

Spectra7 Announces Closing of Further Upsized \$14.8 Million Private Placement

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SAN JOSE, Calif., Oct. 26, 2021 /CNW/ -- (TSXV:SEV) (OTCQB:SPVNF) Spectra7 Microsystems Inc. ("**Spectra7**" or the "**Company**"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced the closing of the Company's previously announced upsized brokered private placement, which was further upsized due to overwhelming demand (the "**Private Placement**"). Pursuant to the Private Placement, the Company has issued 11,183,990 common shares (the "**Common Shares**") at a price of \$1.32 per Common Share for aggregate gross proceeds of \$14,762,867. All dollar amounts in this news release are denominated in Canadian dollars unless otherwise indicated.

Cormark Securities Inc. (the "**Agent**") acted as sole agent and bookrunner to offer the Common Shares for sale on a best efforts agency basis. The Agent received a cash commission of \$542,558, being 6% of the aggregate proceeds raised in the Private Placement (excluding proceeds raised from investors on the president's list) and broker warrants entitling the Agent to purchase up to 411,028 Common Shares, being 6% of the aggregate of number of Common Shares issued in the Private Placement (excluding Common Shares issued to investors on the president's list) at \$1.32 per Common Share for a period of two years from the closing.

The net proceeds from the Private Placement are intended to be used for working capital to support revenue growth and for general corporate purposes. The Company now has the flexibility to consider its options to improve its overall capital structure.

"Investor demand for our offering significantly exceeded our original expectations. New investors in both Canada and the United States recognize the opportunity we have to expand our leading position in the fast growing Active Copper Cable market to support hyperscale data centers worldwide," said Raouf Halim, Chief Executive Officer of Spectra7. "We are also pleased to announce that order backlog has increased beyond the US\$7.2 million we reported earlier this month, further increasing our confidence that annual revenue will grow significantly in fiscal 2022."

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), the Private Placement constituted a "related party transaction" as insiders of the Company subscribed for 615,757 Common Shares. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101. The Company did not file a material change report more than 21 days before the closing of the Private Placement as the details of the related parties' participation in the Private Placement had not been settled. The Private Placement was approved by all of the independent directors of the Company.

All Common Shares issued in the Private Placement are subject to a statutory hold period until the date that is four months and one day from the date of issuance.

*This news release does not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold in the United States or to U.S. Persons unless registered under the U.S. Securities Act and any applicable state securities laws or an exemption*

from such registration is available.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance analog semiconductor company delivering unprecedented bandwidth, speed and resolution to enable disruptive industrial design for leading electronics manufacturers in virtual reality, augmented reality, mixed reality, data centers and other connectivity markets. Spectra7 is based in San Jose, California with a design center in Cork, Ireland and technical support location in Dongguan, China. For more information, please visit www.spectra7.com.

Neither the TSX Venture Exchange nor its regulation services provided (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

CAUTIONARY NOTES

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, the Company's anticipated use of proceeds, the Company's ability to act on the opportunity to expand its position in the active copper cable market to support hyperscale data centers, the Company's projections of increased annual revenue in fiscal 2022, and the Company's strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in the Company's Management's Discussion and Analysis for the year ended December 31, 2020. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

For more information, please contact:

Darrow Associates
Matt Kreps/Jim Fanucchi
214-597-8200
ir@spectra7.com

Spectra7 Microsystems Inc.
Bonnie Tomei
Chief Financial Officer
669-212-1089
ir@spectra7.com

Spectra7 Microsystems Inc.
John Mitchell
Public Relations
650-269-3043
pr@spectra7.com

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