

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Corporation

Enablence Technologies Inc.
390 March Road, Suite 119
Ottawa, Ontario K2K 0G7

Item 2 Date of Material Change

January 30, 2024

Item 3 News Release

A news release was disseminated by Enablence Technologies Inc. (the "**Company**" or "**Enablence**") on January 30, 2024 via Newsfile Corp. announcing the transaction described in this material change report and subsequently filed on SEDAR+ (www.sedarplus.ca) under Enablence's issuer profile.

Item 4 Summary of Material Change

On January 30, 2024, the Company announced the completion of a debt financing package provided by Pinnacle Island LP, a limited partnership formed under the laws of the Province of Ontario (the "**Lender**"), to support Enablence's growth plan.

Item 5 Full Description of Material Change

On January 30, 2024, the Company announced the completion of a debt financing package provided by the Lender, which includes (i) a subordinated secured non-revolving term loan dated January 30, 2024, with the Lender in the maximum principal amount of CDN \$4,300,000 (the "**Loan Facility**"), and (ii) an amendment to existing convertible debenture of the Company in the amount of CDN \$11 million (the "**Convertible Debenture**") held by the Lender that will result in the Convertible Debenture becoming a secured obligation of the Company (subject to the Company obtaining minority shareholder approval for such amendment). The debt financing package will support Enablence's strategic growth plan.

Loan Facility

The Lender entered into a loan agreement with the Company dated January 30, 2024 (the "**Loan Agreement**"), under which the Lender agreed to provide the Company with the Loan Facility. The Loan Facility is a subordinated secured non-revolving term loan in the maximum principal amount of CDN \$4,300,000 and includes a loan in the principal amount of CDN \$2,040,820, which the Lender advanced on December 13, 2023, and was evidenced by a demand promissory note (the "**Promissory Note**") that accrued interest at a rate of 10% per annum and was repayable on demand.

The principal amount of the Promissory Note plus accrued interest now forms part of and is governed by the terms of the Loan Agreement. The principal amount outstanding under the Loan Facility bears interest at the rate of 12% per annum and has a maturity date of July 31, 2025. The Company intends to use the CDN \$2,190,000 of additional cash that was advanced to the Company under the Loan Agreement to finance its working capital requirements.

As additional consideration for entering into the Loan Agreement, the Company agreed to pay a structuring fee to the Lender of CDN \$215,000 (the "**Loan Agreement**

Structuring Fee"), of which CDN \$85,394.40 has been paid to the Lender as of the date of the Loan Agreement. The remaining balance of the Loan Agreement Structuring Fee, CDN \$129,605.60, will be paid to the Lender on the maturity date of the Loan Facility, July 31, 2025.

To secure the Company's obligations under the Loan Facility, the Loan Agreement provides that, within 30 days of the date of the Loan Agreement: (i) the Company will execute and deliver a general security agreement (the "**Company GSA**") granting the Lender a second priority security interest over all of the Company's present and after-acquired assets and a second priority pledge of the shares of Enableness Canada Inc. ("**Enableness Canada**") and Enableness USA Inc. ("**Enableness USA**"); (ii) each of Enableness Canada, Enableness USA and Enable USA Components Inc. ("**Enableness Components**", and together with Enableness Canada and Enableness USA, the "**Guarantors**") will execute and deliver a guarantee (a "**Subsidiary Guarantee**") and a general security agreement (a "**Subsidiary GSA**") granting the Lender a second priority security interest over all of its present and after-acquired assets; and (iii) Enableness USA will execute and deliver a second priority pledge of the shares of Enableness Components. The Loan Agreement also provides that the Company, the Guarantors, the Lender, and Vortex ENA LP ("**Vortex**") will enter into an intercreditor agreement (the "**Intercreditor Agreement**") to govern the relationship between the Company's and the Guarantors' secured creditors. The granting of such security impacts the priority of the Lender compared to the Company's unsecured creditors but does not change the relative recovery position of the Company's shareholders.

Vortex is a "related party" of the Company. Since Vortex may be considered to be *acting jointly or in concert* with the Lender, the entering into of the Loan Agreement and the granting of security (the "**Loan Transaction**") is considered to be a "related party transaction" 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 no securities of the Company are 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 Loan Transaction, as the Loan Facility is not convertible directly or indirectly, into equity or voting securities of the Company.

Amended and Restated Convertible Debenture

In connection with the Loan Transaction, the Company also intends to amend and restate the Convertible Debenture (the "**Amended and Restated Convertible Debenture**") held by the Lender to reflect that the repayment obligations of the Company thereunder are secured on the same basis as the Company's repayment obligations under the Loan Facility (the "**CD Amendment**").

The Company GSA and each Subsidiary Guarantee and Subsidiary GSA will grant a second priority security interest as security for the Company's repayment obligations under the Amended and Restated Convertible Debenture upon the effective date of the Amended and Restated Convertible Debenture (which is expected to be March 7, 2024). No changes are proposed to the maturity date, principal amount, or conversion price of the Convertible Debenture.

As the Lender may be considered to be *acting jointly or in concert* with Vortex, a

"related party" of the Company, the CD Amendment is a "related party transaction" of the Company for purposes of MI 61-101. While 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 no securities of the Company are listed on a specified market under MI 61-101, the Company is not exempt from the minority shareholder approval requirements under MI 61-101 in respect of the CD Amendment. As such, the Company intends to obtain minority shareholder approval for the CD Amendment (the "**CD Amendment Approval**") at its upcoming annual and special meeting of shareholders of the Company scheduled for March 7, 2024. Until the CD Amendment Approval has been obtained, the CD Amendment will not be effective, and the Convertible Debenture shall remain unsecured and governed by the terms of the original Convertible Debenture.

The Loan Facility and the CD Amendment was unanimously approved by the board of directors of the Company. The Company will send a copy of this material change report to any shareholder of the Company who requests a copy of it without charge.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Todd Haugen
Chief Executive Officer
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Item 9 Date of Report

February 9, 2024