

Risk Factors Comparison 2024-08-15 to 2023-08-17 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Our business activities expose us to a variety of risks. Identification, monitoring, and management of these risks are essential to the success of our operations and the financial soundness of H & R Block. Senior management and the Board of Directors, acting as a whole and through its committees, take an active role in our risk management process and have delegated certain activities related to the oversight of risk management to the Company's enterprise risk management **(ERM)** team and the Enterprise Risk Committee, which is comprised of Vice Presidents of major business and control functions and members of the **ERM** ~~enterprise risk management~~ team. The Company's **ERM** ~~enterprise risk management~~ team, working in coordination with the Enterprise Risk Committee, is responsible for identifying and monitoring risk exposures and related mitigation and leading the continued development of our risk management policies and practices. An investment in our securities involves risk, including the risk that the value of that investment may decline or that returns on that investment may fall below expectations. There are a number of factors that could cause actual conditions, events, or results to differ materially from those described in forward-looking statements, many of which are beyond management's control or its ability to accurately estimate or predict, or that could adversely affect our financial position, results of operations, cash flows, and the value of an investment in our securities. The risks described below are not the only ones we face. We could also be affected by other events, factors, or uncertainties that are presently unknown to us or that we do not currently consider to be significant risks to our business. **These risks may be exacerbated by the effects of local, national, and global conditions or events, including macroeconomic, political, geopolitical, or public health conditions or events, which may cause significant instability.** STRATEGIC AND INDUSTRY RISKS Changes in applicable tax laws have had, and may in the future have, a negative impact on the demand for and pricing of our services. Government changes in tax filing or IRS processes may adversely affect our business and our consolidated financial position, results of operations, and cash flows. The U. S. government has in the past made, and may in the future make, changes to the individual income tax provisions of the Internal Revenue Code, tax regulations, and the rules and procedures for implementing such laws and regulations. In addition, taxing authorities or other relevant governing bodies in various federal, state, local, and foreign jurisdictions in which we operate may change the income tax laws in their respective jurisdictions, and such laws may vary greatly across the various jurisdictions. It is difficult to predict the manner in which future changes to the Internal Revenue Code, tax regulations, and the rules and procedures for implementing such laws and regulations, and state, local, and foreign tax laws may impact us and the tax return preparation industry. Such future changes could decrease the demand or the amount we charge for our services, and, in turn, have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. In addition, ~~there are various initiatives from time to time seeking to simplify the tax return preparation filing process or otherwise modify IRS processes.~~ **Taxing** ~~taxing~~ authorities in various federal, state, local, and foreign jurisdictions in which we operate have ~~also~~ introduced measures seeking to simplify or otherwise modify the preparation and filing of tax returns or the issuance of refunds in their respective jurisdictions. For example, from time to time, U. S. federal and state governments have considered various proposals through which the respective governmental taxing authorities would use taxpayer information provided by employers, financial institutions, and other payers to "pre-populate," prepare, and calculate tax returns and distribute them to taxpayers. There are various initiatives from time to time seeking to expedite, reduce, or change the timing of refunds, which could reduce the demand for certain of our services or financial products. The adoption or expansion of any measures that significantly simplify tax return preparation, or otherwise reduce the need for third-party tax return preparation services or financial products, including governmental encroachment at the U. S. federal and state levels, as well as in foreign jurisdictions, could reduce demand for our services and products and could have a material adverse effect on our business and our consolidated financial position, results of operations and cash flows. ~~82023-82024~~ **82024** Form 10-K | H & R Block, Inc. Increased competition for clients could adversely affect our current market share and profitability, ~~and we may not be effective in achieving our strategic and operating objectives.~~ We face substantial competition throughout our businesses. All categories in the tax return preparation industry are highly competitive, and additional competitors have entered, and in the future may enter, the market to provide tax preparation services or products. In the assisted tax services category, there are a substantial number of tax return preparation firms and accounting firms offering tax return preparation services. Commercial tax return preparers are highly competitive with regard to price and service. In DIY and virtual, options include various forms of digital electronic assistance, including online and mobile applications, and desktop software, all of which we offer. Our DIY and virtual services and products compete with a number of online and software ~~companies~~ **solutions**, primarily on price and functionality. Individual tax filers may elect to change their tax preparation method, choosing from among various assisted, DIY, and virtual offerings. **Our Block Horizons strategy is focused on..... cash flows could be adversely affected.** Technology advances quickly and in new and unexpected ways, and it is difficult to predict the manner in which these changes will impact the tax return preparation industry, the problems we may encounter in enhancing our services and products, or the time and resources we may need to devote to the creation, support, and maintenance of technological enhancements. **New** ~~In addition, new~~ technologies, such as those related to artificial intelligence, machine learning, automation, and algorithms, may have unexpected consequences, which may be due to their limitations, potential manipulation or unintended uses, or our failure to use or implement them effectively. If we are slow to enhance our services, products, or technologies, if our competitors are able to achieve results more quickly than us, if there are new and unexpected entrants into the industry, or if there are new technologies available that provide products or services that compete with ours, we may fail to capture, or lose, a significant share of the market. Additionally, we and many other tax return preparation firms

compete by offering one or more of RTs, prepaid cards, RAs, other financial services and products, and other tax- related services and products, many of which are subject to regulatory scrutiny, litigation, and other risks. From time to time we may make changes to certain of our services and products and we can make no assurances that we will be able to offer, or that we will continue to offer, all of these services and products. Any such changes to our services or products or any failure to continue offering such services and products could negatively impact our financial results and ability to compete. Intense competition could result in a reduction of our market share, lower revenues, lower margins, and lower profitability. In addition, we face intense competition with our small business solutions. We may be unsuccessful in competing with other providers, which may diminish our revenue and profitability, and harm our ability to acquire and retain clients. ~~We may not be effective in achieving our strategic and operating objectives.~~ Our **Block Horizons** strategy is focused on small ~~business~~ **businesses**, financial products and the tax client experience. While we believe that ~~our we have identified and will identify~~ strategic objectives **reflect opportunities** that are appropriate and achievable, it is possible that our objectives may not deliver projected long- term growth in revenue and profitability due to competition, inadequate execution, incorrect assumptions, sub- optimal resource allocation, or other reasons, including any of the other risks described in this “ Risk Factors ” section. ~~As a part of~~ **If we are unable to realize the desired benefits from our business strategy, we expect our ability to continue to seek growth through acquisitions compete across our business and our consolidated financial position, results of operations, and cash flows could be adversely affected.** Our future growth and profitability may depend. Offers of free services or products could adversely affect our revenues and profitability. U. S. federal, state, and foreign governmental authorities in certain jurisdictions in which we operate currently offer, or facilitate the offering of, tax return preparation and electronic filing options to taxpayers at no charge, and certain volunteer organizations also prepare tax returns at no charge for low- income taxpayers. In addition, many of our competitors offer certain tax preparation services and products, and other financial services and products, **H & R Block, Inc. | 2024 Form 10- K9** at no charge. Government tax authorities, volunteer organizations, our competitors, and potential new market entrants ~~have may also elect to implement~~ **implemented or, and may** expand free offerings in the future. **In tax season 2024, the IRS launched a limited free direct tax filing system, which it has announced it will expand for the 2025 filing season. In addition, certain members of private industry offer free DIY tax software to certain taxpayers through** Free File, Inc., which operates under an agreement **among the IRS and those industry participants** that is currently set to expire in October ~~2025~~ **2029**; is currently the sole means through which the IRS offers free DIY tax software to taxpayers, however the IRS is not prohibited from offering competing services. For example, in May 2023, the IRS announced that it is beginning a limited pilot project to evaluate customer support and technology needs related to a direct online tax filing system, and is also evaluating the IRS’ s ability to overcome the potential operational challenges associated with such a system. As a result of ~~this these~~ or other programs, ~~H & R Block, Inc. | 2023 Form 10- K9~~ the federal government **has, and** could **further,** become our direct competitor, which could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. In order to compete, we have offered certain, and may in the future offer, ~~additional~~ **services and products** at no charge. There can be no assurance that we will be able to attract clients or effectively ensure the migration of clients from our free offerings to those for which we receive fees, and clients who have formerly paid for our offerings may elect to use free offerings instead. These competitive factors may diminish our revenue and profitability, or harm our ability to acquire and retain clients, resulting in a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Our businesses may be adversely affected by difficult economic, **geopolitical or public health** conditions. Unfavorable changes in economic conditions, which are typically beyond our control, including without limitation, inflation, slowing growth, rising interest rates, recession, changes in the political climate, **significant armed conflicts, acts of war or terrorism** (including, but not limited to, the conflict between Russia and Ukraine), supply chain or labor market disruptions, banking or financial market disruptions, **pandemics or endemics**, or other adverse changes, could negatively affect our business and financial condition. Difficult economic conditions are frequently characterized by high unemployment levels and declining consumer and business spending. These poor economic conditions may negatively affect demand and pricing for our services and products. In the event of difficult economic conditions that include high unemployment levels, especially within the client segments we serve, clients may elect not to file tax returns or utilize lower cost preparation and filing alternatives. In addition, difficult economic conditions may disproportionately impact small business owners. Wave’ s revenues ~~were negatively impacted during the start of the COVID- 19 pandemic, and may again~~ be negatively impacted in the event of a sustained economic slowdown or recession. Difficult economic conditions, including an economic recession or high inflationary period, could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. OPERATIONAL AND EXECUTION RISKS Our failure to effectively address fraud by third parties using our offerings could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Many industries have experienced an increased variety and amount of attempted fraudulent activities by third parties, and those fraudulent activities are becoming increasingly sophisticated **through the use of artificial intelligence, social engineering, and other technological developments and strategies**. A number of companies, including ~~some those~~ in the tax return preparation and financial services industries, have reported instances where criminals **created new accounts, or** gained access to consumer information or user accounts maintained on their systems by using stolen identity information (e. g., email, username, password information, or credit history) obtained from third- party sources. We have experienced, and in the future may continue to experience, this form of unauthorized and illegal **use and / or** access to our systems, despite no breach in the security of our systems. Though we do not believe this fraud is uniquely targeted at our offerings, our failure to effectively address any such fraud may adversely impact our business and our consolidated financial position, results of operations, and cash flows. In addition to losses directly from such fraud, which could occur in some cases, we may also suffer a loss of confidence by our clients or by governmental agencies in our ability to detect and mitigate fraudulent activity, and such governmental authorities may refuse to allow us to continue to offer such services or products. For

example, a person with malicious intent may unlawfully **create a new account with stolen information or** take **existing** user account and password information from our clients to electronically file fraudulent federal and state tax returns, which could impede **their** ~~our clients'~~ ability to file their tax returns and receive refunds (or other amounts due) and diminish consumers' perceptions of the security and reliability of our services and products, despite no breach in the security of our systems. **102024 Form 10- K | H & R Block, Inc.** Governmental authorities in jurisdictions in which we operate have taken action, and may in the future take additional action, in an attempt to combat identity theft or other fraud, which may require changes to our systems and business practices, or those of third parties on which we rely, that cannot be anticipated. These actions may have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Furthermore, as fraudulent activity **continues to** ~~becomes~~ **become** more pervasive and sophisticated, we may implement fraud detection and prevention measures that could make it less convenient for legitimate clients to obtain and use our ~~102023 Form 10- K | H & R Block, Inc.~~ services and products, which may adversely affect the demand for our services and products, our reputation, and our financial performance. An interruption in our information systems, or those of our franchisees or a third party on which we rely, or an interruption in the internet, could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. We, our franchisees, and other third parties material to our business operations rely heavily upon communications, networks, and information systems and the internet to conduct our business (including third- party internet- based or cloud computing services, and the information systems of our key vendors). These networks, systems, and operations are potentially vulnerable to damage or interruption from upgrades and maintenance, network failure, hardware failure, software failure, power or telecommunications failures, cyberattacks, human error, and natural disasters. As our tax preparation business is seasonal, our systems must be capable of processing high volumes during our peak periods. Therefore, any failure or interruption in our information systems, or information systems of our franchisees or a private or government third party on which we rely, or an interruption in the internet or other critical business capability during our busiest periods, could negatively impact our business operations and reputation, and increase our risk of loss. **We have experienced systems outages in the past, and** ~~There~~ **there** can be no assurance that system or internet failures or interruptions in critical business capabilities will not occur **in the future**, ~~or~~ **and**, if they do occur, that we, our franchisees or the private or governmental third parties on whom we rely, will adequately address them. The precautionary measures that we, or third parties on whom we rely, have implemented to avoid systems outages and to minimize the effects of any data or communication systems interruptions or failures may not be adequate, and we and such third parties may not have anticipated or addressed all of the potential events that could threaten or undermine our or such third parties information systems or other critical business capabilities. We do not have redundancy for all of our systems and our disaster recovery planning may not account for all eventualities. Our software and computer systems utilize cloud computing services provided by Microsoft Corporation. If the Microsoft Azure Cloud is unavailable for any reason, it could negatively impact our ability to deliver our services and products and our clients may not be able to access certain of our products or features, any of which could significantly impact our operations, business, and financial results. The occurrence of any systems or internet failure, or business interruption could negatively impact our ability to serve our clients, which in turn could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Any significant delays in launching our tax service and product offerings, changes in government regulations or processes (including the acceptance of tax returns and the issuance of refunds and other amounts to clients by the IRS or state tax agencies) that affect how we provide such offerings to our clients, or significant problems with such offerings or the manner in which we provide them to our clients may harm our revenue, results of operations, and reputation. Tax laws and tax forms are subject to change each year, and the nature and timing of such changes are unpredictable. As a part of our business, we must incorporate any changes to tax laws and tax forms into our tax service and product offerings, including our online and mobile applications and desktop software. The unpredictable nature, timing and effective dates of changes to tax laws and tax forms can result in condensed development cycles for our tax service and product offerings because our clients expect high levels of accuracy and a timely launch of such offerings to prepare and file their taxes by the applicable tax filing deadlines and, in turn, receive any tax refund amounts on a timely basis. From time to time, we review and enhance our quality controls for preparing accurate tax returns, but there can be no assurance that we will be able to prevent all inaccuracies. **H & R Block, Inc. | 2024 Form 10- K11** Further, changes in governmental administrations or regulations could result in **a delay of the start of the tax season, create uncertainty, or result in** further and unanticipated changes in requirements or processes, which may require us to make corresponding changes to our client service systems and procedures **immediately prior to, or during, a tax season**. In addition, unanticipated changes in governmental processes, or newly implemented processes, for (1) accepting tax filings and related forms, including the ability of taxing authorities to accept electronic tax ~~H & R Block, Inc. | 2023 Form 10- K11~~ return filings, or (2) distributing tax refunds or other amounts to clients may result in processing delays by us or applicable taxing authorities. Certain of our financial products are dependent on the IRS following the client' s directions to direct deposit the tax refund. If the IRS disregards this direction, and sends the tax refund via check, then it could result in a loss of tax preparation and financial product revenue, negative publicity, and client dissatisfaction. In addition, any delays in launching new **or existing** financial service or product offerings, or technical or other issues associated with the launch, could cause a loss of **revenue, a loss of** clients, **or** client dissatisfaction, especially if such issues occur during the tax season. Any major defects or delays caused by the above- described complexities may lead to loss of clients and loss of or delay in revenue, negative publicity, client dissatisfaction, a deterioration in our business relationships with our partners or our franchisees, exposure to litigation, and increased operating expenses, even if any such launch delays or defects are not caused by us. Any of the risks described above could have a material adverse effect on our business, our reputation, and our consolidated financial position, results of operations, and cash flows. We rely on a single vendor or a limited number of vendors to provide certain key services or products, and the loss of such relationships, the inability of these key vendors to meet our needs, or errors by the key vendors in providing services to or for us, could have a material adverse effect on our business and our consolidated financial position,

results of operations, and cash flows. Historically, we have contracted, and in the future we will likely continue to contract, with a single vendor or a limited number of vendors to provide certain key services or products for our tax, financial, and other services and products. A few examples of this type of reliance are our relationships with Fidelity National Information Services, Inc. (FIS), Galileo Financial Technologies, LLC, or similar vendors, for data processing and card production services; **PathwardTM, N. A. (Pathward), a wholly-owned subsidiary of Pathward Financial, Inc.**, for the issuance of RTs, EAs, RAs, Emerald Cards, and Spruce accounts; and Microsoft Corporation, for cloud computing services and artificial intelligence technology. In certain instances, we are vulnerable to vendor error, service inefficiencies, data breaches, service interruptions, or service delays, and such issues by our key vendors in providing services to or for us could result in material losses for us due to the nature of the services being provided or our contractual relationships with our vendors. If any material adverse event were to affect one of our key vendors or if we are no longer able to contract with our key vendors for any reason, we may be forced to find an alternative provider for these critical services. It may not be possible to find a replacement vendor on terms that are acceptable to us or at all. Our sensitivity to any of these issues may be heightened (1) due to the seasonality of our business, (2) with respect to any vendor that we utilize for the provision of any product or service that has specialized expertise, (3) with respect to any vendor that is a sole or exclusive provider, or (4) with respect to any vendor whose indemnification obligations are limited or that does not have the financial capacity to satisfy its indemnification obligations. Some of our vendors are subject to the oversight of regulatory bodies and, as a result, our product or service offerings may be affected by the actions or decisions of such regulatory bodies. If our vendors are unable to meet our needs and we are not able to develop alternative sources for these services and products quickly and cost-effectively, or if a key vendor were to commit a major error or suffer a material adverse event, it could result in a material and adverse impact on our business and our consolidated financial position, results of operations, and cash flows. **122024 Form 10- K | H & R Block, Inc.** The specialized and highly seasonal nature of our business presents financial risks and operational and human capital challenges. Our business is highly seasonal, with the substantial portion of our revenue earned from February through April in a typical year. The concentration of our revenue-generating activity during this relatively short period presents a number of challenges for us, including (1) cash and resource management during the remainder of our fiscal year, when we generally operate at a loss and incur fixed costs and costs of preparing for the upcoming tax season, (2) responding to changes in competitive conditions, including marketing, pricing, and new product offerings, which could affect our position during the tax season, (3) disruptions, delays, or extensions in a tax season, including those caused by pandemics, ~~such as the COVID-19 outbreak,~~ or severe weather, (4) client dissatisfaction issues or negative social media campaigns, which may not be timely discovered or satisfactorily addressed, and (5) ensuring optimal uninterrupted operations and service delivery during the tax season, which may be disrupted by natural or manmade disasters, extreme weather conditions, pandemics ~~or other endemics, catastrophic catastrophes,~~ or a wide variety of events **within or outside of our control. Any unanticipated changes to federal or state tax filing deadlines may further amplify the impact of seasonality on our business and affect the comparability of our financial results from period to period.** If we experience ~~122023 Form 10- K | H & R Block, Inc.~~ significant business disruptions during the tax season or if we are unable to effectively address the challenges described above and related challenges associated with a seasonal business, we could experience a loss, disruption, or change in timing of business, which could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. We **rely on the performance of key personnel, including our executive leadership and other key associates, and we** may be unable to attract and retain key personnel or fully control or accurately predict our labor costs. Our business depends on our ability to attract, develop, motivate, and retain key personnel in a timely manner, including members of our executive team and those in seasonal tax preparation positions (which may be required on short notice during any extended tax season or to serve extended filers) or with other required specialized expertise, such as technical positions (including with respect to cybersecurity, artificial intelligence, and machine learning). **Changes in our management team resulting from the hiring or departure of executives and key associates from time to time could disrupt our business. Executive leadership transition periods may negatively impact operations due to increased or unanticipated expenses, operational inefficiencies, uncertainty, decreased employee morale and productivity, or increased turnover.** The market for ~~such key~~ personnel is extremely competitive, and there can be no assurance that we will be successful in our efforts to attract and retain the required qualified personnel within necessary timeframes, or at expected cost levels. As the global labor market continues to evolve ~~as a result of the COVID-19 pandemic and other changes,~~ our current and prospective key personnel may seek new or different opportunities based on pay levels, benefits, or remote work flexibility that are different from what we offer, or may determine to leave the workforce, making it difficult to attract and retain them. If we are unable to attract, develop, motivate, and retain key personnel, our business, operations, and financial results could be negatively impacted. In addition, if our costs of labor or related costs increase, if new or revised labor laws, rules, or regulations are adopted or implemented that impact our seasonal workforce and increase our labor costs, or if our labor costs are unpredictable due to tax season fluctuations or otherwise, there could be a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Our business depends on our strong reputation and the value of our brands. Developing and maintaining awareness of our brands is critical to achieving widespread acceptance of our existing and future services and products and is an important element in attracting new clients. In addition, our franchisees operate their businesses under our brands. Adverse publicity (whether or not justified) relating to events or activities involving or attributed to us, our franchisees, employees, vendors, or agents or our services or products, which may be enhanced due to the nature of social media, may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand for our services and products and **H & R Block, Inc. 2024 Form 10- K13** thus have an adverse effect on our future financial results, as well as require additional resources to rebuild our reputation and restore the value of our brands. Failure to maintain sound business relationships with our franchisees may have a material adverse effect on our business and we may be subject to legal and other challenges resulting from our franchisee

relationships. Our financial success depends in part on our ability to maintain sound business relationships with our franchisees. The support of our franchisees is also critical for the success of our ongoing operations. Deterioration in our relationships with our franchisees could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. We also grant our franchisees a limited license to use our registered trademarks and, accordingly, there is risk that one or more of the franchisees may be alleged to be controlled by us. Third parties, regulators or courts may seek to hold us responsible for the actions or failures to act by our franchisees. Adverse outcomes related to legal actions could result in substantial damages and could cause our earnings to decline. Negative public opinion could also result from our or our franchisees' actual or alleged conduct in such claims, possibly damaging our reputation, which, in turn, could adversely affect our business prospects and cause the market price of our securities to decline. Our international operations are subject to risks that may harm our business and our consolidated financial position, results of operations, and cash flows. We have international operations, including tax preparation businesses in Canada and Australia, **a technology and shared services centers-center** in India **and, a technology center in** Ireland, and Wave in Canada. We may consider expansion opportunities in additional countries in the future and there is uncertainty about our ability to generate revenues from new or emerging foreign operations or expand into other international markets. Additionally, there are risks inherent in doing business internationally, including: (1) changes in trade regulations; (2) difficulties in managing foreign operations as a result **H & R Block, Inc. | 2023 Form 10-K 13** of distance, language, and cultural differences; (3) profit repatriation restrictions, and fluctuations in foreign currency exchange rates; (4) geopolitical events, including acts of war and terrorism, and economic and political instability; (5) compliance with anti-corruption laws such as the U. S. Foreign Corrupt Practices Act and other applicable foreign anti-corruption laws; (6) compliance with U. S. and international laws and regulations, including those concerning privacy and data protection and retention; and (7) risks related to other government regulation or required compliance with local laws. These risks inherent in international operations and expansion could prevent us from expanding into other international markets or increase our costs of doing business internationally and could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. In addition, we prepare U. S. federal and state tax returns for taxpayers residing in foreign jurisdictions, including the European Union (EU), and we and certain of our franchisees operate and provide other services in foreign jurisdictions. As a result, certain aspects of our operations are subject, or may in the future become subject, to the laws, regulations, and policies of those jurisdictions that regulate the collection, use, and transfer of personal information, which may be more stringent than those of the U. S., including, but not limited to the EU General Data Protection Regulation, the Canadian Personal Information Protection and Electronic Documents Act, and Canadian Provincial legislation. Costs for us to comply with such laws, regulations, and policies that are applicable to us could be significant. We may also face audits or investigations by one or more foreign government agencies relating to these laws, regulations, and policies that could result in the imposition of penalties or fines. ~~Our financial condition and results of operations have been, and may continue to be, adversely affected by the COVID-19 pandemic, and may be impacted by a resurgence of COVID-19 or a variant thereof or a future outbreak of another highly infectious or contagious disease. During March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic, and the impacts of the pandemic have been felt since that time. Since the beginning of the pandemic, jurisdictions in which we operate have from time-to-time imposed various restrictions on our business. Notwithstanding our efforts to address the impacts of the COVID-19 pandemic, or a variant thereof, on our business, there is no certainty that the measures we implemented, or may implement in the future, are or will be sufficient to mitigate the risks posed by COVID-19, a variant thereof, or another infectious disease. Alleged failures in this regard could result in negative impacts, including regulatory investigations, claims, legal actions, harm to our reputation and brands, fines, penalties, and other damages. As a result of the COVID-19 pandemic, the IRS and substantially all U. S. states extended the filing deadline in consecutive tax seasons for 2019 and 2020 individual income tax returns. These extensions impacted the typical seasonality of our business and the comparability of our financial results. In the event of a resurgence of COVID-19 or the outbreak of another infectious disease, Treasury, the IRS, and state or foreign officials may determine to extend future tax deadlines or take other actions, which could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows in future years. The extent to which the COVID-19 pandemic or another outbreak impacts our business, operations, and financial results going forward will depend on numerous evolving factors that we may not be able to accurately predict. The resurgence of COVID-19 or a variant thereof or a new global or national outbreak of another highly infectious or contagious disease, the requirements to take action to help limit the spread of illness, and the other risks described above may further impact our ability to carry out our business and may materially adversely impact global economic conditions, our business, results of operations, cash flows, and financial condition.~~

INFORMATION SECURITY, CYBERSECURITY, AND DATA PRIVACY RISKS Compliance with the complex and evolving laws, regulations, standards, and contractual requirements regarding privacy and data protection could require changes in our business practices and increase costs of operation; failure to comply could result in significant claims, fines, penalties, and damages. Due to the nature of our business, we collect, use, and retain large amounts of personal information and data pertaining to clients, including tax return information, financial product and service information, and social security **142023-142024** Form 10-K | H & R Block, Inc. numbers. In addition, we collect, use, and retain personal information and data of our employees in the ordinary course of our business. We are subject to laws, rules, and regulations relating to the collection, use, disclosure, and security of such consumer and employee personal information, which have drawn increased attention from U. S. federal, state, and foreign governmental authorities in jurisdictions in which we operate. In the U. S., the IRS generally requires a tax return preparer to obtain the written consent of the taxpayer prior to using or disclosing the taxpayer's tax return information for certain purposes other than tax return preparation, which may limit our ability to market revenue-generating products to our clients. In addition, other regulations require financial institutions to adopt and disclose their consumer privacy notice and generally provide consumers with a reasonable opportunity to "opt-out" of having nonpublic personal information disclosed to unaffiliated third parties for certain

purposes. Numerous jurisdictions have passed, and may in the future pass, new laws related to the collection, use, and retention of consumer or employee information and this area continues to be an area of interest for U. S. federal, state, and foreign governmental authorities. For example, the State of California adopted the California Consumer Privacy Act (CCPA), which became effective January 1, 2020, as amended by the California Privacy Rights Act (CPRA) on January 1, 2023. Subject to certain exceptions, these laws impose new requirements on how businesses collect, process, manage, and retain certain personal information of California residents and provide California residents with various rights regarding personal information collected by a business. In addition, certain states have adopted comprehensive privacy laws, and other jurisdictions have adopted or may in the future adopt their own, different privacy laws. These laws may contain different requirements or may be interpreted and applied inconsistently from jurisdiction to jurisdiction. Our current privacy and data protection policies and practices may not be consistent with all of those requirements, interpretations, or applications. In addition, changes in U. S. federal and state regulatory requirements, as well as requirements imposed by governmental authorities in foreign jurisdictions in which we operate, could result in more stringent requirements and a need to change business practices, including the types of information we can use and the manner in which we can use such information. Establishing systems and processes, or making changes to our existing policies, to achieve compliance with these complex and evolving requirements may increase our costs or limit our ability to pursue certain business opportunities. There can be no assurance that we will successfully comply in all circumstances. We are, and may in the future be, subject to regulatory investigations, claims and legal actions related to the collection, use, sharing, and / or retention of information, which could lead to further inquiries, further legal actions, other regulatory or legislative actions, harm to our reputation and brands, fines, penalties, and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing or future privacy and data security standards and protocols imposed by law, regulation, industry standards or contractual obligations. A security breach of our systems, or third- party systems on which we rely, resulting in unauthorized access to personal information of our clients or employees or other sensitive, nonpublic information, may adversely affect the demand for our services and products, our reputation, and financial performance. We offer a range of services and products to our clients, including tax return preparation solutions, financial services and products, and small business solutions through our company- owned or franchise offices and online. Due to the nature of these services and products, we use multiple digital technologies to collect, transmit, and store high volumes of client personal information. We also collect, use, and retain other sensitive, nonpublic information, such as employee social security numbers, healthcare information, and payroll information, as well as confidential, nonpublic business information. Certain third parties and vendors have access to personal information to help deliver client benefits, services, and products, or may host certain of our and our clients' sensitive and personal information and data. Information security risks continue to increase due in part to the increased adoption of and reliance upon digital technologies by companies and consumers. Our risk and exposure to these matters remain heightened due to a variety of factors including, among other things, (1) the evolving nature of these threats and related regulation, (2) the increased activity and sophistication of hostile foreign governments, organized crime, cyber criminals, and hackers that may initiate cyberattacks against us or third- party systems on which we rely **using technology and other strategies that continue to evolve, including artificial intelligence and social engineering**, (3) the prominence of our brand, (4) our and our franchisees' extensive office footprint, (5) our plans to continue to implement strategies for our online and mobile applications and our desktop software, (6) our use of third- party vendors, (7) our use of certain new technologies, such as artificial intelligence and H & R Block, Inc. | 2023-2024 Form 10- K15 **and** machine learning, and (8) the usage of remote working arrangements by our associates, franchisees, and third- party vendors, which **has** significantly expanded **in recent years due to the COVID-19 pandemic**. Cybersecurity risks may result from fraud or malice **from external or internal actors** (a cyberattack), human error, or accidental technological failure. Cyberattacks are designed to electronically circumvent network security for malicious purposes such as unlawfully obtaining personal information, disrupting our ability to offer services, damaging our brand and reputation, stealing our intellectual property, or advancing social or political agendas. We face a variety of cyberattack threats including computer viruses, malicious codes, worms, phishing attacks, social engineering, denial of service attacks, ransomware, and other sophisticated attacks. Although we use security and business controls to limit access to and use of personal information and expend significant resources to maintain multiple levels of protection to address or otherwise mitigate the risk of a security breach, such measures cannot provide absolute security. We regularly test our systems to discover and address potential vulnerabilities, and we rely on training and testing of our employees regarding heightened phishing and social engineering threats. We also conduct certain background checks on our employees, as allowed by law. Due to the structure of our business model, we also rely on our franchisees, vendors, and other private and governmental third parties to maintain secure systems and respond to cybersecurity risks. Where appropriate, we impose certain requirements and controls on these third parties, but it is possible that they may not appropriately employ these controls or that such controls (or their own separate requirements and controls) may be insufficient to protect personal information. Cybersecurity and the continued development and enhancement of our controls, processes, and practices designed to protect our systems, computers, software, data, and networks from attack, damage, or unauthorized access remain a top priority for us. As risks and regulations continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate information security vulnerabilities. Notwithstanding these efforts, there can be no assurance that a security breach, intrusion, or loss or theft of personal information will not occur. In addition, the techniques used to obtain unauthorized access change frequently, become more sophisticated, and are often difficult to detect until after a successful attack, causing us to be unable to anticipate these techniques or implement adequate preventive measures in all cases. Unauthorized access to personal information as a result of a security breach could cause us to determine that it is required or advisable for us to notify affected individuals, regulators, or others under applicable privacy laws and regulations or otherwise. Security breach remediation could also require us to expend significant resources to assist impacted individuals, repair damaged systems, implement modified information security measures, and maintain client and business relationships. Other

consequences could include reduced client demand for our services and products, loss of valuable intellectual property, reduced growth and profitability and negative impacts to future financial results, loss of our ability to deliver one or more services or products (e. g., inability to provide financial services and products or to accept and process client credit card transactions or tax returns), modifying or stopping existing business practices, legal actions, harm to our reputation and brands, fines, penalties, and other damages, and further regulation and oversight by U. S. federal, state, or foreign governmental authorities. A security breach or other unauthorized access to our systems, or third- party systems on which we rely, could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. LEGAL AND REGULATORY RISKS Regulations promulgated by **state and federal regulators, including** the Consumer Financial Protection Bureau (CFPB), ~~or other regulators~~ may affect our financial services businesses in **new or unexpected** ways ~~we cannot predict~~, which may **impact our ability to offer certain financial products or** require changes to the financial products we offer, our services, and contracts. The CFPB has broad powers to administer, investigate compliance with, and, in some cases, enforce U. S. federal financial consumer protection laws. The CFPB has broad rule- making authority for a wide range of financial consumer protection laws that apply to certain of the financial products we offer, including the authority to **prohibit or allege" unfair, deceptive, or abusive" acts and practices. In addition, state or local jurisdictions in which we operate have passed, and may in the future pass, new laws related to banking and the offering of financial products. These laws may contain different requirements or may be interpreted and applied inconsistently from** ~~162023-162024~~ Form 10- K | H & R Block, Inc. ~~prohibit~~ **jurisdiction to jurisdiction. Regulators are interpreting existing laws, regulations, and rules in new and different ways as they attempt to apply them more broadly. or For example allege" unfair, deceptive, or abusive" acts** ~~bank partnership arrangements are increasingly subject to heightened scrutiny at the federal and practices state level~~ . It is difficult to predict how currently proposed or new regulations, **or new interpretations of existing regulations,** may impact the financial products we offer. The CFPB and other federal or state regulators may examine, investigate, and take enforcement actions against our subsidiaries that offer consumer financial services and products, as well as financial institutions and other third parties upon which our subsidiaries rely to provide consumer financial services and products. State regulators also have certain authority in enforcing and promulgating financial consumer protection laws, ~~the~~. ~~As a results-- result, some of which could be (i)~~ **states issuing have issued** new and broader financial consumer protection laws **and others may in the future, some of which are** ~~could be~~ more comprehensive than existing U. S. federal regulations. **In addition, or (ii)** state attorneys general **may in some cases** ~~bringing~~ **bring** actions to enforce federal consumer protection laws. Currently proposed or new federal and state laws and regulations, or expanded interpretations of current laws and regulations **that differ from our existing interpretations, may result in legal actions, may impact our ability to offer certain financial products, or** may require changes to the financial products we offer, our services or contracts, and this could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Laws and regulations or other regulatory actions could have an adverse effect on our business and our consolidated financial position, results of operations, and cash flows. Our tax preparation business and operations are subject to various forms of government regulation, including U. S. federal requirements regarding the signature and inclusion of identification numbers on tax returns and tax return retention requirements. U. S. federal laws also subject income tax return preparers to accuracy- related penalties, and preparers may be prohibited from continuing to act as income tax return preparers if they repeatedly engage in specified misconduct. We are also subject to, among other things, advertising standards for electronic tax return filers, and to possible monitoring by the IRS, and if deemed appropriate, the IRS could impose various penalties, including suspension from the IRS electronic filing program. Many states and local jurisdictions have laws regulating tax professionals or the offering of income tax courses, which are in addition to and may be different than federal requirements. In addition, our franchising activities are subject to various rules and regulations, including requirements to furnish prospective franchisees with a prescribed franchise disclosure document. Substantive state laws regulating the franchisor / franchisee relationship presently exist in a large number of states. These state laws often limit, among other things, the duration and scope of non- competition provisions, the ability of a franchisor to terminate or refuse to renew a franchise contract and the ability of a franchisor to designate sources of supply. In addition, bills have been introduced from time to time that would provide for federal regulation of the franchisor / franchisee relationship in certain respects or that would impact the traditional nature of the relationship between franchisors and franchisees. Additionally, our offering of consumer financial products and services are subject to various rules and regulations, including potential limitations or restrictions on the amount of interchange fees. There can be no assurance that future regulation or changes by the payment networks will not impact interchange revenues substantially. If interchange rates decline, whether due to actions by the payment networks or future regulation, it could impact the profitability of our consumer financial products and services or our ability to offer such products or services. Given the nature of our businesses, we are subject to various additional federal, state, local, and foreign laws and regulations, including, without limitation, in the areas of labor, immigration, marketing and advertising, consumer protection, financial services and products, payment processing, privacy and data security, anti- competition, environmental, health and safety, insurance, and healthcare. There have been significant new or proposed regulations and / or heightened focus by the government and others in some of these areas, including, for example, privacy and data security, climate change, interchange fees, consumer financial services and products, endorsements and testimonials, telemarketing, web and wireless marketing technologies, **non- competition agreements and other** restrictive covenants, and labor, including overtime and exemption regulations, state and local laws on minimum wage, worker classification, and other labor- related issues. In addition, as we continue to ~~incorporate additional or emerging technologies into our business, such as in the areas of artificial intelligence and machine learning, we may become subject to increased government regulation or regulatory scrutiny.~~ H & R Block, Inc. | ~~2023-2024~~ Form 10- K17 **incorporate additional or emerging technologies into our business, such as in the areas of artificial intelligence and machine learning, we may become subject to increased government regulation or regulatory scrutiny.** The above requirements and business implications are subject to change and

evolving application, including by means of new legislation, legislative changes, and / or executive orders, and there may be additional regulatory actions or enforcement priorities, or new interpretations of existing requirements that differ from ours. These developments could impose unanticipated limitations or require changes to our business, which may make elements of our business more expensive, less efficient, or impossible to conduct, and may require us to modify our current or future services or products, which effects may be heightened given the nature, broad geographic scope, and seasonality of our business. We face legal actions in connection with our various business activities, **both past and present**, and current or future legal actions may damage our reputation, impair our product offerings, or result in material liabilities and losses. We have been named and, in the future will likely continue to be named, in various legal actions, including class or representative actions, individual or mass arbitrations, actions or inquiries by state attorneys general and other regulators, and other litigation arising in connection with our various business activities, including relating to our various service and product offerings. For example, as previously reported, we are subject to **litigation-legal actions** and have received and are responding to certain governmental inquiries **and other matters** relating to the IRS Free File program and **other aspects of** our DIY tax preparation services, **including the use of pixels**. These inquiries **and other matters** include, among other things, requests for information and subpoenas from various regulators and state attorneys general **and private legal actions, including class actions and mass arbitrations. In addition, our discontinued operations, which include the results of operations of Sand Canyon Corporation, formerly known as Option One Mortgage Corporation (including its subsidiaries, collectively, SCC), have been, and may in the future be, subject to loss contingencies, which may result in significant financial losses. The creditors of SCC or other potential claimants may attempt to assert claims against us for payment of SCC' s obligations**. We cannot predict whether ~~these~~ **the** legal actions **described above** could lead to further inquiries, further litigation, fines, **damages**, injunctions or other regulatory or legislative actions, or impacts on our brand, reputation and business. See discussion in Item 8, note 12 to the consolidated financial statements for additional information. Failure to protect our intellectual property rights may harm our competitive position and litigation to protect our intellectual property rights or defend against third party allegations of infringement may be costly. Despite our efforts to protect our intellectual property and proprietary information, we may be unable to do so effectively in all cases. Our intellectual property could be wrongfully acquired as a result of a cyberattack, other wrongful conduct by employees or third parties, or human error. To the extent that our intellectual property is not protected effectively by trademarks, copyrights, patents, or other means, other parties with knowledge of our intellectual property, including former employees, may seek to exploit our intellectual property for their own or others' advantage. Competitors may also misappropriate our trademarks, copyrights or other intellectual property rights or duplicate our technology and products. Any significant impairment or misappropriation of our intellectual property or proprietary information could harm our business and our brand, and may adversely affect our ability to compete. In addition, third parties may allege we are infringing their intellectual property rights, and we may face intellectual property challenges from other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes and, in that event, we could lose significant revenues, incur significant royalty or technology development expenses, suffer harm to our reputation, or pay significant monetary damages. **182024 Form 10- K | H & R Block, Inc.** FINANCIAL RISKS Our access to liquidity may be negatively impacted by disruptions in credit markets, downgraded credit ratings, increased interest rates or our failure to meet certain covenants. Our funding costs could increase, further impacting earnings. We need liquidity to meet our working capital requirements, to service debt obligations, including refinancing of maturing obligations, and for general corporate purposes. Our operations are highly seasonal and substantially all of our revenues and cash flows are generated during the period from February through April in a typical year. Therefore, we normally require the use of cash to fund losses and working capital needs, periodically resulting in a working capital deficit, from May through January. We typically have relied on available cash balances from the prior tax season and borrowings to meet liquidity needs during this time period. Events may occur that could increase our need for liquidity above current levels. We may need to obtain additional sources of funding to meet these needs, which may not be available or may only be available under unfavorable terms. In addition, if rating agencies downgrade our credit rating or interest rates increase, the cost of debt under our existing financing ~~182023 Form 10- K | H & R Block, Inc.~~ arrangements, as well as future financing arrangements, could increase and our capital market access could decrease or become unavailable. Our unsecured committed line of credit (CLOC) is subject to various covenants, and a violation of a covenant could impair our access to liquidity currently available through the CLOC. In addition, if we violate a covenant in the CLOC and are unable to obtain a waiver from our lenders, our debt under the CLOC would be in default and could be accelerated by our lenders. An acceleration of the indebtedness under the CLOC would cause a cross default under the indenture governing our Senior Notes. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all. If current sources of liquidity were to become unavailable, we would need to obtain additional sources of funding, which may not be available or may only be available under less favorable terms. This could have a material adverse effect on our business and our consolidated financial position, results of operations, and cash flows. The continued payment of dividends on our common stock and repurchases of our common stock are dependent on a number of factors, and cannot be assured. We need liquidity sufficient to fund payments of dividends on our common stock and repurchases of our common stock. In addition, holders of our common stock are only entitled to receive such dividends, and the Company may only repurchase shares, as our Board of Directors may authorize out of funds legally available for such payments. Due to the seasonal nature of our business and the fact that our business is not asset- intensive, we have had, and are likely to continue to have, a negative net worth under U. S. generally accepted accounting principles (GAAP) at various times throughout the year. Therefore, the payment of dividends or stock repurchases at such times would cause us to further increase that GAAP negative net worth. **In addition, our stock repurchase program does not have an expiration date and we are not obligated to repurchase a specified number of shares. Our repurchase program may be suspended or terminated at any time, and there can be no assurance that our repurchase program will enhance long- term**

shareholder value. The payment of future dividends and future repurchases will depend upon our earnings, economic conditions, liquidity and capital requirements, and other factors, including our debt leverage. Even if we have sufficient resources to pay dividends and to repurchase shares of our common stock, our Board of Directors may determine to use such resources to fund other Company initiatives. Accordingly, we cannot make any assurance that future dividends will be paid, or future repurchases will be made, at levels comparable to our historical practices, if at all. Changes in corporate tax laws or regulations, or in the interpretations of tax laws or regulations, could materially affect our financial condition, cash flows, and operating results. As a profitable multinational corporation, we are subject to a material amount of taxes in the U. S. and numerous foreign jurisdictions where our subsidiaries are organized and conduct their operations. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. The amount of tax due in various jurisdictions may change significantly as a result of political or economic factors beyond our control, including changes to tax laws or new interpretations of existing laws that are inconsistent with previous **H & R Block, Inc. | 2024 Form 10- K19** interpretations or positions taken by taxing authorities on which we have relied. New regulatory guidance, or regulatory interpretations that differ from our existing interpretations, could materially affect our effective tax rates or value of deferred tax assets and liabilities. Legislatures and taxing authorities in jurisdictions in which we operate may propose additional changes to their tax rules in response to economic conditions, or as part of broader tax reformation initiatives. The current administration previously committed to increasing the corporate income tax rate from 21 percent to 28 percent, and to increasing the tax rate applied to profits earned outside the United States. If enacted, the impact of these potential new rules could be material to our tax provision and value of deferred tax assets and liabilities. In addition, projects undertaken by international organizations may change international tax norms relating to each country' s jurisdiction to tax cross- border international trade. Given the unpredictability of these and other possible changes to tax laws and related regulations, it is difficult to assess the overall effect of such potential changes, but any such changes could, if adopted and applicable to us, adversely impact our effective tax rates and other tax liabilities. Our tax returns and other tax matters are periodically examined by tax authorities and governmental bodies, including the IRS, which may disagree with positions taken by us in determining our tax liability. There can be no **H & R Block, Inc. | 2023 Form 10- K19** assurance as to the outcome of these examinations. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for income taxes. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected.

RISKS RELATING TO DISCONTINUED OPERATIONS Sand Canyon Corporation, previously known as Option One Mortgage Corporation (including its subsidiaries, collectively, SCC), is subject to loss contingencies, including indemnification and contribution claims, which may result in significant financial losses. Additionally, we could be subject to claims by the creditors of SCC. Although SCC ceased its mortgage loan origination activities in December 2007 and sold its loan servicing business in April 2008, SCC has been and may in the future be, subject to loss contingencies, including indemnification and contribution claims, pertaining to SCC' s mortgage business activities that occurred prior to such termination and sale. If the amount that SCC is ultimately required to pay with respect to these claims, together with related administration and legal expense, exceeds its 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 have also attempted, and may in the future attempt, to assert claims against or seek payment directly from the Company even if SCC' s assets exceed its liabilities. SCC' s principal assets, as of June 30, 2023, total approximately \$ 262 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.