

Spectra7 Files 2024 Annual Financial Results, Provides Update on Previously Announced Transaction with Parade Technologies

SAN JOSE, Calif., April 15, 2025 /CNW/ -- (TSXV:SEV) (OTCQB:SPVNF) Spectra7 Microsystems Inc. ("**Spectra7**" or the "**Company**"), a leader in high-performance analog semiconductors for broadband connectivity markets, such as AI networks, hyperscale data centers, and AR/VR, today announced that it has filed its financial results for the year ended December 31, 2024.

A copy of the audited consolidated financial statements for the year ended December 31, 2024, and the corresponding management's discussion and analysis (the "**MD&A**") are available under the Company's profile on www.sedarplus.ca or through the investor relations section of the Company's website at www.spectra7.com.

Additionally, the Company is providing an update on its transaction with Parade Technologies, Ltd. ("Parade"), which was previously announced on March 7, 2025. The Company and Parade are parties to a definitive agreement (the "Purchase Agreement") under which Parade has agreed to acquire substantially all of the assets (the "Assets") of Spectra7 and its subsidiaries (the "Sale Transaction"). The Assets include intellectual property (IP), products, designs, inventory, and other specified items.

The purchase price (the "Purchase Price") for the Assets is US\$9,000,000 (approximately CDN\$12,933,001) in cash. On closing (the "Closing") of the Sale Transaction, Parade shall make a cash payment to Spectra7 equal to the Purchase Price, less: (i) the Bridge Loans (as defined below), and (ii) US\$1,800,000 (approximately CDN\$2,586,600) (the "Escrow Amount"). The Escrow Amount shall be deposited into escrow with a third-party escrow agent to cover certain potential indemnity claims by Parade until the date that is one year after the closing of the Sale Transaction (the "Escrow Release Date"). There can be no certainty as to the quantum of the Escrow Amount to be released.

Pursuant to the Purchase Agreement, Parade has advanced loans to Spectra7 totaling US\$750,000 (CDN\$1,077,750) (collectively, the "Bridge Loans"), in order to assist Spectra7 to maintain its operations and carry on its business until Closing. The Bridge Loans (i) bear interest at the prevailing prime rate; (ii) are secured against certain assets of Spectra7 and its subsidiaries; and (iii) will be credited (including interest) at Closing against the Purchase Price. In the event that the Sale Transaction is not completed or the Purchase Agreement is terminated, the Bridge Loans become immediately payable by Spectra7 to Parade.

It is the intention of Spectra7 to distribute all of the net proceeds received from the Sale Transaction to its shareholders (other than dissenting shareholders) (the "Spectra7 Shareholders") and holders of pre-funded warrants. The Company anticipates making a special distribution (the "Special Distribution") to the Spectra7 Shareholders and holders of pre-funded warrants of all of the net cash proceeds received at Closing and one non-interest bearing contingent value right (each, a "CVR") for each common share or pre-funded warrant held on the record date for the Special Distribution. The distribution of the available Escrow Amount and any unused proceeds from the Sale Transaction shall be made to the holders of CVRs on a date to be determined by the Company as soon as possible following the Escrow Release Date. The cash portion of the Special Distribution shall be equal to the proceeds received by Spectra7 at the Closing less: (i) transaction costs including fees for financial and legal advisors, costs of the special meeting of Spectra7 Shareholders to be held to approve the Sale Transaction (the "Meeting"), escrow agent fees and fees payable to the TSX Venture Exchange (the "TSXV"); (ii) accounts payable and any employee severance and bonus costs; (iii) funds used for Spectra7's ordinary course expenses prior to Closing; and (iv) funds used by Spectra7 to continue to exist until on or after the Escrow Release Date.

The cash portion of the Special Distribution is estimated to be approximately US\$1,070,000 (approximately CDN\$1,537,590), or approximately US\$0.0039 per share based on the share information below, and is expected to be made within two weeks after Closing. The reduction of the cash portion of the Special Distribution compared to prior disclosure by the Company is as a result of updated employee compensation obligations and governance, maintenance and wind-down costs amongst the Company's international operations. Assuming the Escrow Amount is released in full, the distribution to CVR holders is estimated to be US\$1,800,000 (approximately CDN\$2,586,600) or approximately US\$0.0065 per share, and is expected to be made shortly following the Escrow Release Date.

As of the date of this release, the number of common shares of Spectra7 outstanding (assuming the exercise in full of all of the 100,035,411 outstanding pre-funded warrants and settlement of all outstanding restricted share units, but excluding the exercise or conversion of any other outstanding securities of Spectra7 previously issued by Spectra7) is 276,622,494 common shares. Based on the above estimates and the common share amounts noted above, the total Special Distribution, including the estimated payment to CVR holders, to the Spectra7 Shareholders is expected to be approximately US\$2,870,000 (approximately CDN\$4,124,190) or approximately US\$0.0104 per share.

It is anticipated that Parade shall be employing the substantial majority of the Company's employees upon completion of the Sale Transaction.

Closing of the Sale Transaction is subject to various conditions, including the approval of the TSXV and approval of at least 66 2/3% of the votes cast by Spectra7 Shareholders at a Meeting to take place on April 17, 2025. As part of the Transaction, Spectra7 has entered into voting and support agreements with Spectra7 Shareholders holding approximately 60.44% of the issued and outstanding common shares of Spectra7, who have, among other things, agreed to vote their common shares of Spectra7 in favor of the Sale Transaction.

Additional details relating to the Sale Transaction are set out in the management information circular of Spectra7 mailed to Spectra7 Shareholders in connection with the Meeting.

The Sale Transaction is expected to close in the week following the Meeting assuming approval is granted by the Shareholders.

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

Statements in this press release contain forward-looking information. Such forward-looking information may be identified by words such as "anticipates", "plans", "proposes", "estimates", "intends", "expects", "believes", "may" and "will". The forward-looking statements included in this press release, including statements regarding the Sale Transaction, the receipt of necessary Spectra7 Shareholder and TSXV approvals and satisfaction of other closing conditions, the anticipated timing of the meeting of Spectra7 Shareholders to approve the Sale Transaction and timing of Closing, the release of the Escrow Amount and the ultimate quantum and timing of the distributions payable to Spectra7 Shareholders upon Closing and release of the Escrow Amount.

In respect of the forward-looking statements and information included in this press release, Spectra7 has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the timing of the Spectra7 Shareholder meeting, the ability of the parties to the Purchase Agreement to receive, in a timely manner and on satisfactory terms, necessary approvals to complete the Sale Transaction, the ability of such parties to satisfy, in a timely manner, the other conditions to the closing of the Sale Transaction, and assumptions related to the historical burn rate of Spectra7 and expenses becoming due prior to Closing. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news

release. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond Spectra7's control. Such risks and uncertainties include but are not limited to: the risk that the Sale Transaction may not be completed on a timely basis, or at all; risks that the conditions to the consummation of the Sale Transaction may not be satisfied; the risk that the Sale Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to the completion of the Sale Transaction, Spectra7's business may experience significant disruptions, including loss of customers or employees, due to transaction-related uncertainty or other factors; the possible occurrence of an event, change or other circumstance that could result in termination of the Sale Transaction; risks that the Sale Transaction may have a negative impact on the market price and liquidity of the common shares of Spectra7; risks related to the diversion of management's attention from the Company's ongoing business operations; risks relating to the failure to obtain necessary Spectra7 Shareholder and TSXV approvals; risks related to trade tariffs and retaliatory trade measures, specifically between the United States and Canada; foreign exchange risk; the risk that Spectra7's burn rate until Closing is much higher than anticipated, or that there are unanticipated expenses that become due during such time; and other risks inherent to completing a cross-border transaction of this nature. Further, failure to obtain the requisite approvals or the failure of the parties to otherwise satisfy the conditions to or complete the Sale Transaction, may result in the Sale Transaction not being completed on the proposed terms, or at all. In addition, if the Sale Transaction is not completed, and Spectra7's business continues in its current form, the announcement of the Sale Transaction and the dedication of substantial resources to the completion of the Sale Transaction could have a material adverse impact on Spectra7's share price, its current business relationships (including with future and prospective employees, customers and partners) and on the current and future operations, financial condition and prospects of Spectra7.

When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive. Details of additional risk factors relating to Spectra7 and its business, generally, are discussed under the heading "Business Risks and Uncertainties" in the MD&A, a copy of which is available on Spectra7's SEDAR+ profile at www.sedarplus.ca. These statements speak only as of the date of this press release. Except as otherwise required by applicable securities statutes or regulation, Spectra7 expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

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CNW 20:57e 15-APR-25