First Quarter 2021 Earnings

May 6, 2021

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Vice President, Investor Relations

Today's Presenters

Barry McCarthy

President and
Chief Executive Officer

Keith Bush

Chief Financial Officer and
Senior Vice President

Tom Morabito

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Cautionary Statement

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, 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; the risk that the acquisition of First American Payment Systems and/or other 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; 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 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.

Portions of the financial and statistical information that will be discussed during this call are addressed in more detail in today's press release which is posted on our investor relations website at deluxe.com. This information was also furnished to the SEC on the Form 8-K filed by the Company this afternoon. Any references to non-GAAP financial measures are reconciled to the comparable GAAP financial measures in the press release and as part of this presentation or as part of our presentation during this call.

Barry McCarthy

President and Chief Executive Officer

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Solid 2021 Start

- We continue to deliver, and do what we say we are going to do
- Sequential improvement in the rate of revenue decline
- Adjusted EBITDA margin improved 340 basis points to 20.5%
- Free cash flow increased 47%
- Improved liquidity with net debt lowest level in nearly 3 years
- Strongest sales quarter in Deluxe history based on Annual Contract Value (ACV)
- Closed the largest deal in Deluxe history with PNC; significant deal with TD Bank

First American Acquisition

Announced transaction will double the size of Payments segment upon closing

- Largest acquisition in DLX's 106-year history
- Transforms company into a payments and Trusted Busines Technology company
- Payments will now rival Checks business on a revenue basis

DLX ready for M&A

- Scalable, modern technology platform.
- Sales organization capable of selling the entire portfolio.
- Product function capable of adding features and new solutions.
- World-class team
- Strengthen our balance sheet

The pending combination of Deluxe and First American doubles the size of our Payments business and transforms DLX into a payments and Trusted Business Technology company

Sales Strategy Continues to Deliver

One Deluxe Sales Approach is Working

- **Payments:**
  - Extended relationship with BBVA with a significant number of Deluxe Mobile Capture solution licenses
- **Cloud:**
  - PNC: ties together DLX's Cloud and Promotional Solutions to deliver integrated data-driven marketing with managed marketing print and other related services
  - Top 50 financial institution where we will deliver full end-to-end Campaign Management services for its Branch Transformation initiative
  - A top U.S. mortgage originator where we will offer prescreen and mail services to support its customer acquisition and recapture programs
- **Promotional Solutions:**
  - Expanded relationship with LPL Financial as it acquired strategic broker dealers to add to its network.
- **Checks:**
  - Extended and expanded our contractual check relationships across several top tier financial institutions, including TD Bank

Strongest quarter in DLX history based on annual contract value

Closed >1,600 deals including largest in history with PNC

PNC

Closed 20 deals with ACV over one million dollars each, and the top six of those deals was over $50M in combined ACV

Segment Highlights

Strong Execution of One Deluxe Strategy

Payments

- Growth driven by treasury management services
- Deluxe Payment Exchange and Medical Payment Exchange more than doubled year-over-year
- Soft launch of HR Management Solution and expanded Deluxe Payment Exchange Network

Cloud

- Added numerous new clients, including PNC
- Excluding impact of business exits and divestitures, revenues declined only 10% or just over half the reported rate
- Optimistic about Data-Driven Marketing (DDM) as economy recovers
- Web site services also showed resiliency
- Adjusted EBITDA margin up over 800 basis points year-over-year

Trusted Business Technology™ Company

Promotional Solutions

- Numerous wins, including PNC
- Impact from COVID and weather
- Business Essentials performed well
- Expect branded merchandise to rebound as COVID wanes
- Adjusted EBITDA margin up over 600 basis points year-over-year

Checks

- Impact from secular trends, weather, and COVID
- Rate of decline improved from Q420
- Strong free cash flow generator
- Strategy in Checks remains focused on capturing new share while holding margin percentage flat

Keith Bush

Chief Financial Officer

Q121 Summary

Solid Start to 2021

First Quarter Results

- Total revenue was $441.3 million, down 9.3% compared to Q120
  - » Sequential improvement of 360 basis points versus 12.9% rate of decline experienced in Q420
- GAAP net income was $24.3 million
- Adjusted EBITDA was $90.5 million, up 8.6% year-over-year
- Adjusted EBITDA margin was 20.5%
  - » Reductions in SG&A drove much of the improvements

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Note: A comparison of reported Q121 net income and earnings per share is difficult given significant asset impairment charges last year. Our measures of adjusted earnings and adjusted EBITDA exclude these non-cash charges along with restructuring, integration and other costs. These adjustments are detailed in the reconciliations provided in our release.

Payments

- Revenue grew 3.2% to $79.5M for the first quarter
- Results led by treasury management business which was up 4% year-over-year
- Adjusted EBITDA increased 1.7% in the quarter
- Adjusted EBITDA margin for the quarter was 23.0%, down 40 basis points year-over-year
- Expect double-digit organic revenue growth for 2021
  - » Continue to invest to drive growth, assuming adjusted EBITDA margins in low 20% range
- Pending First American acquisition will double the size of Payments
  - » Guidance will be updated upon closing expected in Q221

Payments		
Receivables as a Service	**Digital Disbursements**	**Cash Flow Management Solutions**

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Cloud Solutions

- Revenue declined 18.2% to $62.2M for the first quarter
  - Revenue increased 5% sequentially from 4Q20
  - 8% of the year-over-year decline was due to the impact of exits and divestitures, and revenue benefitted from additions in the data-driven marketing business.
- Expanded number of clients using data driven marketing
- Web and hosted solutions remained stable compared to Q420
  - Economic impact of the macro environment
  - Expected attrition from decision to exit certain non-strategic product lines
- Achieved 27.7% Adjusted EBITDA margin in 1Q, over an 800-basis point improvement
- Anticipate margins to remain in the low-to-mid 20% range

Cloud Solutions		
Data Analytics	**SaaS Solutions**	**Web Hosting**

Promotional Solutions

- First quarter revenue declined 12.8% year-over-year to $124.5 million
  - Sequential rate of decline improved 380 basis points from Q420
- Adjusted EBITDA margin was 14.2% up 640 basis points year-over-year
  - Reflects significant reductions in SG&A
- Anticipating improved adjusted EBITDA margins throughout 2021 in the low to mid-teens
  - Value realization initiatives and cost actions taken in 2020

Promotional Solutions

Turn-Key Managed Branded Solutions	Web Storefronts for Branded Products	Support Rapidly Changing Market Demands	Business Essentials

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Checks

- First quarter revenue declined 8.1% from last year to $175.1M
  - » Combination of secular trends and pandemic impacts
- First quarter Adjusted EBITDA margins were 47.7%
- Expect Checks to return to mid single digit declines in 2021
  - » Based on high renewal rates and new business
  - » Consistent with the recoveries from previous economic downturns

Driving Value

Strong cash flow self funds growth investments AND generates healthy return of capital to shareholders	Lead generation for cost-effective cross-selling other DLX solutions to existing customers

Balance Sheet and Cash Flow

- Ended quarter with strong liquidity of $427.7M and cash balance of $125M
  - » Debt level consistent at $840M
- Net debt is $715M, lowest level in nearly 3 years
- Delivered free cash flow of $17.9M, up $5.7M from 1Q20
  - » Primarily due to working capital efficiency
- Declared regularly quarterly dividend of $0.30 per share
- Did not repurchase common stock in 1Q
- We continue to deliver, and do what we say we are going to do

Free Cash Flow

Cash provided by operating activities, less capital expenditures
$ in millions

	For the 3 Months Ending		
	3/31/21	3/31/20	Variance
Cash Provided by Operating Activities	$ 39.6	$ 26.5	$ 13.1
Less Capital Expenditures	$ 21.7	$ 14.3	$ 7.4
Free Cash Flow	$ 17.9	$12.2	$ 5.7

2021 Guidance

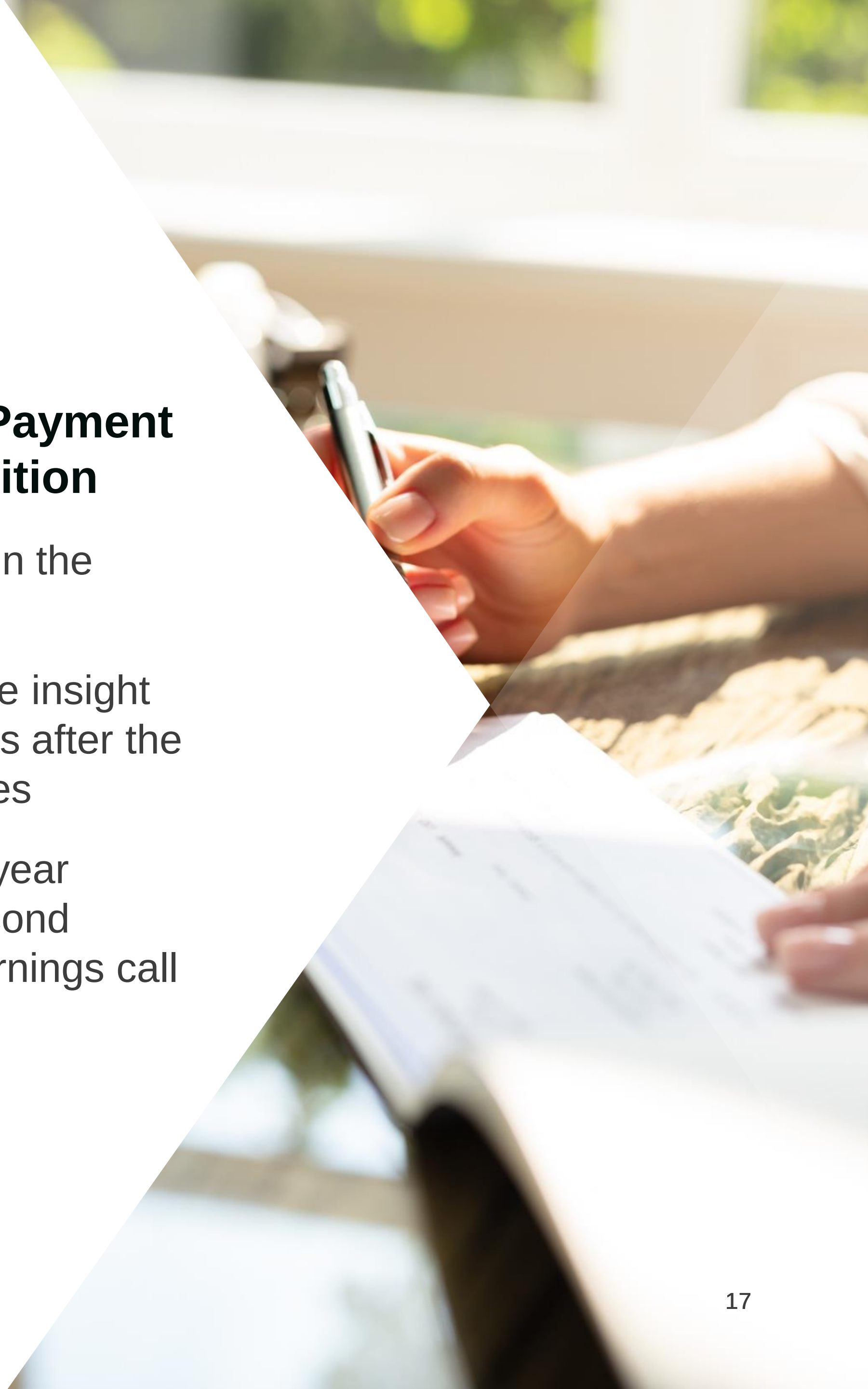
Well-positioned for growth

Full Year 2021 Outlook for Stand-Alone Deluxe

- Affirming 2021 Guidance
- Expect recovery to begin in the second quarter, enabling full year revenue exit growth rate in mid-single digits
- Full year revenue growth of 0 to 2%
- Adjusted EBITDA margin between 20% and 21%
- Tax rate of approximately 25%
- Capital expenditures in 2021 to be approximately $90M

First American Payment Systems Acquisition

- Expect to close in the second quarter
- Will provide more insight into the financials after the transaction closes
- Will provide full year guidance on second quarter 2021 earnings call



Q & A

Tom Morabito

Vice President of Investor Relations

Upcoming Conferences

Date	Event
May 19, 2021	Needham Virtual Technology & Media Conference
June 8, 2021	Baird Global Consumer, Technology, and Services Conference

Appendix

Consolidated Condensed Statements of Income (Loss)

$ in millions, except per share amounts (Unaudited)

	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
Product revenue	$299.1	$330.7
Service revenue	142.2	155.7
Total revenue	441.3	486.4
Cost of products	(107.3)	(121.5)
Cost of services	(71.2)	(80.5)
Total cost of revenue	(178.5)	(202.0)
Gross profit	262.8	284.4
Selling, general and administrative expense	(212.5)	(237.2)
Restructuring and integration expense	(14.3)	(17.7)
Asset impairment charges	—	(90.3)
Operating income (loss)	36.0	(60.8)
Interest expense	(4.5)	(7.0)
Other income	2.0	4.5
Income (loss) before income taxes	33.5	(63.3)
Income tax (provision) benefit	(9.2)	3.2
Net income (loss)	$24.3	($60.1)
Weighted average dilutive shares	42.5	42.1
Diluted earnings (loss) per share	$0.57	($1.45)
Adjusted diluted earnings per share	1.26	1.08
Capital expenditures	21.7	14.3
Depreciation and amortization expense	27.8	28.4
EBITDA	65.8	(27.9)
Adjusted EBITDA	90.5	83.3

Segment Information

$ in millions (Unaudited)

	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
Revenue:		
Payments	$79.5	$77.0
Cloud Solutions	62.2	76.0
Promotional Solutions	124.5	142.8
Checks	175.1	190.6
Total	$441.3	$486.4
Adjusted EBITDA:		
Payments	$18.3	$18.0
Cloud Solutions	17.2	14.9
Promotional Solutions	17.7	11.2
Checks	83.6	90.7
Corporate	(46.3)	(51.5)
Total	$90.5	$83.3
Adjusted EBITDA Margin:		
Payments	23.0 %	23.4 %
Cloud Solutions	27.7 %	19.6 %
Promotional Solutions	14.2 %	7.8 %
Checks	47.7 %	47.6 %
Total	20.5 %	17.1 %

Reconciliation of GAAP to Non-GAAP Measures

(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 March 31,	
	2021	**2020**
Net income (loss)	$24.3	($60.1)
Interest expense	4.5	7.0
Income tax provision (benefit)	9.2	(3.2)
Depreciation and amortization expense	27.8	28.4
EBITDA	65.8	(27.9)
Asset impairment charges	—	90.3
Restructuring, integration and other costs	15.2	19.7
CEO transition costs	—	(0.2)
Share-based compensation expense	6.7	3.6
Acquisition transaction costs	2.8	—
Certain legal-related benefit	—	(2.2)
Adjusted EBITDA	$90.5	$83.3

Note that the company has not reconciled adjusted EBITDA for full year 2021 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.

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS

By excluding the impact of non-cash items or items that may not be indicative of ongoing operations, 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.

- (1) The tax effect of the pretax adjustments considers the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact that approximates the U.S. effective tax rate for each adjustment. However, the tax impact of certain adjustments, such as 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.
- (2) The adjustment to total weighted-average dilutive shares for the quarter ended March 31, 2020 is due to the net loss reported for the period. The GAAP EPS calculation for this period excluded a higher number of share-based compensation awards because their effect was antidilutive.

	Quarter Ended March 31,	
	2021	2020
Net income (loss)	$24.3	($60.1)
Asset impairment charges	—	90.3
Acquisition amortization	13.2	14.8
Restructuring, integration and other costs	15.2	19.7
CEO transition costs	—	(0.2)
Share-based compensation expense	6.7	3.6
Acquisition transaction costs	2.8	—
Certain legal-related benefit	—	(2.2)
Adjustments, pre-tax	37.9	126.0
Income tax provision impact of pre-tax adjustments(1)	(8.5)	(19.2)
Adjustments, net of tax	29.4	106.8
Adjusted net income	53.7	46.7
Income allocated to participating securities	—	(0.1)
Re-measurement of share-based awards classified as liabilities	—	(0.8)
Adjusted income available to common shareholders	$53.7	$45.8
Weighted-average dilutive shares	42.5	42.1
Adjustment(2)	—	0.1
Adjusted weighted-average dilutive shares	42.5	42.2
GAAP Diluted EPS	$0.57	($1.45)
Adjustments, net of tax	0.69	2.53
Adjusted Diluted EPS	$1.26	$1.08

Net Debt and Free Cash Flow

$ in millions, except per share amounts (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.

	March 31, 2021	December 31, 2020
Total debt	$840.0	$840.0
Cash and cash equivalents	(125.4)	(123.1)
Net debt	$714.6	$716.9

FREE CASH FLOW

Management defines free cash flow as net cash provided by operating activities less purchase 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 share repurchases, dividends, mandatory and discretionary debt reduction, and acquisitions or other strategic investments.

	Quarter Ended March 31,	
	2021	2020
Net cash provided by operating activities	$39.6	$26.5
Purchases of capital assets	(21.7)	(14.3)
Free cash flow	$17.9	$12.2

Liquidity

$ in millions

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.

	March 31, 2021	December 31, 2020
Cash and cash equivalents	$125.4	$123.1
Amounts available for borrowing under revolving credit facility	302.3	302.3
Liquidity	$427.7	$425.4

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