



Baylin Announces Financial Results for the Third Quarter of 2021

Investor Conference Call on November 11, 2021 at 8:00 a.m. ET

TORONTO, CANADA – November 10, 2021 – Baylin Technologies Inc. (TSX: BYL) (the “Company” or “Baylin”), a leading diversified global wireless technology company focused on research, design, development, manufacturing and sales of passive and active radio frequency products, terrestrial microwave products, and services, today announced its financial results for the three and nine months ended September 30, 2021. All amounts are stated in Canadian dollars unless otherwise indicated.

THIRD QUARTER SUMMARY

- **Revenue was \$30.2 million in the third quarter of 2021, an increase of \$8.6 million or 39.7% compared to the second quarter of 2021 despite continued chipset shortages, with increased revenue across all business units as global economies continue to relax COVID-19 restrictions.** However, revenue in the third quarter of 2021 decreased by \$6.4 million or 17.4% compared to the third quarter of 2020 mainly due to lower Asia Pacific sales, which were inflated in the third quarter of 2020 due to stark recovery in global smartphone sales as a result of the re-opening of commercial cellular stores across North America and Europe.
- Ongoing and implemented cost reduction initiatives continued to yield benefits in the third quarter of 2021 with operating expenses \$1.0 million lower than the third quarter of 2020.
- **Although Adjusted EBITDA⁽²⁾ for the third quarter of 2021 was negative, Adjusted EBITDA for both August and September was positive, the first months in 2021 of positive Adjusted EBITDA.**
- Net cash generated by operating activities was \$0.9 million in the third quarter of 2021 through improved operating performance and cash management (compared to net cash used in operating activities of \$2.8 million in the second quarter of 2021).
- **Baylin corporate backlog of purchase orders is currently at its historically highest level, being led by the Embedded Antenna and Satcom business lines.**
- Net cash as at September 30, 2021 increased by \$5.9 million from December 31, 2020 mainly due to drawdown of the Vietnam Loan, proceeds from the exercise of common share purchase warrants issued in December 2020, proceeds from the private placement in August 2021 as well as a decrease in non-cash working capital, offset by operating losses and principal and interest payments.

RECENT DEVELOPMENTS

Private Placement

The Company completed its previously announced private placement (the “Private Placement”) of a minimum of 11,765,000 and a maximum of 17,648,000 common shares of the Company at a price of \$0.85 per share in two separate tranches. The first tranche of 11,765,000 common shares was completed on September 1, 2021, resulting in gross proceeds to the Company of approximately \$10 million, and the second and final tranche of 5,883,000 common shares was completed on October 21, 2021, resulting in

gross proceeds to the Company of approximately \$5 million. The Company's largest shareholder, 2385796 Ontario Inc. (the "Insider"), purchased all 11,765,000 common shares in the first tranche and 5,460,192 common shares in the final tranche, with the remaining 422,808 common shares purchased by other insiders of the Company. Mr. Jeffrey C. Royer, Chairman of the Board of Directors of the Company, exercises control and direction over investment decisions of the Insider. All the common shares have been listed on the Toronto Stock Exchange ("TSX").

Asia Pacific Group

We continued the production of an antenna and its housing for use in a consumer product for a major customer, although at declining production volumes as the program comes to an end (expected to be in the first half of 2022) and a second supplier has been contracted by the customer. In the third quarter of 2021, we incurred a loss of \$0.3 million on the program principally related to quality issues in inventory; however, through the Company's efforts, we greatly improved the economics of the product in mid-August. At such time the Company ceased to lose money on the product and does not expect any further losses on the program. We are also continuing discussions with our customer to secure other profitable business in 2021 and, importantly, in 2022.

SELECTED FINANCIAL INFORMATION

The table below discloses selected financial information for the periods indicated.

(in \$000's except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	30,216	36,577	75,298	94,148
Gross profit	6,282	10,399	6,330	28,676
Loss before income taxes	(5,036)	(2,169)	(47,461)	(9,529)
Income tax recovery	(138)	(1,804)	(166)	(1,996)
Net loss	(4,898)	(365)	(47,295)	(7,533)
Basic and diluted net loss per share	(\$0.07)	(\$0.01)	(\$0.84)	(\$0.18)
EBITDA ⁽¹⁾	(1,222)	2,278	(33,825)	3,988
Adjusted EBITDA ⁽²⁾	(682)	3,582	(15,660)	6,795
Current assets	57,104	67,860	57,104	67,860
Total assets	110,166	151,292	110,166	151,292
Current liabilities	45,745	48,110	45,745	48,110
Non-current liabilities	36,903	49,146	36,903	49,146
Total liabilities	82,648	97,256	82,648	97,256

(1) See "Non-GAAP Measures". EBITDA refers to operating income (loss) plus depreciation and amortization.

(2) See "Non-GAAP Measures". Adjusted EBITDA refers to EBITDA plus the sum of: a) acquisition expenses; b) fair value step-up of inventory acquired as part of an acquisition; c) expenses for litigation relating to acquisition agreements; d) expenses relating to planned restructuring post an acquisition; e) impairment on fixed and intangible assets (including goodwill) post an acquisition; f) expenses to permanently close/relocate a facility, shut down a line of business, eliminate positions; g) expenses related to corporate re-organization; and, h) non-cash compensation.

A copy of the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 and corresponding management's discussion and analysis (the "MD&A") are available under the Company's SEDAR profile on www.sedar.com.

OUTLOOK

The Company's business continues to face challenges brought about by the COVID-19 pandemic and in particular shortages from supply chain disruptions. We expect that these issues will continue for the remainder of 2021 and into 2022. The business is also managing the impacts to suppliers due to power rationing in China. We continue to expect second-half revenue and Adjusted EBITDA to show an improvement over the first half of 2021. Travel restrictions continue to hamper some activities as well as international travel.

MMU Facility

Our MMU facility in Vietnam continues to experience delays in the final commissioning and approval of the facility, in part due to the effect of COVID-19 related travel restrictions, which have prevented engineers from outside Vietnam travelling to Vietnam to complete the installation and inspection of testing equipment. Over the course of the delay, our customer's sales of their MMU products have softened significantly. This has led to a lower forecast through mid-year 2022 as well as a redesign of the product by our customer to reduce complexity and their cost structure. We now do not expect the facility to be production-ready for its intended purpose at any time in the next six months, and in light of market conditions and changes to the product design, we will be assessing the long-term strategic options for this facility over the next quarter.

Satcom Group

The commercial side of the Satcom business line, which represents a majority of its business, continues to feel the effects of the downturn due to the impact of COVID-19. Although there are clear signs of recovery, we expect capital spending by our commercial customers to remain constrained for the remainder of 2021 until a more sustained recovery becomes evident. Similarly, the recently completed C-band spectrum auction in the United States will eventually open up opportunities with the satellite operators once they receive incentive payments based on clearing their C-band spectrum. However, those payments will not be made until the blocks of spectrum are cleared and certified by the FCC. For that reason, any benefit to the Satcom business line from the build-out of the related C-band infrastructure is not expected to begin to be realized until the second half of 2022, at the earliest.

We expect sales for military and other government-related uses, which represents the balance of Satcom's business, to remain firm during the remainder of 2021. The launch of our new Ultra High-Power Summit II solid state power amplifiers in June 2021 has demonstrated this product's unique competitive differentiation. We believe there is no other platform in the market that can deliver the capabilities of our Summit II and that over time it will provide additional opportunities for the Company.

Overall, we expect revenue of the Satcom business line to be stronger in the second half of 2021 as certain industries start to invest as the world comes out of the COVID-19 pandemic. The Satcom business line continues to show a strong order book but is facing supply chain constraints and a push-out of customer orders.

Wireless Infrastructure Group

The Wireless Infrastructure business line continues to be adversely affected by the delayed timing of in-building and small cell deployments due to the COVID-19 impact and increases in freight costs due to supply chain constraints. Nevertheless, revenue for the third quarter of 2021 was in line with the Company's expectations, although fourth quarter revenue is expected to be lower than the third quarter.

Embedded Antenna Group

The Embedded Antenna business line continues its stable performance. Despite a significant chipset shortage in 2021, which impacted its customers' build schedules and forecasts, this business line showed a significant increase in both revenue and volume in the third quarter of 2021, which is expected to continue in the fourth quarter of 2021 based on increased availability of global chipsets. The Embedded Antenna business line continues to demonstrate a strong order book despite the supply chain challenges.

INVESTOR CONFERENCE CALL

Baylin will hold a conference call on November 11, 2021 at 8:00 a.m. (ET) to discuss its financial results for the three and nine months ended September 30, 2021. The call will be hosted by Leighton Carroll, President and Chief Executive Officer, Cliff Gary, Vice President Finance and Daniel Kim, Executive Vice President of Corporate Development. All interested parties are invited to participate using the dial-in details provided below.

Date: November 11, 2021
Time: 8:00 a.m. (ET)
Dial-in Number: 888-664-6392 or 416-764-8659
Conference ID#: 40198432

Webcast: https://produceredition.webcasts.com/starthere.jsp?ei=1427579&tp_key=3797b44659

FORWARD-LOOKING STATEMENTS

This press release includes forward-looking information and forward-looking statements (together, “forward-looking statements”) within the meaning of applicable securities laws. They are not statements of historical fact. Rather, forward-looking statements are disclosure regarding conditions, developments, events or financial performance that we expect or anticipate may or will occur in the future including, among other things, information or statements concerning our objectives and strategies to achieve those objectives, statements with respect to management’s beliefs, estimates, intentions and plans, and statements concerning anticipated future circumstances, events, expectations, operations, performance or results. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as “anticipate”, “believe”, “could”, “should”, “would”, “estimate”, “expect”, “forecast”, “indicate”, “intend”, “likely”, “may”, “outlook”, “plan”, “potential”, “project”, “seek”, “target”, “trend” or “will” or the negative or other variations of these words or other comparable words or phrases and is intended to identify forward-looking statements, although not all forward-looking statements contain these words.

The forward-looking statements in this press release include statements concerning the continuing effect of the COVID-19 pandemic on our business, the outlook for our business lines otherwise, timing of new products and revenue, and timing of commencement of production from our new factory in Vietnam. The completion and timing of the Offering is subject to a number of conditions, including that all approvals for the Offering will be received, that no material change in Baylin’s operations or the markets for its services prior to closing of the Offering and completion of satisfactory due diligence. Forward-looking information and statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth in sales of passive and active radio frequency and terrestrial microwave products and services, and other factors we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such assumptions and estimates will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the risk factors discussed in the Company’s most recent Annual Information Form, which is available under the Company’s profile on SEDAR at www.sedar.com. All the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors in this press release. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company. Unless required by applicable securities law, the Company does not intend and does not assume any obligation to update these forward-looking statements.

NON-GAAP MEASURES

This press release includes a number of measures that are not prescribed by Canadian generally accepted accounting principles (“GAAP”) and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. While management of the Company believes that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP. See “Non-GAAP Measures” on page 2 of the MD&A for further information.

ABOUT BAYLIN

Baylin Technologies Inc. is a leading diversified global wireless technology company. Baylin focuses on research, design, development, manufacturing and sales of passive and active radio frequency products, terrestrial microwave products, and services. Baylin aspires to meet its customers' needs and anticipate the direction of the market. For further information, please visit www.baylitech.com.