



## **ENABLENCE TECHNOLOGIES CLOSES RECAPITALIZATION TRANSACTION; PROVIDES OTHER CORPORATE UPDATES**

***Launches C\$1.5 Million Private Placement of Common Shares at C\$1.80 Per Share***

***Adopts Omnibus Equity Incentive Plan and Awards***

Ottawa, Canada – December 7, 2021 – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSXV: ENA), a supplier of optical components and subsystems, is pleased to announce the closing of its previously-announced shares-for-debt transactions (the "**Shares-for-Debt Settlements**"), pursuant to which approximately C\$43.6 million of the total unsecured debt of the Company has been settled for securities of Enablence as more particularly described below, thereby completing its previously-announced recapitalization transaction (the "**Recapitalization Transaction**").

Craig Mode, Co-CEO and CFO of Enablence, commented: "The closing of the Shares-for-Debt transactions completes the Recapitalization Transaction that we announced in August 2021. We are incredibly appreciative of the support of our creditors and shareholders during this process and believe our strengthened balance sheet should give investors' confidence with regards to the long-term viability of our business. The \$1.5 million in new capital that we expect to raise through this private placement will also provide us with a base to reinitiate growth efforts and allow us to better serve our growing customer base."

### ***Closing of Recapitalization Transaction***

The Company completed its Recapitalization Transaction following the closing of the Shares-for-Debt Settlements with certain unsecured creditors holding an aggregate of C\$43.6 million of the total unsecured debt of the Company. In settlement of such debt, an aggregate of 12,545,857 common shares of the Company ("**Common Shares**") and 1,577,841 common share purchase warrants of the Company ("**Warrants**") were issued pursuant to the Shares-for-Debt Settlements. Each Warrant entitles the holder to purchase one Common Share at a price of C\$3.60 per Common Share for a period ending on December 6, 2024.

As previously announced, certain of the unsecured creditors that have settled pursuant to the Shares-for-Debt Settlements are a "related party" of the Company (each, a "**Participating Insider**") pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Each Shares-for-Debt Settlement with a Participating Insider is a "related party transaction" for the purposes of MI 61-101. The Company is exempt from the formal valuation requirements of Section 5.4(1) of MI 61-101 for a related party transaction in reliance on the exemption in Section 5.5(b) of MI 61-101 as no securities of the Company are listed on the markets specified therein. The Company is also exempt from the minority approval requirement in Section 5.6 for a related party transaction in reliance on the exemption in Section 5.7(1)(b), notwithstanding that the Company obtained minority approval of each Shares-for-Debt Settlement with a Participating Insider in accordance with MI 61-101 at the Company's annual and special meeting of shareholders held on October 26, 2021 (the "**Shareholders' Meeting**").

The Company has received the conditional approval of the TSX Venture Exchange (the "**Exchange**") for the Shares-for-Debt Settlements and has applied to the Exchange for final approval thereof. The Common Shares and Warrants issued pursuant to the Shares-for-Debt Settlement are subject to a statutory hold period of four months and one day in accordance with applicable securities laws; however, recipients have agreed to an extended hold period that will only allow for the release of the common shares and warrants in 25% increments on the six-, nine-, twelve- and fifteen-month anniversaries of December 6, 2021.

### ***Launch of C\$1.5 million Private Placement***

Following the closing of the Recapitalization Transaction, Company will seek to raise up to C\$1.5 million on a non-brokered private placement basis by issuing Common Shares at a price of C\$1.80 per Common Share (the "**Private Placement**"); provided, however, that the Company may elect to increase the size of the Private Placement to up to C\$2.0 million.

The Private Placement is expected to close prior to the end of December 2021, subject to, among other things, the approval of the Exchange.

The Private Placement is being completed *in lieu* of the previously-announced non-brokered private placement of subscription receipts of the Company proposed to be completed concurrent with the Recapitalization Transaction.

### ***Adoption of Omnibus Equity Incentive Plan and Award Grants***

The Company has adopted an omnibus equity incentive plan (the "**Omnibus Equity Incentive Plan**"), which was authorized and approved by the shareholders of the Company at the Shareholders' Meeting. The Omnibus Equity Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of options ("**Options**"), restricted share units ("**RSUs**") and deferred share units ("**DSUs**").

The Omnibus Equity Incentive Plan replaces the old stock option plan of the Company, which was most-recently authorized and approved by the shareholders of the Company at the annual general meeting of shareholders held on February 5, 2019 (the "**Old Option Plan**"). All future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the Omnibus Equity Incentive Plan and no further option-based awards will be made pursuant to the Old Option Plan. The Company's Old Option Plan will remain in effect only in respect of outstanding equity-based awards existing thereunder.

A copy of the Omnibus Equity Incentive Plan, and a summary of the key terms thereof, can be found in the management information circular of the Company dated September 21, 2021 prepared in connection with the Shareholders' Meeting, which is available on SEDAR ([www.sedar.com](http://www.sedar.com)) under Enablence's issuer profile.

On December 6, 2021, the Board of Directors of the Company approved initial grants under the Omnibus Equity Incentive Plan to certain directors, officers and employees of the Company. In total, the Company has awarded (i) 612,000 DSUs to directors of the Company, (ii) 431,000 RSUs to certain officers and employees of the Company, and (iii) 669,000 Options to certain officers and employees of the Company. The DSUs will vest in accordance with the terms of the Omnibus Equity Incentive Plan. A portion of the RSUs (333,000 RSUs) are immediately vested to certain officers of the Company, while the remaining RSUs (98,000 RSUs) will vest in equal annual instalments over a three-year period following the date hereof. The Options have an exercise

price of C\$1.80 per Common Share and will vest in equal annual instalments over a three-year period following the date hereof. Following the grants described herein and together with existing Options outstanding granted under the Old Option Plan, a total of 1,788,375 awards are outstanding under the Omnibus Equity Incentive Plan and the Old Option Plan. The Company is permitted to issue up to 2,750,000 total awards under the Omnibus Equity Incentive Plan and the Old Option Plan.

### **About Enablence Technologies Inc.**

Enablence is a publicly traded company that designs, manufactures and sells optical components and subsystems to a global customer base. It utilizes its patented technologies, including planar lightwave circuit intellectual property, in the production of an array of photonic components and broadband subsystems that deliver a key portion of the infrastructure for current and next-generation telecommunication systems. The Company's components are key elements in large optical network infrastructure builds which enable global networking and large-scale computing for businesses and individuals, including data centers and 5G telecommunications networks. For more information, visit [www.enablence.com](http://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 Private Placement, if at all; the ability of the Company to obtain regulatory (including the TSX Venture Exchange) approvals for the Shares-for-Debt Settlements and the Private Placement; and the ability of the Company to raise proceeds under the Private Placement on terms announced, or at all. 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 obtain the required regulatory approval for the Shares-for-Debt Settlements and the ability to fulfill all conditions precedent to the closing of, and secure the required regulatory approval for the Private Placement. 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 of the Shares-for-Debt Settlements and Private Placement and ancillary matters; 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](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.

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

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