



Reconciliation of Q1 2018 GAAP to Non-GAAP Results

May 3, 2018



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of May 3, 2018, we are providing additional non-material information regarding our reconciliation of Q1 2018 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.

Q1 2018 Reconciliation of GAAP to Non-GAAP Results

In thousands of US\$, Except earnings per share	GAAP Q1							Non GAAP Q1
		Purchase Price Amortization	Acquisition- related, Integration, & Restructuring	Stock Compensation & related Social Taxes	Foreign Exchange Gain	Allocation of realized loss on hedge contracts	Tax Adjustments	
Revenue	186,878							186,878
Cost of sales	124,778			307		(6)		124,477
Gross margin	62,100	0	0	(307)	0	6	0	62,401
GM %	33.2%							33.4%
Sales and marketing	22,425			722		(8)		21,711
Research and development	24,465	64		537		(16)		23,880
Administration	12,264			1,274		(21)		11,011
Restructuring	3,591		3,591					0
Acquisition-related and Integration	1,765		1,765					0
Amortization	7,466	5,470						1,996
Total Operating Expenses	71,976	5,534	5,356	2,533	0	(45)	0	58,598
Earnings (loss) from operations	(9,876)	(5,534)	(5,356)	(2,840)	0	51	0	3,803
Foreign exchange gain	1,115				1,166	(51)		0
Other income	55							55
Total other income	1,170	0	0	0	1,166	(51)	0	55
Earnings (loss) before income taxes	(8,706)	(5,534)	(5,356)	(2,840)	1,166	0	0	3,858
Income tax expense (recovery)	(343)	(476)	(306)	(99)	(16)	0	(10)	564
Net earnings (loss)	(8,363)	(5,058)	(5,050)	(2,741)	1,182	0	10	3,294
Diluted earnings (loss) per share	(0.23)							0.09
Weighted average diluted shares	35,912							35,912