SPECTRA7 ANNOUNCES FINANCIAL RESULTS
FOR THE FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2013

Strong Year over Year Revenue Growth and Increasing Product Gross Margins

APRIL 23, 2014 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products, today announced its audited financial results for the fifteen month period ended December 31, 2013. A copy of the audited consolidated financial statements for the fifteen month period ended December 31, 2013 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.

2013 Highlights

- Revenue increased 45% for the 12 months ended December 31, 2013 to $3.0 million compared to $2.1 million for the 12 months ended December 31, 2012.
- Revenue increased 61% for the quarter ended December 31, 2013 to $1.0 million compared to $0.6 million for the prior quarter ended September 30, 2013.
- Product gross margins(1) were strong at 80% for the quarter ended December 31, 2013 and 71% for the 12 months ended December 31, 2013.
- Announcement of five new products during the year ended December 31, 2013.
- Equity financings of $8.8 million to accelerate product development.

"The Company is now delivering on its vision to develop, launch and command value for best-in-class products across multiple high growth segments," said Tony Stelliga, CEO of Spectra7. "Our latest products are being adopted by market leaders in UltraHD displays, consumer interconnects and wearable computing as we showcase their extensive capabilities and consumer benefits. The year ended December 31, 2013 included a major acquisition, with the successful consolidation and streamlining of operations and costs. Shortly after the year end, the Company closed an upsized CDN$7.0 million public offering to further accelerate the roll-out of these new products".

Financial Summary

Following completion of the Company's previously disclosed qualifying transaction (the "Qualifying Transaction"), the Company changed its financial year end from September 30 to December 31 which resulted in a 15 month period (October 1, 2012 to December 31, 2013) for its first reporting period.

Since completing the Qualifying Transaction, the Company has made significant progress with respect to capital, products and customers. Re-affirming preliminary financial results announced on January 24, 2014 for the fifteen month period ended December 31, 2013, the Company had revenue of $3.1 million. For the three month period ended December 31, 2013, the Company exceeded previously disclosed results with revenue of $1.0 million, an increase of 61% over the prior quarter ended September 30, 2013 and exceeded revenue for the same quarter of the previous year by almost nine fold.

Product gross margins(1) for the three month period ended December 31, 2013 were 80%, above the preliminary results previously announced, due to product mix consisting of higher margin products. Product margins continue this trend, which started in the three months ended March 31, 2013, resulting in product gross margins(1) for the twelve month period ended December 31, 2013 of 71% compared to 67% for the twelve months ended December 31, 2012.

On March 28, 2014, the Company announced it had closed a public offering of 23,333,333 units for gross proceeds of CDN$7.0 million. The Company intends to use the proceeds from the offering as disclosed in the final prospectus dated March 24, 2014.

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.

	Fifteen Month Period Ended December 31 2013 $000	**Year ended September 30 2012 $000**
Revenue	3,100	3,495
Cost of Sales	1,153	1,867
Gross Margin	1,948	1,627
Expenses	14,590	8,854
Other expense	5,445	4,591
Net loss	(18,087)	(11,818)

The Company believes that the most meaningful presentation of the financial results is to discuss the results based on the new year-end for twelve months ended December 31.

The following table outlines key financial information for the twelve month period ended December 31, 2013 and 2012 and the three month period ended December 31, and September 30, 2013.

	Twelve months ended December 31 2013 $000	Twelve months ended December 31 2012 $000	Percent Change	Three months ended December 31 2013 $000	Three months ended September 30 2013 $000	Percent Change
Product Revenue	2,662	1,796	48%	643	613	5%
License IP Revenue	346	278		346	-	
Total Revenue	3,008	2,074	45%	989	613	61%
Product Cost	880	690	28%	200	193	4%
Inventory Provision	186	279	-33%	173	-	
Total Cost of Sales	1,066	969	10%	373	193	93%
Gross Margin	1,942	1,105	43%	616	420	47%
Product Gross Margin %	71%	67%	4%	80%	69%	11%
Total Gross Margin %	65%	53%	11%	62%	69%	-6%
Expenses	10,509	7,246	31%	2,492	2,773	-10%
Amortization of intangibles other than licenses	2,726			2,726		
Other expense	4,471	4,463	0%	393	856	-54%
Net loss	(15,764)	(10,604)		(4,995)	(3,209)	

Revenue

Revenue for the twelve months ended December 31, 2013 was $3.0 million compared to $2.1 million for the year ended December 31, 2012, an increase of 45% year over year. The Company experienced strong demand for its active cable signal processing technology which is used by market leading customers to design, develop and launch next-generation interconnects for HD displays, wearable computing and second screen viewing.

Revenue for the quarter ended December 31, 2013 was $1.0 million, an increase of 61% over the previous quarter. There was strong interest for the Company's broader analog IP technology from major system on chip companies which contributed to the revenue increase in the quarter.

Gross Margins

Product gross margins(1) improved year over year from 67% in 2012 to 71% in 2013 reflecting the Company's strategy to modify traditional distribution channel modes and focus on higher margin products.

Product gross margins(1) represent revenue less the direct costs of manufacturing including yield loss and freight costs. Total gross margin represents product gross margin less a provision to write-down surplus, obsolete, or on-hand inventory to its recoverable amount which was done for demodulators, tuner and cable components. The Company does not expect further significant provisions in the foreseeable future.

Expenses

Expenses increased year over year by 31% as a result of certain one-time expenses relating to the completion of the Qualifying Transaction and opening of the Company's office in Silicon Valley.

For the quarter ended December 31, 2013, expenses were 10% lower than the previous quarter as a result of cost control programs to reduce variable expenses such as travel.

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

Product and Customer Development

During the quarter ended December 31, 2013, the Company announced the VR7100 chip which delivers the speed and low latency to enable new levels and lengths of ultra-light and wearable connectivity between virtual reality ("VR") headsets and compute cluster or gaming machine. The VR7100 seeks to address the bulk and weight of previous VR platforms.

On September 24, 2013, the Company announced CouchConnect™, a portable, five meter / 16 foot, plug'n'play, ultra-light and ultra-long active HDMI cable capable of delivering true, real-time 1080p HD or 4K UltraHD content from any mobile device to any large screen display. On January 7, 2014, the Company announced that CouchConnect™ would be sold on Walmart.com. In March 2014, the Company announced that it had expanded its retailer presence with the availability of CouchConnect™ on Newegg.com.

On January 7, 2014, the Company unveiled its Detectiv4K™ integrated audio/video performance monitoring technology and announced that Detectiv4K™ was now embedded in Monster® Cable's Black Platinum® cable, adding to the existing use of the Company's home theatre technology in Monster's Core Power® and MSeries® cable lines.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high performance analog semiconductor company delivering unprecedented speed, resolution and signal fidelity to consumer and wireless infrastructure products. Spectra7's new system-level components address throughput bottlenecks and satisfy the exponential demand for more bandwidth and lower costs in mobile and internet infrastructure equipment, including handsets, tablets, base stations and microwave backhaul systems. Spectra7 is headquartered in Markham, Ontario with development centers in Silicon Valley, Irvine, California and Cork, Ireland. For more information, please visit www.spectra7.com.

ADDITIONAL GAAP MEASURES

Gross margin is an additional GAAP measure. Gross margin is presented in this press release as additional information regarding the Company's financial performance. The Company's method of calculating gross margin may differ from other methods used. Gross margin has been calculated by deducting manufacturing cost of sales from revenue excluding any provision for inventory write-downs. Gross margin helps the Company to plan and forecast for future periods as well as being a close proximity to cash. Management of the Company believes that providing this information, in addition to IFRS measures, allows investors to see the Company's results through the eyes of management, and to better understand its historical and future financial performance.

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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(1) Gross margin is an additional GAAP measure. See “Additional GAAP Measures”.