

Warrant Exercise Builds Treasury for Perimeter's 2021 Commercialization Efforts

Last week, Perimeter Medical Imaging AI, Inc. (TSXV: PINK) announced that approximately 2.35 million warrants subject to an accelerated expiry were exercised, resulting in cash proceeds to the company of over C\$4.7 million.

Inclusive of the C\$4.7 million raised from the exercise of accelerated warrants noted above, Perimeter received over C\$7.28 million from the accelerated warrant exercise and can expect a further C\$0.68 million if the remaining warrants are exercised by March 8.

The company plans to use the proceeds in its commercialization and development plans to bring Perimeter's medical imaging solution to the market in 2021. Perimeter's direct clinical sales efforts include a limited market release of the platform this quarter with a broader commercial launch in the second quarter.

Perimeter's OTIS™ Platform

Perimeter is a medical technology company utilizing ultra-high-resolution, real-time, advanced imaging tools in cancer surgeries to improve patient outcomes and reduce costs in the healthcare system.

Perimeter's OTIS™ platform, cleared by the FDA as an imaging tool, is a system that provides surgeons, radiologists, and pathologists with ultra-high-resolution, sub-surface image volumes to allow clinicians to visualize microscopic tissue structures during a clinical procedure.

The Problem Being Solved

According to Dr. Alastair Thompson, MD, a surgical oncologist and professor at Baylor, *“One of the big problems in breast cancer surgery is that in about one in four women on whom we do a lumpectomy to remove cancer, we fail to get clear margins.”*

Therefore doctors are searching for an effective and user-friendly tool to help identify that the breast cancer has been removed from a woman’s breast.

Baylor is one of many institutions that is conducting a study with Perimeter’s medical imaging system for providing real-time, high-resolution images of the removed tissues to assist cancer surgeons in making better decisions during operations.

Hospitals see this type of system could lead to a large improvement in patient care and reduce the need for second surgeries.

Atlas AI Project – Artificial Intelligence (AI) / Machine Learning (ML) Tools

In addition, Perimeter is advancing its advanced AI/ML image assessment tools through clinical development through its Atlas AI project.

Backed 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, the project will collect images of breast tumors from up to 400 patients for the purpose of training and testing Perimeter’s “ImgAssist” AI technology to increase the efficiency of image review.

AI and analytics are seen as a way to address the inefficiencies and challenges that current operating rooms are facing in identifying cancerous tissues. According to the company, currently 1 in 4 patients who receive a lumpectomy has to come back for a second operation because the surgeon did not remove all of the cancer cells.

Focus on Breast Cancer but Applications Beyond

Cancer continues to grow amongst the population and puts a burden on the healthcare system. According to the World Cancer Research Fund, breast cancer is the most common cancer in women worldwide, representing about 25 percent of all cancers in women.

In 2021, Breastcancer.org estimates that over 330,000 new cases of breast cancer are expected to be diagnosed in the United States and over 43,000 women are expected to die from breast cancer.

While currently focusing on deployments targeting breast cancer centers, OTIS™ has applications beyond breast cancer and into the larger multi-billion-dollar cancer surgery market.

Final Thoughts

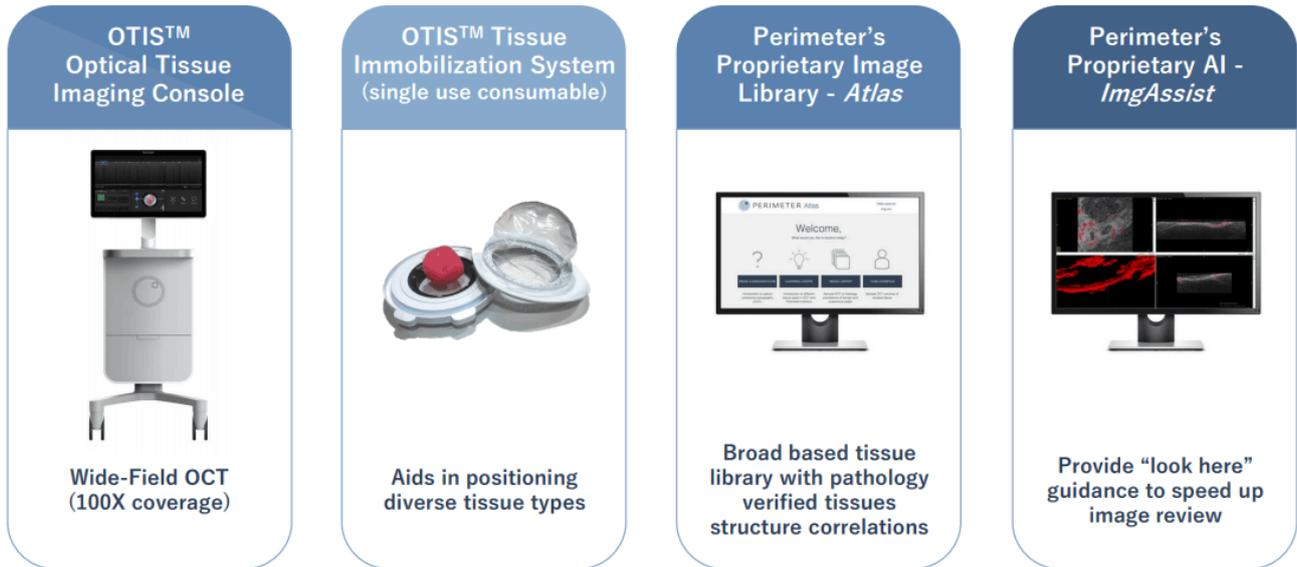
According to a recent industry report from Markets and Markets, the Surgical Imaging Market is projected to grow from US\$1.8 billion in 2020 and reach US\$2.4 billion by 2025, growing by 6.3% annually.

One of the major factors driving the growth of this market includes the increasing demand for minimally invasive procedures that Perimeter's platform addresses.

With the commercial launch of the product scheduled for this year, Perimeter has the potential to benefit from this growing market.

Perimeter's Medical Device Platform

Disruptive technology comprised of four key components



SOURCE:

Perimeter Medical Imaging AI is potentially disrupting post cancer surgery imaging with a goal to help save lives, costs, and time

Any technology that can help us beat cancer is most welcome. One company is developing a revolutionary way for surgeons to better assess if they have removed all the cancer, all while still in the operating room. This same company was recently recognized as one of the "10 most promising companies" at the Texas Life Science Forum.

The company is Perimeter Medical Imaging AI, Inc. (TSXV: PINK) ('Perimeter'). The AI in their name refers to the fact that they use Artificial Intelligence (AI) in addition to their imaging technology. A combination of imaging and AI helps surgeons identify if cancer is still present post-tumor removal surgery by examining the 'perimeter' of the excised area, hence the company name.

Perimeter's goal as a medical technology company is to transform cancer surgery with advanced, real-time, ultra-high-resolution imaging tools to address areas of high unmet medical need. Perimeter's OTIS™ platform is an FDA-cleared point-of-care imaging system that provides clinicians with real-time, ultra-high-resolution, sub-surface image volumes of the margin (1-2 mm below the surface) of an excised tissue specimen.

Perimeter's OTIS™ (Optical Tissue Imaging System) is FDA cleared point-of-care imaging system for use in real time clinical procedures



1. OTIS Optical Tissue Imaging Console

- Ultra-high resolution sub surface imaging in real time
- Automated capture
- Inter-disciplinary use
- Non-destructive to tissue
- Non-toxic (no injectable agents)
- Fits into current clinical workflow



Source

Cancer left behind after surgery is a significant problem

As we all know cancer surgery does not always get all the cancer. For example, breast lumpectomy surgeries currently face 25% re-operation rates. This is not ideal for the patient and it is not ideal for the health care system. Re-operating costs are, on average, \$16,000 to cover the additional hospital cost per patient, which when added up, amounts to an additional \$560 million annual cost to the U.S. healthcare system.

The best solution for all parties is to be able to do point-of-care real time imaging using Perimeter's Optical Tissue Imaging System (OTIS) taking only 10 minutes to do. By contrast the current standard way is to send off a post-

operative histology tissue sample for assessment, which takes 2 to 7 days. Now that's a potential disruption right there.

Perimeter's commercialization strategy

Perimeter currently uses their OTIS device in limited markets but have plans to expand, with an initial focus in the US on post surgery breast cancer imaging. According to Perimeter (and WHO projections) the total addressable market across all areas for Perimeter is US\$3.7 billion.

U.S. Commercial Market Entry

Commercialization Strategy

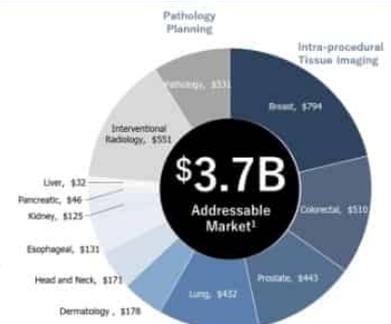
- **Build a body of clinical evidence to support commercial launch**
 - Initiated 20 patient Action Study
 - Clinical development of ImgAssist AI (ATLAS AI Project) under CPRIT grant
 - **Currently underway: 400 patient study** at leading cancer centers to collect images of breast tumors in order to train AI
 - **Next steps: Randomized, multi-site pivotal study** in ~600 patients to test AI against current standard of care / assess the impact on re-operation rates for patients undergoing breast conservation surgery
- **Direct clinical sales efforts**
 - Market development activities (Q4:20)
 - Limited market release (Q1:21)
 - Broader commercial launch (Q2:21)

Marketing Strategy

- **Target innovators and early adopters**
 - Ultrasound heavy surgeons
 - Oncoplastic surgeons
 - Regular cavity shave surgeons/frozen section

Potential Markets

- While outside the scope of Perimeter's current investment plan, OTIS™ has applications beyond breast cancer...



Source

To get a feel for the initial 'revenue potential' just from targeting US breast cancer lumpectomy cases only, Perimeter prepared the slide below. It shows based on a mid case scenario of 500 hospitals doing 3 imaging procedures per week at \$750 each, perimeter's potential revenue could reach \$56.3 million pa of recurring revenue. This is just theoretical at this stage, but shows the potential revenues from just one type of post cancer surgery (post breast cancer lumpectomy). In time Perimeter would aim to expand to many types of cancer post surgery imaging.

Perimeter's 'target potential' revenue only from breast lumpectomy post-surgery imaging

Installed Base	100 Hospitals	250 Hospitals	500 Hospitals	1,000 Hospitals
<i>3 Procedures Per Week</i>	3	3	3	3
<i>50 Weeks</i>	50	50	50	50
Annual Number of Procedures	15,000	37,500	75,000	150,000
<i>\$750 Per Consumable (ASP)</i>	\$750	\$750	\$750	\$750
Annualized Recurring Revenue from Installed Base (\$M)	\$11.3	\$28.1	\$56.3	\$112.5

Source

Perimeter's Q3 2020 financial results were reported here.

Closing remarks

Perimeter Medical Imaging AI is potentially disrupting post cancer surgery imaging with a goal to help save lives, costs, and time. Perimeter's OTIS™ is already FDA cleared; however there is still some further next stage product development ongoing in the area of training the computer (AI training), as well as further studies. Perimeter is targeting a limited market release in Q1 2021 and a broader commercial launch in Q2 2021.

Perimeter's board and management team are extremely experienced and highly credentialed. The company is rapidly gaining recognition and now has a market cap of C\$87 million after only listing on the TSX-V in mid 2020. It is certainly looking like 2021 will be a breakthrough year for Perimeter Medical Imaging AI. Stay tuned.

Disclosure: The author is long Perimeter Medical Imaging AI, Inc. (TSXV: PINK)

AI for the next generation of medical imaging provides “a Google Maps for surgeons”

“A Google Maps for surgeons” is how Perimeter Medical Imaging AI Inc. (TSXV: PINK) President and CFO Jeremy Sobotta described the AI software currently being developed by the company to complement its FDA-cleared medical imaging system at a recent investment conference.

Perimeter is a medical technology company working to transform cancer surgery by creating ultra-high-resolution, real-time, advanced imaging tools to address unmet medical needs. The imaging tools have already been developed and are approved in ophthalmology and cardiology (optical coherence tomography or OCT). Perimeter is using this imaging technology (OTIS or Optical Tissue Imaging Console) to assess the tissues surrounding the known cancerous target area to determine whether more tissue should be removed during the ongoing surgery.

The imaging technology has the ability to rapidly image large and complex surfaces. It is capable of imaging up to a 10×10 centimeter surface area at resolutions ten to 100 times that of traditional imaging systems (and also has a system that enables the orientation and imaging of any size, shape and/or density of specimen). Of note, the company’s device is commercial, is FDA-cleared and will be launched into the early adopter market later in 2020/early 2021.

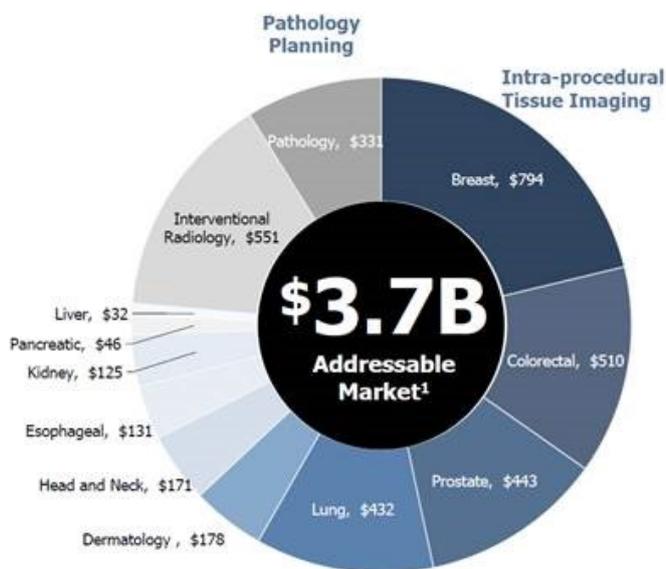
As previously announced, Perimeter Medical Imaging received a \$7.4 million Cancer Prevention and Research Institute of Texas

(CPRIT) grant to further develop the ATLAS AI Project. The funding granted by CPRIT will support technology development that is currently underway with the first part being data collection to further train and test the AI algorithm. Part two will be undertaken in early 2021 to confirm the safety and efficacy of the technology/process that aims to decrease the re-operation rates for breast cancer patients. Future deployment of the AI technology will be complementary to OTIS, once it has been FDA-approved.

As described in the September 16, 2020 online presentation, the company has engaged with world-renowned cancer centers in Canada, the US and Europe and has attracted an exceptional scientific advisory board. Members include medical professionals affiliated with the Harvard Medical School, the Mayo Clinic Cancer Centre, and the Ontario Cancer Institute in addition to others, which is an exceptional validation of this company's early-stage technology. Management is deeply experienced in the medical-technology industry, and the board of directors has a wealth of expertise in clinical experience, surgical workflows, and medical device commercialization.

The company went public at the end of June 2020 through a reverse takeover transaction and concurrent financing, and has access to approximately \$30 million of capital, so near-term development is well-funded as the company looks to sell up to half a billion dollars of installations into an undersupplied market.

Perimeter's technology is addressing an unmet need in a \$3.7 billion addressable market segment, according to the World Health Organization. It should be noted that this technology is not just restricted to breast cancer surgery, but is potentially applicable to a wide variety of other cancer and other treatments as shown below:



Addressable Market By Region

USA total addressable mkt: \$552 M

Biopsy: \$69 M
 Intra procedural: \$441 M
 Pathology: \$41 M

Europe total addressable mkt: \$1.0 B

Biopsy: \$132 M
 Intra procedural: \$839 M
 Pathology: \$79 M

ROW total addressable mkt: \$2.1 B

Biopsy: \$349 M
 Intra procedural: \$1.5 B
 Pathology: \$210 M

¹ WHO Projections for 2020.
 - Clinical Applications: Lung, Breast, Prostate, Colorectal, Liver, Head and Neck, Esophageal, Pancreatic, Dermatology and Kidney
 - Average cost per case for Intra-operative = \$500USD; Biopsy = \$50USD; Pathology = \$30USD
² Biopsy US Rates provided by MDXHealth.com

Source: Perimeter Medical Imaging AI

Finally, an estimated one in four women require repeat breast cancer surgery due to cancerous tissue remaining after the initial surgery. Perimeter’s use of existing technology and a machine learning/artificial intelligence combination is designed to significantly lessen this statistic. While it is too early to declare that this one technology is the “holy grail”, it does bring us one step closer to the statement that “cancer can be beaten”.

Perimeter Medical Imaging AI lists on the TSXV and offers surgeons real-time imaging to visualize the margins of

cancer excised tissue

One of the biggest problems today in cancer treatments is determining during surgery if the operation has caught all of the cancer. Now a company has a solution. This is incredible news for cancer patients and health care providers. In 2020 roughly 1.8 million people will be diagnosed with cancer in the United States. This new technology is initially focused on breast cancer and during lumpectomy surgery, because approximately 1 in 4 patients return for a second surgery due to cancerous tissues being left behind. 2,000,000 women worldwide were diagnosed with breast cancer in 2018 and 317,000 in the USA in 2019.

This Company has a high definition and developing Artificial Intelligence (AI) imaging technology that can help surgeons identify if cancer is still present post-tumor removal surgery by examining the perimeter of the excised area.

The Company is aptly named Perimeter Medical Imaging AI Inc. (TSXV: PINK) ("Perimeter") and the Company has only just listed this week on the TSX-V exchange. The stock ticker symbol, PINK, alludes to the pink ribbons used during breast cancer awareness month by the Canadian Cancer Society and the American Cancer Society, driving home the Company's dedication to helping surgeons, radiologists and pathologists use Perimeter's imaging technology and AI in the fight against breast cancer, which is estimated to account for 30% of all female cancer diagnoses this year. The raised capital from the public listing will be used for accelerating the commercialization process as well as refining the AI.

Perimeter Medical Imaging AI Inc. uses high definition imaging and AI in the fight to detect cancer at the perimeter



Best-in-Class
Device

Winning race to develop
AI search engine for
cancerous tissue



Large
Addressable
Market

Breast Cancer is a \$30B
worldwide problem



Multiple Near-
Term Catalysts

FDA cleared with
expected launch in 2020



Protected
Platform

4 issued and 9 pending
patent matters/FTO



Current
Business
Highlights

Consumables enable
compelling recurring
revenues @ 90% margins

Source

Dr. Anthony Holler, the Chairman of Perimeter's Board of Directors states:

"Perimeter's platform imaging technology allows surgeons in real time to visualize the margins of excised tissue specimens at the time of surgery. With the combination of our high resolution imaging device and proprietary AI technology that is currently under development, the intention is to reduce the necessity of repeat surgeries. Our mission is to improve cancer patient care and reduce healthcare costs."

As a sign of confidence in Perimeter's technology on April 24 it was announced that Perimeter Medical Imaging received a \$7.44 million Cancer Prevention and Research Institute of Texas (CPRIT) grant to further develop ImgAssist AI Technology at leading cancer centers in Texas. The funding granted by the CPRIT will support technology development that aims to decrease the re-operation rates for breast cancer patients.

Perimeter's AI imaging technology is known as OTIS™ (Optical

Tissue Imaging Console), a US FDA 510(k) cleared product. It is designed to provide real-time information during breast cancer surgery. The platform's ability to deliver ultra-high resolution and sub-surface image volumes across the surface of the removed tissue allows surgeons to assess if they have achieved the successful removal of the entire tumor. Should a surgeon identify cancerous cells at the surface of the tissue, they can immediately remove additional tissue from the patient. **The OTIS™ technology could lower the financial burden to the healthcare system and become a significant win for patients**, taking away the additional physical and mental trauma caused by the necessity to repeat the surgery.

Perimeter already has strong industry support as shown by these two quotes:

Dr. Alastair Thompson, an internationally recognized Surgical Oncologist stated: "We need to work smarter to reduce the reoperation rates for breast conservation surgery. Using OTIS™ to scan the surface of the lumpectomy during surgery could be the key to ensuring complete surgery the first time around."

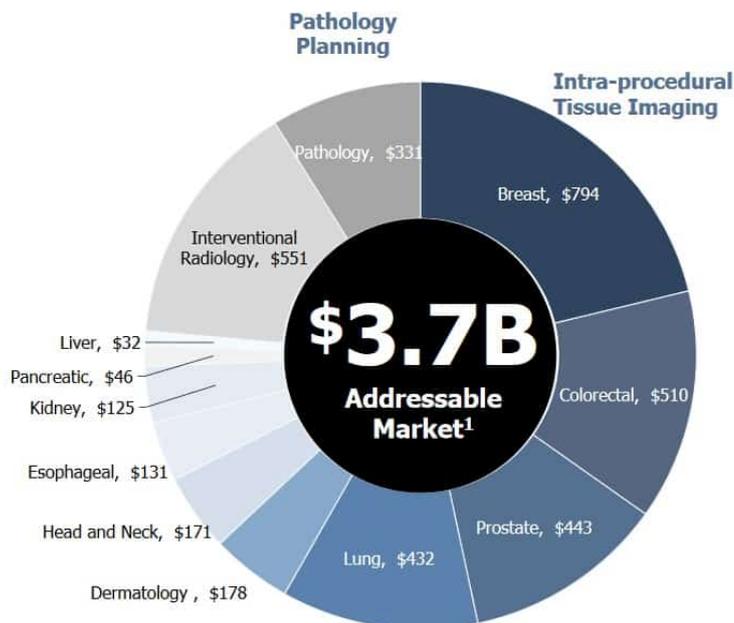
Dr. Savitri Krishnamurthy, another principal investigator with over two decades of experience in Pathology, stated: "The new era of tissue imaging using optical imaging platforms such as the OTIS™ will bring revolutionary changes to breast surgery and breast pathology practice."

Perimeter's technology is initially focused on breast cancer. Breast cancer is a \$30 billion worldwide problem, where approximately 25% of surgeries must be done again as bits of cancer are often left behind. Perimeter's technology could save over \$800 per patient and \$16,000 per repeat surgery.

Beyond that there is a massive global market for breast and other cancers, especially when surgical removal is the treatment of choice. This means the potential market is enormous.

Perimeter's technology has a \$3.7 billion global addressable market

While beyond the scope of Perimeter's current investment plan, OTIS has applications beyond breast cancer



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Source: Perimeter Corporate Overview Q2 2020

Perimeter's business model involves a combination of capital equipment, consumable, and service contract revenues. Other similar med-tech companies typically trade on 3-9x revenue, so it will be interesting to see how Perimeter goes in the next year given they are now commercializing the technology. Following the recent capital raises the Company has ~\$33 million to help commercialize the business, which the Company believes should be more than sufficient for the Company to become cash flow positive.

The Perimeter Board and Management are highly specialized and experienced. For example Chairman Anthony Holler MD has founded or been CEO of companies that were acquired for a total of \$2.5 billion. CEO Tom boon has >30 years experience in medical imaging. CFO Jeremy Sobotta played roles of increasing seniority in deploying about \$4 billion in capital in M&A from the acquirer side during his pre-Perimeter career

at Stryker (NYSE: SYK – US\$69 billion market cap) and Smith & Nephew (NYSE: SNN – US\$17 billion market cap).

Perimeter Medical Imaging AI Inc. is run by a highly specialized and experienced team

Leadership



Tom Boon
CEO

- >30 years experience in medical imaging
- President of Summit Industries, 30,000 medical imaging installations
- Ran TSX listed medical imaging company, 2000 installations



Anthony Holler, MD
Chairman

- Emergency Medicine trained physician
- Companies he was either Founder/CEO or Chairman acquired for a total of \$2.5 Billion



Jeremy Sobotta
CFO

- Led finance for Stryker's surgical business unit specializing in operating room equipment and women's health
- Expertise in commercial excellence and GPO/payer/provider contracting
- Experience launching and shifting several go-to-market models across North America, Europe, and Africa



Source

Closing remarks

Investors have a chance to invest very early and with a low market cap into Perimeter Medical Imaging AI Inc. due to the stock only listing yesterday. Perimeter suggest (page 19) that they have a first mover advantage and better technology than their competitors. Certainly the very significant support from the Cancer Prevention and Research Institute of Texas tends to confirm this. The niche application of perimeter imaging and AI is a ground breaking technology with a huge addressable market. The technology is also a win-win for both surgeons and patients as it lowers costs and potentially reduces repeat surgery. Management is highly experienced with an excellent past track record. Investors should be sure to check out Perimeter Medical Imaging as the potential upside looks to be very significant if the Company continues to progress well.