



## DIAGNOS Inc.

Interim Condensed Consolidated Financial Statements - Unaudited

Three-month Period ended June 30, 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	
		June 30, 2024	March 31, 2024
		\$	
<b>ASSETS</b>			
<b>Current</b>			
Cash		137,734	219,015
Short-term investments		500,000	-
Accounts receivable	5	192,744	166,576
Prepaid expenses		47,935	21,285
		<u>878,413</u>	<u>406,876</u>
<b>Non-current</b>			
Capital assets		225,129	256,911
<b>Total assets</b>		<b><u>1,103,542</u></b>	<b><u>663,787</u></b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6	316,091	521,671
Deferred revenue		9,882	8,393
Loans		145,007	145,007
Leases		115,933	115,933
Convertible debentures		1,648,874	830,925
		<u>2,235,787</u>	<u>1,621,929</u>
<b>Non-current</b>			
Loans		218,496	223,371
Leases		120,905	147,984
Convertible debentures		967,051	1,722,351
		<u>1,306,452</u>	<u>2,093,706</u>
<b>Total liabilities</b>		<b><u>3,542,239</u></b>	<b><u>3,715,635</u></b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	7	38,996,468	37,700,406
Reserve	8	9,856,023	9,822,278
Deficit		(51,363,598)	(50,646,942)
Foreign exchange differences		72,410	72,410
		<u>(2,438,697)</u>	<u>(3,051,848)</u>
<b>Total liabilities and shareholders' deficiency</b>		<b><u>1,103,542</u></b>	<b><u>663,787</u></b>

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 June 30,	
		2024	2023
		\$	
<b>Revenue</b>	9	<b>36,690</b>	<b>43,323</b>
<b>Expenses</b>			
Costs of services and research and development		125,803	216,568
Selling and administrative		488,955	467,680
	10	<b>614,758</b>	<b>684,248</b>
<b>Loss before other income, interest expense and income taxes</b>		<b>(578,068)</b>	<b>(640,925)</b>
Other income		6,285	7,572
Interest expense	10	(144,873)	(118,819)
<b>Net loss and comprehensive loss</b>		<b>(716,656)</b>	<b>(752,172)</b>
<b>Basic and diluted net loss per share</b>		<b>(0.01)</b>	<b>(0.01)</b>
Weighted-average number of common shares outstanding		77,981,184	71,179,745

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)

Three-month period ended June 30, 2024

	Note	Share capital	Reserve	Deficit	Investments revaluation reserve	Foreign exchange differences	Total shareholders' equity
\$							
<b>Balance, beginning of period</b>		<b>37,700,406</b>	<b>9,822,278</b>	<b>(50,646,942)</b>	-	<b>72,410</b>	<b>(3,051,848)</b>
Net loss		-	-	(716,656)	-	-	(716,656)
Issuance of common shares	7	1,342,497	(5,313)	-	-	-	1,337,184
Issuance of warrants	7, 8	-	8,400	-	-	-	8,400
Issue expenses	7, 8	(46,435)	-	-	-	-	(46,435)
Stock-based compensation expense		-	30,658	-	-	-	30,658
<b>Balance, end of period</b>		<b>38,996,468</b>	<b>9,856,023</b>	<b>(51,363,598)</b>	-	<b>72,410</b>	<b>(2,438,697)</b>

Three-month period ended June 30, 2023

	Note	Share capital	Reserve	Deficit	Investments revaluation reserve	Foreign exchange differences	Total shareholders' equity
\$							
<b>Balance, beginning of period</b>		<b>35,914,525</b>	<b>9,588,048</b>	<b>(47,526,360)</b>	-	<b>75,580</b>	<b>(1,948,207)</b>
Net loss		-	-	(752,172)	-	-	(752,172)
Issuance of common shares	7	289,298	(32,298)	-	-	-	257,000
Issuance of warrants	7, 8	-	30,163	-	-	-	30,163
Conversion options	7, 8	-	96,087	-	-	-	96,087
Issue expenses	7, 8	-	(3,098)	-	-	-	(3,098)
Stock-based compensation expense		-	43,382	-	-	-	43,382
<b>Balance, end of period</b>		<b>36,203,823</b>	<b>9,722,284</b>	<b>(48,278,532)</b>	-	<b>75,580</b>	<b>(2,276,845)</b>

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)

	Note	Three-month period ended June 30,	
		2024	2023
		\$	
<b>Cash flows from operating activities</b>			
Net loss		(716,656)	(748,385)
Items not affecting cash			
Depreciation of capital assets		31,782	28,101
Accretion on leases		6,410	6,504
Accretion on convertible debentures		62,649	44,779
Accretion on governmental loan		4,842	6,085
Governmental grant amortization		(3,285)	(4,572)
Stock-based compensation expense		30,658	43,382
		(583,600)	(624,106)
Payment of interest		75,591	51,660
Net change in operating working capital items		(256,909)	(50,930)
		<b>(764,918)</b>	<b>(623,376)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of short-term investments		-	300,000
Acquisition of short term investments		(500,000)	(600,000)
Additions to capital assets		-	(1,400)
		<b>(500,000)</b>	<b>(301,400)</b>
<b>Cash flows from financing activities</b>			
Issuance of convertible debentures and stock warrants, net of issue expenses	8	-	843,775
Issuance of common shares and stock warrants net of issue expenses	7, 8	1,299,149	257,000
Repayment of loans		(6,432)	-
Lease payments		(33,489)	(26,869)
Payment of interest		(75,591)	(51,660)
		<b>1,183,637</b>	<b>1,022,246</b>
<b>Net change in cash</b>		<b>(81,281)</b>	<b>97,470</b>
Cash, beginning of period		219,015	296,639
<b>Cash, end of period</b>		<b>137,734</b>	<b>394,109</b>

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

DIAGNOS Inc.  
Notes to Interim Consolidated Financial Statements

June 30, 2024, March 31, 2024 and June 30, 2023

(amounts in Canadian dollars)

---

### 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:

- Reduce operating costs
- Continue to rely on financing
- Continue to evaluate M&A 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 June 30, 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 August 21, 2024.

### 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. Accounts receivable**

	As at	
	June 30, 2024	March 31, 2024
	\$	
Customers	18,882	18,705
Tax credits on research and development expenses	99,278	84,278
Demand loan bearing annual interest rate of 4%	20,000	20,000
Advances, no interest bearing	18,442	18,749
Sales taxes	34,828	23,530
Others	1,314	1,314
	192,744	166,576

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

**6. Accounts payable and accrued liabilities**

	As at	
	June 30, 2024	March 31, 2024
	\$	
Suppliers	177,301	330,416
Interests	60,917	61,628
Salaries and benefits	77,873	129,627
	316,091	521,671

DIAGNOS Inc.  
**Notes to Interim Consolidated Financial Statements**  
June 30, 2024, March 31, 2024 and June 30, 2023  
(amounts in Canadian dollars)

## 7. 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.

	<b>Three-month period ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	Number	\$	Number	\$
<b>Balance, beginning of period</b>	<b>76,648,586</b>	<b>37,700,406</b>	<b>70,610,514</b>	<b>35,914,525</b>
Private placements, net of issue expenses				
paid in cash	4,627,931	1,257,786	-	-
Issue expenses paid in stock warrants	-	(8,400)	-	-
Exercise of stock warrants	159,090	41,363	950,000	247,000
Fair value of stock warrants exercised	-	5,313	-	32,298
Exercise of stock options	-	-	50,000	10,000
<b>Balance, end of period</b>	<b>81,435,607</b>	<b>38,996,468</b>	<b>71,610,514</b>	<b>36,203,823</b>

During the quarter ended June 30, 2024, the Corporation closed two tranches of a non-brokered private placement ("Private placement") for total gross proceeds of \$1,295,820.68. As part of the 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 shares 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 shares 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 as commissions 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%



DIAGNOS Inc.  
**Notes to Interim Consolidated Financial Statements**  
June 30, 2024, March 31, 2024 and June 30, 2023  
(amounts in Canadian dollars)

**8. Reserve**

	<b>Three-month period ended June 30, 2024</b>				
	Broker warrants	Stock warrants	Conversion options	Stock options	Total
	\$				
<b>Balance, beginning of period</b>	<b>12,280</b>	<b>4,300,561</b>	<b>1,627,837</b>	<b>3,881,600</b>	<b>9,822,278</b>
Stock-based compensation	-	-	-	30,658	30,658
Exercises	-	(5,313)	-	-	(5,313)
Issue expenses paid in the form of stock warrants	8,400	-	-	-	8,400
<b>Balance, end of period</b>	<b>20,680</b>	<b>4,295,248</b>	<b>1,627,837</b>	<b>3,912,258</b>	<b>9,856,023</b>

  

	<b>Three-month period ended June 30, 2023</b>				
	Broker warrants	Stock warrants	Conversion options	Stock options	Total
	\$				
<b>Balance, beginning of period</b>	<b>7,480</b>	<b>4,326,578</b>	<b>1,550,630</b>	<b>3,703,360</b>	<b>9,588,048</b>
Stock-based compensation	-	-	-	43,382	43,382
Private placement - debentures	-	30,163	96,087	-	126,250
Exercises	-	(32,298)	-	-	(32,298)
Issue expenses paid in cash	-	(740)	(2,358)	-	(3,098)
<b>Balance, end of period</b>	<b>7,480</b>	<b>4,323,703</b>	<b>1,644,359</b>	<b>3,746,742</b>	<b>9,722,284</b>

## 9. Segment information

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

Revenue by country:

	Three-month period ended June 30,	
	2024	2023
	\$	
Canada	28,477	30,245
United States of America	4,607	6,217
Mexico	1,879	4,547
Chile	1,727	2,314
	<u>36,690</u>	<u>43,323</u>

For the three-month period ended June 30, 2024, 47% of revenue was attributable to one client (three-month period ended June 30, 2023 – 36%).

Capital assets are located in Canada.

DIAGNOS Inc.  
**Notes to Interim Consolidated Financial Statements**  
June 30, 2024, March 31, 2024 and June 30, 2023  
(amounts in Canadian dollars)

**10. Expenses by nature**

	<b>Three-month period ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	\$	
Audit	60,107	50,873
Communications	8,463	8,253
Consulting fees	20,210	65,685
Depreciation and amortization	31,782	28,101
Equipment	2,438	1,902
Foreign exchange	130	4,582
Insurance	2,529	18,887
Leasing	7,755	9,289
Legal fees	-	258
Marketing	9,909	9,526
Overhead	7,430	28,587
Remuneration	439,171	426,695
Stock-based compensation	30,660	43,382
Tax credits	(15,000)	(25,000)
Travel and living	9,174	13,228
	<b>614,758</b>	<b>684,248</b>

	<b>Three-month period ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	\$	
Interest on debentures	130,189	103,437
Interest on loans	8,459	9,210
Interest on lease liabilities	6,410	6,503
Interest revenue	(185)	(331)
	<b>144,873</b>	<b>118,819</b>

## 11. 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 June 30, 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 June 30, 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.

Additionally, as at June 30, 2024 and March 31, 2024, no accounts receivable are over 90 days old.

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 June 30, 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.

Considering the available liquidities to meet current obligations, the Corporation's exposure to liquidity risk remains high as at June 30, 2024. The available liquidity to meet near term obligations is dependent on the Corporation's ability in securing additional financing and achieving and maintaining profitable operations. Refer to going concern assumptions in note 1.

## 12. 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 June 30,	
	2024	2023
	\$	
Base salary	134,213	84,775
Stock-based compensation	25,239	24,978
Interest on demand loan	200	200
Payment of interest on demand loan	(200)	(200)
	<u>159,452</u>	<u>109,753</u>

DIAGNOS Inc.

**Head Office**

7005 Taschereau Blvd.  
Suite 265  
Brossard, Quebec J4Z 1A7  
450 678-8882 or 877 678-8882

**Stock Exchange Listings**

TSX Venture Exchange: ADK  
OTCQB: DGNOF

**Transfer Agent and Registrar**

Computershare Trust Company of Canada