BAYLIN TECHNOLOGIES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 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 and six months ended June 30, 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: August 5, 2026

"Jeffrey C. Royer"	*"Leighton Carroll"*	*"Cliff Gary"*
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

		June 30, 2026		December 31, 2025
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	12,516	$	2,707
Restricted cash		118		9,857
Trade and other receivables		29,750		11,817
Inventories		28,179		12,517
Other current assets		15,078		2,515
Total current assets		**85,641**		**39,413**
NON-CURRENT ASSETS				
Property, plant and equipment		5,120		2,290
Right of use assets		5,030		2,669
Equity method investment		484		291
Other long-term assets		736		714
Intangibles		17,776		-
Goodwill		8,438		-
Total non-current assets		**37,584**		**5,964**
TOTAL ASSETS	**$**	**123,225**	**$**	**45,377**
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Credit from banks	$	4,653	$	14,684
Accounts payable and accrued liabilities		49,208		21,230
Short-term portion of lease liabilities		1,859		963
Short-term portion of long-term loans		1,031		-
Short-term portion of other long-term liabilities		21,305		-
Subscription Receipts		-		9,209
Convertible debentures		-		4,327
Income tax payable		142		169
Total current liabilities		**78,198**		**50,582**
NON-CURRENT LIABILITIES				
Long-term portion of lease liabilities		4,583		1,931
Long-term loans		17,904		418
Preferred shares		2,000		3,950
Other long-term liabilities		183		145
Total non-current liabilities		**24,670**		**6,444**
TOTAL LIABILITIES		**102,868**		**57,026**
SHAREHOLDERS' DEFICIT				
Share capital		223,439		188,306
Share-based payment reserve		10,871		10,998
Accumulated other comprehensive income		9,529		7,803
Accumulated deficit		(223,482)		(218,756)
TOTAL DEFICIT		**20,357**		**(11,649)**
TOTAL LIABILITIES AND DEFICIT	**$**	**123,225**	**$**	**45,377**

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 June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Revenues	**$ 22,019**	**$ 22,456**	**$ 38,083**	**$ 41,322**
Cost of sales	11,645	12,051	21,040	22,914
Gross profit	**10,374**	**10,405**	**17,043**	**18,408**
Operating expenses				
Selling and marketing expenses	1,678	1,780	3,285	3,595
Research and development expenses	3,117	3,111	6,066	6,242
General and administrative expenses	4,252	3,757	7,841	7,947
Acquisition expenses	2,153	-	2,153	-
	11,200	8,648	19,345	17,784
Operating income (loss)	**(826)**	**1,757**	**(2,302)**	**624**
Finance expense, net	1,302	522	2,481	1,716
Investment income, net	83	31	(75)	84
Fair value adjustments	818	(31)	767	(327)
Income (loss) before income taxes	**(3,029)**	**1,235**	**(5,475)**	**(849)**
Income tax expense	159	235	32	193
Net income (loss)	**$ (3,188)**	**$ 1,000**	**$ (5,507)**	**$ (1,042)**
Items that may be reclassified to loss				
Amount arising from translation of foreign operations, net of tax	1,297	(444)	1,726	(735)
Other comprehensive income (loss)	**1,297**	**(444)**	**$ 1,726**	**$ (735)**
Total comprehensive income (loss)	**$ (1,891)**	**$ 556**	**$ (3,781)**	**$ (1,777)**
Basic and diluted net income (loss) per common share	$ (0.03)	$ 0.01	$ (0.10)	$ (0.01)
Weighted average shares outstanding	188,827,190	151,118,446	170,911,804	151,709,789

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	-	-	-	(5,507)	-	(5,507)
Other comprehensive loss	-	-	-	-	1,726	1,726
Share-based payment	-	-	(127)	-	-	(127)
Share issuances and cancellations	128,618,865	35,133	-	781	-	35,914
Balance as of June 30, 2026	281,414,681	$ 223,439	$ 10,871	$ (223,482)	$ 9,529	$ 20,357

	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	-	-	-	(1,042)	-	(1,042)
Other comprehensive income	-	-	-	-	(735)	(735)
Share-based payment	-	-	1,349	-	-	1,349
Share issuances	1,106,243	319	-	-	-	319
Balance as of June 30, 2025	152,528,238	$ 188,190	$ 10,662	$ (215,124)	$ 7,640	$ (8,632)

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 June 30, 2026	2025	For the six months ended June 30, 2026	2025
Cash flows from operating activities				
Net income (loss)	$ (3,188)	$ 1,000	$ (5,507)	$ (1,042)
Adjustments to reconcile net loss from continuing operations to net cash generated by operating activities				
Share-based payment	(379)	1,265	(191)	1,668
Depreciation	864	581	1,828	1,189
Amortization	(160)	-	(160)	-
Finance expense, net	1,302	522	2,481	1,716
Bonus provision accrual	584	754	995	1,331
Share of net income (loss) of equity method investment	83	31	(75)	84
Income tax expense	159	235	32	193
Fair value adjustment	818	(32)	767	(327)
Unrealized foreign exchange (gain) loss	(1,961)	(278)	(2,459)	(691)
	1,310	3,078	3,218	5,163
Changes in asset and liability items				
Decrease (increase) in trade receivables	(5,515)	(1,791)	(4,556)	1,763
Decrease (increase) in other current assets	(433)	728	(766)	355
Decrease (increase) in inventories	(43)	1,261	(508)	1,378
Increase (decrease) in trade payables and other current liabilities	4,686	(3,308)	5,758	(3,458)
	(1,305)	(3,110)	(72)	38
Cash paid and received during the year for				
Interest paid, net	(583)	(727)	(849)	(1,208)
Taxes paid, net	-	(53)	-	(84)
	(583)	(780)	(849)	(1,292)
Net cash generated by (used in) operating activities	**$ (3,766)**	**$ 188**	**$ (3,210)**	**$ 2,867**
Cash flows from investing activities				
Purchase of property, plant and equipment	$ (37)	$ (26)	$ (69)	$ (27)
Business acquisition, net of cash acquired	(2,192)	-	(2,192)	-
Net cash used in investing activities	**$ (2,229)**	**$ (26)**	**$ (2,261)**	**$ (27)**
Cash flows from financing activities				
Cash received from issuance of preferred shares	$ 2,000	$ -	$ 2,000	$ -
Borrowing (repayment) from credit from banks and term loans	(11,388)	(1,421)	(10,656)	(2,959)
Borrowing of long-term loans and other long term loans	14,619	-	14,619	-
Principal elements of lease payments	(291)	(229)	(567)	(428)
Net cash generated by (used in) financing activities	**4,940**	**(1,650)**	**$ 5,396**	**$ (3,387)**
Exchange differences on balances of cash and cash equivalents	75	(186)	145	(169)
Increase (decrease) in cash and cash equivalents	$ (980)	$ (1,674)	$ 70	$ (716)
Cash, cash equivalents and restricted cash at the beginning of the period	13,614	5,964	12,564	5,006
Cash, cash equivalents and restricted cash at the end of the period	**$ 12,634**	**$ 4,290**	**$ 12,634**	**$ 4,290**

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

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 **s**ale 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 and six months ended June 30, 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 August 5, 2026.

NOTE 2: BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three and six months ended June 30, 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

As of June 30, 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.

Canadian dollars in thousands, except per share amounts

NOTE 6: AQUISITION

On May 29, 2026, the Company completed the acquisition of Sweden-based Kaelus AB ("**Kaelus**"), a provider of wireless infrastructure antenna and radio frequency ("RF") equipment (the "Acquisition").

Following the Acquisition, Kaelus operates alongside Baylin and its wholly owned subsidiary, Galtronics. The combined businesses provide a portfolio of RF products and solutions, including cellular infrastructure and custom antennas, RF conditioning, synchronization, and test and measurement solutions, serving wireless carriers, original equipment manufacturers, defence customers, and broadcasters in North America, Europe, Asia-Pacific, and Latin America.

Paradigm Capital Inc. acted as financial advisor to the Company in connection with the Acquisition and as sole agent and bookrunner for the related subscription receipt offering.

The Acquisition was completed for total consideration of $47,372, comprising $32,147 in cash of which $21,582 is deferred and 52,000,036 common shares of the Company issued to former Kaelus shareholders, with an aggregate value of $15,225.

The cash consideration and repayment of the Company's existing bank debt were funded through a senior secured credit facility and a subscription receipt financing. Upon closing, 41,250,000 common shares were issued to subscription receipt holders. In connection with the new credit facility, the Company repaid and terminated its existing revolving credit facility with Royal Bank of Canada.

		Purchase Price May 29, 2026
Cash consideration	$	10,565
Deferred cash consideration		21,582
Share consideration		15,226
	$	**47,373**

		Fair Values May 29, 2026
Cash	$	8,373
Accounts and other receivable		17,188
Inventory		14,891
Other current assets		1,370
Property, plant and equipment		2,097
Right of use assets		3,027
Other long term assets		194
Intangibles		17,436
Goodwill		8,438
Accounts payable and accrued expenses		(16,081)
Lease liability		(3,370)
Other current liabilities		(6,190)
	$	**47,373**

Transaction costs of $2,153 were expensed during the six months ended June 30, 2026 and are included in general and administrative expenses. No transaction costs were expensed during the six months ended June 30, 2025.

NOTE 7: CREDIT FROM BANKS AND LOANS

Canada

On May 15, 2026, the Company entered into an agreement (the “**Credit Agreement**”) with Luis LP (the “**Lender**”), an entity established by SAF Group, a Calgary-based private credit lender, pursuant to which the Lender established a non-revolving term credit facility (the “**Term Facility**”) in favour of the Company for up to $30,928.

The first advance of $14,619 under the Term Facility was drawn on May 27, 2026 with the remaining $6,000 receivable at a later time. The funds were used to repay in full the Company’s revolving credit facility with Royal Bank of Canada, to finance in part the acquisition of Kaelus AB at closing, and for general corporate purposes including payment of expenses associated with the acquisition.

The Term Facility has a three-year term (from the date of the first advance), with an option of the Company to extend the term for one additional year, subject to compliance with the terms of the Credit Agreement. The interest rate on the Term Facility is determined based on the one-month Canadian Overnight Repo Rate Average (“**Term CORRA**”, as defined in the Credit Agreement) plus the Term CORRA Adjustment (as defined in the Credit Agreement) and the applicable margin. As at June 30, 2026, the all-in interest rate on the Term Facility was 10.44% per annum, and the interest is payable monthly in arrears. The standby fee on the undrawn portion of the Term Facility is 1% per annum and is payable quarterly in arrears.

- ***Security*** - The Term Facility is secured by a first priority security interest and lien against all assets of the Borrower and its subsidiaries (other than the subsidiaries in China), which will also guarantee the Company's obligations under the Term Facility.
- ***Financial Covenants*** - Initially, the Company is subject to the following covenants:
  - minimum Liquidity (as specifically defined in the Credit Agreement) of $5,500, including cash of up to $1,000 in the Chinese subsidiaries;
  - minimum EBITDA (as specifically defined in the Credit Agreement) for the second quarter of 2026 of at least $1,000 ("**period 1**");
  - minimum EBITDA for the second and third quarters of 2026 combined of at least $4,000 ("**period 2**"); and,
  - minimum EBITDA for the second, third and fourth quarters of 2026 combined of at least $6,000.

  If the actual EBITDA for either period 1 or period 2 is less than 90% of the forecast EBITDA for that period, the minimum Liquidity increases to $8,000.

  The following covenants (the “**Principal Covenants**”) will become effective on March 31, 2027, unless satisfied earlier:

  - minimum Liquidity of $2,500;

- Total Leverage Ratio (as specifically defined in the Credit Agreement);
  - Until December 31, 2026 - maximum of 4.25 to 1.00;
  - January 1, 2027 until maturity - maximum of 3.75 to 1:00;
- Senior Leverage Ratio (as specifically defined in the Credit Agreement):
  - Until December 31, 2026 - maximum of 3.50 to 1:00;
  - January 1, 2027 until maturity - maximum of 3.00 to 1:00; and,
- Fixed Charge Coverage Ratio (as specifically defined in the Credit Agreement) - minimum of 1.10 to 1:00

- ***Delayed Draw Facility*** – The Company will be entitled to an additional advance of $10,309, subject to the compliance with the Principal Covenants and other terms of the Credit Agreement.
- ***Amortization*** – Starting March 31, 2027, and at the end of each quarter following that, the Company will be required to repay 2.5% of the first advance amount of the Term Facility and, if applicable, the Delayed Draw Facility. Additional contingent amortization payments will be required if EBITDA for the trailing 12-month period ending September 30, 2026 is less than $5,453, with those payments varying from $1,000 to $4,000 depending on the extent of the shortfall.
- ***Blocked Account*** – As additional security for the Company's obligations under the Credit Agreement, $6,000 was deposited into a restricted account controlled by the Lender. The funds held in the restricted account may be applied by the Lender upon the occurrence of an event of default or used to satisfy contingent amortization payments in accordance with the terms of the Credit Agreement. Subject to the terms of the Credit Agreement, $3,000 will be released if EBITDA for the second and third quarters of 2026 equals or exceeds 90% of forecast EBITDA for that period. The remaining $3,000 will be released once the Company is in compliance with the principal financial covenants under the Credit Agreement.

China

In May 2023, the Company’s Chinese subsidiary arranged a Yuan equivalent $6,282 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 June 30, 2026, $4,165 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 June 30, 2026, $863 was outstanding under this facility with $488 recorded in credit from banks and $375 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).

Canadian dollars in thousands, except per share amounts

NOTE 8: CONVERTIBLE DEBENTURES

On July 10, 2018, the Company issued $17,250 principal amount of convertible unsecured debentures (the "Debentures"). The Debentures were governed by an indenture (the "Indenture") dated July 10, 2018 between the Company and Computershare Trust Company of Canada, as trustee. The Debentures originally bore interest at a rate of 6.5% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, were scheduled to mature on July 10, 2023 and were convertible at 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) amend 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 such acquisition constituting a Change of Control.

On June 30, 2026, following the Company's exercise of its right to repay the principal amount of the Debentures, the Company issued 18,199,170 common shares in satisfaction of the $5,115 principal amount of Debentures outstanding on the maturity date.

	Debentures Principal	Debentures Fair Value
Balance as of January 1, 2026	$ 5,115	$ 4,327
Conversion to common shares	(5,115)	(4,327)
Balance as of June 30, 2026	$ -	$ -

	Debentures Principal	Debentures Fair Value
Balance as of January 1, 2025	$ 5,115	$ 4,472
Fair value adjustment		68
Deferred finance costs		21
Balance as of June 30, 2025	$ 5,115	$ 4,561

NOTE 9: 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.

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 $1,059, 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 10: 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.

Canadian dollars in thousands, except per share amounts

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.

During the six months ended June 30, 2026 certain directors elected to receive a portion of their annual retainer in common shares. The Company recorded $75 in share capital during the six months ended June 30, 2026, and $72 during the six months ended June 30, 2025 related to this election.

The following table lists the number of DSUs outstanding as at June 30, 2026 and 2025:

	Number of DSUs	Weighted average price
DSUs outstanding as at January 1, 2026	5,931,648	$ 0.48
DSUs granted during the six months ended June 30, 2026	283,021	$ 0.30
DSUs outstanding as at June 30, 2026	6,214,669	$ 0.47
DSUs outstanding as at January 1, 2025	5,022,979	$ 0.51
DSUs granted during the six months ended June 30, 2025	528,492	$ 0.26
DSUs outstanding as at June 30, 2025	5,551,471	$ 0.49

The Company recognized an expense of $84 in the six months ended June 30, 2026 and $140 in the six months ended June 30, 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.

Canadian dollars in thousands, except per share amounts

The following table summarizes grants of stock options:

			Options as at June 30, 2026	
Stock option grant date	Stock options granted	Vested	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	3,000	-	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	52,000	-	52,000
Dec. 30, 2025	800,000	-	-	800,000
Jun. 3, 2026	150,000	-	-	150,000
May 29, 2026	2,006,250	-	-	2,006,250
	14,141,250	7,416,849	3,146,484	10,994,766

			Options as at December 31, 2025	
Stock option grant date	Stock options granted	Vested	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
	11,985,000	5,739,849	3,146,484	8,838,516

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
Jun. 3, 2026	150,000	$	0.28	80.42	3.08	5.0	$	0.17
May 29, 2026	2,006,250	$	0.25	80.68	3.05	2.0	$	0.15
	14,141,250							

The Company recognized expenses related the Stock Option Plan during the six months ended June 30, 2026 in the amount of $457 as general and administrative expenses and $361 during the six months ended June 30, 2025.

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

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 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 vested and were converted to common shares on May 15, 2026.

f. On April 27, 2026, 241,127 common shares having a value of $781 were cancelled as part of the settlement related to the Advantech Acquisition described in Note 9.

NOTE 11: 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 six months ended June 30, 2026, transactions between the Company and GTC totaled $203, consisting primarily of R&D expenses related to the services agreements the Company has with GTC. As at June 30, 2026, the Company owed $2 to GTC.

For the six months ended June 30, 2025, transactions between the Company and GTC totaled $1,343. As at December 31, 2025, the Company was owed $75 from GTC.

Canadian dollars in thousands, except per share amounts

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

	Galtronics Canada Ltd. As of June 30, 2026	Galtronics Canada Ltd. As of December 31, 2025
Cash	$ 213	$ 135
Other current assets	121	358
Accounts receivables	3,079	2,288
Property, plant and equipment	221	256
Accounts payables and accrued liabilities	(1,086)	(1,508)
Net assets	$ 2,548	$ 1,529
Share of equity method investment net assets (liability)	$ 484	$ 291

	Galtronics Canada Ltd. For the six months ended June 30, 2026	Galtronics Canada Ltd. For the six months ended June 30, 2025
Revenue	$ 884	$ 1,356
Expenses	491	1,797
Net income (loss)	$ 393	$ (441)
Share of equity method investment net income (loss)	$ 75	$ (84)

NOTE 12: 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.

Canadian dollars in thousands, except per share amounts

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 carried a 10% cumulative dividend, redemption and retraction rights, and were 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 carried a 10% cumulative dividend, redemption and retraction rights, and were mandatorily redeemable on September 25, 2030.

On May 25, 2026, the Company issued 80,000 Series C Preferred Shares to the Principal Shareholder at an issue price of $25 per share for proceeds of $2,000. The Series C Preferred Shares have a 10% cumulative dividend, redemption and retraction options and are mandatorily redeemable on June 30, 2031.

On June 30, 2026, the Company exchanged all of its $3,950 outstanding 10% Cumulative Redeemable Retractable Series A and Series B Preferred Shares held by the Principle Shareholder, together with $594 of accrued and unpaid dividends, for a total of 16,171,876 Common Shares.

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.

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 June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Salary, short-term benefits, pension and post-retirement benefits	$ 1,061	$ 1,339	$ 2,313	$ 2,602
Directors' remuneration	48	23	84	78
Share-based payment for executive management	355	750	457	320
Share-based payment for directors	36	70	84	70

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

Canadian dollars in thousands, except per share amounts

NOTE 13: 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 six months ended June 30, 2026 and the year ended December 31, 2025.

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

	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 June 30, 2026 the Company did not hold any instruments included in level 1 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 June 30, 2026 and December 31, 2025, the Company does not hold any instruments included 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 June 30, 2026 and December 31, 2025, the Company does not hold any instruments included in level 3.

Canadian dollars in thousands, except per share amounts

NOTE 14: REVENUES

Revenues by geographic destination are as follows:

	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
United States of America	$ 9,313	$ 12,460	$ 16,703	$ 22,292
China	2,167	3,345	4,706	6,368
Thailand	1,685	1,245	4,371	2,358
Australia	2,687	159	2,838	163
Canada	1,067	985	1,694	2,085
Vietnam	820	479	1,623	1,076
Sweden	1,008	-	1,008	-
Finland	894	-	894	-
Indonesia	371	558	729	1,034
Spain	171	29	491	472
India	459	-	459	-
United Kingdom	117	-	303	5
France	218	110	261	268
Germany	189	18	230	45
Israel	8	-	172	249
Other	845	3,068	1,601	4,907
	$ 22,019	$ 22,456	$ 38,083	$ 41,322

NOTE 15: FINANCE INCOME AND EXPENSE

	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Interest income	$ (139)	$ -	$ (140)	$ (11)
Interest expense	785	620	1,319	1,280
Interest cost on lease liabilities	63	109	132	235
Bank charge expense	32	50	46	67
Changes from foreign exchange rate changes	561	(257)	1,124	145
Finance expense, net	$ 1,302	$ 522	$ 2,481	$ 1,716