

Enclosed is a press release announcing the
fourth quarter and calendar year 2021 results for:



A conference call to discuss these results is scheduled for
tomorrow, February 9, 2022,
at 11:00 a.m. (Eastern Time)

The numbers to call for this teleconference are:

US: 844-200-6205

Int'l: 929-526-1955

Access code for both: 788460

PLAYBACK:

If you are unable to participate in the call, a playback will be
available until Thursday, February 10, 2022.

To listen to that playback, please call one of the numbers below:

US: 866-813-9403

Int'l: +44-204-525-0658

Access code for both: 114292

A live simulcast, as well as a 30-day replay of the conference call, will
be available over the Internet at

<https://events.q4inc.com/attendee/203117621>

(If you do not wish to continue receiving these notices, please contact National Research Corporation at 402-475-2525.)



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Chief Financial Officer
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NATIONAL RESEARCH CORPORATION ANNOUNCES FOURTH QUARTER AND CALENDAR YEAR 2021 RESULTS

LINCOLN, Nebraska (February 8, 2022) — National Research Corporation (NASDAQ:NRC) today announced results for the fourth quarter of 2021.

Q4 2021 financial results compared to Q4 2020:

- Revenue increased 10% to \$38.3 million
- Operating Income increased 26% to \$12.9 million
- Operating Income margin increased to 34% of revenue, up from 29%

Calendar year 2021 results compared to 2020:

- Revenue increased 11% to \$148.0 million
- Operating Income increased 18% to \$50.3 million
- Operating Income margin increased to 34% of revenue, up from 32%

In commenting on events at year-end, Michael Hays, Chief Executive Officer, said “I’m pleased to announce the launch of NRC’s Health’s Human Understanding Program as a major extension to our offerings. Our Human Understanding Program enables health systems to deliver personalized care at scale, resulting in each patient being treated as a unique person, a long sought-after outcome. As part of the Program’s launch, we benchmarked the extent to which care is being personalized at every major healthcare organization in the 200 largest U.S. markets. This study documented patients being treated as unique reported an amazingly high Net Promotor Score of 82, while patients not treated as such resulted in an extremely low Net Promotor Score of negative 50.”

In closing, Mr. Hays offered an invitation to join the upcoming earnings call to learn more about the Human Understanding Program’s launch.

Regarding the Company’s fourth quarter financial performance, Kevin Karas, Chief Financial Officer, said, “We are pleased with our solid fourth-quarter results and the continuation of our strong performance for this year. Our growth strategy continues to focus on organic growth levers of increasing revenue from our core offerings, including our new Human Understanding Program, within our existing client base, as well as adding new clients to increase

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market share. As a result, we continued to achieve double-digit revenue and operating income growth rates, as well as continued margin expansion. We also utilized our strong cash flow from operations to continue our quarterly dividend and fund share repurchases in the fourth quarter.”

Revenue for the quarter ended December 31, 2021, was \$38.3 million, compared to \$34.8 million for the same quarter in 2020. Net income for the quarter ended December 31, 2021, was \$9.6 million, compared to \$8.2 million for the quarter ended December 31, 2020.

Diluted earnings per share increased to \$0.38 for the quarter ended December 31, 2021, from diluted earnings per share of \$0.32 for the quarter ended December 31, 2020.

For calendar year 2021, revenue increased by 11% to \$148.0 million, compared to \$133.3 million in 2020. Operating income in 2021 increased by 18%, from \$42.7 million in 2020 to \$50.3 million in 2021. Diluted earnings per share increased to \$1.46 for the year ended December 31, 2021, from diluted earnings per share of \$1.45 for the year ended December 31, 2020.

Cash Flow from Operations was \$46.3 million up from \$40.6 million, leaving us with a Net Cash position (Cash minus Notes Payable) of \$27.8 million, up from \$4.1 million at year end 2020.

A live simulcast of National Research Corporation’s 2021 fourth quarter and year-end conference call will be available online at <https://events.q4inc.com/attendee/203117621> on February 9, 2022, beginning at 11:00 a.m. Eastern time. The online replay will follow approximately one hour later and continue for 30 days.

For more than 40 years, National Research Corporation has been a leading provider of analytics and insights that facilitate measurement and improvement to increase patient engagement and customer loyalty for healthcare providers, payers and other healthcare organizations in the United States and Canada. Our purpose is to enable human understanding by helping our clients to understand what matters most to each person that they serve.

This press release contains certain statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are subject to the safe harbor created by those sections and the Private Securities Litigation Reform Act of 1995, as amended. Such statements may be identified by their use of terms or phrases such as “believes,” “expect,” derivations thereof, and similar terms and phrases. Forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified,

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which could cause future events and actual results to differ materially from those set forth in, contemplated by, or underlying the forward-looking statements, including those risks and uncertainties as set forth in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2020 and various disclosures in our press releases, stockholder reports, and other filings with the Securities and Exchange Commission. We disclaim any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

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NATIONAL RESEARCH CORPORATION AND SUBSIDIARY

Unaudited Condensed Consolidated Statements of Income

(In thousands, except per share data)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|------------------------------------|-----------------|-------------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | \$ 38,298 | \$ 34,774 | \$ 147,954 | \$ 133,277 |
| Insurance Recoveries | - | - | - | 533 |
| Operating expenses: | | | | |
| Direct expenses | 14,167 | 12,818 | 52,350 | 49,187 |
| Selling, general and administrative | 9,901 | 8,887 | 38,960 | 34,441 |
| Depreciation and amortization | <u>1,357</u> | <u>2,882</u> | <u>6,374</u> | <u>7,505</u> |
| Total operating expenses | <u>25,425</u> | <u>24,587</u> | <u>97,684</u> | <u>91,133</u> |
| Operating income | 12,873 | 10,187 | 50,270 | 42,677 |
| Other income (expense): | | | | |
| Interest income | 4 | 3 | 14 | 18 |
| Interest expense | (399) | (447) | (1,667) | (1,813) |
| Other, net | <u>13</u> | <u>131</u> | <u>4</u> | <u>585</u> |
| Total other expense | <u>(382)</u> | <u>(313)</u> | <u>(1,649)</u> | <u>(1,210)</u> |
| Income before income taxes | 12,491 | 9,874 | 48,621 | 41,467 |
| Provision for income taxes | <u>2,858</u> | <u>1,662</u> | <u>11,155</u> | <u>4,207</u> |
| Net income | <u>\$ 9,633</u> | <u>\$ 8,212</u> | <u>\$ 37,466</u> | <u>\$ 37,260</u> |
| Earnings Per Share of Common Stock: | | | | |
| Basic Earnings Per Share | <u>\$ 0.38</u> | <u>\$ 0.32</u> | <u>\$ 1.47</u> | <u>\$ 1.48</u> |
| Diluted Earnings Per Share | <u>\$ 0.38</u> | <u>\$ 0.32</u> | <u>\$ 1.46</u> | <u>\$ 1.45</u> |
| Weighted average shares and share equivalents outstanding | | | | |
| Basic | <u>25,419</u> | <u>25,337</u> | <u>25,422</u> | <u>25,170</u> |
| Diluted | <u>25,597</u> | <u>25,684</u> | <u>25,640</u> | <u>25,696</u> |

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NATIONAL RESEARCH CORPORATION AND SUBSIDIARY

Unaudited Condensed Consolidated Balance Sheets

(Dollars in thousands, except share amounts and par value)

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|------------------------------|------------------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,361 | \$ 34,690 |
| Accounts receivable, net | 13,728 | 13,923 |
| Income taxes receivable | 752 | 1,235 |
| Other current assets | 4,866 | 4,264 |
| Total current assets | <u>73,707</u> | <u>54,112</u> |
| Property and equipment, net | 12,391 | 11,726 |
| Goodwill | 61,614 | 57,255 |
| Other, net | 9,828 | 10,330 |
| Total assets | <u>\$ 157,540</u> | <u>\$ 133,423</u> |
| <u>Liabilities and Shareholders' Equity</u> | | |
| Current liabilities: | | |
| Current portion of notes payable, net unamortized debt issuance costs | \$ 4,278 | \$ 4,061 |
| Accounts payable and accrued expenses | 7,393 | 4,279 |
| Accrued compensation | 7,139 | 6,460 |
| Deferred revenue | 17,213 | 15,585 |
| Other current liabilities | 1,321 | 1,296 |
| Dividends payable | 3,044 | -- |
| Total current liabilities | <u>40,388</u> | <u>31,681</u> |
| Notes payable, net of current portion and unamortized debt issuance costs | 22,269 | 26,547 |
| Other non-current liabilities | 9,546 | 10,880 |
| Total liabilities | <u>72,203</u> | <u>69,108</u> |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value, authorized 2,000,000 shares, none issued | -- | -- |
| Common stock, \$0.001 par value; authorized 110,000,000 shares in 2021 and 60,000,000 shares in 2020, issued 30,898,600 in 2021 and 30,775,154 in 2020, outstanding 25,361,409 in 2021 and 25,390,968 in 2020 | 31 | 31 |
| Additional paid-in capital | 173,942 | 171,785 |
| Retained earnings (accumulated deficit) | (36,112) | (61,375) |
| Accumulated other comprehensive loss, foreign currency translation adjustment | (2,375) | (2,399) |
| Treasury stock | (50,149) | (43,727) |
| Total shareholders' equity | <u>85,337</u> | <u>64,315</u> |
| Total liabilities and shareholders' equity | <u>\$ 157,540</u> | <u>\$ 133,423</u> |