ADDRESSING NEXTGEN HEALTHCARE'S DIVERSIONS AND MISREPRESENTATIONS

PREPARED BY THE RAZIN GROUP
SEPTEMBER 2021

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THE MARGOLIS BOARD'S PRESENTATIONS ARE FULL OF CONSULTANT-PRODUCED ATTACKS AND SPIN

Given that Chairman Jeffrey Margolis and his hand-picked committee chairs have an indefensible track record over the past six years, they are hinging their campaign on diversions, entrenchment maneuvers and excuses

We urge shareholders to see through the Board's smoke screen

THE MARGOLIS BOARD'S PRESENTATIONS ARE FULL OF CONSULTANT-PRODUCED ATTACKS AND SPIN (CONT.)

What the Margolis Board's presentations DO include…

✓ An array of pledges about being on the precipice of value creation after 19 consecutive quarters of unfulfilled promises

✓ A litany of excuses about why the Company has dramatically underperformed over the past six years

✓ A variety of attempts to misrepresent the record of Sheldon Razin, who oversaw 1,150% share price appreciation as Chairman

✓ Overt cherry-picking with regard to the Company's historical financial and operating performance

✓ Self-selected, unconvincing endorsements from employees, who are obviously beholden to leadership

✓ Self-selected analyst quotes that omit all criticism and skepticism from the sell-side

✓ Outrageous claims of having a *"powerhouse management team"* despite operating for multiple months without a CEO

What the Margolis Board's presentations DO NOT include…

X Any acknowledgement of accountability for the past six years of underperformance

X Any acknowledgement of accountability for failing to maintain a legitimate CEO succession plan

X A satisfactory explanation for the proposed reincorporation in Delaware, which would strengthen the Board's power at the expense of shareholders' rights

X Clearly defined key performance indicators for the business

X Clearly defined capital allocation parameters

X Clearly defined metrics for helping shareholders assess the benefits of past acquisitions

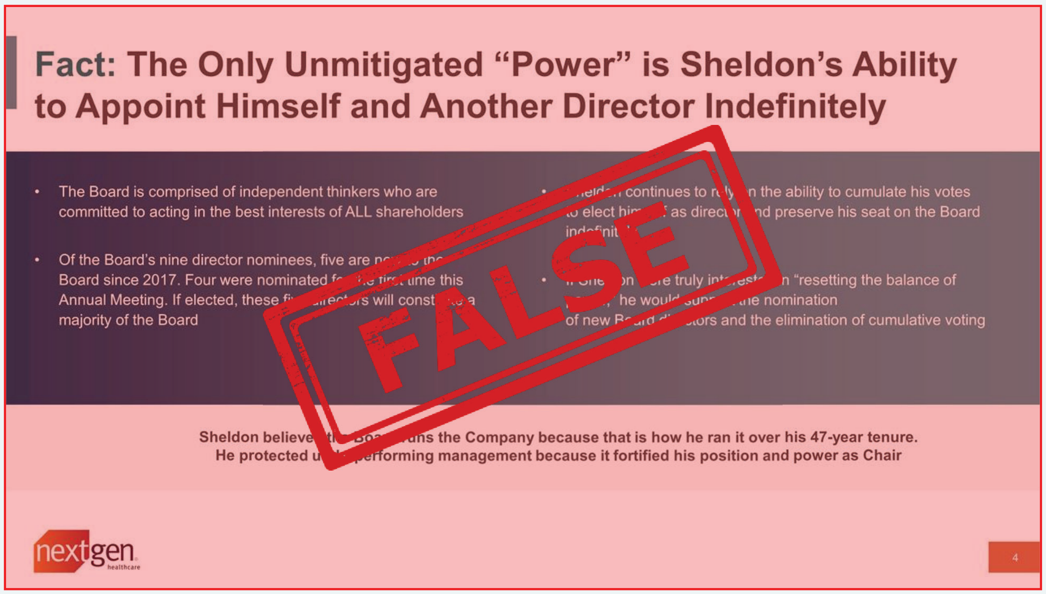
Source: Bloomberg; Company filings.

DISTORTION #1 – THE MARGOLIS BOARD IS BLATANTLY MISREPRESENTING THE RAZIN GROUP'S MOTIVATIONS

The Razin Group <u>has repeatedly stated that this contest is not about attaining boardroom control, reinstating a dividend or any short-term goals</u> – to the contrary, Messrs. Razin and Rosenzweig want to establish an enduring culture of accountability and a foundation for value creation that continues to exist long after they step down from the Board

Source: Company filings.

DISTORTION #2 – THE MARGOLIS BOARD IS PEDDLING FALSEHOODS ABOUT CUMULATIVE VOTING



The Razin Group <u>has proactively stated it will not invoke cumulative voting in this election</u>, and supports a shareholder-friendly Delaware reincorporation that eliminates the Company's use of cumulative voting altogether

<u>Source</u>: Company filings.

DISTORTION #3 – THE MARGOLIS BOARD IS RELYING ON MISREPRESENTATIVE DATA TO PAINT A ROSY REVENUE PICTURE

The reality is that [NextGen Healthcare's revenue is lagging and has only grown 13% during the Margolis chairmanship] – compared to an average 28% increase from the Company's proxy peers during the same period

NextGen Healthcare's highest margin business – software – has seen revenues decline during the same period

Source: Company filings.

DISTORTION #4 – THE MARGOLIS BOARD IS MAKING OUTRAGEOUS CLAIMS OF IMPLEMENTING A "SUCCESSFUL M&A STRATEGY"

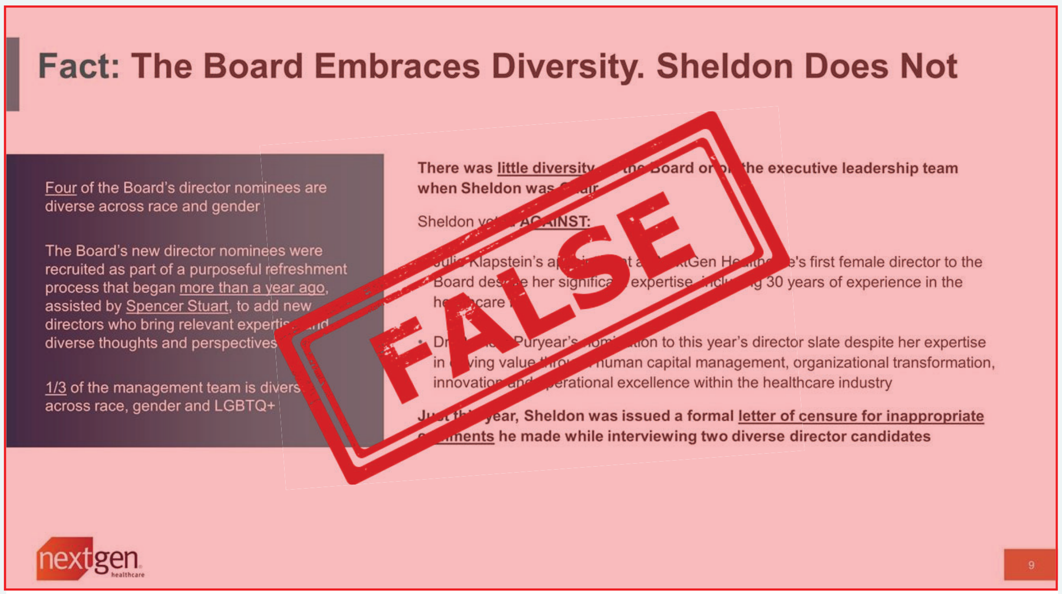
More than $200 million spent between 2016 and 2019 has done little more than conceal the Company's anemic organic revenue growth

The Company's share price was higher in early 2016 – prior to the M&A spree – than it is today

In keeping with the Company's nonexistent capital allocation policy, shareholders have not been provided updates on the success and benefits of these deals, which deliberately obscures the value-add (if any) of these acquisitions

Source: Company filings.

DISTORTION #5 – THE MARGOLIS BOARD IS TRYING TO SHAMELESSLY REWRITE HISTORY AND SMEAR MR. RAZIN



Since Mr. Razin's chairmanship ended, NextGen Healthcare has actually cut ties with several diverse executives

In fact, the Company's seven highest paid executives are all white men and female executives earn dramatically less than their male colleagues

The Razin Group's slate of nominees is highly-diverse, with two racially diverse individuals that possess sorely-needed capital allocation acumen and corporate governance experience

Source: Company filings.

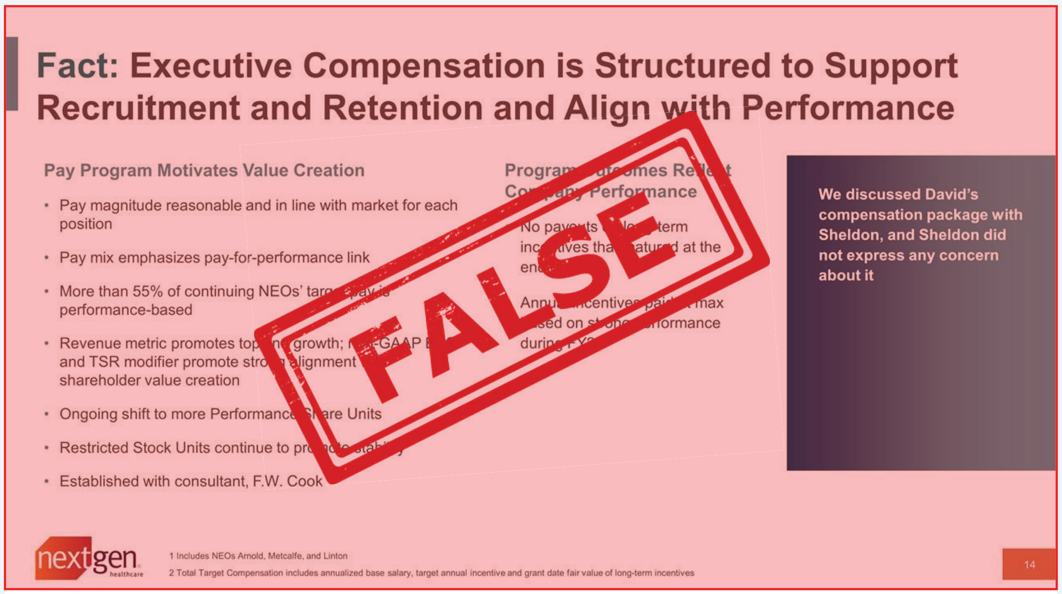
DISTORTION #6 – THE MARGOLIS BOARD'S "THOUGHTFUL SUCCESSION PROCESS" LEFT THE COMPANY WITHOUT A LEADER

The Board ignored pleas to establish a CEO succession plan, which is why the Company had no CEO for multiple months this year

It is an insult to shareholders for the Margolis Board to claim NextGen Healthcare has a "powerhouse management team and a world class CEO" – the performance data laid out in our September 23rd presentation proves otherwise

Source: Company filings.

DISTORTION #7 – THERE IS NO EVIDENCE TO SUPPORT THE MARGOLIS BOARD'S CLAIM THAT ITS COMP POLICY "MOTIVATES VALUE CREATION"



During Craig Barbarosh's tenure as Chair of the Compensation Committee, the Board has abandoned performance-based vesting in favor of straight share grants and ineffective grants measured against the Company's budget

Total executive compensation has surged approximately 250% under Messrs. Margolis and Barbarosh, while the Company has dramatically underperformed peers and relevant indices

Source: Company filings.

WE URGE SHAREHOLDERS TO FOCUS ON OUR SLATE'S VALUE PROPOSITION

Our slate possesses the exact mix of fresh perspectives and institutional knowledge that NextGen Healthcare needs in order to begin a new chapter of growth

Kenneth H. Fearn

- 25+ years of experience advising corporate leadership teams and allocating capital
- Worked with Fortune 200 companies at McKinsey & Co. to address profitability issues and develop growth strategies
- Experience serving on public and private boards of directors

Mr. Fearn will help the Board create a clear capital allocation framework and oversee management's development of a growth plan

Sheldon Razin

- Founder and current director of NextGen Healthcare, with deep knowledge of the business
- Oversaw 1,150%+ share price appreciation and meaningful value creation during his tenure as Chairman
- Award-winning corporate director and entrepreneur

Mr. Razin will continue to bring sorely-needed ownership perspectives and guide management on organic growth opportunities

Lance Rosenzweig

- Current director of NextGen Healthcare
- Extensive experience serving on public and private boards of directors
- Unique experience serving as a Chief Executive Officer at three different technology companies

Mr. Rosenzweig will continue to advocate for cost containment, operational efficiencies and realigned executive compensation policies

Ruby Sharma

- Former Principal at Ernst & Young LLP and with the EY Center for Board Matters
- Former contributor to Harvard Law School Forum on Corporate Governance
- Financial expert with significant experience advising companies on audit and tax matters

Ms. Sharma will bring corporate governance best practices to the Board, including ideas for a shareholder-friendly reincorporation

WE URGE SHAREHOLDERS TO FOCUS ON OUR SLATE'S SOLUTIONS

NEXTGEN HEALTHCARE'S IMPEDIMENTS TO SUCCESS	OUR SLATE'S CONSTRUCTIVE VISION
1 Stagnation-Fueled Underperformance	1 **Prioritize Organic Growth & Margin Expansion** - *Deprioritize acquisitions for the next few quarters* - *Increase incentives for internal sales teams* - *Increase incentives for clients to grow relationships* - *Increase utilization of underleveraged India team* - *Outsource non-core, supplemental services* - *Reduce dependency and spending on consultants*
2 Dysfunctional, Insular Corporate Governance	2 **Establish Best-in-Class Governance** - *Pursue a shareholder-friendly Delaware reincorporation* - *Establish clear KPIs for management to report on* - *Establish transparent capital allocation parameters* - *Eliminate the costly, duplicative Vice Chairman role* - *Eliminate excessive, redundant committees* - *Review and refresh succession plans bi-annually*
3 Misalignment Between Leadership & Shareholders	3 **Establish a Culture of Accountability & Incentivize Management** - *Shift to performance-based share vesting for NEOs* - *Shift NEO performance targets to real financial metrics* - *Cut director compensation, weight more toward equity*

NOW IS THE TIME FOR SHAREHOLDERS TO RESET THE BALANCE OF POWER IN NEXTGEN HEALTHCARE'S BOARDROOM

As David Sides steps into the Chief Executive Officer role, we have a unique opportunity to usher in a new day at NextGen Healthcare by ridding the Board of imperial directors who have already failed to empower, incentivize and oversee management and prioritize shareholders' best interests

VOTE THE BLUE CARD