SPECTRA7

AI Hyperscale Switch Manufacturer Confirms Market-Leading Performance of Spectra7- Enabled 800G Active Copper Cables

Debenture Maturity Extension; Proposed Private Placement

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SAN JOSE, Calif., March 5, 2024 /CNW/ -- (TSXV: SEV) (OTCQB: SPVNF) Spectra7 Microsystems Inc. ("**Spectra7**" or the "**Company**"), the leader in high-performance analog semiconductors for broadband connectivity markets, such as AI networks, hyperscale data centers, and AR/VR, announces that its previously demonstrated market-leading performance of 800G Active Copper Cables ("ACCs") embedded with Spectra7 semiconductors has been confirmed by the leading North American AI hyperscale data center switch manufacturer.

"We are gratified that this significant player in the AI hyperscale data center space has confirmed the market-leading performance of our proprietary ACC semiconductor products," said Raouf Halim, CEO of Spectra7. "High speed cables are the vital arteries of AI networks. This paves the way for Spectra7 to be an important supplier to the $3 billion ACC market for hyperscale data centers.[1] We expect these products to be in full commercial production and sale in the second half of this year."

Extension of Convertible Debentures

Spectra7 also announces that it has received commitments from holders (the "Consenting Holders") of the requisite 80% of outstanding principal amount of its existing $8.873 million of 14% unsecured convertible debentures (the "Debentures") to extend the maturity of the Debentures from December 31, 2024 to June 30, 2025 (the "Amendment"). As consideration for the Amendment, the Company has agreed to pay a non-convertible extension bonus at maturity to the Debenture holders equal to 1.5% of the principal outstanding on the effective date of the Amendment.

The Consenting Holders confirm that they remain committed to the execution of the Company's roadmap, and believe the extension will provide the runway to reach significant commercialization milestones.

The Amendment is subject to approval by the TSX Venture Exchange, formal approval from Consenting Holders and the finalization of a supplemental indenture. The Company shall issue a further release once the amendments have been finalized and approved.

Proposed Private Placement of Equity Securities

The Company also announces its intention to effect a modest private placement of equity securities to certain institutional investors and insiders of the Company (the "Private Placement"), in order to provide working capital to support the production ramp of its new ACC semiconductor products, as well as general corporate purposes. The Company is working with advisors in Canada and the United States in this regard. The Private Placement is expected to close in March 2024, and is subject to receipt of all necessary approvals, including the approval of the TSX Venture Exchange.

Consenting Holders and Board members have indicated that they intend to participate in the Private Placement.

"Our outlook is for revenue growth in the second-half of this year and into 2025, driven by strong adoption of our market-leading ACC semiconductor products", said Mr. Halim.

No securities regulatory authority has either approved or disapproved of the contents of this news release. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release is not an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities laws of such jurisdiction. The securities being offered have not been, nor will they be, registered under the U.S. Securities Act, and such securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from U.S. registration requirements and applicable U.S. state securities laws

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 a technical support location in Dongguan, China. For more information, please visit www.spectra7.com.

Neither the TSX Venture Exchange nor its regulation services provider (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 timeline for producing and selling its 800G Active Copper interconnects, the completion of the proposed Debenture amendments and the proposed Private Placement, the Company's revenue outlook for the second half of 2024 and 2025, 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, 2022. 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.

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[1] 650Group blog post (https://650group.com/blog/active-copper-market-poised-to-take-significant-share-of-short-distance-market-in-the-data-center/) and 650Group Cloud CAPEX, Data Center, and Ethernet Switch 2Q23 Results and September Forecast. This is forward looking information. See "Cautionary Notes."

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