Investment Community

Analyst Day
September 7, 2018
This presentation and the accompanying oral statements may contain forward-looking statements within the meaning of the federal securities laws. Statements regarding future events, developments, the Company’s future performance, as well as management’s expectations, beliefs, intentions, plans, estimates or projections relating to the future (including, without limitation, statements concerning revenue and net income), are forward-looking statements within the meaning of these laws and involve a number of risks and uncertainties. Management believes that these forward looking statements are reasonable and are based on reasonable assumptions and forecasts, however, undue reliance should not be placed on such statements that speak only as of the date hereof. Moreover, these forward-looking statements are subject to a number of risks and uncertainties, some of which are outlined below. As a result, actual results may vary materially from those anticipated by the forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: the volume and timing of systems sales and installations; length of sales cycles and the installation process; the possibility that products will not achieve or sustain market acceptance; seasonal patterns of sales and customer buying behavior; impact of incentive payments under The American Recovery and Reinvestment Act on sales and the ability of the Company to meet continued certification requirements; the development by competitors of new or superior technologies; the timing, cost and success or failure of new product and service introductions, development and product upgrade releases; undetected errors or bugs in software; product liability; changing economic, political or regulatory influences in the health-care industry; the effectiveness of M&A strategies and integration efforts; changes in product-pricing policies; availability of third-party products and components; competitive pressures including product offerings, pricing and promotional activities; the Company’s ability or inability to attract and retain qualified personnel; disruptions caused by corporate restructuring plans and business strategy shifts; possible regulation of the Company’s software by the U.S. Food and Drug Administration; uncertainties concerning threatened, pending and new litigation against the Company including related professional services fees; uncertainties concerning the amount and timing of professional fees incurred by the Company generally; changes of accounting estimates and assumptions used to prepare the prior periods' financial statements; general economic conditions; and the risk factors detailed from time to time in the Company’s periodic reports and registration statements filed with the Securities and Exchange Commission.
Rusty Frantz
President and Chief Executive Officer
Agenda

- **Welcome**
  Rusty Frantz, President and Chief Executive Officer

- **Strategic Path & Solutions Portfolio**
  John Beck, Chief Solutions Officer

- **Product Integration Overview & Demo**
  Dr. Betty Rabinowitz, Chief Medical Officer
  Dr. Robert Murry, Chief Medical Information Officer

- **Financials**
  Jamie Arnold, Chief Financial Officer

- **Closing Comments & Questions**
  Rusty Frantz, President and Chief Executive Officer
BETTER NEVER STOPS
We have earned the right to move into the Growth phase
Our Commitment

We commit to enabling provider groups to achieve their unique objectives by providing our best ideas, capabilities and support

Why NextGen?

1. **Ambulatory Only** – We create for, and invest in, the distinct needs of providers of ambulatory care

2. **Flexible & Scalable** – Our platform and capabilities flex to fit your practice and workflows, not the other way around

3. **Integrated Intelligence** – We deliver comprehensive insights that provide a decision advantage for better clinical and financial outcomes
Since we last saw you…

• Rebuilt commercial capabilities
  – Continued to evolve sales team personnel and capabilities
  – Hired new client service leadership
• Expanded our Executive Leadership Team
  – Appointed Dr. Betty Rabinowitz as CMO
  – Promoted Donna Greene to EVP HR
  – Added Jeff Linton as EVP GC
• Continued to improve client satisfaction
  – Earned second consecutive Most Improved EMR by KLAS
  – Delivered significant improvements in satisfaction with latest releases
• Launched new corporate identity
  – Aligned organization under one brand identity for clients and employees
• Completed a full implementation on CareQuality to drive Interoperability
• Continued to acquire new capabilities
  – Specialty (musculoskeletal content – Ortho and PT)
• Delivered bookings growth in 2H FY18 and Q1 FY19 as we committed
  – Saw emergence of “all in” deals
  – Seeing production across as aspects of portfolio
New leadership team relentlessly focused on our clients

Committed to:
• Quality & Reliability
• Support & Service
• Innovation

2016

2017

2018

Today

We have moved from stabilization and rebuilding to Innovation and Continuous Improvement
Breaking Down Attrition

Epic and Cerner

Health System owned and affiliated; tough competition

True Independents; normal competition

Our Cross-sell Opportunity

Others

Athena

Health System “HCIT standardization” during a regulatory break has elevated attrition in our periphery
Overall Client Satisfaction

Promoters

Solution Satisfaction – Fall 2017 Release

In all our years, we have never seen a company make such a turnaround in such a short period of time...evidenced by NextGen winning the Most Improved Physician Practice Product back-to-back in 2017 and 2018.

- Adam Gale, President of KLAS, July 11, 2018

KLAS EHR by version:

- KLAS data highlights ↑20 points in client satisfaction - 2017 Fall Release
- 9 out of 10 would recommend NextGen EHR.
Aligning our Brand – the Final Step

- Retiring Quality Systems, Inc. corporate name and QSII ticker symbol
- Aligning under NextGen Healthcare and NXGN ticker symbol
- Effective Monday, September 10, 2018

We break with the past and move into a bright future
John Beck
Chief Solutions Officer
### What we Believe…

**With more certainty leaders are placing bets, Value-based Care is here to stay**

- Insurance Market more stable, but likely to **Consolidate**
- Ramp of **Medicare Advantage** and MA type Plans
- **Momentum** in Move to **Value Based Care**
  - Population Health with Social Determinants, Emergence of Integrated Prevention Networks
  - New Forces are at Work – “Payviders”, Direct to Employer

**Providers will “integrate” to capture and engage patients and customers**

- **Hospitals Disadvantaged by CMS** – Financial pressures increase, Medicare Cuts, **Bad Debt** - ~40B - more focus to ambulatory
- Consolidation will Happen – New M&A and Partnerships, enabling **“Total Care Experience”**
- **Telemedicine** will be gigantic (saving Rural Health)
- Financial Analytics are required to create **efficient and highly reliable care**.

**Patient engagement is a significant determinant in provider success.**

- Emergence & Convergence in **Digital Health**
- **Cybersecurity** is a Priority

**Replacement market is real, but not imminent everywhere; optimization increases satisfaction.**

- There is a thin line between EHR **Replacement** and EHR **Optimization**
  - Larger providers are growing increasingly satisfied with their EHR systems
    - 30% of the market will replace their EHR system by 2022 and the majority of that activity will happen in groups with fewer than 50 providers.
Healthcare is challenging….

Loyal, Engaged Patients

Engaged, Productive Clinicians

Analyze for Better Outcomes

Manage for Financial Outcomes

Connectivity Everywhere

… because it ALL matters
NextGen’s Opportunity & Growth Potential

**Replacement (EHR Replacement)**
- **NGE Net New (~3000 providers)**
- **Analytics (~22,000 providers)**
- **Mobile (~20%) ~15,000 providers**
- **NGE RCM (~15%) ~5,400 providers**

**Complementary**
- **NGO Net New (~6,000 providers)**

**Within the Base (Includes Vendor Agnostic)**
- **4-12%**

**Rev CAGR**
- **12-15%**
- **2-4%**
Building an Integrated Platform for Now and Future

**Engaged, Productive Clinicians**
- Clinical Analytics
- Mobile
- Scribe & Transcription
- Adaptable Workflows

**Healthy, Predictable Financial Outcomes**
- Financial Analytics
- Denial Management
- Contract Management
- Managed Services

**Loyal, Engaged Patients**
- Enhanced Portal
- Prior Authorization
- Patient Estimates
- Virtual Visits

**Predict & Prioritize for Better Outcomes**
- Risk Stratification
- Patient Outreach
- Practice Performance
- Network Design

**Connectivity Everywhere**
- Direct Messaging
- Referral Exchange
- Chart Exchange
- FHIR APIs

---

**Clinical Care**

**Financial Management**

**Patient Access**

**Population Health**

**Connected Health**

---

**API & Interoperability Analytics**

**Automation & Workflow Management**

**NGE/NGO PM/EMR - Cloud based/enabled “Core”**

---

**Vendor Agnostic**

**Integrated Ambulatory Care Platform**
Where will NextGen Increase Market Share

1. Competitive takeout driven by EHR vendor consolidation at low end of market
2. Gov’t driven market growth in BH, FQHC, Corrections where NextGen is market leader
3. New business models with MSO 2.0
4. Partnership with Tier 2 Hospital Systems with inadequate ambulatory capabilities
5. Single Specialty EHRs are at forefront of replacement market with SaaS requirement
6. Market share EHR vendors exposed by competitive gaps
Actionable intelligence and improved workflow, in the palm of the provider

Maximize Revenue
by promoting meaningful care and maximizing resource effectiveness

Improve Outcomes
by empowering a network of practitioners with precise, actionable data

Reduce Costs
by practicing prevention for high-risk patients and treating the chronically ill

Alleviate Burnout
by improving EHR workflows with point-of-care insights and streamlining documentation

Analytics & Mobile Targeted at Quadruple Aim
Dr. Betty Rabinowitz
Chief Medical Officer

Dr. Robert Murry
Chief Medical Information Officer
Robust PHM Capabilities Enable Risk Management Success

Full Risk
- Clinical Cost Drivers
- Practice Pattern Variations
- Patient Engagement
- High Cost Claimant Management
- Actuarial Services

Partial Risk
Quality Incentive +
- Pre-visit Planning
- Risk Stratification
- Predictive Analytics
- Patient Cohorts
- Resource Utilization
- Care Management
- Transitions of Care
- Network Design & Management

Quality Incentive
- Measures
- Performance to Targets
- Trending
- Gaps in Care
- Patients Not Seen
Empowering the Transformation of Ambulatory Care

Clinical Data

Claims Data

Population Insights

Point of care insights

Analytics

Analytics
In Room Demo – Integrated Platform
Financial Highlights

**Improving Revenue Opportunity**
- Recurring revenue is ~90% of total revenue
- Approximately 90,000 providers currently use our solutions
- Revenue streams are comprised of diversified but related solutions creating significant cross selling opportunities

**Leverageable Infrastructure**
- “one company, one system” - integrated, scalable infrastructure
- Improved core on Integrated platform creates funding for innovation
- Enhanced commercial capabilities creates leverage to support bookings growth from cross selling whole solution and new offerings

**Expansion Opportunities**
- Ambulatory platform with APIs provides standard, low cost integration for partners or companion technologies
- Enhanced sales and marketing infrastructure can integrate new products or teams
- Significant dry powder and organizational capabilities to execute on inorganic activities

**Experienced, Successful Leadership team with demonstrated history of disciplined management**
## Revenue Trends

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>FY18 Q1</th>
<th>FY18 Q2</th>
<th>FY18 Q3</th>
<th>FY18 Q4</th>
<th>FY19 Q1*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription Services</td>
<td>$25.6</td>
<td>$26.8</td>
<td>$26.6</td>
<td>$27.4</td>
<td>$26.8</td>
</tr>
<tr>
<td>Support and Maintenance</td>
<td>41.1</td>
<td>41.7</td>
<td>40.4</td>
<td>40.6</td>
<td>40.6</td>
</tr>
<tr>
<td>Managed Services</td>
<td>29.2</td>
<td>28.0</td>
<td>28.9</td>
<td>27.3</td>
<td>29.3</td>
</tr>
<tr>
<td>EDI and Data Services</td>
<td>23.3</td>
<td>23.0</td>
<td>23.1</td>
<td>23.3</td>
<td>24.1</td>
</tr>
<tr>
<td><strong>Total Recurring Services</strong></td>
<td><strong>$119.2</strong></td>
<td><strong>$119.4</strong></td>
<td><strong>$119.0</strong></td>
<td><strong>$118.6</strong></td>
<td><strong>$120.7</strong></td>
</tr>
<tr>
<td>Software License and Hardware</td>
<td>7.4</td>
<td>8.9</td>
<td>7.8</td>
<td>10.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Other Non-Recurring Services</td>
<td>4.3</td>
<td>4.3</td>
<td>5.0</td>
<td>7.2</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Total Non-Recurring</strong></td>
<td><strong>$11.7</strong></td>
<td><strong>$13.2</strong></td>
<td><strong>$12.7</strong></td>
<td><strong>$17.2</strong></td>
<td><strong>$12.6</strong></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$130.9</strong></td>
<td><strong>$132.6</strong></td>
<td><strong>$131.7</strong></td>
<td><strong>$135.8</strong></td>
<td><strong>$133.2</strong></td>
</tr>
</tbody>
</table>

### Commentary

- Long term growth driver based on new offerings and market opportunities
- Increased attrition in near term; new sales and CPI insufficient to overcome LT trends
- Near term decline followed by growth
- Steady, modest increase
- Will continue to decline due to market saturation and change of preferences
- Recent uptick due to behavioral health and correctional facility projects
Recurring revenue, consisting of software related subscription services, support and maintenance, RCM and related services, EDI and data services, annual licenses, and recurring professional services increased to $120.4M for Q1 FY19 from $118.6M last quarter and up 1% from $119.2M in the year-ago quarter.
Quarterly Bookings Growth Materializing

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 FY15</th>
<th>Q2 FY16</th>
<th>Q2 FY17</th>
<th>Q2 FY18</th>
<th>Q3 FY15</th>
<th>Q3 FY16</th>
<th>Q3 FY17</th>
<th>Q3 FY18</th>
<th>Q4 FY15</th>
<th>Q4 FY16</th>
<th>Q4 FY17</th>
<th>Q4 FY18</th>
<th>Q1 FY15</th>
<th>Q1 FY16</th>
<th>Q1 FY17</th>
<th>Q1 FY18</th>
<th>Q1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>50.2</td>
<td>36.3</td>
<td>34.4</td>
<td>26.0</td>
<td>40.7</td>
<td>35.9</td>
<td>33.1</td>
<td>31.6</td>
<td>45.5</td>
<td>39.8</td>
<td>34.7</td>
<td>34.7</td>
<td>36.6</td>
<td>38.8</td>
<td>29.9</td>
<td>25.0</td>
<td>23.7</td>
</tr>
</tbody>
</table>
## Meaningful Cross Selling Opportunity

<table>
<thead>
<tr>
<th>NextGen Ambulatory Client Penetration</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCM Services</td>
<td>~10%</td>
</tr>
<tr>
<td>NextGen Mobile</td>
<td>~1%</td>
</tr>
<tr>
<td>Hosting</td>
<td>~20%</td>
</tr>
<tr>
<td>NextGen Pop Health &amp; Analytics</td>
<td>~1%</td>
</tr>
</tbody>
</table>

• Sales pipeline strengthening across all components of our solution
**Investment Focus in FY19**

- **R&D**
  - Continued Steady Investment in NGE
    - Usability, Upgradability, Automation & Performance
    - Tailored Workflows with the Adaptable Content Engine – new version of KBM
    - Specialty Content and Workflows for Named Specialties (BH, FQHC)
    - Patient Portal Improvements (Online Appointment Scheduling)
    - Integrated Analytics and Telehealth
  - Scaling investment in NGO
    - AR Management
    - Clinical Content & Computerized Physician Order Entry
    - Enhanced Scalability & Automation
    - API
  - Scaling investment in Mobile and Analytics

- **SG&A**
  - Increased capability to scale the bookings without requiring incremental headcount in the future
  - One time expenses such as revenue recognition project
Path to FY22 Operating Margin Goal of 20%

• Gross Margin will moderate slightly as we work through shift to more subscription and services business but we will drive gross profit growth through revenue expansion
• R&D will moderate as percentage of revenue. We will continue to invest in legacy product lines but at a lower rate as tech deficiencies have been remediated
  – Ability to increase funding for faster growing new offerings
• SG&A will start to moderate as % of revenue as we move into FY20 and revenue growth takes hold
• Expect headcount to be ~ organically flat over forecast period
Balance Sheet

<table>
<thead>
<tr>
<th>$ in Millions</th>
<th>FY19 Q1</th>
<th>FY18 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$26.5</td>
<td>$28.8</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>86.1</td>
<td>85.0</td>
</tr>
<tr>
<td>Contract assets</td>
<td>10.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Other current assets</td>
<td>32.8</td>
<td>27.9</td>
</tr>
<tr>
<td>Current assets</td>
<td>$155.8</td>
<td>$141.7</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>379.3</td>
<td>374.1</td>
</tr>
<tr>
<td>Total assets</td>
<td>$535.1</td>
<td>$515.8</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>52.2</td>
<td>54.1</td>
</tr>
<tr>
<td>Credit facility</td>
<td>44.0</td>
<td>37.0</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>102.0</td>
<td>101.2</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$198.2</td>
<td>$192.3</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>$336.9</td>
<td>$323.4</td>
</tr>
<tr>
<td>Total liabilities &amp; shareholders’ equity</td>
<td>$535.1</td>
<td>$515.8</td>
</tr>
</tbody>
</table>

- DSO of 59 days
- $199M\(^1\) available on line of credit
- At the end of Q1 FY18, total excess liquidity of $226M\(^2\)

\(^1\) Total credit facility of $300M, adjusted for 3x maximum leverage ratio
\(^2\) Available line of credit plus cash
<table>
<thead>
<tr>
<th></th>
<th>FY18 Actual</th>
<th>FY19 Range</th>
<th>% Growth (at midpoint)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$531M</td>
<td>$532 - 548M</td>
<td>2%</td>
</tr>
<tr>
<td>Non-GAAP EPS</td>
<td>$0.70</td>
<td>$0.70 - $0.78</td>
<td>6%</td>
</tr>
</tbody>
</table>
Rusty Frantz
President and Chief Executive Officer
Closing comments and questions.