



Reconciliation of Q4 2016 GAAP to Non-GAAP Results

February 9, 2017

**Sierra Wireless is building the
Internet of Things.**



Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of February 9, 2017, we are providing additional non-material information regarding our reconciliation of Q4 2016 GAAP to non-GAAP results.

Our consolidated financial statements are prepared in accordance with U.S. GAAP on a basis consistent for all periods presented. In addition to results reported in accordance with U.S. GAAP, we use non-GAAP financial measures as supplemental indicators of our operating performance. The term “non-GAAP financial measure” is used to refer to a numerical measure of a company’s historical or future financial performance, financial position or cash flows that: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in a company’s statement of earnings, balance sheet or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We refer to gross margin, operating expenses, earnings (loss) from operations, net earnings (loss) and earnings (loss) per share adjusted for specific items that affect comparability as non-GAAP gross margin, non-GAAP operating expenses, non-GAAP earnings (loss) from operations, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), non-GAAP net earnings (loss) and non-GAAP diluted earnings (loss) per share, respectively. We disclose non-GAAP amounts as we believe that these measures provide better information on actual operating results and assist in comparisons from one period to another.

Readers are cautioned that non-GAAP financial measures do not have any standardized meaning prescribed by U.S. GAAP and therefore may not be comparable to similar measures presented by other companies.

Q4 2016 Reconciliation of GAAP to Non-GAAP Results

In thousands of US\$, Except earnings per share	GAAP Q4	Purchase Price Amortization	Acquisition- related, Integration & Other	Stock Compensation & related Social Taxes	Foreign Exchange Loss	Tax Adjustments	Non GAAP Q4
Revenue	163,021						163,021
Cost of goods sold	94,225		(13,045)	99			107,171
Gross margin	68,796	0	13,045	(99)	0	0	55,850
GM %	42.2%						34.3%
Sales and marketing	17,048			449			16,599
Research and development	18,047	149		346			17,552
Administration	9,708			951			8,757
Acquisition-related and Integration Amortization	376 4,372		376				0 1,213
Total Operating Expenses	49,551	3,308	376	1,746	0	0	44,121
Earnings (loss) from operations	19,245	(3,308)	12,669	(1,845)	0	0	11,729
Foreign exchange loss	(3,547)				(3,547)		0
Other income	2						2
Total other income (expense)	(3,545)	0	0	0	(3,547)	0	2
Earnings before income taxes	15,700	(3,308)	12,669	(1,845)	(3,547)	0	11,731
Income tax expense (recovery)	(18)	(605)	(131)	(267)	(129)	(1,786)	2,900
Net earnings	15,718	(2,703)	12,800	(1,578)	(3,418)	1,786	8,831
Diluted earnings per share	0.49						0.27
Weighted average diluted shares	32,367						32,367