

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this “**Amendment**”) is made as of May 10, 2021, among:

BAYLIN TECHNOLOGIES INC. (the “**Borrower**”)

- and -

ROYAL BANK OF CANADA, in its capacity as the administrative agent (the “**Agent**”)

- and each of -

ROYAL BANK OF CANADA and **HSBC BANK CANADA**, as lenders (in such capacities individually referred to as a “**Lender**” and collectively in such capacities referred to as the “**Lenders**”)

RECITALS

- A. The Agent, the Borrower and the Lenders have entered into a credit agreement, dated March 29, 2019, as amended by a first amendment to credit agreement dated June 8, 2020 (the “**First Amendment**”) and a second amendment to credit agreement dated December 2, 2020 (the “**Second Amendment**”) (as further amended, restated, supplemented or replaced from time to time, the “**Credit Agreement**”); and
- B. The Borrower requested, and the Agent and the Lenders have agreed to make, certain amendments to the terms and conditions of the Credit Agreement; and
- C. Pursuant to Sections 10.02(1) and 10.02(2) of the Credit Agreement, the Borrower is required to maintain the Senior Debt to EBITDA Ratio and the Fixed Charge Coverage Ratio in accordance with the terms thereof (the “**Financial Covenants Compliance**”). The Borrower requested and the Lenders have agreed to waive the Financial Covenants Compliance in respect of the Fiscal Quarter ended March 31, 2021.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Credit Agreement.
- 2. **Extension for Delivery of Certain Security.** The requirement for share certificates of Galtronics Electronics (Wuxi) Co., Ltd. (the “**Chinese Obligor**”) and related stock powers of attorney to be delivered within a grace period after the Closing Date under Subsection (e) to Section 11.01(1) of the Credit Agreement is extended to September 30, 2021 and any Event of Default resulting from the failure to deliver such items by March 31, 2021 is hereby waived.
- 3. **Registration of Certain Security.** The Borrower shall cause to file, register or record the Security Documents to which the Chinese Obligor is a party at the relevant registries

maintained by the Governmental Authorities in China to the extent required for the perfection, validity and enforceability of the Security granted thereunder by no later than September 30, 2021 (or such later date as the Agent may approve, if the Chinese embassy in Ottawa continues to suspend the provision of its legalization services to the public due to COVID-19 such that the Borrower and the Chinese Obligor are unable to complete the legalization of the requisite registration materials).

4. **Waiver of Financial Covenants Compliance.** Subject to the terms and conditions contained herein, the Lenders hereby waive any Default or Event of Default resulting from the Borrower's failure to achieve the Financial Covenants Compliance in respect of the Fiscal Quarter ended March 31, 2021.

5. **Amendments to Credit Agreement.** The Credit Agreement is hereby amended by:

- (a) Adding the following definition to Section 1.01 of the Credit Agreement in alphabetical order:

"March 2021 Warrants Exercise" means the exercise of warrants associated with the November 2020 Equity Issuance for gross proceeds of not less than \$3,300,000".

- (b) Deleting the number "Cdn.\$13,000,000" appearing in the definition of **"Aggregate Revolving Commitment"** appearing in Section 1.01 of the Credit Agreement and replacing it with "Cdn.\$10,833,333.33".

- (c) Deleting the pricing grid appearing in the definition of **"Applicable Margin"** and replacing it with the following:

Level	Senior Debt to EBITDA Ratio	Prime Rate Margin and US Base Rate Margin	BA Stamping Fee Rate, LIBO Rate and Letter of Credit Fee Rate	Standby Fee Rate
Level I	<1.75	1.50%	2.50%	0.50%
Level II	≥1.75 & <2.75	1.75%	2.75%	0.55%
Level III	≥2.75	2.50%	3.50%	0.70%

- (d) Deleting the definition of **"Fixed Charge Coverage Ratio"** and replacing it with the following:

"Fixed Charge Coverage Ratio" means, for any twelve month period, the ratio of: (i) EBITDA less Consolidated Tax Expenses of the Borrower and its Subsidiaries paid in cash during such period, less Unfinanced Capital Expenditures, less Distributions made in cash, plus the net proceeds of the common shares issued pursuant to the November 2020 Equity Issuance and March 2021 Warrants Exercise used to repay Advances under the Agreement during such period; to (ii) the sum of (a) Cash Interest Expense, (b) scheduled

principal payments (excluding mandatory principal repayments and final maturity payments) in respect of Senior Debt of the Borrower and its Subsidiaries and (c) Earn Out Obligations paid or then due and payable in cash. For greater certainty, the deferred financing expense of \$2,766,000 relating to the Crown Debt shall not be included in the calculation of Fixed Charge Coverage Ratio.”

- (e) Deleting the definition of “**Liquidity**” and replacing it with the following:

““**Liquidity**” means, as of a date of determination, the sum of (a) the unused capacity available to the Borrower under the Credit Facilities, and (b) the Qualified Cash of the Borrower.”

- (f) Deleting subsection (m) of the definition of “**Permitted Encumbrance**” contained in Section 1.01 of the Credit Agreement and replacing it with the following:

“(m) Encumbrances securing Permitted Debt; provided that, for greater certainty, the Encumbrances securing Debt permitted under subsection (i) of the definition of “Permitted Debt” shall be limited to Encumbrances provided by Galtronics Vietnam Co. Ltd. and Galtronics Vietnam Dai Dong Co., Ltd.”

- (g) Deleting the text “Cdn.\$5,000,000” appearing in the definition of “**Swingline Facility 2 Commitment**” appearing in Section 1.01 of the Credit Agreement and replacing it with “Cdn.\$4,166,666.67”.

- (h) Deleting the text “Cdn.\$5,000,000” appearing in Section 2.03(1) of the Credit Agreement and replacing it with “Cdn.\$4,166,666.67”.

- (i) Deleting Subsection (1) to Section 10.02 of the Credit Agreement and replacing it with the following:

“(1) Senior Debt to EBITDA Ratio The Borrower, on a consolidated basis with the Obligors, will ensure that its Senior Debt to EBITDA Ratio as at the end of each Fiscal Quarter, is not greater than the following amounts during the following periods:

<u>Fiscal Quarters</u>	<u>Ratio</u>
Commencing on the Closing Date to December 31, 2019	3.00:1.00
March 31, 2020	2.75:1.00
June 30, 2020	Not tested or applicable
September 30, 2020	4.25:1.00
December 31, 2020	Not tested or applicable
March 31, 2021	4.00:1.00
June 30, 2021 to December 31, 2021	Not tested or applicable
March 31, 2022 and at each Fiscal Quarter end thereafter”	3.00:1.00

- (j) Deleting Subsection (4) to Section 10.02 of the Credit Agreement and replacing it with the following:

“(4) Minimum EBITDA. The Borrower, on a consolidated basis with the Obligors, will ensure that its EBITDA for the 12-month period ending on the following periods denoted are greater than the corresponding thresholds:

<u>Fiscal Quarters</u>	<u>Threshold</u>
June 30, 2020	\$3,800,000
December 31, 2020	\$3,600,000
September 30, 2021	\$1,000,000
December 31, 2021	\$4,500,000”

- (k) Deleting Subsection (5) to Section 10.02 of the Credit Agreement and replacing it with the following:

“(5) Minimum Liquidity. The Borrower, on a consolidated basis with the Obligors, will ensure that its Liquidity is at all times greater than Cdn.\$7,000,000.”

- (l) Deleting Subsection (1) to Section 10.03 of the Credit Agreement and replacing it with the following:

(1) Monthly Reports. As soon as available, and in any event within forty-five (45) days after the end of each calendar month, (a) a Borrowing Base Certificate setting out the calculation of the Borrowing Base as at the last day of the month just ended, (b) a 13-week cash flow forecast certified by a senior officer of the Borrower as being prepared based upon good faith estimates and assumptions that were reasonable at the time made, and (c) unaudited financial statements prepared on a consolidated basis, in each case and without limitation, balance sheet, statement of income, statement of cash flows, a breakdown of cash held by jurisdiction and a list of all outstanding Hedge Arrangements, which shall be prepared in accordance with GAAP as at the last day of such calendar month.

- (m) Deleting Subsection (19) to Section 10.04 of the Credit Agreement and replacing it with the following:

“(19) No Payment of Cash Interest on Convertible Debentures. Make any cash payments of interest accrued on the Convertible Debentures in Fiscal Year ending December 31, 2021 on the scheduled interest payment dates of June 30, 2021 and December 31, 2021, in each case in excess of \$100,000, without the consent of Majority Lenders, provided that (a) the Borrower may use cash generated from the proceeds of a sale of Equity Interests of the Borrower (other than the November 2020 Equity Issuance or the March 2021 Warrants Exercise) for the purpose of making these interest payments to pay interest accrued on the Convertible Debentures in Fiscal Year 2021; and (b) for greater certainty, the Borrower may pay interest accrued on the Convertible Debentures in Fiscal Year ending December 31, 2021 with common shares of the Borrower; provided further, that in the case of (a) and (b) above, no Default or Event of Default shall exist or result from such payment.”

- (n) Deleting Schedule A to the Credit Agreement and replacing it with Schedule A attached hereto as Exhibit A.

6. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower in form and substance satisfactory to the Agent or waived by the Agent in writing prior to the effectiveness hereof:
- (a) receipt, by the Agent, of a fully executed copy of this Amendment;
 - (b) payment of a one time work fee of \$37,500 to each Lender;
 - (c) confirmation (as contained herein) that no Default or Event of Default has occurred; and
 - (d) confirmation (as contained herein) that all representations and warranties contained in the Credit Agreement are true and correct as if made on the date hereof except to the extent that such representations and warranties relate solely to an earlier date.
7. **Acknowledgement re Convertible Debentures.** The Borrower hereby acknowledges and confirms that the Borrower will, on a best efforts basis, continue to explore in good faith the possibility of converting all amounts outstanding under the Convertible Debentures to common shares of the Borrower on terms reasonably satisfactory to the Lenders.
8. **Representations and Warranties.** The Borrower hereby represents and warrants to the Agent and the Lenders as follows:
- (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Authority or other Person, or violate any Applicable Law;
 - (c) all of the representations and warranties contained in Credit Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date;
 - (d) no Default or Event of Default has occurred; and
 - (e) The Borrower shall have reimbursed the Agent and the Lenders for their costs and expenses in accordance with Section 11.
9. **References.** All references in the Credit Agreement to “this Agreement” shall be deemed to refer to the Credit Agreement as amended hereby; and any and all references in the other Loan Documents to the Credit Agreement shall be deemed to refer to the Credit Agreement as amended hereby. This Amendment is a Loan Document.

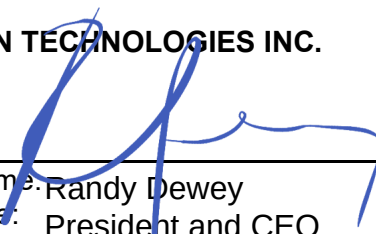
10. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Credit Agreement shall remain in full force and effect and un-amended hereby.
11. **Costs and Expenses.** The Borrower reaffirms its agreement under the Credit Agreement to pay or reimburse the Agent and the Lenders on demand for all costs and expenses incurred by the Agent and the Lenders in connection with the Loan Documents, including without limitation all reasonable fees and disbursements of legal counsel.
12. **Miscellaneous.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.
13. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.
14. **Counterparts; Electronic Execution.** This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The words "execution", "signed", "signature", and words of like import in this Amendment shall be deemed to include electronic signature or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Amendment as of the date first written above.

BORROWER:

BAYLIN TECHNOLOGIES INC.

By: 

Name: Randy Dewey

Title: President and CEO

AGENT:

ROYAL BANK OF CANADA, as Agent

By: 

Name: **Helena Sadowski**
Title: **Manager, Agency**

By: _____

Name:
Title:

LENDERS:

ROYAL BANK OF CANADA, as a Lender

By: 

Name: Calvin Calce
Title: Vice President, Corporate Client Group - Finance

By: _____

Name:
Title:

HSBC BANK CANADA, as a Lender

By: *D. Wearing*

Name: David Wearing

Title: Director

By: *C. Iwata*

Name: Chad Iwata

Title: Senior Director & Team Lead

Exhibit A

SCHEDULE A

LENDERS AND COMMITMENTS

<u>Lender</u>	<u>Revolving Facility</u>	<u>Term Facility</u>	<u>Swingline Facility 2</u>
Royal Bank of Canada	Cdn.\$8,425,925.92 (including Cdn.5,000,000 as Swingline Facility 1 Lender)	US\$9,625,000.00	--
HSBC Bank Canada	Cdn.\$2,407,407.41	US\$6,875,000.00	Cdn.4,166,666.67
	Cdn.\$ 10,833,333.33	US\$16,500,000.00	Cdn.4,166,666.67