



ENABLENCE TECHNOLOGIES ANNOUNCES C\$11 MILLION PRIVATE PLACEMENT OF CONVERTIBLE DEBENTURES AND RESTRUCTURING OF LOAN FACILITY

Transactions designed to accelerate revenue growth plan

OTTAWA, Canada – June 26, 2023 – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSX-V: ENA), a leading supplier of photonics semiconductors, is pleased to announce a proposed private placement of C\$11 million of unsecured convertible debentures of the Company (the "**Convertible Debentures**") with Pinnacle Island LP (the "**Private Placement**"). Concurrent with the closing of the Private Placement, the Company will also amend and restate the terms of its existing term loan facility dated December 31, 2021 (the "**Second Amended and Restated Loan Agreement**") with Vortex ENA LP. Both moves are designed to support the acceleration of the Company's strategic growth plan.

Private Placement of Convertible Debentures

The Company proposes to close a Private Placement of C\$11 million of Convertible Debentures with Pinnacle Island LP and may close up to an additional C\$1 million of Convertible Debentures in a second tranche closing, on the following terms:

- a maturity date of June 30, 2027;
- C\$11,000,000 of Convertible Debentures will be issued to Pinnacle Island LP and up to an additional C\$1,000,000 of Convertible Debentures may be issued to other investors in a second tranche closing, subject to Pinnacle Island LP's prior written consent;
- principal would be convertible for Common Shares at a conversion price of C\$2.00 per Common Share (which is a premium to the current market price of the Common Shares); and
- an interest rate of 7.5% per annum, payable semi-annually on December 31 and June 30 of each calendar year, other than the initial interest payment, which is payable on April 1, 2024.

Paradigm Capital Inc. will be entitled to a 4.5% debt financing fee on the gross proceeds of the Private Placement (being \$495,000 on the \$11,000,000 of Convertible Debentures being purchased by Pinnacle Island LP).

Loan Agreement Amendment

The Company also announced that it will enter into the Second Amended and Restated Loan Agreement concurrent with the closing of the Private Placement, with certain terms described below:

- the maturity date is extended to June 30, 2026;
- the interest rate on the outstanding principal amounts remains at a rate equal to 7.5% per annum; and
- consolidate various loan facilities between the Company and Vortex ENA LP in the aggregate amount of C\$20,655,485.23.

As consideration for entering into the Second Amended and Restated Loan Agreement, the Company will issue 575,000 common share purchase warrants of the Company ("**Bonus Warrants**") to Vortex ENA LP, with each Bonus Warrant entitling Vortex ENA LP to acquire one common share of the Company ("**Common Shares**") at a price of C\$2.00 for a period of three years from the date of issuance.

The Company will utilize C\$6.6 million of the proceeds of the Convertible Debentures Private Placement to fund the expansion of production capacity needed to meet anticipated growth in sales of the Company's products, particularly in Advanced Vision applications and for general corporate purposes. Also, the Company will repay C\$4.4 million of the balance owing on the Second Amended and Restated Loan Agreement from the proceeds of the Convertible Debentures Private Placement.

"Upon closing, this successful private placement and concurrent restructuring of our loan agreement will provide the necessary foundation on which we can accelerate our growth plan," noted Todd Haugen, CEO, Enablence Technologies. "Our investment partners understand our technology and commercial advantages and how they play into our revenue growth plan. The investors share our strategic vision for the company and their long-term support as evidenced by these transactions is welcomed significantly."

MI 61-101 Disclosure

As Vortex ENA LP is a "related party" of the Company, the Second Amended and Restated Loan Agreement, including the issuance of the Bonus Warrants, is considered to be a "related party transaction" of the Company for purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). 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 the minority shareholder approval requirement in Section 5.6 of MI 61-101 in reliance on Section 5.7(1)(f) of MI 61-101 in respect of the Second Amended and Restated Loan, as such loan is not convertible for Common Shares, and Section 5.7(1)(c) of MI 61-101 in respect of the Bonus Warrants, as the Private Placement and the Second Amended and Restated Loan Agreement and matters ancillary thereto (collectively, the "**Transactions**") are supported by Mr. Dan Bordessa, who is a "control person" of the Company by virtue of his ownership and control and direction over 5,915,277 Common

Shares, representing approximately 31.8% of the issued and outstanding Common Shares (based on there being 18,589,578 Common Shares issued and outstanding) (the "**Control Person Approval**").

The Private Placement may be considered a "connected transaction" (for purposes of MI 61-101) to the Second Amended and Restated Loan Agreement that the Company is proposing to enter into with Vortex ENA LP, a "related party" of the Company. However, the Private Placement may be completed without engaging the formal valuation or minority approval requirements of the MI 61-101 as the Private Placement is not a "related party transaction" for the Company, and the Company is entitled to enter into the Second Amended and Restated Loan Agreement in reliance on the above-noted exemptions available under MI 61-101 from the formal valuation and minority shareholder approval requirements. Notwithstanding the foregoing, the Company wishes to note that the sole officer and director of the general partner of Pinnacle Island LP is also the sole officer and director of the general partner of Vortex ENA LP. As a result of such relationships and their respective interests in the positive outcome for the Transactions, Pinnacle Island LP and Vortex ENA LP may be considered to be *acting jointly or in concert* in connection with the Transactions.

Even assuming that the Private Placement and the Second Amended and Restated Loan Agreement should be considered together, as a single transaction, for purposes of MI 61-101, by virtue of Pinnacle Island LP and Vortex ENA LP being considered to be *acting jointly or in concert*, then the exemptions noted above from the requirements to obtain a formal valuation (in reliance on Section 5.5(b) of MI 61-101) and minority shareholder approval (in reliance on Section 5.7(1)(c) of MI 61-101) are available to the issuer as the Transactions are supported by Mr. Dan Bordessa in reliance on the Control Person Approval.

The Corporation did not file a material change report more than 21 days before the expected closing date of the Transactions as the details of the Second Amended and Restated Loan Agreement and the Private Placement were not settled until shortly prior to the dissemination of this news release, and the Corporation wishes to close the Transactions on an expedited basis for sound business reasons.

The Second Amended and Restated Loan Agreement and the Private Placement are subject to the approval of the TSX Venture Exchange.

About Enablence Technologies Inc.

Enablence is a publicly traded company listed on the TSX Venture Exchange ("TSX-V" - ENA) that designs, manufactures, and sells optical components, primarily in the form of planar light wave circuits (PLC), on silicon-based chips. Enablence products serve a global customer base, primarily focused today on data centre 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.

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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. In particular, this news release contains forward-looking statements pertaining to the ability of the Company to raise proceeds under the Private Placement on terms announced, or at all; the amendment of the amended and restated loan agreement and the funds expected to be made available as a result of such amendment; and the ability of the Company to obtain TSX Venture Exchange approval. By their nature, forward-looking statements require us to make assumptions. Assumptions are based in part on 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; the terms as described hereof may be amended following the date hereof; the ability to fulfill the remaining conditions to the closing of the Private Placement and the ability to secure regulatory approval. 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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