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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 3, 2022

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

MN	**1-7945**	**41-0216800**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

801 S. Marquette Ave., Minneapolis, MN	**55402-2807**
(Address of principal executive offices)	(Zip Code)

(651) 483-7111
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

□ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

□ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value $1.00 per share	**DLX**	**NYSE**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
□ 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. □

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Furnished as Exhibit 99.1 is a press release of Deluxe Corporation reporting results from fourth quarter 2021.

The information in this Item 2.02 and Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference into any filings under the Securities Act of 1933, as amended.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated February 3, 2022, of Deluxe Corporation reporting results from fourth quarter 2021 (furnished)
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema 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)

SIGNATURES

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

Date: February 3, 2022

DELUXE CORPORATION

/s/ Jeffrey L. Cotter

Jeffrey L. Cotter
Senior Vice President, Chief
Administrative Officer and
General Counsel

Exhibit 99.1

FOR IMMEDIATE RELEASE
Contact:

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DELUXE REPORTS STRONG FOURTH QUARTER AND FULL YEAR 2021 RESULTS; DECLARES REGULAR DIVIDEND; PROVIDES 2022 OUTLOOK

- Full year revenue increased 12.9%, up 2.0%, excluding First American, delivering the first full year of reported sales-driven growth in nearly a decade
- Consolidated fourth quarter revenue increased 25.5%, up 6.8%, excluding contribution from First American
- All four segments delivered year-over-year sales-driven revenue growth in the fourth quarter
- Fourth quarter net income was up 10.4% from the third quarter of 2021 and adjusted EBITDA margin was 20.5%, up 120 basis points sequentially from the third quarter of 2021
- Declared regular quarterly dividend

Minneapolis, Minn. – February 3, 2022 – Deluxe (NYSE: DLX), a Trusted Payments and Business Technology™ company, today reported operating results for its fourth quarter and year ended December 31, 2021.

“Deluxe reported the first full year of sales-driven growth in nearly a decade,” said Barry McCarthy, President and CEO of Deluxe. “In the fourth quarter, all four segments grew, driving transformation just as we promised in 2020. The First American acquisition accelerated this transformation and continues to exceed expectations, delivering 13% top line growth over the prior year quarter, benefiting from our One Deluxe sales model. These results demonstrate our strategy is working and we remain confident in our ability to execute, across all our segments, as we enter 2022."

“Our fourth quarter results demonstrated strong execution of our strategy, as our revenue growth exceeded expectations, and we effectively managed COVID-related and inflationary impacts,” said Scott Bomar, Senior Vice President and Chief Financial Officer of Deluxe. “Looking ahead, we expect to continue our revenue momentum into 2022 and will continue to drive the One Deluxe approach across the business."

Full Year 2021 Financial and Segment Highlights
(in millions, except per share amounts)

	Full Year 2021	Full Year 2020	% Change
Revenue	$2,022.2	$1,790.8	12.9 %
Net Income Attributable to Deluxe	$62.6	$5.2	*n/m*
Adjusted EBITDA	$407.8	$364.5	11.9 %
Diluted EPS	$1.45	$0.11	*n/m*
Adjusted Diluted EPS	$4.88	$5.08	(3.9 %)

n/m - not meaningful

- Revenue was $231.4 million higher than the previous year. Excluding the First American acquisition, which closed on June 1, 2021, revenue increased $36.4 million, or 2.0% year-over-year.
- The Payments segment delivered revenue growth of 69.1% over the previous year to $510.4 million. Excluding First American, Payments grew 4.5%.
- Net income attributable to Deluxe of $62.6 million includes $29.5 million of acquisition amortization from the First American acquisition, as well as $18.9 million of transaction costs and increased interest expense associated with the transaction.
- Net income also includes tax expense of $4.6 million in the fourth quarter, or $0.11 per diluted share, resulting from the repatriation of $85.3 million of cash from our Canadian subsidiaries.
- Adjusted EBITDA margin was 20.2%, down 20 basis points from the prior year.
- Cash flow from operations for 2021 was $210.8 million and capital expenditures were $109.1 million. Free cash flow, defined as cash provided by operating activities less capital expenditures, was $101.7 million, a decrease of $53.3 million compared to 2020, largely attributable to increased capital investments and acquisition transaction costs this year.
- Total debt outstanding decreased from $1,776.2 million as of September 30, 2021 to $1,683.0 million as of December 31, 2021. Net debt was $1,641.8 million and liquidity was $403.8 million as of December 31, 2021.
- Since closing the First American transaction, Deluxe has made net debt reduction payments totaling $152.9 million.

Fourth Quarter 2021 Financial and Segment Highlights
(in millions, except per share amounts)

	4th Quarter 2021	4th Quarter 2020	% Change
Revenue	$570.6	$454.5	25.5 %
Net Income Attributable to Deluxe	$13.8	$24.7	(44.1 %)
Adjusted EBITDA	$117.1	$94.9	23.4 %
Diluted EPS	$0.32	$0.58	(44.8 %)
Adjusted Diluted EPS	$1.26	$1.38	(8.7 %)

- Revenue for the fourth quarter was $116.1 million higher than the previous year. Excluding the First American acquisition, which closed on June 1, 2021, revenue increased $31.0 million, or 6.8% year-over-year.
- The Payments segment delivered revenue growth of 114.5% over the previous year to $167.3 million. Excluding First American, Payments grew 5.4%.
- Net income of $13.8 million includes $13.7 million of acquisition amortization from the First American acquisition, as well as increased interest expense associated with the transaction.
- Net income also includes tax expense of $4.6 million, or $0.11 per diluted share, resulting from the repatriation of $85.3 million of cash from our Canadian subsidiaries.
- Adjusted EBITDA margin was 20.5%, down 40 basis points from the prior year.
- Cash flow from operations for the fourth quarter was $61.6 million and capital expenditures were $28.1 million. Free cash flow was $33.5 million, a sequential increase of $2.6 million from the third quarter of 2021, and an increase of $2.7 million compared to the fourth quarter of 2020, despite an $8.2 million increase in capital investments.

2022 Outlook

The company expects the following for full year 2022:

- Revenue growth of 8% to 10%, which includes a full year impact from First American
- Adjusted EBITDA margin of approximately 20%
- Capital expenditures of approximately $105 million

The guidance outlined above is subject to, among other things, the macroeconomic unknowns associated with the COVID-19 pandemic, including the Omicron variant, as well as anticipated continued supply chain constraints, labor supply issues and inflation.

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 March 7, 2022 to shareholders of record as of market closing on February 22, 2022.

Earnings Call Information

Deluxe management will host a conference call today at 8:30 a.m. ET (7:30 a.m. CT) to review the financial results. Listeners can access the call by dialing 1-888-210-4748 (access code 7092711). The webcast and presentation will also be available on the investor relations website at www.investors.deluxe.com. Alternatively, an audio replay of the call will be available after 11:30 a.m. ET and through midnight on February 10, 2022 by dialing 1-800-770-2030 (access code 7092711).

About Deluxe Corporation

Deluxe, a Trusted Payments and Business Technology™ company, champions business so communities thrive. Our solutions help businesses pay and get paid, accelerate growth and operate more efficiently. 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 approximately $3 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: potential continuing negative impacts from pandemic health issues, such as the coronavirus / COVID-19, along with the impact of government restrictions or similar directives on our future results of operations, our future financial condition and our ability to continue business activities in affected regions; the impact that further deterioration or prolonged softness in the economy may have on demand for the company's products and 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 additional 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 the company's acquisition of First American Payment Systems, including integration-related risks; 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 or service providers; unanticipated delays, costs and expenses in the development and marketing of products and services, including web services and 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; risks of unfavorable outcomes and the costs to defend litigation and other disputes; and the impact of governmental laws, regulations or investigations. 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, 2020, as updated in the company's Form 10-Q for the quarter ended September 30, 2021, 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 December 31,		Year Ended December 31,	
	2021	2020	2021	2020[1]
Product revenue	$336.9	$322.5	$1,244.5	$1,230.7
Service revenue	233.7	132.0	777.7	560.1
Total revenue	570.6	454.5	2,022.2	1,790.8
Cost of products	(120.1)	(125.8)	(450.9)	(458.7)
Cost of services	(135.0)	(66.2)	(433.4)	(272.1)
Total cost of revenue	(255.1)	(192.0)	(884.3)	(730.8)
Gross profit	315.5	262.5	1,137.9	1,060.0
Selling, general and administrative expense	(255.4)	(207.0)	(941.0)	(841.7)
Restructuring and integration expense	(16.7)	(18.9)	(54.7)	(75.9)
Asset impairment charges	—	—	—	(101.7)
Operating income	43.4	36.6	142.2	40.7
Interest expense	(20.0)	(4.9)	(55.6)	(23.1)
Other income	0.7	0.7	7.2	9.2
Income before income taxes	24.1	32.4	93.8	26.8
Income tax provision	(10.3)	(7.7)	(31.0)	(21.5)
Net income	13.8	24.7	62.8	5.3
Non-controlling interest	—	—	(0.2)	(0.1)
Net income attributable to Deluxe	$13.8	$24.7	$62.6	$5.2
Weighted average dilutive shares	43.1	42.2	42.8	42.1
Diluted earnings per share	$0.32	$0.58	$1.45	$0.11
Adjusted diluted earnings per share	1.26	1.38	4.88	5.08
Capital expenditures	28.1	19.9	109.1	62.6
Depreciation and amortization expense	45.8	27.7	148.8	110.8
EBITDA	89.9	65.0	298.0	160.6
Adjusted EBITDA	117.1	94.9	407.8	364.5

[1] The statement of income for the year ended December 31, 2020 has been revised from amounts reported in the prior year to correct an error in the amount of goodwill impairment charges in the first quarter of 2020, which were previously understated by $3.8 million, or $3.6 million net of tax. Further information is provided in the company's Form 10-Q for the quarter ended September 30, 2021.

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

	December 31, 2021	December 31, 2020[1]
Cash and cash equivalents	$41.2	$123.1
Other current assets	579.3	383.5
Property, plant & equipment	132.3	88.7
Operating lease assets	58.2	35.9
Intangibles	504.4	246.8
Goodwill	1,430.1	703.0
Other non-current assets	328.9	261.2
Total assets	$3,074.4	$1,842.2
Current portion of long-term debt	$57.2	$—
Other current liabilities	626.2	411.8
Long-term debt	1,625.8	840.0
Non-current operating lease liabilities	56.4	28.3
Other non-current liabilities	134.2	48.7
Shareholders' equity	574.6	513.4
Total liabilities and shareholders' equity	$3,074.4	$1,842.2
Net debt	$1,641.8	$716.9
Shares outstanding	42.7	42.0
Number of employees	6,313	6,185

[1] The December 31, 2020 balance sheet has been revised from amounts reported in the prior year to correct an error in the amount of goodwill impairment charges in the first quarter of 2020 and the third quarter of 2019. Goodwill impairment charges in the first quarter of 2020 were previously understated by $3.8 million, or $3.6 million net of tax. Goodwill impairment charges for the third quarter of 2019 were previously understated by $30.1 million, or $23.9 million, net of tax. The correction of these errors impacted the amounts reported for goodwill, other non-current assets and liabilities and shareholders' equity. Further information is provided in the company's Form 10-Q for the quarter ended September 30, 2021.

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

	Year Ended December 31, 2021	Year Ended December 31, 2020[1]
Cash provided (used) by:		
Operating activities:		
Net income	$62.8	$5.3
Depreciation and amortization of intangibles	148.8	110.8
Asset impairment charges	—	101.7
Prepaid product discount payments	(40.9)	(33.6)
Other	40.1	33.4
Total operating activities	210.8	217.6
Investing activities:		
Payment for acquisition, net of cash, cash equivalents, restricted cash and restricted cash equivalents acquired	(958.5)	—
Purchases of capital assets	(109.1)	(62.6)
Proceeds from facility sales	2.6	9.7
Other	(1.6)	(3.2)
Total investing activities	(1,066.6)	(56.1)
Financing activities:		
Net change in debt, net of debt issuance costs	836.8	(43.5)
Proceeds from issuing shares	16.8	3.7
Dividends	(51.6)	(50.7)
Share repurchases	—	(14.0)
Net change in customer funds obligations	126.7	(0.2)
Other	(15.7)	(5.9)
Total financing activities	913.0	(110.6)
Effect of exchange rate change on cash, cash equivalents, restricted cash and restricted cash equivalents	(1.1)	3.7
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	56.1	54.6
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of year	229.4	174.8
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of year	$285.5	$229.4
Free cash flow	$101.7	$155.0

[1] The 2020 statement of cash flows has been revised from amounts reported in the prior year to correct an error in the amount of goodwill impairment charges in the first quarter of 2020, which were previously understated by $3.8 million, or $3.6 million net of tax. Further information is provided in the company's Form 10-Q for the quarter ended September 30, 2021.

DELUXE CORPORATION
SEGMENT INFORMATION
(In millions)
(Unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2021	**2020**	**2021**	**2020**
Revenue:				
Payments	$167.3	$78.0	$510.4	$301.9
Cloud Solutions	62.5	59.2	262.3	252.8
Promotional Solutions	156.7	144.0	546.5	529.6
Checks	184.1	173.3	703.0	706.5
Total	$570.6	$454.5	$2,022.2	$1,790.8
Adjusted EBITDA:				
Payments	$34.5	$17.8	$105.6	$68.1
Cloud Solutions	15.1	16.1	70.2	61.6
Promotional Solutions	28.6	20.1	85.4	66.6
Checks	83.2	83.3	324.2	341.7
Corporate	(44.3)	(42.4)	(177.6)	(173.5)
Total	$117.1	$94.9	$407.8	$364.5
Adjusted EBITDA Margin:				
Payments	20.6 %	22.8 %	20.7 %	22.6 %
Cloud Solutions	24.2 %	27.2 %	26.8 %	24.4 %
Promotional Solutions	18.3 %	14.0 %	15.6 %	12.6 %
Checks	45.2 %	48.1 %	46.1 %	48.4 %
Total	20.5 %	20.9 %	20.2 %	20.4 %

The segment information reported here was calculated utilizing the methodology outlined in the Notes to Consolidated Financial Statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2020.

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

Note that the company has not reconciled the adjusted EBITDA outlook for 2022 to the directly comparable GAAP financial measure because the company does not provide outlook guidance for net income or the reconciling items between net income and adjusted EBITDA. Because of the substantial uncertainty and variability surrounding certain of these forward-looking reconciling items, including asset impairment charges; restructuring, integration and other costs; and certain legal-related expenses, a reconciliation of the non-GAAP financial measure outlook guidance to the corresponding GAAP measure 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 AND ADJUSTED EBITDA

Management discloses EBITDA and adjusted EBITDA 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, certain items, as presented below, that may not be indicative of current period operating performance. In addition, management utilizes adjusted EBITDA 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 or adjusted EBITDA to be substitutes for operating income or net income. Instead, management believes that EBITDA and adjusted EBITDA are useful performance measures that should be considered in addition to GAAP performance measures.

	Quarter Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020[1]
Net income	$13.8	$24.7	$62.8	$5.3
Non-controlling interest	—	—	(0.2)	(0.1)
Interest expense	20.0	4.9	55.6	23.1
Income tax provision	10.3	7.7	31.0	21.5
Depreciation and amortization expense	45.8	27.7	148.8	110.8
EBITDA	89.9	65.0	298.0	160.6
Asset impairment charges	—	—	—	101.7
Restructuring, integration and other costs	17.9	21.6	59.0	80.7
Share-based compensation expense	7.7	6.5	29.5	21.8
Acquisition transaction costs	0.1	—	18.9	—
Certain legal-related expense (benefit)	1.5	—	2.4	(2.1)
Loss on sales of businesses and customer lists	—	1.8	—	1.8
Adjusted EBITDA	$117.1	$94.9	$407.8	$364.5

[1] Information for the year ended December 31, 2020 has been revised from amounts reported in the prior year to correct an error in the amount of goodwill impairment charges in the first quarter of 2020, which were previously understated by $3.8 million, or $3.6 million net of tax. Further information is provided in the company's Form 10-Q for the quarter ended September 30, 2021.

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

ADJUSTED DILUTED EPS

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. As such, adjusted diluted EPS is one of the key financial performance metrics used to assess the operating results and performance of the business and to identify strategies to improve 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. Management does not consider adjusted diluted EPS to be a substitute for GAAP performance measures, but believes that it is a useful performance measure that should be considered in addition to GAAP performance measures.

	Quarter Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020[1]
Net income	$13.8	$24.7	$62.8	$5.3
Non-controlling interest	—	—	(0.2)	(0.1)
Net income attributable to Deluxe	13.8	24.7	62.6	5.2
Asset impairment charges	—	—	—	101.7
Acquisition amortization	27.2	13.8	82.9	55.9
Restructuring, integration and other costs	17.9	21.6	59.0	80.7
Share-based compensation expense	7.7	6.5	29.5	21.8
Acquisition transaction costs	0.1	—	18.9	—
Certain legal-related expense (benefit)	1.5	—	2.4	(2.1)
Loss on sales of businesses and customer lists	—	1.8	—	1.8
Adjustments, pre-tax	54.4	43.7	192.7	259.8
Income tax provision impact of pretax adjustments[2]	(13.7)	(10.2)	(45.8)	(50.1)
Adjustments, net of tax	40.7	33.5	146.9	209.7
Adjusted net income attributable to Deluxe	54.5	58.2	209.5	214.9
Income allocated to participating securities	—	—	(0.2)	(0.1)
Re-measurement of share-based awards classified as liabilities	(0.1)	—	(0.4)	(0.8)
Adjusted income attributable to Deluxe available to common shareholders	$54.4	$58.2	$208.9	$214.0
Weighted-average dilutive shares	43.1	42.2	42.8	42.1
Adjustment[3]	(0.1)	—	—	—
Adjusted weighted-average dilutive shares	43.0	42.2	42.8	42.1
GAAP Diluted EPS	$0.32	$0.58	$1.45	$0.11
Adjustments, net of tax	0.94	0.80	3.43	4.97
Adjusted Diluted EPS	$1.26	$1.38	$4.88	$5.08

[1] Information for the year ended December 31, 2020 has been revised from amounts reported in the prior year to correct an error in the amount of goodwill impairment charges in the first quarter of 2020, which were previously understated by $3.8 million, or $3.6 million net of tax. Further information is provided in the company's Form 10-Q for the quarter ended September 30, 2021.

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

(2) 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 asset impairment charges and 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.

(3) The total of weighted-average shares and potential common shares outstanding used in the calculation of adjusted EPS differs from the GAAP calculation for the quarter ended December 31, 2021, due to differences in the amount of dilutive securities in each calculation.

REVENUE EXCLUDING FIRST AMERICAN

Because of the magnitude of the First American acquisition, management views the measure of revenue growth, excluding the First American acquisition, as an important indicator when assessing and evaluating the performance of the business and when identifying strategies to improve performance. This measure of revenue growth may be expressed as a dollar amount or as a percentage rate. By excluding the First American revenue, management is able to evaluate internally-generated revenue, measured by comparable sales of products and services year-over-year. This measure will be utilized by management until the acquisition has been under the company's ownership for at least four full fiscal quarters at the beginning of a reporting period.

	Quarter Ended December 31,		Year Ended December 31,	
	2021	**2020**	**2021**	**2020**
Total revenue	$570.6	$454.5	$2,022.2	$1,790.8
Less: First American revenue	(85.1)	—	(195.0)	—
Total revenue excluding First American	$485.5	$454.5	$1,827.2	$1,790.8
Total revenue growth excluding First American	$31.0		$36.4	
Total revenue growth excluding First American %	6.8 %		2.0 %	
Payments revenue	$167.3	$78.0	$510.4	$301.9
Less: First American revenue	(85.1)	—	(195.0)	—
Payments revenue excluding First American	$82.2	$78.0	$315.4	$301.9
Payments revenue growth excluding First American	$4.2		$13.5	
Payments revenue growth excluding First American %	5.4 %		4.5 %	

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

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.

	December 31, 2021	December 31, 2020
Total debt	$1,683.0	$840.0
Cash and cash equivalents	(41.2)	(123.1)
Net debt	$1,641.8	$716.9

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. Free cash flow is limited and 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 its cash available for future use. 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 December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net cash provided by operating activities	$61.6	$50.7	$210.8	$217.6
Purchases of capital assets	(28.1)	(19.9)	(109.1)	(62.6)
Free cash flow	$33.5	$30.8	$101.7	$155.0

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

LIQUIDITY

Management defines liquidity as cash and cash equivalents plus the amount available for borrowing under our revolving credit facility. Management considers liquidity to be an important metric for demonstrating the amount of cash that is available or that could be readily available to the company on short notice. This financial measure is not a substitute for GAAP liquidity measures. Instead, management believes that this measurement enhances investors' understanding of the funds that are currently available to the company.

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$41.2	$123.1
Amounts available for borrowing under revolving credit facility	362.6	302.3
Liquidity	$403.8	$425.4

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