

Enablence Technologies Inc. Announces Financial Results for Fiscal Year 2022

Ottawa, Ontario--(Newsfile Corp. - October 28, 2022) - Enablence Technologies Inc. (TSXV: ENA) ("**Enablence**" or the "**Company**"), a supplier of optical components and subsystems, has filed its audited financial statements for the fiscal year ending June 30, 2022 ("**Fiscal Year 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.

Commenting on the Company's Fiscal Year 2022 performance, CEO Todd Haugen stated: "With significant COVID-related economic challenges behind us and the addition of key senior leadership in Fiscal Year 2022, I am excited about the coming fiscal year. Having secured multiple high-volume contracts, the team will be focused on execution throughout Fiscal Year 2023. Execution is off to a strong start with the Fab more than doubling capacity in fourth quarter of Fiscal Year 2022 and is expecting to double capacity again by the end of the second quarter of Fiscal Year 2023. Additionally, potential opportunities to work with Canadian and US governments to increase North American manufacturing capacity is an unprecedented boon for the industry."

Financial Highlights

Enablence is pleased to provide the following highlights for Fiscal Year 2022 (all dollar figures are expressed in thousands of United States dollars):

- Company revenue decreased to \$1,978 for the twelve-month period ending June 30, 2022 (2021 - \$2,521), a decrease of approximately 22% over the prior year. The drop in revenue is the result of recurring product revenue of \$1,455 (2021 - \$1,741), which decreased by \$286 or approximately 16%. Non-recurring ("NRE") revenue also decreased to \$523 (2021 - \$780), a decrease of \$257, or approximately 33%. The decreased in both recurring product and NRE revenue was related to a decline in sales to the Company's Asia Pacific customers, which were adversely affected by pandemic-related lockdowns, offset by increased sales to customers in the Americas region.
- During Fiscal Year 2022, the Company completed the recapitalization of its 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 totaling \$34,693.

As a result of the Recapitalization Transaction, the Company recognized, in Fiscal Year 2022 one-time gains in income of \$16,506 and in contributed surplus of \$1,335, net of transaction and related costs.

- The Company generated net income of \$11,693 for Fiscal Year 2022 (2021 - net loss of \$(5,041)) primarily as a result of gains of on recapitalization (\$16,506), debt modification (\$2,741) and forgiveness of debt (\$321). In addition, the Company incurred lower interest expense due to the elimination of debt as a result of the Recapitalization Transaction (\$1,052), offset by a higher loss before other income due to higher stock-based compensation and other operating expenses (\$1,488) and foreign exchange losses (\$1,267) from the declining Canadian dollar during the period which increases the Canadian dollar equivalent of the U.S. dollar balances owed on certain of the Company's liabilities.
- During Fiscal Year 2022, the Company entered into a senior secured loan agreement with Vortex ENA LP ("Vortex LP"). Under the terms of the loan agreement, Vortex LP advanced to the

Company \$2,175 during Fiscal Year 2022, and an additional \$1,486 subsequent to June 30, 2022 to fund working capital requirements.

Commenting on the Fiscal Year 2022 Highlights, CFO T. Paul Rowland said: "Continued global headwinds made 2022 a challenging year for Enablence but recapitalization of the balance sheet provides a strong foundation for future growth. In addition, the fourth quarter represents the third consecutive quarter-over-quarter increase in sales, and June resulted in highest monthly sales for all of Fiscal Year 2022."

The "Financial 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 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.

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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) 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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