

**PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION BEFORE 5:00 P.M. (EASTERN TIME) ON DECEMBER 19, 2023.**

*This rights offering circular (this “Circular”) has been prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Circular. Any representation to the contrary is an offence.*

*This is the Circular we referred to in the rights offering notice dated November 10, 2023 (the “Rights Offering Notice”), which you should have already received. Your direct registration advice statement (if applicable) and relevant forms were enclosed with the Rights Offering Notice. This Circular should be read in conjunction with the Rights Offering Notice and our continuous disclosure record before making an investment decision.*

*The securities being offered by this Circular have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States (as defined in Regulation S under the U.S. Securities Act). This Circular does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States and these securities may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act, “U.S. Persons”) except in transactions exempt from registration under the U.S. Securities Act.*

*The offer of these securities is being made in all provinces and territories of Canada.*

**Rights Offering Circular**

November 10, 2023

## **BAYLIN TECHNOLOGIES INC.**

### **OFFERING OF RIGHTS TO ACQUIRE UP TO 88,547,717 COMMON SHARES AT A SUBSCRIPTION PRICE OF \$0.19 PER COMMON SHARE FOR GROSS PROCEEDS OF UP TO \$16,824,066**

References in this Circular to (i) “we”, “our”, “us” and the “Company” are to Baylin Technologies Inc. and (ii) to “you”, “your” or “holders” are to the holders of rights or common shares, as applicable. All amounts in this Circular refer to Canadian dollars, unless otherwise stated.

## **SUMMARY OF THE RIGHTS OFFERING**

### ***Why are you reading this Circular?***

We are issuing to the holders of our outstanding common shares (the “Common Shares”) of record at the close of business (Eastern time) on November 21, 2023 (the “Record Date”), and who are resident in Canada (“Eligible Holders”), transferable rights (the “Rights”) to subscribe for Common Shares on the terms described in this Circular (the “Offering”).

This Circular provides you with detailed information about your rights and obligations in connection with the Offering. It should be read in conjunction with the Rights Offering Notice, which is also available under our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on our website at [www.baylintech.com](http://www.baylintech.com).

### ***Purpose of the Offering***

The purpose of the Offering is to raise proceeds to repay indebtedness owed under our credit facilities and, to the extent proceeds remain, to provide additional capital for use in our business. See “Use of Available Funds”.

***What is being offered?***

Each Eligible Holder will receive one Right for each Common Share held on the Record Date.

***What does one Right entitle you to receive?***

An Eligible Holder is entitled to purchase one Common Share for each Right held (the “**Basic Subscription Privilege**”) on payment of a subscription price of \$0.19 (the “**Subscription Price**”) for each Common Share purchased. If you exercise your Basic Subscription Privilege in full, you will be entitled, on a proportionate basis, to exercise additional Rights to subscribe for Common Shares not otherwise purchased under the Basic Subscription Privilege (the “**Additional Subscription Privilege**”). The number of additional Rights available will be the difference (if any) between the total number of Rights issued in the Offering and the total number of Rights exercised and paid for under the Basic Subscription Privilege. See “*What is the additional subscription privilege and how can you exercise this privilege?*”

The Company will not issue fractional Common Shares. Where the exercise of Rights would have entitled you to receive a fractional Common Share, your entitlement will be rounded down to the next whole number of Common Shares, and you will not receive any additional compensation for your fractional Common Share.

***What is the subscription price?***

The Subscription Price is the price a holder of Rights must pay to purchase one Common Share. The Subscription Price is \$0.19.

On November 9, 2023, the last trading day before the Offering was announced, the closing price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) was \$0.23. The Subscription Price is a 17.4% discount to that price.

***When does the Offering expire?***

The Rights may be exercised commencing on November 21, 2023 until 5:00 p.m. (Eastern time) (the “**Expiry Time**”) on December 19, 2023 (the “**Expiry Date**”). Rights not validly exercised by the Expiry Time on the Expiry Date will be void and of no value.

***What are the significant attributes of the Rights issued under the Offering and the securities to be issued on the exercise of the Rights?***

The Rights entitle the holders to subscribe for and purchase up to a total of 88,547,717 Common Share at the Subscription Price. Rights not exercised by the Expiry Time on the Expiry Date will be void and of no value.

During the period in which the Rights may be exercised, the Rights will trade on the TSX and holders of Rights may sell their Rights (or buy additional Rights) on the TSX.

Rights may not be transferred to any U.S. Person. Rights held by holders in the United States may be transferred only through the TSX in transactions that comply with Regulation S under the U.S. Securities Act.

A Right does not entitle the holder of the Right to any rights at all as a security holder of the Company other than the right to subscribe for and purchase a Common Share on the terms and conditions described in this Circular.

Registered holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders and are entitled to one vote for each Common Share held. In addition, holders of Common

Shares are entitled to receive, on a proportionate basis, dividends and distributions, if, as and when declared by the Company's board of directors and, on liquidation, dissolution or winding-up of the Company, the remaining assets of the Company available for distribution to shareholders.

We are authorized to issue an unlimited number of Common Shares. At the date of this Circular, there are 88,547,717 Common Shares outstanding.

***What are the minimum and maximum number or amount of Common Shares that may be issued under the Offering?***

The Offering is not subject to any minimum subscription. Up to a maximum of 88,547,717 Common Shares are issuable on the exercise of Rights for gross proceeds of up to \$16,824,066.

Assuming the exercise of all Rights, a maximum of 88,547,717 Common Shares will be issued in connection with the Offering (subject to adjustment for rounding), which will represent 100% of the Common Shares currently outstanding.

***Where will the Rights and the Common Shares issuable on exercise of the Rights be listed for trading?***

The Rights will be listed for trading on the TSX under the trading symbol "BYL.RT" until 12:00 noon (Eastern time) on December 19, 2023.

The existing Common Shares are, and the Common Shares issuable on the exercise of the Rights will be, listed for trading on the TSX under the symbol "BYL". The Common Shares will commence trading "ex-rights" on November 20, 2023 (meaning that purchasers of the Common Shares on or after that date will not be entitled to receive the Rights), the trading day before the Record Date.

## **FORWARD-LOOKING STATEMENTS**

This Circular includes forward-looking information and forward-looking statements (together, "**forward-looking statements**") within the meaning of applicable securities laws. Forward-looking statements are not statements of historical fact. Rather, they are disclosure regarding conditions, developments, events or financial performance that we expect or anticipate may or will occur in the future, including, among other things, information or statements concerning our objectives and strategies to achieve those objectives, statements with respect to management's beliefs, estimates, intentions and plans, and statements concerning anticipated future circumstances, events, expectations, operations, performance or results. Forward-looking statements can be identified generally by the use of forward looking terminology, such as "anticipate", "believe", "could", "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, which is intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Forward-looking statements in this Circular include statements relating to (i) the amount of proceeds to be raised in the Offering, (ii) the estimated expenses of the Offering, (iii) the available proceeds to the Company after payment of the expenses of the Offering, (iv) the use of proceeds raised in the Offering, (v) the intention and commitment of insiders to exercise their Rights and (vi) the anticipated dilution to shareholders who do not participate in the Offering.

The forward-looking statements are based on a number of key expectations and assumptions made by the Company's management including (i) the estimated expenses of the Offering; (ii) the estimated amount of proceeds raised in the Offering and the use of those being to pay down the term loan under the Company's credit facilities and, to the extent any proceeds remain, to provide additional capital for use in the business, (iii) the commitments made by certain insiders to participate in the Offering being completed. These expectations and assumptions are subject to risks and uncertainties.

With respect to the Company's financial condition or performance generally, 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 forward-looking statements, including the risk factors discussed in the Company's most recent Annual Information Form, which is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). All the forward-looking statements in this Circular are qualified by these cautionary statements and other cautionary statements or factors in this Circular. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company. Unless required by applicable law, the Company does not intend and does not assume any obligation to update any forward-looking statements.

## NOTICE TO SHAREHOLDERS IN THE UNITED STATES

**NONE OF THIS OFFERING, THE RIGHTS OR THE COMMON SHARES ISSUABLE ON EXERCISE OF THE RIGHTS HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE FAIRNESS OR MERITS OF THIS OFFERING OR ON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

The Rights and Common Shares issuable on exercise of the Rights have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or applicable state securities laws. Holders of Rights who are U.S. Persons (as defined in the U.S. Securities Act) cannot participate in the Offering unless they are able to provide evidence satisfactory to the Company that they are "**accredited investors**" within the meaning of Rule 501(a) of Regulation D promulgated under the U.S. Securities Act ("**Regulation D**"). See "*How to Exercise the Rights – Who is eligible to receive Rights?*".

This Circular has been prepared in accordance with the disclosure requirements of applicable Canadian securities laws. You should be aware that those requirements are different from those of the United States. Financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (as issued by the International Accounting Standards Board) and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

The enforcement of civil liabilities under United States federal securities laws may be adversely affected by the fact that the Company is governed by the laws of Ontario, some of its officers and directors are residents of Canada, and all or a substantial portion of the assets of those persons may be located outside the United States. Holders in the United States may not be able to sue a foreign company or its officers or directors in a foreign court for violations of U.S. securities laws. It may be difficult or impossible for holders in the United States to compel a foreign company and those persons to subject themselves to a U.S. court's judgment.

## NOTICE REGARDING INFORMATION

Recipients of this Circular and the related materials and prospective investors in the Rights and the Common Shares issuable on exercise of the Rights should not construe their contents as financial, business, legal or tax advice. **The acquisition or disposition of Rights or Common Shares may have tax consequences to holders in Canada, the United States and elsewhere.** Each recipient should consult a financial, legal, tax or other professional advisor as to financial, business, legal, tax and related matters concerning participating in the Offering.

In making a decision regarding your participation in the Offering you should rely only on the information contained in this Circular and the Rights Offering Notice. No person has been authorized to give any information or make any representations other than those contained in this Circular and the Rights Offering Notice and, if given or made, such information or representations must not be relied on as having been authorized by the Company or any other person.

## USE OF AVAILABLE FUNDS

### *What will our available funds be upon closing of the Offering?*

The Company has obtained a commitment from its major shareholder, 2385796 Ontario Inc., and a related party, which together hold 54,626,763 Common Shares, representing approximately 61.7% of the Common Shares outstanding at the date of this Circular, to exercise their Basic Subscription Privilege. See "*Insider Participation*". Assuming fulfilment of those commitments, the Company would be assured of receiving gross proceeds of at least \$10,379,085.

Applicable securities laws require that the Company present the estimated available funds after giving effect to the Offering, assuming a 15%, 50%, 75%, and 100% take up rate.

		<b>Assuming 15% of the Offering</b>	<b>Assuming 50% of the Offering</b>	<b>Assuming 75% of the Offering</b>	<b>Assuming 100% of the Offering</b>
A	Amount to be raised by the Offering	\$2,523,610	\$8,412,033	\$12,618,050	\$16,824,066
B	Selling commissions and fees	Nil	Nil	Nil	Nil
C	Estimated offering cost (eg, legal, accounting, audit)	\$150,000	\$150,000	\$150,000	\$150,000
D	Available funds: D = A - (B-C)	\$2,373,610	\$8,262,033	\$12,468,050	\$16,674,066
E	Additional sources of funding required	Nil	Nil	Nil	Nil
F	Working capital deficiency	Nil	Nil	Nil	Nil
G	Total: G = (D + E) - F	\$2,373,610	\$8,262,033	\$12,468,050	\$16,674,066

### *How will we use the available funds?*

This is a breakdown of how we will use the available funds.

<b>Description of Intended Use of Available Funds Listed in Order of Priority</b>	<b>Assuming 15% of the Offering</b>	<b>Assuming 50% of the Offering</b>	<b>Assuming 75% of the Offering</b>	<b>Assuming 100% of the Offering</b>
Repayment of the Term Loan	\$2,373,610	\$8,262,033	\$12,468,050	\$13,610,225
General corporate purposes, including working capital	\$0	\$0	\$0	\$3,063,841
Total:	\$2,373,610	\$8,262,033	\$12,468,050	\$16,674,066

The Company is party to a credit agreement dated March 29, 2019, as amended (the “**Credit Agreement**”), with Royal Bank of Canada and HSBC Bank Canada (together, the “**Lenders**”) pursuant to which the Lenders established in favour of the Company a revolving facility (the “**Revolving Facility**”) for up to \$15,000,000, the availability of which is based on the Company’s accounts receivables and inventory balances and is currently drawn in U.S. dollars, and (ii) a term facility (“**Term Loan**”) for up to US\$21,000,000. The Revolving Facility and Term Loan are referred to as the “**Credit Facilities**”. The Credit Facilities are guaranteed by our principal operating subsidiaries (other than those in Vietnam) and are secured by substantially all the assets of the Company and the guarantors.

The interest rate on the Credit Facilities is based on the U.S. Base Rate (as defined in the Credit Agreement) plus the applicable margin and is payable monthly. At October 31, 2023, the interest rate on the Credit Facilities was 11.50%. The Term Loan matures on December 31, 2023 and the Revolving Facility matures on March 31, 2024. We are currently seeking a new asset-backed loan facility to replace the Revolving Facility when it matures.

The Company has made periodic payments of principal on the Term Loan (as required by the Credit Agreement) such that, at October 31, 2023, US\$9,750,000 remained outstanding or the equivalent in Canadian dollars of \$13,524,225.<sup>1</sup> Assuming completion of the Offering on December 21, 2023, the outstanding principal amount of the Term Loan, together with accrued and unpaid interest, in United States dollars would be approximately US\$9,812,000 or the equivalent in Canadian dollars of approximately \$13,610,225.<sup>2</sup>

The Company's short-term liquidity requirements consist of the principal amount of the Term Loan, interest payments on the Credit Facilities, non-discretionary expenditures for general corporate purposes, such as employee compensation and office and facilities rentals, and other expenditures to meet its ongoing business requirements. Other than repayment of the principal amount of the Term Loan, the Company's other short-term liquidity requirements are funded by cash generated from operating activities and available revolving borrowing facilities. The principal amount of the Term Loan currently outstanding is approximately \$13.5 million.

Assuming 100% of the Offering is taken up, resulting in the maximum proceeds, it would be sufficient to repay the Term Loan in full. Repayment of the Term Loan would strengthen the Company’s balance sheet and free-up cash resources for use in the business that would otherwise be required to make periodic payments of principal. Assuming only 15%, 50% or 75% is taken up, the amount of proceeds raised in each

<sup>1</sup> Based on the exchange rate on October 31, 2023 of US\$1.00 = \$1.3871.

<sup>2</sup> Assumes that the interest rate effective December 1, 2023 is 11.50% and the exchange rate on completion of the Offering is US\$1.00 = \$1.3871.

case would be insufficient to repay the Term Loan in full. Nevertheless, management believes that, with the continuing support of its major shareholder, directors and lenders, it will be able to fund the shortfall through other means, amend the Credit Facilities to extend the maturity date of the Term Loan or take other action to avoid a default on the Term Loan when it matures on December 31, 2023. Failure to do so would entitle the lenders to exercise their rights under the Credit Agreement as secured creditors. In the past, the Company has been successful in obtaining financing and in extending the Credit Facilities, and management has a reasonable expectation that it will be able to do so again, facilitating sufficient funding for operating and debt service requirements for the next 12 months.

***How long will the available funds last?***

The Company's main sources of funding for its general working capital requirements are cash generated from operating activities, borrowings under the Credit Facilities and sales of Common Shares.

In order to provide sufficient working capital for the next 12 months, in addition to any available funds from the Offering (after being applied towards repayment of the Term Loan), the Company must either refinance or extend the Revolving Facility when it matures on March 31, 2024. Management has a reasonable expectation that it will be able to do so.

**INSIDER PARTICIPATION**

***Will insiders be participating?***

2385796 Ontario Inc., the Company's largest shareholder, and a related party, which together hold 54,626,763 Common Shares, representing approximately 61.7% of the Common Shares outstanding at the date of this Circular, have agreed to exercise their Basic Subscription Privilege in full and will consider making (but have not agreed to make) a further investment through their Additional Subscription Privilege. Mr. Jeffrey C. Royer, Chairman of the Board of Directors of the Company, exercises control and direction over these Common Shares. See "*Who are the holders of 10% or more of the Common Shares before and after the Offering?*"

Certain directors and officers, holding Common Shares representing approximately 1% of the Common Shares outstanding at the date of this Circular, have indicated their intention to participate in the Offering by exercising some or all of their Basic Subscription Privilege. Members of this group may alter their intention before the Expiry Time and, as a result, there can be no assurance that the respective members of this group will exercise their Rights to acquire Common Shares.

The Common Shares are the only voting securities of the Company.

***Who are the holders of 10% or more of the Common Shares before and after the Offering?***

To the knowledge of the Company, after reasonable enquiry, it is not aware of any person or company that, at the date of this Circular, beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the Common Shares, or, after giving effect to the Offering, will beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the Common Shares, other than as set out in the table.

<b>Name</b>	<b>Before the Offering</b>	<b>After the Offering</b>
Jeffrey C. Royer	54,626,763 <sup>(1)</sup> (61.7%)	109,253,526 <sup>(2)</sup> (61.7%)

<sup>(1)</sup> The Common Shares are held as follows - (i) 51,878,313 Common Shares (58.6%) by 2385796 Ontario Inc. (the "**Principal Shareholder**"), which is owned by an associate (as defined in the *Securities Act*

(Ontario) of Mr. Royer, and (ii) 2,748,450 Common Shares (3.1%) by the associate (and together with the Principal Shareholder and Mr. Royer, the "**Royer Group**"). Mr. Royer exercises exclusive control and direction over the Common Shares held by the associate and, by virtue of an agreement with the associate, over the Common Shares held by the Principal Shareholder.

<sup>(2)</sup> Assumes that the Royer Group exercises its Basic Subscription Privilege in full to maintain its proportionate holdings of Common Shares and does not acquire any Common Shares under its Additional Subscription Privilege.

## **DILUTION**

*If you do not exercise your Rights, by how much will your security holdings be diluted?*

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Common Shares to which you are entitled to subscribe under the Basic Subscription Privilege. If you do not exercise all your Rights or you elect to sell or transfer your Rights, your percentage interest in the Company (represented by the Common Shares currently held by you) will be diluted as a result of the exercise of Rights by others.

Assuming all the Rights are exercised, if you do not exercise your Rights then your percentage ownership of the Common Shares will be diluted by approximately 50 % on completion of the Offering.

## **STAND-BY COMMITMENT**

There is no stand-by commitment.

## **MANAGING DEALER, SOLICITING DEALER AND UNDERWRITING CONFLICTS**

The Company has not engaged a managing dealer or soliciting dealer to manage the Offering or to solicit subscriptions.

## **HOW TO EXERCISE THE RIGHTS**

*How does a security holder that is a registered holder of Common Shares participate in the Offering?*

If you are a registered holder of Common Shares in Canada, you should have received with the Rights Offering Notice (i) a statement issued by Computershare Investor Services Inc. (the "**Rights Agent**") under the direct registration system (the "**DRS Advice Statement**") representing the number of Rights to which you are entitled as of the Record Date and (ii) a subscription form (the "**Subscription Form**"). In order to exercise the Rights represented by the DRS Advice Statement, you must complete and deliver the Subscription Form, together with the Subscription Price for each Right exercised, to the Rights Agent in accordance with the instructions set out below. The method of delivery is at your discretion and risk. Delivery will not be effective until actually received by the Rights Agent at its office. See "*Appointment of the Rights Agent - Who is the Rights Agent?*" Subscription Forms and payments received after the Expiry Time will not be accepted.

If you are a registered holder of Common Shares in Canada, in order to exercise your Rights, you must:

1. **Complete and sign Box 1 on the Subscription Form.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown on the front of the Subscription Form. If you complete Box 1 so as to exercise some but not all of the Rights evidenced by the DRS Advice Statement, you will be deemed to have waived the unexercised balance of such Rights.

2. **Additional Subscription Privilege.** Decide whether to exercise the Additional Subscription Privilege. If you wish to exercise, you must complete and sign Box 2 of the Subscription Form. You must exercise the Basic Subscription Privilege in full to be eligible to exercise the Additional Subscription Privilege. See “*What is the Additional Subscription Privilege and how can you exercise this privilege?*”
3. **Enclose payment in Canadian dollars by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** Pay the Subscription Price of \$0.19 for each Common Share. In addition to the amount payable for any Common Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Common Shares subscribed under the Additional Subscription Privilege. Any amount not used to acquire Common Shares under the Additional Subscription Privilege will be returned to you. See “*What is the Additional Subscription Privilege and how can you exercise this privilege?*”
4. **Delivery.** Deliver or mail the completed Subscription Form and payment of the Subscription Price in the enclosed return envelope addressed to the Rights Agent so that it is received before the Expiry Time on the Expiry Date. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery. Documents received after the Expiry Time on the Expiry Date will not be accepted.

#### **Offices of the Rights Agent**

##### **By Registered Mail, Hand Delivery or Courier**

Computershare Investor Services Inc.  
8th Floor  
100 University Avenue  
Toronto, Ontario M5J 2Y1  
Attention: Corporate Actions

##### **By Regular Mail**

Computershare Investor Services Inc.  
PO Box 7021  
31 Adelaide Street East  
Toronto, Ontario M5C 3H2  
Attention: Corporate Actions

The signature on the Subscription Form must correspond in every particular with the name that appears on the DRS Advice Statement. Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity must be accompanied by evidence of authority satisfactory to the Rights Agent.

The Company will determine, in its sole discretion, all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscriptions for Rights and the issuance of Common Shares on the exercise of Rights, and any determination by the Company will be final and binding on all holders of Rights and Common Shares and any other interested parties. **Subscriptions for Common Shares are irrevocable and subscribers will not be able to withdraw their subscriptions once submitted.** The Company reserves the right (i) to reject any subscription if it is not in proper form or if its acceptance or the issuance of Common Shares related to that subscription could be unlawful and (ii) to waive any defect in respect of any subscription or any other irregularity. Nevertheless, neither the Company nor the Rights Agent is under any duty to give notice of any defect or irregularity in any subscription, nor will either of them be liable for the failure to give any such notice.

#### ***How does a security holder that is not a registered holder of common shares participate in the Offering?***

Shareholders resident in Canada who hold their Common Shares through a securities broker or dealer, bank or trust company or other participant (a “**CDS Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”) as of the Record Date will have their respective Rights issued to and deposited with CDS following the Record Date. Such holders are commonly referred to as “**beneficial**” holders. Beneficial holders will not receive a DRS Advice Statement. Instead, we expect beneficial holders will receive a confirmation from their CDS Participant (in accordance with its practices

and procedures) of the number of Rights issued to them. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

If you are a beneficial holder of Common Shares resident in Canada, in order to exercise your Rights, you must:

1. **Instruct Your CDS Participant.** Instruct your CDS Participant to exercise all or a specified number of your Rights, and forward to your CDS Participant the aggregate Subscription Price for the Common Shares you wish to subscribe in accordance with the terms of the Offering and sufficiently in advance of the Expiry Date. We expect that each subscriber of Common Shares will receive a customer confirmation from the CDS Participant through which such Common Shares are purchased in accordance with the practices and policies of such CDS Participant.
2. **Additional Subscription Privilege.** Decide whether to exercise the Additional Subscription privilege. If you wish to exercise, you must instruct your CDS Participant to exercise the Additional Subscription Privilege for the number of additional Common Shares you wish to subscribe and forward to your CDS Participant the aggregate Subscription Price for those additional Common Shares. This must be done sufficiently in advance of the Expiry Date to ensure your CDS Participant has enough time to process your instructions. Any funds not used to acquire Common Shares under the Additional Subscription Privilege will be returned to you.

**Subscriptions for Common Shares through a CDS Participant are irrevocable and subscribers will not be able to withdraw their subscriptions once submitted. CDS Participants will have an earlier deadline for receipt of your instructions and payment than the Expiry Time on the Expiry Date.** Beneficial holders are advised to contact their CDS Participant sufficiently in advance for complete details on how to exercise the Basic Subscription Privilege and the Additional Subscription Privilege.

The Company will determine, in its sole discretion, all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscriptions for Rights and the issuance of Common Shares, and any determination by the Company will be final and binding on all holders of Rights and Common Shares and any other interested parties. **Subscriptions for Common Shares, once made, are irrevocable and subscribers will not be able to withdraw their subscriptions.** The Company reserves the right (i) to reject any subscription if it is not in proper form or if its acceptance or the issuance of Common Shares related to that subscription could be unlawful and (ii) to waive any defect in respect of any subscription or any other irregularity. Nevertheless, neither the Company nor the Rights Agent is under any duty to give notice of any defect or irregularity in any subscription, nor will either of them be liable for the failure to give any such notice.

Neither the Company nor the Rights Agent will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights or (iii) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or their CDS Participants.

### ***Who is eligible to receive Rights?***

The Rights are being offered only to shareholders resident in Canada. Shareholders will be presumed to be resident in the place shown in our records as their registered address, unless the contrary is shown to our satisfaction. Neither this Circular nor the Rights Offering Notice is to be construed as an offering of the Rights, or of the Common Shares issuable on exercise of the Rights, in any jurisdiction other than Canada (the “**Non-Eligible Jurisdictions**”) or to shareholders who are resident in any jurisdiction other than Canada (“**Ineligible Holders**”) except as set out in this Circular.

The Company will not accept subscriptions from any holder of Rights who is or appears to be, or who the Company has reason to believe is, resident in a Non-Eligible Jurisdiction, except as set out in this Circular. This Circular and a DRS Advice Statement will not be delivered to any Ineligible Holder unless that Ineligible Holder satisfies the Company that it is an Approved Ineligible Holder (as defined below). Rights

delivered to brokers, dealers or other intermediaries may not be delivered by those intermediaries to beneficial shareholders who are resident in a Non-Eligible Jurisdiction.

An Ineligible Holder that satisfies the Company, in its sole discretion, that the offering to and subscription by such Ineligible Holder or transferee is not unlawful and does not impose an obligation on the Company under the laws where such Ineligible Holder or transferee is resident (an “**Approved Ineligible Holder**”) may participate in the Offering.

***What if I am a registered Ineligible Holder of Common Shares?***

Ineligible Holders who are registered holders of their Common Shares will be sent (i) for information purposes only, the Rights Offering Notice, (ii) a letter advising them that their Rights will be issued to, and held on their behalf by, the Rights Agent and (iii) a form of Exempt Purchaser Status Certificate (the “**Exempt Purchaser Status Certificate**”). The Exempt Purchaser Status Certificate will set out the conditions required to be met, and procedures to be followed, in order for an Ineligible Holder to participate in the Offering.

Rights that would have been issued to registered Ineligible Holders will instead be issued to and held by the Rights Agent as agent for the benefit of Ineligible Holders. The Rights Agent will hold the Rights until 5:00 p.m. (Eastern time) on December 8, 2023 in order to provide Ineligible Holders or their transferees with an opportunity to satisfy us that the issuance of Rights and Common Shares issuable on exercise of Rights is not unlawful and does not impose obligations on the Company under laws of the applicable jurisdiction. In order for a U.S. Person to be considered an Approved Ineligible Holder, the U.S. Person must be able to satisfy us that it is an “**accredited investor**” (within the meaning of Rule 501(a) of Regulation D promulgated under the U.S. Securities Act) and, where required by us, to provide evidence to that effect. At our direction, Ineligible Holders who satisfy us that they are an Approved Ineligible Holder may have a DRS Advice Statement sent to them by the Rights Agent.

Otherwise, following such date, the Rights Agent, for the account of registered Ineligible Holders (including Ineligible Holders with an address of record in the United States), will attempt to sell on the open market, before the Expiry Time, the Rights of such registered Ineligible Holders in the possession of the Rights Agent on such date or dates and at such price or prices as the Rights Agent determines, in its sole discretion. Registered Ineligible Holders will not be entitled to instruct the Rights Agent in respect of the price or the time at which the Rights are to be sold. The proceeds (if any) of any such sales received by the Rights Agent (after deducting brokerage fees and other expenses of sale) will be divided among such registered Ineligible Holders on a proportionate basis based on the total number of Common Shares held by them on the Record Date, subject to any taxes required to be withheld for any particular Ineligible Holder, and delivered by mailing cheques (in Canadian dollars) to them as soon as practicable at their addresses recorded on the Company's books. Amounts of less than \$10.00 will not be paid. In selling Rights, the Rights Agent will act in its capacity as agent of the registered Ineligible Holders on a best efforts basis only and the Company and the Rights Agent will not have any responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder.

***What if I am a beneficial Ineligible Holder of Common Shares?***

CDS Participants receiving Rights on behalf of Ineligible Holders will be instructed by CDS not to permit the exercise of such Rights unless the holder has completed an Exempt Purchaser Status Certificate. After December 8, 2023, CDS Participants should attempt to sell the Rights of Ineligible Holders for the accounts of such holders and should deliver any proceeds of sale to such holders.

Beneficial owners of Common Shares registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction and wish to receive Rights and who believe that their DRS Advice Statement may have been delivered to the Rights Agent, should contact their broker at the earliest opportunity to request to have their DRS Advice Statement sent to them.

## *Tax Matters*

Holders of Rights should be aware that the purchase and sale of Rights or Common Shares issuable on exercise of Rights may have tax consequences in the jurisdiction where they reside. This Circular does not constitute tax advice. Accordingly, such holders should consult their own tax advisors about the specific tax consequences in the jurisdiction where they reside of acquiring, holding and disposing of Rights or Common Shares.

### *What is the Additional Subscription Privilege and how can you exercise this privilege?*

If you exercise all your Rights under the Basic Subscription Privilege, you will be entitled to subscribe for additional Common Shares that have not been subscribed and paid for under the Basic Subscription Privilege (the "**Additional Common Shares**") by exercising the Additional Subscription Privilege.

#### *Registered holders of Rights*

If you wish to exercise the Additional Subscription Privilege, you must first exercise your Basic Subscription Right in full by completing Box 1 on the Subscription Form for the maximum number of Common Shares for which you may subscribe and also complete Box 2 on the Subscription Form, specifying the number of Additional Common Shares you wish to purchase. You must also send the Subscription Price for the Additional Common Shares, together with your Subscription Form, to the Rights Agent. The purchase price is payable in Canadian dollars by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc. These funds will be placed in a segregated account pending allocation of the Additional Common Shares, with any excess funds being returned to you by mail without interest or deduction. If any interest is earned on such funds, it will be for our benefit.

#### *Beneficial holders of Rights*

If you are a beneficial holder of Rights through a CDS Participant and you wish to exercise the Additional Subscription Privilege, you must deliver your instructions and payment to your CDS Participant sufficiently in advance of the Expiry Time to allow the Participant to exercise the Additional Subscription Privilege on your behalf.

#### *Allocation of Additional Common Shares*

If the aggregate number of Additional Common Shares subscribed by those who exercise the Additional Subscription Privilege is less than the number of available Additional Common Shares, each such holder of Rights will receive the number of Additional Common Shares subscribed under the Additional Subscription Privilege.

If the aggregate number of Additional Common Shares subscribed by those who exercise the Additional Subscription Privilege is more than the number of available Additional Common Shares, each such holder of Rights will receive the number of Additional Common Shares equal to the lesser of:

(a) the number of Additional Common Shares subscribed by the holder under the Additional Subscription Privilege; and

(b) the product (disregarding any fractions) obtained by multiplying (i) the total number of Additional Common Shares available through unexercised Rights by (ii) a fraction, the numerator of which is the number of Rights previously exercised by the holder under the Basic Subscription Privilege and the denominator of which is the total number of Rights previously exercised by all holders of Rights who have subscribed for Additional Common Shares under the Additional Subscription Privilege.

As soon as practicable after the Expiry Time, the Rights Agent will mail to each holder of Rights who completed Box 2 on the Subscription Form a DRS Advice Statement for the Additional Common Shares that the holder has purchased and return to the holder any excess funds paid for the subscription of Additional Common Shares that were not purchased, without interest or deduction.

***How does a holder of Rights sell or transfer Rights?***

The Rights will trade on the TSX under the trading symbol “BYL.RT” until 12:00 noon (Eastern time) on the Expiry Date.

***Registered holders of Rights***

Holders of DRS Advice Statements may sell or transfer some or all of their Rights in Canada (other than to Ineligible Holders) personally or through a broker or dealer. Holders who elect to sell or transfer less than all their Rights may elect to exercise the remainder. Holders are responsible for any commission or other fee payable in connection with the trade or exercise of their Rights. Depending on the number and price of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

If you wish to transfer your Rights, you must (i) obtain from the Rights Agent a Stock Power of Attorney form (a "**Transfer Form**"), complete the Transfer Form and have the signature guaranteed by an “eligible institution” to the satisfaction of the Rights Agent, and (ii) deliver the Transfer Form and DRS Advice Statement and Subscription Form to the transferee. “Eligible institution” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP) or a member of the Stock Exchange Medallion Program (SEMP). Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee to obtain a new DRS Advice Statement in order to exercise the Rights or the Additional Subscription Privilege, but the signature of the transferee on Box 1 and Box 2 of the Subscription Form must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Company and the Rights Agent will treat the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights for all purposes and will not be affected by notice to the contrary. The Transfer Form and properly completed Subscription Form, together with the DRS Advice, should be delivered to the appropriate person in sufficient time for the transferee to use it before the expiration of the Rights.

***Beneficial holders of Rights***

If you hold your Rights through a CDS participant, you must arrange for the sale or transfer of Rights through your CDS Participant.

***When can you trade the Common Shares issuable on the exercise of your Rights?***

All Common Shares issuable on exercise of the Rights will be listed and posted for trading on the TSX under the symbol “BYL” as soon as practicable after completion of the Offering.

***Are there restrictions on the resale of Rights and Common Shares?***

***Canada***

The Rights and the Common Shares issuable on exercise of the Rights (collectively, the “**Securities**”) are being distributed by the Company in Canada pursuant to exemptions from the registration and prospectus requirements under securities legislation in Canada.

Generally, the first trade of the Securities will be exempt from the prospectus requirements of securities legislation in Canada and such Securities may be resold without hold period restrictions if (i) the trade is not a “control distribution” (as defined in applicable securities legislation), (ii) no unusual effort is made to prepare the market or to create a demand for the Securities, (iii) no extraordinary commission or consideration is paid to any person or company in respect of such trade and (iv) if the seller is an insider or officer of the Company, the seller has no reasonable grounds to believe that the Company is in default of applicable securities legislation.

If such conditions are not met, the Securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances.

#### *United States*

The Rights may not be transferred to any person within the United States or to a U.S. Person (as those terms are defined in Regulation S under the U.S. Securities Act). Holders of Common Shares in the United States, with a U.S. address or who are U.S. Persons and who receive Rights may transfer or resell them only in transactions outside the United States in accordance with Regulation S under the U.S. Securities Act, which generally will permit the resale of the Rights through the facilities of the TSX provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no “directed selling efforts” (as that term is defined in Regulation S under the U.S. Securities Act) are conducted in the United States in connection with the resale. Certain additional conditions are applicable to the Company’s “affiliates” (as that term is defined under the U.S. Securities Act). In order to enforce this resale restriction, holders will be required to execute a declaration certifying that such sale is being made through the facilities of the TSX in accordance with Regulation S under the U.S. Securities Act.

Common Shares issued to holders in the United States, with a U.S. address or who are U.S. Persons will be “restricted securities” (within the meaning of Rule 144 under the U.S. Securities Act ) and may be offered or sold only in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, and certificates representing such Common Shares will bear a legend to that effect.

**The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights or the underlying Common Shares should consult with a professional advisor concerning restrictions on resale and should not resell their Securities until they have determined that any such resale complies with the requirements of applicable legislation.**

#### *Will the Company issue fractional underlying Common Shares upon exercise of the Rights?*

No, the Company will not issue fractional Common Shares on the exercise of Rights. Where the issuance of Rights would otherwise entitle the holder of Rights to fractional Common Shares, the holder’s entitlement will be reduced to the next lowest whole number of Common Shares, with no additional compensation.

### **APPOINTMENT OF THE RIGHTS AGENT**

#### ***Who is the Rights Agent?***

Computershare Investor Services Inc., the Rights Agent, has been appointed to act as the depositary and Rights Agent for the Offering and (i) to receive subscriptions and payments from holders of Rights for the Common Shares subscribed under the Basic Subscription Privilege and, if applicable, the Additional Subscription Privilege; (ii) to perform services relating to the exercise and transfer of the Rights, including the issuance of the Common Shares, and (iii) to sell Rights issued to Ineligible Holders and to deliver the proceeds from those sales to those Ineligible Holders.

The Company will pay for all such services of the Rights Agent. The Rights Agent will accept subscriptions for Common Shares and payment of the Subscription Price and other documents from holders of Rights by mail or courier to the office of the Rights Agent:

### **Offices of the Rights Agent**

#### **By Registered Mail, Hand Delivery or Courier**

Computershare Investor Services Inc.  
8th Floor  
100 University Avenue  
Toronto, Ontario M5J 2Y1  
Attention: Corporate Actions

#### **By Regular Mail**

Computershare Investor Services Inc.  
PO Box 7021  
31 Adelaide Street East  
Toronto, Ontario M5C 3H2  
Attention: Corporate Actions

Enquiries relating to the Offering should be addressed to the Rights Agent as follows:

By telephone:           if you are in North America - 1 800 564 6253 (toll free)  
                                  if you are outside North America - 1 514 982 7555

By email:                 corporateactions@computershare.com

The method of delivery of Subscription Forms and subscription funds to the Rights Agent is at the discretion of the holder of the Rights. Neither the Rights Agent nor the Company will be liable for the failure to deliver or the delivery of Subscription Forms or subscription funds to an address other than the address set out above. Delivery to an address other than the address set out above may result in a subscription for Common Shares or a transfer of Rights not being accepted. If mail is used, registered mail is recommended.

### ***What happens if the Company does not proceed with the Offering?***

The Company has entered into an agreement with the Rights Agent pursuant to which the Rights Agent has agreed to hold all funds received in payment for Common Shares subscribed on exercise of Rights in a segregated account pending completion of the Offering. If the Company decides to terminate the Offering, all such funds will be returned to the applicable subscriber or CDS Participant, without interest or deduction.

## **RISKS AND UNCERTAINTIES**

An investment in the Common Shares, as well as the Rights, involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to the risks and uncertainties set out below and elsewhere in this Circular, investors should carefully consider the risk factors set out under the heading “Risk Factors” in the Company’s most recent annual information form available under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Any one or more of such risk factors could materially affect the Company’s business and future operating results or prospects and could cause actual events to differ materially from those described in forward-looking statements in this Circular.

### ***Risks relating to the Rights Offering***

#### ***Dilution***

If you do not exercise all your Rights pursuant to the Basic Subscription Privilege, your current percentage ownership in the Company will be diluted by the issuance of Common Shares to holders of Rights who exercise their Rights, and the dilution may be significant. Even if you elect to sell your unexercised Rights, the consideration you receive may not be sufficient to compensate you fully for the dilution of your current

equity ownership in the Company that will be caused as a result of the exercise of Rights by other holders. See “*Dilution*”.

#### *Use of Proceeds*

The Company currently intends to allocate the proceeds received from the Offering as described under “*Use of Available Funds – How will we use the available funds?*”; however, management will have discretion in the actual application of the proceeds and may elect to allocate proceeds differently than as described if it believes that it would be in the best interests of the Company to do so, due to changing circumstances or other events, and in ways that a shareholder may not consider desirable. As a result, shareholders will be relying on the judgment of management for the application of the proceeds of the Offering. The failure of management to apply these funds effectively could have a material adverse effect on the Company.

If the Company fails to raise sufficient proceeds from the Offering to repay the Term Loan in full, it could have a material adverse effect on the Company. See “*Use of Available Funds – How will we use the available funds?*”

#### *Increased Control Block*

If insiders of the Company exercise their Rights as described in this Circular pursuant to the Basic Subscription Privilege and Additional Subscription Privilege in full, it will reduce the number of Common Shares forming part of the public float of Common Shares available for trading, which may affect the trading volume and liquidity of the Common Shares.

After the Offering, the Royer Group will continue to have significant voting power and influence over the board of directors of the Company and corporate transactions involving the requirement for shareholder approval, including any transaction involving a proposed change of control of the Company. See “*Insider Participation*”.

#### *Market Price of the Common Shares*

The trading price of the Common Shares in the future may fall below the Subscription Price. The Company is not able to provide any assurance that the Subscription Price will remain below any future trading price of the Common Shares. Future trading prices of the Common Shares will depend on various factors, including the Company's financial results, general political, economic, industry and market conditions and trends, and changes in the estimated value and prospects for the Company's business. Additionally, if for any reason the Offering is not completed or its completion is materially delayed, the market price of the outstanding Common Shares may be materially adversely affected.

#### *Trading Market for the Rights*

Although the Rights will be listed on the TSX, there is no assurance that an active or any trading market in the Rights will develop or that rights can be sold on the TSX at any time.

#### *Exercises of Rights is Irrevocable*

You may not revoke or change the exercise of your Rights after you send in your Subscription Form and payment or to the Rights Agent or instruct your CDS Participant to exercise Rights on your behalf. The trading price of the Common Shares could decline below the Subscription Price, resulting in a loss of some or all of your subscription payment.

### *Subscription Price Not Necessarily Indication of Value*

You should not consider the Subscription Price to be an indication of the intrinsic value of the Company or of the Common Shares and the Common Shares may trade at prices above or below the Subscription Price.

### *Responsibilities of Holders of Rights*

If you fail to follow the subscription procedures and meet the subscription deadline your subscription will be rejected. Beneficial holders of Rights should ensure that they comply with any earlier deadlines required by their CDS Participant in order to allow sufficient time to process the exercise of Rights within the book-based system administered by CDS. Neither the Company nor the Rights Agent undertakes to contact you concerning, or will attempt to correct, an incomplete or incorrect payment or subscription. Whether a subscription properly follows subscription procedures is solely within the Company's discretion.

## **MATERIAL FACTS AND MATERIAL CHANGES**

**There is no material fact or material change about the Company that has not been generally disclosed.**

## **ADDITIONAL INFORMATION**

### *Where can you find more information about the Company?*

Further information regarding the Company, its activities and its financial results, including copies of the financial statements and other continuous disclosure documents filed by the Company with applicable Canadian securities regulatory authorities, may be obtained under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as well as on its corporate website at [www.baylitech.com](http://www.baylitech.com).

Enquiries relating to this Offering should be directed to the Company as follows: Dan Nohdomi, Senior Vice President and Chief Financial Officer, email: [dan.nohdomi@baylitech.com](mailto:dan.nohdomi@baylitech.com), or Philip Mohtadi, Corporate Secretary, email: [Philip.mohtadi@baylitech.com](mailto:Philip.mohtadi@baylitech.com).