



DIAGNOS Inc.

Interim Condensed Consolidated Financial Statements - Unaudited
Three-month and Nine-month Periods ended December 31, 2024

Note to reader: These Interim Condensed Consolidated Financial Statements have not been reviewed by our auditor.

DIAGNOS Inc.
Interim Consolidated Statements of Financial Position
(amounts in Canadian dollars)

	Note	As at	
		December 31, 2024	March 31, 2024
		\$	
ASSETS			
Current			
Cash		70,449	219,015
Short-term investments	5	2,750,000	-
Accounts receivable	6	121,743	166,576
Prepaid expenses		83,161	21,285
		<u>3,025,353</u>	<u>406,876</u>
Non-current			
Capital assets		171,301	256,911
Total assets		<u>3,196,654</u>	<u>663,787</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	387,675	521,671
Deferred revenue		-	8,393
Loans		146,041	145,007
Leases		115,933	115,933
Convertible debentures	8	2,528,239	830,925
		<u>3,177,888</u>	<u>1,621,929</u>
Non-current			
Loans		207,469	223,371
Leases		64,513	147,984
Convertible debentures	8	223,990	1,722,351
		<u>495,972</u>	<u>2,093,706</u>
Total liabilities		<u>3,673,860</u>	<u>3,715,635</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	9	43,042,319	37,700,406
Reserve	10	10,004,233	9,822,278
Deficit		(53,596,168)	(50,646,942)
Foreign exchange differences		72,410	72,410
		<u>(477,206)</u>	<u>(3,051,848)</u>
Total liabilities and shareholders' deficiency		<u>3,196,654</u>	<u>663,787</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Approved by the Board of Directors:

(signed) André Larente
Director

(signed) Francis Bellido
Director

DIAGNOS Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(amounts in Canadian dollars)

	Note	Three-month period ended December 31,		Nine-month period ended December 31,	
		2024	2023	2024	2023
		\$		\$	
Revenue	11	26,042	52,130	85,405	128,160
Expenses					
Costs of services and research and development		300,672	251,831	738,674	747,966
Selling and administrative		794,023	479,179	1,873,180	1,317,322
	12	1,094,695	731,010	2,611,854	2,065,288
Loss before other items		(1,068,653)	(678,880)	(2,526,449)	(1,937,128)
Other income		6,249	7,158	18,819	23,760
Interest expense		(150,834)	(138,320)	(441,596)	(398,436)
Net loss and comprehensive loss		(1,213,238)	(810,042)	(2,949,226)	(2,311,804)
Basic and diluted net loss per share		(0.01)	(0.01)	(0.03)	(0.03)
Weighted-average number of common shares outstanding		93,726,774	72,968,411	84,711,855	72,114,056

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DIAGNOS Inc.

Interim Consolidated Statements of Changes in Equity

(amounts in Canadian dollars)

Nine-month period ended December 31, 2024

	Note	Share capital	Reserve	Deficit	Foreign exchange differences	Total shareholders' equity
		\$				
Balance, beginning of period		37,700,406	9,822,278	(50,646,942)	72,410	(3,051,848)
Net loss		-	-	(2,949,226)	-	(2,949,226)
Issuance of common shares	9	5,441,098	(5,313)	-	-	5,435,785
Issuance of warrants	9, 10	-	14,100	-	-	14,100
Issue expenses	9	(99,185)	-	-	-	(99,185)
Stock-based compensation expense		-	173,168	-	-	173,168
Balance, end of period		43,042,319	10,004,233	(53,596,168)	72,410	(477,206)

Nine-month period ended December 31, 2023

	Note	Share capital	Reserve	Deficit	Foreign exchange differences	Total shareholders' equity
		\$				
Balance, beginning of period		35,914,525	9,588,048	(47,526,360)	75,580	(1,948,207)
Net loss		-	-	(2,311,804)	-	(2,311,804)
Issuance of common shares		1,085,152	(83,201)	-	-	1,001,951
Issuance of warrants		-	153,263	-	-	153,263
Conversion options		-	96,087	-	-	96,087
Issue expenses		-	(3,097)	-	-	(3,097)
Stock-based compensation expense		-	130,146	-	-	130,146
Balance, end of period		36,999,677	9,881,246	(49,838,164)	75,580	(2,881,661)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DIAGNOS Inc.
Interim Consolidated Statements of Cash Flows
(amounts in Canadian dollars)

	Nine-month period ended December 31,		
	Note	2024	2023
		\$	
Cash flows from operating activities			
Net loss		(2,949,226)	(2,311,804)
Items not affecting cash			
Depreciation of capital assets		96,944	92,544
Accretion on leases		16,997	21,207
Accretion on convertible debentures		198,953	158,302
Accretion on governmental loan		14,245	18,568
Governmental grant amortization		(9,819)	(13,352)
Stock-based compensation expense		173,168	130,146
		<u>(2,458,738)</u>	<u>(1,904,389)</u>
Interest		221,528	189,304
Net change in operating working capital items		(159,432)	86,742
		<u>(2,396,642)</u>	<u>(1,628,343)</u>
Cash flows from investing activities			
Proceeds from disposal of short-term investments	5	750,000	600,000
Acquisition of short term investments	5	(3,500,000)	(800,000)
Interest on investments		3,375	-
Additions to capital assets		(11,334)	(8,980)
		<u>(2,757,959)</u>	<u>(208,980)</u>
Cash flows from financing activities			
Issuance of convertible debentures and stock warrants, net of issue expenses		-	843,775
Issuance of common shares and stock warrants net of issue expenses	9, 10	5,350,700	1,084,574
Repayment of loans		(19,294)	(4,287)
Lease payments		(100,468)	(88,874)
Payment of interest		(224,903)	(189,304)
		<u>5,006,035</u>	<u>1,645,884</u>
Net change in cash		(148,566)	(191,439)
Cash, beginning of period		219,015	296,639
Cash, end of period		<u><u>70,449</u></u>	<u><u>105,200</u></u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Going concern assumption

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. However, there exist significant uncertainties which cast significant doubt about the ability of the Corporation to continue as a going concern. In order to address these uncertainties, the Corporation is evaluating the implementation of some or all of the following measures:

- Additional financing
- Debt restructuring
- Mergers & Acquisitions opportunities

The Corporation believes that if it were to be successful in implementing some or all of the above risk mitigating measures, it will be able to continue as a going concern. There remains significant risk and uncertainty associated with implementing any of these measures which are dependent on a number of factors of which some may be outside of the Corporation's control.

As at December 31, 2024, the Corporation is current in its payroll taxes and is not in default with regards to its debt.

2. Statutes of incorporation and nature of activities

DIAGNOS Inc. ("the Corporation") is incorporated under the Canada Business Corporations Act and the subsidiaries under the applicable regulations in their respective countries. The main office is located at 7005 Taschereau Blvd., Suite 265, Brossard, Quebec, Canada. The shares of the Corporation are listed on the TSX Venture Exchange.

The Corporation provides software-based services to assist health specialists in the detection of diabetic retinopathy and other eye-related pathologies.

These interim condensed consolidated financial statements have been approved and authorized for filing by the Board of Directors of the Corporation on February 12, 2025.

3. Basis of consolidation, statement of compliance with IFRS accounting standards and summary of accounting policies

Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Corporation and those of its subsidiaries. Subsidiaries consist of entities over which the Corporation has right, or is exposed, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries' financial statements are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries' year end and accounting policies are aligned with those adopted by the Corporation.

Percentage of interest in the Corporation's subsidiaries is as follows:

Name of entity	Location of entity	Percentage of ownership
Diagnos Internacional SA de CV	Mexico	99.8%
Diagnos Healthcare (India) Private Limited	India	99.74%

Inter-company transactions and balances and any unrealized revenue and expense are eliminated in preparing the interim condensed consolidated financial statements.

3. Basis of consolidation, statement of compliance with IFRS accounting standards and summary of accounting policies (continued)

Summary of material accounting policies

These interim condensed consolidated financial statements were prepared in accordance with standard IAS 34 – Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) accounting standards as issued by the International Accounting Standards Board. They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Corporation at period end since its last annual consolidated financial statements dated March 31, 2024.

The accounting policies used to prepare these interim condensed consolidated financial statements are those described in the last annual consolidated financial statements of the Corporation and have been applied throughout the period unless otherwise stated.

4. Critical accounting judgments and key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

5. Short-term investments

	As at	
	December 31, 2024	March 31, 2024
	\$	
Guaranteed investment certificates	2,750,000	-

Guaranteed investment certificates are held with a major Canadian chartered bank, bear interest at 3.50% and 4% and are cashable without penalties.

The increase in short-term investments is attributable to the increase in financings in the form of private placements of common shares and stock warrants during the period of nine months ended December 31, 2024.

6. Accounts receivable

	As at	
	December 31, 2024	March 31, 2024
	\$	
Customers	15,880	18,705
Tax credits on research and development expenses	30,000	84,278
Demand loan bearing annual interest rate of 4%	20,000	20,000
Advances, no interest bearing	18,177	18,749
Sales taxes	36,372	23,530
Others	1,314	1,314
	121,743	166,576

All amounts are due in the short term. The net carrying amounts are a reasonable approximation of their fair value.

7. Accounts payable and accrued liabilities

	As at	
	December 31, 2024	March 31, 2024
	\$	
Suppliers	218,570	330,416
Interests	61,825	61,628
Salaries and benefits	107,280	129,627
	387,675	521,671

8. Convertible debentures

	As at	
	December 31, 2024	March 31, 2024
	\$	
Unsecured convertible debentures	2,895,000	2,895,000
Fair value discount	(127,973)	(304,774)
Issue expenses	(14,798)	(36,950)
	2,752,229	2,553,276
Unsecured convertible debentures - Current	2,645,000	930,000
Fair value discount - Current	(105,801)	(89,016)
Issue expenses - Current	(10,960)	(10,059)
	2,528,239	830,925
Unsecured convertible debentures - Non-Current	250,000	1,965,000
Fair value discount - Non-current	(22,172)	(215,758)
Issue expenses - Non-current	(3,838)	(26,891)
	223,990	1,722,351

8. Convertible debentures (continued)

The following table presents the contractual maturities of convertible debentures as at December 31, 2024:

Issuance	Quarter ending					Total
	March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	
	\$					
March 2022	930,000	-	-	-	-	930,000
August 2022	-	-	350,000	-	-	350,000
November 2022	-	-	-	250,000	-	250,000
December 2022	-	-	-	250,000	-	250,000
January 2023	-	-	-	-	250,000	250,000
May 2023	-	865,000	-	-	-	865,000
	<u>930,000</u>	<u>865,000</u>	<u>350,000</u>	<u>500,000</u>	<u>250,000</u>	<u>2,895,000</u>

9. Share capital

Share capital is composed of common shares without par value. All the shares have identical rights with respect to the distribution of dividends and the repayment of capital. Each share confers the right to one vote at the annual general meeting of shareholders. The Corporation is authorized to issue an unlimited number of common shares.

The following table presents a reconciliation of changes in share capital.

	Nine-month period ended December 31,			
	2024		2023	
	Number	\$	Number	\$
Balance, beginning of period	76,648,586	37,700,406	70,610,514	35,914,525
Private placements, net of issue expenses paid in cash	18,189,932	5,279,337	1,828,717	624,201
Issue expenses paid in stock warrants	-	(14,100)	-	-
Fair value of stock warrants issued	-	-	-	(123,100)
Exercise of stock warrants	159,090	46,676	1,640,525	525,313
Exercise of stock options	150,000	30,000	50,000	10,000
Conversion of debentures, net of expenses	-	-	227,272	48,738
Balance, end of period	95,147,608	43,042,319	74,357,028	36,999,677

During the quarter ended December 31, 2024, the Corporation closed a non-brokered private placement ("Q3-Private placement") for gross proceeds of \$1,568,600. As part of the Q3-Private placement, 5,228,668 common shares and 5,228,668 stock warrants were issued to the subscribers and 60,690 stock warrants were issued to brokers as part of their remuneration. The stock warrants can be exercised to purchase one common share per stock warrant at a price of \$0.40 per common share for a period of 18 months ending April 25, 2026. The fair value of the stock warrants issued to subscribers has been established at \$0 using the residual value method. The fair value of the stock warrants issued to brokers has been established at \$5,700 using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected life:	18 months
Risk-free interest rate:	3.81%
Volatility:	63.9%

9. Share capital (continued)

During the quarter ended September 30, 2024, the Corporation closed a non-brokered private placement (“Q2-Private placement”) for gross proceeds of \$2,500,000. As part of the Q2-Private placement, 8,333,333 common shares and 8,333,333 stock warrants were issued to one subscriber. The stock warrants can be exercised to purchase one common share per stock warrant at a price of \$0.40 per common share for a period of 18 months ending March 20, 2026. The fair value of the stock warrants issued to subscribers has been established at \$0 using the residual value method.

During the quarter ended June 30, 2024, the Corporation closed two tranches of a non-brokered private placement (“Q1-Private placement”) for total gross proceeds of \$1,295,821. As part of the Q1-Private placement, 4,627,931 common shares and 4,627,931 stock warrants were issued to the subscribers and 86,800 stock warrants were issued to brokers as part of their remuneration. 3,589,731 stock warrants can be exercised to purchase 3,589,731 common shares at a price of \$0.40 per common share for a period of 18 months ending December 5, 2025. 1,125,000 stock warrants can be exercised to purchase 1,125,000 common shares at a price of \$0.40 per common share for a period of 18 months ending November 9, 2025. The fair value of the 4,627,931 stock warrants issued to subscribers has been established at \$0 using the residual value method. The fair value of the 86,800 stock warrants issued to brokers has been established at \$8,400 using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected life:	18 months
Risk-free interest rate:	4.71%
Volatility:	82.68%

10. Reserve

Nine-month period ended December 31, 2024

	Stock warrants	Conversion options	Stock options	Total
	\$			
Balance, beginning of period	4,312,841	1,627,837	3,881,600	9,822,278
Stock-based compensation	-	-	173,168	173,168
Exercises	(5,313)	-	-	(5,313)
Issue expenses	14,100	-	-	14,100
Balance, end of period	4,321,628	1,627,837	4,054,768	10,004,233

Nine-month period ended December 31, 2023

	Stock warrants	Conversion options	Stock options	Total
	\$			
Balance, beginning of period	4,334,058	1,550,630	3,703,360	9,588,048
Stock-based compensation	-	-	130,146	130,146
Private placement	153,263	96,087	-	249,350
Conversion	-	(8,261)	-	(8,261)
Exercises	(74,940)	-	-	(74,940)
Issue expenses paid in cash	(740)	(2,357)	-	(3,097)
Balance, end of period	4,411,641	1,636,099	3,833,506	9,881,246

11. Segment information

The Corporation is active in one reportable segment; healthcare services.

Revenue by country:

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2024	2023	2024	2023
	\$		\$	
Canada	20,697	38,137	67,744	90,159
United States of America	524	2,531	5,772	12,237
Mexico	2,222	7,350	7,563	15,322
Others	2,599	4,112	4,326	10,442
	<u>26,042</u>	<u>52,130</u>	<u>85,405</u>	<u>128,160</u>

For the nine-month period ended December 31, 2024, 79% of revenue was attributable to two clients (nine-month period ended December 31, 2023 – 75% attributable to three clients).

12. Expenses by nature

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2024	2023	2024	2023
	\$		\$	
Audit	420	-	63,473	60,050
Communications	7,613	6,399	23,845	21,620
Consulting fees	184,050	158,242	448,934	359,484
Depreciation and amortization	32,936	35,887	96,944	92,544
Equipment	2,322	1,855	6,325	4,946
Foreign exchange	(1,644)	1,087	(433)	6,065
Insurance	17,158	19,025	52,568	56,937
Leasing	7,935	7,619	24,347	25,741
Legal fees	-	-	691	2,128
Marketing	19,691	14,172	43,820	33,859
Overhead	36,827	21,023	73,280	59,931
Remuneration	676,393	433,034	1,589,983	1,244,403
Stock-based compensation	111,849	43,382	173,168	130,146
Tax credits	(15,000)	(25,000)	(30,000)	(75,000)
Travel and living	14,145	14,285	44,909	42,434
	<u>1,094,695</u>	<u>731,010</u>	<u>2,611,854</u>	<u>2,065,288</u>

13. Risk management

The Corporation is exposed to certain risks which could have a material impact on its ability to achieve its strategic growth objectives. The Corporation strives to control and mitigate its business and financial risks through management practices that require the ongoing evaluation, identification and implementation of risk mitigating measures that help reduce or eliminate risks related to its business operations.

The following describes the Corporation's main financial risks:

i. Credit Risks

In the normal course of business, the Corporation's exposure to credit risk results from the possibility that a customer or financial institution may default, in part or in whole, on their financial obligations, as they come due.

Cash and short-term investments

Cash and short-term investments are held by a recognized Canadian financial institution. Consequently, management considers the credit risk related to cash to be low as at December 31, 2024 and March 31, 2024.

Clients, advances and demand loan

The Corporation determines whether the credit risk of a financial asset has increased significantly since initial recognition considering reasonable and supportable information that is relevant and available without undue cost or effort, this includes both quantitative and qualitative information and analysis, based on the historical experience and informed assessment and including forward-looking information.

The Corporation assumes that the credit risk on financial asset has increased significantly if it is more than 90 days past due.

The Corporation considers a financial asset to be in default when the customer, or the debtor, is unlikely to fulfill the credit obligation to the Corporation in full, without recourse by the Corporation to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

As at December 31, 2024, accounts receivable from clients was attributable to a small number of clients. It should be noted that given the specialization of the Corporation's market niche, it is most likely that such concentration risk is expected to continue. However, from one year to the next, it is rare that the same clients make up this concentration. Despite the concentration of its clients, the credit risk is mitigated through monitoring of its clients and the additional measures available to the Corporation, as previously described.

Management is reasonably assured that its receivables will be collected and therefore considers the credit risk related to accounts receivable to be low as at December 31, 2024 and March 31, 2024.

ii. Liquidity Risks

Liquidity risk is the risk that the Corporation cannot meet its obligations as they come due. On an ongoing basis, the Corporation monitors and manages its actual and projected cash flows, with the primary objectives of maintaining liquidity and financial flexibility. In addition, the Corporation's policy is to target contracts that will generate positive cash flows throughout their execution.

13. Risk management (continued)

The following are the contractual maturities of liabilities and commitments as at the end of the reporting date:

	As at December 31, 2024			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$			
Accounts payables and accrued liabilities	280,395	-	-	-
Loans	150,724	65,724	77,173	59,888
Convertible debentures	2,645,000	250,000	-	-
Interests	187,510	94,590	95,551	47,574
	<u>3,263,629</u>	<u>410,314</u>	<u>172,724</u>	<u>107,462</u>

	As at March 31, 2024			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$			
Accounts payables and accrued liabilities	392,044	-	-	-
Loans	190,724	25,724	77,173	74,756
Convertible debentures	930,000	1,965,000	-	-
Interests	373,405	272,860	94,821	47,209
	<u>1,886,173</u>	<u>2,263,584</u>	<u>171,994</u>	<u>121,965</u>

Until the Corporation is able to achieve and maintain profitable operations, the available liquidity to meet near term obligations remains dependent on the Corporation's ability in securing additional financing. Refer to going concern assumptions in note 1.

14. Related party transactions

The Corporation's related parties include its subsidiaries as well as the Corporation's key management personnel. Key management personnel includes directors and officers.

The following table presents the transactions with key management personnel:

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2024	2023	2024	2023
	\$		\$	
Base salary	154,978	84,775	423,403	254,325
Stock-based compensation	98,801	24,978	149,279	74,934
Incentives	175,000	50,000	175,000	50,000
Interest on demand loan	200	200	600	600
Payment of interest on demand loan	(200)	(200)	(600)	(600)
	<u>428,779</u>	<u>159,753</u>	<u>747,682</u>	<u>379,259</u>

DIAGNOS Inc.

Notes to Interim Consolidated Financial Statements

December 31, 2024, March 31, 2024 and December 31, 2023

(amounts in Canadian dollars)

15. Subsequent event

On February 5, 2025, the Corporation closed a non-brokered private placement of 6,715,370 units issued at \$0.30 / unit, for gross proceeds of \$2,014,611. Each unit is comprised of one common share and one stock warrant, exercisable at a price of \$0.40 / common share, for a period of 18 months ending August 5, 2026.

DIAGNOS Inc.

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Stock Exchange Listings

TSX Venture Exchange: ADK
OTCQB: DGNOF

Transfer Agent and Registrar

Computershare Trust Company of Canada