



ENABLENCE TECHNOLOGIES ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2021

Ottawa, Canada – February 25, 2022 – 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 and six months ended December 31, 2021 ("Q2 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.

Q2 2022 Highlights

Enablence is pleased to provide the following highlights for Q2 2022 (all dollar figures are in United States dollars, unless otherwise noted):

- The Company completed its previously announced 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**"). In connection with the Recapitalization Transaction, the Company issued 14,662,000 common shares and warrants to purchase 1,578,000 common shares of the Company for C\$3.60 per common share (expiring December 31, 2024) in settlement of debts totalling \$34,693,000.
- As a result of the Recapitalization Transaction, the Company recognized, in the current quarter, one time gains in income of \$17,322,000 and in contributed surplus of \$1,335,000, net of transaction and related costs.
- As previously announced, the Company's senior secured loan facility with Vortex ENA LP ("**Vortex LP**") was amended and restated on December 31, 2021. Under the amended and restated terms of the Vortex LP senior secured loan facility, approximately \$1 million of amounts previously recorded in accounts payable were acquired by Vortex LP. In addition, the maturity date of the loan has been extended from September 3, 2025 to December 31, 2025. Interest will be accrued until December 31, 2023, after which date it shall be payable in cash. Additional advances under the loan facility are subject to the sole discretion of Vortex.

- During Q2 2022, the Company issued 694,000 common shares from treasury at a price of C\$1.80 through an unbrokered private placement for gross proceeds of C\$1,250,000; no underwriter or advisory fees were payable in connection with this private placement.
- Company revenue for the quarter decreased by 38% during the three months ended December 31, 2021 as compared to the same period in the prior year. This decline was primarily the result of lower non-recurring engineering ("**NRE**") revenue of \$148,000 and a decrease of \$112,000 in proprietary optical chip sales during the quarter. For the six months ended December 31, 2021, revenue decreased by 19% as compared to the same period in the prior year, the result of decreased non-recurring engineering ("**NRE**") revenue of \$154,000 and \$72,000 in proprietary optical chip sales. The Company believes that the decline in both revenue streams is temporary and due to typical demand swings from its customers and to temporary plant shutdowns resulting from lockdowns imposed by Asian nations responding to high levels of "Omicron variant" infections. Many countries have begun easing pandemic restrictions and the Company expects sales to its Asian customers to resume based on positive market trends and inbound interest from both existing and new customers.
- The Company recognized net income of \$14,931,000 for the three months of Q2 2022, as compared to a net loss of \$1,311,000 for the same period in the prior year. The increase is due to the one-time Gain on recapitalization arising during the quarter, described above.
- Net income for the six months ended December 31, 2021 was \$14,940,000 compared to a net loss of \$3,176,000 for the same period the prior year. The increase is due to the one-time Gain on recapitalization recognized in Q2 2022 and a Gain on modification of debt of \$2,495,000 recognized in the first quarter of the current year relating primarily to the modification and restatement of the Vortex LP senior secured loan facility. This restatement was required as the changes met the criteria for a significant modification as described under International Accounting Standards Section 9 – Financial Instruments.

Commenting on the Q2 2022 Highlights, Interim CFO T. Paul Rowland said: "Completion of the Recapitalization transforms Enablence's balance sheet. We are now well positioned to secure the new capital required to drive future growth and focus on the improvements to our fabrication plant in California. We expect that these improvements will support both our Asian markets and the continuing expansion of our North American customer base." CEO and CTO Ashok Balakrishnan further commented: "We continue to work with both existing and new customers who are identifying applications for optical chips based on our proprietary Vortex designs across a number of sectors, such as autonomous vehicles, medical devices, and optical sensor systems, in addition to the rapidly growing datacom and telecom markets."

The "Q2 2022 Highlights" 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 secure additional capital, improve its fabrication plant in California, grow its customer base in North America, and experience a recovery in sales to its Asian customers. By their nature, forward-looking statements require us to make assumptions. Assumptions are based in part on 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, risks relating to the Company failing to obtain the requisite regulatory (including the TSX Venture Exchange) approvals; 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:

T. Paul Rowland, Interim CFO
Enableness Technologies Inc.
paul.rowland@enableness.com

Ashok Balakrishnan, CEO and CTO
Enableness Technologies Inc.
ashok.balakrishnan@enableness.com

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