



## ENABLENCE TECHNOLOGIES PROVIDES UPDATE ON RECAPITALIZATION TRANSACTION AND ANNOUNCES AMENDMENT OF SENIOR LOAN AGREEMENT

Ottawa, Canada – November 15, 2021 – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSXV: ENA), a supplier of optical components and subsystems, is pleased to provide an update on its previously-announced recapitalization transaction (the "**Recapitalization Transaction**"). Notably, the Shares-for-Debt Settlements and Consolidation (each as defined below) are expected to close prior to the end of November 2021. In addition, Enablence has agreed to amend and restate its existing loan agreement with a related party to allow for further advances of up to C\$2 million to the Company to cover operating costs through the closing of the Recapitalization Transaction and while discussions continue with potential investors relating to additional equity investments into the Company.

### ***Shares-for-Debt Settlements***

As previously announced, the Company entered into debt settlement agreements with certain unsecured creditors holding an aggregate of C\$41,397,844.11 of the total unsecured debt of the Company (collectively, the "**Existing Debt Settlements**"), representing approximately 95% of the total balance of debts proposed to be settled as part of the Recapitalization Transaction. The remaining unsettled debts held by unsecured creditors total C\$1,955,863.59 (collectively, the "**Remaining Debt**"). As of the date hereof, the holders of the Remaining Debt have not agreed to enter into a Shares-for-Debt Settlement with the Company.

Certain major creditors who have agreed to Shares-for-Debt Settlements have a closing condition in their favour requiring that 100% of the Remaining Debt enter into a Shares-for-Debt Settlement with the Company to convert such Remaining Debt on the same terms noted above (the "**Closing Condition**"). The Company is pleased to announce that it has obtained the necessary waivers by such major creditors of the Closing Condition.

In addition, as part of the Recapitalization Transaction, the Company will settle (i) C\$1,000,000.00 in amounts due under a Shares-for-Services agreement, and (ii) C\$1,020,000.00 in principal amounts advanced under the previously announced demand promissory note (the "**Original Grid Note**"). All amounts owing by the Company pursuant to items (i) and (ii) will be settled on the same terms and conditions as the Existing Debt Settlements (the "**Additional Debt Settlements**"). No additional advances will be made under the Original Grid Note following the date hereof.

In aggregate, the Existing Debt Settlements and Additional Debt Settlements total C\$43,417,844.11. All settlements are expected to close prior to the end of November 2021.

### ***Consolidation***

As previously announced, the Company has obtained the necessary shareholder approvals to consolidate (the "**Consolidation**") the issued and outstanding common shares of the Company

(the "**Common Shares**"). The Board of Directors of the Company has resolved to complete the Consolidation on the basis of one (1) new post-Consolidation Common Share in exchange for each one hundred and twenty (120) pre-Consolidation Common Shares (the "**Consolidation Ratio**").

The Company currently has 641,927,418 Common Shares issued and outstanding and, following completion of the Consolidation, it is expected there will be approximately 5,349,395 Common Shares issued and outstanding (subject to rounding), prior to the completion of the Shares-for-Debt Settlements described above. After giving effect to the Shares-for-Debt Settlements and the Consolidation, 17,845,261 Common Shares are expected to be issued and outstanding (subject to rounding) on a *pro forma* basis, of which (i) 5,349,395 Common Shares (or 30%) are expected to be held by the existing shareholders of the Company, and (ii) 12,495,866 Common Shares (or 70%) are expected to be held by the creditors who have agreed to receive Common Shares pursuant to Shares-for-Debt Settlements. An additional 1,577,844 share purchase warrants issued as part of the Shares-for-Debt Settlements (subject to rounding) will also be outstanding following closing.

The Company will not issue any fractional post-Consolidation Common Shares. Instead, each fractional share remaining after conversion will be rounded down to the nearest whole post-Consolidation Common Share. Completion of the Consolidation is subject to, among other things, approval of the TSX Venture Exchange. The Company will not be changing its name or trading symbol in connection with the Consolidation.

### **Senior Loan Agreement Amendments**

The Company also wishes to announce that it has agreed with Vortex ENA LP ("**Vortex LP**"), a non-arm's length party, to amend and restate the terms of the Company's secured term loan facility that was assigned to Vortex LP on August 20, 2021 (the "**Senior Loan Agreement**") as announced on August 23, 2021. A copy of the amended and restated loan agreement will be filed on SEDAR once it is closed, which is expected to occur on, or prior to, December 24, 2021. Key changes to the Senior Loan Agreement are expected to include:

- Vortex LP has agreed to accept the transfer of certain accounts payable of the Company to it, totaling C\$380,000 and US\$235,000, with both amounts added to the loan balance
- An additional advance amount of C\$245,000 provided by Vortex LP to the Company will be added to the loan balance
- Vortex LP will provide for up to C\$2 million in additional loan advances under the Senior Loan Agreement, subject to its sole discretion

The interest rate, maturity date and other key terms of the Senior Loan Agreement will remain unchanged.

As Vortex LP is a "related party" of the Company, the amendment of the Senior Loan Agreement is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company did not file a material change report more than 21 days before agreeing to amend and restate the Senior Loan Agreement, as the details of the amendments were not settled until shortly prior to this announcement. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in Section 5.4 of MI 61-101 in reliance on Section 5.5(b) of MI 61-101 as the Company is not listed on a specified market under MI 61-101. Additionally, the

Company is exempt from minority shareholder approval requirement in Section 5.6 of MI 61-101 in reliance on Section 5.7(f) of MI 61-101.

### **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 Consolidation, if at all; the ability of the Company to obtain regulatory (including the TSX Venture Exchange) approvals of the Consolidation and ancillary matters; the amendment of the Senior Loan Agreement and the funds expected to be made available as a result of such amendment; and the consolidation of its common shares. 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 Shares-for-Debt Settlements 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, risks relating to the Company failing to obtain the requisite regulatory (including the TSX Venture Exchange) approvals of the Consolidation and ancillary matters; 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](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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