



## ENABLENCE TECHNOLOGIES INC. ANNOUNCES THIRD QUARTER FISCAL 2023 FINANCIAL RESULTS

*(unless otherwise noted, all financial amounts in this news release are expressed in thousands of U.S. dollars)*

**Ottawa, Canada – May 18, 2023** – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSX-V: ENA), a leading supplier of photonics semiconductors, has filed its unaudited financial statements for the three and nine months ended March 31, 2023 ("**Q3 2023**") 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](http://www.sedar.com)) under Enablence's issuer profile.

"I am pleased with the direction of the company as our top line growth strategy begins to evolve and progress following our success in stabilizing the business," commented Todd Haugen, CEO, Enablence. "This foundation has enabled us to focus our energies on key end markets and high growth verticals where we have significant competitive and technology advantages. Our growth plan has traction as interest in our established datacoms business continues to be robust. Our recent strategic partnership with Silicon Valley based semiconductor specialty foundry Noel Technologies is already helping us to quickly address this strong demand for our planar lightwave product line by expanding our capacity which will help us to accelerate sales growth. Our advanced vision market strategy, which was recently announced, provides access to a \$20 billion market, which will enable us to grow our sales substantially."

For the three-month period ending March 31, 2023, revenue was up 11% at \$492 when compared to the corresponding quarter in the prior fiscal year. An increase in non-recurring engineering ("NRE") revenue of \$109, or 158%, was partly offset by decrease in recurring product revenue of \$59, or 16%, compared to the prior year. For the nine-month period ending March 31, 2023, revenue increased by \$29, or 2%, to \$1,468 as compared to the same period in the prior year. This increase is the result of a \$124, or 30%, increase in NRE sales, offset by a decrease in proprietary optical chip sales of \$95, or 9%.

Gross margin for the three months ending March 31, 2023, decreased to \$(318) when compared to \$(79) during the same period the prior year and gross margin for the nine months ending March 31, 2023, decreased to \$(1,036) when compared to \$(329) during the same period the prior year. This decrease is primarily the result of increased repairs and maintenance spending on the Company's Fremont fabrication facility, which management undertook during the first three quarters to increase substantially the facility's production capacity. In addition, labor costs increased during the periods, as the Company added critical staff at the Fremont fab to meet anticipated demand for the Company's optical chips going forward.

Interest expense increased 137% to \$459 during the three months ended March 31, 2023, and declined by 29% to \$1,164 during the nine months ended March 31, 2023, as compared to the same periods in the prior year. The increase in the current quarter interest expense was due to the higher senior secured loan balance. The decrease in interest expense during the nine-months ended March 31, 2023, was the result of the elimination of the Company's short-term promissory note and convertible debenture liabilities through the Company's Recapitalization Transaction, which was completed on December 6, 2021.

As a result of the foregoing, the Company recognized a net loss of \$(2,616) during the third quarter of fiscal 2023, compared to \$(1,114) for the same period in the prior year. This decrease is primarily due to the above-mentioned decrease in gross margin and higher stock-based compensation costs, which resulted from the grant of options, RSUs, and DSUs to employees and directors of the Company during the quarter. For the nine months ended March 31, 2023, the Company recognized a net loss of \$(6,655) compared to net income of \$13,826 for the same period the prior year. The decrease is due to a one-time gain of relating to the gain on recapitalization, a gain on modification of the Company's senior secured loan, and a one-time gain arising from debt forgiveness, all of which occurred during Q2 of fiscal 2022.

"With respect to sales of our optical chip products, we had a strong finish to the quarter with revenues for both three and nine-months increasing over last year. We expect that the optical semiconductor market is on the growth side of the most recent downturn, and this is supported by our Q3 recurring product revenue, which increased more than 100% from Q2 in the current fiscal year. Our focus on accelerating top line revenue growth is key to executing our long-term strategy. We will continue to invest in critical capital and maintenance spending at our Fremont, California wafer fabrication facility to keep pace with foreseen increases in demand for our products," said T. Paul Rowland, CFO of Enablence Technologies.

The "Financial Highlights" above are qualified in their entirety by the Financial Statements, which are available on SEDAR ([www.sedar.com](http://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](http://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 ("TSX-V" - 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 center and other rapidly growing 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: [www.enablence.com](http://www.enablence.com).

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## **Cautionary Note Regarding Forward-Looking Information**

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. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. These statements are based on current expectations that involve several risks and uncertainties which could cause actual results to differ from those anticipated. 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](http://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.

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