

MANAGEMENT'S DISCUSSION & ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2026

Dated November 10, 2026

Baylin Technologies Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Nine Months Ended September 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 nine months ended September 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 November 10, 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.

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.

Forward-looking statements in this MD&A include statements regarding the Company's expected covenant compliance, available liquidity, ability to continue funding operations and meet obligations, treatment or restructuring of the Kaelus deferred purchase price, discussions with the Lender and former Kaelus shareholders, and the timing and consequences of any demand under the guarantee. These statements assume, among other things, continued Lender support, forecast operating performance and identified financing availability. Actual results may differ materially if the Company fails to satisfy future covenants, cannot obtain additional liquidity or accommodations, is required to make payments sooner than anticipated, or a former Kaelus shareholder makes demand under the guarantee.

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 the 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 September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Profit and Loss								
Revenue	**35,300**	16,754	18,546	> 100.0%	**73,383**	58,076	15,307	26.4%
Gross profit	**12,230**	7,274	4,956	68.1%	**29,273**	25,682	3,591	14.0%
Gross margin	**34.6%**	43.4%	(8.8 pp)	(20.3%)	**39.9%**	44.2%	(4.3 pp)	(9.7%)
Net loss	**(742)**	(1,100)	358	(32.5%)	**(6,249)**	(2,142)	(4,107)	> 100.0%
Basic and diluted net loss per share	**($0.00)**	($0.01)	$0.01	(100.0%)	**($0.03)**	($0.01)	($0.02)	> 100.0%
EBITDA*	**263**	249	14	5.6%	**(371)**	2,060	(2,431)	N/A
Adjusted EBITDA*	**703**	586	117	20.0%	**3,805**	4,695	(890)	(19.0%)

	As at	As at			As at	As at		
	September 30, 2026	**September 30, 2025**	**Change**	**Change**	**September 30, 2026**	**December 31, 2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Balance Sheet and Other								
Current assets	**75,520**	33,399	42,121	> 100.0%	**75,520**	39,413	36,107	91.6%
Total assets	**114,512**	44,243	70,269	> 100.0%	**114,512**	45,377	69,135	> 100.0%
Current liabilities	**92,484**	38,433	54,051	> 100.0%	**92,484**	50,582	41,902	82.8%
Total liabilities	**99,612**	54,098	45,514	84.1%	**99,612**	57,026	42,586	74.7%
Net debt*	**12,695**	11,364	1,331	11.7%	**12,695**	12,395	300	2.4%
Backlog*	**50,874**	22,645	28,229	> 100.0%	**50,874**	20,404	30,470	> 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).*

THIRD QUARTER SUMMARY

- Revenue of $35.3 million compared to $16.8 million in the third quarter of 2025, an increase of 110.7%. The increase was primarily due to the inclusion of a full quarter of revenue from the Kaelus business line.
- Gross profit of $12.2 million compared to $7.3 million in the third quarter of 2025, due mainly to the inclusion of gross profit from the Kaelus business line.
- Gross margin (see "*Non-IFRS Measures*" on page 3 of this MD&A) of 34.6% compared to 43.4% in the third quarter of 2025 was largely attributed to product mix in the period combined with inflationary pressures, increased operating costs and the ongoing impact of global economic and geopolitical uncertainty.
- Adjusted EBITDA (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $0.7 million compared to $0.6 million in the third quarter of 2025 was impacted by the same factors as gross margin.
- Net loss of $0.7 million compared to $1.1 million in the third quarter of 2025, due primarily to an operating loss of $0.8 million. On a per share basis, a net loss of $0.00 per share in the third quarter of 2026 compared to a net loss of $0.01 per share in the third quarter of 2025.
- Net debt (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $12.7 million at September 30, 2026 compared to $12.4 million at December 31, 2025.
- Backlog (see "*Non-IFRS Measures*" on page 3 of this MD&A) of $50.9 million at September 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 and strong new order intake from the Satcom business line.

RECENT DEVELOPMENTS

Term Facility

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 (see "*Credit from Banks and Loans*" on page 16 of this MD&A). Following September 30, 2026, the Company failed to meet the minimum Lender-defined EBITDA covenant applicable to the second and third quarters of 2026 combined period.

On November 10, 2026, the Company and the Lender entered into the First Amending Agreement, under which the Lender waived the Company's failure to meet the minimum Lender-defined EBITDA covenant for the second and third quarters of 2026 combined, subject to terms and conditions of the First Amending Agreement. The waiver does not apply to any other Default or Event of Default or to any future covenant tests, including the fourth quarter of 2026 tests, which remain in place.

The principal terms of the First Amending Agreement include:

- a waiver for the failure to meet the minimum Lender-defined EBITDA covenant for the second and third quarters of 2026 combined;
- a principal repayment of $4 million on the Term Facility, to be made concurrently with the waiver;
- a blocked account balance of not less than $4 million, which requires the Company to deposit an additional $2 million into the blocked account;
- a reduction of the minimum Liquidity covenant to $4 million, and an adjustment such that the blocked account balance counts towards the minimum Liquidity requirement;
- an amendment fee of 50 basis points payable on the pro forma outstanding principal on the Term Facility after the $4 million repayment; and
- an increase of 1.5% in the annual interest rate of the Term Facility from November 1, 2026 until such time that the Senior Leverage Ratio (as defined in the Credit Agreement), on a last-quarter-annualized basis, is less than 3.50 to 1.00.

Pursuant to the terms of the Credit Agreement, the Company is prohibited from making the Kaelus deferred purchase price payments of approximately $10.6 million due November 15, 2026 and $2.7 million due December 15, 2026 when due and the Company is uncertain whether it will be allowed to make the final instalment of $7.3 million due March 27, 2027 (collectively the "Kaelus Payments"). Interest on a portion of the Kaelus Payments accrues at 5% per annum from closing until paid. The Company is evaluating alternatives to address these obligations.

The Kaelus Payments are presented in Canadian dollars based on the September 30, 2026 exchange rate. As previously disclosed, the Kaelus Payments are payable in Swedish Krona (SEK), and the actual Canadian dollar equivalent of the final payments will vary based on the exchange rate in effect on the applicable payment dates.

If a guaranteed Kaelus Payment is not made when due, the former Kaelus shareholders may make written demand under the guarantee against 2385796 Ontario Inc., a corporation controlled by Mr. Royer.

OUTLOOK

Corporate

In the third quarter of 2026, the Company continued to advance its strategy of building a diversified global RF technology platform following the acquisition of Kaelus in May 2026. The quarterly sequential revenue increase in the third quarter of 2026 reflected the contribution from the first full quarter of the Kaelus business line, combined with improvements from the Satcom business line. These gains were tempered by the decline in Wireless Infrastructure as a result of North American wireless carriers redirecting capital spending to fibre assets in support of data centre buildouts. The Company generated positive Adjusted EBITDA of $0.7 million in the third quarter of 2026, its eleventh consecutive quarter of positive Adjusted EBITDA.

The macroeconomic environment remains challenging, given ongoing geopolitical tensions and continuing uncertainty. Continued disruptions to the oil supply in the Middle East kept the oil and fuel prices elevated, with broader impacts on transportation, logistics and other production costs across multiple industries. In addition, the Company is facing higher manufacturing costs amid industry-wide price spikes affecting a wide range of electronic components, including memory chips and other critical components.

Despite these challenges and uncertainties, we remain committed to our core principles: clear market-driven strategies, cost containment, prioritizing research and product development, and focusing on revenue growth and margin improvement. Management continues to monitor component pricing and supply chain conditions closely and is focused on mitigating the impact through procurement optimization, cost control initiatives and operational efficiencies.

Based on our current assessment for the fourth quarter of 2026, we expect that (i) the Kaelus business line will continue to generate solid revenue, with gross margins improving relative to recent periods; (ii) the Custom Antenna Solutions business line will experience a gradual recovery in order intake, although customer purchasing activity may continue to be affected by macroeconomic conditions; (iii) sales volumes in the Wireless Infrastructure business line will remain below historical levels due to continued project delays and reduced carrier spending, particularly in the United States; and, (iv) the Satcom business line will deliver improved revenue performance compared to earlier periods.

These operating expectations are subject to ongoing financing and liquidity constraints. Although the First Amending Agreement improved the Company's short-term liquidity, the terms of the Credit Agreement prohibit the Company from making the Kaelus Payments due in November and December 2026. The Company also remains subject to future financial covenant tests, which it may not satisfy. Management is working constructively with its Lender to negotiate amendments to its credit arrangements intended to address these challenges and support the Company's ongoing liquidity requirements (see "*Credit from Banks and Loans*" on page 16 of this MD&A).

Kaelus Business Line

For the third quarter of 2026, Kaelus delivered strong revenue and Adjusted EBITDA in its first full quarter of consolidated operations, significantly bolstering the Company's consolidated results. Based on current customer order volumes, ongoing sales velocity and efforts on improving margins, management believes that Kaelus will continue to produce healthy results. Looking ahead, management remains focused on integrating Kaelus into the broader organization, pursuing cross-selling opportunities across the combined customer portfolios of the Kaelus and Wireless Infrastructure business lines, as well as diversifying Kaelus' customer base to drive further growth in 2027.

Custom Antenna Solutions Business Line

Custom Antenna Solutions delivered softer financial results in the third quarter of 2026 compared to the prior year period. The business line is being impacted by customer order delays due to market volatility and macroeconomic uncertainty. In addition, the business line faced higher production costs resulting from industry-wide price spikes across a broad range of electronic components, which placed additional pressure on the gross margins. Despite these challenges, we expect Custom Antenna Solutions revenue in the fourth quarter of 2026 to be comparable to the third quarter, and full-year 2026 revenue to be similar to 2025. The number of active bids for new projects remains at a solid level.

Wireless Infrastructure Business Line

Wireless Infrastructure experienced challenging market conditions in the third quarter of 2026, primarily reflecting broader industry softness and capital expenditure delays by North American carriers. Looking ahead, management will continue to leverage the competitive advantages of its multibeam and small cell antenna technologies to pursue new opportunities and drive further sales with wireless carriers and third-party network operators in domestic and global markets. Based on our current assessment, we anticipate that Wireless Infrastructure's performance in revenue, gross profit and Adjusted EBITDA for the full year 2026 will be softer than its very strong 2025 results. We expect carriers to resume infrastructure spending in 2027, which we anticipate will support a recovery in backlog and sales volume for the business line.

Satcom Business Line

Satcom recorded a significant increase in its backlog in the latter part of the second quarter of 2026 and early in the third quarter, primarily driven by multi-million-dollar purchase orders for the Genesis amplifiers across high-power broadcast, government and defence satellite applications. Although Satcom's top line result in the third quarter of 2026 was weaker than the prior year period, its Adjusted EBITDA was comparable and also demonstrated sequential improvement compared to the second quarter of 2026. With this backlog in hand, our outlook for the fourth quarter is more favourable as customers continue to transition from legacy lower-margin products to the new Genesis products manufactured in the United States. This shift in product mix coupled with increased sales volume is expected to improve margins, but we still anticipate that Satcom will end 2026 with lower revenue, gross profit and Adjusted EBITDA compared to 2025.

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 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 current tariff regime while protecting margins.

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 the third-party facilities in Vietnam, they are shipped from there to contract manufacturers elsewhere in Asia for embedding in their final products.

Satcom's products are manufactured in Canada, and a significant proportion (between 40% and 50% annually) is delivered to its customers in the United States. Satcom's products are compliant with the Canada–United States–Mexico Agreement ("CUSMA") and are therefore 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 CUSMA for a new 16-year term in its current form, triggering annual joint reviews among the three countries. CUSMA remains in force. While the tariff treatment for qualifying Satcom products remains unchanged at this time, the ongoing annual joint reviews introduce medium-term trade policy uncertainty that could impact North American tariff structures in the future.

Since the completion of the acquisition of Kaelus, the Company has been working to harmonize its tariff mitigation strategy across the Kaelus business line in order to minimize the impact of tariffs on its 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 September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Revenue	**35,300**	**16,754**	**18,546**	**> 100.0%**	**73,383**	**58,076**	**15,307**	**26.4%**
Cost of sales	23,070	9,480	13,590	> 100.0%	44,110	32,394	11,716	36.2%
Gross profit	**12,230**	**7,274**	**4,956**	**68.1%**	**29,273**	**25,682**	**3,591**	**14.0%**
Gross margin	34.6%	43.4%			39.9%	44.2%		

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) Third Quarter of 2026 compared to Third Quarter of 2025

The Company's revenue was $35.3 million in the third quarter of 2026 compared to $16.8 million in the third quarter of 2025, an increase of $18.5 million. The increase was primarily due to the inclusion of a full quarter of revenue from the Kaelus business line.

The Company's gross profit was $12.2 million in the third quarter of 2026 compared to $7.3 million in the third quarter of 2025. Gross margin was 34.6% in the third quarter of 2026 compared to 43.4% in the third quarter of 2025, which was largely attributed to product mix in the third quarter of 2026 combined with inflationary pressures, increased operating costs and the ongoing impact of global economic and geopolitical uncertainty.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's revenue was $73.4 million in the nine months ended September 30, 2026 compared to $58.1 million in the nine months ended September 30, 2025, representing an increase of $15.3 million or 26.4%. The increase was primarily due to the inclusion of revenue from the Kaelus business line.

The Company's gross profit was $29.3 million in the nine months ended September 30, 2026, an increase of $3.6 million compared to $25.7 million in the nine months ended September 30, 2025. Gross margin was 39.9% in the nine months ended September 30, 2026 compared to 44.2% in the nine months ended September 30, 2025. The gross margin in the nine months ended September 30, 2026 was impacted by the factors noted above.

Selling and Marketing Expenses

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Payroll	1,936	999	937	93.8%	4,004	3,023	981	32.5%
Other	641	740	(99)	(13.4%)	1,858	2,311	(453)	(19.6%)
Total	**2,577**	**1,739**	**838**	**48.2%**	**5,862**	**5,334**	**528**	**9.9%**
As a percentage of revenue	7.3%	10.4%			8.0%	9.2%		

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) Third Quarter of 2026 compared to Third Quarter of 2025

The Company's selling and marketing expenses in the third quarter of 2026 were $2.6 million (7.3% of revenue) compared to $1.7 million (10.4% of revenue) in the third quarter of 2025. The increase was primarily due to the inclusion of selling and marketing expenses from the Kaelus business line compared to the prior year period.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's selling and marketing expenses in the nine months ended September 30, 2026 were $5.9 million (8.0% of revenue) compared to $5.3 million (9.2% of revenue) in the nine months ended September 30, 2025. The increase was mainly due to the reason noted above, partially offset by lower sales commissions accrual as a result of lower revenue in the Wireless Infrastructure business line.

Research and Development Expenses

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Research and development costs	3,237	2,990	247	8.3%	9,524	9,058	466	5.1%
Depreciation	99	83	16	19.3%	271	257	14	5.4%
Capitalized development expenditures	(1,160)	-	(1,160)	N/A	(1,553)	-	(1,553)	N/A
Total	**2,176**	**3,073**	**(897)**	**(29.2%)**	**8,242**	**9,315**	**(1,073)**	**(11.5%)**
As a percentage of revenue	6.2%	18.3%			11.2%	16.0%		

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, Sweden, Finland 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 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.

Development expenditures are capitalized when the recognition criteria under IAS 38, Intangible Assets, are met. Capitalization commences from the date on which all applicable criteria are satisfied. Development costs incurred prior to that date are expensed as incurred.

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

The Company's R&D expenses in the third quarter of 2026 were $2.2 million (6.2% of revenue) compared to $3.1 million (18.3% of revenue) in the third quarter of 2025. The decrease was primarily due to an adjustment on share-based compensation expenses recorded in the third quarter of 2026, as well as lower payroll expenses as a result of the cost benefits of the work share program in the Satcom business line. In the third quarter of 2026, the Company capitalized development costs of $1.2 million which were associated with the Kaelus business line.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's R&D expenses in the nine months ended September 30, 2026 were $8.2 million (11.2% of revenue) compared to $9.3 million (16.0% of revenue) in the nine months ended September 30, 2025. The decrease was due to the reasons noted above.

General and Administrative Expenses

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Payroll	2,305	1,462	843	57.7%	6,361	4,564	1,797	39.4%
Other	4,133	1,122	3,011	> 100.0%	7,732	5,526	2,206	39.9%
Depreciation	52	190	(138)	(72.6%)	398	631	(233)	(36.9%)
Amortization	1,177	-	1,177	N/A	1,017	-	1,017	N/A
Total	**7,667**	**2,774**	**4,893**	**> 100.0%**	**15,508**	**10,721**	**4,787**	**44.7%**
As a percentage of revenue	21.7%	16.6%			21.1%	18.5%		

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 advisory, business insurance and other corporate expenses, as well as depreciation and amortization of G&A non-current assets.

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

The Company's G&A expenses in the third quarter of 2026 were $7.7 million (21.7% of revenue) compared to $2.8 million (16.6% of revenue) in the third quarter of 2025. The increase was mainly due to the inclusion of G&A expenses from the Kaelus business line including payroll and benefits expenses, corporate bonus accruals, and all other G&A expenses incurred in the third quarter of 2026. The increase in the third quarter of 2026 was also due in part to the amortization of intangible assets relating to the Kaelus business line.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's G&A expenses in the nine months ended September 30, 2026 were $15.5 million (21.1% of revenue) compared to $10.7 million (18.5% of revenue) in the nine months ended September 30, 2025. The increase was due to the reasons noted above.

Acquisition Expenses

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Acquisition expenses	579	-	579	N/A	2,732	-	2,732	N/A

The Company incurred expenses of $0.6 million in the third quarter of 2026 and accumulatively in the amount of $2.7 million during the nine months ended September 30, 2026 for legal, advisory and other professional expenses associated with the acquisition of Kaelus.

Operating Income (Loss) and Net Loss

(in $000's except per share amounts)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Operating income (loss)	**(769)**	**(312)**	**(457)**	**> 100.0%**	**(3,071)**	**312**	**(3,383)**	**N/A**
Finance expense, net	73	1,050	(977)	(93.0%)	2,554	2,766	(212)	(7.7%)
Investment income, net	(208)	(165)	(43)	26.1%	(283)	(81)	(202)	> 100.0%
Fair value adjustments	-	15	(15)	(100.0%)	767	(312)	1,079	N/A
Loss before income taxes	**(634)**	**(1,212)**	**578**	**(47.7%)**	**(6,109)**	**(2,061)**	**(4,048)**	**> 100.0%**
Tax expense (recovery)	108	(112)	220	N/A	140	81	59	72.8%
Net loss	**(742)**	**(1,100)**	**358**	**(32.5%)**	**(6,249)**	**(2,142)**	**(4,107)**	**> 100.0%**
Basic and diluted net loss per share	($0.00)	($0.01)	$0.01	(100.0%)	($0.03)	($0.01)	($0.02)	> 100.0%

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

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

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

The Company's operating loss in the third quarter of 2026 was $0.8 million compared to $0.3 million in the third quarter of 2025. The operating loss in the third quarter of 2026 was mainly impacted by the acquisition expenses as discussed above.

The Company's net loss in the third quarter of 2026 was $0.7 million compared to $1.1 million in the third quarter of 2025. The net loss in the third quarter of 2026 was primarily driven by the operating loss noted above. On a per share basis, the third quarter of 2026 produced a net loss of $0.00 per share compared to a net loss of $0.01 per share in the third quarter of 2025.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's operating loss in the nine months ended September 30, 2026 was $3.1 million compared to an operating income of $0.3 million in the nine months ended September 30, 2025. The change in operating income (loss) was mainly due to the acquisition expenses during the nine months ended September 30, 2026 as discussed above.

The Company's net loss in the nine months ended September 30, 2026 was $6.2 million compared to $2.1 million in the nine months ended September 30, 2025. The net loss in the nine months ended September 30, 2026 reflected acquisition-related expenses and financing costs, along with higher interest costs following the debt restructuring, rather than a deterioration in the Company's underlying operations. On a per share basis, the nine months ended September 30, 2026 generated a net loss of $0.03 per share compared to a net loss of $0.01 per share in the nine months ended September 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 Loss to EBITDA and Adjusted EBITDA

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change	Change	2026	2025	Change	Change
	$	$	$	%	$	$	$	%
Net loss	**(742)**	**(1,100)**	**358**	**(32.5%)**	**(6,249)**	**(2,142)**	**(4,107)**	**> 100.0%**
Plus:								
Tax expense (recovery)	108	(112)	220	N/A	140	81	59	72.8%
Interest and other finance expense	(135)	900	(1,035)	N/A	3,038	2,373	665	28.0%
Depreciation and Amortization	1,032	561	471	84.0%	2,700	1,748	952	54.5%
EBITDA	**263**	**249**	**14**	**5.6%**	**(371)**	**2,060**	**(2,431)**	**N/A**
Adjustments to EBITDA	440	337	103	30.6%	4,176	2,635	1,541	58.5%
Adjusted EBITDA	**703**	**586**	**117**	**20.0%**	**3,805**	**4,695**	**(890)**	**(19.0%)**

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) Third Quarter of 2026 compared to Third Quarter of 2025

The Company's EBITDA in the third quarter of 2026 was $0.3 million compared to $0.2 million in the third quarter of 2025. Adjusted EBITDA in the third quarter of 2026 was $0.7 million compared to $0.6 million in the third quarter of 2025. The adjustments to EBITDA in the third quarter of 2026 and the third quarter of 2025 are detailed in the table below.

c) Nine Months Ended September 30, 2026 compared to Nine Months Ended September 30, 2025

The Company's EBITDA in the nine months ended September 30, 2026 was close to $nil compared to $2.1 million in the nine months ended September 30, 2025. Adjusted EBITDA in the nine months ended September 30, 2026 was $3.8 million compared to $4.7 million in the nine months ended September 30, 2025. The adjustments to EBITDA amounting to $4.2 million in the nine months ended September 30, 2026 and $2.6 million in the nine months ended September 30, 2025 are detailed in the table below.

Adjustments to EBITDA

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change	Change	2026	2025	Change	Change
	$	$	$	%	$	$	$	%
Expenses from mergers and acquisitions (1)	579	-	579	N/A	2,732	-	2,732	N/A
Legal expenses relating to non-operating activities (2)	11	13	(2)	(15.4%)	(460)	257	(717)	N/A
Severance and recruiting expenses (3)	10	332	(322)	(97.0%)	271	508	(237)	(46.7%)
Expenses relating to sale of a business line (4)	-	18	(18)	(100.0%)	2	31	(29)	(93.5%)
Share-based compensation (5)	(160)	(26)	(134)	> 100.0%	1,631	1,839	(208)	(11.3%)
Total	**440**	**337**	**103**	**30.6%**	**4,176**	**2,635**	**1,541**	**58.5%**

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 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
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Profit and Loss**								
Revenue	**35,300**	22,019	16,064	18,231	16,754	22,456	18,866	20,792
Gross profit	**12,230**	10,374	6,669	8,412	7,274	10,405	8,003	7,888
Gross margin	**34.6%**	47.1%	41.5%	46.1%	43.4%	46.3%	42.4%	37.9%
Net income (loss) from continuing operations	**(742)**	(3,188)	(2,319)	(2,532)	(1,100)	1,000	(2,042)	(4,942)
Net income from discontinued operations	**-**	-	-	-	-	-	-	3,706
Net income (loss)	**(742)**	(3,188)	(2,319)	(2,532)	(1,100)	1,000	(2,042)	(1,236)
Basic and diluted net income (loss) per share from continuing operations	**($0.00)**	($0.03)	($0.02)	($0.02)	($0.01)	$0.01	($0.01)	($0.03)
Basic and diluted net income per share from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	$0.03
Basic and diluted net income (loss) per share	**($0.00)**	($0.03)	($0.02)	($0.02)	($0.01)	$0.01	($0.01)	($0.00)
EBITDA* from continuing operations	**263**	(122)	(512)	(875)	249	2,336	(525)	(3,769)
EBITDA* from discontinued operations	**-**	-	-	-	-	-	-	(426)
EBITDA*	**263**	(122)	(512)	(875)	249	2,336	(525)	(4,195)
Adjusted EBITDA* from continuing operations	**703**	3,040	62	1,403	586	3,429	680	1,816
Adjusted EBITDA* from discontinued operations	**-**	-	-	-	-	-	-	(426)
Adjusted EBITDA*	**703**	3,040	62	1,403	586	3,429	680	1,390
Balance Sheet and Other								
Current assets	**75,520**	85,641	40,588	39,413	33,399	33,356	35,072	37,292
Total assets	**114,512**	123,225	46,569	45,377	44,243	44,824	47,372	49,166
Current liabilities	**92,484**	78,198	53,004	50,582	38,433	39,628	44,068	44,375
Total liabilities	**99,612**	102,868	59,920	57,026	54,098	53,456	57,825	57,689
Net debt*	**12,695**	11,072	12,064	12,395	11,364	12,924	12,096	14,271
Backlog*	**50,874**	61,013	22,914	20,404	22,645	22,900	32,502	30,195

** 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 "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.

CASH FLOWS

(in $000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	**2025**	**Change**	**Change**	**2026**	**2025**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Cash flows (used in) generated from:								
Operating activities	828	(111)	939	N/A	(2,382)	2,756	(5,138)	N/A
Investing activities	(1,787)	(13)	(1,774)	> 100.0%	(4,048)	(40)	(4,008)	> 100.0%
Financing activities	(66)	1,039	(1,105)	N/A	5,330	(2,348)	7,678	N/A
Net cash inflows (outflows)	**(1,025)**	**915**	**(1,940)**	**N/A**	**(1,100)**	**368**	**(1,468)**	**N/A**
Effect of foreign exchange differences	(42)	92	(134)	N/A	103	(77)	180	N/A
Increase (decrease) in cash and cash equivalents	**(1,067)**	**1,007**	**(2,074)**	**N/A**	**(997)**	**291**	**(1,288)**	**N/A**
Cash and cash equivalents & Restricted cash at the beginning of the period	12,634	4,290	8,344	> 100.0%	12,564	5,006	7,558	> 100.0%
Cash and cash equivalents & Restricted cash at the end of the period	**11,567**	**5,297**	**6,270**	**> 100.0%**	**11,567**	**5,297**	**6,270**	**> 100.0%**

Operating Activities

Cash generated from operating activities was $0.8 million in the third quarter of 2026 compared to $0.1 million used in the third quarter of 2025. The increase of cash inflows from operating activities in the third quarter of 2026 was mainly driven by favourable working capital movements and strong financial performance in the Kaelus business line.

Cash used in operating activities was $2.4 million during the nine months ended September 30, 2026 compared to $2.8 million generated during the nine months ended September 30, 2025. The increase of cash outflows in operating activities in the nine months ended September 30, 2026 was primarily due to cash payments for legal, advisory and other professional expenses associated with the acquisition of Kaelus.

Investing Activities

Cash used in investing activities was $1.8 million in the third quarter of 2026 and $4.0 million in the nine months ended September 30, 2026, compared to almost $nil in the prior year periods, respectively. Cash used in investing activities in the third quarter of 2026 was mainly the research and development costs for intangible assets in the Kaelus business line.

Cash used in investing activities in the nine months ended September 30, 2026 included the research and development costs for Kaelus intangible assets as discussed above, as well as a net cash deployment of $2.2 million to complete the acquisition of Kaelus during the second quarter of 2026, representing the cash consideration paid at closing offset by the cash acquired from Kaelus.

Financing Activities

Cash used in financing activities was $0.1 million in the third quarter of 2026 compared to $1.0 million generated in the third quarter of 2025.

Cash generated from financing activities was $5.3 million during the nine months ended September 30, 2026 compared to $2.3 million used during the nine months ended September 30, 2025. During the nine months ended September 30, 2026, the Company obtained $14.6 million in the first advance 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. During the nine months ended September 30, 2025, the Company utilized its cash generated from operations to reduce the outstanding balance of the revolving credit facility, which helped to lower 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 September 30, 2026	As at December 31, 2025	Change	Change
	$	$	$	%
Total Debt	24,144	15,102	9,042	59.9%
Less: Cash and cash equivalents*	11,449	2,707	8,742	> 100.0%
Net Debt	**12,695**	**12,395**	**300**	**2.4%**

** Cash and cash equivalents at September 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 September 30, 2026 and December 31, 2025 of $12.7 million and $12.4 million, respectively.

Net debt does not include the Kaelus Payments. These obligations are included in the Short-term portion of other long-term liabilities on the Statement of Consolidated Financial Position and should be considered separately when assessing the Company's financial condition and near-term liquidity.

Liquidity

Although the Company's near-term liquidity has been improved by the First Amending Agreement, the Credit Agreement does not enable the Kaelus Payments to be made. Management is considering alternatives with respect to the Kaelus Payments including discussions with the Lender and the former Kaelus shareholders, financing alternatives, cost reductions or other liquidity measures. There can be no assurance that these measures will provide sufficient liquidity on acceptable terms or within the required time.

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 September 30, 2026, the Company's CCC was 39 days compared to 58 days as at December 31, 2025. The decrease mainly resulted from longer days payables outstanding in the Satcom and Kaelus business lines and shorter days inventories outstanding in the Kaelus business line.

During the nine months ended September 30, 2026, working capital had a decrease of $2.4 million, primarily as a result of the following factors:

- Increase in trade payables and other current liabilities of $2.8 million, primarily due to longer payables outstanding in the Satcom and Kaelus business lines;
- Decrease in inventories of $4.4 million, mainly driven by faster inventory turnovers in the Kaelus business line; offset in part by: increase in trade receivables of $4.3 million, primarily due to stronger sales in the Kaelus business line in the latter part of the third quarter of 2026.

Commitment for capital expenditures

As at September 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 software and hardware maintenance.

CREDIT FROM BANKS AND LOANS

Canada

On May 15, 2026, the Company entered into the Credit Agreement with the Lender pursuant to which the Lender established 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. It was 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 September 30, 2026, the all-in interest rate on the Term Facility was 10.45% 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*** – For the fiscal year of 2026, the Company is subject to the following covenants:
    - minimum Liquidity (as specifically defined in the Credit Agreement) of $5.5 million;
    - minimum Lender-defined EBITDA (as specifically defined in the Credit Agreement) for the second quarter of 2026 of at least $1 million ("period 1");
    - minimum Lender-defined EBITDA for the second and third quarters of 2026 combined of at least $4 million ("period 2"); and,
    - minimum Lender-defined EBITDA for the second, third and fourth quarters of 2026 combined of at least $6 million.

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

    For period 1, the Company was compliant with the minimum Lender-defined EBITDA covenant, but actual Lender-defined EBITDA for the period was less than 90% of the forecast Lender-defined EBITDA, thus triggering the minimum Liquidity covenant to increase to $8 million in the third quarter of 2026.

    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.

The financial covenants applicable to the fourth quarter of 2026 remain in effect. Based on our current forecasts, management does not expect to comply with those covenants. A future failure to meet a covenant under the Credit Agreement could restrict or eliminate access to the delayed draw facility, permit the Lender to stop further advances or accelerate the amounts owing, and materially adversely affect the Company's liquidity and ability to meet its obligations. Management is working constructively with the Lender toward a revised Credit Agreement designed to address these covenant challenges and provide an appropriate capital structure to support the Company's business plan. While discussions are progressing, there can be no assurance that definitive amendments will be agreed upon or completed.

- ***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 Lender-defined 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 actual Lender-defined EBITDA for the second and third quarters of 2026 equals or exceeds 90% of forecast Lender-defined EBITDA for that period. The remaining $3 million will be released once the Company is in compliance with the Principal Covenants. Pursuant to the First Amending Agreement, $4 million remains in the restricted account and will be released once the Company is in compliance with the Principal Covenants.

China

In May 2023, the Company's Chinese subsidiary (Galtronics Electronics (Wuxi) Co., Ltd.) arranged a Yuan equivalent $6.4 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 Chinese subsidiary's land use rights and building in China. As at September 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 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 September 30, 2026, $0.8 million was outstanding under this facility with $0.5 million recorded in credit from banks and $0.3 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 September 30, 2026 and September 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 September 30, 2026	444,953	$0.27
DSUs outstanding as at September 30, 2026	6,376,601	$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 September 30, 2025	728,669	$0.27
DSUs outstanding as at September 30, 2025	5,751,648	$0.48

The Company recognized a DSU expense of less than $0.1 million during the nine months ended September 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 September 30, 2026:

Options grant date	Options granted	Exercise price	Options expiry date	Options vested as at September 30, 2026	Options vested as at December 31, 2025	Options exercised, surrendered, expired or cancelled as at September 30, 2026	Options net outstanding as at September 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	9,000	5,000
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	2,906,000	2,981,000	550,000	2,906,000
Mar. 31, 2024	4,950,000	$0.25	Mar. 31, 2029	3,300,000	1,650,000	348,500	4,601,500
May 20, 2024	52,000	$0.25	May 20, 2029	52,000	26,000	1,000	51,000
Dec 30, 2025	800,000	$0.25	Dec 30, 2030	-	-	-	800,000
Jun. 3, 2026	150,000	$0.28	Jun. 3, 2031	-	-	-	150,000
	12,135,000			7,341,849	5,739,849	3,412,318	8,722,682

The Company recognized a stock option expense of $0.5 million during the nine months ended September 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. 989,727 RSUs vested and were converted to common shares on May 15, 2026, and $0.4 million was expensed related to the vesting of the PSUs on September 30, 2026.

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 September 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)	4,693	-	-	-	4,693
Long-term loans (2)	19,172	279	-	-	19,451
Inventory purchase commitments (3)	6,162	-	-	-	6,162
Lease payment obligations (4)	2,000	4,334	-	-	6,334
Kaelus Payments obligations (5)	20,650	-	-	-	20,650
Total Contractual Obligations	**52,677**	**4,613**	**-**	**-**	**57,290**

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 16 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 16 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.

(5) Represents the Company's obligations related to the Kaelus deferred purchase price payments. As a result of restrictions in the Credit Agreement, the Company will not make the Kaelus Payments in November or December 2026 when due.

TRANSACTIONS WITH RELATED PARTIES

Executive officer remuneration

Short-term benefits, pension and post-retirement benefits of the Company's executive officers amounted to $4.5 million for the nine months ended September 30, 2026 compared to $3.9 million for the nine months ended September 30, 2025. These 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.

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.

2385796 Ontario Inc., a corporation controlled by Mr. Royer, has guaranteed the Kaelus Payments. If a guaranteed Kaelus Payment is not made when due, the former Kaelus shareholders may make written demand under the guarantee against 2385796 Ontario Inc.

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 September 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. The Company's risk management focuses on activities that reduce to a minimum any adverse effects on the 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 16 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 September 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 September 30, 2026, and there were no changes to our use of financial instruments during the three months ended September 30, 2026.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were issued and outstanding 281,585,135 common shares and under the Omnibus Plan:

- 8,722,682 stock options;
- 6,376,601 DSUs; and,
- 2,262,509 RSUs.

Up to 17,361,792 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 33,790,216 common shares. As at the date of this MD&A, 16,428,424 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 September 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

The Company is withdrawing its financial outlook for fiscal 2026, most recently provided on August 5, 2026, including the forecast for combined revenue, gross profit, gross margin and Adjusted EBITDA. Investors should no longer rely on the August 5, 2026 financial outlook.

The August 5, 2026, financial outlook was based on management's then-current expectations and assumptions regarding customer demand, order patterns and deployment activity across the Company's businesses. Since that time, the timing of anticipated capital spending and network deployments by certain customers has changed, resulting in the deferral of certain expected customer orders and reduced visibility regarding the timing of future demand. As a result, management no longer believes it has a sufficient basis to support the financial outlook previously provided for fiscal 2026.

Accordingly, the Company is withdrawing its fiscal 2026 financial outlook, and is not providing replacement quantitative guidance at this time. The Company will continue to provide disclosure concerning its historical financial results, business and operations and, where appropriate, other forward-looking information in accordance with applicable Canadian securities laws.