MANAGEMENT'S DISCUSSION & ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Six Months Ended June 30, 2026

Dated August 5, 2026

Baylin Technologies Inc.
Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Six Months Ended June 30, 2026

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Baylin Technologies Inc. ("Baylin", the "Company", "we" or "us") has been prepared by the Company's management. This MD&A should be read in conjunction with the audited consolidated financial statements of Baylin and related notes thereto for the year ended December 31, 2025 (the "Annual Financial Statements") and the unaudited interim condensed consolidated financial statements of Baylin and related notes thereto for the three and six months ended June 30, 2026 (the "Interim Financial Statements" and, together with the Annual Financial Statements, the "Financial Statements"). The Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In preparing this MD&A, management has taken into account information available to it up to August 5, 2026, unless otherwise stated.

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

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

FORWARD-LOOKING INFORMATION AND STATEMENTS

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

The forward-looking statements in this MD&A include statements regarding the outlook for our business, our financial condition and results of operations, as well as available liquidity. Forward-looking statements are based on various assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth or decline in sales of passive and active radio frequency products, 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. All the forward-looking statements in this MD&A are qualified by these cautionary statements and other cautionary statements or factors in this MD&A. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company. Unless required by applicable law, the Company does not intend and does not assume any obligation to update any forward-looking statements.

NON-IFRS MEASURES

This MD&A includes a number of financial measures that are not recognized under IFRS, do not have any standardized meaning under IFRS and as such may not be comparable to similar measures presented by other companies. Management believes that these measures provide useful information to analysts, investors and other interested parties regarding the Company's financial condition and results of operation as they provide additional key metrics of the Company's performance. The measures we use are specifically defined where they are first used.

While management believes that non-IFRS measures provide useful supplemental information, they are not intended to represent, and should not be considered as alternatives to, net income (loss), cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with IFRS.

Management also uses non-IFRS financial and other measures to exclude the impact of certain expenses and non-cash items that management does not believe reflect the Company's underlying operating performance. It also uses these measures to measure our financial and operating performance for business planning purposes and as a component in the determination of incentive compensation for salaried employees. We may change these measures from time to time if we believe doing so would result in a more effective analysis of our underlying operating performance.

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

i. "Net debt", which refers to total bank indebtedness less cash and cash equivalents;

ii. "Working capital", which refers to current assets less accounts payable and accrued liabilities;

iii. "Non-cash working capital", which refers to working capital less cash and cash equivalents;

iv. "Cash conversion cycle", which is the amount of time it takes for the Company to convert its investment in non-cash working capital into cash in the most recently completed quarter, calculated as follows:
   1) days sales outstanding, which is the number of days, on average, it takes to turn trade receivables into cash, plus:
   2) days inventory outstanding, which is the number of days, on average, to convert inventory into finished goods and ultimately into sales, less:
   3) days payables outstanding, which is the number of days, on average, to repay trade payables;

v. "Gross margin", which refers to gross profit divided by revenue;

vi. "EBITDA", which refers to net income (loss) plus tax expense (recovery), interest and other finance expense (income), investment income, fair value adjustments, depreciation and amortization;

vii. "Adjusted EBITDA", which refers to EBITDA adjusted for the impact of certain items, including asset impairment charges, expenses from mergers and acquisitions, costs of reorganization of a business, gain or loss on the sale of a business including related expenses, legal costs arising from significant non-operating activities, severance and executive recruitment costs, and share-based compensation.

viii. "Backlog", which refers to the value of unfulfilled purchase orders placed by customers.

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

The IFRS measurement most directly comparable to both EBITDA and Adjusted EBITDA is operating income (loss).

OVERVIEW

Background and Description of Operations

Baylin is a leading diversified global wireless technology company focused on cellular radio frequency (“RF”) products, custom antenna solutions, satellite communications products, and supporting services. Baylin’s products are marketed and sold under the brand names of “Galtronics”, “Advantech Wireless” and “Kaelus”. The Company’s operations are conducted through subsidiaries.

The Company has changed the name of Embedded Antenna business line to Custom Antenna Solutions business line to better represent its business and products.

Galtronics

The Galtronics line of business, established in 1978, designs and manufactures innovative custom antenna products and solutions for the most complex RF challenges and provides superior RF performance and connectivity for our customers. The Galtronics line of business is comprised of two business lines: a) Wireless Infrastructure; and b) Custom Antenna Solutions.

a) The Wireless Infrastructure business line works with network carrier customers and other businesses to design and produce small cell and macro system antennas, stadium and venue antennas, distributed antenna systems (“DAS”), as well as multibeam antennas that support wireless coverage and mobile data capacity requirements. The Wireless Infrastructure volumes are produced at the Company’s facility in China and third-party facilities in Vietnam.

b) The Custom Antenna Solutions business line works with original equipment manufacturer (“OEM”) customers to custom engineer and produce antennas for home networking devices (such as Wi-Fi routers, gateways and set-top boxes), 5G products and land mobile radio products. The Custom Antenna Solutions volumes are produced at the Company’s facility in China and third-party facilities in Vietnam.

Satcom

The Satcom line of business designs and manufactures customizable satellite RF products for highly specialized wireless communications markets and for commercial, critical infrastructure, government and military clients. These include:

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

Products are designed and produced for customers in the following verticals: (i) broadcast; (ii) maritime; (iii) government and military; (iv) homeland security; (v) direct-to-home satellite; (vi) oil and gas; and, (vii) wireless communications. Satcom’s products are manufactured at the Company’s facilities in Canada and the United States.

Kaelus

The Kaelus line of business and its predecessor entered the telecom industry in 2007 and has grown into a global leader in next-generation antenna solutions and end-to-end RF technology. Headquartered in Sweden, with operations in the United States, Australia, Finland, and China, Kaelus brings its most comprehensive RF engineering solutions to global customers, offering an extensive range of advanced antenna system equipment in partnership with multiple global wireless operators and OEMs. The Kaelus line of business operates across four business lines:

- *Antennas:* Designs and produces base station and small cell antennas, and develops class-leading “beam through” antenna technology;
- *Synchronization:* Provides time synchronization for Global Navigation Satellite Systems (“GNSS”) and GPS with cell towers, and has developed anti-jamming and other defence technologies to expand its product line;
- *Test & Measurement:* Tests cellular deployment and manufacturing, one of a small number of Western companies with this capability; and,
- *RF Conditioning:* Produces filters, amplifiers and other products to improve radio frequency signals and signal integrity which are widely used on cellular deployments.

SELECTED FINANCIAL INFORMATION

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

(in $000's except per share amounts)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Profit and Loss								
Revenue	**22,019**	22,456	(437)	(1.9%)	**38,083**	41,322	(3,239)	(7.8%)
Gross profit	**10,374**	10,405	(31)	(0.3%)	**17,043**	18,408	(1,365)	(7.4%)
Gross margin	**47.1%**	46.3%	0.8 pp	1.7%	**44.8%**	44.5%	0.3 pp	0.7%
Net income (loss)	**(3,188)**	1,000	(4,188)	N/A	**(5,507)**	(1,042)	(4,465)	> 100.0%
Basic and diluted net income (loss) per share	**($0.03)**	$0.01	($0.04)	N/A	**($0.10)**	($0.01)	($0.09)	> 100.0%
EBITDA*	**(122)**	2,336	(2,458)	N/A	**(634)**	1,811	(2,445)	N/A
Adjusted EBITDA*	**3,040**	3,429	(389)	(11.3%)	**3,102**	4,109	(1,007)	(24.5%)

	As at June 30, 2026	**As at June 30, 2025**	**Change**	**Change**	**As at June 30, 2026**	**As at December 31, 2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Balance Sheet and Other								
Current assets	**85,641**	33,356	52,285	> 100.0%	**85,641**	39,413	46,228	> 100.0%
Total assets	**123,225**	44,824	78,401	> 100.0%	**123,225**	45,377	77,848	> 100.0%
Current liabilities	**78,198**	39,628	38,570	97.3%	**78,198**	50,582	27,616	54.6%
Total liabilities	**102,868**	53,456	49,412	92.4%	**102,868**	57,026	45,842	80.4%
Net debt*	**11,072**	12,924	(1,852)	(14.3%)	**11,072**	12,395	(1,323)	(10.7%)
Backlog*	**61,013**	22,900	38,113	> 100.0%	**61,013**	20,404	40,609	> 100.0%

** EBITDA, Adjusted EBITDA, Net debt and Backlog are non-IFRS measures that management uses to assess the Company's operating performance, liquidity and business dynamics (see "Non-IFRS Measures" on page 3 of this MD&A).*

SECOND QUARTER SUMMARY

- Completed the acquisition of Kaelus AB on May 29, 2026, creating a unified end-to-end RF solution portfolio (see "*Acquisition of Kaelus AB*" on page 6 of this MD&A).
- Backlog (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $61.0 million at June 30, 2026 compared to $20.4 million at December 31, 2025. The increase was primarily due to the inclusion of backlog from the Kaelus business line, as well as a strong increase in new order intake from the Satcom business line in the second quarter of 2026.
- Revenue of $22.0 million compared to $22.5 million in the second quarter of 2025. The slight decrease was mainly due to lower sales volume in the Satcom business line as a result of softer market conditions in the second quarter of 2026, partially offset by inclusion of one month of revenue from the Kaelus business line. While Satcom bookings strengthened in the quarter, the majority of the benefit of those orders was not reflected in second quarter revenue.
- Gross profit of $10.4 million in the second quarter of 2026. Gross margin (see "*Non-IFRS Measures*" on page 3 of this MD&A) of 47.1% compared to 46.3% in the second quarter of 2025. The higher gross margin in the second quarter of 2026 was due in part to the recognition of tariff refunds on the import duties in the amount of $1.3 million as a reduction to cost of goods sold (see "*IEEPA Tariff Refunds*" on page 8 of this MD&A), offset by lower gross margin in the Satcom business line due to lower sales volume.
- Adjusted EBITDA (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $3.0 million compared to $3.4 million in the second quarter of 2025.
- Net loss of $3.2 million compared to a net income of $1.0 million in the second quarter of 2025. The net loss reflected acquisition-related and financing costs, together with higher interest expense following the debt restructuring, rather than a deterioration in the Company's underlying operations. On a per share basis, a net loss of $0.03 per share in the second quarter of 2026 compared to a net income of $0.01 per share in the second quarter of 2025.

- Net debt (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $11.1 million at June 30, 2026, a decrease of $1.3 million from December 31, 2025. During the second quarter of 2026, the Company restructured its debt by entering into a new term facility with SAF Group and retiring its revolving credit facility with Royal Bank of Canada (see "*Credit from banks and loans*" on page 18 of this MD&A).

RECENT DEVELOPMENTS

Acquisition of Kaelus AB

On May 29, 2026, the Company completed its previously announced acquisition of Sweden-based Kaelus AB ("**Kaelus**") pursuant to a share purchase agreement with the shareholders of Kaelus (the "**Sellers**"). In connection with the acquisition, Baylin obtained the written consent of its controlling shareholder, 2385796 Ontario Inc., as required by the Toronto Stock Exchange.

The acquisition was completed for a net purchase price of approximately SEK 282 million (approximately $42 million), consisting of approximately $15.2 million in Baylin common shares and approximately $26.8 million in cash, subject to customary adjustments, including the excess cash acquired of approximately $5.5 million. At closing, the Sellers received 52,000,036 common shares of Baylin and approximately $10.6 million in cash. The remaining cash consideration, adjusted for the excess cash acquired, of approximately $16.2 million is payable in installments of approximately $11.2 million by November 15, 2026, approximately $2.8 million by December 15, 2026, and approximately $2.2 million by March 31, 2027, subject to the Company's compliance with the financial covenants under its credit agreement described herein. Any unpaid amounts are guaranteed by the Company's controlling shareholder.

The cash portion of the purchase price, together with the repayment of the Company's existing revolving credit facility, was funded through a combination of proceeds from the term facility described herein and a private placement of subscription receipts.

Debt Financing

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 $30.9 million.

The first advance of $14.6 million under the Term Facility was drawn on May 27, 2026, with another $6 million receivable at a later date. The funds were used to repay in full the Company's revolving credit facility with Royal Bank of Canada, to finance a portion of the funds required at closing for the acquisition of Kaelus, and for general corporate purposes including payment of expenses associated with the acquisition.

The Term Facility has a term of three years from the date of the first advance and may be extended by the Company for an additional one-year period, subject to the Company's 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 Term CORRA Adjustment (as defined in the Credit Agreement) and an 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 the assets of the Company and its subsidiaries (other than the Company's Chinese subsidiaries).
- ***Financial Covenants*** – During the remainder of 2026, the Company is subject to the following covenants:
    - minimum Liquidity (as specifically defined in the Credit Agreement) of $5.5 million;
    - minimum EBITDA (as specifically defined in the Credit Agreement) for the second quarter of 2026 of at least $1 million ("**period 1**");
    - minimum EBITDA for the second and third quarters of 2026 combined of at least $4 million ("**period 2**"); and,
    - minimum EBITDA for the second, third and fourth quarters of 2026 combined of at least $6 million.

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 million.

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

- minimum Liquidity of $2.5 million;
- 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 $10.3 million, 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 after that, the Company will be required to repay 2.5% of the principal of the first advance from the Term Facility and, if applicable, principal of 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 million, with those payments varying from $1 million to $4 million depending on the extent of the shortfall.

- ***Blocked Account*** – As additional security for the Company's obligations under the Credit Agreement, $6 million was deposited into a restricted account controlled by the Lender. The funds held in the restricted account may be applied by the Lender upon occurrence of an event of default or used to satisfy contingent amortization payments. In accordance with the terms of the Credit Agreement, $3 million will be released to the Company if EBITDA for the second and third quarters of 2026 equals or exceeds 90% of forecast EBITDA for that period. The remaining $3 million will be released once the Company is in compliance with the Principal Covenants.

Convertible Debentures Exchange

On July 10, 2018, the Company issued $17.25 million 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 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 million principal amount of the Debentures converted their Debentures into 10,932,429 common shares at the New Conversion Price, leaving $5.115 million 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 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 million principal amount of the Debentures outstanding on the Maturity Date.

Preferred Shares Exchange

On December 29, 2023, the Company issued 68,000 Series A Preferred Shares to its controlling shareholder at an issue price of $25 per share for proceeds of $1.7 million. 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 its controlling shareholder at an issue price of $25 per share for proceeds of $2.25 million. Series B Preferred Shares carried a 10% cumulative dividend, redemption and retraction rights, and were mandatorily redeemable on September 25, 2030.

On June 30, 2026, the Company exchanged all of its $3.95 million outstanding 10% cumulative redeemable retractable Series A and Series B Preferred Shares held by its controlling shareholder, together with $0.6 million of accrued and unpaid dividends, for a total of 16,171,876 common shares. Following the completion of the acquisition of Kaelus and the debenture and preferred share exchanges described above, the Company had 281,414,681 common shares issued and outstanding as at June 30, 2026.

IEEPA Tariff Refunds

In February 2026, the U.S. Supreme Court ruled that the International Emergency Economic Powers Act ("IEEPA") does not authorize the executive branch to impose emergency duties. Following that announcement, U.S. Customs and Border Protection ("CBP") established a formal process for importers to recover previously paid IEEPA duties. During the second quarter of 2026, the Company received $0.3 million as well as remittance advice on the upcoming receipt of $1.0 million in IEEPA tariff refunds for duties previously remitted on importations. These refunds were recognized as a reduction to cost of goods sold in the second quarter of 2026, generating a positive impact on gross margin and operating cashflows.

OUTLOOK

Corporate

In the second quarter of 2026, the Company completed the acquisition of Kaelus, marking a transformational milestone in Baylin's strategy to build a scaled, diversified global RF technology platform spanning across cellular infrastructure, custom antennas, RF conditioning, GNSS synchronization, test and measurement, as well as Satcom equipment. With the inclusion of the Kaelus business line (acquired at the end of May 2026), the Company achieved a strong Adjusted EBITDA in the second quarter of 2026, the tenth consecutive quarter of positive Adjusted EBITDA. We expect that the acquisition of Kaelus will increase the overall scale and financial capacity of the Company in the second half of the year.

Nevertheless, the macroeconomic environment remains a challenge for the Company, particularly given current geopolitical factors combined with continuing uncertainties. Disruptions to the oil supply in the Middle East continued to push oil and fuel prices to a high level, with broader impacts on the transportation, logistics, and other production costs across multiple industries. In addition, recent global surge in artificial intelligence (AI) data centres has created unprecedented cost spikes over a wide range of electrical components including memory chips.

Despite these challenges and uncertainties, we remain committed to our core principles: clear market driven strategies, cost containment, prioritizing research and development and product development, and focusing on revenue growth and margin improvement. Based on our current assessment of the market for the second half of 2026, we expect (i) continuing strength in sales volume and gross margins in the Kaelus business line; (ii) slightly softer revenue than the first half of 2026 in the Custom Antenna Solutions business line due to customer order delays amid macroeconomic pressures; (iii) lower sales volume in the Wireless Infrastructure business line driven by project delays by wireless carriers mainly in the US; and, (iv) recovery in sales volume and improving gross margin in the Satcom business line.

Kaelus Business Line

Headquartered in Sweden, Kaelus expands our operational footprint into new international markets, bringing its world-class RF engineering expertise and an established portfolio spanning advanced antenna systems, RF conditioning equipment, GNSS synchronization and anti-jamming products, and industry-leading test and measurement tools. Operating under the commercial brand "Kaelus, a Galtronics company," Kaelus business line enters Baylin with zero product matrix overlap, allowing both Kaelus and Galtronics to immediately extend our addressable solution portfolio across global markets while leveraging Kaelus' long-standing vendor relationships with tier-1 wireless carriers and OEMs. Over the second half of the year, our integration initiatives will focus on executing immediate cross-selling programs across combined customer bases, unifying international sales channels, and capturing supply chain and procurement efficiencies. Supported by a strong order backlog and favourable macro tailwinds driving massive expansions across European defense communications and global RF infrastructure, Kaelus is positioned as a primary catalyst for the Company's revenue growth and margin enhancement in the years ahead.

Following the completion of the acquisition on May 29, 2026, the Company further announced that Kaelus recorded new purchase orders in a total amount of $12.6 million in May 2026. Subsequent to that, Kaelus contributed strong revenue in its first month of consolidated operations for the second quarter, significantly bolstering the Company's financial performance in top line and bottom line results. Based on current purchase orders volume, ongoing sales velocity and efforts on improving margins, management believes that Kaelus business line will outperform its budget for the second half of 2026. Management is also focused on driving cross-selling opportunities across the broader customer portfolio of the Wireless Infrastructure and Kaelus business lines, as well as improving Kaelus' customer diversity in the second half of 2026 in order to drive further growth in 2027.

Custom Antenna Solutions Business Line

Custom Antenna Solutions delivered reasonable financial results in the second quarter of 2026. The business line continued to enhance its margin profile and operational efficiency, resulting in improved Adjusted EBITDA compared to the second quarter of 2025. However, Custom Antenna Solutions is currently being impacted by lower sales volumes due largely to pushouts of customer orders driven by market fluctuations and macroeconomic uncertainties. As a result of this impact, we expect that Custom Antenna Solutions will see softer revenue in the second half of the year compared to the first half, while the full-year revenue of 2026 is expected to be comparable to 2025. The number of active bids for new projects remains at a solid level.

Wireless Infrastructure Business Line

Wireless Infrastructure revenue in the second quarter of 2026 was at similar levels compared to the first quarter, but slightly lower than the second quarter of 2025. However, we have seen a slowdown in order intake beginning in the third quarter and expect it to continue through the remainder of 2026, primarily due to broader industry softness and capital expenditure delay by North American carriers. We will continue to leverage the competitive advantages that our multibeam antennas provide to open up additional global opportunities and drive further sales with wireless carriers and third-party operators who operate wireless mobile networks for users. Combining Wireless Infrastructure's multibeam and small cell antennas with Kaelus' RF conditioning, GNSS synchronization, and test and measurement products will create a unified, end-to-end RF portfolio offering, positioning the combined business to expand market share across North American, European, and Oceania carrier networks. Wireless Infrastructure is also in the process of commercializing a new derivative of its patented multibeam antenna and has several carriers asking for a trial. Based on our current assessment, we now anticipate Wireless Infrastructure's performance in revenue, gross profit and Adjusted EBITDA for the full year of 2026 will be softer than the very strong 2025 but still in a very solid territory. Overall, we do expect to see carriers resume significant spending on their infrastructure deployments starting 2027, which will drive rapid recovery in sales volumes for the business.

Satcom Business Line

Satcom had a challenging second quarter of 2026, which was primarily due to reduced demand for its products, particularly its specialized custom engineered products. However, we recently saw a significant increase in Satcom's backlog during the latter part of the second quarter and continuing at the beginning of the third quarter, as evidenced by recent multi-million-dollar purchase orders for Genesis amplifiers across high-power broadcast, government, and defense satellite applications. Consequently, the outlook for the second half of 2026 is more favourable as customers transition from legacy lower-margin products to the new Genesis products manufactured in the United States. This shift in product mix is expected to improve margins despite lower revenue levels compared to the prior quarters. However, the improvement in the second half of 2026 will not be sufficient to offset the impact of the first half, resulting in 2026 full year expectation of lower Adjusted EBITDA than the prior year. Overall, the increased customer order backlog strengthens our positive outlook for Satcom business.

Satcom is generally not subject to US tariffs. See "*Tariffs*" below.

Tariffs

The Company continues to take proactive steps to monitor and mitigate the effect of US tariffs across all its business lines.

Wireless Infrastructure's products are manufactured in our facility in China or third-party facilities in Vietnam. The actual gross margin impact of tariffs on Wireless Infrastructure has been mitigated to a level much lower than the applicable tariff due to a number of measures taken by the Company. This has allowed Wireless Infrastructure to be compliant with the current tariff regime while maintaining a strong margin position.

Custom Antenna Solutions is currently not directly affected by US tariffs on China. Although Custom Antenna Solutions' products are manufactured in our facility in China or third-party facilities in Vietnam, they are shipped from there to contract manufacturers elsewhere in Asia for embedding in the final products of those contract manufacturers.

In the case of Satcom, most of its products are produced in Canada, of which a significant proportion – between 40% and 50% annually – is delivered to customers in the United States. Satcom's products are compliant with Canada's free trade agreement with the United States and Mexico and thus, exempt from general tariffs applicable to non-qualifying Canadian goods. Following the initial joint review held on July 1, 2026, the United States declined to extend the agreement for a new 16-year term in its current form and implemented an annual joint review process among the member nations. While the tariff treatment for qualifying Satcom products remains unchanged at this time, the ongoing annual review cycle introduces medium-term trade policy uncertainty that could impact North American tariff structures in the future.

With the recent acquisition of Kaelus, the Company will be looking to harmonize its tariff mitigation strategy across the Kaelus business line in order to minimize the impact of tariffs on products shipped to US customers. Kaelus manufactures through its company-owned facility in China as well as through the use of contract manufacturers in China, Vietnam, and India. US sales represent approximately 20% of Kaelus' total historical revenue.

DISCUSSION OF OPERATIONS

Revenue and Gross Profit

(in $000's)

	Three Months Ended June 30,				**Six Months Ended June 30,**			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Revenue	**22,019**	**22,456**	**(437)**	**(1.9%)**	**38,083**	**41,322**	**(3,239)**	**(7.8%)**
Cost of sales	11,645	12,051	(406)	(3.4%)	21,040	22,914	(1,874)	(8.2%)
Gross profit	**10,374**	**10,405**	**(31)**	**(0.3%)**	**17,043**	**18,408**	**(1,365)**	**(7.4%)**
Gross margin	47.1%	46.3%			44.8%	44.5%		

a) Factors affecting Revenue and Gross Profit

The Company's revenue is derived from the sale of wireless and satellite communications components. Financial results are reported as one reportable segment. The Company manufactures and sells a variety of components, including antenna products, such as antennas for networking and telemetry devices, land mobile radios, telematics and wireless infrastructure antennas, and satellite radio frequency and microwave products, such as amplifiers, converters, filters and transceivers. The Company's revenue is impacted by timing of customers' product launches, their project deployment plans, and network expansion investment levels by telecom carriers and independent providers.

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

b) Second Quarter of 2026 compared to Second Quarter of 2025

The Company's revenue was $22.0 million in the second quarter of 2026 compared to $22.5 million in the second quarter of 2025, a decrease of $0.5 million or 1.9%. The decrease was primarily due to lower sales volume in the Satcom business line as a result of softer market conditions in the second quarter of 2026, partially offset by the inclusion of one month of revenue from the Kaelus business line (acquired at the end of May 2026).

The Company's gross profit was $10.4 million in the second quarter of 2026, which remained largely consistent with the second quarter of 2025. Gross margin was 47.1% in the second quarter of 2026 compared to 46.3% in the second quarter of 2025. The higher gross margin in the second quarter of 2026 was mainly due to the recognition of tariff refunds on the import duties in the amount of $1.3 million as reduction to cost of goods sold (see "*IEEPA Tariff Refunds*" on page 8 of this MD&A), offset by lower gross margin in the Satcom business line due to lower sales volume.

c) *Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*

The Company's revenue was $38.1 million in the six months ended June 30, 2026 compared to $41.3 million in the six months ended June 30, 2025, representing a decrease of $3.2 million or 7.8%. The decrease in revenue in the first half of 2026 was due to the reason noted above.

The Company's gross profit was $17.0 million in the six months ended June 30, 2026 compared to $18.4 million in the six months ended June 30, 2025, primarily due to the revenue decline as discussed above. Gross margin was 44.8% in the six months ended June 30, 2026 compared to 44.5% in the six months ended June 30, 2025. The gross margin in the six months ended June 30, 2026 was impacted by the reason noted above.

Selling and Marketing Expenses

(in $000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Payroll	1,045	983	62	6.3%	2,068	2,024	44	2.2%
Other	633	797	(164)	(20.6%)	1,217	1,571	(354)	(22.5%)
Total	**1,678**	**1,780**	**(102)**	**(5.7%)**	**3,285**	**3,595**	**(310)**	**(8.6%)**
As a percentage of revenue	7.6%	7.9%			8.6%	8.7%		

a) *Factors affecting Selling and Marketing Expenses*

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

b) *Second Quarter of 2026 compared to Second Quarter of 2025*

The Company's selling and marketing expenses in the second quarter of 2026 were $1.7 million (7.6% of revenue) compared to $1.8 million (7.9% of revenue) in the second quarter of 2025. The decrease was mainly due to lower commissions and bonus accrual in the second quarter of 2026 as a result of lower revenue compared to the prior year period.

c) *Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*

The Company's selling and marketing expenses in the six months ended June 30, 2026 were $3.3 million (8.6% of revenue) compared to $3.6 million (8.7% of revenue) in the six months ended June 30, 2025. The decrease was due to the reason noted above.

Research and Development Expenses

(in $000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Research and development costs	3,029	3,027	2	0.1%	5,894	6,068	(174)	(2.9%)
Depreciation	88	84	4	4.8%	172	174	(2)	(1.1%)
Total	**3,117**	**3,111**	**6**	**0.2%**	**6,066**	**6,242**	**(176)**	**(2.8%)**
As a percentage of revenue	14.2%	13.9%			15.9%	15.1%		

a) *Factors affecting Research and Development Expenses*

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

b) *Second Quarter of 2026 compared to Second Quarter of 2025*

The Company's R&D expenses in the second quarter of 2026 were $3.1 million (14.2% of revenue), which was largely consistent with the second quarter of 2025.

c) *Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*

The Company's R&D expenses in the six months ended June 30, 2026 were $6.1 million (15.9% of revenue) compared to $6.2 million (15.1% of revenue) in the six months ended June 30, 2025. The decrease was primarily due to lower payroll expenses as a result of lower headcount in engineering employees in the Satcom business line.

General and Administrative Expenses

(in $000's)

	Three Months Ended June 30,				**Six Months Ended June 30,**			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Payroll	2,551	1,539	1,012	65.8%	4,056	3,102	954	30.8%
Other	1,692	2,006	(314)	(15.7%)	3,599	4,404	(805)	(18.3%)
Depreciation	169	212	(43)	(20.3%)	346	441	(95)	(21.5%)
Amortization	(160)	-	(160)	N/A	(160)	-	(160)	N/A
Total	**4,252**	**3,757**	**495**	**13.2%**	**7,841**	**7,947**	**(106)**	**(1.3%)**
As a percentage of revenue	19.3%	16.7%			20.6%	19.2%		

a) *Factors affecting General and Administrative Expenses*

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

b) *Second Quarter of 2026 compared to Second Quarter of 2025*

The Company's G&A expenses in the second quarter of 2026 were $4.3 million (19.3% of revenue) compared to $3.8 million (16.7% of revenue) in the second quarter of 2025. The increase was partially due to inclusion of payroll and benefits expenses from the Kaelus business line in the second quarter of 2026.

c) *Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*

The Company's G&A expenses in the six months ended June 30, 2026 were $7.8 million (20.6% of revenue) compared to $7.9 million (19.2% of revenue) in the six months ended June 30, 2025.

Acquisition Expenses

(in $000's)

	Three Months Ended June 30,				**Six Months Ended June 30,**			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Acquisition expenses	2,153	-	2,153	N/A	2,153	-	2,153	N/A

During the six months ended June 30, 2026, the Company incurred expenses in the total amount of $2.2 million for the legal, advisory and other professional expenses associated with the acquisition of Kaelus.

Operating Income (Loss) and Net Income (Loss)

(in $000's except per share amounts)

	Three Months Ended June 30,				**Six Months Ended June 30,**			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Operating income (loss)	**(826)**	**1,757**	**(2,583)**	**N/A**	**(2,302)**	**624**	**(2,926)**	**N/A**
Finance expense, net	1,302	522	780	> 100.0%	2,481	1,716	765	44.6%
Investment (income) expense, net	83	31	52	> 100.0%	(75)	84	(159)	N/A
Fair value adjustments	818	(31)	849	N/A	767	(327)	1,094	N/A
Income (loss) before income taxes	**(3,029)**	**1,235**	**(4,264)**	**N/A**	**(5,475)**	**(849)**	**(4,626)**	**> 100.0%**
Tax expense	159	235	(76)	(32.3%)	32	193	(161)	(83.4%)
Net income (loss)	**(3,188)**	**1,000**	**(4,188)**	**N/A**	**(5,507)**	**(1,042)**	**(4,465)**	**> 100.0%**
Basic and diluted net income (loss) per share	($0.03)	$0.01	($0.04)	N/A	($0.10)	($0.01)	($0.09)	> 100.0%

a) *Factors affecting Operating Income (Loss) and Net Income (Loss)*

The Company's operating income (loss) and net income (loss) are impacted by sales volumes, product sales mix, gross profit as well as operating expenses including the expenditures in R&D related to new products.

b) *Second Quarter of 2026 compared to Second Quarter of 2025*

The Company's operating loss in the second quarter of 2026 was $0.8 million compared to an operating income of $1.8 million in the second quarter of 2025. The operating loss in the second quarter of 2026 was mainly impacted by the acquisition expenses as discussed above.

The Company's net loss in the second quarter of 2026 was $3.2 million compared to a net income of $1.0 million in the second quarter of 2025. The net loss in the second quarter of 2026 was primarily due to the operating loss as well as interest and other finance expenses. On a per share basis, the second quarter of 2026 produced a net loss of $0.03 per share compared to a net income of $0.01 per share in the second quarter of 2025.

c) *Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*

The Company's operating loss in the six months ended June 30, 2026 was $2.3 million compared to an operating income of $0.6 million in the six months ended June 30, 2025. The operating loss in the first half of 2026 was due to the reason noted above.

The Company's net loss in the six months ended June 30, 2026 was $5.5 million compared to $1.0 million in the six months ended June 30, 2025. The net loss in the six months ended June 30, 2026 was due to the reason noted above. On a per share basis, the six months ended June 30, 2026 generated a net loss of $0.10 per share compared to a net loss of $0.01 per share in the six months ended June 30, 2025.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures that management uses to assess the Company's operating performance (see "*Non-IFRS Measures*" on page 3 of this MD&A). EBITDA and Adjusted EBITDA are reconciled as follows:

Reconciliation from Net Income (Loss) to EBITDA and Adjusted EBITDA

(in $000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Net income (loss)	**(3,188)**	**1,000**	**(4,188)**	**N/A**	**(5,507)**	**(1,042)**	**(4,465)**	**> 100.0%**
Plus:								
Tax expense	159	235	(76)	(32.3%)	32	193	(161)	(83.4%)
Interest and other finance expense	2,203	522	1,681	> 100.0%	3,173	1,473	1,700	> 100.0%
Depreciation and Amortization	704	579	125	21.6%	1,668	1,187	481	40.5%
EBITDA	**(122)**	**2,336**	**(2,458)**	**N/A**	**(634)**	**1,811**	**(2,445)**	**N/A**
Adjustments to EBITDA	3,162	1,093	2,069	> 100.0%	3,736	2,298	1,438	62.6%
Adjusted EBITDA	**3,040**	**3,429**	**(389)**	**(11.3%)**	**3,102**	**4,109**	**(1,007)**	**(24.5%)**

a) Factors affecting EBITDA and Adjusted EBITDA

The Company's EBITDA is impacted by the factors discussed above for operating income (loss).

The Company's Adjusted EBITDA is impacted by certain factors, including asset impairment charges, expenses relating to mergers and acquisitions, gain or loss on the sale of a business line, including its related expenses, costs relating to reorganization of a business line, legal costs arising from significant non-operating activities, severance and executive recruitment costs, and share-based compensation.

b) Second Quarter of 2026 compared to Second Quarter of 2025

The Company's EBITDA in the second quarter of 2026 was -$0.1 million compared to $2.3 million in the second quarter of 2025. Adjusted EBITDA in the second quarter of 2026 was $3.0 million compared to $3.4 million in the second quarter of 2025. The adjustments to EBITDA amounting to $3.2 million in the second quarter of 2026 and $1.1 million in the second quarter of 2025 are detailed in the table below.

c) Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025

The Company's EBITDA in the six months ended June 30, 2026 was -$0.6 million compared to $1.8 million in the six months ended June 30, 2025. Adjusted EBITDA in the six months ended June 30, 2026 was $3.1 million compared to $4.1 million in the six months ended June 30, 2025. The adjustments to EBITDA amounting to $3.7 million in the six months ended June 30, 2026 and $2.3 million in the six months ended June 30, 2025 are detailed in the table below.

Adjustments to EBITDA

(in $000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Expenses from mergers and acquisitions (1)	2,108	-	2,108	N/A	2,153	-	2,153	N/A
Legal expenses relating to non-operating activities (2)	(483)	197	(680)	N/A	(471)	244	(715)	N/A
Severance and recruiting expenses (3)	26	18	8	44.4%	261	176	85	48.3%
Expenses relating to sale of a business line (4)	2	-	2	N/A	2	13	(11)	(84.6%)
Share-based compensation (5)	1,509	878	631	71.9%	1,791	1,865	(74)	(4.0%)
Total	**3,162**	**1,093**	**2,069**	**> 100.0%**	**3,736**	**2,298**	**1,438**	**62.6%**

The Company's Adjusted EBITDA for the above periods was impacted by the following factors:

(1) Represents third-party expenses associated with the Company's acquisition of Kaelus.

(2) Represents legal costs incurred from significant non-operating activities, principally those relating to the litigation arising out of the Company's acquisition of Advantech Wireless in 2018. During the second quarter of 2026, this litigation was settled with Baylin receiving a cash payment of $0.5 million from the escrow fund established in connection with the acquisition, which was recorded as reduction to legal expenses in the second quarter of 2026.

(3) Represents expenses incurred by the Company to recruit for vacancies in key management positions and severance costs of laid-off or terminated employees.

(4) Represents costs relating to the reorganization and sale of the M&N business line, including professional advisory fees such as investment banking and legal fees.

(5) Represents share-based compensation expenses relating to grant of awards under the Company's Omnibus Equity Incentive Plan.

SUMMARY OF QUARTERLY RESULTS

(in $000's except per share amounts)

	2026		2025				2024	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Profit and Loss*								
Revenue	**22,019**	16,064	18,231	16,754	22,456	18,866	20,792	20,709
Gross profit	**10,374**	6,669	8,412	7,274	10,405	8,003	7,888	9,542
Gross margin	**47.1%**	41.5%	46.1%	43.4%	46.3%	42.4%	37.9%	46.1%
Net income (loss) from continuing operations	**(3,188)**	(2,319)	(2,532)	(1,100)	1,000	(2,042)	(4,942)	(1,414)
Net income (loss) from discontinued operations	**-**	-	-	-	-	-	3,706	(857)
Net income (loss)	**(3,188)**	(2,319)	(2,532)	(1,100)	1,000	(2,042)	(1,236)	(2,271)
Basic and diluted net income (loss) per share from continuing operations	**($0.03)**	($0.02)	($0.02)	($0.01)	$0.01	($0.01)	($0.03)	($0.01)
Basic and diluted net income (loss) per share from discontinued operations	**-**	-	-	-	-	-	$0.03	($0.01)
Basic and diluted net income (loss) per share	**($0.03)**	($0.02)	($0.02)	($0.01)	$0.01	($0.01)	($0.00)	($0.02)
EBITDA* from continuing operations	**(122)**	(512)	(875)	249	2,336	(525)	(3,769)	1,109
EBITDA* from discontinued operations	**-**	-	-	-	-	-	(426)	(659)
EBITDA*	**(122)**	(512)	(875)	249	2,336	(525)	(4,195)	450
Adjusted EBITDA* from continuing operations	**3,040**	62	1,403	586	3,429	680	1,816	857
Adjusted EBITDA* from discontinued operations	**-**	-	-	-	-	-	(426)	(659)
Adjusted EBITDA*	**3,040**	62	1,403	586	3,429	680	1,390	198
Balance Sheet and Other*								
Current assets - Continuing operations	**85,641**	40,588	39,413	33,399	33,356	35,072	37,292	36,478
Current assets - Assets held for sale	**-**	-	-	-	-	-	-	7,069
Total current assets	**85,641**	40,588	39,413	33,399	33,356	35,072	37,292	43,547
Total assets	**123,225**	46,569	45,377	44,243	44,824	47,372	49,166	58,454
Current liabilities - Continuing operations	**78,198**	53,004	50,582	38,433	39,628	44,068	44,375	41,769
Current liabilities - Liabilities related to assets held for sale	**-**	-	-	-	-	-	-	8,999
Total current liabilities	**78,198**	53,004	50,582	38,433	39,628	44,068	44,375	50,768
Total liabilities	**102,868**	59,920	57,026	54,098	53,456	57,825	57,689	63,796
Net debt*	**11,072**	12,064	12,395	11,364	12,924	12,096	14,271	15,034
Backlog*	**61,013**	22,914	20,404	22,645	22,900	32,502	30,195	30,227

** EBITDA, Adjusted EBITDA, Net debt and Backlog are non-IFRS measures that management uses to assess the Company's operating performance, liquidity and business dynamics (see "Non-IFRS Measures" on page 3 of this MD&A).*

*** As at December 31, 2024, the Company has completed the sale of its Mobile and Network ("M&N") business line. As a result, for accounting purposes, the financial information of the M&N business line was reported as "held for sale" or "discontinued operations" in the respective quarters of 2024. Unless otherwise noted, the rest of financial information in the above table reflect the continuing operations of the Company.*

The Company has managed to achieve positive Adjusted EBITDA for each quarter consecutively since 2024, and the Company's net debt dropped to the lowest level at the end of the second quarter of 2026 compared to the preceding seven quarter-end results.

CASH FLOWS

(in $000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Cash flows (used in) generated from:								
Operating activities	(3,766)	188	(3,954)	N/A	(3,210)	2,867	(6,077)	N/A
Investing activities	(2,229)	(26)	(2,203)	> 100.0%	(2,261)	(27)	(2,234)	> 100.0%
Financing activities	4,940	(1,650)	6,590	N/A	5,396	(3,387)	8,783	N/A
Net cash outflows	**(1,055)**	**(1,488)**	**433**	**(29.1%)**	**(75)**	**(547)**	**472**	**(86.3%)**
Effect of foreign exchange differences	75	(186)	261	N/A	145	(169)	314	N/A
Increase (decrease) in cash and cash equivalents	**(980)**	**(1,674)**	**694**	**(41.5%)**	**70**	**(716)**	**786**	**N/A**
Cash and cash equivalents & Restricted cash at the beginning of the period	13,614	5,964	7,650	> 100.0%	12,564	5,006	7,558	> 100.0%
Cash and cash equivalents & Restricted cash at the end of the period	**12,634**	**4,290**	**8,344**	**> 100.0%**	**12,634**	**4,290**	**8,344**	**> 100.0%**

Operating Activities

Cash used in operating activities was $3.8 million in the second quarter of 2026 compared to $0.2 million generated in the second quarter of 2025. The increase of cash outflows from operating activities in the second quarter of 2026 was primarily due to a combination of higher operating losses, unfavourable working capital movements, as well as incremental cash used in connection with the acquisition of Kaelus during that period.

Cash used in operating activities was $3.2 million during the six months ended June 30, 2026 compared to $2.9 million generated during the six months ended June 30, 2025. The increase of cash used in operating activities in the six months ended June 30, 2026 was mainly due to weaker financial results compared to the first half of 2025 as well as the reasons noted above.

Investing Activities

Cash used in investing activities was $2.2 million in the second quarter of 2026 and $2.3 million in the six months ended June 30, 2026, compared to almost nil in the prior year period, respectively. The increase of cash used in investing activities in the first half of 2026 was primarily driven by a net cash of $2.2 million deployed to complete the acquisition of Kaelus, representing the cash consideration paid at closing offset by the cash acquired from Kaelus.

Apart from the cash used in the acquisition as discussed above, minimal cash was used in purchase of fixed assets during the six months ended June 30, 2026 and six months ended June 30, 2025, respectively, mainly as a result of the Company’s cash conservation measures to preserve liquidity, with capital expenditures kept at a consistently low level.

Financing Activities

Cash generated from financing activities was $4.9 million in the second quarter of 2026 compared to $1.7 million used in the second quarter of 2025. In May 2026, the Company obtained $14.6 million in the first advance drawn from the Term Facility, received $2 million from the issuance of Series C Preferred Shares, while repaid in full the outstanding principal of $10.9 million under the revolving credit facility with Royal Bank of Canada.

Cash generated from financing activities was $5.4 million during the six months ended June 30, 2026 compared to $3.4 million used during the six months ended June 30, 2025. The increase of cash inflows from financing activities in the six months ended June 30, 2026 was due to the reasons noted above. During the six months ended June 30, 2025, the Company utilized its cash generated from operations to reduce the outstanding balance of the revolving credit facility, which helped to lower its interest expenses for that period.

NET DEBT, CAPITAL RESOURCES AND LIQUIDITY

The Company's capital resources are in part used to fund working capital (see "*Non-IFRS Measures*" on page 3 of this MD&A) associated with product launches, to invest in design proposals for customers, and for capital investments required to sustain and expand business and manufacturing capabilities in order to meet customer demands.

Net Debt

(in $000's)

	As at June 30, 2026	**As at December 31, 2025**	**Change**	**Change**
	$	**$**	**$**	**%**
Total Debt	23,588	15,102	8,486	56.2%
Less: Cash and cash equivalents*	12,516	2,707	9,809	> 100.0%
Net Debt	**11,072**	**12,395**	**(1,323)**	**(10.7%)**

** Cash and cash equivalents at June 30, 2026 do not include the restricted cash of $0.1 million which was the funds deposited in the Company's Guaranteed Investment Certificate ("GIC") accounts with Royal Bank of Canada, and cash and cash equivalents at December 31, 2025 do not include the restricted cash of $9.9 million which was the net proceeds of the issuance of subscription receipts in December 2025.*

The Company had net debt at June 30, 2026 and December 31, 2025 of $11.1 million and $12.4 million, respectively. The decrease in net debt mainly resulted from the restructuring of the Company's debt in the second quarter of 2026 by entering into a new term credit facility and retiring its revolving credit facility (see "*Credit from banks and loans*" on page 18 of this MD&A), as well as the inclusion of cash from the Kaelus business line.

Liquidity

Management's approach is to ensure, to the extent reasonably possible, that sufficient liquidity exists to meet liabilities as they become due. We do so by monitoring cash flows, revenue and expenses compared to their budgeted amounts. Cash flow is reviewed with each business line management team on a weekly basis while other metrics such as cash conversion cycle ("CCC", see "*Non-IFRS Measures*" on page 3 of this MD&A) are reviewed with each business line management team on a monthly basis. Management looks to these key indicators to ensure the Company is generating sufficient cash to maintain sufficient liquidity and meet planned growth. Typically, lower CCC implies more efficient use of working capital.

Working capital requirements

Working capital requirements are primarily for raw materials, production, sales and marketing, R&D, operations and G&A expenses. Working capital requirements could see an increase due to increased sales volumes, increased inventory levels to meet additional demand, customer payment delays, and/or paying suppliers more quickly. These changes increase the CCC, which in turn reduces the overall liquidity in the business. As at June 30, 2026, the Company's CCC was 53 days compared to 58 days as at December 31, 2025. The decrease mainly resulted from longer days payables outstanding in the Satcom business line during the first half of 2026.

During the six months ended June 30, 2026, working capital had a moderate increase of $0.1 million, primarily as a result of the following factors:

a) Increase in trade payables and other current liabilities of $5.8 million, partially due to longer payables outstanding;

offset in part by:

b) Increase in trade receivables of $4.6 million, primarily due to stronger sales in the Kaelus business line in the latter part of the second quarter of 2026;

c) Increase in inventories of $0.5 million, mainly driven by increased production volume in the latter part of the second quarter of 2026 in response to higher order backlog in the Satcom business line.

Commitment for capital expenditures

As at June 30, 2026, the Company had an aggregate commitment for capital expenditures of less than $0.1 million, which are primarily for upgrades to the IT system and hardware maintenance.

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 $30.9 million.

The first advance of $14.6 million under the Term Facility was drawn on May 27, 2026, with another $6 million receivable at a later date. The funds were used to repay in full the Company's revolving credit facility with Royal Bank of Canada, to finance a portion of the funds required at closing for the acquisition of Kaelus, and for general corporate purposes including payment of expenses associated with the acquisition.

The Term Facility has a term of three years from the date of the first advance and may be extended by the Company for an additional one-year period, subject to the Company's 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 Term CORRA Adjustment (as defined in the Credit Agreement) and an 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.

China

In May 2023, the Company's Chinese subsidiary (Galtronics Electronics (Wuxi) Co., Ltd.) arranged a Yuan equivalent $6.3 million short-term multiple tranche credit facility with 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, $4.2 million was outstanding under this facility. The sale and leaseback facility is secured by substantially all the subsidiary's productive machinery and equipment. The 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, $0.9 million was outstanding under this facility with $0.5 million recorded in credit from banks and $0.4 million recorded in long-term loans in the statement of financial position.

SHARE-BASED PAYMENTS

Omnibus Equity Incentive Plan

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 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, including 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.

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.

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 of Baylin. 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.

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

	Number of DSUs	Weighted Average Price
DSUs outstanding as at January 1, 2026	5,931,648	$0.48
DSUs granted during 2026 up to June 30, 2026	283,021	$0.30
DSUs outstanding as at June 30, 2026	6,214,669	$0.47

	Number of DSUs	Weighted Average Price
DSUs outstanding as at January 1, 2025	5,022,979	$0.51
DSUs granted during 2025 up to June 30, 2025	528,492	$0.26
DSUs outstanding as at June 30, 2025	5,551,471	$0.49

The Company recognized a DSU expense of less than $0.1 million during the six months ended June 30, 2026, which was included in G&A expenses.

Stock Option Grants

Stock options may be granted by the board of directors to officers, employees and consultants of the Company (or its subsidiaries or investee entities) as performance incentives. At the time of granting a stock option, the board of directors will determine: (i) the exercise price, being not less than the market value of the common shares; (ii) the vesting provisions, generally being 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 table below summarizes stock option grants as at June 30, 2026:

Options grant date	Options granted	Exercise price	Options expiry date	Options vested as at June 30, 2026	Options vested as at December 31, 2025	Options exercised, surrendered, expired or cancelled as at June 30, 2026	Options net outstanding as at June 30, 2026
May 21, 2019	270,000	$3.57	May 21, 2024	250,000	250,000	270,000	-
Mar. 21, 2022	2,285,000	$0.79	Mar. 21, 2027	761,667	761,667	2,135,000	150,000
May 23, 2022	150,000	$0.59	May 23, 2027	54,182	54,182	95,818	54,182
Sep. 26, 2022	5,000	$0.33	Sep. 26, 2027	5,000	5,000	-	5,000
Nov. 21, 2022	14,000	$0.21	Nov. 21, 2027	10,000	10,000	4,000	10,000
May 23, 2023	3,000	$0.39	May 23, 2028	3,000	2,000	-	3,000
Jun. 30, 2023	3,456,000	$0.36	Jun. 30, 2028	2,981,000	2,981,000	475,000	2,981,000
Mar. 31, 2024	4,950,000	$0.25	Mar. 31, 2029	3,300,000	1,650,000	166,666	4,783,334
May 20, 2024	52,000	$0.25	May 20, 2029	52,000	26,000	-	52,000
Dec 30, 2025	800,000	$0.25	Dec 30, 2030	-	-	-	800,000
May 29, 2026	2,006,250	$0.25	May 29, 2028	-	-	-	2,006,250
Jun. 3, 2026	150,000	$0.28	Jun. 3, 2031	-	-	-	150,000
	14,141,250			7,416,849	5,739,849	3,146,484	10,994,766

The Company recognized a stock option expense of $0.5 million during the six months ended June 30, 2026, which was included in G&A expenses.

In March 2023, employees with outstanding out-of-the-money options were given the opportunity to have their options cancelled on a voluntary basis. As a result, effective March 29, 2023, 3,606,000 options were cancelled. Effective June 30, 2023, the board of directors approved a new grant of 3,456,000 options.

During the second quarter of 2023, 1,856,410 RSUs were issued with a value of $0.7 million.

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 fiscal 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 market and non-market performance goals over a specified period. The PSUs subject to non-market performance conditions were measured at their grant date fair value, based on the closing share price on June 30, 2025. Non-market performance conditions are not reflected in the grant date fair value; instead, compensation expense is recognized over the vesting period based on the number of units expected to vest, with estimates revised at each reporting date. 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, subject to a minimum grant of 500,000. 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 $0.8 million) and 834,916 common shares (with an issue value of $0.2 million) were granted under the Bonus Plan (of which 8,222 have been cancelled) and 2,500,000 PSUs were granted under the Performance Plan. Of the outstanding RSUs, 989,727 vested and were converted to common shares on May 15, 2026, and 2,262,509 will vest on September 30, 2026. The common shares were not subject to a vesting condition.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The following table summarizes our significant contractual obligations and other obligations as well as our off-balance sheet arrangements as at June 30, 2026:

(in $000's)

	Payments Due by Period				
	Less than 1 year	**1 - 3 years**	**4 - 5 years**	**After 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Credit from banks (1)	4,653	-	-	-	4,653
Long-term loans (2)	1,031	17,904	-	-	18,935
Inventory purchase commitments (3)	5,570	-	-	-	5,570
Lease payment obligations (4)	1,859	4,583	-	-	6,442
Total Contractual Obligations	**13,113**	**22,487**	**-**	**-**	**35,600**

Notes:

(1) Represents the amount due on maturity of the credit facilities established between a bank domiciled in China and the Company's Chinese subsidiary. This amount is presented net of unamortized deferred financing costs recognized in connection with the credit facilities. For further details, see "*Credit from banks and loans*" on page 18 of this MD&A.

(2) Represents the amount subject to amortization payments and the amount due on maturity of the outstanding principal under the Company's Term Facility, and the outstanding balance of a sale and leaseback facility established between a financial lease company domiciled in China and the Company's Chinese subsidiary. This amount is presented net of unamortized deferred financing costs recognized in connection with the credit facilities. For further details, see "*Credit from banks and loans*" on page 18 of this MD&A.

(3) Represents the cost (excluding duties and shipping) of outstanding inventory purchases ordered from our suppliers and expected to be received within the period.

(4) Represents the Company's payment obligations related to financial lease liabilities.

TRANSACTIONS WITH RELATED PARTIES

Executive Officer Remuneration

Short-term benefits, pension and post-retirement benefits of the Company's executive officers amounted to $2.3 million for the six months ended June 30, 2026 compared to $2.6 million for the six months ended June 30, 2025. The amounts comprise of executive officers' salary and benefits earned during the period, plus bonuses awarded for the period. These amounts also represent the estimated costs of providing defined benefit pensions and other post-retirement benefits to executive officers in respect of the service for current period.

Preferred Shares Exchange

In the second quarter of 2026, the Company completed a preferred share exchange with a director-controlled entity, whereby the Series A Preferred Shares and Series B Preferred Shares were exchanged for common shares of the Company. Additional details are provided in the "Recent Developments" section of this MD&A.

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 Chairman of the board of directors, Mr. Royer is entitled to an annual fee of $125,000. Mr. Royer has waived the payment of this fee for 2026 and 2025.

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

For a detailed review of critical accounting estimates associated with the Company, refer to the "Significant Accounting Judgments, Estimates And Assumptions" section of the Company's MD&A for the three and twelve months ended December 31, 2025, which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

There were no changes to our critical accounting estimates in financial reporting during the three months ended June 30, 2026.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The business of the Company is subject to various financial risks such as interest rate risk, foreign exchange risk, credit risk, and liquidity risk. Our risk management focuses on activities that reduce to a minimum any adverse effects on our consolidated financial performance.

With respect to interest rate risk, the interest rate on the Company's Term Facility is determined based on the one-month Canadian Overnight Repo Rate Average ("CORRA"), which is a variable interest rate (see "*Credit from banks and loans*" on page 18 of this MD&A). As such, CORRA is sensitive to fluctuations in market interest rates, which are affected in turn by central bank policies aimed at controlling inflationary pressures in the market. As interest rates rise, the Company's cost of borrowing will increase, requiring it to fund the additional interest cost from its cash resources.

With respect to foreign exchange risk, the Company utilized foreign exchange forward contracts in fiscal 2025 and 2024 to hedge net US dollar cash flows as a means to mitigate its foreign exchange risk. As at June 30, 2026, the Company did not have any remaining forward contracts in place.

For further review of the other financial risks associated with the Company's operations, refer to the "Risk Management and Financial Instruments" section of the Company's MD&A for the three and twelve months ended December 31, 2025, which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Except as set forth in this MD&A and the notes to our unaudited interim condensed consolidated financial statements, there were no additional risks identified during the three months ended June 30, 2026, and there were no changes to our use of financial instruments during the three months ended June 30, 2026.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were issued and outstanding 281,414,681 common shares and under the Omnibus Plan:

- 10,994,766 stock options;
- 6,214,669 DSUs; and,
- 2,262,509 RSUs.

Up to 19,471,944 common shares are issuable on exercise or settlement, as applicable, of the stock options, RSUs and DSUs, all of which were granted under the Omnibus Plan.

The number of common shares issuable under the Omnibus Plan may not exceed 12% of the number of common shares outstanding from time to time, being as at the date of this MD&A 33,769,761 common shares. As at the date of this MD&A, 14,297,817 common shares are available to be issued under the Omnibus Plan.

In addition, there are 2,500,000 PSUs outstanding under the Performance Plan, each of which represents the right of the holder to receive one common share on settlement.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and operating effectiveness of disclosure controls and procedures and internal control over financial reporting.

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed in those filings and reports is accumulated and communicated to management (including the Chief Executive Officer and Chief Financial Officer, as appropriate) to allow timely decisions regarding required disclosure.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its financial statements in accordance with IFRS.

There were no changes in our internal control over financial reporting during the three months ended June 30, 2026 that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

ADDITIONAL INFORMATION

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

RISK FACTORS

For a detailed description of risk factors associated with the Company, please refer to the "Risk Factors" section of the Company's Annual Information Form dated March 25, 2026, which is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

KAELUS ACQUISITION – PRO FORMA FORECAST

On May 29, 2026, the Company completed the acquisition of Kaelus AB. The following updates include certain forward looking financial information regarding the combined business as previously reported by the Company in its MD&A for the first quarter of 2026:

(in $000's)

	May 13, 2026 Pro Forma Combined*	**August 5, 2026 Forecast Combined****
	$	**$**
Revenue	131,801	**107,427**
Gross profit	60,845	**48,163**
Gross margin	46.2%	**44.8%**
Adjusted EBITDA	14,893	**10,688**

** Pro Forma Combined is based on the assumption that Kaelus AB acquisition was completed on January 1, 2026, on the terms publicly disclosed at the time of the proposed acquisition announcement.*

*** Forecast Combined reflects the actual completion date of the Kaelus AB acquisition being May 29, 2026, on the terms publicly disclosed at the time of the completed acquisition announcement.*

The current 2026 combined forecast for revenue and Adjusted EBITDA is based on the full year expected results including Kaelus' contribution to the business following the acquisition on May 29, 2026.

Reconciliations of the Company's non-IFRS measures to their most comparable IFRS measures:

(in $000's)

	May 13, 2026 Pro Forma Combined*	**August 5, 2026 Forecast Combined****
	$	**$**
Operating income	5,242	**1,395**
Depreciation and Amortization	7,623	**4,700**
EBITDA	12,866	**6,095**
Expenses from mergers and acquisitions	340	**2,153**
Share-based compensation	1,200	**2,408**
Legal expenses relating to non-operating activities	12	**(469)**
Severance and recruiting expenses	475	**501**
Adjustments to EBITDA	2,027	**4,593**
Adjusted EBITDA	14,893	**10,688**

** Pro Forma Combined is based on the assumption that Kaelus AB acquisition was completed on January 1, 2026, on the terms publicly disclosed at the time of the proposed acquisition announcement.*

*** Forecast Combined reflects the actual completion date of the Kaelus AB acquisition being May 29, 2026, on the terms publicly disclosed at the time of the completed acquisition announcement.*

Total adjustments to EBITDA are anticipated to be higher due to higher than expected transaction expenses, including advisor fees, incurred in connection with the acquisition.

The financial outlook is based on a number of material factors and assumptions that reflect management's assessment as of the date hereof, including assumptions that:

- Kaelus' historical and forecast financial and operating information are accurate in all material respects;
- the Company will be able to integrate Kaelus without material disruption to the combined businesses;
- overall revenue growth is based on currently expected industry demand trends and customer order patterns within each business line;

- there will be no material change in macroeconomic, political or inflationary conditions generally, or in legal or regulatory markets in which the Company and Kaelus operate, that will materially impact financial performance of the combined business;
- the respective businesses of the Company and Kaelus will not be affected materially by supply chain or other disruptions;
- there will be no material change in current foreign exchange rates, interest rates or accounting standards; and,
- Kaelus will be entitled under IFRS 38 to capitalize its development costs.

The financial outlook does not reflect potential operating synergies, cost savings or additional revenue from cross-selling opportunities and assumes capital expenditure levels and working capital investment consistent with management budgets for 2026.

The financial outlook is subject to significant risks and uncertainties that could cause actual results to differ materially, including the risk that our and Kaelus' businesses may not perform as expected following the acquisition, that synergies and cross-selling opportunities may not materialize and the risks described under "*Forward-Looking Information and Statements*" in this MD&A and in the Company's continuous disclosure documents available under its profile on SEDAR+. Readers are cautioned not to place undue reliance on the financial outlook. The financial outlook speaks only as at the date of this MD&A. Unless required by applicable law, the Company does not intend, and does not assume any obligation, to update the financial outlook.