BAYLIN TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

Year ended December 31, 2020

March 10, 2021

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the "**Annual Information Form**") is stated as at March 10, 2021. Unless otherwise noted or the context otherwise requires, references to "Baylin", the "Company", "we", "us" and "our" are to Baylin Technologies Inc. and its consolidated subsidiaries. For an explanation of certain capitalized terms and expressions and defined terms, please refer to the "Glossary of Terms" at Appendix A of this Annual Information Form.

Forward-Looking Statements

This Annual Information Form includes or incorporates by reference 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" "should", "would", "estimate", "expect", "forecast", "indicate", "intend", "likely, "may", "outlook", "plan", "potential", "project", "seek", "target", "trend" or "will" or the negative or other variations of these words or other comparable words or phrases and are intended to identify forward-looking statements, although not all forward-looking statements contains these words.

Forward-looking statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth in sales for passive and active radio frequency products, terrestrial microwave products, and 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, heightened by the Covid-19 pandemic, including the following factors, which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form:

- risks relating to significant acquisitions, including the failure to realize expected returns, the difficulties of integration and the assumption of unknown material liabilities;
- risks relating to our dependence on the success of our customers;
- risks relating to receiving a significant portion of our revenue from a limited number of customers;
- risks relating to our dependence on design integration with our customers;
- risks relating to our dependence on maintaining our existing strategic relationships with customers and on forming new strategic relationships;

- risks relating to our ability to attract new customers due to our existing relationships with their competitors;
- risks relating to our dependence on our operating subsidiaries;
- risks relating to our failure to execute on our growth strategy;
- risks relating to our dependence on key personnel;
- risks relating to our ability to attract and retain qualified employees;
- risks relating to our ability to respond to emerging technologies and evolving consumer trends;
- risks relating to significant competition;
- risks relating to future competition reducing our revenue and customer base;
- risks relating to the highly competitive global markets for our products and services;
- risks relating to general economic conditions;
- risks relating to our failure to develop new products;
- risks relating to the scale of our operations;
- risks relating to our investment in research and development;
- risks relating to investment in new business strategies and acquisitions;
- risks relating to leverage and restrictive covenants;
- risks relating to access to capital;
- risks relating to our failure to protect our intellectual property rights;
- risks relating to intellectual property infringement;
- risks relating to cyber-security incidents;
- risks relating to our failure to protect our customers' intellectual property;
- risks relating to our ability to meet our customers' orders due to the limited number of manufacturing locations;
- risks relating to disease and a global pandemic;
- risks relating to the outsourcing of our plating and painting operations to third parties, which may result in reduced quality;
- risks relating to the likelihood of fluctuating results of operations;
- risks relating to historically decreasing selling prices of our products;
- risks relating to variations of our gross margin;
- risks relating to seasonality of our business;
- risks relating to environmental liabilities;
- risks relating to disruption of our business due to potential future acquisitions;
- risks relating to product liability and warranties;
- risks posed by negative operating cash flow;
- risks relating to doing business overseas, including import and export restrictions, anti-corruption laws, trade disputes, increased duties and tariffs, foreign currency and interest rate fluctuations, changes in regulations, economic and political instability, and limitations on repatriation of earnings;

- risks relating to conditions in the People's Republic of China, the Republic of Korea, the Socialist Republic of Vietnam, where some of our material subsidiaries carry on their business;
- risks relating to our use of chops in China;
- risks relating to enforceability of judgments;
- risks relating to corruption and fraud;
- risks posed by natural disasters;
- risks relating to the Common Shares, including market volatility, unlikelihood of dividends, dilution from future issuances of equity securities and future sales of Common Shares by insiders; and
- risks relating to influence by our principal shareholder.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements in this Annual Information Form. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements. Furthermore, unless otherwise stated, the forward-looking statements in this Annual Information Form are made as of the date of this Annual Information Form, and we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This cautionary statement qualifies all forward-looking statements in this Annual Information Form.

Trademarks, Business Names and Service Marks

This Annual Information Form includes trademarks, such as "Galtronics", which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trademarks and trade names referred to in this Annual Information Form appear without the ® or™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. See also "Business of the Company — Intellectual Property". This Annual Information Form also includes references to trademarks and trade names of other companies, which are the property of their respective owners.

Presentation of Financial Information

The Company presents its consolidated financial statements in Canadian dollars. In this Annual Information Form, all references to "$" or "dollars" are to Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated. All the financial data in this Annual Information Form relating to the Company has been prepared using International Financial Reporting Standards. Our fiscal year is the calendar year.

Non-GAAP Measures

This Annual Information Form includes measures that are not prescribed by Canadian generally accepted accounting principles ("**GAAP**") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used.

While we believe that non-GAAP measures provide helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

BACKGROUND AND CORPORATE STRUCTURE

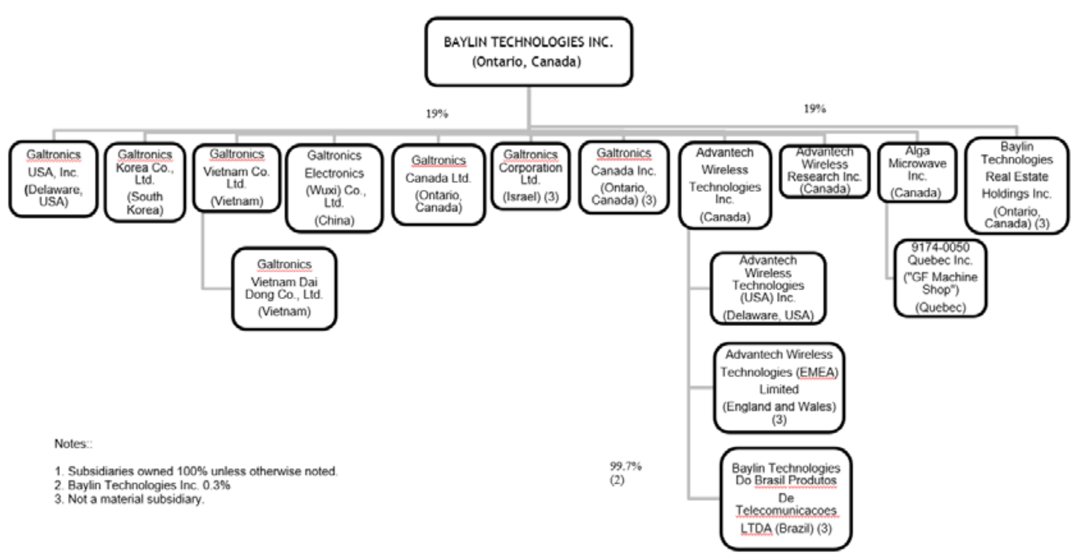
Name, Address and Incorporation

Baylin Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) on September 24, 2013. The Company's head office address is 4711 Yonge Street, Suite 503, North York, Ontario, Canada M2N 6K8.

The Company's common shares (the "**Common Shares**" – trading symbol "**BYL**") and 6.5% Extendible Convertible Unsecured Debentures ("**Convertible Debentures**" – trading symbol "**BYL.DB**") are listed for trading on the Toronto Stock Exchange (the "**TSX**").

Intercorporate Relationships

The organization chart indicates the intercorporate relationships of the Company and its subsidiary and other entities, together with the jurisdiction of incorporation or organization of each such entity.



Business of Baylin

Baylin is a leading diversified global wireless radio frequency technology company. We focus on the research, design, development, manufacture and sale of passive and active radio frequency ("**RF**") products, terrestrial microwave products, and services. Our products are marketed and sold principally under the brand names Galtronics, Advantech Wireless, Alga Microwave and Mitec.

In accordance with our business strategy of building close, long-term relationships with our customers, Baylin has established a sales and marketing presence and/or design and manufacturing facilities in Canada, the United States, China, South Korea, Vietnam, Europe and South America, where our current key customers carry on their businesses. We currently sell our products into 160 countries. Our proximity to our customers enables us to work closely with them in the design and prototyping process, and to minimize the ramp-up time from design to production and the lead time to delivery of the final products.

Baylin operates from leased premises in North York, Ontario. It has 10 employees.

Galtronics

The Galtronics line of business, established in 1978 in Israel, designs and manufactures innovative wireless antenna solutions for its customers. It strives to meet its customers' needs by being their trusted partner from initial design to production. Galtronics antennas and shelf products are custom engineered to meet the specifications for customers' mobile, embedded and wireless infrastructure needs, including products such as distributed antenna systems ("**DAS**"), base station antennas ("**BSA**"), small cells and 5G Massive MIMO (multiple-input, multiple-output unit) antenna modules. Since its establishment, the Galtronics business has grown into an international platform with operations in North America and Asia.

Satellite Communications

The satellite communications line of business ("**Satcom**") was established in January 2018 with the acquisition of the RF, terrestrial microwave and antenna equipment business of Advantech Wireless Inc. ("**Advantech Wireless**"), a leading wireless broadband communications solutions provider for commercial, critical infrastructure, government and military clients. Advantech Wireless solutions allow clients to achieve reliable connectivity anywhere in the world. It designs turnkey terrestrial and satellite communications solutions that maximize performance and minimize operational costs and designs and manufactures customizable radio frequency and microwave products for highly specialized wireless communications markets. For over 30 years, it has developed significant innovations, including pioneering the use of Gallium Nitride ("**GaN**") technology to create smaller, lighter and more powerful products.

The Satcom line of business expanded in July 2018 with the acquisition of Alga Microwave Inc. ("**Alga Microwave**"), a market leader in the engineering, design and development of RF and microwave components. Since its establishment in 2003, it has become a leading supplier of RF and microwave solid state power amplifiers, pulsed amplifiers for radar applications, transmitter and receiver products, as well as RF passive components and systems.

Three Year History

2018

In January 2018, the Company acquired the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless and certain of its affiliates (the "**Advantech Acquisition**") for a purchase price of $49 million, which was satisfied by the payment of $48 million in cash and the issuance of 308,642 Common Shares at a price of $3.24 per Common Share.

To fund a portion of the purchase price for the Advantech Acquisition, the Company entered into a credit agreement with Crown Capital Fund IV, LP ("**Crown**"), pursuant to which Crown provided a $33 million term loan (the "**Crown Loan**"), and issued 682,500 common share purchase warrants to Crown in connection with the Crown Loan. Each warrant entitles the holder to purchase one Common Share at an exercise price of $3.37 per Common Share until January 17, 2023.

In March 2018, Advantech Wireless received full Anatel Certification in Brazil for its Transcend 800 line of point-to-point microwave radios and approval from a Tier 1 North American carrier of its 6-port 30 by 30 panel antenna for use in stadium and high-capacity applications.

In April 2018, Advantech Wireless released its new generation 600W C-Band Gallium Nitride technology based Solid State Amplifier/Block-Up-Converter for ultra-HD 4k/8k broadcasting applications.

On July 11, 2018, the Company acquired all the shares of Alga Microwave for a purchase price of $25 million, which was satisfied by the payment of $21 million in cash and the issuance of 1,176,470 Common Shares at a price of $3.40 per Common Share (the "**Alga Acquisition**"). At the same time, the Company acquired from 9021-8116 Quebec Inc. the premises in which Alga Microwave's operations were primarily conducted (the "**Alga Facility**") for an aggregate purchase price of $6.2 million.

In connection with the Alga Acquisition, on July 10, 2018, the Company completed a public offering of 7,419,355 subscription receipts ("**Subscription Receipts**") and $17.25 million principal amount of Convertible Debentures for aggregate gross proceeds of $40.25 million. On July 11, 2018, each Subscription Receipt was converted into one Common Share.

In August 2018, Advantech Wireless released its C-band Low Noise Block ("**LNB**") for Advanced Tropospheric Scattering Transmission Applications. The new Tropo LNB from Advantech Wireless is designed for use in troposcatter receiver applications where low noise and high reliability are critical as well as in systems that operate in the 4.4 to 5.0 GHz frequency range. Additionally, Advantech Wireless released its new L-Band to 720MHz SATCOM synthesized frequency converters. The new SATCOM L-Band up and down converters from Advantech Wireless are designed to translate the 720 +/- 200 MHz band to 800-1550 MHz with 100 KHz step size. This frequency translation provides a low-cost alternative for using off-the-shelf, satellite based, block-up or block-down converters that usually include an L-band input or output within 800-1550 MHz.

At the end of October 2018, Galtronics released its first two base station antennas to the market. Both antennas are 4x4 MIMO and have electrical tilt control for dynamic beam optimization. Under veteran engineering leadership, Galtronics has built on its small cell antenna R&D capability to develop a new line of base station antennas.

2019

In January 2019, the Company introduced a new series of small diameter multiband MIMO antennas for next generation 4G and new 5G wireless systems. These “whip” antennas, as they are known in the field, are specifically designed to discreetly blend into urban landscapes while providing excellent coverage and RF specifications.

Also, in January 2019, Alga signed an agreement in principle to design and manufacture key components for a Tier 1 global telecom equipment producer headquartered in Sweden. The supply agreement, which extends through to the end of 2020, represents a multi-million-dollar program in which Alga Microwave will furnish critical passive components used in point-to-point and point-to-multipoint telecom equipment, along with engineering design and support services.

In February 2019, Advantech Wireless released a new line of S-Band GaN based 10kW modular high-power amplifiers. The Solid State Pulsed Amplifiers (“**SSPAs**”) are fully modular and replace older high power magnetrons with lower operating costs and greater reliability.

On March 29, 2019, the Company entered into a loan agreement with Royal Bank of Canada and HSBC Bank Canada for a US$21 million term loan and a $20 million revolving loan. Part of the loan proceeds were used to repay the Crown Loan.

In September 2019, Galtronics Vietnam was selected as one of a few vendors to supply a Tier 1 network equipment provider with 3.5GHz Massive MIMO Unit antenna modules on a worldwide basis. Galtronics Vietnam expects to invest approximately $9 million to design and equip a new facility being built for that purpose, which will have sufficient capacity to address its customers’ needs for the next two to three years, with the ability to double production if required.

Also, in September 2019, Galtronics partnered with one of Europe’s largest pole and lighting companies and released two smart pole solutions to provide 3G and 4G coverage in high density locations.

In October 2019, Galtronics released a two-foot, 18 port quasi-omni small cell/C-RAN canister antenna designed for the North American market. This antenna has been pre-approved for use by a Tier 1 North American carrier. Galtronics also released to production a six-foot, 12-port base station (macro) antenna to major North American carriers. Additionally, Galtronics expanded its popular two-foot, 10-port quasi-omni small cell/C-RAN canister product line to include Manual Electrical Tilt (“**MET**”) and Remote Electrical Tilt (“**RET**”) capabilities. The MET and RET versions share identical RF performance characteristics and the MET alternative has already been pre-approved for use with a major Tier 1 North American carrier.

On October 28, 2019, the Company completed the sale of the Alga Facility for $7.1 million and used the proceeds to repay part of its revolving credit facility. At the same time, Alga entered into a long-term lease with the new purchaser, allowing the continuation of its business at the same location.

2020

On February 25, 2020, the Company filed a short-form base shelf prospectus to qualify up to $100 million of Common Shares and other securities for public distribution during the 25-month period the prospectus remains effective.

In March 2020, at the time of the first North American government-ordered shutdowns to deal with the Covid-19 pandemic, the Company was considered to be an "essential business", allowing us to remain open for business. The Company's products were determined to be essential to critical infrastructure viability in the defence, aerospace, media and telecommunications industries, including for use in public safety networks.

In April 2020, in response to the economic and business challenges brought on by the Covid-19 pandemic, the Company announced it was undergoing a comprehensive assessment of its operations and costs to ensure it remained competitive. The plan included postponing or cancelling discretionary expenditures, reducing travel costs, freezing all non-essential hiring, deferring a portion of senior executives' salaries and a temporary lay-off of a number of employees.

In May 2020, Alga Microwave signed an agreement with global Tier 1 satellite and terrestrial telecommunications network provider to supply over $5 million of C-Band 5G filters. Alga Microwave's filters can be used in both the satellite telecommunications market and the wireless telecommunications market. The filters are designed to clear portions of the C-band spectrum to support the growth of mobile date and the introduction of 5G services globally.

In June 2020, Advantech Wireless signed a multi-year agreement to supply a major Satcom integrator with its Summit II high power SSPA systems.

On December 15, 2020, the Company completed a private placement of 6,666,700 Units, each Unit comprised of one Common Share and one-half of a common share purchase warrant (each whole warrant, a "**Warrant**") for gross proceeds of $5 million. Each Warrant is exercisable for a period of two years at an exercise price of $1.05 per Common Share. On February 22, 2021, the Company exercised its right to accelerate the expiry date of the Warrants to March 25, 2021.

BUSINESS OF THE COMPANY

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Galtronics

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Industry

As mobile communications and wireless connectivity become increasingly essential to our daily lives, there is a large and growing demand for mobile and embedded solutions products, such as smartphones, tablets and home networking products. The antenna industry has grown, and is expected to continue to grow, with the proliferation of mobile devices and the exponential growth in mobile data traffic. These trends place new demands on designers and manufacturers of mobile devices, and have resulted in a need for increasingly complex, innovative and highly engineered antenna solutions. Moreover, the rise in data traffic and consumer expectations for network connectivity anytime and anywhere, are placing significant strain on cellular networks, especially in large, high-density public venues. Innovative antennas for wireless infrastructure help solve these problems by enabling or enhancing wireless connectivity in areas where there is no (or limited) coverage and, more importantly, increasing mobile data capacity.

Primary Lines of Business

Antennas have a wide range of domestic and industrial applications in a large number of sectors, including broadcasting, communications, infrastructure, medicine, transportation and manufacturing. Within the global antenna industry, we design and manufacture three primary antenna product lines – mobile, embedded solutions, and DAS, small cell and BSA.

Mobile

The mobile device market is growing and is highly competitive, dominated by a few large OEMs of smartphones, tablets and other mobile devices. A key driver for growth in mobile devices is the reduced dependency on landlines and increasing consumer demand for more sophisticated mobile devices with:

- greater functionality;
- more variety of connectivity options and design flexibility; and
- more mobile data capacity or throughput (mobile devices must now be able to deliver images and videos in addition to voice data).

Embedded Solutions, Internet of Things ("IoT")

Wireless embedded solutions devices encompass a variety of products that provide wireless internet connectivity and mobile data capacity. The wireless embedded solutions business is important to the overall communications system because the demand for spectrum is growing rapidly and it is essential that broadcasters channel usage efficiently through the proper bands to prevent over-congestion of the network. The network carriers and service providers use a variety of broadband products to help channel the cable, satellite, data and voice traffic from homes and businesses. These products include:

- embedded small cell products, which provide better broadband data coverage for carriers, especially indoor coverage (this includes sub-6Ghz 5G products);
- emerging 5G mmWave products in which all antennas are embedded and integrated with mmWave radio;
- connected vehicles products, including V2V and V2X, which establish critical data for autonomous driving;
- home networking devices, such as Wi-Fi routers, which enable wireless connectivity and facilitate interoperability of the various wireless communication devices used within the home;
- set-top boxes, which source digital content from cable and satellite television providers;
- IoT home automation products, such as connected lights that have wireless communication capabilities, which enable users to monitor their homes and manage their energy consumption remotely;
- IoT utility products, such as smart meters, which enable utility companies to monitor and bill for utility usage remotely; and
- land mobile radio products, which provide two-way radio communications for a variety of markets, including public safety, transportation, education and manufacturing.

The key drivers for growth in the networking market include:

- the significant increase in data usage ;
- the growth in devices per person;
- HD video and gaming on mobile devices;
- massive data requirements for autonomous driving;
- the onset of wireless wearable devices, which creates substantial growth in data collection points;
- an increase in the use of wireless networking devices, which are designed to reduce the number of landline physical connections; and
- an increase in the connection of home appliances to domestic wireless networks, such as smart televisions, set-top boxes and streamers, as well as a multitude of other home automation appliances.

DAS, Small Cell and BSA

New types of antennas for wireless infrastructure, more commonly known as DAS, small cell and BSA antennas, both complement and are an alternative to traditional cellular base station technology (for example, macro cell) and base tower stations, where large antennas are mounted on poles, towers and existing structures. They also provide a solution to the lack of coverage in areas not well served by such traditional wireless infrastructure solutions. For example, poor signal strength may be a result of the location of the base station or cellular tower in an area with many other tall buildings that block signals, and connection and data transmission delays may result from insufficient mobile data capacity to support the areas served. DAS, small cell and BSA antennas can enable or enhance wireless connectivity in areas where there is no (or limited) coverage and, more importantly, increase mobile data capacity. These antennas improve the overall wireless system performance through offsetting traffic at peak times by organizing RF noise, processing it and streaming it more efficiently through the wider mobile ecosystem.

Additionally, Galtronics has recently launched a series of BSA products that are expected to be a key part of our growth strategy. These BSA products address the new frequencies that have been allocated for 5G and are designed to capture the need for enhanced speed rates, latency, and bandwidth. As densification of the wireless network continues and the demand for enhanced services to support the budding artificial intelligence market, autonomous and assisted driving requirements, and the expansive massive machine-type communications grows, these products are aligned with the future of the network.

A key driver for growth in this area is the increase in mobile data traffic, especially in large public venues, such as airports, train stations, sports facilities, shopping malls, universities and hospitals. Other drivers of growth include current problems with network capacity overload and a trend towards 4G and 5G and long-term evolution ("**LTE**") network deployment and the launching of new satellite constellations of low-earth orbit ("**LEO**") and medium-earth orbit ("**MEO**").

Competition

The antenna industry is highly competitive, but Baylin's position in the market as a "carrier-grade" antenna supplier narrows the competitive landscape to less than a dozen strong competitors. This is due to the need for extreme specifications, years of experience providing technological advancements, and the requirement for on-network performance and quality. The driver of these expectations comes from rapidly evolving consumer trends and demands for anytime and anywhere connectivity with fast performance.

Mobile

Competition in the mobile antenna market is characterized by high barriers to entry, among other factors, due to:

- a small pool of large OEM customers;
- the RF technology and business expertise required to design and develop antennas that meet the specifications of mobile communications devices;
- the specialized equipment and tools required to prototype, test and produce the antennas; and
- the manufacturing know-how and capacity to meet volume and time requirements on purchase orders.

In addition to RF technology expertise and manufacturing know-how, reputation and relationships with key customer contacts are also critical, as customers are often under tight time pressures and prefer working with a trusted partner with the technical know-how and execution capacity for the job. However, despite the high barriers to entry, there are many small and customized antenna producers competing in the mobile business, although only a very small group of companies have a significant market share. We compete primarily with other antenna designers and producers who provide a full scope of design and manufacturing services, as opposed to contract manufacturers who are engaged only to manufacture the antennas based on the design specifications, instructions and bill of materials provided by the OEM customers.

Embedded Solutions, IoT

Competition in the wireless networking antenna business is also characterized by high barriers to entry, among other factors, due to:

- a small pool of large OEM and ODM customers;
- the RF technology and business expertise required to design and develop antennas that meet the specifications of networking devices, which typically require more mobile data capacity per device than in mobile devices;
- the specialized equipment and tools required to prototype, test and produce the antennas and build expertise and know-how on system integration of an embedded system, which include system level design and performance testing;
- the manufacturing know-how to meet time requirements on purchase orders and continual development of supply chains, which support sustained business growth with high quality products; and
- ever increasing customer driven performance specifications creating higher levels of product complexity.

As with mobile devices, reputation and relationships with key customer contacts are also critical with embedded solutions antennas.

DAS, Small Cell and BSA

Competition in wireless infrastructure is also characterized by high barriers to entry, among other factors, due to:

- the capital investment required to develop the core technology and products;
- the longer lead time to market due to testing and approval processes undertaken by the network carriers; and
- the longer sales cycle as DAS and small cell system antennas and BSAs are used in infrastructure build-out projects with long project timelines.

Given the substantial time and cost investment required, there are only a few large antenna designers and producers who typically offer DAS antennas as one part of their product offerings rather than as their core focus.

Key Competitors

Key competitors in each of the mobile, broadband and wireless infrastructure business with whom we compete include Airgain, Amphenol, Partron Co. Ltd., Ethertronics Inc. and EMW Corporation, SPEED, and Sunway (in Mobile, Embedded Solutions and IoT) and CommScope Inc, Kathrein, JMA Wireless Gamma Nu Theta Inc. and Laird Connectivity (in DAS, small cell and BSA).

In addition to competition from other antenna producers, we also face competition from our OEM customers' in-house research and development and design teams. In response to consumer price pressures on mobile devices and supply chain demands, some of our OEM customers rely on their own engineers to design, prototype and test antennas for their mobile devices, and only outsource the manufacture of the antennas. We compete with in-house design teams by demonstrating our 40-year track record of leading innovation and our extensive antenna design capabilities. In addition, while in-house design teams typically focus their resources on the products under development, we are able to draw on our vast experience from designing antennas for a wide array of products using different RF technology platforms for customers across different sectors.

Competitive Strengths

We believe our competitive strengths have enabled us to successfully anticipate, respond and adapt our business to evolving technology and consumer trends over the years, and will enable us to continue to innovate and grow our business. Our key competitive strengths include the following:

- blue-chip customer base – we have developed a strong, blue-chip customer base that includes the leaders in the mobile and embedded solutions and DAS, small cell and BAS businesses, with relationships of up to 40 years;
- proven track record of leading innovation – we have partnered with our customers to develop many "industry firsts", and both our antennas and our customers' products have been recognized for their innovation;
- vertically integrated capabilities – our in-house design and manufacturing capabilities enable us to offer a "one-stop shop" antenna solution to our customers and enable us to better manage production costs and preserve margins;
- strong management and technical team – our management and technical team has the necessary manufacturing, operational and financial experience and RF technology expertise to lead our continued growth; and
- strategically located facilities near our key customers – the proximity of our design and manufacturing facilities to our key customers' facilities enables us to work closely with their engineers to develop antennas that meet the specific requirements for their products, respond quickly to changes in product design and minimize lead time on purchase orders.

Research and Development

We analyze market trends and challenges, evaluate emerging wireless technologies and innovate to address anticipated customer needs. Our in-house reliability, testing and rapid prototyping capabilities enable us to develop new products and ensure quality and reliability from early design stages. We also have technological design centres in Suwon, South Korea, Wuxi, China, Hanoi, Vietnam and Tempe, Arizona, which enable us to work side-by-side with our customers' engineers and research and development teams in those regions to develop antenna solutions that meet their specific functionality and industrial design requirements.

With experience in RF technology research and innovation gained from working on thousands of products for customers in a variety of sectors, our design engineering team is able to offer a broad perspective on our customers' design challenges.

Through extensive investment in research and development, we have developed a wide array of innovations for embedded antenna solutions and are advancing our existing products by conducting research and development in emerging technologies.

Products

We design and produce innovative antennas of high quality and design for our customers in the mobile, networking and wireless infrastructure lines of business. Since inception, we have custom designed, engineered and manufactured over 1.5 billion antennas for our customers.

Antennas for Mobile

We work with our OEM customers to design and produce antennas that meet the technological and physical specifications and functionality of their mobile devices, such as smartphones, tablets, laptops, routers and M2M. Our mobile antennas have evolved with technological advancements and changing trends and needs. For example, before 2006, a typical mobile phone had one external antenna such as a retractable antenna at the top of the handset. Today, a typical mobile device has between five and 11 antennas that are embedded within the handset, which is a value-added opportunity for us. Our product offering for mobile devices are mainly embedded antennas for use in smartphones, handsets, tablets and other mobile devices.

Antennas for Embedded Solutions and IoT Devices

We work with our OEM and ODM customers to design and produce antennas that meet the technological and physical specifications and functionality of their Wi-Fi routers, gateways, home networking devices and land mobile radio products.

Our product offering for high performance embedded solutions includes device-specific antenna designs for Wi Fi routers, gateway devices for top carriers in smart home connectivity, set-top boxes and land mobile radio products.

Antennas for DAS, Small Cell and BSA

We work with our network carrier customers and other businesses to design and produce DAS, small cell and BSA antennas that support their wireless coverage and mobile data capacity requirements.

Our product offering for wireless infrastructure includes our indoor single input single output and MIMO DAS antennas, outdoor DAS antennas and small cell system antennas using proprietary technology. Our antennas are approved by key network carriers. Our antennas are used in connection with small cell industry systems.

Manufacturing

Our manufacturing facilities in China, South Korea and Vietnam enable us to provide optimized antenna designs, cost-effective manufacturing and minimal lead time to market.

In particular, our vertically integrated world-class manufacturing facility in Wuxi, China has given us a competitive advantage over our competitors because:

- it was custom designed and built for maximum efficiency and high-volume capacity (with capacity to run 24 hours a day, 7 days a week), which enables us to meet our customers' production demands under tight timelines;
- it is supported by our manufacturing software, which enables us to semi automate and monitor our production process and which provides real-time feedback on run rates, quality control and product traceability;
- it is equipped with state-of-the-art equipment;
- it is centrally located in China, with easy access to railroads and airports, which minimizes delivery time, costs and related risks and enables us to provide timely delivery to our customers; and
- it is located within less than three hours of the majority of our raw materials suppliers, which enables us to optimize our supply chain management including minimizing inventory of raw materials and reducing related costs and risks.

During 2016, we consolidated our Vietnam manufacturing buildings into one, which resulted in a lower overall fixed cost base, and we continue to allocate production volume to that facility, which has resulted in a significantly improved factory utilization. In 2019, we commenced construction of new production lines at our new facility in order to accommodate production of Massive MIMO unit antenna modules and additional 5G products. Construction is expected to be completed in 2021.

Our RF technology expertise, our vertically integrated in-house design and manufacturing capabilities and our proximity to our customers enable us to offer our customers a "one-stop shop" antenna solution. Some of our manufacturing capabilities are outsourced.

Our full design and manufacturing capabilities are as follows:

Manufacturing Facility	**Production Capabilities**	**Products Made**	**Estimated Annual Capacity**
China	Design, prototyping, RF design and testing, tool designing and manual and semi-automated assembly	Mobile, embedded and DAS, small cell antennas	150 million antennas
South Korea	Design, prototyping, RF testing, laser direct structuring	Mobile and embedded antennas	30 million antennas
Vietnam	Process design, prototyping, RF testing, laser direct structuring (LDS), plating and assembly	Mobile and embedded antennas	230 million antennas

Vietnam (new facility; subject to final testing and completion)	Process design, prototyping and assembly	Massive MIMO units	30,000 to 40,000 (expected)

We continually assess emerging technologies in manufacturing tools and machinery and invest in such tools and machinery to add to or enhance our production capabilities in order to meet growing production demands for innovative and complex antennas for mobile and home networking devices.

The primary raw materials used in our antennas are plastic, metal, flexible printed circuit boards, cables, RF connectors and springs, all of which can be easily obtained from a large number of suppliers globally. As part of our supply chain management optimization strategy to reduce lead time, inventory and shipping costs and related risks, we source the majority of our raw materials from suppliers located within three hours of our manufacturing facilities in China, Vietnam and South Korea. To ensure we receive competitive pricing, and gain buying power while maintaining flexibility, we work with a small number of select suppliers that meet our quality standards, analyze their costs in detail, and do not enter into long-term supply arrangements. We also conduct periodic quality control audits of our suppliers.

Sales and Marketing

In accordance with our business strategy of partnering with our key customers, we have established sales and marketing functions in each of the geographical areas where our key customers are located, including:

- South Korea – to service our key customers and their element management systems; and
- North America – to service our key global customers and North American customers including most carriers.

As the mobile and embedded solutions lines of business are dominated by a small number of large OEMs, and as customers require antenna solutions that are engineered to meet their specific requirements, our sales and marketing approach is to sell directly to the OEMs, or their key electronics manufacturing service suppliers, by establishing a close working relationship with them.

Conversely, as DAS, small cell and BSA markets are more standardized, requiring only slight adjustments for different RF platforms, our sales and marketing approach in that business is to build our portfolio of DAS and small cell system antennas and enter into additional distribution arrangements to sell our products. We have entered into several distribution agreements with major distributers in North America to distribute our DAS antennas in the Canadian and United States market. We also participate in several high-profile industry trade to engage in direct sales.

Employees

As of March 1, 2021, Galtronics had approximately 559 employees, including 430 in production, supply chain management and quality control, 70 in R&D and engineering, 33 in sales and marketing and 26 in corporate and administration.

Pursuant to the Company Law of China, all Chinese businesses must have a Legal Representative who, according to Article 38 of the General Principles of Civil Law of China "is the responsible person who acts on behalf of the legal person in exercising its functions and powers". The Legal Representative may take whatever actions are necessary for, among other things, (i) the general administration of the company (including the appointment and termination of any officer or employee), (ii) the consummation of legal transactions or (iii) the allocation or acquisition of assets. In accordance with Galtronics' China articles, the Chairman of Galtronics China, must be the Legal Representative. Currently, Mr. Jeffrey C. Royer is the Chairman of Galtronics China and is its Legal Representative. To mitigate against the risk that the Company may have difficulty terminating the Legal Representative, Mr. Royer has signed and affixed the Company Chop on an undated termination letter removing him as the Legal Representative of Galtronics China. In addition, to further mitigate against the Company losing effective control of Galtronics China, its General Manager has also signed an undated termination letter removing him as General Manager of Galtronics China. See "Risk Factors – If the custodians or authorized users of our corporate chops fail to fulfill their responsibilities or misappropriate or misuse these corporate instruments, our business and operations could be materially and adversely affected" for a description of the risks associated with the chops of Galtronics China.

Global Platform and Facilities

Consistent with our strategy of building close working relationships with our key customers, we have established our research and development, design, manufacturing, sales and marketing and corporate facilities and functions in proximity to our key customers.

We carry on our operations through leased or owned facilities in China, Vietnam, South Korea and the United States as set out in the table below:

Entity	Location	Description	Size	Ownership
Galtronics China	Wuxi, China (near Shanghai)	China headquarters, warehouse, production hall, tool shop	Land 22,999 m2 Building 8,349 m2	Building owned with right to use lands until December 31, 2052(1)
Galtronics Vietnam	Bac Ninh Province (near Hanoi)	Vietnam headquarters and production hall	Land 8,227 m2 Building 5,680 m2	Leased; lease expires April 2024

	Bac Ninh Province (near Hanoi)	Manufacturing facility	9,184 m2	Leased; lease expires May 2029
Galtronics Korea	Suwon (near Seoul) Bupyeong (near Seoul)	Head office, R&D, sales and marketing Production line and operations	863 m2 345 m2	Leased; leases expire June 2021 and 2022 Leased; lease expires April 2021
Galtronics USA	Tempe, Arizona	US headquarters, R&D and sales support	1,729 m2	Leased; lease expires December 2024

(1) Under the laws of China, land is owned either by the state or by rural collective organizations. The usual tenure of land use rights for industrial use is up to 50 years. As such, Galtronics China does not own its own land in China, but rather has contractually been granted land use rights in respect of its properties.

Owned Properties - China

Galtronics China maintains its headquarters, warehouse and certain production lines Wuxi New District, Jiangsu Province, China. Pursuant to the State-Owned Land Use Right Transfer Contract between the Land Administration Bureau, Wuxi City, Jangsu Province and the Certificate for Use of State-Owned Land issued by the Wuxi Administration of Land and Resources on March 16, 2004, the land on which our Wuxi facility is constructed was leased to Galtronics China by the Land Administration Bureau, Wuxi City for a period of 50 years, which concludes on December 31, 2052. The full rental cost for the land was paid in the first year of the contract. Galtronics China can apply to renew the land contract at its termination. If Galtronics China applies and its application is rejected, the Land Administration Bureau, Wuxi City, must compensate Galtronics China for the erected buildings. If Galtronics China does not apply to have the contract renewed, the land and buildings revert to the Land Administration Bureau, Wuxi City.

Satellite Communications

In January 2018, Baylin acquired the RF, terrestrial microwave and antenna equipment business of Advantech Wireless Inc., a leading wireless broadband communications solutions provider for commercial, critical infrastructure, government and military clients. Advantech Wireless solutions allow clients to achieve reliable connectivity anywhere in the world. Advantech Wireless designs turnkey terrestrial and satellite communications solutions that maximize performance and minimize operational costs and designs and manufactures customizable radio frequency and microwave products for highly specialized wireless communications markets. For over 30 years, it has developed significant innovations, including pioneering the use of GaN technology to create smaller, lighter and more powerful products.

In July 2018, Baylin acquired Alga Microwave, a market leader in the engineering, design and development of RF and microwave components. Since its establishment in 2003, it has become a leading supplier of RF and microwave solid state power amplifiers, pulsed amplifiers for radar applications, transmitter and transceiver products, as well as RF passive components and systems.

Industry

Topography or distance can limit communications. Terrestrial and satellite communications solutions are required to economically and effectively deliver voice and data to challenging regions around the world. These solutions are depended on for global commerce, public safety (e.g. police departments, emergency response personnel) and military field operations, all requiring reliable and secure communication. These communications solutions require radio frequency and microwave components.

RF is any of the electromagnetic wave frequencies that lie in the range extending from around 20 kHz to 300 GHz, roughly the frequencies used in radio communication.

Microwave transmission is the transmission of information or energy by microwave radio waves. Microwaves are widely used for point-to-point communications because their small wavelength allows conveniently sized antennas to direct them in narrow beams, which can be pointed directly at the receiving antenna. This allows nearby microwave equipment to use the same frequencies without interfering with each other, as lower frequency radio waves do. The high frequency of microwaves gives the microwave band a very large information-carrying capacity; the microwave band has a bandwidth 30 times that of all the rest of the radio spectrum below it.

Primary Lines of Business

Satcom products are designed and produced for customers in the following verticals: (i) broadcast, (ii) maritime and cruise ships, (iii) government and military, (iv) homeland security, (v) direct-to-home satellite, (vi) oil and gas and (vii) wireless communications.

Radio Frequency Components

Radio frequency components are the fundamental components required by any communications device for its proper functioning. With advancements in mobile telecommunications networks (i.e., 4G and 5G), the market has seen high demand for tuners and switchers for offering precise functionality to other radio frequency devices such as demodulators and power amplifiers.

Competition

Key competitors of Satcom include Communications & Power Industries, Comtech EF Data, a subsidiary of Commtech Telecommunications Corp., Teledyne Paradise Datacom, a subsidiary of Teledyne Technologies Inc., and Teresat, Agilis, Wavestream, Xicom and Acorde.

Competitive Strengths

Key competitive strengths of Advantech Wireless include the following:

- proven track record of leading innovation – one of Advantech Wireless' signature accomplishments is the introduction of the second generation GaN products for tactical markets. These are high performance block up converters and high-power amplifiers that have overall size, weight and power reductions on the order of 50% of previous versions. It has also developed new state-of-the-art GaN line of amplifiers for radar and troposcattering communication links; and
- product offering – the most advanced and complete line of satcom radio frequency products, including solid state power amplifiers, frequencies converters, transceivers, satcom antennas and antenna controllers. It covers all satellite bands, including L, S, C, X, Ku, Ka band from 1 GHz to 31 GHz, and an advanced new line of amplifiers based on GaN technology, which provides higher efficiency and reliability in a fraction of size and weight and with up to 70% less energy consumption.

Key competitive strengths of Alga Microwave include the following:

- Alga Microwave utilizes (i) the latest design software, (ii) sophisticated computer numerical control ("CNC") machinery to support rapid prototyping, low, medium, and high-volume production runs, (iii) state-of-the-art testing equipment and (iv) stringent quality control;
- Alga Microwave's products are designed with common components, which makes the manufacturing process simpler and reduces costs;
- Alga Microwave is uniquely positioned in the RF and microwave market in that it provides both active and passive components; the Company believes that there is no competitor that offers the same range of products as Alga Microwave; and
- the reliability and performance of Alga Microwave's products has allowed Alga Microwave to compete successfully against larger companies when providing high quality active and passive microwave products to the market.

Research and Development

Advantech Wireless has received several international awards for R&D and its contribution to technological advances in the industry has been widely recognized. Advantech Wireless is currently involved in the following R&D activities:

- new microwave combining structures for high-power amplifiers that can support Ultra HD 4k and 8k video standards;
- GaN-based pulsed amplifiers for both military and civilian RADAR applications;
- special frequency amplifiers for Troposcatter communication systems;
- fully integrated military communications networks; and
- mobile terminals for battlefield and disaster recovery communication networks.

Products

Advantech Wireless designs and produces innovative products of high quality and design, including the following:

- RF Components: (i) GaN-based power amplifiers (block up converters, solid state power amplifiers and solid-state power block converters), (ii) Gallium arsenide-based power amplifiers, (iii) indoor-frequency converters, (iv) outdoor-frequency converters and (v) transceivers.
- Microwave Components: (i) point-to-point microwave radios and (ii) network management software.
- Antennas & Controllers: (i) fixed antennas, (ii) mobile antennas and (iii) antenna controllers.

Alga Microwave’s current product offering covers all major frequency standards, including:

- Active Components: L, S, C, X, Ku and Ka with frequencies ranging from 2.0 to 31.0 GHz and within power spectrum of 5 to 12,000 watts.
- Passive Components: 500 MHz to 100 GHz. Passive RF components include filters, diplexers, combiners/dividers – aluminum, copper, invar, that are complementary to Alga Microwave’s active components and offer significant synergy when integrated within a subassembly or a subsystem.

Sales and Marketing

Satcom maintains a global presence, with sales locations or representatives in Canada, the United States, South America, India, Sweden and Russia. During its years in operation, Advantech Wireless has deployed products in over 150 countries.

Employees

As of March 1, 2021, Satcom had approximately 153 employees, including 85 in production, supply chain management and quality control, 32 in R&D and engineering, 18 in sales and marketing and 18 in corporate and administration.

Facilities

Satcom has the following leased facilities:

Entity	Location	Description	Size	Ownership
Advantech Wireless/Alga Microwave	Kirkland, Quebec	Corporate headquarters, R&D, manufacturing, sales and support, machine shop	66,190 sq. ft.	Leased; lease expires October 2029
9174-0050 Quebec Inc. (wholly owned subsidiary of Alga Microwave)	Kirkland, Quebec	Machine shop	13,038 sq. ft.	Leased; lease expires September 2023

Advantech Wireless Technologies (USA) Inc. leases premises in Buford and Duluth, Georgia and in Tyrone, Pennsylvania for sales and support services.

Intellectual Property

As a technology solutions provider, one of our key competitive strengths is our technological innovation and execution know-how. Accordingly, we have an extensive intellectual property and patent portfolio to protect our proprietary technologies and designs. Most of our key products and innovations are filed as “core technology patent” or “utility patent” for specific product protection which enables us to continue to develop and expand our product portfolio.

In accordance with industry practice, we rely on a combination of patent, trademark, trade secret laws and contractual confidentiality provisions to protect our intellectual property. We seek to avoid disclosure of our intellectual property and proprietary information by requiring employees to execute non-disclosure, confidentiality and assignment of intellectual property agreements. Such agreements require our employees to assign to us all intellectual property developed in the course of their employment or engagement. However, monitoring the unauthorized use of our intellectual property is difficult and the enforcement of our intellectual property rights may be unsuccessful or prohibitively expensive. The failure to protect, monitor and enforce our intellectual property could adversely affect our business. See “Risk Factors – Failure to protect our intellectual property rights”.

DIVIDENDS AND DIVIDEND POLICY

The Company has not paid any dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company’s current policy is to retain available cash to finance the development and enhancement of its products and to otherwise invest in the Company’s business.

DESCRIPTION OF CAPITAL STRUCTURE

The Company’s authorized capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As of March 1, 2021, the Company had 48,014,660 Common Shares issued and outstanding and no preferred shares outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of, attend and vote at, meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Common Share carries the right to one vote. Holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares, subject to the rights of the holders of other classes ranking in priority to the Common Shares with respect of the payment of dividends. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Shares are also entitled to receive, on a pro rata basis, the remaining property and assets of the Company available for distribution after payment of all of its liabilities and subject to the rights of the holders of other classes ranking in priority to the Common Shares.

Preferred Shares

Preferred shares are issuable at any time and from time to time in one or more series. Each series of preferred shares consists of such number of shares with such rights, privileges, restrictions and conditions as may be determined by the board of directors of the Company prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of Common Shares. The preferred shares of each series will rank on parity with the preferred shares of every other series and will be entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and distribution of any property or assets in the event of the liquidation, dissolution or winding up of the Company

Advance Notice Requirements for Director Nominations

The Company's by-laws provide that shareholders seeking to nominate candidates for election as directors must provide timely notice in writing. To be timely, a shareholder's notice must be received at the principal executive office of the Company (i) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by a shareholder may be made not later than the close of business on the 10th day following the Notice Date and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made. The by-laws also prescribe the proper written form for a shareholder's notice. These provisions may preclude shareholders from making nominations for directors at an annual or special meeting of shareholders.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares are listed for trading on the TSX under the symbol "BYL". The following table sets forth the market price ranges and trading volumes of the Common Shares on the TSX, as reported by the TSX, for the periods indicated:

2020	Closing Price Monthly High	Closing Price Monthly Low	Total Monthly Volume
December	0.93	0.79	1,592,394
November	0.96	0.83	2,481,028
October	0.97	0.88	538,533
September	1.00	0.80	1,371,422

August	1.01	0.76	970,967
July	1.15	1.00	534,212
June	1.20	1.03	1,303,574
May	1.23	1.08	663,563
April	1.37	0.81	964,593
March	1.68	0.50	1,636,609
February	1.93	1.63	856,949
January	2.42	1.85	2,145,558

Convertible Debentures

The Convertible Debentures are listed for trading on the TSX under the symbol "BYL.DB". The following table sets forth the market price ranges and trading volumes of the Convertible Debentures on the TSX, as reported by the TSX, for the periods indicated:

2020	Closing Price Monthly High	Closing Price Monthly Low	Total Monthly Volume (principal amount in dollars)
December	84.00	78.08	112,000
November	80.00	78.00	70,000
October	81.06	80.00	141,000
September	81.06	81.06	n/a
August	83.00	81.06	44,000
July	78.00	78.00	n/a
June	78.00	78.00	n/a
May	78.00	71.00	6,000
April	71.00	60.01	12,000
March	89.00	60.01	121,000
February	88.50	85.00	102,000
January	89.00	82.50	95,000

Prior Sales

During 2020, the Company issued the following securities not listed or quoted on a marketplace.

Deferred Share Units

Date of Issue - 2020	Number of DSUs/Underlying Common Shares
January 1	9,233
February 1	10,481
March 1	29,071
April 1	12,397
May 1	13,637

June 1	14,017
July 1	14,850
August 1	18,427
September 1	15,432
October 1	16,386
November 1	52,534
December1	33,951

Restricted Share Units

Date of Issue - 2020	**Number of RSUs/Underlying Common Shares**
September 30	271,960
December 31	43,716

Stock Options

Date of Issue - 2020	**Number of Common Shares Issuable on Exercise of Options**	**Exercise Price**	**Expiry Date**
November 23	150,000	$0.87	November 23, 2025

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As part of the Advantech Acquisition, the Company entered into an agreement (the "**Consulting Services Agreement**") dated January 17, 2018 with SpaceBridge Inc. ("**SpaceBridge**") under which it agreed to provide the services of its principals, David and Stella Gelerman, for two years to provide consulting services to the Company. In consideration for those services, SpaceBridge was entitled to receive a fee of $2.5 million, payable as to one-half in cash and the balance in 385,802 Common Shares (representing less than 1% of the class), which were to be held in escrow and released on a quarterly basis, with the last such release to be made on December 31, 2019. These Common Shares were also subject to restrictions on trading for a period of up to 24 months until December 31, 2019. Of the 385,802 Common Shares, 241,125 remain in escrow and are the subject of a dispute involving the Company and SpaceBridge.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following table sets out particulars of our directors. They are expected to hold office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and Province or State and Country of Residence	Age	Position with the Company	Director Since	Principal Occupation for Past Five Years	Number and % of Voting Securities Held
Jeffrey C. Royer Ontario, Canada	65	Chairman and Director, Baylin	September 2013	Director and Chairman of Baylin since 2013, before which he served as Director and Co-chairman of Galtronics from 2001-2010	20,520,324 Common Shares (42.7%) (1)
Janice Davis Detroit, Michigan (2)	58	Director, Baylin	May 2019	EVP, Business Transformation and Chief Procurement Officer at Shaw Communications	10,799 Common Shares (3)
Randy L. Dewey Ontario, Canada	53	Director and President and Chief Executive Officer, Baylin	September 2013	President and Chief Executive Officer, Baylin Director of Galtronics since November 2010	361,917 Common Shares (3)
Barry J. Reiter Ontario, Canada (4)	72	Director, Baylin	November 2013	Partner, Bennett Jones LLP	66,105 Common Shares (3)
David Saska Pennsylvania, United States (2) (4)	55	Director, Baylin	May 2018	VP Radio Access Network Engineering, AT&T	--

Donald E. Simmonds Ontario, Canada (4)	65	Director, Baylin	November 2013	Chief Executive Officer and Chairman of Blyth Group Inc.	51,303 Common Shares (3)
Harold M. Wolkin Ontario, Canada (4)	69	Vice-Chairman and Director, Baylin	November 2013	Director of Diamond Estates Wines & Spirits Inc. and Plymouth Realty Capital Corp.	389,930 Common Shares (3)

(1) The Company's Chairman, Mr. Jeffrey C. Royer, exercises control and direction over 2385796 Ontario Inc., which is beneficially owned by an associate of Mr. Royer. 2385796 Ontario Inc. and the associate own the 20,520,324 Common Shares. A family trust owns an additional 967,740 Common Shares.

(2) Member of the Corporate Governance and Compensation Committee.

(3) Less than 1%.

(4) Member of the Audit Committee.

Executive Officers

The following table sets out particulars of our executive officers.

Name and Province or State and Country of Residence	Age	Position with the Company	Executive Since	Principal Occupation for Past Five Years	Number and % of Voting Securities Held
Randy L. Dewey Ontario, Canada	53	President and Chief Executive Officer, Baylin	September 2013	President and Chief Executive Officer, Baylin	361,907 Common Shares (1) (2)
Minya Gavrilovic Ontario, Canada	49	President and Chief Technology Officer, Galtronics USA	November 2019	Chief Operating Officer, Baylin; Executive Vice-President, Innovation and Product Strategy, Galtronics Canada	19,235 Common Shares (2)
Mike Moon Seoul, South Korea	60	President, Asia Pacific	July 2017	Executive Vice-President, Galtronics Mobile Business 2014-2017	47,595 Common Shares (2)

John Restivo Pennsylvania, United States	59	President, Advantech Wireless	April 2018	Vice-President and General Manager of Paradise Datacom, a division of Teledyne Technologies	11,505 Common Shares (2)
Michael Wolfe Ontario, Canada	55	Chief Financial Officer	July 2017	Chief Financial Officer, Baylin	32,673 Common Shares (2) (3)

(1) Of the total, 16,067 Common Shares vest in March 2021.

(2) Less than 1%.

(2) Of the total, 1,928 Common Shares vest in March 2021.

As a group, the directors and executive officers beneficially own, or control or direct, directly and indirectly, 21,511,386 Common Shares, representing approximately 44.7% of the equity and voting interest in the Company.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Executive Officers

Randy L. Dewey, President and Chief Executive Officer and Director, Baylin

Mr. Dewey was appointed President and Chief Executive Officer of Baylin and its then operating subsidiary, Galtronics Corporation on April 1, 2015. Mr. Dewey currently sits on the board of directors for Baylin and various of its subsidiaries. He was the President of NaviStone Financial, a management consulting firm, from January 2008 to March 2015. During that time, from March 2010 to January 2012, Mr. Dewey was also the Chief Executive Officer of SuomiTV Finland, a media and broadcast corporation. He served as Executive Vice President of Jameson Bank from August 2008 to February 2010. From 2003 to 2008 Mr. Dewey was the Vice President and General Manager of Dofasco Automotive, a Tier 1 automotive systems supplier. Mr. Dewey was also the Managing Director of IHDG, the largest manufacturer, distributor and marketer of wall coverings in the world from 1999 to 2003. He received a college diploma in Industrial Hygiene Technology in 1991 from Lambton College in Ontario and a BBA and MBA (Finance) with honours from Baker Center of Graduate Studies in Michigan. Randy has continued his executive education at Wharton School of Business, Queens University, the Ivey School of Business and Rotman School of Management.

Michael Wolfe, Chief Financial Officer, Baylin

Mr. Wolfe has over 30 years' experience in private equity, business valuation, manufacturing, finance and accounting. Prior to joining Baylin, Michael was the Chief Financial Officer of several mid-market Canadian companies including Masstech Group Inc., a software company in the broadcast industry. As a General Partner at VenGrowth Capital Partners Inc., Michael had a successful track record in acquisitions, management buyouts, growth financings and re-capitalizations in diverse industries such as cable, broadcast, manufacturing, insurance, oil field services and global logistics. Michael has also served as a director on several private and public companies, including audit and other independent committees. He earned a CPA, CA designation, a Chartered Business Valuator designation and an MBA from McMaster University.

Minya Gavrilovic, President and Chief Technology Officer, Galtronics USA

Mr. Gavrilovic has been an innovator in the wireless industry for over 19 years. Prior to joining Baylin, he was the Executive Vice President of Innovation and Product Strategy and founder of Galtronics Canada. Between 2017 and 2019, Galtronics Canada successfully developed over 30 new small cell, DAS and base station products. Prior to joining the Baylin family of companies, Minya was Vice-President Engineering and General Manager of CCI Antennas for over five years. In that role, he led the development of a large portfolio of wireless network base station antennas approved by Tier 1 network operators worldwide. Before CCI Antennas, Minya led the RF Qualification Facilities group at the Canadian Space Agency, led product management at TenXc Wireless (which later became CCI Antennas) and commenced his career as a RF design engineer at EMS Technologies (now MDA). Minya holds a Ph.D. in Electrical Engineering from McGill University.

Mike Moon, President, Asia Pacific

Mr. Moon is a seasoned mobile technology sales and marketing executive with multicultural and multilingual experience. In his 30 years working with Samsung, he had more than 15 years of experience working in Samsung EM America, where he was promoted to President of American operations and then as corporate Vice President for Samsung Electro-Mechanics at the Korean head office. Mr. Moon is noted for his leadership capabilities as well as his extensive network of contacts in the antenna and electronic components marketplace.

John Restivo, President, Advantech Wireless

Mr. Restivo has been an impactful leader in the Satcom Industry for the past three decades. Educated as an Electrical Engineer, Mr. Restivo began his career as Director of Systems Engineering and Operations for Scientific-Atlanta wireless operators and ions Division. Following that, he joined TriPoint Global as Chief Technology Officer of their manufacturing operation. From there, he took the helm at Radyne/Comstream as President and for the last number of years, before joining Advantech Wireless, Mr. Restivo was the General Manager of Paradise Datacom, a division of Teledyne Technologies.

Directors

Jeffrey C. Royer, Chairman

Mr. Royer is a private investor with interests in telecommunications, broadcasting, medical device manufacturing, hospitality, professional sports and real estate. Mr. Royer has been a director of Shaw Communications Inc. since 1995 and is a member of its Audit Committee. Mr. Royer has served as a director of more than 30 private companies and not-for-profit organizations. Mr. Royer is a General Partner of the Arizona Diamondbacks Baseball Club. Mr. Royer received his Bachelor of Arts in Economics from Lawrence University.

Janice Davis

Ms. Davis is a senior executive who brings over 30 years of global experience from automotive, aerospace, and telecommunication industries. She is recognized for her strategic ability to identify operational inefficiencies and work collaboratively to implement solutions that deliver financial improvement. Prior to retirement, she served as the Executive Vice President, Business Transformation and Chief Supply Chain Officer at Shaw Communications Inc, leading a company-wide digital and organizational transformation. Prior to joining Shaw, Ms. Davis was Vice President and Chief Procurement Officer at Bombardier Aerospace, as well as Global Director of Electrical and Electronics Purchasing and Global Director of Supply Chain Strategy at Ford Motor Company. Ms Davis holds a bachelor's degree in Business and Supply Chain Management from Michigan State University and an MBA in Finance from Wayne State University. Ms Davis has served on the board of the Institute for Supply Management and the University of Calgary Haskayne Centre for Advanced Supply Chain Management and Logistics.

Randy L. Dewey

See "Directors and Officers – Executive Officers" for Mr. Dewey's biography.

Barry J. Reiter

Mr. Reiter is a senior partner of Bennett Jones LLP, and acted as the Chair of both the Corporate Governance & Director Protection Group and the Technology, Media & Entertainment Group. His practice focuses on corporate governance, finance and development. Mr. Reiter regularly advises boards, standing and special board committees, directors, management and in-house counsel on governance and director protection issues. Formerly a law professor at the Faculty of Law, University of Toronto, Mr. Reiter holds a Bachelor of Civil Law from Oxford University, an LLB from Osgoode Hall Law School and a Bachelor of Arts from York University.

Mr. Reiter is an experienced director and has served on and chaired boards and a variety of board committees. His current board roles include RIMES Technologies and StarTech.com (Advisory Council), and his former board roles included 724 Solutions Inc., Algorithmics Inc., Alliance Atlantis Communications Inc., Avotus Corporation, Battery Technologies Inc., Craig Wireless Systems Ltd., Delta Hotels, Eco Waste Solutions Inc., Efos Inc., HKMB HUB International (Industry Advisory Council), Executive Committee of Ontario Chapter of Institute of Corporate Directors, Lava Systems Inc., Lorus Therapeutics Inc., MOSAID Technologies Incorporated, NexgenRx Inc., Pharos Life Corporation, RBC Technology Ventures Inc., SkyPower Corporation, Syncapse Corp. and Telepanel Systems Inc. These positions have provided Mr. Reiter with hands-on experience with issues ranging from board composition, development, evaluation, succession, protection and compensation, to major corporate transactions, and friendly and hostile takeover bids and proxy contests.

David Saska

Mr. Saska is a senior executive and technology leader with demonstrated expertise planning, designing, building, and operating exponentially growing networks and managing a fast-paced technology evolution. He previously served as the VP of Radio Access Network Engineering for AT&T where he worked for 25 years. Mr. Saska has a strong understanding of the relationship between technology and strategic business interests with a P&L mindset that has proven valuable in making multimillion-dollar investment decisions to grow the business while also driving per annum expense savings. He has been a key resource for managing through several successful corporate acquisitions bringing teams and networks together.

Mr. Saska holds a Bachelor of Science in Electrical Engineering from Pennsylvania State University and continued his post graduate studies at Johns Hopkins University. Mr. Saska also serves on the board of directors of Quadgen Wireless Solutions.

Donald E. Simmonds

Mr. Simmonds is an International Advisor to selected corporate entities. He is the former Chairman and Chief Executive Officer of CTS (now known as YesTV), a CRTC regulated Canadian television broadcaster. He was a founder of the Lenbrook Group in 1977, a private business incubation company perhaps best known for having created Clearnet Communications, one of Canada's leading wireless networks that was sold in 2001 to Telus Mobility. In 2008, Mr. Simmonds, along with his brothers and late father, was inducted into the Canadian Telecommunications Hall of Fame.

Harold M. Wolkin, Vice-Chairman

Mr. Wolkin is an accomplished investment banker and financial analyst with over 30 years of experience. In 1983, Mr. Wolkin joined BMO Nesbitt Burns as a senior research analyst. Mr. Wolkin went on to serve as Managing Director in the Diversified Industries Group of BMO Capital Markets from August 1983 to January 2008. He represented BMO Nesbitt Burns as a lead underwriter for a number of Canada's largest equity offerings from 1992 to 2008. He was also responsible for the origination and the successful marketing of a large number of initial public offerings and equity financings for a wide range of issuers.

Most recently, Mr. Wolkin served as Executive Vice-President and Head of Investment Banking for Dundee Capital Markets. Since 2004, he has also served on a number of public company boards and not-for-profit organizations. He currently serves as a director of Diamond Estates Wines & Spirits Inc. and Plymouth Realty Capital Corp., which trade on the TSX Venture Exchange. He was also President of the CFA Society of Toronto.

Mr. Wolkin has been a member of the Chartered Financial Institute since 1980 and is a certified chartered financial analyst. He received a Bachelor of Arts in Economics from York University and a Master of Arts in Economics and Finance from the University of Toronto. Mr. Wolkin is also a graduate and a member of the Institute of Corporate Directors.

Cease Trade Orders and Bankruptcies

None of our directors or executive officers is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including us) that, while that person was acting in that capacity, or after that person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, in each case for a period of more than 30 consecutive days.

Except as set out below, none of our directors, or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company (i) is as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or (ii) has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Mr. Reiter became a director of Syncapse Corp. ("**Syncapse**"), a private social media marketing management company, in May 2012 and resigned shortly before the appointment of a receiver in July 2013. The assets of Syncapse were subsequently sold under receivership.

Mr. Wolfe was a director of Numatech Industries Inc. when the creditors enforced their security to realize on all the assets of the company and its subsidiaries in July 2009. Mr. Wolfe was an officer of Masstech Group Inc. until June 2015. In August 2015, Masstech Group Inc. filed an assignment under section 49 of the *Bankruptcy and Insolvency Act* (Canada). The assets were acquired by Masstech Innovations Inc., a company owned by Covington Fund II Inc.

Penalties or Sanctions

None of our directors or executive officers or, to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge, other than as disclosed in this Annual Information Form, there are no known existing or potential conflicts of interest between us and our directors, executive officers or other members of management as a result of their outside business interests as at the date of this Annual Information Form. However, as certain of our directors and officers also serve as directors and officers of other companies, it is possible that a conflict of interest may arise between their duties to us and their duties to such other companies. See “Directors and Officers” and “Interest of Management and Others in Material Transactions”.

AUDIT COMMITTEE INFORMATION

Audit Committee and Audit Committee Charter

The audit committee of the Company (the “**Audit Committee**”) is composed of three directors, David Saska, Don Simmonds and Harold Wolkin, each of whom is financially literate and independent of the Company’s management as required by National Instrument 52-110 – *Audit Committees*. Mr. Wolkin is the chair of the Audit Committee. The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies. See “Directors and Officers – Biographies”.

Each member of the Audit Committee possesses:

- an understanding of the accounting principles used by the Company to prepare its financial statements;
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

The board of directors has adopted a written charter for the Audit Committee (the “**Mandate of the Audit Committee**”), which sets out the Audit Committee’s responsibilities, including (i) reviewing and recommending to the board of directors for approval our quarterly and annual financial statements and related management discussion and analysis, (ii) recommending to the board of directors and overseeing the external auditors, (iii) reviewing significant accounting estimates and judgments, (iv) reviewing and approving, if appropriate, major changes to our accounting principles and practices and (v) pre-approving all audit and non-audit services to be provided to the Company by the external auditors in a manner consistent with National Instrument 52 110.

A copy of the Mandate of the Audit Committee is attached to this Annual Information Form as Appendix B.

External Auditor Fees

The Company was billed the following fees by its auditors in 2019 and 2020:

	2019	**2020**
Audit Fees (1)	$327,867	$451,573
Tax Fees (2)	$362,570	$93,426
All Other Fees (3)	$89,695	$159,668
Total Fees Paid	$780,132	$704,667

(1) “Audit Fees” include fees necessary to perform the annual audit of the consolidated financial statements.
(2) “Tax Fees” include fees for all tax services, including fees for tax compliance, tax advice and tax planning.
(3) “Other Fees” include fees for products and services provided by the auditors other than those included.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the other information appearing elsewhere in this Annual Information Form. These risks and uncertainties are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares and Convertible Debentures could be materially and adversely affected.

Risks Related to Significant Acquisitions

Possible failure to realize expected returns

There can be no assurance that the Advantech Wireless business or Alga Microwave business will achieve anticipated levels of revenue and profitability or otherwise perform as expected. The ability to realize these anticipated benefits will depend in part on successfully consolidating functions and integrating operations, procedures, products and personnel in a timely and efficient manner. Even if the Company is able to integrate these businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities the Company expects. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by management. The realization of some or all such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

Integration and future performance of the business

The Company may be unable to successfully integrate Advantech Wireless and Alga Microwave due to a number of factors including diversion of management attention, strains on the Company’s infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to successfully integrate Advantech Wireless and Alga Microwave may be disruptive to the Company's operations and negatively impact the Company's revenue or increase the Company's expenses.

Risks Related to Our Business

Dependence on the success of our customers

We are dependent on the continued success, viability, financial stability and growth of our customers. Our customers are primarily OEMs in the mobile and broadband markets, which are subject to rapid technological change, intense competition and short product life cycles, as well as continually evolving consumer preferences and demands. Any of these factors may impact our customers' business and results of operations, which in turn, may decrease their demand for our products, adversely affecting our business, results of operations or financial condition. See also "Risk Factors – We recognize a significant portion of our revenue from a limited number of customers and the loss of, or a significant reduction in, orders from one or more of our major customers would adversely affect our business, results of operations or financial condition" below for our discussion on customer concentration risks.

We recognize a significant portion of our revenue from a limited number of customers and the loss of, or a significant reduction in, orders from one or more of our major customers would adversely affect our business, results of operations or financial condition.

We recognize a significant portion of our revenue from a limited number of customers. We recognized an aggregate of 38% and 36% of our revenue, directly and indirectly, from our largest customer and its subcontractors for the years ended December 31, 2019 and 2020, respectively. We anticipate that we will continue to be dependent on a limited number of customers in any given year for a significant portion of our revenue.

Additionally, we do not enter into long-term contracts or purchase commitments with our customers, and we have no contractual arrangements for future sales of our products to existing customers. We sell our products and services by entering into purchase orders with our customers. The loss of one or more of our significant customers, any material reduction in orders by any significant customer, or our failure to qualify our new products with a significant customer could materially and adversely affect our business, results of operation or financial condition.

We may have difficulty selling our products if we are unable to integrate our designs into the systems of our OEM customers. The nature of the design process requires us to incur expenses prior to recognizing revenue associated with those expenses, which may adversely affect our business, results of operations or financial condition.

We devote significant time and resources working with our OEM customers' system designers to understand their future needs and to provide products that we believe will meet those needs. Our ability to compete in the future will depend, in a large part, on our ability to design products to meet our customers' and potential customers' specifications and expectations. We expect to invest significant time and resources and to incur significant expenses to design our products to comply with our customers' specifications.

We often incur significant expenditures in the development of a new product without any assurance that our customers' system designers will select our product for use in their applications. We often are required to anticipate which product designs will generate demand in advance of our customers expressly indicating a need for that particular design. Even if our customers' system designers select our products, a substantial period of time will elapse before we generate revenue related to the significant expenses we have incurred.

We depend on maintaining our existing strategic relationships with customers and on forming new strategic relationships.

In the past, we have relied in significant part on our strategic relationships with customers that are technology leaders in our markets. We continue to pursue the expansion of such relationships and the formation of new strategic relationships, but we may not be able to do so successfully. These relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet their tight development schedules. Accordingly, we may have to devote a substantial amount of our resources to our strategic relationships, which could detract from or delay our completion of other important development projects. Delays in development could impair our relationships with our strategic customers and negatively impact sales of the products under development.

Our relationships with certain customers may deter their competitors from buying our products.

Our relationships with certain customers may deter other potential customers, who compete with our customers, from buying our products, particularly if we developed a new technology for one of our key customers. Our inability to attract new customers could seriously impact our revenue and materially and adversely affect our business, results of operations or financial condition.

Dependence on our operating subsidiaries

We are a holding company and substantially all our operations are carried out by our subsidiaries, most of which are incorporated or formed outside Canada. We have no direct operations and no significant assets other than the shares of our subsidiaries and cash proceeds from sales of our securities or other financings or borrowings. Accordingly, we are dependent on the cash flows from our subsidiaries to meet our obligations. The ability of our subsidiaries to provide us with payments may be constrained by factors such as: cash flows generated by their operations, investment activities and financing activities and the level of taxation, particularly corporate profits and withholding taxes. If we are unable to receive sufficient cash from our subsidiaries, we may be required to incur indebtedness, raise funds in a public or private equity or debt offering, or sell some or all of our assets. There can be no assurance that any such financing will be available on satisfactory terms or that it will be sufficient.

We may be subject to limitations on the repatriation of earnings in each of the countries where the Company does business. These limitations may be imposed in circumstances where the repatriation of funds may harm a country's international balance of payments, cause excessive fluctuations in interest or exchange rates, or threaten the stability of its domestic financial markets.

There can be no assurance that changes in exchange controls in each of the countries where we do business will not take place, which may adversely impact our ability to receive cash payments from our subsidiaries and the ability of creditors to receive payments of principal or interest on their loans or investors to recover their investment. Over the years, the Company has received dividends from its subsidiary, Galtronics China. In accordance with applicable Chinese laws, Galtronics China is only permitted to distribute up to 90% of its after-tax earnings.

Failure to execute on growth strategy

The successful implementation of our growth strategy depends on many factors, including our ability to leverage our competitive strengths, maintain key customer relationships, diversify our customer base, identify and make strategic acquisitions and keep pace with innovation, as well as other factors beyond our control, including general economic conditions and consumer confidence in future economic conditions.

If we fail to execute any one or more of our growth strategies or fail to realize fully the benefits expected to result from such strategies, our business and results of operations, our ability to continue to grow, our ability to remain competitive and our ability to maintain our market share could be materially adversely impacted. Any successes to date are not an indication of future results, and there can be no assurance that any of our growth strategies will maintain or generate increased sales, or maintain or improve profit margins, even if we are successful in implementing those growth strategies.

Dependence on key personnel

Our ongoing and future success depends in part on our key personnel, including executive managers, engineers and other highly skilled personnel who are responsible for conducting research and development, product development and testing and developing new technologies and products to keep us competitive and help us to anticipate new customer demands and consumer trends.

If we are unable to retain our key personnel or to continue to hire and retain such skilled personnel, our business, results of operations or financial condition and ability to compete may be adversely affected. Any departures of such personnel would also disrupt our business and may result in the loss of additional personnel.

Our ability to attract and retain qualified employees

Our success depends in part on our ability to meet our labour needs while controlling the costs associated with hiring and training new employees or subcontracting operations to third parties. If we fail to hire and retain qualified employees or subcontractors, our operations and ability to compete, including our manufacturing productivity and time to market, may be materially adversely affected.

Although we generally have good relationships with our employees, the maintenance of a productive and efficient labour environment cannot be assured. Protracted and extensive work stoppages or labour disruptions, such as strikes or lockouts, could have a material adverse effect on our business, financial condition or results of operations. In addition, changes in labour laws and rising wages in the places where we carry on business may result in a material increase to our labour costs, which we may not be able to offset with higher revenues or pass on to our customers. Accordingly, any such increase to our labour costs may adversely affect our competitive advantage over high-cost manufacturers and our gross margins may decline.

To ensure adequate production capacity, we are required to anticipate future demand for our products. The timing and size of orders can be unpredictable, and orders often have short turnaround times. If we receive more orders than anticipated, we may need to increase production capacity by increasing our workforce. We may have difficulty recruiting skilled workers into our workforce in a timely manner to respond to such orders.

Accordingly, we may experience delays that could adversely affect our ability to meet customers' delivery schedules, which could harm our reputation and cause us to lose market share. Conversely, if we receive fewer orders than anticipated, we may need to decrease production capacity by reducing our workforce. During such manufacturing slowdowns we may incur significant labour costs if we are required to give employees notice prior to any layoff or to pay severance for any extended layoff. Furthermore, temporary slowdowns may adversely affect our future access to skilled labour, as employees who are laid off may seek employment elsewhere.

Rapidly evolving technologies and consumer trends

The industry in which we operate is characterized by rapid technological change and evolving consumer trends. Our competitors may develop technologies and products which compete with our technologies and products. Such competitor technologies and products may prove to be more effective and/or less costly than our products. There can be no assurance that our products will be competitive with the products of our competitors or that we will be able to keep pace with technological developments and changes in consumer trends. Such technological advances and evolving consumer trends could make our technologies and products partially or completely redundant or impair future sales, which could have a material adverse impact on our business, results of operations or financial condition. Similarly, if we fail to identify emerging technologies or consumer trends or respond to such technologies or trends in a timely and cost-effective manner, our ability to sustain or grow our business may suffer.

Significant competition

The industry in which we operate is highly competitive and is dominated by a few large global providers of passive and active RF and microwave products and services. Our competitors may have greater financial, management and/or technical resources than us and there can be no assurance that we will be able to keep pace with our competitors. Failure to maintain our competitive position may result in a loss of market share to our competitors, which could have a material adverse effect on our business, results of operations or financial condition. Partnering with large OEMs in the industry requires us to make large capital investments in order to achieve the critical size and scale to meet the demands of those OEM customers. Failure to make such investments in a timely manner may result in a loss of business and market share, which could adversely affect our business, results of operations or financial condition.

We face intense competition and expect competition to intensify in the future, which could reduce our revenue and customer base.

Competition could make it more difficult for us to sell our products, and result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, and failure to increase, or the loss of, market share or expected market share, any of which could seriously harm our business, results of operations or financial condition.

Currently, we face competition from a number of well-established companies. A few of our current competitors, and some of our potential competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources to pursue development, engineering, manufacturing, marketing and distribution of their products than we have. Further, our existing or potential customers may develop their own products, purchase competitive products or acquire companies that use alternative methods to achieve similar results as our products. Any of these competitive threats, alone or in combination with others, could seriously harm our business, results of operations or financial condition.

Global markets for our products and services are highly competitive and subject to rapid technological change, and we may be unable to compete effectively in these markets.

All the markets we address are characterized by continuing technological advancement, changes in customer requirements and evolving industry standards. To compete successfully, we must continually design, develop, manufacture and sell new or enhanced products that provide increasingly higher levels of performance and reliability and meet our customers' changing needs. However, we may not be successful in those efforts if, among other things, our products:

- are not cost effective;
- are not brought to market in a timely manner;
- are not in accordance with evolving industry standards;
- fail to meet market acceptance or customer requirements; or
- are ahead of the market.

Moreover, it is possible that our customers may develop their own products or adopt a competitor's solution for products that they currently buy from us. If that happens, our sales would decline and our business, financial condition or results of operations could be materially adversely affected.

If we fail to develop and successfully market new and enhanced products in a timely manner, our business, results of operations or financial condition could be materially adversely affected.

We may be affected by general economic conditions

General economic conditions may affect consumer and business confidence as well as demand for and prices of products and services in each of the mobile, broadband, infrastructure and microwave businesses. During adverse economic conditions, OEMs and customers may delay buying our products and services, reduce purchases, seek greater discounts or even discontinue purchases altogether. Our ability to collect receivables could also be adversely affected.

Failure to develop new products

As a technology-based company, our ability to compete successfully depends heavily on our ability to ensure a continuing and timely introduction of innovative new products and technologies to the marketplace. We believe we are unique in that we design and develop nearly the entire solution for our products. As a result, we must make significant investments in research and development. However, there can be no assurance that we will be successful in designing, manufacturing and marketing new products or enhancing our existing product lines. Our failure to develop and market new products may result in us losing market share to our competitors, which would have a material adverse effect on our business, results of operations or financial condition.

Scale of our operations are significantly smaller than those of our competitors

The Company is significantly smaller than most of our competitors. This means that we operate with considerably lower economies of scale and much less manufacturing power than do our larger competitors, and our bargaining power with our larger customers may be more limited.

Investment in research and development may not generate returns

As the industry in which we compete is characterized by rapid technological advancement and continually evolving customer preferences and demands, the success of our business depends in a large part on our ability to develop new, innovative technologies and our ability to efficiently manufacture and market such products. To this end, we have established manufacturing facilities in China and Vietnam and continue to invest in research and development. However, there can be no assurance that any of our investment in research and development will develop new, marketable products, and even if we are successful in developing new products, there can be no assurance that such products will be accepted by our customers or will generate increased sales or improve profit margins.

Investment in new business strategies and acquisitions could disrupt our ongoing business and present risks not originally contemplated

We have invested, and in the future expect to invest, in new business strategies or acquisitions. In January 2018, the Company completed the Advantech Acquisition and in July 2018 the Company completed the Alga Acquisition. There can be no assurance that we will be able to manage additional businesses profitably or integrate successfully any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational, regulatory, or financial problems. Furthermore, acquisitions may involve a number of additional risks, including diversion of management’s attention, failure to retain key personnel, litigation, unanticipated events or circumstances and unidentified pre-closing liabilities and other legal liabilities, some or all of which could have an adverse effect on the Company’s business, results of operations or financial condition. In addition, there can be no assurance that acquired businesses, products or technologies (if any) will achieve anticipated revenues and income growth. Acquisitions could also result in potentially dilutive issuances of equity securities. A failure to manage our acquisitions strategy successfully could have a material adverse effect on the Company’s business, results of operations or financial condition.

Leverage risk and restrictive covenants

The Company has a US$21 million term loan and an $18 million revolving loan with Royal Bank of Canada and HSBC Bank Canada. The loans are guaranteed by various subsidiaries and are secured by the assets of the Company and the guarantors. Under the credit agreement governing the loans, the Company and its guarantor subsidiaries are subject to various restrictions or limitations, including incurring additional indebtedness, making capital expenditures or investments, amalgamating or merging or disposing of property (subject to various exceptions). In addition, the Company is subject to financial covenants, including the requirement to ensure the ratio of senior debt to EBITDA is not more than the prescribed ratio and the fixed charge coverage ratio is more than the prescribed ratio.

This and other indebtedness of the Company could have material adverse consequences, including (i) limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, acquisitions and general corporate or other purposes, (ii) requiring the Company to dedicate a portion of its cash flows from operations to the payment of interest on existing indebtedness and not having that cash available for other purposes, including operations, capital expenditures and future business opportunities, (iii) restricting the Company's flexibility and discretion to operate its business, (iv) limiting the Company's ability to adjust to changing market conditions, (v) placing the Company at a competitive disadvantage compared to its competitors that have relative less debt or less onerous contractual restrictions and (vi) making the Company more vulnerable in a downturn in general economic conditions.

The Company's failure to comply with these and other obligations in the credit agreement could result in an event of default, which, if not cured or waived, would permit acceleration of the loans and the realization of security, and could trigger cross-defaults on other indebtedness. There can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay in full all such indebtedness.

Access to capital

There is no assurance that capital will be available when needed or on favourable terms. The Company's access to capital and cost of capital will be subject to a number of factors, including general market conditions, the market's perception of the Company's growth potential, the Company's current and expected future earnings, the Company's cash flow, and the market price of the Common Shares. If the Company is unable to obtain sources of capital, it may not be able to pursue business opportunities, engage in product development, compete effectively with its competitors or weather an economic downturn.

Failure to protect our intellectual property rights

We believe that our patents, trademarks and other proprietary rights are important to our success and our competitive position. Accordingly, we protect our patents, trademarks and proprietary rights in accordance with industry practice or as we determine to be appropriate. However, the actions taken by us may be inadequate to prevent imitation of our processes and products by others or to prevent others from claiming violations of their patents, trademarks and proprietary rights by us. In addition, our intellectual property rights may not have the value that we believe they have. If we are unsuccessful in protecting our intellectual property rights, or if another party prevails in litigation against us relating to our intellectual property rights, the value of our rights could be diminished and our sales and profitability may be adversely impacted. We may also incur significant costs if we are required to change certain aspects of our operations.

The failure to obtain patents with claims of a scope necessary to cover our technology, or the invalidation of our patents, or our inability to protect any of our intellectual property, may weaken our competitive position and may materially and adversely affect our business, results of operations or financial condition.

Intellectual property infringement

Our competitors, as well as others, may claim that we infringe their intellectual property rights. Although we believe that we have secured proper licenses for all third-party processes that are integrated into our products, third parties may assert infringement claims against us in the future. Any such assertion may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, litigation could be disruptive to our ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of our defence against those claims or our attempt to license the intellectual property rights or rework our products to ensure they comply with judicial decisions. Even if we were to prevail, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations. Further, our business agreements with our customers include provisions that would require us to indemnify our customers if they are subject to third-party claims that our product infringes their intellectual property rights. Any of the foregoing could have a significant adverse effect on our business, results of operations or financial condition.

Cyber-security incidents, including data security breaches or computer viruses, could harm our business by exposing us to various liabilities, disrupting our delivery of products and services and damaging our reputation

We rely extensively on information technology systems to operate our business. We receive, process, store and transmit, often electronically, confidential data of the Company and our customers, vendors, employees and others. Despite implemented security measures, our facilities, systems and procedures, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming and/or human errors or other similar events. In particular, unauthorized access to our computer systems or stored data could result in the theft or improper disclosure of confidential or sensitive information, the deletion or modification of records or interruptions in our operations. Any such events, including those involving the misappropriation, loss or other unauthorized disclosure or use of confidential or sensitive information of the Company or our customers, vendors, employees or others, whether by us or a third party, could subject us to civil and criminal penalties; expose us to liabilities to our customers, employees, vendors, third parties or governmental authorities;

disrupt our delivery of products and services; and have a negative impact on our reputation. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Failure to protect our customers' intellectual property

We are exposed to the risk of having our customers' intellectual property, such as new product designs being leaked to a third party. For example, theft or improper disposal of scrap antennas designed for a specific customer product may end up in the hands of a "copycat" manufacturer. Though we have implemented stringent processes and strong security measures for handling disposal of scrap antennas to protect our customers' intellectual property, any leak of our customers' intellectual property could result in penalties imposed by our customers by being excluded from new business for a period of time or in the termination of our business relationship and/or legal actions commenced by our customers against us.

Our products are manufactured at a limited number of locations, and any manufacturing problems at a location could adversely affect our ability to meet our customers' orders.

Our products are manufactured at a limited number of locations. If we experience manufacturing problems at a particular location, we would be required to transfer manufacturing to a backup location or supplier. We require the use of specialized equipment in our design and production process. Our short ramp-up lead time to production is one of our key competitive strengths. In particular, we manufacture most of our antennas in our Wuxi, China and Hanoi, Vietnam facilities and we manufacture other wireless components in Quebec, Canada. We would not have the capacity to manufacture enough antennas or other components to fill orders if significant manufacturing issues (such as equipment failure, labour unrest or catastrophic loss due to force majeure events such as fires, floods, earthquakes, droughts, loss of power, weather conditions, acts of war, acts of terrorism, political unrest or epidemics or pandemics) were to arise at those facilities or in the areas or countries in which they are located and reduce, delay or prevent the production of our products. These issues could also adversely affect the supply of inputs (such as labour and materials) required to manufacture our products and the means to transport the products once manufactured. This could have a material adverse effect on our business, results of operations or financial condition. Manufacturing problems may also delay shipments, cause a production delay or stoppage for our customers, which may result in a decline in our sales and damage our customer relationships.

Our business, results of operations and financial condition could be adversely affected by an outbreak of contagious disease, such as the recent Covid-19 outbreak

Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the recent outbreak of respiratory and other illnesses caused by Covid-19, resulting in lockdowns, quarantines, business closures and other restrictions. Any outbreak of contagious diseases, and other adverse public health developments, particularly in Asia, could have a material and adverse effect on our business operations. These could include disruptions or restrictions on our ability to travel, temporary closures of our facilities or the facilities of our customers or suppliers and disruptions with our contract manufacturers. We may also see disruptions or delays in shipments and negative impacts to pricing of certain components of our products, which could affect sales. Further, any disruption to our customers, suppliers or contract manufacturers would impact our sales and operating results. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our end customers' products and likely impact our operating results. The extent to which Covid-19 or any other contagious disease impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of this or any other outbreak and the actions to contain those outbreaks or treat its impact, among others.

We outsource part of operations to third parties, and the inability of those parties to meet our product specifications and schedules could harm our business and damage our customer relationships

We outsource part of the plating, stamping, injection and LDS requirements of our products to subcontractors in China, Vietnam and Korea and therefore we are subject to the risk that our subcontractors do not provide our customers with the quality and performance that they expect from our products. If we are unable to fulfill customer demand, we may lose revenue opportunities and our reputation could suffer. Quality or performance failures of our products or changes in our subcontract manufacturers' financial or business condition could disrupt our ability to supply quality products to our customers and thereby have a material and adverse effect on our business, results of operations or financial condition.

Our results of operations are likely to fluctuate and may fail to meet or exceed expectations of investors or securities analysts, causing our share price to decline

Our results of operations may fluctuate in the future due to several factors, many of which are outside of our control, including:

- the level and timing of capital spending of, and orders from, our customers;
- economic and financial conditions specific to our customers;
- changes in market demand for our products or our customers' products;
- the impact of seasonality in our business, particularly during new product launches and peak holiday selling seasons;
- competitive market conditions, including pricing actions by our competitors;
- new product introductions by our competitors or by us;
- changes in domestic and international regulatory environments affecting our business;
- market acceptance of our new or existing products;
- the mix of our customer base, by industry and size; and
- timing of any acquisitions and the financial impact of any such acquisitions.

The selling prices of certain of our products in our markets historically have decreased over time and will likely continue to do so in the future, which could reduce our revenue and gross profits

Selling prices of technology products tend to decrease over time. The average sales prices for our products may decline for a variety of reasons, including competitive pricing pressures, a change in our mix of products, and anticipation of the introduction of new products. Furthermore, average sales prices for our products may decrease over product life cycles.

Our gross profits and financial results will suffer if we are unable to offset any reductions in our selling prices by reducing our costs, developing new or enhanced products on a timely basis with higher selling prices, or increasing our sales volumes. A decline in our selling prices in excess of our expectations may harm our business, results of operations or financial condition.

We expect gross margin to vary over time, and our level of gross margin may not be sustainable

Our level of gross margin may not be sustainable and may be adversely affected by numerous factors, including:

- increased price competition;
- changes in customer or product and service mix;
- introduction of new products;
- our ability to reduce production costs;
- increases in material or labour costs;
- increased warranty costs; and
- commodification of products.

As a result of any of these or other factors, our gross margin may be adversely affected, which in turn could harm our business, results of operations or financial condition.

Seasonality in our business may impact our sales

We have historically experienced higher net sales in our third fiscal quarter compared to other quarters in our fiscal year due in part to the upcoming holiday season demand and due to the typical fourth quarter slowdown as wireless carriers limit changes to their networks in advance of the holiday season. Actual and anticipated timing of new product launches by our OEM customers can also significantly impact the level of net sales in any particular quarter. However, neither historical seasonal patterns nor historical patterns of product introductions should be considered reliable indicators of our future net sales or financial performance.

Compliance with environmental matters and worker health and safety laws could be costly, and non-compliance with those laws could adversely affect our business, results of operations or financial condition

Some of our operations use substances regulated under various federal, provincial, state, local and other laws governing the environment and worker health and safety, including those governing the discharge of pollutants into the ground, air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. Some of our products are subject to various laws governing chemical substances in electronic products. We could be subject to increased costs, fines, civil or criminal sanctions, third-party property damage or personal injury claims if we violate or become liable under any of these laws.

We may engage in future acquisitions that could disrupt our business, cause dilution to our shareholders and materially and adversely affect our business, results of operations and financial condition

In the future we may acquire other businesses, products or technologies. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, or such acquisitions may be viewed negatively by customers, financial markets or investors. We may also face additional challenges because acquisitions entail numerous risks, including:

- difficulties in the integration of acquired operations, technologies and/or products;
- unanticipated costs associated with the acquisition;
- the diversion of management's attention from the regular operations of the business and the challenges of managing larger and more widespread operations;
- adverse effects on new and existing business relationships with suppliers and customers;
- risks associated with entering markets in which we have no or limited prior experience; and
- the potential loss of key employees of acquired businesses; and
- delays in realizing or failure to realize the anticipated benefits of an acquisition.

Furthermore, if we are able to identify and consummate any future acquisitions, we could:

- issue equity securities, which would dilute current shareholders' percentage ownership;
- incur substantial debt;
- incur significant acquisition-related expenses;
- assume contingent liabilities; or
- expend significant amounts of cash.

Product liability and warranties

Our business exposes us to potential product liability risks. Although we maintain product liability insurance and take precautions to avoid product liability suits, there can be no assurance that we will be able to avoid significant product liability exposure or that our insurance will provide adequate protection against potential claims. We also provide warranties on our products, requiring us to repair or replace defective products at our cost. If we experience a greater number of warranty claims than budgeted in the normal course, our gross margins could be negatively affected. In addition, product recalls, withdrawals or replacements of our products may harm our reputation and acceptance of our products by our customers, which may adversely affect our business, results of operations or financial condition. We have not experienced any material defects or recalls in the past several years.

Failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors, could harm our business. Our products are inherently complex and may contain defects or errors that are detected only when the products are in use. Further, manufacturing, testing, marketing and use of our products and those of our customers and licensees entail the risk of product liability. Because our products and services are responsible for critical functions in our customers' products and/or networks, security failures, defects or errors in our products or services could have an adverse impact on us, on our customers and/or on the end users of our customers' products. Such adverse impact could include product liability claims or recalls, write-offs of our inventories and/or intangible assets; unfavorable purchase commitments; a shift of business to our competitors; a decrease in demand for connected devices and wireless services; damage to our reputation and to our customer relationships; and other financial liability or harm to our business. Further, security failures, defects or errors in the products of our customers or licensees that are unrelated to our products could, nevertheless, have an adverse impact on our operating results due to a delay or decrease in demand for our products or services generally, and our premium-tier products in particular, among other factors.

Operating cash flow

During 2019 and 2020, the Company had negative cash flow from operating activities. The Company expects it will have positive cash from operating activities in 2021. However, if it incurs negative cash flow from operating activities in future financial periods (including in 2021), it may need to use a portion of its cash reserves or utilize its bank credit facilities or seek additional sources of funding to fund its negative cash flows. There can be no assurance that additional and adequate funding will be available to the Company or the terms on which it would be available. Failure to obtain such financing could result in delay or indefinite postponement of further development of the Company's business.

Risks Related to Doing Business Overseas

Our business is subject to the risks of international operations

We derive a significant portion of our revenue and earnings from our international operations. Compliance with applicable U.S. and other foreign laws and regulations, such as import and export requirements, anticorruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy requirements, environmental laws, labour laws, and anti-competition regulations, increases the costs of doing business in foreign jurisdictions. Although we have implemented policies and procedures to comply with these laws and regulations, a violation by our employees, contractors, or agents could nevertheless occur.

We also could be significantly affected by other risks associated with international activities, including economic and labour conditions, increased duties, taxes and other costs, political instability, and changes in the value of U.S and other foreign currencies versus the Canadian dollar. Margins on sales of our products in foreign countries, and on sales of products that include components obtained from foreign suppliers, could be materially adversely affected by foreign currency exchange rate fluctuations and by international trade regulations, including duties, tariffs and antidumping penalties. We are also exposed to credit and collectability risk on our trade receivables with customers in certain international markets. There can be no assurance that we can effectively limit our credit risk and avoid losses.

Foreign currency and interest rate fluctuation risks

We consolidate our financial results in Canadian dollars. Our material subsidiaries in China, Vietnam, South Korea and the U.S. operate using U.S. dollars and their local currency. Accordingly, we are exposed to foreign currency risks related to the consolidation of our financial results in Canadian dollars. We are also vulnerable to foreign currency fluctuations in the value of the Canadian dollar relative to other currencies, such as the U.S dollar, the Chinese Yuan, the Vietnamese Dong and the South Korean Won, which may impact our financial position and results of operations. In addition, we are exposed to general market fluctuations of interest rates.

Weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of our foreign currency denominated sales and earnings, and generally leads us to raise international pricing, potentially reducing demand for our products. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to offset fully the U.S. dollar's strengthening, or at all, which would adversely affect the U.S. dollar value of our foreign currency denominated sales and earnings. Conversely, a strengthening of foreign currencies relative to the U.S. dollar, while generally beneficial to our foreign currency-denominated sales and earnings, could cause us to reduce international pricing. Additionally, the strengthening of foreign currencies may also increase our cost of product components denominated in those currencies, thus adversely affecting gross margins.

We rarely use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. When we do use such hedging activities, it may not offset any or more than a part of the adverse financial effects of unfavourable movements in foreign exchange rates over the limited time the hedges are in place.

The Company has an interest rate swap arrangement that fixes a portion of the interest rate on its existing term loan credit facility. The fair value of the interest rate swap will change as market interest rates rise and fall. A decrease in market interest rates would result in the Company being subject to a higher interest rate on its term loan credit facility than if we had not entered into the interest rate swap arrangement.

Regulatory risks

With our global operations, we are subject to the laws and regulations in the jurisdictions in which we operate.

By way of example, laws and regulations related to International Traffic in Arms Regulations (ITAR) in the United States control the import and export of defence related articles. Such regulations could include, among others, restrictions on the production, manufacture, distribution, and use of certain antennas and other components. The antennas are also subject to certification and regulation by governmental and standardization bodies. These certification processes are extensive and time consuming, and could result in additional testing requirements, product modifications, and delays in product shipment dates, or preclude us from selling certain products.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. This increases the costs of doing business, and any such costs, which may increase in the future as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make our products and services less attractive to our customers, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. We have implemented policies and procedures designed to ensure compliance with these laws and regulations, but there can be no assurance that our employees, contractors or agents will not violate our policies and procedures designed to ensure compliance with such laws and regulations.

Our subsidiaries must hold various permits, licences and approvals authorizing their activities in the jurisdictions in which they operate. Although the Company believes that all are in good standing as of the date of this Annual Information Form, if renewals or new permits, business licenses or approvals are required and are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, we may suffer a material adverse effect.

Additional risks related to doing business abroad

As an international business, we are exposed to additional risks related to operating in foreign markets. We cannot predict the effect of various factors in the countries in which our suppliers, other contractors and our customers are located, including, among others:

- uncertainties of foreign and international legal and regulatory regimes, and our cost of compliance, including those related to trade restrictions and tariffs and labour and employment laws;
- increased challenges in protecting and enforcing our intellectual property rights, particularly in China;
- fluctuations in revenues, cash flow, operating margins and other financial measures due to currency exchange rate fluctuations;
- our exposure to various tax regimes;
- economic trends in international markets;
- increase in transportation costs or delays;
- increase and volatility in labour costs, particularly at our production facilities in China and Vietnam;
- the presence of corruption in certain countries;
- political unrest, terrorism and economic instability;
- limitations on repatriation of earnings and currencies;
- increased complexity and costs of managing operations in Asia due to time zone differences and local language capabilities;
- increased difficulties in, and costs of, enforcing contracts and collection of receivables; and

- regional health issues which may result in economic and social dislocations, and supply chain disruptions, in foreign countries in the future.

Any of the foregoing or other factors associated with doing business abroad could have a material adverse effect on our business, financial condition or results of operations.

Our business is subject to socio-political risks

Our operations may be adversely affected by political or economic developments or social instability in the jurisdictions in which we operate, including regulatory delays, the risks of war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions and contracts, a change in taxation policies, economic sanctions, access to or development of infrastructure, jurisdictional boundary disputes, and currency controls.

Conditions in China may affect our business, results of operations and financial condition

Our subsidiary, Galtronics China, operates and has assets in China. As a result, we are vulnerable to the political, economic, legal and regulatory conditions affecting our business in China. The Chinese economy differs from the economies of most developed countries in a number of respects, including its structure, the level of government involvement, the level of development, the control of foreign exchange and the allocation of resources.

Galtronics China is subject to China's rules and regulations on currency conversion. While the Chinese government is generally relaxing restrictions on foreign trade and investment, there is no certainty that all future local currency can be repatriated. There can also be no assurance that the availability of foreign currency will be sufficient for Galtronics China to satisfy any other foreign currency obligations. There is also no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency in every instance. The foreign exchange controls may affect our ability to repatriate profits which can have a material adverse effect on our operations. In addition, failure to obtain approval for currency conversion on the capital account may impact our capital expenditure plans in China and our ability to expand in accordance with our objectives.

Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. The labour and employment market in China is dynamic. In the future, changes in the labour and employment market in China may be imposed or labour disputes may arise. Such events may increase our costs of operation and affect our business, results of operations and financial condition.

Intellectual property rights in China are still developing and there are uncertainties involved in intellectual property rights protection and the enforcement of such protection. We need to pay special attention to protecting our intellectual property and trade secrets. Failure to do so could lead to the loss of a competitive advantage that may not be compensated for by a damages award.

Galtronics China must hold various permits, business licenses and approvals authorizing its operations and activities, which are subject to periodic review and reassessment by the Chinese authorities. Standards of compliance necessary to pass such reviews change from time to time and differ from jurisdiction to jurisdiction, leading to a degree of uncertainty. In order to carry on business operations in China, Galtronics China must be in possession of a valid business license. In order to maintain the business license, Galtronics China must remain in good standing following an annual review and inspection by the regulatory authority. Although the Company believes that Galtronics China is in good standing as of the date of this Annual Information Form, if renewals, or new permits, business licenses or approvals required in connection with existing or new facilities or activities are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, our business may suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to Galtronics China to meet any new level of compliance.

Galtronics China has certain land use rights in China. Under Chinese law, land use rights can be revoked in the public interest, although holders of such appropriated land use rights typically receive compensation.

In China, companies with a foreign ownership component could be required to work within a framework which is different from that imposed on local companies. The Chinese government is opening up opportunities for foreign investment and this process is expected to continue, especially as a result of China's entry into the World Trade Organization. If the Chinese government reverses the current trend of permitting foreign investment and imposes greater restrictions on foreign companies, our ability to conduct business in China could be negatively affected.

Changes, if any, in investment policies or shifts in political attitude in China may adversely affect our business, results of operations and financial condition. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, income taxes, foreign investment, bank lending, export controls, and usage and costs of state-controlled transportation services and nationalization or expropriation of property or business. Any events resulting in an adverse impact on the Chinese economy may have an adverse effect on our profitability and prospects.

The chops of Galtronics China are essential to our ability to enter into contracts, conduct banking activities and undertake day-to-day corporate and business activities in China. Galtronics China uses four chops:

- Company Chop - The Company Chop is used by the General Manager of Galtronics China and is required for the daily operations of Galtronics China. It represents the "signature" of Galtronics China on documents such as contracts, purchase orders, supply orders, customs and import/export documents or employment agreements. Pursuant to Chinese laws and the policies of Galtronics China, it must be used in conjunction with an authorized signature, however, under Chinese laws, the use of the Company Chop alone may be sufficient to bind the Company.

- Legal Representative Chop -. The Legal Representative Chop is evidence of the Legal Representative's signature and may be substituted by the Legal Representative's actual signature. Pursuant to Chinese law, the person holding the Legal Representative Chop has the power to act on behalf of Galtronics China. In order to bind Galtronics China, this chop must be used in conjunction with the Company Chop.
- Contract Chop - The Contract Chop is used by the General Manager of Galtronics China as a substitute to the Company Chop on certain ordinary course agreements with customers and suppliers within the predetermined monetary authorization limit only. Pursuant to Chinese law and the policies of Galtronics China, it must be used in conjunction with an authorized signature.
- Finance Chop - The Finance Chop is used on certain banking documents by the financial controller of Galtronics China. Pursuant to Chinese law and the policies of Galtronics China, it must be used in conjunction with an authorized signature and both are required to access the Galtronics China bank accounts.

In order to maintain the physical security of our chops, we store each chop in locked safe boxes at Galtronics China accessible only to authorized personnel. Although we have implemented internal control procedures to monitor the authorized personnel and the use of the chops, there is no assurance that such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our chops, we could experience significant disruption to our operations until our chops are replaced.

Galtronics China has retained Jiangsu Ruilai Law Firm (the "**Law Firm**") pursuant to a company stamp management agreement (the "**Management Agreement**") which provides that the Law Firm will work to assist Galtronics China to manage and control the use of the chops. The Company has undertaken to Canadian Securities Regulatory Authorities that, if the Management Agreement is terminated or the Company appoints a new custodian, the Company will issue a press release and file a material change report in accordance with applicable securities laws.

Nevertheless, because of concerns over the custody of the chops and other risks associated with doing business in China, given the relative size of the Company's business in China to the overall business, the Company provided an undertaking at the time of a public offering in 2016, which has since been renewed, to Canadian Securities Regulatory Authorities that it will issue a press release and file a material change report in accordance with applicable securities laws if Galtronics China regains the significance it had to the Company at the time of the Company's initial public offering in November 2013, which will occur (without limitation) upon (i) a significant portion of the Company's cash balance being held in China at any given time, (ii) Galtronics China generating a majority of the Company's revenues or (iii) the Company becoming dependent on Galtronics China for all or substantially all of its volume manufacturing requirements.

We have procedures in place with our banks in China that funds cannot be transferred with the use of the Finance Chop alone (as an authorized signature from either the Finance Manager or the General Manager of Galtronics China is also required). If we lose effective control of the Finance Chop, the Legal Representative will promptly notify the bank that the Finance Chop has been lost, misplaced or stolen and if one of the authorized signatories is implicated, that such individual is no longer an authorized signatory. In addition, the Company can assume control over the Galtronics China bank accounts through the combined use of the Company Chop and the Legal Representative Chop. Despite the foregoing, however, we may experience temporary delays in accessing our bank accounts in China.

If the authorized users of our corporate chops fail to fulfill their responsibilities or misappropriate or misuse these corporate instruments, our business and operations could be materially and adversely affected.

The Company may have difficulty exerting control over Galtronics China in the event of insolvency

The Company, through its control of the board of directors of Galtronics China, comprised of Messrs. Jeffrey Royer, Randy Dewey and Michael Wolfe, has the authority to remove both the Legal Representative and the General Manager of Galtronics China at will. In accordance with the constating documents of Galtronics China, the Chairman of Galtronics China is also the Legal Representative. Currently, Mr. Royer holds both positions. Under Chinese law, the board of directors of Galtronics China has the authority to appoint and remove any officer or employee. Accordingly, in his capacity as Chairman, Mr. Royer has the power to cause the board of directors of Galtronics China to replace the General Manager. As an additional safeguard, in order to ensure the Company’s board of directors will have the ability to maintain control over the Legal Representative, Mr. Royer has also signed and chopped an undated resignation letter with respect to his position as Legal Representative and may be terminated and replaced by the board of directors if required.

In the event of insolvency of the Company, the Company’s board of directors should be able to maintain control of Galtronics China in order to liquidate or otherwise transfer the assets of Galtronics China, if required. However, in the event that the Company experiences difficulty in exerting control over Galtronics China’s assets, it may be unable to realize the full value of its assets in China for the purposes of carrying out its insolvency liquidation.

Conditions in South Korea may affect our business, results of operations and financial condition

Galtronics Korea is incorporated in South Korea and substantially all its assets are located in South Korea. The South Korean market is influenced to a high degree by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the South Korean economy. Adverse developments in the economies of countries that are important export markets for South Korea, such as the United States, Japan and China, or in emerging market economies in Asia or elsewhere, could result in a loss of confidence in the South Korean economy. Any future deterioration of the South Korean economy could adversely affect our business, results of operations or financial condition.

Conditions in Vietnam may affect our business, results of operations and financial condition

Galtronics Vietnam is incorporated in Vietnam and substantially all its assets are located in Vietnam. The Vietnamese market is influenced to a high degree by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Vietnamese economy. Adverse developments in the economies of countries that are important export markets for Vietnam, such as the United States, Japan and China, or in other emerging market economies in Asia or elsewhere, could result in a loss of confidence in the Vietnamese economy. Any future deterioration of the Vietnamese economy could adversely affect our business, results of operations or financial condition.

Changes in investment policies or shifts in political attitudes in Vietnam may prevent or hinder our business activities and render our proposed projects in Vietnam unprofitable. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign investment, bank lending, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization or expropriation of property or businesses. The laws on foreign investment are still evolving in Vietnam and it is not known how they will evolve. The effect of these factors cannot be accurately predicted.

The Vietnamese legal system is based, at least in part, on written statutes. However, since these laws and regulations are relatively new and the Vietnamese legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties. We cannot predict the effect of future developments in the Vietnamese legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government’s decisions by the superior government

The economy in Vietnam has grown significantly in the past 20 years, but the growth has been uneven both geographically and among various sectors of the economy. The government of Vietnam has implemented various measures from time to time in order to try and encourage or control economic growth and guide the allocation of resources. Some of these measures may negatively affect us. In addition, such control measures may have an adverse impact on the Vietnamese economy that in turn, could have an adverse impact on our business, results of operations or financial condition.

Difficulty in enforcement of judgments

As we are a holding company, several of our subsidiaries and a significant portion of our assets are located outside of Canada. Accordingly, it may be difficult for investors to realize on judgments obtained against the Company, including judgments predicated on the civil liability provisions of applicable Canadian securities laws or otherwise. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise. At the end of 2020, 40% of our cash and cash equivalents were held in Canada, with over 50% of the balance held in Vietnam, the United States, China and South Korea.

Some of our directors reside outside Canada. Investors are advised that it may not be possible to enforce judgments obtained in Canada against any person resident outside Canada.

Corruption and fraud

Our operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. We have policies against giving or accepting money or gifts in certain circumstances. Despite these policies, it is possible that we, or some of our employees or contractors, could be charged with bribery or corruption. If we are found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by our employees or contractors, we could be subject to onerous penalties. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair our ability to work with governments or non-governmental organizations. Such convictions or allegations could result in our formal exclusion from a country or area, national or international lawsuits, government sanctions or fines, project suspensions or delays, reputational impacts and increased investor concern.

Our operations and business could be significantly be harmed by natural disasters

Our subsidiaries in China, Vietnam and South Korea, and various third-party contractors and suppliers that we currently use, are located in countries that are in seismically active regions of the world where earthquakes and other natural disasters, such as floods and typhoons may occur. Although we maintain insurance for some of the damage that may be caused by natural disasters, our insurance coverage may not be sufficient to cover all our potential losses and may not cover us for lost business. As a result, a natural disaster in one of these regions could severely disrupt the operation of our business and have a material adverse effect on our financial condition or results of operations.

Shareholder Risks

Market price for Common Shares may be subject to volatility

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control, including the following:

- actual or anticipated fluctuations in the Company’s quarterly results of operations or longer-term prospects;
- changes in estimates of our future results of operations by us or research analysts;
- changes in the economic performance or market valuations of other companies, including OEMs, customers and competitors;
- competition from new antenna and communications solutions providers or new technological innovations from existing competitors;
- changes in patents and proprietary rights and related regulations;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

No dividends

We currently do not anticipate paying cash dividends on the Common Shares in the foreseeable future. Our dividend policy will be reviewed from time to time by our board of directors in the context of our earnings, financial condition and other relevant factors.

Dilution from future sales or issuances of equity securities

We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares, such as the Convertible Debentures) to finance our growth or operations, including to finance future acquisitions. We cannot predict the size of future sales and issuances of equity securities or the effect (if any) such future sales and issuances will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, existing shareholders will suffer dilution of their voting power and we may experience dilution in our earnings per share.

Controlling interest of our principal shareholder

Jeffrey C. Royer and an associate and a company controlled by the associate, 2385796 Ontario Inc. (collectively, our "**Principal Shareholder**"), beneficially own and exercise control and direction over, directly or indirectly, 20,520,324 Common Shares, representing approximately 42.7% of our issued and outstanding Common Shares. A family trust also holds 967,740 Common Shares. As a result, our Principal Shareholder has the ability effectively to control matters submitted to our shareholders for approval, including the election and removal of directors, amendments to our articles of incorporation and by-laws and the approval of any business combination. This may delay or prevent an acquisition of the Company or cause the market price of our shares to decline. The interests of our Principal Shareholder may not in all cases be aligned with interests of our other shareholders. In addition, our Principal Shareholder may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to our other shareholders and may negatively affect the market price of the Common Shares.

Future sales of Common Shares by our directors, officers or Principal Shareholder

Subject to compliance with applicable securities laws, our directors, officers, the Principal Shareholder and their affiliates may sell some of or all their Common Shares in the future. We cannot predict the effect (if any) such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by any of them, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is both a plaintiff and defendant in various claims arising out of the Advantech Acquisition.

In October 2018, the Company received a payment from the escrow agent engaged in connection with the Advantech Acquisition of approximately $1.8 million as a result of a claim made by the Company against the portion of the cash purchase price being held in escrow pursuant to the terms of the Advantech Acquisition. The escrow agent released the amount because SpaceBridge failed to contest the indemnity claim within the prescribed time period. After the payment, SpaceBridge filed an application for relief from forfeiture to have the amount returned to the escrow agent. The Company is opposing the application. No date has been set to hear the application.

The Company has filed statements of claim against SpaceBridge claiming damages for various breaches of the asset purchase agreement for the Advantech Acquisition. The claims, in the aggregate, total approximately $5.6 million. SpaceBridge has filed statements of defence, as well as statements of counterclaim. In July 2019, SpaceBridge delivered multiple indemnity claims pursuant to the terms of the Advantech Acquisition, seeking to set off the amounts being claimed by the Company. The Company has contested the indemnity claims.

In the second quarter of 2019, SpaceBridge filed an application asserting oppression for, among other things, unspecified amounts in relation to the 2018 earn-out under the terms of the Advantech Acquisition and for Common Shares in the Company for which set-off has been claimed by the Company. SpaceBridge alleges that Mr. Gelerman was improperly denied from participating in the management of the Company, resulting in a lower earn out. The Company will defend the allegations. No date has been set for the application related to claims for compensation. The issue of whether the Company is entitled to assert set-off on the Common Shares was the subject of an appeal by the Company from a lower court ruling. In February 2021, the Ontario Court of Appeal found in favour of the Company, overturning the lower court's decision and confirming that the Company is entitled to a right of set-off on the Common Shares

In January 2020, SpaceBridge filed a statement of claim claiming damages against the Company for various breaches of the asset purchase and other agreements relating to the Advantech Acquisition. These claims include the multiple indemnity claims previously made by SpaceBridge as well as additional claims for breach of an agreement governing transitional services to be provided after the Advantech Acquisition and the Consulting Agreement. The claims include loss of business opportunities, improper use of SpaceBridge's books and records, unpaid rent on premise subleased from SpaceBridge as part of the Advantech Acquisition, diminution in the value of Baylin common shares payable as part of the consulting fees under the Consulting Agreement and conversion of inventory after completion of the Advantech Acquisition. Where specified, the amount of damages claimed is at least $7.2 million.

In the case of the Company's claims under the asset purchase agreement for breaches of representations related to working capital and closing inventory levels, documentary discovery is currently being conducted and oral discovery is expected to occur, once scheduled, in the first half of 2021.

In the third quarter of 2019, the former shareholders of Alga Microwave filed an application asserting that an event occurred which triggered the payment of an earnout in the amount of $1,000,000. The Company does not agree that the payment has been triggered and is contesting the application. No date has been set to hear the application. In December 2020, a former shareholder and employee of Alga Microwave filed an application asserting he had been constructively dismissed and claiming damages of approximately $543,000. Alga Microwave is contesting the application.

The Company is unable to determine at this time whether it will be entitled to recover or required to pay any amounts related to these legal proceedings. Accordingly, no provision has been recorded in respect of the claims or counter claims other than certain rent amounts.

See also "Interest of Management and Others in Material Transactions – Related Party Transactions".

The Company is also involved from time to time in legal proceedings of a nature considered normal to our business. We believe that none of that litigation in which we are currently involved or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described under "Related Party Transactions", during the three-year period ended December 31, 2020 and during the current year up to the date of this Annual Information Form, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company or (iii) any associate or affiliate of the persons referred to in (i) and (ii) had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

Related Party Transactions

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. The agreement has been renewed for one-year terms on each of January 1, 2016 to 2020. As consideration for the services provided under the agreement, the Company agreed to pay Mr. Royer an annual fee of $150,000 either in cash or securities of the Company as mutually agreed between the Company and Mr. Royer. Mr. Royer renounced his right to be paid any amount in 2015, 2016 and 2017. The Company paid Mr. Royer $150,000 in each of 2018 and 2019 and $25,000 in 2020.

Pursuant to the terms of the Advantech Acquisition, SpaceBridge was entitled to additional compensation of between $750,000 and $3,000,000 per year in each of 2018 and 2019 conditional on the Advantech Wireless business meeting certain EBITDA targets in those years. The EBITDA target was not met in 2018 or 2019 and is the subject of a dispute with SpaceBridge.

As part of the Advantech Acquisition, the Company entered into the Consulting Services Agreement with SpaceBridge under which it agreed to provide the services of its principals, David and Stella Gelerman, for two years following closing. In consideration for those services, SpaceBridge was entitled to receive a fee of $2,500,000, payable as to one-half in cash and the balance in 385,802 Common Shares, which were issued at a price of $3.24 per Common Share. The payments of cash and shares were to be made in eight quarterly instalments in the two-year period following the closing. As a result of various claims made by the Company in connection with the Advantech Acquisition, the Company is exercising its right to set-off against those claims the remaining amount of the consulting fees.

The Company recognized revenue in the amount of $1.7 million in 2018, $272,000 in 2019 and $182,000 in 2020 related to the sale of goods to SpaceBridge and certain of its affiliates.

The Company leases premises to a company owned by Michael Perelshtein and Frank Panarello, former employees of Alga Microwave. In 2018, 2019 and 2020, the Company recognized revenue of $100,000, $156,000 and $158,000, respectively, related to this lease.

In connection with the acquisition of Alga Microwave, Mr. Perelshtein and Mr. Panarello received an additional $1,000,000 upon the satisfaction of certain conditions. In accordance with the terms of the share purchase agreement dated June 28, 2018 related to the Alga Acquisition, the working capital adjustment related to the purchase price was finalized and paid to the vendors of Alga Microwave in the amount of $432,632 on October 15, 2018.

As part of the Alga Acquisition, Alga Microwave received an option to purchase a business, Trilogix, from a company in which Mr. Perelshtein and Mr. Panarello held an interest. Alga Microwave elected not to exercise the option, and as required by the terms of the option, on June 24, 2019 paid $323,000 to the company that granted the option.

Certain directors and officers of the Company purchased, directly and indirectly, an aggregate of 3,791,724 Subscription Receipts and $8,692,000 principal amount of Convertible Debentures pursuant to the public offering completed in July 2018.

On June 30, 2020, certain directors and management purchased 267,566 Common Shares through a private placement. The Common Shares were issued at $0.9259 per Common Share, representing 85% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days ended June 29, 2020.

On December 15, 2020, the Company issued 6,666,700 Units at $0.75 each, each Unit comprising one Common Share and one-half of a common share purchase warrant. 2385796 Ontario Inc., a company over which Mr. Jeffrey C. Royer, the Company’s Chairman of the Board of Directors, exercises investment control, and Mr. Randy Dewey, the Company’s President and CEO, purchased a total of 1,416,600 Units. Each whole warrant is exercisable at an exercise price of $1.05 per Common Share.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The Company has not entered into any material contracts during 2020 and up to the date of this Annual Information Form except for:

- amendments dated June 8 and December 2, 2020 to the Credit Facility dated March 29, 2019 with respect to the term loan and revolving credit facility provided by Royal Bank of Canada and HSBS Bank Canada;
- Agency Agreement dated December 15, 2020 between the Company and Paradigm Capital Inc., CIBC World Markets Inc., Raymond James Ltd., Cormark Securities Inc. and PI Financial Corp. relating to an offering on a private placement basis of 6,666,700 Units, each Unit comprised of one Common Share and one-half of a common share purchase warrant (the "**Warrants**"); and
- Warrant Indenture dated December 15, 2020 between the Company and Computershare Trust Company of Canada, as agent, providing for the issuance of the Warrants.

INTERESTS OF EXPERTS

The Company's auditor, RSM Canada LLP, Toronto, Ontario, was appointed effective August 13, 2018. RSM Canada LLP has informed us that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found under its profile on SEDAR at www.sedar.com, including in its management information circular for its most recent annual meeting of shareholders that involved the election of directors, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, and in its audited consolidated financial statements and management's discussion and analysis of financial position for its most recently completed financial year.

APPENDIX A

GLOSSARY OF TERMS

"4G" - fourth generation of cellular wireless standards.

"5G" - fifth generation of cellular wireless standards.

"Advantech Acquisition" - the acquisition by the Company of the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless Inc., completed January 17, 2018.

"Advantech Wireless" - Advantech Wireless Technologies Inc and, where the context requires, includes its subsidiaries.

"Alga Acquisition" - the acquisition by the Company of all the shares of Alga Microwave, completed July 11, 2018.

"Alga Facility" - the premises in which Advantech Wireless and Alga Microwave's operations are primarily conducted.

"Alga Microwave" - Alga Microwave Inc and, where the context requires, includes its subsidiary.

"Baylin" or the "Company" - Baylin Technologies Inc. and, where the context requires, includes its subsidiaries.

"BSA" - base station antenna.

"Common Shares" - the common shares of the Company.

"Convertible Debentures" - the 6.5% Extendible Convertible Unsecured Debentures of the Company.

"DAS" - distributed antenna system.

"EBITDA" - earnings before interest, tax, depreciation and amortization.

"GAAP" - Canadian generally accepted accounting principles.

"Galtronics" - generally the business carried on by one or more of the Galtronics companies.

"Galtronics China" - Galtronics Electronics (Wuxi) Co., Ltd.

"Galtronics Korea" - Galtronics Korea Co. Ltd.

"Galtronics USA" - Galtronics USA, Inc.

"Galtronics Vietnam" - Galtronics Vietnam Co. Ltd. and Galtronics Vietnam Dai Dong Co. Ltd.

"GaN" - Gallium Nitride.

"IoT" - the internet of things.

“LNB” - Low Noise Block.

“LTE” - long term evolution

“MIMO” - multiple-input multiple-output.

“ODM” - original design manufacturer.

“OEM” - original equipment manufacturer.

“Principal Shareholder” – collectively, Jeffrey C. Royer and an associate and 2385796 Ontario Inc.

“RF” - radio frequency.

“smart” - self-monitoring, analysis, and reporting technology.

“Subscription Receipts” - the subscription receipts of the Company.

APPENDIX B

MANDATE OF THE AUDIT COMMITTEE

BAYLIN TECHNOLOGIES INC.

(THE "COMPANY")

CHARTER OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

(THE "CHARTER")

(APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 15, 2013)

Purpose

The Audit Committee (the "Audit Committee" or the "Committee") is a committee of the board of directors (the "Board of Directors" or the "Board") of the Company. Its primary function is to assist the Board in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board as appropriate with respect to:

- financial reporting;
- the external auditors, including performance, qualifications, independence, and their audit of the Company's financial statements;
- the performance of the Company's internal audit function;
- internal controls and disclosure controls;
- financial risk management;
- the Company's Code of Business Conduct and Ethics (the "Code"); and
- related party transactions.

The Audit Committee will also have authority to review and, in its discretion, approve certain matters, in accordance with and within the limitations prescribed by this Charter.

The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Company's management which is responsible for preparing the Company's financial statements and it is the Company's external auditors who are responsible for auditing those financial statements.

Composition and Member Qualification

The Committee shall, subject to applicable exemption available under National Instrument 52-110 – Audit Committees ("NI 52-110"), be comprised of at least three directors, each of whom shall be an independent director of the Company (as defined below). Pursuant to NI 52 110 (as implemented by the Canadian Securities Administrators and as amended from time to time), a director is considered to be "independent" if he or she has no direct or indirect "material relationship" with the Company which is a relationship that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Notwithstanding the foregoing, a director shall be considered to have a "material relationship" with the Company if he or she falls in one of the categories listed in Schedule "A" attached hereto.

Subject to an applicable exemption available under NI 52-110, all members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" within the meaning of NI 52-110. NI 52-110 provides that a director will be considered "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Each member will have, to the satisfaction of the Board, sufficient skills and/or experience as are relevant and will be of contribution to the carrying out of the mandate of the Committee.

Appointment and Term of Office

Each member of the Committee and the Chair of the Committee shall be appointed from and by the Board of Directors, on the recommendation of the Corporate Governance and Nominating Committee, at the time of each annual meeting of the shareholders of the Company, and shall hold office until the next annual meeting.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director.

The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all their powers so long as a quorum remains in office.

Meetings

The Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to filing the quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related management's discussion and analysis ("MD&A") and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

The Audit Committee will meet periodically with management, the internal auditor and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. The Audit Committee shall meet with the external auditors and internal auditors each in a separate session at each regularly scheduled meeting of the Committee at which such auditors are present.

A quorum for the transaction of business at any meeting of the Committee is the presence in person or via tele or videoconference of a simple majority of the total number of members of the Committee. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chair of the Committee may determine, within or outside Canada, upon not less than 48 hours' prior notice to each of the members. Meetings of the Committee may be held without 48 hours' prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Committee or the Chairman of the Board shall be entitled to request that the Chair of the Committee call a meeting. A notice of a meeting of the Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting. Members of the Committee may attend meetings of the Committee by tele or videoconference.

The Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Committee will require the vote of a majority of its members present at a meeting at which a quorum is present. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

The Committee shall meet in camera, without management, at each meeting of the Committee, and otherwise as considered appropriate by the members of the Committee. Any member of the Committee may move the Committee in camera at any time during the course of a meeting, and a record of any decisions made in camera shall be maintained by the Chair of the Committee.

Duties and Responsibilities

To fulfill its duties and responsibilities, the Audit Committee shall evaluate and make recommendations to the Board, or approve, as appropriate, with respect to the following matters:

1.1 General Responsibilities

(a) Create and maintain a Committee plan for the year.

(b) Review and assess this Charter at least annually, prepare revisions to its provisions as conditions dictate, and refer its assessment and any proposed revisions to the Corporate Governance and Nominating Committee or the Board.

(c) Report and make recommendations periodically to the Board on the matters covered by this Charter.

(d) Perform any other activities consistent with this Charter, the Company's Articles and By-Laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

1.2 Financial Reporting

(a) Recommend to the Board for approval:

(i) the Company's quarterly and annual financial statements and related MD&A;

(ii) all other financial statements that require approval by the Board, including financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities; and

(iii) financial information for use in press releases, including annual and interim profit or loss press releases,

prior to their publication and/or filing with any governmental body and/or release.

(b) Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(c) Before the release of financial statements and related disclosures to the public, obtain confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the certifications required by the securities regulatory authorities.

(d) Review any litigation, claim or other contingency that could have a material effect on the financial statements.

(e) Review the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting.

(f) Review the status of significant accounting estimates and judgments and special issues (e.g., major transactions, changes in the selection or application of accounting policies, off-balance sheet items, effect of regulatory and financial initiatives).

(g) Review and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the external auditors.

1.3 External Auditor

(a) Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors.

(b) Require, in accordance with applicable law, that the external auditors report directly to the Audit Committee.

(c) Preapprove all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditors in a manner consistent with NI 52-110.

(d) Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.

(e) Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors.

(f) Discuss with the external auditor any (i) difference of opinion with management on material auditing or accounting issues, and (ii) any audit problems or difficulties experienced by the external audit in performing the audit. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

(g) Periodically consult with the external auditors without management present about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

(h) Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company to determine their independence.

(i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

(j) Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the auditor's report to the Audit Committee (and management's response thereto).

1.4 Monitoring Financial Matters, Internal Controls, Management Systems and Disclosure Controls

(a) Oversee management's review of the adequacy of the Company's accounting and financial reporting systems, including with respect to the integrity and quality of the Company's financial statements and other financial information.

(b) Oversee management's review of the adequacy of the Company's internal controls and management systems to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records.

(c) In consultation with the Corporate Governance and Nominating Committee, oversee management’s disclosure controls and procedures regarding the Company’s financial information to confirm that the Company’s financial information that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(d) Review any special audit steps adopted in light of material control deficiencies.

1.5 Risk Management

(a) Review management’s assessment and management of financial risk, including insurance coverage, and obtain the external auditors’ opinion of management’s assessment of significant financial risks facing the Company and how effectively such risks are being managed or controlled.

1.6 Code of Business Conduct and Ethics

(a) Recommend to the Board any significant changes to the Code, monitor compliance with the Code and ensure that management has established a system to enforce the Code. Review appropriateness of actions taken to ensure compliance with the Code and review the results of confirmations and violations thereof.

(b) Oversee procedures in the Code for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(c) Approve any waiver from compliance with the Code for directors and executive officers, promptly report any such waiver to the Board, and ensure appropriate disclosure of any such waiver.

Each of which shall be conducted with the Corporate Governance and Nominating Committee.

1.7 Related Party Transactions

(a) Review and preapprove all proposed related party transactions and situations involving a potential or actual conflict of interest involving a director, member of executive management, or affiliate, that are not required to be dealt with by an “independent committee” pursuant to securities laws, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice.

1.8 Financial Legal Compliance

(a) Review management’s monitoring of the Company’s systems in place to ensure that the Company’s financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

(b) Review with legal counsel any legal matters that could have a significant effect on the Company’s financial statements.

(c) Review with legal counsel the Company's compliance with applicable law and inquiries received from regulators and governmental agencies to the extent they may have a material impact on the financial position of the Company.

1.9 Expense Accounts and Management Perquisites

(a) Recommend to the Board policies and procedures with respect to directors' and executive management's expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors.

1.10 Succession Planning

(a) Consult with the Compensation Committee and Corporate Governance and Nominating Committee on succession planning for the directors and executive management.

1.11 Disclosure of Audit Committee Function

(a) Oversee the preparation of, and recommend to the Board, the disclosure of the Audit Committee's composition and responsibilities and how they were discharged as required to be published annually in the Company's management information circular or annual information form pursuant to applicable law (including NI 52-110).

(b) Approve any other significant information relating to matters within this Charter contained in the Company's disclosure documents.

1.12 Legal Compliance

(a) Oversee management's compliance with laws with respect to the audit function, and recommend to the Board any changes to the Company's practices in these areas.

(b) Satisfy itself that management monitors significant trends in the area of financial reporting and evaluates their impact on the Company.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

Responsibilities of Committee Chair

The primary responsibility of the Chair of the Audit Committee is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling this Charter and any other matters delegated to it by the Board. To that end, the Committee Chair's duties and responsibilities shall include:

(a) Working with the Board Chair, the Chief Executive Officer and the Corporate Secretary to establish the frequency of Committee meetings and the agendas for such meetings.

(b) Providing leadership to the Committee and presiding over Committee meetings.

(c) Facilitating the flow of information to and from the Committee and fostering an environment in which the Committee members may ask questions and express their viewpoints.

(d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations made by the Committee.

(e) Taking such other steps as are reasonably required to ensure that the Committee carries out this Charter.

Other Organizational Matters

1.13 The members and the Chair of the Committee shall be entitled to receive remuneration for acting in such capacity as the Board may from time to time determine.

1.14 The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

(a) Engage, select, retain, terminate, set and approve the fees and other compensation and other retention terms of special or independent counsel, accountants or other advisors, as it deems appropriate;

(b) obtain appropriate funding to pay, or approve the payment of, such approved fees; at the expense of the Company; and

(c) communicate directly with the internal and external auditors.

1.15 The Committee shall have full access to books, records, facilities, and personnel of the Company, as it deems necessary to carry out its duties.

1.16 The Committee’s performance shall be evaluated annually, in accordance with a process developed by the Corporate Governance and Nominating Committee and approved by the Board, and results of that evaluation shall be reported to the Corporate Governance and Nominating Committee and to the Board.

Last Updated: October 15, 2013.

Schedule A

Deemed Material Relationships

Section 1.4 of NI 52-110 provides that the following individuals are considered to have a "material relationship" with the Company and, as such, would not be considered independent:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

> (i) is a partner of a firm that is the issuer's internal or external auditor,
>
> (ii) is an employee of that firm, or
>
> (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

> (i) is a partner of a firm that is the issuer's internal or external auditor,
>
> (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
>
> (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

Despite paragraphs (a) to (f) above, an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-110:

An individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

For this purpose, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

Also for this purpose, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

For purposes of determining whether or not a member has a material relationship with the Company, the terms set out below shall have the following meanings:

“affiliated entity” – a person or company is considered to be an affiliated entity of another person or company if

(a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or

(b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

“company” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“control” means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise, except that an individual will not be considered to control a company if the individual owns, directly or indirectly, ten per cent or less of any class of voting securities of such company and is not an executive officer of such company;

“executive officer” of an entity means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

“immediate family member” means an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home;

“person” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and subsidiary entity of a person or company that is the other’s subsidiary entity; and

“subsidiary entity” – a person or company is considered to be a subsidiary entity of another person or company if

(a)it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or

(b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.