



December 31, 2025

Management's Discussion and Analysis

NexgenRx Inc.

For the year ended December 31, 2025

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President's Message

Dear Shareholders,

The year 2025 marked a period of disciplined execution and continued investment in the Company's long-term growth. Throughout the year, we remained focused on strengthening our foundation by advancing development initiatives, deepening relationships with our existing clients, and enhancing the value we deliver. These efforts resulted in organic growth of 12% in administration and transaction revenue combined, reflecting both the resilience of our business model and the trust of our customers.

Looking ahead to 2026, we will maintain a strong emphasis on converting our sales pipeline through a range of strategic initiatives. We are committed to expanding our market presence and driving further growth by introducing new and innovative product solutions that meet the evolving needs of our clients.

Financially, the Company delivered solid performance in 2025. Total revenue increased by \$1,457,136, representing growth of 8.84% over the prior year. We achieved a positive EBITDA of \$3,350,704, with net income and EBITDA¹ improving by \$675,166 and \$1,011,282, respectively, compared to 2024. Our cash position remained robust at \$4,776,670, even after distributing \$1,297,757 in dividends to common and preferred shareholders during the year.

With a strong base of recurring revenue and a healthy sales pipeline, the Company is well positioned to continue generating sustainable free cash flow². We remain confident in our strategy and our ability to deliver long-term value to our shareholders.

Product Development

The Company continues to put the focus on the release of our enhanced iBenefits NexAdmin platform, which will be available through both Apple iOS and Google Android. This important step adds new functionality plus an enhanced member experience all in a newly developed web-based application, that our customers really appreciate. The user experience features a brand-new look and feel incorporating all the latest market features into our proven robust administration platform. In addition, we continue to rapidly enroll more targeted healthcare providers to submit claims via our proprietary secure web-portal, ***theclaimsXchange.com***.

Looking Forward

Our commitment to delivering cost-effective solutions remains central to how we operate on a daily basis, how we execute our long-term strategy, and how we create value for our clients. By maintaining this focus, we continue to identify new and innovative ways to meet the evolving needs of the marketplace. We are well positioned to respond to the growing demand for efficient benefits administration and claims processing services. As these opportunities are implemented, they are expected to contribute meaningful incremental revenue and support the Company's continued growth. Our technology-driven platform is widely recognized as a key differentiator, enabling clients to access cost-effective and sophisticated solutions for administration as well as the adjudication of drug, extended health, and dental benefit programs. As the only independent, full-service claims adjudicator offering comprehensive front-end administration capabilities, NexgenRx is uniquely positioned to serve a defined market that requires advanced health benefits technology delivered efficiently and economically. NexgenRx remains committed to building strong partnerships with organizations that share our goal of exceeding client expectations.

¹ EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") is a non-GAAP financial measure that is not defined under IFRS Accounting Standards and does not have a standardized meaning.

² Free cash flow is a non-GAAP financial measure that is not defined under IFRS Accounting Standards and does not have a standardized meaning.

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In 2026, we continue to advance into our next phase as a technology solutions provider, with a strong focus on promoting and expanding our fully managed SaaS offerings. These solutions empower our clients to effectively and efficiently self-manage their benefit plans, reinforcing our commitment to innovation and client-centric service delivery. As the Company evolves, we remain responsive to the changing needs of our clients and the broader marketplace. We operate in an increasingly complex environment shaped by talent recruitment and retention challenges, inflationary pressures, and rising client expectations. At the same time, these dynamics present meaningful opportunities for growth and differentiation. We remain focused on advancing our product capabilities, maintaining disciplined cost controls, and prioritizing the health, well-being, and engagement of our talented team.

On behalf of the Company, I would like to extend my continued sincere appreciation to our loyal shareholders and our Board of Directors for their continued guidance, support, and counsel. I would also like to recognize the dedication and hard work of our employees, whose efforts drive our success every day. Most importantly, we thank our customers for their ongoing trust and confidence in the NexgenRx Group of Companies.

Regards,

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 March 31, 2026. The Company's consolidated financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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 Company does not have any off-balance sheet arrangements. The 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.

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

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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 Operational Strengths

Management believes that the Company has a number of 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 cost advantage for Plan Sponsors.

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- (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 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.

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.

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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 causes. 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 compromised 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.

Revenue Concentration

For the year ended December 31, 2025, 50% of the Company's revenue was derived from three clients (2024 - 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 growth in revenues, customer concentration levels have decreased.

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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 coming year.

Summary of Selected Quarterly Information

Prepared in accordance with IFRS Accounting Standards

	Q1, 2025	Q2, 2025	Q3, 2025	Q4, 2025
	\$	\$	\$	\$
Total revenue ⁽¹⁾	4,477,080	4,271,837	4,540,298	4,643,207
Net income	527,210	283,333	589,780	(110,588)
Basic and diluted income (loss) per common share	0.007	0.004	0.008	(0.002)
Total assets	32,606,645	35,674,962	39,197,562	36,596,764
Total liabilities	24,486,475	27,588,354	30,908,857	28,975,818
Shareholders' equity	8,120,170	8,086,608	8,288,705	7,620,946

	Q1, 2024	Q2, 2024	Q3, 2024	Q4, 2024
	\$	\$	\$	\$
Total revenue ⁽¹⁾	4,208,126	3,997,373	4,069,352	4,200,435
Net income (loss)	460,949	31,924	149,230	(27,534)
Basic and diluted income (loss) per common share	0.006	0.000	0.002	(0.000)
Total assets	29,289,368	30,634,480	31,593,334	30,464,785
Total liabilities	21,014,736	22,711,728	23,489,252	22,840,824
Shareholders' equity	8,274,632	7,922,752	8,104,082	7,623,961

⁽¹⁾ Certain comparative figures have been reclassified to conform to the current period presentation.

Revenue Growth and Trends

- The year-over-year increase was mainly attributable to higher transaction volume, particularly in Drug and Cost-Plus. In addition, there was an upward trend in the number of Patient Support Programs (PSPs) which was a main drive of the increase in transaction revenue. An immaterial portion of revenues have been classified as agency in nature, meaning directly related expenses were offset. The result is a reduction of total revenue in the prior 2025 quarters. This reclassification did not impact earnings.
Q1 2025: \$4.48M vs. Q1 2024: \$4.21M (6% increase)
Q2 2025: \$4.27M vs. Q2 2024: \$4.00M (7% increase)
Q3 2025: \$4.54M vs. Q3 2024: \$4.07M (7% increase)
Q4 2025: \$4.64M vs. Q4 2024: \$4.20M (11% increase)

Net Income (Profitability Trends)

- The increase in profitability during Q1 through Q3 year-over-year is a result of organic growth in existing clients without a corresponding increase in operating costs given the technology platform is scalable. The higher loss in Q4 2025 was due to impairment loss recognition
Q1 2025: \$527K vs. Q1 2024: \$461K
Q2 2025: \$283K vs. Q2 2024: \$32K
Q3 2025: \$590K vs. Q3 2024: \$149K
Q4 2025: (\$111K) loss vs. Q4 2024: (\$28K) loss

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Earnings Per Share (EPS)

- EPS improved in 2025, a reflection of improved profitability. This has been a direct result of organic growth in existing clients and effective cost control mechanism in place.
Q1 2025: \$0.007 vs. Q1 2024: \$0.006
Q2 2025: \$0.004 vs. Q2 2024: \$0.000
Q3 2025: \$0.008 vs. Q3 2024: \$0.002
Q4 2025: (\$0.002) vs. Q4 2024: (\$0.000)

Total Assets and Liabilities

- Total assets have grown, reflecting business expansion. As the business expands, funds on deposit increase in correlation to revenue growth.
Q1 2025: \$32.6M vs. Q1 2024: \$29.3M
Q2 2025: \$35.7M vs. Q2 2024: \$30.6M
Q3 2025: \$37.7M vs. Q3 2024: \$31.6M
Q4 2025: \$36.6M vs. Q4 2024: \$30.5M
- Total liabilities have increased, given sponsor deposits correlate to increased cash assets.
Q1 2025: \$24.5M vs. Q1 2024: \$21.0M
Q2 2025: \$27.6M vs. Q2 2024: \$22.7M
Q3 2025: \$29.4M vs. Q3 2024: \$23.5M
Q4 2025: \$29.0M vs. Q4 2024: \$22.8M

Shareholders' Equity

- Shareholders' equity has remained stable but slightly increased year-over-year as a result of increased profitability.
Q1 2025: \$8.1M vs. Q1 2024: \$8.3M
Q2 2025: \$8.1M vs. Q2 2024: \$7.9M
Q3 2025: \$8.3M vs. Q3 2024: \$8.1M
Q4 2025: \$7.6M vs. Q4 2024: \$7.6M

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 regular working capital changes.

As at December 31, 2025, the Company holds a corporate-owned life insurance policy on a key executive, which has an accumulated cash surrender value (CSV) of \$365,039 (2024 - \$180,640). This policy is classified as a long-term investment under IFRS 9 - Financial Instruments, as it represents a financial asset that is accessible by the Company.

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.

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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 represents interests earned on the aggregated funds held in deposit accounts.

More detailed results and analysis are as follows;

	Three months ended December 31, 2025	Three months ended December 31, 2024	Dollar change	% change
Revenues ⁽¹⁾	\$	\$	\$	
Transaction Fees	2,150,258	1,647,063	503,195	30.55%
Administration Fees	1,890,666	1,838,610	52,056	2.83%
Commission	55,068	45,982	9,086	19.76%
Consulting	413,505	532,798	(119,293)	-22.39%
Other Income	133,710	135,982	(2,272)	-1.67%
	<u>4,643,207</u>	<u>4,200,435</u>	<u>442,772</u>	<u>10.54%</u>

	Year ended December 31, 2025	Year ended December 31, 2024	Dollar change	% change
Revenues ⁽¹⁾	\$	\$	\$	
Transaction Fees	7,870,227	6,408,546	1,461,681	22.81%
Administration Fees	7,439,035	7,252,222	186,813	2.58%
Commission	118,523	109,890	8,633	7.86%
Consulting	2,049,198	2,127,763	(78,565)	-3.69%
Other Income	455,439	576,865	(121,426)	-21.05%
	<u>17,932,422</u>	<u>16,475,286</u>	<u>1,457,136</u>	<u>8.84%</u>

	Three months ended December 31, 2025	Three months ended September 30, 2025	Dollar change	% change
Revenues ⁽¹⁾	\$	\$	\$	
Transaction Fees	2,150,258	1,953,885	196,373	10.05%
Administration Fees	1,890,666	1,862,084	28,582	1.53%
Commission	55,068	21,153	33,915	160.33%
Consulting	413,505	589,325	(175,820)	-29.83%
Other Income	133,710	113,851	19,859	17.44%
	<u>4,643,207</u>	<u>4,540,298</u>	<u>102,909</u>	<u>2.27%</u>

(1) Certain comparative figures have been reclassified to conform to the current period presentation.

For the three months and year ended December 31, 2025, revenue grew by \$442,772 and \$1,457,136 respectively, over the comparable year ending December 31, 2024. The increase was mainly driven by higher transaction revenue, largely resulting from organic growth among existing clients. Notably, drug manufacturers experienced a rise in Patient Support Programs (PSPs). For the three months ended

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December 31, 2025, revenue grew by \$102,909 over the prior three months ended September 30, 2025, primarily as a result of the higher number of claims transactions.

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 for the three months ended December 31, 2025, was \$744,544, compared to \$828,595 in the same period in 2024. For the full year, cost of sales totaled \$2,998,508, a decrease of \$354,858 (10.58%) from \$3,353,366 in 2024. The decrease in cost of sales was primarily attributable to the termination in one of the consulting services provided to a client. The loss in consulting revenue corresponds with lower consulting expenses.

	Three months ended December 31, 2025	Three months ended December 31, 2024	Dollar change
Expenses	\$	\$	\$
Compensation and external contractors	2,456,671	2,208,515	248,156
General and administrative / other	838,170	710,140	128,030
Total	3,294,841	2,918,655	376,186

	Year ended December 31, 2025	Year ended December 31, 2024	Dollar change
Expenses	\$	\$	\$
Compensation and external contractors	9,413,511	8,777,597	635,914
General and administrative / other	3,584,827	3,317,604	267,223
Total	12,998,338	12,095,201	903,137

	Three months ended December 31, 2025	Three months ended September 30, 2025	Dollar change
Expenses	\$	\$	\$
Compensation and external contractors	2,456,671	2,391,859	64,812
General and administrative / other	838,170	891,463	(53,293)
Total	3,294,841	3,283,322	11,519

Total expenses as per the table above for the three months ending December 31, 2025, increased by \$376,186 over the prior year comparable period. The increase was primarily attributable to higher spending on external contractors, particularly for consulting services aimed at acquiring new prospective clients. In addition, \$161,387 impairment loss in goodwill was recognized in Q4 2025. Total expenses increased by \$903,137 for the year ending December 31, 2025 over the prior year. The increase is primarily due to an increase in employee compensation resulting in inflationary adjustment, increase in staffing and external contractors, and impairment loss recognition. Compared to the prior three months ending September 30, 2025, total expenses increased slightly by \$11,519 for the three months ending December 31, 2025, the increase resulted from impairment loss was offset by the decrease in accrual due to timing.

Total operating expenses are expected to align with revenue trends, with potential efficiencies from scalable technology solutions and contract negotiations. The Company continues to monitor its expense structure to balance profitability with operational expansion.

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Transactions with Related Parties and Shareholders

In 2025, dividends of \$1,066,757 and \$231,000 were declared and paid to all outstanding common shares and preferred shares respectively.

Key management includes the Company's directors and members of the management team. Compensation awarded to key management included:

	December 31, 2025	December 31, 2024
	\$	\$
Salaries and short-term employee benefits	1,076,948	1,099,439
Options, directors and management	<u>5,006</u>	<u>15,215</u>
	<u>1,081,954</u>	<u>1,114,654</u>

Outstanding Share Data

There are 71,117,132 common shares and 6,600,000 preferred shares issued and outstanding at December 31, 2025. The Company currently has an aggregate of 6,000,000 options under the employee stock option plan, 5,933,333 of which are exercisable.

As at March 31, 2026, the number of common shares, preferred shares and options has not changed.

Liquidity and Capital Resources

The Company has historically maintained a disciplined approach to capital management and has successfully raised capital as required to support operational and strategic initiatives. Management remains confident in the Company's ability to fund ongoing operations and future growth through a combination of positive operating cash flow, cost management strategies, and revenue growth.

Over the past year, the Company has taken several steps to strengthen its liquidity position and capital resources, including:

- **Cost Containment Initiatives:** Ongoing efforts to optimize operational efficiencies, streamline expenditures, and reduce discretionary costs have contributed to improved financial stability.
- **Increased Recurring Revenue:** Growth in the Company's recurring revenue base has enhanced predictability of cash flows, improving financial resilience and reducing reliance on external financing.

Non-GAAP Financial Measure: EBITDA

EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") is a non-GAAP financial measure that is not defined under IFRS Accounting Standards and does not have a standardized meaning. As such, it may not be comparable to similar financial measures disclosed by other issuers.

The Company defines EBITDA as net income before taxes, interest expense, depreciation and amortization, and stock-based compensation. This measure is used by management to evaluate the Company's performance prior to the impact of financing decisions, non-cash expenses and income taxes. It provides a consistent basis for assessing operating results and cash-generating potential. The most directly comparable financial measure disclosed in the Company's financial statements is net income. A reconciliation of net income to EBITDA is presented below:

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Reconciliation of Net Income to EBITDA:

	Year ended December 31, 2025	Year ended December 31, 2024
Net income before taxes	1,935,576	1,026,719
Add: Interest expense	26,679	31,036
Add: Amortization of intangibles	978,256	1,053,610
Add: Depreciation of property	243,799	212,842
Add: Impairment loss	161,387	0
Add: Stock based compensation	5,007	15,215
EBITDA (Non-GAAP)	3,350,704	2,339,422

This disclosure is presented in accordance with National Instrument 52-112. EBITDA should not be considered a substitute for net income or cash flows from operations and may not be comparable to similar measures disclosed by other issuers.

At December 31, 2025, the Company had sufficient working capital to meet current obligations, with no immediate requirement for additional financing. However, management continues to assess capital allocation strategies to support future expansion and strategic investments. The Company retains the ability to access additional capital, if necessary, through equity issuances, credit facilities, or other financing arrangements, leveraging its proven track record of raising funds when required.

Looking ahead, the Company anticipates that ongoing revenue growth and disciplined expense management will support a stable liquidity position. Management will continue to monitor operating cash flows, capital expenditure requirements, and market conditions to ensure the Company remains well-positioned to meet its financial commitments while pursuing growth opportunities.

Financial Instruments and Other Instruments

Foreign currency risk

Foreign currency risk arises because of fluctuations in foreign currency exchange rates. The Company has insignificant financial liabilities denominated in foreign currencies and as a result the effect from any change in foreign currency exchange rates would be immaterial.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on the notes payable to shareholders are fixed.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Management believes the Company will have adequate resources to support all its financial liabilities and contractual commitments with current resources. If required, the Company will raise funds from its investor base for additional capital. Cash flow analysis is performed on a regular basis and includes tracking commitments and monitoring of receipts to identify significant variations from forecast cash balances.

Credit risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company's objective regarding credit risk in its operating activities is to reduce its exposure to losses. The Company does not have an allowance for expected credit losses and all amounts are considered fully collectible.

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Plan Sponsor Funds on Deposit Arrangements

The Company had \$26,632,844 in funds on deposit as at December 31, 2025 (2024 - \$21,803,067), which represented amounts received 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 healthcare 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 providing greater transparency on the asset / liability flows of the Company. The increase over the prior year comparable period is a result of timing of fund deposits and claims payouts, as well as increased claims transactions driving the need to increase client's float.

Significant Accounting Judgments and Estimation Uncertainties

The preparation of financial statements under IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that could differ from actual results. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The following are estimates and judgments applied by management that most significantly impact the financial statements. These significant estimates and judgments have a risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Intangible assets

Valuation of technology requires management to assess whether such expenditures to develop or maintain are current expenses or have an extended life that should be recognized as an asset and accordingly amortized over the estimated asset life. Costs include the contribution of Company time which has been estimated based on the relative contributions of individuals within the Company in addition to external costs incurred related to the development phase.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets include IP software license and customer relationships. Both are amortized on a straight-line basis over their expected useful lives which is estimated at ten years. Valuation of software license and customer relationships requires management to assess expected income based on projections including customer attrition, growth rates and royalty rates.

Goodwill and intangible asset impairment

The Company assesses impairment in accordance with IAS 36 – Impairment of Assets. Impairment testing is conducted annually for goodwill and intangible assets with indefinite useful lives, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment Assessment Methodology

Goodwill:

- (1) Goodwill is allocated to the applicable cash-generating unit (CGU) that benefits from the acquisition.
- (2) The recoverable amount of each CGU is determined as the higher of fair value less costs of disposal and value in use.

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- (3) Value in use is calculated using a discounted cash flow (DCF) model, incorporating projected cash flows, discount rates, and long-term growth assumptions.
- (4) If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in profit or loss.

Intangible Assets (Finite Life):

- Intangible assets, such as software licenses and customer relationships, are assessed based on their remaining useful life, obsolescence risk, and revenue-generating capacity.
- The Company evaluates future cash flows associated with these assets and determines whether their carrying value remains recoverable.
- If an impairment indicator exists, the Company estimates the recoverable amount and recognizes an impairment charge if the asset is deemed impaired.

Impairment Recognition and Reversal

- Impairment losses on goodwill are irreversible under IAS 36.
- Intangible asset impairments may be reversed in future periods if there is evidence of increased value or recoverability.

During the year, the Company identified impairment indicators in its MBT CGU. The recoverable amount of the MBT CGU was determined based on value in use (VIU) using discounted cash flow projections derived from the average of historical revenue growth covering an eight-year period. The recoverable amount of the CGU amounted to \$565,719, compared with a carrying amount of \$727,107, resulting in an impairment loss of \$161,387 allocated fully to goodwill. Cash flows beyond the five-year period were extrapolated using a terminal growth rate of 4.7%. The discount rate applied to the cash flow projections was 20%, reflecting current market assessments of the time value of money and the risks specific to the CGU. The impairment is a non-cash expense that has reduced the reported net income for the year but has no impact on the Company's cash flow. Following this adjustment, goodwill is carried at its estimated recoverable amount.

CGU	Carrying amount	Recoverable amount	Method	Discount rate
MBT	\$727,109	\$565,719	VIU	20%

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 Issued

Valuation of stock-based compensation requires 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.

Future changes in accounting standards

IFRS 18 - Presentation and disclosure in the financial statements is effective for annual reporting periods beginning on or after January 1, 2027.

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Changes in presentation and disclosures include:

1. Statement of Profit or Loss:
 - Income and expenses are classified into operating, investing, and financing categories.
 - A new subtotal, Operating Profit, is presented to improve clarity.
2. Management-Defined Performance Measures (MPMs):
 - The Group discloses performance measures not specified by IFRS with a reconciliation to IFRS-defined measures.
3. Aggregation and Disaggregation of Information:
 - Enhanced disaggregation to improve financial statement clarity.
 - Labels and descriptions are refined to accurately reflect the nature of transactions.
4. Operating Expenses Disclosure:
 - Expenses are analyzed by function/nature, with additional disclosures provided.
5. Interim Financial Reporting Consistency:
 - The same classification and disclosures apply to interim financial statements to ensure comparability with annual reporting.

IFRS 9 & 7 – Classification and measurement of financial instruments disclosures is effective for annual reporting periods beginning on or after January 1, 2026.

Key amendments to IFRS 9 & IFRS 7 include:

1. Clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
2. Clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
3. Adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets);
4. Updating the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Key amendments to IFRS 9 Financial instruments focus on updating derecognition rules for electronic payments, clarifying classification for environmental, social, and governance (ESG) linked financial assets, and improving guidance on own-use electricity contracts. These changes aim to standardize practices for setting financial liabilities and improve consistency in measuring financial instruments. The change in disclosures focus on enhancing transparency around supplier finance arrangements, electronic payment settlements, and ESG-linked instruments. These updates mandate disclosures on liquidity risk, derecognition, and cash flow changes, aligning with IFRS 7 and IAS 7 updates to improve investor understanding of financial liabilities.

Additional Information

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

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.