FINAL TRANSCRIPT

Baylin Technologies Inc.

Fourth Quarter & Full Year 2021 Conference Call

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Baylin Technologies Inc. Fourth Quarter and Full Year 2021 Conference Call. At this time, all lines are in a listen-only mode, but following the presentation we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for a question. If anyone has any difficulties hearing the conference, please press star zero for operator assistance at any time. I would like to remind everyone that this call is being recorded on Thursday, March 10, 2022.

I will now turn the conference over to Mr. Daniel Kim, Executive Vice President, Corporate Development of Baylin Technologies. Please go ahead, sir.

Daniel Kim — Executive Vice President, Corporate Development, Baylin Technologies Inc.

Hello and welcome, everyone. Thank you for joining us this morning for the fourth quarter and full year 2021 earnings conference call for Baylin Technologies. On the call with us today from Baylin are Leighton Carroll, Chief Executive Officer; Dan Nohdomi, Chief Financial Officer; and Cliff Gary, Vice President, Finance. We will all be available for questions at the end of the presentation.

Before we begin, let me make it clear that our comments today may include forward-looking statements in information and answers to questions that could imply future expectations about the prospects and financial performance for the business for 2022 and could include the use of non-IFRS measures. These statements are subjects to risks, uncertainties, and assumptions. Accordingly, actual performance could differ materially from statements made or information provided today, so you should not place undue reliance on them. We also do not intend to update forward-looking statements or information, except as required by law. I ask that you read our legal disclaimers and explanation for the use of non-IFRS measures and refer you to the risks and assumptions outlined in our public disclosures; in particular, in the sections entitled Forward-Looking Statements and Risk Factors in our Annual Information Form for the year ended December 31, 2021 and our other filings which are available on SEDAR.

Our Q4 and full year 2021 results were released after market close yesterday. The press release, financial statements, as well as the MD&A and Annual Information Form, are available on SEDAR and on our website at baylintech.com.

I would now like to turn the call over to Leighton.

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Thank you, Daniel.

First I would like to officially welcome Dan Nohdomi to the Baylin family as our CFO. Dan's a modest guy, so I'll do this for him. Dan is a very experienced Canadian public company CFO. He has terrific experience with turnarounds and with the lending community and he and his family reside in Toronto. I would also be remiss if I didn't thank Cliff for the incredible work and support that he has given me and our Company over these past several months as we've been in the middle of our turnaround and I appreciate everything Cliff has done and I look forward to seeing his further contributions under Dan.

So, with that, the fourth quarter showed continued signs of improvement in our business, although risks remain and there are obviously ongoing challenges (inaudible) for us, particularly in supply chain. We've made good headway in a number of areas, particularly in terms of our commercial success. We'll provide additional detail about each of our business units later in the presentation, but I'd like to highlight the following:

Adjusted EBITDA for the quarter was just shy of $0.9 million. This is the first quarter of positive adjusted EBITDA since the third quarter of 2020. I'm very proud of the team and their accomplishments to get us to this point.

(Inaudible) and one of the other things that I think is important to share and is new for us is our backlog of hard purchase orders. This means customer orders, not emails; it's an actual purchase order or PO. At the end of December, December 31, 2021, it was at a historical high of $36.4 million and a substantial increase from the time that I started. Moreover, looking forward, as we get to February 28th of 2022, this calendar year, it has only continued to increase, closing February at $38.3 million.

On January 31st we also announced in a press release our Advantech Wireless subsidiary, which focuses on Satcom, was recently awarded a number of important contracts to supply solid state power amplifiers, that's really the product set that is a key differentiator for us, to a number of customers. That includes a US-based sports video broadcast company, who will go nameless; a major Latin American customer for military radar systems; and a major telecommunications operator to provide better connectivity and accessibility to extremely rural locations in the United States. These placements with key customers are a testament to the quality of work, of our engineering, of our production teams, and our quality controls, as well as the quality of our products to meet customer demands with very high specifications and it's really a key metric, right? It's the work that our folks in Montreal and the United States have combined together to lead, to deliver, and the proof is in the pudding. Customers show you their love with their pocketbook and we're starting to see the benefits of that.

With that, I'm going to turn it over to Dan to walk through our fourth quarter results.

Dan Nohdomi — Chief Financial Officer, Baylin Technologies Inc.

Thank you, Leighton.

I'll begin with a summary of fourth quarter results. Revenue was $27.2 million in the fourth quarter, which was an increase of $1.6 million or 6.3% compared to the fourth quarter of last year. The increase was mainly due to stronger revenue from the Embedded Antenna business line, in part due to increased availability of global chipsets despite the supply chain challenges.

Gross profit for the quarter was $8.8 million, which was an increase of $2.1 million or 30.6% compared to the same quarter last year. Gross margin was 32.3% in the quarter compared to 26.3% in the fourth quarter of last year. The increase in gross margin was attributable to a couple of things. It's improved gross margins in the Satcom and Embedded Antenna business lines in the quarter compared to the prior-year period. The improvement in gross margin in the Satcom business line did include the impact of an inventory provision release of approximately $1.5 million.

The Company had IFRS accounting impairments which totalled $17 million in the quarter, made up of one non-current asset impairments of $10 million and a non-cash $7.1 million reduction in the carrying value of deferred tax assets. Including these accounting adjustments, the total net loss for the quarter was $20.1 million compared to a net loss of $9.4 million in the same quarter last year, which included a goodwill impairment of $3 million for our Satcom business line. The non-current asset impairment provision, as Leighton will describe in further detail later in the call, is related to our decision not to put the MMU facility in Vietnam into production and liquidate the assets of the facility. As a result, we recorded an aggregate $10 million impairment provision in the quarter consisting of a $6.8 million impairment of PP&E, $2.3 million impairment of right-of-use assets, and $0.9 million impairment of intangibles.

The reduction in the carrying value of deferred tax assets is a non-cash item, so I'll take a moment just to explain this, and it is an IFRS accounting entry that we've made as we've determined it's no longer, ah, it will take longer to realize the benefits of these amounts in the near future and therefore we've removed them from our balance sheet. Should our forecast change such that we anticipate becoming profitable more quickly, we could begin recognizing these deferred tax assets in the future.

We disclosed unrecognized deferred tax assets and carryforward losses in our financial statements in the note disclosures. On a per-share basis, the fourth quarter of 2021 produced a net loss of $0.26 per share compared to a net loss of $0.23 per share in the fourth quarter of last year.

Next I will discuss full-year results for 2021 in comparison to 2020.

Revenue for the full year 2021 was $102.5 million, a decrease of $17.2 million or 14.4% compared to fiscal 2020. The decrease was primarily due to softer sales across all business lines in the year attributable to the impact of COVID-19, global chipset shortages, and supply chain constraints.

Gross profit for the full year 2021 was $15.1 million compared to $35.4 million in fiscal 2020. Gross margin was 14.7% in fiscal 2021 compared to 29.6% in fiscal 2020. Gross margin was negatively impacted in fiscal 2021 by an overall decrease in sales volume across the Company's business lines. The decrease in gross profit was also due to a write-down of approximately $4 million against inventory in the Satcom business line and accumulated loss of $4.1 million on a consumer product in the Asia Pacific business line, for which I will provide an update later in the call, as will Leighton, and lower gross margins generated by the Asia Pacific business line as a result of lower-margin products making up a larger portion of the remaining gross profit.

Net loss for the full year 2021 was $67.4 million compared to a net loss of $16.9 million in fiscal 2020. The net loss in 2021 was primarily due to operating loss, which included non-current asset impairments totalling $26 million; income tax expense, which included the $7.1 million reduction in the carrying value of deferred tax assets, as we discussed earlier; as well as a fair value adjustment to the debentures.

I'll take a moment to describe and discuss the $26 million non-current asset impairments. It includes a $15.9 million impairment to goodwill for the Satcom business line that was recorded earlier in the year in Q2 and the $10 million related to our MMU facility in Vietnam that was discussed earlier. On a per-share basis, fiscal 2021 generated a net loss of $1.09 per share compared to a net loss of $0.42 per share in fiscal 2020.

Adjusted EBITDA of negative $14.8 million in fiscal 2021 compares to $6.4 million in fiscal 2020. Adjusted EBITDA was negatively impacted in 2021 by an overall decrease in sales volumes across all business lines, as was mentioned earlier. Additionally, the decrease in adjusted EBITDA was due to lower gross margins generated by the Satcom business line due to inventory write-downs noted earlier and the Asia Pacific business line as a result of the consumer product losses, COVID impacts, and lower-margin products making up a larger portion of the remaining gross profit, and this was partially offset by lower operating expenses compared to fiscal 2020.

Net cash as at December 31, 2021 was $8.9 million, an increase of $7.8 million from December 31, 2020, primarily due to proceeds from private placement, proceeds from the exercise in March of 2021 of common share purchase warrants issued in December 2020, draw down of the Vietnam loan, and a decrease in non-cash working capital, and this was offset by operating losses and principal and interest payments. It should be noted that at June 30, 2021 net cash used in operating activities for the six months was $6.1 million. At December 31, 2021 the full-year outflow was $6.9 million, including interest payments. Importantly, significant cash outflows from operating activities in the first half of the year were not repeated in the second half.

Next I'd like to update you on our credit facilities we have with Royal Bank of Canada and HSBC Bank Canada. We are very grateful for our lenders' continued support of our business and are pleased to report that our credit facilities have been extended from March 29th to September 30th of 2022. This will provide us with additional time to either renew the existing credit facilities when they mature with our incumbent lenders or to find alternative credit facilities. We are currently in discussions with several prospective lenders and advisors for that very purpose. During the period of the extension we'll be required to continue to maintain a minimum liquidity of $10 million and fixed charge coverage ratio of 1.15:1.00.

Finally, I'd like to update you on the situation with our consumer product program in Asia Pacific. As mentioned earlier, we recorded an accumulated loss of $4.1 million on this product. As mentioned during our Q3 conference call, we substantially improved the economics of the product in mid-August through a lot of hard work by Leighton and the team in Asia Pacific, at which time we ceased to lose money on the product. We're pleased to report that we earned a positive gross profit on this product for the fourth quarter.

And with that, I'll turn the call back over to Leighton.

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Thank you, Dan.

So, for those of you listening, I know that was a lot, so, at the risk of repeating, I wanted to just highlight a couple points that I think are interesting.

First of all, clearly over the course of the year there were a lot of write-offs and there were impairments that were not de minimis and they obviously show up at the net income line. A lot of that is whenever you change out leadership you have to write off or move away from past decisions, rip the Band-Aid off so to speak, and set the best foot forward to put the business on the path back to growth and profitably. What you see generally is that and I'd like to reassure that we believe we have done the vast majority of that activity so that there will not be further impairments or write-offs in our future.

Number two, the product in Asia that had been a challenge for the business and had been a significant challenge for the business in the first half of the year, making money on the product is not just righting the commercial side, i.e. the price. It actually shows an improvement in operational controls within that business, an improvement in operational performance and behaviour within that business, and I’m very proud of the team for coming together in helping to solve a number of problems.

Finally, of the adjusted EBITDA that was reported, $15 million negative of the negative $14.8 adjusted EBITDA loss for fiscal 2021 was in the first half of the year. In other words, the second half of the year was positive, largely on the change that was made in the product, better financial performance, and then obviously a strong fourth quarter.

So, with that, I’d like to maybe just talk a little bit about our backlog and the fine work that is going on by the business development teams. One of the things that I’ve been blessed with coming to the business is a level of engagement and the sense of urgency and a sense of common mission. Both our Satcom and Embedded Antenna lines really had strong growth in order bookings in Q3, really at the tail end of Q3, and extremely solid in Q4, for those reasons that got us up to $36.4 million in total purchase order backlog by the end of Q4, which is an increase of $19.3 million or 112.9% above December 31, 2020. I’m very proud of the work that the teams have done.

Before we get into specifics, I do want to just reiterate that, broadly, this is a team effort. This is about the employees of Baylin. I am grateful for the commitment and dedication. And, as I mentioned several times before, this is a journey. It’s about culture and strategy and a balance between them. It is about being data driven, being transparent in solving our issues, and having customers at the top of our mind. This is going to allow us to identify and resolve issues more quickly, solve problems and, most importantly, improve margins while we’re driving the revenue success that we believe we can have given the strength of our products. The strong focus on the commercial aspect of our business and driving revenue with margin, despite all of the supply chain challenges, is based on leveraging the talents of our people, the quality of our production, and getting data-driven transparency throughout the organization. It's a journey. We've made a lot of headway and I'm very proud of the team for what they've done.

Now, obviously, the business continues to be challenged by COVID-19, and while many of us are blessed to live North America, which is feeling like we're starting to come out of it, Asia is still in the throes of the pandemic and we obviously have a number of our employees who are in Asia. So we continue to see this on a worldwide basis and, while we look forward to it being behind us, we continue to monitor the situation and try to mitigate impacts from the pandemic.

(Inaudible) there clearly have been disruptions in supply chain over the second half of 2021 and we expect that, in some respects, this will continue. Obviously, if you had asked me three months ago would I be talking about Ukraine on an earnings call, the answer would have been no. Ukraine is a tragedy for the people of that country and our hearts go out to them. It will also have impacts on supply chain. We are monitoring and trying to mitigate to the best of our ability. I'll speak a little bit more about that here in a moment. Additionally, we have seen, generally, supply chain and container costs holding and not increasing. Before the Ukraine situation, most of the data points we had showed a somewhat glide path down to normalcy as the world reopens from the pandemic and people start to (inaudible) more into services and less on goods or, if you will, Amazon boxes coming to their homes. Along those lines with Ukraine and the situation, our direct exposure and our direct revenue exposure to either Russia or Ukraine is minimal, but we do and are actively monitoring the situation to see if this going to prolong some of the supply chain constraints that we have aforementioned been dealing with.

Now I would like to speak about our businesses and what is going on within each. With the Embedded Antenna line, we expect the business to show considerable strength in the first of 2022 with growth in both revenue and volume due in part to the demand from customers for home networking products. To give you an example without mentioning names, when I was visiting the team in Tempe, Arizona, there was a very large coffeemaker sitting there and we were wirelessly enabling it. Why we need wirelessly-enabled coffee? It's a great thing. I'm happy we are able to do that for our customers for their applications, it's likely a restaurant application, and it's brilliant that they come to Galtronics, one of our brands, to solve that problem. The Embedded Antenna business continues to demonstrate a strong order book and I would like to applaud the team, both in Canada, the US, and China, for their hard work in managing supply chain constraints and problems. We expect that this will continue to happen, although we are dealing with pull-ins and push-outs based on chipset availability and other supply chain constraints.

The Wireless Infrastructure business, we expect the first half of the year to be a little more challenging than we would like with lower revenue than in the second half of 2021. Customer spending is being prioritized for the deployment of what are called integrated base station antennas for 5G networks in urban areas as opposed to outdoor small cells and in building wireless antennas, which are traditionally the strength of Galtronics' infrastructure. We do expect distributed antenna systems deployments and building wireless antenna deployments to strengthen progressively over the year as people use stadiums and return to the office. This will be progressive, being heavier towards the tail end of the year. And then on a more positive note, the team has been working on a number of innovations. We have a new multibeam antenna where our first of these products was released in 2021. We are starting to see excellent customer traffic with it. It is a unique use case for macro and stadium applications. And on the heels of that we have two more that will be released later this year covering additional frequencies, which we expect to open up new opportunities with wireless carriers.

The Satcom business line, the commercial side is beginning to show clear signs of recovery. We expect capital spending by our commercial customers to remain somewhat constrained in the first half of 2022 with a more sustained recovery evident in the second half. The C-band spectrum auction in the United States is beginning to open up opportunities with satellite operators. As previously discussed, they have received their round of inventive payments tied to the clearing of that spectrum. That clearing deadline was December of 2021. We're now starting to see the fruits of that money flow through the broader ecosystem. Given the capital build cycles of these operators and other Satcom companies, we expect many of the benefits of this to be from the build-out of related C-band infrastructure to begin to materialize in the second half of the year.

Sales for military and other government-related uses represents the balance of the Satcom business and is also showing improvement. Now, to be fair, it had been the most resilient part of Satcom, so we don't expect it to improve nearly to the same degree, but we will continue to improve. We expect additional orders of our Ultra High-Power Summit II solid state power amplifiers. If you recall, that was launched in June of 2021 for an undisclosed classified customer. That system is enormous and has to go through rigorous testing and integration with the broader system. Once that is complete, and we are nearing that point, it is our anticipation we will see additional orders for that product this calendar year.

Overall, we expect the Satcom business line to be stronger this year, 2022, as the industry starts to invest as the world comes out the pandemic. The Satcom business line continues to show strong and growing order book but, obviously, we are facing supply chain constraints. As we work through this challenge, one of the things that, ah, something that I think is just kind of a neat thing to be able to say is we are growing our capabilities in Montreal, we are investing in both our facilities in Montreal and the United States, and we are hiring in Montreal. That, to me, is a net positive.

Now I will speak about the Asia Pacific business line. 2021 was obviously a very challenging year for our (inaudible) antenna business, notably with the significant losses from the consumer-facing product. By addressing the commercial side, as Dan reported earlier, and, importantly, focusing on operational discipline, identifying issues, and driving improvements that our people are capable of, we actually made marginal profitability in Q4. This product is currently in its end-of-lifecycle run and we expect it to wrap up completely by Q2 of this year.

Throughout this challenge, one of the risks was to the relationship we had with our major customer in Asia, particularly in light of the aforementioned challenges with the product and the fact that we had to have the levels of discussion and negotiation that we had. I’m happy to report that our book of business with this customer for 2022 is strong and there has not been any decline in the relationship. Additionally, this year we plan to do a review on the product mix with a view to right-size to ensure that we are not maximizing revenue but we are maximizing the total margin delivered to the business and only doing work that makes sense, if it is lower margin, if it is driving us somewhere that is strategic. That will be the exception and not the rule. It’s a bit of a change from the way that the business has been run previously, it’s a major focus for us, and it’s about delivering value. Nevertheless, I’m proud of the work the team has done to turn the situation around and we expect stronger revenue this year in 2022 than we did in 2021.

Now I'd like to talk about the massive MIMO facility, the facility in Vietnam that has been dormant for an extended period of time. As discussed previously, with the pandemic, the facility was never able to be put into commission. The end-customer's business softened and, as a result, they did a full redesign of their product and it effectually eliminated a lot of the opportunity for us to build said product for said customer. As a result of this, we announced in November of last year that we would not be putting that facility into production and we would be assessing strategic alternatives. I believe it's on the record and people know that there is a loan in Vietnam tied to that facility. After looking at all of the options, it was management's decision to liquidate the equipment in the facility to pay down the debt and exit that credit facility while allowing us to have the actual factory available for future use if we so desire. With that, I think that we'll ultimately close the chapter on this factory and set the business up ideally for the long term in Asia to have opportunities for future growth based on our core business, our core capabilities, and what we are good at as a company.

At this time I would like to say thanks once again for the people of this company. As I've said in the past, we do make great products. It's one of the reasons I came here. I knew of the products our company made before I got here. The state of the business was a bit challenging. Part of what we've had to do is a few write-offs, rip Band-Aids off and reset the table so that we could make use of the talents of our people and leverage the quality of our engineering and of our products, of our manufacturing, to deliver value and get the company to what its real potential is. The only way that happens is with the buy in and commitment of our people and their hard work and I am legitimately thrilled with the level of engagement and commitment the people in this company have, their desire to see this company become something, and their work ethic has been amazing. I am very proud and blessed to have the people at Baylin work for this company and because of that we have started to see a significant amount of success very early in the process.

There remains much to be accomplished, but we have made a lot happen in a short amount of time, and with that I'll conclude our remarks and open it up for questioning.

Q & A

Operator

Thank you, sir. Ladies and gentlemen, if you would like to ask a question, please slowly press star followed by one on your touchtone phone. You will then hear a three-tone prompt acknowledging your request. And if you would like to withdraw your question, simply press star followed by two. If you are using a speakerphone, we do ask that you please lift the handset before pressing any keys. Please go ahead and press star one now if you do have any questions.

Your first question will be from Daniel Rosenberg at Paradigm Capital. Please go ahead.

Daniel Rosenberg — Analyst, Paradigm Capital

Hi. Good morning. Thanks for taking my questions. My first one revolves around mobile. I was curious to hear any insight around what you're seeing in terms of demand on the mobile side as it relates to 5G. We've seen a lot of companies rollout new handsets, so just wondering if you guys are seeing any demand there.

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

For sure we are. I would say the majority… Let me take a step back. Our mobile division traditionally is a place that focuses on the higher end of the product portfolios, right? If you think about the way the mobile businesses, on the lower end of phones, consumers are buying cheaper handsets, typically don't have the bells and whistles. Many times, as you're going through a technology upgrade, are not going to have the newest technology, are not going to have, as an example, 5G. Because in certain parts of the world, the developing world, they're hyper cost focused, right? Our bread and butter has been mid- to high-end phones for our customers, so the preponderance of what we make are the antennas that enable 5G technology within that product set for our customers as well as adjacent capabilities like NFC, which is near-field communications, UWB, which is ultra-wideband for close-by communication with other devices, things like that.

It's really, look, I'm a technologist. I love technology. We absolutely are seeing a strong demand in 5G. 5G penetration is continuing to go. It did not drive as much during the pandemic. It's one of the reasons we believe that our mobile division will have higher revenue in 2022 than it did in 2021. People were not buying the high-end phones, they weren't going out, and 5G is a mobile technology that you use in multiple places. We do believe that 5G is a good thing for us in this space.

Daniel Rosenberg — Analyst, Paradigm Capital

Thanks for that. And then in your prepared remarks you mentioned, and we've seen in the press the headlines these days, you know, inflation is impacting a lot of the peoples cost structures. I was just wondering if you could provide some detail on how it's impacting you. Are you able to hedge in any way? What are your expectations given where we sit today?

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Yeah, so it's a mix, right? So I'll give you an example. Credit to our Satcom team, we made a decision, despite being in the cash position we were, we could see some of the things coming, we bought a significant amount of aluminum for use in Montreal in the fourth quarter of 2021 so that as prices increase we already have the raw material and it's effectively hedged us and locked us in at a lower price point. That's not available everywhere, we're not able to do that everywhere, but we do try to be very careful in monitoring where we are on raw materials and other component costs to get as far ahead of that as possible.

The second part of the answer, and actually I'll give you another story about our Satcom team. We had a number of products that I would call high volume, lower margin within the Satcom space. So these are not the solid state power amplifiers. In looking at that and looking at raw material costs, we realized that some of those products may not have been profitable. There was actually a conscious decision to go to the customers and have price discussions about said products, about raw material costs, and have a negotiation. In one case we made a decision to end a product. By the way, this is despite increasing revenue. But secondarily, the product that was more important to our business we were able to get a reasonable price increase to reflect what was going on within our supply chain. The customer understood it and it flowed through and at the end of the day it's not about driving the revenue, it's about driving the contribution margin to the business. It's a good example of the types of things that we look at on an individual case-by-case basis tied to what's going on with our supply chain.

Daniel Rosenberg — Analyst, Paradigm Capital

Okay. That's a good segue to my next question, so is kind of dynamics around businesses. You guys did see strong gross margin or improved gross margin and positive adjusted EBITDA, so do you have any goals around sustaining these levels? Just any colour around profitability?

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Yeah. So our goal, and it is improving slightly, but directionally, at this point, I don't want to get over my skis, but our view of the world was, my personal view of the world was coming into the business, the very first chapter was to stabilizing some very challenging situations. Right? That was really an early Q3 situation. Q4 was a lot about setting the table and getting the business where it needed to be, a huge focus on commercial book of business, really in the back of Q3 into Q4, getting after sales, but getting after sales the right way. We don't want to sell products at low margins. We need to (inaudible) products that add value for our customers with positive margins. Right? And I'm very proud of the team and the work that's been accomplished and the proof is in the pudding. But, with that being said, we still have a lot of work to do. The supply chain challenges are real. And my view had always been 2022 was getting back to good, decent financial status. And look, obviously we want to outperform, but get back to that breakeven mark with 2023 being the year that we're really back to a stronger profitability and growth. Our goal, of course, is to beat that, but right now we're holding on that vision and holding people accountable to ensuring that we get the business back to where it needs to be.

Daniel Rosenberg — Analyst, Paradigm Capital

Great. Okay. The last one for me is just around the balance sheet. You guys have been working with your lenders. It seems like they've been supportive and accommodating. So, just as you're having your discussions with potential new lenders or your current lenders, as we look through 2022, you know, when do you expect to be able to have an answer to what you're going to do with the facilities that are coming due?

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Completely fair question and a good question. Our plan for this year, from a total debt perspective, one, we want to solve for the credit facility in Vietnam, get that to a place where it comes off of our balance sheet. That's part of the goal.

Number two, we're working like mad to get the business back to profitably. And realistically, every lender I've ever dealt with, specifically when you look at the track record our company had, say, second half of 2020, first half of 2021, that's not a great place to start from. We're rebuilding credibility with our lenders. In my mind, the extension that we received and are blessed to have received and thank our lenders for, is in part because we are rebuilding credibility in our business. As we continue to rebuild the credibility, show the book of business, and start to drive profitability, that will imply one of two things will happen. We will either find new creditors to replace the lenders we have in North America or we'll talk to our lenders in North America potentially about further extension.

None of that is guaranteed but, as you will recall, our original deadline for the North American loans to come to term was March 29th. We were able to extend that based on the good work and the productive dialogues we have had with our lenders here on Canada. Based on that, I can't tell you when the magic date is going to be, but I can tell you we are having ongoing productive conversations across a number of different fronts, both with our current folks as well as with new folks who have interest in the business because they like the turnaround story, they like what they're seeing.

Daniel Rosenberg — Analyst, Paradigm Capital

Okay. Thanks so much for taking my questions, Leighton, and hopefully we could get to connect in person and can meet you and Dan and thanks for all the insight today.

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Thanks. (Inaudible) also look forward to seeing you guys in person sometime in the near future.

Operator

Thank you. Once again, as a reminder, ladies and gentlemen, if you would like to ask a question, please slowly press star followed by one on your touchtone phone.

And at this time, Mr. Carroll, we have no other questions registered. Please proceed, sir.

Leighton Carroll — Chief Executive Officer, Baylin Technologies Inc.

Okay. Look, as we draw this to a close, again, welcome to Dan, thank you to Cliff, thank you to our current lenders for their support, thank you to the people of this company for their hard work in helping us get this business back to where it needs to be, and thank you to our customers for believing in the quality of our engineering and product. Customers show you love with their wallet and I'm happy to say our book of business reflects that and it shows our best days are in front of us.

Folks, thank you for the time today. I appreciate the call.

Operator

Thank you, sir. Ladies and gentlemen, this does indeed conclude your conference call for today. Once again, thank you for attending. At this time we do ask that you please disconnect your lines. Enjoy the rest of your day.