

Enclosed is a press release announcing the  
2019 second quarter results for:



A conference call to discuss these results is scheduled for  
*tomorrow, Wednesday, August 7, 2019,*  
at 11:00 a.m. (Eastern Time)

The number to call for this interactive teleconference is:

**—1-212-231-2910—**

**PLAYBACK:**

If you are unable to participate in the call, a playback will be  
available from 1:00 p.m. Eastern Time on Wednesday, August 7, 2019,  
through 6:00 p.m. Eastern Time on Thursday, August 8, 2019.

To listen to that playback, please call the following number:

**1-800-633-8284—**

The reservation number is: 21926146

A live simulcast, as well as a 30-day replay of the conference call, will  
be available over the Internet at  
<https://edge.media-server.com/mmc/p/vcr2isv8>.



1245 "Q" Street  
Lincoln, NE 68508  
Phone: 402-475-2525  
Fax: 402-475-9061

**Contact: Kevin R. Karas**  
**Chief Financial Officer**  
**402-475-2525**

## **NATIONAL RESEARCH CORPORATION ANNOUNCES SECOND QUARTER 2019 RESULTS**

---

LINCOLN, Nebraska (August 6, 2019) — National Research Corporation (NASDAQ:NRC) today announced results for the second quarter of 2019.

- Net New Sales of \$6.1 million up 14%
- Revenue increased 12% to \$31.4 million
- Operating Income increased 31% to \$10.1 million
- Voice of the Customer (VoC) platform revenue increased by 38%

Commenting on recent performance, Michael D. Hays, chief executive officer of National Research Corporation said, "The Company's performance for the quarter was extremely strong and that momentum continues in the third quarter with the signing of the largest new client contract of the year."

Revenue for the quarter ended June 30, 2019 was \$31.4 million, compared to \$28.0 million for the same quarter in 2018. Net income for the quarter ended June 30, 2019, was \$7.4 million, compared to \$7.9 million for the quarter ended June 30, 2018. Diluted earnings per share increased to \$0.29 for the common stock (formerly Class A) for the quarter ended June 30, 2019, from diluted earnings per share of \$0.28 for Class A shares and \$0.26 for Class B shares for the quarter ended June 30, 2018. Due to the recapitalization transaction on April 17, 2018, income has been allocated to both classes of shares through April 16, 2018, and allocated only to common stock (formerly Class A) after April 16, 2018.

Regarding the Company's second quarter financial performance, Kevin Karas, chief financial officer of National Research Corporation, said, "Our sales performance continues to gain momentum with our total net new sales for the trailing four quarters increasing by over 13% compared to the prior four quarters. The continued focus on adding new customers to the VoC platform solution and driving value for existing customers resulted in an increase in total contract value in the second quarter of 7% over the prior year and expansion of operating income margins to 33% on a year-to-date basis."

## NRC Announces Second Quarter 2019 Results

Page 2

August 6, 2019

A listen-only simulcast of National Research Corporation's 2019 second quarter conference call will be available online at <http://edge.media-server.com/mmc/p/vcr2isv8> on August 7, 2019, 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 38 years, National Research Corporation has been a leading provider of analytics and insights that facilitate measurement and improvement of the patient and employee experience while also increasing patient engagement and customer loyalty for healthcare providers, payers and other healthcare organizations in the United States and Canada. The Company's solutions enable its clients to understand the voice of the customer with greater clarity, immediacy and depth.

This press release includes "forward-looking" statements related to the Company that can generally be identified as describing the Company's future plans, objectives or goals. Such forward-looking statements are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those currently anticipated. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For further information about the factors that could affect the Company's future results, please see the Company's filings with the Securities and Exchange Commission.

-END-

**NATIONAL RESEARCH CORPORATION AND SUBSIDIARY****Unaudited Condensed Consolidated Statements of Income**

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 31,414	\$ 28,017	\$ 62,894	\$ 59,034
Operating expenses:				
Direct expenses	11,506	10,996	23,160	23,160
Selling, general and administrative	8,319	7,940	16,026	15,808
Depreciation and amortization	<u>1,440</u>	<u>1,325</u>	<u>2,855</u>	<u>2,608</u>
Total operating expenses	<u>21,265</u>	<u>20,261</u>	<u>42,041</u>	<u>42,320</u>
Operating income	10,149	7,756	20,853	16,714
Other income (expense):				
Interest income	8	9	14	54
Interest expense	(533)	(439)	(1,103)	(447)
Other, net	<u>(139)</u>	<u>493</u>	<u>(419)</u>	<u>464</u>
Total other income (expense)	<u>(664)</u>	<u>63</u>	<u>(1,508)</u>	<u>71</u>
Income before income taxes	9,485	7,819	19,345	16,785
Provision (benefit) for income taxes	<u>2,092</u>	<u>(129)</u>	<u>3,756</u>	<u>1,531</u>
Net income	<u>\$ 7,393</u>	<u>\$ 7,948</u>	<u>\$ 15,589</u>	<u>\$ 15,254</u>
Earnings Per Share of Common Stock:				
Basic Earnings Per Share:				
Common (formerly Class A)	<u>\$ 0.30</u>	<u>\$ 0.29</u>	<u>\$ 0.63</u>	<u>\$ 0.47</u>
Class B	<u>\$ --</u>	<u>\$ 0.27</u>	<u>\$ --</u>	<u>\$ 1.31</u>
Diluted Earnings Per Share:				
Common (formerly Class A)	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.61</u>	<u>\$ 0.45</u>
Class B	<u>\$ --</u>	<u>\$ 0.26</u>	<u>\$ --</u>	<u>\$ 1.27</u>
Weighted average shares and share equivalents outstanding				
Common (formerly Class A) - basic	<u>24,789</u>	<u>23,957</u>	<u>24,777</u>	<u>22,429</u>
Class B - basic	<u>--</u>	<u>3,527</u>	<u>--</u>	<u>3,527</u>
Common (formerly Class A) - diluted	<u>25,586</u>	<u>24,846</u>	<u>25,549</u>	<u>23,350</u>
Class B - diluted	<u>--</u>	<u>3,620</u>	<u>--</u>	<u>3,628</u>

August 6, 2019

**NATIONAL RESEARCH CORPORATION AND SUBSIDIARY****Unaudited Condensed Consolidated Balance Sheets**

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 4,020	\$ 12,991
Accounts receivable, net	15,087	11,922
Income taxes receivable	637	348
Other current assets	3,144	3,149
Total current assets	<u>22,888</u>	<u>28,410</u>
Net property and equipment	13,872	14,153
Goodwill	57,922	57,831
Other, net	9,593	7,638
Total assets	<u>\$ 104,275</u>	<u>\$ 108,032</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Current liabilities:		
Notes payable and line of credit	\$ 4,890	\$ 3,667
Accounts payable and accrued expenses	3,999	3,447
Accrued compensation	5,535	5,798
Income taxes payable	43	636
Dividends payable	4,727	17,113
Deferred revenue	16,988	16,244
Other current liabilities	894	204
Total current liabilities	<u>37,076</u>	<u>47,109</u>
Non-current liabilities	41,232	41,840
Total liabilities	<u>78,308</u>	<u>88,949</u>
Shareholders' equity:		
Preferred stock, \$0.01 par value, authorized 2,000,000 shares, none issued	--	--
Common stock, \$0.001 par value; authorized 60,000,000 shares, issued 30,027,919 in 2019 and 29,917,667 in 2018, outstanding 24,879,414 in 2019 and 24,800,796 in 2018	30	30
Additional paid-in capital	158,691	157,312
Retained earnings (accumulated deficit)	(100,201)	(106,339)
Accumulated other comprehensive loss, foreign currency translation adjustment	(2,296)	(2,916)
Treasury stock	(30,257)	(29,004)
Total shareholders' equity	<u>25,967</u>	<u>19,083</u>
Total liabilities and shareholders' equity	<u>\$ 104,275</u>	<u>\$ 108,032</u>

-END-