DIAGNOS Inc.

# 2026 Management Discussion & Analysis

FORM 51-102F1

# Contents

# PART 1
# GENERAL PROVISIONS

## 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, 2026, and of the Corporation's financial condition as at March 31, 2026 as well as future prospects.

This MD&A should be read in conjunction with the Corporation's March 31, 2026 consolidated financial statements and accompanying notes ("Financial Statements"). This MD&A complements and supplements the Financial Statements but does not form part of the Financial Statements. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") accounting standards as issued by the International Accounting Standards Board.

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.

The information contained in this MD&A has been prepared in accordance with Regulation 51-102 Respecting Continuous Disclosure Obligations.

The currency used is the Canadian dollar unless otherwise stated.

## Forward-looking information

This MD&A contains certain forward-looking information with respect to the Corporation. By its nature, forward-looking information necessarily implies risks and uncertainties that could cause actual results to differ materially from those contemplated and anticipated by forward-looking information. These risks and uncertainties include significant risks the Corporation is exposed to such as the going concern assumption, market acceptance, competitive developments, the regulatory landscape and other factors.

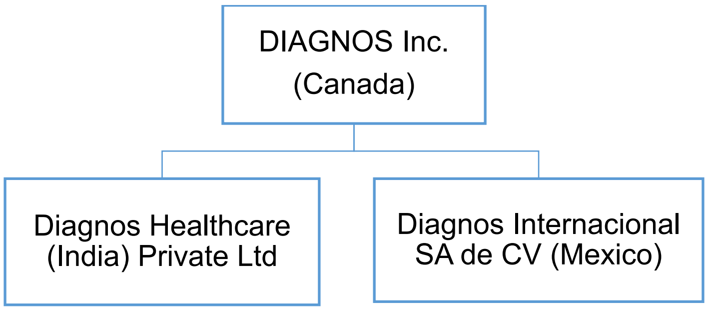
Except for ongoing obligations under securities laws to disclose all material information to investors, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Financial outlook information

This MD&A contains financial outlook information which means forward-looking information about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows.

## Description of the Corporation

DIAGNOS group of entities is organized as follows:




### *Product offering*

DIAGNOS manufactures CARA (Computer Assisted Retinal Analysis), a software platform which assists health specialists in the detection of certain retina eye pathologies. CARA is a web-based application based on Artificial Intelligence (AI) techniques that integrates fundus cameras with an image processing engine over a secure internet connection. CARA has been developed by, and is proprietary to, DIAGNOS.

The CARA technology comprises detection algorithms based on recent artificial intelligence (AI) techniques. CARA algorithms allow an eye care specialist to better visualize both normal retinal landmarks as well as pathological changes.

The current version of CARA, cleared for commercialization in the USA, highlights signs of diabetic retinopathy. Using AI techniques, CARA is currently being optimized to additionally detect early signs of age-related macular degeneration (AMD) and other pathologies ("CARA System"). These conditions often develop unnoticed by patients and, in some cases, might not be detected during routine eye exams. As per a February 2025 market research article[1], the global AI-powered retina image analysis market size is projected to expand significantly, reaching approximately US $9.4 billion by 2033, up from US $2.65 billion in 2023.

### *Value proposition*

The early detection of lesions increases the success of therapeutic approach, and AI is beneficial in assisting in risk stratification and grading of the disease. It is in our opinion that computerized imaging analysis is among the highest value applications for early detection, as this use case has inherent strengths compared to conventional time-consuming imaging and diagnosis processes.

The Corporation operates on a price-per-use model, requiring minimal incremental capital expenditure as CARA integrates with existing fundus cameras.

One key benefit of CARA is the ability to provide, in a matter of minutes and at an affordable unit cost, valuable insights to the optometrist in his/her diagnostic. CARA helps increase the number and the quality of images analysed which translates into operating costs savings for the care providers, improved access to personal care, and ultimately improving quality of life for the patient.

Additional information relating to DIAGNOS is available on the Corporations website at www.diagnos.com and on SEDAR+ at www.sedarplus.com.

[1] https://media.market.us/ai-powered-retina-image-analysis-market-news/

# PART 2
# CONTENT OF MD&A

## Date

This MD&A is dated June 11, 2026, and was approved by the Board of Directors of the Corporation on the same date.

## Overall performance

This section provides a short discussion of all material information about the Corporation’s financial performance, cash flows and financial condition per reportable segments. The Corporation is active in one reportable segment, healthcare services.

Financial performance for the current year:

| | Year ended March 31, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Cost of services | Research & Development | Sales and Marketing | General and Administration | Other items | Total |
| | $ | | | | | |
| Revenue | 65,478 | - | - | | - | 65,478 |
| Remuneration | (55,464) | - | - | - | - | (55,464) |
| Goss margin | 10,014 | - | - | - | - | 10,014 |
| | | | | | | |
| Remuneration | - | (1,111,894) | (635,407) | (810,927) | - | (2,558,228) |
| Consulting fees | - | (307,269) | (259,045) | (496,569) | - | (1,062,883) |
| Outsourcing and software | - | (77,583) | (46,479) | (26,400) | - | (150,462) |
| Depreciation and amortization | - | - | - | (129,462) | - | (129,462) |
| Marketing | - | - | (74,552) | (26,826) | - | (101,378) |
| Travel | - | - | (72,821) | - | - | (72,821) |
| Overhead | - | - | (5,777) | (61,689) | - | (67,466) |
| Listing fees | - | - | - | (63,859) | - | (63,859) |
| Professional fees | - | - | - | (42,873) | - | (42,873) |
| Insurance | - | - | - | (27,042) | - | (27,042) |
| Bad debt | - | - | - | 3,500 | - | 3,500 |
| Operating expenses | - | (1,496,746) | (1,094,081) | (1,682,147) | - | (4,272,974) |
| Net operating loss | 10,014 | (1,496,746) | (1,094,081) | (1,682,147) | - | (4,262,960) |
| | | | | | | |
| Other income | - | - | - | - | 93,193 | 93,193 |
| Interest expense | - | - | - | - | (385,432) | (385,432) |
| | - | - | - | - | (292,239) | (292,239) |
| Net loss | 10,014 | (1,496,746) | (1,094,081) | (1,682,147) | (292,239) | (4,555,199) |

Financial performance for the most recent comparative year:

| | Year ended March 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Cost of services | Research & Development | Sales and Marketing | General and Administration | Other items | Total |
| | $ | | | | | |
| Revenue | 103,797 | - | - | | - | 103,797 |
| Remuneration | (46,481) | - | - | - | - | (46,481) |
| Consulting fees | (7,263) | - | - | - | - | (7,263) |
| Gross margin | 50,053 | - | - | - | - | 50,053 |
| | | | | | | |
| Remuneration | - | (816,515) | (732,836) | (733,001) | - | (2,282,352) |
| Consulting fees | - | (148,094) | (371,446) | (391,814) | - | (911,354) |
| Outsourcing and software | - | (29,005) | (25,982) | (23,839) | - | (78,826) |
| Depreciation and amortization | - | - | - | (128,428) | - | (128,428) |
| Marketing | - | - | (16,038) | (46,574) | - | (62,612) |
| Travel | - | - | (88,279) | - | - | (88,279) |
| Overhead | - | - | (6,210) | (71,775) | - | (77,985) |
| Listing fees | - | - | - | (73,583) | - | (73,583) |
| Professional fees | - | - | - | (96,601) | - | (96,601) |
| Insurance | - | - | - | (69,354) | - | (69,354) |
| Bad debt | - | - | - | (4,805) | - | (4,805) |
| Operating expenses | - | (993,614) | (1,240,791) | (1,639,774) | - | (3,874,179) |
| Net operating loss | 50,053 | (993,614) | (1,240,791) | (1,639,774) | - | (3,824,126) |
| | | | | | | |
| Other income | - | - | - | - | 131,627 | 131,627 |
| Interest expense | - | - | - | - | (593,950) | (593,950) |
| | - | - | - | - | (462,323) | (462,323) |
| Net loss | 50,053 | (993,614) | (1,240,791) | (1,639,774) | (462,323) | (4,286,449) |

Variations in financial performance:

| | Year ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variations | |
| | | $ | | % |
| Revenue | 65,478 | 103,797 | (38,319) | -37% |
| Remuneration | (55,464) | (46,481) | (8,983) | 19% |
| Consulting fees | - | (7,263) | 7,263 | -100% |
| Gross margin | 10,014 | 50,053 | (40,039) | -118% |
| | | | | |
| Remuneration | (2,558,228) | (2,282,352) | (275,876) | 12% |
| Consulting fees | (1,062,883) | (911,354) | (151,529) | 17% |
| Outsourcing and software | (150,462) | (78,826) | (71,636) | 91% |
| Depreciation and amortization | (129,462) | (128,428) | (1,034) | 1% |
| Marketing | (101,378) | (62,612) | (38,766) | 62% |
| Travel | (72,821) | (88,279) | 15,458 | -18% |
| Overhead | (67,466) | (77,985) | 10,519 | -13% |
| Listing fees | (63,859) | (73,583) | 9,724 | -13% |
| Professional fees | (42,873) | (96,601) | 53,728 | -56% |
| Insurance | (27,042) | (69,354) | 42,312 | -61% |
| Bad debt | 3,500 | (4,805) | 8,305 | -173% |
| Operating expenses | (4,272,974) | (3,874,179) | (398,795) | 10% |
| Net operating loss | (4,262,960) | (3,824,126) | (438,834) | 11% |
| | | | | |
| Other income | 93,193 | 131,627 | (38,434) | -29% |
| Interest expense | (385,432) | (593,950) | 208,518 | -35% |
| | (292,239) | (462,323) | 170,084 | -37% |
| Net loss | (4,555,199) | (4,286,449) | (268,750) | 6% |

*This section contains forward-looking information. Actual results may vary.*

Detailed analysis of the significant variations in gross margin:

Revenues and gross margins for the years ended March 31, 2026 and March 31, 2025 remain non-significant mainly since the version of CARA currently under development, CARA System, has not yet been granted commercialization authorizations in Canada, Saudi Arabia and the US.

Management expects the level of revenue to increase after the Corporation is granted regulatory commercialization authorizations for CARA System, as discussed more in details in section “Milestones and outlook” of this document.

Detailed analysis of the significant variations in operating expenses:

<u>Remuneration</u>

Remuneration includes employees' salaries and benefits as well as sub-contractors' fees.

The increase of $275,876 (12%), for the year ended March 31, 2026, is attributable to increases in (i) research & development headcount mainly for the testing and validation of CARA System, (ii) general market increases in salary and (iii) share-based compensation due to an increase in stock option grants over the last two financial years.

For the year ending March 31, 2027, management expects remuneration to increase between 5% and 10% mainly linked to general market increases in salaries.

<u>Consulting fees</u>

The increase of $151,529 (17%), for the year ended March 31, 2026, is mainly attributable to fees paid to a technology university for the improvement of eye-related pathologies detection algorithms.

For the year ending March 31, 2027, management expects consulting fees to remain at the same level as the year ended March 31, 2026.

<u>Outsourcing and software</u>

Outsourcing and software is mainly composed of software tools, cloud services and equipment hosting.

The increase of $71,636 (91%), for the year ended March 31, 2026, is mainly attributable to increases in cloud services and software tools used in the development of CARA System.

For the year ending March 31, 2027, management expects outsourcing and software expenses to amount to $200,000 due mainly to an increase in the use of cloud services for the development of CARA System.

<u>Marketing</u>

Marketing is mainly composed of expenses for trade shows attendance, news release publishing and publicity.

The increase of $38,767 (62%), for the year ended March 31, 2026, is mainly attributable to increases in trade show attendance and publicity expenses on social media to attract potential investors.

For the year ending March 31, 2027, management expects marketing expenses to amount to $180,000 due to an increase in trade shows attendance.

<u>Travel</u>

Travel is mainly composed of transportation, lodging, meals and entertainment expenses to meet with potential clients and investors.

The decrease of $15,458 (18%), for the year ended March 31, 2026, is mainly attributable to less travel to meet with potential investors.

For the year ending March 31, 2027, management expects travel expenses to increase slightly due to increases in commercialization efforts.

*Detailed analysis of the significant variations in operating expenses (continued):*

Overhead

Overhead is mainly composed of medical device registration fees, dues, rent, telecommunications, office and computer supplies, foreign exchange, taxes and permits, courier and payroll and banking fees.

The decrease of $10,519 (13%), for the year ended March 31, 2026, is mainly attributable to Saudi Arabia medical device application fees paid in the year ended March 31, 2025.

For the year ending March 31, 2027, management expects overhead expenses to increase slightly due to current efforts put on medical device commercialization licensing in Canada and in the United States of America.

Listing fees

Listing fees include fees related to the listing of the common shares of the Corporation on the TSX Venture exchange in Canada, the OTCQB exchange in the United States of America and the Frankfurt exchange in Germany as well as transfer agent fees.

The decrease of $9,725 (13%) for the year ended March 31, 2026, is mainly attributable to the one-time registration fee of the Corporation's common shares on the Frankfurt exchange in Germany during the year ended March 31, 2025.

For the year ending March 31, 2027, management expects listing fees to slightly increase in line with price inflation.

Professional fees

Professional fees are composed of audit and legal fees.

The decrease of $53,728 (56%), for the year ended March 31, 2026, is mainly attributable to the fact that the audit work of the financial statements for the year ended March 31, 2024 and a portion of the audit work of the financial statements for the year ended March 31, 2025 were performed during the year ended March 31, 2025 whereas, for the year ended March 31, 2026, no audit work was performed during the year ended March 31, 2026.

For the year ending March 31, 2027, management expects professional fees to amount to approximatively $80,000.

Insurance

Insurance expense is composed of premiums paid for commercial, professional liability and Directors & Officers coverage.

The decrease of $42,312 (61%), for the year ended March 31, 2026, is mainly attributable to the decrease in premiums paid for Directors & Officers (D&O) coverage amid the general decrease in market premiums for D&O coverage.

For the year ending March 31, 2027, management expects insurance expenses to remain at the same level as the year ended March 31, 2026.

Other income

The decrease of $38,434 (29%), for the year ended March 31, 2026, is mainly attributable to the decrease in gain on amendment to convertible debentures.

*Detailed analysis of the significant variations in operating expenses (continued):*

Interest expense

The decrease of $208,518 (35%), for the year ended March 31, 2026, is mainly attributable to the overall decrease in outstanding convertible debentures.

For the year ending March 31, 2027, management expects interest expenses to decrease by 40% due to repayment and conversions of convertible debentures in the last year.

Cash flows and cash & cash equivalents position analysis:

| | Year ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variations | |
| | | $ | | % |
| Net cash flows from financing activities | 2,412,255 | 6,617,039 | (4,204,784) | -64% |
| Net cash flows used in operating activities | (3,753,516) | (3,637,452) | (116,064) | 3% |
| Net cash flows used in investing activities | 1,561,896 | (3,110,151) | 4,672,047 | -150% |
| Net increase (decrease) in cash | 220,635 | (130,564) | 351,199 | -269% |

| | As at March 31, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variations | |
| | | $ | | % |
| Cash | 310,012 | 88,722 | 221,290 | 249% |
| Investments | 1,616,779 | 3,146,656 | (1,529,877) | -49% |
| Cash & cash equivalents | 1,926,791 | 3,235,378 | (1,308,587) | -40% |

Detailed analysis of the significant variations:

*This section contains forward-looking information. Actual results may vary.*

Net cash flows from financing activities

The decrease of $4,204,784, or 64%, for the year ended March 31, 2026, is mainly due to less financings needed to cover operating expenses and servicing debt, considering the cash & cash equivalents balance of $3,235,378 as at March 31, 2025.

Net cash flows used in investing activities

The increase of $4,672,047, or 150%, for the year ended March 31, 2026, is mainly due to higher unused cash proceeds from financings closed during the year ended March 31, 2025.

Outlook

Management expects the level of cash flows used in operating to slightly increase for the year ending March 31, 2027, to reflect increases in expenses detailed in section “Variations in financial performance” of this document. Management expects to rely on additional financings to continue operations before the end of calendar year 2026, as discussed in the section “Liquidity” of this document.

## Selected Annual Information

| | Year ended March 31, | | | Variations | |
|---|---|---|---|---|---|
| | 2026 | 2025 | 2024 | 2026 vs 2025 | 2025 vs 2024 |
| | | | $ | | |
| Revenue | 65,478 | 103,797 | 170,158 | (38,319) | (66,361) |
| Net loss and comprehensive loss | (4,554,544) | (4,286,178) | (3,123,752) | (268,366) | (1,162,426) |
| Net loss and comprehensive loss per share | (0.04) | (0.05) | (0.04) | 0.01 | (0.01) |
| Total assets | 2,390,530 | 3,636,104 | 663,787 | (1,245,574) | 2,972,317 |
| Total non-current financial liabilities | 225,705 | 286,037 | 2,093,706 | (60,332) | (1,807,669) |

These financial data have been prepared in accordance with IFRS Accounting Standards.

The increases in net loss and comprehensive loss for the years ended March 31, 2026 and March 31, 2025 are due to the decreases in revenue combined with increases in (i) consulting expenses to increase investors interest in the activities of the Corporation and (ii) headcount. The increase in headcount is explained by the increase in the number of employees assigned to the development of CARA System mainly to prepare regulatory commercialization applications in Saudi Arabia, Canada and USA as discussed more in details in section “Overall Performance” of this document.

The decrease in total assets as at March 31, 2026, compared to as at March 31, 2025, is mainly explained by the decrease in cash and short-term investments used to finance the operations of the Corporation.

The increase in total assets as at March 31, 2025, compared to as at 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 as at March 31, 2024, is mainly explained by the reclassification of unsecured convertible debentures due within 12 months as current liabilities.

## Discussion of Operations

| | Year ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variations | |
| | | $ | | % |
| Revenue | 65,478 | 103,797 | (38,319) | -37% |
| Remuneration | (55,464) | (46,481) | (8,983) | 19% |
| Consulting fees | - | (7,263) | 7,263 | -100% |
| Gross margin | 10,014 | 50,053 | (40,039) | -118% |

*This section contains forward-looking information. Actual results may vary.*

Gross margin
Cost of services is mainly composed of remuneration of employees and fees paid to sub-contractors directly involved with servicing clients.

The decrease of $40,039 (118%), for the year ended March 31, 2026, is attributable to the decrease in revenue for the same period. Management expects the level of revenue to remain at the current state until the Corporation is granted regulatory commercialization authorizations for CARA System, as discussed more in details in section “Milestones and outlook” of this document, and attracts new clients.

## Trends and risks

*This section contains forward-looking information. Actual results may vary.*

This section provides a discussion on important trends and risk that have affected the operations and the preparation of the financial statements, and that are reasonably likely to affect them in the future.

The Corporation continues to be exposed to these main operational risks:

a) Product acceptance: The CARA technology comprises detection algorithms based on recent artificial intelligence techniques for which adoption could be affected by performance expectancy, user responsibility and the regulatory landscape.

b) Competition: While the AI-based screening for eye-related pathologies market is still in its infancy, we have identified two main competitors; Digital Diagnostics and Eyenuk. Both are privately owned companies and have obtained FDA clearance for commercialization in the USA. Eyenuk is also licensed by Health Canada to market its products in Canada. We believe that our competitive pricing structure as well as the ability of CARA to integrate major brands of fundus cameras will be significant differentiators once CARA has been cleared for commercialization in these countries.

c) Going concern: The March 31, 2026 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.

As shown in the below table, for the most recent four quarters, the Corporation continues to report losses and negative net cash flows from operations.

| | 2026 | | | |
|---|---|---|---|---|
| | *Q4* | *Q3* | *Q2* | *Q1* |
| | March 31, 2026 | December 31, 2025 | September 30, 2025 | June 30, 2025 |
| | $ | | | |
| Net loss | (1,184,461) | (1,161,114) | (1,096,342) | (1,113,282) |
| Net cash flows used in operations | (1,181,056) | (840,828) | (828,102) | (903,530) |

Until it is able to generate positive cash flows from its operating activities to cover operating and debt service expenses and generate operating profit, going concern remains the most significant risk in preparing quarterly and annual financial statements.

## Summary of Quarterly Results

| | 2026 | | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | March 31, 2026 | Dec. 31, 2025 | Sept. 30, 2025 | June 30, 2025 | March 31, 2025 | Dec. 31, 2024 | Sept. 30, 2024 | June 30, 2024 |
| | $ | | | | | | | |
| A | 15,711 | 15,206 | 15,159 | 19,402 | 18,392 | 26,042 | 22,673 | 36,690 |
| B | (1,184,461) | (1,161,114) | (1,096,342) | (1,113,282) | (1,337,223) | (1,213,238) | (1,019,332) | (716,656) |
| C | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (0.01) | (0.01) | (0.01) |
| D | (1,184,461) | (1,161,114) | (1,096,342) | (1,113,282) | (1,337,223) | (1,213,238) | (1,019,332) | (716,656) |
| E | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (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

Analysis

As discussed in the section “Overall performance’ of this document, Revenues and gross margins for the years ended March 31, 2026 and March 31, 2025 remain non-significant mainly since the version of CARA currently under development, CARA System, has not yet been granted regulatory commercialization authorization. Management expects the level of revenue to increase shortly after the Corporation is granted regulatory commercialization authorization for CARA System, as discussed more in details in section “Milestones and outlook” of this document.

The increases in loss for the quarters of the financial year ended March 31, 2026, compared to the quarters of the financial year ended March 31, 2025, 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 System mainly to prepare the submissions for Health Canada licencing and US-FDA commercialization clearance.

## Milestones & outlook

*This section contains forward-looking information. Actual results may vary.*

The Corporation's main objective is to generate positive cash flows from operations by increasing revenue from CARA, while closely monitoring expenses. CARA is by nature a medical device which, in most markets, requires proper local regulatory commercialization authorization. Meeting regulatory compliance for medical devices ensures public safety by requiring manufacturers to demonstrate the safety, efficacy, and quality of their products during commercialization. Therefore, achieving the below regulatory objectives will, in our opinion, help cope with the uncertainty related to the adoption of a new technology, thus generating interest in CARA.

### *Regulatory compliance*

Management focus is set towards obtaining regulatory commercialization clearance for CARA System from Health Canada (HC), the Saudi Arabia Food & Drug Authority (SFDA) and the United States Food and Drug Administration (US-FDA) for CARA System which, in addition to detect signs of diabetic retinopathy, will also detect early signs of age-related macular degeneration (AMD). Other pathologies detection algorithms are expected to be added over time.

<u>Canada</u>

The Corporation is currently in the last stage of preparation of its application to HC. In the last published interim MD&A (December 31, 2025), available on www.sedarplus.com, we expected to file the application before the end of March of this year. In a press release dated June 5, 2026, available on www.sedarplus.com, the Corporation updated the submission date to June 10, 2026. The Corporation will provide further material updates as appropriate. The Corporation expects to have sufficient funds to complete the submission process.

<u>Saudi Arabia</u>

As stated in the press release dated January 13, 2026, available on www.diagnos.com and www.sedarplus.com, DIAGNOS formally submitted CARA System for marketing approval with the SFDA. Since then, the Corporation is addressing additional queries received from the SFDA. We are currently unable to reasonably estimate a final decision timeframe from the SFDA.

<u>USA</u>

As stated in the press release dated April 8, 2026, available on www.diagnos.com and www.sedarplus.com, the legacy version of CARA, as a Medical Image Management and Processing System, remains cleared for commercialization in the U.S. With the help of our U.S. based regulatory consultant, our goal is to be able to submit the commercialization application of CARA System to the FDA before the end of September 2026. The Corporation expects to have sufficient funds to complete the submission process.

### *Commercialization*

Although most of our employees' time is currently allocated towards regulatory approvals assisted by two specialized consultants, the Corporation, in parallel, is preparing to deliver its services to EssilorLuxottica (refer to announcement dated December 12, 2023), IRIS The Visual Group (refer to announcement dated June 7, 2022) and Labtician Ophthalmics (refer to announcement dated July 27, 2022).

To increase its client base, the Corporation is also working on a commercialization plan comprised of social media marketing, public relations, participation to conferences and trade shows as well as signing distribution agreements with resellers and agents. The Corporation intends to first target optometrist clinics and chains, where we estimate a global base of 1.1M optometrists, representing an $11B addressable market, and eventually move to hospitals and large care centres.

## Liquidity

*This section contains forward-looking information. Actual results may vary.*

Liquidities are composed of cash and short-term investments. During the year ended March 31, 2026, liquidities varied as follows:

| | $ |
|---|---|
| Liquidities at beginning of year | 3,235,378 |
| Net cash receipts from financing activities | 3,591,797 |
| Net cash flows used in operating activities | (3,753,516) |
| Repayment of debt | (790,726) |
| Payment of interest | (241,255) |
| Lease payments | (142,561) |
| Others | 27,674 |
| Liquidities at year end | 1,926,791 |

Management anticipates the monthly level of net disbursements to remain at approximatively $320,000 for the foreseeable future. As a result, the Corporation will need to rely on additional funding before the end of the current calendar year to continue operations. The timeframe is mainly dependant on (i) the number of debentures that will be extended or converted into common shares of the Corporation before, or on, expiry and (ii) the number of stock warrants and stock options that will be exercised.

For the year ended March 31, 2026, the combined debenture conversion and extension rate was 70% (39% + 31%) as detailed in the following table.

| | Amount ($) | |
|---|---|---|
| Converted | 1,000,000 | 39% |
| Extended | 810,000 | 31% |
| Repaid | 765,000 | 30% |
| | 2,575,000 | 100% |

For the year ended March 31, 2026, the holders of stock options and stock warrants did not exercise any of their rights.

On May 18, 2026, the maturity date for $300,000 unsecured convertible debentures issued as part of a private placement of units initially announced on May 18, 2023, set for May 18, 2026, was extended to May 18, 2027.

## Capital Resources

*This section contains forward-looking information. Actual results may vary.*

Capital resources are financing resources available to the Corporation and include debt, equity and any other financing arrangements that we consider could provide additional financial resources to the Corporation.

We consider the eventual exercise of outstanding stock options and stock warrants to be capital resources available to the Corporation. Outstanding stock options and stock warrants which could be exercised by the holders are composed of such rights with an exercise price at, or less than, the market price of the common shares of the Corporation.

As at March 31, 2026, stock options and stock warrants exercisable are detailed as follows:

| | Number | Price range ($) | Weighted-average exercise price ($) | Value ($) | Weighted-average remaining exercise period (years) |
|---|---|---|---|---|---|
| Stock warrants | 41,778,471 | 0.40 | 0.40 | 16,711,388 | 0.92 |
| Stock options | 282,500 | 0.220 - 0.275 | 0.22 | 62,150 | 1.68 |
| | 375,000 | 0.276 - 0.330 | 0.29 | 108,750 | 2.95 |
| | 907,500 | 0.331 - 0.385 | 0.37 | 335,775 | 3.51 |
| | 890,000 | 0.386 - 0.440 | 0.42 | 373,800 | 1.97 |
| | 200,000 | 0.549 - 0.600 | 0.60 | 120,000 | 0.19 |
| | 2,655,000 | | 0.38 | 1,000,475 | 2.47 |

Stock warrants
The exercise price of the outstanding stock warrants of $0.40 being above the closing price of $0.275 of the common shares of the Corporation on the TSX Venture Exchange, as at March 31, 2026, it is unlikely that the Corporation will receive any cash from the exercise of stock warrants, assuming the market price of the common shares remains below $0.40.

Stock options
Considering the weighted average exercise price of $0.22 for 282,500 stock options being below the closing price of $0.275 of the common shares of the Corporation on the TSX Venture Exchange, as at March 31, 2026, the Corporation could receive up to $62,150 from the exercise of up to 282,500 stock options, assuming the market price of the common shares remains above $0.22 and the holders of such stock options be inclined to exercise their rights.

Form of additional funding
The Corporation will most likely continue relying on financings in the form of equity (common shares & stock warrants), convertible debt or loans.

## 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, officers and any person and entity closely related to each director and officer.

The following table presents the transactions with key management personnel:

| | Year ended March 31, | | |
|---|---|---|---|
| | 2026 | 2025 | Variation |
| | | $ | |
| Base salary | 716,656 | 575,823 | 140,833 |
| Stock-based compensation | 292,385 | 248,079 | 44,306 |
| Incentives | 6,281 | 189,500 | (183,219) |
| | 1,015,322 | 1,013,402 | 1,920 |

The increase of $140,833 in base salary is mainly attributable to the salary increase of one officer The decrease in incentives of $183,219 is mainly attributable to the decrease in bonus paid to the same officer.

The increase of $44,306 in stock-based compensation is mainly attributable to the increase of stock option grants in the last two financial years.

During the year ended March 31, 2026, key management personnel participated for $195,000 in private placements.

The following table presents the outstanding balances with key management personnel:

| | As at March 31, | | |
|---|---|---|---|
| | 2026 | 2025 | Variation |
| | | $ | |
| Unsecured convertible debentures | (220,000) | (220,000) | - |
| Demand loan | 2,399 | 20,000 | (17,601) |
| | (217,601) | (200,000) | (17,601) |

The decrease in demand loan of $17,601 is mainly attributable to the repayment of the loan in installments of $750 every two weeks by one officer.

## Fourth Quarter Analysis

| | Three-month period ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variance | |
| | | $ | | % |
| Revenue | 15,711 | 18,392 | (2,681) | (15%) |
| Remuneration | (13,778) | (14,780) | 1,002 | (7%) |
| Gross margin | 1,933 | 3,612 | (1,679) | (46%) |
| Remuneration | 651,785 | 580,901 | 70,884 | 12% |
| Consulting fees | 279,387 | 469,683 | (190,296) | (41%) |
| Outsourcing and software | 49,158 | 28,796 | 20,362 | 71% |
| Depreciation and amortization | 27,855 | 31,484 | (3,629) | (12%) |
| Marketing | 45,925 | 18,791 | 27,134 | 144% |
| Travel | 11,220 | 43,370 | (32,150) | (74%) |
| Overhead | 27,614 | 33,053 | (5,439) | (16%) |
| Listing fees | 39,366 | 41,182 | (1,816) | (4%) |
| Professional fees | 7,973 | 32,438 | (24,465) | (75%) |
| Insurance | 6,668 | 16,786 | (10,118) | (60%) |
| Bad debt | (3,500) | 4,805 | (8,305) | (173%) |
| Operating expenses | 1,143,451 | 1,301,289 | (157,838) | (12%) |
| Net operating loss | (1,141,518) | (1,297,677) | 156,159 | (12%) |
| Other income | 18,405 | 109,433 | (91,028) | (83%) |
| Interest expense | (61,348) | (148,979) | 87,631 | (59%) |
| | (42,943) | (39,546) | (3,397) | 9% |
| Net loss | (1,184,461) | (1,337,223) | 152,762 | (11%) |

Detailed analysis of the significant variations in operating expenses:

<u>Remuneration</u>

Remuneration includes employees' salaries and benefits as well as sub-contractors' fees.

The increase of $70,884 (12%), for the three-month period ended March 31, 2026, is attributable to increases in (i) research & development headcount and (ii) share-based compensation due to an increase in stock option grants over the last two financial years.

<u>Consulting fees</u>

The decrease of $190,296 (41%), for the three-month period ended March 31, 2026, is mainly attributable to the decrease in company awareness and stock market support activities.

*Detailed analysis of the significant variations in operating expenses (continued):*

Outsourcing and software

Outsourcing and software is mainly composed of software tools, cloud services and equipment hosting.

The increase of $20,362 (71%), for the three-month period ended March 31, 2026, is attributable to increases in cloud services and software tools used in the development of CARA System.

Marketing

Marketing is mainly composed of expenses for trade shows attendance, news release publishing and publicity.

The increase of $27,134 (144%), for the three-month period ended March 31, 2026, is attributable to increases in trade show attendance and publicity expenses on social media to attract potential investors.

Travel

Travel is mainly composed of transportation, lodging, meals and entertainment expenses to meet with potential clients and investors.

The decrease of $32,150 (74%), for the three-month period ended March 31, 2026, is mainly attributable to less travel to meet with potential investors.

Professional fees

Professional fees are composed of audit and legal fees.

The decrease of $24,465 (75%), for the three-month period ended March 31, 2026, is mainly attributable to the fact that a portion of the audit of the financial statements for the year ended March 31, 2025 was performed during the quarter ended March 31, 2025 whereas, for the year ended March 31, 2026, audit work only began in the quarter ending June 30, 2026.

Insurance

Insurance expense is composed of premiums paid for commercial, professional liability and Directors & Officers coverage.

The decrease of $10,118 (60%), for the three-month period ended March 31, 2026, is mainly attributable to the decrease in premiums paid for Directors & Officers (D&O) coverage amid the general decrease in market premiums for D&O coverage.

Other income

The decrease of $91,028 (83%), for the three-month period ended March 31, 2026, is mainly attributable to the decreases in gain on amendment to convertible debentures and interest earned on short-term investments.

Interest expense

The decrease of $87,631 (59%), for the three-month period ended March 31, 2026, is mainly attributable to repayment and conversions of convertible debentures in the last year.

## Changes in Accounting Policies including Initial Adoption

At the date of authorisation of the consolidated financial statements for the year ended March 31, 2026, 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. 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

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

Financial instruments

| | **As at March 31, 2026** | |
|---|---|---|
| | Fair value | Book value |
| | $ | |
| **Financial assets** | | |
| Cash | 310,012 | 310,012 |
| Short-term investments | 1,616,779 | 1,616,779 |
| Accounts receivable | 31,529 | 31,529 |
| **Financial liabilities** | | |
| Accounts payable and accrued liabilities | 180,286 | 180,286 |
| Loans | 326,957 | 326,957 |
| Convertible debentures | 884,274 | 884,274 |

The amounts in the above table are presented at amortized cost in accordance with IFRS Accounting Standards.

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 between $0.28 and $0.32.

*Financial Instruments and Other Instruments (continued):*

*This section contains forward-looking information. Actual results may vary.*

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

| | Year ended March 31, | | |
|---|---|---|---|
| | **2026** | **2025** | **Var.** |
| | | $ | |
| Interest on debentures | 337,473 | 539,524 | (202,051) |
| Interest on loans | 31,849 | 33,251 | (1,402) |
| Interest on lease liabilities | 16,110 | 21,175 | (5,065) |
| Interest on short-term investments | (43,081) | (50,227) | 7,146 |
| Gain on amendment to convertible debentures | (23,818) | (56,367) | 32,549 |
| | 318,533 | 487,356 | (168,823) |

The main risk related to 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, 2026 | | | |
|---|---|---|---|---|
| | Less than one year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| | | $ | | |
| Accounts payable and accrued liabilities | 180,286 | - | - | - |
| Loans | 190,724 | 25,724 | 77,173 | 33,335 |
| Convertible debentures | 910,000 | - | - | - |
| Interests | 99,518 | - | - | - |
| | 1,380,528 | 25,724 | 77,173 | 33,335 |

As discussed in the section “Liquidity” above, to cope with commitments 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 | 120,412,549 |
| Common shares issuable upon conversion of debentures | 2,761,702 |
| Common shares issuable upon exercise of stock warrants | 41,778,471 |
| Common shares issuable upon exercise of stock options | 5,820,000 |
| | 170,772,722 |

## Moving forward

DIAGNOS remains focused on advancing CARA's regulatory approval pathway, expanding commercialization opportunities, and strengthening its financial position. These initiatives are critical to achieve and maintain sustained growth, reducing going-concern risk, and positioning the Corporation for long-term success in the growing market for AI-powered retinal analysis solutions.

DIAGNOS Inc.

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**Stock Exchange Listings**
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OTCQB: DGNOF
FWB: 4D4A

**Transfer Agent and Registrar**
Computershare Trust Company of Canada