UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2023

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 0-14112

JACK HENRY & ASSOCIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware	43-1128385
(State or Other Jurisdiction of Incorporation)	(I.R.S Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708
(Address of Principal Executive Offices)
(Zip Code)

417-235-6652
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock ($0.01 par value)	JKHY	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes ☐ No ☒

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 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, 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.

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes ☐ No ☒

On December 31, 2022, the aggregate market value of the Common Stock held by persons other than those who may be deemed affiliates of Registrant was $12,739,269,127 (based on the closing stock price on Nasdaq on December 31, 2022).

As of August 15, 2023, the Registrant had 72,935,131 shares of Common Stock outstanding ($0.01 par value).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2023 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this Report to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission ("SEC") within 120 days of the Company's fiscal year ended June 30, 2023.

TABLE OF CONTENTS

In this report, all references to "Jack Henry," the “Company," “we," “us," and “our," refer to Jack Henry & Associates, Inc., and its wholly owned subsidiaries. Unless otherwise stated, references to particular years, quarters, months, or periods refer to the Company's fiscal years ended in June and the associated quarters, months, and periods of those fiscal years.

FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements may appear throughout this report, including without limitation, in Management's Discussion and Analysis of Financial Condition and Results of Operations. Forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “seek,” “anticipate,” “estimate,” “future,” “intend,” “plan,” “strategy,” “predict,” “likely,” “should,” “will,” “would,” “could,” “can,” “may,” and similar expressions. Forward-looking statements are based only on management’s current beliefs, expectations and assumptions regarding the future of the Company, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, those discussed in this Annual Report on Form 10-K, in particular, those included in Item 1A, “Risk Factors” of this report, and those discussed in other documents we file with the SEC. Any forward-looking statement made in this report speaks only as of the date of this report, and the Company expressly disclaims any obligation to publicly update or revise any forward-looking statement, whether because of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Jack Henry & Associates, Inc.® is a well-rounded financial technology company that strengthens connections between financial institutions and the people and businesses they serve. For more than 47 years, we have provided technology solutions to help banks and credit unions innovate faster, strategically differentiate, and successfully compete while serving the evolving needs of their accountholders. We empower over 7,500 financial institutions and diverse corporate entities with people-inspired innovation, personal service, and insight-driven solutions that help reduce the barriers to financial health.

Mission Statement

We strengthen the connections between people and their financial institutions through technology and services that reduce the barriers to financial health.

This philosophy has always been part of our foundation and the roots on which Jack Henry was built. Our founders, Jack Henry and Jerry Hall, were committed to their community and believed they could help financial institutions better serve the needs of people and businesses using more modern technology and services.

While much has changed since we opened for business in 1976, we continue to be focused on helping community and regional financial institutions, and we are guided by our founding principles: do the right thing, do whatever it takes, and have fun.

Who We Serve

We provide products and services primarily to community and regional financial institutions:

- Core bank integrated data processing systems are provided to 940 banks ranging from de novo to multi-billion-dollar institutions with assets of up to $50 billion. The number of banks we serve has decreased in the last year due to acquisitions and mergers within the banking industry, which are discussed further under the heading "Our Industry" in this Item 1. Our banking solutions support both on-premise and private cloud operating environments with functionally distinct core processing platforms and integrated complementary solutions.
- Core credit union data processing solutions are provided to credit unions of all sizes, with a client base of over 710 credit union customers. We offer a flagship core processing platform and integrated complementary solutions that support both on-premise and private cloud operating environments.
- Non-core highly specialized core-agnostic products and services are also provided to financial institutions. We offer complementary solutions that include highly specialized financial performance, imaging and payments processing, information security and risk management, retail delivery, and online and mobile functionality. These products and services enhance the performance of traditional financial services organizations of all asset sizes and charters, and non-traditional diverse corporate entities. In total, we serve over 7,500 customers, over 1,650 of our core customers included in our bank and credit union customers listed above, and nearly 5,880 non-core customers.

Our products and services provide our customers with solutions that can be tailored to support their unique growth, service, operational, and performance goals. Our well-rounded solutions also enable financial institutions to offer the high-demand products and services required by their customers to compete more successfully, and to capitalize on evolving trends shaping the financial services industry.

We are committed to exceeding our customers’ expectations. We measure and monitor customer satisfaction using a variety of surveys, such as an annual survey on the customer's anniversary date and randomly-generated online surveys initiated each day by routine support requests to ensure feedback is received throughout the year. The results of our survey process provide assurance that our service consistently exceeds our customers’ expectations and, we believe, contribute to our excellent customer retention rates.

We are focused on establishing long-term customer relationships, continually expanding and strengthening those relationships with cross sales of additional products and services that support our clients' strategy, earning new financial and non-financial clients, and ensuring our product offerings are highly competitive.

The majority of our revenue is derived from support and services provided by our private and public cloud services for our hosted customers that are typically on a seven-year or greater contract, recurring electronic payment solutions that are also generally on a contract term of seven years or greater, and our on-premise customers that are typically on a one-year contract. Less predictable software license fees, paid by customers implementing our software solutions on-premise, and hardware sales, including all non-software products that we re-market in order to support our software systems, complement our primary revenue sources. Information regarding the classification of our business into four separate segments is set forth in Note 14 to the consolidated financial statements (see Item 8).

We recognize that our associates and their collective contribution are ultimately responsible for Jack Henry's past, present, and future success. Recruiting and retaining high-quality employees is essential to our ongoing growth and financial performance, and we believe we have established an organizational culture that sustains high levels of employee engagement. For further discussion of our human capital considerations, see "Human Capital" below.

Our Industry

Our core banking solutions serve commercial banks and savings institutions with up to $50 billion in assets. According to the Federal Deposit Insurance Corporation (“FDIC”), there were approximately 4,660 commercial banks and savings institutions in this asset range as of December 31, 2022, and we currently support 940 of these banks with one of our three core information processing platforms and complementary products and services.

Our core credit union solutions serve credit unions of all asset sizes. According to the Credit Union National Association (“CUNA”), there were more than 4,850 domestic credit unions as of December 31, 2022, and we currently support over 710 of these credit unions with one flagship core information processing platform and complementary products and services.

Our non-core solutions serve financial services organizations of all asset sizes and charters and other diverse corporate entities. We currently support over 7,500 institutions with specialized solutions for generating additional revenue and growth, increasing security, mitigating operational risks, and controlling operating costs.

The FDIC reports the number of commercial banks and savings institutions declined 17% from the beginning of calendar year 2017 to the end of calendar year 2022, due mainly to mergers. Although the number of banks declined at a 4% compound annual rate during this period, aggregate assets increased at a compound annual rate of 6% and totaled $23.6 trillion as of December 31, 2022. There were 15 new bank charters issued in calendar year 2022, compared to 10 in the 2021 calendar year. Comparing calendar years 2022 to 2021, the number of mergers decreased 19%.

CUNA reports the number of credit unions declined 15% from the beginning of calendar year 2017 to the end of calendar year 2022. Although the number of credit unions declined at a 3% compound annual rate during this period, aggregate assets increased at a compound annual rate of 9% and totaled $2.2 trillion as of December 31, 2022.

Community and mid-tier banks and credit unions are vitally important to the communities, consumers, and businesses they serve. Bank customers and credit union members rely on these institutions to provide personalized, relationship-based service and competitive financial products and services available through the customer’s delivery channel of choice. Institutions are recognizing that attracting and retaining customers and members in today’s highly competitive financial industry and realizing near-term and long-term performance goals are often technology dependent. Financial institutions must implement technological solutions that enable them to:

- Offer e-commerce, mobile, and digital strategies that provide the convenience-driven services required in today’s financial services industry.
- Maximize performance with accessible, accurate, and timely business intelligence information.
- Provide the high-demand products and services needed to successfully compete with traditional and non-traditional competitors created by convergence within the financial services industry.
- Enhance the customer/member experience at multiple points of contact.
- Expand existing customer/member relationships and strengthen exit barriers by cross selling additional products and services.
- Capitalize on new revenue, and deposit and loan portfolio growth opportunities.
- Increase operating efficiencies and reduce operating costs.
- Protect mission-critical information assets and operational infrastructure.
- Protect customers/members with various security tools from fraud and related financial losses.
- Maximize the day-to-day use of technology and return on technology investments.
- Ensure full regulatory compliance.

Jack Henry's extensive product and service offerings help diverse financial institutions meet business challenges and capitalize on opportunities. We strive to get to know our customers, understand their strategies and challenges, and provide innovative solutions that help them achieve short- and long-term success.

Business Strategy

Our fundamental business strategy is to generate organic revenue and earnings growth augmented by strategic acquisitions. We execute this strategy by:

- Providing community and regional banks and credit unions with core processing systems that provide excellent functionality and support on-premise and private cloud delivery environments with identical functionality.
- Expanding each core customer relationship by cross-selling complementary products and services that enhance the functionality provided by our core processing systems.
- Providing non-core highly specialized core-agnostic complementary products and services to financial institutions, including institutions not utilizing one of our core processing systems, and diverse corporate entities.
- Developing and deploying a long-term technology modernization strategy to provide public cloud native solutions that provide clients with greater flexibility, optionality, open integration, speed to market, and other benefits.
- Maintaining a company-wide commitment to customer service that consistently exceeds our customers' expectations and generates high levels of customer retention.
- Building, maintaining, and enhancing a protected environment and tools that help our clients and us protect customer data, assets, and comply with regulations.
- Capitalizing on our acquisition strategy.

Acquisition Strategy

We have a disciplined approach to acquisitions and have been successful in supplementing our organic growth with 35 strategic acquisitions since the end of fiscal year 1999. We continue to explore acquisitions that have the potential to:

- Expand our suite of complementary products and services.
- Provide products and services that can be sold to both existing core and non-core customers and outside our base to new customers.
- Accelerate our internal development efforts.
- Provide selective opportunities to sell outside our traditional markets in the financial services industry.

After 47 years in business, we have very few gaps in our product line, so it is increasingly difficult to find proven products or services that would enable our clients and prospects to better optimize their business opportunities or solve specific operational issues. In addition, we see few acquisition opportunities that would expand our market or enable our entry into adjacent markets within the financial services industry that are fairly priced or that we could assimilate into our Company without material distractions.

We have a solid track record of executing acquisitions from both a financial and operational standpoint, and we will continue to pursue acquisition opportunities that support our strategic direction, complement and accelerate our organic growth, and generate long-term profitable growth for our stockholders. While we seek to identify appropriate acquisition opportunities, we will continue to explore alternative ways to leverage our cash position and balance sheet to the benefit of our stockholders, such as continued investment in new products and services for our customers, repurchases of our stock, and continued payment of dividends.

Our most recent acquisition was:

Fiscal Year	**Company or Product Name**	**Products and Services**
2023	Payrailz, LLC ("Payrailz")	Provider of cloud-native modern digital payment capabilities leveraging AI and machine learning features for the financial services industry.

Solutions

- Our core banking solutions support commercial banks with information and transaction processing platforms that provide enterprise-wide automation. We have three functionally distinct core bank processing systems and more than 140 fully integrated complementary solutions, including business intelligence and bank management, retail and business banking, digital and mobile internet banking and electronic payment solutions, fraud and risk management and protection, account origination, and item and document imaging solutions. Our core banking solutions have state-of-the-art functional capabilities, and we can re-market the hardware required by on-premise use of each software system. Our banking solutions can be delivered on-premise or through our private cloud delivery model and are backed by a company-wide commitment to provide exceptional personal service.

- Our core credit union solutions support credit unions of all sizes with an information and transaction processing platform that provides enterprise-wide automation. Our solution includes one flagship core processing system and more than 100 fully integrated complementary solutions, including business intelligence and credit union management, member and member business services, digital and mobile internet banking and electronic payment solutions, fraud and risk management and protection, account origination, and item and document imaging solutions. Our credit union solution also has state-of-the-art functional capabilities. We also re-market the hardware required by on-premise use of the software system. Our credit union solution can be delivered on-premise, through our private cloud, or through our partner private cloud delivery models. Each is backed by our company-wide commitment to provide exceptional personal service.
- Our non-core solutions for financial institutions are specialized products and services assembled primarily through our focused diversification acquisition strategy. These core-agnostic solutions are compatible with a wide variety of information technology platforms and operating environments and offer more than 100 complementary solutions, including proven solutions for generating additional revenue and growth, increasing security and mitigating operational risks, and/or controlling operating costs. Our non-core products and services enhance the performance of financial services organizations of all asset sizes and charters, and diverse corporate entities. These distinct products and services can be implemented individually or as solution suites to address specific business problems or needs and enable effective responses to dynamic industry trends.

We strive to develop and maintain functionally robust, integrated solutions that are supported with high service levels, regularly updating and improving those solutions using an interactive customer enhancement process; ensuring compliance with relevant regulations; updated with proven advances in technology; and consistent with Jack Henry’s reputation as a premium solution and service provider.

Core Software Systems

Core software systems primarily consist of the integrated applications required to process deposit, loan, and general ledger transactions, and to maintain centralized customer/member information.

Our core banking solutions consist of three software systems marketed to banks and our core credit union solution consists of one software system marketed to credit unions. These core systems are available for on-premise installation at customer sites, or financial institutions can choose to leverage our private cloud environment for ongoing information processing.

Core banking platforms are:

- **SilverLake System®,** a robust system primarily designed for commercial-focused banks with assets ranging from $1 billion to $50 billion. Some progressive smaller banks and de novo (start-up) banks also select SilverLake. This system is in use by over 460 banks, and now automates nearly 10% of the domestic banks with assets less than $50 billion.
- **CIF 20/20®,** a parameter-driven, easy-to-use system that now supports approximately 300 banks ranging from de novo institutions to those with assets of $5 billion.
- **Core Director®,** a cost-efficient system with point-and-click operation that now supports approximately 180 banks ranging from de novo institutions to those with assets of over $2 billion.

Core credit union platform is:

- **Symitar® (formerly known as Episys®),** a robust system designed specifically for credit unions. It has been implemented by over 710 credit unions with assets ranging from $3 million to $35 billion, and according to National Credit Union Administration ("NCUA") data, is the system implemented by more credit unions with assets exceeding $25 million than any other alternative core system.

Customers electing to install our solutions on-premise license the proprietary software systems. The majority of these customers pay ongoing annual software maintenance fees. We re-market the hardware, hardware maintenance, and peripheral equipment that is required by on-premise use of our software solutions; and we perform software implementation, data conversion, training, ongoing support, and other related services. On-premise customers generally license our core software systems under a standard license agreement that provides a fully paid, nonexclusive, nontransferable right to use the software on a single computer at a single location.

Customers can eliminate the significant up-front capital expenditures required by on-premise installations and the responsibility for operating information and transaction processing infrastructures by leveraging our private cloud environment for those functions. Our core private cloud services are provided through a highly resilient data center configuration across multiple physical locations. We also provide image item processing services from two host/archive sites and several key entry and balancing locations throughout the country. We print and mail customer statements for financial institutions from three regional printing and rendering centers. Customers electing to outsource their core processing typically sign contracts for seven or more years that include "per account" fees and minimum guaranteed payments during the contract period.

We support the dynamic business requirements of our core bank and credit union clients with ongoing enhancements to each core system, the regular introduction of new integrated complementary products, the ongoing integration of practical new technologies, and regulatory compliance initiatives. We also serve each core customer as a single point of contact, support, and accountability.

Complementary Products and Services

We have more than 140 complementary products and services that are targeted to our core banks and more than 100 targeted to credit union customers. Many of these are selectively sold to financial services organizations that use other core processing systems.

These complementary solutions enable core bank and credit union clients to respond to evolving customer/member demands, expedite speed-to-market with competitive offerings, increase operating efficiency, address specific operational issues, and generate new revenue streams. The highly specialized solutions enable diverse financial services organizations and corporate entities to generate additional revenue and growth opportunities, increase security and mitigate operational risks, and control operating costs.

We regularly introduce new products and services based on demand for integrated complementary solutions from our existing core clients and based on the growing demand among financial services organizations and corporate entities for specialized solutions capable of increasing revenue and growth opportunities, mitigating and controlling operational risks, and/or containing costs. Our Industry Research department solicits customer guidance on the business solutions they need, evaluates available solutions and competitive offerings, and manages the introduction of new product offerings. Our new complementary products and services are developed internally, acquired, or provided through strategic alliances.

Implementation and Training

Most of our core bank and credit union customers contract with us for implementation and training services in connection with their systems and additional complementary products.

A complete core system implementation typically includes detailed planning, project management, data conversion, and testing. Our experienced implementation teams travel to customer facilities or work remotely with clients to help manage the implementation process and ensure that all data is transferred from the legacy system to the Jack Henry system. Our implementation fees are fixed or hourly based on the core system being installed.

We also provide extensive initial and ongoing education to our customers. We have a comprehensive training program that supports new customers with basic training and longtime customers with continuing education. The training enables financial institutions to maximize the use of our core and complementary solutions, learn about ongoing system enhancements, and understand dynamic year-end legislative and regulatory requirements.

Support and Services

We serve our customers as a single point of contact and support for the complex solutions we provide. Our comprehensive support infrastructure incorporates:

- Exacting service standards.
- Trained support staff available up to 24 hours a day, 365 days a year.
- Assigned account managers.
- Sophisticated support tools, resources, and technology.
- Broad experience converting diverse banks and credit unions to our core platforms from competitive platforms.
- Highly effective change management and control processes.
- Best practices methodology developed and refined through the company-wide, day-to-day experience supporting over 7,500 diverse clients.

Most on-premise customers contract for annual software support services, and this represents a significant source of recurring revenue for Jack Henry. These support services are typically priced at approximately 20% of the respective product’s software license fee. The subsequent years' service fees generally increase as customer assets increase and as additional complementary products are purchased. Annual software support fees typically are billed during June and are paid in advance for the entire fiscal year, with proration for new product implementations that occur during the fiscal year. Hardware support fees also are usually paid in advance for entire contract periods which typically range from one to five years. Most support contracts automatically renew unless the customer or Jack Henry gives notice of termination at least 30 days prior to contract expiration.

High levels of support are provided to our private cloud customers by the same support infrastructure utilized for on-premise customers. However, these support fees are included as part of monthly private cloud fees.

Hardware Systems

Our software systems operate on a variety of hardware platforms. We have established remarketing agreements with IBM Corporation, and many other hardware providers that allow Jack Henry to purchase hardware and related maintenance services at a discount and resell them directly to our customers. We currently sell IBM Power Systems™; Lenovo®, Dell, Hewlett Packard, and Cisco servers and workstations; Canon®, Digital Check, Epson®, and Panini® check scanners; and other devices that complement our software solutions.

Digital Products and Services

Jack Henry Digital represents a category of digital products and services that are being built and integrated together into one unified platform. Our main offering is the Banno Digital Platform™. It is an online and mobile banking platform that helps community and regional financial institutions strategically differentiate their digital offerings from those of megabanks and other financial technology companies. It is a complete, open digital banking platform that gives banks and credit unions attractive, fast, native applications for their customers and members and cloud-based, core-connected back-office tools for their employees.

Payment Solutions

Electronic payment solutions provide our customers with the tools necessary to be at the forefront of payment innovation with secure payment processing designed to simplify complex payment processing, attract profitable retail and commercial accounts, increase operating efficiencies, comply with regulatory mandates, and proactively mitigate and manage payment-related risk.

- **JHA Card Processing Solutions™ ("CPS")** supports full-service and in-house debit and credit card programs backed by a comprehensive suite of tools for fraud mitigation, digital payments, dispute management, plastics manufacturing and personalization, loyalty programs, data analytics, and terminal driving. In addition, advisory services are offered to support a variety of needs including card portfolio growth, start-up program consultation, as well as customized fraud management; all tailored to individual financial institution goals and concerns.
- **Enterprise Payment Solutions ("EPS")** is a comprehensive payments engine. It offers an integrated suite of remote deposit capture, Automated Clearing House ("ACH"), and card transaction processing solutions, risk management tools, reporting capabilities, and more for financial institutions, businesses, and fintechs of all sizes. EPS helps its clients succeed in today’s competitive market to increase revenue, improve efficiencies, better manage compliance, and enhance customer relationships.
- **iPay Solutions™** provides consumers and businesses with money movement options through their financial institutions’ digital platforms including paying bills, sending money to anyone and transferring funds between their own accounts. iPay’s extensive application programming interface ("API") and hosted interfaces allow for multiple levels of integration by digital platforms and financial institutions. iPay provides financial institutions with services and tools to increase adoption, support end-users and monitor fraud. The money movement options keep the consumers and businesses engaged with the financial institution.
- **Payrailz™** supports our technology modernization strategy by adding next generation digital payment capabilities to our payment’s ecosystem based on cloud native microservices. Our new Money Movement payments platform includes native artificial intelligence ("AI"), Action Insights (which is predictive and proactive recommendations through AI), a flexible modern user experience, a layered security model, an automated fraud feature leveraging machine learning, and a modern and flexible administrative portal. In addition to bill payment capabilities, we have a ‘pay a loan’ feature, an ‘open looped’ real-time person-to-person ("P2P") solution, and account-to-account ("A2A") transfer features.
- **JHA PayCenter™**, provides our customer financial institutions with a single entry point to both Zelle® and Real Time Payments ("RTP") real-time networks and supports the Federal Reserve's FedNow®, which launched in July 2023. PayCenter manages the certification process and mandatory updates from the networks, simplifies integration with toolkits and provides fraud monitoring. Financial institutions can send and receive transactions instantly 24 hours a day, 365 days a year, through our core and complementary solutions.
- **Payments as a Service ("PaaS")** ties together and further enhances the complete array of electronic payments functionality with a front-end Payments Developers Experience Portal and back-end data analytics.

Research and Development

We invest significant resources in ongoing research and development to develop new software solutions and services and enhance existing solutions with additional functionality and features required to ensure regulatory compliance. We enhance our core and complementary systems a minimum of once each year. Product-specific enhancements are largely customer-driven with recommended enhancements formally gathered through focus groups, change control boards, strategic initiatives meetings, annual user group meetings, and ongoing customer contact. We also continually evaluate and implement process improvements that expedite the delivery of new products and enhancements to our customers and reduce related costs.

Research and development expenses for fiscal 2023, 2022, and 2021 were $142.7 million, $121.4 million, and $109.0 million, respectively. We recorded capitalized software in fiscal 2023, 2022, and 2021 of $166.1 million, $148.2 million, and $128.3 million, respectively.

Sales and Marketing

We serve established, well-defined markets that provide ongoing sales and cross-sales opportunities.

The marketing and sales initiatives within the core business lines are primarily focused on identifying banks and credit unions evaluating alternative core information and transaction processing solutions. Our non-core specialized core-agnostic niche solutions are sold to complement existing technology platforms to domestic financial services organizations of all asset sizes and charters.

Sales executives are responsible for the activities required to earn new customers in assigned territories, and regional account executives are responsible for nurturing customer relationships and cross selling additional products and services. Our sales professionals receive base salaries and performance-based commission compensation. Sales support staff provide a variety of services, including product and service demonstrations, responses to prospect-issued requests-for-proposals, and proposal and contract generation. Our marketing department supports sales with lead generation and brand-building activities, including participation in state-specific, regional, and national trade shows; print and online advertising; telemarketing; customer/client newsletters; ongoing promotional campaigns; and media relations. We also host annual national education conferences which provide opportunities to network with existing clients and demonstrate new products and services.

Jack Henry has sold select products and services outside the United States, primarily in Latin America, the Caribbean and Canada. International sales accounted for less than 1% of Jack Henry’s total revenue in each of fiscal 2023, 2022, and 2021.

Competition

The market for companies providing technology solutions to financial services organizations is competitive, and we expect that competition from both existing competitors and companies entering our existing or future markets will remain strong. Some of our current competitors have longer operating histories, larger customer bases, and greater financial resources. The principal competitive factors affecting the market for technology solutions include product/service functionality, price, operating flexibility and ease-of-use, customer support, and existing customer references. For more than a decade, there has been significant consolidation among providers of products and services designed for financial institutions, and this consolidation is expected to continue in the future.

Our core solutions compete with large vendors that provide information and transaction processing solutions to banks and credit unions, including Fidelity National Information Services, Inc.; Fiserv, Inc.; and Finastra. Our non-core specialized solutions compete with an array of disparate vendors that provide niche solutions to financial services organizations and corporate entities.

Intellectual Property, Patents, and Trademarks

Although we believe our success depends upon our technical expertise more than our proprietary rights, our future success and ability to compete depend in part upon our proprietary technology. We have registered or filed applications for our primary trademarks. Most of our technology is not patented. Instead, we rely on a combination of contractual rights, copyrights, trademarks, and trade secrets to establish and protect our proprietary technology. We generally enter into confidentiality agreements with our employees, consultants, resellers, customers, and potential customers. Access to and distribution of our Company’s source code is restricted, and the disclosure and use of other proprietary information is further limited. Despite our efforts to protect our proprietary rights, unauthorized parties can attempt to copy or otherwise obtain, or use our products or technology.

Regulatory Compliance

We maintain a corporate commitment to address compliance issues and implement requirements imposed by federal regulators prior to the effective date of such requirements when adequate prior notice is given. Our compliance program is coordinated by a team of compliance analysts and auditors with extensive regulatory agency and financial institution experience, and a thorough working knowledge of Jack Henry and our solutions. These compliance professionals leverage multiple channels to remain informed about potential and recently enacted regulatory requirements, including regular discussions on emerging topics with the Federal Banking Agencies ("FBA") examination team and training sessions sponsored by various professional associations.

Jack Henry has a process to inform internal stakeholders of new and revised regulatory requirements. Upcoming regulatory changes also are presented to the Company's development teams through monthly regulatory compliance meetings and the necessary product changes are included in the ongoing product development cycle. We publish newsletters to keep our customers informed of regulatory changes that could impact their operations. Periodically, customer advisory groups are assembled to discuss significant regulatory changes.

Internal audits of our systems, networks, operations, business recovery plans, and applications are conducted and specialized outside firms are periodically engaged to perform testing and validation of our systems, processes, plans and security. The FBA conducts annual reviews throughout the Company and issues a Report of Examination. The Board of Directors provides oversight of these activities through the Risk and Compliance Committee and the Audit Committee.

Government Regulation

The financial services industry is subject to extensive and complex federal and state regulation. All financial institutions are subject to substantial regulatory oversight and supervision. Our products and services must comply with the extensive and evolving regulatory requirements applicable to our customers, including but not limited to those mandated by federal truth-in-lending and truth-in-savings rules, the Privacy of Consumer Financial Information regulations, usury laws, the Equal Credit Opportunity Act, the Fair Housing Act, the Electronic Funds Transfer Act, the Fair Credit Reporting Act, the Bank Secrecy Act, the USA Patriot Act, the Gramm-Leach-Bliley Act, the Community Reinvestment Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The compliance of Jack Henry's products and services with these requirements depends on a variety of factors, including the parameters set through the interactive design, the classification of customers, and the manner in which the customer utilizes the products and services. Our customers are contractually responsible for assessing and determining what is required of them under these regulations and then we provide solutions that assist them in meeting their regulatory needs through our products and services. We cannot predict the impact these regulations, any future amendments to these regulations or any newly implemented regulations will have on our business in the future.

Jack Henry is not chartered by the Office of the Comptroller of Currency ("OCC"), the Board of Governors of the Federal Reserve System, the FDIC, the NCUA or other federal or state agencies that regulate or supervise depository institutions. However, operating as a service provider to financial institutions, Jack Henry's operations are governed by the same regulatory requirements as those imposed on financial institutions, and subject to periodic reviews by FBA regulators who have broad supervisory authority to remedy any shortcomings identified in such reviews.

We provide private cloud services through JHA OutLink Processing Services™ for banks and EASE Processing Services™ for credit unions. We provide data centers and electronic transaction processing through JHA Card Processing Solutions™, internet banking through NetTeller® and Banno™ online solutions, bill payment through iPay, network security monitoring and Hosted Network Solutions ("HNS") through our Gladiator® unit, cloud services through Hosted Partner Services and Enterprise Integration Services, and business recovery services through Centurion Disaster Recovery**®**.

Our private cloud services are subject to examination by FBA regulators under the Bank Service Company Act. These examinations cover a wide variety of subjects, including system development, functionality, reliability, and security, as well as disaster preparedness and business recovery planning. Our private cloud services are also subject to examination by state banking authorities on occasion.

Information and Cybersecurity

In our increasingly interconnected environment, information is inherently exposed to a growing number of risks, threats, and vulnerabilities. As a provider of products and services to financial institutions, we use industry standard policies and procedures to process and store sensitive, personally identifiable information securely. We prioritize protecting our associates, clients, and their private data from the ever-evolving cyber threat environment and ensuring the resiliency of such information.

We have an established information and cybersecurity program maintained by a team of diverse, highly skilled cybersecurity professionals, as well as a portfolio of investments in modern technology including artificial intelligence and machine learning. The program incorporates industry-standard frameworks, policies, and practices designed to protect the confidentiality and privacy of Jack Henry’s and our clients’ information. Additionally, we maintain insurance that includes cybersecurity coverage.

In support of the program, our systems and services undergo regular reviews performed by the same regulatory agencies that review financial institutions: Consumer Financial Protection Bureau ("CFPB"), Federal Reserve Board ("FRB"), FDIC, NCUA, and the OCC, among others. Reviews such as those by the Federal Banking agencies (a regulatory group comprised of the FDIC, FRB, and the OCC) assess and identify security gaps or flaws in controls and monitor the effectiveness of our security program. Critical services provided to our clients are subject to annual System and Organization Controls ("SOC") reviews by independent auditors. Information and cybersecurity leadership reports to the Risk and Compliance Board committee and the full Board of Directors quarterly, on information security and cybersecurity matters.

Human Capital

Our Employees

As of June 30, 2023, we had approximately 7,120 full-time and part-time employees. Our employees are not covered by a collective bargaining agreement and there have been no labor-related work stoppages.

Talent Attraction and Engagement

Our people and culture strategy focuses on attracting, engaging, and retaining qualified, diverse, and innovative talent at all levels of the Company. We are a committed equal opportunity employer and all qualified candidates receive consideration for employment without regard to race, color, religion, national origin, age, disability, sex, sexual orientation, gender, gender identity, pregnancy, genetic information, or other characteristics protected by applicable law.

Beyond nondiscrimination compliance, we are committed to fostering a respectful, diverse, and inclusive workplace in which all individuals are treated with respect and dignity. We continue to concentrate efforts on diversity, equity, inclusion, and belonging and continue to hire employees in the human resources function to focus on this important area. We seek nontraditional talent streams to help identify candidates from underrepresented groups, including through our internship and apprenticeship programs. Our internship program focuses on attracting college and university students to paid work in Jack Henry departments related to their studies, while our apprenticeship program offers paid training and work for candidates (either students or non-students) with little to no traditional experience in the field, such as learning computer coding. Both our internship and apprenticeship programs can lead to full-time employment.

We continue to engage our Business Innovation Groups (“BIGs”) to develop attraction and retention suggestions and practices that advance a diverse, equitable, and inclusive culture. Our BIGs are company-sponsored groups open to all employees. As of June 30, 2023, we had over 1,840 unique associates participating in seven active BIGs, with six focused on inclusion for specific communities — women, people of color, remote employees, LGBTQ+, veterans, and people with disabilities — and one focused on environmental and sustainability topics. While BIGs allow employees to connect and support each other, they also function to assist us in addressing bona fide business problems through input and suggestions. For example, these groups work with executive leadership to actively improve our talent attraction processes for prospective employees. They also provide education, training, and conversation opportunities to all employees to increase belongingness and to advance diversity, inclusion, understanding, and innovation throughout the Company. JHAnywhere, a BIG formed previously to provide community and resources for the then minority of employees working remotely, was discontinued in July 2023 due to the proliferation of remote work resulting from the COVID-19 pandemic to the extent that such efforts became a company-wide focus that went beyond the capacity of a single BIG to support. The Company remains focused on equipping all employees with the tools necessary to effectively communicate, collaborate, and build connections in a remote environment, including ensuring leaders have the skills needed to effectively lead dispersed teams.

We seek to actively listen to our employees throughout the year using a defined and continuous listening strategy designed to gather regular feedback on well-being, engagement, leadership, ethics, culture and values, and other top of mind topics. These surveys allow us to respond to employee concerns, benefit from employee perspectives, and better design and develop processes to support our Company culture. Employees can learn about changes through our jhDaily online news center, regular email communications, monthly Manager Forum events, quarterly employee update videos or all-employee town hall meetings delivered by senior management.

Training and Development

Our success depends not only on attracting and retaining talented employees, but also in developing our current employees and providing new opportunities for their growth. We offer our employees numerous live and on-demand courses, resources, and training programs to help them build knowledge, improve skills, and develop their career at Jack Henry. Learning opportunities include mandatory courses, such as security awareness, as well as recommended content in areas including leadership development; technical skills; and diversity, equity, inclusion, and belonging. Jack Tracks, an annual, company-wide virtual learning event, offers employees a large selection of curated topics such as technical and operational readiness, technology trends, company solutions, and industry trends.

Recognizing the importance of mentoring in career development, we host an internal mentorship marketplace, which allows prospective mentors and mentees to connect and self-initiate a mentoring relationship. Career mobility and personal development resources are available to all employees through dedicated intranet sites. We continue to strengthen our leadership capacity by providing training on effective coaching practices to leaders of the Company.

We recognize and value the contribution of our employees who develop, improve, and support our technology solutions. Access to on-demand technical training libraries, customized learning plans, certification programs, and classes facilitated by external experts are available to advance their technical expertise. When there is a critical skill need or where the technology landscape is rapidly changing, we provide unique learning solutions to align employees' development with our strategic initiatives.

Wellness and Safety

We emphasize the safety and well-being of our employees as a top priority. We define wellness comprehensively and include mental, physical, emotional, financial, psychological, and environmental considerations. Our benefit plan offerings include supportive and dedicated campaigns that communicate directly to employees about financial wellness, mental health, healthful nutrition and exercise, and other wellness topics. Employee well-being is further supported through policies such as remote work, paid parental leave, military service leave, educational assistance, and bereavement leave policies.

Available Information

Jack Henry's website is easily accessible to the public at **jackhenry.com**. The “Investor Relations" portion of the website provides key corporate governance documents, the code of conduct, an archive of press releases, and other relevant Company information. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other filings and amendments thereto that are made with the SEC also are available free of charge on our website as soon as reasonably practical after these reports have been filed with or furnished to the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at **https://www.sec.gov**.

ITEM 1A. RISK FACTORS

The Company's business and the results of its operations are affected by numerous factors and uncertainties, some of which are beyond our control. The following is a description of some of the important risks and uncertainties that may cause our actual results of operations in future periods to differ materially from those expected or desired.

Business and Operating Risks

Data security breaches, failures, or other incidents could damage our reputation and business. Our business relies upon receiving, processing, storing, and transmitting sensitive information relating to our operations, employees, and customers. If we fail to maintain a sufficient digital security infrastructure, address security vulnerabilities and new threats, or deploy adequate technologies to secure our systems against attack, we may be subject to security breaches that compromise confidential information, adversely affect our ability to operate our business, damage our reputation and business, adversely affect our results of operations and financial condition, and expose us to liability. We rely on third parties for various business purposes, and these third parties face similar security risks. A security failure by one of these third parties could expose our data or subject our information systems to interruption of operations and security vulnerabilities. Our services and infrastructure are increasingly reliant on the internet. Computer networks and the Internet are vulnerable to disruptive problems such as denial of service attacks or other cyber-attacks carried out by cyber criminals or state-sponsored actors. Other potential attacks include attempts to obtain unauthorized access to confidential information or destroy data, often through the introduction of computer viruses, ransomware or malware, cyber-attacks, and other means, which are constantly evolving and at times difficult to detect. Those same parties may also attempt to fraudulently induce employees, customers, vendors, or other users of our systems through phishing schemes or other social engineering methods to disclose sensitive information in order to gain access to our data or that of our customers. We are also subject to the risk that our employees may intercept and transmit unauthorized confidential or proprietary information or that employee corporate-owned computers are stolen, or customer data media is lost in shipment. An interception, misuse or mishandling of personal, confidential, or proprietary information being sent to or received from a customer or third party could result in legal liability, remediation costs, regulatory action, and reputational harm, any of which could adversely affect our results of operations and financial condition.

We anticipate that attempts to attack our systems, services, and infrastructure, and those of our customers and vendors, may grow in frequency and sophistication. We cannot be certain that our security controls and infrastructure will be adequate to continue to protect our systems and data and our efforts may not be sufficient to combat all current and future technological risks and threats. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may render our security measures inadequate. Security risks may result in liability to our customers or other third parties, damage to our reputation, and may deter financial institutions from purchasing our products. The significant amount of capital and other resources we currently expend to protect against the threat of security breaches may prove insufficient to prevent a breach. We cannot ensure that any limitation-of-liability provisions in our customer and user agreements, contracts with third-party vendors, or other contracts are sufficient to protect us from liabilities or damages with respect to claims relating to a security breach or similar matters. The insurance coverage we maintain to address data security risks may be insufficient to cover all types of claims or losses that may arise, and there is no assurance that such insurance coverage will continue to be available to us on economically reasonable terms, or at all. In the event of a security breach, we may need to spend substantial additional capital and resources alleviating problems caused by such breach. Under state, federal, and foreign laws requiring consumer notification of security breaches, the costs to remediate security breaches can be substantial. Addressing security problems may result in interruptions, delays, or cessation of service to users, any of which could harm our business.

Failure to maintain sufficient technological infrastructure or an operational failure in our outsourcing facilities could expose us to damage claims, increase regulatory scrutiny, and cause us to lose customers. Our products and services require substantial investments in technological infrastructure, and we have experienced significant growth in the number of users, transactions, and data that our technological infrastructure supports. If we fail to adequately invest in and support our technological infrastructure and processing capacity, we may not be able to support our customers' processing needs and may be more susceptible to interruptions and delays in services. Damage or destruction that interrupts our outsourcing operations could cause delays and failures in customer processing which could hurt our relationship with customers, damage our reputation, expose us to damage claims, and cause us to incur substantial additional expense to relocate operations and repair or replace damaged equipment. Events that could cause operational failures include, but are not limited to, hardware and software defects, breakdowns or malfunctions, cybersecurity incidents, human error, power losses, disruptions in telecommunications services, computer viruses or other malware, or other events. Our facilities are also subject to physical risks related to natural disasters or severe weather events, such as tornados, flooding, hurricanes, and heat waves. Climate change may increase the likelihood and severity of such events. Our back-up systems and procedures may prove insufficient or otherwise fail to prevent disruption, such as a prolonged interruption of our transaction processing services. If an interruption extends for more than several hours, we may experience data loss or a reduction in revenues by reason of such interruption. Any significant interruption of service could reduce revenue, have a negative impact on our reputation, result in damage claims, lead our present and potential customers to choose other service providers, and lead to increased regulatory scrutiny of the critical services we provide to financial institutions, with resulting increases in compliance burdens and costs. Implementing modifications and upgrades to our technological infrastructure subject us to inherent costs and risks associated with changing systems, policies, procedures, and monitoring tools.

Failures associated with payment transactions could result in financial loss. The volume and dollar amount of payment transactions that we process is significant and continues to grow. We direct the settlement of funds on behalf of financial institutions, other businesses, and consumers, and receive funds from clients, card issuers, payment networks, and consumers on a daily basis for a variety of transaction types. Transactions facilitated by us include debit card, credit card, electronic bill payment transactions, Automated Clearing House ("ACH") payments, real-time payments through faster payment networks (such as Zelle, RTP, and FedNow), and check clearing that support consumers, financial institutions, and other businesses. If the continuity of operations, integrity of processing, or ability to detect or prevent fraudulent payments were compromised in connection with payments transactions, we could suffer financial as well as reputational loss. In addition, we rely on various third parties to process transactions and provide services in support of the processing of transactions and funds settlement for certain of our products and services that we cannot provide ourselves. If we are unable to obtain such services in the future or if the price of such services becomes unsustainable, our business, financial position, and results of operations could be materially and adversely affected. In addition, we may issue short-term credit to consumers, financial institutions, or other businesses as part of the funds settlement process. A default on this credit by a counterparty could result in a financial loss to us.

Failures of third-party service providers we rely upon could lead to financial loss. We rely on third party service providers to support key portions of our operations. We also rely on third party service providers to provide part, or all of, certain services we deliver to customers. As we continue to move more computing, storage, and processing services out of our data centers and facilities and into third-party hosting environments, our reliance on these providers and their systems will increase. This reliance is further concentrated as we use certain third-party vendors to provide large portions of our hosting needs. While we have selected these third-party vendors carefully, we do not control their actions. A failure of these services by a third party could have a material impact upon our delivery of services to our customers. Such a failure could lead to damage claims, loss of customers, and reputational harm, depending on the duration and severity of the failure. Third parties perform significant operational services on our behalf. These third-party vendors are subject to similar risks as us including, but not limited to, compliance with applicable laws and regulations, hardware and software defects, breakdowns or malfunctions, cybersecurity incidents, human error, failures in internal controls, power losses, disruptions in telecommunications services, computer viruses or other malware, natural disasters or severe weather events, or other events. One or more of our vendors may experience a cybersecurity event or operational disruption and, if any such event does occur, it may not be adequately addressed, either operationally or financially, by the third-party vendor. Certain of our vendors may have limited indemnification obligations or may not have the financial capacity to satisfy their indemnification obligations. If a critical vendor is unable to meet our needs in a timely manner or if the services or products provided by such a vendor are terminated or otherwise delayed and if we are not able to develop alternative sources for these services and products quickly and cost-effectively, our customers could be negatively impacted, and it could have a material adverse effect on our business.

Competition may result in decreased demand or require price reductions or other concessions to customers, which could result in lower margins and reduce income. We vigorously compete with a variety of software vendors and service providers in all our major product lines. We compete on the basis of product quality, reliability, performance, ease of use, quality of support and services, integration with other products, and pricing. Some of our competitors may have advantages over us due to their size, product lines, greater marketing resources, or exclusive intellectual property rights. New competitors regularly appear with new products, services, and technology for financial institutions. If competitors offer more favorable pricing, payment or other contractual terms, warranties, or functionality, or otherwise attract our customers or prevent us from capturing new customers, we may need to lower prices or offer other terms that negatively impact our results of operations in order to successfully compete.

Failure to achieve favorable renewals of service contracts could negatively affect our business. Our contracts with our customers for outsourced data processing and electronic payment transaction processing services generally run for a period of seven or more years. We will continue to experience a significant number of these contracts coming up for renewal each year. Renewal time presents our customers with the opportunity to consider other providers or to renegotiate their contracts with us, including reducing the services we provide or negotiating the prices paid for our services. If we are not successful in achieving high renewal rates upon favorable terms, revenues and profit margins will suffer. We may experience increased costs for services from our third-party vendors due to inflation or other cost expansion, but because our customer contracts typically have longer terms than our vendor contracts, our ability to pass on those higher costs to customers may be limited. If inflation or costs outpace our contractual ability to adjust pricing during the contractual terms of our customer contracts, our revenues and profit margins could be negatively impacted.

If we fail to adapt our products and services to changes in technology and the markets we serve, we could lose existing customers and be unable to attract new business. The markets for our products and services are characterized by changing customer and regulatory requirements and rapid technological changes. These factors and new product introductions by our existing competitors or by new market entrants could reduce the demand for our existing products and services, and we may be required to develop or acquire new products and services. Our future success is dependent on our ability to enhance our existing products and services in a timely manner and to develop or acquire new products and services. If we are unable to develop or acquire new products and services as planned, or if we fail to sell our new or enhanced products and services, we may incur unanticipated expenses or fail to achieve anticipated revenues, as well as lose prospective sales.

Software defects or problems with installations may harm our business and reputation and expose us to potential liability. Our software products are complex and may contain undetected defects, especially in connection with newly released products and software updates. Software defects may cause interruptions or delays to our services as we attempt to correct the problem. We may also experience difficulties in installing or integrating our products on systems used by our customers. Defects in our software, installation problems or delays, or other difficulties could result in negative publicity, loss of revenues, loss of competitive position, or claims against us by customers. In addition, we rely on technologies and software supplied by third parties that may also contain undetected errors or defects that could have a negative effect on our business and results of operations.

Expansion of services to non-traditional customers could expose us to new risks. We have expanded our services to business lines that are marketed outside our traditional, regulated, and litigation-averse base of financial institution customers. These non-regulated customers may entail greater operational, credit, and litigation risks than we have faced before and could result in increases in bad debts and litigation costs.

Regulatory and Compliance Risks

The software and services we provide to our customers are subject to government regulation that could hinder the development of our business, increase costs, or impose constraints on the way we conduct our operations. The financial services industry is subject to extensive and complex federal and state regulation. As a supplier of software and services to financial institutions, portions of our operations are examined by the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau, and the National Credit Union Association, among other regulatory agencies. These agencies regulate services we provide and the way we operate, and we are required to comply with a broad range of applicable federal and state laws and regulations. If we, or third parties with whom we contract or partner, fail to comply with applicable regulations or guidelines, we could be subject to regulatory actions and suffer harm to our customer relationships and reputation. Such failures could require significant expenditures to correct and could negatively affect our ability to retain customers and obtain new customers.

In addition, existing laws, regulations, and policies could be amended or interpreted differently by regulators in a manner that imposes additional costs and has a negative impact on our existing operations or that limits our future growth or expansion. New regulations could require additional programming or other costly changes in our processes or personnel. Our customers are also regulated entities, and actions by regulatory authorities could influence both the decisions they make concerning the purchase of data processing and other services and the timing and implementation of these decisions. We will be required to apply substantial research and development and other corporate resources to adapt our products to this evolving, complex, and often unpredictable regulatory environment. Our failure to provide compliant solutions could result in significant fines or consumer liability on our customers, for which we may bear ultimate liability.

Compliance with new and existing privacy laws, regulations, and rules may adversely impact our expenses, development, and strategy. We are subject to complex laws, rules, and regulations related to data privacy and cybersecurity. If we fail to comply with such requirements, we could be subject to reputational harm, regulatory enforcement, and litigation. The use, confidentiality, and security of private customer information is under increased scrutiny. Regulatory agencies, Congress, and state legislatures are considering numerous regulatory and statutory proposals to protect the interests of consumers and to require compliance with standards and policies that have not been defined. The number of state privacy and cybersecurity laws and regulations has grown tremendously over the past several years, creating an increasingly complex patchwork of data privacy and security requirements. This includes industry-specific rules such as those enacted by the New York Department of Financial Services that require covered financial institutions to have a cybersecurity program along with other compliance requirements as well as comprehensive consumer data privacy rules such as the California Consumer Privacy Act, the Iowa Consumer Data Protection Act, and the Virginia Consumer Data Protection Act. Though several privacy concepts are common across the laws, each state requires compliance with standards and policies that are not cohesive with other laws and are often further amended by regulatory action. The unique data protection regulations issued by multiple agencies have created a fragmented series of requirements that makes it increasingly complex to comply with all the mandates in an efficient manner and may increase costs to deliver affected products and services as those requirements are established.

Failure to comply or readily address compliance and regulatory rule changes made by payment card networks could adversely affect our business. We are subject to card association and network compliance rules governing the payment networks we serve, including Visa, MasterCard, Zelle, FedNow, and The Clearing House’s RTP network, and all rules governing the Payment Card Data Security Standards. If we fail to comply with these rules and standards, we could be fined or our certifications could be suspended or terminated, which could limit our ability to service our customers and result in reductions in revenues and increased costs of operations. Changes made by the networks, even when complied with, may result in reduction in revenues and increased costs of operations.

Economic Conditions Risks

Natural disasters, public health crises, wars, acts of terrorism, other armed conflict, and workforce shortages could adversely affect our results of operations. The occurrence of, or threat of, natural disasters, widespread public health crises, political unrest, war, acts of terrorism, other armed conflicts involving the United States or foreign countries, or general workforce shortages can result in significant economic disruptions and uncertainties and could adversely affect our business, results of operation, and financial condition. The conditions caused by such events may affect the rate of spending by our customers and their ability to pay for our products and services, delay prospective customers’ purchasing decisions, interfere with our employees’ ability to support our business function, disrupt the ability of third-party providers we rely upon to deliver services, adversely impact our ability to provide on-site services or installations to our customers, or reduce the number of transactions we process, all of which could adversely affect our results of operation and financial position. We are unable to accurately predict the impact of such events on our business due to a number of uncertainties, including the duration, severity, geographic reach and governmental responses to such events, the impact on our customers’ and vendors' operations, and our ability to provide products and services, including the impact of our employees working remotely. If we are not able to respond to and manage the impact of such events effectively, our business will be harmed.

Our business may be adversely impacted by general U.S. and global market and economic conditions or specific conditions in the financial services industry. We derive most of our revenue from products and services we provide to the financial services industry. If the general economic environment worsens, including if inflation or interest rates continue to increase or remain at higher than recent historical levels, or if conditions or regulatory requirements within the financial services industry change, such as if financial institutions are required to increase reserve amounts or become subject to new regulatory assessments, customers may be less willing or able to pay the cost of our products and services, and we could face a reduction in demand from current and potential clients for our products and services, which could have a material adverse effect on our business, results of operations, and financial condition. In addition, a growing portion of our revenue is derived from transaction processing fees, which depend heavily on levels of consumer and business spending. Deterioration in general economic conditions could negatively impact consumer confidence and spending, resulting in reduced transaction volumes and our related revenues.

Consolidation and failures of financial institutions will continue to reduce the number of our customers and potential customers. Our primary market consists of approximately 4,660 commercial and savings banks and more than 4,850 credit unions. The number of commercial banks and credit unions in the United States has experienced a steady decrease over recent decades due to mergers and acquisitions and financial failures and we expect this trend to continue as more consolidation occurs. Such events may reduce the number of our current and potential customers, which could negatively impact our results of operations.

Acquisition Risks

Our growth may be affected if we are unable to find or complete suitable acquisitions. We have augmented the growth of our business with a number of acquisitions and we plan to continue to acquire appropriate businesses, products, and services. This strategy depends on our ability to identify, negotiate, and finance suitable acquisitions. Merger and acquisition activity in our industry has affected the availability and pricing of such acquisitions. If we are unable to acquire suitable acquisition candidates, we may experience slower growth.

Acquisitions subject us to risks and may be costly and difficult to integrate. Acquisitions are difficult to evaluate, and our due diligence may not identify all potential liabilities or valuation issues. We may also be subject to risks related to cybersecurity incidents or vulnerabilities of the acquired company and the acquired systems. We may not be able to successfully integrate acquired companies. We may encounter problems with the integration of new businesses, including: financial control and computer system compatibility; unanticipated costs and liabilities; unanticipated quality or customer problems with acquired products or services; differing regulatory and industry standards; diversion of management's attention; adverse effects on existing business relationships with suppliers and customers; loss of key employees; and significant depreciation and amortization expenses related to acquired assets. To finance future acquisitions, we may have to increase our borrowing or sell equity or debt securities to the public. If we fail to integrate our acquisitions, our business, financial condition, and results of operations could be materially and adversely affected. Failed acquisitions could also produce material and unpredictable impairment charges as we review our acquired assets.

Intellectual Property Risks

If others claim that we have infringed their intellectual property rights, we could be liable for significant damages or could be required to change our processes. We have agreed to indemnify many of our customers against claims that our products and services infringe on the proprietary rights of others. We also use certain open- source software in our products, which may subject us to suits by persons claiming ownership of what we believe to be open-source software. Infringement claims have been and will in the future be asserted with regard to our software solutions and services. Such claims, whether with or without merit, are time-consuming, may result in costly litigation and may not be resolved on terms favorable to us. If our defense of such claims is not successful, we could be forced to pay damages or could be subject to injunctions that would cause us to cease making or selling certain applications or force us to redesign applications.

Our failure to protect our intellectual property and proprietary rights may adversely affect our competitive position. Our success and ability to compete depend in part upon protecting our proprietary systems and technology. Unauthorized parties may attempt to copy or access systems or technology that we consider proprietary. We actively take steps to protect our intellectual property and proprietary rights, including entering into agreements with users of our services for that purpose and maintaining security measures. However, these steps may be inadequate to prevent misappropriation. Policing unauthorized use of our proprietary rights is difficult and misappropriation or litigation relating to such matters could have a material negative effect on our results of operation.

General Risk Factors

A material weakness in our internal controls could have a material adverse effect on us. Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to mitigate risk of fraud. If material weaknesses in our internal controls are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business and results of operations or financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the weaknesses or deficiencies, subject us to fines, penalties or judgments, harm our reputation, or otherwise cause a decline in investor confidence.

The loss of key employees and difficulties in hiring and retaining employees could adversely affect our business. We depend on the contributions and abilities of our senior management and other key employees. Our Company has grown significantly in recent years and our management remains concentrated in a small number of highly qualified individuals. If we lose one or more of our key employees, we could suffer a loss of managerial experience, and management resources would have to be diverted from other activities to compensate for this loss. We do not have employment agreements with any of our executive officers. Further, we continue to face a competitive market for hiring and retaining skilled employees. Difficulties in hiring and retaining skilled employees may restrict our ability to adequately support our business needs and/or result in increased personnel costs. There is no assurance that we will be able to attract and retain the personnel necessary to maintain the Company’s strategic direction.

Unfavorable future tax law changes could adversely affect our tax expense. Our income tax positions result in a significant net deferred income tax liability on our consolidated balance sheet. Unfavorable future tax law changes, including increasing U.S. corporate tax rates, could increase this net liability and negatively impact our provision for income taxes and net income.

The impairment of a significant portion of our goodwill and intangible assets would adversely affect our results of operations. Our balance sheet includes goodwill and intangible assets that represent a significant portion of our total assets as of June 30, 2023. On an annual basis, and whenever circumstances require, we review our goodwill and intangible assets for impairment. If the carrying value of a material asset is determined to be impaired, it will be written down to fair value by a charge to operating earnings. An impairment of a significant portion of our goodwill or intangible assets could have a material negative effect on our operating results.

An increase in interest rates could increase our borrowing costs. Although our debt borrowing levels have historically been low, we may require additional or increased borrowings in the future under existing or new debt facilities to support operations, finance acquisitions, or fund stock repurchases. Our current credit facilities bear interest at variable rates. Increases in interest rates on variable-rate debt would increase our interest expense, which could negatively impact our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own 154 acres located in Monett, Missouri on which we maintain eight office buildings, plus shipping and receiving, security, and maintenance buildings. We also own buildings in Allen, Texas; Birmingham, Alabama; Lenexa, Kansas; Angola, Indiana; Shawnee Mission, Kansas; Oklahoma City, Oklahoma; and Springfield, Missouri. Our owned facilities represent approximately 802,000 square feet of office space in six states. We have 21 leased office facilities in 17 states, which total approximately 477,000 square feet. All our owned and leased office facilities are for normal business purposes.

We own five aircraft. Many of our customers are located in communities that do not have an easily accessible commercial airline service. We primarily use our aircraft in connection with implementation, sales of systems and internal requirements for day-to-day operations. Transportation costs for implementation and other customer services are billed to our customers. We lease property, including real estate and related facilities, at the Monett, Missouri regional airport.

ITEM 3. LEGAL PROCEEDINGS

We are subject to various routine legal proceedings and claims arising in the ordinary course of our business. In the opinion of management, any liabilities resulting from current lawsuits are not expected, either individually or in the aggregate, to have a material adverse effect on our consolidated financial statements. In accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), we record a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case or proceeding.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is quoted on the Nasdaq Global Select Market ("Nasdaq") under the symbol "JKHY."

The Company established a practice of paying quarterly dividends in fiscal 1991 and has paid dividends with respect to every quarter since that time. The declaration and payment of any future dividends will continue to be at the discretion of our Board of Directors and will depend upon, among other factors, our earnings, capital requirements, contractual restrictions, and operating and financial condition. The Company does not currently foresee any changes in its dividend practices.

On August 15, 2023, there were approximately 311,805 holders of the Company's common stock, including individual participants in security position listings.

Issuer Purchases of Equity Securities

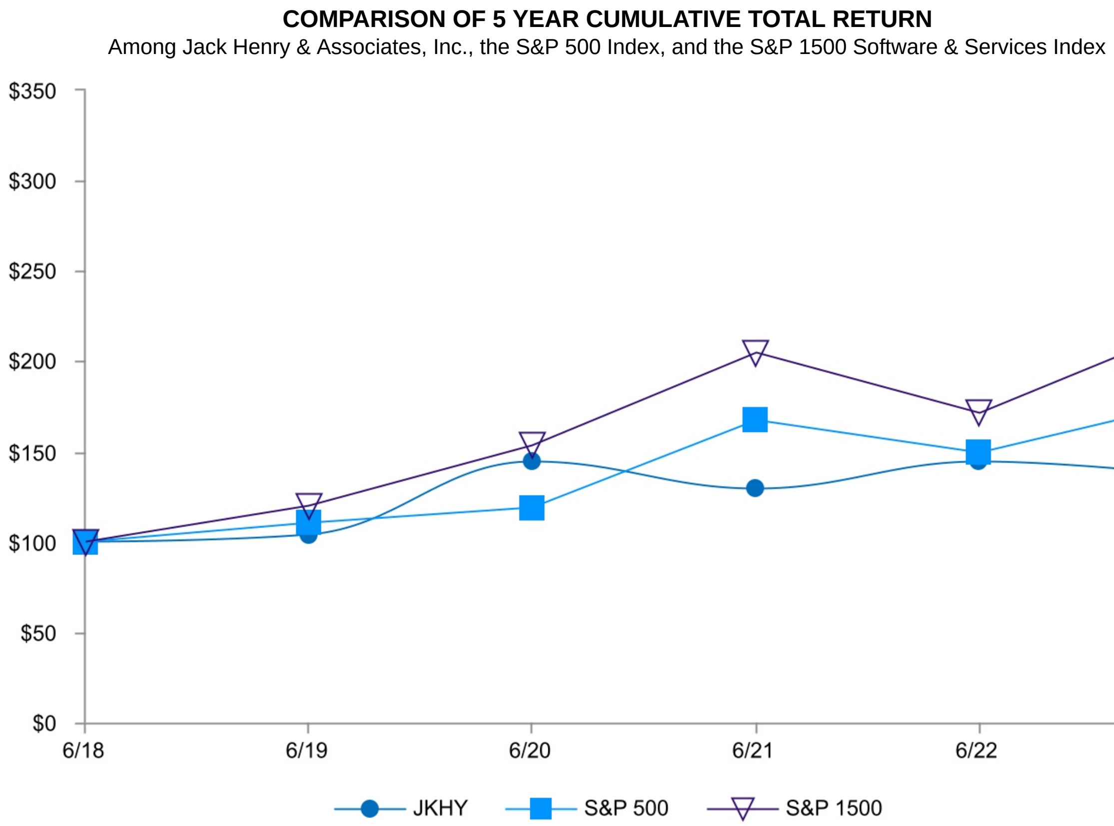
The following shares of the Company were repurchased during the quarter ended June 30, 2023:

	Total Number of Shares Purchased [(1)]	Average Price of Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans [(1)]
April 1 - April 30, 2023	—	$	—	3,796,265
May 1 - May 31, 2023	—	$	—	3,796,265
June 1 - June 30, 2023	—	$	—	3,796,265
Total	**—**	**$**	**—**	**3,796,265**

(1) Total stock repurchase authorizations approved by the Company's Board of Directors as of May 14, 2021 were for 35.0 million shares, which includes an authorization on that date of an additional 5.0 million shares. Under these authorizations, the Company has repurchased and not re-issued 31,194,351 shares and has repurchased and re-issued 9,384 shares. The authorizations have no specific dollar or share price targets and no expiration dates.

Performance Graph

The following chart presents a comparison for the five-year period ended June 30, 2023, of the market performance of the Company's common stock with the Standard & Poor's 500 ("S&P 500") Index and the Standard & Poor's Composite 1500 Software & Services ("S&P 1500 Software & Services") Index. Historic stock price performance is not necessarily indicative of future stock price performance.



The following information depicts a line graph with the following values:

	2018	2019	2020	2021	2022	2023
JKHY	100.00	103.86	144.24	129.62	144.28	135.69
S&P 500	100.00	110.42	118.70	167.13	149.39	178.66
S&P Composite 1500 Software & Services	100.00	120.01	153.51	204.88	171.21	222.19

This comparison assumes $100 was invested on June 30, 2018, and assumes reinvestments of dividends.

The stock performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section provides management's view of the Company's financial condition and results of operations and should be read in conjunction with the audited consolidated financial statements, and related notes included elsewhere in this report. All dollar and share amounts, except per share amounts, are in thousands and discussions compare fiscal 2023 to fiscal 2022. Discussions of fiscal 2021 items and comparisons between fiscal 2021 and fiscal 2022 that are not included in this Form 10-K can be found in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022.

OVERVIEW

Jack Henry & Associates, Inc. is a well-rounded financial technology company headquartered in Monett, Missouri, that employs approximately 7,120 full-time and part-time employees nationwide, and is a leading provider of technology solutions and payment processing services primarily to community and regional financial institutions. Our solutions serve over 7,500 customers and consist of integrated data processing systems solutions to banks ranging from de novo to multi-billion-dollar institutions with assets up to $50 billion, core data processing solutions for credit unions of all sizes, and non-core highly specialized core-agnostic products and services that enable financial institutions of every asset size and charter, and diverse corporate entities outside the financial services industry, to mitigate and control risks, optimize revenue and growth opportunities, and contain costs. Our integrated solutions are available for on-premise installation and delivery in our private and public cloud.

Each of our solutions shares the fundamental commitment to provide high-quality business systems, service levels that consistently exceed customer expectations, and integration of solutions and practical new technologies. The quality of our solutions, our high service standards, and the fundamental way we do business typically foster long-term customer relationships, attract prospective customers, and have enabled us to capture substantial market share.

Through internal product development, disciplined acquisitions, and alliances with companies offering niche solutions that complement our proprietary solutions, we regularly introduce new products and services and generate new cross-sales opportunities. We provide compatible computer hardware for our on-premise installations and secure processing environments for our outsourced solutions in our private and public cloud. We perform data conversions, software implementations, initial and ongoing customer training, and ongoing customer support services.

We believe our primary competitive advantage is customer service. Our support infrastructure and strict standards provide service levels we believe to be the highest in the markets we serve and generate high levels of customer satisfaction and retention. We consistently measure customer satisfaction using a variety of surveys, such as an annual survey on the customer's anniversary date and randomly-generated surveys initiated each day by routine support requests. Dedicated surveys are also used to grade specific aspects of our customer experience, including product implementation, education, and consulting services.

Our two primary revenue streams are "services and support" and "processing." Services and support includes: "private and public cloud" fees that predominantly have contract terms of seven years or longer at inception; "product delivery and services" revenue, which includes revenue from the sales of licenses, implementation services, deconversion fees, consulting, and hardware; and "on-premise support" revenue, composed of maintenance fees which primarily contain annual contract terms. Processing revenue includes: "remittance" revenue from payment processing, remote capture, and ACH transactions; "card" fees, including card transaction processing and monthly fees; and "transaction and digital" revenue, which includes transaction and mobile processing fees. We continually seek opportunities to increase revenue while at the same time containing costs to expand margins.

We have four reportable segments: Core, Payments, Complementary, and Corporate and Other. The respective segments include all related revenues along with the related cost of sales.

A detailed discussion of the major components of the results of operations follows.

RESULTS OF OPERATIONS

FISCAL 2023 COMPARED TO FISCAL 2022

On August 31, 2022, the Company acquired all of the equity interest in Payrailz, LLC ("Payrailz"). Payrailz related revenue and operating expenses mentioned in the discussion below are for the 10 months from the date of acquisition through our fiscal year ended June 30, 2023.

In fiscal 2023, total revenue increased 7% or $134,818, compared to fiscal 2022. Reducing total revenue for deconversion fees of $31,775 in the current fiscal year and $53,279 in the prior fiscal year, and for Payrailz related revenue of $8,482 in the current fiscal year, results in an 8% increase, or $147,840. This increase was primarily driven by growth in data processing and hosting and card processing revenue, as new customers were added and volumes expanded, payment processing revenues, digital revenues (including Banno), as new customers were added and active users increased, and software usage and subscription fee revenues, as more customers chose time-based licenses rather than perpetual, compared to the prior fiscal year.

Operating expenses increased 9% in fiscal 2023 compared to fiscal 2022. Reducing total operating expenses for deconversion costs of $4,261 in the current fiscal year and $6,277 in the prior fiscal year, and for Payrailz related expenses of $22,467, and gain on assets, net, of $4,567 in the current fiscal year, results in an 8% increase, or $112,864. This increase was primarily due to higher personnel costs, including commissions and benefits expenses, increased direct costs consistent with increases in the related revenue, amortization of intangible assets, and internal licenses and fees.

We move into fiscal 2024 following strong performance in fiscal 2023. Significant portions of our business continue to provide recurring revenue and our sales pipeline is also encouraging. Our customers continue to face regulatory and operational challenges which our products and services address, and in these times, they have an even greater need for our solutions that directly address institutional profitability, efficiency, and security. We believe our strong balance sheet, access to extensive lines of credit, the strength of our existing product line and an unwavering commitment to superior customer service position us well to address current and future opportunities.

A detailed discussion of the major components of the results of operations for the fiscal year ended June 30, 2023 compared to the fiscal year ended June 30, 2022 follows.

REVENUE

Services and Support Revenue

	Year Ended June 30,		% Change
	2023	2022	
Services and support	**$ 1,214,701**	$ 1,156,365	**5%**
Percentage of total revenue	**58%**	60%	

Services and support includes: "private and public cloud" fees that predominantly have contract terms of seven years or greater at inception; "product delivery and services" revenue, which includes revenue from the sales of licenses, implementation services, deconversion fees, consulting, and hardware; and "on-premise support" revenue, which is composed primarily of maintenance fees with annual contract terms.

In the fiscal year ended June 30, 2023, services and support revenue increased 5% compared to the prior fiscal year. Reducing total services and support revenue by deconversion fees for each year, which totaled $31,775 in fiscal 2023 and $53,279 in fiscal 2022, and for Payrailz related revenue of $46 from the current fiscal year, services and support revenue grew 7%. This increase was primarily driven by higher data processing and hosting fees within private and public cloud revenue resulting from new customers being added and volumes expanding. Growth in software usage and subscription fee revenues, as more customers chose time-based licenses rather than perpetual, and hardware revenue also contributed to the increase.

Processing Revenue

	Year Ended June 30,		% Change
	2023	2022	
Processing	**$ 863,001**	$ 786,519	**10%**
Percentage of total revenue	**42%**	40%	

Processing revenue includes: "remittance" revenue from payment processing, remote capture, and ACH transactions; "card" fees, including card transaction processing and monthly fees; and "transaction and digital" revenue, which includes transaction and mobile processing fees.

Processing revenue increased 10% for the fiscal year ended June 30, 2023, compared to the fiscal year ended June 30, 2022. Reducing total processing revenue by Payrailz related revenue of $8,436 from the current fiscal year, processing revenue grew 9%. This increase was driven by growth in card processing, payment processing (including iPay), digital revenue (including Banno), and other processing fee revenues, as new customers were added, the active user base expanded, and transaction volumes increased.

OPERATING EXPENSES

Cost of Revenue

	Year Ended June 30,		%
	2023	2022	Change
Cost of revenue	**$ 1,219,062**	$ 1,128,614	**8%**
Percentage of total revenue	**59%**	58%	

Cost of revenue for fiscal 2023 increased 8% compared to fiscal 2022. Reducing total cost of revenue for deconversion costs of $2,046 in the current fiscal year and $3,793 in the prior fiscal year, and for Payrailz related costs of $18,193 in the current fiscal year, results in a 7% increase. This increase was driven by higher direct costs consistent with increases in the related revenue, higher personnel costs, including benefits expenses, and increased amortization of intangible assets. Cost of revenue increased 1% as a percentage of total revenue for fiscal 2023 compared to fiscal 2022.

Research and Development

	Year Ended June 30,		%
	2023	2022	Change
Research and development	**$ 142,678**	$ 121,355	**18%**
Percentage of total revenue	**7%**	6%	

We devote significant effort and expense to develop new software and service products and continually upgrade and enhance our existing offerings. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer driven.

Research and development expenses for fiscal 2023 increased 18% compared to fiscal 2022. Reducing total research and development expenses for Payrailz related costs of $2,130 in the current fiscal year, results in a 16% increase. This increase is primarily due to higher personnel costs including benefits expenses, net of capitalization, due to a headcount increase of 9% in the trailing twelve months, and higher internal licenses and fees. Research and development expense increased 1% as a percentage of total revenue for fiscal 2023 compared to fiscal 2022. The increase in this expense category for the current fiscal year reflects our continuing commitment to the development of strategic products.

Selling, General, and Administrative

	Year Ended June 30,		%
	2023	2022	Change
Selling, general, and administrative	**$ 235,274**	$ 218,296	**8%**
Percentage of total revenue	**11%**	11%	

Selling, general, and administrative costs included all expenses related to sales efforts, commissions, finance, legal, and human resources, plus all administrative costs.

Selling, general, and administrative expenses for fiscal 2023 increased 8% compared to fiscal 2022. Reducing total selling, general, and administrative expense for deconversion costs from each year, which totaled $2,216 in fiscal 2023 and $2,485 in fiscal 2022, and Payrailz related costs of $2,144, and the gain on assets, net, of $4,567 for the current fiscal year, results in a 9% increase. This increase was primarily due to higher personnel costs, including commissions and benefits expenses. Selling, general, and administrative expenses remained consistent as a percentage of total revenue for fiscal 2023 compared to fiscal 2022. This consistency reflects our continuing commitment to control costs.

INTEREST INCOME AND EXPENSE

	Year Ended June 30,		%
	2023	2022	Change
Interest income	**$ 8,959**	$ 32	**27,897%**
Interest expense	**$ (15,073)**	$ (2,384)	**532%**

Interest income fluctuated due to changes in invested balances and yields on invested balances. Interest expense increased in fiscal 2023 mainly due to the timing and amounts of borrowed balances and increases in interest rates.

PROVISION FOR INCOME TAXES

	Year Ended June 30,		% Change
	2023	2022	
Provision for income taxes	**$ 107,928**	$ 109,351	**(1)%**
Effective rate	**22.7%**	**23.2%**	

The decrease in the Company's effective tax rate in fiscal 2023 compared to fiscal 2022 was primarily the result of a decrease in the state tax rate applied to net deferred tax liabilities and an increase in rate benefit received from research and development credits.

NET INCOME

	Year Ended June 30,		% Change
	2023	2022	
Net income	**$ 366,646**	$ 362,916	**1%**
Diluted earnings per share	**$ 5.02**	$ 4.94	**2%**

Net income grew 1% to $366,646, or $5.02 per diluted share, in fiscal 2023 from $362,916, or $4.94 per diluted share, in fiscal 2022. The diluted earnings per share increase year over year was 2%. This increase was primarily due to growth in our lines of revenue in fiscal 2023 compared to fiscal 2022 and a reduction in the number of shares outstanding.

REPORTABLE SEGMENT DISCUSSION

The Company is a leading provider of technology solutions and payment processing services primarily to community and regional financial institutions.

The Company’s operations are classified into four reportable segments: Core, Payments, Complementary, and Corporate and Other. The Core segment provides core information processing platforms to banks and credit unions, which consist of integrated applications required to process deposit, loan, and general ledger transactions, and maintain centralized customer/member information. The Payments segment provides secure payment processing tools and services, including ATM, debit, and credit card processing services; online and mobile bill pay solutions; ACH origination and remote deposit capture processing; and risk management products and services. The Complementary segment provides additional software, hosted processing platforms, and services, including call center support, and network security management, consulting, and monitoring, that can be integrated with our core solutions and many can be used independently. The Corporate and Other segment includes revenue and costs from hardware and other products not attributed to any of the other three segments, as well as operating costs not directly attributable to the other three segments.

During fiscal 2023, the Company transferred a product, Remit, from the Complementary segment to the Payments segment, due to better alignment with the Payments segment. As a result of this transfer, adjustments were made during fiscal 2023 to reclassify related revenue and cost of revenue for the fiscal year ended June 30, 2022, from the Complementary to the Payments segment. Revenue reclassed for the fiscal year ended June 30, 2022, was $12,049. Cost of revenue reclassed for the fiscal year ended June 30, 2022, was $2,059.

Immaterial adjustments were made in fiscal 2023 to reclassify revenue that was recognized in fiscal 2022 from the Complementary to the Corporate and Other segment. Immaterial adjustments were also made in fiscal 2023 to reclassify cost of revenue that was recognized in fiscal 2022 from the Complementary to the Payments and Corporate and Other segments. These reclasses were made to be consistent with the current allocation of revenue and cost of revenue by segment. Revenue reclassed for the fiscal year ended June 30, 2022, from Complementary to Corporate and Other was $4,917. Cost of revenue reclassed for the fiscal year ended June 30, 2022, from Complementary to Payments was $3,396, and from Complementary to Corporate and Other was $403.

Core

	2023	% Change	2022
Revenue	**$ 656,164**	5%	$ 622,442
Cost of Revenue	**$ 283,531**	8%	$ 261,585

In fiscal 2023, revenue in the Core segment increased 5% compared to fiscal 2022. Reducing total Core revenue by deconversion fees from both fiscal years, which totaled $10,924 in fiscal 2023 and $23,048 in fiscal 2022, Core segment revenue increased 8%. This increase was primarily driven by organic increases in our private and public cloud revenue. Cost of revenue in the Core segment increased 8% for fiscal 2023 compared to fiscal 2022. Reducing total Core cost of revenue by deconversion costs from both fiscal years, which totaled $913 in fiscal 2023 and $1,719 in fiscal 2022, Core segment revenue increased 9% This increase was primarily due to increased direct costs associated with the organic growth in cloud revenue and personnel costs, including benefits expenses. Core segment cost of revenue increased 1% as a percentage of revenue for fiscal 2023 compared to fiscal 2022.

Payments

		2023	% Change		2022
Revenue	**$**	**767,339**	7%	$	719,068
Cost of Revenue	**$**	**423,474**	10%	$	386,409

In fiscal 2023, revenue in the Payments segment increased 7% compared to fiscal 2022. Reducing total Payments revenue by deconversion fees from both fiscal years, which totaled $7,924 in fiscal 2023 and $14,319 in fiscal 2022, and Payrailz related revenue from the current fiscal year of $8,482, Payments segment revenue also increased 7%. This increase was primarily driven by growth within card processing and payment processing revenues. Cost of revenue in the Payments segment increased 10% for fiscal 2023 compared to fiscal 2022. Reducing total Payments cost of revenue by deconversion costs from both fiscal years, which totaled $303 in fiscal 2023 and $439 in fiscal 2022 and Payrailz related costs from the current fiscal year of $18,104, Payments cost of revenue increased 5%. This increase was primarily due to increased direct costs related to the growth in card processing and payment processing, and increased personnel costs, including benefits expenses. Payments segment cost of revenue increased 2% as a percentage of revenue for fiscal 2023 compared to fiscal 2022.

Complementary

		2023	% Change		2022
Revenue	**$**	**583,893**	7%	$	544,244
Cost of Revenue	**$**	**239,044**	6%	$	226,229

Revenue in the Complementary segment increased 7% for fiscal 2023 compared to fiscal 2022. Reducing total Complementary revenue by deconversion fees from both fiscal years, which totaled $12,649 in fiscal 2023 and $15,589 in fiscal 2022, Complementary segment revenue increased 8%. This increase was primarily driven by organic increases in hosting fee and digital revenues (including Banno). Cost of revenue in the Complementary segment increased 6% for fiscal 2023 compared to fiscal 2022. Reducing total Complementary cost of revenue by deconversion costs from both fiscal years, which totaled $807 in fiscal 2023 and $1,309 in fiscal 2022, Complementary segment cost of revenue also increased 6%. This increase was primarily due to higher direct costs related to the organic growth in hosting fee and digital revenues (including Banno) and increased personnel costs, including benefits expenses. Complementary segment cost of revenue decreased 1% as a percentage of revenue for fiscal 2023 compared to fiscal 2022.

Corporate and Other

		2023	% Change		2022
Revenue	**$**	**70,306**	23%	$	57,130
Cost of Revenue	**$**	**273,013**	7%	$	254,391

Revenue in the Corporate and Other segment increased 23% for fiscal 2023 compared to fiscal 2022. Reducing total Corporate and Other revenue by deconversion fees from both fiscal years, which totaled $278 in fiscal 2023 and $323 in fiscal 2022, Corporate and Other segment revenue also increased 23%. The increase was mainly due to increased hardware, user group, and processing fee revenues.

Cost of revenue for the Corporate and Other segment includes operating costs not directly attributable to any of the other three segments and increased 7% for fiscal 2023 compared to fiscal 2022. Reducing total Corporate and Other cost of revenue by deconversion fees from both fiscal years, which totaled $23 in fiscal 2023 and $325 in fiscal 2022, and Payrailz related costs of $90, Corporate and Other segment cost of revenue also increased 7%. This increase was primarily related to higher internal licenses and fees and personnel costs, including benefits expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents decreased to $12,243 at June 30, 2023 from $48,787 at June 30, 2022. The following table summarizes net cash from operating activities in the statement of cash flows:

	Year Ended June 30,	
	2023	2022
Net income	**$ 366,646**	$ 362,916
Non-cash expenses	**166,621**	234,676
Change in receivables	**(12,067)**	(41,508)
Change in deferred revenue	**(10,547)**	6,572
Change in other assets and liabilities	**(129,094)**	(58,025)
Net cash provided by operating activities	**$ 381,559**	$ 504,631

Cash provided by operating activities for fiscal 2023 decreased 24% compared to fiscal 2022, primarily due to the change in current and deferred income taxes included within non-cash expenses above that were related to Internal Revenue Code (IRC) Section 174 tax law changes with respect to the treatment of research and development expenses, as indicated by the increase in cash taxes paid, fiscal year over fiscal year. The Company paid income taxes, net of refunds, of $145,862, $60,553, and $80,220 in fiscal 2023, 2022, and 2021, respectively. Cash from operations is primarily used to repay debt, pay dividends, repurchase stock, and for capital expenditures.

Cash used in investing activities for fiscal 2023 totaled $409,673 and included: $229,628 for the acquisition of Payrailz, $166,120 for the ongoing enhancements and development of existing and new product and service offerings; capital expenditures on facilities and equipment of $39,179, mainly for the purchase of computer equipment; $1,685 for the purchase and development of internal use software; and $1,000 for purchase of investments. These expenditures were partially offset by $27,939 of proceeds from asset sales.

Cash used in investing activities for fiscal 2022 totaled $196,344 and included: $148,239 for the ongoing enhancements and development of existing and new product and service offerings; capital expenditures on facilities and equipment of $34,659, mainly for the purchase of computer equipment; $5,000 for the purchase of investments; and $8,491 for the purchase and development of internal use software. These expenditures were partially offset by $45 of proceeds from the sale of assets.

Financing activities used cash of $8,430 for fiscal 2023 and included $147,237 for dividends paid to stockholders and $25,000 for the purchase of treasury shares. These expenditures were partially offset by borrowings and repayments on our credit facilities and financing leases which netted to borrowings of $159,940 at June 30, 2023, and $3,867 of net cash inflow related to stock-based compensation.

Financing activities used cash in fiscal 2022 of $310,492 and included $193,916 for the purchase of treasury shares and $139,070 for dividends paid to stockholders. These expenditures were partially offset by borrowings and repayments on our revolving credit facility and financing leases which netted to borrowings of $14,873 at June 30, 2022, and $7,621 of net cash inflow related to stock-based compensation.

Capital Requirements and Resources

The Company generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures totaling $39,179 and $34,659 for fiscal years ended June 30, 2023, and June 30, 2022, respectively, were made primarily for additional equipment and the improvement of existing facilities. These additions were funded from cash generated by operations. At June 30, 2023, the Company had no significant outstanding purchase commitments related to property and equipment. We assessed our liquidity needs throughout fiscal 2023, and determined we had adequate capital resources and sufficient access to external financing sources to satisfy our current and reasonably anticipated funding needs. We will continue to monitor and assess these needs going forward.

At June 30, 2023, the Company had contractual obligations of $1,550,247, including operating lease obligations and $1,494,366 related to off-balance sheet contractual purchase obligations. Contractual obligations exclude $13,877 of liabilities for uncertain tax positions as we are unable to reasonably estimate the ultimate amount or timing of settlement.

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2023, there were 31,194 shares in treasury stock and the Company had the remaining authority to repurchase up to 3,796 additional shares. The total cost of treasury shares at June 30, 2023 was $1,832,118. During fiscal 2023, the Company repurchased 151 treasury shares for $25,000. At June 30, 2022, there were 31,043 shares in treasury stock and the Company had authority to repurchase up to 3,948 additional shares.

Payrailz

On August 31, 2022, the Company acquired all of the equity interest in Payrailz. The final purchase price, following customary post-closing adjustments to the extent actual closing date working capital, cash, debt, and unpaid seller transaction expenses exceeded or were less than the amounts estimated at closing, was $230,205. Pursuant to the merger agreement for the transaction, $48,500 of the purchase price was placed in an escrow account at the closing, consisting of $2,500 for any final purchase price adjustments owed by the sellers, which amount was released to the sellers on December 15, 2022, in connection with post-closing adjustments, and $46,000 for indemnification matters under the merger agreement.

The primary reason for the acquisition was to expand the Company's digital financial management solutions and the purchase was originally funded by our revolving line of credit (Note 7) and cash generated from operations. Payrailz provides cloud-native, API-first, AI-enabled consumer and commercial digital payment solutions and experiences that enable money to be moved in the moment of need.

Revolving credit facility

On August 31, 2022, the Company entered into a five-year senior, unsecured amended and restated credit agreement that replaced the prior credit facility described below. The credit agreement allows for borrowings of up to $600,000, which may be increased to $1,000,000 by the Company at any time until maturity. The credit agreement bears interest at a variable rate equal to (a) a rate based on an adjusted Secured Overnight Financing Rate ("SOFR") term rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the Prime Rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% per annum and (iv) the Adjusted Term SOFR Screen Rate (without giving effect to the Applicable Margin) for a one month Interest Period on such day for Dollars *plus* 1.0%), *plus* an applicable percentage in each case determined by the Company's leverage ratio. The credit agreement is guaranteed by certain subsidiaries of the Company and is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the credit agreement. As of June 30, 2023, the Company was in compliance with all such covenants. The amended and restated credit facility terminates August 31, 2027. There was $95,000 outstanding under the amended and restated credit facility at June 30, 2023.

On June 30, 2022, there was a $115,000 outstanding balance on the prior credit facility that was entered into on February 10, 2020. The prior credit facility was a five-year senior, unsecured revolving credit facility. The prior credit facility allowed for borrowings of up to $300,000, which could be increased by the Company to $700,000 at any time until maturity. The prior credit facility bore interest at a variable rate equal to (a) a rate based on a eurocurrency rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the U.S. Bank prime rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% and (iv) the eurocurrency rate for a one-month interest period on such day for dollars *plus* 1.0%), *plus* an applicable percentage in each case determined by the Company's leverage ratio. The prior credit facility was guaranteed by certain subsidiaries of the Company and was subject to various financial covenants that required the Company to maintain certain financial ratios as defined in the prior credit agreement. As of June 30, 2022, the Company was in compliance with all such covenants. The prior credit facility's termination date was February 10, 2025.

Term loan facility

On May 16, 2023, the Company entered into a term loan credit agreement with a syndicate of financial institutions, with an original principal balance of $180,000. Borrowings under the term loan facility bear interest at a variable rate equal to (a) a rate based on an adjusted SOFR term rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the Prime Rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% per annum and (iv) the Adjusted Term SOFR Screen Rate (without giving effect to the Applicable Margin) for a one month Interest Period on such day for Dollars *plus* 0.75%), *plus* an applicable percentage in each case determined by the Company's leverage ratio. The term loan credit agreement is guaranteed by certain subsidiaries of the Company and is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the term loan credit agreement. As of June 30, 2023, the Company was in compliance with all such covenants. The term loan credit agreement has a maturity date of May 16, 2025. There was $180,000 outstanding under the term loan at June 30, 2023.

Other lines of credit

The Company has an unsecured bank credit line which provides for funding of up to $5,000 and bears interest at the prime rate *less* 1.0%. The credit line was renewed in May 2019 and modified in May 2023 to extend the expiration to April 30, 2025. There was no balance outstanding at June 30, 2023 or 2022.

RECENT ACCOUNTING PRONOUNCEMENTS

Not Adopted at Fiscal Year End

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to recognition of an acquired contract liability and payment terms and their effect on subsequent revenue recognized by the acquirer. The ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted the ASU on July 1, 2023, and will apply it prospectively to business combinations occurring after that date.

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in accordance with U.S. GAAP. The significant accounting policies are discussed in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, as well as disclosure of contingent assets and liabilities. We base our estimates and judgments upon historical experience and other factors believed to be reasonable under the circumstances. Changes in estimates or assumptions could result in a material adjustment to the consolidated financial statements.

We have identified several critical accounting estimates. An accounting estimate is considered critical if both: (a) the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment involved, and (b) the impact of changes in the estimates and assumptions would have a material effect on the consolidated financial statements.

Revenue Recognition

We generate revenue from data processing, transaction processing, software licensing and related services, professional services, and hardware sales.

Significant Judgments Used in the Application of the Guidance

Identification of performance obligations

We enter into contracts with customers that may include multiple types of goods and services. At contract inception, we assess the solutions and services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a solution or service (or bundle of solutions or services) that is distinct — that is, if the solution or service is separately identifiable from other items in the arrangement and if the customer can benefit from the solution or service on its own or together with other resources that are readily available. Significant judgment is used in the identification and accounting for all performance obligations. We recognize revenue when or as we satisfy each performance obligation by transferring control of a solution or service to the customer.

Determination of transaction price

The amount of revenue recognized is based on the consideration we expect to receive in exchange for transferring goods and services to the customer. Our contracts with our customers frequently contain some component of variable consideration. We estimate variable consideration in our contracts primarily using the expected value method, based on both historical and current information. Where appropriate, we may constrain the estimated variable consideration included in the transaction price in the event of a high degree of uncertainty as to the final consideration amount. Significant judgment is used in the estimate of variable consideration of customer contracts that are long-term and include uncertain transactional volumes.

Technology or service components from third parties are frequently included in or combined with our applications or service offerings. Whether we recognize revenue based on the gross amount billed to the customer or the net amount retained involves judgment in determining whether we control the good or service before it is transferred to the customer. This assessment is made at the performance obligation level.

Allocation of transaction price

The transaction price, once determined, is allocated between the various performance obligations in the contract based upon their relative standalone selling prices. The standalone selling prices are determined based on the prices at which we separately sell each good or service. For items that are not sold separately, we estimate the standalone selling prices using all information that is reasonably available, including reference to historical pricing data.

Contract costs

We incur incremental costs to obtain a contract as well as costs to fulfill contracts with customers that are expected to be recovered. These costs consist primarily of sales commissions, which are incurred only if a contract is obtained, and customer conversion or implementation-related costs.

Capitalized costs are amortized based on the transfer of goods or services to which the asset relates, in line with the percentage of revenue recognized for each performance obligation to which the costs are allocated.

Depreciation and Amortization Expense

The calculation of depreciation and amortization expense is based on the estimated economic lives of the underlying property, plant and equipment and intangible assets, which have been examined for their useful life and determined that no impairment exists. We believe it is unlikely that any significant changes to the useful lives of our tangible and intangible assets will occur in the near term, but rapid changes in technology or changes in market conditions could result in revisions to such estimates that could materially affect the carrying value of these assets and our future consolidated operating results. For long-lived assets, we consider whether any impairment indicators are present. If impairment indicators are identified, we test the recoverability of the long-lived assets. If this recoverability test is failed, we determine the fair value of the long-lived assets and recognize an impairment loss if the fair value is less than its carrying value.

Capitalization of software development costs

We capitalize certain costs incurred to develop commercial software products. For software that is to be sold, significant areas of judgment include: establishing when technological feasibility has been met and costs should be capitalized, determining the appropriate period over which to amortize the capitalized costs based on the estimated useful lives, estimating the marketability of the commercial software products and related future revenues, and assessing the unamortized cost balances for impairment. Costs incurred prior to establishing technological feasibility are expensed as incurred. Amortization begins on the date of general release and the appropriate amortization period is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete.

For internal use software, capitalization begins at the beginning of application development. Costs incurred prior to this are expensed as incurred. Significant estimates and assumptions include determining the appropriate amortization period based on the estimated useful life and assessing the unamortized cost balances for impairment. Amortization begins on the date the software is placed in service and the amortization period is based on estimated useful life.

A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Estimates used to determine current and deferred income taxes

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We also must determine the likelihood of recoverability of deferred tax assets and adjust any valuation allowances accordingly. Considerations include the period of expiration of the tax asset, planned use of the tax asset, and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in one or more of these factors. Also, liabilities for uncertain tax positions require significant judgment in determining what constitutes an individual tax position as well as assessing the outcome of each tax position. Changes in judgment as to recognition or measurement of tax positions can materially affect the estimate of the effective tax rate and consequently, affect our financial results.

Assumptions related to purchase accounting and goodwill

We account for our acquisitions using the purchase method of accounting. This method requires estimates to determine the fair values of assets and liabilities acquired, including judgments to determine any acquired intangible assets such as customer-related intangibles, as well as assessments of the fair value of existing assets such as property and equipment. Liabilities acquired can include balances for litigation and other contingency reserves established prior to or at the time of acquisition and require judgment in ascertaining a reasonable value. Third-party valuation firms may be used to assist in the appraisal of certain assets and liabilities, but even those determinations would be based on significant estimates provided by us, such as forecast revenues or profits on contract-related intangibles. Numerous factors are typically considered in the purchase accounting assessments, which are conducted by Company professionals from legal, finance, human resources, information systems, program management and other disciplines. Changes in assumptions and estimates of the acquired assets and liabilities would result in changes to the fair values, resulting in an offsetting change to the goodwill balance associated with the business acquired.

As goodwill is not amortized, goodwill balances are regularly assessed for potential impairment. Such assessments include a qualitative assessment of factors that may indicate a potential for impairment, such as: macroeconomic conditions, industry and market changes, our overall financial performance, changes in share price, and an assessment of other events or changes in circumstances that could negatively impact us. If that qualitative assessment indicates a potential for impairment, a quantitative assessment is then required, including an analysis of future cash flow projections as well as a determination of an appropriate discount rate to calculate present values. Cash flow projections are based on management-approved estimates, which involve the input of numerous Company professionals from finance, operations and program management. Key factors used in estimating future cash flows include assessments of labor and other direct costs on existing contracts, estimates of overhead costs and other indirect costs, and assessments of new business prospects and projected win rates. Our most recent assessment indicates that no reporting units are currently at risk of impairment as the fair value of each reporting unit is significantly in excess of the carrying value. However, significant changes in the estimates and assumptions used in purchase accounting and goodwill impairment testing could have a material effect on the consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, volatilities, correlations or other market factors such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. We are currently exposed to credit risk on credit extended to customers and interest risk on outstanding debt. We do not currently use any derivative financial instruments. We actively monitor these risks through a variety of controlled procedures involving senior management.

Based on the controls in place and the credit worthiness of the customer base, we believe the credit risk associated with the extension of credit to our customers will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

We have $275,000 outstanding debt with variable interest rates as of June 30, 2023, and a 1% increase in our borrowing rate would increase our annual interest expense by $2.75 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

Financial Statement Schedules

There are no schedules included because they are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Jack Henry & Associates, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Jack Henry & Associates, Inc. and its subsidiaries (the “Company”) as of June 30, 2023 and 2022, and the related consolidated statements of income, of changes in stockholders’ equity and of cash flows for each of the three years in the period ended June 30, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - estimating variable consideration and identification of and accounting for performance obligations

As discussed in Notes 1 and 2 to the consolidated financial statements, the Company recorded revenue of $2.078 billion for the year ended June 30, 2023. The Company enters into contracts with its customers, which frequently contain multiple performance obligations and variable contract consideration. The amount of revenue recognized is based on the consideration the Company expects to receive in exchange for transferring goods and services to the customer. The Company’s contracts with its customers frequently contain some component of variable consideration. Management estimates variable consideration in its contracts primarily using the expected value method, based on both historical and current information. Where appropriate, the Company may constrain the estimated variable consideration included in the transaction price in the event of a high degree of uncertainty as to the final consideration amount. At contract inception, management assesses the solutions and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a solution or service (or bundle of solutions or services) that is distinct - that is, if the solution or service is separately identifiable from other items in the arrangement and if the customer can benefit from the solution or service on its own or together with other resources that are readily available. The Company recognizes revenue when or as it satisfies each performance obligation by transferring control of a solution or service to the customer. Significant judgment in revenue recognition for these customer contracts include, where relevant, (i) the estimation of variable consideration, principally, the varying volume of transactional activity over long-term contracts, and (ii) the identification of and accounting for all performance obligations.

The principal considerations for our determination that performing procedures relating to the estimation of variable consideration and the identification of and accounting for performance obligations is a critical audit matter are significant judgment by management to estimate the variable consideration, principally, the varying volume of transactional activity and the identification of and accounting for all performance obligations in a contract. This in turn resulted in significant audit effort, a high degree of auditor judgment and subjectivity in performing our audit procedures and in evaluating the audit evidence obtained.
Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including the estimation of variable consideration and identification of and accounting for each performance obligation. The procedures also included, among others, evaluating and testing management’s process for determining the variable consideration and testing the reasonableness of management’s estimation of variable consideration. Testing the estimation of variable consideration included evaluating the terms and conditions of the long-term contracts and the related significant assumptions used in the estimate of the variable consideration, principally, the use of historical transaction volumes to estimate the varying volume of transactional activity. The procedures for testing the performance obligations and variable consideration included evaluation of the terms and conditions for a sample of contracts.

/s/ PricewaterhouseCoopers LLP

Kansas City, Missouri
August 24, 2023

We have served as the Company’s auditor since 2015.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Jack Henry & Associates, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(e). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with U.S. GAAP.

The Company's internal control over financial reporting includes policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company; provide reasonable assurance transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements. All internal controls, no matter how well designed, have inherent limitations. Therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

As of June 30, 2023, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management has concluded the Company's internal control over financial reporting as of June 30, 2023, was effective.

The Company's internal control over financial reporting as of June 30, 2023, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in this Item 8.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)

	Year Ended June 30, 2023	2022	2021
REVENUE	**$ 2,077,702**	$ 1,942,884	$ 1,758,225
EXPENSES			
Cost of Revenue	**1,219,062**	1,128,614	1,063,399
Research and Development	**142,678**	121,355	109,047
Selling, General, and Administrative	**235,274**	218,296	187,060
Total Expenses	**1,597,014**	1,468,265	1,359,506
OPERATING INCOME	**480,688**	474,619	398,719
INTEREST INCOME (EXPENSE)			
Interest Income	**8,959**	32	150
Interest Expense	**(15,073)**	(2,384)	(1,144)
Total Interest Income (Expense)	**(6,114)**	(2,352)	(994)
INCOME BEFORE INCOME TAXES	**474,574**	472,267	397,725
PROVISION FOR INCOME TAXES	**107,928**	109,351	86,256
NET INCOME	**$ 366,646**	$ 362,916	$ 311,469
Basic earnings per share	**$ 5.03**	$ 4.95	$ 4.12
Basic weighted average shares outstanding	**72,918**	73,324	75,546
Diluted earnings per share	**$ 5.02**	$ 4.94	$ 4.12
Diluted weighted average shares outstanding	**73,096**	73,486	75,658

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Per Share Data)

	June 30, 2023	June 30, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,243	$ 48,787
Receivables, net	361,252	348,072
Income tax receivable	7,523	13,822
Prepaid expenses and other	169,178	125,537
Deferred costs	77,766	57,105
Assets held for sale	—	20,201
Total current assets	627,962	613,524
PROPERTY AND EQUIPMENT, net	205,664	211,709
OTHER ASSETS:		
Non-current deferred costs	161,465	143,750
Computer software, net of amortization	565,714	410,957
Other non-current assets	322,698	293,526
Customer relationships, net of amortization	65,528	69,503
Other intangible assets, net of amortization	19,998	25,137
Goodwill	804,797	687,458
Total other assets	1,940,200	1,630,331
Total assets	$ 2,773,826	$ 2,455,564
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 19,156	$ 21,034
Accrued expenses	172,629	192,042
Notes payable and current maturities of long-term debt	—	67
Deferred revenues	331,974	330,687
Total current liabilities	523,759	543,830
LONG-TERM LIABILITIES:		
Non-current deferred revenues	67,755	71,485
Deferred income tax liability	244,431	292,630
Debt, net of current maturities	275,000	115,000
Other long-term liabilities	54,371	50,996
Total long-term liabilities	641,557	530,111
Total liabilities	1,165,316	1,073,941
STOCKHOLDERS' EQUITY		
Preferred stock - $1 par value; 500,000 shares authorized, none issued	—	—
Common stock - $0.01 par value; 250,000,000 shares authorized; 104,088,784 shares issued at June 30, 2023; 103,921,724 shares issued at June 30, 2022	1,041	1,039
Additional paid-in capital	583,836	551,360
Retained earnings	2,855,751	2,636,342
Less treasury stock at cost 31,194,351 shares at June 30, 2023; 31,042,903 shares at June 30, 2022	(1,832,118)	(1,807,118)
Total stockholders' equity	1,608,510	1,381,623
Total liabilities and equity	$ 2,773,826	$ 2,455,564

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands, Except Share and Per Share Data)

	Year Ended June 30,		
	2023	2022	2021
PREFERRED SHARES:	**—**	—	—
COMMON SHARES:			
Shares, beginning of year	**103,921,724**	103,795,169	103,622,563
Shares issued for equity-based payment arrangements	**82,776**	46,669	92,747
Shares issued for Employee Stock Purchase Plan	**84,284**	79,886	79,859
Shares, end of year	**104,088,784**	103,921,724	103,795,169
COMMON STOCK - PAR VALUE $0.01 PER SHARE:			
Balance, beginning of year	**$ 1,039**	$ 1,038	$ 1,036
Shares issued for equity-based payment arrangements	**1**	—	1
Shares issued for Employee Stock Purchase Plan	**1**	1	1
Balance, end of year	**$ 1,041**	$ 1,039	$ 1,038
ADDITIONAL PAID-IN CAPITAL:			
Balance, beginning of year	**$ 551,360**	$ 518,960	$ 495,005
Shares issued for equity-based payment arrangements	**(1)**	—	(1)
Tax withholding related to share based compensation	**(8,505)**	(4,152)	(7,720)
Shares issued for Employee Stock Purchase Plan	**12,371**	11,772	10,930
Stock-based compensation expense	**28,611**	24,780	20,746
Balance, end of year	**$ 583,836**	$ 551,360	$ 518,960
RETAINED EARNINGS:			
Balance, beginning of year	**$ 2,636,342**	$ 2,412,496	$ 2,235,320
Cumulative effect of ASU 2016-13 adoption	**—**	—	(493)
Net income	**366,646**	362,916	311,469
Dividends	**(147,237)**	(139,070)	(133,800)
Balance, end of year	**$ 2,855,751**	$ 2,636,342	$ 2,412,496
TREASURY STOCK:			
Balance, beginning of year	**$ (1,807,118)**	$ (1,613,202)	$ (1,181,673)
Purchase of treasury shares	**(25,000)**	(193,916)	(431,529)
Balance, end of year	**$ (1,832,118)**	$ (1,807,118)	$ (1,613,202)
TOTAL STOCKHOLDERS' EQUITY	**$ 1,608,510**	$ 1,381,623	$ 1,319,292
Dividends declared per share	**$ 2.02**	$ 1.90	$ 1.78

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended June 30,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	**$ 366,646**	$ 362,916	$ 311,469
Adjustments to reconcile net income from operations to net cash from operating activities:			
Depreciation	**48,720**	50,789	52,515
Amortization	**142,006**	126,835	123,233
Change in deferred income taxes	**(48,199)**	31,872	16,760
Expense for stock-based compensation	**28,611**	24,780	20,746
(Gain)/loss on disposal of assets and businesses	**(4,517)**	400	(1,988)
Changes in operating assets and liabilities:			
Change in receivables	**(12,067)**	(41,508)	(6,112)
Change in prepaid expenses, deferred costs and other	**(112,316)**	(82,565)	(57,059)
Change in accounts payable	**(6,277)**	6,646	(94)
Change in accrued expenses	**(20,453)**	1,190	7,045
Change in income taxes	**9,952**	16,704	(10,927)
Change in deferred revenues	**(10,547)**	6,572	6,541
Net cash from operating activities	**381,559**	504,631	462,129
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for acquisitions, net of cash acquired	**(229,628)**	—	(2,300)
Capital expenditures	**(39,179)**	(34,659)	(22,988)
Proceeds from the sale of assets	**27,939**	45	6,187
Purchased software	**(1,685)**	(8,491)	(6,506)
Computer software developed	**(166,120)**	(148,239)	(128,343)
Proceeds from investments	**—**	—	5,000
Purchase of investments	**(1,000)**	(5,000)	(13,300)
Net cash from investing activities	**(409,673)**	(196,344)	(162,250)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings on credit facilities	**810,000**	332,000	200,000
Repayments on credit facilities and financing leases	**(650,060)**	(317,127)	(100,114)
Purchase of treasury stock	**(25,000)**	(193,916)	(431,529)
Dividends paid	**(147,237)**	(139,070)	(133,800)
Proceeds from issuance of common stock upon exercise of stock options	**1**	—	1
Tax withholding payments related to share based compensation	**(8,505)**	(4,152)	(7,721)
Proceeds from sale of common stock	**12,371**	11,773	10,931
Net cash from financing activities	**(8,430)**	(310,492)	(462,232)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**$ (36,544)**	$ (2,205)	$ (162,353)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**$ 48,787**	$ 50,992	$ 213,345
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 12,243**	$ 48,787	$ 50,992

See notes to consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE COMPANY

Jack Henry & Associates, Inc. and subsidiaries ("Jack Henry" or the "Company") is a well-rounded financial technology company. Jack Henry was founded in 1976 as a provider of core processing solutions for banks. Today, the Company's extensive array of products and services includes processing transactions, automating business processes, and managing information for over 7,500 financial institutions and diverse corporate entities.

CONSOLIDATION

The consolidated financial statements include the accounts of Jack Henry and all its subsidiaries, which are wholly owned, and all intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company generates "Services and Support" revenue through software licensing and related services, private cloud core and complementary software solutions, professional services, and hardware sales. The Company generates "Processing" revenue through processing of remittance transactions, card transactions and monthly fees, and digital transactions.

Significant Judgments Used in the Application of the Guidance

Identification of performance obligations

The Company enters into contracts with customers that may include multiple types of goods and services. At contract inception, the Company assesses the solutions and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a solution or service (or bundle of solutions or services) that is distinct - that is, if the solution or service is separately identifiable from other items in the arrangement and if the customer can benefit from the solution or service on its own or together with other resources that are readily available. Significant judgment is used in the identification and accounting for all performance obligations.

Determination of transaction price

The amount of revenue recognized is based on the consideration the Company expects to receive in exchange for transferring goods and services to the customer. The Company's contracts with its customers frequently contain some component of variable consideration. The Company estimates variable consideration in its contracts primarily using the expected value method, based on both historical and current information. Where appropriate, the Company may constrain the estimated variable consideration included in the transaction price in the event of a high degree of uncertainty as to the final consideration amount. Significant judgment is used in the estimate of variable consideration of customer contracts that are long-term and include uncertain transactional volumes.

Technology or service components from third parties are frequently included in or combined with the Company's applications or service offerings. Whether the Company recognizes revenue based on the gross amount billed to the customer or the net amount retained involves judgment in determining whether the Company controls the good or service before it is transferred to the customer. This assessment is made at the performance obligation level.

Allocation of transaction price

The transaction price, once determined, is allocated between the various performance obligations in the contract based upon their relative standalone selling prices. The standalone selling prices are determined based on the prices at which the Company separately sells each good or service. For items that are not sold separately, the Company estimates the standalone selling prices using all information that is reasonably available, including reference to historical pricing data.

COMPUTER SOFTWARE DEVELOPMENT

The Company capitalizes new product development costs incurred for software to be sold from the point at which technological feasibility has been established through the point at which the product is ready for general availability. Software development costs that are capitalized are evaluated on a product-by-product basis annually for impairment and are assigned an estimated economic life based on the type of product, market characteristics, and maturity of the market for that particular product. These costs are amortized based on current and estimated future revenue from the product or on a straight-line basis, whichever yields greater amortization expense. All of this amortization expense is included within components of operating income, primarily cost of revenue.

The Company capitalizes development costs for internal use software beginning at the start of application development. Amortization begins on the date the software is placed in service and the amortization period is based on estimated useful life.

CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

ACCOUNTS RECEIVABLE

Receivables are recorded at the time of billing. The Company monitors trade and other receivable balances and contract assets and estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including those related to current market conditions and events.

The following table summarizes allowance for credit losses activity for the years ended June 30, 2023, and 2022:

	Year Ended June 30,	
	2023	2022
Allowance for credit losses - beginning balance	**$ 7,616**	$ 7,266
Current provision for expected credit losses	**1,800**	1,740
Write-offs charged against allowance	**(1,458)**	(1,389)
Recoveries of amounts previously written off	**(1)**	(1)
Other	**(2)**	—
Allowance for credit losses - ending balance	**$ 7,955**	**$ 7,616**

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Intangible assets consist of goodwill, customer relationships, computer software, and trade names acquired in business acquisitions in addition to internally developed computer software. The amounts are amortized, with the exception of those with an indefinite life (goodwill), over an estimated economic benefit period, generally three to twenty years.

The Company reviews its long-lived assets and identifiable intangible assets with finite lives for impairment whenever events or changes in circumstances have indicated that it is more likely than not that the carrying amount of its assets might not be recoverable. The Company evaluates goodwill for impairment of value on an annual basis as of January 1 and between annual tests if events or changes in circumstances indicate that it is more likely than not that the asset might be impaired.

PURCHASE OF INVESTMENT

At June 30, 2023, and 2022, the Company had $18,250 invested in the preferred stock of Automated Bookkeeping, Inc. ("Autobooks"), which represents a non-controlling share of the voting equity of Autobooks. This investment was recorded at cost and is included within other non-current assets on the Company's balance sheet. The fair value of this investment has not been estimated, as estimation is not practicable due to limited investors which reduces available comparative information. There have been no events or changes in circumstances that would indicate an impairment and no price changes resulting from observing a similar or identical investment. An impairment and/or an observable price change would be an adjustment to recorded cost. Fair value will not be estimated unless there are identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Equity transactions are monitored quarterly to assess whether there are indicators that fair value may be below carrying value.

COMPREHENSIVE INCOME

Comprehensive income for each of the fiscal years ending June 30, 2023, 2022, and 2021, equals the Company's net income.

REPORTABLE SEGMENT INFORMATION

In accordance with U.S. GAAP, the Company's operations are classified as four reportable segments: Core, Payments, Complementary, and Corporate and Other (see Note 14). Substantially all the Company's revenues are derived from operations and assets located within the United States of America.

COMMON STOCK

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2023, there were 31,194 shares in treasury stock and the Company had the remaining authority to repurchase up to 3,796 additional shares of its common stock. The total cost of treasury shares at June 30, 2023, was $1,832,118. During fiscal 2023, the Company repurchased 151 shares of its common stock for $25,000 to be held in treasury. At June 30, 2022, there were 31,043 shares in treasury stock and the Company had authority to repurchase up to 3,948 additional shares of its common stock.

EARNINGS PER SHARE

Per share information is based on the weighted average number of common shares outstanding during the year. Stock options and restricted stock have been included in the calculation of income per diluted share to the extent they are dilutive. The difference between basic and diluted weighted average shares outstanding is the dilutive effect of outstanding stock options and restricted stock (see Note 11).

INCOME TAXES

Deferred tax liabilities and assets are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based upon the technical merits of the position. The tax benefit recognized in the financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Also, interest and penalties expense are recognized on the full amount of unrecognized benefits for uncertain tax positions. The Company's policy is to include interest and penalties related to unrecognized tax benefits in income tax expense.

RECENT ACCOUNTING PRONOUNCEMENTS

Not Adopted at Fiscal Year End

In October of 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to recognition of an acquired contract liability and payment terms and their effect on subsequent revenue recognized by the acquirer. The ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted the ASU on July 1, 2023, and will apply it prospectively to business combinations occurring after that date.

NOTE 2. REVENUE AND DEFERRED COSTS

Revenue Recognition

The Company generates revenue from data processing, transaction processing, software licensing and related services, professional services, and hardware sales.

The Company recognizes revenue when or as it satisfies each performance obligation by transferring control of a solution or service to the customer.

The following describes the nature of the Company's primary types of revenue:

Processing

Processing revenue is generated from transaction-based fees for electronic deposit and payment services, electronic funds transfers and debit and credit card processing. The Company's arrangements for these services typically require the Company to "stand-ready" to provide specific services on a when and if needed basis by processing an unspecified number of transactions over the contractual term. The fees for these services may be fixed or variable (based upon performing an unspecified quantity of services), and pricing may include tiered pricing structures. Amounts of revenue allocated to these services are recognized as those services are performed. Customers are typically billed monthly for transactions processed during the month. The Company evaluates tiered pricing to determine if a material right exists. If, after that evaluation, it determines a material right does exist, it assigns value to the material right based upon standalone selling price after estimation of breakage associated with the material right.

Private and public cloud

Private and public cloud revenue is generated from data and item processing services and hosting fees. The Company's arrangements for these services typically require the Company to "stand-ready" to provide specific services on a when and if needed basis. The fees for these services may be fixed or variable (based upon performing an unspecified quantity of services), and pricing may include tiered pricing structures. Amounts of revenue allocated to these services are recognized as those services are performed. Data and item processing services are typically billed monthly. The Company evaluates tiered pricing to determine if a material right exists. If, after that evaluation, it determines a material right does exist, it assigns value to the material right based upon standalone selling price.

Product delivery and services

Product delivery and services revenue is generated primarily from software licensing and related professional services and hardware delivery. Software licenses, along with any professional services from which they are not considered distinct, are recognized as they are delivered to the customer. Hardware revenue is recognized upon delivery. Professional services that are distinct are recognized as the services are performed. Deconversion fees are also included within product delivery and services and are considered a contract modification. Therefore, the Company recognizes these fees over the remaining modified contract term.

On-premise support

On-premise support revenue is generated from software maintenance for ongoing client support and software usage, which includes a license and ongoing client support. The Company's arrangements for these services typically require the Company to "stand-ready" to provide specific services on a when and if needed basis. The fees for these services may be fixed or variable (based upon performing an unspecified quantity of services). Software maintenance fees are typically billed to the customer annually in advance and recognized ratably over the maintenance term. Software usage is typically billed annually in advance, with the license delivered and recognized at the outset, and the maintenance fee recognized ratably over the maintenance term. Accordingly, the Company utilizes the practical expedient which allows entities to disregard the effects of a financing component when the contract period is one year or less.

Taxes collected from customers and remitted to governmental authorities are not included in revenue. The Company includes reimbursements from customers for expenses incurred in providing services (such as for postage, travel and telecommunications costs) in revenue, while the related costs are included in cost of revenue.

Disaggregation of Revenue

The tables below present the Company's revenue disaggregated by type of revenue. Refer to Note 14 – Reportable Segment Information for disaggregated revenue by type and reportable segment. The majority of the Company's revenue is earned domestically, with revenue from customers outside the United States comprising less than 1% of total revenue.

	Year Ended June 30,		
	2023	2022	2021
Private and Public Cloud	**$ 618,850**	$ 561,500	$ 504,548
Product Delivery and Services	**245,687**	250,843	208,856
On-Premise Support	**350,164**	344,022	334,802
Services and Support	**1,214,701**	1,156,365	1,048,206
Processing	**863,001**	786,519	710,019
Total Revenue	**$ 2,077,702**	$ 1,942,884	$ 1,758,225

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

	June 30, 2023	June 30, 2022
Receivables, net	**$ 361,252**	$ 348,072
Contract Assets- Current	**26,711**	24,447
Contract Assets- Non-current	**81,561**	68,261
Contract Liabilities (Deferred Revenue)- Current	**331,974**	330,687
Contract Liabilities (Deferred Revenue)- Non-current	**67,755**	71,485

Contract assets primarily result from revenue being recognized when or as control of a solution or service is transferred to the customer, but where invoicing is contingent upon the completion of other performance obligations or payment terms differ from the provisioning of services. The current portion of contract assets is reported within prepaid expenses and other in the consolidated balance sheet, and the non-current portion is included in other non-current assets. Contract liabilities (deferred revenue) primarily relate to consideration received from customers in advance of delivery of the related goods and services to the customer. Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period.

The Company analyzes contract language to identify if a significant financing component does exist and would adjust the transaction price for any material effects of the time value of money if the timing of payments provides either party to the contract with a significant benefit of financing the transaction.

For the fiscal years ended June 30, 2023, 2022, and 2021, the Company recognized revenue of $267,978, $270,972, and $256,952, respectively, that was included in the corresponding deferred revenue balance at the beginning of the periods.

Amounts recognized that relate to performance obligations satisfied (or partially satisfied) in prior periods were immaterial for each period presented. These adjustments are primarily the result of transaction price re-allocations due to changes in estimates of variable consideration.

Transaction Price Allocated to Remaining Performance Obligations

As of June 30, 2023, estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period totaled $5,897,338. The Company expects to recognize approximately 25% over the next 12 months, 19% in 13 - 24 months, and the balance thereafter.

Contract Costs

The Company incurs incremental costs to obtain a contract as well as costs to fulfill contracts with customers that are expected to be recovered. These costs consist primarily of sales commissions, which are incurred only if a contract is obtained, and customer conversion or implementation-related costs. Capitalized costs are amortized based on the transfer of goods or services to which the asset relates, in line with the percentage of revenue recognized for each performance obligation to which the costs are allocated.

Capitalized costs totaled $442,012 and $380,095, at June 30, 2023, and 2022, respectively.

During the fiscal years ended June 30, 2023, 2022, and 2021, amortization of deferred contract costs totaled $154,008, $133,174, and $122,143, respectively. There were no impairment losses in relation to capitalized costs for the periods presented.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

For cash equivalents, certificates of deposit, amounts receivable or payable, and short-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities.

The Company's estimates of the fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: inputs to the valuation are quoted prices in an active market for identical assets.

Level 2: inputs to the valuation include quoted prices for similar assets in active markets that are observable either directly or indirectly.

Level 3: valuation is based on significant inputs that are unobservable in the market and the Company's own estimates of assumptions that we believe market participants would use in pricing the asset.

Fair value of financial assets included in current assets is as follows:

	Estimated Fair Value Measurements			Total Fair
	Level 1	Level 2	Level 3	Value
June 30, 2023				
Financial Assets:				
Certificates of Deposit	**$ —**	**$ 2,234**	**$ —**	**$ 2,234**
Financial Liabilities:				
Credit facilities	**$ —**	**$ 275,000**	**$ —**	**$ 275,000**
June 30, 2022				
Financial Assets:				
Certificates of Deposit	$ —	$ 1,212	$ —	$ 1,212
Financial Liabilities:				
Revolving credit facility	$ —	$ 115,000	$ —	$ 115,000

NOTE 4. LEASES

The Company determines if an arrangement is a lease, or contains a lease, at inception. The lease term begins on the commencement date, which is the date the Company takes possession of the property and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The lease term is used to determine lease classification as an operating or finance lease and is used to calculate straight-line expense for operating leases.

Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes, which are comprised of real estate leases and equipment leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets also include prepaid lease payments and exclude lease incentives received. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. Since the Company’s leases do not typically provide an implicit rate, the Company uses its incremental borrowing rate based upon the information available at commencement date for both real estate and equipment leases. The determination of the incremental borrowing rate requires judgment. The Company determines the incremental borrowing rate using the Company’s current unsecured borrowing rate, adjusted for various factors such as collateralization and term to align with the terms of the lease. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term.

The Company leases certain office space, data centers and equipment. The Company’s leases have remaining terms of 1 to 10 years. Certain leases contain renewal options for varying periods, which are at the Company’s sole discretion. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company’s ROU assets and lease liabilities. Certain leases require the Company to pay taxes, insurance, maintenance, and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the lease liability to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred. Certain leases include options to purchase the leased asset at the end of the lease term, which is assessed as a part of the Company’s lease classification determination. The depreciable life of the ROU asset and leasehold improvements are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

At June 30, 2023, and 2022, the Company had operating lease assets of $43,662 and $46,869, respectively. At June 30, 2023, total operating lease liabilities of $50,269 were comprised of current operating lease liabilities of $9,776 and noncurrent operating lease liabilities of $40,493. At June 30, 2022, total operating lease liabilities of $51,452 were comprised of current operating lease liabilities of $10,681 and noncurrent operating lease liabilities of $40,771.

Operating lease assets are included within other non-current assets and operating lease liabilities are included with accrued expenses (current portion) and other long-term liabilities (noncurrent portion) in the Company’s consolidated balance sheet. Operating lease assets were recorded net of accumulated amortization of $34,973 and $31,006 as of June 30, 2023, and 2022, respectively.

Operating lease costs for the fiscal years ended June 30, 2023, 2022, and 2021, were $11,870, $13,058, and $14,676, respectively. Total operating lease costs for the fiscal years ended June 30, 2023, 2022, and 2021, included variable lease costs of approximately $3,608, $2,325, and $3,622, respectively. Operating lease expense is included within cost of services, research and development, and selling, general and administrative expense, dependent upon the nature and use of the ROU asset, in the Company’s consolidated statement of income.

For the fiscal years ended June 30, 2023, 2022, and 2021, operating cash flows for payments on operating leases were $12,127, $13,082, and $13,672, respectively, and ROU assets obtained in exchange for operating lease liabilities were $2,368, $2,407, and $4,691, respectively.

As of June 30, 2023, 2022, and 2021, the weighted-average remaining lease terms for the Company's operating leases were 78 months, 76 months, and 81 months, respectively, and the weighted-average discount rates were 2.14%, 2.58%, and 2.67%, respectively.

Maturity of Lease Liabilities under ASC 842

Future minimum rental payments on operating leases with initial non-cancellable lease terms in excess of one year were due as follows at June 30, 2023:

Due dates	Future Minimum Rental Payments
2024	$ 11,424
2025	8,769
2026	7,888
2027	7,157
2028	6,771
Thereafter	13,872
Total lease payments	$ 55,881
Less: interest	(5,612)
Present value of lease liabilities	**$ 50,269**

Future lease payments include $5,464 related to options to extend lease terms that are reasonably certain of being exercised. At June 30, 2023, there were $22,674 in legally binding lease payments for a lease signed but not yet commenced. The commencement date of the lease is October 1, 2023 and has a term of 96 months.

NOTE 5. PROPERTY AND EQUIPMENT

The classification of property and equipment, together with their estimated useful lives is as follows:

	June 30,		
	2023	2022	Estimated Useful Life
Land	**$ 16,581**	$ 16,781	
Land improvements	**24,251**	23,571	5 - 20 years
Buildings	**129,991**	129,313	20 - 30 years
Leasehold improvements	**51,125**	51,708	5 - 30 years [1]
Equipment and furniture	**394,507**	400,856	3 - 10 years
Aircraft and equipment	**41,400**	41,492	4 - 10 years
Construction in progress	**14,208**	2,547	
Finance lease right of use asset [2]	**312**	320	
	672,375	666,588	
Less accumulated depreciation	**466,711**	454,879	
Property and equipment, net	**$ 205,664**	$ 211,709	

[1] Lesser of lease term or estimated useful life
[2] Fully depreciated at June 30, 2023.

The change in property and equipment in accrued liabilities was an increase of $3,969 and a decrease of $4,097 for the fiscal years ended June 30, 2023, and 2022, respectively. These amounts were excluded from capital expenditures on the statements of cash flows.

No material impairments of property and equipment were recorded in the fiscal years ended June 30, 2023, 2022, or 2021.

During fiscal 2022, the Company received an offer to purchase one of its facilities and management committed to sell the facility. At June 30, 2022, this facility's assets were classified as assets held for sale by the Company in the amount of $20,201, and were not included in property and equipment, net. The sale of this facility was completed during fiscal 2023. Total assets held for sale by the Company at June 30, 2023, were $0.

NOTE 6. OTHER ASSETS

Goodwill

The carrying amount of goodwill for the fiscal years ended June 30, 2023, and 2022, by reportable segments, is as follows:

	June 30,	
Core	**2023**	2022
Beginning balance	**$ 195,578**	$ 195,578
Goodwill, acquired during the year	—	—
Goodwill, adjustments related to dispositions	**—**	—
Ending balance	**$ 195,578**	$ 195,578
Payments		
Beginning balance	**$ 325,326**	$ 325,326
Goodwill, acquired during the year	**117,339**	—
Goodwill, adjustments related to dispositions	**—**	—
Ending balance	**$ 442,665**	$ 325,326
Complementary		
Beginning balance	**$ 166,554**	$ 166,554
Goodwill, acquired during the year	**—**	—
Goodwill, adjustments related to dispositions	—	—
Ending balance	**$ 166,554**	$ 166,554

Goodwill acquired during fiscal 2023 and 2022 was $117,339 and $0, respectively. Goodwill consists largely of the growth potential, synergies and economies of scale expected from combining the operations of the Company with those of the entities or assets acquired, together with their assembled workforces. No goodwill has been assigned to the Company's Corporate and Other reportable segment.

Other intangible assets

Information regarding other identifiable intangible assets is as follows:

	June 30, 2023		
	Gross Carrying Amount	**Accumulated Amortization**	**Net**
Customer relationships	**$ 306,036**	**$ (240,508)**	**$ 65,528**
Computer software	**$ 1,386,291**	**$ (820,577)**	**$ 565,714**
Other intangible assets:	**$ 108,826**	**$ (88,828)**	**$ 19,998**

	June 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 316,401	$ (246,898)	$ 69,503
Computer software	$ 1,111,308	$ (700,351)	$ 410,957
Other intangible assets:	$ 108,688	$ (83,551)	$ 25,137

Customer relationships have useful lives ranging from 5 to 20 years.

Computer software includes cost of software to be sold, leased, or marketed of $171,310 and costs of internal-use software of $394,404 at June 30, 2023. At June 30, 2022, costs of software to be sold, leased, or marketed totaled $173,402, and costs of internal-use software totaled $237,555.

Computer software includes the unamortized cost of commercial software products developed or acquired by the Company, which are capitalized and amortized over useful lives generally ranging from 5 to 15 years. Amortization expense for computer software totaled $123,210, $105,036, and $99,305 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively. There were no material impairments in fiscal years ended June 30, 2023, 2022, and 2021.

The Company's other intangible assets have useful lives ranging from 3 to 20 years.

Amortization expense for all intangible assets was $142,006, $126,835, and $123,233 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2023, is as follows:

Years Ending June 30,	Computer Software	Customer Relationships	Other Intangible Assets	Total
2024	$ 120,305	$ 8,771	$ 5,752	$ 134,828
2025	101,776	8,317	3,454	113,547
2026	80,122	7,952	2,589	90,663
2027	56,718	7,858	2,227	66,803
2028	31,200	7,821	1,157	40,178

NOTE 7. DEBT

The Company had no outstanding short-term debt and $275,000 outstanding long-term debt at June 30, 2023, related to credit facilities. The Company had $67 outstanding short-term debt and $115,000 outstanding long-term debt at June 30, 2022.

Credit facilities

On August 31, 2022, the Company entered into a five-year senior, unsecured amended and restated credit agreement that replaced the prior credit facility described below. The credit agreement allows for borrowings of up to $600,000, which may be increased to $1,000,000 by the Company at any time until maturity. The credit agreement bears interest at a variable rate equal to (a) a rate based on an adjusted Secured Overnight Financing Rate ("SOFR") term rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the Prime Rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% per annum and (iv) the Adjusted Term SOFR Screen Rate (without giving effect to the Applicable Margin) for a one month Interest Period on such day for Dollars *plus* 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit agreement is guaranteed by certain subsidiaries of the Company and is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the credit agreement. As of June 30, 2023, the Company was in compliance with all such covenants. The amended and restated credit facility terminates August 31, 2027. There was $95,000 outstanding under the amended and restated credit facility at June 30, 2023.

On June 30, 2022, there was a $115,000 outstanding balance on the prior credit facility that was entered into on February 10, 2020. The prior credit facility was a five-year senior, unsecured revolving credit facility. The prior credit facility allowed for borrowings of up to $300,000, which could be increased by the Company to $700,000 at any time until maturity. The prior credit facility bore interest at a variable rate equal to (a) a rate based on a eurocurrency rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the U.S. Bank prime rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day plus 0.50% and (iv) the eurocurrency rate for a one-month interest period on such day for dollars *plus* 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The prior credit facility was guaranteed by certain subsidiaries of the Company and was subject to various financial covenants that required the Company to maintain certain financial ratios as defined in the prior credit agreement. As of June 30, 2022, the Company was in compliance with all such covenants. The prior credit facility's termination date was February 10, 2025.

Term loan facility

On May 16, 2023, the Company entered into a term loan credit agreement with a syndicate of financial institutions, with an original principal balance of $180,000. Borrowings under the term loan facility bear interest at a variable rate equal to (a) a rate based on an adjusted SOFR term rate or (b) an alternate base rate (the highest of (i) 0%, (ii) the Prime Rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% per annum and (iv) the Adjusted Term SOFR Screen Rate (without giving effect to the Applicable Margin) for a one month Interest Period on such day for Dollars *plus* 0.75%), plus an applicable percentage in each case determined by the Company's leverage ratio. The term loan credit agreement is guaranteed by certain subsidiaries of the Company and is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the term loan credit agreement. As of June 30, 2023, the Company was in compliance with all such covenants. The term loan credit agreement has a maturity date of May 16, 2025. There was $180,000 outstanding under the term loan at June 30, 2023.

Other lines of credit

The Company has an unsecured bank credit line which provides for funding of up to $5,000 and bears interest at the prime rate less 1.0%. The credit line was renewed in May 2019 and modified in May 2023 to extend the expiration to April 30, 2025. There was no balance outstanding at June 30, 2023, or 2022.

Interest

The Company paid interest of $14,776, $1,788, and $852 during the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

NOTE 8. INCOME TAXES

The provision for income taxes consists of the following:

	Year Ended June 30,		
	2023	2022	2021
Current:			
Federal	**$ 125,622**	$ 59,390	$ 55,598
State	**30,505**	18,089	13,897
Deferred:			
Federal	**(40,218)**	24,391	14,401
State	**(7,981)**	7,481	2,360
	$ 107,928	$ 109,351	$ 86,256

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	June 30,	
	2023	2022
Deferred tax assets:		
Contract and service revenues	**$ 18,186**	$ 15,340
Expense reserves and accruals (bad debts, compensation, and payroll tax)	**14,023**	15,382
Leasing liabilities	**12,462**	12,868
Net operating loss and tax credit carryforwards	**1,965**	2,107
Other, net	**2,916**	3,311
Total gross deferred tax assets	**49,552**	49,008
Valuation allowance	**(125)**	(200)
Net deferred tax assets	**49,427**	48,808
Deferred tax liabilities:		
Property and equipment depreciation	**(27,788)**	(33,390)
Intangibles, software development, and research and development tax amortization	**(136,045)**	(192,187)
Contract and service costs	**(119,201)**	(104,139)
Leasing right-of-use assets	**(10,824)**	(11,722)
Total gross deferred liabilities	**(293,858)**	(341,438)
Net deferred tax liability	**$ (244,431)**	$ (292,630)

The following analysis reconciles the statutory federal income tax rate to the effective income tax rates reflected above:

	Year Ended June 30,		
	2023	2022	2021
Computed "expected" tax expense	**21.0 %**	21.0 %	21.0 %
Increase (reduction) in taxes resulting from:			
State income taxes, net of federal income tax benefits	**3.7 %**	4.3 %	3.2 %
Research and development credit	**(2.3)%**	(2.0)%	(2.4)%
Other (net)	**0.3 %**	(0.1)%	(0.1)%
	22.7 %	23.2 %	21.7 %

As of June 30, 2023, the Company has $63 of gross federal net operating loss (“NOL”) pertaining to the acquisition of Goldleaf Financial Solutions, Inc. which is expected to be utilized after the application of IRC Section 382. Separately, as of June 30, 2023, the Company has state NOL and tax credit carryforwards with a tax-effected value of $128 and $1,824, respectively. The federal and state loss and credit carryover have varying expiration dates, ranging from fiscal 2024 to 2043. Based on state tax rules which restrict utilization of these losses and tax credits, the Company believes it is more likely than not that $125 of these losses and tax credits will expire unutilized. Accordingly, valuation allowances of $125 and $200 have been recorded against the state net operating losses and tax credit carryforwards as of June 30, 2023, and 2022, respectively.

The Company paid income taxes, net of refunds, of $145,862, $60,553, and $80,220 in fiscal 2023, 2022, and 2021, respectively. The increase in cash taxes paid in the current fiscal year is the result of law changes that were included in the Tax Cuts and Jobs Act of 2017 that are effective in the current fiscal year. The law changes require the capitalization of software development and research and development costs (IRC 174 costs) for tax purposes.

At June 30, 2023, the Company had $12,005 of gross unrecognized tax benefits, $10,453 of which, if recognized, would affect its effective tax rate. At June 30, 2022, the Company had $8,990 of unrecognized tax benefits, $8,066 of which, if recognized, would affect its effective tax rate. The Company had accrued interest and penalties of $1,872 and $1,234 related to uncertain tax positions at June 30, 2023, and 2022, respectively. The income tax provision included interest expense and penalties (or benefits) on unrecognized tax benefits of $529, $73, and $(310) in the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

A reconciliation of the unrecognized tax benefits for the fiscal years ended June 30, 2023, 2022, and 2021, follows:

	Unrecognized Tax Benefits
Balance at July 1, 2020	$ 10,112
Additions for current year tax positions	1,598
Additions for prior year tax positions	490
Reductions for prior year tax positions	(30)
Reductions related to expirations of statute of limitations	(3,408)
Balance at June 30, 2021	8,762
Additions for current year tax positions	1,863
Additions for prior year tax positions	1,642
Reductions for prior year tax positions	(36)
Reductions related to expirations of statute of limitations	(3,241)
Balance at June 30, 2022	8,990
Additions for current year tax positions	**2,570**
Additions for prior year tax positions	**2,433**
Reductions for prior year tax positions	**(350)**
Reductions related to expirations of statute of limitations	**(1,638)**
Balance at June 30, 2023	**$ 12,005**

The U.S. federal income tax returns for fiscal 2020 and all subsequent years remain subject to examination as of June 30, 2023, under statute of limitations rules. The U.S. state income tax returns that remain subject to examination as of June 30, 2023, under the statute of limitation rules varies by state jurisdiction from fiscal 2016 through 2019 and all subsequent years. The Company anticipates that potential changes due to lapsing statutes of limitations and examination closures could reduce the unrecognized tax benefits balance by $1,500 — $4,500 within twelve months of June 30, 2023.

NOTE 9. INDUSTRY AND SUPPLIER CONCENTRATION

The Company sells its products to banks, credit unions, and financial institutions throughout the United States and generally does not require collateral. Billings to customers are typically due 30 days from date of billing. Reserves are maintained for potential credit losses. Customer-related risks are moderated through the inclusion of credit mitigation clauses in the Company's contracts and through the monitoring of timely payments.

In addition, some of the Company’s key solutions are dependent on technology manufactured by third parties. Termination of the Company’s relationship with one or more of these third parties could have a negative impact on the operations of the Company.

NOTE 10. STOCK-BASED COMPENSATION

The Company's pre-tax operating income for the fiscal years ended June 30, 2023, 2022, and 2021, includes $28,611, $24,780, and $20,746, respectively, of equity-based compensation costs, of which $26,427, $22,703, and $18,817, respectively, relates to the restricted stock plans. Costs are recorded net of estimated forfeitures. The total income tax benefits from equity-based compensation for the fiscal years ended June 30, 2023, 2022, and 2021, were $5,115, $4,252, and $3,258, respectively. These income tax benefits included income tax net excess benefits from stock option exercises and restricted stock vestings of $1,109, $652, and $719 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

On November 10, 2015, the Company adopted the 2015 Equity Incentive Plan ("2015 EIP") for its employees and non-employee directors. The plan allows for grants of stock options, stock appreciation rights, restricted stock shares or units, and performance shares or units. The maximum number of shares authorized for issuance under the plan is 3,000.

Stock option awards

Under the 2015 EIP, terms and vesting periods of the stock options are determined by the Compensation Committee of the Board of Directors when granted. The options granted under this plan are exercisable beginning three years after grant at an exercise price equal to 100% of the fair market value of the stock at the grant date. The options terminate upon surrender of the option, ninety days after termination of employment, upon the expiration of one year following notification of a deceased optionee, or 10 years after grant.

During fiscal 2023, there were no options granted, forfeited, or exercised, and at June 30, 2023, 12 options were outstanding at a weighted average exercise price of $87.27 with an aggregate intrinsic value of $936. During fiscal 2022, there were no options granted or forfeited, and 10 options were exercised at a weighted average exercise price of $87.27 with a total intrinsic value of $1,005. At June 30, 2022, 12 options were outstanding at a weighted average exercise price of $87.27. During fiscal 2021, there were no options granted, forfeited, or exercised, and at June 30, 2021, 22 options were outstanding at a weighted average exercise price of $87.27. All remaining options were granted on July 1, 2016. At June 30, 2023, there was no compensation cost yet to be recognized related to outstanding options.

Restricted stock unit and performance unit awards

With respect to awards of restricted stock units and performance units, it is the intention of the Company to settle the unit awards in shares of the Company’s stock. Restricted stock unit awards (which are unit awards that have service requirements only and are not tied to performance measures) generally vest over a period of 1 to 3 years. Performance unit awards are awards that have performance measures in addition to service requirements.

The following table summarizes non-vested restricted stock unit awards and performance unit awards as of June 30, 2023, as well as activity for the fiscal year then ended:

Unit awards	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding July 1, 2020	307	$ 136.41	
Granted[1]	113	170.69	
Vested	(124)	111.08	
Forfeited[2]	(2)	140.46	
Outstanding July 1, 2021	294	160.22	
Granted[1]	135	178.60	
Vested	(71)	145.50	
Forfeited[2]	(55)	189.33	
Outstanding July 1, 2022	303	166.50	
Granted[1]	**136**	**214.78**	
Vested	**(120)**	**159.10**	
Forfeited[2]	**(16)**	**186.35**	
Outstanding June 30, 2023	**303**	**$190.08**	**$50,765**

[1]Granted includes restricted stock unit awards and performance unit awards at 100% achievement.
[2]Forfeited includes restricted stock unit awards and performance unit awards forfeited for service requirements not met and performance unit awards not settled due to underachievement of performance measures.

Of the 136 unit awards granted in fiscal 2023, 90 were restricted stock unit awards and 46 were performance unit awards. The restricted stock unit awards were valued at the weighted average fair value of the non-vested units based on the fair market value of the Company's equity shares on the grant date, less the present value of expected future dividends to be declared during the vesting period, consistent with the methodology for calculating compensation expense on such awards.

Of the remaining performance unit awards granted in fiscal 2023, 17 of these performance unit awards were valued at grant by estimating 100% payout at release and using the fair market value of the Company equity shares on the grant date, less the present value of expected future dividends to be declared during the vesting period. The payout at release of approximately half of these performance unit awards will be determined based on the Company's compound annual growth rate ("CAGR") for revenue (excluding adjustments) for the three-year vesting period compared against goal thresholds as defined in the award agreement. The performance payout at release of the other half of these performance unit awards will be determined based on the expansion of the Company's non-GAAP operating margin over the three-year vesting period compared against goal thresholds as defined in the award agreement. 25 of the performance unit awards were valued at grant using a Monte Carlo pricing model as of the measurement date customized to the specific provisions of the Company's plan design. The remaining 4 performance unit awards had other performance targets. Per the Company's award vesting and settlement provisions, the performance unit awards that utilized a Monte Carlo pricing model were valued at grant on the basis of Total Shareholder Return ("TSR") in comparison to the custom peer group ("Compensation Peer Group") comprised of the Standard & Poor's 1500 Software & Services Index ("S&P 1500 S&S Index") participant companies and other participants approved by the Compensation Committee of the Company's Board of Directors for fiscal years 2023 and 2022. For fiscal year 2021, TSR was in comparison to two separate groups—a custom peer group approved by the Human Capital and Compensation Committee and the Standard & Poor's 1500 Information Technology Index ("S&P 1500 IT Index") participants. TSR is defined as the change in the stock price through the performance period plus dividends per share paid during the performance period, all divided by the stock price at the beginning of the performance period.

The weighted average assumptions used in the Monte Carlo pricing model to estimate fair value at the grant dates for performance unit awards are as follows:

	Year Ended June 30,		
Monte Carlo award inputs:	**2023**	2022	2021
Compensation Peer Group:[1]			
Volatility	**29.4 %**	28.6 %	25.2 %
Risk free interest rate	**2.96 %**	0.32 %	0.11 %
Annual dividend based on most recent quarterly dividend	**$ 1.96**	$ 1.84	$ 1.72
Dividend yield	**0.9 %**	1.1 %	1.0 %
Beginning average percentile rank for TSR	**71 %**	65 %	37 %
S&P 1500 IT Index:			
Volatility			25.2 %
Risk free interest rate			0.11 %
Annual dividend based on most recent quarterly dividend			$ 1.72
Dividend yield			1.0 %
Beginning average percentile rank for TSR			30 %

[1]For fiscal 2023 and 2022, S&P 1500 S&S Index participants were included in the Compensation Peer Group.

At June 30, 2023, there was $21,661 of compensation expense, excluding forfeitures, that has yet to be recognized related to non-vested restricted stock unit awards, which will be recognized over a weighted-average remaining contractual term of 1.01 years.

The fair values of restricted stock units and performance units at release totaled $24,931, $12,139, and $21,652 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

NOTE 11. EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted earnings per share.

	Year Ended June 30,		
	2023	2022	2021
Net Income	**$ 366,646**	$ 362,916	$ 311,469
Common share information:			
Weighted average shares outstanding for basic earnings per share	**72,918**	73,324	75,546
Dilutive effect of stock options, restricted stock units, and performance units	**178**	162	112
Weighted average shares outstanding for diluted earnings per share	**73,096**	73,486	75,658
Basic earnings per share	**$ 5.03**	$ 4.95	$ 4.12
Diluted earnings per share	**$ 5.02**	$ 4.94	$ 4.12

Per share information is based on the weighted average number of common shares outstanding for each of the fiscal years. Stock options, restricted stock units, and performance units have been included in the calculation of earnings per share to the extent they are dilutive. The two-class method for computing EPS has not been applied because no outstanding awards contain non-forfeitable rights to participate in dividends. There were 10 anti-dilutive weighted average shares excluded from the weighted average shares outstanding for diluted earnings per share for fiscal 2023, 7 shares were excluded for fiscal 2022, and 11 shares were excluded for fiscal 2021.

NOTE 12. EMPLOYEE BENEFIT PLANS

The Company established an employee stock purchase plan in 2006. The plan allows the majority of employees the opportunity to directly purchase shares of the Company at 85% of the closing price of the Company's stock on or around the fifteenth day of each month. During the fiscal years ended June 30, 2023, 2022, and 2021, employees purchased 84, 80, and 80 shares under this plan at average prices of $146.79, $147.36, and $136.87, respectively. As of June 30, 2023, approximately 986 shares remained available for future issuance under the plan. The plan does not meet the criteria as a non-compensatory plan. As a result, the Company records the total dollar value of the stock discount given to employees under the plan as expense.

The Company has a defined contribution plan for its employees: the 401(k) Retirement Savings Plan (the "Plan"). The Plan is subject to the Employee Retirement Income Security Act of 1975 ("ERISA") as amended. Under the Plan, the Company matches 100% of full-time employee contributions up to 5% of eligible compensation. In order to receive matching contributions, employees must be 18 years of age and be employed for at least six months. The Company has the option of making a discretionary contribution; however, none has been made for any of the three most recent fiscal years. The total matching contributions for the Plan were $29,308, $28,259, and $26,783 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively.

NOTE 13. BUSINESS ACQUISITION

Payrailz

On August 31, 2022, the Company acquired all of the equity interest in Payrailz. The final purchase price, following customary post-closing adjustments to the extent actual closing date working capital, cash, debt, and unpaid seller transaction expenses exceeded or were less than the amounts estimated at closing, was $230,205. Pursuant to the merger agreement for the transaction, $48,500 of the purchase price was placed in an escrow account at the closing, consisting of $2,500 for any final purchase price adjustments owed by the sellers, which amount was released to the sellers on December 15, 2022, in connection with post-closing adjustments, and $46,000 for indemnification matters under the merger agreement.

The primary reason for the acquisition was to expand the Company's digital financial management solutions and the purchase was originally funded by our revolving line of credit (Note 7) and cash generated from operations. Payrailz provides cloud-native, API-first, AI-enabled consumer and commercial digital payment solutions and experiences that enable money to be moved in the moment of need.

Management has completed a preliminary purchase price allocation and assessment of the fair value of acquired assets and liabilities assumed. The recognized amounts of identifiable assets acquired, and liabilities assumed, based on their fair values as of August 31, 2022, and taking into account the post-closing purchase price adjustment described above, are set forth below:

Current assets	$	1,851
Identifiable intangible assets		119,868
Deferred revenue		(8,104)
Total other liabilities assumed		(749)
Total identifiable net assets		112,866
Goodwill		117,339
Net assets acquired	$	230,205

The amounts shown above include a measurement period adjustment made during the second quarter of fiscal 2023 related to a working capital adjustment. The amounts shown above may change as management continues to evaluate the income tax implications of this business combination.

The goodwill of $117,339 arising from this acquisition consists largely of the growth potential, synergies, and economies of scale expected from combining the operations of the Company with those of Payrailz, together with the value of Payrailz's assembled workforce. The goodwill from this acquisition has been allocated to our Payments segment and $117,339 is expected to be deductible for income tax purposes.

Identifiable intangible assets from this acquisition consist of customer relationships of $6,109, computer software of $112,505, and other intangible assets of $1,254. The amortization period for acquired customer relationships, computer software, and other intangible assets is over a term of 15 years, 10 years, and 15 years, respectively.

Current assets were inclusive of cash acquired of $577. The fair value of current assets acquired included accounts receivable of $978, none of which were expected to be uncollectible.

Costs incurred related to the acquisition of Payrailz during the fiscal year ended June 30, 2023, totaled $706 for administrative and professional services, travel, and other fees, and were expensed as incurred and reported within cost of revenue and selling, general, and administrative expense.

The Company's condensed consolidated statements of income for the fiscal year ended June 30, 2023, included revenue of $8,482, and after-tax net loss of $18,672, resulting from Payrailz's operations.

The accompanying consolidated statements of income for the fiscal year ended June 30, 2023, do not include any revenues and expenses related to this acquisition prior to the acquisition date. The following unaudited pro forma consolidated financial information for the fiscal years ended June 30, 2023, and 2022, is presented as if this acquisition had occurred at the beginning of the prior period presented. The pro forma net income includes estimated incremental amortization expense of $1,957 and $10,417 for the fiscal years ended June 30, 2023, and 2022, respectively. In addition, this unaudited pro forma financial information is provided for illustrative purposes only and should not be relied upon as necessarily being indicative of the historical results that would have been obtained if the acquisition had actually occurred during this period, or the results that may be obtained in the future as a result of the acquisition.

	Year Ended June 30,	
	2023	2022
	Pro forma	Pro forma
Revenue	**$ 2,079,329**	$ 1,950,460
Net Income	**364,066**	343,626

NOTE 14. REPORTABLE SEGMENT INFORMATION

The Company is a leading provider of technology solutions and payment processing services primarily to community and regional financial institutions.

The Company's operations are classified into four reportable segments: Core, Payments, Complementary, and Corporate and Other. The Core segment provides core information processing platforms to banks and credit unions, which consist of integrated applications required to process deposit, loan, and general ledger transactions, and maintain centralized customer/member information. The Payments segment provides secure payment processing tools and services, including ATM, debit, and credit card processing services, online and mobile bill pay solutions, and risk management products and services. The Complementary segment provides additional software and services that can be integrated with the Company's core solutions or used independently. The Corporate and Other segment includes revenue and costs from hardware and other products not attributable to the other three segments, as well as operating costs not directly attributable to the other three segments.

The Company evaluates the performance of its segments and allocates resources to them based on various factors, including performance against trend, budget, and forecast. Only revenue and costs of revenue are considered in the evaluation for each segment.

During fiscal 2023, the Company transferred a product, Remit, from the Complementary segment to the Payments segment, due to better alignment with the Payments segment. As a result of this transfer, adjustments were made during fiscal 2023 to reclassify related revenue and cost of revenue for the fiscal years ended June 30, 2022, and 2021, from the Complementary to the Payments segment. Revenue reclassed for the fiscal years ended June 30, 2022, and 2021, were $12,049 and $11,007, respectively. Cost of revenue reclassed for the fiscal years ended June 30, 2022, and 2021, were $2,059 and $1,982, respectively.

Immaterial adjustments were made in fiscal 2023 to reclassify revenue that was recognized in fiscal 2022 from the Complementary to the Corporate and Other segment. Immaterial adjustments were also made in fiscal 2023 to reclassify cost of revenue that was recognized in fiscal 2022 from the Complementary to the Payments and Corporate and Other segments. These reclasses were made to be consistent with the current allocation of revenue and cost of revenue by segment. Revenue reclassed for the fiscal year ended June 30, 2022, from Complementary to Corporate and Other was $4,917. Cost of revenue reclassed for the fiscal year ended June 30, 2022, from Complementary to Payments was $3,396, and from Complementary to Corporate and Other was $403.

Immaterial adjustments were made in fiscal 2023 to reclassify revenue that was recognized in fiscal 2021 from the Complementary to the Corporate and Other segment. Immaterial adjustments were also made in fiscal 2023 to reclassify cost of revenue that was recognized in fiscal 2021 from the Complementary and Corporate and Other segments to the Payments segment. These reclasses were made to be consistent with the current allocation of revenue and cost of revenue by segment. Revenue reclassed for the fiscal year ended June 30, 2021, from Complementary to Corporate and Other was $3,462. Cost of revenue reclassed for the fiscal year ended June 30, 2021, from Complementary to Payments was $2,523, and from Corporate and Other to Payments was $789.

	Year Ended June 30, 2023				
	Core	Payments	Complementary	Corporate and Other	Total
REVENUE					
Services and Support	$ 615,636	$ 79,818	$ 453,848	$ 65,399	$ 1,214,701
Processing	40,528	687,521	130,045	4,907	863,001
Total Revenue	656,164	767,339	583,893	70,306	2,077,702
Cost of Revenue	283,531	423,474	239,044	273,013	1,219,062
Research and Development					142,678
Selling, General, and Administrative					235,274
Total Expenses					1,597,014
SEGMENT INCOME	$ 372,633	$ 343,865	$ 344,849	$ (202,707)	
OPERATING INCOME					480,688
INTEREST INCOME (EXPENSE)					(6,114)
INCOME BEFORE INCOME TAXES					$ 474,574

	Year Ended June 30, 2022				
	Core	Payments	Complementary	Corporate and Other	Total
REVENUE					
Services and Support	$ 583,752	$ 83,810	$ 434,159	$ 54,644	$ 1,156,365
Processing	38,690	635,258	110,085	2,486	786,519
Total Revenue	622,442	719,068	544,244	57,130	1,942,884
Cost of Revenue	261,585	386,409	226,229	254,391	1,128,614
Research and Development					121,355
Selling, General, and Administrative					218,296
Total Expenses					1,468,265
SEGMENT INCOME	$ 360,857	$ 332,659	$ 318,015	$ (197,261)	
OPERATING INCOME					474,619
INTEREST INCOME (EXPENSE)					(2,352)
INCOME BEFORE INCOME TAXES					$ 472,267

	Year Ended June 30, 2021				
	Core	Payments	Complementary	Corporate and Other	Total
REVENUE					
Services and Support	$ 529,193	$ 68,800	$ 402,112	$ 48,101	$ 1,048,206
Processing	34,903	584,514	89,347	1,255	710,019
Total Revenue	564,096	653,314	491,459	49,356	1,758,225
Cost of Revenue	247,150	358,874	208,123	249,252	1,063,399
Research and Development					109,047
Selling, General, and Administrative					187,060
Total Expenses					1,359,506
SEGMENT INCOME	$ 316,946	$ 294,440	$ 283,336	$ (199,896)	
OPERATING INCOME					398,719
INTEREST INCOME (EXPENSE)					(994)
INCOME BEFORE INCOME TAXES					$ 397,725

The Company has not disclosed any additional asset information by segment, as the information is not generated for internal management reporting to the Chief Executive Officer, who is also the Chief Operating Decision Maker.

NOTE 15. SUBSEQUENT EVENTS

Dividend

On August 18, 2023, the Company's Board of Directors declared a cash dividend of $0.52 per share on its common stock, payable on September 28, 2023, to stockholders of record on September 8, 2023.

Voluntary departure incentive plan

In July 2023, the Company conducted a voluntary separation program for certain eligible employees. The Company is expected to incur $17,000 to $18,000 in the fiscal 2024 quarter ending September 30, 2023, associated with this program.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out under the supervision and with the participation of our management, including our Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of 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 upon that evaluation (required in Exchange Act Rules 13a-15(b) and 15d-15(b)), the CEO and CFO concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Management's Report on Internal Control over Financial Reporting required by this Item 9A is in Item 8, "Financial Statements and Supplementary Data." The Company's independent registered public accounting firm has audited our internal control over financial reporting as of June 30, 2023; their report is included in Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2023, there were no changes in the Company's internal control over financial reporting which were identified in connection with management's evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Rule 10b-5(1) Trading Plans

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

Information required by Items 10, 11, 12, 13 and 14 of Part III is omitted from this report and will be filed within 120 days after the Company's June 30, 2023, fiscal year end in the definitive proxy statement for our 2023 Annual Meeting of Stockholders (the “Proxy Statement”).

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See the information under the captions “Election of Directors”, “Corporate Governance," “Delinquent Section 16(a) Reports" (if applicable), and “Executive Officers” in the Proxy Statement, which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

See the information under captions “Corporate Governance," “Human Capital & Compensation Committee Report," “Compensation Discussion and Analysis," "Compensation and Risk," and “Executive Compensation” in the Proxy Statement, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the information under the captions “Stock Ownership of Certain Stockholders” and “Equity Compensation Plan Information” in the Proxy Statement, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See the information under the captions “Election of Directors - Director Independence” and “Certain Relationships and Related Transactions” in the Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

See the information under the captions ”Audit Committee Report” and “Ratification of Selection of the Company's Independent Registered Public Accounting Firm," PricewaterhouseCoopers LLC (PCAOB ID No. 238), in the Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) The following consolidated financial statements of the Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon appear under Item 8 of this Report:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Statements of Income for the fiscal years ended June 30, 2023, 2022, and 2021
- Consolidated Balance Sheets as of June 30, 2023, and 2022
- Consolidated Statements of Changes in Stockholders' Equity for the fiscal years ended June 30, 2023, 2022, and 2021
- Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2023, 2022, and 2021
- Notes to the Consolidated Financial Statements

(2) The following financial statement schedules filed as part of this Report appear under Item 8 of this Report:

There are no schedules included because they are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

(3) See "Index to Exhibits" set forth below.

All exhibits not attached hereto are incorporated by reference to a prior filing as indicated.

Index to Exhibits

Exhibit No.	Description
3.1.8	Restated Certificate of Incorporation attached as Exhibit 3.1.8 to the Company's Quarterly Report on Form 10-Q filed February 9, 2021.
3.2.8	Restated and Amended Bylaws attached as Exhibit 3.2.8 to the Company's Current Report on Form 8-K filed August 26, 2021.
4.1**	Description of Securities
10.49*	Jack Henry & Associates, Inc. Deferred Compensation Plan attached as Exhibit 10.49 to the Company's Quarterly Report on Form 10-Q filed November 5, 2014.
10.50*	Jack Henry & Associates, Inc. Non-Employee Directors Deferred Compensation Plan attached as Exhibit 10.50 to the Company's Quarterly Report on Form 10-Q filed November 5, 2014.
10.56*	Jack Henry & Associates, Inc. 2015 Equity Incentive Plan attached as Exhibit 10.56 to the Company's Current Report on Form 8-K filed November 16, 2015.
10.57*	Form of Restricted Stock Unit Agreement (non-employee directors) attached as Exhibit 10.57 to the Company's Quarterly Report on Form 10-Q filed February 5, 2016.
10.58*	Form of Nonqualified Stock Option Agreement (executives) attached as Exhibit 10.58 to the Company's Current Report on Form 8-K filed July 1, 2016.
10.61*	Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, as amended and restated effective November 10, 2016, attached as Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed November 16, 2016.
10.63*	Jack Henry & Associates, Inc. 2017 Annual Incentive Plan, effective September 1, 2017 and approved by the stockholders on November 9, 2017, attached as Exhibit 10.63 to the Company's Current Report on Form 8-K filed November 13, 2017.

10.64* Retention Agreement, dated January 1, 2020, between the Company and David Foss attached as Exhibit 10.64 to the Company's Current Report on Form 8-K filed January 3, 2020.

10.69* Form of Performance Shares Agreement attached as Exhibit 10.69 to the Company's Annual Report on Form 10-K filed August 25, 2021.

10.70* Form of Restricted Stock Unit Agreement attached as Exhibit 10.70 to the Company's Annual Report on Form 10-K filed August 25, 2021.

10.71* Form of Indemnification Agreement attached as Exhibit 10.71 to the Company's Current Report on Form 8-K filed February 17, 2022.

10.72* Jack Henry & Associates, Inc. Executive Severance Plan attached as Exhibit 10.72 to the Company's Current Report on Form 8-K filed July 29, 2022.

10.73 Amended and Restated Credit Agreement, dated as of August 31, 2022, among Jack Henry & Associates, Inc., as Borrower, the lenders parties thereto, U.S. Bank National Association, as Administrative Agent, LC Issuer and Swing Line Lender, and certain other financial institutions as co-syndication agents and joint lead arrangers and joint book runners attached as Exhibit 10.73 to the Company's Current Report on Form 8-K filed September 1, 2022.

10.74 Amendment No. 1 to Amended and Restated Credit Agreement, dated as of May 16, 2023 among Jack Henry & Associates, Inc., as Borrower, the affiliates of Borrower party thereto as Guarantors, the lenders parties thereto, and U.S. Bank National Association, as Administrative Agent attached as Exhibit 10.74 to the Company's Current Report on Form 8-K filed May 22, 2023.

10.75 Term Loan Agreement, dated as of May 16, 2023, among Jack Henry & Associates, Inc., as Borrower, the lenders parties thereto, Truist Bank, as Administrative Agent, and certain other financial institutions as joint lead arrangers and joint book runners attached as Exhibit 10.75 to the Company's Current Report on Form 8-K filed May 22, 2023.

10.76* ** Form of Performance Shares Agreement.

10.77** Form of Aircraft Time Sharing Agreement between the Company and each of Messrs. Foss, Adelson, Morgan, and Zengel and Mses. Carsley and Swearingen (supersedes Aircraft Time Sharing Agreement for Mr. Foss, originally filed as Exhibit 10.67 to the Company's Quarterly Report on Form 10-Q filed February 9, 2021).

10.78* ** Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, as amended and restated on August 18, 2023, effective January 1, 2024.

21.1** List of the Company's subsidiaries.

23.1** Consent of Independent Registered Public Accounting Firm- PricewaterhouseCoopers LLP.

31.1** Certification of the Chief Executive Officer.

31.2** Certification of the Chief Financial Officer.

32.1*** Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.

32.2*** Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.

101.INS**** XBRL Instance Document

101.SCH**** XBRL Taxonomy Extension Schema Document

101.CAL**** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF**** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB**** XBRL Taxonomy Extension Label Linkbase Document

101.PRE**** XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit (101)), except registrant name, JACK HENRY & ASSOCIATES INC, tagged in non-printing section.

* Indicates management contract or compensatory plan or arrangement.

** Filed with this report on Form 10-K

*** Furnished with this report on Form 10-K.

**** Filed with this report on Form 10-K are the following documents formatted in XBRL ("Extensible Business Reporting Language"): (i) the Consolidated Balance Sheets at June 30, 2023, and June 30, 2022, (ii) the Consolidated Statements of Income for the years ended June 30, 2023, 2022, and 2021, (iii) the Consolidated Statements of Shareholders’ Equity for the years ended June 30, 2023, 2022, and 2021, (iv) the Consolidated Statements of Cash Flows for the years ended June 30, 2023, 2022, and 2021, and (v) Notes to Consolidated Financial Statements.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 this 24th day of August, 2023.

JACK HENRY & ASSOCIATES, INC., Registrant

By /s/ David B. Foss
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	**Capacity**	**Date**
/s/ David B. Foss David B. Foss	Chief Executive Officer and Board Chair (Principal Executive Officer)	August 24, 2023
/s/ Mimi L. Carsley Mimi L. Carsley	Chief Financial Officer and Treasurer (Principal Financial Officer)	August 24, 2023
/s/ Renee A. Swearingen Renee A. Swearingen	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	August 24, 2023
/s/ Matthew C. Flanigan Matthew C. Flanigan	Vice Chair and Lead Director	August 24, 2023
/s/ Thomas H. Wilson, Jr Thomas H. Wilson, Jr	Director	August 24, 2023
/s/ Jacqueline R. Fiegel Jacqueline R. Fiegel	Director	August 24, 2023
/s/ Thomas A. Wimsett Thomas A. Wimsett	Director	August 24, 2023
/s/ Laura G. Kelly Laura G. Kelly	Director	August 24, 2023
/s/ Shruti S. Miyashiro Shruti S. Miyashiro	Director	August 24, 2023
/s/ Wesley A. Brown Wesley A. Brown	Director	August 24, 2023
/s/ Curtis A. Campbell Curtis A. Campbell	Director	August 24, 2023

EXHIBIT 4.1

DESCRIPTION OF SECURITIES

The following is a brief description of the common stock of Jack Henry & Associates, Inc. (the "Company") common stock which is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended and is based on and qualified by the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation") and Restated and Amended Bylaws ("Bylaws"). For a complete description of the terms and provisions of the Company's common stock, refer to the Certificate of Incorporation and Bylaws, both of which are filed as Exhibits to this Annual Report on Form 10-K.

GENERAL

Under the Company's Certificate of Incorporation, our authorized capital stock consists of 250,000,000 shares of common stock, par value $0.01 per share, and 500,000 shares of preferred stock, par value $1.00 per share. As of August 15, 2023, an aggregate of 72,935,131 shares of common stock and no shares of preferred stock were issued and outstanding.

COMMON STOCK

Voting Rights

The holders of our common stock are entitled to one vote per share on any matter to be voted upon by stockholders. The holders of common stock are not entitled to cumulative voting rights with respect to the election of directors, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

Dividends

Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors ("Board of Directors") out of legally available funds.

Liquidation

In the event of a liquidation or dissolution of the Company, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding preferred stock.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, conversion or other rights to subscribe for additional securities and there are no redemption or sinking fund provisions applicable to our common stock.

Fully Paid and Non-assessable

All of the outstanding shares of common stock are fully paid and non-assessable.

ANTI-TAKEOVER EFFECTS OF OUR CERTIFICATE OF INCORPORATION AND BYLAWS AND PROVISIONS OF DELAWARE LAW

Provisions of our Certificate of Incorporation and Bylaws and Delaware law may make it more difficult for a third party to acquire, or may discourage a third party from attempting to acquire, control of us. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include the following.

Blank Check Preferred Stock

Our Board of Directors is authorized to designate any series of preferred stock and the powers, preferences and rights of the shares of such series and the qualifications, limitations or restrictions thereof without further action by the holders of common stock.
Our Board of Directors may create and issue a series of preferred stock with rights, privileges or restrictions, and adopt a stockholder rights plan, having the effect of discriminating against an existing or prospective holder of such securities as a result of such security holder beneficially owning or commencing a tender offer for a substantial amount of common stock. The issuance of preferred stock, while providing flexibility in connection with possible financings, acquisitions or other corporate purposes, could have the effect of making it more difficult or discouraging an attempt by a potential acquiror to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management. The issuance of such shares of capital stock may have the effect of delaying, deferring or preventing a change in control without any further action by the stockholders.

Size of Board

Our Certificate of Incorporation and Bylaws provide that the number of directors shall be eight, or such other number (one or more), as fixed from time to time by resolution of the Board of Directors.

Director Vacancies

Our Bylaws provide that any vacancies on our Board of Directors and newly created directorships will be filled by the affirmative vote of a majority of the remaining directors, although less than a quorum.

Advance Notice for Stockholder Proposals and Nominations

Our Bylaws contain provisions requiring advance notice be delivered to the Company and procedures to be followed by stockholders in proposing business to be considered by the stockholders at an annual meeting or nominating persons for election to our Board of Directors, including stockholder nominees to be included in our proxy statement. To propose business to be considered by the stockholders at an annual meeting, a stockholder must submit to the secretary of the Company at the principal executive offices of the Company all of the information and documents required by the Bylaws not less than 90 days prior to the first anniversary of the preceding year's annual meeting. To nominate a nominee for election to the Board of Directors, a nominating stockholder must submit to the secretary of the Company at the principal executive offices of the Company all of the information and documents required by the Bylaws not less than 90 days prior to the first anniversary of the preceding year's annual meeting (or in the case of a special meeting, not later than the close of business on the later of the 75th day prior to such special meeting or the 10th day following the date on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting). To nominate a nominee for election to Board of Directors for inclusion in the proxy statement, a nominating stockholder must submit to the secretary of the Company at the principal executive offices of the Company all of the information and documents specified in the Bylaws no earlier than 150 calendar days, and no later than 120 calendar days, before the anniversary of the date that the Company mailed its proxy statement for the prior year’s annual meeting of stockholders.

No Cumulative Voting

Our Bylaws do not provide for cumulative voting for our directors. The absence of cumulative voting may make it more difficult for stockholders owning less than a majority of our common stock to elect any directors to our Board.

Limitations on Liability of Directors; Indemnification of Directors and Officers

Our Certificate of Incorporation limits, to the fullest extent permitted by Delaware law, the liability of our directors to us or our stockholders. Subject to certain limitations, our Certificate of Incorporation provides that our directors, officers and other persons must be indemnified for, and provides for the advancement to them of expenses incurred in connection with, actual or threatened proceedings and claims arising out of their status as our director or officer to the fullest extent permitted by Delaware law. In addition, the Certificate of Incorporation expressly authorizes us to purchase and maintain directors' and officers' insurance providing indemnification for our directors, officers, employees or agents. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors, officers, employees and other agents.

The limitation of liability and indemnification provisions in our Certificate of Incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors, officers, employees and other agents, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors, officers, employees, and other agents pursuant to these indemnification provisions.

Super-majority voting requirements

Our Certificate of Incorporation requires a two-thirds vote of the stockholders to approve certain amendments to our Certificate of Incorporation. Our Bylaws may also be amended, altered or repealed at any special meeting of the stockholders if duly called for that purpose or at any annual meeting, by the affirmative vote of the holders of at least two-thirds of the Company's stock entitled to vote thereon.

Limitations on Calling Special Meetings and Action by Written Consent

Our Certificate of Incorporation prevents stockholder action by written consent in lieu of an annual or special meeting and our Bylaws require special meetings of the stockholders to be called by the Chair of the Board, the President, the Board of Directors as a whole, or two-thirds of the stockholders.

Limitations on Business Combinations with Interested Stockholders

We are also subject to Section 203 of the Delaware General Corporation Law which, subject to exceptions, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that a stockholder became an interested stockholder, unless:

- prior to that date, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; or
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock outstanding at the time the transaction commenced; or
- on or following that date the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A. is the transfer agent and registrar for our common stock.

LISTING

Our common stock is traded on the Nasdaq Global Select Market under the symbol “JKHY.”

JACK HENRY & ASSOCIATES, INC.
2015 EQUITY INCENTIVE PLAN

PERFORMANCE SHARES AGREEMENT

Date of Grant:	[Date]
Number of Performance Shares Granted	____________________________

This Award Agreement ("Award Agreement" or "Agreement") dated [Date], is made by and between Jack Henry & Associates, Inc., a Delaware corporation (the "Company"), and _______________ ("Participant").

RECITALS:

A. Effective November 10, 2015, the Company's stockholders approved the Jack Henry & Associates, Inc. 2015 Equity Incentive Plan pursuant to which the Company may, from time to time, grant Performance Shares to eligible Service Providers of the Company and its Affiliates.

B. Participant is a Service Provider of the Company or one of its Affiliates and the Company desires to encourage him/her to own Shares and to give him/her added incentive to advance the interests of the Company, and desires to grant Participant Performance Shares under the terms and conditions established by the Human Capital & Compensation Committee (the "Committee").

AGREEMENT:

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Incorporation of Plan. All provisions of this Award Agreement and the rights of Participant hereunder are subject in all respects to the provisions of the Plan and the powers of the Committee therein provided. Capitalized terms used in this Award Agreement but not defined shall have the meaning set forth in the Plan.

2. Grant of Performance Shares. Effective as of the Date of Grant set forth above opposite the heading "Date of Grant," subject to the conditions and restrictions set forth in this Award Agreement and in the Plan, the Company hereby grants to Participant that number of Performance Shares identified above opposite the heading "Number of Performance Shares Granted" (the "Performance Shares"), but the number of such Performance Shares actually settled may be ultimately adjusted and determined pursuant to the terms and conditions set forth in this Agreement and including Appendix A hereto. Each Performance Share shall initially be deemed to be the equivalent of one share of Stock; provided, however, that certain levels of achievement may result in settlement of less than one, or more than one, share of Stock (or its cash equivalent) for each Performance Share. In the sole discretion of the Committee, the Company may elect to settle a Performance Share for cash with a cash payment equal to the fair market value of each Performance Share the Committee elects to settle for cash.

3. Restrictions; Company Stock Ownership Guidelines.

(a) Restrictions. Except as may be permitted under the Plan or by the Committee, none of Participant's rights to payment hereunder are transferable by sale, assignment, disposition, gift, exchange, pledge, hypothecation, or otherwise. Any attempted disposition of any of Participant's rights hereunder, or the levy of any execution, attachment or similar process upon any of the Performance Shares prior to settlement, shall be null and void and without effect. Holding Performance Shares does not give Participant the rights of a shareholder (including without limitation the right to vote or receive dividends or other distributions) with respect to shares of Stock underlying the Performance Shares that the Company may issue under the terms and conditions of this Agreement.

(b) Company Stock Ownership Guidelines. Any Shares acquired by Participant on the Settlement Date pursuant to this Award may be subject to any Company stock ownership guidelines or stock ownership policy as determined appropriate by the Committee and communicated to Participant. Participant agrees that Participant will comply with and adhere to such stock ownership guidelines or stock ownership policy.

4. Settlement, Forfeiture and Share Issuance.

(a) Appendix A Performance Measures. The performance measures applicable to the Performance Shares (the “Performance Measures”) are set forth in Appendix A to this Agreement. By accepting the terms and conditions of this Agreement, Participant shall be deemed to have consented to Appendix A, and Appendix A, its Performance Measures, terms and conditions are incorporated herein by reference. The Performance Measures relate to the Company's 20__, 20__, and 20__ fiscal years (each a “Performance Year”, and collectively the “Performance Period”). Appendix A also sets forth the “Scheduled Settlement Date”, which, if it occurs due to achievement of one or more of the Performance Measures, shall follow the meeting of the Committee at which the applicable level of performance goal achievement is determined for Award purposes (“Applicable Committee Meeting”). At the Applicable Committee Meeting following the 20__ Performance Year, the Committee shall conduct an objective analysis as to whether one or more of the Performance Measures have been satisfied. If one or more of such Performance Measures have been satisfied, the Committee shall certify such achievement (“Certification”) and instruct the Company to begin the Performance Shares settlement process.

(b) Performance Settlement.

(i) The Performance Shares shall be settled in connection with Certification (as provided in Appendix A, but no earlier than any Scheduled Settlement Date). Settlement shall not occur if Certification does not occur at the Applicable Committee Meeting in 20__ (the “Deadline”), and if Certification does not occur by the Deadline, no Performance Shares shall be settled and all of Participant's rights under this Agreement shall be forfeited as of the Deadline.

(ii) To the extent permissible under the Plan, the Committee, in its sole discretion, may elect to settle one or more Performance Shares by making a cash payment to Participant in an amount equal to the then fair market value of the share of Stock underlying the Performance Share being settled, less any amounts necessary to satisfy the Company's tax withholding obligations.

(c) Other Settlement.

(i) *Effect of Change in Control on Award and Settlement.*

(A) If a Change in Control occurs prior to the last day of the Performance Period, this Award shall automatically convert into a time-based vesting Award relating to a new number of Performance Shares determined under Section 4(c)(i)(B) and subject to the vesting condition and exceptions under Section 4(c)(i)(C).

(B) The new number of Performance Shares for purposes of this Section 4(c)(i) shall be equal to the sum of:

(I) the greater of (a) the number of Shares subject to the TSR Measuring Goal set forth in Appendix A (i.e., the number that would be obtained if goal achievement were 100%) or (b) the number of Shares subject to the TSR Measuring Goal set forth in Appendix A and that would have been settled based on the actual level of TSR goal achievement if the date of such Change in Control event were the applicable measuring date for the TSR performance measure; plus

(II) the number of Performance Shares subject to goals other than the TSR Measuring Goal (i.e., the number that would be obtained for all other non-TSR Measuring Goals) if goal achievement for each of such other performance measures were at 100%.

(C) In the event that this Award Agreement is not converted, assumed, substituted, continued, or replaced (with substantially identical economic terms) by a successor or surviving entity, or a parent or subsidiary thereof, in connection with such Change in Control event, then, immediately prior to the Change in Control event, all of the Performance Shares (as adjusted under this Section 4(c)(i)) shall vest in full and be settled. In the event that this Award Agreement is converted, assumed, substituted, continued, or replaced (with substantially identical economic terms) by a successor or surviving entity, or a parent or subsidiary thereof, in connection with the Change in Control event, then the Performance Shares (as adjusted under this Section 4(c)(i)) shall become vested, subject to Participant's continuous employment, on the last day of the Performance Period. In the event that Participant's employment terminates before the last day of the Performance Period, the Performance Shares shall be forfeited; provided, however, if Participant experiences a Covered Termination (as defined below) prior to the last day of such Performance Period, then all of the Performance Shares (as adjusted under this Section 4(c)(i)) shall become immediately vested as of the date of the Covered

Termination, and, provided, further, if Participant dies, becomes Disabled or Retires prior to the last day of such Performance Period, Participant or Participant's estate or beneficiary(ies) shall receive a pro rata portion of the Performance Shares (as adjusted under this Section 4(c)(i)), such pro rata portion determined in the same manner as set forth below in Section 4(c)(ii).

(D) Definitions. For purposes of this Section 4(c)(i):

(I) "Covered Termination" means (a) the termination of Participant's employment with the Company or the successor or surviving entity, or a parent or subsidiary thereof, in connection with the Change in Control event, within the period commencing 90 days prior to, and ending two years following such Change in Control event (the "Applicable Period") without Cause (as defined below), or (b) Participant's resignation for Good Reason (as defined below) during the Applicable Period.

(II) "Cause" means (a) failure of Participant to adequately perform his or her duties assigned by the Company; or (b) any act or acts of gross dishonesty or gross misconduct on Participant's part which result or are intended to result directly or indirectly in gain or personal enrichment at the expense of the Company or its subsidiaries to which Participant is not legally entitled.

(III) "Good Reason" means (a) a material diminution of Participant's authority, duties or responsibilities from those being exercised and performed by Participant immediately prior to the Change in Control event; (b) a transfer of Participant to a location which is more than 75 miles away from the location where Participant was employed immediately prior to the Change in Control event; (c) a material diminution in the rate of Participant's annual salary below his or her rate of annual salary immediately prior to the Change in Control event; (d) a material diminution in Participant's annual target bonus opportunity below his or her annual target bonus opportunity immediately prior to the Change in Control event; or (e) a material breach by the Company of any incentive award agreement covering Participant; provided, however, that Good Reason shall not be deemed to exist unless Participant has first provided notice to the Company of the existence of one of the events described above within a period of 90 days from the initial existence of the event, and after such notice the Company has been provided a period of 30 days to eliminate the existence of Good Reason.

(ii) *Effect of Death, Disability and Retirement on Settlement.*

(A) Upon Participant's termination of employment due to Disability or “Retirement”, no forfeiture or accelerated settlement of the Performance Shares shall occur (except as provided in Section 4(c)(i) above). Rather, on the Scheduled Settlement Date following the Applicable Committee Meeting, if Certification occurs, a pro rata portion of the Performance Shares subject to this Agreement shall be settled based on the period of time in the Performance Period that elapsed prior to Participant's termination of employment.

(B) Upon Participant's termination of employment due to death, settlement shall be accelerated such that a pro rata portion of the Performance Shares subject to this Agreement shall be settled based on the period of time in the Performance Period that elapsed prior to Participant’s death. Such pro rata settlement shall occur as if goal achievement occurred at the level resulting in settlement of 100% of the Performance Shares subject to each applicable Performance Measure and shall be settled as soon as practicable following Participant’s death.

For purposes of this Section 4(c)(ii), any pro rata portion of the Performance Shares being settled shall be determined by (I) dividing the aggregate number of Performance Shares Participant would have been entitled to receive had he or she been employed through the end of the Performance Period by 36 (i.e., the number of calendar months in the Performance Period), and then (II) multiplying the quotient obtained in (I) by the number of whole months elapsed from the commencement of the 20__ fiscal year to the date of Participant's death or termination of employment due to Disability or Retirement. For purposes of this pro rata calculation, Participant must have been actively employed as a full-time employee for an entire calendar month in the Performance Period to receive credit that month.

For purposes of this Agreement “Retirement” means a Participant’s termination of employment for the express reason of retirement, as determined by the Committee in its sole discretion, for which Participant has provided the Company at least 6 months’ prior notice and occurs (a) on or after age 55 and following a minimum number of years of employment with the Company such that Participant’s age plus the number of years of employment with the Company equals or exceeds 72, or (b) on or after age 65. Unless otherwise determined by the Committee, Participant must (1) have been actively employed as a full-time employee for an entire calendar year to receive credit for such year of employment for purposes of this definition of “Retirement” and (2) have been actively employed as a full-time employee for six months following the Date of Grant to qualify as a “Retirement” for the purposes of this Agreement. If Participant is not actively employed as a full-time employee for six months following the Date of Grant, the Award will not be administered as subject to a “Retirement” under this Agreement.

(d) Forfeiture. Subject to the other provisions of this Section 4, all rights relating to any non-settled Performance Shares shall be forfeited if either (A) Certification does not occur prior to or on the Deadline, or (B) Participant ceases to be employed by the Company during the Performance Period (except as provided in Section 4(c) above). Participant is not deemed to have terminated employment through, and Participant's rights relating to the Performance Shares shall not be forfeited solely as a result of, any change in Participant's duties or position or Participant's temporary leave of absence approved by the Company. Upon any such forfeiture, under no circumstances will the Company be obligated to make any payment to Participant, and no shares of Stock shall be issued, as a result of such forfeited Performance Shares.

(e) Share Issuance. Except as otherwise provided herein, upon the settlement of a specific number of Performance Shares, for shares of Stock, as provided in Paragraphs 4(b) or (c), the Company shall issue a corresponding number of shares of Stock to Participant on the Settlement Date, provided that tax withholding obligations have been satisfied as provided in Section 5. The Company’s transfer agent may issue shares of Stock in certificated or book entry form as determined by the Company’s Corporate Secretary. Upon issuance of the Shares, Participant shall have all rights of a shareholder with respect thereto including the right to vote and receive all dividends or other distributions made or paid with respect to the shares of Stock.

(f) Payments to Third Party. Upon death of Participant followed by a valid written request for payment, the shares of Stock, to the extent eligible to be issued, shall be issued as soon as administratively practical to Participant’s beneficiary named in a written beneficiary designation filed with the Company’s Corporate Secretary on a form for the Plan or, if there is no such designated beneficiary, to Participant’s executor or administrator or other personal representative acceptable to the Company’s Corporate Secretary. Any request to pay any person or persons other than Participant shall be accompanied by such documentation as the Company may reasonably require, including without limitation, evidence satisfactory to the Company of the authority of such person or persons to receive the payment.

5. Tax Withholding; Withholding with Stock. The Company's obligations to issue Shares in connection with the settlement of any Performance Shares is subject to Participant's satisfaction of all applicable federal, state and local income and other tax (including Social Security and Medicare taxes) withholding requirements. Unless specifically denied by the Committee, Participant may elect to pay any portion of the required tax withholding amounts (or greater amounts if permitted by the Committee) by electing to have the Company withhold upon settlement a number of Shares having a Fair Market Value on the withholding date equal to the minimum amount (or greater amount if permitted by the Committee) elected to be withheld by Participant. Any withholding obligations satisfied through the withholding of Shares shall be in accordance with any rules or established procedures for election by Participant including any rules or restrictions relating to the period of time any previously acquired Shares have been held or owned, the timing of any elections, the irrevocability of any elections, or any special rules relating to Participant if Participant is an officer or trustee of the Company within the meaning of Section 16 of the 1934 Act.

6. Dividends and Voting. Prior to a Performance Share settlement date, Participant shall have no right to receive any dividends or dividend equivalent payments with respect to the Performance Shares. Participant will have no voting rights with respect to any of the Performance Shares.

7. Administration. This Award has been made pursuant to a determination made by the Committee, subject to the express terms of this Agreement, and the Committee shall have plenary authority to interpret any provision of this Agreement and to make any determinations necessary or

advisable for the administration of this Agreement and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Participant by the express terms hereof.

8. No Right to Continued Service. Nothing in this Agreement shall be deemed to create any limitation or restriction on such rights as the Company otherwise would have to terminate the employment of Participant.

9. Compliance with Section 409A. Notwithstanding any provision in this Agreement or the Plan to the contrary, this Agreement shall be interpreted and administered in accordance with Code Section 409A and regulations and other guidance issued thereunder ("Section 409A"). For purposes of determining whether any payment made pursuant to this Agreement results in a "deferral of compensation" within the meaning of Treasury Regulation 1.409A-1(b), Company shall maximize the exemptions described in such section, as applicable. Any reference to a "termination of employment" or similar term or phrase shall be interpreted as a "separation from service" within the meaning of Section 409A. If any deferred compensation payment is payable while Participant is a "specified employee" under Section 409A, and payment is due because of separation from service for any reason other than death, then payment of such amount shall be delayed for a period of six months and paid in a lump sum on the first payroll payment date following the earlier of the expiration of such six month period or Participant's death. To the extent any payments under this Agreement are made in installments, each installment shall be deemed a separate payment for purposes of Section 409A and the regulations issued thereunder. Participant or his or her beneficiary, as applicable, shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Participant or his or her beneficiary in connection with any payments to Participant or his or her beneficiary pursuant to this Agreement, including but not limited to any taxes, interest and penalties under Section 409A, and Company shall have no obligation to indemnify or otherwise hold Participant or his or her beneficiary harmless from any and all of such taxes and penalties.

10. Amendment. This Award Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Award Agreement.

11. Governing Law. The laws of the State of Delaware will govern the interpretation, validity and performance of this Award Agreement regardless of the law that might be applied under principles of conflicts of laws. Participant is deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Missouri to resolve any and all issues that may arise out of or relate to this Award Agreement.

12. Clawback Policy. The Performance Shares will be subject to certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"), the Company's Executive Compensation Recoupment Policy or any other compensation clawback policy that is adopted by the Committee or for which the Committee is required to adopt pursuant to the listing standards of any national securities exchange on which the Company's securities are listed or as is otherwise required by Dodd-Frank and that will require or permit the Company to be able to claw back compensation paid to its executives under certain circumstances. Participant acknowledges that the Performance Shares may be clawed back by the Company in accordance with any policies and procedures adopted by the Committee in order to comply with any of the foregoing compensation recoupment

policies or as set forth in this Award Agreement. This Agreement may be unilaterally amended by the Committee to comply with any such compensation recovery policy.

13. Entire Agreement and Binding Effect. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof. Except as expressly stated herein to the contrary, this Agreement will be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto.

14. Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

The Company has caused this Agreement to be executed on its behalf, and Participant has signed this Agreement to evidence Participant's acceptance of the terms hereof, all as of the date first above written.

JACK HENRY & ASSOCIATES, INC.

By:___________

Title: ______________________________

PARTICIPANT

____

Name: _______________________

APPENDIX A TO PERFORMANCE SHARES AWARD AGREEMENT
[DATE] GRANT
Executive

CLIFF SETTLEMENT

(Settlement occurs based upon the level of achievement of the Performance Measures)

Achievement of the Performance Measures set forth below for the Performance Period (FY20__-FY20__) ("Performance Condition") is required for settlement, and settlement may occur no earlier than the first (1st) business day following the Applicable Committee Meeting (the “Scheduled Settlement Date”), except in the case of a Change in Control or as otherwise provided in the Agreement and this Appendix.

Calculation of the number of Performance Shares eligible to be settled depends on (i) the applicable percentage of the Performance Shares that are subject to Total Stockholder Return ("TSR") measures of the Company and the level of achievement of the Company's TSR compared to the applicable comparator group, (ii) the applicable percentage of the Performance Shares that are subject to a three-year Organic Revenue Growth (CAGR) measure of the Company and the level of achievement of the Company against specified thresholds, and (iii) the applicable percentage of the Performance Shares that are subject to a three-year Non-GAAP Operating Margin Expansion measure of the Company and the level of achievement of the Company against specified thresholds.

The TSR measure, the Organic Revenue Growth (CAGR) measure, and the Non-GAAP Operating Margin Expansion measure are each subject to certain objective measurement and adjustment principles as set forth immediately following each applicable measuring goal below. In addition, the Committee has the sole discretion to administer, interpret and make subjective adjustments as necessary to determine the number of the Performance Shares that should vest, if any, based on each of the measures.

TSR Measuring Goal -- Performance Against Compensation Peer Group plus Reference Peers

- **Number of Shares Subject to TSR Measuring Goal: ________**Performance Shares

- **Applicable Measuring Goal:** The Company's ending TSR percentile rank against the TSRs of the companies in (a) the Company's compensation peer group plus (b) the Company's compensation reference peers, for the three (3) fiscal years ending June 30, 20__. The Company's TSR will be included amongst the comparator group for purposes of calculating percentile ranking.

- **Percentage of Performance Shares Vesting Based on Percentile Ranking:** The percentage of Performance Shares eligible to be settled shall be determined in accordance with the following schedule:

Company's TSR Compared to Measuring Peer Group	Percentage of Performance Shares Eligible to be Settled*
< __% percentile	0% of Performance Shares (0 shares)
__th percentile	__% of Performance Shares (_____ shares)
__th percentile	__% of Performance Shares (_____ shares)
_th percentile or Greater	__% of Performance Shares (______ shares)

*The percentage of Performance Shares eligible to be settled when the Company's TSR for the Performance Period falls in between any of the above-listed percentiles shall be determined using linear interpolation between the immediately preceding and immediately following data-points.

- **General Principles for TSR Measuring Goal**

For purposes of TSR Measuring Goal, TSR (for each company's stock taken into account in the TSR calculation) is calculated as follows:

(i) The closing stock price (average of the closing prices for the trading days during the 30 consecutive calendar days ending on June 30, 20__) plus reinvested dividends paid during the Performance Period;

Divided by

(ii) The beginning stock price (average of the closing prices for the trading days during the 30 consecutive calendar days ending on June 30, 20__).

For this purpose, closing price means the last reported market price for one share of stock, regular way, on the exchange or stock market on which such last reported market price is reported on the day in question.

The TSR comparator group will be only those companies in the Company's comparator group at both the beginning of the Performance Period and at the end of the Performance Period, subject to the following exceptions:

- Companies within the TSR Measuring Goal comparator group on June 30, 20__, that file for bankruptcy or whose shares are otherwise delisted shall continue to be counted at the end of the

Performance Period and shall be considered at the bottom of the peer group for ranking purposes or given a -100% performance under a percentile method.

- o Companies within the TSR Measuring Goal comparator group on June 30, 20__ that are merged into another entity during the Performance Period, shall be removed from the comparator group both at the beginning and the end of the Performance Period.

- **Measuring Peer Group:** The following is the Company's comparator group for purposes of this TSR Measuring Goal:

Compensation Peers

Compensation Reference Peers

Organic Revenue Growth (CAGR) Measuring Goal

- **Number of Shares Subject to Organic Revenue Growth (CAGR) Measuring Goal:** ________Performance Shares

- **Applicable Measuring Goal:** The Company's compound annual growth rate ("CAGR") for revenue (adjusting for deconversion fees) for the three-year period ending June 30, 20__ compared against goal thresholds.

- **Percentage of Performance Shares Vesting Based on Outcome:** The percentage of Performance Shares eligible to be settled shall be determined in accordance with the following schedule:

Company's Three-Year Organic Revenue Growth (CAGR)	Percentage of Performance Shares Eligible to be Settled*
< __%	0% of Performance Shares (0 shares)
__%	__% of Performance Shares (_____ shares)
__%	___% of Performance Shares (_____ shares)
__%	___% of Performance Shares (______ shares)

*The percentage of Performance Shares eligible to be settled when the Company's Organic Revenue Growth (CAGR) for the Performance Period falls in between any of the above-listed percentages shall be determined using linear interpolation between the immediately preceding and immediately following data-points.

- **General Principles for Organic Revenue Growth (CAGR) Measuring Goal**

For purposes of Organic Revenue Growth (CAGR) Measuring Goal, the following principles will apply:

(i) Non-GAAP revenue will be calculated by adjusting GAAP revenue for the relevant periods for deconversion fee revenue, acquisitions and divestitures, and, as approved by the Committee, any other one-time non-GAAP adjustments that management makes in the Company's earnings releases.

(ii) Organic Revenue Growth (CAGR) is calculated as follows:

(a) The quotient equal to the Company's non-GAAP revenue for the final Performance Year of the Performance Period (the "final year") *divided by* the Company's non-GAAP revenue for the fiscal year ending immediately prior to the beginning of the Performance Period (the "base year").

Raised to an exponent of

(b) one-third

Subtracting from the result of (a) and (b)

(c) 1.

(iii) If there is any acquisition or divestiture by the Company during the Performance Period, the Committee will adjust the goal, base year results, and/or final year results, as appropriate, to ensure Participant is neither materially benefited nor materially penalized by the acquisition or divestiture. This will be accomplished by:

(a) For acquisitions that occur in year one or two of the Performance Period, and which the Committee determines are significant and should be included in the performance goal, adjusting the calculations to reflect the “pro forma” revenue anticipated for the acquisition for the final year, based on deal modeling and expectations or other method as approved by the Committee.

(b) Fully excluding the impact of any acquisition that occurs in year three of the Performance Period and any other acquisition that the Committee determines is not significant and should not be included in the performance goal.

(c) For divestitures, adjusting the calculations to offset the actual revenue attributable to the divestiture.

<u>Non-GAAP Operating Margin Expansion</u>

- **Number of Shares Subject to Non-GAAP Operating Margin Expansion Measuring Goal: ________**Performance Shares

- **Applicable Measuring Goal:** The expansion of the Company's non-GAAP operating margin over the three-year period ending June 30, 20__ compared against goal thresholds.

- **Percentage of Performance Shares Vesting Based on Percentile Ranking:** The percentage of Performance Shares eligible to be settled shall be determined in accordance with the following schedule:

Company's Three-Year Non-GAAP Operating Margin Expansion	Percentage of Performance Shares Eligible to be Settled*
< __%	0% of Performance Shares (0 shares)
__%	__% of Performance Shares (_____ shares)
__%	__% of Performance Shares (_____ shares)
__%	__% of Performance Shares (______ shares)

*The percentage of Performance Shares eligible to be settled when the Company's Non-GAAP Operating Margin Expansion for the Performance Period falls in between any of the above-listed percentiles shall be determined using linear interpolation between the immediately preceding and immediately following data-points.

- **<u>General Principles for Non-GAAP Operating Margin Expansion Measuring Goal</u>**

For purposes of Non-GAAP Operating Margin Expansion Measuring Goal, the following principles will apply:

(i)Non-GAAP revenue will be calculated by adjusting GAAP revenue for the relevant periods for deconversion fee revenue, acquisitions and divestitures, and, as approved by the Committee, any other one-time non-GAAP adjustments that management makes in the Company's earnings releases.

(ii) Non-GAAP operating income will be calculated by adjusting GAAP operating income for the relevant periods for operating income from deconversion fees and operating income/loss from acquisitions, divestitures, sales of assets, and, as approved by the Committee, any other one-time non-GAAP adjustments that management makes in the Company's earnings releases:

(iii) Non-GAAP Operating Margin Expansion is calculated as follows:

(a) An amount equal to non-GAAP operating income for the final Performance Year of the Performance Period (the "final year") *divided by* non-GAAP revenue for the final year

Less

(b) An amount equal to non-GAAP operating income for the fiscal year ending immediately prior to the beginning of the Performance Period (the "base year") *divided by* non-GAAP revenue for the base year

(iv) If there is any acquisition or divestiture by the Company during the Performance Period, the Committee will adjust the goal, base year results, and/or final year results, as appropriate, to ensure Participant is neither materially benefited nor materially penalized by the acquisition or divestiture. This will be accomplished by:

(a) For acquisitions that occur in year one or two of the Performance Period, and which the Committee determines are significant and should be included in the performance goal, adjusting the calculations to reflect the "pro forma" revenue and operating income anticipated for the acquisition for the final year, based on deal modeling and expectations or other method as approved by the Committee.

(b) Fully excluding the impact of any acquisition that occurs in year three of the Performance Period and any other acquisition that the Committee determines is not significant and should not be included in the performance goal.

(c) For divestitures, adjusting the calculations to offset the actual revenue and operating income attributable to the divestiture.

(d) Removing any one-time costs and/or transaction related fees.

FORM OF AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement ("**Agreement**") is effective as of the __ day of ____ 20__ ("**Effective Date**"), by and between Jack Henry and Associates, Inc. ("**Lessor**"), and _____________ ("**Lessee**");

RECITALS

WHEREAS, Lessor is the registered owner ("**Owner**") of the aircraft (individually and collectively, the "**Aircraft**) listed on Schedule 1 attached hereto, each currently registered with the Federal Aviation Administration ("**FAA**");

WHEREAS, Lessor has obtained a fully qualified flight crew to operate the Aircraft;

WHEREAS, Lessor desires to lease to Lessee said Aircraft and to provide a fully qualified flight crew for all operations on a periodic, non-exclusive time sharing basis, as defined in Section 91.501(c) of the Federal Aviation Regulations ("**FARs**"); and

WHEREAS, the use of the Aircraft by Lessee shall at all times be pursuant to and in full compliance with the requirements of FAR Sections 91.501 (b)(6), 91.501 (c)(1) and 91.501 (d);

NOW, THEREFORE, in consideration of the mutual promises and considerations contained in this Agreement, the parties agree as follows:

1. Lessor agrees and has the right to lease the Aircraft to Lessee on a periodic, non-exclusive basis, and to provide a fully qualified flight crew for all operations, pursuant and subject to the provisions of FARs Section 91.501 (c)(1) and the terms to this Agreement. With respect to each flight undertaken under this Agreement, Lessor shall have and retain operational control of the Aircraft as provided in the applicable FAR (as defined in FAR Section 1.1 "operational control," with respect to a flight, means the exercise of authority over initiating, conducting, or terminating a flight.); and, for federal tax purposes, shall have and retain "possession, command and control" of the Aircraft. This Agreement shall commence on the Effective Date and continue for a period of one (1) year after the Effective Date (the "**Term**"). Thereafter, the Term of this Agreement will be automatically renewed on an annual basis, unless sooner terminated by either party at any time upon ten (10) days prior written notice to the other party.

2. Lessee shall pay Lessor for each flight conducted under this Agreement in an amount determined by Lessor, which in no event shall exceed the following actual expenses of each specific flight as authorized by FAR Section 91.501 (d);

(a) Fuel, oil, lubricants, and other additives;

(b) Travel expenses of the crew, including food, lodging and ground transportation;

(c) Hangar and tie down costs away from the Aircraft's base of operation;

(d) Insurance obtained for the specific flight;

(e) Landing fees, airport taxes and similar assessments;
(f) Customs, foreign permit, and similar fees directly related to the flight;
(g) In-flight food and beverages;
(h) Passenger ground transportation;
(i) Flight planning and weather contract services; and
(j) An additional charge equal to 100% of the expenses listed in subparagraph (a) of this paragraph.

3. Lessor will pay all expenses related to each flight during the operation of the Aircraft when incurred, and will bill Lessee on a monthly basis as soon as practicable after the last day of each calendar month for the amount payable in accordance with paragraph 2 above for all flights for the account of Lessee during the preceding month. Lessee shall pay Lessor for all flights for the account of Lessee pursuant to this Agreement within thirty (30) days of receipt of the invoice therefor. Without limiting the foregoing, amounts payable by Lessee to Lessor under this Agreement may include any federal excise tax that may be imposed under Internal Revenue Code Section 4261 or any similar excise taxes, if any.

4. Lessee shall provide Lessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in no event less than twenty-four (24) hours in advance of Lessee's planned departure, unless Lessor otherwise agrees. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Lessor or Lessor's flight crew:

(a) proposed departure point;
(b) destinations;
(c) date and time of flight;
(d) the number of anticipated passengers;
(e) the identity of each anticipated passenger;
(f) the nature and extent of luggage and/or cargo to be carried;
(g) the date and time of return flight, if any; and
(h) any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.

5. Lessor shall have sole and exclusive authority over the scheduling of the Aircraft, including any limitations on the number of passengers on any flight, provided however, that, Lessor will use reasonable efforts to accommodate Lessee's needs. Lessee acknowledges that use of the Aircraft is on a first-come, first-serve basis and Lessor has no responsibility to make the Aircraft available.

6. As between Lessor and Lessee, Lessor shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance or inspection shall be delayed or postponed for the

purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any flight for any reason or condition, which in his judgment would compromise the safety of the flight.

7. In accordance with applicable FARs, the qualified flight crew provided by Lessor will exercise all of its duties and responsibilities concerning the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action, which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage or delay to Lessee or any other person. The parties further agree that Lessor shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God or any other event or circumstance beyond the reasonable control of Lessor.

8. (a) At all times during the term of this Agreement, as between Lessor and Lessee, Lessor shall cause to be carried and maintained, at Lessor's cost and expense, physical damage insurance with respect to the Aircraft and third party aircraft liability insurance in such amounts and on such terms and conditions as Lessor shall determine in its sole discretion, Lessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

(b) Any policies of insurance carried in accordance with this Agreement: (i) shall name Lessee as an additional insured and (ii) shall contain a waiver by the underwriter thereof of any right of subrogation against Lessee. Each liability policy shall be primary without right of contribution from any other insurance, which is carried by Lessee or Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

9. (a) LESSEE AGREES THAT THE PROCEEDS OF ANY INSURANCE (“INSURANCE PROCEEDS”) WILL BE LESSEE’S SOLE RECOURSE AGAINST LESSOR, ITS AFFILIATES, ITS AND THEIR RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, INSURERS AND AGENTS, AND THE SUCCESSORS AND ASSIGNS THEREOF, OR LESSOR’S OTHER LESSEES (COLLECTIVELY, THE “LESSOR PARTIES”) WITH RESPECT TO ANY CLAIMS, ACTIONS, SUITS, PROCEDURES, COSTS, EXPENSES, DAMAGES AND LIABILITIES (COLLECTIVELY, “CLAIMS”) THAT LESSEE, ITS EMPLOYEES, AGENTS, GUESTS OR INVITEES (AND THE LAWFUL SUCCESSOR AND ASSIGNS THEREOF) (COLLECTIVELY, THE “LESSEE PARTIES”), MAY HAVE UNDER THIS AGREEMENT OF WHATSOEVER NATURE, WHETHER SEEN OR UNFORESEEN, EXCEPT IN THE EVENT OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY LESSOR.

(b) IN NO EVENT SHALL THE LESSOR PARTIES BE LIABLE TO THE LESSEE PARTIES FOR ANY CLAIMS FOR INDIRECT, CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES AND/OR PUNITIVE DAMAGES OF ANY

KIND OR NATURE (COLLECTIVELY, "CONSEQUENTIAL DAMAGES"), UNDER ANY CIRCUMSTANCES OR FOR ANY REASON, INCLUDING AND NOT LIMITED TO ANY DELAY OR FAILURE TO FURNISH THE AIRCRAFT, OR CAUSED BY THE PERFORMANCE OR NON-PERFORMANCE BY LESSOR OF THIS AGREEMENT.

(c) LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE LESSOR PARTIES FROM ALL CLAIMS, INCLUDING REASONABLE ATTORNEY'S FEES AND COSTS, BROUGHT BY THE LESSEE PARTIES AGAINST THEM ARISING FROM OR RELATED TO (i) SUBJECT TO PARAGRAPH 9 (a) ABOVE, AMOUNTS THAT EXCEED THE INSURANCE PROCEEDS, OR (ii) CONSEQUENTIAL DAMAGES.

(d) **THE PROVISIONS OF THIS PARAGRAPH 9 SHALL SURVIVE INDEFINITELY THE TERMINATION OR EXPIRATION OF THE AGREEMENT**.

10. Lessee warrants that:

(a) It will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire, for any illegal purpose, or in violation of any insurance policies with respect to the Aircraft;

(b) It will refrain from incurring any mechanics, international interest, prospective international interest or other lien and shall not attempt to convey, mortgage, assign, lease or grant or obtain an international interest or prospective international interest or in any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) It will comply with all applicable laws, governmental and airport orders, rules, regulations, and Lessor's policies, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft under this Agreement.

11. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be at a location of Lessor's sole discretion.

12. Lessee shall not assign this Agreement or its interest herein to any other person or entity without the prior written consent of Lessor, which may be granted or denied in Lessor's sole discretion. Subject to the preceding sentence, this Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, representatives, successors and assigns, and does not confer any rights on any other person. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes any prior understandings and agreements between the parties respecting such subject matter. This Agreement may be amended or supplemented and any provision hereof waived only by a written instrument signed by all parties; provided, however, that Lessor may, from time to time, unilaterally update the aircraft listed on Schedule 1 (either adding or removing aircraft) without prior consent of Lessee so long as Lessor promptly delivers the updated Schedule 1 to Lessee following such update and otherwise complies with FAA requirements for such update. The failure or delay on the part of any party to insist on strict performance of any of the terms and conditions of this Agreement or to exercise any rights or remedies hereunder shall not constitute

a waiver of any such provisions, rights, or remedies. This Agreement may be executed in counterparts, which shall, singly or in the aggregate, constitute a fully executed and binding Agreement.

13. Except as otherwise set forth in Section 4, any notices provided for in this Agreement shall be in writing and shall be deemed to have been duly given (i) when delivered personally, or (ii) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested). Notice to or consent by Lessor, shall be sent to c/o Chief Financial Officer, 663 Highway 60, Monett, MO 65708, and in the case of notice to or consent by Lessee, to ___________ with an address _____________________________, or to such other address as a party may from time to time designate in writing to the other for that purpose.

14. If any one or more provisions of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal, or unenforceable provisions shall be replaced by a mutually acceptable provision, which, being valid, legal, and enforceable, comes closest to the intention of the parties underlying the invalid, illegal, or unenforceable provision. To the extent permitted by applicable law, the parties hereby waive any provision of law, which renders any provision of this Agreement prohibited or unenforceable in any respect.

15. This Agreement is entered into under, and is to be construed in accordance with, the laws of the State of Missouri, without reference to conflicts of laws.

[Remainder of Page Intentionally Left Blank]

16. TRUTH IN LEASING STATEMENT UNDER FAR SECTION 91.23

EACH OF THE AIRCRAFT LISTED ON SCHEDULE 1 ATTACHED HERETO HAVE BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS LEASE.

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. DURING THE DURATION OF THIS LEASE, JACK HENRY AND ASSOCIATES, INC. OF 663 HIGHWAY 60, MONETT, MO 65708 IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE “INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS” ATTACHED HERETO ARE INCORPORATED HEREIN BY REFERENCE.

JACK HENRY AND ASSOCIATES, INC., THROUGH ITS UNDERSIGNED AUTHORIZED SIGNATORY BELOW, CERTIFIES THAT LESSOR IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

LESSOR – JACK HENRY AND ASSOCIATES, INC.

By: ____
Name:
Title:

LESSEE –

By: ____

JACK HENRY & ASSOCIATES, INC.
2006 EMPLOYEE STOCK PURCHASE PLAN

(As Amended and Restated, effective as of January 1, 2024)

The following constitutes the provisions of the Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan.

1. Purpose and History. The purpose of the Plan is to provide employees of the Company and Designated Subsidiaries with an opportunity to purchase Common Stock through accumulated payroll deductions. It is the intention of the Company that the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code. The Plan was initially approved by the Company's stockholders on October 31, 2006, has been amended several times and was most recently last amended and restated effective November 10, 2016. The Plan is hereby amended and restated effective as of January 1, 2024.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company or any committee thereof designated by the Board of Directors of the Company in accordance with Section 14.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the common stock of the Company, $0.01 par value.

(d) "Company" shall mean Jack Henry & Associates, Inc.

(e) "Compensation," unless otherwise determined by the Company, shall mean all compensation reportable on Form W-2, including without limitation base straight time gross earnings, commissions, payments for overtime, shift premium, incentive compensation, and bonuses, plus any amounts contributed by the Participant pursuant to a salary reduction agreement to a qualified deferred compensation plan described in Section 401(k) of the Code or a cafeteria plan described in Section 125 of the Code maintained by the Employer, but excluding expense reimbursements, benefit credits, severance payments, any amounts realized in connection with the exercise, vesting, or disposition of stock acquired under equity awards, and contributions by the Employer to a qualified deferred compensation plan.

(f) "Designated Subsidiary" shall mean any wholly-owned Subsidiary or any other Subsidiary that has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(g) "Effective Date" shall mean January 1, 2024.

(h) "Employee" shall mean any person (i) who is an employee of an Employer within the meaning of Section 3401(c) of the Code, (ii) whose customary employment with the Employer is at least 20 hours per week and more than 5 months in any calendar year, and (iii) who, as of the Enrollment Date, has been employed by the Employer for at least thirty calendar days. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Employer and meeting the requirements of Treasury Regulation Section 1.421-7(h)(2). Where the period of leave exceeds 90 calendar days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(i) "Employer" shall mean the Company or a Designated Subsidiary, as applicable.

(j) "Enrollment Date" shall mean the first Trading Day of each Offering Period.

(k) "Exercise Date" shall mean the last Trading Day of each Offering Period.

(l) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the date of determination, as reported by such exchange or system;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock prior to the date of determination, as reported by a source the Board deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(m) "Offering Periods" shall mean a period of approximately three (3) months beginning on the first Trading Day on or after January 1, April 1, July 1, and October 1 of each year and ending on the last Trading Day in March, June, September, and December, respectively, and during which an option granted pursuant to the Plan may be exercised as described more fully in Section 4. With at least 15 calendar days' advance notice to Participants, the Board may change the duration of future Offering Periods (subject to a maximum Offering Period of twenty-seven (27) months) and/or the start and end dates of future Offering Periods.

(n) "Participant" shall mean an Employee who participates in the Plan.

(o) "Plan" shall mean this Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan.

(p) "Purchase Price" shall mean the lesser of (i) 85% of the Fair Market Value of a share of Common Stock on the Exercise Date or (ii) 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date; provided, however, that in no event shall the Purchase Price be less than $0.01 per share, and provided further that the Purchase Price may be adjusted by the Board pursuant to Section 20(c).

(q) "Subsidiary" shall mean any corporation other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of granting an option under the Plan, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(r) "Trading Day" shall mean a day on which national stock exchanges (including the Nasdaq Stock Market) are open for trading.

3. Eligibility.

(a) Any Employee who shall be employed by an Employer on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the limitations imposed by Section 423(b) of the Code.

(b) Any provisions of the Plan to the contrary notwithstanding, no Participant shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Participant (or any other person whose stock would be attributed to such Participant pursuant to Section 424(d) of the Code) would own stock of the Company or any Subsidiary and/or hold outstanding options to purchase such stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan shall be implemented by a series of Offering Periods, each of which shall be approximately three (3) months in duration, with new Offering Periods commencing on the first Trading Day on or after January 1, April 1, July 1, and October 1 of each year and ending on the last Trading Day in March, June, September, and December, respectively, (or such other times as determined by the Company) until terminated in accordance with Section 20. The Board shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced at least 15 calendar days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation.

(a) An eligible Employee may become a Participant in the Plan by completing a Subscription Agreement authorizing payroll deductions in the form required by the Company and filing it in the manner directed by Human Resources Department of the Company at least 10 calendar days prior to the applicable Enrollment Date or by such other date as the Company may prescribe. Participation in the Plan shall be voluntary.

(b) An Employee's Subscription Agreement and participation in the Plan shall become effective on the first Enrollment Date following the timely filing of his or her Subscription Agreement and, provided the Participant continues to be an eligible Employee, shall remain effective until changed or revoked by the Participant by filing a Payroll Deduction Authorization Change or Withdrawal in the form required by the Company pursuant to Section 6(d) or 10(a). An Employee who becomes eligible to participate in the Plan after the commencement of an Offering Period or who is eligible but declines to participate prior to the commencement of such Offering Period may not become a participant in the Plan until the commencement of the next Offering Period.

6. Payroll Deductions.

(a) Payroll deductions for a Participant shall commence on the first payday following the Enrollment Date and shall continue on each payday during the Offering Period as to which the Participant's Subscription Agreement is applicable.

(b) At the time a Participant files his or her Subscription Agreement, he or she shall elect to have payroll deductions, determined either, as elected by the Participant:

(i) as a whole percentage of Compensation in which case such percentage amount will be deducted from all Compensation paid during the Offering Period including deductions from all regular semi-monthly or bi-weekly pay periods and any additional off-cycle pay periods (e.g., bonus checks); or

(ii) as a whole (flat) dollar amount from each pay period including deductions from all regular semi-monthly or bi-weekly pay periods and any additional off-cycle pay periods (e.g., bonus checks).

In no event may a Participant elect to have less than $10.00 deducted per pay period nor elect to have an amount more than 20% of the Participant's Compensation per pay period deducted. Elections that would result in a deduction above the maximum limitation will be decreased to the maximum allowable amount. These minimum amount and maximum percentage limitations may be changed from time to time by the Company subject to the provisions of Section 20. Except for the foregoing sentence, all eligible Employees shall have the same rights and privileges under the Plan.

(c) All payroll deductions made for a Participant shall be credited to an individual account established under the Plan for such Participant. A Participant may not make any additional payments into such account.

(d) A Participant may increase or decrease the rate of his or her payroll deductions with respect to a subsequent Offering Period by filing a "Payroll Deduction Authorization Change" or "Withdrawal Form" (or similarly identified forms provided by the Company) in the manner directed by the Human Resources Department of the Company, provided that such form is received at least 10 business days prior to such Offering Period and the Participant is an eligible Employee as of the Enrollment Date of such Offering Period. A Participant may suspend or discontinue his or her participation in the Plan as provided in Section 10, effective at the time described in Section 10. A Participant may only file one Payroll Deduction Authorization Change or Withdrawal Form with respect to any Offering Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) of the Plan, a Participant's payroll deductions may be terminated at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's Subscription Agreement or Payroll Deduction Authorization Change or Withdrawal Form, as applicable, at the beginning of the first Offering Period which ends in the following calendar year, unless terminated by the Participant as provided in Section 10.

7. Grant of Option. On the Exercise Date of each Offering Period, each Participant participating in the Plan for such Offering Period shall be granted an option to purchase on such Exercise Date of such Offering Period (at the applicable Purchase Price) the number of shares of Common Stock determined by dividing such Participant's payroll deductions accumulated in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall a Participant be permitted to purchase for the Offering Period in which the option is outstanding, more than the number of shares obtained by dividing the "applicable dollar amount" by the Fair Market Value on the Exercise Date of a share of Common Stock (subject to any adjustment pursuant to Section 19), and provided further that such purchase shall be subject to the limitations set forth in Section 3(b) and 13. For this purpose, the "applicable dollar amount" is $25,000 reduced by the Fair Market Value on the applicable Exercise Date of Common Stock previously purchased by the Participant under this Plan during the calendar year. Exercise of the option shall occur as provided in Section 8. The option shall expire on the last day of the Offering Period.

8. Exercise of Option.

(a) A Participant's option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full and fractional (to the fourth decimal place) shares of Common Stock subject to the option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. Any other monies left over in a Participant's account after the Exercise Date shall be retained in the Participant's account for the subsequent Offering Period. During a Participant's lifetime, a Participant's options are exercisable only by him or her.

(b) If, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed the number of shares available for sale under the Plan on such Exercise Date, the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Exercise Date in as uniform a manner as shall be practicable among all Participants exercising options to purchase Common Stock on such Exercise Date on the basis of their payroll deductions for such Offering Period. The balance of the amount credited to the account of each Participant which has not been applied to the purchase of shares of Common Stock shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date, without any interest thereon.

(c) No option shall be exercised to purchase shares of Common Stock, and no shares shall be issued by the Company under this Plan, unless such shares are covered by an effective registration statement under the Securities Act of 1933, as amended, or by an exemption therefrom.

9. Delivery of Stock. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange for the issuance and delivery to, or credit to the account of, each Participant, as appropriate, of the shares purchased upon exercise of his or her option. At the election of the Company, the issuance and delivery of the shares purchased upon exercise of a participant's option may be effected by transfer (electronic or otherwise in the discretion of the Company) of such shares to a securities account maintained in the Participant's name. Stock certificates will be issued to the Participant when he or she requests by filing a Stock Certificate Request in the form required by the Company; provided, however, that the Company shall not be obligated to issue stock certificates to Participants in an amount less than 25 shares of Common Stock, except in cases of the Participant's withdrawal from the Plan or termination of employment or termination of the Plan by the Company.

10. Withdrawal.

(a) A Participant may terminate his or her participation in the Plan by filing a "Payroll Deduction Authorization Change" or "Withdrawal Form" (or similarly identified forms provided by the Company) in the manner directed by the Human Resources Department of the Company indicating his or her election to terminate participation at least 10 calendar days before the Exercise Date. The accumulated payroll deductions held on behalf of a Participant in his or her notional account (that have not been used to purchase shares of Common Stock) will continue to be held and used to purchase shares on the Exercise Date, but no additional payroll deductions will be made following receipt of the Payroll Deduction Authorization Change or Withdrawal Form indicating his or her election to terminate participation. If a Participant withdraws from an Offering Period, no payroll deductions will be made during any succeeding Offering Period, unless the Participant re-enrolls in accordance with Section 5 of the Plan. A Participant's election to withdraw from an Offering Period will not have any effect upon his or her eligibility to participate in succeeding Offering Periods that commence following the completion of the Offering Period from which the Participant withdraws.

(b) Upon a Participant's withdrawal from the Plan, following the applicable Offering Period the Company will arrange for, via the issuance of a stock certificate or by registering in book entry form with the Company's transfer agent in the Participant's name, the transfer to the Participant of the number of whole shares of Common Stock credited to the Participant's account and any fractional share credited to the Participant's account shall be payable to the Participant in cash in an amount equal to the Fair Market Value thereof, as soon as administratively practicable following such withdrawal.

11. Termination of Employment.

(a) Upon a Participant ceasing to be an Employee, for any reason, before the Exercise Date, the Participant will be deemed to have withdrawn from the plan. If the date the Participant ceases to be an Employee is more than 30 calendar days before the current Offering Period's Exercise Date, then the payroll deductions in the Participant's notional account (that have not been used to purchase shares of Common Stock) shall be returned to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts under Section 15, and the Participant's option shall be automatically terminated. If the date the Participant ceases to be an Employee is 30 calendar days or fewer before the current Offering Period's Exercise Date, then the accumulated payroll deductions held on behalf of Participant in his or her notional account (that have not been used to purchase shares of Common Stock) will continue to be held and used to purchase shares on the Exercise Date.

(b) Upon a Participant ceasing to be an Employee, for any reason, the Company will arrange for, via the issuance of a stock certificate or by registering in book entry form with the Company's transfer agent in the Participant's name, the transfer to the Participant (or, in the case of his or her death, to the person or persons entitled thereto under Section 15) that number of whole shares of Common Stock credited to the Participant's account. Any fractional share credited to the Participant's account shall be payable to the Participant (or, in the case of his or her death, to the person or persons entitled thereto under Section 15) in cash in an amount equal to the Fair Market Value thereof, as soon as administratively practicable following such termination of employment.

12. Interest. No interest shall accrue on the payroll deductions of a Participant in the Plan.

13. Stock.

(a) The Common Stock subject to issuance under the terms of the Plan shall be authorized but unissued shares, previously issued shares reacquired and held by the Company, or shares acquired on the public market. Subject to adjustment upon changes in capitalization of the Company as provided in Section 19, the maximum number of shares of Common Stock which shall be made available for sale under the Plan shall be 2,500,000 shares.

(b) The Participant shall have no interest or voting rights in shares covered by his or her option until such option has been exercised.

(c) Shares to be credited to a Participant's account or delivered to the Participant under the Plan shall, as specified in the Participant's Subscription Agreement, be registered in the name of the Participant or in the name of the Participant and his or her spouse.

(d) All cash dividends on shares of Common Stock credited to a Participant's account, including a fractional share, on the dividend record date will be credited on the pay date to the Participant's account. Such dividends shall be reinvested in shares of Common Stock for the Participant's account as soon as practicable after receipt of such cash dividends.

14. Administration. The Plan shall be administered by the Company. The Company shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Company shall, to the full extent permitted by law, be final and binding upon all parties. The Company may delegate certain day-to-day administration functions associated with Plan to members of the Company's Human Resources or Finance departments, and may authorize any officer of the Company to perform any act contemplated under this Plan as an authorized act of the Company. All costs and expenses incurred in connection with the administration of the Plan shall be paid by the Company. No member of the Board or Company shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the options, and all members of the Board and Company shall be fully protected by the Company with respect to any such action, determination or interpretation.

15. Designation of Beneficiary.

(a) A Participant may file a written designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion and in full satisfaction of its obligations with respect to such Participant, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a Participant's account nor any option or rights with regard to the exercise of an option may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw from the Plan in accordance with Section 10.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any, in the Participant's account.

19. Adjustments upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised and the number of shares of Common Stock which has been authorized for issuance under the Plan but has not yet been placed under option or which has been returned to the Plan upon the cancellation of an option, as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board (or a committee of the Board). The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Company shall notify each Participant in writing, at least 10 business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date") and any Offering Period then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Company shall notify each Participant in writing, at least 10 business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 and this Section 20, no amendment may make any change in any option theretofore granted which adversely affects the rights of any Participant without the prior written consent of such Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," (i) the Board shall, in its absolute discretion, be entitled to change the Offering Periods, and (ii) the Company shall, in its absolute discretion, be entitled to limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, increase or decrease the maximum number of shares of Common Stock a Participant may purchase, subject to the limits of Section 7, during each Offering Period, establish and/or modify time frames, forms and procedures with respect to administration of the Plan, and establish such other limitations or procedures as the Company determines in its discretion are advisable and which are consistent with the Plan.

(c) In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, and to the extent necessary or desirable, the Board may modify or amend the Plan to reduce or eliminate such accounting consequence by altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price or allocating shares; or the Board may modify the Plan's operations to shorten any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the action of the Board.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan Participants.

21. Notices. All notices or other communications by a Participant to the Company or any Employer under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with this Plan and all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. This Plan shall continue in effect for a term of 10 years from the Effective Date unless sooner terminated under Section 20.

24. Shareholder Approval. This Plan was originally approved by the Company's stockholders on October 31, 2006. Additional stockholder approval shall be required for any amendment only to the extent required under Section 423 of the Code or other applicable law or securities exchange on which the Company's shares of Common Stock are then traded.

25. Equal Rights and Privileges. All Employees will have equal rights and privileges under the Plan so that the Plan qualifies as an “employee stock purchase plan” within the meaning of Section 423 of the Code or applicable Treasury regulations thereunder. Any provision of the Plan that is inconsistent with Section 423 of the Code or applicable Treasury regulations will, without further act or amendment by the Company or the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code or applicable Treasury regulations.

26. No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Employee or Participant) the right to remain in the employ of the Company, or a Subsidiary or to affect the right of the Company, or any Subsidiary to terminate the employment of any person (including any Employee or Participant) at any time, with or without cause.

27. Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock purchased upon exercise of an option if such disposition or transfer is made (i) within two years from the Enrollment Date of the Offering Period in which the shares were purchased or (ii) within one year after the Exercise Date on which such shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

28. Governing Law. To the extent that Federal laws do not otherwise control, the Plan and all determinations made or actions taken pursuant hereto shall be governed by the laws of the state of Delaware, without regard to the conflicts of laws rules thereof.

29. Tax Withholding. If at any time the Company or any Subsidiary is required, under applicable laws and regulations, to withhold, or to make any deduction of, any taxes or take any other action in connection with any exercise of an option granted hereunder or any disposition of shares of Common Stock issued hereunder, the Participant must make adequate provision for the Company’s or such Subsidiary’s federal, state or other tax withholding obligations which arise from such exercise or disposition. The Company or such Subsidiary shall have the right to deduct or withhold from the Participant’s compensation the amount necessary for the Company or such Subsidiary to meet applicable withholding obligations.

The foregoing amended and restated Plan was approved and adopted by the Board of Directors on August 18, 2023.

EXHIBIT 21.1

Jack Henry & Associates, Inc. Subsidiaries

Name	**State/Country of Incorporation**
Goldleaf Insurance, LLC	Tennessee
JHA Payment Solutions, Inc.	Washington
Towne Services, Inc.	Georgia
iPay Technologies, LLC	Kentucky
Profitstars, LLC	Missouri
JHA Money Center, Inc.	Missouri
Payrailz, LLC	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-130078, 333-208234, 333-214631 and 333-220169) of Jack Henry & Associates, Inc. of our report dated August 24, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers, LLC
Kansas City, Missouri
August 24, 2023

EXHIBIT 31.1

CERTIFICATION

I, David B. Foss, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, 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: August 24, 2023

/s/ David B. Foss

David B. Foss

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Mimi L. Carsley, certify that:

1. I have reviewed this annual report on Form 10-K of Jack Henry & Associates, 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: August 24, 2023

/s/ Mimi L. Carsley
Mimi L. Carsley
Chief Financial Officer

EXHIBIT 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that, to my knowledge, the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 24, 2023

*/s/ David B. Foss
David B. Foss
Chief Executive Officer

*A signed original of this written statement required by Section 906 has been provided to Jack Henry & Associates, Inc. and will be retained by Jack Henry & Associates, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that, to my knowledge, the Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 24, 2023

*/s/ Mimi L. Carsley
Mimi L. Carsley
Chief Financial Officer

*A signed original of this written statement required by Section 906 has been provided to Jack Henry & Associates, Inc. and will be retained by Jack Henry & Associates, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.