



March 31, 2021

Management's Discussion and Analysis

NexgenRx Inc.

For the three months ended March 31, 2021

Table of Contents

President's Message	3
Management's Discussion and Analysis	5
Business Overview	5
The Industry	6
NexgenRx Strategy.....	6
NexgenRx Advantage.....	7
Risks and Uncertainties	7
Results of Operations	10
Outstanding Share Data	11
Liquidity and Capital Resources	12
Financial Instruments and Other Instruments.....	12
Plan Sponsor Funds on Deposit Arrangements	12
Critical Accounting Estimates	12
Significant Accounting Judgments and Estimation Uncertainties.....	12
Property and Equipment – Estimated Useful Lives	13
Valuation of Stock-Based Compensation and Warrants Issued.....	13
Additional Information	13

NexgenRx Inc.

For the three months ended March 31, 2021

President's Message

Dear Shareholders,

I am pleased to present our interim report for the first quarter of Fiscal 2021 ended March 31, 2021.

Despite the continued lockdowns due to COVID-19, our quarterly revenue was only slightly lower in Q1 compared to same period last year, even though the revenue impact last year was only felt in the last two weeks of the quarter. During the current quarter, we generated increased EBITDA and shareholder free cash flow, operated effectively and safely through the pandemic, paid down debt and further lowered costs. One of the Company's greatest strengths is its cost-efficient structure. We have emphasized keeping our costs low while looking for further cost-reduction opportunities. These efforts have shown their value in our ability to generate additional shareholder value.

Specifically, in spite of the COVID-19 lockdown, we have seen only a slight drop of \$71k in revenue in Q1 2021. Our net income for the quarter was \$362,111, representing an increase of \$77,520 over Q1 2020. EBITDA for the quarter was \$693,699, representing an increase of \$103,806 over same prior year period.

The effective cost containment measures resulted in a reduction of \$301,141 or 13.15% in operating expenses compared to same prior year period, contributing to our positive cash flow. These results have been achieved while ensuring our customers continue to receive the level of services they expect while keeping our expenses under control.

We continue to make significant advances with our technology. Our major .NET project re-write was completed on time and on budget. As a result, our new NexSys® technology platform will be implemented in Q2. These projects represent an investment of more than \$2.5 million, funded with internally generated cash flow. In addition, we have completed development and implementation of the new version of our H-Proxy EDI Transaction monitor adding significant capacity to manage sequential transactions volumes from across the network.

The Company generated adequate cashflow to fund all these investments and financial obligations during the first quarter. Management continues to monitor and analyze the extent of the financial impact of the COVID-19 pandemic, which could continue to be material with the new variants identified recently. 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 financial success of the Company.

Product Development

A major development has been the re-write of NexSys® our claims adjudication platform. In addition, our web portal initiatives have been completed and the feedback has been extremely positive with the portal functioning as planned. The result is that users of all web-browsers have easy and seamless access to our member-based interactive websites. The plan member experience continues to evolve through **neXmobile®**, our full mobile technology iPhone and Android mobile app. Plan member mobile apps and online portals allow for quicker claims processing and enhanced member experience. 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 will continue with the goal of providing innovative, leading-edge technology solutions for our customers, plan sponsors and their members.

Looking Forward

Through the economic challenges of the times, we continue to engage with our solid pipeline of prospects and new business opportunities. As the economy opens, we are prepared for increased demand for

NexgenRx Inc.

For the three months ended March 31, 2021

efficient benefits processing. Although timing is unpredictable, conversion of these opportunities into customers will provide increased revenue for the Company. 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 Software as a Service (SaaS) manner. 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 first quarter. More than one year into 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. Pharmacies have begun to administer vaccines and we look forward to increasing the pace as soon as more vaccine supply becomes available in the coming weeks. We are confident of sustained sales volume and we are well positioned to continue to deliver value to our customers and shareholders.

I would like to thank our dedicated shareholders and acknowledge our Board of Directors for their continued advice and counsel. I would also like to thank our dedicated hardworking staff for their continued support along with all our customers who rely on NexgenRx for their third-party administration and healthcare benefits solutions.

Stay safe and stay well.

Ronald C. Loucks
President and CEO

NexgenRx Inc.

For the three months ended March 31, 2021

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 May 26, 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.

NexgenRx Inc.

For the three months ended March 31, 2021

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.

NexgenRx Inc.

For the three months ended March 31, 2021

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.

NexgenRx Inc.

For the three months ended March 31, 2021

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.

NexgenRx Inc.

For the three months ended March 31, 2021

Revenue Concentration

For the three months ended March 31, 2021, 56% of the company's revenue was derived from three clients (2020 - 49%). 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
	\$
Total revenue	2,803,332
Net income	362,111
Basic income per common share	0.005
Total assets	27,776,338
Total liabilities	21,714,367
Shareholders' equity / (deficiency)	6,061,971

	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 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 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

NexgenRx Inc.

For the three months ended March 31, 2021

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 resulting from a combination of repayment of notes payable to shareholders and investment in technology. During Q1 a total loan repayment including the principal and interest accrued in the amount of \$583,799 was made to the management vendor of CBA and MyBenetech. The equity note of \$100,000 was converted to 416,667 common shares at a price of \$0.24. The balance of issued and outstanding common shares in the capital of the Company following the issuance of the common shares are 70,335,883. In addition, the remaining shareholder loan of \$100,000 was converted to 400,000 Series 1 Preferred shares in Q1.

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 March 31, 2021	Three months ended March 31, 2020	Dollar change	% change
Revenues	\$	\$		
Transaction Fees	1,500,527	1,538,910	-38,383	-2.49%
Administration Fees	1,051,789	936,610	115,179	12.30%
Commission	21,180	26,672	-5,492	-20.59%
Consulting	219,950	327,838	-107,888	-32.91%
Other Income	9,886	44,265	-34,379	-77.67%
	<u>2,803,332</u>	<u>2,874,295</u>	<u>-70,963</u>	<u>-2.47%</u>

For the three months ended March 31, 2021 revenue was slightly lowered by \$70,963 or 2.47% vs. the comparable three months ending March 31, 2020. The decline was mainly attributed to lower consulting

NexgenRx Inc.

For the three months ended March 31, 2021

revenue as a result of COVID-19 and lower interest rate. With COVID-19 stay-at-home order, our transaction fees were slightly affected.

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 \$475,303 (2020 - \$322,645) for the period was \$152,658 or 47.31% higher compared with the same period in the prior year, aligning with the increased administration revenues.

	Three months ended March 31, 2021	Three months ended March 31, 2020	Dollar Change
Expenses			
Compensation and external contractors	1,379,245	1,595,060	-215,815
General and administrative / other	609,529	694,855	-85,326
Total	<u>1,988,774</u>	<u>2,289,915</u>	<u>-301,141</u>

Total expenses as per the table above for the three-month period ending March 31, 2021 decreased by \$301,141 or 13.15% over the prior year comparable period primarily due to reduced workforce. The decline in our debt balance has also contributed to lower interest expense. In addition, conferences, travel and other marketing costs have been reduced by 80% as a result of COVID-19.

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.

Transactions with Related Parties and Shareholders

In November 2017, a shareholder of the Company issued an unsecured loan to the Company in the amount of \$300,000. Principal and annualized interest of 8% on the loan were payable in 48 monthly instalments of \$6,250 with a final payment due on October 31, 2021. The remaining balance of \$100,000 was converted to 400,000 Series 1 Preferred shares in March 2021.

In August 2018, in connection with the acquisitions of Canadian Benefit Administrators ("CBA") and My Benetech Inc. ("MBT") a portion of the purchase price was settled with notes payable of \$1,200,000 due on the second anniversary of the closing date. In January 2021, the Company retired the loan and made a repayment to the principal and interest accrued, in the amount of \$583,799. In March 2021, the Company retired the equity note of \$100,000 through the issuance of 416,667 common shares at a price of \$0.24.

Outstanding Share Data

The Company received \$100,000 from various investors in exchange for 400,000 preferred shares subscribed in 2020, which were issued in Q1.

On March 5, 2021 416,667 common shares were issued at a price of \$0.24, in exchange for the retirement of deferred equity notes payable to shareholders.

There are 70,335,883 common shares issued and outstanding at March 31, 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.

NexgenRx Inc.

For the three months ended March 31, 2021

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
- First quarter 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 March 31, 2021 all monies are held in cash at a major financial institution.

Plan Sponsor Funds on Deposit Arrangements

The company had \$19,941,222 in funds on deposit as at March 31, 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.

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.

NexgenRx Inc.

For the three months ended March 31, 2021

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.

IFRS 16 Leases have been adopted by the Company effective January 1, 2019 using the modified retrospective approach. The cumulative financial effect of the adoption has been recognized as an adjustment to opening deficit as at January 1, 2019, with the standard applied prospectively. Adoption of the standard on January 1, 2019 has resulted in an increase in right-of-use assets and lease liabilities. All right-of-use assets are recognized within property, plant and equipment and all lease liabilities are recognized in current and non-current lease liabilities.

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.