

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Earnings Update 2QF26



Horizon Aircraft

New Horizon Aircraft Ltd.

(Nasdaq: HOVR)

Report Date: 01/16/26

12- 24 month Price Target:\$5.50

Allocation: 4

Closing Stock Price at Initiation (Closing Px: 04/17/25): \$.45

Closing Stock Price at Allocation Increase (Closing Px: 05/15/25): \$.59

Closing Price at Allocation Decrease and Price Target Increase (Closing Px: 10/13/25): \$3.67

Closing Stock Price at This Update (Closing Px: 01/15/26) \$2.32

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Disclosure: Portions of this report are excerpted from New Horizon's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Briefly, New Horizon Aircraft (“HOVR”) reported 2QF26 results (ended 11/30/25) and those numbers were in line with our estimates. Specifically, the Company is pre-revenue, so the analysis of the numbers is restricted largely to operating expenses and capitalization. In that regard, the Company reflected Operating Expenses of \$5.1 million versus our estimate of \$7.5 million. Much of that difference was the result of lower Research and Development expenses, although SG&A was lower as well. To that end, our expectation, which is based in part on Company guidance along the same lines, is that opex will accelerate going forward as the Company increases the pace of research & development, and hires additional personnel to address that and other necessary business processes to advance their technology and prepare it for required certifications and ultimately for commercial launch. We submit, projecting the cadence of those expenses will remain challenging, but at this point in HOVR’s progression, the more pertinent focus should probably be on the Company’s ability to finance the opex necessary to extend the runway to commercialization. To that end, the 2QF26 quarter provided some positive data points.

Recall, the Company has a current shelf registration in place which they have been able to utilize to sell shares into the market and raise capital to fund their progress. Specifically, for the first half of fiscal 2026 (ended 11/30/25) the Company has raised \$19 million from the shelf, and an additional \$3.3 million from the exercise of outstanding warrants. Approximately \$11 million of the \$19 million from the shelf was raised in 2QF26 (ended 11/30/25). As a result, the Company’s cash position at 11/30/25 was \$24 million. To revisit the operating results, the Company reflected a non-cash charge for a change in the warrant liabilities of \$9.1 million or about \$.21 of the \$.49 loss for the first half. To put that into perspective, the actual cash used in operations for the first half of fiscal 2026 was approximately \$5 million, which provides some reference for the runway that the \$24 million cash position provides them. We would also add, the Company indicated that the average sale price of shares from the shelf was \$2.81, which is an impressive print relative to our initiation price of \$.45 04/17/25. Clearly, the funding activities for the first half of fiscal 2026 have been highly constructive in terms of both the aggregate amount of capital they have raised as well as the price they were able to raise it at. Revisiting an issue we highlighted in some of the prior research, one of the more palpable risks in the HOVR story at the time of our initiation was their ability to raise the capital to continue to advance the project to commercialization, and by extension, the dilution they experience getting there if in fact they were able to raise it in the first place. That said, in our view, that capital infusion has significantly derisked the story, and judging from the discussion on the earnings call, that appears to be the view of others following the story as well.

Looking forward, we submit, the Company will need to continue to raise capital to get to a commercial launch. For instance, as they noted on the call, the expectation is that the next 12 months could reflect opex of 2X the rate of 1HF26. In that regard, we suspect they will continue to utilize the shelf to that end, albeit with an eye towards continuing to minimize the dilution of that approach. Moreover, we are confident that the technical and financial success they have managed to string together through calendar 2025 (and presumably through 2026) has likely opened a door to a host of potential financing options they did not have 9 months ago. For instance, the Company briefly revisited an issue they announced in October (2025) regarding a grant from the INSAT program (The Initiative for Sustainable Aviation Technology). The October announcement noted that the total grant is \$10.5 million, of which HOVR would receive \$2 million. We think additional non-dilutive grant money is likely, given the Company’s continued progress, but again, the Company’s access to capital in general has improved markedly over the past 9 months and that is a highly positive development. Aside from (although admittedly partly because of) the capital issues, we think things are also accelerating on the technical front.

Recent announcements as well as some of the call narrative reference new technical relationships, as well as key new personnel additions that we think should bolster and perhaps accelerate the development and

certification of the full-scale X7. We are not sure how to quantify the impact of that, but we think it is topical.

In addition to capital and technological progress, there were two more, albeit more conceptual, notions raised on the call that we thought were interesting. First, hybrid solutions appear to be gathering momentum in the eVTOL “industry”. Succinctly, we do not find that surprising...for a variety of reasons. In retrospect, HOVR’s hybrid approach was what attracted us to the story in the first place, and while we may not be able to argue that HOVR is the pioneer in eVTOL technology, we think *we can* argue that HOVR may be one of the pioneers in *hybrid* eVTOL technology. We think it is fair to suggest that not long ago, hybrid solutions were not exactly top of mind.

Lastly, we think HOVR’s posture as a Canadian company should provide them some favor and/or assistance from Canadian authorities. We do not think that is a particularly provocative notion, and while we are not sure what that may or may not entail, we think it *could* assist with things like the acceleration of certifications, further additional government grants and other potential advantages.

In summary, 2025 provided some watershed advances for HOVR, and those events have had a corresponding impact on the valuation of the Company. We believe the Company is poised to continue that momentum through 2026. As a result, for now, we reiterate our 12-24 month target of USD\$5.50, as well as our allocation of 4. We will revisit each as new datapoints emerge.

Projected Operating Model

New Horizon Aircraft Ltd.						
Projected Operating Statement (Canadian Dollars)						
By: Trickle Research						
	(Actual)	(Actual)	(Estimate)	(Estimate)	(Estimate)	(Estimate)
	8/31/25	11/30/25	2/28/26	5/31/26	Fiscal 2026	Fiscal 2027
Net Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses:						
Research and development	\$ 2,719	\$ 2,608	\$ 5,430	\$ 4,574	\$ 15,332	\$ 19,994
General and administrative	\$ 3,190	\$ 2,509	\$ 3,629	\$ 3,372	\$ 12,700	\$ 14,898
Total operating expenses	\$ 5,909	\$ 5,117	\$ 9,059	\$ 7,947	\$ 28,032	\$ 34,892
Loss from operations	\$ (5,909)	\$ (5,117)	\$ (9,059)	\$ (7,947)	\$ (28,032)	\$ (34,892)
Other Expense (Income)	\$ (25)	\$ (265)	\$ -	\$ -	\$ (290)	\$ -
Interest expenses (income), net	\$ (118)	\$ (194)	\$ -	\$ -	\$ (312)	\$ -
Change in fair value of Warrants	\$ 5,137	\$ -	\$ -	\$ -	\$ 5,137	\$ -
Change in fair value of Forward Purchase Agreement	\$ -	\$ 3,992	\$ -	\$ -	\$ 3,992	\$ -
Termination of Forward Purchase Agreement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other expenses	\$ 4,994	\$ 3,533	\$ -	\$ -	\$ 8,527	\$ -
Income (Loss) before income taxes	\$ (10,903)	\$ (8,650)	\$ (9,059)	\$ (7,947)	\$ (36,559)	\$ (34,892)
Income tax expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ (10,903)	\$ (8,650)	\$ (9,059)	\$ (7,947)	\$ (36,559)	\$ (34,892)
Income (loss) per share:						
Basic: (in Dollars per share)	\$ (0.28)	\$ (0.21)	\$ (0.21)	\$ (0.15)	\$ (0.83)	\$ (0.60)
Diluted: (in Dollars per share)	\$ (0.27)	\$ (0.21)	\$ (0.21)	\$ (0.15)	\$ (0.83)	\$ (0.60)
Shares used in computing Income (loss) per share:						
Basic: (in Shares)	37,135,908	42,081,417	44,095,068	53,940,050	44,313,111	58,309,052
Diluted: (in Shares)	37,135,908	42,081,417	44,095,068	53,940,050	44,313,111	58,309,052

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ($\$250 * 4$). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Hold" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.