Risk Factors Comparison 2024-02-22 to 2023-02-24 Form: 10-K

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We routinely encounter and address risks, many of which could cause our future results to be materially different than we currently anticipate. These risks include, but are not limited to, the principal factors listed below and the other matters set forth in this Annual Report on Form 10- K. We place no priority or likelihood based on these descriptions or order of presentation. We are also subject to general risks and uncertainties that affect many other companies, including overall economic, industry and market conditions. Additional risks not presently known to us, or that we currently believe are immaterial, may also adversely affect us. You should carefully consider all of these risks and uncertainties before investing in our common stock. STRATEGIC RISKS If our long- term growth strategy is not successful, our business and financial results would be adversely impacted. Our ~~vision~~ **strategy** is to ~~be a trusted technology partner empowering~~ **utilize the cash flows, customer relationships and brand equity from our print** businesses to **drive profitable organic** ~~pay, get paid and grow~~ **growth in our payments and data businesses** . Further information about our strategy can be found under the caption" Our Strategy" appearing in Part I, Item 1 of this report. We may not achieve our long- term objectives, and investments in our business may fail to impact our financial results as anticipated. Our strategic plan could fall short of our expectations for many reasons, including, among others: • our failure to generate profitable revenue growth; • our inability to acquire new customers, retain our current customers and sell more products and services to current and new ~~customers; • our failure to fully utilize new sales technology that enables a single view of our~~ customers; • our inability to implement additional improvements to our technology infrastructure, our digital services offerings and other key assets to increase efficiency, enhance our competitive advantage and scale our operations; • our failure to develop new products and services; • our failure to effectively manage the growth, expanding complexity and pace of change of our business and operations; • our inability to effectively operate, integrate or leverage businesses we acquire; • the failure of new products and services to achieve widespread customer acceptance; • our inability to promote, strengthen and protect our brand; • an unexpected change in demand for checks or other products; • our failure to attract and retain skilled talent to execute our strategy and sustain our growth; • unanticipated changes in our business, markets, industry or the competitive landscape; and • general economic conditions. We can provide no assurance that our strategy will be successful, either in the short term or in the long term, that it will generate a positive return on our investment or that it will not materially reduce our adjusted earnings before interest, taxes, depreciation and amortization (**"** adjusted EBITDA **"**) margins. If our strategy is not successful, or if there is market perception that our strategy is not successful, our reputation and brand may be damaged and our stock price may fall. If we are unable to attract and retain customers in a cost- effective manner or effectively operate a multichannel customer experience, our business and results of operations would be adversely affected. Our success depends on our ability to attract new and returning customers in a cost- effective manner. We use a variety of methods to promote our products and services, including a direct sales force, partner referrals, email marketing, purchased search results from online search engines, direct mail advertising, broadcast media, advertising banners, social media and other online links. Certain of these methods may become less effective or more expensive. For example, response rates for direct mail advertising have been decreasing for some time, internet search engines could modify their algorithms or increase prices for purchased search results **,** or certain partner referrals could decline. Because we offer a diverse portfolio of products and services, we may also face challenges in increasing customer awareness of all of our offerings. Efforts to expand customer awareness of our diverse range of products and services may result in increased marketing expense and may fail to generate additional revenue. We continually evaluate and modify our marketing and sales efforts to achieve the most effective mix of promotional methods. Competitive pressure may inhibit our ability to reflect increased costs in the prices of our products and services and / or new marketing strategies may not be successful. Either of these occurrences would have an adverse impact on our ability to compete and our results of operations would be adversely affected. In addition, when our check supply contracts expire, customers have the ability to renegotiate their contracts with us or to consider changing suppliers. Failure to achieve favorable contract renewals and / or to obtain new check supply customers would result in decreased revenue. Additionally, we believe we must maintain a relevant, multichannel experience in order to attract and retain customers. Customers expect to have the ability to choose their method of ordering, whether via the mail, computer, phone or mobile device. Although we are constantly investing in our user experience, we cannot predict the success of these investments. Multichannel marketing is rapidly evolving and we must keep pace with the changing expectations of our customers and new developments by our competitors. If we are unable to implement improvements to our customer- facing technology in a timely manner, or if our customer- facing technology does not function as designed, we could find it increasingly difficult to attract new and returning visitors, which would result in decreased revenue. We face intense competition from other ~~business~~ **businesses** ~~enterprises~~ , and we expect that competition will continue to increase. Competition in the payments industry is intense. We are competing against numerous financial technology (**"** Fintech **"**) companies, including independent payment processors, credit card processing firms and treasury management service providers, as well as financial institution in- house capabilities. Volume is the key to ~~staying~~ **remaining** cost- competitive, and breadth of services is critical to staying relevant to customers. In addition, although we are a leading check printer in the U. S., we face considerable competition in the check printing portion of the payments industry from another large check printer in our traditional financial institution sales channel, from direct mail and internet- based sellers of personal and business checks, from check printing software vendors, and from certain significant retailers. Pricing continues to be competitive in our financial institution sales channel, as financial institutions seek to maintain their previous levels of profitability, even as check usage declines. Within our Data Solutions segment, our data- driven marketing services face ~~intense~~ competition from a wide variety of companies in the data solutions space, including advertising agencies, marketing technology firms, data aggregators and brokers, and source data providers. Adapting to new technology is a key challenge in this business, along with hiring and retaining the right people. Within our Promotional Solutions segment, the markets for business forms and promotional products are intensely competitive and highly fragmented. Current and potential competitors include traditional storefront printing companies, office superstores, wholesale printers, online printing companies, small business product resellers **,** and providers of custom apparel and gifts. The competitive landscape for online suppliers continues to be challenging as new businesses enter the space. We can provide no assurance that we will be able to compete effectively against current and future competitors. Our competitors may develop better products or technologies and may be able to adapt more quickly to new or emerging technologies and changes in customer requirements. Continued competition could result in price reductions, reduced profit margins and / or loss of customers, all of which would have an adverse effect on our results of operations and cash flows. If we do not adapt to changes in technology in a timely and cost- effective manner, we could lose clients or have trouble attracting new clients, and our ability to grow may be limited. Rapid, significant, and disruptive technological changes impact the markets for our products and services, including changes in payment and internet browser technologies and the use of artificial intelligence and machine learning, as well as developments in technologies supporting our regulatory and compliance obligations and in- store, digital, mobile and social commerce. The introduction of competing products and services using new technologies, the evolution of industry standards or the introduction of more attractive products or services, including continued increases in the digitization of payments, could make some of our products and services less desirable, or even obsolete. Our ability to enhance our current products and services and to develop and introduce innovative products and services will significantly affect our future success. The impact is magnified by the intense competition we face. To be successful, our technology- based products and services must keep pace with technological developments and evolving industry standards, address the ever- changing and increasingly sophisticated needs of our customers, and achieve market acceptance. Additionally, we must differentiate our service offerings from those of our competitors and from the in- house capabilities of our customers. We could lose current and potential customers if we are unable to develop products and services that meet changing demands in a timely manner. Additionally, we must continue to develop our skills, tools and capabilities to capitalize on existing and emerging technologies, and this requires significant investment, takes considerable time and ultimately, may not be successful. Any of the foregoing risks could result in harm to our business, results of operations and growth prospects. ~~component of our brand~~ promotion strategy is building on our relationship of trust with our customers,which we believe can be achieved by providing a high- quality customer experience.We have invested,and will continue to invest,in website development,design and technology,and customer service and production operations.Our ability to provide a high- quality customer experience is also dependent on external factors,including the reliability and performance of our suppliers,telecommunications providers and third-party carriers.Our brand value also depends on our ability to protect and use our customers' data in a manner that meets expectations.The failure of our brand promotion activities to meet our expectations or ~~the~~ **our** failure to provide a high- quality customer experience for any reason could adversely affect our ability to attract new customers and maintain customer relationships,which would adversely harm our business and results of operations.Our cost reduction initiatives may not be successful.Intense competition and secular declines in the use of checks and business forms compels us to continually improve our operating efficiency in order to maintain or improve profitability.Cost reduction initiatives have required,and will continue to require,up- front expenditures related to various actions,such as redesigning and streamlining processes, **consolidating information technology platforms,** standardizing technology applications,further enhancing our strategic supplier sourcing arrangements,improving real estate utilization and funding employee severance benefits.We can provide no assurance that we will achieve future cost reductions or that we will do so without incurring unexpected or greater than anticipated expenditures.Moreover,we may find that we are unable to achieve business simplification and / or cost reduction goals without disrupting our business,negatively impacting efforts to grow our business or reducing the effectiveness of our sustainability practices.As a result,we may choose to delay or forgo certain cost reductions as business conditions ~~require~~ We may be unable to successfully identify future acquisitions, integrate past and future acquisitions ~~and~~ **or** realize the anticipated benefits of the transactions. We have completed many acquisitions ~~during the past several years~~ , including the acquisition of First American **Payment Systems, L. P.** in June 2021, which was the largest acquisition in our history. In addition, we **have, at times,** purchased the operations of ~~several~~ small business distributors with the intention of growing revenue in our dealer channels. We **have devoted** ~~are currently devoting~~ significant management attention and resources to integrating the business practices and operations of ~~First American and~~ our ~~previous~~ acquisitions. The integration of any acquisition involves numerous risks, including, among others: • the inability to successfully combine the businesses in a manner that permits us to achieve the revenue synergies and cost savings anticipated ~~to result from the acquisition~~ , which would result in the anticipated benefits of the acquisition not being realized in the anticipated timeframe or at all; • difficulties and / or delays in assimilating operations and ensuring that a strong system of information security and controls is in place; • the complexities of integrating a company with different products, services, markets and customers; • performance shortfalls due to the diversion of management' s attention from other business concerns; • lost sales and customers as a result of certain customers, retail partners, financial institutions or other third parties deciding not to do business with us; • unanticipated integration costs; • complexities associated with implementing necessary controls for the acquired business activities to address our requirements as a public company; • difficulties in identifying and eliminating redundant and underperforming functions and assets; • the complexities of assimilating the acquired business into our corporate culture and management philosophies; • unidentified issues not discovered during our due diligence process, including product or service quality issues, intellectual property issues **,** and tax or legal contingencies; • failure to address legacy distributor account protection rights; and • loss of key employees. One or more of these factors could impact our ability to successfully operate, integrate or leverage an acquisition and could materially and adversely affect our business and financial results. We **may** ~~have indicated that we plan to~~ supplement sales- driven revenue growth with strategically targeted acquisitions over time. The time and expense associated with finding suitable businesses, technologies or services to acquire can be disruptive to our ongoing business and may divert management' s attention. We cannot predict whether suitable acquisition candidates can be identified or acquired on acceptable terms or whether any acquired products, technologies or businesses will contribute to our revenue or earnings to any material extent. We may need to seek additional financing for larger acquisitions, which would increase our debt obligations **,** and **such financing** may not be available on terms that are favorable to us. Additionally, acquisitions may result in additional contingent liabilities, additional amortization expense, and / or future non- cash asset impairment charges related to acquired intangible assets and goodwill, and thus, could adversely affect our business, results of operations and financial condition. **Our inability** ~~The use of checks and forms is declining and we may be unable~~ to ~~offset~~ **complete certain divestitures or** the **effects of divesting** ~~decline with profitable revenue growth. Checks continue to be~~ a ~~significant portion of our~~ business **could have** ~~, accounting for 32. 6 % of our consolidated revenue in 2022, and providing~~ a **material** significant amount of the cash flows we...... sources of revenue, would have an adverse effect on our business ~~, cash flows~~ and **financial** results ~~of operations~~ . ~~The use of~~ **From time to time, we may divest** ~~business~~ **businesses** ~~forms has~~ **that do not meet our strategic objectives. For instance, we recently completed the exit from our web hosting business, and we are in the process of exiting our payroll and human resources services business. We may not be able to complete desired divestitures on favorable terms. Losses on the sales of, or lost earnings from, those businesses could negatively affect our profitability and margins. Additionally, we may incur asset impairment charges related to potential divestitures that reduce our profitability. Our divestiture activities may** also **present operational risks** ~~been declining. Continual technological improvements~~ , including the **diversion** ~~lower price and higher performance capabilities~~ of **management' s attention from our other businesses, difficulties separating** ~~personal~~ **personnel** ~~computers, printers~~ and **systems** ~~mobile devices~~ , ~~have~~ **the need to** ~~provided~~ - **provide** ~~small~~ **transition services to buyers, adverse effects on existing** business **relationships with suppliers and** customers **, and indemnities and potential disputes** with **the buyers** ~~alternative means to execute and record business transactions~~ . **Any** ~~Additionally, electronic transaction systems, off~~ - **of** ~~- the- shelf business software applications, web- based solutions and mobile applications have been designed to replace preprinted business forms. Greater acceptance of electronic signatures also has contributed to the overall secular decline in printed products. It is difficult to predict the pace at which~~ these **factors** alternative products and services will replace standardized...... publicity, whether or not justified, could adversely affect our business ~~. If our business partners or key employees are the subject of adverse news reports or negative publicity~~ , ~~our reputation may be tarnished and our~~ results of operations ~~could be adversely affected. A component of our brand~~ -- **and financial** promotion strategy is building on our relationship...... forgo certain cost reductions as business conditions - **condition** ~~require. Failure to continue to improve our operating efficiency and to generate adequate savings to fund necessary investments could adversely affect our business if we are unable to remain competitive~~ . OPERATIONAL RISKS ~~We are unable to predict the extent to which COVID- 19 or other outbreaks, epidemics, pandemics, or public health crises may adversely impact our business, financial condition and results of operations. Although the immediate impacts of the COVID- 19 pandemic have declined, the sweeping nature of the pandemic makes it extremely difficult to predict how our business and operations may be affected in the longer term. The extent to which COVID- 19 continues to impact our business depends on future developments, many of which are unknown, such as: the severity and duration of the pandemic, including the impact of COVID- 19 variants; governmental, business and individuals' actions in response to the pandemic; vaccination rates; and the resulting impact on economic activity and the financial markets. There are no comparable recent events that provide guidance as to the effect the COVID- 19 pandemic may have, and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change. In addition to the above impacts, at the onset of the COVID- 19 pandemic in 2020, all of our employees who had the ability to work from home did so, and the success of our work- from- home model allowed us to accelerate certain site closures. Although our facilities re- opened in late 2021, a portion of our employees now work remotely on a permanent basis and many others work remotely for portions of each work week, which increases our cybersecurity and data security risk. Changes in the scope and severity of the pandemic may cause us to once again close certain of our facilities to protect the health of our employees, as a result of disruptions in the operation of our supply chain, or in response to a prolonged decrease in demand for our products and services. Disruptions caused by future facility closures, along with the subsequent reintroduction of employees back into the workplace, could introduce operational risks, negatively impact productivity or result in claims by employees. Other cascading effects of the COVID- 19 pandemic, along with other outbreaks, epidemics, pandemics or public health crises that are not currently foreseeable, could materially increase our costs, negatively impact our revenue and adversely impact our results of operations and liquidity, possibly to a significant degree. We cannot predict the severity or duration of any such impacts. Such events could have the effect of heightening or exacerbating many of the other risks described in this Risk Factors discussion.~~ Security breaches, computer malware or other cyberattacks involving the confidential information of our customers, employees or business partners could substantially damage our reputation, subject us to litigation and enforcement actions, and substantially harm our business and results of operations. Information security risks have increased in recent years, in part because of the proliferation of new technologies and an increase in remote work arrangements, as well as the increased sophistication and activities of hackers, terrorists and activists ~~. In addition, our information security risks have increased with the acquisition of companies with their own technologies, which we continue to integrate into our systems and processes. Until these technologies are integrated, we may experience a period of increased risk~~ . We use internet- based channels that collect customers' financial account and payment information, as well as other sensitive information, including proprietary business information and personally identifiable information of our customers, employees, contractors, suppliers and business partners. Each year, we process hundreds of millions of records containing data related to individuals and businesses. We also provide services that are instrumental in supporting our customers and their businesses, such as **merchant services** ~~website / email hosting~~ and remittance processing. Cybersecurity is one of the top risks identified by our Enterprise Risk Management Committee, as technology- based organizations such as ours are vulnerable to targeted attacks aimed at exploiting network and system weaknesses. The secure and uninterrupted operation of our networks and systems, as well as the processing, maintenance and confidentiality of the sensitive information that resides on our systems, is critical to our business operations and strategy. We have a risk- based information / cybersecurity program dedicated to protecting our data and solutions. We employ a ~~defensive~~ -- **defense-** in- depth strategy, utilizing the concept of security layers and the CIA (confidential, integrity and availability) triad model. Computer systems and networks are, by nature, vulnerable to unauthorized access. An accidental or willful security breach could result in unauthorized access and / or use of customer information, including consumers' personally identifiable information or, in some cases, the protected health information of certain individuals. Our security measures could be breached by third- party action, computer viruses, accidents, employee or contractor error, or malfeasance by rogue employees. ~~In addition, we depend on a number of third parties, including vendors, developers and partners, that are critical to our business and to which we may grant access to our customer or employee data. While we conduct due diligence on these third parties with respect to their security and business controls, we rely on them to effectively monitor and oversee these control measures.~~ Individuals or third parties may be able to circumvent controls and / or exploit vulnerabilities that may exist, resulting in the disclosure or misuse of sensitive business and personal customer or employee information and data. We ~~utilize~~ **depend on a number of** third ~~- party providers to help support~~ **parties, including vendors, developers** and ~~provide our services~~ **partners, that are critical** to **our business and to which we may grant access to our** ~~customers~~ - **customer or employee data** . We have established a vendor security program that assesses the risk of these partners, and certain of our third- party relationships are subject to security requirements as specified in written contracts. However, we cannot control the actions of our third- party providers, and any cyberattacks or security breaches they experience could adversely affect our ability to service our customers or otherwise conduct our business. Because techniques used to obtain unauthorized access, disable or degrade service, or sabotage computer systems change frequently, may be difficult to detect immediately, and generally are not recognized until they are launched against a target, we may be unable to implement adequate preventive measures. Unauthorized parties may also attempt to gain access to our systems or facilities through various means, including hacking into our systems or facilities, fraud, trickery or other means of deceiving employees and contractors ~~. We have experienced external internet- based attacks by threat actors aimed at disrupting internet traffic and / or attempting to place illegal or abusive content on our or our customers' websites~~ . Additionally, our customers and employees have been and will continue to be targeted by threat actors using social engineering techniques to obtain confidential information or using fraudulent" phishing" emails to introduce malware into the environment. To- date, these various threats and incidents have not materially impacted our customers, our business or our financial results. However, our technologies, systems and networks are likely to be the target of future attacks due to the increasing threat landscape for all technology businesses, and we can provide no assurance that future incidents will not be material. Despite our significant cybersecurity systems and processes, a party that circumvents our security measures could misappropriate our own, our customers' or our partners' personal or proprietary information, cause interruption in our operations, damage our computers or those of our users, or otherwise damage our reputation, all of which could deter clients and consumers from ordering our products and services and result in the termination of client contracts. Additionally, it is possible that there could be vulnerabilities that impact large segments of mobile, computer or server architecture. Any of these events would adversely affect our business, financial condition and results of operations. In addition, if we were to experience a material information security breach, we may be required to expend significant amounts of management time and financial resources to remedy, protect against or mitigate the effects of the breach, and we may not be able to remedy the situation in a timely manner, or at all. Furthermore, under payment card association rules and our contracts with debit and credit card processors, if there is a breach of payment card information that we store or that is stored by third parties with which we do business, we could be liable to the payment card issuing banks for their cost of issuing new cards and other related expenses. We could also lose our ability to accept and process credit and debit card payments, which would likely result in the loss of customers and the inability to attract new customers. We could also be exposed to time- consuming and expensive litigation, government inquiries and / or enforcement actions. If we are unsuccessful in defending a claim regarding information security breaches, we may be forced to pay damages, penalties and fines, and our insurance coverage may not be adequate to compensate us fully for any losses that may occur. Contractual provisions with third parties, including cloud service providers, may limit our ability to recover losses resulting from the security breach of a business partner. There are international, federal and state laws and regulations requiring companies to notify individuals of information security breaches involving their personal data, the cost of which would negatively affect our financial results. These mandatory disclosures regarding an information security breach often lead to widespread negative publicity. If we were required to make such a disclosure, it may cause our clients and customers to lose confidence in the effectiveness of our information security measures. Likewise, general publicity regarding information security breaches at other companies could lead to the perception among the general public that e- commerce is not secure. This could decrease traffic to our websites, negatively affect our financial results and limit future business opportunities. Interruptions to our website operations or information technology systems ~~,~~ **or the** failure to maintain our information technology platforms ~~, or failure to successfully implement our new enterprise resource planning (ERP) system~~ could damage our reputation and harm our business. The satisfactory performance, reliability and availability of our information technology systems, and those of our third- party service providers, is critical to our reputation and our ability to attract and retain customers. We could experience temporary interruptions in our websites, transaction and payment processing systems, network infrastructure, service technologies, printing production facilities or customer service operations for a variety of reasons, including, among others, human error, software errors or design faults, security breaches, power loss, telecommunications failures, equipment failures, electrical disruptions, labor issues, vandalism, fire, flood, extreme weather, terrorism and other events beyond our control. **In addition, certain of the services we deliver to the payments technology market are designed to process complex transactions and deliver reports and other information on those transactions, all at very high volumes and processing**

speeds. Any failure to deliver an effective and secure product or any performance issue that arises with a new product or service could result in significant processing or reporting errors or other losses. We have invested, and will continue to invest, significant resources to build out, maintain and improve our technology platforms ~~and to integrate our various businesses. We are in the process of converting to a new ERP system~~ . Any disruptions, delays or deficiencies in the design, implementation or operation of our systems, particularly any disruptions, delays or deficiencies that impact our operations ~~, including smoothly executing the implementation of our ERP system~~ , could adversely affect our ability to effectively run and manage our business. Frequent or persistent interruptions in our operations could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to avoid our products and services. **A** ~~In recent years, we shifted a~~ substantial portion of our applications ~~to~~ **reside in** a cloud- based environment. While we maintain redundant systems and backup databases and applications software designed to provide continuous access to cloud services, it is possible that access to our software capabilities could be interrupted and our disaster recovery planning may not account for all eventualities. The failure of our systems could interfere with the delivery of products and services to our customers, impede our customers' ability to do business and result in the loss or corruption of critical data. In addition to the potential loss of customers, we may be required to incur additional development costs and divert technical and other resources, and we may be the subject of negative publicity and / or liability claims. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issue in a timely manner, our results of operations would be adversely affected, and our business interruption insurance coverage may not be adequate to compensate us fully for any losses we may incur. Moreover, to the extent that any system failure or similar event results in damages to our customers or contractual counterparties, ~~these~~ **those** customers and contractual counterparties could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time- consuming and costly for us to address. We rely on third parties and their systems for a variety of services, including significant information technology services, and the failure of these third parties to provide these services could disrupt our business. We have entered into agreements with third- party providers for information technology services, including telecommunications, network server, cloud computing and transaction processing services. In addition, we have agreements with companies to provide services related to our online payment solutions, including financial institutions that provide clearing services in connection with our merchant services settlement activities, and we have outsourced certain activities, including portions of our finance and procurement functions. A service provider' s ability to provide services could be disrupted for a variety of reasons, including, among others, human error, software errors or design faults, security breaches, power loss, telecommunications failures, equipment failures, electrical disruptions, labor issues, vandalism, fire, flood, extreme weather, terrorism and other events beyond their control. In the event that one or more of our service providers is unable to provide adequate or timely services, our ability to deliver products and services to our customers could be adversely affected. Although we believe we have taken reasonable steps to protect our business through contractual arrangements with our service providers, we cannot completely eliminate the risk of disruption in service. Any significant disruption could harm our business, including damage to our brand and loss of customers. Additionally, although we believe that most of these services are available from numerous sources, a failure to perform by one or more of our service providers could cause a material disruption in our business while we obtain an alternative service provider. The use of substitute third- party providers could also result in increased expense. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our financial, legal, reputational and operational risk. If we are unable to attract, motivate and retain key personnel and other qualified employees, our business and results of operations could be adversely impacted. We operate in a rapidly changing technological environment that requires a wide ranging set of expertise and intellectual capital. To successfully compete and grow, we must recruit, develop, motivate and retain personnel who can provide the needed expertise across the organization. In addition, we must develop our personnel to fulfill succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. Competition for employees is intense ~~, even more so in the current challenging labor market~~ . We have implemented various human capital initiatives, including employee wellness initiatives, ~~the introduction of~~ employee resource groups and a revised performance management process, to make Deluxe an attractive place to work. As ~~a result of the COVID- 19 pandemic,~~ remote working arrangements **have** ~~became~~ **become** more widely accepted ~~and~~ **,** it is more challenging for us to maintain and enhance our corporate culture and to navigate the flexible working arrangements that employees may demand. Our work environment may not meet the needs or expectations of our employees or may be perceived as less favorable compared to other companies' polices, which could negatively impact our ability to hire and retain qualified personnel. We can provide no assurance that key personnel, including our executive officers, will continue to be employed, or that in the event we have to replace key employees, that labor costs will not increase. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations. Increases in prices and declines in the availability of materials and other services have adversely affected, and could continue to adversely affect, our operating results. We are subject to risks associated with the cost and availability of paper, plastics, ink, promotional materials, merchant services point- of- sale equipment and other raw materials, as well as various third- party services we utilize, including delivery **and data provider** services. In addition, from time- to- time, the card networks, including Visa ® and Mastercard ®, increase the fees that they charge processors. Increased levels of inflation ~~during the past 2 years~~ have resulted in cost increases for certain of the materials and services we utilize. ~~We expect inflationary~~ **Inflationary** pressures ~~to~~ **could** continue into fiscal ~~2023~~ **2024** , and this trend could have a material adverse impact if inflation rates significantly exceed our ability to ~~continue to~~ achieve price increases or if such price increases adversely impact demand for our products. **We** ~~Emerging from the COVID- 19 pandemic, we~~ have **, at times,** experienced supply chain disruptions, including impacts on the supply of certain ~~higher margin~~ printed products in our Promotional Solutions segment, and ~~the~~ continuing **global unrest** ~~Russia- Ukraine dispute~~ could cause further disruption in the global supply chain. We continue to closely monitor our supply chain to promptly address any ~~further~~ delays or disruptions, but we can provide no assurance that our ability to provide products to our customers will not be adversely impacted if our supply chain is compromised. Paper costs represent a significant portion of our materials expense. Paper is a commodity and its price has been subject to volatility due to supply and demand in the marketplace, as well as volatility in the raw material and other costs incurred by paper suppliers. There are also relatively few paper suppliers and these suppliers are under financial pressure as paper use declines. As such, when our suppliers increase paper prices, we may not be able to obtain better pricing from alternative suppliers. We depend upon third- party providers for delivery services and for certain outsourced products. Events resulting in the inability of these third parties to perform their obligations, such as work slowdowns, extended labor strikes, labor shortages or inclement weather, could adversely impact our results of operations by requiring us to secure alternate providers at higher costs. Postal rates are dependent on the operating efficiency of the U. S. Postal Service (**"** USPS **"**) and on legislative mandates imposed upon the USPS. Postal rates have increased in recent years and the USPS has incurred significant financial losses. This may result in continued changes to the breadth and / or frequency of USPS mail delivery services. In addition, fuel costs have fluctuated over the past several years. Increases in fuel costs increase the costs we incur to deliver products to our customers, as well as the price we pay for outsourced products. Competitive pressures and / or contractual arrangements may inhibit our ability to reflect increased costs in the price of our products and services. Any of the foregoing risks could result in harm to our business and results of operations. We are subject to customer payment- related risks and payment card network rules, which could adversely affect our business and financial results. We may be liable for fraudulent transactions conducted on our websites, such as the use of stolen credit card numbers, and we have potential liability for fraudulent electronic payment transactions or credits initiated by merchants or others. While we do have safeguards in place, we cannot prevent all fraudulent transactions. To date, we have not incurred ~~significant~~ **material** losses from payment- related fraud. However, such transactions negatively impact our results of operations and could subject us to penalties from payment card networks for inadequate fraud protection. **We also may be liable if our merchants or other parties that have obligations to deliver goods or services to cardholders fail to satisfy their obligations. For example, we may be subject to contingent liability for transactions originally acquired by us that are disputed by the cardholder and charged back to the merchants or other parties. These disputes could arise from fraud, misuse, unintentional use, settlement delay or failure, insufficiency of funds, returns, a failure to perform a service, or other reasons. If we are unable to collect this amount from the merchant or other party because of the merchant' s or other party' s insolvency or other reasons, we will bear the loss for the amount of the refund paid to the cardholder. Although we have an active program to manage our credit risk, a default on such obligations by one or more of our merchants or others could have a material adverse effect on our business, results of operations and financial condition.** In addition, **in order to provide our transaction processing services, we are registered with Visa and Mastercard and other networks as members or service providers for member institutions. As such, we are subject to card association and network rules.** ~~changes~~ **Changes** to the payment card networks' rules or how they are interpreted could have a significant impact on our business and financial results. For example, changes in the rules regarding chargebacks may affect our ability to dispute chargebacks and the amount of losses we incur from chargebacks. Changes in network rules may also increase the cost of, impose restrictions on, or otherwise impact the development of, our retail point- of- sale solutions, which may negatively affect their deployment and adoption. Any changes to or interpretations of the network rules that are inconsistent with the way we currently operate may require us to make changes to our business that could be costly or difficult to implement and that could adversely affect our results of operations. Revenue from the sale of services to merchants that accept Visa and Mastercard are dependent upon our continued Visa and Mastercard registrations, financial institution sponsorship and, in some cases, continued membership in certain card networks. In order to provide our Visa and Mastercard transaction processing services, we must be either a direct member or be registered as a merchant processor or service provider of Visa and Mastercard. Registration as a merchant processor or service provider is dependent upon our being sponsored by members of each organization in certain jurisdictions. If our sponsor financial institution in any market should stop providing sponsorship for us, we would need to find another financial institution to provide those services or we would need to attain direct membership with the card networks, either of which could prove to be difficult and expensive. If we are unable to find a replacement financial institution to provide sponsorship or attain direct membership, we may no longer be able to provide processing services to affected customers, which would negatively affect our business and results of operations. In addition, some agreements with our financial institution sponsors give them substantial discretion in approving certain aspects of our business practices, including our solicitation, application and qualification procedures for merchants and the terms of our agreements with merchants. Our sponsors' discretionary actions under these agreements could have a material adverse effect on our business and results of operations. If we fail to comply with the applicable requirements of the card networks, the card networks could seek to fine us, suspend us or terminate our registrations or membership. The termination of our registrations or our membership or our status as a service provider or a merchant processor would have a material adverse effect on our business, financial condition and results of operations. If a merchant or an independent sales organization (**"** ISO **"**) customer fails to comply with the applicable requirements of the card associations and networks, we or the merchant or ISO could be subject to a variety of fines or penalties that may be levied by the card associations or networks. If we cannot collect or pursue collection of such amounts from the applicable merchant or ISO, we may have to bear the cost of such fines or penalties, negatively impacting our results of operations. LEGAL AND COMPLIANCE RISKS Governmental regulation is continuously evolving and could limit or harm our business. We are subject to numerous international, federal, state and local laws and regulations that affect our business activities in several areas, including, but not limited to, labor, advertising, taxation, data privacy and security, digital content, consumer reports, consumer protection, merchant processing, online payment services, real estate, e- commerce, intellectual property, health care, environmental matters, and workplace health and safety. In addition, legal or regulatory measures to address climate change may impact us in the near future. The complexity of complying with existing and new laws and regulations is significant, and regulators may adopt new laws or regulations at any time. The various regulatory requirements to which we are subject could impose significant limitations on our business activities, require changes to our business, restrict our use or storage of personal information, or cause changes in our customers' purchasing behavior, which may make our business more costly and / or less efficient and may require us to modify our current or future products, services, systems or processes. We cannot quantify or predict with any certainty the likely impact of such changes on our business, prospects, financial condition or results of operations. Portions of our business operate within highly regulated industries and our business results could be significantly affected by the laws and regulations to which we are subject. For example, international, federal and state laws and regulations regarding the protection of certain consumer information require us to develop, implement and maintain policies and procedures to protect the security and confidentiality of consumers' personal information. Portions of our business are subject to regulations affecting payment processing, including merchant processing, ACH, remote deposit capture and lockbox services. These laws and regulations require us to develop, implement ~~,~~ and maintain certain policies and procedures related to payments. We are also subject to additional requirements in certain of our contracts with financial institution clients **that** ~~and communications service providers, which~~ are often more restrictive than the regulations, as well as confidentiality clauses in certain of our contracts related to small businesses’ customer information. These regulations and agreements typically limit our ability to use or disclose personal information for other than the purposes originally intended, which could limit business opportunities. Proposed privacy and cybersecurity regulations may also increase the cost of compliance for the protection of collected data. The complexity of compliance with these various regulations may increase our cost of doing business and may affect our clients, reducing their discretionary spending and thus, reducing their capacity to purchase our products and services. Due to our increased use of the internet for sales and marketing, laws specifically governing digital commerce, the internet, mobile applications, search engine optimization, behavioral advertising, privacy and email marketing may have an impact on our business. Existing and future laws governing issues such as digital and social marketing, privacy, consumer protection or commercial email may limit our ability to market and provide our products and services. Changing data protection regulations may increase the cost of compliance in servicing domestic and international markets for our wholesale and retail business services channels. More restrictive rules, such as new privacy laws, consumer protection “ dark patterns ” restrictions, search engine marketing restrictions, “ anti- spam ” regulations or email privacy rules, could decrease marketing opportunities, decrease traffic to our websites and / or increase the cost of obtaining new customers. Because of additional regulatory costs, financial institutions may continue to put significant pricing pressure on their suppliers, including their check and service providers. The increase in cost and profit pressure may also lead to further consolidation of financial institutions. Additionally, some financial institutions do not permit offers of add- on services, such as bundled products, fraud / identity protection or expedited check delivery, to their customers. It would have an adverse impact on our results of operations if we were unable to market such services to consumers or small businesses through the majority of our financial institution clients. Additionally, as our product and service offerings become more technologically focused, and with expanded regulatory expectations for supervision of third- party service providers, additional portions of our business could become subject to direct federal regulation and / or examination. This would increase our cost of doing business and could slow our ability to introduce new products and services and otherwise adapt to a rapidly changing business environment. Third- party claims could result in costly and distracting litigation and, in the event of an unfavorable outcome, could have an adverse effect on our business, financial condition and results of operations. From time to time, we are involved in claims, litigation and other proceedings related to the conduct of our business, including purported class action litigation. Such legal proceedings may include claims related to our employment practices; claims alleging breach of contractual obligations; claims asserting deceptive, unfair or illegal business practices; claims alleging violations of consumer protection- oriented laws; claims related to legacy distributor account protection rights; or claims related to environmental matters. In addition, third parties may assert patent and other intellectual property infringement claims against us and / or our clients, which could include aggressive and opportunistic enforcement of patents by non- practicing entities. Any such claims could result in litigation against us and could also result in proceedings being brought against us by various federal and state agencies that regulate our businesses. The number and significance of these claims and proceedings has increased as our businesses have evolved and expanded in scope. These claims, whether successful or not, could divert management' s attention, result in costly and time- consuming litigation, or both. Accruals for identified claims or lawsuits are established based on our best ~~estimates~~ **estimate** of the probable liability. However, we cannot accurately predict the ultimate outcome of any such proceedings due to the inherent uncertainties of litigation and other dispute resolution mechanisms. Any unfavorable outcome of a material claim or material litigation could require the payment of monetary damages or fines, attorneys' fees or costly and undesirable changes to our products, features or business practices, which would result in a material adverse effect on our business, financial condition and results of operations. We may be unable to protect our rights in intellectual property, which could harm our business and ability to compete. We rely on a combination of trademark and copyright laws, trade secret and patent protection, and confidentiality and license agreements to protect our trademarks, software and other intellectual property. These protective measures afford only limited protection. Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property or otherwise independently develop substantially equivalent products or services that do not infringe on our intellectual property rights. Policing unauthorized use of our intellectual property is difficult. We may be required to spend significant resources to protect our trade secrets and to monitor and police our intellectual property rights. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm our business and ability to compete ~~. Activities of our customers or the content of their websites could damage our reputation and / or adversely affect our financial results. As a provider of domain name registration, web hosting services and customized business products, we may be subject to potential liability for the activities of our customers on or in connection with their domain names or websites, for the data they store on our servers, including information accessible through the" dark web," or for images or content that we produce on their behalf.~~

~~Customers may also launch distributed denial of service attacks or malicious executables, such as viruses, worms or trojan horses, from our servers. Although our agreements with our customers prohibit illegal use of our products and services and permit us to take appropriate action for such use, customers may nonetheless engage in prohibited activities or upload or store content with us in violation of applicable law. Our reputation may be negatively impacted by the actions of customers that are deemed to be hostile, offensive or inappropriate, or that infringe the copyright or trademark of another party. The safeguards we have established may not be sufficient to avoid harm to our reputation, especially if the inappropriate activities are high profile. Laws relating to the liability of online services companies for information, such as online content disseminated through their services, are subject to frequent challenges. Claims may be made against online services companies by parties who disagree with the content. Where the online content is accessed on the internet outside of the U. S., challenges may be brought under foreign laws that do not provide the same protections for online services companies as in the U. S. These challenges in either U. S. or foreign jurisdictions may give rise to legal claims alleging defamation, libel, invasion of privacy, negligence or copyright or trademark infringement, based on the nature and content of the materials disseminated through our services. Certain of our products and services include content generated by users of our online services. Although this content is not generated by us, claims of defamation or other injury may be made against us for that content. If such claims are successful, our financial results would be adversely affected. Even if the claims do not result in litigation or are resolved in our favor, the time and resources necessary to resolve them could divert management' s attention and adversely affect our business and financial results~~ . FINANCIAL RISKS Economic conditions may adversely affect trends in business and consumer spending, which may adversely impact demand for our products and services. Economic conditions have affected, and will continue to affect, our results of operations and financial position. Current and future economic conditions that affect inflation, business and consumer spending, including levels of business and consumer confidence, unemployment levels, consumer spending and the availability of credit, as well as uncertainty or volatility in our customers' businesses, may adversely affect our business and results of operations. A challenging economic environment could cause existing and potential customers to not purchase or to delay purchasing our products and services. Continued inflationary pressures could negatively impact our customers' ability to purchase our products and services, thereby negatively impacting our revenue and results of operations. A significant portion of our business relies on small business spending. We believe that small businesses are more likely to be significantly affected by economic conditions than larger, more established companies. During a sluggish economy, it may be more difficult for small businesses to obtain credit and they may choose to spend their limited funds on items other than our products and services. As such, the level of small business confidence, the rate of small business formations and closures, and the availability of credit to small businesses all impact our business. A significant portion of our business also relies upon the health of the financial services industry. As a result of global economic conditions in past years, a number of financial institutions sought additional capital, merged with other financial institutions and, in some cases, failed. The failure of one or more of our larger financial institution clients, or large portions of our customer base, could adversely affect our operating results. In addition to the possibility of losing a significant client, the inability to recover prepaid product discount payments made to one or more of our larger financial institution clients, or the inability to collect accounts receivable or contractually required contract termination payments, could have a ~~significant~~ negative impact on our results of operations. There may also be an increase in financial institution mergers and acquisitions during periods of economic uncertainty or as a result of other factors affecting the financial services industry. Such an increase could adversely affect our operating results. Often the newly combined entity seeks to reduce costs by leveraging economies of scale in purchasing, including its check supply and business services contracts. This results in providers competing intensely on price in order to retain not only their previous business with one of the financial institutions, but also to gain the business of the other party in the combined entity. Although we devote considerable effort toward the development of a competitively- priced, high- quality selection of products and services for the financial services industry, there can be no assurance that significant financial institution clients will be retained or that the impact of the loss of a significant client can be offset through the addition of new clients or by expanded sales to our remaining clients. Global events, such as ~~the~~ **outbreaks of illnesses, pandemics like** COVID- 19 ~~pandemic and~~ **, or** ~~the~~ **other political and economic instability** ~~actions taken in response to it, as well as the Russia- Ukraine dispute~~ , significantly increase economic uncertainty. Given the ongoing and dynamic nature of these events, we cannot predict the impact on our business, financial position or results of operations. Even after such impacts subside, the U. S. economy may experience a recession, and our business could be adversely affected by a prolonged recession. Asset impairment charges would have a negative impact on our results of operations. Goodwill represented 46. ~~5~~ **4** % of our total assets as of December 31, ~~2022~~ **2023** . On at least an annual basis, we assess whether the carrying value of goodwill is impaired. This analysis considers several factors, including economic, market and industry conditions. Circumstances that could indicate a decline in the fair value of one or more of our reporting units include, but are not limited to, the following: • a downturn in economic conditions that negatively affects our actual and forecasted operating results; • changes in our business strategy, structure and / or the allocation of resources; • the failure of our growth strategy; • the inability of our acquisitions to achieve expected operating results; • changes in market conditions, including increased competition; • the loss of significant customers; • a decline in our stock price for a sustained period; or • a material acceleration of order volume declines for checks ~~and~~ **or** business forms. Such situations may require us to record an impairment charge for a portion of goodwill. We are also required to assess the carrying value of other long- lived assets, including intangible assets. Information regarding our ~~2022~~ **2023** impairment analyses can be found under the caption" Note 8: Fair Value Measurements" in the Notes to Consolidated Financial Statements appearing in Part II, Item 8 of this report. We have, in the past, and may again in the future, be required to write- down the value of some of our assets, and these write- downs have been, and could in the future be, material to our results of operations. If we are required to record additional asset impairment charges for any reason, our consolidated results of operations would be adversely affected. Our variable- rate indebtedness exposes us to interest rate risk. Borrowings under our credit facility, including our secured term loan facility, are subject to variable rates of interest and expose us to interest rate risk. If interest rates were to continue to increase, our interest expense would increase, negatively affecting earnings and reducing cash flows available for working capital, capital expenditures and other investments. To address the risk associated with variable- rate debt, we entered into interest rate swaps to convert **a portion** ~~$ 500. 0 million~~ of our variable- rate debt to a fixed rate. As of December 31, ~~2022~~ **2023** , $ ~~684~~ **357** . ~~4~~ **5** million of our outstanding debt was subject to variable interest rates.