



SPECTRA7 ANNOUNCES PRELIMINARY FIRST QUARTER 2016 FINANCIAL RESULTS

Expects Record Quarterly Revenues and Design-ins as new Embedded Products Move into Production

April 12, 2016 - Palo Alto, CA and Toronto, ON – (TSX:SEV, Spectra7 Microsystems Inc. ("Spectra7" or the "Company")) today announced preliminary selected unaudited financial results for the three months ended March 31, 2016. Unaudited financial statements for the Company's first quarter ended March 31, 2016 will be released in May 2016. The information contained herein may change based on final results. Unless otherwise indicated, all amounts in this release are expressed in US dollars.

The Company expects to report revenue of approximately \$2.5 million for the first quarter of 2016, representing an increase of 60% over the prior quarter's revenue of \$1.6 million and an increase of 256% compared to the same period last year. The majority of this growth was driven by shipments for the Company's new high performance embedded products which are used in high growth consumer market segments including virtual reality, augmented reality and media interconnects. Several of the Company's new products moved beyond development and into mass production in the quarter, resulting in an expected gross margin¹ as a percentage of revenue of 62%, up from 46% in the prior quarter.

ORDER BOOKINGS UPDATE: Orders in First Quarter of 2016 Match Prior Bookings Record

The Company also announced that it added to its existing order backlog new confirmed orders or "bookings" of \$2.5 million during the first quarter of 2016, matching the \$2.5 million record bookings set in the third quarter of 2015.

DESIGN-IN UPDATE: Design-in Activity Remains Strong

The Company also announced that during the first quarter of 2016, the Company added 17 additional design-ins to the Company's roster across four market segments. The Company also secured two new patents during the first quarter of 2016, expanding its ultra-thin interconnect technology patent portfolio to 49 patents. The Company's ultra-thin interconnect technology is now embedded in over 50 brands worldwide.

Also, as announced by the Company on March 31, 2016, the Company closed a \$6.5 million senior secured term loan facility to help the Company accelerate revenue ramp and engage in new vertical markets.

"The first quarter's expected record revenues and design-ins and strong bookings is a 'triple play' for the Company and I commend the relentless efforts of our team for these major achievements," stated Tony Stelliga, CEO of Spectra7. "To have all three occur in the same quarter underlines the strength of our team, our business model and our unique technology."

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, augmented reality, wearable computing and ultra-HD 4K/8K displays. Spectra7 is based in Palo Alto, California with design centers in Markham, Ontario, Little Rock, Arkansas 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, 2015. 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) Additional GAAP Measure – Gross margin is presented in this press release consistent with information presented in the Company's financial statements. Gross margin has been calculated by deducting manufacturing cost of sales, and provision for inventory write-downs from revenue. Management of the Company believes that providing this information allows investors to better understand the Company's historical and future financial performance.

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