



Baylin Announces Final Tranche of \$15 Million Private Placement

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TORONTO, Oct. 12, 2021 /CNW/ - Baylin Technologies Inc. (TSX: BYL) (the "**Company**" or "**Baylin**") announces that it is proceeding with the second and final tranche ("**Final Tranche**") of its previously announced best efforts private placement financing (the "**Offering**") of up to 17,648,000 common shares of the Company (the "**Common Shares**") at a price of \$0.85 per Common Share for gross proceeds of up to approximately \$15 million. The Company completed the first tranche ("**First Tranche**") of the Offering on September 1, 2021, issuing 11,765,000 Common Shares for gross proceeds of approximately \$10 million. The full amount of the First Tranche was purchased by 2385796 Ontario Inc. (the "**Insider**"), the Company's largest shareholder.

The net proceeds from the Offering, including from the Final Tranche, will be used for general working capital purposes and for the repayment of outstanding debt.

The Final Tranche will be completed through the issuance of up to 5,883,000 Common Shares for gross proceeds of up to approximately \$5 million. The Final Tranche is expected to close on or about October 21, 2021, but in any case not earlier than October 20, 2021 (the "**Closing Date**"). Closing will be subject to receipt of applicable regulatory approvals and other customary closing conditions, including listing of the Common Shares on the Toronto Stock Exchange ("**TSX**"). The Common Shares sold in the Final Tranche will have a hold period of four months and one day from the Closing Date.

The Company has received a binding commitment from the Insider pursuant to which the Insider has agreed to participate in the Final Tranche on the same terms for an aggregate purchase price equal to the difference between (i) \$5 million and (ii) the aggregate purchase price paid by all other investors (if any) in the Final Tranche (the "**Financing Commitment**"). Accordingly, the Company is assured of receiving at least \$5 million in proceeds from the Final Tranche, subject to receipt of applicable regulatory approvals and other customary closing conditions, including listing of the Common Shares on the TSX. The Company expects other members of management and of the Board of Directors of the Company will purchase up to approximately 430,000 Common Shares in the Final Tranche.

Financing Commitment

Immediately prior to the closing of the First Tranche on September 1, 2021, the Insider held 26,653,122 Common Shares, representing approximately 42.7% of the 62,447,014 Common Shares then outstanding and an associate (as defined in the *Securities Act* (Ontario)) of Jeffrey C. Royer, Chairman of the Board of Directors of the Company, held 2,748,450 Common Shares. Mr. Royer exercises exclusive control over the Common Shares held by the associate and, by virtue of an agreement with the associate, over the Common Shares held by the Insider. Immediately prior to closing of the First Tranche, together, the Insider and the associate (the "**Insider Group**") held

29,401,572 Common Shares, representing approximately 47.1% of the Common Shares then outstanding.

As a result of the closing of the First Tranche, the Insider holds 38,418,122 Common Shares, representing approximately 51.8% of the 74,212,014 Common Shares currently outstanding, and the Insider Group holds 41,166,572 Common Shares, representing approximately 55.5% of the Common Shares currently outstanding.

Assuming the Financing Commitment is exercised in full, (a) the aggregate maximum number of Common Shares issuable to the Insider in connection with the Offering would be 17,648,000 Common Shares (comprised of 11,765,000 Common Shares issued to the Insider pursuant to the First Tranche and 5,883,000 Common Shares issuable to the Insider pursuant to the Final Tranche) representing 66.2% of the 26,653,122 Common Shares held by the Insider immediately prior to closing of the First Tranche, and (b) the maximum percentage of Common Shares held by the Insider Group after giving effect to the Offering would be 58.7% of the Common Shares outstanding on completion of the Offering.

The Insider's purchase of Common Shares (and the purchase of Common Shares by any other insider of the Company) would constitute a related party transaction under Multilateral Instrument 61-101 – Protection of Security Holders in Special Transactions ("**MI 61-101**"). However, any such purchase would be exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis of the financial hardship exemption in MI 61-101, which provides an exemption where the financial hardship criteria set out in Subsection 5.5(g) of MI 61-101 are met and where there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

The Company did not file a material change report more than 21 days before the expected Closing Date as required by MI 61-101 because the timing of the announcement of the Final Tranche and the Closing Date are expected to be less than 21 days apart.

Financial Hardship

As disclosed in its press releases dated August 11 and 20, 2021 and material change report dated September 1, 2021, the Company applied to the TSX under section 604(e) of the TSX Company Manual for an exemption from the requirement for disinterested shareholder approval of the Financing Commitment on the basis that the Company is in serious financial difficulty. For further information concerning the application, the Company refers you to those press releases and material change report.

US Securities Laws Disclaimer

The Common Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an applicable exemption therefrom. This press release does not constitute an offer to sell or the solicitation of an offer to buy Common Shares in the United States, nor may there be any sale of these Common Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful.


About Baylin

Baylin is a leading, diversified, global technology company. Baylin focuses on research, design, development, manufacturing, and sales of passive and active radio-frequency products and services. We strive to meet our customers' needs and anticipate the direction of the market.

Forward-looking Information Cautionary Statement

This press release contains forward-looking statements and forward-looking information including, without limitation, statements related to the approval of the TSX, the timing and completion of the Final Tranche and the anticipated use of proceeds by Baylin. The completion and timing of the Final Tranche of the Offering is subject to a number of conditions, including that all approvals for the Final Tranche of the Offering will be received, that no material adverse change will occur in Baylin's operations or the market for its services prior to closing of the Final Tranche and completion of satisfactory due diligence. The intended use of the net proceeds of the Offering by Baylin might change if the board of directors of Baylin determines that it would be in the best interests of Baylin to deploy the proceeds for some other purpose. The words "will", "expect", "may" and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by Baylin.

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For further information: Investor Relations: Kelly Myles, Marketing and Communications Manager, Baylin Technologies Inc., kelly.myles@baylintech.com

CO: Baylin Technologies Inc.

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