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 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. Payments integrated with solutions (unique transactional revenue model)
5. Strong cash generator & history of returning capital to stockholders
HIGHLY ACCOMPLISHED EXECUTIVE TEAM

Harry Herington
Chief Executive Officer & Chairman of the Board
Years at NIC: 24
Recognition:

Steve Kovzan
Chief Financial Officer
Years at NIC: 20
Recognition:

Jayne Friedland Holland
Chief Security Officer
Years at NIC: 14
Recognition:

Doug Rogers
Senior Vice President of Business Development
Years at NIC: 2 (Industry Experience: 16)

Bill Van Asselt
General Counsel
Years at NIC: 9
Recognition:

Brian Anderson
Chief Technology Officer
Joined NIC: April 2019
LEADING PROVIDER OF DIGITAL GOVERNMENT SOLUTIONS
We leverage technology to make government more accessible for citizens and businesses

NIC is Digital Government –
We Created It in 1992, and We Lead the Industry Today
CONSTITUENT-CENTRIC DIGITAL GOVERNMENT SOLUTIONS

We work with our government partners to design, build and manage comprehensive digital government solutions that deliver compelling value to constituents.

65% of State Enterprise Revenues = Business Services | 35% of State Enterprise Revenues = Citizen Services

Civic Engagement
Information: Data & Records
Interactions: Licensing / Permitting / Registering / Renewing / Filing
Payments

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

Constituents
Digital Government Solutions
Agencies
Delivery Methods

Self-Service
Over the Counter / Point of Sale

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

Our 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>Business Solutions</td>
<td>• Buildings and site locators</td>
<td>• Building registrations / renewals</td>
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<tr>
<td></td>
<td>• UCC searches</td>
<td>• UCC filings</td>
</tr>
<tr>
<td></td>
<td>• Licensed professional database</td>
<td>• Professional licensing / permitting</td>
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<tr>
<td></td>
<td>• Business request forms</td>
<td>• Annual reports</td>
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<td></td>
<td>• Insurance requirements</td>
<td>• Tax filings</td>
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<td>Motor Vehicles</td>
<td>• Driver history records</td>
<td>• License renewals</td>
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<tr>
<td></td>
<td>• Title database</td>
<td>• Vehicle registration / renewals</td>
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<td></td>
<td>• Accident reports</td>
<td>• Address changes</td>
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<td></td>
<td>• Safety education</td>
<td>• Temporary tags / permits</td>
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<td>• Motor vehicle inspections</td>
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<td>• Tax forms</td>
<td>• Income tax filings</td>
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<td>• Publications / guidelines</td>
<td>• Property tax filings</td>
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<td>• Refund status</td>
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<td>• Taxpayer education</td>
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<td>Outdoor Recreation</td>
<td>• Wildlife management</td>
<td>• Hunting &amp; fishing licensing / permitting</td>
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<td>• Safety education</td>
<td>• Campground reservations</td>
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<td>• Digital park passes</td>
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<td></td>
<td></td>
<td>• RV / boat registrations</td>
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<tr>
<td>Court / Police / Corrections</td>
<td>• Criminal history records</td>
<td>• Professional licensing</td>
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<td></td>
<td>• Criminal registries</td>
<td>• Inmate communication</td>
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<td></td>
<td>• Court records</td>
<td>• Crime tips / reporting</td>
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<tr>
<td></td>
<td>• Inmate information</td>
<td>• Court filings</td>
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<td></td>
<td>• Jury duty</td>
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<td></td>
<td>• Safety education</td>
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<tr>
<td>Healthcare</td>
<td>• Birth / marriage / death certificates</td>
<td>• Will registry</td>
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<td></td>
<td>• Cannabis regulation</td>
<td>• Occupational licensing</td>
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<td></td>
<td>• Prescription drug monitoring</td>
<td>• Cannabis licensing / permitting</td>
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Note: solutions are representative.
NATIONAL PARTNER FOOTPRINT

STATE PARTNERS

Enterprise partner states
Non-enterprise agency partnerships
Vertical solution partners

FEDERAL PARTNERS

Department of Transportation
Department of the Interior
Department of Agriculture
Library of Congress
## Enterprise Partnerships: A Highly Differentiated Model

### Unique Approach to Working With Governments

- Dedicated local teams in capital cities with entrepreneurial DNA
- Flexible contract vehicles
- Services & support for all agencies
- Governor / CIO relationships
- Sustainable funding / recession-resistant
- Cost avoidance

### Service Design & Best Practices

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

### Leverageable Technology Foundation

- Nationwide support structure
  - Partner state collaboration
  - Massive services database
  - Centralized back office services
- Robust payment platform built specifically for government
- Private/public cloud hosting & disaster recovery
- Data privacy & security expertise
- Emerging technologies

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**Each year since 2014, NIC partner states have won **first place** in the Government Experience / Best of the Web awards and won five of the top six spots in 2019**

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

State enterprise 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%, 2019: 10%, 2020E: 8%*)

20+ years
KS NE IN AR VA ME UT

10-20 years
ID HI MT OK RI AL KY SC CO
VT WV NJ

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

*2020E represents high end of annual revenue guidance range
**Non-enterprise agency partnership
A HIGHLY COMPELLING ENTERPRISE FUNDING MODEL FOR GOVERNMENT

We pioneered the enterprise model to allow states to deploy a broad array of digital governments solutions in a highly cost-effective manner.

**TRANSACTION-BASED MODEL**

- 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 government partners to accelerate digital transformation.
- 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**

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**ECONOMIC STRUCTURE POST CONTRACT AWARD**

- Establish dedicated team in capital city.
- Driver history records (DHR): initial foundational funding in most states.
- 8%+ // historical same-state revenue growth by launching new interactive government services (IGS) and increasing penetration among constituent base.
- ~35-40% // operating margin goal over time.

**FLEXIBLE FUNDING SOLUTIONS**

- While most enterprise states are funded by transaction fees, others are funded by a hybrid of fixed fees and transaction fees.
CASE STUDIES: UNIQUE ENTERPRISE FUNDING MODEL

States have realized significant cost avoidance and societal benefits when using our 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

**State of Utah Cost Avoidance from Only 9 High-Volume Services**

**$61M**

**Per Transaction Saved When Providing Services Online vs. Offline**

**$13.20**

**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

**State of Maine Cost Avoidance**

**$36M - $44M**

**State Agencies and Municipal Governments Served**

**400+**

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(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 – NEW CHANNELS FOR GROWTH

We have made significant investments in comprehensive agency-specific vertical solutions that are scalable SaaS platforms, providing new channels for growth and addressing market demand.

OUTDOOR RECREATION
- Hunt / fish licensing, state campground reservations, digital park entrance passes
  - 2019 contract wins in Pennsylvania & Illinois

HEALTHCARE
- Prescription drug monitoring (PDMP) platform — RxGov
  - 2019 contract wins in Maryland & Nebraska

 LICENSING
- Cannabis / hemp, other highly regulated industries – NIC Licensing Solutions
  - 2019 contract win in West Virginia

- Enterprise cloud-based platform using configurable microservices — deployed in Illinois

PAYMENTS
- Comprehensive platform of industry-leading payment solutions built exclusively for government; seamlessly integrated in all NIC enterprise states
- Secure payment engine / gateway, common checkout pages, multiple payment types (debit/credit, ACH, eWallet, recurring/subscriptions) and multiple access channels (mobile, online, kiosk, text/email, IVR, in person/over-the-counter)
HEALTHCARE PLATFORM - RXGOV

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


- 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

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

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 is investing 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 integration with NIC in five NIC partner states: MD, MT, OK, RI and WV
- 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
FLEXIBLE INFRASTRUCTURE HOSTING & 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 / State Data Centers
- NIC hosted infrastructure located within the State capital
- Certain states are sensitive to utilizing out-of-state infrastructure

NIC Hosted / NIC Private Cloud
- 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)

Security and data privacy expertise is a core competency and competitive advantage

Nationally Recognized Security Expertise

Fusion Center
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
- Chat bots
- Cloud innovation
- Security

**Constituent Expectations**
- Private-sector like user experiences
- Personalized service & security
- Mobile first
- 24 x 7 access to government
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
  - Licensing
  - Outdoor recreation
  - Payments
  - Federal
- Leverage 26 enterprise-wide contracts to shorten platform sales cycle

Same-State / Existing Contract Growth

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

New States, Agencies & Platforms

Acquisitions

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

TOTAL REVENUES

($ millions)

SAME STATE ENTERPRISE REVENUE GROWTH: RECESSION-RESISTANT


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

2008 – 2012 Median: 10%

2008 – 2019 Median: 9%

RECURRING % OF STATE ENTERPRISE REVENUES

2008A 92% 2009A 89% 2010A 89% 2011A 91% 2012A 92% 2013A 94% 2014A 95% 2015A 96% 2016A 96% 2017A 97% 2018A 96% 2019A 97%
FINANCIAL SUMMARY – REVENUE MODEL

TOTAL REVENUE COMPOSITION DETAIL

<table>
<thead>
<tr>
<th></th>
<th>2017A</th>
<th>2018A</th>
<th>2019A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ Millions)</td>
<td>($ Millions)</td>
<td>($ Millions)</td>
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<tr>
<td>$337</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
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<tr>
<td>$345</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>$354</td>
<td>31%</td>
<td>29%</td>
<td>26%</td>
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REVENUE MODEL

- **Software & Services**
  - Federal: primarily transaction-based fees; small portion from fixed fee and time & materials services
  - Other agency transaction-based payment solutions in non-NIC enterprise states; also includes healthcare & licensing verticals

- **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

<table>
<thead>
<tr>
<th></th>
<th>2017A</th>
<th>2018A</th>
<th>2019A</th>
<th>2020E*</th>
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<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
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<td>$344.9</td>
<td>$354.2</td>
<td>$391.0</td>
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<td>% Growth</td>
<td>5.8%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>10.4%</td>
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<td><strong>Gross Profit</strong></td>
<td>$136.0</td>
<td>$140.5</td>
<td>$137.1</td>
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<tr>
<td>% Growth</td>
<td>3.3%</td>
<td>3.3%</td>
<td>(2.4%)</td>
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<tr>
<td>% Margin</td>
<td>40.4%</td>
<td>40.7%</td>
<td>38.7%</td>
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<tr>
<td><strong>Adj. EBITDA(1)</strong></td>
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<td>$90.6</td>
<td>$83.3</td>
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<td>% Growth</td>
<td>0.1%</td>
<td>(0.1%)</td>
<td>(8.1%)</td>
<td>11.6%</td>
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<tr>
<td>% Margin</td>
<td>27.0%</td>
<td>26.3%</td>
<td>23.5%</td>
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<td><strong>Operating Income</strong></td>
<td>$78.3</td>
<td>$75.2</td>
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<tr>
<td>% Growth</td>
<td>0.6%</td>
<td>(4.0%)</td>
<td>(17.0%)</td>
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<tr>
<td>% Margin</td>
<td>23.3%</td>
<td>21.8%</td>
<td>17.6%</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>$51.6</td>
<td>$58.4</td>
<td>$50.4</td>
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<tr>
<td>% Growth</td>
<td>(7.6%)</td>
<td>13.1%</td>
<td>(13.7%)</td>
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<tr>
<td>% Margin</td>
<td>15.3%</td>
<td>16.9%</td>
<td>14.2%</td>
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<tr>
<td><strong>EPS</strong></td>
<td>$0.78</td>
<td>$0.87</td>
<td>$0.75</td>
<td>$0.81</td>
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<tr>
<td>% Growth</td>
<td>(8.0%)</td>
<td>11.5%</td>
<td>(13.8%)</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

(1) Adjusted EBITDA Bridge

- Net Income: $51.6, $58.4, $50.4
- Plus: Income tax expense: $26.7, 17.4, 14.5
- Less: Interest income: -0.6, (0.6), (2.5)
- Plus: Depreciation & amortization: 6.9, 9.1, 12.6
- Plus: Stock-based compensation: 5.5, 6.3, 6.8
- Plus: Executive severance: -, -1.5

**Adjusted EBITDA**: $90.7, $90.6, $83.3

*2020E represents high end of annual guidance range*
CAPITAL ALLOCATION

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

SELECT BALANCE SHEET ITEMS AS OF DECEMBER 31, 2019

- ~$214M of cash (~$125M of which is surplus cash)
- No debt
- ~67M shares outstanding

REGULAR QUARTERLY CASH DIVIDEND

- Raised quarterly dividend in Q1 2020 to $0.09/share, a 12.5% increase; $0.36/share annualized (~$24.4M)
- ~45% net income payout ratio for 2020
- Maintain financial flexibility and option to make acquisitions, pay occasional special dividends 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

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

Payments integrated with solutions (unique transactional revenue model)

Strong cash generator & history of returning capital to stockholders

Leading provider of digital government solutions

Large, compelling addressable market

Deeply embedded solutions drive strong, predictable growth

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