

SPECTRA7[®]

2021 Annual and Special Shareholders Meeting

Raouf Halim, CEO

June 18TH, 2021

TSX TICKER: **SEV**
TSX VENTURE EXCHANGE



Cautionary Notes

This management presentation is intended to provide an overview of the business of Spectra7 Microsystems Inc. ("Spectra7," "we," "us," "our," and together with our subsidiaries and variable interest entities, the "Company"). It has been prepared for information purposes only and does not purport to be complete. It is not intended to be relied upon as advice to or as a solicitation from investors or potential investors in connection with a distribution of securities of the Company and does not take into account the investment objectives, financial situation or needs of any particular investor.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These statements include statements about our plans, strategies, financial performance, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, the actual results, performance or achievements of the Company may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would," and variations of these terms and similar expression, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company and its management team based on their experience are inherently uncertain. All statements in this presentation regarding our business strategy, future operations, financial position, prospects, business plans and objectives, as well as information concerning industry trends and expected actions of third parties are forward-looking statements. All forward-looking statements speak only as of the date as of which they are made. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions concerning future events that are difficult to predict. 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 Annual Information Form 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 presentation 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 presentation 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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To the extent any forward-looking statement in this presentation constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading "Forward Looking Information". The Company's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Company's revenue and expenses.

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This presentation also contains or references certain market, industry and peer group data which is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Company believes these sources to be generally reliable, such information is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties. The Company has not independently verified any of the data from third party sources referred to in this presentation and accordingly, the accuracy and completeness of such data is not guaranteed.

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This presentation may contain certain financial performance measures that are not recognized or defined under IFRS ("**Non-IFRS Measures**"). As a result, this data may not be comparable to data presented by other companies. The Company believes that these Non-IFRS Measures are useful indicators of performance and are specifically used by management to assess the current and future performance of the Company. Non-IFRS Measures should be considered together with other financial information prepared in accordance with IFRS to enable investors to evaluate the Company's performance and prospects in a manner similar to the Company's management. Accordingly, these Non-IFRS Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

CURRENCY

All dollar amounts in this presentation are presented in US Dollars unless otherwise stated.

Spectra7 at a Glance

Company Overview

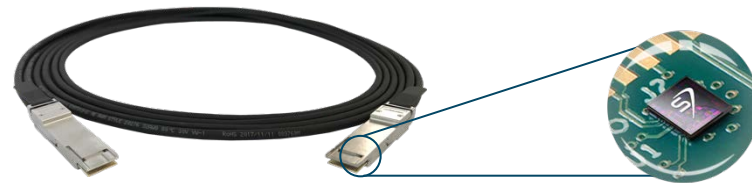


- Spectra7 Microsystems Inc. (“Spectra7” or “the Company”) is the leader in high-performance analog semiconductor products for broadband connectivity markets
- The Company headquarters is in San Jose, CA, with sales and operations support in Dongguan, China
- **Ticker:** SEV (TSX-V)
- **Corporate HQ:** San Jose, CA
- **Incorporated:** 2010

What We Do

- Spectra7 manufactures high performance analog chips with patented advanced signal processing technology
- The Company’s chips are embedded in the connector of an active copper cable, enabling it to be ultra-thin with high-speed connectivity
- The active copper cables are in turn sold to end-users in the data center, VR / AR, and other consumer connectivity markets
- Spectra7 is the leader in the Active Copper Cable market and is deploying its technology with data center partners

Spectra7 Product Illustration



Blue-Chip Cable Partners and End Users

Tencent

aws

Google

Microsoft
Azure

molex

Amphenol®

FOXCONN®

Hewlett Packard
Enterprise

CISCO

intel

Key Statistics



Share Price	\$ 0.025 CAD*
Market capitalization	\$ 25.7 M CAD*
TTM revenue (3/31/21)	\$ 1.5 M USD
TTM gross margin (3/31/21)	53%
Insider ownership	15% Est.**

	Shares	%
Common shares issued *	1,027M	100

*As of 6/15/21 Market Close

**As of 6/15/21

Active Copper Is High Performing and Cost Efficient

Passive Copper Cable

- ✓ Lengths of 1-2 meters
- ✓ Lowest upfront cost
- ✓ Lower power consumption

Active Copper Cable

- ✓ Lengths of 2-7 meters
- ✓ Lower upfront cost than active optical cable
- ✓ Lowest power consumption
- ✓ High quality data transmission at high speeds
- ✓ Thin, light and flexible

Active Optical Cable

- ✓ Up to kilometers in length
- ✓ High quality data transmission at high speeds

Benefits

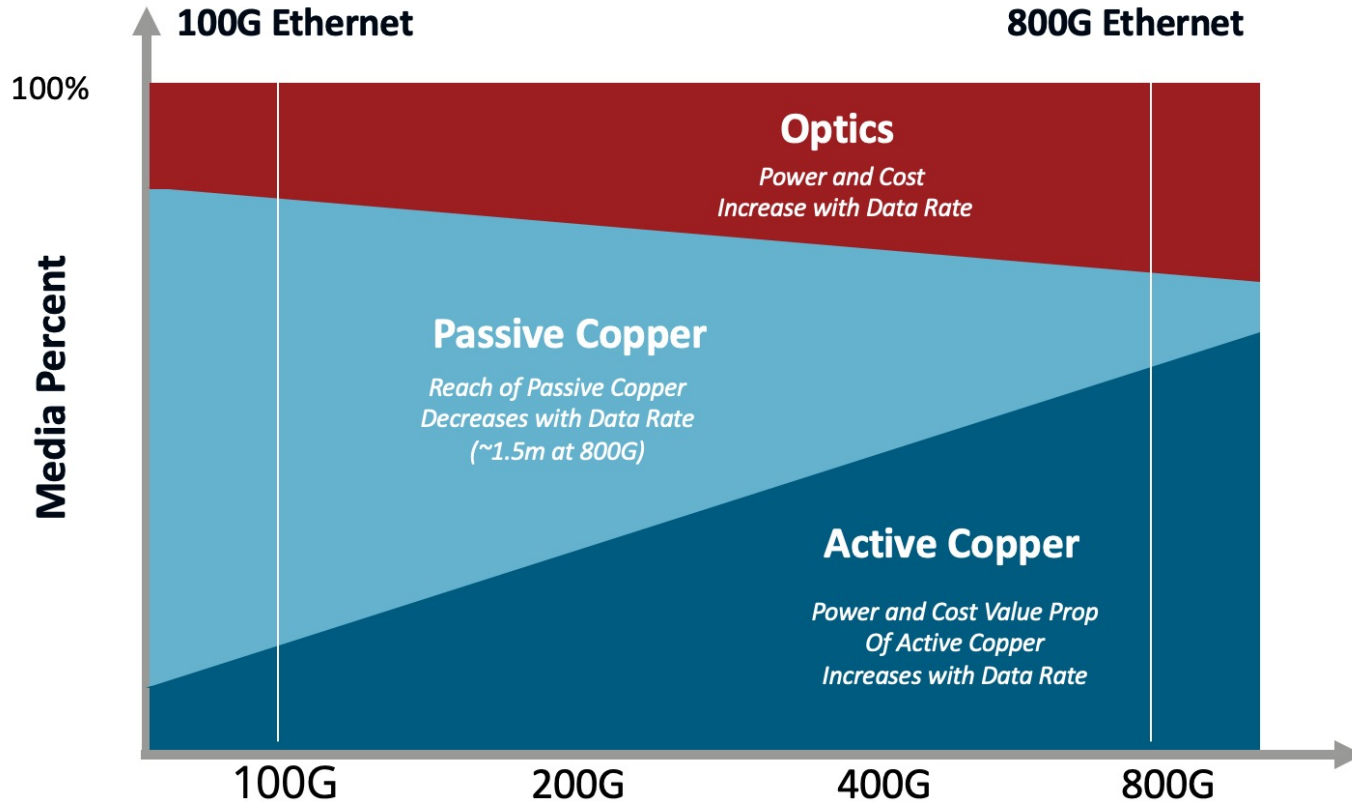
Considerations

- ✗ Limited to 2 meters at high data rates
- ✗ Bulky
- ✗ Difficult to route
- ✗ Blocks air-flow

- ✗ Highest cost
- ✗ Highest power consumption



ACC – Highest Growth Data Center Interconnect (DCI) Category



Adjacent Markets: 5G (eCPRI, DDC) , Switch Line Cards, Backplane, Automotive

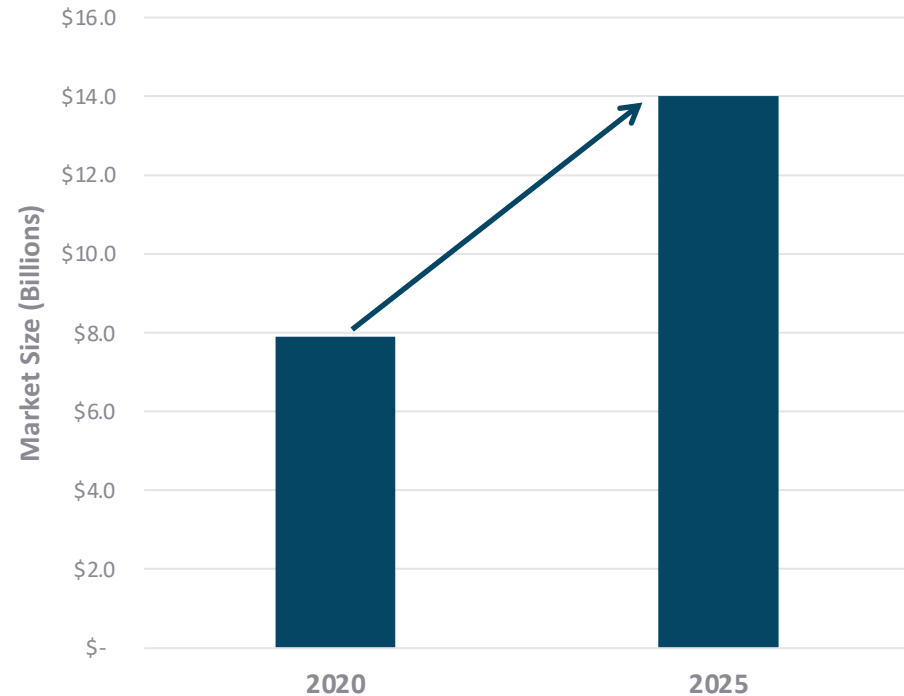
Data Centers: High Growth and High Margin Opportunity



The Overall Global Data Center Interconnect Market is Expected to Reach US\$14 billion by 2025



Market Size



Cloud Infrastructure – a Large and Growing Market

“Hyperscale operator building reaches \$150 billion in a year”

- Synergy Research Group
- Q2 2020 thru Q1 2021

GMAFIA

Google

Microsoft
Azure

aws

facebook

IBM



BAT

Baidu 百度

Alibaba Group

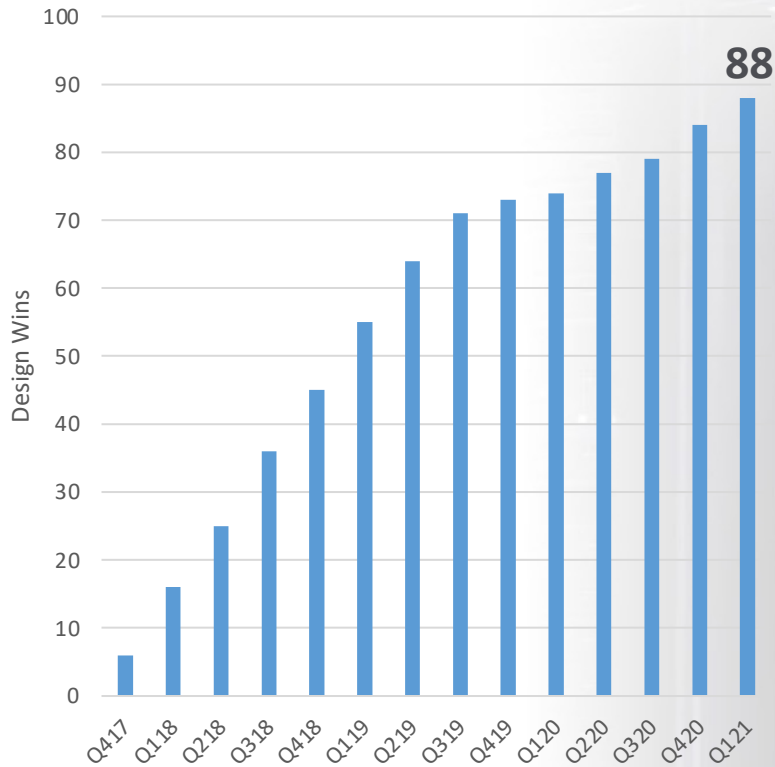
Tencent

First quarter capex is up
31% over last year to \$38B

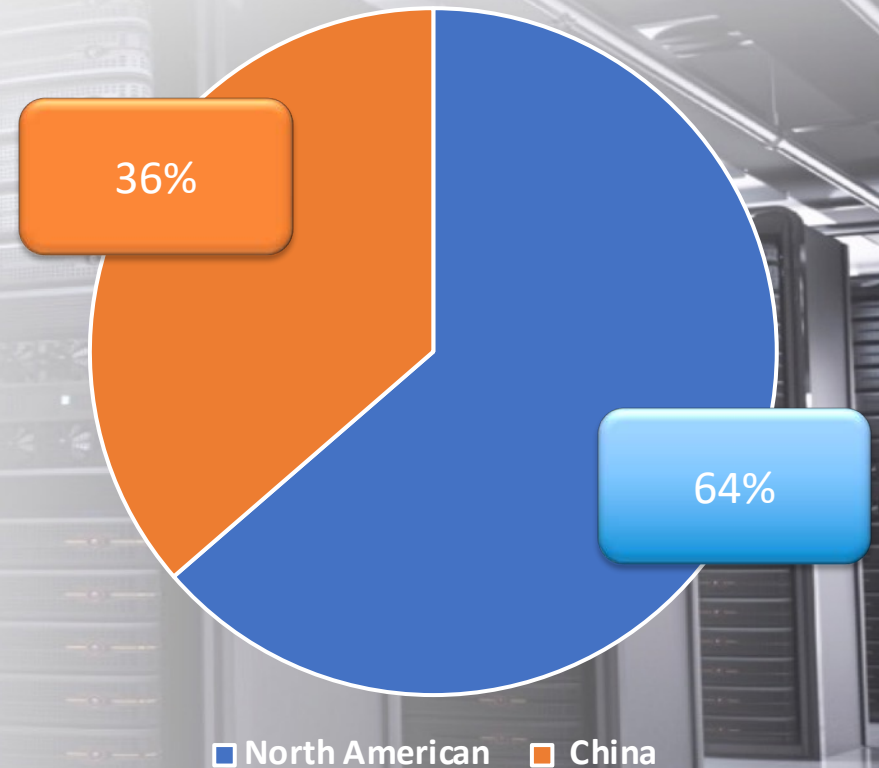
Synergy Research Group

Strong Pipeline of Data Center Design Ins

Design Ins Cumulative



Target Operator & OEM Design-In By Region



Looking Back on 2020

Challenges

- COVID-19 had a major impact on all aspects of the business
- Revenue declined 78% to \$1 million from 2019 to 2020
- Gross Margins dropped from 2019 to 2020 due to lower absorption of operational costs over a reduced revenue base

Positives and Progress

- The Company implemented strong spending reductions cutting non-IFRS expenses by 50% in 2020 as compared to 2019
- Secured PPP grant of \$776k, now fully forgiven
- Revenue grew each quarter in 2020
- Continued to execute in the market with 11 new data center customer design-ins
- Announced major new 200Gbps design win at Tencent
- Entered 5G Mobile Infrastructure Market
- Announced new products for longer reach and server connectivity
- Announced next generation 800Gbps Ethernet ACC solution

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Spectra7 Announces Entry into 5G Mobile Infrastructure Market with its GaugeChanger™ Technology

Spectra7 Announces Entry into 5G Mobile Infrastructure Market with its GaugeChanger™ Technology

New GC2801 Solution to Support Extended Temperature Requirements of Interconnects for Mobile Operators

October 19, 2020 07:50 AM Eastern Daylight Time

SAN JOSE, Calif.--(BUSINESS WIRE)--(TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced that it has entered into the 5G mobile infrastructure market with its new GC2801 solution.

"We are excited to bring our GaugeChanger™ technology to the 5G mobile infrastructure market, as we continue to expand our portfolio of solutions for high-performance analog semiconductor products for broadband connectivity markets."

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SPECTRA7 ANNOUNCES Longer Reach Active Copper Cable Solution for Data Center Connectivity Applications

Spectra7 Announces Longer Reach Active Copper Cable Solution for Data Center Connectivity Applications

New GC2802 GaugeChanger™ Solution Targeted at new Generation of High-Performance Artificial Intelligence and Machine Learning Servers

November 10, 2020 08:00 AM Eastern Standard Time

SAN JOSE, Calif.--(BUSINESS WIRE)--(TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced the GC2802 IC to support longer reach data center server interconnect applications.

"We have several customers ready to start building qual samples with these new parts and anticipate production revenue in 2021 from this new product."

In 2019, The Worldwide Data Center Server market size was USD 42,630 million and it is expected to reach USD 58,810 million by the end of 2026.¹ The majority of this growth is driven by demand from Hyperscalers.

New Artificial Intelligence (AI) and Machine Learning (ML) architectures are driving the need for longer and higher bandwidth server interconnects.

Additionally, as Hyperscalers transition from 32 port switches to higher radix 64 port switches, interconnect lengths to servers will

GaugeChanger | GC2802

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WHITE PAPER ON Next Generation Data Center High Speed Copper Cables ANNOUNCED AT ODCC

Alibaba Group 阿里巴巴集团

Tencent 腾讯

Alibaba and Tencent Chart Path Forward With Spectra7 Enabled Active Copper Cable Technology

White Paper on Next Generation Data Center High Speed Copper Cables Announced at ODCC

October 13, 2020 08:00 AM Eastern Daylight Time

SAN JOSE, Calif.--(BUSINESS WIRE)--(TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced that Alibaba and Tencent have jointly published a white paper on next generation data center high speed copper cables.

"We are excited to announce our partnership with Alibaba and Tencent to advance the adoption of active copper cable technology in the next generation of data centers."

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800GBPS CONNECTIVITY

For the Next Generation of Hyperscale Data Centers

Spectra7 Announces New GaugeChanger™ Product for Next Generation 800Gbps Data Center Interconnects

Company Continues Innovating Industry-leading Active Copper Cable Solutions

October 06, 2020 07:50 AM Eastern Daylight Time

SAN JOSE, Calif.--(BUSINESS WIRE)--(TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced the GC1122 IC to support the next generation data rates of 112Gbps using PAM4 signaling that is required for 800Gbps connections. At these rates, Active Copper Cables ("ACCs") are anticipated to be deployed for up to 50% of data center network connections.

"Both we and our cable partners believe that 800Gbps will represent a significant milestone in the world's next generation of data centers."

"Customers continue to demand copper as they are quickly moving to next-generation 25.6 Tbps and 800G switching solutions," said Alan Weckel, Founder and Technology Analyst with 650 Group. "We see the 800Gbps as a real game-changer in the next generation of data centers."

GaugeChanger | GC1122

2021 to Date and Looking Ahead

Challenges

- The impact of COVID-19 still lingering in the first half of 2021
- Revenue in Q1 remained severely constrained by working capital and product supply
- Semiconductor industry supply shortage is a challenge to strong revenue growth

Positives and Progress

- Revenue in Q1 was almost 5X the same period in the prior year
- Secured second PPP Grant of \$739k
- Order backlog at record levels driven by strong Data Center business
- Closed brokered private placement on June 11, 2021, bringing in gross proceeds of CAD \$6.3M
- The company is now fully capitalized and on track to grow revenues strongly and achieve profitability in the second half of this year

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Spectra7 Announces Fourth Quarter and Annual Financial Results

for the Year Ended
December 31, 2020

Spectra7 Announces Fourth Quarter and Annual Financial Results for the Year Ended December 31, 2020

Profitability Expected in the Second Half of 2021 Driven by Strong Data Center Revenue Ramp

SAN JOSE, Calif., April 30, 2021 /PRNewswire/ -- (TSXV:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced its financial results for the year ended December 31, 2020. A copy of the audited consolidated financial statements for the year ended December 31, 2020 prepared in accordance with International Financial Reporting Standards and the corresponding management's discussion and analysis ("MD&A") will be available under the Company's profile on www.sedar.com. All amounts are in US dollars unless otherwise noted.

2020 Financial and Operational Summary

- Revenue for the year ended December 31, 2020 was \$1.032 million as compared to \$4.645 million in the previous year, representing a 78% decrease due to the COVID-19 pandemic³ and resulting significant staffing issues, customer disruptions, factory shutdowns and supply chain challenges. Over-all revenue in 2020 was severely constrained by working capital and product supply.

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Spectra7 Announces First Quarter Financial Results

Spectra7 Announces First Quarter Financial Results

**Company on Track for Profitability in the Second Half of 2021 as
Q1 Revenue Rebounds Almost 5x Over Prior Year**

SAN JOSE, Calif., May 31, 2021 /PRNewswire/ -- (TSXV:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a leading provider of high-performance analog semiconductor products for broadband connectivity markets, today announced its financial results for the three months ended March 31, 2021. A copy of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 prepared in accordance with International Financial Reporting Standards and the corresponding management's discussion and analysis ("MD&A") will be available under the Company's profile on www.sedar.com. All amounts are in US dollars unless otherwise noted.

Q1 2021 Financial Summary

- Revenue for Q1 2021 was \$0.56 million, representing an increase of approximately 47% over the prior quarter and approximately 380% over the same period in the prior year. Revenue in Q1 remained severely constrained by working capital and product supply.

Listing on OTC

Details

- Announced May 13, 2021
- First Day of Trading will be June 21, 2021

OTCQB : SPVNF

Motivation

- Access to US capital markets
- Increased liquidity anticipated

Business Strategy

Spectra7 Growth Strategy

Data Center Interconnects

- Leverage 200G/400G Data Center upgrades with fast moving APAC customers
- Lead 400G interconnect deployment with Hyperscalers in the US
- Secure leadership at high value/high volume 800G Ethernet market inflection point
- Sell to cable partners across 5G and other infrastructure landscapes

Virtual / Augmented Reality

- Maintain market leadership position in tethered AR and VR solutions
 - Support production ramp with major gaming console player anticipated in 2022
 - Maintain leadership without significant R&D or capital investments

Explore Emerging Adjacent Markets

- Automotive (e.g. Infotainment)

Spectra7 Business Model

Business Attributes

- Large, high-growth end markets
 - Even minimal market penetration enables Spectra7 to achieve significant revenue growth
- Attractive current and long-term gross margins
- Significant operating leverage
 - Minimum increase in OPEX to support revenue growth
- Capital light business model
 - Outsourced manufacturing
 - Nominal capex

Spectra7 Target Operating Model

Revenues:
100%

Gross Margins:
60-65%

EBITDA Margins:
20-25%



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Thank You