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 often address the Company’s potential financial performance for the 2020 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, statements related to the ongoing effects of the COVID-19 pandemic is expected to have on the Company’s business and financial results, including statements relating to the duration, profitability and unsatisfied performance obligations of the Company’s COVID-19 testing solution, 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 impact of potential information technology, cybersecurity or data security breaches or incidents, the Company’s ability to identify and acquire suitable acquisition candidates and to successfully integrate any acquired businesses, and the effects the COVID-19 pandemic may have on continued demand for and profitability of the Company’s services, including the Company’s COVID-19 testing solution, as well as its government agency partners, its workforce and the broader economy. 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 subsequent reports 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 presentation. 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 for historical periods. 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 LEADERSHIP TEAM

Harry Herington
Chief Executive Officer & Chairman of the Board
Years at NIC: 25
Recognition:

Steve Kovzan
Chief Financial Officer
Years at NIC: 21
Recognition:

Jayne Friedland Holland
Chief Security Officer
Years at NIC: 15
Recognition:

Brian Anderson
Chief Technology Officer
Joined NIC: April 2019
Recognition:

Bill Van Asselt
General Counsel
Years at NIC: 10

Doug Rogers
Senior VP of Business Development
Years at NIC: 3 (Industry Experience: 17)
Recognition:

Liz Thomas
Chief of Staff
Years at NIC: 8

Elizabeth Proudfit
Senior VP of Marketing & Communications
Years at NIC: 20
LEADING PROVIDER OF DIGITAL GOVERNMENT SOLUTIONS

We leverage technology to make government more accessible for citizens and businesses

Easy  Efficient  Personalized  Secure  Cost effective for all

28 State Enterprise Partners

7,000 Federal, State & Local Agency Partners

$22B Payments Securely Processed in 2019

$354M 2019 Revenue

900+ Employees Nationwide

**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

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

Self-Service

.gov | .gov | GO | amazon alexa

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><strong>Business Solutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Buildings and site locators</td>
<td>• Building registrations / renewals</td>
<td>• Registration / renewal payments</td>
</tr>
<tr>
<td>• UCC searches</td>
<td>• UCC filings</td>
<td>• Licensing / permitting / filing fees</td>
</tr>
<tr>
<td>• Licensed professional database</td>
<td>• Professional licensing / permitting</td>
<td>• Tax payments</td>
</tr>
<tr>
<td>• Business request forms</td>
<td>• Annual reports</td>
<td></td>
</tr>
<tr>
<td>• Insurance requirements</td>
<td>• Tax filings</td>
<td></td>
</tr>
<tr>
<td><strong>Motor Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Driver history records</td>
<td>• License renewals</td>
<td>• License renewals</td>
</tr>
<tr>
<td>• Title database</td>
<td>• Vehicle registration / renewals</td>
<td>• Vehicle registration / renewals</td>
</tr>
<tr>
<td>• Accident reports</td>
<td>• Address changes</td>
<td>• Vehicle inspections</td>
</tr>
<tr>
<td>• Safety education</td>
<td>• Temporary tags / permits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Motor vehicle inspections</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pre-employment screening</td>
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</tr>
<tr>
<td><strong>Taxes</strong></td>
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</tr>
<tr>
<td>• Tax forms</td>
<td>• Income tax filings</td>
<td>• Income tax payments</td>
</tr>
<tr>
<td>• Publications / guidelines</td>
<td>• Property tax filings</td>
<td>• Property tax payments</td>
</tr>
<tr>
<td>• Refund status</td>
<td></td>
<td></td>
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<tr>
<td>• Taxpayer education</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outdoor Recreation</strong></td>
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<td></td>
</tr>
<tr>
<td>• Wildlife management</td>
<td>• Hunting &amp; fishing licensing / permitting</td>
<td>• License / permit payments</td>
</tr>
<tr>
<td>• Safety education</td>
<td>• Campground reservations</td>
<td>• Campground reservation payments</td>
</tr>
<tr>
<td></td>
<td>• Digital park passes</td>
<td>• Park entrance fees</td>
</tr>
<tr>
<td></td>
<td>• RV / boat registrations</td>
<td>• RV registration payments</td>
</tr>
<tr>
<td><strong>Court / Police / Corrections</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Criminal history records</td>
<td>• Professional licensing</td>
<td>• Ticket / fine payments</td>
</tr>
<tr>
<td>• Criminal registries</td>
<td>• Inmate communication</td>
<td>• Child support payments</td>
</tr>
<tr>
<td>• Court records</td>
<td>• Crime tips / reporting</td>
<td>• License payments</td>
</tr>
<tr>
<td>• Inmate information</td>
<td>• Court filings</td>
<td>• Inmate commissary payments</td>
</tr>
<tr>
<td>• Jury duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Safety education</td>
<td></td>
<td></td>
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<tr>
<td><strong>Healthcare</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Birth / marriage / death certificates</td>
<td>• Will registry</td>
<td>• Convenience fees</td>
</tr>
<tr>
<td>• Cannabis regulation</td>
<td>• Occupational licensing</td>
<td>• Cannabis regulatory payments</td>
</tr>
<tr>
<td>• Prescription drug monitoring</td>
<td>• Cannabis licensing / permitting</td>
<td>• License / permit payments</td>
</tr>
</tbody>
</table>

Note: solutions are representative.
NATIONAL PARTNER FOOTPRINT

STATE PARTNERS

FEDERAL PARTNERS

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

Enterprise partner states
Non-enterprise agency partnerships
Enterprise payment partner states

Outdoor recreation vertical partner
Payments vertical partner
Licensing vertical partner
Healthcare vertical partner
# State 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

---

**Each year since 2014, NIC partner states have won first place in the Overall State Government Experience awards and won 8 of the top 11 spots in 2020**

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(1) Source: Center for Digital Government; “Best of the Web Awards” were replaced by “Overall State Government Experience Awards” in 2017.
FLEXIBLE STATE 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 STATE 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%+

- 20+ years: KS, NE, IN, AR, VA, ME, UT, ID, HI
- 10-20 years: MT, OK, RI, AL, KY, SC, CO, VT, WV
- <10 years: NJ, NM*

*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**

- 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 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

**ECONOMIC STRUCTURE POST CONTRACT AWARD**

- Dedicated team established 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 primarily by transaction fees, certain others are funded by a hybrid of fixed fees and transaction fees.
CASE STUDIES: UNIQUE STATE ENTERPRISE FUNDING MODEL

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

**UTAH**<sup>(1)</sup>

- 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**<sup>(2)</sup>

- 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

---

<sup>(1)</sup> Study conducted by University of Utah. Cost avoidance covered period from 2008-2012.

<sup>(2)</sup> 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, campground reservations, park entrance passes (various solutions in 14 states)
  - 2019 contract awards in Pennsylvania & Illinois

HEALTHCARE
- Prescription drug monitoring (PDMP) platform — RxGov
  - 2019 contract awards in Maryland & Nebraska; 2020 contract award in Maine

/licensing
- Cannabis / hemp, other highly regulated industries – NIC Licensing Solutions
  - 2019 contract awards in West Virginia & Missouri
- 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)
  - 2020 contract award for statewide payment processing in Florida
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 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 three RxGov contract awards (MD, NE, ME) 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 with PDMP contracts up for renewal in coming years; several states considering system enhancements
  – Federal Centers for Medicare and Medicaid Services 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 in NIC partner states: MD, MT, OK, RI and WV
✓ Early momentum, securing new contracts (WV, MO) since acquisition

ADDRESSABLE MARKET

34 states currently have legalized medical marijuana
— 18 are NIC government partners
11 states have legalized both medical and recreational marijuana
RAPID COVID-19 TESTING SOLUTION

NIC, Impact Health and NEXT Marketing have partnered to provide a rapid COVID-19 testing solution.

Flexible and secure deployments tailored to meet specific requirements and be fully functional in a matter of days.

- Scalable to provide COVID-19 testing in communities of all sizes across the country.
- Testing experience across states, universities and correctional facilities.
- Leverages Gov2Go, NIC’s citizen-centric mobile platform and personal government assistant, for citizen engagement, assessment, scheduling and test reporting purposes.
- Testing services provided to states of Florida and South Carolina, Alabama Department of Corrections and University of Mississippi, with over 120,000 tests performed since August 2020.
- Approved testing vendor in Missouri, Nevada and Utah

- Assessment and engagement
- On-demand scheduling and notifications
- Testing and clinical resources
- State and federal health systems integration
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

- CSIS Center for Strategic & International Studies
- PCI Security Standards Council
- NGA National Geospatial-Intelligence Agency
- FISMA
- U.S. Department of Homeland Security
- Fusion Center
Convergence of major market drivers is fueling demand for NIC’s digital government solutions

- Bipartisan support for serving constituents better
- Need for modernization
- Younger, tech-savvy workforce
- Proven cost-savings of digital government to help alleviate pandemic-driven budget constraints

- SaaS solutions/platforms
- Chat bots
- Cloud innovation
- Security

- Private-sector like user experiences
- Personalized service & security
- Mobile first
- Demand for 24 x 7 online access to government prompted by pandemic
GO-GO-MARKET STRATEGY

Direct Sales

Enterprise Solutions

Platform Solutions

Tailored Agency Solutions

General Managers (enterprise states)

National State / Federal Sales Teams

Platform Experts

Thought Leadership

Identify Opportunities

Engage Champions

Procurement

GOVERNMENT CONTRACTS

Agencies

Existing State Cross-sell Opportunities

New State Enterprise Opportunities

New Federal Opportunities

Healthcare

Licensing

Outdoor Recreation

Payments

Sales Organization

Process

Pipeline

Enterprise/Federal 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
  - Licensing
  - Outdoor recreation
  - Payments
  - Federal
- Leverage 28 state enterprise 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
**FINANCIAL SUMMARY – HISTORICAL REVENUE TRENDS**

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

**TOTAL REVENUES**

($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A</td>
<td>$101</td>
</tr>
<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>$211</td>
</tr>
<tr>
<td>2013A</td>
<td>$249</td>
</tr>
<tr>
<td>2014A</td>
<td>$272</td>
</tr>
<tr>
<td>2015A</td>
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</tr>
<tr>
<td>2016A</td>
<td>$318</td>
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<td>2017A</td>
<td>$337</td>
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<tr>
<td>2018A</td>
<td>$345</td>
</tr>
<tr>
<td>2019A</td>
<td>$354</td>
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</table>

**RECURRING % OF STATE ENTERPRISE REVENUES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurring %</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>12%</td>
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<tr>
<td>2010</td>
<td>8%</td>
</tr>
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<td>2011</td>
<td>9%</td>
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<td>2012</td>
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<tr>
<td>2016</td>
<td>9%</td>
</tr>
<tr>
<td>2017</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>9%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
</tr>
</tbody>
</table>

**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

($ Millions)

2017A

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2017A</th>
<th>2018A</th>
<th>2019A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software &amp; Services</td>
<td>57%</td>
<td>59%</td>
<td>61%</td>
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<tr>
<td>Federal</td>
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<td></td>
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<tr>
<td>Federal: primarily transaction-based fees; small portion from fixed fee and time &amp; materials services</td>
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<td></td>
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<tr>
<td>Other</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Other agency transaction-based payment solutions in non-NIC enterprise states; also includes healthcare &amp; licensing verticals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other – State Enterprise</td>
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<td></td>
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</tr>
<tr>
<td>Fixed fee management services for Indiana; generally recurring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development services: application development projects and other time &amp; materials services; generally non-recurring</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Driver History Records (DHR) – State Enterprise</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transaction-based solution; generally recurring</td>
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<td></td>
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</tr>
<tr>
<td>Interactive Government Services (IGS) – State Enterprise</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Transaction-based solutions (excluding DHR); generally recurring</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>❖ Transaction-based revenue is reported gross of interchange &amp; related fees</td>
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<td></td>
</tr>
</tbody>
</table>

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

($ millions, except EPS)

<table>
<thead>
<tr>
<th></th>
<th>2017A</th>
<th>2018A</th>
<th>2019A</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$336.5</td>
<td>$344.9</td>
<td>$354.2</td>
<td>$391.0</td>
</tr>
<tr>
<td>% Growth</td>
<td>5.8%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$136.0</td>
<td>$140.5</td>
<td>$137.1</td>
<td></td>
</tr>
<tr>
<td>% Growth</td>
<td>3.3%</td>
<td>3.3%</td>
<td>(2.4%)</td>
<td></td>
</tr>
<tr>
<td>% Margin</td>
<td>40.4%</td>
<td>40.7%</td>
<td>38.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$90.7</td>
<td>$90.6</td>
<td>$83.3</td>
<td>$93.0</td>
</tr>
<tr>
<td>% Growth</td>
<td>0.1%</td>
<td>(0.1%)</td>
<td>(8.1%)</td>
<td>11.6%</td>
</tr>
<tr>
<td>% Margin</td>
<td>27.0%</td>
<td>26.3%</td>
<td>23.5%</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$78.3</td>
<td>$75.2</td>
<td>$62.4</td>
<td></td>
</tr>
<tr>
<td>% Growth</td>
<td>0.6%</td>
<td>(4.0%)</td>
<td>(17.0%)</td>
<td></td>
</tr>
<tr>
<td>% Margin</td>
<td>23.3%</td>
<td>21.8%</td>
<td>17.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$51.6</td>
<td>$58.4</td>
<td>$50.4</td>
<td></td>
</tr>
<tr>
<td>% Growth</td>
<td>(7.6%)</td>
<td>13.1%</td>
<td>(13.7%)</td>
<td></td>
</tr>
<tr>
<td>% Margin</td>
<td>15.3%</td>
<td>16.9%</td>
<td>14.2%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$0.78</td>
<td>$0.87</td>
<td>$0.75</td>
<td>$0.81</td>
</tr>
<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

<table>
<thead>
<tr>
<th></th>
<th>2017A</th>
<th>2018A</th>
<th>2019A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$51.6</td>
<td>$58.4</td>
<td>$50.4</td>
</tr>
<tr>
<td>Plus: Income tax expense</td>
<td>26.7</td>
<td>17.4</td>
<td>14.5</td>
</tr>
<tr>
<td>Less: Interest income</td>
<td>-</td>
<td>(0.6)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Plus: Depreciation &amp; amortization</td>
<td>6.9</td>
<td>9.1</td>
<td>12.6</td>
</tr>
<tr>
<td>Plus: Stock-based compensation</td>
<td>5.5</td>
<td>6.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Plus: Executive severance</td>
<td>-</td>
<td>-</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$90.7</td>
<td>$90.6</td>
<td>$83.3</td>
</tr>
</tbody>
</table>

*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 SEPTEMBER 30, 2020

✓ ~$235M of cash (~half 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 (~$24.5M)
✓ >40% 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

✓ ~$21M remaining under $25M authorized program
✓ ~$4M shares repurchased in March 2020
✓ 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