



## Baylin Announces Strong Q3 2024 Financial Results

- **Revenue increased \$3.8 million over Q3 2023.**
- **Gross profit increased \$2.9 million over Q3 2023.**
- **Adjusted EBITDA<sup>(2)</sup> increased \$1.7 million over Q3 2023.**
- **Gross margin of 46.1%, an increase of 17.6% over Q3 2023 and 10.0% over Q2 2024.**

**Investor Conference Call on November 7, 2024 at 8:00 a.m. ET**

**TORONTO, CANADA – November 6, 2024** – Baylin Technologies Inc. (TSX: BYL) (the “Company” or “Baylin”), a diversified global wireless technology company focused on the research, design, development, manufacture, and sale of passive and active radio frequency products, satellite communications products, and supporting services, today announced its financial results for the three and nine months ended September 30, 2024. All amounts are stated in Canadian dollars unless otherwise indicated.

### THIRD QUARTER SUMMARY

#### Continuing Operations

- Revenue of \$20.7 million in the third quarter of 2024, an increase of \$3.8 million or 22.8% compared to the third quarter of 2023. The increase in revenue was primarily due to overall sales volume increase in the Embedded Antenna and Wireless Infrastructure business lines compared to the prior year period.
- Gross profit of \$9.5 million in the third quarter of 2024, an increase of \$2.9 million or 44.4% compared to the third quarter of 2023. This also represents an increase of \$0.3 million compared to the second quarter of 2024.
- Gross margin of 46.1% in the third quarter of 2024 compared to 39.2% in the third quarter of 2023 and 41.9% in the second quarter of 2024. Compared to the prior year period, the higher gross margin in the third quarter of 2024 was primarily due to improved product mix.
- Adjusted EBITDA of \$0.9 million in the third quarter of 2024, an increase of \$1.7 million compared to negative \$0.8 million in the third quarter of 2023. The increase in Adjusted EBITDA in the third quarter of 2024 was mainly due to combination of stronger revenue and higher gross margins discussed above.
- Net loss of \$1.4 million in the third quarter of 2024 compared to a net loss of \$2.4 million in the third quarter of 2023. On a per share basis, a net loss of \$0.01 per share in the third quarter of 2024 compared to a net loss of \$0.03 per share in the third quarter of 2023.
- Net debt<sup>(3)</sup> of \$15.0 million at September 30, 2024, a decrease of \$1.6 million from June 30, 2024 as a result of working capital inflows but an increase of \$2.2 million from December 31, 2023, mainly due to the use of cash to fund interest payments.
- Backlog<sup>(4)</sup> of \$30.2 million at September 30, 2024. Backlog increased to \$31.9 million at October 31, 2024 as a result of an increase in new order intake across all the three business lines at the start of the fourth quarter of 2024.

## **Discontinued Operations (representing the Mobile and Network business line)**

- Adjusted EBITDA from discontinued operations of negative \$0.7 million in the third quarter of 2024 compared to close to \$nil in the third quarter of 2023. The increased loss in Adjusted EBITDA from discontinued operations in the third quarter of 2024 was primarily due to a combination of softer sales and lower gross margins in the M&N business line compared to the prior year period.
- Net loss from discontinued operations of \$0.9 million in the third quarter of 2024 compared to a net loss of \$1.0 million in the third quarter of 2023. The net loss from discontinued operations in the third quarter of 2024 was mainly due to an operating loss of \$1.0 million. On a per share basis, a net loss of \$0.01 per share in the third quarter of 2024, which remained consistent with the prior year period.

## **RECENT DEVELOPMENTS**

### ***Products***

The Company continues to see strong demand for its products.

Wireless Infrastructure, part of the Galtronics business line, had several notable successes, including:

- the placement of more than 400 DAS and stadium antennas and multibeam antennas as part of upgrades to The University of Alabama's 100,000 capacity Bryant-Denny Stadium; and
- the placement of multibeam antennas in Rogers Stadium in Toronto and BC Place in Vancouver, where they will provide coverage for several upcoming high-profile events, including Taylor Swift concerts in Toronto and Vancouver in November and December.

These antennas have the capacity to handle high capacity, high speed data in dense customer environments, elevating the customer experience by providing them with the ability to stay connected during events through social media and to stream video of the event.

The Satcom business line's high power amplifier systems were chosen for use in a variety of challenging environments, including to support:

- a major Sports and Entertainment Satellite Broadcaster and Service Provider and its communications network;
- a cislunar communications network as part of NASA's Artemis Moon Exploration Program; and
- radar surveillance as part of the North Warning System, a joint Canadian and United States early-warning radar system for the atmospheric air defence of North America that stretches across the Arctic from the western part of Yukon to the southern coast of Labrador.

These orders reflect the sophisticated nature and reliability of Satcom's amplifiers.

### ***Sale of the Mobile and Network Business***

On July 9, 2024, the Company announced that it had entered into an agreement with a Korean strategic acquirer under which the Company agreed to sell Galtronics Korea Co., Ltd. ("GTK") and Galtronics Vietnam Company Limited ("GTV"). On July 30, 2024, the Company completed the sale of GTK and recognized a gain on sale of non-current assets of \$0.9 million. Subject to receipt of required regulatory approvals, the Company now expects to complete the sale of GTV during the fourth quarter of 2024.

## 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,			
	2024	2023	Change	Change	2024	2023	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
<b>Profit and Loss</b>								
Revenue	20,709	16,860	3,849	22.8%	62,797	56,912	5,885	10.3%
Gross profit	9,542	6,607	2,935	44.4%	26,502	22,717	3,785	16.7%
Gross margin	46.1%	39.2%	6.9 pp	17.6%	42.2%	39.9%	2.3 pp	5.8%
<b>Net loss from continuing operations</b>	<b>(1,414)</b>	<b>(2,352)</b>	938	(39.9%)	<b>(3,518)</b>	<b>(1,270)</b>	<b>(2,248)</b>	> 100.0%
Net loss from discontinued operations	(857)	(1,012)	155	(15.3%)	(3,100)	(4,503)	1,403	(31.2%)
<b>Net loss</b>	<b>(2,271)</b>	<b>(3,364)</b>	1,093	(32.5%)	<b>(6,618)</b>	<b>(5,773)</b>	<b>(845)</b>	14.6%
<b>Basic and diluted net loss per share from continuing operations</b>	<b>(\$0.01)</b>	<b>(\$0.03)</b>	\$0.02	(66.7%)	<b>(\$0.03)</b>	<b>(\$0.01)</b>	<b>(\$0.02)</b>	> 100.0%
Basic and diluted net loss per share from discontinued operations	(\$0.01)	(\$0.01)	\$0.00	0.0%	(\$0.02)	(\$0.06)	\$0.04	(66.7%)
<b>Basic and diluted net loss per share</b>	<b>(\$0.02)</b>	<b>(\$0.04)</b>	\$0.02	(50.0%)	<b>(\$0.05)</b>	<b>(\$0.07)</b>	<b>\$0.02</b>	(28.6%)
<b>EBITDA from continuing operations</b>	<b>1,109</b>	<b>(1,434)</b>	2,543	N/A	<b>1,952</b>	2,987	(1,035)	(34.7%)
EBITDA from discontinued operations	(659)	(10)	(649)	> 100.0%	(958)	(1,700)	742	(43.6%)
<b>EBITDA<sup>(1)</sup></b>	<b>450</b>	<b>(1,444)</b>	1,894	N/A	<b>994</b>	1,287	(293)	(22.8%)
<b>Adjusted EBITDA from continuing operations</b>	<b>857</b>	<b>(779)</b>	1,636	N/A	<b>3,590</b>	1,856	1,734	93.4%
Adjusted EBITDA from discontinued operations	(659)	(10)	(649)	> 100.0%	(1,282)	(1,686)	404	(24.0%)
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>198</b>	<b>(789)</b>	987	N/A	<b>2,308</b>	170	2,138	> 100.0%

	As at		As at		As at		As at	
	September 30, 2024	September 30, 2023	Change	Change	September 30, 2024	December 31, 2023	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
<b>Balance Sheet and Other *</b>								
<b>Current assets - Continuing operations</b>	<b>36,478</b>	48,695	N/A	N/A	<b>36,478</b>	35,346	1,132	3.2%
Current assets - Assets held for sale	7,069	-	N/A	N/A	7,069	7,885	(816)	(10.3%)
Total current assets	43,547	48,695	N/A	N/A	43,547	43,231	316	0.7%
<b>Total assets</b>	<b>58,454</b>	68,959	(10,505)	(15.2%)	<b>58,454</b>	59,710	(1,256)	(2.1%)
<b>Current liabilities - Continuing operations</b>	<b>41,769</b>	64,976	N/A	N/A	<b>41,769</b>	38,955	2,814	7.2%
Current liabilities - Liabilities related to assets held for sale	8,999	-	N/A	N/A	8,999	8,854	145	1.6%
Total current liabilities	50,768	64,976	N/A	N/A	50,768	47,809	2,959	6.2%
<b>Total liabilities</b>	<b>63,796</b>	73,850	(10,054)	(13.6%)	<b>63,796</b>	59,746	4,050	6.8%
<b>Net debt<sup>(3)</sup> from continuing operations</b>	<b>15,034</b>	26,935	(11,901)	(44.2%)	<b>15,034</b>	12,787	2,247	17.6%
<b>Backlog<sup>(4)</sup> from continuing operations</b>	<b>30,227</b>	30,659	(432)	(1.4%)	<b>30,227</b>	31,156	(929)	(3.0%)

Notes:

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

(2) See "Non-IFRS Measures". Adjusted EBITDA refers to EBITDA plus the sum of: a) post business 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 acquisition; e) impairment of fixed and intangible assets (including goodwill) following acquisition; f) expenses to permanently close or relocate a facility, shut down a line of business, eliminate positions; g) expenses related to corporate re-organization; h) M&A expenses; and, i) non-cash compensation.

(3) See "Non-IFRS Measures". Net debt refers to total bank indebtedness less cash and cash equivalents.

(4) See "Non-IFRS Measures". Backlog refers to the value of unfulfilled purchase orders placed by customers.

\* Balance Sheet as at September 30, 2024 and December 31, 2023 reflects the reclassification of all assets and liabilities of the M&N business line into "Assets held for sale" and "Liabilities related to assets held for sale", respectively. Such assets and liabilities are classified as current. Balance Sheet as at September 30, 2023 does not reflect such reclassification, which makes the comparison against the current quarter-end results not applicable (except for "Total assets" and "Total liabilities").

A copy of the Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 and corresponding management's discussion and analysis (the "MD&A") are available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## OUTLOOK

The Company enjoyed a strong third quarter, although financial performance was impacted by seasonal factors, resulting in lower revenue and Adjusted EBITDA but higher gross profit and margin compared to the second quarter. Despite lower interest rates, the macroeconomic environment remains a concern, which could still impact order volumes and revenue. Nevertheless, we expect the results from our continuing operations to remain positive in the fourth quarter and our full year results to show a significant improvement over 2023. We continue to prioritize product mix, emphasizing products that generate higher margins and gross profit, with a view to growing Adjusted EBITDA and our cash flows while reducing the overall debt.

### ***Embedded Antenna Business Line***

The Embedded Antenna business line had a strong third quarter of 2024, although at levels slightly below those of a very strong second quarter. Demand for a new public safety product launched in the fourth quarter of 2023 has exceeded expectations in 2024. We expect the Embedded Antenna business line will continue to perform in line with expectations for the remainder of 2024, reflecting expected seasonally affected lower sales in the fourth quarter. The number of active bids for new projects remains at a very strong level for the business.

### ***Wireless Infrastructure Business Line***

The Wireless Infrastructure business line also had a strong third quarter, with continuing sales of its higher margin multibeam and innovative small cell antennas and further stadium deployments. However, revenue was lower than the second quarter due to normal seasonal factors, which will also affect sales in the fourth quarter. We are leveraging the competitive advantages that these products afford to open up new global opportunities to drive sales with wireless carriers and third-party operators who operate wireless mobile networks for their customers. We are continuing to expand into new markets, particularly in areas in Europe, where we have not previously had sales. Although there remains a risk of spending cutbacks by carriers, we expect to see further spending on small cells continue, which will drive further sales volumes for the business. Based on our current assessment, we expect the full-year results to reflect a marked improvement over 2023, despite likely lower revenue in the second half of 2024 compared to the first six months.

### ***Satcom Business Line***

The Satcom business line continues to see consistent demand for its products, supported by strong capital spending by its customers, particularly for high powered amplifiers used in military, government, and broadcast applications.

Major programmatic opportunities continue to be resilient, particularly for high powered amplifiers, although awards remain lumpy. We continue to see softness in the commercial lower power market, particularly in the maritime and airplane sectors, but broadcast applications remain solid. Given our focus on higher power opportunities, we expect the business to continue to demonstrate resiliency for the remainder of 2024. Our Genesis and Summit lines of solid-state power amplifiers are generating sales from clients due to the improvements in performance, monitoring, and failover they provide over our older technology and products of our competitors. Importantly, these new amplifiers are consistent in architecture, meaning they will allow the business to simplify supply chain requirements over time and thereby improve efficiencies in manufacturing.

We continue to see opportunities for military and other government-related uses as many western countries continue to maintain high levels of defence and scientific spending. Given the technology upgrades within our product portfolio, we expect to continue our strong sales volumes while we work to improve our overall margin attainment.

Overall, we expect revenue and gross profit in 2024 will be stronger than 2023. The Satcom business line continues to demonstrate a strong order book with improving margins. Improving production efficiencies in our facilities in order to address the backlog and improve overall revenue attainment remains an important priority, particularly in our Kirkland, Quebec facility.

### ***Mobile and Network (formerly, Asia Pacific) Business Line***

The M&N business line continues to face significant challenges. The third quarter of 2024 saw a further reduction in revenue over the second quarter as a result of continuing lower sales volumes.

In July 2024, the Company announced that it had reached agreement to sell the M&N business (see “Recent Developments - Sale of the Mobile and Network Business”).

## INVESTOR CONFERENCE CALL

Baylin will hold a conference call on Thursday, November 7, 2024 at 8:00 a.m. (ET) to discuss its financial results for the three and nine months ended September 30, 2024. The conference call will be hosted by Leighton Carroll, Chief Executive Officer, and Dan Nohdomi, Chief Financial Officer. All interested parties are invited to participate using the dial-in details provided below.

**Date:** November 7, 2024

**Time:** 8:00 a.m. (ET)

**Dial-in Number:** (+1) 800-836-8184 or (+1) 289-819-1350

**Conference ID#:** 69128

**Rapid Connect:** To join the conference call by phone, please use the following URL to easily register and be connected into the conference call automatically: <https://empportal.ink/3YeeWPL>

**Webcast:** This call is on webcast and can be accessed at: <https://app.webinar.net/zRnWDLXDywx>

## FORWARD-LOOKING INFORMATION AND STATEMENTS

This press release 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, 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 outlook for our business generally and each of our business lines in particular, including our expectations for future financial performance, the effect of the macro-economic environment on our business, higher interest rates, and other disruptions to our financial performance, and the expected timing of completion of the sale of M&N. Forward-looking 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 the sales of passive and active radio frequency and satellite communications products, and supporting 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.sedarplus.ca](http://www.sedarplus.ca). 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 any forward-looking statement.

## NON-IFRS MEASURES

This press release includes a number of measures that are not prescribed by International Financial Reporting Standards (“IFRS”) 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 business activities. While management of the Company 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. For further information, see “Non-IFRS Measures” on page 3 of the MD&A.

## **ABOUT BAYLIN**

Baylin Technologies Inc. is a diversified global wireless technology company focused on the research, design, development, manufacture, and sale of passive and active radio frequency products, satellite communications products, and supporting services.

For further information, please visit [www.baylintech.com](http://www.baylintech.com).