PLAINTREE

Q2-2026

For the six months ending

September 30, 2025

“Notice to Reader”

The accompanying unaudited interim financial statements of Plaintree Systems Inc. for the six months ended September 30, 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: November 13, 2025

“David Watson”

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David Watson
CEO

Plaintree Systems Inc.

Consolidated statements of financial position

(unaudited)

(in Canadian dollars)

	September 30, 2025	March 31, 2025
	$	$
Assets		
Current assets		
Trade receivables and other receivables	**2,446,089**	2,846,396
Unbilled revenue	**3,519,804**	2,752,252
Taxes receivable	**-**	63,611
Inventories (Note 4)	**3,512,725**	3,564,235
Prepaid expenses and other receivables	**222,740**	170,801
Mortgage receivable (Note 5)	**-**	272,008
Assets held for sale (Note 3)	**1,709,426**	-
	11,410,784	9,669,303
Property, plant and equipment (Note 9)	**2,992,569**	4,189,355
	14,403,353	13,858,658
Liabilities		
Current liabilities		
Bank Indebtedness	**2,841,754**	2,700,232
Trade and other payables	**1,737,454**	2,591,531
Deferred revenue	**1,510,365**	1,267,908
Current portion of long-term debt and lease obligation (Note 6, 7)	**2,193,840**	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)	**58,354**	-
	8,391,767	9,672,400
Long-term debt and lease obligation (Note 6, 7)	**111,310**	157,872
Government assistance (Note 8)	**-**	229,608
Due to related parties (Note 10)	**4,890,258**	4,715,451
	13,393,335	14,775,331
Shareholders' equity		
Issued capital	**2**	2
Contributed surplus	**2,159,842**	2,159,842
Deficit	**(1,149,826)**	(3,076,517)
	1,010,018	(916,673)
	14,403,353	13,858,658

Approved by the Board

"David Watson"

"Girvan Patterson"

Plaintree Systems Inc.

Consolidated statements of comprehensive earnings

For the six months ended September 30, 2025 and September 30, 2024

(unaudited)

(in Canadian dollars)

	Three months ended		Six months ended	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	$	$	**$**	$
Revenue	**4,691,162**	6,229,534	**10,226,430**	12,840,486
Cost of sales (Note 4)	**2,973,605**	5,560,896	**5,854,946**	9,724,103
Gross margin	**1,717,557**	668,638	**4,371,484**	3,116,383
Operating expenses				
Engineering and design	**479,426**	414,154	**922,958**	879,662
Finance and administration	**352,137**	472,911	**826,272**	957,375
Sales and marketing	**219,460**	333,043	**670,260**	746,408
Bad debts	**-**	10,768	**-**	26,920
Interest expense	**89,267**	48,768	**177,085**	132,870
(Gain)/Loss on foreign exchange	**306,593**	(33,330)	**448,941**	(38,246)
	1,446,883	1,246,313	**3,045,516**	2,704,989
Net earnings (loss) from continuing operations before income taxes and other income/expenses	**270,674**	(577,675)	**1,325,968**	411,394
Gain on lease modification	**-**	-	**-**	(122,296)
Net earnings (loss) from continuing operations	**270,674**	(577,675)	**1,325,968**	533,690
Gain/(Loss) on operations held for sale (Note 3)	**653,479**	(32,849)	**600,723**	(18,136)
Net earnings (loss) and comprehensive earnings	**924,153**	(610,524)	**1,926,691**	515,554
Basic and diluted (loss) per common share (Note 12)				
From continuing and held for sale operations	**0.04**	(0.08)	**0.09**	(0.02)
From continuing operations	**(0.01)**	(0.07)	**0.05**	(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 six months ended September 30, 2025 and September 30, 2024

(unaudited)

(in Canadian dollars)

	Six months ended	
	September 30, 2025	September 30, 2024
	$	$
Operating activities		
Comprehensive earnings	1,325,968	533,690
Add (deduct) items not affecting cash:		-
Depreciation of intangible assets	-	81,356
Depreciation of property, plant and equipment	591,559	649,045
Bad debts	-	26,920
Gain on lease modification	-	(122,296)
Write-down of inventory	22,782	14,472
Changes in non-cash operating working capital items		
Deferred revenue	242,457	610,814
Inventories	28,728	(609,864)
Prepaid expenses and other receivables	81,337	14,366
Trade and other payables	(974,103)	1,108,229
Trade and other receivables	463,918	(1,147,107)
Unbilled revenue	(767,552)	(1,452,727)
Mortgage receivable	272,008	3,101
Cash (used) provided by operations - continuing operations	1,287,101	(290,000)
Cash (used) provided by operations - discontinued operations	(14,232)	283,815
Investing activities		
Payments to acquire intangible assets	-	(31,091)
Payments to acquire property, plant and equipment	(103,080)	(137,324)
Cash (used) in investing activities - continuing operations	(103,080)	(168,415)
Cash (used) in investing activities - discontinued operations	(32,560)	(3,179)
Financing activities		
Repayment of long-term debt	(129,414)	(5,494)
Proceeds from financing	-	(350,845)
Repayment of capital lease obligations	(1,186,729)	(184,335)
Increase in related party borrowings (Note 10)	200,000	-
Repayment of related party borrowings (Note 10)	(25,193)	(23,269)
Cash (used) in financing activities - continuing operations	(1,141,336)	(563,942)
Cash (used) in financing activities - discontinued operations	(137,415)	(78,973)
Net cash outflow - continuing operations	42,685	(1,022,357)
Net cash outflow - discontinued operations	(184,207)	201,663
Net cash (beginning of the year)	(2,700,232)	(1,879,538)
Net cash, end of the period	(2,841,754)	(2,700,232)

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 six months ended September 30, 2025 and September 30, 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						1,325,968	1,325,968
Net earnings and comprehensive earnings - discontinued operations						600,723	600,723
Balances at September 30, 2025	12,925,253	1	18,325	1	2,159,842	(1,149,826)	1,010,018

	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						515,554	515,554
Balances at September 30, 2024	12,925,253	1	18,325	1	2,159,842	(750,209)	1,409,633

(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.

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 such as commercial domes, free form structures, barrel vaults, space frames, and industrial dome coverings. Summit Aerospace specializes in the high-end machining of super-alloys for the aircraft and helicopter markets. 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 are presented as held for sale as of 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 November 13, 2025. 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.

(In Canadian dollars)

3. Assets held for sale

In August 2025, the Company ceased operations at its wholly held division, Summit Aerospace, a machine shop serving the aerospace industry, which had formerly been reported as part of the Applied Electronics segment. The Company has begun liquidating its assets, which are expected to be completed within the next 12 months. 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 are shown below:

	September 30, 2025	September 30, 2024
	$	$
Assets held for sale		
Trade receivables and other receivables	1,237,614	597,821
Unbilled revenue	0	236,786
Taxes receivable	61,598	59,730
Prepaid expenses and other receivables	42,951	45,360
Property, plant and equipment	367,263	398,796
Assets held for sale	1,709,426	1,338,493
Liabilities related to assets held for sale		
Trade and other payables	63,524	127,731
Long-term debt	-36,007	304,551
Deferred government assistance	271,554	332,735
Total liabilities related to assets held for sale	235,547	637,286
Liabilities directly associated with assets held for sale	58,354	581,077

	Six months ending	
	September 30, 2025	September 30, 2024
Revenue	812,539	1,287,827
Cost of sales	1,200,407	1,271,839
Gross margin	-387,868	15,988
Operating expenses		
Finance and administration	20,813	4,369
Sales and marketing	0	3,646
(Gain) on disposal of assets	-215,532	0
Interest expense	15,290	20,998
(Gain) loss on foreign exchange	-809,161	5,111
	-988,591	34,124
Gain/(Loss) on sale of operations held for sale	600,723	-18,136

(In Canadian dollars)

4. Inventories

	September 30, 2025	March 31, 2025
	(unaudited)	(audited)
	$	$
Raw materials	2,945,995	2,997,875
Work in process	561,223	554,786
Finished goods	5,508	11,575
	3,512,725	3,564,235

The cost of inventories recognized as an expense during the six months ending September 30, 2025, was $5,854,946 from continuing operations and $1,200,407 from discontinued operations ($9,724,103 and $1,271,839, respectively, from September 30, 2024). The total carrying value of inventory as at September 30, 2025, was pledged as security under general security agreements with banks and related parties (see note 10).

The Company wrote down its inventories by $22,782 during the first six months of fiscal 2026 ($14,472 in the first six months of fiscal 2025) to reflect where the carrying amount exceeded net realizable value. The Company had write-ups totaling $79,980 in the first six months of fiscal 2026 ($11,248 in the first six 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

	September 30, 2025	March 31, 2025
	(unaudited)	(audited)
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.	$ 134,017	$ 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.	841,284	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.	104,761	178,243
Deferred financing fees	(36,006)	(41,150)
	1,044,056	1,076,201
Current portion	(968,752)	(1,076,201)
	75,304	-

(In Canadian dollars)

6. Long-term debt – Cont'd

Long-term debt, excluding the contingent purchase consideration and US financial institution loans totaling $946,045 ($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 September 30, 2025, and as a result, $561,225 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.

Included in the long-term debt balance is $(36,006) of deferred expenses, which is included in the liabilities directly associated with assets held for sale figures in the consolidated statements and the Long-term debt in note 3. 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 a range of interest rates 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 modified to a 2-year lease, modifying the existing 5-year building lease. 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 the first quarter of Fiscal 2023, the Company entered into a 3-year showroom lease for the Elmira business in Elmira, Ontario, which has since expired. An 8-month extension was signed in Fiscal 2025 and recorded as an operating lease. The following table presents the Company's lease obligations as at September 30, 2025:

	Factory Equipment Leases	Building Lease	Total
Fiscal 2026	313,403	406,500	719,903
Fiscal 2027	419,674	-	419,674
Fiscal 2028	164,711	-	164,711
Thereafter	-	-	-
Total future minimum lease payments	897,788	406,500	1,304,288
Inputed interest	(71,212)	(7,988)	(79,200)
Total lease liabilities	826,576	398,512	1,225,088
Less: current portion	(826,576)	(398,512)	(1,225,088)
Non-current portion	-	-	-

Included in the factory equipment leases are leases with a cost of $826,576 ($968,580 in fiscal 2025) that are subject to certain bank covenants which the company was not in compliance with as of September 30, 2025 and as a result, $558,189 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.

An amount of $224,920 that would otherwise be attributable to Summit Aerospace, which is classified as held for sale (Note 3), was disposed of. The comparative period reflects the prior year balance of $304,235.

(In Canadian dollars)

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 which 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, which is classified as held for sale (Note 3), no balance is presented in continuing operations. The comparative period reflects the prior year balance.

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

	Factory equipment	Computer equipment	Furniture	Vehicles	Lease improvements	Building	Land	Total
	$	$	$	$	$	$	$	$
Cost, balance								
March 31, 2024	**13,802,194**	**965,572**	**202,313**	**423,524**	**2,346,608**	**3,933,069**	**124,557**	**21,797,837**
Additions	912,819	10,622	-	-	37,710	248,668	-	1,209,819
Disposals	(707,616)	-	-	(11,984)	-	-	-	(719,600)
March 31, 2025	**14,007,397**	**976,194**	**202,313**	**411,540**	**2,384,318**	**4,181,737**	**124,557**	**22,288,055**
Additions	-	-	5,289	24,203	73,588	-	-	103,080
Disposals	(4,319,348)	-	-	(18,000)	-	-	-	(4,337,348)
Assets held for sale	(11,617)	-	-	-	(523,926)	(1,007,783)	(124,557)	(1,667,883)
September 30, 2025	**9,676,432**	**976,194**	**207,602**	**417,743**	**1,933,980**	**3,173,954**	**-**	**16,385,904**
Depreciation, balance								
March 31, 2024	**(11,385,926)**	**(948,386)**	**(202,313)**	**(413,526)**	**(1,737,638)**	**(2,303,748)**	**-**	**(16,991,538)**
Depreciation	(530,206)	(11,883)	-	(3,000)	(109,350)	(860,261)	-	(1,514,700)
Disposal	395,552	-	-	11,984	-	-	-	407,536
March 31, 2025	**(11,520,580)**	**(960,269)**	**(202,313)**	**(404,542)**	**(1,846,989)**	**(3,164,009)**	**-**	**(18,098,701)**
Depreciation	(231,738)	(4,718)	(44)	(4,021)	(45,806)	(422,195)	-	(708,522)
Disposal	4,000,809	-	-	18,000	94,458	-	-	4,113,267
Assets held for sale	9,584	-	-	-	505,365	785,671	-	1,300,620
September 30, 2025	**(7,741,925)**	**(964,987)**	**(202,358)**	**(390,563)**	**(1,292,971)**	**(2,800,533)**	**-**	**(13,393,336)**
Carrying amount,								
September 30, 2025	**1,934,507**	**11,207**	**5,244**	**27,181**	**641,009**	**373,421**	**-**	**2,992,569**
March 31, 2025	**2,486,817**	**15,925**	**(0)**	**6,999**	**537,330**	**1,017,728**	**124,557**	**4,189,355**

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 $2,800,534 (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 $367,263 see note 3.

(In Canadian dollars)

10. Due to related parties

	September 30, 2025	March 31, 2025
	(unaudited)	(audited)
	$	$
Due to senior officers	**3,790,208**	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
	4,940,258	4,765,451
Less: current portion	**(50,000)**	(50,000)
	4,890,258	4,715,451

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

As at September 30, 2025, a balance of $3,790,208 ($2,654,574 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 six months of fiscal 2026 payments in the amount of $25,193 were repaid to a former senior officer. As of September 30, 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 September 30, 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 September 30, 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 September 30, 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.

10. Due to related parties – Cont'd

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 September 30, 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 September 30, 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 September 30, 2025, the accrued and unpaid dividends on Class A preferred shares were $24,855,000 ($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 September 30, 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.

(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 six months ended September 30, 2025 and September 30, 2024, diluted earnings per share equals basic earnings per share due to the anti-dilutive effect of options and convertible instruments.

	Three months ending	
	September 30, 2025 (unaudited)	September 30, 2024 (unaudited)
	$	$
Net profit/(loss) from continuing and held for sale operations	**924,153**	(610,524)
Cumulative dividends on preferred shares - per annum	**(366,500)**	(366,500)
Net (loss) attributed to common shares (basis and diluted)	**557,653**	(977,024)
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**	(0.08)
Net profit/(loss) from continuing operations	**270,674**	(577,675)
Cumulative dividends on preferred shares - per annum	**(366,500)**	(366,500)
Net profit/(loss) attributed to common shares (basis and diluted)	**(95,826)**	(944,175)
Basic and diluted weighted average shares outstanding	**12,925,253**	12,925,253
Basic and diluted (loss) per share from continuing operations	**(0.01)**	(0.07)

	Six months ending	
	September 30, 2025 (unaudited)	September 30, 2024 (unaudited)
	$	$
Net profit/(loss) from continuing and held for sale operations	**1,926,691**	515,554
Cumulative dividends on preferred shares - per annum	**(733,000)**	(733,000)
Net (loss) attributed to common shares (basis and diluted)	**1,193,691**	(217,446)
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	**0.09**	(0.02)
Net profit/(loss) from continuing operations	**1,325,968**	533,690
Cumulative dividends on preferred shares - per annum	**(733,000)**	(733,000)
Net profit/(loss) attributed to common shares (basis and diluted)	**592,968**	(199,310)
Basic and diluted weighted average shares outstanding	**12,925,253**	12,925,253
Basic and diluted (loss) per share from continuing operations	**0.05**	(0.02)

(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 $2,992,569 (September 30, 2024 - $4,554,758) in property, plant and equipment, $2,625,306 (September 30, 2024 - $3,811,777) is located in Canada and $367,263 (September 30, 2024 - $742,981) in the United States. All the Company's intangible assets are primarily located in Canada.

Revenue by division

	Three months ending		Six months ending	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Applied Electronics	**1,323,186**	1,073,291	**2,241,897**	2,714,997
Specialty Structures	**3,367,976**	5,156,243	**7,984,533**	10,125,489
	4,691,162	6,229,534	**10,226,430**	12,840,486

Revenue by geographical location

	Three months ending		Six months ending	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Canada	**2,576,968**	3,819,182	**4,177,306**	7,183,578
United States	**1,318,108**	2,410,352	**4,634,388**	4,045,269
Other	**796,086**	0	**1,414,736**	1,611,639
	4,691,162	6,229,534	**10,226,430**	12,840,486

Net earnings (loss) before taxes by divisic

- Continuing operations	Three months ending		Six months ending	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Applied Electronics	**366,704**	(343,687)	**406,698**	(258,020)
Specialty Structures	**(96,030)**	(233,988)	**919,271**	791,710
	270,674	(577,675)	**1,325,969**	533,690

(In Canadian dollars)

13. Business segment information – Cont'd

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

	Three months ending		Six months ending	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Number of customers	**2**	4	**1**	2
% of total revenue	**14.1%, 22.1%**	10%,13%,17%,19%	**21%**	20%, 21%

Assets by division

	Six months ending	
	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)
	$	$
Applied Electronics	**6,445,442**	7,322,036
Specialty Structures	**7,957,910**	8,968,981

Intangibles by division

	Six months ending	
	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)
	$	$
Applied Electronics	**0**	841,576
Specialty Structures	**0**	0

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

PLAINTREE SYSTEMS INC.

For the three and six months ended September 30, 2025 and September 30, 2024

Date: November 13, 2025

The following discussion and analysis is the responsibility of management and has been reviewed by the Audit Committee of Plaintree Systems Inc ("Plaintree" or the "Company") and approved by the Board of Directors of Plaintree. 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 Plaintree is for the six months ended September 30, 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 November 13, 2025, 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 Plaintree'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 Plaintree's control, affect the operations, performance and results of Plaintree 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 Plaintree's products delaying purchase *decisions; current, pending and proposed legislative or regulatory developments in the jurisdictions where Plaintree 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; Plaintree'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 Plaintree's success in integrating acquired businesses. This list is not exhaustive of the factors that may affect any of Plaintree's forward-looking statements. Plaintree 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. Summit Aerospace specializes in the high-end machining of super-alloys for the aircraft and helicopter markets. 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 are presented as held for sale as of 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.

Selected Interim Financial Information

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		Six months ended	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$		
Revenue	**4,691**	6,230	**10,226**	12,840
Net earnings (loss) and comprehensive earnings (loss)	**924**	(611)	**1,927**	516
Net earnings (loss) attributed to common shareholders	**558**	(977)	**1,194**	(217)
Basic and diluted earnings (loss) per share	**0.04**	(0.08)	**0.09**	(0.02)

($000s, except per share amounts)

	September 30, 2025	March 31, 2025
	(unaudited)	(audited)
	$	$
Total assets	**14,403**	13,859
Total liabilities	**13,393**	14,775
Long-term liabilities	**5,002**	5,103
Cash dividends declared per share	**nil**	nil

Results from Operations

($000s)	Six months ended		
	September 30, 2025	September 30, 2024	Change from
	(unaudited)	(unaudited)	
	$	$	$
Revenue	**10,226**	12,840	(2,614)
Cost of sales	**5,855**	9,724	(3,869)
Gross margin	**4,371**	3,116	1,255
	43%	24%	
Operating expenses:			
Engineering and design	**923**	880	43
Finance and administration	**826**	957	(131)
Sales and marketing	**670**	746	(76)
Bad debts	**-**	27	(27)
Interest expense	**177**	133	44
(Gain) on foreign exchange	**449**	(38)	487
Gain on lease modification	**-**	(122)	122
	3,046	2,583	463
Net earnings and comprehensive earnings (loss) from continuing operations	**1,326**	534	792
Gain on operations held for sale (Note 3)	**601**	(18)	619
Net earnings (loss) and comprehensive earnings (loss)	**1,927**	516	1,411

Operations held for sale

In August 2025, the Company ceased operations at its wholly held division, Summit Aerospace, a machine shop formerly reported as part of the Applied Electronics segment. The Company has begun the liquidation of its assets, which is expected to be completed within the next 12 months. 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:

	September 30, 2025	September 30, 2024
	$	$
Assets held for sale		
Trade receivables and other receivables	1,237,614	597,821
Unbilled revenue	0	236,786
Taxes receivable	61,598	59,730
Prepaid expenses and other receivables	42,951	45,360
Property, plant and equipment	367,263	398,796
Assets held for sale	1,709,426	1,338,493
Liabilities related to assets held for sale		
Trade and other payables	63,524	127,731
Long-term debt	-36,007	304,551
Deferred government assistance	271,554	332,735
Total liabilities related to assets held for sale	235,547	637,286
Liabilities directly associated with assets held for sale	58,354	581,077

	Six months ending	
	September 30, 2025	September 30, 2024
Revenue	812,539	1,287,827
Cost of sales	1,200,407	1,271,839
Gross margin	-387,868	15,988
Operating expenses		
Finance and administration	20,813	4,369
Sales and marketing	0	3,646
(Gain) on disposal of assets	-215,532	0
Interest expense	15,290	20,998
(Gain) loss on foreign exchange	-809,161	5,111
	-988,591	34,124
Gain/(Loss) on sale of operations held for sale	600,723	-18,136

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 $2,992,569 (September 30, 2024 - $4,554,758) in property, plant and equipment, $2,625,306 (September 30, 2024 - $3,811,777) is located in Canada and $367,263 (September 30, 2024 - $742,981) in the United States. All the Company's intangible assets are primarily located in Canada.

Revenue by division	**Three months ending**		**Six months ending**	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Applied Electronics	**1,323,186**	1,073,291	**2,241,897**	2,714,997
Specialty Structures	**3,367,976**	5,156,243	**7,984,533**	10,125,489
	4,691,162	6,229,534	**10,226,430**	12,840,486

Revenue by geographical location	**Three months ending**		**Six months ending**	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Canada	**2,576,968**	3,819,182	**4,177,306**	7,183,578
United States	**1,318,108**	2,410,352	**4,634,388**	4,045,269
Other	**796,086**	0	**1,414,736**	1,611,639
	4,691,162	6,229,534	**10,226,430**	12,840,486

Net earnings (loss) before taxes by divisic	**Three months ending**		**Six months ending**	
- Continuing operations	**September 30, 2025**	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	$	$	**$**	$
Applied Electronics	**366,704**	(343,687)	**406,698**	(258,020)
Specialty Structures	**(96,030)**	(233,988)	**919,271**	791,710
	270,674	(577,675)	**1,325,969**	533,690

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

	Three months ending		Six months ending	
	September 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Number of customers	**2**	4	**1**	2
% of total revenue	**14.1%, 22.1%**	10%,13%,17%,19%	**21%**	20%, 21%

Assets by division

	Six months ending	
	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)
	$	$
Applied Electronics	**6,445,442**	7,322,036
Specialty Structures	**7,957,910**	8,968,981

Intangibles by division

	Six months ending	
	September 30, 2025	September 30, 2024
	(unaudited)	(unaudited)
	$	$
Applied Electronics	**0**	841,576
Specialty Structures	**0**	0

Revenues

Total product revenue from ongoing operations for the first six months of fiscal 2026 was $10,226,430 compared to $12,840,486 for the first six 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 six months of fiscal 2026 to $2,241,897 compared to $2,714,997 in the first six months of fiscal 2025.

Plaintree's Specialty Structures Division revenues from operations decreased to $7,984,533 in the first six months of fiscal 2026 from $10,125,489 in the first six months of fiscal 2025.

Gross Margin

Total gross margin increased during the first six months of fiscal 2026, to 43% compared to 22% for fiscal 2025 due in part to the project mix in the Specialty Structures segment and lower Applied Electronics activity. The prior year's gross margin was historically lower than typical reflecting timing and cost realizations on long-running projects.

Operating Expenses

Engineering and design expenses

Engineering and design expenses were $922,958 and $879,662 for the first six months of fiscals 2026 and 2025, respectively. Engineering and design expenditure consist primarily of development engineering and personnel expenses.

Finance and administration expenses

Finance and administration expenses were $862,272 and $957,375 for the first six 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 $670,260 and $746,408 for the first six 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 six 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 six months in arrears. A personal guarantee from the tenant's owner has been obtained.

Interest expense

Interest expense consists of interest incurred on bank debt. Interest expenses amounted to $177,085 and $132,870 for the first six 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 $448,941 and a gain of $(38,246) in the first six months of fiscals 2026 and 2025, respectively. The gain/loss on foreign exchange represents the gain/loss, realized or unrealized, of transactions and year-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 six months of fiscal 2026 was $1,193,691 and Net loss and comprehensive loss attributed to common shareholders for fiscal 2025 was $(181,175). 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 September 30, 2025 the accrued and unpaid dividends on the Class A preferred shares were $24,488,500 (September 30, 2024 - $23,389,000).

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)*

	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	Dec-31 2023 Q3 2024
	$	$	$	$	$	$	$	$
Revenue (1)	4,691	5,535	4,523	4,075	6,230	6,611	5,598	4,020
Net earnings (loss) and total comprehensive earnings (loss)	924	1055	(2221)	292	(578)	1111	845	(369)
Net (loss) earnings attributed to common shareholders	558	689	(2,587)	(74)	(944)	745	479	(540)
Basic and diluted (loss) earnings per share	0.04	0.05	(0.20)	(0.01)	(0.07)	0.06	0.04	(0.04)

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

Liquidity and Capital Resources

($000s)	**September 30, 2025 (unaudited)**	March 31, 2025 (audited)	Change
	$	$	$
Cash	**(2,842)**	(2,700)	(142)
Working Capital	**3,019**	(3)	3,022

	September 30, 2025 (unaudited)	September 30, 2024 (unaudited)	Change
	$	$	$
Net cash provided by (used in) :			
Operating activities	**1,273**	(6)	1,279
Investing activities	**(136)**	(172)	36
Financing activities	**(1,279)**	(643)	(636)

Cash

As at September 30, 2025, the Company had a cash deficit of $(2,841,754) an increase of $(16,411) from $(2,825,343) in September 30, 2024.

Working Capital

Working capital represents current assets less current liabilities. As at September 30, 2025, the Company had working capital of $3,019,017 compared to a working capital of $3,181,965 at September 30, 2024. The company was offside on its loan covenants as of September 30, 2025 and reclassified $1,119,413 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 September 30, 2025 working capital is an inventory provision of $1,043,397 compared to $NIL in the respective period during fiscal 2025. In September 2025 $239,805 of Summit loans were paid off, and $367,263 of the remaining capital assets were reclassified as held for sale.

Operating activities

Cash provided by operating activities during the first six months of fiscal 2026 was $1,272,869, representing an increase of $1,404,166 from cash (used in) of $(131,297) 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 six months of fiscal 2026 was $(135,640), representing a decrease of $35,954 in investing activities from cash (used in) investing activities of $(171,594) 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 six months of fiscal 2026 was $(1,278,751), representing an increase of $(635,836) from cash (used in) of $(642,915) 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 related to Summit, along with $267,263 of capital assets reclassified as assets held for sale.

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 September 30, 2025 was $3,313,251 CAD of which $2,700,639 was in use leaving $612,212 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 Development Corporation ("EDC") Performance Security Guarantee of which $1,156,930 CAD was in use as at September 30, 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 September 30, 2025 $1,068,570 CAD was available (Note 8 Lease obligations).

Due to related parties

	September 30, 2025	March 31, 2025
	(unaudited)	(audited)
	$	$
Due to senior officers	**3,790,208**	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
	4,940,258	4,765,451
Less: current portion	**(50,000)**	(50,000)
	4,890,258	4,715,451

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

As at September 30, 2025, a balance of $3,790,208 ($2,654,574 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 six months of fiscal 2026 payments in the amount of $25,193 were repaid to a former senior officer. As of September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 six months ended September 30, 2025, totaled $759,078 ($286,173 – March 31, 2025). The above-related party transactions are measured at their exchange amount, which is the amount agreed to by the parties.

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.

The Company along with its wholly-owned US subsidiary owns a 16,300 sq. ft. manufacturing facility in Pocono Summit, PA.

Summary of Outstanding Share Data

As at November 13, 2025 the following equity instruments of the Company were issued and outstanding:

Common Shares: 12,925,253

Class A Preferred Shares: * 18,325

* 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 September 30, 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 or the Company's website at 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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Corporate Secretary

Gary Jessop
Partner
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Ottawa, ON, Canada

Legal Counsel

Jessop & Proulx LLP
Ottawa, ON, Canada

Stock Exchange Listings

CSE: NPT