SPECTRA7 ANNOUNCES FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

Strong Margins and Strengthened Balance Sheet

MAY 21, 2015 – Toronto, ON and Palo Alto, CA – (TSX-V:SEV) Spectra7 Microsystems Inc. ("Spectra7" or the "Company"), today announced its unaudited financial results for the three month period ended March 31, 2015. A copy of the unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2015 prepared in accordance with International Financial Reporting Standards (the "**Financial Statements**") 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 2015 Highlights

- Revenue for the three months ended March 31, 2015 was $0.702 million compared to $0.862 million for the three months ended March 31, 2014;

- Gross margins were strong at 79% for the three months ended March 31, 2015, representing an increase from 76% the same period the previous year;

- Received $6.957 million during the quarter as a result of the exercise of broker and non-broker warrants resulting in a strengthened balance sheet with $7.7 million cash as at March 31, 2015; and

- Subsequent to the end of the quarter, completed a bought deal private placement of 12,322,250 special warrants and a non-brokered private placement of 172,515 special warrants for aggregate gross proceeds of CDN $8.75 million.

"Our diversification into new product and market segments continues with record design-in momentum and we expect to see continued growth in the coming quarters ahead. Our cash position is strong which allows us to execute on moving these design-ins into production and developing new products for expanded vertical markets" commented Tony Stelliga, CEO of the Company.

Financial Summary

The following table is a summary of the financial information presented in the Financial Statements:

	Three month periods ended		
	March 31, 2015 (unaudited) $	March 31, 2014 (unaudited) $	Percent Change
Revenue	701,942	861,742	-19%
Cost of Sales	150,111	208,956	-28%
Gross Margin	551,831	652,786	-15%
Gross Margin %	79%	76%	3%
Operating Expense	2,611,386	2,376,316	10%
Other expense (1)	1,312,949	1,054,677	24%
Total Comprehensive loss	(3,372,504)	(2,778,207)	21%
Loss per share			
Basic and Diluted	(0.036)	(0.050)	28%

(1) includes unrealized foreign currency translation

Revenue

Revenue for the three months ended March 31, 2015 was $0.702 million as compared to $0.862 million for the three months ended March 31, 2014. First quarter revenue has traditionally been weak for the Company's legacy business, averaging between 9% and 15% of annual revenues due to the impact of the fourth quarter ramp up for the Christmas season and the Chinese New Year shut down in February. Revenue decreased 19% from the same period the previous year largely as a result of delayed shipments caused by a key supply chain shortage affecting delivery of some of the Company's new high speed testers and products, and also due to customers shifting from the Company's older products to recently announced higher speed products.

Gross Margins

Gross margins improved year-over-year to 79% for the three months ended March 31, 2015 from 76% in the three month period ended March 31, 2014. Improved gross margins are due to higher margins on, and licensing of, the Company's new products.

Expenses

Operating expenses are incurred by 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 expenses for the three months ended March 31, 2015 were $2.611 million, up 10% or $0.235 million from the same period the previous year.

Research and development expense increased $0.189 million from the same period last year. This was due to higher expense for consumable materials such as test boards, and tape-out costs for the production of prototypes and contracted technical support for activities such as prototype testing and analysis of $0.423 million, offset by lower compensation costs of $0.234 million due to lower research and development headcount.

Sales and marketing expense increased $0.178 million from the same period last year. Compensation expense for the three month period ended March 31, 2015 increased $0.145 million due to increased headcount to support the increased number of customers and design wins. Other expenses such as travel and association membership fees account for the remaining increase.

General and administration expense decreased $0.177 million due to reduced use of outside contractors such as accounting and human resource services resulting in a reduction or $0.15 million and other reductions including rent, legal expenses and the cost of registering patents.

Depreciation on property and equipment increased $0.044 million due to the Company investing in electronic laboratory equipment and production mask sets.

Other expenses for the three months ended March 31, 2015 were $1.313 million compared to $1.055 million the same period the previous year representing an increase of $0.258 million. Most of this increase was due to currency exchange devaluation of the Canadian dollar during the first quarter of 2015.

During the three month period ended March 31, 2015, the Company received $6.957 million and issued 19,555,760 common shares and 639,956 non-broker common share purchase warrants as a result of the exercise of 639,956 broker warrants at CDN $0.30 per unit (with each unit consisting of one common share and one non-broker common share purchase warrant), 13,104 broker warrants at CDN $0.55 per share and 18,902,700 non-broker common share purchase warrants at CDN $0.45 per share. This additional equity capital strengthened the Company’s financial position and as at March 31, 2015 the Company’s cash was $7.708 million.

For a complete discussion of expenses please refer to the Financial Statements and MD&A.

Product and Customer Development

The Company continued to expand its family of high speed interconnect products during the first quarter. On March 5, 2015, the Company announced an active chipset family for ultra-thin implementations of USB 3.1 consumer interconnects - the TC7108, TC7216 and the TC7050. Applications for this interconnect implemented with the new Type-C connector include ultra-thin laptops, tablets, mobile devices, solid state disks and wearable computing devices.

On March 10, 2015, the Company announced that it had reached a record of over 20 design-ins with leading OEMs for active, ultra-thin interconnects utilizing the Company's recently announced products. These design wins span multiple market segments including virtual reality, wearable computing, home entertainment and mobile, ultra-thin notebook and tablet devices. The Company also announced its consumer brand roster now exceeds 30 retail brands and that several brands are now moving from the Company's standard 10Gbps products to its new higher performance 18Gbps HDMI products. In order to accommodate this new design-in integration, validation and development of the new systems the Company also announced the expansion of its Palo Alto design, compliance and validation lab. The new facility is over 200% larger than the existing lab and allows the Company to reduce time to market by automating compliance and interoperability testing of its new products without adding headcount.

Promotion of John Mitchell

The Company is also pleased to announce that it has appointed John Mitchell as Vice President of Product Marketing. Mr. Mitchell previously acted as the Company's Senior Director of Marketing and prior to joining Spectra7, Mr. Mitchell was Senior Marketing Director at Quellan. Mr. Mitchell has a Bachelor of Science from Purdue University.

In connection with his promotion, options ("**Options**") to purchase up to 40,000 common shares were granted to Mr. Mitchell pursuant to the Company's stock option plan (the "**Plan**"), exercisable at a price per common share equal to the greater of (i) CDN $0.63 per common share and (ii) the closing price of the common shares on the TSX Venture Exchange on May 22, 2015 (the "**Exercise Price**") for a term of seven years, which Options shall vest according to the following schedule: one-quarter shall vest on the first anniversary of the grant, and the balance will vest in equal monthly installments over the next 36 months. In addition, 40,000 restricted share units ("**RSUs**") were awarded to Mr. Mitchell pursuant to the Company's restricted share unit plan, which RSUs shall vest according to the above schedule.

Renewal of Agreement with Sophic Capital Inc.

The Company also announces that the Company and Sophic Capital Inc. ("**Sophic**") have agreed to renew the existing capital markets advisory agreement for a period of one year. In connection with the renewal, and subject to the prior approval of the TSX Venture Exchange, Sophic will receive (i) a monthly fee of $7,000, and (ii) 85,000 Options exercisable at the Exercise Price, which Options shall vest on the first anniversary of the renewal (the "**Renewal Date**") and shall be exercisable for a period ending on the earlier of 90 days after the Agreement is terminated or three years from the Renewal Date.

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, 2014. 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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