



Reconciliation of Q1 2020 GAAP to Non-GAAP Results

May 7, 2020



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of May 7, 2020, we are providing additional non-material information regarding our reconciliation of Q1 2020 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.

Q1 2020 Reconciliation of GAAP to Non-GAAP Results

In thousands of U.S. dollars, except earnings per share	GAAP Q1 2020						Tax Adjustments	Non GAAP Q1 2020
		Purchase Price Amortization	Restructuring, Integration, Acquisition & Other	Stock Compensation & Related Social Taxes	Foreign Exchange Gain (Loss)	Allocation of Realized Gain (Loss) on Hedge Contracts		
Revenue	157,576							157,576
Cost of sales	113,989			49		(1)		113,941
Gross margin	43,587	-	-	(49)	-	1	-	43,635
<i>GM %</i>	<i>27.7%</i>							<i>27.7%</i>
Sales and marketing	24,770			1,046		(22)		23,746
Research and development	22,149	64	-	755		(55)		21,385
Administration	12,135		87	1,374		(20)		10,694
Restructuring	615		615					-
Amortization	5,399	3,825						1,574
Total Operating Expenses	65,068	3,889	702	3,175	-	(97)	-	57,399
Earnings (loss) from operations	(21,481)	(3,889)	(702)	(3,224)	-	98	-	(13,764)
Foreign exchange gain (loss)	(2,969)				(2,871)	(98)		-
Other income (expense)	(191)							(191)
Total other income (loss)	(3,160)	-	-	-	(2,871)	(98)	-	(191)
Earnings (loss) before income taxes	(24,641)	(3,889)	(702)	(3,224)	(2,871)	-	-	(13,955)
Income tax expense (recovery)	(1,978)	(154)	(38)	-	(337)		(2,188)	739
Net earnings (loss)	(22,663)	(3,735)	(664)	(3,224)	(2,534)	-	2,188	(14,694)
Diluted earnings (loss) per share	(0.62)							(0.41)
Weighted average diluted shares	36,277							36,277
Adjusted EBITDA	N/A							(9,168)