BAYLIN TECHNOLOGIES

MANAGEMENT'S DISCUSSION & ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Twelve Months Ended December 31, 2021

Dated March 9, 2022

Baylin Technologies Inc.
Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Twelve Months Ended December 31, 2021

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Baylin Technologies Inc. ("Baylin", the "Company", "we" or "us") was prepared by management as at March 9, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of Baylin and related notes thereto for the years ended December 31, 2021 ("fiscal 2021") and December 31, 2020 ("fiscal 2020") (collectively, the "Financial Statements"). The Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In preparing this MD&A, management has taken into account information available to it up to March 9, 2022, unless otherwise stated.

Additional information relating to the Company, including the most recent Annual Information Form, may be found under the Company's profile on SEDAR at www.sedar.com. Unless otherwise stated, all amounts shown in this MD&A are in Canadian dollars.

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. Management is responsible for the accuracy, integrity, and objectivity of this MD&A. Accordingly, management develops, maintains and supports necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A includes forward-looking information and forward-looking statements (together, "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements are not statements of historical fact. Rather, they 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 MD&A include statements regarding the outlook for our business, our financial condition and results of operations, as well as available liquidity. Forward-looking statements are based on various 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 Annual Information Form dated March 9, 2022, which is available under the Company's profile on SEDAR at www.sedar.com. All the forward-looking statements in this MD&A are qualified by the cautionary statements and other cautionary statements or factors in this MD&A. 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 law, the Company does not intend and does not assume any obligation to update any forward-looking statements.

NON-IFRS MEASURES

This MD&A includes a number of measures that are not prescribed by IFRS and as such may not be comparable to similar measures presented by other companies. Management believes that 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 the Company's ability to incur and service debt to support business activities. The measures we use are specifically defined where they are first used.

While management believes that non-IFRS measures provide 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 IFRS.

The non-IFRS measures presented in this MD&A are as follows:

i. "Net cash", which refers to cash and cash equivalents less revolving bank indebtedness;
ii. "Working capital", which refers to current assets less accounts payable and accrued liabilities;
iii. "Non-cash working capital", which refers to working capital less Net cash;
iv. "Cash conversion cycle", which refers to the following in the most recently completed quarter:
    1) days sales outstanding, plus:
    2) days of inventory outstanding, less:
    3) days payables outstanding;
v. "Gross margin", which refers to gross profit divided by revenue;
vi. "EBITDA", which refers to operating income (loss) plus depreciation and amortization;
vii. "Adjusted EBITDA", which refers to EBITDA plus the sum of the following:
    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 following an acquisition;
    e) Impairment on fixed and intangible assets (including goodwill) following an acquisition;
    f) Expenses to permanently close/relocate a facility, shut down a line of business, eliminate positions;
    g) Expenses relating to corporate re-organization; and,
    h) Non-cash compensation.

    Management believes that "Adjusted EBITDA" provides useful information to investors in order to compare companies across and within an industry. Management uses this non-IFRS measure to assist in evaluating productivity, efficiency, return on capital and forecasting operating performance.
viii. "Backlog", which refers to the value of unfulfilled purchase orders placed by customers.

    Management believes that backlog provides useful information to investors as a forward-looking indicator of anticipated revenue to be recognized upon fulfilment of the purchase orders. Backlog may be subject to change as a result of project accelerations, cancellations or delays due to various factors, any of which could cause revenue to be realized in periods and at levels different from originally anticipated. Additionally, the Company's method of calculating backlog may be different from methods used by other companies and, accordingly, may not be comparable to similar measures used by other companies.

OVERVIEW

Background

Baylin is a diversified global wireless technology company focused on research, design, development, manufacturing and sales of passive and active radio frequency ("RF") products, satellite communications products, and supporting services. The Company's products are marketed and sold under the brand names Galtronics, Advantech Wireless, Alga Microwave and Mitec VSAT, and the Company's operations are conducted through subsidiaries.

The Galtronics line of business, established in 1978, designs and manufactures innovative wireless antenna solutions for customers' mobile, embedded, and infrastructure products, including distributed antenna systems ("DAS"), base station antennas ("BSA") and small cell needs.

The Satcom line of business, acquired by Baylin in January 2018, designs and manufactures RF and microwave products for wireless communications markets, and for commercial, critical infrastructure, government and military clients. The Satcom line of business was supplemented by the acquisition in July 2018 of Alga Microwave Inc. (including Mitec VSAT). Alga Microwave supplies RF and microwave solid state power amplifiers, pulsed amplifiers for radar applications, transmitter and transceiver products, as well as RF passive components and systems.

Fourth Quarter Summary

- Adjusted EBITDA (see "Non-IFRS Measures" on page 2 of this MD&A) of $0.9 million in the fourth quarter of 2021, the first quarter of positive Adjusted EBITDA since the third quarter of 2020. Adjusted EBITDA in the fourth quarter of 2021 was an increase of $1.3 million compared to the fourth quarter of 2020. The increase in Adjusted EBITDA was due primarily to an increase in revenue and gross profit discussed below partially offset by higher operating expenses compared to the prior year period.

- Historically high levels of backlog of $38.3 million at February 28, 2022 and $36.4 million at December 31, 2021, led by the Satcom and Embedded Antenna business lines. Backlog at December 31, 2021 increased by $19.3 million or 112.9% from December 31, 2020.

- Revenue of $27.2 million in the fourth quarter of 2021, an increase of $1.6 million or 6.3% compared to the fourth quarter of 2020. The increase was mainly due to stronger revenue from the Embedded Antenna business line in part due to increased availability of global chipsets despite the supply chain challenges.

- Gross profit of $8.8 million in the fourth quarter of 2021, an increase of $2.1 million or 30.6% compared to the fourth quarter of 2020. Gross margin was 32.3% in the fourth quarter of 2021 compared to 26.3% in the fourth quarter of 2020. Gross margin was primarily impacted by improved product mix. The increase in gross margin was attributable to improved gross margins in the Satcom and Embedded Antenna business lines in the fourth quarter of 2021 compared to the prior year period. The improvement in gross margin in the Satcom business line included the impact of an inventory provision release of $1.6 million.

- Despite Adjusted EBITDA of $0.9 million, net loss of $20.1 million in the fourth quarter of 2021 compared to net loss of $9.4 million in the fourth quarter of 2020. The net loss in the fourth quarter of 2021 was primarily due to operating loss which included a non-current asset impairment provision of $10.1 million and income tax expense which included a $7.1 million reduction in the carrying value of deferred tax assets. On a per share basis, the fourth quarter of 2021 produced a net loss of $0.26 per share compared to a net loss of $0.23 per share in the fourth quarter of 2020.

- Completed the second tranche of a private placement of 5,883,000 common shares, raising $5 million, the net proceeds from which were used to partially repay outstanding debt and for general corporate purposes.

Fiscal Year Summary

- Raised $15 million in a private placement of 17,648,000 common shares, the net proceeds from which were used to partially repay outstanding debt and for general corporate purposes.

- Revenue of $102.5 million in fiscal 2021, a decrease of $17.2 million or 14.4% compared to fiscal 2020. The decrease was primarily due to softer sales across all business lines in fiscal 2021 attributable to the impact of the COVID-19 pandemic, global chipset shortages and supply chain constraints.

- Gross profit of $15.1 million in fiscal 2021 compared to $35.4 million in fiscal 2020. Gross margin was 14.7% in fiscal 2021 compared to 29.6% in fiscal 2020. Gross margin was negatively impacted in fiscal 2021 by an overall decrease in sales volumes across the Company's business lines. The decrease in gross profit was also due to a write-down of $4.0 million against inventory in the Satcom business line, an accumulated loss of $4.1 million on a consumer product in the Asia Pacific business line and lower gross margins generated by the Asia Pacific business line as a result of lower margin products making up a larger portion of the remaining gross profit.

- Net loss of $67.4 million in fiscal 2021 compared to net loss of $16.9 million in fiscal 2020. The net loss in fiscal 2021 was primarily due to operating loss which included non-current asset impairments of $26.0 million, income tax expense, which included a $7.1 million reduction in the carrying value of deferred tax assets, as well as a fair value adjustment to the Debentures. On a per share basis, fiscal 2021 generated a net loss of $1.09 per share compared to a net loss of $0.42 per share in fiscal 2020.

- Adjusted EBITDA of ($14.8) million in fiscal 2021 compared to $6.4 million in fiscal 2020. Adjusted EBITDA was negatively impacted in fiscal 2021 by an overall decrease in sales volumes across all the business lines. Additionally, the decrease in Adjusted EBITDA was due to lower gross margins generated by the Satcom business line due to the inventory write-down noted above and the Asia Pacific business line as a result of lower margin products making up a larger portion of the remaining gross profit, partially offset by lower operating expenses compared to fiscal 2020.

- Net cash (see “Non-IFRS Measures” on page 2 of this MD&A) as at December 31, 2021 was $8.9 million, an increase of $7.8 million from December 31, 2020, primarily due to proceeds from the private placement, proceeds from the exercise in March 2021 of common share purchase warrants issued in December 2020, drawdown of the Vietnam Loan and a decrease in non-cash working capital (see “Non-IFRS Measures” on page 2 of this MD&A), offset by operating losses and principal and interest payments.

RECENT DEVELOPMENTS

Private Placement

The Company issued 17,648,000 common shares at $0.85 per share in two tranches for aggregate proceeds of $15 million. The first tranche of 11,765,000 common shares, completed on September 1, 2021, resulted in gross proceeds of $10 million, and the second tranche of 5,883,000 common shares, completed on October 21, 2021, resulted in gross proceeds of $5 million. The Company’s largest shareholder, 2385796 Ontario Inc., purchased all 11,765,000 common shares in the first tranche and 5,460,192 common shares in the second 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 shareholder. The Company relied on the “financial hardship” exemption available to it under the rules of the Toronto Stock Exchange (“TSX”) and applicable securities laws to complete the private placement and to permit the insiders to purchase the shares. All the common shares are listed on the TSX.

Credit Facility

The Company and its lenders (Royal Bank of Canada and HSBC Bank Canada) have agreed to amend the Credit Agreement (see “Credit from banks and loans” on page 17 of this MD&A) to extend the maturity date of the credit facilities from March 29 to September 30, 2022. This will provide the Company with additional time either to renew the existing credit facilities when they mature or to find alternative credit facilities. The Company is currently in discussions with several prospective lenders and advisors for that purpose. During the period of the extension, the Company will be required to continue to maintain a minimum Liquidity of $10 million and Fixed Charge Coverage Ratio of 1.15:1.00. See “Credit from banks and loans” on page 17 of this MD&A.

MMU Facility

Over the course of the COVID-19 pandemic, our customer’s sales of its massive multiple-input multiple-output product (“MMU”) softened considerably. This led the customer to significantly lower its sales forecast, as well as to redesign the product to reduce its complexity and cost. As a result, in November 2021 we announced that, in light of market conditions exacerbated by COVID-19 and changes to the product design, we would be assessing the long-term options for our MMU facility in Vietnam. We have now concluded that the facility will not enter production for its intended purpose and have decided to liquidate the assets of the facility and apply the sales proceeds in repayment of the Vietnam Loan (see below and “Credit from banks and loans” on page 17 of this MD&A). Consequently, the Company recorded an aggregate $10.0 million impairment provision consisting of a $6.8 million impairment of property, plant and equipment, $2.3 million impairment of right of use assets and $0.9 million impairment of intangibles in the fourth quarter of 2021 all related to the MMU facility.

Vietnam Loan

The MMU facility and equipment was financed in part by the Company’s Vietnamese subsidiary, Galtronics Vietnam Dai Dong Company Limited (“GTD”), with the Vietnam Loan (see “Credit from banks and loans” on page 17 of this MD&A) provided by HSBC Vietnam. The Vietnam Loan required GTD and its parent, Galtronics Vietnam Company Limited (“GTV”), as guarantor of the Vietnam Loan, to meet certain financial covenants. In light of the situation with the MMU facility, if those covenants had been tested (as required) on December 31, 2021 those tests would not have been met, but HSBC Vietnam agreed, as part of ongoing discussions with the Company, to waive the financial covenant requirements. As a result of those discussions, the parties have settled a term sheet under which the Vietnam Loan will now become payable in full on August 18, 2022 and Baylin will provide an unsecured guarantee of the remaining balance of the Vietnam Loan in favour of HSBC Vietnam. See “Credit from banks and loans” on page 17 of this MD&A.

SELECTED FINANCIAL INFORMATION

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

(in $000's except per share amounts)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Revenue	102,494	119,739	(17,245)	(14.4%)
Gross profit	15,112	35,401	(20,289)	(57.3%)
Loss before income taxes	(60,749)	(17,811)	(42,938)	241.1%
Income tax expense (recovery)	6,671	(887)	7,558	(852.1%)
Net loss	(67,420)	(16,924)	(50,496)	298.4%
Basic and diluted net loss per share	($1.09)	($0.42)	($0.67)	159.5%
EBITDA*	(43,875)	-	(43,875)	N/A
Adjusted EBITDA*	(14,796)	6,350	(21,146)	(333.0%)
Current assets	61,086	58,021	3,065	5.3%
Total assets	93,033	133,473	(40,440)	(30.3%)
Current liabilities	61,852	36,470	25,382	69.6%
Non-current liabilities	19,400	48,140	(28,740)	(59.7%)
Total liabilities	81,252	84,610	(3,358)	(4.0%)
Backlog*	36,444	17,117	19,327	112.9%

** EBITDA, Adjusted EBITDA and Backlog are non-IFRS measures that management uses to assess the Company's business dynamics and operating performance (see "Non-IFRS Measures" on page 2 of this MD&A).*

OUTLOOK

The Company's business continues to face challenges brought about by the COVID-19 pandemic, in particular shortages and increased materials costs due to supply chain disruptions, although we expect these disruptions will begin to ease over the second half of 2022 as spending generally moves away from goods and back into services. Travel restrictions continue to hamper some business activities as well as international travel. Despite these continuing challenges, we are seeing improvements in all areas of our business and expect that 2022 will show improvements in both revenue and Adjusted EBITDA over 2021.

We are monitoring the current conflict in Ukraine and its effect on our business. Although our direct exposure to customers in Russia and Ukraine is minimal, the conflict there may indirectly impact our business given the sanctions imposed upon Russia, particularly in terms of supply chain and commodity prices. While it is too early to definitively quantify the impact these sanctions will have on our business, thus far the impacts have been manageable.

Asia Pacific Business Line

In 2022, we plan to conduct a review of Asia Pacific's product portfolio with a view to right-sizing its product mix. This product rationalization is intended to improve the contribution margin of this business line, even if it is at the expense of foregoing additional revenue. Nevertheless, we do expect stronger revenue growth over 2021. The antenna we were producing for use in a consumer product for our major customer, although at declining production volumes, is expected to end in the second quarter of 2022 when the program comes to an end. Due to steps taken to improve the economics of the product, we have not incurred any further losses on this program.

Embedded Antenna Business Line

We expect the Embedded Antenna business line to show considerable strength in the first half of 2022, with growth in both revenue and volume, due in part to demand from new customers for home networking products. This continues the strong increase in revenue and volume from the second half of 2021, despite a significant global chipset shortage in 2021, which impacted customers' build schedules and forecasts. The Embedded Antenna business line continues to demonstrate a strong order book despite supply chain challenges, though some of the strength may reflect pre-purchases by customers to build a supply of stock.

Wireless Infrastructure Business Line

We expect the first half of 2022 to be challenging for the Wireless Infrastructure business line, with lower revenue than in the second half of 2021. Customer spending is focused on prioritizing deployment of integrated base station antennas for 5G networks in urban areas over small cell deployments, where the Wireless Infrastructure business line has historically been strongest. We expect distributed antenna systems (DAS) deployments will strengthen, particularly for use in stadiums and as people return to the office, later in 2022. New Multibeam BSA antennas from Galtronics will come to market in the second half of the year, opening new opportunities to drive sales with wireless carriers.

Satcom Business Line

The commercial side of the Satcom business line continues somewhat 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 somewhat constrained in the first half of 2022 with a more sustained recovery becoming evident in the second half of the year. The C-band spectrum auction in the United States is beginning to open up opportunities with satellite operators as they have received the first round of incentive payments based on clearing their C-band spectrum. Given the capital build cycles of these operators and others in the Satcom ecosystem, we expect the benefit to the Satcom business line from the build-out of the related C-band infrastructure to begin in the second half of 2022.

We expect sales for military and other government-related uses, which represents the balance of Satcom's business, to improve in 2022. We expect to make additional deliveries of our Ultra High-Power Summit II solid state power amplifiers over the course of the year. We believe that there is no other platform in the market that can deliver the capabilities of our Summit II. Moreover, we expect to launch multiple technology upgrades within our product portfolio over the course of the calendar year.

Overall, we expect revenue of the Satcom business line to be stronger in 2022 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 and growing order book but is facing supply chain constraints and a push-out of customer orders.

DISCUSSION OF OPERATIONS

Description of Operations

<u>*Galtronics*</u>

The Galtronics line of business is comprised of three interrelated business lines: (a) Asia Pacific; (b) Embedded Antenna; and, (c) Wireless Infrastructure (Small Cell/DAS/Base Station or Macro Antennas (BSA)).

a) The Asia Pacific business line works with original equipment manufacturer ("OEM") customers to design and produce antennas for mobile phones, smartphones and tablets. Asia Pacific volumes are produced at the Company's plant in Vietnam, taking advantage of a lower cost structure.
b) The Embedded Antenna business line works with OEM customers to design and produce antennas for home networking devices (such as Wi-Fi routers and gateways), set-top boxes, 5G products and land mobile radio products. Embedded Antenna volumes are produced at the Company's plant in China.
c) The Wireless Infrastructure business line works with network carrier customers and other businesses to design and produce small cell system antennas, DAS and BSA that support wireless coverage and mobile data capacity requirements. Wireless Infrastructure volumes are produced at the Company's plant in China.

<u>*Satcom*</u>

The Satcom line of business is comprised of two interrelated product lines: (a) Advantech Wireless; and, (b) Alga Microwave.

a) The Advantech Wireless product line designs and manufactures customizable satellite RF and microwave products for highly specialized wireless communications markets, including:

   - *RF Components:* (i) GaN-based power amplifiers (solid state power amplifiers, solid state power blocks and block up converters); (ii) Gallium arsenide-based power amplifiers; (iii) indoor-frequency converters; (iv) outdoor-frequency converters; and, (v) transceivers.
   - *Microwave Components:* (i) point-to-point microwave radios; and, (ii) network management software.
   - *Antennas and Controllers:* (i) fixed antennas; (ii) mobile antennas; and, (iii) antenna controllers.

Products are designed and produced for customers in the following verticals: (i) broadcast; (ii) maritime and cruise ships; (iii) government and military; (iv) homeland security; (v) direct-to-home satellite; (vi) oil and gas; and, (vii) wireless communications.

b) The Alga Microwave product line supplies RF and microwave solid state power amplifiers, pulsed amplifiers for radar applications, transmitter and transceiver products as well as RF passive components and systems.

At the end of the third quarter of 2021, we successfully integrated the Alga Microwave product line into the Advantech Wireless product line, although Alga Microwave branded products will remain in production to satisfy specific customer segments.

The combined product offering covers all major frequency standards, including:

- *Active Components:* L, S, C, X, Ku and Ka with frequencies that range from 2.0 to 31.0 GHz and within power spectrum of 5 to 12,000 watts; and,
- *Passive Components:* 500 MHz to 80 GHz passive RF components which include filters, diplexers and combiners/dividers.

Revenue and Gross Profit

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Revenue	**102,494**	**119,739**	**(17,245)**	**(14.4%)**
Cost of sales	87,382	84,338	3,044	3.6%
Gross profit	**15,112**	**35,401**	**(20,289)**	**(57.3%)**
Gross margin	14.7%	29.6%		

a) Factors affecting Revenue and Gross Profit

The Company's revenue is derived from the sale of wireless and satellite communications components. Financial results are reported as one reportable segment.

The Company manufactures and sells a variety of components, including antenna products, such as antennas for mobile handsets and smartphones, networking and telemetry devices, land mobile radios, telematics and wireless infrastructure antennas, and satellite radio frequency and microwave products, such as amplifiers, converters, filters, and transceivers. Revenue is impacted by the timing of customers' product launches, their project deployment plans, and network expansion investment levels by carriers and independent providers.

The Company's gross profit is impacted by selling prices, sales volumes, product mix and variable costs of goods sold (being direct materials and direct labour).

b) Fiscal 2021 compared to Fiscal 2020

The Company's revenue was $102.5 million in fiscal 2021 compared to $119.7 million in fiscal 2020, representing a decrease of $17.2 million or 14.4%. The decrease was primarily due to softer sales across all business lines in fiscal 2021 attributable to the impact of the COVID-19 pandemic, global chipset shortages and supply chain constraints.

The Company's gross profit was $15.1 million in fiscal 2021 compared to $35.4 million in fiscal 2020. Gross margin was 14.7% in fiscal 2021 compared to 29.6% in fiscal 2020. Gross margin was negatively impacted in fiscal 2021 by the overall decrease in sales volumes across the Company's business lines. The decrease in gross profit was also due to a write-down of $4.0 million against inventory in the Satcom business line, an accumulated loss of $4.1 million on a consumer product in the Asia Pacific business line and lower gross margins generated by the Asia Pacific business line as a result of lower margin products making up a larger portion of the remaining gross profit.

Selling and Marketing Expenses

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Payroll	6,225	6,407	(182)	(2.8%)
Other	1,739	2,912	(1,173)	(40.3%)
Total	**7,964**	**9,319**	**(1,355)**	**(14.5%)**
As a percentage of revenue	7.8%	7.8%		

a) *Factors affecting Selling and Marketing Expenses*

The Company's selling and marketing expenses consist primarily of salaries, advertising, trade shows, travel costs and other promotional activities. These costs can be material when entering new markets, such as the infrastructure market, and acquiring new customers, requiring meaningful investments to win new business.

b) *Fiscal 2021 compared to Fiscal 2020*

The Company's selling and marketing expenses in fiscal 2021 were $8.0 million (7.8% of revenue) compared to $9.3 million (7.8% of revenue) in fiscal 2020. Compared to fiscal 2020, the decrease was primarily due to lower salary and benefits expenses as a result of lower headcount of salespeople, lower marketing costs and lower sales commissions, partially offset by $0.3 million in lower government stimulus received in fiscal 2021 relating to COVID-19 relief, such as wage and rent subsidies in Canada under the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy (see "Government Assistance Programs" on page 10 of this MD&A).

Research and Development Expenses

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Development costs	13,358	12,896	462	3.6%
Depreciation	324	376	(52)	(13.8%)
Total	**13,682**	**13,272**	**410**	**3.1%**
As a percentage of revenue	13.3%	11.1%		

a) *Factors affecting Research and Development Expenses*

The Company's research and development ("R&D") expenses consist primarily of salaries, patent fees, product development costs and other related engineering expenses. The Company's technological design centres are located in South Korea, United States and Canada. The Company often incurs significant expenditures in the development of a new product without any assurance that its customers' system designers will ultimately select the product for use in their applications. Management is often required to anticipate which product designs will generate demand in advance of its customers expressly indicating a need for that particular design. Even if the Company's customers' system designers ultimately select our products, a substantial period of time may elapse before the Company generates revenue relative to the possibly significant expenses it has initially incurred.

b) *Fiscal 2021 compared to Fiscal 2020*

The Company's R&D expenses in fiscal 2021 were $13.7 million (13.3% of revenue) compared to $13.3 million (11.1% of revenue) in fiscal 2020. Compared to fiscal 2020, the increase was mainly attributable to higher salary and benefits expenses for engineers and $0.1 million lower government stimulus received in fiscal 2021 relating to COVID-19 relief (see "Government Assistance Programs" on page 10 of this MD&A).

General and Administrative Expenses

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Payroll	7,466	8,669	(1,203)	(13.9%)
Other	7,592	5,559	2,033	36.6%
Depreciation	2,195	2,545	(350)	(13.8%)
Amortization	5,117	5,211	(94)	(1.8%)
Total	**22,370**	**21,984**	**386**	**1.8%**
As a percentage of revenue	21.8%	18.4%		

a) *Factors affecting General and Administrative Expenses*

The Company's general and administrative ("G&A") expenses consist of costs relating to human resources, legal and finance, professional fees, insurance, other corporate expenses and amortization of intangibles.

b) *Fiscal 2021 compared to Fiscal 2020*

The Company's G&A expenses in fiscal 2021 were $22.4 million (21.8% of revenue) compared to $22.0 million (18.4% of revenue) in fiscal 2020. Compared to fiscal 2020, the increase was primarily due to higher other G&A expenses offset by lower payroll costs. The decrease in payroll costs was mainly attributable to lower salary and benefits expenses as a result of lower headcount. The increase in other G&A expenses was primarily due to higher severance expenses which were mainly paid to the Company's former CEO and CFO, higher consulting fees as a result of reduced headcount and higher recruiting fees, partially offset by $0.7 million higher government stimulus received in fiscal 2021 relating to COVID-19 relief (see "Government Assistance Programs" on page 10 of this MD&A).

Government Assistance Programs

(in $000's)

		Twelve Months Ended December 31,			
		2021	**2020**	**Change**	**Change**
		$	**$**	**$**	**%**
Canada Emergency Wage / Rent Subsidy	Canada	2,150	1,597	553	34.6%
Paycheck Protection Program	USA	938	1,291	(353)	(27.3%)
Social Benefit Rate Reductions	China	-	620	(620)	(100.0%)
Total		**3,088**	**3,508**	**(420)**	**(12.0%)**

- *Fiscal 2021 compared to Fiscal 2020*

The Company's government stimulus received relating to COVID-19 relief were $3.1 million in fiscal 2021 compared to $3.5 million in fiscal 2020. All government stimulus received relating to COVID-19 relief were recorded as a reduction of costs and expenses within cost of sales and operating expenses, respectively.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures that management uses to assess the Company's operating performance (see "Non-IFRS Measures" on page 2 of this MD&A). EBITDA and Adjusted EBITDA are reconciled as follows:

Reconciliation to Operating Loss

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Operating loss	**(54,858)**	**(12,174)**	**(42,684)**	**350.6%**
Depreciation and amortization	10,983	12,174	(1,191)	(9.8%)
EBITDA	**(43,875)**	**-**	**(43,875)**	**N/A**
Adjustments to EBITDA	29,079	6,350	22,729	357.9%
Adjusted EBITDA	**(14,796)**	**6,350**	**(21,146)**	**(333.0%)**

Adjustments to EBITDA

(in $000's)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Acquisition expenses	-	-	-	N/A
Fair value step-up of inventory acquired as part of an acquisition	-	-	-	N/A
Expenses for litigation relating to acquisition agreements	509	328	181	55.2%
Expenses relating to planned restructuring following an acquisition	294	360	(66)	(18.3%)
Impairment on fixed and intangible assets (including goodwill) following an acquisition	25,954	3,000	22,954	765.1%
Expenses to permanently close/relocate a facility, shut down a line of business, eliminate positions	1,332	1,273	59	4.6%
Corporate re-organization expenses	16	161	(145)	(90.1%)
Non-cash compensation	974	1,228	(254)	(20.7%)
Total	**29,079**	**6,350**	**22,729**	**357.9%**

a) *Factors affecting Operating Loss, EBITDA and Adjusted EBITDA*

The Company’s operating loss, EBITDA and Adjusted EBITDA are highly impacted by sales volumes, the mix of product sales, operating expenses and investment in R&D related to new products.

b) *Fiscal 2021 compared to Fiscal 2020*

The Company’s operating loss in fiscal 2021 was $54.9 million compared to an operating loss of $12.2 million in fiscal 2020. In fiscal 2021, based on the impairment analysis performed, the Company concluded that there was an impairment to goodwill for the Satcom business line and recorded an impairment provision of $15.9 million within operating expenses. In addition, the Company recorded an aggregate $10.0 million impairment provision for the MMU facility and $0.1 million impairment provision for other facilities. In fiscal 2020, the Company recorded a goodwill impairment for the Satcom business line of $3.0 million. Excluding the impact of non-current asset impairments, the increase in operating loss in fiscal 2021 was primarily due to lower revenue and gross margin, partially offset by lower operating expenses compared to fiscal 2020.

The Company’s Adjusted EBITDA in fiscal 2021 was ($14.8) million compared to $6.4 million in fiscal 2020. Adjustments to EBITDA amounting to $29.1 million in fiscal 2021 are detailed in the chart above.

Net Loss

(in $000's except per share amounts)

	Twelve Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Loss before income taxes	(60,749)	(17,811)	(42,938)	241.1%
Income tax expense (recovery)	6,671	(887)	7,558	(852.1%)
Net loss	**(67,420)**	**(16,924)**	**(50,496)**	**298.4%**
Basic and diluted net loss per share	($1.09)	($0.42)		

a) *Factors affecting Net Loss*

The Company's net loss is influenced by the factors noted above for operating loss and EBITDA.

b) *Fiscal 2021 compared to Fiscal 2020*

The Company's net loss in fiscal 2021 was $67.4 million compared to a net loss of $16.9 million in fiscal 2020. The net loss in fiscal 2021 was primarily due to operating loss which included non-current asset impairments of $26.0 million, income tax expense, which included a $7.1 million reduction in the carrying value of deferred tax assets, as well as a fair value adjustment to the Debentures. On a per share basis, fiscal 2021 generated a net loss of $1.09 per share compared to a net loss of $0.42 per share in fiscal 2020.

SUMMARY OF QUARTERLY RESULTS

(in $000's except per share amounts)

	2021				2020			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	**27,196**	30,216	21,622	23,460	25,591	36,577	30,629	26,942
Gross profit (loss)	**8,782**	6,282	(3,549)	3,597	6,725	10,399	9,678	8,599
Loss before income taxes	**(13,288)**	(5,036)	(33,981)	(8,444)	(8,282)	(2,169)	(4,090)	(3,270)
Income tax expense (recovery)	**6,837**	(138)	(46)	18	1,109	(1,804)	617	(809)
Net loss	**(20,125)**	(4,898)	(33,935)	(8,462)	(9,391)	(365)	(4,707)	(2,461)
Basic and diluted net loss per share	**($0.26)**	($0.07)	($0.64)	($0.17)	($0.23)	($0.01)	($0.12)	($0.06)
EBITDA*	**(10,050)**	(1,222)	(29,887)	(2,716)	(3,988)	2,278	1,905	(195)
Adjusted EBITDA*	**864**	(682)	(12,721)	(2,257)	(445)	3,582	2,658	555
Current assets	**61,086**	57,104	48,087	61,261	58,021	67,860	68,535	64,963
Total assets	**93,033**	110,166	102,127	133,629	133,473	151,292	152,011	151,996
Current liabilities	**61,852**	45,745	57,794	55,647	36,470	48,110	45,307	63,732
Non-current liabilities	**19,400**	36,903	22,544	34,346	48,140	49,146	52,189	28,768
Total liabilities	**81,252**	82,648	80,338	89,993	84,610	97,256	97,496	92,500
Backlog*	**36,444**	29,393	24,961	20,529	17,117	18,411	18,359	18,155

** EBITDA, Adjusted EBITDA and Backlog are non-IFRS measures that management uses to assess the Company's business dynamics and operating performance (see "Non-IFRS Measures" on page 2 of this MD&A).*

The Company's backlog was $36.4 million at December 31, 2021 compared to $17.1 million at December 31, 2020. Backlog as at December 31, 2021 was at its historically highest level, which was primarily led by the Satcom and Embedded Antenna business lines.

FOURTH QUARTER DISCUSSION

Revenue and Gross Profit

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Revenue	**27,196**	**25,591**	**1,605**	**6.3%**
Cost of sales	18,414	18,866	(452)	(2.4%)
Gross profit	**8,782**	**6,725**	**2,057**	**30.6%**
Gross margin	32.3%	26.3%		

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's revenue was $27.2 million in the fourth quarter of 2021 compared to $25.6 million in the fourth quarter of 2020, representing an increase of $1.6 million or 6.3%. The increase was primarily due to stronger revenue from the Embedded Antenna business line in part due to increased availability of global chipsets despite the supply chain challenges.

  The Company's gross profit was $8.8 million in the fourth quarter of 2021, an increase of $2.1 million or 30.6% compared to the fourth quarter of 2020. Gross margin was 32.3% in the fourth quarter of 2021 compared to 26.3% in the fourth quarter of 2020. Gross margin was mainly impacted by improved product mix. The increase in gross margin was attributable to improved gross margins in the Satcom and Embedded Antenna business lines in the fourth quarter of 2021 compared to the prior year period.

Selling and Marketing Expenses

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Payroll	1,578	1,104	474	42.9%
Other	641	719	(78)	(10.8%)
Total	**2,219**	**1,823**	**396**	**21.7%**
As a percentage of revenue	8.2%	7.1%		

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's selling and marketing expenses in the fourth quarter of 2021 were $2.2 million (8.2% of revenue) compared to $1.8 million (7.1% of revenue) in the fourth quarter of 2020. The increase was primarily due to lower government stimulus received in the fourth quarter of 2021, which resulted in higher salary and benefits expenses compared to the prior year period.

Research and Development Expenses

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Development costs	2,966	4,020	(1,054)	(26.2%)
Depreciation	56	99	(43)	(43.4%)
Total	**3,022**	**4,119**	**(1,097)**	**(26.6%)**
As a percentage of revenue	11.1%	16.1%		

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's R&D expenses in the fourth quarter of 2021 were $3.0 million (11.1% of revenue) compared to $4.1 million (16.1% of revenue) in the fourth quarter of 2020. The decrease was mainly attributable to lower development related expenditures incurred in the fourth quarter of 2021, partially offset by lower government stimulus received in the fourth quarter of 2021 compared to the prior year period.

General and Administrative Expenses

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Payroll	1,885	1,869	16	0.9%
Other	2,492	1,021	1,471	144.1%
Depreciation	576	589	(13)	(2.2%)
Amortization	1,357	1,301	56	4.3%
Total	**6,310**	**4,780**	**1,530**	**32.0%**
As a percentage of revenue	23.2%	18.7%		

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's G&A expenses in the fourth quarter of 2021 were $6.3 million (23.2% of revenue) compared to $4.8 million (18.7% of revenue) in the fourth quarter of 2020. The increase was mainly due to higher other G&A expenses such as consulting fees, legal fees and other professional fees, as well as lower government stimulus received in the fourth quarter of 2021 compared to the prior year period.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are reconciled as follows:

<u>Reconciliation to Operating Loss</u>

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Operating loss	**(12,815)**	**(6,997)**	**(5,818)**	**83.1%**
Depreciation and amortization	2,765	3,009	(244)	(8.1%)
EBITDA	**(10,050)**	**(3,988)**	**(6,062)**	**152.0%**
Adjustments to EBITDA	10,914	3,543	7,371	208.0%
Adjusted EBITDA	**864**	**(445)**	**1,309**	**(294.2%)**

Adjustments to EBITDA

(in $000's)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Acquisition expenses	-	-	-	N/A
Fair value step-up of inventory acquired as part of an acquisition	-	-	-	N/A
Expenses for litigation relating to acquisition agreements	142	85	57	67.1%
Expenses relating to planned restructuring following an acquisition	194	25	169	676.0%
Impairment on fixed and intangible assets (including goodwill) following an acquisition	10,046	3,000	7,046	234.9%
Expenses to permanently close/relocate a facility, shut down a line of business, eliminate positions	230	187	43	23.0%
Corporate re-organization expenses	4	41	(37)	(90.2%)
Non-cash compensation	298	205	93	45.4%
Total	**10,914**	**3,543**	**7,371**	**208.0%**

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's operating loss in the fourth quarter of 2021 was $12.8 million compared to an operating loss of $7.0 million in the fourth quarter of 2020. In the fourth quarter of 2021, the Company recorded within operating expenses an aggregate $10.0 million impairment provision for the MMU facility and $0.1 million impairment provision for other facilities. In the fourth quarter of 2020, the Company recorded a goodwill impairment provision of $3.0 million within operating expenses for the Satcom business line. Excluding the impact of non-current asset impairments, the decrease in operating loss in the fourth quarter of 2021 was mainly due to stronger revenue and gross margin, partially offset by higher operating expenses compared to the prior year period.

  The Company's Adjusted EBITDA in the fourth quarter of 2021 was $0.9 million, which was the first quarter of positive Adjusted EBITDA since the third quarter of 2020. Adjustments to EBITDA totaling $10.9 million in the fourth quarter of 2021 are detailed in the chart above.

Net Loss

(in $000's except per share amounts)

	Three Months Ended December 31,			
	2021	**2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Loss before income taxes	(13,288)	(8,282)	(5,006)	60.4%
Income tax expense	6,837	1,109	5,728	516.5%
Net loss	**(20,125)**	**(9,391)**	**(10,734)**	**114.3%**
Basic and diluted net loss per share	($0.26)	($0.23)		

- *Fourth Quarter of 2021 compared to Fourth Quarter of 2020*

  The Company's net loss in the fourth quarter of 2021 was $20.1 million compared to a net loss of $9.4 million in the fourth quarter of 2020. The net loss in the fourth quarter of 2021 was primarily due to operating loss which included a non-current asset impairment provision of $10.1 million and income tax expense which included a $7.1 million reduction in the carrying value of deferred tax assets. The net loss in the fourth quarter of 2020 included a goodwill impairment provision of $3.0 million. On a per share basis, the fourth quarter of 2021 produced a net loss of $0.26 per share compared to a net loss of $0.23 per share in the fourth quarter of 2020.

CAPITAL RESOURCES AND LIQUIDITY

The Company's capital resources are in part used to fund working capital (see "Non-IFRS Measures" on page 2 of this MD&A) associated with product launches, to invest in design proposals for customers, and for capital investments required to sustain and expand business and manufacturing capabilities in order to meet customer demands.

Liquidity

Management's approach is to ensure, to the extent reasonably possible, that sufficient liquidity exists to meet liabilities as they become due. We do so by monitoring cash flows, actual revenue and expenses compared to budgeted amounts. Cash flow is monitored on a weekly basis while other metrics such as the cash conversion cycle ("CCC") are monitored monthly (see "Non-IFRS Measures" on page 2 of this MD&A). Management looks to these key indicators to ensure the Company is generating sufficient cash to maintain capacity and meet planned growth. For example, a low CCC implies a more efficient use of working capital employed.

(in $000's)	As at December 31, 2021	As at December 31, 2020
	$	$
Cash and cash equivalents	19,674	11,205
Less: Credit from banks	(10,787)	(10,129)
Net Cash	**8,887**	**1,076**

The Company had net cash as at December 31, 2021 and December 31, 2020 of $8.9 million and $1.1 million, respectively. The increase was primarily due to proceeds from the equity issuance in September and October 2021, proceeds from the exercise in March 2021 of common share purchase warrants issued in December 2020, drawdown of the Vietnam Loan and a decrease in non-cash working capital, offset by operating losses and principal and interest payments.

The Company had approximately $19.7 million in cash and cash equivalents as at December 31, 2021, with additional available liquidity through existing credit facilities of approximately $7.4 million. The Company expects that it will have sufficient cash to pay ongoing expenses, including debt service costs, to December 31, 2022.

Working capital requirements

Working capital requirements are mainly for materials, production, sales and marketing, R&D, operations and G&A expenses. Working capital requirements could increase due to increased revenue, customer payment delays, increased inventory levels to meet additional demand, and/or paying suppliers more quickly. These changes increase the CCC, which in turn reduces the overall liquidity in the business. As at December 31, 2021, the Company's CCC was 47 days compared to 95 days as at December 31, 2020. The decrease was primarily due to the provision on inventories.

During the twelve months ended December 31, 2021, working capital decreased by $10.6 million. The decrease was primarily due to the following factors:

a) Trade payables and accrued liabilities as at December 31, 2021 were $28.6 million compared to $21.2 million as at December 31, 2020. The increase was mainly attributable to extension of days payable outstanding in the latter part of fiscal 2021.

b) Inventories as at December 31, 2021 were $15.8 million compared to $19.7 million as at December 31, 2020. The decrease was mainly due to the provision on Satcom inventories.

Commitment for capital expenditures

As at December 31, 2021, the Company had an aggregate commitment for capital expenditures of approximately $0.3 million.

Credit from banks and loans

On March 29, 2019, the Company entered into a credit agreement (the "Credit Agreement") with Royal Bank of Canada and HSBC Bank Canada (collectively, the "Lenders") pursuant to which the Lenders established in favour of the Company: a revolving credit facility (the "Revolving Facility") for up to $15.0 million; and, a term credit facility ("Term Loan") for up to $26.6 million (together, the "Credit Facilities").

The availability of the Revolving Facility is based on the Company's accounts receivables and inventory balances. The interest rate on the Revolving Facility is determined based on the type of advance, the applicable margin and the Company's Senior Debt to EBITDA Ratio (as defined in the Credit Agreement) and is payable monthly in arrears, as set out in the Credit Agreement. As at December 31, 2021, the interest rate on the Revolving Facility was one-month LIBO Rate or 3.59%. As at December 31, 2021, the standby fee on the undrawn portion of the Revolving Facility was 0.70%.

The Company may draw on its available revolving credit facilities under the Revolving Facility as well as the revolving credit facilities with banks domiciled in China and South Korea, as needed. As at December 31, 2021, the Company's aggregate revolving credit facilities were $19.0 million, of which $10.8 million was drawn and utilized. As at December 31, 2021, $7.1 million was outstanding under the Revolving Facility.

The principal amount under the Term Loan was fully advanced in United States dollars and was used to repay existing indebtedness. Quarterly principal repayments in the amount of $1.0 million commenced on June 30, 2019, with the scheduled principal repayments for June 30 and September 30, 2020 being deferred with the consent of the Lenders. The interest rate on the Term Loan is determined based on the LIBO Rate (as defined in the Credit Agreement), the applicable margin and the Company's Senior Debt to EBITDA Ratio and is payable quarterly in arrears, as set out in the Credit Agreement. As at December 31, 2021, the interest rate on the Term Loan was three-month LIBO Rate or 3.63%.

Commencing July 26, 2019, the Company entered into an interest rate swap arrangement that matures on March 29, 2022, whereby the LIBO Rate portion of the interest rate on the Term Loan was fixed at 2% until maturity of the swap.

The Credit Facilities are guaranteed by the Company's principal operating subsidiaries (other than those in Vietnam) and are secured by substantially all the assets of the Company and the guarantors. The Credit Agreement includes certain financial covenants, including a Senior Debt to Equity Ratio and Fixed Charge Coverage Ratio (as defined in the Credit Agreement), minimum EBITDA (as defined in the Credit Agreement) and minimum Liquidity (as defined in the Credit Agreement). The Credit Agreement also includes other customary positive and negative covenants (including limitations on dispositions, additional debt, investments, distributions, capital expenditures, changes to the business and financial assistance), and events of default.

Effective March 7, 2022, the Company and its lenders (Royal Bank of Canada and HSBC Bank Canada) agreed to amend the Credit Agreement to extend the maturity date of the Credit Facilities from March 29 to September 30, 2022. During the period of the extension, the Senior Debt to EBITDA Ratio and the minimum EBITDA covenant will not apply, the Fixed Charge Coverage Ratio of 1.15:1.00 will remain in effect, as will the requirement to maintain minimum Liquidity of $10 million. With effect from March 29, 2021, the banks will neither make nor maintain, and Company will no longer be entitled to have, any borrowings with an interest rate based on the LIBO Rate. Instead, the interest rate on the Credit Facilities will be based on the US Base Rate (as defined in the Credit Agreement). The US Base Rate is essentially the rate of interest (as determined by Royal Bank of Canada) as the reference rate of interest for loans in US dollars to its Canadian borrowers. The Credit Facilities are currently advanced in US dollars. The US Base Rate as at December 31, 2021 was 3.75%. Had the US Base Rate then applied to the Credit Facilities, the interest rate would have been 6.25% (including the applicable margin of 2.50%).

On October 14, 2020, GTD, one of the Company's subsidiaries in Vietnam, entered into a credit agreement (the "Vietnam Credit Agreement") with HSBC Bank Vietnam Ltd. ("HSBC Vietnam") pursuant to which HSBC Vietnam established a credit facility in favour of GTD for up to $3.2 million in Vietnamese Dong currency equivalent (the "Vietnam Loan"). As at December 31, 2021, $3.1 million was outstanding under the Vietnam Loan. The interest rate on the Vietnam Loan is determined based on the base lending rate in Vietnam plus a margin of up to 2% and is payable semi-annually in arrears. GTV, the Company's other Vietnamese subsidiary, is a guarantor of the Vietnam Loan. The Vietnam Loan is secured by certain equipment of GTD and GTV's guarantee is secured by certain equipment of GTV. The Vietnam Loan required GTD and GTV, as guarantor of the Vietnam Loan, to meet certain financial covenants. In light of the situation with the MMU facility, if those covenants had been tested (as required) on December 31, 2021 those tests would not have been met, but HSBC Vietnam agreed, as part of ongoing discussions with the Company, to waive the financial covenant requirements. As a result of those discussions, the parties have settled a term sheet summarizing the proposed terms under which the Vietnam Credit Agreement will be amended so that (i) the maturity date of the Vietnam Loan will be changed from February 18, 2024 to August 18, 2022; (ii) the financial covenants will be waived; and, (iii) GTD may proceed to sell the equipment in the MMU facility and apply the sales proceeds in repayment of the Vietnam Loan. Separately, the term sheet also provides that Baylin will provide (by March 31, 2022) an unsecured guarantee of the remaining balance of the Vietnam Loan in favour of HSBC Vietnam. HSBC Vietnam may not take steps to call the guarantee until September 30, 2022. The parties are in the process of finalizing the formal amendment to give effect to the term sheet. On signing of the formal amendment, GTD has agreed to prepay the principal payment due on May 18, 2022 in the amount of approximately $0.3 million.

Convertible debentures

On July 10, 2018, the Company issued $17.25 million of extendible convertible unsecured debentures (the "Debentures"). The Debentures bear interest at a rate of 6.5% per annum, payable semi-annually in arrears on June 30 and December 31 of each year and mature on July 10, 2023 (the "Maturity Date").

The Debentures are convertible at the holder's option into common shares at any time prior to the close of business on the earlier of: (i) the last business day before the Maturity Date; or, (ii) if called for redemption, the business day immediately preceding the date specified by the Company for redemption, at a conversion price of $3.85 per common share (the "Conversion Price"), being a ratio of approximately 260 common shares per $1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the convertible debenture indenture dated July 10, 2018 (the "Indenture").

The Debentures were not redeemable by the Company prior to July 10, 2021 (except in certain limited circumstances following a Change of Control (as defined in the Indenture). On or after July 10, 2021, and prior to the Maturity Date, the Company may, at its option, subject to providing not more than 60 days' and not less than 30 days' prior notice, redeem the Debentures, in whole or, from time to time, in part, at par plus accrued and unpaid interest provided that the volume-weighted average trading price of the common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given (the "Current Market Price") is not less than 125% of the Conversion Price (as defined in the Indenture). The Company may, at its option, subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Debentures on redemption or at maturity, provided no Event of Default (as defined in the Indenture) has occurred and is continuing at such time, upon not more than 60 days' and not less than 30 days' prior written notice, by delivering that number of freely tradeable common shares obtained by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.

Following approval of the holders of Debentures on April 8, 2021 and of the shareholders of the Company on May 11, 2021, the Indenture was amended (the "Amendment") to reduce, for a period of 30 days, the Conversion Price from $3.85 to $1.11, the current market price of the common shares at the time the Amendment became effective on May 19, 2021 determined in accordance with the Amendment (the "New Conversion Price"). The terms of the Debentures otherwise remained unchanged. As a result of the Amendment, holders of $12.135 million principal amount of the Debentures converted their Debentures into 10,932,429 common shares of the Company at the New Conversion Price, leaving $5.115 million of the Debentures outstanding. The 30-day period during which the New Conversion Price remained in effect ended on June 18, 2021, following which the Conversion Price reverted to $3.85.

Upon a Change of Control of the Company, the Company may be required to repurchase the Debentures, at the option of the holder, in whole or in part, at a price equal to 101% of the principal amount of the Debentures outstanding, plus accrued interest.

The Debentures are classified as financial liabilities at fair value through profit or loss and are measured at fair value with changes recognized in the consolidated statement of net income (loss). Further details of the Debentures are set out in the Indenture filed under the Company's profile on SEDAR at www.sedar.com.

SHARE-BASED PAYMENTS

Omnibus Equity Incentive Plan

On August 13, 2020, the shareholders of the Company approved a new Omnibus Equity Incentive Plan (the "Omnibus Plan"). The Omnibus Plan permits the board of directors to grant a wide range of long-term incentive awards to participants. The awards include deferred share units ("DSUs"), which are for directors only, performance share units ("PSUs"), restricted share units ("RSUs") and stock options. The Omnibus Plan replaced the separate Deferred Share Unit Plan ("DSU Plan"), Stock Option Plan and Employee Share Compensation Plan ("ESCP"). Awards granted after August 13, 2020 are governed by the Omnibus Plan. Awards granted before that date will continue to be governed by the plan under which they were granted. The number of common shares issuable under the Omnibus Plan, and any other security-based compensation arrangements, including the DSU Plan, Stock Option Plan and ESCP, may not exceed 10% of the number of common shares outstanding from time to time. However, the Omnibus Plan is an "evergreen plan", meaning that any awards that are exercised or settled or terminated without being exercised or settled are available for subsequent grant and do not reduce the number of common shares available to be granted. There are also limitations on the number of common shares that may be issued to insiders.

The Company may settle DSUs, PSUs and RSUs in (i) common shares issued from treasury, (ii) common shares purchased in the market, (iii) cash or (iv) a combination of common shares and cash. Holders of stock options may exercise their options, (i) by paying the option exercise price or (ii) with the consent of the Company, through a cashless exercise or by receiving a cash payment in lieu of shares.

In the case of DSUs, unless otherwise approved by the board of directors, eligible directors must elect to receive at least 50% and up to 100% of their annual retainers in DSUs. The DSUs are issued on a monthly basis while the director serves as a board member and vest immediately. The DSUs are settled after the member ceases to be a director.

The following table lists the number of DSUs outstanding as at December 31, 2021 and December 31, 2020:

	Number of DSUs	**Weighted Average Price**
DSUs outstanding as at January 1, 2020	395,449	$2.51
DSUs granted during 2020	240,416	$1.08
DSUs redeemed during 2020	(52,759)	$2.10
DSUs outstanding as at December 31, 2020	583,106	$1.96

	Number of DSUs	**Weighted Average Price**
DSUs outstanding as at January 1, 2021	583,106	$1.96
DSUs granted during 2021	370,144	$1.00
DSUs redeemed during 2021	(29,935)	$3.15
DSUs outstanding as at December 31, 2021	923,315	$1.45

The Company recognized a DSU expense of $0.4 million during the twelve months ended December 31, 2021, which was included in G&A expenses.

Stock Option Grants

Stock options may be granted by the board of directors to directors, officers, employees and consultants of the Company (or its subsidiaries or investee entities) as performance incentives. At the time of granting a stock option, the board of directors will determine: (i) the exercise price, being not less than the market value of the common shares; (ii) the vesting provisions, generally being over three to five years with an equal number of common shares vesting on each anniversary of the grant date, and (iii) the expiry date, generally being no more than seven years after the grant date.

The table below summarizes stock option grants as at December 31, 2021:

Options grant date	Options granted	Exercise price	Options expiry date	Options vested as at December 31, 2021	Options vested as at December 31, 2020	Options exercised, surrendered, expired or cancelled as at December 31, 2021	Options net outstanding as at December 31, 2021
Mar. 30, 2017	685,000	$1.98	Mar. 30, 2022	456,666	456,666	685,000	-
Aug. 8, 2017	500,000	$2.00	Aug. 8, 2022	500,000	500,000	200,000	300,000
Mar. 10, 2018	30,000	$3.51	Mar. 10, 2023	20,000	20,000	30,000	-
May 17, 2018	275,000	$3.34	May 17, 2023	181,666	131,666	275,000	-
May 22, 2018	25,000	$3.34	May 22, 2023	5,000	5,000	25,000	-
Jul. 11, 2018	197,500	$3.50	Jul. 11, 2023	81,200	72,000	151,500	46,000
Nov. 9, 2018	250,000	$3.84	Nov. 9, 2023	250,000	166,666	-	250,000
Mar. 25, 2019	325,000	$3.89	Mar. 25, 2024	70,000	35,000	325,000	-
May 21, 2019	270,000	$3.57	May 21, 2024	180,000	90,000	20,000	250,000
Aug. 16, 2019	60,000	$3.18	Aug. 16, 2024	40,000	20,000	60,000	-
Nov. 23, 2020	150,000	$0.87	Nov. 23, 2025	50,000	-	-	150,000
Jun. 21, 2021	900,000	$1.05	Jun. 21, 2026	-	-	-	900,000
Aug. 23, 2021	75,000	$0.78	Aug. 23, 2026	-	-	-	75,000
	3,742,500			1,834,532	1,496,998	1,771,500	1,971,000

The Company recognized a stock option expense of $0.6 million during the twelve months ended December 31, 2021, which was included in G&A expenses.

Common Share Grants

In February 2018, the Company issued 49,738 restricted common shares, with 50% of the common shares vesting 12 months subsequent to the date of grant and 50% vesting 24 months subsequent to the date of the grant. The Company recognized less than $0.1 million in G&A expenses for the twelve months ended December 31, 2020, and no amount was recognized for the twelve months ended December 31, 2021.

In March 2019, the Company issued an additional 64,263 restricted common shares, with 50% of the common shares vesting 12 months subsequent to the date of grant and 50% vesting 24 months subsequent to the date of grant. The Company recognized $0.1 million in G&A expenses for the twelve months ended December 31, 2020, and no amount was recognized for the twelve months ended December 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements consist of the Credit Facilities disclosed in “Credit from banks and loans” section of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

Private Placements

On June 30, 2020, certain directors and management purchased 267,566 Common Shares by way of private placement. The Common Shares were issued at $0.9259 per Common Share, representing 85% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days ended June 29, 2020.

On December 15, 2020, the Company issued by way of private placement 6,666,700 Units at $0.75 each for proceeds of $5 million, each Unit comprising one Common Share and one-half of a common share purchase warrant. Each whole warrant (of which there were 3,333,350) entitled the holder to acquire one Common Share at an exercise price of $1.05 per Common Share. 2385796 Ontario Inc. (the “Principal Shareholder”), a company over which Mr. Jeffrey C. Royer, the Company’s Chairman of the Board of Directors, exercises investment control, and another insider purchased a total of 1,416,600 Units. In March 2021, the Principal Shareholder and the other insider exercised their warrants to acquire 708,300 Common Shares.

On June 17, 2021, the Principal Shareholder exercised its right as a holder of Convertible Debentures to convert $8,692,000 principal amount of the Convertible Debentures (representing its entire holding) into 7,830,630 Common Shares at a conversion price of $1.11.

In August 2021, the Company announced a private placement of a minimum of 11,765,000 common hares and up to a maximum of 17,648,000 Common Shares. On September 1, 2021, the Company completed the first tranche of the private placement, issuing 11,765,000 Common Shares at a price of $0.85 per Common Share for proceeds of $10 million, all of which were purchased by the Principal Shareholder. On October 21, 2021, the Company completed the second tranche of the private placement, issuing 5,883,000 Common Shares at a price of $0.85 per Common Share for proceeds of $5 million, of which the Principal Shareholder purchased 5,460,192 Common Shares and other insiders of the Company purchased the remaining 422,808 Common Shares. The Company relied on the “financial hardship” exemption available to it under the rules of the Toronto Stock Exchange to permit the Principal Shareholder and other insiders to purchase more than 10% of the number of Common Shares then outstanding without having to obtain disinterested shareholder approval.

Advantech Wireless Inc.

In January 2018, the Company acquired the Advantech Wireless business (the “Advantech Acquisition”) from Advantech Wireless Inc. (now known as SpaceBridge Inc. (the “Advantech Vendor”)), which is owned and controlled by David Gelerman, a director of the Company until April 3, 2020.

Pursuant to the terms of the Advantech Acquisition, the Advantech Vendor was entitled to additional compensation of between $0.75 million and $3.0 million per year in each of 2018 and 2019 conditional on the Advantech Wireless business meeting certain EBITDA targets in those years. The EBITDA targets were not met in 2018 and 2019. On June 1, 2020, the Advantech Vendor contested that the 2019 EBITDA targets were not met. The Company is opposing the objection.

The Advantech Vendor and certain of its affiliates acted as agent for the Company. As at December 31, 2021, $1.4 million was due to the Company and included in trade receivables and $1.2 million was due to the agent and included in accounts payable and accrued liabilities.

During the twelve months ended December 31, 2021, the Company recognized revenue of $0.1 million related to the sale of goods to the Advantech Vendor and certain of its affiliates.

The Company did not provide services to the Advantech Vendor or its affiliates during the twelve months ended December 31, 2021. As at December 31, 2021, $0.4 million was included in trade receivables related to these services.

Alga Microwave

For the twelve months ended December 31, 2021 and the twelve months ended December 31, 2020, $0.1 million was recognized in revenue for premises leased to a company partly owned by Michael Perelshtein, an Alga Microwave employee until November 12, 2020.

Executive officer remuneration

Short-term benefits, pension and post-retirement benefits of the executive officers of the Company amounted to $4.9 million for the twelve months ended December 31, 2021 compared to $5.2 million for the twelve months ended December 31, 2020. These amounts comprise of executive officers’ salary and benefits earned during the year, plus bonuses awarded for the year. The amounts also represent the estimated costs of providing defined benefit pensions and other post-retirement benefits to executive officers in respect of the current year of service.

Other

The Company retains the services of Mr. Jeffrey C. Royer, pursuant to a services agreement between Mr. Royer and the Company dated as of January 1, 2015, to fulfill the position of Chairman of the board of directors and to provide related strategic leadership and guidance to the board of directors and management of the Company. As consideration for the services provided under the agreement, the Company agreed to pay Mr. Royer an annual fee of $75,000 either in cash or securities of the Company as mutually agreed between the Company and Mr. Royer. For the twelve months ended December 31, 2021, the Company paid $44,000 in cash to Mr. Royer under this agreement.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates and judgements made by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Operating segments

The Company is considered to operate as one segment. In making this judgement, the Company has evaluated the business activities from which it earns revenues and incurs expenses, at which level operating results are reviewed by the chief operating decision maker and for which discrete financial information is available. The chief executive officer has been deemed the chief operating decision maker.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset exceeds its recoverable amount. In evaluating impairment, the Company determines recoverable amount based on value in use. The fair value of property plant and equipment and finite-life intangible assets is determined using the depreciated replacement cost ("DRC") approach for certain assets, and a market approach using comparable transactions for other assets. The value in use of indefinite life intangibles and goodwill are based on estimated discounted future cash flows.

Estimates used in arriving at value in use involve significant judgement of changes in market and other conditions that can affect value in use. DRC includes adjustments for obsolescence which are based in part on assumptions that are influenced by factors that are both internal and external to the Company, and therefore, changes in such factors can affect those assumptions. Discounted future cash flows include a number of estimates and assumptions surrounding assumed growth rates, number of years in discounted future cash flow models and the discount rate.

The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgement.

Leases

The Company has applied judgement to determine the incremental borrowing rate and the lease term for some lease contracts in which it is a lessee that include renewal options, which significantly affects the amount of lease liability and right of use assets recognized. The Company has used the practical expedient of applying hindsight in assessing certain lease extension options. The Company has also used judgement in determining the incremental borrowing rate based on the term, security, the lessee entities economic environment, credit rating, level of indebtedness and asset specific adjustments.

Interest rate swap contracts

The Company has an interest rate swap arrangement valued at fair value through profit and loss. Judgement is applied to determine the LIBOR forward curve for the term of the interest rate swap contract.

Income taxes

The Company is subject to income taxes in all jurisdictions in which it operates. Significant judgement is required in determining the tax provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax assets are recognized for unutilized carry forward tax losses and deductible temporary differences to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Business combination

Management applies IFRS 3, Business Combinations, to account for business acquisitions. Significant judgement is required in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any.

Share-based payments

The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of stock options and warrants. The Company uses significant judgement in the determination of the input variables in the Black-Scholes calculation, which include risk free interest rate, expected stock price volatility, expected life, and expected dividend yield.

Deferred tax assets and liabilities

The Company makes significant judgements in interpreting tax rules and regulations when calculating deferred tax assets and liabilities. Judgement is used to evaluate whether a deferred tax asset can be recovered based on our assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

Intercompany net investment

Long term receivable or loan from the Company's foreign operations may have exchange gains and losses. Judgement is required to determine if the long term loan or receivable form part of the Company's net investment in the foreign operation based on whether settlement is neither planned nor likely to occur in the foreseeable future. In this case exchange differences are recognized in other comprehensive income rather than net loss.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Going Concern

The Company regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account known future information, including whether events or conditions create material uncertainties that may cast significant doubt on the ability to continue as a going concern.

In assessing the Company's ability to continue as a going concern, management has a reasonable expectation that the Company will be able (i) to fund operating and debt service requirements for the next 12 months and (ii) to refinance the Revolving Facility and Term Loan when they mature on September 30, 2022.

COVID-19

The outbreak of COVID-19 and its variants has spread across the globe and is impacting worldwide economic activity. The governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and temporary closures of businesses. In addition, numerous other businesses have temporarily closed voluntarily. Such actions are creating disruption in global supply chains, increasing rates of unemployment and adversely impacting many industries.

During the twelve months ended December 31, 2021, COVID-19 has impacted sales volumes and caused delays in the deployment of a number of products resulting in decreased revenue and margins. During the twelve months ended December 31, 2021, the Company applied for and received government assistance in Canada and the United States of America. Given the dynamic nature of this outbreak, the extent to which the COVID-19 virus impacts the Company's operational results and financial performance will depend on future developments, which remain highly uncertain and cannot be accurately predicted at this time, including the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, and the direct and indirect economic effects of the pandemic and related containment measures, among others. The COVID-19 pandemic thus impacted estimates and assumptions when preparing the financial statements including judgements related to cash flow inputs, credit risks and liquidity risks.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to various financial risks such as foreign exchange risk, interest rate risk, customer concentration and credit risk, and liquidity risk. Our risk management focuses on activities that reduce to a minimum any adverse effects on our consolidated financial performance.

Foreign exchange risk

A portion of the Company's transactions are denominated in currencies other than the functional currency of the respective subsidiary. As a result, the Company is exposed to currency risk on these transactions. The Company's objective in managing its currency risk is to minimize its exposure to currencies other than its functional currency. Gains and losses are primarily derived from changes in the Canadian dollar exchange rate in relation to the United States dollar.

Interest rate risk

The Company has exposure to interest rate risks on credit from banks with variable interest rate. The Company reduces its exposure to this risk by reducing debt levels and entering into interest rate swap arrangements, as disclosed in Note 16 of the Financial Statements and elsewhere in this MD&A. The Company believes that interest rate risk is low as the majority of its loans are short-term or have fixed interest rates.

Credit risk

A significant portion of the Company's products are sold to a limited number of major customers located primarily in North America and Asia. The top three customers in any given year may not be the same top three customers in a previous or subsequent year. The loss of, or a significant reduction in, orders from one or more of our major customers would adversely affect the Company's business, results of operations and financial condition. The Company recognized an aggregate of 37% and 36% of revenue, directly and indirectly, from the Company's largest customer and its subcontractors for the twelve months ended December 31, 2021 and December 31, 2020, respectively. The Company's strategy in managing this risk is to diversify its customer base by expanding its product portfolio and enhancing its sales and marketing efforts.

The Company and its subsidiaries typically extend 30 to 90-day credit terms to its customers and regularly monitor the credit extended to such customers and their general financial condition but do not require collateral as security for these receivables. The Company provides an allowance for expected credit losses based on the factors that affect the credit risk of certain customers, past experience and other information including the impact of COVID-19 during the year. The Company also assessed expected credit losses based on whether customers would be unable or would delay payments due to COVID-19 and determined that additional credit losses were not expected. The Company mitigates the credit risk by purchasing credit insurance provided by Export Development Canada ("EDC").

Liquidity risk

The Company monitors its liquidity risk through the use of quarterly budgets, weekly cash flow projections, and close monitoring of the Company's accounts receivable balances, inventory build and payment of suppliers. The objective is to maintain sufficient liquidity in its operating entities through a combination of cash on hand, borrowings under Credit Facilities, and generating operating cash flow. The Company also regularly monitors the amounts owing to its Chinese subsidiary by other subsidiaries to ensure compliance with China's State of Administration of Foreign Exchange ("SAFE") requirements. The Company also assessed the impact of the COVID-19 pandemic and determined whether there would be sales volume or project deployment delays which would adversely affect future cash flows and liquidity.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were issued and outstanding:

- 80,107,799 common shares;
- $5.115 million principal amount of Debentures; and,
- warrants to purchase up to an aggregate of 882,501 common shares.

The number of common shares issuable under the Omnibus Plan and any other security-based compensation arrangements of the Company may not exceed 10% of the number of common shares outstanding from time to time, being as at the date of this MD&A 8,010,779 common shares. As at the date of this MD&A, 5,062,396 common shares are available to be issued under the Omnibus Plan.

The Debentures are convertible at the holder's option into common shares at any time prior to the close of business on the earlier of: (i) the last business day before the Maturity Date; or, (ii) if called for redemption, the business day immediately preceding the date specified by the Company for redemption, at a conversion price of $3.85 per common share, being a ratio of approximately 260 common shares per $1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the Indenture.

Of the outstanding warrants, 682,500 were issued on January 17, 2018, each one of which entitles its holder to acquire one common share of the Company at an exercise price of $3.37 per share until January 17, 2023, and 200,001 were issued on December 15, 2020, each one of which entitles its holder to acquire one common share of the Company at an exercise price of $0.87 per share until December 15, 2022.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Based on a review of the Company's internal control procedures, management believes its internal controls and procedures are appropriately designed and has certified the operating effectiveness of its internal controls as at December 31, 2021.

No significant changes in the Company's internal controls over financial reporting occurred during the twelve months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Disclosure Controls and Procedures

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's disclosure controls and procedures as at December 31, 2021 and have concluded that these controls and procedures were appropriately designed.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the most recently filed Annual Information Form and Management Information Circular, is available under the Company's profile on SEDAR at www.sedar.com.

RISK FACTORS

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's Annual Information Form dated March 9, 2022, which is available under the Company's profile on SEDAR at www.sedar.com.