

Plaintree Systems Inc. Announces Fiscal 2019 Results and a Letter of Intent to Sell Its Hypernetics Business

Arnprior, Ontario (July 26, 2019) – Plaintree Systems Inc. (CSE: NPT) (“Plaintree” or the “Company”).

Annual Statements for the Fiscal Year ended March 31, 2019

Plaintree announced today that it has released its audited consolidated financial statements and related management discussions and analysis for the year ended March 31, 2019.

During the fiscal 2019, Plaintree realized revenues of \$17,002,520 after the removal of assets held for sale, an increase of 20% over fiscal 2018 revenues of \$14,276,164. Plaintree ended the year with net earnings before extraordinary costs of \$44,474, down from net earnings before extraordinary costs of \$881,436 in fiscal 2018.

In its financial statements for fiscal 2019, Plaintree is required to reclassify the assets and income of any assets held for sale (AHS) for the previous two years for comparison purposes of which the only material AHS are those of the Company’s Hypernetics division (see announcement below).

David Watson Plaintree CEO said “The bulk of the decline in net income in fiscal 2019 was largely due to a significant Triodetic job with a more profitable portion completed in fiscal 2018 and the less profitable portion completed in fiscal 2019. Also, the resulting loss from Continuing Operations is primarily due to onetime charges connected to our change in bankers which was completed at year end. It is important to include a normalized financial analysis to put the fiscal 2019 year in perspective.” continued Watson. “Had the assets held for sale not been removed from our fiscal 2019 financials, revenue would have been \$22,299,042 and net earnings before tax of \$1,851,871 as compared to the fiscal 2018 results of \$19,005,680 and \$2,547,514 respectively”.

Letter of Intent to Sell Its Hypernetics Business

Plaintree today also announces that it has entered into a non-binding letter of intent, whereby the Company proposes to sell for cash the business and assets of its Hypernetics division (“Hypernetics”) to a large privately held US company focused on the design and manufacture of aerospace and defense components (“**Proposed Transaction**”). Plaintree and the proposed purchaser have commenced negotiations regarding the terms of a definitive agreement (the “**Definitive Agreement**”) to acquire the Hypernetics business. Plaintree has signed a binding agreement with the proposed purchaser to exclusively negotiate with them towards a Definitive Agreement until the earlier of the signing of the Definitive Agreement or August 30, 2019.

The completion of the Proposed Transaction is conditional upon, among other things:

- (i) successful negotiations of and signing of a Definitive Agreement;
- (ii) the receipt of all necessary regulatory and third-party consents, approvals and authorizations;
- (iii) the approval of the board of directors of each of Plaintree and the proposed purchaser to the final terms and conditions of the Proposed Transaction as set forth in the Definitive Agreement and all other necessary matters related thereto prior to the signing of the Definitive Agreement; and

(iv) the shareholders of Plaintiff approving of the Proposed Transaction and any and all matters in connection therewith pursuant to applicable laws.

Following satisfaction of all closing conditions, Plaintiff anticipates a potential closing may take place in Q3 2019. Plaintiff anticipates a potential shareholder vote on the sale during the shareholders meeting currently expected to be held on September 30, 2019.

David Watson, President and CEO of Plaintiff, commented, "The entering into the non-binding letter of intent follows a decision of the board of Plaintiff to rationalize the legacy aerospace business and build its Specialty Structures Division and its growing US based Summit Aerospace USA business. The proposed purchaser in question is experienced in aerospace and should be able to open new markets for Hypernetics as well as improve the company's financial structure and position."

Additional Information

Further details regarding the Proposed Transaction, including the purchase price and details regarding the proposed purchaser, will be provided in a comprehensive press release if and when the parties enter into a Definitive Agreement.

The Definitive Agreement will incorporate the principal terms of the Proposed Transaction described herein, and in addition, such other terms and provisions of a more detailed structure and nature as the parties may agree upon after receiving further tax, legal and financial advice from their respective advisers. However, there is no assurance that the Definitive Agreement will be successfully negotiated or entered into.

About Plaintiff Systems

Plaintiff has two diversified product lines consisting of Specialty Structures and Electronics.

The Specialty Structures Division includes the former Triodetic Group with over 40 years of experience, is a design/build manufacturer of steel, aluminum and stainless steel specialty structures such as commercial domes, foundations for unstable soil conditions and flood zones, for free form structures, barrel vaults, space frames and industrial dome coverings and Spotton Corporation, a design and manufacturer of high end custom hydraulic and pneumatic valves and cylinders.

The Electronics Division includes the legacy Hypernetics and Summit Aerospace USA Inc. businesses. Hypernetics was established in 1972 and is a manufacturer of avionic components for various applications including aircraft antiskid braking, aircraft instrument indicators, solenoids, high purity valves and permanent magnet alternators. Summit Aerospace USA Inc. provides high precision machining to the aerospace and defense markets. Our facility includes 5 axis CNC precision machining of complex castings and large ring parts such as turbine and assembly shrouds as well as assembly & pressure seals. Summit will support requirements from concept, prototype and throughout production.

Plaintiff's shares are traded under the symbol "NPT". Shareholders and Investors can access Company information on CSE's website and receive full Company disclosure monthly. For more information on Plaintiff or to receive stock quotes, complete with trading summaries, bid size and ask price, brokerage

house participation, insider reports, news releases, disclosure information, and CSE and SEDAR filings, visit the CSE website at www.cnsx.ca or the Company's website at www.plaintree.com.

Plaintree is publicly traded in Canada on the CSE (NPT) with **12,925,253** common shares and 18,325 class A preferred shares outstanding.

This press release may include statements that are forward-looking and based on current expectations. The actual results of the company may differ materially from current expectations. The business of the company is subject to many risks and uncertainties, including changes in markets for the company's products, delays in product development and introduction to manufacturing and intense competition. For a more detailed discussion of the risks and uncertainties related to the company's business, please refer to documents filed by the company with the Canadian regulatory authorities, including the annual report of the Company for the fiscal year ended March 31, 2019 and related management discussion and analysis.

Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

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