

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Corporation

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

Item 2 Date of Material Change

April 4, 2025

Item 3 News Release

A news release was disseminated by Enableness Technologies Inc. (the "**Company**" or "**Enableness**") on April 4, 2025 via Newsfile Corp. announcing the material change described in this report and subsequently filed on SEDAR+ (www.sedarplus.ca) under Enableness's issuer profile.

Item 4 Summary of Material Change

On April 4, 2025, the Company announced the closing of a series of connected transactions to recapitalize the debt of the Company (collectively, the "**Recapitalization Transaction**").

Item 5 Full Description of Material Change

On April 4, 2025, the Company announced the closing of the Recapitalization Transaction.

The Recapitalization Transaction includes an amendment to the Company's term loan (the "**Vortex Loan Amendment**") with Vortex ENA LP ("**Vortex**"), amendments (the "**Pinnacle I Debenture Amendment**") to the Pinnacle I Debentures (as defined below) held by Pinnacle Island LP ("**Pinnacle I**"), a shares-for-debt settlement with one of the Company's creditors, the recapitalization of outstanding loans through the issuance of debentures (the "**Convertible Debentures**") convertible into common shares of the Company ("**Common Shares**") in the principal amount of approximately \$29.8 million on a private placement basis (the "**Private Placement**"), and a term loan of \$20 million (the "**Term Loan**"). All securities issued pursuant to the Recapitalization Transaction, including the Convertible Debentures and all loan bonus warrants, are subject to a hold period of four months and one day from the issue date in accordance with applicable Canadian securities laws.

The Financings

As part of the Recapitalization Transaction, the Company completed the Private Placement, issuing Convertible Debentures with a face value of \$29,849,248 to certain holders of debt of the Company. In particular, Pinnacle I received Convertible Debentures with a principal value of \$12,232,398.60, Pinnacle Island II LP ("**Pinnacle II**") received Convertible Debentures with a principal value of \$6,789,668.49, and Paradigm Capital Partners Limited ("**PCPL**") received Convertible Debentures with a principal value of \$10,837,181.23.

The Convertible Debentures have an interest rate of 9.5% per annum (and a default rate of 12.5%) and mature on April 4, 2029. Interest is payable quarterly in cash with the first cash interest payment due on June 30, 2026, and accrued interest for the period between

issuance and March 31, 2026 being payable at maturity. Each Convertible Debenture is convertible into Common Shares at a price of \$2.25 per Common Share and the Convertible Debentures issued to Pinnacle I and Pinnacle II are secured obligations of the Company. The Convertible Debentures were issued in exchange for and as evidence of certain outstanding liabilities held by Pinnacle I (\$10,771,212.73) and Pinnacle II (\$6,305,016.44) as of December 31, 2024 and PCPL in respect of the PCPL Demand Loan (as defined below) (\$10,837,181.23). As such, the Private Placement is, in part, a "Shares for Debt" transaction as defined by the TSX Venture Exchange's (the "**Exchange**") Policy 4.3 – *Shares for Debt*. The remaining proceeds are expected to be used pay certain fees and accounts payable of the Company.

Pinnacle II also provided the Term Loan, which was provided as part of the Recapitalization Transaction pursuant to a term loan agreement between Pinnacle II and the Company dated April 4, 2025 (the "**Closing Date**"). The interest rate of the Term Loan is 14% per annum, payable quarterly in cash with the first cash interest payment due on June 30, 2026. The interest for the period between the Closing Date and March 31, 2026 shall accrue and be payable at maturity. The Term Loan matures on March 31, 2027. In connection with the Term Loan, Pinnacle II was issued 1,330,000 Common Share purchase warrants, each entitling the holder to purchase a Common Share at an exercise price of \$2.25 per Common Share until March 31, 2027.

The Company used proceeds from the Term Loan in the amount of \$4 million to pay principal and interest on various cash advances that have been extended by PCPL to the Company between October 2024 to March 2025, which are evidenced by a demand promissory note dated April 4, 2025 bearing an interest of 12% per annum (the "**PCPL Demand Loan**"). The balance on the PCPL Demand Loan was settled and satisfied by issuance of the Convertible Debentures as outlined above.

The balance of the proceeds of the Term Loan also funded certain legal costs (up to \$500,000) and is expected to fund general working capital of the Company and for general corporate purposes.

Loan and Convertible Debenture Amendments

As part of the Recapitalization Transaction, the term loan agreement between the Company and Vortex dated June 27, 2023, as amended (the "**Vortex Loan Agreement**"), providing for a term loan to the Company (the "**Vortex Loan**") was further amended to: (i) extend the maturity date to March 31, 2028; (ii) capitalize all interest accrued and unpaid to the Closing Date; (iii) calculate and capitalize all interest from the Closing Date to March 31, 2026; (iv) provide that interest only starts to accrue on January 1, 2026, with the first interest payment on March 31, 2026, after which interest will be payable in respect of the Vortex Loan on a monthly basis; and (v) grant a waiver of any defaults under the Vortex Loan for failure to make timely interest payments. Other than these amendments, the terms of the Vortex Loan Agreement are materially unchanged.

In connection with, and as partial consideration for, the Vortex Loan Amendment, the Company granted 1,500,000 Common Share purchase warrants to Vortex (each, a "**Vortex Bonus Warrant**"). Each Vortex Bonus Warrant entitles the holder to acquire one Common Share at a price of \$2.25 per Common Share until March 31, 2028. The 575,000 Common Share purchase warrants that had previously been granted to Vortex in connection with entering into the Vortex Loan Agreement were cancelled in accordance with the requirements under the policies of the Exchange.

The Company and Pinnacle I also entered into the Pinnacle I Debenture Amendment to

amend the terms of the secured convertible debenture in the principal amount of \$11,000,000 that was issued to Pinnacle I on June 27, 2023 and amended on March 7, 2024, and matures on June 30, 2027 (the "**Pinnacle I Debentures**"). The Pinnacle I Debenture Amendment provides for amendments to: (i) facilitate the issuance of Convertible Debentures to Pinnacle I (see above); and (ii) provide that interest on the principal amount of the Pinnacle I Debentures will start to accrue on January 1, 2026, with the first payment due on June 30, 2026 and semi-annually thereafter. It also provides a waiver of certain of the Company's missed interests payments. Other than these amendments, the terms of the Pinnacle I Debentures are materially unchanged.

Shares-for-Debt and Shares-for-Services Settlement

In connection with the Recapitalization Transaction, the Company also settled an outstanding debt to Paradigm Capital Holdings Inc. ("**PCHI**") in the amount of \$1,563,000 by issuing 781,500 Common Shares to PCHI, which reflects a deemed price of \$2.00 per Common Share.

In connection with the Recapitalization Transaction, an advisory fee of \$2,000,100 (the "**Advisory Fee**") was payable to Paradigm Capital Inc. ("**PCI**") and such receivable was assigned to PCHI. Subject to final regulatory approval, the Company settled the Advisory Fee by issuing 1,000,050 Common Shares to PCHI on April 14, 2025 at a deemed price of \$2.00 per Common Share.

MI 61-101

The transactions comprising the Recapitalization Transaction may be considered "related party transactions" within the definition of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") (and Policy 5.9 of the Exchange) because each of Vortex, Pinnacle I, Pinnacle II, PCPL, PCHI and PCI may be considered a "related party" of the Company because they have beneficial ownership of, or control or direction over, more than 10% of the Common Shares on an aggregate basis. Their holdings are aggregated on the basis that they are each affiliates and/or related and connected issuers of PCI and may also be considered joint actors. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Recapitalization Transaction 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. In addition, the Recapitalization Transaction is exempt from the minority approval requirement in Section 5.6 of MI 61-101 in reliance on Section 5.7(1)(e) of MI 61-101 as: (i) the Company is in serious financial trouble; (ii) the Recapitalization Transaction is designed to improve the financial position of the Company; (iii) the circumstances described in Section 5.5(f) of MI 61-101 are not applicable; (iv) the Company's board of directors (the "**Board**") and independent directors (as such term is defined in MI 61-101) have, acting in good faith, determined that the Company is in serious financial trouble and the Recapitalization Transaction was designed to improve its financial position, and the terms of the Recapitalization Transaction are reasonable in the circumstances of the Company, and (v) there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the Company's shareholders.

In connection with the Recapitalization Transaction, the Company established a special committee of independent directors, comprised of Louis De Jong, Daniel Huff and Oded Tal (the "**Special Committee**") to review the Company's financial condition and circumstances as well as the proposed Recapitalization Transaction and possible alternatives. The Special Committee as well as the full Board considered, among other

things, the liquidity and going concern issues that the Company have faced for some time, including the Company's financial position and debt level, default or breaches and impending maturity current liabilities and debt as well as ongoing debt service obligations which require the Company to dedicate significant cash flow to interest expense which reduces the funds available for ongoing operations and working capital needs and impose restrictions on the Company's business. As part of their deliberations, the Special Committee and the Board also considered the terms and conditions of the Recapitalization Transaction and the potential its potential impact on the Company's financial position as well as the criteria and conditions with respect to the financial hardship exemptions described herein. The Board and Special Committee are of the view that the Recapitalization Transaction has the effect of (i) providing additional capacity to service debt obligations and support ongoing operations and working capital requirements of the Company, (ii) providing waivers from breaches and defaults occurring under other existing indebtedness, without which waivers the amounts under such indebtedness of the Company may be immediately due and payable and for which the Company has no means to repay and would therefore be insolvent, and (iii) extending the maturity of the Company's indebtedness. Given the foregoing, each of the Board and the Special Committee determined that the Recapitalization Transaction will alleviate the immediate liquidity concerns of the Company and improve the Company's financial condition.

This material change report was not filed 21 days in advance of the Closing Date, as the details and amounts were not finalized until closer to the closing and the Company wished to close the Recapitalization Transaction as soon as practicable for sound business reasons.

The Recapitalization Transaction remains subject to final approval of the Exchange.

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

April 14, 2025

Cautionary Note Regarding Forward-looking Information

This material change report 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 material change report contains forward-looking statements pertaining to the ability of the Company to obtain final acceptance of the Exchange in respect of the Recapitalization Transaction and the issuance of Common Shares to settle the payment of the Advisory Fee; the use of the proceeds raised in connection with the Recapitalization Transaction; reduction in the debt burden; the impact that the

Recapitalization Transaction will have on the financial condition and prospects of the Company, including revenue growth; and the ability of the Company to maintain its business as a going concern. By their nature, forward-looking statements require us to make assumptions. Assumptions are based in part on the future capital expenditure levels, the ability to fulfill all conditions precedent to the closing of the Recapitalization Transaction, the ability to secure regulatory approval and the ability to secure shareholder 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 final acceptance of the Recapitalization Transaction and ancillary matters; and the ability of the Company to leverage proceeds from the Recapitalization Transaction to improve the financial condition, revenue growth and prospects of the Company. Although the Company believes that the expectations reflected in the forward-looking statements contained in this material change report, 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 material change report 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.sedarplus.ca) 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.