Second Quarter Earnings Call

July 30, 2020

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Ed Merritt

VICE PRESIDENT OF CORPORATE FINANCE AND TREASURER

Todays Presenters

Barry McCarthy

President and
Chief Executive Officer

Keith Bush

Chief Financial Officer and
Senior Vice President

Ed Merritt

Vice President of Corporate Finance and
Treasurer

Jane Elliott

Chief Communications and
Human Resources Officer

dlx Cautionary Statement

Comments made today regarding management's intentions, projections, financial estimates or expectations about the company's future strategy or performance are forward-looking in nature as defined in the Private Securities Litigation Reform Act of 1995. These comments are subject to risks and uncertainties, including risks related to potential continuing negative impacts from pandemic health issues, such as the coronavirus / COVID-19, along with the impact of government stay-at-home orders or other similar directives on our future financial results of operations, our future financial condition, and our ability to continue business activities in affected regions, which could cause our actual results to differ materially from our projections. Additional information about factors that might cause our actual results to differ from projections is contained in the press release issued today, in the company's Form 10-K for the year ended December 31st, 2019, the Form 10-Q which will be released in conjunction with our second quarter 2020 earnings as well as other SEC filings.

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

Stronger Than Expected Q2 Results

- Delivering sales-driven growth
  - We estimate we delivered sales-driven growth excluding COVID impacts for the second consecutive quarter.
- Adjusted EBITDA margin—Restored to 20%
- We won new business at an accelerated rate and closed 4 of our top 25 targets
- Materially adjusted our company's infrastructure to position us to drive sustainable growth
- We are so confident in our financial strength
  - Declared our regular dividend
  - Paid down one $100M on our debt

Accelerating Sales Momentum

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Focused to Drive Revenue Growth

Key Wins

CAMBRIDGE FINANCIAL GROUP

AT&T

OPTUM Bank®
Member FDIC

Closed 690 deals with multi-year contracts putting us ahead of our full year sales goals

Closed **4** out of the top **25** targets

Achieved record average order value in tele-sales

Small Business Advisory Model

New customer needs-based selling approach

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Improvements made to our ShopDeluxe ecomerce site

Innovative sales team executing with speed and agility

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Q2 Segment Details

- **Cloud Solutions** – Garry Capers
  - Website design and hosting solutions least impacted as we help customers shift their businesses to online from brick and mortar
  - Established new relationship with H&R Block for our small business customers
  - Incorporation and logo services experienced a lesser than expected impact as people transition part-time jobs into full time businesses
  - Data Driven Marketing experienced significant COVID-related decline expect rebound towards the end of the year

- **Promotional Solutions** – Tom Riccio
  - Created PPE, a new market achieved $26M of revenue
  - Created PPE kits for REMAX

Q2 Segment Details

- **Checks** – Tracey Engelhardt
  - More than 50% of new check customers ordered checks as a result of new business start up
  - Acceleration of self-service, digital order volume, driving improved profitability
  - Competitively winning new check customers
  - Expect check volume to partially track with recovery in second half of 2020

dlx Q2 2020 Segment Details (cont'd)

- **Payments** – Mike Reed
  - Payments segment is a shining star
  - Revenue increased 12.6%
  - Accelerates new business wins
    - Competitive takeaways
    - DLX financial strength compelling competitive advantage
  - Benefiting from Key Wins:

synchrony FINANCIAL

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Receivables as a Service Platform
Matches All Payment Options into a Single Dashboard

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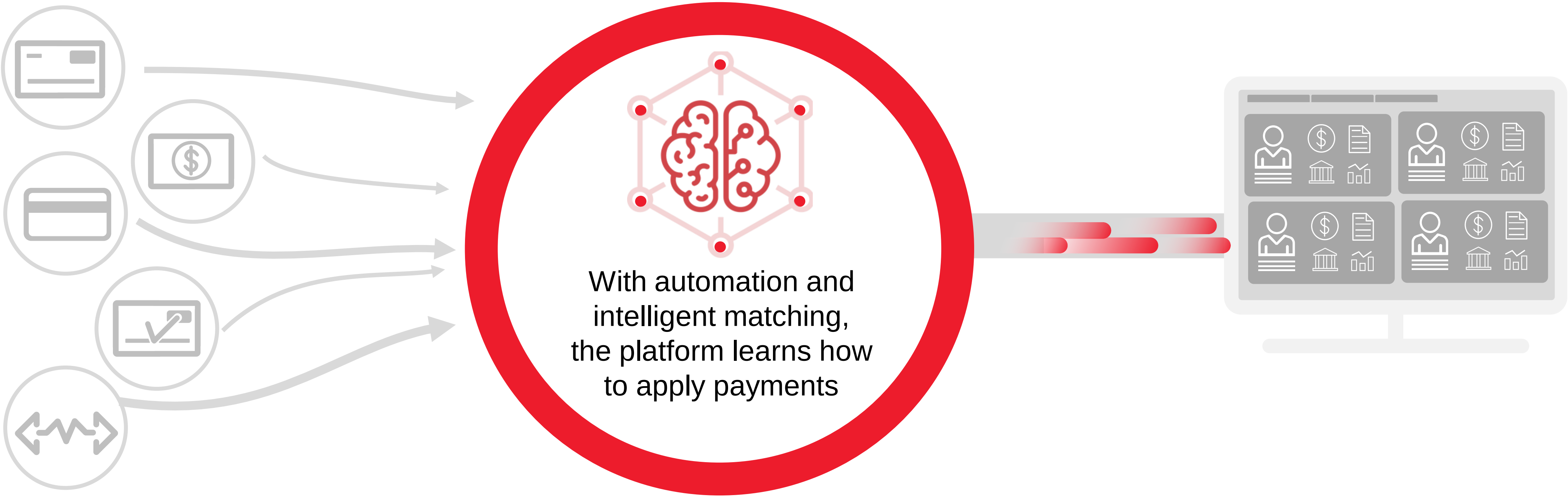
1 Receive payments of any type from any source. All payment options are available for integration.

2 Automate cash application using Artificial Intelligence. Match remittances to open receivables in sub-seconds.

3 Gain integrated insights and visibility from a single portal to help make real-time business decisions.



~50% of Receivables as a Service revenue is generated from this platform and is recurring

Receivables As a Service Platform

LockBox Market Share Gains Are Strategic

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Our platform can process and reduce manual intervention by over 85%

Customers have access to our platform of order to cash application process

Extend our reach into major billers, financial institutions and FinTechs

Added new financial institutions, not-for-profit, insurance, and education in multi-year deals

$2.8 Trillion in transactions flow through Deluxe’s payment platforms

Customers can easily benefit from additional Treasury Management services once on our platform

Our Future Has Never Been Brighter

- We continue to protect our Deluxers by following all safety and health protocols
- Continue to be WFH
- Tremendous progress in our One Deluxe transformation
- Strong financial position

Keith Bush

CHIEF FINANCIAL OFFICER AND SENIOR VICE PRESIDENT

dlx Stronger than Expected Q2 Performance

- Revenue declined 16.9% or $84M to $410.4M from same period last year
  - Benefit of sales-driven growth was not sufficient to overcome the impacts of COVID
  - COVID impact most acutely felt in Cloud Solutions, Promotional Solutions and Check
- Took assertive actions to address the loss of revenue and change in mix
- These actions improved adjusted EBITDA margins by 330 basis points sequentially over the first quarter results to 20.4 percent

Second Quarter Expense Details

$ in millions	6/30/20	6/30/19	Better/(Worse)
Revenue	$ 410.4	$ 494.0	$ (83.6)
Total Cost of Revenue	$ 162.3	$ 202.5	$40.2
Gross Profit	$ 248.1	$ 291.5	$ (43.4)
Gross Profit Margin	*60.5%*	*59.0%*	*+150 bps*
SG&A	$ 198.5	$222.4	$ 23.9
SG&A as % of Revenue	*48.4%*	*45.0%*	*(340) bps*
Operating Income	$ 24.3	$ 51.8	($ 27.5)

- Gross profit margin improved with the loss of lower margin promotional revenue
- SG&A expense did not keep pace with COVID related revenue declines
  - Continued with spending related to onboard new client wins

Cash Preservation and Cost Reduction Actions in Q220

$ in millions	6/30/20	6/30/19	Change
Net Income	$ 14.9	$ 32.6	$ (17.7)
Adjusted EBITDA	$ 83.8	$ 117.5	$ (33.7)
Adjusted EBITDA Margin	20.4%	23.8%	(340) bps

See appendix for GAAP to Non-GAAP Reconciliations

- Pulled back spend in many areas, including targeted furloughs and 20% reduction in pay to salaried employees
- Announced closure of 20 of 65 real estate locations taking a charge of $4.9M
- Exited ~250 Deluxers based on our post-COVID operating model resulting in ~$5M of severance
- Continued systems implementations and integration of business for $15.4M
- Interest expense declined $3.1M

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Second Quarter Segment Details

$ in millions
(Unaudited)

	Quarter Ended June 30, 2020	Quarter Ended June 30, 2019	$ Better/(Worse)	% Better/(Worse)
Revenue:				
Payments	$72.2	$64.1	$8.1	12.6%
Cloud Solutions	$53.9	$78.9	($25.0)	-31.7%
Promotional Solutions	$117.9	$155.6	($37.7)	-24.2%
Checks	$166.4	$195.4	($29.0)	-14.8%
Total	$410.4	$494.0	($83.6)	-16.9%
Adjusted EBITDA:				
Payments	$15.6	$18.0	($2.4)	-13.3%
Cloud Solutions	$14.1	$19.1	($5.0)	-26.2%
Promotional Solutions	$13.9	$22.3	($8.4)	-37.7%
Checks	$82.7	$99.8	($17.1)	-17.1%
Corporate	(42.5)	(41.7)	($0.8)	1.9%
Total	$83.8	$117.5	($33.7)	-28.7%
Adjusted EBITDA Margin:				
Payments	21.6%	28.1%	(650) bps	
Cloud Solutions	26.2%	24.2%	200 bps	
Promotional Solutions	11.8%	14.3%	(250) bps	
Checks	49.7%	51.1%	(140) bps	
Total	20.4%	23.8%	(340) bps	

See appendix for GAAP to Non-GAAP Reconciliations

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Cash Flow

Free Cash Flow

(Cash provided by operating activities, less capital expenditures)

$ in millions	For the Six Months Ending		
	06/30/20	06/30/19	Variance
Cash Provided by Operating Activities	$ 109.7	$ 105.1	$ 4.6
Less Capital Expenditures	$ 27.1	$ 32.3	$ (5.2)
Free Cash Flow	$ 82.6	$ 72.8	$ 9.8

See appendix for GAAP to Non-GAAP Reconciliations

» Lower cash taxes and reduced capital investment

» Improved working capital performance associated with revenue mix changes

» Did not repurchase any stock during quarter

dlx Strong Balance Sheet

- Cash balances grew $62M to $372M
- Outstanding credit facility remained at $1.140 billion at end of quarter

Net debt is lowest level since Q2 2018

$ in millions

6/30/20	3/31/20	12/31/19	9/30/18	Improvement 6/30/20 vs 12/31/19
$ 768.0	$ 829.9	$ 809.9	$ 832.2	$ (41.9)

See appendix for GAAP to Non-GAAP Reconciliations

- Revolver matures in 2023 and has total size of $1.15B

dlx Positioned To Deliver on One Deluxe

- **Improved adjusted EBITDA margins by 330 bps over first quarter**
  - Restored margins to our target range as promised
- Suspended 2020 outlook and we are not providing Q3 or full year guidance
  - Will resume when environment becomes more stable

Sustaining Financial Strength
Deluxe Has A Durable Business Model

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MANTAIN FINANCIAL STRENGTH

- Financial flexibility
- Paid down $100M of debt
- Declared regular quarterly dividend of $0.30

UNLOCKING TRANSFORMATION

- Resume S4/Hana implementation
- Resume Salesforce implementation
- Other selective projects

PROTECT OUR EMPLOYEES

- Reinstated salaries impacted by Q220 20% pay cuts
- Right strategy and right team to deliver
- Confidence in our financial position

Barry McCarthy

PRESIDENT AND CHIEF EXECUTIVE OFFICER

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One Deluxe Strategy is Working

Delivering Sales-Driven Growth

Customers engaging with us differently—accelerating sales-driven revenue growth

Streamline operations and real estate footprint

Strong financial position a competitive advantage

Question & Answers

Jane Elliott

CHIEF COMMUNICATIONS AND HR OFFICER

dlx Future Management Presentations

DATE	EVENT
September 16	CL King 18th Annual Best Ideas Conference
September 23/24	Sidoti Conference

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Appendix

Reconciliation of GAAP to Non-GAAP Measures

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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 vary for companies for reasons unrelated to overall 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.

($ in millions) (Unaudited)	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$14.9	$32.6	($45.3)	$73.8
Interest expense	6.1	9.2	13.2	18.5
Income tax provision	5.1	12.2	1.9	27.2
Depreciation and amortization expense	26.7	32.5	55.1	64.9
EBITDA	52.8	86.5	24.9	184.4
Asset impairment charges	4.9	—	95.2	—
Restructuring, integration and other costs	20.5	17.7	40.1	24.0
CEO transition costs	0.2	1.9	—	7.4
Share-based compensation expense	5.4	5.4	9.1	8.7
Acquisition transaction costs	—	—	—	0.2
Certain legal-related expense	—	6.0	(2.1)	6.4
Loss on sales of customer lists	—	—	—	0.1
Adjusted EBITDA	$83.8	$117.5	$167.2	$231.2

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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.

$ in millions (Unaudited)	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$14.9	$32.6	($45.3)	$73.8
Asset impairment charges	4.9	—	95.2	—
Acquisition amortization	13.7	18.8	28.4	37.8
Restructuring, integration and other costs	20.5	17.7	40.1	24.0
CEO transition costs	0.2	1.9	—	7.4
Share-based compensation expense	5.4	5.4	9.1	8.7
Acquisition transaction costs	—	—	—	0.2
Certain legal-related expense	—	6.0	(2.1)	6.4
Loss on sales of customer lists	—	—	—	0.1
Adjustments, pre-tax	44.7	49.8	170.7	84.6
Income tax provision impact of pre-tax adjustments[1]	(11.2)	(10.9)	(30.3)	(18.9)
Adjustments, net of tax	33.5	38.9	140.4	65.7
Adjusted net income	48.4	71.5	95.1	139.5
Income allocated to participating securities	—	—	(0.1)	(0.2)
Re-measurement of share-based awards classified as liabilities	—	(0.1)	(0.8)	—
Adjusted income available to common shareholders	$48.4	$71.4	$94.2	$139.3
GAAP Diluted EPS	$0.35	$0.75	($1.10)	$1.68
Adjustments, net of tax	0.80	0.89	3.34	1.50
Adjusted Diluted EPS[2]	$1.15	$1.64	$2.24	$3.18

Notes:

[1] The tax effect of the pretax adjustments considers the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). Generally, this results in a tax impact that approximates the U.S. effective tax rate for each adjustment. However, the tax impact of certain adjustments, such as asset impairment charges, share-based compensation expense and CEO transition costs, depends on whether the amounts are deductible in the respective tax jurisdictions and the applicable effective tax rate(s) in those jurisdictions.

[2] The total of weighted-average shares and potential common shares outstanding used in the calculation of adjusted diluted EPS for the six months ended June 30, 2020 was 132 thousand shares higher than that used in the GAAP diluted loss per share calculation. Because of the net loss in the first half of 2020, the GAAP calculation excluded a higher number of share-based compensation awards that were antidilutive.

Reconciliation of GAAP to Non-GAAP Measures

NET DEBT

Net debt is not a GAAP financial measure. Nevertheless, management believes that net debt is an important measure to monitor leverage and 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 and that there is less Company debt than the most comparable GAAP measure indicates.

$ in millions (Unaudited)	June 30, 2020	December 31, 2019	June 30, 2019
Total debt	$1,140.0	$883.5	$951.0
Cash and cash equivalents	(372.0)	(73.6)	(66.7)
Net debt	$768.0	$809.9	$884.3

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Reconciliation of GAAP to Non-GAAP Measures

FREE CASH FLOW

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.

$ in millions (Unaudited)	Six Months Ended June 30,	
	2020	2019
Net cash provided by operating activities	$109.7	$105.1
Purchases of capital assets	(27.1)	(32.3)
Free cash flow	$82.6	$72.8