



## News Release

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### Sierra Wireless Reports Third Quarter 2013 Results

**Q3 highlights from continuing operations**

- Record revenue of \$112.3 million, up 12.1% year-over-year
- Adjusted EBITDA of \$5.9 million, up 81.3% year-over-year
- Non-GAAP earnings from operations of \$2.4 million, compared to \$0.3 million in Q3 2012
- Non-GAAP diluted net earnings per share of \$0.11, compared to diluted net earnings per share of \$0.04 in Q3 2012

VANCOUVER, BRITISH COLUMBIA - November 7, 2013 - Sierra Wireless, Inc. (NASDAQ: SWIR) (TSX: SW) today reported results for its third quarter ending September 30, 2013. All results are reported in U.S. dollars and are prepared in accordance with United States generally accepted accounting principles (GAAP), except as otherwise indicated below.

“We delivered another quarter of record M2M revenue, driven by steady growth in OEM Solutions and a strong quarter in Enterprise Solutions,” said Jason Cohenour, President and Chief Executive Officer. “In addition, our third quarter results are highlighted by continued strong increases in our key profitability metrics, demonstrating the leverage in our operating model as we execute on our profitable growth plans.”

Revenue for the third quarter of 2013 was \$112.3 million, an increase of 12.1% compared to \$100.2 million in the third quarter of 2012, and an increase of 2.4% compared to \$109.6 million in the second quarter of 2013. Revenue from OEM Solutions was \$95.9 million in the third quarter of 2013, up 8.6% compared to \$88.3 million in the third quarter of 2012. Revenue from Enterprise Solutions was \$16.4 million in the third quarter of 2013, up 37.8% from \$11.9 million in the third quarter of 2012.

## GAAP

- Gross margin was \$37.3 million, or 33.3% of revenue, in the third quarter of 2013, compared to \$31.1 million, or 31.0% of revenue, in the third quarter of 2012.
- Operating expenses were \$40.6 million and loss from operations was \$3.3 million in the third quarter of 2013, compared to operating expenses of \$37.8 million and a loss from operations of \$6.7 million in the third quarter of 2012.
- Net earnings from continuing operations were \$1.1 million, or \$0.03 per diluted share, in the third quarter of 2013, compared to a net loss of \$3.6 million, or \$0.12 per share, in the third quarter of 2012. Reorganization initiatives as we transition our business are favorably impacting our effective tax rate. Net earnings from continuing operations for the current quarter included a year-to-date tax recovery. A portion of the recovery, amounting to \$0.5 million, or \$0.02 per diluted share, relates to the first half of the year.
- Net earnings for continuing and discontinued operations<sup>(1)</sup> combined were \$0.6 million, or \$0.02 per diluted share, in the third quarter of 2013, compared to net earnings of \$3.7 million, or \$0.12 per diluted share, in the third quarter of 2012.

## NON-GAAP

- Gross margin was 33.4% in the third quarter of 2013, compared to 31.1% in the third quarter of 2012.
- Operating expenses were \$35.1 million and earnings from operations were \$2.4 million in the third quarter of 2013, compared to operating expenses of \$30.8 million and earnings from operations of \$0.3 million in the third quarter of 2012.
- Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") were \$5.9 million in the third quarter of 2013, compared to \$3.2 million in the third quarter of 2012.
- Net earnings from continuing operations were \$3.5 million, or \$0.11 per diluted share, in the third quarter of 2013, compared to net earnings of \$1.3 million, or \$0.04 per diluted share, in the third quarter of 2012. Reorganization initiatives as we transition our business are favorably impacting our effective tax rate. Net earnings from continuing operations for the current quarter included a year-to-date tax recovery. A portion of the recovery, amounting to \$0.5 million, or \$0.02 per diluted share, relates to the first half of the year.

Non-GAAP results exclude the impact of stock-based compensation expense, acquisition costs, gain on sale of the AirCard business, restructuring costs, integration costs, disposition costs, acquisition amortization, impairment, foreign exchange gains or losses on foreign currency contracts and translation of balance sheet accounts, and certain tax adjustments. We disclose non-GAAP amounts as we believe that these measures provide our shareholders with better information about actual operating results and assist in comparisons from one period to another.

Adjusted EBITDA as defined equates to earnings (loss) from operations plus stock-based compensation expense, acquisition costs, restructuring costs, integration costs, impairment, and amortization. The reconciliation between our GAAP and non-GAAP results is provided in the accompanying schedules.

<sup>(1)</sup> On April 2, 2013, we completed the sale of substantially all of the assets and operations related to our AirCard business. The results of operations and the gain on sale of the AirCard business have been presented as discontinued operations for the three and nine months ended September 30, 2013 and September 30, 2012.

## Financial Guidance

The Company provides the following guidance for continuing operations for the fourth quarter of 2013, excluding any impact from the acquired M2M module and modem assets of AnyDATA:

In the fourth quarter of 2013, revenue is expected to increase sequentially and on a year-over-year basis. Gross margin and operating expenses are expected to remain similar to third quarter levels.

| <u>Q4 2013 Guidance</u>  | <u>Consolidated<br/>Non-GAAP</u> |
|--------------------------|----------------------------------|
| Revenue                  | \$112.0 to \$116.0 million       |
| Earnings from operations | \$2.4 to \$3.3 million           |
| Net earnings             | \$2.2 to \$3.0 million           |
| Earnings per share       | \$0.07 to \$0.10 per share       |

This non-GAAP guidance for the fourth quarter of 2013 reflects current business indicators and expectations. Inherent in this guidance are risk factors that are described in greater detail in our regulatory filings. Our actual results could differ materially from those presented above. All figures are approximations based on management's current beliefs and assumptions.

## Conference call, webcast and instant replay details

Sierra Wireless President and CEO, Jason Cohenour, and CFO, David McLennan, will host a conference call and webcast with analysts and investors to review the results on Thursday, November 7, 2013, at 5:30 PM Eastern Time (2:30 PM PT). A live slide presentation will be available for viewing during the call from the link provided below.

To participate in this conference call, please dial the following number approximately ten minutes prior to the commencement of the call:

- Toll-free (Canada and US): 1-877-201-0168
- Alternate number: 1-647-788-4901
- Conference ID: 7687072

For those unable to participate in the live call, a replay will be available until November 29, 2013. Dial 1-855-859-2056 or 1-800-585-8367 and enter the Conference ID number above to access the replay.

To access the webcast, please follow the link below:

[Sierra Wireless Q3 2013 Financial Results Webcast](#)

If the above link does not work, please copy and paste the following URL into your browser:

<http://www.snwebcastcenter.com/webcast/sierrawireless/2013q3/>

The webcast will remain available at the above link for one year following the call.

We look forward to having you participate in our call.

## Cautionary Note Regarding Forward-Looking Statements

Certain statements and information in this press release are not based on historical facts and constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws (“forward-looking statements”) including statements and information relating to our financial guidance for the fourth quarter of 2013 and our fiscal year 2013, our business outlook for the short and longer term and our strategy, plans and future operating performance. Forward-looking statements are provided to help you understand our views of our short and longer term prospects. We caution you that forward-looking statements may not be appropriate for other purposes. We will not 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 “outlook”, “may”, “estimates”, “intends”, “believes”, “plans”, “anticipates” and “expects”.
- Are not promises or guarantees of future performance. They represent our current views and may change significantly.
- Are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:
  - Our ability to develop, manufacture and sell new products and services that meet the needs of our customers and gain commercial acceptance;
  - Our ability to continue to sell our products and services in the expected quantities at the expected prices and expected times;
  - Expected cost of goods sold;
  - Expected component supply constraints;
  - Our ability to “win” new business;
  - Expected deployment of next generation networks by wireless network operators;
  - Our operations are not adversely disrupted by component shortages or other development, operating or regulatory risks; and
  - Expected tax rates and foreign exchange rates.
- 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. 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](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://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.
  - We may experience higher than anticipated costs; disruption of, and demands on, our ongoing business; diversion of management's time and attention; adverse effects on existing business relationships with suppliers and customers and employee issues in connection with the divestiture of the AirCard assets and operations;
  - Actual sales volumes or prices for our products and services may be lower than we expect for any reason including, without limitation, continuing uncertain economic conditions, price and product competition, different product mix, the loss of any of our significant customers, or competition from new or established wireless communication companies;
  - The cost of products sold may be higher than planned or necessary component supplies may not be available, are delayed or are not available on commercially reasonable terms;
  - We may be unable to enforce our intellectual property rights or may be subject to claims and litigation that had an adverse outcome;

- The development and timing of the introduction of our new products may be later than we expect or may be indefinitely delayed; and
- Transition periods associated with the migration to new technologies may be longer than we expect.

### **About Sierra Wireless**

Sierra Wireless (NASDAQ: SWIR) (TSX: SW) offers industry-leading products and solutions for connected devices and machine-to-machine (M2M) communications over cellular networks. Wireless service providers, equipment manufacturers, enterprises and government organizations around the world depend on us for reliable wireless technology. We offer 2G, 3G and 4G wireless modems, routers and gateways as well as a comprehensive suite of software, tools, and services that ensure our customers can successfully bring wireless applications to market. For more information about Sierra Wireless, visit [www.sierrawireless.com](http://www.sierrawireless.com).

"AirPrime," "AirLink," and "AirVantage" are trademarks of Sierra Wireless. Other product or service names mentioned herein may be the trademarks of their respective owners.

**SIERRA WIRELESS, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

*(In thousands of U.S. dollars, except where otherwise stated)*

*(unaudited)*

|                                                                                                                | <i>Three months ended<br/>September 30,</i> |             | <i>Nine months ended<br/>September 30,</i> |             |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------|--------------------------------------------|-------------|
|                                                                                                                | <b>2013</b>                                 | <i>2012</i> | <b>2013</b>                                | <i>2012</i> |
| <b>Revenue</b>                                                                                                 | <b>\$ 112,262</b>                           | \$ 100,183  | <b>\$ 323,252</b>                          | \$ 287,916  |
| Cost of goods sold                                                                                             | <b>74,916</b>                               | 69,097      | <b>216,054</b>                             | 198,875     |
| <b>Gross margin</b>                                                                                            | <b>37,346</b>                               | 31,086      | <b>107,198</b>                             | 89,041      |
| <b>Expenses</b>                                                                                                |                                             |             |                                            |             |
| Sales and marketing                                                                                            | <b>10,452</b>                               | 8,572       | <b>31,489</b>                              | 26,891      |
| Research and development                                                                                       | <b>17,806</b>                               | 15,886      | <b>54,038</b>                              | 45,491      |
| Administration                                                                                                 | <b>9,297</b>                                | 8,013       | <b>26,323</b>                              | 25,034      |
| Restructuring                                                                                                  | <b>14</b>                                   | 498         | <b>157</b>                                 | 2,209       |
| Integration                                                                                                    | <b>—</b>                                    | —           | <b>27</b>                                  | —           |
| Acquisition                                                                                                    | <b>139</b>                                  | 2,196       | <b>139</b>                                 | 2,795       |
| Amortization                                                                                                   | <b>2,939</b>                                | 2,649       | <b>9,142</b>                               | 7,311       |
|                                                                                                                | <b>40,647</b>                               | 37,814      | <b>121,315</b>                             | 109,731     |
| <b>Loss from operations</b>                                                                                    | <b>(3,301)</b>                              | (6,728)     | <b>(14,117)</b>                            | (20,690)    |
| Foreign exchange gain                                                                                          | <b>2,563</b>                                | 1,176       | <b>1,902</b>                               | 1,718       |
| Other income (expense)                                                                                         | <b>(26)</b>                                 | (70)        | <b>(124)</b>                               | (231)       |
| <b>Loss before income taxes</b>                                                                                | <b>(764)</b>                                | (5,622)     | <b>(12,339)</b>                            | (19,203)    |
| Income tax expense (recovery)                                                                                  | <b>(1,839)</b>                              | (2,010)     | <b>1,266</b>                               | 522         |
| <b>Net earnings (loss) from continuing operations</b>                                                          | <b>1,075</b>                                | (3,612)     | <b>(13,605)</b>                            | (19,725)    |
| Net earnings (loss) from discontinued operations                                                               | <b>(505)</b>                                | 7,279       | <b>69,510</b>                              | 27,318      |
| <b>Net earnings</b>                                                                                            | <b>\$ 570</b>                               | \$ 3,667    | <b>\$ 55,905</b>                           | \$ 7,593    |
| Other comprehensive income (loss):                                                                             |                                             |             |                                            |             |
| Foreign currency translation adjustments, net of taxes of \$nil                                                | <b>693</b>                                  | 1,203       | <b>425</b>                                 | (138)       |
| <b>Comprehensive income</b>                                                                                    | <b>\$ 1,263</b>                             | \$ 4,870    | <b>\$ 56,330</b>                           | \$ 7,455    |
| Basic and diluted net earnings (loss) per share attributable to the Company's common shareholders (in dollars) |                                             |             |                                            |             |
| Continuing operations                                                                                          | <b>\$ 0.03</b>                              | \$ (0.12)   | <b>\$ (0.44)</b>                           | \$ (0.64)   |
| Discontinued operations                                                                                        | <b>(0.01)</b>                               | 0.24        | <b>2.26</b>                                | 0.89        |
|                                                                                                                | <b>\$ 0.02</b>                              | \$ 0.12     | <b>\$ 1.82</b>                             | \$ 0.25     |
| Weighted average number of shares outstanding (in thousands)                                                   |                                             |             |                                            |             |
| Basic                                                                                                          | <b>30,688</b>                               | 30,573      | <b>30,717</b>                              | 30,854      |
| Diluted                                                                                                        | <b>31,176</b>                               | 30,573      | <b>30,717</b>                              | 30,854      |

**SIERRA WIRELESS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
*(In thousands of U.S. dollars)*  
*(unaudited)*

|                                                                                                                                                 | <i>September 30, 2013</i> | <i>December 31, 2012</i> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|
| <b>Assets</b>                                                                                                                                   |                           |                          |
| Current assets                                                                                                                                  |                           |                          |
| Cash and cash equivalents                                                                                                                       | \$ 183,220                | \$ 63,646                |
| Short-term investments                                                                                                                          | 5,221                     | —                        |
| Accounts receivable, net of allowance for doubtful accounts of \$2,531<br>(December 31, 2012 - \$2,435)                                         | 94,090                    | 108,624                  |
| Inventories                                                                                                                                     | 6,221                     | 12,675                   |
| Deferred income taxes                                                                                                                           | 4,200                     | 22,199                   |
| Prepays and other                                                                                                                               | 37,235                    | 24,252                   |
| Assets held for sale                                                                                                                            | —                         | 54,340                   |
|                                                                                                                                                 | <b>330,187</b>            | <b>285,736</b>           |
| Property and equipment                                                                                                                          | 22,588                    | 20,039                   |
| Intangible assets                                                                                                                               | 45,107                    | 56,357                   |
| Goodwill                                                                                                                                        | 99,365                    | 97,961                   |
| Deferred income taxes                                                                                                                           | 4,685                     | 3,880                    |
| Other assets                                                                                                                                    | 811                       | 790                      |
|                                                                                                                                                 | <b>\$ 502,743</b>         | <b>\$ 464,763</b>        |
| <b>Liabilities</b>                                                                                                                              |                           |                          |
| Current liabilities                                                                                                                             |                           |                          |
| Accounts payable and accrued liabilities                                                                                                        | \$ 121,606                | \$ 128,216               |
| Deferred revenue and credits                                                                                                                    | 1,807                     | 1,312                    |
| Liabilities held for sale                                                                                                                       | —                         | 10,353                   |
|                                                                                                                                                 | <b>123,413</b>            | <b>139,881</b>           |
| Long-term obligations                                                                                                                           | 22,074                    | 26,526                   |
| Deferred income taxes                                                                                                                           | 300                       | 300                      |
|                                                                                                                                                 | <b>145,787</b>            | <b>166,707</b>           |
| <b>Equity</b>                                                                                                                                   |                           |                          |
| Shareholders' equity                                                                                                                            |                           |                          |
| Common stock: no par value; unlimited shares authorized; issued and<br>outstanding 30,761,517 shares (December 31, 2012 -<br>30,592,423 shares) | 324,975                   | 322,770                  |
| Preferred stock: no par value; unlimited shares authorized;<br>issued and outstanding: nil shares                                               | —                         | —                        |
| Treasury stock: at cost 538,439 shares (December 31, 2012 – 716,313 shares)                                                                     | (5,399)                   | (5,172)                  |
| Additional paid-in capital                                                                                                                      | 24,183                    | 23,203                   |
| Retained earnings (deficit)                                                                                                                     | 20,234                    | (35,283)                 |
| Accumulated other comprehensive loss                                                                                                            | (7,037)                   | (7,462)                  |
|                                                                                                                                                 | <b>356,956</b>            | <b>298,056</b>           |
|                                                                                                                                                 | <b>\$ 502,743</b>         | <b>\$ 464,763</b>        |

**SIERRA WIRELESS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands of U.S. dollars)  
(unaudited)

|                                                                      | Three months ended<br>September 30, |                  | Nine months ended<br>September 30, |                  |
|----------------------------------------------------------------------|-------------------------------------|------------------|------------------------------------|------------------|
|                                                                      | 2013                                | 2012             | 2013                               | 2012             |
| <b>Cash flows provided by (used in):</b>                             |                                     |                  |                                    |                  |
| <b>Operating activities</b>                                          |                                     |                  |                                    |                  |
| Net earnings                                                         | \$ 570                              | \$ 3,667         | 55,905                             | \$ 7,593         |
| Items not requiring (providing) cash                                 |                                     |                  |                                    |                  |
| Amortization                                                         | 6,873                               | 7,082            | 21,150                             | 20,795           |
| Stock-based compensation                                             | 2,481                               | 1,695            | 7,170                              | 5,010            |
| Gain on sale of AirCard business                                     | 17                                  | —                | (94,078)                           | —                |
| Deferred income taxes                                                | (770)                               | (2,032)          | 17,194                             | (3,905)          |
| Loss (gain) on disposal of property, equipment, and intangibles      | 10                                  | 57               | (10)                               | 183              |
| Impairment of assets related to discontinued operations              | —                                   | —                | 1,012                              | —                |
| Other                                                                | (1,912)                             | (1,226)          | (1,399)                            | (1,226)          |
| Taxes paid related to net settlement of equity awards                | (14)                                | (4)              | (342)                              | (4)              |
| Changes in non-cash working capital                                  |                                     |                  |                                    |                  |
| Accounts receivable                                                  | 15,877                              | (6,970)          | 28,862                             | (11,384)         |
| Inventories                                                          | 51                                  | (6,044)          | 12,604                             | (5,127)          |
| Prepaid expenses and other                                           | (2,767)                             | (17,596)         | (11,870)                           | (20,557)         |
| Accounts payable and accrued liabilities                             | (824)                               | 16,065           | (15,079)                           | 37,537           |
| Deferred revenue and credits                                         | (512)                               | 513              | 485                                | (145)            |
| Cash flows provided by (used in) operating activities                | 19,080                              | (4,793)          | 21,604                             | 28,770           |
| <b>Investing activities</b>                                          |                                     |                  |                                    |                  |
| Additions to property and equipment                                  | (3,835)                             | (3,290)          | (9,730)                            | (11,850)         |
| Proceeds from sale of property, equipment, and intangibles           | —                                   | (8)              | 32                                 | 56               |
| Increase in intangible assets                                        | (555)                               | (596)            | (1,669)                            | (1,934)          |
| Net proceeds from sale of AirCard business                           | (17)                                | —                | 119,978                            | —                |
| Purchase of M2M business of Sagemcom                                 | —                                   | (55,218)         | —                                  | (55,218)         |
| Net change in short-term investments                                 | 4,779                               | 2,153            | (5,221)                            | 9,347            |
| Cash flows provided by (used in) investing activities                | 372                                 | (56,959)         | 103,390                            | (59,599)         |
| <b>Financing activities</b>                                          |                                     |                  |                                    |                  |
| Issuance of common shares                                            | 1,186                               | 158              | 4,947                              | 427              |
| Repurchase of common shares for cancellation                         | —                                   | —                | (5,772)                            | (6,312)          |
| Purchase of treasury shares for RSU distribution                     | (3,433)                             | —                | (3,433)                            | (2,489)          |
| Decrease in other long-term obligations                              | (108)                               | (176)            | (827)                              | (831)            |
| Cash flows used in financing activities                              | (2,355)                             | (18)             | (5,085)                            | (9,205)          |
| Effect of foreign exchange rate changes on cash and cash equivalents | (450)                               | (1,861)          | (335)                              | (1,813)          |
| Cash and cash equivalents, increase (decrease) in the period         | 16,647                              | (63,631)         | 119,574                            | (41,847)         |
| Cash and cash equivalents, beginning of period                       | 166,573                             | 123,159          | 63,646                             | 101,375          |
| <b>Cash and cash equivalents, end of period</b>                      | <b>\$ 183,220</b>                   | <b>\$ 59,528</b> | <b>\$ 183,220</b>                  | <b>\$ 59,528</b> |



**SIERRA WIRELESS, INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP RESULTS**

(Unaudited)

| <i>(in thousands of U.S. dollars, except where otherwise stated)</i>                                             |            |            |            |                     |            |            |            |            |
|------------------------------------------------------------------------------------------------------------------|------------|------------|------------|---------------------|------------|------------|------------|------------|
|                                                                                                                  | 2013       |            |            | 2012 <sup>(1)</sup> |            |            |            |            |
|                                                                                                                  | Q3         | Q2         | Q1         | Total               | Q4         | Q3         | Q2         | Q1         |
| <b>Gross margin - GAAP</b>                                                                                       | \$ 37,346  | \$ 36,474  | \$ 33,378  | \$125,274           | \$ 36,233  | \$ 31,086  | \$ 30,081  | \$ 27,874  |
| Stock-based compensation                                                                                         | 117        | 95         | 75         | 304                 | 61         | 82         | 78         | 83         |
| <b>Gross margin - Non-GAAP</b>                                                                                   | \$ 37,463  | \$ 36,569  | \$ 33,453  | \$125,578           | \$ 36,294  | \$ 31,168  | \$ 30,159  | \$ 27,957  |
| <b>Loss from operations - GAAP</b>                                                                               | \$ (3,301) | \$ (3,932) | \$ (6,884) | \$ (22,206)         | \$ (1,516) | \$ (6,728) | \$ (6,558) | \$ (7,404) |
| Stock-based compensation                                                                                         | 2,145      | 2,013      | 1,655      | 5,781               | 1,470      | 1,462      | 1,403      | 1,446      |
| Acquisition                                                                                                      | 139        | —          | —          | 3,182               | 387        | 2,196      | 599        | —          |
| Restructuring                                                                                                    | 14         | 26         | 117        | 2,251               | 42         | 498        | 1,531      | 180        |
| Integration                                                                                                      | —          | —          | 27         | —                   | —          | —          | —          | —          |
| Impairment of an asset in R&D                                                                                    | —          | —          | 280        | —                   | —          | —          | —          | —          |
| Acquisition related amortization                                                                                 | 3,405      | 3,363      | 3,393      | 11,890              | 3,338      | 2,906      | 2,665      | 2,981      |
| <b>Earnings (loss) from operations - Non-GAAP</b>                                                                | \$ 2,402   | \$ 1,470   | \$ (1,412) | \$ 898              | \$ 3,721   | \$ 334     | \$ (360)   | \$ (2,797) |
| Amortization (excluding acquisition related amortization)                                                        | 3,468      | 3,403      | 3,212      | 11,747              | 3,293      | 2,904      | 2,717      | 2,833      |
| <b>Adjusted EBITDA</b>                                                                                           | \$ 5,870   | \$ 4,873   | \$ 1,800   | \$ 12,645           | \$ 7,014   | \$ 3,238   | \$ 2,357   | \$ 36      |
| <b>Net earnings (loss) from continuing operations - GAAP</b>                                                     | \$ 1,075   | \$ (6,742) | \$ (7,938) | \$ (4,202)          | \$ 15,523  | \$ (3,612) | \$ (8,868) | \$ (7,245) |
| Stock-based compensation, restructuring and other, integration, and acquisition related amortization, net of tax | 5,760      | 5,393      | 5,355      | 22,241              | 5,162      | 6,885      | 5,658      | 4,536      |
| Unrealized foreign exchange loss (gain)                                                                          | (2,457)    | (1,359)    | 1,874      | (3,139)             | (1,655)    | (1,218)    | (165)      | (101)      |
| Income tax adjustments                                                                                           | (895)      | 3,754      | —          | (15,344)            | (14,540)   | (804)      | —          | —          |
| <b>Net earnings (loss) from continuing operations - Non-GAAP</b>                                                 | \$ 3,483   | \$ 1,046   | \$ (709)   | \$ (444)            | \$ 4,490   | \$ 1,251   | \$ (3,375) | \$ (2,810) |
| <b>Net earnings (loss) from discontinued operations - GAAP</b>                                                   | \$ (505)   | \$ 68,152  | \$ 1,863   | \$ 31,401           | \$ 4,083   | \$ 7,279   | \$ 12,449  | \$ 7,590   |
| Stock-based compensation and disposition costs                                                                   | 1,402      | 876        | 1,733      | 2,395               | 1,696      | 233        | 233        | 233        |
| Gain on sale of AirCard business                                                                                 | (49)       | (69,077)   | —          | —                   | —          | —          | —          | —          |
| <b>Net earnings (loss) from discontinued operations - Non-GAAP</b>                                               | \$ 848     | \$ (49)    | \$ 3,596   | \$ 33,796           | \$ 5,779   | \$ 7,512   | \$ 12,682  | \$ 7,823   |
| <b>Net earnings (loss) - GAAP</b>                                                                                | \$ 570     | \$ 61,410  | \$ (6,075) | \$ 27,199           | \$ 19,606  | \$ 3,667   | \$ 3,581   | \$ 345     |
| <b>Net earnings (loss) - Non-GAAP</b>                                                                            | 4,331      | 997        | 2,887      | 33,352              | 10,269     | 8,763      | 9,307      | 5,013      |
| <b>Diluted earnings (loss) from continuing operations per share</b>                                              |            |            |            |                     |            |            |            |            |
| GAAP - (in dollars)                                                                                              | \$ 0.03    | \$ (0.22)  | \$ (0.26)  | \$ (0.14)           | \$ 0.50    | \$ (0.12)  | \$ (0.29)  | \$ (0.23)  |
| Non-GAAP - (in dollars)                                                                                          | \$ 0.11    | \$ 0.03    | \$ (0.02)  | \$ (0.01)           | \$ 0.15    | \$ 0.04    | \$ (0.11)  | \$ (0.09)  |
| <b>Net earnings (loss) per share - diluted</b>                                                                   |            |            |            |                     |            |            |            |            |
| GAAP - (in dollars)                                                                                              | \$ 0.02    | \$ 2.00    | \$ (0.20)  | \$ 0.88             | \$ 0.64    | \$ 0.12    | \$ 0.12    | \$ 0.01    |
| Non-GAAP - (in dollars)                                                                                          | \$ 0.14    | \$ 0.03    | \$ 0.09    | \$ 1.08             | \$ 0.33    | \$ 0.29    | \$ 0.30    | \$ 0.16    |

(1) Financial information has been retrospectively adjusted to reflect the presentation of the AirCard business as discontinued operations.

**SIERRA WIRELESS, INC.**

**REVENUE BY PRODUCT LINES**

*(In thousands of U.S. dollars)*

*(Unaudited)*

|                      | <b>Three months ended September 30,</b> |                           | <b>Nine months ended September 30,</b> |                           |
|----------------------|-----------------------------------------|---------------------------|----------------------------------------|---------------------------|
|                      | <b>2013</b>                             | <b>2012<sup>(1)</sup></b> | <b>2013</b>                            | <b>2012<sup>(1)</sup></b> |
| OEM Solutions        | \$ 95,850                               | \$ 88,270                 | \$ 280,158                             | \$ 251,669                |
| Enterprise Solutions | 16,412                                  | 11,913                    | 43,094                                 | 36,247                    |
|                      | <b>\$ 112,262</b>                       | <b>\$ 100,183</b>         | <b>\$ 323,252</b>                      | <b>\$ 287,916</b>         |

*(1) Comparative information has been reclassified to conform to current period presentation.*