

Enablence Technologies Inc. Announces First Quarter Fiscal 2023 Financial Results

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

Ottawa, Ontario--(Newsfile Corp. - November 17, 2022) - Enablence Technologies Inc. (TSXV: ENA) (OTC PINK: ENAFF) ("**Enablence**" or the "**Company**"), a supplier of optical components and subsystems, has filed its unaudited financial statements for the three months ended September 30, 2022 ("**Q1 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) under Enablence's issuer profile.

"Despite a slight decrease in our quarter over quarter revenues, I am encouraged and continue to be pleased with the progress we are making growing our sales pipeline," noted Todd Haugen, CEO of Enablence Technologies. "As we look ahead, we are very excited with our growth prospects and the overall future of the business. We look forward to sharing our successes with all of our stakeholders in the months to come."

For the three-month period ending September 30, 2022, revenue decreased 4% to \$554 versus \$575 during the corresponding quarter in 2022 due to lower non-recurring ("NRE") revenue, which decreased by \$54 or approximately 39%, offset by an increase in recurring product revenue of \$33, an increase of 8% compared to the prior year. The recognition of non-recurring ("NRE") revenue can be substantially volatile from quarter to quarter.

Gross margin decreased to \$(380) when compared to \$(111) 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 in the quarter to increase substantially the facility's production capacity. In addition, labor costs increased by \$65 during the quarter, as the Company added critical staff at the Fremont fab to meet anticipated demand for the Company's optical chips going forward.

Interest expense declined 60% to \$319 during the three months ended September 30, 2022, as compared to the same period in the prior year. The decrease in interest expense during the quarter 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 for \$2,123 during the first quarter of fiscal 2023, compared to net income of \$9 for the same period in the prior year. This decrease is primarily due to a one-time gain of \$2,174 relating to the modification of the Company's senior secured loan, and a one-time gain of \$321 arising from the forgiveness of debt, both of which occurred during the three months ended September 30, 2021.

"Incurring certain additional maintenance costs associated with facility's production line together with selective capex spend during the current quarter represents an investment in the Company's future and provides a springboard to material growth in the fab's production capabilities for an extended period," 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) 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.



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