SPECTRA7 ANNOUNCES FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014

Strong Year over Year Revenue Growth and Increasing Gross Margins

APRIL 20, 2015 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), today announced its audited financial results for the twelve month period ended December 31, 2014. A copy of the audited consolidated financial statements for the twelve month period ended December 31, 2014 prepared in accordance with International Financial Reporting Standards and the corresponding Management's Discussion and Analysis will be available under the Company's profile on www.sedar.com. All amounts are in US dollars unless otherwise noted.

2014 Highlights

- Revenue increased 85% for the 12 months ended December 31, 2014 to $5.6 million compared to $3.0 million for the 12 months ended December 31, 2013.
- Revenue increased 89% for the quarter ended December 31, 2014 to $1.9 million compared to the same quarter ended December 31, 2013
- Gross margins were strong at 75% for the 12 months ended December 31, 2013 an increase from 65% the same period the previous year.
- Over-subscribed public offering of equity financing raised CDN$ 8.0M in March and April of 2015 and CDN$ 5.2M in the fourth quarter from the exercising of warrants to purchase common shares.
- Announced five new products including three for the Virtual Reality Head Mounted Display market.

"The Company has developed a strong product offering backed up by customer orders in markets that are anticipated to grow significantly in 2015 and beyond" said Tony Stelliga, CEO of Spectra7. Our strong revenue growth in Q4 demonstrates the market acceptance of our technology in the ultra-light, ultra-thin interconnects in HDTV, Ultra HD TV and Virtual Reality markets".

Financial Summary

Re-affirming preliminary financial results announced on January 12, 2015 for the twelve months ended December 31, 2014, the Company had revenue of $5.5 million and $1.9 million for the three month period ended December 31, 2014, an increase of 85% and 89% respectively over the same periods the previous year.

Gross margins for the twelve month period ended December 31, 2014 were 75% compared to 65% for the same period the previous year. The shift in revenue from Wireless products to Interconnect products and Wireless IP sales and improved margins on Interconnect products drove the higher margins. Gross margins for the three months ended December 31, 2014 were 69% due to a provision to allow for the write-off of surplus wireless products. Without that provision the gross margins was 78%.

On March 28, 2014 and April 28, 2014 the Company closed a public offering of 26,833,333 units for gross proceeds of CDN$8.0 million. For the three months ended December 31, 2014, 11,889,102 warrants were exercised for gross proceeds of CDN$5.2 million and for the three months ended March 31, 2015 a further 19,555,700 warrants were exercised for gross proceeds of CDN 8.7 million. 99.3% of the Unit Warrants issued in March and April 2014 were exercised by the expiry date of March 28, 2015.

Results for the fifteen month period ended December 31, 2013 includes RedMere from the date of acquisition, February 5, 2013. Results prior to February 5, 2013 include Fresco results only.

	Twelve months ended December 31 2014 $000	**Fifteen months ended December 31 2013 $000**
Revenue	5,560	3,100
Cost of Sales	1,387	1,153
Gross Margin	4,173	1,947
Operating Expense	10,525	11,899
Other expense	4,123	8,136
Net loss	(10,475)	(18,088)

In order to provide a more meaningful discussion of the Company's operations, the results for the twelve months ended December 31, 2014 will be compared to the unaudited twelve months ended December 31, 2013 rather than to the fifteen month period ended December 31, 2013.

The following table outlines key financial information for the three and twelve month periods ended December 31, 2014 and 2013.

	Three months ended December 31		Twelve months ended December 31	
	2014 (unaudited) $000	2013 (unaudited) $000	2014 $000	2013 (unaudited) $000
Revenue	1,894	999	5,560	3,008
Cost of Sales	592	378	1,387	1,066
Gross Margin	1,302	621	4,173	1,942
Operating Expense	2,537	2,492	10,525	10,553
Other expense	1,328	2,977	4,123	7,183
Net loss	(2,563)	(4,848)	(10,475)	(15,794)

Revenue

Revenue for the twelve months ended December 31, 2014 was $5.6 million compared to $3.0 million for the twleve months ended December 31, 2013, an increase of 85% year over year. Revenue growth was driven by the new products for virtual reality and ultra-high speed interconnect technology.

Revenue for the quarter ended December 31, 2014 was $1.9 million, an increase of 89% over the same period the previous year.

Gross Margins

Gross margins improved year over year from 65% in 2013 to 75% in 2014 reflecting the strategy to leverage the new technologies while maintaining or improving margins on existing products.

Expenses

Operating expenses are related to the operations of the Company in its pursuit of developing products and growing revenue. Most operating expenses are incurred in cash. Other expenses relate to financing costs and accounting and reporting requirements many of which are non-cash.

Operating expense for the twelve months ended December 31, 2014 are $10.5 million, essentially flat year over year. The Company reduced its sales and marketing resources in late 2013 which resulted in savings throughout 2014. Although the headcount in research and development decreased, in 2014 compared to 2013, additional costs were incurred to support the development of new products and revenue growth.

Other expenses for the twelve months ended December 31, 2014 were $3.1 million lower than the same period the previous year. Of the reduction $2.7 million was due to costs associated with the Qualify Transaction in February 2013 and related restructuring cost. The remaining reduction was the result of lower share based compensation due to lower headcount.

For a complete discussion of expenses please refer to the financial statements and management's discussion and analysis.

Product and Customer Development

The Company had a very significant year for product and customer development with 5 new products announced.

In June, the Company announced CouchConnect™ for Gamers, an ultra-light, active HDMI gaming interconnect that enables immersive, real-time mobile gaming from a handheld device onto a large screen HDTV

In July, the Company announced DisplayDirect™ WR7100 product which enables weavable interconnects that can deliver real-time deep color 4K UHD resolution from wearable visual systems to on-person mobile phones and storage devices. Unlike current virtual reality (VR) platforms which are restricted to a non-portable GPU / compute console up to 3m away, interconnects designed with the WR7100 are weavable and flexible enough to connect directly on-person and leverage the imminent advanced processing power in the latest mobile phones.

In October, the Company announced the VR7050, the industry's first chip capable of enabling lightweight, ultra-thin active interconnects that achieve the requisite high speed and low latency for gesture recognition processing and motion control featured in the latest gaming and virtual reality ("VR") products. When used in conjunction with Spectra7's VR7100 high speed video chip, the chipset delivers ultra-high bandwidth data, video, audio and power in a unified, ultra-light, super-thin wearable interconnect while achieving the low latency for a truly immersive VR experience.

In November, the Company announced the VR7200 and the HT8181. The VR7200 is the industry's first chip capable of feeding dual ultra-high resolution displays that support resolutions of over 500 Pixels per inch (PPI) in deep color at 80 Frames Per Second (FPS) at distances up to 5 meters from the source. The Company believes this latest product will enable and accelerate the broader commercial availability of the market's first dual screen VR Head Mounted Displays ("HMDs") without the burden of multiple, thick and incremental passive cables. This new product will expand the Company's current VR7100 series which is already shipping in production volume. The HT 8181 is a cable embedded chip capable of reducing weight, gauge and diameter while carrying the ultra-high speed video and deep color payload called for in the latest HDMI 2.0 Specification for Ultra HD 4K Displays used in Home Theater and Commercial installations.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance consumer connectivity company delivering unprecedented bandwidth, speed and resolution to enable disruptive industrial design for leading consumer electronics manufacturers in virtual reality, wearable computing and ultra-HD 4K/8K displays. Spectra7 is based in Palo Alto, California with design centers in Markham, Ontario and Cork, Ireland. For more information, please visit www.spectra7.com.

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, those regarding the Company’s future financial position and results of operations, strategy, proposed acquisitions, 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 annual MD&A for the year ended December 31, 2013. 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.

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.

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