



Reconciliation of Q4 2017 GAAP to Non-GAAP Results

February 8, 2018



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of February 8, 2018, we are providing additional non-material information regarding our reconciliation of Q4 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.

Q4 2017 Reconciliation of GAAP to Non-GAAP Results

In thousands of US\$, Except earnings per share	GAAP Q4						Tax Adjustments	Non GAAP Q4
		Purchase Price Amortization	Acquisition- related, Integration, & Restructuring	Stock Compensation & related Social Taxes	Foreign Exchange Gain	Allocation of realized gain on hedge contracts		
Revenue	183,533							183,533
Cost of goods sold	121,719			122		11		121,586
Gross margin	61,814	0	0	(122)	0	(11)	0	61,947
GM %	33.7%							33.8%
Sales and marketing	20,456			718		52		19,686
Research and development	21,828	65		562		101		21,100
Administration	11,379			1,467		45		9,867
Restructuring	245		245					0
Acquisition-related and Integration	4,792		4,792					0
Amortization	6,073	4,241						1,832
Total Operating Expenses	64,773	4,306	5,037	2,747	0	198	0	52,485
Earnings from operations	(2,959)	(4,306)	(5,037)	(2,869)	0	(209)	0	9,462
Foreign exchange gain	1,267				1,058	209		0
Other income	38							38
Total other income	1,305	0	0	0	1,058	209	0	38
Earnings before income taxes	(1,654)	(4,306)	(5,037)	(2,869)	1,058	0	0	9,500
Income tax expense	1,876	(963)	(576)	121	19	0	2,967	308
Net earnings	(3,530)	(3,343)	(4,461)	(2,990)	1,039	0	(2,967)	9,192
Diluted earnings per share	(0.11)							0.28
Weighted average diluted shares	33,136							33,136