deluxe®

Second Quarter 2021 Earnings

August 5, 2021

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Tom Morabito

Vice President, Investor Relations

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Today’s Presenters

Barry McCarthy

President and
Chief Executive Officer

Scott Bomar

Senior Vice President and
Chief Financial Officer

Tom Morabito

Vice President,
Investor Relations

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-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 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

Strong 2Q21

» All four segments had solid year-over-year revenue increases

» Payments led by sales-driven growth and the First American Payments acquisition

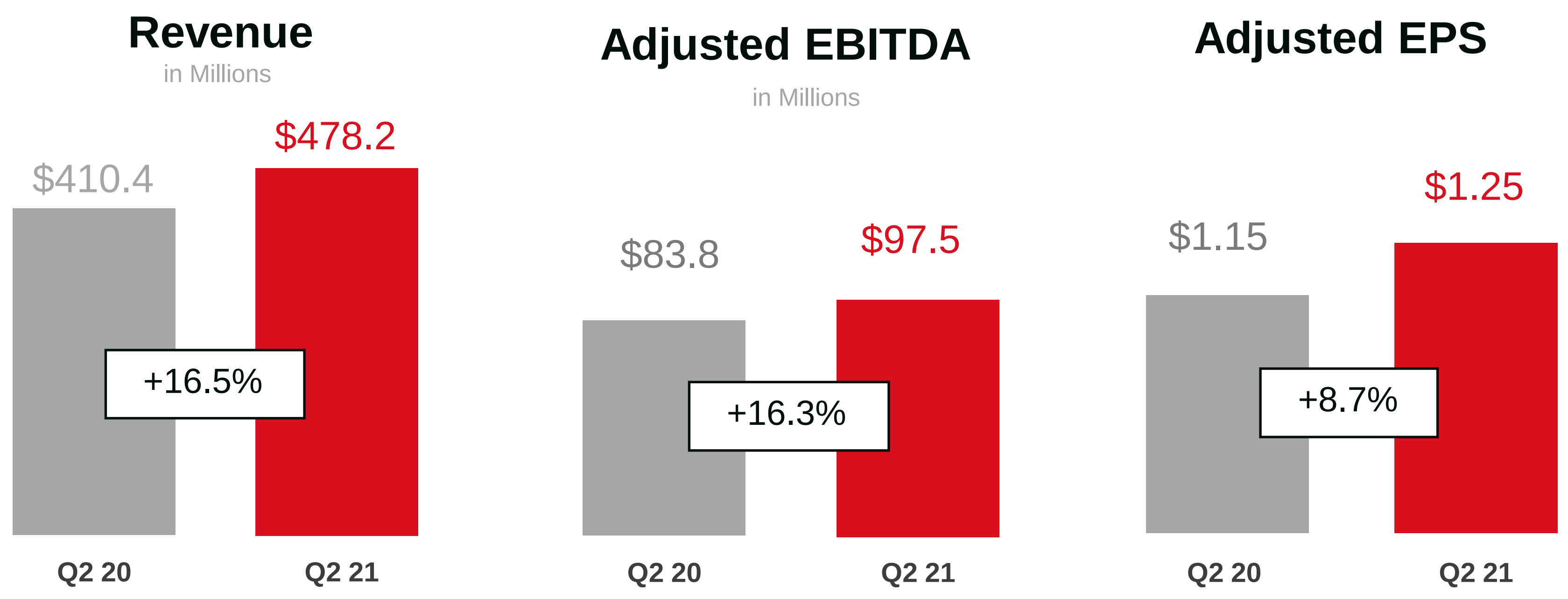
» Cloud driven by strength in Data Driven Marketing (DDM)

» Promotional Solutions led by Branded Merchandise and Business Essentials

» Checks driven by business checks and new competitive wins

» One Deluxe continues to deliver

2Q21 Highlights



Second quarter GAAP Net Income was $12.1 million or $0.28 per share. See Appendix for details.

Segment Highlights

Strong Execution of One Deluxe Strategy

Payments

- Growth experienced in all major businesses
- Strong quarter for First American; cross-selling underway
- Deluxe Payment Exchange and Medical Payment Exchange continue to see rapid growth
- HR Management Solution another high growth area
- Key wins include Arvest

Cloud

- Strong quarter led by DDM as economy continues to recover
- Growth even more impressive after accounting for business exits in 2020
- Web site services also showed resiliency driven by international and favorable exchange rates
- Key wins include leading financial institutions but also seeing DDM growth with non-financial customers

Trusted Payments and Business Technology™ Company

Promotional Solutions

- Double-digit revenue growth led by Branded Merchandise and Business Essentials
- PNC deal highlights cross-selling success, and quick implementation
- Key wins include Arvest and ADT

Checks

- Revenue improved year-over-year led by business checks and competitive wins
- Delivers low-cost leads for other segments
- Generates strong free cash flow
- Key wins include M&T and a Top 5 financial institution renewal

Scott Bomar

Chief Financial Officer

2Q21 Summary

Positive Momentum Continuing in 2021

- Total revenue was $478.2 million, up 16.5% compared to 2Q20
  - » First American contributed $27.3 million in revenue
- GAAP net income was $12.1 million, or $0.28 per share
  - » Includes $15.9 million related to the First American transaction
- Adjusted EBITDA was $97.5 million, up 16.3% year-over-year
- Adjusted EBITDA margin was 20.4%, consistent with last year
- Adjusted EPS was $1.25 up 8.7% year-over-year

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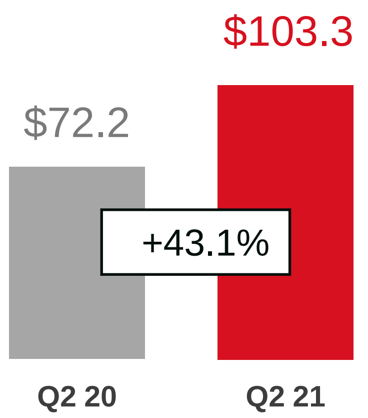
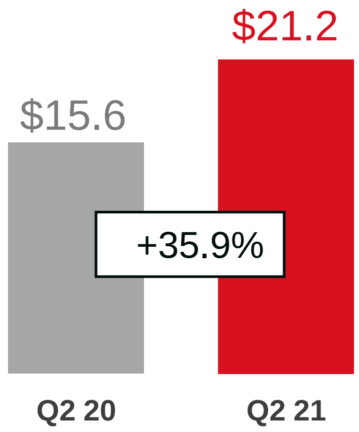
Note: A comparison of reported Q121 net income and earnings per share is difficult given significant asset impairment charges last year. Our measures of adjusted earnings and adjusted EBITDA exclude these non-cash charges along with restructuring, integration and other costs. These adjustments are detailed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

Payments

Revenue
In Millions



Adjusted EBITDA
In Millions



- Adjusted EBITDA margin in 2Q was 20.5%, down 110 basis points year-over-year due to increased investments in IT, sales, and marketing, for stand-alone Deluxe.

Payments			
Merchant Services	Receivables as a Service	Payables as a Service	Payroll & HR Management Solutions

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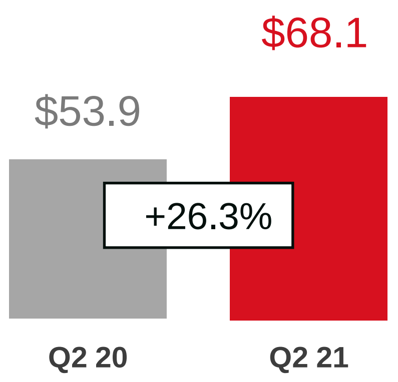
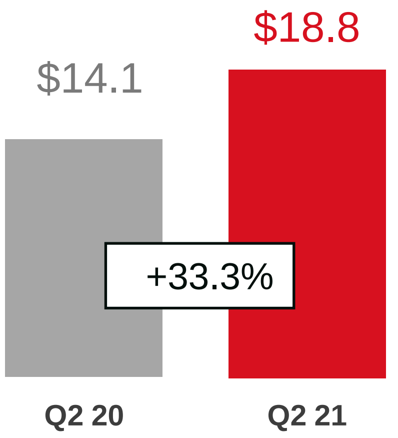
Cloud Solutions

Revenue
In Millions



Adjusted EBITDA
In Millions



- Adjusted EBITDA margin of 27.6% in 2Q, up 140 basis points
- Excluding impact of divestitures revenue grew 41%

Cloud Solutions		
Data Analytics	SaaS Solutions	Web Hosting

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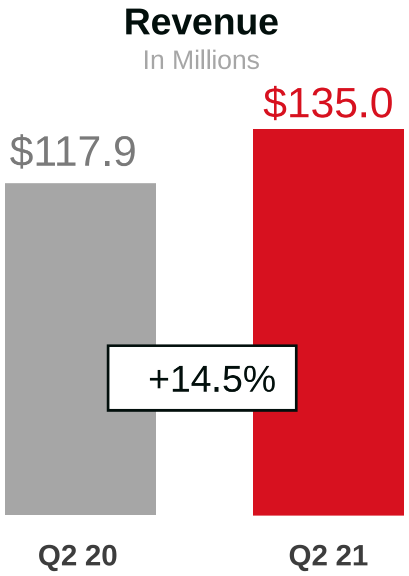
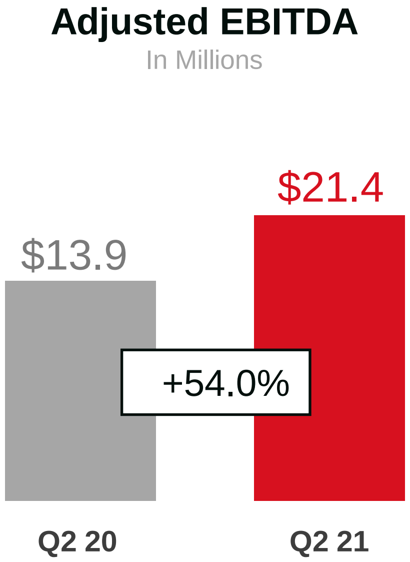
Promotional Solutions





- Adjusted EBITDA margin was 15.9% up 410 basis points year-over-year
- Strong rebound in Business Essentials that businesses consume in their operations

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

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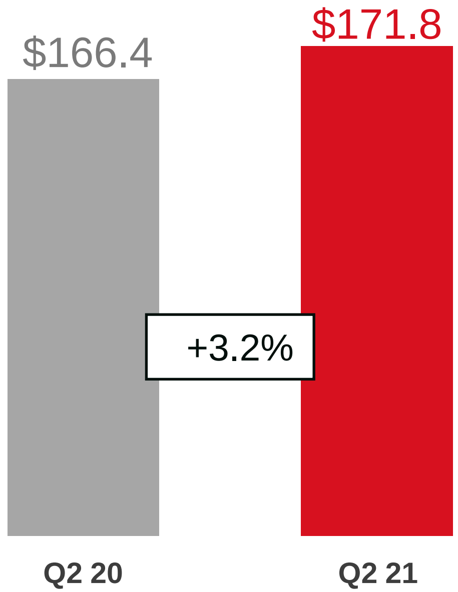
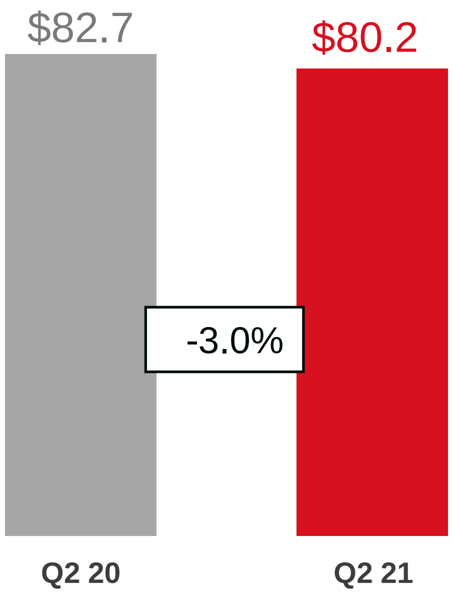
Checks

Revenue
In Millions



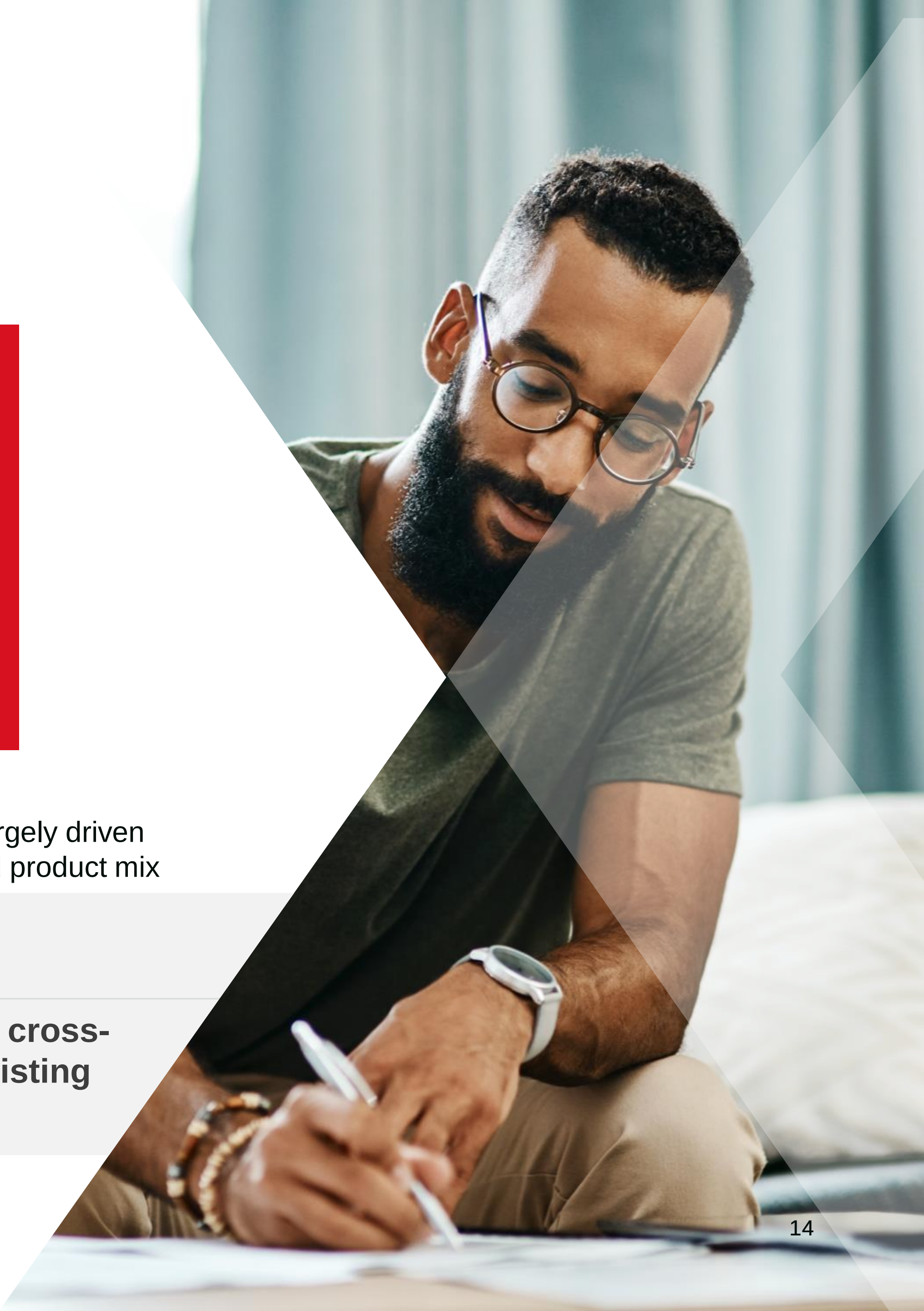
Adjusted EBITDA
In Millions



- Second quarter Adjusted EBITDA margins were 46.7%, down 300 basis points year-over-year largely driven by increases from the continued One Deluxe infrastructure improvements as well as inflation and product mix

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 $456M and cash balance of $163M
- Net debt is $1.67B due to funding of the First American transaction
- Net debt/Adjusted EBITDA ratio of 4.3x
  - Expect to lower by at least one-half turn per year with a long-term strategic target of 3.0x
- Delivered year-to-date free cash flow of $37.2M, down from $82.6M in 2Q20
  - Primarily due to costs related to the First American transaction, higher capital investments, and CARES act tax deferrals in the prior year
- Declared regularly quarterly dividend of $0.30 per share
- Did not repurchase common stock in 2Q

Free Cash Flow

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

	For the 6 Months Ending		
	6/30/21	6/30/20	Variance
Cash Provided by Operating Activities	$ 83.8	$ 109.7	$ (25.9)
Less Capital Expenditures	$ 46.6	$ 27.1	$ 19.5
Free Cash Flow	$ 37.2	$ 82.6	$ (45.4)

In July 2021, reduced debt by $24 million

2021 Guidance

Well-positioned for growth

Full Year 2021 Outlook including First American:

- Revenue growth of 10 to 12%
- Excluding First American, revenue growth of 0 to 2% and exiting the year with growth in the mid-single digits
- Adjusted EBITDA margin between 20 and 21%, with the fourth quarter stronger than the third
- Capital expenditures of $95 to $105 million
- Adjusted tax rate of approximately 25%
- Assumes a continued economic recovery and is subject to, among other things, the macroeconomic unknowns associated with the COVID-19 pandemic, including the Delta variant, as well as potential supply chain constraints, labor supply issues, and inflation

Q & A

Tom Morabito

Vice President of Investor Relations

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Upcoming Conferences

Date	Event
August 19, 2021	Needham Virtual FinTech 1x1 Conference
August 25, 2021	BMO Capital Markets 2021 Technology Summit
September 14, 2021	CL King Best Ideas Conference

Appendix

Consolidated Condensed Statements of Income (Loss)

$ in millions, except per share amounts (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020[1]
Product revenue	$306.2	$278.7	$605.3	$609.4
Service revenue	172.0	131.7	314.2	287.4
Total revenue	478.2	410.4	919.5	896.8
Cost of products	(112.6)	(102.9)	(219.9)	(224.4)
Cost of services	(94.0)	(59.4)	(165.2)	(139.9)
Total cost of revenue	(206.6)	(162.3)	(385.1)	(364.3)
Gross profit	271.6	248.1	534.4	532.5
Selling, general and administrative expense	(233.8)	(198.5)	(446.3)	(435.8)
Restructuring and integration expense	(11.4)	(20.4)	(25.7)	(38.0)
Asset impairment charges	—	(4.9)	—	(99.0)
Operating income (loss)	26.4	24.3	62.4	(40.3)
Interest expense	(9.5)	(6.1)	(14.1)	(13.2)
Other income	2.1	1.8	4.2	6.3
Income (loss) before income taxes	19.0	20.0	52.5	(47.2)
Income tax provision	(6.9)	(5.1)	(16.0)	(1.6)
Net income (loss)	12.1	14.9	36.5	(48.8)
Non-controlling interest	—	—	(0.1)	—
Net income (loss) attributable to Deluxe	$12.1	$14.9	$36.4	($48.8)
Weighted average dilutive shares	42.7	41.9	42.6	42.0
Diluted earnings (loss) per share	$0.28	$0.35	$0.85	($1.18)
Adjusted diluted earnings per share	1.25	1.15	2.51	2.24
Capital expenditures	24.9	12.8	46.6	27.1
Depreciation and amortization expense	33.2	26.7	61.0	55.1
EBITDA	61.7	52.8	127.5	21.1
Adjusted EBITDA	97.5	83.8	188.0	167.2

[1] The statement of net loss for the six months ended June 30, 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 will be provided in the Company's Form 10-Q for the quarter ended June 30, 2021.

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Segment Information

$ in millions (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue:				
Payments	$103.3	$72.2	$182.8	$149.2
Cloud Solutions	68.1	53.9	130.3	129.9
Promotional Solutions	135.0	117.9	259.5	260.7
Checks	171.8	166.4	346.9	357.0
Total	$478.2	$410.4	$919.5	$896.8
Adjusted EBITDA:				
Payments	$21.2	$15.6	$39.5	$33.6
Cloud Solutions	18.8	14.1	36.0	29.1
Promotional Solutions	21.4	13.9	39.2	25.1
Checks	80.2	82.7	163.7	173.4
Corporate	(44.1)	(42.5)	(90.4)	(94.0)
Total	$97.5	$83.8	$188.0	$167.2
Adjusted EBITDA Margin:				
Payments	20.5 %	21.6 %	21.6 %	22.5 %
Cloud Solutions	27.6 %	26.2 %	27.6 %	22.4 %
Promotional Solutions	15.9 %	11.8 %	15.1 %	9.6 %
Checks	46.7 %	49.7 %	47.2 %	48.6 %
Total	20.4 %	20.4 %	20.4 %	18.6 %

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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.

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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020[1]**
Net income (loss)	$12.1	$14.9	$36.5	($48.8)
Non-controlling interest	—	—	(0.1)	—
Interest expense	9.5	6.1	14.1	13.2
Income tax provision	6.9	5.1	16.0	1.6
Depreciation and amortization expense	33.2	26.7	61.0	55.1
EBITDA	61.7	52.8	127.5	21.1
Asset impairment charges	—	4.9	—	99.0
Restructuring, integration and other costs	12.0	20.5	27.2	40.1
CEO transition costs	—	0.2	—	—
Share-based compensation expense	7.6	5.4	14.4	9.1
Acquisition transaction costs	15.9	—	18.6	—
Certain legal-related expense (benefit)	0.3	—	0.3	(2.1)
Adjusted EBITDA	$97.5	$83.8	$188.0	$167.2

[1] Information for the six months ended June 30, 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 will be provided in the Company's Form 10-Q for the quarter ended June 30, 2021.

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.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020[1]
Net income (loss)	$12.1	$14.9	$36.5	($48.8)
Non-controlling interest	—	—	(0.1)	—
Net income (loss) attributable to Deluxe	12.1	14.9	36.4	(48.8)
Asset impairment charges	—	4.9	—	99.0
Acquisition amortization	17.3	13.7	30.5	28.4
Restructuring, integration and other costs	12.0	20.5	27.2	40.1
CEO transition costs	—	0.2	—	—
Share-based compensation expense	7.6	5.4	14.4	9.1
Acquisition transaction costs	15.9	—	18.6	—
Certain legal-related expense (benefit)	0.3	—	0.3	(2.1)
Adjustments, pre-tax	53.1	44.7	91.0	174.5
Income tax provision impact of pretax adjustments[2]	(11.7)	(11.2)	(20.2)	(30.6)
Adjustments, net of tax	41.4	33.5	70.8	143.9
Adjusted net income attributable to Deluxe	53.5	48.4	107.2	95.1
Income allocated to participating securities	(0.1)	—	(0.1)	(0.1)
Re-measurement of share-based awards classified as liabilities	—	—	—	(0.8)
Adjusted income attributable to Deluxe available to common shareholders	$53.4	$48.4	$107.1	$94.2
Weighted-average dilutive shares	42.7	41.9	42.6	42.0
Adjustment[3]	—	—	—	0.1
Adjusted weighted-average dilutive shares	42.7	41.9	42.6	42.1
GAAP Diluted EPS	$0.28	$0.35	$0.85	($1.18)
Adjustments, net of tax	0.97	0.80	1.66	3.42
Adjusted Diluted EPS	$1.25	$1.15	$2.51	$2.24

[1] Information for the six months ended June 30, 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 will be provided in the Company's Form 10-Q for the quarter ended June 30, 2021.

Reconciliation of GAAP to Non-GAAP Measures

Cloud Excluding Divestitures

	Quarter Ended June 30, 2021	Quarter Ended June 30, 2020
Cloud Solutions revenue	$68.1	$53.9
Divestitures	-	(5.7)
Cloud Solutions revenue excluding divestitures	68.1	48.2
Revenue growth excluding divestitures	19.9	
Revenue growth % excluding divestitures	41%	

Payments Excluding First American

	Quarter Ended June 30, 2021	Quarter Ended June 30, 2020
Payments revenue	$103.3	$72.2
First American revenue	(27.3)	-
Payments revenue excluding First American	76.0	72.2
Revenue growth excluding First American	3.8	
Revenue growth % excluding First American	5.3%	

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.

	June 30, 2021	December 31, 2020	June 30, 2020
Total debt	$1,833.4	$840.0	$1,140.0
Cash and cash equivalents	(163.3)	(123.1)	(372.0)
Net debt	$1,670.1	$716.9	$768.0

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 share repurchases, dividends, mandatory and discretionary debt reduction, and acquisitions or other strategic investments.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	$44.2	$83.2	$83.8	$109.7
Purchases of capital assets	(24.9)	(12.8)	(46.6)	(27.1)
Free cash flow	$19.3	$70.4	$37.2	$82.6

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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.

	June 30, 2021	December 31, 2020
Cash and cash equivalents	$163.3	$123.1
Amounts available for borrowing under revolving credit facility	292.5	302.3
Liquidity	$455.8	$425.4

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