



Reconciliation of Q2 2017 GAAP to Non-GAAP Results

August 2, 2017

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



Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of August 2, 2017, we are providing additional non-material information regarding our reconciliation of Q2 2017 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.

Q2 2017 Reconciliation of GAAP to Non-GAAP Results

In thousands of US\$, Except earnings per share	GAAP Q2	Purchase Price Amortization	Acquisition- related, Integration, & Restructuring	Stock Compensation & related Social Taxes	Foreign Exchange Gain	Tax Adjustments	Non GAAP Q2
Revenue	173,510						173,510
Cost of goods sold	113,813			108			113,705
Gross margin	59,697	0	0	(108)	0	0	59,805
<i>GM %</i>	34.4%						34.5%
Sales and marketing	18,844			627			18,217
Research and development	20,531	147		499			19,885
Administration	10,579			1,343		42	9,194
Restructuring	259		259				0
Acquisition-related and Integration Amortization	875 4,760		875				0 1,213
Total Operating Expenses	55,848	3,694	1,134	2,469	0	42	48,509
Earnings from operations	3,849	(3,694)	(1,134)	(2,577)	0	(42)	11,296
Foreign exchange gain	3,517				3,517		0
Other income (expense)	(12)						(12)
Total other income	3,505	0	0	0	3,517	0	(12)
Earnings before income taxes	7,354	(3,694)	(1,134)	(2,577)	3,517	(42)	11,284
Income tax expense	705	(221)	43	(424)	(74)	(210)	1,591
Net earnings	6,649	(3,473)	(1,177)	(2,153)	3,591	168	9,693
Diluted earnings per share	0.20						0.30
Weighted average diluted shares	32,766						32,766