



Reconciliation of Q3 2020 GAAP to Non-GAAP Results

November 12, 2020



SIERRA
WIRELESS

Reconciliation of GAAP to Non-GAAP Results

With reference to our press release of November 12, 2020, we are providing additional non-material information regarding our reconciliation of Q3 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. The results of operations of our automotive business are reported as discontinued operations. 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) from continuing operations, net earnings (loss) from discontinued 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) from continuing operations, non-GAAP net earnings (loss) from discontinued operations, 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.

Q3 2020 Reconciliation of GAAP to Non-GAAP Results

In thousands of U.S. dollars, except earnings per share	GAAP Q3 2020						Allocation of Realized Gain (Loss) on Hedge Contracts	Non GAAP Q3 2020
		Purchase Price Amortization	Restructuring, Integration, Acquisition & Other	CEWS & COVID-19 Relief	Stock Compensation & Related Social Taxes	Foreign Exchange Gain (Loss)		
Revenue	113,371							113,371
Cost of sales	73,919	-	-	(168)	91	-	1	73,995
Gross margin	39,452	-	-	168	(91)	-	(1)	39,376
<i>GM %</i>	34.8%							34.7%
Sales and marketing	20,072	-	-	(1,381)	1,560		16	19,877
Research and development	17,699	64	-	(3,627)	1,045		41	20,176
Administration	11,199	-	299	(1,122)	2,389		29	9,604
Restructuring	3,089	-	3,089	-	-		-	-
Acquisition-related and Integration	140	-	140	-	-		-	-
Amortization	5,040	3,491	-	-	-		-	1,549
Total Operating Expenses	57,239	3,555	3,528	(6,130)	4,994	-	86	51,206
Earnings (loss) from operations	(17,787)	(3,555)	(3,528)	6,298	(5,085)	-	(87)	(11,830)
Foreign exchange gain (loss)	3,659					3,572	87	-
Other income (expense)	(988)							(988)
Total other income (loss)	2,671	-	-	-	-	3,572	87	(988)
Earnings (loss) before income taxes	(15,116)	(3,555)	(3,528)	6,298	(5,085)	3,572	-	(12,818)
Income tax expense (recovery)	(633)	(291)	102	-	315	74	-	(833)
Net earnings (loss) from continuing operations	(14,483)	(3,264)	(3,630)	6,298	(5,400)	3,498	-	(11,985)
Net earnings (loss) from discontinued operations	2,456	-	(2,151)	-	(273)	(39)	-	4,919
Net earnings (loss)	(12,027)	(3,264)	(5,781)	6,298	(5,673)	3,459	-	(7,066)
Diluted earnings (loss) per share								
Continuing	(0.40)							(0.33)
Discontinued	0.07							0.14
	(0.33)							(0.19)
Weighted average diluted shares	36,417							36,417
Adjusted EBITDA	N/A							(7,355)