



Reconciliation of Q2 2018 GAAP to Non-GAAP Results

August 2, 2018



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of August 2, 2018, we are providing additional non-material information regarding our reconciliation of Q2 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 net 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 net 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 2018 Reconciliation of GAAP to Non-GAAP Results

In thousands of US\$, Except earnings per share	GAAP Q2	Purchase Price Amortization	Acquisition, Integration, Restructuring & Other	Stock Compensation & related Social Taxes	Foreign Exchange Loss	Allocation of realized loss on hedge contracts	Tax Adjustments	Non GAAP Q2
Revenue	201,903							201,903
Cost of sales	132,594			57				132,537
Gross margin	69,309	0	0	(57)	0	0	0	69,366
GM %	34.3%							34.4%
Sales and marketing	22,066			720		(7)		21,353
Research and development	24,391	65		575		(14)		23,765
Administration	19,804		5,141 ⁽¹⁾	2,598 ⁽¹⁾		7		12,058
Restructuring	952		952					0
Acquisition-related and Integration Amortization	1,014 6,137		1,014					0 1,776
Total Operating Expenses	74,364	4,426	7,107	3,893	0	(14)	0	58,952
Earnings (loss) from operations	(5,055)	(4,426)	(7,107)	(3,950)	0	14	0	10,414
Foreign exchange loss	(4,048)				(4,034)	(14)		0
Other income	8							8
Total other income (loss)	(4,040)	0	0	0	(4,034)	(14)	0	8
Earnings (loss) before income taxes	(9,095)	(4,426)	(7,107)	(3,950)	(4,034)	0	0	10,422
Income tax expense (recovery)	2,289	393	(90)	321	(58)	0	954	769
Net earnings (loss)	(11,384)	(4,819)	(7,017)	(4,271)	(3,976)	0	(954)	9,653
Diluted earnings (loss) per share	(0.32)							0.27
Weighted average diluted shares	36,021							36,021

(1) Includes one-time separation costs related to former CEO's retirement