



ENABLENCE TECHNOLOGIES ANNOUNCES FINANCIAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

Ottawa, Canada – November 24, 2021 – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSXV: ENA), a supplier of optical components and subsystems, has filed its unaudited financial statements for the three months ended September 30, 2021 ("**Q1 2022**") and related management's discussion and analysis and certifications (collectively, the "**Financial Statements**"). Electronic copies of the Financial Statements are available on SEDAR (www.sedar.com) under Enablence's issuer profile.

Q1 2022 Highlights

Enablence is pleased to provide the following highlights for Q1 2022 (all dollar figures are rounded to the nearest thousand of United States dollars, unless otherwise noted):

- The Company announced its plan to recapitalize the Company's balance sheet by way of a share consolidation, shares-for-debt exchange, restructuring of its senior secured loan and by raising new capital through a planned private placement (the "**Recapitalization Transaction**").
- The Company's senior secured loan facility was acquired from Export Development Canada by Vortex ENA LP ("**Vortex LP**"), a related party to the Company. Such senior secured loan facility was subsequently amended to lower the interest rate to 7.5% per annum, extend the maturity date to September 2025 (plus one six-month extension option), eliminate required principal amortization during the life of the loan and eliminate the need to pay cash interest (with interest accrued instead) on the loan until September 2023 (the modified loan being the "**Loan Amendment**").
- Company revenue increased by 6% during the three month period ended September 30, 2021 as compared to the same period in the prior year. Revenue gains were primarily driven by higher non-recurring engineering ("**NRE**") revenue of \$52,000 and an increase in third-party fabrication services work for a mega-cap technology company of \$114,000, offset by a decrease of \$132,000 in proprietary optical chip sales. The Company believes that the decline in optical chip sales is due to seasonal fluctuations in demand from its customers and expects chip sales to increase in future quarters based on positive market trends and inbound interest from both existing and new customers.

- The Company recognized net income of \$9,000 for Q1 2022, as compared to a net loss of \$1,865,000 for the same period in the prior year. The increase is primarily due to a one-time gain of \$2,181,000 recognized as other income in the quarter relating to the restatement of the balance of the Company's senior secured loan following the execution of the Loan Amendment in September 2021. This restatement was required as the changes met the criteria for a significant modification as described under International Accounting Standards Section 9 – Financial Instruments.

Subsequent Events

Subsequent to the end of Q1 2022, the following events occurred that are expected to have a material impact on the business of the Company:

- The share consolidation was completed at a ratio of one (1) post-consolidation common share for every one hundred twenty (120) pre-consolidation common shares and the Company announced that the shares-for-debt exchange was planned to close prior to the end of November 2021.
- The Company received waivers of certain conditions in favour of a select group of major creditors relating to the proposed shares-for-debt settlements. In aggregate, the Company entered into debt settlement agreements with creditors representing approximately 96% of the \$35,730,000 amount proposed for settlement (balances as of the end of Q1 2022). These waivers allow the Company to proceed to closing of the shares-for-debt settlements, subject to the approval of the TSX Venture Exchange.
- The Company elected to temporarily withdraw marketing efforts relating to the proposed private placement. In its place, the Company has reached agreement with Vortex LP to provide up to C\$2,000,000 in additional advances under the senior secured loan, in its sole discretion, to support short-term operating needs of the business. The Company plans to relaunch marketing efforts for a new private placement prior to the end of December 2021.
- The Company and Vortex LP agreed to certain other loan modifications that are intended to further support the Company's balance sheet by way of (i) a transfer of \$361,000 and C\$275,000 of accounts payable liabilities to Vortex LP, (ii) Vortex LP has agreed to provide the Company with the aforementioned up to C\$2,000,000 in new senior secured loan advances and (iii) Vortex LP has agreed to add all of the amounts in (i) and (ii) to the balance of the senior secured loan, with such amendments to be reflected in an amended and restated senior secured loan agreement to be entered into between the Company and Vortex LP prior to December 24, 2021.

Commenting on the Q1 2022 Highlights and the Subsequent Events, Co-CEO and CFO Craig Mode said: "Enablence is in the process of completing a series of transformative transactions as it relates to our capital structure and ability to build a financial foundation that can support long-term operational success for Enablence. The agreement with creditors to convert over C\$43.5 million of debts into common shares of the Company at an implied post-consolidation share price of C\$3.00 per share, combined with the restructuring and extension of the senior secured loan (with accompanying additional loan advances), should provide shareholders with confidence in the stability of our balance sheet. With the Recapitalization Transaction nearing completion, we will now shift our focus to raising the new capital necessary to fuel future growth, which we believe will be robust given strong market dynamics in the data and telecommunications sectors that we focus on today."

Co-CEO and CTO Ashok Balakrishnan further commented: "We are seeing increasing interest for our optical chips and for new designs from both existing and new customers in the fast-growing datacom and telecom markets. In particular, demand for optical chips that are capable of delivering bandwidth of 400Gb/s is rising rapidly and we are starting to send samples to customers based on our proprietary Vortex designs. Demand for non-recurring engineering projects, which we believe could lead to additional recurring revenue streams in the future, is also growing and we continue to work with a number of emerging companies focused on LiDAR systems (primarily for use in autonomous vehicles), optical tomography (for medical devices) and optical sensor systems. With the Recapitalization Transaction almost complete, our design and fabrication teams are excited to move forward and have the opportunity for Enablence to become a major player in the optical components world."

The "*Q1 2022 Highlights*" and "*Subsequent Events*" above are qualified in their entirety by the Financial Statements, which are available on SEDAR (www.sedar.com) under Enablence's issuer profile. For additional information on the Company, please refer to the investor presentation of the Company, which is available on Enablence's website (www.enablence.com/investors) in the "*Corporate – Investors*" tab.

About Enablence Technologies Inc.

Enablence is a publicly traded company listed on the TSX Venture Exchange ("TSXV" - ENA) that designs, manufactures and sells optical components, primarily in the form of planar lightwave circuits (PLC), on silicon-based chips. Enablence products serve a global customer base, primarily focused today on data centre and telecommunications infrastructure (namely 5G) end markets. Enablence also works with customers that have emerging market uses for its

technology, including medical devices, automotive LiDAR and virtual and augmented reality headsets. In select strategic circumstances, the Company also uses its proprietary, non-captive fabrication plant in Fremont, California to manufacture chips designed by third party customers.

For more information, visit Enablence's website (www.enablence.com).

Forward-looking Statements

This news release contains forward-looking statements regarding the Company based on current expectations and assumptions of management, which involve known and unknown risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are forward-looking statements under applicable Canadian securities legislation. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In particular, this news release contains forward-looking statements pertaining to the timing and ability of the Company to complete the Recapitalization Transaction, if at all; and the Company's plans of raising new capital. By their nature, forward-looking statements require us to make assumptions. Assumptions are based in part on the future capital expenditure levels; the ability to fulfill the remaining conditions precedent to the closing of the Recapitalization Transaction; and the ability to secure regulatory approval. These statements are based on current expectations that involve several risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to the terms as described hereof may be amended following the date hereof; the impact of the evolving COVID-19 pandemic on the Company's business, operations and sales; uncertainties relating to the ultimate spread, severity and duration of COVID-19 and related adverse effects on the economies and financial markets of countries in which the Company operates; and the ability of the Company to successfully implement its business continuity plans with respect to the COVID-19 pandemic. Although the Company believes that the expectations reflected in the forward looking statements contained in this news release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. We caution our readers of this news release not to place undue reliance on our forward-looking statements as a number of factors could cause actual results or conditions to differ materially from current expectations. Additional information on these and other factors that could affect the Company's operations are set forth in the Company's continuous disclosure documents that can be found on SEDAR (www.sedar.com) under Enablence's issuer profile. Enablence does not intend, and disclaims any obligation, except as required by law, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

For further information contact:

Craig Mode, Co-CEO and CFO
Enablence Technologies Inc.
Craig.mode@enablence.com

Ashok Balakrishnan, Co-CEO and CTO
Enablence Technologies Inc.
Ashok.balakrishnan@enablence.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.