



**BAYLIN TECHNOLOGIES INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2026**

**(Canadian dollars in thousands)**

**UNAUDITED**

**Notice of Unaudited Interim Condensed Consolidated Financial Statements**

These interim condensed consolidated financial statements of Baylin Technologies Inc. (“Baylin”) for the three months ended March 31, 2026 have been prepared by management. Baylin’s independent auditor has not performed an audit of these interim condensed consolidated financial statements, in accordance with the standards established by the Chartered Professional Accountants of Canada for an audit of interim financial statements by an entity’s auditors.

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Date of approval of consolidated financial statements: May 13, 2026

*“Jeffrey C. Royer”*

*“Leighton Carroll”*

*“Cliff Gary”*

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**Jeffrey C. Royer**

**Leighton Carroll**

**Cliff Gary**

**Chairman of the Board of Directors**

**Chief Executive Officer**

**Chief Financial Officer**

# Baylin Technologies Inc.

## Interim Condensed Consolidated Statements of Financial Position (unaudited)

Canadian dollars in thousands

	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,757	\$ 2,707
Restricted cash	9,857	9,857
Trade and other receivables	11,022	11,817
Inventories	13,104	12,517
Other current assets	2,848	2,515
<b>Total current assets</b>	<b>40,588</b>	<b>39,413</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,114	2,290
Right of use assets	2,679	2,669
Equity method investment	462	291
Other long-term assets	726	714
<b>Total non-current assets</b>	<b>5,981</b>	<b>5,964</b>
<b>TOTAL ASSETS</b>	<b>\$ 46,569</b>	<b>\$ 45,377</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Credit from banks	\$ 15,346	\$ 14,684
Accounts payable and accrued liabilities	23,144	21,230
Subscription Receipts	9,209	9,209
Convertible debentures	4,286	4,327
Short-term portion of lease liabilities	1,012	963
Income tax payable	7	169
<b>Total current liabilities</b>	<b>53,004</b>	<b>50,582</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term portion of lease liabilities	2,317	1,931
Long-term loans	475	418
Preferred shares	3,950	3,950
Other long-term liabilities	174	145
<b>Total non-current liabilities</b>	<b>6,916</b>	<b>6,444</b>
<b>TOTAL LIABILITIES</b>	<b>59,920</b>	<b>57,026</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital	188,344	188,306
Share-based payment reserve	11,148	10,998
Accumulated other comprehensive income	8,232	7,803
Accumulated deficit	(221,075)	(218,756)
<b>TOTAL DEFICIT</b>	<b>(13,351)</b>	<b>(11,649)</b>
<b>TOTAL LIABILITIES AND DEFICIT</b>	<b>\$ 46,569</b>	<b>\$ 45,377</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# Baylin Technologies Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (unaudited)  
Canadian dollars in thousands except per share and weighted average share figures

	For the three months ended March 31,	
	2026	2025
<b>Revenues</b>	\$ 16,064	\$ 18,866
<b>Cost of sales</b>	9,395	10,863
<b>Gross profit</b>	<b>6,669</b>	<b>8,003</b>
<b>Operating expenses</b>		
Selling and marketing expenses	1,607	1,815
Research and development expenses	2,949	3,131
General and administrative expenses	3,589	4,190
	8,145	9,136
<b>Operating loss</b>	<b>(1,476)</b>	<b>(1,133)</b>
Finance expense, net	1,179	1,194
Investment income, net	(158)	53
Fair value adjustments	(51)	(296)
<b>Loss before income taxes</b>	<b>(2,446)</b>	<b>(2,084)</b>
Income tax benefit	(127)	(42)
<b>Net loss</b>	<b>\$ (2,319)</b>	<b>\$ (2,042)</b>
Items that may be reclassified to loss		
Amount arising from translation of foreign operations, net of tax	429	(291)
<b>Other comprehensive loss</b>	<b>\$ 429</b>	<b>\$ (291)</b>
<b>Total comprehensive loss</b>	<b>\$ (1,890)</b>	<b>\$ (2,333)</b>
<b>Basic and diluted net loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average shares outstanding</b>	152,797,359	151,423,531

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# Baylin Technologies Inc.

## Interim Condensed Consolidated Statements of Changes in Equity (unaudited)

Canadian dollars in thousands except number of shares outstanding

	Number of common shares outstanding	Share capital	Share- based payment reserve	Accumulated Deficit	Accumulated other comprehensive income	Total equity (deficit)
Balance as of January 1, 2026	152,795,816	\$ 188,306	\$ 10,998	\$ (218,756)	\$ 7,803	\$ (11,649)
Net loss	-	-	-	(2,319)	-	(2,319)
Other comprehensive loss	-	-	-	-	429	429
Share-based payment	-	-	150	-	-	150
Share issuances	138,889	38	-	-	-	38
Balance as of March 31, 2026	<u>152,934,705</u>	<u>\$ 188,344</u>	<u>\$ 11,148</u>	<u>\$ (221,075)</u>	<u>\$ 8,232</u>	<u>\$ (13,351)</u>

	Number of common shares outstanding	Share capital	Share- based payment reserve	Accumulated Deficit	Accumulated other comprehensive income	Total equity (deficit)
Balance as of January 1, 2025	151,421,995	\$ 187,871	\$ 9,313	\$ (214,082)	\$ 8,375	\$ (8,523)
Net loss	-	-	-	(2,042)	-	(2,042)
Other comprehensive income	-	-	-	-	(291)	(291)
Share-based payment	-	-	313	-	-	313
Share issuances	138,223	90	-	-	-	90
Balance as of March 31, 2025	<u>151,560,218</u>	<u>\$ 187,961</u>	<u>\$ 9,626</u>	<u>\$ (216,124)</u>	<u>\$ 8,084</u>	<u>\$ (10,453)</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# Baylin Technologies Inc.

## Interim Condensed Consolidated Statements of Cash Flows (unaudited)

Canadian dollars in thousands

	For the three months ended March 31,	
	2026	2025
<b>Cash flows from operating activities</b>		
<b>Net loss</b>	\$ (2,319)	\$ (2,042)
Adjustments to reconcile net loss from continuing operations to net cash generated by operating activities		
Share-based payment	188	403
Depreciation	964	608
Finance expense, net	1,179	1,194
Bonus provision accrual (release)	411	577
Share of net income of equity method investment	(158)	53
Income tax expense	(127)	(42)
Fair value adjustment	(51)	(295)
Unrealized foreign exchange (gain) loss	(498)	(413)
	1,908	2,085
Changes in asset and liability items		
Decrease in trade receivables	959	3,554
Increase in other current assets	(333)	(373)
Decrease (increase) in inventories	(465)	117
Increase (decrease) in trade payables and other current liabilities	1,072	(150)
	1,233	3,148
Cash paid and received during the year for		
Interest paid, net	(266)	(481)
Taxes paid, net	-	(31)
	(266)	(512)
<b>Net cash generated by operating activities</b>	<b>\$ 556</b>	<b>\$ 2,679</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	\$ (32)	\$ (1)
<b>Net cash used in investing activities</b>	<b>\$ (32)</b>	<b>\$ (1)</b>
<b>Cash flows from financing activities</b>		
Borrowing (repayment) from credit from banks and term loans	\$ 732	\$ (1,538)
Principal elements of lease payments	(276)	(199)
<b>Net cash generated by (used in) financing activities</b>	<b>\$ 456</b>	<b>\$ (1,737)</b>
Exchange differences on balances of cash and cash equivalents	70	17
Increase in cash and cash equivalents	\$ 1,050	\$ 958
Cash and cash equivalents at the beginning of the period	2,707	5,006
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 3,757</b>	<b>\$ 5,964</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

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## **NOTE 1: NATURE OF OPERATIONS**

Baylin Technologies Inc. (“Baylin”) was incorporated pursuant to the laws of the Province of Ontario on September 24, 2013. Baylin's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, Canada.

Baylin, together with its subsidiaries (collectively, the “Company” or the “Group”), is a diversified global wireless technology company focused on the research, design, development, manufacture and sale of passive and active radio frequency (“RF”) and satellite communications products, and the provision of supporting services. The Company’s products are marketed and sold under the brand names Galtronics and Advantech Wireless. The Company's operations are conducted through subsidiaries. Baylin’s common shares and convertible debentures are publicly traded on the Toronto Stock Exchange (TSX: BYL and BYL.DB) and its common shares trade in the over-the-counter market in the United States (OTCQB: BYLTF).

### **Approval of financial statements**

These interim condensed consolidated financial statements of the Company for the three months ended March 31, 2026 have been prepared by management of Baylin and were authorized for issuance in accordance with a resolution of the board of directors passed on May 13, 2026.

## **NOTE 2: BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the three months ended March 31, 2026 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2025 (the “Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

### **Going Concern Assumption**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

### **Material Uncertainty Related to Going Concern**

The Group is currently negotiating a new credit facility with lenders including alternative financing options. If the Group is unable to obtain financing, its financial position would be severely impacted, raising material uncertainty about its ability to continue as a going concern.

Based on the current assessment, the consolidated financial statements have been prepared on a going concern basis. However, the existence of the material uncertainty disclosed above may cast significant doubt on the Group’s ability to continue as a going concern, and the consolidated financial statements do not include any adjustments that maybe necessary if the Group were unable to continue in business and such adjustments could be material.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

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## **NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

As of March 31, 2026 there have been no material changes to the significant accounting policies as outlined in Note 3 of the Annual Financial Statements, except as disclosed in Note 4.

## **NOTE 4: DISCLOSURES OF NEW STANDARDS ADOPTED AND PRIOR TO ADOPTION**

### **New standards and amendments adopted**

Certain new standards and amendments that have an impact on the interim condensed consolidated financial statements of the Company and became effective on January 1, 2026 are as follows:

In May 2024, the IASB issued Classification and Measurement Financial Instruments (Amendment to IFRS 9 and IFRS 7) to provide to clarify the timing or recognition and derecognition of some financial assets and liabilities and assessing whether a financial asset meets the solely payments of principal and interest criterion. It also added new disclosures for certain instruments with contractual terms that can change cash flows and equity instruments designated at fair value through other comprehensive income.

In July 2024, the IASB issued Annual improvements to IFRS - Volume 11 (Amendments to IFRS 1, 7, 9, 10 and IAS 7) to add clarity to the standards. The amendments are effective for reporting periods beginning on or after January 1, 2026.

### **New standards and interpretations not yet adopted**

The following are new standards that have been issued but are not yet in effect and which are relevant to the Group:

In April 2024, the IASB issued Presentation and Disclosure in Financial Statements (Amendment to IFRS 18) to provide further guidance on the structure of the statement of profit and loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside the Company's financial statements and principles on aggregation and disaggregation of information in the financial statements. The amendments are effective for reporting periods beginning on or after January 1, 2027.

The Company is in the process of evaluating the impact of these standards on its consolidated financial statements.

## **NOTE 5: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgments, 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.

There have been no significant changes to the Company's accounting judgments, estimates and assumptions made since the annual financial reporting for the year ended December 31, 2025.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

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## NOTE 6: CREDIT FROM BANKS AND LOANS

### *Canada*

On May 29, 2025, the Company entered into an Amended and Restated Credit Agreement (the “Credit Agreement”) with Royal Bank of Canada, which continued the Company’s existing \$15,000 revolving credit facility (the “Revolving Facility”). The Credit Agreement amended and restated the original credit agreement dated March 29, 2019. The Revolving Facility matures on January 31, 2026.

The Revolving Facility is guaranteed by the Company’s subsidiaries and is secured by substantially all the assets of the Company and the guarantors (subject to existing security of the Company’s Chinese subsidiary). The Credit Agreement also includes other customary positive and negative covenants (including limitations on changes to business, additional debt, dispositions, investments, distributions, capital expenditures and financial assistance), and customary events of default for a facility of this type.

The availability of the Revolving Facility is based on the Company’s trade 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). Interest is payable monthly in arrears.

The Revolving Facility is available in both US dollars and Canadian dollars. As at March 31, 2026, the interest rate applied to the Revolving Facility was 9.75% (December 31, 2025 - 9.75%) per annum on US dollar advances and 6.95% (December 31, 2025 - 6.95%) per annum on Canadian dollar advances (both rates include the applicable margin of 2.50%).

The Company may draw on the Revolving Facility as well as revolving credit facilities with a bank domiciled in China, as needed. As at March 31, 2026, the Company’s aggregate credit facilities were \$21,063, of which \$15,857 was drawn and is recorded in credit from banks and \$475 is recorded in long-term loan in the statement of financial position including \$10,933 under the Revolving Facility (December 31, 2025 - \$9,861). As at December 31, 2025, the aggregate revolving credit facilities of the Group were approximately \$20,880, of which \$14,684 was drawn and utilized and is recorded in credit from banks and \$418 is recorded in long-term loan in the statement of financial position.

The Credit Agreement was recently amended as of April 28, 2026. The effect of the amendment is that:

- the maturity date of the Revolving Facility was extended to May 31, 2026;
- the Company is required to maintain a Senior Debt to EBITDA Ratio of not greater than 2.75 to 1.00 and Fixed Charge Coverage Ratio of greater than 1.15 to 1.00 (as defined in the Credit Agreement) calculated monthly until maturity of the Revolving Facility;
- the Company is required to maintain a minimum Liquidity of \$2,000 at all times from May 1, 2026 and thereafter;
- the minimum EBITDA covenant will not apply during the remaining period of the Revolving Facility;
- the maximum availability under the Revolving Facility is \$15,000; and,
- at any time the Senior Debt to EBITDA Ratio is equal to or more than 2.75:1.00, the margin on advances under the Revolving Facility is 2.50% and the standby fee is 0.70%.

# Baylin Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

Canadian dollars in thousands, except per share amounts

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### *China*

In May 2023, the Company's Chinese subsidiary arranged a Yuan equivalent \$6,063 short-term multiple tranche credit facility with the Bank of Ningbo. In May 2024, the credit facility was restructured into two separate credit facilities, a short-term multiple tranche credit facility with Bank of Ningbo and a sale and leaseback facility with Yongying Financial Lease Co., Ltd., a subsidiary of Bank of Ningbo.

The short-term multiple tranche credit facility is secured by the subsidiary's land use rights and building in China. As at March 31, 2026, \$4,425 was outstanding under this facility (December 31, 2025 - \$4,312). The sale and leaseback is secured by substantially all the subsidiary's productive machinery and equipment. The Company's Chinese subsidiary renewed its sale and leaseback facility with Bank of Ningbo on June 20, 2025 for a new three-year term with an interest rate of 3.90%. As at March 31, 2026, \$973 was outstanding under this facility with \$498 recorded in credit from banks and \$475 recorded in long-term loans in the statement of financial position (December 31, 2025 - \$1,090 was outstanding with \$511 recorded in credit from banks and \$579 recorded in long-term loans).

### **NOTE 7: CONVERTIBLE DEBENTURES**

On July 10, 2018, the Company issued \$17,250 principal amount of convertible unsecured debentures (the "Debentures"). The Debentures are governed by an indenture (the "Indenture") dated July 10, 2018 between the Company and Computershare Trust Company of Canada, as trustee. The Debentures originally had an interest rate of 6.5% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, matured on July 10, 2023 and had a conversion price (the "Conversion Price") of \$3.85 per common share.

On May 19, 2021, the Indenture was amended to reduce, for a period of 30 days, the Conversion Price from \$3.85 to \$1.11 (the "New Conversion Price"), the market price of the common shares at the time the amendment became effective. As a result of this amendment, holders of \$12,135 principal amount of the Debentures converted their Debentures into 10,932,429 common shares at the New Conversion Price, leaving \$5,115 principal amount 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.

On June 21, 2023, the Indenture was further amended to (i) extend the maturity date of the Debentures from July 10, 2023 to June 30, 2026 (the "Maturity Date"), (ii) increase the interest rate on the Debentures from 6.5% to 8.5%, effective June 30, 2023, (iii) reduce the Conversion Price from \$3.85 to \$1.00 per common share, and (iv) change the definition of "Change of Control" to permit the Company's Chairman, Jeffrey C. Royer, and related parties, to acquire 66 2/3% or more of the common shares of the Company without it constituting a Change of Control.

The Debentures are convertible at the holder's option into common shares of Baylin 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 \$1.00 per common share, subject to adjustment in certain events in accordance with the Indenture. Following completion of the Company's rights offering in December 2023, the Conversion Price was adjusted to \$0.9156 per common share.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

The Company may, at its option, subject to receipt of any required regulatory approvals, elect to satisfy its obligation to repay the principal amount of the Debentures 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 40 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 (which will be calculated based on the 20 consecutive trading days ending five trading days before the Maturity Date). Current Market Price means 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 applicable date.

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.

During the three months ended March 31, 2026 and the three months ended March 31, 2025, there were no conversions of Debentures.

	<u>Debentures Principal</u>	<u>Debentures Fair Value</u>
Balance as of January 1, 2026	\$ 5,115	\$ 4,327
Fair value adjustment		(51)
Deferred finance costs		10
Balance as of March 31, 2026	<u>\$ 5,115</u>	<u>\$ 4,286</u>

	<u>Debentures Principal</u>	<u>Debentures Fair Value</u>
Balance as of January 1, 2025	\$ 5,115	\$ 4,472
Fair value adjustment		(85)
Deferred finance costs		10
Balance as of March 31, 2025	<u>\$ 5,115</u>	<u>\$ 4,397</u>

## NOTE 8: LITIGATION AND CONTINGENT LIABILITIES

### Legal Proceedings

#### *Litigation Settlement*

In January 2018, the Company acquired (the "Advantech Acquisition") the radio frequency, terrestrial microwave and antenna equipment business of Advantech Wireless Inc. (now SpaceBridge Inc.). On April 10, 2026, the Company settle its litigation with SpaceBridge over claims arising out of the Advantech Acquisition. The settlement is being funded by payments to the parties out of the escrow fund established in connection with the acquisition. The Company will be receiving cash from the escrow as part of the settlement.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

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## *Paycheck Protection Program*

During 2020 and 2021, the Company's two US subsidiaries received loans under the Paycheck Protection Program (PPP), a US government program designed to provide financial support by way of forgivable loans to assist small businesses during the Covid-19 pandemic. The PPP loans were used to pay for eligible expenses and were forgiven in the year of receipt. In September 2025, the Company received a Civil Investigative Demand (CID) from the US Department of Justice, pursuant to the False Claims Act, a US law that imposes liability for false claims made to the US government. The Company is cooperating with the US Department of Justice in its investigation and has responded to its requests for information. The Company believes that the investigation relates primarily to Galtronics USA's second draw loan of \$938, which was received in May 2021 and forgiven later that year. The Company understands that, under the False Claims Act, the range of possible outflows would be between \$0 and \$2,841. The Company is not able to determine whether an outflow of resources is probable and accordingly, no amounts have been recorded in the consolidated financial statements.

## **NOTE 9: SHARE CAPITAL AND SHARE-BASED PAYMENTS**

- a. On August 13, 2020, the shareholders of the Company approved a new Omnibus Equity Incentive Plan (as amended and restated, 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 eligible directors only, performance share units ("PSUs"), restricted share units ("RSUs"), stock options and common shares (with or without restrictions). 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, together with the DSU Plan, Stock Option Plan and ESCP, may not exceed 12% 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.
- b. 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.
- c. 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 or common shares. The DSUs and common shares are issued on a periodic basis while the director serves as a board member and vest immediately. The DSUs are settled after the member ceases to be a director.

# Baylin Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)  
Canadian dollars in thousands, except per share amounts

During the three months ended March 31, 2026 certain directors elected to receive a portion of their annual retainer in common shares. The Company recorded \$38 in share capital during the three months ended March 31, 2026, and \$72 during the three months ended March 31, 2025 related to this election.

The following table lists the number of DSUs outstanding as at March 31, 2026 and 2025:

	<u>Number of DSUs</u>	<u>Weighted average price</u>
DSUs outstanding as at January 1, 2026	5,931,648	\$ 0.48
DSUs granted during the three months ended March 31, 2026	<u>178,241</u>	<u>\$ 0.27</u>
DSUs outstanding as at March 31, 2026	<u>6,109,889</u>	<u>\$ 0.47</u>
DSUs outstanding as at January 1, 2025	5,022,979	\$ 0.51
DSUs granted during the three months ended March 31, 2025	<u>269,232</u>	<u>\$ 0.26</u>
DSUs outstanding as at March 31, 2025	<u>5,292,211</u>	<u>\$ 0.50</u>

The Company recognized an expense of \$48 in the three months ended March 31, 2026 and \$70 in the three months ended March 31, 2025 within general and administrative expenses with regards to the DSU Plan.

- d. In the case of stock options, at the time of granting a stock option, the board of directors determines (i) the exercise price, being not less than the fair market value of the common shares, (ii) the vesting provisions, generally being three 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 five years after the grant date.

The following table summarizes grants of stock options:

<u>Stock option grant date</u>	<u>Stock options granted</u>	<u>Vested</u>	<u>Options as at March 31, 2026 Exercised, expired, surrendered or cancelled</u>	<u>Net Outstanding</u>
May 21, 2019	270,000	250,000	270,000	-
Mar. 21, 2022	2,285,000	761,667	2,135,000	150,000
May 23, 2022	150,000	54,182	95,818	54,182
Sep. 26, 2022	5,000	5,000	-	5,000
Nov 21, 2022	14,000	10,000	4,000	10,000
May 23, 2023	3,000	2,000	-	3,000
Jun. 30, 2023	3,456,000	2,981,000	475,000	2,981,000
Mar. 31, 2024	4,950,000	3,300,000	166,666	4,783,334
May 20, 2024	52,000	26,000	-	52,000
Dec. 30, 2025	800,000	-	-	800,000
	<u>11,985,000</u>	<u>7,389,849</u>	<u>3,146,484</u>	<u>8,838,516</u>

# Baylin Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

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Stock option grant date	Stock options granted	Vested	Options as at December 31, 2025	
			Exercised, expired, surrendered or cancelled	Net Outstanding
May 21, 2019	270,000	250,000	270,000	-
Mar. 21, 2022	2,285,000	761,667	2,135,000	150,000
May 23, 2022	150,000	54,182	95,818	54,182
Sep. 26, 2022	5,000	5,000	-	5,000
Nov 21, 2022	14,000	10,000	4,000	10,000
May 23, 2023	3,000	2,000	-	3,000
Jun. 30, 2023	3,456,000	2,981,000	475,000	2,981,000
Mar. 31, 2024	4,950,000	1,650,000	166,666	4,783,334
May 20, 2024	52,000	26,000	-	52,000
Dec. 30, 2025	800,000	-	-	800,000
	<u>11,985,000</u>	<u>5,739,849</u>	<u>3,146,484</u>	<u>8,838,516</u>

The fair value of the stock options was estimated at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the stock options were granted.

Stock option grant date	Stock options granted	Exercise price	Expected volatility of the stock prices (%)	Risk-free interest rate (%)	Expected life of stock options (years)	Option fair value at the grant date
May 21, 2019	270,000	\$ 3.57	47.88	1.65	5.0	\$ 1.67
Mar. 21, 2022	2,285,000	\$ 0.79	77.90	2.18	5.0	\$ 0.49
May 23, 2022	150,000	\$ 0.59	66.20	2.70	5.0	\$ 0.35
Sep. 26, 2022	5,000	\$ 0.33	66.16	3.50	5.0	\$ 0.17
Nov. 21, 2022	14,000	\$ 0.33	79.47	3.32	5.0	\$ 0.21
May 23, 2023	3,000	\$ 0.39	80.90	3.41	5.0	\$ 0.26
Jun. 30, 2023	3,456,000	\$ 0.36	81.67	3.68	5.0	\$ 0.27
Mar. 31, 2024	4,950,000	\$ 0.25	89.73	3.64	5.0	\$ 0.21
May 20, 2024	52,000	\$ 0.25	90.52	3.63	5.0	\$ 0.18
Dec. 30, 2025	800,000	\$ 0.25	86.21	2.95	5.0	\$ 0.18
	<u>11,985,000</u>					

The Company recognized expenses related the Stock Option Plan during the three months ended March 31, 2026 in the amount of \$102 as general and administrative expenses and \$243 during the three months ended March 31, 2025.

In January 2025, \$54 was recorded in Share Capital for the exercise of 150,000 stock options.

On March 31, 2024, 4,950,000 stock options were granted.

- e. On May 15, 2025, 834,916 common shares were granted with a value of \$237 and 3,260,458 RSUs were granted with a value of \$848.

### 2024 Bonus Awards Plan and Performance Award Plan

On May 8, 2025, the shareholders of the Company approved two new share compensation arrangements, a 2024 Bonus Awards Plan (the "Bonus Plan") and a Performance Award Plan (the "Performance Plan"), which are both separate from the Omnibus Plan. The Bonus Plan permits the grant of RSUs or common shares to employees eligible to receive a bonus in respect of the Company's 2024 financial year. The maximum number of common shares issuable under the Bonus Plan may not exceed 4,203,703 common shares. The Performance Plan is designed to incentivize the Company's Chief Executive Officer to create and increase value for shareholders by achieving discretionary performance targets tied to the Company's strategic and operating plans. The Performance Plan permits the grant of PSUs, which are tied to the achievement of performance goals over a specified period. Once a

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performance goal has been achieved, the board of directors of the Company will determine, based on the relative significance of the performance goal and its benefit to the Company, the number of PSUs that will vest with respect to that performance goal. The maximum number of common shares issuable under the Performance Plan may not exceed 2,500,000 common shares.

During the second quarter of 2025, 3,260,458 RSUs with an issue value of \$848 and 834,916 common shares with an issue value of \$237 were granted under the Bonus Plan and 2,500,000 PSUs were granted under the Performance Plan. The RSUs will vest in full on May 15, 2026, one year from the date of grant, and the common shares were not subject to a vesting requirement.

### NOTE 10: EQUITY METHOD INVESTMENT

Baylin's equity-method investment consists of a 19% interest in Galtronics Canada Ltd. ("GTC"), a Canadian technology company that provides innovative antenna designs and RF test services for wireless communications products.

For the three months ended March 31, 2026, transactions between the Company and GTC totaled \$1,343, consisting primarily of R&D expenses related to the services agreements the Company has with GTC. As at March 31, 2026, the Company owed \$75 to GTC.

For the three months ended March 31, 2025, transactions between the Company and GTC totaled \$1,222. As at December 31, 2025, the Company was owed \$874 from GTC.

Summary financial information for the Corporation's equity-method investments as follows:

	Galtronics Canada Ltd.	
	As of March 31, 2026	As of December 31, 2025
Cash	\$ 195	\$ 135
Other current assets	138	358
Accounts receivables	2,463	2,288
Property, plant and equipment	239	256
Accounts payables and accrued liabilities	(605)	(1,508)
Net assets	<u>\$ 2,430</u>	<u>\$ 1,529</u>
Share of equity method investment net assets (liability)	<u>\$ 462</u>	<u>\$ 291</u>

	Galtronics Canada Ltd.	
	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Revenue	\$ 1,447	\$ 621
Expenses	<u>618</u>	<u>902</u>
Net income (loss)	<u>\$ 829</u>	<u>\$ (281)</u>
Share of equity method investment net income (loss)	<u>\$ 158</u>	<u>\$ (53)</u>

# Baylin Technologies Inc.

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## NOTE 11: RELATED PARTY TRANSACTIONS

### Share-based payment for executive officers

These amounts represent the costs of the grants to key executives and employees under the Company's employee share compensation plans and are recognized within general and administrative expenses.

### Share-based payment for directors

These amounts represent the costs of grants to directors of DSUs and common shares and are recognized within general and administrative expenses.

### 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 \$125 either in cash or securities of the Company as mutually agreed between the Company and Mr. Royer. For 2026 and 2025, Mr. Royer has waived the payment of this fee.

On December 29, 2023, the Company issued 68,000 Series A Preferred Shares to the Principal Shareholder at an issue price of \$25 per share for proceeds of \$1,700. The Series A Preferred Shares have a 10% cumulative dividend, redemption and retraction options and are mandatorily redeemable on December 31, 2028.

On September 25, 2025, the Company issued 90,000 Series B Preferred Shares to the Principal Shareholder at an issue price of \$25 per share for proceeds of \$2,250. The Series B Preferred Shares have a 10% cumulative dividend, redemption and retraction options and are mandatorily redeemable on September 25, 2030.

### Director and executive officer remuneration

The following comprise the remuneration for directors and executive officers:

a. Short-term benefits, pension and post-retirement benefits

These amounts comprise 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.

b. Directors' remuneration

These amounts represent fees and expense reimbursement paid to directors.

c. Share-based payment for executive officers

These amounts represent the costs of stock option grants and cost of ESCP, EPP and RSUs.

# Baylin Technologies Inc.

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## d. Share-based payment for directors

These amounts represent the costs of DSU grants and common shares.

The following table summarizes the remuneration of directors and executive officers:

	For the three months ended March 31,	
	2026	2025
Salary, short-term benefits, pension and post-retirement benefits	1,252	1,263
Directors' remuneration	36	35
Share-based payment for executive management	102	243
Share-based payment for directors	48	70

There are no other material related party transactions other than as described herein.

## NOTE 12: FAIR VALUE MEASUREMENTS

The Company classifies its financial instruments into the three levels prescribed under the accounting standards.

The following table presents the Company's financial liabilities measured and recognized at fair value and there have been no transfers between levels for the three months ended March 31, 2025 and December 31, 2024.

The following table presents the Company's financial liabilities measured and recognized at fair value:

	As at March 31, 2026			
	Level 1	Level 2	Level 3	Total
Convertible Debentures	\$ 4,297	\$ -	\$ -	\$ 4,297

  

	As at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Convertible Debentures	\$ 4,327	\$ -	\$ -	\$ 4,327

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. As at March 31, 2026 and December 31, 2025, the Company held the Convertible Debentures in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at March 31, 2026 and December 31, 2025, the Company held a foreign exchange future contract instrument in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at March 31, 2026 and December 31, 2025, the Company does not hold any instruments included in level 3.

# Baylin Technologies Inc.

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## NOTE 13: REVENUES

Revenues by geographic destination are as follows:

	For the three months ended March 31,	
	2026	2025
United States of America	\$ 7,390	\$ 9,832
Thailand	2,686	1,113
China	2,539	3,023
Columbia	949	557
Vietnam	803	597
Canada	627	1,100
Indonesia	358	476
Spain	320	443
Israel	164	249
France	43	158
Other	185	1,318
	<u>\$ 16,064</u>	<u>\$ 18,866</u>

## NOTE 14: FINANCE INCOME AND EXPENSE

	For the three months ended March 31,	
	2026	2025
Interest income	\$ (1)	\$ (11)
Interest expense	534	660
Interest cost on lease liabilities	69	126
Bank charge expense	14	17
Changes from foreign exchange rate changes	563	402
	<u>\$ 1,179</u>	<u>\$ 1,194</u>

# **Baylin Technologies Inc.**

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

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## **NOTE 15: SUBSCRIPTION RECEIPTS**

On November 28, 2025, Baylin entered into a share purchase agreement with the shareholders of Kaelus AB ("Kaelus") to acquire 100% of the shares of Kaelus, a Sweden-based global provider of next-generation antenna solutions, for a purchase price of approximately \$42,000 (subject to adjustment and net of excess cash). The purchase price is intended to be satisfied with a combination of common shares and cash. The cash portion of the purchase price is intended to be financed at closing from an offering of 41,250,000 subscription receipts, completed December 18, 2025, at a price of \$0.25 each (of which Baylin's controlling shareholder subscribed for 15,000,000) for gross proceeds of \$10,313 and a non-revolving secured term loan. The Company is in the process of negotiating the terms of the term loan.