

PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

Presented in US Dollars

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	<u>Page</u>
Unaudited Condensed Consolidated Interim Statements of Financial Position	3
Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	4
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	5
Unaudited Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Unaudited Condensed Consolidated Interim Financial Statements	7

PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position

As of June 30, 2025 and December 31, 2024

(Dollar amounts in US Dollars)

	Note	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 1,365,533	\$ 6,184,046
Accounts receivable		221,485	390,525
Grant and other receivables	8	825,631	1,970,059
Inventory		116,599	191,577
Prepaid expenses		570,790	1,231,641
Total current assets		3,100,038	9,967,848
Non-current assets			
Property and equipment	9	3,819,739	4,358,450
Total non-current assets		3,819,739	4,358,450
Total assets		\$ 6,919,777	\$ 14,326,298
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,576,001	\$ 3,331,027
Deferred revenue	6	307,865	144,226
Current portion of lease liability		41,794	46,813
Warrant liability	11	4,975	53,182
Total current liabilities		1,930,635	3,575,248
Non-current liabilities			
Lease liability		75,252	90,671
Deferred revenue	6	406,740	205,561
Total non-current liabilities		481,992	296,232
Shareholders' equity			
Share capital	11	91,642,738	90,598,073
Contributed surplus	11	10,614,465	9,416,494
Accumulated deficit		(94,960,778)	(86,752,903)
Accumulated currency translation adjustment		(2,789,275)	(2,806,846)
Total shareholders' equity		4,507,150	10,454,818
Total liabilities and shareholders' equity		\$ 6,919,777	\$ 14,326,298

Going concern (Note 3)

Commitments (Note 15)

Subsequent events (Note 16)

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

Approved on behalf of the Board of Directors:

/s/ Ian Mortimer

Director

/s/ Adrian Mendes

Director

PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

	Note	Three months ended		Six months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenue	7	\$ 505,796	\$ 246,311	\$ 1,056,066	\$ 344,641
Cost of goods sold					
Direct Costs		61,095	30,520	224,402	42,510
Depreciation	9	91,846	44,065	179,432	82,973
		<u>152,941</u>	<u>74,585</u>	<u>403,834</u>	<u>125,483</u>
Gross Profit		352,855	171,726	652,232	219,158
Grant income		-	12,259	-	24,518
Operating Expenses					
Sales and marketing		1,008,336	1,486,653	2,271,234	2,782,364
Research and development		1,510,974	1,803,518	3,115,742	3,237,164
General and administrative		1,623,744	2,065,264	3,282,588	3,923,737
Depreciation	9	115,974	130,566	235,682	246,861
Total Operating Expenses		<u>4,259,028</u>	<u>5,486,001</u>	<u>8,905,246</u>	<u>10,190,126</u>
Net foreign exchange gain (loss)		(19,793)	463,983	(27,075)	1,399,916
Net finance income (expense)	12	43,547	1,658,950	72,543	3,245,750
Loss before income tax		<u>(3,882,419)</u>	<u>(3,179,083)</u>	<u>(8,207,546)</u>	<u>(5,300,784)</u>
Income tax expense		-	-	-	-
Net loss		<u>(3,882,419)</u>	<u>(3,179,083)</u>	<u>(8,207,546)</u>	<u>(5,300,784)</u>
Other comprehensive (loss) income items that may be reclassified subsequently to profit:					
Foreign currency translation - net of tax		(14,625)	(457,702)	17,571	(1,362,208)
Comprehensive loss		<u>\$ (3,897,044)</u>	<u>\$ (3,636,785)</u>	<u>\$ (8,189,975)</u>	<u>\$ (6,662,992)</u>
Basic and diluted loss per common share	13	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>

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

PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

	Note	Shares Issued	Share Capital	Contributed Surplus	Accumulated currency translation adjustment	Accumulated deficit	Total
Balance as at January 1, 2025		93,513,842	\$ 90,598,073	\$ 9,416,494	\$ (2,806,846)	\$ (86,752,903)	\$ 10,454,818
Issuance of shares for cash, net of issuance cost	11	10,432,801	1,044,665	810,975	-	-	1,855,639
Stock-based compensation	11	-	-	387,323	-	-	387,323
Foreign currency translation adjustment		-	-	(327)	17,571	(329)	16,916
Net loss for the period		-	-	-	-	(8,207,546)	(8,207,546)
Balance as at June 30, 2025		103,946,643	\$ 91,642,738	\$ 10,614,465	\$ (2,789,275)	\$ (94,960,778)	\$ 4,507,150
Balance as at January 1, 2024	11	65,052,821	\$ 81,820,732	\$ 7,635,656	\$ (1,032,608)	\$ (73,358,975)	\$ 15,064,805
Issuance of common shares for exercise of options	11	5,210	4,590	(4,571)	-	-	19
Stock-based compensation	11	-	-	1,331,875	-	-	1,331,875
Foreign currency translation adjustment		-	-	-	(1,362,208)	-	(1,362,208)
Net loss for the period		-	-	-	-	(5,300,784)	(5,300,784)
Balance as at June 30, 2024		65,058,031	\$ 81,825,322	\$ 8,962,960	\$ (2,394,816)	\$ (78,659,759)	\$ 9,733,707

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

PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

	Note	Six months ended	
		June 30, 2025	June 30, 2024
Cash flows from (used in) operating activities:			
Net loss		\$ (8,207,546)	\$ (5,300,784)
Adjustments for:			
Depreciation	9	415,114	329,834
Stock-based compensation		387,323	1,331,875
Grant income		-	(24,518)
Net finance (income) expense	12	(73,027)	(3,245,750)
Loss on sale of equipment		128,195	-
Unrealized currency translation		46,453	(1,582,435)
		(7,303,488)	(8,491,778)
Changes in:			
Accounts receivable		169,040	(220,708)
Grant and other receivables	8	1,140,188	384,054
Inventory		74,978	67,689
Prepaid expenses		660,851	(3,081)
Deferred Revenue		364,818	138,855
Accounts payable and accrued liabilities		(1,755,026)	612,655
Net cash used in operating activities		(6,648,639)	(7,512,314)
Cash flows from (used in) investing activities:			
Interest income		33,014	185,301
Purchase of equipment	9	-	(256,390)
		33,014	(71,089)
Cash flows from (used in) financing activities:			
Net proceeds from options exercised	11	-	19
Net proceeds from issuance of common shares		1,855,639	-
Repayment of lease liabilities		(36,446)	(36,002)
		1,819,193	(35,983)
Net decrease in cash		(4,796,432)	(7,619,386)
Cash, beginning of period		6,184,046	13,980,176
Effect of foreign exchange on cash		(22,081)	127,415
Cash, end of period		\$ 1,365,533	\$ 6,488,205

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

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

1. Reporting entity

Perimeter Medical Imaging AI, Inc. (the "Company" or "Perimeter") is a medical technology company driven to transform cancer surgery with ultra-high resolution, real-time, advanced imaging tools that address unmet medical needs. Perimeter is listed as a Tier 1 issuer on the TSX Venture Exchange ("TSXV") under the symbol PINK. The Company's registered office is located at 1600 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2. The Company's head office is located at 555 Richmond Street West, Suite 511, Toronto, Ontario M5V 3B1.

The Company was formed in British Columbia on June 29, 2020, pursuant to an amalgamation agreement between a non-reporting issuer New World Resource Corp. ("New World") and Perimeter Medical Imaging Inc., when the Company completed a reverse takeover ("RTO") transaction on June 29, 2020.

The Company has one wholly owned subsidiary, Perimeter Medical Imaging Corp., a Delaware corporation.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and 2024 (the "interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These interim financial statements do not include all the disclosures required by IFRS Accounting Standards for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards. The accounting policies used are consistent with those used in the audited financial statements. There were no new accounting standards adopted for the six months ended June 30, 2025.

The accompanying interim financial statements include the Company and its subsidiary on a consolidated basis. All intercompany transactions and balances are eliminated on consolidation.

The accompanying interim financial statements were reviewed, approved and authorized for issue by the Company's Board of Directors on August 25, 2025.

3. Going concern

These interim financial statements have been prepared in accordance with the basis of presentation outlined in Note 2 on the assumption that the Company is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the six months ended June 30, 2025, the Company reported a net loss of \$8,207,546 (June 30, 2024 - \$5,300,784) and cash used in operating activities of \$ 6,648,639 (June 30, 2024 - \$7,512,314). Additional financing will be required before the Company expects to generate positive cash flow.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

The Company's ability to continue as a going concern is dependent on its ability to realize positive cash flows from operations. The ability to generate positive cash flows from operations is dependent on obtaining financing in order to continue its product development, including developing patents and commercializing advanced in-procedural medical imaging tools.

The Company intends to continue to pursue opportunities to raise additional capital in the form of equity and/or debt to fund its product development, clinical research, and commercialization activities. There is no assurance of the success or sufficiency of any of these initiatives. Failure to raise such financing or obtain it on favourable terms would result in the delay or indefinite postponement of business objectives.

The above conditions indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. The interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the interim statement of financial position classification used. Such adjustments could be material.

4. Functional and presentation currency

The Company has a functional currency of Canadian dollars, and the functional currency of its subsidiary is US dollars. Functional currencies are determined based on facts and circumstances relevant for each of the entities. The Company's presentation currency of US dollars differs from its functional currency, and as such the assets and liabilities of the Company are translated from the functional currency into the presentation currency at the exchange rates as at the reporting date. The income and expenses of the Company are translated at rates approximating the exchange rates at the dates of the transactions. Exchange differences arising from the translation of the financial statements of the Company are recognized in other comprehensive loss.

Transactions in currencies other than the functional currency of the Company or its subsidiary are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign exchange gains and losses arising on translation into the Company's functional currency are recognized as foreign exchange gain (loss) in the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss.

5. Critical accounting estimates and judgements

The interim financial statements for the three and six months ended June 30, 2025, have been prepared using the same policies as the annual consolidated financial statements of the Company. Refer to note 4 of the Company's annual audited consolidated financial statements for the year ended December 31, 2024, for more information on accounting estimates and judgements applied.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

6. DEFERRED REVENUE

Deferred revenue represents billings to customers in excess of revenue recognized and arise on the sale of consumable inventory, placement of equipment, preventative maintenance services, and warranty contracts. The components of deferred revenue were as follows:

	June 30, 2025		December 31, 2024	
Current:				
Equipment	\$	7,854	\$	-
Consumables	\$	37,836	\$	18,956
Exchange Service plan	\$	235,910	\$	125,270
Maintenance	\$	26,265	\$	-
Total Current	\$	307,865	\$	144,226
Non-current:				
Leased Equipment	\$	59,321	\$	-
Exchange Service Plan	\$	299,884	\$	205,561
- Maintenance	\$	47,535	\$	-
Total Non-current	\$	406,740	\$	205,561
Total	\$	714,605	\$	349,787

7. REVENUE

	Three months ended		Six months ended	
	June 30, 2025	June 30 2024	June 30 2025	June 30, 2024
Revenue from sale of equipment	\$ -	\$ -	\$ 230,000	\$ -
Revenue from operating leases	91,100	101,478	226,789	136,808
Revenue from sale of consumables	347,878	144,833	493,270	207,833
Preventative maintenance revenue	24,975	-	39,961	-
ESP warranty income	41,843	-	66,046	-
Total revenue	\$ 505,796	\$ 246,311	\$ 1,056,066	\$ 344,641

8. GRANT AND OTHER RECEIVABLES

Grant and other receivables balance is comprised of the following:

	June 30, 2025	December 31, 2024
Harmonized sales tax receivable	\$ 76,707	\$ 52,297
CPRIT grant receivable	744,684	1,898,470
Other receivables	4,240	19,292
Grant and other receivables	\$ 825,631	\$ 1,970,059

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

Cancer Prevention and Research Institute of Texas ("CPRIT")

On February 22, 2020, the Company entered into a product development grant agreement with the Cancer Prevention and Research Institute of Texas ("CPRIT"). Pursuant to the terms of the agreement, CPRIT will grant the Company up to \$7,446,844 to fund activities related to its artificial intelligence software (B-Series). The agreement will expire on August 31, 2025. For twelve years following the first commercial sale of commercial products (i.e., anything that is based on, utilizes or is developed from, or materially incorporates, the results of the grant-funded project and that is capable of being sold, licensed, transferred or conveyed to another party or is capable of otherwise being exploited or disposed of, whether in exchange for consideration or not), the Company is required to pay CPRIT a royalty of 2.5 percent of revenue until such time that 250.0 percent of grant proceeds have been repaid and 0.5 percent thereafter for the remaining twelve-year term.

For the three and six months ended June 30, 2025, the Company recognized grant income of \$nil (June 30, 2024: \$409,824) and \$nil (June 30, 2024: \$1,084,957) respectively, as a reduction of project-related costs.

Additionally, for the three and six months ended June 30, 2025, the Company recognized grant income of \$nil (June 30, 2024: \$12,259) and \$nil (June 30, 2024: \$24,518), respectively, related to depreciation of OCT equipment used in the project.

At June 30, 2025, the CPRIT grant receivable was \$744,684 (December 31, 2024: \$1,898,470) of which \$744,684 (December 31, 2024: \$1,898,470) related to the reimbursement of project-related costs and \$nil (December 31, 2024: \$nil) related to OCT equipment. The following table shows a reconciliation on the movement of the balances for the period ended June 30, 2025 and December 31, 2024:

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance at beginning of period	\$ 1,898,470	\$ 1,821,559
Project related expenses	-	1,652,476
Payments received	(1,153,786)	(1,575,565)
Balance at end of period	\$ 744,684	\$ 1,898,470

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

9. PROPERTY AND EQUIPMENT

	OCT Equipment	OCT Equipment Leased	Leasehold improvement	Research equipment	Computer equipment	Office equipment & Tooling	Right of use asset	Construction in Progress	Total
Cost:									
At January 1, 2025	\$ 2,222,380	\$ 1,771,616	\$ 145,594	\$ 21,606	\$ 49,742	\$ 20,786	\$ 224,042	\$ 2,051,120	\$ 6,506,886
Additions	-	-	-	-	-	-	-	-	-
Transfer	(185,000)	441,390	-	-	-	-	-	(256,390)	-
Disposals	-	-	-	-	-	-	-	(128,195)	(128,195)
Effect of movement in exchange rates	75,644	(75,641)	1,089	1,100	2,533	1,058	6,006	-	11,789
At June 30, 2025	2,113,024	2,137,365	146,683	22,706	52,275	21,844	230,048	1,666,535	6,390,480
Depreciation:									
At January 1, 2025	\$ 1,081,409	\$ 766,490	\$ 96,141	\$ 21,606	\$ 49,227	\$ 11,854	\$ 121,710	\$ -	\$ 2,148,437
Additions	202,420	179,496	10,776	-	-	1,071	21,351	-	415,114
Transfer	(28,909)	28,909	-	-	-	-	-	-	-
Effect of movement in exchange rates	-	10	441	1,099	2,505	659	2,477	-	7,191
At June 30, 2025	1,254,920	974,905	107,358	22,705	51,732	13,584	145,538	-	2,570,742
Net book value:									
At June 30, 2025	\$ 858,104	\$ 1,162,460	\$ 39,326	\$ 1	\$ 543	\$ 8,260	\$ 84,510	\$ 1,666,535	\$ 3,819,739
	OCT Equipment	OCT Equipment Leased	Leasehold improvement	Research equipment	Computer equipment	Office equipment & Tooling	Right of use asset	Construction in Progress	Total
Cost:									
At January 1, 2024	\$ 2,341,656	\$ 872,450	\$ 147,456	\$ 23,486	\$ 54,069	\$ 22,594	\$ 234,305	\$ 764,645	\$ 4,460,661
Additions	-	-	-	-	-	-	-	2,179,315	2,179,315
Transfer	(6,326)	899,166	-	-	-	-	-	(892,840)	-
Disposals	(112,950)	-	-	-	-	-	-	-	(112,950)
Effect of movement in exchange rates	-	-	(1,862)	(1,880)	(4,327)	(1,808)	(10,263)	-	(20,140)
At December 31, 2024	2,222,380	1,771,616	145,594	21,606	49,742	20,786	224,042	2,051,120	6,506,886
Depreciation:									
At January 1, 2024	\$ 1,003,374	\$ 262,115	\$ 68,352	\$ 21,390	\$ 53,102	\$ 9,750	\$ 81,482	\$ -	\$ 1,499,565
Additions	433,346	219,368	28,214	2,024	398	3,033	43,285	-	729,668
Transfer	(285,007)	285,007	-	-	-	-	-	-	-
Disposals	(70,304)	-	-	-	-	-	-	-	(70,304)
Effect of movement in exchange rates	-	-	(425)	(1,808)	(4,273)	(929)	(3,057)	-	(10,492)
At December 31, 2024	1,081,409	766,490	96,141	21,606	49,227	11,854	121,710	-	2,148,436
Net book value:									
At December 31, 2024	\$ 1,140,971	\$ 1,005,126	\$ 49,453	\$ -	\$ 515	\$ 8,932	\$ 102,332	\$ 2,051,120	\$ 4,358,450

Construction in progress consists of OCT equipment which the Company has not deployed to its intended location and condition necessary for it to be capable of operating in the manner as intended by management. As such, no depreciation has been recorded on this equipment.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

10. FINANCIAL INSTRUMENTS**A. Accounting classification and fair values**

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

The tables do not include fair value information for financial assets and financial liabilities measured at amortized cost where the carrying amount is a reasonable approximation of fair value.

June 30, 2025	Note	Carrying Amount		Fair Value				
		Mandatorily at FVTPL	Total	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at fair value								
Warrant liability	11	\$	(4,975)	(4,975)	-	(4,975)	-	(4,975)
		\$	(4,975)	(4,975)	-	(4,975)	-	(4,975)
December 31, 2024	Note	Carrying Amount		Fair Value				
		Mandatorily at FVTPL	Total	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at fair value								
Warrant liability	11	\$	(53,182)	(53,182)	-	(53,182)	-	(53,182)
		\$	(53,182)	(53,182)	-	(53,182)	-	(53,182)

B. Measurement of fair values

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – Inputs to the valuation methodology are quoted prices unadjusted for identical assets or liabilities in active markets.

Level 2 – Inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The warrant liability is comprised of warrants designated as derivatives (see Note 11). The warrant liability is classified as FVTPL and valued using Level 2 fair value hierarchy in the unaudited condensed consolidated interim statement of financial position. The valuation technique used to measure the fair value of the warrant liability at June 30, 2025 was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.59 percent (June 30, 2024: 3.83 percent), an expected life of the time to maturity of 1.58 years (June 30, 2024: 2.58

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

years), and an expected volatility of 80 percent (June 30, 2024: 100 percent).

The valuation technique used to measure the fair value of the warrant liability at December 31, 2024, was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.93 percent, an expected life of the time to maturity of 2.07 years, and an expected volatility of 80 percent.

The Company did not have any Level 3 financial instruments or significant unobservable inputs used for the reporting periods. Financial instruments not measured at fair value utilized a discounted cash flows technique. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

There were no transfers between levels for the periods reported.

11. SHARE CAPITAL

A. Authorized

Unlimited common shares without par value.

B. Share capital

All common shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to one vote per share at general meetings of the Company.

There were no share purchase options exercised in the six months ended June 30, 2025. During the six months ended June 30, 2024, the Company Issued 5,210 common shares on the exercise of share purchase options with a weighted-average exercise price of \$0.04 (CAD\$0.05) per share for proceeds of \$19 (CAD\$25). In relation to the exercises, the fair value of the options of \$4,571 (CAD\$6,252) was reallocated from contributed surplus to share capital.

On May 29, 2025, Perimeter entered into an Agency Agreement to offer Units and pre-funded units of the Company. The offering consisted of units of the Company ("**Units**") the "**Securities**") (the "**Offering**"). The Offering was conducted on a reasonable "best efforts" agency basis for the issuance of a minimum of 8,333,334 Securities at a price of \$0.30 per Unit for gross proceeds of at least \$2,500,000 with expected participation from healthcare focused U.S. institutional investors as well as participation from one or more control persons of the Company. Each Unit will consist of one common share (each, a "**Common Share**") and one common share purchase warrant (each, a "**Warrant**". Each Warrant will entitle the holder thereof to purchase one Common Share (each, a "**Warrant Share**") at an exercise price of \$0.35 per Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 60 months following the Closing Date (as defined herein), subject to adjustment in certain events.

On June 3, 2025 an aggregate of 10,432,801 Units were issued at a price of \$0.30 CAD (\$0.22 USD) per unit for gross proceeds of \$3,129,840 CAD (\$2,263,475 USD). Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for a period of 60 months, at an exercise price of \$0.35 CAD ("the Offering").

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

Pursuant to the terms of the Agency Agreement, the agency was entitled to receive a cash fee equal to 7.0% of the gross proceeds raised under the Offering, and compensation options equal to 5.0% of the aggregate number of Units issued under the Offering (the "Compensation Options"), with a reduced cash commission of 3.5% and Compensation Options equal to 2.5% payable in respect of Units sold to certain purchasers on a president's list. In addition, the Agent did not receive cash commission or Compensation Options with respect to sales to certain insiders of the Company. Each Compensation Option entitles the Agent to buy one Common Share at the same price as the price per Unit under the Offering. The Compensation Options are exercisable until that date which is 36 months following the closing date. The Agent was issued 465,870 broker warrants and \$407,836 was paid in related transaction fees and commission.

Referencing IAS 32 Financial Instruments, the Company applied the "fixed for fixed" principle in that the warrant contract that obligates Perimeter to deliver a fixed number of an equity instrument (shares) in exchange for a fixed amount of cash (1 share at \$0.35 CAD) and therefore classified the warrants as equity.

On January 27, 2022, the Company executed a private placement of units (each, a "Unit") for gross proceeds of \$38,314,649 (CAD\$48,702,999), 29,326,222 (CAD \$37,277,517) after issuing costs and allocation of transaction price to warrants on a non-brokered basis at a price of \$2.36 (CAD\$3.00) per Unit for a total of 16,234,333 Units. Each Unit consisted of one common share (each, a "Common Share") and a total of one warrant to purchase an additional Common Share (a "Warrant Share"). Of the Warrants issued in the Private Placement, 80.0 percent have a strike price of \$3.14 (CAD\$3.99) and 20.0 percent have a strike price of \$3.54 (CAD\$4.50).

Half of the Warrants at each strike price are subject to accelerated expiry if the 60-day volume weighted average trading price of Perimeter's Common Shares is greater than the strike price during the applicable period. Due to the Company's option to accelerate the expiry of these Warrants, and that there will be a fixed number of common shares issued for a fixed amount, the relative standalone fair value of these Warrants is included in the common share equity portion of the transaction price.

The other half of the Warrants are not subject to accelerated expiry, and instead they may be exercised at the option of the holder for cash or exercised the warrants using a cashless exercise feature at any time prior to expiry. Due to the holder's option to exercise on a cashless basis, the number of common shares to be issued upon exercise is not fixed. As such, at January 27, 2022, the relative standalone fair value proportion of the transaction price of these Warrants was \$8,268,490 (CAD\$11,199,362) and allocated to warrant liability and classified as FVTPL. For the six months ended June 30, 2025, and June 30, 2024, the warrant liability for these warrants is \$4,975 and \$304,613 (December 31, 2024: \$53,182), respectively. The change in revaluation is recorded in Net finance income (expense) and the exchange difference on the revaluation of the warrant liability is recorded in other comprehensive (loss) income.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

C. Warrants

The following schedule summarizes the warrant transactions for the six months ended June 30, 2025 and 2024:

	June 30, 2025		June 30, 2024	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding at January 1	16,362,594	\$ 3.20	16,561,674	\$ 3.17
Issued	10,898,680	0.22	-	-
Expired	-	-	(199,080)	-
Outstanding as of June 30	27,261,274	\$ 2.01	16,362,594	\$ 3.19

D. Options

The Company may grant stock options pursuant to a Stock Option Plan (the "Plan"). The Board of Directors administers the Plan, pursuant to which the Board of Directors may grant to directors, officers, employees, consultants, and advisors from time-to-time stock options not to exceed 20 percent of the shares of the Company calculated at the date of shareholder approval. The options can be granted for a maximum of 10 years and vest at the discretion of the Board of Directors.

The following schedule summarizes the share purchase option transactions for the six months ended June 30, 2025 and 2024:

	June 30, 2025		June 30, 2024	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at January 1,	8,565,264	\$ 1.09	7,421,166	\$ 1.20
Issued	-	-	1,450,677	0.59
Exercised	-	-	(5,210)	0.01
Forfeited and expired	(351,344)	1.24	(144,545)	1.53
Outstanding at June 30	8,213,920	\$ 1.46	8,722,088	\$ 1.10
Exercisable at June 30	4,324,100	\$ 1.70	3,867,492	\$ 1.22

During the six months ended June 30, 2025, the Company did not grant any options and holders forfeited 288,844 options. 62,500 options expired on January 1, 2025.

During the six months ended June 30, 2024, the Company:

- i. On April 3, 2024, granted 1,333,177 stock options ("Options") to certain directors, officers, consultants, and employees of the Company with an exercise price of \$0.64 (CAD \$0.87) per share and vest as follows:
 - a. For 1,058,177 Options, 25% will vest on the one-year anniversary of the grant date and the remaining Options will vest monthly in 1/48th increments over the following 3 years.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

- b. For 5,000 options, 25% will vest immediately and the remaining Options will vest monthly in 1/48th increments over the following 3 years.
 - c. For 270,000 Options, 100% will vest on the one-year anniversary of the grant date.
- ii. On May 17, 2024, granted 117,500 Options to certain consultants and employees of the Company with an exercise price of \$0.41 (CAD \$0.56) per share and will vest as follows:
 - a. For 17,500 Options, 25% will vest on the one-year anniversary of the grant date and the remaining options vest monthly in 1/48th increments over the following 3 years.
 - b. For 50,000 Options, 100% will vest on the one-year anniversary of the grant date.
 - c. For 50,000 Options, 100% will vest upon successful completion of their contract.

All options expire after 10 years from the date of issuance.

As at June 30, 2025, options were outstanding enabling holders to acquire common shares as follows:

Exercise price \$	Number of options outstanding	Weighted-average remaining contractual life (years)	Number of options exercisable
0.00-0.59	366,458	9.3	1,250
0.6-0.89	1,590,693	7.6	278,249
0.9-1.1	1,076,247	4.3	1,138,749
1.13	3,238,512	8.2	1,272,320
1.16	763,104	7.7	454,625
1.44-1.51	475,000	5.9	400,000
2.31	703,906	6.3	778,907
	8,213,920		4,324,100

The Options granted during the period ended June 30, 2024, were valued using the Black-Scholes option pricing model using a weighted average risk-free rate of 3.58 percent, a weighted-average expected life of 7 years, an expected annualized volatility of 100 percent, and a weighted average share price of \$0.84. The weighted average fair value per option was \$0.70.

During the three months ended June 30, 2025, the Company recognized \$60,464 (2024: \$677,621) as stock-based compensation in the Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss.

During the six months ended June 30, 2025, the Company recognized \$387,323 (2024: \$1,331,875) as stock-based compensation in the Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

12. NET FINANCE INCOME (EXPENSE)

Finance income (expense) for the reporting periods consist of the following:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Interest expense on lease liabilities	\$ (4,978)	\$ (7,331)	\$ (10,779)	\$ (14,731)
Revaluation of warrant liability	48,164	1,581,811	50,792	3,058,443
Other finance income	361	84,470	32,530	202,038
	\$ 43,547	\$ 1,658,950	\$ 72,543	\$ 3,245,750

13. LOSS PER SHARE

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator, i.e., no adjustments to the loss was necessary in 2025 or 2024.

The following details the earnings per share calculations, basic and diluted, for the three and six months ended June 30, 2025 and 2024:

	Three months ended		Six months ended	
	2025	2024	2025	2024
Loss attributable to common shareholders (basic and diluted)	\$ (3,882,419)	\$ (3,179,083)	\$ (8,207,546)	\$ (5,300,784)
Weighted average number of common shares (in number of common shares):				
Beginning of the period	93,513,843	65,052,821	93,513,843	65,052,821
Shares issue – prospectus offering	3,129,841		10,432,801	
Shares issued on exercise of options	-	4,747	-	2,373
Basic and diluted	96,643,684	65,057,568	103,946,644	65,055,194
Loss per share:				
Basic and diluted	\$ (0.04)	\$ (0.05)	\$ (0.08)	\$ (0.08)

As the Company experienced a loss in both periods, all potential common shares outstanding from dilutive securities are considered anti-dilutive and are excluded from the calculation of loss per share. Potential anti-dilutive securities outstanding not included in loss per share calculations at June 30, 2025, are shares issuable on the exercise of warrants, 27,261,274 (June 30, 2024: 16,362,594); and of options, 8,213,920 (June 30, 2024: 8,722,088).

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Dollar amounts in US Dollars)

14. RELATED PARTIES**Transactions with key management personnel**

As at June 30, 2025 and 2024, the Company has no receivable or payable amounts with key management personnel or directors.

Key management personnel compensation

Short-term employment benefits of the Company's key management personnel include salaries and non-cash benefits. Key management personnel also participate in the Company's share option program (see Note 11).

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Short-term employment benefits	\$ 237,719	\$ 252,812	\$ 490,531	\$ 500,000
Director's fees	47,795	70,188	94,621	142,512
Share based payments	88,408	359,525	284,659	746,937
Total	\$ 373,922	\$ 682,525	\$ 869,811	\$ 1,389,449

15. COMMITMENTS

As of June 30, 2025, the Company has a contract to purchase OCT equipment from a medical equipment supplier for \$128,900. As of June 30, 2025, the Company had \$235,280 in deposits on hold to credit against the purchase order.

On March 31, 2025, the Company entered into a deferred billing arrangement with a contract manufacturer deferring payment for engineering technical transfer work into 2026, up to \$290,000. Work completed through June 30, 2025, is reflected in the financial statements.

16. SUBSEQUENT EVENTS

On July 15, 2025, the Company received the final reimbursement payment from its product development grant agreement with the Cancer Prevention and Research Institute of Texas ("CPRIT"). in the amount of \$744,684 in relation to the close out of the current grant.

On July 29, 2025, the Company executed a second and final close of the Prospectus Offering dated May 29, 2025, consisting of 7,416,667 Units at a price of \$0.30 CAD per Unit, for gross proceeds of \$2,225,000 CAD. Each Unit is comprised of one Common Share and one Common Share purchase warrant at an exercise price of \$0.35 CAD for a period of 60 months.