuss and consider the other Party's comments and consider incorporating such comments into its regulatory filings and other public disclosures required by applicable securities laws prior to their filing or public disclosure; provided that, notwithstanding anything in this Agreement to the contrary, a Party will at all times control and be responsible for the content and timing of its securities law filings and public disclosures and be permitted to make any disclosures that it reasonably believes are required under Applicable Law. If reasonably requested by the other Party, the disclosing Party will take commercially reasonable efforts to limit any such filings or disclosures filed with or submitted to a Governmental Authority by obtaining confidential treatment, redaction or other means. No filing or submission made in compliance with this Section 17.1 will be deemed to violate Article 10 (Confidentiality).

(c) To the extent not already covered by the above paragraph (b), each Party will (i) provide the other Party with advance notice and copies of all relevant portions of any press releases or public announcements regarding the Program, this Agreement, or any of the other Program Contracts, or that mention the other Party's name; and (ii) obtain the prior consent of the other Party prior to the public release thereof.

(d) Nothing contained in this Section 17.1 is intended to prevent any Party from (i) publicly discussing general plans, forecasts or other materials that do not specifically reference the Program or the other Party, or (ii) issuing press releases, announcements, similar materials or communications or making other statements consistent with content previously shared with the other Party pursuant to this Section 17.1 or otherwise in the public domain (other than as a result of a violation of this Section 17.1 by the Party desiring to make the disclosure).

Section 17.2 Force Majeure.

(a) If the performance by a Party of its obligations under this Agreement is delayed or prevented (in whole or in part) by acts of God, third-party cyber, information technology or network attacks, fire, floods, storms, explosions, accidents, epidemics, war, civil disorder, strikes, terrorism, nuclear or biological disaster, riot, or any other similar event or cause not reasonably within such Party's control, whether or not specifically mentioned herein (any such event, a "**Force Majeure Event**"), such Party will be excused, discharged, and released of performance to the extent such performance or obligation is so delayed or prevented by the Force Majeure Event without liability of any kind. The Party subject to a delay or prevention as contemplated herein will, as soon as practicable and in all events within three (3) days following the occurrence of a Force Majeure Event, notify the other

Party of such Force Majeure Event, which notice will set forth: (i) the nature of the Force Majeure Event; (ii) its expected effect(s) and duration; (iii) any expected development which may further affect performance hereunder; and (iv) the efforts undertaken or to be undertaken to cure such Force Majeure Event or provide substitute performance.

(b) If a Force Majeure Event with respect to Meta has occurred that materially prevents or impedes Meta's performance hereunder and such Force Majeure Event continues for a period of five (5) or more days during a Tax Season (or more than thirty (30) days outside of a Tax Season), and EFS does not terminate this Agreement pursuant to Section 13.2(b) (Force Majeure Event), then the provisions of Section 5.2(a) (EFS to Offer Meta's Financial Products) will not apply to EFS for the duration of the Term. For avoidance of doubt, the rights afforded to EFS under this Section 17.2(b) do not extend to Force Majeure Events suffered by the Processor that are cured within thirty (30) days.

Section 17.3 Severability. If any provision of this Agreement is held to be invalid, void or unenforceable, the Parties will work in good faith to reform such provision and all other provisions will remain valid and enforceable to the extent permitted by law.

Section 17.4 Survival.

(a) Termination of this Agreement will not affect the rights or obligations of the Parties to this Agreement arising prior to the Termination Date (including any payment obligation that accrues prior to the Termination Date, but for which payment is due after the Termination Date).

(b) The following provisions will survive the expiration or termination of this Agreement: Article 1 (Definitions; Order of Precedence; Rules of Interpretation), Article 8

(Intellectual Property), Article 10 (Confidentiality), Article 11 (Privacy and Data Security), Article 14 (Transition Rights), Article 15 (Indemnification), Article 16 (Governing Law; Dispute Resolution; Waiver of Jury Trial; Consent to Jurisdiction), Article 17 (Miscellaneous), any other provision identified in the survival section of any Product Schedule, and any other provision intended by its terms to survive.

Section 17.5 Entire Agreement. The Purchase Agreement (if executed), this Agreement, and the other Program Contracts constitute the entire agreement among the Parties with respect to the Program and supersede all prior agreements and understandings.

Section 17.6 Cumulative Remedies; Waivers. Except as otherwise expressly provided herein, all remedies provided for in this Agreement are cumulative and in addition to and not in lieu of any other remedies available to a Party, whether at law, in equity, or otherwise. No release, discharge or waiver of any provision hereof is enforceable against or binding upon a Party unless in writing and executed by a duly authorized officer of such Party. Neither the failure to insist upon strict performance of any of the agreements, terms, covenants or conditions hereof, nor the acceptance of monies due hereunder with knowledge of a breach of this Agreement, is a waiver of any rights or remedies that a Party may have or a waiver of any subsequent breach or default in any of such agreements, terms, covenants and conditions.

Section 17.7 Amendment. This Agreement may be amended or modified only by a written instrument executed by each Party.

Section 17.8 No Third-Party Beneficiaries. Nothing in this Agreement is intended or will be deemed to confer any rights or benefits upon any Person other than the Parties or to make or render any such other Person a third-party beneficiary of this Agreement.

Section 17.9 Interpretation. Each Party acknowledges that its legal counsel participated in the drafting of this Agreement and that this Agreement has been fully reviewed and negotiated by the Parties and their respective counsel. Accordingly, in interpreting this Agreement, no weight will be placed upon which Party or its counsel drafted the provision being interpreted.

Section 17.10 Relationship of the Parties. This Agreement is not intended to create, and does not create, a partnership relationship or joint venture among the Parties.

Section 17.11 Binding Agreement; Assignment. This Agreement is binding on the Parties and their respective successors and permitted assigns. No Party may assign any rights or obligations under this Agreement without the prior written consent of the other Party.

Section 17.12 Notice. All notices, consents, waivers or other communications required or permitted under this Agreement must be in writing and will be deemed effective upon personal delivery, upon email receipt (but only when acknowledged as received by the other Party), or upon receipt when sent by a nationally recognized overnight courier service which provides for tracking and receipt upon delivery, addressed to the following business addresses or at such other address or addresses as a Party may designate to the other in writing:

If to EFS:	Emerald Financial Services, LLC Attn: Jim Koger, Vice President One H&R Block Way Kansas City, MO 64105 Email: jkoger@hrblock.com
With copies to:	HRB Tax Group, Inc. Attn: General Counsel One H&R Block Way Kansas City, MO 64105 Email: tom.gerke@hrblock.com
	HRB Tax Group, Inc. Attn: Walter Pirnot One H&R Block Way Kansas City, MO 64105 Email: wpirnot@hrblock.com
	Stinson LLP Attn: Mike Lochmann 1201 Walnut Street, Suite 2900 Kansas City, MO 64106 Email: mike.lochmann@stinson.com
If to Meta:	MetaBank, N.A. Attn: Brad Hanson 5501 South Broadband Lane Sioux Falls, SD 57108 Email: bhanson@metabank.com
With a copy to:	MetaBank, N.A. Attn: General Counsel 5501 South Broadband Lane Sioux Falls, SD 57108 Email: legalnotice@metabank.com

Section 17.13 Further Assurances. Each Party agrees to execute all such further documents and instruments and to do all such further things as the other Party may reasonably request in order to give effect and to consummate the transactions contemplated hereby.

Section 17.14 Cooperation. Each Party covenants that it will use commercially reasonable efforts to cooperate with the other Party in the operation of the Program and in performing its obligations under this Agreement and the other Program Contracts.

Section 17.15 Non-Waiver of Default. The failure of any of the Parties to insist, in any one or more instances, on the performance of any terms or conditions of this Agreement will not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term or condition, and the obligations of any non-performing Party with respect thereto will continue in full force and effect.

Section 17.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same Agreement.

(signature page follows)

IN WITNESS WHEREOF, the Parties have duly executed this Program Management Agreement as of the date of this Program Management Agreement.

EMERALD FINANCIAL SERVICES, LLC

By: /s/ Jim Koger

Name: Jim Koger
Title: Vice President

METABANK, N.A.

By: /s/ Glen Herrick

Name: Glen Herrick
Title: Executive Vice President and
Chief Financial Officer

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: September 3, 2020

/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: September 3, 2020

/s/ Tony G. Bowen

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

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

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending July 31, 2020 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.
September 3, 2020

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

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending July 31, 2020 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.
September 3, 2020