Leading digital government
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, 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 “Caution 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 release 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.

This presentation includes the presentation of Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles and may exclude items that are significant in understanding and assessing our financial results. Therefore, this measure should not be considered in isolation or as an alternative to operating income, net income, cash flows from operations, earnings per share or other measures of profitability, liquidity or performance under generally accepted accounting principles. We believe our presentation of Adjusted EBITDA 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. You should be aware that this presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. A reconciliation of this measure to the most comparable measures presented in accordance with generally accepted accounting principles has been included in this presentation.
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.

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)
Recognition:

Bill Van Asselt
General Counsel
Years at NIC: 8
Recognition:
COMPELLING MARKET DYNAMICS AND OPPORTUNITY

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

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

Enabling Technology
- SaaS solutions
- Platforms
- Cloud infrastructure
- Ubiquitous mobile computing
- Security

Constituent Expectations
- 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.

- **Constituents**
- **Digital Government Solutions**
- **Agencies**
- **Delivery Methods**

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

**Civic Engagement**
- Government Information, Filings & Records
- Government Interactions: Licensing / Permitting / Registering / Renewing / Filing

**Government Payments**
- Business Solutions
- Motor Vehicles
- Taxes
- Outdoor Recreation
- Court / Police / Corrections
- Healthcare

**Self-Service**
- Secretary of State
- Department of Motor Vehicles
- Department of Revenue
- Department of Natural Resources
- Department of Justice
- Department of Health

**Over the Counter / Point of Sale**

gov2go = NIC’s single cross-jurisdiction / cross agency 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>Information</th>
<th>Interactions</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Solutions</strong></td>
<td><strong>Motor Vehicles</strong></td>
<td><strong>Taxes</strong></td>
</tr>
<tr>
<td>Buildings and site locators</td>
<td>Driver history records</td>
<td>Tax forms</td>
</tr>
<tr>
<td>UCC searches</td>
<td>Title database</td>
<td>Publications / guidelines</td>
</tr>
<tr>
<td>Licensed professional database</td>
<td>Accident reports</td>
<td>Refund status</td>
</tr>
<tr>
<td>Business request forms</td>
<td>Safety education</td>
<td>Taxpayer education</td>
</tr>
<tr>
<td>Insurance requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>License renewals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vehicle registration / renewals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Address changes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Temporary tags / permits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Motor vehicle inspections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-employment screening</td>
</tr>
<tr>
<td></td>
<td></td>
<td>License renewals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vehicle registration / renewals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vehicle inspections</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td><strong>Outdoor Recreation</strong></td>
<td><strong>Court / Police / Corrections</strong></td>
</tr>
<tr>
<td>Tax forms</td>
<td>Wildlife management</td>
<td>Criminal history records</td>
</tr>
<tr>
<td>Publications / guidelines</td>
<td>Safety education</td>
<td>Criminal registries</td>
</tr>
<tr>
<td>Refund status</td>
<td></td>
<td>Court records</td>
</tr>
<tr>
<td>Taxpayer education</td>
<td></td>
<td>Inmate information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jury duty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Safety education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outdoor Recreation</strong></td>
<td><strong>Court / Police / Corrections</strong></td>
<td><strong>Healthcare</strong></td>
</tr>
<tr>
<td>Wildlife management</td>
<td>Hunting &amp; fishing licensing / permitting</td>
<td>Birth / marriage / death certificates</td>
</tr>
<tr>
<td>Safety education</td>
<td>Campground reservations</td>
<td>Cannabis regulation</td>
</tr>
<tr>
<td></td>
<td>Digital park passes</td>
<td>Prescription drug monitoring</td>
</tr>
<tr>
<td></td>
<td>RV / boat registrations</td>
<td>Will registry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Occupational licensing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cannabis licensing / permitting</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>License / permit payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Campground reservation payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Park entrance fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RV registration payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>License payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child support payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inmate payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inmate commissary payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Convenience fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cannabis regulatory payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>License / permit payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subscription fees</td>
</tr>
</tbody>
</table>

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

State Hosted / State Data Centers
- State hosted infrastructure located within the State capital
- NIC provides digital gov’t services on top of state infrastructure - control for state government

NIC Hosted / NIC Private Cloud
- NIC hosted in-state infrastructure located within the State capital
- Certain states are sensitive to utilizing out-of-state infrastructure
- Two centrally-located NIC leased data centers
- Fully hosted digital gov’t services – segmented for high security

Public Cloud
- Select platforms and back-up solutions are hosted in the cloud
- PaaS innovative tools to enhance services (Power BI, translation)

Data privacy and security is a core competency and competitive advantage

Nationally Recognized Security Expertise

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES
PCI | National Governors Association
FISMA | Fusion Center
NATIONAL PARTNER FOOTPRINT

STATE PARTNERS

FEDERAL PARTNERS

- Department of Transportation
- Department of the Interior
- Department of Agriculture
- Library of Congress

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

Long-term contracts = high operational & revenue visibility

Historical same-state revenue growth: 8%+ (2018: 9%, 2019E*: 10%)

- **20+ years**
  - KS
  - NE
  - IN
  - AR
  - VA**

- **10-20 years**
  - ME
  - UT
  - ID
  - HI
  - MT
  - OK
  - RI
  - AL
  - KY
  - SC
  - CO
  - VT
  - WV

- **<10 years**
  - NJ
  - MS
  - MD
  - OR
  - PA
  - WI
  - CT
  - LA
  - NM**

*2019E represents high end of annual financial 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
- 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

**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

**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

**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.
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)

ENTERPRISE LICENSING & PERMITTING
- Cloud-based platform using configurable microservices
- Currently being deployed 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
- 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.
GO-TO-MARKET STRATEGY

Direct Sales
- Enterprise Solutions
- Platform Solutions
- Tailored Agency Solutions

Sales Organization
- General Managers (existing states)
- National State/Federal Sales Teams
- Platform Experts

Process
- Thought Leadership
- Identify Opportunities
- Engage Champions
- Procurement

GOVERNMENT CONTRACTS

Agencies
- Existing State Cross-sell Opportunities
- New State Enterprise Opportunities
- New Federal Opportunities
- Healthcare (RxGov)
- Outdoor Recreation
- Licensing / Permitting
- Payments

Pipeline
- Enterprise/Federal Pipeline
- Platform/Vertical Pipeline
GROWTH OPPORTUNITIES

SOURCES OF GROWTH

Same-State / Existing Contract 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: RxGov
  - Outdoor recreation
  - Payments
  - Licensing & permitting
  - Federal
  - Digital government assistant: Gov2Go
- Leverage 26 enterprise-wide contracts to shorten platform sales cycle

New States, Agencies & Platforms

- 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)

- 2007A: $86
- 2008A: $101
- 2009A: $133
- 2010A: $162
- 2011A: $181
- 2012A: $210
- 2013A: $249
- 2014A: $272
- 2015A: $292
- 2016A: $318
- 2017A: $337
- 2018A: $345

14% CAGR

2007 – 2018 Median: 9%

2008 – 2012 Median: 10%

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>Year</th>
<th>IGS - Portal</th>
<th>DHR - Portal</th>
<th>Other - Portal</th>
<th>Software &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A</td>
<td>53%</td>
<td>55%</td>
<td>57%</td>
<td>7%</td>
</tr>
<tr>
<td>2016A</td>
<td>35%</td>
<td>33%</td>
<td>31%</td>
<td>5%</td>
</tr>
<tr>
<td>2017A</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>2018A</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

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 - Portal**
  - Portal management: fixed fee services for Indiana; generally recurring
  - Portal software development & services: application development projects and other time & materials services; generally non-recurring

- **Driver History Records (DHR) - Portal**
  - Transaction-based solution; generally recurring

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

*Transaction-based revenue is reported gross of interchange & related fees*
**FINANCIAL SUMMARY – REVENUE MODEL TRENDS**

**TOTAL REVENUES**

<table>
<thead>
<tr>
<th>($) millions</th>
<th>IGS - Portal</th>
<th>DHR - Portal</th>
<th>Other - Portal</th>
<th>Software &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A</td>
<td>$155</td>
<td>$105</td>
<td>$102</td>
<td>$19</td>
</tr>
<tr>
<td>2016A</td>
<td>$174</td>
<td>$105</td>
<td>$102</td>
<td>$21</td>
</tr>
<tr>
<td>2017A</td>
<td>$192</td>
<td>$104</td>
<td>$102</td>
<td>$25</td>
</tr>
<tr>
<td>2018A</td>
<td>$203</td>
<td>$100</td>
<td>$102</td>
<td>$24</td>
</tr>
<tr>
<td>2019E*</td>
<td>$207</td>
<td>$100</td>
<td>$102</td>
<td>$29</td>
</tr>
</tbody>
</table>

**COMMENTARY**

- **2019E growth (ex-Texas) = continued same-state penetration; cross-sell new solutions & platforms**

- Flat 2018A growth due to:
  - Transition of legacy Texas contract to new payment services contract on 9/1/18
  - One-time $2.8M spike in 2017 revenues from Senior Park Pass (YourPassNow)
  - Q1 2017 revenues ($1.7M) from legacy Tennessee contract (ended 3/31/2017)

- **2019 total revenue guidance: $333.5 – 342.5M**

*2019E represents high end of annual financial guidance range*
**FINANCIAL SUMMARY – SELECT CASH FLOW & INCOME STATEMENT ITEMS**

### CAPITAL EXPENDITURES & CAPITALIZED SOFTWARE

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditures ($ millions)</th>
<th>Capitalized Software ($ millions)</th>
<th>Technology Acquisition (RxGov) ($ millions)</th>
<th>Total ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A</td>
<td>$4</td>
<td>$1</td>
<td>$1</td>
<td>$6</td>
</tr>
<tr>
<td>2016A</td>
<td>$6</td>
<td>$3</td>
<td>$3</td>
<td>$12</td>
</tr>
<tr>
<td>2017A</td>
<td>$5</td>
<td>$4</td>
<td>$4</td>
<td>$13</td>
</tr>
<tr>
<td>2018A</td>
<td>$5</td>
<td>$5</td>
<td>$3</td>
<td>$13</td>
</tr>
<tr>
<td>2019E*</td>
<td>$8</td>
<td>$5</td>
<td>$3</td>
<td>$16.5</td>
</tr>
</tbody>
</table>

**COMMENTARY**

- 2016A – 2019E increase in capitalized software and related amortization expense due to stepped up investment in enterprise platform solutions

### DEPRECIATION & AMORTIZATION EXPENSE

<table>
<thead>
<tr>
<th>Year</th>
<th>Depreciation ($ millions)</th>
<th>Amortization of purchased Intangibles (RxGov) ($ millions)</th>
<th>Total ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A</td>
<td>$7</td>
<td>$1</td>
<td>$8</td>
</tr>
<tr>
<td>2016A</td>
<td>$5</td>
<td>$1</td>
<td>$6</td>
</tr>
<tr>
<td>2017A</td>
<td>$5</td>
<td>$2</td>
<td>$7</td>
</tr>
<tr>
<td>2018A</td>
<td>$5</td>
<td>$3</td>
<td>$8</td>
</tr>
<tr>
<td>2019E*</td>
<td>$7</td>
<td>$4</td>
<td>$12.5</td>
</tr>
</tbody>
</table>

*2019E represents high end of annual financial guidance range*
## SUMMARY P&L

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Portal Revenue</strong></td>
<td>$273.5</td>
<td>$297.0</td>
<td>$311.4</td>
<td>$320.6</td>
<td>$314.0</td>
</tr>
<tr>
<td><strong>Software &amp; Services Revenue</strong></td>
<td>$18.9</td>
<td>$20.9</td>
<td>$25.2</td>
<td>$24.3</td>
<td>$28.5</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>$342.5</td>
</tr>
<tr>
<td><strong>% Growth</strong></td>
<td>7.5%</td>
<td>8.7%</td>
<td>5.8%</td>
<td>2.5%</td>
<td>(0.7%)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$118.8</td>
<td>$131.7</td>
<td>$136.0</td>
<td>$140.5</td>
<td></td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>40.6%</td>
<td>41.4%</td>
<td>40.4%</td>
<td>40.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong>(1)</td>
<td>$82.1</td>
<td>$90.6</td>
<td>$90.7</td>
<td>$90.6</td>
<td></td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>28.1%</td>
<td>28.5%</td>
<td>27.0%</td>
<td>26.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$67.3</td>
<td>$77.9</td>
<td>$78.3</td>
<td>$75.2</td>
<td></td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>23.0%</td>
<td>24.5%</td>
<td>23.3%</td>
<td>21.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$42.0</td>
<td>$55.8</td>
<td>$51.6</td>
<td>$58.4</td>
<td></td>
</tr>
<tr>
<td><strong>% Growth</strong></td>
<td>7.5%</td>
<td>33.0%</td>
<td>(7.6%)</td>
<td>13.1%</td>
<td></td>
</tr>
<tr>
<td><strong>% Margin</strong></td>
<td>14.4%</td>
<td>17.6%</td>
<td>15.3%</td>
<td>16.9%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$0.64</td>
<td>$0.85</td>
<td>$0.78</td>
<td>$0.87</td>
<td>$0.74</td>
</tr>
<tr>
<td><strong>% Growth</strong></td>
<td>8.7%</td>
<td>32.3%</td>
<td>(8.0%)</td>
<td>11.5%</td>
<td>(14.9%)</td>
</tr>
</tbody>
</table>

(1) Adjusted EBITDA Bridge

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$42.0</td>
<td>$55.8</td>
<td>$51.6</td>
<td>$58.4</td>
<td></td>
</tr>
<tr>
<td><strong>Plus: Income Tax Expense</strong></td>
<td>$25.3</td>
<td>$22.0</td>
<td>$26.7</td>
<td>$17.4</td>
<td></td>
</tr>
<tr>
<td><strong>Less: Interest Income</strong></td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>(0.6)</td>
<td></td>
</tr>
<tr>
<td><strong>Plus: Depreciation &amp; Amortization</strong></td>
<td>$8.4</td>
<td>$6.7</td>
<td>$6.9</td>
<td>$9.1</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$75.7</td>
<td>$84.6</td>
<td>$85.3</td>
<td>$84.3</td>
<td></td>
</tr>
<tr>
<td><strong>Plus: Stock-Based Compensation</strong></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 financial 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

SELECT BALANCE SHEET ITEMS AS OF DECEMBER 31, 2018

- ~$192M of cash (~$100M of which is surplus cash)
- No debt
- ~66.6M shares outstanding

REGULAR QUARTERLY CASH DIVIDEND

- Quarterly dividend of $0.08/share (~$5.4M)
- $0.32/share annualized (~$21.5M)
- ~43% net income payout ratio for 2018
- Maintain financial flexibility and option to pay occasional special dividend or repurchase shares with surplus cash

STOCK BUYBACK PROGRAM

- $25M authorized
- Flexibility to make opportunistic share repurchases at highly attractive prices should circumstances warrant

PROACTIVE ACQUISITION APPROACH

- Federal, state and local businesses that fit strategically, culturally and financially with NIC and focus on constituent-centric digital government solutions
IN SUMMARY

Leading provider of digital government solutions

Unique revenue model (transactional/payments)

Strong cash generator & history of returning capital to stockholders

Deeply embedded solutions drive strong, predictable growth

Large, compelling addressable market

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

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