

H&R BLOCK INC
Form 10-Q
March 08, 2019
Table of Contents

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

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2019

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

Commission file number 1-06089

H&R Block, Inc.

(Exact name of registrant as specified in its charter)

MISSOURI 44-0607856

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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)

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 February 28, 2019: 203,293,118 shares.

Table of Contents

Form 10-Q for the Period Ended January 31, 2019

Table of Contents

PART I

<u>Item 1.</u>	Consolidated Statements of Operations and Comprehensive Loss Three and nine months ended January 31, 2019 and 2018	1
	Consolidated Balance Sheets As of January 31, 2019, January 31, 2018 and April 30, 2018	<u>2</u>
	Consolidated Statements of Cash Flows Nine months ended January 31, 2019 and 2018	<u>3</u>
	Notes to Consolidated Financial Statements	<u>4</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>26</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>34</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>34</u>
	<u>PART II</u>	
<u>Item 1.</u>	Legal Proceedings	<u>34</u>
<u>Item 1A.</u>	Risk Factors	<u>34</u>
<u>Item 2.</u>	Unregistered Sales of Equity Securities and Use of Proceeds	<u>34</u>
Item 3.	Defaults Upon Senior Securities	<u>34</u>
Item 4.	Mine Safety Disclosures	<u>34</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>35</u>
<u>Item 6.</u>	Exhibits	<u>35</u>
	<u>Signatures</u>	<u>36</u>

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS

	Three months ended		(unaudited, in 000s, except per share amounts)	
	January 31,		Nine months ended	
	2019	2018	2019	2018
REVENUES:				
Service revenues	\$373,659	\$388,771	\$627,786	\$641,389
Royalty, product and other revenues	94,725	99,655	134,652	125,693
	468,384	488,426	762,438	767,082
OPERATING EXPENSES:				
Costs of revenues	421,026	416,601	893,401	884,335
Selling, general and administrative	185,458	169,098	404,517	381,193
Total operating expenses	606,484	585,699	1,297,918	1,265,528
Other income (expense), net	2,269	1,028	11,275	3,259
Interest expense on borrowings	(22,833)	(24,560)	(65,214)	(67,102)
Loss from continuing operations before income taxes (benefit)	(158,664)	(120,805)	(589,419)	(562,289)
Income taxes (benefit)	(38,885)	122,120	(149,906)	(43,234)
Net loss from continuing operations	(119,779)	(242,925)	(439,513)	(519,055)
Net loss from discontinued operations, net of tax benefits of \$1,962, \$1,422, \$4,731 and \$6,094	(6,675)	(2,720)	(15,887)	(10,723)
NET LOSS	\$(126,454)	\$(245,645)	\$(455,400)	\$(529,778)
BASIC AND DILUTED LOSS PER SHARE:				
Continuing operations	\$(0.58)	\$(1.16)	\$(2.13)	\$(2.49)
Discontinued operations	(0.04)	(0.02)	(0.08)	(0.05)
Consolidated	\$(0.62)	\$(1.18)	\$(2.21)	\$(2.54)
DIVIDENDS DECLARED PER SHARE	\$0.25	\$0.24	\$0.75	