Perimeter Medical Imaging AI, Inc.

Management's Discussion and Analysis

For the year ended December 31, 2025

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, 2025 and 2024, 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, Claire™ OCT (formerly referred to as 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 April 02, 2026, 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.

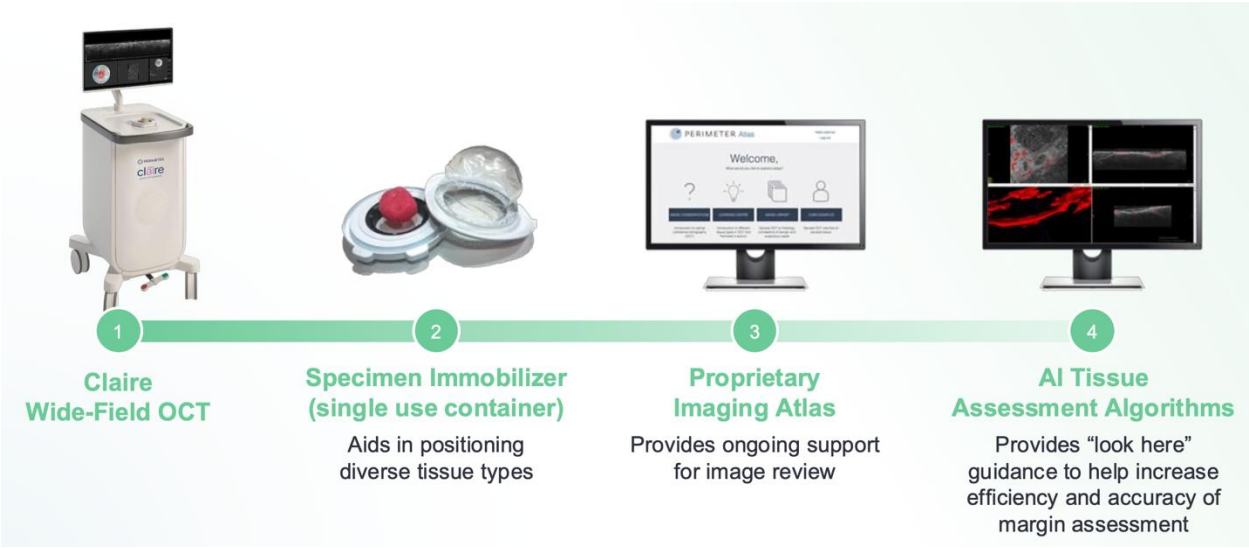
Recognizing the unmet need in the field of breast cancer margin visualization, Perimeter completed a clinical trial to develop the next generation of Perimeter's commercially available S-Series OCT device. The objective of this multi-site pivotal study was to evaluate Claire™ OCT against the current 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 designed to hold and maintain orientation of the specimen;
- a proprietary image library and training set, and
- AI Tissue Assessment Algorithms

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 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 was 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.

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 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 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 Clair 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 2025

In February 2025, Perimeter announced further commercial expansion into New Mexico with CHRISTUS St. Vincent to use the Company's S-Series OCT 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 began trading on the OTCQX 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 Claire™ OCT during BCS would be presented during the scientific session of the 26th Annual Meeting of 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 was the first hospital in Tennessee to use S-Series OCT to visualize tissue margins in the operating room.

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

In March 2025, Perimeter announced the submission of a PMA application to the FDA for Claire ™ OCT for use during BCS in the United States.

In May 2025, detailed results from the pivotal trial evaluating the use of Claire™ OCT during BCS were presented during the scientific session of the 26th Annual Meeting of the American Society of Breast Surgeons ("ASBrS"). In April 2025, Perimeter announced that HonorHealth, a leading healthcare system serving more than five million people in the greater Phoenix and Scottsdale areas, was the first in Arizona to deploy S- Series OCT to visualize tissue margins in the operating room.

In May 2025, Perimeter announced that it had entered into a Development Support Agreement with Salt Lake City-based Intermountain Health, the largest nonprofit health system in the Intermountain West. This agreement created the framework for the two organizations to partner on a number of future studies evaluating the potential value of using Perimeter's OCT and collecting additional data to support the continued development of Perimeter's AI algorithms.

In June 2025, the Company executed an Offering (June Offering) in which an aggregate of 10,432,801 units were issued at a price of $0.22 (CAD$0.30) per unit for gross proceeds of $2,279,186 (CAD$3,121,333). Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for a period of 60 months, at an exercise price of $0.26 (CAD$0.35).

In June 2025, Perimeter announced that it had launched the OCT-Tissue Surveillance Registry, a database that aims to collect thousands of images and data from surgical procedures performed using the -Company's imaging technology. Perimeter intends to use the registry to inform future product development.

In July 2025, Perimeter announced that Medical City Dallas Hospital, an award-winning 899-bed acute care hospital in the Dallas-Fort Worth area, had adopted S-Series OCT for high-resolution visualization of tissue microstructures during surgery.

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

In August 2025, Perimeter announced the appointment of Ted James, MD, MHCM, FACS, to the newly created fractional position of Chief Medical Officer.

In September 2025, Perimeter announced that it had entered into a collaboration with Jennifer Douglas, breast cancer survivor, author, and influential patient advocate. Ms. Douglas is supporting Perimeter's patient education and engagement initiatives and is a member of Perimeter's Industry Advisory Board.

In September 2025, Dr. Amelia Tower, a leading breast surgical oncologist, highlighted real-world cases demonstrating the practical application of Perimeter's S-Series OCT in an oral presentation titled, "Use of Adjunct Wide-field Optical Coherence Tomography to Visualize Margins During Breast Conserving Surgery: A Case Series," at the 2025 Annual Clinical Assembly of the American College of Osteopathic Surgeons.

In September 2025, Perimeter showcased the S-Series OCT at the Aptitude Health/TME's Fall Summit on breast cancer care.

In October 2025, Perimeter announced its participation in the American Society of Breast Surgeons' Annual Strategic Futures Forum, an invitation-only event that gathers healthcare, medical, and industry leaders to address the future of breast surgery focused on the whole breast care team.

In November 2025, Perimeter announced that Dr. Kayla Griffith, Breast Surgical Oncologist, and HCA HealthONE Rose, part of the HCA HealthONE network of 9 hospitals and 17 surgery centers in the Rocky Mountain region and one of the largest health systems in the Denver area, were the first in Colorado to adopt the Company's S-Series OCT for tissue visualization in the operating room.

In December, 2025, the Company completed a non-brokered private placement (the "December Offering") of units of the Company. Pursuant to the December Offering, the Company issued an aggregate of 19,757,306 units at a price of $0.13 (CAD$0.18) per unit for aggregate gross proceeds of $2,542,409 (CAD$3,556,315). Each Unit is comprised of one common share in the capital of the Company (each a "common share") and one common share purchase warrant (each a "warrant"). Each warrant entitles the holder to acquire an additional common share at an exercise price of $0.25(CAD$0.35) for a period of 60 months. The Company has paid an aggregate of $14,779 (CAD$20,673) in finder's fees in connection with the closing of the Offering.

In December 2025, Perimeter announced the voting results from its Annual General and Special Meeting of Shareholders, which was held of December 29, 2025 (the "Meeting"). All of the matters put forward before the shareholders, as set out in the Company's management information circular dated November 28, 2025, were approved by the requisite majority of votes cast at the Meeting. At the

Meeting, Perimeter's shareholders elected the following individuals to the Board of Directors of the Company (the "Board") to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed: Suzanne M. Foster, Aaron Davidson, Joshua G. Vose, Michelle Caron and Adrian Mendes. Following the Meeting, Ms. Caron resigned from the Board and informed the Company that, due to personal reasons, she would be unable to serve as a director of the Company at that time.

RECENT DEVELOPMENTS / SUBSEQUENT EVENTS

In January 2026, Perimeter announced a systemwide agreement with Intermountain Health, the largest nonprofit healthcare system in the Intermountain West, to deploy its S-Series OCT imaging technology across the system's hospitals — initially at LDS Hospital in Salt Lake City and American Fork Hospital in Utah.

In February, 2026, The Company entered into stock option cancellation agreements, pursuant to which it will 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. The Replacement Options are expected to vest as follows: (i) 1,848,990 Replacement Options vest at 1/48 per month, beginning January 1, 2026; (ii) 234,125 Replacement Options vest at 1/36 per month, beginning January 1, 2026; and (iii) the remaining 92,504 Replacement Options vest 1/12 per month, beginning January 1, 2026. The Replacement Options will continue to have the same expiry date as the Original Options which they are replacing. No directors or officers of the Company will enter into cancellation agreements, have Original Options cancelled or receive Replacement Options.

On March 3, 2026, the Company announced that it received U.S. Food and Drug Administration ("FDA") PMA for Claire™ (formerly the Perimeter OCT B-Series with ImgAssist AI 2.0), the first AI-enabled imaging device approved in the United States for intraoperative breast cancer margin assessment. The technology received Breakthrough Device designation from the FDA and is designed to enhance surgeons' ability to detect difficult-to-see cancer during breast-conserving surgery and potentially reduce the need for re-operations.

In March 2026, Perimeter entered into a warrant cancellation agreement (the "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 (the "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.

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, 2025	December 31, 2024	December 31, 2023
Current assets	$ 3,298,513	$ 9,967,848	$ 17,580,275
Total assets	6,727,252	14,326,298	20,541,371
Current liabilities	2,108,562	3,575,248	5,238,494
Non-current liabilities	491,357	296,232	238,072
Total liabilities	2,599,919	3,871,480	5,476,566

	December 31, 2025	December 31, 2024	December 31, 2023
Net loss	$ (12,916,028)	$ (13,393,928)	$ (14,035,994)
Basic and diluted loss per common share	(0.16)	(0.19)	(0.22)
Cash used in operating activities	(9,290,183)	(14,723,023)	(14,696,253)
Cash (used in) from investing activities	(92,093)	(1,899,662)	206,011
Cash from financing activities	5,761,081	8,581,827	234,473

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, 2025	September 30, 2025	June 30, 2025
Revenue	$ 711,546	$ 536,100	$ 505,796
Expenses	2,493,757	3,004,627	4,259,028
Other (income) expenses	(33,345)	(8,796)	(23,754)
Net loss for the period	$ (1,984,057)	$ (2,724,425)	$ (3,882,419)
Basic and diluted loss per share	$ (0.02)	$ (0.03)	$ (0.04)

Three months ended	March 31, 2025	December 31, 2024	September 30, 2024
Revenue	$ 550,269	$ 293,133	$ 208,420
Expenses	4,638,217	4,652,889	4,542,576
Other (income) expenses	(21,713)	(934,122)	268,010
Net loss for the period	$ (4,317,127)	$ (3,421,904	$ (4,671,240)
Basic and diluted loss per share	$ (0.05)	$ (0.06)	$ (0.07)

Three months ended	June 30, 2024	March 31, 2024	December 31, 2023
Revenue	$ 246,311	$ 98,330	$ 72,665
Expenses	5,486,001	4,704,125	4,975,447
Other (income) expenses	(2,122,933)	(2,522,733)	(663,366)
Net loss for the period	$ (3,179,083)	$ (2,121,701)	$ (5,526,824)
Basic and diluted loss per share	$ (0.05)	$ (0.03)	$ (0.09)

RESULTS OF OPERATIONS

	Three months ended		Year ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Revenue	$ 711,546	$ 293,133	$ 2,303,712	$ 846,194
Cost of goods sold				
Direct Costs	68,651	25,003	454,594	91,711
Depreciation	99,850	79,265	382,434	219,373
	168,501	104,268	837,028	311,084
Gross Profit	543,045	188,865	1,466,684	535,110
Grant Income	-	107,998	-	144,775
Operating Expenses				
Sales and marketing	692,932	1,422,784	3,744,301	5,448,129
Research and development	800,089	1,879,279	4,919,341	6,646,399
General and administrative	893,490	1,219,221	5,289,072	6,780,768
Depreciation	107,246	131,605	450,916	510,295
Total Operating Expenses	2,493,757	4,652,889	14,403,630	19,385,591
Net foreign exchange(loss) gain	(30,087)	508,970	(51,784)	1,749,359
Net finance (expense) income	(3,258)	425,152	72,702	3,562,419
Loss for the period	(1,984,057)	(3,421,904)	(12,916,028)	(13,393,928)
Other comprehensive (loss) income items that may be reclassified subsequently to profit:				
Foreign currency translation	36,608	(449,282)	27,743	(1,774,238)
Comprehensive loss	$ (1,947,450)	$ (3,871,186)	$ (12,888,285)	$ (15,168,166)
Basic and diluted loss per common share	$ (0.02)	$ (0.06)	$ (0.16)	$ (0.19)

RESULTS OF OPERATIONS – Year ended December 31, 2025, as compared to December 31, 2024

Revenue

Revenue was $2,303,712 for the year ended December 31, 2025, compared to $846,194, for the prior year. Of this amount, $513,938 (December 31, 2024: $326,382) was recognized as revenue from operating leases, $1,153,420 (December 31, 2024: $487,163) from consumable sales, $251,354 (December 31, 2024: $32,649) was recognized as Exchange Service Plan ("ESP") Warranty income revenue and $385,000 from the sale of capital units in the consolidated statements of loss and comprehensive loss. The increase comprises of $665,197 in consumable sales, $187,556 increase in operating lease revenue on commercial equipment placed at healthcare sites, $218,705 increase from ESP Warranty revenue and $385,000

increase in capital unit 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, 2025, was $711,546, compared to $293,133 for the three months ended December 31, 2024. Of this amount, $182,016 (December 31, 2024: $112,848) was recognized as revenue from operating leases, $441,650 (December 31, 2024: $159,665) from consumable sales and $67,056 (December 31: $20,620) was recognized as ESP Warranty revenue in the consolidated statements of loss and comprehensive loss. The increase is comprised of $281,985 in consumable sales, $69,168 increase in operating lease revenue on commercial equipment placed at healthcare sites, and $67,055 increase from ESP Warranty revenue which started in the third quarter of 2024. 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.

Cost of Goods Sold

Cost of goods sold was $837,028 for the year ended December 31, 2025 compared to $311,084 for the prior year. The cost of goods sold consists of direct material costs of specimen immobilizers, the sale of OCT equipment and costs of annual preventative maintenance. The depreciation in cost of sales is on commercial equipment placed at healthcare sites recognized as operating leases. The increase in direct cost of sales is in line with the higher revenue from consumable sales, and the capital sales of OCT units in which the recognition of direct material costs of OCT equipment is at the time of sale.

Cost of goods sold was $168,501 for the three months ended December 31, 2025, compared to $104,268 for the three months ended December 31, 2024. The cost of goods sold consists of direct material costs of specimen immobilizers, the sale of OCT equipment and costs of annual preventative maintenance. The depreciation in cost of sales is on commercial equipment placed at healthcare sites recognized as operating leases. The increase in direct cost of sales is in line with the higher revenue from consumable sales, and the capital sales of OCT units in which the recognition of direct material costs of OCT equipment is at the time of sale.

Grant income

Grant income was $nil for the year ended December 31, 2025, compared to $144,775 for the year ended December 31, 2024. 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 2025 was driven by the completion of the CPRIT grant in late 2024.

Grant income for the three months ended December 31, 2025, was $nil compared to $107,998 for the three months ended December 31, 2024. The decrease 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, 2025, were $14,403,630 compared to $19,385,591 for the year ended December 31, 2024. The year-over-year decrease in total operating expenses was largely the result of a reduction in headcount, decrease in stock-based compensation valuation and company-wide cost-cutting measures implemented in June 2025.

Sales and Marketing

Sales and marketing expenses were $3,744,301 for the year ended December 31, 2025, compared to $5,448,129 for the year ended December 31, 2024. The decrease is primarily due to lower contractors' expenses, employment-related costs, and travel expenses.

Sales and marketing expenses were $692,932 in the three months ended December 31, 2025, compared to $1,422,784 for the three months ended December 31, 2024. The decrease was due to lower contractors' expenses, employment-related costs, and travel expenses.

Research & Development

Research and development expenses were $4,919,341 for the year ended December 31, 2025, compared to $6,646,399 for the year ended December 31, 2024. The decrease is attributed to a decrease in project costs to support clinical studies and regulatory activities related to the completion of the clinical trial and a reduction in employment related costs.

Research and development expenses were $800,089 for the three months ended December 31, 2025, compared to $1,879,279 for the three months ended December 31, 2024. The decrease was related to timing and decreased activity from project costs to support clinical studies as the Company completed its studies in 2024 and a reduction in employment related costs.

General and Administrative

For the year ended December 31, 2025, general and administrative expenses were $5,289,072, compared to $6,780,768 for the year ended December 31, 2024. The decrease relates to a reduction in employment costs, share-based compensation expense and consulting and professional fees.

General and administrative expenses were $893,490 for the three months ended December 31, 2025, compared to $1,219,221 for the three months ended December 31, 2024. The decrease is attributed to a reduction in employment costs, share-based compensation expense and professional fees.

Depreciation

Depreciation expense decreased by $59,379 to $450,916 compared to $510,295 for the year ended December 31, 2024. The decrease was a result of OCT units that were converted from demo units to placed customer units. The depreciation in cost of sales increased $163,061 to $382,434 compared to $219,373 for the year ended December 31, 2024, due to more placements of OCT units at customer sites.

For the three months ended December 31, 2025, depreciation expense decreased by $24,359 to $107,246 compared to $131,605 for the same period in the previous year. The decrease was a result of OCT units that were converted from demo units to placed customer units. The depreciation in cost of sales increased $20,585 to $99,850 in the three months ended December 31, 2025, compared to $79,265 for the three months ended December 31, 2024, due to more placements of OCT units at customer sites.

Net finance income (expense)

Net finance income (expense) for the year ended December 31, 2025, was $72,702 compared to $3,562,419 for the year ended December 31, 2024. The decrease in net finance income (expense) in 2025 was primarily the result of the revaluation of the warrant liability driven by the volatility in the share price and risk-free rate used as inputs in the Black Sholes valuation model.

Net finance income (expense) was $(3,258), for the three months ended December 31, 2025, compared to $425,152 for the three months ended December 31, 2024. 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, 2025 was $12,916,028 compared to $13,393,928 for the year ended December 31, 2024. The decrease in net loss was primarily attributed to the increase in revenue with lower operating expenses and partially offset by higher foreign exchange gain in previous year offset by lower finance income.

The net loss was $1,984,057 for the three months ended December 31, 2025, compared to $3,421,904 for the three months ended December 31, 2024. The decrease in net loss was due to an increase in revenue with lower operating expenses during the quarter, 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, 2025, as compared to December 31, 2024:

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash	$ 2,471,578	$ 6,184,046
Accounts receivable	230,348	390,525
Grant and other receivables	33,260	1,970,059
Inventory	65,841	191,577
Prepaid expenses	497,486	1,231,641
Total current assets	3,298,513	9,967,848
Non-current assets		
Property and equipment	3,428,739	4,358,450
Total non-current assets	3,428,739	4,358,450
Total assets	$ **6,727,252**	$ **14,326,298**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,677,555	$ 3,331,027
Deferred revenue	365,399	144,226
Current portion of lease liabilities	60,605	46,813
Warrant liability	5,003	53.182
Total current liabilities	2,108,562	3,575,248
Non-current liabilities		
		-
Deferred revenue	432,639	205,561
Lease liabilities	58,718	90,671
Total non-current liabilities	491,357	296,232
Shareholders' equity		
Share capital	94,037,852	90,598,073
Contributed surplus	12,537,845	9,416,494
Accumulated deficit	(99,669,261)	(86,752,903)
Accumulated currency translation adjustment	(2,779,103)	(2,806,846)
Total shareholders' equity	4,127,333	10,454,818
Total liabilities and shareholders' equity	$ **6,727,252**	$ **14,326,298**

Assets

Cash decreased by $3,712,468 to $2,471,578 as at December 31, 2025 compared to $6,184,046 as at December 31, 2024, mainly due to cash used to support the Company's operations, partially offset by a prospectus offering closed over two tranches (one in June 2025, the second in July 2025) and a private placement completed in December 2025.

Accounts receivable decreased by $160,177 to $230,348 as at December 31, 2025 compared to $390,525 as at December 31, 2024, due to timely invoice payments by customers.

Grant and other receivables as at December 31, 2025 decreased by $1,936,799 to $33,260 as compared to $1,970,059 as at December 31, 2024, primarily the result of CPRIT reimbursements owing due to the Company for eligible expenses incurred during the year and the close out of the grant.

Inventory as at December 31, 2025 decreased by $125,736 to $65,841 as compared to $191,577 as at December 31, 2024, due to lower inventory of our specimen immobilizers due to timing of production build to support increased utilization and projected revenue growth.

Prepaid expenses as at December 31, 2025 decreased by $734,155 to $497,486 as compared to $1,231,641 as at December 31, of 2024, primarily due to the Company utilizing deposit credits to pay down the payable balance with an equipment manufacturer.

Property and equipment as at December 31, 2025 decreased by $929,711 to $3,428,739 compared to $4,358,450 as at December 31, 2024 mainly due to moving 2 OCT units to inventory for immediate sale and depreciation expense for the year ended December 31, 2025.

Liabilities

Accounts payable and accrued liabilities as at December 31, 2024 decreased by $1,653,472 to $1,677,555 as compared to $3,331,027 as at December 31, 2024, primarily due to bonus payments to staff and payments to an equipment manufacturer, partially offset by deposit credits.

Deferred revenue as at December 31, 2025 increased by $448,251 to $798,038 as compared to $349,787 as at December 31, 2024, due to the billings and obligations related to the new exchange service plans. $365,399 is expected to be performed and delivered to customers within the next 12 months.

Lease liabilities as at December 31, 2025 decreased by $18,161 to $119,323 compared to $137,484 as at December 31, 2024 due to contractually scheduled repayments.

Warrant liability as at December 31, 2025 decreased by $48,179 to $5,003 compared to $53,182 as at December 31, 2024 due to revaluations of the underlying instrument for the year ended December 31, 2025. 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 as at December 31, 2025 increased by $3,439,779 to $94,037,852 compared to $90,598,073 as at December 31, 2024 due to the issuance of common shares from public offerings from a private placement completed in 2025.

Contributed surplus as at December 31, 2025 increased by $3,121,351 to $12,537,845 compared to $9,416,494 as at December 31, 2024 due to stock-based compensation, partially offset by the exercise of options.

Accumulated deficit as at December 31, 2025 increased by $12,916,358 to $(99,669,261) compared to $(86,752,903) due to the net loss for the year ended December 31, 2025.

Accumulated currency translation adjustment as at December 31, 2025 increased by $27,743 to $(2,779,103) compared to $(2,806,846) as at December 31, 2024 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 to 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 $2,471,578 as at December 31, 2025, and the expected inflows from additional funding in 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 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 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, 2025	**December 31, 2024**
Operating activities	$ (9,290,183)	$ (14,723,023)
Investing activities	(92,093)	(1,899,662)
Financing activities	5,761,081	8,581,827
Net decrease in cash	$ (3,621,195)	$ (8,040,858)

Operating Activities

For the year ended December 31, 2025, cash used in operating activities was $9,290,183, a $5,432,840 or a 37%, decrease compared to $14,723,023 for the year ended December 31, 2024. Cash used in operating activities was favorably impacted by the reduction in research and development expenses in 2025 following the conclusion of clinical trials in late 2024 and company-wide cost-cutting measures implemented in June 2025.

Investing Activities

For the year ended December 31, 2025, cash used in investing activities changed by $1,807,569 to $(92,093) compared to cash used in investing activities of $(1,899,662) for the year ended December 31, 2024. Cash inflows for 2025 related to investing activities were driven by interest income and reduction in the purchase of OCT equipment in 2025 compared to prior year

Financing Activities

For the year ended December 31, 2025, cash provided by financing activities decreased by $2,820,746 to $5,761,081 compared to $8,581,827 for the year ended December 31, 2024. The lower cashflow from financing activities in the year ended December 31, 2025 was primarily impacted by cash inflows of $5,820,319 in net proceeds from the issuance of common shares pursuant to the Public Offering and Private Placements closed in 2025 compared to higher net proceeds from a Private Placement in 2024.

OUTSTANDING SHARES

As of December 31, 2025, the Company had the following securities outstanding:

	Number
Common Shares	131,120,616
Warrants	54,400,319
Options	7,346,679

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 last installment to complete the $7,446,844 was received by the Company on July 15, 2025, and the agreement expired on August 30, 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.

MATERIAL ACCOUNTING POLICIES

A. Going concern and statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the basis of presentation outlined in Note 2 on the assumption that the Company is a going concern and will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

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

The Company's ability to continue as a going concern is dependent on its ability to realize positive 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 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. The following are key estimates and judgements in the consolidated financial statements:

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

Revenue Recognition: A portion of revenue is associated with customer contracts that contain multiple performance obligations, including the sale or lease of equipment, consumables, maintenance services, and extended service plan warranties. Significant judgement is required to identify the number of distinct performance obligations within a contract and to allocate the transaction price to each performance obligation based on their respective stand-alone selling price ("SSP"). SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged for the specific product or service if it was sold separately in similar circumstances and to similar customers. The determination of the duration of the lease period may also require judgement and estimates. Duration for a performance obligation in a contract with customers is an estimate of the time period that would be used to allocate service revenue if it was sold separately in similar circumstances and to similar customers.

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

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

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 (OCT) imaging system, proprietary image library and consumable specimen containers to hospitals and cancer surgery centers.

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

(i) identify the contract with a customer,

(ii) identify the performance obligations in the contract,

(iii) determine the transaction price,

(iv) allocate the transaction price to the performance obligations in the contract, and

(v) recognize revenue when or as the Company satisfies a performance obligation.

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

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

- **OCT equipment placement arrangements** – Arrangements that include placement of OCT equipment at customer sites contain a lease component, accounted for under IFRS 16 *Leases*, and non-lease components related to consumables. Consideration is allocated between the lease and non-lease components, with lease-related revenue recognized over the lease term.
- **Consumable sales** – Allocated revenue from single-use consumables is recognized at a point in time upon delivery to the customer.
- **Maintenance and service plans** – Revenue from preventative maintenance and service plans is recognized over the period the services are provided.
- **Repair services** – Revenue from repair services not covered by service plans is recognized at a point in time when the services are completed.
- **Direct sales of OCT equipment** – In limited circumstances when OCT equipment is sold, revenue is recognized at the point in time when control transfers to the customer. Amounts allocated to related service and warranty components are deferred and recognized over the applicable service periods.

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

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

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.

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

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

B. Measurement of fair values

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

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

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

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

The warrant liability is comprised of warrants 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, 2025 was the Black-Scholes option pricing model using a weighted average risk-free rate of the bond-equivalent yield of 2.58 percent, an expected life of the time to maturity of 1.07 years, and an expected volatility of 85 percent.

The Company did not have any Level 3 financial instruments or significant unobservable inputs used for the reporting 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, 2025, the Company's net exposure to currency risk through its current assets and liabilities denominated in US dollars was $1,287,301 (2024: $4,810,070). An appreciation (depreciation) of the Canadian dollar against the US dollar would have resulted in an increase) of approximately $88,245 (2024: $345,755) in the Company's comprehensive loss as a result of the Company's net exposure to currency risk through its current assets and current liabilities denominated in US dollars. This analysis is based on a foreign currency exchange rate variance of 5% which the Company considered 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, 2025, and 2024 based on contractual undiscounted payments:

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

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

D. Capital management

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

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

As at December 31, 2025, and 2024, the Company has no receivable or payable amounts with key management personnel or directors.

Key management personnel compensation

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

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

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 an early-stage company and faces challenges often encountered by early commercial-stage companies.

Perimeter has encountered and will encounter risks and uncertainties frequently experienced by early commercial-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 commercial-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 approvals and timing of such clearances and approvals;
- successful commercial launch and market acceptance of Claire™ and continued market acceptance of the S-Series OCT system;
- reliability and scalability of its platform and products;
- continued development and commercial success of its artificial intelligence technology;
- timely completion and results of clinical research programs;
- obtaining reimbursement authorization from government and other healthcare payors for Claire™ and other products;
- 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 on March 3, 2026, received FDA premarket approval ("PMA") for Claire™ (formerly the Perimeter B-Series OCT with ImgAssist AI 2.0), the first AI-enabled imaging device approved in the United States for intraoperative breast cancer margin assessment, Perimeter has not generated material revenue from product sales to date.

Perimeter will continue to incur significant expenses related to ongoing operations and commercialization, including the commercial launch of Claire™. 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 future clinical development programs, enhance its platform, expand its commercial operations, including the build-out of its sales and marketing organization for Claire™, and fund working capital needs during the ramp-up of commercial sales. In addition, the commercial launch and marketing of Claire™ will require significant investment in manufacturing scale-up, sales force expansion, clinical support infrastructure, and market development activities.

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. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favorable to the Company.

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 from the commercial sales of Claire™ and the S-Series OCT system. In order for Perimeter to generate substantial revenues and establish its products, it must successfully launch Claire™ commercially, achieve market acceptance among surgeons and hospitals, obtain reimbursement coverage, and secure orders from potential customers. Perimeter is in the early stages of commercializing Claire™ following its recent FDA PMA approval, 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 successfully launch Claire™ commercially following FDA PMA approval;
- 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 and pace of the commercial launch and market adoption of Claire™;
- the timing of regulatory approvals for its products in additional jurisdictions;
- 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.

Perimeter may set goals for and make public statements regarding the timing of the accomplishment of objectives material to its success, such as the anticipated timing and scope of the commercial launch of Claire™, the timing and terms of any collaborations, partnerships, licenses, acquisitions or other agreements, the commencement and completion of future clinical trials, and anticipated regulatory submission and approval dates for its products in additional jurisdictions. The actual timing of these events can vary dramatically due to factors such as delays in manufacturing scale-up, market development challenges, the uncertainties inherent in securing sufficient arrangements to commercialize the Company's products, including in respect of manufacturing, distribution and marketing, as well as market competition, and other factors described herein, many of which are beyond the Company's control. There can be no assurance that the Company will achieve its commercialization goals in respect of Claire™ or any other products in the time frame and to the extent anticipated, and any failure to do so may have a material adverse effect on the Company's business, results of operations, and financial condition, and the price of the Common Shares could decline.

The Company's products, including Claire™, may fail to gain market acceptance.

The degree of market acceptance of Perimeter's products, including Claire™, will depend on a number of factors, including those set out in further detail below. The commercial success of Claire™, which received FDA PMA approval on March 3, 2026, is dependent upon achieving and maintaining market acceptance among breast cancer surgeons and the hospitals and medical centers in which they practice. New medical devices that appear promising in development may fail to reach the market or may have only limited or no commercial success. 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. Levels of market acceptance for Claire™ could be impacted by several factors, many of which are not within the Company's control, including but not limited to: safety, efficacy, convenience and cost-effectiveness of Claire™ as a method of intraoperative breast cancer margin assessment compared to products of competitors or other forms of assessment; scope of approved uses and any limitations on the approved labeling; timing of market entry of the Company's products versus those of competitors; acceptance of the price of the Company's products relative to those of competitors; acceptance and adoption of the Company's products by patients, surgeons and the medical community; the availability of training necessary for proficient use of the Company's products, as well as willingness of surgeons and clinical staff to participate in such training; the perceived risks generally associated with the use of new products and procedures; the placement of the Company's products in treatment guidelines published by leading medical organizations, such as the American Society of Breast Surgeons; and acceptance of the Company's products by government and third-party payors for adequate reimbursement coverage. If the Company is unable to commercialize Claire™ successfully, whether through a failure to achieve market acceptance, a failure to build sufficient in-house sales and marketing capabilities, or a failure to secure distribution partners, there may be a material adverse effect on the Company's business, financial condition and results of operations and the market value of the Common Shares could decline.

Risks related to software.

The Company's Claire™ system incorporates software that is highly technical and complex, including its proprietary ImgAssist AI 2.0 artificial intelligence algorithm. 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. In addition, if the AI algorithm produces inaccurate results, such as false positives or false negatives, the performance of Claire™ could be adversely affected, potentially leading to patient harm, product liability claims, regulatory action, or damage to the Company's reputation and market acceptance.

Risks Relating to the Regulation of the Company and its Products

The success of the business depends on maintaining existing and obtaining future 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.

As a PMA-approved product, Claire™ is subject to extensive post-market regulatory obligations, including requirements by the FDA to maintain records regarding product safety, to comply with any conditions of approval imposed by the FDA, and to report adverse events and device malfunctions. The occurrence of unanticipated serious adverse events or other safety problems could cause the FDA to impose significant restrictions on the indicated uses for which Claire™ may be marketed, impose other restrictions on the distribution or sale of the product, or require potentially costly post-approval studies. In addition, post-market discovery of previously unknown safety problems or increased severity or significance of a pre-existing safety signal could result in withdrawal of the product from the market and product recalls. Compliance with extensive post-marketing record keeping and reporting requirements requires a significant commitment of time and funds, which may limit the Company's ability to successfully commercialize Claire™. In addition, the PMA approval for Claire™ may contain conditions of approval that impose ongoing requirements on the Company, which could include post-market study requirements, design restrictions, or other obligations. Failure to comply with such conditions of approval could result in enforcement action by the FDA, including withdrawal of the PMA approval.

In addition, certain modifications to the Company's products, including Claire™, may require the submission of new PMA supplements, 510(k) premarket notifications, or other regulatory submissions. If a modification is implemented to address a safety concern, the Company may also need to initiate a recall or cease distribution of the affected device. The FDA may also on its own initiative determine that a new clearance or approval submission is required for a modification. If the Company begins manufacture and distribution of modified devices and the FDA later disagrees with the Company's determination and requires a new submission, the Company may be required to recall the distributed modified devices and to stop distribution until it has received approval or clearance, which could have an adverse effect on the Company's business.

Risks related to clinical trials

Perimeter completed a multi-center, randomized, two-arm clinical trial which met its primary endpoint and supported the FDA PMA approval of Claire™. While the trial demonstrated statistically significant results, there can be no assurance that any future clinical trials, if undertaken, will yield favorable results. The Company may need to conduct additional clinical studies to support expanded indications, international regulatory approvals, or reimbursement coverage, and such studies may not be successful.

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 product 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.

Further FDA submissions to assure market continuity in the US 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. The design and execution of clinical trials to support FDA authorization of Perimeter's products and product modifications 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 authorization for or commercialize its products. The pre-market and post-market regulatory authorization processes of the FDA are lengthy, time consuming and inherently unpredictable, and if Perimeter is ultimately unable to maintain regulatory authorization for its products, Perimeter's business will be substantially harmed.

In addition, the marketing authorization 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.

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's proprietary image library exceeds more than two million proprietary images of both cancerous and healthy tissue captured with its OCT imaging technology, and serves as a critical asset for training and enhancing its AI models, including those incorporated in Claire™. Any loss of, unauthorized access to, or compromise of this proprietary data, whether through cybersecurity incidents, employee misconduct, or system failures, could undermine Perimeter's competitive advantage, damage its reputation, and adversely affect the development of future AI-enhanced products.

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.