



Second Quarter 2022 Earnings

August 4, 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,
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 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; continuing cost increases and/or declines in the availability of materials and other 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.

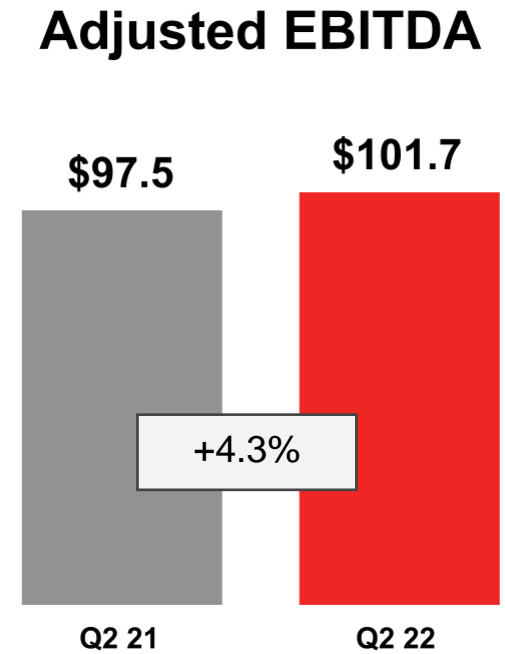
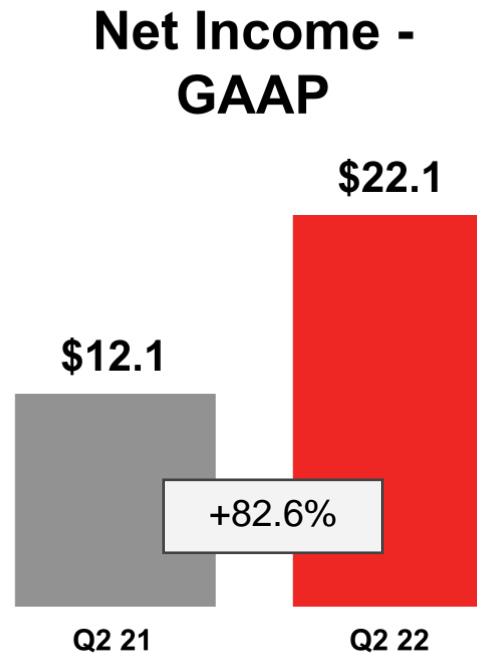
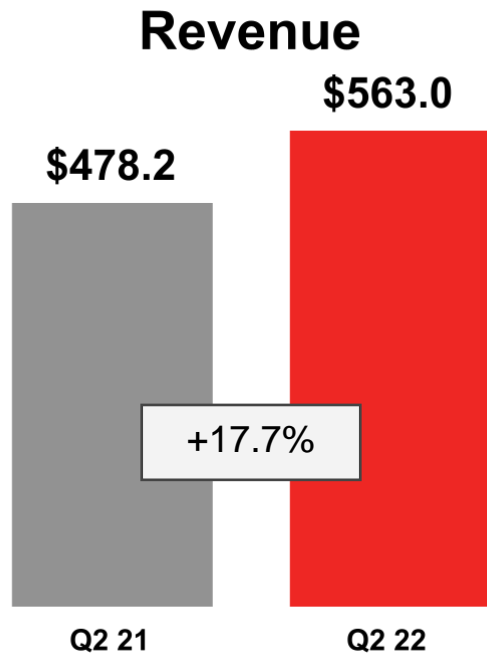
Portions of the financial and statistical information that will be discussed during this call are addressed in more detail in today's press release which is posted on our investor relations website at deluxe.com. This information was also furnished to the SEC on the Form 8-K filed by the Company this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

Barry McCarthy

President and Chief Executive Officer

2Q22 Highlights

(in millions)



2Q22 Segment Highlights

Strong Execution of One Deluxe Strategy

Payments



- Revenue increased 65.7% year-over-year; up 6.7% excluding the First American acquisition
- Strong quarter for First American which is exceeding expectations
- Major payments products performed well
- Payables as a Service continues to see strong growth

Promotional Solutions



- Revenue increased 3.2% year-over-year; up 5.9% excluding business exits
- Revenue growth driven by key wins that benefited from the One Deluxe model

dlx

Cloud



- Revenue increased 0.7% year-over year; up 7.0% excluding business exits
- Cloud's performance was driven by strong growth in DDM, and meaningful relationship expansion with key clients and new sales wins
- Continued diversification beyond core banking and mortgage verticals

Checks



- Revenue increased 7.0% year-over-year
- Expect continued high renewal rates and share gains

**Trusted
Payments and
Business
Technology™
Company**

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Scott Bomar

Chief Financial Officer

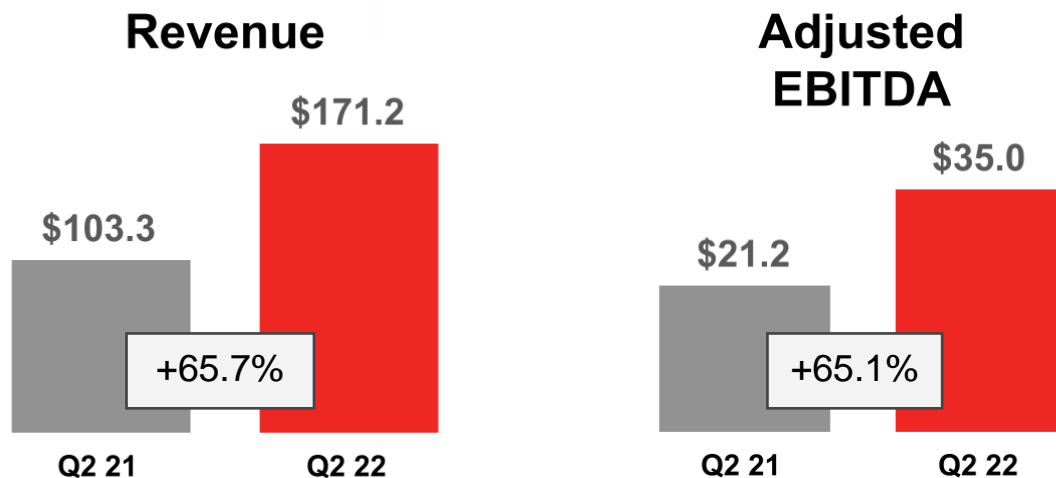
2Q22 Summary

- Total revenue was \$563.0 million, up 17.7% compared to 2Q21
 - First American contributed \$61.0 million in incremental revenue
- GAAP net income was \$22.1 million, or \$0.50 per share
 - Gains of \$17.5 million from the sale of the Australian web hosting business and a call center facility, offset by an \$8.0 million increase in First American acquisition amortization and an increase in interest expense of \$11.9 million driven by the acquisition and rising interest rates
- Adjusted EBITDA was \$101.7 million, up 4.3% year-over-year
- Adjusted EBITDA margin was 18.1%, down 230 basis points from last year
- Adjusted EPS was \$0.99, down 20.8% year-over-year



Payments

(in millions)



- Adjusted EBITDA margin was 20.4%, down 10 basis points year-over-year.

Payments

Merchant Services

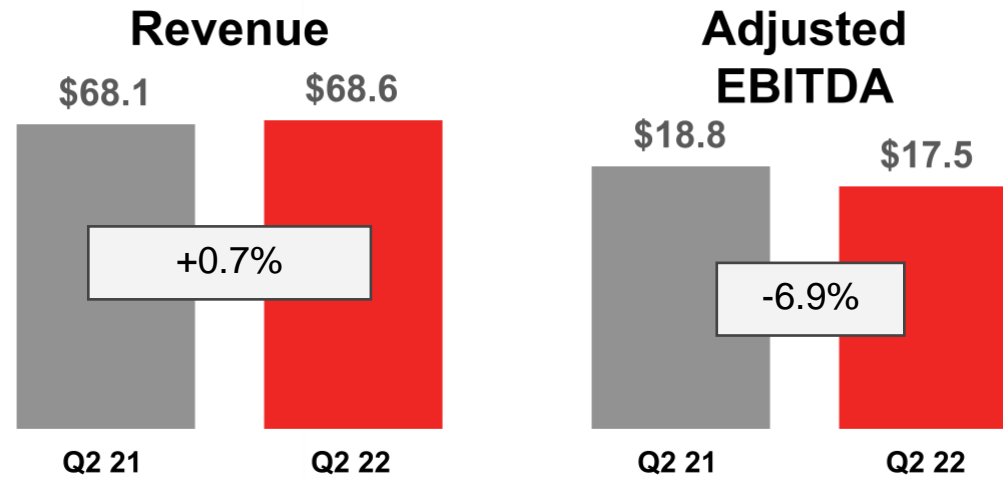
Receivables as
a Service

Payables as
a Service

Payroll & HR Management
Solutions

Cloud Solutions

(in millions)



- Adjusted EBITDA margin of 25.5% in 2Q, down 210 basis points due to changes in product mix resulting from strong revenue growth in the DDM business.

Cloud Solutions

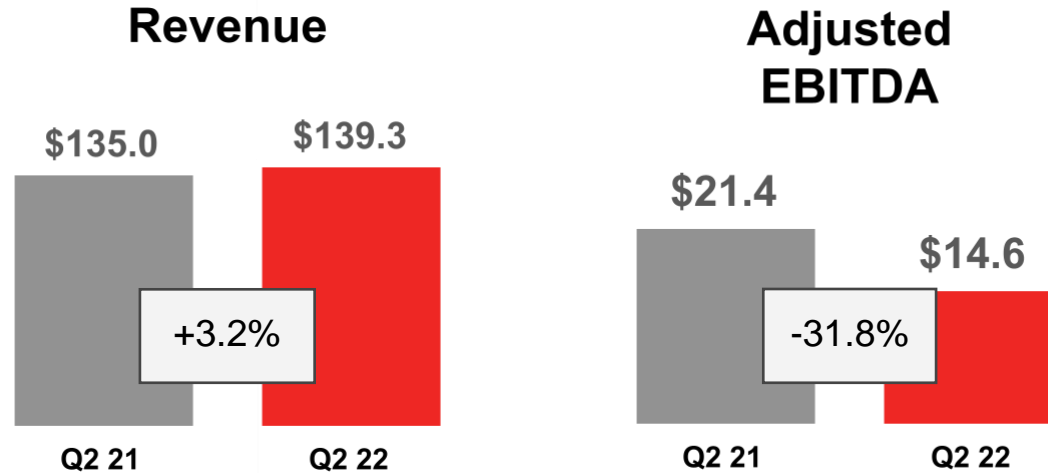
Data Analytics

SaaS Solutions

Web Hosting

Promotional Solutions

(in millions)



- Adjusted EBITDA margin was 10.5%, down 540 basis points year-over-year largely due to inflationary pressures and lower revenue in high margin products due to supply chain disruptions.

Promotional Solutions

Turn-Key Managed
Branded Solutions

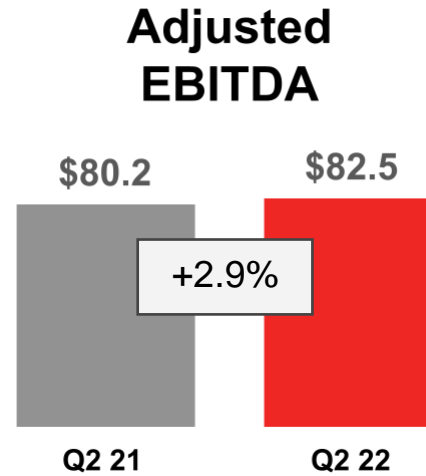
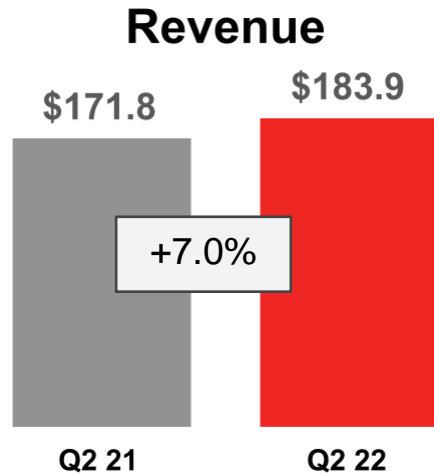
Web Storefront Platform
for Branded Products

Support Rapidly
Changing
Market Demands

Business
Essentials

Checks

(in millions)



- Adjusted EBITDA margin was 44.9%, down 180 basis points year-over-year largely driven by the addition of lower margin new customers.

Checks

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 \$1.63B due to funding of the First American transaction in 2Q21
- Net debt/Adjusted EBITDA ratio of 3.9x
 - Long-term strategic target of 3.0x
- Delivered 2Q22 free cash flow of \$13.5M, down from \$19.3M in 2Q21
 - Expect overall free cash flow to improve in the second half of 2022 compared to the first half of the year
- Declared regularly quarterly dividend of \$0.30 per share

Free Cash Flow

(in millions)

	For the Quarter Ending		
	6/30/22	6/30/21	Variance
Cash Provided by Operating Activities	\$37.9	\$44.2	(\$6.3)
Less Capital Expenditures	(24.4)	(24.9)	0.5
Free Cash Flow	\$13.5	\$19.3	(\$5.8)

2022 Guidance

Well-positioned for sustainable growth

- Revenue growth of 10% to 12% excluding the impact of business exits; or 8% to 10% as reported
- Adjusted EBITDA margin of 18.5% to 19.0%, with the fourth quarter rate being higher than the third quarter due to our normal seasonality pattern
- Interest expense of \$95 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



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deluxe®

Q & A



Tom Morabito

Vice President of Investor Relations

Upcoming Conferences

Date	Event
August 5, 2022	SIG 2022 Get Carded: A Payments and Fintech Conference
August 9, 2022	Wells Fargo 7th Annual Fintech & Technology Services Forum
September 12, 2022	CL King Best Ideas Conference 2022

Appendix



Consolidated Condensed Statements of Income

in millions, except per share amounts (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Product revenue	\$322.2	\$306.2	\$639.4	\$605.3
Service revenue	240.8	172.0	479.6	314.2
Total revenue	563.0	478.2	1,119.0	919.5
Cost of products	(117.6)	(112.6)	(231.9)	(219.9)
Cost of services	(146.6)	(94.0)	(281.4)	(165.2)
Total cost of revenue	(264.2)	(206.6)	(513.3)	(385.1)
Gross profit	298.8	271.6	605.7	534.4
Selling, general and administrative expense	(249.5)	(233.8)	(509.4)	(446.3)
Restructuring and integration expense	(15.2)	(11.4)	(31.4)	(25.7)
Gain on sale of businesses and facility	17.5	—	17.5	—
Operating income	51.6	26.4	82.4	62.4
Interest expense	(21.4)	(9.5)	(41.7)	(14.1)
Other income	2.4	2.1	4.5	4.2
Income before income taxes	32.6	19.0	45.2	52.5
Income tax provision	(10.5)	(6.9)	(13.4)	(16.0)
Net income	22.1	12.1	31.8	36.5
Non-controlling interest	—	—	(0.1)	(0.1)
Net income attributable to Deluxe	\$22.1	\$12.1	\$31.7	\$36.4
Weighted-average dilutive shares	43.3	42.7	43.3	42.6
Diluted earnings per share	\$0.50	\$0.28	\$0.72	\$0.85
Adjusted diluted earnings per share	0.99	1.25	2.05	2.51
Capital expenditures	24.4	24.9	45.3	46.6
Depreciation and amortization expense	45.0	33.2	86.6	61.0
EBITDA	99.0	61.7	173.4	127.5
Adjusted EBITDA	101.7	97.5	201.3	188.0

Segment Information

in millions (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue:				
Payments	\$171.2	\$103.3	\$337.4	\$182.8
Cloud Solutions	68.6	68.1	138.1	130.3
Promotional Solutions	139.3	135.0	272.5	259.5
Checks	183.9	171.8	371.0	346.9
Total	\$563.0	\$478.2	\$1,119.0	\$919.5
Adjusted EBITDA:				
Payments	\$35.0	\$21.2	\$71.4	\$39.5
Cloud Solutions	17.5	18.8	34.8	36.0
Promotional Solutions	14.6	21.4	31.5	39.2
Checks	82.5	80.2	165.4	163.7
Corporate	(47.9)	(44.1)	(101.8)	(90.4)
Total	\$101.7	\$97.5	\$201.3	\$188.0
Adjusted EBITDA Margin:				
Payments	20.4%	20.5%	21.2%	21.6%
Cloud Solutions	25.5%	27.6%	25.2%	27.6%
Promotional Solutions	10.5%	15.9%	11.6%	15.1%
Checks	44.9%	46.7%	44.6%	47.2%
Total	18.1%	20.4%	18.0%	20.4%

Reconciliation of GAAP to Non-GAAP Measures

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin

in millions (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$22.1	\$12.1	\$31.8	\$36.5
Non-controlling interest	—	—	(0.1)	(0.1)
Interest expense	21.4	9.5	41.7	14.1
Income tax provision	10.5	6.9	13.4	16.0
Depreciation and amortization expense	45.0	33.2	86.6	61.0
EBITDA	99.0	61.7	173.4	127.5
Restructuring, integration and other costs	15.2	12.0	31.5	27.2
Share-based compensation expense	4.9	7.6	13.0	14.4
Acquisition transaction costs	—	15.9	0.1	18.6
Certain legal-related expense	0.1	0.3	0.8	0.3
Gain on sale of businesses and facility	(17.5)	—	(17.5)	—
Adjusted EBITDA	\$101.7	\$97.5	\$201.3	\$188.0
Adjusted EBITDA margin	18.1 %	20.4 %	18.0%	20.4%

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - Q2 2022

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

	Q2 2022 GAAP	Acquisition amortization	Restructuring, integration and other costs	Share-based compensation	Certain legal- related expense	Gain on sale of businesses and facility	Income tax impact of adjustments	Q2 2022 Adjusted
Total revenue	\$563.0	\$—	\$—	\$—	\$—	\$—	\$—	\$563.0
Total cost of revenue	(264.2)	3.2	—	0.2	—	—	—	(260.8)
Gross profit	298.8	3.2	—	0.2	—	—	—	302.2
Selling, general and administrative expense	(249.5)	19.8	—	4.7	0.1	—	—	(224.9)
Restructuring and integration expense	(15.2)	—	15.2	—	—	—	—	—
Gain on sale of businesses and facility	17.5	—	—	—	—	(17.5)	—	—
Operating income	51.6	23.0	15.2	4.9	0.1	(17.5)	—	77.3
Interest expense	(21.4)	—	—	—	—	—	—	(21.4)
Other income	2.4	—	—	—	—	—	—	2.4
Income before income taxes	32.6	\$23.0	\$15.2	\$4.9	\$0.1	(\$17.5)	—	58.3
Income tax provision	(10.5)						(\$4.5)	(15.0)
Net income	\$22.1							\$43.3
Income attributable to Deluxe available to common shareholders	\$21.7							\$43.0
Weighted-average dilutive shares	43.3							43.3
Diluted EPS	\$0.50							\$0.99

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - Q2 2021

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

	Q2 2021 GAAP	Acquisition amortization	Restructuring, integration and other costs	Share-based compensation	Acquisition transaction costs	Certain legal- related expense	Income tax impact of adjustments	Q2 2021 Adjusted
Total revenue	\$478.2	\$—	\$—	\$—	\$—	\$—	\$—	\$478.2
Total cost of revenue	(206.6)	2.8	0.6	0.5	—	—	—	(202.7)
Gross profit	271.6	2.8	0.6	0.5	—	—	—	275.5
Selling, general and administrative expense	(233.8)	14.5	—	7.1	15.9	0.3	—	(196.0)
Restructuring and integration expense	(11.4)	—	11.4	—	—	—	—	—
Operating income	26.4	17.3	12.0	7.6	15.9	0.3	—	79.5
Interest expense	(9.5)	—	—	—	—	—	—	(9.5)
Other income	2.1	—	—	—	—	—	—	2.1
Income before income taxes	19.0	\$17.3	\$12.0	\$7.6	\$15.9	\$0.3	—	72.1
Income tax provision	(6.9)						(\$11.7)	(18.6)
Net income	\$12.1							\$53.5
Income attributable to Deluxe available to common shareholders	\$12.1							\$53.4
Weighted-average dilutive shares	42.7							42.7
Diluted EPS	\$0.28							\$1.25

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - June Year-to-Date 2022

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

	June YTD 2022 GAAP	Acquisition amortization	Restructuring, integration and other costs	Share-based compensation	Acquisition transaction costs	Certain legal- related expense	Gain on sale of businesses and facility	Income tax impact of adjustments	June YTD 2022 Adjusted
Total revenue	\$1,119.0	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$1,119.0
Total cost of revenue	(513.3)	6.5	0.1	0.8	—	—	—	—	(505.9)
Gross profit	605.7	6.5	0.1	0.8	—	—	—	—	613.1
Selling, general and administrative expense	(509.4)	40.5	—	12.2	0.1	0.8	—	—	(455.8)
Restructuring and integration expense	(31.4)	—	31.4	—	—	—	—	—	—
Gain on sale of businesses and facility	17.5	—	—	—	—	—	(17.5)	—	—
Operating income	82.4	47.0	31.5	13.0	0.1	0.8	(17.5)	—	157.3
Interest expense	(41.7)	—	—	—	—	—	—	—	(41.7)
Other income	4.5	—	—	—	—	—	—	—	4.5
Income before income taxes	45.2	\$47.0	\$31.5	\$13.0	\$0.1	\$0.8	(\$17.5)	—	120.1
Income tax provision	(13.4)							(\$17.6)	(31.0)
Net income	31.8								89.1
Non-controlling interest	(0.1)								(0.1)
Net income attributable to Deluxe	\$31.7								\$89.0
Income attributable to Deluxe available to common shareholders	\$31.3								\$88.5
Weighted-average dilutive shares	43.3								43.3
Diluted EPS	\$0.72								\$2.05

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - June Year-to-Date 2021

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

	June YTD 2021 GAAP	Acquisition amortization	Restructuring, integration and other costs	Share-based compensation	Acquisition transaction costs	Certain legal- related expense	Income tax impact of adjustments	June YTD 2021 Adjusted
Total revenue	\$919.5	\$—	\$—	\$—	\$—	\$—	\$—	\$919.5
Total cost of revenue	(385.1)	5.7	1.5	1.0	—	—	—	(376.9)
Gross profit	534.4	5.7	1.5	1.0	—	—	—	542.6
Selling, general and administrative expense	(446.3)	24.8	—	13.4	18.6	0.3	—	(389.2)
Restructuring and integration expense	(25.7)	—	25.7	—	—	—	—	—
Operating income	62.4	30.5	27.2	14.4	18.6	0.3	—	153.4
Interest expense	(14.1)	—	—	—	—	—	—	(14.1)
Other income	4.2	—	—	—	—	—	—	4.2
Income before income taxes	52.5	\$30.5	\$27.2	\$14.4	18.6	\$0.3	—	143.5
Income tax provision	(16.0)						(\$20.2)	(36.2)
Net income	36.5							107.3
Non-controlling interest	(0.1)							(0.1)
Net income attributable to Deluxe	\$36.4							\$107.2
Income attributable to Deluxe available to common shareholders	\$36.4							\$107.1
Weighted-average dilutive shares	42.6							42.6
Diluted EPS	\$0.85							\$2.51

Reconciliation of GAAP to Non-GAAP Measures

Revenue Excluding First American Acquisition and Business Exits

in millions (Unaudited)

TOTAL COMPANY:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenue	\$563.0	\$478.2	\$1,119.0	\$919.5
Less: Incremental First American revenue	(61.0)	—	(144.2)	—
Less: Business exits	—	(7.4)	—	(7.4)
Revenue excluding First American acquisition and business exits	\$502.0	\$470.8	\$974.8	\$912.1
Revenue growth excluding First American acquisition and business exits	\$31.2		\$62.7	
Revenue growth excluding First American acquisition and business exits %	6.6%		6.9%	

PAYMENTS:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenue	\$171.2	\$103.3	\$337.4	\$182.8
Less: Incremental First American revenue	(61.0)	—	(144.2)	—
Revenue excluding First American acquisition	\$110.2	\$103.3	\$193.2	\$182.8
Revenue growth excluding First American acquisition	\$6.9		\$10.4	
Revenue growth excluding First American acquisition %	6.7%		5.7%	

Reconciliation of GAAP to Non-GAAP Measures

Revenue Excluding Business Exits

in millions (Unaudited)

CLOUD SOLUTIONS:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cloud Solutions revenue	\$68.6	\$68.1	\$138.1	\$130.3
Less: Business exit	—	(4.0)	—	(4.0)
Cloud Solutions revenue excluding business exits	\$68.6	\$64.1	\$138.1	\$126.3
Cloud Solutions revenue growth excluding business exit	\$4.5		\$11.8	
Cloud Solutions revenue growth excluding business exit %	7.0%		9.3%	

PROMOTIONAL SOLUTIONS:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Promotional Solutions revenue	\$139.3	\$135.0	\$272.5	\$259.5
Less: Business exit	—	(3.4)	—	(3.4)
Promotional Solutions revenue excluding business exits	\$139.3	\$131.6	\$272.5	\$256.1
Promotional Solutions revenue growth excluding business exits	\$7.7		\$16.4	
Promotional Solutions revenue growth excluding business exit %	5.9%		6.4%	

Reconciliation of GAAP to Non-GAAP Measures

Revenue Outlook Excluding Business Exits

in millions (Unaudited)

TOTAL COMPANY

	2022 Outlook	2021 Actual
Total revenue	\$2,184 - \$2,224	\$2,022
Less: Business exits	—	(34)
Revenue excluding business exits	\$2,184 - \$2,224	\$1,988
Revenue growth excluding business exits %	10% - 12%	

Reconciliation of GAAP to Non-GAAP Measures

Net Debt / Net Debt to Adjusted EBITDA

in millions (Unaudited)

	June 30, 2022	Dec. 31, 2021	June 30, 2021
Total debt	\$1,675.7	\$1,683.0	\$1,833.4
Cash and cash equivalents	(43.3)	(41.2)	(163.3)
Net debt	\$1,632.4	\$1,641.8	\$1,670.1

TRAILING 12 MONTHS ADJUSTED EBITDA:

	12 Months Ended June 30, 2022
Net income	\$58.1
Non-controlling interest	(0.1)
Interest expense	83.2
Income tax provision	28.4
Depreciation and amortization expense	174.3
Restructuring, integration and other costs	63.3
Share-based compensation	28.1
Acquisition transaction costs	0.4
Certain legal-related expense	2.9
Gain on sale of businesses and facility	(17.5)
Adjusted EBITDA	\$421.1

NET DEBT TO ADJUSTED EBITDA **3.9**

Reconciliation of GAAP to Non-GAAP Measures

Free Cash Flow / Liquidity

in millions (Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$37.9	\$44.2	\$72.2	\$83.8
Purchases of capital assets	(24.4)	(24.9)	(45.3)	(46.6)
Free cash flow	\$13.5	\$19.3	\$26.9	\$37.2

	June 30, 2022	Dec. 31, 2021	June 30, 2021
Cash and cash equivalents	\$43.3	\$41.2	\$163.3
Amounts available for borrowing under revolving credit facility	315.7	362.6	292.5
Liquidity	\$359.0	\$403.8	\$455.8

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; gains and losses on sales of businesses and facilities, 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.

The image features the Deluxe logo centered on a background of large, light gray triangles that intersect to form a large 'X' shape. The logo itself consists of the word 'deluxe' in a lowercase, sans-serif font. The letters 'delux' are black, while the 'e' is red. A registered trademark symbol (®) is located at the bottom right of the 'e'.

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