



Perimeter Medical Imaging AI, Inc.
Management's Discussion and Analysis

For the three months ended March 31, 2026

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 our First Quarter 2026 Unaudited Interim Condensed Consolidated Financial Statements and notes thereto, which have been prepared in accordance with 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 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 , May 28, 2016 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

Product Overview

Perimeter is a commercial-stage medical technology company. Perimeter's initial product, the S-Series OCT, provides cross-sectional, real-time margin visualization of excised tissue specimens in the operating room at 10 times higher image resolution than X-ray and ultrasound, and 100 times greater image resolution than MRI.

Recognizing the unmet need in the field of breast cancer margin visualization, Perimeter completed a clinical trial to develop the next generation of Perimeter's commercially available S-Series OCT device. The objective of this multi-site pivotal study was to evaluate Claire™ OCT against the current standard of

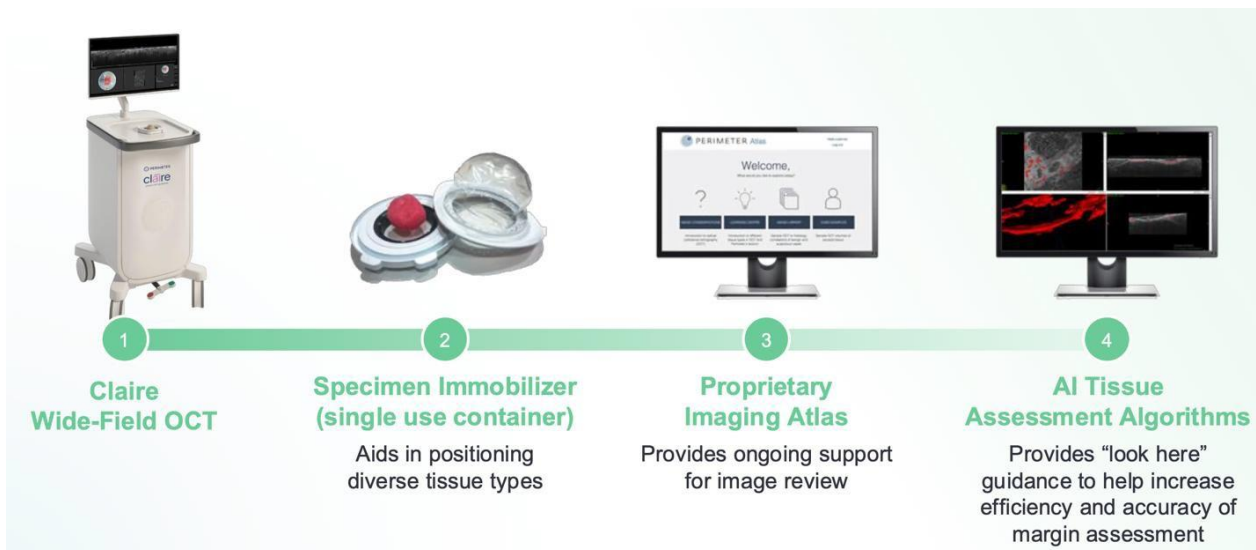
care and assess the impact on re-operation rates for patients undergoing breast conservation surgery. Supported by the positive results of the pivotal study, the FDA approved Claire OCT for intraoperative breast cancer margin assessment in March 2026, and Perimeter is now making final preparations for the planned U.S. commercial launch of the technology.

Perimeter's Medical Imaging Platform

The console of Perimeter's 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 device designed to hold and maintain orientation of the specimen;
- a proprietary image library and training set, and
- AI Tissue Assessment Algorithms

An excised 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 is 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 deep 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.

Perimeter's Next-Generation Machine Learning and AI Technology

Perimeter advanced its proprietary, next-generation machine learning tools and 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, reviewed and approved 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.

Perimeter Claire™ OCT

Claire™ OCT combines Perimeter's ImgAssist AI with its patented wide-field OCT imaging to enable high-resolution, real-time evaluation of excised tumor margins. The system delivers 10 times higher resolution than standard x-ray and ultrasound at 2mm imaging depth - the clinically relevant margin width for breast cancer margin assessment. Claire™'s innovative AI technology was trained on Perimeter's proprietary and growing OCT image library of over 2 million breast tissue images.

In April 2021, the FDA granted a Breakthrough Device Designation for Perimeter Claire™ OCT, which incorporates 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 Claire™ OCT 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 Claire™ OCT 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 Claire™ system's ability to aid surgeons in achieving clear surgical margins during surgery, potentially lowering the need for reoperation.

In March 2025, Perimeter announced the submission of a Pre-Market Application ("PMA") to the FDA for the Company's next-generation Claire™ OCT for use during BCS in the United States. The Agency approved the PMA for Perimeter's Claire™ OCT in March 2026.

A critical innovation behind Claire™ is its AI engine, trained on millions of proprietary OCT images of cancerous and healthy tissue. This image library can only be generated using Perimeter's patented OCT imaging engine and represents a unique advantage, as every surgical procedure performed with Claire™ generates new data that can be used to improve the AI product, helping to create better outcomes for future patients. Claire™ has been designed and developed on a diverse data set spanning a multitude of patient characteristics to help surgeons assess areas of interest during surgery. This use of AI is what makes Claire™ one of the few AI-enabled class III devices on the U.S. market today. A pre-determined change control plan (PCCP) was authorized as part of the PMA approval and includes planned AI enhancements that can be implemented without additional FDA interaction.

SUMMARY OF KEY DEVELOPMENTS IN 2026

On January 8, 2026, Perimeter entered into an agreement with Intermountain Health to enable the deployment of the S-Series OCT advanced imaging technology for tissue visualization in the operating rooms at Intermountain Health LDS Hospital and Intermountain Health American Fork Hospital.

On February 17, 2026, the Company announced that it may cancel up to 2,175,619 previously issued stock options (the "Original Options"), exercisable at prices ranging from C\$0.38 to C\$2.85, granted to 27 employees and consultants of the Company. In replacement for such cancelled Original Options, the Company intends to grant up to 2,175,619 stock options (the "Replacement Options") to such employees and consultants entitling them to acquire up to 2,175,619 common shares at a price of C\$0.30 per common share. Employees and consultants elected to cancel and replace 1,935,553 options.

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

On March 23, 2026, Perimeter entered into a warrant cancellation agreement with SC Master Holdings LLC ("Social Capital"), pursuant to which Social Capital has agreed to surrender 14,466,667 common share purchase warrants of the Company for cancellation, for no consideration. 80% of the warrants had a strike price of C\$3.99 and 20% of the warrants had a strike price of C\$4.50. Half of the warrants at each strike price were subject to accelerated expiry if the 60-day volume weighted average trading price of Perimeter's Common Shares is greater than the strike price during the applicable period. The other half of the warrants were not subject to accelerated expiry, and instead may have been exercised for cash or exercised using a cashless exercise feature at any time prior to expiry. Subject to the accelerated expiry clause described above, all warrants had an expiration date of January 27, 2027.

On April 21, 2026, the Company entered into binding subscription agreements with its CEO and SC Master Holdings LLC for expected proceeds of approximately C\$5.5 million. The financing consists of \$1,000 principal amount debentures bearing interest at 3.59% and maturing three years after the initial closing date. The debentures are convertible at the holder's option, and automatically upon a redomicile of the Company to the United States, at \$0.415 per unit. Each unit comprises one common share and one warrant, with each whole warrant exercisable into one additional common share at \$0.59 for a five-year term. Accrued interest is payable at maturity or upon redomicile in cash or, at the Company's option, in units priced based on recent trading prices. These interest units similarly consist of one common share and one warrant, with each whole warrant exercisable into one additional common share for five years at an exercise price set at a 43% premium to the unit price. The first tranche closed on April 24, 2026.

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

RESULTS OF OPERATIONS

The following is a discussion of the results for the three months ended March 31, 2026, as compared to the three months ended March 31, 2025:

	Three months ended	
	March 31, 2026	March 31, 2025
Revenue	\$ 384,604	\$ 550,269
Cost of goods sold		
Direct costs	56,173	163,124
Depreciation	110,563	87,768
	<u>166,736</u>	<u>250,892</u>
Gross Profit	217,868	299,377
Operating Expenses		
Sales and marketing	695,399	1,262,493
Research and development	895,677	1,604,543
General and administrative	1,498,096	1,651,536
Depreciation	109,066	119,645
Total Operating Expenses	<u>3,198,238</u>	<u>4,638,217</u>
Net foreign exchange loss	(2,116)	(7,427)
Net finance income	4,341	29,140
Loss before income tax	<u>(2,978,145)</u>	<u>(4,317,127)</u>
Income tax expense	-	-
Loss for the period	<u>(2,978,145)</u>	<u>(4,317,127)</u>
Other comprehensive income items that may be reclassified subsequently to profit:		
Foreign currency translation gain	2,015	32,196
Comprehensive loss	\$ <u>(2,976,130)</u>	\$ <u>(4,284,931)</u>
Basic and diluted loss per common share	\$ <u>(0.02)</u>	\$ <u>(0.05)</u>

DISCUSSION OF OPERATIONS:

Revenue

Revenue decreased \$165,665 to \$384,604, for the three months ended March 31, 2026, compared to \$550,269 for the three months ended March 31, 2025. The decrease is the net of \$230,000 in capital unit sales in March 2025 offset by an increase in service and warranty revenue for the three months ending March 31, 2026.

Cost of goods sold

Cost of goods sold was \$166,736 for the three months ended March 31, 2026, compared to \$250,892 for the three months ended March 31, 2025.

The cost of goods sold consists of direct costs of material, service labor and depreciation on commercial equipment placed at healthcare sites recognized as operating leases. The decrease in direct costs is in line with the lower revenue from the capital sale of an OCT unit in March 2025. The increase in depreciation cost is related to a larger number of units placed at healthcare sites, as compared to March 31, 2025

Operating expenses

Operating expenses for the three months ended March 31, 2026 decreased \$1,439,979 to \$3,198,238 compared to \$4,638,217 for the three months ended March 31, 2025. The decrease in total operating expenses was largely the result of lower salary and related expense, stock-based compensation and subcontractor expense for the three months ended March 31, 2026, as compared to March 31, 2025.

Sales and Marketing

Sales and marketing expenses decreased \$567,094 to \$695,399 for the three months ended March 31, 2026, compared to \$1,262,493 for the three months ended March 31, 2025. The decrease was primarily due to salary and related costs.

Research & Development

Research and development expenses decreased \$708,866 to \$895,677 for the three months ended March 31, 2026, compared to \$1,604,543 for the three months ended March 31, 2025. The decrease was primarily from the completion of a clinical trial and regulatory activities associated with FDA filing of Claire™ in 2025.

General and Administrative

General and Administrative expenses decreased \$153,440 to \$1,498,096 for the three months ended March 31, 2026, compared to \$1,651,536 for the three months ended March 31, 2025. The decrease was primarily due to a decrease in professional fees and consulting costs.

Net finance income

Net finance income decreased \$24,799 to \$4,341, for the three months ended March 31, 2026, compared to \$29,140 for the three months ended March 31, 2025. The decrease in net finance income was primarily the result of the revaluation of the warrant liability.

Net loss

For the three months ended March 31, 2026, loss for the period decreased to \$2,978,145 compared to \$4,317,127 for the three months ended March 31, 2025. The decrease in net loss was primarily the result of lower operating costs for the three months ended March 31, 2026 compared to the three months ended March 31, 2025.

FINANCIAL POSITION

The following is a discussion of the changes to the Company's financial position as of March 31, 2026, as compared to December 31, 2025:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
ASSETS		
Current assets		
Cash	\$ 421,496	\$ 2,471,578
Accounts receivable	115,793	230,348
Other receivables	49,236	33,260
Inventory	161,528	65,841
Prepaid expenses	751,970	497,486
Total current assets	<u>1,500,023</u>	<u>3,298,513</u>
Non-current assets		
Equipment	<u>3,233,758</u>	<u>3,428,739</u>
Total non-current assets	3,233,758	3,428,739
Total assets	\$ <u>4,733,781</u>	\$ <u>6,727,252</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,294,542	\$ 1,677,555
Deferred revenue	367,403	365,399
Current portion of lease liability	57,837	60,605
Warrant liability	279	5,003
Total current liabilities	<u>2,720,061</u>	<u>2,108,562</u>
Non-current liabilities		
Deferred revenue	336,092	432,639
Lease liability	<u>46,178</u>	<u>58,718</u>
Total non-current liabilities	382,270	491,357
Shareholders' equity		
Share capital	94,313,943	94,037,852
Contributed surplus	12,742,001	12,537,845
Accumulated deficit	(102,647,406)	(99,669,261)
Accumulated currency translation adjustment	<u>(2,777,088)</u>	<u>(2,779,103)</u>
Total shareholders' equity	1,631,450	4,127,333
Total liabilities and shareholders' equity	\$ <u>4,733,781</u>	\$ <u>6,727,252</u>

Assets

Cash decreased \$2,050,082 to \$421,496 as at March 31, 2026, compared to \$2,471,578 at December 31, 2025, due to cash used to support the Company's operations, offset by the proceeds from the exercise of warrants on March 6, 2026 were \$211,325.

Accounts receivable decreased \$114,555 to \$115,793 as at March 31, 2026, compared to \$230,348 at December 31, 2025, driven by collecting outstanding receivables from customers.

Other receivables increased \$15,976 to \$49,236 as at March 31, 2026, compared to \$33,260 at December 31, 2025, due to the timing of harmonized sales tax reimbursement.

Inventory increased \$95,687 to \$161,528 as at March 31, 2026, compared to \$65,841 at December 31, 2025, due to purchase of specimen immobilizers and partially offset by sales of specimen immobilizers.

Prepaid expenses increased \$254,484 to \$751,970 as at March 31, 2026, compared to \$497,486 at December 31, 2025. The increase is driven by deposits with an equipment manufacturer and trade shows.

Equipment decreased by \$194,981 to \$3,233,758 as at March 31, 2026, compared to \$3,428,739 at December 31, 2025, mainly due to depreciation expense for the three months ended March 31, 2026.

Liabilities

Accounts payable and accrued liabilities increased by \$616,987 to \$2,294,542 as at March 31, 2026, compared to \$1,677,555 at December 31, 2025, primarily due to timing of employment related cost payouts.

Deferred revenue decreased by \$94,543 to \$703,495 as at March 31, 2026 compared to \$798,038 as at December 31, 2025, primarily due to warranty coverage related to the sale of a capital unit.

Lease liability decreased by \$15,308 to \$105,015 as at March 31, 2026, compared to \$119,323 at December 31, 2025, due to contractually scheduled payments.

Warrant liability decreased \$4,724 to \$279 as at March 31, 2026, compared to \$5,003 at December 31, 2025, due to the cancellation of 14,466,667 warrants in March 2026 and the fair value revaluation of the remaining warrants.

Shareholders' equity

Share capital increased by \$276,091 to \$94,313,943 as at March 31, 2026, from \$94,037,852 at the end of 2025 due to an exercise of 825,000 warrants.

Contributed surplus increased \$204,156 to \$12,742,001 as at March 31, 2026, compared to \$12,537,845 at December 31, 2025, due to stock-based compensation expense.

Accumulated deficit increased \$2,978,145 to \$102,647,406 as at March 31, 2026, compared to \$99,669,261 at December 31, 2025, due to the net loss for the three months ended March 31, 2026.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes information regarding Company's loss from operations and other financial information for the quarters presented in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Boards ("IASB"):

Three months ended	March 31, 2026		December 31, 2025		September 30, 2025	
Revenue	\$	384,604	\$	711,546	\$	536,100
Expenses		3,198,238		2,493,758		3,004,627
Other (income) expenses		(2,225)		(33,345)		(8,796)
Net loss for the period	\$	(2,978,145)	\$	(1,984,058)	\$	(2,724,425)
Basic and diluted loss per share	\$	(0.02)	\$	(0.02)	\$	(0.03)

Three months ended	June 30, 2025		March 31, 2025		December 31, 2024	
Revenue	\$	505,796	\$	550,269	\$	293,133
Expenses		4,259,028		4,638,217		4,652,889
Other (income) expenses		(23,754)		(21,713)		(934,122)
Net loss for the period	\$	(3,882,419)	\$	(4,317,127)	\$	(3,421,904)
Basic and diluted loss per share	\$	(0.04)	\$	(0.05)	\$	(0.06)

Three months ended	September 30, 2024		June 30, 2024		March 31, 2024	
Revenue	\$	208,420	\$	246,311	\$	98,330
Expenses		4,542,576		5,486,001		4,704,125
Other (income) expenses		268,010		(2,122,933)		(2,522,733)
Net loss for the period	\$	(4,671,240)	\$	(3,179,083)	\$	(2,121,701)
Basic and diluted loss per share	\$	(0.07)	\$	(0.05)	\$	(0.03)

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 to begin and 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 \$421,496 as of March 31, 2026, 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 completed additional financing in May 2026, subsequent to the quarter end as described in Note 16.

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 and cash equivalents:

	Year ended	
	March 31, 2026	March 31, 2025
Operating activities	\$ (2,239,808)	\$ (3,778,306)
Investing activities	(426)	22,185
Financing activities	193,184	(18,210)
Net increase in cash and cash equivalents	\$ (2,047,050)	\$ (3,774,331)

Operating Activities

For the three months ended March 31, 2026, cash used in operating activities decreased \$1,538,498 to \$2,239,808 compared to \$3,778,306 for the three months ended March 31, 2025. Cash used in operating activities was unfavorably impacted by change in working capital during the period.

Investing Activities

For the three months ended March 31, 2026, cash used from investing activities was \$426 compared to cash from investing activity of \$22,185 for the three months ended March 31, 2025, mainly due to lower interest received on the Company's cash held in interest bearing bank accounts.

Financing Activities

For the three months ended March 31, 2026, cash from financing activities was income of \$193,184 compared to cash used by financing activities of \$18,210 for the three months ended March 31, 2025. The decrease in cash used in financing activities was due to proceeds from the exercise of warrants.

Contractual Obligations

The table below summarizes the maturity profile of the Company's financial liabilities as at March 31, 2026, based on contractual undiscounted payments:

March 31, 2026	Carrying Amount	Total	Contractual cash flows			
			2 months or less	3-12 months	1-2 years	Thereafter
Accounts payable and accrued liabilities	\$ 2,294,542	2,294,542	2,294,542	-	-	-
Lease liabilities	104,015	120,748	12,243	61,963	46,542	-
	\$ 2,398,557	2,415,290	2,306,785	61,963	46,542	-

OUTSTANDING SHARES

As of March 31, 2026, the Company had the following securities outstanding:

	Number
Common Shares	131,945,616
Warrants	39,108,656
Options	11,048,619

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 granted the Company up to \$7,446,844 to fund activities related to its artificial intelligence software. The agreement expired on August 31, 2025. For twelve years following the first commercial sale of commercial products (i.e., anything that is based on, utilizes or is developed from, or materially incorporates, the results of the grant-funded project and that is capable of being sold, licensed, transferred or conveyed to another party or is capable of otherwise being exploited or disposed of, whether in exchange for consideration or not), the Company is required to pay CPRIT a royalty of 2.5 percent of revenue until such time that 250.0 percent of grant proceeds have been repaid and 0.5 percent thereafter for the remaining twelve-year term.

On March 3, 2026 the Company received FDA premarket approval for Claire™ (formerly B-Series), the AI-enabled imaging device. Claire™, funded under a Cancer Prevention and Research Institute of Texas

("CPRIT") grant, marks a significant milestone in the technology's path to commercialization; accordingly, no royalties are due to CPRIT at this time.

FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

The Company's only financial instrument measured at fair value on a recurring basis is its warrant liability, which is classified as mandatorily at fair value through profit or loss (FVTPL) and categorized within Level 2 of the fair value hierarchy. As at March 31, 2026, the warrant liability had a carrying amount and fair value of \$279, compared to \$5,003 as at December 31, 2025, representing a decrease of \$4,724 during the three-month period. There were no transfers between levels of the fair value hierarchy during the period. Financial assets and financial liabilities measured at amortized cost are not included above, as their carrying amounts are a reasonable approximation of fair value.

B. Measurement of fair values

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

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

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

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

The warrant liability is comprised of warrants designated as derivatives. The warrant liability is classified as FVTPL and valued using Level 2 fair value hierarchy in the unaudited condensed consolidated interim statement of financial position. The valuation technique used to measure the fair value of the warrant liability at March 31, 2026 was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.95 percent (March 31, 2025: 2.46 percent), an expected life of the time to maturity of .83 years (March 31, 2025: 1.8 years), and an expected volatility of 85 percent (March 31, 2025: 80 per percent).

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

There were no transfers between levels for the periods reported.

C. Financial 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 Company does not actively engage in the trading of financial assets for speculative purposes.

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

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Components of market risk to which the Company is exposed are discussed below. Financial instruments affected by market risk primarily include cash and cash equivalents, 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 March 31, 2026, the Company's net exposure to currency risk through its current assets and liabilities denominated in US dollars was \$64,077 (December 31, 2025: \$1,287,301). An appreciation (depreciation) of the Canadian dollar against the US dollar would have resulted in an increase (decrease) of approximately \$(4,467) (December 31, 2025: \$(88,245)) 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.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk from its operating and 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 balances held with banks and deposits with banks are only with major reputable financial institutions.

The Company considers that its cash and cash equivalents have 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). At March 31, 2026, no amounts were owing more than 60 days past due.

iii. Liquidity risk

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

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

As at March 31, 2026, and 2025, the Company has no receivable or payable amounts with key management personnel or directors.

Key management personnel compensation

	Three months ended March 31,	
	2026	2025
Short-term employment benefits	\$ 179,425	\$ 252,813
Director's fees	49,234	46,826
Share based payments	68,044	196,250
Total	296,703	495,889

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 Company's common shares is subject to a number of risks and uncertainties. An investor should carefully consider the risks described in the Company's most recent Annual Information Form, as well as the Company's other public filings with securities regulators before investing in the common shares. If any of such described risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed, and investors may lose a significant proportion of their investment. For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's most recent Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.