



Reconciliation of Q2 2020 GAAP to Non-GAAP Results

August 6, 2020



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of August 6, 2020, we are providing additional non-material information regarding our reconciliation of Q2 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.

Q2 2020 Reconciliation of GAAP to Non-GAAP Results

In thousands of U.S. dollars, except earnings per share	GAAP Q2 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	Non GAAP Q2 2020
Revenue	144,062						144,062
Cost of sales	98,192			65		(74)	98,201
Gross margin	45,870	-	-	(65)	-	74	45,861
<i>GM %</i>	<i>31.8%</i>						<i>31.8%</i>
Sales and marketing	22,283			959		(59)	21,383
Research and development	22,680	65	-	657		(134)	22,092
Administration	12,977		687	1,595		(144)	10,839
Restructuring	245		245				-
Acquisition-related and Integration Amortization	185 5,330	3,821	185				- 1,509
Total Operating Expenses	63,700	3,886	1,117	3,211	-	(337)	55,823
Earnings (loss) from operations	(17,830)	(3,886)	(1,117)	(3,276)	-	411	(9,962)
Foreign exchange gain (loss)	3,534				3,945	(411)	-
Other income (expense)	(280)						(280)
Total other income (loss)	3,254	-	-	-	3,945	(411)	(280)
Earnings (loss) before income taxes	(14,576)	(3,886)	(1,117)	(3,276)	3,945	-	(10,242)
Income tax expense (recovery)	1,031	(16)	(5)		214		838
Net earnings (loss)	(15,607)	(3,870)	(1,112)	(3,276)	3,731	-	(11,080)
Diluted earnings (loss) per share	(0.43)						(0.30)
Weighted average diluted shares	36,341						36,341
Adjusted EBITDA	N/A						(5,310)