
PERIMETER MEDICAL IMAGING AI, INC.

Consolidated Financial Statements

Years Ended December 31, 2025 and December 31, 2024

Presented in US Dollars

CONSOLIDATED FINANCIAL STATEMENTS**Page**

Consolidated Statements of Financial Position

3

Consolidated Statements of Loss and Comprehensive Loss

4

Consolidated Statements of Changes in Shareholders' Equity

5

Consolidated Statements of Cash Flows

6

Notes to the Consolidated Financial Statements

7



KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Tel 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Perimeter Medical Imaging AI, Inc.

Opinion

We have audited the consolidated financial statements of Perimeter Medical Imaging AI, Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that for the year ended December 31, 2025, the Entity reported a net loss of \$12,916,028 and cash used in operating activities of \$9,290,183.

As stated in Note 3 in the financial statements, these events or conditions, along with other matters as set forth in Note 3 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Determination of distinct performance obligations under long-term contracts and the allocation of the transaction price based on the stand-alone selling price

Description of the matter

We draw attention to Notes 4, 6, and 10 of the financial statements. The Entity has recognized revenue of \$2,303,712. A portion of revenue is associated with customer contracts that contain multiple performance obligations, including the sale or lease of equipment, consumables, preventative maintenance services, and extended service plan warranties. Significant judgment is required to identify the number of distinct performance obligations within a contract and to allocate the transaction price to each performance obligation based on their respective stand-alone selling price.

Why the matter is a key audit matter

We identified the determination of distinct performance obligations under long-term contracts and the allocation of the transaction price based on the stand-alone selling price as a key audit matter. Significant auditor judgment was required to evaluate the Entity's significant judgments regarding the identification of distinct performance obligations within a contract and the allocation of the transaction price to each performance obligation. Addressing this matter required increased audit effort, including the involvement of more senior professionals.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of customer contracts:



- We assessed how the Entity identified promised goods and services and determined whether those promises were distinct by comparing the Entity's judgments to contractual terms and evaluating whether the goods or services were capable of being distinct and separately identifiable within the context of the contract.
- We evaluated the methodology used to determine stand-alone selling prices for performance obligations that are not directly observable by assessing the appropriateness of the estimation methods applied, including cost-based and adjusted market assessment approaches, in the context of the Entity's business model.
- We assessed the data and assumptions used in estimating stand-alone selling prices by comparing inputs such as the duration of the lease period, consumables sales volumes, and equipment selling prices to historical transaction data.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Michael Cianfarani.

Vaughan, Canada

April 2, 2026

PERIMETER MEDICAL IMAGING AI, INC.

Consolidated Statements of Financial Position
As at December 31, 2025 and December 31, 2024
(Dollar amounts in US Dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 2,471,578	\$ 6,184,046
Accounts receivable		230,348	390,525
Grant and other receivables	8	33,260	1,970,059
Inventory		65,841	191,577
Prepaid expenses		497,486	1,231,641
Total current assets		3,298,513	9,967,848
Non-current assets			
Property and equipment	11	3,428,739	4,358,450
Total non-current assets		3,428,739	4,358,450
Total assets		\$ 6,727,252	\$ 14,326,298
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 1,677,555	\$ 3,331,027
Deferred revenue	9	365,399	144,226
Current portion of lease liabilities	17	60,605	46,813
Warrant liability	12	5,003	53,182
Total current liabilities		2,108,562	3,575,248
Non-current liabilities			
Lease liabilities	17	58,718	90,671
Deferred Revenue	9	432,639	205,561
Total non-current liabilities		491,357	296,232
Shareholders' equity			
Share capital	13	94,037,852	90,598,073
Contributed surplus	13	12,537,845	9,416,494
Accumulated deficit		(99,669,261)	(86,752,903)
Accumulated currency translation adjustment		(2,779,103)	(2,806,846)
Total shareholders' equity		4,127,333	10,454,818
Total liabilities and shareholders' equity		\$ 6,727,252	\$ 14,326,298

Going concern (Note 3)
Commitments (Note 20)
Subsequent events (Note 21)

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

Approved on behalf of the Board of Directors:

/s/ Aaron Davidson
Director

/s/ Adrian Mendes
Director

PERIMETER MEDICAL IMAGING AI, INC.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2025 and December 31, 2024

(Dollar amounts in US Dollars)

	Note	Year ended	
		December 31, 2025	December 31, 2024
Revenue	10	\$ 2,303,712	\$ 846,194
Cost of goods sold			
Direct Costs		454,594	91,711
Depreciation	11	382,434	219,373
		<u>837,028</u>	<u>311,084</u>
Gross Profit		1,466,684	535,110
Grant Income	8	-	144,775
Operating Expenses	19		
Sales and marketing		3,744,301	5,448,129
Research and development		4,919,341	6,646,399
General and administrative		5,289,072	6,780,768
Depreciation	11	450,916	510,295
Total Operating Expenses		<u>14,403,630</u>	<u>19,385,591</u>
Net foreign exchange (loss) gain		(51,784)	1,749,359
Net finance income	14	72,702	3,562,419
Loss for the year		<u>(12,916,028)</u>	<u>(13,393,928)</u>
Other comprehensive income (loss) items that may be reclassified subsequently to profit:			
Foreign currency translation gain (loss)		27,743	(1,774,238)
Comprehensive loss		<u>\$ (12,888,285)</u>	<u>\$ (15,168,166)</u>
Basic and diluted loss per common share	16	<u>\$ (0.16)</u>	<u>\$ (0.19)</u>

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

PERIMETER MEDICAL IMAGING AI, INC.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2025 and 2024

(Dollar amounts in US Dollars)

	Note	Shares Issued	Share Capital	Contributed Surplus	Accumulated currency translation adjustment	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 common shares for cash, net of issuance costs	13	37,606,775	3,439,779	2,380,540	-	-	5,820,319
Stock-based compensation		-	-	740,811	-	-	740,811
Currency translation adjustment		-	-	-	27,743	(330)	27,413
Net loss for the year		-	-	-	-	(12,916,028)	(12,916,028)
Balance as at December 31, 2025		131,120,617	\$ 94,037,852	\$ 12,537,845	\$ (2,779,103)	\$ (99,669,261)	\$ 4,127,333
Balance as at January 1, 2024		65,052,821	\$ 81,820,732	\$ 7,635,656	\$ (1,032,608)	\$ (73,358,975)	\$ 15,064,805
Issuance of common shares for cash, net of issuance costs		28,317,061	8,653,980	-	-	-	8,653,980
Issuance of common shares for exercise of options	13	143,960	123,361	(123,285)	-	-	76
Stock-based compensation		-	-	1,904,123	-	-	1,904,123
Currency translation adjustment		-	-	-	(1,774,238)	-	(1,774,238)
Net loss for the year		-	-	-	-	(13,393,928)	(13,393,928)
Balance as at December 31, 2024		93,513,842	\$ 90,598,073	\$ 9,416,494	\$ (2,806,846)	\$ (86,752,903)	\$ 10,454,818

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

PERIMETER MEDICAL IMAGING AI, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Dollar amounts in US Dollars)

	Note	Year ended	
		December 31, 2025	December 31, 2024
Cash flows from (used in) operating activities:			
Net loss		\$ (12,916,028)	\$ (13,393,928)
Adjustments for:			
Depreciation		833,350	729,668
Stock-based compensation		740,811	1,904,123
Grant income	8	-	(144,775)
Net finance income	14	(72,702)	(3,562,419)
Loss on sale of equipment		-	42,646
Foreign exchange loss (gain)		116,350	(2,093,384)
		<u>(11,298,219)</u>	<u>(16,518,069)</u>
Changes in:			
Accounts receivable		160,177	(353,625)
Grant and other receivables		1,936,799	323,665
Inventory		382,126	(62,578)
Prepaid expenses		734,155	349,787
Deferred revenue		448,251	(110,272)
Accounts payable and accrued liabilities		<u>(1,653,472)</u>	<u>1,648,069</u>
Net cash used in operating activities		<u>(9,290,183)</u>	<u>(14,723,023)</u>
Cash flows from (used in) investing activities:			
Interest income		36,102	279,653
Purchase of property and equipment		<u>(128,195)</u>	<u>(2,179,315)</u>
Net cash used in investing activities		<u>(92,093)</u>	<u>(1,899,662)</u>
Cash flows from (used in) financing activities:			
Net proceeds from warrants and options exercised	13	-	76
Net proceeds from issuance of common shares	13	5,820,319	8,653,980
Repayment of lease liabilities	17	<u>(72,984)</u>	<u>(72,229)</u>
Net cash from (used in) financing activities		<u>5,747,335</u>	<u>8,581,827</u>
Net decrease in cash		<u>(3,634,941)</u>	<u>(8,040,858)</u>
Cash, beginning of year		6,184,046	13,980,176
Effect of foreign exchange on cash		<u>(77,527)</u>	<u>244,728</u>
Cash, end of year		<u>\$ 2,471,578</u>	<u>\$ 6,184,046</u>

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

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 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

The accompanying consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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

These consolidated financial statements were reviewed, approved and authorized for issue by the Company's board of directors on April 2, 2026.

3. Going concern

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and 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 year ended December 31, 2025, the Company reported a net loss of \$12,916,028 (2024 - \$13,393,928) and cash used in operating activities of \$9,290,183 (2024 - \$14,723,023). The Company has working capital of \$1,189,951 as at December 31, 2025 (2024 - \$6,392,600). Additional financing will be required before the Company expects to generate positive cash flow.

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 favorable terms would result in the delay or indefinite postponement of business objectives.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

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 consolidated 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 consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the consolidated statement of financial position classification used. Such adjustments could be material.

4. Use of estimates and judgements

The preparation of consolidated financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ materially from these estimates. The following are key estimates and judgements in the consolidated financial statements:

Going concern: The going concern of the Company, as discussed in Note 3.

Revenue Recognition: A portion of revenue is associated with customer contracts that contain multiple performance obligations, including the sale or lease of equipment, consumables, preventative maintenance services, and extended service plan warranties. Significant judgement is required to identify the number of distinct performance obligations within a contract and to allocate the transaction price to each performance obligation based on their respective stand-alone selling price ("SSP"). SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers. Where SSP is not directly observable, the Company estimates SSP using valuation techniques, including cost-based and adjusted market assessment approaches, taking into consideration the nature of the performance obligation and the Company's business model.

The determination of the duration of the lease period may also require judgement and estimates. Duration for a performance obligation in a contract with customers is an estimate of the time period that would be used to allocate service revenue if it was sold separately in similar circumstances and to similar customers.

Eligibility of expenses under grant programs: The Company is required to interpret government regulations and apply those interpretations in preparing expense claims under grant programs. Those interpretations and applications are subject to audit and retrospective challenge by the granting authorities. Changes in the eligibility of expenses under government grant programs can have a material adverse effect on the Company's grant claim and correspondingly the recorded amounts due from the applicable granting authorities and the recorded amount of grant income.

- Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts during each reporting period. Actual results could materially differ from those estimates. Significant estimates made by management affecting the accompanying consolidated financial statements include, among others

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

Valuation of share-based compensation: The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected share price volatility, risk-free interest rate, expected life of the option and forfeiture rate. Changes in the input assumptions can materially affect the grant date fair value estimate. In addition to the fair value input assumptions, the Company also estimates the number of options that will forfeit prior to becoming vested. These fair value input assumptions affect the Company's share-based compensation expense and equity reserves.

Changes in the input assumptions can materially affect the fair value estimate which correspondingly affects the Company's expenses and liabilities.

Useful lives of depreciable assets: The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software, equipment and Optical Coherence Topography (OCT) Equipment.

5. Foreign currency translation

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 on the translation of the consolidated 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 statements of loss and comprehensive loss.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

6. Material accounting policies

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for management's intended use of the asset and, where relevant, the present value of all dismantling and removal costs. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All repair and maintenance costs are recognized in the consolidated statements of loss and comprehensive loss as an expense when incurred. Property and equipment is depreciated at the following rates and methods:

OCT equipment	5 years straight line
OCT equipment (Operating leases)	5 years straight line
Research equipment	30% declining balance
Computer equipment	55% declining balance
Office equipment and tooling	30% declining balance
Right-of-use assets	Over the term of the lease
Leasehold improvements	Shorter of lease term and useful life

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized.

The assets' useful lives, residual values, and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate. No depreciation is taken on construction in progress until the asset is available for use.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16 *Leases*.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by comparing existing financing rates from external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'Property and equipment' and lease liabilities in 'lease liabilities' in the consolidated statements of financial position.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Financial Instruments

The following is the Company's accounting policy for financial assets and liabilities under IFRS 9 *Financial Instruments*:

i. Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

ii. Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortized cost
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI").

iii. Subsequent measurement of financial assets

Financial assets are measured at amortized cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and receivables fall into this category. The Company does not have any financial assets measured at FVTPL or FVOCI.

iv. Impairment of financial assets

The impairment requirements under IFRS 9 require the use more forward-looking information to recognize expected credit losses and is referred to as the expected credit loss (ECL) model.

At each reporting date, the Company assesses its receivables for ECL. In the years presented, the Company does not have an allowance for expected credit losses recorded.

v. Classification and measurement of financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, lease liabilities and warrant liability.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Embedded derivatives are separated from the host contract and recorded at fair value at initial recognition.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for embedded derivatives, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

in profit or loss are included within finance costs or finance income.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a reduction from equity. For unit offerings that consist of multiple categories of securities, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares first, and then to the share purchase warrants.

Loss Per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Revenue Recognition

The Company provides medical technology solutions including its Optical Coherence Tomography (OCT) imaging system, proprietary image library and consumable specimen containers to hospitals and cancer surgery centers.

The Company recognizes revenue when the customer obtains control of the promised goods or services and at the amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. To achieve this, the Company applies the five-step revenue model under IFRS 15 *Revenue from Contracts with Customers*, as follows:

- (i) identify the contract with a customer,
- (ii) identify the performance obligations in the contract,
- (iii) determine the transaction price,
- (iv) allocate the transaction price to the performance obligations in the contract, and
- (v) recognize revenue when or as the Company satisfies a performance obligation.

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on relative stand-alone selling prices and recognizes revenue when or as control of each individual performance obligation is transferred to the customer.

The Company's revenue is derived from the following sources:

- **OCT equipment placement arrangements** – Arrangements that include placement of OCT equipment at customer sites contain a lease component, accounted for under IFRS 16 *Leases*, and non-lease components related to consumables. Consideration is allocated between the lease and non-lease components, with lease-related revenue recognized over the lease term.
- **Consumable sales** – Allocated revenue from single use-consumables is recognized at a point in time upon delivery to the customer.
- **Maintenance and service plans** – Revenue from preventative maintenance services and extended service plan warranties is recognized over the period the services are provided.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

- **Repair services** – Revenue from repair services not covered by service plans is recognized at a point in time when the services are completed.
- **Direct sales of OCT equipment** – In limited circumstances when OCT equipment is sold, revenue is recognized at the point in time when control transfers to the customer. Amounts allocated to related service and warranty components are deferred and recognized over the applicable service periods.

Income Taxes

Income tax expense comprises current and deferred tax.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. No deferred tax assets have been recognized to date.

Government Assistance

Government assistance is periodically received in the form of grants, loans or investment tax credits that may be repayable based on future targets which are accounted for in the period in which conditions arise that will cause repayment. Government assistance with predetermined repayment requirements or conditional criteria is recorded as a liability when received or until the conditions are

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

satisfied. If no predetermined repayment requirements exist, the assistance is treated as a reduction in the related expenses. Government assistance related to equipment is deferred as deferred grant income in the consolidated statements of financial position and recorded as grant income in the consolidated statements of loss and comprehensive loss over the depreciable life of the related asset.

Interest free or less than market interest government loans are measured at amortized cost using the effective interest method. The interest rate used is based on the market rate for a comparable instrument with a similar term. The difference between the fair value at inception and the loan proceeds received is recorded as a government grant. The grant portion is presented separately as deferred grant income that is amortized over the useful life of the loan and presented as grant income (or grants) in the consolidated statements of loss and comprehensive loss.

Research and Development Costs

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Investment tax credits related to current expenditures are included in the determination of net income as the expenditures are incurred when there is reasonable assurance they will be realized.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria will be deemed by the Company to have been met when revenue is received by the Company and a determination that it has sufficient resources to market and sell its product offerings. Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred.

Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses. No development costs have been capitalized in the periods presented.

7. Future accounting standards and policies

There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2026. These standards and interpretations are not expected to have a material impact on the Company's Consolidated Financial Statements:

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 consolidated financial statements for certain profit or loss performance measures that are reported outside an entity's consolidated financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary consolidated financial statements and notes. The Company is currently

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

assessing the impact related to adopting IFRS 18.

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments*. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments apply to annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact related to adopting IFRS 9 and 7.

8. GRANT AND OTHER RECEIVABLES

Grant and other receivables balance is comprised of the following:

	December 31, 2025		December 31, 2024	
Harmonized sales tax receivable	\$	25,178	\$	52,297
CPRIT grant receivable		-		1,898,470
Other receivables		8,082		19,292
Grant and other receivables	\$	33,260	\$	1,970,059

Cancer Prevention and Research Institute of Texas (“CPRIT”)

On February 22, 2020, the Company entered into a product development grant agreement with CPRIT. Pursuant to the terms of the agreement, CPRIT will grant the Company up to US\$7,446,844 to fund activities related to its artificial intelligence software. The agreement ended 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 year ended December 31, 2025, the Company recognized grant income of \$nil (2024: \$1,652,476), as a reduction of project-related costs.

Additionally, for the year ended December 31, 2025, the Company recognized grant income of \$nil (2024: \$144,775) related to depreciation of OCT equipment used in the project.

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

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

	Year ended December 31, 2025		Year ended December 31, 2024	
Balance at beginning of year	\$	1,898,470	\$	1,821,559
Project related expenses		-		1,652,476
Payments received		(1,898,470)		(1,575,565)
Balance at end of year	\$	-	\$	1,898,470

9. DEFERRED REVENUE

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

	December 31, 2025		December 31, 2024	
Current:				
Leased equipment	\$	58,006	\$	18,956
Exchange service plan		281,128		125,270
Maintenance plan		26,265		-
Total Current	\$	365,399	\$	144,226
Non-current:				
Leased equipment		90,551		-
Exchange service plan		303,308		205,561
Maintenance plan		38,780		-
Total Non-current	\$	432,639	\$	205,561
Total	\$	798,038	\$	349,787

10. REVENUE

	December 31, 2025		December 31, 2024	
Revenue from sale of equipment	\$	385,000	\$	-
Revenue from operating leases		513,938		326,382
Revenue from sale of consumables		1,153,420		487,163
Preventative maintenance services		67,122		4,995
ESP warranty income		184,232		27,654
Total revenue	\$	2,303,712	\$	846,194

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

11. 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, 2025	\$ 2,222,380	\$ 1,771,616	\$ 145,594	\$ 21,606	\$ 49,742	\$ 20,786	\$ 224,042	\$ 2,051,120	\$ 6,506,886
Additions/Renewals	-	-	-	-	-	-	27,598	128,195	155,793
Transfer	(327,215)	583,605	-	-	-	-	-	(256,390)	-
Transfer to inventory	-	-	-	-	-	-	-	(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/Renewals	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:									
At December 31, 2025	\$ 534,329	\$ 1,104,315	\$ 28,418	\$ -	\$ 542	\$ 7,121	\$ 87,479	\$ 1,666,535	\$ 3,428,739
	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, 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)
As 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:									
As 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)	-	(10,493)
As 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:									
As 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 Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

12. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. 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 13). The warrant liability is classified as FVTPL and valued using Level 2 fair value hierarchy in the statement of financial position. The valuation technique used for these instruments upon inception was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 1.6 percent, an expected life of the time to maturity of 5 years, and an expected volatility of 80.0 percent.

The valuation technique used to measure the fair value of the warrant liability at December 31, 2025 was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.58 percent, an expected life of the time to maturity of 1.07 years, and an expected volatility of 85 percent.

The Company did not have any Level 3 financial instruments or significant unobservable inputs used for the reporting years.

There were no transfers between levels for the years reported.

B. 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.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

December 31, 2025	Note	Carrying Amount		Fair Value			Total
		Mandatorily at FVTPL	Total	Level 1	Level 2	Level 3	
Financial liabilities measured at fair value							
Warrant liability	13	\$ (5,003)	(5,003)	-	(5,003)	-	(5,003)
		\$ (5,003)	(5,003)	-	(5,003)	-	(5,003)

December 31, 2024	Note	Carrying Amount		Fair Value			Total
		Mandatorily at FVTPL	Total	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Warrant liability	13	\$ (53,182)	(53,182)	-	(53,182)	-	(53,182)
		\$ (53,182)	(53,182)	-	(53,182)	-	(53,182)

C. Risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity risk. Risk management is the responsibility of the corporate finance function, which has the appropriate skills, experience and supervision. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on identifying and analyzing the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management practices and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The most significant financial risks to which the Company is exposed are described below:

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Components of market risk to which the Company is exposed are discussed below. Financial instruments affected by market risk primarily include cash and accounts payable.

Foreign currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the Canadian dollar, the functional currency of the Company. The currency in which these transactions are primarily denominated is US dollars.

Foreign currency sensitivity analysis

As at December 31, 2025, the Company's net exposure to currency risk through its current assets and liabilities denominated in US dollars was \$1,287,301 (2024: \$4,810,070). An appreciation (depreciation) of the Canadian dollar against the US dollar would have resulted in an increase) of approximately \$88,245(2024: \$345,755) in the Company's comprehensive loss as a result of the Company's net exposure to currency risk through its current assets and current liabilities denominated in US dollars. This analysis is based on a foreign currency exchange rate variance of 5% which the Company considered

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The Company's net exposure to other foreign currencies is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant exposure to interest rate risk.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk from its operating and from financing activities, including cash deposits with banks and financial institutions and accounts receivables from customers and the government. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, considering their financial position, experience, and other factors. Credit risk is mitigated by entering into agreements with only stable, creditworthy parties and through frequent reviews of exposures to individual entities. The credit risk in respect of cash balances held with banks and deposits with banks are only with major reputable financial institutions.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). At December 31, 2025, \$1,589 (2024: \$66,470) was owing more than 60 days past due which represents 0.7% (2024 - 17%) of the total accounts receivable balance of \$230,348 as of December 31, 2025 (2024: \$390,525).

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company attempts to meet financial obligations through managing cash from operations and financing activities and through cash on hand.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments:

December 31, 2025	Note	Carrying Amount	Total	Contractual cash flows			
				2 months or less	3-12 months	1-2 years	Thereafter
Accounts payable and accrued liabilities		\$ 1,677,555	1,677,555	1,677,555	-	-	-
Lease liabilities	17	119,323	137,067	12,208	62,235	62,624	-
		\$ 1,796,878	1,814,622	1,689,763	62,235	62,624	-

December 31, 2024	Note	Carrying Amount	Total	Contractual cash flows			
				2 months or less	3-12 months	1-2 years	Thereafter
Accounts payable and accrued liabilities		\$ 3,331,027	3,331,027	3,331,027	-	-	-
Lease liabilities	17	137,484	181,105	12,075	61,384	93,802	13,844
		\$ 3,468,511	3,512,132	3,343,102	61,384	93,802	13,844

D. Capital management

Management's objective when managing capital is to ensure the Company has sufficient liquidity to meet its commitments and to support the cash requirements for ongoing operations. Management defines capital as shareholders' equity, short-term and long-term borrowings and cash. Management manages the Company's capital structure commitments and maturities and adjusts based on general economic conditions, financial markets and operating risks, and the Company's investment and working capital requirements. To maintain or adjust the Company's capital structure, management may, with approval from the Company's Board of Directors, issue shares, repurchase shares, issue or repay debt and/or short-term borrowings, or undertake other activities as deemed appropriate under the circumstances. The Board of Directors reviews and approves any material transactions that are not part of the ordinary course of business, including proposals for financing transactions.

13. 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.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

Issuance of Common Shares for cash

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 June 3, 2025, the Company executed an Offering (June Offering) of an aggregate of 10,432,801 Units were issued at a price of \$0.22 (CAD\$0.30) per unit for gross proceeds of \$2,279,186 (CAD\$3,121,333). 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 \$0.26 (CAD\$0.35).

On July 29, 2025, the Company executed the second and final close of the June Offering dated May 29, 2025, consisting of 7,416,668 Units at a price of \$0.22 (CAD\$0.30) per Unit, for gross proceeds of \$1,625,384 (CAD\$2,225,000). Each Unit is comprised of one Common Share and one Common Share purchase warrant at an exercise price of \$0.26 (CAD\$0.35) for a period of 60 months.

On December 9, 2025, the Company completed a non-brokered private placement (the "December Offering") of units of the Company (the "Units"). Pursuant to the December Offering, the Company issued an aggregate of 19,757,306 Units at a price of \$0.13 (CAD\$0.18) per Unit for aggregate gross proceeds of \$2,542,409 (CAD\$3,556,315). Each Unit is 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 an additional Common Share at an exercise price of \$0.25 (CAD\$0.35) for a period of 60 months. The Company has paid an aggregate of \$14,779 (CAD\$20,673) in finder's fees in connection with the closing of the Offering.

Pursuant to the terms of the Agency Agreement, the agency was entitled to receive a cash fee equal to 7.0 percent of the gross proceeds raised under the June Offering, and compensation options equal to 5.0 percent of the aggregate number of Units issued under the Offering (the "Compensation Options"), with a reduced cash commission of 3.5 percent and Compensation Options equal to 2.5 percent 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 465,879 broker warrants and \$568,304 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.

Prior Year

On September 30, 2024, the Company executed a private placement of 23,470,560 common shares for gross proceeds of \$7,294,936 (CAD\$ 9,857,635) (the "Initial Closing") on a non-brokered basis at a price of \$0.31 (CAD\$0.42) per share.

On October 25, 2024, the Company executed the second portion of a private placement of 4,846,501 Common Shares for gross proceeds of \$1,483,896 (CAD\$2,054,795) ("Second Closing") on a non-brokered basis of \$0.31 (CAD\$0.42) per share.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

In connection with the private placement, the Company paid legal fees of \$86,371 (CAD\$117,708) and finders fee of \$38,481 (CAD\$53,285) for a resulting net proceeds of \$8,653,980 (CAD\$11,731,235).

During the year ended December 31, 2024, the Company issued 143,960 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 \$86 (CAD\$120). In relation to the exercise, the fair value of the options of \$123,361 (CAD\$172,752) was reallocated from contributed surplus to share capital.

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 (the "Private Placement") 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 and a total of one warrant to purchase an additional Common 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. At December 31, 2025, the warrant liability was revalued at \$5,003 (2024: \$53,182) refer to Note 12A for assumptions. The revaluation of the warrant liability resulted in a gain of \$50,725 (2024: \$3,289,562) for the year ended December 31, 2025, which is recorded in net finance income.

Subject to the accelerated expiry clause described above, all Warrants will expire on January 27, 2027.

C. Warrants

The following schedule summarizes the warrant transactions for the years ended December 31, 2025 and 2024:

	December 31, 2025		December 31, 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	38,072,652	\$ 0.25		\$
Expired	(34,927)	\$ -	(199,080)	\$ 0.90
Outstanding as of December 31	54,400,319	\$ 1.14	16,362,594	\$ 3.20

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

At December 31, 2025, warrants were outstanding enabling holders to acquire common shares as follows:

Exercise price \$	Number of warrants outstanding	Weighted-average remaining contractual life (years)
0.22	465,879	0.02
0.25-0.26	37,606,773	1.63
0.88- 0.96	93,334	0.004
3.14	12,987,466	0.26
3.54	3,246,867	0.06
	54,400,319	

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.

There were no share purchase options exercised in the twelve months ended December 31, 2025. During the twelve-month period ended December 31, 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 \$18 (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.

The following schedule summarizes the share purchase option transactions for the years ended December 31, 2025 and 2024:

	December 31, 2025		December 31, 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
Granted	-	-	1,778,177	0.52
Exercised	-	-	(143,960)	0.0003
Forfeited	(1,218,585)	1.40	(490,118)	1.18
Outstanding at December 31	7,346,679	\$ 1.04	8,565,265	\$ 1.09
Exercisable at December 31	5,198,995	\$ 1.11	4,477,058	\$ 1.46

- i. On April 3, 2024, granted 1,333,177 stock options to certain directors, officers, consultants, and employees of the Company with an exercise price of \$0.63 (CAD \$0.85) 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 Consolidated Financial Statements
 For the years ending December 31, 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.
 - iii. On August 20, 2024, granted 105,000 options to certain consultants and employees of the Company with an exercise price of \$0.28 (CAD \$0.38) per share. 25% of these options 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.
 - iv. On December 18, 2024, granted 222,500 options to certain employees of the company with an exercise price of \$0.33 (CAD \$0.46) per share.
 - a. For 217,500, 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 5,000 shares, 25% will vest immediately upon grant date, and the remaining options vest monthly in 1/48th increments over the following 3 years.

All options expire 10 years from the date of issuance.

As at December 31, 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
0-0.59	357,500	8.76	135,313
0.6-0.89	1,488,943	7.12	880,305
0.9-1.1	927,918	4.03	923,749
1.13	3,225,910	7.71	2,051,504
1.16	627,502	7.23	489,217
1.44-1.51	375,000	4.81	300,000
2.31	343,906	5.83	418,907
	7,346,679		5,198,995

The share purchase options granted during the year ended December 31, 2024 were valued using the Black-Scholes option pricing model using a weighted average risk-free rate of 3.15 percent, a weighted-average share price of 0.42, a weighted-average expected life of 7 years, an expected annualized volatility of 100 percent, and an expected dividend rate of 0.0 percent. The weighted average fair value per option was \$0.35.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

14. NET FINANCE INCOME (EXPENSE)

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

	Year ended December 31, 2025	
	2025	2024
Interest expense on lease liabilities	\$ (22,207)	\$ (26,088)
Revaluation gain on warrant liability	50,725	3,289,562
Other finance income	44,184	298,945
	\$ 72,702	\$ 3,562,419

15. INCOME TAXES

The income taxes recognized in profit or loss are as follows:

	Year ended December 31, 2025	
	2025	2024
Deferred tax expense (recovery)		
Origination and reversal of temporary differences of continuing operations	\$ (169,000)	\$ 278,000
Change in unrecognized losses and deductible temporary differences	169,000	(278,000)
Total income tax expense (recovery)	\$ -	\$ -

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	December 31, 2025	December 31, 2024
(Loss) for the year before income taxes	\$ (12,916,028)	\$ (13,393,928)
Statutory tax rates	26.5%	26.5%
Income taxes computed at statutory rates	\$ (3,422,747)	\$ (3,549,391)
Non-deductible(non-taxable) items	197,391	(352,620)
Change in unrecognized deferred tax assets	2,886,500	3,535,544
Impact of foreign exchange and other	338,856	366,467
Total income tax expense (recovery)	\$ -	\$ -

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
 For the years ending December 31, 2025 and 2024
 (Dollar amounts in US Dollars)

The Company's recognized deferred tax assets and liabilities are as follows:

	December 31, 2025	December 31, 2024
Deferred tax assets		
Tax Losses	\$ 677,000	\$ 840,000
Lease Liability	22,000	28,000
Deferred tax liabilities		
Property and Equipment	(677,000)	(840,000)
Leased Assets	(22,000)	(28,000)
Net deferred tax asset (liability)	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

	December 31, 2025	December 31, 2024
Tax losses	\$ 76,944,000	\$ 63,988,000
Other deductible temporary differences	\$ 9,229,000	\$ 4,328,324
Total	\$ 86,173,000	\$ 68,316,324

As at December 31, 2025, the Company has unrecognized tax loss carry forwards in Canada aggregating to \$33,679,000 (2024: \$27,111,000) which expire over the period between 2032 and 2045 and are available to offset future taxable income in Canada.

As at December 31, 2025 the Company has unrecognized tax loss carry forwards in United States of America aggregating to \$43,265,000 (2024: \$36,877,000) which carry forward indefinitely and are available to offset future taxable income in the United States of America.

Other deductible temporary differences do not expire.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. 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 profit were necessary in 2025 or 2024.

The following details the loss per share calculations, basic and diluted, for the years ended December 31, 2025 and 2024:

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

	Year ended	
	2025	2024
Loss attributable to common shareholders (basic and diluted)	\$ (12,916,028)	\$ (13,393,928)
Weighted average number of common shares (in number of common shares):		
Beginning of the period	71,494,239	64,671,258
Shares issued on exercise of options	-	17,482
Shares issued - private placement	10,938,524	6,805,499
Basic and diluted	82,432,763	71,494,239
Loss per share:		
Basic and diluted	\$ (0.16)	\$ (0.19)

As the Company experienced a loss in both years, 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 (LPS) calculations as at December 31, 2025 are shares issuable on the exercise of warrants, 54,400,319 (2024: 16,362,594); and of options, 7,346,697 (2024: 9,194,133).

17. LEASE LIABILITIES

During the years ended December 31, 2025 and 2024, the Company had two leases of office space. The first lease was entered into on April 1, 2021 with a five-year term; and was extended in 2025 for an additional year, expiring on April 1, 2027. The second lease was entered on December 15, 2022 with a term of 5.5 years expiring on June 30, 2028.

Information about leases for which the Company is a lessee is presented below:

Office Space	December 31, 2025		December 31, 2024	
Balance at January 1	\$	137,484	\$	192,894
Lease payments		(72,984)		(72,229)
Interest expense		22,207		26,088
Modification for lease extension		27,598		-
Effect of movement in exchange rates		5,018		(9,269)
Balance at end of year	\$	119,323	\$	137,484
Less: current		60,605		46,813
Non-current		58,718		90,671

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

As at December 31, 2025 and 2024, the Company has no receivable amounts with key management personnel or directors. For the year ended December 31, 2025, the Company has \$98,467 (2024: \$nil) accrued for director fees.

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

Key management personnel compensation

	December 31, 2025		December 31, 2024	
Short-term employment benefits	\$	864,081	\$	1,005,625
Director's fees		191,977		284,217
Share-based payments		541,350		1,160,490
Total	\$	1,597,408	\$	2,450,332

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 13).

19. EXPENSES BY NATURE

The following are the classification of expenses for the year ended December 31, 2025 and 2024 by nature of expenses:

	December 31, 2025		December 31, 2024	
Operating Expenses				
Employment costs	\$	8,698,770	\$	10,621,299
Stock-based compensation		740,811		1,904,123
Subcontractors and consulting fees		527,866		1,892,338
Professional fees		1,054,012		1,124,322
Advertising and promotion		712,008		816,059
Research and development		717,851		530,286
General and administrative		1,501,396		1,986,869
Depreciation		450,916		510,295
Total operating expenses	\$	14,403,630	\$	19,385,591

20. Commitments

As at December 31, 2025, the Company has a contract to purchase OCT equipment from a medical equipment supplier for \$128,900. As at December 31, 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 December 31, 2025, is reflected in the consolidated financial statements.

21. Subsequent Events

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

PERIMETER MEDICAL IMAGING AI, INC.

Notes to the Consolidated Financial Statements
For the years ending December 31, 2025 and 2024
(Dollar amounts in US Dollars)

the accelerated expiry clause described above, all Warrants had an expiration date of January 27, 2027.

On March 3, 2026, The Company received FDA Premarket Approval (PMA) for Claire™ (formerly the B-Series OCT with ImgAssist AI 2.0), making it the first AI-enabled imaging device approved in the U.S. for intraoperative breast cancer margin assessment.

On February 17, 2026, the Company announced that it may cancel up to 2,175,619 previously issued stock options (the "Original Options"), exercisable at prices ranging from C\$0.38 to C\$2.85, granted to 27 employees and consultants of the Company. In replacement for such cancelled Original Options, the Company intends to grant up to 2,175,619 stock options (the "Replacement Options") to such employees and consultants entitling them to acquire up to 2,175,619 common shares at a price of C\$0.30 per common share.