CAUTIONARY STATEMENTS 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 2019 fiscal year or future fiscal years, 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, 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. These risks include 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. 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 included in this presentation speak only as of the date of this release. 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.

Non-GAAP Measures
In addition to the results presented in accordance with U.S. GAAP, the Company presents non-GAAP financial measures, such as adjusted EBITDA and adjusted EBITDA margin. Adjusted EBITDA is defined as net income excluding interest, income tax expense, depreciation & amortization, stock-based compensation and other significant non-operating or non-recurring items that are considered expenses or income under U.S. GAAP. Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues. These measures should be used in addition to, and not as a substitute for, revenues, operating income, operating income margin, net income, earnings per share or other measures of profitability, liquidity or other performance measures computed in accordance with U.S. GAAP. We believe the presentation of adjusted EBITDA and adjusted EBITDA margin is useful to investors and other users as these measures represent key supplemental information to compare and evaluate our core underlying business results over time and with other companies. The non-GAAP measures used by the Company may not be comparable to similarly titled non-GAAP measures used by other companies. The Summary P&L schedule in this presentation provides a full reconciliation of these non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures. Adjusted EBITDA and adjusted EBITDA margin represent performance measures and are not intended to represent liquidity measures.
INVESTOR HIGHLIGHTS

1. Leading provider of digital government solutions
2. Large, compelling addressable market
3. Deeply embedded solutions drive strong, predictable growth
4. Unique revenue model (transactional / payments)
5. Strong cash generator & history of returning capital to stockholders
LEADING PROVIDER OF DIGITAL GOVERNMENT SOLUTIONS

Since 1992, we have focused on leveraging the latest technology to make government more accessible for businesses and citizens.

- **Easy**
- **Efficient**
- **Personalized**
- **Secure**
- **Cost effective for all**

26 State Enterprise Partners

6,000 Federal, State & Local Agency Partners

$19B+ Payments Securely Processed in 2018

$345M 2018 Revenue

900+ Employees Nationwide

*NIC is Digital Government – We Created It, and We Lead the Industry*
HIGHLY ACCOMPLISHED EXECUTIVE TEAM

Harry Herington
Chief Executive Officer & Chairman of the Board
Years at NIC: 20+

Recognition:

Steve Kovzan
Chief Financial Officer
Years at NIC: 19

Recognition:

Jayne Friedland Holland
Chief Security Officer
Years at NIC: 14

Recognition:

Doug Rogers
Senior Vice President of Business Development
Years at NIC: 1 (Industry Experience: 16)

Bill Van Asselt
General Counsel
Years at NIC: 8

Brian Anderson
Chief Technology Officer
Joined NIC: April 2019
**COMPELLING MARKET DYNAMICS AND OPPORTUNITY**

Convergence of major market drivers is fueling demand for NIC’s digital government solutions

- Bipartisan support for serving constituents better
- Need for modernization
- Proven cost-savings of digital government
- Younger, tech-savvy workforce

**Government Dynamics**

**Enabling Technology**

**Constituent Expectations**

- SaaS solutions/platforms
- Ubiquitous mobile computing
- Chat bots
- Cloud innovation
- Security

- Private-sector like user experiences
- Efficiency & transparency
- Personalized service
- Mobile
- 24 x 7 access to government
CONSTITUENT-CENTRIC DIGITAL GOVERNMENT SOLUTIONS

NIC works with its government partners to design, build, manage and enhance comprehensive digital government solutions that deliver compelling value to constituents.

70% of State Enterprise Revenues = Business Services | 30% of Portal Revenues = Citizen Services

Civic Engagement

Government Information, Filings & Records

Government Interactions: Licensing / Permitting / Registering / Renewing / Filing

Business Solutions | Motor Vehicles | Taxes | Outdoor Recreation | Court / Police / Corrections | Healthcare

Government Payments

Secretary of State | Department of Motor Vehicles | Department of Revenue | Department of Natural Resources | Department of Justice | Department of Health

Self-Service

gov2go = NIC’s single cross-jurisdiction / cross agency mobile platform for citizens to interact with government.
### DEPTH OF OFFERINGS

**NIC’s comprehensive suite of solutions = mission-critical for government and its constituents**

<table>
<thead>
<tr>
<th>Business Solutions</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and site locators</td>
<td>• Building registrations / renewals</td>
<td>• UCC filings</td>
<td>• Registration / renewal payments</td>
</tr>
<tr>
<td>UCC searches</td>
<td>• Professional licensing / permitting</td>
<td>• Tax filings</td>
<td>• Licensing / permitting / filing fees</td>
</tr>
<tr>
<td>Licensed professional database</td>
<td>• Annual reports</td>
<td>• Tax filings</td>
<td>• Tax payments</td>
</tr>
<tr>
<td>Business request forms</td>
<td>• Insurance requirements</td>
<td>• Building registrations / renewals</td>
<td>• UCC filings</td>
</tr>
<tr>
<td>Insurance requirements</td>
<td>• Professional licensing / permitting</td>
<td>• Annual reports</td>
<td>• Tax filings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Motor Vehicles</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver history records</td>
<td>• License renewals</td>
<td>• Vehicle registration / renewals</td>
<td>• Vehicle registration / renewals</td>
</tr>
<tr>
<td>Title database</td>
<td>• Address changes</td>
<td>• Temporary tags / permits</td>
<td>• Vehicle registration / renewals</td>
</tr>
<tr>
<td>Accident reports</td>
<td>• Motor vehicle inspections</td>
<td>• Professional licensing / permitting</td>
<td>• Vehicle inspections</td>
</tr>
<tr>
<td>Safety education</td>
<td>• Pre-employment screening</td>
<td>• Income tax filings</td>
<td>• Vehicle registration / renewals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
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<tbody>
<tr>
<td>Tax forms</td>
<td>• Income tax filings</td>
<td>• Income tax payments</td>
<td>• Income tax payments</td>
</tr>
<tr>
<td>Publications / guidelines</td>
<td>• Property tax filings</td>
<td>• Property tax payments</td>
<td>• Property tax payments</td>
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<tr>
<td>Refund status</td>
<td>• Tax forms</td>
<td>• Income tax payments</td>
<td>• Property tax payments</td>
</tr>
<tr>
<td>Taxpayer education</td>
<td>• Publications / guidelines</td>
<td>• Income tax payments</td>
<td>• Property tax payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outdoor Recreation</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wildlife management</td>
<td>• Hunting &amp; fishing licensing / permitting</td>
<td>• License / permit payments</td>
<td>• License / permit payments</td>
</tr>
<tr>
<td>Safety education</td>
<td>• Campground reservations</td>
<td>• Campground reservation payments</td>
<td>• Campground reservation payments</td>
</tr>
<tr>
<td></td>
<td>• Digital park passes</td>
<td>• Park entrance fees</td>
<td>• Park entrance fees</td>
</tr>
<tr>
<td></td>
<td>• RV / boat registrations</td>
<td>• RV registration payments</td>
<td>• RV registration payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Court / Police / Corrections</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal history records</td>
<td>• Professional licensing</td>
<td>• Ticket / fine payments</td>
<td>• Ticket / fine payments</td>
</tr>
<tr>
<td>Criminal registries</td>
<td>• Inmate communication</td>
<td>• Child support payments</td>
<td>• Child support payments</td>
</tr>
<tr>
<td>Court records</td>
<td>• Crime tips / reporting</td>
<td>• License payments</td>
<td>• License payments</td>
</tr>
<tr>
<td>Inmate information</td>
<td>• Court filings</td>
<td>• Inmate commissary payments</td>
<td>• Inmate commissary payments</td>
</tr>
<tr>
<td>Jury duty</td>
<td>• Inmate information</td>
<td>• Inmate commissary payments</td>
<td>• Inmate commissary payments</td>
</tr>
<tr>
<td>Safety education</td>
<td>• Court records</td>
<td>• Inmate commissary payments</td>
<td>• Inmate commissary payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth / marriage / death certificates</td>
<td>• Will registry</td>
<td>• Convenience fees</td>
<td>• Convenience fees</td>
</tr>
<tr>
<td>Cannabis regulation</td>
<td>• Occupational licensing</td>
<td>• Cannabis regulatory payments</td>
<td>• Cannabis regulatory payments</td>
</tr>
<tr>
<td>Prescription drug monitoring</td>
<td>• Cannabis licensing / permitting</td>
<td>• License / permit payments</td>
<td>• License / permit payments</td>
</tr>
</tbody>
</table>

Note: solutions are representative.
# FLEXIBLE TECHNOLOGY INFRASTRUCTURE & ROBUST SECURITY

<table>
<thead>
<tr>
<th>State Hosted / State Data Centers</th>
<th>NIC Hosted / State Data Centers</th>
<th>NIC Hosted / NIC Private Cloud</th>
<th>Public Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>• State hosted infrastructure located within the State capital</td>
<td>• NIC hosted in-state infrastructure located within the State capital</td>
<td>• Two centrally-located NIC leased data centers</td>
<td>• Select platforms and back-up solutions are hosted in the cloud</td>
</tr>
<tr>
<td>• NIC provides digital gov’t services on top of state infrastructure - control for state government</td>
<td>• Certain states are sensitive to utilizing out-of-state infrastructure</td>
<td>• Fully hosted digital gov’t services – segmented for high security</td>
<td>• PaaS innovative tools to enhance services (Power BI, translation)</td>
</tr>
</tbody>
</table>

*Data privacy and security is a core competency and competitive advantage*
NATIONAL PARTNER FOOTPRINT

STATE PARTNERS

FEDERAL PARTNERS

Enterprise-wide partner states
Non-enterprise agency partnerships
Vertical solution partners

Department of Transportation
Department of the Interior
Department of Agriculture
Library of Congress
ENTERPRISE-WIDE PARTNERSHIPS: A HIGHLY DIFFERENTIATED MODEL

Unique Approach to Working With Governments

- Dedicated local teams with entrepreneurial DNA
- Broad contract vehicles
- Enterprise-wide support for all agencies
- Governor / CIO relationships
- Sustainable funding / recession-resistant
- Cost avoidance

Service Design & Best Practices

- Needs assessment – constituent
- Needs assessment - agency
- Workflow and user experience
- Cross-agency applications
- Best practices & pricing models
- Marketing
- User adoption strategies

Leverageable Technology Expertise

- Nationwide support structure
  - Collaboration among partner states
  - Massive services database
  - Centralized back office services
- Data privacy & security expertise
- Payments expertise
- Data center & cloud hosting
- Emerging technologies

NIC partner states = every first place winner of the Government Experience / Best of the Web awards and 93% of the top 5 since 2014(1)

Company Awards

---

(1) Source: Center for Digital Government; “Best of the Web Awards” were replaced by “Government Experience Awards” in 2017.
FLEXIBLE CONTRACT VEHICLES

Enterprise-wide state contracts provide flexibility to pursue wide range of opportunities

Master Enterprise Contract

- A contract vehicle for state-wide engagement -- any agency may directly engage NIC and avoid burdensome procurement / RFP
- Authorizes NIC to develop and operate wide range of digital government solutions -- typically includes counties and cities
- Multi-year term with renewal options
- Ability to leverage strategic alliance partners

Agency Statements of Work (SOW)

- Agency-specific digital government solutions
- Governed by terms of Master Enterprise Contract
- Establishes pricing of transaction-based services
BROAD PORTFOLIO OF EXPANDING ENTERPRISE RELATIONSHIPS

Large opportunity to sell solutions through flexible state contract vehicles

*2019E represents high end of annual revenue guidance range
**Non-enterprise agency partnership
A HIGHLY COMPELLING FUNDING MODEL FOR GOVERNMENT

NIC pioneered the transaction-based enterprise model to allow states to deploy the broadest array of digital governments solutions in a highly cost-effective manner.

**TRANSACTION-BASED MODEL**

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

**GOVERNMENT VALUE PROPOSITION**

- Transaction-based, population-driven funding model does not require appropriated tax dollar funding
- NIC makes up-front investment and funds ongoing operations and capital costs - significant cost avoidance for government
- Enables partners to accelerate digital transformation of government
- For select solutions, users pay modest transaction fee in return for real-time online efficiencies
- Transaction fees provide recurring, annuity-like revenues & sustainable funding
- Enterprise-wide approach enables NIC to provide solutions to all agencies by pooling transaction fees

**FLEXIBLE FUNDING SOLUTIONS**

- While most enterprise partnerships are funded by transaction fees, others are funded by fixed fees or a hybrid of fixed fees and transaction fees.

**TYPICAL ECONOMIC STRUCTURE POST CONTRACT AWARD**

- Establish dedicated team in capital city – modest up front investment (historically ~$0.5M - $1M)
- ~30% // operating margins in first year of revenue – driver history records (DHR) are foundational funding in most states
- 8%+ // average annual same-state revenue growth by launching new interactive government services (IGS) and increasing penetration among constituent base
- ~40% // operating margin goal over time
CASE STUDIES: UNIQUE FUNDING MODEL

States have realized significant cost avoidance and societal benefits when using NIC’s transaction-based, enterprise model to fund digital government.

**UTAH (1)**
- Proactively developing new online solutions to meet the demands of both citizens and businesses in Utah since 1999
- Utah.gov currently offers over 1,000 online solutions
- Utah avoided significant costs by utilizing NIC’s self-funded model to provide solutions online

$61M
State of Utah Cost Avoidance from Only 9 High-Volume Services

$13.20
Per Transaction Saved When Providing Services Online vs. Offline

**MAINE (2)**
- Facilitated Maine’s transition to digital government in 1999 and continue to partner with the state on digital government initiatives
- Maine.gov currently offers 150+ online government solutions with interactive features
- Since the implementation of digital government, Maine has avoided significant costs and experienced an increase in constituent engagement

$36M - $44M
State of Maine Cost Avoidance

400+
State Agencies and Municipal Governments Served

---

(1) Study conducted by University of Utah. Cost avoidance covered period from 2008-2012.
(2) Study conducted by University of Southern Maine. Cost avoidance covered period from 2011-2015.
PLATFORM SOLUTIONS

Agency-specific vertical solutions delivered as comprehensive, scalable platforms, providing new channels for growth and partner satisfaction.

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

HEALTHCARE
- Prescription drug monitoring (PDMP) systems — RxGov
- Vital records (birth, death, marriage certificates)

LICENSING & PERMITTING
- Cannabis / hemp, other highly regulated industries — NIC Licensing Solutions
- Enterprise cloud-based platform using configurable microservices — deploying in Illinois

PAYMENT SOLUTIONS
- Comprehensive suite of secure payment solutions
  - Payment engine / gateway, common checkout, over-the-counter / on-the-go payments
- Reporting / reconciliation & disbursement functionality built exclusively for government
HEALTHCARE PLATFORM - RXGOV

A re-imagined, industry-leading PDMP solution to help government combat the opioid crisis

• State-of-the-art prescription drug monitoring program (“PDMP”) software platform acquired for ~$7.0M in 2018.
• 49 states, D.C., and Guam have laws mandating a PDMP system; 40+ states have mandatory query laws requiring healthcare providers access PDMP data.
• Leverages best practices from NIC’s PDMP solutions, including the flagship ePDMP in Wisconsin.
• Early momentum, with two RxGov contract awards (MD, NE) since acquisition.

• Addresses common frustrations with existing systems:
  - “Black box of data”
  - Expensive to make changes
  - Easy integration with electronic health record (EHR) systems
  - Lack of alternatives in the marketplace

RXGOV DELIVERS

✓ **Data Transparency** – complete end-to-end traceability with no data loss within hospital EHRs and pharmacy point-of-sale solutions

✓ **Unique Patient-Matching Algorithm** – through machine learning, the system matches a patient’s full name, nicknames, maiden name, etc. into a single patient record to prevent doctor shopping

✓ **Seamless Integration with EHRs** – no need for users to log into separate web portal

✓ **Completely Cloud-Based Platform as a Service** – repeatable implementations, yet customizable to meet specific government needs. Using the Microsoft Azure cloud environment, offers infinite scalability and optimal service availability

ADDRESSABLE MARKET

• **State Agencies**: Multiple NIC partner states have PDMP contracts up for renewal within the next 3 years; several states considering system enhancements
  – Federal Centers for Medicare and Medicaid Services recently issued a 90/10 federal match fund to help states develop/enhance/replace PDMP systems

• **Hospitals & Healthcare Providers**: subscribe to receive data directly in EHR; ~4,000 non-federal, acute care hospitals in U.S.
LICENSING PLATFORM (COMPLIA ACQUISITION) — NIC LICENSING SOLUTIONS

Expanding NIC’s expertise in government licensing for highly regulated industries

In May 2019, NIC acquired Denver-based Complia, one of the only U.S. companies specializing in government licensing for the cannabis and hemp industries.

Purchase price: $10.0M cash; potential earnout based on new contract wins over next three years

Focused on three primary aspects of cannabis licensing:
- business licensing
- patient and caregiver registrations
- employee credentialing

KEY BENEFITS

- Greatly enhances the breadth of NIC’s licensing and permitting expertise
- Flexible platform — NIC will invest in the platform to serve other highly regulated industries.
- Highly scalable, Platform as a Service solution for rapid deployment
- Designed to integrate seamlessly with third-party, seed-to-sale platforms
- Proven, seamless integration with NIC’s payment processing engine in four NIC partner states: MD, MT, OK and RI
- Early momentum, securing new contract (WV) since acquisition

ADDRESSABLE MARKET

- 33 states currently have legalized medical marijuana
  — 18 are NIC government partners
- 11 states have legalized both medical and recreational marijuana

33 states currently have legalized medical marijuana
— 18 are NIC government partners
11 states have legalized both medical and recreational marijuana
GROWTH OPPORTUNITIES

SOURCES OF GROWTH

- Increased digital transaction penetration of businesses and citizens within existing enterprise states
  - Expand marketing, user adoption strategies
- Continued ramp of existing digital platforms and point solutions:
  - Healthcare
  - Outdoor recreation
  - Licensing & permitting
  - Payments
  - Federal
  - Digital government assistant: Gov2Go
- Leverage 26 enterprise-wide contracts to shorten platform sales cycle

- Add new states
- Sell existing platforms to non-NIC enterprise states
- Build new platforms focused on serving adjacent or new sub-sectors

Acquisitions
- Opportunistic consolidator in large and highly fragmented government software, services and payments market
- Expand in new and existing sectors
FINANCIAL SUMMARY – HISTORICAL REVENUE TRENDS

**TOTAL REVENUES**

($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007A</td>
<td>$86</td>
</tr>
<tr>
<td>2008A</td>
<td>$101</td>
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<tr>
<td>2009A</td>
<td>$133</td>
</tr>
<tr>
<td>2010A</td>
<td>$162</td>
</tr>
<tr>
<td>2011A</td>
<td>$181</td>
</tr>
<tr>
<td>2012A</td>
<td>$210</td>
</tr>
<tr>
<td>2013A</td>
<td>$249</td>
</tr>
<tr>
<td>2014A</td>
<td>$272</td>
</tr>
<tr>
<td>2015A</td>
<td>$292</td>
</tr>
<tr>
<td>2016A</td>
<td>$318</td>
</tr>
<tr>
<td>2017A</td>
<td>$337</td>
</tr>
<tr>
<td>2018A</td>
<td>$345</td>
</tr>
</tbody>
</table>

**SAME STATE ENTERPRISE REVENUE GROWTH: RECESSSION-RESISTANT**

- **2007–2018 Median: 9%**
- **2008–2012 Median: 10%**

**RECURRING % OF STATE ENTERPRISE REVENUES**

- **2007–2018 Median: 9%**

**COMMENTARY**

- Transaction fees have provided recurring, annuity–like revenue streams
- Government-related transactions are generally not discretionary, which results in consistent, strong revenue growth
- Same state revenue growth has been consistently high single-digit
- Significant opportunities to provide additional solutions and platforms to agencies within existing contract base
- Recession-resistant – demonstrated the ability to generate highly attractive growth rates through the Great Recession (2008-2012)
- Recurring revenues have steadily increased over the long-term
FINANCIAL SUMMARY – REVENUE MODEL

TOTAL REVENUE COMPOSITION DETAIL

<table>
<thead>
<tr>
<th>$ Millions</th>
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</thead>
<tbody>
<tr>
<td>$292</td>
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REVENUE MODEL

- **Software & Services**
  - Federal: primarily transaction-based fees; limited portion from fixed fee and time & materials services
  - Other transaction-based agency solutions in non-NIC enterprise states

- **Other – State Enterprise**
  - Fixed fee management services for Indiana; generally recurring
  - Development services: application development projects and other time & materials services; generally non-recurring

- **Driver History Records (DHR) – State Enterprise**
  - Transaction-based solution; generally recurring

- **Interactive Government Services (IGS) - State Enterprise**
  - Transaction-based solutions (excluding DHR); generally recurring

*Transaction-based revenue is reported gross of interchange & related fees*
## SUMMARY P&L

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>State Enterprise Revenues</strong></td>
<td>$273.5</td>
<td>$297.0</td>
<td>$311.4</td>
<td>$320.6</td>
<td>$320.5</td>
</tr>
<tr>
<td>% Growth</td>
<td>6.9%</td>
<td>8.6%</td>
<td>4.8%</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Software &amp; Services Revenues</strong></td>
<td>18.9</td>
<td>20.9</td>
<td>25.2</td>
<td>24.3</td>
<td>32.0</td>
</tr>
<tr>
<td>% Growth</td>
<td>15.4%</td>
<td>10.8%</td>
<td>20.3%</td>
<td>(3.4%)</td>
<td>31.7%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$292.4</td>
<td>$317.9</td>
<td>$336.5</td>
<td>$344.9</td>
<td>$352.5</td>
</tr>
<tr>
<td>% Growth</td>
<td>7.5%</td>
<td>8.7%</td>
<td>5.8%</td>
<td>2.5%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

| **Gross Profit**     | $118.8 | $131.7 | $136.0 | $140.5 |
| % Margin             | 40.6%  | 41.4%  | 40.4%  | 40.7%  |
| **Adj. EBITDA**      | $82.1  | $90.6  | $90.7  | $90.6  |
| % Margin             | 28.1%  | 28.5%  | 27.0%  | 26.3%  |
| **Operating Income** | $67.3  | $77.9  | $78.3  | $75.2  |
| % Margin             | 23.0%  | 24.5%  | 23.3%  | 21.8%  |
| **Net Income**       | $42.0  | $55.8  | $51.6  | $58.4  |
| % Growth             | 7.5%   | 33.0%  | (7.6%) | 13.1%  |
| % Margin             | 14.4%  | 17.6%  | 15.3%  | 16.9%  |
| **EPS**              | $0.64  | $0.85  | $0.78  | $0.87  | $0.73  |
| % Growth             | 8.7%   | 32.3%  | (8.0%) | 11.5%  | (16.1%) |

(1) Adjusted EBITDA Bridge

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$42.0</td>
<td>$55.8</td>
<td>$51.6</td>
<td>$58.4</td>
<td></td>
</tr>
<tr>
<td>Phis: Income tax expense</td>
<td>25.3</td>
<td>22.0</td>
<td>26.7</td>
<td>17.4</td>
<td></td>
</tr>
<tr>
<td>Less: Interest income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Phis: Depreciation &amp; amortization</td>
<td>8.4</td>
<td>6.7</td>
<td>6.9</td>
<td>9.1</td>
<td></td>
</tr>
<tr>
<td>Phis: Stock-based compensation</td>
<td>6.4</td>
<td>6.0</td>
<td>5.5</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>$82.1</td>
<td>$90.6</td>
<td>$90.7</td>
<td>$90.6</td>
<td></td>
</tr>
</tbody>
</table>

*2019E represents high end of annual guidance range

2016 includes certain discrete/non-recurring income tax adjustments that increased net income by $5.1M and EPS by $0.08 for the year.
**CAPITAL ALLOCATION**

Strong, consistent cash flow and debt-free balance sheet provide significant financial flexibility

<table>
<thead>
<tr>
<th>SELECT BALANCE SHEET ITEMS AS OF JUNE 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓  <del>$187M of cash (</del>$90 of which is surplus cash)</td>
</tr>
<tr>
<td>✓  No debt</td>
</tr>
<tr>
<td>✓  ~67M shares outstanding</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REGULAR QUARTERLY CASH DIVIDEND</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓  Quarterly dividend of $0.08/share (~$5.4M)</td>
</tr>
<tr>
<td>✓  $0.32/share annualized (~$21.5M)</td>
</tr>
<tr>
<td>✓  ~43% net income payout ratio for 2018</td>
</tr>
<tr>
<td>✓  Maintain financial flexibility and option to pay occasional special dividend or repurchase shares with surplus cash</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STOCK BUYBACK PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓  $25M authorized</td>
</tr>
<tr>
<td>✓  Flexibility to make opportunistic share repurchases at highly attractive prices should circumstances warrant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROACTIVE ACQUISITION APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓  Federal, state and local businesses that fit strategically, culturally and financially with NIC and focus on constituent-centric digital government solutions</td>
</tr>
</tbody>
</table>
IN SUMMARY

Leading provider of digital government solutions

Strong cash generator & history of returning capital to stockholders

Large, compelling addressable market

Unique revenue model (transactional / payments)

Deeply embedded solutions drive strong, predictable growth

STEVE KOVZAN // Chief Financial Officer
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