

SPECTRA7 SAMPLING “GAUGECHANGER PLUS™” SFP28 and QSFP28 ACTIVE COPPER MODULES TO MAJOR 25/100G ETHERNET DATA CENTER CABLE SUPPLIERS IN NORTH AMERICA AND ASIA

Modules with Company's GC2502 silicon enable cost effective new interconnect option as demand in the data center market accelerates.

January 30, 2017 – DESIGNCON - Santa Clara, CA (TSX:SEV) Spectra7 Microsystems Inc. (“Spectra7” or the “Company”), a leading provider of high-performance analog semiconductor products for virtual reality, augmented reality, data center and other connectivity markets today announced that it has begun sampling fully IEEE COM compliant SFP28 and QSFP28 Active Copper modules to tier one cable assembly and data center customers in North America and Asia. These modules are ready for evaluation and qualification by data center customers like Google, Facebook, Microsoft, Amazon, Baidu, Alibaba, etc. as well as data center equipment manufacturers such as Cisco, HP, Dell, Hauwei 3 Comm, Quanta, and others.

“ We are seeing strong interest for these solutions from cable suppliers, network equipment suppliers, as well as data center end users” said Spectra7 CEO Raouf Halim. “With the explosive growth of 25/100G Ethernet in 2017, the timing is ideal for Spectra7 to bring these products to market. I am pleased with our execution in the data center market coupled with our growing design win pipeline in our core AR, VR, and MR markets .”

Data center interconnects are typically composed of passive copper cables, known as Direct Attached Copper (DAC) for short connections up to 3 meters and Active Optical Cables (AOC) for longer lengths. Spectra7’s technology enables a third option known as Active Copper Cable (ACC) which supports lengths in excess of 10 meters with a significant cost and power advantage over AOCs. ACCs utilizing Spectra7s modules use up to 80% less power and reduce costs up to 65% over expensive AOCs.

“25GbE and 100GbE data center switch adoption is already experiencing exponential growth, with port shipments currently in the hundred-of-thousands per quarter,” said Seamus Crehan, president of Crehan Research as reported in January 18, 2017 issue of Converge Network Digest. “Volumes would likely be even higher if it weren’t for pockets of supply constraints in certain areas, such as the optical transceivers that uplink and connect many of these switches.”

The Company will demonstrate ACC reference designs with these modules at the DesignCon Expo to be held in Santa Clara, CA from January 31 to February 2, 2017.

The new GaugeChanger Plus™ modules are available for sampling to qualified cable assemblers. Please visit Spectra7 at booth 803 at DesignCon or contact Sylvia@spectra7.com for meeting inquires.

DATA CENTER ETHERNET SWITCH FORECAST

Over half of all data center Ethernet switch shipments by 2021 will be 25 gigabit Ethernet (GbE) and 100GbE, according to a new report from Crehan Research that also predicts that

these two technologies will be most instrumental in driving this market beyond \$15B by that time.

ABOUT SPECTRA7 MICROSYSTEMS INC.

Spectra7 Microsystems Inc. is a high-performance analog semiconductor company delivering unprecedented bandwidth, speed and resolution to enable disruptive industrial design for leading electronics manufacturers in virtual reality, augmented reality, data centers and other connectivity markets. Spectra7 is based in Palo Alto, California with design centers in Markham, Ontario, Cork, Ireland, and Little Rock, Arkansas. 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 and the interim MD&A for the nine months ended September 30, 2016. 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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