deluxe®

First Quarter 2022 Earnings

May 5, 2022

Tom Morabito

Vice President, Investor Relations

Today's Presenters

Barry McCarthy

President and

Chief Executive Officer

Scott Bomar

Senior Vice President and
Chief Financial Officer

Tom Morabito

Vice President,
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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-19, along with the impact of government restrictions or similar directives on our future results of operations and our future financial condition; uncertainties related to the Russia-Ukraine dispute; 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, 2021 and other filings made with the SEC. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events, new information or future circumstances.

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 morning. 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

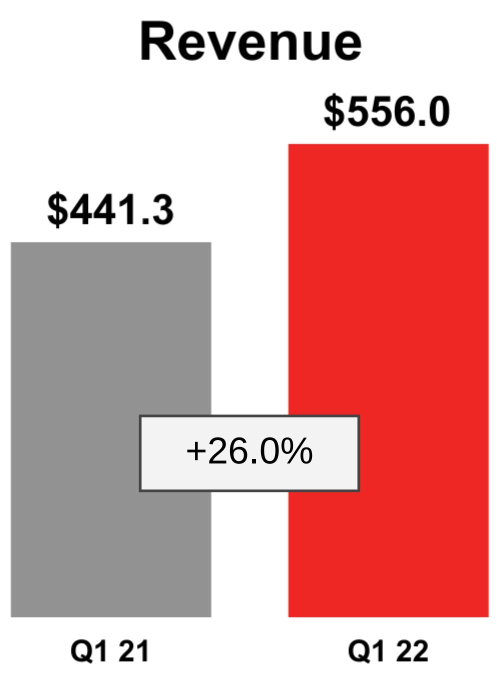
Solid 1Q22

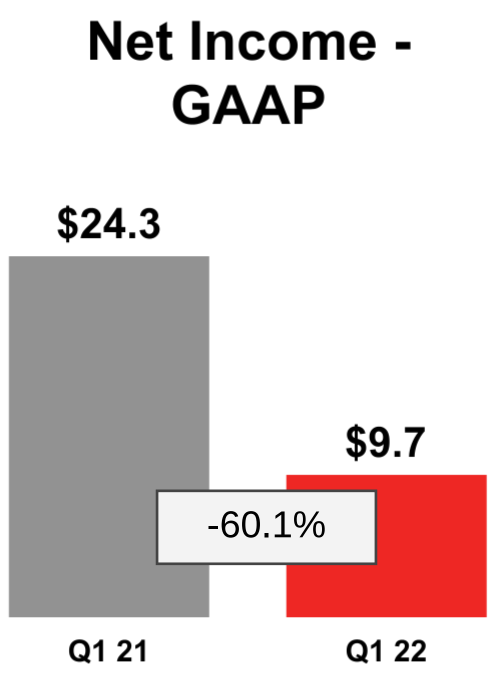
Strong Start to 2022

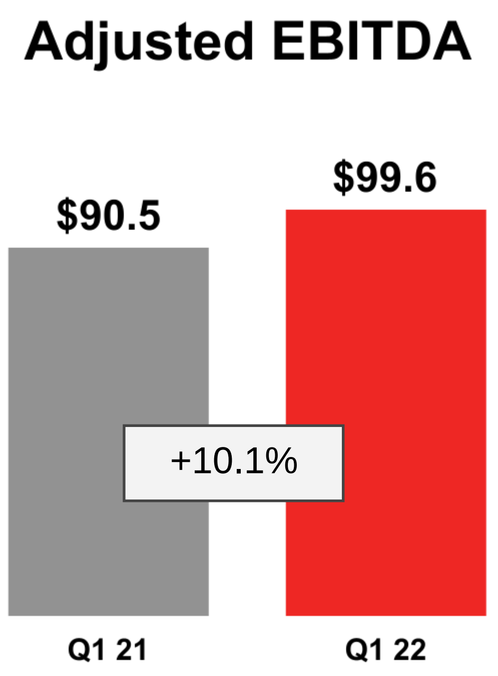
- Top line growth clearly shows success of One Deluxe strategy
- All four segments showed sales-driven growth during the quarter
- Payments benefited from First American and core business growth
- Cloud led by strength in data-driven marketing (DDM)
- Promotional Solutions led by implementation of wins in 2021
- Checks benefited from growth in business checks and new competitive wins

1Q22 Highlights

(in millions, except per share amounts)







1Q22 Segment Highlights

Strong Execution of One Deluxe Strategy

Payments

- Revenue increased 109% year-over-year; up 4.3% excluding First American
- Strong quarter for First American which is exceeding expectations
- Digital payments and lockbox products performed well; DPX and MPX continue to see strong growth
- Key new win includes BillGO

Cloud

- Revenue increased 11.7% year-over year
- Cloud's performance benefited from meaningful relationship expansion with key clients, sales wins, and positive impacts of a recovering economy in our DDM business
- Continued diversification beyond core banking and mortgage verticals
- New Q1 wins in telecom, retail, e-commerce, and high-tech security

Trusted Payments and Business Technology™ Company

Promotional Solutions

- Revenue increased 7% year-over-year
- Revenue growth led by the implementation of key wins from last year
- New partnership with Porsche

Checks

- Revenue increased 6.9% year-over-year
- Competitive wins, business check performance, and pricing offset secular declines
- Continues to generate low-cost leads, and strong free cash flow
- Several cross-selling wins in Q1 with First American Merchant Services

Scott Bomar

Chief Financial Officer

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1Q22 Summary

- Total revenue was $556.0 million, up 26.0% compared to 1Q21
    - First American contributed $83.3 million in revenue
- GAAP net income was $9.7 million, or $0.22 per share
    - Includes $12.7 million in acquisition amortization, and increased interest expense associated with the First American acquisition
- Adjusted EBITDA was $99.6 million, up 10.1% year-over-year
- Adjusted EBITDA margin was 17.9%, down 260 basis points from last year
- Adjusted EPS was $1.05, down 16.7% year-over-year

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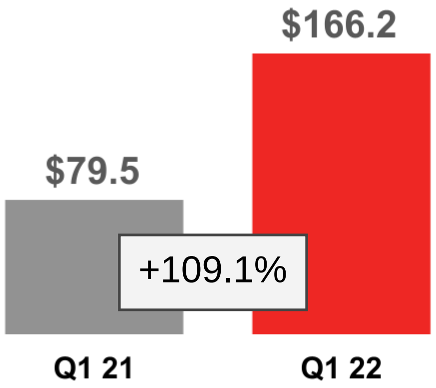
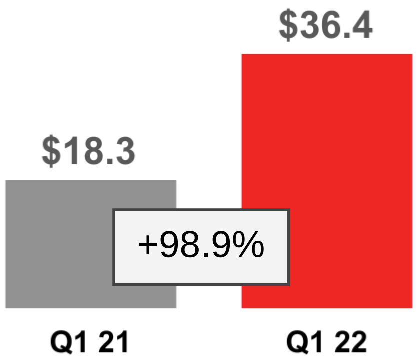
Payments

(in millions)

Revenue



Adjusted EBITDA



- Adjusted EBITDA margin was 21.9%, down 110 basis points year-over-year due primarily to continued product investments and inflationary pressure, partially offset by price increases.

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

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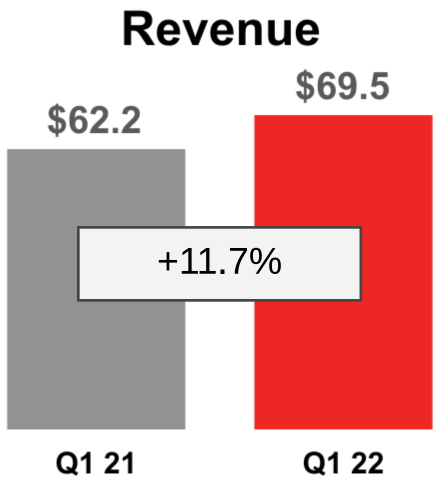
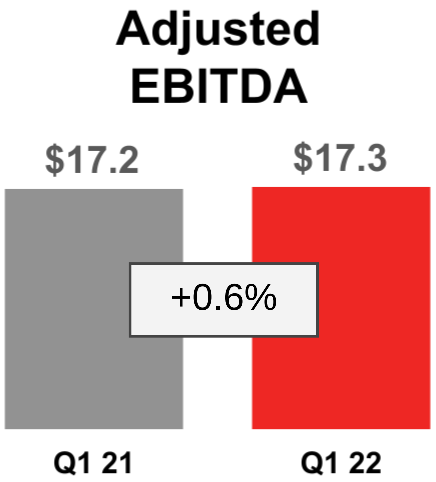
Cloud Solutions

(in millions)



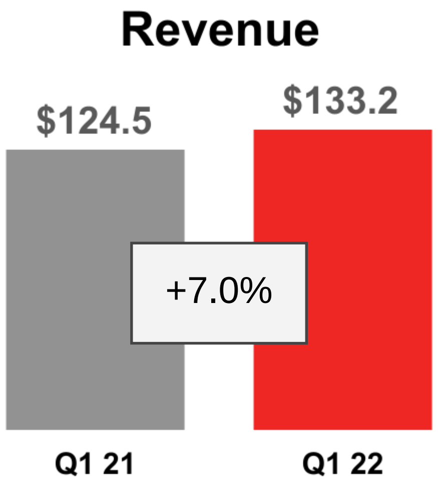


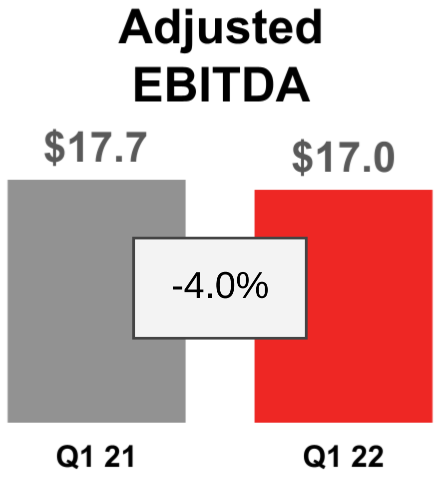
- Adjusted EBITDA margin of 24.9% in 1Q, down 280 basis points due to changes in product mix resulting from strong revenue growth in the DDM business.

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

Promotional Solutions

(in millions)





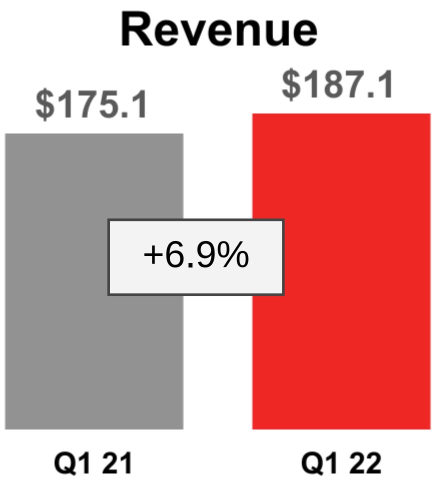
- Adjusted EBITDA margin was 12.8%, down 140 basis points year-over-year largely due to increased paper and delivery costs, as well as product mix, partially offset by pricing.

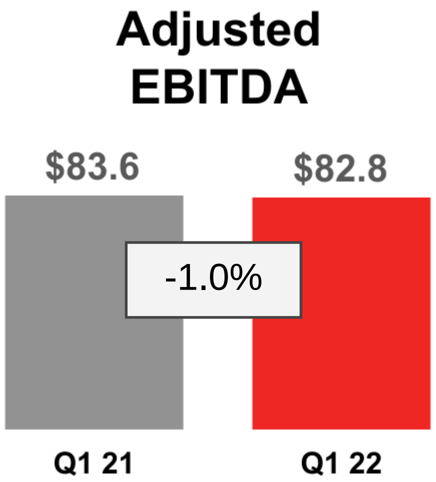
Promotional Solutions

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

Checks

(in millions)





- Adjusted EBITDA margin was 44.3%, down 340 basis points year-over-year largely driven by the addition of lower margin new customers, and inflationary pressures, most notably related to delivery expenses and input materials that were largely offset by price increases.

Driving Value

Strong cash flow self funds growth investments, and generates healthy return of capital to shareholders	Cost-effective lead generation to drive cross-selling existing customers

Balance Sheet and Cash Flow

- Net debt is $1.65B due to funding of the First American transaction in 2Q21
- Net debt/Adjusted EBITDA ratio of 4.0x
  - Long-term strategic target of 3.0x
- Delivered 1Q22 free cash flow of $13.5M, down from $17.9M in 1Q21
  - Expect free cash flow to increase in 2022 compared to 2021
- Declared regularly quarterly dividend of $0.30 per share

Free Cash Flow

(in millions)

	For the Quarter Ending		
	3/31/22	3/31/21	Variance
Cash Provided by Operating Activities	$34.3	$39.6	($5.3)
Less Capital Expenditures	(20.8)	(21.7)	0.9
Free Cash Flow	$13.5	$17.9	($4.4)

See appendix for GAAP to Non-GAAP Reconciliations

2022 Guidance

Well-positioned for sustainable growth

- Revenue growth of 8 to 10%, including a full year of First American
- Adjusted EBITDA margin of approximately 20% for the full year
- Interest expense of $90 million
- Adjusted tax rate of 26%
- Depreciation and amortization of $180 million, of which acquisition amortization is approximately $90 million
- Average outstanding share count of 43.5 million shares
- Capital expenditures of $105 million

All figures are approximate, and subject to, among other things, prevailing macroeconomic conditions, anticipated continued supply chain constraints, labor supply issues, inflation, and the impact of recent divestitures

Q & A

Tom Morabito

Vice President of Investor Relations

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Upcoming Conferences

Date	Event
May 17, 2022	17th Annual Needham Technology & Media Conference
June 1, 2022	Cowen’s 50th Annual Technology, Media, and Telecom Conference
June 2, 2022	Loop Capital Markets Investor Conference
June 8, 2022	Baird’s Consumer, Technology, and Services Conference

Appendix

Consolidated Condensed Statements of Income

in millions, except per share amounts (Unaudited)

	Quarter Ended March 31,	
	2022	2021
Product revenue	$317.3	$299.1
Service revenue	238.7	142.2
Total revenue	556.0	441.3
Cost of products	(114.4)	(107.3)
Cost of services	(134.8)	(71.2)
Total cost of revenue	(249.2)	(178.5)
Gross profit	306.8	262.8
Selling, general and administrative expense	(259.7)	(212.5)
Restructuring and integration expense	(16.2)	(14.3)
Operating income	30.9	36.0
Interest expense	(20.3)	(4.5)
Other income	2.0	2.0
Income before income taxes	12.6	33.5
Income tax provision	(2.9)	(9.2)
Net income	9.7	24.3
Non-controlling interest	(0.1)	—
Net income attributable to Deluxe	$9.6	$24.3
Weighted-average dilutive shares	43.2	42.5
Diluted earnings per share	$0.22	$0.57
Adjusted diluted earnings per share	1.05	1.26
Capital expenditures	20.8	21.7
Depreciation and amortization expense	41.6	27.8
EBITDA	74.4	65.8
Adjusted EBITDA	99.6	90.5

Segment Information

in millions (Unaudited)

	Quarter Ended March 31,	
	2022	2021
Revenue:		
Payments	$166.2	$79.5
Cloud Solutions	69.5	62.2
Promotional Solutions	133.2	124.5
Checks	187.1	175.1
Total	$556.0	$441.3
Adjusted EBITDA:		
Payments	$36.4	$18.3
Cloud Solutions	17.3	17.2
Promotional Solutions	17.0	17.7
Checks	82.8	83.6
Corporate	(53.9)	(46.3)
Total	$99.6	$90.5
Adjusted EBITDA Margin:		
Payments	21.9%	23.0%
Cloud Solutions	24.9%	27.7%
Promotional Solutions	12.8%	14.2%
Checks	44.3%	47.7%
Total	17.9%	20.5%

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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, 2021.

Reconciliation of GAAP to Non-GAAP Measures

(EBITDA, Adjusted EBITDA and Adjusted EBITDA margin)

in millions (Unaudited)

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

	Quarter Ended March 31,	
	2022	**2021**
Net income	$9.7	$24.3
Non-controlling interest	(0.1)	—
Interest expense	20.3	4.5
Income tax provision	2.9	9.2
Depreciation and amortization expense	41.6	27.8
EBITDA	74.4	65.8
Restructuring, integration and other costs	16.3	15.2
Share-based compensation expense	8.1	6.7
Acquisition transaction costs	0.1	2.8
Certain legal-related expense	0.7	—
Adjusted EBITDA	$99.6	$90.5
Adjusted EBITDA margin	17.9 %	20.5 %

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS

dollars and shares in millions, except per share amounts (Unaudited)

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 March 31,	
	2022	2021
Net income	$9.7	$24.3
Non-controlling interest	(0.1)	—
Net income attributable to Deluxe	9.6	24.3
Acquisition amortization	23.9	13.2
Restructuring, integration and other costs	16.3	15.2
Share-based compensation expense	8.1	6.7
Acquisition transaction costs	0.1	2.8
Certain legal-related expense	0.7	—
Adjustments, pretax	49.1	37.9
Income tax provision impact of pretax adjustments	(10.9)	(8.5)
Income tax impact of Australia web hosting business held for sale	(2.2)	—
Adjustments, net of tax	36.0	29.4
Adjusted net income attributable to Deluxe	45.6	53.7
Re-measurement of share-based awards classified as liabilities	(0.1)	—
Adjusted income attributable to Deluxe available to common shareholders	$45.5	$53.7
Adjusted weighted-average dilutive shares	43.2	42.5
GAAP Diluted EPS	$0.22	$0.57
Adjustments, net of tax	0.83	0.69
Adjusted Diluted EPS	$1.05	$1.26

Reconciliation of GAAP to Non-GAAP Measures

Revenue Excluding First American

in millions (Unaudited)

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

TOTAL COMPANY:

	Quarter Ended March 31,	
	2022	**2021**
Total revenue	$556.0	$441.3
Less: First American revenue	(83.3)	—
Revenue excluding First American	$472.7	$441.3
Revenue growth excluding First American	$31.4	
Revenue growth excluding First American %	7.1%	

PAYMENTS:

	Quarter Ended March 31,	
	2022	**2021**
Total revenue	$166.2	$79.5
Less: First American revenue	(83.3)	—
Revenue excluding First American	$82.9	$79.5
Revenue growth excluding First American	$3.4	
Revenue growth excluding First American %	4.3%	

Reconciliation of GAAP to Non-GAAP Measures

in millions (Unaudited)

NET DEBT

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

	March 31, 2022	Dec. 31, 2021	March 31, 2021
Total debt	$1,692.4	$1,683.0	$840.0
Cash and cash equivalents	(44.1)	(41.2)	(125.4)
Net debt	$1,648.3	$1,641.8	$714.6

TRAILING 12 MONTHS ADJUSTED EBITDA

	12 Months Ended March 31, 2022
Net income	$ 48.1
Non-controlling interest	(0.1)
Interest expense	71.3
Income tax provision	24.8
Depreciation and amortization expense	162.5
Restructuring, integration and other costs	60.1
Share-based compensation	30.8
Acquisition transaction costs	16.3
Certain legal-related expense	3.1
Adjusted EBITDA	$ 416.9

NET DEBT TO ADJUSTED EBITDA **4.0**

Reconciliation of GAAP to Non-GAAP Measures

in millions (Unaudited)

FREE CASH FLOW

Management defines free cash flow as net cash provided by operating activities less purchases of capital assets. Management believes that free cash flow is an important indicator of cash available for debt service and for shareholders, after making capital investments to maintain or expand the company's asset base. A limitation of using the free cash flow measure is that not all of the company's free cash flow is available for discretionary spending, as the company may have mandatory debt payments and other cash requirements that must be deducted from 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,	
	2022	2021
Net cash provided by operating activities	$34.3	$39.6
Purchases of capital assets	(20.8)	(21.7)
Free cash flow	$13.5	$17.9

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, 2022	Dec. 31, 2021	March 31, 2021
Cash and cash equivalents	$44.1	$41.2	$125.4
Amounts available for borrowing under revolving credit facility	339.2	362.6	302.3
Liquidity	$383.3	$403.8	$427.7

Reconciliation of GAAP to Non-GAAP Measures

We have not reconciled our adjusted EBITDA margin or adjusted tax rate outlook guidance for 2022 to the directly comparable GAAP financial measures because we do 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 the 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 measures is not available without unreasonable effort. The probable significance of certain of these reconciling items is high and, based on historical experience, could be material.

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