DIAGNOS Inc.

2025 Management Discussion & Analysis

Description and objective

This Management Discussion and Analysis ("MD&A") provides a narrative explanation, through the eyes of management, of how DIAGNOS Inc. and its subsidiaries ("DIAGNOS", the "Corporation" or "We") performed during the year ended March 31, 2025, and of the Corporation's financial condition as at March 31, 2025 and future prospects.

This MD&A should be read in conjunction with the March 31, 2025 consolidated financial statements and accompanying notes. This MD&A complements and supplements the Corporation's financial statements, but does not form part of the Corporation's financial statements.

The objective of this MD&A is to improve the Corporation's overall financial disclosure by giving a balanced discussion of the Corporation's financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources.

This MD&A was prepared in compliance with the requirements of Form 51-102F1 as detailed in Regulation 51-102 respecting continuous disclosure obligations.

The currency used is the Canadian dollar unless otherwise stated.

Date

This MD&A is dated May 28, 2025 and was approved by the Board of Directors of the Corporation on the same date.

Forward-looking statement

This MD&A contains certain forward-looking statements with respect to the Corporation. By their nature, these forward-looking statements necessarily imply risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. These risks and uncertainties include risks associated with the going concern assumption, market acceptance, competitive developments, the world economic situation and other factors. Except for ongoing obligations under securities laws to disclose all material information to investors, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP financial measure

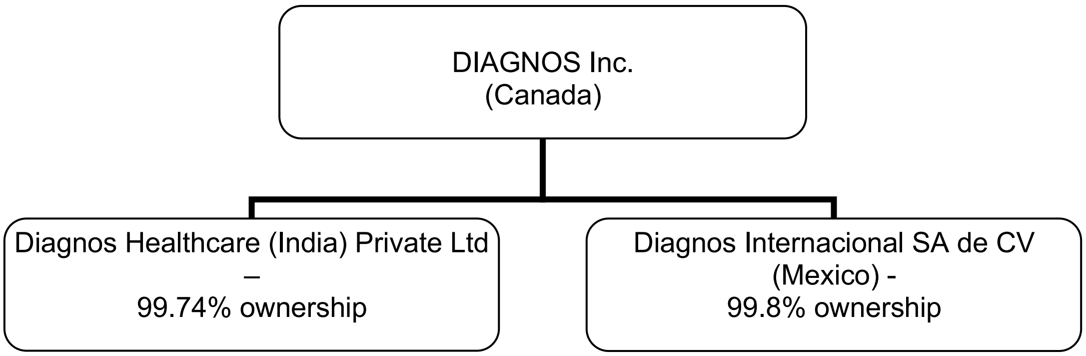
A non-GAAP financial measure is a numerical measure of an issuer's historical or future financial performance, financial position or cash flow that is not specified, defined or determined under the Corporation's GAAP (as that term is defined in *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*) and is not presented in the Corporation's financial statements.

This MD&A contains one non-GAAP financial measure; working capital. It is obtained by subtracting the sum of the amounts for (i) accounts payable and accrued liabilities, (ii) current debt and (iii) other current liabilities from the sum of the amounts for (i) cash, (ii) non-restricted short-term investments, (iii) accounts receivable and (iv) other current assets.

Description of the Corporation and activities

The common shares of DIAGNOS are currently listed for trading on (i) the TSX Venture Exchange of the Toronto Stock Exchange under the symbol “ADK”, (ii) the OTCQB Exchange, under the symbol “DGNOF”, and (iii) the Frankfurt Exchange under the symbol 4D4A.

DIAGNOS group of entities is organized as follows:



Diagnos Healthcare (India) Private Limited and Diagnos Internacional SA de CV are currently inactive.

DIAGNOS markets CARA (Computer Assisted Retinal Analysis), a software platform which assists health specialists in the detection of certain retinopathy pathologies through the computerized analysis of retina images. CARA is an in-house hosted web-based application that integrates fundus cameras with an image processing engine over a secure internet connection and has been developed by, and is proprietary to, DIAGNOS.

The CARA suite of applications allows an eye care specialist to more clearly visualize both normal retinal landmarks (optic nerve, vascular system, macula, fovea), as well as pathological changes (exudates, haemorrhages, micro-aneurisms, neo-vascularisation). CARA is indicated for use by healthcare professionals in an adult general population in the context of a general eye-health exam.

DIAGNOS has recently applied for a commercialization license issued by Health Canada for its CARA suite of applications for the early detection of;

- Diabetic retinopathy, a condition that may lead to blindness if not properly treated,
- Age-related macular degeneration, the leading cause of blindness among the elderly,
- Diabetic macular edema, one of the main causes of visual impairment among diabetics, and
- Hypertensive retinopathy which can cause damage to the heart, kidneys and eyes.

Additional information relating to DIAGNOS is available on SEDAR+ at www.sedarplus.com.

Overall Performance

This section provides an analysis of all material information about the Corporation's financial condition, financial performance and cash flows.

Since the Corporation does not generate significant revenue from operations, the focus is put on expenditures and progress towards achieving business objectives and milestones.

The Corporation's main business objective is to generate positive cash flows from operations by increasing revenue from CARA. The CARA technology comprises detection algorithms based on recent artificial intelligence (AI) techniques. These techniques are fairly recent and their adoption by healthcare professionals and the general public could be affected by performance expectancy, effort expectancy, facilitating conditions, and social influence. Moreover, CARA is by nature a medical device which, in many markets, requires proper local regulatory commercialization licensing and clearance.

In order to increase revenue from CARA, the focus is put on obtaining regulatory commercialization clearance in Canada and in the US. The current version of CARA has been submitted to Health Canada for licensing in Canada. The Corporation has also started the process to obtain US-FDA clearance for commercialization of CARA in the United States of America. Healthcare manufacturers seeking Health Canada Medical Device license need to implement a Quality Management System compliant with ISO 13485 standard and go through a Medical Single Audit Program (MDSAP) ISO 13485 audit. On August 20, 2024, DIAGNOS announced successful completion of the MDSAP audit.

Meeting regulatory compliance for medical devices ensures public safety by requiring manufacturers, such as DIAGNOS, to demonstrate the safety, efficacy, and quality of their products before and during commercialization. Therefore, achieving these two important milestones, licensing of CARA by Health Canada and commercialization clearance of CARA by the US-FDA, will, in our opinion, help cope with the uncertainty related to the adoption of a new technology, thus generating interest in CARA and increasing streams of revenue.

As of the date of this MD&A, it is not possible to estimate when CARA will be cleared for commercialization in Canada and in the US. Although the Corporation is not aware of any indication to the contrary, there can be no assurance that CARA will receive proper regulatory approvals and that its technology will be accepted by prospective clients.

Upon receipt of Health Canada license to commercialize CARA in Canada, DIAGNOS intends to fully execute a commercialization plan comprised of social media marketing, public relations, participation to conferences as well as signing sales agreements with resellers and agents with the main objective of increasing the Corporation's client base and, thus, revenue.

Overall Performance (continued)

Main trends and uncertainties

- Regulatory landscape – Numerous statutes and regulations govern medical devices around the globe. The process of obtaining and maintaining applicable regulatory approvals can be lengthy, expensive, and uncertain.

- Going concern - The Corporation has not realized an annual profit since its inception. Until it is able to generate sufficient cash flows to meet ongoing commitments, there exists material uncertainties which cast significant doubt about the ability of the Corporation to continue as a going concern.

- Cybersecurity – CARA is a web-based application and as such is at risk of financial loss, operational disruption, or damage from the unauthorized access, use, disclosure of confidential personal information, disruption, modification, or destruction of the application. To reduce the risks associated with cybersecurity, the Corporation has started implementing an information security management system compliant to the ISO standard 27001.

Selected Annual Information

	Year ended March 31,				
	2025	2024	2023	Variations 2025 - 2024	Variations 2024 - 2023
	$				
Revenue	103,797	170,158	485,749	(66,361)	(315,591)
Net loss and comprehensive loss	(4,286,178)	(3,123,752)	(2,481,865)	(1,162,426)	(641,887)
Net loss and comprehensive loss per share	(0.05)	(0.04)	(0.04)	(0.01)	-
Total assets	3,636,104	663,787	823,031	2,972,317	(159,244)
Total non-current financial liabilities	286,037	2,093,706	2,052,467	(1,807,669)	41,239

These financial data have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") accounting standards as issued by the International Accounting Standards Board.

The increases in net loss for the years ended March 31, 2025 and March 31, 2024 are due to the decreases in revenue combined with increases in (i) consulting expenses to increase awareness of and interest in the Corporation affairs and (ii) headcount. The increase in headcount is explained by the increase in the number of employees assigned to the development of CARA mainly to prepare the submissions for Health Canada licencing and US-FDA commercialization clearance as discussed in section "Overall Performance" above.

The increase in total assets as at March 31, 2025, compared to March 31, 2024, is mainly explained by the increase in cash and short-term investments resulting from financings in the form of common shares and stock warrants closed during the year ended March 31, 2025.

The decrease in total non-current financial liabilities as at March 31, 2025, compared to March 31, 2024, is mainly explained by the increase of unsecured convertible debentures due within 12 months. As discussed above, in order to preserve its cash, the Corporation strategy is to extend the maturity dates of the unsecured debentures, as they come due, by at least 12 months. During the quarter ended March 31, 2025, the Corporation was successful in extending the maturity date for $710,000 convertible debentures by 12 months, representing 76% of convertible debentures due for repayment. Additionally, on May 18, 2025, the Corporation was successful in extending the maturity date for $300,000 convertible debentures by 12 months, representing 35% of convertible debentures due for repayment.

Discussion of Operations

The Corporation operates in one reportable segment; healthcare services.

	Year ended March 31,		
	2025	**2024**	**Var.**
		$	
Revenue - CARA	96,502	155,848	(59,346)
Revenue - Consulting	7,295	14,310	(7,015)
	103,797	170,158	(66,361)
Cost of goods sold	(53,744)	(60,153)	6,409
Gross profit	**50,053**	**110,005**	**(59,952)**

The decrease in revenue from CARA is mainly explained by the decrease in the volume of CARA analysis per client. Revenue from consulting arose from one agreement with one client. The agreement was terminated as of December 31, 2024, hence the decrease in revenue from consulting.

As discussed in section “Overall Performance” above, in order to increase revenue from CARA, the focus is put on obtaining regulatory clearance in Canada and in the US. The current version of CARA has been submitted to Health Canada for licensing in Canada. The Corporation has also started the process to obtain US-FDA clearance for commercialization of CARA in the United States of America. Achieving these two important milestones, licensing of CARA by Health Canada and clearance of CARA by the US-FDA, will (i) enable commercialization of CARA in Canada and in the US and, in our opinion, (ii) help cope with the uncertainty related to the adoption of a new technology, thus increasing streams of revenue.

Also discussed in section “Overall Performance” above, as of the date of this MD&A, it is not possible to estimate when CARA will be cleared for commercialization in Canada and in the US.

Summary of Quarterly Results

	2025				2024			
	Q4	***Q3***	***Q2***	***Q1***	***Q4***	***Q3***	***Q2***	***Q1***
	March 31, 2025	**Dec. 31, 2024**	**Sept. 30, 2024**	**June 30, 2024**	**March 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**June 30, 2023**
	$							
A	18,392	26,042	22,673	36,690	41,998	52,130	32,707	43,323
B	(1,336,952)	(1,213,238)	(1,019,332)	(716,656)	(811,947)	(810,042)	(749,590)	(752,172)
C	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
D	(1,336,952)	(1,213,238)	(1,019,332)	(716,656)	(811,947)	(810,042)	(749,590)	(752,172)
E	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

A: Total revenue
B: Loss from continuing operations attributable to owners of the parent, in total
C: Loss from continuing operations attributable to owners of the parent, on a per-share and diluted per-share basis
D: Loss attributable to owners of the parent, in total
E: Loss attributable to owners of the parent, on a per-share and diluted per-share basis

These financial data have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) accounting standards as issued by the International Accounting Standards Board.

The increases in loss for the quarters of the financial year ended March 31, 2025, compared to the quarters of the financial year ended March 31, 2024, are due to the decreases in revenue combined with increases in (i) expenses related to awareness of and interest in the Corporation affairs and (ii) headcount. Awareness of and interest in the Corporation expenses are mainly composed of consulting fees for investors’ promotional activities and travel expenses. The increase in headcount is explained by the increase in the number of employees assigned to the development of CARA mainly to prepare the submissions for Health Canada licencing and US-FDA commercialization clearance.

Liquidity

The Corporation uses working capital, a non-GAAP financial measure, as a financial measure of the Corporation's liquidity and an indicator for assessing short-term solvency.

		As at March 31, 2025	As at March 31, 2024
		$	$
Cash and short-term investments		3,235,378	219,015
Accounts receivable		170,444	166,576
Other current assets		60,092	21,285
	A	3,465,914	406,876
Accounts payable and accrued liabilities		331,321	521,671
Debt		2,691,430	975,932
Other current liabilities		94,206	124,326
	B	3,116,957	1,621,929
Working capital	A - B	**348,957**	**(1,215,053)**
Variation in working capital	C	**1,564,010**	

The variation in working capital is mainly attributable to:

		$
Cash flows from financing activities		6,617,039
Cash flows used in operating activities		(3,637,452)
Increase in short-term debentures debt		(1,714,092)
Net change in operating working capital items		241,418
Others		57,097
	C	**1,564,010**

As discussed in the section "Overall Performance" above, the Corporation's strategy is to use its liquidity mainly towards obtaining regulatory commercialization clearance in Canada and in the US.

To cope with the repayment commitments related to short-term debt of $2,691,430 of which $2,675,000 represents unsecured convertible debt, and to preserve its cash in hand, the Corporation's strategy is to extend the maturity dates of the unsecured debentures by at least 12 months, as they come due for repayment.

Considering available cash and short-term investments of $3,235,378 as at March 31, 2025 and cash flows used in operating activities of $3,637,452 for the year ended March 31, 2025, additional funding will most likely be required in the near term to maintain the Corporation's capacity to meet planned growth.

Capital resources

Capital resources currently available to the Corporation are mainly composed of stock options and stock warrants which can be exercised by the holders of such rights to purchase common shares of the Corporation. As a result of such exercises, the Corporation receives additional funds which are mainly used to finance its operations.

As at March 31, 2025, the number of stock options and stock warrants exercisable is detailed as follows:

Stock options			**Stock warrants**		
Number exercisable	Weighted-average price ($)	Value ($)	Number exercisable	Weighted-average price ($)	Value ($)
2,475,000	0.31	767,250	27,324,898	0.40	10,929,959
2,015,000	0.56	1,128,400	914,356	0.45	411,460
4,490,000	0.42	1,895,650	28,239,254	0.40	11,341,419

The closing price of $0.285 of the common shares of the Corporation on the TSX Venture, as at March 31, 2025, being less than the weighted-average prices in the above table, it is unlikely that the holders of stock options and stock warrants will acquire any of the underlying securities.

Should the Corporation need additional funding to finance its operations in the coming year, it will most likely have to rely on financings in the form of equity and/or convertible debt.

Transactions Between Related Parties

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

The following table presents the transactions with key management personnel:

	Year ended March 31,		
	2025	2024	Variation
		$	
Base salary	575,823	381,850	193,973
Stock-based compensation	248,079	104,622	143,457
Incentives	189,500	50,000	139,500
Interest on demand loan	800	800	-
Payment of interest on demand loan	(800)	(800)	-
	1,013,402	536,472	476,930

The increase of $193,973 in base salary is mainly attributable to the additions of one officer in January 2024 and one director in April 2024.

The increase in stock-based compensation of $143,457 is mainly attributable to an increase in the number of stock options granted in the past two financial years.

The increase in incentives of $139,500 is mainly attributable to the increase in bonus paid to one officer.

The following table presents the outstanding balances with one officer:

	As at March 31,		
	2025	2024	Variation
		$	
Demand loan receivable, annual interest rate of 4%	20,000	20,000	-

Fourth Quarter

	Quarter ended March 31,			Year ended March 31,		
	2025	2024	Var.	2025	2024	Var.
		$			$	
Revenue	18,392	41,998	(23,606)	103,797	170,158	(66,361)
Operating expenses	(1,316,069)	(712,179)	(603,890)	(3,927,923)	(2,777,467)	(1,150,456)
Other income	112,808	6,249	106,559	131,627	30,009	101,618
Interest expense	(152,354)	(144,846)	(7,508)	(593,950)	(543,282)	(50,668)
	(1,355,615)	(850,776)	(504,839)	(4,390,246)	(3,290,740)	(1,099,506)
Net Loss	**(1,337,223)**	**(808,778)**	**(528,445)**	**(4,286,449)**	**(3,120,582)**	**(1,165,867)**
Net Loss per share	**(0.02)**	**(0.01)**	**(0.01)**	**(0.05)**	**(0.04)**	**(0.01)**

The increase in operating expenses of $603,890 for the quarter ended March 31, 2025, compared to the same period ended March 31, 2024, is mainly due to the increase in consulting fees for investors promotional activities and travel expenses to attract new investors to participate in financing rounds and to generate interest in the affairs of the Corporation.

The increase in other income of $106,559 for the quarter ended March 31, 2025, compared to the the same period ended March 31, 2024, is mainly due to (i) a recognized gain of $56,367 resulting from the amendment to the terms of an aggregate amount of $710,000 of unsecured convertible debentures issued as part of a private placement of units initially announced on March 28, 2022, and (ii) an increase of $43,338 in interest earned on guaranteed investments certificates.

Changes in Accounting Policies

At the date of authorisation of the consolidated financial statements for the year ended March 31, 2025, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Board. None of these standards or amendments to existing standards have been adopted early by the Corporation. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Corporation's financial statements.

Financial Instruments and Other Instruments

Financial instruments

	As at March 31, 2025	
	Amortized cost	
	Fair value	Book value
	$	
Financial assets		
Cash	88,722	88,722
Short-term investments	3,146,656	3,146,656
Accounts receivable	49,709	49,709
Financial liabilities		
Accounts payable and accrued liabilities	235,334	235,334
Loans	348,371	348,371
Convertible debentures	2,545,017	2,545,017

The amounts in the above table are presented at amortized cost in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") accounting standards as issued by the International Accounting Standards Board.

The common shares of the Corporation are the underlying security of the convertible debentures. The debenture holder can convert its debenture to obtain common shares of the Corporation at a conversion price that varies from $0.22 to $0.38.

The Corporation uses its financial instruments to manage and fund its operations.

Financial Instruments and Other Instruments (continued)

The following table presents the amounts of income, expenses, gains and losses associated with the financial instruments.

	Year ended March 31, 2025	Year ended March 31, 2024
	$	$
Interest on debentures	539,524	485,573
Interest on loans	33,251	36,239
Interest on lease liabilities	21,175	28,360
Interest on short-term investments	(50,227)	(6,889)
Gain on amendment to convertible debentures	(56,367)	-
	487,356	543,283

The main risk related to its financial instruments is the risk that the Corporation cannot meet its obligations and commitments as they come due.

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

	As at March 31, 2025			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$			
Accounts payable and accrued liabilities	235,334	-	-	-
Loans	150,724	65,724	77,173	54,748
Convertible debentures	2,675,000	-	-	-
Interests	161,409	1,500	-	-
	3,222,467	67,224	77,173	54,748

As discussed in the section “Liquidity” above, to cope with the repayment commitments related to convertible debentures, and to preserve its cash in hand, the Corporation intends to extend the maturity dates of the convertible debentures by at least 12 months, as they come due for repayment.

Outstanding Share Data

As at the date of this MD&A, the number of outstanding common shares and the number of outstanding equity instruments are as follows:

	Number
Outstanding common shares	101,862,977
Common shares issuable upon conversion of debentures	7,679,231
Common shares issuable upon exercise of stock warrants	28,239,254
Common shares issuable upon exercise of stock options	6,945,000
	144,726,462

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