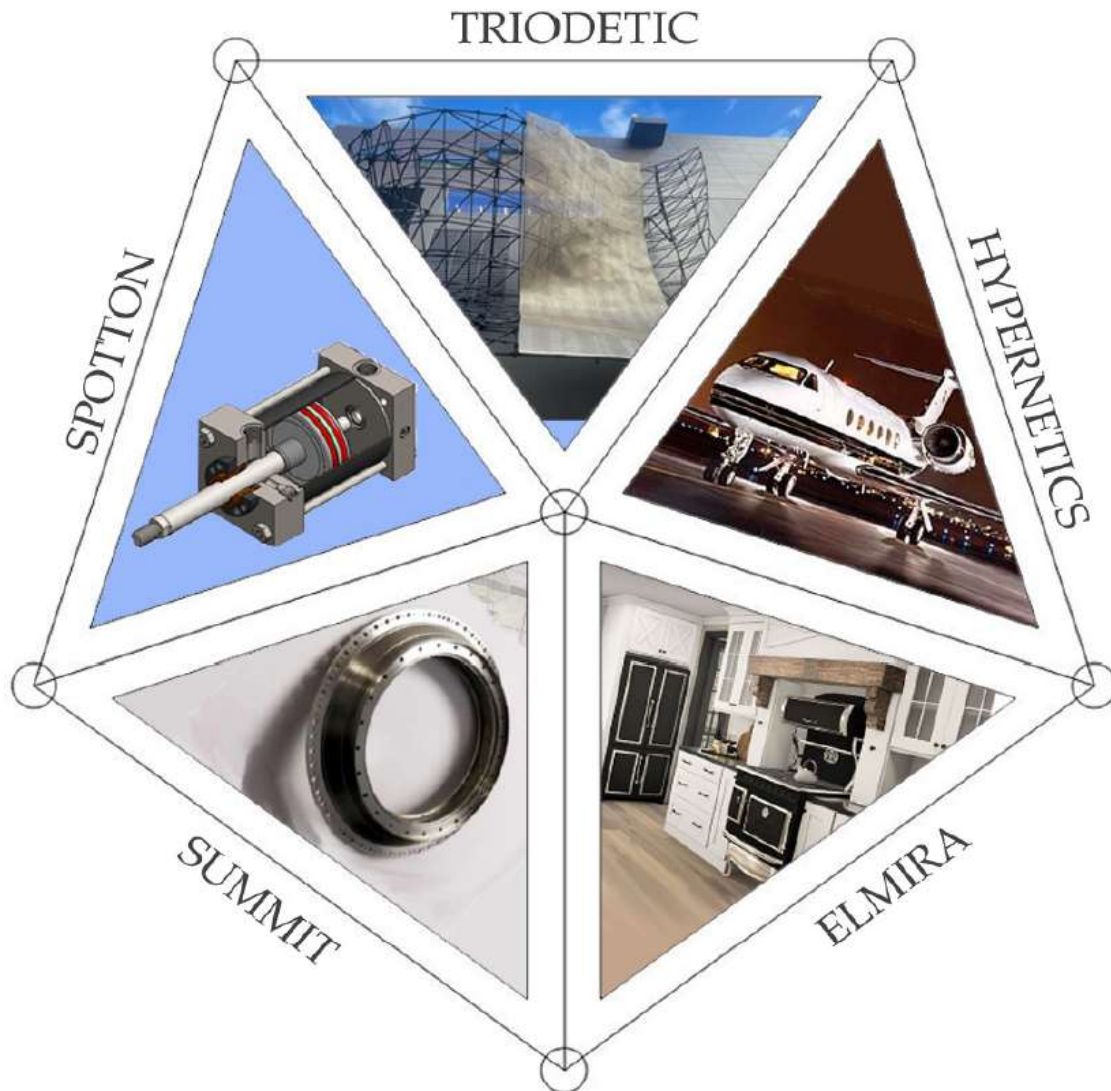




# PLAINTREE



Q3-2026

For the nine months ending

December 31, 2025

**“Notice to Reader”**

The accompanying unaudited interim financial statements of Plaintiff Systems Inc. for the nine months ended December 31, 2025 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company’s external auditors.

Date: February 12, 2026

“David Watson”

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David Watson  
CEO

**Plaintree Systems Inc.**

Consolidated statements of financial position

(unaudited)

(in Canadian dollars)

	December 31, 2025	March 31, 2025
	\$	\$
<b>Assets</b>		
Current assets		
Trade receivables and other receivables	1,582,110	2,846,396
Unbilled revenue	1,674,542	2,752,252
Taxes receivable	-	63,611
Inventories (Note 4)	3,031,320	3,564,235
Prepaid expenses and other receivables	278,360	170,801
Mortgage receivable (Note 5)	-	272,008
Assets held for sale (Note 3)	458,420	-
	<b>7,024,752</b>	9,669,303
Property, plant and equipment (Note 9)	2,774,234	4,189,355
	<b>9,798,986</b>	13,858,658
<b>Liabilities</b>		
Current liabilities		
Bank indebtedness	353,794	2,700,232
Trade and other payables	1,315,413	2,591,531
Deferred revenue	738,385	1,267,908
Current portion of long-term debt and lease obligation (Note 6, 7)	1,812,716	2,974,808
Current portion of due to related parties (Note 10)	50,000	50,000
Current portion of government assistance (Note 8)	-	87,921
Liabilities directly associated with assets held for sale (Note 3)	31,905	-
	<b>4,302,213</b>	9,672,400
Long-term debt and lease obligation (Note 6, 7)	61,993	157,872
Government assistance (Note 8)	-	229,608
Due to related parties (Note 10)	4,877,566	4,715,451
	<b>9,241,772</b>	14,775,331
<b>Shareholders' equity</b>		
Issued capital	2	2
Contributed surplus	2,159,842	2,159,842
Deficit	(1,602,630)	(3,076,517)
	<b>557,214</b>	(916,673)
	<b>9,798,986</b>	13,858,658

Approved by the Board

"David Watson""Girvan Patterson"

**Plaintree Systems Inc.**

Consolidated statements of comprehensive earnings

For the nine months ended December 31, 2025 and December 31, 2024

(unaudited)

(in Canadian dollars)

	Three months ended		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	\$	\$	\$	\$
Revenue	3,634,670	4,075,195	13,861,100	16,915,681
Cost of sales (Note 4)	3,059,505	2,619,016	8,914,451	12,343,120
Gross margin	575,165	1,456,179	4,946,649	4,572,562
Operating expenses				
Engineering and design	474,253	444,383	1,397,211	1,324,045
Finance and administration	425,936	511,123	1,252,208	1,468,498
Sales and marketing	221,659	341,440	891,919	1,087,848
Bad debts	-	-	-	26,920
(Gain)/Loss on disposal of assets	-	(10,686)	-	(10,686)
Interest expense	67,892	56,050	244,977	188,920
(Gain)/Loss on foreign exchange	(324,678)	(178,345)	124,263	(216,591)
	865,062	1,163,965	3,910,578	3,868,954
Net earnings (loss) from continuing operations before income taxes and other income/expenses	(289,897)	292,214	1,036,071	703,607
Gain on lease modification	-	-	-	(122,296)
Net earnings (loss) from continuing operations	(289,897)	292,214	1,036,071	825,903
Gain/(Loss) on operations held for sale (Note 3)	(162,907)	(280,469)	437,816	(298,604)
Net earnings (loss) and comprehensive earnings	(452,804)	11,745	1,473,887	527,299
Basic and diluted (loss) per common share (Note 12)				
From continuing and held for sale operations	(0.06)	(0.03)	0.03	(0.04)
From continuing operations	(0.05)	(0.01)	(0.00)	(0.02)
Weighted average common shares outstanding	12,925,253	12,925,253	12,925,253	12,925,253

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

"David Watson"

"Girvan Patterson"

**Plaintree Systems Inc.**

Consolidated statements of cash flows

For the nine months ended December 31, 2025 and December 31, 2024

(unaudited)

(in Canadian dollars)

	Nine months ended	
	December 31, 2025	December 31, 2024
	\$	\$
Operating activities		
Comprehensive earnings	1,036,071	825,903
Add (deduct) items not affecting cash:		-
Depreciation of intangible assets	-	108,346
Depreciation of property, plant and equipment	875,529	988,054
Bad debts	-	26,920
(Gain)/Loss on disposal of assets	-	(10,686)
Gain on lease modification	-	(122,296)
Write-down of inventory	81,698	18,527
Changes in non-cash operating working capital items		
Deferred revenue	(529,523)	902,979
Inventories	451,217	(1,093,375)
Prepaid expenses and other receivables	25,717	(59,358)
Trade and other payables	(1,227,380)	(416,806)
Trade and other receivables	1,327,897	921,201
Unbilled revenue	1,077,710	(165,439)
Mortgage receivable	272,008	4,687
Cash (used) provided by operations - continuing operations	3,390,943	1,928,658
Cash (used) provided by operations - discontinued operations	1,039,497	297,194
Investing activities		
Payments to acquire intangible assets	-	(31,090)
Payments to acquire property, plant and equipment	(183,393)	(310,167)
Cash (used) in investing activities - continuing operations	(183,393)	(341,258)
Cash (used) in investing activities - discontinued operations	-	(32,590)
Financing activities		
Repayment of long-term debt	(258,426)	7,803
Proceeds from financing	-	130,489
Repayment of capital lease obligations	(1,454,724)	(907,800)
Increase in related party borrowings (Note 10)	200,000	-
Repayment of related party borrowings (Note 10)	(37,885)	(35,962)
Cash (used) in financing activities - continuing operations	(1,551,034)	(805,470)
Cash (used) in financing activities - discontinued operations	(349,575)	(91,675)
Net cash outflow - continuing operations	1,656,515	781,930
Net cash outflow - discontinued operations	689,923	172,929
Net cash (beginning of the year)	(2,700,232)	(1,879,537)
Net cash, end of the period	(353,794)	(924,678)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

"David Watson""Girvan Patterson"

**PLAINTREE SYSTEMS INC.**

Consolidated Statement of changes in equity

For the nine months ended December 31, 2025 and December 31, 2024

(unaudited)

(in Canadian dollars)

	Common Shares Number	Issued Capital	Preferred Shares (1) Number	Issued Capital	Contributed Surplus	Retained earnings (deficit)	Shareholders' Equity
Balances at April 1, 2025	12,925,253	\$ 1	18,325	\$ 1	\$ 2,159,842	\$ (3,076,517)	\$ (916,673)
Net earnings and comprehensive earnings - continuing operations						1,036,071	1,036,071
Net earnings and comprehensive earnings - discontinued operations						437,816	437,816
Balances at December 31, 2025	12,925,253	\$ 1	18,325	\$ 1	\$ 2,159,842	\$ (1,602,630)	\$ 557,214
	Common Shares Number	Issued Capital	Preferred Shares (1) Number	Issued Capital	Contributed Surplus	Retained earnings (deficit)	Shareholders' Equity
Balances at April 1, 2024	12,925,253	\$ 1	18,325	\$ 1	\$ 2,159,842	\$ (1,265,763)	\$ 894,081
Net earnings and comprehensive earnings						527,299	527,299
Balances at December 31, 2024	12,925,253	\$ 1	18,325	\$ 1	\$ 2,159,842	\$ (738,464)	\$ 1,421,378

(1) Class A Shares have a 8% cumulative dividend, calculated on redemption amount, redeemable at the option of the Company at any time at \$1000 per share plus accrued dividends; non-voting.

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

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### 1. Description of the business

Plaintree Systems Inc. ("Plaintree" or the "Company") was incorporated in Canada under the Canada Business Corporation Act and is publicly traded on the Canadian Securities Exchange ("CSE") under "NPT". Plaintree is a diversified company with proprietary technologies and manufacturing capabilities in structural design and aerospace. The Company operates an Applied Electronics division, consisting of the Hypernetics division and the Elmira Stove Works business, as well as a Specialty Structures division consisting of the Triodetic business and Spotton Corporation. The Hypernetics business manufactures avionic components for various applications, including aircraft anti-skid braking systems, aircraft indicators, solenoids, and permanent magnet alternators. The Triodetic business is a design/build manufacturer of steel, aluminum, and stainless steel specialty structures, including commercial domes, free-form structures, barrel vaults, space frames, and industrial dome coverings. Spotton's business involves the design and manufacture of high-end custom hydraulic and pneumatic cylinders for the industrial, automation, and oil and gas markets. The Elmira Stove Works business manufactures custom vintage-inspired kitchen appliances for the North American consumer market.

Until July 2025, the Applied Electronics segment included the business of Summit Aerospace USA Inc. ("Summit Aerospace"), a machine shop serving the aerospace sector. The assets and liabilities associated with this business have been held for sale since September 2025.

The address of the Company's registered office and principal place of business is 10 Didak Drive, Arnprior, Ontario.

### 2. Basis of presentation

#### (a) Statement of compliance

The condensed consolidated unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved for issue by the Board of Directors on February 12, 2026. The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* using the accounting policies disclosed below. These statements should be read in conjunction with the audited financial statements and notes included in the Annual Report for the year ended March 31, 2025.

#### (b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for share-based compensation and for the purchase price allocation for business combinations, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

#### (c) Basis of consolidation

The consolidated financial statements include the accounts of Plaintree Systems Inc. and its wholly owned subsidiaries: Summit Aerospace USA Inc., which was discontinued in August 2025 (Note 3), Triodetic Inc. (U.S. companies), Triodetic Ltd, Spotton Corporation, and Elmira Stove Works Inc. (Canadian companies). Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries align with those adopted by the Company. All inter-company transactions have been eliminated.

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 3. Assets held for sale

In August 2025, the Company ceased operations at its wholly held subsidiary, Summit Aerospace USA Inc., a machine shop serving the aerospace industry, which had formerly been reported as part of the Applied Electronics segment. The Company began liquidating Summit's assets in September and such assets were fully liquidated in January 2026. As a result, the assets and liabilities have been classified and accounted for as held for sale on the consolidated statements of financial position, and the operating results have been reported on the consolidated statements of comprehensive earnings as discontinued operations. The non-current assets classified as held for sale are measured at the lower of the assets carrying amounts and fair value less costs to sell. Summarized financial statements for Summit Aerospace USA Inc. are shown below:

	January 31, 2026	January 31, 2025
	\$	\$
Assets held for sale		
Trade receivables and other receivables	-	496,567
Unbilled revenue	-	208,504
Taxes receivable	60,009	63,668
Prepaid expenses and other receivables	5,265	93,250
Property, plant and equipment	366,115	328,331
Assets held for sale	431,389	1,190,319
Liabilities related to assets held for sale		
Trade and other payables	34,961	262,734
Current portion of government assistance	-	87,722
Long-term debt	-	295,824
Deferred government assistance	-	248,558
Total liabilities related to assets held for sale	-	544,381
Liabilities directly associated with assets held for sale	34,961	208,845

	Nine months ending	
	January 31, 2026	January 31, 2025
Revenue	814,834	1,606,605
Cost of sales	1,318,186	1,755,764
Gross margin	(503,353)	(149,159)
Operating expenses		
Finance and administration	185,614	5,991
Sales and marketing	-	4,392
(Gain) on disposal of assets	(1,797,677)	-
Interest expense	18,056	26,740
(Gain) loss on foreign exchange	(1,463,708)	10,821
	(3,057,715)	47,944
Gain/(Loss) on sale of operations held for sale	2,554,362	(197,103)

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 4. Inventories

	<b>December 31, 2025</b>	<b>March 31, 2025</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	\$	\$
Raw materials	<b>2,552,428</b>	<b>2,997,875</b>
Work in process	<b>469,027</b>	<b>554,786</b>
Finished goods	<b>9,866</b>	<b>11,575</b>
	<b>3,031,320</b>	<b>3,564,235</b>

The cost of inventories recognized as an expense during the nine months ending December 31, 2025, was \$8,914,451 from continuing operations and \$1,312,317 from discontinued operations (\$12,343,120 and \$2,045,491, respectively, from December 31, 2024). The total carrying value of inventory as at December 31, 2025, was pledged as security under general security agreements with banks and related parties (see note 10).

The Company wrote down its inventories by \$81,698 during the first nine months of fiscal 2026 (\$18,527 in the first nine months of fiscal 2025) to reflect where the carrying amount exceeded net realizable value. The Company had write-ups totaling \$134,520 in the first nine months of fiscal 2026 (\$31,394 in the first nine months of fiscal 2025).

### 5. Mortgage receivable

In March 2020, the Company sold a building owned by it in Arnprior Ontario for \$1.3 million. The consideration was paid by \$1 million in cash and by a vendor take mortgage of \$300,000. The vendor take-back mortgage has a five-year term and earns interest at 6.076%. The Issuer has secured the vendor take-back mortgage by a charge over the building and other security. The building was not used by the Issuer in its operations and was leased to a third party. The gain on sale was \$283,068. The purchaser was in default as of March 4, 2025 but was remedied by March 31, 2025 with a short-term agreement which was fully paid and discharged in the first quarter of fiscal 2026.

### 6. Long-term debt

	<b>December 31, 2025</b>	<b>March 31, 2025</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	\$	\$
Non-revolving loan payable in quarterly blended installments of principal and interest, \$9,796 USD, at a rate of 6.736%, the loan is unsecured, maturing June 2028.	<b>109,421</b>	0
Non-revolving loan payable in monthly installments of principal, \$19,565 plus monthly interest at a rate of prime + 1%, secured by general security agreement, maturing March 2027.	<b>763,025</b>	939,108
Non-revolving loan payable in monthly blended installments of principal and interest, \$15,148, at a rate of 3.640%, secured by general security agreement, maturing March 2026.	<b>45,170</b>	178,243
Deferred financing fees	<b>0</b>	(41,150)
	<b>917,616</b>	1,076,201
Current portion	<b>(855,624)</b>	(1,076,201)
	<b>61,992</b>	-

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 6. Long-term debt – Cont'd

Long-term debt, excluding the contingent purchase consideration and US financial institution loans totaling \$808,195 (\$1,117,351 in fiscal 2025), are subject to certain covenants, including a debt service covenant, which the Company was not in compliance with as at December 31, 2025, and as a result, \$528,248 was included in the current portion of long-term debt. In fiscal year 2025, the company was not in compliance, and as a result, \$673,468 was included in the current portion of long-term debt.

The deferred financing fees are included in the Assets Held for Sale and was fully realized when the underlying loan was paid in full (see Note 8). The comparative period reflects \$(41,150) in the fiscal 2025 balance.

### 7. Lease Obligation

The Company's leases are for factory equipment, sales showroom, and plant. The leases are typically 5 to 7 years in length and are subject to interest rates ranging from 4 to 8 percent per annum. During the second quarter of Fiscal 2022, the Company entered into a 5-year office lease agreement with a related party. During the first quarter of fiscal 2025, this lease was amended to reduce the term to a 2-year period. This lease has been recorded as a right-of-use asset and lease liability on the consolidated statement of financial position. The landlord is a related party and provided three months of rent forgiveness in the first quarter of fiscal 2026, totaling \$203,250 before tax.

In Fiscal 2026, a rolling 3-month workspace lease was signed for a remote workspace with a non-related landlord and treated as an operating lease.

The following table presents the Company's lease obligations as at December 31, 2025:

	Factory Equipment Leases	Building Lease	Total
Fiscal 2026	390,817	203,250	594,067
Fiscal 2027	288,894	-	288,894
Fiscal 2028	134,568	-	134,568
Thereafter	-	-	-
Total future minimum lease payments	814,279	203,250	1,017,529
Inputed interest	(58,141)	(2,295)	(60,436)
Total lease liabilities	756,138	200,955	957,093
Less: current portion	(756,138)	(200,955)	(957,093)
Non-current portion	-	-	-

Included in the factory equipment leases are leases with a cost of \$756,138 (\$968,580 in fiscal 2025) that are subject to certain bank covenants, which the Company was not in compliance with as of December 31, 2025, and as a result, \$405,554 was included in the current portion of long-term debt. In fiscal year 2025, the Company was not in compliance, and as a result, \$703,623 was included in the current portion of long-term debt.

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 7. Lease Obligation – Cont'd

Summit Aerospace USA Inc., which is classified as held for sale (see note 3), has no outstanding leases. The comparative period reflects the prior year's balance of \$304,235.

### 8. Government assistance

The Company's Summit Aerospace USA Inc. business accepted a loan of \$720,000 USD (\$899,712 CAD) from the Pennsylvania Industrial Development Authority (PIDA) as partial financing towards the manufacturing facility in Pocono Summit, PA purchased in May 2013. The loan carries a 15-year term, maturing in May 2029, with level monthly payments of principal and interest at a fixed rate of 1.5%. The loan is secured by the related land and building.

The Company records the government loan at its estimated fair value at the date in which the payments are recorded. The estimated fair value of the loan payable is determined by discounting future cash flows associated with the loan at a discount rate that represents the estimated borrowing rate to the Company. The difference between the loan's face value and its estimated fair value is deemed to be government assistance. The loan payable is accreted to the face value over the term of the loan and is recognized as accretion expense.

As the government assistance is wholly attributable to Summit Aerospace USA Inc., which is classified as held for sale (Note 3), no balance is presented in continuing operations. The full amount of the subsidized mortgage was paid in December 2025 ahead of a January 2026 sale of the underlying asset. The comparative period reflects the prior year's balance.

### 9. Property, plant and equipment, right of use assets

	Factory equipment	Computer equipment	Furniture	Vehicles	Lease improvements	Building	Land	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, balance								
<b>March 31, 2024</b>	<b>13,802,194</b>	<b>965,572</b>	<b>202,313</b>	<b>423,524</b>	<b>2,346,608</b>	<b>3,933,069</b>	<b>124,557</b>	<b>21,797,837</b>
Additions	912,819	10,622	-	-	37,710	248,668	-	1,209,819
Disposals	(707,616)	-	-	(11,984)	-	-	-	(719,600)
<b>March 31, 2025</b>	<b>14,007,397</b>	<b>976,194</b>	<b>202,313</b>	<b>411,540</b>	<b>2,384,318</b>	<b>4,181,737</b>	<b>124,557</b>	<b>22,288,055</b>
Additions	558,777	-	5,289	24,203	134,817	-	-	723,086
Disposals	(4,330,965)	-	-	(18,000)	-	-	-	(4,348,965)
Assets held for sale	-	-	-	-	(523,926)	(1,007,783)	(124,557)	(1,656,266)
<b>December 31, 2025</b>	<b>10,235,209</b>	<b>976,194</b>	<b>207,602</b>	<b>417,743</b>	<b>1,995,210</b>	<b>3,173,954</b>	<b>-</b>	<b>17,005,911</b>
Depreciation, balance								
<b>March 31, 2024</b>	<b>(11,385,926)</b>	<b>(948,386)</b>	<b>(202,313)</b>	<b>(413,526)</b>	<b>(1,737,638)</b>	<b>(2,303,748)</b>	<b>-</b>	<b>(16,991,538)</b>
Depreciation	(530,206)	(11,883)	-	(3,000)	(109,350)	(860,261)	-	(1,514,700)
Disposal	395,552	-	-	11,984	-	-	-	407,536
<b>March 31, 2025</b>	<b>(11,520,580)</b>	<b>(960,269)</b>	<b>(202,313)</b>	<b>(404,542)</b>	<b>(1,846,989)</b>	<b>(3,164,009)</b>	<b>-</b>	<b>(18,098,701)</b>
Depreciation	(857,032)	(6,988)	(176)	(6,284)	(67,478)	(608,020)	-	(1,545,978)
Disposal	4,104,851	-	-	18,000	-	-	-	4,122,851
Assets held for sale	-	-	-	-	505,365	784,786	-	1,290,151
<b>December 31, 2025</b>	<b>(8,272,761)</b>	<b>(967,257)</b>	<b>(202,490)</b>	<b>(392,826)</b>	<b>(1,409,101)</b>	<b>(2,987,243)</b>	<b>-</b>	<b>(14,231,677)</b>
Carrying amount,								
<b>December 31, 2025</b>	<b>1,962,448</b>	<b>8,937</b>	<b>5,112</b>	<b>24,918</b>	<b>586,108</b>	<b>186,711</b>	<b>-</b>	<b>2,774,234</b>
<b>March 31, 2025</b>	<b>2,486,817</b>	<b>15,925</b>	<b>-</b>	<b>6,999</b>	<b>537,330</b>	<b>1,017,728</b>	<b>124,557</b>	<b>4,189,355</b>

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 9. Property, plant and equipment, right of use assets – Cont'd

Included in factory equipment are right of use assets with a cost of \$1,002,997 and accumulated amortization of \$1,002,997 (March 31, 2025 - cost of \$3,341,086 and accumulated amortization of \$1,169,921) and included in building are right of use assets with a cost of \$3,173,953 and accumulated depreciation of \$2,987,243 (March 31, 2025 - cost of \$3,173,953 and accumulated depreciation of \$2,406,732). Refer to Note 7 for a breakdown of the Company's lease obligations. Assets held for sale include \$366,115 of property, plant, and equipment (see note 3).

### 10. Due to related parties

	December 31, 2025	March 31, 2025
	(unaudited)	(audited)
	\$	\$
Due to senior officers	3,777,515	3,615,401
Dividends payable	60,000	60,000
Due to Targa Group Inc.	247,672	247,672
Due to Tidal Quality Management Inc.	398,388	398,388
Due to Targa Group Inc, line of credit interest	242,598	242,598
Due to Targa Group Inc, demand loan interest	201,393	201,393
	4,927,566	4,765,451
Less: current portion	(50,000)	(50,000)
	4,877,566	4,715,451

Targa Group Inc. and Tidal Quality Management Inc. are companies under common control.

As at December 31, 2025, a balance of \$3,777,515 (\$2,641,881 principal and \$1,135,634 interest); March 31, 2025 - \$3,615,401 (\$2,479,767 principal and \$1,135,634 interest) remained owing to former and current senior officers of the Company. A current senior officer contributed \$200,000 to Plaintree on a temporary and interest-free basis while Plaintree remains offside on its loan covenants. The parties agreed to discontinue interest payments accruing on balances as of April 1, 2016. During the first nine months of fiscal 2026 payments in the amount of \$37,886 were repaid to a former senior officer. As of December 31, 2025, \$50,000 was classified as current. The balance of the amount is classified as long-term, as the related parties have agreed with third-party lenders to postpone repayments.

On July 14, 2011, the board of directors of the Company declared a cash dividend of \$10.91405 per Class A preferred share (\$200,000 in the aggregate) payable on July 22, 2011, to the holders of record at the close of business on July 18, 2011. The Class A preferred shares are held by related parties and are entitled to annual cumulative dividends of 8% on the \$1,000 redemption amount of the Class A preferred share. An amount of \$60,000 (\$60,000 - March 31, 2025) of the dividend remains outstanding as at December 31, 2025. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

As at December 31, 2025, interest in the amount of \$247,672 (\$247,672 - March 31, 2025) on a loan from Targa remains outstanding. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

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### 10. Due to related parties – Cont'd

As at December 31, 2025, a balance of \$398,388 (\$215,500 rent arrears and \$182,888 interest); (March 31, 2025 - \$398,388 (\$215,500 rent arrears and \$182,888 interest)) remained owing to Tidal Quality Management Corp., a related party controlled by Targa. The related party agreed to discontinue interest accruing on unpaid balances as at April 1, 2016. Until then the interest rate was at bank prime plus 2%. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

The Company has a revolving line of credit of up to \$1,000,000 with Targa. Under the loan agreements, all amounts advanced to the Company are payable on demand and bear interest at bank prime plus 2%. The Targa Credit Line is secured by a security interest granted over the assets of the Company. As at December 31, 2025, \$NIL (\$NIL – March 31, 2025) remained outstanding on the line of credit with accumulated interest of \$242,598 (\$242,598 – March 31, 2025) outstanding for a balance of \$242,598 (\$242,598 – March 31, 2025). The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

Interest in the amount of \$66,581 (\$66,581 – March 31, 2025) remained outstanding on a demand loan with Targa. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments. Accumulated interest in the amount of \$134,812 (\$134,812 – March 31, 2025), on a loan from Targa remains outstanding as of December 31, 2025. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

### 11. Share capital

Authorized, unlimited number

Common shares, voting

Class A preferred shares

Class A preferred shares entitled to a cumulative dividend, calculated on a redemption amount, payable in priority to dividends on common shares, redeemable at the option of the Company at any time at \$1000 per share plus 8% cumulative dividends, calculated on redemption amount, redeemable at the option of the Company at any time liquidation preference of the redemption value plus cumulative dividends (when and if declared) to common shares; non-voting. As of December 31, 2025, the accrued and unpaid dividends on Class A preferred shares were \$25,221,500 (\$24,122,000 – March 31, 2025).

#### *Stock option plans*

Stock options

Under the Company's Stock Option Plan, the Company is authorized to issue up to 12,000,000 stock options to its employees, officers, directors or consultants.

Stock options are granted with an exercise price equal to the stock's fair market value at the date of grant and the maximum term of an option is ten years. Options are granted periodically and vest immediately on the date of grant.

As at December 31, 2025 there are options to acquire 880,000 common shares outstanding and exercisable at an exercise price of \$0.11. All of the outstanding options are completely vested.

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 12. Basic and diluted earnings per common share

Net (loss) income attributable to common shares used in the numerator of basic and diluted earnings per share is calculated as follows:

For the nine months ended December 31, 2025 and December 31, 2024, diluted earnings per share equals basic earnings per share due to the anti-dilutive effect of options and convertible instruments.

	Three months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$
Net profit/(loss) from continuing and held for sale operations	(452,804)	11,745
Cumulative dividends on preferred shares - per annum	(122,167)	(122,167)
Net (loss) attributed to common shares (basis and diluted)	(574,971)	(110,422)
Basic and diluted weighted average shares outstanding	12,925,253	12,925,253
Basic and diluted (loss) per share from continuing and held for sale operations	(0.04)	(0.01)
Net profit/(loss) from continuing operations	(289,897)	292,214
Cumulative dividends on preferred shares - per annum	(122,167)	(122,167)
Net profit/(loss) attributed to common shares (basis and diluted)	(412,064)	170,047
Basic and diluted weighted average shares outstanding	12,925,253	12,925,253
Basic and diluted (loss) per share from continuing operations	(0.03)	0.01
	Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$
Net profit/(loss) from continuing and held for sale operations	1,473,887	527,299
Cumulative dividends on preferred shares - per annum	(1,099,500)	(1,099,500)
Net (loss) attributed to common shares (basis and diluted)	374,387	(572,201)
Basic and diluted weighted average shares outstanding	12,925,253	12,925,253
Basic and diluted (loss) per share from continuing and held for sale operations	0.03	(0.04)
Net profit/(loss) from continuing operations	1,036,071	825,903
Cumulative dividends on preferred shares - per annum	(1,099,500)	(1,099,500)
Net profit/(loss) attributed to common shares (basis and diluted)	(63,429)	(273,597)
Basic and diluted weighted average shares outstanding	12,925,253	12,925,253
Basic and diluted (loss) per share from continuing operations	(0.00)	(0.02)

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 13. Business segment information

The Company's chief decision maker, the CEO, tracks the Company's operations as two business segments - the design, development, manufacture, marketing and support of electronic product, and the specialty structural products. The Company determines the geographical location of revenue based on the location of its customers. Of the total balance of \$2,774,234 (December 31, 2024 - \$4,334,053) in property, plant and equipment, \$2,408,119 (December 31, 2024 - \$3,679,005) is located in Canada and \$366,115 (December 31, 2024 - \$655,048) in the United States. All the Company's intangible assets are primarily located in Canada.

#### Revenue by division

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$	\$	\$
Applied Electronics	1,168,828	1,113,718	3,410,725	3,828,715
Specialty Structures	2,465,842	2,961,477	10,450,375	13,086,966
	<b>3,634,670</b>	4,075,195	<b>13,861,100</b>	16,915,681

#### Revenue by geographical location

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$	\$	\$
Canada	2,353,508	288,514	6,530,814	7,472,092
United States	949,636	80,869	5,584,024	4,126,138
Other	331,527	3,705,812	1,746,263	5,317,451
	<b>3,634,670</b>	4,075,195	<b>13,861,100</b>	16,915,681

#### Net earnings (loss) before taxes by division

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
- Continuing operations	\$	\$	\$	\$
Applied Electronics	10,807	(120,956)	417,503	(378,977)
Specialty Structures	(300,704)	413,170	618,568	1,204,880
	<b>(289,897)</b>	292,214	<b>1,036,071</b>	825,903

# Plaintree Systems Inc.

## Notes to the consolidated financial statements

For the nine months ended December 31, 2025 and December 31, 2024 (unaudited)

(In Canadian dollars)

### 13. Business segment information – Cont'd

*Product revenue concentration (customers with revenue in excess of 10%)*

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Number of customers	3	2	1	2
% of total revenue	10%, 18%, 19%	13%, 59%	13%	12%, 29%

*Assets by division*

	Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Applied Electronics	\$ 5,267,938	\$ 8,804,057
Specialty Structures	4,531,048	5,696,049

*Intangibles by division*

	Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Applied Electronics	\$ 0	\$ 814,587
Specialty Structures	0	0

### 14. Legal Proceedings

The Company is a defendant in an arbitration proceeding commenced in November 2025 by Mosaic Potash Colonsay ULC in connection with the failure of a structure constructed more than a decade ago at the Colonsay facility in Saskatchewan. The claimant is seeking damages in excess of \$25 million in respect of the incident.

Management has conducted a preliminary review of the matter and disputes the allegations advanced in the arbitration. Based on information currently available, Management does not believe the Company is responsible for the failure and intends to vigorously defend the claim.

The matter has been reported to the Company's commercial general liability and excess liability insurers. The insurers have agreed to provide a defense under a reservation of rights in the case of damages related to professional services. Accordingly, there can be no assurance that insurance coverage will be available for all costs or any damages that may arise in connection with this matter.

Given the early stage of the arbitration and the inherent uncertainties associated with such proceedings, the ultimate outcome cannot presently be determined. Based on Management's current assessment, no provision has been recognized in these financial statements, as Management does not consider it probable that an outflow of economic resources will be required. The matter has therefore been disclosed as a contingent liability.

### 15. Subsequent Events

On January 9<sup>th</sup> 2026, the last of Summit Aerospace's assets were disposed of. A gain of \$1,132,899 USD, \$1,568,612 CAD was realized on the sale.

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

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## PLAINTREE SYSTEMS INC.

*For the three and nine months ended December 31, 2025 and December 31, 2024*

**Date: February 12, 2026**

The following discussion and analysis is the responsibility of management and has been reviewed by the Audit Committee of Plaintiff Systems Inc ("Plaintree" or the "Company") and approved by the Board of Directors of Plaintiff. The Board of Directors carries out its responsibilities for the financial statements and management's discussion and analysis principally through the Audit Committee, which is comprised of a majority of independent directors.

The following discussion of the financial condition, changes in financial condition, and results of operations of Plaintiff is for the nine months ended December 31, 2025, and 2024. Historical results of operations, percentage relationships, and any trends that may be inferred therefrom are not necessarily indicative of the operating results of any future periods. Unless otherwise stated, all amounts are in Canadian dollars following the requirements of the International Financial Reporting Standards ("IFRS"). The information contained herein is dated as of February 12, 2026, and is current to that date, unless otherwise stated. Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in the interim filings. Our Audit Committee and Board of Directors provide oversight with respect to all public financial disclosures by the Company and have reviewed this Management's Discussion and Analysis (MD&A) and the accompanying financial statements.

W. David Watson II, President and Chief Executive Officer, and Robert Turley, Chief Financial Officer, in accordance with National Instrument 52-109 ("NI52-109"), have both certified that they have reviewed the interim financial statements and this MD&A ("the interim Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the interim Filings; and (b) the interim financial statements together with the other financial information included in the interim Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the dates and for the periods presented in the interim Filings.

Investors should be aware that the inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Caution Regarding Forward Looking Information**

*This MD&A of the Company contains certain statements that, to the extent not based on historical events, are forward-looking statements based on certain assumptions and reflect Plaintiff's current expectations. Forward-looking statements include, without limitation, statements evaluating market and general economic conditions, and statements regarding growth strategy and future-oriented project revenue, costs and expenditures. Actual results could differ materially from those projected and should not be relied upon as a prediction of future events. A variety of inherent risks, uncertainties and factors, many of which are beyond Plaintiff's control, affect the operations, performance and results of Plaintiff and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks, uncertainties and factors include the impact or unanticipated impact of: companies evaluating Plaintiff's products delaying purchase decisions; current, pending and proposed legislative or regulatory developments in the*

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

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*jurisdictions where Plaintiff operates; change in tax laws; political conditions and developments; intensifying competition from established competitors and new entrants in the industry; technological change; currency value fluctuation; general economic conditions worldwide, including in China; Plaintiff's success in developing and introducing new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; and Plaintiff's success in integrating acquired businesses. This list is not exhaustive of the factors that may affect any of Plaintiff's forward-looking statements. Plaintiff undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise. Readers are cautioned not to put undue reliance on forward-looking statements. Readers should also carefully review the risks concerning the business of the Company and the industries in which it operates generally described in the documents filed from time to time with Canadian securities regulatory authorities.*

**Overview**

Plaintree Systems Inc. ("Plaintree" or the "Company") was incorporated in Canada under the Canada Business Corporation Act and is publicly traded on the Canadian Securities Exchange ("CSE") under "NPT". Plaintree is a diversified company with proprietary technologies and manufacturing capabilities in structural design and aerospace. The Company operates an Applied Electronics division, consisting of the Hypernetics division and the Elmira Stove Works business, as well as a Specialty Structures division consisting of the Triodetic business and Spotton Corporation. The Hypernetics business manufactures avionic components for various applications, including aircraft anti-skid braking systems, aircraft indicators, solenoids, and permanent magnet alternators. The Triodetic business is a design/build manufacturer of steel, aluminum, and stainless-steel specialty structures such as commercial domes, free form structures, barrel vaults, space frames, and industrial dome coverings. Spotton's business involves the design and manufacture of high-end custom hydraulic and pneumatic cylinders for the industrial, automation, and oil and gas markets. The Elmira Stove Works business manufactures custom vintage-inspired kitchen appliances for the North American consumer market.

Until July 2025, the Applied Electronics segment included the business of Summit Aerospace USA Inc. ("Summit Aerospace"), a machine shop serving the aerospace sector. The assets and liabilities associated with this business have been presented as held for sale since September 2025.

The address of the Company's registered office and principal place of business is 10 Didak Drive, Arnprior, Ontario.

**Control Activities**

The Company's Chief Executive Officer and Chief Financial Officer exercise reasonable diligence around the controls and procedures designed to provide reasonable assurance that financial information disclosed is recorded, processed, and disclosed reliably.

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

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**Selected Interim Financial Information**

The Company's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS"). The following table sets forth selected financial information from the Company's interim financial statements:

(\$000s, except per share amounts)

	Three months ended		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$		
Revenue	3,635	4,075	13,861	16,916
Net earnings (loss) and comprehensive earnings (loss)	(453)	12	1,474	527
Net earnings (loss) attributed to common shareholders	(819)	(355)	374	(572)
Basic and diluted earnings (loss) per share	(0.06)	(0.03)	0.03	(0.04)

(\$000s, except per share amounts)

	December 31, 2025	March 31, 2025
	(unaudited)	(audited)
	\$	\$
Total assets	9,799	13,859
Total liabilities	9,242	14,775
Long-term liabilities	4,940	5,103
Cash dividends declared per share	nil	nil

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

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**Results from Operations**

(\$000s)	Nine months ended		
	December 31, 2025	December 31, 2024	Change from
	(unaudited)	(unaudited)	
	\$	\$	\$
Revenue	13,861	16,916	(3,055)
Cost of sales	8,914	12,343	(3,429)
Gross margin	4,947	4,573	374
	36%	27%	
Operating expenses:			
Engineering and design	1,397	1,324	73
Finance and administration	1,252	1,468	(216)
Sales and marketing	892	1,088	(196)
Bad debts	-	27	(27)
Interest expense	245	189	56
(Gain) on foreign exchange	124	(217)	341
Gain on lease modification	-	(122)	122
	3,911	3,747	164
Net earnings and comprehensive earnings (loss) from continuing operations	1,036	826	210
Gain on operations held for sale (Note 3)	438	(299)	736
Net earnings (loss) and comprehensive earnings (loss)	1,474	527	947

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

**Operations held for sale**

In August 2025, the Company ceased operations at its wholly held subsidiary, Summit Aerospace, a machine shop formerly reported as part of the Applied Electronics segment. The Company has begun the liquidation of its assets, which was completed in January 2026. As a result, the assets and liabilities have been classified and accounted for as held for sale on the consolidated statements of financial position, and the operating results have been reported on the consolidated statements of comprehensive earnings as discontinued operations. The assets are measured at the lower of their carrying value less their respective costs to sell. Summarized financial statements for Summit Aerospace are shown below:

	<u>January 31, 2026</u>	<u>January 31, 2025</u>
	\$	\$
Assets held for sale		
Trade receivables and other receivables	-	496,567
Unbilled revenue	-	208,504
Taxes receivable	60,009	63,668
Prepaid expenses and other receivables	5,265	93,250
Property, plant and equipment	366,115	328,331
<b>Assets held for sale</b>	<b>431,389</b>	<b>1,190,319</b>
Liabilities related to assets held for sale		
Trade and other payables	34,961	262,734
Current portion of government assistance	-	87,722
Long-term debt	-	295,824
Deferred government assistance	-	248,558
<b>Total liabilities related to assets held for sale</b>	<b>-</b>	<b>544,381</b>
<b>Liabilities directly associated with assets held for sale</b>	<b>34,961</b>	<b>208,845</b>

	<b>Nine months ending</b>	
	<u>January 31, 2026</u>	<u>January 31, 2025</u>
Revenue	814,834	1,606,605
Cost of sales	<u>1,318,186</u>	<u>1,755,764</u>
Gross margin	(503,353)	(149,159)
Operating expenses		
Finance and administration	185,614	5,991
Sales and marketing	-	4,392
(Gain) on disposal of assets	(1,797,677)	-
Interest expense	18,056	26,740
(Gain) loss on foreign exchange	(1,463,708)	10,821
	<u>(3,057,715)</u>	<u>47,944</u>
<b>Gain/(Loss) on sale of operations held for sale</b>	<b>2,554,362</b>	<b>(197,103)</b>

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

## Business segment information

The Company's chief decision maker, the CEO, tracks the Company's operations as two business segments - the design, development, manufacture, marketing and support of electronic product, and the specialty structural products. The Company determines the geographical location of revenue based on the location of its customers. Of the total balance of \$2,774,234 (December 31, 2024 - \$4,334,053) in property, plant and equipment, \$2,408,119 (December 31, 2024 - \$3,679,005) is located in Canada and \$367,263 (December 31, 2024 - \$655,048) in the United States. All the Company's intangible assets are primarily located in Canada.

*Revenue by division*

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$	\$	\$
Applied Electronics	1,168,828	1,113,718	3,410,725	3,828,715
Specialty Structures	2,465,842	2,961,477	10,450,375	13,086,966
	<b>3,634,670</b>	4,075,195	<b>13,861,100</b>	16,915,681

*Revenue by geographical location*

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
	\$	\$	\$	\$
Canada	2,353,508	288,514	6,530,814	7,472,092
United States	949,636	80,869	5,584,024	4,126,138
Other	331,527	3,705,812	1,746,263	5,317,451
	<b>3,634,670</b>	4,075,195	<b>13,861,100</b>	16,915,681

*Net earnings (loss) before taxes by division*

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
- Continuing operations	\$	\$	\$	\$
Applied Electronics	10,807	(120,956)	417,503	(378,977)
Specialty Structures	(300,704)	413,170	618,568	1,204,880
	<b>(289,897)</b>	292,214	<b>1,036,071</b>	825,903

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

Product revenue concentration (customers with revenue in excess of 10%)

	Three months ending		Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Number of customers	3	2	1	2
% of total revenue	10%, 18%, 19%	13%, 59%	13%	12%, 29%

Assets by division

	Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Applied Electronics	\$ 5,267,938	\$ 8,804,057
Specialty Structures	\$ 4,531,048	\$ 5,696,049

Intangibles by division

	Nine months ending	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)
Applied Electronics	\$ 0	\$ 814,587
Specialty Structures	\$ 0	\$ 0

## Revenues

Total product revenue from ongoing operations for the first nine months of fiscal 2026 was \$13,861,100 compared to \$16,915,681 for the first nine months of fiscal 2025.

Plaintree has two diversified business divisions: Specialty Structures and Applied Electronics.

Plaintree's Applied Electronics Division revenues from operations decreased in the first nine months of fiscal 2026 to \$3,410,100 compared to \$3,828,715 in the first nine months of fiscal 2025.

Plaintree's Specialty Structures Division revenues from operations decreased to \$10,450,375 in the first nine months of fiscal 2026 from \$13,086,966 in the first nine months of fiscal 2025.

## Gross Margin

Total gross margin increased during the first nine months of fiscal 2026, to 36% compared to 27% for fiscal 2025 due in part to the project mix in the Specialty Structures segment and lower Applied Electronics activity.

## Operating Expenses

### Engineering and design expenses

Engineering and design expenses were \$1,397,211 and \$1,324,045 for the first nine months of fiscals 2026 and 2025, respectively. Engineering and design expenditures consist primarily of development engineering and personnel expenses.

### **Finance and administration expenses**

Finance and administration expenses were \$1,252,208 and \$1,468,498 for the first nine months of fiscals 2026 and 2025, respectively. Finance and administration expenses consist primarily of costs associated with managing the Company's finances, which include financial staff, legal, and audit activities. The decrease is due in part to reduced use of professional services, staffing changes, and lower banking fees.

### **Sales and marketing expenses**

Sales and marketing expenses were \$891,919 and \$1,087,848 for the first nine months of fiscals 2026 and 2025, respectively. These expenses consisted primarily of personnel and related costs associated with the Company's sales and marketing departments, which include sales commissions, advertising, travel, trade shows, and other promotional activities. The decrease is due in part to expenses tied to revenues.

### **Bad debts**

An allowance for doubtful accounts has been accrued in the amount of \$NIL and \$26,920 for the first nine months of fiscals 2026 and 2025, respectively, to reflect potentially uncollectable amounts. This relates to a tenant that has sublet office space and is more than twelve months in arrears. A personal guarantee from the tenant's owner was obtained.

### **Interest expense**

Interest expense consists of interest incurred on bank debt. Interest expenses amounted to \$244,977 and \$188,919 for the first nine months of fiscals 2026 and 2025 respectively. The majority of the Company's debt accrues interest at variable rates based on the Company's bank prime lending rate of interest.

### **Loss (Gain) on foreign exchange**

The Company reported a loss on foreign exchange of \$124,263 and a gain of \$(216,591) in the first nine months of fiscals 2026 and 2025, respectively. The gain/loss on foreign exchange represents the gain/loss, realized or unrealized, of transactions and period-end foreign balances that are completed in currencies other than the Company's reporting currency.

### **Net earnings, Comprehensive earnings and Net earnings Attributable to Common Shareholders**

Net earnings and comprehensive earnings attributed to common shareholders for first nine months of fiscal 2026 was \$374,387 and Net loss and comprehensive loss attributed to common shareholders for fiscal 2025 was \$(273,596). Net income (loss) attributed to common shareholders is calculated by reducing net income by the \$733,000 cumulative dividends (\$366,500 per quarter) that accrue on the Class A preferred shares. The cumulative dividends accrue at 8% per annum on the face value of the \$18,325,000 for the Class A preferred shares and as December 31, 2025 the accrued and unpaid dividends on the Class A preferred shares were \$25,221,500 (December 31, 2024 - \$23,755,500).

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

## Quarterly Results

The following table sets out selected unaudited consolidated financial information for the last eight quarters in fiscals 2026, 2025 and 2024:

### Quarters ended (unaudited, in \$000s except per share data)

	Dec-31 2025 Q3 2026	Sep-30 2025 Q2 2026	Jun-30 2025 Q1 2026	Mar-31 2025 Q4 2025	Dec-31 2024 Q3 2025	Sep-30 2024 Q2 2025	Jun-30 2024 Q1 2025	Mar-31 2024 Q4 2024
Revenue (1)	\$ 3,635	\$ 4,691	\$ 5,535	\$ 4,523	\$ 4,075	\$ 6,230	\$ 6,611	\$ 5,598
Net earnings (loss) and total comprehensive earnings (loss)	(453)	924	1055	(2221)	292	(578)	1111	845
Net (loss) earnings attributed to common shareholders	(819)	558	689	(2,587)	(74)	(944)	745	479
Basic and diluted (loss) earnings per share	(0.06)	0.04	0.05	(0.20)	(0.01)	(0.07)	0.06	0.04

(1) Revenue of discontinued operations has been removed for all periods.

## Liquidity and Capital Resources

(\$000s)	December 31, 2025 (unaudited)	March 31, 2025 (audited)	Change
Cash	\$ (354)	\$ (2,700)	2,346
Working Capital	2,723	(3)	2,726

	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	Change
Net cash provided by (used in) :	\$	\$	\$
Operating activities	4,430	2,226	2,205
Investing activities	(183)	(374)	190
Financing activities	(1,901)	(897)	(1,003)

### **Cash**

As at December 31, 2025, the Company had a cash deficit of \$(353,794) an increase in cash of \$570,884 from \$(924,678) in December 31, 2024.

### **Working Capital**

Working capital represents current assets less current liabilities. As at December 31, 2025, the Company had working capital of \$2,722,539 compared to a working capital of \$3,192,015 at December 31, 2024. The company was offside on its loan covenants as of December 31, 2025 and reclassified \$933,802 that would otherwise be considered long-term debt as current. This was not the case for the respective period during fiscal 2025. Included in the December 31, 2025 working capital is an inventory provision of \$967,933 compared to \$NIL in the respective period during fiscal 2025. In September Summit Aerospace was classified as held for sale (see note 3). In December 2025, \$237,455 of Summit Aerospace loans were paid off.

### **Operating activities**

Cash provided by operating activities during the first nine months of fiscal 2026 was \$4,430,440, representing an increase of \$2,204,589 from cash provided of \$2,225,581 for the respective period during fiscal 2025. Cash provided during the period reflects strong operating profits, timing impacts from unbilled revenues, and changes in inventory, payables and receivables.

### **Investing activities**

Cash (used in) investing activities during the first nine months of fiscal 2026 was \$(183,393), representing a decrease of \$190,454 in investing activities from cash (used in) investing activities of \$(373,847) in the respective period during fiscal 2025. Cash used in investing activities during fiscal 2026 relates primarily to the purchases of manufacturing equipment and leasehold improvements.

### **Financing activities**

Cash (used in) financing activities during the first nine months of fiscal 2026 was \$(1,900,609), representing an increase of \$(1,003,464) from cash (used in) of \$(897,145) during the respective period in fiscal 2025. Cash used in financing activities during the current fiscal year relates primarily to the repayment of long-term debt and leases. Included in this amount is the payout of \$239,805 of lease payments and \$249,661 mortgage related to Summit Aerospace which is presented as held for sale (see note 3).

### **Outlook**

The Company has in place a credit facility of up to \$4,000,000 CAD through its bank based on acceptable trade receivables and inventory. The total amount available to the Company as at December 31, 2025 was \$2,373,594 CAD of which \$555,877 was in use leaving \$1,817,717 CAD available. The Company through its bank has in place a credit facility of up to \$3,500,000 CAD for the issuance of standby letters of credit and/or letters of guarantee insured by Export

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

Development Corporation ("EDC") Performance Security Guarantee of which \$1,139,062 CAD was in use as at December 31, 2025. The Company has in place a credit facility of up to \$2,000,000 CAD to assist with financing of new and used equipment. As at December 31, 2025 \$1,198,629 CAD was available.

**Due to related parties**

	<b>December 31, 2025</b>	<b>March 31, 2025</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	\$	\$
Due to senior officers	3,777,515	3,615,401
Dividends payable	60,000	60,000
Due to Targa Group Inc.	247,672	247,672
Due to Tidal Quality Management Inc.	398,388	398,388
Due to Targa Group Inc, line of credit interest	242,598	242,598
Due to Targa Group Inc, demand loan interest	201,393	201,393
	<b>4,927,566</b>	4,765,451
Less: current portion	<b>(50,000)</b>	(50,000)
	<b>4,877,566</b>	4,715,451

Targa Group Inc. and Tidal Quality Management Inc. are companies under common control.

As at December 31, 2025, a balance of \$3,777,515 (\$2,641,881 principal and \$1,135,634 interest); March 31, 2025 - \$3,615,401 (\$2,479,767 principal and \$1,135,634 interest) remained owing to a current and a former senior officer of the Company. A current senior officer contributed \$200,000 to Plaintree on a temporary and interest-free basis while Plaintree remains offside on its loan covenants. The parties agreed to discontinue interest payments accruing on balances as of April 1, 2016. During the first nine months of fiscal 2026 payments in the amount of \$37,886 were repaid to a former senior officer. As of December 31, 2025, \$50,000 was classified as current. The balance of the amount is classified as long-term, as the related parties have agreed with third-party lenders to postpone repayments.

On July 14, 2011, the board of directors of the Company declared a cash dividend of \$10.91405 per Class A preferred share (\$200,000 in the aggregate) payable on July 22, 2011, to the holders of record at the close of business on July 18, 2011. The Class A preferred shares are held by related parties and are entitled to annual cumulative dividends of 8% on the \$1,000 redemption amount of the Class A preferred share. An amount of \$60,000 (\$60,000 - March 31, 2025) of the dividend remains outstanding as at December 31, 2025. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

As at December 31, 2025, interest in the amount of \$247,672 (\$247,672 - March 31, 2025) on a loan from Targa remains outstanding. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

As at December 31, 2025, a balance of \$398,388 rent arrears consists of \$215,227 from March 31, 2022 and \$182,888 interest); March 31, 2024 - \$398,388 (\$215,500 rent arrears and \$182,888 interest) remained owing to a related party controlled by Targa, Tidal Quality Management Corp. The party agreed to discontinue interest accruing on unpaid balances as at April 1, 2016. Until then, the interest rate was at bank prime plus 2%. The balance of the amount

is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

The Company has a revolving line of credit of up to \$1,000,000 with Targa. Under the loan agreements, all amounts advanced to the Company are payable on demand and bear interest at bank prime plus 2%. The Targa Credit Line is secured by a security interest granted over the assets of the Company. As at December 31, 2025, \$NIL (\$NIL – March 31, 2025) remained outstanding on the line of credit with accumulated interest of \$242,598 (\$242,598 – March 31, 2025) outstanding for a balance of \$242,598 (\$242,598 – March 31, 2024). The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

Interest in the amount of \$66,581 (\$66,581 – March 31, 2025) remained outstanding on a demand loan with Targa. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments. Accumulated interest in the amount of \$134,812 (\$134,812 – March 31, 2025), on a loan from Targa remains outstanding as of December 31, 2025. The balance of the amount is classified as long-term, as the related party has agreed with third-party lenders to postpone repayments.

Rents in the form of lease payments paid or payable to Tidal Quality Management Corporation during the nine months ended December 31, 2025, totaled \$468,646 (\$759,078 – March 31, 2025). The above-related party transactions are measured at their exchange amount, which is the amount agreed to by the parties.

### **Legal Proceedings**

The Company is a party to an arbitration proceeding relating to the failure of a structure, built over a decade ago, at a customer facility in Saskatchewan in November 2024. The claimant is seeking damages in excess of \$25 million. The Company is vigorously defending the matter and does not believe the claims have merit. The matter has been reported to the Company's insurers, who have agreed to provide a partial defence subject to a reservation of rights. Given the inherent uncertainties associated with arbitration proceedings, the ultimate outcome cannot be determined at this time. Refer to Note 14 to the consolidated financial statements.

### **Facilities**

The Company leases a 135,500 sq. /ft. building at 10 Didak Drive in Arnprior, Ontario and a sales office and showroom in Elmira, ON for the Elmira Stove Works Inc.

Until January 2026, the Company, along with its wholly-owned US subsidiary, owned a 16,300 sq. ft. manufacturing facility in Pocono Summit, PA. This facility was sold in January 2026.

### **Summary of Outstanding Share Data**

As at February 12, 2026 the following equity instruments of the Company were issued and outstanding:

<u>Common Shares:</u>	12,925,253
<u>Class A Preferred Shares:</u> *	18,325

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\* The Class A Preferred shares provide an 8% cumulative dividend based on a value of \$1,000 per share, are redeemable at the option of the Company at any time at \$1,000 per share plus accrued dividends and they are non-voting.

Convertible Debentures:\*\*                      \$nil principal value

\*\*                      The Company has issued various tranches of convertible debentures to related parties for total outstanding value at December 31, 2025 of \$247,672 in accrued interest only. Interest is convertible in cash only.

Options:\*\*\*    880,000

Additional information relating to the Company may be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) or the Company's website at [www.plaintree.com](http://www.plaintree.com).

# Plaintree Systems Inc.

## Board of Directors

**Jerry S. Vickers, Board Chair**  
Financial/Business Consultant

**W. David Watson II**  
President & Chief Executive Officer

**Girvan L. Patterson, Audit  
Committee Chair Business  
Consultant**

**Sean T. Watson**  
V.P. Operations, Spotton Corporation

## Executives and Officers

**W. David Watson II**  
President & Chief Executive Officer

**Robert W. Turley**  
Chief Financial Officer

**Lynn Saunders**  
Chief Operating Officer

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## Auditors

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Ottawa, ON, Canada

## Transfer Agent

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Toronto, ON, Canada M5J 2Y1

## Corporate Secretary

**Gary Jessop**  
Partner  
Jessop & Proulx LLP  
Ottawa, ON, Canada

## Legal Counsel

**Jessop & Proulx LLP**  
Ottawa, ON, Canada

## Stock Exchange Listings

CSE: NPT