



ENABLENCE PROVIDES UPDATE ON RECAPITALIZATION TRANSACTION

Ottawa, Canada – September 7, 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**") relating to the status of (i) the remaining shares-for-debt settlements of the Company (the "**Shares-for-Debt Settlements**"), and (ii) the restructuring of the Company's secured term loan facility originally advanced by Export Development Canada (the "**Secured Debt**"). The Recapitalization Transaction is described in Enablence's news release of August 23, 2021 entitled *"Enablence Provides Financial Update and Announces Recapitalization Transaction"* (the "**Initial Release**").

Update on Shares-for-Debt Settlement

As described in the Initial Release, the Company entered into a debt settlement agreement with seven of its creditors who hold approximately 77% of the total unsecured debt of the Company proposed for settlement hereunder (collectively, the "**Major Creditors**"), pursuant to which all of the debt owed by the Company to such Major Creditors in the aggregate amount of C\$33,138,903.57 (the "**Major Creditor Debt**") will be settled in exchange for the issuance of either (i) common shares in the capital of the Company ("**Common Shares**") at a deemed price of C\$0.025 per Common Share for 100% of the amount of the debt, or (ii) units of the Company ("**Units**") at a deemed price of C\$0.025 per Unit for 80% of the amount of the debt (with the remaining 20% of the debt being extinguished for no consideration), with each Unit comprising of one Common Share and 1/5th of a common share purchase warrant (each whole warrant, a "**Warrant**").

The Company is pleased to announce that all the Major Creditors have accepted the terms of the Shares-for-Debt Settlement, pursuant to which, the Company has agreed, subject to certain conditions, to issue an aggregate of 1,108,542,312 Common Shares and 173,611,013 Warrants to the Major Creditors to settle the Major Credit Debt in the amount of C\$33,138,903.57.

The Initial Release also announced that the Company would be making an offer to certain remaining debtholders of the Company, holding an aggregate of C\$10,660,022.24 in debt (the "**Required Remaining Debt**"), which includes additional amounts owed under short-term loans and the loan from Irix Holding Limited (the "**Irix Debt**", as such amounts are described in Note 11 of the condensed consolidated financial statements of the Company for the three and nine month periods ended March 31, 2021), and certain other amounts recognized as owed by the Company in its accounts payable and accrued liabilities. The Company has offered the holders of the Required Remaining Debt to settle such amounts on the same terms as the Shares-for-Debt Settlement noted above and such offer remained open until September 3, 2021 (the "**Offer Period**").

Following the Offer Period, the Company is pleased to announce that, as of the September 6, 2021, holders representing C\$8,149,430.85 of the aggregate Required Remaining Debt of

C\$10,660,022.24 have accepted the terms of the Shares-for-Debt Settlement, pursuant to which the Company has agreed, subject to certain conditions, to issue an aggregate of 306,314,332 Common Shares and 15,730,305 Warrants to the above-noted holders to settle such Required Remaining Debt. As of September 6, 2021, C\$2,510,591.39 of the Required Remaining Debt (including the Irix Debt) remains outstanding. The Company will extend the Offer Period to settle the Required Remaining Debt as it is a condition to completing the Shares-for-Debt Settlement that 100% of the Required Remaining Debt enter into an agreement with the Company to convert such debt on the same terms as the Shares-for-Debt Settlement noted above.

In addition, completion of the Shares-for-Debt Settlement is subject to a number of conditions, including the approval of the TSX Venture Exchange and the approval of the shareholders of the Company, as more particularly described in the Initial Release. Subject to receipt of all required approvals for closing of the Shares-for-Debt Settlement, all securities issued pursuant to the Shares-for-Debt Settlement will be subject to a hold period of four months and one day from the date of issuance, in accordance with applicable securities legislation.

Update on Secured Debt Restructuring

As described in the Initial Release, the Company entered into a letter of intent with Vortex ENA LP ("**Vortex LP**"), who acquired the Secured Debt from Export Development Canada, to amend the terms of the loan as follows:

- All prior defaults are temporarily waived and forgiven
- Maturity date extended to 48 months from the closing of the Recapitalization Transaction, plus one six-month extension option
- No required principal amortization for the loan duration
- Interest rate lowered from a rate ranging from Prime + 10.45% to Prime + 12.45% to a fixed rate of 7.5% per annum, accrued for the first twenty-four (24) months following the date of closing of the Recapitalization Transaction, and in cash thereafter

The Company is pleased to announce that it has signed an amending agreement to the loan agreement with Vortex LP (the "**Amending Agreement**") on September 6, 2021 to amend the terms of the Secured Debt in accordance with the terms detailed above. A copy of the Amending Agreement will be available on SEDAR (www.sedar.com) under Enablence's issuer profile.

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.

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; the timing and ability of the Company to make an offer to the remaining debtholders of the Company; the ability of the Company to complete the Recapitalization on the terms announced, or at all; the ability of the Company to obtain shareholder and regulatory (including the TSX Venture Exchange) approvals of the Recapitalization Transaction and ancillary matters; the annual and special meeting of shareholders tentatively scheduled for October 26, 2021; the use of funds expected to be made available as a result of the Recapitalization Transaction; reduction in the debt burden; the consolidation of its common shares; 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 fulfill all conditions precedent to the closing of the Recapitalization Transaction, the ability to secure regulatory approval and the ability to secure shareholder 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 shareholder and regulatory (including the TSX Venture Exchange) approvals of the Recapitalization Transaction and ancillary matters; the remaining debtholders declining to convert their debt on the same terms as the Shares-for-Debt Settlement, which may give rise to termination rights; 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.

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