deluxe

First Quarter 2024 Earnings

May 1, 2024

Brian Anderson

Vice President,
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Today's Presenters

Barry McCarthy

President and
Chief Executive Officer

Chip Zint

Senior Vice President and
Chief Financial Officer

Brian Anderson

Vice President,
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Cautionary Statement

Statements made in this presentation 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: changes in local, regional, national and international economic or political conditions, including those resulting from heightened inflation, rising interest rates, a recession, or intensified international hostilities, and the impact they may have on the company, its data, customers, or demand for the company’s products and services; the effect of proposed and enacted legislative and regulatory actions affecting the company or the financial services industry as a whole; continuing cost increases and/or declines in the availability of data, 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 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 acquisitions, including integration-related risks and 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, data or service providers; continuing supply chain and labor supply issues; unanticipated delays, costs and expenses in the development and marketing of products and services, including 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; and risks of unfavorable outcomes and the costs to defend litigation and other disputes. 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, 2023, 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 evening. 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

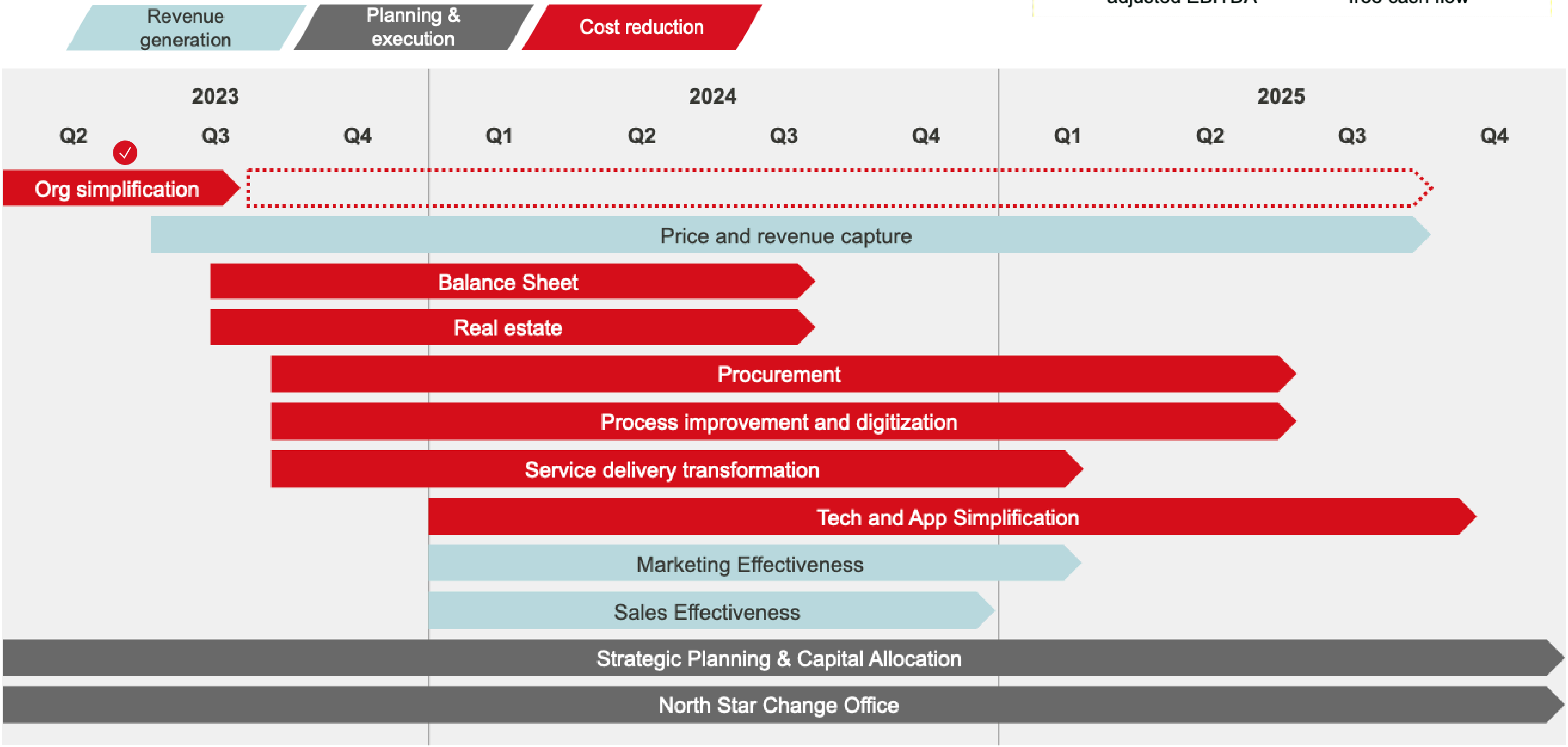
President and Chief Executive Officer

Q1'24 Financial Overview -
Investing to drive growth in Payments and Data

	LEGACY PRINT BUSINESSES	PAYMENTS & DATA BUSINESSES	CORPORATE
OUR BUSINESSES	Check; Promotional Products	Merchant Services; B2B Payments; Data	Corporate
Q1 '24 REVENUE	$303 million	$226 million	-
% OF REVENUE	57.3%	42.7%	-
YoY % REVENUE GROWTH	(3.4%)	+8.1%	-
Q1 '24 EBITDA MARGIN %	30.0%	22.0%	(8.3%)
VALUE DRIVERS	• **Reliable cash flows** to pay down debt and re-invest in Payments & Data businesses • **Large installed base** of FIs & SMBs	**Secular growth markets** • **Merchant:** Deep vertical expertise • **B2B Payments:** Software & payments that ease complex customer pain points • **Data:** Market leader in financial institutions	• **Drive efficiencies** across shared-service functions

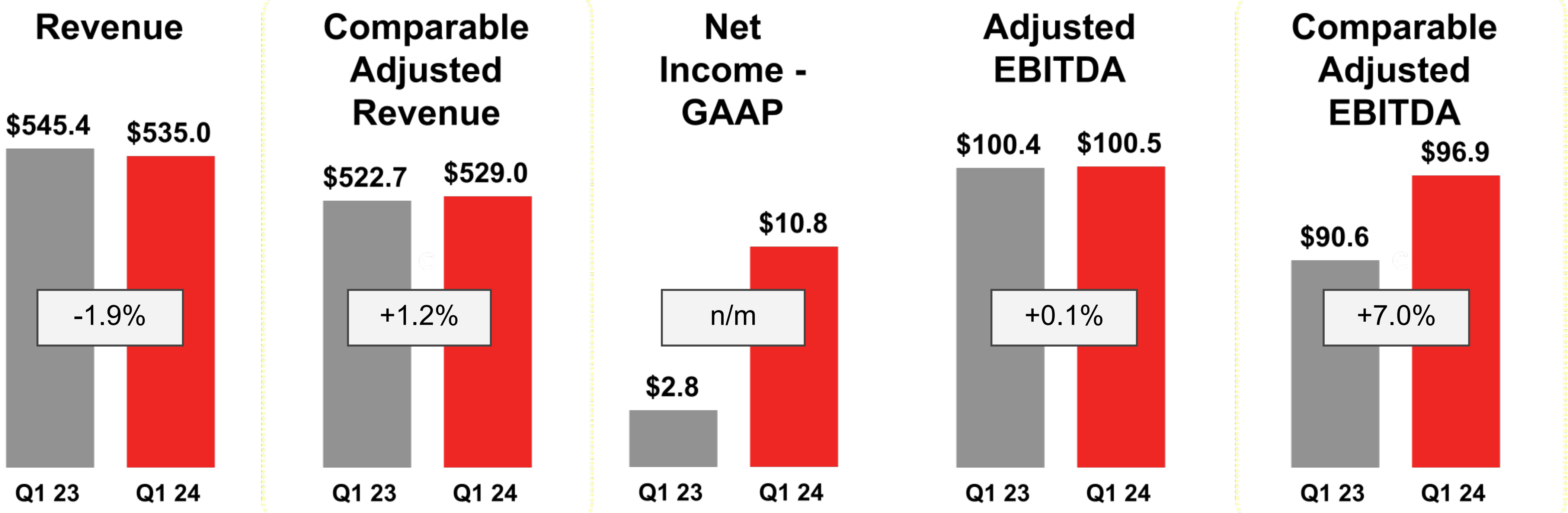
North Star Progress & Timelines

Target
+$80 million | +$100 million
incremental comparable adjusted EBITDA | incremental run-rate free cash flow



Q1'24 Highlights

(in millions)



n/m = not meaningful

Q1'24 Segment Highlights

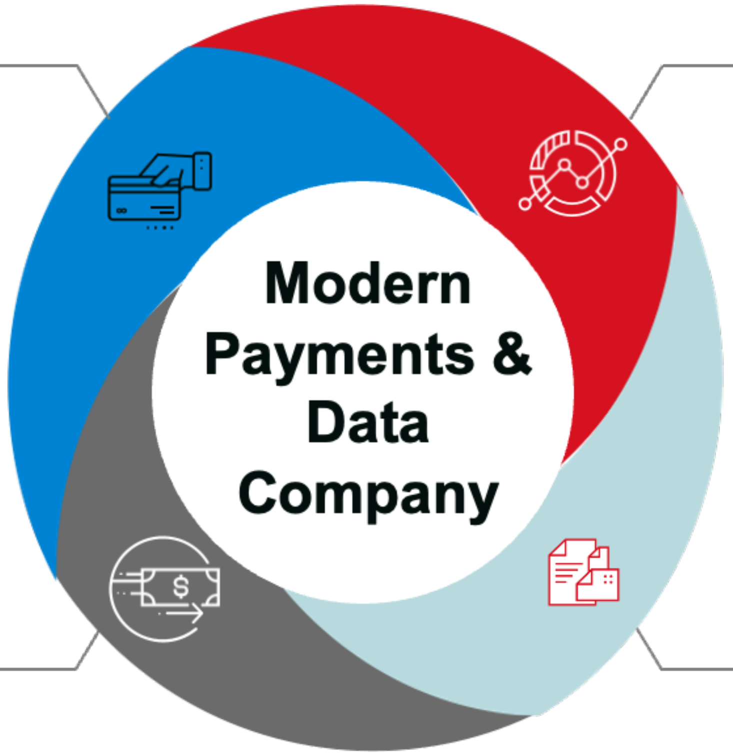
Continued Strong Operating Leverage: Comp Adjusted EBITDA grew 7% vs Q1'23

Merchant Services

- Revenue increased 8.3% vs Q1'23, on strong demand across go-to-market channels
- Adjusted EBITDA margin expanded 150 bps, contributing to 16.3% growth year-over-year
- Continued investment toward high-quality customer service and evolving product enhancements and features
- Omnichannel capabilities enable client growth and increased efficiencies

B2B Payments

- Revenue decreased 7.7% vs Q1'23, as transition to SaaS offerings continues
- Adjusted EBITDA margins expanded 120 bps, via continued focus on lockbox efficiencies and expense management
- Customer wins and strong pipeline present rest-of-year opportunities



Data Solutions

- Revenue grew 34.5% vs Q1'23 on strong demand for data-driven-marketing offerings
- Adjusted EBITDA growth of 46.1% vs Q1'23, as margins expanded 200 bps
- Sequencing of in-year marketing campaign activity makes recurrence of Q1 YoY growth rates unlikely over balance of '24
- Continued strength across both core FI space and extended attractive growth verticals

Print

- Revenue declined 3.4% consistent with unit secular decline forecasts
- Check revenues roughly flat vs Q1'23
- Adjusted EBITDA margin of 30% reflecting continued COGS efficiency and other expense discipline

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Long-term Value Creation Algorithm

OUR FOCUS	BY 2026
Drive profitable organic growth in Payments and Data Keep efficiency focus on Print & Corporate	~2-4% y/y revenue growth, ~4-6% y/y EBITDA growth
Increase our free cash flow by improving leverage ratio & reducing restructuring charges post-2024	3x leverage 30%+ FCF conversion
Drive focused execution through North Star plan	+$80MM EBITDA & +$100MM FCF
Maintain our dividend: continue to return capital to shareholders	$0.30 per share per quarter

Sustain performance: Changing culture, talent, & processes through '26 & beyond

15%+ annual total shareholder return through 2026

Chip Zint

Chief Financial Officer

Q1'24 Financial Summary

TOTAL REVENUE	NET INCOME	Adjusted EBITDA	Adj. EBITDA margin	Adjusted EPS
$535.0M	**$10.8M**	**$96.9M**	**18.3%**	**$0.72**
Down 1.9% compared to '23; Comparable adjusted revenue increased $6.3M, or 1.2%	Or $0.24 per share on a diluted basis; Up from $2.8M in '23, on operating income and gain from business exits	Increased 7.0% compared to '23	Increased 100 basis points compared to '23	Up 4.3% versus Q1'23

Comparable Metrics: Adjusted EBITDA, Adj. EBITDA margin, Adjusted EPS

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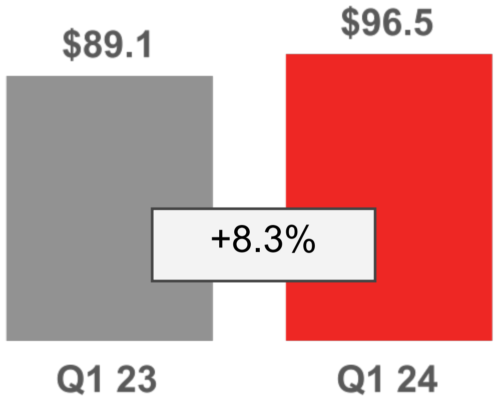
Merchant Services

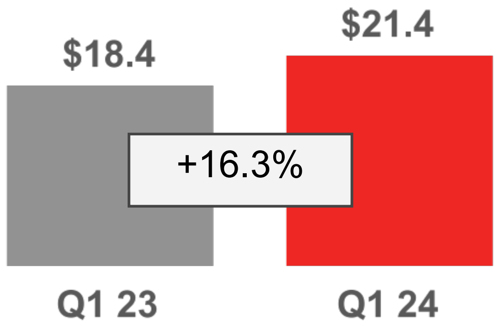
Payment Processing & Reporting | Omnichannel Payments | Terminals & Devices

(in millions)

Revenue



Adjusted EBITDA



- Adjusted EBITDA margin was 22.2%, up 150 basis points year-over-year on strong processing volumes and revenue growth

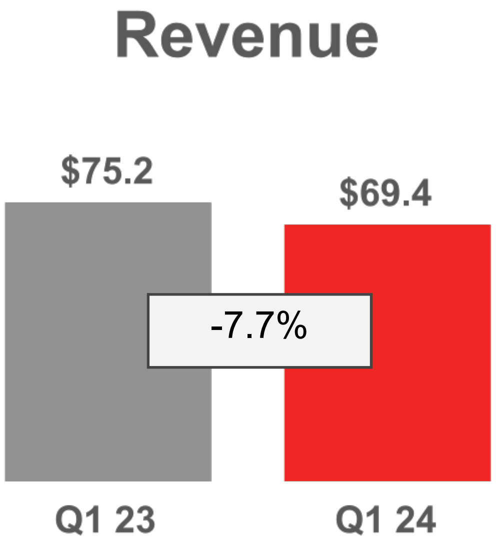
B2B Payments

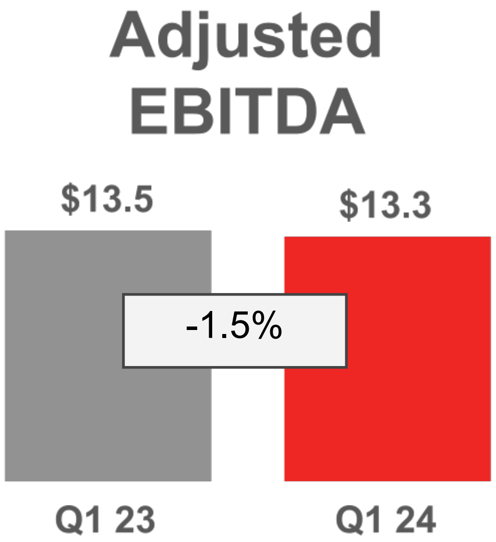
Treasury Management
Receivables as a Service

B2B/Digital Payments
Payables as a Service

Fraud & Security
Protection

(in millions)





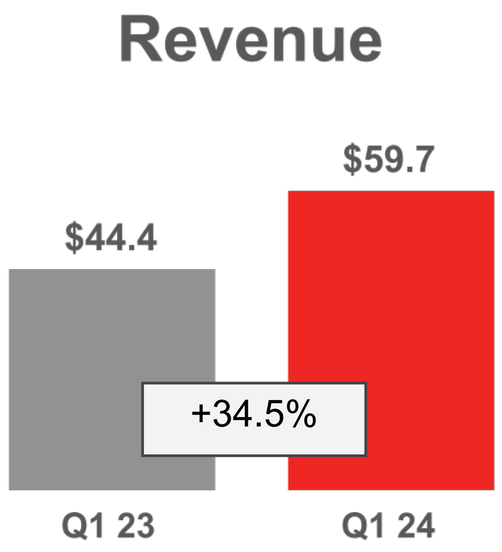
» Adjusted EBITDA margin was 19.2%, up 120 basis points year-over-year driven primarily by operational efficiencies across the business

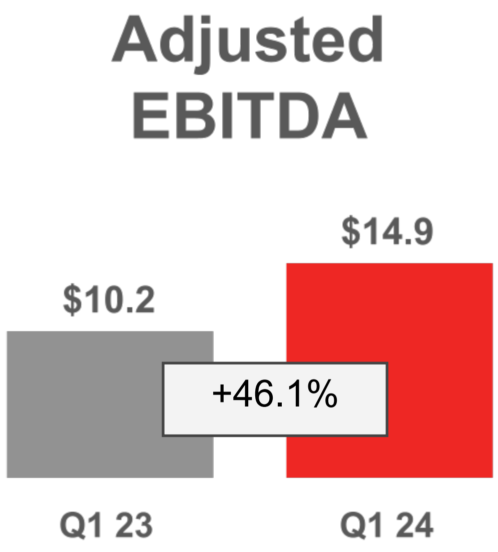
Data Solutions

Data Driven Marketing

Data Analytics and SMB SaaS Solutions

(in millions)





- Adjusted EBITDA margin was 25.0%, up 200 basis points year-over-year driven primarily by strong revenue growth

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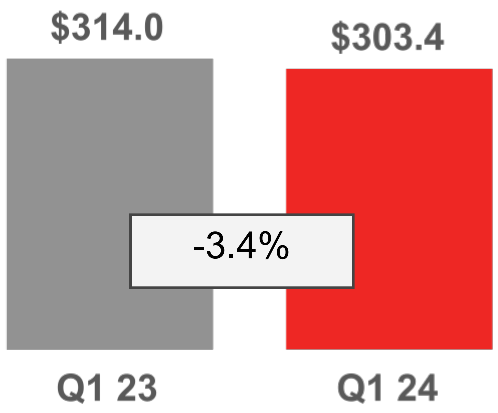
Print

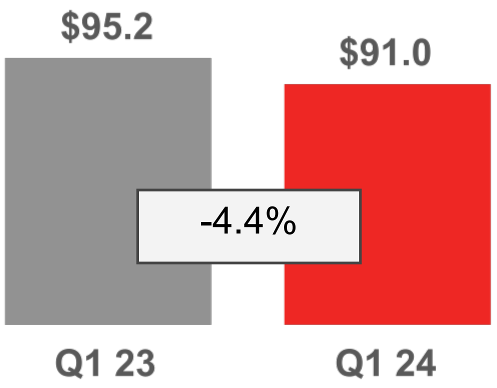
Consumer and Business Checks | Business Essentials | Extensive range of Promotional offerings | Web Storefront Platform for Branded Products

(in millions)

Revenue



Adjusted EBITDA



» Adjusted EBITDA margin was 30.0%, down 30 basis points year-over-year driven primarily by seasonally lower promotional revenues

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Balance Sheet and Cash Flow

Net Debt to Adjusted EBITDA

(in millions)

	For the 12 Months Ended		
	3/31/2024	12/31/2023	Variance
Net Debt	$1,536.6	$1,520.9	$15.7
LTM Adjusted EBITDA	$417.2	$417.1	$0.1
Net Debt to Adjusted EBITDA	3.7x	3.6x	

Free Cash Flow

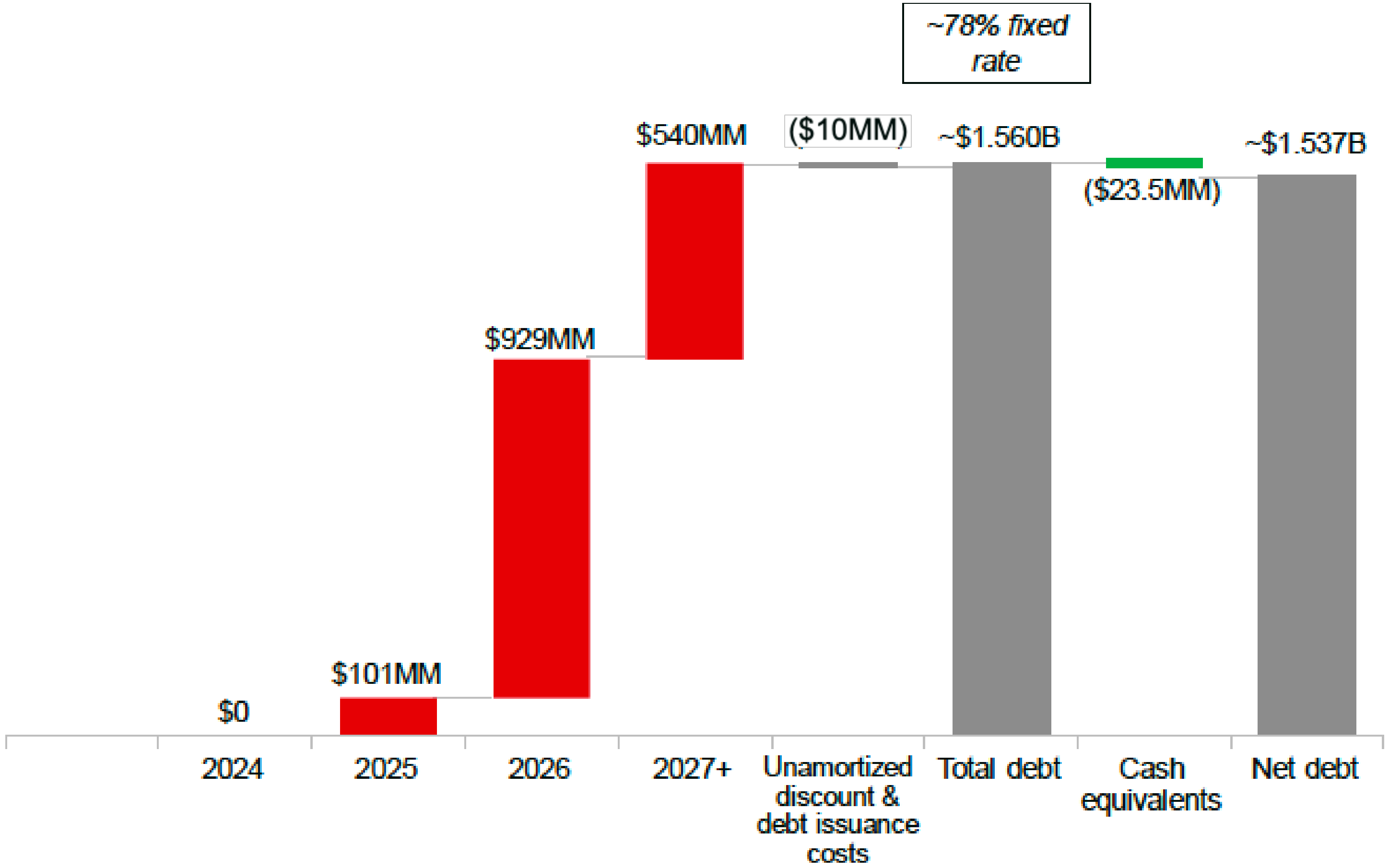
(in millions)

	For the Quarter Ended		
	3/31/2024	03/31/2023	Variance
Cash Provided by Operating Activities	$26.6	($6.7)	$33.3
Less Capital Expenditures	(20.4)	(25.5)	5.1
Free Cash Flow	$6.2	($32.2)	$38.4

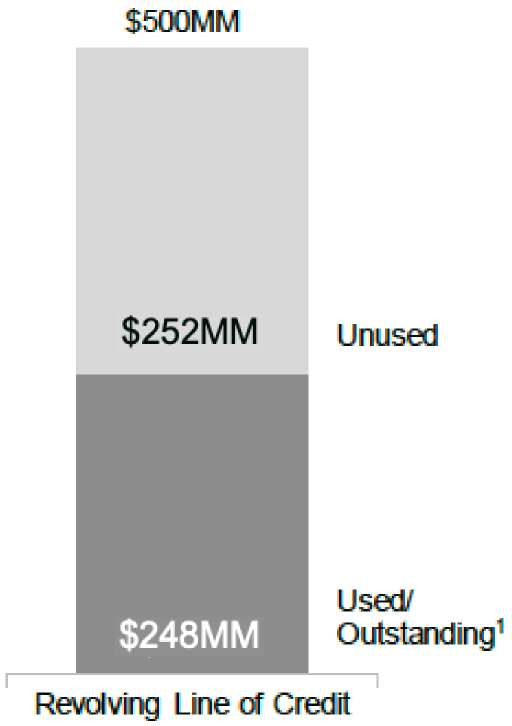
Capital Structure - Debt maturity ladder

No near-term maturity concerns & strong liquidity position

Material debt maturities in mid-2026 and 2029…



… significant portion of revolving credit remains unused



Note: Figures are as of March 31, 2024, and rounded to the nearest million. 1. Used/Outstanding includes $240MM drawn on revolving credit facility and ~$8MM in outstanding letters of credit.

2024 Guidance

Declared regular dividend of $0.30 per share

	2024F Guidance[1]	Comp. Adj. % Δ vs. 2023F[1]
Revenue	$2.14 – 2.18 billion	**+0-2%**
Adj. EBITDA	$400 – 420 million	**+2-7%**
Adj. EPS	$3.10 – $3.40	**+3-13%**
Free cash flow	$80 – 100 million	**(18%) to +2%**

1. Divestiture of our Hosting business and our Payroll businesses are expected to result in a $56MM revenue impact, $26MM EBITDA impact, and $0.30 EPS impact to our comparable adjusted figures

Additional modeling assumptions:

- Interest expense of approximately $120 - $125 million
- Adjusted tax rate of 26%
- Depreciation and amortization of $150 million, of which acquisition amortization is approximately $55 million
- Average outstanding share count of 44.5 million shares
- Capital expenditures of approximately $100 million

All figures are approximate, and subject to, among other things, prevailing macroeconomic conditions, labor supply issues, inflation, and the impact of divestitures.

Long-term Value Creation Algorithm

OUR FOCUS	BY 2026
Drive profitable organic growth in Payments and Data Keep efficiency focus on Print & Corporate	~2-4% y/y revenue growth, ~4-6% y/y EBITDA growth
Increase our free cash flow by improving leverage ratio & reducing restructuring charges post-2024	3x leverage 30%+ FCF conversion
Drive focused execution through North Star plan	+$80MM EBITDA & +$100MM FCF
Maintain our dividend: continue to return capital to shareholders	$0.30 per share per quarter

Sustain performance: Changing culture, talent, & processes through '26 & beyond

15%+ annual total shareholder return through 2026

Q & A

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Brian Anderson

Vice President,
Strategy & Investor Relations

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Upcoming Conferences/Events

Date	Event
May 14-15, 2024	Needham Technology, Media, & Consumer Conference, Westin Grand Central Hotel, New York
May 29-30, 2024	TD Cowen Technology, Media & Telecom Conference, InterContinental New York Barclay Hotel

Appendix

Consolidated Condensed Statements of Income

in millions, except per share amounts (Unaudited)

	Quarter Ended March 31,	
	2024	2023
Product revenue	$300.4	$310.3
Service revenue	234.6	235.1
Total revenue	535.0	545.4
Cost of products	(114.4)	(118.5)
Cost of services	(137.1)	(132.2)
Total cost of revenue	(251.5)	(250.7)
Gross profit	283.5	294.7
Selling, general and administrative expense	(234.1)	(247.7)
Restructuring and integration expense	(13.8)	(12.9)
Gain on sale of businesses and long-lived assets	8.6	—
Operating income	44.2	34.1
Interest expense	(30.8)	(30.0)
Other income	3.0	2.4
Income before income taxes	16.4	6.5
Income tax provision	(5.6)	(3.7)
Net income attributable to Deluxe	$10.8	$2.8
Weighted-average dilutive shares outstanding	44.5	43.7
Diluted earnings per share	$0.24	$0.06
Adjusted diluted earnings per share	0.76	0.80
Comparable adjusted diluted earnings per share	0.72	0.69
Capital expenditures	20.4	25.5
Depreciation and amortization expense	41.7	43.5
EBITDA	88.9	80.0
Adjusted EBITDA	100.5	100.4
Comparable adjusted EBITDA	96.9	90.6

Segment Information

in millions (Unaudited)

	Quarter Ended March 31, 2024	2023
Revenue:		
Merchant Services	$96.5	$89.1
B2B Payments	69.4	75.2
Data Solutions	59.7	44.4
Print	303.4	314.0
Business exits[(1)]	6.0	22.7
Total	$535.0	$545.4
Comparable adjusted revenue	$529.0	$522.7
Adjusted EBITDA:		
Merchant Services	$21.4	$18.4
B2B Payments	13.3	13.5
Data Solutions	14.9	10.2
Print	91.0	95.2
Business Exits[(1)] / Corporate	(40.1)	(36.9)
Total	$100.5	$100.4
Comparable adjusted EBITDA	$96.9	$90.6
Adjusted EBITDA Margin:		
Merchant Services	22.2%	20.7%
B2B Payments	19.2%	18.0%
Data Solutions	25.0%	23.0%
Print	30.0%	30.3%
Total	18.8%	18.4%
Comparable adjusted EBITDA	18.3%	17.3%

Effective January 1, 2024, the company realigned its organization structure to better reflect its portfolio mix and offerings, and it updated its reportable segments to correspond with these changes. The company did not operate under the new segment structure during 2023. Prior period segment information has been recast to reflect the revised reportable segments. The methodology utilized to determine segment operating performance did not change, and information regarding this methodology is provided in the Notes to Consolidated Financial Statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2023.

(1) Includes the North American web hosting and logo design businesses, which were sold in June 2023, and the payroll and human resources services business, which the company is currently exiting.

Reconciliation of GAAP to Non-GAAP Measures

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin

in millions (Unaudited)

	Quarter Ended March 31,	
	2024	**2023**
Net income	$10.8	$2.8
Interest expense	30.8	30.0
Income tax provision	5.6	3.7
Depreciation and amortization expense	41.7	43.5
EBITDA	88.9	80.0
Restructuring and integration expense	14.8	14.1
Share-based compensation expense	5.1	5.9
Certain legal-related expense	0.3	0.4
Gain on sale of businesses and long-lived assets	(8.6)	—
Adjusted EBITDA	$100.5	$100.4
Adjusted EBITDA margin	18.8%	18.4%

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - Q1 2024

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

	Q1 2024 GAAP	Acquisition and accelerated amortization	Restructuring and integration expense	Share-based compensation	Gain on sale of businesses/ long-lived assets	Income tax impact of adjustments	Q1 2024 Adjusted
Total revenue	$535.0	$—	$—	$—	$—	$—	$535.0
Total cost of revenue	(251.5)	5.4	1.0	0.2	—	—	(244.9)
Gross profit	283.5	5.4	1.0	0.2	—	—	290.1
Selling, general and administrative expense	(234.1)	12.5	—	4.9	—	—	(216.4)
Restructuring and integration expense	(13.8)	—	13.8	—	—	—	—
Gain on sale of businesses and long-lived assets	8.6	—	—	—	(8.6)	—	—
Operating income	44.2	17.9	14.8	5.1	(8.6)	—	73.7
Interest expense	(30.8)	—	—	—	—	—	(30.8)
Other income	3.0	—	—	—	—	—	3.0
Income before income taxes	16.4	$17.9	$14.8	$5.1	($8.6)	—	45.9
Income tax provision	(5.6)					($6.5)	(12.1)
Net income	$10.8						$33.8
Income attributable to Deluxe available to common shareholders	$10.8						$33.8
Business exits							(1.6)
Comparable adjusted income available to common shareholders							$32.2
Weighted-average dilutive shares	44.5						44.5
Diluted EPS	$0.24						$0.76
Comparable Adjusted Diluted EPS							$0.72

Reconciliation of GAAP to Non-GAAP Measures

Adjusted Diluted EPS - Q1 2023

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

	Q1 2023 GAAP	Acquisition amortization	Restructuring and integration expense	Share-based compensation	Certain legal-related expense	Income tax impact of adjustments	Q1 2023 Adjusted
Total revenue	$545.4	$—	$—	$—	$—	$—	$545.4
Total cost of revenue	(250.7)	3.2	1.2	0.2	—	—	(246.1)
Gross profit	294.7	3.2	1.2	0.2	—	—	299.3
Selling, general and administrative expense	(247.7)	18.1	—	5.7	0.4	—	(223.5)
Restructuring and integration expense	(12.9)	—	12.9	—	—	—	—
Operating income	34.1	21.3	14.1	5.9	0.4	—	75.8
Interest expense	(30.0)	—	—	—	—	—	(30.0)
Other income	2.4	—	—	—	—	—	2.4
Income before income taxes	6.5	$21.3	$14.1	$5.9	$0.4	—	48.2
Income tax provision	(3.7)					($9.6)	(13.3)
Net income	$2.8						$34.9
Income attributable to Deluxe available to common shareholders	$2.7						$34.9
Business exits							(4.9)
Comparable adjusted income available ot common shareholders							$30.0
Weighted-average dilutive shares	43.7						43.7
Diluted EPS	$0.06						$0.80
Comparable Adjusted Diluted EPS							$0.69

Reconciliation of GAAP to Non-GAAP Measures

Comparable Adjusted Revenue / Comparable Adjusted EBITDA / Comparable Adjusted EBITDA Margin

in millions (Unaudited)

	Quarter Ended March 31,	
	2024	**2023**
Total revenue	$535.0	$545.4
Business exits	(6.0)	(22.7)
Comparable adjusted revenue	$529.0	$522.7
Adjusted EBITDA	$100.5	$100.4
Business exits	(3.6)	(9.8)
Comparable adjusted EBITDA	$96.9	$90.6
Comparable adjusted EBITDA margin	18.3%	17.3%

Reconciliation of GAAP to Non-GAAP Measures

Comparable Adjusted Revenue / Comparable Adjusted EBITDA / Comparable Adjusted EPS Outlook

(Unaudited)

	Total Year 2024 Outlook	Total Year 2023 Actual
(in billions)		
Total revenue	$2.140 - $2.180	$2.192
Less: Business exits	—	(0.056)
Comparable adjusted revenue	$2.140 - $2.180	$2.136
Comparable adjusted revenue growth %	0% - 2%	
(in millions)		
Adjusted EBITDA	$400 - $420	$417
Less: Business exits	—	(26)
Comparable adjusted EBITDA	$400 - $420	$391
Comparable adjusted EBITDA growth %	2% - 7%	
Adjusted diluted EPS	$3.10 - $3.40	$3.32
Less: Business exits	—	(0.30)
Comparable adjusted diluted EPS	$3.10 - $3.40	$3.02
Comparable adjusted diluted EPS growth	3% - 13%	

Reconciliations of full year 2023 adjusted EBITDA and adjusted diluted EPS to net income can be found in the MD&A discussion included in the company's Annual Report on Form 10-K for the year ended December 31, 2023.

Note that the company has not reconciled the comparable adjusted revenue, comparable adjusted EBITDA or comparable adjusted diluted EPS outlook guidance for 2024 to the directly comparable GAAP measures. The outlook excludes the payroll and human resources services business, which the company is currently in the process of exiting. Revenue from this business is decreasing as its customers convert to other service providers, and as such, the company is unable to predict the results for this business in 2024. In addition, the company has not reconciled the adjusted comparable EBITDA, adjusted comparable diluted EPS or free cash flow outlook for 2024 to the directly comparable GAAP financial measures because the company does not provide outlook guidance for the reconciling items between net income, adjusted net income and adjusted EBITDA, and certain of these reconciling items impact cash flows from operating activities. Because of the substantial uncertainty and variability surrounding certain of these forward-looking reconciling items, including: asset impairment charges, restructuring and integration expense, gains and losses on sales of businesses and long-lived assets, and certain legal-related expenses, a reconciliation of the outlook for these non-GAAP financial measures 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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Reconciliation of GAAP to Non-GAAP Measures

Net Debt to Adjusted EBITDA

dollars in millions (Unaudited)

	March 31, 2024	December 31, 2023
Total debt	$1,560.1	$1,592.9
Cash and cash equivalents	(23.5)	(72.0)
Net debt	$1,536.6	$1,520.9

TRAILING 12 MONTHS ADJUSTED EBITDA:

	12 Months Ended March 31, 2024	12 Months Ended December 31, 2023
Net income	$34.2	$26.2
Non-controlling interest	—	(0.1)
Interest expense	126.4	125.6
Income tax provision	15.4	13.6
Depreciation and amortization expense	167.9	169.7
Restructuring and integration expense	91.2	90.5
Share-based compensation	19.7	20.5
Certain legal-related expense	2.1	2.2
Loss on sale of investment securities	1.3	1.3
Gain on sale of businesses and long-lived assets	(41.0)	(32.4)
Adjusted EBITDA	$417.2	$417.1
NET DEBT TO ADJUSTED EBITDA	**3.7**	**3.6**

Reconciliation of GAAP to Non-GAAP Measures

Free Cash Flow

in millions (Unaudited)

	Quarter Ended March 31, 2024	Quarter Ended March 31, 2023
Net cash provided (used) by operating activities	$26.6	($6.7)
Purchases of capital assets	(20.4)	(25.5)
Free cash flow	$6.2	($32.2)

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