

# Enablence Technologies Inc. Announces Second Quarter Fiscal 2024 Financial Results

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

February 29, 2024 5:25 PM EST | Source: Enablence Technologies Inc. (/company/2725/Enablence-Technologies-Inc.)

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- Increasing Diversification Driving Predictability
- Significant New Product Releases Increasing Sales Pipeline
- AI Product Releases Dominating Customer Interest

Ottawa, Ontario--(Newsfile Corp. - February 29, 2024) - Enablence Technologies Inc. (TSXV: ENA) ("**Enablence**" or the "**Company**"), a supplier of optical components and subsystems, has filed its unaudited financial statements for the three months ended December 31, 2023 ("**Q2 2024**") 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](http://www.sedar.com) (<https://api.newsfilecorp.com/redirect/ZAjxWh4DWP>)) under Enablence's issuer profile.

"As the industry exits a cyclical downturn, we are seeing our strategic efforts to diversify gain traction," commented Todd Haugen, CEO of Enablence Technologies. "53% of Q2 revenues were attributed to advanced vision and AI products and services. Given this increased diversification, visibility of customer contracts, and a growing sales pipeline we will be able to give guidance on key financial metrics starting in fiscal 2025."

"This fiscal year, several new products were released in LiDAR and Datacoms, including the latest generation 400G products," noted Haugen. "We remain on track to deliver our 800G products and DWDM product line in Q1 Fiscal 2025 with all products currently in qualification with key customers."

"Lastly, our new AI products are in customer verification and on track for Q4 volume production," added Haugen. "With this slate of products on the horizon, we anticipate a strong fiscal year 2025 powered by new AI and advanced vision product lines. In March, at the industry's annual OFC Conference (<https://api.newsfilecorp.com/redirect/arBx8snqNL>) in San Diego, I will join other industry panelists to talk about AI revenue growth opportunities for the industry as interest in AI accelerates."

For the three months ending December 31, 2023, revenue decreased 19% to \$340 versus \$422 during the corresponding quarter in 2022 due primarily to the cyclical nature of the optical semiconductor market. NRE revenues declined to \$154 or 43% from \$272 during the corresponding quarter in 2022. This year saw a drop in NRE revenue for the quarter as some key customer NRE projects in the previous year had been completed.

Gross margin for the quarter was (\$534) as compared to (\$338) for the same period in the prior year, a decline of (\$196), or (58%). The decline is due primarily to increased investment in wafer fabrication in support of a ramp-up in wafer production as well as work-in-progress inventory. Early investment was necessary to counter any risks to capacity constraints for the pipeline opportunities.

As the Company ramped up its staff, R&D, and production capacity, the Company recognized a net loss of \$4,231 during the first quarter of fiscal 2023, compared to a net loss of \$2,066 for the same period in the prior year. This decrease is primarily due to the cyclical drop in revenues matched with increased operating expenses, interest costs, and foreign

currency translation loss.

"With the investments in R&D, sales specialists, and overall sales and marketing, the higher operating costs for this quarter are translating into increased sales pipeline development and better alignment to target customer requirements, which ultimately is positioning Enablence for growth," said Stan Besko, CFO of Enablence Technologies.

The "Financial Highlights" above are qualified by the Financial Statements, available on SEDAR ([www.sedar.com](http://www.sedar.com) (<https://api.newsfilecorp.com/redirect/2EmNaSopX0>)) under Enablence's issuer profile. For additional information on the Company, please refer to the company's investor presentation, which is available on Enablence's website ([www.enablence.com/investors](http://www.enablence.com/investors) (<https://api.newsfilecorp.com/redirect/MAYrwhzNrK>)) 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](http://www.enablence.com) (<https://api.newsfilecorp.com/redirect/bV15Wi3rE2>).

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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 involving several risks and uncertainties, which could cause results to differ from those anticipated. Although the Company believes that the expectations reflected in the forward-looking statements in this news release and the assumptions on which such forward-looking statements 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 rely on our forward-looking statements as many 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 outlined in the Company's continuous disclosure documents that can be found on SEDAR ([www.sedar.com](http://www.sedar.com) (<https://api.newsfilecorp.com/redirect/3jKXaH3aJZ>)) 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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