
**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 December 31, 2021
- 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

(State or other jurisdiction of
incorporation or organization)

44-0607856

(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 January 31, 2022: 164,538,187 shares.

Form 10-Q for the Period ended December 31, 2021**Table of Contents****PART I**

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	Three months ended December 31,		Six months ended December 31,	
	2021	2020	2021	2020
REVENUES:				
Service revenues	\$ 133,725	\$ 116,613	\$ 310,702	\$ 498,970
Royalty, product and other revenues	25,091	25,352	40,738	60,341
	158,816	141,965	351,440	559,311
OPERATING EXPENSES:				
Costs of revenues	289,323	277,129	530,855	555,236
Selling, general and administrative	146,793	144,384	272,657	284,376
Total operating expenses	436,116	421,513	803,512	839,612
Other income (expense), net	1,467	538	1,751	3,042
Interest expense on borrowings	(23,085)	(21,489)	(45,915)	(56,186)
Loss from continuing operations before income tax benefit	(298,918)	(300,499)	(496,236)	(333,445)
Income tax benefit	(109,845)	(46,510)	(157,218)	(18,546)
Net loss from continuing operations	(189,073)	(253,989)	(339,018)	(314,899)
Net loss from discontinued operations, net of tax benefits of \$461, \$1,132, \$956 and \$2,524	(1,532)	(1,762)	(3,188)	(3,108)
NET LOSS	\$ (190,605)	\$ (255,751)	\$ (342,206)	\$ (318,007)
BASIC AND DILUTED LOSS PER SHARE:				
Continuing operations	\$ (1.09)	\$ (1.38)	\$ (1.93)	\$ (1.68)
Discontinued operations	(0.01)	(0.01)	(0.02)	(0.01)
Consolidated	\$ (1.10)	\$ (1.39)	\$ (1.95)	\$ (1.69)
DIVIDENDS DECLARED PER SHARE	\$ 0.27	\$ 0.26	\$ 0.54	\$ 0.52
COMPREHENSIVE LOSS:				
Net loss	\$ (190,605)	\$ (255,751)	\$ (342,206)	\$ (318,007)
Change in foreign currency translation adjustments	1,656	21,982	(9,521)	30,798
Other comprehensive income (loss)	1,656	21,982	(9,521)	30,798
Comprehensive loss	\$ (188,949)	\$ (233,769)	\$ (351,727)	\$ (287,209)

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

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

As of	December 31, 2021		June 30, 2021	
ASSETS				
Cash and cash equivalents	\$	336,250	\$	1,434,381
Cash and cash equivalents - restricted		123,686		149,783
Receivables, less allowance for credit losses of \$25,377 and \$77,518		301,055		88,932
Income taxes receivable		351,829		330,872
Prepaid expenses and other current assets		126,784		76,414
Total current assets		1,239,604		2,080,382
Property and equipment, at cost, less accumulated depreciation and amortization of \$865,593 and \$842,861		140,459		139,276
Operating lease right of use assets		396,522		445,847
Intangible assets, net		334,557		351,093
Goodwill		759,183		754,521
Deferred tax assets and income taxes receivable		179,626		181,996
Other noncurrent assets		50,104		61,273
Total assets	\$	3,100,055	\$	4,014,388
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES:				
Accounts payable and accrued expenses	\$	155,841	\$	164,269
Accrued salaries, wages and payroll taxes		62,524		168,989
Accrued income taxes and reserves for uncertain tax positions		78,921		238,863
Current portion of long-term debt		499,395		—
Operating lease liabilities		189,984		214,190
Deferred revenue and other current liabilities		184,775		196,175
Total current liabilities		1,171,440		982,486
Long-term debt		1,760,830		1,983,719
Deferred tax liabilities and reserves for uncertain tax positions		249,751		301,658
Operating lease liabilities		215,826		244,932
Deferred revenue and other noncurrent liabilities		74,863		113,535
Total liabilities		3,472,710		3,626,330
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' EQUITY:				
Common stock, no par, stated value \$0.01 per share, 800,000,000 shares authorized, shares issued of 203,265,054 and 216,655,616		2,033		2,167
Additional paid-in capital		770,661		779,465
Accumulated other comprehensive income (loss)		(9,433)		88
Retained earnings (deficit)		(466,856)		286,694
Less treasury shares, at cost, of 34,221,633 and 34,842,125		(669,060)		(680,356)
Total stockholders' equity (deficiency)		(372,655)		388,058
Total liabilities and stockholders' equity	\$	3,100,055	\$	4,014,388

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in 000s)

Six months ended December 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (342,206)	\$ (318,007)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	71,346	77,937
Provision	14,639	15,977
Deferred taxes	16,685	29,015
Stock-based compensation	13,233	13,359
Changes in assets and liabilities, net of acquisitions:		
Receivables	(216,071)	(248,184)
Prepaid expenses, other current and noncurrent assets	(46,928)	(61,070)
Accounts payable, accrued expenses, salaries, wages and payroll taxes	(121,926)	(14,798)
Deferred revenue, other current and noncurrent liabilities	(50,882)	(48,117)
Income tax receivables, accrued income taxes and income tax reserves	(247,088)	(146,215)
Other, net	(4,373)	(2,737)
Net cash used in operating activities	(913,571)	(702,840)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(39,371)	(34,751)
Payments made for business acquisitions, net of cash acquired	(19,333)	(12,155)
Franchise loans funded	(14,480)	(20,064)
Payments from franchisees	6,213	13,633
Other, net	9,527	(5,383)
Net cash used in investing activities	(57,444)	(58,720)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of line of credit borrowings	(210,000)	(2,050,000)
Proceeds from line of credit borrowings	485,000	1,040,000
Repayments of long-term debt	—	(650,000)
Proceeds from issuance of long-term debt	—	647,965
Dividends paid	(96,938)	(100,198)
Repurchase of common stock, including shares surrendered	(324,589)	(150,782)
Proceeds from exercise of stock options	4,067	1,133
Other, net	(7,423)	(19,705)
Net cash used in financing activities	(149,883)	(1,281,587)
Effects of exchange rate changes on cash	(3,330)	11,030
Net decrease in cash and cash equivalents, including restricted balances	(1,124,228)	(2,032,117)
Cash, cash equivalents and restricted cash, beginning of period	1,584,164	2,769,947
Cash, cash equivalents and restricted cash, end of period	\$ 459,936	\$ 737,830
SUPPLEMENTARY CASH FLOW DATA:		
Income taxes paid, net of refunds received	\$ 72,169	\$ 95,789
Interest paid on borrowings	36,539	50,472
Accrued purchase of common stock	4,845	—
Accrued additions to property and equipment	1,393	1,285
New operating right of use assets and related lease liabilities	73,710	46,954
Accrued dividends payable to common shareholders	46,497	47,689

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(amounts in 000s, except per share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss) ⁽¹⁾	Retained Earnings (Deficit)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balances as of July 1, 2021	216,656	\$ 2,167	\$ 779,465	\$ 88	\$ 286,694	(34,842)	\$ (680,356)	\$ 388,058
Net loss	—	—	—	—	(151,601)	—	—	(151,601)
Other comprehensive loss	—	—	—	(11,177)	—	—	—	(11,177)
Stock-based compensation	—	—	5,627	—	—	—	—	5,627
Stock-based awards exercised or vested	—	—	(10,328)	—	(291)	705	13,765	3,146
Acquisition of treasury shares ⁽²⁾	—	—	—	—	—	(205)	(4,817)	(4,817)
Repurchase and retirement of common shares	(6,802)	(68)	(4,081)	—	(161,619)	—	—	(165,768)
Cash dividends declared - \$0.27 per share	—	—	—	—	(47,940)	—	—	(47,940)
Balances as of September 30, 2021	209,854	\$ 2,099	\$ 770,683	\$ (11,089)	\$ (74,757)	(34,342)	\$ (671,408)	\$ 15,528
Net loss	—	—	—	—	(190,605)	—	—	(190,605)
Other comprehensive income	—	—	—	1,656	—	—	—	1,656
Stock-based compensation	—	—	5,640	—	—	—	—	5,640
Stock-based awards exercised or vested	—	—	(1,709)	—	(219)	122	2,400	472
Acquisition of treasury shares ⁽²⁾	—	—	—	—	—	(2)	(52)	(52)
Repurchase and retirement of common shares	(6,589)	(66)	(3,953)	—	(154,778)	—	—	(158,797)
Cash dividends declared - \$0.27 per share	—	—	—	—	(46,497)	—	—	(46,497)
Balances as of December 31, 2021	203,265	\$ 2,033	\$ 770,661	\$ (9,433)	\$ (466,856)	(34,222)	\$ (669,060)	\$ (372,655)

⁽¹⁾ The balance of our accumulated other comprehensive income (loss) consists of foreign currency translation adjustments.

⁽²⁾ Represents shares swapped or surrendered to us in connection with the vesting or exercise of stock-based awards.

See accompanying notes to consolidated financial statements.

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss) ⁽¹⁾	Retained Earnings (Deficit)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balances as of July 1, 2020	228,207	\$ 2,282	\$ 772,943	\$ (39,781)	\$ (18,455)	(35,478)	\$ (692,187)	\$ 24,802
Net loss	—	—	—	—	(62,256)	—	—	(62,256)
Other comprehensive income	—	—	—	8,816	—	—	—	8,816
Stock-based compensation	—	—	7,259	—	—	—	—	7,259
Stock-based awards exercised or vested	—	—	(2,613)	—	(636)	215	4,176	927
Acquisition of treasury shares ⁽²⁾	—	—	—	—	—	(42)	(596)	(596)
Repurchase and retirement of common shares	(5,957)	(60)	(3,514)	—	(84,884)	—	—	(88,458)
Cash dividends declared - \$0.26 per share	—	—	—	—	(50,154)	—	—	(50,154)
Balances as of September 30, 2020	222,250	\$ 2,222	\$ 774,075	\$ (30,965)	\$ (216,385)	(35,305)	\$ (688,607)	\$ (159,660)
Net loss	—	—	—	—	(255,751)	—	—	(255,751)
Other comprehensive income	—	—	—	21,982	—	—	—	21,982
Stock-based compensation	—	—	5,181	—	—	—	—	5,181
Stock-based awards exercised or vested	—	—	(134)	—	(220)	8	144	(210)
Acquisition of treasury shares ⁽²⁾	—	—	—	—	—	(3)	(44)	(44)
Repurchase and retirement of common shares	(3,531)	(35)	(2,083)	—	(59,566)	—	—	(61,684)
Cash dividends declared - \$0.26 per share	—	—	—	—	(47,689)	—	—	(47,689)
Balances as of December 31, 2020	218,719	\$ 2,187	\$ 777,039	\$ (8,983)	\$ (579,611)	(35,300)	\$ (688,507)	\$ (497,875)

⁽¹⁾ The balance of our accumulated other comprehensive income (loss) consists of foreign currency translation adjustments.

⁽²⁾ Represents shares swapped or surrendered to us in connection with the vesting or exercise of stock-based awards.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION – The consolidated balance sheets as of December 31, 2021 and June 30, 2021, the consolidated statements of operations and comprehensive loss for the three and six months ended December 31, 2021 and 2020, the consolidated statements of cash flows for the six months ended December 31, 2021 and 2020, and the consolidated statements of stockholders' equity for the three and six months ended December 31, 2021 and 2020 have been prepared by the Company, without audit. In the opinion of management, all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations, and cash flows as of December 31, 2021 and 2020 and for all periods presented, have been made.

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

On June 9, 2021, the Board of Directors approved a change of the Company's fiscal year end from April 30 to June 30. The Company's 2022 fiscal year began on July 1, 2021 and will end on June 30, 2022. As a result of this change, the Company filed a Transition Report on Form 10-Q that included the financial information for the transition period from May 1, 2021 to June 30, 2021 (Transition Period). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2021 Annual Report to Shareholders on Form 10-K and our June 30, 2021 Transition Report filed on Form 10-Q.

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

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

On March 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, shifting a portion of revenues and expenses from that tax season into the six months ended December 31, 2020. This extension impacted the typical seasonality of our business and the comparability of our financial results.

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

NOTE 2: REVENUE RECOGNITION

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

	(in 000s)			
	Three months ended December 31,		Six months ended December 31,	
	2021	2020	2021	2020
Revenues:				
U.S. assisted tax preparation	\$ 30,845	\$ 34,020	\$ 64,452	\$ 241,187
U.S. royalties	3,404	5,357	10,762	28,009
U.S. DIY tax preparation	9,210	6,114	13,271	53,577
International	27,907	26,637	86,232	85,413
Refund Transfers	777	397	2,442	6,510
Emerald Card®	24,830	9,962	53,088	22,398
Peace of Mind® Extended Service Plan	17,315	18,570	42,151	45,762
Tax Identity Shield®	5,200	4,809	10,353	13,803
Interest and fee income on Emerald Advance SM	12,424	14,039	12,903	14,565
Wave	19,497	14,837	38,634	28,574
Other	7,407	7,223	17,152	19,513
Total revenues	\$ 158,816	\$ 141,965	\$ 351,440	\$ 559,311

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

POM	(in 000s)			
	Deferred Revenue		Deferred Wages	
	2021	2020	2021	2020
Six months ended December 31,				
Balances as of July 1,	\$ 172,759	\$ 167,827	\$ 17,867	\$ 18,707
Amounts deferred	2,961	12,421	10	46
Amounts recognized on previous deferrals	(49,034)	(52,974)	(4,805)	(5,834)
Balances as of December 31,	\$ 126,686	\$ 127,274	\$ 13,072	\$ 12,919

As of December 31, 2021, deferred revenue related to POM was \$126.7 million. We expect that \$93.1 million will be recognized over the next twelve months, while the remaining balance will be recognized over the following five years.

As of December 31, 2021 and 2020, Tax Identity Shield® (TIS) deferred revenue was \$18.5 million and \$17.1 million, respectively. Deferred revenue related to TIS was \$28.3 million and \$28.8 million as of June 30, 2021 and June 30, 2020, respectively. All deferred revenue related to TIS will be recognized by April 30, 2022.

NOTE 3: EARNINGS PER SHARE AND STOCKHOLDERS' EQUITY

EARNINGS PER SHARE – Basic and diluted earnings (loss) per share is computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income (loss) from continuing operations attributable to common shareholders by the weighted average shares outstanding during each period. Diluted earnings per share excludes the impact of shares of common stock issuable upon the lapse of certain restrictions or the exercise of options to purchase 5.1 million shares for the three and six months ended December 31, 2021 and 5.3 million shares for the three and six months ended December 31, 2020, as the effect would be antidilutive due to the net loss from continuing operations during the periods.

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 December 31,		Six months ended December 31,	
	2021	2020	2021	2020
Net loss from continuing operations attributable to shareholders	\$ (189,073)	\$ (253,989)	\$ (339,018)	\$ (314,899)
Amounts allocated to participating securities	(210)	(210)	(449)	(417)
Net loss from continuing operations attributable to common shareholders	\$ (189,283)	\$ (254,199)	\$ (339,467)	\$ (315,316)
Basic weighted average common shares	173,378	183,883	175,739	188,099
Potential dilutive shares	—	—	—	—
Dilutive weighted average common shares	173,378	183,883	175,739	188,099
Loss per share from continuing operations attributable to common shareholders:				
Basic	\$ (1.09)	\$ (1.38)	\$ (1.93)	\$ (1.68)
Diluted	(1.09)	(1.38)	(1.93)	(1.68)

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

STOCK-BASED COMPENSATION – During the six months ended December 31, 2021, we granted 1.5 million shares under our stock-based compensation plan. We granted awards of 0.6 million shares under our stock-based compensation plans during the six months ended December 31, 2020. The increase in shares granted compared to the prior year is a result of the change in timing of grants due to the change in our fiscal year. Stock-based compensation expense of our continuing operations totaled \$6.4 million and \$13.2 million for the three and six months ended December 31, 2021, respectively, and \$5.6 million and \$13.4 million for the three and six months ended December 31, 2020, respectively. As of December 31, 2021, unrecognized compensation cost for stock options totaled \$0.6 million, and for nonvested shares and units totaled \$51.8 million.

NOTE 4: RECEIVABLES

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

As of	(in 000s)			
	December 31, 2021		June 30, 2021	
	Short-term	Long-term	Short-term	Long-term
Loans to franchisees	\$ 19,030	\$ 28,654	\$ 9,497	\$ 28,026
Receivables for U.S. assisted and DIY tax preparation and related fees	6,326	3,681	41,900	3,793
H&R Block Instant Refund™ receivables	324	16	2,357	159
H&R Block Emerald Advance® lines of credit	246,970	1,791	8,248	8,089
Software receivables from retailers	1,886	—	2,910	—
Royalties and other receivables from franchisees	3,377	133	6,167	178
Wave payment processing receivables	3,062	—	2,187	—
Other	20,080	1,279	15,666	1,350
Total	\$ 301,055	\$ 35,554	\$ 88,932	\$ 41,595

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 December 31, 2021 and June 30, 2021 loans with a principal balance of \$0.1 million and \$0.2 million, respectively, were more than 90 days past due. We had no loans to franchisees on non-accrual status.

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

We review the credit quality of our Instant Refund receivables based on pools, which are segregated by the tax return year of origination, with older years being deemed more unlikely to be repaid. We establish an allowance for doubtful accounts at an amount that we believe represents the net realizable value. In December of each year we charge-off the receivables to an amount we believe represents the net realizable value.

Balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, by tax return year of origination, as of December 31, 2021 are as follows:

Tax return year of origination:	(in 000s)	
	Balance	Non-Accrual
2020 and prior	\$ 340	\$ 340
Allowance	—	—
Net balance	\$ 340	\$ 340

H&R BLOCK EMERALD ADVANCE® LINES OF CREDIT – We review the credit quality of our purchased participation interests in Emerald AdvanceSM (EA) receivables based on pools, which are segregated by the fiscal year of origination, with older years being deemed more unlikely to be repaid. We establish an allowance for doubtful accounts at an amount that we believe represents the net realizable value. In December of each year we charge-off the receivables to an amount we believe represents the net realizable value.

Balances and amounts on non-accrual status and classified as impaired, or more than 60 days past due, by fiscal year of origination, as of December 31, 2021 are as follows:

Fiscal year of origination:	(in 000s)	
	Balance	Non-Accrual
2022	\$ 244,645	\$ —
2021 and prior	7,499	7,499
Revolving loans	20,373	12,891
Allowance	(23,756)	—
Net balance	\$ 248,761	\$ 20,390

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 six months ended December 31, 2021 and 2020 is as follows:

	(in 000s)		
	EAs	All Other	Total
Balances as of July 1, 2021	\$ 27,704	\$ 60,272	\$ 87,976
Provision	12,429	2,210	14,639
Charge-offs, recoveries and other	(16,377)	(60,437)	(76,814)
Balances as of December 31, 2021	\$ 23,756	\$ 2,045	\$ 25,801
Balances as of July 1, 2020	\$ 32,034	\$ 52,166	\$ 84,200
Provision	11,913	4,064	15,977
Charge-offs, recoveries and other	(18,650)	(54,322)	(72,972)
Balances as of December 31, 2020	\$ 25,297	\$ 1,908	\$ 27,205

NOTE 5: GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the six months ended December 31, 2021 are as follows:

	(in 000s)		
	Goodwill	Accumulated Impairment Losses	Net
Balances as of July 1, 2021	\$ 892,818	\$ (138,297)	\$ 754,521
Acquisitions	11,159	—	11,159
Disposals and foreign currency changes, net	(6,497)	—	(6,497)
Impairments	—	—	—
Balances as of December 31, 2021	\$ 897,480	\$ (138,297)	\$ 759,183

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

Components of intangible assets are as follows:

	(in 000s)		
	Gross Carrying Amount	Accumulated Amortization	Net
As of December 31, 2021:			
Reacquired franchise rights	\$ 377,512	\$ (189,936)	\$ 187,576
Customer relationships	324,255	(267,158)	57,097
Internally-developed software	166,866	(129,406)	37,460
Noncompete agreements	41,494	(36,748)	4,746
Franchise agreements	19,201	(16,748)	2,453
Purchased technology	122,700	(81,825)	40,875
Trade name	5,800	(1,450)	4,350
	\$ 1,057,828	\$ (723,271)	\$ 334,557
As of June 30, 2021:			
Reacquired franchise rights	\$ 370,405	\$ (182,366)	\$ 188,039
Customer relationships	316,547	(255,294)	61,253
Internally-developed software	160,315	(119,460)	40,855
Noncompete agreements	41,228	(35,802)	5,426
Franchise agreements	19,201	(16,108)	3,093
Purchased technology	122,700	(74,913)	47,787
Trade name	5,800	(1,160)	4,640
	\$ 1,036,196	\$ (685,103)	\$ 351,093

We made payments to acquire businesses totaling \$19.3 million and \$12.2 million during the six months ended December 31, 2021 and 2020, respectively. The amounts and weighted-average lives of intangible assets acquired during the six months ended December 31, 2021, including amounts capitalized related to internally-developed software, are as follows:

	(dollars in 000s)	
	Amount	Weighted-Average Life (in years)
Internally-developed software	\$ 6,640	3
Customer relationships	8,967	5
Reacquired franchise rights	7,420	5
Noncompete agreements	290	5
Total	\$ 23,317	4

Amortization of intangible assets for the three and six months ended December 31, 2021 was \$19.4 million and \$39.2 million, respectively, compared to \$21.5 million and \$41.4 million for the three and six months ended December 31, 2020, respectively. Estimated amortization of intangible assets for fiscal years ending June 30, 2022, 2023, 2024, 2025 and 2026 is \$76.7 million, \$62.6 million, \$43.1 million, \$23.0 million and \$15.8 million, respectively.

NOTE 6: LONG-TERM DEBT

The components of long-term debt are as follows:

As of	(in 000s)	
	December 31, 2021	June 30, 2021
Senior Notes, 5.500%, due November 2022	\$ 500,000	\$ 500,000
Senior Notes, 5.250%, due October 2025	350,000	350,000
Senior Notes, 2.500%, due July 2028	500,000	500,000
Senior Notes, 3.875%, due August 2030	650,000	650,000
Committed line of credit borrowings	275,000	—
Debt issuance costs and discounts	(14,775)	(16,281)
Total long-term debt	2,260,225	1,983,719
Less: Current portion	(499,395)	—
Long-term portion	\$ 1,760,830	\$ 1,983,719
Estimated fair value of long-term debt	\$ 2,366,000	\$ 2,123,000

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

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

We had an outstanding balance of \$275.0 million under our CLOC and amounts available to borrow were not limited by the debt-to-EBITDA covenant as of December 31, 2021.

NOTE 7: INCOME TAXES

We file a consolidated federal income tax return in the U.S. with the Internal Revenue Service (IRS) and file tax returns in various state, local, and foreign jurisdictions. Tax returns are typically examined and either settled upon completion of the examination or through the appeals process. On July 14, 2021 we filed a U.S. federal income tax form 1139 carryback claim to utilize net operating losses against income earned in tax years 2015 and 2016. Filing this carryback claim has opened our 2015 and 2016 tax years to examination. Consequently, our U.S. federal income tax returns for 2015, 2016, 2018 and later years remain open for examination. Our U.S. federal income tax returns for 2017, 2014 and all years prior to 2014 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.

We had gross unrecognized tax benefits of \$212.8 million as of December 31, 2021 and \$264.3 million as of June 30, 2021. The gross unrecognized tax benefits decreased \$51.5 million during the six months ended December 31, 2021. The decrease in unrecognized tax benefits during the six months ending December 31, 2021 is related to federal and state statute of limitation periods expiring in the current quarter. We believe it is reasonably possible that the balance of unrecognized tax benefits could decrease by approximately \$43.8 million within the next twelve months. The anticipated decrease is due to the expiration of statutes of limitations and anticipated closure of various state matters currently under examination. For such matters where a change in the balance of unrecognized tax benefits is not yet deemed reasonably possible, no estimate has been included.

A discrete income tax benefit of \$50.0 million was recorded in the six months ended December 31, 2021 compared to a discrete income tax expense of \$18.2 million in the six months ended December 31, 2020. The discrete tax benefit recorded in the current period primarily resulted from federal and state statute of limitations expiring in the current quarter. The discrete tax expense recorded in the prior period primarily resulted from uncertain tax benefits related to a net operating loss carryback generated on our calendar year 2020 federal income tax return.

Our effective tax rate for continuing operations, including the effects of discrete tax items, was 31.7% for the six months ended December 31, 2021 and 5.6% for the six months ended December 31, 2020. Discrete items increased the effective tax rate by 10.1% for the six months ended December 31, 2021, and decreased the effective tax rate by 5.5% for the six months ended December 31, 2020. Due to the loss through the second quarter, a discrete tax expense decreases the tax rate while an item of discrete benefit increases the tax rate. The impact of discrete tax items combined with the seasonal nature of our business can cause the effective tax rate in our second quarter to be significantly different than the rate for our full fiscal year.

Consistent with prior years, our pretax loss for the six months ended December 31, 2021 is expected to be offset by income in our third and fourth quarters due to the established pattern of seasonality in our primary business operations. As such, management has determined that it is more-likely-than-not that realization of tax benefits recorded in our financial statements will occur within our fiscal year. The amount of tax benefit recorded for the six months ended December 31, 2021 reflects management's estimate of the annual effective tax rate applied to year-to-date loss from continuing operations adjusted for the tax impact of discrete items for the periods presented.

NOTE 8: COMMITMENTS AND CONTINGENCIES

All assisted tax returns are covered by our 100% accuracy guarantee, whereby we will reimburse a client for penalties and interest attributable to an H&R Block error on a return. DIY tax returns are covered by our 100% accuracy guarantee, whereby we will reimburse a client up to a maximum of \$10,000 if our software makes an arithmetic error that results in payment of penalties and/or interest to the IRS that a client would otherwise not have been required to pay. Our liability related to estimated losses under the 100% accuracy guarantee was \$11.5 million and \$12.6 million as of December 31, 2021 and June 30, 2021, respectively. The short-term and long-term portions of this liability are included in deferred revenue and other liabilities in the consolidated balance sheets.

Liabilities related to acquisitions for (1) estimated contingent consideration based on expected financial performance of the acquired business and economic conditions at the time of acquisition and (2) estimated accrued compensation related to continued employment of key employees were \$18.4 million and \$17.3 million as of December 31, 2021 and June 30, 2021, respectively, with amounts recorded in deferred revenue and other liabilities. Should actual results differ from our estimates, future payments made will differ from the above estimate and any differences will be recorded in results from continuing operations.

We have contractual commitments to fund certain franchises with approved revolving lines of credit. Our total obligation under these lines of credit was \$24.9 million at December 31, 2021, and net of amounts drawn and outstanding, our remaining commitment to fund totaled \$12.3 million.

In March 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide economic and other relief as a result of the COVID-19 pandemic. The CARES Act includes, among other items, provisions relating to refundable employee retention payroll tax credits. During the first quarter, we applied

for employee retention credits related to calendar year 2020. Due to the complex nature of the employee retention credit computations, any benefits we may receive are uncertain and may significantly differ from our current estimates. We plan to record any benefit related to these credits upon both the receipt of the benefit and the resolution of the uncertainties, which could include the completion of any potential audit or examination, or the expiration of the related statute of limitations.

Emerald AdvanceSM lines of credit (EAs) are originated by MetaBank®, N.A. (Meta). We purchase a 90% participation interest, at par, in all EAs originated by Meta in accordance with our participation agreement. At December 31, 2021, the principal balance of purchased participation interests for the current year totaled \$247.7 million.

NOTE 9: LITIGATION AND OTHER RELATED CONTINGENCIES

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

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

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

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

For such matters where a loss is believed to be reasonably possible, but not probable, or the loss cannot be reasonably estimated, no accrual has been made. It is possible that such matters could require us to pay damages or make other expenditures or accrue liabilities in amounts that could not be reasonably estimated as of December 31, 2021. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known, we do not believe any such liabilities are likely to have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. As of December 31, 2021 and June 30, 2021 our total accrued liabilities were \$1.7 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 December 31, 2021, we believe the estimate of the aggregate range of reasonably possible losses in excess of amounts accrued, where the range of loss can be estimated, is not material.

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

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

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

Free File Litigation. On May 6, 2019, the Los Angeles City Attorney filed a lawsuit on behalf of the People of the State of California in the Superior Court of California, County of Los Angeles (Case No. 19STCV15742). The case is styled *The People of the State of California v. HRB Digital LLC, et al.* The complaint alleges that H&R Block, Inc. and HRB Digital LLC engaged in unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Unfair Competition Law, California Business and Professions Code §§17200 *et seq.* The complaint seeks injunctive relief, restitution of monies paid to H&R Block by persons in the State of California who were eligible to file under the IRS Free File Program for the time period starting 4 years prior to the date of the filing of the complaint, pre-judgment interest, civil penalties and costs. The City Attorney subsequently dismissed H&R Block, Inc. from the case and amended its complaint to add HRB Tax Group, Inc. We filed a motion to stay the case based on the primary jurisdiction doctrine, which was denied. A trial date is set for November 8, 2022. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

On May 17, 2019, a putative class action complaint was filed against H&R Block, Inc., HRB Tax Group, Inc. and HRB Digital LLC in the Superior Court of the State of California, County of San Francisco (Case No. CGC-19576093). The case 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) and is styled *Snarr v. HRB Tax Group, Inc., et al.* The plaintiff filed a first amended complaint on August 9, 2019, dropping H&R Block, Inc. from the case. In the amended complaint, the plaintiff seeks to represent classes of all persons, between May 17, 2015 and the present, who (1) paid to file one or more federal tax returns through H&R Block's internet-based filing system, (2) were eligible to file those tax returns for free through the H&R Block Free File offer of the IRS Free File Program, and (3) resided in and were citizens of California at the time of the payments. The plaintiff generally alleges unlawful, unfair, fraudulent and deceptive business practices and acts in connection with the IRS Free File Program in violation of the California Consumers Legal Remedies Act, California Civil Code §§1750, *et seq.*, California False Advertising Law, California Business and Professions Code §§17500, *et seq.*, and California Unfair Competition Law, California Business and Professions Code §§17200 *et seq.* The plaintiff seeks declaratory and injunctive relief, restitution, compensatory damages, punitive damages, interest, attorneys' fees and costs. We filed a motion to stay the proceedings based on the primary jurisdiction doctrine and a motion to compel arbitration, both of which were denied. Our appeal of the court's arbitration order was denied; we filed a petition for review with the United States Supreme Court. After filing an answer to the amended complaint, we filed a renewed motion to compel arbitration, which the court denied on May 13, 2021; we filed an appeal. We filed a motion to dismiss the plaintiff's claim for public injunctive relief. The court granted our motion and dismissed the case in its entirety on August 24, 2021. The plaintiff filed an

appeal, which was later dismissed by the parties, along with the other appeals. We have no accrual related to this matter as of December 31, 2021.

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

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

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

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

In response to the statute of limitations rulings in the *ACE* case and similar rulings in other state and federal courts, parties seeking to pursue representation and warranty claims or lawsuits have sought, and may in the

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

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

On September 28, 2012, a second lawsuit was filed by Homeward in the United States District Court for the Southern District of New York against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Case No. 12-cv-7319). The plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-3 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract and indemnity in connection with losses allegedly incurred as a result of the breach of representations and warranties relating to 96 loans sold to the trust. The trust was originally collateralized with approximately 7,500 loans. The plaintiff seeks specific performance of alleged repurchase obligations or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses. In response to a motion filed by SCC, the court dismissed the plaintiff's claims for breach of the duty to cure or repurchase and for indemnification of its costs associated with the litigation. On September 30, 2016, the court granted a motion allowing the plaintiff to file a second amended complaint to include breach of contract claims with respect to 649 additional loans in the trust and to allow such claims with respect to other loans in the trust proven to be in material breach of SCC's representations and warranties. SCC filed a motion for reconsideration, followed by a motion for leave to appeal the ruling, both of which were denied. On October 6, 2016, the plaintiff filed its second amended complaint. In response to a motion filed by SCC, the court dismissed the plaintiff's claim for breach of one of the representations. The case proceeded on the remaining claims. Representatives of a holder of certificates in the trust filed a motion to intervene to add H&R Block, Inc. to the lawsuit and assert claims against H&R Block, Inc. based on alter ego, corporate veil-piercing, and agency law. On February 12, 2018, the court denied the motion to intervene. The settlement payments that were made in fiscal year 2018 for representation and warranty claims related to some of the loans in this case. Discovery in the case closed on September 30, 2019, with motions for summary judgment filed on December 6, 2019. On November 9, 2020, the court granted SCC's motion for

summary judgment and dismissed Homeward's claims in their entirety as untimely under the applicable statute of limitations. Homeward appealed that ruling on December 4, 2020, and the appeal remains pending. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter.

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

If the amount that SCC is ultimately required to pay with respect to claims and litigation related to its past sales and securitizations of mortgage loans, together with payment of SCC's related administration and legal expense, exceeds SCC's net assets, the creditors of SCC, other potential claimants, or a bankruptcy trustee if SCC were to file or be forced into bankruptcy, may attempt to assert claims against us for payment of SCC's obligations. Claimants may also attempt to assert claims against or seek payment directly from the Company even if SCC's assets exceed its liabilities. SCC's principal assets, as of December 31, 2021, total approximately \$267 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 December 20, 2021, we entered into a First Amendment to our August 2020 Program Management Agreement (PMA) with MetaBank®, N.A. (Meta), which among other things, extends the PMA through June 30, 2025, and adds SpruceSM accounts to the program.

In January 2022, we launched the SpruceSM mobile banking platform as a part of the Financial Products imperative of our previously-announced Block Horizons 2025 strategic plan. The SpruceSM solution, built by H&R Block with banking products powered by Meta, includes a spending account with a debit card, along with a connected savings account that allows for budgeting for specific goals.

FINANCIAL OVERVIEW

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, shifting a portion of revenues and expenses from that tax season into the six months ended December 31, 2020. This extension impacted the typical seasonality of our business and the comparability of our financial results.

Our revenues for the three months ended December 31, 2021 increased \$16.9 million, or 11.9%, when compared to the prior year period, primarily due to higher Emerald Card® activity, and we recorded a pretax loss of \$298.9 million compared to \$300.5 million in the prior year.

Our revenues for the six months ended December 31, 2021 decreased \$207.9 million, or 37.2%, when compared to the prior year, primarily due to the extension of the 2019 tax season to July 15, 2020 in the prior year period. We recorded a pretax loss of \$496.2 million compared to \$333.4 million in the prior year.

RESULTS OF OPERATIONS

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

U.S. Operating Statistics

Six months ended December 31,	2021	2020 ⁽¹⁾	Change	% Change
Tax returns prepared: (in 000s) ⁽²⁾				
Company-owned operations	258	985	(727)	(73.8)%
Franchise operations	134	399	(265)	(66.4)%
Total assisted	392	1,384	(992)	(71.7)%
Desktop	34	350	(316)	(90.3)%
Online	117	752	(635)	(84.4)%
Total DIY	151	1,102	(951)	(86.3)%
Total U.S. Returns	543	2,486	(1,943)	(78.2)%
Net Average Charge: ⁽³⁾				
Company-owned operations	\$ 250.10	\$ 244.82	\$ 5.28	2.2 %
Franchise operations ⁽⁴⁾	\$ 256.48	\$ 233.95	\$ 22.53	9.6 %
Online	\$ 48.82	\$ 56.02	\$ (7.20)	(12.9)%

⁽¹⁾ Represents a partial 2019 individual tax filing season, which was extended until July 15, 2020.

⁽²⁾ An assisted tax return is defined as a current or prior year individual or business tax return that has been accepted by the client. A DIY online return is defined as a current year individual or business tax return that has been accepted by the client. A DIY desktop return is defined as a current year individual or business tax return that has been electronically submitted to the IRS.

⁽³⁾ Net average charge is calculated as total tax preparation fees divided by tax returns prepared.

⁽⁴⁾ 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.

RESULTS OF OPERATIONS

Consolidated – Financial Results		(in 000s, except per share amounts)			
Three months ended December 31,	2021	2020	\$ Change	% Change	
Revenues:					
U.S. assisted tax preparation	\$ 30,845	\$ 34,020	\$ (3,175)	(9.3)%	
U.S. royalties	3,404	5,357	(1,953)	(36.5)%	
U.S. DIY tax preparation	9,210	6,114	3,096	50.6%	
International	27,907	26,637	1,270	4.8%	
Refund Transfers	777	397	380	95.7%	
Emerald Card®	24,830	9,962	14,868	149.2%	
Peace of Mind® Extended Service Plan	17,315	18,570	(1,255)	(6.8)%	
Tax Identity Shield®	5,200	4,809	391	8.1%	
Interest and fee income on Emerald Advance SM	12,424	14,039	(1,615)	(11.5)%	
Wave	19,497	14,837	4,660	31.4%	
Other	7,407	7,223	184	2.5%	
Total revenues	<u>158,816</u>	<u>141,965</u>	<u>16,851</u>	<u>11.9%</u>	
Compensation and benefits:					
Field wages	70,058	66,307	(3,751)	(5.7)%	
Other wages	64,067	63,568	(499)	(0.8)%	
Benefits and other compensation	30,207	27,650	(2,557)	(9.2)%	
	<u>164,332</u>	<u>157,525</u>	<u>(6,807)</u>	<u>(4.3)%</u>	
Occupancy	99,296	99,029	(267)	(0.3)%	
Marketing and advertising	17,141	15,490	(1,651)	(10.7)%	
Depreciation and amortization	35,631	39,699	4,068	10.2%	
Bad debt	13,666	16,570	2,904	17.5%	
Other	106,050	93,200	(12,850)	(13.8)%	
Total operating expenses	<u>436,116</u>	<u>421,513</u>	<u>(14,603)</u>	<u>(3.5)%</u>	
Other income (expense), net	1,467	538	929	172.7%	
Interest expense on borrowings	(23,085)	(21,489)	(1,596)	(7.4)%	
Pretax loss	(298,918)	(300,499)	1,581	0.5%	
Income tax benefit	(109,845)	(46,510)	63,335	136.2%	
Net loss from continuing operations	(189,073)	(253,989)	64,916	25.6%	
Net loss from discontinued operations	(1,532)	(1,762)	230	13.1%	
Net loss	<u>\$ (190,605)</u>	<u>\$ (255,751)</u>	<u>\$ 65,146</u>	<u>25.5%</u>	
BASIC AND DILUTED LOSS PER SHARE:					
Continuing operations	\$ (1.09)	\$ (1.38)	\$ 0.29	21.0%	
Discontinued operations	(0.01)	(0.01)	—	—%	
Consolidated	<u>\$ (1.10)</u>	<u>\$ (1.39)</u>	<u>\$ 0.29</u>	<u>20.9%</u>	
Adjusted diluted EPS ⁽¹⁾	<u>\$ (1.02)</u>	<u>\$ (1.28)</u>	<u>\$ 0.26</u>	<u>20.3%</u>	
EBITDA ⁽¹⁾	<u>\$ (240,202)</u>	<u>\$ (239,311)</u>	<u>\$ (891)</u>	<u>(0.4)%</u>	

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

Three months ended December 31, 2021 compared to December 31, 2020

Revenues increased \$16.9 million, or 11.9%, from the prior year. Emerald Card® revenues increased \$14.9 million, or 149.2% due to higher card activity which is a result of the IRS loading Child Tax Credits monthly to Emerald Cards®. Wave revenues increased \$4.7 million, or 31.4%, due to higher small business payments processing volumes. U.S. DIY tax preparation revenues increased \$3.1 million, or 50.6%, due to higher desktop software

volumes compared to the prior year. U.S. assisted tax preparation revenues decreased \$3.2 million, or 9.3%, due to lower off-season tax return volumes and lower net average charge.

Total operating expenses increased \$14.6 million, or 3.5%, from the prior year. Field wages increased \$3.8 million, or 5.7%, due to Canadian wage subsidies received in the prior year and higher bonus accruals in our Australian tax operations. Benefits and other compensation increased \$2.6 million, or 9.2%, primarily due to higher employee insurance expenses. Depreciation and amortization expense decreased \$4.1 million, or 10.2%, due to lower amortization on acquired intangibles and depreciation on equipment. Bad debt decreased \$2.9 million, or 17.5%, due to lower Emerald AdvanceSM volumes compared to the prior year.

Other expenses increased \$12.9 million, or 13.8%. The components of other expenses are as follows:

Three months ended December 31,	(in 000s)			
	2021	2020	\$ Change	% Change
Consulting and outsourced services	\$ 27,611	\$ 24,279	\$ (3,332)	(13.7)%
Bank partner fees	2,550	1,369	(1,181)	(86.3)%
Client claims and refunds	6,200	6,347	147	2.3 %
Employee and travel expenses	9,417	8,510	(907)	(10.7)%
Technology-related expenses	23,300	19,446	(3,854)	(19.8)%
Credit card/bank charges	17,710	12,404	(5,306)	(42.8)%
Insurance	4,350	2,182	(2,168)	(99.4)%
Legal fees and settlements	4,060	5,070	1,010	19.9 %
Supplies	5,095	8,331	3,236	38.8 %
Other	5,757	5,262	(495)	(9.4)%
	\$ 106,050	\$ 93,200	\$ (12,850)	(13.8)%

Consulting and outsourced services expense increased \$3.3 million, or 13.7%, due to our strategic imperatives and data processing fees related to higher activity on Emerald Cards®. Technology-related expenses increased \$3.9 million, or 19.8%, due to increased investments in information technology. Credit card and bank charges increased \$5.3 million, or 42.8%, due to higher Wave small business payment processing fees and fees related to Emerald Cards®. Supplies expense decreased \$3.2 million, or 38.8%, due to office supplies purchased in the prior year in response to the COVID-19 pandemic.

We recorded an income tax benefit of \$109.8 million in the current year compared to a benefit of \$46.5 million in the prior year, the increase is due to discrete tax items in the current year. The effective tax rate for the three months ended December 31, 2021, and 2020 was 36.7% and 15.5%, respectively. See [Item 1, note 7](#) to the consolidated financial statements for additional discussion.

Consolidated - Financial Results		(in 000s, except per share amounts)			
Six months ended December 31,	2021	2020	\$ Change	% Change	
Revenues:					
U.S. assisted tax preparation	\$ 64,452	\$ 241,187	\$ (176,735)	(73.3)%	
U.S. royalties	10,762	28,009	(17,247)	(61.6)%	
U.S. DIY tax preparation	13,271	53,577	(40,306)	(75.2)%	
International	86,232	85,413	819	1.0 %	
Refund Transfers	2,442	6,510	(4,068)	(62.5)%	
Emerald Card®	53,088	22,398	30,690	137.0 %	
Peace of Mind® Extended Service Plan	42,151	45,762	(3,611)	(7.9)%	
Tax Identity Shield®	10,353	13,803	(3,450)	(25.0)%	
Interest and fee income on Emerald Advance SM	12,903	14,565	(1,662)	(11.4)%	
Wave	38,634	28,574	10,060	35.2 %	
Other	17,152	19,513	(2,361)	(12.1)%	
Total revenues	351,440	559,311	(207,871)	(37.2)%	
Compensation and benefits:					
Field wages	126,137	158,852	32,715	20.6 %	
Other wages	122,131	126,636	4,505	3.6 %	
Benefits and other compensation	55,657	61,455	5,798	9.4 %	
	303,925	346,943	43,018	12.4 %	
Occupancy	195,118	195,879	761	0.4 %	
Marketing and advertising	27,214	30,982	3,768	12.2 %	
Depreciation and amortization	71,346	77,936	6,590	8.5 %	
Bad debt	14,709	17,090	2,381	13.9 %	
Other	191,200	170,782	(20,418)	(12.0)%	
Total operating expenses	803,512	839,612	36,100	4.3 %	
Other income (expense), net	1,751	3,042	(1,291)	(42.4)%	
Interest expense on borrowings	(45,915)	(56,186)	10,271	18.3 %	
Pretax loss	(496,236)	(333,445)	(162,791)	(48.8)%	
Income tax benefit	(157,218)	(18,546)	138,672	747.7 %	
Net loss from continuing operations	(339,018)	(314,899)	(24,119)	(7.7)%	
Net loss from discontinued operations	(3,188)	(3,108)	(80)	(2.6)%	
Net loss	\$ (342,206)	\$ (318,007)	\$ (24,199)	(7.6)%	
BASIC AND DILUTED LOSS PER SHARE:					
Continuing operations	\$ (1.93)	\$ (1.68)	\$ (0.25)	(14.9)%	
Discontinued operations	(0.02)	(0.01)	(0.01)	(100.0)%	
Consolidated	\$ (1.95)	\$ (1.69)	\$ (0.26)	(15.4)%	
Adjusted diluted EPS ⁽¹⁾	\$ (1.80)	\$ (1.49)	\$ 0.31	20.8 %	
EBITDA ⁽¹⁾	\$ (378,975)	\$ (199,323)	\$ (179,652)	(90.1)%	

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

Six months ended December 31, 2021 compared to December 31, 2020

Revenues decreased \$207.9 million, or 37.2%, from the prior year. The decrease in revenue is due to lower tax return volumes in the current year as the 2019 tax season was extended to July 15, 2020 in the prior year period, whereas the 2020 tax season deadline of May 17, 2021 did not extend into the six month period ended December 31, 2021. This resulted in a decrease in U.S. tax preparation, royalty and Refund Transfer revenues.

Emerald Card® revenues increased \$30.7 million, or 137.0%, due to higher card activity which is a result of the IRS loading Child Tax Credits monthly to Emerald Cards®. Wave revenues increased \$10.1 million, or 35.2% due to higher small business payments processing volumes.

Total operating expenses decreased \$36.1 million, or 4.3%, from the prior year period. Field wages decreased \$32.7 million, or 20.6%, due to lower tax preparation volumes in the current year as a result of the tax season extension in the prior year. Other wages decreased \$4.5 million, or 3.6%, due to an adjustment to prior year bonus accruals in the current year. Benefits and other compensation decreased \$5.8 million, or 9.4%, due to lower payroll taxes as a result of lower wages. Depreciation and amortization expense decreased \$6.6 million, or 8.5%, due primarily to lower amortization of acquired intangibles.

Other expenses increased \$20.4 million, or 12.0%. The components of other expenses are as follows:

Six months ended December 31,	2021	2020	\$ Change	% Change
Consulting and outsourced services	\$ 53,468	\$ 43,043	\$ (10,425)	(24.2)%
Bank partner fees	2,658	(1,065)	(3,723)	**
Client claims and refunds	12,215	10,873	(1,342)	(12.3)%
Employee and travel expenses	13,707	11,981	(1,726)	(14.4)%
Technology-related expenses	43,625	38,171	(5,454)	(14.3)%
Credit card/bank charges	32,671	25,882	(6,789)	(26.2)%
Insurance	7,681	6,224	(1,457)	(23.4)%
Legal fees and settlements	7,102	12,342	5,240	42.5%
Supplies	7,918	11,912	3,994	33.5%
Other	10,155	11,419	1,264	11.1%
	\$ 191,200	\$ 170,782	\$ (20,418)	(12.0)%

Consulting and outsourced services expense increased \$10.4 million, or 24.2%, due to our strategic imperatives and data processing fees related to higher activity on Emerald Cards®. Technology-related expenses increased \$5.5 million, or 14.3%, due to increased investments in information technology. Credit card and bank charges increased \$6.8 million, or 26.2%, due to higher Wave small business payment processing fees and fees related to Emerald Cards®. Legal fees and settlements decreased \$5.2 million, or 42.5%, due to a legal accrual in the prior year.

Interest expense on borrowings decreased \$10.3 million, or 18.3%, primarily due to higher CLOC borrowings in the prior year.

We recorded an income tax benefit of \$157.2 million in the current year compared to a benefit of \$18.5 million in the prior year, the increase is due to discrete tax items in the current year. The effective tax rate for the six months ended December 31, 2021, and 2020 was 31.7% and 5.6%, respectively. See [Item 1, note 7](#) to the consolidated financial statements for additional discussion.

FINANCIAL CONDITION

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

CAPITAL RESOURCES AND LIQUIDITY –

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

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

Given the likely availability of a number of liquidity options discussed herein, we believe that, in the absence of any unexpected developments, our existing sources of capital as of December 31, 2021 are sufficient to meet our operating, investing and financing needs.

DISCUSSION OF CONSOLIDATED STATEMENTS OF CASH FLOWS – The following table summarizes our statements of cash flows for the six months ended December 31, 2021 and 2020. See [Item 1](#) for the complete consolidated statements of cash flows for these periods.

Six months ended December 31,	(in 000s)	
	2021	2020
Net cash provided by (used in):		
Operating activities	\$ (913,571)	\$ (702,840)
Investing activities	(57,444)	(58,720)
Financing activities	(149,883)	(1,281,587)
Effects of exchange rates on cash	(3,330)	11,030
Net decrease in cash, cash equivalents and restricted cash	\$ (1,124,228)	\$ (2,032,117)

Operating Activities. Cash used in operations totaled \$913.6 million for the six months ended December 31, 2021 compared to \$702.8 million in the prior year period. The change is primarily due to higher bonus payments, changes due to the expiration of tax statutes of limitations and an increase in our net loss in the current year as a result of the timing of the extended tax season in the prior year.

Investing Activities. Cash used in investing activities totaled \$57.4 million for the six months ended December 31, 2021 compared to \$58.7 million in the prior year period. The change is primarily due to a decrease in EA revolving loans funded and franchise loans funded.

Financing Activities. Cash used in financing activities totaled \$149.9 million for the six months ended December 31, 2021 compared to \$1.3 billion in the prior year period. The change is primarily due to the repayment of the \$2.0 billion draw on our CLOC in the prior year, partially offset by new draws on our CLOC and the repurchase of shares in the current year.

CASH REQUIREMENTS –

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

We have consistently paid quarterly dividends. Dividends paid totaled \$96.9 million and \$100.2 million for the six months ended December 31, 2021 and 2020, 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 \$239.4 million which is effective through June 2022. During the six months ended December 31, 2021, we repurchased \$324.6 million of our common stock at an average price of \$24.24 per share. In the prior year period, we repurchased \$150.1 million of our common stock at an average price of \$15.83 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 \$39.4 million and \$34.8 million for the six months ended December 31, 2021 and 2020, respectively. Our capital expenditures relate primarily to recurring improvements to retail offices, as well as investments in computers, software and related assets. In addition to our capital expenditures, we also made payments to acquire businesses. We acquired franchisee and competitor businesses totaling \$19.3 million and \$12.2 million during the six months ended December 31, 2021 and 2020, respectively. See [Item 1, note 5](#) for additional information on our acquisitions.

FINANCING RESOURCES – The CLOC has capacity up to \$1.5 billion and is scheduled to expire in June 2026. Proceeds under the CLOC may be used for working capital needs or for other general corporate purposes. We had an outstanding balance of \$275.0 million under the CLOC as of December 31, 2021 and amounts available to borrow were not limited by the debt-to-EBITDA covenant as of December 31, 2021.

We intend to redeem the \$500.0 million in principal outstanding of our 5.500% notes due November 2022 by the end of the fiscal year.

The following table provides ratings for debt issued by Block Financial LLC (Block Financial) as of December 31, 2021 and June 30, 2021:

As of	December 31, 2021			June 30, 2021		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Moody's	P-3	Baa3	Stable	P-3	Baa3	Stable
S&P	A-2	BBB	Stable	A-2	BBB	Stable

Other than described above, there have been no material changes in our borrowings from those reported in our April 30, 2021 Annual Report to Shareholders on Form 10-K or our June 30, 2021 Transition Report filed on Form 10-Q.

CASH AND OTHER ASSETS – As of December 31, 2021, we held cash and cash equivalents, excluding restricted amounts, of \$336.3 million, including \$164.3 million held by our foreign subsidiaries.

Foreign Operations. Seasonal borrowing needs of our Canadian operations are typically funded by our U.S. operations. To mitigate foreign currency risk, we sometimes enter into foreign exchange forward contracts. There were no forward contracts outstanding as of December 31, 2021.

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

The impact of changes in foreign exchange rates during the period on our international cash balances resulted in a decrease of \$3.3 million during the six months ended December 31, 2021 and in an increase of \$11.0 million during the six months ended December 31, 2020.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS – Except as described in [Recent Developments](#) related to our amended PMA agreement with Meta and in [Item 1, note 8](#) related to the Emerald AdvanceSM purchase participation interest, there have been no material changes in our contractual obligations and commercial commitments from those reported in our April 30, 2021 Annual Report to Shareholders on Form 10-K or our June 30, 2021 Transition Report filed on Form 10-Q.

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

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

SUMMARIZED BALANCE SHEET - GUARANTOR AND ISSUER				(in 000s)
As of	December 31, 2021		June 30, 2021	
Current assets	\$	295,276	\$	50,737
Noncurrent assets		2,177,911		2,155,650
Current liabilities		592,322		81,388
Noncurrent liabilities		1,771,014		1,994,582

SUMMARIZED STATEMENTS OF OPERATIONS - GUARANTOR AND ISSUER

(in 000s)

	Six months ended December 31, 2021	Two months ended June 30, 2021
Total revenues	\$ 68,095	\$ 22,978
Income (loss) from continuing operations before income taxes	(22,214)	2,504
Net income (loss) from continuing operations	(12,811)	2,953
Net income (loss)	(16,000)	1,444

The table above reflects \$2.1 billion of non-current intercompany receivables due to the Issuer from non-guarantor subsidiaries as of December 31, 2021 and June 30, 2021.

REGULATORY ENVIRONMENT

As previously disclosed, in 2017 the Consumer Financial Protection Bureau (CFPB) published its final rule regulating certain consumer credit products (Payday Rule), which the CFPB later limited by removing the mandatory underwriting provisions. Certain limited provisions of the Payday Rule became effective in 2018, but most provisions were scheduled to go into effect in 2019. Litigation in a federal district court in Texas had stayed that effective date, but on August 31, 2021 the judge in that litigation ruled in favor of the CFPB. The plaintiffs appealed, and, on October 14, 2021, the United States Court of Appeals for the Fifth Circuit extended the compliance deadline until after the appeal is resolved.

We are unsure whether, when, or in what form the Payday Rule will go into effect. Though we do not currently expect the Payday Rule to have a material adverse impact on Emerald AdvanceSM, 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 developments on the Company.

There have been no other material changes in our regulatory environment from what was reported in our April 30, 2021 Annual Report to Shareholders on Form 10-K or our June 30, 2021 Transition Report filed on Form 10-Q.

NON-GAAP FINANCIAL INFORMATION

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

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

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

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

	(in 000s)			
	Three months ended December 31,		Six months ended December 31,	
	2021	2020	2021	2020
Net loss - as reported	\$ (190,605)	\$ (255,751)	\$ (342,206)	\$ (318,007)
Discontinued operations, net	1,532	1,762	3,188	3,108
Net loss from continuing operations - as reported	(189,073)	(253,989)	(339,018)	(314,899)
Add back:				
Income tax benefit	(109,845)	(46,510)	(157,218)	(18,546)
Interest expense	23,085	21,489	45,915	56,186
Depreciation and amortization	35,631	39,699	71,346	77,936
	(51,129)	14,678	(39,957)	115,576
EBITDA from continuing operations	\$ (240,202)	\$ (239,311)	\$ (378,975)	\$ (199,323)

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

	(in 000s, except per share amounts)			
	Three months ended December 31,		Six months ended December 31,	
	2021	2020	2021	2020
Net loss from continuing operations - as reported	\$ (189,073)	\$ (253,989)	\$ (339,018)	\$ (314,899)
Adjustments:				
Amortization of intangibles related to acquisitions (pretax)	14,292	16,531	29,162	34,169
Tax effect of adjustments ⁽¹⁾	(1,922)	2,086	(5,557)	232
Adjusted net loss from continuing operations	\$ (176,703)	\$ (235,372)	\$ (315,413)	\$ (280,498)
Diluted loss per share from continuing operations - as reported	\$ (1.09)	\$ (1.38)	\$ (1.93)	\$ (1.68)
Adjustments, net of tax	0.07	0.10	0.13	0.19
Adjusted diluted loss per share from continuing operations	\$ (1.02)	\$ (1.28)	\$ (1.80)	\$ (1.49)

⁽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, future actions of the Company, and increases in applicable tax rates in jurisdictions where the Company operates. Investors should understand that it is not possible to predict or identify all such factors and, consequently, should not consider any such list to be a complete set of all potential risks or uncertainties.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported in our April 30, 2021 Annual Report to Shareholders on Form 10-K or our June 30, 2021 Transition Report filed on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING – There were no changes during the three months ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those reported in our April 30, 2021 Annual Report to Shareholders on Form 10-K or our June 30, 2021 Transition Report filed on Form 10-Q.

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

A summary of our purchases of H&R Block common stock during the three months ended December 31, 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⁾
October 1 - October 31	—	\$ —	—	\$ 398,131
November 1 - November 30	3,422	\$ 24.66	3,420	\$ 313,797
December 1 - December 31	3,169	\$ 23.47	3,169	\$ 239,433
	6,591	\$ 24.09	6,589	

⁽¹⁾ We purchased approximately 2 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:

10.1	H&R Block Deferred Compensation Plan for Executives, as amended and restated effective January 1, 2022.
10.2	First Amendment to Program Management Agreement, dated December 20, 2021, by and between Emerald Financial Services, LLC and MetaBank, N.A., filed as Exhibit 10.1 to the Company's current report on Form 8-K filed December 23, 2021, file number 1-06089, is incorporated herein by reference.
10.3	Executive Severance Plan, as approved on November 4, 2021, filed as Exhibit 10.1 to the Company's current report on Form 8-K filed November 8, 2021, file number 1-06089, is incorporated herein by reference.
10.4	Employment Agreement dated November 4, 2021, among H&R Block, Inc., HRB Professional Resources LLC, and Jeffrey J. Jones II, filed as Exhibit 10.1 to the Company's current report on Form 8-K filed November 4, 2021, file number 1-06089, is incorporated herein by reference.
22	List of Guarantor and Issuer Subsidiaries, filed as Exhibit 22 to the Company's transition report on Form 10-Q for the two months ending June 30, 2021, file number 1-06089, is incorporated herein by reference.
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

H&R BLOCK, INC.

/s/ Jeffrey J. Jones II

Jeffrey J. Jones II
President and Chief Executive Officer
February 4, 2022

/s/ Tony G. Bowen

Tony G. Bowen
Chief Financial Officer
February 4, 2022

/s/ Kellie J. Logerwell

Kellie J. Logerwell
Chief Accounting Officer
February 4, 2022

H&R BLOCK, INC.
DEFERRED COMPENSATION PLAN FOR EXECUTIVES
(Amended and Restated Effective January 1, 2022)

Purpose

H&R Block, Inc. (the “Company”) maintains the H&R Block, Inc. Deferred Compensation Plan for Executives (“Plan”) and hereby amends and restates the Plan effective January 1, 2022.

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of the Company and its Affiliates, if any, that participate in this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

Notwithstanding any provision in the Plan to the contrary, pursuant to IRS Notice 2007-86, all amounts accrued under the Plan for a Participant as of December 31, 2008 will be paid in a lump sum on April 11, 2009, unless the Participant elects to defer Salary and Bonus earned in 2009 in accordance with Article 3. If a Participant elects to defer for 2009, the Participant may elect one time and form of payment for all amounts attributable to pre-2009 deferrals, as well as a time and form of payment for deferrals for 2009 and subsequent years. For Participants in pay status on or before December 31, 2008 (i) payments of pre-2004 deferrals shall be paid according to the Plan as grandfathered under Code §409A, and (ii) payments of deferrals made after 2004 shall be governed by the Participant’s payment elections and the terms of the Amended and Restated Plan. Sections 1.16, 1.26, 7.3, 7.4, 9.2, 14.6, and 16.17 are effective December 31, 2008.

The H&R Block, Inc. Deferred Compensation Trust Agreement, dated December 13, 1988, was revoked, effective December 31, 2008, in accordance with §2.03. The H&R Block, Inc. Deferred Compensation Trust Agreement was reinstated, effective December 31, 2008 except that §§2.02-3 and 2.02-4 were deleted in the entirety.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 “Account Balance” means, with respect to a Participant, a credit on the records of the Employer equal to the sum of the Participant’s Deferral Account balance, the Company Matching Account balance, and the Discretionary Company Contributions Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.
- 1.2 “Affiliate” or “Affiliates” means a group of entities, including the Company, which constitutes a controlled group of corporations (as defined in section 414(b) of the Code), a group of trades or businesses (whether or not incorporated) under common control (as defined in section 414(c) of the Code).

- 1.3 “Annual Company Matching Contributions” means for any one Plan Year, the amount determined in accordance with Section 4.1. Notwithstanding anything in this Plan to the contrary, no Annual Company Matching Contributions shall be made with respect to any Compensation paid or Annual Deferrals made after December 31, 2012.
- 1.4 “Annual Contributions” means the Participant’s Annual Deferral Amount plus Annual Company Matching Contributions for any one Plan Year. Notwithstanding anything in this Plan to the contrary, no Annual Company Matching Contributions shall be made with respect to any Compensation paid or Annual Deferrals made after December 31, 2012.
- 1.5 “Annual Deferral Amount” means that portion of a Participant’s Salary and Bonus that a Participant defers in accordance with Section 3.1(a) for any one Plan Year. In the event of a Participant’s Unforeseeable Financial Emergency (if deferrals are revoked in accordance with Article 6), Disability (if deferrals cease in accordance with Section 8.1), death, or a Termination of Employment prior to the end of a Plan Year, such year’s Annual Deferral Amount shall be the actual amount withheld prior to such event.
- 1.6 “Beneficiary” means one or more persons, trusts, estates or other entities, designated by a Participant in accordance with Section 10.2, or in the absence of such designation, the persons specified in Section 10.3, that are entitled to receive benefits under this Plan upon the death of a Participant.
- 1.7 “Beneficiary Designation Form” means the form (which may be digital and require electronic transmission) established from time to time by the Committee by which a Participant designates one or more Beneficiaries in accordance with the Committee’s procedures.
- 1.8 “Board” means the Board of Directors of the Company, as constituted at the relevant time.
- 1.9 “Bonus” means performance-based compensation paid under the Employer’s short-term incentive plan (or other annual incentive program) which is contingent on the satisfaction of pre-established organizational or individual performance criteria over the Company’s 12-consecutive month Fiscal Year; but excluding any amounts paid under an incentive program that will be paid regardless of performance or based upon a level of performance that is substantially certain to be met at the time the criteria is established.
- 1.10 “Claimant” shall have the meaning set forth in Section 14.1.
- 1.11 “Code” means the Internal Revenue Code of 1986, as it may be amended from time to time. References to a Code section shall be deemed to be to that section or any successor to that section.
- 1.12 “Committee” means the Compensation Committee of the Board.
- 1.13 “Company” means H&R Block, Inc., a Missouri corporation, and any successor to all or substantially all of its assets or business.
- 1.14 “Company Matching Account” means (i) the sum of all of a Participant’s Annual Company Matching Contributions, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of this Plan that relate to the

Participant's Company Matching Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Matching Account.

- 1.15 "Deferral Account" means (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.
- 1.16 "Disability" or "Disabled" means, determined in accordance with the following determination periods, (1) in the case of a Participant who has coverage under the Employer's group long-term disability program, the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of at least three months under such program; or (2) in the case of a Participant who does not have coverage under the Employer's group long-term disability program, the Participant is unable to engage in any substantial gainful activity for a period of at least nine months by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. For this purpose, a Participant shall be deemed to have incurred a Disability on the last day of the applicable determination period above.
- 1.17 "Discretionary Company Contributions" means the amount credited to an Employee in accordance with Section 4.2.
- 1.18 "Discretionary Company Contributions Account" means the (i) sum of all of a Participant's Discretionary Company Contributions, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of the Plan that relate to the Participant's Discretionary contributions Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to the Participant's Discretionary Company Contributions Account.
- 1.19 "Disability Benefit" means the benefit set forth in Article 8.
- 1.20 "Election Form" means the form (which form or forms may be in a digital format and require electronic transmission) established from time to time by the Committee by which a Participant makes elections under the Plan in accordance with the Committee's procedures.
- 1.21 "Eligibility Committee" means the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, and the Chief People and Culture Officer of the Company (or other senior officer with similar responsibilities).
- 1.22 "Employee" means a person who is an employee of any Employer.
- 1.23 "Employer" means the Company and/or any of its Affiliates (now in existence or hereafter formed or acquired) that have been selected by the Chief People and Culture Officer of the Company (or other senior officer with similar responsibilities) to participate in the Plan and have agreed to participate in the Plan.

- 1.24 “ERISA” means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time. References to an ERISA section shall be deemed to be to that section or any successor to that section.
- 1.25 “In-Service Distribution” means a date-based distribution as set forth in Section 7.1 providing for distribution no earlier than the third Plan Year after the Plan Year for which the Annual Contributions are made.
- 1.26 “Installment Method” means monthly installment payments over a number of years selected by the Participant in accordance with this Plan. Each installment payment shall be calculated by multiplying the Account Balance of the Participant by a fraction, the numerator of which is one and the denominator of which is the remaining number of payments due the Participant. For purposes of this calculation, the Account Balance of the Participant (or the appropriate portion thereof) shall be calculated as of the close of business on or around the date of the Participant’s payment.
- 1.27 “Measurement Fund” means one or more investment funds which may, but need not, include the investment funds provided under the H&R Block Retirement Savings Plan (including Company stock) available as a measuring standard for crediting earnings and losses to a Participant’s Account Balance. Notwithstanding any other provision in this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant’s election of any Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant’s Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any Measurement Fund.
- 1.28 “Open Enrollment” means, with respect to the deferral of Salary for a Plan Year, such period as established by the Committee ending before the beginning of such Plan Year. With respect to the deferral of a Bonus, such period as established by the Committee ending before the earlier of (i) the date that is 6 months prior to the expiration of the performance period with respect to such Bonus, or (ii) the date the performance-based compensation has become both substantially certain to be paid and readily ascertainable.
- 1.29 “Participant” means any Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who executes an Election Form in a form acceptable to the Committee, (iv) who commences participation in the Plan, and (v) whose participation has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant’s benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.
- 1.30 “Payment Date” means the date during a month on which payments under this Plan are made, as selected by the Committee from time to time.
- 1.31 “Plan” means the H&R Block, Inc. Deferred Compensation Plan for Executives, which shall be evidenced by this instrument as it may be amended from time to time and Participant’s Election Forms.
- 1.32 “Plan Year” means a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

- 1.33 “Qualified Plan” means the H&R Block Retirement Savings Plan or any successor plan that is intended to satisfy the requirements of section 401 of the Code.
- 1.34 “Salary” means the total salary and wages, including fee based earnings and commissions paid by all Affiliates to a Participant relating to services performed during any Plan Year, excluding any other remuneration paid by Affiliates such as Bonuses, other bonuses, overtime, incentive pay, stock options, distributions of compensation previously deferred, restricted stock, severance pay, allowances for expenses (such as relocation, travel, and automobile allowances), non-monetary awards and fringe benefits (cash or noncash). Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Affiliate and shall be calculated to include amounts not otherwise included in the Participant’s gross income under Code Sections 125, or 402(e)(3) pursuant to plans established by any Affiliate; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Participant.
- 1.35 “Survivor Benefit” means the benefit set forth in Article 9.
- 1.36 “Termination Benefit” means the benefit set forth in Section 7.3.
- 1.37 “Termination of Employment” means a separation from service within the meaning of Code §409A. A Participant who is an employee will generally have a Termination of Employment if the Participant voluntarily or involuntarily terminates employment with the Employer. A termination of employment occurs if the facts and circumstances indicate that the Participant and the Employer reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an employee, director or other independent contractor) for the Employer will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee, director or other independent contractor) over the immediately preceding 36-month period (or full period of services if the Participant has been providing services for less than 36 months). Notwithstanding the foregoing, the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period does not exceed 6 months, or if longer, so long as the Participant retains the right to reemployment with an Employer under an applicable statute or contract. When a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a period of at least 6 months and such impairment causes the Participant to be unable to perform duties of his or her position or any substantially similar position, a 29-month maximum period of absence shall be substituted for the 6-month maximum period described in the preceding sentence.
- 1.38 “Trust” means one or more trusts established with respect to the Plan between the Company and the trustee named therein, as amended from time to time.
- 1.39 “Unforeseeable Financial Emergency” means a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, a Beneficiary or a dependent (as defined in Code §152, without regard to §152(b)(1), (b)(2), and (d)(1)(B)) of the Participant, (ii) a loss of the Participant’s property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee consistent with the requirements of Code Section 409A.

ARTICLE 2
Selection, Enrollment, Eligibility

- 2.1 **Selection by Committee.** Participation in the Plan shall be limited to a select group of management or highly compensated Employees, as determined by the Committee or if the Committee so directs, the Eligibility Committee.
- 2.2 **Enrollment Requirements.** As a condition to a selected Employee's participation, the Committee must receive, in accordance with the Committee's procedures, an Election Form during Open Enrollment or within thirty (30) days after he or she is first selected for participation in the Plan. In addition, the Committee may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary. Notwithstanding the foregoing, an Employee shall be deemed to satisfy the enrollment requirements with respect to Discretionary Company Contributions by approval of a Discretionary Company Contribution for the Participant in accordance with Section 4.2.
- 2.3 **Eligibility; Commencement of Participation.** Provided an Employee selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Committee, the Employee shall commence participation in the Plan on the first day of the month following the month in which the Employee executes all enrollment requirements or such later date as the Committee shall determine in its sole discretion with respect to compensation paid for services performed after the election. If an Employee fails to meet all such requirements within the period required, in accordance with Section 2.2, that Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee of the required documents; provided, however, that such Employee must continue to be eligible to participate in the Plan as determined by the Committee in its sole discretion.
- 2.4 **Termination of Participation.** Subject to Section 2.6, once an Employee has become a Participant in the Plan, his or her participation shall continue until the earlier of (i) payment in full of all benefits to which the Participant or his or her Beneficiary is entitled under the Plan or (ii) the occurrence of an event specified in Section 2.5 which results in loss of benefits. Except as otherwise specified in the Plan, the Company may not terminate an individual's participation in the Plan.
- 2.5 **Missing Persons.** If the Company is unable to locate a Participant or his or her Beneficiary for purposes of making a distribution, the amount of the Participant's benefits under this Plan that would otherwise be considered as non-forfeitable, shall be forfeited effective four (4) years after (i) the last date a payment of said benefit was made, if at least one such payment was made, or (ii) the first date a payment of said benefit was to be made pursuant to the terms of the Plan, if no payments had been made. If such person is located after the date of such forfeiture, the benefits for such Participant or Beneficiary shall not be reinstated hereunder.
- 2.6 **Changes in Employment Status.** If a Participant has a change in his or her employment responsibilities, title, compensation, and/or performance, such that the Participant would not qualify for initial participation in the Plan, as determined by the Committee in its sole discretion, (i) the Participant shall continue to defer his or her Annual Deferral Amount in accordance with the Participant's election for the Plan Year during which the change in employment responsibilities, title, compensation, and/or performance occurs, (ii) the Participant shall not be eligible to elect an Annual Deferral Amount or to be credited with a Discretionary Company Contribution in Plan

Years following the Plan Year during which the change in employment responsibilities, title, compensation, and/or performance occurs unless and until the Participant again is selected to elect an Annual Deferral Amount, as determined by the Committee in its sole discretion, and (iii) the Participant shall otherwise continue to participate in the Plan.

2.7 **Participation upon Reemployment.** If a Participant terminates employment with all Affiliates and later becomes reemployed by an Affiliate, such reemployment shall not suspend or delay benefit payments such Participant is receiving or is eligible to receive under the Plan as a result of the Termination of Employment. Upon reemployment, the Participant shall not be eligible to make deferrals unless and until the Participant again qualifies for initial participation as determined by the Committee.

ARTICLE 3
Open Enrollment/ Annual Elections

3.1 **Elections.** A Participant shall complete an election for Salary and Bonus by completing and delivering an Election Form to the Committee during Open Enrollment for the Plan Year in the case of Salary and for the applicable performance period in the case of Bonus. The Participant shall be entitled to elect the following:

(a) **Annual Deferral Amount.** For each Plan Year, a Participant may elect, subject to withholding described in Section 5.2(a), to defer Salary and Bonus according to the following schedule:

<u>Deferral</u>	<u>Percentage</u> <u>Percentage</u>	
	Minimum	Maximum
Salary	0%	100%
Bonus	0%	100%

Timely receipt of an Election Form by the Committee is a condition to deferral of either Salary or Bonus. If no Election Form is timely received by the Committee, the applicable deferral percentage shall be zero.

(b) **Measurement Funds.** A Participant may elect one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any Measurement Funds, the Participant’s Annual Deferral Amount shall be allocated according to the Participant’s most recent election. If a Participant has not previously elected any Measurement Fund, amounts will be credited or debited according to a default Measurement Fund as determined by the Committee, in its sole discretion.

(c) **Time and Form of Payment.** During the Open Enrollment for a Plan Year, a Participant may make a payment election designating the time of commencement of payment of the portion of the Participant’s Account Balance attributable to his Annual Deferral Amount and Annual Company Matching Contributions for the Plan Year, and the form of payment (either lump sum or installments) for such portion according to the permissible distribution events provided under the Plan which may include any distribution or payment options provided for under Article 7. Effective with respect to Open Enrollment for Annual Deferrals on or after January 1, 2013, no election shall be made as to the time of payment for Annual Company Matching Contributions. The time and form of payment of any

Discretionary Company Contribution for an Employee for a Plan Year shall be established by the Committee at the time any such Discretionary Company Contribution is authorized.

3.2 **Effect of Elections/Changes to Elections.**

- (a) **Irrevocable Deferral Elections.** Once a Plan Year has commenced, a Participant may not elect to change his or her deferral election that is in effect for that Plan Year, except if and to the extent permitted by the Committee and made in accordance with the provisions of Section 3.2(c) and Code section 409A specifically relating to a change and/or revocation of deferral elections related to a Participant's Disability or an Unforeseeable Financial Emergency or a hardship distribution under the Qualified Plan.
- (b) **Allocations to Measurement Funds.** The Participant may add, delete or change allocations to one or more Measurement Funds used to determine the amounts to be credited or debited to his or her Account Balance by submitting an Election Form that is accepted by the Committee. Allocations may be made in one percent (1%) increments. Election changes will be applied as follows:
 - (i) **Changes.** Changes to allocations for future deferrals will be applied to the next contribution period following the date of the election.
 - (ii) **Exchanges.** Exchanges to allocations to Measurement Funds shall be applied at the close of the next market day following the date the election is received by the Committee.
- (c) **Subsequent changes to Time and Form of Payment.** A Participant may elect one time to change the time or form of payment elected for his Deferral Account attributable to Annual Deferral Amounts for any Plan Year, and for his Company Matching Account attributable to Company Matching Contributions that were made for any Plan Year prior to 2013, only in accordance with this Section 3.2(c). Any election under this Section 3.2(c) must comply with Code Section 409A and the regulations and other guidance thereunder. Except as permitted under this Plan with respect to an Unforeseeable Financial Emergency or as described in Section 7.5, a Participant may not elect to accelerate the date payment is to be made or commenced. A Participant may elect to delay the time payment is to be made or commenced, and may change the form of payment from lump sum to installments, or vice versa, only if the following conditions are met:
 - (i) the election is received by the Committee not less than twelve (12) months before the date payment would have otherwise been made or commenced without regard to this election;
 - (ii) the election shall not take effect until at least twelve (12) months after the date on which the election is received by the Committee; and

- (iii) except in the case of payment on account of death or Disability, payment pursuant to the election shall not be made or commenced sooner than five (5) years from the date payment would have otherwise been made or commenced without regard to this election.

For these purposes, installment payments shall be treated as a single payment, with the result that an election to change from installments to a lump sum will require that the lump sum be postponed until a date which is at least five (5) years after the scheduled payment date of the first installment.

ARTICLE 4

Company Contribution Amounts/Vesting

- 4.1 **Annual Company Matching Contributions.** A Participant's Annual Company Matching Contributions for any Plan Year shall be determined by the Participant's Employer. In order to receive Annual Company Matching Contributions with respect to a Plan Year, the Participant shall have contributed through elective compensation deferrals in the Qualified Plan, an amount equal to the maximum deferral permitted under the Qualified Plan for the Plan Year, and shall be an Employee as of the last day of the Plan Year. If the Participant fulfills these requirements with respect to a Plan Year, the Annual Company Matching Contributions shall be equal to (i) the Employer matching contribution that would have been provided to the Participant in the Qualified Plan, assuming that the Annual Deferral Amount had been included in the definition of compensation in the Qualified Plan, and assuming further that the limitations of IRC Sections 401(a)(17), 402(g)(1) and 415 did not apply, minus (ii) the amount of the Employer matching contribution provided to the Participant during such Plan Year under the Qualified Plan. The amount so credited to a Participant under this Plan shall be the Annual Company Matching Contributions for that Plan Year and shall be credited to the Participant's Company Matching Account on a date or dates to be determined by the Committee, in its sole discretion. Effective January 1, 2013, no further Company Matching Contributions will be made with respect to any Compensation paid or Annual Deferrals made after December 31, 2012.
- 4.2 **Discretionary Company Contributions.** Apart from the Annual Company Matching Contribution, the Committee may make discretionary contributions for any Participant under this Plan at the times and in the amount(s) designated by the Participant's Employer, in its sole discretion. Amounts so credited to a Participant under this Plan shall be credited to the Participant's Discretionary Company Contributions Account.
- 4.3 **Vesting.**
 - (a) **Participant Contributions.** A Participant shall at all times be 100% vested in his or her Deferral Account.
 - (b) **Annual Company Matching Contributions.** A Participant's Company Matching Contributions Account shall be vested to the same extent as the Participant's matching contributions account under the Qualified Plan.
 - (c) **Discretionary Company Contributions.** Unless otherwise determined by the Committee prior to awarding any Discretionary Company Contributions, amounts credited to a Participant's Discretionary Company Contributions Account shall be vested to the same extent as the Participant's matching contributions account under the Qualified Plan.

ARTICLE 5
Crediting/Taxes

- 5.1 **Crediting/Debiting of Account Balances.** Subject to the rules and procedures that are established from time to time by the Committee, amounts shall be credited or debited to a Participant's Account Balance in accordance with the performance of the Measurement Funds selected by the Participant under Sections 3.1(b) and 3.2(b). The performance of such Measurement Funds (either positive or negative) shall be determined by the Committee in its sole discretion.
- 5.2 **Employer-Provided Benefits, FICA and Other Taxes.**
- (a) **Annual Deferral Amounts.** For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer shall withhold from that portion of the Participant's Salary and Bonus, that are not being deferred, in a manner determined by the Employer, the Participant's share of any Employer-provided welfare and fringe benefits elected by the Participant and/or FICA or other employment taxes on such Annual Deferral Amount, as determined by the Committee in its sole discretion. If necessary, the Committee may reduce the Annual Deferral Amount in order to satisfy the Participant's election with respect to Employer-provided welfare and fringe benefits and the Employer's obligation to withhold FICA and other employment taxes.
 - (b) **Company Matching Account.** When a Participant becomes vested in a portion of his or her Company Matching Account the Participant's Employer shall withhold from the Participant's Salary and Bonus that are not being deferred, in a manner determined by the Employer, the Participant's share of FICA and/or other employment taxes, as determined by the Committee in its sole discretion. If necessary, the Committee may reduce the vested portion of the Participant's Company Matching Account, as applicable, in order to comply with this Section 5.2.
 - (c) **Distributions.** A Participant's Employer, or the trustee of the Trust, shall withhold from any payments made to the Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer, or the trustee of the Trust.

ARTICLE 6
Unforeseeable Financial Emergencies

If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee (i) to revoke deferrals of Salary and/or Bonus elected by such Participant or (ii) to revoke deferrals of Salary and Bonus elected by such Participant and receive a partial or full payout from the Plan. Any such payout shall not exceed the lesser of the Participant's vested Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. A Participant may not receive a payout from the Plan to the extent that the Unforeseeable Financial Emergency is or

may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (iii) by revocation of deferrals under this Plan.

ARTICLE 7
Distributions/Payments

7.1 In-Service Date-Based Distribution.

- (a) **Annual Contributions.** In connection with each election to defer Annual Contributions, a Participant may elect to receive an In-Service Distribution from the Plan with respect to all or a portion of such Annual Deferral Amounts credited for such Plan Year. The In-Service Distribution shall be a lump sum payment in an amount that is equal to the portion of the Annual Deferral Amounts that the Participant elected to have distributed as an In-Service Distribution, plus amounts credited or debited in the manner provided in Section 5.1 on that amount, calculated as of the close of business on or around the date on which the In-Service Distribution becomes payable, as determined by the Committee in its sole discretion.
- (b) **Payment of In-Service Distributions.** Subject to the other terms and conditions of this Plan, each In-Service Distribution elected shall be paid out on the first Payment Date commencing immediately after the date designated by the Participant.
- (c) **Other Benefits Take Precedence Over In-Service Distributions.** Should an event occur that triggers a benefit under this Article 7, Article 8 or Article 9, any Annual Deferral Amounts, plus amounts credited or debited thereon, that is subject to an In-Service Distribution election under Section 7.1 shall not be paid in accordance with Section 7.1 but shall be paid in accordance with the other applicable Article or Section.

7.2 Disability Benefit. A Participant may elect to receive a Disability Benefit equal to the Account Balance attributable to Annual Contributions for the Plan Year in one of the following forms: (i) a single lump sum payment, or (ii) installment payments over one (1) to fifteen (15) years according to the Installment Method. If the Participant fails to make an election as to the time and form of payment for a Disability Benefit, the election shall default to a single lump sum payment.

7.3 Termination Benefit. A Participant may elect to receive a Termination Benefit equal to the vested Account Balance attributable to Annual Contributions for the Plan Year in one of the following forms: (i) a single lump sum payment, or (ii) installment payments over one (1) to fifteen (15) years according to the Installment Method. If the Participant fails to make an election as to the time and form of payment for a Termination Benefit, the election shall default to a single lump sum payment. Unless otherwise delayed according to Section 7.4, a Termination Benefit will be paid (or if paid in installments, will commence to be paid) within ninety (90) days following the earlier of the date of death of the Participant, or the date that is six (6) months after the Participant's Termination of Employment.

7.4 Delay of Payment. Notwithstanding any other provision in the Plan, the payment of amounts deferred under the Plan will be delayed as follows:

- (a) **Application of Code Section 162(m)**. If the Company reasonably anticipates that any portion of the benefit payable under the Plan to any Participant could be nondeductible under Code section 162(m) (or cause other amounts payable by the Company to be nondeductible under Code section 162(m)), then the payment of such portion of the benefit to such Participant shall be delayed until the earliest date on which the Company reasonably anticipates that the deduction will not be limited or eliminated by application of Code section 162(m), provided that where any scheduled payment to the Participant in the Company's taxable year is delayed in accordance with this paragraph, the delay in payment will be treated as a subsequent deferral election unless all scheduled payments to that Participant that could be delayed in accordance with this paragraph are also delayed. Where the payment is delayed to a date on or after the Participant's Termination of Employment, payment will be made during the period ending on the later of the last day of the Company's taxable year in which the Termination of Employment occurs or the 15th day of the third month following the Termination of Employment; provided that no payment shall be made before the date that is six months following the Participant's Termination of Employment. For purposes of this Plan, all Participants shall be considered specified employees within the meaning of Treas. Reg. section 1.409A-1(i).
- (b) **Other Event Permitted by Section 409A**. If the Committee so determines, payment of amounts under the Plan may be delayed as permitted under Code section 409A, as if stated in the Plan, for example, if the Company reasonably anticipates that making a payment will violate a term of any Company loan agreement, jeopardize the ability of the Company to continue as a going concern if paid as scheduled or the payment may violate securities laws (or other applicable law).

7.5 **Acceleration of Payment**. Notwithstanding any other provision in the Plan, the payment of amounts deferred under the Plan will be accelerated as follows:

- (a) **De Minimis Payments**. Notwithstanding the foregoing, if at the time of the Participant's Termination of Employment, the Participant's vested Account Balance, and the Participant's entire interest under all other arrangements required to be aggregated with this Plan pursuant to Treasury Regulation section 1.409A-1(c)(2), is less than the applicable dollar amount under Code Section 402(g)(1)(B) (\$19,500 for 2021), then the Participant's Account Balance shall be paid in a lump sum on the Payment Date of the seventh month after such Termination of Employment (or, if earlier, the date of death).
- (b) **Other Events Permitted by Section 409A**. If the Committee so determines, in its sole discretion (without any direct or indirect election on the part of any Participant), the Committee may accelerate the date of distribution or commencement of distributions hereunder, or accelerate installment payments by paying the vested Account Balance in a lump sum or pursuant to an Installment Method using fewer years, to the extent permitted under Code section 409A (such as, for example, as provided in Section 1.409A-3(j)(4) of the Treasury regulations, to comply with domestic relations orders or certain conflict of interest rules, to pay employment taxes, to make a lump sum cashout of certain de minimis amounts that are less than the applicable dollar amount under Code section

402(g)(1)(B), or to make payments upon income inclusion under Code section 409A).

ARTICLE 8 **Disability Waiver and Benefit**

8.1 Disability Waiver.

- (a) **Cancellation of Deferral.** Subject to Section 409A, if it is determined that a Participant is suffering from a Disability, such Participant's deferrals shall thereupon be cancelled by the later of the end of the Plan Year or the fifteenth day of the third month following the date the Participant incurs a Disability.
- (b) **Return to Work.** If a Participant returns to employment with the Employer after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.1 above.

8.2 Disability Benefit. Upon a determination that a Participant is Disabled, Participant shall receive payments according to the Participant's election for Disability Benefit under Section 7.2. Unless otherwise delayed according to Section 7.4, a Disability Benefit shall commence on the first regular payment date following a forty-five (45) day period following the date the Participant incurred a Disability.

ARTICLE 9 **Survivor Benefit**

9.1 Survivor Benefit. A Participant's Beneficiary(ies) shall receive a benefit upon the Participant's death which will be equal to (i) the Participant's vested Account Balance, determined as of the date before the applicable Payment Date, if the Participant dies prior to his or her Termination of Employment or Disability, or (ii) the Participant's unpaid Termination Benefit or Disability Benefit, determined as of the date before the applicable Payment Date, if the Participant dies before his or her Termination Benefit or Disability Benefit is paid in full (the "Survivor Benefit").

9.2 Payment of Survivor Benefit. The Survivor Benefit shall be paid to the Participant's Beneficiary(ies) in a lump sum payment within ninety (90) days following the date of the Participant's death.

ARTICLE 10 **Beneficiary Designation**

10.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive benefits payable under the Plan upon the death of such a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designated under any other plan of an Employer in which the Participant participates.

- 10.2 **Beneficiary Designation; Change of Beneficiary Designation.** A Participant shall designate his or her Beneficiary by completing and delivering the Beneficiary Designation Form to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing and delivering a new Beneficiary Designation Form to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death. No designation or change in designation of a Beneficiary shall be effective until received by the Committee or its designated agent. In the event a Participant becomes divorced or legally separated from his or her spouse, any Beneficiary Designation Form designating such spouse as a beneficiary shall automatically be null and void as of the date of such divorce or legal separation; provided, however, that the Participant may designate such spouse (or former spouse) as a beneficiary under a new Beneficiary Designation Form.
- 10.3 **No Beneficiary Designation.** If a Participant fails to designate a Beneficiary as provided in Sections 10.1 and 10.2 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be his or her surviving spouse. If the Participant has no surviving spouse, the Participant's Survivor Benefit shall be payable to the Participant's estate.
- 10.4 **Doubt as to Beneficiary.** If the Committee has any doubt as to the proper Beneficiary with respect to a Participant, the Committee shall have the right, exercisable in its discretion, to withhold payments until this matter is resolved to the Committee's satisfaction.

ARTICLE 11

Leave of Absence

- 11.1 **Paid Leave of Absence.** If a Participant is on a paid leave of absence authorized by the Participant's Employer, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles 6, 7 or 8 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount subject to a deferral election shall continue to be withheld during such paid leave of absence in accordance with Section 3.1.
- 11.2 **Unpaid Leave of Absence.** If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, such Participant shall continue to be eligible for the benefits provided in Articles 6, 7 or 8 in accordance with the provisions of those Articles. However, the Participant shall be excused from fulfilling the Annual Deferral Amount commitment that would otherwise have been withheld during the remainder of the Plan Year in which the unpaid leave of absence is taken. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to active employment, the Participant may make deferral elections during the next Open Enrollment provided the Participant is selected by the Committee as eligible to make a deferral election and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.1 above.

ARTICLE 12
Termination, Amendment or Modification

- 12.1 **Termination.** Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to terminate and liquidate the Plan in the event of a corporate dissolution, change in control, or other event in accordance with Treas. Reg. §1.409A-3(j)(4)(ix).
- 12.2 **Amendment.** The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Board; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification; and (ii) no amendment or modification of this Section 12.2 shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.
- 12.3 **Release.** Any payment of benefits to or for the benefit of a Participant or Beneficiaries that is made in good faith by the Company in accordance with the Company's interpretation of its obligations hereunder shall be in full satisfaction of all claims against the Company for benefits under this Plan to the extent of such payment.
- 12.4 **Amendment to Ensure Proper Characterization of the Plan.** Notwithstanding the previous Sections of this Article 12, the Plan may be amended at any time, retroactively if determined by the Committee to be necessary, in order to conform the Plan to the provisions of Code Section 409A and to ensure that amounts under the Plan are not considered to be taxed to a Participant under the Federal income tax laws prior to the Participant's receipt of the amounts or to conform the Plan and the Trust to the provisions and requirements of any applicable law (including ERISA and the Code).

ARTICLE 13
Administration

- 13.1 **Administration.** Except as otherwise provided herein, the Plan shall be administered by the Committee.
- 13.2 **Powers of the Committee.** In addition to the other powers granted under the Plan, the Committee shall have all powers necessary to administer the plan, including without limitation, powers:
- (a) to interpret the provisions of this Plan;
 - (b) to establish and revise the method of accounting for the Plan and to maintain the Accounts; and
 - (c) to establish rules for the administration of the Plan and to prescribe any forms required to administer the Plan.

Not in limitation, but in amplification of the foregoing and of the authority conferred upon the Committee in Section 13.1, the Company specifically intends that the Committee have the greatest permissible discretion to construe the terms of the Plan and to determine all questions concerning eligibility, participation and benefits. Any such decision made by the Committee is intended to be subject to the most deferential standard of judicial review. Such standard of review is not to be affected by any real or alleged conflict of interest on the part of the Company or any member of the Committee. The Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Committee gives Participants advance written notice of such change.

- 13.3 **Delegation.** The Committee, or any officer of the Company designated by the Committee, shall have the power to delegate specific duties and responsibilities to officers or other employees of the Company or other individuals or entities. Any delegation may be rescinded by the Committee at any time. Each person or entity to whom a duty or responsibility has been delegated shall be responsible for the exercise of such duty or responsibility and shall not be responsible for any act or failure to act of any other person or entity.
- 13.4 **Binding Effect of Decisions.** The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having or claiming to have any interest or right in the Plan.
- 13.5 **Indemnity of Committee.** The Company shall indemnify and hold harmless the members of the Committee and any employee of an Affiliate or entity to whom the duties of the Committee may be delegated against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such employee or entity.
- 13.6 **Employer Information.** To enable the Committee to perform its functions, the Company and each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.
- 13.7 **Reports and Records.** The Committee and those to whom the Committee has delegated duties under the Plan, shall keep records of all of their proceedings and actions, and shall maintain books of account, records, and other data as shall be necessary for the proper administration of the Plan and for compliance with applicable law.

ARTICLE 14 **Claims Procedures**

- 14.1 **Presentation of Claim.** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts the Claimant believes are distributable to him or her from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within

sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

14.2 **Notification of Decision.** The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (i) the specific reason(s) for the denial of the claim, or any part of it;
 - (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
 - (iv) an explanation of the claim review procedure set forth in Section 14.3 and Section 14.4 below; and
 - (v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

14.3 **Review of a Denied Claim.** On or before sixty (60) days after receiving notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Committee, in its sole discretion, may grant.

- 14.4 **Decision on Review.** The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:
- (a) specific reasons for the decision;
 - (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
 - (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
 - (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).
- 14.5 **Legal Action.** A Claimant's compliance with the foregoing provisions of this Article 14 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan. No legal action with respect to any claim for benefits under this Plan may be commenced more than one year after a final decision on review of the claim.
- 14.6 **Disability Claims.** If a Participant's claim involves a determination of Disability, the following time periods shall apply in lieu of the time periods set forth in Sections 14.2 through 14.4. The Committee shall have 45 days to render its initial decision on a Claimant's claim, and an additional 30 days if the Committee determines that special circumstances require an extension of time to process the claim. If an adverse decision involves a disability claim the notice of the decision shall also inform the Claimant that if a Plan guideline was relied on in making the adverse decision, a copy of the guideline will be provided to the Claimant, without charge, upon request. A Claimant shall have 180 days to appeal an initial adverse decision. The Committee shall render its decision on appeal within 45 days, with an extension of an additional 45 days if the Committee determines that special circumstances require an extension of time. The following additional rules apply to an appeal. First, the review will be conducted by a Plan fiduciary who did not make the original determination on the Claimant's claim and is not the subordinate of that person. Second, the Claimant shall be provided the identity of any medical or vocational experts whose advice was obtained in connection with the determination, whether or not the advice was relied on by such Plan fiduciary. Third, any health care professional who is engaged for a consultation on appeal will be a different person from and not subordinate to any health care professional who the Committee consulted for the initial determination.

ARTICLE 15
Funding

- 15.1 **Source of Benefits.** All benefits under the Plan shall be paid when due by the Company out of its assets or by a trustee from a trust established by the Company for that purpose. The Company may, but shall have no obligations to, make such advance provision for the payment of such benefit as the Board may from time to time consider appropriate.
- 15.2 **Trust.**
- (a) **Establishment of the Trust.** In order to provide assets from which to fulfill the obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a Trust by a trust agreement with a third party trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan.
 - (b) **Interrelationship of the Plan and the Trust.** The provisions of the Plan and the Participant's Election Forms shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of a Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.
 - (c) **Distributions From the Trust.** Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of a Trust, and any such distribution shall reduce the Employer's obligations under this Plan.
- 15.3 **No Claim on Specific Assets.** No Participant shall be deemed to have, by virtue of being a Participant in the Plan, any claim on any specific assets of the Company such that the Participant would be subject to income taxation on his or her benefits under the Plan prior to distribution, and the rights of Participants and Beneficiaries to benefits to which they are otherwise entitled under the Plan shall be those of an unsecured creditor of the Company.
- 15.4 **Unfunded.** This Plan is unfunded and payable solely from the general assets of the Company. The Participants and Beneficiaries shall be unsecured creditors of the Company with respect to their interests in the Plan.

ARTICLE 16
Miscellaneous

- 16.1 **Status of Plan.** The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

- 16.2 **Employer's Liability.** An Employer's liability for the payment of benefits shall be defined only by the Plan. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.
- 16.3 **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise, except as provided in Section 16.16.
- 16.4 **Taxes.** The Company may withhold from any payment of benefits under the Plan such amounts as the Company determines are reasonably necessary to pay any taxes (and interest thereon) required to be withheld or for which the Company may become liable under applicable law. Any amounts withheld pursuant to this Section 16.4 in excess of the amount of taxes due (and interest thereon) shall be paid to the Participant or Beneficiary upon final determination, as determined by the Company, of such amount. No interest shall be payable by the Company to any Participant or Beneficiary by reason of any amounts withheld pursuant to this Section 16.4. The Company does not represent or guarantee that any particular federal or state income, payroll or other tax consequence will result from participation in the Plan, and neither the Company nor any Affiliate is responsible for any tax liability of any Participant as a result of the Participant's participation in the Plan.
- 16.5 **Section 409A Compliance.** The Plan is intended to be in compliance with Section 409A of the Code. To the extent provisions of this Plan may be interpreted to not comply with 409A of the Code, the potential non-compliant provisions shall be interpreted and applied in the manner that complies with 409A of the Code and guidance thereunder and implements the intent of this Plan as closely as possible.
- 16.6 **Not a Contract of Employment.** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer or to interfere with the right of any Employer to discipline or discharge the Participant at any time.
- 16.7 **Furnishing Information.** A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.
- 16.8 **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be

construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

- 16.9 **Captions.** The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 16.10 **Governing Law.** Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Missouri without regard to its conflicts of laws principles.
- 16.11 **Notice.** Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

H&R Block, Inc.
Attn: Corporate Secretary
One H&R Block Way
Kansas City, MO 64105

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

- 16.12 **Successors.** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 16.13 **Spouse's Interest.** The interest in the benefits hereunder of a spouse or former spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.
- 16.14 **Validity.** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.
- 16.15 **Incompetent.** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

- 16.16 **Court Order.** The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.
- 16.17 **Distribution in the Event of Taxation.** If because of the application of section 409A of the Code, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, an Employer shall distribute, or shall cause the Trustee to distribute, to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid vested Account Balance under the Plan). The distribution of that portion of his or her benefit that has become taxable shall be made within 90 days of the date when the Participant's benefit becomes taxable. Such a distribution shall affect and reduce the benefits to be paid under this Plan by the amount distributed.
- 16.18 **Insurance.** An Employer, on its own behalf or on behalf of the trustee of a Trust, and, in its sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as it may choose. An Employer or the trustee of a Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. No Participant shall have any interest whatsoever in any such policy or policies, and at the request of an Employer or trustee desiring to purchase such insurance a Participant shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employer or trustee have applied for insurance.
- 16.19 **Aggregation of Employers.** If the Company is a member of a controlled group of corporations or a group of trades or business under common control (as described in Code Section 414(b) or (c), but substituting a fifty percent (50%) ownership level for the eighty percent (80%) level set forth in those Code Sections), all members of the group shall be treated as a single Company for purposes of whether there has occurred a Termination of Employment and for any other purposes under the Plan as Section 409A shall require.
- 16.20 **Aggregation of Plans.** If the Company offers other account balance deferred compensation plans in addition to the Plan, those plans together with the Plan shall be treated as a single plan to the extent required under Section 409A for purposes of determining whether an Employee may make a deferral election pursuant to Section 3.3(a) within thirty (30) days of becoming eligible to participate in the Plan and for any other purposes under the Plan as Section 409A shall require.
- 16.21 **USERRA.** Notwithstanding anything herein to the contrary, any deferral or distribution election provided to a Participant as necessary to satisfy the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, shall be permissible hereunder.

**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: February 4, 2022

/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: February 4, 2022

/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 December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey J. Jones II, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey J. Jones II

Jeffrey J. Jones II
Chief Executive Officer
H&R Block, Inc.
February 4, 2022

**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 December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tony G. Bowen, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tony G. Bowen

Tony G. Bowen
Chief Financial Officer
H&R Block, Inc.
February 4, 2022