Investor Presentation
Cautionary Statement Regarding Forward-Looking Information

Any statements made in this presentation that do not relate to historical or current facts constitute forward-looking statements. These statements include statements regarding the Company’s potential financial performance for the 2018 fiscal year, estimates, projections, the expected length of contract terms, statements relating to the Company’s business plans, objectives and expected operating results, statements relating to potential new contracts or renewals, statements relating to the Company’s expected effective tax rate and the potential effect of tax law changes, statements relating to possible future dividends and share repurchases, and other possible future events, including potential acquisitions, and the assumptions upon which those statements are based. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements, including regional or national business, political, economic, competitive, social and market conditions, including various termination rights of the Company and its partners, the ability of the Company to renew existing contracts—in whole or in part, and to sign contracts with new federal, state, and local government agencies, the Company’s ability to identify and acquire suitable acquisition candidates and to successfully integrate any acquired businesses, as well as possible data security incidents. Any statements regarding our expected effective tax rate for 2018 reflect provisional amounts subject to adjustment during the one-year measurement period permitted under applicable law. You should not rely on any forward-looking statement as a prediction or guarantee about the future. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the sections titled “Risk Factors” and “Cautions About Forward-Looking Statements” of the Company’s most recent Forms 10-K and 10-Q filed with the SEC. These filings are available at the SEC’s web site at www.sec.gov. Any forward-looking statements made in this presentation speak only as of the date this presentation was created. Except as may be required by applicable law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.
OUR MISSION

NIC makes government interactions more accessible for everyone through technology.

- Today NIC partners with 6,000 federal, state, and local government agencies.
- Headquartered in Greater Kansas City, NIC employs 950+ nationwide.

(pictured left to right)

HARRY HERINGTON
Chief Executive Officer & Chairman of the Board
(with NIC since 1995)

ROBERT KNAPP
Chief Operating Officer
(with NIC since 1999)

JAYNE FRIEDLAND HOLLAND
Chief Security Officer
(with NIC since 2005)

STEVE KOVZAN
Chief Financial Officer
(with NIC since 1999)
# NIC PARTNERSHIPS

<table>
<thead>
<tr>
<th>GOVERNMENT PARTNERS</th>
<th>YEAR OF EXPIRATION OR MANDATORY CONTRACT REBID</th>
<th>YEAR SERVICES COMMENCED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>2027</td>
<td>2017</td>
</tr>
<tr>
<td>Indiana</td>
<td>2025</td>
<td>1995</td>
</tr>
<tr>
<td>West Virginia</td>
<td>2024</td>
<td>2007</td>
</tr>
<tr>
<td>Colorado</td>
<td>2023</td>
<td>2005</td>
</tr>
<tr>
<td>Virginia (multiple agencies)</td>
<td>2023</td>
<td>1997</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>2023</td>
<td>2013</td>
</tr>
<tr>
<td>Alabama</td>
<td>2022</td>
<td>2002</td>
</tr>
<tr>
<td>New Jersey</td>
<td>2022</td>
<td>2009</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2022</td>
<td>2012</td>
</tr>
<tr>
<td>Kansas</td>
<td>2022</td>
<td>1992</td>
</tr>
<tr>
<td>Oregon</td>
<td>2021</td>
<td>2011</td>
</tr>
<tr>
<td>Mississippi</td>
<td>2021</td>
<td>2011</td>
</tr>
<tr>
<td>Nebraska</td>
<td>2021</td>
<td>1995</td>
</tr>
<tr>
<td>South Carolina</td>
<td>2021</td>
<td>2005</td>
</tr>
<tr>
<td>Connecticut</td>
<td>2020</td>
<td>2014</td>
</tr>
<tr>
<td>Kentucky</td>
<td>2020</td>
<td>2003</td>
</tr>
<tr>
<td>Louisiana</td>
<td>2020</td>
<td>2015</td>
</tr>
<tr>
<td>Montana</td>
<td>2020</td>
<td>2001</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>2020</td>
<td>2001</td>
</tr>
<tr>
<td>Hawaii</td>
<td>2019</td>
<td>2000</td>
</tr>
<tr>
<td>Maryland</td>
<td>2019</td>
<td>2011</td>
</tr>
<tr>
<td>Utah</td>
<td>2019</td>
<td>1999</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>2019</td>
<td>2001</td>
</tr>
<tr>
<td>Vermont</td>
<td>2019</td>
<td>2006</td>
</tr>
<tr>
<td>Arkansas</td>
<td>2018</td>
<td>1997</td>
</tr>
<tr>
<td>Federal (DOT/FMCSA)</td>
<td>2018</td>
<td>2009</td>
</tr>
<tr>
<td>Maine</td>
<td>2018</td>
<td>1999</td>
</tr>
<tr>
<td>New Mexico (MVD)</td>
<td>2018</td>
<td>2009</td>
</tr>
<tr>
<td>Texas</td>
<td>2018*</td>
<td>2009</td>
</tr>
<tr>
<td>Idaho</td>
<td>2018</td>
<td>2000</td>
</tr>
</tbody>
</table>

Long-term contracts provide high revenue and operational visibility, with average partner tenure of 14 years.

FEDERAL PARTNERS
- DOT/FMCSA
- Library of Congress
- Department of Interior
- USDA

Enterprise-Wide Partner States
Non-Enterprise Partnerships
Payment Service Partners
PORTALS & SUBSIDIARIES
FLEXIBLE FUNDING

NIC works with government on flexible funding solutions for digital government programs.

NIC takes a flexible approach to funding digital government solutions. While most enterprise partnerships are funded through a transaction-based funding model, others are funded through fixed fees or a hybrid of fixed fees and transaction-based funding.

NIC’s transaction-based funding model does not require appropriated tax dollar funding.

NIC makes up-front investment and funds ongoing operation and capital costs.

It is a transaction-based, population-driven model. For a select number of services, users pay a minimal fee in return for real-time, online efficiencies.

Efficiency fees provide recurring, annuity-like revenues – do not have to win back services year after year.
NIC has conducted two research studies to determine the cost avoidance states enjoy when using NIC’s transaction-based, enterprise model to fund digital government. The first study was conducted by the University of Utah in 2012 and the second by the University of Southern Maine in 2017.

**MODEL PROVIDES COST-AVOIDANCE**

- **$13**
  - Per transaction saved in Utah when placing services online vs. offline

- **$61M**
  - State of Utah cost avoidance over 5 years

- **85%**
  - Of Utah businesses believe a robust Utah.gov drives a pro-business perception

- **$36-44M**
  - State of Maine cost avoidance over 5 years
NIC DELIVERS VALUE

DEDICATED, LOCAL TEAM in capital city

ENTERPRISE-WIDE APPROACH supports all agencies by pooling efficiency fees

Focus on our partners’ customers – DELIVERING DIGITAL GOVERNMENT SOLUTIONS to citizens and businesses

INDUSTRY-LEADING payment processing – More than $21 billion processed securely on behalf of government partners in 2017

Centralized SECURITY team provides PCI-DSS compliance, helps keep services and systems secure, and monitors for vulnerabilities and threats

CENTRALIZED TECHNOLOGY supports comprehensive vertical solutions, as well as key systems, such as the Company’s payment engine.

INNOVATION is in our DNA. We pair private sector creativity with a deep understanding of how government works

MARKETING SERVICES help drive adoption

Partners benefit from a NATIONWIDE SUPPORT STRUCTURE of best practices, code reuse, and collaboration

A FLEXIBLE FUNDING MODEL provides for the development of digital government solutions, as well as the continuous investment for ongoing security, customer service support, and maintenance
VERTICAL FOCUS

Investments in the business help NIC pursue new growth strategies.

Over the years, NIC has developed several custom solutions in the areas of outdoor recreation, healthcare, and licensing and permitting. Our vertical focus allows us to pull together these custom solutions into comprehensive systems, breaking down agency barriers and fostering inter-agency collaboration.

OUTDOOR RECREATION
- State campground reservations
- Hunt and fish licensing
- YourPassNow digital park entrance passes

HEALTHCARE
- Vital records (birth and death certificates)
- Prescription drug monitoring/opioid management systems

ENTERPRISE LICENSING AND PERMITTING
- Cloud-based platform using configurable microservices
- Deploying in Illinois
Both Inc. magazine and CNN Money have reported that NIC serves as the “R&D shop” for government.

We drive innovation and help government harness the latest technology to deliver efficient government interactions.

This includes launching:

- The first official government mobile app for the iPhone (2007)
- Virtual capitol tours using Google Cardboard (2015)
- The first state government “skills” for Amazon Echo and Google Home (2016)
What if you could interact with government using any device? What if you no longer had to navigate a variety of government jurisdictions and agency websites or mobile apps?

Today, that is possible with Gov2Go.

Gov2Go is the nation’s first personal assistant for government that brings together all interactions with all levels of government in one citizen-centric platform.

It learns about your interactions with government.

It tracks those interactions throughout the year.

It notifies you with timely alerts when renewals and payments are due.

It completes transactions with one-click payments.
GOV2GO IS AVAILABLE FOR USE IN ALL 50 STATES.

ARKANSAS WAS THE FIRST STATE TO ADOPT GOV2GO.

- Custom solutions deployed in 7 states with approximately 11 more to join by the end of 2018.
- Winner of several national awards, including NASCIO’s State IT Recognition Award, StateScoop 50: Innovation of the Year, ACT-IAC Igniting Innovation Award, and NASS’s IDEAS Award

THIS CLOUD-BASED PLATFORM INCLUDES THE FOLLOWING CORE SERVICES THAT STATES CAN DEPLOY QUICKLY:

- vehicle registration
- recreational licensing and permitting
- election registration and polling
- business filings and franchise tax payments
NIC’S BUSINESS CYCLE: ENTERPRISE CONTRACTS

1. RFP & CONTRACT AWARD
   - Dedicated national sales team
   - Identify champion: Governor, Chief of Staff, CIO
   - 18-24 month process to state issuing RFP
   - Multi-year base contract term with renewals is typical

2. LAUNCH
   - Establish dedicated team in capital city
   - Significant intellectual property value brought into states
   - Modest up-front investment per portal typically $500K-$1M – payback usually within 12 months

3. FOUNDATIONAL FUNDING SERVICE
   - Driver history record (DHR) service used primarily by insurance companies to set premiums is single largest revenue-generating service in most states
   - Serves as foundational funding source for enterprise-wide services in most states
   - ‘Go live’ typically 3-6 months after state contract is secured

4. INTERACTIVE GOVERNMENT SERVICES = GROWTH
   - Hundreds of business-to-government services other than driver history records (IGS)
   - Business applications: (~70% of revenue, including DHRs) banking & legal, licensed professionals, limited criminal histories, various tax filings
   - Citizen applications: (~30% of revenue) vehicle registrations, hunting & fishing licenses, vital records (birth & death certificates), various tax filings
   - Continuous investment into digital government and portal
FINANCIAL METRICS: NIC CORE BUSINESS

$0.50 // per capita of revenue from foundational funding service

30% // gross margins in first year of revenue

8%+ // annual same-state revenue growth goal by launching new digital government services

40% // gross margin goal over time

PORTAL LAUNCH & GROWTH

- Initial service priced to cover fixed costs plus profit
- New digital government services drive revenue and margin growth

TYPES OF PORTAL REVENUE

- **Interactive Government Services** // Hundreds of services, excluding driver history records, transaction-based/recurring, 10%+ growth goal, ~62% of portal revenue in 2017
- **Driver History Records** // Transaction-based/recurring, flat/low growth, ~33% of portal revenue in 2017
- **Fixed Fees** // Recurring portal management fee arrangement in IN, ~2% of portal revenue in 2017
- **Software Development** // Project-based fees paid by states, non-recurring, ~3% of portal revenue in 2017
NIC GROWTH DRIVERS

State

NEW SERVICES
• Organic, same-state growth driven by new services and increased adoption of existing services
• Includes emerging technology, mobile innovation, plus county and local services

NEW PARTNERS
• Goal of adding one or more states per year

Federal

• Dedicated business development team in Washington, D.C.
• Transaction-based, no-cost funding of Pre-Employment Screening Program for U.S. Department of Transportation Federal Motor Carrier Safety Administration
• YourPassNow digital park entrance passes provided at select locations in partnership with Department of Interior National Park Service and U.S. Department of Agriculture U.S. Forest Service
• Solutions also developed for Library of Congress, Federal Bureau of Investigation.
NIC DELIVERS CONSISTENT GROWTH

TOTAL REVENUES ($M)

2018 Total Revenue Guidance Range = $333.0M – $343.0M

EARNINGS PER SHARE

2018 Earnings Per Share Guidance Range = $0.75 – $0.79

* 2016 includes certain discrete and non-recurring income tax adjustments that increased EPS by $0.08 for the year
CAPITAL ALLOCATION

High returns on invested capital, strong cash flow, and a debt-free balance sheet provide significant financial flexibility.

$280M in special dividends paid 2007 - 2016

Authorization of $25M stock buyback program in 2018

• Flexibility to make opportunistic share repurchases at highly attractive prices, should circumstances warrant

Initiation of regular quarterly cash dividend in 2017

• $0.32/share annualized dividend ($21.5M)

• First quarterly dividend of $0.08/share ($5.3M) paid in March 2017

• ~42% net income payout ratio in 2017

• Maintain financial flexibility and option to pay occasional special dividends or repurchase shares with surplus cash

Approximately 66.3M diluted shares outstanding in 2017

Proactive acquisition approach

• Focus on federal, state, and local verticals, and complimentary businesses that fit strategically, culturally, and financially with NIC.
IN SUMMARY

NIC IS DIGITAL GOVERNMENT // we created it, and we lead the industry

UNIQUE FOCUS // deliver efficiencies and convenience to our government partners’ customers

TRANSACTION-FUNDED BUSINESS MODEL // no tax appropriated dollars required

CONSISTENCY & VISIBILITY // high quality, recurring revenues and organic growth secured by long-term contracts

A LARGE ADDRESSABLE STATE MARKET // also focused on expanding our federal government presence

STRONG CASH FLOW GENERATION // a commitment of returning capital to stockholders
NIC FOUNDING PRINCIPLES

To be the best partner government has ever had.

To be the best place employees have ever worked.

To be the best investment stockholders have ever made.

STEVE KOVZAN // Chief Financial Officer
913.754.7007 | stevek@egov.com

ANGELA DAVIED // Vice President, Corporate Communications
913.754.7054 | adavied@egov.com