



ENABLENCE TECHNOLOGIES INC. ANNOUNCES SECOND QUARTER FISCAL 2023 FINANCIAL RESULTS

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

Ottawa, Canada – February 16, 2022 – Enablence Technologies Inc. ("**Enablence**" or the "**Company**") (TSX-V: ENA), a supplier of optical components and subsystems, has filed its unaudited financial statements for the three and six months ended December 31, 2022 ("**Q2 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.

For the three-month period ending December 31, 2022, revenue was unchanged at \$422 when compared to the corresponding quarter in the prior fiscal year. An increase in non-recurring engineering ("NRE") revenue of \$69, or 34%, was offset by decrease in recurring product revenue of \$69, or 32%, compared to the prior year. For the six-month period ending December 31, 2022, revenue decreased by \$21, or 2%, to \$976 as compared to the same period in the prior year. This slight decrease is the result of a \$14, or 4%, increase in NRE sales of offset by a decrease in proprietary optical chip sales of \$36, or 6%.

Gross margin for the three months ending December 31, 2022 decreased to \$(338) when compared to \$(139) during the same period the prior year and gross margin for the six months ending December 31, 2022 decreased to \$(718) when compared to \$(250) 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 during the first two quarters to increase substantially the facility's production capacity. In addition, labor costs increased during the periods, 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 42% to \$386 during the three months ended December 31, 2022 and declined by 52% to \$705 during the six months ended December 31, 2022 as compared to the same periods in the prior year. The decrease in interest expense during the quarters 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 \$(1,910) during the second quarter of fiscal 2023, compared to net income of \$14,931 for the same period in the prior year. This decrease is primarily due to a one-time gain of \$17,332 relating to the gain on recapitalization, which occurred during the three months ended December 31, 2021. The Company recognized a net loss of \$(4,039) for the six months ended December 31, 2022, compared to net income of \$14,940 for the same period the prior year. The decrease is due to the previously mentioned gain on recapitalization, a gain on modification of the Company's senior secured loan, and a one-time gain arising from the forgiveness of debt, all of which occurred during the six months ended December 31, 2021.

"We have invested in the Company's future through essential capital and maintenance spending associated with our facility's production line during the first two quarters of fiscal 2023. Continuing this much needed investment will drive material growth in the fab's production capabilities, ensuring that we

meet anticipated increases in demand for our optical chip products,” said T. Paul Rowland, CFO of Enablence Technologies.

“Observing the cyclical nature of the semiconductor industry, we feel optical semiconductors are on the growth side of the most recent downturn. The majority of datacoms customers are resuming higher volumes and key consumers such as Amazon, Microsoft, and Google have reiterated their intention to continue investing in data center growth as is reflected in stabilizing quarterly revenues.” said Todd Haugen, CEO. “Additionally, our strategic diversification to Advanced Vision remains on track with active trials in robotics, marine, and automotive industries. We continue to focus on rapid revenue growth, expanding our pipeline, and diversifying markets. I am excited to share some of our successes with shareholders in the coming months.”

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 ("TSX-V" - 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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