

deluxe®

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DELUXE REPORTS SECOND QUARTER 2024 RESULTS

- Reported revenue decreased 5.9%, while comparable adjusted revenue decreased 3.0%.
- Net income was \$20.5 million, improving from \$16.4 million in 2023, on stronger operating results and lower restructuring spend.
- Second quarter GAAP diluted EPS expanded 24.3% to \$0.46; Comparable adjusted diluted EPS improved 4.9% to \$0.85.
- First half operating cash flows increased 40% to \$66.2 million, and free cash flow was \$17.6 million through six months.
- Comparable adjusted EBITDA increased 1.6% to \$101.8 million.
- Affirms 2024 guidance for adjusted EBITDA, adjusted diluted EPS, and free cash flow.

Minneapolis – July 31, 2024 – Deluxe (NYSE: DLX), a Trusted Payments and Data company, today reported operating results for its second quarter ended June 30, 2024.

“Our consistent earnings growth and strong cash flow momentum from the first quarter continued through the first half, demonstrating the built-in operating leverage present across our portfolio,” said Barry McCarthy, President and CEO of Deluxe. “Year-to-date revenue growth in both the Merchant Services and Data Solutions segments remained very strong while our demonstrated North Star progress expanded our earnings, positioning the enterprise well to deliver our full-year growth targets.”

“We were pleased to see continued growth across comparable adjusted EBITDA, EPS, and year-to-date free cash flow metrics through the first half of the year,” said Chip Zint, Senior Vice President and Chief Financial Officer of Deluxe. “Our continued focus on core capital allocation priorities, including reduced overall net debt levels relative to the prior year, gives us strong confidence in our overall trajectory toward our full-year and longer term financial objectives.”



Second Quarter 2024 Financial Highlights

(in millions, except per share amounts)

| | 2 nd Quarter 2024 | 2 nd Quarter 2023 | % Change |
|---------------------------------|---------------------------------|---------------------------------|----------|
| Revenue | \$537.8 | \$571.7 | (5.9%) |
| Comparable Adjusted Revenue | \$534.9 | \$551.6 | (3.0%) |
| Net Income | \$20.5 | \$16.4 | 25.0% |
| Comparable Adjusted EBITDA | \$101.8 | \$100.2 | 1.6% |
| Diluted EPS | \$0.46 | \$0.37 | 24.3% |
| Comparable Adjusted Diluted EPS | \$0.85 | \$0.81 | 4.9% |

- Revenue for the second quarter decreased 5.9% from the previous year. Comparable adjusted revenue, reflecting the removal of business exits, decreased 3.0% compared to the previous year.
- Net income of \$20.5 million was up from \$16.4 million in the second quarter of 2023.
- Comparable adjusted EBITDA margin was 19.0%, up 80 basis points from the prior year.
- Comparable adjusted diluted EPS of \$0.85 was up 4.9% year over year.

Outlook

The Company expects the following for full-year 2024, all figures are approximate and reflect the impact of business exits over the past 12 months:

- Revenue of \$2.12 to \$2.16 billion
- Adjusted EBITDA of \$400 to \$420 million
- Adjusted diluted EPS of \$3.10 to \$3.40
- Free cash flow of \$80 to \$100 million

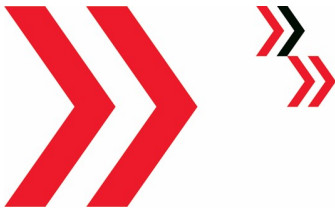
The guidance outlined above is subject to, among other things, prevailing macroeconomic conditions, global unrest, labor supply issues, inflation, and the impact of divestitures.

Capital Allocation and Dividend

The Board of Directors recently approved a regular quarterly dividend of \$0.30 per share. The dividend will be payable on September 3, 2024, to shareholders of record as of market closing on August 19, 2024.

Earnings Call Information

Deluxe management will host a conference call today at 5:00 p.m. ET (4:00 p.m. CT) to review the financial results. Listeners can access the call by dialing 1-888-210-4748 (access code 7092711). The audio and accompanying slides will be available via a simultaneous webcast on the investor relations



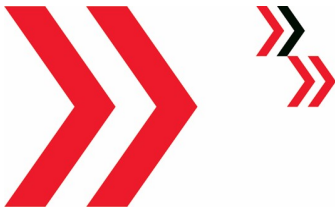
website at www.investors.deluxe.com. Alternatively, an audio replay will be available after 11:30 a.m. ET through midnight on August 7, 2024, by dialing 1-800-770-2030 (access code 7092711).

About Deluxe Corporation

Deluxe, a Trusted Payments and Data company, champions business so communities thrive. Our solutions help businesses pay, get paid, and grow. For more than 100 years, Deluxe customers have relied on our solutions and platforms at all stages of their lifecycle, from start-up to maturity. Our powerful scale supports millions of small businesses, thousands of vital financial institutions and hundreds of the world's largest consumer brands, while processing more than \$2 trillion in annual payment volume. Our reach, scale and distribution channels position Deluxe to be our customers' most trusted business partner. To learn how we can help your business, visit us at www.deluxe.com, www.facebook.com/deluxecorp, www.linkedin.com/company/deluxe, or www.twitter.com/deluxe.

Forward-Looking Statements

Statements made in this release concerning Deluxe, the company's or management's intentions, expectations, outlook or predictions about future results or events are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current intentions or beliefs and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Factors that could produce such a variation include, but are not limited to, the following: changes in local, regional, national and international economic or political conditions, including those resulting from heightened inflation, rising interest rates, a recession, or intensified international hostilities, and the impact they may have on the company, its data, customers, or demand for the company's products and services; the effect of proposed and enacted legislative and regulatory actions affecting the company or the financial services industry as a whole; continuing cost increases and/or declines in the availability of data, materials and other services; the company's ability to execute its transformational strategy and to realize the intended benefits; the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond the company's control; declining demand for the company's checks, check-related products and services and business forms; risks that the company's strategies intended to drive sustained revenue and earnings growth, despite the continuing decline in checks and forms, are delayed or unsuccessful; intense competition; continued consolidation of financial institutions and/or bank failures, thereby reducing the number of potential customers and referral sources and increasing downward pressure on the company's revenue and gross profit; risks related to acquisitions, including integration-related risks and risks that future acquisitions will not be consummated; risks that any such acquisitions do not produce the anticipated results or synergies; risks that the company's cost reduction initiatives will be delayed or unsuccessful; risks related to any divestitures contemplated or undertaken by the company; performance shortfalls by one or more of the company's major suppliers, licensors, data or service providers; continuing supply chain and labor supply issues; unanticipated delays, costs and expenses in the development and marketing of products and services, including financial technology and treasury management solutions; the failure of such products and services to deliver the expected revenues and other financial targets; risks related to security breaches,



computer malware or other cyber-attacks; risks of interruptions to the company's website operations or information technology systems; and risks of unfavorable outcomes and the costs to defend litigation and other disputes. The company's forward-looking statements speak only as of the time made, and management assumes no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the company's current expectations are contained in the company's Form 10-K for the year ended December 31, 2023, and other filings made with the SEC. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in millions, except per share amounts)
(Unaudited)

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------------|---------------|--------------------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Product revenue | \$309.2 | \$323.8 | \$609.6 | \$634.1 |
| Service revenue | 228.6 | 247.9 | 463.2 | 483.0 |
| Total revenue | 537.8 | 571.7 | 1,072.8 | 1,117.1 |
| Cost of products | (115.1) | (125.5) | (229.6) | (244.0) |
| Cost of services | (133.9) | (144.5) | (270.9) | (276.7) |
| Total cost of revenue | (249.0) | (270.0) | (500.5) | (520.7) |
| Gross profit | 288.8 | 301.7 | 572.3 | 596.4 |
| Selling, general and administrative expense | (233.9) | (245.3) | (467.9) | (492.9) |
| Restructuring and integration expense | (11.0) | (24.2) | (24.9) | (37.1) |
| Gain on sale of businesses and long-lived assets | 15.4 | 21.9 | 24.0 | 21.9 |
| Operating income | 59.3 | 54.1 | 103.5 | 88.3 |
| Interest expense | (30.2) | (31.9) | (61.0) | (61.9) |
| Other income | 1.8 | 0.8 | 4.7 | 3.2 |
| Income before income taxes | 30.9 | 23.0 | 47.2 | 29.6 |
| Income tax provision | (10.4) | (6.6) | (15.9) | (10.4) |
| Net income | 20.5 | 16.4 | 31.3 | 19.2 |
| Non-controlling interest | — | — | — | (0.1) |
| Net income attributable to Deluxe | <u>\$20.5</u> | <u>\$16.4</u> | <u>\$31.3</u> | <u>\$19.1</u> |
| Weighted average dilutive shares | 44.7 | 43.7 | 44.6 | 43.7 |
| Diluted earnings per share | \$0.46 | \$0.37 | \$0.70 | \$0.44 |
| Adjusted diluted earnings per share | 0.86 | 0.93 | 1.62 | 1.73 |
| Comparable adjusted diluted earnings per share | 0.85 | 0.81 | 1.57 | 1.50 |
| Capital expenditures | 28.2 | 30.4 | 48.6 | 55.9 |
| Depreciation and amortization expense | 41.7 | 42.6 | 83.4 | 86.1 |
| EBITDA | 102.8 | 97.5 | 191.6 | 177.5 |
| Adjusted EBITDA | 103.4 | 108.4 | 203.8 | 208.8 |
| Comparable adjusted EBITDA | 101.8 | 100.2 | 198.6 | 190.8 |

DELUXE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(dollars and shares in millions)
(Unaudited)

| | June 30, 2024 | December 31, 2023 |
|---|--------------------------|------------------------------|
| Cash and cash equivalents | \$23.1 | \$72.0 |
| Other current assets | 368.3 | 689.0 |
| Property, plant & equipment | 112.4 | 116.5 |
| Operating lease assets | 52.4 | 59.0 |
| Intangibles | 357.8 | 391.7 |
| Goodwill | 1,430.5 | 1,430.6 |
| Other non-current assets | 321.8 | 321.8 |
| Total assets | \$2,666.3 | \$3,080.6 |
| Current portion of long-term debt | \$43.1 | \$86.2 |
| Other current liabilities | 361.3 | 732.9 |
| Long-term debt | 1,514.9 | 1,506.7 |
| Non-current operating lease liabilities | 52.0 | 58.8 |
| Other non-current liabilities | 74.5 | 91.4 |
| Shareholders' equity | 620.5 | 604.6 |
| Total liabilities and shareholders' equity | \$2,666.3 | \$3,080.6 |
| Net debt | \$1,534.9 | \$1,520.9 |
| Shares outstanding | 44.2 | 43.7 |

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

| | Six Months Ended June 30, | |
|--|--------------------------------------|----------------|
| | 2024 | 2023 |
| Cash provided (used) by: | | |
| Operating activities: | | |
| Net income | \$31.3 | \$19.2 |
| Depreciation and amortization of intangibles | 83.4 | 86.1 |
| Gain on sale of businesses and long-lived assets | (24.0) | (21.9) |
| Other | (24.5) | (36.1) |
| Total operating activities | <u>66.2</u> | <u>47.3</u> |
| Investing activities: | | |
| Proceeds from sale of businesses and long-lived assets | 4.7 | 27.9 |
| Purchases of capital assets | (48.6) | (55.9) |
| Other | — | (9.9) |
| Total investing activities | <u>(43.9)</u> | <u>(37.9)</u> |
| Financing activities: | | |
| Net change in debt, including debt issuance costs | (37.4) | 21.1 |
| Dividends | (27.5) | (26.9) |
| Net change in customer funds obligations | (328.4) | (149.3) |
| Other | (5.3) | (5.6) |
| Total financing activities | <u>(398.6)</u> | <u>(160.7)</u> |
| Effect of exchange rate change on cash, cash equivalents, restricted cash and restricted cash equivalents | <u>(3.7)</u> | <u>3.1</u> |
| Net change in cash, cash equivalents, restricted cash and restricted cash equivalents | (380.0) | (148.2) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of year | <u>458.0</u> | <u>337.4</u> |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period | <u>\$78.0</u> | <u>\$189.2</u> |
| Free cash flow | <u>\$17.6</u> | <u>(\$8.6)</u> |

DELUXE CORPORATION
SEGMENT INFORMATION

(In millions)
(Unaudited)

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|---|---------------------------|----------------|------------------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue: | | | | |
| Merchant Services | \$98.5 | \$91.5 | \$195.0 | \$180.6 |
| B2B Payments | 70.2 | 76.3 | 139.7 | 151.5 |
| Data Solutions | 57.4 | 59.3 | 117.1 | 103.7 |
| Print | 308.8 | 324.5 | 612.1 | 638.6 |
| Business exits ⁽¹⁾ | 2.9 | 20.1 | 8.9 | 42.7 |
| Total | \$537.8 | \$571.7 | \$1,072.8 | \$1,117.1 |
| Comparable Adjusted Revenue | \$534.9 | \$551.6 | \$1,063.9 | \$1,074.4 |
| Adjusted EBITDA: | | | | |
| Merchant Services | \$19.2 | \$17.3 | \$40.6 | \$35.7 |
| B2B Payments | 14.0 | 15.2 | 27.3 | 28.7 |
| Data Solutions | 15.8 | 13.4 | 30.7 | 23.6 |
| Print | 93.9 | 104.8 | 184.8 | 200.0 |
| Business Exits ⁽¹⁾ / Corporate | (39.5) | (42.3) | (79.6) | (79.2) |
| Total | \$103.4 | \$108.4 | \$203.8 | \$208.8 |
| Comparable Adjusted EBITDA | \$101.8 | \$100.2 | \$198.6 | \$190.8 |
| Adjusted EBITDA Margin: | | | | |
| Merchant Services | 19.5% | 18.9% | 20.8% | 19.8% |
| B2B Payments | 19.9% | 19.9% | 19.5% | 18.9% |
| Data Solutions | 27.5% | 22.6% | 26.2% | 22.8% |
| Print | 30.4% | 32.3% | 30.2% | 31.3% |
| Total | 19.2% | 19.0% | 19.0% | 18.7% |
| Comparable Adjusted EBITDA | 19.0% | 18.2% | 18.7% | 17.8% |

⁽¹⁾ Includes the North American web hosting and logo design businesses, which were sold in June 2023, and the payroll and human resources services business, which the company is currently exiting.

Effective January 1, 2024, the company revised its reportable business segments to align with structural and management reporting changes that better reflect its portfolio mix and offerings. The company did not operate under the new segment structure during 2023. Prior period segment information has been recast to reflect the current segment structure. The methodology utilized to determine segment operating performance did not change, and information regarding this methodology is provided in the Notes to Consolidated Financial Statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2023.

DELUXE CORPORATION

RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(in millions)
(Unaudited)

Note that the company has not reconciled the comparable adjusted revenue, comparable adjusted EBITDA or comparable adjusted diluted EPS outlook guidance for 2024 to the directly comparable GAAP measures. The outlook excludes the payroll and human resources services business, which the company is currently in the process of exiting. Revenue from this business is decreasing as its customers convert to other service providers, and as such, the company is unable to predict the results for this business in 2024. In addition, the company has not reconciled the adjusted comparable EBITDA, adjusted comparable diluted EPS or free cash flow outlook for 2024 to the directly comparable GAAP financial measures because the company does not provide outlook guidance for the reconciling items between net income, adjusted net income and adjusted EBITDA, and certain of these reconciling items impact cash flows from operating activities. Because of the substantial uncertainty and variability surrounding certain of these forward-looking reconciling items, including: asset impairment charges, restructuring and integration expense, gains and losses on sales of businesses and long-lived assets, and certain legal-related expenses, a reconciliation of the outlook for these non-GAAP financial measures to the corresponding GAAP measures is not available without unreasonable effort. The probable significance of certain of these reconciling items is high and, based on historical experience, could be material.

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Management discloses EBITDA, adjusted EBITDA and adjusted EBITDA margin because it believes they are useful in evaluating the company's operating performance, as the calculations eliminate the effect of interest expense, income taxes, the accounting effects of capital investments (i.e., depreciation and amortization) and in the case of adjusted EBITDA and adjusted EBITDA margin, certain items, as presented below, that may not be indicative of current period operating performance. In addition, management utilizes these measures to assess the operating results and performance of the business, to perform analytical comparisons and to identify strategies to improve performance. Management also believes that an increasing EBITDA and adjusted EBITDA depict an increase in the value of the company. Management does not consider EBITDA and adjusted EBITDA to be measures of cash flow, as they do not consider certain cash requirements, such as interest, income taxes, debt service payments or capital investments. Management does not consider EBITDA, adjusted EBITDA or adjusted EBITDA margin to be substitutes for operating income or net income. Instead, management believes that these amounts are useful performance measures that should be considered in addition to GAAP performance measures.

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|---|---------------------------|----------------|------------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net income | \$20.5 | \$16.4 | \$31.3 | \$19.2 |
| Non-controlling interest | — | — | — | (0.1) |
| Interest expense | 30.2 | 31.9 | 61.0 | 61.9 |
| Income tax provision | 10.4 | 6.6 | 15.9 | 10.4 |
| Depreciation and amortization expense | 41.7 | 42.6 | 83.4 | 86.1 |
| EBITDA | 102.8 | 97.5 | 191.6 | 177.5 |
| Restructuring and integration expense | 11.0 | 27.5 | 25.8 | 41.6 |
| Share-based compensation expense | 5.0 | 5.5 | 10.1 | 11.4 |
| Certain legal-related (benefit) expense | — | (0.2) | 0.3 | 0.2 |
| Gain on sale of businesses and long-lived assets | (15.4) | (21.9) | (24.0) | (21.9) |
| Adjusted EBITDA | <u>\$103.4</u> | <u>\$108.4</u> | <u>\$203.8</u> | <u>\$208.8</u> |
| Adjusted EBITDA as a percentage of total revenue (adjusted EBITDA margin) | 19.2% | 19.0% | 19.0% | 18.7% |

DELUXE CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (continued)
(in millions, except per share amounts)
(Unaudited)

ADJUSTED DILUTED EPS AND COMPARABLE ADJUSTED DILUTED EPS

Adjusted diluted EPS and comparable adjusted diluted EPS are key financial performance metrics used to assess the operating results and performance of the business and to identify strategies to improve performance. By excluding the impact of non-cash items or items that may not be indicative of current period operating performance, management believes that adjusted diluted EPS provides useful comparable information to assist in analyzing the company's current and future operating performance. It is reasonable to expect that one or more of the excluded items will occur in future periods, but the amounts recognized may vary significantly. Comparable adjusted diluted EPS also excludes the impact of business exits, allowing management to evaluate comparable results on a year-over-year basis. Management does not consider adjusted diluted EPS or comparable adjusted diluted EPS to be substitutes for GAAP performance measures, but believes that they are useful performance measures that should be considered in addition to GAAP performance measures.

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|--|---------------------------|---------------|------------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net income | \$20.5 | \$16.4 | \$31.3 | \$19.2 |
| Non-controlling interest | — | — | — | (0.1) |
| Net income attributable to Deluxe | 20.5 | 16.4 | 31.3 | 19.1 |
| Acquisition amortization | 14.0 | 21.0 | 28.8 | 42.3 |
| Accelerated amortization | 6.8 | — | 9.9 | — |
| Restructuring and integration expense | 11.0 | 27.5 | 25.8 | 41.6 |
| Share-based compensation expense | 5.0 | 5.5 | 10.1 | 11.4 |
| Certain legal-related (benefit) expense | — | (0.2) | 0.3 | 0.2 |
| Gain on sale of businesses and long-lived assets | (15.4) | (21.9) | (24.0) | (21.9) |
| Adjustments, pre-tax | 21.4 | 31.9 | 50.9 | 73.6 |
| Income tax provision impact of pretax adjustments ⁽¹⁾ | (3.5) | (7.5) | (9.9) | (17.0) |
| Adjustments, net of tax | 17.9 | 24.4 | 41.0 | 56.6 |
| Adjusted income attributable to Deluxe available to common shareholders (A) | \$38.4 | \$40.8 | \$72.3 | \$75.7 |
| Business exits, pretax | (0.7) | (7.1) | (2.8) | (13.8) |
| Income tax provision impact of business exits ⁽¹⁾ | 0.2 | 1.9 | 0.7 | 3.7 |
| Business exits, net of tax | (0.5) | (5.2) | (2.1) | (10.1) |
| Comparable adjusted income attributable to Deluxe available to common shareholders (B) | <u>\$37.9</u> | <u>\$35.6</u> | <u>\$70.2</u> | <u>\$65.6</u> |
| Weighted-average dilutive shares (C) | 44.7 | 43.7 | 44.6 | 43.7 |
| Adjusted Diluted EPS (A) / (C) | <u>\$0.86</u> | <u>\$0.93</u> | <u>\$1.62</u> | <u>\$1.73</u> |
| Comparable Adjusted Diluted EPS (B) / (C) | <u>\$0.85</u> | <u>\$0.81</u> | <u>\$1.57</u> | <u>\$1.50</u> |

⁽¹⁾ The tax effect of the pretax adjustments considers the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact that approximates the U.S. effective tax rate for each adjustment. However, the tax impact of certain adjustments, such as share-based compensation expense, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable effective tax rate(s) in those jurisdictions.

DELUXE CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (continued)

(in millions)
(Unaudited)

**COMPARABLE ADJUSTED REVENUE, COMPARABLE ADJUSTED EBITDA AND COMPARABLE
ADJUSTED EBITDA MARGIN**

Management views the measures of comparable adjusted revenue, comparable adjusted EBITDA and comparable adjusted EBITDA margin, which exclude the impact of business exits, as important indicators when assessing and evaluating the performance of the business and when identifying strategies to improve performance. By excluding the impact of business exits, management is able to evaluate comparable results on a year-over-year basis. These measures are utilized by management to compare operational performance across fiscal periods when acquisitions or business exits occur.

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------------|---------------------------|----------------|------------------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Total revenue | \$537.8 | \$571.7 | \$1,072.8 | \$1,117.1 |
| Business exits | (2.9) | (20.1) | (8.9) | (42.7) |
| Comparable adjusted revenue | <u>\$534.9</u> | <u>\$551.6</u> | <u>\$1,063.9</u> | <u>\$1,074.4</u> |
| Adjusted EBITDA ⁽¹⁾ | \$103.4 | \$108.4 | \$203.8 | \$208.8 |
| Business exits | (1.6) | (8.2) | (5.2) | (18.0) |
| Comparable adjusted EBITDA | <u>\$101.8</u> | <u>\$100.2</u> | <u>\$198.6</u> | <u>\$190.8</u> |
| Comparable adjusted EBITDA margin | <u>19.0%</u> | <u>18.2%</u> | <u>18.7%</u> | <u>17.8%</u> |

⁽¹⁾ The reconciliation of adjusted EBITDA to net income can be found on a preceding page.

NET DEBT

Management believes that net debt is an important measure to monitor leverage and to evaluate the balance sheet. In calculating net debt, cash and cash equivalents are subtracted from total debt because they could be used to reduce the company's debt obligations. A limitation associated with using net debt is that it subtracts cash and cash equivalents, and therefore, may imply that management intends to use cash and cash equivalents to reduce outstanding debt. In addition, net debt suggests that our debt obligations are less than the most comparable GAAP measure indicates.

| | June 30, 2024 | December 31, 2023 |
|---------------------------|------------------|----------------------|
| Total debt | \$1,558.0 | \$1,592.9 |
| Cash and cash equivalents | (23.1) | (72.0) |
| Net debt | <u>\$1,534.9</u> | <u>\$1,520.9</u> |

DELUXE CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP MEASURES (continued)
(in millions)
(Unaudited)

FREE CASH FLOW

Management defines free cash flow as net cash provided by operating activities less purchases of capital assets. Management believes that free cash flow is an important indicator of cash available for debt service and for shareholders, after making capital investments to maintain or expand the company's asset base. A limitation of using the free cash flow measure is that not all of the company's free cash flow is available for discretionary spending, as the company may have mandatory debt payments and other cash requirements that must be deducted from available cash. Free cash flow is not a substitute for GAAP liquidity measures. Instead, management believes that this measurement provides an additional metric to compare cash generated by operations on a consistent basis and to provide insight into the cash flow available to fund items such as dividends, mandatory and discretionary debt reduction, acquisitions or other strategic investments, and share repurchases.

| | Quarter Ended June 30, | | Six Months Ended June 30, | |
|---|---------------------------|---------------|------------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net cash provided by operating activities | \$39.6 | \$54.1 | \$66.2 | \$47.3 |
| Purchases of capital assets | (28.2) | (30.4) | (48.6) | (55.9) |
| Free cash flow | <u>\$11.4</u> | <u>\$23.7</u> | <u>\$17.6</u> | <u>(\$8.6)</u> |

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