PERIMETER MEDICAL IMAGING AI, INC.

Unaudited Condensed Consolidated Interim Financial Statements

June 30, 2026 Presented

in US Dollars

PERIMETER MEDICAL IMAGING AI, INC.
Unaudited Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2026 and December 31, 2025
(Dollar amounts in US Dollars)

	Note		June 30, 2026		December 31, 2025
ASSETS					
Current assets					
Cash		$	6,444,250	$	2,471,578
Accounts receivable			241,286		230,348
Other receivables	8		44,401		33,260
Inventory			110,638		65,841
Prepaid expenses			668,236		497,486
Total current assets			7,508,811		3,298,513
Non-current assets					
Property and equipment	9		3,019,586		3,428,739
Total non-current assets			3,019,586		3,428,739
Total assets		$	**10,528,397**	$	**6,727,252**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	1,742,009	$	1,677,555
Current portion of deferred revenue	6		354,396		365,399
Convertible debenture - host	10		2,153,579		-
Convertible debenture - embedded derivative	10		1,776,019		-
Current portion of lease liability			41,674		60,605
Warrant liability	11		10		5,003
Total current liabilities			6,067,687		2,108,562
Non-current liabilities					
Deferred revenue	6		258,315		432,639
Lease liability			46,536		58,718
Total non-current liabilities			304,851		491,357
Shareholders' equity					
Share capital	12		96,963,395		94,037,852
Contributed surplus	12		15,193,919		12,537,845
Accumulated deficit			(105,183,856)		(99,669,261)
Accumulated currency translation adjustment			(2,817,599)		(2,779,103)
Total shareholders' equity			4,155,859		4,127,333
Total liabilities and shareholders' equity		$	**10,528,397**	$	**6,727,252**

Going concern (Note 3)
Commitments and contingencies (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/ Aaron Davidson
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, 2026 and 2025
(Dollar amounts in US Dollars)

		Three months ended		Six months ended	
	Note	**June 30, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Revenue	7	$ 503,156	$ 505,796	$ 887,760	$ 1,056,066
Cost of goods sold					
Direct Costs		58,549	61,095	114,720	224,402
Depreciation	9	110,560	91,846	221,125	179,432
		169,109	152,941	335,845	403,834
Gross Profit		334,047	352,855	551,915	652,232
Operating Expenses					
Sales and marketing		831,962	1,008,336	1,527,361	2,271,234
Research and development		819,891	1,510,974	1,715,568	3,115,742
General and administrative		1,388,197	1,623,744	2,886,292	3,282,588
Depreciation	9	102,438	115,974	211,504	235,682
Total Operating Expenses		3,142,487	4,259,028	6,340,725	8,905,246
Net foreign exchange loss		122	19,793	2,236	27,075
Net finance (income)	13	(272,110)	(43,547)	(276,451)	(72,543)
Loss before income tax		(2,536,450)	(3,882,419)	(5,514,595)	(8,207,546)
Income tax expense		-	-	-	-
Net loss		(2,536,450)	(3,882,419)	(5,514,595)	(8,207,546)
Other comprehensive (loss) income items that may be reclassified subsequently to profit:					
Foreign currency translation - net of tax		(40,511)	(14,625)	(38,496)	17,571
Comprehensive loss		$ (2,576,961)	$ (3,897,044)	$ (5,553,091)	$ (8,189,975)
Basic and diluted loss per common share	14	$ (0.02)	$ (0.04)	$ (0.04)	(0.08)

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, 2026 and 2025
(Dollar amounts in US Dollars)

	Note	Shares Issued		Share Capital		Contributed Surplus		Accumulated currency translation adjustment		Accumulated deficit		Total
Balance as at January 1, 2026		**131,120,616**	**$**	**94,037,852**	**$**	**12,537,845**	**$**	**(2,779,103)**	**$**	**(99,669,261)**	**$**	**4,127,333**
Issuance of common shares for cash, net of issuance cost	12	21,489,000		2,649,450		2,160,033		-		-		4,809,483
Exercise of warrants for cash, net of issuance	12	825,000		276,094		(64,766)		-		-		211,328
Stock-based compensation		-		-		560,807		-		-		560,807
Foreign currency translation adjustment		-		(1)		-		(38,496)		-		(38,497)
Net loss for the period		-		-		-		-		(5,514,595)		(5,514,595)
Balance as at June 30, 2026		**153,434,616**	**$**	**96,963,395**	**$**	**15,193,919**	**$**	**(2,817,599)**	**$**	**(105,183,856)**	**$**	**4,155,859**
Balance as at January 1, 2025		**93,513,842**	**$**	**90,598,073**	**$**	**9,416,494**	**$**	**(2,806,846)**	**$**	**(86,752,903)**	**$**	**10,454,818**
Issuance of shares for cash, net of issuance cost		10,432,801		1,044,665		810,975		-		-		1,855,639
Stock-based compensation		-		-		387,323		-		-		387,323
Foreign currency translation adjustment		-		-		(327)		17,571		(329)		16,916
Net loss for the period		-		-		-		-		(8,207,546)		(8,207,546)
Balance as at June 30, 2025		**103,946,643**	**$**	**91,642,738**	**$**	**10,614,465**	**$**	**(2,789,275)**	**$**	**(94,960,778)**	**$**	**4,507,150**

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, 2026 and 2025
(Dollar amounts in US Dollars)

	Note	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from (used in) operating activities:			
Net loss		$ (5,514,595)	$ (8,207,546)
Adjustments for:			
Depreciation	9	432,629	415,114
Stock-based compensation	12	560,807	387,323
Net finance income	13	(276,451)	(73,027)
Transfer of capital unit to inventory for sale		-	128,195
Foreign exchange (loss) gain		(73,104)	46,453
		(4,870,714)	(7,303,488)
Changes in:			
Accounts receivable		(10,938)	169,040
Other receivables	8	(4,311)	1,140,188
Inventory		(44,797)	74,978
Prepaid expenses		(170,750)	660,851
Deferred revenue		(185,327)	364,818
Accounts payable and accrued liabilities		64,454	(1,755,026)
Net cash used in operating activities		(5,222,383)	(6,648,639)
Cash flows from investing activities:			
Interest income		13,341	33,014
		13,341	33,014
Cash flows from financing activities:			
Net proceeds from warrants and options exercised		211,328	-
Net proceeds from issuance of common shares		4,809,483	1,855,639
Net proceeds from convertible debentures		4,286,724	-
Payment of lease liabilities		(36,166)	(36,446)
		9,271,369	1,819,193
Net increase (decrease) in cash		4,062,327	(4,796,432)
Cash, beginning of period		2,471,578	6,184,046
Effect of foreign exchange on cash		(89,655)	(22,081)
Cash, end of period		$ **6,444,250**	$ **1,365,533**

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

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, 2026 and 2025 (the "interim financial statements") have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Boards ("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, 2025, prepared in accordance with IFRS Accounting Standards. The accounting policies used are consistent with those used in the audited financial statements. Changes to IFRS 7 & 9 effective January 1, 2026 were assessed and incorporated into the Company's accounting policies and adopted for the three and six months ended June 30, 2026. The adoption to IFRS 7 & 9 did not have a material impact on the financials.
On May 30, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). These amendments (i) clarify the date of recognition and derecognition of certain financial assets and financial liabilities, including an optional exception that permits derecognition of a financial liability before the settlement date when settled in cash through an electronic payment system that meets specified criteria; (ii) clarify the assessment of contractual cash flow characteristics for financial assets, including those with features linked to environmental, social or governance ("ESG") targets, non-recourse features, and contractually linked instruments; and (iii) introduce new IFRS 7 disclosure requirements for financial instruments with contractual terms that could change the timing or amount of contractual cash flows, and for equity instruments designated at fair value through other comprehensive income.

The amendments apply to annual reporting periods beginning on or after January 1, 2026. The Company has assessed the impact of the amendments and has concluded that they do not have a material impact on its consolidated financial statements. The Company does not hold financial assets at amortized cost or fair value through other comprehensive income ("FVOCI") with contingent or ESG-linked cash flow features, non-recourse features or contractually linked instruments, and has not designated any equity instruments at FVOCI. The Company has elected to continue its existing accounting policy of derecognizing financial liabilities settled through electronic payment systems on the settlement date and has not adopted the optional pre-settlement derecognition exception. Accordingly, no transition adjustment has been recognized, and no additional IFRS 7 disclosures are required

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1. IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The Company is currently assessing the impact and efforts related to adopting IFRS 18.

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 26, 2026.

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, 2026, the Company reported a net loss of $5,514,595 (June 30, 2025 – $8,207,546) and cash used in operating activities of $5,222,383 (June 30, 2025 - $6,648,639).

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 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 favorable 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 was 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.

(Dollar amounts in US Dollars)

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 and loss in the consolidated statement of loss.

5. Critical accounting estimates and judgements

The interim financial statements for the six months ended June 30, 2026, have been prepared using the same policies as the annual consolidated financial statements of the Company, except for the new estimate relating to the embedded derivative on the convertible debentures issued during the three months ended June 30, 2026. Refer to Note 11 for more details. Refer to Notes 4 and 6 of the Company's annual audited consolidated financial statements for the year ended December 31, 2025, for more information on all other accounting estimates and judgements applied.

6. DEFERRED REVENUE

		June 30, 2026		December 31, 2025
Current:				
Leased equipment	$	55,668	$	58,006
Exchange service plan		272,463		281,128
Maintenance plan		26,265		26,265
Total Current	**$**	**354,396**	**$**	**365,399**
Leased equipment		62,717		90,551
Exchange service plan		170,588		303,308
Maintenance plan		25,010		38,780
Non-current:	**$**	**258,315**	**$**	**432,639**
Total	**$**	**612,711**	**$**	**798,038**

(Dollar amounts in US Dollars)

7. REVENUE

	Three months ended		Six months ended	
	June 30, 2026	**June 30 2025**	**June 30 2026**	**June 30, 2025**
Sale of equipment	$ -	$ -	$ -	$ 230,000
Operating leases	133,617	91,100	239,869	226,789
Sale of consumables	275,640	347,878	452,338	493,270
Preventative maintenance services	32,232	24,975	72,590	39,961
Exchange service plan warranty income	61,667	41,843	122,963	66,046
Total revenue	**$ 503,156**	**$ 505,796**	**$ 887,760**	**$ 1,056,066**

On March 3, 2026 the Company received FDA premarket approval for Claire™ (formerly B-Series), the AI-enabled imaging device. Claire™, funded under a Cancer Prevention and Research Institute of Texas ("CPRIT") grant. Pursuant to the terms of the agreement, upon commercialization Perimeter is required to pay CPRIT a royalty of 2.5 percent of revenue until such time that 250.0 percent of grant proceeds ($7,446,844) have been repaid. There are no royalties due at this time.

8. OTHER RECEIVABLES

Other receivables balance is comprised of the following:

	June 30, 2026	**December 31, 2025**
Harmonized sales tax receivable	$ 29,489	$ 25,178
Interest receivable	14,912	8,082
Other receivables	**$ 44,401**	**$ 33,260**

(Dollar amounts in US Dollars)

9. PROPERTY AND EQUIPMENT

	OCT Equipment	OCT Equipment (under operating leases)	Leasehold improvements	Research equipment	Computer equipment	Office equipment & Tooling	Right-of-use assets	Construction in Progress	Total
Cost:									
As at January 1, 2026	$ 1,895,165	$ 2,355,221	$ 146,634	$ 22,656	$ 52,159	$ 21,799	$ 257,374	$ 1,666,535	$ 6,417,543
Additions/Renewals	-	-	-	-	-	-	-	-	-
Re-manufacture	-	-	-	-	-	-	-	25,761	25,761
Transfer	117,764	-	-	-	-	-	-	(117,764)	-
Effect of movement in exchange rates		-	(829)	(837)	(1,925)	(806)	(4,568)	-	(8,965)
As at June 30, 2026	2,012,929	2,355,221	145,805	21,819	50,234	20,993	252,806	1,574,532	6,434,339
Depreciation:									
As at January 1, 2026	$ 1,360,836	$ 1,250,906	$ 118,216	$ 22,656	$ 51,617	$ 14,678	$ 169,895	$ -	$ 2,988,804
Additions/Renewals	179,266	221,125	7,872	-	542	850	22,974	-	432,629
Transfer	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	(490)	(837)	(1,925)	(571)	(2,857)	-	(6,680)
As at June 30, 2026	1,540,102	1,472,031	125,598	21,819	50,234	14,957	190,012	-	3,414,753
Net book value:									
As at June 30, 2026	$ 472,827	$ 883,190	$ 20,207	$ -	$ -	$ 6,036	$ 62,794	$ 1,574,532	$ 3,019,586

	OCT Equipment	OCT Equipment (under operating leases)	Leasehold improvement	Research equipment	Computer equipment	Office equipment & Tooling	Right-of-use asset	Construction in Progress	Total
Cost:									
As 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	-	-	-		-	-	27,598	128,195	155,793
Transfer	(327,215)	583,605	-		-	-	-	(256,390)	-
Disposals	-	-	-	-	-	-	-	(256,390)	(256,390)
Effect of movement in exchange rates	-	-	1,040	1,050	2,417	1,013	5,734	-	11,254
As at December 31, 2025	$ 1,895,165	$ 2,355,221	$ 146,634	$ 22,656	$ 52,159	$ 21,799	$ 257,374	$ 1,666,535	$ 6,417,543
Depreciation:									
As at January 1, 2025	$ 1,081,409	$ 766,490	$ 96,141	$ 21,606	$ 49,227	$ 11,854	$ 121,710	$ -	$ 2,148,437
Additions	378,974	384,869	21,674		-	2,190	45,643	-	833,350
Transfer	(99,547)	99,547	-		-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	-		401	1,050	2,390	634	2,542	-	7,017
As at December 31, 2025	$ 1,360,836	$ 1,250,906	$ 118,216	$ 22,656	$ 51,617	$ 14,678	$ 169,895	$ -	$ 2,988,804
Net book value:									
As at December 31, 2025	$ 534,329	$ 1,104,315	$ 28,418	$	$ 542	$ 7,121	$ 87,479	$ 1,666,535	$ 3,428,739

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

(Dollar amounts in US Dollars)

10. CONVERTIBLE DEBENTURE

On April 27, 2026 and June 5, 2026, the Company issued $1,982,958 and $2,366,645, respectively for an aggregate of $4,349,603 (C$6,040,000) in unsecured convertible debentures (the "Debentures"). The Debentures bear interest at 3.59% per annum, payable at maturity on April 27, 2029 (the "Maturity Date"), in cash or, at the Company's option, in units priced based on recent trading prices ("interest units"). Total transaction costs were $134,493 (C$181,014).

The Debentures are convertible at the option of the holder, or automatically upon the occurrence of a Qualifying Event (redomiciling transaction) into units at a conversion price of C$0.415 per unit, subject to a maximum beneficial ownership cap of 19.99%. Each unit consists of one common share and one common share purchase warrant, with each whole warrant exercisable into one additional common share at C$0.59 until April 27, 2031. Accrued interest, if converted, will be settled in interest units priced at the VWAP for the five trading days preceding the conversion date, with attached warrants at a 43% premium to the interest conversion price, exercisable for five years.

Accounting Classification

The Debentures represent a hybrid financial instrument, consisting of a host loan obligation, and embedded derivative instruments comprising the conversions and interest conversion units of the debenture. The Company accounts for the host loan obligation at amortized cost, accrued to maturity over the term of the debenture. The embedded conversion and interest units are accounted for as a financial liability measured at fair value through profit or loss. The key assumptions and inputs in the valuation are in Note 11.

The initial recognition amounts were as follows:

Financial Instrument Components		
Total gross proceeds	$	4,349,603
Fair value of derivative liability at inception		2,175,782
Carrying amount of host convertible debenture, gross		2,173,822
Transaction costs allocated to host convertible debentures		(62,879)
Initial carrying amount – Host convertible debentures (net)	**$**	**2,110,943**
Fair value of the embedded derivative at inception	**$**	**2,175,782**

Subsequent Measurement – Effective Interest Method

The liability component is measured at amortized cost using the effective interest rate (EIR) method. The EIR was computed as the rate that equates the initial carrying amount to the present value of total contractual cash flows (principal of $ 4,349,603 or C$6,040,000 plus total contractual interest of $456,817 or C$650,508), yielding an EIR of approximately 31.71% per annum. The loan is subsequently measured at amortized cost based on this EIR. Under this method, interest expense in each period exceeds the contractual coupon; the difference (accretion) increases the carrying amount of the liability toward the maturity cash flow of $4,806,420 or C$6,690,508.

(Dollar amounts in US Dollars)

For the period from issuance date to June 30, 2026, the following amounts were recognized:

Three and six months ended June 30, 2026		
Portion from accrued contractual interest (3.59%)	$	25,387
Portion from non-cash accretion of discount		71,241
Interest expense		96,628
Carrying amount of host liability component at June 30, 2026	**$**	**2,153,579**

As at June 30, 2026, the carrying amount of the host liability component is classified as current on the consolidated interim statement of financial position as the holder can exercise at any time until maturity and will be amortized over 36 months.

The Company incurred total interest expense on the host convertible debenture of $96,628 (C$137,554) during the three and six months ended June 30, 2026 (June 30, 2025: $nil), which is included within net finance income in the condensed consolidated interim statement of loss and comprehensive loss.

The following table presents a roll-forward of the host liability component from inception to June 30, 2026:

Convertible debenture - host		
	$	
Balance at initial recognition		2,110,943
Non-cash accretion of discount		71,241
Accrued interest		25,387
Foreign exchange		(53,992)
Convertible debenture - host current liability	**$**	**2,153,579**

The following table presents a roll-forward of the embedded derivative component from inception to June 30, 2026:

Convertible debenture – embedded derivative		
	$	
Balance at initial recognition		2,175,782
Fair value remeasurement		(346,394)
Foreign exchange		(53,369)
Convertible debenture – embedded derivative liability	**$**	**1,776,019**

11. FINANCIAL INSTRUMENTS

Accounting classification and fair values

The Company's financial instruments measured at fair value on its warrant liability and its embedded derivative of the hybrid convertible debenture.

(Dollar amounts in US Dollars)

The warrant liability is classified as mandatorily at fair value through profit or loss (FVTPL) and categorized within Level 2 of the fair value hierarchy. As at June 30, 2026, the warrant liability had a carrying amount and fair value of $10, compared to $5,003 as at December 31, 2025, representing a decrease of $4,993 during the six-month period. There were no transfers between levels of the fair value hierarchy during the period. Financial assets and financial liabilities measured at amortized cost are not included, as their carrying amounts are a reasonable approximation of fair value.

The Company estimates the fair value of its embedded derivative from the convertible debentures using the partial differential equation model ("PDE Model"), which includes several inputs and assumptions including the Company's common share price at the time of valuation, the implied volatility of the Company's common stock and warrants, the risk-free interest rate, and the Company's estimated credit spread. This is categorized within Level 2 of the fair value hierarchy.

The following schedule summarizes the inputs used to determine the fair value of the embedded derivative at inception and at subsequent measurement date as at June 30, 2026:

Key Inputs	At inception	As of June 30, 2026
Share price	$0.30 - $0.33	$0.27
Warrant fair value	$0.18 - $0.20	$0.15
Equity volatility	89.70% - 89.71%	89.35%
Unit volatility	116.07% - 116.74%	116.86%
Credit spread	27.62% - 28.86%	28.17%
Risk-free rate	2.92% - 2.96%	2.82%

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 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.

12. 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.

On January 27, 2022, the Company executed a private placement of units (each, a "Unit") for gross proceeds of $38,314,649 (C$48,702,999) (the "Private Placement") on a non-brokered basis at a price of $2.36 (C$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 ("Warrant") to purchase an additional Common Share (a "Warrant Share"). Of the Warrants issued in Private Placement, 80.0 percent have a strike price of $3.14 (C$3.99) and 20.0 percent have a strike price of $3.54 (C$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 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, as at January 27, 2022, the relative standalone fair value proportion of the transaction price of these Warrants was $8,268,490 (C$11,199,362) and allocated to warrant liability and classified as FVTPL.

On March 23, 2026, Perimeter entered into a warrant cancellation agreement with SC Master Holdings LLC ("Social Capital"), pursuant to which Social Capital has agreed to surrender 14,466,667 common share purchase warrants of the Company for cancellation, for no consideration. 80% of the warrants had a strike price of C$3.99 and 20% of the warrants had a strike price of C$4.50. Half of the warrants at each strike price were 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. The other half of the warrants were not subject to accelerated expiry and instead may have been exercised for cash or exercised using a cashless exercise feature at any time prior to expiry. Subject to the accelerated expiry clause described above, all Warrants had an expiration date of January 27, 2027. The Company derecognized the warrant liability upon cancellation, resulting in a gain of $4,706 recognized in statement of loss, as the warrants were surrendered for no consideration. Concurrently, the warrants previously recognized in equity was released within share capital upon their cancellation.

On May 5, 2026, the Company announced the successful closing of the Life Offering up to the maximum offering size of 21,489,000 Units at C$0.35 per unit (C$7,521,150). Each Unit was comprised of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one Common Share until May 5, 2031 at an exercise price of C$0.50 per Common Share. Paradigm Capital Inc. acted as lead agent and sole bookrunner, together with Brookline Capital Markets, a division of Arcadia Securities, LLC (collectively, the "Agents"), in connection with the Life Offering.

(Dollar amounts in US Dollars)

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 C$0.50 and therefore classified the warrants as equity.

On April 21, 2026, the Company entered into binding subscription agreements with its CEO, Social Capital and Roadmap Capital for gross proceeds of $4,349,603 (C$6,040,000). The financing consists of $1,000 principal amount debentures bearing interest at 3.59% and maturing three years after the initial closing date. The debentures are convertible at the holder's option, and automatically upon a redomicile of the Company to the United States, at C$0.415 per unit. Each unit comprises one common share and one warrant, with each whole warrant exercisable into one additional common share at C$0.59 for a five-year term. Accrued interest is payable at maturity or upon redomicile in cash or, at the Company's option, in units priced based on recent trading prices. These interest units similarly consist of one common share and one warrant, with each whole warrant exercisable into one additional common share for five years at an exercise price set at a 43% premium to the unit price.

C. Warrants

The following schedule summarizes the warrant transactions for the three months ended June 30, 2026 and 2025:

	June 30, 2026			June 30, 2025		
	Number of warrants		Weighted-average exercise price	Number of warrants		Weighted-average exercise price
Outstanding at January 1	**54,400,320**	**$**	**1.14**	**16,362,594**	**$**	**3.20**
Issued	22,965,755		0.35	10,898,680		0.22
Exercised	(825,000)		0.26	-		-
Cancelled	(14,466,667)		3.22	-		-
Outstanding as of June 30	**62,074,408**	**$**	**0.38**	**27,261,274**	**$**	**2.01**

As at June 30, 2026, warrants were outstanding enabling holders to acquire common shares as follows:

Exercise Price $	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life
0.22	465,879	0.02
0.25	21,234,060	0.45
0.26	17,024,469	1.08
0.36	21,489,000	1.68
0.88 - 0.96	93,334	0.01
3.14 -3.54	1,767,666	0.01
	62,074,408	

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.

On January 1, 2026, the Company cancelled 1,935,553 options held by employees and consultants (with original exercise prices ranging from C$0.38 to C$2.85) and simultaneously granted a corresponding number of options at an exercise price of $0.30 per share. The options were issued on a one-for-one basis to the same holders and, for most tranches, retained the original expiry dates of the cancelled options. Vesting start date for the options is January 1, 2026. Because the cancellation and reissuance occurred together the transaction is accounted for as a modification of the original awards per IFRS 2 *Share-based payment*. Accordingly:

- The original grant-date fair value of the cancelled options continues to be expensed over the original vesting period of those awards. No previously recognized expense is reversed.
- The Company determined the fair value of the cancelled options immediately before the modification, and the fair value of the Replacement Options immediately after the modification, using the Black-Scholes option pricing model. The Black-Scholes inputs used in both valuations were consistent with the Company's usual methodology used for estimating inputs and with the requirements of IFRS 2.
- The difference between the post-modification fair value of the Replacement Options and the pre-modification fair value of the cancelled options represents the incremental fair value of the modification. This incremental amount is recognized as additional share-based payment expense immediately for the portion attributable to options that were vested at the modification date, and over the remaining vesting period for the portion attributable to unvested options.
- No cash consideration was paid to any option holder in connection with the cancellation. Accordingly, there is no deduction from equity and no settlement charge to profit or loss in respect of the cancellation itself.

In a separate transaction, on February 13, 2026, employees were granted an annual grant issuance to an aggregate of 4,095,381 shares. This issuance represents a new equity-settled share-based payment arrangement and is accounted for as a new grant under IFRS 2.

Pursuant to the Stock Option Plan, the Board of Directors granted officers and directors 8,969,181 stock options on June 5, 2026. The options are at an exercise price of C$0.35 for a maximum of 10 years. An additional 260,000 stock options were granted to employees with an exercise price of C$0.31 per share and will expire on June 5, 2036.

The following schedule summarizes the share purchase option transactions for the six months ended June 30, 2026 and 2025:

(Dollar amounts in US Dollars)

	June 30, 2026			June 30, 2025		
	Number of options		Weighted-average exercise price	Number of options		Weighted-average exercise price
Outstanding as at January 1,	7,346,679	$	1.04	8,565,265	$	1.09
Issued	15,260,112		0.33	-		-
Cancelled	(1,935,553)		1.22	-		-
Forfeited	(619,898)		1.20	(351,344)		1.24
Outstanding as at June 30	**20,051,340**	$	**0.61**	**8,213,921**	$	**1.46**
Exercisable as at June 30	**4,648,773**	$	**1.32**	**4,324,100**	$	**1.70**

As at June 30, 2026, 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
0.0-0.31	6,064,474	9.53	652,494
0.32-.0.46	9,186,160	9.90	83,959
0.82-0.88	465,124	6.48	357,594
1.20-1.45	600,413	3.67	600,413
1.46-1.58	3,330,911	7.19	2,550,054
1.89-2.85	404,258	4.56	404,259
	20,051,340		**4,648,773**

13. NET FINANCE INCOME

Net finance income for the reporting periods consists of the following:

	Three months ended				Six months ended			
		June 30, 2026		June 30, 2025		June 30, 2026		June 30, 2025
Interest on convertible debentures		(96,628)		-		(96,628)		-
Interest expense on lease liabilities	$	(3,720)	$	(4,978)	$	(7,997)	$	(10,779)
Revaluation of embedded derivative and warrant liability		348,679		48,164		353,385		50,792
Other finance income		22,779		361		27,691		32,530
	$	**272,110**	**$**	**43,547**	**$**	**276,451**	**$**	**72,543**

14. LOSS PER SHARE

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholder of the Company as the numerator, i.e., no adjustments to the loss was necessary in 2026 or 2025. The following details the loss per share calculations, basic and diluted, for the three and six months ended June 30, 2026 and 2025:

(Dollar amounts in US Dollars)

	Three months ended				Six months ended			
		June 30, 2026		**June 30, 2025**		**June 30, 2026**		**June 30, 2025**
Loss attributable to common shareholders (basic and diluted)	$	(2,536,450)	$	(3,882,419)	$	(5,514,595)	$	(8,207,546)
Weighted average number of common shares (in number of common shares):								
Beginning of the period		131,945,616		93,513,843		131,120,616		93,513,843
Shares issued		13,370,934		3,129,841		21,489,000		10,432,801
Shares issued on exercise of warrants		-		-		825,000		-
Basic and diluted		145,316,550		96,643,684		153,434,616		103,946,644
Loss per share:								
Basic and diluted	**$**	**(0.02)**	**$**	**(0.04)**	**$**	**(0.04)**	**$**	**(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 as at June 30, 2026 are shares issuable on the exercise of warrants, 62,074,408 (June 30, 2025: 27,261,274); and options of 20,051,340 (June 30, 2025: 8,213,920

15. RELATED PARTIES

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 12).

	Three months ended				Six months ended			
		June 30, 2026		**June 30, 2025**		**June 30, 2026**		**June 30, 2025**
Short-term employment benefits	$	179,425	$	237,719	$	358,850	$	490,531
Director's fees		27,995		47,795		77,229		94,621
Share based payments		123,865		88,408		191,909		284,659
Total	$	**331,285**	**$**	**373,922**	**$**	**627,988**	**$**	**869,811**

16. COMMITMENTS AND CONTINGENCIES

As at June 30, 2026, the Company has contracts to purchase OCT equipment from medical equipment suppliers amounting to $2,048,267. As at June 30, 2026, the Company had $489,280 in deposits on hold to credit against the purchase order.

On June 30, 2025, the Company entered into a deferring billing arrangement with a contract manufacturer deferring payment for engineering technical transfer work into 2026, up to $290,000. Work completed through June 30, 2026 is reflected in the interim financial statements. In Q1 2026 the Company started to pay down the deferred billing.