

First Quarter 2021 Results

Sierra Wireless

May 13, 2021



SIERRA
WIRELESS®

Cautionary Note Regarding Forward-Looking Statements

Certain statements and information in this presentation are not based on historical facts and constitute forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These forward-looking statements may include statements and information relating to our Guidance for second quarter of 2021, our expected cash usage in the second quarter of 2021; impact of COVID-19 on customer demand, our supply chain, manufacturing capacity and our ability to meet customer demand; expectations regarding post-COVID-19 recovery; statements as to the impact of the ransomware incident on our business operations; our work to review, evaluate and implement additional security measures and the ability they will have to protect our IT systems; expectations regarding the Company's cost savings initiatives; our business outlook for the short and long term; statements regarding our strategy, plans, goals, objectives, expectations and future operating performance; the Company's liquidity and capital resources; the Company's financial and operating objectives and strategies to achieve them; general economic conditions; estimates of our expenses, future revenues, non-GAAP earnings per share and capital requirements; our expectations regarding the legal proceedings we are involved in; statements with respect to the Company's estimated working capital; expectations with respect to the adoption of Internet of Things ("IoT") solutions; expectations regarding trends and growth in the IoT market and wireless module market; expectations regarding product and price competition from other wireless device manufacturers and solution providers; and our ability to implement effective control procedures. In particular, this presentation describes our revenue targets, which are forward-looking statements and are subject to the assumptions, risks, and uncertainties described below. Forward-looking statements are provided to help you understand our current views of our short and long-term plans, expectations, and prospects. We caution you that forward-looking statements may not be appropriate for other purposes. We do not intend to update or revise our forward-looking statements unless we are required to do so by securities laws.

Forward-looking statements typically include words and phrases about the future, such as: "target", "outlook", "will", "may", "estimates", "intends", "believes", "plans", "anticipates" and "expects", and similar expressions are not promises or guarantees of future performance. They represent our current views and may change significantly. In particular forward-looking statements that relate to longer periods of time, such as our revenue targets, are subject to substantial uncertainty and could prove to be significantly incorrect. Forward-looking statements are based on a number of material assumptions, including, but not limited to, those listed below, which could prove to be significantly incorrect:

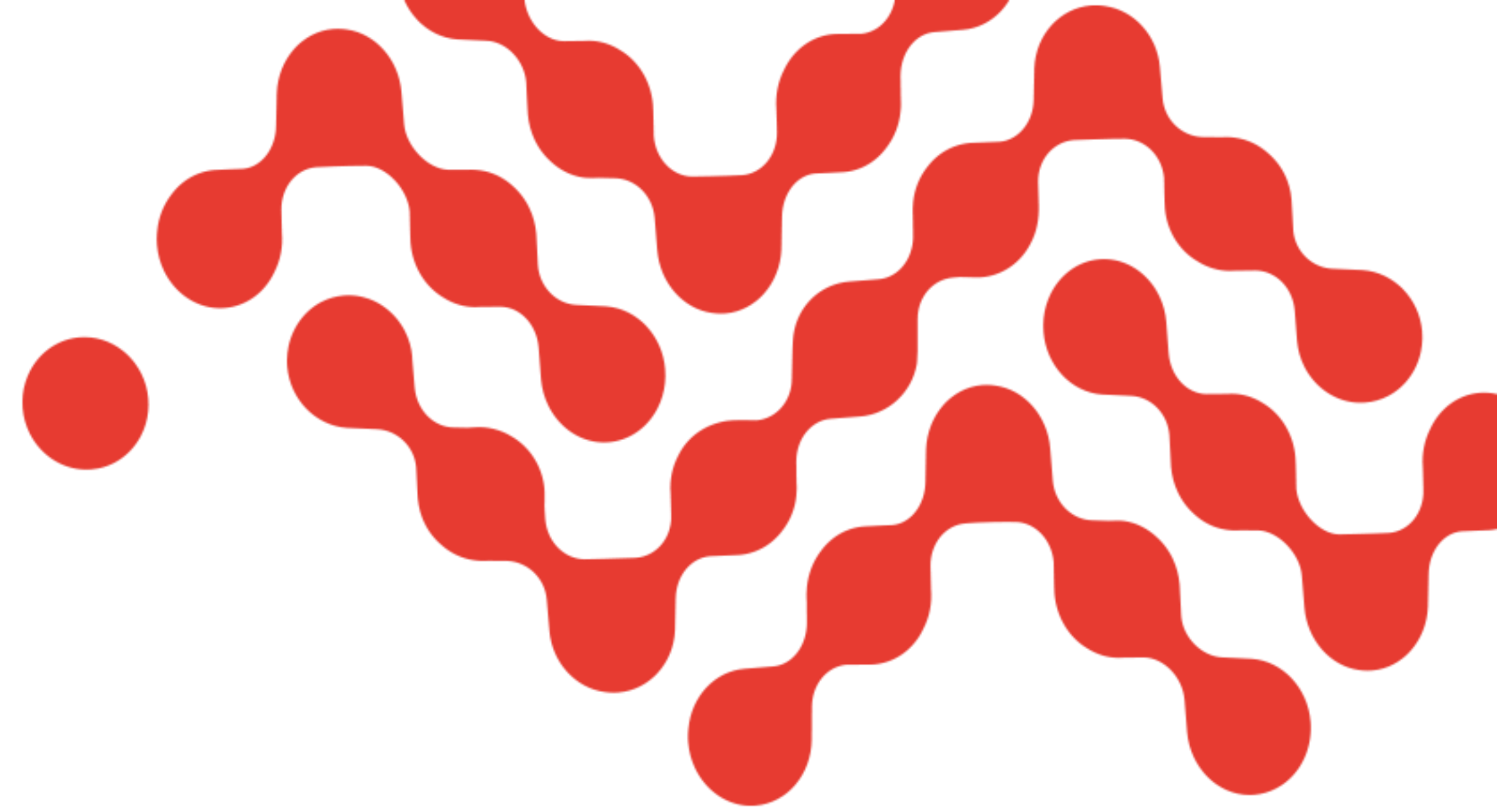
- the scope and duration of the COVID-19 pandemic and its impact on our business;
- our ability to return to normal operations after the COVID-19 pandemic has subsided;
- expected component supply constraints and manufacturing capacity;
- customer demand and our ability to continue to sell our products and services in the expected quantities at the expected prices and expected times;
- our ability to effect and to realize the anticipated benefits of our business transformation initiatives, and the timing thereof;
- our ability to develop, manufacture and sell new products and services that meet the needs of our customers and gain commercial acceptance;
- expected macro-economic business conditions;
- expected cost of sales;
- our ability to win new business;
- our ability to integrate acquired businesses and realize expected benefits;
- our ability to renew or obtain credit facilities when required;
- expected deployment of next generation networks by wireless network operators;
- our operations not being adversely disrupted by further ransomware or cybersecurity attacks;
- our operations not being adversely disrupted by other developments, operating, cyber security, litigation, or regulatory risks; and
- expected tax and foreign exchange rates.

USE OF NON-GAAP FINANCIAL MEASURES: this presentation contains references to certain non-GAAP financial measures and should be viewed in conjunction with our press release, which contains further information regarding our use of non-GAAP financial measures, including a reconciliation of such information to our GAAP results

Forward-looking statements are based on our management's current expectations and we caution investors that forward-looking statements, particularly those that relate to longer periods of time are subject to substantial known and unknown material risks and uncertainties. Many factors could cause our actual results, achievements and developments in our business to differ significantly from those expressed or implied by our forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail. These risk factors and others are discussed in our Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations, which may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov and in our other regulatory filings with the Securities and Exchange Commission in the United States and the provincial securities commissions in Canada:

- prolonged negative impact from COVID-19;
- our access to capital, if required;
- competition from new or established competitors or from those with greater resources;
- our reliance on single source suppliers for certain components used in our products;
- our dependence on a limited number of third-party manufacturers;
- cyber-attacks or other breaches of our information technology security;
- natural catastrophes or public health epidemics could impact customer demand, result in production disruption and impact our ability to meet customer demand or capacity to continue critical operations;
- the loss of, or significant demand fluctuations from, any of our significant customers;
- our financial results being subject to fluctuation;
- our business transformation initiatives may result in disruptions to our business and may not achieve the anticipated benefits;
- our ability to respond to changing technology, industry standards and customer requirements;
- failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects, network service interruptions, cyber-security vulnerabilities or other quality issues;
- deterioration in macro-economic conditions could adversely affect our operating results and financial conditions;
- our ability to attract or retain key personnel and the impact of organizational change on our business;
- risks related to the transmission, use and disclosure of user data and personal information;
- disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with acquisitions or divestitures;
- risks that the acquisition of M2M Group or our investments and partnerships may fail to realize the expected benefits.
- risks related to infringement on intellectual property rights of others;
- our ability to obtain necessary rights to use software or components supplied by third parties;
- our ability to enforce our intellectual property rights;
- unanticipated costs associated with litigation or settlements;
- our dependence on mobile network operators to promote and offer acceptable wireless data services;
- risks related to contractual disputes with counterparties;
- risks related to governmental regulation;
- risks inherent in foreign jurisdictions; and
- risks related to tariffs or other trade restrictions.

Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.



Corporate Update

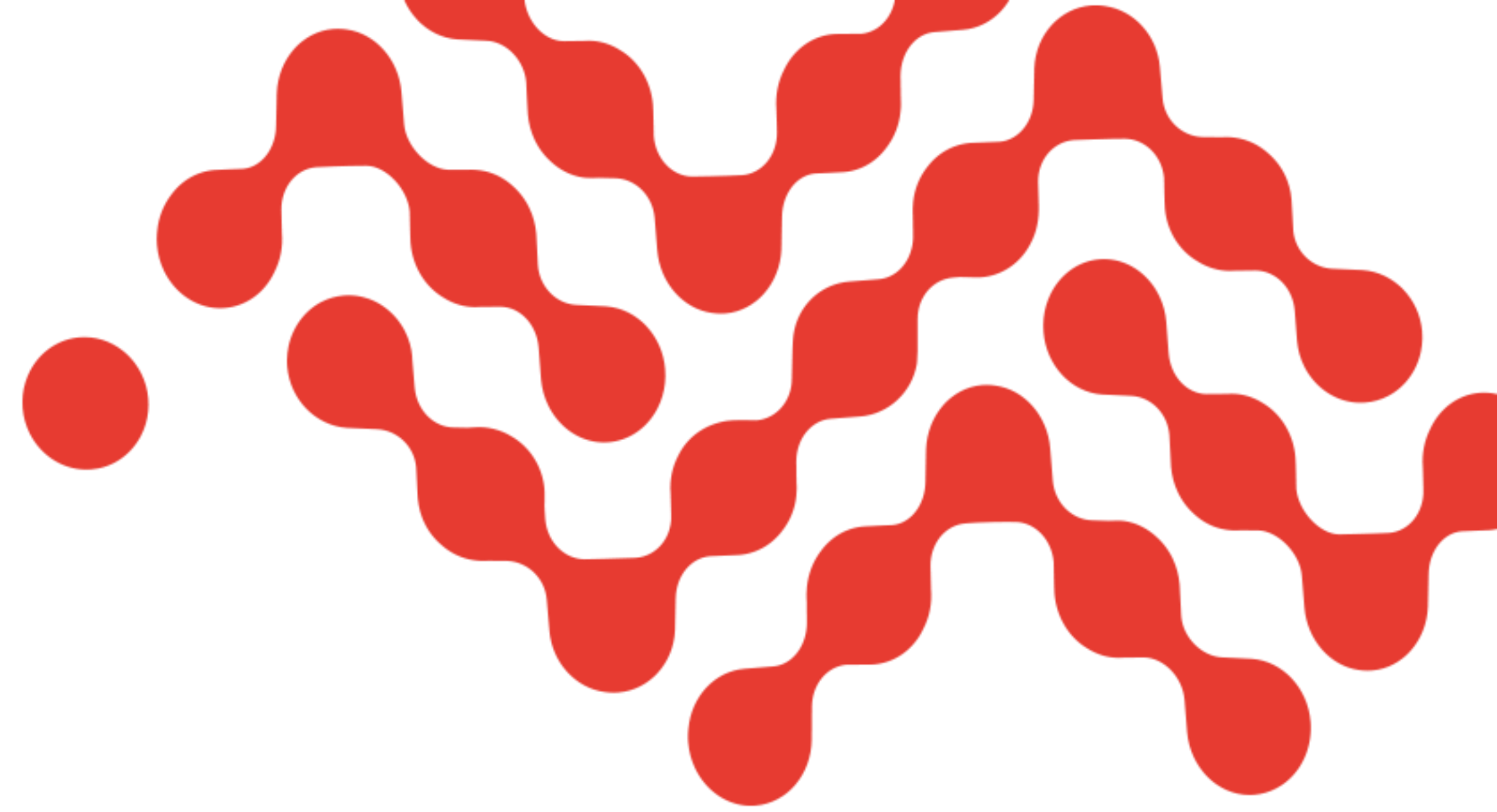
Kent Thexton, President & CEO



Corporate Update

President & CEO Kent Thexton:

- Total revenue in Q1'21 was \$108.1 million, up +4.9% year over year
- Recurring & Other Services revenue in Q1 was \$33.7 million, up +26.1% year over year
- Monthly Recurring Revenue (MRR):
 - defined as monthly subscription revenues including usage fees from current subscribers
 - in month of March, MRR was \$11.5 million, up +30.7% year over year
- Strong demand for Modules and Gateways being constrained by supply chain tightness
- Working closely with our supply and manufacturing partners to source parts and components
- Ransomware incident at the end of Q1 impacted our ability to manufacture products
- Launched new XR-Series 5G multi-network routers for both mobile and fixed connectivity
- Announced Acculink Cargo for managed IoT asset tracking w/ device, cloud & connectivity service



Financial overview

Sam Cochrane, Chief Financial Officer

Q1 2021: Summary of key financial metrics

(USD millions, except EPS and margin %)

Q1 2021 Financial Results

Q1'21 Revenue
\$108.1m

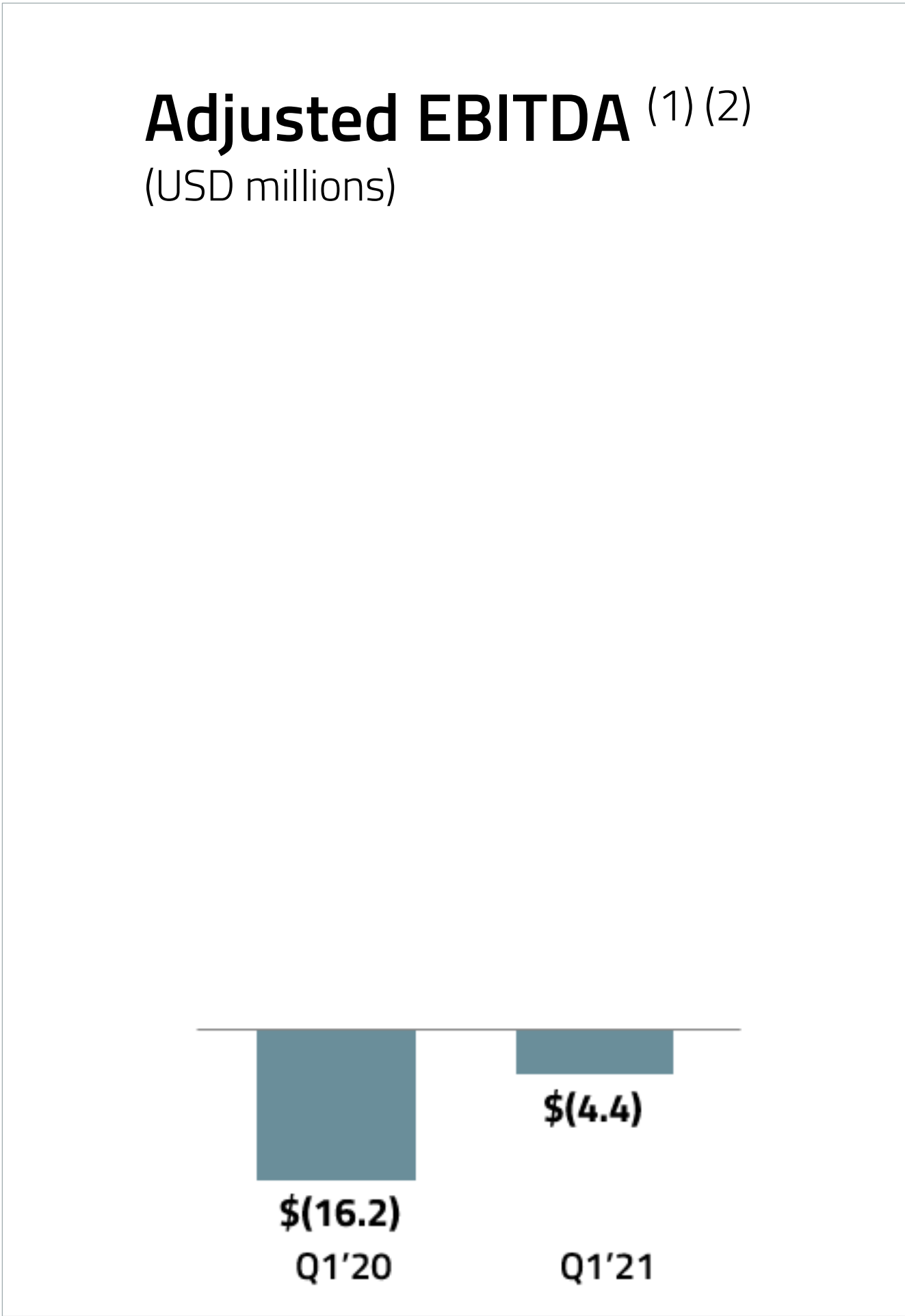
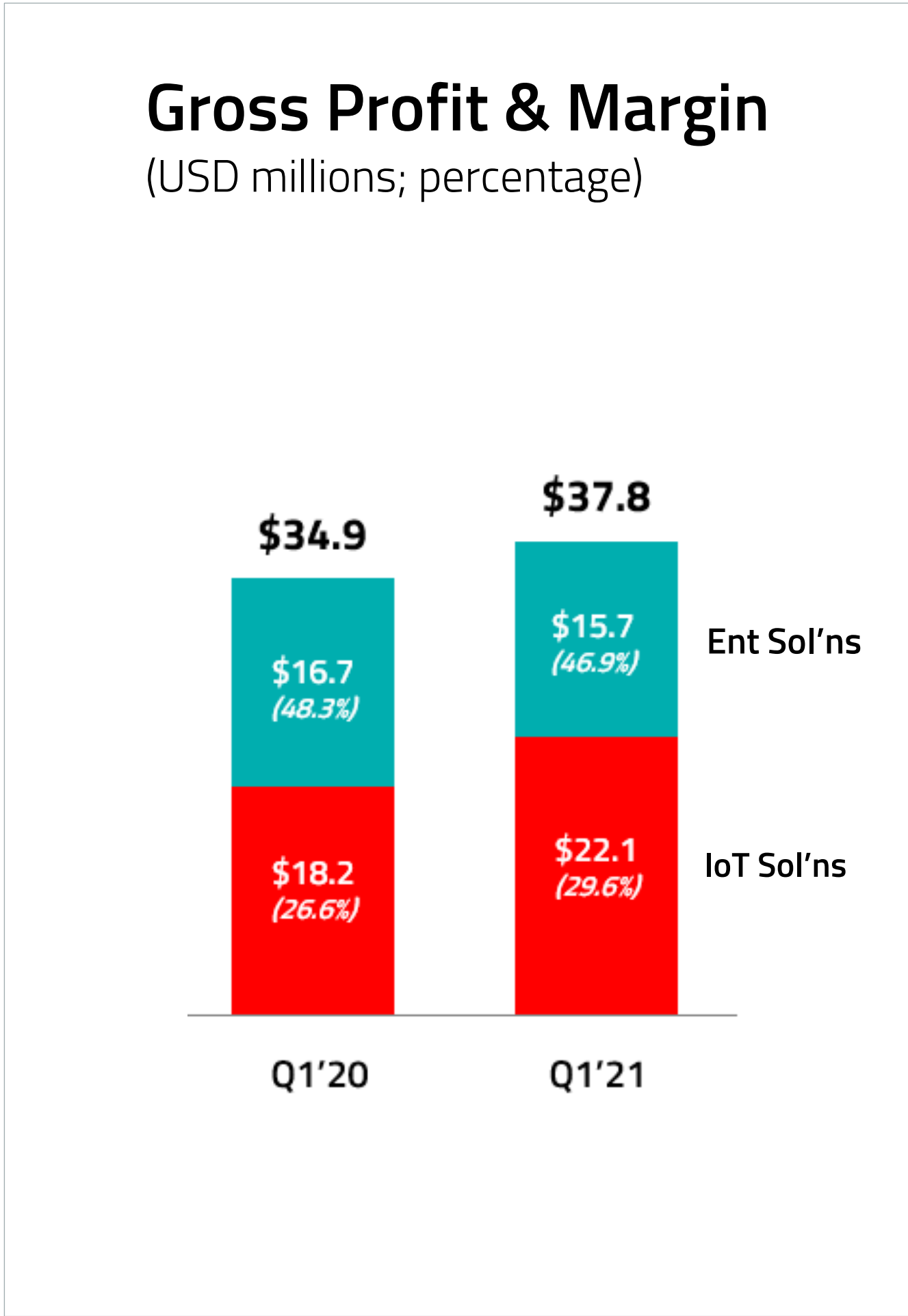
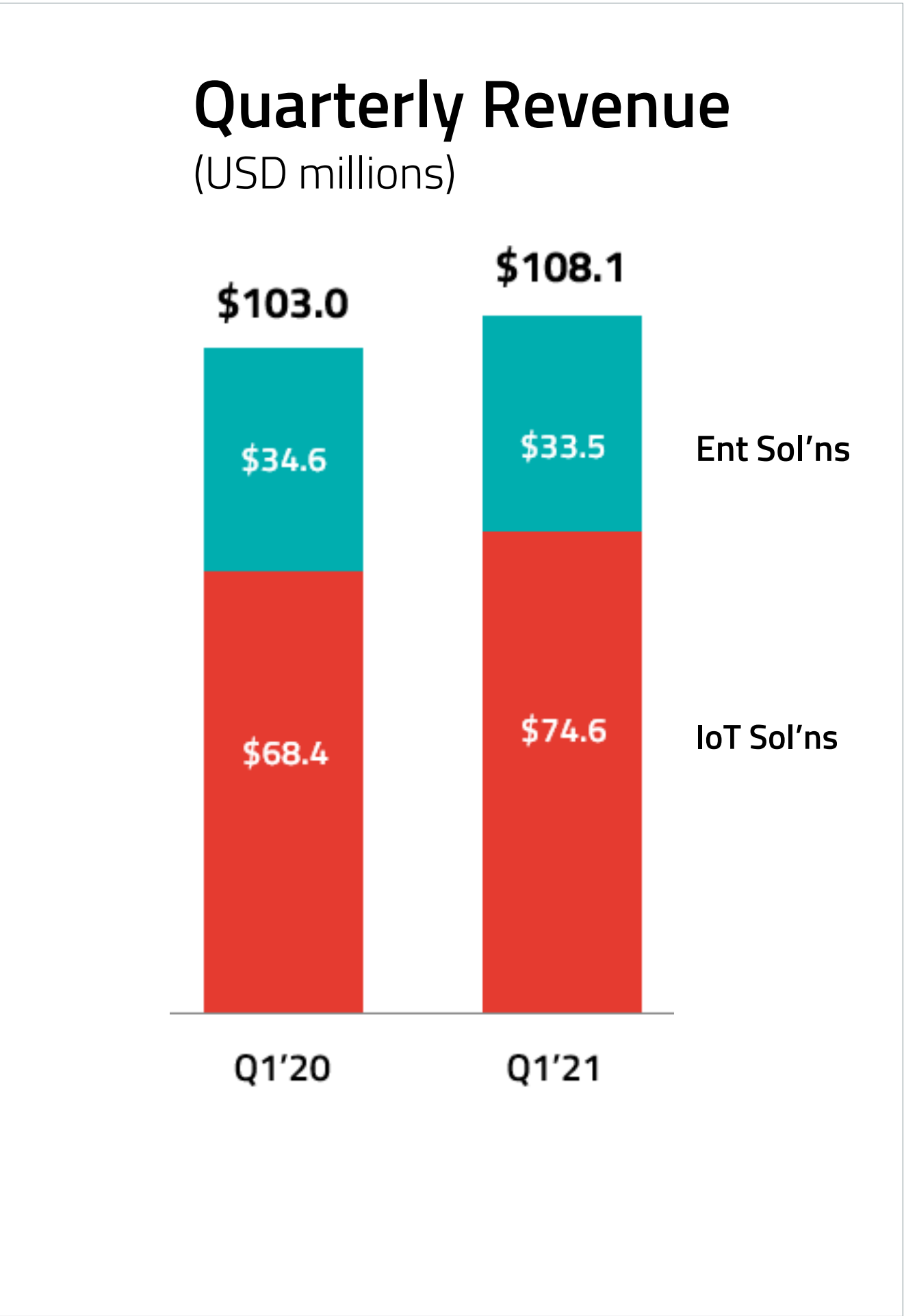
Q1'21 Adj. EBITDA
\$(4.4)m

	GAAP Actual	Non-GAAP Actual ⁽¹⁾
Total Revenue	\$108.1	\$108.1
Gross margin (%)	34.9%	35.0%
Operating expenses	\$60.8	\$46.4
Adjusted EBITDA ⁽²⁾	n/a	\$(4.4)
Operating Loss	\$(23.1)	\$(8.6)
Net loss from continuing operations	\$(28.5)	\$(9.6)
Loss per share from continuing ops	\$(0.78)	\$(0.26)

(1) Non-GAAP financial measures adjust for the impact of stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, acquisition-related and integration costs, government grants related to COVID-19 relief, CEO retirement/search, certain other non-recurring costs or recoveries, acquisition-related amortization, the impact of foreign exchange gains or losses on translation of certain balance sheet accounts, foreign exchange gains or losses on forward contracts, and certain tax adjustments.

(2) Adjusted EBITDA as defined equates to net earnings from continuing operations adjusted for stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, acquisition-related and integration costs, government grants related to COVID-19 relief, CEO retirement/search, certain other non-recurring costs or recoveries, acquisition-related amortization, the impact of foreign exchange gains or losses on translation of certain balance sheet accounts, foreign exchange gains or losses on forward contracts, and certain tax adjustments.

Q1 2020 – Non-GAAP results

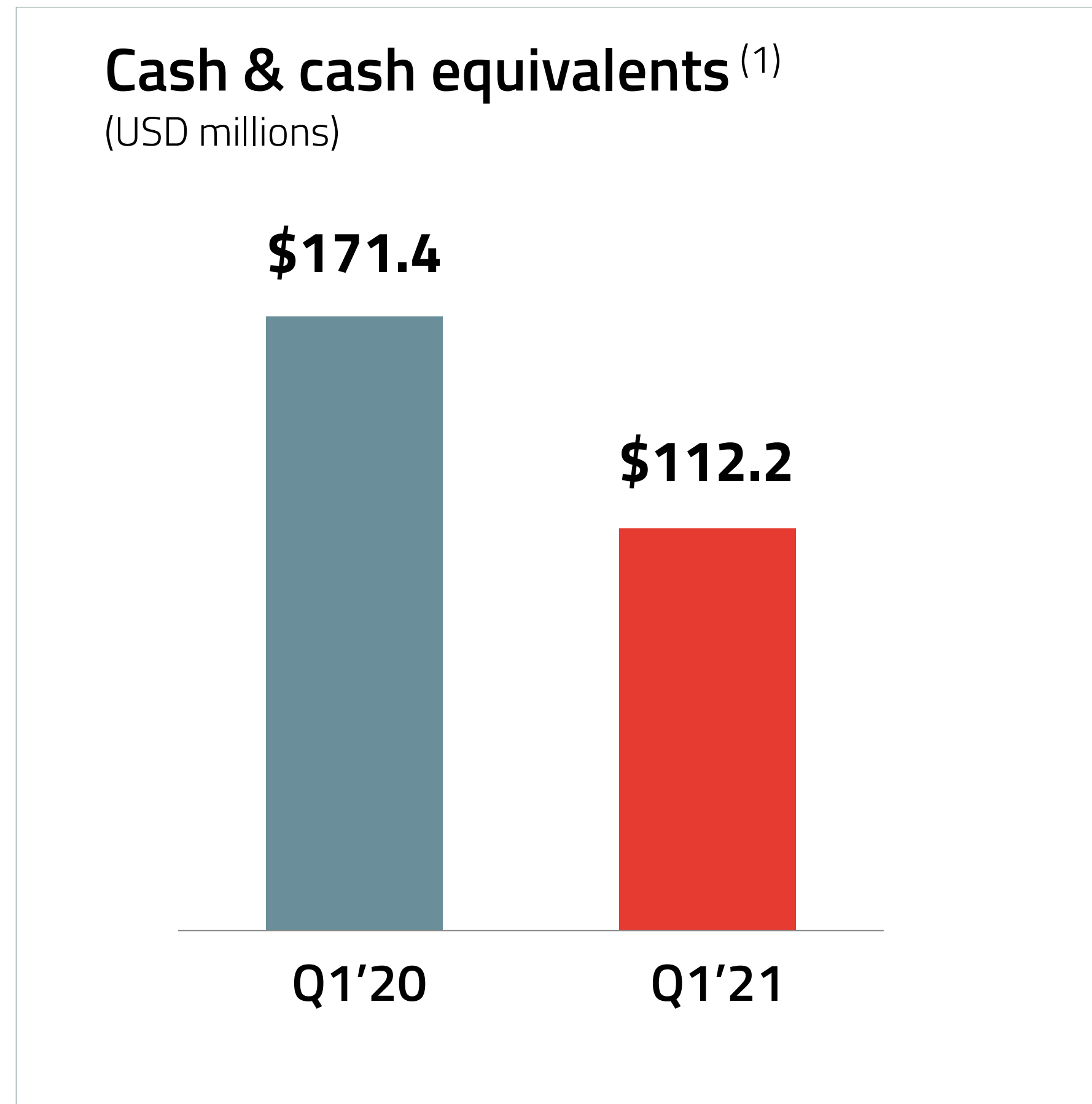


(1) Adjusted EBITDA as defined equates to net earnings (loss) from continuing operations adjusted for stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, acquisition-related and integration costs, government grants related to COVID-19 relief, CEO retirement/search, certain other non-recurring costs or recoveries, amortization, the impact of foreign exchange gains or losses on translation of certain balance sheet accounts, foreign exchange gains or losses on forward contracts, and certain tax adjustments.

(2) Non-GAAP financial measures adjusts for the impact of stock-based compensation expense and related social taxes, phantom RSU expense which represents expenses related to compensation units settled in cash based on the stock price at vesting, restructuring costs, acquisition-related and integration costs, government grants related to COVID-19 relief, CEO retirement/search, certain other non-recurring costs or recoveries, acquisition-related amortization, the impact of foreign exchange gains or losses on translation of certain balance sheet accounts, foreign exchange gains or losses on forward contracts, and certain tax adjustments.



Cash Position – Q1 2021



(1) Cash & cash equivalents include restricted cash

(2) Free cash flow is a non-GAAP financial measure. Free cash flow is defined as cash flow from operating activities minus capex and increases in intangibles

In our Q4'20 earnings call on Feb. 23rd, we stated that we expected to consume approx. \$20M in cash in Q1'21 due to three factors we referenced during the call:

- the need to increase capacity and inventory to combat the current global shortage in components;
- restructuring outflows as we improve our operating efficiency; and
- some one-time working capital adjustments associated with the automotive sale

At the end of Q1'21, our cash position was approx. \$35M below our forecast due to three primary factors:

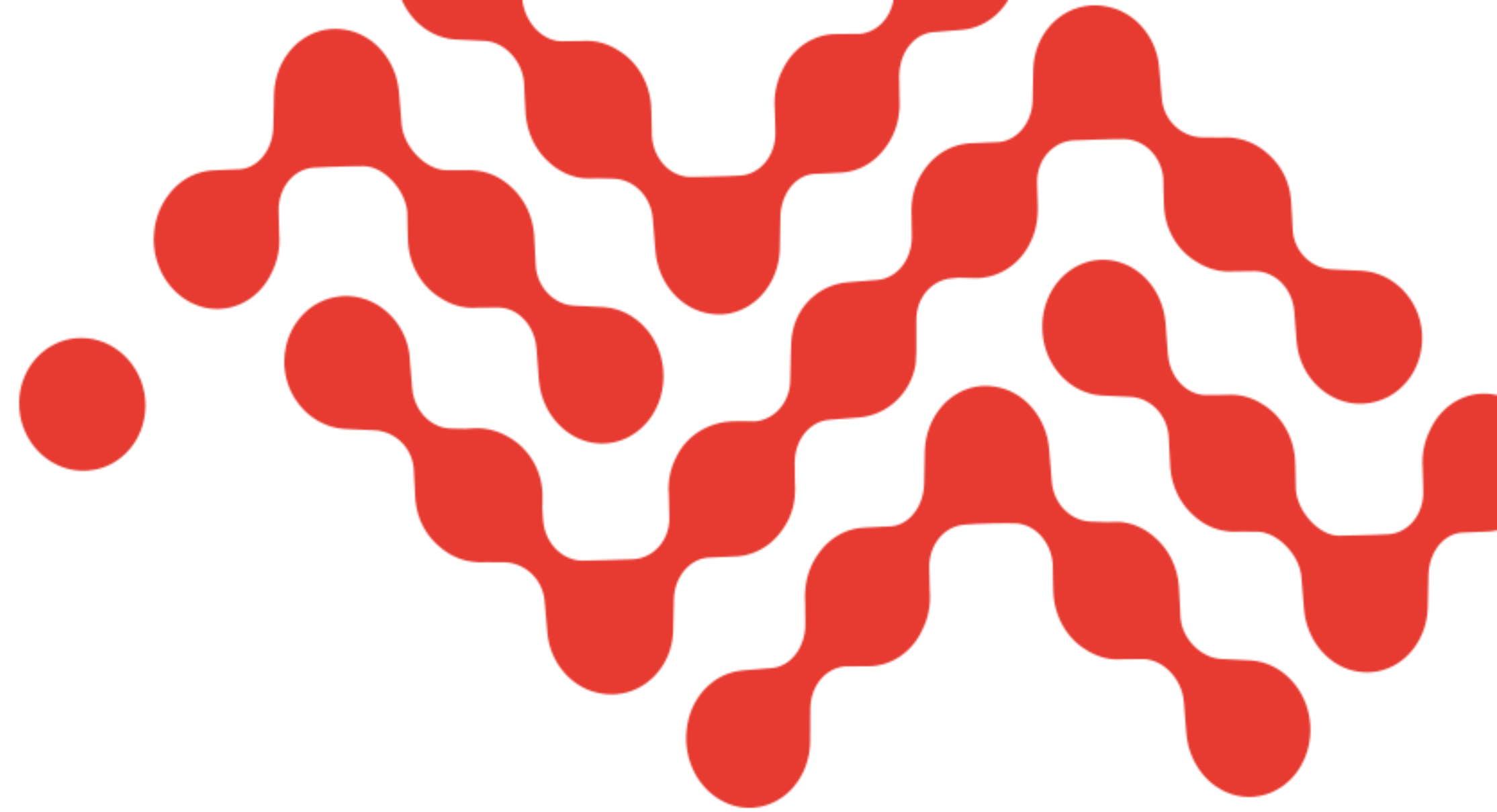
- additional working capital to build component supply for increased demand in Q2 and 2H'21; and faster payment to our key component suppliers to improve our allocations during the industry-wide supply chain tightness (~\$12M);
- direct costs that were related to the ransomware incident (~\$5M); and
- the indirect impact of the ransomware incident with the majority of that associated with the unwinding of our AR factoring program as we did not have system access at the end of the quarter (~\$18M)

Guidance for Second Quarter 2021

The impact of the COVID-19 pandemic on our global business continues to remain uncertain. While we continue to evaluate the effects on our business, the overall severity and duration of adverse impacts related to COVID-19 on our business, financial condition, cash flows and operating results for 2021 and beyond cannot be reasonably estimated at this time.

Due to continued strong demand and the investment in working capital to combat the industry wide tightness in supply, we expect our revenue for the second quarter of 2021 to be in the range of \$118 million to \$122 million.

Demand remains strong in the second quarter of 2021, and we have secured hardware orders and recurring revenue that is approximately 20% above the mid-point of our Q2'21 revenue guidance. However, we continue to face a tight global supply chain environment that is constraining our ability to source all the necessary components and fully deliver to this level of demand.



Q&A