Perimeter Medical Imaging AI, Inc.

Management's Discussion and Analysis

For the year ended December 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") for Perimeter Medical Imaging AI, Inc. ("Perimeter" or the "Company") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and 2023, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. All of the amounts are expressed in US dollars unless otherwise indicated. References to "Perimeter" or "the Company" mean Perimeter and/or its management.

This MD&A contains certain information that may constitute forward-looking information within the meaning of Canadian securities laws which the Company refers to as forward-looking information. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not statements about the present or historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future financial position, business strategy and strategic goals, competitive conditions, research and development activities, projected costs and capital expenditures, financial results, research and clinical testing outcomes, taxes and plans and objectives of, or involving, Perimeter. Without limitation, information regarding future sales and marketing activities, Perimeter's technology platform, including Perimeter S-Series OCT, Perimeter B-Series OCT, Perimeter ImgAssist (the "Products"), sales, placements and utilization rates, reimbursement for the various procedures, future revenues arising from the sales of the Company's Products, future potential partnerships, research and development activities, information regarding ongoing clinical studies, the Company's plans to seek further regulatory clearances for additional indications, as well as the Company's plans for development of its proprietary, next generation machine learning tools and artificial intelligence technology is forward-looking information.

Forward-looking information is based on certain factors and assumptions regarding, among other things, market acceptance and the rate of market penetration of Perimeter's Products, the success of Perimeter's partnerships and distribution arrangements, the effect of reimbursement codes for procedures involving use of the Products and the clinical results of the use of the Products. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect and actual results may vary materially from the disclosure herein. The successful commercialization of any one of the Products will depend on a number of financial, logistical, technical, legal, regulatory, competitive, economic, and other factors, the outcome of which cannot be predicted, and some of which will be out of the Company's control. Due to the early stage of commercialization for certain Products, it is difficult for the Company to accurately predict its future revenues or results of operations or the timing of its current research and development programs. In addition, despite the Company's current focus on the commercialization of its products, the Company continues to invest in additional research and development in order to expand the applications of its platform, and these activities may require significant cash commitments which may, in turn, affect the profitability of the Company.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what the Company currently expects. These factors include: the Company's ability to obtain additional financing on terms favorable to it, if at all; transition from research and development activities to commercial activities; market acceptance and adoption of the Products; risks relating to the Company's implementation of a sales and marketing model with respect

to its platform; the risk that changes to current healthcare reimbursement codes or healthcare spending will negatively affect the acceptance or usage of the Products; quarter to quarter fluctuations in financial results due to numerous external risk factors; risks related to third-party contractual performance; risks associated with the introduction of products or existing products by competitors that compete with the Products; risks associated with conducting business internationally; risks related to medical or scientific advances that could render the Products obsolete; market acceptance and adoption of its platform; dependence on key supplier for components of certain Products; regulatory and clinical risks; risks relating to the protection of its patents, trade secrets, trademarks and other intellectual property ("IP") and third party IP; risks inherent in the conduct of research and development activities, including the risk of unfavorable or inconclusive clinical trial outcomes; potential product liability, competition and the risks posed by potential technological advances; and risks relating to fluctuations in the exchange rate between the U.S. and the Canadian dollar.

Undue importance should not be placed on forward-looking information, nor should reliance be placed upon this information as of any other date. Unless required by law, Perimeter does not undertake to update this information at any particular time. These forward-looking statements are made as of the date of this MD&A. Unless otherwise indicated, this MD&A was prepared by management from information available through March 26, 2025, and was approved by the Board of Directors (the "Board") on that date.

COMPANY OVERVIEW

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.

BUSINESS OF PERIMETER

Perimeter's mission, as an innovative medical technology company, is to transform cancer surgery with ultra-high-resolution, real-time, advanced imaging tools to address unmet medical needs. Perimeter's vision is that patients will no longer experience the costly emotional and physical trauma of being called back for a second surgery due to cancer left behind.

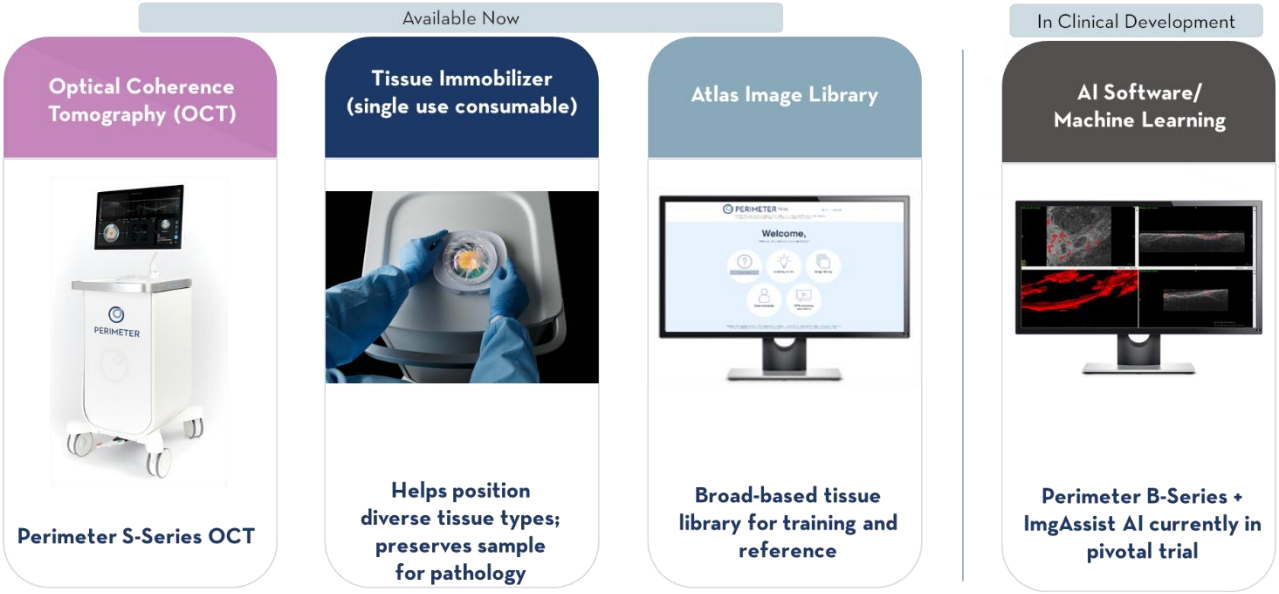
Perimeter's Medical Imaging Platform

The console of Perimeter's Optical Coherence Tomography ("OCT") imaging system includes:

- an intraoperative device for automated scanning of the specimen that provides a rapid subsurface map of up to a 10 cm by 10 cm surface area;

- a specimen handling consumable designed to hold and maintain orientation of the specimen; and
- a proprietary image library and training set.

A tissue specimen is placed in the consumable container and scanned during the surgical procedure, with results available for display on the device's touchscreen typically within one to two minutes, enabling collaboration between surgeons, radiologists, and pathologists. A graphical user interface allows the surgeon/user to navigate through different areas of the specimen and to adjust display parameters on selected images of interest.



Perimeter's technology has been designed to integrate into current clinical workflows. Following surgical excision, the excised tissue is scanned for confirmation prior to completion of the surgery. This real-time imaging provides the surgeon with information needed to determine whether additional intervention is required. Several key features include:

- **Margin visualization:** 2 mm subsurface imaging to visualize microscopic tissue structures in real-time.
- **Automated image capture:** Automated scanning of individual margins with no increased operator workload from manipulating an imaging probe.
- **Full specimen coverage:** High resolution images of one to six margins, with 10 times higher resolution than ultrasound or X-ray.
- **Orientation management:** Preserves and conveys specimen orientation, with ability to label and capture images of individual margins.
- **Non-destructive:** Images tissue without compromising standard histopathology.
- **No oral or injectable required:** Because patient dosing is not required, so there are no drug-related side-effects.

Perimeter has six issued patents in total in the U.S. and internationally. Three of the granted patents are expected to expire in 2033, one in 2037, and two in 2038.

Perimeter S-Series OCT

Cleared by the U.S. Food and Drug Administration ("FDA") with a general tissue indication, the Perimeter S-Series OCT system is commercially available across the United States. Perimeter S-Series OCT provides cross-sectional images of tissues down to 2 mm depth, with 10-times higher image resolution than standard x-ray and ultrasound. This innovative technology gives physicians the ability to visualize microscopic tissue structures at the point-of-care – during the primary surgery compared to days later when pathology reports are available – which has the potential to result in better long-term outcomes for patients and lower costs to the healthcare system.

Next-Generation Machine Learning and AI Technology

Perimeter is advancing its proprietary, next-generation machine learning tools and artificial intelligence ("AI") technology, called "ImgAssist AI," through clinical development under its ATLAS AI project, which is supported, in part, by a $7.4 million grant awarded by the Cancer Prevention and Research Institute of Texas ("CPRIT"), a leading state body that funds cancer research.

Perimeter's ImgAssist AI technology has the potential to increase the efficiency of image review and be an additional powerful tool when combined with Perimeter OCT to aid physicians with real-time margin visualization and assessment – with the goal of improving surgical outcomes for patients and reducing the likelihood of needing additional surgeries.

During the initial stages of the ATLAS AI Project more than 400 volumes of images of excised breast tissue were collected at leading cancer centers in Texas using the Perimeter S-Series OCT. This database of breast tissue images was then precisely labeled and signed off by a board-certified pathologist and subsequently used to train and test the accuracy of Perimeter's proprietary ImgAssist AI algorithm.

The output of the initial stages of the ATLAS AI Project was the standalone ImgAssist AI, which achieved a key performance metric of 0.94 AUC (area under the receiver operating characteristic curve), which is a measure of how well the algorithm can differentiate between suspicious and non-suspicious breast tissue areas. Subsequently, results published in a peer reviewed retrospective study demonstrated that Perimeter's deep learning model showed high levels of sensitivity and specificity, accurately identifying 96.8% of pathology-positive margins.

Clinical Development of Perimeter B-Series OCT with ImgAssist AI

In April 2021, the FDA granted a Breakthrough Device Designation for Perimeter B-Series OCT combined with + ImgAssist AI, allowing for accelerated interactions with the FDA during product development and prioritized review of future regulatory submissions. In November 2021, the FDA granted an Investigational Device Exemption (IDE), enabling the ATLAS AI Project to move into the next validation stage of clinical development by evaluating Perimeter B-Series OCT with + ImgAssist AI in a pivotal study.

Led by Principal Investigator, Dr. Alastair Thompson at Baylor College of Medicine, Perimeter completed in 2024, a multi-center, randomized, two-arm clinical trial to measure the effectiveness of the breakthrough-device-designated Perimeter B-Series OCT + ImgAssist AI in reducing the number of unaddressed positive margins in breast lumpectomy procedures when used in addition to standard intraoperative margin assessment. All eight of the initially planned clinical trial sites were activated and, subsequently, Perimeter received FDA approval to expand the number of institutions with the goal of further accelerating enrollment. The pivotal trial met its primary endpoint, achieving a statistically significant (p-value = 0.0050) reduction in patients with residual cancer during surgery. These results

demonstrate super-superiority (lower bound of confidence interval for treatment effect greater than a predetermined minimal clinically meaningful difference) of the Perimeter B-Series OCT with ImgAssist AI 2.0 system's ability to aid surgeons in achieving clear surgical margins during surgery, potentially lowering the need for reoperation.

SUMMARY OF KEY DEVELOPMENTS IN 2024

Perimeter continues its commercial expansion efforts and, has completed placements of its flagship Perimeter S-Series OCT system at nine new hospital

In February 2024, researchers from the University of Texas Health Science Center and The University of Texas MD Anderson Cancer Center published results from a new study in the Annals of Surgical Oncology that provides a comprehensive and up-to-date understanding of population-level reoperation rates in breast-conserving surgeries and the incremental healthcare costs. Funding to support this research was provided, in part, by Perimeter.

In February 2024, Perimeter announced results demonstrating its proprietary AI algorithm combined with OCT identified 96.8% of pathology-positive margins in a peer reviewed retrospective study. These results highlight the clinical viability of AI-enhanced margin visualization using OCT in breast cancer surgery and its potential to decrease reoperation rates due to residual tumors.

In May 2024, Perimeter provided an update on the ongoing pivotal clinical trial evaluating the use of its proprietary AI technology combined with OCT during breast-conserving surgeries.

In June 2024, a white paper authored by Amelia A. Gunter, M.D. from the Center for Cancer and Blood Disorders, Weatherford, TX, reported results from a retrospective, quantitative assessment of reoperation rates among 72 patients in the surgeon's practice who underwent OCT imaging during BCS in order to gain insight into the potential benefits and limitations of OCT for patient outcomes. The research demonstrated that OCT helped achieve a reoperation rate of 5.6%, as compared to the national rate of 19.9%. Notably, while the national reoperation rate in patients with ductal carcinoma in situ ("DCIS") was 30.8%, the white paper demonstrated a Perimeter S-Series OCT reoperation rate in patients with DCIS of 13.3%. In patients with invasive ductal carcinoma ("IDC"), the national rate of reoperation was shown to be 18.0%, while Perimeter's S-Series OCT reoperation rate in patients with IDC was 0.0%.

In July 2024, the 1,000th paid Perimeter S-Series OCT patient scan was performed, representing an important clinical and commercial milestone achievement for the Company.

In July 2024, the Company's product innovation team completed the first-of-its-kind installation of the recently developed "ImgClear" AI image enhancement algorithm with a commercial Perimeter S-Series OCT system. Internal testing has demonstrated ImgClear enables users to achieve better quality images (up to 441% signal-to-noise ratio increase) and reduce scan time (28% reduction). The Company upgraded all installed Perimeter S-Series OCT systems with ImgClear in 2024.

In August 2024, Perimeter provided an update on the ongoing pivotal clinical trial evaluating the use of its proprietary AI technology combined with OCT during breast-conserving surgeries. Based on enrollment trends, the Company announced that it expected patient enrollment in the study to be completed in Q3-2024 rather than later in the 2024 fourth quarter, as previously anticipated.

On September 30 2024, Perimeter announced the first closing of its private placement where the Company issued 23,470,560 common shares for gross proceeds of $9,857,635 CAD. Social Capital, Perimeter's largest shareholder, purchased 14,507,453 shares. Prior to the offering, Social Capital owned 14,466,667 common shares and 14,466,667 warrants to purchase common shares, which represented approximately 22.2% of the then common shares outstanding on an undiluted basis and 35.5% on a partially diluted basis, assuming the exercise of the 14,466,667 warrants. Following the closing of the offering, Social Capital now owns 28,974,120 common shares and 14,466,667 warrants, representing approximately 32.7% of the common shares outstanding on an undiluted and 41.4% on a partially diluted basis, assuming the exercise of the 14,466,667 warrants. In addition, Rocco Schiralli acquired 8,043,757 common shares under the offering. Prior to the offering, Mr. Schiralli owned 3,819,786 Common Shares, which represented approximately 5.9% of the then Common Shares outstanding on an undiluted basis. Following the closing of the offering, Mr. Schiralli now owns 11,863,543 Common Shares, representing approximately 13.4% of the common shares outstanding on an undiluted basis.

In October 2024, Perimeter announced the completion of patient enrollment in the ongoing pivotal clinical trial evaluating the use of its proprietary AI technology combined with OCT during breast-conserving surgeries. If successful, the trial is expected to support the Company's application to the FDA for clearance to market Perimeter B-Series OCT in the United States.

In October 2024, Perimeter announced the second and final closing of the Offering where the Company issued 4,846,501 common shares at a price of $0.42 per common share, for gross proceeds of CAD$2,035,530. In total, the Company has issued 28,317,061 common shares for aggregate gross proceeds of $11,893,166 under the Offering. The net proceeds of the Offering will be used for working capital, commercialization of Perimeter's technology, clinical studies and the further development of Perimeter's technology, and general corporate purposes.

In November 2024, Perimeter announced positive topline results from the pivotal study designed to support its planned Premarket Approval Application ("PMA") submission to the U.S. Food and Drug Administration ("FDA") for approval to market the Company's next-generation Perimeter B-Series OCT system, which combines proprietary artificial intelligence ("AI") technology with optical coherence tomography ("OCT"), for use during breast-conserving surgeries ("BCS") in the United States. In this prospective, multi-center, randomized, clinical trial, 206 breast cancer patients undergoing BCS for the treatment of Stage 0-III invasive ductal carcinoma and/or ductal carcinoma *in situ* were evaluated to measure the effectiveness of the combined B-Series OCT imaging system with ImgAssist AI 2.0 as compared to lumpectomy current standard methods including palpation, specimen radiograph, intraoperative pathology and ultrasound in addressing positive margins. Participants were recruited from multiple clinical sites across the United States. The B-Series OCT with ImgAssist AI 2.0 enabled surgeons to more effectively address residual cancer at the surgical margin during surgery as compared to current standard methods. The pivotal trial met its primary endpoint, achieving a statistically significant (p-value = 0.0050) reduction in patients with residual cancer during surgery. These results demonstrate super-superiority (lower bound of confidence interval for treatment effect greater than a predetermined minimal clinically meaningful difference) of the Perimeter B-Series OCT with ImgAssist AI 2.0 system's ability to aid surgeons in achieving clear surgical margins during surgery, potentially lowering the need for reoperation.

RECENT DEVELOPMENTS / SUBSEQUENT EVENTS

In February 2025, Perimeter announced further commercial expansion into New Mexico with CHRISTUS St. Vincent to use the Company's S-Series OCT technology to visualize tissue margins in the operating room. CHRISTUS St. Vincent offers the only Commission on Cancer (CoC) accredited breast cancer program in northern New Mexico.

In February 2025, Perimeter announced that its common shares will begin trading on the OTCQX® Best Market under the symbol "PYNKF", effective with the open of business on February 27, 2025.

In March 2025, Perimeter announced that detailed results from the pivotal trial evaluating the use of its next-generation B-Series OCT with ImgAssist AI 2.0 ("Perimeter B-Series") during breast-conserving surgeries ("BCS") will be presented during the scientific session of the 26th Annual Meeting of the American Society of Breast Surgeons ("ASBrS") taking place in Las Vegas, NV, April 30-May 4, 2025.

In March 2025, Perimeter announced further commercial expansion into the state of Tennessee, where Covenant Health Fort Sanders Regional is the first hospital in Tennessee to use the Company's S-Series OCT technology to visualize tissue margins in the operating room.

In March 2025, Perimeter announced the submission of a Premarket Approval ("PMA") application to the U.S. Food and Drug Administration ("FDA") for the Company's next-generation Perimeter B-Series OCT system, which combines proprietary artificial intelligence ("AI") technology with OCT for use during BCS in the United States.

SELECTED ANNUAL INFORMATION

The table below summarizes information regarding Perimeter's loss from operations and other financial information for the years presented in accordance with IFRS:

	December 31, 2024	December 31, 2023	December 31, 2022
Current assets	$ 9,967,848	$ 17,580,275	$ 31,495,150
Total assets	14,326,298	20,541,371	34,596,188
Current liabilities	3,575,248	5,238,494	8,042,665
Non-current liabilities	296,232	238,072	447,437
Total liabilities	3,871,480	5,476,566	8,490,102

	Year ended		
	December 31, 2024	December 31, 2023	December 31, 2022
Net loss	$ (13,393,928)	$ (14,035,994)	$ (9,906,110)
Basic and diluted loss per common share	(0.19)	(0.22)	(0.16)
Cash used in operating activities	(14,723,023)	(14,696,253)	(11,867,905)
Cash (used in) from investing activities	(1,899,662)	206,011	(1,748,794)
Cash from financing activities	8,581,827	234,473	40,284,202

SUMMARY OF QUARTERLY RESULTS

The table below summarizes information regarding Perimeter's loss from operations and other financial information for the quarters presented in accordance with IFRS as issued by the IASB:

Three months ended	December 31, 2024	September 30, 2024	June 30, 2024
Revenue	$ 293,133	$ 208,420	$ 246,311
Expenses	4,652,889	4,542,576	5,486,001
Other (income) expenses	(934,122)	268,010	(2,122,933)
Net loss for the period	$ (3,421,904)	$ (4,671,240)	$ (3,179,083)
Basic and diluted loss per share	$ (0.06)	$ (0.07)	$ (0.05)

Three months ended	March 31, 2024	December 31, 2023	September 30, 2023
Revenue	$ 98,330	$ 72,665	$ 82,267
Expenses	4,704,125	4,975,447	4,546,255
Other (income) expenses	(2,522,733)	(663,366)	4,073,602
Net loss for the period	$ (2,121,701)	$ (5,526824)	$ (344,792)
Basic and diluted loss per share	$ (0.03)	$ (0.09)	$ (0.01)

Three months ended	June 30, 2023	March 31, 2023
Revenue	$ 134,367	$ 110,234
Expenses	3,533,060	3,833,017
Other (income) expenses	(1,680,252)	464,161
Net loss for the period	$ (4,904,919)	$ (3,259,459)
Basic and diluted loss per share	$ (0.08)	$ (0.05)

RESULTS OF OPERATIONS

	Three months ended		Year ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Revenue	$ 293,133	$ 72,665	$ 846,194	$ 403,533
Cost of goods sold				
Direct Costs	25,003	8,511	91,711	53,955
Depreciation	79,265	38,325	219,373	143,159
	104,268	46,836	311,084	197,114
Gross Profit	188,865	25,829	535,110	206,419
Grant Income	107,998	56,160	144,775	241,221
Operating Expenses				
Sales and marketing	1,422,784	1,641,414	5,448,129	4,961,487
Research and development	1,879,279	1,183,492	6,646,399	5,154,449
General and administrative	1,219,221	2,049,906	6,780,768	6,120,298
Depreciation	131,605	100,635	510,295	471,545
Total Operating Expenses	4,652,889	4,975,447	19,385,591	16,707,779
Net foreign exchange(loss) gain	508,970	(1,088,623)	1,749,359	(1,014,731)
Net finance income (expense)	425,152	455,257	3,562,419	3,238,876
Loss for the period	(3,421,904)	(5,526,824)	(13,393,928)	(14,035,994)
Other comprehensive (loss) income items that may be reclassified subsequently to profit:				
Foreign currency translation	(449,282)	1,072,606	(1,774,238)	1,011,925
Comprehensive loss	$ (3,871,186)	$ (4,454,218)	$ (15,168,166)	$ (13,024,069)
Basic and diluted loss per common share	$ (0.06)	$ (0.09)	$ (0.19)	$ (0.22)

RESULTS OF OPERATIONS – Year ended December 31, 2024, as compared to December 31, 2023

Revenue and Cost of goods sold

Revenue was $846,194 and cost of goods sold was $311,084 for the year ended December 31, 2024, compared to $403,533 and $197,114, respectively, for the prior year. Of this amount, $326,382 (December 31, 2023: $162,933) was recognized as revenue from operating leases, $487,163 (December 31, 2023: $240,600) from consumable sales and $32,649 (December 31, 2023: $Nil) was recognized as Exchange Service Plan ("ESP") Warranty revenue in the consolidated statements of loss and comprehensive loss. The increase is comprised of $246,563 in consumable sales, $163,449 increase in operating lease revenue on commercial equipment placed at healthcare sites, and $32,649 increase from ESP Warranty revenue which started in the year. The increase relates to the higher volume of consumables sold in the year on commercial equipment placed at healthcare sites in the year and depreciation expense associated with placed equipment at customer sites.

Revenue for the three months ended December 31, 2024, was $293,133 and cost of goods sold was $104,268, compared to $72,665 and $46,836, respectively, for the three months ended December 31, 2023. Of this amount, $112,848 (December 31, 2023: $32,665) was recognized as revenue from operating leases, $159,665 (December 31, 2023: $40,000) from consumable sales and $20,620 (December 31: $Nil) was recognized as Exchange Service Plan ("ESP") Warranty revenue in the consolidated statements of loss and comprehensive loss. The increase is comprised of $119,665 in consumable sales, $80,183 increase in operating lease revenue on commercial equipment placed at healthcare sites, and $20,620 increase from ESP Warranty revenue which started in the third quarter. The increase relates to the higher volume of consumables sold in the year on commercial equipment placed at healthcare sites in the year and depreciation expense associated with placed equipment at customer sites.

Grant income

Grant income was $144,775 for the year ended December 31, 2024, compared to $241,221 for the year ended December 31, 2023. Grant income is primarily driven by funding provided by the Cancer Prevention and Research Institute of Texas ("CPRIT") through cost reimbursements incurred on the development on the Company's equipment. The decrease in grant income for the current year is primarily driven by a reduction in the number of units funded by CPRIT.

Grant income for the three months ended December 31, 2024, was $107,998 compared to $56,160 for the three months ended December 31, 2023. The increase was driven by the wind down of clinical costs and activities related to the final stages of the grant commitments.

Operating Expenses

Operating expenses for the year ended December 31, 2024, were $19,385,591 compared to $16,707,779 for the year ended December 31, 2023. The year-over-year increase in total operating expenses was largely the result of increased hiring activity, stock-based compensation; an increase as well as activities to support commercial operations s and an increase in research and development project costs as the Company wrapped up its clinical trial.

Sales and Marketing

Sales and marketing expenses were $5,448,129 for the year ended December 31, 2024, compared to $4,961,487 for the year ended December 31, 2023. The increase is attributed to a full year impact of an increase in headcount for clinical application specialists.

Sales and marketing expenses were $1,422,784 the three months ended December 31, 2024, compared to $1,641,414 for the three months ended December 31, 2023. The decrease was due lower advertising and promotion activities in the quarter.

Research & Development

Research and development expenses were $6,646,399 for the year ended December 31, 2024, compared to $5,154,449 for the year ended December 31, 2023. The increase is attributed to an increase in project costs to support clinical studies and regulatory activities related to the completion of the clinical trial and preparation of regulatory submission.

Research and development expenses were $1,879,279 for the three months ended December 31, 2024, compared to $1,183,492 for the three months ended December 31, 2023. The increase was related to timing and increased activity from project costs to support clinical studies as the Company completed its studies in 2024.

General and Administrative

For the year ended December 31, 2024, general and administrative expenses were $6,780,768, compared to $6,120,298 for the year ended December 31, 2023. The increase relates to employment costs, shared based compensation expense and consulting and professional fees.

General and administrative expenses were $1,219,221 for the three months ended December 31, 2024, compared to $2,049,906 for the three months ended December 31, 2023. The decrease is attributed to lower transportation costs and vacation accrual as the Company had increased its vacation benefit in 2023.

Net finance income (expense)

Net finance income (expense) for the year ended December 31, 2024, was $3,562,419 compared to $3,238,876 for the year ended December 31, 2023. The increase in net finance income (expense) in 2024 was primarily the result of the revaluation of the warrant liability driven by the variability in the share price and risk-free rate used as inputs in the Black Sholes valuation model. The increase is partially offset by a decrease in other finance income.

Net finance income (expense) was $425,152, for the three months ended December 31, 2024, compared to $455,257 for the three months ended December 31, 2023. The decrease in finance income was primarily the result of the revaluation of the warrant liability.

Net loss

The net loss for the year ended December 31, 2024 was $13,393,928 compared to $14,035,994 for the year ended December 31, 2023. The decrease in net loss was primarily attributed to a higher foreign exchange gain in the previous year and partially offset by higher headcount at the Company and increased costs as the Company completes its clinical studies during the year.

The net loss was $3,421,904 for the three months ended December 31, 2024, compared to $5,526,824 for the three months ended December 31, 2023. The decrease in net loss was primarily the result of lower employment costs during the quarter and partially offset by foreign exchange gain, compared to prior year.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as of December 31, 2024, as compared to December 31, 2023:

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	$ 6,184,046	$ 13,980,176
Accounts receivable	390,525	36,900
Grant and other receivables	1,970,059	2,312,831
Inventory	191,577	128,999
Prepaid expenses	1,231,641	1,121,369
Total current assets	9,967,848	17,580,275
Non-current assets		
Property and equipment	4,358,450	2,961,096
Total non-current assets	4,358,450	2,961,096
Total assets	$ **14,326,298**	$ **20,541,371**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,331,027	$ 1,682,958
Deferred revenue	144,226	-
Current portion of deferred grant income	-	49,032
Current portion of lease liability	46,813	50,565
Warrant liability	53,182	3,455,939
Total current liabilities	3,575,248	5,238,494
Non-current liabilities		
Deferred revenue	205,561	-
Deferred grant income	-	95,743
Lease liability	90,671	142,329
Total non-current liabilities	296,232	238,072

Shareholders' equity				
Share capital		90,598,073		81,820,732
Contributed surplus		9,416,494		7,635,656
Accumulated deficit		(86,752,903)		(73,358,975)
Accumulated currency translation adjustment		(2,806,846)		(1,032,608)
Total shareholders' equity		10,454,818		15,064,805
Total liabilities and shareholders' equity	$	**14,326,298**	$	**20,541,371**

Assets

Cash decreased $7,796,130 to $6,184,046 compared to the end of 2023, mainly due to cash used to support the Company's operations, partially offset by a private placement completed in September and October 2024.

Accounts receivable increased $353,625 compared to the end of 2023, due to ESP program sales at the end of the fourth quarter and pending invoice payment.

Grant and other receivables decreased $342,772 as compared to the end of 2023, primarily the result of CPRIT reimbursements due to the Company for eligible expenses incurred during the year.

Inventory increased $62,578 as compared to the end of 2023, due to higher inventory of our specimen immobilizers due to timing of production build to support increased utilization and projected revenue growth.

Prepaid expenses increased $110,272 as compared to the end of 2023, primarily due to additional deposit made to a manufacturing vendor.

Property and equipment increased by $1,397,354 for the year ended December 31, 2024, primarily due to the purchase of OCT units through the year to support projected new installments.

Liabilities

Accounts payable and accrued liabilities increased by $1,648,069 as compared to the end of 2023, due to working capital requirements and timing of payments related to the production and purchase of OCT units.

Deferred revenue increased by $349,787 as compared to the end of 2023, due to the billings and obligations related to the new exchange service plans. $144,226 is expected to be performed and delivered to customers within the next 12 months.

Deferred grant income decreased $144,775 as compared to year ended December 31, 2023, due to recognition of the grant income during the year related to the asset to which the grant was recorded.

Lease liability decreased $55,410 for the year ended December 31, 2024, due to contractually scheduled repayments.

Warrant liability decreased $3,402,757 due to revaluations of the underlying instrument for the year ended December 31, 2024. The decrease was primarily the result of the revaluation of the warrant liability driven by the variability in the share price and risk-free rate and expiration date assumptions used as inputs in the Black Sholes valuation model.

Shareholders' equity

Share capital increased $8,777,341 due to the issuance of common shares from the exercise of options and a private placement completed in October 2024.

Contributed surplus increased $1,780,838 due to stock-based compensation, partially offset by the exercise of options.

Accumulated deficit increased $13,393,928 due to the net loss for the year ended December 31, 2024.

Accumulated currency translation adjustment increased $1,774,238 due to gains and losses arising on translation of the Company's assets and liabilities denominated in foreign currency to the functional currency.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception, Perimeter has financed its operations primarily through the issuance of securities and convertible debt, investment tax credits, government funding, and interest income. Given the Company's history of continuing losses and its accumulated deficit, revenues will need continue to increase over a sustained period.

The Company does not yet generate sufficient cash flow from operations to meet its planned growth and to fund development activities. The Company relies on funding from outside sources to execute its current and future business development plans, which include but are not limited to potential acquisitions, design and development and clinical trials, the investment required for the potential revenue generating assets utilized in the placement and rental models and the required funding for the recruitment and development of a commercial team. The Company is dependent on the willingness of investors or strategic partners to continue to invest in the Company or to enter into strategic relationships to continue further development of the Company's products.

Based on the cash of $6,184,046 as of December 31, 2024, and the expected inflows from approved government grants and additional funding in 2025, 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 cashflows 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.

The Company invests its cash in daily interest accounts at chartered banks in Canada and the USA.

Selected consolidated financial information

The table below summarizes information regarding Perimeter's change in cash:

	Year Ended	
	December 31, 2024	**December 31, 2023**
Operating activities	$ (14,723,023)	$ (14,696,253)
Investing activities	(1,899,662)	206,011
Financing activities	8,581,827	234,473
Net decrease in cash	$ (8,040,858)	$ (14,255,769)

Operating Activities

For the year ended December 31, 2024, cash used in operating activities was $14,723,023, a $26,770 or 0.1%, increase compared to $14,696,253 for the year ended December 31, 2023. Cash used in operating activities was favorably impacted by a higher accounts payable and accrued liabilities position and offset by higher non-cash expense items, including depreciation and share-based compensation expense, compared to the year ended December 31, 2023.

Investing Activities

For the year ended December 31, 2024, cash used in investing activities changed by $2,105,673 or 1022% to $1,899,662 compared to cash provided by investing activities of $206,011 for the year ended December 31, 2023. Cash outflows for 2024 related to investing activities was driven by the purchase of OCT equipment during the year.

Financing Activities

For the year ended December 31, 2024, cash provided by financing activities increased $8,347,354 or 3560%, to $8,581,827 compared to $234,473 for the year ended December 31, 2023. The higher cashflow from financing activities in the year ended December 31, 2024 was primarily impacted by cash inflows of $8,653,980 in net proceeds from the issuance of common shares pursuant to the Private Placement. For the year ended December 31, 2023, cash inflows were primarily related to the issuance of common shares for the exercise of options, partially offset by the repayments of government debts and lease liabilities.

OUTSTANDING SHARES

As of March 26, 2025, the Company had the following securities outstanding:

	Number
Common Shares	93,513,842
Warrants	16,362,594
Options	8,565,265

OFF-BALANCE SHEET ARRANGEMENTS

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 $7,446,844 to fund activities related to its artificial intelligence software. 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. From inception of the grant agreement through to December 31, 2024, the Company received $5,548,602 of the $7,446,844 to fund activities related to the project. At December 31,2024, the Company recorded a receivable of $1,898,470 of which $1,898,470 related to the reimbursement of project-related costs and $nil related to the OCT equipment.

MATERIAL ACCOUNTING POLICIES

A. Going concern and statement of compliance

The 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, 2024, the Company reported a net loss of $13,393,928 (2023 – $14,035,994) and cash used in operating activities of $14,723,023 (2023 –$14,696,253). The Company has working capital of $6,392,600 as at December 31, 2024 (2023 - $12,341,781). 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.

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 assumptions were 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.

B. 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 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 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, the 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 presentation currency are recognized as foreign currency exchange (loss) gain and loss in the consolidated statement of loss.

C. Use of Estimates and Judgements

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

Critical judgements

The preparation of the accompanying consolidated financial statements requires management to make judgements, including, among others:

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

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.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of 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 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:

Fair value measurement: The Company uses Black-Scholes valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) using the risk-free rate, share price, expected life, expected annualized share price volatility, and expected dividend rate.

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.

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 and equipment.

Contracts with multiple products or services: Contracts with customers often include promises to deliver multiple products and services. Determining whether such products and services are considered (i) distinct performance obligations that should be separately recognized or (ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgement. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates. 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.

D. 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 asset	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 de-recognition 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.

E. Revenue Recognition

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

Contracts with customers

The Company records revenue from contracts with customers in accordance with the five steps in IFRS 15, Revenue from Contracts with Customers, as follows:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price, which is the amount the Company expects to be entitled to.
4. Allocate the transaction price amount to the performance obligations in the contract based on their relative stand-alone selling prices; and
5. Recognize revenue when or as the goods or services are transferred to the customer. Goods are delivered to the customers on free-on-board basis and revenue is recognized upon delivery of the goods.

Perimeter places its S-Series OCT equipment at the customer (generally hospitals or medical institutions) premises at no cost for one year with the right provided to the customer to use the equipment. The equipment is used with Perimeter's single-use Specimen Immobilizer (consumable), which is sold separately. The customer must purchase Specimen Immobilizers when the equipment is placed. As such, the contract with the customer has two main components:

A. Placement of the S-Series OCT equipment at the customers location
B. Sale of Perimeter's single-use Specimen Immobilizers

The placement of the equipment is a lease and is classified as an operating lease and the sale of the consumable is a non-lease component performance obligation to be accounted for under IFRS 15.
The Company allocates the transaction price between the two performance obligations identified above on a relative stand-alone selling price. Since there is no separate observable selling price for the

equipment and there is no sale of consumable without the use of the related equipment, the stand-alone selling price is not directly observable.

The Company allocates the value of the contract agreement between the sale of consumable and the placement of its S-series OCT equipment using the adjusted market assessment approach by estimating the price that customers in the market would be willing to pay. Based on this calculation, the stand-alone selling price of placement of the S-series OCT equipment represents 44% of the total contract agreement, leaving 56% to be allocated to the sale of single-use specimen immobilizers.

Exchange Service Plan (ESP) – Customers may purchase ESPs to provide warranty coverage for a period of three years for the OCT equipment. ESPs are a bundled contract which covers two separate performance obligations:

1. Annual preventative maintenance (PM) services where the Company will come on-site to the customer facility and perform a maintenance check of the equipment as well as performing software updates.
2. The Company will also cover the costs of any repair fees for the equipment under the ESP at no charge to the customer.

ESPs are invoiced at time of contract signing. These billings are included in deferred revenue and recognized on a straight-line basis over the life of the contract.

Preventative Maintenance Contracts – Customers must purchase PM services for equipment at its facility if they do not purchase an ESP. The PM service will have a duration for one year where the Company must send a technician to come to the customer's facility to run a maintenance check on the equipment and perform software updates. Revenue is recognized once the PM service has been provided at a point in time.

Repair fees – for equipment placed at customer site without ESP that require repairs, the Company will charge the customer a fixed base fee for repair services. Repair fees for replacement of parts will be charged extra to the customer and recognized at a point in time once completed and accepted by the customer.

		December 31, 2024		December 31, 2023
Current:				
Deferred Revenue – Consumables		18,956		-
Deferred Revenue – Exchange Service plan		125,270		-
Total Current	**$**	**144,226**	**$**	**-**
Non-current:				
Deferred Revenue – Exchange Service Plan		205,561		-
Total Non-current	**$**	**205,561**	**$**	**-**
Total	**$**	**349,787**	**$**	**-**

	December 31, 2024	December 31, 2023
Revenue from operating leases	326,382	162,933
Revenue from sale of inventory	487,163	240,600
Preventative maintenance revenue	4,995	-
ESP warranty income	27,654	-
Total revenue	**$ 846,194**	**$ 403,533**

FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

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

It does 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.

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

		Carrying Amount		Fair Value			
December 31, 2023		**Mandatorily at FVTPL**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Warrant liability	$	(3,455,939)	(3,455,939)	-	(3,455,939)	-	(3,455,939)
	$	**(3,455,939)**	**(3,455,939)**	**-**	**(3,455,939)**	**-**	**(3,455,939)**

B. Measurement of fair values

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

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

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

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

The warrant liability is comprised of warrants which are considered derivative instruments. 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 percent.

The valuation technique used to measure the fair value of the warrant liability at December 31, 2024, as the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.93 percent, an expected life of the time to maturity of 2.1 years, and an expected volatility of 80percent.

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

There were no transfers between levels for the years reported.

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 Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

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, 2024, the Company's net exposure to currency risk through its current assets and liabilities denominated in US dollars was $4,810,070 (2023: $11,370,190). An appreciation (depreciation) of the Canadian dollar against the US dollar would have resulted in an increase (decrease) of approximately $345,755 (2023: $751,911) in the Company's comprehensive income 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 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.

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 receivable from customers. 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 and deposits held with banks are only with major reputable financial institutions.

The Company considers that its cash has low credit risk based on the external credit ratings of the counterparties and monitors this risk on an ongoing basis to identify any significant increases subsequent to initial recognition.

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 realizing security (if any is held).

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 (see Going concern note above).

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024, and 2023 based on contractual undiscounted payments:

				Contractual cash flows			
December 31, 2024	**Carrying Amount**	**Total**	**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	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

			Contractual cash flows			
December 31, 2023	**Carrying Amount**	**Total**	**2 months or less**	**3-12 months**	**1-2 years**	**Thereafter**
Accounts payable and accrued liabilities	$ 1,682,958	1,682,958	1,682,958	-	-	-
Lease liabilities	192,894	254,122	12,006	60,700	73,600	107,816
	$ 1,875,852	1,937,080	1,694,964	60,700	73,600	107,816

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.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

As at December 31, 2024, and 2023, the Company has no receivable or payable amounts with key management personnel or directors.

Key management personnel compensation

	Year ended December 31,	
	2024	**2023**
Short-term employment benefits	$ 1,005,625	$ 1,008,701
Director's fees	284,217	291,156
Share based payments	1,160,490	722,304
Total	2,450,332	2,022,161

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.

RISKS AND UNCERTAINTIES

An investment in the Common Shares involves a high degree of risk and should be considered highly speculative due to the nature and present early stage of Perimeter's business. The following risks are the material risks that the Company faces; however, the risks below are not the only ones the Company faces. Additional risks and uncertainties not presently known to Perimeter or that the Company believes to be immaterial may also adversely affect Perimeter's business. If any of the following risks occur, Perimeter's business, financial condition and results of operations could be seriously harmed and investors could lose all or part of their investment. Before deciding to invest in any Common Shares, investors should carefully consider the risk factors described below.

Risks Relating to Perimeter's Operating History and Financial Condition

Perimeter is a startup company and faces challenges often encountered by startups.

Perimeter has encountered and will encounter risks and uncertainties frequently experienced by startup and growth stage companies in rapidly changing industries, such as the risks and uncertainties described herein. If Perimeter's assumptions regarding these risks and uncertainties (which it will use to plan its business) are incorrect or change due to external events, or if Perimeter does not address these risks successfully, its operating and financial results could differ materially from its expectations and its business could suffer.

Perimeter has a limited operating history, which makes it difficult to evaluate its current business and future prospects and increases the risk of your investment.

Investment in Perimeter carries a high degree of risk and should be considered as a speculative investment. Perimeter is a commercialization stage medical device company with a limited operating history, specializing in optical tissue imaging. As a result of its limited operating history, its ability to forecast future results of operations is limited and subject to a number of uncertainties, including inability to plan for future growth. Perimeter has encountered and Perimeter will encounter risks and uncertainties frequently experienced by growing companies in life sciences industries, such as risks, and uncertainties related to:

- FDA and CE regulatory clearances and timing of such clearances;
- market acceptance of its platform and products;
- reliability and scalability of its platform and products;
- success of its artificial intelligence initiative;
- timely completion and results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors;
- adding channel partners and customers and entering new vertical markets;
- the successful expansion of its business beyond breast cancer;
- competition from incumbents and other disruptive technologies;
- its ability to control costs, particularly product development, manufacturing and sales and marketing expenses; and
- general economic and political conditions.

If Perimeter does not address these risks successfully, its business, results of operations, cash flows, financial condition and financing plans may be adversely affected.

Perimeter has a history of operating losses and expects to require additional capital to support its business, and this capital might not be available on acceptable terms, if at all.

While Perimeter has received FDA 510(k) clearance for Perimeter S-Series OCT (version 2.1)) and a Breakthrough Device Designation for Perimeter B-Series OCT with ImgAssist AI, its other products have not been cleared or approved for commercial sale by any regulatory authority. Perimeter has not generated material revenue from product sales to date. Perimeter will continue to incur significant research and development and other expenses related to ongoing operations and commercialization.

Perimeter intends to continue to make investments to support its business and will likely require additional funds. In particular, Perimeter expects to seek additional funds to develop new products and cover the cost of the clinical trials in respect of those products, enhance its platform and expand its operations, including its sales and marketing organizations. Accordingly, Perimeter expects to engage in equity and/or debt financing to secure additional funds.

The need, success and timing of additional financing cannot be projected with any certainty however their ultimate success is necessary for the Company to continue operations and achieve its long-term development milestones. Perimeter may not be able to obtain additional financing on terms favorable to it, if at all.

If Perimeter is unable to obtain adequate financing or financing on terms satisfactory to it when required, Perimeter's ability to continue to support its business growth, scale its infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and its business, results of operations and financial condition may be significantly adversely affected.

If Perimeter raises additional funds through future issuances of equity or convertible debt securities, shareholders could suffer significant dilution, and any new equity securities Perimeter issues could have rights, preferences, and privileges superior to those of holders of Perimeter shares.

Any debt financing that Perimeter may secure in the future could involve debt service obligations and restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for it to obtain additional capital and to pursue business opportunities, and it may be obligated to issue equity securities to the providers of that financing.

Perimeter may be unable to generate material revenues.

Perimeter has a history of negative operating cash flow. Perimeter's business plan assumes that it will successfully receive orders and generate significant revenues. In order for Perimeter to generate substantial revenues and establish its products, it must achieve the milestones under its business plan and secure orders from potential customers. Perimeter is currently in the early stages of developing its business, and Perimeter may not be able to succeed with respect to these efforts.

Many factors may adversely affect Perimeter's ability to establish a viable and profitable business, including, but not limited to:

- failure to articulate the perceived benefits of the Perimeter solution, or failure to persuade reimbursement authorities or customers that such benefits justify the additional cost over incumbent or other solutions or technologies;
- failure to develop and offer solutions that satisfy customers' needs;
- introduction of competitive offerings by other companies, including many that are larger, better financed and more well-known than Perimeter;
- inability to fulfill existing agreements or enter into satisfactory agreements relating to the integration of its platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- failure to provide adequate channel partners and customer support;
- long sales cycles for customers in the acute healthcare markets; and
- failure to generate broad customer acceptance of or interest in its solutions.

If Perimeter fails to successfully commercialize its products or if revenue from any products that receive marketing approval is insufficient, Perimeter will not achieve profitability. Furthermore, even if Perimeter

successfully commercializes its products, its planned investments may not result in increased revenue or growth of its business. Perimeter may not be able to generate net revenues sufficient to offset its expected cost increases and planned investments in its business and platform. As a result, Perimeter may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability. If Perimeter fails to achieve and sustain profitability, then it may not be able to achieve its business plan, fund its business or continue as a going concern.

Perimeter's quarterly results may fluctuate significantly, and period-to-period comparisons of its results may not be meaningful.

Perimeter's quarterly results, including the levels of future revenue, if any, its operating expenses and other costs, and its operating margins, may fluctuate significantly in the future, and period-to-period comparisons of its results may not be meaningful. This may be especially true to the extent that Perimeter does not successfully establish a backlog of orders for its products. In addition, due to the Company's stage of commercialization on some products, it cannot accurately predict its future revenues or results of operations or the timing of its current research and development programs. The Company is also subject to normal operating risks such as credit risks, liquidity risks, foreign currency risks and global and regional economic conditions. As a result, quarter-to-quarter comparisons of the Company's revenues and results of operations may not be meaningful. Accordingly, the results of any one period should not be relied upon as an indication of Perimeter's future performance. In addition, Perimeter's quarterly results may not fully reflect the underlying performance of its business. Factors that may cause fluctuations in Perimeter's quarterly results include, but are not limited to:

- the timing of regulatory approvals for its products;
- its ability to successfully establish its business model;
- its ability to attract and retain its channel partners, customers and to expand its business;
- enacted or pending legislation and reimbursement rates effecting the healthcare industry;
- results of its clinical research efforts and positions of key opinion leaders;
- changes in its pricing policies or those of its competitors;
- the impact of the relatively long sales cycle that is typical of customers in Perimeter's industry, which are large hospitals and healthcare delivery organizations;
- the timing of Perimeter's recognition of revenue and the mix of revenues during the period;
- the amount and timing of operating expenses and other costs related to the maintenance and expansion of its business, infrastructure and operations;
- the amount and timing of operating expenses and other costs related to the development or acquisition of businesses, services, technologies or intellectual property rights;
- the timing and impact of security breaches, service outages or other performance problems with its technology infrastructure and software solutions;
- the timing and costs associated with legal or regulatory actions;
- changes in the competitive dynamics of its industry, including consolidation among competitors, channel partners or customers;
- loss of executive officers or other key employees;

- industry conditions and trends that are specific to the vertical markets in which Perimeter sells or intends to sell its solutions;
- disruptions of or interference with its channel partners' services; and
- general economic and market conditions.

Fluctuations in quarterly results may negatively impact the value of Perimeter shares, regardless of whether they impact or reflect the overall performance of its business.

The Company may not achieve its projected development goals in the time frames the Company announces and expects.

The Company has set goals for and makes public statements regarding the expected timing of the accomplishment of objectives material to its success, such as the commencement and completion of clinical trials and the placement of its products. The actual timing of these events can vary dramatically due to factors such as the uncertainties inherent in the regulatory approval process, market conditions and interest by partners in its products among other things. The Company cannot assure shareholders that its trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that it will secure placements of its products. Any failure to achieve one or more of these milestones as planned could have a material adverse effect on its business, financial condition and results of operations.

Failure to manage growth effectively could increase Perimeter's expenses, decrease its revenue and prevent Perimeter from implementing its business strategy.

Perimeter's ability to generate revenues and achieve profitability will require substantial growth in its business, which will put a strain on its management and financial resources. To manage this and its anticipated future growth effectively, including as Perimeter expands into new clinical areas and geographic regions, it must maintain and enhance its platform and information technology infrastructure, as well as its financial and accounting systems and controls. Perimeter also must attract, train and retain a significant number of qualified software developers and engineers, technical and management personnel, sales and marketing personnel and customer and channel partner support personnel. Failure to effectively manage growth could lead Perimeter to over-invest or under-invest in development and operations, result in weaknesses in its platform, systems or controls, give rise to operational mistakes, losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees. Perimeter's growth could require significant capital expenditures and might divert financial resources from other projects such as the development of new products and services. If Perimeter's management is unable to effectively manage its growth, its expenses might increase more than expected, its revenue could decline or grow more slowly than expected, and Perimeter might be unable to implement its business strategy. The quality of Perimeter's products and services might suffer, which could negatively affect its reputation and harm its ability to retain and attract channel partners or customers.

Anticipated changes to economic conditions may impact the Company.

The Company, its operations, plans and its ability to raise financing may be adversely affected in subsequent fiscal periods as a result of current and future geopolitical events, including as a result of risks and uncertainties surrounding potential regulatory changes or the establishment of protectionist measures, such as the imposition of tariffs or modifications to free trade agreements.

The recent election of President Trump may result in legislative and regulatory changes that could have an adverse effect on the Company and its financial condition. The U.S. recently imposed significant tariffs on Canada, and in response, Canada imposed retaliatory tariffs with additional proposed tariffs to be implemented at a later date. There remains significant uncertainty regarding the breadth, scope and timing of these proposed tariff measures. In particular, there is uncertainty regarding U.S. tariffs and support for existing treaty and trade relationships, including with Canada. The Company intends to continue manufacturing in the U.S. and potentially expand its manufacturing to Canada, while sourcing components globally. Implementation by the U.S. government of new legislative or regulatory policies could impose additional production costs on the Company, decrease U.S. demand for the Company's products, or otherwise negatively impact the Company, which may have a material adverse effect on the Company's business, financial condition, and operations.

In addition, this uncertainty associated with potential tariffs may adversely impact: (i) the ability of U.S. companies to transact business with Canadian companies; (ii) the Company's profitability; (iii) regulation affecting the Canadian medical device industry; (iv) global stock markets (including the TSXV); and (v) general global economic conditions. All of these factors are outside of the Company's control but may nonetheless lead the Company to adjust its strategy in order to compete effectively in global markets.

Unstable market and economic conditions may have serious adverse consequences on Perimeter's business and financial condition.

Global credit and financial markets experienced extreme disruptions at various points over the last decade, characterized by diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. If another such disruption in credit and financial markets and deterioration of confidence in economic conditions occurs, Perimeter's business may be adversely affected. If the equity and credit markets were to deteriorate significantly in the future, it might make any necessary equity or debt financing more difficult to complete, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on Perimeter's growth strategy, financial performance and the market price of the Company's Common Shares could require Perimeter to delay or abandon development or commercialization plans. In addition, there is a risk that one or more of Perimeter's current collaborators, service providers, manufacturers, and other partners would not survive or be able to meet their commitments to Perimeter under such circumstances, which could directly affect Perimeter's ability to attain its operating goals on schedule and on budget.

Additionally, restricted credit and capital availability restrains Perimeter's customers' ability or willingness to purchase Perimeter's products, resulting in lower revenues. Depending on their severity and duration, the effects and consequences of a global economic downturn could have a material adverse effect on Perimeter's liquidity and capital resources, including Perimeter's ability to raise capital, if needed, and otherwise negatively impact Perimeter's business and financial results.

In addition, financial uncertainties and other events in Perimeter's major international markets, including inflation and other market factors, may negatively impact the global economy and consequently, Perimeter's results of operations.

Currency exchange rate fluctuations affect Perimeter's results of operations, as reported in its financial statements.

As Perimeter commercializes its approved products, the Company expects a significant portion of its revenues, expenses, current assets and current liabilities will be recorded in U.S. dollars. All of the research and development expenses of Perimeter's Canadian operations, as well as a portion of the cost of goods sold, and general and administrative expenses of its Canadian operations, are (or will be, as appropriate) incurred in Canadian dollars. As a result, Perimeter will be exposed to exchange rate risks that may adversely affect its financial results. If the Canadian dollar appreciates against the U.S. dollar or if the value of the Canadian dollar declines against the U.S. dollar at a time when the rate of inflation in the cost of Canadian goods and services exceeds the rate of decline in the relative value of the Canadian dollar, then the U.S. dollar cost of Perimeter's operations in Canada would increase and its results of operations would be adversely affected. Perimeter's Canadian operations also could be adversely affected if it is unable to effectively hedge against currency fluctuations in the future. Perimeter cannot predict any future trends in the rate of inflation in Canada or the rate of devaluation (if any) of the Canadian dollar against the U.S. dollar. Currently, the Company's financial statements are expressed in U.S. dollars.

From time-to-time Perimeter may engage in future currency hedging activities. Those measures, however, may not adequately protect it from material adverse effects due to the impact of inflation in Canada or from fluctuations in the relative values of the U.S. dollar and the Canadian dollar, and may result in a financial loss.

Perimeter may be subject to claims asserting that its employees, consultants, independent contractors and advisors have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what Perimeter regards as its own intellectual property.

Many of Perimeter's employees, consultants, independent contractors, and advisors were previously employed at other companies, including potential competitors. Perimeter could in the future be subject to claims that these employees and others, or Perimeter, has inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If Perimeter fails in defending against such claims, a court could order it to pay substantial damages and prohibit it from using technologies or features that are essential to its solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies or

features that are important or essential to Perimeter's solutions would have a material adverse effect on its business and may prevent it from distributing its solutions. In addition, Perimeter may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent Perimeter's ability to commercialize certain potential solutions, which could severely harm its business. Even if Perimeter is successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management. Incurring such costs could have a material adverse effect on Perimeter's financial condition, results of operations and cash flows.

Perimeter may pursue the acquisition of other companies, businesses or technologies, which could be expensive, divert its management's attention and/or fail to achieve the expected benefits.

As part of Perimeter's growth strategy, it may acquire businesses, services, technologies or intellectual property rights that it believes could complement, expand or enhance the features and functionality of its platform and its technical capabilities, broaden its service offerings or offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause Perimeter to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not such acquisitions are consummated. Acquisitions also could result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect Perimeter's operating results and financial condition. In addition, Perimeter may experience difficulties in integrating the acquired personnel, operations and/or technologies successfully or effectively managing the combined business following the acquisition. Perimeter also may not achieve the anticipated benefits from the acquired business and may incur unanticipated costs and liabilities in connection with any such acquisitions. If any of these results occurs, Perimeter's business and financial results could be adversely affected.

Perimeter's operations could be adversely affected by events outside of Perimeter's control, such as disease outbreaks, health epidemics or pandemics.

Perimeter may be impacted by business interruptions resulting from disease outbreaks, health epidemics or pandemics. An outbreak, or fear of an outbreak, of any of the foregoing could adversely impact Perimeter by: causing operating, manufacturing supply chain, clinical trial and project development delays and disruptions; disrupting global financial markets and Perimeter's ability to obtain financing; causing a decline in global share prices; delaying the completion of services which may require the Company to incur penalties or sanctions under contracts, incur additional non-compensable costs or result in the cancellation of contracts; causing risks to employee safety; disrupting the mobility of people; causing labour shortages; and causing travel and shipping disruption and shutdowns. It is unknown whether and how the Company may be affected if such an epidemic persists for an extended period of time. Any of the foregoing could have a material adverse impact on Perimeter's business, operating results and financial condition.

Rising insurance costs could negatively impact Perimeter's profitability.

The cost of insurance, including director and officer, product liability and general liability insurance, has risen significantly in recent years and is expected to continue to increase. In response, Perimeter may increase deductibles and/or decrease certain coverage to mitigate these costs. These increases, and Perimeter's increased risk due to increased deductibles and reduced coverage, could have a material adverse effect on Perimeter's business, financial condition and results of operations.

Perimeter will depend on its senior management team and other key employees, and the loss of one or more key employees could adversely affect its business.

As a technology-driven company, Perimeter's success depends largely upon the continued services of its executive officers and directors. Perimeter will rely on its leadership team and other mission-critical individuals in the areas of research and development, technology development and support, marketing, sales, services and general and administrative functions. From time to time, there may be changes in Perimeter's management team resulting from the hiring or departure of executives or other key employees, which could disrupt its business. Perimeter's senior management and key employees are generally employed under employment agreements that are terminable by the employee at any time for any reason or no reason. The loss of one or more of Perimeter's executive officers or key employees, could significantly delay or prevent achievement of the Company's business objectives or otherwise have a material adverse effect on its business. Also, Perimeter will not have any key person life insurance policies on officers and directors.

Perimeter's ability to attract, train and retain qualified employees is crucial to its results of operations and any future growth.

To execute Perimeter's growth plan, it must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for scientists and engineers with high levels of experience, senior sales executives and professional services personnel with appropriate financial reporting experience. Perimeter expects to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which Perimeter competes for experienced personnel have greater resources than it has. If Perimeter hires employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that Perimeter has induced such breaches, resulting in a diversion of time and resources. Often times Perimeter is required to pay high market rates ,or provide higher than normal compensation increases to maintain a competitive advantage for key employees. If Perimeter fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be adversely affected. Additionally, due to the size of company, having succession plans in place for each management position is not well established.

Under applicable employment laws, Perimeter may not be able to enforce covenants not to compete.

Perimeter will generally enter into non-competition agreements with its employees. These agreements prohibit Perimeter's employees, if they cease working for Perimeter, from competing directly with it or working for its competitors or clients for a limited period. Perimeter may be unable to enforce these agreements under the laws of the jurisdictions in which its employees work and it may be difficult for it to restrict competitors from benefitting from the expertise its former employees or consultants developed while working for Perimeter. For example, Canadian labor courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the protection of a company's trade secrets or other intellectual property. Perimeter may be unable to enforce these agreements under the laws of the

jurisdictions in which employees work and it may be difficult to restrict Perimeter's competitors from benefitting from the expertise Perimeter's former employees or consultants developed while working for Perimeter.

Risks Relating to Perimeter's Business and Growth Strategy

The Company's products may fail to gain market acceptance.

The degree of market acceptance of Perimeter's products will depend on a number of factors, including those set out in further detail below. Even if any of the Company's products are initially accepted by the market, sales may thereafter decline for a number of reasons, including the introduction of a competing technology, change in market dynamics, regulatory changes, performance of any third parties engaged by the Company in connection with the sale, distribution and marketing of the products, pricing and reimbursement developments and other factors. Perimeter may need to demonstrate a significant advantage over competing technologies in order to support product pricing and/or payor reimbursement.

In order to successfully commercialize the Company's products, it will be necessary to demonstrate to healthcare professionals, and hospitals that such products afford benefits to patients that are cost-effective as compared to the existing standard of care or the benefits of future alternative diagnostic methods.

Optical tissue imaging in the oncological surgery market (pre-operative biopsy, intraoperative, and post-operative pathology) is new and unproven, and it may decline or experience limited growth, which would adversely affect its ability to fully realize the potential of its platform.

Optical tissue imaging in the oncological surgery market is new and evaluating the size and scope of the market is subject to a number of risks and uncertainties. Future success will depend in large part on the growth of this market. The utilization of an optical tissue imaging platform by physicians for high-impact diagnostic and decision-making support is new, and physicians may not recognize the need for, or benefits of, Perimeter's platform. This may prompt them to reject or cease use of its platform or decide to adopt alternative products and services to satisfy their requirements. Even if this market does grow, Perimeter's ability to expand its business and extend its market position depends upon a number of factors, including the cost, performance and perceived value of its platform and the applications Perimeter develops for it. The perceived value of Perimeter's platform and the applications it develops for it may be a function of estimated cost savings by healthcare providers using Perimeter S-Series OCT, which may be difficult to accurately predict. Physicians may resist change from the current standard of practice.

Perimeter's market opportunity and cost saving estimates are subject to significant uncertainty and are based on assumptions and estimates, including internal analysis and industry experience. Assessing the market for Perimeter's solutions in each of the vertical markets it is planning to compete in is particularly difficult due to a number of factors, including limited available information and rapid evolution of the market. The market for Perimeter's technology platform and the applications Perimeter develops for it may fail to grow significantly or be unable to meet the level of growth Perimeter expects. As a result of these and other factors, Perimeter may experience lower-than-expected demand for its products and

services due to lack of reimbursement authority, channel partner, hospital and/or physician acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening economic conditions and other causes. If Perimeter's market does not experience significant growth, or if demand for its platform does not increase in line with its projections, then Perimeter's business, results of operations and financial condition will be adversely affected.

Market competition and technological advancements.

Perimeter's main technology is related to tissue imagining and it is advancing its proprietary, next-generation machine learning tools and AI, called "ImgAssist AI." The failure of these products to achieve market penetration will have a negative impact on its financial condition and results of operations.

The market for optical tissue imaging is in its early stages of development, but competition in the market could grow rapidly and include various large, well-capitalized technology companies as well as early-stage entrants. Although Perimeter's initial focus is on breast cancer, Perimeter expects to face increased competition in both this market and other markets where it may expand its platform application. In addition to products currently in the market, additional products may be introduced to compete with those of the Company. Some of these products may use entirely different approaches or means to obtain diagnostic information or achieve therapeutic results and could be found to be more clinically effective or less expensive than those products being developed and/or commercialized by Perimeter. Moreover, many competitors, both current and potential, may have considerably greater resources at their disposal than Perimeter in terms of technology, manufacturing, product development, marketing, distribution, sales, capital and human resources. Many competitors may also have more experience in conducting clinical trials and in obtaining domestic and foreign regulatory approvals. Therefore, there can be no assurance that the Company can successfully compete with present or potential competitors or that such intense competition will not have a materially adverse effect on Perimeter's business and financial condition. There is a risk that one or more of Perimeter's competitors may develop a more effective or more affordable competing product than Perimeter and that such a competitor will commercialize its competitive product and render Perimeter's products obsolete.

Additionally, since the Company's products are designed to diagnose and treat specific medical conditions, it is possible that medical or scientific advances with respect to the treatment of these conditions could render the Company's products obsolete and future sales and marketing opportunities in other markets obsolete.

If Perimeter is not able to develop a strong brand for its platform and the applications Perimeter develops for it and increase market awareness of Perimeter and its platform and the applications developed for it, then Perimeter's business, results of operations and financial condition may be adversely affected.

The success of Perimeter's OCT platform and the applications developed for it will depend in part on Perimeter's ability to develop a strong brand identity for itself as a company and its products, and to increase the market awareness of its platform and the platform's capabilities. The successful promotion of Perimeter's brand will depend largely on its marketing efforts and its ability to offer high quality imaging on its platform and ensure that its technology provides the expected benefits to its customers. It is important for Perimeter to be perceived as leaders in the optical tissue imaging market. Perimeter's

brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts may provide reviews of Perimeter's platform and of competing products and services, which may significantly influence the perception of Perimeter's platform in the marketplace. If these reviews are negative or not as positive as reviews of competitors' products and services, then Perimeter's brand may be harmed.

The promotion of Perimeter's brand also requires substantial expenditures, and Perimeter anticipates that these expenditures will increase as its industry becomes more competitive and as it seeks to expand into new markets. These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If Perimeter does not successfully maintain and enhance its brand, then its business may not grow, Perimeter may see its pricing power reduced relative to competitors and may lose customers, all of which would adversely affect Perimeter's business, results of operations and financial condition.

Perimeter intends to rely primarily on its in-house sales and marketing capabilities for Perimeter's commercialization strategy, which will require substantial build-up and commitment of resources.

Perimeter intends to rely primarily on its in-house sales and marketing capabilities in order to advance the Company's commercialization strategy, particularly in the United States in respect of Perimeter's FDA-cleared S-Series OCT system. This will require a substantial commitment of time and resources in the near-term, and Perimeter may be unsuccessful in executing on this strategy, which could negatively impact the Company's anticipated commercialization.

In addition, by relying on an in-house sales and marketing function, Perimeter may have less visibility in the U.S. market (particularly among hospitals) than it would have if Perimeter had significant third-party distribution relationships. Any shortcomings in Perimeter's in-house sales force may have a material adverse effect on Perimeter's business, results of operations and financial condition.

Lengthy sales cycles.

It is generally many months from the time of the decision of a surgical team to acquire Perimeter's S-Series OCT to generating a purchase order as a number of hospital service groups (biomedical engineering, IT, finance, etc.) must review the purchase, therefore the sales cycle may be longer compared to companies in other industries. In the current economic environment, it is not uncommon to see reduced spending by hospitals. It may take many months for marketing opportunities to result in sales. If a customer's decision to purchase Perimeter's product is delayed or if the evaluation of the product takes longer than originally anticipated, the date on which revenue can be recognized from these sales would be delayed. Such delays could cause revenues to be lower than expected in a particular period.

During these long sales cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled. Purchasing decisions may be postponed, or large purchases reduced during periods of economic uncertainty. If these events were to occur, sales of the Company's products may be cancelled or delayed, and revenue, business and operating results would be materially adversely affected.

Successful commercialization of Perimeter's approved products, including the S-Series OCT system, and future product development depends upon Perimeter maintaining strong working relationships with physicians/clinicians.

If Perimeter fails to maintain positive working relationships with physicians/clinicians, the Company's approved products, including its S-Series OCT system, may not achieve the level of market acceptance sufficient for successful commercialization of the products. It is important for Perimeter to market its approved systems successfully to physicians/clinicians who Perimeter expects will use its approved products, and Perimeter depends on its sales and marketing personnel to do so in an effective manner. Perimeter can provide no assurance that physicians/clinicians will prescribe or otherwise utilize its S-Series OCT systems based on Perimeter's existing clinical data or the results of any future clinical trials, or at all. Perimeter also relies on its relationships with physicians/clinicians to further develop its existing products and develop future product candidates in line with the clinical needs and expectations of the professionals who Perimeter expects will use and support the devices. These development efforts are similarly dependent upon Perimeter and its collaborative partners maintaining working relationships with physicians/clinicians.

In addition, Perimeter relies on physicians/clinicians to provide considerable knowledge and experience that assists the Company in the marketing and sale of its approved products and development of its products and product candidates. Physicians/clinicians assist Perimeter as researchers, marketing and product consultants, inventors and public speakers. If Perimeter is unable to maintain strong relationships with these professionals and continue to receive their advice and input, the development and marketing of its products could suffer, which could have a material adverse effect on Perimeter's business, financial condition and operating results.

Physicians/clinicians misuse could result in negative publications, negative sentiment or adverse events, thereby limiting market acceptance and future sales of Perimeter's products.

There is a risk that physicians/clinicians may misuse Perimeter's products, such as not following the instructions for use, not using Perimeter's products on the intended patient population, using Perimeter's products with unapproved or modified hardware or software, or misuse by inadequately trained staff. Physicians/clinicians may also initiate their own clinical studies which may be poorly designed or controlled, and may result in adverse safety or efficacy results. Any of the foregoing could result in negative publications, negative sentiment or adverse events or regulatory actions in respect of Perimeter's products, thereby limiting market acceptance and sales of Perimeter's products, which could have a material adverse effect on Perimeter's business, financial condition and results of operations.

Perimeter's business model depends partially on commercial third-party payors, including government payors, and if those payors do not provide coverage or adequate reimbursement for the services in which its products are used, Perimeter's revenue and prospects for profitability may be harmed.

Commercial sales of Perimeter's products depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Each third-party payor has its own policy regarding what products it will cover, the conditions under which it will cover such products, and how much it will pay

for such products. Third-party payors are increasingly examining the medical necessity and cost effectiveness of medical products and services in addition to safety and efficacy and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved devices. Legislative and/or administrative reforms to applicable reimbursement systems may significantly reduce reimbursement for the services in which Perimeter's products are used or result in the denial of coverage for such services outright. As a result, third-party payment adequate to enable Perimeter to realize an appropriate return on its investment in research and product development may not be available for its products.

If Perimeter is not able to enhance or introduce new applications for its platform or other new products that achieve market acceptance and keep pace with technological developments, its business, results of operations and financial condition could be harmed.

Perimeter's ability to attract new channel partners and customers and increase revenue from existing channel partners and customers depends in part on its ability to enhance and improve its applications for its optical tissue imaging platform, increase adoption and usage of Perimeter's products and introduce new products and features for clinical decision support in acute care settings. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, regulatory approvals and overall market acceptance and demand. Enhancements and new products that Perimeter develops may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties, or may not achieve the market acceptance necessary to generate significant revenue. If Perimeter is unable to successfully enhance existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of its platform, develop new products, or if its efforts to increase the usage of its products are more expensive than expected, then Perimeter's business, results of operations and financial condition could be harmed.

Perimeter anticipates generating a portion of its revenue from channel partners and to the extent no such revenue materializes, its business, results of operations and financial results will be materially harmed.

Perimeter currently expects to depend on future revenues generated through a direct sales force and potentially, a limited number of channel partners. Perimeter does not currently have distribution contracts with any channel partners. If potential partners are not satisfied with Perimeter's products, they may not promote Perimeter S-Series OCT and the applications Perimeter develops for it. Further, if these partners do not dedicate sufficient time to the commercialization of Perimeter's products or otherwise fail to comply with their obligations under Perimeter's agreements with them, then this may have an adverse effect on Perimeter's business and prospects. These partners will not be obligated to deal with Perimeter exclusively and therefore may sell competing products or solutions. As a result, these partners may give higher priority to products or services of Perimeter's competitors, thereby reducing their efforts in commercialization of Perimeter's products. Channel partner agreements may be terminated under specified circumstances. The termination of any such agreement or the failure of one of such partners to extend its relationship with Perimeter after the term of an agreement with it expires, could harm Perimeter's brand and reputation. A significant decline in any future revenue stream from channel

partners would have a material adverse effect on Perimeter's business, results of operations and financial condition.

Any failure to properly train channel partners concerning the proper use of Perimeter's products may adversely affect its ability to successfully deploy products and could ultimately harm its reputation and results of operations.

Perimeter's ability to retain channel partners and end users, and attract new channel partners and end users, depends in part on its ability to properly train channel partners and ensure that they maintain a consistently high level of customer service and technical support. End users may depend on service support teams of channel partners to assist them in utilizing Perimeter's platform effectively and to help them to resolve issues quickly and to provide ongoing support. If Perimeter is unable to ensure (whether contractually or practically) that its channel partners hire and train sufficient support resources, or if channel partners are otherwise unsuccessful in assisting end users effectively, it could adversely affect Perimeter's ability to retain channel partners and end users and could cause prospective end users to refrain from adopting its platform. Channel partners may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. Perimeter also may be unable to modify the nature, scope and delivery of its training and support to channel partners to compete with changes in the support services provided by competitors. Increased demand for such support, without corresponding revenue, could increase Perimeter's costs and adversely affect its business, results of operations and financial condition. Perimeter's sales are highly dependent on its business reputation and on positive recommendations from end users. Any failure to properly train channel partners, or if channel partners fail to maintain high-quality customer support to end users, or even a market perception that Perimeter's solutions are not backed by high-quality customer support, could adversely affect Perimeter's reputation, business, results of operations and financial condition.

Perimeter will initially be dependent on Perimeter's suppliers, the majority of which are single source suppliers, and the inability of these suppliers to deliver, or their refusal to deliver, necessary components of Perimeter's products or services for manufacturing Perimeter's products in a timely manner at prices, quality levels, and volumes would have a material adverse effect on Perimeter's business, financial condition, and operating results.

Perimeter's current products contain numerous purchased parts and raw materials and uses services sourced from direct suppliers, the majority of whom are currently single source suppliers. Furthermore, Perimeter does not maintain long-term agreements with a number of its suppliers. This limited supply chain exposes Perimeter to multiple potential sources of delivery failure or component shortages for the production of Perimeter products.

Unexpected changes in business conditions, materials pricing, labor issues, wars, governmental changes, natural disasters and other factors beyond Perimeter's and Perimeter's suppliers' control, could also affect Perimeter's suppliers' ability to deliver components or provide services on a timely basis. Moreover, any significant unanticipated demand may require Perimeter to procure additional components or services in a short amount of time, and Perimeter may be forced to replace suppliers because of their failure to provide components that met Perimeter's quality control standards. There is no assurance that Perimeter will be able to do so or develop internally or with third parties' replacements for highly customized components or key services. The loss of any single or limited source supplier or the disruption in the supply

of components from these suppliers could lead to product design changes and delays in product deliveries to Perimeter's customers, which could hurt Perimeter's relationships with Perimeter's customers and result in negative publicity, damage to Perimeter's brand and a material and adverse effect on Perimeter's business, prospects, financial condition, and operating results.

Aside from contractual rights and remedies pertaining to Perimeter's agreements, there can be no assurance that Perimeter's manufacturers or raw material providers will supply sufficient quantities of Perimeter's products, the products supplied will meet Perimeter's quality standards, or that the products supplied will be on commercially acceptable terms. Changes in Perimeter's supply chain may result in increased costs. If Perimeter is unsuccessful in efforts to control and reduce supplier costs, Perimeter's operating results will suffer.

Perimeter depends on single-source suppliers for some of the components in the Company's systems.

Perimeter currently relies on a single source for the manufacture of some of the components of its OCT systems. Although Perimeter intends to procure alternative supply sources for its components as Perimeter's commercialization efforts increase, Perimeter can provide no assurance that the Company will be successful.

Establishing additional or replacement suppliers for these components will take a substantial amount of time and could result in increased costs and impair Perimeter's ability to produce its products. In addition, Perimeter's products are highly technical and are required to meet exacting specifications, and any quality control problems that Perimeter experiences from such alternative supply sources could negatively affect Perimeter's reputation and market acceptance of Perimeter's products. Perimeter may also have difficulty obtaining similar components from other suppliers that are acceptable to the FDA or foreign regulatory authorities. The failure of Perimeter's suppliers to comply with strictly enforced regulatory requirements could expose Perimeter to regulatory action, including warning letters, product recalls, termination of distribution, product seizures, or civil penalties. See "*Risk Factors - Risks Relating to the Regulation of the Company and its Products*" below for more information.

If Perimeter fails to procure alternative supply sources on acceptable terms or at all, the Company's planned commercialization of S-Series OCT system in the United States could be negatively affected, which could have a material adverse effect on Perimeter's business, operating results and financial condition.

Perimeter relies on third parties to manufacture and supply components of its systems.

Perimeter cannot be certain that manufacturing sources for all components will continue to be available or that the Company can continue to outsource the manufacturing of its components on reasonable or acceptable terms. If Perimeter encounters delays or difficulties with contract manufacturers, delivery of its products could be delayed. In addition, Perimeter could be forced to secure new or alternative contract manufacturers or suppliers. Securing a replacement contract manufacturer or supplier could be difficult, and Perimeter may not be able to do so in a timely manner or without significant expense. Any loss of a manufacturer or any difficulties that could arise in the manufacturing process could significantly affect Perimeter's ability to supply sufficient amounts of its products to Perimeter's customers on a timely basis, which may negatively affect Perimeter's market share and, correspondingly, could

have a material adverse effect on Perimeter's business, results of operations and financial condition. In addition, not all of Perimeter's suppliers provide Perimeter with guaranteed minimum production levels, and Perimeter relies on single-source suppliers for some of its components. See "*Risk Factors—Perimeter depends on single-source suppliers for some of the components in Perimeter's systems*" above. Furthermore, Perimeter does not currently have long-term supply contracts, and accordingly, Perimeter's suppliers could terminate their services at any time without penalty within agreed notice periods. As a result, there can be no assurance that Perimeter will be able to obtain sufficient quantities of components in the future necessary to commercialize Perimeter's approved products.

Perimeter's reliance on third-party manufacturers and suppliers involves a number of additional risks, including, among other things:

- contract manufacturers or suppliers may fail to comply with regulatory requirements or make errors in manufacturing that could negatively affect the efficacy or safety of Perimeter's products or cause delays in shipments of products;
- Perimeter or Perimeter's contract manufacturers and suppliers may not be able to respond to unanticipated changes in customer orders, and if orders do not match forecasts, Perimeter's suppliers may have excess or inadequate inventory of materials and components;
- Perimeter or Perimeter's contract manufacturers and suppliers may be subject to price fluctuations of raw materials and key components due to a lack of long-term supply arrangements for key components;
- Perimeter or Perimeter's contract manufacturers and suppliers may lose access to critical services and components, resulting in an interruption in the manufacture, assembly and shipment of Perimeter's products;
- fluctuations in demand for products that Perimeter's contract manufacturers and suppliers manufacture for others may affect their ability or willingness to deliver components in a timely manner;
- suppliers or contract manufacturers may wish to discontinue supplying components or services for risk management reasons;
- Perimeter may not be able to find new or alternative components or reconfigure Perimeter's system and manufacturing processes in a timely manner if the necessary components become unavailable; and
- contract manufacturers and suppliers may encounter financial hardships unrelated to Perimeter's demand, which could inhibit their ability to fulfill orders and meet Perimeter's requirements.

If any of these risks materialize or worsen, it could significantly increase costs and impact Perimeter's ability to meet demand for its products, in particular in respect of Perimeter's planned commercialization of S Series OCT system in the United States. If Perimeter is unable to satisfy commercial demand for the S-Series System or other approved products in a timely manner, Perimeter's ability to generate revenue could be impaired, market acceptance of Perimeter's products could be adversely affected, and customers may instead purchase or use competitors' products. As a result, Perimeter's business, results of operations and financial condition may be materially adversely affected.

In addition, Perimeter may encounter difficulties in scaling its manufacturing operations, whether in-house or through third-party contract manufacturers, as a result of, among other things, quality control and quality assurance issues and availability of components and raw material supplies. Any such quality control issues may negatively affect production and sales of Perimeter's products, and may require increased repair or reengineering costs due to product returns, defects and increased expenses due to switching to alternate suppliers, and reputational damage, any of which could negatively affect Perimeter's business and reputation. If Perimeter is unable to satisfy commercial demand for its products, in particular Perimeter's S-Series system in the United States, due to its inability (or the inability of any of Perimeter's contract manufacturers) to assemble and test such products in sufficient quantities with consistent quality control, and in compliance with applicable regulatory requirements (and in a cost-efficient manner), Perimeter's ability to commercialize such products successfully, and market acceptance of Perimeter's products could be adversely affected as Perimeter's target customers may instead purchase or use its competitors' products. This, in turn, could have a material adverse effect on Perimeter's business, results of operations and financial condition.

Tariff risk and manufacturing cost pressure.

Perimeter may encounter additional component and product cost increases due to possible import tariffs into the United States. If this risk materializes or worsens, it could significantly increase costs and impact Perimeter's ability to meet demand for its products, in particular in respect of Perimeter's planned commercialization of S Series OCT system in the United States. If Perimeter is unable to satisfy commercial demand for the S-Series System or other approved products in a timely manner or cost-effective manner, Perimeter's ability to generate revenue could be impaired, market acceptance of Perimeter's products could be adversely affected, and customers may instead purchase or use competitors' products. As a result, Perimeter's business, results of operations and financial condition may be materially adversely affected.

Risks related to software.

The Company's B-Series OCT combined with + ImgAssist AI incorporate software that is highly technical and complex. The Company's software may now or in the future contain undetected errors, bugs or vulnerabilities. Some errors in the Company's software codes may only be discovered after the codes have been released. Any errors, bugs or vulnerabilities discovered in the Company's codes after release could result in damage to the Company's reputation, loss of users, loss of revenue or liability for damages, any of which could adversely affect the Company's business and financial results.

Risks Relating to the Regulation of the Company and its Products

The success of the business depends on regulatory approvals.

Medical device products are subject to laws and regulations in every country. The Company's success depends on the maintenance of its current regulatory approvals and receipt of future regulatory approvals as the Company continues to develop new products and explore the use of its products in new applications.

As further set out below, preparing, submitting and advancing applications for regulatory approval is complex and expensive. It entails significant uncertainty. During application review, unexpected deficiency responses or requests for additional studies may delay timelines or present unplanned costs. A commitment of substantial resources to conduct research and trials may be required if the Company is to obtain regulatory approval for one or more of its products in one or more additional jurisdictions. Further, approval in one country does not assure approval in another country.

There is no assurance that the Company will receive additional regulatory approvals for the products in new applications or for any new products, which would limit the Company's ability to bring these new products to market.

Likewise, once regulatory market approvals are obtained, maintaining such status is often subject to ongoing compliance, inspection and reporting requirements. Failure to comply with the requirements could lead to suspension or revocation of the right to sell the Company's products, or other penalties, any of which will significantly and negatively impact the Company's position and competitiveness. Compliance with such laws and regulations can require significant expenditures that may constrain the Company's ability to operate in the applicable jurisdiction.

Risks related to clinical trials.

Perimeter completed a multi-center, randomized, two-arm clinical trial to measure the effectiveness of the breakthrough-device-designated Perimeter B-Series OCT + ImgAssist. To achieve commercial success, the clinical trials must demonstrate a statistically significant positive outcome. There can be no assurance that such clinical trials, or any future clinical trials if undertaken, will yield favorable results.

There is no guarantee that Perimeter will be able to obtain or maintain marketing clearance for its medical device products or enhancements or modifications to existing products.

Perimeter has one FDA-cleared products and no CE mark approvals, and Perimeter may not receive further clearances or approvals on a timely basis, if at all. The failure to maintain approvals or obtain approval or clearance for new products or functions could have a material adverse effect on Perimeter's business, results of operations, financial conditions and cash flows. Even if Perimeter is able to obtain authorization , it may:

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve stringent clinical and pre-clinical testing, as well as increased post-market compliance requirements and surveillance;

- involve modifications, repairs, or replacements of Perimeter's products; and
- result in limitations on the proposed uses and marketing of Perimeter's products.

Further, if the FDA or other applicable regulatory authorities approve or clear a similar product that competes with Perimeter's artificial intelligence applications, it could decrease its expected sales. Both before and after a product is commercially released, Perimeter has ongoing responsibilities under FDA regulations. Many of Perimeter's facilities and procedures and those of its suppliers are also subject to periodic inspections by the FDA to determine compliance with the FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. If the FDA were to conclude that Perimeter is not in compliance with applicable laws or regulations, or that any of its medical devices are ineffective or pose an unreasonable health risk, the FDA could prohibit Perimeter from marketing such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S. governments for exports, or require Perimeter to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. Perimeter-initiated recalls may also occur to address safety issues or more than minor violations of FDA law. The FDA may also assess civil or criminal penalties against Perimeter, its officers or employees and impose operating restrictions on a company-wide basis or enjoin or restrain certain conduct resulting in violations of applicable law. The FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict Perimeter from effectively marketing and selling its products and limit its ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to its business practices and operations.

Perimeter is in the clinical testing stage of developing its B-Series OCT with ImgAssist. FDA clearance may require significant additional discovery efforts, clinical testing, and studies, as well as applicable regulatory guidance for preclinical and clinical studies from the FDA and other regulatory authorities before Perimeter can seek regulatory clearance and begin commercial sales of B-Series OCT with ImgAssist. The design and execution of clinical trials to support FDA clearance of Perimeter's products is subject to substantial risk and uncertainty. Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development. Perimeter relies on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, or if they terminate their agreement with Perimeter, it may not be able to obtain regulatory clearance for or commercialize its products. The regulatory clearance processes of the FDA are lengthy, time consuming and inherently unpredictable, and if Perimeter is ultimately unable to obtain regulatory clearance for its products, Perimeter's business will be substantially harmed.

In addition, the marketing license for any product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated. The FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, or other potential penalties from, or agreements with, the federal government. Further, clinical

practice guidelines and recommendations published by various organizations could have significant influence on Perimeter's products.

Perimeter will face extensive FDA and foreign regulatory requirements and may face future regulatory difficulties.

The FDA and other regulatory authorities require that Perimeter's devices be manufactured in compliance with Quality System Regulations ("**QSR**"), and similar standards in foreign markets where it intends to sell its products. Any failure by Perimeter or its third-party manufacturers to comply with QSR or failure to scale up manufacturing processes as needed, including any failure to deliver sufficient quantities of products in a timely manner, could have a material adverse effect on its business, financial condition, operating results and cash flows. In addition, such failure could be the basis for action by the FDA to withdraw clearance for products previously granted to Perimeter and for other regulatory action. Compliance with quality standards is further complicated by the fact that the FDA's guidance and expectations for software quality systems is evolving. Thus, changes to current product standards, guidance and regulations may impact the timeline and resources required to develop Perimeter's product.

Perimeter will be subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect its financial condition and business operations.

Perimeter's products, including software solutions that contain algorithms or artificial intelligence, will be subject to regulation by numerous government agencies, including the FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires Perimeter to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of its products. The U.S. Congress recently passed the *21st Century Cures Act* (the "**Cures Act**"), which amended certain provisions of the Federal *Food, Drug and Cosmetic Act* (the "**FDC Act**"), related to medical devices and software. The Cures Act amended the definition of "medical device" to exclude several types of software and digital health solutions from the FDA's medical device requirements and to ease the path to market for novel devices and products. The FDA has interpreted this law to exclude from regulation certain clinical decision support ("**CDS**"), tools that are intended to aid in diagnosis, treatment, or health management. However, the FDA intends to regulate other categories of CDS, software, algorithms and artificial intelligence tools depending on the functions and intended use of those products. Recent changes to FDA regulations and advances in AI have also generated compliance uncertainty across a variety of industries and settings, including about which legal and regulatory frameworks should apply to current and future iterations. However, the FDA currently regulates CDS and software-based devices and tools that analyze medical and diagnostic images for patient treatment or diagnosis. Further, the FDA regulates Picture Archiving and Communications Systems ("**PACS**"), or those devices that "provide one or more capabilities relating to the acceptance, transfer, display, storage, and digital processing of medical images" and whose software components may "provide functions for performing operations related to image manipulation, enhancement, compression or quantification" under 21 C.F.R. § 892.2050(a). PACS must obtain a 510(k) before commercialization in the U.S. The FDA is concerned with the accuracy of alterations, modifications, measurements, or analysis to or of images that could affect the accuracy of treatment and diagnosis decisions made using such data.

Perimeter's industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future.

Perimeter's medical devices and technologies and its business activities are subject to a complex regime of regulations and enforcement environment, including regulations promulgated by the FDA, U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, and numerous other federal, state, and non-U.S. governmental authorities. In addition, certain state governments and the U.S. federal government have enacted legislation aimed at increasing transparency of Perimeter's interactions with health care providers. As a result, if Perimeter's devices and solutions (or the procedures in which they are used) are reimbursed by Federal healthcare programs such as Medicare or Medicaid, it will be required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the federal level. Any failure to comply with these legal and regulatory requirements could impact Perimeter's business. In addition, Perimeter will devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact its business. Perimeter anticipates that governmental authorities will continue to scrutinize its industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to Perimeter's operations.

Product liability lawsuits against Perimeter could result in substantial liabilities and limit commercialization of its products.

As a manufacturer and distributor of a tissue imaging and analysis product designed to be used in healthcare, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. Because Perimeter's initial product family upon approval will be used, and Perimeter intends to initially focus its future product development efforts, in acute care settings, where real-time decisions are challenging and critical to delivering differentiated care and preventing patients, product malfunctions in this context create heightened risk of product liability lawsuits. A product liability or professional liability claim could result in substantial financial and reputational damage and be costly and time-consuming for Perimeter to defend.

Although Perimeter maintains liability insurance, including for errors and omissions, there is no assurance that Perimeter's insurance would fully protect it from the financial impact of defending against these types of claims or any judgements, fines or settlement costs arising out of any such claims. Any liability claim, including an errors and omissions liability claim, brought against Perimeter, with or without merit, could increase its insurance rates or prevent it from securing insurance coverage in the future. Additionally, any liability lawsuit could cause injury to Perimeter's reputation or cause it to suspend sales of its products. The occurrence of any of these events could have an adverse effect on Perimeter's business, reputation, results of operations and cash flows.

Perimeter may face product recalls.

Manufacturers and distributors of medical device products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects or potential defects that may be hazardous to health, fail to meet any claim made by the manufacturer about its effectiveness, benefits or safety, performance characteristics, or does not meet the requirements of the regulations in a particular jurisdiction. If any of Perimeter's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may also lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for inspection and testing finished products, there can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

The security of Perimeter's platform and the applications Perimeter develops for it, networks or computer systems may be breached, which could have an adverse effect on its business and reputation.

Perimeter's OCT platform and the applications Perimeter develops for it may be subject to computer malware, viruses and computer hacking, all of which have become more prevalent. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, they may include the theft or destruction of data owned by Perimeter or its customers, and/or damage to its platform. Any failure to maintain the performance, reliability, security and availability of Perimeter's products and technical infrastructure to the satisfaction of Perimeter's customers may harm its reputation and its ability to retain existing customers and attract new users.

Perimeter's procedures and safeguards that are designed to prevent security breaches and cyber-attacks may not be able to protect against all attempts to breach its systems, and Perimeter may not become aware in a timely manner of any such security breach. Unauthorized access to or security breaches of Perimeter's platform, network or computer systems or those of its technology service providers, could result in the loss of business, reputational damage, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, civil and criminal penalties for violation of applicable laws, regulations or contractual obligations, and significant costs, fees and other monetary payments for remediation. If customers believe that Perimeter's platform does not provide adequate security for the storage or transmission of critical information, its business will be harmed.

Privacy and data security laws and regulations could require Perimeter to make changes to its business, impose additional costs and reduce the demand for its artificial intelligence software solutions.

Perimeter's business model contemplates, among other things, that the users of its products will process and transmit patients' medical data. End users of Perimeter's products may transmit a significant amount of personal or identifying information through its platform, which may be transmitted inappropriately and therefore be revealed to unauthorized third parties. In addition, the health and research institutions which provide Perimeter with data for purposes of training its algorithms may inadvertently fail to de-identify data (when regulated) before sending it to Perimeter which then places on Perimeter the responsibility of handling that sensitive information in accordance with applicable law. In addition, there

may be additional agreements for use of data in connection with the research and development of Perimeter's products. Privacy and data security have become significant issues in the U.S. and in other jurisdictions where Perimeter may offer its software solutions. The regulatory framework relating to privacy and data security issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Federal, state, local and foreign government bodies and agencies have in the past adopted, or may in the future adopt, laws and regulations regarding the collection, use, processing, storage and disclosure of personal or identifying information obtained from customers and other individuals, and these laws may create varied and potentially conflicting requirements. In addition to government regulation, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to Perimeter's business. Because the interpretation and application of many privacy and data security laws, regulations and applicable industry standards are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in a manner inconsistent with its existing privacy and data management practices. As Perimeter expands into new jurisdictions or verticals, it will need to understand and comply with various new requirements applicable in those jurisdictions or verticals.

To the extent applicable to Perimeter's business or the businesses of its end users, these laws, regulations and industry standards could have negative effects on Perimeter's business, including by increasing costs and operating expenses, and delaying or impeding deployment of new core functionality and products. Compliance with these laws, regulations and industry standards requires significant management time and attention, and failure to comply could result in negative publicity, subject Perimeter to fines or penalties or result in demands that it modifies or cease existing business practices. In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect Perimeter's end users' ability or desire to collect, use and process personal information using its software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of Perimeter's software solutions in certain verticals. Furthermore, privacy and data security concerns may cause end users or their employees and other industry participants to resist providing the personal information necessary to allow effective use of Perimeter's applications. Any of these outcomes could adversely affect Perimeter's business and operating results.

Furthermore, Perimeter's business requires continued access to non-public third-party medical imaging and related electronic medical record data that are used as training data for its platform and to develop applications for it. If end-users refuse or limit Perimeter's access to relevant information on grounds of privacy it will inhibit Perimeter's ability to continue to improve its platform and the applications Perimeter develops for it and thereby could adversely affect its business, operating results, and competitiveness. If regulated data is used or disclosed inappropriately, Perimeter has an obligation to notify regulators and/or impacted individuals and may incur breach notification related costs.

If Perimeter fails to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, it may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with Perimeter.

Perimeter will be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. The *Health Insurance Portability and Accountability Act of 1996* ("**HIPAA**") established uniform federal standards for "covered entities," which include certain healthcare providers, healthcare clearinghouses, and health plans, governing the conduct of specified electronic healthcare transactions and protecting the security and privacy of protected health information ("**PHI**"). The *Health Information Technology for Economic and Clinical Health Act* ("**HITECH Act**") makes HIPAA's security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on behalf of a covered entity. The HITECH Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and certain other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions.

A portion of the data that Perimeter will obtain and handle for or on behalf of certain of its clients is considered PHI, subject to HIPAA. Perimeter will also be required to maintain similar business associate agreements with its subcontractors that have access to PHI of its customers in rendering services to Perimeter or on its behalf. Under HIPAA and Perimeter's contractual agreements with its HIPAA-covered entity health plan customers, Perimeter will be considered a "business associate" to those customers and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of Perimeter's business associate agreements with its clients, including by implementing HIPAA-required administrative, technical and physical safeguards. Perimeter has incurred, and Perimeter will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or its clients' requirements, Perimeter's costs could increase further, which would negatively affect its operating results. Furthermore, there is no guarantee that such safeguards have been and will continue to be adequate. If Perimeter has failed, or Perimeter fails in the future, to maintain adequate safeguards, or Perimeter or its agents or subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA, Perimeter's subcontractor business associate agreements, or its business associate agreements, or if the privacy or security of PHI that it obtains and handles is otherwise compromised, Perimeter could be subject to significant liabilities and consequences, including, without limitation:

- breach of contractual obligations to clients, which may cause clients to terminate their relationship with Perimeter and may result in potentially significant financial obligations to its clients;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA and other data privacy and security laws, which include the U.S. Department of Health and Human Services the U.S. Trade Commission and state attorneys general, and the possible imposition of civil and criminal penalties;

- private litigation by individuals adversely affected by any misuse of their personal health information for which Perimeter is responsible and/or breach notification related costs; and
- negative publicity, which may decrease the willingness of potential future customers to work with Perimeter and negatively affect its sales and operating results.

Further, Perimeter will publish statements to end users of its services that describe how it handles and protects personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, Perimeter may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, damage to its reputation and costs of responding to investigations, defending against litigation, settling claims, and complying with regulatory or court orders.

Federal or state governmental authorities may also impose additional data security standards or additional privacy or other restrictions on the collection, use, maintenance, transmission, and other disclosures of health information. Legislation has been proposed at various times at both the federal and the state level that would limit, forbid, or regulate the use or transmission of medical information outside of the U.S. Such legislation, if adopted, may render Perimeter's use of offshore partners for work related to such data impracticable or substantially more expensive. Alternative processing of such information within the U.S. may involve substantial delay in implementation and increased cost.

The regulatory framework in Canada, the United States and many other jurisdictions in respect of cybersecurity and the protection of data and privacy is constantly evolving and is likely to remain uncertain for the foreseeable future. As our business continues to expand, and as laws and regulations continue to be passed and their interpretations continue to evolve in numerous jurisdictions, additional laws and regulations may become relevant to us. Certain aspects of the interpretation and application of such laws and regulations are also ambiguous.

If Perimeter fails to comply with federal and state healthcare laws and regulations, including those governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, it may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs.

Perimeter may be subject to certain federal and state laws and regulations designed to protect patients, governmental healthcare programs, and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and their application to Perimeter's specific products, services and relationships may not be clear and may be applied to its business in ways that are not anticipated. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other reimbursement laws and rules. From time-to-time in the future, Perimeter may receive inquiries or subpoenas to produce documents in connection with such activities. Perimeter could be required to expend significant time and resources to comply with these requests, and the attention of management could be diverted to these efforts. If Perimeter is found to be in violation of any federal or state fraud and abuse laws, it could be subject to civil and criminal penalties, and it could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could significantly harm Perimeter's business and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute, prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in cash or in kind, in return for or to induce either the referral of an individual or arranging for the referral of an individual for items or services for which payment may be made in whole or in part by a federal health care program, or the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of items, services, goods, or facilities for which payment may be made, in whole or in part, by a federal healthcare program, including but not limited to Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to induce referrals which are applicable to all patients regardless of whether the patient is covered under a governmental health program or private health plan. Perimeter will attempt to scrutinize its business relationships and activities to comply with the federal Anti-Kickback Statute and similar laws and attempt to structure its sales and group purchasing arrangements in a manner that is consistent with the requirements of applicable safe harbors to these laws. There is no assurance that Perimeter's arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on Perimeter's business, financial condition, or results of operations. Any determination by a state or federal agency that any of Perimeter's activities or those of its vendors or customers violate any of these laws could subject Perimeter to civil or criminal penalties, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could require Perimeter to change or terminate some portions of operations or business, could disqualify it from providing services to healthcare providers doing business with government programs and, thus, could have an adverse effect on Perimeter's business.

Perimeter's business is also subject to numerous federal and state laws regarding submission of false or fraudulent claims, including, without limitation, the civil False Claims Act, which forbids knowingly presenting or "causing to be presented" false or fraudulent claims for payment to a federal health care program. Analogous laws and regulations of Canada, other countries and state and local government may apply to Perimeter's arrangements and customers' claims involving healthcare items or services reimbursed by non-governmental third-party payors. HIPAA also imposes criminal and civil liability for, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters.

These laws and regulations may change rapidly, and it is frequently unclear how they apply to Perimeter's business. Errors created by Perimeter's products that relate to entry, formatting, preparation or transmission of claim or cost report information may be determined or alleged to be in violation of these laws and regulations. Any failure of Perimeter's products or services to comply with these laws and regulations could result in substantial civil or criminal liability, monetary fines, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings and curtailment of its operations, could adversely affect demand for Perimeter's product or service offerings, could invalidate all or portions of some of its customer contracts, could require it to change or terminate some portions of its business, could require it to refund certain amounts collected, could cause it to be

disqualified from serving clients doing business with government payors and could have an adverse effect on its business.

Perimeter's activities will also be subject to state and federal self-referral laws, including the federal Physician Self-referral Law, commonly known as the Stark Law, which prohibits physicians from referring patients to an entity for Medicare-covered "designated health services" if the physician, or a member of the physician's immediate family, has a financial relationship with the entity, unless a statutory or regulatory exception applies. Many states have similar laws that may apply regardless of payor. In addition, Perimeter's activities may also implicate state laboratory licensure laws, as well as the corporate practice of medicine prohibition in certain states that maintain such laws or regulations. Perimeter's failure to abide by these state and federal laws could expose Perimeter to criminal, civil and administrative sanctions, reputational harm, and could harm its results of operations and financial conditions.

Perimeter may be subject to fines, penalties or injunctions if Perimeter is determined to be promoting the use of its products for unapproved or "off-label" uses or engaged in false or misleading promotion.

Regulatory clearances and approvals may be subject to limitations on the intended uses for which Perimeter's products may be marketed and reduce Perimeter's potential to successfully commercialize its products. While physicians/clinicians, in most jurisdictions, can use Perimeter's products in ways or circumstances other than those strictly within the scope of the regulatory clearance or approval, Perimeter is required, in many jurisdictions, to limit its training and promotion of Perimeter's products to the cleared or approved intended uses. For example, if the FDA determines that Perimeter's promotional materials, labeling, training or other marketing constitutes promotion of an uncleared or unapproved, or "off-label" use, it could request that Perimeter modifies or ceases use of those training or promotional materials until Perimeter obtains FDA clearance or approval for those uses or subject Perimeter to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil monetary penalty and/or criminal penalties. Discussions that may be viewed as off-label promotion by FDA include discussions regarding treatment of a specific disease or condition when FDA has cleared or approved a device with a general tool-type indication that does not mention any particular disease or condition. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider Perimeter's promotional or training materials to constitute promotion of an uncleared or unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, Perimeter's reputation could be damaged and adoption of Perimeter's products would be impaired. In addition to promoting Perimeter's products in a manner consistent with Perimeter's clearances and approvals, Perimeter must have adequate substantiation for the claims the Company makes for its products. If any of Perimeter's claims are determined to be false, misleading or deceptive, Perimeter could be subject to enforcement action. In addition, unsubstantiated claims also present a risk of consumer class action or consumer protection litigation and competitor challenges.

Perimeter may be subject to product liability claims, which can be expensive, difficult to defend and may result in large judgments or settlements, and/or warranty claims on Perimeter's products.

The use of medical devices for treatment of humans, whether in clinical trials or after marketing clearance or approval is obtained, can result in product liability claims. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements against us. In addition, third-party collaborators and licensees may not protect Perimeter from product liability claims. Perimeter currently maintains product liability insurance in connection with the use of Perimeter's products in clinical trials and in commercial use; however, Perimeter may not have adequate protection against all potential liabilities under these insurance policies. If Perimeter is unable to obtain sufficient levels of insurance at acceptable cost or otherwise protect against potential product liability claims, Perimeter will be exposed to product liability claims. A successful product liability claim in excess of Perimeter's insurance coverage could harm Perimeter's financial condition, results of operations and prevent or interfere with Perimeter's commercialization efforts and future product development. In addition, any successful claim may prevent Perimeter from obtaining adequate product liability insurance in the future on commercially desirable terms. Even if a claim is not successful, defending such a claim may be time-consuming and expensive.

Perimeter also bears the risk of warranty claims on its products, generally for one year after sale. Perimeter may not be successful in claiming recovery of the relevant components from Perimeter's suppliers in the event of a successful warranty claim against Perimeter by a customer, or that any recovery from such suppliers would be adequate. In addition, warranty claims brought by Perimeter's customers related to third-party components may arise after the expiration of Perimeter's corresponding warranty with the Company's third-party suppliers, which would require Perimeter to bear the burden of any such warranty claims.

Perimeter may be subject to securities litigation, which is expensive and could divert management attention.

The market price of Perimeter's Common Shares may be volatile, and in the past companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. Perimeter may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could adversely impact Perimeter's business. Any adverse determination in litigation could also subject Perimeter to significant liabilities.

Other legislation or regulatory proposals may adversely affect Perimeter's revenues and profitability.

Existing and proposed changes in the laws and regulations affecting public companies may cause Perimeter to incur increased costs as Perimeter evaluates the implications of new rules and responds to new requirements. Failure to comply with the new rules and regulations could result in enforcement actions or the assessment of other penalties. The new laws and regulations could make it more difficult to obtain certain types of insurance, including directors' and officers' liability insurance, and Perimeter may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for Perimeter to attract and retain qualified persons to serve on Perimeter's Board, or as executive officers. Perimeter

may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause Perimeter's general and administrative costs to increase beyond what Perimeter currently has planned. Although Perimeter intends to evaluate and monitor developments with respect to these rules, Perimeter cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

Risk Relating to Intellectual Property

If Perimeter is unable to protect its intellectual property rights or if its intellectual property rights are inadequate to protect its technology, competitors could develop and commercialize technology similar to Perimeter's, and Perimeter's competitive position could be harmed.

Perimeter will rely on a combination of patent and trademark laws, trade secret protection, confidentiality agreements and other contractual arrangements with its employees, channel partners and others to maintain its competitive position. In particular, Perimeter's success depends, in part, on its ability to maintain patent protection for its products, technologies and inventions, maintain the confidentiality of its trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon its proprietary rights. Despite Perimeter's efforts to protect its proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose its technologies, inventions, processes, or improvements. Moreover, other parties may independently develop similar or competing technology, methods, know-how or design around any patents that may be issued to or held by Perimeter. Unauthorized parties may also attempt to copy or reverse engineer proprietary aspects of Perimeter's products. There is no assurance that Perimeter's patents or other intellectual property rights will not be challenged, invalidated, or circumvented, or will otherwise provide meaningful protection. If Perimeter's patents and other intellectual property do not adequately protect its technology, competitors may be able to offer products similar to Perimeter's. Competitors may also be able to develop similar technology independently or design around any patents granted to Perimeter, and it may not be able to detect the unauthorized use of its proprietary technology or take appropriate steps to prevent such use. Any such activities by competitors that circumvent Perimeter's intellectual property protection could subvert its competitive advantage and have an adverse effect on its results of operations.

Furthermore, filing, prosecuting, maintaining, and defending patents on Perimeter's solutions in all countries throughout the world would be prohibitively expensive, and its intellectual property rights in some countries outside the U.S. are less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Also, it may not be possible to effectively enforce intellectual property rights in some foreign countries at all or to the same extent as in the U.S. and other countries. Consequently, Perimeter may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using its inventions in the jurisdictions in which it does not have (or is unable to effectively enforce) patent protection. Competitors may use Perimeter's technologies in jurisdictions where it has not obtained patent protection to develop, market or otherwise commercialize their own products, and Perimeter may be unable to prevent those competitors from importing those infringing products into territories where Perimeter has patent protection, but enforcement is not as strong as in the U.S.

Perimeter may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect Perimeter's business, results of operations and financial condition.

There is often litigation between competing companies relying on their respective technologies based on allegations of infringement or other violations of intellectual property rights. Perimeter's future success depends, in part, on not infringing the intellectual property rights of others. Perimeter may receive claims from third parties, including its competitors, alleging that its platform, the applications it develops for its platform and its underlying technology infringe or violate such third party's intellectual property rights, and Perimeter may be found to be infringing upon such rights. Perimeter may be unaware of the intellectual property rights of others that may cover some or all of its technology. Any such claims or litigation could cause Perimeter to incur significant expenses and, if successfully asserted against Perimeter, could require that Perimeter pay substantial damages or ongoing royalty payments, prevent Perimeter from offering some portion of its platform, or require that it comply with other unfavorable terms. Perimeter may also be obligated to indemnify its customers or channel partners in connection with any such litigation and to obtain licenses or modify its platform, which could further exhaust its resources. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims, and proceedings brought against Perimeter, whether successful or not, could harm its brand, business, results of operations and financial condition. Litigation is inherently expensive and uncertain, and any judgement or injunctive relief entered against Perimeter, or any adverse settlement could negatively affect its business, results of operations and financial condition. In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome. During the course of litigation, there may be announcements of the results of hearings and motions and other interim developments related to the litigation. If customers regard these announcements as negative, demand for Perimeter's products may decline.

Perimeter may become involved in lawsuits to protect or enforce its patents which could be expensive, time consuming and unsuccessful.

If Perimeter attempts enforcement of its patents or other intellectual property rights, it may be subject or party to claims, negotiations or complex, protracted litigation. These claims and any resulting lawsuits, if resolved adversely to Perimeter, could subject it to significant liability for damages, impose temporary or permanent injunctions against Perimeter's solutions or business operations, or invalidate or render unenforceable its intellectual property. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which Perimeter is unaware, which may later result in issued patents that its solutions may infringe. If any of Perimeter's solutions infringe a valid and enforceable patent, or if it wishes to avoid potential intellectual property litigation on its alleged infringement, Perimeter could be prevented from selling its solutions unless it can obtain a license, which may be unavailable. Alternatively, Perimeter could be forced to pay substantial royalties or redesign its solutions to avoid infringement. Additionally, Perimeter may face liability to channel partners or other third parties for indemnification or other remedies if they are sued for infringement in connection with their use of Perimeter solutions.

Intellectual property disputes and litigation, regardless of merit, can be costly and disruptive to Perimeter's business operations by diverting attention and energies of management and key technical personnel, and by increasing its costs of doing business. Such litigation, regardless of its success, could

seriously harm Perimeter's reputation with channel partners, business partners and patients and in the industry at large. Some competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than Perimeter can because they have substantially greater resources. Any of the foregoing could adversely affect Perimeter's operating results.

Risk Relating to Perimeter's Common Shares

Perimeter's share price has been and may continue to be volatile and may fluctuate significantly.

The market price of securities of many companies, particularly development and early commercial stage medical device companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies.

The market price of Perimeter's Common Shares could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond Perimeter's control, including:

- delays in respect of Perimeter's commercialization of the S-Series system in the United States;
- adverse results or delays in Perimeter's future planned data collection for the RCT Pivotal Clinical Trial and any future clinical trials that Perimeter may conduct;
- regulatory actions with respect to Perimeter's products and/or product candidates;
- changes in laws or regulations applicable to Perimeter's products or any future product candidates, including but not limited to clinical trial requirements for approvals;
- actual or anticipated fluctuations in Perimeter's financial condition and operating results;
- actual or anticipated changes in Perimeter's growth rate relative to Perimeter's competitors;
- competition from existing products or new products that may emerge;
- announcements by Perimeter, its collaborators or its competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- failure to meet or exceed financial estimates and projections of the investment community or that Perimeter provides to the public;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to Perimeter;
- share price and volume fluctuations attributable to inconsistent trading volume levels of Perimeter's shares;
- additions or departures of key management or scientific personnel;
- disputes or other developments related to proprietary rights, including patents, litigation matters and Perimeter's ability to obtain patent protection for its products;
- announcement or expectation of additional debt or equity financing efforts;
- sales or issuances of Perimeter's Common Shares by Perimeter, Perimeter's insiders or Perimeter's other shareholders, including by exercise of outstanding options or warrants;
- its financial performance and any doubt as to whether the Company will be able to continue as a going concern;

- its ability to raise additional capital;
- announcements of technological innovations or new product candidates by the Company or its competitors;
- published reports by securities analysts;
- developments in patent or other intellectual property rights;
- the cash held by the Company and its ability to secure future financing;
- the level of shareholder interest in the Company's Common Shares; and
- general economic and market conditions.

These and other market and industry factors may cause the market price and demand for Perimeter's Common Shares to fluctuate substantially, regardless of Perimeter's actual operating performance, which may limit or prevent investors from readily selling their Common Shares and may otherwise negatively affect the liquidity of Perimeter's Common Shares. In addition, stock markets in general, the TSXV and the share prices of medical device companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

Perimeter has a significant shareholder who's interests may not align with other investors.

SC Master Holdings, LLC ("**SC Master**"), an affiliate of Social Capital Holdings Inc. ("**Social Capital**")at December 31, 2024, owns 28,974,120 common shares, representing approximately 31.0% of the total outstanding Common Shares. If Social Capital was to sell its interest in the Company into the public market, or even if the market was to perceive that such a sale may occur, such an event might lower the market price of the Common Shares. Social Capital's interests as a shareholder may not be aligned at all times with the interests of all of the other shareholders of the Company.

Future sales of Common Shares by the Company or by its existing shareholders could cause its share price to fall.

As described above, if additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Additionally, sales by existing shareholders of a large number of its Common Shares in the public market, or the perception that such additional sales could occur, could cause the market price of its Common Shares to decline and have an undesirable impact on its ability to raise capital.

Perimeter does not currently intend to pay dividends on Perimeter's Common Shares.

Perimeter does not currently intend to declare or pay any cash dividend on Perimeter's Common Shares in the foreseeable future. Perimeter currently anticipates that it will retain future earnings, if any, for the development, operation and expansion of Perimeter's business and does not anticipate declaring or paying any cash dividends for the foreseeable future. Therefore, the success of an investment in Perimeter's Common Shares will depend upon any future appreciation of their value. There is no guarantee that Perimeter's Common Shares will appreciate in value or even maintain the price at which Perimeter's shareholders have purchased their Common Shares.

If equity research analysts research or reports about Perimeter's business or if they issue unfavorable commentary or downgrade Perimeter's Common Shares, the price of Perimeter's Common Shares could decline.

The trading market for Perimeter's Common Shares will rely in part on the research and reports that equity research analysts publish about Perimeter and its business, over which Perimeter has no control. The price of Perimeter's Common Shares could decline if one or more equity analysts downgrade Perimeter's Common Shares or if analysts issue other unfavorable commentary or cease publishing reports about Perimeter or its business action. In addition, unsubstantiated claims also present a risk of consumer class action or consumer protection litigation and competitor challenges.

ADDITIONAL INFORMATION

Additional information regarding Perimeter, including all public filings, are available under Perimeter's profile on the SEDAR+ website (www.sedarplus.ca) and on the Perimeter website at ir.perimetermed.com.