

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Baylin Technologies Inc. (the “**Company**” or “**Baylin**”)
4711 Yonge Street, Suite 500
Toronto, ON M2N 6K8

ITEM 2 Date of Material Change:

December 15, 2020

ITEM 3 News Releases:

A news release disclosing the material change was disseminated on December 15, 2020 through CNW. A copy of the news release is attached hereto as Schedule “A”.

ITEM 4 Summary of Material Change:

On December 15, 2020, the Company closed its private placement offering (the “**Offering**”) of 6,666,700 units of the Company (the “**Units**”) at a price of \$0.75 per Unit, each Unit comprised of one common share in the capital of Baylin (each, a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each whole Warrant will be exercisable for two years from closing at an exercise price of \$1.05 per Common Share. If at any time during that two-year period the closing price of the Common Shares of Baylin on the Toronto Stock Exchange is equal to or higher than \$1.40 per Common Share for 20 consecutive trading days, the Company may notify the holders of the Warrants that the Warrants will expire 30 days following the notice. The Common Shares issuable in connection with the Offering are being listed on the Toronto Stock Exchange.

Paradigm Capital Inc. acted as lead agent for the Offering with a syndicate comprised of CIBC World Markets Inc., Raymond James Ltd., Cormark Securities Inc. and PI Financial Corp (collectively, the “**Agents**”). In connection with the Offering, the Agents received a cash commission of \$266,251.50 and an aggregate of 200,001 broker warrants (each, a “**Broker Warrant**”). Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.87 per Common Share for a period of two years from the closing of the Offering.

The net proceeds from the Offering will be used to repay outstanding debt and for general working capital purposes.

Insiders purchased an aggregate of approximately \$1,100,000 of the Units. Their participation represents a related-party transaction under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), however the transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid, exceed 25% of the Company's market capitalization.

ITEM 5 Full Description of Material Change:

Please see the news release dated December 15, 2020 attached hereto as Schedule "A".

ITEM 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Confidentiality is not requested.

ITEM 7 Omitted Information:

No information has been omitted in respect of the material change.

ITEM 8 Executive Officer:

Further information regarding the matters described in this report may be obtained from Michael Wolfe, the Chief Financial Officer of the Company, who is knowledgeable about the details of the material changes described herein and may be contacted at 416.805-9127.

ITEM 9 Date of Report:

December 16, 2020.

SCHEDULE “A”

BAYLIN TECHNOLOGIES COMPLETES \$5 MILLION PRIVATE PLACEMENT FINANCING AND ANNOUNCES AMENDMENTS TO ITS CREDIT FACILITY

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR DISSEMINATION IN THE UNITED STATES OF AMERICA.

Toronto, Canada, December 15, 2020 – Baylin Technologies Inc. (TSX: BYL) (the “**Company**” or “**Baylin**”) has completed its previously announced private placement offering (the “**Offering**”) of 6,666,700 units of the Company (the “**Units**”) at a price of \$0.75 per Unit, each Unit comprised of one common share in the capital of Baylin (each, a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each whole Warrant will be exercisable for two years from closing at an exercise price of \$1.05 per Common Share. If at any time during that two-year period the closing price of the Common Shares of Baylin on the Toronto Stock Exchange is equal to or higher than \$1.40 per Common Share for 20 consecutive trading days, the Company may notify the holders of the Warrants that the Warrants will expire 30 days following the notice. The Common Shares issuable in connection with the Offering are being listed on the Toronto Stock Exchange.

Paradigm Capital Inc. acted as lead agent for the Offering with a syndicate comprised of CIBC Capital Markets, Raymond James Ltd., Cormark Securities Inc. and PI Financial Corp (collectively, the “**Agents**”). In connection with the Offering, the Agents received a cash commission of \$266,251.50 and an aggregate of 200,001 broker warrants (each, a “**Broker Warrant**”). Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.87 per Common Share for a period of two years from the closing of the Offering.

The net proceeds from the Offering will be used to repay outstanding debt and for general working capital purposes.

Insiders purchased an aggregate of approximately \$1,100,000 of the Units. Their participation represents a related-party transaction under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), however the transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid, exceed 25% of the Company's market capitalization.

“The equity raise was very well received by the market. The financial support of the capital markets and investment community are indicative of their continuing belief in Baylin and its business”, said Randy Dewey, Baylin’s President and CEO.

The securities 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 securities in the United States, nor may there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Credit Agreement

The Company and its lenders have agreed to amend the Company’s Credit Agreement dated March 29, 2019, as amended, which became effective on completion of the Offering. The amendments include changes to the Senior Debt to EBITDA ratio as follows:

- Senior Debt to EBITDA Ratio: (i) as at December 31, 2020 – no covenant; (ii) as at March 31, 2021 – 4.00:1.00; (iii) as at June 30, 2021 – 3.75:1.00; and (iv) as at September 30, 2021 and each fiscal quarter end thereafter – 3.00:1.00.

The Company also agreed to a minimum EBITDA covenant for the 12 months ending December 31, 2020, and a minimum liquidity covenant until September 30, 2021 of \$10 million. As part of the amendments, the Company agreed (without the consent of the Lenders) not to pay more than \$100,000 in cash interest on each of the December 31, 2020 and June 30, 2021 interest payment dates for its convertible debentures (the “**Debentures**”) unless, in the case of the June 30, 2021 interest payment, the Senior Debt to EBITDA ratio is less than 3.00:1.00, or, in either case, except in Common Shares of the Company or from the proceeds generated from the sale of Common Shares for that purpose other than the Offering, except that, in the case of the December 31, 2020 interest payment, the Company may use up to \$70,000 from the proceeds of the Offering to pay the interest due in cash. The amount of interest payable on the Debentures on the December 31 interest payment date is \$560,625. At December 15, 2020, the Company had commitments from holders of Debentures representing approximately 60% in principal amount of the Debentures to accept Common Shares in lieu of cash interest. The Common Shares will be priced at a 15% discount from the volume-weighted average price of the Common Shares on the TSX for the five trading days ending on December 29, 2020. The shares will be subject to a four-month hold period before they can be freely traded.

Randy Dewey, Baylin’s President and CEO said, “The continued support and collaboration from our financial partners has been a tremendous help during the uncertainty brought about by the Covid-19 pandemic. These amendments, together with the other measures we are taking to reduce costs, should provide us with the necessary financial stability from which we can move forward confidently to exploit the many opportunities across our business lines.”

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.

For further information contact:

Investor Relations:

Kelly Myles, Marketing and Communications Director

Baylin Technologies Inc.

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Forward-Looking Statements

This press release includes forward-looking information and forward-looking statements (“forward-looking statements”) within the meaning of applicable securities laws. They are not statements of historical fact. Rather, it is disclosure regarding events, conditions, developments 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, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance. 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”, “plan”,

“potential”, “project”, “outlook”, “seek”, “target”, “trend” or “will” or the negative or other variations of these words or other comparable words or phrases and is intended to identify forward-looking statements, although not all forward-looking statements contain these words.

The forward-looking statements in this press release include statements regarding the effect of the amendments to the Company’s Credit Facility and its ability to exploit business opportunities. Forward-looking information and statements are based on certain assumptions and estimates made by the Company in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth in the antenna and related industries, and other factors it believes 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 actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the risk factors discussed in the Company's Annual Information Form dated March 11, 2020, which is available on the Company’s profile at www.sedar.com. All the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors in this press release. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company. Unless required by applicable securities law, the Company does not intend and does not assume any obligation to update these forward-looking statements.