



September 30, 2021
Management's Discussion and Analysis

NexgenRx Inc.

As at and for the three and nine months ended September 30, 2021

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President's Message

Dear Shareholders,

As we wind up our 3rd quarter, I reflect on the intensity of the times and this year in particular. In some ways, the pace of life is returning to normal, and yet many people are struggling even more than ever before. We seemed to be returning to pre-COVID-19 normalcy. People were travelling, families were starting to meet up, and we were having some small outdoor gatherings. Plan members were returning to their health care providers and transactional revenue was increasing gradually. Canada's chief public health officer, Dr. Theresa Tam, then confirmed that we are in a fourth wave of the COVID-19 pandemic. The Delta variant is causing a surge in the number of infections. Although almost all of the infected are those who are not vaccinated, we are hearing about some "breakthrough infections" where vaccinated people have been infected.

Despite the uncertainties of COVID-19, the Company once again delivered a solid performance in Q3. We continued to generate increased positive EBITDA and free cash flow; operated effectively and safely through the pandemic, lowered costs, and finished the quarter with continued increase in sales. The Company is well positioned for continued growth during the balance of 2021.

Despite the surge in COVID-19 infected cases throughout the third quarter, our Q3 revenue was 8.02% higher compared to same period last year. In addition, one of the Company's greatest strengths is its efficient low-cost structure. We have emphasized keeping our costs low plus looking for further cost-reduction opportunities, and these efforts have shown their value in our ability to generate increasing EBITDA and additional shareholder value.

Our net income for the quarter was \$429,581, a drop of \$80,262 over Q3 2020, mainly due to substantial investments made in our technology platform. Adjusted EBITDA for the quarter was \$890,541, representing an increase of \$80,422 or 9.9% over same period prior year.

Total operating expense was \$65,953 or 3.5% higher compared to same period prior year, attributed to a return to full compensation levels this year, as well as the amortization of intangible assets which started in October 2020 when the major .NET re-write was completed. The .NET project is our claims adjudication platform. Management continues to carefully monitor and control all operating expenses.

The Company continues to generate free cashflow to continuously re-invest in our software systems and services. Management continues to analyze the financial impact of COVID-19, which could continue to have an impact with the recently identified Delta variant. While the full impact and duration of the pandemic continues to remain unknown, Management is committed to take all necessary steps to keep revenue and expenses aligned to maintain the continued growth and financial integrity of the Company.

Product Development

The next significant step in the .NET re-write of our claims adjudication platform will be the implementation with one of our major Software as a Service (SaaS) clients set for Q3. In addition, we continue to rapidly enroll more targeted healthcare providers to submit claims via our proprietary secure web-portal, ***theclaimsXchange.com***. Other exciting development projects have continued during the year, with the goal of continued innovation providing leading-edge technology solutions for our customers, plan sponsors and their members.

Looking Forward

We continue to develop a solid pipeline of prospects and new business opportunities. As the economy opens, we are prepared for increased demand for efficient benefits processing. Conversion of these opportunities into customers will provide increased meaningful revenue for the Company. The timing of

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conversion is unpredictable. Our technology-driven offering is recognized as a differentiator for customers seeking more cost-effective solutions for their administration needs as well as adjudication of drug, extended health, and dental benefits programs. NexgenRx is the only independent full-service TPA providing proprietary network claims adjudication with full front end administration capability. These capabilities allow NexgenRx to provide solutions to segments of our defined market that need sophisticated health benefit technology applications, in a cost-effective SaaS model. NexgenRx is committed to building partnerships with organizations looking to exceed the expectations of their clients and deliver superior administration and claims processing solutions at a competitive cost.

We delivered strong sales and earnings growth in our third quarter. As we approach the second year of the pandemic crisis, our teams continue to show extraordinary resilience to safely serve our customers while executing seamlessly on our strategic priorities of operational excellence and digital acceleration. We are confident that our sales volumes will remain elevated, and we are well positioned to continue to deliver value to our customers and shareholders.

The Company conducted a back-to-office survey in September. Based on the results of the survey, we will be pursuing a hybrid model of work from home with some in office interactions. This will enable us to reduce our office space requirements next September, when our current lease expires.

As always, I would like to extend my sincere appreciation to our Board and dedicated staff who continue to work to keep us strong. I would also like to thank our dedicated customers and shareholders for their continued confidence in NexgenRx.

Stay safe and stay well.

Ronald C. Loucks
President and CEO

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Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of NexgenRx Inc. (the "Company" or "NexgenRx") has been prepared by management as of Nov 18, 2021. The Company's condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") on a going-concern basis and do not include any adjustments to the amounts and classifications that might be necessary should the Company be unable to continue business.

This MD&A may contain forward-looking statements in respect of various matters, including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or other factors.

The condensed interim consolidated financial statements and related notes, and this MD&A have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

Business Overview

The Company earns revenue on the sale of its administration and health benefit claims adjudication services to various organizations who manage health benefit plans on behalf of a number of plan sponsors (employers, associations, etc.) and to a lesser extent, directly to large Canadian plan sponsors who wish to provide an Administrative Services Only ("ASO") health benefit plan to their plan members. Health benefit claims include drug, dental, extended health and health care spending account claims. This service is sold on a fee-per-transaction basis, in addition to per member administration fees.

The Company's revenue from administration and transaction fees is directly linked to the number of plan members whose health claim benefits are adjudicated and paid by the Company. NexgenRx provides claims adjudication services covering three major benefit classes: drug, dental and extended health care, plus a healthcare spending account. A client may select any combination of these as part of their benefit plan.

Contracts with clients can extend over several years, and are reviewed by management prior to renewal. Plans sold directly to plan sponsors often renew annually and can be terminated after a specified notice period ranging from one to six months. The Company does not anticipate that it will experience any material bad debts on any termination, as it collects the funds required in advance of processing any claims for a particular plan sponsor. The Company has no obligation to pay any claim on behalf of a plan sponsor should it have insufficient funds on hand from that plan sponsor. All such funds received are held by the Company in a segregated general funds in transit account. Funds are maintained in this account, until paid out on account for claims made under the relevant health benefit plan, fee revenue due to the Company or other authorized disbursements.

Technology is the cornerstone of the Company's operations. Current initiatives, as noted, include the mobile app changes, web browser functionality and other programming enhancements. Costs have been funded by operations to date.

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The Industry

The Canadian group health benefit market is dominated by a relatively small number of federally incorporated and regulated insurance companies. These insurers are the only providers of certain insurance products (including life insurance, disability insurance, accidental death and dismemberment insurance and/or out of province travel medical emergency insurance) that comprise a significant portion of all health benefit plans. Over time, these companies have extended their product offering into the provision of drug, dental and extended health care benefits and the administration of health benefit plans on both an insured and an ASO basis.

Although some insurers have the technology to enable them to receive and adjudicate both paper and electronic claims made under the health benefit plans managed by them, most insurers (including each of the five largest insurers in Canada) have further outsourced the adjudication of electronic claims, or pay direct card claims, to third party electronic transaction companies.

Intermediaries such as employee benefit consultants and brokers are principally responsible for the design and placement of health benefit plan coverage. Due to their expert knowledge, plan sponsors value and, generally, follow their advice in respect of benefit matters. These intermediaries typically seek out price quotes for various benefit products on an annual basis and make recommendations to their plan sponsor clients.

Distribution to large Canadian groups (over 500 plan members) is dominated by the major consulting firms, most of which are subsidiaries of United States based firms where cost containment is the dominant theme. These firms tend to operate on a national basis with offices in most major Canadian cities and follow standards set by national practice leaders within each firm.

Management believes that small and medium sized employers (10 to 500 employees/members) are more likely to deal with independent brokers that sell across all insurance lines, including health benefits. These brokerages range from one-person shops to fairly significant regional operations. Certain insurance companies have sought to bypass the brokers and seek a direct relationship with plan sponsors.

A trend that started with union trustee plans and now extends to traditional employer plans is the role of a Third-Party Administrator. By retaining a Third-Party Administrator, plan sponsors are able to control their own employee or member data independent of any one insurance company. This allows for the use of multiple carriers to provide a group benefits plan. An employer can utilize the best carrier for the life insurance component, for example, while utilizing a specialty carrier for other insurance coverage. Use of a Third-Party Administrator also enables the employer to find the best provider of health benefit administration services, such as NexgenRx, since the Third-Party Administrator handles all the back-office administration including enrolment data and premium allocation. Third Party Administrators give greater flexibility to employers in this consolidated carrier market and their use is well suited to the carve-out of health and dental coverage.

NexgenRx Strategy

NexgenRx with its technology based platform provides leading administration, claims adjudication and web based solutions to effectively manage benefit costs from plan sponsors and their members. The Company's immediate and long-term objective is to capitalize on its scalable infrastructure by offering cost effective solutions. The infrastructure is capable of handling significant volume increases. The objective is to increase the number of plan members under administration and the volume of health care claims adjudicated by the Company through various distribution channels. Significant growth in volume can be achieved while maintaining a transactions fee price structure that provides a competitively priced offering and an adequate gross margin contribution.

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NexgenRx Advantage

Management believes that the Company has a number of significant competitive advantages that will help it to achieve its strategic goals. These advantages include:

- (i) *Pricing* – Compared to a traditional insured benefit model, the Company provides a significant cost advantage for Plan Sponsors.
- (ii) *Technology* – The Company utilizes Adjudication Software which allows complex plan designs to be set up to automatically adjudicate drug, dental and extended health care claims on a single software platform. This is advantageous in the health benefits management industry where health benefit plan designs are becoming increasingly complex and manual adjudication is not uncommon. Most insurers in Canada use a different adjudication platform for health benefit claims received electronically than they do for health benefit claims received in paper form. The Company uses the same Adjudication Software for both types of health benefit claims and offers real-time services such as the electronic adjudication of health care claims made under an integrated health care spending account, cross benefit deductibles (where one deductible may apply to both drug and dental benefits) and yearly or per visit maximums. The service also includes the proactive intervention tools comprising the NexgenRx Intervention Suite;
- (iii) *Flexibility* – The Company is able to adapt to new business methods, different adjudication philosophies, and unique support requirements as a result of its rules-based adjudication engine and experienced and dedicated professional staff. Each client receives dedicated support from the conversion planning stage through to the renewal process, ensuring a personal experience that meets that client's particular business needs;
- (iv) *Control* – The Company recognized the need in the marketplace to enable traditional group plan sponsors to have control of their own administration without having to disrupt their existing broker/consultant relationship. NexAdmin® responds to that need. By allowing traditional plan sponsors to utilize our web-based application. The ability to offer self-administered enrolment, eligibility and billing changes to interface with a variety of group carriers for their insured benefits such as Life, AD&D, and LTD and still take advantage of the transaction based health and dental benefits administered by NexgenRx. This streamlines the process for dealing with employee eligibility, salary or dependent status changes in a cost effective manner, independent of any one insurer. The ability of a plan sponsor to control their own eligibility and billing data is the key to having the most competitive pricing and design opportunities at all times; and
- (v) *Conversion Experience* – The Company is skilled in converting benefit plans and their members from an existing Third Party Administrators' manual or computer system to the the Company's systems. It is critical that changeovers have minimal impact upon plan members. Conversion utilities for eligibility and claims history have been built, template project plans have been written and testing methods and structure have been created.

Risks and Uncertainties

Market Demand

The Health Benefit Management industry is highly competitive and is characterized by changing technology in both products and delivery and by competitive pricing. The Company competes with a number of established companies which enjoy significant market share in segments of the Health Benefit Management market. In order to maintain and improve its position in the industry, the Company must continue to develop its software technology, enhance its current products and services, and develop or acquire new products and product extensions.

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Technology Development

The Company's success is dependent on the continued development and enhancement of the Adjudication Software and the Company's other proprietary software technologies. The Company primarily relies on a combination of trade secret, copyright and trademark laws, non-disclosure agreements and contractual provisions to establish and protect its proprietary rights to its products.

Service Providers

The health care claims received by the Company electronically are transmitted over dedicated networks. Such transmission may be interrupted as a result of cable damage or other cause. Based upon management's experience and the service standards which the principal network provider strives to maintain, management anticipates that any such interruption will not often occur or last for any material length of time. However, there can be no assurance that this will be the case, or that any such interruptions, if frequent and prolonged, would not have a material adverse effect on the Company's business. The Company is similarly dependent upon third parties, known and unknown, for the maintenance of the interconnectivity of the Internet. A loss of Internet connectivity would adversely affect, or preclude, plan sponsor and TPA customers of the Company, plan members, health care providers and others from accessing the services which the Company intends to deliver to each of these persons through its website and would interrupt the receipt and transmission of electronic mail, among other consequences. Management does not anticipate that any such loss of Internet connectivity would have a material adverse effect upon its business, but there can be no assurance that this would be the case.

Cyber Security

Cyber security risk is a high priority area of the company given the core of the company's business involves sensitive personal information, such as medical records, that is electronically transmitted over dedicated networks, as noted above. By the nature of the company's business, personal medical and other information is maintained and subject to electronic data exchange. If the company's data were to be comprised the company could face serious reputational damage, loss of customer confidence and potentially impact future opportunities.

The Company recognizes that cybersecurity is an ever-changing environment and that constant monitoring and diligence are required to keep up with day-to-day threats and ever-changing technologies. The Company has contracted an outside cybersecurity firm to assist with protecting both systems and data from cybersecurity attacks. Using patented technology, constant scanning and monitoring of all servers and firewall traffic are done. This technology hardware/software alerts both the cyber security firm and the Company of any vulnerabilities or attacks along with action items and solutions. The Company also recognizes that a significant risk for cybersecurity breach is that of Company employees. Email phishing, spam and pharming are the largest threats to the Company.

The Company also recognizes other threats such as social engineering and malware/viruses or other cybersecurity attacks to be aware of. To mitigate any possible threat posed by Company employees, the Company is constantly training and informing employees about cybersecurity safe practices and conducting training and awareness meetings that employees must attend. Should there ever be a cybersecurity breach at the Company, a cybersecurity incident response plan has been developed. This plan is revised quarterly and all participants of the plan must attend quarterly walk-throughs.

To mitigate this risk, the company has a dedicated technical team that has implemented preventative measures and monitors cyber risks continuously. Testing against cyber risk is also carried out regularly to ensure the potential threat is as low as possible.

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Revenue Concentration

For the period ended September 30, 2021, 55% of the company's revenue was derived from three clients (2020 - 48%). The loss of any one of these clients could have a significant impact on the company's future revenue, however the risk is mitigated through long-term recurring revenue contracts. At the same time, it should be noted that the scalar nature of the infrastructure architecture and the organization design provide significant mitigation against this risk. With the revenues from new clients and revenues from our subsidiaries customer concentration levels have increased.

Market conditions continue to remain extremely competitive, and every client is a potential target. Stop-loss experience is constantly under attack as more high cost drugs are coming to market and negatively affecting claims experience and the cost of insuring that risk. As we noted, the industry is dominated by large insurers that can quote predatory pricing. Our competitive strengths include, but are not limited to, responsiveness, dedicated customer relation staff, flexible structuring of offerings, ability to react and accommodate specific needs very quickly, and customize our systems to meet client needs.

To reduce this risk and exposure the Company has, and continues to make, a concerted effort to add new customers. The goal is to continue to reduce exposure to any one client, develop new revenue channels, and increase revenues in all areas, but in particular, to add and increase ancillary product offerings. Increasing the number of clients will reduce concentration risks as well. Progress has been made by targeting higher potential client wins and persistently marketing and quoting on prospective clients that seek our offering. With the acquisition and new client implementations the results of our efforts will begin to materialize in the upcoming quarters.

Summary of Selected Quarterly Information

Prepared in accordance with IFRS

	Q1, 2021	Q2, 2021	Q3, 2021
	\$	\$	\$
Total revenue	2,803,332	2,761,544	2,864,417
Net income	362,111	380,106	429,581
Basic and diluted income per common share	0.005	0.005	0.006
Total assets	27,776,338	27,506,391	27,610,726
Total liabilities	21,714,367	21,087,324	20,785,745
Shareholders' equity / (deficiency)	6,061,971	6,419,067	6,824,981

	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
	\$	\$	\$	\$
Total revenue	2,874,295	2,405,239	2,651,810	3,109,980
Net income	284,591	479,104	509,843	842,197
Basic and diluted income per common share	0.004	0.007	0.007	0.012
Total assets	23,225,764	26,431,950	27,521,761	25,244,783
Total liabilities	21,082,246	23,782,066	22,740,149	19,723,261
Shareholders' equity / (deficiency)	2,143,518	2,649,884	4,781,612	5,521,522

	Q1, 2019	Q2, 2019	Q3, 2019	Q4, 2019
	\$	\$	\$	\$
Total revenue	2,382,913	2,359,578	2,237,249	2,560,230
Net income	107,977	(34,938)	(218,718)	(62,256)
Basic and diluted income per common share	0.002	(0.000)	(0.003)	(0.001)
Total assets	19,525,323	18,490,613	18,705,593	21,193,928
Total liabilities	17,492,154	16,444,840	16,832,275	19,353,215
Shareholders' equity / (deficiency)	2,033,169	2,045,773	1,873,318	1,840,713

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Total Assets / Liabilities

There were no transactions outside of normal operations. Client deposits fluctuate on claims experience with the result being our deposit levels increased. Cash balances decreased over last reporting quarter resulting from an increased technology spend and regular working capital expenditures.

Results of Operations

Revenue consists of fees per health benefit claim transaction adjudicated. The Company adjudicates both electronic and paper-based health benefit claims and charges transaction fees per contract with each plan sponsor or TPA. Other revenue sources included interest income, commissions on insurance products, implementation and integration fees and periodic consulting revenues associated with client customization requests.

Transaction fees consist primarily of fees per health benefit claim transaction adjudicated. Transaction fee revenue is recognized on the Company's completion of the adjudication process when it is probable that the economic benefits associated with the transaction will flow to the Company, the amount of revenue can be measured reliably, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the transaction costs incurred to complete the transaction can be measured reliably. These criteria are generally met on completion of the adjudication process. Most of the transaction fees are charged on all claims processed, regardless of the outcome of the adjudication process (i.e. whether the actual claim is approved or declined).

Administration and other fees are the fees charged to provide the initial enrolment, ongoing eligibility tracking, monthly billing services and contract windups. Administration fees are charged to customers based on the actual number of members per month as at the first of the month according to the rates specified in each customer agreement.

Commissions are earned from the sale of third party insured products to customers. Consulting revenues are derived from contracted technological changes from our client base which can significantly vary from year to year. Other income also includes revenues generated from other products not classified in other categories, such as specialty cards and client requests. This other income category is expected to re-occur, however, we note this revenue is client specific and highly variable.

More detailed results and analysis are as follows;

	Three months ended September 30, 2021	Three months ended September 30, 2020	Dollar change	% change
Revenues				
Transaction Fees	\$1,382,125	\$1,323,625	\$58,500	4.42%
Administration Fees	\$1,086,519	\$916,059	\$170,460	18.61%
Commission	\$23,737	\$23,104	\$633	2.74%
Consulting	\$361,025	\$250,828	\$110,197	43.93%
Other Income	\$11,011	\$138,194	-\$127,183	-92.03%
	<u>\$2,864,417</u>	<u>\$2,651,810</u>	<u>\$212,607</u>	<u>8.02%</u>

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	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Dollar change	% change
Revenues				
Transaction Fees	\$4,303,400	\$3,876,944	\$426,456	11.00%
Administration Fees	\$3,199,928	\$2,770,519	\$429,409	15.50%
Commission	\$68,425	\$74,518	-\$6,093	-8.18%
Consulting	\$825,252	\$642,374	\$182,878	28.47%
Other Income	\$32,288	\$566,989	-\$534,701	-94.31%
	<u>\$8,429,293</u>	<u>\$7,931,344</u>	<u>\$497,949</u>	<u>6.28%</u>

For the three months ended September 30, 2021 revenue was higher by \$212,607 or 8.02% vs. the comparable three months ending September 30, 2020. The increase was mainly attributed to the increased administration revenue where we added a new revenue channel to an existing client. Improved condition of COVID-19 pandemic compared to prior year has also resulted in increased consulting revenue.

Cost of sales consist of communication costs for the delivery of electronic claims from the health care provider to the Company, the costs related to the off-site hosting of the Company's adjudication computer hardware and related technology support, the cost of adjudication and administration software development and maintenance and commissions related to revenue generation.

Cost of sales of \$516,723 (2020 - \$291,128) for the period was \$225,595 higher compared with the same period in the prior year, aligning with the increased transaction and administration revenues.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Dollar change
Expenses			
Compensation and external contractors	\$1,273,860	\$1,284,754	-\$10,894
General and administrative / other	\$672,139	\$595,292	\$76,847
Total	<u>\$1,945,999</u>	<u>\$1,880,046</u>	<u>\$65,953</u>

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Dollar change
Expenses			
Compensation and external contractors	\$3,875,500	\$4,000,091	-\$124,591
General and administrative / other	\$1,925,761	\$1,840,920	\$84,841
Total	<u>\$5,801,261</u>	<u>\$5,841,011</u>	<u>-\$39,750</u>

Total expenses as per the table above for the three-month period ending September 30, 2021 increased by \$65,953 or 3.51% over the prior year comparable period, primarily due to investments in intangible assets, software development projects in particular, has started to amortize in October 2020.

Depreciation of computer software license and property and equipment is determined on a straight-line basis over their expected useful lives. Amortization of the intangible assets, the costs associated with our mobile app and member web began amortizing.

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Transactions with Related Parties and Shareholders

No equity related transaction with related parties and shareholders was reported for the period ended September 30, 2021. All the loans were paid off as at March 31, 2021.

Outstanding Share Data

There are 70,335,883 common shares issued and outstanding at September 30, 2021. The Company currently has an aggregate of 5,000,000 options under the employee stock option plan, 4,266,666 of which are exercisable.

Liquidity and Capital Resources

Management has a demonstrated track record over several years of raising capital when required. As evidenced above the following steps have been effected

- Reduction of debt
- Shareholder / debtholders replaced short term debt with preferred shares
- Staff reductions and cost reductions were made to match revenue reductions
- Positive EBITDA
- Seven quarters profitable

COVID-19 has not had an impact on collection as our customers maintain deposits with the company which are used to pay claims and our fees.

Financial Instruments and Other Instruments

As at September 30, 2021 all monies are held in cash at a major financial institution.

Plan Sponsor Funds on Deposit Arrangements

The company had \$19,525,546 in funds on deposit as at September 30, 2021 (2020 - \$17,043,176), which represented amounts received or receivable from customers to settle plan sponsor insurance premiums, specific health-care claims and related costs, adjudicated on their behalf, which are payable to the providers of the health-care or other services with respect to these claims. Both the asset and an equal corresponding liability have been recorded on the balance sheet in recognition of increasing focus by customers and to provide greater transparency on the asset / liability flows of the Company. The increase over the prior year comparable period is a result of increased claims transactions, driving the needs to increase client's float as well as proactive collection approach to replenish required float balances in a timely manner.

Critical Accounting Estimates

The compilation of financial results requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas that require the use of judgment are the valuation of common share purchase warrants, valuation of preferred shares, valuation of notes payable to shareholders, valuation of stock compensation. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

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Significant Accounting Judgments and Estimation Uncertainties

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are estimates and judgments applied by management that most significantly impact the interim financial statements. These significant estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Property and Equipment – Estimated Useful Lives

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

Valuation of Stock-Based Compensation and Warrants Issued

Valuation of stock-based compensation and warrants require management to make estimates regarding the inputs for option pricing models, such as expected share price volatility. Actual results could differ from these estimates. These estimates are considered for each new grant of stock options or warrants.

Additional Information

Additional information related to NexgenRx Inc., including material change reports, press releases and other information is available at www.sedar.com.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical facts, that address future acquisitions and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.